



Century Paper & Board Mills Limited



First Quarter Report September 2021

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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 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 quarter ended September 30, 2021.

Operations and Sales Review

The Company produced 67,502 metric tons during the quarter under review (July-September 2021) as compared to 60,404 metric tons for the corresponding quarter of last year.

The Company sold 60,550 metric tons during the quarter under review (July - September 2021) as compared to 54,275 metric tons for the corresponding quarter of last year.

In terms of value, the net sales of the Company for the quarter under review (July-September 2021) recorded at Rs. 8,543 million as compared to Rs. 6,444 million for the corresponding quarter of last year.

Financial Performance

The Company posted a gross profit of Rs. 1,275 million for the quarter under review (July-September 2021) as compared to Rs. 1,294 million for the corresponding quarter of last year. Gross profit decreased despite increase in sales value because of higher raw material prices and unprecedented increase in energy costs. Selling prices were adjusted in line with market conditions and have partially recovered the increase in input costs.

The net operating profit for the quarter under review (July - September 2021) was recorded at Rs. 1,009 million as compared to Rs. 1,061 million for the corresponding quarter of last year.

Finance cost for the quarter under review (July - September 2021) of Rs. 115 million is slightly less as compared to Rs. 126 million for the corresponding quarter of last year. Lower mark-up rates in the backdrop of State Bank of Pakistan's (SBP's) accommodative monetary policy coupled with financing availed under SBP financing schemes at concessional rates, positively impacted finance cost for the quarter. However, SBP signaled the end of its accommodative stance by raising the policy rate by 25 BPS in September 2021.

After taking into account financial charges, profit before tax for the quarter was Rs. 894 million as compared to Rs. 935 million in the corresponding quarter of last year.

Accordingly, net profit for the quarter under review was Rs. 630 million as compared to Rs. 664 million for the corresponding quarter of last year.

Earnings per Share

The basic earnings per share is reported at Rs. 3.11 as compared to Rs. 3.27 for the corresponding quarter of last year.

During the quarter, shareholders approved issuance of 26,463,302 bonus shares being the 15% bonus issue declared by the Board of Directors for the year ended June 30, 2021. Although Bonus shares will be allotted subsequent to the balance sheet date after

Directors' Review

completion of all requisite formalities, the weighted average number of shares for the current and corresponding quarters include 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 quarter under review and corresponding quarter of last year.

Balancing, Modernization & Replacement (BMR) and Digitization

Your Company has availed SBP's Temporary Economic Refinance (TERF) loan facility from different banks for up-gradation of Paper & Board Machines, Cogeneration Plants and Auxiliaries relating thereto. As on the balance sheet date, the Company has utilized almost half of the financing by retiring letters of credit established under the facility. A few projects have already been completed while your Company aims to finish work on most of the remaining projects by the end of this year. Moreover, your Company has collaborated with foreign consultants to use their artificial intelligence tools for quicker and precise analysis of data in order to improve machine operations to yield better productivity.

Corporate Social Responsibility (CSR)

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

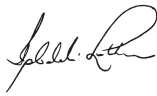
Near Term Outlook

Strong demand for the Company's products is persisting as evidenced by increased production and sales volumes for the quarter. On the flipside, commodity prices have gone erratic after resumption of economic activities worldwide while the worsening global supply chain crises has been exerting inflationary pressure on local inputs. This phenomenon has jacked up prices of both raw material and fuel items in particular. Coal and RLNG prices are hovering at historically high levels. This escalation in key input costs is putting pressure on products margin, though management of your Company is endeavoring to lessen the impact on profitability by volume maximization and adjustment of selling prices as per market conditions.

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 25, 2021



ڈائریکٹرز کا جائزہ

بورڈ آف ڈائریکٹرز کی طرف سے 30 ستمبر 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 زمہ جائزہ مدت (جولائی تا ستمبر 2021) کے دوران 67,502 میٹرک ٹن کی پیداوار دی، جو کہ گزشتہ سال اسی مدت میں 60,404 میٹرک ٹن تھی۔

کمپنی نے زیر جائزہ مدت (جولائی تا ستمبر 2021) میں 60,550 میٹرک ٹن کی فروخت کی، جو کہ گزشتہ سال اسی مدت میں 54,275 میٹرک ٹن تھی۔

قدر کے اعتبار سے زیر جائزہ مدت (جولائی تا ستمبر 2021) میں سیلز ویلیو 8,543 ملین روپے درج کی گئی، جو کہ گزشتہ سال اسی مدت میں 6,444 ملین روپے تھی۔

مالیاتی کارکردگی

زیر جائزہ مدت (جولائی تا ستمبر 2021) میں کمپنی نے 1,275 ملین روپے کا مجموعی منافع کمایا جو گزشتہ سال اسی مدت میں 1,294 ملین روپے تھا۔ سیلز ویلیو میں اضافے کے باوجود مجموعی منافع میں کمی کی وجہ خام مال کی قیمتوں میں اضافہ اور ایندھن کی لاگت میں غیر معمولی اضافہ بنیں۔ بڑھتی ہوئی لاگت کی وجہ سے مارکیٹ کے حالات کو مد نظر رکھتے ہوئے قیمتوں میں ردوبدل کیا گیا۔

زیر جائزہ مدت (جولائی تا ستمبر 2021) میں خالص آپریٹنگ منافع 1,009 ملین روپے ریکارڈ کیا گیا جو گزشتہ سال اسی مدت میں 1,061 ملین روپے تھا۔

زیر جائزہ مدت (جولائی تا ستمبر 2021) میں مالیاتی اخراجات گھٹ کر 115 ملین روپے تک ہو گئے جو گزشتہ سال اسی مدت میں 126 ملین روپے تھے جسکی بنیادی وجہ اسٹیٹ بینک آف پاکستان کی اسکیم کے تحت سستے قرضوں کا استعمال اور شرح سود میں کمی ہے۔ تاہم اسٹیٹ بینک آف پاکستان نے ستمبر 2021 میں پالیسی ریٹ میں 25 بی پی ایس کا اضافہ کر کے شرح سود میں تدریج اضافے کا اشارہ دے دیا ہے۔ مالیاتی اخراجات منہا کرنے کے بعد زیر جائزہ مدت (جولائی تا ستمبر 2021) میں قبل از ٹیکس منافع 894 ملین روپے رہا جو گزشتہ سال اسی مدت میں 935 ملین روپے تھا۔

کمپنی نے زیر جائزہ مدت (جولائی تا ستمبر 2021) میں 630 ملین روپے کا بعد از ٹیکس خالص منافع کمایا جو گزشتہ سال اسی مدت میں 664 ملین روپے تھا۔

فی شیئر آمدنی

زیر جائزہ مدت (جولائی تا ستمبر 2021) میں فی شیئر آمدنی 3.11 روپے رپورٹ کی گئی جو کہ گزشتہ سال اسی مدت میں 3.27 روپے تھی۔ زیر جائزہ مدت کے دوران شیئر ہولڈرز نے بورڈ آف ڈائریکٹرز کے اعلان کردہ 15% بونس شیئرز (29,463,302) کے اجراء کی منظوری دی۔

اگرچہ بونس شیئرز کا اجراء بیلنس شیٹ ڈیٹ کے بعد مطلوبہ کارروائی مکمل کرنے کے بعد ہوگا تاہم موجودہ اور گزشتہ فی شیئر آمدنی کے تعین کے لئے اوسط عمومی شیئرز میں بونس شیئرز کو بین الاقوامی فنانشل رپورٹنگ 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۔

ڈائریکٹرز کا جائزہ

پلانٹ اور مشینری کی استعداد کار میں بہتری کے اقدامات

اسٹیٹ بینک آف پاکستان کی عارضی معاشی قرض کی سہولت (Temporary Economic Refinance Facility) سے فائدہ اٹھاتے ہوئے کمپنی پیپرو اور یورڈ مشینوں، کو جنریشن اور معاون پلانٹز کی پیداواری سہولیات میں مزید اضافہ کر رہی ہے۔ کمپنی اس سہولت کے تحت کھولی گئی ایل سی (LCS) کی ریٹائرمنٹ کے لئے نصف سے زائد رقم استعمال کر چکی ہے۔ کچھ منصوبوں کی تکمیل ہو چکی ہے جبکہ کمپنی بقایا منصوبوں کو اس سال کے اختتام تک پائے تکمیل تک پہنچانے کا عزم رکھتی ہے۔ مزید برآں، کمپنی نے غیر ملکی کنسلٹنٹ کے تعاون سے مصنوعی ذہانت (Artificial Intelligence) کو بروئے کار لاتے ہوئے اعداد و شمار کے درست اور بروقت تجزیے کے ذریعے مشینوں کے بھرپور اور بہتر استعمال پر خاص توجہ مرکوز کئے ہوئے ہے۔

کاروباری سماجی ذمہ داری

اس مدت کے دوران کمپنی کے کاروباری سماجی ذمہ داری کی مد میں تعلیم اور گردنواح کی فلاح و بہبود کے لئے مختلف اقدامات جاری رہے خصوصاً COVID-19 کی وباء کے دوران کمپنی نے اپنی ملز کے گردنواح 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 متعلق سہولیات کی مد میں بھی مدد جاری رکھے ہوئے ہے۔

قریب مدتی منظر نامہ

کمپنی کی مصنوعات کی طلب میں استحکام برقرار ہے، جس کا ثبوت زیر جائزہ مدت کے دوران پیداوار اور فروخت کے حجم میں اضافہ ہے دوسری طرف دنیا بھر میں اقتصادی سرگرمیوں کے دوبارہ شروع ہونے کے بعد اشیاء کی عالمی قیمتوں میں ردوبدل جاری ہے۔ جبکہ سپلائی چین کے عالمی بحران کی وجہ سے مقامی قیمتوں میں بھی اضافے کا دباؤ برقرار ہے اور یہی وجوہات خاص طور پر خام مال اور ایندھن کی قیمتوں میں اضافہ کا باعث بنیں اور خصوصاً کوئلہ اور آر۔ ایل۔ این۔ جی کی قیمتیں تاریخ کی بلند ترین سطح پر پہنچ گئی ہیں۔ لاگت میں اضافہ کی وجہ سے مصنوعات کے مارجن پر بھی منفی اثر پڑ رہا ہے جس کو آپ کی کمپنی حجم میں اضافہ کے ساتھ ساتھ مارکیٹ کے مطابق قیمتوں میں مناسب ردوبدل کر کے کم کرنے کی حکمت عملی پر عمل پیرا ہے۔

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

چیرمین

کراچی: 25 اکتوبر، 2021



Condensed Interim Statement of Financial Position

as at September 30, 2021 (Un-audited)

		September 30, 2021	June 30, 2021 (Audited)
	Note	(Rupees in thousands)	
ASSETS			
NON - CURRENT ASSETS			
Property, plant and equipment			
Operating fixed assets	7	8,507,292	8,702,205
Capital work in progress	8	1,551,965	1,244,059
		10,059,257	9,946,264
Intangible assets		9,368	9,046
Long-term advances	9	23,855	1,841
Long-term deposits		7,291	7,291
		10,099,771	9,964,442
CURRENT ASSETS			
Stores and spares	10	2,803,660	2,208,603
Stock-in-trade	11	6,380,863	5,188,539
Trade debts		3,949,241	3,259,021
Advances	12	91,175	177,642
Trade deposits and short-term prepayments	13	102,712	14,150
Other receivables		6,909	5,664
Tax refunds due from Government	14	96,991	96,991
Taxation - net		84,039	-
Cash and bank balances	15	401,825	492,503
		13,917,415	11,443,113
TOTAL ASSETS		24,017,186	21,407,555
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized share capital			
410,000,000 (June 30, 2021: 410,000,000)			
shares of Rs. 10 each		4,100,000	4,100,000
Issued, subscribed and paid-up capital			
202,885,316 (June 30, 2021: 176,422,014)			
ordinary shares of Rs. 10 each		2,028,854	1,764,221
Reserves		8,658,790	8,557,694
		10,687,644	10,321,915
NON - CURRENT LIABILITIES			
Long-term financing	16	2,705,795	2,749,025
Lease liabilities	17	45,760	48,251
Deferred taxation		1,209,066	1,094,964
Deferred capital grant	18	842	2,651
GIDC payable		-	38,494
		3,961,463	3,933,385
CURRENT LIABILITIES			
Trade and other payables	19	4,302,127	4,022,723
Short-term borrowings	20	4,571,315	2,178,244
Interest and mark-up accrued	21	95,179	33,221
Taxation - net		-	386,732
Unclaimed dividend		1,607	1,607
Dividend payable		1,081	-
Current portion of long-term lease liabilities		9,265	8,723
Current portion of Deferred capital grant	18	12,499	16,057
Current portion of long-term financing	16	375,006	504,948
		9,368,079	7,152,255
TOTAL EQUITY AND LIABILITIES		24,017,186	21,407,555
CONTINGENCIES AND COMMITMENTS	22		

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



IQBAL ALI LAKHANI
Chairman



AFTAB AHMAD
Chief Executive Officer



MUHAMMAD RASHID DASTAGIR
Chief Financial Officer

CENTURY PAPER & BOARD MILLS LIMITED

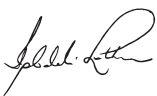


Condensed Interim Statement of Profit or Loss

for the quarter ended September 30, 2021 (Un-audited)

		Quarter ended	
		September 30, 2021	September 30, 2020
	Note	(Rupees in thousands)	
Turnover - net	23	8,542,540	6,444,006
Cost of sales	24	(7,267,072)	(5,149,767)
Gross profit		1,275,468	1,294,239
General and administrative expenses		(165,811)	(150,703)
Selling expenses		(18,727)	(17,728)
Distribution expenses		(37,458)	(32,123)
Other operating charges			
Workers' Profit Participation Fund		(48,025)	(50,215)
Workers' Welfare Fund		(18,249)	(19,082)
Others		(9,831)	(7,105)
		(76,105)	(76,402)
Other income	25	31,403	43,417
Operating profit		1,008,770	1,060,700
Finance cost	26	(114,542)	(125,690)
Profit before taxation		894,228	935,010
Taxation			
Current		(145,223)	(193,320)
Prior year		(4,541)	-
Deferred		(114,102)	(77,831)
		(263,866)	(271,151)
Profit for the period		630,362	663,859
Earnings per share - basic and diluted (Rupees)	27	3.11	3.27

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


IQBAL ALI LAKHANI
 Chairman


AFTAB AHMAD
 Chief Executive Officer


MUHAMMAD RASHID DASTAGIR
 Chief Financial Officer

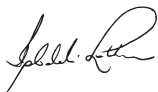


Condensed Interim Statement of Comprehensive Income

for the quarter ended September 30, 2021 (Un-audited)

	Quarter ended	
	September 30, 2021	September 30, 2020
	(Rupees in thousands)	
Profit for the period	630,362	663,859
Other comprehensive income	-	-
Total comprehensive income for the period	<u>630,362</u>	<u>663,859</u>

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



IQBAL ALI LAKHANI
Chairman



AFTAB AHMAD
Chief Executive Officer



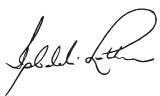
MUHAMMAD RASHID DASTAGIR
Chief Financial Officer

Condensed Interim Statement of Cash Flows

for the quarter ended September 30, 2021 (Un-audited)

		Quarter ended	
		September 30, 2021	September 30, 2020
	Note	(Rupees in thousands)	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash (used in) / generated from operations	28	(659,965)	1,017,301
Finance cost paid		(52,584)	(99,930)
Taxes paid		(620,535)	(68,287)
Gratuity paid		(14,061)	(12,783)
Workers' Profit Participation Fund paid		(229,057)	(115,775)
Long-term advances		(22,014)	(13,302)
GIDC payable		(38,494)	-
Net cash (used in) / generated from operating activities		(1,636,710)	707,224
CASH FLOWS FROM INVESTING ACTIVITIES			
Fixed capital expenditure		(403,002)	(111,497)
Proceeds from sale of property, plant and equipment		-	1,071
Net cash used in investing activities		(403,002)	(110,426)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of long-term financing from associated companies		(250,000)	-
Proceeds from long-term financing from banking companies		288,430	216,160
Repayment of long-term financing from banking companies		(216,966)	(175,106)
Principle paid on lease Liability		(1,949)	(631)
Dividend paid on ordinary shares		(263,552)	-
Net cash (used in) / generated from financing activities		(444,037)	40,422
Net (decrease) / increase in cash and cash equivalents		(2,483,749)	637,220
Cash and cash equivalents at the beginning of the period		(1,685,741)	(3,379,606)
Cash and cash equivalents at the end of the period		(4,169,490)	(2,742,386)
CASH AND CASH EQUIVALENTS			
Cash and bank balances	15	401,825	268,905
Short-term borrowings	20	(4,571,315)	(3,011,291)
		(4,169,490)	(2,742,386)

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


IQBAL ALI LAKHANI
 Chairman


AFTAB AHMAD
 Chief Executive Officer


MUHAMMAD RASHID DASTAGIR
 Chief Financial Officer



Condensed Interim Statement of Changes in Equity

for the quarter ended September 30, 2021 (Un-audited)

	Issued, subscribed and paid-up capital	Reserves								
		Capital				Revenue				
		Share premium	Merger reserve	Redemption reserve	Total	General reserve	Unappropriated profit	Total	Sub-total	
(Rupees in thousands)										
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
Total comprehensive income for the period ended September 30, 2020										
Profit for the period	-	-	-	-	-	-	663,859	663,859	663,859	663,859
Balance as at September 30, 2020	1,470,184	1,822,122	7,925	1,832,468	3,662,515	800,000	2,313,434	3,113,434	6,775,949	8,246,133
Balance as at July 1, 2021	1,764,221	1,822,122	7,925	1,538,431	3,368,478	1,800,000	3,389,216	5,189,216	8,557,694	10,321,915
Appropriation of reserve										
Transfer to general reserve	-	-	-	-	-	3,000,000	(3,000,000)	-	-	-
Total comprehensive income for the period ended September 30, 2021										
Profit for the period	-	-	-	-	-	-	630,362	630,362	630,362	630,362
Transaction with owners										
26,463,302 bonus shares issued in the proportion of three (3) shares for every twenty (20) shares held	264,633	-	-	(264,633)	(264,633)	-	-	-	(264,633)	-
Final cash dividend on ordinary shares @ Rs 1.50 per share	-	-	-	-	-	-	(264,633)	(264,633)	(264,633)	(264,633)
Balance as at September 30, 2021	2,028,854	1,822,122	7,925	1,273,798	3,103,845	4,800,000	754,945	5,554,945	8,658,790	10,687,644

Note: The issue of bonus share has been approved by shareholders in Annual General meeting held on September 23, 2021. Currently these shares are in process of allotment. The annexed notes from 1 to 36 form an integral part of these condensed interim financial statements.



IQBAL ALI LAKHANI
Chairman



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, 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 (now Companies Act 2017) 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

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, 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:

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.

These condensed interim financial statements do not include all the informations 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, 2021 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, 2021, 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, 2020.

3.2 Basis of measurement

These condensed interim financial statements have been prepared under the historical cost convention, 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, 2021 (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, 2021.

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, 2021, 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 01, 2022, 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 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 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, 2021.

6. TAXATION

The provisions for taxation for the first quarter ended September 30, 2021, 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. The applicable income tax rate for the Tax Year 2022 is 29%.

		September 30, 2021	June 30, 2021 (Audited)
7. OPERATING FIXED ASSETS	Note	(Rupees in thousands)	
Fixed Assets	7.1	8,459,635	8,651,733
Right-of-use assets	7.2	47,657	50,472
		8,507,292	8,702,205
7.1 Fixed Assets			
Opening net book value (NBV)		8,651,733	9,141,008
Additions during the period / year at cost	7.1.1	74,919	636,890
		8,726,652	9,777,898
Disposals during the period / year at NBV	7.1.4	-	(27,433)
Depreciation charge for the period / year		(267,017)	(1,098,732)
		(267,017)	(1,126,165)
Closing net book value (NBV)		8,459,635	8,651,733

Notes to the Condensed Interim Financial Statements

for the quarter ended September 30, 2021 (Un-audited)

	September 30, 2021	June 30, 2021 (Audited)
Note	(Rupees in thousands)	
7.1.1 Detail of additions (at cost) during the period / year are as follows:		
Freehold land	-	1,040
Buildings on freehold land	-	32,883
Plant and machinery	59,603	489,260
Furniture and fixtures	392	6,057
Vehicles	3,922	79,332
Electrical and other equipments	559	14,136
Computers	10,443	14,182
	<u>74,919</u>	<u>636,890</u>
7.1.2 This includes transfers from capital work in progress amounting to Rs. 49.51 million (June 30, 2021: Rs. 494.97 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:		
Buildings on freehold land	-	9,536
Vehicles	-	17,897
	<u>-</u>	<u>27,433</u>
7.2 Right-of-use assets		
Opening net book value (NBV)	50,472	20,787
Additions during the period / year	-	39,838
	<u>50,472</u>	<u>60,625</u>
Depreciation charge for the period / year	(2,815)	(10,153)
	<u>47,657</u>	<u>50,472</u>
8. CAPITAL WORK IN PROGRESS		
This comprises of:		
Building	45,265	13,695
Plant and machinery	1,506,700	1,230,364
	<u>1,551,965</u>	<u>1,244,059</u>
8.1 Movement of carrying amount is as follows:		
Opening balance	1,244,059	128,397
Additions (at cost) during the period / year	8.1.1 357,413	1,610,638
	<u>1,601,472</u>	<u>1,739,035</u>
Transfer to operating fixed assets during the period / year	(49,507)	(494,976)
Closing balance	<u>1,551,965</u>	<u>1,244,059</u>

8.1.1 This includes advance to supplier amounting to Rs. 152.58 million (June 30, 2021: Rs. 22.43 million).

Notes to the Condensed Interim Financial Statements

for the quarter ended September 30, 2021 (Un-audited)

		September 30, 2021	June 30, 2021 (Audited)
	Note	(Rupees in thousands)	
9. LONG-TERM ADVANCES			
(Unsecured - considered good)			
Long-term advances to suppliers	9.1	<u>23,855</u>	<u>1,841</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		1,008,310	919,893
Spares		608,412	555,525
Fuel		<u>983,800</u>	<u>239,461</u>
		<u>2,600,522</u>	<u>1,714,879</u>
In transit			
Spares		76,301	58,669
Coal		<u>187,147</u>	<u>493,865</u>
		263,448	552,534
Provision for slow moving stores and spares		<u>(60,310)</u>	<u>(58,810)</u>
		<u>2,803,660</u>	<u>2,208,603</u>
11. STOCK-IN-TRADE			
Raw materials			
in hand		2,663,905	2,653,483
in transit		<u>2,268,966</u>	<u>1,484,035</u>
		4,932,871	4,137,518
Work-in-process		156,840	127,238
Finished goods		<u>1,291,152</u>	<u>923,783</u>
		<u>6,380,863</u>	<u>5,188,539</u>
12. ADVANCES			
Advances			
to employees		1,767	1,205
to suppliers		<u>89,408</u>	<u>176,437</u>
12.1		<u>91,175</u>	<u>177,642</u>
12.1 This represents advances in the normal course of the business and do not carry any interest / mark-up.			
13. TRADE DEPOSITS AND SHORT TERM PREPAYMENTS			
Trade deposits	13.1	5,330	3,271
Prepayments		<u>97,382</u>	<u>10,879</u>
		<u>102,712</u>	<u>14,150</u>
13.1 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, 2021 (Un-audited)

		September 30, 2021	June 30, 2021 (Audited)
	Note	(Rupees in thousands)	
14. TAX REFUNDS DUE FROM GOVERNMENT			
Income tax		80,928	80,928
Sales tax		16,063	16,063
	14.1	<u>96,991</u>	<u>96,991</u>
14.1	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, 2021.		
15. CASH AND BANK BALANCES			
Cash at bank in current account			
Conventional mode		120,747	195,739
Cheques in hand		279,461	293,252
Cash in hand		1,617	3,512
		<u>401,825</u>	<u>492,503</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	-	37,500
Faysal Bank Limited - Musharaka - 2	16.2	239,281	185,794
Bank Islami Pakistan Limited	16.3	100,579	88,457
		<u>339,860</u>	<u>311,751</u>
Conventional mode			
Syndicated - Consortium of Banks - 1	16.4	-	75,000
Syndicated - Consortium of Banks - 2	16.5	929,462	778,792
Allied Bank Limited - Term Loan - 1	16.6	187,113	194,773
Allied Bank Limited - Term Loan - 2	16.7	182,700	227,150
Allied Bank Limited - Term Loan - 3	16.8	248,440	295,430
Habib Metropolitan Bank Ltd.	16.9	46,077	46,077
JS Bank	16.10	72,149	-
		<u>1,665,941</u>	<u>1,617,222</u>
		<u>2,005,801</u>	<u>1,928,973</u>
From associated undertakings - unsecured			
SIZA Commodities (Private) Limited - 1	16.11	550,000	550,000
SIZA Commodities (Private) Limited - 2	16.12	100,000	100,000
SIZA (Private) Limited	16.12	175,000	425,000
SIZA Services (Private) Limited	16.12	250,000	250,000
		<u>1,075,000</u>	<u>1,325,000</u>
		<u>3,080,801</u>	<u>3,253,973</u>
Current portion:			
Islamic mode		-	(37,500)
Conventional mode		(375,006)	(467,448)
		<u>(375,006)</u>	<u>(504,948)</u>
		<u>2,705,795</u>	<u>2,749,025</u>



Notes to the Condensed Interim Financial Statements

for the quarter ended September 30, 2021 (Un-audited)

16.1 This term finance facility has been fully repaid during the period at its maturity date. The effective markup rate was 7.94 % (2021: 7.98%).

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 machine, 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 secured by way of mortgage of immovable properties and First Pari Passu Hypothecation Charge over the Fixed Assets 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 amounting to Rs. 250 million under the Islamic Temporary Economic Refinance (ITERF) schemes of the State Bank of Pakistan for Balancing, Modernization and Replacement (BMR) of paper & board machine, cogeneration plants and auxiliaries relating thereto.

The tenor of the facility is ten years with two years grace period. This finance facility is repayable in thirty two equal quarterly installments.

The finance facility is secured by 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 3.05% per annum.

16.4 This term finance facility has been fully repaid during the period at its maturity date. The effective markup rate was 7.94 % (2021: 7.98%).

16.5 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 machine, 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.

The finance facility is secured by way of mortgage of immovable properties and First Pari Passu Hypothecation Charge over the Fixed Assets of the Company along with 25% Margin. The rate of markup is fixed at 2.20% per annum.

16.6 The Company has term finance facility from Allied Bank Limited under Financing Scheme of the State Bank of Pakistan for Renewal Energy (Category II) amounting to Rs. 400 million specifically for Solar Grid Panels. The Company has utilized Rs. 267.9 million out of sanctioned limit of the facility.

The tenor of the loan is seven years and are repayable in 28 equal quarterly installments.

This term loan is secured by way of first hypothecation charge over the fixed assets belonging to the Company with 25% margin. The rate of markup ranges from 2.75% to 4.5% for different drawdowns.

16.7 This term finance facility has been sanctioned by Allied Bank Limited amounting to Rs. 500 million specifically for Gas Turbine Generators. The Company has utilized Rs. 444.5 million against sanctioned limit of the facility. The tenor of the loan is three years inclusive of 6 months grace period and are repayable in 10 equal quarterly installments.

Notes to the Condensed Interim Financial Statements

for the quarter ended September 30, 2021 (Un-audited)

This term loan is secured by way of first hypothecation charge over the fixed assets belonging to 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 7.66% (2021: 7.98%).

- 16.8 The Company has term finance facility from Allied Bank Limited under Refinancing Scheme of the State Bank of Pakistan amounting to Rs. 435 million specifically for paying salaries and wages to Company's employees. The Company has utilized Rs. 419 million out of sanctioned limit of the 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 quarterly installments commencing from January 2021.

This term loan is secured by way of first hypothecation charge over the fixed assets belonging to the Company with 25% margin.

- 16.9 This represents Syndicated Term Financing Arrangement amounting to Rs. 200 million under the Temporary Economic Refinance (TERF) schemes of the State Bank of Pakistan for Balancing, Modernization and Replacement (BMR) of paper & board machines.

The tenor of the facility is ten years with two years grace period. This finance facility is repayable in thirty two equal quarterly installments.

The finance facility is initially secured by way of 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 4.50% per annum.

- 16.10 This represent Term Finance Arrangement with JS Bank Limited amounting to Rs. 400 million under the Temporary Economic Refinance (TERF) schemes of the State Bank of Pakistan for Balancing, Modernization and Replacement (BMR) of paper & board machines.

The tenor of the facility is ten years with two years grace period. This finance facility is repayable in thirty two equal quarterly installments.

The finance facility is initially secured by ranking charge to be upgraded to first pari passu hypothecation charge over the Fixed Assets of the Company along with 25% Margin. The rate of markup is fixed at 5.00% per annum.

- 16.11 This loan is repayable in July 2023. The rate of markup is 0.50% (2021: 0.50%) over average of three months KIBOR of the last one day of preceding quarter. During the period, the effective markup rate was 7.95% (2021: 7.85%) per annum.

- 16.12 These loans are repayable in July 2023. 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 7.95% (2021: 7.85%) per annum.

Notes to the Condensed Interim Financial Statements

for the quarter ended September 30, 2021 (Un-audited)

		September 30, 2021	June 30, 2021 (Audited)
	Note	(Rupees in thousands)	
17. LEASE LIABILITIES			
Lease liabilities	17.1	55,025	56,974
Current portion		(9,265)	(8,723)
		<u>45,760</u>	<u>48,251</u>
17.1 Maturity analysis of contractual cashflow:			
Less than one year		9,265	8,723
One to five year		45,760	48,251
Net present value		<u>55,025</u>	<u>56,974</u>
17.2 The rate of return used as the discounting factor is 14% and 9% (June 2021: 14% and 9%) per annum.			
18. DEFERRED CAPITAL GRANT			
Capital grant	18.1	13,341	18,708
Current portion shown under current liability		(12,499)	(16,057)
		<u>842</u>	<u>2,651</u>
18.1 Following is the movement in government grant during the period / year:			
Opening balance		18,708	18,989
Addition during the period / year		-	16,828
Amortized during the period / year		(5,367)	(17,109)
Closing balance		<u>13,341</u>	<u>18,708</u>
This represents government grant recognized on long term financing facility obtained under SBP Refinance Scheme for payment of wages and salaries to workers and employees.			
19. TRADE AND OTHER PAYABLES			
Creditors	19.1	1,076,041	831,810
Foreign bills payable		1,390,397	1,316,108
Accrued liabilities	19.2	1,101,521	1,093,862
Sales tax payable - net		56,275	64,003
Customers' balances		155,808	57,159
Gratuity payable		67,956	70,676
Workers' Profit Participation Fund		48,025	229,057
Workers' Welfare Fund		177,525	159,275
Provident fund payable		10,204	9,157
Other liabilities		218,375	191,616
		<u>4,302,127</u>	<u>4,022,723</u>
19.1 The aggregate amount of the outstanding balance from associated undertakings is Rs. 72.84 million (June 30, 2021: Rs. 6.21 million).			

Notes to the Condensed Interim Financial Statements

for the quarter ended September 30, 2021 (Un-audited)

19.2 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). The liability is recognized as per the guidelines issued by Institute of Chartered Accountants of Pakistan dated January 21, 2021.

	September 30, 2021	June 30, 2021 (Audited)
Note	(Rupees in thousands)	
20. SHORT TERM BORROWINGS		
From banking companies - secured		
Running finances		
Islamic mode	141,498	255,652
Conventional mode	4,429,817	1,922,592
20.1	4,571,315	2,178,244

20.1 The Company has available aggregate short term running finance facilities amounting to Rs. 8,700 million (June 30, 2021: Rs. 8,200 million). Markup rates are linked with KIBOR from one to three months plus spread ranging from 0.05% to 1.50% (June 30, 2021: from 0.05% to 1.50%) per annum. The effective borrowing cost was 7.59% (2021: 7.52%).

20.2 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, 2021: Rs. 7,130 million).

21. INTEREST AND MARK-UP ACCRUED

Interest and mark-up accrued on:

Long-term financing from Banks		
Islamic mode	3,896	1,581
Conventional mode	20,135	14,284
	24,031	15,865
From associated undertakings - Conventional mode	24,808	-
	48,840	15,865
Short-term borrowings from Banks		
Islamic mode	4,380	3,199
Conventional mode	41,959	14,157
	46,339	17,356
	95,179	33,221

22. CONTINGENCIES AND COMMITMENTS

22.1 Contingencies

a) Guarantees

Guarantees have been issued by banks on behalf of the Company in the normal course of business aggregating to Rs. 841 million (June 30, 2021: Rs. 841 million) including guarantee relating to Sindh Infrastructure Cess amounting to Rs. 300 million (June 30, 2021: Rs. 300 million) furnished to Excise and Taxation Department.

Notes to the Condensed Interim Financial Statements

for the quarter ended September 30, 2021 (Un-audited)

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 to Rs. 30.02 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 favor of the Company.

- 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.

22.2 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. 3,856.90 million (June 30, 2021: Rs. 2,965.22 million).
- Capital expenditure including letters of credit amounted to Rs. 1,378.51 million (June 30, 2021: Rs. 1,503.77 million).

23. TURNOVER

	Quarter ended	
	September 30, 2021	September 30, 2020
	(Rupees in thousands)	
Local turnover	9,988,063	7,504,022
Export turnover	-	29,834
	9,988,063	7,533,856
Sales tax	(1,445,523)	(1,089,850)
Net turnover	8,542,540	6,444,006

Notes to the Condensed Interim Financial Statements

for the quarter ended September 30, 2021 (Un-audited)

	Quarter ended	
	September 30, 2021	September 30, 2020
	(Rupees in thousands)	
24. COST OF SALES		
Materials consumed	5,119,843	3,423,388
Fuel and power	1,506,928	914,939
Depreciation on property, plant and equipment	255,778	277,437
Salaries, wages and other benefits	283,899	258,817
Stores and spare consumption	225,815	242,324
Repairs and maintenance	42,060	32,361
Packing expenses	204,806	145,710
Insurance	22,399	21,561
Provision for slow moving stores and spares	1,500	1,500
Rent, rates and taxes	1,015	2,831
Manufacturing cost	7,664,043	5,320,868
Work-in-process		
Opening stock	127,238	103,498
Closing stock	(156,840)	(103,430)
	(29,602)	68
Cost of goods manufactured	7,634,441	5,320,936
Finished goods		
Opening stock	923,783	463,197
Closing stock	(1,291,152)	(634,366)
	(367,369)	(171,169)
	7,267,072	5,149,767
25. OTHER INCOME		
Sale of scrap	23,584	19,367
Gain on sale of operating fixed assets – net	-	23,255
Government grants	5,367	792
Others	2,452	3
	31,403	43,417
26. FINANCE COST		
Long-term financing - banks		
Islamic mode	351	3,495
Conventional mode	13,989	19,370
	14,340	22,865
Long term loan from associated undertakings	24,808	29,828
	39,148	52,693
Short term borrowings		
Islamic mode	4,379	5,115
Conventional mode	62,813	63,888
	67,192	69,003
Workers' Profit Participation Fund	616	1,922
Bank charges and commission	1,131	1,184
Finance charges on Leases	1,598	888
Finance charges on GIDC	4,857	-
	114,542	125,690

Notes to the Condensed Interim Financial Statements

for the quarter ended September 30, 2021 (Un-audited)

Note	Quarter ended	
	September 30, 2021	September 30, 2020
	(Rupees in thousands)	
27. 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	630,362	663,859
Weighted average number of ordinary shares (in thousands)	202,885	202,885
Basic earnings per share (Rupees) 27.1	3.11	3.27
27.1 There is no dilutive effect on the basic earnings per share of the Company. The corresponding period figures are also restated to include the impact of 26,463,302 bonus shares as per requirements of International Accounting Standard. The bonus shares will be allotted subsequent to the period end.		
28. CASH GENERATED FROM OPERATIONS		
Profit before taxation	894,228	935,010
Adjustment for non cash charges and other items:		
Depreciation on property, plant and equipment	269,832	288,230
Amortization of intangible assets	853	931
Gain on disposal of operating fixed assets	-	(23,255)
Provision for gratuity	11,341	10,116
Provision for slow moving stores and spares	1,500	1,500
Workers' Profit Participation Fund	48,025	50,215
Finance cost	114,542	125,690
Working capital changes 28.1	(2,000,286)	(371,136)
	(1,554,193)	82,291
	(659,965)	1,017,301
28.1 Changes in working capital		
(Increase) / decrease in current assets		
Stores and spares	(596,557)	142,848
Stock-in-trade	(1,192,324)	(368,080)
Trade debts	(690,220)	(397,942)
Loans and advances	86,467	(6,806)
Trade deposits and short-term prepayments	(88,562)	(3,300)
Other receivables	(1,245)	6,187
	(2,482,441)	(627,093)
Increase in current liabilities		
Trade and other payables	482,155	255,957
	(2,000,286)	(371,136)

Notes to the Condensed Interim Financial Statements

for the quarter ended September 30, 2021 (Un-audited)

29. 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, 2021 (Rupees in thousands)	September 30, 2020
Sale of goods, Services and Reimbursement of expenses				
Merit Packaging Limited	Associated company	Common Director	402,998	377,626
Colgate Palmolive (Pakistan) Limited	Associated company	Common Director	269,392	202,322
Century Insurance Company Limited	Associated company	Common Director and 0.43% shares held	356	45,154
Cyber Internet Services (Private) Limited	Associated company	Common Director	833	486
Purchase of goods, Services and Reimbursement of expenses				
Century Insurance Company Limited	Associated company	Common Director and 0.43% shares held	141,163	41,051
Merit Packaging Limited	Associated company	Common Director	28,619	11,387
Lakson Business Solutions Limited	Associated company	Common Director	1,320	1,347
Hassanali and Gulbanoo Lakhani Foundation	Associated undertaking	Trustee	1,089	796
Princeton Travels (Private) Limited	Associated company	Common Director	621	32
SIZA Services (Private) Limited	Associated company	Common Director and 22.81% shares held	876	758
Cyber Internet Services (Private) Limited	Associated company	Common Director	2,473	2,397
SIZA (Private) Limited	Associated company	Common Director and 27.31% shares held	82	144
Colgate Palmolive (Pakistan) Limited	Associated company	Common Director	5	11
Express Publications (Private) Limited	Associated company	Common Management	1,106	387
Sybrid (Private) Limited	Associated company	Common Director	10,168	363
SIZA Foods (Private) Limited	Associated company	Common Director	24	-
Rent and other allied charges				
Hassanali and Gulbanoo Lakhani Foundation	Associated undertaking	Trustee	1,970	1,850
SIZA (Private) Limited	Associated company	Common Director and 27.31% shares held	970	800
SIZA Services (Private) Limited	Associated company	Common Director and 22.81% shares held	194	168
SIZA Commodities (Private) Limited	Associated company	Common Director and 8.50% shares held	46	44
Financial charges				
SIZA Commodities (Private) Limited	Associated company	Common Director and 8.50% shares held	13,025	12,714
SIZA (Private) Limited	Associated company	Common Director and 27.31% shares held	6,774	12,225
SIZA Services (Private) Limited	Associated company	Common Director and 22.18% shares held	5,010	4,890
Long term loan Paid				
SIZA (Private) Limited	Associated company	Common Director and 27.31% shares held	250,000	-

Notes to the Condensed Interim Financial Statements

for the quarter ended September 30, 2021 (Un-audited)

Nature of transaction	Nature of Relation	Basis of Relation	Quarter ended	
			September 30, 2021 (Rupees in thousands)	September 30, 2020
Cash Dividend on Ordinary Shares				
Premier Fashions (Private) Limited	Associated company	Common Director and 8.97% shares held	23,740	-
SIZA (Private) Limited	Associated company	Common Director and 27.31% shares held	72,271	-
SIZA Commodities (Private) Limited	Associated company	Common Director and 8.50% shares held	22,499	-
SIZA Services (Private) Limited	Associated company	Common Director and 22.81% shares held	58,707	-
Century Insurance Company Limited	Associated company	Common Director and 0.43% shares held	1,133	-
Accuray Surgicals Limited	Associated company	Common Director and 1.26% shares held	3,336	-
Directors, CEO & their Spouses	Related Parties	-	211	-
Others				
Contribution to Staff Retirement Benefit Plans	Employees Fund		39,164	25,233
Remuneration and other benefits	Key Management Personnel		82,743	73,760

29.1 Period / year end balances

Receivable from related parties	488,273	510,750
Payable to related parties	72,845	6,206
Payable to retirement benefit plan	78,160	79,833
Markup accrued – Long Term Finance from Associated Companies	24,808	-
Long-term financing from associated undertaking / Director	1,075,000	1,325,000

30. 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, 2021.

31. 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's 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, 2021 (Un-audited)

Transfers during the period

During the period ended September 30, 2021, there were no transfers between Level 1 and Level 2 fair value measurement and into or out of Level 3 fair value measurements.

32. NUMBER OF EMPLOYEES

The number of employees as at period ended September 30, 2021 was 1,658 (June 30, 2021: 1,646) and average number of employees during the period was 1,658 (June 30, 2020: 1,647).

33. DATE OF AUTHORIZATION FOR ISSUE

These condensed interim financial statements were authorized for issue on October 25, 2021 by the Board of Directors of the Company.

34. IMPACT OF COVID-19

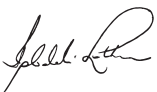
There was no significant impact of COVID-19 pandemic on the Company's operations or decline in revenue during the period ended September 30, 2021.

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


AFTAB AHMAD
Chief Executive Officer


MUHAMMAD RASHID DASTAGIR
Chief Financial Officer



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