

FRONTIER CERAMICS LIMITED



Financial Statements

For the Third Quarter & Nine Months Ended
March 31, 2022

(UN-AUDITED)

CONTENTS

VISION & MISSION STATEMENT

COMPANY INFORMATION

DIRECTORS' REPORT

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS

CONDENSED INTERIM STATEMENT COMPREHENSIVE INCOME

CONDENSED INTERIM STATEMENT CASH FLOW

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENT

VISION AND MISSION STATEMENT

VISION STATEMENT

To become industry leader by instilling ethical and moral values, honest practices according to the Principles of Islam, offering the best innovative, competitive and quality products, ensuring direct benefit for all stake holders.

MISSION STATEMENT

- Deliver un-paralleled value to customers by continuous striving and to exceed their expectations;
- Under the guiding principles of Islam, to inculcate the culture of honest practices, ethical and moral values in our employees;
- Special emphasis on workforce, health, safety, environment. Constant motivation of employees by fair benevolence;
- To ensure reasonable growth and profits of the Group, to the shareholders on their investment; and
- The Group will assert efforts towards the social development of society and be instrumental in the industrial growth of Pakistan.

COMPANY INFORMATION

BOARD OF DIRECTORS

Ms. Shabina Anjum	Independent Director & Chairperson
Mr. Omer Khalid	Non-Executive Director
Mr. Javid Khalid	Non-Executive Director
Mr. Zia Khalid	Executive Director
Ms. Numrah Khalid	Executive Director
Mr. Muhammad Riaz Khan	Independent Director
Mrs. Shazia Khalid	Non-Executive Director

Audit Committee

Mr. Muhammad Riaz Khan	Chairman
Mr. Omer Khalid	Member
Mr. Javid Khalid	Member

Human Resource & Remuneration Committee

Ms. Shabina Anjum	Chairperson
Ms. Numrah Khalid	Member
Mr. Javid Khalid	Member

Chief Executive Officer

Mr. Nadeem Khalid

Chief Financial Officer

Khawaja Mushtaq Ahmed FCA, ACIS
khawaja.mushtaq@forte.com.pk

Company Secretary

Mr. Rehman Khan Sherwani
rehman.khan@forte.com.pk

Head of Internal Audit

Mr. Wasif Naeem
wasif.naeem@forte.com.pk

Bankers

Conventional Banks

Allied Bank Limited
Bank Al Habib Limited
Bank Alfiah Limited
Faysal Bank Limited
Habib Metropolitan Bank Limited
MCB Bank Limited
Silk Bank Limited
Meezan Bank Limited
United Bank Limited

Islamic Banks

Bank Al Habib Islamic Limited
Bank Alfiah Islamic Limited
Silk Emaan Islamic Bank Limited
UBL Ameen Limited
First Habib Islamic Income Fund

Auditors

M/S BDO Ebrahim & Co Chartered Accountants
4th Floor, Saeed Plaza, 22 East, Jinnah Avenue,
Blue Area, Islamabad.

Legal Advisor

Mr. Ishtiaq Ahmed
Advocate & Legal Consultant
Flat No. 42, Block C, 2nd Floor, Cantonment Plaza,
Saddar Road, Peshawar Cantt.

Registrar and Share Transfer Office

Central Depository Company of Pakistan Ltd
CDC House, 99-B, Block B, S.M.C.H.S,
Main Sharah-e-Faisal, Karachi. Ph: 021-111-111-500

Head Office/Registered Office

29-Industrial Estate, Jamrud Road, Peshawar
Ph: 091-5891470-79, Fax: 091-5830290.

Website

www.forte.com.pk

or scan QR code



FRONTIER CERAMICS LIMITED DIRECTORS' REVIEW

The Board of Directors of Frontier Ceramics Limited takes pleasure in presenting its review of the financial performance and affair of the company for third quarter and nine months period ended March 31, 2022.

FINANCIAL OVERVIEW AND HIGHLIGHTS

(Rupees in Million)				
Sales Revenue (Net)	Increased by	32% from	2,131.69	to 2,821.73
Gross Profit	Increased by	90% from	222.19	to 422.57
Profit before taxation	Increased by	155% from	128.14	to 327.22
Profit after taxation	Increased by	317% from	72.25	to 301.12
Earning per Share	Increased by	317% from	1.91	to 7.95

During the period company sold 4,090,050 Sqm tiles vs. 3,283,902 Sqm tiles, of corresponding period.

FUTURE OUTLOOK

The management is doing its utmost to mitigate the controllable risk factors through production optimization, costs saving initiatives, operational excellence and commercial strategy focused in improving the sales mix. We will continue to invest in marketing initiatives to help brand building, advocacy initiatives with Key Opinion Leaders and expansion of retail presence.

APPRECIATION

We would like to thank our stakeholders for their continued support and our shareholders for their confidence in the leadership of the Board and management team of the Company. With your continuous support and by the grace of the Almighty, we remain committed to deliver good performance.

On behalf of the Board of Directors



Nadeem Khalid
Chief Executive Officer



Numrah Khalid
Director

Peshawar:

Dated: April 29, 2022

فرنیئر سرائس لمیٹڈ ڈائریکٹرز کا جائزہ

فرنیئر سرائس لمیٹڈ کے بورڈ آف ڈائریکٹرز، 31 مارچ 2022 کو اختتام ہونے والی نو ماہی کی مالیاتی کارکردگی اور معاملات پر اپنا جائزہ پیش کرتے ہوئے خوشی محسوس کرتے ہیں۔

گزشتہ سال کے تقابلی عرصے کے مقابلے میں نو مہینوں کے عرصے کے لئے کمپنی کی مالی کارکردگی کا جائزہ حسب ذیل ہے:

روپے ملین			
2,821.73 سے 2,131.69	اضافہ 32%	محصولات فروخت (خالص)	
422.57 سے 222.19	اضافہ 90%	مجموعی منافع جات	
327.22 سے 128.14	اضافہ 155%	منافع قبل از ٹیکس	
301.12 سے 72.25	اضافہ 317%	منافع بعد از ٹیکس	
7.95 سے 1.91	اضافہ 317%	آمدن فی حصص	

اس دورانیہ میں کمپنی نے 4,090,050 مربع میٹر ٹائلز کی فروخت کی جو کہ پچھلے عرصے میں 3,283,902 مربع میٹر تھی۔

مستقبل کی پیش بینی:

انحصار ہماری صنعت کے مستقبل کے حوالے سے بھی فکر مند ہے کیونکہ ملک میں گیس کے ذخائر میں تیزی سے کمی اور مناسب قیمتوں پر اس کے متبادل کی عدم دستیابی ہے۔ انتظامیہ پیداواری حجم کے ممکنہ حصول، لاگت بچانے کے اقدامات، آپریشنل ایکسیلنس اور فروخت کے مرکب کو بہتر بنانے پر توجہ مرکوز رکھی ہوئی ہے۔ اس کے علاوہ کمپنی، تجارتی حکمت عملی کے ذریعے ممکنہ خطرات کے عوامل کو کم کرنے کیلئے اپنی پوری کوشش کر رہی ہے۔ ہم برانڈز کی تعمیر میں مدد کیلئے مارکیٹنگ کے اقدامات، کلیدی رائے کے رہنماؤں کے ساتھ وکالت کے اقدامات اور خوردہ موجودگی کی توسیع میں سرمایہ کاری جاری رکھیں گے۔

خدمات کا اعتراف:

بورڈ اپنے تمام ملازمین، تمام کاروباری اسٹیک ہولڈرز کے عزم، تعاون اور اشتراک کو سراہتا ہے اور ان کا شکریہ ادا کرتا ہے۔ بورڈ کمپنی کے مقاصد کے حصول کیلئے سرکاری حکام اور شیئر ہولڈرز کے غیر متزلزل تعاون پر ان کا بھی شکریہ ادا کرتا ہے۔



نمرہ خالد

ڈائریکٹر



ندیم خالد

چیف ایگزیکٹو آفیسر

پشاور

مورخہ: 29 اپریل 2022

FRONTIER CERAMICS LIMITED
CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION (UN-AUDITED)
AS AT MARCH 31, 2022

		March 31, 2022 Rupees Un-audited	June 30, 2021 Rupees Audited (Restated)
	Note		
ASSETS			
NON CURRENT ASSETS			
Property, plant and equipment			
Operating fixed assets	7	2,712,703,215	1,899,403,438
Right of use asset	8	24,372,771	-
Capital work in progress	9	-	306,728,967
Investment property		578,440	600,782
		<u>2,737,654,426</u>	<u>2,206,733,187</u>
Long term deposits		1,513,450	1,513,450
Long term advances	10	558,370,605	321,515,475
		<u>3,297,538,481</u>	<u>2,529,762,112</u>
CURRENT ASSETS			
Stores, spares and loose tools		191,542,221	119,353,127
Stock in trade		304,693,316	173,356,475
Trade debts		7,335,204	6,890,929
Short term lending		7,637,000	7,637,000
Advances		166,028,797	140,948,639
Tax refunds due from Government		58,671,035	63,962,052
Taxation - net		25,090,700	5,847,180
Cash and bank balances	11	27,961,057	43,950,002
		<u>788,959,331</u>	<u>561,945,404</u>
TOTAL ASSETS		<u><u>4,086,497,812</u></u>	<u><u>3,091,707,516</u></u>
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Share capital		378,738,210	378,738,210
Discount on issue of right shares	12	(180,795,726)	(180,795,726)
		<u>197,942,484</u>	<u>197,942,484</u>
Revaluation surplus on property, plant and equipment		1,251,364,299	1,278,770,679
Unappropriated profit		494,923,288	166,391,946
		<u>1,944,230,072</u>	<u>1,643,105,109</u>
NON CURRENT LIABILITIES			
Long term financing	13	349,635,134	299,036,657
Gas Infrastructure Development Cess	14	58,324,136	58,324,136
Lease liability under diminishing musharaka	15	45,727,530	-
Deferred liability		54,798,298	54,798,298
Deferred taxation		293,290,762	325,995,354
		<u>801,775,859</u>	<u>738,154,445</u>
CURRENT LIABILITIES			
Trade and other payables		1,262,908,972	646,450,842
Unclaimed dividend		3,189,224	3,189,224
Current portion of GIDC payable	14	63,747,969	60,807,896
Current portion of lease liability under diminishing musharaka		10,645,716	-
		<u>1,340,491,881</u>	<u>710,447,962</u>
TOTAL EQUITY AND LIABILITIES		<u><u>4,086,497,812</u></u>	<u><u>3,091,707,516</u></u>
CONTINGENCIES AND COMMITMENTS	16	-	-

The annexed notes from 1 to 20 form an integral part of this condensed interim financial information.



CHIEF EXECUTIVE



CHIEF FINANCIAL OFFICER



DIRECTOR

FRONTIER CERAMICS LIMITED
CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS (UN-AUDITED)
FOR THE THIRD QUARTER AND NINE MONTHS ENDED MARCH 31, 2022

	Quarter Ended March 31,		Nine Months Ended March 31,	
	2022	2021	2022	2021 (Restated)
Rupees.....			
Sales - net	1,015,414,754	815,364,209	2,821,730,627	2,131,685,198
Cost of sales	(961,657,992)	(739,100,063)	(2,399,162,636)	(1,909,493,399)
Gross Profit	53,756,762	76,264,146	422,567,991	222,191,799
Distribution cost	(2,989,052)	(2,939,235)	(7,939,715)	(38,390,177)
Administrative expenses	(11,009,993)	(9,036,995)	(32,633,967)	(25,348,891)
Other operating expenses	(3,995,864)	(2,755,676)	(31,592,610)	(9,637,172)
Operating profit	35,761,853	61,532,240	350,401,699	148,815,559
Finance cost	(6,023,172)	(6,912,124)	(26,620,030)	(22,365,326)
Other operating income	1,098,933	578,509	3,433,703	1,693,549
Profit before taxation	30,837,615	55,198,625	327,215,373	128,143,782
Taxation:				
-current	30,588,100	(24,672,271)	(58,795,006)	(60,237,766)
-Prior	-	-	-	-
-deferred	-	-	32,704,596	4,348,115
Profit after taxation	61,425,714	30,526,354	301,124,962	72,254,131
Earnings per share - basic and diluted	1.62	0.81	7.95	1.91

The annexed notes from 1 to 20 form an integral part of this condensed interim financial information.



CHIEF EXECUTIVE



CHIEF FINANCIAL OFFICER



DIRECTOR

FRONTIER CERAMICS LIMITED
CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE THIRD QUARTER AND NINE MONTHS ENDED MARCH 31, 2022

	Quarter Ended March 31,		Nine Months Ended March 31,	
	2022	2021	2022	2021 (Restated)
Rupees.....			
Profit after taxation	61,425,714	30,526,354	301,124,962	72,254,131
Other comprehensive income for the Period	-	-	-	-
Total comprehensive income for the Period	<u>61,425,714</u>	<u>30,526,354</u>	<u>301,124,962</u>	<u>72,254,131</u>

The annexed notes from 1 to 20 form an integral part of this condensed interim financial information.



CHIEF EXECUTIVE



CHIEF FINANCIAL OFFICER



DIRECTOR

FRONTIER CERAMICS LIMITED
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY
FOR THE NINE MONTHS ENDED MARCH 31, 2022 (UN-AUDITED)

	Issued, subscribed and paid up capital	Discount Issue of Right Shares	Revaluation surplus on property, plant and equipment	Unappropriated Profit	Total
Rupees.....				
Balance as at July 01, 2020 - restated	378,738,210	(180,795,726)	884,642,163	52,114,608	1,134,699,255
<u>Impact of ratification of error</u>					
Provision for gratuity booked				(3,788,652)	(3,788,652)
Deferred tax impact				1,098,709	1,098,709
comprehensive income for the period ended March 31, 2021				74,944,074	74,944,074
Balance as at March 31, 2021 - restated	378,738,210	(180,795,726)	884,642,163	124,368,739	1,206,953,386
Balance as at July 01, 2021 - restated	378,738,210	(180,795,726)	1,278,770,679	166,391,946	1,643,105,109
comprehensive for the Period ended Mar 31, 2022				301,124,962	301,124,962
Transfer from surplus on revaluation of fixed assets incremental			-	-	-
depreciation - net of deferred tax			(27,406,380)	27,406,380	-
Balance as at March 31, 2022	378,738,210	(180,795,726)	1,251,364,299	494,923,288	1,944,230,072

The annexed notes from 1 to 20 form an integral part of this condensed interim financial information.



CHIEF EXECUTIVE



CHIEF FINANCIAL OFFICER



DIRECTOR

FRONTIER CERAMICS LIMITED
CONDENSED INTERIM STATEMENT OF CASH FLOWS
FOR THE NINE MONTHS ENDED MARCH 31, 2022 (UN-AUDITED)

	Rupees	
	31-Mar-22 Un-Audited	31-Mar-21 Restated
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	327,215,373	128,143,781
Adjustment for:		
Depreciation	136,762,420	104,849,299
Provision for gratuity	-	3,788,653
Finance Cost	26,620,030	22,365,326
Profit before working capital changes	490,597,822	259,147,059
Changes in working capital:		
Decrease / (increase) in current assets		
Stores, spares and loose tools	(72,189,094)	(53,693,185)
Stock in trade	(131,336,841)	(22,013,641)
Trade debts	(444,275)	2,492,995
Short Term Lending	-	(2,400,000)
Advances	(25,080,158)	(11,031,513)
Increase / (decrease) in current liabilities		
Trade and other payables	616,458,130	636,916,097
Mark up accrued	-	(3,058,295)
Current portion of liability against assets subject to finance	10,645,716	-
Current portion of long term financing	-	(227,465)
Current portion of GIDC payable	2,940,073	-
Short term borrowings	-	(9,031,941)
	400,993,550	537,953,052
Cash generated from operations	891,591,372	797,100,111
Taxes paid	(72,747,508)	(48,243,150)
Finance Cost Paid	(26,620,030)	(21,901,742)
Net cash generated / (Used in) from operating activities	792,223,834	726,955,219
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of operating fixed assets	(974,412,626)	-
Increase in long term advances	2,817,289	2,235,727
Increase in long term deposits	-	-
Advance for Land Purchase	(239,672,419)	(205,000,000)
Deletion/(Additions) to capital work in progress	306,728,967	(241,994,994)
Net cash used in investing activities	(904,538,789)	(444,759,267)
CASH FLOWS FROM FINANCING ACTIVITIES		
Long term financing - net	50,598,477	(11,411,671)
Gas Infrastructure Development Cess	-	-
Liability against assets subject to finance lease	45,727,530	-
Net cash used in financing activities	96,326,007	(11,411,671)
Net (decrease) / increase in cash and cash equivalents	(15,988,948)	270,784,280
Cash and cash equivalents at the beginning of the period	43,950,002	59,248,231
Cash and cash equivalents at the end of the period	27,961,054	330,032,511

The annexed notes from 1 to 20 form an integral part of this condensed interim financial information.



CHIEF EXECUTIVE



CHIEF FINANCIAL OFFICER



DIRECTOR

FRONTIER CERAMICS LIMITED
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2022 (UN-AUDITED)

1 STATUS AND NATURE OF BUSINESS

Frontier Ceramics Limited (the Company) was incorporated in July 1982 as a Public Limited Company with its shares quoted on Pakistan Stock Exchange Limited (formerly Karachi Stock Exchange Limited in which Lahore and Islamabad Stock Exchanges have merged). The principal activities of the Company are manufacturing of ceramic tiles, sanitary wares and related ceramic products.

The registered office and manufacturing unit of the Company is situated at 29-Industrial Estate, Jamrud Road, Peshawar, Pakistan.

2 STATEMENT OF COMPLIANCE

This condensed interim financial information 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 Standards 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 with the requirements of IAS 34, the provisions of and directives issued under the Companies Act, 2017 have been followed.

3 BASIS OF PREPARATION

This condensed interim financial information 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, 2021.

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

4 ACCOUNTING POLICIES

- 4.1 The accounting policies adopted and methods of computation followed in the preparation of these interim financial statements are same as those applied in the preparation of financial statements for the year ended June 30, 2021.
- 4.2 The preparation of these interim financial statements in conformity with approved accounting standards require management to make estimates, assumptions and use judgements that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses. Estimates, assumptions and judgments are continually evaluated and are based on historical experience and other factors, including reasonable expectations of future events. Revisions to accounting estimates are recognised prospectively commencing from the period of revision.
- 4.3 The significant estimates, judgments and assumptions made by the management in applying the accounting policies and the key sources of estimation uncertainty are the same as those applied to the annual audited financial statements as at and for the year ended June 30, 2021.

4.4 There are certain standards, interpretations and amendments to approved accounting standards which have been published and are mandatory for the Company's accounting period beginning on or after July 01, 2018. These standards, interpretations and amendments are either not relevant to the Company's operations or are not expected to have a significant effect on these interim financial statements.

4.5 Ijarah

The Company accounts for assets under ijarah arrangements in accordance with Islamic Financial Accounting Standard (IFAS) 2 - Ijarah whereby rental payments due under these arrangements are recognized as an expense in the statement of profit or loss on a straight line basis over the ijarah (lease) term.

5 TAXATION

The provision for taxation for the nine months and quarter ended March 31, 2021 has been made using the estimated effective tax rate applicable to expected total annual earnings.

6 CHANGE DUE TO RECTIFICATION OF ERROR

The Company has rectified the non-compliance against non provision of staff retirement benefits. Accordingly, the Company has accounted for provision since June 2008 which is the take over date till December 31, 2020. The financial impact is reported in condensed interim financial statements for half year ended December 31, 2021.

	Note	Un-audited 31-Mar-22 Rupees	Audited 30-Jun-21 Rupees
7 OPERATING FIXED ASSETS			
Opening written down value (WDV)		1,899,403,438	1,468,280,478
Add:			
Additions	7.1	76,884,362	-
Transferred from CWIP		870,988,038	-
Revaluation surplus		-	578,033,224
		<u>2,847,275,838</u>	<u>2,046,313,702</u>
Less:			
Disposals		-	-
Depreciation charge		<u>(134,572,623)</u>	<u>(146,910,264)</u>
Closing written down value (WDV)		<u>2,712,703,215</u>	<u>1,899,403,438</u>
7.1 Detail of additions (at cost) during the period / year are as follows:			
Computer accessories		-	72,390
Plant and machinery - imported		-	1,858,967
Vehicles		7,429,864	8,974,359
Electrification		4,640,000	
Generator		64,814,498	-
		<u>76,884,362</u>	<u>10,905,716</u>

	Note	Un-audited 31-Mar-22 Rupees	Audited 30-Jun-21 Rupees
8 RIGHT-OF-USE ASSET			
Right-of-use asset		26,540,222	-
Depreciation		<u>(2,167,451)</u>	<u>-</u>
Closing written down value (WDV)	8.1	<u>24,372,771</u>	<u>-</u>

8.1 This represents two excavators acquired against diminishing musharaka facility from First Habib Modaraba over lease term of three years. After the end of lease term, ownership will be transferred to the Company.

	Note	Un-audited 31-Mar-22 Rupees	Audited 30-Jun-21 Rupees
9 CAPITAL WORK IN PROGRESS			
Balance as at July 01,		306,728,967	58,575,025
Additions during the year		564,259,071	248,153,942
Transferred to property, plant and equipment	9.1	(870,988,038)	-
		<u>-</u>	<u>306,728,967</u>

9.1 This represents new kiln, production line and its accessories (for the production of floor tiles) installed and transferred to Property Plant & Equipment in March , 2022.

	Note	Un-audited 31-Mar-22 Rupees	Audited 30-Jun-21 Rupees
10 LONG TERM ADVANCES			
Advance against land	10.1	549,837,419	310,165,000
Others		8,533,186	11,350,475
		<u>558,370,605</u>	<u>321,515,475</u>

10.1 The Board of Directors of the Company in their meeting held on January 07, 2021 decided in principal to avail the opportunity of initially acquiring 1,031 kanals of land off CPEC highway near Mianwali from a related party Mr. Nadeem Khalid (Chief Executive) at payment terms over the period of five years. Keeping in view conducive business environment, directors feel that if the environment remains stable then in next ten years Company will establish a large ceramic factory at said proposed location

	Note	Un-audited 31-Mar-22 Rupees	Audited 30-Jun-21 Rupees
11 CASH AND BANK BALANCES			
Cash in hand		656,270	196,847
Cash at bank - current accounts		21,955,323	37,418,298
Cash at bank - saving accounts		5,349,464	6,334,857
		<u>27,961,057</u>	<u>43,950,002</u>

12 DISCOUNT ON ISSUE OF RIGHT SHARES

This represents discount on issue of right shares upon exercising the option given to members in board of directors meeting held on February 18, 2014 to subscribe for the right shares issue which were allotted on August 08, 2014 at a discount of Rs. 6 per share with the entitlement of 389.25% shares against SECP approval vide letter No. EMD/233/584/02 dated February 07, 2014 for the total right issue of 30.133 million shares at Rs. 4 per share (discount of Rs. 6 per share) by way of right issue. All the relevant legal formalities required by the repealed Companies Ordinance, 1984 (now Companies Act, 2017) were completed by the Company before issuance of the right shares.

		Un-audited 31-Mar-22 Rupees	Audited 30-Jun-21 Rupees
13	LONG TERM FINANCING		
	From associated person - unsecured	13.1 39,599,863	19,996,435
	From associated company- unsecured	13.2 235,495,811	279,040,222
	From Financial Institution	13.3 74,539,460	-
		<u>349,635,134</u>	<u>299,036,657</u>

- 13.1 This represents interest bearing unsecured loan and accumulated markup thereon received from Chief Executive of the Company for working capital requirements. The loan carries mark up at the rate at KIBOR plus 2% per annum. The loan is restructured during the year ended June 30, 2021. As per revised terms, the borrower will accrue interest over the years for a grace period of six years after which the payment of principle amount stands due. Moreover, markup will be payable after the settlement of the principal amount.
- 13.2 This represents interest bearing unsecured loans and accumulated markup thereon received from related parties, Rawal Industrial Equipment (Private) Limited and Toyota Rawal Motors (Private) Limited for working capital of the Company and acquisition of the equipment. The loan has been restructured during the year ended June 30, 2021. It carries mark up at the rate at KIBOR plus 2 % per annum. As per revised terms, the borrower will accrue interest over the years for a grace period of six years after which the payment of principle amount stands due. Moreover, markup will be payable after the settlement of the principal amount.
- 13.3 This represents Musharaka facility obtained up to a limit of Rs. 80 million from Bank Al Habib Limited during the year. The facility carries mark up at the rate at three month KIBOR plus 3% per annum to be reset on quarterly basis. Repayment shall be made in 36 equal monthly installments.

		March 31, 2022 Rupees Unaudited	June 30, 2021 Rupees Audited
14	GAS INFRASTRUTURE DEVELOPMENT CESS		
	Balance brought forward	119,132,032	-
	Charge for the period/year	2,940,073	119,132,032
		<u>122,072,105</u>	<u>119,132,032</u>
	Less: Current portion of GIDC	(63,747,969)	(60,807,896)
	14.1	<u>58,324,136</u>	<u>58,324,136</u>

- 14.1 In 2011, GIDC was imposed on natural gas consumers including companies with effect from January 01, 2012 to finance the cost of laying the overland gas pipeline. In 2013, the Peshawar High Court declared the GIDC Act 2011 as ultra vires the constitution and struck down the GIDC Act 2011. In August 2014, Supreme Court of Pakistan dismisses the appeal filed by the Federal Government of Pakistan deciding that GIDC is a fee and not a tax and could not be imposed by money bill. In September 2014, the GIDC Ordinance was promulgated by the President of Pakistan with retrospective effect with original imposition. In October 2016, the Sindh High Court declared the levy to be un-constitutional. In August 2020, the Supreme Court of Pakistan held that GIDC is validly levied and allowed the government to collect the amount in 24 equal installments.

Further, in November 2020, the Supreme Court dismissed the review petition seeking review of its order (issued in August 2020). Supreme Court in its judgement on the review petitions noted that government is agreeing to recover the arrears for GIDC in 48 monthly installments (instead of 24 months, as mentioned in August 2020 order of the Supreme Court). The Federal Government has started the recovery of this fee and the Company has booked the liability amounting to Rs. 119.132 million in this regard after receiving bill from the SNGPL at fair value in accordance with IFRS 9 by discounting the future cash payments required to be made in 48 installments, to settle the liability for GIDC.

		March 31, 2022 Rupees Unaudited	June 30, 2021 Rupees Audited
	Note		
15	LEASE LIABILITY UNDER DIMINISHING MUSHARAKA		
		Lease liability	56,373,246
		Less: Current portion of lease liability	(10,645,716)
	15.1	<u>45,727,530</u>	<u>-</u>

- 15.1 This represents outstanding balance of diminishing musharaka facility from Financial Institution carries 3 months KIBOR plus 2.50%. Repayment shall be made in 36 equal monthly instalments commencing from December 30, 2021 and ending in November 28, 2024. This is secured by way of ownership of leased asset.

16 CONTINGENCIES AND COMMITMENTS

16.1 CONTINGENCIES

The status of Contingencies remained un-change as reported in condensed interim financial statements of the half year ended December 31, 2021.

		March 31, 2022 Rupees Unaudited	June 30, 2021 Rupees Audited
	Note		
16.2	COMMITMENTS		
		The Company has following commitments:	
		- in respect of letter of credit	
		- against import of raw materials	200,373,330
		- against import of stores and spares	17,012,903
		- against import of plant and machinery	318,563,719
		<u>535,949,952</u>	<u>671,784,194</u>
		<u>535,949,952</u>	<u>671,784,194</u>
		Commitments for Ijarah arrangements	
		Not later than one year	-
			1,710,828
		<u>-</u>	<u>1,710,828</u>
		Commitments for Diminishing Musharaka arrangements	
		Not later than one year	10,645,716
		Later than one year and not later than five years	45,727,530
		<u>56,373,246</u>	<u>-</u>

- 16.2 This amount represents future letter of credit commitments which will be fulfilled in respect of import of raw material, stores and spares and plant and machinery.

17 TRANSACTION WITH RELATED PARTIES

The related parties and associated undertakings of the Company comprise of group companies, other associate companies, directors and key management personnel. Transactions with related parties and associated undertakings during the period are as follows :

Name of the related party	Relationship	Transactions during the period	Nine Months Ended March 31,	
			2022	2021
			(Rupees)	
Toyota Rawal Motors (Private) Limited	Associated company by virtue of common directorship	Interest on short term borrowings	9,840,630	5,227,813
		Rental for building	513,564	466,876
		Long term borrowing paid	55,991,500	-
		Long term borrowing received	114,840,000	-
		Short term borrowing	-	7,121,941
		Utilities	60,000	60,000
Rawal Industrial Equipment (Private)	Associated company by virtue of common directorship	Interest on Long term borrowings	6,877,057	11,321,669
		Long term loan repaid	118,344,341	-
		Purchases Made	38,000,000	-
Mr. Nadem Khalid	Chief Executive	Long term financing - Loan repaid	13,397,900	11,639,136
		Long term financing - Received	32,579,000	
		Mark-up on long term loan	422,328	288,669
		Mark-up Paid	-	16,703,000
		Advance for Land Purchased	239,672,419	205,000,000
Khalid & Khalid Holdings	Associated company by virtue of common directorship	Short term Lending	400,000	14,000,000
		Short term Lending received	400,000	11,600,000
		Interest on short term Lending	766,258	603,446
Chief Executive, Directors, Executives	Key management personnel	Remuneration and other benefits	17,828,734	14,779,831

18 CORRESPONDING FIGURES

Corresponding figures have been rearranged and reclassified, wherever necessary for the purposes of comparison and for better presentation. However, no significant reclassification has been made during the period.

19 DATE OF AUTHORIZATION

These condensed interim financial information were authorized for issue on April 29, 2022 by the Board of Directors of the Company.

20 GENERAL

Figures have been rounded off to the nearest rupee.



CHIEF EXECUTIVE



CHIEF FINANCIAL OFFICER



DIRECTOR