

THIRD QUARTER REPORT
MARCH 2020



Century Paper & Board Mills Limited



WATER
FOR NATION

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	
Engr. M. Abdul Jabbar	
Kemal Shoaib	
Aftab Ahmad	- Chief Executive Officer

Advisor

Sultan Ali Lakhani

Audit Committee

Kemal Shoaib	- Chairman
Amin Mohammed Lakhani	
Tasleemuddin Ahmed Batlay	

Human Resource & Remuneration Committee

Engr. M. Abdul Jabbar	- 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 I am pleased to present the performance review of the Company together with the un-audited financial statements for the period ended March 31, 2020.

Operations and Sales Review

The Company produced 169,920 metric tons of paper and paperboard for the period under review (July 2019-March 2020) as compared to 170,261 metric tons of the corresponding period of last year.

Company sold 164,919 metric tons during the period under review (July 2019-March 2020) as compared to 163,633 metric tons of the corresponding period of last year.

In terms of value, the net sales of the Company for the period under review (July 2019-March 2020) increased to Rs. 18.46 billion as compared to Rs. 16.62 billion of the corresponding period of last year.

Financial Performance

For the period under review (July 2019-March 2020), your Company earned gross profit of Rs. 2,736 million as compared to Rs. 1,998 million of the corresponding period of last year.

Similarly, the operating profit for the period under review (July 2019-March 2020) is recorded at Rs. 2,169 million as compared to Rs. 1,508 million of the corresponding period of last year.

Financial charges for the period stood at Rs. 814 million were considerably higher than corresponding period figure of Rs. 547 million on the backdrop of higher interest rate prevailing during the period.

The Company has posted a Profit before tax of Rs. 1,355 million as compared to a Profit before tax of Rs. 961 million posted for the corresponding period of last year.

After accounting for taxation, the Company has posted net profit of Rs. 962 million for the period under review as compared to profit of Rs. 715 million for the corresponding period of last year.

Directors' Review

Earnings per Share

The basic earnings per share (EPS) is reported at Rs. 6.54 as compared to EPS of Rs.4.65 of the corresponding period of last year. There is no dilution effect on the earnings per share for the period under review and the corresponding period.

Near Term Outlook

Owing to low economic growth, domestic paper & paperboard consumption remained stagnant during the period under review and towards the end of Q-3 COVID19 started impacting the overall businesses. Going forward keeping in view the COVID19 implications on businesses, Management of your Company is continuously adjusting its business strategy to maintain its supplies for packaging of essential goods on priority and foresees some dip in overall demand. Operations are being adjusted in line with SOPs issued by concerned authorities from time to time. In these challenging time, management is committed to ensure continuity of its operations to ensure uninterrupted supply to the essential businesses with all the precautions in place to ensure safety of its employees and to minimize the adverse impact of prevailing situation on financial performance of the Company for the ensuing quarter.

Acknowledgments

Your Directors appreciate the continued support and commitment of all the stakeholders. They are especially thankful to the Banks and Financial Institutions. They also wish to acknowledge, hard and sincere work of the staff and employees of the Company.

On behalf of the Board of Directors


AFTAB AHMAD
Chief Executive Officer


TASLEEMUDDIN AHMED BATLAY
Director

Karachi: April 27, 2020



ڈائریکٹرز کا جائزہ

بورڈ آف ڈائریکٹرز کی طرف سے 31 مارچ 2020ء کو ختم ہونے والی تیسری سہ ماہی کے لیے آپ کی کمپنی کی کارکردگی کا جائزہ مع غیر آڈٹ شدہ مالیاتی گوشوارے پیش کرنا میرے لیے باعث مسرت ہے۔

کاروباری کارکردگی اور سیلنز کا جائزہ

کمپنی نے زیر جائزہ مدت (جولائی 2019 تا مارچ 2020) کے دوران 169,920 میٹرک ٹن کی پیداوار دی، جو کہ گزشتہ سال کی اسی مدت میں 170,261 میٹرک ٹن تھی۔ کمپنی نے زیر جائزہ مدت (جولائی 2019 تا مارچ 2020) میں 164,919 میٹرک ٹن کی فروخت کی، جو کہ گزشتہ سال کی اسی مدت میں 163,633 میٹرک ٹن تھی۔ قدر کے اعتبار سے زیر جائزہ مدت (جولائی 2019 تا مارچ 2020) میں سیلز ویلیو 18.46 بلین روپے تک بڑھ گئی جو گزشتہ سال اسی مدت میں 16.62 بلین روپے تھی۔

مالیاتی کارکردگی

زیر جائزہ مدت (جولائی 2019 تا مارچ 2020) میں کمپنی نے 2,736 ملین روپے کا مجموعی منافع کمایا جو گزشتہ سال اسی مدت میں 1,998 ملین روپے تھا۔ زیر جائزہ مدت (جولائی 2019 تا مارچ 2020) میں خالص آپریٹنگ منافع 2,169 ملین روپے ریکارڈ کیا گیا جو گزشتہ سال اسی مدت میں 1,508 ملین روپے تھا۔

زیر جائزہ مدت (جولائی 2019 تا مارچ 2020) میں شرح سود میں اضافے کے باعث مالیاتی اخراجات بڑھ کر 814 ملین روپے تک ہو گئے جو گزشتہ سال اسی مدت میں 547 ملین روپے تھے۔

مالیاتی اخراجات منہا کرنے کے بعد زیر جائزہ مدت (جولائی 2019 تا مارچ 2020) میں قبل از ٹیکس منافع 1,355 ملین روپے رہا جو گزشتہ سال اسی مدت میں 961 ملین روپے تھا۔

کمپنی نے زیر جائزہ مدت (جولائی 2019 تا مارچ 2020) میں 962 ملین روپے کا خالص منافع کمایا جو گزشتہ سال اسی مدت میں 715 ملین روپے تھا۔

فی شیئر آمدنی

گزشتہ سال اسی مدت کے لیے بنیادی فی شیئر آمدنی 4.65 روپے کے مقابلے میں زیر جائزہ مدت (جولائی 2019 تا مارچ 2020) کی بنیادی فی شیئر آمدنی 6.54 روپے رپورٹ کی گئی 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


قریب مدتی منظر نامہ


زیر جائزہ مدت میں معاشی سست روی کی وجہ سے، پیپر اور پیپر بورڈ کی مصنوعات کی طلب بھی غیر متحرک رہی اور موجودہ سہ ماہی کے آخر میں کرونا وائرس (COVID19) نے مجموعی کاروبار کو متاثر کرنا شروع کیا۔ کرونا وائرس (COVID19) کے کاروبار پر ممکنہ اثرات کو مد نظر رکھتے ہوئے آپ کی کمپنی کی مینجمنٹ کاروباری حکمت عملی میں مناسب تبدیلیوں کے ساتھ اس امر کے لیے کوشاں ہے کہ بنیادی ضروریات کی اشیاء کی پیکجنگ ترجیحی بنیادوں پر بحال رہے اور متعلقہ اداروں کی جانب سے وقفہ فاصلے والی ہدایات (SOPs) پر عمل پیرا ہو کر کاروباری سرگرمیاں بحال رکھی گئی ہیں۔ ان مشکل حالات میں مینجمنٹ کوشاں ہے کہ تمام احتیاط و تدابیر کے ساتھ ملازمین کی حفاظت کو یقینی بناتے ہوئے کاروباری سرگرمیاں جاری رکھی جاسکیں تاکہ ضروری اشیاء کی بلا تعطل ترسیل جاری رہے اور آنے والی سہ ماہی میں کمپنی کی مالیاتی کارکردگی پر موجودہ حالات کے منفی اثرات کو محدود کیا جائے۔

اظہار تشکر

آپ کے ڈائریکٹرز مسلسل سرپرستی اور واہنگی پر تمام اسٹیک ہولڈرز کو خراج تحسین پیش کرتے ہیں۔ وہ بینکوں اور مالیاتی اداروں کے خصوصی شکر گزار ہیں۔ وہ کمپنی کے عملے اور ملازمین کی محنت اور پُر خلوص کارکردگی کا بھی اعتراف کرتے ہیں۔

بورڈ آف ڈائریکٹرز کی جانب سے


تسلیم الدین احمد باٹلے
ڈائریکٹر


آفتاب احمد
چیف ایگزیکٹو آفیسر

کراچی: 27 اپریل، 2020

Condensed Interim Statement of Financial Position


as at March 31, 2020 (Un-audited)

		March 31, 2020	June 30, 2019 (Audited)
	Note	(Rupees in thousands)	
ASSETS			
NON - CURRENT ASSETS			
Property, plant and equipment	7	8,897,810	9,131,201
Operating fixed assets	8	449,234	241,653
Capital work in progress		9,347,044	9,372,854
Intangible assets		12,759	9,033
Long-term advances	9	10,511	6,264
Long-term deposits		7,169	7,169
		9,377,483	9,395,320
CURRENT ASSETS			
Stores and spares	10	1,776,380	1,458,482
Stock-in-trade	11	2,703,405	3,484,174
Trade debts (unsecured - considered good)		3,506,016	3,046,320
Advances	12	37,602	95,874
Trade deposits and short term prepayments	13	35,486	91,398
Other receivables		20,589	12,062
Tax refunds due from Government	14	256,694	256,694
Taxation - net		261,302	261,718
Cash and bank balances	15	127,964	351,700
		8,725,438	9,058,422
TOTAL ASSETS		18,102,921	18,453,742
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized share capital			
410,000,000 (June 30, 2019: 410,000,000)		4,100,000	4,100,000
shares of Rs. 10 each			
Issued, subscribed and paid-up capital			
147,018,345 (June 30, 2019: 147,018,345)		1,470,184	1,470,184
ordinary shares of Rs. 10 each		5,533,748	4,718,750
Reserves		7,003,932	6,188,934
NON - CURRENT LIABILITIES			
Long-term financing	16	2,573,824	3,511,434
Lease liabilities	17	21,238	-
Deferred taxation		1,278,672	1,208,746
		3,873,734	4,720,180
CURRENT LIABILITIES			
Trade and other payables	18	2,898,046	2,528,063
Short-term borrowings	19	3,409,936	4,247,267
Interest and mark-up accrued	20	206,630	96,526
Unclaimed dividend		1,528	1,321
Current portion of lease liabilities	17	2,715	-
Current portion of long-term financing	16	706,400	671,451
		7,225,255	7,544,628
TOTAL EQUITY AND LIABILITIES		18,102,921	18,453,742
CONTINGENCIES AND COMMITMENTS	21		

The annexed notes from 1 to 34 form an integral part of this condensed interim financial information.


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, 2020 (Un-audited)

		Nine months ended		Quarter ended	
		March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019
	Note	(Rupees in thousands)			
Sales - net	22	18,457,294	16,616,751	6,280,020	6,034,712
Cost of sales	23	(15,720,990)	(14,618,823)	(5,325,731)	(5,343,682)
Gross profit		2,736,304	1,997,928	954,289	691,030
General and administrative expenses		(399,902)	(352,437)	(142,599)	(111,961)
Selling expenses		(51,339)	(45,731)	(17,717)	(16,329)
Distribution expenses		(79,942)	(64,920)	(29,097)	(24,353)
Other operating charges					
Workers' Profit Participation Fund		(72,768)	(51,597)	(27,870)	(16,780)
Workers' Welfare Fund		(27,652)	(19,607)	(10,591)	(6,377)
Others		(20,447)	(24,166)	(6,793)	(11,065)
		(120,867)	(95,370)	(45,254)	(34,222)
Other income	24	84,449	68,569	25,727	25,991
Operating profit		2,168,703	1,508,039	745,349	530,156
Finance cost	25	(813,756)	(547,309)	(226,411)	(217,714)
Profit before taxation		1,354,947	960,730	518,938	312,442
Taxation					
Current		(323,003)	(211,361)	(109,901)	(68,737)
Prior		-	(5,519)	-	(7,001)
Deferred		(69,928)	(28,822)	(40,588)	(9,373)
		(392,931)	(245,702)	(150,489)	(85,111)
Profit for the period		962,016	715,028	368,449	227,331
Earnings per share					
- basic and diluted (Rupees)	26	6.54	4.65	2.51	1.55

The annexed notes from 1 to 34 form an integral part of this condensed interim financial information.


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, 2020 (Un-audited)

	Nine months ended		Quarter ended	
	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019
	(Rupees in thousands)			
Profit for the period	962,016	715,028	368,449	227,331
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	962,016	715,028	368,449	227,331

The annexed notes from 1 to 34 form an integral part of this condensed interim financial information.


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, 2020 (Un-audited)

		Nine months ended	
		March 31, 2020	March 31, 2019
	Note	(Rupees in thousands)	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	27	3,533,154	1,521,852
Finance cost paid		(703,652)	(424,959)
Taxes paid		(322,587)	(172,350)
Gratuity paid		(43,739)	(34,134)
Workers' Profit Participation Fund paid		(66,627)	(76,301)
Long-term advances		(4,247)	12,204
Long-term deposits		-	(1,300)
Net cash generated from operating activities		2,392,302	825,012
CASH FLOWS FROM INVESTING ACTIVITIES			
Fixed capital expenditure		(736,832)	(907,469)
Proceeds from sale of property, plant and equipment		9,051	7,003
Net cash used in investing activities		(727,781)	(900,466)
CASH FLOWS FROM FINANCING ACTIVITIES			
Redemption of preference shares		-	(901,214)
Proceeds of long-term financing from associated companies		650,000	975,000
Repayment of long-term financing from associated companies		(650,000)	-
Repayment of long-term financing from Director		(650,000)	-
Proceeds from long-term financing from banking companies		245,674	466,277
Repayment of long-term financing from banking companies		(498,334)	(899,821)
Principal paid on lease liabilities		(1,454)	-
Dividend paid on preference shares		-	(87,664)
Dividend paid on ordinary shares		(146,811)	(110,264)
Net cash used in financing activities		(1,050,926)	(557,686)
Net increase / (decrease) in cash and cash equivalents		613,595	(633,140)
Cash and cash equivalents at the beginning of the period		(3,895,567)	(3,011,180)
Cash and cash equivalents at the end of the period		(3,281,972)	(3,644,320)
CASH AND CASH EQUIVALENTS			
Cash and bank balances	15	127,964	504,213
Short-term borrowings	19	(3,409,936)	(4,148,533)
		(3,281,972)	(3,644,320)

The annexed notes from 1 to 34 form an integral part of this condensed interim financial information.


AFTAB AHMAD
Chief Executive Officer


TASLEEMUDDIN AHMED BATLAY
Director



MUHAMMAD RASHID DASTAGIR
Chief Financial Officer

Condensed Interim Statement of Changes in Equity

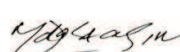
for the period ended March 31, 2020 (Un-audited)

	Issued, subscribed and paid-up capital		Reserves								Total
			Capital				Revenue			Sub-total	
	Ordinary share capital	Preference share capital	Share premium	Merger reserve	Redemption reserve	Total	General reserve	Unappropriated profit	Total		
	(Rupees in thousands)										
Balance as at July 1, 2018	1,470,184	901,214	1,822,122	7,925	931,254	2,761,301	313,226	996,948	1,310,174	4,071,475	6,442,873
Appropriation of Reserves											
Transfer to general reserve	-	-	-	-	-	-	686,774	(686,774)	-	-	-
Transfer to unappropriated profit	-	-	-	-	-	-	(800,000)	800,000	-	-	-
	-	-	-	-	-	-	(113,226)	113,226	-	-	-
Total comprehensive income for the period ended March 31, 2019											
Profit for the period	-	-	-	-	-	-	-	715,028	715,028	715,028	715,028
Transaction with owners											
Redemption of preference shares	-	(901,214)	-	-	901,214	901,214	-	(901,214)	(901,214)	-	(901,214)
Final dividend on ordinary shares @ Re. 0.75 per share	-	-	-	-	-	-	-	(110,264)	(110,264)	(110,264)	(110,264)
Cumulative dividend paid on preference shares	-	-	-	-	-	-	-	(87,664)	(87,664)	(87,664)	(87,664)
	-	(901,214)	-	-	901,214	901,214	-	(1,099,142)	(1,099,142)	(197,928)	(1,099,142)
Balance as at March 31, 2019	1,470,184	-	1,822,122	7,925	1,832,468	3,662,515	200,000	726,060	926,060	4,588,575	6,058,759
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 general 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

The annexed notes from 1 to 34 form an integral part of this condensed interim financial information.


AFTAB AHMAD
 Chief Executive Officer


TASLEEMUDDIN AHMED BATLAY
 Director


MUHAMMAD RASHID DASTAGIR
 Chief Financial Officer

CENTURY PAPER & BOARD MILLS LIMITED

Notes to the Condensed Interim Financial Information

for the period ended March 31, 2020 (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 mill (plant) of the Company is located at 62 KM, Lahore-Multan Highway, N-5, District Kasure, 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 information is unaudited and is being submitted to the shareholders as required under Section 237 of the Companies Act, 2017.

This condensed interim financial information of the Company for the nine months ended March 31, 2020 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.

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, 2019 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 information has been extracted from the annual audited financial statements of the Company for the year ended June 30, 2019, 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 information for the nine months ended March 31, 2019.

3.2 Basis of measurement

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

Notes to the Condensed Interim Financial Information

for the period ended March 31, 2020 (Un-audited)

3.3 Functional and presentation currency

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

4 SIGNIFICANT ACCOUNTING POLICIES AND CHANGES THEREIN

The accounting policies adopted and methods of computation followed in the preparation of this condensed interim financial information are same as those for the preceding annual financial statements for the year ended June 30, 2019 except as disclosed in note 4.1 to this condensed interim financial information.

The Company has adopted all the new standards and amendments to standards, including any consequential amendments to other standards which are applicable for the financial year beginning on July 1, 2019. The adoption of these new and amended standards did not have material impact on the Company's condensed interim financial information, except as disclosed in note 4.1.

4.1 IFRS 16 - Leases

IFRS 16 'Leases' was issued on January 01, 2016. This standard is adopted locally by the Securities and Exchange Commission of Pakistan and is effective for accounting periods beginning on or after January 01, 2019. IFRS 16 replaced IAS 17 'Leases', IFRIC 4 'Determining whether an Arrangement contains a Lease'. The Company applied IFRS 16 with a date of initial application of July 01, 2019.

Transition method and practical expedients utilised

The Company applied IFRS 16 using the modified retrospective approach, with recognition of transitional adjustments on the date of initial application (July 01, 2019), without restatement of comparative figures.

The Company used the following practical expedients when applying IFRS 16 to leases previously classified as operating leases under IAS 17.

- applied a single discount rate to a portfolio of leases with similar characteristics.
- applied the exemption not to recognise right-of-use assets and liabilities for leases with less than 12 months of lease term.
- used hindsight when determining the lease term if the contract contains options to extend or terminate the lease.

At inception of a contract, the Company assesses whether a contract is, or contains, a lease based on whether the contract conveys the right to control the use of an identified asset for a period of time in exchange for a consideration.

On adoption of IFRS 16, the Company recognised a right-of-use asset and lease liability at the commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct cost incurred and an estimate of cost to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

Lease liabilities were measured at the present value of the remaining lease payments, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. The Company used its incremental borrowing rate as the discount rate as at July 01, 2019.

The right-of-use asset is subsequently depreciated using straight line method from the date of recognition to the earlier of the end of useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of the right-of-use assets are determined

Notes to the Condensed Interim Financial Information

for the period ended March 31, 2020 (Un-audited)

on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by the impairment losses, if any, and adjusted for certain remeasurement of the lease liability.

Subsequently, the lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in the rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Company changes its assessment of whether it will exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

On transition to IFRS 16, the Company recognised right-of-use assets and lease liabilities on the date of initial application as follows;

		July 01, 2019 (Rupees in thousands)
Property, plant and equipment		
Right-of-use assets		25,407
Lease liabilities		
Non-current		23,344
Current		2,063
		<u>25,407</u>

5. ESTIMATES AND JUDGMENTS

The preparation of condensed interim financial information 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, 2019.

6. TAXATION

The provisions for taxation for the nine months and quarter ended March 31, 2020, have been made using the estimated effective tax rate applicable to expected total annual earnings. The applicable income tax rate is 29% for the Tax Year 2020 as stipulated through Finance Act 2019.

		March 31, 2020	June 30, 2019 (Audited)
		(Rupees in thousands)	
7. OPERATING FIXED ASSETS			
Fixed Assets	7.1	8,875,868	9,131,201
Right-of-use assets	7.2	21,942	-
		<u>8,897,810</u>	<u>9,131,201</u>

Notes to the Condensed Interim Financial Information

for the period ended March 31, 2020 (Un-audited)

		March 31, 2020	June 30, 2019 (Audited)
	Note	(Rupees in thousands)	
7.1 Fixed Assets			
Opening net book value (NBV)		9,131,201	9,122,170
Additions during the period / year at cost	7.1.1	551,158	997,991
		9,682,359	10,120,161
Disposals during the period / year at NBV	7.1.4	(4,747)	(6,527)
Depreciation charge for the period / year		(801,744)	(982,433)
		(806,491)	(988,960)
Closing net book value (NBV)		8,875,868	9,131,201
7.1.1 Detail of additions (at cost) during the period / year are as follows:			
Buildings on freehold land		6,274	11,651
Plant and machinery	7.1.2	495,111	907,127
Furniture and fixtures		-	99
Vehicles		38,381	54,927
Electrical and other equipments		5,135	10,100
Computers		6,257	14,087
		551,158	997,991
7.1.2 This includes transfers from capital work in progress amounting to Rs. 487.01 million (June 30, 2019: Rs. 873.45 million).			
7.1.3 This freehold 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		131	-
Vehicles		4,616	6,527
		4,747	6,527
7.2 Right-of-use assets			
Opening net book value (NBV)		25,407	-
Depreciation charge for the period		(3,465)	-
		21,942	-
8. CAPITAL WORK IN PROGRESS			
Civil works		9,071	2,028
Plant and machinery		426,053	178,377
Advances to suppliers		14,110	61,248
		449,234	241,653

Notes to the Condensed Interim Financial Information

for the period ended March 31, 2020 (Un-audited)

		March 31, 2020	June 30, 2019 (Audited)
	Note	(Rupees in thousands)	
8.1 Movement of carrying amount is as follows:			
Opening balance		241,653	467,547
Additions (at cost) during the period / year	8.1.1	694,597	647,554
		936,250	1,115,101
Transfer to operating fixed assets during the period / year		(487,015)	(873,448)
Closing balance		449,234	241,653
8.1.1 This includes borrowing costs capitalized amounting to Rs. 8.40 million (June 30, 2019: Rs. 10.89 million) at an average rate 6.49% per annum (June 30, 2019: 6.78% per annum).			
9. LONG-TERM ADVANCES			
(Unsecured - considered good)			
Long-term advances to suppliers	9.1	10,511	6,264
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		804,364	763,889
Spares		466,386	397,353
Fuel		323,895	139,367
		1,594,645	1,300,609
In transit			
Spares		29,064	89,890
Coal		203,981	114,793
		233,045	204,683
Provision for slow moving stores and spares		(51,310)	(46,810)
		1,776,380	1,458,482
11. STOCK-IN-TRADE			
Raw materials			
in hand		1,468,460	1,585,977
in transit		840,191	1,048,267
		2,308,651	2,634,244
Work-in-process		80,649	87,584
Finished goods		314,105	762,346
		2,703,405	3,484,174
12. ADVANCES			
(Unsecured - considered good)			
Advances			
to employees		1,582	4,736
to suppliers		36,020	91,138
	12.1	37,602	95,874

Notes to the Condensed Interim Financial Information

for the period ended March 31, 2020 (Un-audited)

12.1 This represents advances in the normal course of the business and do not carry any interest / mark-up.

		March 31, 2020	June 30, 2019 (Audited)
	Note	(Rupees in thousands)	
13. TRADE DEPOSITS AND SHORT TERM PREPAYMENTS			
Trade deposits	13.1	1,930	360
Prepayments		<u>33,556</u>	<u>91,038</u>
		35,486	91,398

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	240,631	240,631
Sales tax	14.2	16,063	16,063
		256,694	256,694

14.1 The Additional Commissioner of (Audit) Inland Revenue - LTU in his order dated March 4, 2019 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.

14.2 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.

For the period from July 2018 to September 2018, the demand of Rs. 6.04 million was raised by Assistant Commissioner-IR (Audit) by disallowing sales tax inputs on certain items. The Company filed an appeal against the demand before the Commissioner Inland Revenue (Appeals - 1) under Section 45B of the Sales Tax Act. The Commissioner Inland Revenue (Appeals - 1) 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 (Appeal) in respect of which decision is pending.

15. CASH AND BANK BALANCES

Cash at bank in current account - Conventional mode	7,309	23,711
Cheques in hand	119,040	325,427
Cash in hand	1,615	2,562
	127,964	351,700

Notes to the Condensed Interim Financial Information

for the period ended March 31, 2020 (Un-audited)

		March 31, 2020	June 30, 2019 (Audited)
	Note	(Rupees in thousands)	
16. LONG TERM FINANCING			
From banking companies - secured			
Utilized under mark-up arrangements financed by:			
Islamic mode			
Meezan Bank Limited - Musharaka	16.1	225,000	337,500
Conventional mode			
Syndicated - Consortium of Banks	16.2	450,000	675,000
Allied Bank Limited - Term Loan - 1	16.3	103,639	207,279
Allied Bank Limited - Term Loan - 2	16.4	124,085	128,106
Allied Bank Limited - Term Loan - 3	16.5	402,500	210,000
		1,080,224	1,220,385
		1,305,224	1,557,885
From associated undertakings - unsecured			
SIZA Commodities (Private) Limited - 1	16.6	1,000,000	1,000,000
SIZA Commodities (Private) Limited - 2	16.7	100,000	100,000
SIZA (Private) Limited	16.7	625,000	625,000
SIZA Services (Private) Limited	16.7	250,000	250,000
		1,975,000	1,975,000
From Director - unsecured	16.8	-	650,000
		3,280,224	4,182,885
Current portion shown under current liabilities			
Islamic mode		(150,000)	(150,000)
Conventional mode		(556,400)	(521,451)
		(706,400)	(671,451)
		2,573,824	3,511,434

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, 2019: 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 13.76% (June 30, 2019: 9.57%) per annum.

16.2 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.

Notes to the Condensed Interim Financial Information

for the period ended March 31, 2020 (Un-audited)

The rate of mark up is equal to base rate plus 0.50% (June 30, 2019: 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 13.76% (June 30, 2019: 9.57%) per annum.

- 16.3 This term finance facility has been obtained from Allied Bank Limited amounting to Rs. 350 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 September 2018.

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

The rate of markup is equal to base rate plus 0.20% (June 30, 2019: 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 13.60% (June 30, 2019: 9.61%) per annum.

- 16.4 The Company has approved term finance facility from Allied Bank Limited under Financing Scheme of the State Bank of Pakistan for Renewal Energy (Category II) amounting to Rs. 200 million specifically for Solar Grid Panels. The Company has made first drawdown of Rs. 81.04 million in June 2018, second drawdown of Rs. 60.81 million has made in January 2019 and third drawdown of Rs. 11.17 million made in January 2020. The tenor of the loan is seven years and are repayable in 28 equal installments commencing from September 2018.

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. The rate of markup is fixed at 2.75%.

- 16.5 This term finance facility has been sanctioned from 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.

The Company has made a second and final drawdown of Rs. 234.50 million during the period making it total drawdown of Rs. 444.5 million. The repayment of 1st drawdown has been commenced in December 2019 and that of second drawdown will commence from October 2020.

This term loan is secured by way of mortgage of all present and future plant and machinery and first pari passu hypothecation charge over all 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 13.61% (June 30, 2019: 11.19%) per annum.

- 16.6 This loan has been obtained from SIZA Commodities (Private) Limited, an associated undertaking, amounting to Rs. 1,000 million. The loan is repayable in July 2021. The rate of mark up is 0.50% (June 30, 2019: 0.50%) over average of three months KIBOR of the last one day of preceding quarter. During the period, the effective markup rate was 13.96% (June 30, 2019: 9.68%) per annum.

- 16.7 These loans are repayable in July 2021. The rate of mark up is 0.50% over average of three months KIBOR of the last one day of preceding quarter. During the period, the effective markup rate was 13.96% (June 30, 2019: 10.81%) per annum.

- 16.8 During the period, Director loan was fully repaid and refinanced through a loan obtained from SIZA (Private) Limited, which has also been repaid during the period as per terms and conditions of the loan agreement.

Notes to the Condensed Interim Financial Information

for the period ended March 31, 2020 (Un-audited)

	Note	March 31, 2020	June 30, 2019 (Audited)
(Rupees in thousands)			
17. LEASE LIABILITIES			
Lease liabilities		23,953	-
Current portion		(2,715)	-
		<u>21,238</u>	<u>-</u>
Maturity analysis-contractual cashflow			
Less than one year		2,715	-
One to five year		21,238	-
More than five year		-	-
Total lease liability		<u>23,953</u>	<u>-</u>
17.1	When measuring lease liabilities, the Company discounted lease payments using its incremental borrowing rate which is 14% per annum.		
18. TRADE AND OTHER PAYABLES			
Creditors		621,281	572,741
Foreign bills payable		544,534	686,757
Accrued liabilities	18.1	1,032,357	826,224
Sales tax payable - net		138,377	57,898
Customers' balances		87,955	53,712
Gratuity payable		113,091	120,637
Workers' Profit Participation Fund		72,768	66,627
Workers' Welfare Fund		73,033	45,381
Provident fund payable		8,336	7,614
Other liabilities		206,314	90,472
		<u>2,898,046</u>	<u>2,528,063</u>
18.1	This includes an amount of Rs.607.59 million (June 30, 2019: Rs. 607.59 million) payable in respect of Gas Infrastructure Development Cess (GIDC) levied under GIDC Act, 2015. The Company has filed an appeal in Honorable High Court of Sindh. The High Court of Sindh declared the GIDC Act, 2015 as null and void through its judgement dated October 26, 2016. Subsequently, based on appeal filed by the Government, the High Court of Sindh suspended the aforesaid judgement till the disposal of appeal. The matter is pending for hearing of appeal.		
19. SHORT TERM BORROWINGS			
From banking companies - secured			
Running finances			
Islamic mode		27,659	11,285
Conventional mode		<u>1,512,317</u>	<u>2,537,382</u>
	19.1	1,539,976	2,548,667
Short term loan - Conventional mode	19.3	<u>1,869,960</u>	<u>1,698,600</u>
		<u>3,409,936</u>	<u>4,247,267</u>
19.1	The Company has available aggregate short term running finance facilities amounting to Rs. 7,825 million (June 30, 2019: Rs. 6,575 million). Markup rates are linked with KIBOR from one to three months plus spread ranging from 0.20% to 1.50% per annum (June 30, 2019: from 0.30% to 1.50% per annum).		

Notes to the Condensed Interim Financial Information

for the period ended March 31, 2020 (Un-audited)

- 19.2 The Company has available aggregate sub-limits for FE loans under facilities for running finance and letters of credit amounting to Rs.6,770 million (June 30, 2019: Rs. 3,430 million).
- 19.3 The loan has been obtained from Standard Chartered Bank, - Dubai International Finance Center branch through Standard Chartered Bank (Pakistan) Limited amounting to USD 12.00 million equivalent to fixed amount of Rs. 1,870 million for meeting working capital requirements. The tenor of the loan is six months i.e. from October 22, 2019 to April 21, 2020. The price of loan is six months KIBOR minus 20 bps. As per the terms of agreement, Standard Chartered Bank (Pakistan) Limited has obtained forward cover on behalf of the Company to hedge foreign currency risk. The loan obtained in previous year has been repaid at maturity in October 2019.

**March 31,
2020** June 30,
2019
(Audited)
(Rupees in thousands)

20. INTEREST AND MARK-UP ACCRUED

Interest and mark-up accrued on:

Long-term financing from Banks

Islamic mode

Conventional mode

4,166	5,387
17,226	12,302
21,392	17,689
43,776	-
65,168	17,689

From associated undertakings - Conventional mode

Short-term borrowings from Banks

Islamic mode

Conventional mode

591	1,576
140,870	77,261
141,462	78,837
206,630	96,526

21. CONTINGENCIES AND COMMITMENTS

21.1 Contingencies

a) Guarantees

Guarantees have been issued by banks on behalf of the Company in the normal course of business aggregating to Rs. 741 million (June 30, 2019: Rs. 681 million) including guarantee relating to Sindh Infrastructure Cess amounting to Rs. 200 million (June 30, 2019: Rs. 140 million) furnished to Excise and Taxation Department.

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 vides his order no. A/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 Information

for the period ended March 31, 2020 (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 this condensed interim financial information 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.

c) Gas Infrastructure Development Cess - GIDC

Sui Northern Gas Pipeline Limited has charged an amount of Rs. 500.74 million (2019: Rs. 376.68 million) on account of late payment surcharge on GIDC of Rs. 607.59 million (Note 18.1) payable in respect of Gas Infrastructure Development Cess (GIDC) levied under GIDC Act, 2015. On the appeal filed by the Company, the Honorable High Court of Sindh by their judgement, suspended the levy and declared the GIDC Act, 2015 as null and void. Subsequent to the judgment, based on appeal filed by the Government, the High Court of Sindh suspended the aforesaid judgment till the disposal of appeal. The matter is still pending in Honorable High Court of Sindh.

No provision has been made in this condensed interim financial information for late payment surcharge as the management is of the opinion, based on advice of legal advisor that the Company is not liable to pay late payment surcharges and expects that the decision is likely to be in the favor of the Company.

21.2 Commitments

The Company's commitments as at reporting date are as follows:

- Letters of credit other than for capital expenditure at the end of the period amounted to Rs. 866.92 million (June 30, 2019: Rs. 1,436.12 million).
- Capital expenditure including letters of credit amounted to Rs. 68.20 million (June 30, 2019: Rs. 177.97 million).

Nine months ended		Quarter ended	
March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019
(Rupees in thousands)			

22. SALES

Gross Sales

Local sales	21,492,926	19,417,819	7,296,128	7,050,247
Export sales	72,897	-	33,169	-
	<u>21,565,823</u>	<u>19,417,819</u>	<u>7,329,297</u>	<u>7,050,247</u>
Sales tax	(3,108,529)	(2,801,068)	(1,049,277)	(1,015,535)
	<u>18,457,294</u>	<u>16,616,751</u>	<u>6,280,020</u>	<u>6,034,712</u>

Notes to the Condensed Interim Financial Information

for the period ended March 31, 2020 (Un-audited)

	Nine months ended		Quarter ended	
	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019
	(Rupees in thousands)			
23. COST OF SALES				
Materials consumed	9,571,173	9,502,737	3,120,991	3,419,843
Fuel and power	3,037,555	2,700,579	1,021,962	989,040
Depreciation on property, plant and equipment	774,923	698,154	260,683	234,648
Salaries, wages and other benefits	727,141	649,243	247,046	227,076
Repairs, maintenance and stores consumption	666,781	592,383	234,618	199,095
Packing expenses	406,685	346,720	135,466	117,999
Insurance	68,858	62,765	24,182	22,038
Provision for slow moving stores and spares	4,500	4,500	1,500	1,500
Rent rates and taxes	8,198	11,613	2,791	3,953
Manufacturing cost	15,265,814	14,568,694	5,049,239	5,215,192
Work-in-process				
Opening stock	87,584	58,857	89,537	122,439
Closing stock	(80,649)	(105,589)	(80,649)	(105,589)
	6,935	(46,732)	8,888	16,850
Cost of goods manufactured	15,272,749	14,521,962	5,058,127	5,232,042
Finished goods				
Opening stock	762,346	748,214	581,709	762,993
Closing stock	(314,105)	(651,353)	(314,105)	(651,353)
	448,241	96,861	267,604	111,640
	15,720,990	14,618,823	5,325,731	5,343,682
24. OTHER INCOME				
Sale of scrap	65,853	49,695	19,469	21,219
Insurance agency commission from associated company	11,326	9,900	4,126	3,900
Net exchange gain / (loss)				
- Conventional mode	2,851	-	(125)	-
Gain on sale of operating fixed assets – net	4,304	2,781	2,603	754
Liabilities no longer payable written back	-	5,120	-	-
Others	115	1,073	(346)	118
	84,449	68,569	25,727	25,991

Notes to the Condensed Interim Financial Information

for the period ended March 31, 2020 (Un-audited)

	Nine months ended		Quarter ended	
	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019
	(Rupees in thousands)			
25. FINANCE COST				
Long-term financing - Banks				
Islamic mode	29,046	57,948	8,492	29,713
Conventional mode	97,983	68,199	28,772	10,578
	127,029	126,147	37,264	40,291
Long term loan from associated undertakings / Director	251,717	155,321	69,181	71,522
	378,746	281,468	106,445	111,813
Short term borrowings - Banks				
Islamic mode	22,964	22,414	8,442	14,799
Conventional mode	389,905	233,551	92,614	90,298
	412,869	255,965	101,056	105,097
Short term loan from associated undertakings / Director	-	4,862	-	-
	412,869	260,827	101,056	105,097
Finance charges on leases	2,606	-	852	-
Workers' Profit Participation Fund	1,750	899	-	-
Bank charges and commission	5,623	4,115	1,147	804
Exchange loss	12,162	-	16,911	-
	813,756	547,309	226,411	217,714

26. 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	962,016	715,028	368,449	227,331
Less: Dividend attributable to cumulative preference shares	-	(31,584)	-	-
Profit attributable to ordinary shareholders	962,016	683,444	368,449	227,331
Weighted average number of ordinary shares (in thousands)	147,018	147,018	147,018	147,018
Basic earnings per share (Rupees)	6.54	4.65	2.51	1.55

There is no dilutive effect on the basic earnings per share of the Company.

Notes to the Condensed Interim Financial Information

for the period ended March 31, 2020 (Un-audited)

		Nine months ended	
		March 31, 2020	March 31, 2019
		(Rupees in thousands)	
27. CASH GENERATED FROM OPERATIONS	Note		
Profit before taxation		1,354,947	960,730
Adjustment for non cash charges and other items:			
Depreciation		805,210	726,263
Amortization of intangible assets		2,363	1,130
Gain on sale of operating fixed assets - net		(4,304)	(2,781)
Provision for gratuity		36,193	25,705
Provision for slow moving stores and spares		4,500	4,500
Workers' Profit Participation Fund		72,768	51,597
Finance cost		813,756	547,309
Working capital changes	27.1	447,721	(792,601)
		2,178,207	561,122
		3,533,154	1,521,852
27.1 Changes in working capital			
(Increase) / decrease in current assets			
Stores and spares		(322,398)	(303,665)
Stock-in-trade		780,769	(230,132)
Trade debts		(459,696)	(531,394)
Loans and advances		58,272	(6,707)
Trade deposits and short-term prepayments		55,912	55,745
Other receivables		(8,527)	(10,676)
Tax refunds due from Government		-	24,931
		104,332	(1,001,898)
Increase in current liabilities			
Trade and other payables		343,389	209,297
		447,721	(792,601)

28. 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, 2020	March 31, 2019	March 31, 2020	March 31, 2019
(Rupees in thousands)						
Sale of goods, Services and Reimbursement of expenses						
Merit Packaging Limited	Associated company	Common Director	1,116,720	1,362,871	360,129	448,175
Colgate Palmolive (Pakistan) Limited	Associated company	Common Director	498,258	482,214	179,671	178,004
Century Insurance Company Limited	Associated company	Common Director and 0.43% shares held	10,067	440	9,584	120
Cyber Internet Services (Private) Limited	Associated company	Common Director	1,430	999	276	333

Notes to the Condensed Interim Financial Information

for the period ended March 31, 2020 (Un-audited)

Nature of transaction	Nature of Relation	Basis of Relation	Nine months ended		Quarter ended	
			March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019
(Rupees in thousands)						
Purchase of goods, Services and Reimbursement of expenses						
Century Insurance Company Limited	Associated company	Common Director and 0.43% shares held	56,227	56,868	8,486	14,241
Merit Packaging Limited Lakson Business Solutions Limited	Associated company	Common Director	34,335	21,230	16,047	9,762
Hassanali and Gulbanoo Lakhani Foundation	Associated company	Common Director	4,175	3,610	1,386	1,234
Princeton Travels (Private) Limited	Associated undertaking	Trustee	2,224	2,145	520	484
SIZA Services (Private) Limited	Associated company	Common Director	9,072	13,602	2,736	6,108
Cyber Internet Services (Private) Limited	Associated company	Common Director and 22.81% shares held	2,584	2,675	860	891
SIZA (Private) Limited	Associated company	Common Director	3,276	2,311	1,274	492
Colgate Palmolive (Pakistan) Limited	Associated company	Common Director and 27.31% shares held	175	797	82	141
Express Publications (Private) Limited	Associated company	Common Director	253	131	39	18
Sybrid (Private) Limited	Related Party	-	1,891	326	15	37
SIZA Foods (Private) Limited	Associated company	Common Director	5,621	157	4,339	157
			386	402	153	157
Rent and other allied charges						
Hassanali and Gulbanoo Lakhani Foundation	Associated undertaking	Trustee	5,168	4,747	1,803	1,632
SIZA (Private) Limited	Associated company	Common Director and 27.31% shares held	2,710	2,361	987	729
SIZA Services (Private) Limited	Associated company	Common Director and 22.81% shares held	490	465	163	160
SIZA Commodities (Private) Limited	Associated company	Common Director and 8.50% shares held	127	116	44	41
Insurance agency commission						
Century Insurance Company Limited	Associated company	Common Director and 0.43% shares held	11,325	9,000	4,125	3,900
Donation						
The Layton Rahmatulla Benevolent Trust	Related Party	Trustee	500	500	-	500
Mark-up accrued						
SIZA Commodities (Private) Limited	Associated company	Common Director and 8.50% shares held	115,665	72,572	38,532	29,971

Notes to the Condensed Interim Financial Information

for the period ended March 31, 2020 (Un-audited)

Nature of transaction	Nature of Relation	Basis of Relation	Nine months ended		Quarter ended	
			March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019
(Rupees in thousands)						
SIZA (Private) Limited	Associated company	Common Director and 27.31% shares held	106,167	27,451	21,893	17,029
SIZA Services (Private) Limited	Associated company	Common Director and 22.81% shares held	26,288	10,981	8,757	6,812
Mr. Iqbal Ali Lakhani	Director	Directorship	3,598	44,317	-	17,710
Long term loan obtained						
SIZA Commodities (Private) Limited	Associated company	Common Director and 8.50% shares held	-	100,000	-	-
SIZA (Private) Limited	Associated company	Common Director and 27.31% shares held	650,000	625,000	-	-
SIZA Services (Private) Limited	Associated company	Common Director and 22.81% shares held	-	250,000	-	-
Long term loan paid						
SIZA (Private) Limited	Associated company	Common Director and 27.31% shares held	650,000	-	-	-
Mr. Iqbal Ali Lakhani	Director	Directorship	650,000	-	-	-
Dividend on Ordinary Shares						
Premier Fashions (Private) Limited	Associated company	Common Director and 8.97% shares held	13,189	9,293	-	-
SIZA (Private) Limited	Associated company	Common Director and 27.31% shares held	40,150	30,113	-	-
SIZA Commodities (Private) Limited	Associated company	Common Director and 8.50% shares held	12,500	9,375	-	-
SIZA Services (Private) Limited	Associated company	Common Director and 22.81% shares held	32,615	24,461	-	-
Century Insurance Company Limited	Associated company	Common Director and 0.43% shares held	629	-	-	-
Accuray Surgicals Limited	Associated company	Common Director and 1.26% shares held	1,853	-	-	-
Directors , CEO & their Spouses	Related Parties	-	127	-	-	-
Dividend on Preference Shares						
Premier Fashions (Private) Limited	Associated company	Common Director and 8.97% shares held	-	7,419	-	-
SIZA (Private) Limited	Associated company	Common Director and 27.31% shares held	-	51,847	-	-

Notes to the Condensed Interim Financial Information

for the period ended March 31, 2020 (Un-audited)

Nature of transaction	Nature of Relation	Basis of Relation	Nine months ended		Quarter ended	
			March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019
(Rupees in thousands)						
SIZA Commodities (Private) Limited	Associated company	Common Director and 8.50% shares held	-	8,871	-	-
SIZA Services (Private) Limited	Associated company	Common Director and 22.81% shares held	-	19,528	-	-
Others						
Contribution to Staff Retirement Benefit Plans	Employees Fund		79,350	66,111	27,077	22,543
Remuneration and other benefits	Key Management Personnel		178,909	152,193	59,612	54,060

Nine months ended	
March 31, 2020	June 30, 2019 (Audited)
(Rupees in thousands)	

28.1 Period / year end balances

Receivable from related parties	813,831	610,699
Payable to related parties	25,625	95,247
Payable to retirement benefit plan	121,428	128,251
Markup accrued – Long term finance from associated companies	43,776	-
Long-term financing from associated undertaking / Director	1,975,000	2,625,000

29. 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, 2019.

30. FAIR VALUE OF FINANCIAL INSTRUMENTS

The carrying values of all financial assets and liabilities reflected in the condensed interim financial information approximate their fair values. Fair value is the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

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 Information

for the period ended March 31, 2020 (Un-audited)

Transfers during the period

During period ended March 31, 2020, there were no transfers between Level 1 and Level 2 fair value measurement and into or out of Level 3 fair value measurements.

31. NUMBER OF EMPLOYEES

The number of employees as at period ended March 31, 2020 was 1,637 (June 30, 2019: 1,652) and average number of employees during the period was 1,648 (June 30, 2019: 1,653).

32. DATE OF AUTHORIZATION FOR ISSUE

This condensed interim financial information was authorized for issue on April 27, 2020 by the Board of Directors of the Company.

33. CORRESPONDING FIGURES


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

34. 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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