

**SINDH INFRASTRUCTURE DEVELOPMENT COMPANY LIMITED**

**FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED JUNE 30, 2021**

**INDEPENDENT AUDITOR'S REPORT  
TO THE MEMBERS OF SINDH INFRASTRUCTURE DEVELOPMENT COMPANY LIMITED**

**REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS**

**Opinion**

We have audited the annexed financial statements of **SINDH INFRASTRUCTURE DEVELOPMENT COMPANY LIMITED** (formerly Karachi Infrastructure Development Company Limited) "the Company", which comprise the statement of financial position as at **June 30, 2021**, and the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 2021 and of the profit, total comprehensive income, the changes in equity and its cash flows for the year then ended.

**Basis for Opinion**

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.



**Information Other than the Financial Statements and Auditor's Report Thereon**

Management is responsible for the other information. The other information obtained at the date of this auditor's report is information included in the director's report.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If based on the work we have performed, on other information obtained prior to the date of this auditor's report, we conclude 'that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

**Responsibilities of Management and Board of Directors for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the accounting and reporting standards as applicable in Pakistan and the requirements of Companies Act, 2017(XIX of 2017) and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Board of directors are responsible for overseeing the Company's financial reporting process.

**Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the board of directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

#### **REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS**

Based on our audit, we further report that in our opinion:

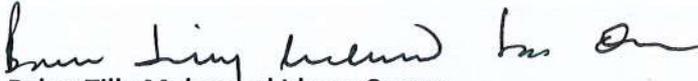
- a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);

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- b) the statement of financial position, the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;
- c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and
- d) no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

The engagement partner on the audit resulting in this independent auditor's report is **Mehmood A. Razzak**.

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Baker Tilly Mehmoed Idrees Qamar  
Chartered Accountants

Karachi

Date: 28 OCT 2021

**SINDH INFRASTRUCTURE DEVELOPMENT COMPANY LIMITED**  
**(Formerly Karachi Infrastructure Development Company Limited)**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT JUNE 30, 2021**

	Note	2021 Rupees	2020 Rupees
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property and equipment	4	10,281,441	14,331,386
<b>CURRENT ASSETS</b>			
Advances, deposits, prepayments and other receivables	5	18,525,128	10,766,042
Accrued interest on bank deposits		90,963,044	44,334,398
Government development fund		-	-
Advance tax		-	4,257,692
Cash and bank balances	6	5,024,661,189	1,830,148,303
		5,134,149,361	1,889,506,435
<b>TOTAL ASSETS</b>		<b>5,144,430,802</b>	<b>1,903,837,821</b>
<b>EQUITY AND LIABILITIES</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
Authorized share capital			
3,000,000 (2020: 3,000,000) Ordinary shares of Rupees 100/- each		<u>300,000,000</u>	<u>300,000,000</u>
Issued, subscribed and paid-up share capital	7	200,000,000	200,000,000
Revenue reserves		95,661,982	85,952,985
<b>TOTAL EQUITY</b>		<b>295,661,982</b>	<b>285,952,985</b>
<b>NON-CURRENT LIABILITIES</b>			
Staff retirement benefit	8	12,492,503	10,141,628
<b>CURRENT LIABILITIES</b>			
Trade and other payables	9	632,772,884	1,553,498,174
Government development fund	10	4,203,503,433	54,245,034
		4,836,276,317	1,607,743,208
<b>TOTAL LIABILITIES</b>		<b>4,848,768,820</b>	<b>1,617,884,836</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>5,144,430,802</b>	<b>1,903,837,821</b>
<b>CONTINGENCIES AND COMMITMENTS</b>	11		

The annexed notes from 1 to 21 form an integral part of these financial statements.

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 Chief Executive Officer

  
 Director

**SINDH INFRASTRUCTURE DEVELOPMENT COMPANY LIMITED**  
**(Formerly Karachi Infrastructure Development Company Limited)**  
**STATEMENT OF PROFIT OR LOSS**  
**FOR THE YEAR ENDED JUNE 30, 2021**

	Note	2021 ----- Rupees -----	2020 -----
Service revenue		42,982,982	50,752,396
Administrative expenses	12	(172,827,150)	(135,508,343)
<b>Operating loss</b>		<b>(129,844,168)</b>	<b>(84,755,947)</b>
Other income	13	139,553,165	114,365,245
<b>Profit before taxation</b>		<b>9,708,997</b>	<b>29,609,298</b>
Taxation	14	-	-
<b>Profit after taxation</b>		<b>9,708,997</b>	<b>29,609,298</b>
Earnings per share - basic and diluted	15	<b>4.85</b>	<b>14.80</b>

*The annexed notes from 1 to 21 form an integral part of these financial statements.*

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 Chief Executive Officer

  
 Director

SINDH INFRASTRUCTURE DEVELOPMENT COMPANY LIMITED  
 STATEMENT OF FINANCIAL POSITION  
 STATEMENT OF COMPREHENSIVE INCOME  
 AS AT JUNE 30, 2021

	2021	2020
	----- Rupees -----	
Profit after taxation	9,708,997	29,609,298
<b>Other comprehensive income</b>		
Items that will not be reclassified to profit or loss	-	-
Items that may be reclassified subsequently to profit or loss	-	-
<b>Other comprehensive income for the year</b>	-	-
<b>Total comprehensive income for the year</b>	<u>9,708,997</u>	<u>29,609,298</u>

*The annexed notes from 1 to 21 form an integral part of these financial statements.*

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 Chief Executive Officer

  
 Director

SINDH INFRASTRUCTURE DEVELOPMENT COMPANY LIMITED  
(Formerly Karachi Infrastructure Development Company Limited)  
STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED JUNE 30, 2021

	Issued, subscribed and paid-up share capital	Revenue reserves	Total equity
		Unappropriated profit	
----- Rupees -----			
Balance as at July 01, 2019	200,000,000	56,343,687	256,343,687
<b>Comprehensive income for the year</b>			
Profit for the year	-	29,609,298	29,609,298
Other comprehensive income	-	-	-
Total comprehensive income	-	29,609,298	29,609,298
<b>Balance as at June 30, 2020</b>	<b>200,000,000</b>	<b>85,952,985</b>	<b>285,952,985</b>
<b>Comprehensive income for the year</b>			
Profit for the year	-	9,708,997	9,708,997
Other comprehensive income for the year	-	-	-
Total comprehensive income for the year	-	9,708,997	9,708,997
<b>Balance as at June 30, 2021</b>	<b>200,000,000</b>	<b>95,661,982</b>	<b>295,661,982</b>

The annexed notes from 1 to 21 form an integral part of these financial statements.

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Chief Executive Officer

  
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Director

**SINDH INFRASTRUCTURE DEVELOPMENT COMPANY LIMITED**  
**(Formerly Karachi Infrastructure Development Company Limited)**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED JUNE 30, 2021**

	2021	2020
Note	----- Rupees -----	----- Rupees -----
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before taxation	9,708,997	29,609,298
<b>Adjustments for non-cash items:</b>		
Depreciation	4 5,769,412	5,748,316
Interest income from saving account	13 (139,153,165)	(114,363,745)
Advance tax written-off	4,257,692	-
Staff retirement benefit	8 3,747,687	3,595,850
<b>Cash used in operations before working capital changes</b>	<b>(115,669,377)</b>	<b>(75,410,281)</b>
<b>(Increase) / decrease in current assets</b>		
Advances, deposits, prepayments and other receivables	(7,759,086)	(3,050,440)
Government development fund	-	300,566,711
	(7,759,086)	297,516,271
<b>Increase / (decrease) in current liabilities</b>		
Trade and other payables	(920,725,290)	293,682,726
Government development fund	4,149,258,399	54,245,034
	3,228,533,109	347,927,760
<b>Cash inflow from operations after working capital changes</b>	<b>3,105,104,646</b>	<b>570,033,750</b>
Staff retirement benefit paid	(1,396,812)	(1,641,523)
<b>Net cash inflow from operating activities</b>	<b>3,103,707,834</b>	<b>568,392,227</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property and equipment	4 (1,719,467)	(569,130)
Interest income received during the year	92,524,519	76,570,462
<b>Net cash inflow from investing activities</b>	<b>90,805,052</b>	<b>76,001,332</b>
<b>Net increase in cash and cash equivalents</b>	<b>3,194,512,886</b>	<b>644,393,559</b>
Cash and cash equivalents at the beginning of the year	1,830,148,303	1,185,754,744
<b>Cash and cash equivalents at the end of the year</b>	<b>5,024,661,189</b>	<b>1,830,148,303</b>

The annexed notes from 1 to 21 form an integral part of these financial statements.

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Chief Executive Officer

  
Director

**SINDH INFRASTRUCTURE DEVELOPMENT COMPANY LIMITED**  
**(Formerly Karachi Infrastructure Development Company Limited)**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2021**

**1. THE COMPANY AND ITS OPERATIONS**

The Sindh Infrastructure Development Company Limited (formerly Karachi Infrastructure Development Company Limited) {"the Company"} is a public unlisted company incorporated under the repealed Companies Ordinance, 1984 (now the Companies Act, 2017) on 02 June 2015. The Company has obtained certificate for commencement of business under section 146(2) of the repealed Companies Ordinance, 1984 on November 23, 2015.

Prime Minister of Pakistan has instructed the Company vide letter No. PM Office U.O.No.1(120)/ESTAB/2019 dated 29 March 2019 to change the name of Karachi Infrastructure Development Company Limited to Sindh Infrastructure Development Company Limited. Accordingly, the Company has approved the alteration of Memorandum of Association and Article of Association by changing the name of Company and object clause through special resolution passed in the meeting held on 19 April 2019 which was subsequently ratified by SECP on 23 July 2019.

The principal object of the Company is to carry on the business of infrastructure and development, expansion and for planning, designing, implementation, construction and execution of infrastructure and development projects in the province of Sindh and its adjoining areas.

**1.1 Geographical location and addresses of all business units are as follows:**

<b>S.No.</b>	<b>Offices</b>	<b>Addresses</b>
i	Registered Office	6th Floor, Extension Block, Bahria Complex IV, Gizri, Karachi.
ii	Site Office - 1	Deputy Commissioner Office, North Nazimabad, Karachi.
iii	Site Office - 2	Governor House, Karachi.

**1.2 Transfer of assets, liabilities along with business operations from SPMU to the Company**

During the year ended 30 June 2016, Government of Pakistan (GoP) Ministry of Communications issued instructions regarding transfer of Special Project Management Unit (SPMU) into the Company. The instructions required transferring of assets, liabilities, employees and business operations of the unit to the Company with the objective to takeover and execute the 'Bus Rapid Transport System (BRTS)' project of Government of Pakistan.

**2. BASIS OF PREPARATION**

**2.1 Statement of compliance**

These financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards as applicable in Pakistan comprise of:

- International Financial Reporting Standards (IFRS Standards) issued by the International Accounting Standard Board (IASB) as notified under 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 IFRS standards, the provisions of and directives issued under the Companies Act, 2017 have been followed.

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## 2.2 Basis of measurement

These financial statements have been prepared under the historical cost convention, unless otherwise specifically stated.

## 2.3 Functional and presentation currency

These financial statements are presented in Pakistani Rupees which is also the Company's functional currency.

## 2.4 Critical accounting estimates and judgments

The preparation of financial statements in conformity with the approved accounting standards as applicable in Pakistan and the Companies Act, 2017, requires management the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. Estimates and judgments are continuously evaluated and are based on historical experience including expectation of future events that are believed to be reasonable under the circumstances.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised. The areas where required assumptions and estimates are significant to the Company's financial statements or where judgment was exercised in application of accounting policies are as follows:

	<u>Note</u>
- depreciation on property and equipments	3.1
- impairment of the assets	3.4 (iii)
- allowance for expected credit losses	3.6
- provisions	3.10
- impairment of non-financial assets	3.12

However, assumptions and judgments made by management in the application of accounting policies that have significant effect on the financial statements are not expected to result in material adjustment to the carrying amounts of assets and liabilities in the next year.

## 2.5 New and amended standards and interpretations

### a) Standards, amendments to approved accounting standards effective in current year

There are certain new standards and interpretations of and amendments to existing accounting and reporting standards that have become applicable to the Company for accounting periods beginning on or after July 01, 2020. These are considered either to not be relevant or not to have any significant impact on the Company's financial statements.

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

There are number of other standards, amendments and interpretations to the approved accounting standards that are not yet effective and have not been early adopted by the Company and therefore, have not been presented here.



### **3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The significant accounting policies adopted and applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

#### **3.1 Property and equipments**

##### ***Recognition***

These are stated at cost less accumulated depreciation and impairments, if any. Cost of property and equipment consists of historical cost, borrowing cost pertaining to erection / construction period of qualifying assets and other directly attributable costs of bringing the asset to working condition.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefit associated with the item will flow to the Company and the cost of the item can be measured reliably. Major renewals and improvements are capitalized while normal replacements, repairs and maintenance are charged to statement of profit or loss.

##### ***Depreciation***

Depreciation is charged on a straight line basis over the estimated useful lives of the assets at the rate mentioned in Note 4. Depreciation on additions and disposals during the year is charged from the month of addition to the month of disposal. When parts of an item of asset have different useful lives, these are accounted for as separate item in property and equipment. The residual values and useful lives are reviewed at each balance sheet date and adjusted, if required.

##### ***De-recognition***

An item of property and equipment is de-recognized upon disposal or when no future economic benefits are expected from its use or disposal. Gain or loss on disposal of property and equipment are determined by comparing proceeds with the carrying amount. These are taken to the profit and loss account currently.

#### **3.2 Employee benefit**

The Company operates an unfunded provident fund scheme covering all its employees who are eligible. Equal monthly contributions are made both by the Company and employees at the rate of 3 percent of the basic salary to the fund. The Company's contributions to the fund are charged to statement of profit or loss.

#### **3.3 Income tax**

The Company has been allotted Free Tax Number from Federal Board of Revenue (FBR) whereby the income of the Company is exempt from tax under Section 49 of the Income Tax Ordinance, 2001. Therefore, no provision for taxation has been made in these financial statements and as a result temporary differences do not arise and deferred tax is not recorded.

#### **3.4 Financial assets and liabilities**

A financial asset shall be measured at amortized cost if it is held within a business model whose objective is to hold assets in order to collect contractual cash flows which arise on specified dates and that are solely principal and interest. A debt investment shall be measured at fair value through other comprehensive income if it is held within a business model whose objective is to both hold assets in order to collect contractual cash flows which arise on specified dates that are solely principal and interest as well as selling the asset on the basis of its fair value. All other financial assets are classified and measured at fair value through profit or loss unless the Company makes an irrevocable election on initial recognition to present gains and losses on equity instruments in other comprehensive income. Despite these requirements, a financial asset may be irrevocably designated as measured at fair value through profit or loss to reduce the effect of, or eliminate, an accounting mismatch.

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For financial liabilities designated at fair value through profit or loss, the standard requires the portion of the change in fair value that relates to the Company's own credit risk to be presented in other comprehensive income (unless it would create an accounting mismatch). New simpler hedge accounting requirements are intended to more closely align the accounting treatment with the risk management activities of the Company. New impairment requirements use an 'expected credit loss' ('ECL') model to recognize an allowance. Impairment is measured using a 12-month ECL method unless the credit risk on a financial instrument has increased significantly since initial recognition in which case the lifetime ECL method is adopted. For receivables, a simplified approach to measuring expected credit losses using a lifetime expected loss allowance is available.

**i) Recognition of financial instruments**

The Company initially recognizes financial assets on the date when they are originated. Financial liabilities are initially recognized on the trade date when the entity becomes a party to the contractual provisions of the instrument.

**ii) Classification and measurement of financial instruments**

**Financial assets**

**a) Classification**

The Company classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss), and
- those to be measured at amortized cost.

The classification depends on the Company's business model for managing the financial assets and the contractual terms of the cash flows.

**b) Measurement**

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in statement of profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

**Financial liabilities**

**a) Classification**

Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition.

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**b) Measurement**

Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in the statement of profit or loss and other comprehensive income. Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in statement of profit or loss and other comprehensive income. Any gain or loss on de-recognition is also included in statement of profit or loss.

**iii) Impairment of financial assets**

The Company assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortized cost and FVTOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For deposits and other receivables, the Company applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognized from initial recognition of the receivables.

**iv) De-recognition**

***Financial assets***

The Company derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred, or it neither transfers nor retains -substantially all of the risks and rewards of ownership and does not retain control over the transferred asset. Any interest in such derecognized financial assets that is created or retained by the Company is recognized as a separate asset or liability.

***Financial liabilities***

The Company derecognizes a financial liability (or a part of financial liability) from its statement of financial position when the obligation specified in the contract is discharged or cancelled or expired.

**v) Off-setting of financial instruments**

Financial assets and financial liabilities are set off and the net amount is reported in the financial statements when there is a legally enforceable right to set off and the Company intends either to settle on a net basis or to realize the assets and to settle the liabilities simultaneously.

**3.5 Cash and cash equivalents**

Cash and cash equivalents comprise cash in hand and cash at banks on saving and deposit accounts and other short term highly liquid instruments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in values.

**3.6 Trade and other receivables**

Trade receivables are initially recognized at fair value and subsequently measured at amortized cost using the effective interest method, less any allowance for expected credit losses. Trade receivables generally do not include amounts over due by 365 days.

The Company has applied the simplified approach to measure expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue.

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### **3.7 Trade and other payables**

Liabilities for trade and other amounts payable are initially recognized at fair value, which is normally the transaction cost.

### **3.8 Government Development Fund**

Receipts in excess of cost incurred and advances to contractors on government projects assigned to the Company for execution and recognized service revenue on government projects are classified under current liabilities, whereas excess of cost incurred over funds received is classified under current assets.

### **3.9 Revenue from contracts with customers**

Revenue is recognized in accordance with 'IFRS 15 - revenue from contracts with customers'.

#### ***Revenue recognition***

Revenue is recognized at an amount that reflects the consideration to which the Company is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, the Company: identifies the contract with a customer; identifies the performance obligations in the contract; determines the transaction price which takes into account estimates of variable consideration and the time value of money; allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and recognizes revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised.

Variable consideration within the transaction price, if any, reflects concessions provided to the customer such as discounts, rebates and refunds, any potential bonuses receivable from the customer and any other contingent events. Such estimates are determined using either the 'expected value' or 'most likely amount' method. The measurement of variable consideration is subject to a constraining principle whereby revenue will only be recognized to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur. The measurement constraint continues until the uncertainty associated with the variable consideration is subsequently resolved. Amounts received that are subject to the constraining principle are initially recognized as deferred revenue in the form of a separate refund liability.

#### ***Rendering of services***

Service revenue in respect of execution of government projects is recognized by reference to the stage of completion of the respective projects using the cost-based input method. The stage of completion is measured by reference to the contract costs (inputs) incurred upto the reporting date as a percentage of total expected inputs for each contract.

#### ***Interest***

Interest income is recognized as interest accrues using the effective interest method. This is a method of calculating the amortized cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

#### ***Other revenue***

Other revenue is recognized when it is received or when the right to receive payment is established.

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### **3.10 Provisions**

Provisions are recognized when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made. However, provisions are reviewed at each reporting date and adjusted to reflect current best estimate.

### **3.11 Foreign currencies**

These financial statements are presented in Pak Rupees, which is the Company's functional currency. All monetary assets and liabilities denominated in foreign currencies are translated into Pak Rupees at the rates of exchange prevailing at the reporting date, while the transactions in foreign currencies during the year are initially recorded in functional currency at the rates of exchange prevailing at the transaction date. All non-monetary items are translated into Pak Rupees at exchange rates prevailing on the date of transaction or on the date when fair values are determined. Exchange gains and losses are recorded in the statement of profit or loss.

### **3.12 Impairment of non - financial assets**

The carrying amounts of the Company's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If such indication exists, the recoverable amount of such asset is estimated. An impairment loss is recognized wherever the carrying amount of the asset exceeds its recoverable amount. Impairment losses are recognized in the statement of profit or loss. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the statement of profit or loss.

### **3.13 Earnings per share - basic and diluted**

The Company presents basic and diluted earnings per share (EPS) for its shareholders. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year. Diluted earnings per share are calculated if there is any potential dilutive effect on the Company's reported net profit or loss.

### **3.14 Dividend and other appropriations**

Dividend distribution to the Company's shareholders is recognized as a liability in the Company's financial statements in the period in which the dividends are declared and other appropriations are recognized in the period in which these are approved by the Board of Directors.

### **3.15 Related party transactions**

All related party transactions are made on terms equivalent to those that prevail in arm's length transactions.



4. PROPERTY AND EQUIPMENT

	Furniture, fixture & fittings	Computer equipment	Vehicles	Office equipment	Total
----- Rupees -----					
<b>As at June 30, 2019</b>					
Cost	3,358,736	3,480,943	28,633,188	1,637,380	37,110,247
Accumulated depreciation	(1,358,241)	(1,940,538)	(13,646,734)	(654,162)	(17,599,675)
<b>Net book value</b>	<b>2,000,495</b>	<b>1,540,405</b>	<b>14,986,454</b>	<b>983,218</b>	<b>19,510,572</b>
<b>Net carrying value basis</b>					
<b>Year ended June 30, 2020</b>					
Opening net book value	2,000,495	1,540,405	14,986,454	983,218	19,510,572
Additions - at cost	261,750	194,000	-	113,380	569,130
Disposal	-	-	-	-	-
Depreciation charge	(509,130)	(684,428)	(4,294,978)	(259,780)	(5,748,316)
<b>Closing net book value</b>	<b>1,753,115</b>	<b>1,049,977</b>	<b>10,691,476</b>	<b>836,818</b>	<b>14,331,386</b>
<b>Gross carrying value basis</b>					
<b>As at June 30, 2020</b>					
Cost	3,620,486	3,674,943	28,633,188	1,750,760	37,679,377
Accumulated depreciation	(1,867,371)	(2,624,966)	(17,941,712)	(913,942)	(23,347,991)
<b>Net book value</b>	<b>1,753,115</b>	<b>1,049,977</b>	<b>10,691,476</b>	<b>836,818</b>	<b>14,331,386</b>
<b>Net carrying value basis</b>					
<b>Year ended June 30, 2021</b>					
Opening net book value	1,753,115	1,049,977	10,691,476	836,818	14,331,386
Additions - at cost	258,363	757,004	-	704,100	1,719,467
Disposal	-	-	-	-	-
Depreciation charge	(565,977)	(610,319)	(4,294,978)	(298,138)	(5,769,412)
<b>Closing net book value</b>	<b>1,445,501</b>	<b>1,196,662</b>	<b>6,396,498</b>	<b>1,242,780</b>	<b>10,281,441</b>
<b>Gross carrying value basis</b>					
<b>As at June 30, 2021</b>					
Cost	3,878,849	4,431,947	28,633,188	2,454,860	39,398,844
Accumulated depreciation	(2,433,348)	(3,235,285)	(22,236,690)	(1,212,080)	(29,117,403)
<b>Net book value</b>	<b>1,445,501</b>	<b>1,196,662</b>	<b>6,396,498</b>	<b>1,242,780</b>	<b>10,281,441</b>
<b>Depreciation (% per annum)</b>	<b>15%</b>	<b>30%</b>	<b>15%</b>	<b>15%</b>	

4.1 Property and equipment includes assets transferred from Special Project Management Unit (SPMU) accounted for at Rupee 1.

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5.	ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES	Note	2021	2020
			----- Rupees -----	
	Security deposit	5.1	700,000	700,000
	Advance against vehicles		6,850,000	-
	Prepayments		6,629,951	5,720,865
	Tender fee due from government		4,345,177	4,345,177
			<u>18,525,128</u>	<u>10,766,042</u>

5.1 It represents an amount paid as security deposit to Pakistan State Oil Company Limited against issuance of fuel cards.

6.	CASH AND BANK BALANCES	Note	2021	2020
			----- Rupees -----	
	Cash in hand		250,000	-
	Cash at bank - current account		622,249,087	923,160,951
	Cash at bank - saving accounts	6.1, 6.2 & 6.3	4,402,162,102	906,987,352
			<u>5,024,661,189</u>	<u>1,830,148,303</u>

6.1 It includes an amount of Rs. 12.135 million (2020: Rs. 9.6 million) deposited in a separate bank account maintained against provident fund.

6.2 These bank accounts carry profit at rate 5.5% (2020: 5.5% to 11.25%) per annum.

6.3 These bank accounts include net cash margin against LC amounting to Rs. 3,183.852 million (2020: Rs. 623.631 million).

7.	ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL	Note	2021	2020
			----- Rupees -----	
<b>Authorised share capital</b>				
<u>Number of shares</u>				
			2021	2020
			<u>3,000,000</u>	<u>3,000,000</u>
		Ordinary shares of Rupees 100/- each	<u>300,000,000</u>	<u>300,000,000</u>
<b>Issued, subscribed and paid-up share capital</b>				
<u>Number of shares</u>				
			2021	2020
			<u>2,000,000</u>	<u>2,000,000</u>
		7.1 & 7.2	<u>200,000,000</u>	<u>200,000,000</u>

7.1 Ordinary shares of Rupees 100/- each fully paid in cash.

7.2 These ordinary shares are beneficially owned by Government of Pakistan through Secretary Ministry of Finance and by nominee directors.

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8. STAFF RETIREMENT BENEFIT	Note	2021	2020
		----- Rupees -----	
Provident fund balance	8.1	12,492,503	10,141,628
		<u>12,492,503</u>	<u>10,141,628</u>
<b>8.1 Movement in provident fund balance:</b>			
Balance as at 01 July		10,141,628	8,187,301
Company's contribution		1,516,130	1,311,912
Employees' contribution		1,516,130	1,350,066
Recovery of loan to members		114,840	-
Interest on bank deposit accrued during the year		600,587	933,872
		3,747,687	3,595,850
Less: Payment made during the year			
Final settlement		(1,256,812)	(1,601,523)
Loan to member		(140,000)	(40,000)
		(1,396,812)	(1,641,523)
	8.1.1	<u>12,492,503</u>	<u>10,141,628</u>

8.1.1 This represents the balance of provident fund maintained in a separate bank account.

9. TRADE AND OTHER PAYABLES	Note	2021	2020
		----- Rupees -----	
Accrued expenses		733,693	931,758
Retention money	9.1	631,227,691	928,582,468
Payable to bank against LC	9.2	-	623,631,211
Tender fee payable		811,500	-
Withholding income tax payable		-	313,474
Withholding General Sales Tax (GST) payable		-	1,612
Withholding Sindh Sales Tax (SST) payable		-	37,651
		<u>632,772,884</u>	<u>1,553,498,174</u>

9.1 Retention money represents the amounts retained from progress billings of contractors which will be paid on satisfaction of conditions specified.

9.2 The Company has authorized lien on SIDCL Profit bank account against outstanding amount of Letter of Credit (LC) for rehabilitation / upgradation of existing fire fighting system of KMC.

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10. GOVERNMENT DEVELOPMENT FUND	Note	2021 ----- Rupees -----	2020 ----- Rupees -----
Balance as at 01 July		54,245,034	(300,566,711)
Fund received during the year - net		8,318,135,715	5,047,199,000
Adjustment of advance to contractors against development cost for the year		(670,237,974)	228,539,520
Less: Development cost incurred during the year	10.1	(3,455,656,360)	(4,870,174,379)
Service revenue recognized during the year		(42,982,982)	(50,752,396)
		(3,498,639,342)	(4,920,926,775)
Balance as at 30 June		<u>4,203,503,433</u>	<u>54,245,034</u>
<b>Represented by:</b>			
Funds received		35,338,695,852	27,020,560,137
Less: Projects' development cost incurred		(30,106,633,170)	(26,650,976,810)
Company's establishment cost recognized		(298,434,991)	(255,452,009)
Advance to contractors		(730,124,258)	(59,886,284)
		<u>4,203,503,433</u>	<u>54,245,034</u>

**10.1** Government development fund represents the balance of government projects being executed by the Company on behalf of Government of Pakistan. As at the reporting date, the Company has been entrusted to execute the following projects of the Government of Pakistan:

- (a) Infrastructure development of Green Line Bus Rapid Transport System (Green Line);
- (b) Operationalization of Green Line Bus Rapid Transport System; (Green Line)
- (c) Reconstruction of Mangopir Road from Jam Chakro to Banaras 8.10 KM (Jam Chakro);
- (d) Reconstruction of Mango Pir Road from Banaras Chowk to Nishtar Road and Nishtar Road from Tin Hatti to Napier Road (Nishtar & Mangopir Road);
- (e) Improvement / rehabilitation of different roads / streets including water and sawerage system in various districts under KMC (KMC);
- (f) Rehabilitation / upgradation of existing fire fighting system of Karachi Metropolitan Corporation (Fire Tender);
- (g) Construction of Flyover at Sakhi Hassan, Five Star and KDA Roundabout along Shershah Suri Road (Three Flyovers);
- (h) Interchange over Malir Link Road to M-9; and
- (i) Road over Malir Bund from Dada Bhoy Town upto limits of PNS Mehran.

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10.2 The projects current status and details are as under:

2021 Government Development Projects									
Infrastructure Development of Green Line BRTS	Operationalization of Green Line BRTS	Jam Chakro	Nishtar / Mang Road	KMC	Fire Tender	Three Flyovers	Interchange over Malir Link Road to M-9	Road over Malir Bund from Dada Bhoy Town upto limits of PNS Mehran	Total
24,408,512,255	10,753,268,000	2,514,940,000	1,981,060,000	1,000,000,000	1,858,710,000	2,911,448,150	1,872,780,295	43,213,829	47,343,932,529
195,544,572	202,892,000	43,060,000	32,740,000	11,000,000	17,290,000	39,503,447	18,891,395	823,121	561,744,535
<b>24,604,056,827</b>	<b>10,956,160,000</b>	<b>2,558,000,000</b>	<b>2,013,800,000</b>	<b>1,011,000,000</b>	<b>1,876,000,000</b>	<b>2,950,951,597</b>	<b>1,891,671,690</b>	<b>44,036,950</b>	<b>47,905,677,064</b>

Rupees

Project development cost as per PC-I  
SIDCL establishment charges as per PC-I

Total project development cost as per PC-I

Development contract cost incurred to date:

- Design and supervision	721,706,103	47,557,648	70,834,258	78,824,824	-	-	41,724,476	-	960,647,309
- Utilities relocation	759,062,246	-	43,088,010	29,582,000	-	-	27,080,661	-	858,812,917
- Track work and infrastructure development	18,897,212,184	-	1,594,773,772	1,290,140,783	1,772,386,882	2,306,887,200	500,000,000	10,327,411	27,371,728,232
- Operational cost	-	885,973,760	-	-	-	-	-	-	885,973,760
- Land acquisition for project	29,470,952	-	-	-	-	-	-	-	29,470,952
	20,407,451,485	933,531,408	1,708,696,040	1,398,547,607	1,772,386,882	2,375,692,337	500,000,000	10,327,411	30,106,633,170

SIDCL establishment charges recognized to date

Advance to contractors

Stage of completion (%)

Method of stage of completion

Cost-based input method

163,490,766	17,613,813	29,255,748	23,113,105	11,000,000	16,487,009	32,234,143	5,043,676	196,713	298,434,974
730,124,258	-	-	-	-	-	-	-	-	730,124,258
83.61%	8.68%	67.94%	70.60%	100%	95.36%	81.60%	26.70%	23.90%	

2020

Government Development Projects

Infrastructure Development of Green Line BRTS	Operationalization of Green Line BRTS	Jam Chakro	Nishtar / Mang Road	KMC	Fire Tender	Three Flyovers	Interchange over Malir Link Road to M-9	Road over Malir Bund from Dada Bhoy Town upto limits of PNS Mehran	Total
24,408,512,255	-	2,514,940,000	1,981,060,000	1,000,000,000	1,858,710,000	2,911,448,150	-	-	34,674,670,405
195,544,572	-	43,060,000	32,740,000	11,000,000	17,290,000	39,503,447	-	-	339,138,019
24,604,056,827	-	2,558,000,000	2,013,800,000	1,011,000,000	1,876,000,000	2,950,951,597	-	-	35,013,808,424

Rupees

Project development cost as per PC-I  
SIDCL establishment charges as per PC-I

Total project development cost as per PC-I

Development contract cost incurred to date:

- Design and supervision
- Utilities relocation
- Track work and infrastructure development
- Land acquisition for project

SIDCL establishment charges recognized to date

Advance to contractors

Stage of completion (%)

Method of stage of completion

617,987,335	-	30,954,020	58,412,767	-	-	41,724,476	-	-	749,078,598
759,062,246	-	39,337,721	26,762,268	-	-	27,080,661	-	-	852,242,896
17,715,438,286	-	1,619,005,079	908,853,799	1,000,000,000	1,470,000,000	2,306,887,200	-	-	25,020,184,364
29,470,952	-	-	-	-	-	-	-	-	29,470,952
19,121,958,819	-	1,689,296,820	994,028,834	1,000,000,000	1,470,000,000	2,375,692,337	-	-	26,650,976,810
153,192,264	-	28,923,601	16,427,824	11,000,000	13,674,161	32,234,143	-	-	255,451,993
59,886,284	-	-	-	-	-	-	-	-	59,886,284

78.34%

67.17%

50.18%

100%

79.09%

81.60%

Cost-based input method

**11. CONTINGENCIES AND COMMITMENTS****11.1 Contingencies**

There were no contingencies existed as at June 30, 2021.

<b>11.2 Commitments</b>	<b>Note</b>	<b>2021</b>	<b>2020</b>
		----- Rupees -----	
Commitments to contractors		<u><u>2,459,242,578</u></u>	<u><u>2,893,178,590</u></u>

**12. ADMINISTRATIVE EXPENSES**

Salaries, wages and benefits	<b>12.1</b>	108,117,604	87,100,039
Stationery, printing and publication		725,402	1,203,667
Newspapers and periodicals		25,870	35,955
Depreciation	<b>4</b>	5,769,412	5,748,316
Auditors' remuneration	<b>12.2</b>	585,000	585,000
Communication charges		1,586,041	1,531,862
Travelling and conveyance		1,531,230	6,064,098
Advertisement		7,559,309	4,633,937
Utilities expense		689,892	4,707,944
Subscription fee		165,837	-
Repairs and maintenance		4,678,898	5,104,295
Rent, rate and taxes		24,752,082	10,193,982
Insurance		9,856,089	4,756,378
Legal and professional		5,205,000	2,895,000
Bank charges		525	3,443
Miscellaneous expenses		1,578,959	944,427
		<u><u>172,827,150</u></u>	<u><u>135,508,343</u></u>

**12.1** This includes an amount of Rs. 1.517 million (2020: Rs. 1.311 million) representing the contribution made by the Company to the Staff Provident Fund.

<b>12.2 Auditors' remuneration</b>	<b>2021</b>	<b>2020</b>
	----- Rupees -----	
Audit fee	500,000	500,000
Out of pocket expenses	41,667	41,667
Sindh sales tax	43,333	43,333
	<u><u>585,000</u></u>	<u><u>585,000</u></u>

**13. OTHER INCOME**

<b>Income from financial assets</b>		
Interest income from saving account	139,153,165	114,363,745
<b>Income from assets other than financial assets</b>		
Tender fee income	-	1,500
Other income	400,000	-
	<u><u>139,553,165</u></u>	<u><u>114,365,245</u></u>

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14. TAXATION	Note	2021	2020
		----- Rupees -----	
Current tax	14.1	-	-

14.1 The Federal Board of Revenue (FBR) has allotted Free Tax Number (FTN) to the Company under Section 49 of the Income Tax Ordinance, 2001 whereby the income of the Company is exempt from tax. Therefore, no provision for taxation has been made in these financial statements and as a result temporary differences do not arise and deferred tax is not

15. EARNINGS PER SHARE - BASIC AND DILUTED	2021	2020
There is no dilutive effect on basic earnings per share which is based on:		
Profit for the year (Rupees)	9,708,997	29,609,298
Weighted average number of ordinary shares (Number)	2,000,000	2,000,000
Earnings per share basic and diluted (Rupees)	<u>4.85</u>	<u>14.80</u>

16. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

	2021		
	Chief Executive Officer	Directors	Executives
	----- Rupees -----		
Salary	4,003,225	-	48,413,301
Utilities	55,000	-	431,942
Meeting fee	1,080,000	8,400,000	-
Others	82,500	-	717,373
	<u>5,220,725</u>	<u>8,400,000</u>	<u>49,562,616</u>
Number of persons	<u>1</u>	<u>15</u>	<u>19</u>

	2020		
	Chief Executive Officer	Directors	Executives
	----- Rupees -----		
Salary	2,486,667	-	25,444,500
Utilities	66,000	-	278,100
Meeting fee	360,000	7,470,000	-
Others	-	-	60,000
	<u>2,912,667</u>	<u>7,470,000</u>	<u>25,782,600</u>
Number of persons	<u>1</u>	<u>15</u>	<u>13</u>

16.1 Chief Executive Officer and certain executives of the Company are provided with Company maintained vehicles.

16.2 Chief Executive Officer Mr. Khaqan Murtaza was replaced by Mr. Nadeem Lodhi in June 2021.

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## 17. TRANSACTIONS WITH RELATED PARTIES

Related parties comprise of principal shareholder (Government of Pakistan), directors, key management personnel, entities over which the directors are able to exercise influence. Transactions with related parties other than those disclosed in Note 16 and the balances outstanding at the year end are given below:

Relationship with the Company	Nature of transaction	2021	2020
		----- Rupees -----	
Principal shareholder	Fund received during the year - net	8,318,135,715	5,047,199,000
	<b>(Payable) / Receivable balance</b>		
Principal shareholder	Government development fund	(4,203,503,433)	(54,245,034)
	Tender fee due from government	4,345,177	4,345,177
Name of party	Basis of relationship	Percentage of shareholding	
Government of Pakistan	Shareholding	100%	

## 18. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

### 18.1 Financial risk factors

The Company's activities expose it to a variety of financial risks: market risk (including currency risk and other price risk), credit risk and liquidity risk. The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the financial performance.

Risk management is carried out by the Board of Directors (the Board). The Board provides principles for overall risk management, as well as policies covering specific areas such as currency risk, other price risk, credit risk and liquidity risk.

#### (a) Market risk

##### (i) Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Currency risk arises mainly from future commercial transactions or receivables and payables that exist due to transactions in foreign currencies.

The Company is not exposed to this risk because there were no receivables and payables in any foreign currency as at the reporting date.

No foreign currency transactions were carried out during the year. Therefore, no currency risk exist at the statement of financial position.

##### *Sensitivity analysis*

Sensitivity analysis of functional currency at reporting date is not required due to nil foreign currency nominated financial assets and liabilities at the reporting date.

##### (ii) Other price risk

Other price risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Company is not exposed to this risk.

##### *Sensitivity analysis*

Sensitivity analysis of functional currency at reporting date is not required due to nil foreign currency nominated financial assets and liabilities at the reporting date.

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(iii) **Interest rate risk**

This represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Company has no significant long-term interest-bearing assets. As there is no borrowings of the Company so there is no interest rate exposure to the Company.

At the reporting date the interest rate profile of the Company's interest bearing financial instruments was:

	2021	2020
	----- Rupees -----	
<b>Financial assets</b>		
<b>Floating rate instruments :</b>		
Cash at bank - saving accounts	<u>4,402,162,102</u>	<u>906,987,352</u>

**Financial liabilities**

**Fair value sensitivity analysis for variable rate instruments**

As at 30 June 2021, if market interest rates had been 1% higher / lower with all other variables held constant, post-tax profit for the year would have been higher / lower by Rupees 44.022 million (2020: Rupees 9.070 million).

(b) **Credit risk**

Credit risk represents the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was as follows:

	2021	2020
	----- Rupees -----	
Advances, deposits and other receivables	11,895,177	5,045,177
Accrued interest on bank deposits	90,963,044	44,334,398
Bank balances	5,024,411,189	1,830,148,303
	<u>5,127,269,410</u>	<u>1,879,527,878</u>

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rate:

Banks	Rating			2021	2020
	Short Term	Long Term	Agency	----- Rupees -----	
National Bank of Pakistan	A-1+	AAA	VIS	<u>5,024,411,189</u>	<u>1,830,148,303</u>

(c) **Liquidity risk**

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities.

The Company manages liquidity risk by maintaining sufficient bank balance. At 30 June 2021, the Company had cash and bank balances of Rupees 5,024.661 million (2020: Rupees 1,830.148 million). Following are the contractual maturities of financial liabilities. The amount disclosed in the table are undiscounted cash flows:

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**Contractual maturities of financial liabilities:**

	June 30, 2021		
	Trade and other payables	Government development fund	Total
	----- Rupees -----		
Carrying amount	<b>632,772,884</b>	<b>4,203,503,433</b>	<b>4,836,276,317</b>
Contractual cash flows			
- 6 month or less	632,772,884	4,203,503,433	4,836,276,317
- 6 months to 12 months	-	-	-
- More than 1 year	-	-	-
	<b>632,772,884</b>	<b>4,203,503,433</b>	<b>4,836,276,317</b>

	June 30, 2020		
	Trade and other payables	Government development fund	Total
	----- Rupees -----		
Carrying amount	<b>1,553,147,049</b>	<b>54,245,034</b>	<b>1,607,392,083</b>
Contractual cash flows			
- 6 month or less	1,553,147,049	54,245,034	1,607,392,083
- 6 months to 12 months	-	-	-
- More than 1 year	-	-	-
	<b>1,553,147,049</b>	<b>54,245,034</b>	<b>1,607,392,083</b>

**18.2 Recognized fair value measurements**

**(a) Financial assets**

**Fair value hierarchy**

Judgments and estimates are made in determining the fair values of the financial instruments that are recognized and measured at fair value in these financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Company has classified its financial instruments into the following three levels.

Level 1: The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and trading and available for sale securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the Company is the current bid price. These instruments are included in level 1.

Level 2: The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques which maximize the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities.

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There were no financial asset and financial liability to be reported under above levels as the carrying amounts of all financial assets and financial liabilities presented in these financial statements are a reasonable approximation of fair value. Due to short term nature, carrying amounts of certain financial assets and financial liabilities are considered to be the same as their fair value.

(b) **Non-financial assets**

The carrying value of all non-financial assets reflected in these financial statements are approximate their fair values. Fair value is determined on the basis of objective evidence at each reporting date.

**18.3 Financial instruments by categories**

**Financial assets**

Advances, deposits and other receivables  
Accrued interest on bank deposits  
Cash and bank balances

Amortized cost	
2021	2020
----- Rupees -----	

11,895,177      5,045,177  
90,963,044      44,334,398  
5,024,661,189      1,830,148,303

**5,127,519,410      1,879,527,878**

**Financial liabilities**

Trade and other payables  
Government development fund

632,772,884      1,553,147,049  
4,203,503,433      54,245,034

**4,836,276,317      1,607,392,083**

**18.4 Off-setting financial assets and liabilities**

As on reporting date, recognized financial instruments are not subject to off setting as there are no enforceable master netting arrangements and similar agreements.

**19. NUMBER OF EMPLOYEES**

The number of employees during the year is as follows:

	2021		2020	
	At year end	Average	At year end	Average
- Permanent	1	1	3	3
- Contractual	62	53	56	47

**20. DATE OF AUTHORIZATION FOR ISSUE**

These financial statements were approved and authorized for issue on 28 OCT 2021 by the Board of Directors of the Company.

21. GENERAL

21.1 Corresponding figures have been reclassified wherever necessary to reflect more appropriate presentation of events and transactions for the purpose of comparison in accordance with the accounting and reporting standards as applicable in Pakistan. However, no significant reclassification or rearrangement of corresponding figures has been made in these

21.2 Figures have been rounded off to the nearest Rupee.

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Chief Executive Officer



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Director

## **DIRECTORS' REPORT**

The Board of Directors of Sindh Infrastructure Development Company Limited - SIDCL is pleased to present the Director's Report along with audited financial statements for the financial year ended 30 June, 2021 together with auditors' report thereon.

### **SIDCL & Its Operations**

The principal object of the Company is to carry on the business of infrastructure and development, expansion and for planning, designing, implementation, construction and execution of infrastructure and developments in the province of Sindh. For execution of the priority PSDP project on fast track basis, Sindh Infrastructure Development Company Limited (SIDCL) formerly Karachi Infrastructure Development Company Limited (KIDCL) was incorporated under Companies Act, 2017 (repealed Companies Ordinance, 1984) on 2<sup>nd</sup> June, 2015.

During the financial year 2018-19, name of the Company was changed from Karachi Infrastructure Development Company Limited (KIDCL) to Sindh Infrastructure Development Company Limited (SIDCL) as instructed by Government of Pakistan due to projects, Government is planning to undertake in the future that will enhance scope of company. Revised certificate of incorporation was given by Securities & Exchange Commission of Pakistan as per the provision of the Companies Act, 2017 on 23<sup>rd</sup> July 2019.

As an infrastructure developer, SIDCL continued its efforts to improve and consolidate its work for infrastructure development and helping people/institutions move into the economic mainstream. Through its ongoing projects such as Green Line BRTS, Karachi package, Sindh Package and Operations of Green Line BRTS Project, SIDCL spread its cherished values and approaches of building institutions, developing social capital, ensuring equality and inclusion and propelling economic sustainability that not only helps to improve the infrastructure development but building the state of the art infrastructure that improve congested environment of rapidly growing urban areas of the province of Sindh.

As per instruction given by Government of Pakistan, SIDCL is executing Green Line BRTS project on modern lines to alleviate the traffic congestion problems in the city and to improve the quality of life of the daily commuters by improving the existing transport system.

Along with Green Line BRTS project, several others projects are in execution stage and/or in the process of execution that include Karachi Package, Sindh Package and operations of Green Line BRTS Project.

### **Financial Review**

During the financial year 2020-21, the Company recorded service revenue of Rs. 42.983 million as compared to Rs. 50.752 million in the corresponding year. Administrative expenses for the year was recorded at Rs. 172.827 million as compared to Rs. 135.508 million in the corresponding year. The operating loss over the year inclined by 53.2% amounting to Rs. 129.844 million. Profit on saving bank accounts has increased by 21.68% amounting to Rs. 139.153 million. The Profit After Tax (PAT) for the year declined by 67.21% amounting to Rs. 9.709 million respectively. The PAT has declined due to significant increase in administrative expense over the corresponding period. This translated into earning per share of Rs 4.85 as compared to Rs. 14.80 over the corresponding year.

Following is the comparative summary of financial results:

Particulars	30 <sup>th</sup> June 2021 Rupees	30 <sup>th</sup> June 2020 Rupees
Service revenue	42,982,982	50,752,396
Administrative expenses	(172,827,150)	(135,508,343)
<b>Operating loss</b>	<b>(129,844,168)</b>	<b>(84,755,947)</b>
Other income	139,553,165	114,365,245
<b>Profit before taxation</b>	<b>9,708,997</b>	<b>29,609,298</b>
Taxation	-	-
<b>Profit after taxation</b>	<b>9,708,997</b>	<b>29,609,298</b>
Earnings per share – basic & diluted	4.85	14.80

## GENERAL

The Board of Directors wishes to express its pleasure and gratefulness to the shareholders for their continued support and to all the employees for their ongoing dedication and commitment to the Company.

## CODE OF CORPORATE GOVERNANCE

The Directors of SIDCL are fully aware of their responsibilities under the Code of Corporate Governance under instructions from the Securities & Exchange Commission of Pakistan. We are taking all the necessary steps to ensure Good Corporate Governance in our Company as required by the Code.

As a part of the compliance of the Code, we confirm the following:

- a) The financial statements, prepared by the management of the Company, present fairly its state of affairs, the result of its operations, cash flows and changes in equity.
- b) Proper books of account of the Company have been maintained.
- c) Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
- d) International Accounting Standards, as applicable in Pakistan, have been followed in preparation of financial statements and any departure there from has been adequately disclosed.
- e) The system of internal control is sound in design and is being effectively implemented and monitored.
- f) The Company has the ability to continue as a going concern.
- g) There has been no material departure from the best practices of corporate governance, as detailed in the listing regulations.

- h) We have an Internal Audit Committee, the members of which are amongst from the Board of Directors.
- i) We have prepared and circulated, a Statement of Ethics and Business Strategy, among directors and employees.
- j) The Board of Directors have prepared and adopted a mission statement and a statement of overall corporate strategy.
- k) As required by the Code of Corporate Governance, we have included the following information in this report:
- Statement of pattern of shareholding has been given separately.
  - Statement of shares held by associated undertakings and related persons.
  - Statement of the Board meetings held during the year and attendance by each director has been given separately.

Key operating and financial statistics for the financial year 2020-21 in summarized form is given below.

**KEY FINANCIAL DATA**

<b>Particular</b>	<b>F/Y 2020-21 Rupees</b>
Share Capital	200,000,000
Reserve	95,661,982
Long term liabilities	12,492,503
Current liabilities	4,836,276,317
<b>Total Equity &amp; Liabilities</b>	<b>5,144,430,802</b>
Operating fixed assets	10,281,441
Current assets	5,134,149,361
<b>Total Assets</b>	<b>5,144,430,802</b>
Service revenue	42,982,982
Administrative expenses	(172,827,150)
Other income	139,553,165
<b>Profit before taxation</b>	<b>9,708,997</b>
<b>Profit after taxation</b>	<b>9,708,997</b>

## **PATTERN OF SHAREHOLDING**

The Pattern of shareholding as at 30 June 2021 is as follows:

<b>Name of Share Holder</b>	<b>Occupation (Directorship of Company if any)</b>	<b>Shares held (with distinctive Nos) or percentage of interest held</b>
Government of Pakistan through Secretary Finance	Federal Government / Ministry of Communications	1,999,993 (One Million Nine Hundred Ninety Nine Thousand Ninety Three Only)
Secretary Ministry of Finance, Government of Pakistan	Government Servant / Non-Executive Director	1 (One)
Secretary Ministry of Communications, Government of Pakistan	Government Servant / Non-Executive Director	1 (One)
Mr. Nadeem Lodhi	Government Servant / Chief Executive Officer	1 (One)
Lt. Gen @ Shahid Niaz	Independent Director	1 (One)
Dr. Sarosh Hashmat Lodhi	Vice Chancellor NED University / Non-Executive Director	1 (One)
Mr. Arif Hassan	Architect / Independent Director	1 (One)
Dr. Noman Ahmed	Professor/ Chairmen, Dept. of Architecture & Planning, NED University Karachi / Non-Executive Director	1 (One)

## **DIRECTORS MEETING**

During the year, nine (09) meetings of the Board of Directors including Annual General Meeting were held, Attendance by each director is as follows:

<b>Name of Share Holder</b>	<b>Designation</b>	<b>No of meetings Attend</b>
Mr. Samar Ali Khan	Chairman BOD SIDCL/ Independent Director	5
Mr. Javed Kureishi	Chairman BOD SIDCL/ Independent Director	5
Secretary, Ministry of Communications, Government of Pakistan	Non-Executive Director	8
Secretary, Ministry of Planning, Government of Pakistan	Non-Executive Director	8
Secretary, Ministry of Finance, Government of Pakistan	Non-Executive Director	9
Chief Secretary, Government of Sindh	Non-Executive Director	2

Name of Share Holder	Designation	No of meetings Attend
Chairman Planning & Development, Government of Sindh	Non-Executive Director	4
Additional Secretary, Cabinet Division, Government of Pakistan	Non-Executive Director	6
Chief Executive Officer	Executive Director	9
Commissioner Karachi, Government of Sindh	Non-Executive Director	7
Lt. Gen (R) Shahid Niaz	Independent Director	8
Brigadier, 5 Corps, Pakistan Army	Non-Executive Director	8
Municipal Commissioner, Karachi Municipal Corporation	Non-Executive Director	2
Mr. Arif Hasan	Independent Director	7
Prof. Sarosh Hashmat Lodi, Vice chancellor NED University	Non-Executive Director	6
Prof. Noman Ahmed, Chairman Dep of Architecture & Planning, NED University	Non-Executive Director	4
Mr. Adnan Asdar	Independent Director	5

### **MAJOR PROCURMENTS**

For Execution of Green Line BRTS project and Karachi Package, major contracts have been awarded under strict compliance to Public Procurement Rules, 2004 of Public Procurement Regulatory Authority (PPRA), which has been verified by Technical and Bid Evaluation Committee and approved through recommendations of Procurement Committee. Both committees have been formed under the supervision of BOD and subsequently all the procurements have been approved through Board of Directors. Major Contracts awarded during the tenure of the Company amounting Rs. 37,780 million that include project of Green Line BRTS amounting Rs. 22,280 million, operationalization of Green Line amounting to Rs. 8000 million and schemes of Karachi Package amounting Rs. 7,500 million.

PC-1 Cost of Green Line BRTS Infrastructure, Operationalization of Green Line BRTS and Karachi Package is amounting to R. 24,604.057 million, Rs. 10,956.160 million and Rs. 12,345.460 million, respectively. For operations of Green line BRTS, procurement has been done and contracts has been awarded during the year.

## ACKNOWLEDGEMENT

Your Directors record with appreciation, the efforts of the Company's managers and employees who have worked to meet the target of business plans. Your Directors also extend their appreciation to the Company's bankers, Government of Pakistan, regulators and others for the cooperation extended by them during the year.

For and on behalf of the Board



Chief Financial Officer



Chairman BOD SIDCL

Dated: 28<sup>th</sup> October, 2021