Pakistan National Shipping Corporation

PATH TO SUSTAINABLE GROWTH

ANNUAL REPORT **2021**

CONTENTS

Chairman's Review

Dear Members,

It is my privilege to serve as the Chairman of the Board of Pakistan National Shipping Corporation. It is my pleasure to present annual Chairman's review for the year ended June 30, 2021.

The unprecedented Coronavirus pandemic is causing global turmoil with an uncertain outlook everywhere. In such a distressful situation, I hope that you and your beloved ones are safe and in good health.

Overview of the Board and its Committees

Annual evaluation of the Board of Directors / CEO of Pakistan National Shipping Corporation is carried out in accordance with the requirements of the Listed Companies (Code of Corporate Governance) Regulations, 2019 and basic guidelines notified by Securities and Exchange Commission of Pakistan vide SRO 301 (1)/2020. The Purpose of this evaluation is to ensure that the Board's overall performance and effectiveness is measured and benchmarked against expectations in the context of objective set for the Corporation.

Overall performance and effectiveness of the Board has been found satisfactory and effective during the financial year under review. The overall assessment/evaluation is based on an evolution of integral components including vision and mission; engagement in strategic objectives; formulation of policies; monitoring the Corporation's business activities; monitoring financial resource management; effective fiscal oversight; equitable treatment of all employees and efficiency in carrying out the Board's responsibility.

The Board has constituted Audit & Finance Committee, HR, Nomination & CSR Committee and Strategy & Risk Management Committee.

The Audit and Finance Committee focuses on detailed review of financial statements and effective internal controls.

Primary objectives of the Strategy and Risk Management Committee is to assist the Board of Directors of the Corporation in discharging its oversight duties with respect to the development and implementation of the Corporation's strategic plan and management of the risks associated with such plan. The Board recognizes that it is the responsibility of management to develop the Corporation's strategic plan and implement such plan, to foster a cooperative and interactive strategic planning process between the Board and management.

The HR, Nomination & CSR Committee recommends the Board in respect of the Board's committees and the chairmanship of the Board's committees, human resource management policies and Corporate Social Responsibilities.

The Board of Directors of your Corporation received agendas and supporting written material including follow up materials in sufficient time prior to the board and its committee meetings. The board meets frequently enough to adequately discharge its responsibilities.

Vote of thanks

I would like to thank all the shareholders for their continued trust and confidence in the Corporation despite the difficult times.

I would also appreciate the entire PNSC management team for their efforts and focused implementation of effective cost controls. The commitment of Corporation's ashore and afloat employees enabled the Corporation to achieve its strategic objectives.

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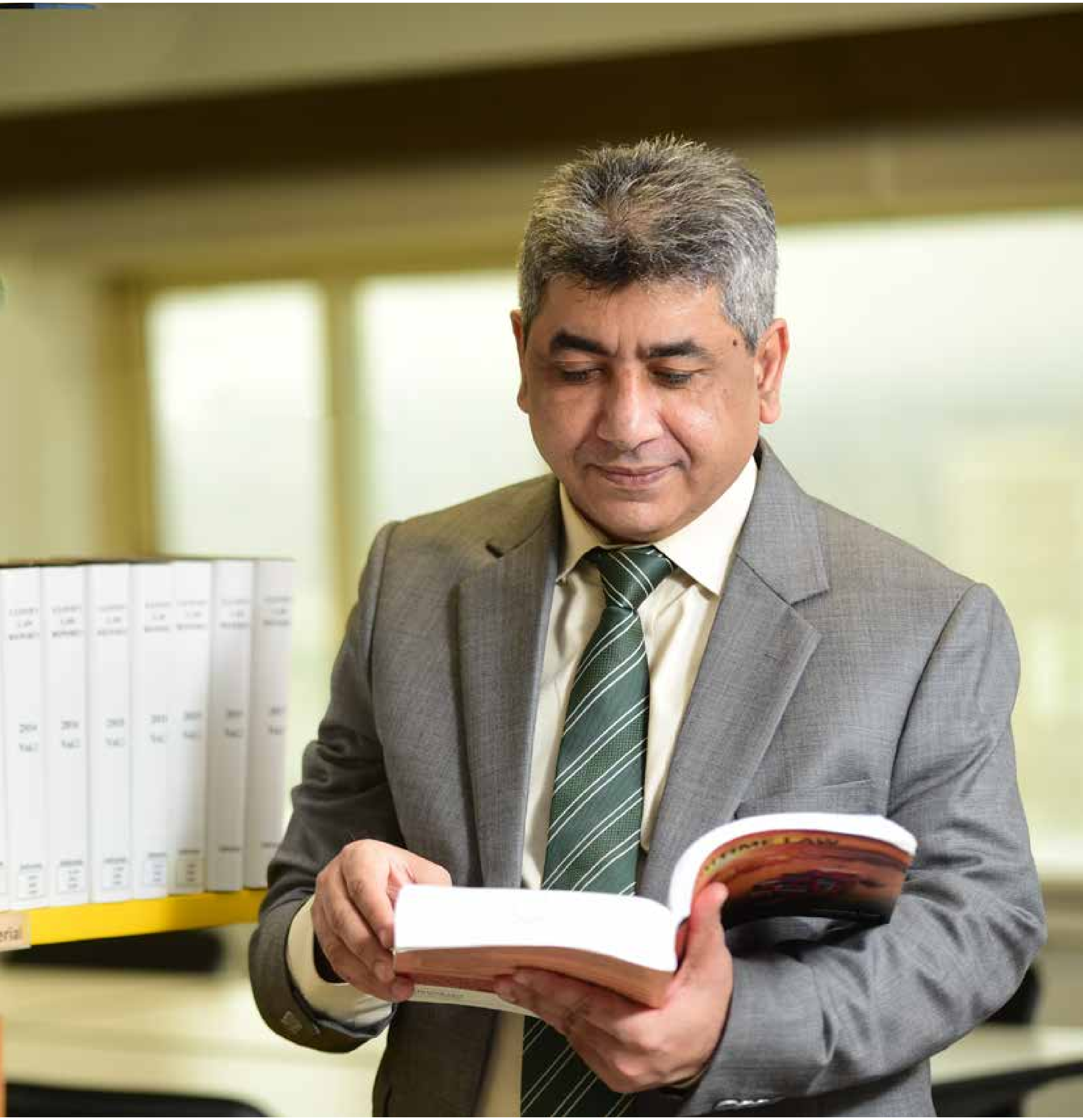
Mr. Shakeel Ahmed Mangnejo
Chairman and Chief Executive



چیئرمین کا جائزہ

عزیز ممبران

پاکستان نیشنل شپنگ کارپوریشن کے بورڈ کے چیئرمین کے طور پر خدمات انجام دینا میرے لیے باعث فخر ہے۔ سال اختتام از 30 جون، 2021 کے لیے چیئرمین کا سالانہ جائزہ پیش کرنا میرے لیے باعث مسرت ہے۔

کورونا وائرس کی غیر معمولی وبا ہر جگہ غیر یقینی تناظر کے ساتھ عالمی سطح پر ہلچل پیدا کر رہی ہے۔ مجھے امید ہے کہ اس پریشان کن صورتحال میں آپ اور آپ کے عزیز و اقارب بخیریت اور تندرست ہوں گے۔

بورڈ اور اس کی کمیٹیوں کا جائزہ

پاکستان نیشنل شپنگ کارپوریشن کے بورڈ آف ڈائریکٹرز / سی ای او کا سالانہ جائزہ لسٹڈ کمپنیوں کے ضوابط (ضابطہ کارپوریٹ گورننس)، 2019 کے تقاضوں اور سیکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کی بذریعہ SRO 301 (1)/2020 جاری کردہ بنیادی ہدایات کی روشنی میں انجام دیا جاتا ہے۔ اس جائزے کا مقصد یہ یقینی بنانا ہے کہ بورڈ کی مجموعی کارکردگی اور افادیت کی پیمائش کی جائے اور کارپوریشن کے طے کردہ مقاصد کے مطابق توقعات سے موازنہ کیا جائے۔

زیر جائزہ مالی سال کے دوران بورڈ کی مجموعی کارکردگی اور افادیت اطمینان بخش اور مؤثر رہی ہے۔ مجموعی جائزہ / تجزیہ بنیادی حصوں کے ارتقاء پر مبنی ہے بشمول وژن اور مشن؛ اسٹریٹیجک اہداف میں شمولیت؛ پالیسیوں کی تشکیل؛ کارپوریشن کی کاروباری سرگرمیوں کی نگرانی؛ مالی وسائل کی نگرانی کا نظم؛ مالی امور کی مؤثر نگرانی؛ تمام ملازمین سے مساوی سلوک اور بورڈ کی ذمہ داریوں کو احسن طریقے سے نبھانا ہے۔

بورڈ نے آڈٹ و فنانس کمیٹی، ایچ آر، نامزدگی اور سی ایس آر کمیٹی، اور اسٹریٹیجک و رسک مینیجمنٹ کمیٹی تشکیل دی ہے۔

آڈٹ اور فنانس کمیٹی مالی گوشواروں اور مؤثر اندرونی کنٹرولز کے مفصّل جائزے پر توجہ مرکوز کرتی ہے۔

اسٹریٹیجی اور رسک مینیجمنٹ کمیٹی کا بنیادی مقصد کارپوریشن کے اسٹریٹیجک منصوبے کی تشکیل اور نفاذ اور ایسے منصوبوں سے وابستہ خطرات کے نظم کے حوالے سے نگرانی کے فرائض انجام دینے میں کارپوریشن کے بورڈ آف ڈائریکٹرز کی معاونت کرنا ہے۔ بورڈ تسلیم کرتا ہے کہ کارپوریشن کا اسٹریٹیجک منصوبے کی تشکیل اور نفاذ، بورڈ اور مینیجمنٹ کے مابین باہمی تعاون اور باہمی سٹریٹیجک منصوبہ بندی کے عمل کا فروغ مینیجمنٹ کی ذمہ داری ہے۔

ایچ آر، نامزدگی اور سی ایس آر کمیٹی بورڈ کی کمیٹیوں اور کمیٹیوں کی سربراہی، افرادی وسائل کے نظم کی پالیسیوں اور کارپوریٹ سماجی ذمہ داری کے حوالے سے بورڈ کو تجاویز دیتی ہے۔

آپ کی کارپوریشن کے بورڈ آف ڈائریکٹرز کو بورڈ اور اس کی کمیٹیوں کی میٹنگز سے مناسب وقت پہلے ایجنڈا اور حوالے کا مواد سمیت معاون تحریری دستاویزات موصول ہو گئے تھے۔ بورڈ اپنی ذمہ داریاں احسن طور پر ادا کرنے کے لیے اکثر ملاقات کرتا ہے۔

اظہار تشکر

مشکل صورتحال کے باوجود تمام حصص مالکان کے کارپوریشن پر متواتر بھروسے اور اعتماد کے لیے میں ان کا مشکور ہوں۔

میں پی این ایس سی کی پوری انتظامی ٹیم کو لاگت کو کنٹرول کرنے کے موثر اقدامات اور کاوشوں کے لئے سراہتا ہوں۔ کارپوریشن کے برّی اور بحری ملازمین کے عزم نے کارپوریشن کو اپنے اسٹریٹیجک اہداف حاصل کرنے کے قابل بنایا۔

جناب شکیل احمد منگنیجو

چیئرمین اور چیف ایگزیکٹو

Board of Directors

Mr. Shakeel Ahmed Mangnejo
Chairman

Mr. Imdad Ullah Bosal

Capt. Anwar Shah

Mr. Khowaja Obaid Imran Ilyas

Mr. Kamran Farooq Ansari
(upto May 30, 2021)

Mr. Muhammad Ali
(upto May 30, 2021)

Mr. Ali Syed
(upto May 30, 2021)

Corporate Information

Board of Directors

1.	Mr. Shakeel Ahmed Mangnejo	Chairman
2.	Mr. Imdad Ullah Bosal Additional Finance Secretary (Expenditure) Finance Division Islamabad.	Member
3.	Mr. Kamran Farooq Ansari Sr. Joint Secretary /Joint Secretary Ministry of Maritime Affairs Islamabad. (upto 30 May, 2021)	Member
4.	Mr. Ali Syed (upto 30 May, 2021)	Member
5.	Mr. Muhammad Ali (upto 30 May, 2021)	Member
6.	Mr. Khowaja Obaid Imran Ilyas	Member
7.	Capt. Anwar Shah	Member

Strategy and Risk Management Committee

1.	Mr. Muhammad Ali (upto 30 May, 2021)	Chairman
2.	Mr. Shakeel Ahmed Mangnejo	Member
3.	Mr. Ali Syed (upto 30 May, 2021)	Member
4.	Capt. Anwar Shah	Member
5.	Mr. S. Jarar Haider Kazmi	Secretary

Audit & Finance Committee

1.	Mr. Khowaja Obaid Imran Ilyas	Chairman
2.	Mr. Imdad Ullah Bosal Additional Finance Secretary (Expenditure) Finance Division Islamabad, (Ex-Officio Member).	Member
3.	Mr. Kamran Farooq Ansari Sr. Joint Secretary /Joint Secretary Ministry of Maritime Affairs Islamabad, (Ex-Officio Member). (upto 30 May, 2021)	Member
4.	Capt. Anwar Shah	Member
5.	Mr. Ali Syed (upto 30 May, 2021)	Member
6.	Mr. Baber Jamal Zubairi	Secretary

HR, Nomination and CSR Committee

1.	Mr. Muhammad Ali (upto 30 May, 2021)	Chairman
2.	Mr. Ali Syed (upto 30 May, 2021)	Member
3.	Mr. Khowaja Obaid Imran Ilyas	Member
4.	Capt. Muhammad Shakil	Secretary

Chief Financial Officer
Mr. S. Jarar Haider Kazmi

Company Secretary
Mr. Muhammad Javid Ansari

Chief Internal Auditor
Mr. Baber Jamal Zubairi

Head Office
PNSC Building, Moulvi Tamizuddin Khan Road,
P.O.Box No. 5350, Karachi-74000 Pakistan.
Phone: (92-21) 99203980-99 (20 Lines)
Fax: (92-21) 99203974, 35636658
www.pnsc.com.pk

Auditors
Grant Thornton Anjum Rahman, Chartered Accountants
KPMG Taseer Hadi & Co., Chartered Accountants

Shares Registrar
CDC Share Registrar Services Limited
CDC House, 99-B, Block 'B',
S.M.C.H.S. Main Shahrah-e-Faisal, Karachi.

Bankers
Bank Al Habib Limited, Pakistan
Bank Al Habib Limited, Bahrain
Bank Alfalah Limited, Bahrain
BankIslami Pakistan Limited
Faysal Bank Limited
Habib Bank Limited
Habib Metropolitan Bank
JS Bank Limited
MCB Bank Limited
MCB Islamic Bank Limited
Meezan Bank Limited
National Bank of Pakistan
National Bank of Pakistan, Hong Kong
National Bank of Pakistan, Tokyo
Sindh Bank Limited
UniCredit Bank, Italy
United Bank Limited, London

Corporate Calendar

23 September 2020	HR, Nomination and CSR Committee meeting held.
29 September 2020	Audit and Finance Committee meeting held to consider annual accounts of the Corporation for the year ended June 30, 2020.
30 September 2020	Board of Directors meeting held to consider annual accounts of the Corporation for the year ended June 30, 2020.
26 October 2020	Annual General Meeting of shareholders to consider annual accounts of the Corporation for the year ended June 30, 2020.
27 October 2020	Audit and Finance Committee meeting held to consider interim accounts of the Corporation for the quarter ended September 30, 2020.
28 October 2020	Board of Directors meeting held to consider interim accounts of the Corporation for the quarter Ended September 30, 2020.
25 November 2020	Board of Directors meeting held.
26 November 2020	HR, Nomination and CSR Committee meeting held.
21 December 2020	Strategy and Risk Management Committee meeting held.
12 January 2021	Audit and Finance Committee meeting held.
13 January 2021	Board of Directors meeting held.
23 February 2021	HR, Nomination and CSR Committee meeting held.
24 February 2021	Audit and Finance Committee meeting held to consider Half Yearly accounts for the half year ended 31 December 2020.
25 February 2021	Board of Directors meeting held to consider Half Yearly accounts for the half year ended 31 December 2020.
22 April 2021	Strategy and Risk Management Committee meeting held.
27 April 2021	Audit and Finance Committee meeting held to consider Third Quarterly Accounts for the period ended March 31, 2021.
28 April 2021	Board of Directors meeting held to consider Third Quarterly Accounts for the period ended March 31, 2021.
21 June 2021	Audit and Finance Committee meeting held.
22 June 2021	Board of Directors meeting held.

VISION

To be a prominent player and key stakeholder in global shipping industry by maintaining diversified and efficient marine assets.

MISSION

To provide reliable & efficient shipping services to overseas and Pakistan's seaborne trade, maintaining relationship of integrity and trust with our customers, partners, employees, safeguarding interests of our stakeholders and contributing towards betterment of national economy, society and the environment.

Strategic Objectives

Persistent growth by strategic investment and diversification in marine sectors according to past performance and future outlook of industry.

To be optimally profitable, viable, commercial organization and contribute to the national economy by securing a reasonable return on capital and minimize outflow of national foreign reserves.

Ensure steady supplies to Pakistan defence forces in time of peace & war.

To provide its clientele safe, secure, reliable and efficient shipping services.

To do highly ethical, environment friendly and socially responsible business practices.

Ensuring that every employee feels proud of being part of PNSC team.

To practice & believe in Equal Opportunity for every one in every aspect of business.

Code of Conduct

In Pakistan National Shipping Corporation the Board, senior management and employees are committed to professionalism and understanding of themselves and others regarding accepted standards of the discipline.

The work related conduct requires a personal commitment to act in accordance with the accepted and especially professional standards of conduct and also to encourage such behaviour by employees and colleagues.

Corporation has always emphasized on the Business Ethics as a matter of policy. The Business Ethics include the principles of honesty, integrity, trust-worthiness, loyalty, fairness and justice. The business ethics are rules for conduct which raise awareness of acceptable and unacceptable behaviour. Furthermore, the ethical minds of individual employees significantly contribute to ethical business practices of the Corporation.

It is the duty and responsibilities of directors, senior management and all employees to faithfully follow the Business Ethics and comply with the policies and practices stated in this Code of Conduct. The Corporation's ultimate goal is to achieve its business objectives for the benefit of all stakeholders including the shareholders and the community at large.

POLICY STATEMENT

It is the Corporation's policy to conduct its business operations within the framework of the law and statutory rules and regulations, including the international law governing shipping operations.

The Corporation shall manage its affairs in accordance with concepts of good governance, with a high degree of integrity, transparency and accountability.

The Corporation shall constantly endeavour to formulate policies to ensure business growth, optimize operational efficiencies and profitability, and develop a corporate culture to reward merit and eliminate discrimination in all forms. It is the policy of the Corporation that professionalism is maintained in all recruiting, interviewing and hiring of individuals without regard to race, gender or religion.

There is no direct or indirect discrimination on grounds including, but not limited to race, gender, sex or marital status or religion or language and there is no harassment or victimization based on any of the aforesaid grounds.

DEVELOPMENT OF INTERNAL CONTROL SYSTEMS

It is the policy of the Corporation to maintain and update internal control systems, accounting/financial procedure, rules and regulations, in keeping with modern management practices, and ensure due compliance with regulatory requirements.

MAINTENANCE OF PROPER BOOKS OF ACCOUNT AND RECORDS

It is the policy of the Corporation to maintain proper books of account and supporting documents in accordance with law and regulatory requirements. No compromises as to the integrity of financial records or financial statements shall be permitted.

The Corporation shall ensure that all statutory records are properly maintained and that statutory returns are filed strictly according to the regulatory requirements.

All books of account, supporting documents, and statutory records shall be safeguarded and retained for such periods as may be prescribed by law or by the Corporation.

USE AND SAFEGUARDING OF CONFIDENTIAL INFORMATION

All information about the policies and business affairs of the Corporation is confidential. Information received from third parties under obligation of confidentiality belongs to those third parties and is confidential. Such information must not be used or disclosed except as permissible under the relevant agreements.

Employees shall not unauthorisedly remove any documents or tangible items which belong to the Corporation or which contain any confidential information, from the Corporation's premises, including vessels.

The responsibility to maintain the confidential nature of all non-public information in the Corporation's possession continues after cessation of employment.

It is the policy of the Corporation to ensure confidentiality of all inside information and do not leak any inside information out of the Corporation and no employee shall derive any personal benefit from such inside information not yet disclosed to the public and to maintain harmony among all co-workers and staff in the Corporation.

The Corporation has set up an important policy concerning the use of information of the Corporation in compliance with Good Corporate Governance and relevant regulations. The Corporation has advised its directors, senior management and employees to focus on confidential information especially internal information not yet disclosed to public or any data or information that may effect the business of the Corporation or its share price. They must not use information they receive from their directorships or employment for personal benefit or for conducting business or other activities in competition with the Corporation.

POLICY TOWARDS STAKEHOLDERS

The Corporation recognizes the rights of all stakeholders and therefore encourages cooperation between the Corporation and all the stakeholders including employees, creditors, government agencies, community and society at large.

POLICY ON SAFETY, OCCUPATIONAL HEALTH AND ENVIRONMENT

The Corporation is committed to conducting business with the highest standards of safety, occupational health and environment conditions fully complying with all legislation and regulations relating to safety, occupational health and environmental requirements at all locations in which the Corporation operates.

The Corporation shall follow practices that constantly ensure that its working environment is safe for the protection of property of the Corporation and life of its employees.

The Corporation shall encourage health and safety awareness at all levels and promote procedures and practices that ensure environmental protection taking into account the current legislation and industry codes and practices.

The Corporation shall fully disclose all information regarding its operations and standards in relation to safety, occupational health and environment.

It is the policy of the Corporation to take all necessary measures to protect the health and safety of its employees.

CONFLICT OF INTEREST

The Corporation has set up an important policy on conflict of interest. No directors, officer or employee shall have any financial interest in or be involved in the business activities of a competitor of the Corporation.

ACCEPTANCE OR GIVING OF BRIBES

No employee of the Corporation shall accept or give bribe or any illegal gratification in the conduct of the Corporation's business.

DISCIPLINE AND GENERAL CONDUCT

All employees shall conform to and abide by the rules and regulations of the Corporation, and shall observe, comply with and abide by all orders which may from time to time be given by any person under whose jurisdiction, superintendence or control an employee may for the time being be placed.

The Corporation expects that all directors, officers and employees will understand and adhere to this Code of Conduct. They shall be responsible for the consequences of any violation. If a violation of law is also implicated, civil or criminal liability may result.

It is expected of all to practice good / ethical behaviour and to pay attention to emerging questions, challenges and stress points positively in their respective capacities.

The purpose of this Code of Conduct is to maintain and promote dignity and reputation of the Corporation and achieve excellence. Each employee is required to conduct himself/herself in a proper way, behave lawfully adhering to all laws, rules and regulations which are applicable.

Failure to comply with this code or guidance may result in disciplinary action depending on the severity of the misconduct and the Corporation's disciplinary record.

Board of Directors' Profile

Mr. Shakeel Ahmed Mangnejo

Chairman & Chief Executive

Mr. Shakeel Ahmed Magnejo is an officer of Pakistan Administrative Service. He joined Civil Services in 1996. Prior to posting as Chairman, Pakistan National Shipping Corporation, he has served as Director General, Ports and Shipping, Ministry of Maritime Affairs. He has held the position of Chief Executive Officer of Pakistan Reinsurance Company Limited and also served as Home Secretary, Secretary Social Welfare, Secretary Implementation, Special Secretary Finance and Managing Director Public Procurement Regulatory Authority in the Government of Sindh. He has also held the position of Director General Investment, EOBI and Director Finance, Trading Corporation of Pakistan in the Federal Government.

Mr. Shakeel Ahmed Mangnejo has served on the boards of National Investment Trust, Pakistan Industrial Development Corporation, Pakistan Steel Fabricating Company, PRIMACO and Sahara Insurance Co. (subsidiary of EOBI). He is currently serving on the Board of Karachi Port Trust and Karachi Dock Labour Board.

As Chairman & CEO of PNSC Mr. Shakeel Mangnejo has been working towards strategizing the expansion of PNSC fleet and its foray into new business streams including marine services, NVOCC (private sector business), stevedoring, ferry services etc.

Working as Director General Ports & Shipping, he significantly contributed to strengthening of regulatory and policy framework as well as development of future strategic road map. Earlier, while serving as CEO of Pakistan Reinsurance Company Limited, he led the turnaround of the company. During his more than two years stint, the gross premiums of the company increased by staggering 119.6% accompanied by a massive jump in underwriting profits. At Home Department Sindh, Mr. Mangnejo was focal point of the team that successfully executed the National Action Plan which resulted in sustainable peace in Karachi.

Mr. Mangnejo has a Masters degree in Management from London School of Economics, UK and a Masters degree in Economics. He also has a degree in Law and Civil Engineering. In addition, he has attended graduate level courses in Econometrics, Managerial Finance, Global Financial Markets & Asset Valuation. He has also attended several local and international professional training courses, Workshops and conferences and has experience in Public Administration, Financial Management, Public Procurement, Criminal Administration and Human Resource Management. Mr. Mangnejo is a certified Director from the Pakistan Institute of Corporate Governance (PICG).

Board of Directors' Profile

Captain Anwar Shah

Director

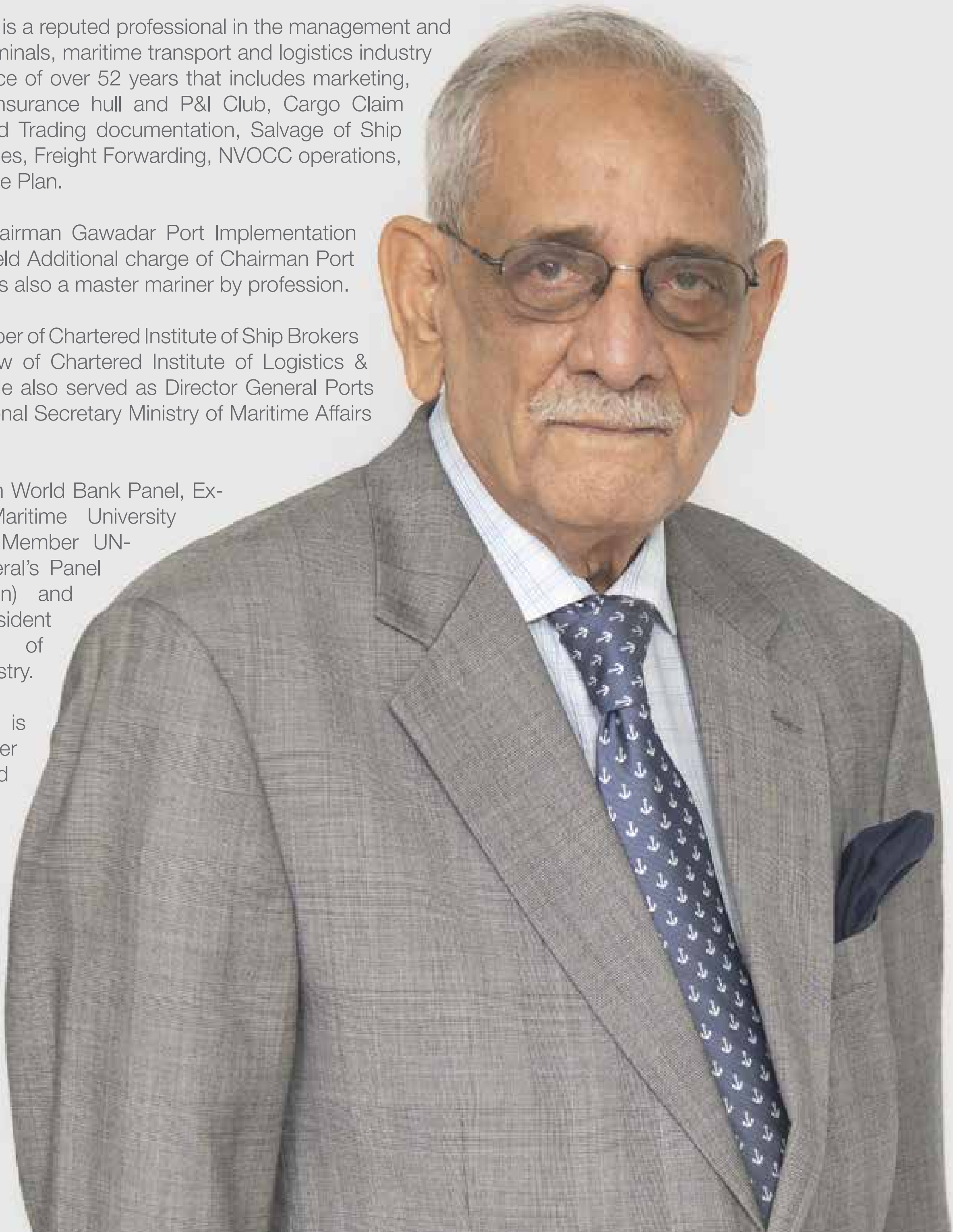
Captain Anwar Shah is a reputed professional in the management and operation of port terminals, maritime transport and logistics industry with a vast experience of over 52 years that includes marketing, chartering, marine insurance hull and P&I Club, Cargo Claim Survey, Shipping and Trading documentation, Salvage of Ship and Damaged Cargoes, Freight Forwarding, NVOCC operations, Stevedoring, Stowage Plan.

Capt. Shah was Chairman Gawadar Port Implementation Authority and also held Additional charge of Chairman Port Qasim and KPT. He is also a master mariner by profession.

Capt. Shah is a Member of Chartered Institute of Ship Brokers London and a Fellow of Chartered Institute of Logistics & Transport London. He also served as Director General Ports and Shipping/Additional Secretary Ministry of Maritime Affairs in 2003 – 2007.

He was an expert on World Bank Panel, Ex-Governor World Maritime University Malmao (Sweden), Member UN-IMO Secretary General's Panel of Experts (London) and Advisor to President Karachi Chamber of Commerce and Industry.

Capt. Anwar Shah is an elected member on the PNSC Board of Directors. He is a certified director Under the Directors' Training Program of the Code of Corporate Governance. He is Chief Advisor on Shipping to the National Maritime and Research Centre at Bahria University.



Mr. Khowaja Obaid Imran Ilyas

Director

Khowaja Obaid Imran Ilyas is a graduate in Economics from Cornell University New York USA.

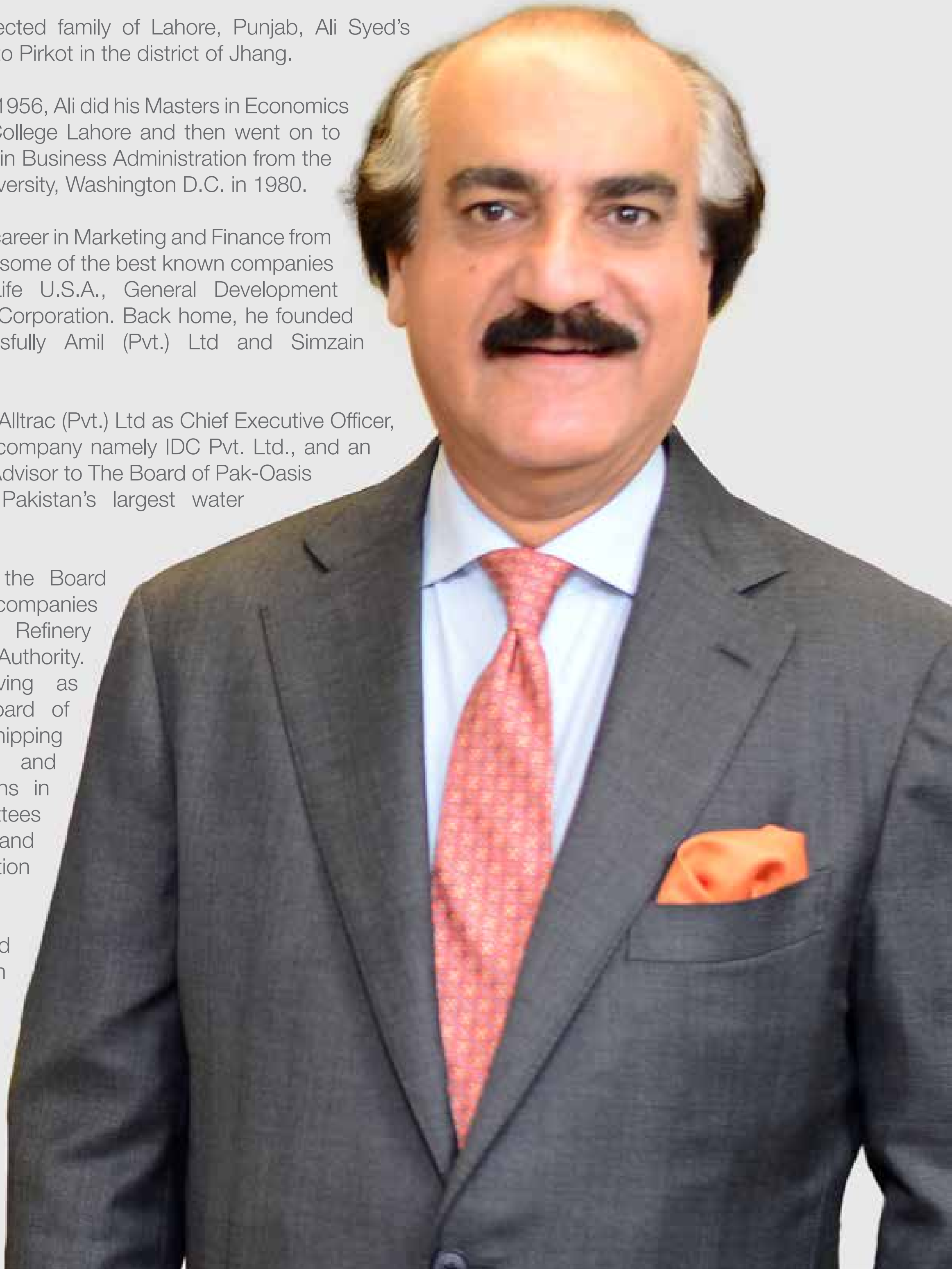
He is an ex-banker and served Standard Chartered Bank from year 2000 till year 2002 in Corporate and Industrial Banking. Currently he holds the position of Director Business Development in family owned business named IDSC (Pvt) Ltd in the business of indenting machinery and spares for the local industry.

He is serving as an elected director on the board of directors of PNSC and also as Chairman of The Audit and Finance Committee.

Board of Directors' Profile

Mr. Ali Syed

Director
(upto 30 May, 2021)



Scion of a highly respected family of Lahore, Punjab, Ali Syed's ancestry can be traced to Pirkot in the district of Jhang.

Born on 2nd December 1956, Ali did his Masters in Economics from the Government College Lahore and then went on to receive Masters Degree in Business Administration from the George Washington University, Washington D.C. in 1980.

Ali started his illustrious career in Marketing and Finance from U.S.A. and worked with some of the best known companies such as The Time Life U.S.A., General Development Corporation and Tandy Corporation. Back home, he founded and managed successfully Amil (Pvt.) Ltd and Simzain International.

He is presently heading Alltrac (Pvt.) Ltd as Chief Executive Officer, CEO of a solar energy company namely IDC Pvt. Ltd., and an Executive Director and Advisor to The Board of Pak-Oasis Industries (Pvt.) Ltd., Pakistan's largest water engineering company.

He has remained on the Board of Directors of many companies including Pak Arab Refinery (Parco) and Port Qasim Authority. Presently, he is serving as a Director on the Board of Pakistan National Shipping Corporation (PNSC) and making his contributions in two important committees viz Audit & Finance and HR and Remuneration Committee.

Ali Syed is widely travelled and specialises in successful negotiating skills. Ali is happily married with two children.

Mr. Mohammed Ali

Director
(upto 30 May, 2021)

He has over 24 years of experience and expertise in Energy & Petrochemical Sectors; holding leading roles that oversaw development, construction, operations and management of mega-size projects. He is currently heading industrial portfolio of JS Group of companies where he looks after the group's oil and gas, power generation, energy storage handling/ businesses and other industrial business.

Previously he served as CEO of Engro Vopak Terminal - Pakistan's largest bulk liquid chemical import terminal, CEO of Engro Elengy Terminal - Pakistan's first LNG terminal and CEO of Engro Powergen Qadirpur Limited - a 220 MW gas-fired IPP. He also ran Engro's New Ventures division where he developed and operated an 84MW gas-fired IPP in Nigeria, developed and installed a 50MW Wind IPP in Pakistan, and ran the feasibility for a 450MW LNG to power plant. Prior to his power generation work at Engro, he was the Manager of Strategic Planning, Contracts and Procurement at Engro Fertilizer where he was a key leadership team member that developed and brought into production a $1.1 billion grassroots ammonia/ urea plant, which at the time was the world's largest single train project of its kind.

He is currently serving as board member of the following companies:

1. Hub Power Company Limited
2. Pakistan National Shipping Corporation
3. Pakistan Refinery Limited
4. JS Petroleum (Private) Limited
5. Hawa Energy Limited
6. AzCorp Entertainment (Private) Ltd.
7. Jahangir Siddique & Company Ltd.
8. Narowal Energy Limited (NEL)
9. Punjab Thermal Power (Pvt) Limited (Chairman)
10. Nova Care (Private) Limited.

Previously he has been a board member of the Laraib Energy (84MW Hydro power IPP), Engro Powergen (developer and majority shareholder of Sindh Engro Coal Mining Company a Thar coal mining company), Engro Powergen Thar Ltd (660MW coal IPP), GEL Nigeria (84MW Nigerian IPP) and Petroleum Institute of Pakistan.

He hold a Bachelor's degree in Electrical Engineering from University of Engineering Technology Lahore and graduated from the Advanced Management Program from INSEAD in France.

Board of Directors' Profile

Mr. Imdad Ullah Bosal

Director

Mr. Imdad Ullah Bosal, Additional Secretary, Government of Pakistan, is a Senior Civil Servant having 23 years of experience in civil services of Pakistan, which includes management of government finances and diversified development projects.

He is appointed as a director on the Board of Pakistan National Shipping Corporation in the month of November-2020.

Mr. Imdad Ullah Bosal has been a visiting fellow in Contemporary South Asian Studies Program (CSASP) in School of Inter-Disciplinary Area Studies, University of Oxford in 2013.

During his career in Civil Services of Pakistan he has received training at Civil Services Academy, Lahore, Blavatnik School of Government, University of Oxford and School of Oriental and African Studies (SOAS), Economics Department, University of London.

Mr. Bosal's core areas of expertise include public financial management & public administration. He has proven capacity to work in a challenging atmosphere with diversified stakeholders and against strict timelines.

Mr. Kamran Farooq Ansari

Director
(upto 30 May, 2021)

Mr. Kamran Farooq Ansari, Joint Secretary, Ministry of Maritime Affairs, represents the Ministry on the Board of Pakistan National Shipping Corporation (PNSC).

Mr. Ansari supervises policy and administrative matters related to three (3) existing ports of Pakistan i.e, Karachi Port Trust, Port Qasim Authority, Gawadar Port Authority and the only Government owned shipping company i.e., Pakistan National Shipping Corporation (PNSC). He belongs to Civil Service of Pakistan having professional experience of 20 years with diverse experience of working in erstwhile Ministry of Water & Power, Economic Affairs Division, Benazir Income Support programme (BISP) and the Prime Minister's Office.

Mr. Ansari possesses a Master degree in Economics from University of Punjab Lahore and a Masters degree in Economics & Finance for Development from University of Bradford UK. Besides, Mr. Ansari has attended various short trainings related to Economics and Development from London School of Economics (LSE) and various local and international institutes of repute.

He is an appointed member on the PNSC Board of Directors.

PNSC Managed Fleet

TANKERS

Vessel: **M.T. BOLAN** Built: South Korea 2013

Deadweight (MT): 74,919 Length Overall (M): 220.89
Gross Tonnage (MT): 42,411

Vessel: **M.T KHAIRPUR** Built: South Korea 2012

Deadweight (MT): 74,986 Length Overall (M): 220.89
Gross Tonnage (MT): 42,411

Vessel: **M.T LAHORE** Built: Japan 2003

Deadweight (MT): 107,018 Length Overall (M): 246.80
Gross Tonnage (MT): 58,157

Vessel: **M.T QUETTA** Built: Japan 2003

Deadweight (MT): 107,215 Length Overall (M): 246.80
Gross Tonnage (MT): 58,118

Vessel: **M.T KARACHI** Built: Japan 2003

Deadweight (MT): 107,081 Length Overall (M): 246.80
Gross Tonnage (MT): 58,127

Vessel: **M.T SHALAMAR** Built: Japan 2006

Deadweight (MT): 105,315 Length Overall (M): 228.60
Gross Tonnage (MT): 55,894

BULK CARRIERS

Vessel: M.V CHITRAL Built: Japan 2003

Deadweight (MT): 46,710 Length Overall (M): 185.73
Gross Tonnage (MT): 26,395

Vessel: M.V SIBI Built: Japan 2009

Deadweight (MT): 28,442 Length Overall (M): 169.37
Gross Tonnage (MT): 17,018

Vessel: M.V MALAKAND Built: Japan 2004

Deadweight (MT): 76,830 Length Overall (M): 225.00
Gross Tonnage (MT): 40,040

Vessel: M.V MULTAN Built: Japan 2002

Deadweight (MT): 50,244 Length Overall (M): 189.80
Gross Tonnage (MT): 27,984

Vessel: M.V HYDERABAD Built: Japan 2004

Deadweight (MT): 52,951 Length Overall (M): 188.50
Gross Tonnage (MT): 29,365

TANKERS & BULK CARRIERS

SEGMENT	DEADWEIGHT (MT)	GROSS TONNAGE (MT)
TANKERS	576,534	315,118
BULK CARRIERS	255,177	140,804
TOTAL	831,711	455,922

PNSC Leadership Team

From left to right:

Mr. Atique Sultan Raja	Executive Director (Human Resources / Administration)
Mr. Tariq Majeed	Executive Director (Ship Management)
Mr. Syed Jarar Haider Kazmi	Executive Director (Finance) / CFO
Mr. Shakeel Ahmed Mangnejo	Chairman and Chief Executive
Capt. Muhammad Shakil	Executive Director (Commercial)
Mr. Khurrum Mirza	Executive Director (Special Projects and Planning)

PNSC Leadership Team

Mr. Shakeel Ahmed Mangnejo

Chairman & Chief Executive

Mr. Shakeel Ahmed Mangnejo is an officer of Pakistan Administrative Service. He joined Civil Services in 1996. Prior to posting as Chairman, Pakistan National Shipping Corporation, he has served as Director General, Ports and Shipping, Ministry of Maritime Affairs. He has held the position of Chief Executive Officer of Pakistan Reinsurance Company Limited and also served as Home Secretary, Secretary Social Welfare, Secretary Implementation, Special Secretary Finance and Managing Director Public Procurement Regulatory Authority in the Government of Sindh. He has also held the position of Director General Investment, EOBI and Director Finance, Trading Corporation of Pakistan in the Federal Government. He is currently holding the additional charge of Director General Ports & Shipping Wing, Government of Pakistan.

Mr. Shakeel Ahmed Mangnejo has served on the boards of National Investment Trust, Pakistan Industrial Development Corporation, Pakistan Steel Fabricating Company, PRIMACO and Sahara Insurance Co. (subsidiary of EOBI). He is currently serving on the Board of Gwadar Port Authority and Karachi Port Trust.

Mr. Mangnejo has a Masters degree in Management from London School of Economics, UK and a Masters degree in Economics. He also has a degree in Law and Civil Engineering. In addition, he has attended graduate level courses in Econometrics, Managerial Finance, Global Financial Markets & Asset Valuation. He has also attended several local and international professional training courses, workshops and conferences and has experience in Public Administration, Financial Management, Public Procurement, Criminal Administration and Human Resource Management. Mr. Mangnejo is a certified Director from the Pakistan Institute of Corporate Governance (PICG).

PNSC Leadership Team

Mr. Syed Jarar Haider Kazmi

Executive Director (Finance) / CFO

Mr. S. Jarar Haider Kazmi is Executive Director (Finance) / Chief Financial Officer of Pakistan National Shipping Corporation. He has been associated with PNSC Group since October 2005 and is a member of Board of Directors of several group companies.

He is a seasoned Senior Finance Executive with a career spanning 24 years in Finance with strong emerging market experience and carries a proven track record of managing the finance, insurance and legal functions of organization. He has spear headed several group projects when these were at a critical stage during their execution and was also involved in practical modelling and handling of derivatives.

He is head of Chartering Committee of the Group where he constructively participates with commercial and operations teams and ensures that business decisions are grounded in solid financial criteria. He has also developed the Business Plan of the Group in the capacity of CFO/Secretary Strategy and Risk Management Committee of the Board and proposed trajectory for sustainable growth with adequate assessment and mitigation of risk as well as compliance with applicable regulatory and other legal requirements.

Prior to joining PNSC Group, he had served on senior positions at Automobile and Pharmaceutical Companies. He has developed and implemented Financial Systems, Strategies, processes and control that significantly improved Business scenarios.

He is a Fellow member of the Institute of Chartered Accountants of Pakistan and a Certified Director from Institute of Business Administration (IBA). He has also attended international professional development course related to insurance and finance including Mutual Insurance and Derivatives Modelling.

He actively participates in the group's CSR initiatives especially those which render services in the fields of health and education.

PNSC Leadership Team

Capt. Muhammad Shakil

Executive Director (Commercial)

Capt. Muhammad Shakil is a Master Mariner (FG), and has been appointed as the Executive Director Commercial at Pakistan National Shipping Corporation effective 01st February 2016.

He joined the National Shipping Corporation in 1976 as a deck cadet and since then served in various capacities afloat including Master (FG) vessels. His sailing experience includes serving on General Cargo vessels, Bulk Carriers, Passenger Ships, Container Ships and Tankers. He also served on lien with the National Tanker Company in the Year 1996-1997.

In January 2003, he was transferred ashore in the PNSC Chartering department, where his responsibilities mainly included monitoring dry cargo liquid chartering and its operations. He has since then served ashore in various senior capacities including General Manager Commercial, Insurance and Claims and Tankers.

Capt. Shakil has been instrumental and a pioneer in establishing the PNSC tanker department and developing tanker management systems both ashore and aboard.

He has vast and tremendous experience in Ship operations, Ship Chartering and Ship Management. He is very well versed and has extensive knowledge of Charter parties, International Shipping Arbitrations, contracts of affreightment, Marine Cargo and Insurance Claims.

PNSC Leadership Team

Mr. Tariq Majeed

Executive Director (Ship Management)

Mr. Tariq Majeed has versatile experience in Mercantile Marine and Oil and Gas industry. He has worked in Leadership role with British Petroleum (BP) prior joining PNSC. He sailed as Chief Engineer on board Tankers and Bulk Carriers in leading Shipping Companies. He holds First Class Certificate of Competency from Pakistan and a Master degree in Engineering Science from UK. He is Operations Academy graduate from Massachusetts Institute of Technology (MIT) USA.

Tariq Majeed is Fellow Institute of Marine Engineer (FIMarEST), Chartered Marine Engineer (CMarEng) and Chartered Engineer (CEng) from UK.

PNSC Leadership Team

Mr. Khurrum Mirza

Executive Director (Special Projects & Planning)

Mr. Khurrum Mirza is a Certified Management Accountant (CMA) from the Institute of Management Accountants (IMA), USA. He did his Master in Business Administration (MBA) from the Institute of Business Administration (IBA), Karachi and has been actively involved in various business development projects in Pakistan and internationally. He also has a post graduate diploma in Project Management from the Pakistan Institute of Management and has attended a maritime security course at the Pakistan Navy War College.

Mr. Khurrum Mirza assumed the office of Executive Director (Special Projects & Planning) at Pakistan National Shipping Corporation (PNSC, the Corporation) in March 2017. Subsequently, he also assumed the office of Executive Director (Administration) from June 2019 to April 2021.

His major contributions to PNSC since joining the Corporation is towards spearheading a fleet development plan under which PNSC inducted two tanker vessels in 2019 and is currently in the process of inducting more tonnage. He is also the project lead for implementation of a computer based shipping ERP for the integration of all major functions of the Corporation and computerized linkage of all PNSC managed vessels with the head office in real time.

Prior to joining PNSC, he gained extensive knowledge and experience with the largest container terminal operator globally where he was involved in several international business developments projects and rose up the ranks to a senior management position. He was also an integral part of the senior project team responsible for setting up a US$ 400 million plus green field container terminal project at the Deep Water Port in Karachi. This project was successfully delivered and commenced operations in 2016.

His professional interests include research, strategy formulation, project execution, relationship building, financial modeling and capacity building.

PNSC Leadership Team

Mr. Atique Sultan Raja

Executive Director (Human Resource and Administration)

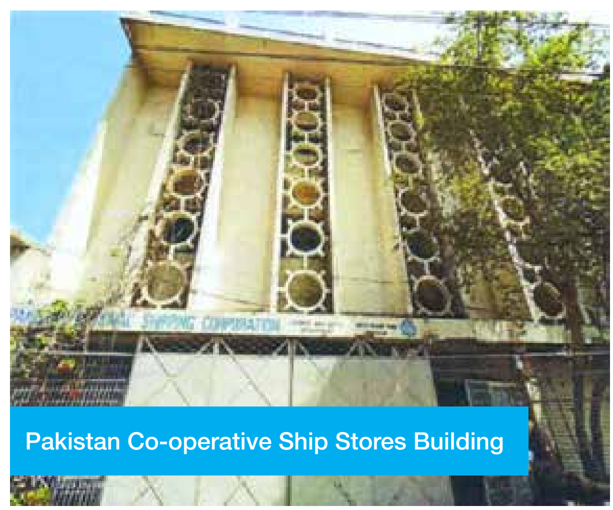
Mr. Atique Sultan Raja joined PNSC in April 2021 as Executive Director (Human Resource and Administration). He is HR professional and has more than 24 years broad based management experience of working with public and private sector organizations in Pakistan and United Kingdom. He has also served as member HR Committee of KPIT Board.

He is Master in Business Administration with degree in Human Resource Management accredited by Chartered Institute of Personal Development (CIPD) UK.

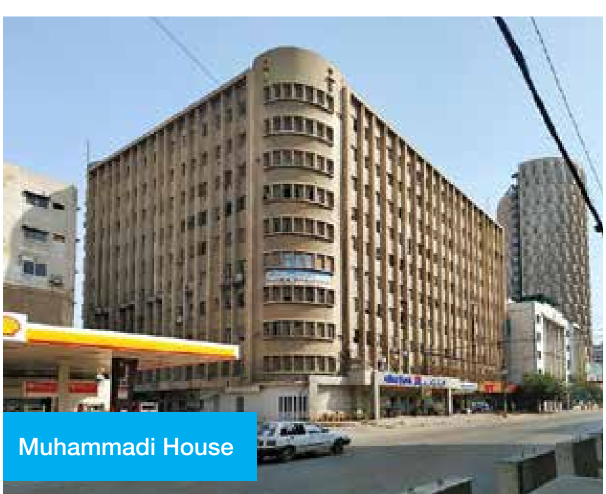
PNSC's state-of-the-art Assets

PNSC Building

Old Rally Building



Pakistan Co-operative Ship Stores Building



Muhammadi House

PNSC Workshop

Regulatory Appointments

Mr. Zeeshan Taqvi

Chief Accountant

Mr. Zeeshan Taqvi is fellow member of prestigious professional accountancy body the Institute of Chartered Accountants of Pakistan (ICAP) serving as Head of Finance Department and Chief Accountant of PNSC (Group) since February 2016.

He has excellent expertise in handling matters related to audit engagements in Pakistan and Middle East with leading audit firm and has more than 20 years diversified experience of finance (including ship financing and financial aspects of vessel's dry-docking), treasury, taxation and banking on senior position in other organization including banking sector.

Being a Chief Accountant keep providing advices about the Corporation's future business decisions, developing long-term business plans based on economic and financial feasibility of the projects, reviewing, monitoring, and managing budgets, developing strategies to minimize financial risk, and analyzing market trends and competitors.

He has attended various workshops, seminar and conferences internationally and locally.

Regulatory Appointments

Mr. Muhammad Javid Ansari

Corporation/Company Secretary

Mr. Muhammad Javid Ansari has been associated with PNSC since 2019. He is serving the PNSC Group as Corporation/ Company Secretary of PNSC and its 19 Subsidiary Companies.

He has served on key management positions on other organizations and has diversified professional experience of more than 21 years in the field of Corporate Governance & Compliance, Finance, Taxation and Audit.

By Qualification he is member of following renowned professional bodies in Pakistan:

- Fellow member of Institute of Cost Management Accountants of Pakistan (ICMAP).
- Fellow member of Institute of Corporate Secretaries of Pakistan (ICSP).
- Fellow member of Pakistan Institute of Public Finance Accountants (PIPFA).

He is a member of National Council of ICSP and serving on a committee of the Council. He has also served on various committees formed by the aforesaid professional bodies. He is a Certified Director and member on Tax Committee of Karachi Chamber of Commerce and Industry.

Directors' Report

For the year ended June 30, 2021

The Board of Directors of Pakistan National Shipping Corporation Group (the Group/ PNSC) is delighted to submit the forty-third Annual Report, along with the annual audited financial statements for the year ended June 30, 2021.

BRIEF INTRODUCTION

Pakistan National Shipping Corporation (PNSC) is a statutory Corporation constituted under the PNSC Ordinance XX of 1979 (National Flag Carrier).

PNSC has a prosperous history in worldwide shipping with a variety of maritime related activities ranging from shipping & NVOCC/slot services to marine workshops. In addition to the maritime business, it is also engaged in real estate management which diversifies its revenue stream and decreases the concentration of business risk.

PRINCIPAL OPERATIONS AND PERFORMANCE REVIEW

PNSC is a shipping company which undertakes international operations by transporting petroleum products from the Middle East to sea ports in Pakistan for domestic consumption and through global carriage of dry bulk commodities on transnational routes. The majority of PNSC's revenue streams are pegged to international freight indices, inextricably linking the Corporation and creating a dependency on the health of the global economy.

PNSC operates internationally and complies with the regulatory requirement of international maritime conventions that have global acceptability and recognition.

PNSC is also engaged in streamlining the trade processes, providing amicable solutions to the customers and engages all stakeholders in decision making to strengthen the national fleet and maritime industry of Pakistan.

ECONOMIC OUTLOOK

Despite more than a year since it began to spread worldwide and even after the introduction of multiple vaccines across the world, COVID-19 still looms large as a threat, with its Delta variant being more formidable than ever before. Regardless of these conditions, economies across the world have started to open, invigorated by climbing vaccination rates. Governments in order to encourage economic growth have responded with unprecedented stimulus spending; USD 10 trillion and counting. The pent up demand from lockdowns and resultant high savings combined with increased disposable incomes due to stimulus packages have meant that estimated global GDP growth rates have shot up, from -3.5% in 2020 to +6.0% in 2021.

However, it should also be noted that by governments printing money to fund stimulus packages, resulted in raising inflation globally. The prices of commodities have increased across the board, with the Thomas Reuters Core Commodity Index going from a record low of 124 points by April 01, 2020 to a high of 231 points by July 01, 2021.

These developments have had a major impact on the shipping industry. With the charter rates on an upward trajectory and the US Dollar losing its value, prices of five-year-old Intermediate Container, Aframax Oil Tanker and Handymax Dry Bulk Carrier vessels have increased by an average of 87%, 11% and 47% respectively. Container rates for major destinations have risen by an average of 409% during the current fiscal year. Similarly, charter rates for dry bulk vessels have almost doubled towards the end of financial year 2020-21. The Tanker sector has remained under pressure as lockdowns and COVID-19 restrictions in general have kept people from travelling by road and by air, thereby restricting oil consumption. Average Aframax Earnings for 2021 are estimated to be USD 8,326 / Day whereas in 2020 despite COVID-19 they were at USD 22,161 /Day. Global oil demand for 2021 is estimated to be 97.14 million barrels per day, whereas pre COVID-19 in 2019 demand was 100.35 million barrels per day. This shortfall in oil's demand has highlighted the overcapacity in the tanker sector with a steady supply of vessels and availability of sufficient tonnage keeping freight rates significantly down.

Pakistan has also witnessed a reversal in fortunes as of late, posting a growth rate of 3.94% in the current fiscal year. This has led to a V shaped economic recovery. Pakistan's shipping sector can stand to benefit from these developments, if the structural imbalances emanating from short term episodic expansionary fiscal policies and high current account deficits together with the low rates of savings and investment are resolved, ushering in sustainable growth and creating a strong local demand.

GLOBAL SHIPPING MARKET OUTLOOK

Forecast and uncertainties related to both dry and wet sectors that could affect entity's performance is explained below which is based on the global shipping market research.

Dry Bulk Market

Dry Bulk Market is expected to remain robust in FY 2021-22 in the backdrop of increasing grain and minor bulk trades and increase in global industrial production which will see a rise in crude steel production and iron ore trade. The projected higher demand for Brazilian iron ore in crude steel production would improve overall ton-miles demand and non-coking coal trade is also expected to rebound in 2021 for meeting the demand spike for power generation. On the supply side, the addition of new build vessels to the world fleet is expected to put pressure on charter hire rates, the constrained vessel supply and optimistic demand levels are leading to an overall positive outlook for the sector

Dry Bulk Outlook

Bulk carrier market conditions have strengthened during 2021, with weighted average earnings passing $30,000/day by the end of the current fiscal year, for the first time since September 2008, as trade continues to rebound firmly. Ton-mile demand growth of 4.6% is projected to outpace fleet expansion of 3.3% in 2021 and the outlook appears firm.

Dry bulk commodity volumes are on the rise. Iron ore grew 3% y-o-y and 6% vs. 2019, while grain grew 2% y-o-y and 19% vs. 2019. Minor bulk saw a firm rebound of 7% growth y-o-y and 1% vs. 2020. Coal trade, however, rose 8% y-o-y, but continues to face headwinds and was down 7% from 2019.

Looking further ahead, while dry bulk trade growth is initially projected to moderate to 2% in 2022, the global economic backdrop appears healthy, and fleet expansion is projected to slow to just 1.4% next year. Risks around the energy transition and China's steel sector do remain, and market conditions may well remain volatile, but overall, the balance of fundamentals appears supportive

Tanker Market

The realities of the pandemic are setting in for the tanker market. The record-breaking Q2 CY 2020 is a distant memory and, instead, the market faces a slow recovery with low demand, stock drawdowns in consuming countries (with products already where they need to be and therefore not being transported by sea) and loss-making rates. Voyage revenues are so low they no longer cover voyage costs, let alone operating and financing costs. Refineries are also having a hard time, as new lockdowns and global travel restrictions put a further recovery in global oil demand on hold. US refinery remains below its pre-pandemic level. Demand and margins remain depressed, and refineries that may only have been temporarily shut at the start of the pandemic, are now closing permanently, affecting the demand for crude oil inputs.

Tanker Outlook

The tanker market remained under pressure during the current fiscal year, with average weighted tanker earnings falling below $4,500/day in June, the lowest monthly average in over 30 years. Despite, deep OPEC+ supply cuts remaining in force, oil demand continues to experience pressure from the COVID-19 pandemic, with seaborne oil trade estimated to have remained 10% below 2019-2020 levels in second half of 2020-2021.

There is also potential for some positive developments with the possibility of US sanctions on Iran to be lifted, increasing trade volumes as momentum in talks appears to have recently gained pace.

The tanker market is expected to improve in 2022, with crude and product tanker demand projected to rebound by a further 4-5%, rising above 2019 levels, on the back of a recovery in global oil demand, with easing of OPEC+ crude supply cuts by 0.4 mbpd each month from August 2021 and potentially being 'phased out', possibly by September 2022. In addition, underlying fleet expansion is projected to remain subdued in 2022, at just 2%, with the order book still limited at 8% of the fleet.

SEGMENTAL REVIEW OF MARITIME BUSINESS PERFORMANCE

PNSC having a total DWT capacity of 831,711 metric tons lifted cargo of about 11.09 million tons (FY 2020: 8.437 million tons) during the year under review which is equivalent to about 10.06% (FY 2020: 9.34%) of country's total 110.271 million tons (FY 2020: 94.321 million tons) seaborne trade by volume. Bifurcated statistics of Pakistan's seaborne trade for the current year 2020-21 and last year 2019-20 along with PNSC's share is as under:

	-------------------------------Figures in 'million tons--------------------------					
	Dry Bulk		Liquid Bulk		Total	
	2021	2020	2021	2020	2021	2020
Pakistan Seaborne Trade	77.968	66.585	32.303	27.736	110.271	94.321
PNSC's Share	1.544	1.533	9.554	7.275	11.099	8.808

Nature/arrangement wise bifurcation of total cargo transported by PNSC is tabulated below:

	Unit of Measurement	2021	2020
Dry Cargo (Bulk Carrier)	Million tons	1.535	1.533
Liquid Cargo (Tanker)	Million tons	9.554	7.275
Slot Charter			
– Break Bulk	Higher of MT or CBM (W/M)	0.009	0.009
– Containerized Cargo	Thousand TEUs	1.734	1.679

SIGNIFICANT RISKS

Risk and opportunities and steps taken to mitigate: No business is risk free and the shipping business is no exception. Intensified competition in both dry and wet markets with overcapacity particularly with subdued freight rates is a significant commercial risk. The earnings are dependent upon function of demand and supply dynamics of the global markets. The shipping sector benefited from global economic environment wherein GDP growth remained high, however, with global economy starting to melt down from beginning of 2008, the demand as a result continues to remain subdued and seriously/adversely impacted in all segments of world shipping except container shipping.

Threats being inherent factors of every business might give rise to uncertainty. PNSC might face the factors which may be key sources of uncertainty which include:

- Oversupply in dry bulk and Tanker segment.
- Instability of oil & bunker prices
- Higher Cost of operations – ever increasing.
- Extensive competition in Dry Bulk sector internationally.
- Changing operation norms in industry (Cost cutting) ECO ships.

Litigation Risk:

In the era of globalization and internet, every shipping practitioner should be fully aware of the developments. An accurate forecast of the future always helps in taking the right decision at the right time and marketing strategy and optimizing chartering policies, eliminates litigation risks.

Risk of major accident or oil spillage remains inherent in shipping operations particularly in tanker business. An incident with high severity would trigger a risk to our employees as well as marine environment, wildlife and local community. This would also lead to the severe impact on financials, our reputation and put our license to operate at risks. PNSC is vigilantly sustaining incident free operations to mitigate such risk and always ensure compliance with all health and safety policies and good practices in vessels managed by PNSC.

Interest rate risk affecting cash flows, particularly with financial liabilities based on variable interest rates. In order to minimize the interest rate risk, the Group strives to achieve a balanced mix and appropriate profiling of assets and liabilities with variable interest rates.

Armed Piracy in Gulf of Aden, Malacca state and off the Somali coast with ever extending boundaries is the major operational risk for the world shipping including PNSC. The Group being mindful of such risk takes necessary insurance cover against piracy. To protect Group's Ships, when passing through the risky areas, Best Management practices (BMP-5) promulgated worldwide are being strictly adhered to. PNSC remains in close coordination with Pakistan Navy headquarters when ships are in high risk areas. PNSC has also catered this risk by obtaining appropriate insurance cover.

Trade Risk in Gulf of Oman / Strait of Hormuz, as PNSC's managed oil tankers mostly sail in this area for transportation of Crude Oil, Furnace Oil and Refined Petroleum Products in Arabian Gulf. After some unpleasant events, recently Joint War Committee declared this area as war zone. Besides PNSC's crews' extraordinary care and caution while entering in this area coupled with ongoing full time diplomatic support and military support by Government of Pakistan, being the National Flag Carrier, this risk is also mitigated by additional insurance cover by renowned and reputable insurers of world maritime industry.

Volatility in fuel cost:

The Company is exposed to the volatility inherent in the market for the purchase of bunkers. The market is volatile and highly competitive. Demand of fuel is closely linked to global economic trends, with risks of demand setbacks in periods of economic downturns as cost of bunkers covers almost 55 to 60 percent of voyage cost. The market balance is difficult to predict, and it cannot be assured that resulting rates will be sufficient to cover expenses and/or a return on the Company's capital.

A serious cyber-attack could prove to be vital to our ability to operate and deliver our commitments, as the Group is involved in complex and wide ranging services, making it highly dependent on well-functioning IT and communication system. Business disruption due to cyber-attack may impact our fleet and off shore operations adversely. In order to eliminate such impacts PNSC has implemented strict data security controls which include Enterprise level controlling antivirus with most updated Firewall and spam controlling software.

PNSC CREDIT RATING

The annual review of Group's credit worthiness conducted by Pakistan Credit Rating Agency (PACRA) has resulted in maintenance of the credit rating at 'AA' for long term and 'A1+' for short term. The ratings reflect PNSC's strong ownership- majority owned by the Government of Pakistan (~89.13%) - and its strategic significance as the country's national flag carrier. PNSC's business profile has gained significant strength in recent years on account of efficient fleet utilization and cost reduction measures taken by the management.

FINANCIAL HIGHLIGHTS

PNSC Group has complied with the provisions of Companies Act, 2017 relating to preparation of financial statements for the year ended June 30, 2021. The main highlights of our financial results in the outgoing year and its comparison with previous year is as follows:

	2021	2020	Change
	Rupees in '000		%
Revenue	12,788,561	13,803,576	-7%
Expenses	(9,917,093)	(9,234,891)	7%
Gross Profit	2,871,468	4,568,685	-37%
Operating Profit	2,999,798	3,717,210	-19%
Profit before tax	2,442,191	2,581,746	-5%
Profit after tax	2,265,026	2,413,878	-6%
EPS (in Rupees)	17.14	18.27	-6%

PNSC Group has declared profit after tax of Rs. 2,265 million, a decrease of 6% as compared to the last year's profit after tax of Rs. 2,414 million. Major reason for decline in profitability is a decrease in group revenue from managed vessels by 18% (Rs. 8,414 million v/s Rs. 10,278 million last year), while there is increase of Rs. 474 million (Rs. 736 million v/s Rs. 263 million last year) in revenue from chartered segment.

The Group maintains a healthy statement of financial position and strong cash and investments position that enabled it to actively participate in the next stage of the shipping cycle. Stable financial health of the Group coupled with favorable moves in market drivers and on-going expansion in fleet of managed vessels would be the key strength of the Group to cope with the future challenges.

Key operating and financial data for the last six financial years is summarized as annexed.

The outgoing year turned out to be a challenging year for PNSC. Covid-19 related restrictions resulted in economic slowdown in major economies of the world and seriously constrained the consumption of energy. It also adversely impacted the aviation & road transport sectors thereby reducing the consumption & transportation of oil & related fuels. Since, PNSC revenues are heavily reliant on freight from transportation of crude & clean products, the revenues & margins from the tanker segment declined as the AFRA plunged year on year by 25.5%, TS5 (WS) by 42.9% & TC5 (TCE) by 70.6% overall.

Overall, the gross margins from the crude & clean product tanker business declined to 16 % & 27 % respectively in FY 2021 as against 33 %and 39 %, in FY 2020. Slot chartering segment which is third major revenue spinner for PNSC suffered due to historic record high container shipping rates which on an average increased by two to six folds (depending on trade region) as compared to FY 2020. Due to hard work of PNSC team, the decline in margins was contained to 12% only.

The profitability of the corporation was also impacted by cost side pressures. Due to OPEC cuts, the bunker prices increased 9.3% YOY (financial impact Rs. 215 Million). In view of the lower LDT prices at the start of FY 2021, the depreciation expense jumped by 26% YOY (Rs. 451 Million), the adverse impact of Rupee appreciation was PKR 132 Million and the higher expense incurred on crew change due to Covid related restrictions was PKR 11.5 Million. Higher tax expenses resulted in an additional burden of PKR 33 Million.

The challenges as narrated above were partially mitigated through increase in volume of cargo transported. The total cargo transported in FY 2021 increased to 11.09 Million MT as compared to 8.437 Million MT in FY 2019-20 reflecting a significant increase of 31.4%. In addition, aggressive cost cutting measures were adopted across all segments of business. As a result despite annual CPI of 8.9%, the administrative expenses declined by 7.6%, rental expenses by 15.2% & other expenses by 22.3%.

Future Outlook

We remain optimistic about performance of PNSC group going forward. The tanker freights have shown signs of recovery-albeit gradually. The BDI is currently hovering at ten years high which is expected to yield strong result for our bulk carriers. The fleet expansion which has been delayed due to market volatility will be pursued aggressively in FY 22. Materialization of transaction will positively impact the revenues as well bottom line of PNSC. Business diversification & entry into marine services business is also being followed vigorously. Persistence of Delta variant & outbreak of newer variants of Covid remain the key risk to recovery of tanker freight rates. The rising global container shipping freight also remains an area of concern. Tightening of environmental regulations by IMO is another risk to profitability in years to come. All efforts will be made to mitigate the adverse impact of the risks emanating from volatility in freight markets and tightening of regulatory framework & the associated cost pressures.

DIVIDEND ANNOUNCEMENT

The Board of Directors is pleased to recommend a cash dividend for the year ended June 30, 2021 on ordinary shares at 30% i.e. Rs. 3.00 per share, for the approval of the members in the upcoming 43rd Annual General Meeting.

BOARD AND ITS COMMITTEES

In accordance with the provisions of PNSC Ordinance XX of 1979, five directors are appointed by the Federal Government and two are elected by shareholders for three years. The names of directors and/or members of Board and Board Committees of the Corporation during the current financial year are tabulated below:

Sr. No.	Name of Director	Board	Strategy and Risk Management Committee	Audit & Finance Committee	HR, Nomination and CSR Committee
1	Mr. Shakeel Ahmed Mangnejo	Chairman / Chief Executive Officer	Member	-	-
2	Dr. Sohail Rajput Additional Finance Secretary (Int. Finance) Finance Division Islamabad. (Ex-Officio Member). (upto November 26th, 2020)	Non-Executive Director	-	Member	-
3	Mr. Imdad Ullah Bosal Additional Finance Secretary (Expenditure) Finance Division Islamabad. (Ex-Officio Member) (w.e.f. November 26th, 2020	Non-Executive Director	-	Member	-
4	Mr. Khowaja Obaid Imran Ilyas	Non-Executive Director	-	Chairman of the Committee	Member
5	Capt. Anwar Shah	Non-Executive Director	Member	Member	-
6	Mr. Kamran Farooq Ansari Sr. Joint Secretary /Joint Secretary, Ministry of Maritime Affairs Islamabad, (Ex-Officio Member) (upto May 30th, 2021)	Non-Executive Director	-	Member	-
7	Mr. Muhammad Ali (upto May 30th, 2021)	Non-Executive Director	Chairman of the Committee	-	Chairman of the Committee
8	Mr. Ali Syed (upto May 30th, 2021)	Non-Executive Director	Member	Member	Member

DIRECTORS' TRAINING PROGRAM

75% of the Board of Directors have attended Directors' Training Program from the Institute approved by the SECP.

DIRECTORS' REMUNERATION

The Board of Directors has a "Remuneration Policy for Directors", the salient features of which are:

- The Corporation does not pay any remuneration to its directors except as meeting fee for attending the Board and its Committees' meetings.
- The remuneration of a director for attending meetings of the Board of Directors or its Committees shall from time to time be determined and approved by the Board of Directors.
- A director shall be provided or reimbursed for all travelling, boarding, lodging and other expenses incurred by him for attending meetings of the Board, its Committees and/or General Meetings of the Corporation.

PATTERN OF SHAREHOLDING

Pattern of shareholding of the Corporation in accordance with the Section 227 (2)(f) of the Companies Act, 2017 as at June 30, 2021 is annexed to this report.

COMPLIANCE WITH LISTED COMPANIES (CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2019 AND INTERNAL CONTROLS

Good Governance lies at the core of our values and ethical standards. The Board is aware of its responsibilities towards the shareholders, protection of minority rights, value of input from stakeholders, besides upholding the reputation of PNSC in Pakistan and globally.

The Corporation firmly believes in the importance of good governance and best practices, and the mechanism for good governance encompasses highest standards of professionalism, ethical practices, accountability and transparency, in line with the Companies Act 2017, PSX Rules, Listed Companies (Code of Corporate Governance) Regulations, 2019 implemented through the code of conduct, Whistle Blowing policy, and the Code of Business Ethics. A separate statement of compliance with Listed Companies (Code of Corporate Governance) Regulations, 2019, duly signed by the Chief Executive and a director of the Corporation is annexed with this Report.

There has been no material departure from the best practices of corporate governance, as detailed in the Pakistan Stock Exchange Limited Regulations.

The system of internal controls is sound in design and has been effectively implemented and monitored.

STRATEGIES, OBJECTIVES AND FUTURE PROSPECTS

The Corporation is currently pursing various new initiatives / projects to diversify its revenue stream. These include:

PAKISTAN MARINE & SHIPPING SERVICES COMPANY (PMSSC)

PNSC 100% owned subsidiary Islamabad Shipping (Private) Limited has been re-named as Pakistan Marine & Shipping Services Company. The object clause of the memorandum has been amended with the approval of Board & the SECP. The company intends to provide marine services including tugging, pilotage, dredging, bunkering, marine surveys, offshore works and services, maritime contracting and beaching ,ship agency, container handling and logistics, freight management, stevedoring, medevac, warehousing and distribution ,salvage and wreck removal services ,diving services, underwater maintenance, video inspection, hull cleaning etc. and other marine services to ports, harbors and other customers. The Federal Government vide its decision dated 27th July, 2021 has allowed Port Qasim Authority, Karachi Port Trust & the Gawadar Port Authority to take a stake in PMSSC in lieu of transfer of their marine assets to the PMSSC through an arm's length transaction.

STEVEDORING PROJECT

PNSC subsidiary Pakistan Marine & Shipping Services Company (PMSSC) has been granted a provisional stevedoring license by the Karachi Port Trust. The company is in the process of hiring employees & equipment for starting the stevedoring operations.

SHIP AGENCY LICENSE BY TRADING CORPORATION OF PAKISTAN

During the outgoing year, PNSC was granted ship agency license by Trading Corporation of Pakistan.

NON VESSEL OPERATING COMMON CARRIER (NVOCC) / FREIGHT FORWARDING SERVICES BUSINESS FOR PRIVATE SECTOR IMPORTERS / EXPORTERS

The PNSC Board has also approved PNSC's entry into provision of NVOCC/ freight forwarding services to the private sector exporters / importers. For establishing this desk within PNSC, a separate team is being hired to manage this business segment.

FERRY SERVICES

The government has opened ferry sector for private sector operators. PNSC is geared to provide facilitation and shipping services to private sector ferry operators.

PNSC continues to take steps to attract new customers for maximum utilization of its cargo carrying capacity and is dedicated to service existing Contracts of Afreightment for Pakistan's domestic oil refineries as well as increase commitment on quality of service.

PNSC aims to tap into assured cargo carriage for its tankers, with the goal to transport up to 40% of clean petrochemical products imported into Pakistan. Similarly, the Corporation also intends to increase dry bulk operations, reducing its dependency on the tanker segment, targeting long term contracts, particularly from public sector entities.

In order to diversify its operations, PNSC's goal is to penetrate into new markets which are valued domestically, such as palm oil, LNG and LPG transportation. The Corporation has also taken measures to enter into the Marine Services Business.

PNSC also intends to expand the NVOCC and slot business by targeting public sector entities, for its due share of cargo transportation, as enshrined in Pakistan Merchant Marine Policy 2001. In the same vein, the Corporation also intends to set up a new freight forwarding division, dedicated to serving and securing private cargoes.

PNSC also owns three commercial properties. With the objective to increase rental income, the Corporation has initiated renovations at PNSC Building (15th and 16th floors) and the uplifting of Muhammadi House situated in the heart of Karachi's financial hub at I.I. Chundrigar Road will be undertaken in FY 2021-2022.

In order to boost its environmental credentials, PNSC aims to be a carbon neutral organization by 2050 which includes the Corporation's vessels as well as its shore operations.

PNSC is also working on development of plans for maintenance and upgradation which take into account latest technologies to ensure low-cost provision of ship maintenance services to the Corporation's existing fleet. This should lead to a decrease in operating costs.

PNSC also has a fleet expansion plan in place and during the year started the process for induction of one Aframax crude oil tanker, one LR-1 product tanker and one Ultramax dry bulk carrier, with the aim for induction during FY 2021 – 2022. The availability of cheaper financing in the form of Long Term Finance Facility (LTFF), extended by the State Bank of Pakistan to the shipping sector, aids the Corporation in securing cost effective financing solutions.

STATUTORY AUDITORS

KPMG Taseer Hadi & Co., Chartered Accountants and Grant Thornton Anjum Rahman Chartered Accountants being joint auditors retire. The Board on the recommendation of the Board Audit Committee advised the engagement of M/s. KPMG Taseer Hadi & Co., Chartered Accountants and M/s. Grant Thornton Anjum Rahman Chartered Accountants as joint auditors in last year AGM for the financial year ended 2021.

CORPORATE SOCIAL RESPONSIBILITY

Over the years the Corporation has been contributing significantly towards the welfare of the society in the shape of various socially responsible activities.

PNSC engages with the community in the areas around which it operates. The broad areas include healthcare, education, training and development, women's empowerment and environmental sustainability. The details of CSR activities carried out during the financial year is annexed to this Report.

GOING CONCERN

In the light of Group's liquidity position, balance sheet strength, assets, employment, and continuing cash flows from operations, the Board confirms that the going concern assumption, upon which the Group's accounts are prepared, continues to be valid.

ACKNOWLEDGMENT

The Board wishes to express appreciation and its gratitude for the co-operation by Government of Pakistan and strategic partners including financial institutions, refineries, shippers, agents, other business associates and shareholders of Corporation.

We would also like to thank our dedicated employees for their commitment towards sustainable operations.

For and on behalf of the Board of Directors

Mr. Shakeel Ahmed Mangnejo
Chairman / Chief Executive Officer
Karachi

Director

October 01, 2021

فراہمی یقینی بنانے کے لیے جدید ترین ٹیکنالوجیز کو مد نظر رکھا گیا ہے۔ یہ آپریٹنگ اخراجات میں کمی کا باعث بنے گا۔

پی این ایس سی فلیٹ میں توسیع کا منصوبہ بھی رکھتی ہے اور رواں سال ایک ایفرا میکس خام تیل کے ٹینکر، ایک LR-1 مصنوعاتی ٹینکر اور ایک الٹرا میکس خشک بلک کیریئر کی شمولیت کا عمل شروع کیا ہے اور انہیں مالی سال 2021-2022 کے دوران شامل کرنے کا ارادہ رکھتی ہے۔ پاکستان سٹیٹ بینک کی جہاز رانی کے شعبہ تک توسیع دی جانے والی طویل مدتی سرمائے کی سہولت (LTFF) سے سستی سرمایہ کاری کی دستیابی کارپوریشن کی لاگت کے مطابق مؤثر سرمایہ کاری کے حل حاصل کرنے میں مدد کرتی ہے۔

قانونی آڈیٹرز

میسرز کے پی ایم جی تاثیر ہادی اینڈ کمپنی چارٹرڈ اکاؤنٹنٹس س اور میسرز گرانٹ تھورنٹن انجم رحمٰن چارٹرڈ اکاؤنٹنٹس جوائنٹ ایڈیٹر ہونے کے طور پر ریٹائرڈ ہوتے ہیں۔

2021 کو اختتام پزیر ہونے والے مالی سال کے لیے گزشتہ سال بورڈ آڈٹ کمیٹی کی تجویز پر بورڈ نے میسرز کے پی ایم جی تاثیر ہادی اینڈ کمپنی چارٹرڈ اکاؤنٹنٹس اور میسرز گرانٹ تھورنٹن انجم رحمٰن چارٹرڈ اکاؤنٹنٹس کی بحیثیت مشترکہ تقرری کا مشورہ دیا۔

کارپوریٹ سماجی ذمہ داری

سالہا سال سے کارپوریشن مختلف سماجی ذمہ داریوں کی سرگرمیوں کی صورت میں معاشرے کی بہبود میں نمایاں کردار ادا کر رہی ہے۔

پی این ایس سی اپنے کاروبار کے شعبوں سے وابستہ کمیونٹی کے ساتھ مصروف عمل ہے۔ وسیع تر شعبوں میں صحت کی نگہداشت، تعلیم، تربیت اور ترقی، خواتین کو بااختیار بنانا اور ماحولیاتی استحکام ہیں۔ مالی سال کے دوران انجام دی جانے والی سی ایس آر سرگرمیوں کی تفصیل اس رپورٹ کے ساتھ منسلک ہے۔

کاروبار کی فعالیت

گروپ کی لیکویڈٹی کی حیثیت، بیلنس شیٹ کے استحکام، افعال سے اثاثوں، ملازمت، اور کیش فلو کی روشنی میں بورڈ تصدیق کرتا ہے کہ کاروبار کی فعالیت، جس کی بنیاد پر گروپ کے کھاتے مرتب کیے گئے ہیں وہ تاحال قابل اطلاق ہے۔

اظہارِ تشکر

بورڈ حکومت پاکستان اور اپنے سٹریٹجک پارٹنرز بشمول مالیاتی اداروں، ریفائنریوں، جہاز رانوں، ایجنٹوں، اور دیگر کاروباری معاونین اور حصص مالکان کی جانب سے تعاون کا ممنون و مشکور ہے۔

اپنے پر خلوص ملازمین کی مستحکم افعال کی جانب لگن کے لیے ہم ان کے بھی مشکور ہیں۔

بورڈ آف ڈائریکٹرز کی جانب سے

جناب شکیل احمد منگنیجو
چیئرمین / چیف ایگزیکٹو افسر
کراچی

ڈائریکٹر

1 اکتوبر، 2021

سٹیوڈورنگ پروجیکٹ:

پی این ایس سی کے ذیلی ادارہ پاکستان میرین اور شپنگ سروسز کمپنی (PMSSC) کو کراچی پورٹ ٹرسٹ نے عارضی سٹیوڈورنگ لائسنس دیا ہے۔ کمپنی سٹیوڈورنگ کے افعال شروع کرنے کے لیے ملازمین کی بھرتی اور سازوسامان کے حصول کے عمل میں ہے۔

پاکستان ٹریڈنگ کارپوریشن کی جانب سے شپ ایجنسی لائسنس

رواں سال کے دوران، پی این ایس سی کو پاکستان ٹریڈنگ کارپوریشن کی جانب سے شپ ایجنسی لائسنس دیا ہے۔

نان ویسل آپریٹنگ کامن کیریئر (NVOCC) نجی شعبے کے امپورٹرز / ایکسپورٹرز کے لیے فریٹ فارورڈنگ کی خدمات کا کاروبار

پی این ایس سی بورڈ نے NVOCC کی فراہمی میں شمولیت / نجی شعبے کے ایکسپورٹرز / امپورٹرز کے لیے فریٹ فارورڈنگ کی خدمات کی بھی منظوری دی ہے۔ پی این ایس سی میں ڈیسک کے قیام کے لیے، اس کاروباری شعبے کے نظم کے لیے ایک الگ پی این ایس سی ٹیم کو بھرتی کیا جارہا ہے۔

فیری کی خدمات:

نجی شعبے کے آپریٹرز کے لیے حکومت نے فیری کا شعبہ کھولا ہے۔ پی این ایس سی نجی شعبے کے فیری آپریٹرز کو سہولت اور جہاز رانی کی خدمات فراہم کرنے کے لیے پرجوش ہے۔

پی این ایس سی اپنی کارگو لے جانے کی صلاحیت کے بھرپور استعمال کے لیے متواتر اقدامات کر رہی ہے اور پاکستان کی مقامی آئل ریفائنریوں کو فریٹ کے موجودہ معاہدوں کے مطابق خدمات فراہم کرنے اور خدمات کے معیار کو بہتر بنانے کے لیے پرعزم ہے۔

پی این ایس سی کا مقصد اپنے ٹینکرز کے لیے کارگو کیریج میں شمولیت ہے اور اس کا ہدف پاکستان میں 40٪ صاف پیٹرو کیمیکل مصنوعات کی درآمد کی نقل و حمل ہے۔ اسی طرح، کارپوریشن خشک بلک افعال کو بڑھانے، ٹینکر کے شعبہ پر اپنا انحصار کم کرنے، اور خاص طور پر سرکاری اداروں کے طویل مدتی معاہدوں کو ہدف بنانے کا ارادہ رکھتی ہے۔

اپنے افعال کو متنوع بنانے کے لیے، پی این ایس سی کا ہدف نئی منڈیوں میں جانا ہے جو مقامی طور پر اہم ہیں، جیسا کہ پام آئل، ایل این جی اور ایل پی جی کی نقل و حمل۔ کارپوریشن نے میرین خدمات کے کاروبار میں شمولیت کے لیے بھی اقدامات کیے ہیں۔

پی این ایس سی کارگو کی نقل و حمل میں سرکاری اداروں کے مناسب حصے کو ہدف بنا کر NVOCC اور سلاٹ کاروبار میں توسیع کا ارادہ رکھتی ہے، جیسا کہ پاکستان مرچنٹ پالیسی 2001 میں درج ہے۔ اسی طرح، کارپوریشن ایک نئی فریٹ فارورڈنگ ڈویژن بھی سیٹ اپ کرنے کا ارادہ رکھتی ہے جو نجی کارگو کی خدمات اور حصول کے لیے وقف ہوگی۔

پی این ایس سی تین کمرشل املاک کی بھی مالک ہے۔ کرائے سے ہونے والی آمدن میں اضافے کے لیے، کارپوریشن نے پی این ایس سی کی عمارت (15 ویں اور 16 ویں منزل) میں مرمت کا کام شروع کیا ہے اور آئی آئی چندریگر روڈ پر کراچی کے مالی مرکز کے وسط میں واقع محمدی ہاؤس کو بہتر بنانے کا کام مالی سال 2022-2021 میں شروع کیا جائے گا۔

اپنے ماحولیاتی کوائف بہتر بنانے کے لیے، پی این ایس سی کا مقصد 2050 تک کاربن سے پاک ادارہ بننا ہے جس میں کارپوریشن کے جہاز اور اس کے ساحلی افعال شامل ہیں۔

پی این ایس سی مرمت اور اپ گریڈیشن کے لیے ترقیاتی منصوبوں پر بھی کام کر رہی ہے جن میں کارپوریشن کے موجودہ فلیٹ کو جہازوں کی مرمت کی کم لاگت کی

ڈائریکٹرز کا معاوضہ

بورڈ آف ڈائریکٹرز "ڈائریکٹرز حضرات کے لیے معاوضے کی پالیسی" رکھتا ہے؛ جس کی نمایاں خصوصیات درج ذیل ہیں:

- بورڈ اور اس کی کمیٹیوں کے اجلاس میں شرکت کے طور پر میٹنگ فیس کے علاوہ کارپوریشن اپنے ڈائریکٹرز کو کوئی معاوضہ ادا نہیں کرے گی۔
- بورڈ آف ڈائریکٹرز یا اس کی کمیٹی کے اجلاس میں شرکت کرنے پر کسی ڈائریکٹر کے معاوضے کا وقتاً فوقتاً تعین کیا جائے گا اور بورڈ آف ڈائریکٹرز اس کی منظوری دیں گے۔
- ہر ڈائریکٹر کو بورڈ، اس کی کمیٹیوں اور / یا کارپوریشن کی جنرل میٹنگ میں شرکت پر کیے گئے سفری، اقامتی، سامان اور دیگر اخراجات فراہم یا واپس کیے جائیں گے۔

شیئر ہولڈنگ کی بناوٹ

کمپنیز ایکٹ 2017 کے سیکشن 227(2)(f) کے مطابق 30 جون 2021 کو کارپوریشن کی شیئر ہولڈنگ کی وضع اس رپورٹ کے ساتھ منسلک ہے۔

لسٹڈ کمپنیوں کی تعمیل (کارپوریٹ گورننس کا ضابطہ) کے ضوابط، 2019 اور اندرونی کنٹرولز

اچھا نظم و نسق ہماری اقدار اور اخلاقی معیارات کی بنیاد ہے۔ بورڈ پاکستان میں اور عالمی طور پر اپنی ساکھ برقرار رکھنے کے ساتھ حصص مالکان، اقلیتوں کے حقوق کے تحفظ، اور اسٹیک ہولڈرز کی جانب سے تاثرات کی اہمیت کی ذمہ داری سے بخوبی آگاہ ہے۔

کارپوریشن اچھے نظم و نسق اور بہترین طرز عمل کی اہمیت پر کامل یقین رکھتی ہے، اور اچھے نظم و نسق کا طریقہ کار کمپنیز ایکٹ 2017، پاکستان اسٹاک ایکسچینج (PSX) کے اصولوں، لسٹڈ کمپنیوں کے (کارپوریٹ گورننس کے ضابطہ) ضوابط، 2019 کے مطابق پیشہ وارانہ مہارت کے اعلیٰ ترین معیار، اخلاقی طرز عمل، احتساب اور شفافیت کا احاطہ کرتا ہے، جنہیں ضابطہ اخلاق، خطرے کی گھنٹی بجانے کی پالیسی اور کاروباری اخلاقیات کے ضابطے کے ذریعے نافذ کیا گیا ہے۔ چیف ایگزیکٹیو اور کارپوریشن کے ڈائریکٹر کی جانب سے دستخط شدہ لسٹڈ کمپنیوں (کارپوریٹ گورننس کا ضابطہ) کے ضوابط، 2019 کی تعمیل کا ایک الگ بیان اس رپورٹ کے ساتھ منسلک ہے۔

سٹاک ایکسچینج لسٹنگ ریگولیشنز میں دی گئی کارپوریٹ گورننس کے بہترین طرز عمل سے تجاوز نہیں کیا گیا۔

اندرونی کنٹرولز کے نظام کا ڈھانچہ درست ہے اور مؤثر طور پر نافذ العمل اور نگرانی شدہ ہے۔

حکمت عملی، مقاصد اور مستقبل کے امکانات

کارپوریشن اپنی آمدن کے سلسلے کو متنوع بنانے کے لیے متعدد نئے اقدامات / پروجیکٹس پر کام کر رہی ہے۔ ان میں درج ذیل شامل ہیں:

پاکستان میرین اور شپنگ سروسز کمپنی (PMSSC)

پی این ایس سی کے 100٪ زیر ملکیت ماتحت ادارے اسلام آباد شپنگ سروسز (پرائیویٹ) لیمیٹڈ کا نام پاکستان میرین اور شپنگ سروسز کمپنی کے طور پر تبدیل کر دیا گیا ہے۔ بورڈ اور سکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان (SECP) کی منظوری سے میمورنڈم کی مذکورہ شق میں ترمیم کر دی گئی ہے۔ کمپنی میرین خدمات فراہم کرنے کا ارادہ رکھتی ہے، بشمول کھینچنا، رہبری، سمندری سطح کی صفائی، بنکر بنانا، میری ٹائم سروے، ساحل سے دور کام اور خدمات، میری ٹائم معاہدے اور بیچنگ، شپ ایجنسی، کنٹینر کا نظم و نسق اور لاجسٹکس، فریٹ کا نظم، کار گو لادنا اور اتارنا، طبی انخلاء، ویئر ہاؤسنگ اور تقسیم، توڑ پھوڑ اور ملبے کو ہٹانے کی خدمات، غوطہ خوری کی خدمات، زیر آب دیکھ بھال، ویڈیو معائنہ، ہل کی صفائی وغیرہ اور پورٹس، بندرگاہوں، اور دیگر گاہکوں کے لیے دیگر میرین خدمات۔ وفاقی حکومت نے اپنے 27 جولائی 2021 کے فیصلے میں پورٹ قاسم اتھارٹی، کراچی پورٹ ٹرسٹ اور گوادر پورٹ اتھارٹی کو ایک بہت بڑی ٹرانزیکشن کے ذریعے اپنے میرین اثاثوں کی PMSSC منتقلی کے بدلے PMSSC میں حصہ لینے کی اجازت دی ہے۔

بورڈ اور اس کی کمیٹیاں

پی این ایس سی کے آرڈیننس XX از 1979 کی شقوں کے مطابق، پانچ ڈائریکٹرز کا تقرر وفاقی حکومت کی جانب سے، اور دو کا انتخاب حصص مالکان کی جانب سے تین سال کے لیے کیا جاتا ہے۔ موجودہ مالی سال کے دوران ڈائریکٹرز اور / یا بورڈ ممبران، اور کارپوریشن کی بورڈ کمیٹیوں کے نام درج ذیل درج کیے گئے ہیں:

نمبر شمار	ڈائریکٹر کا نام	بورڈ	سٹریٹیجی اور رسک مینجمنٹ کمیٹی	آڈٹ اور فنانس کمیٹی	ایچ آر، نامزدگی اور سی ایس آر کمیٹی
1	جناب شکیل احمد منگنیجو	چیئرمین / چیف ایگزیکٹو افسر	ممبر	–	–
2	ڈاکٹر سہیل راجپوت ایڈیشنل فنانس سیکرٹری (اندرونی مالیات) فنانس ڈویژن اسلام آباد۔ (سابقہ ممبر)۔ (26 نومبر، 2020 تک)	نان ایگزیکٹو ڈائریکٹر	–	ممبر	–
3	جناب امداد اللہ بوسال ایڈیشنل فنانس سیکریٹری (اخراجات) فنانس ڈویژن اسلام آباد۔ (سابقہ ممبر) (مؤثر بتاریخ 26 نومبر، 2020 تک)	نان ایگزیکٹو ڈائریکٹر	–	ممبر	–
4	جناب خواجہ عبید عمران الیاس	نان ایگزیکٹو ڈائریکٹر	–	کمیٹی چیئرمین	–
5	جناب کیپٹن انور شاہ	نان ایگزیکٹو ڈائریکٹر	ممبر	ممبر	–
6	جناب کامران فاروق انصاری سینیئر جوائنٹ سیکرٹری / جوائنٹ سیکرٹری، وزارت بحری امور اسلام آباد، (سابقہ ممبر) (30 مئی، 2021 تک)	نان ایگزیکٹو ڈائریکٹر	–	ممبر	–
7	جناب محمد علی (30 مئی، 2021 تک)	نان ایگزیکٹو ڈائریکٹر	کمیٹی چیئرمین	–	کمیٹی چیئرمین
8	جناب علی سید (30 مئی، 2021 تک)	نان ایگزیکٹو ڈائریکٹر	ممبر	ممبر	ممبر

ڈائریکٹرز کا تربیتی پروگرام

75 فیصد بورڈ آف ڈائریکٹرز نے سکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کے منظور شدہ ادارے سے ڈائریکٹرز کے تربیتی پروگرام میں شمولیت کی ہے۔

گزشتہ چھ مالی سال کا آپریٹنگ اور مالی ڈیٹا کا خلاصہ کیا گیا ہے جیسا کہ ضمیمے میں منسلک ہے۔

گزرا سال پی این ایس سی کے لیے ایک مشکل سال ثابت ہوا ہے۔ Covid-19 سے متعلقہ پابندیاں دنیا کی اہم معیشتوں میں اقتصادی سست روی کا باعث بنی اور توانائی کی کھپت کو سنگین طور پر متاثر کیا۔ اس نے ایوی ایشن اور سڑک سے نقل و حمل کے شعبوں کو بھی منفی طور پر متاثر کیا جس سے تیل اور متعلقہ اینڈ حسن کی کھپت میں واضح کمی آئی۔ چونکہ پی این ایس سی کی آمدن کا زیادہ انحصار خام اور حتمی مصنوعات کی نقل و حمل سے حاصل ہونے والے کرائے پر ہے، لہٰذا ایفرا میں سالہا سال 25.5 فیصد، TS5 (WS) میں 42.9 فیصد اور TS5 (TCE) میں 70.60 فیصد کمی سے ٹینکر کے شعبہ کی آمدن میں کمی ہوئی۔

مجموعی طور پر، خام اور حتمی مصنوعات کے ٹینکر کاروبار کا اجتماعی مارجن مالی سال 2021 میں بالترتیب 16 فیصد اور 27 فیصد تک کم ہوا، جو مالی سال 2020 میں بالترتیب 33 فیصد اور 39 فیصد تھا۔ سلاٹ چارٹرنگ کا شعبہ جو پی این ایس سی کی آمدن بڑھانے کا تیسرا بڑا اجزو ہے، ریکارڈ حد تک بلند کنٹینر کے شپنگ نرخوں کے باعث متاثر ہوا جو مالی سال 2020 کے مقابلے میں اوسطاً دو سے چھ گنا (تجارتی علاقے کی بنیاد پر) تک متاثر ہوا۔ پی این ایس سی کی ٹیم کی انتھک محنت کے باعث، مارجن میں کمی صرف 12٪ تک محدود رہی۔

کارپوریشن کی منافع کی صلاحیت لاگت سے متعلقہ دباؤ سے بھی متاثر ہوئی۔ OPEC کی کٹوتیوں کے باعث، بنکر کی قیمتیں سالہا سال 9.3 فیصد (مالی اثر 215 ملین روپے) بڑھیں۔ مالی سال 2021 کے آغاز میں کم LDT قیمتوں کے تناظر میں، ڈیپریسیئشن کے اخراجات سالہا سال 26 فیصد (451 ملین روپے) تک بڑھے، روپے کی قدر میں اضافے کا منفی اثر 132 ملین روپے رہا، اور Covid سے متعلقہ پابندیوں کے باعث عملے کی تبدیلی پر زیادہ اخراجات ہوئے جو 11.5 ملین روپے رہے۔ ٹیکس کے زیادہ اخراجات 33 ملین روپے کے اضافی بوجھ کا پیش خیمہ بنے۔

مذکورہ بالا مشکلات کے اثر میں کچھ حد تک نقل و حمل کردہ کارگو کے حجم میں اضافے سے کمی ہوئی۔ مالی سال 2021 میں نقل و حمل کردہ کل کارگو 11.09 ملین میٹرک ٹن تک بڑھا جو مالی سال 2019-20 میں 8.434 ملین میٹرک ٹن تھا اور اس طرح 31.4 فیصد کا نمایاں اضافہ دیکھا گیا۔ اس کے علاوہ، کاروبار کے تمام شعبوں میں لاگت کی کمی کے بہتر اقدامات اختیار کیے گئے۔ اس کے نتیجے میں سالانہ 8.9 فیصد CPI کے باوجود، انتظامی اخراجات 7.6 فیصد، کرایہ کے اخراجات 15.2 فیصد اور دیگر اخراجات 22.3 فیصد تک کم ہوئے۔

مستقبل کے امکانات

ہم پی این ایس سی گروپ کی کارکردگی بہتر ہونے کے لیے پرامید ہیں۔ ٹینکر کے فریٹ میں بحالی کی علامات دیکھی گئی ہیں، اگرچہ یہ سست رفتار ہے۔ BDI موجودہ طور پر دس سال تک کا بلند ہے جس سے بلک کیریئرز کے لیے خوشگوار نتائج کی توقع ہے۔ فلیٹ کی توسیع پر مالی سال 2022 میں زیادہ شدت سے کام کیا جائے گا، جس میں مارکیٹ کے تغیر کے باعث تاخیر ہوئی تھی۔ ٹرانزیکشن کو حقیقی شکل دینا آمدن، نیز پی این ایس سی کی ساکھ پر مثبت اثر ڈالے گا۔ کاروبار کے تنوع اور میرین خدمات کے کاروبار میں شمولیت کے مقصد پر بھی پرجوش طور پر عمل کیا جارہا ہے۔ ڈیلٹا قسم کے تسلسل اور Covid کی نئی اقسام کا پھیلاؤ ٹینکر کے فریٹ نرخوں کی بحالی کے لیے ایک اہم خطرہ ہے۔ کنٹینر کے عالمی شپنگ فریٹ میں اضافہ بھی باعث تشویش ہے۔ IMO کی جانب سے ماحولیاتی پابندیوں کو سخت کرنا بھی آئندہ سالوں میں منافع کی صلاحیت کے لیے ایک خطرہ ہے۔ فریٹ مارکیٹ میں تغیر اور انضباطی فریم ورک کی سختی بمع وابستہ لاگت کے دباؤ سے پیدا ہونے والے خطرات کے منفی اثر کی کمی کے لیے تمام کوششیں کی جائیں گی۔

ڈویڈنڈ کا اعلان

آئندہ 43ویں سالانہ جنرل میٹنگ میں ممبران کی منظوری کے لیے بورڈ آف ڈائریکٹرز سال اختتام از 30 جون، 2021 کے لیے عمومی حصص پر 30 فیصد یعنی 3.00 روپے فی حصص نقد ڈویڈنڈ بخوشی تجویز کرتا ہے۔

ایندھن کی قیمت میں تغیر:

کمپنی کو تغیر کا سامنا ہے جو بنکروں کی خریداری کے لیے مارکیٹ میں پنہاں ہے۔ منڈی متغیر اور کافی مسابقت والی ہے۔ تیل کی طلب عالمی اقتصادی رجحان سے گہری حد تک مربوط ہے، جیسا کہ طلب میں کمی کا خطرہ معاشی زوال کے دورانیے میں زیادہ ہوتا ہے کیونکہ بنکروں کی لاگت سفر کی 55 سے 60 فیصد لاگت کا احاطہ کرتی ہے۔ مارکیٹ کے توازن کا اندازہ لگانا مشکل ہے، اور اس کی یقین دہانی نہیں کروائی جاسکتی کہ نتیجے میں حاصل ہونے والے نرخ اخراجات پورے کرنے اور / یا کمپنی کے سرمائے کا منافع دے سکتے ہیں۔

سنگین سائبر حملہ ہمارے معاہدوں پر عمل درآمد اور ہمارے افعال انجام دینے کی صلاحیت کے لئے اہم ثابت ہو سکتا ہے کیونکہ گروپ پیچیدہ اور وسیع تر خدمات میں مصروف عمل ہے جو اسے بہترین آئی ٹی اور مواصلات کے نظام پر منحصر بناتے ہیں۔ سائبر حملے کی وجہ سے کاروباری رکاوٹ ہمارے بحری بیڑوں اور سمندر پار افعال پر اثر انداز ہو سکتی ہے۔ ایسے اثرات کو یکسر ختم کرنے کے لیے پی این ایس سی نے سخت ڈیٹا سکیورٹی کنٹرولز لاگو کیے ہیں جس میں انٹرپرائز سطح پر اینٹی وائرس کے ساتھ اپ ڈیٹ شدہ فائروال اور سپیم کنٹرول کرنے والا سافٹ ویئر شامل ہیں۔

پی این ایس سی کی کریڈٹ ریٹنگ

پاکستان کریڈٹ ریٹنگ ایجنسی (PACRA) کی جانب سے کیے گئے کریڈٹ کی قابلیت کے سالانہ جائزے میں گروپ کی طویل مدتی قرضوں کے لیے کریڈٹ ریٹنگ 'AA' اور قلیل مدتی قرضوں کے لئے '+A1' کو برقرار رکھا گیا ہے۔ ریٹنگ پی این ایس سی کی مضبوط ملکیت - جس کا زیادہ تر حصہ حکومت پاکستان کی ملکیت ہے (89.13~ فیصد) - اور ملک کے قومی فلیگ کیریئر کے طور پر اس کی سٹریٹیجک اہمیت کی عکاسی کرتی ہے۔ فلیٹ کے مؤثر استعمال اور انتظامیہ کی جانب سے لاگت میں کمی کے اقدامات سے حالیہ سالوں میں پی این ایس سی کی کاروباری پروفائل نے نمایاں استحکام حاصل کیا ہے۔

مالیاتی جھلکیاں

پی این ایس سی گروپ نے اختتام سال از 30 جون، 2021 کے مالیاتی گوشواروں کی تیاری میں کمپنیز ایکٹ 2017 کی شقوں کی تعمیل کی ہے۔ رواں سال کی ہمارے مالیاتی نتائج کی اہم جھلکیاں اور گزشتہ سال کے ساتھ اس کا موازنہ درج ذیل ہے:

	2021	2020	تبدیلی
	روپے '000 میں		%
آمدن	**12,788,561**	13,803,576	-7%
اخراجات	**(9,917,093)**	(9,234,891)	7%
مجموعی منافع	**2,871,468**	4,568,685	-37%
آپریٹنگ منافع	**2,999,798**	3,717,210	-19%
قبل از ٹیکس منافع	**2,442,191**	2,581,746	-5%
بعد از ٹیکس منافع	**2,265,026**	2,413,878	-6%
فی حصص آمدنی (روپے میں)	**17.14**	18.27	-6%

پی این ایس سی گروپ نے بعد از ٹیکس منافع 2,265 ملین روپے ظاہر کیا، جو گزشتہ سال کے بعد از ٹیکس منافع 2,414 ملین روپے کے مقابلے میں 6 فیصد کم ہے۔ منافع کی صلاحیت میں کمی کی اہم وجہ گروپ کے زیر انتظام جہازوں کے محصول میں 18 فیصد (گزشتہ سال 8,414 ملین روپے بمقابلہ 10,278 ملین روپے)، جبکہ چارٹرڈ شعبے سے حاصل ہونے والی آمدن میں 474 ملین روپے (736 ملین روپے بمقابلہ گزشتہ سال 263 ملین روپے) کمی ہے۔

گروپ مالی حالت کا مستحکم گوشوارہ، مستحکم زرِ نقد اور سرمایہ کاری کی ساکھ برقرار رکھتا ہے جو اسے شپنگ دورانیے کے اگلے مرحلے میں بھرپور حصہ لینے کا اہل بناتا ہے۔ گروپ کی مستحکم صحت، بمع مارکیٹ کے محرکات میں خوش آئند تبدیلی اور زیر انتظام جہازوں کے فلیٹ میں مسلسل توسیع مستقبل کی مشکلات سے نمٹنے کے لیے گروپ کی کلیدی قوت ہوں گے۔

نمایاں خطرات

خطرات اور مواقع، نیز کمی کے لیے کیے جانے والے اقدامات: کوئی بھی کاروبار خطرات سے خالی نہیں ہوتا اور جہاز رانی کا کاروبار اس سے مستثنیٰ نہیں۔ گنجائش میں زیادتی کے ساتھ خشک اور تر منڈیوں میں خاص طور پر فریٹ کے کم نرخوں کے باعث شدید مسابقت ایک نمایاں کاروباری خطرہ ہے۔ آمدن عالمی منڈیوں کی طلب اور رسد کے عنصر پر منحصر ہے۔ جہاز رانی کی صنعت کو اقتصادی ماحول سے فائدہ ہوا جبکہ جی ڈی پی کی نمو زیادہ رہی، تاہم عالمی معیشت 2008 کے آغاز سے تنزلی کا شکار رہی ہے، اور اس کے نتیجے میں طلب متواتر کم رہی ہے اور کنٹینر کی شپنگ کے سوا تمام شعبوں میں عالمی جہاز رانی سنگین / منفی طور پر زیر دباؤ رہی ہے۔

ہر کاروبار کے بنیادی عوامل کے طور پر خطرات غیر یقینی کیفیت کو ابھار سکتے ہیں۔ پی این ایس سی کو ایسے عوامل کا سامنا ہو سکتا ہے جو غیر یقینی کیفیت کے کلیدی ذرائع ہو سکتے ہیں:

- خشک بلک اور ٹینکر کے شعبہ میں زائد رسد۔
- تیل اور بنکر کی قیمتوں میں عدم استحکام
- افعال کی زیادہ لاگت - ہمیشہ بڑھتے رہنا۔
- خشک بلک شعبہ میں بین الاقوامی شدید مسابقت۔
- صنعت کے ماحولیاتی (لاگت کم کرنے والے) جہازوں میں تبدیل ہوتی آپریشنل روایات۔

قانونی خطرہ:
گلوبلائزیشن اور انٹرنیٹ کے دور میں، ہر شپنگ کے کاروبار میں مصروف عمل کو پیش رفت سے آگاہ رہنا چاہیے۔ مستقبل کی درست پیش گوئی ہمیشہ بروقت درست فیصلہ کرنے میں مدد دیتی ہے، جبکہ مارکیٹنگ کی حکمت عملی اور چارٹرنگ کی بہتر پالیسیاں قانونی چارہ جوئی کے خطرے کو ختم کرتی ہیں۔

بڑے حادثے یا تیل کے گرنے کا خطرہ شپنگ سرگرمیوں خصوصاً ٹینکر کے کاروبار میں ہمیشہ رہتا ہے۔ شدید نوعیت کا کوئی حادثہ ہمارے ملازمین کے ساتھ ساتھ آبی ماحول، جنگلی حیات اور مقامی کمیونٹی کو خطرہ لاحق کر سکتا ہے۔ یہ مالیات، ہماری ساکھ اور ہمارے لائسنس کو بھی خطرے میں ڈالنے کا پیش خیمہ بن سکتا ہے۔ ایسے خطرات کو کم کرنے کے لئے پی این ایس سی محتاط انداز سے حادثات سے پاک سرگرمیوں کو برقرار رکھے ہوئے ہے اور ہمیشہ صحت اور سلامتی کی تمام پالیسیوں اور اپنے جہازوں میں بہترین طریقوں کو رائج رکھنے کی یقین دہانی کراتی ہے۔

کیش فلو پر اثر انداز ہونے والی شرح سود، خصوصاً متغیر شرح سود کی بنیاد پر مالیاتی واجبات۔ سود کی شرح کے خطرے کو کم کرنے کے لئے گروپ متغیر شرح سود کے ساتھ اثاثوں اور واجبات کے درمیان ایک متوازن مخلوط اور موزوں پروفائلنگ حاصل کرنے کی کوشش کرتا ہے۔

خلیج عدن میں مسلح قزاقی، ریاست ملاکا اور صومالی ساحل تک اس کی بڑھتی ہوئی حدود عالمی شپنگ بشمول پی این ایس سی کے لئے مرکزی آپریشنل خطرات ہیں۔ ایسے خطرے سے آگاہ ہوتے ہوئے گروپ قزاقی کے خلاف ضروری انشورنس اختیار کرتا ہے۔ خطرناک علاقوں سے گزرتے وقت گروپ کے جہازوں کی حفاظت کے لیے، دنیا بھر میں نافذ العمل بہترین انتظامی لائحہ عمل (BMP-5) پر سختی سے عمل کیا جاتا ہے۔ جب بحری جہاز سنگین خطرے کے علاقوں میں ہوتے ہیں تو پی این سی ایس پاکستان بحریہ ہیڈ کوارٹرز کے ساتھ قریبی رابطے میں رہتی ہے۔ پی این ایس سی نے مناسب انشورنس کور حاصل کر کے بھی اس خطرے کو کم کیا ہے۔

خلیج عمان / آبنائے ہرمز میں تجارتی خطرہ، چونکہ پی این ایس سی کے زیر انتظام آئل ٹینکرز اس علاقے میں زیادہ تر خلیج عرب میں خام تیل، فرنس آئل اور پیٹرولیم کی خالص مصنوعات کی نقل و حمل کے لیے چلتے ہیں۔ چند ناخوشگوار واقعات کے بعد، حال ہی میں جوائنٹ وار کمیٹی نے اس علاقے کو جنگی علاقہ قرار دے دیا ہے۔ اس علاقے میں داخل ہوتے وقت پی این ایس سی کے عملے کی غیر معمولی احتیاط اور دیکھ بھال، اور قومی پرچم بردار ہونے کے ناطے حکومت پاکستان کی جانب سے متواتر کل وقتی سفارتی و عسکری تعاون کے ساتھ، یہ خطرہ عالمی میری ٹائم صنعت کے معروف اور مقبول انشوررز کے ذریعہ اضافی انشورنس کور کے ساتھ بھی کم کیا جاتا ہے۔

ٹینکر مارکیٹ

عالمی وبا کے اثرات ٹینکر مارکیٹ پر بھی ظاہر ہو رہے ہیں۔ رواں سال 2020 کی ریکارڈ توڑ دوسری سہ ماہی ایک ماضی بعید بن چکی ہے، بلکہ مارکیٹ میں کم طلب اور کھپت والے ممالک میں سٹاک کی کمی (جبکہ مصنوعات وہاں ہیں جہاں انہیں ہونا چاہیے اور سمندر کے ذریعہ نقل و حمل نہیں ہو رہی) اور نقصان دہ نرخوں کے باوجود بحالی دیکھی جارہی ہے۔ سفر کے محصول اتنے کم ہیں کہ سفر کے اخراجات پورے نہیں کرتے، کجا یہ کہ آپریٹنگ اور مالی اخراجات پورے کریں۔ ریفائنریوں کو بھی مشکلات درپیش ہیں، جیسا کہ نئے لاک ڈاؤن اور عالمی سفری پابندیوں نے عالمی تیل کی طلب کو روک دیا ہے۔ US ریفائنری اب بھی وبا سے پہلے والی سطح پر برقرار ہے۔ طلب اور مارجن میں کمی برقرار ہے اور وہ ریفائنریاں جو وبا کے آغاز میں صرف عارضی طور پر بند کی گئی تھیں، اب مستقل طور پر بند ہیں جو خام تیل کی طلب پر اثر ڈال رہا ہے۔

ٹینکر کا تناظر

اوسط ٹینکر آمدن کے جون میں $4,500 / دن سے گرنے کے ساتھ ٹینکر مارکیٹ رواں مالی سال زیر دباؤ رہی جو گزشتہ 30 سال سے زائد عرصے میں کم ترین ماہانہ اوسط ہے۔ +OPEC کے رسد میں کٹوتی کے گہرے نفاذ کے باوجود، تیل کی طلب پر COVID-19 وبا کا دباؤ جاری ہے، جبکہ تیل کی بحری تجارت 2020-2021 کی دوسری ششماہی میں 2019-2020 کی سطح سے 10 فیصد کم رہی ہے۔

ایران سے مذاکرات کی رفتار تیز ہونے سے تجارتی حجم بڑھنے اور امریکی پابندیوں کے اٹھنے سے کچھ مثبت پیش رفت کے بھی امکانات ہیں۔

خام اور مصنوعہ جاتی ٹینکر کی طلب میں 4-5 فیصد مزید اضافے کے تخمینے کے ساتھ 2022 میں ٹینکر مارکیٹ میں بہتری کی توقع ہے، جو عالمی تیل کی طلب میں بحالی، اور اگست 2021 سے +OPEC خام تیل کی رسد میں 0.4mbpd کٹوتی اور ستمبر 2022 تک ممکنہ طور پر 'بالکل ختم ہو جانے' سے 2019 کی سطح سے بڑھ جائے گی۔ اس کے علاوہ صرف 2 فیصد بک کردہ آرڈرز کے 8 فیصد فلیٹ تک محدود رہنے سے فلیٹ کی توسیع بھی 2022 میں زیر دباؤ رہے گی۔

بحری کاروباری کارکردگی کا شعبہ جاتی جائزہ

831,711 میٹرک ٹن DWT سمندری بحری صلاحیت کی حامل پی این ایس سی نے سال زیر مشاہدہ کے دوران تقریباً 11.09 ملین ٹن کارگو اٹھایا (مالی سال 2020: 8.437 ملین ٹن) جو سال میں قریباً 10.06 فیصد کے مساوی ہے (مالی سال 2020: 9.34 فیصد) ملک کے کل 110.271 ملین ٹن (مالی سال 2020: 94.321 ملین ٹن) کے مساوی ہے۔ پاکستان کی سمندری تجارت برائے حالیہ سال 21-2020 اور گزشتہ سال 20-2019 کے الگ الگ اعداد و شمار اور پی این ایس سی کا حصہ درج ذیل ہے:

-------------------اعداد و شمار 'ملین ٹن میں'-------------------

	خشک بلک		مائع بلک		کُل	
	2021	2020	2021	2020	2021	2020
پاکستان کی سمندری تجارت	77.968	66.585	32.303	27.736	110.271	94.321
پی این ایس سی کا حصہ	1.544	1.533	9.554	7.275	11.099	8.808

نوعیت / انتظام کے لحاظ سے پی این ایس سی کے ذریعے نقل و حمل کیے جانے والے کل کارگو کی الگ الگ تفصیل ذیل میں جدول میں درج ہے:

	پیمائش کی اکائی	2021	2020
ڈرائی کارگو (بلک کیریئر)	ملین ٹن	1.535	1.533
مائع کارگو (ٹینکر)	ملین ٹن	9.554	7.275
سلاٹ چارٹر			
– بریک بلک	MT یا (W/M) CBM سے زائد	0.009	0.009
– کنٹینر شدہ کارگو	ہزار TEU	1.734	1.679

ان پیش رفت کا جہاز رانی کی صنعت پر گہرا اثر پڑا ہے۔ چارٹر کے نرخوں میں اضافے اور امریکی ڈالر کے اپنی قدر کھونے کے ساتھ، پانچ سالہ پرانے درمیانی سطح کے کنٹینر، ایفرامیکس آئل ٹینکر اور ہینڈی میکس خشک بلک کیریئر جہازوں کی قیمتیں بالترتیب 87 فیصد، 11 فیصد اور 47 فیصد تک بڑھی ہیں۔ اہم مقامات کے لیے کنٹینر کے نرخ موجودہ مالی سال میں 409 فیصد کی اوسط سے بڑھے ہیں۔ اسی طرح، خشک بلک جہازوں کے چارٹر نرخ مالی سال 21-2020 کے اختتام تک تقریباً دگنے ہو چکے ہیں۔ ٹینکر کا شعبہ زیر دباؤ رہا ہے کیونکہ لاک ڈاؤن اور COVID-19 کی پابندیوں نے لوگوں کو برّی اور ہوائی راستوں سے سفر کرنے سے روکے رکھا اور نتیجے میں تیل کی کھپت محدود رہی ہے۔ 2021 کے لیے اوسط ایفرامیکس آمدن کا تخمینہ 8,326 امریکی ڈالر / دن ہے جبکہ 2020 میں COVID-19 کے باوجود یہ 22,161 امریکی ڈالر / دن تھا۔ 2021 کے لیے عالمی طلب کا تخمینہ فی دن 97.14 ملین بیرل ہے جبکہ COVID-19 سے پہلے 2019 میں طلب 100.35 ملین بیرل فی دن تھی۔ تیل کی طلب میں کمی نے ٹینکر کے شعبہ میں گنجائش سے اضافے کو نمایاں کیا ہے جبکہ جہازوں کی مستحکم رسد اور مناسب وزن کی دستیابی نے فریٹ کے نرخوں کو نمایاں طور پر کم رکھا ہے۔

اواخر میں پاکستان کو بھی بدلتی قسمت کا سامنا ہوا اور رواں مالی سال میں 3.94 فیصد شرح نمو دیکھی گئی۔ اس سے معیشت میں V طرز کی بحالی ہوئی ہے۔ اگر قلیل مدتی مرحلہ وار توسیعی مالیاتی پالیسیوں سے پیدا ہونے والے ساختی عدم توازن اور بلند کرنٹ اکاؤنٹ خسارے، نیز بچت اور سرمایہ کاری کے کم نرخ کے مسائل حل ہو جاتے ہیں تو پاکستان کا جہاز رانی کا شعبہ اس پیش رفت سے فائدہ اٹھا سکتا ہے، جو مستحکم ترقی کی طرف لے جائے گا اور مضبوط مقامی طلب پیدا کرے گا۔

عالمی شپنگ مارکیٹ کا تناظر

خشک اور مائع دونوں شعبوں سے متعلقہ پیشین گوئیاں اور غیر یقینی کیفیت جو ادارے کی کارکردگی کو متاثر کر سکتی تھی، ان کی ذیل میں وضاحت کی گئی ہے جو بین الاقوامی جہاز رانی کی منڈی کی تحقیق پر مبنی ہے۔

خشک بلک مارکیٹ

اجناس اور معمولی بلک تجارت، نیز عالمی صنعتی پیداوار میں اضافے کے تناظر میں جو خام سٹیل کی پیداوار اور خام لوہے کی تجارت میں اضافے کی جانب جائے گی، خشک بلک مارکیٹ کے مالی سال 22-2021 میں مضبوط رہنے کی توقع ہے۔ خام سٹیل کی پیداوار میں برازیلی خام لوہے کی تخمینہ کردہ زیادہ طلب مجموعی ٹنوں میں طلب کے اہداف کو بہتر بنائے گی اور بجلی کی پیداوار میں طلب میں اضافے سے نان کوکنگ کوئلے کی تجارت بھی 2021 میں بڑھنے کی توقع ہے۔ رسد کے حوالے سے، عالمی فلیٹ میں نئے بنائے جانے والے جہازوں کی شمولیت سے چارٹر کے کرایوں پر دباؤ بڑھنے کی توقع ہے، جہازوں کی محدود رسد اور طلب کی مثبت سطحیں شعبے کے لیے مجموعی مثبت تناظر کی طرف جا رہی ہیں۔

خشک بلک کا تناظر

2021 کے دوران بلک کیریئر مارکیٹ کے حالات بہتر ہوئے ہیں جس میں اوسط آمدن رواں مالی سال کے اختتام تک $30,000 / دن سے زیادہ ہوئی، اور تجارت کے مسلسل بہتر ہونے کے ساتھ یہ ستمبر 2008 کے بعد پہلی بار ہوا ہے۔ 2021 میں ٹن میل کی طلب میں 4.6 فیصد کی نمو کے فلیٹ کی توسیع کی 3.3 فیصد نمو سے بڑھنے کی توقع ہے اور تناظر مستحکم نظر آ رہا ہے۔

خشک بلک اجناس کے حجم بڑھ رہے ہیں۔ خام لوہا سالہا سال 3 فیصد اور 2019 کے مقابلے میں 6 فیصد بڑھا، جبکہ غلہ 2 فیصد سالہا سال اور 2019 کے مقابلے میں 19 فیصد بڑھا۔ فرم کے معمولی بلک میں 7 فیصد سالہا سال فرم اور 2020 کے مقابلے میں 1 فیصد اضافہ دیکھا گیا۔ تاہم، کوئلے کی تجارت 8 فیصد سالہا سال بڑھی لیکن کم ہونا جاری ہے اور 2019 سے 7 فیصد کم ہوئی ہے۔

مزید آگے نظر دوڑاتے ہوئے، اگرچہ خشک بلک تجارت کی نمو کا ابتدائی تخمینہ 2022 میں 2 فیصد تک کی متوسط سطح پر آنے کا امکان ہے، تاہم عالمی اقتصادی تناظر مفید نظر آتا ہے اور فلیٹ کی توسیع آئندہ سال صرف 1.4 فیصد تک کم ہونے کی توقع ہے۔ توانائی کی تبدیلی کے حوالے سے خطرات اور چین کا اسٹیل کا شعبہ برقرار ہیں اور مارکیٹ کے حالات ابھی غیر مستحکم رہ سکتے ہیں، لیکن مجموعی طور پر مبادیات کا توازن معاون ہے۔

ڈائریکٹران کی رپورٹ
برائے سال اختتام از 30 جون، 2021

پاکستان نیشنل شپنگ کارپوریشن گروپ (گروپ / پی این ایس سی) کا بورڈ آف ڈائریکٹرز سالانہ آڈٹ شدہ مالیاتی گوشواروں کے ہمراہ تینتالیسواں (43) سالانہ رپورٹ برائے اختتام سال از 30 جون، 2021 بخوشی پیش کرتا ہے۔

مختصر تعارف

پاکستان نیشنل شپنگ کارپوریشن (پی این ایس سی) ایک قانونی کارپوریشن ہے جو پی این ایس سی کے آرڈیننس XX از 1979 (قومی پرچم بردار) کے تحت تشکیل یافتہ ہے۔

پی این ایس سی جہاز رانی اور بحری ورکشاپس کے لیے NVOCC / سلاٹ سروسز کے سلسلے میں مختلف بحری اور متعلقہ سرگرمیوں کے ساتھ عالمی جہاز رانی میں شاندار تاریخ رکھتی ہے۔ بحری کاروبار کے علاوہ، یہ رئیل اسٹیٹ کے نظم میں بھی مصروف عمل ہے جو اس کی آمدنی کو متنوع بناتا ہے اور کاروباری خطرے کے ارتکاز کو کم کرتا ہے۔

بنیادی افعال اور کارکردگی کا جائزہ

پی این ایس سی ایک جہاز رانی کی کمپنی ہے جو مقامی کھپت کے لیے مشرق وسطیٰ سے پاکستان کی بحری بندرگاہوں تک پیٹرولیم مصنوعات کی نقل و حمل، اور بین الاقوامی راستوں پر خشک بلک اجناس کی عالمی ترسیل کرکے عالمی افعال انجام دیتی ہے۔ پی این ایس سی کی آمدن کا زیادہ تر بہاؤ بین الاقوامی فریٹ انڈیکس کی وجہ سے ہے، جو کارپوریشن کو بالواسطہ عالمی معیشت سے جوڑتی ہے اور اس کی صورتحال پر ایک انحصار پیدا کرتی ہے۔

پی این ایس سی بین الاقوامی طور پر افعال انجام دیتی ہے اور بین الاقوامی میری ٹائم کنونشنز کے انضباطی تقاضوں کی تعمیل کرتی ہے جو عالمی قبولیت اور پہچان رکھتے ہیں۔

پی این ایس سی تجارتی عمل کو ہموار کرنے، صارفین کو خوشگوار حل کی فراہمی اور پاکستان کے قومی فلیٹ اور بحری صنعت کو مضبوط بنانے کے لیے تمام اسٹیک ہولڈرز کو فیصلہ سازی کے عمل میں شامل کرنے میں بھی مصروف عمل ہے۔

اقتصادی تناظر

COVID-19 کے دنیا بھر میں پھیلاؤ کے ایک سال بعد اور حتیٰ کہ دنیا بھر میں متعدد ویکسینز متعارف ہونے کے باوجود، یہ اب بھی ایک بڑا خطرہ ہے جبکہ اس کی ڈیلٹا قسم پہلے سے کہیں زیادہ خوفناک ہے۔ ان حالات کے باوجود، ویکسینیشن کی بڑھتی شرح کے باعث دنیا بھر میں معیشت دوبارہ رواں ہونا شروع ہو گئی ہے۔ اقتصادی ترقی کی حوصلہ افزائی کے لیے حکومتوں نے فقید المثال محرک اقتصادی اخراجات کیے ہیں؛ جو 10 ٹریلین امریکی ڈالر ہیں اور مزید کیے جا رہے ہیں۔ لاک ڈاؤن کے باعث طلب میں غیر معمولی اضافے اور اس کے نتیجے میں ہونے والی زیادہ بچت اور اقتصادی پیکیج کے باعث اضافی قابل خرچ آمدن کارگر ثابت ہوئی ہے، جس سے عالمی جی ڈی پی کی شرح 2020 میں منفی 3.5 فیصد سے بڑھ کر 2021 میں مثبت 6.0 فیصد ہو گئی ہے۔

تاہم، یہ بھی غور کیا جانا چاہیے کہ اقتصادی پیکیج کے لیے سرمایہ فراہم کرنے کے لیے حکومتوں کے مزید نوٹ چھاپنے کے باعث عالمی افراط زر میں بھی اضافہ ہوا۔ اجناس کی قیمتیں دنیا بھر میں بڑھی ہیں، جبکہ تھامس ریوٹرز کور کموڈیٹی انڈیکس 1 اپریل، 2020 میں 124 پوائنٹس کی ریکارڈ کم شرح سے 1 جولائی، 2021 کو 231 پوائنٹس کی بلند سطح تک گیا۔

Corporate Social Responsibility

Highlights of the Year 2020-2021

PNSC's CSR policy functions as a built-in self-regulating mechanism whereby business monitoring ensures active compliance with the spirit of the law and maintaining ethical standards. The goal of the Corporation's CSR policy is to embrace responsibility through actions and make a positive impact through its activities on the clients, employees, community and the environment.

CSR Activities

EDUCATION

- An educated and skilled nation is critical for socioeconomic development of a country. The Corporation believes that improving access to education & training is one of the most long-lasting investments it can make for the society. In this regard, following activities were carried out to support education & training:

- PNSC promotes training and recruitment of Pakistani nationals in Marine Academy and other maritime training institutes to build qualified maritime work force. To support this, under its internship scheme, PNSC provides training to cadets of Pakistan Marine Academy in PNSC Workshop.

- The Corporation has contributed amount **rupees three (03) million** to renowned institute the Pakistan Marine Academy (PMA) on account of scholarship programme; this is basically to extend the support to marine community by motivating and encouraging the needy and talented students to continue their education and empower them to achieve their dreams and to become successful marine professionals and productive citizens of Pakistan.

- Being the only National Shipping Corporation of Pakistan, PNSC provides internship to the university students, each year, during the semester break. This opportunity helps the students to gain practical experience in their field of specialization. Such programs give hands-on experience to interns which cannot be obtained in classrooms and is great way for them to acquaint themselves with the field of their interest. This also helps the Company to discover quality employees for future.

- PNSC also contributed towards supporting maritime research & strengthening of regulatory framework for training & certification of seafarers.

COMMUNITY

- Due to the outbreak of global pandemic COVID-19, businesses all over the country were locked down by the Governments to minimize the spread of the virus and there was a slowdown in the overall economic activity. Realizing this critical emergency situation major initiatives taken by PNSC are highlighted below:

- There was strict compliance with Government SOPs being ensured at PNSC to prevent spread of the pandemic. Infra-red thermometers, masks, gloves, sanitizers protective equipment, disinfectant tunnels and thermal scanners at gates were installed at the beginning of COVID wave.

- The Corporation realizing the Covid-19 being a serious pandemic issue organized a Covid-19 vaccination camp inside the head office vicinity to facilitate the corporation and its tenants, employees, their parents and relatives and other general public around the area so that they can get vaccinated.

- The PNSC organized mobile vaccination drive, this initiate was taken to support the vaccination drive of Government by deputing paramedical and other human resource and vehicles to provide vaccination facility to the underprivileged areas of Karachi.

- The PNSC promotes and safeguard the preservation of human life and dignity. The basic idea behind this is to help the mankind by serving them irrespective of religion, caste and background by looking around for the needy people of community and make the plans to help them out. In serving the humanity; on auspicious occasion of the Eid-ul-Fitr, PNSC distributed lunch boxes and Eidi among children living at orphanage "Sirat ul Jannah".

RESEARCH AND PUBLICATION

- PNSC supported the publication of the book titled "IMPACT OF PAKISTAN MARITIME AFFAIRS ON BLUE ECONOMY".

BREAST CANCER AWARENESS SESSION

- Breast Cancer is most common cancer among women worldwide. Approximately 40,000 women lose their valuable lives every year in Pakistan which is the highest rate of breast cancer in Asia. This is because of the lack of knowledge regarding risk factors, symptoms and role of early diagnosis. To mitigate the risk of this disease, PNSC has come forward to encourage breast cancer discussions conducted by renowned doctors to spread the word about self-examination and to equip those at risk to fight better, so the precious lives can be protected.

- To support the international campaign on breast cancer awareness, PNSC lit up its flagship building at Karachi harbor. The PNSC building sparkled with pink lights and this view remained an attraction for the onlookers.

WOMEN'S DAY CELEBRATION 2021

- PNSC being an equal opportunity employer and keeping in view its growing women workforce celebrated Women's day on 25th March. The theme of this year's event was "TRULY EQUAL" and "CHOOSE TO CHALLENGE". It aimed at promoting gender equality and women empowerment.

ENVIRONMENT

- In 2018 IMO has also set out an initial strategy which envisages a reduction in total GHG emissions from international shipping, in order to reduce CO_2 emissions and mitigating global warming. PNSC as per IMO requirement has developed Ship Energy Efficiency Measurement Plan (SEEMP) for its fleet.

- PNSC ships are running on cleaner fuels which help in reducing carbon footprint. While docked in harbours around the world, PNSC ships take strict measures not to dispense effluents harmful to marine life.

- PNSC ships also use sophisticated satellite equipment to chart courses which are economical on fuel use, saving the environment from excess carbon pollution.

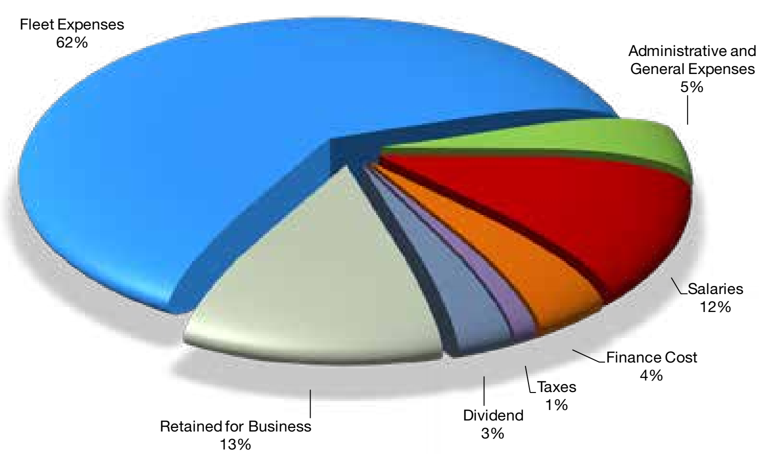
- PNSC is continuously striving for energy saving and as a step forward PNSC has installed digital metering system for monitoring and conservation of energy.

- PNSC has also developed Environmental Management Plan for the head office, incorporating the requirements of ISO 14001 in the system.

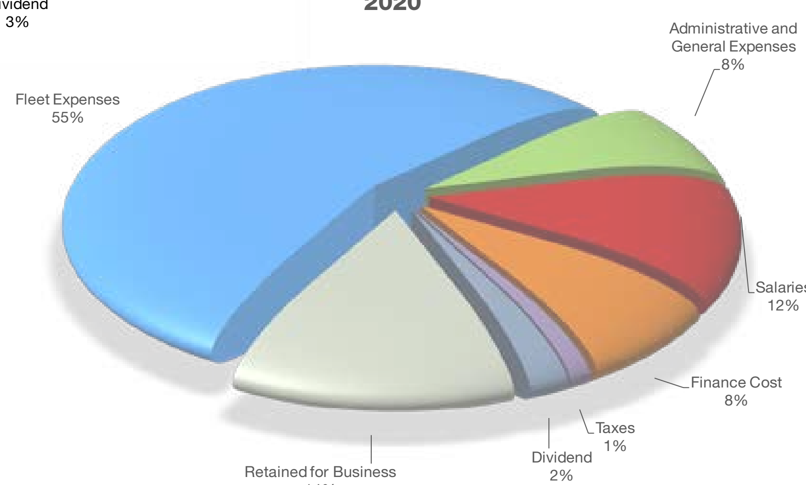
Value Added Statement

	2021		2020	
	Rs. In '000	%	Rs. In '000	%
Wealth Generated				
Income from Shipping Business	12,567,945	88.2%	13,575,492	92.0%
Rental Income	220,616	1.6%	228,084	1.6%
Other operating income	1,444,682	10.2%	948,384	6.4%
	14,233,243	100.0%	14,751,960	100.0%
Wealth Distributed				
Fleet Expenses	8,816,272	61.9%	8,092,834	54.9%
Administrative and General Expenses	716,110	5.0%	1,174,323	8.0%
Salaries	1,701,063	12.0%	1,767,593	12.0%
Finance Cost	557,607	4.0%	1,135,464	7.7%
Taxes	177,165	1.2%	167,868	1.1%
Dividend	396,190	2.8%	297,143	2.0%
Retained for Business	1,868,836	13.1%	2,116,735	14.3%
	14,233,243	100.0%	14,751,960	100.0%

2021



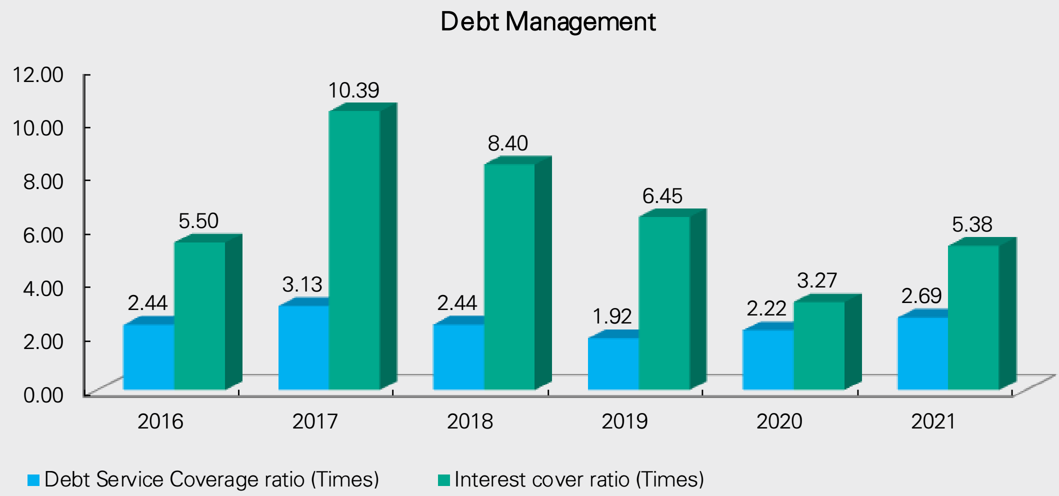
2020

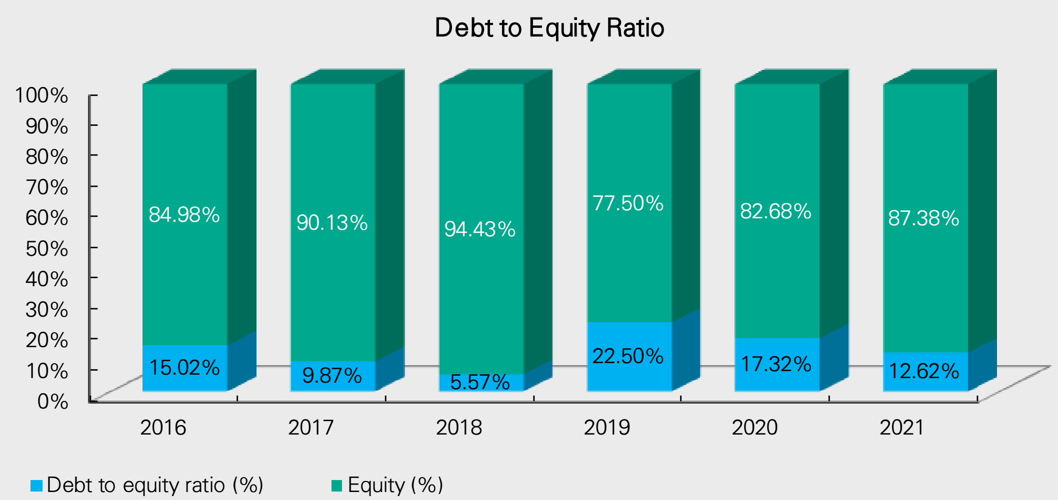


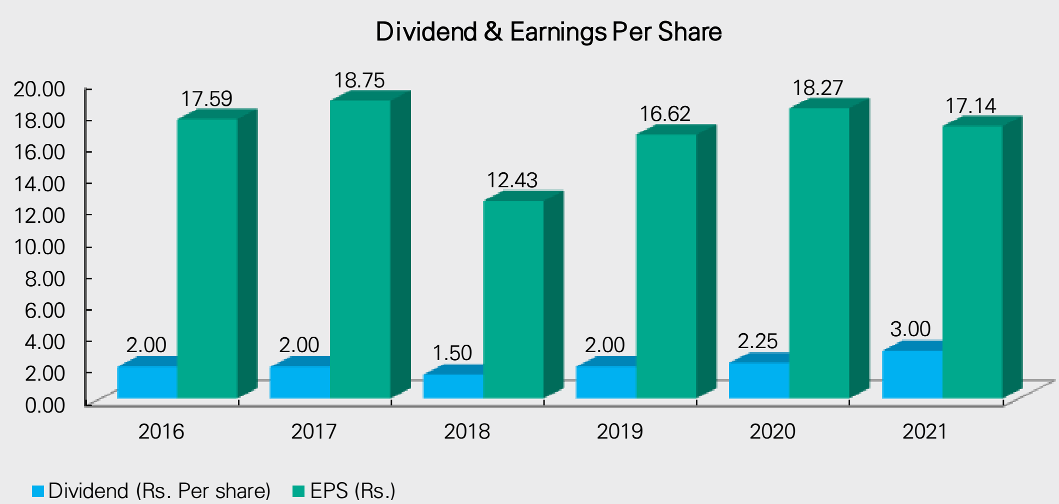
Financial Ratios

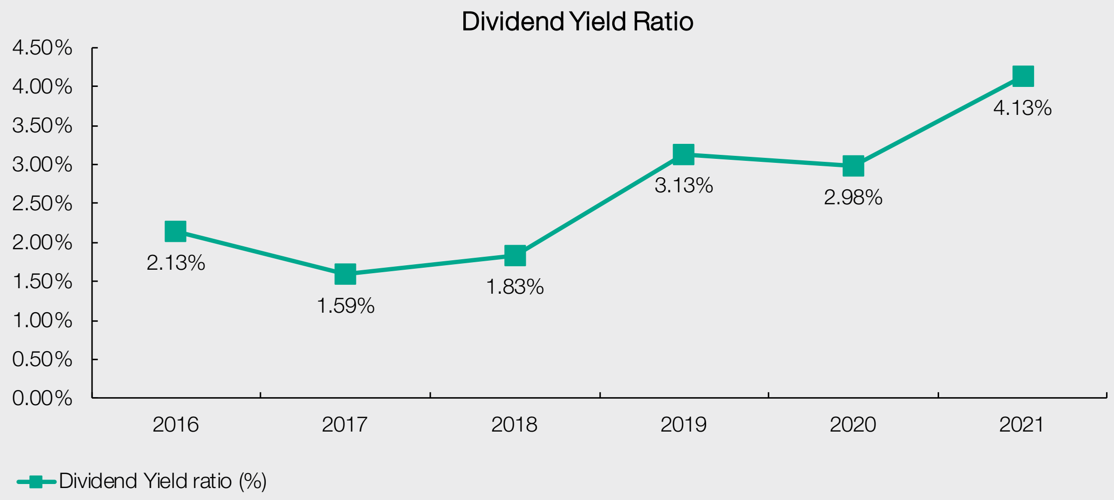
	UOM	2021	2020	2019	2018	2017	2016
Profitability Ratios							
Profit before tax	%	19.10	18.70	21.55	17.74	22.55	18.81
GP ratio	%	22.45	33.10	27.33	22.69	29.40	28.95
Profit after tax	%	17.71	17.49	19.27	15.71	18.01	17.37
EBITDA margin to sales	%	23.46	26.93	25.50	20.14	24.95	22.99
Operating leverage ratio	%	262.46	131.97	422.53	160.91	404.25	(36.16)
Return on equity	%	6.10	6.96	6.73	5.24	8.30	8.42
Return on capital employed	%	5.32	5.81	5.40	4.87	7.42	7.18
Liquidity Ratios							
Current Ratio	%	3.71	3.16	2.68	3.12	2.74	2.38
Cash to Current liabilities	Times	0.45	1.06	1.27	0.70	1.21	0.51
Cash flow from operations to Sales	Times	0.25	0.19	0.18	0.12	0.18	0.27
Activity/Turnover Ratios							
Debtor Turnover Ratio	Times	4.15	4.80	4.15	3.87	6.39	9.63
Asset Turnover ratio	Times	0.27	0.30	0.25	0.28	0.37	0.37
Fixed Assets turnover ratio	Times	0.40	0.43	0.34	0.41	0.53	0.50
Market Ratios							
Earnings per share	Rs.	17.14	18.27	16.62	12.43	18.75	17.59
P/E Ratio	Times	4.24	4.14	3.84	6.59	6.71	5.33
Price to book ratio	Times	2.06	2.18	1.87	2.88	4.42	3.39
Dividend Yield ratio	%	4.13	2.98	3.13	1.83	1.59	2.13
Dividend Payout ratio	Times	0.18	0.12	0.12	0.12	0.11	0.11
Dividend cover ratio	Times	5.71	8.12	8.31	8.28	9.38	8.80
Cash dividend	Rs.	3.00	2.25	2.00	1.50	2.00	2.00
Breakup value/share	Rs.	281.08	262.71	246.91	237.32	225.99	208.85
Share Price at year end	Rs.	72.70	75.56	63.85	81.94	125.90	93.70
Share Price - High	Rs.	97.90	107.00	88.99	155.25	213.00	127.90
Low	Rs.	64.00	50.01	47.13	80.00	90.37	63.01
Capital Structure Ratio							
Financial Leverage ratio	Times	0.16	0.21	0.28	0.09	0.14	0.19
Debt Service Coverage Ratio	Times	2.69	2.22	1.92	2.44	3.13	2.44
Debt to equity ratio	Times	0.13	0.17	0.22	0.06	0.10	0.15
Interest cover ratio	Times	5.38	3.27	6.45	8.40	10.39	5.50

Graphical Analysis

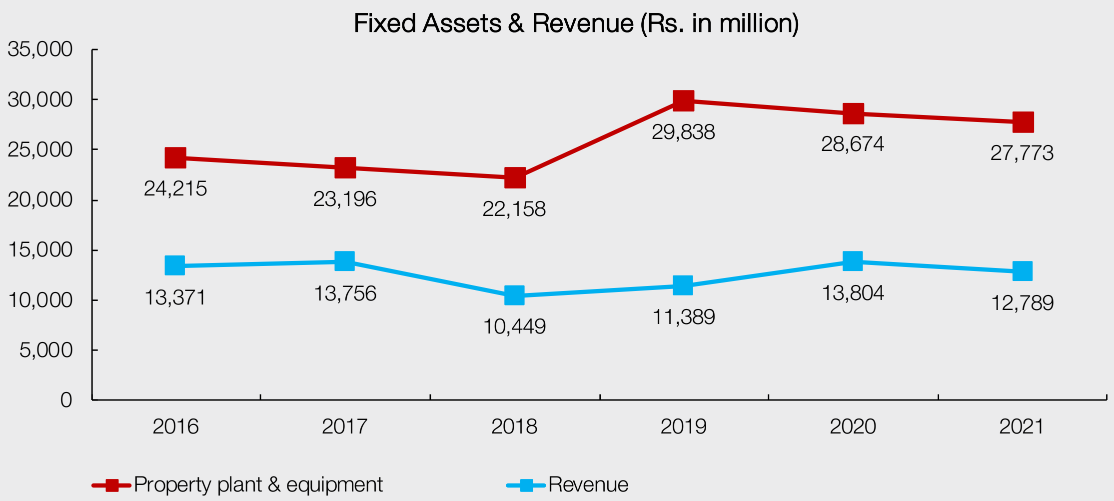




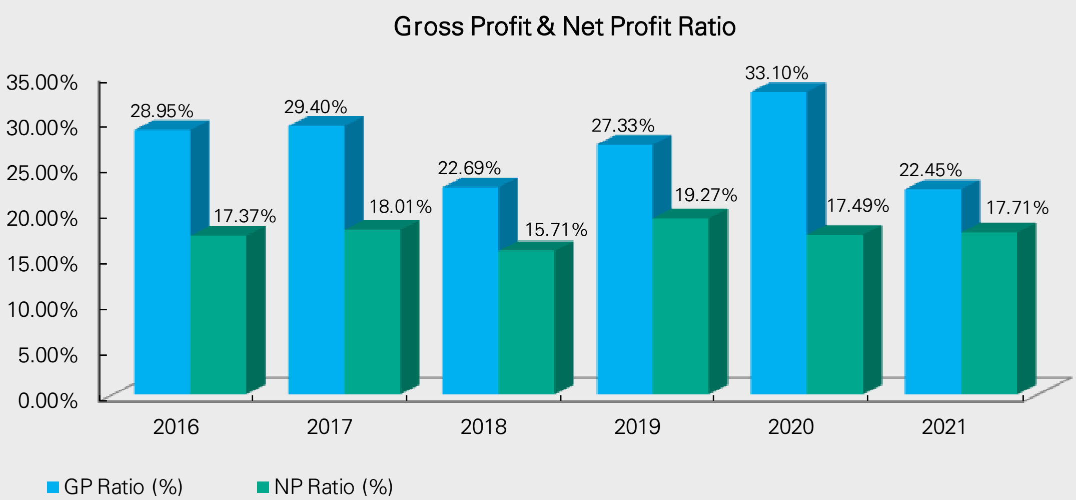




Dividend Yield Ratio
4.50%
4.00%
3.50%
3.00%
2.50%
2.00%
1.50%
1.00%
0.50%
0.00%
2.13%
1.59%
1.83%
3.13%
2.98%
4.13%
2016
2017
2018
2019
2020
2021
Dividend Yield ratio (%)

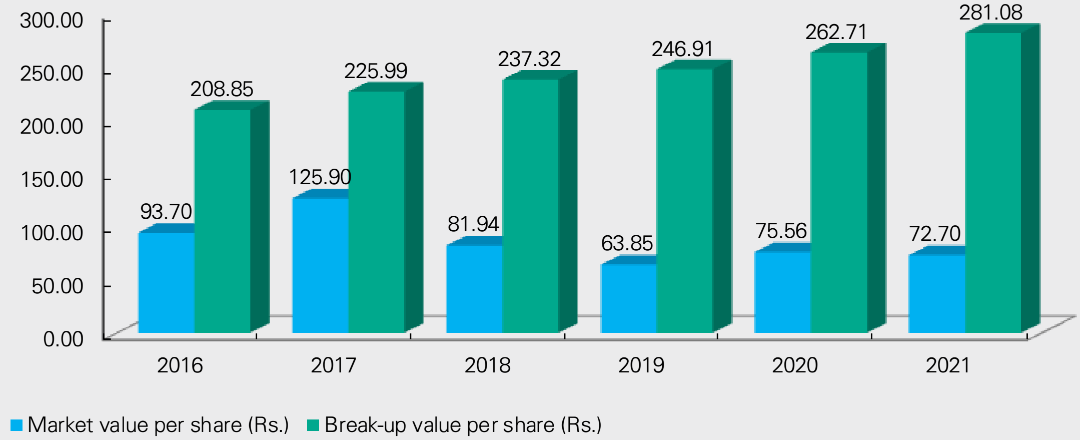


Fixed Assets & Revenue (Rs. in million)
35,000
30,000
25,000
20,000
15,000
10,000
5,000
0
24,215
23,196
22,158
29,838
28,674
27,773
13,371
13,756
10,449
11,389
13,804
12,789
2016
2017
2018
2019
2020
2021
Property plant & equipment
Revenue

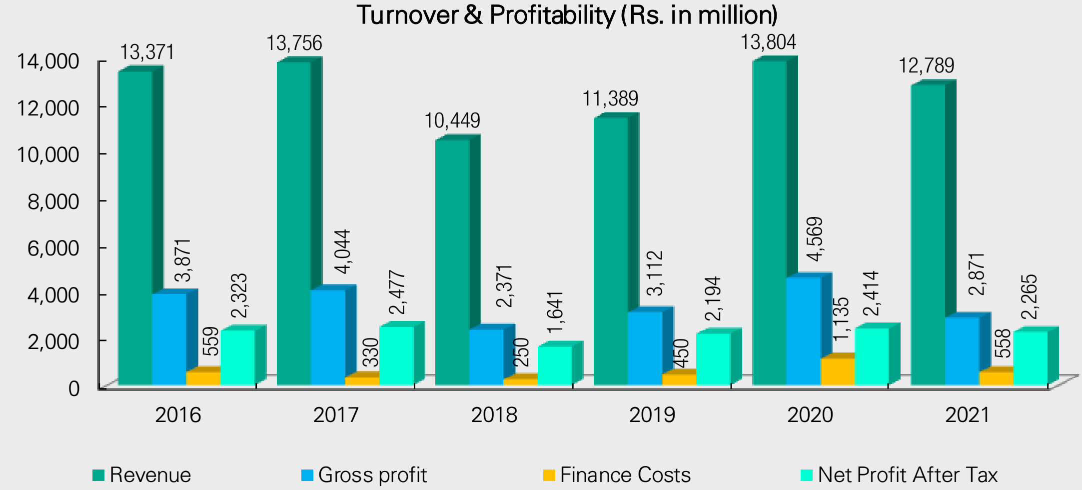


Gross Profit & Net Profit Ratio
35.00%
30.00%
25.00%
20.00%
15.00%
10.00%
5.00%
0.00%
28.95%
17.37%
29.40%
18.01%
22.69%
15.71%
27.33%
19.27%
33.10%
17.49%
22.45%
17.71%
2016
2017
2018
2019
2020
2021
GP Ratio (%)
NP Ratio (%)

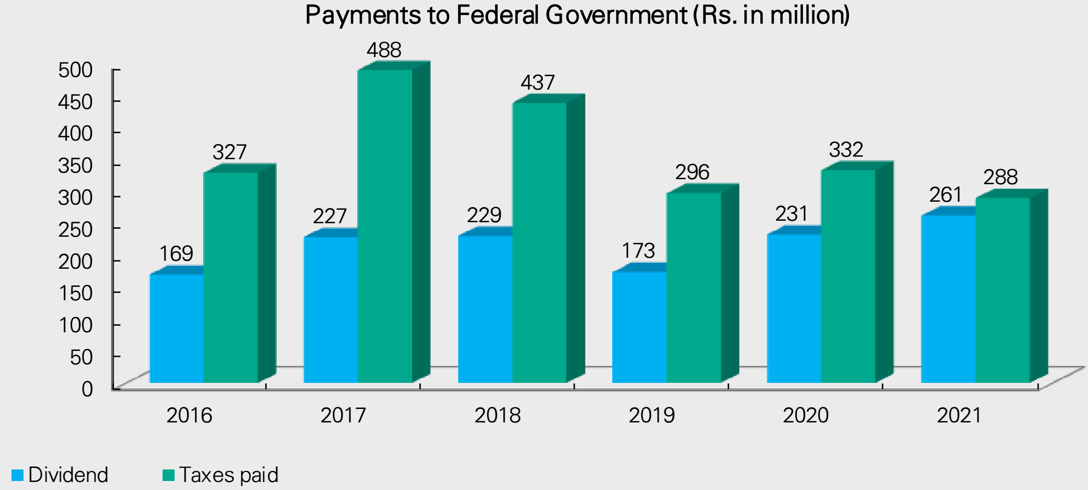
Market / Break-up value per share (Rs./share)

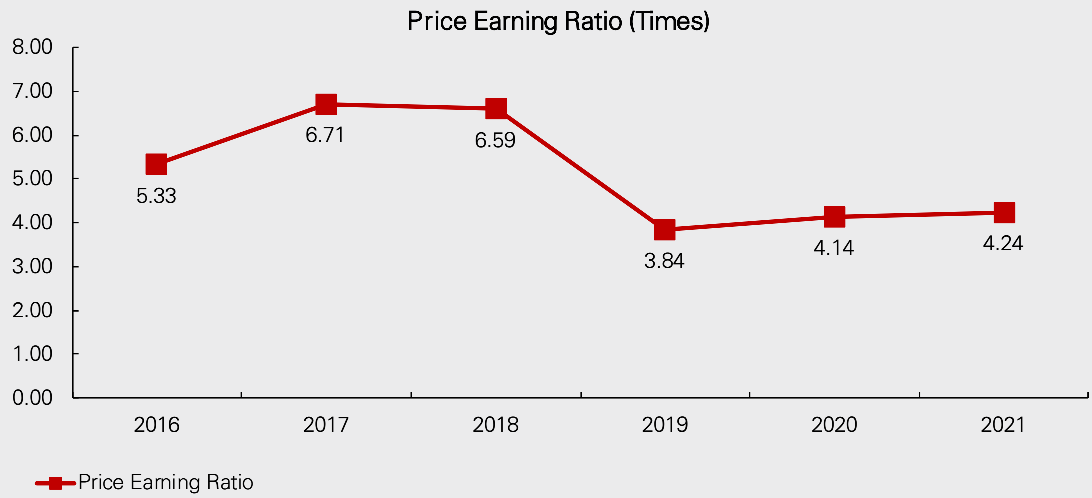


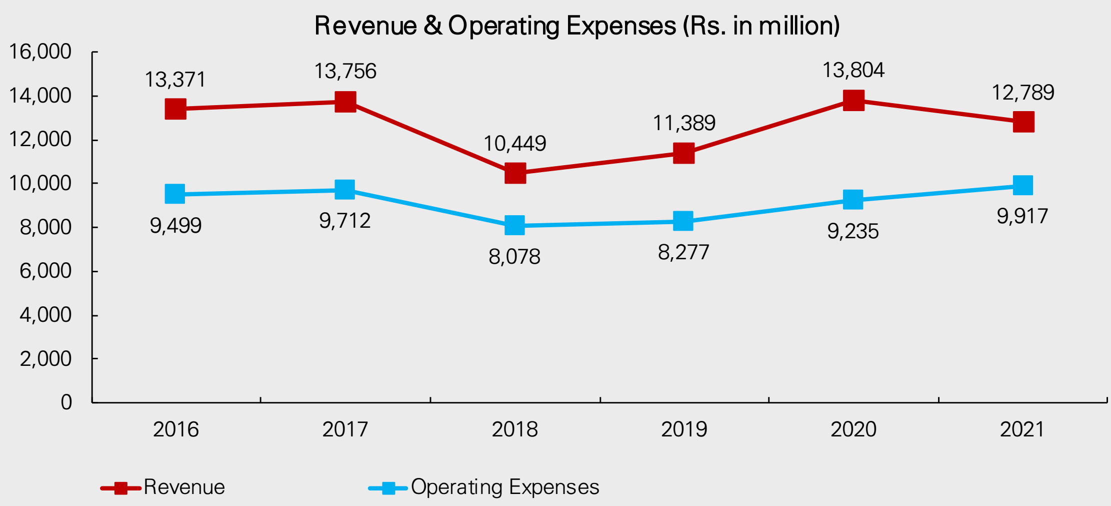
Turnover & Profitability (Rs. in million)

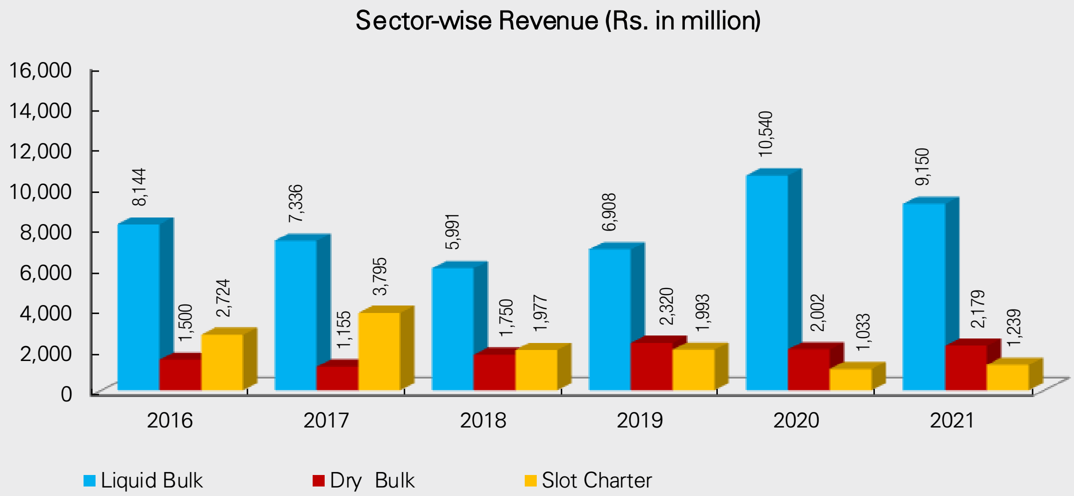


Payments to Federal Government (Rs. in million)




Price Earning Ratio (Times)
8.00
7.00
6.00
5.00
4.00
3.00
2.00
1.00
0.00
5.33
6.71
6.59
3.84
4.14
4.24
2016
2017
2018
2019
2020
2021
Price Earning Ratio


Revenue & Operating Expenses (Rs. in million)
16,000
14,000
12,000
10,000
8,000
6,000
4,000
2,000
0
13,371
13,756
10,449
11,389
13,804
12,789
9,499
9,712
8,078
8,277
9,235
9,917
2016
2017
2018
2019
2020
2021
Revenue
Operating Expenses


Sector-wise Revenue (Rs. in million)
16,000
14,000
12,000
10,000
8,000
6,000
4,000
2,000
0
8,144
1,500
2,724
7,336
1,155
3,795
5,991
1,750
1,977
6,908
2,320
1,993
10,540
2,002
1,033
9,150
2,179
1,239
2016
2017
2018
2019
2020
2021
Liquid Bulk
Dry Bulk
Slot Charter

Horizontal Analysis (Group)

	2021		2020	
	'000	% change	'000	% change
PROFIT & LOSS				
Revenues	12,788,561	-7%	13,803,576	21%
Expenditure	(9,917,093)	7%	(9,234,891)	12%
Gross Profit	2,871,468	-37%	4,568,685	47%
Administrative Expenses	(1,034,518)	-8%	(1,120,281)	1%
Impairment loss	(73,385)	-82%	(411,138)	608%
Other expenses	(208,449)	-22%	(268,440)	-8%
Finance costs	(557,607)	-51%	(1,135,464)	152%
Other income	1,444,682	52%	948,384	-24%
Profit before Taxation	2,442,191	-5%	2,581,746	5%
Taxation	(177,165)	6%	(167,868)	-35%
PROFIT AFTER TAXATION	2,265,026	-6%	2,413,878	10%
BALANCE SHEET				
Property, plant and equipment	27,772,552	-3%	28,674,222	-4%
Other Non-Current Assets	3,988,111	7%	3,724,070	8%
Trade debts	3,019,161	-4%	3,141,103	20%
Cash and bank balances	1,801,489	-60%	4,512,021	-19%
Other Current Assets	10,009,671	73%	5,776,271	61%
TOTAL ASSETS	46,590,984	2%	45,827,687	2%
Shareholder's Equity	37,120,237	7%	34,693,967	6%
Employee benefits	679,619	-11%	763,520	7%
Long Term Financing	4,684,138	-22%	6,010,153	-18%
Other Non Current Liabilities	114,805	0.05	109,204	-
Current portion of long term financing	1,334,965	0%	1,334,964	-24%
Other Current Liabilities	2,657,220	-9%	2,915,879	10%
TOTAL EQUITY AND LIABILITIES	46,590,984	2%	45,827,687	2%
CASH FLOW STATEMENT				
Cash Flows from Operating Activities	3,169,002	18%	2,684,111	33%
Cash Flows from Investing Activities	(4,248,608)	158%	(1,647,488)	-68%
Cash Flows from Financing Activities	(1,630,926)	-22%	(2,102,739)	-135%
NET DECREASE IN CASH AND CASH EQUIVALENTS	(2,710,532)	154%	(1,066,116)	-138%
OTHERS				
Profit before tax	2,442,191	-5%	2,581,746	5%
Finance Costs	557,607	-51%	1,135,464	152%
Depreciation	2,098,099	18%	1,770,878	34%
Amortisation	-	0%	-	0%
EBITDA	5,097,897	-7%	5,488,088	30%
Profit before tax	2,442,191	-5%	2,581,746	5%
Finance Costs	557,607	-51%	1,135,464	152%
EBIT	2,999,798	-19%	3,717,210	28%

2019		2018		2017		2016	
'000	% change	'000	% change	'000	% change	'000	% change
11,389,059	9%	10,448,805	-24%	13,755,959	3%	13,370,504	-18%
(8,276,828)	2%	(8,078,156)	-17%	(9,712,092)	2%	(9,499,130)	-29%
3,112,231	31%	2,370,649	-41%	4,043,867	4%	3,871,374	28%
(1,113,280)	4%	(1,067,115)	6%	(1,007,062)	9%	(925,909)	-7%
(58,039)	10%	(52,963)	-85%	(361,635)	79%	(201,723)	7832%
(291,396)	7%	(272,852)	25%	(218,250)	-48%	(419,301)	4%
(450,153)	80%	(250,402)	-24%	(330,411)	-41%	(558,581)	-17%
1,255,068	11%	1,126,720	16%	975,254	30%	749,492	-40%
2,454,431	32%	1,854,037	-40%	3,101,763	23%	2,515,352	14%
(260,057)	22%	(212,916)	-66%	(624,948)	225%	(192,298)	99%
2,194,374	34%	1,641,121	-34%	2,476,815	7%	2,323,054	10%
29,837,872	35%	22,158,254	-4%	23,195,568	-4%	24,215,418	-4%
3,441,979	8%	3,195,784	15%	2,767,260	19%	2,326,786	21%
2,615,138	-9%	2,868,460	13%	2,537,805	44%	1,766,217	75%
5,578,137	102%	2,764,179	-46%	5,161,772	141%	2,143,378	-35%
3,582,304	-46%	6,629,193	66%	3,989,974	-34%	6,086,246	25%
45,055,430	20%	37,615,870	0%	37,652,379	3%	36,538,045	1%
32,608,336	4%	31,340,940	5%	29,844,723	8%	27,581,597	9%
711,259	18%	600,933	1%	592,356	-3%	612,767	-28%
7,335,925	321%	1,744,186	-41%	2,944,191	-29%	4,141,525	-28%
-	-	-	-	-	-	-	-
1,747,543	44%	1,210,172	0%	1,210,172	0%	1,210,172	-29%
2,652,367	-2%	2,719,639	-11%	3,060,937	2%	2,991,984	17%
45,055,430	20%	37,615,870	0%	37,652,379	3%	36,538,045	1%
2,017,662	59%	1,270,944	-49%	2,499,823	-30%	3,589,130	72%
(5,131,477)	132%	(2,207,660)	-211%	1,989,539	-182%	(2,422,390)	-14%
5,927,773	-506%	(1,460,877)	-1%	(1,470,968)	-37%	(2,335,792)	-266%
2,813,958	-217%	(2,397,593)	-179%	3,018,394	-358%	(1,169,052)	-276%
2,454,431	32%	1,854,037	-40%	3,101,763	23%	2,515,352	14%
450,153	80%	250,402	-24%	330,411	-41%	558,581	-17%
1,324,249	-9%	1,457,896	5%	1,385,461	12%	1,233,255	15%
-	0%	-	0%	-	0%	-	0%
4,228,833	19%	3,562,335	-26%	4,817,635	12%	4,307,188	9%
2,454,431	32%	1,854,037	-40%	3,101,763	23%	2,515,352	14%
450,153	80%	250,402	-24%	330,411	-41%	558,581	-17%
2,904,584	38%	2,104,439	-39%	3,432,174	12%	3,073,933	7%

Vertical Analysis (Group)

	2021		2020	
	'000	% change	'000	% change
PROFIT & LOSS				
Revenues	12,788,561	100%	13,803,576	100%
Expenditure	(9,917,093)	-78%	(9,234,891)	-67%
Gross profit	2,871,468	22%	4,568,685	33%
Administrative expenses	(1,034,518)	-8%	(1,120,281)	-8%
Impairment loss	(73,385)	-1%	(411,138)	-3%
Other expenses	(208,449)	-2%	(268,440)	-2%
Finance costs	(557,607)	-4%	(1,135,464)	-8%
Other income	1,444,682	11%	948,384	7%
Profit before taxation	2,442,191	19%	2,581,746	19%
Taxation	(177,165)	-1%	(167,868)	-1%
PROFIT AFTER TAXATION	2,265,026	18%	2,413,878	17%
BALANCE SHEET				
Property, plant and equipment	27,772,552	60%	28,674,222	63%
Other non-current assets	3,988,111	9%	3,724,070	8%
Trade debts	3,019,161	6%	3,141,103	7%
Cash and bank balances	1,801,489	4%	4,512,021	10%
Other current assets	10,009,671	21%	5,776,271	13%
TOTAL ASSETS	46,590,984	100%	45,827,687	100%
Shareholder's equity	37,120,237	79.7%	34,693,967	76%
Employee benefits	679,619	1.5%	763,520	2%
Long term financing	4,684,138	10.1%	6,010,153	13%
Other non-current liabilities	114,805	0.2%	109,204	0.2%
Current portion of long term financing	1,334,965	2.9%	1,334,964	3%
Other current liabilities	2,657,220	5.7%	2,915,879	6%
TOTAL EQUITY AND LIABILITIES	46,590,984	100%	45,827,687	100%
CASH FLOW STATEMENT				
Cash flows from operating activities	3,169,002	-117%	2,684,111	-252%
Cash flows from investing activities	(4,248,608)	157%	(1,647,488)	155%
Cash flows from financing activities	(1,630,926)	60%	(2,102,739)	197%
NET DECREASE IN CASH AND CASH EQUIVALENTS	(2,710,532)	100%	(1,066,116)	100%
OTHERS				
Profit before tax	2,442,191	48%	2,581,746	47%
Finance costs	557,607	11%	1,135,464	21%
Depreciation	2,098,099	41%	1,770,878	32%
Amortisation	-	0%	-	0%
EBITDA	5,097,897	170%	5,488,088	148%
Profit before tax	2,442,191	81%	2,581,746	69%
Finance costs	557,607	19%	1,135,464	31%
EBIT	2,999,798	100%	3,717,210	100%

2019		2018		2017		2016	
‘000	% change	‘000	% change	‘000	% change	‘000	% change
11,389,059	100%	10,448,805	100%	13,755,959	100%	13,370,504	100%
(8,276,828)	-73%	(8,078,156)	-77%	(9,712,092)	-71%	(9,499,130)	-71%
3,112,231	27%	2,370,649	23%	4,043,867	29%	3,871,374	29%
(1,113,280)	-10%	(1,067,115)	-10%	(1,007,062)	-7%	(925,909)	-7%
(58,039)	-1%	(52,963)	-1%	(361,635)	-3%	(201,723)	-2%
(291,396)	-3%	(272,852)	-3%	(218,250)	-2%	(419,301)	-3%
(450,153)	-4%	(250,402)	-2%	(330,411)	-2%	(558,581)	-4%
1,255,068	11%	1,126,720	11%	975,254	7%	749,492	6%
2,454,431	22%	1,854,037	18%	3,101,763	23%	2,515,352	19%
(260,057)	-2%	(212,916)	-2%	(624,948)	-5%	(192,298)	-1%
2,194,374	19%	1,641,121	16%	2,476,815	18%	2,323,054	17%
29,837,872	66%	22,158,254	59%	23,195,568	62%	24,215,418	66%
3,441,979	8%	3,195,784	8%	2,767,260	7%	2,326,786	6%
2,615,138	6%	2,868,460	8%	2,537,805	7%	1,766,217	5%
5,578,137	12%	2,764,179	7%	5,161,772	14%	2,143,378	6%
3,582,304	8%	6,629,193	18%	3,989,974	11%	6,086,246	17%
45,055,430	100%	37,615,870	100%	37,652,379	100%	36,538,045	100%
32,608,336	72%	31,340,940	83%	29,844,723	79%	27,581,597	75%
711,259	2%	600,933	2%	592,356	2%	612,767	2%
7,335,925	16%	1,744,186	5%	2,944,191	8%	4,141,525	11%
-	-	-	-	-	-	-	-
1,747,543	4%	1,210,172	3%	1,210,172	3%	1,210,172	3%
2,652,367	6%	2,719,639	7%	3,060,937	8%	2,991,984	8%
45,055,430	100%	37,615,870	100%	37,652,379	100%	36,538,045	100%
2,017,662	72%	1,270,944	-53%	2,499,823	83%	3,589,130	-307%
(5,131,477)	-182%	(2,207,660)	92%	1,989,539	66%	(2,422,390)	207%
5,927,773	211%	(1,460,877)	61%	(1,470,968)	-49%	(2,335,792)	200%
2,813,958	100%	(2,397,593)	100%	3,018,394	100%	(1,169,052)	100%
2,454,431	58%	1,854,037	52%	3,101,763	64%	2,515,352	58%
450,153	11%	250,402	7%	330,411	7%	558,581	13%
1,324,249	31%	1,457,896	41%	1,385,461	29%	1,233,255	29%
-	0%	-	0%	-	0%	-	0%
4,228,833	88%	3,562,335	74%	4,817,635	100%	4,307,188	89%
2,454,431	85%	1,854,037	88%	3,101,763	90%	2,515,352	82%
450,153	15%	250,402	12%	330,411	10%	558,581	18%
2,904,584	100%	2,104,439	100%	3,432,174	100%	3,073,933	100%

Six Years at a Glance (PNSC)

	UOM	2020-2021	2019-2020	2018-2019	2017-2018	2016-2017	2015-2016
		(Rupees in '000)					
Profit & Loss							
Revenue		**2,597,782**	1,953,042	3,287,614	4,873,768	8,517,814	6,113,276
Expenditure		**(2,151,442)**	(1,752,593)	(2,823,489)	(3,484,147)	(5,396,502)	(5,169,099)
Gross profit		**446,340**	200,449	464,125	1,389,621	3,121,312	944,177
Administrative & other expenses		**(418,484)**	(408,772)	(545,417)	(614,048)	(632,376)	(571,936)
Reversal / impairment (loss) on financial assets - net		**280,348**	(302,617)	(37,264)	(27,852)	(202,407)	(432,980)
Other income		**1,042,376**	887,965	1,123,655	976,247	902,415	651,726
Finance costs		**(551,417)**	(1,129,661)	(445,490)	(247,210)	(328,107)	(555,028)
Profit / (loss) before taxation		**799,163**	(752,636)	559,609	1,476,758	2,860,837	35,959
Taxation		**(104,345)**	(88,206)	(205,585)	(173,119)	(585,426)	(152,706)
Profit / (loss) after taxation		**694,818**	(840,842)	354,024	1,303,639	2,275,411	(116,747)
Balance Sheet							
Non-current assets		**43,422,518**	42,655,967	42,519,747	33,789,362	33,337,092	32,910,510
Current assets		**11,309,154**	9,693,058	9,317,055	10,413,386	10,060,178	8,621,975
Total assets		**54,731,672**	52,349,025	51,836,802	44,202,748	43,397,270	41,532,485
Paid-up Capital		**1,320,634**	1,320,634	1,320,634	1,320,634	1,320,634	1,320,634
Reserves		**8,739,441**	8,276,295	9,363,611	9,767,740	8,710,641	6,630,443
Surplus on revaluation of fixed assets		**1,624,111**	1,231,193	1,234,901	1,242,161	1,140,525	1,159,001
Share-holders' equity		**11,684,186**	10,828,122	11,919,146	12,330,535	11,171,800	9,110,078
Non-current liabilities		**5,478,562**	6,882,876	8,047,184	2,345,119	3,536,547	4,754,292
Current liabilities		**37,568,924**	34,638,027	31,870,472	29,527,094	28,688,923	27,668,115
		54,731,672	52,349,025	51,836,802	44,202,748	43,397,270	41,532,485
RATIOS							
Profitablility Ratios							
Gross profit / operating revenue	%	**17.18**	10.26	14.12	28.51	36.64	15.44
Profit/(loss) before tax / operating revenue	%	**30.76**	(38.54)	17.02	30.30	33.59	0.59
Profit/(loss) after tax / operating revenue	%	**26.75**	(43.05)	10.77	26.75	26.71	(1.91)
Return on capital employed	%	**4.05**	(4.75)	1.77	8.88	15.47	(0.84)
Liquidity / Leverage Ratios							
Current ratio	Times	**0.30**	0.28	0.29	0.35	0.35	0.31
Fixed assets turnover ratio	Times	**0.06**	0.05	0.09	0.15	0.26	0.20
Equity / Total assets	%	**21.35**	20.68	22.99	27.90	25.74	21.93
Return to Shareholders							
Earnings/(loss)per share	Rs.	**5.26**	(6.37)	2.68	9.87	17.23	(0.88)
Price / (loss) earning Ratio	Rs.	**13.82**	(11.87)	23.82	8.30	7.31	(105.99)
Cash dividend	Rs. / share	**3.00**	2.25	2	1.5	2	2
Break-up value per share	Rs.	**88.47**	81.99	90.25	93.37	84.59	68.98
Share prices in Rupees							
High		**97.90**	107.00	88.99	155.25	213.00	127.90
Low		**64.00**	50.01	47.13	80.00	90.37	63.01

KPMG TASEER HADI & CO.
CHARTERED ACCOUNTANTS
SHEIKH SULTAN TRUST BUILDING NO. 2,
BEAUMONT ROAD
KARACHI

GRANT THORNTON ANJUM RAHMAN
CHARTERED ACCOUNTANTS
1ST & 3RD FLOOR, MODERN MOTORS HOUSE
BEAUMONT ROAD
KARACHI

To the members of Pakistan National Shipping Corporation

Review Report on the Statement of Compliance contained in Listed Companies (Code of Corporate Governance) Regulations, 2019

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Regulations) prepared by the Board of Directors of Pakistan National Shipping Corporation ("the Corporation") for the year ended 30 June 2021 in accordance with the requirements of regulation 36 of the Regulations.

The responsibility for compliance with the Regulations is that of the Board of Directors of the Corporation. Our responsibility is to review whether the Statement of Compliance reflects the status of the Corporation's compliance with the provisions of the Regulations and report if it does not and to highlight any non-compliance with the requirements of the Regulations. A review is limited primarily to inquiries of the Company's personnel and review of various documents prepared by the Corporation to comply with the Regulations.

As a part of our audit of the financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board of Directors' statement on internal control covers all risks and controls or to form an opinion on the effectiveness of such internal controls, the Corporation's corporate governance procedures and risks.

The Regulations require the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval, its related party transactions. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee. We have not carried out procedures to assess and determine the Corporation's process for identification of related parties and that whether the related party transactions were undertaken at arm's length price or not.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Corporation's compliance, in all material respects, with the requirements contained in the Regulations as applicable to the Corporation for the year ended 30 June 2021.

KPMG Taseer Hadi & Co.

KPMG Taseer Hadi & Co.
Chartered Accountants
Karachi

Date: October 06, 2021

Grant Thornton Anjum Rahman

Grant Thornton Anjum Rahman
Chartered Accountants
Karachi

Date: October 06, 2021

KPMG

Grant Thornton
An instinct for growth

Statement of Compliance with Listed Companies (Code of Corporate Governance) Regulations, 2019

PAKISTAN NATIONAL SHIPPING CORPORATION
Year ended 30th June, 2021

The Corporation has complied with the requirements of Listed Companies (Code of Corporate Governance) Regulations, 2019 (“the Regulations”) in the following manner:

1. The total number of directors are four as per the following:

   a) Male : 4*
   b) Female : 0*

2. The composition of the Board of Directors (the Board) is as follows:

Category*	Names
Chairman & Chief Executive	- Mr. Shakeel Ahmed Mangnejo
Non-Executive Director (appointed by Federal Government under the PNSC Ordinance, 1979).	- Mr. Imdad Ullah Bosal Additional Finance Secretary (Expenditure), Finance Division Islamabad, (Ex-Officio Member)
Non-Executive Directors (elected by shareholders under the PNSC Ordinance, 1979).	- Mr. Khowaja Obaid Imran Ilyas - Captain Anwar Shah

3. The Directors have confirmed that none of them is serving as a director on more than seven listed companies, including this Corporation.

4. The Corporation has prepared a Code of Conduct and has ensured that appropriate steps have been taken to disseminate it throughout the Corporation along with its supporting policies and procedures.

5. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the Corporation. The Board has ensured that complete record of particulars of the significant policies along with their date of approval or updating is maintained by the Corporation.

6. All the powers of the Board have been duly exercised and decisions on relevant matters have been taken by Board/ shareholders as empowered by the relevant provisions of the PNSC Ordinance, Companies Act, 2017(the Act) and the Regulations.

7. The meetings of the Board were presided over by the Chairman. The Board has complied with the requirements of the PNSC Ordinance, the Act and the Regulations with respect to frequency, recording and circulating minutes of meetings of the Board.

8. The Board have a formal policy and transparent procedures for remuneration/meetings attendance fee of directors in accordance with the PNSC Regulations, 2004 framed under the PNSC Ordinance, the Act and the Regulations.

9. As at 30 June 2021, 75% of the Board of the directors have attended the Directors’ Training Program.

10. No new appointment of Chief Financial Officer (CFO), Company Secretary and Head of Internal Audit, including a decision on their remuneration, has been made during the year and terms and conditions of employment and the Board has complied with relevant requirements

11. Chief Financial Officer and Chief Executive Officer duly endorsed the financial statements before approval of the Board.

12. The Board has formed committees comprising of members given below:

(a) Audit and Finance Committee:

Names	Category
- Mr. Khowaja Obaid Imran Ilyas	Chairman of Committee
- Mr. Imdad Ullah Bosal Additional Finance Secretary (Expenditure), Finance Division Islamabad, (Ex-Officio Member).	Member
- Captain Anwar Shah	Member
- Mr. Baber Jamal Zuberi	Secretary of the Committee

(b) HR, Nomination and CSR Committee:

Names	Category
- Mr. Khowaja Obaid Imran Ilyas	Member
- Capt. Muhammad Shakil	Secretary of the Committee

(c) Strategy and Risk Management Committee:

Names	Category
- Mr. Shakeel Ahmed Mangnejo	Member
- Captain Anwar Shah	Member
- Mr. S. Jarar Haider Kazmi	Secretary of the Committee

13. The terms of reference of the aforesaid committees have been formed, documented and advised to the committee for compliance.

14. The frequency of meetings were as per following:

(a) Audit & Finance Committee
- 29 September 2020
- 27 October 2020
- 12 January 2021
- 24 February 2021
- 27 April 2021
- 21 June 2021

(b) HR, Nomination and CSR Committee
- 23 September 2020
- 26 November 2020
- 23 February 2021

(c) Strategy and Risk Management Committee
- 21 December 2020
- 22 April 2021

15. The Board has set up an effective internal audit function who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the Corporation.

16. The statutory auditors of the Corporation have confirmed that they have been given a satisfactory rating under the Quality Control Review program of the Institute of Chartered Accountants of Pakistan and registered with Audit Oversight Board of Pakistan, that they and all their partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the Institute of Chartered Accountants of Pakistan and that they and the partners of the firm involved in the audit are not a close relative (spouse, parent, dependent and non-dependent children) of the chief executive officer / chairman, chief financial officer, head of internal audit, company secretary or director of the Company.

17. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, these regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard.

18. We confirm that all requirements of regulations 3, 8, 32, 33 and 36 of the Regulations have been complied with.

19. Explanation for non-compliance with requirements, other than regulations 3, 8, 32, 33 and 36 are below (if applicable):

* Section 505 (1) (d) of the Companies Act, 2017 (the Act) allows companies governed by any special enactments to follow the provisions of their special enactments in case of any inconsistencies arising between the Act and their respective enactments. As the Corporation was established under PNSC Ordinance 1979, certain requirements of the PNSC Ordinance 1979 relating to composition of Board and its Committees prevail over the provisions of the Act as follows:

- Section 14 states that five directors are appointed by the Federal Government and two directors are elected by the Shareholders other than Federal Government.

- Section 19 inter alia, states that the Chairman shall direct and control, on behalf of the Board, the business and affairs of the Corporation, as its Chief Executive

- The term of following three members on the Board of PNSC expired on 30th May 2021 and successors are yet to be appointed by the Federal Government under section 14 of the PNSC Ordinance 1979.

  - Mr. Kamran Farooq Ansari
  - Mr. Muhammad Ali
  - Mr. Ali Syed

Shakeel Ahmed Mangnejo (P.A.S)
CHAIRMAN / CHIEF EXECUTIVE

DIRECTOR

Independent Auditor's Report and Consolidated Financial Statements of Pakistan National Shipping Corporation (Group)

For the year ended
June 30, 2021

KPMG TASEER HADI & CO.
CHARTERED ACCOUNTANTS
SHEIKH SULTAN TRUST BUILDING NO. 2,
BEAUMONT ROAD
KARACHI

GRANT THORNTON ANJUM RAHMAN
CHARTERED ACCOUNTANTS
1ST & 3RD FLOOR, MODERN MOTORS HOUSE
BEAUMONT ROAD
KARACHI

INDEPENDENT AUDITOR'S REPORT

To the members of Pakistan National Shipping Corporation

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the annexed consolidated financial statements of **Pakistan National Shipping Corporation and its subsidiaries** (the Group), which comprise the consolidated statement of financial position as at June 30, 2021, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity, the consolidated statement of cash flows for the year then ended, and notes to the consolidated 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, the annexed consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at June 30, 2021 and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the accounting and reporting standards as applicable in Pakistan.

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 Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountant's *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.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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Following are the Key audit matters:

S.No	Key audit matters	How the matters were addressed in our audit
1	**Valuation of the Group's owned vessels**	
	The Group has owned vessels in its property plant and equipment as disclosed in note 8 to the annexed consolidated financial statements. The Group in accordance with IAS 36 "Impairment of Assets" assessed whether there is any indication that a Cash Generating Unit (CGU) i.e. owned vessel may be impaired as at June 30, 2021. The challenging market conditions are considered as possible indicators of impairment. Accordingly, the Corporation has carried out periodic assessment to determine the value in use of its investment in subsidiaries. For such assessment, the management has determined the recoverable amount of each vessel which is supported by value-in-use calculation. The value-in-use of each vessel is estimated by discounting future cash flow projections which involved exercise of significant estimates and judgments relating revenue and discount rates. We considered this as a key audit matter due to the significant carrying value of the owned vessels as at reporting date and significance of judgments / estimates used by management in determining their value-in-use	Our key audit procedures amongst others included the following: • Obtained an understanding of the methodology and assumptions used by management to estimate the value-in-use of the Group's owned vessels. • Reviewed computations of value-in-use for accuracy and evaluated technical ability and competence of the management's expert. • Involved our expert and internal specialist to assess the appropriateness of the methodology and assumptions used by the management to determine the value-in-use of the Group's vessels. As part of these audit procedures, our expert and internal specialist: - compared the assumptions used with the historical results, published market and industry data and forecasts; and - reviewed the accuracy of key inputs used in the valuation including the charter hire rates, inflation rates and discount rates. • Reviewed the sensitivity analysis performed by the management in consideration of the potential impact of the reasonably possible change in the assumptions used and considered management's process for approving such estimates. • Reassessed the adequacy of related disclosures made in the annexed consolidated financial statements.

S. No	Key audit matters	How the matters were addressed in our audit
2	**IFRS 9 – Financial Instruments**	
	As disclosed in note 6.9, 17, 18 and 21 to the annexed consolidated financial statements relating to IFRS 9 Financial Instruments. Assessment of allowance for Expected Credit Loss (ECL) against trade debts, agents' and owners' balances and other receivables requires significant judgement, estimates and assumptions applied by the management including historical credit loss experience adjusted with forward-looking macro-economic information. We have considered assessment of ECL as a key audit matter due to significance of the estimates and judgements used by the management related particularly to the calculation of allowance for ECL.	Our key audit procedures amongst others included the following: • Reviewed the methodology developed and applied by the management to estimate the allowance for ECL against trade debts, agents' and owners' balances and other receivables. • Considered and evaluated the assumptions used in applying the ECL model based on historical information and qualitative factors as relevant for such estimates. • Assessed the integrity and quality of the data used for allowance for ECL computation based on the accounting records and information system of the Group as well as the external sources used for this purpose. • Checked the mathematical accuracy of the ECL model by performing recalculation. • Reassessed the adequacy of related disclosures made in the annexed consolidated financial statements.

S. No	Key audit matters	How the matters were addressed in our audit
3	**Contingencies**	
	The Group has various contingent liabilities in respect of income tax / sales tax matters and claims from employees and customers which are pending adjudication before the relevant regulatory authorities and the courts of law, as disclosed in notes 33.1 to 33.18 to the annexed consolidated financial statements. Contingencies require management to make judgments and estimates in relation to the interpretation of laws, statutory rules, regulations and the probability of outcome and financial impact, if any, on the Group regarding disclosure, recognition and measurement of any provision that may be required against such contingencies in the annexed consolidated financial statements. In our judgement the matter is considered to be fundamental to the user's understanding of the financial statements and due to significance of amounts involved, inherent uncertainties with respect to the outcome of the matters and use of significant management judgments and estimates to assess the same including related financial impacts, we considered contingencies as a key audit matter.	Our key audit procedures amongst others included the following: • Obtained an understanding of the Group's processes and controls over litigations through meetings with the management, in- house legal department and review of the minutes of the Board of Directors and Board of Audit Committee. • Reviewed correspondence of the Group with regulatory departments, tax authorities (including judgments and orders passed by competent authorities from time to time, where applicable) and the Group's external counsel. Where relevant, also assessed external legal / tax advices obtained by the Group. • Discussed open matters and developments with the in-house legal department of the Group. • Involved internal tax professionals to assess management's conclusion on contingent tax matters and to evaluate the consistency of such conclusions with the views of the management and external tax advisors engaged by the Group. • Circularized confirmations to the Group's external legal and tax advisors for their views and assessment on the pending cases. • Reassessed the adequacy of related disclosures made in the annexed consolidated financial statements.

Information Other than the Consolidated Financial Statements and Auditors' Report Thereon

Management is responsible for the other information. The other information comprises the information included in the Annual report but does not include the consolidated and unconsolidated financial statements and our auditors' report thereon.

Our opinion on the consolidated 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 consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, 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 Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated 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 the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group'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 Group or to cease operations, or has no realistic alternative but to do so.

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 consolidated financial statements.

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 consolidated 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 Group'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 Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' 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 auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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.

We also provide the board of directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the board of directors, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audit resulting in this independent auditors' report are Muhammad Taufiq (KPMG Taseer Hadi & Co.) and Muhammad Shaukat Naseeb (Grant Thornton Anjum Rahman).

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KPMG Taseer Hadi & Co.

KPMG TASEER HADI & CO.
Chartered Accountants
Karachi

Date: October 06, 2021

GRANT THORNTON ANJUM RAHMAN
Chartered Accountants
Karachi

Date: October 06, 2021

KPMG

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Consolidated Statement of Financial Position

As at June 30, 2021

	Note	June 30, 2021	June 30, 2020
		(Rupees in '000)	
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	8	27,772,552	28,674,222
Right-of-use asset	9	105,653	118,145
Intangible assets	10	39,436	12,891
Investment properties	11	3,687,374	3,426,191
Long-term investments in:			
- Related party (an associate)	12	-	-
- Listed companies and an other entity	13	49,359	35,521
Long-term loans	14	8,144	11,827
Long-term deposits		-	90
Deferred taxation - net	15	98,145	119,405
		31,760,663	32,398,292
CURRENT ASSETS			
Stores and spares	16	1,647,781	1,345,749
Trade debts - unsecured	17	3,019,161	3,141,103
Agents' and owners' balances - unsecured	18	7,617	9,628
Loans and advances	19	94,537	74,833
Trade deposits and short-term prepayments	20	19,213	28,179
Interest accrued on bank deposits and short-term investments		102,298	39,939
Other receivables	21	414,388	620,356
Incomplete voyages	22	173,265	94,929
Insurance claims		91,049	89,219
Taxation-net		1,603,883	1,514,604
Short-term investments	23	6,606,184	3,999,025
Cash and bank balances	24	1,050,945	2,471,831
		14,830,321	13,429,395
TOTAL ASSETS		46,590,984	45,827,687
EQUITY AND LIABILITIES			
EQUITY ATTRIBUTABLE TO THE OWNERS OF THE HOLDING COMPANY			
Authorised share capital			
200,000,000 (2020: 200,000,000) ordinary shares of Rs 10 each		2,000,000	2,000,000
Issued, subscribed and paid-up share capital	25	1,320,634	1,320,634
RESERVES			
Capital reserve		131,344	131,344
Revenue reserves		34,262,953	32,293,867
Remeasurement of post retirement benefits obligation - net of tax		(228,098)	(291,117)
Surplus on revaluation of property, plant and equipment - net of tax		1,626,936	1,234,018
		37,113,769	34,688,746
NON-CONTROLLING INTEREST	26	6,468	5,221
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE GROUP		37,120,237	34,693,967
NON-CURRENT LIABILITIES			
Long-term financing - secured	27	4,684,138	6,010,153
Lease liabilities	28	114,805	109,204
Employee benefits	29	679,619	763,520
		5,478,562	6,882,877
CURRENT LIABILITIES			
Trade and other payables	30	2,360,225	2,563,914
Contract liabilities	31	182,564	228,576
Provision against damage claims	32	19,012	24,261
Current portion of long-term financing	27	1,334,965	1,334,964
Current portion of lease liabilities	28	1,803	6,323
Unclaimed dividend		77,498	68,987
Accrued mark-up on long-term financing		16,118	23,818
		3,992,185	4,250,843
TOTAL LIABILITIES		9,470,747	11,133,720
TOTAL EQUITY AND LIABILITIES		46,590,984	45,827,687
CONTINGENCIES AND COMMITMENTS	33		

The annexed notes 1 to 58 form an integral part of these consolidated financial statements.

Syed Jarar Haider Kazmi	**Shakeel Ahmed Mangnejo**	**Khowaja Obaid Imran Ilyas**
Chief Financial Officer	Chairman & Chief Executive	Director

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended June 30, 2021

	Note	June 30, 2021	June 30, 2020
		-----------(Rupees in '000)-----------	
REVENUE			
Income from shipping business	34	12,567,945	13,575,492
Rental income		220,616	228,084
		12,788,561	13,803,576
EXPENDITURE			
Fleet expenses - direct	35	(9,786,809)	(9,083,541)
Fleet expenses - indirect	36	(16,928)	(17,749)
Real estate expenses	37	(113,356)	(133,601)
		(9,917,093)	(9,234,891)
GROSS PROFIT		2,871,468	4,568,685
Administrative expenses	38	(1,034,518)	(1,120,281)
Impairment loss	39	(73,385)	(411,138)
Other expenses	40	(208,449)	(268,440)
Other income	41	1,444,682	948,384
		128,330	(851,475)
OPERATING PROFIT		2,999,798	3,717,210
Finance costs	42	(557,607)	(1,135,464)
PROFIT BEFORE TAXATION		2,442,191	2,581,746
Taxation	43	(177,165)	(167,868)
PROFIT FOR THE YEAR		2,265,026	2,413,878
OTHER COMPREHENSIVE INCOME			
Items that will not be reclassified to profit or loss			
- Remeasurement of post-retirement benefits obligation	29.1.8 & 29.2.4	88,759	18,753
- Related tax	15.1	(25,740)	(3,249)
		63,019	15,504
- Revaluation of property, plant and equipment		412,821	-
- Related tax	15.1	(17,453)	(1,559)
		395,368	(1,559)
OTHER COMPREHENSIVE INCOME FOR THE YEAR		458,387	13,945
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		2,723,413	2,427,823
PROFIT ATTRBUTABLE TO:			
Equity holders of the Holding Company		2,263,779	2,413,267
Non-controlling interest	26	1,247	611
		2,265,026	2,413,878
TOTAL COMREHENSIVE INCOME ATTRBUTABLE TO:			
Equity holders of the Holding Company		2,722,166	2,427,212
Non-controlling interest	26	1,247	611
		2,723,413	2,427,823
		----------------(Rupees)----------------	
EARNINGS PER SHARE FOR PROFIT ATTRIBUTABLE TO EQUITY HOLDERS OF THE HOLDING COMPANY - basic and diluted	44	17.14	18.27

The annexed notes 1 to 58 form an integral part of these consolidated financial statements.

Syed Jarar Haider Kazmi	Shakeel Ahmed Mangnejo	Khowaja Obaid Imran Ilyas
Chief Financial Officer	Chairman & Chief Executive	Director

Consolidated Statement of Changes in Equity

For the year ended June 30, 2021

	Attributable to the owners of the Holding Company									
			Revenue reserves							
	Issued, subscribed and paid-up share capital	*Capital reserve	General reserve	Unappropri-ated profit	Sub-total revenue reserves	Remeasur-ement of post retirement benefits obligation - net of tax	Surplus on revaluation of property, plant and equipment - net of tax	Total reserves	Non-controlling interest	Total equity
	(Rupees in '000)									
Balance as at July 1, 2019	1,320,634	131,344	129,307	30,091,336	30,220,643	(306,621)	1,237,726	32,603,726	4,610	32,608,336
Transactions with owners										
Final cash dividend for the year ended June 30, 2019 paid to shareholders of the Holding Company @ Rs 2 per ordinary share	-	-	-	(264,127)	(264,127)	-	-	(264,127)	-	(264,127)
Transferred from surplus on revaluation of property, plant and equipment on account of incremental depreciation - net of tax	-	-	-	2,149	2,149		(2,149)	-	-	-
Transaction cost on issue of further share capital of subsidiaries	-	-	-	(78,065)	(78,065)		-	(78,065)	-	(78,065)
Comprehensive income for the year										
Profit for the year	-	-	-	2,413,267	2,413,267	-	-	2,413,267	611	2,413,878
Other comprehensive income for the year	-	-	-	-	-	15,504	(1,559)	13,945	-	13,945
Total comprehensive income for the year	-	-	-	2,413,267	2,413,267	15,504	(1,559)	2,427,212	611	2,427,823
Balance as at June 30, 2020	1,320,634	131,344	129,307	32,164,560	32,293,867	(291,117)	1,234,018	34,688,746	5,221	34,693,967
Balance as at July 1, 2020	**1,320,634**	**131,344**	**129,307**	**32,164,560**	**32,293,867**	**(291,117)**	**1,234,018**	**34,688,746**	**5,221**	**34,693,967**
Transactions with owners										
Final cash dividend for the year ended June 30, 2020 paid to shareholders of the Holding Company @ Rs 2.25 per ordinary share	-	-	-	(297,143)	(297,143)	-	-	(297,143)	-	(297,143)
Transferred from surplus on revaluation of property, plant and equipment on account of incremental depreciation - net of tax	-	-	-	2,450	2,450	-	(2,450)	-	-	-
Comprehensive income for the year										
Profit for the year	**-**	**-**	**-**	**2,263,779**	**2,263,779**	**-**	**-**	**2,263,779**	**1,247**	**2,265,026**
Other comprehensive income for the year	**-**	**-**	**-**	**-**	**-**	**63,019**	**395,368**	**458,387**	**-**	**458,387**
Total comprehensive income for the year	**-**	**-**	**-**	**2,263,779**	**2,263,779**	**63,019**	**395,368**	**2,722,166**	**1,247**	**2,723,413**
Balance as at June 30, 2021	**1,320,634**	**131,344**	**129,307**	**34,133,646**	**34,262,953**	**(228,098)**	**1,626,936**	**37,113,769**	**6,468**	**37,120,237**

* This includes an amount transferred from shareholder's equity at the time of merger of former NSC and PSC. The reserve is not utilisable for the purpose of distribution to shareholders.

The annexed notes 1 to 58 form an integral part of these consolidated financial statements.

Syed Jarar Haider Kazmi
Chief Financial Officer

Shakeel Ahmed Mangnejo
Chairman & Chief Executive

Khowaja Obaid Imran Ilyas
Director

Consolidated Statement of Cash Flows

For the year ended June 30, 2021

	Note	June 30, 2021	June 30, 2020
		-------------(Rupees in '000)------------	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	45	**4,085,467**	4,260,776
Employees' gratuity paid	29.1.4	**(10,859)**	(11,478)
Employees' compensated absences paid	29.2.4	**(63,094)**	(80,885)
Post-retirement medical benefits paid	29.1.4	**(22,096)**	(25,692)
Long-term loans		**3,683**	5,486
Finance costs paid		**(537,962)**	(1,132,455)
Taxes paid		**(286,137)**	(331,641)
Net cash generated from operating activities		**3,169,002**	2,684,111
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment	8.1 & 8.7 & 8.10	**(720,306)**	(678,706)
Proceeds from disposal of property, plant and equipment		**42,840**	15,963
Initial deposit for the acquisition of intangible asset	10	**(26,545)**	(12,891)
Additions to investment properties	11	**(1,000)**	(117)
Short-term investments made - net		**(3,896,805)**	(1,470,285)
Interest received on short-term investments		**352,498**	497,398
Interest received from mutual funds		**641**	-
Dividends received on long-term investments in listed companies	41	**69**	1,150
Net cash used in investing activities		**(4,248,608)**	(1,647,488)
CASH FLOWS FROM FINANCING ACTIVITIES			
Long-term financing repaid	27.3	**(1,334,965)**	(1,758,939)
Lease rentals paid		**(7,329)**	(10,531)
Transaction cost paid for issuance of shares of subsidiaries		**-**	(78,065)
Dividends paid		**(288,632)**	(255,204)
Net cash used in from financing activities		**(1,630,926)**	(2,102,739)
Net decrease in cash and cash equivalents		**(2,710,532)**	(1,066,116)
Cash and cash equivalents at beginning of the year		**4,512,021**	5,578,137
Cash and cash equivalents at end of the year	46	**1,801,489**	4,512,021

The annexed notes 1 to 58 form an integral part of these consolidated financial statements.

Syed Jarar Haider Kazmi	Shakeel Ahmed Mangnejo	Khowaja Obaid Imran Ilyas
Chief Financial Officer	Chairman & Chief Executive	Director

Notes to and Forming Part of the Consolidated Financial Statements

For the year ended June 30, 2021

1. THE GROUP AND ITS OPERATIONS

1.1 Pakistan National Shipping Corporation (the Holding Company), its subsidiary companies and an associate (together 'the Group') were incorporated under the provisions of the Pakistan National Shipping Corporation Ordinance, 1979 and the repealed Companies Ordinance, 1984 (now the Companies Act, 2017), respectively. The Group is principally engaged in the business of shipping, including charter of vessels, transportation of cargo and other related services. The Group is also engaged in renting out its properties to tenants under lease agreements. The Group's registered office is situated at PNSC Building, Moulvi Tamizuddin Khan Road, Karachi except for Pakistan Co-operative Ship Stores (Private) Limited which is situated at 70/4, Timber Pond, N.M Reclamation Kemari, Karachi. With effect from October 13, 2020 and January 29, 2021, the name of subsidiary companies are changed from Islamabad Shipping (Private) Limited to Pakistan Marine and Shipping Services Company (Private) Limited and from Kaghan Shipping (Private) Limited to National Ship Management and Crewing (Private) Limited respectively.

The Group consists of:

Holding company

- Pakistan National Shipping Corporation

Subsidiary companies

- Bolan Shipping (Private) Limited
- Chitral Shipping (Private) Limited
- Hyderabad Shipping (Private) Limited
- Pakistan Marine and Shipping Services Company (Private) Limited [formerly: Islamabad Shipping (Private) Limited]
- Johar Shipping (Private) Limited
- National Ship Management and Crewing (Private) Limited [formerly: Kaghan Shipping (Private) Limited]
- Karachi Shipping (Private) Limited
- Khairpur Shipping (Private) Limited
- Lahore Shipping (Private) Limited
- Lalazar Shipping (Private) Limited
- Makran Shipping (Private) Limited
- Malakand Shipping (Private) Limited
- Multan Shipping (Private) Limited
- Quetta Shipping (Private) Limited
- Sargodha Shipping (Private) Limited
- Shalamar Shipping (Private) Limited
- Sibi Shipping (Private) Limited
- Swat Shipping (Private) Limited
- Pakistan Co-operative Ship Stores (Private) Limited

Associate

- Muhammadi Engineering Works (Private) Limited

The Holding Company owns 73% (2020: 73%) of the share capital of Pakistan Co-operative Ship Stores (Private) Limited and 100% (2020: 100%) of the share capital of the remaining eighteen subsidiary companies. Each of wholly owned subsidiaries operate one vessel / tanker with the exception of Swat Shipping (Private) Limited, Lalazar Shipping (Private) Limited, Johar Shipping (Private) Limited, National Ship Management and Crewing (Private) Limited [formerly: Kaghan Shipping (Private) Limited], Pakistan Marine and Shipping Services Company (Private) Limited [formerly: Islamabad Shipping (Private) Limited], Sargodha Shipping (Private) Limited and Makran Shipping (Private) Limited which currently do not own any vessel.

1.2 During the year, the World Health Organization declared COVID-19 a pandemic. To reduce the impact on businesses and economies in general, regulators / governments across the globe introduced a host of measures on both the fiscal and economic fronts.

Shipping operations, which is the basic business of the Group has been permitted by the Government to operate with strict compliance of SOPs issued. Consequently, the Group's offices and vessels have continued to operate. However, COVID-19 has primarily impacted the Group on account of depression in the charter out business in its bulk carriers and reduced activities under slot charter segment. The Group remained up to date in all its financial committments. The management believes that the going concern assumption of the Group remains valid.

2. STATEMENT OF COMPLIANCE

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

- International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017 (the Act); and

- Provisions of and directives issued under the Act.

Where provisions of and directives issued under the Act differ from the IFRSs, the provisions of and directives issued under the Act have been followed.

3. BASIS OF MEASUREMENT

3.1 These consolidated financial statements have been prepared under the historical cost convention except as otherwise stated in the respective notes to the consolidated financial statements.

3.2 These consolidated financial statements are presented in Pakistani Rupees, which is the Group's functional and presentation currency.

4. BASIS OF CONSOLIDATION

These consolidated financial statements include the financial statements of the Holding Company and all of its subsidiaries.

4.1 Subsidiaries

Subsidiaries are entities controlled by the Holding Company. Subsidiaries are those entities over which the Holding Company has the power to govern the financial and operating policies generally accompanying a shareholding of more than fifty percent of the voting rights. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

The assets, liabilities, income and expenses of subsidiary companies are consolidated on a line by line basis and carrying value of investments held by the Holding Company is eliminated against the subsidiary companies' shareholders' equity in these consolidated financial statements.

The financial statements of the subsidiaries are prepared for the same reporting year as the Holding Company, using consistent accounting policies.

All intra-group balances, transactions and unrealised gains and losses resulting from intra-group transactions and dividends are eliminated in full.

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date when such control ceases.

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any non-controlling interest. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill.

Transactions with non-controlling interests

The Group treats transactions with non-controlling interest that do not result in loss of control as transactions with equity owners of the Group. For purchase of interest from non-controlling interests, the difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

When the Group ceases to have control or significant influence, any retained interest in the equity is remeasured to its fair value, with the change in carrying amount recognised in the profit or loss. The fair value is the initial carrying amount for the purposes of subsequent accounting for the retained interest as an associate, joint venture or financial assets. In addition, any amount previously recognised in other comprehensive income in respect to that entity are accounted for as if the Group had directly disposed off the related assets and liabilities.

4.2 Associates

Associates are those entities in which the Holding Company has significant influence, but not control, over the financial and operating policies. Significant influence is presumed to exist when the Holding Company holds between 20 and 50 percent of the voting power of another entity or when the Holding Company has significant influence through common directorship(s).

5. STANDARDS, INTERPRETATIONS, AMENDMENTS AND IMPROVEMENTS APPLICABLE TO FINANCIAL

5.1 New or amendments / interpretations to existing standards, interpretation and forthcoming requirements

There are new and amended standards and interpretations that are mandatory for accounting periods beginning July 1, 2020 other than those disclosed in note 5.2. These are considered not to be relevant or do not have any significant effect on the Group's financial statements and are therefore not stated in these financial statements.

5.2 Standards, interpretations and amendments to published approved accounting standards that are not yet effective

The following International Financial Reporting Standards (IFRS Standards) as notified under the Companies Act, 2017 and the amendments and interpretations thereto will be effective for accounting periods beginning on or after January 1, 2021:

- Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 – Interest Rate Benchmark Reform (effective for annual periods beginning on or after 1 January 2021) - In August 2020, the IASB published Interest Rate Benchmark Reform – Phase 2, Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16. The amendments provide temporary reliefs which address the financial reporting effects when an interbank offered rate (IBOR) is replaced with an alternative nearly risk-free interest rate (RFR). The amendments include a practical expedient to require contractual changes, or changes to cash flows that are directly required by the reform, to be treated as changes to a floating interest rate, equivalent to a movement in a market rate of interest.

- Covid-19-Related Rent Concessions – Amendments to IFRS 16 (effective for annual periods beginning on or after 1 April 2021). The amendment to IFRS 16 will provide relief to lessees for accounting for rent concessions from lessors specifically arising from the covid-19 pandemic. While lessees that elect to apply the practical expedient do not need to assess whether a concession constitutes a modification, lessees still need to evaluate the appropriate accounting for each concession as the terms of the concession granted may vary.

- IFRS 17 Insurance Contracts (effective for annual periods beginning on or after 1 January 2023). In May 2017, the IASB issued IFRS 17 Insurance Contracts, a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, IFRS 17 will replace IFRS 4 Insurance Contracts. IFRS 17 applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. A few scope exceptions will apply. The overall objective of IFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers.

- Classification of liabilities as current or non-current (Amendments to IAS 1) effective for the annual period beginning on or after 1 January 2022. These amendments in the standards have been added to further clarify when a liability is classified as current. The standard also amends the aspect of classification of liability as non-current by requiring the assessment of the entity's right at the end of the reporting period to defer the settlement of liability for at least twelve months after the reporting period. An entity shall apply those amendments retrospectively in accordance with IAS 8.

- Onerous Contracts - Cost of Fulfilling a Contract (Amendments to IAS 37) effective for the annual period beginning on or after January 1, 2022 amends IAS 1 by mainly adding paragraphs which clarifies what comprise the cost of fulfilling a contract. Cost of fulfilling a contract is relevant when determining whether a contract is onerous. An entity is required to apply the amendments to contracts for which it has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments (the date of initial application). Restatement of comparative information is not required, instead the amendments require an entity to recognize the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings or other component of equity, as appropriate, at the date of initial application.

- Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16) effective for the annual period beginning on or after January 1, 2022. Clarifies that sales proceeds and cost of items produced while bringing an item of property, plant and equipment to the location and condition necessary for it to be capable of operating in the manner intended by management e.g. when testing etc., are recognized in profit or loss in accordance with applicable Standards. The entity measures the cost of those items applying the measurement requirements of IAS 2. The standard also removes the requirement of deducting the net sales proceeds from cost of testing. An entity shall apply those amendments retrospectively, but only to items of property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after the beginning of the earliest period presented in the financial statements in which the entity first applies the amendments. The entity shall recognize the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at the beginning of that earliest period presented.

- Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2 (effective for annual periods beginning on or after 1 January 2023) In February 2021, the Board issued amendments to IAS 1 and IFRS Practice Statement 2 Making Materiality Judgements (the PS), in which it provides guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

- Definition of Accounting Estimates - Amendments to IAS 8 Effective for annual periods beginning on or after 1 January 2023 Key requirements In February 2021, the Board issued amendments to IAS 8, in which it introduces a new definition of 'accounting estimates'. The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, they clarify how entities use measurement techniques and inputs to develop accounting estimates.

- Deferred Tax related to Assets and Liabilities arising from a Single Transaction - Amendments to IAS 12 (Effective for annual periods beginning on or after 1 January 2023) the Board issued amendments to IAS 12, which narrow the scope of the initial recognition exception under IAS 12, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences. The amendments clarify that where payments that settle a liability are deductible for tax purposes, it is a matter of judgement (having considered the appliable tax law) whether such deductions are attributable for tax purposes to the liability recognised in the financial statements (and interest expense) or to the related asset component (and interest expense).

ANNUAL IMPROVEMENTS TO IFRS STANDARDS 2018-2020 CYCLE

The following annual improvements to IFRS standards 2018-2020 are effective for annual reporting periods beginning on or after January 1, 2022.

- IFRS 9- The amendment clarifies that an entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf, when it applies the '10 per cent' test in paragraph 83.3.6 of IFRS 9 in assessing whether to derecognize a financial liability.

- IFRS 16 - The amendment partially amends Illustrative Example 13 accompanying IFRS 16 by excluding the illustration of reimbursement of leasehold improvements by the lessor. The objective of the amendment is to resolve any potential confusion that might arise in lease incentives.

- IAS 41 - The amendment removes the requirement in paragraph 22 of IAS 41 for entities to exclude taxation cash flows when measuring the fair value of a biological asset using a present value technique.

The above improvements to standards are not likely to have material / significant impact on Group's financial statements.

The adoption of the above standards, interpretations, amendments and improvements to IFRSs did not have any effect on these financial statements.

6. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

6.1 Property, plant and equipment

These are initially recognised at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment losses, if any, except for leasehold land, buildings on leasehold land, beach huts and workshop machinery and equipment which are carried at revalued amounts less subsequent accumulated depreciation and any subsequent accumulated impairment losses, if any. The revaluation of related assets is carried out at regular intervals to ensure that the carrying amounts do not differ materially from those which would have been determined using fair values at the date of statement of financial position.

The value assigned to leasehold land is not depreciated as the leases are expected to be renewed for further periods on payment of relevant rentals. Annual lease rentals are charged to profit or loss and premium paid at the time of renewal, if any, is amortised over the remaining period of the lease.

Depreciation is charged to profit or loss applying the straight line method whereby the depreciable amount of an asset is depreciated over its estimated useful life.

No depreciation is charged if the asset's residual value exceeds its carrying amount.

Full month's depreciation is charged from the month the asset is available for intended use and no depreciation is charged in the month of disposal. An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use. Gains and losses on disposals determined by comparing proceeds with carrying amount of the relevant assets are included in profit or loss.

Residual values, useful lives and methods of depreciation are reviewed at each date of statement of financial position and adjusted, if expectations differ significantly from previous estimates.

Increase in the carrying amounts arising on revaluation of leasehold land, buildings on leasehold land, beach huts and workshop machinery and equipment is recognised, net of tax, in other comprehensive income and accumulated in reserves in shareholders' equity. To the extent that the increase reverses a decrease previously recognised in profit or loss, the increase is first recognised in profit or loss.

Decrease in the carrying amounts arising as a result of revaluation, that reverses previous increase of the same asset is first recognised in other comprehensive income to the extent of the remaining surplus attributable to the asset; all other decrease are charged to profit or loss.

Each year, the difference between depreciation based on the revalued carrying amount of the asset charged to profit or loss and depreciation based on the asset's original cost, net of tax, is reclassified from the revaluation surplus on property, plant and equipment to unappropriated profit. Additionally, accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the assets and the net amount is restated to the revalued amount of the assets. Upon disposal, any revaluation reserve relating to the particular assets being sold is transferred to unappropriated profit.

Major spare parts and stand-by equipment qualify for recognition as property, plant and equipment when the Group expects to use them for more than one year.

Maintenance and normal repairs are charged to profit or loss as and when incurred. Major renewals, replacements and improvements are capitalised and assets so replaced, if any, are retired.

6.2 Capital work-in-progress

These are stated at cost less accumulated impairment losses, if any. All expenditure connected with specific assets incurred during installation and construction period are carried under this head. These are transferred to specific assets as and when these assets are available for intended use.

6.3 Right-of-use asset

The right-of-use asset is initially measured based on the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentive received. The right-of-use asset is depreciated on a straight line method over the lease term as this method most closely reflects the expected pattern of consumption of future economic benefits. The right-of-use asset is reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The Group does not recognise right-of-use assets and lease liabilities for short term leases that have a lease term of 12 months or less and leases of low-value assets. The lease payments associated with these leases are recognised as an expense on a straight line basis over the lease term.

6.4 Intangible assets

These are initially recognised at cost and are subsequently carried at cost less accumulated amortisation and accumulated impairment losses, if any.

Amortisation is charged to profit or loss by applying straight-line method whereby the cost less residual value, if not insignificant, of an asset is written off over its estimated useful life to the Group. Full month's amortisation is charged from the month the asset is available for intended use and no amortisation is charged in the month of disposal. Gains and losses on disposals determined by comparing proceeds with carrying amount of the relevant assets are included in profit or loss.

6.5 Investment properties

Properties held for long-term rental yields which are significantly rented out by the Group are classified as investment properties.

Investment properties are measured initially at cost, including related transaction costs directly attributable to acquisition. After initial recognition at cost, investment properties are carried at their fair values based on market value determined by professional independent valuers with sufficient regularity. Fair values are based on active market prices, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset. Gain or loss arising as a result of fair valuation is charged to profit or loss.

Additions to investment properties consist of costs of a capital nature. The profit on disposal is determined as the difference between the sales proceeds and the carrying amount of the asset at the commencement of the accounting period plus capital expenditure in the period.

6.6 Impairment of non-financial assets

The Group assesses at each date of statement of financial position whether there is any indication that the assets may be impaired. If such indications exist, the carrying amounts of such assets are reviewed to assess whether they are recorded in excess of their recoverable amounts. Where carrying values exceed the respective recoverable amount, assets are written down to their recoverable amounts and the resulting impairment charge is recognised in profit or loss except for impairment loss on revalued assets, which is recognised directly against revaluation surplus of the same asset to the extent that the impairment loss does not exceed the amount held in the revaluation surplus.

6.7 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

6.7.1 Financial assets

a) Initial recognition and measurement

Under IFRS 9, on initial recognition, a financial asset is classified as measured at: amortised cost; Fair Value through Other Comprehensive Income (FVOCI) – debt investment; FVOCI – equity investment; or Fair Value through Profit or Loss (FVTPL).

The classification of financial assets under IFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income (OCI). This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

A financial asset (unless it is a trade debt without a significant financing component that is initially measured at the transaction price) is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition.

b) Subsequent measurement

Financial assets at FVTPL - These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.

Financial assets at amortised cost - These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses, if any. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Debt investments at FVOCI - These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.

Equity investments at FVOCI - These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses including on account of derecognition are recognised in OCI and are never reclassified to profit or loss.

6.7.2 Financial liabilities

Financial liabilities are classified, at initial recognition, as financial liabilities at FVTPL, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

Financial liabilities at fair value through profit or loss

Financial liabilities at FVTPL include financial liabilities held for trading and financial liabilities designated upon initial recognition as at FVTPL. Gains or losses on liabilities held for trading are recognised in the consolidated statement of profit or loss. Financial liabilities designated upon initial recognition at FVTPL are designated at the initial date of recognition, and only if the criteria in IFRS 9 are satisfied. The Group has not designated any financial liability as at FVTPL.

Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate (EIR) method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the consolidated statement of profit or loss.

This category generally applies to interest-bearing loans and borrowings. For more information, refer note 27 to these consolidated financial statements.

6.7.3 Impairment of financial assets

IFRS 9 replaces the 'incurred loss' model in IAS 39 with an 'expected credit loss' (ECL) model. The new impairment model applies to financial assets measured at amortised cost, contract assets and debt investments at FVOCI, but not to investments in equity instruments.

The Group uses the standard's simplified approach and calculates ECL based on life time ECL on its financial assets. The Group has established a provision matrix that is based on the Group's historical credit loss experience, adjusted for forward-looking factors specific to the financial assets and the economic environment.

At each date of statement of financial position, the Group assesses whether financial assets are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the respective asset.

ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive. The shortfall is then discounted at an approximation to the asset's original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

6.7.4 Off-setting of financial assets and financial liabilities

A financial asset and a financial liability is offset and the net amount is reported in the consolidated financial statements if the Group has a legally enforceable right to set-off the transaction and also intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

6.8 Stores and spares

Stores are valued at weighted average cost while spares are valued at cost determined on first-in first-out basis. Stores and spares in transit are valued at cost incurred upto the date of consolidated statement of financial position.

Certain spares having low value and high consumption levels are charged to profit or loss at the time of purchase.

The Group reviews the carrying amount of stores and spares on a regular basis and provision is made for obsolescence, if there is any change in the usage pattern and physical form.

6.9 Trade debts, agents' and owners' balances, loans, deposits and other receivables

Trade debts, agents' and owners' balances, loans, deposits and other receivables are stated initially at fair value and subsequently measured at amortised cost using EIR less an allowance for ECL. Allowance for ECL is based on lifetime ECLs that result from all possible default events over the expected life of the trade debts, agents' and owners' balances, loans, deposits and other receivables. Bad debts, if any, are written off when considered irrecoverable.

6.10 Incomplete voyage

An asset is booked as incomplete voyage when revenue in respect of voyage charter is deferred to the next financial year due to non-satisfaction of performance obligation as at balance sheet date. Incomplete voyages include the direct and indirect expenses attributable to the voyage charter. These are stated at cost.

6.11 Taxation

6.11.1 Current tax

The charge for current taxation is based on taxable income at the current prevailing rates of taxation in accordance with the Income Tax Ordinance, 2001. Current tax in respect of voyage charter is taxable under Final Tax Regime (FTR) under section 7A of the Income Tax Ordinance, 2001. The impact of prior year tax, if any is charged to profit or loss.

6.11.2 Deferred tax

Deferred tax is provided using the balance method for all temporary differences arising at the date of consolidated statement of financial position, between tax bases of assets and liabilities and their carrying amounts. Deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that future taxable profits will be available against which these can be utilised. Deferred tax is recorded at the current prevailing rate of taxation.

6.12 Insurance claims

Insurance expenses relating to hull are charged to profit or loss and claims filed there against are taken to profit or loss when such claims are accepted by the underwriters.

Afloat medical expenses, cargo claims and other relevant amounts recoverable from underwriters are taken to insurance claims receivable.

6.13 Trade and other payables

Liabilities for trade and other amounts payable are carried at cost which is the fair value of the consideration to be paid in future for goods and services, whether or not billed to the Group.

6.14 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the obligation can be made. Provisions are reviewed at each date of consolidated statement of financial position and adjusted to reflect the current best estimate.

6.15 Dividend and appropriations

Dividends declared and transfers between reserves made subsequent to the date of consolidated statement of financial position are considered as non-adjusting events and are recognised in the consolidated financial statements in the period in which such dividends are declared / transfers are made.

6.16 Lease liabilities

At inception of a contract, the Group 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 consideration. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease, or if that rate cannot be readily determined, the Group's incremental borrowing rate.

Lease payments include fixed payments less any incentive received, variable lease payment that are based on an index or a rate, amounts expected to be payable by the lessee under residual value guarantees, the exercise price of a purchase option and if the lessee is reasonably certain to exercise that option, payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option, less any lease incentives receivable. The extension and termination options are incorporated in determination of lease term only when the Group is reasonably certain to exercise these options.

Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

The lease liability is subsequently measured at amortised cost using the effective interest rate method. It is remeasured when there is a change in future lease payments arising from a change in fixed lease payments or an index or rate, change in the Group's estimate of the amount expected to be payable under a residual value guarantee. The corresponding adjustment is made to the carrying amount of the right-to-use asset, or is recorded in profit and loss if the carrying amount of right-to-use asset has been reduced to zero.

The Group applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control that affects its ability to exercise or not to exercise the option to renew or to terminate.

When there is a change in scope of a lease, or the consideration for a lease, that was not part of the original terms and conditions of the lease is accounted for as a lease modification. The lease modification is accounted for as a separate lease if modification increase the scope of lease by adding the right-to-use one or more underlying assets and the consideration for lease increases by an amount that is commensurate with the stand-alone price for the increase in scope adjusted to reflect the circumstances of the particular contracts, if any. When the lease modification is not accounted for as a separate lease, the lease liability is remeasured and corresponding adjustment is made to right-of-use asset.

6.17 Staff retirement benefits

6.17.1 Defined contribution plan - Provident fund

The Group operates an approved provident fund scheme for all its permanent employees. Equal monthly contributions are made, both by the Group and its employees, to the fund at the rate of 10 percent of the basic salaries of employees. Contributions by the Group are charged to profit or loss for the year.

6.17.2 Defined benefit plans - Gratuity fund

The Group operates a funded retirement gratuity scheme for its permanent employees other than those who joined the Group on or after October 16, 1984. Further, the Group also operates an unfunded retirement gratuity scheme for contractual employees. Provisions are made in the consolidated financial statements to cover obligations on the basis of actuarial valuation carried out annually under the projected unit credit method. The latest valuation was carried out as at June 30, 2021. The remeasurement of defined benefit plan is recognised directly to equity through other comprehensive income net of tax.

The benefit is payable on completion of prescribed qualifying period of service under these schemes.

The Group's crew members are also entitled to gratuity in accordance with the Pakistan Maritime Board Regulations. However, these employee benefits are recognised upon payment as the amounts involved are not material.

6.17.3 Defined benefit plan - Post-retirement medical benefits

The Group provides lump sum medical allowance and free medical facilities to its retired employees in accordance with the service regulations.

During the year ended June 30, 2014, the Group introduced the policy of post-retirement medical benefits for its shore based contractual employees with effect from October 29, 2013.

Provisions are made in the consolidated financial statements to cover obligations on the basis of actuarial valuation carried out annually using the projected unit credit method. The latest valuation was carried out as at June 30, 2021. The remeasurement of post-retirement benefit obligation is recognised directly to equity through OCI.

The benefit is payable on completion of prescribed qualifying period of service under these schemes.

With effect from 1 July 2020, the Group has decided to restrict the post-retirement medical benefits facility for contractual employees.

6.18 Employees' compensated absences

The Group accounts for the liability in respect of employees' compensated absences in the year in which these are earned.

Provisions are made in the consolidated financial statements to cover obligations on the basis of actuarial valuation carried out annually using the projected unit credit method. The latest valuation was carried out as at June 30, 2021. The remeasurement of employees' compensated absences are charged to profit or loss for the year.

6.19 Cash and cash equivalents

Cash and cash equivalents include cash in hand, cheques in hand, bank balances and other short-term highly liquid investments with maturities of three months or less.

6.20 Foreign currency translation

Foreign currency transactions are recorded using the exchange rates ruling at the dates of the transactions. Monetary assets and liabilities in foreign currencies are translated into Pakistan Rupee using the exchange rate ruling at the reporting date. Foreign exchange gain or losses resulting from the settlement of foreign currency transactions and translation of monetary assets and liabilities denominated in foreign currencies at the date of consolidated statement of financial position are recognised in profit or loss.

6.21 Revenue recognition

The Group recognizes its revenue in accordance with the guidelines and principles of IFRS 15 i.e. upon the satisfaction of performance obligation as stated in below paragraphs at an amount that reflects the consideration to which the Group expects to be entitled in exchange for the services. The Group recognizes trade debts when the performance obligations have been met, recognizing the corresponding revenue.

Moreover, the considerations received before satisfying the performance obligations are recognized as contract liabilities. Revenue from contract with customers is recognized net of variable consideration wherever applicable as more fully explained below.

Performance obligations

Information about the Group's performance obligations are summarised below:

Voyage charter revenue

Revenue in respect of voyage charter revenue is recognized at a point in time when the cargo is discharged and control of the cargo is transferred to the customer i.e. on completion of the voyage. Voyages are taken as complete when a vessel arrives at the last port of discharge and completes discharge of entire cargo on or before the date of consolidated statement of financial position. Revenue from voyage charter revenue is recorded net of overage premium and ocean losses based on the respective contract with the customers and is shown as a deduction from gross revenue.

Time charter revenue

Revenue in respect of voyages chartered for a period of time i.e. on time charter basis are recognized over time on per day basis for the period for which the vessel is under the control of the customer.

Slot charter revenue

Revenue in respect of slot charter in foreign flag vessels is recognized at the point in time when the vessel arrives at the discharging port.

Others

- Fee for technical, commercial, administrative and financial services are recognised as revenue as and when the services are rendered.

- Rental income is recognised as revenue on a straight line basis over the term of the respective lease arrangements.

- Dividend income is recognised when the Group's right to receive the dividend is established.

- Markup on bank accounts, return on short-term investments and other income is recognised on accrual basis.

- Demurrage income due as per contractual terms is recognised on estimated basis, based on past experience of settlements and recent recovery trends.

6.22 Contingent liabilities

Contingent liability is disclosed when:

- there is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group; or
- there is present obligation that arises from past events but it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability.

6.23 Benazir Employees' Stock Option Scheme

On August 14, 2009, the Government of Pakistan (GoP) launched Benazir Employees' Stock Option Scheme (the Scheme) for employees of certain State Owned Enterprises (SOEs) and non-State Owned Enterprises where GoP holds significant investments (non-SOEs). The scheme is applicable to permanent and contractual employees who were in employment of these entities on the date of launch of the Scheme, subject to completion of five years vesting period by all contractual employees and by permanent employees in certain instances.

The Scheme provides for a cash payment to employees on retirement or termination based on the price of shares of respective entities. To administer this scheme, GoP shall transfer 12% of its investment in such SOEs and non-SOEs to a trust fund to be created for the purpose of such entities. The eligible employees would be allotted units by each Trust Fund in proportion to their respective length of service and on retirement or termination of such employees would be entitled to receive such amounts from Trust Funds in exchange for the surrendered units as would be determined based on market price of listed entities or breakup value of non-listed entities. The shares related to the surrendered units would be transferred back to GoP.

The Scheme also provides that 50% of dividend related to shares transferred to the respective Trust Fund would be distributed amongst the unit-holder employees. The balance 50% dividend would be transferred by the respective Trust Fund to the Central Revolving Fund managed by the Privatisation Commission of Pakistan for payment to employees against surrendered units. The deficits, if any, in Trust Funds to meet the re-purchase commitment would be met by GoP.

The Scheme, developed in compliance with the stated GoP policy of the empowerment of employees of State Owned Enterprises need to be accounted for by the covered entities, including the Group, under the provisions of amended International Financial Reporting Standard-2 'Share Based Payments' (IFRS 2). However, keeping in view the difficulties that may be faced by the entities covered under the Scheme, the Securities & Exchange Commission of Pakistan on receiving the representation from some of the entities covered under the Scheme and after having consulted the Institute of Chartered Accountants of Pakistan, has granted exemption vide SRO 587(I)/2011 dated June 7, 2011 to such entities from application of IFRS 2 to the Scheme.

In June 2011, the SECP on receiving representations from some of entities covered under Benazir Employees' Stock Option Scheme (the Scheme) and after having consulted the ICAP, granted exemption, vide SRO 587(I)/2011 dated June 7, 2011, to such entities from the application of IFRS - 2 "Share-based Payment" to the Scheme. There has been no change in the status of the Scheme as stated in note 2.23 to the consolidated financial statements for the year ended June 30, 2017. The management has been informed that the Scheme is being revamped by the GoP and all claims and disbursements to the unit holders are kept in abeyance by the Privatisation Commission.

Had the exemption not been granted, the retained earnings would have been lower by Rs 631.142 million (2020: Rs 631.142 million) and reserves would have been higher by Rs 631.142 million (2020: Rs 631.142 million) based on independent actuarial valuations conducted as on June 30, 2014.

During the year ended June 30, 2017, the shares have not been transferred to the respective Trust Fund under the Scheme as the matter is pending with the Ministry of Finance, Revenue and Economic Affairs. The Scheme is being revamped by GoP and all claims and disbursements to the employees are kept in abeyance.

6.24 Transactions with related parties

The Group enters into transactions with related parties for providing services on mutually agreed terms in the normal course of business.

6.25 Share capital

Ordinary shares are classified as equity and recognized at their face value. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

6.26 Earnings per share

The Company presents basic and diluted earnings per share (EPS) data for its ordinary shares.Basic EPS is calculated by deviding the profit or loss attributable to ordinary shareholders of the company by the weighted average number of ordinary shares outstanding during the period.Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

7. SIGNIFICANT ACCOUNTING ESTIMATES, JUDGMENTS AND ASSUMPTIONS

The preparation of the Group's consolidated financial statements requires management to make estimates, judgments and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these estimates and assumptions could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

In the process of applying the accounting policies, management has made the following estimates and judgments which are significant to these consolidated financial statements:

(a) Valuation of certain property, plant and equipment and investment properties (notes 8 and 11);
(b) Determination of the residual values and useful lives of property, plant and equipment (note 8);
(c) Allowance for ECL of on trade debts, agents' and owners' balances, other receivables and other financial assets (notes 17, 18, 20 & 21);
(d) Recognition of taxation and deferred taxation (notes 15 and 43);
(e) Accounting for provision against damage claims (note 32);
(f) Accounting for staff retirement benefits and compensated absences (note 29);
(g) Recognition of demurrage income, income from heating and miscellaneous claims (note 34).
(h) Contingencies and Commitments (note 6.22 & 33)

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectation of future events that are believed to be reasonable under the circumstances.

8. PROPERTY, PLANT AND EQUIPMENT

	Note	June 30, 2021	June 30, 2020
		(Rupees in '000)	
- Operating fixed assets	8.1	**26,970,426**	28,067,862
- Major spare parts and stand-by equipment	8.7	**736,178**	549,479
- Capital work-in-progress - buildings on leasehold land	8.10	**65,948**	56,881
		27,772,552	28,674,222

8.1 Operating fixed assets

	Leasehold land (note 8.2 - 8.5)	Buildings on leasehold land (note 8.2 - 8.5)	Vessel fleet			Vehicles	Office equipment	Furniture and fittings	Equipment on board	Beach huts (note 8.2 - 8.5)	Workshop machinery and equipment (note 8.4 & 8.5)	Computer equipment	Total
			Cost	Dry docking	Total								
	-(Rupees in '000)-												
As at June 30, 2019													
Cost or revalued amount	1,086,960	774,923	35,654,220	2,165,514	37,819,734	95,829	71,796	38,439	44,273	16,251	18,901	77,099	40,044,205
Accumulated depreciation	-	(34,181)	(8,572,421)	(1,780,437)	(10,352,858)	(80,723)	(56,950)	(31,632)	(27,870)	(1,627)	(13,561)	(67,119)	(10,666,521)
Accumulated impairment loss	-	(9,653)	-	-	-	-	-	-	-	-	-	-	(9,653)
Net book value	1,086,960	731,089	27,081,799	385,077	27,466,876	15,106	14,846	6,807	16,403	14,624	5,340	9,980	29,368,031
Year ended June 30, 2020													
Opening net book value	1,086,960	731,089	27,081,799	385,077	27,466,876	15,106	14,846	6,807	16,403	14,624	5,340	9,980	29,368,031
Additions	-	2,401	-	456,147	456,147	12,152	4,187	1,333	4,631	-	2,627	22,811	506,289
Disposals													
- Cost	-	-	-	-	-	(22,744)	-	-	-	-	-	-	(22,744)
- Accumulated Depreciation	-	-	-	-	-	22,744	-	-	-	-	-	-	22,744
	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfer to Investment property	-	-	-	-	-	-	-	-	-	-	-	-	-
Depreciation charge for the year - note 8.7 & 8.8	-	(34,055)	(1,354,297)	(312,402)	(1,666,699)	(11,609)	(3,519)	(1,042)	(5,061)	(1,627)	(864)	(10,503)	(1,734,979)
Impairment	-	-	(71,479)	-	(71,479)	-	-	-	-	-	-	-	(71,479)
Closing net book value	1,086,960	699,435	25,656,023	528,822	26,184,845	15,649	15,514	7,098	15,973	12,997	7,103	22,288	28,067,862
As at June 30, 2020													
Cost or revalued amount	1,086,960	777,324	35,654,220	2,621,661	38,275,881	85,237	75,983	39,772	48,904	16,251	21,528	99,910	40,527,750
Accumulated depreciation	-	(68,236)	(9,926,718)	(2,092,839)	(12,019,557)	(69,588)	(60,469)	(32,674)	(32,931)	(3,254)	(14,425)	(77,622)	(12,378,756)
Accumulated impairment loss	-	(9,653)	(71,479)	-	(71,479)	-	-	-	-	-	-	-	(81,132)
Net book value	1,086,960	699,435	25,656,023	528,822	26,184,845	15,649	15,514	7,098	15,973	12,997	7,103	22,288	28,067,862
Year ended June 30, 2021													
Opening net book value	1,086,960	699,435	25,656,023	528,822	26,184,845	15,649	15,514	7,098	15,973	12,997	7,103	22,288	28,067,862
Additions	-	3,105	-	384,264	384,264	-	1,612	841	65,029	-	-	8,003	462,854
Disposals													
- Cost	-	-	-	-	-	(42,844)	-	-	-	-	-	-	(42,844)
- Accumulated Depreciation	-	-	-	-	-	42,844	-	-	-	-	-	-	42,844
	-	-	-	-	-	-	-	-	-	-	-	-	-
Revaluation surplus	312,820	90,432	-	-	-	-	-	-	-	6,872	2,697	-	412,821
Transfers	-	-	-	-	-	-	(1,776)	-	-	-	-	1,776	-
Depreciation charge for the year - note 8.7 & 8.8	-	(33,880)	(1,523,062)	(451,390)	(1,974,452)	(3,963)	(3,756)	(1,166)	(8,156)	(1,627)	(1,447)	(10,777)	(2,039,224)
Impairment	-	(5,366)	71,479	-	71,479	-	-	-	-	-	-	-	66,113
Closing net book value	**1,086,960**	**663,294**	**24,204,440**	**461,696**	**24,666,136**	**11,686**	**11,594**	**6,773**	**72,846**	**11,370**	**5,656**	**21,290**	**26,970,426**
As at June 30, 2021													
Cost or revalued amount	1,086,960	780,429	35,654,220	3,005,925	38,660,145	42,393	75,819	40,613	113,933	16,251	21,528	109,689	40,947,761
Accumulated depreciation	-	(102,116)	(11,449,780)	(2,544,229)	(13,994,009)	(30,707)	(64,225)	(33,840)	(41,087)	(4,881)	(15,872)	(88,399)	(14,375,137)
Accumulated impairment loss	-	(15,019)	-	-	-	-	-	-	-	-	-	-	(15,019)
Revaluation surplus	312,820	90,432	-	-	-	-	-	-	-	6,872	2,697	-	412,821
Net book value	**1,399,780**	**753,725**	**24,204,440**	**461,696**	**24,666,136**	**11,686**	**11,594**	**6,773**	**72,846**	**18,242**	**8,353**	**21,290**	**26,970,426**
Annual rate of depreciation (%) 2021	**-**	**3 to 20**	**3.33 to 4**	**20 to 40**		**20**	**15**	**10 to 15**	**10 to 15**	**10**	**5 to 10**	**33**	
Annual rate of depreciation (%) 2020	-	3 to 20	3.33 to 4	20 to 40		20	15	10 to 15	10 to 15	10	5 to 10	33	

The impairment loss represents impairent on building on leasehold land due to revaluation.

Particulars of immovable property (i.e. Leasehold land and Buildings on leasehold land) are as follows:

S.No	Location	Usage of immovable property	Total area (Sq. yards)	Covered area (Sq. feet)
1	PNSC Building, Plot No. 30-A Off. M.T. Khan Road, Karachi.	Registered office	7,833	257,093
2	Plot bearing No. 31-A, situated at M.T. Khan Road, Karachi.	Leasehold land	1,834	9,000
3	Plot No. 17/1, West Wharf, Karachi.	Storage facility	705	19,035
4	Plot No. 30, Township, Kemari, Karachi.	Workshop	7,925	28,963
5	Plot No. D-51, Block-5, Clifton, Karachi.	Residential banglow	1,000	5,360
6	PNSC Beach Hut-I, No. 12-S, Sandspit, Karachi	Beach hut	417	1,990
7	PNSC Beach Hut-II, No. 37-N, Sandspit, Karachi	Beach hut	448	1,990
8	Plot No. 70/4, Timber hard, Keamari, Karachi	Storage facility	974	15,680

8.3 Forced sales value of the aforementioned immovable properties determined on the basis of latest revaluation carried out as at June 30, 2021 are as follows:

S.No	Class of asset	(Rupees in '000)
1	Leasehold land	1,189,813
2	Buildings on leasehold land	638,012
3	Beach huts	15,521

8.4 The revaluation of the 'leasehold land', 'buildings on leasehold land', 'beach huts' and 'workshop machinery and equipment' was carried out as of June 30, 2021 by an independent valuer. Out of the total revaluation surplus, Rs. 1,650.490 million (2020: Rs. 1,250.005 million) remains undepreciated as at June 30, 2021.

8.4.1 Valuation Techniques

The valuers have performed inquiries and verifications from various estate agents, brokers and dealers, the location and condition of the property, size, utilization and current trends in price of real estate including assumptions that ready buyers are available in the current scenario and analyzed through detailed market surveys, the properties that have recently been sold or purchased or offered / quoted for sale into given vicinity to determine the better estimates of the fair value.

8.5 Had there been no revaluation, the carrying amount of revalued assets would have been as follows:

	June 30, 2021	June 30, 2020
	-----------(Rupees in '000)----------	
Leasehold land, buildings on leasehold land and beach huts	**565,261**	600,768
Workshop machinery and equipment	**2,774**	4,221
	568,035	604,989

8.6 Cost and accumulated depreciation of vessel amounting to Rs 1.440 million relates to M.V Ilyas Bux. This vessel was seized by the Indian Authorities during the 1965 war and the Group does not have physical possession or control over the vessel.

		Note	June 30, 2021	June 30, 2020
8.7	Major spare parts and stand-by equipment	*Note*	-----------(Rupees in '000)----------	
	Opening net book value		**549,479**	412,960
	Additions during the year		**245,574**	172,417
			795,053	585,377
	Depreciation (rate 5% - 7%)		**(58,875)**	(35,898)
	Closing net book value		**736,178**	549,479

8.8 The depreciation charge for the year has been allocated as follows:

	Note	June 30, 2021	June 30, 2020
Fleet expenses - direct	*35*	**2,041,904**	1,707,659
Fleet expenses - indirect	*36*	**1,214**	698
Real estate expenses	*37*	**24,111**	28,091
Administrative expenses	*38*	**30,870**	34,430
		2,098,099	1,770,878

8.9 Disposals of fixed assets do not include any asset whose aggregating book value exceeds Rs. 5 million.

8.10	Capital work-in-progress - buildings on leasehold land	Note	June 30, 2021	June 30, 2020
			(Rupees in '000)	
	Balance at beginning of the year		56,881	56,881
	Additions during the year		11,878	-
	Impairment		(2,811)	-
	Balance at end of the year		65,948	56,881

8.11 Vessels are carried at cost in the Group's statement of financial position as at June 30, 2021. The management of the Group considers the challenging market conditions and lower fair values of certain vessels as a possible indicator of impairment and accordingly the Group carries out periodic assessment to determine the value in use of its vessels. The Group considers international charter rates and carrying value of investments, amongst other factors, while reviewing for indicators of impairment. As a result, an impairment assessment was undertaken in respect of all its vessels as at June 30, 2021 and recoverable amount has been computed using 'value in use' method. In assessing the value in use, estimated future cash flows have been discounted to their present value using a discount rate (WACC) that reflects the current market assessments of the time value of money and the risks specific to the asset. The discount rate applied to the future cashflow projections in case of bulk carriers is 9.30% and in case of oil tankers is 9.77%. The cashflow projections have been made upto the remaining useful life of the vessel. As a result of the value-in-use exercise, the recoverable amount was higher than the carrying value and accordingly, no impairment loss has been recognised.

During the year ended June 30, 2020, M.V Sibi was written down to its recoverable amount of Rs.1,673.8 million, which was determined by reference to the value in use method. The resultant impairment loss of Rs 71.479 million is recognised in other expenses in the profit and loss account. However, during the year, based on assessment, the impairment of Rs. 71.479 million was reversed resulting into income recorded in profit and loss account.

The determination of value in use is sensitive to certain key assumptions such as discount rate and projected charter rates. Any significant change in the key assumptions may have an effect on the carrying value of cash generating units.

Key assumptions used in value in use calculation:

The value in use calculation is most sensitive to the following assumptions:

Discount rate:

Discount rate takes into consideration the time value of money and individual risks of the underlying assets that have not been incorporated in the cash flow estimates. The discount rate calculation is based on the specific circumstances and is derived from its weighted average cost of capital (WACC). Increase of 1% in the discount rate will decrease the recoverable amount by Rs. 4,367.273 million (2020: Rs. 1,668.072 million), whereas a similar decrease in the discount rate will have a positive effect of Rs. 4,953.426 million (2020: Rs. 1,812.780 million) on the recoverable amount.

Projected revenue rates:

Based on the external sources of information obtained from the shipping experts and the recent trends in the shipping industry, in case of dry cargo vessels, the estimated cashflows are based on current spot rates, which have been inflated using the inflation rates, over the remaining useful life of the vessels. For liquid cargo vessels, the management expects that for the foreseeable future, the tankers will generate revenue based on the Contract of Affreightment (CoA) with the customers. Decrease of 1% in the average charter rate assumed will decrease the recoverable amount by Rs. 1,076.535 million (2020: Rs. 751.212 million) whereas a similar increase will have a positive effect of Rs. 1,076.535 million (2020: Rs. 751.212 million) on the recoverable amount.

9.	**RIGHT-OF-USE ASSET**	Note	June 30, 2021	June 30, 2020
			(Rupees in '000)	
	Balance at beginning of the year		118,145	17,084
	Additions		-	106,649
	Depreciation	9.2	(12,492)	(5,588)
	Balance at end of the year		105,653	118,145

9.1 The annual rate of depreciation for the right-of-use assets is 10%.

9.2 Depreciation charge on right of use assets for the year has been allocated as follows:

9.3 Right of use assets represents assets recognised on rental properties under IFRS 16.

	Note	June 30, 2021	June 30, 2020
		---------(Rupees in '000)---------	
Administrative expenses	38	12,492	5,588

10. INTANGIBLE ASSET

	June 30, 2021	June 30, 2020
Capital work in progress (CWIP)		
Computer Software - opening	12,891	12,891
Additions during the year	26,545	-
Closing as at June 30, 2021	39,436	12,891

Intangible also include cost of Rs 16.503 million of software "Ship Management Expert System" (SES). SES was being amortised over the useful life of five years and was fully amortised during the year ended June 30, 2009, however, it is still in active use.

11. INVESTMENT PROPERTIES

	Note	Leasehold land	Buildings on leasehold land	Total
		--------------------(Rupees in '000)--------------------		
Balance as at July 1, 2020		3,350,325	75,866	3,426,191
Additions during the year		-	1,000	1,000
Gain on revaluation	41	260,183	-	260,183
Balance as at June 30, 2021		3,610,508	76,866	3,687,374
Balance as at July 1, 2019		3,190,784	75,321	3,266,105
Additions during the year		-	117	117
Gain on revaluation	41	159,541	428	159,969
Balance as at June 30, 2020		3,350,325	75,866	3,426,191

11.1 Particulars of immovable investment properties are as follows:

S.No	Location	Usage of immovable property	Total area (Sq. yards)	Covered area (Sq. feet)
1	Plot bearing Survey No. 4/1-A, Main I. I. Chundrigar Road, Karachi	Investment property	2,786	230,555
2	Plot No. 35-B, North circular avenue, DHA, Phase I, Karachi	Investment property	1,088	5,675
3	Plot No. 6 & 6-A, Block H, Gulberg-II, Lahore	Investment property	268	2,410
4	Plot bearing Survey No. 15, Main Talpur Road, off I.I. Chundrigar Road, Karachi	Investment property	9,856	111,200

11.2 Forced sales value of the aforementioned investment properties as of the reporting date are as follows:

S.No	Class of asset	June 30, 2021	June 30, 2020
		-----------(Rupees in '000)-----------	
1	Leasehold land	3,069,445	2,847,775
2	Buildings on leasehold land	64,417	64,082

11.3 The revaluation of the Group's investment properties was carried out by an independent valuer as of June 30, 2021. As a result, a revaluation gain of Rs. 260.183 million (2020: Rs. 159.969 million) was determined in respect of leasehold land.

11.4 Valuation Techniques

The valuers have arranged inquiries and verifications from various estate agents, brokers and dealers, the location and condition of the property, size, utilization and current trends in price of real estate including assumptions that ready buyers are available in the current scenario and analyzed through detailed market surveys, the properties that have recently been sold or purchased or offered / quoted for sale into given vicinity to determine the better estimates of the fair value.

12. LONG-TERM INVESTMENT IN RELATED PARTY (AN ASSOCIATE)

Equity Method

No. of shares - ordinary June 30, 2021	No. of shares - ordinary June 30, 2020	Name of the company	Country of incorporation	Share of net assets June 30, 2021	Share of net assets June 30, 2020	Latest available audited financial statements for the year ended	Percentage holding %	Face value per share (Rupees)	June 30, 2021	June 30, 2020
				------(Rupees in '000)------					--------(Rupees in '000)--------	
Associate - unlisted										
12,250	12,250	Muhammadi Engineering Works Limited	Pakistan	**1,600**	1,600	December 31, 1982	49	100	**1,600**	1,600
	Less:	Accumulated impairment losses							**1,600**	1,600
									-	-

13. LONG-TERM INVESTMENTS IN LISTED COMPANIES AND AN OTHER ENTITY

	Note	June 30, 2021	June 30, 2020
		---------(Rupees in '000)---------	
Financial assets at fair value through profit or loss			
Listed companies			
Siemens (Pakistan) Engineering Company Limited 6,930 (2020: 6,930) fully paid ordinary shares of Rs 10 each Market value per share as at June 30, 2021 Rs. 657.63 (2020: Rs. 561.83)	13.1	**4,558**	3,894
Pakistan State Oil Company Limited 199,336 (2020: 199,336) fully paid ordinary shares of Rs. 10 each. Market value per share as at June 30, 2021 Rs. 224.25 (2020: Rs. 158.16)	13.2	**44,701**	31,527
		49,259	35,421
Other entity			
Pakistan Tourism Development Corporation Limited 10,000 (2020: 10,000) fully paid ordinary shares of Rs. 10 each.		**100**	100
		49,359	35,521

13.1 The Group holds 0.084% (2020: 0.084%) of the investee's share capital.

	June 30, 2021	June 30, 2020
Balance at beginning of the year	**3,894**	4,197
Gain / (loss) on revaluation of long-term investments in listed companies	**664**	(303)
Balance at end of the year	**4,558**	3,894

13.2 The Group holds 0.04246% (2020: 0.04246%) of the investee's share capital.

	June 30, 2021	June 30, 2020
Balance at beginning of the year	**31,527**	28,178
Gain on revaluation of long-term investments in listed companies	**13,174**	3,349
Balance at end of the year	**44,701**	31,527

14. LONG-TERM LOANS

	Note	June 30, 2021	June 30, 2020
Considered good			
- due from executives	14.1, 14.2 & 14.3	**10,524**	12,772
- due from other employees		**5,767**	8,633
		16,291	21,405
Less: current maturity		**8,147**	9,578
		8,144	11,827

		Note	June 30, 2021	June 30, 2020
			---------(Rupees in '000)---------	
14.1	Reconciliation of carrying amount of loans to executives:			
	Balance at beginning of the year		12,772	18,158
	Disbursements		6,299	3,500
	Repayments		(8,547)	(8,886)
	Balance at end of the year		10,524	12,772

14.2 These loans have been given to executives and other employees of the Holding Company for personal use in accordance with their terms of employment. These loans are to be repaid over a period of one to five years in equal monthly installments. Any outstanding loan due from an employee at the time of leaving the service of the Group is adjustable against final settlement.

14.3 The maximum aggregate amount of loans due from executives at the end of any month during the year was Rs. 13.159 million (2020: Rs. 19.925 million).

15. DEFERRED TAXATION - net

	June 30, 2021	June 30, 2020
	---------(Rupees in '000)---------	
Deductible temporary differences arising in respect of Provisions and deferred liabilities	135,583	142,286
Taxable temporary differences arising in respect of:		
- surplus on revaluation of property, plant and equipment	(34,724)	(17,686)
- accelerated tax depreciation	(2,714)	(5,195)
	(37,438)	(22,881)
	98,145	119,405

15.1 The movement in temporary differences is as follows:

	Balance as at July 1, 2019	Recognised in profit or loss	Recognised in other comprehen-sive income	Balance as at June 30, 2020	Recognised in profit or loss	Recognised in other comprehen-sive income	Balance as at June 30, 2021
Deductible temporary differences:							
- provisions and deferred liabilities	147,600	(2,065)	(3,249)	142,286	19,037	(25,740)	135,583
Taxable temporary differences:							
- surplus on revaluation of property, plant and equipment	(15,668)	(459)	(1,559)	(17,686)	415	(17,453)	(34,724)
- accelerated tax depreciation	(5,936)	741	-	(5,195)	2,481	-	(2,714)
	(21,604)	282	(1,559)	(22,881)	2,896	(17,453)	(37,438)
	125,996	(1,783)	(4,808)	119,405	21,933	(43,193)	98,145

16. STORES AND SPARES

	June 30, 2021	June 30, 2020
	---------(Rupees in '000)---------	
Stores		
- at depot	9,112	9,112
- at buildings	472	472
- on board	36,927	41,959
	46,511	51,543
Spares		
- at buildings	796	796
- in transit	19,808	33,010
- on board	694,206	632,440
	714,810	666,246
Bunker on board	886,460	627,960
	1,647,781	1,345,749

Notes to and Forming Part of the Consolidated Financial Statements

For the year ended June 30, 2021

17. TRADE DEBTS - unsecured	Note	June 30, 2021	June 30, 2020
		-----------(Rupees in '000)-----------	
Considered good			
- Due from related parties	17.1	2,648,006	2,373,099
- Due from others	17.2	371,155	768,004
		3,019,161	3,141,103
Considered doubtful			
- Due from related parties	17.1	1,119,930	1,415,896
- Due from others		218,883	207,615
		1,338,813	1,623,511
		4,357,974	4,764,614
Less: Allowance for expected credit loss on trade debts	17.4	1,338,813	1,623,511
		3,019,161	3,141,103

17.1 Ageing analysis of amounts due from related parties, included in trade debts, are as follows:

	Upto 1 month	1 to 6 months	More than 6 months	As at June 30, 2021	As at June 30, 2020
	-----------(Rupees in '000)-----------				
Pakistan State Oil Company Limited	-	-	2,436,165	2,436,165	2,436,165
Pak Arab Refinery Limited	280,030	249,749	286,316	816,095	677,707
Pakistan Refinery Limited	68,828	2,251	51,324	122,403	190,346
Sui Northern Gas Pipelines Limited	1,812	-	-	1,812	22,680
Sui Southern Gas Company Limited	-	-	-	-	61
National Refinery Limited	11,499	2,193	98,782	112,474	120,953
Trading Corporation of Pakistan (Private) Limited	-	-	-	-	4,867
District Controller of Stores	-	-	2,748	2,748	2,846
Others	122,188	77,787	76,264	276,239	333,368
	484,357	331,980	2,951,599	3,767,936	3,788,993

17.2 The ageing analysis of trade debts, due from others that are past due but not impaired is as follows:

	June 30, 2021	June 30, 2020
	-----------(Rupees in '000)-----------	
Upto 1 month	74,046	114,334
1 to 6 months	116,979	607,104
More than 6 months	180,130	46,566
	371,155	768,004

17.3 The maximum aggregate amount of receivable due from related parties at the end of any month during the year was Rs. 3,283 million (2020: Rs. 3,789 million).

17.4 Allowance for ECL on trade debts	Note	June 30, 2021	June 30, 2020
		-----------(Rupees in '000)-----------	
Balance at beginning of the year		1,623,511	1,358,390
Increase during the year	39	65,208	265,121
Reversed during the year	39	(349,906)	-
Balance at end of the year		1,338,813	1,623,511

17.4.1 This includes the reversal of ECL allowance amounting to Rs. 417 million recognised during the year related to Pakistan State Oil due to favourable change in circumstances and increased likelihood of recoverability of demurrage from the stated party.

Notes to and Forming Part of the Consolidated Financial Statements

For the year ended June 30, 2021

		Note	June 30, 2021	June 30, 2020
18.	**AGENTS' AND OWNERS' BALANCES - unsecured**		----------(Rupees in '000)----------	
	- Considered good	18.1	7,617	9,628
	- Considered doubtful		8,157	8,725
			15,774	18,353
	Less: Allowance for expected credit loss on agents' and owners' balances	18.2	8,157	8,725
			7,617	9,628

18.1 The ageing analysis of agents' and owners' balances that are past due but not impaired is as follows:

	Note	June 30, 2020	June 30, 2019
		----------(Rupees in '000)----------	
Upto 1 month		-	320
1 to 6 months		320	4,007
More than 6 months		7,297	5,301
		7,617	9,628

18.2 Allowance for ECL on agents' and owners' balances

Balance at beginning of the year		8,725	8,459
(Decrease) / increase during the year		(568)	266
Balance at end of the year		8,157	8,725

19. LOANS AND ADVANCES - considered good			
Current portion of long-term loans			
- due from executives		5,962	5,826
- due from other employees		2,185	3,752
	14	8,147	9,578
Advances - unsecured			
- employees		60,491	45,447
- contractors and suppliers		25,899	19,808
		86,390	65,255
		94,537	74,833

20. TRADE DEPOSITS AND SHORT-TERM PREPAYMENTS			
Trade deposits			
- Considered good	20.1	14,023	16,224
- Considered doubtful		369	369
		14,392	16,593
Less: Allowance for ECL on trade deposits		369	369
		14,023	16,224
Short-term prepayments		5,190	11,955
		19,213	28,179

20.1 This includes Rs. 2.102 million (2020: Rs. 2.102 million) amount deposited with Karachi Port Trust (KPT), a related party.

	Note	June 30, 2021	June 30, 2020
21. OTHER RECEIVABLES		----------(Rupees in '000)----------	
Considered good			
- Due from related parties		118,279	197,710
- Due from others		296,109	422,646
		414,388	620,356
Considered doubtful			
- Due from related parties		-	12,197
- Due from others		88,100	75,903
		88,100	88,100
		502,488	708,456
Less: Allowance for ECL on other receivables	21.4	88,100	88,100
		414,388	620,356

21.1 The ageing analysis of other receivables, due from related party that are past due but not impaired is as follows:

	Note	June 30, 2021	June 30, 2020
		----------(Rupees in '000)----------	
Upto 1 month		**31,003**	13,450
1 to 6 months		**11,869**	1,869
More than 6 months		**75,407**	194,588
	21.3	**118,279**	209,907

21.2 This represents the following:

	Note	June 30, 2021	June 30, 2020
Receivable from sundry debtors	21.3	**507,113**	226,560
Sales tax refund claims		**12,974**	26,204
Others		**69,805**	455,692
		589,892	708,456

21.3 This includes an amount of Rs. 24.867 million (2020: Rs. 125.139 million) due from the Government of Pakistan, Rs. 73.277 million (2020: Rs. 46.28 million) from Port Qasim Authority, Rs. Nil (2020: Rs. 10.40 million) from Karachi Port Trust and Rs. 13.67 million (2020: Rs. 13.67 million) from Sindh Revenue Board.

21.4 Allowance for ECL on other receivables

	Note	June 30, 2021	June 30, 2020
		-----------(Rupees in '000)----------	
Balance at beginning of the year		**88,100**	13,828
Increase during the year	39	**-**	74,272
Balance at end of the year		**88,100**	88,100

21.5 Represents amount reversed during the year on account of recoveries from certain receivables.

21.6 The maximum aggregate amount of receivable due from related parties at the end of any month during the year was Rs 173.867 million (2020: Rs. 255.974 million).

22. INCOMPLETE VOYAGES

	Note	June 30, 2021	June 30, 2020
		-----------(Rupees in '000)----------	
Salaries and allowances		**20,973**	12,640
Diesel, fuel and lubricants		**117,509**	64,299
Stores and spares consumed		**9,104**	2,984
Port, light, canal and customs dues		**11,861**	6,823
Insurance		**8,640**	6,357
Charter hire and related expenses		**2,825**	1,826
Victualling		**2,353**	-
		173,265	94,929

23. SHORT-TERM INVESTMENTS

	Note	June 30, 2021	June 30, 2020
Amortised cost			
Term deposits with banks and treasury bills having maturity of			
- more than three but upto six months		**5,855,640**	1,958,835
- three months or less		**700,000**	2,040,190
	23.2	**6,555,640**	3,999,025
Fair value through profit and loss			
Mutual funds		**50,544**	-
		6,606,184	3,999,025

23.1 Short term investments include investment in treasury bills having market value of Nil (2020: 510.190 million).

23.2 Mark-up on these term deposits denominated in local currency ranges from 7.45% to 7.95% (2020: 7.20% to 13.25%) per annum, whereas mark-up on term deposits denominated in foreign currency was 1.60% (2020: 2.30%) per annum.

24. CASH AND BANK BALANCES

	Note	June 30, 2021	June 30, 2020
		----------(Rupees in '000)----------	
Cash in hand			
- foreign currency		**1,841**	1,473
- local currency		**1,900**	-
		3,741	1,473
Cash at bank			
- in current accounts			
- local currency	24.1	**189,876**	234,170
- foreign currency		**311,736**	45,873
		501,612	280,043
- in saving accounts			
- local currency	24.2	**537,139**	997,830
- foreign currency	24.3	**8,453**	1,192,485
		545,592	2,190,315
		1,050,945	2,471,831

24.1 This includes Rs 2.142 million (2020: Rs. 2.142 million), Rs. 5 million (2020: Rs. 5 million) and Rs. 11.777 million (2020: 11.777 million) held as security by Habib Bank Limited, PNSC branch, Soneri Bank, AKU branch and JS Bank Limited, Jheel Park Branch respectively against guarantees issued on behalf of the Holding Company.

24.2 Mark-up on these savings accounts ranges from 5.50% to 7.00% (2020: 6.35% to 12.80%) per annum.

24.3 Mark-up on these savings accounts ranges from 0.15% to 0.5% (2020: 0.15% to 0.5%) per annum.

25. ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL

June 30, 2021	June 30, 2020		June 30, 2021	June 30, 2020
-----------(No. of shares)-----------			----------(Rupees in '000)----------	
24,130,789	24,130,789	Ordinary shares of Rs 10 each issued as fully paid to shareholders of former National Shipping Corporation (NSC) and Pakistan Shipping Corporation (PSC) in consideration of their shareholdings in those companies	**241,308**	241,308
25,900,000	25,900,000	Ordinary shares of Rs 10 each issued as fully paid to the GoP for cash received in the year 1985	**259,000**	259,000
64,309,800	64,309,800	Ordinary shares of Rs 10 each issued as fully paid to the GoP on the financial restructuring of the Holding Company in the year 1989-90	**643,098**	643,098
17,722,791	17,722,791	Ordinary shares of Rs 10 each issued as fully paid bonus shares	**177,228**	177,228
132,063,380	132,063,380		**1,320,634**	1,320,634

25.1 As at June 30, 2021, Government of Pakistan held 115,633,710 (2020: 115,633,710) ordinary shares, representing 87.56% (2020: 87.56%) shareholding of the Holding Company.

26. NON-CONTROLLING INTEREST

	June 30, 2021	June 30, 2020
	----------(Rupees in '000)----------	
Share of non-controlling interest in:		
- share capital	**59**	59
- general reserve	**10**	10
- opening unappropriated profit	**5,152**	4,541
- profit for the year	**1,247**	611
	6,468	5,221

		Note	June 30, 2021	June 30, 2020
27.	**LONG-TERM FINANCING - secured**		------------(Rupees in '000)------------	
	Financing under syndicate term finance agreement	27.1	**3,753,549**	4,592,617
	Financing under musharika agreement	27.2	**2,265,554**	2,752,500
			6,019,103	7,345,117
	Less: Current portion of long-term financing		**1,334,965**	1,334,964
			4,684,138	6,010,153

27.1 Financing under syndicate term finance agreement includes:

27.1.1 Financing obtained in November 2014 amounting to Rs 3,000 million with the consortium led by MCB Bank Limited carrying mark-up at the rate of 3 month KIBOR + 1.60% which has been renegotiated to 3 month KIBOR + 0.5% during the year ended June 30, 2016 and further renegotiated to 3 month KIBOR + 0.20% during the year ended June 30, 2018. The loan, along with the mark-up, is repayable on a quarterly basis with the last repayment date on November 6, 2022. The facility is secured by way of first mortgage charge over a vessel owned by the subsidiary company. The Group has drawn Rs 2,054.250 million to date.

27.1.2 Financing obtained in the year ended June 30, 2019, amounting to Rs 6,500 million with a consortium led by Faysal bank limited carrying mark -up at the rate of 3 month KIBOR + 0.35%. The loan, along with mark-up, is repayable on a quarterly basis with the last repayment date on March 22, 2027. As of the reporting date, the Group has drawn Rs 2,340 million and Rs 2,363.734 million to finance its subsidiary companies namely Bolan Shipping (Private) Limited and Khairpur Shipping (Private) Limited respectively for purchase of vessels. The facility is secured by way of first mortgage charge over procured vessels owned by respective subsidiary company.

27.1.3 Mark-up paid under conventional mode of financing during the year amounted to Rs. 336.028 million (2020: 694.560 million)

27.2 Financing under musharika agreement includes:

27.2.1 Financing obtained in November 2014 amounting to Rs 1,500 million with the consortium led by MCB Bank Limited carrying mark-up at the rate of 3 month KIBOR + 1.60% which has been renegotiated to 3 month KIBOR + 0.5% during the year ended June 30, 2016 and further renegotiated to 3 month KIBOR + 0.20% during the year ended June 30, 2018. The loan along with the mark-up is repayable on a quarterly basis with the last repayment date on November 6, 2022. The facility is secured by way of first mortgage charge over a vessel owned by the subsidiary company. The Group has drawn Rs 1,027.125 million to date.

27.2.2 Financing obtained in June 2016 from Faysal Bank Limited amounting to Rs 3,300 million carrying mark-up of 3 month KIBOR + 0.40%, which has been renegotiated to 3 month KIBOR + 0.15% during the year ended June 30, 2018. The loan, along with the mark-up, has been fully paid off during the year ended June 30, 2020.

27.2.3 Financing obtained during the financial year ended June 30, 2019, amounting to Rs 4,000 million with a consortium led by Faysal bank limited carrying mark up at the rate of 3 month KIBOR + 0.35%. The loan along with mark-up is repayable on a quarterly basis with the last repayment date on March 22, 2027. As of the reporting date, the Holding Company has drawn Rs 1,440 million and Rs 1,454.606 million to finance its subsidiary companies namely Bolan Shipping (Private) Limited and Khairpur Shipping (Private) Limited respectively for purchase of vessels. The facility is secured by way of first mortgage charge over procured vessels owned by respective subsidiary company.

27.2.4 Mark-up paid under Islamic mode of financing during the year amounted to Rs. 201.933 million (2020: 415.280 million).

27.3 Following is the movement in long-term financing:

	June 30, 2021	June 30, 2020
	------------(Rupees in '000)------------	
Balance at beginning of the year	**7,345,117**	9,083,468
Repayments	**(1,334,965)**	(1,758,939)
Amortisation of arrangement fee	**8,951**	20,588
Balance at end of the year	**6,019,103**	7,345,117

28. LEASE LIABILITIES

28.1 Set out below the carrying amount of lease liabilities and the movements during the year

As at July 1, 2020	**115,527**	15,511
Additions	**-**	97,049
Interest expense	**8,410**	3,898
Payments	**(7,329)**	(931)
As at June 30, 2021	**116,608**	115,527
Current	**1,803**	6,323
Non-current	**114,805**	109,204
	116,608	115,527

28.2 Lease liabilities are payable as follows:

	June 30, 2021			June 30, 2020		
	Minimum lease payment	Interest cost	Present value of minimum lease payment	Minimum lease payment	Interest cost	Present value of minimum lease payment
	------------------(Rupees in '000)------------------			------------------(Rupees in '000)------------------		
Less than one year	12,737	10,934	1,803	12,061	5,738	6,323
One to five years	64,004	27,646	36,358	63,433	29,752	33,681
More than five years	88,208	9,761	78,447	90,956	15,433	75,523
	164,949	48,341	116,608	166,450	50,923	115,527
Less: Current portion			1,803			6,323
			114,805			109,204

29. EMPLOYEE BENEFITS	*Note*	June 30, 2021	June 30, 2020
		--------(Rupees in '000)--------	
Employees' gratuity			
- funded	*29.1.3*	3,517	4,496
- unfunded	*29.1.3*	378,512	340,547
		382,029	345,043
Post-retirement medical benefits	*29.1.3*	73,952	168,015
Employees' compensated absences	*29.2.3*	223,638	250,462
		679,619	763,520

29.1 Retirement benefit schemes

29.1.1 The disclosures made in notes 29.1.2 to 29.1.16 of these consolidated financial statements are based on the information included in the actuarial valuation report as of June 30, 2021.

29.1.2 As stated in notes 6.17.2 and 6.17.3 of these consolidated financial statements, the Group operates a funded retirement gratuity scheme for those permanent employees who joined the Group before October 16, 1984, an unfunded retirement gratuity scheme for contractual employees and an unfunded post-retirement medical benefit scheme for permanent and contractual employees. Liability is maintained against these schemes based on the actuarial recommendations. The following significant assumptions were used for the actuarial valuation of the defined benefit obligation schemes:

	June 30, 2021			June 30, 2020		
	Employees' gratuity		Post retirement medical benefits	Employees' gratuity		Post retirement medical benefits
	Funded	Unfunded		Funded	Unfunded	
Discount rate	10.25%	10.25%	10.25%	8.50%	8.50%	8.50%
Future salary increases - for permanent employees						
For the year 2021-22	10.25%	-	-	20.00%	-	-
For the year 2022-23	10.25%	-	-	5.60%	-	-
For the year 2023-24	10.25%	-	-	20.00%	-	-
For the year 2024-25	10.25%	-	-	5.60%	-	-
For the year 2025-26 and onwards	10.25%	-	-	8.50%	-	-
Future salary increases - for contractual employees						
For the year 2021-22	-	10.25%	-	-	8.50%	-
For the year 2022-23	-	10.25%	-	-	8.50%	-
For the year 2023-24	-	10.25%	-	-	8.50%	-
For the year 2024-25	-	10.25%	-	-	8.50%	-
For the year 2025-26 and onwards	-	10.25%	-	-	8.50%	-
Medical escalation rate			7.25%		-	8.50%
Death rate	based on SLIC (2001-05) Ultimate mortality tables.					

	June 30, 2021			June 30, 2020		
	Employees' gratuity		Post retirement medical benefits	Employees' gratuity		Post retirement medical benefits
	Funded	Unfunded		Funded	Unfunded	
	(Rupees in '000)					
29.1.3 Reconciliation of statement of financial position						
Present value of defined benefit obligation	49,080	378,512	73,952	103,487	340,547	168,015
Fair value of plan assets	(45,563)	-	-	(98,991)	-	-
Net (asset) / liability in the statement of financial position	3,517	378,512	73,952	4,496	340,547	168,015
29.1.4 Movement in present value of defined benefit obligation						
Balance at beginning of the year	103,487	340,547	168,015	149,565	284,937	166,407
Current service cost	2,095	42,758	9,613	3,454	38,525	9,659
Past service cost	-	-	(74,654)			
Interest cost	6,637	30,441	13,723	17,795	43,214	23,316
Benefits paid	(57,999)	(10,859)	(22,096)	(62,294)	(11,478)	(25,692)
Remeasurements on obligation	(5,140)	(24,375)	(20,649)	(5,033)	(14,651)	(5,675)
Balance at end of the year	49,080	378,512	73,952	103,487	340,547	168,015
29.1.5 Movement in fair value of plan assets						
Balance at beginning of the year	98,991	-	-	150,050	-	-
Expected return on plan assets	6,236	-	-	17,841	-	-
Contribution	-	-	-	-	-	-
Benefits paid	(57,999)	-	-	(62,294)	-	-
Remeasurements on obligation	- (1,665)	-	-	(6,606)	-	-
Balance at end of the year	45,563	-	-	98,991	-	-
29.1.6 Movement in net liability in the statement of financial position						
Balance at beginning of the year	4,496	340,547	168,015	(485)	284,937	166,407
Expense / (income) recognised for the year	2,496	73,199	(51,318)	3,408	81,739	32,975
Contributions made by the Holding Company / benefits paid	-	(10,859)	(22,096)	-	(11,478)	(25,692)
Remeasurements recognised in other comprehensive income	(3,475)	(24,375)	(20,649)	1,573	(14,651)	(5,675)
Balance at end of the year	3,517	378,512	73,952	4,496	340,547	168,015
29.1.7 The amounts recognised in profit or loss						
Current service cost	2,095	42,758	9,613	3,454	38,525	9,659
Net interest amount	401	30,441	13,723	(46)	43,214	23,316
Expense	2,496	73,199	23,336	3,408	81,739	32,975
29.1.8 Remeasurements recognised in other comprehensive income						
Gain / (loss) from changes in financial assumptions	(5,960)	1,511	(3,023)	7,786	10,976	(1,595)
Experience adjustment	820	(25,886)	(17,626)	(12,819)	(25,627)	(4,080)
Demographic assumptions	-	-	-	-	-	-
Remeasurement of fair value of plan assets	1,665	-	-	6,606	-	-
	(3,475)	(24,375)	(20,649)	1,573	(14,651)	(5,675)

29.1.9 Categories / composition of plan assets

	June 30, 2021		June 30, 2020	
	Rupees in '000	%	Rupees in '000	%
Cash and cash equivalents	45,563	100.00%	45,948	46.42%
Term deposit receipts	-	-	53,043	53.58%
	45,563	100%	98,991	100%

29.1.10 The expenses in respect of employees' gratuity and post-retirement medical benefits have been charged on the basis of actuarial recommendations and are in accordance with the Administrative and Financial Services Agreement of the Holding Company with the subsidiary companies.

29.1.11 Actual gain on plan assets during the year ended June 30, 2021 was Rs. 4.366 million (2020: Rs. 10.615 million).

29.1.12 Assumed future salary increase rate and discount rate have a significant effect on the employees' gratuity. A one percentage point change in assumed future salary increase rate and discount rate would have the following effects:

		Increase / (decrease) in defined benefit obligation of`			
		Funded Gratuity Scheme		Unfunded Gratuity Scheme	
	Change in assumption	Increase in assumption	Decrease in assumption	Increase in assumption	Decrease in assumption
		----(Rupees in '000)----			
Discount rate	1%	(47,881)	50,327	(337,544)	427,126
Salary increase rate	1%	50,430	(47,762)	427,614	(336,433)

29.1.13 The weighted average duration of the defined benefit obligations for funded and unfunded gratuity scheme is 2.44 years (2020: 1.94 years) and 13.65 years (2020: 11.53 years).

29.1.14 Assumed medical cost escalation rate and discount rate have a significant effect on the post-retirement medical benefit. A one percentage point change in assumed medical cost escalation rate and discount rate would have the following effects:

		Increase / (decrease) in defined benefit obligation of`			
		Post Retirement Medical Benefits			
		Permanent Employees		Contractual Employees	
	Change in assumption	Increase in assumption	Decrease in assumption	Increase in assumption	Decrease in assumption
		----(Rupees in '000)----			
Discount rate	1%	(72,971)	74,891	-	-
Medical cost escalation rate	1%	74,838	(73,090)	-	-

29.1.15 The weighted average duration of the defined benefit obligations post retirement medical benefit scheme for permanent employees is 2.88 years.

29.1.16 The employee gratuity funded and unfunded scheme and post retirement medical benefit plans exposes the Group to the following risks:

Investment risk: The risk of the investment underperforming and not being sufficient to meet the liabilities.

Mortality risk: The risk that the actual mortality rate is different. The effect depends on the beneficiaries service / age distribution and the benefit.

Medical cost escalation risks: The risk that the hospitalisation cost could be higher than what we assumed.

Final salary risk: The risk that the final salary at the time of cessation of service is greater than what is assumed. Since the benefit is calculated on the final salary, the benefit amount increases similarly.

Withdrawal risk: The risk of higher or lower withdrawal experienced than assumed. The final effect could go either way depending on the beneficiaries' service / age distribution and the benefit.

29.2 Employees' compensated absences

29.2.1 The disclosures made in notes 29.2.2 to 29.2.9 of these consolidated financial statements are based on the information included in the actuarial valuation as of June 30, 2021.

29.2.2 As stated in note 6.17 of these consolidated financial statements, the Group operates an employees' compensated absences scheme. Provision is maintained against this scheme based on the actuarial recommendations. The following significant assumptions were used for the actuarial valuation of the scheme:

	June 30, 2021	June 30, 2020
Discount rate	10.25%	8.50%
Future salary increases - for permanent employees		
For the year 2021-22	10.25%	20.00%
For the year 2022-23	10.25%	5.60%
For the year 2023-24	10.25%	20.00%
For the year 2024-25	10.25%	5.60%
For the year 2025-26 and onwards	10.25%	8.50%
Future salary increases - for contractual employees		
For the year 2021-22	10.25%	8.50%
For the year 2022-23	10.25%	8.50%
For the year 2023-24	10.25%	8.50%
For the year 2024-25	10.25%	8.50%
For the year 2025-26 and onwards	10.25%	8.50%

	June 30, 2021	June 30, 2020
	(Rupees in '000)	
29.2.3 Reconciliation of statement of financial position		
Present value of defined benefit obligation (recognised)	223,638	250,462
29.2.4 Movement in present value of defined benefit obligation		
Balance at beginning of the year	250,462	259,915
Current service cost	54,240	94,253
Interest cost	22,290	41,695
Remeasurements of obligation	(40,260)	(64,516)
Benefits paid	(63,094)	(80,885)
Balance at end of the year	223,638	250,462
29.2.5 Expense		
Current service cost	54,240	94,253
Interest cost	22,290	41,695
Remeasurements of obligation	(40,260)	(64,516)
Expense	36,270	71,432

29.2.6 Amounts for the current period and prior period of the present value of defined benefit obligation are as follows:

	June 30, 2021	June 30, 2020
	(Rupees in '000)	
Present value of defined benefit obligation	223,638	250,462
Experience loss / (gain) on defined benefit obligation	(40,260)	(64,516)

29.2.7 Assumed future salary increase rate and discount rate have a significant effect on the employees' compensated absences. A one percentage point change in assumed future salary increase rate and discount rate would have the following effects:

		Increase / (decrease) in defined benefit obligation of` Employees' Compensated Absences			
		Permanent Employees		Contractual Employees	
	Change in assumption	Increase in assumption	Decrease in assumption	Increase in assumption	Decrease in assumption
		(Rupees in '000)			
Discount rate	1%	(53,614)	56,385	(150,245)	190,632
Salary growth rate	1%	56,500	(53,479)	190,847	(149,749)

29.2.8 The risks to which the scheme exposes the Group are disclosed in note 29.1.16 to these consolidated financial statements.

29.2.9 The expenses in respect of employees' compensated absences have been charged on the basis of actuarial recommendations and are in accordance with the Administrative and Financial Services Agreement of the Holding Company with the subsidiary companies.

29.3 Expected retirement benefits costs for the year ending June 30, 2022 are as follows:

	(Rupees in '000)
Gratuity	
-funded	1,597
-unfunded	82,468
Post-retirement medical benefits	10,139
Compensated absences	68,534

29.4 During the year, the Group contributed Rs. 7.767 million (2020: Rs. 7.808 million) to the provident fund.

30. TRADE AND OTHER PAYABLES

	Note	June 30, 2021	June 30, 2020
		(Rupees in '000)	
Creditors		262,520	448,792
Agents' and owners' balances		251,998	268,861
Accrued liabilities		1,588,764	1,640,940
Deposits	30.1	44,608	54,979
Bills payable		-	4,090
Withholding tax payable		53,823	49,197
Advance rent		53,008	26,333
Other liabilities			
- amounts retained from contractors		9,241	3,822
- others		96,263	66,900
		105,504	70,722
		2,360,225	2,563,914

30.1 These deposits are mark-up free and are repayable on demand or on completion of specific contracts. As per the requirements of section 217 of the Companies Act, 2017 deposits are utilised for the purpose of business and are kept in separate bank accounts.

31. CONTRACT LIABILITIES

Represents advance received from various related parties and customers. Revenue recognized from amounts included in contract liabilities at the beginning of the year amounted to Rs. 228.576 million (2020: Rs. 218.551 million).

32. PROVISION AGAINST DAMAGE CLAIMS

	Note	June 30, 2021	June 30, 2020
		(Rupees in '000)	
Balance at beginning of the year		24,261	26,475
Net (decrease) / increase during the year	41	(5,249)	(2,214)
Balance at end of the year		19,012	24,261

33. CONTINGENCIES AND COMMITMENTS

Contingencies

33.1 The contingent liability in respect of claims not acknowledged by the Holding Company, which as at June 30, 2021 aggregated to Rs 727.966 million (2020: Rs. 731.986 million). These claims mainly relate to deficiencies in shipping documentation, delay in delivery of cargo and damages to cargo. These include Rs 2.619 million (2020: Rs. 2.794 million) approximately in respect of insurance claims which, if accepted, will be borne by the Holding Company as the P&I Club, Oceanus Mutual Underwriting Association (Bermuda) Limited has gone into liquidation. Out of the remaining claims, a sum of Rs 708.953 million (2020: Rs. 707.725 million) approximately would be recoverable from the P&I Club, Steamship Mutual Underwriting Association (Bermuda) Limited, in the event these claims are accepted by the Holding Company. As a matter of prudence, the management has made a total provision of Rs 19.013 million (2020: Rs 24.261 million) against the aforementioned claims in these financial statements.

33.2 Chittagong Steamship Holding Company Limited and Trans Oceanic Steamship Company Limited had initiated litigation that involved the government of Pakistan and the Holding Company, the litigations relating to compensation to the former owners and the legal suits are pending in the Honourable High Court of Sindh. The amounts claimed are approximately Rs 1.300 million (2020: Rs. 1.300 million) and Rs 66.800 million (2020: Rs 66.800 million) respectively. The Holding Company disclaims any liability in respect of the above mentioned amounts and any accretions to it upto final determination and settlement of the matters.

33.3 Certain other claims have been filed against the Holding Company in respect of employees' matters for an aggregate amount of approximately Rs 92.597 million (2020: Rs. 92.957 million). These cases are pending and the management is confident that the outcome of these cases will be in the Holding Company's favour and accordingly no provision for above claims has been made in these unconsolidated financial statements.

33.4 While framing the tax assessment for the income year ended June 30, 1990, the assessing officer had made an addition to income of Rs 3,974.455 million, being the remission of liabilities due to the Federal Government under the scheme of financial restructuring of the Holding Company. The resultant tax liability including additional taxes for late payment of tax amounted to Rs 1,293.694 million, part of which was paid by the Holding Company and the remaining amount of Rs 1,233.694 million was directly discharged at source by the Federal Government. The assessing officer while framing the order of income year ended June 30, 1996 had treated the aforementioned payment of tax liability by the Government as the income of the Holding Company. Appellate Tribunal Inland Revenue (ATIR) has given the decision in favour of the Holding Company on the appeals filed against the above orders. However, the department has filed an appeal with the Honourable High Court of Sindh against the aforementioned orders of ATIR. The Honourable High Court of Sindh has decided the appeal against the Holding Company. The leave to appeal filed by the Holding Company has been accepted by the Honourable Supreme Court of Pakistan and the decision of the Honourable High Court of Sindh has been suspended. Hearing of the appeal was pending in the Honourable Supreme Court of Pakistan. During the year ended June 30, 2018, this hearing has been remanded to the Honourable High Court of Sindh. The management, in consultation with its legal advisor is confident that the matter will eventually be decided in favour of the Holding Company.

33.5 During the year ended June 30, 2011, the Officer Inland Revenue (OIR) issued assessment orders under section 122 (5A) of the Income Tax Ordinance, 2001 (ITO, 2001) in respect of tax years 2008, 2009 and 2010. According to the orders, the OIR had made certain additions and determined additional tax demand of Rs 363.421 million. OIR had disallowed a portion of administrative expenses by attributing the same to the subsidiary companies and further disallowed a portion of contribution made to the approved gratuity fund (only in respect of tax year 2008) on the contention that the same is attributable to the subsidiary companies. The Holding Company paid Rs 170 million under protest and filed an appeal with the Commissioner of Inland Revenue (Appeals). The Commissioner of Inland Revenue (Appeals) in his order upheld certain additions and had given decision in favour of the Holding Company on certain matters resulting in refund of Rs 90.579 million, out of which Rs 3.581 million has been adjusted in tax year 2013 and remaining Rs 86.918 million in tax year 2014. The management had provided for all the matters that were decided against the Holding Company, with the exception of disallowance of allocation of common expenses to profit on debt for tax years 2008 and 2009 which might have resulted in increase of tax liability by Rs 17.848 million.

The Holding Company had filed an appeal with the ATIR in respect of aforementioned disallowances. The aforementioned appeals have been decided by the ATIR through the combined appellate order whereby certain disallowances have been deleted interalia including disallowances of common expenses allocated to profit on debt. During the year ended June 30, 2018, Additional Commissioner Inland Revenue (ACIR) gave effect to the directions of the ATIR. However, on the grounds that ACIR has not correctly given effect to the directions of ATIR on the issue of disallowance of administrative expenses and allocating the same to the subsidiary companies, the Holding Company has filed an appeal before the Commissioner (Appeals) on July 20, 2018. The Holding Company has filed a reference to Honorable High Court of Sindh in respect of certain disallowances maintained in the aforesaid order of ATIR. The Commissioner (Appeal) in his order dated July 11, 2019 has remanded back the matter to the ADCIR with the direction to re-adjudicate the issue regarding disallowance of administrative expenses in the light of directions given by the Honorable ATIR. Appeal effect proceeding in respect of appellate order was initiated through notice dated October 4, 2019 and same has been responded by Tax Advisor. No further correspondence has been made in this regard. The management is confident that the matter in the Honorable High Court of Sindh will eventually be decided in favour of the Holding Company.

33.6 During the year ended June 30, 2012, the OIR issued assessment orders under section 122 (5A) of the ITO, 2001 in respect of tax year 2011. According to the orders, the OIR has made certain additions and determined additional tax demand of Rs 251.092 million. OIR has disallowed a portion of administrative expenses by attributing the same to the subsidiary companies and further disallowed financial expenses incurred by the Holding Company on the contention that the same is equity specific and hence being capital in nature. The Holding Company had paid Rs 160.513 million under protest. During the year ended June 30, 2015, Commissioner of Inland Revenue (Appeals) in his order has upheld certain additions and has given decisions in favour of the Holding Company on certain matters, and has worked out refund of Rs 15.068 million. The Holding Company and the department have filed appeals with the ATIR in respect of aforementioned disallowances, which have been decided by the ATIR. The ATIR, in its order has interalia deleted certain additions made by the OIR which were upheld by the Commissioner (Appeals). However, while giving effect to the order of the ATIR, the taxation officer has disallowed the expenses allocated to dividend income. Accordingly, the Holding Company has filed an appeal before the Commissioner (Appeals) on July 20, 2018. Further, being aggrieved by the decision of the appellate tribunal, the department has filed a reference application which is pending before the Honourable High Court of Sindh. The management, in consultation with its legal advisor, is confident that the matter will eventually be decided in favour of the Holding Company.

33.7 During the year ended June 30, 2013, the OIR issued assessment orders under section 122 (5A) of the ITO, 2001 in respect of tax year 2012. According to the orders, the OIR has made certain additions and determined additional tax demand of Rs 107.499 million. OIR has disallowed a portion of administrative expenses by attributing the same to the subsidiary companies and further disallowed financial expenses incurred by the Holding Company on the contention that the same is equity specific and hence being capital in nature. The Holding Company has paid Rs 65 million under protest and filed an appeal with the Commissioner of Inland Revenue (Appeals). During the year ended June 30, 2015, Commissioner of Inland Revenue (Appeals) in his order has upheld certain additions and has given decisions in favour of the Holding Company on certain matters, and has worked out refund of Rs 24.022 million. The Holding Company and the department have filed appeals with the ATIR in respect of aforementioned disallowances. The ATIR vide appellate order dated August 7, 2018 has interalia deleted certain additions made by the taxation officer. Appeal effect proceeding in respect of appellate order was initiated through notice dated October 4, 2019 and same has been responded by Tax Advisor. The management, in consultation with its tax advisor, is confident that the matter will eventually be decided in favour of the Holding Company.

33.8 During the year ended June 30, 2014, the OIR has issued assessment orders under section 122 (5A) of the ITO, 2001 in respect of tax year 2013. According to the orders, the OIR has made certain additions and determined additional tax demand of Rs 303.333 million. OIR has disallowed a portion of retirement benefit expenses by attributing the same to the subsidiary companies and further disallowed financial expenses incurred by the Holding Company on the contention that the same is equity specific and hence being capital in nature. Moreover, OIR also disallowed the basis of apportionment of expenses. The Holding Company has paid Rs 288.265 million under protest and adjusted refund of Rs 3.581 million. Further, the management has filed an appeal with the Commissioner of Inland Revenue (Appeals) who in his order has upheld certain additions and has given decisions in favour of the Holding Company on certain matters, and worked out a Nil demand. The Holding Company and the department have filed appeals with the ATIR in respect of aforementioned disallowances. Appeal effect proceeding in respect of appellate order was initiated through notice dated October 4, 2019 and same has been responded by Tax Advisor. ATIR in his order maintained certain addition and directed to allocate expenses against service fee. Further, being aggrieved by the decision of the appellate tribunal, the Holding Company has filed a reference application which is pending before the Honourable High Court of Sindh. The management, in consultation with its legal advisor, is confident that the matter will eventually be decided in favour of the Holding Company.

33.9 During the year ended June 30, 2015, ACIR issued assessment order under section 122 (5A) of the ITO, 2001 in respect of tax year 2014. According to the order the ACIR made certain additions and determined additional tax demand of Rs 184.059 million in respect of certain disallowances regarding financial expenses, administrative costs and post-retirement benefits. The Holding Company paid Rs 83.438 million under protest and adjusted Rs 86.998 million against refunds available for tax year 2008, 2009 and 2010. The Holding Company had filed an appeal before the Commissioner of Inland Revenue (Appeals) who passed his order and maintained the decision of the ACIR. The Holding Company had filed an appeal with the ATIR in respect of aforementioned order of the Commissioner Inland Revenue (Appeals) in respect of aforementioned disallowances. The management is confident that the subject matters in respect of tax year 2014 will eventually be decided in favour of the Holding Company.

33.10 During the year ended June 30, 2014, the Holding Company received assessment orders from the taxation authorities in respect of tax years 2008-2013. The taxation officer has held that the Holding Company is liable to deduct withholding tax under section 152(2) of the ITO, 2001, while making payments to the non-resident shipping companies and in the event of default to do so the Holding Company becomes personally liable to pay tax under section 161 along with default surcharge under section 205 of the Ordinance. By virtue of above orders a cumulative tax demand was raised by the taxation authorities amounting to Rs 2,695.496 million. The Holding Company filed an appeal with the Commissioner of Inland Revenue (Appeals) who maintained the orders passed by the Deputy Commissioner Inland Revenue (DCIR) and consequently an appeal was filed before the ATIR. The ATIR, in the appellate order, has held that the payments made by the Holding Company to the non-resident shipping companies are in the nature of "Royalty" and the rate of tax withholding applicable on such payments would be 15 percent. Accordingly, the tax demand originally raised was reduced to Rs 1,659.485 million. The Holding Company lodged rectification applications in respect of the orders passed by ATIR. However, during the year ended June 30, 2016, the said rectification applications have been rejected. Without prejudice to the rectification applications, the Holding Company has also filed a petition before the Honourable Sindh High Court in respect of the aforesaid orders passed by ATIR seeking protection from any adverse action. The Honourable Sindh High Court has granted an interim order restraining FBR from taking any coercive action, the said interim order is still operative. Further, the aforementioned cases are still pending with the Honourable Sindh High Court.

Further, during the year ended June 30, 2019, the DCIR vide order dated June 29, 2020 has treated the Holding Company assessee in default for not withholding tax: Payment to Non-Resident, Payment of Dividend, Interest free advance to Employees & Closing balance of advances to employees and others and on salaries and demanded Tax of Rs. 899.5 Million. Subsequent to the year end being aggrieved with the order, the Holding Company had filed an appeal before the Commissioner Inland Revenue (Appeal). The CIR(A) had fixed the hearing for July 20, 2020 and had granted the Holding Company a stay from recovery of tax demand till August 10, 2020. On August 7, 2020, written arguments were submitted on behalf of Holding Company and the hearing was re-fixed for August 21, 2020. However, due to transfers and postings, the stay granted by the CIR(A) could not be extended and the Holding Company had to approach Honorable Sindh High Court (SHC) for grant of stay. The SHC has granted the Holding Company a stay from recovery of tax demand vide order dated August 11, 2020. The appeal file before the CIR(A) is pending. The management, in consultation with its legal advisor, is confident that the subject matters in respect of tax year 2017 will eventually be decided in favour of the Holding Company.

33.11 During the year ended June 30, 2018, the DCIR vide order dated June 29, 2018 proceeded to amend the assessment under the provisions of section 122(5A) of the Ordinance in respect of tax year 2016. The taxable income has been recomputed by allocating expenses against dividend income, and disallowances made on account of interest on long term finances and payments claimed against staff retirement benefits. Brought forward business losses and unabsorbed depreciation for tax year 2016 have also been adjusted in the computation of taxable income. By virtue of the aforementioned order passed by the ACIR a tax demand amounting to Rs 91.592 million was raised, which is amply covered by the refunds available for prior tax years. Furthermore, the Holding Company has filed an appeal with the Commissioner Inland Revenue (Appeals) on July 23, 2018. Commissioner Inland Revenue (Appeals) has decided the appeal vide order dated July 11, 2019. The CIR(A) in its order has decided all the matters in favour of the Holding Company by deleting the all the additions made by the ACIR. However, the appeal effect order is till pending. The management is confident that the subject matters in respect of tax year 2016 will eventually be decided in favour of the Holding Company.

33.12 During the year ended June 30, 2018, the ACIR vide order dated June 29, 2018 proceeded to amend the assessment under the provisions of section 122(5A) of the Ordinance in respect of tax year 2017. The taxable income has been recomputed by allocating expenses against dividend income, and disallowances made on account of interest on long term finances and payments claimed against staff retirement benefits. By virtue of the aforementioned order passed by the ACIR a tax demand amounting to Rs 318.212 million was raised, out of which the Holding Company has made a payment of Rs 75 million under protest. Furthermore, the Holding Company has filed an appeal with the Commissioner Inland Revenue (Appeals) on July 23,

2018. Commissioner Inland Revenue (Appeals) has decided the appeal vide order dated July 11, 2019. The CIR(A) in its order has decided all the matters in favour of the Holding Company by deleting all the additions made by the ACIR. However, the appeal effect order is still pending. The management is confident that the subject matters in respect of tax year 2017 will eventually be decided in favour of the Holding Company.

33.13 During the year ended June 30, 2015, the SRB issued show cause notice dated April 17, 2015 under the provisions of section 23 and 47 of the Sindh Sales Tax on Services Act, 2011.The SRB officer had selected the revenue from the unconsolidated financial statements and allegedly raised sales tax demand in respect of the revenue appearing in the audited unconsolidated financial statements for the years 2012-2014.The Holding Company had filed a suit before the Honourable Sindh High Court in respect of the aforesaid show cause notice and the Honourable Sindh High Court had granted an interim stay order restraining SRB from taking any coercive action. However, in light of the Supreme Court order dated June 27, 2018 the Holding Company had to withdraw from the suit and continued the proceedings of show cause notice. After, considering the submissions of the Holding Company the SRB had passed an assessment order dated March 13, 2019 and raised Sales Tax demand of Rs. 2,668.906 million on the revenue of freight income and services fee for the financial years 2012-2014. The Holding Company had filed an appeal before the Commissioner (Appeals) SRB and obtained stay from Honourable Sindh High Court against the sales tax demand. During the year, the High Court has stopped the further proceedings and decision will be subject to the decision of Supreme Court on the similar Freight Forwarder's case The management, in consultation with its tax advisor, is confident that the subject matters will eventually be decided in favour of the Holding Company.

33.14 The Taxation Officer (TO) issued an amended assessment order under section 122(5A) of the ITO, 2001 in respect of tax year 2003 against the subsidiary company namely Karachi Shipping (Private) Limited (KSPL). According to the amended order, TO made additions to taxable income of KSPL aggregating to Rs 163.523 million mainly on account of interest income and gain on sale of fixed assets, which have been taxed separately. KSPL made payment of Rs 70.315 million under protest, being the additional tax demand raised by the TO in his order and filed an appeal against the subject order with Commissioner Income Tax (Appeals) - CIT(A). Consequently, KSPL also filed a petition to Alternate Dispute Resolution Committee (ADRC) with respect to the said matter. During the year ended June 30, 2009, the ADRC upheld the decision of TO and decided the matter against KSPL. As KSPL was not satisfied with the order, KSPL continued to pursue its remedy against CIT(A) which is, at present, pending for hearing. The management is confident that the matter in the appeal shall eventually be decided in its favour. Without prejudice to the contentions of the management, the management has as a matter of prudence provided for amount aggregating Rs 70.315 million as payment under protest during the year ended June 30, 2008.

33.15 While framing tax assessment for income of the year ended June 30, 2005, the TO issued an order under section 122(5A) of the ITO, 2001 whereby demand of Rs 139.118 million was raised by the tax department against the subsidiary company namely Lalazar Shipping (Private) Limited (LSPL). According to the order, the TO is of the view that the income appearing under the head 'other income' in the annual audited financial statements for the said year is taxable under Normal Tax Regime with reference to section 39 of the ITO, 2001. LSPL had filed appeals with the Commissioner Income Tax (Appeals) and Income Tax Appellate Tribunal, however, the appeals were decided in favour of the tax department.

Subsequently, LSPL filed an appeal in the Honourable High Court and during the year ended June 30, 2011, the Honourable High Court had heard the appeal filed by LSPL and reduced the tax demand raised by TO Rs 68.284 million. LSPL had paid the reduced tax demand under protest and filed an appeal with the Honourable Supreme Court for which leave to appeal was granted to the LSPL. Further, the tax department had also filed an appeal with the Honourable Supreme Court against the order and the matter is at present pending for hearing. The management of LSPL, based on the advise of its tax advisor, is confident that the matter shall eventually be decided in favour of LSPL.

33.16 The Additional Commissioner Inland Revenue (ACIR) issued an amended assessment order dated March 24, 2014, under section 124/122(5A) of the ITO, 2001 in respect of tax year 2012 against the subsidiary company namely Sargodha Shipping (Private) Limited (SSPL). According to the amended order, ACIR had only considered the original purchase price of the vessel for the computation of capital gain, as per annual audited financial statements for the year ended June 30, 2003 and ignored the capitalization of spare, equipment on board and dry docking expenditure. By virtue of the aforementioned order passed by the ACIR a tax demand amounting to Rs. 35.545 million was raised. SSPL being aggrieved with the above said order, had filed an appeal with the Commissioner (Appeals) who had decided the matter in the favour of the SSPL and consequently an appeal was filed before the ATIR. The ATIR in his order dated November 21, 2016 upheld the same decision of the Commissioner (Appeal). During the current year, the tax department has filed a suit before the Honorable Sindh High Court, which is still pending. The management, in consultation with its tax advisor, is confident that the subject matters will eventually be decided in favour of the SSPL.

33.17 During the year ended June 30, 2021, the ACIR vide order dated May 24, 2021 proceeded to amend the assessment under the provisions of section 122(5A) of the Ordinance in respect of tax year 2015. The taxable income has been recomputed by allocating expenses against dividend income, and disallowances made on account of interest on long term finances and payments claimed against staff retirement benefits and service fee etc. By virtue of the aforementioned order passed by the ACIR a tax demand amounting to Rs 1,279.035 million was raised, the Holding Company has filed an appeal with the Commissioner Inland Revenue (Appeals) The management is confident that the subject matters in respect of tax year 2015 will eventually be decided in favour of the Holding Company.

33.18 During the year ended June 30, 2021, the ACIR vide order dated May 24, 2021 proceeded to amend the assessment under the provisions of section 122(5A) of the Ordinance in respect of tax year 2018. The taxable income has been recomputed by allocating expenses against dividend income, and disallowances made on account of interest on long term finances and payments claimed against staff retirement benefits and service fee etc. By virtue of the aforementioned order passed by the ACIR a tax demand amounting to Rs 550.722 million was raised, the Holding Company has filed an appeal with the Commissioner Inland Revenue (Appeals) The management is confident that the subject matters in respect of tax year 2018 will eventually be decided in favour of the Holding Company.

Commitments

33.19 Commitments in respect of capital expenditure amounted to Rs 32.571 million (2020: Rs 32.571 million).

33.20 Outstanding letters of guarantee amounted to Rs 18.919 million (2020: Rs. 18.919 million).

33.21 The Holding Company has provided an undertaking amounting to USD 11.6 million (Rs 1,954.25 million) to one of the vendor / supplier of another state owned entity. This undertaking has been provided due to arrest of two of it's managed vessels operated by its subsidiaries which have been released subsequently. However, the Government of Pakistan has provided a counter guarantee to the Holding Company in relation to the aforesaid undertaking.

33.22 Commitments in respect of Enterprise Resource Planning (ERP) implementation and maintenance amounting to USD 0.417 million (Rs 70.216 million) and USD 0.192 million (Rs 32.303 million) respectively.

		Note	June 30, 2021	June 30, 2020
			----------(Rupees in '000)----------	
34.	**INCOME FROM SHIPPING**			
	Bulk carriers			
	Freight revenue		2,179,001	2,001,798
	Oil tankers			
	Freight revenue		7,933,078	8,752,540
	Demurrage income		362,116	1,189,370
	Income from miscellaneous claims		176,636	430,300
	Less: overage premium		34,530	31,435
	Less: ocean losses		23,578	62,939
			8,413,722	10,277,836
			10,592,723	12,279,634
	Chartered vessels - Foreign flag vessels			
	Freight revenue		728,415	241,926
	Demurrage income		569	9,562
	Income from miscellaneous claims		9,257	12,825
	Less: overage premium		210	1,679
	Less: ocean losses		1,823	-
			736,208	262,634
	Slot charter revenue		1,239,244	1,033,516
	Less: sales tax		230	292
			1,239,014	1,033,224
			12,567,945	13,575,492
35.	**FLEET EXPENSES - direct**			
	Diesel, fuel and lubricants consumed		2,570,385	3,027,886
	Stevedoring and transshipment expenses		-	677
	Port, light, canal and customs dues		1,221,413	1,087,821
	Salaries, benefits and allowances		987,465	1,007,843
	Charter hire and related expenses	35.1	1,204,112	629,798
	Demurrage expense		2,765	-
	Fleet communication expenses		31,454	29,777
	Agency commission and brokerage		212,679	277,520
	Victualling expenses		142,393	143,739
	Insurance		500,246	514,472
	Claim charges		32,755	6,902
	Stores and spares consumed		475,260	336,171
	Repairs, maintenance and special surveys		125,523	97,648
	Depreciation	8.8	2,041,904	1,707,659
	Exchange loss		23,096	49,839
	Services sales tax expense		6,918	6,369
	Travelling and conveyance		77,894	41,580
	Survey fee		66,621	63,827
	Sundry expenses		63,926	54,013
			9,786,809	9,083,541
35.1	**Charter hire and related expenses**			
	Foreign flag vessels			
	- voyage charter expenses		507,894	195,765
	- slot charter expenses		696,218	434,033
			1,204,112	629,798

Notes to and Forming Part of the Consolidated Financial Statements

For the year ended June 30, 2021

36. FLEET EXPENSES - indirect	Note	June 30, 2021	June 30, 2020
		(Rupees in '000)	
Salaries, benefits and allowances	36.1	-	613
Agents' and other general expenses	36.2	15,714	16,438
Depreciation	8.8	1,214	698
		16,928	17,749

36.1 This includes Rs. Nil (2020: Rs. 0.041 million) in respect of provident fund contribution. The investments out of provident fund have been made in accordance with the provisions of Section 218 of the Act and conditions specified thereunder.

36.2 Agents' and other general expenses	Note	June 30, 2021	June 30, 2020
		(Rupees in '000)	
Legal and professional charges		8,374	9,326
Printing and stationery		-	48
Advertisement and publicity		1,606	1,497
Telephone, telex and postage		4,009	3,681
Air freight		1,054	1,273
Bank charges and commission		671	613
		15,714	16,438

37. REAL ESTATE EXPENSES	Note	June 30, 2021	June 30, 2020
Salaries, benefits and allowances	37.1	47,670	49,935
General establishment expenses	37.2	26,204	38,741
Rent, rates and taxes		10,591	12,006
Insurance		4,020	4,070
Depreciation	8.8	24,111	28,091
Legal and professional charges		760	758
		113,356	133,601

37.1 This includes Rs. 0.519 million (2020: Rs. 0.522 million) in respect of provident fund contribution. The investments out of provident fund have been made in accordance with the provisions of Section 218 of the Act and conditions specified thereunder.

37.2 General establishment expenses	Note	June 30, 2021	June 30, 2020
		(Rupees in '000)	
Repairs and maintenance		7,074	6,207
Security charges		10,328	12,308
Light, power and water		8,780	19,952
Vehicle running, repairs and maintenance expenses		22	274
		26,204	38,741

38. ADMINISTRATIVE EXPENSES	Note	June 30, 2021	June 30, 2020
Workshop management expense		68,255	93,282
Salaries, benefits and allowances	38.1	665,928	709,202
General establishment expenses	38.2	180,192	195,540
Rent, rates and taxes		16,039	17,557
Scholarship and training expenses		917	1,025
Insurance		3,747	6,238
Depreciation	8.8	30,870	34,430
Depreciation on right-of-use assets	9.2	12,492	5,588
Directors' fee		5,310	6,795
Legal and professional charges		24,918	26,179
Sales tax expenses		25,850	24,445
		1,034,518	1,120,281

38.1 This includes Rs. 7.248 million (2020: Rs. 7.245 million) in respect of provident fund contribution. The investments out of provident fund have been made in accordance with the provisions of Section 218 of the Act and conditions specified thereunder.

		Note	June 30, 2021	June 30, 2020
38.2	**General establishment expenses**		---------(Rupees in '000)---------	
	Repairs and maintenance		18,558	21,438
	Medical expenses		50,588	38,853
	Contribution to group term insurance		607	1,037
	Security charges		3,022	4,736
	Travelling and conveyance		4,672	9,866
	Entertainment and canteen subsidy		3,609	3,632
	Books, periodicals and subscription		11,505	11,265
	Uniform and liveries		1,579	1,880
	Hajj expenses		-	2,278
	Printing and stationery		5,120	6,404
	Telephone, telex and postage		9,943	9,105
	Light, power and water		13,671	13,405
	Computer expenses		9,846	9,136
	Advertisement and publicity		12,786	12,187
	Vehicle running, repairs and maintenance expenses		8,609	18,340
	Ship inspection expenses		16,939	15,931
	Sundry expenses		9,138	16,047
			180,192	195,540
39.	**IMPAIRMENT LOSS**			
	On financial receivables			
	Allowance of expected credit loss on trade receivables	17.4	65,208	265,121
	Allowance of expected credit loss on agent and owner balances	18.2	-	266
	Allowance of expected credit loss on other receivables	21.4	-	74,272
			65,208	339,659
	On property, plant and equipment		8,177	71,479
			73,385	411,138
40.	**OTHER EXPENSES**			
	Donations	40.1	3,111	50,615
	Auditors' remuneration	40.2	9,466	8,640
	Employees' gratuity			
	- funded	29.1.7	2,496	3,408
	- unfunded	29.1.7	73,198	81,739
			75,694	85,147
	Post-retirement medical benefits	29.1.7	-	32,975
	Employees' compensated absences	29.2.5	76,530	71,432
	Exchange loss		43,260	-
	Loss on sale of bunker		-	19,325
	Sindh sales tax		388	291
	Others		-	15
			208,449	268,440

40.1 This includes donation made to Pakistan Marine Academy as a scholarship for students amounting to Rs. 3.04 million (2020: donations to Indus Hospital amounting to Rs. 50.615 million) . No director or his spouse had any interest in the donee.

40.2 Auditors' remuneration

	June 30, 2021			June 30, 2020		
	Grant Thornton Anjum Rahman	KPMG Taseer Hadi & Co.	Total	Grant Thornton Anjum Rahman	KPMG Taseer Hadi & Co.	Total
	---(Rupees in '000)---					
Statutory audit fee - the Holding Company	1,376	1,376	2,752	1,310	1,310	2,620
Audit fee - subsidiaries	1,957	1,957	3,914	1,860	1,860	3,720
Fee for review of half yearly financial statements	482	482	964	459	459	918
Fee for review report on CCG	148	148	296	140	140	280
Fee for audit of the consolidated financial statements	174	174	348	166	166	332
Statutory certifications	120	-	120	60	60	120
Out of pocket expenses	301	301	602	325	325	650
Sales tax services	470	-	470	-	-	-
	5,028	4,438	9,466	4,320	4,320	8,640

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For the year ended June 30, 2021

		June 30, 2021	June 30, 2020
41. OTHER INCOME	Note	-----------(Rupees in '000)-----------	
Income from financial assets			
Income from saving account and term deposits		**414,857**	513,351
Income from loans to employees		**1,873**	4,050
Dividend income from investment in listed companies		**69**	1,150
Income from mutual fund		**641**	-
Gain on revaluation of long-term investments		**13,838**	3,046
Insurance claim income	41.1	**26,743**	16,006
Exchange gain		**-**	115,682
Reversal of allowance of ECL		**350,474**	-
		808,495	653,285
Income from non-financial assets			
Gain on revaluation of investment properties	11	**260,183**	159,969
Agency fee		**9,319**	1,526
Liabilities no longer payable written back		**138,198**	45,662
Gain on disposal of operating fixed assets		**42,840**	15,963
Reversal of impairment on property, plant and equipment		**71,479**	-
Net income from manning contract		**21,711**	12,758
Post-retirement medical benefits		**51,318**	-
Net decrease in provision against damage claims	32	**5,249**	2,214
Sundry income	41.2	**35,890**	57,007
		636,187	295,099
		1,444,682	948,384

41.1 This represents recoveries from hull, cargo and other claims according to the insurance policies.

41.2 This includes the following:

	Note	June 30, 2021	June 30, 2020
		-----------(Rupees in '000)-----------	
Income earned by the Holding Company Work Shop		**11,582**	27,266
Others		**24,308**	29,741
		35,890	57,007

42. FINANCE COSTS

Mark-up on long-term financing		**541,208**	1,123,350
Mark-up on lease liability		**8,410**	3,898
Bank charges		**7,989**	8,216
		557,607	1,135,464

43. TAXATION

Tax charge for:			
- current year		**199,098**	166,085
- deferred		**(21,933)**	1,783
	43.1	**177,165**	167,868

43.1 Relationship between tax expense and accounting profit

Accounting profit before tax		**2,442,191**	2,581,746
Tax rate		**29%**	29%
Tax on accounting profit		**708,235**	748,706
Tax effect in respect of inadmissible expenses (including business loss)		**81,968**	86,524
Tax effect due to lower tax rates			
Income under section 7A		**(25,267)**	3,256
Lower tax rates on subsidiaries profit		**(485,884)**	(887,308)
Dividend income		**(99)**	(162)
Effect of rate difference (12%)		**(80,072)**	-
Effect of charging deferred tax on different rate than current tax		**-**	12,531
Effect of minimum tax on services		**-**	34,414
Effect of prior year		**-**	-
Effect due to minimum tax		**-**	-
Unrecognised deferred tax on business loss		**-**	164,152
Others (including the impact arising as a consequence of change in allocation ratio of revenue chargeable under FTR and NTR tax regime)		**(21,716)**	5,754
Tax expense for the year		**176,907**	167,868
Effective tax rate		**7%**	7%

Notes to and Forming Part of the Consolidated Financial Statements

For the year ended June 30, 2021

44. EARNINGS PER SHARE FOR PROFIT ATTRIBUTABLE TO EQUITY HOLDERS OF THE HOLDING COMPANY - basic and diluted	June 30, 2021	June 30, 2020
	----------(Rupees in '000)----------	
Net profit for the year	**2,263,779**	2,413,267
	-----------(No. of Shares)-----------	
Weighted average ordinary shares in issue during the year	**132,063,380**	132,063,380
	---------------(Rupees)---------------	
Earnings per share - basic and diluted	**17.14**	18.27

44.1 There were no dilutive potential ordinary shares outstanding as at June 30, 2021 and 2020.

45. CASH GENERATED FROM OPERATIONS	Note	June 30, 2021	June 30, 2020
		----------(Rupees in '000)----------	
Profit before taxation		**2,442,191**	2,581,746
Adjustments for non-cash charges and other items:			
Depreciation	*8.8*	**2,098,099**	1,770,878
Depreciation on right-of-use assets	*9.2*	**12,492**	5,588
Impairment (reversal) / loss - net	*39 & 41*	**(285,266)**	411,138
Reversal of impairment of property, plant and equipment - net	*39 & 41*	**(63,302)**	-
Exchange loss	*40*	**20,164**	-
Provision for employees' gratuity	*29.1.7*	**75,694**	85,147
Provision for employees' compensated absences	*29.2.5*	**76,530**	71,432
Provision for post retirement medical benefits	*29.1.7*	**(51,318)**	32,975
Income from mutual funds	*41*	**(641)**	-
Dividend income	*41*	**(69)**	(1,150)
Gain on sale of bunker		**(24,308)**	-
Liabilities no longer required written back	*41*	**(138,198)**	(45,662)
Income from saving account and term deposit	*41*	**(414,857)**	(513,351)
Mark-up on long-term financing	*42*	**541,208**	1,123,350
Mark-up on lease liability	*42*	**8,410**	3,898
Gain on revaluation of long-term investments in listed companies	*40 & 41*	**(13,838)**	(3,046)
Gain on disposal of property, plant and equipment		**(42,840)**	(15,963)
Gain on revaluation of investment properties	*41*	**(260,183)**	(159,969)
Working capital changes	*45.1*	**105,449**	(1,086,235)
		4,085,467	4,260,776

45.1 Working capital changes		
(Increase) / decrease in current assets:		
Stores and spares	**(302,032)**	(282,914)
Trade debts - unsecured	**406,640**	(791,086)
Agents' and owners' balances - unsecured	**2,579**	3,191
Loans and advances	**(19,704)**	(4,837)
Trade deposits and short-term prepayments	**8,966**	43,913
Other receivables	**205,968**	(392,317)
Incomplete voyages	**(78,336)**	7,235
Insurance claims	**(1,830)**	6,960
	222,251	(1,409,855)
Increase / (decrease) in current liabilities:		
Trade and other payables	**(65,491)**	315,809
Net decrease in provision against damage claims	**(5,249)**	(2,214)
Contract liabilities	**(46,012)**	10,025
	105,499	(1,086,235)

46. CASH AND CASH EQUIVALENTS			
Short-term investments having maturity of three months or less	*23*	**700,000**	2,040,190
Mutual funds	*23*	**50,544**	-
Cash and bank balances	*24*	**1,050,945**	2,471,831
		1,801,489	4,512,021

Notes to and Forming Part of the Consolidated Financial Statements

For the year ended June 30, 2021

47. REMUNERATION OF CHAIRMAN & CHIEF EXECUTIVE, DIRECTORS AND OTHER EXECUTIVES

The aggregate amount of remuneration including all benefits payable to the Chairman and Chief Executive, Executive Directors and Executives of the Group were as follows:

	Chairman & Chief Executive		Executive Directors*		Other Executives	
	June 30, 2021	June 30, 2020	**June 30, 2021**	June 30, 2020	**June 30, 2021**	June 30, 2020
	(Rupees in '000)					
Managerial remuneration and allowances	**1,461**	-	**24,562**	24,420	**324,550**	336,229
Retirement benefits - note 47.2	**-**	-	**-**	-	**5,027**	6,748
House rent	**-**	-	**10,168**	9,935	**115,378**	122,488
Conveyance	**44**	636	**742**	1,954	**5,287**	7,059
Entertainment	**-**	-	**711**	96	**4,203**	4,631
Medical	**560**	86	**2,099**	1,230	**11,124**	13,526
Utilities	**990**	-	**1,829**	1,680	**36,974**	34,051
Personal staff subsidy	**-**	-	**-**	-	**383**	370
Club membership fee and expenses	**23**	251	**682**	398	**-**	-
Bonus	**-**	-	**3,961**	3,711	**39,031**	19,867
Other allowances	**9,460**	-	**330**	147	**300,362**	191,250
	12,538	973	**45,084**	43,571	**842,319**	736,219
Number of persons	**1**	1	**5**	4	**145**	157

*Executive Directors represent the designation of the personnel and are not the members of Board of Directors of the Group.

47.1 The aggregate amount charged in the consolidated financial statements for fee to 8 (2020: 6) non-executive directors was Rs 5.250 million (2020: Rs 6.795 million).

47.2 Retirement benefits represent amount contributed towards various retirement benefit plans. The Executives of the Corporation are entitled to retirement benefits as outlined in note 6.17 and 6.18 to these consolidated financial statements. The Chairman & Chief Executive, Executive Directors and other Executives are provided with the car allowance in lieu of Corporation owned cars.

48. FINANCIAL INSTRUMENTS BY CATEGORY

	June 30, 2021	June 30, 2020
	(Rupees in '000)	
FINANCIAL ASSETS		
Fair value through profit or loss		
Long-term investments - listed companies	**49,259**	35,421
Short term investment	**50,544**	35,421
	99,803	-
Amortised cost		
Trade debts - unsecured	**3,019,161**	3,141,103
Agents' and owners' balances - unsecured	**7,617**	9,628
Loans - employees	**8,147**	9,578
Trade deposits	**14,023**	16,224
Interest accrued on bank deposits and short-term investments	**102,298**	39,939
Other receivables	**414,388**	620,356
Insurance claims	**91,049**	89,219
Short-term investments	**6,555,640**	3,999,025
Cash and bank balances	**1,050,945**	2,471,831
Long-term investments - other entity	**100**	100
Long-term loans	**8,144**	11,827
	11,271,512	10,408,830
	11,371,315	10,444,251
FINANCIAL LIABILITIES		
Amortised cost		
Trade and other payables	**2,253,394**	2,488,384
Unclaimed dividend	**77,498**	68,987
Long-term financing - unsecured	**6,019,103**	7,345,117
Accrued mark-up on long-term financing	**16,118**	23,818
Lease liabilities	**116,608**	115,527
	8,482,721	10,041,833

49. FINANCIAL RISK MANAGEMENT

49.1 Financial risk factors

The Group finances its operations through equity and management of working capital with a view to maintaining an appropriate mix between various sources of finance to minimise risk. Taken as a whole, the Group is exposed to market risk (including interest rate risk, currency risk and other price risk), credit risk and liquidity risk. The Group's principal financial liabilities comprise of trade and other payables and long term financing. The Group also has various financial assets such as trade debts, other receivables, bank balances and short-term investments which are directly related to its operations. No changes were made in the objectives, policies or processes and assumptions during the year ended June 30, 2021. The policies for managing each of these risk are summarised below:

49.1.1 Credit risk

Credit risk arises from cash and cash equivalents, deposits with banks and financial institutions, as well as credit exposures to customers, including trade receivables and committed transactions. Credit risk represents the accounting loss that would be recognised at the date of statement of financial position if counter parties fail completely to perform as contracted.

As at June 30, 2021, out of the total financial assets of Rs. 11,059.582 million (2020: Rs. 10,444.241 million) the financial assets which are subject to credit risk amounted to Rs 11,010.223 million (2020: Rs. 10,444.251 million). The management continuously monitors the credit exposure towards the customers and recognize an allowance for ECL on balances considered doubtful of recovery.

Moreover, a significant component of the receivable balances of the Group relates to amounts due from the Public Sector organisations. Due to the Group's long standing business relationships with these counterparties and after giving due consideration to their related credit standing, management does not expect non–performance by those counter parties on their obligations to the Group.

The sector wise analysis of gross amounts of receivables, comprising trade debts, agents' and owners' balances and deposits is given below:

	June 30, 2021	June 30, 2020
	(Rupees in '000)	
Public Sector	3,767,936	3,788,993
Private Sector	605,812	993,974
	4,373,748	4,782,967

Out of Rs.4,373.748 million (2020: 4,782.967 million), the corporation has recognized an allowance of ECL amounting to Rs. 1,347.339 million (2020: Rs 1,632.605 million).

49.1.2 Market Risk

Foreign currency risk
Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign currency rates. The Group faces foreign currency risk on receivable and payable transactions at foreign ports.

As at June 30, 2021, if the currency had weakened / strengthened by 5% against the US dollar with all other variables held constant, profit before taxation for the year would have been higher / lower by Rs. 394.970 million (2020: Rs. 103.490 million), mainly as a result of foreign exchange gains / losses on translation of US dollar denominated assets and liabilities.

Cash flow and fair value interest rate risk
The Group has interest bearing liabilities that have floating interest rates. At June 30, 2021, if interest rates on borrowings had been 100 basis points higher / lower with all other variables held constant, profit after taxation for the year would have been lower / higher by Rs 37.997 million (2020: Rs 47.411 million).

Price risk
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 foreign exchange 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 effects of changes in fair value of investments made by the Group, on the future profits are not considered to be material in the overall context of these consolidated financial statements.

49.1.3 Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulties in raising funds to meet commitments associated with financial instruments. The Group believes that it is not exposed to any significant level of liquidity risk.

The management forecasts the liquidity of the Group on basis of expected cash flow considering the level of liquid assets necessary to meet such risk. This involves monitoring statement of financial position, liquidity ratios and maintaining debt financing plans.

Financial liabilities in accordance with their contractual maturities are presented below:

June 30, 2021	Total Contractual cash flows	Less than 1 year	Between 1 to 2 years	Between 2 to 5 years	More than 5 years
	(Rupees in '000)				
Long-term financing	6,019,103	1,334,965	1,334,965	3,012,813	336,360
Unclaimed dividend	77,498	77,498	-	-	-
Trade and other payables	2,253,394	2,253,394	-	-	-
Accrued mark-up on long-term financing	16,118	16,118	-	-	-
Lease liabilities	116,608	1,803	14,543	21,815	78,447
	8,482,721	3,683,778	1,349,508	3,034,628	414,807

June 30, 2020	Total Contractual cash flows	Less than 1 year	Between 1 to 2 years	Between 2 to 5 years	More than 5 years
	(Rupees in '000)				
Long-term financing	7,345,117	1,334,964	1,334,964	3,012,813	1,662,376
Unclaimed dividend	68,987	68,987	-	-	-
Trade and other payables	2,488,384	2,488,384	-	-	-
Accrued mark-up on long-term financing	23,818	23,818	-	-	-
Lease liabilities	115,527	6,323	13,472	20,209	75,523
	10,041,833	3,922,476	1,348,436	3,033,022	1,737,899

49.1.4 Fair value estimation

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e. an exit price) regardless of whether that price is directly observable or estimated using another valuation technique.

Fair value hierarchy

As at June 30, 2021, the Group's all assets and liabilities are carried at amortised cost except for those mentioned below:

The Group's leasehold land, buildings on leasehold land, beach huts and workshop machinery and equipment are stated at revalued amounts, being the fair value at the date of revaluation, less any subsequent accumulated depreciation and subsequent accumulated impairment losses, if any. The latest fair valuation of the Group's leasehold land, buildings on leasehold land, beach huts and workshop machinery and equipment was performed by an independent valuer as at June 30, 2021.

The Group classifies investment properties and long-term investments in listed companies measured at fair value in the statement of financial position. The latest fair valuation of the Group's investment properties was performed by an independent valuer as at June 30, 2021.

The valuation techniques and inputs used to develop fair value measurements of aforementioned assets are as follows:

Level 1: Quoted prices in active markets for identical assets or liabilities;

Level 2: Those involving inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices); and

Level 3: Those whose inputs for the asset or liability that are not based on observable market date (unobservable inputs).

There were no transfers between level 1, 2 or 3 of the fair value hierarchy during the year.

Details of fair value hierarchy and information relating to fair value of Group's leasehold land, buildings on leasehold land, beach huts, workshop machinery and equipment, investment categorised as fair value through profit or loss and investment properties are as follows:

	Note	June 30, 2021 Level 1	Level 2	Level 3	Total
		(Rupees in '000)			
Assets carried at fair value					
Long-term investments in listed companies	13	49,259	-	-	49,259
Leasehold land		-	1,399,780	-	1,399,780
Buildings on leasehold land		-	753,725	-	753,725
Beach huts		-	18,242	-	18,242
Workshop machinery and equipment		-	8,353	-	8,353
Investment properties		-	3,687,374	-	3,687,374
		-	5,867,474	-	5,867,474

	Note	June 30, 2020 Level 1	Level 2	Level 3	Total
		------------------------------(Rupees in '000)------------------------------			
Assets carried at fair value					
Long-term investments in listed companies	*13*	35,421	-	-	35,421
Leasehold land		-	1,086,960	-	1,086,960
Buildings on leasehold land		-	699,435	-	699,435
Beach huts		-	12,997	-	12,997
Workshop machinery and equipment		-	7,103	-	7,103
Investment properties		-	3,426,191	-	3,426,191
		-	5,232,686	-	5,232,686

50 Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The Group manages its capital structure by monitoring return on net assets and makes adjustment to it in the light of changes in economic conditions. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders or issue new shares.

The Group is in compliance with externally imposed capital requirements applicable at consolidated financial statements level. The debt equity ratios as at June 30, 2021 and 2020 were as follows:

	Note	June 30, 2021	June 30, 2020
		-----------(Rupees in '000)-----------	
Long-term financing - secured	27	**6,019,103**	7,345,117
Total equity		**37,113,769**	34,688,746
Total		**43,132,872**	42,033,863
Debt-to-equity ratio		**16:84**	21:79

51. ENTITY WIDE INFORMATION

51.1 The Group constitutes a single reportable segment, the principal classes of services provided are transportation of dry cargo, liquid cargo and rental income.

51.2 Information about services

The Group's principal classes of services accounted for the following amount of revenue:

	June 30, 2021	June 30, 2020
	-----------(Rupees in '000)-----------	
Transportation of dry cargo	**3,418,245**	3,035,314
Transportation of liquid cargo	**9,149,930**	10,540,470
Rental income	**220,616**	228,084
	12,788,791	13,803,868

51.3 Information about geographical areas

The Group does not hold non-current assets in any foreign country.

51.4 Information about major customers

The Group has the following exposure to concentration of credit risk with clients representing significant percentage of the total revenue balances:

	2021 Revenue (Rupees in '000)	2021 % of Total	2020 Revenue (Rupees in '000)	2020 % of Total
Client 1	**3,640,783**	**28.97**	2,763,884	20.36
Client 2	**1,534,737**	**12.21**	1,446,238	10.65
Client 3	**1,254,373**	**9.98**	1,335,682	9.84
	6,429,893	**51.16**	5,545,804	40.85

52. RELATED PARTY DISCLOSURES

Related parties comprise of companies affiliated to the Holding Company and the directors, chief executives of the Holding Company and employee funds maintained by the Holding Company. Particulars of remuneration to key personnel are disclosed in note 47 to these consolidated financial statements.

The significant transactions carried out by the Group with related parties during the year are given below:

Nature of transactions	Relationship with the Group	June 30, 2021	June 30, 2020
		-----------(Rupees in '000)----------	
Revenue from shipping business	State owned / controlled entities	6,365,164	6,326,190
Rental income	State owned / controlled entities / Common director	12,407	11,715
Contributions to provident fund	Employees benefit plan	6,195	7,808
Directors' fee and travelling allowance	Key management personnel	5,310	6,795
Compensation to key management personnel	Key management personnel	57,631	44,544
Dividend to Government of Pakistan	Government holding	261,094	231,267
Dividend income	State owned / controlled entities	-	831
Sale of vehicles to directors	Key management personnel	9,212	-
Rental expense	State owned / controlled entities	13,945	13,401

52.1 Outstanding balances due from / due to related parties have been disclosed in notes 12, 14, 17, 19, 20 and 21 to these consolidated financial statements.

52.2 Following are the related parties with whom the Group had entered into transactions or have arrangements / agreements in place.

S.No.	Name	Basis of relationship	Aggregate % of shareholding in the Company
1	Muhammadi Engineering Works (Private) Limited	Associate	N/A
2	Employees' Gratuity Fund	Staff retirement benefits	N/A
3	Employees' Contributory Provident Fund	Staff retirement benefits	N/A
4	Civil Aviation Authority	State owned/controlled entity	N/A
5	Central Power Generation Company Limited	State owned/controlled entity	N/A
6	Heavy Industries Taxila	State owned/controlled entity	N/A
7	Pakistan Petroleum Limited	State owned/controlled entity	N/A
8	Karachi Port Trust	State owned/controlled entity	N/A
9	National Bank of Pakistan	State owned/controlled entity/Common director	N/A
10	National Telecommunication Corporation	State owned/controlled entity	N/A
11	National Refinery Limited	State owned/controlled entity	N/A
12	National Insurance Company Limited	State owned/controlled entity	N/A
13	Pak Arab Refinery Limited	State owned/controlled entity	N/A
14	Pakistan International Airlines	State owned/controlled entity	N/A
15	Pakistan Machine Tool Factory	State owned/controlled entity	N/A
16	Pakistan Refinery Limited	State owned/controlled entity	N/A
17	Pakistan Security Printing Corporation	State owned/controlled entity	N/A
18	Pakistan State Oil	State owned/controlled entity	N/A
19	Pakistan Telecommunication Limited	State owned/controlled entity	N/A
20	District Controller of Stores	State owned/controlled entity	N/A
21	Port Qasim Authority	State owned/controlled entity	N/A
22	Sui Northern Gas Pipelines Limited	State owned/controlled entity	N/A
23	Sui Southern Gas Company Limited	State owned/controlled entity	N/A
24	Kot Addu Power Company	State owned/controlled entity	N/A
25	Lahore Electric Supply Company	State owned/controlled entity	N/A
26	National Transmission & Despatch Company	State owned/controlled entity	N/A
27	Water and Power Development Authority	State owned/controlled entity	N/A
28	Gawadar Port Authority	State owned/controlled entity	N/A
29	Directors / Executives	Key management personnel	0.002

53. LISTING OF SUBSIDIARY COMPANIES AND AN ASSOCIATE

Name of Subsidiaries	Financial year end
- Bolan Shipping (Private) Limited	June 30
- Chitral Shipping (Private) Limited	June 30
- Hyderabad Shipping (Private) Limited	June 30
- Pakistan Marine and Shipping Services Company (Private) Limited [formerly: Islamabad Shipping (Private) Limited]	June 30
- Johar Shipping (Private) Limited	June 30
- National Ship Management and Crewing (Private) Limited [formerly: Kaghan Shipping (Private) Limited]	June 30
- Karachi Shipping (Private) Limited	June 30
- Khairpur Shipping (Private) Limited	June 30
- Lahore Shipping (Private) Limited	June 30
- Lalazar Shipping (Private) Limited	June 30
- Makran Shipping (Private) Limited	June 30
- Malakand Shipping (Private) Limited	June 30
- Multan Shipping (Private) Limited	June 30
- Quetta Shipping (Private) Limited	June 30
- Sargodha Shipping (Private) Limited	June 30
- Shalamar Shipping (Private) Limited	June 30
- Sibi Shipping (Private) Limited	June 30
- Swat Shipping (Private) Limited	June 30
- Pakistan Co-operative Ship Stores (Private) Limited	June 30
Name of Associate	
- Muhammadi Engineering Works (Private) Limited	December 31

53.1 Set out below is summarised financial information of Pakistan Co-operative Ship Stores (Private) Limited that has Non-Controlling Interest (NCI). The following amounts are disclosed before inter-company eliminations.

	June 30, 2021	June 30, 2020
	-----(Percentage)---	
Non-controlling	27%	27%
	---(Rupees in '000)---	
Non-current assets	514	514
Current assets	20,254	20,254
Current liabilities	1,745	1,745
Net assets attributable to NCI	5,188	5,188
Revenue	3,884	3,884
Expenses	1,645	1,645
Profit after tax for the year	2,239	2,239
Profit attributable to NCI	611	611
Other comprehensive income for the year	-	-
Other comprehensive income attributable to NCI	-	-
Total comprehensive income attributable to NCI	611	611
Net cash flows from operating activities	467	467
Net cash flows from investing activities	(54)	(54)
Net cash flows from financing activities	-	-

Notes to and Forming Part of the Consolidated Financial Statements

For the year ended June 30, 2021

54. NUMBER OF EMPLOYEES

The average and total number of employees during the year and as at June 30, 2021 and 2020 respectively are as follows:

	June 30, 2021	June 30, 2020
	------(No of employees)------	
Average number of employees during the year	**641**	668
Number of employees as at end of the year	**627**	655

55. RECONCILIATION OF LIABILITIES TO CASH FLOWS ARISING FROM FINANCING ACTIVITIES

	2021			2020		
	Long-term financing	**Unclaimed dividend**	**Lease liability**	Long-term financing	Unclaimed dividend	Lease liability
	----------(Rupees in '000)----------					
Balance at beginning of the year	**7,345,117**	**68,987**	**115,527**	9,083,468	60,064	15,511
Changes from financing cash flows						
Proceeds received	-	-	-	-	-	-
Repayment	**(1,334,965)**	-	**(7,329)**	(1,758,939)	-	(931)
Lease obligation entered during the year	-	-	-	-	-	97,049
Dividend paid	-	**(288,634)**	-	-	(255,204)	-
Total changes from financing activities	**(1,334,965)**	**(288,634)**	**(7,329)**	(1,758,939)	(255,204)	96,118
Other changes						
Amortisation of arrangement fee	**8,951**	-	-	20,588	-	-
Accretion of interest	-	-	**8,410**	-	-	3,898
Final dividend for the year ended 2020	-	**297,143**	-	-	264,127	-
Total other changes	**8,951**	**297,143**	**8,410**	20,588	264,127	3,898
Balance at end of the year	**6,019,103**	**77,496**	**116,608**	7,345,117	68,987	115,527

56. SUBSEQUENT EVENTS

The Board of Directors at their meeting held on 01 October, 2021 have proposed for the year ended June 30, 2021 cash dividend of Rs 3 per share (2020: Rs 2.25 per share), amounting to Rs 396.190 million (2020: Rs 264.127 million) subject to the approval of the members at the annual general meeting to be held on 28 October, 2021. These consolidated financial statements for the year ended June 30, 2021 do not include the effect of this appropriation which will be accounted for subsequent to the year end.

57. GENERAL

Figures have been rounded off to the nearest thousand of rupees unless otherwise stated.

58. DATE OF AUTHORISATION

These consolidated financial statements were authorised for issue on 01 October, 2021 by the Board of Directors of the Holding Company.

Syed Jarar Haider Kazmi	Shakeel Ahmed Mangnejo	Khowaja Obaid Imran Ilyas
Chief Financial Officer	Chairman & Chief Executive	Director

Independent Auditor's Report and Unconsolidated Financial Statements of Pakistan National Shipping Corporation (Holding Company)

For the year ended
June 30, 2021

KPMG TASEER HADI & CO.
CHARTERED ACCOUNTANTS
SHEIKH SULTAN TRUST BUILDING NO. 2,
BEAUMONT ROAD
KARACHI

GRANT THORNTON ANJUM RAHMAN
CHARTERED ACCOUNTANTS
1ST & 3RD FLOOR, MODERN MOTORS HOUSE
BEAUMONT ROAD
KARACHI

INDEPENDENT AUDITOR'S REPORT

To the members of Pakistan National Shipping Corporation

Report on the Audit of the Unconsolidated Financial Statements

Opinion

We have audited the annexed unconsolidated financial statements of **Pakistan National Shipping Corporation** (the Corporation), which comprise the unconsolidated statement of financial position as at June 30, 2021, and the unconsolidated statement of profit or loss and other comprehensive income, the unconsolidated statement of changes in equity, the unconsolidated statement of cash flows for the year then ended, and notes to the unconsolidated 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 unconsolidated statement of financial position, the unconsolidated statement of profit or loss and other comprehensive income, the unconsolidated statement of changes in equity and the unconsolidated 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 Corporation's affairs as at June 30, 2021 and of the profit and other 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 Unconsolidated Financial Statements* section of our report. We are independent of the Corporation 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.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the unconsolidated financial statements of the current period. These matters were addressed in the context of our audit of the unconsolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Following are the Key audit matters:

S.No	Key audit matters	How the matters were addressed in our audit
1	**Valuation of the Corporation's investment in vessel owned subsidiaries** As disclosed in note 11 to the annexed unconsolidated financial statements, the Corporation has investment in vessel owned subsidiaries. The Corporation in accordance with IAS 36 "Impairment of Assets", assessed whether there is any indication that a Cash Generating Unit (CGU) i.e. vessel owned subsidiary may be impaired as at June 30, 2021. The challenging market conditions are considered as possible indicators of impairment. Accordingly, the Corporation has carried out periodic assessment to determine the value in use of its investment in subsidiaries. For such assessment, the management has determined the recoverable amount of each vessel owned subsidiaries which is supported by value-in-use calculation. The value-in-use of each vessel is estimated by discounting future cash flow projections which involved exercise of significant estimates and judgments relating to revenue and discount rates. We considered this as a key audit matter due to the significant value of investment in the vessel owned subsidiaries as at reporting date and significance of judgments / estimates used by management in determining the value-in-use.	Our key audit procedures amongst others included the following: • Obtained an understanding of the methodology and assumptions used by the management to estimate the value-in-use of the Corporation's investment in vessel owned subsidiaries. • Reviewed computations of value-in-use for accuracy and evaluated technical ability and competence of the management's expert. • Involved our expert and internal specialist to assess the appropriateness of the methodology and assumptions used by the management to determine the value-in-use of the Corporation's investment in vessel owned subsidiaries. As part of these audit procedures, our expert and internal specialist: - compared the assumptions used with the historical results, published market and industry data and forecasts; and - reviewed the accuracy of key inputs used in the valuation including the charter hire rates, inflation rates and discount rates. • Reviewed the sensitivity analysis performed by the management in consideration of the potential impact of the reasonably possible change in the assumptions used and considered management's process for approving such estimates. • Reassessed the adequacy of related disclosures made in the annexed unconsolidated financial statements.

S.No	Key audit matters	How the matters were addressed in our audit
2	**IFRS 9 – Financial Instruments**	
	As disclosed in notes 5.10, 16, 17 and 20 to the annexed unconsolidated financial statements relating to IFRS 9 Financial Instruments. Assessment of allowance for Expected Credit Loss (ECL) against trade debts, agents' and owners' balances and other receivables requires significant judgement, estimates and assumptions applied by the management including historical credit loss experience adjusted with forward-looking macro-economic information. We have considered assessment of ECL as a key audit matter due to significance of the estimates and judgements used by the management related to the calculation of allowance for ECL.	Our key audit procedures amongst others included the following: • Reviewed the methodology developed and applied by the management to estimate the allowance for ECL against trade debts, agents' and owners' balances and other receivables. • Considered and evaluated the assumptions used in applying the ECL model based on historical information and qualitative factors as relevant for such estimates. • Assessed the integrity and quality of the data used for allowance for ECL computation based on the accounting records and information system of the Corporation as well as the external sources used for this purpose. • Checked the mathematical accuracy of the ECL model by performing recalculation. • Reassessed the adequacy of related disclosures made in the annexed unconsolidated financial statements.

S.No	Key audit matters	How the matters were addressed in our audit
3	**Contingencies**	
	The Corporation has various contingent liabilities in respect of income / sales tax matters and claims from employees and customers which are pending adjudication before the relevant regulatory authorities and the courts of law as disclosed in notes 30.1 to 30.15 to the annexed unconsolidated financial statements. Contingencies require management to make judgments and estimates in relation to the interpretation of laws, statutory rules, regulations and the probability of outcome and financial impact, if any, on the Corporation regarding disclosure, recognition and measurement of any provision that may be required against such contingencies in the annexed unconsolidated financial statements. In our judgement the matter is considered to be fundamental to the user's understanding of the financial statements and due to significance of amounts involved, inherent uncertainties with respect to the outcome of the matters and use of significant management judgments and estimates to assess the same including related financial impacts, we considered contingencies as a key audit matter.	Our key audit procedures amongst others included the following: • Obtained an understanding of the Corporation's processes and controls over litigations through meetings with the management, in-house legal department and review of the minutes of the Board of Directors and Board of Audit Committee. • Reviewed correspondence of the Corporation with regulatory departments, tax authorities (including judgments and orders passed by competent authorities from time to time, where applicable) and the Corporation's external counsel. Where relevant, also assessed external legal / tax advices obtained by the Corporation. • Discussed open matters and developments with the in-house legal department of the Corporation. • Involved internal tax professionals to assess management's conclusion on contingent tax matters and to evaluate the consistency of such conclusions with the views of the management and external tax advisors engaged by the Corporation. • Circularized confirmations to the Corporation's external legal and tax advisors for their views and assessment on the pending cases. • Reassessed the adequacy of related disclosures made in the annexed unconsolidated financial statements.

Information Other than the Unconsolidated Financial Statements and Auditors' Report Thereon

Management is responsible for the other information. The other information comprises the information included in the Annual report but does not include the consolidated and unconsolidated financial statements and our auditors' reports thereon.

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

If, based on the work we have performed, 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 Unconsolidated Financial Statements

Management is responsible for the preparation and fair presentation of the unconsolidated 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 the unconsolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the unconsolidated financial statements, management is responsible for assessing the Corporation'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 Corporation or to cease operations, or has no realistic alternative but to do so.

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

Auditors' Responsibilities for the Audit of the Unconsolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the unconsolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 unconsolidated financial statements.

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 unconsolidated 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 Corporation'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 Corporation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the unconsolidated 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 auditors' report. However, future events or conditions may cause the Corporation to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the unconsolidated financial statements, including the disclosures, and whether the unconsolidated 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.

We also provide the board of directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the board of directors, we determine those matters that were of most significance in the audit of the unconsolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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 Corporation as required by the Companies Act, 2017 (XIX of 2017);

b) the unconsolidated statement of financial position, the unconsolidated statement of profit or loss and other comprehensive income, the unconsolidated statement of changes in equity and the unconsolidated 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;

c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Corporation's business; and

(d) zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the Corporation and deposited in the Central Zakat Fund established under section 7 of that Ordinance.

The engagement partners on the audit resulting in this independent auditors' report are Muhammad Taufiq (KPMG Taseer Hadi & Co.) and Muhammad Shaukat Naseeb (Grant Thornton Anjum Rahman).

KPMG Taseer Hadi & Co.

KPMG TASEER HADI & CO.
Chartered Accountants
Karachi

Date: October 06, 2021

GRANT THORNTON ANJUM RAHMAN
Chartered Accountants
Karachi

Date: October 06, 2021

KPMG

Grant Thornton
An instinct for growth

Unconsolidated Statement of Financial Position

As at June 30, 2021

	Note	June 30, 2021	June 30, 2020
ASSETS		-----------------(Rupees in '000)----------------	
NON-CURRENT ASSETS			
Property, plant and equipment	7	2,294,029	1,920,562
Right-of-use asset	8	105,653	118,145
Intangible assets	9	39,436	12,891
Investment properties	10	3,687,374	3,426,191
Long-term investments in:			
- Related parties (subsidiaries and an associate)	11	37,140,378	37,011,425
- Listed companies and an other entity	12	49,359	35,521
		37,189,737	37,046,946
Long-term loans and advances	13	8,144	11,827
Deferred taxation - net	14	98,145	119,405
		43,422,518	42,655,967
CURRENT ASSETS			
Stores and spares	15	10,380	10,447
Trade debts - unsecured	16	1,536,615	1,359,755
Agents' and owners' balances - unsecured	17	7,617	9,628
Loans and advances	18	98,535	74,833
Trade deposits and short-term prepayments	19	17,079	25,795
Interest accrued on bank deposits and short-term investments		102,117	39,030
Other receivables	20	297,183	219,219
Incomplete voyages		11,861	6,651
Taxation-net		1,594,402	1,495,485
Short-term investments	21	6,606,184	3,984,025
Cash and bank balances	22	1,027,181	2,468,190
		11,309,154	9,693,058
TOTAL ASSETS		54,731,672	52,349,025
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorised share capital			
200,000,000 (2020: 200,000,000) ordinary shares of Rs 10 each		2,000,000	2,000,000
Issued, subscribed and paid-up share capital	23	1,320,634	1,320,634
RESERVES			
Capital reserve		126,843	126,843
Revenue reserve		8,840,694	8,440,569
Remeasurement of post retirement benefits obligation - net of tax		(228,096)	(291,117)
Surplus on revaluation of property, plant and equipment - net of tax		1,624,111	1,231,193
		11,684,186	10,828,122
NON-CURRENT LIABILITIES			
Long-term financing - secured	24	4,684,138	6,010,152
Lease liabilities	25	114,805	109,204
Employee benefits	26	679,619	763,520
		5,478,562	6,882,876
CURRENT LIABILITIES			
Trade and other payables	27	36,020,870	33,033,542
Contract liabilities	28	98,660	146,132
Provision against damage claims	29	19,012	24,261
Current portion of long-term financing	24	1,334,965	1,334,965
Current portion of lease liabilities	25	1,803	6,323
Unclaimed dividend		77,496	68,987
Accrued markup on long-term financing		16,118	23,817
		37,568,924	34,638,027
TOTAL LIABILITIES		43,047,486	41,520,903
TOTAL EQUITY AND LIABILITIES		54,731,672	52,349,025
CONTINGENCIES AND COMMITMENTS	30		

The annexed notes 1 to 57 form an integral part of these unconsolidated financial statements.

Syed Jarar Haider Kazmi	**Shakeel Ahmed Mangnejo**	**Khowaja Obaid Imran Ilyas**
Chief Financial Officer	Chairman & Chief Executive	Director

Unconsolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended June 30, 2021

	Note	June 30, 2021	June 30, 2020
		--------------(Rupees in '000)--------------	
REVENUE			
Freight income - foreign flag vessels	31	1,965,394	1,273,471
Service fees - net	32	404,483	430,173
Rental income		218,080	227,011
Other operating activities	33	9,825	22,387
		2,597,782	1,953,042
EXPENDITURE			
Fleet expenses - direct	34	(1,207,142)	(672,515)
Fleet expenses - indirect	35	(8,276)	(10,560)
Vessel management expenses	36	(822,686)	(935,917)
Real estate expenses	37	(113,338)	(133,601)
		(2,151,442)	(1,752,593)
GROSS PROFIT		446,340	200,449
Administrative expenses	38	(185,681)	(165,663)
Reversal / Impairment (loss) on financial assets - net	39	280,348	(302,617)
Other expenses	40	(232,803)	(243,109)
Other income	41	1,042,376	887,965
		904,240	176,576
OPERATING PROFIT		1,350,580	377,025
Finance costs	42	(551,417)	(1,129,661)
PROFIT / (LOSS) BEFORE TAXATION		799,163	(752,636)
Taxation	43	(104,345)	(88,206)
PROFIT / LOSS) FOR THE YEAR		694,818	(840,842)
OTHER COMPREHENSIVE INCOME			
Items that will not be reclassified to profit or loss			
- Remeasurement of post-retirement benefits obligation	26.1.8 & 26.2.4	88,761	18,753
- Related tax	14.1	(25,740)	(3,249)
		63,021	15,504
- Revaluation of property, plant and equipment	7.1	412,821	-
- Related tax	14.1	(17,453)	(1,559)
		395,368	(1,559)
OTHER COMPREHENSIVE INCOME		458,389	13,945
TOTAL COMPREHENSIVE INCOME / (LOSS) FOR THE YEAR		1,153,207	(826,897)
		-------------------(Rupees)-------------------	
EARNINGS / (LOSS) PER SHARE - basic and diluted	44	5.26	(6.37)

Note: The appropriations from profits / (loss) are set out in the unconsolidated statement of changes in equity.

The annexed notes 1 to 57 form an integral part of these unconsolidated financial statements.

Syed Jarar Haider Kazmi	Shakeel Ahmed Mangnejo	Khowaja Obaid Imran Ilyas
Chief Financial Officer	Chairman & Chief Executive	Director

Unconsolidated Statement of Changes in Equity

For the year ended June 30, 2021

	Issued, subscribed and paid-up share capital	Capital reserve*	Revenue reserve - unappropria--ted profit	Remeasure-ment of post-retirement benefits obligation - net of tax	Surplus on revaluation of property, plant and equipment - net of tax	Total equity
	---(Rupees in '000)---					
Balance as at July 1, 2019	1,320,634	126,843	9,543,389	(306,621)	1,234,901	11,919,146
Transaction with owners						
Final cash dividend for the year ended June 30, 2019 @ Rs 2 per ordinary share	-	-	(264,127)	-	-	(264,127)
Transferred from surplus on revaluation of property, plant and equipment on account of incremental depreciation - net of deferred tax	-	-	2,149	-	(2,149)	-
Comprehensive income for the year						
Net loss for the year	-	-	(840,842)	-	-	(840,842)
Other comprehensive income for the year	-	-	-	15,504	(1,559)	13,945
Total comprehensive loss for the year	-	-	(840,842)	15,504	(1,559)	(826,897)
Balance as at June 30, 2020	1,320,634	126,843	8,440,569	(291,117)	1,231,193	10,828,122
Balance as at July 1, 2020	**1,320,634**	**126,843**	**8,440,569**	**(291,117)**	**1,231,193**	**10,828,122**
Transaction with owners						
Final cash dividend for the year ended June 30, 2020 @ Rs. 2.25 per ordinary share	-	-	(297,143)	-	-	(297,143)
Transferred from surplus on revaluation of property, plant and equipment on account of incremental depreciation - net of deferred tax	-	-	2,450	-	(2,450)	-
Comprehensive income for the year						
Net profit for the year	**-**	**-**	**694,818**	**-**	**-**	**694,818**
Other comprehensive income for the year	**-**	**-**	**-**	**63,021**	**395,368**	**458,389**
Total comprehensive income for the year	**-**	**-**	**694,818**	**63,021**	**395,368**	**1,153,207**
Balance as at June 30, 2021	**1,320,634**	**126,843**	**8,840,694**	**(228,096)**	**1,624,111**	**11,684,186**

* This includes an amount transferred from shareholder's equity at the time of merger between former NSC and PSC. The reserve is not utilisable for the purpose of distribution to shareholders.

The annexed notes 1 to 57 form an integral part of these unconsolidated financial statements.

Syed Jarar Haider Kazmi	**Shakeel Ahmed Mangnejo**	**Khowaja Obaid Imran Ilyas**
Chief Financial Officer	Chairman & Chief Executive	Director

Unconsolidated Statement of Cash Flows

For the year ended June 30, 2021

	Note	June 30, 2021	June 30, 2020
		--------------(Rupees in '000)--------------	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	45	**3,328,860**	3,332,549
Employees' gratuity paid	26.1.4	**(10,859)**	(11,478)
Employees' compensated absences paid	26.2.4	**(63,094)**	(80,885)
Post-retirement medical benefits paid	26.1.4	**(22,096)**	(25,692)
Long-term loans and advances		**3,683**	8,553,313
Finance costs paid		**(537,960)**	(1,132,456)
Taxes paid		**(227,188)**	(243,123)
Net cash generated from operating activities		**2,471,346**	10,392,228
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment	7.1 & 7.9	**(25,438)**	(45,511)
Long term investment in subsidiaries		**-**	(8,419,664)
Acquisition of intangible asset	9	**(26,545)**	(12,891)
Additions to investment properties	10	**(1,000)**	(117)
Proceeds from disposal of property, plant and equipment		**42,840**	15,963
Short-term investments made - net		**(3,911,805)**	(1,455,285)
Interest received on short-term investments		**350,165**	496,452
Interest received from mutual funds	41	**641**	-
Dividends received on long-term investments in listed companies	41	**69**	1,150
Net cash used in investing activities		**(3,571,073)**	(9,419,903)
CASH FLOWS FROM FINANCING ACTIVITIES			
Long-term financing repaid	24.3	**(1,334,965)**	(1,758,939)
Lease rentals paid		**(7,329)**	(10,531)
Dividends paid		**(288,634)**	(255,204)
Net cash used in financing activities		**(1,630,928)**	(2,024,674)
Net decrease in cash and cash equivalents		**(2,730,655)**	(1,052,349)
Cash and cash equivalents at beginning of the year		**4,508,380**	5,560,729
Cash and cash equivalents at end of the year	46	**1,777,725**	4,508,380

The annexed notes 1 to 57 form an integral part of these unconsolidated financial statements.

Syed Jarar Haider Kazmi	**Shakeel Ahmed Mangnejo**	**Khowaja Obaid Imran Ilyas**
Chief Financial Officer	Chairman & Chief Executive	Director

1. THE CORPORATION AND ITS OPERATIONS

Pakistan National Shipping Corporation (the Corporation) was established under the provisions of the Pakistan National Shipping Corporation Ordinance, 1979 and is principally engaged in the business of shipping, including charter of vessels, transportation of cargo and other related services and providing commercial, technical, administrative, financial and other services to its subsidiaries and third parties in relation to the business of shipping. The Corporation is also engaged in renting out its properties to tenants under lease arrangements. The Corporation is listed on the Pakistan Stock Exchange. The Corporation's registered office is situated at PNSC Building, Moulvi Tamizuddin Khan Road, Karachi.

Details of the Corporation's investment in subsidiaries and associated company are stated in note 11 to these unconsolidated financial statements.

1.1 Since the previous year, the World Health Organization declared COVID-19 a pandemic. To reduce the impact on businesses and economies in general, regulators / governments across the globe introduced a host of measures on both the fiscal and economic fronts.

Shipping operations, which is the basic business of the Corporation has been permitted by the Government to operate with strict compliance of SOPs issued. Consequently, the Corporation's offices and vessels have continued to operate. During the current year, the Government has provided the relaxation in SOPs and restrictions in the other countries were lifted due to decline in the pandemic threat, this has contributed favourably to the Corporation and the revenue has been increased by Rs 644.740 million resulting into net profit of Rs 694.818 million. The Corporation's assets and liabilities are realisable in the normal course of business, therefore, the management believes that the going concern assumption of the Corporation remains valid.

2. STATEMENT OF COMPLIANCE

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

- International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017 (the Act):

- Provisions of and directives issued under the Act.

Where provisions of and directives issued under the Act differ from the IFRSs, the provisions of and directives issued under the Act have been followed.

3. BASIS OF MEASUREMENT

3.1 These unconsolidated financial statements have been prepared under the historical cost convention except as otherwise stated in the respective notes to the unconsolidated financial statements.

3.2 These unconsolidated financial statements are presented in Pakistani Rupees, which is the Corporation’s functional and presentation currency.

4. New or amendments / interpretations to existing standards, interpretation and forthcoming requirements

There are new and amended standards and interpretations that are mandatory for accounting periods beginning July 1, 2020 other than those disclosed in note 4.1. These are considered not to be relevant or do not have any significant effect on the Corporation's financial statements and are therefore not stated in these financial statements.

4.1 Standards, interpretations and amendments to published approved accounting standards that are not yet effective

The following International Financial Reporting Standards (IFRS Standards) as notified under the Companies Act, 2017 and the amendments and interpretations thereto will be effective for accounting periods beginning on or after 01 January 2021:

- Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 – Interest Rate Benchmark Reform (effective for annual periods beginning on or after 1 January 2021) - In August 2020, the IASB published Interest Rate Benchmark Reform – Phase 2, Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16. The amendments provide temporary reliefs which address the financial reporting effects when an interbank offered rate (IBOR) is replaced with an alternative nearly risk-free interest rate (RFR). The amendments include a practical expedient to require contractual changes, or changes to cash flows that are directly required by the reform, to be treated as changes to a floating interest rate, equivalent to a movement in a market rate of interest.

- Covid-19-Related Rent Concessions – Amendments to IFRS 16 (effective for annual periods beginning on or after 1 April 2021). The amendment to IFRS 16 will provide relief to lessees for accounting for rent concessions from lessors specifically arising from the covid-19 pandemic. While lessees that elect to apply the practical expedient do not need to assess whether a concession constitutes a modification, lessees still need to evaluate the appropriate accounting for each concession as the terms of the concession granted may vary.

- IFRS 17 Insurance Contracts (effective for annual periods beginning on or after 1 January 2023). In May 2017, the IASB issued IFRS 17 Insurance Contracts, a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, IFRS 17 will replace IFRS 4 Insurance Contracts. IFRS 17 applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. A few scope exceptions will apply. The overall objective of IFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers.

- Classification of liabilities as current or non-current (Amendments to IAS 1) effective for the annual period beginning on or after 1 January 2022. These amendments in the standards have been added to further clarify when a liability is classified as current. The standard also amends the aspect of classification of liability as non-current by requiring the assessment of the entity's right at the end of the reporting period to defer the settlement of liability for at least twelve months after the reporting period. An entity shall apply those amendments retrospectively in accordance with IAS 8.

- Onerous Contracts - Cost of Fulfilling a Contract (Amendments to IAS 37) effective tor the annual period beginning on or after January 1, 2022 amends IAS 1 by mainly adding paragraphs which clarifies what comprise the cost of fulfilling a contract, Cost of fulfilling a contract is relevant when determining whether a contract is onerous. An entity is required to apply the amendments to contracts for which it has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments (the date of initial application). Restatement of comparative information is not required, instead the amendments require an entity to recognize the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings or other component of equity, as appropriate, at the date of initial application.

- Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16) effective for the annual period beginning on or after 1 January 2022. Clarifies that sales proceeds and cost of items produced while bringing an item of property, plant and equipment to the location and condition necessary for it to be capable of operating in the manner intended by management e.g. when testing etc., are recognized in profit or loss in accordance with applicable Standards. The entity measures the cost of those items applying the measurement requirements of IAS 2. The standard also removes the requirement of deducting the net sales proceeds from cost of testing. An entity shall apply those amendments retrospectively, but only to items of property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after the beginning of the earliest period presented in the financial statements in which the entity first applies the amendments. The entity shall recognize the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at the beginning of that earliest period presented.

- Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2 (effective for annual periods beginning on or after 1 January 2023) In February 2021, the Board issued amendments to IAS 1 and IFRS Practice Statement 2 Making Materiality Judgements (the PS), in which it provides guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

- Definition of Accounting Estimates - Amendments to IAS 8 Effective for annual periods beginning on or after 1 January 2023 Key requirements In February 2021, the Board issued amendments to IAS 8, in which it introduces a new definition of 'accounting estimates'. The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, they clarify how entities use measurement techniques and inputs to develop accounting estimates.

- Deferred Tax related to Assets and Liabilities arising from a Single Transaction - Amendments to IAS 12 (Effective for annual periods beginning on or after 1 January 2023) the Board issued amendments to IAS 12, which narrow the scope of the initial recognition exception under IAS 12, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences. The amendments clarify that where payments that settle a liability are deductible for tax purposes, it is a matter of judgement (having considered the applicable tax law) whether such deductions are attributable for tax purposes to the liability recognised in the financial statements (and interest expense) or to the related asset component (and interest expense).

ANNUAL IMPROVEMENTS TO IFRS STANDARDS 2018-2020 CYCLE

The following annual improvements to IFRS standards 2018-2020 are effective for annual reporting periods beginning on or after January 1, 2022.

- IFRS 9- The amendment clarifies that an entity includes only fees paid or received between the entity {the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf, when it applies the '10 per cent' test in paragraph 83.3.6 of IFRS 9 in assessing whether to derecognize a financial liability.

- IFRS 16 - The amendment partially amends Illustrative Example 13 accompanying IFRS 16 by excluding the illustration of reimbursement of leasehold improvements by the lessor. The objective of the amendment is to resolve any potential confusion that might arise in lease incentives.

- IAS 41 - The amendment removes the requirement in paragraph 22 of IAS 41 for entities to exclude taxation cash flows when measuring the fair value of a biological asset using a present value technique.

The above improvements to standards are not likely to have material / significant impact on Corporation's financial statements.

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

5.1 Property, plant and equipment

These are initially recognised at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment losses, if any, except for leasehold land, buildings on leasehold land, beach huts and workshop machinery and equipment which are carried at revalued amounts less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any. The revaluation of related assets is carried out at regular intervals to ensure that the carrying amounts do not differ materially from those which would have been determined using fair values at the date of statement of financial position.

The value assigned to leasehold land is not depreciated as the leases are expected to be renewed for further periods on payment of relevant rentals. Annual lease rentals are charged to profit or loss and premium paid at the time of renewal, if any, is amortised over the remaining period of the lease.

Depreciation is charged to profit or loss applying the straight line method whereby the depreciable amount of an asset is depreciated over its estimated useful life.

No depreciation is charged if the asset's residual value exceeds its carrying amount.

Full month's depreciation is charged from the month the asset is available for intended use and no depreciation is charged in the month of disposal. An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use. Gains and losses on disposals determined by comparing proceeds with carrying amount of the relevant assets are included in profit or loss.

Residual values, useful lives and methods of depreciation are reviewed at each date of unconsolidated statement of financial position and adjusted, if expectations differ significantly from previous estimates.

Increase in the carrying amounts arising on revaluation of leasehold land, buildings on leasehold land, beach huts and workshop machinery and equipment is recognised, net of tax, in other comprehensive income and accumulated in surplus on revaluation of fixed assets in statement of changes in equity. To the extent that the increase reverses a decrease previously recognised in profit or loss, the increase is first recognised in profit or loss.

Decrease in the carrying amounts arising as a result of revaluation, that reverses previous increase of the same asset is first recognised in other comprehensive income to the extent of the remaining surplus attributable to the asset; all other decrease are charged to profit or loss.

Each year, the difference between depreciation based on the revalued carrying amount of the asset charged to profit or loss and depreciation based on the asset’s original cost, net of tax, is reclassified from the revaluation surplus on property, plant and equipment to unappropriated profit. Additionally, accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the assets and the net amount is restated to the revalued amount of the assets. Upon disposal, any revaluation reserve relating to the particular assets being sold is transferred to unappropriated profit.

Major spare parts and stand-by equipment qualify for recognition as property, plant and equipment when the Corporation expects to use them for more than one year.

Maintenance and normal repairs are charged to profit or loss as and when incurred. Major renewals, replacements and improvements are capitalised and assets so replaced, if any, are retired.

5.2 Capital work-in-progress

These are stated at cost less accumulated impairment losses, if any. All expenditure connected with specific assets incurred during installation and construction period are carried under this head. These are transferred to specific assets as and when these assets are available for intended use.

5.3 Right-of-use asset

The right-of-use asset is initially measured based on the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentive received. The right-of-use asset is depreciated on a straight line method over the lease term as this method most closely reflects the expected pattern of consumption of future economic benefits. The right-of-use asset is reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The Corporation does not recognise right-of-use assets and lease liabilities for short term leases that have a lease term of 12 months or less and leases of low-value assets. The lease payments associated with these leases are recognised as an expense on a straight line basis over the lease term.

5.4 Intangible assets

These are initially recognised at cost and are subsequently carried at cost less accumulated amortisation and accumulated impairment losses, if any.

Amortisation is charged to profit or loss by applying straight-line method whereby the cost less residual value, if not insignificant, of an asset is written off over its estimated useful life to the Corporation. Full month's amortisation is charged from the month the asset is available for intended use and no amortisation is charged in the month of disposal. Gains and losses on disposals determined by comparing proceeds with carrying amount of the relevant assets are included in profit or loss.

5.5 Investment properties

Properties held for long-term rental yields which are significantly rented out by the Corporation are classified as investment properties.

Investment properties are measured initially at cost, including related transaction costs directly attributable to acquisition. After initial recognition at cost, investment properties are carried at their fair values based on market value determined by professional independent valuers with sufficient regularity. Fair values are based on active market prices, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset. Gain or loss arising as a result of fair valuation is charged to profit or loss.

Additions to investment properties consist of costs of a capital nature. The profit on disposal is determined as the difference between the sales proceeds and the carrying amount of the asset at the commencement of the accounting period plus capital expenditure in the period.

5.6 Impairment of non-financial assets

The Corporation assesses at each date of statement of financial position whether there is any indication that the assets may be impaired. If such indications exist, the carrying amounts of such assets are reviewed to assess whether they are recorded in excess of their recoverable amounts. Where carrying values exceed the respective recoverable amount, assets are written down to their recoverable amounts and the resulting impairment charge is recognised in profit or loss except for impairment loss on revalued assets, which is recognised directly against revaluation surplus of the same asset to the extent that the impairment loss does not exceed the amount held in the revaluation surplus.

5.7 Investments in subsidiaries and associate

Investments in subsidiaries and associate are stated at cost less provision for impairment, if any. The management of the Corporation assesses at each reporting date the recoverable amount of its investment in subsidiaires as more fully explained in note 11.1 to the unconsolidated financial statements.

5.8 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

5.8.1 Financial assets

a) Initial recognition and measurement

Under IFRS 9, on initial recognition, a financial asset is classified as measured at: amortised cost; Fair Value through Other Comprehensive Income (FVOCI) – debt investment; (FVOCI) – equity investment; or Fair Value through Profit or Loss (FVTPL).

The classification of financial assets under IFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and

- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Corporation may irrevocably elect to present subsequent changes in the investment's fair value in Other Comprehensive Income (OCI). This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Corporation may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI or at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

A financial asset (unless it is a trade debt without a significant financing component that is initially measured at the transaction price) is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition.

b) Subsequent measurement

Financial assets at FVTPL - These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.

Financial assets at amortised cost - These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses, if any. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Debt investments at FVOCI - These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.

Equity investments at FVOCI - These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses including on account of derecognition are recognised in OCI and are never reclassified to profit or loss.

5.8.2 Financial liabilities

Financial liabilities are classified, at initial recognition, as financial liabilities at FVTPL, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

Financial liabilities at fair value through profit or loss

Financial liabilities at FVTPL include financial liabilities held for trading and financial liabilities designated upon initial recognition as at FVPTL. Gains or losses on liabilities held for trading are recognised in the unconsolidated statement of profit or loss. Financial liabilities designated upon initial recognition at FVTPL are designated at the initial date of recognition, and only if the criteria in IFRS 9 are satisfied. The Corporation has not designated any financial liability as at FVTPL.

Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate (EIR) method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the unconsolidated statement of profit or loss.

This category generally applies to interest-bearing loans and borrowings. For more information, refer Note 24 to these unconsolidated financial statements.

5.8.3 Impairment of financial assets

IFRS 9 replaces the 'incurred loss' model approach in IAS 39 with an 'expected credit loss' (ECL) model. The new impairment model applies to financial assets measured at amortised cost, contract assets and debt investments at FVOCI, but not to investments in equity instruments.

The Corporation uses the standard's simplified approach and calculates ECL based on life time ECL on its financial assets. The Corporation has established a provision matrix that is based on the Corporation's historical credit loss experience, adjusted for forward-looking factors specific to the financial assets and the economic environment.

At each date of unconsolidated statement of financial position, the Corporation assesses whether financial assets are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the respective asset.

ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Corporation expects to receive. The shortfall is then discounted at an approximation to the asset's original EIR. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

5.8.4 Off-setting of financial assets and financial liabilities

A financial asset and a financial liability is offset and the net amount is reported in the unconsolidated financial statements if the Corporation has a legally enforceable right to set-off the transaction and also intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

5.9 Stores and spares

Stores are valued at weighted average cost while spares are valued at cost determined on first-in first-out basis. Stores and spares in transit are valued at cost incurred upto the date of unconsolidated statement of financial position.

Certain spares having low value and high consumption levels are charged to profit or loss at the time of purchase.

The Corporation reviews the carrying amount of stores and spares on a regular basis and provision is made for obsolescence, if there is any change in the usage pattern and physical form.

5.10 Trade debts, agents' and owners' balances, loans, deposits and other receivables

Trade debts, agents' and owners' balances, loans, deposits and other receivables are stated initially at fair value and subsequently measured at amortised cost less an allowance for ECL. Allowance for ECL is based on lifetime ECLs that result from all possible default events over the expected life of the trade debts, agents' and owners' balances, loans, deposits and other receivables. Bad debts, if any, are written off when considered irrecoverable.

5.11 Incomplete voyage

An asset is booked as incomplete voyage when revenue in respect of voyage charter is deferred to the next financial year due to non-satisfaction of performance obligation as at balance sheet date. Incomplete voyages include the direct and indirect expenses attributable to the voyage charter. These are stated at cost.

5.12 Taxation

5.12.1 Current tax

Provision for current taxation is based on taxable income for the year at corporate tax or alternative corporate tax, whichever is higher.

Corporate tax means tax payable by the Corporation at the current rates of taxation after taking into account tax credits and tax rebates available, if any, and tax paid on final tax basis or minimum tax on turnover whichever is higher.

Alternative corporate tax means the tax payable by the Corporation at prescribed rate applied on accounting profit before tax.

The charge for current taxation is based on taxable income at the current prevailing rates of taxation in accordance with the Income Tax Ordinance, 2001. Current tax in respect of voyage charter is taxable under Final Tax Regime (FTR) under section 7A of the Income Tax Ordinance, 2001. The impact of prior year tax, if any, is charged to profit or loss.

5.12.2 Deferred tax

Deferred tax is provided using the Balance sheet method for all temporary differences arising at the date of unconsolidated statement of financial position, between tax bases of assets and liabilities and their carrying amounts. Deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that future taxable profits will be available against which these can be utilised. Deferred tax is recorded at the current prevailing rate of taxation.

5.13 Insurance claims

Insurance expenses relating to hull are charged to profit or loss and claims filed there against are taken to profit or loss when such claims are accepted by the underwriters.

Afloat medical expenses, cargo claims and other relevant amounts recoverable from underwriters are taken to insurance claims receivable.

5.14 Lease liabilities

At inception of a contract, the Corporation 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 consideration. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Corporation.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease, or if that rate cannot be readily determined, the Corporation's incremental borrowing rate.

Lease payments include fixed payments less any incentive received, variable lease payment that are based on an index or a rate, amounts expected to be payable by the lessee under residual value guarantees, the exercise price of a purchase option and if the lessee is reasonably certain to exercise that option, payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option, less any lease incentives receivable. The extension and termination options are incorporated in determination of lease term only when the Corporation is reasonably certain to exercise these options.

Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

The lease liability is subsequently measured at amortised cost using the effective interest rate method. It is remeasured when there is a change in future lease payments arising from a change in fixed lease payments or an index or rate, change in the Corporation's estimate of the amount expected to be payable under a residual value guarantee. The corresponding adjustment is made to the carrying amount of the right-to-use asset, or is recorded in profit and loss if the carrying amount of right-to-use asset has been reduced to zero.

The Corporation applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Corporation reassesses the lease term if there is a significant event or change in circumstances that is within its control that affects its ability to exercise or not to exercise the option to renew or to terminate.

When there is a change in scope of a lease, or the consideration for a lease, that was not part of the original terms and conditions of the lease is accounted for as a lease modification. The lease modification is accounted for as a separate lease if modification increase the scope of lease by adding the right-to-use one or more underlying assets and the consideration for lease increases by an amount that is commensurate with the stand-alone price for the increase in scope adjusted to reflect the circumstances of the particular contracts, if any. When the lease modification is not accounted for as a separate lease, the lease liability is remeasured and corresponding adjustment is made to right-of-use asset.

5.15 Trade and other payables

Liabilities for trade and other amounts payable are carried at cost which is the fair value of the consideration to be paid in future for goods and services, whether or not billed to the Corporation.

5.16 Provisions

Provisions are recognised when the Corporation has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the obligation can be made. Provisions are reviewed at each date of unconsolidated statement of financial position and adjusted to reflect the current best estimate.

5.17 Dividend and appropriations

Dividends declared and transfers between reserves made subsequent to the date of unconsolidated statement of financial position are considered as non-adjusting events and are recognised in the unconsolidated financial statements in the period in which such dividends are declared / transfers are made.

5.18 Staff retirement benefits

5.18.1 Defined contribution plan - Provident fund

The Corporation operates an approved provident fund scheme for all its permanent employees. Equal monthly contributions are made, both by the Corporation and its employees, to the fund at the rate of 10 percent of the basic salaries of employees. Contributions by the Corporation are charged to profit or loss for the year.

5.18.2 Defined benefit plans - Gratuity fund

The Corporation operates a funded retirement gratuity scheme for its permanent employees other than those who joined the Corporation on or after October 16, 1984. Further, the Corporation also operates an unfunded retirement gratuity scheme for contractual employees. Provisions are made in the unconsolidated financial statements to cover obligations on the basis of actuarial valuation carried out annually under the projected unit credit method. The latest valuation was carried out as at June 30, 2021. The remeasurement of defined benefit plan is recognised directly to equity through other comprehensive income net of tax.

The benefit is payable on completion of prescribed qualifying period of service under these schemes.

The Corporation's crew members are also entitled to gratuity in accordance with the Pakistan Maritime Board Regulations. However, these employee benefits are recognised upon payment as the amounts involved are not material.

5.18.3 Defined benefit plan - Post-retirement medical benefits

The Corporation provides lump sum medical allowance and free medical facilities to its retired employees in accordance with the service regulations.

Provisions are made in the unconsolidated financial statements to cover obligations on the basis of actuarial valuation carried out annually using the projected unit credit method. The latest valuation was carried out as at June 30, 2021. The remeasurement of post-retirement benefit obligation is recognised directly to equity through OCI.

The benefit is payable on completion of prescribed qualifying period of service under these schemes.

With effect from July 01, 2020, the Management has decided to restrict the Post-retirement medical benefits facility for contractual employees.

5.19 Employees' compensated absences

The Corporation accounts for the liability in respect of employees' compensated absences in the year in which these are earned.

Provisions are made in the unconsolidated financial statements to cover obligations on the basis of actuarial valuation carried out annually using the projected unit credit method. The latest valuation was carried out as at June 30, 2021. The remeasurement of employees' compensated absences are charged to profit or loss for the year.

5.20 Cash and cash equivalents

Cash and cash equivalents include cash in hand, cheques in hand, bank balances and other short-term highly liquid investments with maturities of three months or less.

5.21 Foreign currency translation

Foreign currency transactions are recorded using the exchange rates ruling at the dates of the transactions. Monetary assets and liabilities in foreign currencies are translated into Pakistani Rupee using the exchange rate ruling at the reporting date. Foreign exchange gain or losses resulting from the settlement of foreign currency transactions and translation of monetary assets and liabilities denominated in foreign currencies at the date of unconsolidated statement of financial position are recognised in profit or loss.

5.22 Revenue recognition

The Corporation recognizes its revenue in accordance with the guidelines and principles of IFRS 15 i.e. upon the satisfaction of performance obligation as stated in below paragraphs at an amount that reflects the consideration to which the Corporation expects to be entitled in exchange for the services. The Corporation recognises trade debts when the performance obligations have been met, recognising the corresponding revenue.

Moreover, the considerations received before satisfying the performance obligations are recognised as contract liabilities. Revenue from contract with customers is recognised net of variable consideration wherever applicable as more fully explained below.

Performance obligations

Information about the Corporation's performance obligations are summarised below:

Voyage charter revenue

Revenue in respect of voyage charter is recognised at a point in time when the cargo is discharged and control of the cargo is transferred to the customer i.e. on completion of the voyage. Voyages are taken as complete when a vessel arrives at the last port of discharge and completes discharge of entire cargo on or before the date of unconsolidated statement of financial position. Revenue from voyage charter is recorded net of overage premium and ocean losses based on the respective contract with the customers and is shown as a deduction from gross revenue.

Time charter revenue

Revenue in respect of voyages chartered for a period of time i.e. on time charter basis are recognised over time on per day basis for the period for which the vessel is under the control of the customer.

Slot charter revenue

Revenue in respect of slot charter in foreign flag vessels is recognised at the point in time when the vessel arrives at the discharging port.

Others

- Fee for technical, commercial, administrative and financial services are recognised as revenue as and when the services are rendered.

- Rental income is recognised as revenue on a straight line basis over the term of the respective lease arrangements.

- Dividend income is recognised when the Corporation's right to receive the dividend is established.

- Markup on bank accounts, return on short term investments and other income is recognised on accrual basis.

- Demurrage income due as per contractual terms is recognised on estimated basis, based on past experience of settlements and recent recovery trends.

5.23 Contingent liabilities

Contingent liability is disclosed when:

- there is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Corporation; or

- there is present obligation that arises from past events but it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability.

5.24 Benazir Employees' Stock Option Scheme

On August 14, 2009, the Government of Pakistan (GoP) launched Benazir Employees' Stock Option Scheme (the Scheme) for employees of certain State Owned Enterprises (SOEs) and non-State Owned Enterprises where GoP holds significant investments (non-SOEs). The scheme is applicable to permanent and contractual employees who were in employment of these entities on the date of launch of the Scheme, subject to completion of five years vesting period by all contractual employees and by permanent employees in certain instances.

The Scheme provides for a cash payment to employees on retirement or termination based on the price of shares of respective entities. To administer this scheme, GoP shall transfer 12% of its investment in such SOEs and non-SOEs to a trust fund to be created for the purpose of such entities. The eligible employees would be allotted units by each Trust Fund in proportion to their respective length of service and on retirement or termination of such employees would be entitled to receive such amounts from Trust Funds in exchange for the surrendered units as would be determined based on market price of listed entities or breakup value of non-listed entities. The shares related to the surrendered units would be transferred back to GoP.

The Scheme also provides that 50% of dividend related to shares transferred to the respective Trust Fund would be distributed amongst the unit-holder employees. The balance 50% dividend would be transferred by the respective Trust Fund to the Central Revolving Fund managed by the Privatisation Commission of Pakistan for payment to employees against surrendered units. The deficits, if any, in Trust Funds to meet the re-purchase commitment would be met by GoP.

The Scheme, developed in compliance with the stated GoP policy of the empowerment of employees of State Owned Enterprises need to be accounted for by the covered entities, including the Corporation, under the provisions of amended International Financial Reporting Standard-2 'Share Based Payments' (IFRS 2). However, keeping in view the difficulties that may be faced by the entities covered under the Scheme, the Securities & Exchange Commission of Pakistan on receiving the representation from some of the entities covered under the Scheme and after having consulted the Institute of Chartered Accountants of Pakistan, has granted exemption vide SRO 587(I)/2011 dated June 7, 2011 to such entities from application of IFRS 2 to the Scheme.

In June 2011, the SECP on receiving representations from some of entities covered under Benazir Employees' Stock Option Scheme (the Scheme) and after having consulted the ICAP, granted exemption, vide SRO 587(I)/2011 dated June 7, 2011, to such entities from the application of IFRS - 2 "Share-based Payment" to the Scheme. There has been no change in the status of the Scheme as stated in note 2.23 to the unconsolidated financial statements for the year ended June 30, 2017. The management was informed that the Scheme is being revamped by the Government of Pakistan and all claims and disbursements to the unit holders are kept in abeyance by the Privatisation Commission.

Had the exemption not been granted, the retained earnings would have been lower by Rs 631.142 million (2020: Rs 631.142 million) and reserves would have been higher by Rs 631.142 million (2020: Rs 631.142 million) based on independent actuarial valuations conducted as on June 30, 2014.

During the year ended June 30, 2017, the shares have not been transferred to the respective Trust Fund under the Scheme as the matter is pending with the Ministry of Finance, Revenue and Economic Affairs. The Scheme is being revamped by GoP and all claims and disbursements to the employees are kept in abeyance.

5.25 Transactions with related parties

The Corporation enters into transactions with related parties for providing services on mutually agreed terms in the normal course of business.

5.26 Share capital

Ordinary shares are classified as equity and recognized at their face value. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

5.27 Earnings per share

The Company presents basic and diluted earnings per share (EPS) data for its ordinary shares.Basic EPS is calculated by deviding the profit or loss attributable to ordinary shareholders of the company by the weighted average number of ordinary shares outstanding during the period.Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

6. SIGNIFICANT ACCOUNTING ESTIMATES, JUDGMENTS AND ASSUMPTIONS

The preparation of the Corporation's unconsolidated financial statements requires management to make estimates, judgments and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these estimates and assumptions could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

In the process of applying the accounting policies, management has made the following estimates and judgments which are significant to these unconsolidated financial statements:

(a) Valuation of certain property, plant and equipment and investment properties (notes 7 and 10);

(b) Determination of the residual values and useful lives of property, plant and equipment (note 7).

(c) Recoverable amount of long-term investment in related parties - subsidiaries (note 11);

(d) Allowance for ECL of on trade debts, agents' and owners' balances, other receivables and other financial assets (notes 16, 17, 19 & 20);

(e) Recognition of taxation and deferred taxation (notes 14 and 43);

(f) Accounting for provision against damage claims (note 29);

(g) Accounting for staff retirement benefits and compensated absences (note 26);

(h) Recognition of demurrage income (note 33).

(i) Contingencies and commitments (note 5.23 & 30).

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectation of future events that are believed to be reasonable under the circumstances.

	Note	**June 30, 2021**	June 30, 2020
		(Rupees in '000)	
7. PROPERTY, PLANT AND EQUIPMENT			
- Operating fixed assets	7.1	**2,228,082**	1,863,681
- Capital work-in-progress (CWIP) - buildings on leasehold land	7.9	**65,947**	56,881
		2,294,029	1,920,562

7.1 Operating fixed assets:

	Leasehold land (note 7.2 - 7.5)	Buildings on leasehold land (note 7.2 - 7.5)	Vessel (note 7.6)	Vehicles	Office equipment	Furniture and fittings	Equipment on board	Beach huts (note 7.2 - 7.5)	Workshop machinery and equipment (note 7.4 - 7.5)	Computer equipment	Total
	(Rupees in '000)										
As at June 30, 2019											
Cost or revalued amount	1,086,960	770,737	1,440	95,561	71,763	38,427	1,736	16,251	18,903	77,099	2,178,877
Accumulated depreciation	-	(33,412)	(1,440)	(80,455)	(56,872)	(31,611)	(1,736)	(1,627)	(13,563)	(67,119)	(287,835)
Accumulated impairment	-	(9,653)	-	-	-	-	-	-	-	-	(9,653)
Net book value	1,086,960	727,672	-	15,106	14,891	6,816	-	14,624	5,340	9,980	1,881,389
Year ended June 30, 2020											
Opening net book value	1,086,960	727,672	-	15,106	14,891	6,816	-	14,624	5,340	9,980	1,881,389
Additions	-	2,401	-	12,152	4,187	1,333	-	-	2,627	22,811	45,511
Disposals:											
Cost or revalued amount	-	-	-	(22,744)	-	-	-	-	-	-	(22,744)
Accumulated depreciation	-	-	-	22,744	-	-	-	-	-	-	22,744
	-	-	-	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-	-	-	-
Depreciation charge for the year - note 7.7	-	(34,055)	-	(11,609)	(3,519)	(1,042)	-	(1,627)	(864)	(10,503)	(63,219)
Closing net book value	1,086,960	696,018	-	15,649	15,559	7,107	-	12,997	7,103	22,288	1,863,681
As at June 30, 2020											
Cost or revalued amount	1,086,960	773,138	1,440	84,969	75,950	39,760	1,736	16,251	21,530	99,910	2,201,644
Accumulated depreciation	-	(67,467)	(1,440)	(69,320)	(60,391)	(32,653)	(1,736)	(3,254)	(14,427)	(77,622)	(328,310)
Accumulated impairment	-	(9,653)	-	-	-	-	-	-	-	-	(9,653)
Net book value	1,086,960	696,018	-	15,649	15,559	7,107	-	12,997	7,103	22,288	1,863,681
Year ended June 30, 2021											
Opening net book value	1,086,960	696,018	-	15,649	15,559	7,107	-	12,997	7,103	22,288	1,863,681
Additions	-	3,105	-	-	1,612	841	-	-	-	8,003	13,561
Disposals:											
Cost or revalued amount	-	-	-	(42,844)	-	-	-	-	-	-	(42,844)
Accumulated depreciation	-	-	-	42,844	-	-	-	-	-	-	42,844
Transfers	-	-	-	-	(1,776)	-	-	-	-	1,776	-
Revaluation surplus	312,820	90,432	-	-	-	-	-	6,872	2,697	-	412,821
Impairment*	-	(5,366)	-	-	-	-	-	-	-	-	(5,366)
Depreciation charge for the year - note 7.7	-	(33,879)	-	(3,963)	(3,756)	(1,166)	-	(1,627)	(1,447)	(10,777)	(56,615)
Closing net book value	1,399,780	750,310	-	11,686	11,639	6,782	-	18,242	8,353	21,290	2,228,082
As at June 30, 2021											
Cost or revalued amount	1,086,960	776,243	1,440	42,125	75,786	40,601	1,736	16,251	21,530	109,689	2,172,361
Revaluation surplus	312,820	90,432	-	-	-	-	-	6,872	2,697	-	412,821
Accumulated depreciation	-	(101,346)	(1,440)	(30,439)	(64,147)	(33,819)	(1,736)	(4,881)	(15,874)	(88,399)	(342,081)
Accumulated impairment	-	(15,019)	-	-	-	-	-	-	-	-	(15,019)
Net book value	**1,399,780**	**750,310**	**-**	**11,686**	**11,639**	**6,782**	**-**	**18,242**	**8,353**	**21,290**	**2,228,082**
Annual rate of depreciation (%) 2021		**3 to 20**	**3 to 4**	**20**	**15**	**10 to 15**	**10 to 15**	**10**	**5 to 10**	**33**	
2020		3 to 20	3 to 4	20	15	10 to 15	10 to 15	10	5 to 10	33	

*This represents impairment on building on leasehold land due to revaluation.

7.2 Particulars of immovable property (i.e. leasehold land, buildings on lease hold land and beach hut) are as follows:

S.No	Location	Usage of immovable property	Total area (Sq. yards)	Covered area (Sq. feet)
1	PNSC Building, Plot No. 30-A, Off. M.T. Khan Road, Karachi	Registered office	7,833	257,093
2	Plot bearing No. 31-A, situated at M.T. Khan Road, Karachi	Leasehold land	1,834	9,000
3	Plot No. 17/1, West Wharf, Karachi	Storage facility	705	19,035
4	Plot No. 30, Township, Kemari, Karachi	Workshop	7,925	28,963
5	Plot No. D-51, Block - 5, Clifton, Karachi	Residential Bungalow	1,000	5,360
6	PNSC Beach Hut-I, No. 12-S, Sandspit, Karachi	Beach hut	417	1,990
7	PNSC Beach Hut-II, No. 37-N, Sandspit, Karachi	Beach hut	448	1,990

Forced sales value of the aforementioned immovable properties determined on the basis of latest revaluation carried out as at June 30, 2021 are as follows:

7.3

S.No	Class of asset	(Rupees in '000)
1	Leasehold land	1,189,813
2	Buildings on leasehold land	638,012
3	Beach huts	15,521

7.4 The revaluation of the 'leasehold land', 'buildings on leasehold land', 'beach huts' and 'Workshop machinery and equipment' was carried out as of June 30, 2021 by an independent valuer. Out of the total revaluation surplus, Rs. 1,650.490 million (2020: Rs. 1,250.005 million) remains undepreciated as at June 30, 2021.

7.4.1 Valuation Techniques

The valuers have performed inquiries and verifications from various estate agents, brokers and dealers, the location and condition of the property, size, utilization and current trends in price of real estate including assumptions that ready buyers are available in the current scenario and analyzed through detailed market surveys, the properties that have recently been sold or purchased or offered / quoted for sale into given vicinity to determine the better estimates of the fair value.

7.5 Had there been no revaluation, the carrying amount of revalued assets would have been as follows:

	June 30, 2021	June 30, 2020
	(Rupees in '000)	
Leasehold land, buildings on leasehold land and beach huts	**565,262**	600,768
Workshop machinery and equipment	**2,774**	4,221
	568,036	604,989

7.6 Cost and accumulated depreciation of vessel amounting to Rs 1.440 million relates to M.V Ilyas Bux. This vessel was seized by the Indian Authorities during the 1965 war and the Corporation does not have physical possession or control over the vessel.

7.7 The depreciation charge for the year has been allocated as follows:

	Note	June 30, 2021	June 30, 2020
		(Rupees in '000)	
Fleet expenses - indirect	*35*	**1,214**	698
Vessel management expenses	*36*	**28,683**	31,561
Real estate expenses	*37*	**24,112**	28,091
Administrative expenses	*38*	**2,606**	2,869
		56,615	63,219

7.8 Disposals of fixed assets do not include any asset whose aggregating book value exceeds Rs. 5 million.

		Note	June 30, 2021	June 30, 2020
			(Rupees in '000)	
7.9	Capital work-in-progress - buildings on leasehold land			
	Balance at beginning of the year		56,881	56,881
	Additions during the year		11,877	-
	Impairment	7.9.1	(2,811)	-
	Balance at end of the year		65,947	56,881

7.9.1 This represents impairment on building on leasehold land due to revaluation.

8. RIGHT-OF-USE ASSET

	Note	June 30, 2021	June 30, 2020
Balance at beginning of the year		118,145	17,084
Additions		-	106,649
Depreciation	8.2	(12,492)	(5,588)
Balance at end of the year	8.3	105,653	118,145

8.1 The annual rate of depreciation for the right-of-use assets is 10%.

8.2 Depreciation charge on right of use assets for the year has been allocated as follows:

	Note	June 30, 2021	June 30, 2020
Vessel Management Expenses	36	11,451	5,588
Administrative expenses		1,041	-

8.3 Right of use assets represents assets recognised on rental properties under IFRS 16.

9. INTANGIBLE ASSET

Capital work in progress (CWIP)

	June 30, 2021	June 30, 2020
Computer Software - opening	12,891	12,891
Additions during the year	26,545	-
Closing as at June 30, 2021	39,436	12,891

Intangible also includes cost of Rs 16.503 million of software "Ship Management Expert System" (SES). SES was being amortised over the useful life of five years and was fully amortised during the year ended June 30, 2009, however, it is still in active use.

10. INVESTMENT PROPERTIES

	Note	Leasehold land	Buildings on leasehold land	Total
		(Rupees in '000)		
Balance as at July 1, 2020		3,350,325	75,866	3,426,191
Additions during the year		-	1,000	1,000
Gain on revaluation	10.3 & 41	260,183	-	260,183
Balance as at June 30, 2021		3,610,508	76,866	3,687,374
Balance as at July 1, 2019		3,190,784	75,321	3,266,105
Additions during the year		-	117	117
Gain on revaluation	10.3 & 41	159,541	428	159,969
Balance as at June 30, 2020		3,350,325	75,866	3,426,191

10.1 Particulars of immovable investment properties are as follows:

S.No.	Location	Usage of immovable property	Total area (Sq. yards)	Covered area (Sq. feet)
1	Plot bearing Survey No. 4/1-A, Main I. I. Chundrigar Road, Karachi	Investment property	2,786	230,555
2	Plot No. 35-B, North circular avenue, DHA, Phase I, Karachi	Investment property	1,088	5,675
3	Plot No. 6 & 6-A, Block H, Gulberg-II, Lahore	Investment property	268	2,410
4	Plot bearing Survey No. 15, Main Talpur Road, off I.I. Chundrigar Road, Karachi	Investment property	9,856	111,200

10.2 Forced sales value of the aforementioned investment properties as of the reporting date are as follows:

S.No.	Class of asset	June 30, 2021	June 30, 2020
		(Rupees in '000)	
1	Leasehold land	3,069,445	2,847,775
2	Buildings on leasehold land	64,417	64,082

10.3 The revaluation of the Corporation's investment properties was carried out by an independent valuer as of June 30, 2021. As a result, a revaluation gain of Rs. 260.183 million (2020: Rs. 159.541 million was determined in respect of leasehold land).

10.4 Valuation Techniques

The valuers have performed inquiries and verifications from various estate agents, brokers and dealers, the location and condition of the property, size, utilization and current trends in price of real estate including assumptions that ready buyers are available in the current scenario and analyzed through detailed market surveys, the properties that have recently been sold or purchased or offered / quoted for sale into given vicinity to determine the better estimates of the fair value.

11. LONG-TERM INVESTMENTS IN RELATED PARTIES (SUBSIDIARIES AND AN ASSOCIATE)

No. of shares - ordinary		Name of the company	Country of incorpo-ration	Latest available audited financial statements for the year ended	Percentage holding		Face value per share	June 30, 2021	June 30, 2020
June 30, 2021	June 30, 2020				June 30, 2021	June 30, 2020			
							(Rupees)	-----(Rupees in '000)-----	
(i) Subsidiary companies - unquoted									
439,599,957	439,599,957	Bolan Shipping (Private) Limited	Pakistan	June 30, 2021	100	100	10	4,396,000	4,396,000
275,344,100	275,344,100	Chitral Shipping (Private) Limited	Pakistan	June 30, 2021	100	100	10	2,753,441	2,753,441
226,825,500	226,825,500	Hyderabad Shipping (Private) Limited	Pakistan	June 30, 2021	100	100	10	2,268,255	2,268,255
15,686,000	15,686,000	Pakistan Marine and Shipping Services Company (Private) Limited [formerly: Islamabad Shipping (Private) Limited]	Pakistan	June 30, 2021	100	100	10	156,860	156,860
36,000	36,000	Johar Shipping (Private) Limited	Pakistan	June 30, 2021	100	100	10	360	360
7,286,000	7,286,000	National Ship Management and Crew (Private) Limited [formerly: Kaghan Shipping (Private) Limited]	Pakistan	June 30, 2021	100	100	10	72,860	72,860
330,000,000	330,000,000	Karachi Shipping (Private) Limited	Pakistan	June 30, 2021	100	100	10	3,451,994	3,451,994
441,997,735	441,997,735	Khairpur Shipping (Private) Limited	Pakistan	June 30, 2021	100	100	10	4,419,977	4,419,977
340,000,000	340,000,000	Lahore Shipping (Private) Limited	Pakistan	June 30, 2021	100	100	10	3,400,000	3,400,000
14,686,000	14,686,000	Lalazar Shipping (Private) Limited	Pakistan	June 30, 2021	100	100	10	146,860	146,860
9,486,000	9,486,000	Makran Shipping (Private) Limited	Pakistan	June 30, 2021	100	100	10	94,860	94,860
336,016,700	336,016,700	Malakand Shipping (Private) Limited	Pakistan	June 30, 2021	100	100	10	3,360,167	3,360,167
140,547,500	140,547,500	Multan Shipping (Private) Limited	Pakistan	June 30, 2021	100	100	10	1,405,475	1,405,475
1,600	1,600	Pakistan Co-operative Ship Stores (Private) Limited	Pakistan	June 30, 2021	73	73	100	868	868
500,000,000	500,000,000	Quetta Shipping (Private) Limited	Pakistan	June 30, 2021	100	100	10	5,000,000	5,000,000
6,936,000	6,936,000	Sargodha Shipping (Private) Limited	Pakistan	June 30, 2021	100	100	10	69,360	69,360
347,055,800	347,055,800	Shalamar Shipping (Private) Limited	Pakistan	June 30, 2021	100	100	10	3,470,558	3,470,558
254,012,300	254,012,300	Sibi Shipping (Private) Limited	Pakistan	June 30, 2021	100	100	10	2,411,170	2,540,123
		Accumulated impairment reversal / (losses)						128,953	(128,953)
								2,540,123	2,411,170
13,236,000	13,236,000	Swat Shipping (Private) Limited	Pakistan	June 30, 2021	100	100	10	132,360	132,360
								37,140,378	37,011,425
(ii) Associate - unquoted									
12,250	12,250	Muhammadi Engineering Works Limited	Pakistan	December 31, 1982	49	49	100	1,600	1,600
		Less: Accumulated impairment losses		(unaudited)				1,600	1,600
								-	-
								37,140,378	37,011,425

11.1 Vessels are carried at cost in the Corporation's statement of financial position as at June 30, 2021. The management of the Corporation considers the challenging market conditions as a possible indicator of impairment and accordingly the Corporation carries out periodic assessment to determine the value in use of its investment in subsidiaries. The Corporation considers international charter rates and carrying value of investments, amongst other factors, while reviewing for indicators of impairment. As a result, an impairment assessment was undertaken in respect of all its vessels as at June 30, 2021 and recoverable amount has been computed using 'value in use' method. In assessing the value in use, estimated future cash flows have been discounted to their present value using a discount rate (WACC) that reflects the current market assessments of the time value of money and the risks specific to the asset. The discount rate applied to the future cashflow projections in case where subsidiaries own and operate a bulk carrier is 9.30% and in case where subsidiaries own and operate an oil tanker is 9.77%. The cashflow projections have been made upto the remaining useful life of the vessel. As a result of the value-in-use exercise, the recoverable amount was higher than the carrying value and accordingly, no impairment loss has been recognised.

During the previous year, investment in Sibi Shipping (Private) Limited was written down to its recoverable amount of Rs. 2,411.170 million, which was determined by reference to the value in use method and resultant impairment loss of Rs 128.953 million was recognised in other expenses in the profit and loss account. However, during the year, based on assessment, the impairment of Rs. 128.953 million is reversed resulting into income recorded in profit and loss account.

The determination of value in use is sensitive to certain key assumptions such as discount rate and projected charter rates. Any significant change in the key assumptions may have an effect on the carrying value of cash generating units.

Key assumptions used in 'value in use' calculations:

The value in use calculation is most sensitive to the following assumptions:

Discount rate:

Discount rate takes into consideration the time value of money and individual risks of the underlying assets that have not been incorporated in the cash flow estimates. The discount rate calculation is based on the specific circumstances and is derived from its weighted average cost of capital (WACC). Increase of 1% in the discount rate will decrease the recoverable amount by Rs. 4,367.273 million (2020: Rs. 1668.072 million), whereas a similar decrease in the discount rate will have a positive effect of Rs. 4,953.426 million (2020: Rs. 1,812.780 million) on the recoverable amount.

Projected revenue rates:

Based on the external sources of information obtained from the shipping experts and the recent trends in the shipping industry, in case of dry cargo vessels, the estimated cashflows are based on current spot rates, which have been inflated using the inflation rates, over the remaining useful life of the vessels. For liquid cargo vessels, the management expects that for the foreseeable future, the tankers will generate revenue based on the Contract of Affreightment (CoA) with the customers. Decrease of 1% in the average charter rate assumed will decrease the recoverable amount by Rs. 1,076.535 million (2020: Rs. 751.212 million) whereas a similar increase will have a positive effect of Rs. 1,076.535 million (2020: Rs. 751.212 million) on the recoverable amount.

12. LONG-TERM INVESTMENTS IN LISTED COMPANIES AND AN OTHER ENTITY

	Note	June 30, 2021	June 30, 2020
Financial assets at fair value through profit or loss		-------------(Rupees in '000)-------------	
Listed companies			
Siemens (Pakistan) Engineering Company Limited 6,930 (2020: 6,930) fully paid ordinary shares of Rs. 10 each. Market value per share as at June 30, 2021 Rs. 657.63 (2020: Rs. 561.83)	12.1	**4,558**	3,894
Pakistan State Oil Company Limited 199,336 (2020: 199,336) fully paid ordinary shares of Rs. 10 each. Market value per share as at June 30, 2021 Rs. 224.25 (2020: Rs. 158.16)	12.2	**44,701**	31,527
		49,259	35,421
Other entity			
Pakistan Tourism Development Corporation Limited 10,000 (2020: 10,000) fully paid ordinary shares of Rs 10 each.		**100**	100
		49,359	35,521

12.1 The Corporation holds 0.084% (2020: 0.084%) of the investee's share capital.

	Note	June 30, 2021	June 30, 2020
Balance at beginning of the year		**3,894**	4,197
Gain / (loss) on revaluation of long-term investments in listed companies	40	**664**	(303)
Balance at end of the year		**4,558**	3,894

12.2 The Corporation holds 0.04246% (2020: 0.04246%) of the investee's share capital.

	Note	June 30, 2021	June 30, 2020
Balance at beginning of the year		**31,527**	28,178
Gain on revaluation of long-term investments in listed companies	40 & 41	**13,174**	3,349
Balance at end of the year		**44,701**	31,527

13. LONG-TERM LOANS AND ADVANCES

	Note	June 30, 2021	June 30, 2020
Loans - considered good			
- due from executives	13.1 &13.2 &13.3	**10,524**	12,772
- due from other employees		**5,767**	8,633
		16,291	21,405
Less: Current maturity	18	**8,147**	9,578
		8,144	11,827

13.1 Reconciliation of carrying amount of loans to executives:

	June 30, 2021	June 30, 2020
Balance at beginning of the year	**12,772**	18,158
Disbursements	**6,299**	3,500
Repayments	**(8,547)**	(8,886)
Balance at end of the year	**10,524**	12,772

13.2 These loans have been given to executives and other employees of the Corporation for personal use in accordance with their terms of employment. These loans are to be repaid over a period of one to five years in equal monthly installments. Any outstanding loan due from an employee at the time of leaving the service of the Corporation is adjustable against final settlement

13.3 The maximum aggregate amount of loans due from executives at the end of any month during the year was Rs. 13.159 million (2020: Rs. 19.925 million).

	June 30, 2021	June 30, 2020
	--------(Rupees in '000)--------	
14. DEFERRED TAXATION - net		
Deductible temporary differences arising in respect of		
- provisions and deferred liabilities	**135,583**	142,286
Taxable temporary differences arising in respect of:		
- surplus on revaluation of property, plant and equipment	**(34,724)**	(17,686)
- accelerated tax depreciation	**(2,714)**	(5,195)
	(37,438)	(22,881)
	98,145	119,405

14.1 The movement in temporary differences is as follows:

	Balance as at July 1, 2019	Recognised in profit or loss	Recognised in other comprehensive income	Balance as at June 30, 2020	**Recognised in profit or loss**	**Recognised in other comprehensive income**	**Balance as at June 30, 2021**
Deductible temporary difference:							
-provisions and deferred liabilities	147,600	(2,065)	(3,249)	142,286	**19,037**	**(25,740)**	**135,583**
Taxable temporary							
- surplus on revaluation of property, plant and equipment	(15,668)	(459)	(1,559)	(17,686)	**415**	**(17,453)**	**(34,724)**
- accelerated tax depreciation	(5,936)	741	-	(5,195)	**2,481**	**-**	**(2,714)**
	(21,604)	282	(1,559)	(22,881)	**2,896**	**(17,453)**	**(37,438)**
	125,996	(1,783)	(4,808)	119,405	**21,933**	**(43,193)**	**98,145**

	Note	June 30, 2021	June 30, 2020
		--------(Rupees in '000)--------	
15. STORES AND SPARES			
Stores			
- at depot		**9,112**	9,179
- at buildings		**472**	472
		9,584	9,651
Spares			
- at buildings		**796**	796
		10,380	10,447
16. TRADE DEBTS - unsecured			
Considered good			
- Due from related parties	16.1	**1,528,703**	1,348,921
- Due from others	16.2	**7,912**	10,834
		1,536,615	1,359,755
Considered doubtful			
- Due from related parties	16.1	**686,907**	977,956
- Due from others		**39,082**	27,813
		725,989	1,005,769
		2,262,604	2,365,524
Less: Allowance for ECL on trade debts	16.4	**725,989**	1,005,769
		1,536,615	1,359,755

16.1 Ageing analysis of amounts due from related parties, included in trade debts, are as follows:

	Upto 1 month	1 to 6 months	More than 6 months	As at June 30, 2021	As at June 30, 2020
	(Rupees in '000)				
Pakistan State Oil Company Limited	-	-	1,849,833	1,849,833	1,849,834
Pak Arab Refinery Limited	57,440	1,099	-	58,539	56,282
Pakistan Refinery Limited	795	-	-	795	31,300
Sui Northern Gas Pipelines Limited	1,812	-	-	1,812	22,680
Sui Southern Gas Company Limited	-	-	-	-	61
National Refinery Limited	11,449	2,193	12,000	25,642	25,642
Trading Corporation of Pakistan (Private) Limited	-	-	-	-	4,866
District Controller of Stores	-	-	2,749	2,749	2,846
Others	130,081	123,087	23,072	276,240	333,366
	201,577	126,379	1,887,654	2,215,610	2,326,877

16.2 The ageing analysis of trade debts, due from others that are past due but not impaired is as follows:

	June 30, 2021	June 30, 2020
	(Rupees in '000)	
Upto 1 month	4,178	5,290
1 to 6 months	3,734	5,506
More than 6 months	-	38
	7,912	10,834

16.3 The maximum aggregate amount of receivable due from related parties at the end of any month during the year was Rs. 2,588.758 million (2020: Rs. 2,585.062 million).

16.4 Allowance for ECL on trade debts

	Note	June 30, 2021	June 30, 2020
		(Rupees in '000)	
Balance at beginning of the year		1,005,769	853,591
Increase during the year	39	11,269	152,178
Reversed during the year	16.4.1	(291,049)	-
Balance at end of the year		725,989	1,005,769

16.4.1 This includes the reversal of ECL allowance amounting to Rs. 318 million recognised during the year related to Pakistan State Oil due to favourable change in circumstances and increased likelihood of recoverability of demurrage from the stated party.

17. AGENTS' AND OWNERS' BALANCES - unsecured

	Note	June 30, 2021	June 30, 2020
		(Rupees in '000)	
- Considered good	17.1	7,617	9,628
- Considered doubtful		8,157	8,725
		15,774	18,353
Less: Allowance for ECL on agents' and owners' balances	17.2	8,157	8,725
		7,617	9,628

17.1 The ageing analysis of agents' and owners' balances that are past due but not impaired is as follows:

	June 30, 2021	June 30, 2020
	(Rupees in '000)	
Upto 1 month	-	320
1 to 6 months	320	4,007
More than 6 months	7,297	5,301
	7,617	9,628

		Note	June 30, 2021	June 30, 2020
			-----------(Rupees in '000)-----------	
17.2	**Allowance for ECL on agents' and owners' balances**			
	Balance at beginning of the year		8,725	8,459
	(Decrease) / increase during the year		(568)	266
	Balance at end of the year		8,157	8,725

18. LOANS AND ADVANCES - considered good

	Note	June 30, 2021	June 30, 2020
Current portion of long-term loans			
- due from executives		5,962	5,826
- due from other employees		2,185	3,752
	13	8,147	9,578
Advances - unsecured			
- employees		60,493	45,447
- contractors and suppliers		29,895	19,808
		90,388	65,255
		98,535	74,833

19. TRADE DEPOSITS AND SHORT-TERM PREPAYMENTS

	Note	June 30, 2021	June 30, 2020
Trade deposits			
- Considered good	19.1	13,001	16,178
- Considered doubtful		369	369
		13,370	16,547
Less: Allowance for ECL on trade deposits		369	369
		13,001	16,178
Short-term prepayments		4,078	9,617
		17,079	25,795

19.1 This includes Rs. 2.102 million (2020: Rs. 2.102 million) amount deposited with Karachi Port Trust (KPT), a related party.

20. OTHER RECEIVABLES

	Note	June 30, 2021	June 30, 2020
		-----------(Rupees in '000)-----------	
Considered good			
- Due from related parties		118,279	197,710
- Due from others		178,904	21,509
		297,183	219,219
Considered doubtful			
- Due from related parties		-	12,197
- Due from others		34,145	21,948
		34,145	34,145
	20.2	331,328	253,364
Less: Allowance for ECL on other receivables	20.4	34,145	34,145
		297,183	219,219

20.1 The ageing analysis of other receivables, due from related party that are past due but not impaired is as follows:

	Note	June 30, 2021	June 30, 2020
		-----------(Rupees in '000)-----------	
Upto 1 month		13,450	13,450
1 to 6 months		1,869	1,869
More than 6 months		102,960	194,588
	20.3	118,279	209,907

20.2 This represents the following:

	Note	June 30, 2021	June 30, 2020
Receivable from sundry debtors	20.3	268,481	226,560
Sales tax refund claims		25,864	25,864
Others		36,983	940
		331,328	253,364

20.3 This includes an amount of Rs. 33.765 million (2020: Rs. 125.139 million) due from the Government of Pakistan, Rs. 77.417 million (2020: Rs. 46.28 million) from Port Qasim Authority and Rs. 7.096 (2020: Rs. 10.40 million) from Karachi Port Trust.

	Note	June 30, 2021	June 30, 2020
		-----------(Rupees in '000)-----------	
20.4 Allowance for ECL on other receivables			
Balance at beginning of the year		34,145	12,659
(Decrease) / increase during the year	39	-	21,486
Balance at end of the year		34,145	34,145

20.5 The maximum aggregate amount of receivable due from related parties at the end of any month during the year was Rs. 173.867 million (2020: Rs. 255.974 million).

	Note	June 30, 2021	June 30, 2020
		-----------(Rupees in '000)-----------	
21. SHORT-TERM INVESTMENTS			
Amortised cost			
Term deposits with banks and treasury bills having maturity of			
- more than three but upto six months		5,855,640	1,943,835
- three months or less		700,000	2,040,190
	21.1 & 21.2	6,555,640	3,984,025
Fair value through profit and loss			
Mutual funds		50,544	-
		6,606,184	3,984,025

21.1 Short term investments include investment in treasury bills having market value of Nil (2020: 510.190 million).

21.2 Mark-up on these term deposits denominated in local currency ranges from 7.45% to 7.95% (2020: 7.20% to 13.25%) per annum, whereas mark-up on term deposits denominated in foreign currency was 1.60% (2020: 2.30%) per annum.

	Note	June 30, 2021	June 30, 2020
		-(Rupees in '000)-	
22. CASH AND BANK BALANCES			
Cash in hand			
- foreign currency		1,841	1,473
- local currency		1,900	-
		3,741	1,473
Cash at bank			
- in current accounts			
- local currency	22.1	186,112	230,529
- foreign currency		311,736	45,873
		497,848	276,402
- in savings accounts			
- local currency	22.2	517,139	997,830
- foreign currency	22.3	8,453	1,192,485
		525,592	2,190,315
		1,027,181	2,468,190

22.1 This includes Rs 2.142 million (2020: Rs. 2.142 million), Rs. 5 million (2020: Rs. 5 million) and Rs. 11.777 million (2020: 11.777 million) held as security by Habib Bank Limited, PNSC branch, Soneri Bank, AKU branch and JS Bank Limited, Jheel Park Branch respectively against guarantees issued on behalf of the Corporation.

22.2 Mark-up on these savings accounts ranges from 5.50% to 7.00% (2020: 6.35% to 12.80%) per annum.

22.3 Mark-up on these savings accounts ranges from 0.15% to 0.5% (2020: 0.15% to 0.5%) per annum.

23. ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL

June 30, 2021	June 30, 2020		June 30, 2021	June 30, 2020
-(No. of shares)-			-(Rupees in '000)-	
24,130,789	24,130,789	Ordinary shares of Rs 10 each issued as fully paid to shareholders of former National Shipping Corporation (NSC) and Pakistan Shipping Corporation (PSC) in consideration of their shareholdings in those companies	241,308	241,308
25,900,000	25,900,000	Ordinary shares of Rs 10 each issued as fully paid to GoP for cash received in the year 1985	259,000	259,000
64,309,800	64,309,800	Ordinary shares of Rs 10 each issued as fully paid to the GoP on the financial restructuring of the Corporation in the year 1989-90	643,098	643,098
17,722,791	17,722,791	Ordinary shares of Rs 10 each issued as fully paid bonus shares	177,228	177,228
132,063,380	132,063,380		1,320,634	1,320,634

23.1 As at June 30, 2021, Government of Pakistan held 115,633,710 (2020: 115,633,710) ordinary shares, representing 87.56% (2020: 87.56%) shareholding of the Corporation.

	Note	June 30, 2021	June 30, 2020
		-(Rupees in '000)-	
24. LONG-TERM FINANCING - secured			
Financing under syndicate term finance agreement	24.1	3,753,549	4,592,617
Financing under musharika agreement	24.2	2,265,554	2,752,500
		6,019,103	7,345,117
Less: Current portion of long-term financing		1,334,965	1,334,965
		4,684,138	6,010,152

24.1 Financing under syndicate term finance agreement includes;

24.1.1 Financing obtained in November 2014 amounting to Rs. 3,000 million with the consortium led by MCB Bank Limited carrying mark-up at the rate of 3 month KIBOR + 1.60% which has been renegotiated to 3 month KIBOR + 0.5% during the year ended June 30, 2016 and further renegotiated to 3 month KIBOR + 0.20% during the year ended June 30, 2018. The loan, along with the mark-up, is repayable on a quarterly basis with the last repayment date on November 6, 2022. The facility is secured by way of first mortgage charge over a vessel owned by the subsidiary company. The Corporation has drawn Rs. 2,054.250 million to date.

24.1.2 Financing obtained in the year ended June 30, 2019, amounting to Rs. 6,500 million with a consortium led by Faysal bank limited carrying mark -up at the rate of 3 month KIBOR + 0.35%. The loan, along with mark-up, is repayable on a quarterly basis with the last repayment date on March 22, 2027. As of the reporting date, the Corporation has drawn Rs. 2,340 million and Rs. 2,363.734 million to finance its subsidiary companies namely Bolan Shipping (Private) Limited and Khairpur Shipping (Private) Limited respectively for purchase of vessels. The facility is secured by way of first mortgage charge over procured vessels owned by respective subsidiary company.

24.1.3 Mark-up paid under conventional mode of financing during the year amounted to Rs. 336.028 million (2020: 694.560 million)

24.2 Financing under musharika agreement includes;

24.2.1 Financing obtained in November 2014 amounting to Rs. 1,500 million from MCB Bank Limited carrying mark-up at the rate of 3 month KIBOR + 1.60% which has been renegotiated to 3 month KIBOR + 0.5% during the year ended June 30, 2016 and further renegotiated to 3 month KIBOR + 0.20% during the year ended June 30, 2018. The loan along with the mark-up is repayable on a quarterly basis with the last repayment date on November 6, 2022. The facility is secured by way of first mortgage charge over a vessel owned by the subsidiary company. The Corporation has drawn Rs. 1,027.125 million to date.

24.2.2 Financing obtained in March 2019 amounting to Rs. 4,000 million with a consortium led by Faysal bank limited carrying mark up at the rate of 3 month KIBOR + 0.35%. The loan, along with mark-up, is repayable on a quarterly basis with the last repayment date on March 22, 2027. As of the reporting date, the Corporation has drawn Rs. 1,440 million and Rs. 1,454.606 million to finance its subsidiary companies namely Bolan Shipping (Private) Limited and Khairpur Shipping (Private) Limited respectively for purchase of vessels. The facility is secured by way of first mortgage charge over procured vessels owned by respective subsidiary company.

24.2.3 Mark-up paid under Islamic mode of financing during the year amounted to Rs. 201.933 million (2020: 415.280 million).

24.3 Following is the movement in long-term financing:

	June 30, 2021	June 30, 2020
	-----------(Rupees in '000)-----------	
Balance at beginning of the year	7,345,117	9,083,468
Repayments	(1,334,965)	(1,758,939)
Amortisation of arrangement fee	8,951	20,588
Balance at end of the year	6,019,103	7,345,117

25. LEASE LIABILITIES

25.1 Set out below the carrying amount of lease liabilities and the movements during the year:

	2021	2020
Balance at beginning of the year	115,527	15,511
Additions	-	97,049
Interest expense	8,410	3,898
Payments	(7,329)	(931)
Balance at end of the year	116,608	115,527
Current	1,803	6,323
Non-current	114,805	109,204
	116,608	115,527

25.2 Lease liabilities are payable as follows:

	June 30, 2021			June 30, 2020		
	Minimum lease payments	Interest	Present value of minimum lease payments	Minimum lease payments	Interest	Present value of minimum lease payments
	-----------Rupees in '000-----------			-----------Rupees in '000-----------		
Less than one year	12,737	10,934	1,803	12,061	5,738	6,323
One to five years	64,004	27,646	36,358	63,433	29,752	33,681
More than five years	88,208	9,761	78,447	90,956	15,433	75,523
	164,949	48,341	116,608	166,450	50,923	115,527
Less: Current portion			1,803			6,323
			114,805			109,204

	Note	June 30, 2021	June 30, 2020
		--------(Rupees in '000)-------	
EMPLOYEE BENEFITS			
Employees' gratuity			
- funded	26.1.3	3,517	4,496
- unfunded	26.1.3	378,512	340,547
		382,029	345,043
Post-retirement medical benefits	26.1.3	73,952	168,015
Employees' compensated absences	26.2.4	223,638	250,462
		679,619	763,520

Retirement benefit schemes

The disclosures made in notes 26.1.2 to 26.1.16 of these unconsolidated financial statements are based on the information included in the actuarial valuation reports as of June 30, 2021.

As stated in notes 5.18.2 and 5.18.3 of these unconsolidated financial statements, the Corporation operates a funded retirement gratuity scheme for those permanent employees who joined the Corporation before October 16, 1984, an unfunded retirement gratuity scheme for contractual employees and an unfunded post-retirement medical benefit scheme for permanent and contractual employees. Liability is maintained against these schemes based on the actuarial recommendations. The following significant assumptions were used for the actuarial valuation of the defined benefit obligation schemes:

	June 30, 2021			June 30, 2020		
	Employees' gratuity		Post retirement medical benefits	Employees' gratuity		Post retirement medical benefits
	Funded	Unfunded		Funded	Unfunded	
Discount rate	10.25%	10.25%	10.25%	8.50%	8.50%	8.50%
Future salary increases - for permanent employees						
For the year 2021-22	10.25%	-	-	20.00%	-	-
For the year 2022-23	10.25%	-	-	5.60%	-	-
For the year 2023-24	10.25%	-	-	20.00%	-	-
For the year 2024-25	10.25%	-	-	5.60%	-	-
For the year 2025-26 and onwards	10.25%	-	-	8.50%	-	-
Future salary increases - for contractual employees						
For the year 2021-22	-	10.25%	-	-	8.50%	-
For the year 2022-23	-	10.25%	-	-	8.50%	-
For the year 2023-24	-	10.25%	-	-	8.50%	-
For the year 2024-25	-	10.25%	-	-	8.50%	-
For the year 2025-26 and onwards	-	10.25%	-	-	8.50%	-
Medical escalation rate	-	-	7.25%	-	-	8.50%
Death rate	based on SLIC (2001-05) Ultimate mortality tables.					

Notes to and Forming Part of the Unconsolidated Financial Statements

For the year ended June 30, 2021

	June 30, 2021			June 30, 2020		
	Employees' gratuity		Post retirement medical benefits	Employees' gratuity		Post retirement medical benefits
	Funded	Unfunded		Funded	Unfunded	
	(Rupees in '000)					
1.3 Reconciliation of statement of financial position						
Present value of defined benefit obligation	49,080	378,512	73,952	103,487	340,547	168,015
Fair value of plan assets	(45,563)	-	-	(98,991)	-	-
Net (asset) / liability in the statement of financial position	3,517	378,512	73,952	4,496	340,547	168,015
26.1.4 Movement in present value of defined benefit obligation						
Balance at beginning of the year	103,487	340,547	168,015	149,565	284,937	166,407
Current service cost	2,095	42,758	9,613	3,454	38,525	9,659
Past service cost	-	-	(74,654)	-	-	-
Interest cost	6,637	30,441	13,723	17,795	43,214	23,316
Benefits paid	(57,999)	(10,859)	(22,096)	(62,294)	(11,478)	(25,692)
Remeasurement on obligation	(5,140)	(24,375)	(20,649)	(5,033)	(14,651)	(5,675)
Balance at end of the year	49,080	378,512	73,952	103,487	340,547	168,015
26.1.5 Movement in fair value of plan assets						
Balance at beginning of the year	98,991	-	-	150,050	-	-
Expected return on plan assets	6,236	-	-	17,841	-	-
Contribution	-	-	-	-	-	-
Benefits paid	(57,999)	-	-	(62,294)	-	-
Remeasurement on plan assets	(1,665)	-	-	(6,606)	-	-
Balance at end of the year	45,563	-	-	98,991	-	-
26.1.6 Movement in net liability in the statement of financial position						
Balance at beginning of the year	4,496	340,547	168,015	(485)	284,937	166,407
Expense recognised for the year	2,496	73,199	(51,318)	3,408	81,739	32,975
Contributions made by the Corporation / benefits paid	-	(10,859)	(22,096)	-	(11,478)	(25,692)
Remeasurements recognised in other comprehensive income	(3,475)	(24,375)	(20,649)	1,573	(14,651)	(5,675)
	3,517	378,512	73,952	4,496	340,547	168,015
26.1.7 The amounts recognised in profit or loss						
Current service cost	2,095	42,758	(65,041)	3,454	38,525	9,659
Net interest amount	401	30,441	13,723	(46)	43,214	23,316
	2,496	73,199	(51,318)	3,408	81,739	32,975
Less: charged to subsidiaries	-	991	-	-	1,142	482
Expense	2,496	72,208	(51,318)	3,408	80,597	32,493
26.1.8 Remeasurements recognised in other comprehensive income						
Gain / (loss) arising from						
Financial assumptions	(5,960)	1,511	(3,023)	7,786	10,976	(1,595)
Experience adjustment	820	(25,886)	(17,626)	(12,819)	(25,627)	(4,080)
Demographic assumptions	-	-	-	-	-	-
Remeasurement of fair value of plan assets	1,665	-	-	6,606	-	-
	(3,475)	(24,375)	(20,649)	1,573	(14,651)	(5,675)

		June 30, 2021		June 30, 2020	
		(Rupees in '000)	%	(Rupees in '000)	%
26.1.9	Categories / composition of plan assets				
	Cash and cash equivalents	45,563	100.00%	45,948	46.42%
	Term deposit receipts	-	-	53,043	53.58%
		45,563	100.00%	98,991	100.00%

26.1.10 The expenses in respect of employees' gratuity and post-retirement medical benefits have been charged on the basis of actuarial recommendations and are in accordance with the Administrative and Financial Services Agreement of the Corporation with the subsidiary companies.

26.1.11 Actual gain on plan assets during the year ended June 30, 2021 was Rs. 4.366 million (2020: Rs. 10.615 million).

26.1.12 Assumed future salary increase rate and discount rate have a significant effect on the employee's gratuity. A one percentage point change in assumed future salary increase rate and discount rate would have the following effects:

		Increase / (decrease) in defined benefit obligation of`			
		Funded Gratuity Scheme		Unfunded Gratuity Scheme	
	Change in assumption	Increase in assumption	Decrease in assumption	Increase in assumption	Decrease in assumption
		(Rupees in '000)			
Discount rate	1%	(47,881)	50,327	(337,544)	427,126
Salary increase rate	1%	50,430	(47,762)	427,614	(336,433)

26.1.13 The weighted average duration of the defined benefit obligations for funded and unfunded gratuity scheme is 2.44 years (2020: 1.94 years) and 13.65 years (2020: 11.53 years).

26.1.14 Assumed medical cost escalation rate and discount rate have a significant effect on the post-retirement medical benefit. A one percentage point change in assumed medical cost escalation rate and discount rate would have the following effects:

		Increase / (decrease) in defined benefit obligation of`			
		Post Retirement Medical Benefits			
		Permanent Employees		Contractual Employees	
	Change in assumption	Increase in assumption	Decrease in assumption	Increase in assumption	Decrease in assumption
		(Rupees in '000)			
Discount rate	1%	(72,971)	74,891	-	-
Medical cost escalation rate	1%	74,838	(73,090)	-	-

26.1.15 The weighted average duration of the defined benefit obligations post retirement medical benefit scheme for permanent employees is 2.88 years.

26.1.16 The employee's gratuity funded and unfunded scheme and post retirement medical benefit plans exposes the Corporation to the following risks:

Investment risk: The risk of the investment underperforming and not being sufficient to meet the liabilities.

Mortality risk: The risk that the actual mortality rate is different. The effect depends on the beneficiaries service / age distribution and the benefit.

Medical cost escalation risks: The risk that the hospitalisation cost could be higher than what we assumed.

Final salary risk: The risk that the final salary at the time of cessation of service is greater than what is assumed. Since the benefit is calculated on the final salary, the benefit amount increases similarly.

Withdrawal risk: The risk of higher or lower withdrawal experienced than assumed. The final effect could go either way depending on the beneficiaries' service / age distribution and the benefit.

26.2 Employees' compensated absences

26.2.1 The disclosures made in notes 26.2.2 to 26.2.9 of these unconsolidated financial statements are based on the information included in the actuarial valuation report as of June 30, 2021.

26.2.2 As stated in note 5.16 to these unconsolidated financial statements the Corporation operates an employees' compensated absences scheme. Provision is maintained against this scheme based on the actuarial recommendations. The following significant assumptions were used for the actuarial valuation of the scheme:

	Note	**June 30, 2021**	June 30, 2020
Discount rate		**10.25%**	8.50%
Future salary increases - for permanent employees			
For the year 2021-22		**10.25%**	20.00%
For the year 2022-23		**10.25%**	5.60%
For the year 2023-24		**10.25%**	20.00%
For the year 2024-25		**10.25%**	5.60%
For the year 2025-26 and onwards		**10.25%**	8.50%
Future salary increases - for contractual employees			
For the year 2021-22		**10.25%**	8.50%
For the year 2022-23		**10.25%**	8.50%
For the year 2023-24		**10.25%**	8.50%
For the year 2024-25		**10.25%**	8.50%
For the year 2025-26 and onwards		**10.25%**	8.50%

26.2.3 Reconciliation of statement of financial position

Present value of defined benefit obligation (recognised)	*26.2.4*	**223,638**	250,462

26.2.4 Movement in present value of defined benefit obligation

Balance at beginning of the year	**250,462**	259,915
Current service cost	**54,240**	94,253
Interest cost	**22,290**	41,695
Remeasurements of obligation	**(40,260)**	(64,516)
Benefits paid	**(63,094)**	(80,885)
Balance at end of the year	**223,638**	250,462

26.2.5 Expense

Current service cost	**54,240**	94,253
Interest cost	**22,290**	41,695
Remeasurements of obligation	**(40,260)**	(64,516)
	36,270	71,432
Less: charged to subsidiaries	**-**	244
Expense for the year	**36,270**	71,188

26.2.6 Amounts for the current period and prior period of the present value of defined benefit obligation are as follows:

	June 30, 2021	June 30, 2020
	-----------(Rupees in '000)----------	
Present value of defined benefit obligation	223,638	250,462
Experience loss / (gain) on defined benefit obligation	(40,260)	(64,516)

26.2.7 Assumed future salary increase rate and discount rate have a significant effect on the employees' compensated absences. A one percentage point change in assumed future salary increase rate and discount rate would have the following effects:

	Change in assumption	Increase / (decrease) in defined benefit obligation of Employees Compensated Absences			
		Permanent Employees		Contractual Employees	
		Increase in assumption	Decrease in assumption	Increase in assumption	Decrease in assumption
		--------------------------------(Rupees in '000)--------------------------------			
Discount rate	1%	(53,614)	56,385	(150,245)	190,632
Salary growth rate	1%	56,500	(53,479)	190,847	(149,749)

26.2.8 The risks to which the scheme exposes the Corporation are disclosed in note 26.1.16 of these unconsolidated financial statements.

26.2.9 The expenses in respect of employees' compensated absences have been charged on the basis of actuarial recommendations and are in accordance with the Administrative and Financial Services Agreement of the Corporation with the subsidiary companies.

26.3 Expected retirement benefits costs for the year ending June 30, 2022 are as follows:

	(Rupees in '000)
Gratuity	
-funded	1,597
-unfunded	82,468
Post-retirement medical benefits	10,139
Compensated absences	68,534

26.4 During the year, the Corporation contributed Rs. 7.767 million (2020: Rs. 7.808 million) to the provident fund.

27. TRADE AND OTHER PAYABLES

	Note	June 30, 2021	June 30, 2020
		-----------(Rupees in '000)----------	
Creditors		73,061	183,093
Current account balances with subsidiary companies	27.1	34,833,703	31,711,022
Agents' and owners' balances		251,996	268,861
Accrued liabilities		658,988	669,335
Deposits	27.2	44,608	54,979
Advance rent		53,010	26,333
Other liabilities			
- amounts retained from contractors		9,241	8,054
- others		96,263	111,865
		105,504	119,919
		36,020,870	33,033,542

27.1 The break-up of current account balances with subsidiary companies is as follows:

	June 30, 2021	June 30, 2020
	-----------(Rupees in '000)----------	
Bolan Shipping (Private) Limited	1,732,114	1,238,738
Chitral Shipping (Private) Limited	1,855,716	1,760,551
Hyderabad Shipping (Private) Limited	1,422,853	1,402,058
Pakistan Marine and Shipping Services Company (Private) Limited [formerly: Islamabad Shipping (Private) Limited]	647,234	647,569
National Ship Management and Crewing (Private) Limited [formerly: Kaghan Shipping (Private) Limited]	1,323,859	1,324,194
Khairpur Shipping (Private) Limited	1,274,093	955,728
Makran Shipping (Private) Limited	313,651	314,041
Malakand Shipping (Private) Limited	1,361,025	1,126,640
Multan Shipping (Private) Limited	832,918	923,704
Sargodha Shipping (Private) Limited	195,503	195,893
Sibi Shipping (Private) Limited	854,010	738,506
Shalamar Shipping (Private) Limited	4,490,860	4,084,934
Swat Shipping (Private) Limited	1,170,005	1,170,534
Lalazar Shipping (Private) Limited	743,390	743,919
Johar Shipping (Private) Limited	1,226,199	1,226,604
Lahore Shipping (Private) Limited	4,622,614	3,967,800
Karachi Shipping (Private) Limited	4,811,047	4,484,587
Quetta Shipping (Private) Limited	5,956,612	5,405,022
	34,833,703	31,711,022

27.2 These deposits are mark-up free and are repayable on demand or on completion of specific contracts. As per the requirements of section 217 of the Companies Act, 2017 deposits are kept in separate bank accounts.

28. CONTRACT LIABILITES

Represents advance received from various related parties. Revenue recognized from amounts included in contract liabilities at the beginning of the year amounted to Rs 87.098 million (2020: Rs. 83.693 million).

29. PROVISION AGAINST DAMAGE CLAIMS

	Note	June 30, 2021	June 30, 2020
		-----------(Rupees in '000)----------	
Balance at beginning of the year		24,261	26,475
Net decrease during the year	41	(5,249)	(2,214)
Balance at end of the year		19,012	24,261

30. CONTINGENCIES AND COMMITMENTS

Contingencies

30.1 The contingent liability in respect of claims not acknowledged by the Corporation, which as at June 30, 2021 aggregated to Rs. 727.966 million (2020: Rs. 731.986 million). These claims mainly relate to deficiencies in shipping documentation, delay in delivery of cargo and damages to cargo. These include Rs. 2.619 million (2020: Rs 2.794 million) approximately in respect of insurance claims which, if accepted, will be borne by the Corporation as the P&I Club, Oceanus Mutual Underwriting Association (Bermuda) Limited has gone into liquidation. Out of the remaining claims, a sum of Rs. 708.953 million (2020: Rs. 707.725 million) approximately would be recoverable from the P&I Club, Steamship Mutual Underwriting Association (Bermuda) Limited, in the event these claims are accepted by the Corporation. As a matter of prudence, the management has made a total provision of Rs. 19.013 million (2020: Rs. 24.261 million) against the aforementioned claims in these financial statements.

30.2 Chittagong Steamship Corporation Limited and Trans Oceanic Steamship Company Limited had initiated litigation that involved the Government of Pakistan and the Corporation, the litigations relating to compensation to the former owners and the legal suits are pending in the Honourable High Court of Sindh. The amounts claimed are approximately Rs. 1.300 million (2020: Rs. 1.300 million) and Rs. 66.800 million (2020: Rs 66.800 million) respectively. The Corporation disclaims any liability in respect of the above mentioned amounts and any accretions to it upto final determination and settlement of the matters.

30.3 Certain other claims have been filed against the Corporation in respect of employees' matters for an aggregate amount of approximately Rs. 92.597 million (2020: Rs. 92.597 million). These cases are pending and the management is confident that the outcome of these cases will be in the Corporation's favour and accordingly no provision for above claims has been made in these unconsolidated financial statements.

30.4 While framing the tax assessment for the income year ended June 30, 1990, the assessing officer had made an addition to income of Rs. 3,974.455 million, being the remission of liabilities due to the Federal Government under the scheme of financial restructuring of the Corporation. The resultant tax liability including additional taxes for late payment of tax amounted to Rs. 1,293.694 million, part of which was paid by the Corporation and the remaining amount of Rs. 1,233.694 million was directly discharged at source by the Federal Government. The assessing officer while framing the order of income year ended June 30, 1996 had treated the aforementioned payment of tax liability by the Government as the income of the Corporation. Appellate Tribunal Inland Revenue (ATIR) has given the decision in favour of the Corporation on the appeals filed against the above orders. However, the department has filed an appeal with the Honourable High Court of Sindh against the aforementioned orders of ATIR. The Honourable High Court of Sindh has decided the appeal against the Corporation. The leave to appeal filed by the Corporation has been accepted by the Honourable Supreme Court of Pakistan and the decision of the Honourable High Court of Sindh has been suspended. Hearing of the appeal was pending in the Honourable Supreme Court of Pakistan. During the year ended June 30, 2018, this hearing has been remanded to the Honourable High Court of Sindh. The management, in consultation with its legal advisor is confident that the matter will eventually be decided in favour of the Corporation.

30.5 During the year ended June 30, 2011, the Officer Inland Revenue (OIR) issued assessment orders under section 122 (5A) of the Income Tax Ordinance, 2001 (ITO, 2001) in respect of tax years 2008, 2009 and 2010. According to the orders, the OIR had made certain additions and determined additional tax demand of Rs. 363.421 million. OIR had disallowed a portion of administrative expenses by attributing the same to the subsidiary companies and further disallowed a portion of contribution made to the approved gratuity fund (only in respect of tax year 2008) on the contention that the same is attributable to the subsidiary companies. The Corporation paid Rs. 170 million under protest and filed an appeal with the Commissioner of Inland Revenue (Appeals). The Commissioner of Inland Revenue (Appeals) in his order upheld certain additions and had given decision in favour of the Corporation on certain matters resulting in refund of Rs. 90.579 million, out of which Rs. 3.581 million has been adjusted in tax year 2013 and remaining Rs. 86.918 million in tax year 2014. The management had provided for all the matters that were decided against the Corporation, with the exception of disallowance of allocation of common expenses to profit on debt for tax years 2008 and 2009 which might have resulted in increase of tax liability by Rs. 17.848 million.

The Corporation had filed an appeal with the ATIR in respect of aforementioned disallowances. The aforementioned appeals have been decided by the ATIR through the combined appellate order whereby certain disallowances have been deleted inter-alia including disallowances of common expenses allocated to profit on debt. During the year ended June 30, 2018, Additional Commissioner Inland Revenue (ACIR) gave effect to the directions of the ATIR. However, on the grounds that ACIR has not correctly given effect to the directions of ATIR on the issue of disallowance of administrative expenses and allocating the same to the subsidiary companies, the Corporation has filed an appeal before the Commissioner (Appeals) on July 20, 2018. The Corporation has filed a reference to Honorable High Court of Sindh in respect of certain disallowances maintained in the aforesaid order of ATIR. The Commissioner (Appeal) in his order dated July 11, 2019 has remanded back the matter to the ADCIR with the direction to re-adjudicate the issue regarding disallowance of administrative expenses in the light of directions given by the Honorable ATIR. Appeal effect proceeding in respect of appellate order was initiated through notice dated October 4, 2019 and same has been responded by Tax Advisor. No further correspondence has been made in this regard.The management is confident that the matter will eventually be decided in favour of the Corporation.

30.6 During the year ended June 30, 2012, the OIR issued assessment orders under section 122 (5A) of the ITO, 2001 in respect of tax year 2011. According to the orders, the OIR has made certain additions and determined additional tax demand of Rs. 251.092 million. OIR has disallowed a portion of administrative expenses by attributing the same to the subsidiary companies and further disallowed financial expenses incurred by the Corporation on the contention that the same is equity specific and hence being capital in nature. The Corporation had paid Rs. 160.513 million under protest. During the year ended June 30, 2015, Commissioner of Inland Revenue (Appeals) in his order has upheld certain additions and has given decisions in favour of the Corporation on certain matters, and has worked out refund of Rs. 15.068 million. The Corporation and the department have filed appeals with the ATIR in respect of aforementioned disallowances, which have been decided by the ATIR. The ATIR, in its order has interalia deleted certain additions made by the OIR which were upheld by the Commissioner (Appeals). However, while giving effect to the order of the ATIR, the taxation officer has disallowed the expenses allocated to dividend income. Accordingly, the Corporation has filed an appeal before the Commissioner (Appeals) on July 20, 2018. Further, being aggrieved by the decision of the appellate tribunal, the department has filed a reference application which is pending before the Honourable High Court of Sindh. The management, in consultation with its legal advisor is confident that the matter will eventually be decided in favour of the Corporation.

30.7 During the year ended June 30, 2013, the OIR issued assessment orders under section 122 (5A) of the ITO, 2001 in respect of tax year 2012. According to the orders, the OIR has made certain additions and determined additional tax demand of Rs. 107.499 million. OIR has disallowed a portion of administrative expenses by attributing the same to the subsidiary companies and further disallowed financial expenses incurred by the Corporation on the contention that the same is equity specific and hence being capital in nature. The Corporation has paid Rs. 65 million under protest and filed an appeal with the Commissioner of Inland Revenue (Appeals). During the year ended June 30, 2015, Commissioner of Inland Revenue (Appeals) in his order has upheld certain additions and has given decisions in favour of the Corporation on certain matters, and has worked out refund of Rs. 24.022 million. The Corporation and the department have filed appeals with the ATIR in respect of aforementioned disallowances. The ATIR vide appellate order dated August 7, 2018 has inter-alia deleted certain additions made by the taxation officer. Appeal effect proceeding in respect of appellate order was initiated through notice dated October 4, 2019 and same has been responded by Tax Advisor.The management, in consultation with its tax advisor is confident that the matter will eventually be decided in favour of the Corporation.

30.8 During the year ended June 30, 2014, the OIR has issued assessment orders under section 122 (5A) of the ITO, 2001 in respect of tax year 2013. According to the orders, the OIR has made certain additions and determined additional tax demand of Rs. 303.333 million. OIR has disallowed a portion of retirement benefit expenses by attributing the same to the subsidiary companies and further disallowed financial expenses incurred by the Corporation on the contention that the same is equity specific and hence being capital in nature. Moreover, OIR also disallowed the basis of apportionment of expenses. The Corporation has paid Rs. 288.265 million under protest and adjusted refund of Rs. 3.581 million. Further, the management has filed an appeal with the Commissioner of Inland Revenue (Appeals) who in his order has upheld certain additions and has given decisions in favour of the Corporation on certain matters, and worked out a Nil demand. The Corporation and the department have filed appeals with the ATIR in respect of aforementioned disallowances. Appeal effect proceeding in respect of appellate order was initiated through notice dated October 4, 2019 and same has been responded by Tax Advisor. ATIR in his order maintained certain addition and directed to allocate expenses against service fee. Further, being aggrieved by the decision of the appellate tribunal, the corporation has filed a reference application which is pending before the Honourable High Court of Sindh. The management, in consultation with its legal advisor, is confident that the matter will eventually be decided in favour of the Corporation.

30.9 During the year ended June 30, 2015, ACIR issued assessment order under section 122 (5A) of the ITO, 2001 in respect of tax year 2014. According to the order the ACIR made certain additions and determined additional tax demand of Rs. 184.059 million in respect of certain disallowances regarding financial expenses, administrative costs and post-retirement benefits. The Corporation paid Rs. 83.438 million under protest and adjusted Rs. 86.998 million against refunds available for tax year 2008, 2009 and 2010. The Corporation had filed an appeal before the Commissioner of Inland Revenue (Appeals) who passed his order and maintained the decision of the ACIR. The Corporation had filed an appeal with the ATIR in respect of aforementioned order of the Commissioner Inland Revenue (Appeals) in respect of aforementioned disallowances. The management is confident that the matter will eventually be decided in favour of the Corporation.

30.10 During the year ended June 30, 2014, the Corporation received assessment orders from the taxation authorities in respect of tax years 2008-2013. The taxation officer has held that the Corporation is liable to deduct withholding tax under section 152(2) of the ITO, 2001, while making payments to the non-resident shipping companies and in the event of default to do so the Corporation becomes personally liable to pay tax under section 161 along with default surcharge under section 205 of the Ordinance. By virtue of above orders a cumulative tax demand was raised by the taxation authorities amounting to Rs 2,695.496 million. The Corporation filed an appeal with the Commissioner of Inland Revenue (Appeals) who maintained the orders passed by the Deputy Commissioner Inland Revenue (DCIR) and consequently an appeal was filed before the ATIR. The ATIR, in the appellate order, has held that the payments made by the Corporation to the non-resident shipping companies are in the nature of "Royalty" and the rate of tax withholding applicable on such payments would be 15 percent. Accordingly, the tax demand originally raised was reduced to Rs. 1,659.485 million. The Corporation lodged rectification applications in respect of the orders passed by ATIR. However, during the year ended June 30, 2016, the said rectification applications have been rejected. Without prejudice to the rectification applications, the Corporation has also filed a petition before the Honourable Sindh High Court in respect of the aforesaid orders passed by ATIR seeking protection from any adverse action. The Honourable Sindh High Court has granted an interim order restraining FBR from taking any coercive action, the said interim order is still operative. Further, the aforementioned cases are still pending with the Honourable Sindh High Court.

Further, during the year ended June 30, 2019, the DCIR vide order dated June 29, 2020 has treated the Corporation assessee in default for not withholding tax on payments to non-resident shipping companies, while making payment of dividend, on interest free advance provided to its employees, on closing balances of advances to employees and on salaries. By virtue of above orders a cumulative tax demand was raised by the taxation authorities amounting to Rs. 899.501 million. Subsequent to the year end being aggrieved with the order, the corporation had filed an appeal before the Commissioner Inland Revenue (Appeal). The CIR(A) had fixed the hearing for July 20, 2020 and had granted the Corporation a stay from recovery of tax demand till August 10, 2020. On August 7, 2020, written arguments were submitted on behalf of Corporation and the hearing was re-fixed for August 21, 2020. However, due to transfers and postings, the stay granted by the CIR(A) could not be extended and the Corporation had to approach Honorable Sindh High Court (SHC) for grant of stay. The SHC has granted the Corporation a stay from recovery of tax demand vide order dated August 11, 2020. The appeal filed before the CIR(A) is pending.The management, in consultation with its legal advisor, is confident that the subject matters will eventually be decided in favour of the Corporation.

30.11 During the year ended June 30, 2018, the DCIR vide order dated June 29, 2018 proceeded to amend the assessment under the provisions of section 122(5A) of the Ordinance in respect of tax year 2016. The taxable income has been recomputed by allocating expenses against dividend income, and disallowances made on account of interest on long term finances and payments claimed against staff retirement benefits. Brought forward business losses and unabsorbed depreciation for tax year 2016 have also been adjusted in the computation of taxable income. By virtue of the aforementioned order passed by the ACIR a tax demand amounting to Rs. 91.592 million was raised, which is amply covered by the refunds available for prior tax years. Furthermore, the Corporation has filed an appeal with the Commissioner Inland Revenue (Appeals) on July 23, 2018. Commissioner Inland Revenue (Appeals) has decided the appeal vide order dated July 11, 2019. The CIR(A) in its order has decided all the matters in favour of the corporation by deleting the all the additions made by the ACIR. However, the appeal effect order is till pending. The management is confident that the subject matters will eventually be decided in favour of the Corporation.

30.12 During the year ended June 30, 2018, the ACIR vide order dated June 29, 2018 proceeded to amend the assessment under the provisions of section 122(5A) of the Ordinance in respect of tax year 2017. The taxable income has been recomputed by allocating expenses against dividend income, and disallowances made on account of interest on long term finances and payments claimed against staff retirement benefits. By virtue of the aforementioned order passed by the ACIR a tax demand amounting to Rs. 318.212 million was raised, out of which the Corporation has made a payment of Rs. 75 million under protest. Furthermore, the Corporation has filed an appeal with the Commissioner Inland Revenue (Appeals) on July 23, 2018. Commissioner Inland Revenue (Appeals) has decided the appeal vide order dated July 11, 2019. The CIR(A) in its order has decided all the matters in favour of the Corporation by deleting all the additions made by the ACIR. However, the appeal effect order is still pending. The management is confident that the subject matters will eventually be decided in favour of the Corporation.

30.13 During the year ended June 30, 2015, the SRB issued show cause notice dated April 17, 2015 under the provisions of section 23 and 47 of the Sindh Sales Tax on Services Act, 2011.The SRB officer had selected the revenue from the unconsolidated financial statements and allegedly raised sales tax demand in respect of the revenue appearing in the audited unconsolidated financial statements for the years 2012-2014.The Corporation had filed a suit before the Honourable Sindh High Court in respect of the aforesaid show cause notice and the Honourable Sindh High Court had granted an interim stay order restraining SRB from taking any coercive action. However, in light of the Supreme Court order dated June 27, 2018 the Corporation had to withdraw from the suit and continued the proceedings of show cause notice. After, considering the submissions of the Corporation the SRB had passed an assessment order dated March 13, 2019 and raised Sales Tax demand of Rs. 2,668.906 million on the revenue of freight income and services fee for the financial years 2012-2014. The Corporation had filed an appeal before the Commissioner (Appeals) SRB and obtained stay from Honourable Sindh High Court against the sales tax demand. During the year, the High Court has stopped the further proceedings and decision will be subject to the decision of Supreme Court on the similar Freight Forwarder's case. The management, in consultation with its tax advisor, is confident that the subject matters will eventually be decided in favour of the Corporation.

30.14 During the year ended June 30, 2021, the ACIR vide order dated May 24, 2021 proceeded to amend the assessment under the provisions of section 122(5A) of the Ordinance in respect of tax year 2015. The taxable income has been recomputed by allocating expenses against dividend income, and disallowances made on account of interest on long term finances and payments claimed against staff retirement benefits and service fee etc. By virtue of the aforementioned order passed by the ACIR a tax demand amounting to Rs 1,279.035 million was raised, the Corporation has filed an appeal with the Commissioner Inland Revenue (Appeals) The management is confident that the subject matters in respect of tax year 2015 will eventually be decided in favour of the Corporation.

30.15 During the year ended June 30, 2021, the ACIR vide order dated May 24, 2021 proceeded to amend the assessment under the provisions of section 122(5A) of the Ordinance in respect of tax year 2018. The taxable income has been recomputed by allocating expenses against dividend income, and disallowances made on account of interest on long term finances and payments claimed against staff retirement benefits and service fee etc. By virtue of the aforementioned order passed by the ACIR a tax demand amounting to Rs 550.722 million was raised, the Corporation has filed an appeal with the Commissioner Inland Revenue (Appeals) The management is confident that the subject matters in respect of tax year 2018 will eventually be decided in favour of the Corporation.

Commitments

30.16 Commitments in respect of capital expenditure amounted to Rs. 32.571 million (2020: Rs. 32.571 million).

30.17 Outstanding letters of guarantee amounted to Rs 18.919 million (2020: Rs. 18.919 million).

30.18 The Corporation has provided an undertaking amounting to USD 11.6 million (Rs 1,954.25 million) to one of the vendor / supplier of another state owned entity. This undertaking has been provided due to arrest of two of its managed vessels operated by its subsidiaries which have been released subsequently. However, the Government of Pakistan has provided a counter guarantee to the Corporation in relation to the aforesaid undertaking.

30.19 Commitments in respect of Enterprise Resource Planning (ERP) implementation and maintenance amounting to USD 0.417 million (Rs. 70.216 million) and USD 0.192 million (Rs 32.303 million) respectively.

	June 30, 2021	June 30, 2020
	(Rupees in '000)	
31. FREIGHT INCOME - foreign flag vessels		
Voyage charter revenue	728,414	241,926
Less: overage premium	210	1,679
Less: ocean losses	1,824	-
	726,380	240,247
Slot charter revenue	1,239,244	1,033,516
Less: sales tax	230	292
	1,239,014	1,033,224
	1,965,394	1,273,471
32. SERVICE FEES - net		
Technical and commercial services fee	303,534	322,875
Administrative and financial services fee	101,178	107,624
Less: sales tax	229	326
	404,483	430,173
33. OTHER OPERATING ACTIVITIES		
Demurrage income	568	9,562
Income from miscellaneous claims	9,257	12,825
	9,825	22,387

		Note	June 30, 2021	June 30, 2020
			-------(Rupees in '000)-------	
34.	**FLEET EXPENSES - direct**			
	Charter, hire and related expenses	34.1	1,204,112	650,960
	Demurrage expense		2,765	-
	Exchange loss		265	24,602
			1,207,142	675,562
	Less: Discount on demurrage payments		-	3,047
			1,207,142	672,515
34.1	Charter, hire and related expenses - foreign flag vessels			
	- voyage charter expenses		507,894	197,839
	- slot charter expenses		696,218	453,121
			1,204,112	650,960
35.	**FLEET EXPENSES - indirect**			
	Salaries, benefits and allowances	35.1	-	613
	Agents' and other general expenses	35.2	7,062	9,249
	Depreciation	7.7	1,214	698
			8,276	10,560

35.1 This includes Rs. Nil (2020: Rs. 0.041 million) in respect of provident fund contribution. The investments out of provident fund have been made in accordance with the provisions of Section 218 of the Act and conditions specified thereunder.

		Note	June 30, 2021	June 30, 2020
			-------(Rupees in '000)-------	
35.2	**Agents' and other general expenses**			
	Advertisement and publicity		1,544	1,545
	Telephone, telex, postage and printing		4,071	3,681
	Commission charges		157	285
	Legal and professional charges		236	2,465
	Air freight		1,054	1,273
			7,062	9,249
36.	**VESSEL MANAGEMENT EXPENSES**			
	Workshop management expenses		68,255	93,282
	Salaries, benefits and allowances	36.1	586,820	658,471
	General establishment expenses	36.2	108,425	124,713
	Rent, rates and taxes		15,616	17,023
	Insurance		3,436	5,279
	Depreciation	7.7	28,683	31,561
	Depreciation on right-of-use assets	8.2	11,451	5,588
			822,686	935,917

36.1 This includes Rs. 6.387 million (2020: Rs. 6.737 million) in respect of provident fund contribution. The investments out of provident fund have been made in accordance with the provisions of Section 218 of the Act and conditions specified thereunder.

	Note	June 30, 2021	June 30, 2020
		------------(Rupees in '000)------------	
36.2 General establishment expenses			
Repairs and maintenance		**16,281**	19,430
Medical expenses		**39,951**	35,474
Security charges		**2,663**	4,397
Travelling and conveyance		**4,110**	9,138
Entertainment and canteen subsidy		**3,181**	3,372
Uniform and liveries		**1,447**	1,723
Printing and stationery		**3,932**	5,622
Telephone, telex and postage		**8,743**	7,956
Light, power and water		**12,046**	12,438
Computer expenses		**8,485**	8,134
Vehicle running, repairs and maintenance expenses		**7,586**	17,029
		108,425	124,713

37. REAL ESTATE EXPENSES

	Note	June 30, 2021	June 30, 2020
Salaries, benefits and allowances	37.1	**47,670**	49,935
General establishment expenses	37.2	**26,186**	38,741
Rent, rates and taxes		**10,591**	12,006
Insurance		**4,019**	4,070
Depreciation	7.7	**24,112**	28,091
Legal and professional charges		**760**	758
		113,338	133,601

37.1 This includes Rs 0.519 million (2020: Rs. 0.511 million) in respect of provident fund contribution. The investments out of provident fund have been made in accordance with the provisions of Section 218 of the Act and conditions specified thereunder.

	June 30, 2021	June 30, 2020
	------------(Rupees in '000)------------	
37.2 General establishment expenses		
Repairs and maintenance	**7,059**	6,207
Security charges	**10,328**	12,308
Light, power and water	**8,777**	19,952
Vehicle running, repairs and maintenance	**22**	274
	26,186	38,741

		Note	June 30, 2021	June 30, 2020
			---------(Rupees in '000)---------	
38.	**ADMINISTRATIVE EXPENSES**			
	Salaries, benefits and allowances	38.1	79,106	50,703
	General establishment expenses	38.2	48,754	55,520
	Rent, rates and taxes		1,420	1,548
	Scholarship and training expenses		917	1,025
	Insurance		312	480
	Depreciation	7.7	2,606	2,869
	Depreciation on ROUA		1,041	-
	Directors' fee		5,310	6,795
	Legal and professional charges		20,365	22,278
	Sales tax expenses		25,850	24,445
			185,681	165,663

38.1 This includes Rs 0.861 million (2020: Rs. 0.519 million) in respect of provident fund contribution. The investments out of provident fund have been made in accordance with the provisions of Section 218 of the Act and conditions specified thereunder.

		Note	June 30, 2021	June 30, 2020
			---------(Rupees in '000)---------	
38.2	**General establishment expenses**			
	Repairs and maintenance		2,195	1,496
	Medical expenses		5,385	2,732
	Contribution to group term insurance		607	1,037
	Hajj expenses		-	2,278
	Security charges		359	339
	Travelling and conveyance		554	704
	Entertainment and canteen subsidy		429	260
	Books, periodicals and subscription		11,451	10,320
	Uniform and liveries		132	157
	Printing and stationery		530	433
	Telephone, telex and postage		1,179	613
	Light, power and water		1,625	958
	Computer expenses		1,144	626
	Advertisement and publicity		12,216	11,684
	Vehicle running, repairs and maintenance expenses		1,023	1,311
	Sundry expenses		9,925	20,572
			48,754	55,520
39.	**(REVERSAL) / IMPAIRMENT LOSS ON FINANCIAL ASSETS**			
	Allowance for ECL in:			
	Trade debts	16.4	11,269	152,178
	Other receivables	20.4	-	21,486
	Impairment loss on investment in subsidiaries	11	-	128,953
			11,269	302,617
	Less: Reversal of allowance for ECL on;			
	Trade debts	16.4	291,049	-
	Agents' and owners' balances - unsecured	17.2	568	-
			291,617	-
			(280,348)	302,617

	Note	June 30, 2021	June 30, 2020
		(Rupees in '000)	
40. OTHER EXPENSES			
Donations	40.1	3,111	50,615
Auditors' remuneration	40.2	5,552	4,808
Employees' gratuity			
- funded	26.1.7	2,496	3,408
- unfunded	26.1.7	72,208	80,597
		74,704	84,005
Post-retirement medical benefits	26.1.7	-	32,493
Employees' compensated absences	26.2.5	76,530	71,188
Impairment on capital work in progress	7.9.1	2,811	-
Impairment on operating fixed assets	7.1	5,366	-
Exchange loss		64,729	-
		232,803	243,109

40.1 This includes donation made to Pakistan Marine Academy as a scholarship for students amounting to Rs. 3.04 million (2020: donations made to indus hospital amounting to Rs. 50.615 million). No director or his spouse had any interest in the donee.

40.2 Auditors' remuneration

	June 30, 2021			June 30, 2020		
	KPMG Taseer Hadi & Co.	Grant Thornton Anjum Rahman	Total	KPMG Taseer Hadi & Co.	Grant Thornton Anjum Rahman	Total
	(Rupees in '000)					
Statutory audit fee	1,376	1,376	2,752	1,310	1,310	2,620
Fee for review of half yearly financial statements	482	482	964	459	459	918
Fee for review report on CCG	148	148	296	140	140	280
Fee for audit of consolidated financial statements	174	174	348	166	166	332
Statutory certifications	-	120	120	-	-	-
Out of pocket expenses	301	301	602	329	329	658
Sales tax services	-	470	470	-	-	-
	2,481	3,071	5,552	2,404	2,404	4,808

41. OTHER INCOME

	Note	June 30, 2021	June 30, 2020
		(Rupees in '000)	
Income from financial assets			
Income from saving accounts and term deposits		413,252	511,586
Income from mutual funds		641	-
Dividend income		69	1,150
Exchange gain		-	90,282
Income from loans to employees		1,873	4,050
		415,835	607,068
Income from non - financial assets			
Net decrease in provision against damage claims	29	5,249	2,214
Gain on revaluation of investment properties	10	260,183	159,969
Gain on revaluation of long-term investments in listed companies	12.1 & 12.2	13,838	3,046
Post-retirement medical benefits	26.1.7	51,318	-
Liabilities no longer required written off		74,803	22,263
Agency fee		9,320	1,526
Gain on disposal of fixed assets		42,840	15,963
Reversal of impairment in subsidiary company		128,953	-
Sundry income	41.1	40,037	75,916
		626,541	280,897
		1,042,376	887,965

		June 30, 2021	June 30, 2020
		------------(Rupees in '000)------------	
41.1	This includes the following:		
	Income earned by PNSC Work Shop	11,582	27,266
	Income from manning service	21,710	11,452
	Income of HV AC charges	-	3,829
	Others	6,745	33,369
		40,037	75,916
42.	**FINANCE COSTS**		
	Mark-up on long-term financing	541,207	1,123,350
	Mark-up on lease liability	8,410	3,898
	Bank charges	1,800	2,413
		551,417	1,129,661
43.	**TAXATION**		
	Tax charge for:		
	- current year	126,278	86,423
	- deferred	(21,933)	1,783
		104,345	88,206
43.1	**Relationship between tax expense and accounting profit**		
	Accounting profit / (loss) before tax	799,163	(752,636)
	Tax rate	29%	29%
	Tax on accounting profit	231,757	(218,264)
	Tax effect in respect of inadmissible expenses	-	86,524
	Tax saving due to lower tax rates		
	- Income under Section 7A	(25,267)	3,256
	- Dividend income	(99)	(161)
	- Effect of rate difference (12%)	(80,072)	-
	Effect of charging deferred tax on different rate than current tax	-	12,531
	Effect of minimum tax on services	-	34,414
	Unrecognised deferred tax on business loss	-	164,152
	Others (including the impact arising as a consequence of change in allocation ratio of revenue chargeable under FTR and NTR tax regime)	(21,973)	5,754
		(127,412)	306,470
		104,345	88,206
	Effective tax rate	13%	-12%
44.	**EARNINGS / (LOSS) PER SHARE - basic and diluted**		
	Profit / (loss) for the year	694,818	(840,842)
		-------------(No. of shares)-------------	
	Weighted average ordinary shares in issue during the year	132,063,380	132,063,380
		-----------------(Rupees)-----------------	
	Earnings / (loss) per share - basic and diluted	5.26	(6.37)

44.1 There are no dilutive potential ordinary shares outstanding as at June 30, 2021 and 2020.

	Note	June 30, 2021	June 30, 2020
		-----------(Rupees in '000)-----------	
45. CASH GENERATED FROM OPERATIONS			
Profit / (loss) before taxation		799,163	(752,636)
Adjustments for non-cash charges and other items:			
Depreciation on:			
Property, plant and equipments	7.7	56,615	63,219
Right-of-use assets	8	12,492	5,588
Profit on disposal of fixed assets	41	(42,840)	(15,963)
Provision for employees' gratuity	26.1.7	74,704	84,005
Provision for post-retirement medical benefits	26.1.7	(51,318)	32,493
Provision for employees' compensated absences	26.2.5	76,530	71,188
Income from mutual funds	41	(641)	-
Dividend income	41	(69)	(1,150)
Reversal of impairment in subsidiary company		(128,953)	-
Impairment loss on capital work in progress		2,811	-
Impairment loss on fixed assets		5,366	-
Impairment loss on trade debts and other receivables:			
Allowance for ECL on trade debts	39	11,269	152,178
Allowance for ECL on other receivables	39	-	21,486
Reversal of allowance for ECL	39	(291,049)	-
		(279,780)	173,664
Liabilities no longer required written back	41	(74,803)	(22,263)
Income from saving accounts and term deposits	41	(413,252)	(511,586)
Finance cost			
Long term liability	42	541,207	1,123,350
Lease liability	42	8,410	3,898
		549,617	1,127,248
Gain on revaluation of investment properties	41	(260,183)	(159,969)
Gain on revaluation of long-term investments in listed companies	40 & 41	(13,838)	(3,046)
Working capital changes	45.1	3,017,239	3,241,757
		3,328,860	3,332,549

45.1 Working capital changes

	Note	June 30, 2021	June 30, 2020
(Increase) / decrease in current assets			
Stores and spares		67	1,243
Trade debts - unsecured		102,920	81,830
Agents' and owners' balances - unsecured		2,011	3,457
Loans and advances		(23,702)	(4,837)
Trade deposits and short-term prepayments		8,716	44,346
Other receivables		(77,964)	(98,205)
Incomplete voyages		(5,210)	(4,789)
		6,838	23,045
Increase / (decrease) in current liabilities			
Trade and other payables		3,063,122	3,216,308
Contract liabilities		(47,472)	4,618
Provision against damages claims	29	(5,249)	(2,214)
		3,010,401	3,218,712
		3,017,239	3,241,757

	Note	June 30, 2021	June 30, 2020
		--------(Rupees in '000)-------	

46. CASH AND CASH EQUIVALENTS

	Note	June 30, 2021	June 30, 2020
Short-term investments having maturity of three months or less	21	700,000	2,040,190
Mutual funds	21	50,544	-
Cash and bank balances	22	1,027,181	2,468,190
		1,777,725	4,508,380

47. REMUNERATION OF CHAIRMAN & CHIEF EXECUTIVE, EXECUTIVE DIRECTORS AND OTHER EXECUTIVES

The aggregate amount of remuneration including all benefits payable to the Chairman & Chief Executive, Executive Directors and other Executives of the Corporation were as follows:

	June 30, 2021	June 30, 2020	June 30, 2021	June 30, 2020	June 30, 2021	June 30, 2020
	Chairman & Chief Executive		Executive Directors*		Other Executives	
	------------ (Rupees in '000) ------------					
Managerial remuneration and allowances	1,461	-	24,562	24,420	324,550	336,229
Retirement benefits - note 47.2	-	-	-	-	5,027	6,748
House rent	-	-	10,168	9,935	115,378	122,488
Conveyance	44	636	742	1,954	5,287	7,059
Entertainment	-	-	711	96	4,203	4,631
Medical	560	86	2,099	1,230	11,124	13,526
Utilities	990	-	1,829	1,680	36,974	34,051
Personal staff subsidy	-	-	-	-	383	370
Club membership fee and expenses	23	251	682	398	-	-
Bonus	-	-	3,961	3,711	39,031	19,867
Other allowances	9,460	-	330	147	300,362	191,250
	12,538	973	45,084	43,571	842,319	736,219
Number of persons	1	1	5	4	145	157

*Executive Directors represent the designation of the personnel and are not the members of Board of Directors of the Corporation.

47.1 The aggregate amount charged in the unconsolidated financial statements for fee to 8 (2020: 6) non-executive directors was Rs 5.250 million (2020: Rs 6.795 million).

47.2 Retirement benefits represent amount contributed towards various retirement benefit plans. The Executives of the Corporation are entitled to retirement benefits as outlined in note 5.18 and 5.19 to these unconsolidated financial statements. The Chairman & Chief Executive, Executive Directors and other Executives are provided with the car allowance in lieu of Corporation owned cars.

48. FINANCIAL INSTRUMENTS BY CATEGORY

FINANCIAL ASSETS

	June 30, 2021	June 30, 2020
	--------(Rupees in '000)-------	
Fair value through profit or loss		
Long term investments - listed companies	49,259	35,521
Short term investment	50,544	-
	99,803	35,521

	June 30, 2021	June 30, 2020
	---------(Rupees in '000)---------	
Amortised Cost		
Trade debts - unsecured	1,536,615	1,359,755
Agents' and owners' balances - unsecured	7,617	9,628
Loans - employees	8,147	9,578
Trade deposits	13,001	16,178
Interest accrued on bank deposits and short-term investments	102,117	39,030
Other receivables	297,183	219,219
Short-term investments	6,555,640	3,984,025
Cash and bank balances	1,027,181	2,468,190
Long-term loans	8,144	11,827
Long-term investments - other entity	100	100
	9,555,745	8,117,530
	9,655,548	8,153,051

FINANCIAL LIABILITIES

Amortised cost

Trade and other payables	35,967,860	33,007,209
Unclaimed dividend	77,496	68,987
Long-term financing	6,019,103	7,345,117
Lease liabilities	116,608	115,527
Accrued mark-up on long-term financing	16,118	23,817
	42,197,185	40,560,657

49. FINANCIAL RISK MANAGEMENT

49.1 Financial risk factors

The Corporation finances its operations through equity and management of working capital with a view to maintaining an appropriate mix between various sources of finance to minimise risk. Taken as a whole, the Corporation is exposed to market risk (including interest rate risk, currency risk and other price risk), credit risk and liquidity risk. The Corporation's principal financial liabilities comprise trade and other payables and long term financing. The Corporation also has various financial assets such as trade debts, other receivables, bank balances and short-term investments which are directly related to its operations. No changes were made in the objectives, policies or processes and assumptions during the year ended June 30, 2021. The policies for managing each of these risk are summarised below:

49.1.1 Credit risk

Credit risk arises from cash and cash equivalents, deposits with banks and financial institutions, as well as credit exposures to customers, including trade receivables and committed transactions. Credit risk represents the accounting loss that would be recognised at the date of statement of financial position if counter parties fail completely to perform as contracted.

As at June 30, 2021, out of the total financial assets of Rs. 9,655.548 million (2020: Rs. 8,153.051 million) the financial assets which are subject to credit risk amounted to Rs. 9,653.707 million (2020: Rs. 8,151.578 million). The management continuously monitors the credit exposure towards the customers and recognize an allowance for ECL on balances considered doubtful of recovery.

Moreover, a significant component of the receivable balances of the Corporation relates to amounts due from the Public Sector organisations. Due to the Corporation's long standing business relationships with these counterparties and after giving due consideration to their related credit standing, management does not expect non–performance by those counter parties on their obligations to the Corporation.

The sector wise analysis of gross amounts of receivables, comprising trade debts, agents' and owners' balances and deposits is given below:

	June 30, 2021	June 30, 2020
	---------(Rupees in '000)---------	
Public Sector	2,219,607	2,332,711
Private Sector	72,141	67,713
	2,291,748	2,400,424

Out of Rs.2,291.748 million (2020: 2,400.424 million), the corporation has recognized an allowance of ECL amounting to Rs. 734.515 million (2020: Rs 1,014.863 million).

49.1.2 Market risk

Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign currency rates. The Corporation faces foreign currency risk on receivable and payable transactions at foreign ports.

As at June 30, 2021, if the currency had weakened / strengthened by 5% against the US dollar with all other variables held constant, profit before taxation for the year would have been higher / lower by Rs. 394.970 million (2020: Rs. 103.490 million), mainly as a result of foreign exchange gains / losses on translation of US dollar denominated assets and liabilities.

Cash flow and fair value interest rate risk

The Corporation has interest bearing liabilities that have floating interest rates. At June 30, 2021, if interest rates on borrowings had been 100 basis points higher / lower with all other variables held constant, profit after taxation for the year would have been lower / higher by Rs 1.364 million (2020: Rs. 6.157 million).

Price risk

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 foreign exchange 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 effects of changes in fair value of investments made by the Corporation, on the future profits are not considered to be material in the overall context of these unconsolidated financial statements.

49.1.3 Liquidity risk

Liquidity risk is the risk that the Corporation will encounter difficulties in raising funds to meet commitments associated with financial instruments. The Corporation believes that it is not exposed to any significant level of liquidity risk.

The management forecasts the liquidity of the Corporation on basis of expected cash flow considering the level of liquid assets necessary to meet such risk. This involves monitoring statement of financial position, liquidity ratios and maintaining debt financing plans.

Financial liabilities in accordance with their contractual maturities are presented below:

	Total contractual cash flows	Less than 1 year	Between 1 to 2 years	Between 2 to 5 years	More than 5 years
	--(Rupees in '000)--				
June 30, 2021					
Long-term financing	**6,019,103**	**1,334,965**	**1,334,965**	**3,012,813**	**336,360**
Unclaimed dividend	**77,496**	**77,496**	**-**	**-**	**-**
Trade and other payables	**35,967,860**	**35,967,860**	**-**	**-**	**-**
Accrued mark-up on long-term financing	**16,118**	**16,118**	**-**	**-**	**-**
	42,080,577	**37,396,439**	**1,334,965**	**3,012,813**	**336,360**
June 30, 2020					
Long-term financing	7,345,117	1,334,965	1,334,965	3,012,813	1,662,374
Unclaimed dividend	68,987	68,987	-	-	-
Trade and other payables	33,007,209	33,007,209	-	-	-
Accrued mark-up on long-term financing	23,817	23,817	-	-	-
	40,445,130	34,434,978	1,334,965	3,012,813	1,662,374

49.1.4 Fair value estimation

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e. an exit price) regardless of whether that price is directly observable or estimated using another valuation technique.

Fair value hierarchy

As at June 30, 2021, the Corporation's all assets and liabilities are carried at amortised cost except for those mentioned below:

The Corporation's leasehold land, buildings on leasehold land, beach huts and workshop machinery and equipment are stated at revalued amounts, being the fair value at the date of revaluation, less any subsequent accumulated depreciation and subsequent accumulated impairment losses, if any. The latest fair valuation of the Corporation's leasehold land, buildings on leasehold land, beach huts and workshop machinery and equipment was performed by an independent valuer as at June 30, 2021.

The Corporation classifies Investment properties and long-term investments in listed companies measured at fair value in the statement of financial position. The latest fair valuation of the Corporation's investment properties was performed by an independent valuer as at June 30, 2021.

The valuation techniques and inputs used to develop fair value measurements of aforementioned assets are as follows:

Level 1: Quoted prices in active markets for identical assets or liabilities;

Level 2: Those involving inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices); and

Level 3: Those whose inputs for the asset or liability that are not based on observable market data (unobservable inputs).

There were no transfers between level 1, 2 or 3 of the fair value hierarchy during the year.

Details of fair value hierarchy and information relating to fair value of Corporation's leasehold land, buildings on leasehold land, beach huts, workshop machinery and equipment, investment categorised as fair value through profit or loss and investment properties are as follows:

		June 30, 2021			
		Level 1	Level 2	Level 3	Total
	Note	(Rupees in '000)			
Assets carried at fair value					
Long-term investments in listed companies	12	49,259	-	-	49,259
Leasehold land		-	1,399,780	-	1,399,780
Buildings on leasehold land		-	750,310	-	750,310
Beach huts		-	18,242	-	18,242
Workshop machinery and equipment		-	8,353	-	8,353
Investment properties		-	3,687,374	-	3,687,374
		-	5,864,059	-	5,864,059

		June 30, 2020			
		Level 1	Level 2	Level 3	Total
	Note	(Rupees in '000)			
Assets carried at fair value					
Long-term investments in listed companies	12	35,521	-	-	35,521
Leasehold land		-	1,086,960	-	1,086,960
Buildings on leasehold land		-	696,018	-	696,018
Beach huts		-	12,997	-	12,997
Workshop machinery and equipment		-	7,103	-	7,103
Investment properties		-	3,426,191	-	3,426,191
		-	5,229,269	-	5,229,269

50. Capital risk management

The Corporation's objectives when managing capital are to safeguard the Corporation's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The Corporation manages its capital structure by monitoring return on net assets and makes adjustment to it in the light of changes in economic conditions. In order to maintain or adjust the capital structure, the Corporation may adjust the amount of dividends paid to shareholders or issue new shares.

The Corporation is in compliance with the externally imposed capital requirements, which are applicable at the consolidated financial statements level. The debt equity ratios as at June 30, 2021 and 2020 were as follows:

	Note	**June 30, 2021**	June 30, 2020
		---------(Rupees in '000)---------	
Long-term financing - secured	*24*	**6,019,103**	7,345,117
Total equity		**11,684,186**	10,828,122
Total		**17,703,289**	18,173,239
Debt-to-equity ratio		**52:48**	68:32

51. ENTITY WIDE INFORMATION

51.1 The Corporation constitutes as a single reportable segment, the principal classes of services provided are transportation of dry cargo, liquid cargo through chartered vessels, rental income and service fees.

51.2 Information about services

The Corporation's principal classes of services accounted for the following amount of revenue:

	June 30, 2021	June 30, 2020
	---------(Rupees in '000)---------	
Transportation of dry cargo	**1,239,244**	1,033,224
Transportation of liquid cargo	**736,205**	262,634
Rental income	**218,080**	227,011
Services fee - net	**404,483**	430,173
	2,598,012	1,953,042

51.3 Information about geographical areas

The Corporation does not hold non-current assets in any foreign country.

51.4 Information about major customers

The Corporation has the following exposure to concentration of credit risk with clients representing greater than 10 % of the total revenue balances:

	June 30, 2021 Revenue		June 30, 2020 Revenue	
	(Rupees in '000)	**% of Total**	(Rupees in '000)	% of Total
Client 1	**345,582**	**13.30**	218,876	11.21
Client 2	**258,474**	**9.95**	52,439	2.68
Client 3	**134,184**	**5.17**	43,507	2.23
	738,240	**28.42**	314,822	16.12

52. RELATED PARTY DISCLOSURES

The Corporation has related party relationships with its subsidiaries, associate, GoP and its related parties, associated companies, employee benefit plans and its directors and executive officers (including their associates). Transactions with related parties essentially entail investments made in subsidiary companies, dividend income received from related investee companies, freight income and chartering revenue recovered, service fees charged on account of rendering of technical, commercial, administrative and financial services, expenses charged to subsidiary companies on actual cost basis etc. Service fees charges on account of rendering of technical, commercial, administrative and financial services is charged to subsidiary companies and related parties on the basis of mutually agreed terms. Investment in and balances with related parties have been disclosed in respective notes to these unconsolidated financial statements. Significant transactions with related parties during the year are as follows:

Nature of transactions	Relationship with the Corporation	June 30, 2021	June 30, 2020
		(Rupees in '000)	
Freight income - foreign flag vessels	State owned / controlled entities	**1,965,346**	1,272,838
Service fee - note 30	Subsidiaries	**404,483**	430,173
Rental income	State owned / controlled entities / Common director	**4,492**	11,715
Rental expense	Subsidiary	**13,944**	15,283
Income from other operating activities - note 33	State owned / controlled entities	**9,825**	22,387
Transfer of stores	Subsidiaries	**-**	23,393
Retirement benefit costs charged	Subsidiaries	**991**	1,868
Contribution to provident fund	Employees benefit plan	**6,150**	7,808
Dividend to Government of Pakistan	Government holding	**261,095**	231,267
Dividend income	State owned / controlled entities	**-**	831
Sale of vehicles to directors	Key management Personal	**9,212**	-
Remuneration and Other Benefits	Key management Personal	**57,622**	44,544
Directors' fee and traveling allowance	Key management Personal	**5,310**	6,795

52.1 In addition, the Corporation is substantially engaged in making payments / collections on behalf of the subsidiary companies in accordance with the 'Technical and Commercial Services' and 'Administrative and Financial Services Agreement' which are settled through a current account of the subsidiary companies.

52.2 Following are the details of related parties with whom the Corporation had entered into transactions or have arrangements / agreements in place, except subsidiaries, which have been disclosed in note 10 to these unconsolidated financial statements:

S.No.	Name	Basis of relationship	Aggregate % of shareholding
1	Muhammadi Engineering Works (Private) Limited	Associate	N/A
2	Employees' Gratuity Fund	Staff retirement benefits	N/A
3	Employees' Contributory Provident Fund	Staff retirement benefits	N/A
4	Civil Aviation Authority	State owned/controlled entity	N/A
5	Central Power Generation Company Limited	State owned/controlled entity	N/A
6	Heavy Industries Taxila	State owned/controlled entity	N/A
7	Pakistan Petroleum Limited	State owned/controlled entity	N/A
8	Karachi Port Trust	State owned/controlled entity	N/A
9	National Bank of Pakistan	State owned/controlled entity / Common director	N/A
10	National Telecommunication Corporation	State owned/controlled entity	N/A
11	National Refinery Limited	State owned/controlled entity	N/A
12	National Insurance Company Limited	State owned/controlled entity	N/A
13	Pak Arab Refinery Limited	State owned/controlled entity	N/A
14	Pakistan International Airlines	State owned/controlled entity	N/A
15	Pakistan Machine Tool Factory	State owned/controlled entity	N/A
16	Pakistan Refinery Limited	State owned/controlled entity	N/A
17	Pakistan Security Printing Corporation	State owned/controlled entity	N/A
18	Pakistan State Oil	State owned/controlled entity	N/A
19	Pakistan Telecommunication Limited	State owned/controlled entity	N/A
20	District Controller of Stores	State owned/controlled entity	N/A
21	Port Qasim Authority	State owned/controlled entity	N/A
22	Sui Northern Gas Pipelines Limited	State owned/controlled entity	N/A
23	Sui Southern Gas Company Limited	State owned/controlled entity	N/A
24	Kot Addu Power Company	State owned/controlled entity	N/A
25	Lahore Electric Supply Company	State owned/controlled entity	N/A
26	National Transmission & Despatch Company	State owned/controlled entity	N/A
27	Water and Power Development Authority	State owned/controlled entity	N/A
28	Gawadar Port Authority	State owned/controlled entity	N/A
29	Directors / Executives / Chief Executive	Key management personnel	0.002

53. NUMBER OF EMPLOYEES

The average and total number of employees during the year and as at June 30, 2021 and 2020 respectively are as follows:

	June 30, 2021	June 30, 2020
	-------(no. of employees)-------	
Average number of employees during the year	641	668
Number of employees as at the end of the year	627	655

54. RECONCILIATION OF LIABILITIES TO CASH FLOWS ARISING FROM FINANCING ACTIVITIES

	June 30, 2021			June 30, 2020		
	Long-term financing	Unclaimed dividend	Lease Liability	Long-term financing	Unclaimed dividend	Lease Liability
	------------------ (Rupees in '000) ------------------					
Balance at beginning of the year	7,345,117	68,987	115,527	9,083,468	60,064	15,511
Changes from financing cash flows						
Proceeds received	-	-	-	-	-	-
Repayment	(1,334,965)	-	(7,329)	(1,758,939)	-	(931)
Lease obligation entered during the year	-	-	-		-	97,049
Dividend paid	-	(288,634)	-	-	(255,204)	-
Total changes from financing activities	(1,334,965)	(288,634)	(7,329)	(1,758,939)	(255,204)	96,118
Other changes						
Amortisation of arrangement fee	8,951	-	-	20,588	-	-
Accretion of interest	-	-	8,410	-	-	3,898
Final dividend for the year ended June 30, 2020	-	297,143	-	-	264,127	-
Total other changes	8,951	297,143	8,410	20,588	264,127	3,898
Balance at end of the year	6,019,103	77,496	116,608	7,345,117	68,987	115,527

55. SUBSEQUENT EVENTS

The Board of Directors in their meeting held on 01 October, 2021 have proposed for the year ended June 30, 2021 cash dividend of Rs 3 per share (2020: Rs 2.25 per share), amounting to Rs 396.190 million (2020: Rs. 297.143 million) subject to the approval of the members at the annual general meeting to be held on 28 October, 2021. These unconsolidated financial statements for the year ended June 30, 2021 do not include the effect of this appropriation which will be accounted for subsequent to the year end.

56. GENERAL

Figures have been rounded off to the nearest thousand of rupees unless otherwise stated.

57. DATE OF AUTHORISATION

These unconsolidated financial statements were authorised for issue on 01 October, 2021 by the Board of Directors of the Corporation.

Syed Jarar Haider Kazmi	Shakeel Ahmed Mangnejo	Khowaja Obaid Imran Ilyas
Chief Financial Officer	Chairman & Chief Executive	Director

Pattern of Shareholding

As at June 30, 2021

# Of Shareholders	Shareholdings'Slab			Total Shares Held
11098	1	to	100	365,299
3218	101	to	500	781,104
892	501	to	1000	675,613
806	1001	to	5000	1,826,656
129	5001	to	10000	959,195
40	10001	to	15000	510,537
27	15001	to	20000	494,342
20	20001	to	25000	463,603
6	25001	to	30000	166,910
5	30001	to	35000	167,500
5	35001	to	40000	195,075
2	40001	to	45000	87,000
3	45001	to	50000	147,500
4	55001	to	60000	235,865
1	65001	to	70000	66,000
1	70001	to	75000	72,000
1	75001	to	80000	77,000
4	85001	to	90000	354,500
1	90001	to	95000	93,000
2	95001	to	100000	200,000
4	115001	to	120000	474,200
1	155001	to	160000	158,812
1	190001	to	195000	195,000
1	195001	to	200000	200,000
1	285001	to	290000	286,500
1	345001	to	350000	346,000
1	430001	to	435000	432,564
1	590001	to	595000	594,707
1	1230001	to	1235000	1,230,173
1	2070001	to	2075000	2,073,014
1	2495001	to	2500000	2,500,000
1	115630001	to	115635000	115,633,710
16280				**132,063,379**

Categories of Shareholders
As at June 30, 2021

Categories of Shareholders	Shareholders	Shares Held	Percentage
Government Holding			
DIRECTOR GENERAL PORT & SHIPPING	1	115,633,710	87.56
Directors and their spouse(s) and minor children			
MR. ANWAR SHAH	1	100	0.00
KHOWAJA OBAID IMRAN ILYAS	1	2,414	0.00
Associated Companies, undertakings and related parties			
MOHAMMADI ENGG. WORKS LTD	1	4,766	0.00
M/S PNSC EMPLOYEES EMPOWERMENT TRUST	1	2,073,014	1.57
KHOWAJA SHAMOUN AHMED ILYAS	1	3,318	0.00
MOHAMMAD KHUSROW KHOWAJA	1	126	0.00
NIT and ICP	13	511,343	0.39
Banks Development Financial Institutions, Non-Banking Financial Institutions	75	717,539	0.54
Insurance Companies	14	1,341,966	1.02
Modarabas and Mutual Funds			
FIRST EQUITY MODARABA	1	15	0.00
M/S. SECOND PRUDENTIAL MODARABA	1	77	0.00
THIRD PRUDENTIAL MODARABA	1	628	0.00
FIRST PRUDENTIAL MODARABA	1	16	0.00
FIRST ALNOOR MODARABA	1	1,000	0.00
CDC - TRUSTEE ALFALAH GHP VALUE FUND	1	47,500	0.04
B.R.R. GUARDIAN MODARABA	1	10,500	0.01
CDC - TRUSTEE ALFALAH GHP ISLAMIC STOCK FUND	1	89,000	0.07
CDC - TRUSTEE HBL MULTI - ASSET FUND	1	13,000	0.01
CDC - TRUSTEE ALFALAH GHP STOCK FUND	1	118,000	0.09
CDC - TRUSTEE ALFALAH GHP ALPHA FUND	1	77,000	0.06
CDC - TRUSTEE NAFA PENSION FUND EQUITY SUB-FUND ACCOUNT	1	12,000	0.01
CDC - TRUSTEE NAFA ISLAMIC PENSION FUND EQUITY ACCOUNT	1	33,500	0.03
CDC-TRUSTEE AL-AMEEN ISLAMIC RET. SAV. FUND-EQUITY SUB FUND	1	26,000	0.02
CDC - TRUSTEE UBL RETIREMENT SAVINGS FUND - EQUITY SUB FUND	1	90,000	0.07
CDC - TRUSTEE NBP ISLAMIC STOCK FUND	1	116,200	0.09
CDC - TRUSTEE NBP ISLAMIC ACTIVE ALLOCATION EQUITY FUND	1	17,000	0.01
CDC - TRUSTEE HBL ISLAMIC ASSET ALLOCATION FUND	1	5,000	0.00
CDC - TRUSTEE AGIPF EQUITY SUB-FUND	1	9,000	0.01
CDC - TRUSTEE ALFALAH GHP ISLAMIC DEDICATED EQUITY FUND	1	25,000	0.02
CDC - TRUSTEE NBP ISLAMIC REGULAR INCOME FUND	1	4,500	0.00
General Public			
a. Local	16,021	10,201,028	7.72
b. Foreign	14	39,800	0.03
Foreign Companies	8	64,886	0.05
Others	107	774,433	0.59
Totals	**16280**	**132,063,379**	**100.00**

Share holders holding 10% or more	Shares Held	Percentage
DIRECTOR GENERAL PORT & SHIPPING	115,633,710	87.56

Notice of Annual General Meeting

Notice is hereby given that the 43rd Annual General Meeting (AGM) of Pakistan National Shipping Corporation (Corporation) will be held on Thursday, the 28th October, 2021 at 1100 hours virtually through video link arrangement to transact the following business:

1. To confirm minutes of the 42nd Annual General Meeting of the Members of the Corporation held on 26th October, 2020.
2. To consider and adopt the audited financial statements of the Corporation and the consolidated financial statements of the PNSC Group together with the reports of Auditors and Directors for the year ended 30th June, 2021.
3. To consider and approve Board's recommendation to pay 30% Cash Dividend (i.e.) Rs. 3.0 per share to the members.
4. To consider appointment of joint auditors of the Corporation for the year ending 2021-2022 and to fix their remuneration.
5. To transact any other business that may be placed before the meeting with the permission of the chair.

By Order of the Board

Muhammad Javid Ansari
Company Secretary

Karachi
Dated: 06th October, 2021

Notes:

i) The Share Transfer Books of the Corporation will remain closed from 22nd October, 2021 to 28th October, 2021 (both days inclusive).

ii) A member entitled to attend and vote at this meeting is also entitled to appoint his/her proxy to attend the meeting. Proxies must be received at the Head Office of the Corporation not less than 48 hours before the time of holding the meeting. **CDC Accounts Holders** will further have to follow the guidelines as laid down in Circular 1, dated January 26, 2000 issued by the Securities & Exchange Commission of Pakistan. The members are requested to promptly notify Share Registrar of the Corporation of any change in their addresses.

A) For Attending Meeting:

i. Keeping in view the threat by the evolving corona virus (COVID-19) situation, particularly in the wake of recent waves covid-19 and the directives of Securities & Exchange Commission of Pakistan vide its Circular No. 4 dated 15 February 2021 and Circular No. 6 dated 03 March 2021, in order to ensure safety and well-being of the members and public at large, special arrangement have been made for AGM which are as under:

ii. AGM will be held through Zoom application – a video link facility.

iii. To attend the meeting, members are requested to get themselves registered with Corporate Affairs & Shares department by providing the following details at the earliest but not later than two working days before the AGM through following means:

Mobile/ WhatsApp: 0300 8272582
E-mail: kashif.fazlani@pnsc.com.pk

Name of Member/ Proxy Holder	CNIC Number	CDC Account No./Folio No.	Mobile Number	Email Address

iv. Upon receipt of the above information from the interested members, the Corporation will send the login credentials at their e-mail address. On the date of AGM login facility will be opened at half hour before the meeting time, members will be able to login and join in the AGM proceedings through their smartphone / computer devices.

v. In view of the above the Members may also provide their comments/suggestions for the proposed agenda items of the AGM at least two working days before AGM by using the aforesaid means. Members are requested to mention their full name, CNIC and CDC/Folio no. for this purpose.

vi. In case of corporate entity, Board of Directors' resolution / power of attorney with specimen signature of the nominee shall be provide to the Corporation in the manner described in para A(iii) above.

B) For Appointing Proxies:

i. In case of individuals, the account holder or sub-account holder is and / or the person whose securities are in group account and their registration detail is uploaded as per the CDC Regulations, shall submit the proxy form as per the above requirement.

ii. The proxy form shall be witnessed by two persons whose names, addresses and CNIC numbers shall be mentioned on the form.

iii. Attested copies of the CNIC or passport of the beneficial owners and the proxy shall be furnished with the proxy form.

iv. In case of corporate entities board of directors' resolution / power of attorney with specimen signature of the nominee shall be submitted along with the proxy form to Corporation in the manner described in para A(iii) above.

C) CNIC / NTN Number on Dividend Warrant (Mandatory)

As has already been notified from time to time, the Securities and Exchange Commission of Pakistan (SECP) vide Notification SRO 275(1)/2016 dated March 31, 2016 read with Notification SRO 19(1)/2014 dated January 10, 2014 and Notification SRO 831(1)/2012 dated July 5,2012 required that the Dividend Warrant(s) should also bear the Computerized National Identity Card (CNIC) Number of the registered member or the authorized person, except in case of minor(s) and corporate member(s). Henceforth, issuance of dividend warrant(s) will be subject to submission of CNIC (individuals) NTN (corporate entitles) by members.

D) Withholding Tax on Dividend (Mandatory)

i. Pursuant to the provision of the Finance Act 2021 the rates of deduction of Income tax from dividend payments under the Income Tax Ordinance, 2001 are as follows:

a)	For filers of income tax returns	15%
b)	For non-filers of income tax returns	30%

ii. Members who are filers, are advised to make sure that their names are entered into latest Active Tax Payers List (ATL) provided on the website of FBR at the time of dividend payment, otherwise they shall be treated as non-fliers and tax on their cash dividend will be deducted at the rate of 30% instead of 15%.

E) Withholding Tax on Dividend In case of Joint Account Holders

i. According to clarification received from Federal Board of Revenue (FBR), withholding tax will be determined separately on 'Filer/Non-Filer' status of Principal member as well as joint-holder(s) based on their shareholding proportions in case of joint accounts.

ii. In this regard all members who hold shares jointly are requested to provide shareholding Proportions of Principal member and Joint-holder(s) in respect of shares held by them to our Share Registrar, in writing as follows:

Corporation Name	Folio/CDS Account No.	Total Status	Principal Member		Joint Member(s)	
			Name & CNIC No	Shareholding proportion (No. Shares)	Name & CNIC No	Shareholding Proportion. (No. of Shares)

iii. The required information must reach our Share Registrar within 10 days of this notice; otherwise it will be assumed that the shares are equally held by Principal Member and Joint Holder(s).

iv. As per FBR Circulars C. No.1 (29) WHT/2006 dated 30 June 2010 and C. No.1 (43) DG (WHT) 2008- Vol. 11-664174-R dated 12 May 2015, the valid exemption certificate is mandatory to claim exemption of withholding tax U/S 150 of the Income Tax Ordinance, 2001 (tax on dividend amount) where the statutory exemption under clause 47B of Part-IV of Second Schedule is available. The members who fall in the category mentioned in above clause and want to avail exemption U/S 150 of the Ordinance, must provide valid Tax Exemption Certificate to our Share Registrar M/s. CDC Share Registrar Services Limited, before book closure otherwise tax will be deducted on dividend as per applicable rates.

v. The corporate members having CDC accounts are required to have their National Tax Number (NTN) updated with their respective participant, whereas corporate physical members should send a copy of their NTN certificate to our Share Registrar M/s. CDC Share Registrar Services Limited,. The members while sending NTN or NTN certificate, as the case may be, must quote Corporation name and their respective folio numbers.

F) Dividend Mandate

i. The provision of Section 242 of the Companies Act, 2017 (the "Act") provides that any dividend declared by a listed company shall only be paid through electronic mode directly into the bank account designated by the entitled members.

ii. Further SECP through Circular No.18/2017 dated 1st August, 2017 has required the listed companies to approach their members for obtaining electronic dividend mandate. In this connection please refer to the Corporation's announcement published in Daily Dawn & Daily Jang previously. Therefore, all Members are hereby advised once again to provide, if not already provided, details of their bank mandates at their earliest in the format also available on PNSC website www.pnsc.com.pk

G) Distribution of Annual Report through CD/DVD/USB.

SECP through its SRO 470(1)/2016 dated May 31, 2016 has allowed companies to circulate their annual accounts to members through CD/DVD/USB at their registered email addresses instead of transmitting the hard copies; The Corporation has obtained members approval in its 38th AGM held on 28th October 2016. However any member may request the Company Secretary in writing to provide a printed copy of the annual report at their registered address, free of cost.

H) Distribution of Annual Report through emails

Further pursuant to S.R.O. 787(1)/2014 dated 8th September 2014 SECP has permitted companies to circulate Annual Audited Financial Statements along with Notice of Annual General Meeting to its members through e-mail. A Standard **Consent Form** is available at the Corporation's website: www.pnsc.com.pk Members, who wish to avail this facility, should send duly filled-in Consent Form along with a copy of CNIC or valid passport (in case of foreign member) to Corporation's Secretary at Registered Office of the Corporation. It will be the responsibility of members to intimate any change in their valid registered email address to the Corporation in timely manner.

I) Unclaimed Dividends & Bonus Shares

i. Members, who by any reason, could not claim their dividend or bonus shares or did not collect their physical shares, are advised to contact our Share Registrar M/s. CDC Share Registrar Services Limited, to collect / enquire about their unclaimed dividend or pending shares, if any.

ii. Please note that in compliance with Section 244 of the Companies Act, 2017, after having completed the stipulated procedure, all dividends unclaimed for a period of three years from the date due and payable shall be deposited to the credit of the Federal Government and in case of shares, shall be delivered to the Securities & Exchange Commission of Pakistan.

iii. In this regard, a Notice dated July 12, 2021 was sent by TCS on the last known addresses of the members to submit their claims within 90 days to the Corporation. In compliance of Section 244 (1) (b) of the Companies Act, 2017 a Notice had also been published on 02nd August 2021 in two daily newspapers i.e. (i) Daily Dawn and (ii) Daily Jang, in English language and Urdu language respectively. The same publication was also posted on PSX website for information of the members.

J) Conversion of Shares from Physical Form to Book-Entry-Form

i. The Securities and Exchange Commission of Pakistan (SECP) has issued a letter No. CSD/ED/Misc./2016-639-640 dated March 26, 2021 addressed to all listed companies referring their attention towards the provision of Section 72 of the Companies Act, 2017 (Act) which requires to all the then existing companies to replace shares issued by them in physical form with shares to be issued in the Book-Entry-form within a period not exceeding four years from the date of the promulgation of the Act.

ii. In order to ensure full compliance with the provisions of the aforesaid Section 72 and to be benefitted of the facility of holding shares in the Book-Entry-Form, the members who still hold shares in physical form are requested to convert their shares in the Book-Entry-Form. In compliance of Section 72 of the Companies Act, 2017 a Notice had also been published on 21st June 2021 in two daily newspapers i.e. (i) Business Recorder and (ii) Daily Khabrain, in English language and Urdu language respectively. The same publication was also posted on PSX website for information of the members.

K) Code of Conduct for Members in General Meeting

I. Pursuant to the provision of Section 215 of Companies Act, 2017(the "Act")

a. A member of a company shall act in good faith while exercising its powers as a member at the general meetings and shall not conduct themselves in a manner that is considered disruptive to proceedings of the meeting.
b. Without prejudice to his rights under this Act, a member of the company shall not exert influence or approach the management directly for decisions which may lead to create hurdle in the smooth functioning of management
c. Any member who fails to conduct in the manner provided in this section and as specified by the Commission shall be guilty of an offence under this section and shall be liable to a penalty not exceeding of level 1 on the standard scale.

II. In compliance with Section 185 of Companies Act, 2017 Corporation shall not distribute gifts in any form to its members in its meeting.

L) Availability of Audited Financial Statements on Corporation's website

The audited financial statements of the Corporation for the year ended 30th June, 2021 will be available in due course on the Corporation's website https://pnsc.com.pk/financial-statements.html

Pakistan National Shipping Corporation

43rd Annual General Meeting – 2021

Form of Proxy

I/We ____

of____ (full address)

being a member of Pakistan National Shipping Corporation and holder of____________________ordinary shares

as per Registered Folio No. _____________here by appoint___________________________

of ____(full address)

or falling him ____

of ____(full address)

as my/our proxy to vote for me/us and on my/our behalf at the 43rd Annual General Meeting of the Corporation to be held on Thursday, October 28th, 2021 at 11:00 am and at any adjournment thereof.

Signed by me/us this ____________day of _____________2021.

Please affix Revenue Stamp of Rs. 5

Witnesses:

1. Signature ____________________

   Name: ____________________

   CNIC No: ____________________

   Address: ____________________

   ____

____

Signature of Member

(Signature should agree with the specimen signature registered with the corporation)

2. Signature ____________________

   Name: ____________________

   CNIC No: ____________________

   Address: ____________________

   ____

Important:

1. A member entitled to attend and vote at this meeting is entitled to appoint a proxy to attend and vote instead of him/her such proxy must be a member of the Corporation.

2. The instrument appointing a proxy and the power of attorney or other authority under which it is signed or a notarially attested copy of power of attorney must be deposited at the Registered Office of the Corporation situated at PNSC Building, Moulvi Tamizuddin Khan Road, P. O. Box No. 5350, Karachi-74000, Pakistan at least 48 hours before the time of the meeting.

3. CDC Shareholders or their Proxies are each requested to attach an attested photocopy of their National Identity Card or Passport with this Proxy Form before submission to the Corporation.

پاکستان نیشنل شپنگ کارپوریشن

تینتالیسواں سالانہ اجلاسِ عام-2021

پراکسی فارم

میں / ہم ____________________

ساکن ____________________ (مکمل پتہ)

پاکستان نیشنل شپنگ کارپوریشن کے ممبر کی حیثیت سے ____________________ عمومی شیئرز کی تحویل رکھتے ہیں۔

رجسٹرڈ فولیو نمبر____________________ میں / ہم بذریعہ ہذا جناب/محترمہ ____________________

ساکن ____________________ (مکمل پتہ)

یا ان کی جگہ جناب / محترمہ ____________________

ساکن ____________________ (مکمل پتہ)

کا تقرر کرتا / کرتی ہوں کہ وہ بروز جمعرات 28 اکتوبر 2021 کو صبح 11:00 بجے یا التوا کی صورت میں کسی بھی دیگر وقت مقررہ پر منعقد ہونے والے کمپنی کے 43 ویں سالانہ اجلاس عام میں میرے / ہمارے پراکسی کی حیثیت سے شرکت کریں اور ووٹ دیں۔

اس پر میری/ ہماری طرف سے ____________________ 2021 کو دستخط کئے گئے۔

5 روپے کا رسیدی ٹکٹ چسپاں کریں

____

ممبر کا دستخط (یہ دستخط کمپنی کے پاس رجسٹرڈ کردہ نمونہ دستخط کے مطابق ہو)

گواہان:-

1 دستخط ____________________

نام ____________________

CNIC نمبر: ____________________

پتہ: ____________________

____

2 دستخط ____________________

نام ____________________

CNIC نمبر: ____________________

پتہ: ____________________

____

اہم نوٹ:

1) اجلاس ہذا میں شرکت کرنے اور ووٹ دینے کا اہل ممبر اپنی جانب سے شرکت اور ووٹ دینے کے لیے کسی دوسرے فرد کو اپنا پراکسی مقرر کرسکتا ہے۔ پراکسی کا کمپنی کا ممبر ہونا لازمی ہے۔

2) پراکسی دستاویز اور پاور آف اٹارنی جس کے تحت اس پراکسی پر دستخط کیے گئے ہوں یا اس پاور آف اٹارنی کی نوٹری سے تصدیق شدہ نقل، اجلاس کے مقررہ وقت سے کم از کم 48 گھنٹے قبل کمپنی کے رجسٹرڈ دفتر بمقام مولوی تمیز الدین خان روڈ، پی او بکس نمبر-5350، کراچی 74000 میں جمع کروائی جائیں۔

3) CDC شیئرز ہولڈرز یا ان کے پراکسیز اپنے اصل قومی شناختی کارڈ یا پاسپورٹ کی تصدیق شدہ نقل اس پراکسی فارم کو کمپنی میں جمع کروانے سے قبل ساتھ منسلک کریں۔

Electronic Payment of Cash Dividends

To Date: ___________________

SUBJECT: Bank account details for payment of Dividend through electronic mode

Dear Sir / Madam,

I/We/Messers.,____, being a / the shareholder(s) of **Pakistan National Shipping Corporation** (the "Corporation"), hereby, authorize the Corporation, to directly credit cash dividends declared by it, if any, in my/ our bank account as detailed below:

(i) Shareholder's details:	
Name of Shareholder	
CDC Participant ID & Sub-Account No./CDC IAS/Folio No.	
CNIC/NICOP/Passport/NTN No. (please attach copy)	
Contact Number (Landline & Cell Nos.)	
Shareholder's Address	
(ii) Shareholder's Bank Account details:	
Title of Bank Account	
IBAN (See Note 1 below)	
Bank's Name	
Branch Name & Code No.	
Branch Address	

It is stated that the above particulars given by me / us are correct and I/we shall keep the Corporation informed in case of any change(s) in the said particulars in future.

Yours truly,

____

Signature of Shareholder
(Please affix company stamp in case of a corporate entity)

Note:

1. Please provide complete IBAN, after checking with your concerned bank/branch to enable electronic credit directly into your bank account.
2. In case of shares held in electronic form, this letter must be sent to shareholder's participants/CDC Investor Account Services which maintains his/her CDC account for incorporation of bank account details for direct credit of cash dividend declared by PNSC from time to time.
3. In case of shares held in paper certificate form, this letter must be sent to the Corporation's Share Registrar, CDC Share Registrar Services Limited, CDC House, 99-B, Block 'B', S.M.C.H.S. Main Shahra-e-Faisal, Karachi.

Pakistan National Shipping Corporation

ANNUAL REPORT 2021

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