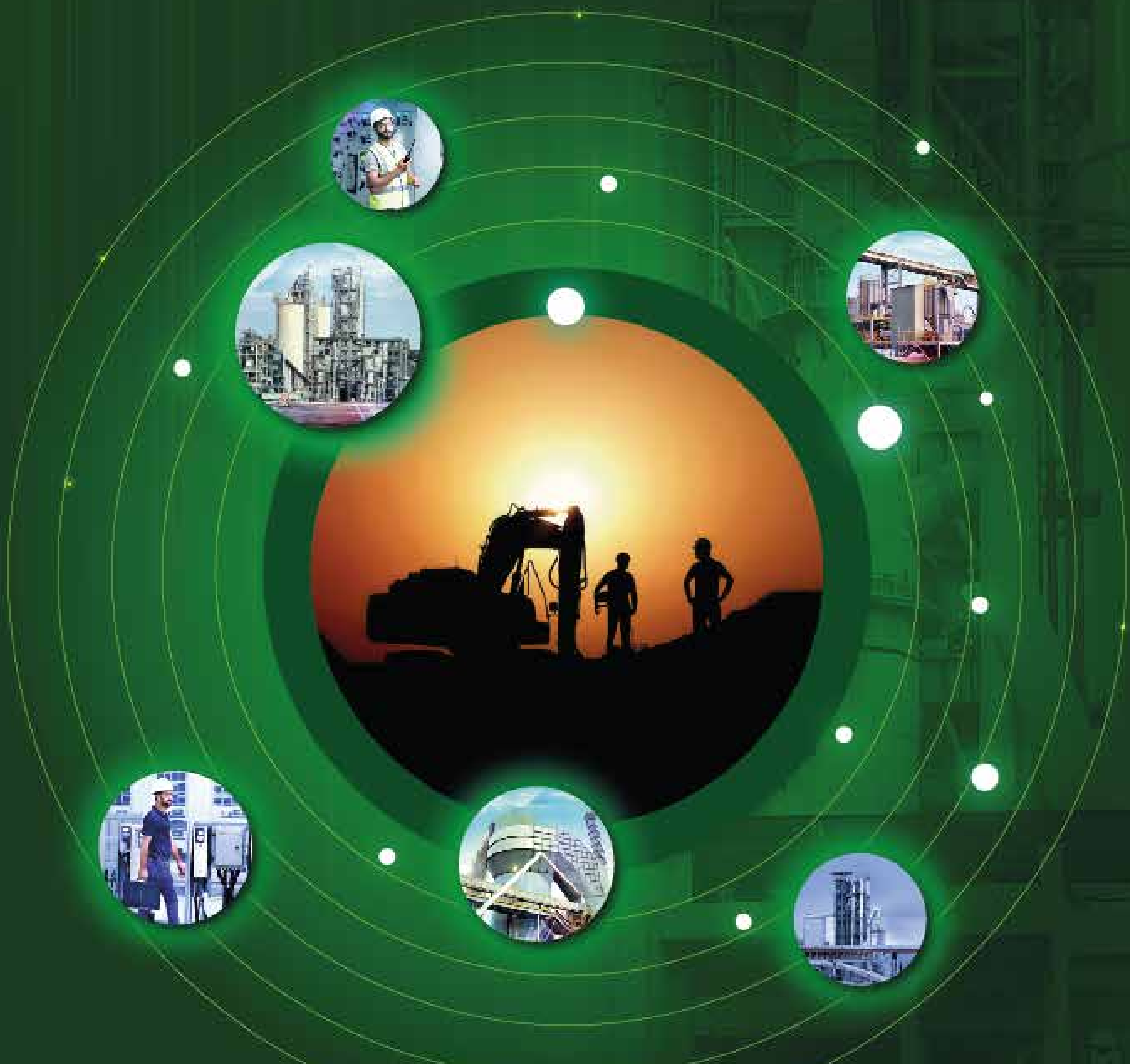
MAPLE LEAF CEMENT



ANNUAL REPORT 2020


"At Maple Leaf Cement entity,
the right way to predict your
future is to create it today as
we are not afraid of tomorrow,
for we have seen yesterday
and therefore we Love today
for our future"

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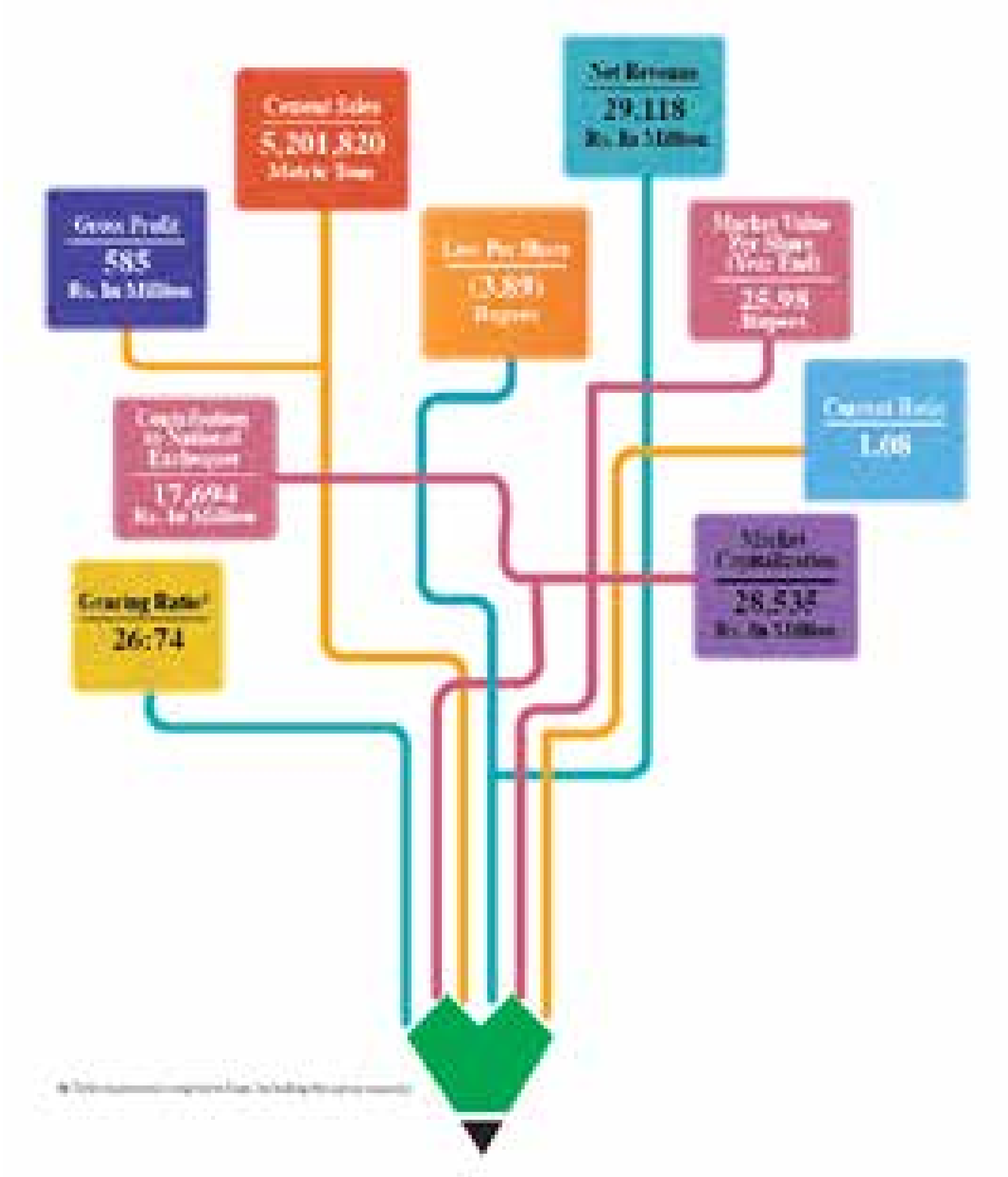


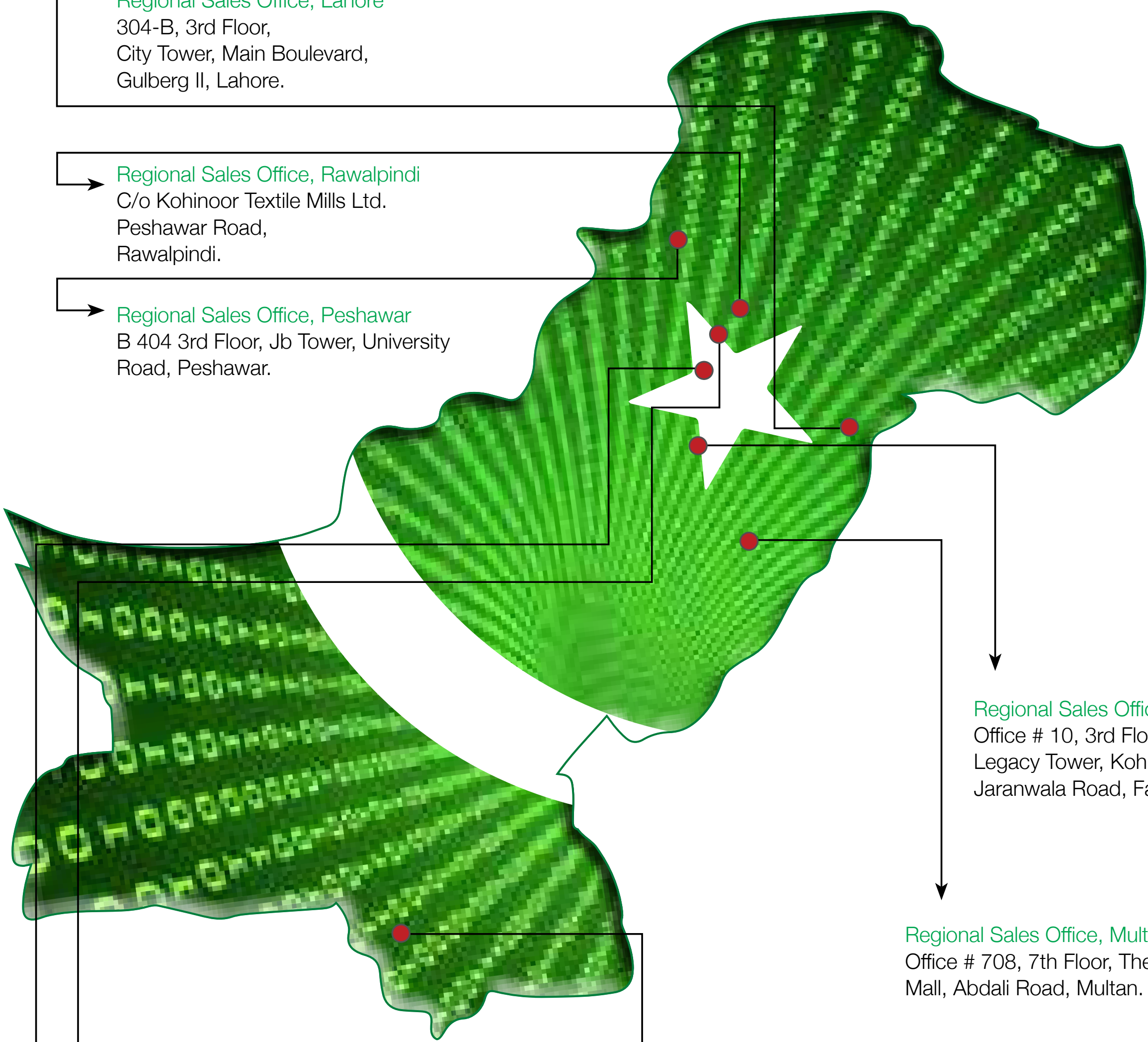
GEOGRAPHICAL
PRESENCE

Head Office
42 - Lawrence Road, Lahore

Regional Sales Office, Lahore
304-B, 3rd Floor,
City Tower, Main Boulevard,
Gulberg II, Lahore.

Regional Sales Office, Rawalpindi
C/o Kohinoor Textile Mills Ltd.
Peshawar Road,
Rawalpindi.

Regional Sales Office, Peshawar
B 404 3rd Floor, Jb Tower, University
Road, Peshawar.



Regional Sales Office, Faisalabad
Office # 10, 3rd Floor,
Legacy Tower, Kohinoor City,
Jaranwala Road, Faisalabad.

Regional Sales Office, Multan
Office # 708, 7th Floor, The United
Mall, Abdali Road, Multan.

Plant
Iskanderabad Distt: Mianwali.

Regional Office, Karachi
25 West Wharf Road, Karachi.

Regional Sales Office, Sargodha
Office No. 59, 2nd Floor,
Al Rehman Trade Centre,
University Road,
Sargodha.

PRINCIPAL BUSINESS ACTIVITIES

Maple Leaf Cement Factory Limited (MLCFL) is part of the Kohinoor Maple Leaf Group which is a reputable manufacturer of textile and cement in Pakistan. Maple Leaf Cement is the largest single cement production site in Pakistan. It is one of the pioneers of cement industry in Pakistan and in 1956 it was formed by the collaboration between the West Pakistan Industrial Development Corporation and the Government of Canada. Currently, the Company operates via three production lines for the production of grey cement and one line for white cement in which it owns more than 90% market share. All four lines are owned assets of the Company. Total installed capacity for clinker production is 5,550,000 tons annually.

The Company markets and sales its products all over Pakistan with market presence mainly in North and Central regions. The Company also exports cement to Afghanistan, Middle East and other African countries.

LEADING EDGE PRODUCTION CAPABILITIES

Today with a current clinker production capacity of 18,500 tons per day we stand as the largest single cement manufacturing unit at single site in Pakistan. Our production plants are powered by cutting edge technology that helps us dominate local & International markets.

Maple Leaf Cement has at present two separate plants for Grey and White Cement; each with dedicated production lines within the same facility that ensure a continuous supply of cement 24/7-330 days a year.

We have kept ourselves abreast of global improvements in the cement manufacturing technologies and processes. Staying true to our mantra of technological excellence, another state of the art fuel-efficient dry process plant based on the FLSmidth technology has been added to the existing production facilities, thereby enhancing the total clinker production capacity to approximately 5.55 million tons annually.

FLSmidth is a global engineering company based in Copenhagen, Denmark which is a leading provider of one-source cement production plants worldwide and has a presence in more than 40 countries.

MLCFL has a team of over 1,500 professionals and highly skilled workers that make us what we are today.

NATURALLY ENRICHED

Our factory is situated at Daud Khel, Punjab, near the Salt Range, it is surrounded by the finest quality of raw materials; limestone, clay and gypsum. These valuable resources are quarried from the mineral rich mountain ranges located at our manufacturing site. To ensure uninterrupted supply, the Company has strategically built separate production plants for Grey and White Cement in this area.

OUR PRODUCTS AND MARKETS

OUR PRODUCTS

To cater to varying needs of the market, the Company produces the following types of cement:-

i) Ordinary Portland Cement
ii) Sulphate Resistant Cement
iii) Low Alkali Cement
iv) White Cement
v) Wall Coat

The varying products allow us to cater different types of customers from household to contractors to Government infrastructure needs as the composition of cement required by each is different.

OUR MARKETS

Our key market consists of all the regions of Pakistan which contributed 96.5% of our total sales volume during current financial year. We operate in local market through direct orders, distributors, dealers and retailers. Our products are considered to be a premium brand and first choice by our customers.

Our Export team consists of seasoned and competent personnel who are persistently exploring new markets and avenues to bolster sales margins. Having a global footprint is imperative if a Company seeks to grow to its utmost potential. Despite facing massive competition in the international arena from technologically advanced nations, the Company persevered and contracted favourable export deals in various markets. During the year, export sales quantity constituted 3.5% of total sales. The Company sold its products to the following countries:

- Afghanistan
- Oman
- Seychelles
- Tanzania
- Mozambique
- Qatar
- Comoros
- Madagaskar
- Nigeria
- Srilanka
- Malawi

COMPANY INFORMATION

Board of Directors
Mr. Tariq Sayeed Saigol .... Chairman
Mr. Sayeed Tariq Saigol .... Chief Executive
Mr. Taufique Sayeed Saigol
Mr. Waleed Tariq Saigol
Mr. Danial Taufique Saigol
Ms. Jahanara Saigol
Mr. Shafiq Ahmed Khan
Mr. Zulfikar Monnoo
Syed Mohsin Raza Naqvi

Executive Directors
Mr. Sohail Sadiq .... Finance
Mr. Yahya Hamid .... Marketing

Audit Committee
Mr. Shafiq Ahmed Khan......................... Chairman
Mr. Zulfikar Monnoo................................ Member
Mr. Waleed Tariq Saigol........................... Member
Mr. Danial Taufique Saigol........................ Member

Human Resource & Remuneration Committee
Mr. Shafiq Ahmed Khan......................... Chairman
Mr. Zulfikar Monnoo................................ Member
Mr. Danial Taufique Saigol........................ Member

Chief Financial Officer
Syed Mohsin Raza Naqvi

Company Secretary
Mr. Muhammad Ashraf

Chief Internal Auditor
Mr. Zeeshan Malik Bhutta

Bankers of the Company
Allied Bank Limited
Askari Bank Limited
Bank Alfalah Limited
Bank Al-Habib Limited
BankIslami Pakistan Limited
Albaraka Bank Limited
Dubai Islamic Bank Limited
Faysal Bank Limited
FINCA Microfinance Bank Limited
Habib Bank Limited
Habib Metropolitan Bank Limited
MCB Bank Limited
MCB Islamic Bank Limited
Meezan Bank Limited
National Bank of Pakistan
PAIR Investment Company Limited
Samba Bank Limited
Silk Bank Limited
Soneri Bank Limited
Standard Chartered Bank (Pakistan) Limited
Summit Bank Limited
The Bank of Punjab
U Microfinance Bank Limited
United Bank Limited

Auditors
KPMG Taseer Hadi & Co.
Chartered Accountants
351 Shadman-1, Jail Road, Lahore, Pakistan.
Tel: +92 42 111-KPMGTH (576484)
Fax: +92 42 37429907

Legal Adviser
Mr. Abdul Rehman Qureshi - Advocate High Court

Registered Office
42-Lawrence Road, Lahore.
Phone: +92 42 36278904-5
Fax: +92 42 36368721
E-mail: mohsin.naqvi@kmlg.com

Factory
Iskanderabad, District: Mianwali
Phone: +92 459 392237-8

Call Centre (24/7)
0800-41111

Share Registrar
Vision Consulting Ltd
Head Office: 3-C, LDA Flats, First Floor,
Lawrence Road, Lahore
Phone: +92 42 36283096-97
Fax: +92 42 36312550
E-mail: shares@vcl.com.pk

Company Website:
www.kmlg.com

Note:
MLCFL's Financial Statements are also available at the above website.

VISION STATEMENT

The Maple Leaf Cement Factory stated vision is to achieve and then remain as the most progressive and profitable Company in Pakistan in terms of industry standards and stakeholders' interest.

MISSION STATEMENT

The Company shall achieve its vision through a continuous process of having sourced and implemented the best leading edge technology, industry best practice, human resource and by conducting its business professionally and efficiently with the responsibility to all its stakeholders and community.

CORE VALUES

Maple Leaf Cement Factory Limited is committed to be an ethical and a responsible member of the business communities in which it operates. The Company always endeavours to ensure that highest standards of honesty, integrity and ethics are maintained.

CROSS FUNCTIONALITY

Cross functional teams often function as self-directed teams in order to achieve common goals.

COLLECTIVE WISDOM

For sharing knowledge, innovative ideas, experience & individual expertise with others to attain common objectives.

CREATIVE THOUGHT PROCESS

Out of the box ideas.

EMPATHY

Ability to understand & share feelings of others. Put oneself in someone else's shoes.

INTEGRITY

Adherence to moral & ethical principles; soundness of moral character & honesty.

CORPORATE STRATEGY

We, at Maple Leaf Cement Factory Limited, manufacture and market different types of consistently high quality cement, according to the demanding requirements of the construction industry. Our strategy is to be competitive in the market through quality and efficient operations. As a responsible member of the community, we are committed to serve the interests of our stakeholders and contribute towards the prosperity of the Country.

CULTURE

The Company is committed to build a strong organizational culture that is shaped by empowered employees who through collective wisdom will create a cross-functional work environment in line with Company's vision and values. Maple Leaf Cement Factory Limited is committed to be an ethical and a responsible member of the business communities in which it operates. The Company always endeavours to ensure that highest standards of honesty, integrity and ethics are maintained.

CODE OF BUSINESS CONDUCT AND ETHICAL PRINCIPLES

The following principles constitute the code of conduct which all Directors and employees of Maple Leaf Cement Factory Limited are required to apply in their daily work and observe in the conduct of Company's business.

While the Company will ensure that all employees are fully aware of these principles, it is the responsibility of each employee to implement the Company's policies. Contravention is viewed as misconduct.

The code emphasizes the need for a high standard of honesty and integrity which are vital for the success of any business.

ETHICAL PRINCIPLES

1. Directors and employees are expected not to engage in any activity which can cause conflict between their personal interest and the interest of the Company such as interest in an organization supplying goods/ services to the company or purchasing its products. In case a relationship with such an organization exists, the same must be disclosed to the Management.

2. Dealings with third parties which include Government officials, suppliers, buyers, agents and consultants must always ensure that the integrity and reputation of the Company is not in any way compromised.

3. Directors and employees are not allowed to accept any favours or kickbacks from any organization dealing with the Company.

4. Directors and employees are not permitted to divulge any confidential information relating to the Company to any unauthorized person. Nor should they, while communicating publicly on matters that involve Company business, presume to speak for the Company unless they are certain that the views they express are those of the Company and it is the Company's desire that such views be publicly disseminated.

5. All employees share a responsibility for the Company's good public relations particularly at the community level. Their readiness to help with religious, charitable, educational and civic activities is accordingly encouraged provided it does not create an obligation that interferes with their commitment to the Company's best interests.

6. The Company has strong commitment to the health and safety of its employees and preservation of environment and the Company will persevere towards achieving continuous improvement of its Health, Safety and Environment (HSE) by reducing potential hazards, preventing pollution and improving awareness. Employees are required to operate the Company's facilities and processes keeping this commitment in view.

7. Commitment and team work are key elements to ensure that the Company's work is carried out effectively and efficiently. Also all employees will be equally respected and actions such as sexual harassment and disparaging remarks based on gender, religion, race or ethnicity will be avoided.

HISTORY OF MAPLE

1956 MLCFL was established by the West Pakistan Industrial Development Corporation (WPIDC) and incorporated as "Maple Leaf Cement Factory Limited". The capacity of the plant was 300,000 tons clinker per annum.

1967 A company with the name of "White Cement Industries Limited" (WCIL) was established with the clinker capacity of 15,000 tons per annum.

1974 Under the WPIDC Transfer of Projects and the Companies Act, 1913, the management of two companies namely, MLCFL and WCIL were transferred to the newly established State Cement Corporation of Pakistan (SCCP).

1983 SCCP expanded WCIL's white cement plant by adding another unit of the same capacity parallel to the existing one; it increased total capacity to 30,000 tons clinker per annum.

1986 SCCP set up another production unit of grey cement under the name of Pak Cement Company Limited (PCCL) with a capacity of 180,000 tons per annum.

1992 MLCFL, WCIL and PCCL were privatized and transferred to the KMLG. All three companies were merged into Maple Leaf Cement Factory Limited on July 01, 1992.

1994 The Company was listed on all Stock Exchanges in Pakistan.

1998 A separate production line for grey portland cement of 990,000 tons per annum clinker capacity based on most modern dry process technology was installed.

2000 Maple Leaf Electric Company Limited, a power generation unit, was merged into the Company.

2004 The coal conversion project at new dry process plant was completed.

2005 Dry process plant capacity was increased from 3,300 tons per day (tpd) to 4,000 tpd through debottlenecking and up-gradation of equipment and necessary adjustments in operational parameters.

2006 A project to convert the existing wet process line to a fuel-efficient dry process white cement line commenced its commercial production. Profit after tax was reported PKR 1,059 million.

2007 The Company undertook another expansion project of 6,700 tpd grey clinker capacity which commenced its commercial production on November 01, 2007.

2008 Two existing lines of white cement 50 tpd each clinker capacity converted into oil well cement plant which started its commercial production.

2011 The Company successfully started Waste Heat Recovery Boiler Plant.

2012 The Company started earning profit and recorded PKR 496 million profit after tax.

2013 The Company earned the highest ever record profit after tax of PKR 3,225 million.

2014 The Company and Pakistan Railway signed an agreement to transport coal and cement from Karachi to Daudkhel and vice – versa.

2015 The Company recorded the highest ever turnover of PKR 20,720 million as well as profit after tax of PKR 3,454 million. The Company reduced its debt burden by 46% as compared with last year.

2016 The Company yet again recorded the highest ever turnover quantitatively (3.34 million tons) and value wise (PKR 23.432 billion), as well as highest profit after tax of Rs. 4.88 billion. The Company paid off its Rs. 8 billion debt in third quarter of the financial year much earlier than the deadline of December 2018. The Company also established a wholly owned subsidiary, Maple Leaf Power Limited, for the establishment and commissioning of a 40 MW coal fired power plant.

2017 Record cement sales amounting to Rs.23.9 billion were made during the year with total dispatches crossing 3.36 million tons. The Company announced another expansion project of 7300 tpd grey clinker.

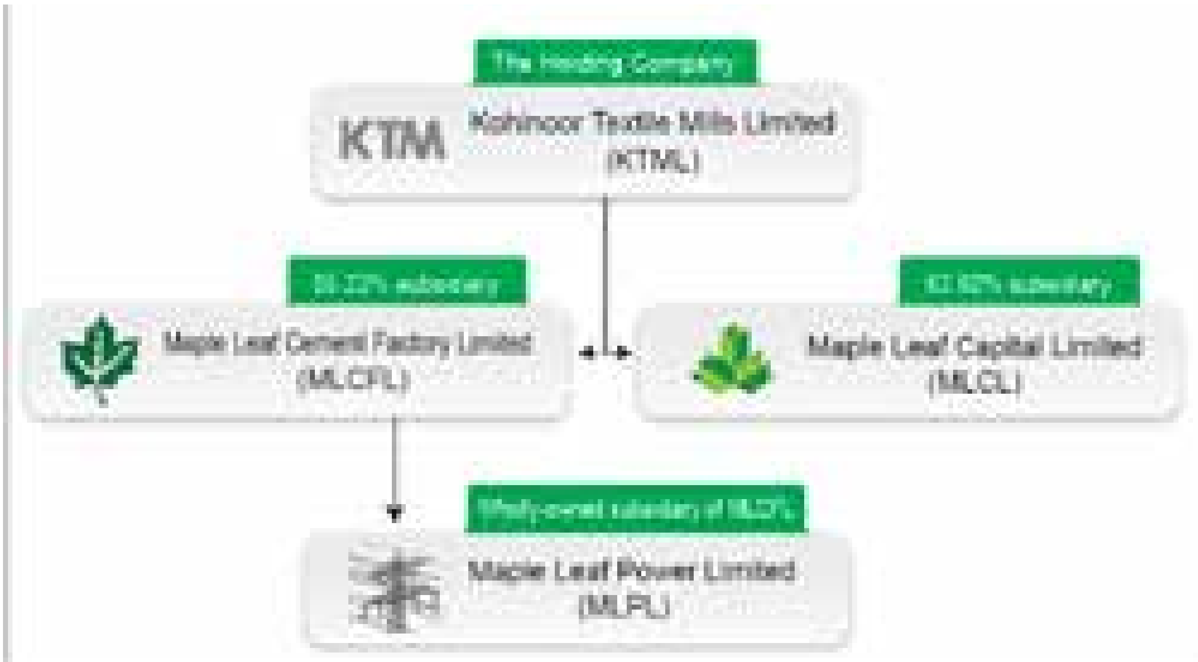
2018 The Company crossed Rs. 25 billion Net Sales Revenue benchmark stemming from a record 18.96% growth in local dispatches. 40 MW coal-fired power project, installed and operated by wholly-owned subsidiary Maple Leaf Power Limited, also started commercial production. Moreover, 12.5% Right issue amounting Rs. 4.3 billion to partially finance new line of grey cement was successfully subscribed.

2019 The Company has reached a new milestone of Rs.26 billion Sales Revenue. Also, a new production line having capacity of 7,300 tpd of grey clinker production, a brown field expansion at the Company's existing site at Iskandarabad has started its commercial operations. As a result of this expansion, total grey clinker capacity has increased to 18,000 tpd.

2020 The Company has achieved another milestone with the highest ever sales revenue of Rs.29 billion and the highest ever sales quantity of 5.2 million tons of cement. The Company raised Rs. 6.06 billion by Right issue to make early repayments of its loan obligations.

COMPANY PROFILE
AND GROUP STRUCTURE

Maple Leaf Cement Factory Limited is a part of Kohinoor Maple Leaf Group (KMLG). KMLG comprises of two listed public limited companies i.e. Kohinoor Textile Mills Limited (KTML) and Maple Leaf Cement Factory Limited (MLCFL) and two unlisted public limited companies i.e. Maple Leaf Capital Limited (MLCL), and Maple Leaf Power Limited (MLPL). The Group companies are ranked amongst the top companies in the cement, textile, power and investment sectors.



Maple Leaf Cement Factory Limited (MLCFL) was incorporated in Pakistan on 13 April 1960 under the Companies Act, 1913 (now the Companies Act, 2017) as a public company limited by shares. The Company is listed on Pakistan Stock Exchange. The cement factory is located at Iskanderabad District Mianwali in the province of Punjab. The principal activity of the Company is production and sale of cement. The Company is a subsidiary of Kohinoor Textile Mills Limited ("the Holding Company").

Maple Leaf Power Limited (MLPL) was incorporated in Pakistan on 15 October 2015 under the Companies Ordinance 1984 (now the Companies Act, 2017) as a public company limited by shares. The principal objective of MLPL is to develop, operate and maintain electric power generation plant in connection therewith to engage in the business of generation, sale and supply of electricity. MLPL is wholly-owned subsidiary of MLCFL.

Kohinoor Textile Mills Limited (KTML) is a public limited company incorporated in Pakistan under the Companies Act, 1913 (now the Companies Act, 2017) and listed on Pakistan Stock Exchange Limited. The registered office of the Company is situated at 42-Lawrence Road, Lahore. The principal activity of KTML is manufacturing of yarn and cloth, processing and stitching the cloth and trade of textile products.

Maple Leaf Capital Limited (MLCL) was incorporated in Pakistan on 25 April 2014 under the Companies Ordinance 1984 (now the Companies Act, 2017) as a public company limited by shares. The principal object of MLCL is to buy, sell, hold or otherwise acquire or invest its capital in any sort of financial instruments. MLCL is a subsidiary of KTML. On 30 June 2020 Kohinoor Capital Limited (KCL), a company limited by shares and subsidiary of MLCL was merged into MLCL.

VALUE CHAIN ANALYSIS

MLCFL principal business activity is to produce and sell cement products. Manufacturing cement involves blending a mixture of limestone and other minerals at a high temperature in kilns. Diesel is used to initially fire the kiln whereas coal is used to heat the kiln at desired temperature.

On the upstream part of value chain, raw material for cement manufacturing includes limestone, gypsum, clay, iron ore etc which mainly are excavated from mines either directly by the Company or through contractors. These materials are first excavated from mountains obtained on lease from the Minerals department, against which royalty is paid on a monthly basis. Coal used as fuel in the process is one of the major cost ingredients. MLCFL directly imports high quality coal from South Africa for use in the manufacturing process.

MLCFL has invested in maintaining a smooth flow of operations. The company has implemented a proactive approach to mitigate its risk of disruptions in the production process. The Reliability Centered Maintenance (RCM) team is specialized in using various maintenance techniques such as predictive, preventive and proactive maintenance to keep in pace all the machinery and equipment for their adequate functionality and to increase cost effectiveness, machine uptime, and a greater understanding of the level of risk that the organization is presently managing. At MLCFL, the mining, grinding, crushing and blending processes are strictly monitored by highly qualified specialists, to ensure that the best possible product is manufactured for our valued customer.

Facilitating downstream along the value chain, MLCFL has its own 24/7 Customer Service Centre, first ever in the history of the Pakistani cement industry. The objective of this service is to bring MLCFL a step closer towards our valued customers. Customers can obtain any information pertaining to our Company, our products, order dispatch details, payment history and for complaints/suggestions, direct access to the top management.

Through efficient use of its marketing strategy, MLCFL is creating a pull effect by locking-in its customers and is consequently able to tap the potential markets proactively. Various activities focusing on engaging the dealers and even the masonry staff have been initiated by the Company. Such activities encourage the dealers and masons to recommend the product portfolio of MLCFL. We in collaboration with TEVTA have created a pool of highly skilled masons through the Master Mistri Program.

Value chain analysis has enabled MLCFL to identify its core competencies and to identify key stakeholders in the process of the value creation as well as those along the upstream and downstream value chain. Moreover, this analysis has helped MLCFL in identifying the activities which add value for its customer and also to evaluate its competitive positioning in industry.

COMPETITIVE LANDSCAPE AND MARKET POSITIONING

The Company's competitive landscape and market positioning is described below:

THREAT OF NEW COMPETITION

The cement sector in Pakistan is heavily dependent upon the nature and state of the economy of the nation where production capacity and ultimate dispatch is pegged towards demand and current PSDP's allocation by the government. Given the external circumstances, the industry has shifted towards the mature phase of its product life cycle in which competition is high, demand is stagnant and key players are firmly established.

Furthermore, the cement sector by its natural design has high barriers to entry where having economies of scale is paramount. Capital investment requirements and business set up costs remain exorbitant and access to key distribution channels and raw material is essential to success.

Cumulating all above factors, it is highly unlikely for new players to enter the market.

THREAT FROM SUBSTITUTE PRODUCTS

To say that cement as a product has shaped the world of today won't be an overstatement. Infrastructure, may it be housing, roads, towering skyscrapers, bridges, dams, or even the Wonders of the World, wouldn't have been possible without cement.

From a commercial perspective there is no direct substitute of cement.

BARGAINING POWER OF CUSTOMERS

Generally, cement in Pakistan is not directly sold to end consumers. The manufacturing company sells the product to registered distributors, dealers and retailers who further the supply to the end consumers.

MLCFL endeavours to add more dealers to its customer base with whom the Company enjoys a healthy, mutually beneficial relationship based on trust and honouring of business terms.

The Company has established a 24/7 call center to stay in touch with all its stakeholders. All the queries, order inquiries and grievances (if any) are addressed on real-time basis. Furthermore, the Company has employed a marketing and branding team which organizes events and makes real time visits to its dealers to further strengthen the bond of loyalty and inspire unity.

BARGAINING POWER OF SUPPLIERS

It is common practice for large manufacturing concerns to enjoy a wide supplier base who are keen to do business with it, MLCFL being no exception. The Company has been doing business with a large list of approved vendors on its panel, having a history of professional business ethics, to maintain a healthy competition. Thus the Company enjoys a privileged bargaining power while keeping the business norms intact. The Company has an extensive vendor selection process in place which is supervised by the Audit Department to ensure transparency and fairness.

Raw material is obtained through long term lease contracts with Mines and Mineral Department, Government of the Punjab. Sufficient letter of credit lines are available to facilitate ease of business with foreign suppliers. Whereas, fuel and other input materials are purchased after extensive market research and negotiation to protect the Company's interests.

INTENSITY OF COMPETITIVE RIVALRY

Competitive forces are fairly strong in the cement sector which consists of rival companies aggressively competing with one another on price and market share. The cement companies are geographically situated all over in Pakistan that results in intensified competition as far as market share and price are concerned. MLCFL has continuously been working hard to maintain its brand loyalty, market share expansion, efficient supply chain and superior quality products.

MLCFL has always been the first priority of cement consumers due to its superior quality products giving an edge to the Company in the intensive competitive environment.

BUSINESS MODEL

Maple Leaf Cement Factory Limited (MLCFL) is a Public Listed Company engaged in the manufacture of cement products. The Company aims to maximize shareholder value by adopting a unique marketing mix strategy which offers superior quality products at competitive prices through our vast dealership network. Through smart and efficient Marketing, the Company solidifies its hold in a vastly competitive market to certify that Maple leaf is a renowned symbol of trust and ethical integrity. Management stringently monitors its KPIs to measure and predict drivers of change to design innovative emergent strategies to better explore potential opportunities and mitigate business risks.

SIGNIFICANT FACTORS EFFECTING EXTERNAL ENVIRONMENT AND MLCFL'S RESPONSE

External Component	Factors	Organizational Response
Political	• The decline in GDP growth, significant cut in PSDP and bleak economic situation. • Prolonged political unrest badly impacting the performance of Pakistan Stock Exchange (PSX).	• Management proactively plans for different demand scenarios with the help of budgeting, forecasts and projections. • Exploring new export markets to efficiently utilize production capacities in response to reduction in sales volumetric growth in local market. • Regular market analysis by senior management and the board. • Conducting corporate briefings and roadshows, both at national and international level, to mitigate the impact of government policies and actions on the market capitalization of the company. It further helped increase and sustain foreign shareholding in the total capital structure of the company.
Economical	• Price hike in major input costs especially fuel, power and packing materials. • Devaluation of local currency. • Inflation. • Inconsistent economic policy	• Commencement of commercial production of coal fired power project has resulted in a handsome decline in the overall power cost pool, which led to a reduction in per ton power cost. • The Company met price hikes in input costs by; a) Efficient procurement of coal and pet coke on account of better negotiation. b) Transportation cost, being a major component of overall overhead cost, is curtailed by transportation agreement with Pakistan Railways. c) Effective inventory management by meticulously reviewing inventory-holding periods. d) Cost reduction initiatives to control production and non -production related fixed costs.

External Component	Factors	Organizational Response
Social	• Stakeholders' inclination towards CSR compliant organizations. • Better retention in organizations offering affordable health and educational facilities. • Attitude change towards welfare of public at large.	• Ensuring compliance with all requirements of Corporate Social Responsibility (CSR). • The Company has built a state of the art hospital at its plant site in collaboration with Al-Shifa Islamabad to provide health facilities to employees and general public. Furthermore, the Company has contributed to educational facilities for public at large "Al-Aleem medical college in Ghulab Devi Educational Complex. The construction of the said institute is at full swing and progress is monitored by a committee consisting of Company directors and other stakeholders. • The Company regularly contributes a handsome amount of donation towards hospitals, schools, mosques and sports centers.
Technological	• Technical obsolescence of production facilities. • Continuous development of information technology infrastructures and Management Information Systems (MIS) software. • Communication infrastructure.	• The Company has the most novel European plant from FLSmidth to avoid any risk of technical obsolescence. Additionally, company has added a new grey cement line from the same vendor. • The Company continuously invests in the robust hardware and software for system up-gradation and MIS. The Company has managed ERP and EAM modules for meeting latest reporting needs. • The Company has developed a highly interactive Supply Chain Management Software that has been designed to track shipments and create online orders. • The Company has ensured the provision of latest Microsoft outlook software to meet communication needs of all company personals internally and with all external stakeholder groups.

External Component	Factors	Organizational Response
Environmental	• Attitude towards and support for renewable energy. • Air pollution & deforestation • Lowering of underground water belt. • Growing attention towards "green" attitudes • Global pandemic e.g. Covid-19	• Company is successfully operating waste heat recovery project (WHRP) for electricity generation from emitted heat of the kilns. • Planting trees to limit the emission of harmful gases in the atmosphere and to ensure maintenance and lifting up the underground water level by reducing the evaporation process. • The company has been approved the standards of ISO 14001 and ISO 18001 for complying with an effective Environmental Management System (EMS) and Occupational Health and Safety Assessment Series (OHSAS) requirements. • The Company has responded to the global pandemic e.g. Covid-19 by thoroughly following all the SOPs and guidelines as advised by World Health Organization (WHO) and the Government of Pakistan. The Company's operations have been continued during pandemic while keeping the employees' health & safety as first priority.
Legal	• Enforcement of new Companies Act 2017. • Continuous amendment in the provisions of Income Tax Ordinance 2001 and Sales Tax Act 1990 resulting from finance bill on annual basis. • Amendments in the requirements of code of corporate governance, Pakistan Stock Exchange rules and the requirements of SECP Act. • Severe FBR actions to deter non- compliance and late payments. • Amendments in employment laws and industrial relations regulations.	• Company has engaged an efficient team of professionals to ensure compliance with all enacted and or substantially enacted statutes, acts and ordinances. It further equips the company with an up to date knowledge of all prevailing legal requirements. • Company ensures that all taxes and duties payments, whether income tax or sales tax, are made timely by having an effective cash management system in place. • The company has equipped itself with a competent legal team to make itself updated on employment and industrial laws. It further helps the management in complying with requisite updates on timely basis.

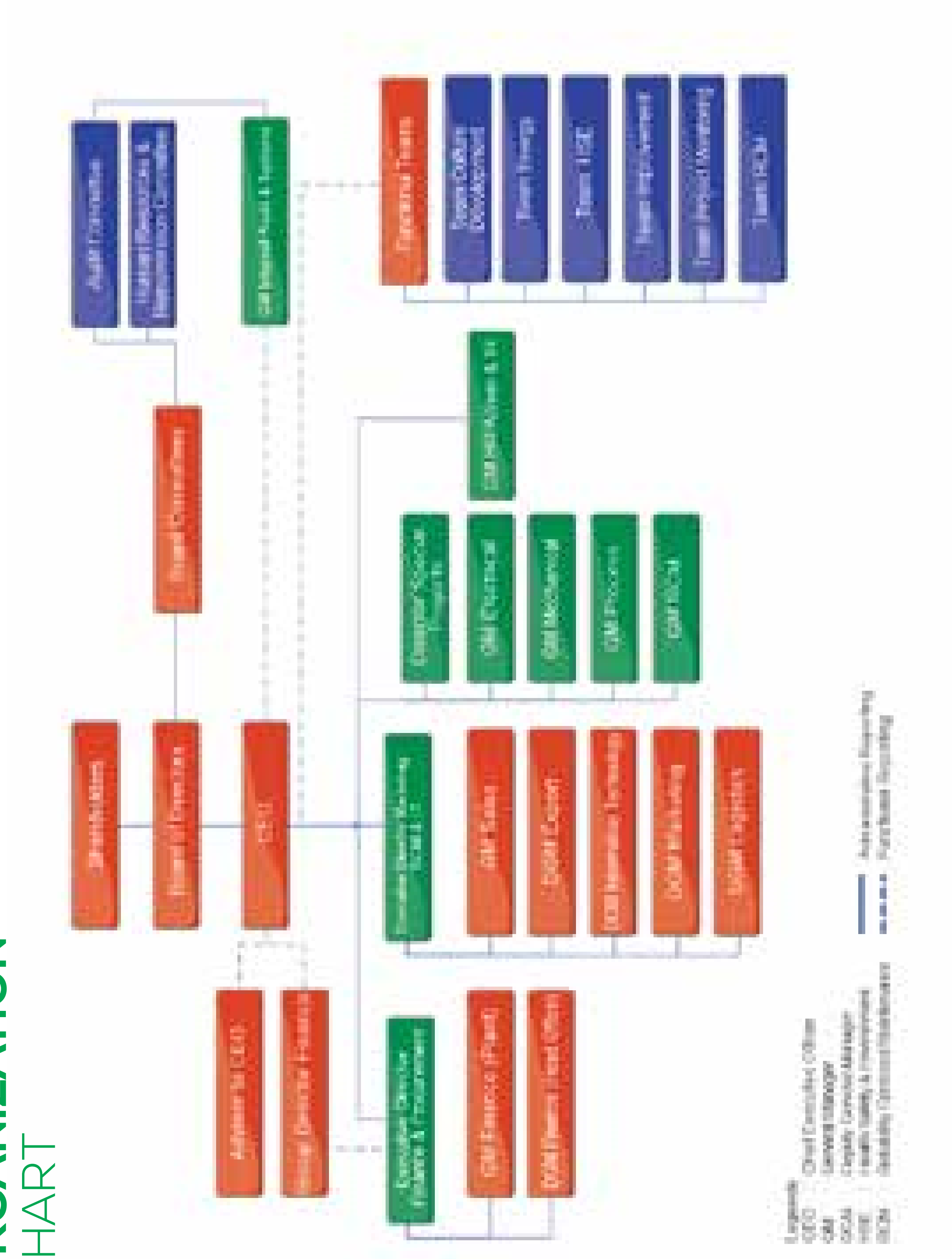
EFFECT OF SEASONALITY ON BUSINESS

Seasonality has no impact on cement production. Cement sales are higher in spring/summer months due to longer duration of the day, the sales fall during monsoon and winter due to less construction activities.

SIGNIFICANT CHANGES FROM PRIOR YEARS

In comparison to the prior years, the group structure has changed with the merging of Kohinoor Capital Limited into Maple Leaf Capital Limited. The external environment is constantly changing such as significant decline in PSDP during the year, constant rise in inflation, decrease in construction activities, the volatile coal prices globally followed by devaluation of Pak Rupee in comparison to US Dollar has impacted earnings of the Company.

ORGANIZATION CHART



STATEMENT OF OVERALL STRATEGIC OBJECTIVES 2020-2021

Following are the main principles that constitute the strategic objectives of MLCFL: -

Short Term Objectives

- Improved capacity utilization of the Company's production facilities.
- Effective use of available resources.

Medium Term Objectives

- Modernization of production facilities in order to ensure the most effective production.
- Compliance with further improvements in implementation of Code of Corporate Governance (CCG) through optimization of management processes.
- Effective marketing and innovative concepts.

Long Term Objectives

- Implementation of effective human resource solutions through personnel development, creating proper environment for professional growth of highly skilled professionals, ensuring safe labour environment, competitive staff remuneration and social benefits in accordance with scope and quality of their work.
- Explore alternative energy resources.
- Compliance with local and international environmental and quality management standards, implementation of technologies allowing to comply with the limitations imposed on pollutant emissions.
- Implementation of projects in social and economic development of communities.

MANAGEMENT'S OBJECTIVES AND STRATEGIES

Prime objective of management is to change the culture from a State Cement traditional hierarchy and status quo enterprise to a customer driven, empowered and cross functionality focused company. Our objectives are determined to increase our retention value along with reduction in cost. We strive to achieve our objectives with collective wisdom and empathy. We are committed to enhance stakeholder's value. To achieve our corporate objectives, we have given priorities to refine and implement our human resource policies and Standard Operating Procedures (SOPs). Quality Management System (QMS) function has been implemented that seeks to lower non-conformance costs through an active focus on health, safety, environment, housekeeping and operations.

Apart from the above, we have implemented scientific performance evaluation techniques that are linked to KPIs (Key Performance Indicators). We have also developed Reliability Centered Maintenance System for achieving run factor of 330 days considering it as an opportunity to improve our bottom line. We believe that training is the source of all process driven thinking. Local and international trainings for key management personnel are arranged on regular intervals including 6 sigma trainings. We have framed well defined different teams to address the key areas like Team Energy, Team Reliability Centered Maintenance, Team Improvement and Team Culture Development. Priority is being assigned to control production cost.

We have reduced variable cost due to efficient energy management and other cost reduction measures. The to date results, financial and nonfinancial, are the reflection of achievement of management's objectives which are strategically placed to increase the wealth of stakeholders. The said results are properly evaluated against the respective strategic objectives to confirm the achievement.

We have a dedicated team to work on our brand development. This team has the capacity and objective to develop brand loyalty, increase in customer base and customer retention by using effective marketing and innovative concepts. This team has been contributing to achieve the company's strategic objectives. Some of the achievements include successful running of 24/7 call center to ease our customers' queries, new product introduction in the market and to manage brand loyalty.

The company has been very keenly observing all the compliance with CCG and auditors report on compliance with all requirements of code of corporate governance in the acknowledgment of company's efforts towards achieving its strategic objective towards compliance.

All of the above mentioned strategies are in place to achieve the company's short term, medium term and long term objectives.

ALLOCATION PLAN OF ENTITY'S SIGNIFICANT RESOURCES

The Company's resources mainly consist of human resource, financial resource, and technological resource.

HUMAN RESOURCES

The Company assorted and hired team of professionals with enormous expertise in latest technologies who proficiently design the ways for improving and upgrading our production process, networking and control systems. We have developed a dedicated team to analyze the human resource right from selection till retirement. We believe in adding value to our human resource by extensive trainings and development program.

FINANCIAL CAPITAL MANAGEMENT

The management of the Company has breadth of experience and knowledge of best practices in liquidity management pertaining to policies, processes, regulatory constraints, tax considerations and liquidity management system. Despite these strenuous times, the Company steadfastly navigates through these challenging obstacles by putting in the utmost effort to manage its working capital requirements through fruitful fixed cost reducing techniques. Capital structure mainly consists of ordinary share capital and long term/ short term debts. Management believes that there is no inadequacy in capital structure in the status quo.

STRATEGY TO OVERCOME LIQUIDITY RISK

The Company is highly proficient to manage liquidity risk and in order to cope with it, MLCFL invests only in highly liquid resources to mitigate the risk. Efficient utilization of available resources, better control over production overheads has always been the Company's resounding focus. However, during this arduous year, sales retention did not increase at the same pace as input costs, putting a strain on the Company's liquid reserves. In order to deal with the expected liquidity strain and to minimize its finance cost after exorbitant rise in SBP's policy rate, the Company raised Rs. 6.06 billion through issuance of right shares.

SIGNIFICANT PLANS AND DECISIONS DURING THE YEAR

Foreseeing the resumption of CPEC and dam projects, increased production capacities will be absorbed despite stagnant demand in local market. At the close of current financial year 2019-20, the Company was operating at the debt equity mix of 26:74 as compared to 35:65 computed for the preceding financial year. The Company has adopted the strategy to utilize maximum cash profits with minimal reliance on debt.

SIGNIFICANT CHANGES FROM PRIOR YEARS

There is no material change in Company's objectives and strategies from the previous year.

KEY PERFORMANCE INDICATORS (KPIS)

Following are some of the key performance measures and indicators against stated objectives of the Company.

Sr. No.	Objectives	Measures
1	Improved capacity utilization of the Company's production facilities.	Number of days run factor, mean time between failure (MTBF).
2	Modernization of production facilities in order to ensure the most effective production.	Reduction in unplanned stoppages.
3	Effective marketing and innovative concepts.	Increase in retention and sales volume.
4	Implementation of effective human resource solutions through personnel development, creating proper environment for professional growth of highly skilled professionals, ensuring safe labour environment, competitive staff remuneration and social benefits in accordance with scope and quality of their work.	Higher return on human capital.
5	Effective use of available resources.	Decrease in variable cost.
6	Explore alternative energy resources.	Reduced dependence on national grid.
7	Further improvements in Code of Corporate Governance through restructuring of assets and optimization of management processes.	Higher legal compliance level and reduction in contingencies.
8	Compliance with local and international environmental and quality management standards, implementation of technologies allowing to comply with the limitations imposed on pollutant emissions.	Compliance with SOPs.
9	Implementation of projects in social and economic development of communities.	Allocation of funds for CSR and their monitoring.

Management believes that current key performance measures continue to be relevant in future as well.

RISKS AND OPPORTUNITIES

OBJECTIVES:

The goal of Board of Directors is to minimize all risks and take advantage of potential opportunities in order to systematically and sustainably improve the value of the Company for all stakeholders by ensuring affordable availability of necessary capital. Management has adopted a risk management approach and internal control framework, based on its business philosophy and corporate objectives, which is explained step by step below:

A. STRATEGY FORMULATION

Management reviews the Statement of Strategic Objectives annually that represent the Stakeholders' expectations and are the lead indicators for determining the success level of the Company. In order to materialize the objectives, Management adopts certain strategies. These strategies are approved by the Board of Directors and are subject to adjustment, depending upon any changes in the external business environment or internal organizational factors.

B. KEY RISKS AND OPPORTUNITIES OF CAPITALS

FORM OF CAPITAL	KEY RISK	KEY OPPORTUNITIES
Financial Capital	Increased packing and power generation cost	Resumption of CPEC projects and future. reduction in SBP's policy rates.
Human Capital	Loss of qualified and competent staff	Bagging unparalleled and ideal workforce from the market.
Manufacturing Capital	Obsolesce of technology	Investing in the latest technologies and state of the art equipment.
Social and Relationship Capital	Bad reputation and publicity	Building relationships along the value chain and developing the company portfolio.
Natural Capital	Water shortages	Easy access to limestone, gypsum and clay deposits for cement manufacture.

C. RISK ASSESSMENT

Risk assessment is an on-going process that highlights numerous uncertainties that poses potential threats which may hinder the accomplishment of objectives of the Company. If these risks are not being addressed in timely manner, may culminate in loss. Such risks and uncertainties can arise both from external as well as internal factors within the Company. Broad categories of risks which may hinder operations of the Company are as follows:

RISKS TYPE	IMPLICATION
Strategic Risks	Strategic risks can be defined as the uncertainties and untapped opportunities embedded in strategic intent. These risks are key matters for the Board of Directors, and impinge on the whole business, rather than just an isolated unit.
Commercial Risks	Commercial risks refer to potential losses arising from the trading partners or the market in which the Company operates.
Operational Risks	Operational risks refer to risks resulting from breakdowns in internal procedures, people and system.
Financial Risks	Financial risk is an umbrella term for multiple types of risk associated with financing, profitability, liquidity and credit.

The board has implemented an effective ongoing process to identify business risk and to measure the potential impact of deviation from strategic objectives including those which may threaten the Company's business performance and result in solvency / liquidity issues.

D. MATERIALITY APPROACH

Management believes materiality as a key component of an effective communication with stakeholders. The management has adopted materiality approach which is based on a combination of stakeholder engagement, understanding of environmental limits and strategic alignment. It has made the process, assumptions and evidence base for identifying material issues for more transparent, credible and amenable disclosures to have more transparency on risk and opportunities.

Not being conclusive, management considers that following are the major risks which may affect the operations of the Company and mitigating strategies for these risks.

E. RISK AND COUNTER MEASURES STRATEGY MATRIX

Corporate Objective	Risk	Assessment	Mitigation Strategies
Industry Competition: To maintain Company's prominent position as one of the leading brands of cement industry of Pakistan.	**Strategic Risk:** Increase in production capacities and limited growth in demand may lead to increased competition among rivals **Source: External**	**Likelihood:** Medium **Magnitude:** High	Through efficient use of marketing strategy, MLCFL is creating a pull effect by locking-in its customers and also to tap potential markets.
	Financial Risk: Increased packing cost, fuel and power generation cost may result in increase in cost of production and squeeze margins for the Company. **Source: External**	**Likelihood:** Medium **Magnitude:** High	The Company is actively looking into alternate sources of power generation to reduce cost.
Legislative and Legal Environment: To operate in a stable market being compliant with all relevant laws of the country and international regulations	**Strategic Risk:** Continuous changes in the regulatory framework and statutory obligations may result in non-compliance. **Source: External**	**Likelihood:** High **Magnitude:** Medium	Management is proactively following any changes occurring in the regulatory framework relating to the cement sector.
Technology: To automate and upgrade supporting processes and related MIS in relation to production of cement to speed up such activities.	**Strategic Risk:** Lag in production reporting due to different MIS platforms may result in delayed decision making for corrective actions. **Source: Internal**	**Likelihood:** Low **Magnitude:** High	Management is continuously investing considerable amounts for up gradation of technological infrastructure in order to harmonize the MIS platform throughout the Company
Operations: To ensure continuity of operations without any disruptions in production and minimize idle time.	**Operational Risk:** Machinery breakdown/ stoppages adversely affect the profitability of the entity as it hinders production and delays operation. **Source: Internal**	**Likelihood:** Low **Magnitude:** High	To avoid such stoppages, a reliability centre has been established which runs a number of operational checks to ensure smooth operations and avoid breakdown and Enterprise Asset Management module is in place as the system to monitor this.

Corporate Objective	Risk	Assessment	Mitigation Strategies
Human Capital: To have an adequate reserve of trained professionals excelling in their respective domains.	**Operational Risk:** Loss of the qualified and competent staff. **Source: Internal**	**Likelihood:** Low **Magnitude:** Low	Succession planning and capacity building of existing resources are one of the primary focus of the Company.
Health and Safety: To ensure health and safety of employees in workplaces.	**Operational Risk:** Accidents can take place which can cause serious injuries to employees, and also cause disruptions in operations. **Source: Internal**	**Likelihood:** Low **Magnitude:** Medium	A sound system of HSE is in place for timely identification of potential hazards and to remove such threats.
Logistics: To ensure availability of coal for uninterrupted operations.	**Commercial Risk:** Due to dependency on Pakistan Railways for coal transportation, delays can occur owing to strikes or railway breakdown. **Source: External**	**Likelihood:** Low **Magnitude:** Medium	Adequate stock levels have been maintained with provision of such incidents in mind.
Finance: To maintain strong financial position and produce financial performance which is reflective of the Company's scale of business and Shareholders' expectations.	**Financial Risk:** Increase in cost of borrowing may adversely affect the profitability of the Company. Payment defaults by counter parties may leave the Company with inadequate resources for discharging its own liabilities. **Source: External**	**Likelihood:** Low **Magnitude:** Medium	Management has addressed the risk of shortage of working capital by availing sufficient lines from the diversified financial institutions in order to meet the short-term finance requirements of the company. Moreover, all efforts are being made to improve the average credit period of the Company along with improved operation cycle. Strong follow up and adherence to procedures and credit terms ensures that the risk of default from counter parties is kept to a minimum. Adequate steps are taken for any dispute that may arise.

F. OPPORTUNITY ANALYSIS

Unlocking and exploiting operational opportunities is an important aspect of MLCFL entrepreneurial activities. We are committed to use existing products and new solutions in order to systematically enhance our growth and strengthen our position in global markets. Investing in new projects and increasing the productivity of existing ones are key elements for future organic growth. In the year under review, we strengthened the basis for further growth in the coming years by making selective investments in our existing businesses and developing innovations that support in achievement of company's stated vision.

Key opportunity	Impact area	Strategy to materialize
Resumption of CPEC projects, Naya Pakistan Housing Program, construction of new dams. **Source: External**	Social, Relationship capital and Financial Capital.	The Company has enhanced its production capacity. Additionally, the company has one of the largest, most active marketing campaigns in the local cement industry. By directly engaging with dealers, distributers, suppliers, masons, drivers, the company builds lasting relationships along the value chain and forms a loyal customer base who recommend MLCFL portfolio.
Cost reduction by using innovative production technology. **Source: Internal**	Manufactured capital	The Company, realising the importance of reducing electric costs, has an active waste heat recovery plant (WHRP) at site which converts heat from the kiln into energy, which was previously lost. Enhancements to WHRP will be made in the coming year to reap further benefit in electric cost reduction. Furthermore, its coal fired power plant provides electricity to run its operations at a more economic rate as compared to Wapda.
Development of human relations/resource. **Source: Internal**	Human capital	Developing the human resource is engraved in the company's mission statement and long term objectives. By conducting extensive trainings and through its development program, the human resource add value to the company with their professional ability, caliber and integrity.
Improvements in the business process. **Source: Internal**	Financial capital	The Company is able to capture healthy profits through its ability to: 1. Operate at maximum capacity 2. Efficient cash management system 3. Making sound liquid investments 4. Effective control over inventory

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 60th Annual General Meeting of the members of Maple Leaf Cement Factory Limited (the "Company") will be held on Tuesday, October 27, 2020 at 11:00 AM at 42-Lawrence Road, Lahore, the Registered Office of the Company, to transact the following business: -

ORDINARY BUSINESS:

27 October 11:00 am

1) To receive, consider and adopt the audited accounts of the Company including consolidated financial statements for the year ended June 30, 2020 together with the Chairman's Review, Directors' and Auditors' Reports thereon.

2) To appoint Auditors for the year ending on June 30, 2021 and fix their remuneration. The Board has recommended, as suggested by the Audit Committee, the appointment of M/s. KPMG Taseer Hadi & Co., Chartered Accountants, the retiring auditors who being eligible have offered themselves for re-appointment.

SPECIAL BUSINESS:

3) To consider and, if deemed fit, pass the following resolution as a special resolution under Section 199 of the Companies Act, 2017, with or without modification, as recommended by the Directors:-

   "Resolved by way of special resolution that consent and approval of Maple Leaf Cement Factory Limited (the "Company") be and is hereby accorded under Section 199 of the Companies Act, 2017 (the "Act") for investment in the form of loans/advances from time to time to Kohinoor Textile Mills Limited, the holding company, upto an aggregate sum of Rs. 200 million (Rupees two hundred million only) for a period of one year commencing November 01, 2020 to October 31, 2021 (both days inclusive) at the mark-up rate of one percent above three months KIBOR or one percent above the average borrowing cost of the Company, whichever is higher. Vide special resolution passed in general meeting held on October 26, 2019 by the shareholders, the Company was authorized to extend a facility of similar nature to the extent of Rs. 200 million which is valid till October 31, 2020.

   Resolved further that Chief Executive Officer and Secretary of the Company be and are hereby authorized singly to take all steps necessary, ancillary and incidental, corporate and legal formalities for the completion of transactions in relation to the loans / advances to the holding company but not limited to filing of all the requisite statutory forms and all other documents with the Securities and Exchange Commission of Pakistan, executing documents all such notices, reports, letters and any other document or instrument to give effect to the above resolution."

4) To ratify and approve transactions conducted with the Related Parties for the year ended June 30, 2020 by passing the following special resolution with or without modification: -

   "Resolved that the transactions conducted with the Related Parties as disclosed in the note 44 of the unconsolidated financial statements for the year ended June 30, 2020 and specified in the Statement of Material Information under Section 134(3) be and are hereby ratified, approved and confirmed."

5) To authorize the Board of Directors of the Company to approve transactions with the related parties for the financial year ending on June 30, 2021 by passing the following special resolution with or without modification: -

   "Resolved that the Board of Directors of the Company be and is hereby authorized to approve the transactions to be conducted with the Related Parties on case to case basis for the financial year ending on June 30, 2021.

   Resolved further that these transactions by the Board shall be deemed to have been approved by the shareholders and shall be placed before the shareholders in the next Annual General Meeting for their formal ratification/approval."

BY ORDER OF THE BOARD

(Muhammad Ashraf)
Company Secretary

Lahore: October 06, 2020

Notes:

1. The Share Transfer Books of the Company will remain closed from October 20, 2020 to October 27, 2020 (both days inclusive). Physical transfers/ CDS Transaction IDs received at the Company's Share Registrar, M/s. Vision Consulting Ltd, 3-C, LDA Flats, First Floor, Lawrence Road, Lahore, at the close of business on October 19, 2020 will be considered in time to determine voting rights of the shareholders for attending the meeting.

2. A member eligible to attend, speak and vote at this meeting may appoint another member as his/her proxy to attend, speak and vote instead of him/her. CDC beneficial owners and Proxy Holders must bring with them their Computerized National Identity Cards (CNIC)/Passports in original to prove his/her identity. In case of Proxy, CDC beneficial owners and Proxy Holders must enclose an attested copy of their CNIC/Passport with Proxy Form. Proxies in order to be effective must be received at the Company's Registered Office not later than 48 hours before the time for holding the meeting and must be duly stamped, signed and witnessed. A member shall not be entitled to appoint more than one proxy.

3. In case of corporate entity, the Board of Directors' resolution / power of attorney with specimen signature of the nominee (unless it has been provided earlier) should be attached with the proxy form or may be provided at the time of meeting.

4. In light of the threat by the evolving coronavirus (COVID-19) situation, the Securities and Exchange Commission of Pakistan vide Circular No. 5 dated March 17, 2020 has advised the Company to modify their usual planning for Annual General Meeting (AGM) in order to protect the well-being of the shareholders.

   The shareholders who are interested to attend the AGM through Video Conferencing, are hereby requested to get themselves registered with the Company Secretary office by providing the following detail at the earliest but not later than 72 hours before the time of AGM (i.e. before 11:00 AM on October 24, 2020) through following means:

a) Mobile/WhatsApp: 0321-7775170
b) E-mail: muhammad.ashraf@kmlg.com

   Shareholders are advised to mention Name, CNIC Number, Folio/CDC Account Number, cell number and e-mail ID for identification.

   Upon receipt of the above information from the interested shareholders, the Company will send the login credentials at their e-mail addresses. On the date of AGM, shareholders will be able to login and participate in the AGM proceedings through their smartphone/computer devices.

   In view of the above, the shareholders can also provide their comments/suggestion for the proposed agenda items of the AGM by using the aforesaid means.

5. The Members, who desire for receiving the annual audited financial statements and AGM Notice through e-mail, are requested to send their written consent on a Standard Request Form available on website www.kmlg.com in order to avail this facility. The audited financial statements for the year ended June 30, 2020 are available on website of the Company. Further, the Company has sent its Annual Report 2020 through CD/DVD/USB to the shareholders at their available Registered Addresses instead of hard copy. However, hard copy of Annual Report will be provided free of cost on written request of the shareholder.

6. Shareholders are requested to notify / update the following information & documents with their respective CDS participants and in case of physical shares to our Share Registrar, if not earlier notified / updated: -

a. Change in their addresses;

b. Pursuant to requirement of Section 242 of the Companies Act, 2017 and the Companies (Distribution of Dividends) Regulations, 2017, provide their bank details including International Bank Account Number (IBAN) of 24 digits in order to receive unclaimed e-dividends. Further, shareholders may contact at the Registered Office of the Company to collect / enquire about their unclaimed physical dividends / physical shares, if any;

c. Individual Members who have not yet submitted a copy of their valid Computerized Identity Card (CNIC) to the Company are once again requested to send a copy of their valid CNIC at the earliest directly to the office of Share Registrar of the Company, Vision Consulting Limited, 3-C, LDA Flats, Lawrence Road, Lahore. Corporate

Members are requested to provide their National Tax Number (NTN) and folio number thereon while sending the copies to the Share Registrar of The Company. In case of non-receipt of the copy of a valid CNIC or NTN (as the case may be), the Company would be unable to comply with the requirements of the Companies Act, 2017 and SROs issued thereunder;

d. As per Section 72 of the Companies Act, 2017, every existing listed company shall be required to replace its physical shares with book-entry form in a manner as may be specified and from the date notified by the Commission, within a period not exceeding four years from the commencement of this Act, i.e. May 30, 2017.

The shareholders having physical shareholding are encouraged to open CDC sub-account with any of the brokers or Investor Account directly with CDC to place their physical shares into scrip less form, this will facilitate them in many ways, including safe custody and sale of shares, any time they want, as the trading of physical shares is not permitted as per existing regulations of the Pakistan Stock Exchange Ltd.

e. For any query / information, the shareholders may contact with the Company Secretary at the above Registered Office and / or Mr. Abdul Ghaffar Ghaffari of Share Registrar, Vision Consulting Ltd, 3-C, LDA Flats, Lawrence Road, Lahore, Ph. Nos. (042) 36283096-97.

STATEMENT UNDER SECTION 134(3) OF THE ACT:

This statement sets out the material facts pertaining to the special business to be transacted at the Annual General Meeting of the Company to be held on October 27, 2020.

Agenda Item No. 3 of the Notice - Investment in Kohinoor Textile Mills Limited:

Kohinoor Textile Mills Limited ("KTML"), the holding company, having its Registered Office at 42-Lawrence Road, Lahore, is manufacturer of yarn and cloth, processing and stitching the cloth and trade of textile products and its production comprise 158,544 ring spindles and 2,712 open end rotors capable of spinning a wide range of counts using cotton and man-made fibers. The weaving facilities at Raiwind comprise 288 looms capable of weaving wide range of greige fabrics. The processing facilities at the Rawalpindi unit are capable of dyeing and printing fabrics for the home textile market. The stitching facilities produce a diversified range of home textiles for the export market. Both the dyeing and stitching facilities are being augmented to take advantage of greater market access.

The Board of Directors of the Company in their meeting held on September 10, 2020 has approved Rs. 200 million as loans / advances, being a reciprocal facility to KTML on the basis of satisfactory profit trend of KTML subject to approval of the members. The Company shall extend the facility of loans / advances from time to time for working capital requirements to KTML in accordance with an agreement in writing including all relevant terms and conditions as prescribed in the Regulations.

Directors of the Company have also provided their duly signed undertaking / due diligence report with recommendations that they have carried out necessary due diligence for the proposed investment in KTML and it has been kept at the Registered Office of the Company for inspection of the members along with audited accounts and the latest interim financial statements of KTML as required under the Regulations.

Information under Regulation 3(1) of the Companies (Investment in Associated Companies or Associated Undertakings) Regulations, 2017 (the "Regulations").

3 (1) (a) Disclosure for all types of investments

(A) Regarding associated company or associated undertaking: -

<table>
<tr><th>Ref. No.</th><th>Requirement</th><th colspan="3">Information</th></tr>
<tr><td>(i)</td><td>Name of associated company or associated undertaking;</td><td colspan="3">Kohinoor Textile Mills Limited
(the "KTML")</td></tr>
<tr><td>(ii)</td><td>Basis of relationship;</td><td colspan="3">KTML is a holding company of Maple Leaf Cement Factory Limited (the "Company").</td></tr>
<tr><td rowspan="5">(iii)</td><td rowspan="5">Earnings per share for the last three years;</td><td></td><td colspan="2">(Rupees)</td></tr>
<tr><td>Year</td><td>Basic</td><td>Diluted</td></tr>
<tr><td>30.06.2018</td><td>5.64</td><td>5.64</td></tr>
<tr><td>30.06.2019</td><td>5.85</td><td>5.85</td></tr>
<tr><td>30.06.2020</td><td>5.11</td><td>5.11</td></tr>
<tr><td>(iv)</td><td>Break-up value per share, based on latest audited financial statements;</td><td colspan="3">As on June 30, 2020
With revaluation surplus Rs. 60.04
Without revaluation surplus Rs. 47.20</td></tr>
<tr><td rowspan="12">(v)</td><td rowspan="12">Financial position, including main items of statement of financial position and profit or loss account on the basis of its latest financial statements;</td><td colspan="3">Based on the audited financial statements for the financial year ended 30 June 2020, the financial position of KTML is as under: -</td></tr>
<tr><th>Particulars</th><th colspan="2">Amount
Rupees (000)</th></tr>
<tr><td>Paid up capital</td><td colspan="2">2,992,964</td></tr>
<tr><td>Reserves</td><td colspan="2">11,135,082</td></tr>
<tr><td>Surplus on revaluation of freehold land and investment properties</td><td colspan="2">3,843,044</td></tr>
<tr><td>Current liabilities</td><td colspan="2">11,321,125</td></tr>
<tr><td>Current assets</td><td colspan="2">10,079,836</td></tr>
<tr><td>Revenue</td><td colspan="2">21,844,810</td></tr>
<tr><td>Gross Profit</td><td colspan="2">3,990,180</td></tr>
<tr><td>Operating Profit</td><td colspan="2">2,681,070</td></tr>
<tr><td>Net Profit</td><td colspan="2">1,528,043</td></tr>
<tr><td>Earnings per share (Rs.)</td><td colspan="2">5.11</td></tr>
</table>

(B) General Disclosures: -

Ref. No.	Requirement	Information
(i)	Maximum amount of investment to be made;	Rs. 200 million (Rupees two hundred million only).
(ii)	Purpose, benefits likely to accrue to the investing company and its members from such investment and period of investment;	**Purpose:** To earn income on the loans and/or advances to be provided to KTML from time to time for working capital requirements of KTML. **Benefits:** The Company will receive mark up at the rate of one percent above three months KIBOR or one percent above the average borrowing cost of the Company, whichever is higher. This shall benefit the Company's cash flow by earning profit on idle funds. **Period:** For a period of one year from November 01, 2020 to October 31, 2021.
(iii)	Source of funds to be utilized for investment	Loan and/or advance will be given out of own funds of the Company.
	where the investment is intended to be made using borrowed funds, - (I) Justification for investment through borrowings; (II) Detail of collateral, guarantees provided and assets pledged for obtaining such funds; and (III) Cost benefit analysis;	N/A
(iv)	Salient features of agreement(s), if any, with associated company or associated undertaking with regards to the proposed investment;	**Nature:** **Loan / advance** **Purpose:** To earn mark-up / profit on loan / advance being provided to KTML which will augment the Company's cash flow **Period:** One Year **Rate of Mark-up:** One percent above the three months KIBOR or one percent above the average borrowing cost of the Company, whichever is higher. **Repayment:** Principal plus mark-up/profit upto October 31, 2021 **Penalty charges:** @ 3-months KIBOR plus one percent in addition to the outstanding amount(s).

Ref. No.	Requirement	Information
(v)	Direct or indirect interest of directors, sponsors, majority shareholders and their relatives, if any, in the associated company or associated undertaking or the transaction under consideration;	Investing Company i.e. the Company is a subsidiary company of KTML and Nine Directors are common in both the companies may be deemed to be interested to the extent of their shareholding. None of the Directors or their relatives or associates are interested in any of the above resolution in any way except as members of the Company.
(vi)	In case any investment in associated company or associated undertaking has already been made, the performance review of such investment including complete information/justification for any impairment or write offs; and	A similar nature of loan/advance facility of Rs.200 million from time to time for working capital requirements has been granted by the valued shareholders of the Company vide special resolution passed in the Annual General Meeting held on October 26, 2019 which is valid till October 31, 2020. There is no impairment and/or write off against the above facility.
(vii)	Any other important details necessary for the members to understand the transaction;	N/A

3(1)(c) Investments in the form of loans / advances

Ref. No.	Requirement	Information
(i)	Category-wise amount of investment;	Short term loan for working capital requirement for a period of one year as dilated in preamble.
(ii)	Average borrowing cost of the investing company, the Karachi Inter Bank Offered Rate (KIBOR) for the relevant period, rate of return for Shariah Compliant products and rate of return for unfunded facilities, as the case may be, for the relevant period;	Average borrowing cost of the Company is 13.57% for the year ended June 30, 2020.
(iii)	Rate of interest, mark up, profit, fees or commission etc. to be charged by investing company;	Mark-up will be charged from KTML at one percent above three months KIBOR or one percent above the average borrowing cost of the Company, whichever is higher.
(iv)	Particulars of collateral or security to be obtained in relation to the proposed investment;	No collateral is considered necessary since KTML is a holding company of the Company.

Ref. No.	Requirement	Information
(v)	If the investment carries conversion feature i.e. it is convertible into securities, this fact along with terms and conditions including conversion formula, circumstances in which the conversion may take place the time when the conversion may be exercisable; and	N/A
(vi)	Repayment schedule and terms and conditions of loans or advances to be given to the associated company or associated undertaking.	The loan / advance would be for a period of one year from November 01, 2020 to October 31, 2021 (both days inclusive). KTML will pay interest / mark-up on quarterly basis whereas repayment of principal amount shall be on or before October 31, 2021.

Disclosure under Regulation 4(1)

Eight Directors including Sponsor Directors of the associated company i.e. KTML are also the members of the Company and interested to the extent of their shareholding as under: -

Name	%age of Shareholding in KTML	%age of Shareholding in the Company
Mr. Tariq Sayeed Saigol & his spouse	14.3755	0.0194
Mr. Taufique Sayeed Saigol	14.5090	0.0015
Mr. Sayeed Tariq Saigol	0.1286	0.0010
Mr. Waleed Tariq Saigol	0.0112	0.0010
Mr. Danial Taufique Saigol	0.0010	0.0005
Ms. Jahanara Saigol	0.0008	0.0002
Mr. Shafiq Ahmed Khan	0.0010	0.0014
Mr. Zulfikar Monnoo	0.0010	0.0003

Agenda Item No. 4 of the Notice – Ratification and approval of the related party transactions

Transactions conducted with the related parties have to be approved by the Board of Directors duly recommended by the Audit Committee on quarterly basis pursuant to clause 15 of Listed Companies (Code of Corporate Governance) Regulations, 2019. However, during the year since majority of the Company's Directors were interested due to their common directorships and therefore these transactions are being placed for the approval by shareholders in the Annual General Meeting. In last Annual General Meeting of the Company, in order to promote transparent business practices, the shareholders had authorized the Board of Directors to approve transactions with the related parties from time-to-time on case to case basis for the year ended June 30, 2020 and such transactions were deemed to be approved by the shareholders. Such transactions were to be placed before the shareholders in the next annual general meeting for their formal approval/ratification. Accordingly, these transactions are being placed before the shareholders in this meeting for their formal approval/ ratification.

All transactions with related parties to be ratified have been disclosed in the note 44 to the unconsolidated financial statements for the year ended June 30, 2020. Party-wise details of such related party transactions are given below: -

Sr. No.	Name of Related Party	Relationship	Description of Transactions	Rupees in thousands
1)	Kohinoor Textile Mills Limited	Holding Company (55.22% equity held)	Sale of goods to related party	114,281
			Markup charged during the year	21,297
			Shared expenses charged to the Company	22,152
			Dividend paid	163,918
2)	Maple Leaf Power Limited	Subsidiary Company (100% equity held)	Sale of goods	2,325,359
			Long term loan from subsidiary	2,000,000
			Purchase of goods and services (inclusive of taxes)	5,821,959
			Markup charged during the year	170,059
			Expenses paid on behalf of a related party.	376,942
3)	Key management personnel	Key management personnel	Remuneration and other benefits	181,787
4)	Employee benefits			
	Gratuity	Post-employment benefit plan	Contribution	21,343
	Provident Fund Trust	Employees benefit fund	Contribution	182,728

The Company carries out transactions as per the approved policy with respect to 'transactions with related parties' in the normal course of business. All transactions entered into with related parties require the approval of the Audit Committee of the Company, which is chaired by an Independent Director of the Company. Upon the recommendation of the Audit Committee, such transactions were placed before the Board of Directors for approval.

The nature of relationship with these related parties has also been indicated in the unconsolidated financial statements for the year ended June 30, 2020. The Directors are interested in the resolution only to the extent of their shareholding and having their common directorships in such related parties.

Agenda Item No. 5 of the Notice – Authorization for the Board of Directors to approve the related party transactions during the year ending on June 30, 2021

The Company shall be conducting transactions with its related parties during the year ending on June 30, 2021 as per the approved policy with respect to 'transactions with related parties' in the normal course of business. The majority of Directors are interested due to their common directorships in the subsidiary/ associated companies. In order to promote transparent business practices, the shareholders are required to authorize the Board of Directors to approve transactions with the related parties from time-to-time and on case to case basis for the year ending on June 30, 2021, which transactions shall be deemed to be approved by the Shareholders. The nature and scope of such related party transactions is explained above. These transactions shall be placed before the shareholders in the next AGM for their formal approval/ratification.

The Directors are interested in the resolution only to the extent of their shareholding and/or only their common directorships in such related parties.

CHAIRMAN'S REVIEW

I am pleased to present the annual report and audited financial statements of the Company for the year ended 30th June, 2020 to our valued shareholders. Significant aspects of performance of your Company have been shared with you during the course of the financial year 2019-20. The Management of the Company is encouraged by the future prospects and expects to continue to demonstrate satisfactory performance through its efforts and strategic directions provided by the Board.

Pursuant to requirement of the Listed Companies (Code of Corporate Governance) Regulations, 2019, mechanism has been put in place for annual evaluation of the performance of the Board of Directors (the "Board") of Maple Leaf Cement Factory Limited (the "Company"). The main objective of this exercise is to internally evaluate the performance of the Board and its Committees in order to facilitate the Management and to play an effective role as a coordinated team for the success of the Company. Strategic goals for the Management have been earmarked for the coming year and the Board's effectiveness is measured in the context of achievement of such objectives. Accordingly, the Board has completed its annual self-evaluation for the year 2020 and I am pleased to report that the overall performance benchmarked on the basis of criteria set for the year 2020, remained satisfactory. Such assessment was based on standards set by the Board in line with best corporate governance practices.

COMPOSITION OF THE BOARD: The composition of the Board depicts reasonable balance of executive and non-executive Directors including independent Directors and as a Group, possess the requisite skills, core competencies and industry knowledge to lead the Company. All Board members have exercised their individual business judgment and are involved in important Board decisions.

VISION & MISSION STATEMENTS: The Board members are aware of the high level of ethical and professional standards laid down in our Vision & Mission Statements which are adopted by the Company and fully support the same in attaining the objectives dilated therein.

STRATEGIC DECISION MAKING: Overall corporate strategy and objectives have been set in line with the strategic vision of the Board from which the annual business plan is derived, as well as, projected plans for the next five years have been set by the Management, covering all functional and operational areas by utilization of available resources, modernization and expansion of production facilities to ensure continued growth in the bottom line which should hopefully result in improved results.

DILIGENCE: The Board reviews the quality and appropriateness of financial statements of the Company, reporting and transparency of disclosures, Company's accounting policies, corporate objective plans, budgets and other reports. The meetings of the Board are held at required frequencies and agenda along with working papers are circulated in sufficient time prior to Board and Committee meetings.

ADEQUATE GOVERNANCE: The Board has framed the Code of Conduct which defines requisite behavior and has been disseminated throughout the Company, alongwith supporting policies and procedures. Adequate controls and robust systems are in place to ensure effective control environment so compliance of best policies of Corporate Governance are achieved. The Board sets high standards of honesty and integrity which we consider are vital for success of the business.

PRESENTATIONS: During the course of discussion and approvals of financial statements, comprehensive presentations are placed before the Board based on incisive, critical and strategic analysis of all functional areas relating to core business of the Company. Benchmarking compared with the industry's peer group are carried out. This practice provides ample opportunity for objective analysis of the Company's goals and evaluation of its own financial performance with the peer group. The Board provides appropriate directions and oversight emanated on the basis of thorough and detailed discussions.

(Tariq Sayeed Saigol)
Chairman

Lahore: September 10, 2020

DIRECTORS' REPORT
TO THE SHAREHOLDERS

In compliance with Section 227 of the Companies Act, 2017, the Directors of your Company have pleasure to present standalone and consolidated audited financial statements for the year ended 30th June 2020.

Maple Leaf Cement Factory Limited (the "Company") is a Public Listed Company and a subsidiary of Kohinoor Textile Mills Limited. The principal activity of the Company is production and sale of cement.

Consolidated financial highlights of the Company and its wholly-owned subsidiary Maple Leaf Power Limited (MLPL) are as follows: -

	Year Ended			
	July to June		Variance	
	2020	2019	Amount	%age
	(Rupees in thousand)			
Net Sales Revenue	29,117,734	26,005,944	3,111,790	12.0%
Gross Profit	585,454	6,061,596	(5,476,142)	(90.3%)
Operating(Loss)/ Profit	(1,037,522)	3,890,149	(4,927,671)	(126.7%)
Finance Cost	(2,896,971)	(1,231,011)	(1,665,960)	135.3%
(Loss)/Profit Before Taxation	(3,934,493)	2,659,138	(6,593,631)	(248.0%)
Taxation	375,134	(198,877)	574,011	(288.6%)
(Loss)/Profit After Taxation	(3,559,359)	2,460,261	(6,019,620)	(244.7%)
(Loss)/Earnings Per Share (Rs.)	(3.89)	3.57	(7.46)	(209.0%)

Standalone financial highlights of the Company, Maple Leaf Cement Factory Limited are as follows: -

	Year Ended			
	July to June		Variance	
	2020	2019	Amount	%age
	(Rupees in thousand)			
Net Sales Revenue	29,117,734	26,005,944	3,111,790	12.0%
Gross (Loss)/Profit	(727,535)	4,917,080	(5,644,615)	(114.8%)
Operating(Loss)/ Profit	(2,287,319)	2,836,733	(5,124,052)	(180.6%)
Finance Cost	(2,981,722)	(1,172,557)	(1,809,165)	154.3%
(Loss)/Profit Before Taxation	(5,269,041)	1,664,176	(6,933,217)	(416.6%)
Taxation	425,776	(198,877)	624,653	(314.1%)
(Loss)/Profit After Taxation	(4,843,265)	1,465,299	(6,308,564)	(430.5%)
(Loss)/Earnings Per Share (Rs.)	(5.30)	2.13	(7.43)	(348.8%)

Standalone financial highlights of the Company are based on power cost supplied by MLPL at NEPRA approved base tariff of Rs. 12.92 /KWH.

During the financial year 2019-20, capacity utilization and dispatches increased in comparison to last year's performance, as evident from the data shown below:

	July to June		Variance	
	2020	2019	Change	%age
	--------------------M.Tons---------------			
Production				
Clinker Production	4,963,675	3,541,743	1,421,932	40.15%
Cement Production	5,196,304	3,638,313	1,557,991	42.82%
Sales				
Domestic	5,020,348	3,338,606	1,681,742	50.37%
Exports	181,472	334,671	-153,199	-45.78%
	5,201,820	3,673,278	1,528,542	41.61%

Total Sales volume of 5,201,820 tons depicts an increase of 41.61% over 3,673,278 tons sold during the last financial year. The domestic sales volume increased to 5,020,348 registering an increase of 50.37% whereas exports sales volume was 181,472 tons, a decrease of 45.78% from last financial year.

During the year 2019-20, the Company recorded net consolidated sales of Rs. 29,118 million against Rs. 26,006 million in comparative year; mainly driven by 50.37% growth in local dispatches on the back of successful commencement of new production line 3. During the current reporting year, increased pressure on cement supply side has been witnessed after the commissioning of new cement plants in north region. This, coupled with lower growth in domestic demand has depressed cement sale price in the local market. An increase in outbound freight due to partial implementation of axle load restrictions has further added to the costs of the Company.

Despite stunning growth of 50.37% in local dispatches, top line of the company increased by only 12%; mainly due to reduced retention on account of fierce competition in the local market against the backdrop of excess cement supply.

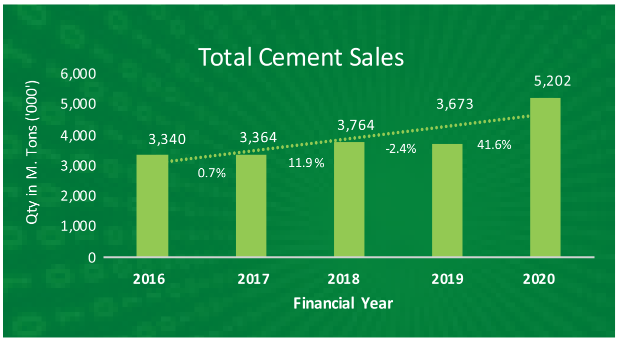
The Federal Board of Revenue's measures to improve documentation in the economy has created unrest and anxiety in the markets. Overall economy witnessed a recessionary trend during the period under review due to resistance to adhere to reforms in the taxation regime for documentation of the economy. Domestic market registered slowdown in protest against measures adopted for documentation of the economy and disallowance of input sales tax on sales made to unregistered dealers.

As part of preventive measures to control the spread of COVID-19, Government ordered lockdown in the country in late March including closure of all production plants and offices. However, after a week's closure, cement companies were allowed to resume operations at plant sites.

Excess supply of cement due to completion of recent expansions has created fierce competition for market share in the local markets. The excess cement supply, backed by devaluation of Pak Rupee has triggered the need to look for new export markets. However, the increase in cost of locally produced cement due to higher input and transportation costs along with declining prices in export markets due to tough competition have impacted export sales leading to razor thin margins. Moreover, imposition of 200% import duty in India on goods exported from Pakistan has impaired cement exports to India and companies located in the North region are adversely affected. During the financial year under review, the

Company's export volumes declined by 45.78% to reach 181,472 tons as compared to 334,671 tons exported during the corresponding financial year.

Relying on own power generation, the Company was able to avoid adverse impact on its margins due to hikes in electricity tariff by NEPRA. The Company relied mainly on its internal power generation sources to meet its electricity requirements which includes coal fired power plant (CFPP) setup as wholly- owned subsidiary, Maple Leaf Power Limited (MLPL), a cost competitive advantage to the Company. After Waste Heat Recovery Plant, CFPP is the cheapest source of electricity for the Company.



During the first three quarters of financial year 2019-20, landed cost of coal was substantially higher due to devaluation of Pak Rupee, partial implementation of axle load restriction on inland transportation, and shifting of discharge port to PIBTL from KPT under government orders, which proved expensive. However, during the last quarter of financial year 2019-20 global coal and oil prices registered a new low due to decelerating industrial activity caused by substantial reduction in demand post the COVID-19 lockdown measures. The Company was able to keep its fuel and power costs under control along with advantage derived by increased use of pet coke which is cost effective due to higher energy content and prudent purchases at cheaper rates. The Company is also benefitting from lower inland transportation costs through transport via the railway network resulting in reasonable savings. The contract with Pakistan Railways for transportation of coal from port to plant site was extended till June 2021.

On account of aforementioned factors impacting cost of production, the Company achieved consolidated gross profit of Rs. 585 million during the year with a decrease of 90.3% from Rs 6,062 million reported last year.

The management of the Company has initiated cost control measures in all areas with a specific focus to reduce fixed administrative costs. These measure have started reaping fruit during the year with a significant reduction in fixed cost.

To reduce the Company's debt burden to improve debt/equity leverage, a sum of Rs. 6,056 million was raised by way of right issue. Early servicing of debt from proceeds of Right issue has enabled the Company to better address the adverse impacts on profitability on account of higher interest costs. This is evident from reduction in long term debt and wiping off of current maturity as of the reporting date.

The Financial year under review has observed a volatile range of monetary policy rates by the State Bank of Pakistan (SBP). However, as part of measures to mitigate the adverse impacts of COVID-19 on Pakistan's economy and to ensure liquidity in the market, SBP in the span of just three months issued five monetary Policy statements and reduced the rate by 6.25% to the current level of 7%. This considerable reduction in policy rate coupled with early repayment of long term loans has improved earnings with a considerable reduction in mark-up cost. Finance cost for the current year includes full charge on new line 3 borrowing costs.

The Company recorded consolidated pre-tax loss of Rs. 3,934 million for the financial year 2019-20 against consolidated pre-tax profit of Rs. 2,659 million in corresponding year. Consolidated taxation amounted to negative charge of Rs. 375 million for the reporting period as compared to Rs 199 million charge in the corresponding year.

Profits earned from Maple Leaf Power Limited (MLPL), a wholly owned subsidiary of the Company, established to install and operate 40 MW imported coal-fired captive power plant MLPL are exempt from charge of income tax. However, partial tax charge pertains to other income. MLPL has earned net profit of Rs. 1,292 million during the financial year 2019-20. MLPL operations have favourably impacted consolidated results by yielding substantial savings in power cost.


MAPLE LEAF

All the above factors have impacted post-tax bottom line for the reporting period to register a decline of 245% at a consolidated loss of Rs. 3,559 million against profit of Rs. 2,460 million in the bottom line for corresponding last year.

DIVIDEND

No dividend was declared for the financial year 2020 on account of net losses. Future prospects of dividend hinge on the likelihood of improved demand and increase in cement prices in the local market, also further reduction in input costs, both being highly dependent on future economic conditions.

ADEQUACY OF INTERNAL CONTROL

The Board of Directors is aware of its responsibility with respect to internal controls environment and accordingly has established an efficient system of internal financial controls for ensuring effective and efficient conduct of operations, safeguarding of Company assets, compliance with applicable laws and regulations and reliable financial reporting. The independent Internal Audit function of the Company regularly appraises and monitors the implementation of financial controls, whereas the Audit Committee reviews the effectiveness of the internal control framework and financial statements on quarterly basis.

MANAGEMENT'S RESPONSIBILITY TOWARDS PREPARATION AND PRESENTATION OF FINANCIAL STATEMENTS

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

AUDITORS

The existing auditors of the Company M/s. KPMG Taseer Hadi & Co., Chartered Accountants, in their independent auditors' report on financial statements of the Company for the year have expressed an unqualified opinion on the state of affairs of the Company.

The Board has recommended, as suggested by the Audit Committee, the appointment of M/s. KPMG Taseer Hadi & Co., Chartered Accountants, the retiring auditors who being eligible, have offered themselves for re-appointment for the ensuing year, subject to approval of the members in the forthcoming Annual General Meeting.

DEFAULT OF PAYMENTS, DEBT/LOAN, TAXES AND LEVIES

Adhering to the best business practices, the Company recognizes its responsibility of timely repayments of due amount. No default on payment of loan/debts was recorded during the year under review. Furthermore, no payment on account of taxes, duties and levies is overdue or outstanding at financial year end.

SUBSEQUENT EVENTS

The Company, along with various other companies had challenged the legality and validity of Gas Infrastructure Development Cess (GIDC) in Honourable Lahore High Court; which was pending adjudication at the year end. However, subsequent to the year end, Honourable Supreme Court of Pakistan vide its judgement dated 13 August 2020, while dismissing appeals filed by various industrial and commercial entities with respect to imposition of levy and demand of GIDC has decided the case in favour of Ministry of Petroleum. The Company has payable balance of Rs. 399 million to SNGPL on account of GIDC. Pursuant to the Supreme Court judgement, gas distribution companies are asked to collect unpaid amount of GIDC from consumers retrospectively since December 2011 and as a concession, same will be payable in 24 equal monthly instalments commencing August 2020 without levy of late payment surcharge.

CHANGE IN NATURE OF BUSINESS

No change has occurred during the financial year concerning the nature of the business of the Company or of its subsidiaries, or any other company in which the Company has interest.

BUSINESS RATIONALE OF CAPITAL EXPENDITURE

Plant related capital expenditure for the next financial year 2020-21 is planned to be approx. Rs. 2 billion. This planned spending will cater the sum required to finance Balancing Modernization and Replacement projects for the financial year 2020-21. These projects will help to maintain and further improve the efficiency of existing plants.

The Company has planned to establish the Letter of Credit regarding the expansion of the existing Waste Heat Recovery Plant to 25MW and the expected date of completion of the said expansion project would be September 2021 with projected capital outlay of Rs. 1.8 billion.

NON-FINANCIAL PERFORMANCE

Quality, customer's satisfaction, employee's development and professional standards are Company's key areas where management has taken necessary measures to improve them. The Company is currently producing and supplying high-quality products which ensure maximum satisfaction to the customers. During the year, the Company has conducted various performance appraisals for the development of existing human capital. The Company is maintaining a highly satisfactory relationship with all stakeholders. The Company has formed various committees which are responsible for the effective monitoring of key areas.

CORPORATE SOCIAL RESPONSIBILITY

The Company acknowledges its responsibility towards society and performs its duty by providing financial assistance to projects for society development by various charitable institutions on consistent basis. The Company has been recognized by the Pakistan Centre for Philanthropy as a leader in social and charitable contributions and strives to be a constructive member of the communities in which it has a presence.

The Company has contributed in medical social sciences project and in this regard, the Company's Board of Directors and the Board of the Holding Company jointly decided to donate towards construction of Admin Block at Al-Aleem Medical College in Gulab Devi Chest Hospital (GDCH), Lahore.

Total cost to complete this project is expected to be rupees 182 million. A committee of the members of Board is formed for better monitoring and execution of this task.

The Company has also contributed in the past for medical social service projects and in this regard the Company donated a state-of-the-art Cardiac facility to the Gulab Devi Chest Hospital (GDCH) in Lahore by building Sayeed Saigol Cardiac Complex at GDCH.

Kohinoor Maple Leaf Group has received "8th Corporate Social Responsibility National Excellence Award" on account of its performance of various social obligations.

IMPACT ON THE ENVIRONMENT AND OUR MITIGATING EFFORTS TO CONTROL INDUSTRY EFFLUENTS

Traditionally, cement plants are assumed to be lacking environment friendliness but the Company has installed most modern and state of the art equipment to control industry effluents. In order to mitigate the effects of industrial effluents on surrounding environment, the Company is putting forth all efforts for providing healthy environment to employees and the community. In this regard following major environment friendly efforts are carried out by the Company: -

i. Regular monthly environmental monitoring for stack emissions and effluents complying with Natural Environmental Quality Standards.

ii. The Company has state of the art FLSmidth A/S cement manufacturing technology, equipped with world class dust collection electrostatic precipitators and bag filters for environment protection.

iii. Massive Tree Plantation Program is being constantly undertaken for maintaining healthy and green environment as a part of Corporate Social Responsibility in coordination with District Officer (Environment), Mianwali.

iv. The Company has its own hospital and trauma centre at plant site. Keeping in view the occupational health of employees, regular first-aid and CPR training programs are conducted to ensure safe health of workers.

In recognition of Company's effort to promote environment friendly practices, The Professionals Network has declared Maple Leaf Cement Factory Limited as winner of 6th International Awards on Environment, Health & Safety for the year 2020.

PRINCIPAL RISKS, CHALLENGES AND UNCERTAINTIES

The major risks and challenges faced by the Company are as follows: -

i. The significant cut in PSDP during the year resulting in stagnant demand of cement.

ii. Lacklustre margin on export sales, barriers erected by cement importing countries and anti-dumping duty imposed by South Africa and India.

iii. Further Rupee devaluation will be resulting in escalation in coal prices and squeezing margins.

iv. Overall inflationary increase in operational expenses.

v. Head on competition amongst cement manufacturers on price as well as sales owing ambitious capacity additions.

The Organization in effectively equipped to face any challenges and uncertainties that are likely to arise. Through combined experience, skill and effective business reporting, Management is always aware of internal and external developments. The Company has formulated unique specialised cross functional teams that routinely discuss key issues and risks to come up with the most forward approach. In response to the cuts in PSDP allocation and low margins in export markets, marketing team under the guidance of Management launched an effective market penetration strategy to increase presence in previously untapped local markets and make Maple leaf a well-known trustworthy brand amongst developers, dealers and house consumers. To cater to overall inflation and mark-up costs, payables are minimized and the decision was made to early service a portion of debt by raising cash through right issue. To face vigorous competition, Management ensures that the capacity to produce and to sell is fully utilized to its utmost potential.

APPROPRIATION

Distribution of Profit after tax for the Company (standalone) for the year is as under: -

DESCRIPTION	2020	2019
	-------Rs in '000'---------	
(Loss)/Profit after tax	(4,843,265)	1,465,299
Final Cash Dividend for year 2019 Rs. 0.5/share (2018: Rs. 1/share)	(296,850)	(593,701)
Balance Transferred to/(deducted from) Retained Earnings	(5,140,115)	871,598

LEADERSHIP STRUCTURE

COMPOSITION OF THE BOARD OF DIRECTORS & COMMITTEES:

Total Number of Directors:

a) Male 8
b) Female 1

Composition:

Independent Directors 2
Other Non-Executive Directors 4
Executive Directors (including CEO) 2
Female Director (Non-Executive Director)............. 1

LIST OF DIRECTORS AND BOARD MEETINGS

During the year under review, four meetings of the Board of Directors were held in Pakistan and no Board meeting was held outside Pakistan. By virtue of election of Directors held during the year and pursuant to requirement of the Companies Act, 2017 and Listed Companies (Code of Corporate Governance) Regulations, 2019, the following Board of Directors was re-constituted: -

CATEGORY	NAMES	MEETINGS ATTENDED
Independent Directors	Mr. Shafiq Ahmed Khan Mr. Zulfikar Monnoo	4 2
Other Non-Executive Directors	Mr. Tariq Sayeed Saigol - *Chairman* Mr. Taufique Sayeed Saigol Mr. Waleed Tariq Saigol Mr. Danial Taufique Saigol	4 4 3 4
Executive Directors	Mr. Sayeed Tariq Saigol *Chief Executive Officer* Syed Mohsin Raza Naqvi	4 3
Female Director *Non-Executive Director*	Ms. Jahanara Saigol	2

Leave of absence was granted to the Directors who could not attend the Board Meetings.

By virtue of election of Directors held during the year, the above Board of Directors was re-constituted. Mr. Zamiruddin Azar was Director on the Board and attended 02 meetings who has retired on December 31, 2019.

Pursuant to requirement of the Listed Companies (Code of Corporate Governance) Regulations, 2019, the following committees were also re-constituted: -

AUDIT COMMITTEE

NAME	DESIGNATION
Mr. Shafiq Ahmed Khan Mr. Zulfikar Monnoo Mr. Waleed Tariq Saigol Mr. Danial Taufique Saigol	Chairman (Independent Director) Member (Independent Director) Member (Non-Executive Director) Member (Non-Executive Director)

Mr. Zamiruddin Azar was Member of the Audit Committee during the year.

Mr. Shafiq Ahmed Khan, the Chairman Audit Committee was present in the last AGM held on October 26, 2019.

Board Annually Evaluates the performance of Board Committees including Audit Committee.

HUMAN RESOURCE & REMUNERATION COMMITTEE

NAME	DESIGNATION
Mr. Shafiq Ahmed Khan Mr. Zulfikar Monnoo Mr. Danial Taufique Saigol	Chairman (Independent Director) Member (Independent Director) Member (Non-Executive Director)

Mr. Zamiruddin Azar was Member of the HR & R Committee during the year.

DIRECTORS' REMUNERATION

The Board of Directors has approved a 'Directors' Remuneration Policy', the salient features of which are:

- No Director shall determine his/her own remuneration.
- Meeting fee of a Director other than regular paid Chief Executive, Sponsors and / or family Directors and full time working Director(s), shall be net of tax amounting to Rs. 10,000/- (Rupees ten thousand only) per meeting or as time to time determined by the Board for attending the Board and its Committee meetings.
- Any tax obligation against such payment applicable for the time being and/or amended hereinafter shall be borne by the Company.
- The Directors shall be entitled to be paid all reasonable expenses, including travelling, hotel charges and other expenses incurred by them for attending meetings and for other business conducted for and on behalf of the Company.

The details of the remuneration paid to the Directors including Chairman and Chief Executive of the Company is disclosed in Note 45 of the Standalone Financial Statements.

PATTERN OF SHAREHOLDING

Pattern of shareholding of the Company in accordance with the Companies Act, 2017 as at June 30, 2020 is annexed.

FUTURE OUTLOOK

To give a fillip to the contracted economy of Pakistan and specifically to mitigate unsavoury effects of COVID-19, Federal budget 2020-21 was unveiled with the aim to kick-start economic recovery. The Government announced a comprehensive package to boost construction activities in Pakistan which include amnesty scheme for undeclared money invested in construction activities, downward revision of FBR's property valuation rates, incentivized tax schemes for builders and withholding tax exemptions on construction materials. These measures are expected to uplift construction activity in Pakistan and will directly impact the demand of cement in Pakistan.

Though the country's Federal Public Sector Development Program (PSDP) has been cut from Rs. 951 billion in FY19-20 to Rs. 650 billion in FY20-21, the cement industry is keenly eyeing private sector spending in housing sector after announcement of subsidized housing finance schemes. Other avenues to look forward are Naya Pakistan Housing

Program, dams / water reservoir construction and future developments on CPEC, which currently are progressing, albeit at a slower pace.

To further mitigate the adverse impacts of COVID-19 on Pakistan's economy, SBP has been active in its policy formulation. A number of facilitation measures have been taken to support businesses by improving liquidity. The Company can benefit from these favourable schemes which include reduction in monetary policy rate, deferment of principal and markup payments, subsidized refinance scheme to support employment by financing Company's payroll bill and subsidized refinance scheme to stimulate new investments.

The Government has also slashed the Federal Excise Duty on cement by Rs 500 per ton. Though this will ultimately benefit the consumer in the form of reduced prices, it will partially support the Company in recovery of losses by hopefully improved sales volumes.

The Government's resolve not to relax stringent measures taken on structural reforms, particularly in the taxation structure and condition for CNIC based buying, penalizing of non-filers with double withholding rates, recently promulgated provision in Income Tax Ordinance to disallow business expenses relating to sales made to persons not registered with Sales Tax department and enforcement level measures at FBR like compulsory registration of dealers, are expected to put further pressure on overall economy and cement sector as well. Vide Finance Act 2020, the application of section 236V of the Income Tax Ordinance 2001 in respect of collection of 5% withholding tax on value of minerals extracted has been extended to active taxpayers as well. Earlier it was applicable only on non-filer persons. In the presence of huge carried forward tax losses, the adjustment of tax collected under this section is a worrying matter and could create liquidity issues in the form of stuck up income tax refunds for cement companies. The Company along with other cement companies has made representations before FBR against valuations rates prescribed for cement sector as the amount of per ton tax collected under section 236V is more than the production cost of cement. We expect a favourable outcome from FBR by removal of this anomaly.

Due to the COVID-19 pandemic, demand for oil and coal reduced worldwide causing their respective prices to hit new lows during the last quarter. However, global economies have started to recover, border restrictions have eased and trade has once again resumed, thereby improving demand for fuel. Prices are again showing upward trend. Due to global economic slowdown, oil refineries have reduced production and this has impacted the availability of petcoke with prices touching new highs. Cost reduction efforts continue to be the focus in all operational areas and the Company has adopted various strategies to reduce cost including use of alternative fuels and optimized operations of the plant.

To ensure a safe and healthy work environment, the Company is adapting its health and safety practices in line with WHO guidelines to deal with the pandemic. Measures include categorization of staff essential to be present in office for uninterrupted operations, whereas non-essential staff is shifted to work-from-home. Technological developments have made the minimal physical interaction possible by adhering to virtual meetings. Employees have also been strictly instructed to maintain social distancing, whereas pandemic related SOP's have been stringently drafted and adhered to. All sites are routinely sanitized and floor marked.

ACKNOWLEDGEMENT

The Board takes this opportunity to express its deep sense of gratitude and thanks to the shareholders, employees, customers, bankers and other stakeholders for the confidence and faith they have always reposed in us.

For and on behalf of the Board

Syed Mohsin Raza Naqvi
Director

Tariq Sayeed Saigol
Director
On behalf of CEO

Lahore: September 10, 2020

The Chief Executive Officer is for the time being not available in Pakistan so the Board has authorized Mr. Tariq Sayeed Saigol - Director to sign the Directors' Report for the year ended 30th June 2020.

STATEMENT OF COMPLIANCE

WITH THE LISTED COMPANIES (CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2019 (THE "REGULATIONS")

Name of Company:	Maple Leaf Cement Factory Limited
Year Ended:	June 30, 2020

This Company has complied with the requirements of the Regulations in the following manner:-

1. The total number of Directors are Nine (9) as per the following composition:

Male:	8
Female:	1

2. The Composition of the Board is as follows: -

i.	Independent Directors	02
ii.	Non-Executive Directors	04
iii.	Executive Directors (including CEO)	02
iv.	Female Director (Non-Executive)	01

Determination of number of independent Directors comes to 2.66 (rounded to 2) which is based on Eight Elected Directors, excluding CEO who is considered as deemed director. The fraction contrived in one-third number is not rounded up as the two elected independent directors have requisite competencies, skills, knowledge and experience to discharge and execute their duties competently, as per applicable laws and regulations. As they fulfill the necessary requirements as per applicable laws and regulations, hence, appointment of a third independent director is not warranted.

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

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

5. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the Company. 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 Company;

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

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

8. The Board has a formal policy and transparent procedures for remuneration of Directors in accordance with the Act and these Regulations;

9. Three Directors have obtained certificate for Directors' Training Program and Five Directors are exempt from this due to 14 years of education and 15 years of experience on the Boards of listed companies as under: -;

Sr. No.	NAME OF DIRECTORS	YEARS OF EXPERIENCE
1.	Mr. Tariq Sayeed Saigol	Exempted from Directors' Training Program
2.	Mr. Sayeed Tariq Saigol	Director in Kohinoor Textile Mills Limited (KTML) since 1998
3.	Mr. Taufique Sayeed Saigol	Exempted from Directors' Training Program
4.	Mr. Waleed Tariq Saigol	Director of the Company since 2004
5.	Mr. Danial Taufique Saigol	Certificate obtained for Directors' Training Program
6.	Ms. Jahanara Saigol	Appointed on the Board of the Company on December 31, 2019
7.	Mr. Shafiq Ahmed Khan	Director in Trust Investment Bank Limited from 1997 to 2009 and Director in KTML since 2014
8.	Mr. Zulfikar Monnoo	Director in Rafhan Maize Product Co. Limited since 1990 and certificate obtained for Directors' Training Program
9.	Syed Mohsin Raza Naqvi	Certificate obtained for Directors' Training Program

10. The Board has approved appointment of Chief Financial Officer, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations;

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 Committee

NAME	DESIGNATION
Mr. Shafiq Ahmed Khan	Chairman (Independent Director)
Mr. Zulfikar Monnoo	Member (Independent Director)
Mr. Waleed Tariq Saigol	Member (Non-Executive Director)
Mr. Danial Taufique Saigol	Member (Non-Executive Director)

b) Human Resource & Remuneration Committee

NAME	DESIGNATION
Mr. Shafiq Ahmed Khan	Chairman (Independent Director)
Mr. Zulfikar Monnoo	Member (Independent Director)
Mr. Danial Taufique Saigol	Member (Non-Executive Director)

c) Nomination Committee: Currently, the Board has not constituted a separate nomination committee and the functions are being performed by the human resource and remuneration committee. The Board shall consider to constitute nomination committee after next election of directors;

d) Risk Management Committee: Currently, the Board has not constituted a risk management committee and senior officers of the Company perform the requisite functions and apprise the Board accordingly. The Board shall consider to constitute risk management committee after next election of directors;

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

14. The frequency of meetings of the committees were as per following:

MEETINGS	FREQUENCY
Audit Committee	Four meetings were held during the financial year.
Human Resource and Remuneration Committee	One meeting was held during the financial year.

15. The Board has set up an effective internal audit function which is considered to be suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the Company;

16. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the Quality Control Review program of the Institute of Chartered Accountants of Pakistan (ICAP) 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 ICAP 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, 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; and

18. We confirm that all requirements of the regulations 3,6,7,8,27,32,33 and 36 of the Regulations have been complied with.

Lahore: September 10, 2020

Syed Mohsin Raza Naqvi
Director

Tariq Sayeed Saigol
Director
On behalf of CEO

The Chief Executive Officer is for the time being not available in Pakistan so the Board has authorized Mr. Tariq Sayeed Saigol - Director to sign the Statement of Compliance for the year ended 30th June 2020.

KPMG Taseer Hadi & Co.
Chartered Accountants
351 Shadman-1,
Jail Road, Lahore 54000 Pakistan

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REVIEW REPORT ON THE STATEMENT OF COMPLIANCE CONTAINED IN LISTED COMPANIES (CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2019

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Maple Leaf Cement Factory Limited

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 Maple Leaf Cement Factory Limited for the year ended 30 June 2020 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 Company. Our responsibility is to review whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Regulations and report if it does not and to highlight any non-compliance with the requirement of the Regulations. A review is limited primarily to inquiries of the Company's personnel and review of various documents prepared by the Company 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 Company'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 patty transactions by the Board of Directors upon recommendation of the Audit Committee.

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 Company's compliance, in all material respects, with the requirements contained in the Regulations as applicable to the Company for the year ended 30 June 2020.

KPMG Taseer Hadi & Co
Chartered Accountants
(Rehan Chughtai)

Lahore
Date: : 10 September 2020

BRIEF PROFILE OF DIRECTORS

MR. TARIQ SAYEED SAIGOL
(CHAIRMAN / DIRECTOR)

OTHER ENGAGEMENTS

CHAIRMAN / DIRECTOR
Kohinoor Textile Mills Limited
Maple Leaf Power Limited

Mr. Tariq Sayeed Saigol is the Chairman of Kohinoor Maple Leaf Group (KMLG). He is a member of the reputed Saigol Family who pioneered in textile manufacturing after partition and later ventured into the financial sector, chemicals, synthetic fibres, sugar, edible oil refining, civil engineering, construction, cement and energy.

Mr. Saigol was schooled at Aitchison College, Lahore and graduated from Government College University, Lahore, following which he studied Law at University Law College, Lahore.

He started his career in 1968 at Kohinoor's Chemical Complex at Kala Shah Kaku. Upon trifurcation of the Group in 1976, he became Chief Executive of Kohinoor Textile Mills Limited, Rawalpindi. Since 1984, he has been Chairman of Kohinoor Maple Leaf Group which has interests in textiles, cement manufacturing and energy.

He remained Chairman of All Pakistan Textile Mills Association from 1992 to 94, President of Lahore Chamber of Commerce and Industry for 1995-97 and Chairman of All Pakistan Cement Manufacturers Association from 2003-2006.

Mr. Saigol was a member of the Federal Export Promotion Board and Central Board of State Bank of Pakistan. He has also served on several Government Commissions and Committees on a number of subjects, including Export Promotion, reorganization of WAPDA and EPB, Right Sizing of State owned Corporations and Resource Mobilization. He is the author of "Textile Vision 2005" which was adopted by the Government in 2000 and also its critique prepared in 2006. He also served as a member of the Central Board of State Bank of Pakistan for a second term in 2007 and was a member of the Prime Minister's Economic Advisory Council established in 2008.

He takes keen interest in the development of education and health care in Pakistan. He has been a member of the Board of Governors of Lahore University of Management Sciences, Founding Chairman of the Board of Governors of Chandbagh School, Founder Trustee of Textile University of Pakistan, member of the Syndicate of University of Health Sciences and Member of Board of Governors of Aitchison College, Lahore. He presently serves on the Managing Committee, Gulab Devi Chest Hospital, Lahore.

In recognition of his contribution, he was conferred with the civilian award, Sitara-e-Isaar by the President of Pakistan in 2006.

He is a keen golfer and has represented Pakistan at Golf in Sri Lanka and Pakistan in 1967.

MR. SAYEED TARIQ SAIGOL
(CHIEF EXECUTIVE / DIRECTOR)

OTHER ENGAGEMENTS

CHIEF EXECUTIVE / DIRECTOR
Maple Leaf Power Limited

DIRECTOR
Kohinoor Textile Mills Limited
Maple Leaf Capital Limited

Mr. Sayeed Tariq Saigol is the Chief Executive of Maple Leaf Cement and Maple Leaf Power Ltd. He graduated from McGill University with a degree in management. Mr. Sayeed Saigol also has several years of work experience in the textile industry. Prior to joining Maple Leaf Cement, he was involved in setting up and managing an apparel dyeing company. He is a member of the Board of Governors of the Lahore University of Management Sciences.

MR. TAUFIQUE SAYEED SAIGOL
(DIRECTOR)

OTHER ENGAGEMENTS

CHIEF EXECUTIVE / DIRECTOR
Kohinoor Textile Mills Limited

CHAIRMAN / DIRECTOR
Maple Leaf Capital Limited

DIRECTOR
Maple Leaf Power Limited

Mr. Taufique Sayeed Saigol is the Chief Executive of Kohinoor Textile Mills Limited and Director in all KMLG

companies. He is a leading and experienced industrialist of Pakistan. He graduated as an Industrial Engineer from Cornell University, USA in 1974. He has widely travelled and his special forte is in the export business.

He is a business man of impeccable credibility and vision and has substantial experience of working in different environments.

MR. WALEED TARIQ SAIGOL
(DIRECTOR)

OTHER ENGAGEMENTS

DIRECTOR
Kohinoor Textile Mills Limited
Maple Leaf Power Limited

CHIEF EXECUTIVE / DIRECTOR
Maple Leaf Capital Limited

Mr. Waleed Tariq Saigol is Director in all KMLG companies and the Chief Executive of Maple Leaf Capital Limited. He holds a bachelor's degree in Political Science from the London School of Economics & Political Science. Apart from his responsibilities in textiles, he is also involved in identifying and developing new areas of business for KMLG. He is a keen golfer and has won several tournaments in Pakistan.

MR. DANIAL TAUFIQUE SAIGOL
(DIRECTOR)

OTHER ENGAGEMENTS

DIRECTOR
Kohinoor Textile Mills Limited
Maple Leaf Power Limited
Maple Leaf Capital Limited

Mr. Danial Taufique Saigol is the younger son of Mr. Taufique Sayeed Saigol, CEO of KTML. Danial began his career with KMLG in January 2012 as Executive Director. He holds a bachelor's degree in Finance from McGill University, Montreal, Canada. He is currently posted at Kohinoor Textile Mills, Rawalpindi.

MS. JAHANARA SAIGOL
(DIRECTOR)

OTHER ENGAGEMENTS

DIRECTOR
Kohinoor Textile Mills Limited
Maple Leaf Capital Limited

Ms. Jahanara Saigol is daughter of renowned industrialist, Mr. Tariq Sayeed Saigol who is the Chairman of Kohinoor Maple Leaf Group. She is currently completing PhD in Islamic Art and Architecture at SOAS, University of London. She has also completed degrees in MA, SOAS, University of London and M. St, University of Oxford.

MR. SHAFIQ AHMED KHAN
(DIRECTOR)

OTHER ENGAGEMENTS

DIRECTOR
Kohinoor Textile Mills Limited

Mr. Shafiq Ahmed Khan got his bachelor degree from Punjab University and joined Habib Bank Limited at entry level in 1968 and spent over a period of 24 years in order to become Executive Vice President while performing in different areas of services. He spent a period of five years in Fidelity Investment Bank Limited, Lahore, as first President & CEO of a major investment bank in the country and guided with sound business and risk management.

Since 1996 to 2005, he has been associated with Pakistan's largest private sector commercial bank as Senior Executive Vice President / Group Head and taken responsibilities for devising and implementing business strategies for MCB Bank Limited. He also served on the Board of Trust Investment Bank Limited from 1997 to 2009. Over the course of 36 years in a career, he used up in domestic and international market with all necessary skills for developing & implementing successful strategies for institutions' businesses across geographical segments particularly in banking relationships and enjoy sound relationships with regulatory authorities in various countries. Currently, being an Independent Director, he is the Chairman of Audit Committee as well as Human Resource and Remuneration Committee of Kohinoor Maple Leaf Group's listed companies.

MR. ZULFIKAR MONNOO
(DIRECTOR)

OTHER ENGAGEMENTS

DIRECTOR
Kohinoor Textile Mills Limited
Unilever Pakistan Foods Limited,
Rafhan Maize Products Co. Limited

DIRECTOR / CHIEF EXECUTIVE
Pakwest Industries (Pvt.) Limited

Mr. Zulfikar Monnoo joined the Board of Unilever Pakistan Foods Limited when the company was formed. He is past Chairman and now a member of both the Audit and the HR& R Committees.

He is also Director of Rafhan Maize Products Co. Limited since 1990 and a member of both the Audit and the HR& R Committees.

He is the Chief Executive of Pakwest Industries (Pvt.) Ltd., Lahore. He is an alumni of The Wharton School, University of Pennsylvania and Aitchison College, Lahore.

He is a businessman with experience of 29 years as a director having degree of bachelor in science in economics with a major in finance. He obtained directors training certification from Pakistan Institute of Corporate Governance in 2012. His special expertise/ specialized skills are Finance & Accounting, Human Resource, sales and has industrial experience in food & textile ingredient manufacturing as well as artificial leather (coated fabrics).

SYED MOHSIN RAZA NAQVI
(DIRECTOR/GROUP DIRECTOR FINANCE / CHIEF FINANCIAL OFFICER)

OTHER ENGAGEMENTS

DIRECTOR / CHIEF FINANCIAL OFFICER
Kohinoor Textile Mills Limited

DIRECTOR
Maple Leaf Power Limited
Maple Leaf Capital Limited

Mr. Mohsin Naqvi is Fellow Member of the Institute of Chartered Accountants of Pakistan with over 31 years of Financial Management experience. His areas of expertise include: financial projections, forecasting-short term and long-term cash flows, business strategy development, acquisitions and evaluations of business units, establishing company's reporting structure, implementing budgetary control procedures, implementing financial software, organizing finance and treasury functions of the Company.

He is former board member of Kohinoor Mills Limited and Al-Wazan Group, Kuwait. He has experience of working in several countries which include Saudi Arabia, Kuwait, Philippines, Morocco, Jordan and Pakistan.

CORPORATE
BRIEFINGS

MATTERS DECIDED AND DELEGATED BY BOARD OF DIRECTORS

Matters Decided by the Board of Directors

The Board of Directors approves overall corporate strategy which is in line with Company's Vision. All the Strategic Decisions of the Company are taken by the Board. As sanctioned by the Companies Act 2017 and authorised by Articles of Association of the Company, following decisions are taken by the Board namely: -

- Issue of shares;
- Make borrowings in the form of loans, debentures, leasing contracts or redeemable capital
- Investment of funds of the company;
- Approval of financial statements;
- Approval of bonus to employees;
- Incurring capital expenditure and disposal of fixed assets;
- Declaration of interim dividend;
- Provision / Writing off bad debts, advances and receivables;
- Writing off other assets of the company;
- To determine the terms of and the circumstances in which a law suit may be compromised and a claim or right in favour of a company may be released, extinguished or relinquished; and
- Other matters of strategic nature e.g. taking over a company or acquiring a controlling or substantial stake in another company;

Matters Delegated to the Management

Management of the Company is entrusted with the responsibility to conduct operations of the Company adhering to corporate strategy approved by Board of Directors. Tactical and operational matters are delegated to the Management of the Company which mainly include:

- Cash flow Management;
- Selling and Marketing;
- Compliance with legal requirements;
- Production Management;
- Procurement Management and
- Other support functions like Human Resource Management.

UNRESERVED COMPLIANCE OF INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS)

The management of the Company strongly believes in adherence to unreserved compliance with all the applicable International Accounting Standards (IAS)/ IFRS issued by International Accounting Standards Board (IASB) vital to true and fair preparation and presentation of financial information. Compliance to IFRS encourages sufficient disclosures of the financial statements that are beneficial for informed decisions of stakeholders.

Financial statements for the year have been prepared in accordance with the accounting and reporting standards issued by IASB as are applicable in Pakistan. IFRS adoption status is in detail is explained in note 3 of annexed standalone financial statements.

ANNUAL EVALUATION OF BOARD PERFORMANCE

The Board has set a criterion based on emerging and leading practices to assist in the self-assessment of an individual director and the full Board's performance. It is not intended to be all-inclusive. When completing the performance evaluation, Board considers the following main performance evaluation process or behaviour:

i. Adequate Board composition.
ii. Satisfactory processes and procedures for Board meetings.
iii. The Board sets objectives and formulates an overall corporate strategy.
iv. The Board has set up adequate number of its Committees.
v. Each Director has adequate knowledge of economic and business environment in which the company operates.
vi. Each Board member contributes towards effective and robust oversight.
vii. The Board has established a sound internal control system and regularly reviews it.
viii. The Board reviews the Company's significant accounting policies according to the adequate financial reporting regulatory framework.
ix. The Board considers the quality and appropriateness of financial accounting and reporting and the transparency of disclosures.

Evaluation Criteria of Board Performance

Following is the main criteria:

1. Financial policies reviewed and updated;
2. Capital and operating budgets approved annually;
3. Board receives regular financial reports;
4. Procedure for annual audit;
5. Board approves annual business plan;
6. Board focuses on goals and results;
7. Availability of Board's guideline to management;
8. Regular follow up to measure the impact of Board's decisions;
9. Assessment to ensure compliance with code of ethics and corporate governance.

During the year under review, the performance review of Board was not carried out by any external consultant.

CEO PERFORMANCE REVIEW

The performance of the CEO is regularly evaluated by the Board of Directors and this evaluation is based on the criteria defined by the Board of Directors which includes various financial and non-financial key performance indicators (KPIs). At the start of the year, CEO presents his KPI for the upcoming year to the Board of Directors. The Board periodically evaluates the actual performance against those KPIs during the year and discusses the future course of action to attain the Company's stated goals. The CEO also appraises to the Board regarding an assessment of senior management and their potential to achieve the objectives of the Company.

PERFORMANCE REVIEW OF BOARD COMMITTEES

Performance of Board Committees is regularly evaluated by the Board of Directors based on the terms of reference as defined and approved by the Board.

FORMAL ORIENTATION TRAINING PROGRAM FOR DIRECTORS/ DIRECTORS' TRANING PROGRAM

All the Directors are suitably qualified and experienced and most of them are exempt from Directors' training program due to 14 years of education and 15 years of experience on the Boards of listed companies.

Further, the Directors have also provided declarations that they are aware of their duties, powers and responsibilities under the Companies Act, 2017 and the Listing Regulations of Pakistan Stock Exchange.

QUALIFICATION OF CFO AND HEAD OF INTERNAL AUDIT

The Chief Financial Officer and the Head of Internal Audit possess the requisite qualifications and experience as prescribed in Listed Companies (Code of Corporate Governance) Regulations, 2019.

COMPENSATION POLICY OF EXECUTIVE DIRECTORS WHO ALSO SERVE OTHER COMPANIES BOARD OF DIRECTORS

Executive directors of the company shall be appropriately compensated for their service in the Company and for representation on the Company's Board. This compensation shall take into consideration the amount of time required to be devoted to Board activities, the fiduciary responsibility of such positions and the competitiveness of the compensation levels. Compensation is subject to change at the discretion of the Board. Board may approve revision in Directors' Compensation Policy from time to time.

No fee is paid to executive directors of the company by way of their appointment in other associated companies in the capacity of non-executive director.

Moreover, none of our executive director is working as non-executive director in companies which are not associated companies.

FOREIGN DIRECTOR

No foreign director was on Board of Directors of the Company during the year.

IMPLEMENTATION OF GOVERNANCE PRACTICES EXCEEDING LEGAL REQUIREMENT

The management of Maple Leaf Cement Factory Limited believes to follow best governance practices that can be implemented in the Company's environment. To implement these practices the minimum benchmark is to comply with all the legal requirements. However, the management goes ahead to implement best governance rules and practices that are followed globally and are in favour of the Company's shareholders, employees, environment and community.

Following additional governance practices implemented by the management include:

- Disbursement of additional corporate and financial information to shareholders and legal authorities, although not required by any law, to make the Company's affairs more transparent and to give better insight of the Company's affairs, policies and strategies.
- Implementation of 5S policy to create a healthy and work friendly environment together with efficiency and effectiveness.
- Implementation of Health, Safety and Environment Policy for better and safe work place environment for employees, workers and surrounding community.

The Company understands and fulfils its corporate social responsibility and has implemented various social projects for welfare of the community.

POLICY ON DIVERSITY

At Maple Leaf Cement Factory Limited, we aim to be an inclusive organisation, where diversity is valued, respected and built upon. We recruit and retain a diverse workforce irrespective of religious and political beliefs, gender, race, ethnicity, disability, education, colour, language, age, socioeconomic background, and geographic location and region. The culture of the Company values differences and recognises that stakeholders from different backgrounds and experiences can bring valuable insights to enable a collaborative work environment by introduction of varied ideas and perspectives within the Company.

We Aim to pro-actively tackle discrimination and to ensure that no individual or group is directly or indirectly discriminated against for any reason regarding employment and the Company bears no tolerance for harassment/bullying and persecution. The company has a whistle blowing policy in place, and employees are encouraged to report all such matters and related grievances to the Human Resources department.

The Board ensures application of diversity policy through Human Resource department by ensuring that all talent hunting seminars, job fairs and advertisements specifically mention that we are an equal opportunity employer in all areas and we nourish an organizational culture where individual differences are appreciated rather than criticized for novel ideas and improvements. Furthermore, Internal Audit department ensures and reports compliance of diversity policy on periodic basis.

CONFLICT OF INTEREST MANAGEMENT POLICY

Policy Statement

The company has the policy for actual and perceived conflicts of interest and measures are adopted to avoid any conflict of interest, identify the existence of any conflict of interest, and to disclose the existence of conflict of Interest. The Company annually circulates and obtains a signed copy of Code of Conduct applicable to all its employees and directors, which also relates to matters relating to conflict of interest. Further, it seeks to set out the process, procedures and internal controls to facilitate compliance with the Policy as well as to highlight the consequences of non-compliance with the Policy by all its employees and directors. The Company Policy provides a guide as to what constitutes a conflict of interest, the processes and procedures that are in place in order to facilitate compliance and, the consequences of noncompliance. The Policy is intended to assist directors and employees in making the right decisions when confronted with potential conflict of interest issues.

Management of Conflict of Interest:

The primary goal of MLCFL policy is to manage conflicts of interest to ensure that decisions are made and are seen to be made on proper grounds, for legitimate reasons and without bias. To do this MLCFL has set the following procedures to manage and monitor the conflict of Interest:

1. Identify areas of risk
2. Develop strategies and responses for risky areas.
3. Educate all employees about the conflict of interest policy.
4. Communicate with stakeholders to provide the platform for proper disclosure
5. Enforce the policy.

Furthermore, the directors are annually reminded of the insider trading circular issued by the Securities and Exchange Commission of Pakistan to avoid dealing in shares while they are in possession of the insider information. Every director is required to provide to the Board complete details regarding any material transaction which may bring conflict of interest with the Company for prior approval of the Board. The interested directors do not participate

in the discussion neither they vote on such matters. The transactions with all the related parties are made on arms-length basis and complete details are provided to the Board for their approval. Further all the transactions with the related parties are fully disclosed in the financial statements of the Company.

INVESTORS' GRIEVANCES POLICY

The company believes that Investor services is a vital element for sustained business growth and we want to ensure that our Investors receive exemplary service across different touch points of the Company. Prompt and efficient service is essential to retain existing relationships and therefore, Investor satisfaction becomes critical to the Company. Investor queries and complaints constitute an important voice of Investor, and this policy details grievance handling through a structured grievance framework.

Grievance policy is supported by a review mechanism, to minimize the recurrence of similar issues in future. Investors have the facility to call toll free call centre 24/7 to register their grievances. The Company's Grievance policy follows the following principles:

- Investors are treated fairly at all times.
- Complaints raised by Investors are dealt with courtesy and in a timely manner.
- Investors are informed of avenues to raise their queries and complaints within the organization and their rights if they are not satisfied with the resolution of their complaints.
- Queries and complaints are treated efficiently and fairly.
- The Company's employees work in good faith and without prejudice, towards the interests of the Investors.

SAFETY OF RECORD

MLCFL is effectively implementing the policy to ensure the safety of the records. All records must be retained for as long as they are required to meet legal, administrative, operational and other requirements of the Company. The main purposes of the Company Policy are:

- To ensure that the Company's records are created, managed, retained, and disposed of in an effective and efficient manner;
- To facilitate the efficient management of the Company's records through the development of a coordinated Records Management Program;
- To ensure preservation of the Company's records of permanent value to support both protection of privacy and freedom of information services throughout the Company to promote collegiality and knowledge sharing;
- Information will be held only as long as required and disposed of in accordance with the record retention policy and retention schedules; and
- Records and information are owned by the Company, not by the individual or team.

IT GOVERNANCE POLICY

MLCFL has properly documented and implemented IT Governance Policy to ensure an integrated framework for evolving and maintaining existing information technology and acquiring new technology to achieve the Company's strategic focus. The purpose of this policy is to define the IT governance scope, and its roles and responsibilities. IT Governance Policy consists of the following:

- It provides a structured decision-making process around IT investment decisions.
- Promotes accountability, due diligence, efficient and economic delivery of the Company's IT services.
- It lays down solid foundation for management decision making and oversight.
- Safeguard of Company's financial data.
- Development and up-gradation of different modules to provide reliable, efficient and timely information.
- To create a culture of paperless environment within the Company.

WHISTLE BLOWING POLICY

In accordance with the Company's continued commitment to 'Good Governance' a 'Whistle Blowing' policy has been adopted. The policy ensures that the 'Whistle Blower' will be fully protected and the said non-conformance, will be investigated in a fair, transparent, reliable and principled manner.

Highlights of the policy are as follows:

1. All Protected Disclosures should be addressed to the nominated Ombudsman of the Company.

2. The Protected Disclosures should be reported in writing clearly stating the issue that is being raised. It should be preferably typed but legible handwritten versions in English or Urdu are also acceptable.
3. The Protected Disclosures should be forwarded with a covering letter bearing the identity of the whistle blower.
4. Anonymous disclosures will not be entertained.
5. If in an initial enquiry by the Ombudsman, it is felt that the complaint is not substantial, it can be dismissed.
6. If initial enquiry establishes that further investigation is necessary, the Ombudsman will ensure that an investigation is carried out in a neutral and fair manner without presumption of guilt. A written request of the finding will be prepared.
7. Further investigation shall only be carried out if the Ombudsman feels that the complaint is factual, fair and not speculative. It should contain as much factual information to necessitate a preliminary investigation.

In MLCFL, no whistle blowing incidence was highlighted and reported under the above said procedures during the year.

HUMAN RESOURCE MANAGEMENT

The Company is committed to build a strong organizational culture that is shaped by empowered employees who demonstrate a deep belief in Company's vision and values. Therefore, Human Resource Management (HRM) is an integral part of our business strategy. The Company fosters leadership, individual accountability and teamwork. The main components of the Company's HRM policy are:

- Selecting the right person, with the right experience, at the right time, offering the right compensation.
- Developing management philosophies and practices to promote and encourage motivation and retention of the best employees.
- Recognizing and rewarding employees' contribution to the business.
- Fostering the concept of team work and synergetic efforts
- Encouraging and supporting team concepts and team building techniques.
- Nurturing a climate of open communications between management and employees.
- Making all reasonable efforts to achieve a high quality of work-life balance.

Succession Planning

The Company believes in proactive approach towards succession planning. We recruit employees, develop their knowledge, skills, abilities, and prepare them for advancement or promotion into ever more challenging roles. Rigorous succession planning is also in place throughout the organization. Succession planning ensures that employees are constantly developed to fill each needed role. We look for people who exemplify continuous improvement when we are spotting future successors.

Approved Training Organization – ICAP & ICAEW

On 31st August 2016, MLCFL was granted the status of Training Organization outside Practice (TOoP) by Institute of Chartered Accountants of Pakistan to impart practical industry exposure to CA trainee students. The Company is also an Approved Training Employer recognized by Institute of Chartered Accountants in England & Wales (ICAEW). This demonstrates the level of confidence of these renowned institutes in company's pool of qualified professionals and at the same time, raises the opportunity for trainee students to be trained in one of the best organizations' in Pakistan. During the year 2017-18, the Company inducted first batch of CA trainee students under ICAP TOoP scheme.

SOCIAL AND ENVIRONMENTAL RESPONSIBILITY POLICY

The Company's Social and Environmental Responsibility Policy reflects the Company's recognition that there is a strong, positive correlation between financial performance and corporate, social and environmental responsibility. The Company believes that the observance of sound environmental and social strategies is essential for building strong brand and safeguarding reputation, which in turn is vital for long term success.

Social Responsibility Policy:

- Implementation of Employee Code of Conduct that fits with local customs and regulations.
- Culture of ethics and behaviour which improve values like integrity and transparency.
- Focusing on social involvement by developing multicultural teams with different competencies.
- Promoting the culture of work facilitation and knowledge transfer.
- Carrying out corporate philanthropy actions that focus in particular on preserving life and the environment.
- Maintaining collaborative relations with the society through a good harmony and effective communication.

Environmental Responsibility policy

- Ensure our products, operations and services comply with relevant environmental legislation and regulations.
- Maintain and continually improve our environmental management systems to conform to the ISO Standards or more stringent requirements as dictated by specific markets or local regulations.
- Operate in a manner that is committed to continuous improvement in environmental sustainability through recycling, conservation of resources, prevention of pollution, product development and promotion of environmental responsibility amongst our employees.
- Responsibly managing the use of hazardous materials in our operations, products and services and promote recycling or reuse of our products.
- Inform suppliers, including contractors, of our environmental expectations and require them to adopt environmental management practices aligned with these expectations.

Policy on Corporate Social Responsibility

The company has formulated an efficient policy for sustainability and corporate social responsibilities in accordance with the SECP's CSR guidelines 2013 and the Companies' Act 2017. The Board has put in place a CSR committee which is formed for better monitoring and execution of all CSR related tasks including the Al-Aleem Medical College, in Ghulab Devi Chest Hospital. This committee supervises all CSR activities and ensures the progress of all CSR related goals, objectives and targets. The committee plans and determines the priority areas wherein the CSR projects are currently being managed (ongoing projects) and are planned to be initiated in the future. The Company has received the "Corporate Social Responsibility Award 2020" demonstrating management's firm philanthropist attitude towards social welfare of the society at large through charitable contributions and compliance with CSR objectives.

BUSINESS CONTINUITY AND DISASTER RECOVERY PLAN

The Board of Directors periodically review the Company's Business Continuity & Disaster Recovery (BC/DR) plan to ensure that critical business functions will be available to customers, suppliers, regulators, and other entities that have access to those functions even under extraordinary circumstances. BC/ DR plan mainly includes daily tasks such as customers/ suppliers correspondence, production data, trading activities, project management, system backups and help desk operations.

The primary activities of the Board for the execution of the plan include:

1) To develop and maintain a formal plan that is responsive to the Company's current business needs and operating environment.

2) To ensure that a Business Continuity Recovery Team includes representatives from all business units.

3) To provide ongoing business continuity training to all employees, including executive management and the Board.

4) Ensure that thorough current business impact analysis and risk assessments are maintained.

5) Ensure a centralized executive view of the business continuity plan and programs.

PANDEMIC RECOVERY PLAN BY THE MANAGEMENT AND POLICY STATEMENT

The emergence of the COVID-19 pandemic has created a serious challenge for the world as well as for Pakistan. The Company's management took early proactive steps to educate and guide its employees and all stake holders in the value chain about prevention, spread and treatment of the disease.

As the situation developed, The Company implemented comprehensive rules and SOP's in the light of the guidelines issued by World Health Organization (WHO), National Institute of Health and The Government of Pakistan to alternatively conduct business.

The salient features of the policy include:

1. Thermal scan of all individuals entering the Company's premises.
2. Barring entry of all employees who exhibit symptoms and encouraging them to isolate themselves, under take laboratory test and medical check-ups.
3. Installing hand sanitizers at all entry points and the mandatory washing of hands.
4. Face mask made compulsory.
5. Disinfecting all surfaces, corridors and rooms.
6. Ensuring physical distancing and adopting the practice of cyclic rotation and working from home.
7. Online attendance marking and introducing a system of live communication and data sharing amongst employees via internet.
8. Preventing unnecessary gatherings and discouraging physical contact amongst personnel.
9. Improving air flow and proper ventilation in closed spaces.
10. Label the business premises with floor marks.
11. Categorization of staff and adopting alternative work shift schedules to reduce physical presence at office.

Despite the nationwide lockdown in last quarter of the financial year, after a week's shutdown on the orders of the Government, construction activities resumed subject to adherence to strict guidelines and SOPs.

RELATED PARTY TRANSACTIONS

The Company has made detailed disclosures about related party transactions in its financial statements annexed with this annual report. Such disclosure is in line with the requirements of the 4th Schedule to the Companies Act, 2017 and applicable International Financial Reporting Standards.

Moreover, the Company has also decided to place its related party transactions before the Annual General Meeting for obtaining shareholders' approval for the same. Details of party-wise disclosure of such transactions is also given in the statement u/s 134 annexed with the Notice of AGM.

TRANSACTION / TRADE OF COMPANY'S SHARES

The Board has reviewed the threshold for disclosure of interest by executives holding of Company's shares which includes Chief Executive Officer, Chief Financial Officer, Executive Director (Finance), Head of Internal Audit and Company Secretary. None of the Directors, CEO, CFO, Executive Director (Finance), Head of Internal Audit and Company Secretary (including their spouses and minor children) traded in the shares of the Company.

However, 85% Right Shares were offered to the entitled shareholders and subscribed by them during the year including investors and Directors of the Company.

CHAIRMAN'S SIGNIFICANT COMMITMENTS

List of Companies in which the Chairman holds directorship has been separately disclosed in the Directors Profile section of the Annual Report.

ROLE OF CHAIRMAN AND THE CEO

The Company's Chairman reports to the Board and the CEO reports to the Chairman (acting on behalf of the Board) and to the Board directly. Their respective roles are being described here under:-

Role of the Chairman	Role of the CEO
Principal responsibility is the effective running of the Board.	Principal responsibility is running the Company's business.
Responsible for ensuring that the Board as a whole plays a full and constructive part in the development and determination of the Company's strategy and overall commercial objectives.	Responsible for proposing and developing the Company's strategy and overall commercial objectives, which he does in close consultation with the Chairman and the Board.
Guardian of the Board's decision-making process.	Responsible with the executive team for implementing the decisions of the Board and its Committees.
Responsible for promoting the highest standards of integrity, probity and corporate governance throughout the Company and particularly at Board level.	Responsible for promoting, and conducting the affairs of the Company with the highest standards of integrity, probity and corporate governance.

TERMS OF REFERENCE OF BOARD COMMITTEES

Audit Committee

The Main Terms of Reference of the Audit Committee are as under: -

(i) Determination of appropriate measures to safeguard the Company's assets;

(ii) Review of annual and interim financial statements of the Company, prior to their approval by the Board of Directors, focusing on:

  (a) major judgmental areas;

  (b) significant adjustments resulting from the audit;

  (c) going concern assumption;

  (d) any changes in accounting policies and practices;

  (e) compliance with applicable accounting standards;

  (f) compliance with these regulations and other statutory and regulatory requirements; and

  (g) all related party transactions.

(iii) Review of preliminary announcements of results prior to external communication and publication;

(iv) Facilitating the external audit and discussion with external auditors of major observations arising from interim and final audits and any matter that the auditors may wish to highlight (in the absence of management, where necessary);

(v) Review of management letter issued by external auditors and management's response thereto;

(vi) Ensuring coordination between the internal and external auditors of the Company;

(vii) Review of the scope and extent of internal audit, audit plan, reporting framework and procedures and ensuring that the internal audit function has adequate resources and is appropriately placed within the Company;

(viii) Consideration of major findings of internal investigations of activities characterized by fraud, corruption and abuse of power and management's response thereto;

(ix) Ascertaining that the internal control systems including financial and operational controls, accounting systems for timely and appropriate recording of purchases and sales, receipts and payments, assets and liabilities and the reporting structure are adequate and effective;

(x) Review of the Company's statement on internal control systems prior to endorsement by the Board of Directors and internal audit reports;

(xi) Instituting special projects, value for money studies or other investigations on any matter specified by the Board of Directors, in consultation with the Chief Executive Officer and to consider remittance of any matter to the external auditors or to any other external body;

(xii) Determination of compliance with relevant statutory requirements;

(xiii) Monitoring compliance with these regulations and identification of significant violations thereof;

(xiv) Review of arrangement for staff and management to report to Audit Committee in confidence, concerns, if any, about actual or potential improprieties in financial and other matters and recommend instituting remedial and mitigating measures;

(xv) Recommend to the Board of Directors the appointment of external auditors, their removal, audit fees, the provision of any


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service permissible to be rendered to the Company by the external auditors in addition to audit of its financial statements, measures for redressal and rectification of non-compliances with the Regulations. The Board of Directors shall give due consideration to the recommendations of the Audit Committee and where it acts otherwise it shall record the reasons thereof.

(xvi) Consideration of any other issue or matter as may be assigned by the Board of Directors.

HUMAN RESOURCE & REMUNERATION COMMITTEE (THE 'HR & R COMMITTEE')

The Main Terms of Reference of the HR&R Committee are as under: -

i. Recommending human resource management policies to the Board;

ii. Recommending to the Board the selection, evaluation, development, compensation (including retirement benefits) of Chief Operating Officer, Chief Financial Officer, Company Secretary and Head of Internal Audit;

iii. Consideration and approval on recommendations of Chief Executive Officer on such matters for key management positions who report directly to Chief Executive Officer or Chief Operating Officer; and

iv. Where human resource and remuneration consultants are appointed, their credentials shall be known by the committee and a statement shall be made by them as to whether they have any other connection with the Company.

CROSS-FUNCTIONAL TEAMS

Team Energy

Higher management of the company has formulated a team of pioneer executives with diversified skills to cope up the situation regarding increased energy cost for cement manufacturing. Energy consumption is quite intensive at cement plant; therefore, the price fluctuation of cement requires some cheap and efficient energy solutions. The team has been working to ensure the improved performance through prudent energy use by the process of monitoring, controlling, and conserving energy in the organization. Composition of team is as follows:

MEMBERS:	
MR. SAYEED TARIQ SAIGOL	MR. MUHAMMAD BASHARAT
MR. ABDUL HANAN	MR. NASIR IQBAL
MR. AMER BILAL	MR. SOHAIL SADIQ
MR. AMIR FEROZ	MR. TARIQ MIR
MR. ARIF IJAZ	MR. ZEESHAN MALIK BHUTTA
MR. MUHAMMAD ALI REHMAT	

Number of Meetings Held – 47

Team improvement

A team of proficient personnel has been formulated to encourage the concept of sustainable development through Quality Management System (QMS) that supports the process of continuous improvement of products and processes involved within the organization. They accentuate on the development of long term strategies for achieving the company objectives for sustainable development and reinforce the culture of quality. All stages of the production process right from the selection of raw materials, processing of materials and the finished product are subjected to rigorous quality testing to ensure that each bag of cement is of the best quality.

MEMBERS:	
MR. SAYEED TARIQ SAIGOL	MR. MUHAMMAD SAJJAD
MR. ABDUL HANAN	MR. NASIR IQBAL
MR. AMER BILAL	MR. NAUMAN AHMED
MR. AMIR FEROZE	MR. SOHAIL SADIQ
MR. ARIF IJAZ	MR. TARIQ MIR
MR. MUHAMMAD ALI REHMAT	MR. YAHYA HAMID
MR. MUHAMMAD BASHARAT	MR. ZEESHAN MALIK BHUTTA

Number of Meetings Held – 46

Team Reliability Centered Maintenance

Reliability Centered Maintenance (RCM) team has been established to evaluate the equipment’s condition and then determine the maintenance requirements for each piece of equipment in operating context of our cement plant. RCM Team is specialized in using various maintenance techniques such as predictive, preventive and proactive maintenance to keep in pace all the machinery and equipment for their adequate functionality and to increase cost effectiveness, machine uptime, and a greater understanding of the level of risk that the organization is presently managing.

MEMBERS:	
MR. SAYEED TARIQ SAIGOL	MR. MUHAMMAD BASHARAT
MR. ABDUL HANAN	MR. NASIR IQBAL
MR. AMER BILAL	MR. SOHAIL SADIQ
MR. AMIR FEROZE	MR. TARIQ MIR
MR. ARIF IJAZ	MR. ZEESHAN MALIK BHUTTA
MR. MUHAMMAD ALI REHMAT	

Number of Meetings Held – 42

Team Culture Development

To promote socio-economic culture, arts and national heritage, a team is engaged in our organization. Keeping in mind the social, cultural and economic needs of employees and workers, it proposes strategies to ensure wellbeing of people and to have all participate in sports and active recreation. It sets out to make Maple Leaf Cement Factory Ltd. a culture supporter organization in Pakistan, to harness the creativity of the employees and where all people are treated equally.

MEMBERS:	
MR. SAYEED TARIQ SAIGOL	MR. MUHAMMAD SAJJAD
MR. ABDUL HANAN	MR. SOHAIL SADIQ
MR. AMIR FEROZE	MR. YAHYA HAMID
MR. ARIF IJAZ	MR. ZEESHAN MALIK BHUTTA

Number of Meetings Held -4

SWOT ANALYSIS

SWOT analysis is being used at MLCFL as a strategy formulation tool, in order to match our strengths with perceived opportunities and minimize our weaknesses to avoid market and other threats. Management at MLCFL considers the following factors of SWOT analysis relevant to us:

STRENGTHS

- Single largest cement producing site in Pakistan.
- State of the Art FLSmidth plants.
- Higher EBITDA %.
- Excellent logistic management including Pakistan Railways arrangement.
- Fully diversified cement producer.
- Strong local and international branding.
- Offering over 330 days/year production.
- Well diversified fuel mix and efficient operation.
- Well-developed refined human resource.
- Lowest energy cost per ton of clinker.
- Self-power generation - owned coal-based power plant.

WEAKNESSES

- Cyclical industry.
- High transport cost.
- Highly regionalized and localized market.
- High electricity cost.
- High taxation.

OPPORTUNITIES

- Focus on cost optimization.
- Huge Govt. expenditure in infrastructure development.
- Availability of housing loan from financial institutions.
- Rising population works as a catalyst for housing boom.
- Low per capita consumption.
- Research to develop new products.

THREATS

- Rising cost of logistics.
- Rising cost of power.
- Currency devaluation risk.
- New entrant threats due to high potential market.
- High incidence of taxes.
- High cost of financing
- Low GDP growth rate

REPORT OF THE AUDIT COMMITTEE

The Audit Committee comprises of two Independent Directors and two Non-Executive Directors. The Chief Financial Officer, the Chief Internal Auditor and the external auditors attend the Audit Committee meetings as provided in Listed Companies (Code of Corporate Governance) Regulations, 2019. Four meetings of the Audit Committee were held during the year 2019-2020. Based on reviews and discussions in these meetings, the Audit Committee reports that:

1. The Audit Committee reviewed and approved the quarterly, half yearly and annual financial statements of the Company including consolidated financial statements and recommended them for approval of the Board of Directors.

2. Appropriate accounting policies have been consistently applied. All core and other applicable International Accounting Standards were followed in preparation of financial statements of the Company and consolidated financial statements on a going concern basis, which present fairly the state of affairs, results of operations, cash flows and changes in equity of the Company.

3. Accounting estimates are based on reasonable and prudent judgment. Proper and adequate accounting records have been maintained by the Company in accordance with the Companies Act, 2017, and the external reporting is consistent with management processes and adequate for shareholder needs.

4. The Audit Committee reviewed and approved all related party transactions.

5. No cases of material complaints regarding accounting, internal accounting controls or audit matters, or Whistle Blowing were received by the Committee.

6. The Company's system of internal control is sound in design and is continually evaluated for effectiveness and adequacy.

7. The Board has established internal audit function being an independent appraisal function for the review of the internal control system in all areas of the business activity and provides management with objective evaluations, appraisals and recommendations on the

adequacy, effectiveness and compliance with each system reviewed.

8. Company's internal audit function is headed by a Chartered Accountant with a team of professionals who are suitably qualified and experienced and well aware of the Company's policies and procedures.

9. Internal audit function operates under the charter approved by the Audit Committee and head of the internal audit function has direct access to the Audit Committee.

10. Company's internal audit function prepares annual plan for the financial year and a strategic audit plan for following two years during which all major systems and areas of activity will be audited. Annual and strategic audit plan is approved by the Audit Committee.

11. Internal audit reports include findings, conclusions, recommendations and action plans agreed with management. These are reported promptly to the appropriate level of management. Follow up in implementation is ensured.

12. The Audit Committee, on the basis of the internal audit reports, reviewed the adequacy of controls and compliance shortcomings in areas audited and discussed corrective actions in the light of management's responses. This has ensured the continual evaluation of controls and improved compliance.

13. The Audit Committee has reviewed the Annual Report for the last financial year and found it fair, balance and understandable to users of financial statements. Annual Report provides the necessary information to all the stakeholders about the Company's financial performance, financial position and future prospects.

14. Performance of the Audit Committee is annually reviewed by the Board of Directors. However, the committee is devising the checklist for self-evaluation of its performance.

15. The Audit Committee ensured that statutory and regulatory obligations and requirements of best practices of governance have been met.

16. Present Auditors, M/s. KPMG Taseer Hadi & Co., Chartered Accountants, were appointed as on October 31, 2011. They are professional services company and one of the big four auditors. They carry out objective examination and evaluation of the financial statements to make sure that the records are fair and accurate representation of the transactions. M/s. KPMG confirms every year that the firm and all Partners in the firm are compliant with the IFAC guidelines on code of Ethics as adopted by the Institute of Chartered Accountants of Pakistan.

17. The external auditors, M/s. KPMG Taseer Hadi & Co., Chartered Accountants, were allowed direct access to the Audit Committee and necessary coordination with internal auditors was also ensured. Major findings arising from audits and any matters that the external auditors wished to highlight were freely discussed with them.

18. The Audit Committee reviewed the Management Letter issued by the external auditors and the management response thereto. Observations were discussed with the auditors and required actions recorded.

19. Appointment of external auditors and fixing of their audit fee was reviewed and the Audit Committee following this review recommended to the Board of Directors re-appointment of M/s. KPMG Taseer Hadi & Co., Chartered Accountants, as external auditors for the year 2020-2021.

On behalf of the Audit Committee

(Shafiq Ahmed Khan)
Chairman, Audit Committee
September 10, 2020

CORPORATE SUSTAINABILITY

A) CORPORATE SOCIAL RESPONSIBILITY

For community investment and welfare, the Company acknowledges its responsibility towards society and performs its duty by providing financial assistance to projects for society development by various charitable institutions on consistent basis. The Company has been recognized by Pakistan Centre for Philanthropy as a leader in social and charitable contributions and strikes to be a constructive

member of the communities in which it has a presence. Kohinoor Maple Leaf Group has received “Corporate Social Responsibility Award 2020” on account of its performance in various projects. The Company has taken an array of initiatives for the welfare of its workforce, local community as well as stakeholders. The Company has also contributed in medical social sciences project and in this regard, Company’s Board of Directors and the Board of Directors of Kohinoor Textile Mills Limited (KTML) have jointly donated Rs.182 Million to Gulab Devi Educational Complex, Lahore towards construction of Al- Aleem Medical College in Gulab Devi Chest Hospital (GDCH), Lahore. The construction of said project is in final stages. A committee of the members of the Board monitors the progress on periodic scheduled meetings. The addition of state of the art Cardiac facility named as Sayeed Saigol Cardiac Complex (SSCC) at GDCH is also a symbol of Company’s consistent drive toward community welfare.

Other initiatives taken by the Company are as follows:

- MLCFL recognizes its responsibility towards the inclusion of other religious communities. In this regard, Christmas party was arranged both at Head Office and plant site on the 23rd December 2019 to celebrate with the Christian community on their joyous occasion.

- MLCFL is continually committed to its Master Mistri Program which aims to enhance skills and standard of living of masons. To facilitate the program, the Company has built a state of the art Masons' lounge at its plant site for boarding and lodging of masons;

- Civil defence week was held for training of the staff.

B) COMMUNITY INVESTMENT AND WELFARE SCHEMES

The Company has a strong tradition of good community relations and its employees are actively involved in welfare schemes. The Compnay believes that investing in communities is an integral part of social commitment to ensure its sustained success. The Company aim to ensure that it has the resources and support to identify those projects, initiatives and partnerships that can make a real difference in communities.

The Company is committed to provide equal opportunity to all existing and prospective employees without any discrimination on the basis of religion, gender, race, age etc. The Company also organized several rewards and recognition programs for acknowledgment of work done by its employees.

- The Company for maintaining healthy and green environment, celebrated the "World Environment Day" in coordination with District Officer Environment Mianwali along with other community stakeholders on June 5th, 2020. The main aim of celebrating World Environment Day was to demonstrate the continual efforts and commitment of the Company's Management for the healthy working environment and awareness of people through the Environment Walk and Seminar in pursuance of the community investment and welfare schemes.

- In pursuance of the green vision and commitment of management of the Company for maintaining healthy and green environment, "The World Forest Day" was carried out at Maple Leaf Cement Factory Limited Iskandarabad, Mianwali on 21st March, 2020 and . The main aim of the ceremony was to demonstrate the continual efforts and commitment of the Company's Management for the healthy working environment for its workers as well as for the people in neighbourhood of the Company.

- The Company celebrated "The World Water Day" on the 22nd of March 2020 at site with the collaboration of community and DO Environment. The main purpose of the seminar was to raise the awareness of water preservation and right use.

- Appreciating the contributions made by the company, the National Forum for Environment and Health (NFEH) presented Maple Leaf Cement with the award for excellence in Health, Safety & Environment.

- The Company facilitated various schools with the provision of infrastructural facilities such as Construction of well-furnished class rooms, auditorium, supply of furniture and added facilities at Police Lines Public School.

- The Company has always concerned itself with the safety of the general public. To that end, it aided in the setup of a speed monitoring system for the police force and assisted in the promotion and execution of a road safety campaign. It has also distributed safety helmets to the general public at Mianwali.

- In recognition of the efforts of the police force, The Company has constructed a Yadgar-e-Shohada Monument and Rest Houses at Mianwali Police lines.

- To cater for the hospitalised patients, the Company, in the previous year donated 200 beds, 1,000 bed sheets, an ultra sound machine and 2 ECG machines to DHQ Hospital Mianwali. Furthermore, it has constructed 20 bed wards at Rural Health Centre, Daud Khel.

C) RURAL DEVELOPMENT PROGRAM

Being setup in a rural area, The Company realizes its responsibility to create awareness amongst the local masses relating to dengue and other serious diseases through awareness campaigns and various other techniques. The area of the plant site is an area deprived with updated facilities and medical aid. In such a case, prevention becomes more important than cure but unfortunately due to lack of knowledge, new cases keep coming up of such serious diseases.

The Management realizes the importance of its activities and in this regard launched a water supply scheme project at ward No.1, Daud Khel. The local water was saline, hence unsuitable for both drinking and agricultural purposes. The Company has installed a water turbine system which supplies fresh water from the nearby Mianwali canal, thereby uplifting the life and prosperity of the community. including households, farms, schools, hospitals are getting benefits of fresh water. The project was designed with a forward looking vision to ensure that water shortages do not occur and a necessity for life is available to all. The Company continues to seek out new avenues to realise the vision for a better sustainable world.

d) INDUSTRIAL RELATIONS

The Company has set procedures, rules and regulations which regulate employment guidance. The Company has allocated Gratuity, Provident Fund and Worker's Profit Participation Fund for its employees. The Company also pays bonuses to employees on the basis of Company's profitability and also awards performance bonuses to star performers. Appropriate opportunity is provided to employees to participate in Collective Bargaining Agreement (CBA) activities and to elect representatives of their choice. Company also trains daughters/sons of workers through internship and apprenticeship program.

The Company is committed to provide equal opportunity to all existing and prospective employees without any discrimination on the basis of religion, gender, race, age etc. The Company also organized several rewards and recognition programs for acknowledgment of work done by its employees.

E) ENERGY SAVING MEASURES

We have developed a Team Energy that is striving to attain maximum energy efficiency with environmental protection at minimal cost including development of alternative sources like efficient usage of Waste Heat Recovery Boiler and installation of LED lights. The Company also plans to setup another waste heat recovery plant to make use of the heat released from the newly erected Line III project. Waste heat is cheapest mode of electricity currently available for the Company. The Company's 100% owned 40 MW Coal Fired Power Plant after successful commissioning has reduced our dependence on national grid. Moreover, augmenting the energy conservation drive, occupancy based sensors are installed in head office to control air-conditioning and office lighting based on physical presence in the room. By adopting an approach of consistent efficiency management, the Company was able to obtain additional energy approximately 2 MW through optimum use of coal fired boiler yielding extra steam which was utilized for the generation of electricity in waste heat recovery plant with nominal investment. Also to utilize renewable sources of energy in future, the Company has currently placed wind monitoring units based on German technology at various locations near plant site to evaluate the feasibility of wind power.

F) CONSUMER PROTECTION MEASURES

We ensure that our products are delivered in a quality and timely manner complying with safety standards and legal requirements. The Company takes care and applies appropriate procedures to manufacture cement products so as to ensure that no harmful substances are present in its products. The Company has strict policy to control any activity which is against the consumer rights.

G) EMPLOYEE ENGAGEMENT AND SKILLS DEVELOPMENT ACTIVITIES

The company believes that recreational and skills enhancement activities are imperative in order to maximize employees' performance. For this purpose, the management organizes various interactive activities. All these activities are designed to engage employees from all levels of organization. The events held during the year include;

- Mehfil-e-Milad
- Christmas Celebration
- World Forest day
- Independence Day Celebrations
- Kashmir Solidarity Day

The Company also spends a lot in terms of finances and time for the training of its resources as is evident from the below list of trainings organized by the company;

- Training Session for CNA Radiation Safety
- Shot Firers Training Course
- Mines Regular Rescue Training Course
- Defensive Driving for Mining Operators/Drivers of HEQ
- ISO 450001 - Lead Auditor Transition Course
- Training Session on Working Principles of Compressors
- Awareness session on "Loctite Wear Resistance Solutions"
- ISO Quality Risk Matrix Awareness Session
- From the Horse's Mouth Workshop
- PIM Business English Program
- Roster Management System
- 5 S Implementation Program
- Training Session for Forklift Operator
- Advanced Leadership Program
- Civil Defence Emergency Response Training
- Drivers Code of Conduct
- HSE Awareness Session for Stores Staff
- Security SOPs Awareness Sessions
- Awareness Sessions on COVID-19
- Packers Skills Development Program
- Training Session on "Zoom"- Cloud-Based Video Conferencing Service
- Training Session on 5 Whys & MS Project
- Work Instruction Training
- Emotional Intelligence Training
- Effective Communication and Presentation Skills Training

For MLCFL, it is not just the employees that matter but also their families. Going beyond cross-functionality, cultural events were organized for employees' and their families.

H) EMPLOYMENT OF SPECIAL PERSONS

The Company has employed disabled persons in compliance with the rules set out by the Government of Pakistan which is 3% quota of the total workforce necessitated to be allocated to disabled persons.

I) FAMILIES CLUB

Nurturing the spirit of employee-centrism, the Company has constructed a purpose-built club at factory site for the employees and their families. The club is equipped with various modern facilities of a pool table, television lounge, fast food point and salon. Foosball table, chess and carom board games are there to keep all the guests entertained. A separate class room is also part of the club to teach the children music lessons.

J) JUNGLE MEIN MANGAL - VEHICLE PARKING SPACE (VPS)

The Company believes that the most effective way to maximize customer experience is to move beyond mere customer satisfaction and connect to all the stakeholders. With this strategy in mind, the Company has established an exclusive hotel to provide truck drivers a life time experience. While vehicles are in queue for their turn, instead of waiting for long, drivers can visit the hotel to relax with the touch of fun and refreshment.

K) EDUCATION AND TRAINING FOR CORPORATE SUSTAINABILITY

The Company is fully aware of its responsibility towards imparting education to future generations. Educating the children, ranks the best future investment for long term, continued to be the heart of the Company's CSR initiatives. The Company has fully sponsored construction and furniture for 10 class-rooms for Police Public Middle School Mianwali. Moreover, the Company has established five schools in Iskandarabad city, which provide quality education not only to children of employees of the Company but also to the local residents. The Company has provided buildings and complete infrastructure to these schools. In addition, the Company gives monthly subsidy to partly cover the running expenses. About 2,766 students are currently enrolled in these schools.

L) HEALTH CARE

Maple Health Care Centre operated by Al-Shifa International Hospital Islamabad, was completed during the financial year 2017. It is a health care facility with state of the art equipments for employees of the Company and their families. Shifa International is a known name in Pakistan with hospitals in Islamabad and Faisalabad. Meanwhile, the free medical and hospital centre is treating patients with the help of quality human capital working there. Keeping in view the occupational health of employees, regular first aid and Cardiopulmonary Resuscitation (CPR) training programs are conducted to ensure safe health of workers. During the year the Company also donated a dialysis machine to the AGL hospital of Iskanderabad.

QUALITY MANAGEMENT SYSTEM

The Company manufactures cement through the plant based on state of the art technology of world renowned FLSmidth A/S Denmark. Quality is assured through systematic and effective adoption, implementation, monitoring and continuous enhancement of quality control systems using latest methods of analysis. To ensure that each bag being used by our valued customers / consumers is of the highest quality, all stages of the production process right from the selection of raw materials, drying, grinding, homogenization, clinkerization and the finished product are tested rigorously. The quality check parameters during each level of the process are monitored and controlled by the latest version of technology & equipment connected on-line with Central Control Room through PLC system. The frequency of sampling and testing along with control parameters is defined.

Procedures Adopted for Quality Assurance:

Main purpose is to ensure that the cement produced not only meets all the standard requirements to which the Company is certified, but exceeds the customers' requirements and expectations. To achieve these goals, the Quality Control Department has adopted various procedures and is fully equipped with state-of-the art technologies such as:

- X-ray Fluorescent Analyzers and X-ray Diffraction Analyzer to analyze chemical and mineralogical composition.
- Online QCX system software.
- Sample preparation tools such as a jaw crusher, sample dividers, disk grinding mill, mixer mill and press mills.
- Automatic Moisture Analyzers.
- Precision Electronic Balances.
- Drying Ovens & Furnaces.
- Lab Glassware.
- Automatic Free Lime Apparatus.
- PC Based Automatic Calorimeter and Sulphur.
- Determinator to analyze fuels.
- Latest Automatic Compressive Strength machines for determination of cement compressive strength.
- Latest whiteness tester.

OCCUPATIONAL HEALTH, SAFETY AND ENVIRONMENTAL (HSE) PROTECTION MEASURES

The Company is committed to achieve excellence in Occupational Safety, Health and Environmental protection. The Company encourages awareness in these areas amongst our employees, customers, suppliers and all those who are associated with us in our activities. Our goal in respect of safety, health and environment is to minimize all adverse environmental and health impacts arising out of our operations and to conserve all kinds of resources and adhere to all legal regulations.

Maintenance of health and safety standards at our plants and offices is our top priority. The Company is committed to managing health and safety risks associated with our business and is actively working towards improving our procedures to reduce, remove or control the risk of fire, accidents or injuries to employees and visitors. The Company strives to provide a safe and healthy workplace for its employees and to act responsibly towards the communities and environment, in which it operates. It realizes this through the commitment of its leadership, the dedication of its staff, and application of the highest professional standards of work. Management takes all possible measures to prevent unsafe activities by following best practices and through the implementation of effective management, human resources and operational policies. The environment friendly projects completed at our plants include:

Waste Heat Recovery Plant:

Through this project the Company has been able to replace 16 MW of grid electricity by utilizing exhaust gases emitted to the atmosphere through the stacks of clinker cooler and kiln preheater. The emissions are significantly reduced and herewith it relieves the atmosphere radically.

Trees Plantation:

To enhance environmental standards and continuously promoting a better and green environment within the factory as well in the nearby areas the Company is arranging regular Tree Plantation activities occur twice a year and the Company has planted approximately 40,700 new trees in year 2018-19. During the year the Company planted 10,000 trees at the line III

quarry site, enabling the total count during last 5 years to cross 250,700 plants at different locations within factory premises and nearby areas to provide healthy environment to employees and other community living in surroundings. The plantation campaign is underway and trees have been successfully planted at various schools in Mianwali city. This activity will continue in the future and further trees will be planted to ensure healthy and green environment.

Improving Biodiversity through Quarry Rehabilitation

At the quarry, we undertook a rehabilitation project to create habitats for species, joining forces with Environmental Protection Agency (EPA) and Mines and Mineral Department, Government of the Punjab. The Company has planted approximately 10,000 trees in the exhausted quarry area.

The results have been encouraging, of how habitats can be created through close collaboration with the scientific community, local stakeholders and government agencies. Some of the bird species, and several species of dragonflies and damselflies, have been observed, at the site. Evolving over time, the biodiversity program demonstrates that wildlife can flourish alongside industry.

Tackling Air Emissions

At MLCFL, environmental protection is management's top commitment. Air emissions are a key environmental aspect of cement production. As an operating principle, the Company at all cement production lines measures and manages air emissions. MLCFL monitored the dust, NO_2 and SO_2 emissions from clinker produced. Results of stack emission form all the plants are monitored on monthly basis to check the compliance level of emissions.

MLCFL has its own equipment with the likes of TESTO 350, Mini-sampler & Air-pointer to measure the stack emission on fortnightly basis. Continuous monitoring of ambient air is also undertaken. EPA approved lab is also functional to assist with the emission monitoring. A comprehensive report is submitted on monthly basis.

MLCFL has an environmental management plan that is certified to ISO 14001:2015.

NATIONAL CAUSE DONATIONS

- The Company has donated in cash to Ghulab Devi Chest Hospital, Beacon House National University, Police public school and has launched numerous CSR initiatives as per DC Office requirements. Financial assistance was also provided for the DPO ISO certification training program.

- Moreover, the Company has also constructed water supply scheme to the nearby rural areas for Daud Khel, Sora and Khairabad village that will bring positive change in the life of the locals.

- The Company has also donated in the form of cement for construction of schools, mosques and other social projects.

- The Company has also facilitated in the development, renovation and beautification of Mianwali city. A number of bus stands and city monuments were constructed

- For recreational purposes of the locals, a cricket ground was also revamped and a number of aviaries constructed at Kashmir Park, Mianwali. Housing birds of all kinds, aviaries allow large open spaces for the birds to live in safety.

- In the wake of the COVID-19 pandemic, The Company also generously donated food hampers for those in desperate need of provisions.

CONTRIBUTION TO NATIONAL EXCHEQUER

During the year, Company has contributed an amount of Rs. 17,694 million towards national exchequer in shape of taxes, duties, cess, levies etc. The Company has also contributed through earnings of valuable foreign exchange amounting to US$ 7.3 million.

BUSINESS ETHICS & ANTICORRUPTION MEASURES

The Company, through its training, management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations. Employees are encouraged to report any deal that may be supported by kickbacks.

No employee is allowed to run a parallel business. The Company is maintaining sophisticated Oracle based online software using which any employee can report the non-conformance (NC) to the top management. All the NCs reported are being addressed by the top management on timely basis and a regular follow up activity is being carried out in order to ensure that all issues highlighted are being resolved permanently. Moreover, the company has also formulated whistle blowing policy.

SAFA BEST PRESENTED ANNUAL REPORT AWARD

The Company added another feather to its cap by being nominated for the second time for the South Asian Federation of Accountants (SAFA) Best Presented Annual Report Awards and was declared for runner-up award in SAFA countries' manufacturing category. The ceremony was held in Dhaka Bangladesh. MLCFL was one of the two cement compabices being nominated from Pakistan.

BEST CORPORATE REPORT AWARD

The Company keeping alive the tradition of winning the Best Corporate Report award in Cement Category jointly presented by ICAP and ICMAP throughout Pakistan, has once again won the award this year. This award was presented to MLCFL management in a graceful ceremony held on August 20, 2019 in Karachi. MLCFL is the leader in most transparent and easily understandable Financial Reports thus reflecting the sound financial systems of the Company. These recognitions have strengthened the Company's resolve to be positioned the best in the area of corporate reporting.

ISO 14001:2015

In order to mitigate the effects of industrial effluents on surrounding environment, the Company is putting forth all efforts for providing healthy environment to employees and natives. In this regard, the Management has a strong commitment and dedication towards

improving the environment. The Company has installed most modern and state of the art equipment to control industry effluents including tree plantation drives held every year.

In May, 2018 MLCFL was awarded certified to be compliant with the requirements of ISO 14001 after fulfilling all the obligations and goals set out in the standard. ISO 14001:2015 sets out the criteria for an environmental management system and maps out a framework that an organization can follow to achieve its environmental goals and fulfil its environmental obligations. The Company is committed to ensure that the guidelines of standard are fully met in order to make ISO 14001 a sustainable program.

Achievement of ISO 45001:2018

MLCFL has a clearly defined management system in place to identify and control health and safety risks. We are able to minimize risks to our workforce, visitors and external contractors on our premises. The achievement of this standard has enabled us to put in place processes for continuous review and improvement of occupational health and safety.

A structured health and safety management system throughout the organization demonstrates our commitment to the welfare of our staff and external parties

By achieving ISO 45001:2018, MLCFL has gained competitive advantage by:

- Minimizing the risks of production delays.
- Providing a safe environment to do business.
- Demonstrating our commitment to maintaining an effective health and safety policy.
- Increasing reputation.
- Increasing opportunities to gain new business.
- Minimizing risks of downtime through accidents.
- Demonstrating our commitment to meet legal obligations.
- A robust system to maintain and continually improve health and safety.


Certificate of Approval


Certificate of Approval


ENVIRONMENT
HEALTH & SAFETY


ENVIRONMENT
HEALTH SAFETY

FORWARD LOOKING STATEMENT

Cement demand has been modestly growing in local market in the past few years, with the future promise of CPEC and ambitious government projects, the cement sector has seen robust expansions in the form of capacity enhancement projects. Cuts in PSDP's allocation and the pressure exerted by the current Governments focus on structural reforms particularly in taxation have impacted overall economy and cement sector. Keeping in view of the current business environment in Pakistan, the continuing COVID 19 pandemic situation and current regressive state of the economy, the Company is poised to face a lot of challenges in the future. However, collective measures taken by the political and military leadership and an improvement in the law and order situation is never the less a good sign in national politics. Some of the plans announced by the elected government i.e. continuity of CPEC projects, Naya Pakistan Housing Program, dams/water reservoir construction and an increase in private sector spending in housing sector after announcement of subsidized housing finance scheme may result in increased demand of cement in future years as well. However, the timing to implement these projects will be highly important to forecast the performance of the Company. Hence, we have taken a moderate stance for the next financial year 2020-2021 and are hopeful that cement demand will increase afterwards as the work on these projects will gain the desired pace and the economic situation gets favourable. An increase in sales retention is imperative for future success, hence, government policy, favourable taxation reforms, stable economic condition, better consumer purchasing power and attractive export margins will all play an important role to absorb increased supply pressure of cement in the market.

The Company is continuously monitoring all of its cost factors to keep them at the lowest possible levels. The production costs have increased due to non-controllable factors like rising energy cost, Pak Rupee devaluation and inflation, but, the Company stands committed under the guidance of its Board of Directors, Key management personals and valued input from all stakeholder groups to its constant drive to be a progressive and profitable Company as per its Vision and Core values.

Sources of information used for projections of future revenue:

The company carries market survey through its sale teams to know the market trends, customers' demand. The management also extracts information from the policy factors announced by the government, economic data available on State Bank of Pakistan's website & other sources, International trends/forecast of coal prices, macroeconomic factors affecting currency fluctuation and inflationary trends.

Financial Projections

The Company expects local dispatches to the market for the next financial year to maintain the same levels as reported in 2019-20. We presume current cement prices to rise in the domestic market. However, the cement industry is also keenly eyeing developments on CPEC and this opportunity is expected to prove to be of great benefit for the whole nation. The company also aims to improve its market share through its constant vigorous marketing and branding activities to capture, retain and build a wide customer portfolio. Oil and coal prices are expected to go down in the future which will positively affect profitability. Based on management's best estimates, future consolidated financial forecast of MLCFL and its wholly owned subsidiary MLPL are as follows:

Financial Year	2021
	Rs. in Million
Sales – Net	30,139
Profit after taxation	1,353
Paid up share capital	10,983
EPS (Rupees)	1.48

Company Performance against Last Year Projections

Your Company has achieved a new milestone of Rs.29 billion Net Sales Revenue, an increase of 12% as compared to the FY 2019, mainly driven by a growth in local dispatches on the back of successful commencement of new production line 3. The new line is fuel and energy efficient and has significantly enhanced capacity by 7,300 tons per day. However, this increase in sales revenue is lower than last year's projections due to decline in grey local sale retention owing to severe competition on account of low demand mainly because of cut in PSDP's allocations, delay in CPEC projects, aggressive expansion projects by competitors, and an overall recessionary trend witnessed in the economy due to reluctance to adhere to new taxation reforms introduced to crack down on tax evaders and to improve overall documentation. The sudden onslaught of the COVID-19 pandemic also impacted the economy unfavourably with the industrial sector being the worst hit, contracting by -2.7% due to partial closures witnessed in most sectors caused by strict Government lockdown to prevent spread of disease. Export quantities were also badly hit, with the closure of global borders in the last quarter of FY 2020 and the imposition of 200% import duty in India on goods exported from Pakistan has resulted in complete halt of cement exports to India.

The Company's main aim is to keep production costs at lower level and to increase its market share. During the financial year 2020, the coal rates were lower in international market, however, the savings were mitigate by massive devaluation of Pak Rupee against US$ and increase in landed cost on account of increase in transportation cost. The Company, through its effective resource management, reduced its stores and spares consumption cost. Further, the increase in royalty rates by Mines and Minerals department, Government of the Punjab has also adversely impacted the raw material cost.

Financial cost was higher mainly due to State Bank of Pakistan's policy rate being increased by 100 bps to peak at 13.25%, the partial imposition of axle load restriction and the high inflationary trend witnessed for the majority of the financial year, affecting the cost of production of cement.

Status of the projects in progress

Maple Leaf Cement Factory Limited is in the process to implement various projects related to reduction in its cost of manufacture including Waste Heat Recovery Plant (WHRP) on its newly installed cement manufacturing line.

Status of the projects previously disclosed

The Company has successfully obtained additional energy approximately 2 MWH through optimum use of coal fired boiler yielding extra steam which is utilized for the generation of electricity in waste heat recovery plant with nominal investment.

KEY SOURCES OF ESTIMATION UNCERTAINTY

The preparation of financial statements requires management and the Board of Directors to make estimates and judgments that affect reported amounts of assets, liabilities, revenues and expenses and related disclosure of contingencies. These estimates are based on historical experience and various other assumptions that management and the Board believe are reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions

KEY ESTIMATES AND ASSUMPTIONS

Key estimates and assumptions concerning the future include:

Impairment of financial assets

The impairment loss on financial assets is calculated based on the forward looking 'expected credit loss' model (ECL) which assumes that there is always an expected loss component to every loan/ receivable which management must make a judgement on, all of which is extensively detailed in note 48 to the financial statements.

Estimating useful life of assets

The useful life of assets are reviewed annually and are estimated based on numerous factors such as asset usage, maintenance, rate of technical and commercial obsolescence.

Taxation

Determining income tax provisions involves judgment on the tax treatment of certain transactions. Deferred tax is recognized on tax losses not yet used and on temporary differences where it is probable that there will be taxable revenue against which these can be offset. Management has made judgments as to the probability of future taxable revenues being generated against which tax losses will be available for offset.

Employee benefit scheme

The defined benefit obligations are based on actuarial assumptions such as discount rate, expected rate of return on plan assets, expected rate of growth in salaries and expected average remaining working life of employees which are extensively detailed in note 12 to the stand alone financial statements.

FAIR VALUE OF PROPERTY, PLANT AND EQUIPMENT

The Company's buildings on freehold land, roads, bridges and railway sidings and plant and machinery are stated at revalued amount being the fair value at the date of revaluation less any subsequent accumulated depreciation and impairment losses as per stated company policy. Freehold land is stated at revalued amount being the fair value at the date of revaluation less any subsequent impairment loss in the financial statements.

SUMMARY OF SIGNIFICANT / MATERIAL ASSETS OR IMMOVABLE PROPERTY

The Company's material assets comprise of land, building, four complete cement lines (including one white cement line) comprising of kiln, cooler, preheater, raw mills, Wartsila, Nigatta engines and waste heat recovery plant.

POLICY AND PROCEDURES FOR STAKEHOLDERS' ENGAGEMENT

1) Policy Note: Maple Leaf Cement maintains sound collaborative relationships with its stakeholders.

2) Procedures: Procedure for stakeholders' engagement includes effective communication, good harmony, compliance with laws & regulations and customer focused approach which is the key success factor for establishment of collaborative relationship with stakeholder.

3) Engagement frequency:

STAKEHOLDERS	NATURE OF ENGAGEMENT	FREQUENCY
SHAREHOLDERS	Annual general meeting Annual report/ Quarterly reports Investor conference Analyst briefing	Annually Annually / quarterly Annually Continuous
EMPLOYEES	Trade unions Maple magazine Annual get together Team cultural activities	Continuous Quarterly Annually Monthly
CUSTOMERS	Customer call center Customer events Customer satisfaction survey	Continuous Continuous Continuous
SUPPLIERS	Regular meeting with major suppliers Supplier forums Newspapers advertisement	Continuous Occasionally As required
INSTITUTIONAL INVESTOR / LENDERS	Business briefings Periodic meetings Financial reporting Head office/ site visits	Occasionally As required Continuous As required
COMMUNITY ORGANIZATIONS	Environmental campaign Safety management system	Continuous As required
MEDIA	Media announcements and briefings Media interviews	As required As required
REGULATORS	Submission of periodic reports Responding / enquiring various queries/ information	Periodic basis As required
ANALYST	Corporate briefing and analysis Forecasting and financial modelling	As required As required
LOCAL BODIES	Sponsorship of local events Corporate social projects	As required As required
BANKS AND OTHER LENDERS	Treasury operational transactions Financing and borrowing Investments	Continuous As required As required

ENTITY'S SIGNIFICANT RELATIONSHIPS

The Company has very prominent and good relationships with all stakeholders. We maintain collaborative relations with our stakeholders, good harmony, effective communication and customer focused approach because without doing this, we may affect our Company's performance and values of our entity. We follow the best policy to maintain the relationship with our stakeholders which includes satisfaction of customers by providing quality products and timely payments to all creditors. The call centre established several years ago is in full swing and achieves the main purpose of being a bridge between the Company and its stakeholders including customers and supply chain staff. Moreover, the Company maintains good relationship with its Bankers and also arranges Investors' Conferences periodically to discuss business prospects and financial management plans with the lenders which also enhances their confidence in the Company.

POLICY TO SOLICIT AND UNDERSTAND VIEWS OF SHAREHOLDER

The Board understands the importance of continuous collaboration with shareholders of the Company regarding all significant decisions to be made, the performance of the Company in varying circumstances, challenges it faced and the necessary steps taken to mitigate those challenges. The Board has devised a mechanism to arrange the interactive sessions between the management of the Company and its shareholders. It includes management briefings to its shareholders about the performance of the Company, macro and micro economic factors affecting the Company, future prospects of the Company and the steps taken by the Company to improve its performance in challenging circumstances. These communications help the Board to understand and resolve the concerns of the shareholders and to add synergy factor to achieve better results in the Company's future prospects.

INTERACTION WITH MAJOR SHAREHOLDERS

The interactive sessions include the annual general meeting, extra ordinary general meetings, corporate briefings/road shows, responding to investor queries either raised on email, website or on telephone. During the year, following major international and local road shows/corporate briefings sessions were held with investors:

- 9th Annual EFG Hermes London Conference.
- Auerbach Grayson Emerging and Frontier Markets.
- AGCO: Pakistan Cement Sector.

STEP TO ENGAGE MINORITY SHAREHOLDERS TO ATTEND GENERAL MEETINGS

Notice of Annual General Meeting is sent to all shareholders of the Company at least twenty-one days before the date fixed for meeting. Such notice is published in Urdu and English languages in at least in one issue each of daily newspaper of respective language having nationwide circulation Further, notice of AGM is also placed on Company's website. To capture the interest of minority shareholders the Company has been conducting corporate briefings, conference calls and road shows on regular basis including regularly updating our website about Company's general conditions.

INVESTORS' RELATIONS SECTION ON CORPORATE WEBSITE

The Company disseminates information to its investors and shareholders through a mix of information exchange platforms, including its corporate website. The website is updated regularly to provide detailed and latest company information including financial highlights, investor information and other requisite information besides the link to SECP's investor education portal, the 'Jamapunji'.

ISSUES RAISED IN LAST AGM, DECISIONS TAKEN AND THEIR IMPLEMENTATION STATUS

No issue was raised by the valued shareholders in the last Annual General Meeting held on October 26, 2019 at the Registered Office of the Company. However, queries raised were explained to the satisfaction of the Members.

INTEGRATED
REPORTING

BASIS OF PREPARATION AND PRESENTATION

Maple Leaf Cement Factory Limited is engaged in the production and sale of cement. Management of the Company following the spirit of adhering to the best corporate governance practices and its reporting thereof is committed to generate greater value for the organization and its stakeholders. Keeping in view the globalized business scenario and the ever-increasing expectations of all the stakeholders being users of published annual report, integration of corporate governance briefings, social and environmental information with financial information is vital to organizational position and performance reporting.

The Company has adopted the International Integrated Reporting (IR) Framework to give an overview of the Company's business affairs by presenting all the financial and non-financial information considering the variable interests of a wide range of stakeholders. The management is committed to achieve excellence in transparent reporting in all aspects. The Company annually reviews the IR Framework to continuously improve the quality of information produced, and communicates its operations, brand, and financial structure to the stakeholders. Furthermore, the Company is prepared to manage any risk that may affect the long-term sustainability of the business and has progressed ahead in this Report to incorporate all 8 core Content Elements of IR Framework:-

- Organizational overview and external environment
- Governance
- Business model
- Risks and opportunities
- Strategy and resource allocation
- Performance
- Outlook
- Basis of preparation and presentation

Management acknowledges its responsibility of the integrity of this Report and have applied their collective mind and effort in its preparation and presentation. Full efforts have been made to disclose all material information to its stakeholders unless Management is of the view that its disclosure would cause significant competitive harm, however, it stands to note that there is a certain degree of challenge to objectively quantify certain qualitative factors that add value in the wake of disruption caused by the global COVID – 19 pandemic.

Even so, the Company is moving ahead with the tradition of providing information to its stakeholders that goes beyond the traditional requirements of financial reporting framework and other legal requirements. By doing so, the Company believes the stakeholders gain a better understanding of the Company, its business, strategies, opportunities and risks, business model, governance and performance which itself is a form of value creation for its stakeholders.

The Report has been prepared in compliance of:-

- The International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB).
- Islamic Financial Accounting standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan (ICAP)
- Provisions and directives of Companies Act , 2017
- Code of Corporate Governance Regulations, 2019
- Core guidelines of the Integrated Reporting Framework issued by the IIRC

CALENDAR OF CORPORATE EVENTS

JULY 2019 - JUNE 2020

CALENDAR OF OTHER NOTABLE EVENTS

JULY 2019 - JUNE 2020

ANALYSIS OF THE FINANCIAL AND NON-FINANCIAL PERFORMANCE

FINANCIAL INDICATORS:

Actual Results:

The Company's sale increased in current FY 2020 by 12% as compared to FY 2019. This growth in sales is a result of greater sales volume as compared to previous year. However, profitability reduced due to increase in production costs especially high fuel and power costs and steep rise in finance cost driven by long term financing for capital nature projects. Following are the main highlights:

	2020	2019
	(Rs. In Million)	
Net Sales	29,117	26,006
Net (Loss)/ Profit	(4,843)	1,465
(Loss)/Earnings per share (Rupee)	(5.30)	2.13

Budgeted Results:

The profit decreased due to reduction in local grey sale price and mark up costs on outstanding loans during the year. Moreover, the impact of rupee devaluation has also resulted in the higher input costs. Following are the main highlights of actural results as compared to updated budget:

	Actual	Budget
	2020	2020
	(Rs. In Million)	
Net Sales	29,117	40,813
Net (Loss)/ Profit	(4,843)	(4,224)
(Loss)/Earnings per share (Rupee)	(5.30)	(4.64)

PROSPECTS OF THE ENTITY INCLUDING TARGETS FOR FINANCIAL AND NON-FINANCIAL MEASURES

Prospects of the Entity – The financial projections of the Company are in line with expected growth in domestic market share and new potential markets for export sales which are being explored and various measures adopted by the Company to reduce the cost. Different marketing strategies are being carried out to increase sales and profitability.

Financial Measures – Various financial considerations are used to make the projections of the Company. Following are the key financial measures to determine the healthy prospects of the Company:

1. Increase in sales volume for all types of products with special emphasis on white cement.
2. Reduction in cost of production through:
   a. Reduction in raw material cost per ton;
   b. Savings in fuel cost per ton with more efficient yield and petcoke usage;
   c. Lower power cost including decline in per ton KWH power consumption.
3. Reduction in debt burden based on healthy cash flows to be generated from increased sales and reduced costs as mentioned above to reinforce the reduction in finance cost.

4. Lowering weighted average cost of capital

Non-Financial Measures – Non-financial measures including many intangible variables which may impact performance. Those are difficult to quantify as compared to financial measures but are equally important. Following are the key non financial measures of the Company:

1. Stakeholder's Engagement – Through different committees and forums, management expects to further strengthen stakeholder's engagement by increasing the awareness of different qualitative aspects of the business through cross-functionality.
2. Customer Satisfaction – The Company places great focus on customer satisfaction. Going forward, this remains a prime objective of the management.

3. Brand Recognition – Marketing efforts will be in place to increase sales volume based on the philosophy of being a brand where demand for our products will create a pull effect.
4. Integrity of Managers – Being one of the core values of the Company, trainings have been planned to further drill this value into the middle and lower staff.

SEGMENTAL REVIEW OF BUSINESS PERFORMANCE

The stand alone financial statements of the Company have been prepared on the basis of single reporting segment.
Revenue from sale of cement represents 100% of gross sales of the Company. Sales during the year 2019-20 comprises 97% of grey cement and 3% of white cement. During the year, white cement segment has shown significant growth where margins are relatively higher as compared to grey cement margins. The Company operates in two principal geographical areas, Asia and Africa.

However, the consolidated financial statements have been prepared based on two strategic divisions, which are reportable segments. These divisions offer different products and services and are managed separately because they require different technology and strategies.

Cement Manufacturing: Maple Leaf Cement Factory Limited (the "Holding Company") is operating as a cement manufacturing segment of the Group. The principal activity of the Holding Company is production and sales of cement.

Power Generation: Maple Leaf Power Limited (the "Subsidiary Company") is operating as an electric power generation segment of the Group. The principal activity of the Subsidiary Company is to develop, operate and maintain electric power generation plant and engage in the business of generation, sale and supply of electricity.

Moreover, all assets of the Company as at June 30, 2020 are located in Pakistan.

SHARE PRICE SENSITIVITY ANALYSIS

Company's share price is directly linked with the operational and financial performance of the Company. Following are the major factors which might affect the share price of the company in the stock exchange.

1) INCREASE IN DEMAND:
Increase in demand of cement may result in increase in market price of bag which will contribute towards better profitability and Earning per Share (EPS), which will ultimately increase the share price.

2) INCREASE IN VARIABLE COST:
Any increase in variable costs due to price hikes coupled with inflation which mainly includes coal, power and raw material cost causes gross margins to narrow and adversely hits profitability and EPS. This may badly affect the market price of the share downward.

3) INCREASE IN FIXED COST:
Fixed cost primarily consists of financial charges and other overheads of fixed nature. Any increase in SBP discount rate results in corresponding increase in financial charges leading to lower net profit and EPS. Conversely, decrease in SBP discount rates results in lower financial charges and higher net profit i.e. EPS. Moreover, price hikes due to inflation for other overheads of fixed nature results in reduction in net profit.

4) CHANGE IN GOVERNMENT POLICIES:
Any change in Government policies related to cement sector may affect the share price of the company. If policy change is positive, share price will increase and vice versa.

Sensitivity Analysis of Change in Market Capitalization

Share Price as of 30 June 2020	Rs.25.98
Market Capitalization as of 30.06.2020	Rs. 28,535,035,107
Change in Share Price by	Change in Market Capitalization
+10%	Rs. 2,853,503,511
-10%	Rs. (2,853,503,511)

Reasons

Market capitalization is effected by political stability, economic conditions and Covid-19 pandemic.

HOW THE INDICATORS AND PERFORMANCE MEASURES HAVE CHANGED OVER THE PERIOD

The Company has established key indicators which pertain to its key performance area. Such indicators are subject to change with the Internal and external environment associated with the organization.

The Company has identified key KPI's that are critical to its operations. While identifying KPI's, the Company has analysed various indicators, their interpretations and accordingly the extent to which they may correctly and clearly communicate the Company's performance. Some important indicators are as briefly explained below :

Market Share: The Company is a leading brand in Pakistan with a diverse customer base and presence across the Pakistan. Carrying on with the legacy of Leaf, Maple Leaf brand is widely acknowledged as the best quality cement brand in all the local and export markets. Presently the Company, due to its unique and unparalleled marketing efforts and superior quality, has 8.20% market share for grey cement (on capacity basis) as evident from the All Pakistan Cement Manufacturing Association (APCMA) website. The Company is also the largest producer of White Cement in the country with more than 90% of local market share and the biggest white cement exporter of Pakistan.

Financial Leverage: Too much debt can be dangerous for a company and its investors. However, if a company can generate cheaper source of financing then it will always result in growth of profits. Nonetheless, uncontrolled debt levels can lead to credit - downgrade. On the other hand, the reluctance or inability to borrow may be a sign that operating margins are simply too tight. So, an optimal debt equity mix is always appreciated especially in expansion periods.

The management of the Company keeps a strong watch on its leverage and consistent efforts have been made to curtail it. The leverage has increased due to the capital investments in new cement line and coal fired power plant but the loans are acquired at very attractive mark-up rates.

Fixed Cost per unit: Higher production capacities of an entity help in bringing down the cost per unit of the items manufactured. In our company fixed cost per unit went down after commencement of production activities of line III. Production units are inversely proportion to the fixed cost per unit, higher production means low per unit cost and vice versa. The Company is keen to bring its fixed cost per unit down in order to enhance its profitability by strategic initiatives and continuous monitoring.

Variable cost per unit: Management of the Company is very keen about variable cost as it is the key profit indicator in an industry like cement manufacturing. The Company is successfully operating its 40 MW Coal Fired Project Plant that has benefitted the Company in reduction of per ton cost of power required for manufacturing of cement.

Local Sales Retention: Being in a hardcore business of cement manufacturing and sale, marketing activities and branding seem a very novel and unique idea. Management, however, strongly believes and has implemented marketing techniques efficiently to be amongst the top retention players of the cement industry. The company is gradually improving its local sales retention viz a viz other key players in the sector.

METHODS AND ASSUMPTIONS USED IN COMPILING INDICATORS

A performance indicator represents parameters and factors that may cast an impact of decisive nature on a company's financial position, financial performance or liquidity position. Following are the key assumptions in compiling these indicators:

Financial Position

- Appropriateness of capital mix in the company
- Proportion of financial leverage in debt equity mix
- Change in current ratio

Financial performance

- Maintaining high local sales retention
- Monitoring key components of variable cost to be amongst top cost effective players
- Initiating and maintaining techniques for optimal fixed cost absorption and appropriate mix of operational leverage

Liquidity Position

- Keeping an eye on funds used in / generated from operating, investing and financial cash flow activities
- Reviewing funds used in working capital management
- Effectively segregating cash and noncash items

All the indicators are devised in the light of these basic assumptions and are periodically reviewed and monitored. Furthermore, Company performance variance analysis from corresponding figures of comparative periods and from budgeted figures as comparability over time provides good basis of Corporate Reporting. These indicators are finally used to report financial information to all users of the financial statements in the form of annual financial statements.

HORIZONTAL ANALYSIS - SIX YEARS

	2020 Rs. '000'	20 vs 19 %	2019 Rs. '000'	19 vs 18 %	2018 Rs. '000'	18 vs 17 %	2017 Rs. '000'	17 vs 16 %	2016 Rs. '000'	16 vs 15 %	2015 Rs. '000'	15 vs 14 %
Statement of Financial Position												
Total equity	31,320,831	2.64	30,514,586	2.02	29,911,139	26.16	23,708,061	11.11	21,337,135	20.80	17,662,740	20.64
Total non-current liabilities	19,375,165	(8.95)	21,278,671	26.18	16,863,465	129.60	7,344,681	29.82	5,657,496	4.50	5,414,116	(46.59)
Total current liabilities	15,313,775	8.11	14,164,518	18.49	11,953,924	53.97	7,764,031	54.44	5,027,065	(38.28)	8,144,461	14.19
Total equity and liabilities	66,009,771	0.08	65,957,775	12.31	58,728,528	51.30	38,816,773	21.22	32,021,696	2.56	31,221,317	(2.16)
Total non-current assets	49,402,580	(4.54)	51,750,897	12.51	45,996,847	61.93	28,405,142	20.65	23,543,989	(1.00)	23,782,112	(3.97)
Total current assets	16,607,191	16.90	14,206,878	11.59	12,731,681	22.28	10,411,631	22.81	8,477,707	13.96	7,439,205	4.11
Total assets	66,009,771	0.08	65,957,775	12.31	58,728,528	51.30	38,816,773	21.22	32,021,696	2.56	31,221,317	(2.16)
Profit or Loss Account												
Sales - net	29,117,734	11.97	26,005,944	1.19	25,699,113	7.11	23,992,079	2.39	23,432,696	13.09	20,720,054	9.23
Cost of sales	(29,845,269)	41.52	(21,088,864)	12.92	(18,676,562)	28.72	(14,509,777)	8.20	(13,410,564)	1.41	(13,224,431)	6.26
Gross profit	(727,535)	(114.80)	4,917,080	(29.98)	7,022,551	(25.94)	9,482,302	(5.39)	10,022,132	33.71	7,495,623	14.91
Distribution cost	(817,057)	(12.45)	(933,244)	26.77	(736,142)	(42.27)	(1,275,182)	(6.23)	(1,359,896)	3.52	(1,313,696)	24.60
Administrative expenses	(784,706)	6.97	(733,607)	0.42	(730,551)	17.63	(621,076)	27.80	(485,959)	27.43	(381,363)	28.54
Other operating expenses	(89,999)	(80.28)	(456,493)	(20.25)	(572,436)	6.72	(536,369)	(18.69)	(659,631)	150.63	(263,187)	33.35
Other operating income	131,978	206.95	42,997	(23.13)	55,935	(59.77)	139,030	281.99	36,396	(21.17)	46,173	(42.70)
(Loss) / Profit from operations	(2,287,319)	(180.63)	2,836,733	(43.71)	5,039,357	(29.90)	7,188,705	(4.82)	7,553,042	35.27	5,583,550	10.45
Finance cost	(2,981,722)	154.29	(1,172,557)	82.04	(644,121)	102.33	(318,349)	(26.90)	(435,504)	(59.77)	(1,082,639)	(26.09)
(Loss) / Profit before taxation	(5,269,041)	(416.62)	1,664,176	(62.14)	4,395,236	(36.03)	6,870,356	(3.47)	7,117,538	58.14	4,500,911	25.36
Taxation	425,776	(314.09)	(198,877)	(73.94)	(763,035)	(63.55)	(2,093,275)	(6.26)	(2,232,953)	113.35	(1,046,616)	37.67
(Loss) / Profit after taxation	(4,843,265)	(430.53)	1,465,299	(59.66)	3,632,201	(23.97)	4,777,081	(2.20)	4,884,585	41.41	3,454,295	22.05

VERTICAL ANALYSIS - SIX YEARS

	2020		2019		2018		2017		2016		2015	
	Rs. '000'	%	Rs. '000'	%	Rs. '000'	%	Rs. '000'	%	Rs. '000'	%	Rs. '000'	%
Statement of Financial Position												
Total equity	31,320,831	47.45	30,514,586	46.26	29,911,139	50.93	23,708,061	61.08	21,337,135	66.63	17,662,740	56.57
Total non-current liabilities	19,375,165	29.35	21,278,671	32.26	16,863,465	28.71	7,344,681	18.92	5,657,496	17.67	5,414,116	17.34
Total current liabilities	15,313,775	23.20	14,164,518	21.48	11,953,924	20.35	7,764,031	20.00	5,027,065	15.70	8,144,461	26.09
Total equity and liabilities	66,009,771	100.00	65,957,775	100.00	58,728,528	100.00	38,816,773	100.00	32,021,696	100.00	31,221,317	100.00
Total non-current assets	49,402,580	74.84	51,750,897	78.46	45,996,847	78.32	28,405,142	73.18	23,543,989	73.53	23,782,112	76.17
Total current assets	16,607,191	25.16	14,206,878	21.54	12,731,681	21.68	10,411,631	26.82	8,477,707	26.47	7,439,205	23.83
Total assets	66,009,771	100.00	65,957,775	100.00	58,728,528	100.00	38,816,773	100.00	32,021,696	100.00	31,221,317	100.00
Profit or Loss Account												
Sales - net	29,117,734	100.00	26,005,944	100.00	25,699,113	100.00	23,992,079	100.00	23,432,696	100.00	20,720,054	100.00
Cost of sales	(29,845,269)	(102.50)	(21,088,864)	(81.09)	(18,676,562)	(72.67)	(14,509,777)	(60.48)	(13,410,564)	(57.23)	(13,224,431)	(63.82)
Gross profit	(727,535)	(2.50)	4,917,080	18.91	7,022,551	27.33	9,482,302	39.52	10,022,132	42.77	7,495,623	36.18
Distribution cost	(817,057)	(2.81)	(933,244)	(3.59)	(736,142)	(2.86)	(1,275,182)	(5.32)	(1,359,896)	(5.80)	(1,313,696)	(6.34)
Administrative expenses	(784,706)	(2.69)	(733,607)	(2.82)	(730,551)	(2.84)	(621,076)	(2.59)	(485,959)	(2.07)	(381,363)	(1.84)
Other operating expenses	(89,999)	(0.31)	(456,493)	(1.76)	(572,436)	(2.23)	(536,369)	(2.24)	(659,631)	(2.82)	(263,187)	(1.27)
Other operating income	131,978	0.45	42,997	0.17	55,935	0.22	139,030	0.58	36,396	0.16	46,173	0.22
(Loss) / Profit from operations	(2,287,319)	(7.86)	2,836,733	10.91	5,039,357	19.61	7,188,705	29.96	7,553,042	32.23	5,583,550	26.95
Finance cost	(2,981,722)	(10.24)	(1,172,557)	(4.51)	(644,121)	(2.51)	(318,349)	(1.33)	(435,504)	(1.86)	(1,082,639)	(5.23)
(Loss) / Profit before taxation	(5,269,041)	(18.10)	1,664,176	6.40	4,395,236	17.10	6,870,356	28.64	7,117,538	30.37	4,500,911	21.72
Taxation	425,776	1.46	(198,877)	(0.76)	(763,035)	(2.97)	(2,093,275)	(8.72)	(2,232,953)	(9.53)	(1,046,616)	(5.05)
(Loss) / Profit after taxation	(4,843,265)	(16.63)	1,465,299	5.63	3,632,201	14.13	4,777,081	19.91	4,884,585	20.85	3,454,295	16.67

SUMMARY OF CASH FLOW
STATEMENT - SIX YEARS

	2020	2019	2018	2017	2016	2015
	(Rupees in thousand)					
Cash generated from operations before working capital changes	1,047,196	5,335,849	7,623,505	9,573,733	10,042,012	7,673,904
(Increase) / decrease in current assests						
Stores, spare parts and loose tools	(1,186,848)	(703,479)	245,303	(1,366,836)	(1,199,205)	(370,709)
Stock-in-trade	(40,390)	(545,508)	107,729	(428,415)	320,681	(123,798)
Trade debts	(393,515)	(1,688,194)	(474,227)	(105,665)	(2,867)	245,909
Loans and advances	382,104	1,498,243	(1,468,489)	(12,949)	180,084	(77,742)
Trade and other payables	37,109	2,922,380	1,815,694	28,381	(430,056)	(309,606)
Other receivables	63	8,215	217,102	69,131	(212,056)	(32,637)
Retirement benefits adjusted / (paid)	(35,724)	(38,020)	(40,084)	(27,256)	(23,023)	(17,963)
Workers' Profit Participation Fund Paid	(71,253)	(93,768)	(175,916)	-	(89,119)	(71,867)
Workers' Welfare Fund paid	-	-	(135,635)	(112,622)	-	-
Taxes paid	(675,051)	(379,435)	(2,393,707)	(1,989,248)	(632,781)	(326,386)
Others	(1,415)	(35,322)	268,656	(2,851)	17,331	(18,667)
Net Cash generated from operating activities	(937,724)	6,280,961	5,589,931	5,625,403	7,971,001	6,570,438
Capital expenditure	(855,476)	(8,220,851)	(19,445,846)	(2,917,312)	(1,106,002)	(786,684)
Intangible asset purchased	-	(5,219)	-	(29,032)	-	-
Proceeds from disposal of property, plant and equipment	52,047	102,173	51,965	195,191	56,327	70,267
Redemption of long term investments				-	-	1,625
Short term investment - net	(50,000)	-	(21,997)	(15,000)	-	-
Long term investment	-	-	(350,000)	(4,010,000)	(660,000)	-
Profit on bank deposits received	29,842	18,796	28,970	16,628	14,191	15,848
Increase / decrease in long term deposits						
Net Cash used in investing activities	(823,587)	(8,105,101)	(19,736,908)	(6,759,525)	(1,695,484)	(698,944)
Proceeds from long term loans from banking companies - secured - net	(5,007,260)	3,552,666	10,648,936	2,176,462	771,484	(397,744)
Long term loan from subsidiary company	2,000,000	1,000,000	-			
Proceeds from issuance of right shares	5,994,968	-	4,241,830	-	-	-
Repayment of redeemable capital - secured	-	-	-	-	(3,433,011)	(2,854,714)
Repayment of syndicated term finance - secured	-	-	-	-	(433,500)	(762,500)
Payment of liabilities against assets subject to finance lease - net	-	-	(480,615)	(164,614)	(132,746)	(108,574)
Short term borrowings - net	3,100,037	(1,215,654)	1,038,909	1,467,065	(1,065,150)	323,981
Finance cost paid	(3,011,992)	(857,976)	(462,171)	(255,224)	(483,813)	(1,123,209)
Redemption of preference shares	-		-	(478)	-	(20)
Dividend paid	(289,361)	(663,880)	(1,804,561)	(2,315,788)	(1,283,026)	(524,391)
Net cash generated from/ (used in) financing activities	2,786,392	1,815,156	13,182,328	907,423	(6,059,762)	(5,447,171)
Net increase/ (decrease) in cash and cash equivalents	1,025,081	(8,984)	(964,649)	(226,699)	215,755	424,323
Cash and cash equivalents at beginning of the years	(815,565)	(806,581)	158,068	384,767	169,012	(255,311)
Cash and cash equivalents at end of the years	209,516	(815,565)	(806,581)	158,068	384,767	169,012

COMMENTS ON SIX YEARS ANALYSIS

HORIZONTAL ANALYSIS

Statement of Financial Position

The Company's equity significantly increased during the past 5 years mainly due to increase in profit after tax and further issue of capital. Accumulated profits increased mainly due to increase in cement demand in local markets as a result of CPEC and other government infrastructure projects. During the year despite incurring accounting losses, equity component increased, due to fresh capital injection of Rs. 6.06 billion on account of right issue which is used for early repayment of loans from financial institutions. Non-current liabilities showed an immense decline in FY 2015 when early repayment of long term finances was made, however, it increased from FY 2017 onwards to partially finance coal fired power project and new production line of cement. This trend was discontinued in the current year, as the Company lowered its debt component by making early principal repayments. Increase in short term borrowing was on account of excessive utilization of short term lines to meet additional working capital requirements on account of capacity utilization and inflation in manufacturing costs.

Increase in non-current assets of the Company in FY 2017 to FY 2020 was mainly due to its investment in new production line-III of grey cement. Current assets increased in line with higher capacity levels and sales volume. Despite the 53% increase volumetric increase in local grey sales, trade debtors increased by 30%, it represents the better control of the management on receivables despite the unfavourable market conditions because of COVID-19 and fierce competition amongst the key players for market share.

Profit or Loss Account

In the earlier years there has been an increasing trend in the Company's profitability mainly due to increase in sales on account of high cement demand in local market. However, in FY 2018 profit margins reduced due to high cost of production caused by an increase in coal rates and power costs. Cost of production also increased in FY 2019 mainly due to increase in input prices primarily due to devaluation of Pak Rupee. This trend of higher input prices continued in FY 2020 and losses were incurred as sales retention declined and cost of sales increased due to increase in coal rates, power costs, devaluation of Pak rupees coupled with higher financial costs due to commencement of line-III operations in May-2019 which has impacted negatively to the bottom line of net profit.

In FY 2020, non-operational expenses have been reduced in line with the renewed focus on cost cutting efforts by the Company. Taxation was higher in earlier years due to healthy profits. The Taxation for the FY 2020 decreased significantly mainly due to the reversal of tax provisions on account of capitalization of new production line, net loss for the current year and tax credits i.e unutilized tax credit U/S 65B of Income Tax Ordinance 2001 carried forwarded from previous years.

VERTICAL ANALYSIS

Statement of Financial Position

The equity of the Company continues to improve; its weightage has also increased except from FY 2017 to FY 2019 where its proportion decreased from 61.08% to 46.26% respectively on account of increase in non-current liabilities resulting from drawdown of long term finances for expansion project of cement however, during financial year 2019-2020 equity component has increase from 46.26% to 47.45% in FY 2019-2020 in comparison of corresponding period.

Due to nature of industry, a capital intensive sector, ratio of non-current assets to total assets remained in the range of 73.18% to 78.46% as evident from last 6 years reported figures. On account of investment in expansion project, non-current assets have increased in FY 2018 and onwards in rupee terms. The proportion of current asset vs. non-current assets significantly decreased during FY 2017 to FY 2018 due to an increase in non-current assets as explained above, while showing a reversed trend in the current year due to higher working capital requirements due to the addition of grey cement Line III however, during the current year 2019-2020 non-current assets decrease from 78.46% to 74.84% as compare to corresponding period on account of increase in deprecation due to operations of line-III.

Profit or Loss Account

The Company's GP% has been on a declining trend since the FY 2017 onwards, mainly due to an increase in production costs specially in packing material and power costs coupled with decrease in sales retention of local grey cement.

As compared to previous years, rise in coal prices, devaluation of Pak Rupee and decrease in sales prices have unfavourable impacted the profitability of the Company. Profit before tax observed the same pattern as gross profitability. Taxation in FY 2020 observed a sharp decline mainly due to reversal of tax provisions on account of loss before taxation, capitalization of new production line and tax credits i.e unutilized tax credit U/S 65B of Income Tax Ordinance 2001 carried forwarded from previous years.

COMMENTS ON CASH FLOW STATEMENTS

Cash generated from operations has been in line with profits earned by the Company in the past years. However, in the current year cash generated from operations showed negative results due to a surge in input costs, primarily in packing material and power costs and a decline in grey local sales retention. Stores and spares and trade debt levels also increased during the year due to higher working capital requirements on account of increase in production capacity.

The Company's capital expenditure has been high in the past 3 years due to investment in the grey cement line of 7,300 tpd for capacity enhancement. The Company has financed the above mentioned project by obtaining finances from financial institutions and issuing right shares along with its equity contribution. This has contributed to a significant increase in cash inflows from financing activities and net outflow in investing activities. During the FY 2019-2020, the Company has raised Rs. 6.06 billion from the issuance of right shares which was utilized for early repayments of financial obligations from financial institutions. This will result in savings of financial cost for FY 2020-2021.

The Company has been consistent in distribution of dividend to its shareholders whenever profits were available.

ANALYSIS OF FINANCIAL RATIOS
FOR SIX YEARS
FROM JUNE 2015 TO JUNE 2020

Ratios Description	2020	2019	2018	2017	2016	2015
Profitability Ratios:						
(Loss) / Gross Profit ratio	-2.50%	18.91%	27.33%	39.52%	42.77%	36.18%
(Loss) / Net Profit to Sales	-16.63%	5.63%	14.13%	19.91%	20.85%	16.67%
EBITDA Margin to Sales	3.60%	20.75%	28.81%	40.00%	42.45%	37.91%
Operating leverage ratio	-15.10	-36.61	-4.20	-2.02	2.69	1.13
Return on Equity	-15.46%	4.80%	12.14%	20.15%	22.89%	19.56%
Return on Capital employed	-10.42%	3.24%	10.42%	19.26%	22.72%	16.16%
Effective Tax Rate	8.08%	11.95%	17.36%	30.47%	31.37%	23.25%
Liquidity Ratios:						
Current ratio	1.08	1.00	1.07	1.34	1.69	0.91
Quick / Acid test ratio	0.42	0.37	0.42	0.30	0.44	0.25
Cash to Current Liabilities	0.07	0.03	0.05	0.05	0.08	0.03
Cash flow from Operations to Sales	(0.03)	0.24	0.22	0.23	0.34	0.32
Investment / Market Ratios:						
Earnings per share (EPS)						
Basic	(5.30)	2.13	6.29	8.81	9.00	6.37
Diluted	(5.30)	2.13	6.29	8.81	9.00	6.37
Price Earnings ratio	(4.90)	11.23	8.07	12.65	11.72	12.34
Price to book ratio	0.91	0.46	1.01	2.48	2.61	2.35
Market value per share						
Closing	25.98	23.89	50.74	111.36	105.51	78.56
High	31.90	60.78	119.60	139.89	109.25	84.30
Low	13.79	19.26	47.20	86.15	65.50	24.31
Break up value per share						
With revaluation surplus	28.52	51.40	50.38	44.92	40.43	33.47
Without revaluation surplus	25.22	44.85	43.20	36.73	31.74	24.47
With revaluation surplus including investment in subsidiary*	36.03	62.77	60.06	53.72	41.64	33.47
Cash Dividend per Share	0.27	1.00	3.06	4.50	2.50	1.00
Dividend Pay out Ratio	-5.10%	47.00%	48.57%	51.10%	27.76%	15.70%
Dividend Yield Ratio	1.04%	4.19%	6.02%	4.04%	2.37%	1.27%
Dividend Cover Ratio	-16.32	2.47	2.00	2.01	3.70	6.55
Capital Structure Ratios:						
Financial leverage ratio	0.70	0.73	0.64	0.28	0.14	0.42
Weighted average cost of debt	13.57%	9.89%	6.98%	5.86%	7.04%	10.02%
Net Borrowing/ EBITDA	20.52	4.20	2.57	0.69	0.28	0.96
Av. Operating Working Capital to Sales Ratio	29.33%	27.42%	23.84%	26.75%	19.05%	13.82%
Debt to Equity ratio	33:67	37:63	31:69	13:87	7:93	21:79
Debt to Equity ratio (Market value)	24:76	32:68	20:80	4:96	2:98	8:92
Interest Cover ratio	-0.77	2.42	7.82	22.58	17.34	5.16
Activity / Turnover Ratios:						
Inventory turnover ratio	16.97	14.38	14.97	13.35	12.90	11.22
No. of Days in Inventory	21.51	25.38	24.38	27.34	28.30	32.54
Debtor turnover ratio	10.15	13.63	28.33	38.10	40.84	29.40
No. of Days in Receivables	35.95	26.78	12.88	9.58	8.94	12.42
Total Assets turnover ratio	0.44	0.39	0.44	0.62	0.73	0.66
Fixed Assets turnover ratio	0.66	0.56	0.63	1.01	1.03	0.87
Creditor turnover ratio	8.32	7.78	13.22	19.85	15.18	11.95
No. of Days in Creditors	43.88	46.90	27.62	18.39	24.05	30.53
Operating Cycle	13.59	5.25	9.65	18.54	13.18	14.42

* Unquoted investment in subsidiary has been assumed on break up value.

COMMENTS ON RATIO ANALYSIS

Profitability ratios: The profitability ratios of the Company have declined during the current year due to decrease in retention prices and increase in production costs due to a rise in fuel, packing material and power costs. Furthermore, profitability of the Company has also been hit due to an increase in finance cost. However, the Company has managed to increase its Grey local sales volume on account of efficient operations of Line III, thereby increasing overall Net Sales, but this overall positive effect has been offset by the overall increase in input costs underlined by the mentioned factors. These factors have also reduced the EBITDA margins from 20.8% to 3.6%.

Liquidity Ratios: Liquidity ratios have shown a handsome growth in FY 2015-16 due to better working capital management policies and increased profitability. However, from 2017 onwards decline in the liquidity is witnessed due to Brown field expansion of grey cement line-III. Liquidity indicators improved during the current period due to no significant capital expenditures having been incurred and management's decision to early service the current portion of long term debts from financial institutions.

Investment / Market Ratios: The spread of the global corona virus pandemic and an increase in State Bank Policy rate for the majority of the year under review has severely impacted stock market performance resulting in massive decline in share price of the Company. The Company's market share price remained in the range of Rs.13.79 per share to Rs. 30.74 per share, closing at Rs. 25.98 per share in comparison to Rs.23.89 per share at the close of last year. The breakup value has also moved negatively on account of 85% ordinary right issue during the year moreover, stringent tax regulations have shaken away the confidence of investors and local market related to construction activities also suffered.

Capital Structure Ratios: The Company is operating at optimal level of debt equity mix. Relying mainly on internal cash generation to maximize shareholders' return. The results of this strategy are evident from improved trend in Interest cover ratio from 2015 to 2017. However, afterwards, the Company increased its debt to cater the financing needs for expansion project of grey cement line-III. This decline will be compensated in later years as the Company pays off its principle debt. During the year, The Company felt the adverse effects of high interest rates due to increased average cost of debt as a result of Governments monetary policy, prompting the Company to pay off a portion of its debt component via right issue. Overall debt to equity ratio has improved during FY 2019-2020 to 33:67 in comparison of corresponding financial year.

Activity/turnover ratios – The operating cycle has overall been on an upward positive trend over the years due to an increase in Payable days on account of better negotiated credit terms with suppliers of expansion projects and creditors. No. of days of Inventory, however, have witnessed a small variation, but has generally overall improved. A stable inventory turnover ratio over the past 6 years shows the Company's quick ability to convert inventory into revenue as a result of the Companies persistent improvements in the supply chain and logistical network. During the year, debtor turnover ratio declined due to enhancement of distributors and dealers network in the local market for higher market share, thereby adversely affecting the operating cycle of the Company.

DUPONT ANALYSIS

Years	Return on Equity (Profit Margin * Total Asset Turnover* Equity Multiplier)	Profit Margin (Pre-Tax Profit / Sales)	Total Asset Turnover (Sales / Avg. Assets)	Return on Assets	Equity Multiplier (Avg. Assets / Avg. Equity)
	E= C*D	A	B	C= A*B	D
2020	-17.04%	-0.18	0.44	-7.99%	2.13
2019	5.51%	0.06	0.42	2.67%	2.06
2018	16.39%	0.17	0.53	9.01%	1.82
2017	30.50%	0.29	0.68	19.40%	1.57
2016	36.50%	0.30	0.74	22.51%	1.62
2015	27.87%	0.22	0.66	14.26%	1.95

Following are the DuPont analysis highlights:

1. Operational results have declined due the surge in input variable costs and a reduction in local sale retention, adversely affecting profit margins.

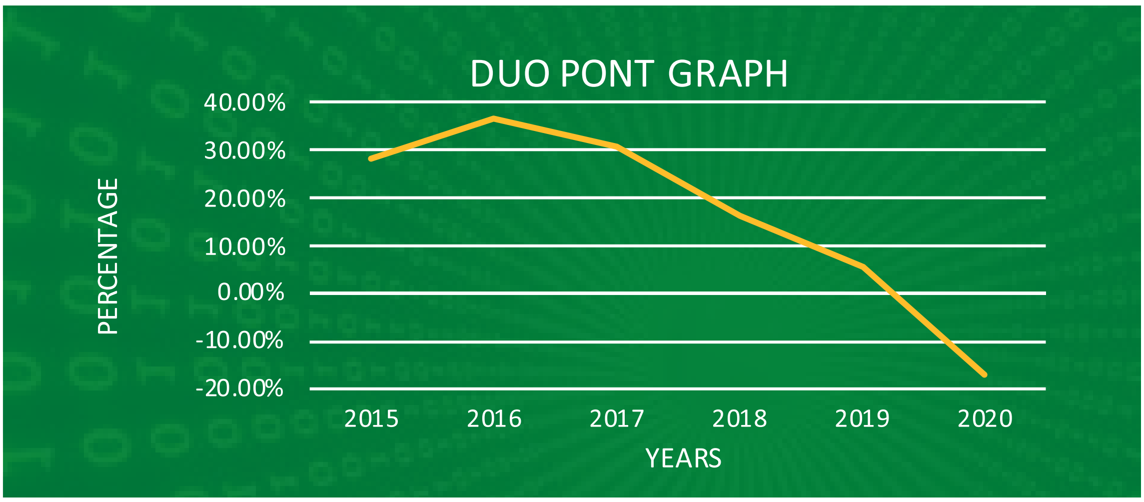
2. Assets turnover has maintained the same level as that of previous year, despite increase in sales, mainly due to greater working capital requirement after cement capacity enhancement project.

3. Based on the above two factors, the Return on Assets which is dependent on the above two factors, has gone down.

4. Due to higher working capital requirements as a consequence of cement capacity enhancement, equity multiplier has further increased in current year.

Conclusion:

The DuPont analysis depicts reduction in profitability and return on assets.



COMPOSITION OF LOCAL VERSUS IMPORTED MATERIAL AND SENSITIVITY ANALYSIS

	2020		2019	
	Rs. '000	%	Rs. '000	%
Local Components:				
Raw materials consumed	2,277,711	10%	1,230,606	8%
Packing materials consumed	3,190,988	13%	2,004,861	12%
Fuel	183,406	1%	160,175	1%
Power and associated costs	7,125,341	30%	4,633,972	28%
Stores, spare parts and loose tools consumed	386,906	2%	313,468	2%
Imported Components:				
Fuel	10,012,680	42%	7,539,250	46%
Stores, spare parts and loose tools consumed	683,290	3%	524,681	3%
Total	23,860,322	100%	16,407,013	100%

Sensitivity analysis

If US$ to Pak Rupee exchange rate fluctuates by 1% , the impact on cost of production

would have been as follow:

	2020 Rs. '000'	2019 Rs. '000'
Increase of 1% in exchange rate	106,960	80,639
Decrease of 1% in exchange rate	(106,960)	(80,639)

The management constantly monitors the international coal prices and exchange rates. The management takes necessary and timely steps to mitigate such impacts

FREE CASH FLOWS

	2020	2019
Net cash generated from operating activities	(937,724)	6,280,961
Capital expenditures	(855,476)	(8,220,851)
FCF - Total	(1,793,200)	(1,939,890)

Free cash flow represents the cash a company can generate after required investment to maintain or expand its asset base. It is a measurement of a company's financial performance and health.

ECONOMIC VALUE ADDED

	2020	2019
NOPAT	(2,461,290)	2,760,744
Less: WACC* Capital Invested	(2,774,074)	(2,501,064)
Economic Value Added	(5,235,364)	259,679

Economic value added (EVA) is a measure of a company's financial performance based on the residual wealth.

KEY OPERATING AND
FINANCIAL DATA

FOR SIX YEARS FROM JUNE 2015 TO JUNE 2020

	2019-20	2018-19	2017-18	2016-17	2015-16	2014-15
Quantitative Data (M. Tons)						
Cement:						
Production	5,196,304	3,638,313	3,760,120	3,341,970	3,340,410	3,005,456
Sales	5,201,820	3,673,278	3,763,835	3,364,402	3,340,324	2,960,501
Sales (Rs. 000)						
Gross Sales (Local + Export- Discount)	47,412,675	36,678,918	35,990,524	31,799,079	28,890,304	25,393,341
Less:						
Excise Duty	10,040,696	4,874,102	4,436,086	2,931,708	1,194,966	935,201
Sales Tax	8,027,602	5,656,806	5,713,760	4,764,821	4,144,108	3,590,939
Commission	226,643	142,066	141,565	110,471	118,534	147,147
Net Sales	29,117,734	26,005,944	25,699,113	23,992,079	23,432,696	20,720,054
Profitability (Rs. 000)						
Gross (Loss) / Profit	(727,535)	4,917,080	7,022,551	9,482,302	10,022,132	7,495,623
(Loss) / Profit Before Tax	(5,269,041)	1,664,176	4,395,236	6,870,356	7,117,538	4,500,911
Provision for Income Tax	425,776	(198,877)	(763,035)	(2,093,275)	(2,232,953)	(1,046,616)
(Loss) / Profit After Tax	(4,843,265)	1,465,299	3,632,201	4,777,081	4,884,585	3,454,295
Financial Position (Rs. 000)						
Tangible Fixed Assets-Net	44,297,941	46,640,664	40,894,010	23,647,663	22,822,494	23,720,541
Other Non-Current Assets	5,104,639	5,110,233	5,102,837	4,757,479	721,495	61,571
Net Working Capital	49,402,580	51,750,897	45,996,847	28,405,142	23,543,989	23,782,112
Current Assets	16,607,191	14,206,878	12,731,681	10,411,631	8,477,707	7,439,205
Current Liabilities	(15,313,775)	(14,164,518)	(11,953,924)	(7,764,031)	(5,027,065)	(8,144,461)
Net Working Capital	1,293,416	42,360	777,757	2,647,600	3,450,642	(705,256)
Capital Employed	50,695,996	51,793,257	46,774,604	31,052,742	26,994,631	23,076,856
Less: Non Current Liabilities	(19,375,165)	(21,278,671)	(16,863,465)	(7,344,681)	(5,657,496)	(5,414,116)
Shareholders' Equity	31,320,831	30,514,586	29,911,139	23,708,061	21,337,135	17,662,740
Represented By:						
Share Capital	10,983,462	5,937,007	5,937,007	5,277,340	5,277,340	5,277,340
Reserves & Un-appropriated Profit	16,722,039	20,693,099	19,709,589	14,106,812	11,472,540	7,634,318
Surplus on Revaluation of PPE	3,615,330	3,884,480	4,264,543	4,323,909	4,587,255	4,751,082
	31,320,831	30,514,586	29,911,139	23,708,061	21,337,135	17,662,740

STATEMENT OF CASH FLOWS
DIRECT METHOD

	2020	2019
	(Rupees in thousand)	
Cash flows from operating activities		
Cash receipts from customers	28,724,219	24,317,750
Cash paid to suppliers and employees	28,881,003	17,549,636
Net Cash generated from operations	(156,784)	6,768,114
Increase / (Decrease) in long term loans to employees	628	(10,352)
Retirement benefits paid	(35,724)	(38,020)
Increase / (Decrease) in long term deposits to suppliers	460	(326)
(Decrease) in long term deposits	-	(50)
Increase in retention money payable	-	34,796
Workers' profit particiaption fund paid	(71,253)	(93,768)
Tax refund received	298,918	418,939
Taxes paid	(973,969)	(798,373)
Net cash (used)/ generated from operating activities	(937,724)	6,280,960
Cash flows from investing activities		
Capital expenditure	(855,476)	(8,220,851)
Intangible asset purchased	-	(5,219)
Proceeds from disposal of property, plant and equipment	52,047	102,173
Short term investment - net	(50,000)	-
Profit on bank deposits received	29,842	18,796
Net cash (used) in investing activities	(823,587)	(8,105,101)
Cash flows from financing activities		
(Repayment) / Receipts of long term loans from financial instituitions	(5,007,260)	3,552,666
Long term loan from subsidiary company	2,000,000	1,000,000
Proceeds from issuance of ordinary shares	5,994,968	-
Receipts from / (repayment of) short term borrowings - net	3,100,037	(1,215,654)
Finance cost paid	(3,011,992)	(857,975)
Dividend paid	(289,361)	(663,880)
Net cash generated from financing activities	2,786,392	1,815,157
Net increase/ (decrease) in cash and cash equivalents	1,025,081	(8,984)
Cash and cash equivalents at the beginning of the year	(815,565)	(806,581)
Cash and cash equivalents at the end of the year	209,516	(815,565)

RESULTS REPORTED IN INTERIM FINANCIAL STATEMENTS AND FINAL ACCOUNTS

	Interim Results						Annual Results	
	3 Months Period Ended 30-09-2019		6 Months Period Ended 31-12-2019		9 Months Period Ended 31-03-2020		Year Ended 30-06-2020	
	Rupees '000	%	Rupees '000	%	Rupees '000	%	Rupees '000	%
Net Turnover	7,147,042		16,182,293		23,096,773		29,117,734	
Gross (Loss)	(209,088)	-2.93%	(66,659)	-0.41%	(298,971)	-1.29%	(727,535)	-2.50%
Operating (Loss)	(538,461)	-7.53%	(858,840)	-5.31%	(1,458,659)	-6.32%	(2,287,319)	-7.86%
Net (Loss) Before Tax	(1,347,667)	-18.86%	(2,551,436)	-15.77%	(3,860,473)	-16.71%	(5,269,041)	-18.10%
Net Loss After Tax	(1,305,146)	-18.26%	(2,452,203)	-15.15%	(3,733,601)	-16.17%	(4,843,265)	-16.63%
Debt Equity Ratio	17,097,631	37:63	13,952,629	29:71	11,330,435	26:74	12,298,102	28:72
	46,246,693		47,675,738		43,711,455		43,618,933	
Current Ratio	15,583,497	0.92	17,393,296	1.07	16,785,849	0.94	16,607,191	1.08
	16,869,338		16,230,410		17,824,684		15,313,775	

Analysis of Variation in Results Reported in Interim Financial Statements with the Final Accounts

3 Months Ended September 30, 2019

"Gross Loss (GL) Ratio for the 1st Quarter was -2.93% as compared to annual GL of -2.50%, mainly due to the low retention of local grey dispatches, high fuel landed cost, packing material rates and Pak Rupee devaluation.

Operating Loss was -7.53% as compared to -7.86% mainly due to sales promotion and branding activities carried out in the fourth quarter of the financial year 2019-2020.

Net Loss Before Tax was -18.86% as compared to annual -18.10%, mainly due to more Gross Loss (GL)%.

Net Loss After Tax was -18.26% as compared to -16.63% mainly due to the low retention of local grey dispatches, high fuel landed cost and packing material rates.

Debt Equity Ratio was 37:63 in first quarter as compared to 28:72 in annual, mainly due to drawdown of debt for enhanced working capital requirements.

Current ratio was 0.92 as compared to annual of 1.08 due to swapping of short term Payable to Subsidiary Company with the long term loan in last quarter of the financial year 2019-2020.

6 Months Ended December 31, 2019

"Gross Loss (GL) Ratio was -0.41% as compared to annual GL of -2.50%, mainly due to the high fuel landed cost in subsequent period.

Operating Loss was -5.31% as compared to -7.86% in annual, mainly due to sales promotion and branding activities carried out in the fourth quarter of the financial year 2019-2020.

Net Loss Before Tax was -15.77% as compared to annual -18.10%, mainly due to more Gross Loss (GL)%.

Net Loss After Tax was -15.15% as compared to -16.63% in annual mainly due to increase in packing material rates and coal landed cost.

Debt Equity Ratio was 29:71 in first half year as compared to 28:72 in annual due to repayment of long term loans from funds generated from right issue.

Current ratio was 1.07 as compared to annual of 1.08 due to swapping of short term Payable to Subsidiary Company with the long term loan in last quarter of the financial year 2019-2020.

9 Months Ended March 31, 2020

"Gross Loss (GL) Ratio was -1.29% as compared to annual GL of -2.50%, mainly due to slight improvement in average retention during the third quarter of the financial year 2019-2020.

Operating Loss was -6.32% as compared to -7.86% in annual, mainly due to sales promotion and branding activities carried out in the fourth quarter of the financial year 2019-2020.

Net Loss Before Tax was -16.71% as compared to annual -18.10% mainly due to decrease in Gross Loss (GL)% in last quarter on account of increase in average retention.

Net Loss After Tax was -16.17% as compared to -16.63% in annual in annual due to repayment of long term loans from funds generated from right issue.

Debt Equity Ratio was 26:74 as compared to 28:72 in annual due to repayment of long term loans from funds generated from right issue.

Current ratio was 0.94 as compared to annual of 1.08 due to swapping of short term Payable to Subsidiary Company with the long term loan in last quarter of the financial year 2019-2020.

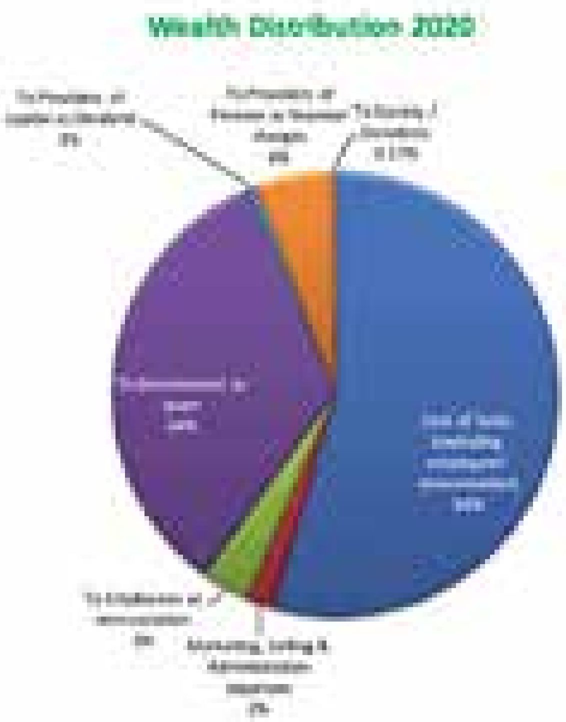
EXPLANATION OF NEGATIVE CHANGE IN THE PERFORMANCE AGAINST PRIOR YEARS

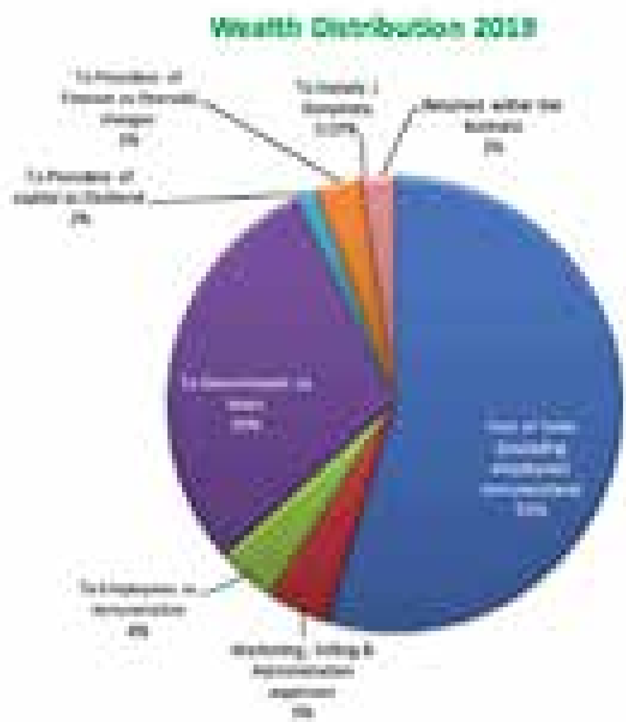
	Annual Results					
	Year Ended 30-06-2020		Year Ended 30-06-2019		YOY Variance	
	Rupees '000	%	Rupees '000	%	Rupees '000	%
Net Turnover	29,117,734		26,005,944		3,111,790	11.97%
Gross (Loss)/ Profit	(727,535)	-2.50%	4,917,080	18.91%	(5,644,615)	-114.80%
Operating (Loss)/ Profit	(2,287,319)	-7.86%	2,836,733	10.91%	(5,124,052)	-180.63%
Net (Loss)/ Profit Before Tax	(5,269,041)	-18.10%	1,664,176	6.40%	(6,933,217)	-416.62%
Net (Loss)/ Profit After Tax	(4,843,265)	-16.63%	1,465,299	5.63%	(6,308,564)	-430.53%

- Overall turnover increased by 11.97%, but it includes positive volumetric growth and negative impact of reduction in retention prices.
- Gross Profit/(loss) declined from preceding year due to reduction in local grey retention, increase in power cost, devaluation of Pak Rupee and general inflationary impact on input costs.
- Net Profit/(loss) after tax followed almost the same declining trend as shown for Gross Profit/(loss) in addition to increase in financial cost due to operations of line-III and higher policy rates by State Bank of Pakistan during the financial year 2019-2020.

STATEMENT OF VALUE ADDED
AND HOW DISTRIBUTED

	2020		2019	
	Rs. (000)	% age	Rs. (000)	% age
Wealth Generated				
Sales net of commission	47,186,032	89.95%	36,536,852	99.88%
Other Operating Income	131,978	0.25%	42,997	0.12%
Contribution by buisness	5,140,115	9.80%	-	0.00%
	52,458,125	100.00%	36,579,849	100.00%
Distribution of Wealth				
Cost of Sales (excluding employees' remuneration)	28,595,702	54.51%	20,019,816	54.73%
Marketing, Selling & Administration Expenses	1,017,906	1.94%	1,614,056	4.41%
To Employees as Remuneration	1,833,424	3.50%	1,551,137	4.24%
To Government as Taxes	17,642,522	33.63%	10,729,785	29.33%
To Providers of Capital as Dividend	296,850	0.57%	593,701	1.62%
To Providers of Finance as Financial Charges	2,981,722	5.68%	1,172,557	3.21%
To Society / Donations	89,999	0.17%	27,199	0.07%
Retained within the Business	-	0.00%	871,598	2.38%
	52,458,125	100.00%	36,579,849	100.00%

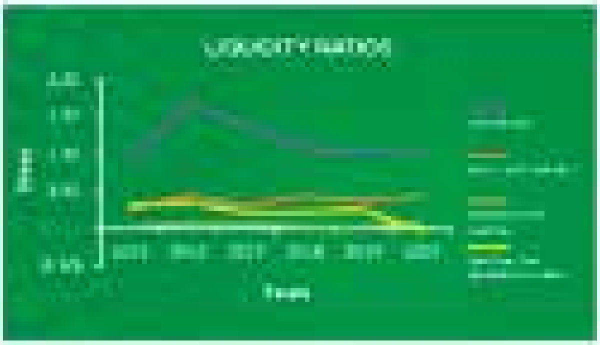


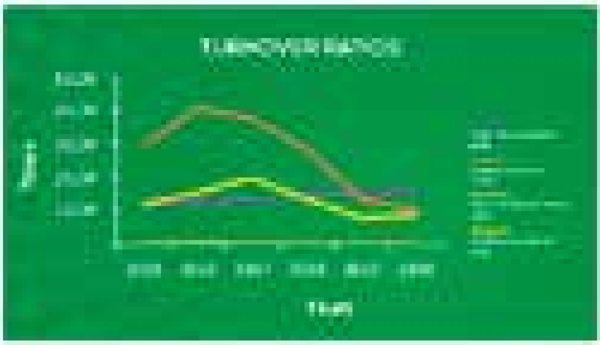


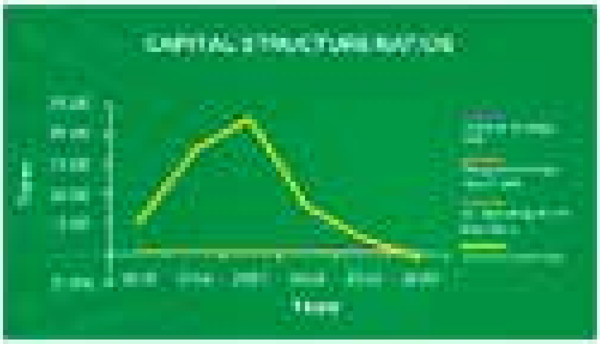
Statement of Charity

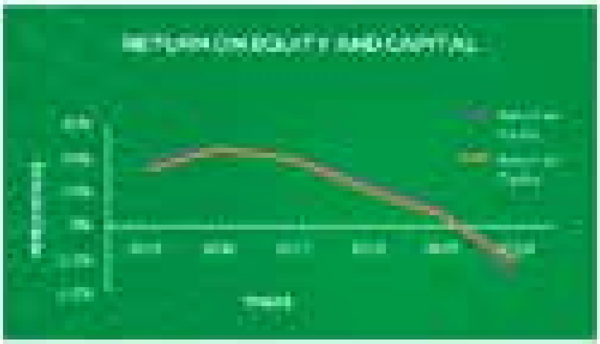
	2020 Rs. (000)	2019 Rs. (000)
Ghulab Devi Chest Hospital	73,237	-
Maple CSR Initiative as per DC Office requirement	6,060	-
Auditorium at Police Public School	3,500	-
Speed Monitoring System	2,000	-
Food Hampers Covid-19	2,000	-
Daud Khel water supply project	1,314	17,215
Beaconhouse National University	706	644
Road Safety Campaign DPO Mianwali	500	-
Financial assistance for the training certification program	315	-
Bushra Shaheen	225	325
City Entrance Wall Monument & Globe	119	-
Miscellaneous donations in the form of cement	23	-
Shaukat Khanum Memorial Trust	-	300
District Police Office Mianwali	-	6,028
District Management Mianwali	-	1,687
Mosque Lower Dir	-	1,000
	89,999	27,199

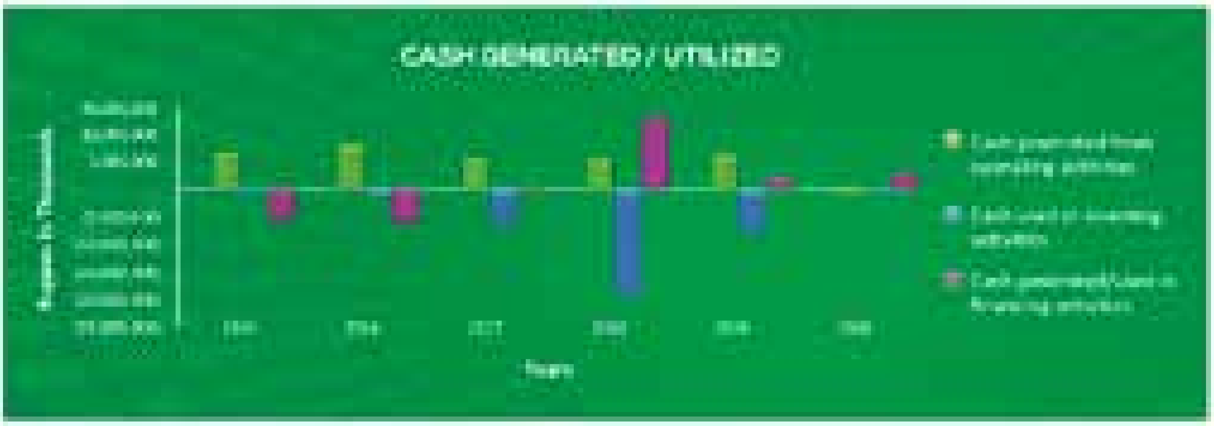
GRAPHICAL PRESENTATION – STAKEHOLDERS' INFORMATION



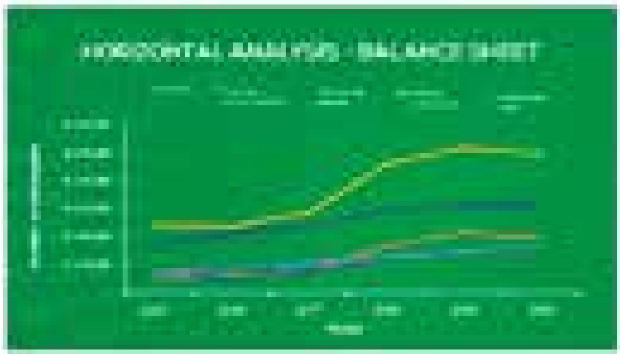


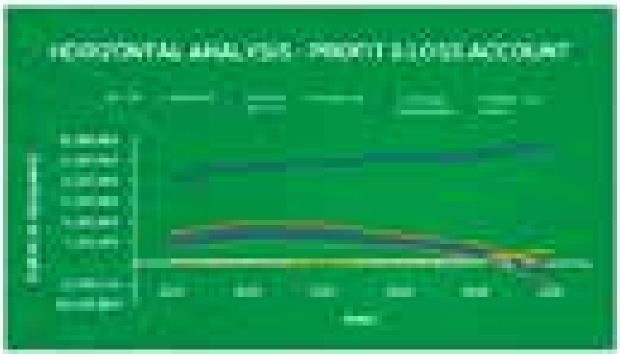


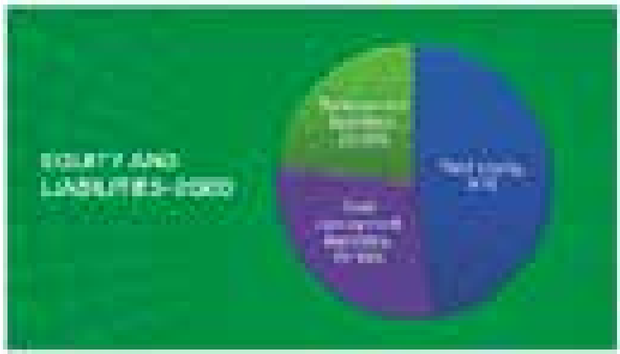


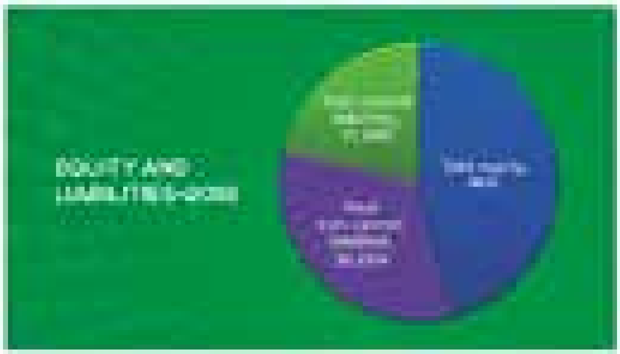


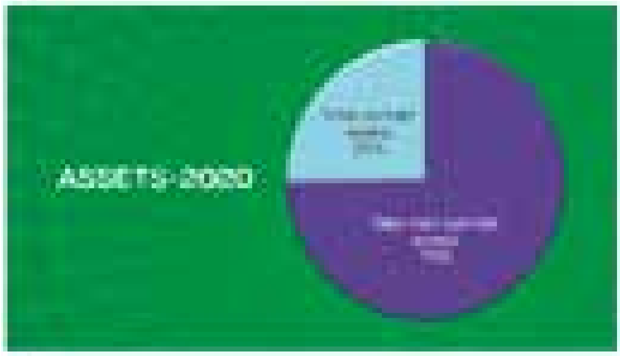
GRAPHICAL PRESENTATION – STAKEHOLDERS' INFORMATION

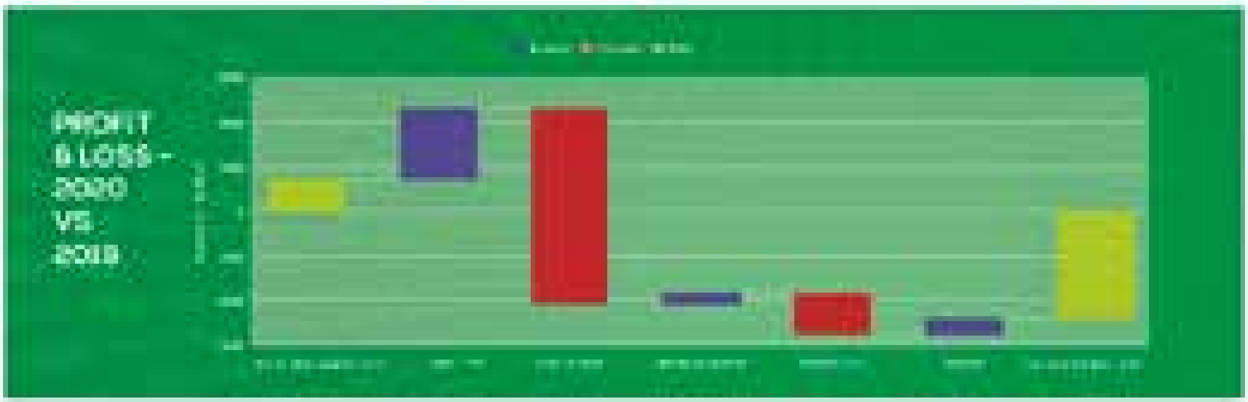












DEFINITIONS AND GLOSSARY OF TERMS

Gross Profit Ratio

The relationship of the gross profit made for a specified period and the sales or turnover achieved during that period.

Net Profit Ratio

Net profit ratio is the ratio of net profit (after taxes) to net sales.

Operating Profit Ratio

The operating profit margin ratio indicates how much profit a company makes after paying for variable costs of production.

Current Asset Ratio

The key indicator of whether you can pay your creditors on time. The relationship between current assets like cash, book debts, stock and work in progress and current liabilities like overdraft, trade and expense creditors and other current debt.

Current Ratio

A company's current assets divided by its current liabilities. This ratio gives you a sense of a company's ability to meet short-term liabilities, and is a measure of financial strength in the short term. A ratio of 1 implies adequate current assets to cover current liabilities: the higher above 1, the better.

Debt-Equity Ratio

The ratio of a company's liabilities to its equity. The higher the level of debt, the more important it is for a company to have positive earnings and steady cash flow. For comparative purposes, debt-equity ratio is most useful for companies within the same industry.

Earnings per Share (EPS)

The portion of a company's profit allocated to each outstanding share of common stock. Earnings per share serve as an indicator of a company's profitability.

Profit Margin

Determined by dividing net income by net sales during a time period and is expressed as a percentage. Net profit margin is a measure of efficiency and the higher the margin, the better. Trends in margin can be attributed to rising/falling production costs or rising/falling price of the goods sold.

Return on Assets (ROA)

The amount of profits earned (before interest and taxes), expressed as a percentage of total assets. This is a widely followed measure of profitability, thus the higher the number the better. As long as a company's ROA exceeds its interest rate on borrowing, it's said to have positive financial leverage.

Return on Equity (ROE)

A percentage that indicates how well common stockholders' invested money is being used. The percentage is the result of dividing net earnings by common stockholders' equity. The ROE is used for measuring growth and profitability. You can compare a company's ROE to the ROE of its industry to determine how a company is doing compared to its competition.

Return on Investment (ROI)

Also known as return on invested capital (ROIC). ROI is a measure of how well management has used the company's resources. ROI is calculated by dividing earnings by total assets. It is a broader measure than return on equity (ROE) because assets include debt as well as equity. It is useful to compare a company's ROI with others in the same industry.

PATTERN OF SHAREHOLDING

CUIN (Incorporation Number)	0001107
1.1 Name of the Company	MAPLE LEAF CEMENT FACTORY LIMITED
2.1 Pattern of holding of the shares held by the shareholders as at	30-06-2020

2.2 No. of Shareholders	Shareholdings From	Shareholdings To	Total shares held
1,939	1 -	100	78,797
3,088	101 -	500	1,081,350
2,520	501 -	1000	2,250,710
4,842	1001 -	5000	13,251,983
1,363	5001 -	10000	10,777,317
498	10001 -	15000	6,317,807
365	15001 -	20000	6,747,492
224	20001 -	25000	5,191,368
143	25001 -	30000	4,024,915
104	30001 -	35000	3,456,572
81	35001 -	40000	3,092,642
58	40001 -	45000	2,503,033
97	45001 -	50000	4,760,442
39	50001 -	55000	2,045,505
37	55001 -	60000	2,146,294
25	60001 -	65000	1,581,934
18	65001 -	70000	1,227,286
22	70001 -	75000	1,612,096
15	75001 -	80000	1,175,602
11	80001 -	85000	908,364
15	85001 -	90000	1,320,351
13	90001 -	95000	1,207,273
45	95001 -	100000	4,483,537
16	100001 -	105000	1,646,588
14	105001 -	110000	1,515,861
7	110001 -	115000	791,069
9	115001 -	120000	1,054,515
15	120001 -	125000	1,856,712
5	125001 -	130000	640,576
3	130001 -	135000	394,146
4	135001 -	140000	552,749
7	140001 -	145000	1,002,521
8	145001 -	150000	1,193,149
3	150001 -	155000	461,625
4	155001 -	160000	635,872
2	160001 -	165000	322,737
3	165001 -	170000	502,999
7	170001 -	175000	1,215,118
5	175001 -	180000	890,418
4	180001 -	185000	735,617
5	185001 -	190000	942,849
5	190001 -	195000	964,212
20	195001 -	200000	3,998,874

2.2	No. of Shareholders	Shareholdings From		To	Total shares held
	4	200001	-	205000	814,036
	4	205001	-	210000	831,748
	4	210001	-	215000	850,889
	2	215001	-	220000	435,999
	1	220001	-	225000	225,000
	2	225001	-	230000	453,649
	2	230001	-	235000	462,067
	1	235001	-	240000	236,220
	1	240001	-	245000	244,149
	5	245001	-	250000	1,250,000
	2	250001	-	255000	503,780
	1	255001	-	260000	260,000
	1	260001	-	265000	263,000
	4	265001	-	270000	1,070,648
	3	275001	-	280000	834,579
	2	280001	-	285000	564,500
	2	285001	-	290000	574,561
	6	295001	-	300000	1,796,693
	1	300001	-	305000	304,499
	1	305001	-	310000	307,000
	2	310001	-	315000	625,250
	2	315001	-	320000	635,500
	1	320001	-	325000	321,628
	1	325001	-	330000	325,500
	2	330001	-	335000	663,309
	2	345001	-	350000	699,999
	1	350001	-	355000	353,394
	1	355001	-	360000	359,978
	3	360001	-	365000	1,086,983
	3	365001	-	370000	1,107,999
	3	370001	-	375000	1,118,374
	1	375001	-	380000	375,707
	3	380001	-	385000	1,152,728
	7	395001	-	400000	2,797,000
	1	400001	-	405000	401,000
	1	410001	-	415000	411,849
	2	415001	-	420000	834,973
	2	420001	-	425000	845,573
	2	440001	-	445000	887,835
	4	445001	-	450000	1,799,000
	1	450001	-	455000	451,000
	4	460001	-	465000	1,852,604
	1	465001	-	470000	469,500
	1	470001	-	475000	474,500
	3	495001	-	500000	1,495,849
	1	505001	-	510000	505,075
	1	525001	-	530000	529,098
	1	540001	-	545000	542,500
	1	545001	-	550000	548,970
	1	550001	-	555000	554,999
	1	555001	-	560000	559,999

2.2 No. of Shareholders	Shareholdings From		Shareholdings To	Total shares held
2	560001	-	565000	1,122,880
1	575001	-	580000	579,500
4	595001	-	600000	2,399,500
1	605001	-	610000	608,810
1	620001	-	625000	620,500
1	650001	-	655000	653,927
1	670001	-	675000	675,000
1	685001	-	690000	688,000
1	690001	-	695000	693,500
1	695001	-	700000	697,500
1	700001	-	705000	704,999
1	715001	-	720000	717,550
1	720001	-	725000	721,012
2	740001	-	745000	1,485,405
2	745001	-	750000	1,500,000
1	755001	-	760000	757,055
1	795001	-	800000	800,000
1	800001	-	805000	803,000
1	805001	-	810000	806,281
1	810001	-	815000	814,999
1	830001	-	835000	832,500
1	845001	-	850000	850,000
3	850001	-	855000	2,556,274
1	855001	-	860000	857,474
1	880001	-	885000	883,000
1	895001	-	900000	898,000
1	910001	-	915000	913,500
1	915001	-	920000	916,249
1	920001	-	925000	924,999
1	945001	-	950000	949,749
3	995001	-	1000000	3,000,000
1	1005001	-	1010000	1,005,929
1	1020001	-	1025000	1,025,000
1	1025001	-	1030000	1,029,500
1	1065001	-	1070000	1,069,160
1	1080001	-	1085000	1,083,000
1	1085001	-	1090000	1,090,000
1	1100001	-	1105000	1,102,000
1	1105001	-	1110000	1,110,000
1	1125001	-	1130000	1,129,900
1	1145001	-	1150000	1,146,114
1	1245001	-	1250000	1,250,000
1	1295001	-	1300000	1,298,000
1	1380001	-	1385000	1,383,628
1	1390001	-	1395000	1,394,437
1	1515001	-	1520000	1,518,245
1	1550001	-	1555000	1,553,000
1	1570001	-	1575000	1,572,499
1	1595001	-	1600000	1,600,000
1	1735001	-	1740000	1,738,249

2.2	No. of Shareholders	Shareholdings From		Shareholdings To	Total shares held
	2	1795001	-	1800000	3,596,999
	1	1805001	-	1810000	1,807,000
	1	1960001	-	1965000	1,964,000
	1	1970001	-	1975000	1,971,577
	1	1995001	-	2000000	2,000,000
	1	2055001	-	2060000	2,059,000
	1	2300001	-	2305000	2,302,428
	2	2595001	-	2600000	5,199,540
	1	2615001	-	2620000	2,620,000
	1	2765001	-	2770000	2,766,500
	1	3040001	-	3045000	3,040,706
	1	3300001	-	3305000	3,301,000
	1	3380001	-	3385000	3,382,740
	1	3595001	-	3600000	3,597,500
	1	3615001	-	3620000	3,618,000
	1	3895001	-	3900000	3,899,506
	1	4460001	-	4465000	4,460,358
	1	4705001	-	4710000	4,705,099
	1	4885001	-	4890000	4,887,074
	1	4995001	-	5000000	5,000,000
	1	5210001	-	5215000	5,212,150
	1	5265001	-	5270000	5,266,000
	1	5560001	-	5565000	5,562,949
	1	5720001	-	5725000	5,722,500
	1	6395001	-	6400000	6,399,824
	1	6420001	-	6425000	6,420,999
	1	6505001	-	6510000	6,506,442
	1	6575001	-	6580000	6,580,000
	1	7010001	-	7015000	7,014,500
	1	7025001	-	7030000	7,026,270
	1	7305001	-	7310000	7,305,187
	1	7495001	-	7500000	7,500,000
	1	8155001	-	8160000	8,158,211
	1	13345001	-	13350000	13,347,000
	1	13940001	-	13945000	13,942,955
	1	15755001	-	15760000	15,757,500
	1	16970001	-	16975000	16,971,500
	1	18370001	-	18375000	18,372,218
	1	19800001	-	19805000	19,803,500
	1	22855001	-	22860000	22,859,062
	1	24775001	-	24780000	24,779,103
	1	606495001	-	606500000	606,497,944
	15,921				**1,098,346,232**

Note. The Slabs not applicable above have not been shown.

2.3 Categories of Shareholders	Shares Held	Percentage of Capital
2.3.1 Directors, CEO and their spouses & minor children		
Mr. Tariq Sayeed Saigol - Chairman	32,428	0.0030
Mr. Sayeed Tariq Saigol - Chief Executive	10,729	0.0010
Mr. Taufique Sayeed Saigol	15,934	0.0015
Mr. Waleed Tariq Saigol	11,305	0.0010
Mr. Danial Taufique Saigol	5,202	0.0005
Ms. Jahanara Saigol	2,500	0.0002
Mr. Shafiq Ahmed Khan	15,608	0.0014
Mr. Zulfikar Monnoo	3,000	0.0003
Mrs. Shehla Tariq Saigol - Spouse of Mr. Tariq Sayeed Saigol	179,919	0.0164
	276,625	0.0253
2.3.2 Associated Companies, undertakings and related parties		
Kohinoor Textile Mills Limited	606,497,944	55.2192
Maple Leaf Capital Limited	7,026,270	0.6397
2.3.3 NIT and ICP		
National Bank of Pakistan, Trustee Deptt.	13,097	0.0012
Industrial Development Bank of Pakistan (IDBP)	6,200	0.0005
	19,297	0.0017
2.3.4 Banks, Development Financial Institutions, Non-banking Financial Institutions	43,899,114	3.9968
2.3.5 Insurance Companies	23,122,313	2.1052
2.3.6 Modarabas and Mutual Funds	51,407,961	4.6805
2.3.7 Shareholders holding 10%		
Refer to 2.3.2 above	-	-
2.3.8 General Public		
a. Local	231,167,661	21.0469
b. Foreign	124,675,244	11.3512

Categories of Shareholders	Shares Held	Percentage of Capital

2.3.9 Others

ARTAL RESTAURANT INT LTD. EMP. P.F	500	
TRUSTEE ARTAL RESTAURANTS INTS EMP. P.F	1,000	
PAKISTAN HERALD PUBLICATIONS (PVT) LTD. STAFF PENSION FUND	6,000	
WAH NOBEL (PRIVATE) LIMITED MANAGEMENT STAFF PENSION FUND	20,000	
TRUSTEE LEVER BROTHERS EMPLOYEES	5,000	
TRUSTEES OF PHILIP MORRIS (PAKISTAN) LIMITED EMPL G.F TRUST	25,000	
TRUSTEES OF PHILIP MORRIS (PAKISTAN) LIMITED E.C.P.F TRUST	52,000	
TRUSTEES HOMMIE&JAMSHED NUSSERWANJEE C.T	104,062	
TRUSTEES S.M.SOHAIL TRUST	36,999	
TRUSTEE NATIONAL BANK OF PAKISTAN EMPLOYEES PENSION FUND	213,391	
TRUSTEES THE GENERAL TYRE&RUBBER CO OF PAKISTAN LTD EMPL G.F	34,000	
TRUSTEES OF CRESENT STEEL & ALLIED PRODUCTS LTD-PENSION FUND	7,466	
TRUSTEE NATIONAL BANK OF PAKISTAN EMP BENEVOLENT FUND TRUST	7,488	
TRUSTEE MOMIN ADAMJEE WELFARE TRUST	100,000	
A.M.MANSUR LLP	631	
TRUSTEES D.G.KHAN CEMENT CO.LTD.EMP. P.F	14,568	
MANAGING COMMITTEE GHAZALI EDUCATION TRUST	440	
TRUSTEES OF PAKISTAN MOBILE COMMUNICATION LTD-PROVIDENT FUND	208,124	
TRUSTEE CHERAT CEMENT CO. LTD EMPLOYEES PROVIDENT FUND	30	
TRUSTEE CHERAT CEMENT COMPANY LTD STAFF GRATUITY FUND	4,374	
TRUSTEE-FIRST DAWOOD INV. BANK LTD. & OTHER EMPOLYEES P.FUND	29,044	
TRUSTEE KARACHI PARSI ANJUMAN TRUST FUND	7,399	
GHANI GASES EMPLOYEES PROVIDENT FUND	6,000	
HABIB EDUCATION TRUST STAFF PROVIDENT FUND	19,077	
Trustees of Karachi Sheraton Hotel Employees Provident Fund	1,434	
Trustees of Pakistan Human Development Fund	181,518	
Trustees of Novo Nordisk Pharma (Pvt.) Ltd. Staff Prov. Fund	4,500	
THE CRESCENT TEXTILE MILLS LTD EMPLOYEES PROVIDENT FUND	25	
TRUSTEE PAKISTAN PETROLEUM EXECUTIVE STAFF PENSION FUND	500	
TRUSTEE PAKISTAN PETROLEUM NON EXECUTIVE STAFF GRATUITY FUND	125,000	
TRUSTEE PAKISTAN PETROLEUM NON EXECUTIVE STAFF PENSION FUND	200,000	
TRUSTEE PAKISTAN PETROLEUM JUNIOR PROVIDENT FUND	145,000	
TRUSTEE PAKISTAN PETROLEUM SENIOR PROVIDENT FUND	110,000	
TRUSTEE PAKISTAN PETROLEUM EXECUTIVE STAFF PENSION FUND	263,000	
PAKISTAN PETROLEUM EXECUTIVE STAFF PENSION FUND (DC SHARIAH)	100,000	
TRUSTEE PAK. PETROLEUM EXEC. STAFF PEN. FUND DC CONVENTIONAL	60,000	
Parazelsus Pakistan (Pvt.) Limited Employees Provident Fund	3,500	
THAL LIMITED EMPLOYEES RETIREMENT BENEFIT FUND	2,774	
THAL LIMITED EMPLOYEES PROVIDENT FUND	13,574	
BYCO PETROLEUM PAKISTAN LIMITED EMPLOYEES PROVIDENT FUND	24,199	
ENGRO CORPORATION LIMITED PROVIDENT FUND	411,849	
HILAL GROUP EMPLOYEES PROVIDENT FUND	28,000	

Categories of Shareholders	Shares Held	Percentage of Capital

2.3.9 Others

WELLCOME PAKISTAN LIMITED PROVIDENT FUND	105,099	
Bristol-Myers Squibb Pak (Pvt) Ltd Emp Prov Fund	9,474	
PAKISTAN TELECOMMUNICATION EMPLOYEES TRUST	750,000	
PAKISTAN TELECOMMUNICATION EMPLOYEES TRUST	32,849	
ENGRO FERTILIZERS LIMITED NON-MPT EMPLOYEES GRATUITY FUND	10,099	
TREET CORPORATION LIMITED-GROUP EMPLOYEES PROVIDENT FUND	5,000	
FATIMA FERT LIMITED MANAGEMENT STAFF PROVIDENT FUND	25,000	
THE CRESCENT TEXTILE MILLS LTD EMPLOYEES PROVIDENT FUND	13,000	
CMPAK LIMITED STAFF PROVIDENT FUND	70,000	
ICI PAKISTAN MGT. STAFF DEFINED CONT. SUPERANNUATION FUND	58,000	
AGRIAUTO INDUSTRIES LIMITED EMPLOYEES PROVIDENT FUND	19,500	
ICI PAKISTAN MANAGEMENT STAF PROVIDENT FUND	65,000	
NETSOL EMPLOYEES PROVIDENT FUND TRUST	40,000	
TRUSTEE-MILLAT TRACTORS LTD. EMPLOYEES PENSION FUND	17,000	
TRUSTEE-THE KOT ADDU POWER CO. LTD. EMPLOYEES PROVIDENT FUND	15,500	
TRUSTEE-THE KOT ADDU POWER CO. LTD. EMPLOYEES PENSION FUND	53,000	
EMPLOYEES OLD AGE BENEFITS INSTITUTION	5,562,949	
CDC - TRUSTEE NAFA PENSION FUND EQUITY SUB-FUND ACCOUNT	215,999	
CDC - TRUSTEE NAFA ISLAMIC PENSION FUND EQUITY ACCOUNT	559,999	
CDC - TRUSTEE AGIPF EQUITY SUB-FUND	23,424	
CDC - TRUSTEE AGPF EQUITY SUB-FUND	25,445	
	10,253,803	0.9335
Grand Total:-	**1,098,346,232**	**100.0000**

This disclosure is being added as per requirements of Securities and Exchange Commission of Pakistan vide SRO 924(1) / 2015, dated 09 September 2015.

FINANCIAL STATEMENTS

for the Year Ended June 30, 2020

KPMG Taseer Hadi & Co.
Chartered Accountants
351 Shadman-1, Jail Road,
Lahore 54000 Pakistan
+92 (42) 111-KPMGTH (576484), Fax +92 (42) 3742 9907

INDEPENDENT AUDITOR'S REPORT

To the members of Maple Leaf Cement Factory Limited

Report on the Audit of the Unconsolidated Financial Statements

Opinion

We have audited the annexed unconsolidated financial statements of Maple Leaf Cement Factory Limited ("the Company"), which comprise the unconsolidated statement of financial position as at 30 June 2020, and the unconsolidated statement of profit or loss account, the unconsolidated statement of 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, unconsolidated statement of profit or loss account, the unconsolidated statement of 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 Company's affairs as at 30 June 2020 and of the loss, the comprehensive loss, 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 Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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 matter(s):

S.No.	Key audit matter(s)	How the matter was addressed in our audit
1	Revenue Refer to notes 3.13.1 and 34 to the unconsolidated financial statements. The Company recognized revenue of Rs. 29.12 billion from the sale of cement to domestic as well as foreign customers during the year ended 30 June 2020. We identified recognition of revenue as a key audit matter because revenue is one of the key performance indicators of the Company and gives rise to a risk that revenue is recognized without transferring the control.	Our audit procedures included the following: • Obtaining an understanding of the process relating to recording of sales and testing the design, implementation and operating effectiveness of key internal controls; • assessing the appropriateness of the Company's accounting policies for recording of sales and compliance of those policies with applicable accounting standards; • comparing a sample of revenue transactions recorded during the year with sales orders, sales invoices, outward gate passes and other relevant underlying documents; • comparing, on a sample basis, specific revenue transactions recorded just before and just after the financial year end date to determine whether the revenue had been recognized in the appropriate financial period; and • scanning for any manual journal entries relating to sales raised during the year which were considered to be material or met other specific risk-based criteria for inspecting underlying documentation.
2	Valuation of trade debts Refer to notes 2.5.4, 3.10 and 27 to the unconsolidated financial statements. As at 30 June 2020, the Company's gross trade debts amount to Rs. 3,232.82 million. The Company has applied simplified approach to determine expected credit loss over trade debtors and has recognized provision against expected credit loss ("ECL") of Rs. 19.5 million during the year ended 30 June 2020. The balance of expected credit loss as at 30 June 2020 amounted to Rs. 180.69 million. We have identified valuation of trade debts as key audit matter because determination of ECL provision for trade debts requires significant judgement and assumptions including consideration of factors such as historical credit loss experience and forward-looking macro-economic information.	Our audit procedures included the following: • involving KPMG specialists to assist us in reviewing and evaluating the appropriateness of the assumptions used (historical and forward looking) and judgements made by the management to assess ECL in respect of trade debts of the Company; • assessing on a sample basis, the accuracy of data used by the management for determining ECL in respect of trade debts; • checking mathematical accuracy of ECL model by performing recalculations; • reviewing appropriateness of the accounting policies and the adequacy of disclosures in the unconsolidated financial statements in accordance with requirements of the applicable accounting and reporting standards.

3	Recoverability of deferred tax asset Refer to notes 3.3 and 11 to the unconsolidated financial statements. The Company has recognized deferred tax asset, amounting to Rs. 1,460.49 million on unused tax losses during the year ended 30 June 2020. The balance of deferred tax asset as at 30 June 2020 amounted to Rs. 2,781.03 million. The recoverability of recognized deferred tax asset is dependent on the Company's ability to generate future taxable profits sufficient to utilize deductible temporary differences and tax losses. We have determined this to be a key audit matter, due to uncertainty in forecasting the amount and timing of future taxable profits and the reversal of temporary differences.	Our audit procedures included the following: • assessing the appropriateness of the Company's accounting policy for recognition of deferred tax asset and compliance of the policy with applicable accounting and reporting standards; • involving KPMG specialist to assist us in evaluating the reasonableness of significant assumptions used in developing future taxable profits by evaluating historical forecasting accuracy and expected growth rates, future selling prices and production volumes; • assessing recoverability of recognized unused tax losses on the basis of future taxable profits developed by the management; and • reviewing the adequacy of disclosure made in the unconsolidated financial statements in accordance with the requirements of the applicable accounting and reporting standards.
4	Revaluation of certain classes of property, plant and equipment Refer to notes 2.5.10, 3.5.1, 7 and 20.1 to the unconsolidated financial statements. As at 30 June 2020, the Company revalued its certain items of property, plant and equipment (i.e. freehold land, building on freehold land. Roads, bridges and railways and plant and machinery) based on the valuation carried out by an independent external expert engaged by the management. Consequent to revaluation, additional surplus - net of deferred tax amounting to Rs. 95.6 million has been recognized in the unconsolidated financial statements and the balance of revaluation surplus - net of deferred tax on Property, Plant and Equipment at the year end stood at Rs. 3,615 million. We have identified valuation of certain items of property, plant and equipment as key audit matter due to the significance of this balance to the unconsolidated financial statements, as well as the significance of management's judgements in determining its valuation.	Our audit procedures included the following: • obtaining and inspecting the valuation reports prepared by external management expert; • involving a valuation specialist engaged by us to assist in evaluating the methodology used by the management's expert in determining the revalued amount and to assist us in evaluating the reasonableness of key estimates and assumptions adopted in the valuations report by the management's expert; • checking that the revaluation surplus has been recorded in the unconsolidated financial statements as per applicable accounting and reporting standards; accounting principles; and • reviewing the adequacy of disclosure made in the unconsolidated financial statements in accordance with the requirements of the applicable accounting and reporting standards.

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

Management is responsible for the other information. Other information comprises the information included in the annual report for the year ended 30 June 2020 but does not include the unconsolidated financial statements and our auditor's 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 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 Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the 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 auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these 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 Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the 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 auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the 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 auditor's 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 Company as required by the Companies Act, 2017(XIX of 2017);
b) the unconsolidated statement of financial position, the unconsolidated statement of profit or loss account, the unconsolidated statement of 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 and returns;
c) Investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and
d) Zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the Company and deposited in the Central Zakat Fund established under section 7 of that Ordinance.

The engagement partner on the audit resulting in this independent auditor's report is M. Rehan Chughtai.

KPMG Taseer Hadi & Co.

Lahore

KPMG Taseer Hadi & Co.
Chartered Accountants

Date: 10 September 2020

UNCONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT JUNE 30, 2020

	Note	2020	2019
		(Rupees in thousand)	
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorised share capital	5	15,000,000	9,000,000
Issued, subscribed and paid-up share capital	5	10,983,462	5,937,007
Capital reserves	6	6,588,813	5,640,300
Accumulated profits		10,133,226	15,052,799
Surplus on revaluation of fixed assets - net of tax	7	3,615,330	3,884,480
		31,320,831	30,514,586
NON - CURRENT LIABILITIES			
Long term loans from financial institutions - secured	8	12,173,102	15,990,227
Long term loan from Subsidiary Company	9	3,000,000	1,000,000
Long term deposits	10	8,664	8,664
Deferred taxation	11	3,379,440	3,705,927
Retirement benefits	12	214,952	205,354
Retention money payable	13	366,069	368,499
Payable to government authority	14	232,938	-
		19,375,165	21,278,671
CURRENT LIABILITIES			
Current portion of:			
- Long term loans from financial institutions - secured	8	125,000	1,315,135
Trade and other payables	15	7,951,221	8,218,303
Unclaimed dividend		48,053	40,564
Mark-up accrued on borrowings	16	547,189	575,029
Short term borrowings	18	6,642,312	4,015,487
		15,313,775	14,164,518
CONTINGENCIES AND COMMITMENTS	19		
		66,009,771	65,957,775

The annexed notes from 1 to 55 form an integral part of these unconsolidated financial statements.

The Chief Executive Officer is for the time being not available in Pakistan, therefore, these unconsolidated financial statements are signed by two directors.

CHIEF FINANCIAL OFFICER　　　　DIRECTOR　　　　DIRECTOR

	Note	2020	2019
		(Rupees in thousand)	
ASSETS			
NON - CURRENT ASSETS			
Property, plant and equipment	20	44,297,941	46,640,664
Intangible assets	21	9,023	13,529
Long term investment	22	5,020,000	5,020,000
Long term loans to employees - secured	23	19,196	19,824
Long term deposits	24	56,420	56,880
		49,402,580	51,750,897
CURRENT ASSETS			
Stores, spare parts and loose tools	25	8,395,610	7,208,762
Stock-in-trade	26	1,779,404	1,739,014
Trade debts	27	3,052,130	2,683,758
Loans and advances	28	414,470	804,329
Short term investment	29	75,245	17,887
Short term deposits and prepayments	30	176,101	173,598
Accrued profit	31	2,404	3,102
Other receivables	32	35,256	35,319
Advance tax- net	17	1,630,304	1,046,711
Cash and bank balances	33	1,046,267	494,398
		16,607,191	14,206,878
		66,009,771	65,957,775

CHIEF FINANCIAL OFFICER

DIRECTOR

DIRECTOR

UNCONSOLIDATED STATEMENT OF PROFIT OR LOSS ACCOUNT

FOR THE YEAR ENDED JUNE 30, 2020

	Note	2020	2019
		(Rupees in thousand)	
Sales - net	34	29,117,734	26,005,944
Cost of sales	35	(29,845,269)	(21,088,864)
Gross (loss) / profit		(727,535)	4,917,080
Distribution cost	36	(817,057)	(933,244)
Administrative expenses	37	(784,706)	(733,607)
Other charges	38	(89,999)	(456,493)
		(1,691,762)	(2,123,344)
Other income	39	131,978	42,997
(Loss) / profit from operations		(2,287,319)	2,836,733
Finance cost	40	(2,981,722)	(1,172,557)
(Loss) / profit before taxation		(5,269,041)	1,664,176
Taxation	41	425,776	(198,877)
(Loss) / profit after taxation		(4,843,265)	1,465,299
		--------------Rupees--------------	
			(Restated)
(Loss) / earnings per share - basic and diluted	42	(5.30)	2.13

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CHIEF FINANCIAL OFFICER DIRECTOR DIRECTOR

UNCONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2020

	2020	2019
	(Rupees in thousand)	
(Loss) / profit after taxation	(4,843,265)	1,465,299
Other comprehensive income / (loss)		
Item that will not be subsequently reclassified in profit or loss:		
Remeasurement of defined benefit liability	8,870	(33,620)
Related tax	(2,505)	8,411
	6,365	(25,209)
Surplus on revaluation of fixed assets	133,269	-
Related tax	(37,641)	-
	95,628	-
Total comprehensive (loss) / income for the year	(4,741,272)	1,440,090

The annexed notes from 1 to 55 form an integral part of these unconsolidated financial statements.

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CHIEF FINANCIAL OFFICER　　DIRECTOR　　DIRECTOR

UNCONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2020

	Note	2020	2019
		(Rupees in thousand)	
CASH FLOWS FROM OPERATING ACTIVITIES			
(Loss) / profit before taxation		(5,269,041)	1,664,176
Adjustments for:			
Depreciation	20.1.7	3,301,055	2,356,111
Amortization	21.1	4,506	8,501
Provision against doubtful debts	27.1	19,500	10,189
Provision for Workers' Profit Participation Fund	15.2	-	88,125
Bad debts written off	37	5,643	-
Advances written off	37	7,755	-
(Gain) / loss on disposal of property, plant and equipment	39	(21,634)	15,913
(Gain) / Loss on re-measurement of short term investments	39	(7,358)	14,175
Interest - Retention money payable	40	(2,430)	22,968
Retirement benefits	12.6	54,192	25,990
Finance cost	40	2,984,152	1,149,590
Profit on bank deposits	39	(29,144)	(19,889)
Cash generated from operations before working capital changes		1,047,196	5,335,849
Effect on cash flow due to working capital changes			
(Increase) / decrease in current assets:			
Stores, spare parts and loose tools		(1,186,848)	(703,479)
Stock-in-trade		(40,390)	(545,508)
Trade debts		(393,515)	(1,688,194)
Loans and advances		382,104	1,498,243
Short term deposits and prepayments		(2,503)	(59,390)
Other receivables		63	8,215
		(1,241,089)	(1,490,113)
Increase in current liabilities:			
Trade and other payables		37,109	2,922,380
Net cash (used in) / generated from operations		(156,784)	6,768,116
Increase / (decrease) in long term loans to employees - secured		628	(10,352)
Increase / (decrease) in long term deposits		460	(326)
Decrease in long term deposits		-	(50)
Increase in retention money payable		-	34,796
Retirement benefits paid		(35,724)	(38,020)
Workers' Profit Participation Fund paid		(71,253)	(93,768)
Tax refund received		298,918	418,939
Taxes paid	17	(973,969)	(798,374)
Net cash (used in) / generated from operating activities		(937,724)	6,280,961
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure		(855,476)	(8,220,852)
Intangible asset purchased		-	(5,219)
Proceeds from disposal of property, plant and equipment		52,047	102,174
Short term investment - net	29	(50,000)	-
Profit on bank deposits received		29,842	18,796
Net cash used in investing activities		(823,587)	(8,105,101)
CASH FLOWS FROM FINANCING ACTIVITIES			
(Repayments) / receipts of long term loans from financial institutions		(5,007,260)	3,552,666
Receipts of long term loan from subsidiary company		2,000,000	1,000,000
Proceeds from issuance of ordinary shares		5,994,968	-
Receipts from / (repayments of) short term borrowings - net	18	3,100,037	(1,215,654)
Finance cost paid		(3,011,992)	(857,976)
Dividend paid		(289,361)	(663,880)
Net cash generated from financing activities		2,786,392	1,815,156
Net increase / (decrease) in cash and cash equivalents		1,025,081	(8,984)
Cash and cash equivalents at beginning of the year		(815,565)	(806,581)
Cash and cash equivalents at end of the year	43	209,516	(815,565)

The annexed notes from 1 to 55 form an integral part of these unconsolidated financial statements.

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CHIEF FINANCIAL OFFICER　　DIRECTOR　　DIRECTOR

UNCONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2020

	Share Capital	Capital Reserves			Revenue Reserves		Total Equity
		Share premium	Capital redemption reserve	Sub-total	Surplus on revaluation of fixed assets - net of tax	Accumulated profits	
	(Rupees in thousand)						
At 30 June 2018	5,937,007	5,112,037	528,263	5,640,300	4,264,543	13,979,829	29,821,679
Total comprehensive income for the year							
Profit for the year ended 30 June 2019	-	-	-	-	-	1,465,299	1,465,299
Other comprehensive loss for the year ended 30 June 2019	-	-	-	-	-	(25,209)	(25,209)
	-	-	-	-	-	1,440,090	1,440,090
Effect on deferred tax due to change in tax rate and proportion of local and export sales	-	-	-	-	(153,482)	-	(153,482)
Incremental depreciation from surplus on revaluation of fixed assets - net of tax	-	-	-	-	(223,170)	223,170	-
Reversal of revaluation surplus on disposal of fixed assets - net of tax	-	-	-	-	(3,411)	3,411	-
Transaction with owners of the Company							
Final cash dividend @ Re. 1 per share for the year ended 30 June 2018	-	-	-	-	-	(593,701)	(593,701)
At 30 June 2019	5,937,007	5,112,037	528,263	5,640,300	3,884,480	15,052,799	30,514,586
Total comprehensive income for the year							
Loss for the year ended 30 June 2020	-	-	-	-	-	(4,843,265)	(4,843,265)
Other comprehensive income for the year ended 30 June 2020	-	-	-	-	95,628	6,365	101,993
	-	-	-	-	95,628	(4,836,900)	(4,741,272)
Effect on deferred tax due to change in effective tax rate due to proportion of local and export sales	-	-	-	-	(150,601)	-	(150,601)
Incremental depreciation from surplus on revaluation of fixed assets - net of tax	-	-	-	-	(212,642)	212,642	-
Reversal of revaluation surplus on disposal of fixed assets - net of tax	-	-	-	-	(1,535)	1,535	-
Transaction with owners of the Company							
Ordinary shares issued during the year 504,645,556 shares of Rs. 10 each	5,046,455	1,009,291	-	1,009,291	-	-	6,055,746
Expense incurred on issuance of shares	-	(60,778)	-	(60,778)	-	-	(60,778)
	5,046,455	948,513	-	948,513	-	-	5,994,968
Final cash dividend @ Rs. 0.5 per share for the year ended 30 June 2019	-	-	-	-	-	(296,850)	(296,850)
At 30 June 2020	10,983,462	6,060,550	528,263	6,588,813	3,615,330	10,133,226	31,320,831

The annexed notes from 1 to 55 form an integral part of these unconsolidated financial statements.

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CHIEF FINANCIAL OFFICER | DIRECTOR | DIRECTOR

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

1. REPORTING ENTITY

1.1 Maple Leaf Cement Factory Limited ("the Company") was incorporated in Pakistan on 13 April 1960 under the Companies Act, 1913 (now the Companies Act, 2017) as a public company limited by shares. The Company is listed on Pakistan Stock Exchange. The registered office of the Company is situated at 42-Lawrence Road, Lahore, Pakistan. The cement factory is located at Iskanderabad District Mianwali in the province of Punjab. The principal activity of the Company is production and sale of cement. The Company is a subsidiary of Kohinoor Textile Mills Limited ("the Holding Company").

2. BASIS OF PREPARATION

2.1 Separate financial statements

These unconsolidated financial statements are the separate financial statements of the Company in which investment in subsidiary is accounted for on the basis of direct equity interest rather than on the basis of reported results and net assets of the investee. Consolidated financial statements of the Company are prepared and presented separately.

The Company has the following long term investment:

	2020	2019
	(Direct holding percentage)	
Subsidiary Company		
Maple Leaf Power Limited	100	100

Maple Leaf Power Limited ("the Subsidiary Company") was incorporated in Pakistan on 15 October 2015 as a public limited company under the Companies Ordinance, 1984 (now Companies Act, 2017). The Company has been established to set up and operate a 40 megawatt coal fired power generation plant at Iskanderabad, District Mianwali, Punjab, Pakistan for generation of electricity. The Company's registered office is located at 42-Lawrence Road, Lahore. The principal objective of the Company is to develop, design, operate and maintain electric power generation plant and in connection therewith to engage in the business of generation, sale and supply of electricity.

2.2 Statement of compliance

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

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

- Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan as notified under the Companies Act, 2017; and

- Provision of and directives issued under the Companies Act, 2017.

Where provisions of and directives issued under the Companies Act, 2017 differ from the IFRS, the provisions of and directives issued under the Companies Act, 2017 have been followed.

2.3 Basis of measurement

These unconsolidated financial statements have been prepared under the historical cost convention except for the following:

- certain financial instruments are carried at fair value;
- certain classes of property, plant and equipment are carried at revalued amounts; and
- recognition of employee retirement benefits are carried at present value.

2.4 Functional and presentation currency

These unconsolidated financial statements have been prepared in Pak Rupees ("Rs.") which is the Company's functional currency.

Figures in the unconsolidated financial statements have been rounded-off to the nearest thousand Rupees except stated otherwise.

2.5 Use of estimates and judgments

The preparation of unconsolidated financial statements in conformity with approved accounting standards requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under circumstances, and the results of which form the basis for making judgment about carrying value of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which estimates are revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The areas where assumptions and estimates are significant to the Company's unconsolidated financial statements or where judgment was exercised in application of accounting policies are as follows:

2.5.1 Property, plant and equipment

The Company reviews the useful lives and residual values of property, plant and equipment annually by considering expected pattern of economic benefit that the Company expects to drive from the item and the maximum period up to which such benefits are expected to be available. Any change in estimates in future years might affect the carrying amounts of the respective items of property, plant and equipment with a corresponding effect on the depreciation charge and impairment.

2.5.2 Stores, spare parts and loose tools

The Company reviews the stores, spare parts and loose tools for possible impairment on an annual basis. Any change in estimates in future years might affect the carrying amounts of the respective items of stores, spare parts and loose tools with a corresponding effect on the provision.

2.5.3 Stock-in-trade

The Company reviews the carrying amount of stock-in-trade on a regular basis. Carrying amount of stock-in-trade is adjusted where the net realizable value is below the cost. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and estimated costs necessary to make the sale.

2.5.4 Expected credit loss (ECL) against trade debts, deposits, advances and other receivables

ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive. The shortfall is then discounted at an approximation to the assets original effective interest rate.

The Company has elected to measure loss allowances for trade debts using IFRS 9 simplified approach and has calculated ECLs based on lifetime ECLs. The Company has established a matrix that is based on the Company's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment. When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment including forward-looking information.

The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk. Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

Impairment on financial assets other than trade debts has been measured on 12 - months expected loss basis and reflects the short maturities of the exposure.

2.5.5 Employee benefits

The Company operates approved funded gratuity scheme covering all its full time permanent workers who have completed the minimum qualifying period of service as defined under the respective scheme. The gratuity scheme is managed by trustees. The calculation of the benefit requires assumptions to be made of future outcomes, the principal ones being in respect of increase in remuneration and the discount rate used to convert future cash flows to current values. The assumptions used for the plan are determined by independent actuary on annual basis.

The amount of the expected return on plan assets is calculated using the expected rate of return for the year and the market-related value at the beginning of the year. Gratuity cost primarily represents the increase in actuarial present value of the obligation for benefits earned on employee service during the year and the interest on the obligation in respect of employee service in previous years, net of the expected return on plan assets. Calculations are sensitive to changes in the underlying assumptions.

2.5.6 Recoverable amount of assets / cash generating unit and impairment

The management of the Company reviews carrying amounts of its assets and cash generating units for possible impairment and makes formal estimates of recoverable amount if there is any such indication.

2.5.7 Taxation

The Company takes into account the current income tax law and decisions taken by the taxation authorities. Instances where the Company's views differ from the views taken by the income tax department at the assessment stage and where the Company considers that its view on items of material nature is in accordance with law, the amounts are shown as contingent liabilities.

The Company also regularly reviews the trend of proportion of incomes between Presumptive Tax Regime income and Normal Tax Regime income and the change in proportions, if significant, is accounted for in the year of change.

Due to change in proportion of incomes between Presumptive Tax Regime income and Normal Tax Regime income, deferred tax amounting to Rs. 575.37 million on temporary differences have been charged to profit or loss, as disclosed in note 41.1.1 to these unconsolidated financial statements and deferred tax amounting to Rs. 150.601 million, on revaluation surplus has been adjusted against the related surplus as disclosed in 7 to these unconsolidated financial statements. This has resulted in an increase in loss per share by Rs. 0.63 per share for the year ended 30 June 2020.

2.5.8 Provisions

Provisions are based on best estimate of the expenditure required to settle the present obligation at the reporting date, that is, the amount that the Company would rationally pay to settle the obligation at the reporting date or to transfer it to a third party.

2.5.9 Contingencies

The Company reviews the status of all pending litigations and claims against the Company. Based on the judgment and the advice of the legal advisors for the estimated financial outcome, appropriate disclosure or provision is made. The actual outcome of these litigations and claims can have an effect on the carrying amounts of the liabilities recognized at the reporting date.

2.5.10 Revaluation of property, plant and equipment

Revaluation of certain classes of property, plant and equipment is carried out by an independent professional valuer. Revalued amounts of non-depreciable items are determined by reference to local market values and that of depreciable items are determined by reference to current depreciated replacement values.

The frequency of revaluations depends upon the changes in fair values of the items of property, plant and equipment being revalued. When the fair value of a revalued asset differs materially from its carrying amount, a further revaluation is required. Such frequent revaluations are unnecessary for items of property, plant and equipment with only insignificant changes in fair value. Instead, it may be necessary to revalue the item only every three or five years.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies set out below have been consistently applied to all periods presented in these unconsolidated financial statements, except as disclosed in note 3.1 below:

3.1 Change in significant accounting policies

During the year, the Company has adopted IFRS 16 ‘Leases’ effective from 01 July 2019. IFRS 16 replaces existing guidance on accounting for leases, including IAS 17, Leases, IFRIC 4, Determining whether an Arrangement contains a Lease, SIC-15, Operating Leases- Incentive, and SIC-27, Evaluating the Substance of Transactions Involving the Legal Form of a Lease. IFRS 16 introduces an on balance sheet lease accounting model for long term operating leases (short-term leases and leases where the underlying assets are of low value continue to be treated as off-balance sheet operating leases). A lessee recognizes a right-of-use asset representing its right of using the underlying asset and a corresponding lease liability representing its obligations to make lease payments. Lessor accounting remains similar to the current standard i.e. lessors continue to classify leases as either finance or operating leases. However adoption of this standard has no material impact on these unconsolidated financial statements. The detail accounting policies are disclosed in note 3.4 to these unconsolidated financial statements.

3.2 Employee benefits

Defined contribution plan

The Company operates a defined contributory approved Provident Fund Trust for all its employees. Equal monthly contributions are made both by the Company and employees at the rate of 10% of the basic salary to the Provident Fund Trust. Obligation for contributions to defined contribution plan is expensed as the related service is provided.

Defined benefit plan

The Company operates approved funded gratuity scheme for all its full time permanent workers who have completed the minimum qualifying period of service as defined under the respective scheme. Provision is made annually to cover obligations under the scheme on the basis of actuarial valuation and is charged to unconsolidated statement of profit or loss account.

The Company's net obligation in respect of defined benefit plan is calculated by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

Calculation of defined benefit obligation is performed annually by a qualified actuary using the projected unit credit method for valuation. The latest valuation was carried out at 30 June 2020. When the calculation results in a potential asset for the Company, the recognized asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contribution to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

Remeasurement of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if, any excluding interest), are recognized immediately in OCI. The Company determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at beginning of the annual period to the then-net defined benefit liability (asset), taking into account any changes in the net defined benefit liability (asset) during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plan is recognized in unconsolidated statement of profit or loss account.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognized immediately in unconsolidated statement of profit or loss account. The Company recognizes gains and losses on the settlement of a defined benefit plan when the settlement occurs.

Liability for employees' compensated absences - other long term benefits

The Company accounts for the liability in respect of employees' compensated absences in the year in which these are earned. Provision to cover the obligations is made using the current salary level of employees. The unutilized leaves are accumulated subject to a maximum of 90 days. The unutilized accumulated leaves can be enchased at the time the employee leaves Company service. The Company uses the actuarial valuations carried out using the projected unit credit method for valuation of its accumulated compensating absences. The latest valuation was carried out on 30 June 2020. Provisions are made annually to cover the obligation for accumulating compensated absences based on actuarial valuation and are charged to the statement of profit or loss account. The amount recognized in the statement of financial position represents the present value of the defined benefit obligations. Actuarial gains and losses are charged to the statement of profit or loss account immediately in the period when these occur.

3.3 Taxation

Current

Current tax is the amount of tax payable on taxable income for the year, using tax rates enacted or substantively enacted by the reporting date, and any adjustment to the tax payable in respect of previous years. Provision for current tax is based on current rates of taxation in Pakistan after taking into account tax credits, rebates and exemptions available, if any. The amount of unpaid income tax in respect of the current or prior periods is recognized as a liability. Any excess paid over what is due in respect of the current or prior periods is recognized as an asset.

Deferred

Deferred tax is recognized using the statement of financial position liability method on all temporary differences between the carrying amounts of assets and liabilities for the financial reporting purposes and the amounts used for taxation purposes.

Deferred tax asset is recognized for all the deductible temporary differences only to the extent that it is probable that future taxable profits will be available against which the asset may be utilized. Deferred tax asset is reduced to the extent that it is no longer probable that the related tax benefit will be realized. Deferred tax liabilities are recognized for all the taxable temporary differences.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on the tax rates that have been enacted or substantively enacted by the statement of financial position date.

Deferred tax is charged or credited in the statement of profit or loss account, except in the case of items credited or charged to comprehensive income or equity, in which case it is included in unconsolidated other comprehensive income or equity.

3.4 Leases

The Company is the lessee.

At inception of a contract, the Company assesses whether a contract is, or contains, a lease based on whether the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.

At initial recognition, 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 Company.

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 Company's incremental borrowing rate.

Lease payments include fixed payments, variable lease payments 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 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 Company is reasonably certain to exercise these options.

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 Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Company changes its assessment of whether it will exercise a purchase, extension or termination option. The corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in the unconsolidated statement of profit or loss account if the carrying amount of right-of-use asset has been reduced to zero.

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.

Payments associated with short-term leases and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less without a purchase option.

3.5 Property, plant and equipment

3.5.1 Tangible assets

Owned

Tangible assets except freehold land, buildings on freehold land, roads, bridges and railway sidings, plant and machinery are stated at cost less accumulated depreciation and impairment in value, if any. Buildings on freehold land, roads, bridges and railway sidings and plant and machinery are stated at revalued amount being the fair value at the date of revaluation, less any subsequent accumulated depreciation and impairment losses while freehold land is stated at revalued amount being the fair value at the date of revaluation, less any subsequent impairment losses, if any. Surplus on revaluation is booked by restating gross carrying amounts of respective assets being revalued, proportionately to the change in their carrying amounts due to revaluation. The accumulated depreciation at the date of revaluation is also adjusted to equal difference between gross carrying amounts and the carrying amounts of the assets after taking into account accumulated impairment losses, if any. The surplus on revaluation of fixed assets to the extent of the annual incremental depreciation based on the revalued carrying amount of the asset is transferred annually to retained earnings net of related deferred tax. Upon disposal, any revaluation reserve relating to the particular assets being sold is transferred to retained earnings. All transfers to / from surplus on revaluation of fixed assets account are net of applicable deferred income tax.

Capital work-in-progress is stated at cost less identified impairment losses, if any. All expenditure connected with specific assets incurred during installation and construction period are carried under capital work-in-progress. These are transferred to specific assets as and when these are available for use.

Major renewals and improvements to an item of property, plant and equipment are recognized in the carrying amount of the item if it is probable that the embodied future economic benefits will flow to the Company and the cost of renewal or improvement can be measured reliably. The cost of the day-to-day servicing of property, plant and equipment are recognized in statement of unconsolidated profit or loss account as incurred.

Gains / losses on disposal or retirement of tangible assets, if any, are taken to unconsolidated statement of profit or loss account.

Depreciation is calculated at the rates specified in note 20.1 on reducing balance method except that straight-line method is used for the plant and machinery and buildings relating to dry process plant after deducting residual value. Depreciation on additions to property, plant and equipment is charged from the month in which the item becomes available for use. Depreciation is discontinued from the month in which it is disposed or classified as held for disposal.

Increase in the carrying amounts arising on revaluation of land, building, road bridges and railway sidings and plant and machinery is recognised, 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. Decreases that reverse previous increases of the same asset are first recognised in other comprehensive income to the extent of the remaining surplus attributable to the asset; all other decreases are charged to profit or loss.

The assets' residual values and useful lives are reviewed and adjusted, if appropriate, at each statement of financial position date.

3.5.2 Intangible assets

Intangible asset is stated at cost less accumulated amortization for finite intangible asset and any identified impairment loss. The estimated useful life and amortization method is reviewed at the end of each annual reporting period, with effect of any changes in estimate being accounted for on a prospective basis.

Finite intangible assets are amortized using straight-line method over a period of usage. Amortization on additions to intangible assets is charged from the month in which an asset is put to use and on disposal up to the month of disposal.

3.6 Investment in equity instruments of subsidiary

Investment in subsidiary company is measured at cost as per the requirements of IAS 27 "Separate Financial Statements". However, at subsequent reporting dates, the Company reviews the carrying amount of the investment and its recoverability to determine whether there is an indication that such investment has suffered an impairment loss. If any such indication exists the carrying amount of the investment is adjusted to the extent of impairment loss. Impairment losses are recognized as an expense in unconsolidated statement of profit or loss account. Where impairment losses subsequently reverse, the carrying amounts of the investments are increased to the revised recoverable amounts but limited to the extent of initial cost of investments. A reversal of impairment loss is recognized in unconsolidated statement of profit or loss account.

3.7 Stores, spare parts and loose tools

These are stated at lower of cost and net realizable value. Cost is determined using the weighted average method. Items in transit are valued at cost comprising invoice value plus other charges paid thereon.

3.8 Stock-in-trade

Stocks are valued at the lower of cost and net realizable value. Cost is determined as follows:

Raw material	at weighted average cost
Packing material	at weighted average cost
Work in process	at weighted average manufacturing cost
Finished goods	at weighted average manufacturing cost

Average manufacturing cost in relation to work in process and finished goods consists of direct material, labour and a proportion of appropriate manufacturing overheads.

Net realizable value signifies the estimated selling price in the ordinary course of business less estimated costs of completion and estimated costs necessary to make the sale.

3.9 Financial instruments

3.9.1 Recognition and initial measurement

All financial assets or financial liabilities are initially recognized when the Company becomes a party to the contractual provisions of the instrument.

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

3.9.2 Classification and subsequent measurement

Financial assets

On initial recognition, a financial asset is classified as measured at amortized cost, fair value through other comprehensive income (FVOCI) and fair value through profit or loss (FVTPL).

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

Amortized cost

A financial asset is measured at amortized 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.

These assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss account.

Financial assets measured at amortized cost comprise of cash and bank balances, deposits, loan to employees, accrued profit, term deposit receipts, trade debts and other receivables.

Debt Instrument - FVOCI

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.

These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognized in profit or loss. Other net gains and losses are recognized in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss. However, the Company has no such instrument at the reporting date.

Equity Instrument - FVOCI

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

These assets are subsequently measured at fair value. Dividends are recognized 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 are recognized in OCI and are never reclassified to profit or loss. However, the Company has no such instrument at the reporting date.

Fair value through profit or loss (FVTPL)

All financial assets not classified as measured at amortized cost or FVOCI as described above are measured at FVTPL.

On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss account. Short term investment in listed equities is classified as fair value through profit or loss account at the reporting date.

Financial assets – Business model assessment:

For the purposes of the assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Company considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable-rate features;
- prepayment and extension features; and
- terms that limit the Company's claim to cash flows from specified assets (e.g. non-recourse features).

Financial liabilities

Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss. Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss account.

Financial liabilities comprise trade and other payables, long term loan from subsidiary, long term loans from financial institutions (including current portion), markup accrued on borrowings, unclaimed dividend, retention money payable, long term deposits and short term borrowings.

3.9.3 Derecognition

Financial assets

The Company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Company might enter into transactions whereby it transfers assets recognized in its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognized.

Financial liabilities

The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire. The Company also derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value. On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss.

3.9.4 Trade Debts

These are classified at amortized cost and are initially recognised when they are originated and measured at fair value of consideration receivable. These assets are written off when there is no reasonable expectation of recovery.

3.10 Impairment

Financial assets

The Company recognizes loss allowances for ECLs on:

- financial assets measured at amortized cost;
- debt investments measured at FVOCI; and
- contract assets.

The Company measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured at 12-month ECLs:

- debt securities that are determined to have low credit risk at the reporting date; and
- other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward-looking information.

The Company assumes that the credit risk on a financial asset has increased significantly if it is more than past due for a reasonable period of time. Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument. 12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months). The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

The Company has elected to measure loss allowances for trade debts using IFRS 9 simplified approach and has calculated ECLs based on lifetime ECLs. The Company has established a matrix that is based on the Company's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment. When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment including forward-looking information.

Loss allowances for financial assets measured at amortised cost are deducted from the Gross carrying amount of the assets.

The Gross carrying amount of a financial asset is written off when the Company has no reasonable expectations of recovering of a financial asset in its entirety or a portion thereof. The Company individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Company expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

Non-financial assets

The carrying amount of the Company's non-financial assets, other than inventories and deferred tax assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. The recoverable amount of an asset or cash generating unit is the greater of its value in use and its fair value less cost to sell. In assessing value in use, the estimated future cash flows are discounted to their present values using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash generating unit.

An impairment loss is recognized if the carrying amount of the assets or its cash generating unit exceeds its estimated recoverable amount. Impairment losses are recognized in profit or loss. Impairment losses recognized in respect of cash generating units are allocated to reduce the carrying amounts of the assets in a unit on a pro rata basis. Impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to that extent that the asset's carrying amount after the reversal does not exceed the carrying amount that would have been determined, net of depreciation and amortization, if no impairment loss had been recognized.

3.11 Off setting of financial instruments

Financial assets and liabilities are off-set and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognized amounts and there is an intention and ability to settle on a net basis, or realize the asset and settle the liability simultaneously.

3.12 Cash and cash equivalents

Cash and cash equivalents for the purpose of statement of cash flows comprise cash in hand, running finance and cash at banks.

3.13 Revenue recognition

Revenue from contracts with customers is recognised, when control of goods is transferred to the customers, at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods excluding sales taxes and trade discounts. Specific revenue and other income recognition policies are as follows:

3.13.1 Sale of goods

Revenue from sale of goods is recognized at the point in time when control of the asset is transferred to the customer which on the basis of current agreement with majority of the customers, is when the goods are dispatched to customers and in very few cases when goods are delivered to the customers, in case of local sales. Further in case of export sale, control is transferred when goods are shipped to the customers or received at customer's country port.

3.13.2 Dividends

Dividend income is recognized when the Company's right to receive the dividend is established.

3.13.3 Interest income

Interest income is recognised as it accrues under the effective interest method using the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying amount of the financial asset.

3.14 Contract liabilities

A contract liability is the obligation of the Company to transfer goods or services to a customer for which the Company has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Company transfers goods or services to the customer, a contract liability is recognized when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognized as revenue when the Company performs under the contract. It also includes refund liabilities arising out of customers' right to claim amounts from the Company on account of contractual delays in delivery of performance obligations and incentive on target achievements.

3.15 Foreign currency translations

Transactions in foreign currencies are initially recorded at the rates of exchange ruling on the dates of transactions. Monetary assets and liabilities denominated in foreign currencies are retranslated into Pak Rupees at exchange rates prevailing on the statement of financial position date. All exchange differences are charged to unconsolidated statement of profit or loss account.

3.16 Borrowings

All borrowings are recorded at the proceeds received. Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use are added to the cost of those assets, until such time as the assets are substantially ready for their intended use. All other borrowing costs are charged to unconsolidated statement of profit or loss account in the period in which these are incurred.

3.17 Provisions

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

3.18 Earnings per share (EPS)

Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by weighted average number of ordinary shares outstanding during the year.

Diluted EPS is calculated by adjusting basic EPS with weighted average number of ordinary shares that would be issued on conversion of all dilutive potential ordinary shares into ordinary shares and post-tax effect of changes in profit or loss attributable to ordinary shareholders of the Company that would result from conversion of all dilutive potential ordinary shares into ordinary shares.

3.19 Dividend to ordinary shareholders

Dividend to ordinary shareholders is recognized as a deduction from accumulated profit and as a liability in the Company's unconsolidated statement of financial position in the year in which the dividends are approved by the Board of Directors or the Company's shareholders as the case may be.

3.20 Mark-up bearing borrowings

Mark-up bearing borrowings are recognized initially at cost representing the fair value of consideration received less attributable transaction costs. Subsequent to initial recognition, mark-up bearing borrowings are stated at original cost less subsequent repayments, while the difference between the original recognized amounts (as reduced by periodic payments) and redemption value is recognized in the unconsolidated statement of profit or loss account over the period of borrowings on an effective rate basis. The borrowing cost on qualifying asset is included in the cost of related asset.

3.21 Share Capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognized as a deduction from equity, net of any tax effects.

3.22 Contingent liabilities

A 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 Company; 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.

4. STANDARDS, INTERPRETATIONS AND AMENDMENTS TO PUBLISHED APPROVED ACCOUNTING STANDARDS THAT ARE NOT YET EFFECTIVE

4.1 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 July 2020:

- Amendment to IFRS 3 'Business Combinations' – Definition of a Business (effective for business combinations for which the acquisition date is on or after the beginning of annual period beginning on or after 1 January 2020). The IASB has issued amendments aiming to resolve the difficulties that arise when an entity determines whether it has acquired a business or a group of assets. The amendments clarify that to be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs. The amendments include an election to use a concentration test. The standard is effective for transactions in the future and therefore would not have an impact on past financial statements.

- Amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors (effective for annual periods beginning on or after 1 January 2020). The amendments are intended to make the definition of material in IAS 1 easier to understand and are not intended to alter the underlying concept of materiality in IFRS Standards. In addition, the IASB has also issued guidance on how to make materiality judgments when preparing their general purpose financial statements in accordance with IFRS Standards. However, the amendments are not likely to effect the unconsolidated financial statements of the Company.

- On 29 March 2018, the International Accounting Standards Board (the IASB) has issued a revised Conceptual Framework for Financial Reporting which is applicable immediately contains changes that will set a new direction for IFRS in the future. The Conceptual Framework primarily serves as a tool for the IASB to develop standards and to assist the IFRS Interpretations Committee in interpreting them. It does not override the requirements of individual IFRSs and any inconsistencies with the revised Framework will be subject to the usual due process – this means that the overall impact on standard setting may take some time to crystallize. The companies may use the Framework as a reference for selecting their accounting policies in the absence of specific IFRS requirements. In these cases, companies should review those policies and apply the new guidance retrospectively as of 1 January 2020, unless the new guidance contains specific scope outs.

- Interest Rate Benchmark Reform which amended IFRS 9, IAS 39 and IFRS 7 is applicable for annual financial periods beginning on or after 1 January 2020. The G20 asked the Financial Stability Board (FSB) to undertake a fundamental review of major interest rate benchmarks. Following the review, the FSB published a report setting out its recommended reforms of some major interest rate benchmarks such as IBORs. Public authorities in many jurisdictions have since taken steps to implement those recommendations. This has in turn led to uncertainty about the long-term viability of some interest rate benchmarks. In these amendments, the term 'interest rate benchmark reform' refers to the market-wide reform of an interest rate benchmark including its replacement with an alternative benchmark rate, such as that resulting from the FSB's recommendations set out in its July 2014 report 'Reforming Major Interest Rate Benchmarks' (the reform). The amendments made provide relief from the potential effects of the uncertainty caused by the reform. A company shall apply the exceptions to all hedging relationships directly affected by interest rate benchmark reform. However, the amendments are not likely to effect the unconsolidated financial statements of the Company.

- Amendments to IFRS-16- IASB has issued amendments to IFRS 16 (the amendments) to provide practical relief for lessees in accounting for rent concessions. The amendments are effective for periods beginning on or after 1 June 2020, with earlier application permitted. Under the standard's previous requirements, lessees assess whether rent concessions are lease modifications and, if so, apply the specific guidance on accounting for lease modifications. This generally involves remeasuring the lease liability using the revised lease payments and a revised discount rate. In light of the effects of the COVID-19 pandemic, and the fact that many lessees are applying the standard for the first time in their financial statements, the Board has provided an optional practical expedient for lessees. Under the practical expedient, lessees are not required to assess whether eligible rent concessions are lease modifications, and instead are permitted to account for them as if they were not lease modifications. Rent concessions are eligible for the practical expedient if they occur as a direct consequence of the COVID-19 pandemic and if all the following criteria are met:

  - the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
  - any reduction in lease payments affects only payments originally due on or before 30 June 2021; and
  - there is no substantive change to the other terms and conditions of the lease

However, the amendments are not likely to effect the unconsolidated financial statements of the Company.

- 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. However, the amendments are not likely to effect the unconsolidated financial statements of the Company.

- Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37) effective for the annual period beginning on or after 1 January 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. However, the amendments are not likely to effect the unconsolidated financial statements of the Company.

- 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. However, the amendments are not likely to effect the unconsolidated financial statements of the Company.

Annual Improvements to IFRS standards 2018-2020:

The following annual improvements to IFRS standards 2018-2020 are effective for annual reporting periods beginning on or after 1 January 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 B3.3.6 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 amendments are effective from annual period beginning on or after 1 January 2020 and are not likely to have an impact on Company's unconsolidated financial statements.

5. SHARE CAPITAL

5.1 Authorised share capital

	Note	Number of shares	2020	2019
			(Rupees in thousand)	
(2019: 800,000,000) ordinary shares of Rs. 10 each	5.1.1	1,400,000,000	14,000,000	8,000,000
(2019: 100,000,000) 9.75% redeemable cumulative preference shares of Rs. 10 each		100,000,000	1,000,000	1,000,000
		1,500,000,000	15,000,000	9,000,000

5.1.1 Pursuant to the approval of the Board of Directors and the shareholders in their meeting held on 19 September 2019 and 26 October 2019, respectively, the Company has increased its authorized share capital during the year.

5.2 Issued, subscribed and paid-up share capital

	Note	Number of shares	2020 (Rupees in thousand)	2019 (Rupees in thousand)
Number of shares				
(2019: 356,326,596) ordinary shares of Rs. 10 each fully paid in cash	5.2.2	860,972,162	8,609,721	3,563,266
(2019: 35,834,100) ordinary shares of Rs. 10 each issued as fully paid for consideration other than cash		35,834,100	358,341	358,341
(2019: 46,069,400) ordinary shares of Rs. 10 each issued as fully paid bonus shares		46,069,400	460,694	460,694
(2019: 153,846,153) ordinary shares of Rs. 10 each issued as fully paid right shares at discount	5.2.3	153,846,153	1,538,462	1,538,462
(2019: 1,624,417) ordinary shares of Rs. 10 each issued on conversion of preference shares into ordinary shares	5.2.4	1,624,417	16,244	16,244
	5.2.1	1,098,346,232	10,983,462	5,937,007

5.2.1 Movement of Issued, subscribed and paid-up share capital

	Note	Number of shares	2020	2019
At beginning of the year		593,700,666	5,937,007	5,937,007
Ordinary shares issued during the year	5.2.2	504,645,566	5,046,455	-
At end of the year		1,098,346,232	10,983,462	5,937,007

5.2.2 During the year, the Company has issued 504,645,556 ordinary shares at the rate of Rs. 12 per share (including share premium of Rs.2 per share). The same has been approved by Board of Directors ("the Board") and shareholders in their meeting held on 19 September 2019 and 26 October 2019 respectively.

5.2.3 During the financial year ended 30 June 2011, the Company issued 153,846,153 shares at Rs. 6.50 per share at a discount of Rs. 3.50 per share otherwise than right against Rs. 1,000 million to the Holding Company, after complying with all procedural requirements in this respect.

5.2.4 During the financial years ended 30 June 2011 and 30 June 2012, 1,321,095 preference shares were converted into 1,624,417 ordinary shares at a conversion rate of 1.2296.

5.3 The Holding Company holds 606,497,944 (2019: 327,836,727) ordinary shares, which represents 55.22% (2019: 55.22%) of total ordinary issued, subscribed and paid-up share capital of the Company.

5.4 Directors of the Company hold 96,706 (2019: 61,196) ordinary shares of Rs. 10 each of the Company.

6. CAPITAL RESERVES

	Note	2020 (Rupees in thousand)	2019 (Rupees in thousand)
Capital redemption reserve	6.1	528,263	528,263
Share premium reserve	6.2	6,060,550	5,112,037
		6,588,813	5,640,300

6.1 This reserve was created under section 85 of the repealed Companies Ordinance, 1984 for redemption of preference shares.

6.2 This reserve can be utilized by the Company only for the purpose specified in section 81(2) of the Companies Act, 2017.

	2020	2019
	(Rupees in thousand)	

7. SURPLUS ON REVALUATION OF FIXED ASSETS - NET OF TAX

	2020	2019
At beginning of the year	5,058,008	5,362,272
Surplus on revaluation during the year	95,628	-
Related deferred tax liability	37,641	-
Surplus on disposal of fixed assets during the year - net of deferred tax	(1,535)	(3,411)
Related deferred tax liability	(604)	(1,138)
Transfer to unappropriated profit in respect of incremental depreciation charged during the year - net of deferred tax	(212,642)	(223,170)
Related deferred tax liability	(83,699)	(76,545)
At end of the year	4,892,797	5,058,008
Deferred tax liability on revaluation surplus		
At beginning of the year	1,173,528	1,097,729
Tax on surplus during the year	37,641	-
Transferred to unappropriated profit in respect of disposal of fixed assets during the year	(604)	(1,138)
Transferred to unappropriated profit in respect of incremental depreciation charged during the year	(83,699)	(76,545)
Effect of change in effective tax rate due to proportion of local and export sales	150,601	153,482
At end of the year	1,277,467	1,173,528
	3,615,330	3,884,480

7.1 The Company's freehold land, buildings on freehold land, roads, bridges and railway sidings and plant and machinery are revalued by Arif Evaluators, an independent valuer not connected with the Company and approved by Pakistan Banks' Association (PBA) in "any amount" category, at 30 June 2020. The basis of revaluation for items of these fixed assets were as follows:

Freehold land

Fair market value of freehold land was assessed through inquiries to real estate agents and property dealers in near vicinity of freehold land. Different valuation methods and exercises were adopted according to experience, location and other usage of freehold land. Valuer had also considered all relevant factors as well.

Buildings on freehold land, roads, bridges and railway sidings

Construction specifications were noted for each building and structure and new construction rates are applied according to construction specifications for current replacement values. After determining current replacement values, depreciation was calculated to determine the current assessed market value.

Plant and machinery

Suppliers and different cement plant consultants in Pakistan and abroad were contacted to collect information regarding current prices of comparable cement plant to determine current replacement value. Fair depreciation factor for each item is applied according to their physical condition, usage and maintenance.

8. LONG TERM LOANS FROM FINANCIAL INSTITUTIONS - SECURED

	Lender	Sanctioned Limit	2020	2019	Remaining Tenor of Principal Repayments	Mark-up as per Agreement	Security
		---------- Rupees in '000' ----------					
1	Askari Bank Limited - Term Finance	1,000,000	707,129	989,981	20 equal quarterly installments starting from 28 March 2022.	3-Month KIBOR + 0.75% payable quarterly in arrears (except as disclosed in note 16.1) to be set on day of first draw down and then on 1st working day of each quarter.	1st joint pari passu charge of Rs 667 million over fixed assets of the Company with 25% margin and Personal Guarantee of Mr. Tariq Sayeed Saigol and Mr. Sayeed Tariq Saigol (sponsoring directors).
2	Bank of Punjab - Demand Finance	2,000,000	1,253,119	1,754,367	20 equal quarterly installments starting from 27 May 2022.	3-Month KIBOR + 0.75% payable quarterly in arrears to be reset on last working day of preceding calendar quarter.	1st pari passu charge over all present and future fixed assets of the Company.
3	MCB Bank Limited - Demand Finance	2,000,000	1,367,920	1,915,088	20 equal quarterly installments starting from 22 June 2022.	3-Month KIBOR + 0.75% payable quarterly in arrears to be reset on 1st working day of each quarter.	1st joint pari passu charge of Rs. 6,667 million over all present and future fixed assets of the Company with 25% margin.
4	National Bank of Pakistan - Demand Finance	5,500,000	2,994,285	3,708,570	21 equal quarterly installments starting from 30 September 2021.	3-Month KIBOR + 0.75% payable quarterly in arrears to be set on last business day before first draw down and then on immediately preceding day of each quarter.	1st joint pari passu charge of Rs. 7,334 million over fixed assets of the Company, Lien on NBP project accounts and personal guarantee of Mr. Tariq Sayeed Saigol and Mr. Sayeed Tariq Saigol (sponsoring directors).
5	Samba Bank - Term Finance	750,000	450,000	750,000	12 equal quarterly installments starting from 20 March 2022.	3-Month KIBOR + 0.75% payable quarterly in arrears to be reset on 1st working day of each calendar quarter.	Joint pari passu charge of Rs. 1,000 million on entire present and future fixed assets of the Company.
6	MCB Bank Limited (EX NIB) - Term Finance	2,000,000	1,488,379	1,984,505	21 equal quarterly installments starting from 4 May 2022.	3-Month KIBOR + 0.75% payable quarterly in arrears to be set on the first working day of every quarter.	1st joint pari passu charge of Rs. 6,667 million over all present and future fixed assets of the Company.
7	MCB Islamic - Diminishing Musharikah	1,500,000	1,104,167	1,500,000	18 equal quarterly installments starting from 27 March 2022.	3-Month KIBOR + 0.70% payable quarterly in arrears to be set on the date of first day of disbursement and to be reset on 1st working day of calendar quarter.	1st joint pari passu charge of Rs. 6,667 million over all present and future fixed assets, personal guarantee of Mr. Tariq Sayeed Saigol and Mr. Sayeed Tariq Saigol (sponsoring directors).
8	Habib Bank Ltd. - Term Finance	1,000,000	714,286	1,000,000	20 equal quarterly installments starting from 28 September 2022.	3-Month KIBOR + 0.75% payable quarterly in arrears to be set on last business day before first draw down and then on immediately preceding day of each quarter.	Joint pari passu equitable and hypothecation charge of Rs. 1,334 million over all present and future fixed assets of the Company.
9	Askari Bank Limited - Term Finance	500,000	125,000	375,000	5 equal quarterly installments starting from 04 March 2022.	3-Month KIBOR + 1.25% payable quarterly in arrears (except as disclosed in note 16.1) to be set on last business day before first draw down and then on immediately preceding day of each quarter.	1st joint pari passu charge of Rs. 667 million over fixed assets of the Company with 25% margin and Personal Guarantee of Mr. Tariq Sayeed Saigol and Mr. Sayeed Tariq Saigol (sponsoring directors).

	Lender	Sanctioned Limit	2020	2019	Remaining Tenor of Principal Repayments	Mark-up as per Agreement	Security
		-------- Rupees in '000'		--------			
10	Bank of Punjab - Demand Finance	1,500,000	374,339	1,197,885	5 equal quarterly installments starting from 06 April 2022.	3-Month KIBOR + 1.25% payable quarterly in arrears to be set on the day of 1st draw down and then on last working day of preceding calendar quarter.	1st pari passu charge of Rs. 2,000 million over fixed assets of the Company with 25% margin and Personal Guarantee of Mr. Tariq Sayeed Saigol and Mr. Sayeed Tariq Saigol (sponsoring directors).
11	MCB Bank Limited - Demand Finance	1,000,000	185,145	592,466	5 equal quarterly installments starting from 06 April 2022.	3-Month KIBOR + 1.15% payable quarterly in arrears to be reset on 1st working day of each calendar quarter.	1st joint pari passu charge of Rs. 6,667 million over all present and future fixed assets of the Company and Personal Guarantee of Mr. Tariq Sayeed Saigol and Mr. Sayeed Tariq Saigol (sponsoring directors).
12	National Bank of Pakistan - Demand Finance	1,000,000	250,000	800,000	5 equal quarterly installments starting form 06 April 2022.	3-Month KIBOR + 1.25% payable quarterly in arrears to be set on the date of first disbursement and subsequently at the beginning of each calendar quarter on the basis of rate as at last working day of immediately preceding calendar quarter.	1st pari passu charge of Rs. 1334 million over all present and future fixed assets of the Company, personal guarantee of Mr. Tariq Sayeed Saigol and Mr. Sayeed Tariq Saigol (sponsoring directors).
13	MCB Islamic Bank - Diminishing Musharikah	500,000	166,667	437,500	8 equal quarterly installments starting from 13 December 2022.	3-Month KIBOR + 0.7% payable quarterly in arrears to be set on the date of first disbursement and subsequently at the beginning of each quarter.	Joint pari passu charge of Rs. 667 million over all present and future fixed assets of the Company, personal guarantee of Mr. Tariq Sayeed Saigol and Mr. Sayeed Tariq Saigol (sponsoring directors).
14	Allied Bank Limited- SBP refinance for Wages and Salaries	500,000	433,179	-	8 equal quarterly installments starting from 31 January 2021.	Currently 3 months KIBOR+ 1% per annum, however SBP rate +1 % per annum after approval of SBP.	1st pari passu charge over all fixed assets of the Company with 25% margin.
15	PAIR Investment Company Limited	300,000	150,000	300,000	8 equal quarterly installments starting from 28 September 2021.	3 months KIBOR +1 % p.a. payable quarterly with the first payment falling due at the end of the 3rd month from the first disbursement date and subsequently every three months thereafter.	1st pari passu charge over present and future fixed assets of the Company with 25% margin.
	Total	21,050,000	11,763,615	17,305,362			
	Long term portion of cash finance and others (note 18.1.2)		534,487	-			
	Less: Current portion of long term loans from financial institutions - secured		(125,000)	(1,315,135)			
	Long term portion of loans from financial institutions		12,173,102	15,990,227			

8.1 The Company has un-availed long term facilities amounting to Rs. 3,000 million (2019: Rs. 4,647.49 million).

9. LONG TERM LOAN FROM SUBSIDIARY COMPANY

	Note	2020 (Rupees in thousand)	2019 (Rupees in thousand)
Long term loan I	9.1	1,000,000	1,000,000
Long term loan II	9.2	2,000,000	-
		3,000,000	1,000,000

9.1 This represents conversion of balance payable to Maple Leaf Power Limited, the Subsidiary of the Company, in lieu of electricity purchased during the financial year 2018-2019 to long term loan with effect from 01 June 2019. This loan is payable in four equal quarterly installments starting from 1 September 2021 and carries markup at the rate of 3 month KIBOR plus 1% per annum, payable quarterly. The effective rates during the year ranges from 12.19% to 13.97% per annum (2019: 12.13%).

9.2 This represents conversion of balance payable to Maple Leaf Power Limited, the Subsidiary of the Company, in lieu of electricity purchased during the year to long term loan with effect from 01 May 2020. The loan is payable in eight equal quarterly installments after the full settlement of loan - I. This loan carries markup of 3 month KIBOR plus 1% at per annum, payable quarterly. The effective rate during the year is 8.26% per annum (2019: Nil).

10. LONG TERM DEPOSITS

These represent deposits received from dealers and are being utilized by the Company in accordance with the terms of dealership agreements.

11. DEFERRED TAXATION

	2020 (Rupees in thousand)	2019 (Rupees in thousand)
Deferred tax liability on taxable temporary differences arising in respect of:		
- accelerated tax depreciation on fixed assets	5,115,992	4,511,901
- surplus on revaluation of fixed assets	1,277,467	1,173,528
	6,393,459	5,685,429
Deferred tax asset on deductible temporary differences arising in respect of:		
- provision against doubtful debts	(52,400)	(46,745)
- unused tax losses	(2,781,037)	(1,320,544)
- tax credit under section 65B	(119,870)	(560,839)
- employees' retirement benefits	(60,712)	(51,374)
	(3,014,019)	(1,979,502)
	3,379,440	3,705,927

	2020	2019
	(Rupees in thousand)	

11.1 Movement in deferred tax balances is as follows:

	2020	2019
At beginning of the year	3,705,927	3,418,172
Effect of initial application of IFRS 9 recognized in equity	-	(36,540)
	3,705,927	3,381,632
Recognized in unconsolidated statement of profit or loss account:		
- accelerated tax depreciation on fixed assets	604,091	2,135,030
- surplus on revaluation of fixed assets	(84,303)	(77,683)
- unused tax losses	(1,460,493)	(1,320,544)
- tax credit under section 65B	440,969	(560,839)
- employees' retirement benefits	(11,843)	5,715
- provision for doubtful debts	(5,655)	(2,455)
	(517,234)	179,224
Recognized directly in equity		
Effect on deferred tax due to change in effective tax rate due to proportion of local and export sales	150,601	153,482
Recognized in other comprehensive income:		
- employees' retirement benefits	2,505	(8,411)
- surplus on revaluation of fixed assets	37,641	-
	3,379,440	3,705,927

11.2 This represents deferred tax asset on unused tax losses amounting to Rs. 9,589.78 million (2019: Rs. 4,553.60 million) recognised on the basis of future expected taxable profits. Out of total unused tax losses, business losses amounting to Rs. 1,697.01 million will expire by tax year 2026 and depreciation losses amounting to Rs. 7,892.77 million are available for adjustment for indefinite period in accordance with the provisions of Income Tax Ordinance, 2001.

	Note	2020	2019
		(Rupees in thousand)	

12. RETIREMENT BENEFITS

	Note	2020	2019
Accumulated compensated absences	12.1	126,963	106,184
Gratuity	12.2	87,989	99,170
		214,952	205,354

12.1 Accumulated compensated absences

The actuarial valuation of the Company's accumulated compensated absences was conducted on 30 June 2020 using projected unit credit method. Detail of obligation for accumulated compensated absences is as follows:

	2020	2019
	(Rupees in thousand)	

12.1.1 Movement in the present value of defined benefit obligations is as follows:

	2020	2019
Present value of defined benefit obligations at beginning of the year	106,184	102,396
Current service cost for the year	12,275	9,842
Reversal of prior year's service cost due to actuarial valuation during the year	-	(10,981)
Interest cost for the year	14,354	8,618
Actuarial losses on present value of defined benefit obligations	8,531	6,784
Benefits paid during the year	(14,381)	(10,475)
Present value of defined benefit obligation at end of the year	126,963	106,184

12.1.2 Charge for the year

In unconsolidated statement of profit or loss account

	2020	2019
Current service cost for the year	12,275	9,842
Reversal of prior year's service cost due to actuarial valuation during the year	-	(10,981)
Interest cost for the year	14,354	8,618
Actuarial losses on present value of defined benefit obligations	8,531	6,784
	35,160	14,263

12.1.3 Sensitivity analysis

If the significant actuarial assumptions used to estimate the liability of compensated absences at the reporting date, had fluctuated by 100 bps with all other variables held constant, the present value of the defined benefit obligation as at 30 June 2020 would have been as follows:

	Compensated absences	
	Present value of defined benefit obligation	
	Increase in assumption	Decrease in assumption
	(Rupees in thousand)	
Discount rate + 100 bps	114,646	141,615
Future salary increase + 100 bps	141,361	114,663

The sensitivity analysis of the defined benefit obligation to the significant actuarial assumptions has been performed using the same calculation techniques as applied for calculation of defined benefit obligation reported in the unconsolidated statement of financial position.

12.1.4 At 30 June 2020, the average duration of the defined benefit obligation was 11 years.

12.1.5 Actuarial assumptions

The following are the principal actuarial assumptions as at 30 June 2020:

	2020	2019
Discount rate used for interest cost in profit or loss	14.50%	10.00%
Discount rate used for year end obligations	8.50%	14.50%
Expected rate of growth per annum in future salaries	7.50%	13.50%
Expected mortality rate	SLIC 2001 - 2005 Setback 1 Year	
Retirement assumptions	60 Years	60 Years

12.2 Gratuity

The latest actuarial valuation of the Company's defined benefit plan, was conducted on 30 June 2020 using projected unit credit method. Detail of obligation for defined benefit plan is as follows:

The amounts recognized in the statement of unconsolidated financial position are as follows:

	Note	2020	2019
		(Rupees in thousand)	
Present value of defined benefit obligation	12.2.1	156,026	167,576
Less: Fair value of plan assets	12.2.2	(70,163)	(69,263)
Add: Payable to ex-employees		2,126	857
Net liability at end of the year		87,989	99,170
Net liability at beginning of the year		99,170	81,368
Charge to statement of profit or loss account for the year	12.2.3	19,032	11,727
Charge to other comprehensive income for the year	12.2.3	(8,870)	33,620
Contribution made during the year		(21,343)	(27,545)
Net liability at end of the year		87,989	99,170

12.2.1 Movement in the present value of defined benefit obligations is as follows:

	2020	2019
Present value of defined benefit obligations at beginning of the year	167,576	146,800
Current service cost for the year	6,695	5,682
Interest cost for the year	21,900	11,934
Benefits due but not paid	(1,269)	(857)
Actuarial (gain) / losses on present value of defined benefit obligations	(12,363)	31,562
Benefits paid during the year	(26,513)	(27,545)
Present value of defined benefit obligation at end of the year	156,026	167,576

	2020	2019
	(Rupees in thousand)	

12.2.2 Movement in the fair value of plan assets is as follows:

	2020	2019
Fair value of plan assets at beginning of the year	69,263	65,432
Contributions made during the year	21,343	27,545
Expected return on plan assets for the year	9,563	5,889
Actuarial loss on plan assets	(3,493)	(2,058)
Less: Benefits paid during the year	(26,513)	(27,545)
Fair value of plan assets at end of the year	70,163	69,263

Plan assets comprise of:

	2020	2019
NAFA Government Securities Liquid Fund	20,053	18,424
Accrued Interest	-	1,183
Habib Metropolitan Bank Limited	-	48,900
Special saving certificates	48,000	-
Cash at bank	2,110	756
	70,163	69,263

Plan assets comprise of:

	2020	2019
	(Percentage)	
Equity	28.58%	26.60%
Debt Securities	68.41%	0.00%
Cash at bank	3.01%	73.40%
	100.00%	100.00%

12.2.3 Charge for the year

	2020	2019
	(Rupees in thousand)	
In unconsolidated statement of profit or loss account		
Current service cost for the year	6,695	5,682
Interest cost for the year	21,900	11,934
Expected return on plan assets for the year	(9,563)	(5,889)
	19,032	11,727
In unconsolidated other comprehensive income		
Actuarial (gain) / loss on retirement benefits - net	(8,870)	33,620
	10,162	45,347

Actuarial assumptions

The following are the principal actuarial assumptions as at 30 June 2020:

	2020	2019
Discount rate used for year end obligations	8.50%	14.25%
Discount rate used for interest cost in profit or loss	14.25%	9.00%
Expected rate of growth per annum in future salaries	7.50%	13.25%
Expected mortality rate	SLIC 2001 - 2005 Setback 1 Year	
Retirement assumptions	60 Years	60 Years

12.3 The Company expects to charge Rs. 12.24 million to unconsolidated statement of profit or loss account on account of defined benefit plan in the year ending 30 June 2021.

12.4 Sensitivity analysis

If the significant actuarial assumptions used to estimate the defined benefit obligation at the reporting date, had fluctuated by 100 bps with all other variables held constant, the present value of the defined benefit obligation as at 30 June 2020 would have been as follows:

	Gratuity	
	Present value of defined benefit obligation	
	Increase in assumption	Decrease in assumption
	(Rupees in thousand)	
Discount rate + 100 bps	149,337	163,345
Future salary increase + 100 bps	163,345	149,217

The sensitivity analysis of the defined benefit obligation to the significant actuarial assumptions has been performed using the same calculation techniques as applied for calculation of defined benefit obligation reported in the statement of financial position.

12.5 At 30 June 2020, the average duration of the defined benefit obligation was 4 years.

12.6 Compensated absence and gratuity charge to unconsolidated profit or loss for the year has been allocated as follows:

	Note	2020	2019
		(Rupees in thousand)	
Cost of sales	35.2	43,221	18,020
Administrative expenses	37.1	8,483	6,520
Distribution expenses	36.1	2,488	1,450
		54,192	25,990

13. RETENTION MONEY PAYABLE

This amount represents retention money payable to M/s FLS Smidth amounting to Euro 3.801 million (equivalent to Rs. 421.841 million at the exchange rate prevailing on the date of signing of contract, i.e. 16 January 2017) on meeting the agreed performance guarantee. The amount is payable after the expiry of two years period following the fulfillment of performance guarantee and has been accounted for at present value using discount rate of 7% per annum.

14. PAYABLE TO GOVERNMENT AUTHORITY

This represents non-current portion of Gas Infrastructure Development Cess (GIDC) payable to Sui Northern Gas Pipelines Limited (SNGPL). During previous years, the Company, along with various other companies had challenged the legality and validity of levy and demand of GIDC in Honourable Lahore High Court which was pending adjudication at the year end. However, subsequent to the year end, Supreme Court of Pakistan vide judgement dated 13 August 2020, while dismissing appeals filed by various industrial and commercial entities with respect to the legality and validity of levy and demand of GIDC, has decided the case in favor of SNGPL. Now the unpaid amount of GIDC is payable in 24 equal monthly installments starting from 01 August 2020. Accordingly, the related non-current portion has been reclassified to non-current liabilities as at 30 June 2020.

15. TRADE AND OTHER PAYABLES

	Note	2020	2019
		(Rupees in thousand)	
Trade creditors		3,233,086	2,614,735
Due to related party	15.1	322,787	1,142,050
Bills payable - secured		653,598	673,915
Payable to Workers' Profit Participation Fund	15.2	1,122,696	1,193,949
Accrued liabilities	15.3	638,629	745,263
Contract liability	15.4	235,928	526,357
Payable to Workers' Welfare Fund		4,844	4,844
Payable to Provident Fund Trust		1,116	12,861
		6,212,684	6,913,974
Payable to Government on account of:			
Federal Excise Duty payable		961,578	726,771
Royalty and Excise Duty payable		55,859	25,228
Sales Tax payable - net		274,889	122,184
Other Taxes payable		93,089	95,012
		1,385,415	969,195
Contractors' retention money	15.5	269,175	261,461
Payable against redemption of preference shares		1,016	1,018
Security deposits repayable on demand	15.6	64,101	58,780
Other payables		18,830	13,875
		353,122	335,134
		7,951,221	8,218,303

	2020	2019
	(Rupees in thousand)	
15.1 Due to related party- unsecured		
Due to Holding company	35,528	-
Due to Subsidiary company	287,259	1,142,050
	322,787	1,142,050
15.2 Payable to Workers' Profit Participation Fund		
At beginning of the year	1,193,949	1,199,592
Allocation for the year	-	88,125
Less: Paid during the year	(71,253)	(93,768)
At end of the year	1,122,696	1,193,949

15.2.1 The WPPF liability represents leftover amount payable to Workers Welfare Fund in terms of Companies Profits Worker's Participation Act, 1968 pertaining to the financial year ended 30 June 2012 to 30 June 2019. According to the 18th amendment to the Constitution of Pakistan in 2010, all labour / labour welfare laws have become provincial subject, and accordingly the left over amount is no more payable to the Federal Treasury. Major strength of Company's employees eligible for benefit of WPPF are working in the Province of Punjab and accordingly potential amount of left over amount of WPPF is required to be paid to the relevant provincial authority as held by the Honourable Sindh High Court in its judgment in C.P. No. D-1313 of 2013 announced on February 12, 2018. The Government of Punjab has enacted Companies Profits (Workers' Participation) (Amendment) Ordinance 2018 which is silent about the payment of the amount in excess of employees' entitlement. Further in view of legal constraint and constraints as aforementioned, the management is of the view that no markup is due on the unpaid amount.

15.3 This includes current portion of GIDC payable as at 30 June 2020, amounting to Rs. 166.38 million, as explained in note 14 to these unconsolidated financial statements.

15.4 This represents advance received from customers for future sale of goods. During the year, the Company has recognised revenue amounting to Rs 310.66 million, out of the contract liability as at 01 July 2019.

15.5 This represents retention money withheld from contractors and are repayable after satisfactory completion of contracts.

15.6 This represents security deposits received from distributors and contractors of the Company. Distributors and contractors have given the Company a right to utilize deposits in ordinary course of business.

	Note	2020	2019
		(Rupees in thousand)	

16. MARK-UP ACCRUED ON BORROWINGS

	Note	2020	2019
Profit / mark-up accrued on:			
- Long term loans	16.1	314,057	456,190
- Long term loan from Subsidiary Company	9	61,117	10,108
- Short term borrowings	16.1	172,015	108,731
	16.2	547,189	575,029

16.1 During the year, the Company has availed deferment of accrued markup, on facilities availed from Askari Bank Limited, under BPRD Circular Letter No. 13 of 2020, dated 26 March 2020, of State Bank of Pakistan. As per deferment terms, accrued markup of Rs. 34.52 million from 01 January 2020 to 30 June 2020 is now payable on 30 September 2020. Accordingly, the accrued markup relating to short term borrowings and long term loans, amounting to Rs. 11.94 million and Rs. 22.58 million, respectively , accrued as at 30 June 2020 relating to Askari Bank Limited is now payable on 30 September 2020.

16.2 Mark-up accrued on loans includes Rs. 6.542 million (2019: Rs. 13.546 million) related to an arrangement permissible under Shariah are from financial institutions and remaining mark up pertains to the loans from conventional banks.

17. ADVANCE TAX- NET

	2020	2019
	(Rupees in thousand)	
At beginning of the year	1,046,711	774,092
Tax deducted / deposited at source	973,969	791,848
Tax paid related to prior period	-	6,525
Tax refunds received	(298,918)	(418,939)
Tax adjusted against WWF liability	-	(87,162)
	1,721,762	1,066,364
Provision during the year:		
- current	-	-
- prior	(91,458)	(19,653)
	(91,458)	(19,653)
	1,630,304	1,046,711

17.1 Through Order-in-Original No.18/2009 dated 24 December 2009, the tax department finalized the adjudication proceeding in respect of audit conducted by the department auditors for tax year 2009 and raised a demand of principal sales tax and FED aggregating to Rs. 336.74 million along with applicable default surcharges and penalties. The Company preferred appeal against such order under the applicable provisions of Sales Tax Act, 1990 and Federal Excise Act, 2005 before the ATIR. During the year, the Company's appeal has been disposed of through appellate order dated 24 March 2020. Through the said appellate order, the ATIR has decided the matter in favor of the Company on legal grounds.

17.2 Assistant Commissioner Inland Revenue through order dated 31 May 2018 raised a demand of Rs. 44.58 million under section 122(5A) for the tax year 2012 on the disallowance of adjustment of tax credit under section 65B and withholding of tax under section 154 of the Income Tax Ordinance, 2001. The Company filed an appeal before the CIR(A). CIR(A) decided the matter relating to adjustment of tax credit u/s 65B of the ordinance in favor of the Company whereas the imposition of tax u/s 154 has been remanded back to the tax department. The tax authorities have filed an appeal before ATIR which is pending adjudication at the year end. However, being prudent the Company has recorded the provision of Rs. 44.58 million, during the year, in these unconsolidated financial statements.

17.3 Deputy Commissioner Inland Revenue through order dated 31 July 2017 raised a demand of Rs. 2.46 million under section 122(5A) for the tax year 2011 of the Income Tax Ordinance, 2001. The demand was later reduced to Rs. 2.056 million on 14 March 2018. The Company has preferred an appeal before CIR(A). During the year, CIR(A), through order dated 17 April 2020, decided the issues relating to enhancement of minimum tax liability and apportionment of admissible / inadmissible deductions against the Company. Being aggrieved, the Company has preferred an appeal before the ATIR, which is pending adjudication. However, management and tax advisor of the Company are hopeful of favorable outcome of the case. Accordingly no provision has been incorporated in these unconsolidated financial statements.

17.4 The Additional Commissioner Inland Revenue, Audit, Range, Zone - 1, Large Taxpayers Unit, Lahore (ACIR) initiated proceedings, vide order dated 13 March 2019, against the Company under section 122(9) read with section 122(5A) of the Income Tax Ordinance 2001 (the "Ordinance"). The notice was duly responded by tax advisor of the Company via letter numbered "T 259" dated 22 July 2019. During the year, proceedings are concluded and ACIR raised an additional tax demand of Rs. 303.360 million through amendment order, dated 27 January 2020, passed under section 122(5A) of the Ordinance. The Company preferred an appeal against the amendment order before the Commissioner Inland Revenue (Appeals) - CIR(A). The CIR(A), through his order dated 6 May 2020, decided all the matters in favor of the Company except for issues relating to claim of depreciating and initial allowance, without reducing tax credit claimed under section 65B of the Ordinance from the cost of the asset and apportionment of advertisement & sales promotion expenses. The Company, as well as the tax authorities, have preferred an appeal before the Appellant Tribunal Inland Revenue (ATIR), which is pending adjudication at the year end. However, being prudent the Company has recorded the provision of Rs. 46.88 million, during the year, in these unconsolidated financial statements.

17.5 The Deputy Commissioner Inland Revenue, Audit - 2, Zone I, Large Taxpayers Unit, Lahore ('DCIR') passed an appeal effect order dated 31 July 2017 under section 124/129 of the Ordinance, giving effect to an earlier order passed by CIR(A). While passing the order, the DCIR made certain errors which were assailed before CIR(A) in second round of appeal. During the year, CIR(A), through order dated 17 April 2020, decided the issues relating to enhancement of minimum tax liability and apportionment of admissible deductions against the Company. Being aggrieved, the Company has preferred an appeal before the ATIR, which is pending adjudication. However, management and tax advisor of the Company are hopeful of favorable outcome of the case. Accordingly no provision has been incorporated in these unconsolidated financial statements.

18. SHORT TERM BORROWINGS

	Note	2020	2019
		(Rupees in thousand)	
Banking and financial institutions:			
- Cash finance and others	18.1.1	5,805,561	2,705,524
- Running finance	18.2	538,000	1,108,676
- Temporary bank overdrafts - unsecured	18.3	298,751	201,287
		6,642,312	4,015,487

18.1 Cash finance and others

	Note	2020	2019
Cash finance and others facilities availed	18.1.1	6,340,048	2,705,524
Classified to long term loans	18.1.2	(534,487)	-
		5,805,561	2,705,524

18.1.1 These facilities have been obtained from various banking companies for working capital requirements and are secured by charge over current and future assets of the Company; lien marked over import documents and title of ownership of goods imported under letters of credit. These facilities will be expiring on different dates till 31 December 2020.

The cash finance and other facilities carry mark-up at the rates ranging from 3.00% to 17.64% (2019: 3.00% to 21.00%) per annum payable quarterly except as disclosed in note 16.1 to these unconsolidated financial statements.

The Company has unavailed cash finance and others funded facilities aggregating Rs. 811 million (2019: Rs. 864 million) at the year end and the Company has unavailed facilities for opening letters of credit/guarantee aggregating Rs. 2,866 million (2019: Rs.5,710 million) at the year end.

During the year, the Company has availed deferment of principal amount of finance against trust receipt facility from various commercial banks under BPRD Circular Letter No. 13 of 2020, dated 26 March 2020, of the State Bank of Pakistan. As per deferment terms, the outstanding principal of Rs. 4,096 million has been deferred for six months to one year with amended maturity dates falling between 01 September 2020 and 25 August 2021.

18.1.2 As explained in note 18.1.1 above, pursuant to deferment of finance against trust receipt facility from various commercial banks, the non-current portion of deferred principal amount has been classified to long term loans.

18.2 The Company has unavailed running finance funded facilities aggregating Rs. 1,355 million (2019 Rs. 55 million). These are secured against same securities as mentioned in note 18.1.1 above.

The running finance carry mark-up at the rates ranging from 8.39% to 15.36% (2019: 7.33% to 13.30%) per annum payable quarterly except as disclosed in note 16.1 to these unconsolidated financial statements.

18.3 This represents temporary overdraft due to cheques issued by the Company at the statement of financial position date.

18.4 All loans are mark-up based from conventional banks.

19. CONTINGENCIES AND COMMITMENTS

19.1 Contingencies

19.1.1 The Company has filed writ petitions before the Honorable Lahore High Court against the legality of judgment passed by the Customs, Excise and Sales Tax Appellate Tribunal in 2004 whereby the Company was held liable on account of wrongful adjustment of input sales tax on raw materials. The amount involved pending adjudication before the Honorable Lahore High Court is Rs.10.01 million out of which Rs. 3 million had already been paid during previous years . No provision has been made in these unconsolidated financial statements in respect of the matter as the management and the Company's legal advisor are confident that the ultimate outcome of this case will be in favor of the Company.

19.1.2 The Company has filed an appeal before the Customs, Central Excise and Sales Tax Appellate Tribunal, Karachi against the order of the Deputy Collector Customs whereby the refund claim of the Company amounting to Rs. 12.35 million was rejected and the Company was held liable to pay an amount of Rs. 37.05 million by way of 10% customs duty allegedly leviable in terms of SRO 584(I)/95 and 585(I)/95 dated 01 July 1995. The impugned demand was raised by the department on the alleged ground that the Company was not entitled to exemption from payment of customs duty and sales tax in terms of SRO 279(I)/94 dated 02 April 1994.

The Honorable Lahore High Court, upon the Company's appeal, vide its order dated 06 November 2001 has decided the matter in favor of the Company; however, the Collector of Customs has preferred a petition before the Honorable Sindh High Court, which is pending adjudication. No provision has been made in these unconsolidated financial statements in respect of the above stated amount as the management and the Company's legal advisor are confident that the ultimate outcome of this case will be in favor of the Company.

19.1.3 The Show Cause Notice was issued to the Company on 04 December 1999 and demand was raised by the CBR for payment of duties and taxes on the plant and machinery imported by the Company (pursuant to the exemption granted in terms of SRO 484(I)/92 allegedly on the ground that the plant could be locally manufactured and was therefore not exempt). A total demand of Rs.1,386.72 million was raised by the CBR out of which an amount of Rs. 449.328 Million was deposited by the Company (initially the Company deposited Rs. 269.328 million and subsequently deposited further amount of Rs. 180.00 million). Initially, the matter was decided in favor of the Company as per the judgment of the Lahore High Court in W.P. No. 6794/2000. Against the aforesaid judgment of Lahore High Court, the customs department had filed appeal before the Supreme Court of Pakistan which was decided by the Hon'ble Supreme Court vide judgment dated 21.12.2011 with the direction to file reply to the Show Cause Notice before the Collector of Customs, Faisalabad. The Company has filed its reply before the Collector of Customs, Faisalabad who decided the same against the Company through an Order-in-Original No. 6/2014 dated 09.07.2014. The said Order-in-Original was challenged by the Company by way of filing of Appeal No. 172/LB/2014 before the Customs Appellate Tribunal, Lahore who vide Judgment dated 21.08.2019 has granted partial relief to the Company with direction to the Customs Department to recalculate the customs duty in accordance with the list communicated by EDB vide letter dated 21.06.2006. The matter is now pending before the Collector of Customs, Faisalabad and fresh calculation of demand is yet awaited. No provision has been made in these unconsolidated financial statements in respect of the above stated amount as the management and the Company's legal advisor are confident that the ultimate outcome of this case will be in favor of the Company.

19.1.4 The Company has filed an appeal before the Honorable Supreme Court of Pakistan against the judgment of the Division Bench of the Honorable High Court of Sindh at Karachi. The Division Bench, by judgment dated 15 September 2008, has partly accepted the appeal by declaring that the levy and collection of infrastructure cess / fee prior to 28 December 2006 was illegal and ultra vires and after 28 December 2006, it was legal and the same was collected by the Excise Department in accordance with the law. The appeal has been filed against the declaration that after 28 December 2006, the Excise Department has collected the infrastructure cess / fee in accordance with law. The Province of Sindh and Excise and Taxation Department has also preferred an appeal against the judgment decided against them. The Honorable Supreme Court consolidated both the appeals and were set aside. Thereafter, law has been challenged in constitution petition in the Honorable High Court of Sindh at Karachi. Stay has been granted by the Honorable High Court of Sindh on 31 May 2011 on payment of 50% of the cess to the Excise Department and on furnishing of bank guarantee for remaining 50% to them. The petition is pending for hearing and stay is continuing.

The management and the Company's legal advisor are confident that the ultimate outcome of this case will be in favor of the Company. Accordingly no provision for remaining 50% liability has been incorporated in these unconsolidated financial statements.

19.1.5 The Company has filed an appeal before the Honorable Sindh High Court to challenge Sindh Development and Maintenance on levy and collection of infrastructure cess under Infrastructure Cess Act 2017. Stay has been granted by the Honorable High Court on 27 November 2017 in line with earlier petitions explained in note 19.1.4 of these unconsolidated financial statements, i.e. on payment of 50% of the cess to the Excise Department and on furnishing of bank guarantee for remaining 50% to them. The petition is pending for hearing and stay is continuing.

19.1.6 Competition Commission of Pakistan, vide order dated 27 August 2009, has imposed penalty on twenty cement factories of Pakistan at the rate of 7.5% of the turnover value. The Commission imposed penalty amounting to Rs. 586.19 million on the Company. The Commission alleged that provisions of section 4(1) of the Competition Commission Ordinance, 2007 have been violated. However, after the abeyance of Honorable Islamabad High Court pursuant to the judgment of Honorable Supreme Court of Pakistan dated 31 July 2009, the titled petition has become infructuous and the Company has filed a writ petition no. 15618/2009 before the Honorable Lahore High Court. No provision has been made in these unconsolidated financial statements as the management and the Company's legal advisor are confident that the ultimate outcome of this case will be in favor of the Company.

19.1.7 The Additional Collector, Karachi has issued show cause notice alleging therein that the Company has wrongly claimed the benefits of SRO No. 575(I)/2006 dated 05 June 2006 on the import of pre-fabricated buildings structure. Consequently, the Company is liable to pay Government dues amounting to Rs. 5.55 million. The Company has submitted reply to the show cause notice and currently proceedings are pending before the Additional Collector. No provision has been made in these unconsolidated financial statements as the management and the Company's legal advisor are confident that the ultimate outcome of this case will be in favor of the Company.

19.1.8 The customs department has filed an appeal against the judgment dated 19 May 2009, passed in favor of the Company pursuant to which the Company is not liable to pay custom duty amounting to Rs. 0.81 million relating to import of some machinery vide L/C No. 0176-01-46-518-1201 in terms of SRO 484(1)/92 dated 14 May 1992, and SRO 978(1)/95 dated 04 October 1995. The appeal is pending before the Honorable Lahore High Court. No provision has been made in these unconsolidated financial statements as the management and the Company's legal advisor are confident that the ultimate outcome of this case will be in favor of the Company.

19.1.9 Surcharge of Rs. 154 million has been imposed by Mines and Minerals Department, Government of the Punjab under Rule 68(2) of Punjab Mining Concession Rules, 2002 ("Rules") against which the Company has filed writ petition against Government of Punjab via writ petition No. 1008/2014 to challenge the basis of Rules. The Honorable Lahore High Court dismissed the petition since the matter was being reviewed by the relevant authority. Management and the Company's legal advisor are confident that the ultimate outcome of this case will be in favor of the Company.

19.1.10 Contingencies relating to tax matters are disclosed in note 17 to these unconsolidated financial statements.

	2020	2019
	(Rupees in thousand)	
19.2 Commitments		
19.2.1 in respect of:		
- capital expenditure	5,088	529,999
- irrevocable letters of credit for stores and spares	195,913	326,077
	201,001	856,076

19.2.2 Guarantees given by banks on behalf of the Company are of Rs. 774.01 million (2019: Rs. 655.039 million) in favor of Sui Northern Gas Pipeline Limited and Government Institutions.

19.2.3 Corporate guarantee given by the Company to the financial institutions related to credit facilities amounting to Rs. 1,500 million (2019: Rs. 1,300 million) available to the Subsidiary Company.

20. PROPERTY, PLANT AND EQUIPMENT

	Note	2020	2019
		(Rupees in thousand)	
Operating fixed assets	20.1	43,372,508	46,152,331
Capital work in progress	20.2	871,386	428,416
Stores and spares held for capital expenditure	20.3	54,047	59,917
		44,297,941	46,640,664

20.1 Operating fixed assets

	Cost / Revalued amount						Depreciation					
	At 01 July 2019	Revaluation adjustment for the year (note 7)	Additions	Disposals	At 30 June 2020	Rate	At 01 July 2019	Revaluation adjustment for the year (note 7)	For the year	Disposals	At 30 June 2020	Net book value at 30 June 2020
	---------- Rupees in thousand ----------					Percentage	---------- Rupees in thousand ----------					
Owned												
Freehold land												
- cost	822,154	-	-	-	822,154	-	-	-	-	-	-	822,154
- surplus on revaluation	360,830	9,053	-	-	369,883	-	-	-	-	-	-	369,883
	1,182,984	9,053	-	-	1,192,037		-	-	-	-	-	1,192,037
Buildings on freehold land												
- cost	13,074,804	-	110,816	-	13,185,620	5 - 10	2,684,605	-	565,256	-	3,249,861	9,935,759
- surplus on revaluation	297,607	46,361	-	-	343,968	5 - 10	113,578	19,958	11,132	-	144,668	199,300
	13,372,411	46,361	110,816	-	13,529,588		2,798,183	19,958	576,388	-	3,394,529	10,135,059
Roads, bridges and railway sidings												
- cost	139,874	-	527	-	140,401	5 - 10	86,683	-	5,303	-	91,986	48,415
- surplus on revaluation	3,854	575	-	-	4,429	5 - 10	2,525	376	204	-	3,105	1,324
	143,728	575	527	-	144,830		89,208	376	5,507	-	95,091	49,739
Plant and machinery												
- cost	45,929,463	-	292,416	(42,356)	46,179,523	5 - 20	16,484,884	-	2,355,004	(26,800)	18,813,088	27,366,435
- surplus on revaluation	7,264,861	225,854	-	(4,279)	7,486,436	5 - 20	2,753,027	128,240	285,005	(2,140)	3,164,132	4,322,304
	53,194,324	225,854	292,416	(46,635)	53,665,959		19,237,911	128,240	2,640,009	(28,940)	21,977,220	31,688,739
Furniture, fixtures and equipment	485,165	-	6,262	-	491,427	10 - 30	342,159	-	31,665	-	373,824	117,603
Quarry equipment	177,391	-	5,713	-	183,104	20	163,511	-	3,387	-	166,898	16,206
Vehicles	363,378	-	2,642	(31,815)	334,205	20	136,080	-	44,099	(19,097)	161,082	173,123
Share of joint assets	6,000	-	-	-	6,000	10	5,998	-	-	-	5,998	2
	1,031,934	-	14,617	(31,815)	1,014,736		647,748	-	79,151	(19,097)	707,802	306,934
	68,925,381	281,843	418,376	(78,450)	69,547,150		22,773,050	148,574	3,301,055	(48,037)	26,174,642	43,372,508

	Cost / Revalued amount						Depreciation					
	At 01 July 2018	Revaluation adjustment for the year	Additions	Disposals	At 30 June 2019	Rate	At 01 July 2018	Revaluation adjustment for the year	For the year	Disposals	At 30 June 2019	Net book value at 30 June 2019
	---------- Rupees in thousand ----------					Percentage	---------- Rupees in thousand ----------					
Owned												
Freehold land												
- cost	55,018	-	767,136	-	822,154	-	-	-	-	-	-	822,154
- surplus on revaluation	360,830	-	-	-	360,830	-	-	-	-	-	-	360,830
	415,848	-	767,136	-	1,182,984		-	-	-	-	-	1,182,984
Buildings on freehold land												
- cost	5,713,368	-	7,361,436	-	13,074,804	5 - 10	2,415,913	-	268,692	-	2,684,605	10,390,199
- surplus on revaluation	297,607	-	-	-	297,607	5 - 10	102,581	-	10,997	-	113,578	184,029
	6,010,975	-	7,361,436	-	13,372,411		2,518,494	-	279,689	-	2,798,183	10,574,228
Roads, bridges and railway sidings												
- cost	138,090	-	1,784	-	139,874	5 - 10	81,052	-	5,631	-	86,683	53,191
- surplus on revaluation	3,854	-	-	-	3,854	5 - 10	2,325	-	200	-	2,525	1,329
	141,944	-	1,784	-	143,728		83,377	-	5,831	-	89,208	54,520
Plant and machinery												
- cost	28,554,793	-	17,565,846	(191,176)	45,929,463	5 - 20	14,885,071	-	1,693,423	(93,610)	16,484,884	29,444,579
- surplus on revaluation	7,273,958	-	-	(9,097)	7,264,861	5 - 20	2,469,057	-	288,519	(4,549)	2,753,027	4,511,834
	35,828,751	-	17,565,846	(200,273)	53,194,324		17,354,128	-	1,981,942	(98,159)	19,237,911	33,956,413
Furniture, fixtures and equipment	461,068	-	24,097	-	485,165	10 - 30	304,586	-	37,573	-	342,159	143,006
Quarry equipment	170,311	-	7,080	-	177,391	20	158,070	-	5,441	-	163,511	13,880
Vehicles	315,967	-	83,166	(35,755)	363,378	20	110,228	-	45,635	(19,783)	136,080	227,298
Share of joint assets	6,000	-	-	-	6,000	10	5,998	-	-	-	5,998	2
	953,346	-	114,343	(35,755)	1,031,934		578,882	-	88,649	(19,783)	647,748	384,186
	43,350,864	-	25,810,545	(236,028)	68,925,381		20,534,881	-	2,356,111	(117,942)	22,773,050	46,152,331

20.1.1 Additions in operating fixed assets include transfers from capital work-in-progress amounting to Rs. 113.985 million (2019: Rs. 25,544.026 million).

20.1.2 Ownership of the housing colony's assets included in the operating fixed assets is shared by the Company jointly with Agritech Limited in ratio of 101:245 since the time when both the companies were managed by Pakistan Industrial Development Corporation. These assets are in possession of the housing colony establishment for mutual benefits.

20.1.3 Buildings, roads, bridges and railway sidings, plant and machinery are located at freehold land measuring 10,145 kanals located at Iskandrabad District Mianwali.

20.1.4 The Company has leased land measuring 127 kanals located at Iskandrabad District Mianwali to Maple Leaf Power Limited, a wholly owned subsidiary of the Company.

20.1.5 Had the certain classes of operating fixed assets not been revalued the net book value would have been as follows:

	2020	2019
	(Rupees in thousand)	
Freehold land	822,154	822,154
Buildings on freehold land	9,935,759	10,390,199
Roads, bridges and railway sidings	48,415	53,191
Plant and machinery	27,366,435	29,444,579
	38,172,763	40,710,123

20.1.6 The latest valuation of Company's assets was carried as at 30 June 2020 and the forced sale values as at the date of revaluation are disclosed below:

	(Rupees in thousand)
Freehold land	953,630
Buildings on freehold land	8,099,496
Roads, bridges and railway sidings	39,842
Plant and machinery	25,342,737
	34,435,705

20.1.7 Depreciation charge for the year has been allocated as follows:

	Note	2020	2019
		(Rupees in thousand)	
Cost of sales	35	3,240,968	2,298,059
Administrative expenses	37	53,398	53,753
Distribution expenses	36	6,689	4,299
		3,301,055	2,356,111

20.1.8 Disposal of property, plant and equipment

Particulars	Cost	Accumulated depreciation	Net book value	Sale value	Gain / (loss)	Mode of disposal	Relationship with the company	Particulars of purchaser
	(----------------- Rupees in thousand				-----------------)			
Plant and machinery								
Parts of Clay Crushing	1,573	1,309	264	1,640	1,376	Auction	Third Party	M/s. Karam Dad Khan
Turbine / generator	1,300	451	849	1,355	506	Auction	Third Party	M/s. Karam Dad Khan
Kiln Rotax	1,722	862	860	1,795	935	Auction	Third Party	M/s. Karam Dad Khan
Lime Stone Intake & Crusher	3,410	1,707	1,703	3,556	1,853	Auction	Third Party	M/s. Karam Dad Khan
Semi Hydrostatic Shoes, Gear Unit	6,482	1,678	4,804	5,333	529	Auction	Third Party	M/s. Muhammad Hayat Khan
Raw Mill	2,592	2,157	435	2,703	2,268	Auction	Third Party	M/s. Karam Dad Khan
Lime Stone Storage	3,003	2,499	504	3,131	2,627	Auction	Third Party	M/s. Karam Dad Khan
Cement Mill	787	642	145	820	675	Auction	Third Party	M/s. Karam Dad Khan
Piston Rod	6,045	5,289	756	738	(18)	Auction	Third Party	M/s. Muhammad Hayat Khan
Inverter Module	2,575	2,318	257	287	30	Auction	Third Party	M/s. Muhammad Hayat Khan
Chain Strands Set	2,803	1,756	1,047	1,119	72	Auction	Third Party	M/s. Muhammad Hayat Khan
Bearing Cylindrical Roller	6,062	3,496	2,566	2,757	191	Auction	Third Party	M/s. Muhammad Hayat Khan
Bearing Spherical Roller	8,281	4,776	3,505	3,766	261	Auction	Third Party	M/s. Muhammad Hayat Khan
	46,635	28,940	17,695	29,000	11,305			
Vehicles								
Suzuki Cultus	1,419	514	905	1,300	395	Buy Back	Employee	M/s. Mr. Nifaz Ali
Suzuki Cultus	1,154	514	640	1,061	421	Auction	Third Party	M/s. Augmentech Business
Suzuki Cultus	1,603	276	1,327	1,375	48	Buy Back	Employee	Mr. Salman Arif
Suzuki Cultus	1,419	433	986	1,350	364	Buy Back	Employee	Mr.Muhammad Suhail Ameer
Suzuki Cultus	1,124	555	569	1,060	491	Insurance Claim	Third Party	EFU General Insurance Limited
Suzuki Cultus	1,124	529	595	824	229	Auction	Third Party	M/S Abdul Hameed Chohan
Suzuki Cultus	1,124	529	595	1,033	438	Auction	Third Party	M/S Muhammad Iqbal
Toyota Corolla	2,044	1,234	810	1,450	640	Buy Back	Employee	M/s. Shaher Yar Khurram Bhutta
Toyota Corolla	2,387	1,534	853	876	23	Buy Back	Employee	Mr. Zamiruddin Azar
Vehicles having net book value of less than Rs. 500,000 each	18,417	12,979	5,438	12,718	7,280			
	31,815	19,097	12,718	23,047	10,329			
2020	78,450	48,037	30,413	52,047	21,634			
2019	236,028	117,942	118,086	102,174	(15,913)			

	Note	2020	2019
		(Rupees in thousand)	
20.2 Movement in capital work-in-progress - at cost			
At beginning of the year		428,416	16,873,730
Additions during the year		556,955	9,098,712
Less: Transfers during the year	20.1.1	(113,985)	(25,544,026)
At end of the year		871,386	428,416
20.2.1 Capital work-in-progress - at cost			
Civil Works		6,089	34,531
Building		203,372	130,452
Plant and machinery		318,413	21,155
Roads and bridges		314,629	141,220
Advances to suppliers against:			
- civil works		415	2,830
- plant and machinery		28,468	98,228
		871,386	428,416

20.3 This represents stores held for capital expenditure related to Company's expansion project.

21. INTANGIBLE ASSETS

	Note	2020	2019
		(Rupees in thousand)	
At beginning of the year		83,885	78,666
Additions during the year		-	5,219
At end of the year		83,885	83,885
Accumulated Amortization			
At beginning of the year		70,356	61,855
Amortization for the year		4,506	8,501
At end of the year		74,862	70,356
Net book value		9,023	13,529
Amortization rate - % per annum		33%	33%

21.1 Amortization charge for the year has been allocated as follows:

	Note	2020	2019
Cost of sales	35	1,664	4,239
Administrative expenses	37	2,842	4,262
		4,506	8,501

	Note	2020	2019
		(Rupees in thousand)	

22. LONG TERM INVESTMENT

	Note	2020	2019
Investment in Maple Leaf Power Limited - Unquoted	22.1	5,020,000	5,020,000

22.1 The Company holds 100% (30 June 2019: 100%) shares in the Maple Leaf Power Limited, a wholly owned Subsidiary of the Company.

23. LONG TERM LOANS TO EMPLOYEES - SECURED

	Note	2020 (Rupees in thousand)	2019
House building		11,360	11,813
Vehicles		1,995	1,834
Others		17,350	16,100
		30,705	29,747
Less: Current portion presented under current assets	28	(11,509)	(9,923)
		19,196	19,824

23.1 These loans are secured against employees' retirement benefits and carry interest at the rates ranging from 6% per annum (30 June 2019: 6% to 12 % per annum). These loans are recoverable in 30 to 60 monthly instalments.

23.2 This includes loans to executives amounting to Rs. 6.31 million (2019: Rs. 6.71 million). Further, no amount was due from Directors and Chief Executive at the year end (2019: Rs. Nil).

24. LONG TERM DEPOSITS

This includes deposits with various utility companies, regulatory authorities and others.

25. STORES, SPARE PARTS AND LOOSE TOOLS

	Note	2020 (Rupees in thousand)	2019
Stores	25.1	4,178,264	3,253,607
Spare parts		4,053,215	3,825,017
Loose tools		164,131	130,138
		8,395,610	7,208,762

25.1 Stores and spares include items in transit amounting to Rs. 1,409.31 million (2019: Rs. 992.02 million).

26. STOCK-IN-TRADE

		2020 (Rupees in thousand)	2019
Raw material		90,975	126,120
Packing material		209,413	184,690
Work-in-process		903,522	928,144
Finished goods	26.1	575,494	500,060
		1,779,404	1,739,014

26.1 This include stock held at third party, amounting to Rs. 37.46 million as at 30 June 2020.

27. TRADE DEBTS

	Note	2020	2019
		(Rupees in thousand)	
Export debtors			
Considered good - unsecured		26,051	354,894
Local debtors			
Considered good - unsecured		3,026,079	2,328,864
Considered doubtful - unsecured		180,689	161,189
Less: Provision for doubtful balances	27.1	(180,689)	(161,189)
		3,026,079	2,328,864
		3,052,130	2,683,758

27.1 The movement in provision for impairment of receivables is as follows:

	Note	2020	2019
		(Rupees in thousand)	
At beginning of the year		161,189	25,000
Effect of initial application of IFRS 9		-	126,000
		161,189	151,000
Expected credit loss charge for the year	37	19,500	10,189
At end of the year		180,689	161,189

27.2 Trade debts are non-interest bearing and ageing analysis of trade debts is as follows:

	2020	2019
	(Rupees in thousand)	
Not past due	953,507	1,420,505
Past due		
1 - 90 days	1,292,750	1,206,732
91 - 180 days	431,275	41,876
181 - 270 days	295,994	15,838
271 - 365 days	94,960	16,043
366 - above days	164,333	143,953
	3,232,819	2,844,947
Less: Provision for doubtful balances	(180,689)	(161,189)
	3,052,130	2,683,758

28. LOANS AND ADVANCES

	Note	2020	2019
		(Rupees in thousand)	
Advances - unsecured, considered good			
- Employees	28.1	17,936	19,147
- Suppliers	28.2	181,821	572,398
		199,757	591,545
- Current portion of long term loans to employees - secured	23	11,509	9,923
Government Authorities			
Collector of customs	28.4	186,407	185,462
Refunds due from Government	28.5	16,797	17,399
		414,470	804,329

28.1 This includes loans to executives amounting to Rs. 11.09 million (2019: Rs. 11.16 million). Further, there are no loans due from Directors and Chief Executive at the year end (2019: Nil).

28.2 This includes an amount of Rs. 78.56 million (2019: Rs. 273.14 million) advanced to Ministry of Railways for transportation of coal and cement.

28.3 There has been no loans and advances to any foreign company at the year end. (2019: Nil).

28.4 This include Rs. 180 million paid under protest as disclosed in note 19.1.3 to these unconsolidated financial statements.

28.5 This represents amount paid to Government under protest for various cases which have been decided in favor of the Company.

29. SHORT TERM INVESTMENT

	Note	2020	2019
		(Rupees in thousand)	
Investment at fair value through profit or loss - listed securities			
Next Capital Limited: 1,500,000 (2019: 1,500,000) ordinary shares of Rs. 10 each 1,875,000 (2019: 1,875,000) right shares of Rs. 8 each Market value Rs. 7.48 per share (2019: Rs. 5.3 per share)			
Cost			
At beginning and end of the year		30,000	30,000
Unrealized fair value gain / (loss)			
At beginning of the year		(12,113)	2,062
Fair value gain / (loss) for the year	39	7,358	(14,175)
At end of the year		(4,755)	(12,113)
Fair value at 30 June		25,245	17,887
Investment at Amortised cost - debt instrument			
Term deposit receipts	29.1	50,000	-
		75,245	17,887

29.1 This represents term deposit having maturity of one year starting from 24 June 2020 and carries mark-up at the rate of 7.2% per annum.

29.2 There has been no investment in any foreign company during the year (30 June 2019: Nil).

		2020	2019
		(Rupees in thousand)	

30. SHORT TERM DEPOSITS AND PREPAYMENTS

	2020	2019
Margin against:		
- letters of credit	19,666	19,555
- bank guarantees	151,205	120,281
	170,871	139,836
Prepayments	5,030	33,562
Short term deposits	200	200
	176,101	173,598

31. ACCRUED PROFIT

This represents profit accrued on deposits and saving accounts at the rates ranging from 5.75% to 11.25% (2019: 4.14% to 10.25%) per annum.

32. OTHER RECEIVABLES

	Note	2020 (Rupees in thousand)	2019 (Rupees in thousand)
Due from the Holding Company - unsecured	32.1	-	2,762
Others	32.2	35,256	32,557
		35,256	35,319

32.1 This carries markup at 1% (2019: 1%) per annum in addition to the average borrowing rate of the Company or three months KIBOR whichever is higher.

32.2 This incudes Rs. 26.246 million (2019: Rs. 29.050 million) receivable against export rebates.

33. CASH AND BANK BALANCES

	Note	2020 (Rupees in thousand)	2019 (Rupees in thousand)
- Cash in hand - local currency		8,630	8,363
- Cash in hand - foreign currency		1,472	1,442
		10,102	9,805
Cash at bank			
Current accounts:			
- foreign currency		12,106	4,567
- local currency	33.1	565,658	148,397
		577,764	152,964
Deposit accounts	33.2	458,401	331,629
		1,036,165	484,593
		1,046,267	494,398

33.1 These include deposits amounting to Rs. 3.753 million (2019: Rs 3.825 million) placed under an arrangement permissible under Shariah.

33.2 These carry return at 4.14% to 11.25% (2019: 4.14% to 10.25%) per annum. These include deposits amounting to Rs. 207.616 million (2019: Rs. 214.080 million) placed under an arrangement permissible under Shariah. Remaining balances represents deposits with conventional banks.

34. SALES - NET

	2020	2019
	(Rupees in thousand)	
Gross local sales	46,806,217	34,806,747
Less:		
Federal Excise Duty	(10,040,696)	(4,874,102)
Sales Tax	(8,027,602)	(5,656,806)
Discount	(553,777)	(335,899)
Commission	(226,643)	(142,066)
	(18,848,718)	(11,008,873)
Net local sales	27,957,499	23,797,874
Export sales	1,160,235	2,208,070
	29,117,734	26,005,944

34.1 Disaggregation of Revenue (Gross sales)

	2020	2019
Type of Customers		
Government Customers	1,467,841	2,519,235
Non-Government Customers	46,498,611	34,495,582
	47,966,452	37,014,817
Primary Geographical Markets		
Pakistan	46,806,217	34,806,747
Afghanistan	715,036	587,126
Comoros	65,790	-
Madagascar	100,953	-
Malawi	1,400	-
Bangladesh	-	312,747
India	-	1,011,584
Mozambique	3,608	3,224
Nigeria	862	-
Oman	56,903	93,617
Qatar	4,831	11,258
Seychelles	132,150	86,104
Sri Lanka	4,868	434
Tanzania	73,834	101,976
	47,966,452	37,014,817

35. COST OF SALES

	Note	2020	2019
		(Rupees in thousand)	
Raw materials consumed	35.1	2,277,711	1,230,606
Packing materials consumed		3,190,988	2,004,861
Fuel		10,196,086	7,699,425
Power and associated costs		7,125,341	4,633,972
Stores, spare parts and loose tools consumed		1,070,196	838,148
Water charges		129,660	118,325
Salaries, wages and other benefits	35.2	1,249,567	1,069,048
Rent, rates and taxes		29,173	24,745
Insurance		90,411	46,294
Repairs and maintenance		388,973	367,661
Depreciation	20.1.7	3,240,968	2,298,059
Amortization	21.1	1,664	4,239
Vehicles running and maintenance		198,080	183,661
Freight and Forwarding		557,435	872,747
Other expenses	35.3	149,828	156,082
		29,896,081	21,547,873
Work in process:			
At beginning of the year		928,144	665,606
At end of the year		(903,522)	(928,144)
		24,622	(262,538)
Cost of goods manufactured		29,920,703	21,285,335
Finished goods:			
At beginning of the year		500,060	303,589
At end of the year		(575,494)	(500,060)
		(75,434)	(196,471)
Cost of Sales		29,845,269	21,088,864

35.1 Raw materials consumed

	2020	2019
At beginning of the year	126,120	72,198
Add: Purchases made during the year	2,242,566	1,284,528
	2,368,686	1,356,726
Less: At end of the year	(90,975)	(126,120)
	2,277,711	1,230,606

35.2 Salaries, wages and other benefits expense includes contribution to provident fund trust amounting to Rs. 57.79 million (2019: Rs. 53.67 million) and gratuity and compensated absence as mentioned in note 12.6 to these unconsolidated financial statements.

35.3 Other expenses include housing colony expenses aggregating to Rs. 88.17 million (2019: Rs. 76.41 million).

36. DISTRIBUTION COST

	Note	2020	2019
		(Rupees in thousand)	
Salaries, wages and other benefits	36.1	206,076	172,427
Travelling and conveyance		103,373	100,276
Vehicle running and maintenance		32,028	22,231
Postage, telephone and fax		5,835	7,008
Printing, stationery and office supplies		3,504	5,178
Entertainment		21,564	16,496
Repair and maintenance		3,640	4,260
Depreciation	20.1.7	6,689	4,299
Legal and professional		2,097	4,177
Rent, rates and Taxes		4,579	4,125
Advertisement and sale promotions		371,600	533,581
Other expenses		56,072	59,186
		817,057	933,244

36.1 Salaries, wages and other benefits expense includes contribution to Provident Fund Trust amounting to Rs. 8.05 million (2019: Rs. 6.45 million) and gratuity and compensated absence as mentioned in note 12.6 to these unconsolidated financial statements.

37. ADMINISTRATIVE EXPENSES

	Note	2020	2019
		(Rupees in thousand)	
Salaries, wages and other benefits	37.1	377,781	309,662
Travelling		60,422	77,005
Vehicle running and maintenance		27,789	24,749
Postage, telephone and fax		16,689	20,363
Printing, stationery and office supplies		22,735	32,668
Entertainment		22,755	27,275
Repair and maintenance		14,558	24,165
Legal and professional charges	37.2	43,038	44,306
Consultancy and Subscription		50,732	48,769
Depreciation	20.1.7	53,398	53,753
Amortization	21.1	2,842	4,262
Provision for expected credit loss	27.1	19,500	10,189
Bad debts written off		5,643	-
Advances written off		7,755	-
Rent, rates and taxes		10,222	6,960
Other expenses		48,847	49,481
		784,706	733,607

37.1 Salaries, wages and other benefits expense includes contribution to Provident Fund Trust amounting to Rs. 13.90 million (2019: Rs. 11.19 million) and gratuity and compensated absence as mentioned in note 12.6 to these unconsolidated financial statements.

37.2 Legal and professional charges include following in respect of auditors' remuneration for:

	2020	2019
	(Rupees in thousand)	
Annual statutory audit	1,610	1,380
Interim review	540	470
Other certifications	1,100	600
Out of pocket expenses	600	431
	3,850	2,881

37.3 The Company has shared expenses aggregating Rs. 22.15 million (2019: Rs. 30.06 million) on account of combined offices with the Holding Company. These expenses have been recorded in respective account.

38. OTHER CHARGES

	Note	2020	2019
		(Rupees in thousand)	
Donation	38.1	89,999	27,199
Workers' Profit Participation Fund (WPPF)		-	88,125
Unrealized loss on re-measurement of short term investment	29	-	14,175
Interest on advances from the Holding Company		-	2,116
Exchange loss- net		-	308,965
Loss on disposal of property, plant and equipment		-	15,913
		89,999	456,493

38.1 Donations for the year have been given to:

	2020	2019
Ghulab Devi Chest Hospital	73,237	-
Maple CSR Initiative as per DC Office requirement	6,060	-
Auditorium at Police Public School	3,500	-
Speed Monitoring System	2,000	-
Food Hampers Covid-19	2,000	-
Daud Khel water supply project	1,314	17,215
Beacon House National University	706	644
Road Safety Campaign DPO Mianwali	500	-
Financial assistance for the training certification program	315	-
Bushra Shaheen	225	325
City Entrance Wall Monument & Globe	119	-
Miscellaneous donations in the form of cement	23	-
Shaukat Khanum Memorial Trust	-	300
District Police Office Mianwali	-	6,028
District Management Mianwali	-	1,687
Mosque Lower Dir	-	1,000
	89,999	27,199

38.1.1 None of the Directors of the Company or their spouse have any interest in donees.

39. OTHER INCOME

	Note	2020	2019
		(Rupees in thousand)	
Income from financial assets			
Profit on bank deposits	39.1	29,144	19,889
Interest on loans to employees		696	381
Unrealised / realized gain on investments		7,358	13,358
Dividend Income		-	844
		37,198	34,472
Income from non financial assets			
Sale of scrap		1,654	2,487
Gain on disposal of property, plant & equipment		21,634	-
Exchange gain - net	39.2	33,560	-
Others		37,932	6,038
		94,780	8,525
		131,978	42,997

39.1 This includes profit earned on deposits under an arrangements which are permissible under Shariah amounting to Rs. 9.60 million (2019: Rs. 8.78 million). The remaining profit relates to interest / markup based arrangement from conventional banks.

39.2 This represents exchange gain - net of loss incurred on actual currency conversion.

40. FINANCE COSTS

	Note	2020	2019
		(Rupees in thousand)	
Profit / interest / mark up on:			
- Long term loans from financial institutions	40.1	1,969,939	571,248
- Long term loans from Subsidiary Company	9	170,059	10,108
- Unwinding Interest - Retention money payable		-	22,968
- Short term borrowings	18	798,855	535,619
		2,938,853	1,139,943
Bank and other charges		42,869	32,614
		2,981,722	1,172,557

40.1 Finance cost amounting to Rs. Nil (2019: Rs. 1,111.83 million) relating to Line III project, has been capitalized.

41. TAXATION

	Note	2020	2019
		(Rupees in thousand)	
Income Tax			
- current		-	-
- prior	17.2 &17.4	91,458	19,653
		91,458	19,653
Deferred		(517,234)	179,224
		(425,776)	198,877

41.1 Tax charge reconciliation

41.1.1 Numerical reconciliation between tax expense and accounting profit:

	Note	2020	2019
		(Rupees in thousand)	
(Loss) / profit before taxation		(5,269,041)	1,664,176
Applicable tax rate as per Income Tax Ordinance, 2001		29%	29%
Tax on accounting profit		(1,528,022)	482,611
Effect of final tax regime		55,607	(12,724)
Effect of change in proportion of local and export sales		575,369	(290,663)
Effect of minimum tax		418,163	-
Effect of prior year adjustment		91,458	19,653
Others		(38,351)	-
		(425,776)	198,877

41.2 As per management's assessment, the provision for tax made in the unconsolidated financial statements is sufficient. A comparison of last three years' of income tax provision with tax assessment is presented below:

Tax Years	Note	Tax provision as per financial statements	Tax as per return (note 41.3)
		(Rupees in thousand)	
2017		2,188,241	2,159,527
2018		1,227,652	1,229,588
2019	41.4	-	-

41.3 Super tax amounting to Rs. 210.57 million and Rs. 134.26 million relating to the tax year 2017 and tax year 2018 respectively has been included in the amount of tax return for comparison purposes only. The Company did not admit the liability on account of super tax in income tax returns for the tax year 2017 and tax year 2018 and contesting the case before Honourable Lahore High Court which is pending adjudication at the year end. However, being prudent, complete liability related to super tax was recorded in the unconsolidated financial statements of the respective years.

41.4 Income tax liability for the tax year 2019 was fully adjusted against tax credit under section 65(B) of Income Tax Ordinance 2001, accordingly no provision for the said tax year was required to be recorded in the unconsolidated financial statements.

42. (LOSS) / EARNINGS PER SHARE - BASIC AND DILUTED

42.1 Basic (loss) / earnings per share

	Unit	2020	2019 (Restated)
(Loss) / profit after taxation	Rupees in '000	(4,843,265)	1,465,299
Weighted average number of ordinary shares	No. of shares in '000	914,309	688,752
	Rupees	(5.30)	2.13

42.2 Weighted average number of ordinary shares

	2020	2019 (Restated)
	No. of Shares in '000'	
Outstanding number of shares before right issue	593,701	593,701
Add: Restatement due to bonus element on right shares issued during the year	-	95,051
Add: Impact on weighted average number of shares due to right issued during the year	320,608	-
	914,309	688,752

42.3 There is no dilution effect on the basic earnings per share.

43. CASH AND CASH EQUIVALENTS

	Note	2020	2019
		(Rupees in thousand)	
Short term running finance	18.2	(538,000)	(1,108,676)
Temporary bank overdrafts - unsecured	18.3	(298,751)	(201,287)
Cash and bank balances	33	1,046,267	494,398
		209,516	(815,565)

44. RELATED PARTY TRANSACTIONS AND BALANCES

The Company is a subsidiary of Kohinoor Textile Mills Limited (the "Holding Company), accordingly all the subsidiaries and associated companies of the Holding Company are related party of the Company. In addition Company's related parties comprises of the Subsidiary Company, directors of the Company key management personnel and post employment retirement plan. Amount due from and due to related parties are shown under respective notes. Other significant transactions and balances with related parties except those disclosed elsewhere are as follows:

Name of parties	Relationship	Transactions	Note	2020	2019
				(Rupees in thousand)	
a) Kohinoor Textile Mills Limited	Holding Company (55.22% equity held)	Sale of goods to related party		114,281	107,894
		Markup charged during the year		21,297	2,116
		Shared expenses charged to the Company		22,152	30,064
		Dividend paid		163,918	327,837
b) Maple Leaf Power Limited	Subsidiary Company (100% equity held)	Sale of goods		2,325,359	118,601
		Long term loan from subsidiary	9	2,000,000	1,000,000
		Purchase of goods and services (inclusive of taxes)		5,821,959	4,855,767
		Markup charged during the year		170,059	10,108
		Coal received and returned during the year Nil (2019: 22,888 tons)		-	396,382
		Expenses paid on behalf of a related party		376,942	448,152
c) Key management personnel	Key management personnel	Remuneration and other benefits		181,787	166,628
d) Employee benefits					
Gratuity	Post employment benefit plan	Contribution		21,343	27,545
Provident Fund Trust	Employees benefit fund	Contribution		182,728	175,250

44.1 Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity. The Company considers all members of their management team, including Chief Executive Officer and Directors to be its key management personnel and these are disclosed below.

Name	Relationship	% of shareholding in the Company
Mr. Tariq Sayeed Saigol	Director / Key management personnel	0.0030%
Mr. Sayeed Tariq Saigol	Director / Key management personnel	0.0010%
Mr. Taufique Sayeed Saigol	Director / Key management personnel	0.0015%
Mr. Waleed Tariq Saigol	Director / Key management personnel	0.0010%
Mr. Danial Taufique Saigol	Director / Key management personnel	0.0005%
Mr. Jahanara Saigol	Director / Key management personnel	0.0002%
Mr. Shafiq Ahmed Khan	Director / Key management personnel	0.0014%
Mr. Zulfikar Monnoo	Director / Key management personnel	0.0003%
Mr. Syed Mohsin Raza Naqvi	Director / Key management personnel	N/A
Mr. Sohail Sadiq	Key management personnel	N/A
Mr. Yahya Hamid	Key management personnel	N/A
Mr. Amir Feroze	Key management personnel	N/A
Mr. Zeeshan Malik Bhutta	Key management personnel	N/A
Mr. Nasir Iqbal	Key management personnel	N/A
Mr. Tariq Ahmed Mir	Key management personnel	N/A
Mr. Amer Bilal	Key management personnel	N/A
Mr. Muhammad Sajjad	Key management personnel	N/A
Mr. Muhammad Basharat	Key management personnel	N/A

45. REMUNERATION OF CHAIRMAN, CHIEF EXECUTIVE, DIRECTORS, NON-EXECUTIVE DIRECTORS AND EXECUTIVES

The aggregate amounts charged in the unconsolidated financial statements for the year for remuneration, including all benefits to the Chairman, Chief Executive, Directors and Executives of the Company are as follows:

	2020				
			Directors		
	Chairman	Chief Executive	Executives	Non-Executives	Executives
	(---------------------------- Rupees in thousand			----------------------------)	
Short term benefits					
Managerial remuneration	30,450	28,058	14,439	-	180,641
House rent	6,930	6,386	1,079	-	55,345
Medical	-	-	69	-	4,617
Conveyance	-	2,233	973	-	19,523
Utilities	-	-	539	-	15,722
	37,380	36,677	17,099	-	275,848
Post employment benefits					
Contribution to Provident Fund Trust	2,310	2,129	1,079	-	16,098
	39,690	38,806	18,178	-	291,946
Numbers	1	1	1	5	73

	2019				
			Directors		
	Chairman	Chief Executive	Executives	Non-Executives	Executives
	(---------------------------- Rupees in thousand			----------------------------)	
Short term benefits					
Managerial remuneration	28,275	26,100	11,339	-	163,732
House rent	6,435	5,940	847	-	50,381
Medical	-	-	12	-	3,272
Conveyance	-	2,049	771	-	17,389
Utilities	-	-	424	-	14,279
	34,710	34,089	13,393	-	249,053
Post employment benefits					
Contribution to Provident Fund Trust	2,145	1,980	847	-	14,384
	36,855	36,069	14,240	-	263,437
Number	1	1	1	5	70

45.1 The Chairman, Chief Executive, Directors and some of the Executives are also provided with the Company's maintained cars in accordance with their terms of employment.

45.2 Aggregate amount charged in these unconsolidated financial statements in respect of meeting fee paid to Directors aggregated to Rs. 0.34 million (2019: Rs.0.31 million).

46. CAPACITY AND PRODUCTION

	Capacity		Actual Production	
	2020	2019	2020	2019
	---------------------- Metric tons	--------------------		
Clinker	5,550,000	3,600,000	4,963,675	3,541,743

The capacity of plant has been determined on the basis of 300 production days. New line III became operational on 21 May 2019 and accordingly the capacity for the period from 21 May 2019 to 30 June 2020 has been increased.

47. OPERATING SEGMENT

Information about operating segment

These unconsolidated financial statements have been prepared on the basis of single reportable segment.

Geographical information

The Company operates in two principal geographical areas, Asia and Africa other than Pakistan and revenue from continuing operations from external customers based on geographical areas is as follows:

	2020	2019
	(Percentage)	
Geographical area		
Asia	99.21%	99.48%
Africa	0.79%	0.52%
	100.00%	100.00%

All assets of the Company as at 30 June 2020 are located in Pakistan.

48. FINANCIAL RISK MANAGEMENT

The Company has exposure to the following risks arising from financial instruments:

- credit risk
- liquidity risk
- market risk

Risk management framework

The Company's Board of Directors ("the Board") has overall responsibility for establishment and oversight of the Company's risk management framework. The Board is responsible for developing and monitoring the Company's risk management policies.

The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations. The Board of Directors reviews and agrees upon the policies for managing each of these risks.

The Company's audit committee oversees how management monitors compliance with the Company's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. Audit committee is assisted in its oversight role by internal audit department. Internal audit department undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the audit committee.

The Company's exposure to financial risks, the way these risks affect the financial position and performance, and forecast transactions of the Company and the manner in which such risks are managed is as follows:

48.1 Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. To manage credit risk the Company maintains procedures covering the application for credit approvals, granting and renewal of counterparty limits and monitoring of exposures against these limits. As part of these processes the financial viability of all counterparties is regularly monitored and assessed.

48.1.1 Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk as at the end of the reporting period was as follows:

	2020	2019
	(Rupees in thousand)	
Financial assets at amortised cost		
Long term deposits	56,420	56,880
Trade debts	3,052,130	2,683,758
Long term loans to employees	30,705	29,747
Short term investment - term deposit receipt	50,000	-
Margin and short term deposits	171,071	140,036
Accrued profit	2,404	3,102
Other receivables	35,256	35,319
Cash at Bank	1,036,165	484,593
	4,434,151	3,433,435

48.1.2 Concentration of credit risk

The Company identifies concentrations of credit risk by reference to type of counter party. Maximum exposure to credit risk by type of counterparty is as follows:

	2020	2019
	(Rupees in thousand)	
Customers	3,052,130	2,683,758
Banking companies and financial institutions	1,257,036	624,429
Others	124,985	125,248
	4,434,151	3,433,435

48.1.3 Credit quality and impairment

Credit quality of financial assets is assessed by reference to external credit ratings, where available, or to historical information about counterparty default rates. All counterparties, with the exception of customers, employees, regulatory authorities and utility companies, have external credit ratings determined by various credit rating agencies. Credit quality of customers is assessed by reference to historical defaults rates and present ages.

48.1.3(a) Counterparties with external credit ratings

These include banking companies and financial institutions, which are counterparties to bank balances, margin against bank guarantees, marging against letter of credit and accrued return on deposits. Credit risk is considered minimal as these counterparties have reasonably high credit ratings as determined by various credit rating agencies. Due to long standing business relationships with these counterparties and considering their strong financial standing, management does not expect non-performance by these counterparties on their obligations to the Company. Following are the credit ratings of counterparties with external credit ratings:

	Rating			2020	2019
	Short term	Long term	Agency	(Rupees in thousand)	
Cash at Bank					
Allied Bank Limited	A1+	AAA	PACRA	22,377	92
Askari Bank Limited	A1+	AA+	PACRA	3	9
Bank Al-Habib Limited	A1+	AA+	PACRA	170,970	33,331
Bank Alfalah	A1+	AA+	PACRA	3,328	21
Bank Islami Pakistan Limited	A1	A+	PACRA	208,860	211,588
The Bank of Punjab	A1+	AA	PACRA	15,339	33
AlBaraka Bank Limited	A1	A	PACRA	9	9
Dubai Islamic Bank Pakistan Limited	AA	A-1+	JCR-VIS	2,580	2,581
Faysal Bank Limited	A1+	AA	PACRA	7,588	36
Finca Microfinance Bank Limited	A1	A	PACRA	1,440	-
Habib Bank Limited	A-1+	AAA	JCR-VIS	76,684	7,606
Habib Metropolitan Bank Limited	A1+	AA+	PACRA	30,389	29,104
Meezan Bank Limited	A-1+	AA+	JCR-VIS	663	663
MCB Bank Limited	A1+	AAA	PACRA	273,230	172,491
National Bank of Pakistan	A1+	AAA	PACRA	54,923	13,352
Samba Bank Limited	A-1	AA	JCR-VIS	9,681	2,580
Silk Bank Limited	A-2	A-	JCR-VIS	11	10
Soneri Bank Limited	A1+	AA-	PACRA	102	101
Standard Chartered Bank (Pakistan) Limited	A1+	AAA	PACRA	25,077	2,508
Summit Bank Limited	A-2	A-	JCR-VIS	25	25
United Bank Limited	A-1+	AAA	JCR-VIS	131,987	7,554
U Micro finance Bank Limited	A1	A	PACRA	899	899
				1,036,165	484,593

	Rating			2020	2019
	Short term	Long term	Agency	(Rupees in thousand)	
Short term investment - Term deposit receipts					
The Bank of Punjab	A1+	AA	PACRA	50,000	-
Margin against bank guarantees					
Allied Bank Limited	A1+	AAA	PACRA	1,700	1,700
United Bank Limited	A-1+	AAA	JCR-VIS	31,214	31,214
Summit Bank Limited	A-2	A-	JCR-VIS	26,216	12,792
Soneri Bank Limited	A1+	AA-	PACRA	5,000	5,000
Standard Chartered Bank (Pakistan) Limited	A1+	AAA	PACRA	1,964	1,964
Habib Metropolitan Bank Limited	A1+	AA+	PACRA	35,111	17,611
Dubai Islamic Bank Pakistan Limited	AA	A-1+	JCR-VIS	50,000	50,000
				151,205	120,281
Margin against letters of credit					
Samba Bank Limited	A-1	AA	JCR-VIS	-	5,490
Askari Bank Limited	A1+	AA+	PACRA	7,622	834
Allied Bank Limited	A1+	AAA	PACRA	23	4,103
The Bank of Punjab	A1+	AA	PACRA	292	293
Habib Metropolitan Bank Limited	A1+	AA+	PACRA	11,729	-
MCB Bank Limited	A1+	AAA	PACRA	-	8,835
				19,666	19,555

48.1.3(b) Counterparties without external credit ratings

These mainly include customers which are counter parties to local and foreign trade debts against sale of cement. As explained in note 3.10, the Company applies the IFRS 9 simplified approach to measure expected credit losses which uses a lifetime expected loss allowance for all trade receivables. Trade receivables are written off when there is no reasonable expectation of recovery. On adoption of IFRS 9, management uses an allowance matrix to base the calculation of ECL of trade receivables from individual customers, which comprise a very large number of small balances. Loss rates are calculated using a 'role rate' method based on the probability of receivable progressing through successive stages of delinquency to write-off. The Company has used four years quarterly data in the calculation of historical loss rates along with the matching quarterly ageing brackets for the computation of roll rates. These rates are multiplied by scalar factors to reflect the effect of forward looking macro economic factors. The analysis of ages of trade debts and loss allowance using the aforementioned approach as at 30 June 2020 was determined as follows:

	2020		2019	
	Gross carrying amount	Loss Allowance	Gross carrying amount	Loss Allowance
	--------------- (Rupees in thousand) ---------------			
The aging of trade debts at the reporting date is:				
Not past due	953,507	1,394	1,420,505	118
Past due:				
1- 90 days	1,292,750	1,819	1,206,732	4,186
91 - 180 days	431,275	15,922	41,876	2,576
181 - 270 days	295,994	27,095	15,838	2,809
271 - 365 days	94,960	7,656	16,043	10,630
366 - above days	164,333	126,803	143,953	140,870
	3,232,819	180,689	2,844,947	161,189

Customer credit risk is managed by each business unit subject to the Company's established policy, procedures and controls relating to customer credit risk management. Credit limits are established for all customers based on internal rating criteria. Credit quality of the customer is assessed based on an extensive credit rating. Outstanding customer receivables are regularly monitored and shipments to the export customers are generally covered by letters of credit or other form of credit insurance.

48.2 Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial assets, or that such obligations will have to be settled in a manner unfavorable to the Company. Management closely monitors the Company's liquidity and cash flow position. This includes maintenance of liquidity ratios, debtors and creditors concentration both in terms of the overall funding mix and avoidance of undue reliance on large individual customers.

Ultimate responsibility for liquidity risk management rests with the Board of Directors, which has built an appropriate liquidity risk management framework for the management of the Company's short, medium and long-term funding and liquidity management requirements. The Company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. Included in notes 8 and 18 to these unconsolidated financial statements is a listing of additional undrawn facilities that the Company has at its disposal to further reduce liquidity risk.

48.2.1 Exposure to liquidity risk

Contractual maturities of financial liabilities, including estimated interest payments

The following are the remaining contractual maturities at the reporting date. The amounts are grossed and undiscounted, and include estimated interest payments and exclude the impact of netting agreements.

	2020				
	Carrying amount	Contractual cash flows	Less than 1 year	Between 1 to 5 years	Above 5 years
	------------------ (Rupees in thousand) ------------------				
Financial liabilities at amortised cost					
Long term loans from financial institutions - secured	12,298,102	17,093,218	1,674,965	12,224,701	3,193,552
Long term loan from Subsidiary Company	3,000,000	3,749,058	304,900	3,444,158	-
Long term deposits	8,664	8,664	-	8,664	-
Retention money payable	366,069	421,841	421,841	-	-
Trade and other payables	5,034,838	5,034,838	5,034,838	-	-
Unclaimed dividend	48,053	48,053	48,053	-	-
Mark-up accrued on borrowings	547,189	547,189	547,189	-	-
Short term borrowings	6,642,312	6,642,312	6,642,312	-	-
	27,945,227	33,545,173	14,674,098	15,677,523	3,193,552

	2019				
	Carrying amount	Contractual cash flows	Less than 1 year	Between 1 to 5 years	Above 5 years
	------------------ (Rupees in thousand) ------------------				
Financial liabilities at amortised cost					
Long term loans from financial institutions - secured	17,305,362	27,071,579	3,802,431	17,237,806	6,031,342
Long term loan from Subsidiary Company	1,000,000	1,482,874	111,330	1,371,544	-
Long term deposits	8,664	8,664	-	8,664	-
Retention money payable	368,499	421,841	-	421,841	-
Trade and other payables	5,225,815	5,225,815	5,225,815	-	-
Unclaimed dividend	40,564	40,564	40,564	-	-
Mark-up accrued on borrowings	575,029	575,029	575,029	-	-
Short term borrowings	4,015,487	4,015,487	4,015,487	-	-
	28,539,420	38,841,853	13,770,656	19,039,855	6,031,342

48.3 Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing return.

48.3.1 Currency risk

The Company is exposed to currency risk to the extent that there is a mismatch between the currencies in which sales, purchases and bank balances are denominated and the respective functional currency of the Company. The functional currency of the Company is Pak Rupee. The currencies in which these transactions are primarily denominated are Euros and US dollars.

48.3.1(a) Exposure to currency risk

The summary quantitative data about the Company's exposure to currency risk as reported to the management of the Company is as follows. The figures represent foreign currency balances after conversion in Pak Rupees using exchange rates prevailing at the statement of financial position date.

	2020						
	GBP	SEK	RMB	EURO	USD	SGD	Equivalent to Rupees
	in thousand						
Assets							
Trade debts	-	-	-	-	155	-	26,051
Cash and bank balances	2	-	-	-	78	-	13,578
	2	-	-	-	233	-	39,629
Liabilities							
Trade creditors and bills payable	-	-	-	(61)	(3,794)	-	(651,811)
Net statement of financial position exposure	2	-	-	(61)	(3,561)	-	(612,182)
Off statement of financial position items							
Outstanding letters of credit	-	(170)	(67)	(746)	(293)	(1)	(195,797)
Net exposure	2	(170)	(67)	(807)	(3,854)	(1)	(807,979)

	2019						
	GBP	SEK	CHF	EURO	USD	YEN	Equivalent to Rupees
	in thousand						
Assets							
Trade debts	-	-	-	-	2,164	-	354,896
Cash and bank balances	2	-	-	-	34	-	6,009
	2	-	-	-	2,198	-	360,905
Liabilities							
Trade creditors and bills payable	-	-	-	(12)	(4,048)	-	(668,140)
Net statement of financial position exposure	2	-	-	(12)	(1,850)	-	(307,235)
Off statement of financial position items							
Outstanding letters of credit	-	-		(1,678)	(243)	-	(353,743)
Net exposure	2	-	-	(1,690)	(2,093)	-	(660,978)

48.3.1(b) Exchange rates applied during the year

The following significant exchange rates have been applied during the year:

	2020		
	Reporting date spot rate		Average rate
	Buying	Selling	for the year
GBP	207.05	207.68	199.63
CHF	176.83	177.43	162.06
EURO	189.11	189.73	175.06
USD	168.25	168.75	158.26
YEN	1.56	1.57	1.46
SEK	18.09	18.15	16.59
RMB	23.92	24.00	22.77
SGD	120.76	121.12	115.03

	2019		
	Reporting date spot rate		Average rate
	Buying	Selling	for the year
GBP	207.79	208.45	177.85
CHF	168.03	168.61	138.74
EURO	186.37	186.99	157.07
USD	164.00	164.50	137.67
YEN	1.52	1.53	1.24

48.3.1(c) Sensitivity analysis

A reasonably possible strengthening / (weakening) of 10% in Pak Rupee against the following currencies would have affected the measurement of financial instruments denominated in foreign currency and affected statement of profit or loss account by the amounts shown below at the statement of financial position date. The analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecast sales and purchases.

	Profit	
	2020	2019
	(Rupees in thousand)	
GBP	42	42
EURO	(1,157)	(224)
USD	(60,092)	(30,433)
	(61,207)	(30,615)

48.3.1(d) Currency risk management

Since the maximum amount exposed to currency risk is only 0.092% (2019: 0.047%) of the Company's total assets, any adverse / favorable movement in functional currency with respect to US dollar, GBP and Euro will not have any material impact on the operational results.

48.3.2 Interest rate risk

Interest rate risk is the risk that fair values or future cash flows of a financial instrument will fluctuate because of changes in interest rates. Sensitivity to interest rate risk arises from mismatch of financial assets and financial liabilities that mature or re-price in a given period.

48.3.2(a) Fixed rate financial instruments

The effective interest / mark-up rates for interest / mark-up bearing financial instruments are mentioned in relevant notes to the unconsolidated financial statements. The Company's interest / mark-up bearing financial instruments as at the reporting date are as follows:

	2020		2019	
	Financial assets	Financial liabilities	Financial assets	Financial liabilities
	--------- (Rupees in thousand) ---------			
Non-derivative financial instruments				
Short term investment - term deposit receipt	50,000	-	-	-
	50,000	-	-	-

The related mark-up / interest rates for fixed rate financial instruments are indicated in the related notes to the unconsolidated financial statements.

Fair value sensitivity analysis for fixed rate instruments

The Company does not account for any fixed rate financial assets and liabilities at fair value through statement of profit or loss. Therefore, a change in mark-up / interest rates at the reporting date would not affect profit or loss.

48.3.2(b) Variable rate financial instruments

		2020		2019	
		Financial assets	Financial liabilities	Financial assets	Financial liabilities
	Note	--------- (Rupees in thousand) ---------			
Non-derivative financial instruments					
Long term loans from financial institutions - secured	8	-	12,298,102	-	17,305,362
Long term loan from Subsidiary Company	9	-	3,000,000	-	1,000,000
Short term borrowings	18	-	6,343,561	-	3,814,200
Bank balances at deposit accounts	33	458,401	-	331,629	-
		458,401	21,641,663	331,629	22,119,562

The related mark-up / interest rates for variable rate financial instruments are indicated in the related notes to the unconsolidated financial statements.

Cash flow sensitivity analysis for variable rate instruments

A reasonably possible change of 100 basis points in interest rates at the reporting date would have (decreased) / increased profit by amounts shown below. The analysis assumes that all other variables, in particular foreign exchange rates, remain constant. The analysis is performed on the same basis for the year 2020.

	Profit	
	2020	2019
	(Rupees in thousand)	
Increase of 100 basis points		
Variable rate instruments	(211,833)	(217,879)
Decrease of 100 basis points		
Variable rate instruments	211,833	217,879

The sensitivity analysis prepared is not necessarily indicative of the effects on profit for the year and the outstanding liabilities of the Company at the year end.

48.3.2(c) Interest rate risk management

The Company manages these mismatches through risk management strategies where significant changes in gap position can be adjusted. The Company's significant borrowings are based on variable rate pricing that is mostly dependent on Karachi Inter Bank Offer Rate ("KIBOR") as indicated in respective notes.

48.3.3 Price risk

Price risk represents the risk that the fair value or future cash flows of financial instrument will fluctuate because of changes in market prices, other than those arising from interest rate risk or currency risk, whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments trading in market.

48.3.3(a) Investments exposed to price risk

At the statement of financial position date, the Company's investment in quoted equity securities is as follows:

	2020	2019
	(Rupees in thousand)	
Investment in equity securities	25,245	17,887

48.3.3(b) Sensitivity analysis

A 10% increase / (decrease) share prices at reporting date would have increased / (decreased) the Company's fair value gain on investment as follows:

	Equity	
	2020	2019
	(Rupees in thousand)	
Short term investment at fair value through statement of profit or loss account		
Effect of increase	2,525	1,789
Effect of decrease	(2,525)	(1,789)

48.3.3(c) Price risk management

The Company manages price risk by monitoring exposure in quoted equity securities and implementing the strict discipline in internal risk management and investment policies. The carrying value of investments subject to equity price risk are based on quoted market prices as at reporting date. Market prices are subject to fluctuation and consequently the amount realized in the subsequent sale of an investment may significantly differ from reported market value. Fluctuations in the market price of a security may result from perceived changes in the underlying economic characteristics of the investee, the relative price of alternative investments and general market conditions. Furthermore, amount realized in the sale of a particular security may be affected by the relative quantity of the security being sold.

49. FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Underlying the definition of fair value is the presumption that the Company is a going concern without any intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

The fair value of financial assets and liabilities traded in active markets i.e. listed equity shares are based on the quoted market prices at the close of trading on the period end date. The quoted market prices used for financial assets held by the Company is current bid price.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency and those prices represent actual and regularly occurring market transactions on an arm's length basis.

IFRS 13, 'Fair Value Measurements' requires the Company to classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date (level 1).

- Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly (level 2).

- Unobservable inputs for the asset or liability (level 3).

The following table shows the carrying amounts and fair values of financial assets and financial liabilities including their levels in the fair value hierarchy:

	Note	Carrying Amount				Fair Value		
		Fair Value through statement of profit or loss account	Financial assets at amortised cost	Other financial liabilities	Total	Level 1	Level 2	Level 3
		- - - - - - - - - - - - - - - - - (Rupees in thousand) - - - - - - - - - - - - - - - - -						
30 June 2020								
Financial assets measured at fair value								
Short term investments		25,245	-	-	25,245	25,245	-	-
		25,245	-	-	25,245	25,245	-	-
Financial assets at amortised cost								
Cash and bank balances		-	1,046,267	-	1,046,267	-	-	-
Long term loans to employees		-	30,705	-	30,705	-	-	-
Short term investment - term deposit receipt		-	50,000	-	50,000	-	-	-
Margin and short term deposits		-	171,071	-	171,071	-	-	-
Other receivables			35,256	-	35,256			
Accrued profit		-	2,404	-	2,404	-	-	-
Long term deposits		-	56,420	-	56,420	-	-	-
Trade debts		-	3,052,130	-	3,052,130	-	-	-
	49.1	-	4,444,253	-	4,444,253	-	-	-
Financial liabilities measured at fair value		-	-	-	-	-	-	-
		-	-	-	-	-	-	-
Financial liabilities not measured at fair value								
Long term loans from financial institutions - secured		-	-	12,298,102	12,298,102	-	-	-
Long term loan from Subsidiary Company		-	-	3,000,000	3,000,000	-	-	-
Long term deposits		-	-	8,664	8,664	-	-	-
Retention money payable		-	-	366,069	366,069	-	-	-
Trade and other payables		-	-	5,034,838	5,034,838	-	-	-
Unclaimed dividend		-	-	48,053	48,053	-	-	-
Mark-up accrued on borrowings		-	-	547,189	547,189	-	-	-
Short term borrowings		-	-	6,642,312	6,642,312	-	-	-
	49.1	-	-	27,945,227	27,945,227	-	-	-

	Note	Carrying Amount				Fair Value		
		Fair Value through statement of profit or loss account	Financial assets at amortised cost	Other financial liabilities	Total	Level 1	Level 2	Level 3
		- - - - - - - - - - - - - - - - - (Rupees in thousand) - - - - - - - - - - - - - - - - -						
30 June 2019								
Financial assets measured at fair value								
Short term investments		17,887	-	-	17,887	17,887	-	-
		17,887	-	-	17,887	17,887	-	-
Financial assets not measured at fair value								
Cash and bank balances		-	494,398	-	494,398	-	-	-
Long term loans to employees		-	29,747	-	29,747	-	-	-
Margin and short term deposits		-	140,036	-	140,036	-	-	-
Other receivables		-	35,319	-	35,319	-	-	-
Accrued profit		-	3,102	-	3,102	-	-	-
Long term deposits		-	56,880	-	56,880	-	-	-
Trade debts		-	2,683,758	-	2,683,758	-	-	-
	49.1	-	3,443,240	-	3,443,240	-	-	-
Financial liabilities measured at fair value		-	-	-	-	-	-	-
		-	-	-	-	-	-	-
Financial liabilities not measured at fair value								
Long term loans from financial institutions - secured		-	-	17,305,362	17,305,362	-	-	-
Long term loan from Subsidiary Company		-	-	1,000,000	1,000,000	-	-	-
Long term deposits		-	-	8,664	8,664	-	-	-
Retention money payable				368,499	368,499	-	-	-
Trade and other payables		-	-	5,225,815	5,225,815	-	-	-
Unclaimed dividend		-	-	40,564	40,564	-	-	-
Mark-up accrued on borrowings		-	-	575,029	575,029	-	-	-
Short term borrowings		-	-	4,015,487	4,015,487	-	-	-
	49.1	-	-	28,539,420	28,539,420	-	-	-

49.1 The Company has not disclosed the fair values of these financial assets and liabilities as these are for short term or reprice over short term. Therefore, their carrying amounts are reasonable approximation of fair value.

49.2 Freehold land, buildings on freehold land, roads, bridges and railway sidings, plant and machinery have been carried at revalued amounts determined by professional valuers (level 3 measurement) based on their assessment of the market values as disclosed in note 7.1. The valuations are conducted by the valuation experts appointed by the Company. The valuation experts used a market based approach to arrive at the fair value of the Company's properties. For revaluation of freehold land fair market value was assessed through inquiries to real estate agents and property dealers in near vicinity of freehold land. Different valuation methods and exercises were adopted according to experience, location and other usage of freehold land. Valuer had also considered all relevant factors as well. In case of buildings on freehold land, roads, bridges and railway sidings, construction specifications were noted for each building and structure and new construction rates are applied according to construction specifications for current replacement values. After determining current replacement values, depreciation was calculated to determine the current assessed market value. For revaluation of plant and machinery, suppliers and different cement plant consultants in Pakistan and abroad were contacted to collect information regarding current prices of comparable cement plant to determine current replacement value. Fair depreciation factor for each item is applied according to their physical condition, usage and maintenance. The effect of changes in the unobservable inputs used in the valuations cannot be determined with certainty, accordingly a qualitative disclosure of sensitivity has not been presented in these financial statements.

50. RECONCILIATION OF MOVEMENT OF LIABILITIES TO CASH FLOWS ARISING FROM FINANCING ACTIVITIES

	2020							
	Issued, subscribed and paid-up capital	Share premium	Dividend Payable	Long term financing from financial institutions	Long term loan from Subsidiary Company	Short term borrowing	Accrued markup	Total
	---------------------------------- (Rupees in thousand) ----------------------------------							
As at 01 July 2019	5,937,007	5,112,037	40,564	17,305,362	1,000,000	4,015,487	575,029	33,985,486
Changes from financing cash flows								
Proceeds from issuance of ordinary shares	5,046,455	948,513	-	-	-	-	-	5,994,968
Dividend paid	-	-	(289,361)	-	-	-	-	(289,361)
Long term loan from subsidiary company	-	-	-	-	2,000,000	-	-	2,000,000
Proceeds from short term borrowings - net	-	-	-	-	-	3,100,037	-	3,100,037
Financial charges paid	-	-	-	-	-	-	(3,011,992)	(3,011,992)
Repayments of long term loans from financial institutions - secured - net	-	-	-	(5,007,260)	-	-	-	(5,007,260)
Total changes from financing cash flows	5,046,455	948,513	(289,361)	(5,007,260)	2,000,000	3,100,037	(3,011,992)	2,786,392
Other changes								
Dividend declared	-	-	296,850	-	-	-	-	296,850
Change in running finances and over draft balances	-	-	-	-	-	(473,212)	-	(473,212)
Finance cost	-	-	-	-	-	-	2,984,152	2,984,152
Total liability related other changes	-	-	296,850	-		(473,212)	2,984,152	2,807,790
As at 30 June 2020	10,983,462	6,060,550	48,053	12,298,102	3,000,000	6,642,312	547,189	39,579,668

	2019							
	Issued, subscribed and paid-up capital	Share premium	Dividend Payable	Long term financing from financial institutions	Long term loan from Subsidiary Company	Short term borrowing - secured	Accrued markup	Total
	-------------------------------- (Rupees in thousand) --------------------------------							
As at 01 July 2018	5,937,007	5,112,037	110,743	13,752,696	-	5,360,421	283,415	30,556,319
Changes from financing cash flows								
Dividend paid	-	-	(663,880)	-	-	-	-	(663,880)
Proceeds from short term borrowings - net	-	-	-	-	-	(1,215,654)	-	(1,215,654)
Financial charges paid	-	-	-	-	-	-	(857,976)	(857,976)
Proceeds from long term financing - net	-	-	-	3,552,666	1,000,000	-	-	4,552,666
Total changes from financing cash flows	-	-	(663,880)	3,552,666	1,000,000	(1,215,654)	(857,976)	1,815,156
Other changes								
Dividend declared	-	-	593,701	-	-	-	-	593,701
Change in running finances and over draft balances	-	-	-	-	-	(129,280)	-	(129,280)
Finance cost	-	-	-	-	-	-	1,149,590	1,149,590
Total liability related other changes	-	-	593,701	-		(129,280)	1,149,590	1,614,011
As at 30 June 2019	5,937,007	5,112,037	40,564	17,305,362	1,000,000	4,015,487	575,029	33,985,486

51. CAPITAL MANAGEMENT

The Board's policy is to maintain an efficient capital base so as to maintain investor, creditor and market confidence and to sustain the future development of its business. The Board of Directors monitors the return on capital employed, which the Company defines as operating income divided by total capital employed. The Board of Directors also monitors the level of dividends to ordinary shareholders.

The Company's objectives when managing capital are:

i. to safeguard the entity's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders; and

ii. to provide an adequate return to shareholders.

The Company manages the capital structure in the context of economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may, for example, adjust the amount of dividends paid to shareholders, issue new shares, or sell assets to reduce debt.

	Unit	2020	2019
Total debt	Rupees in '000	22,487,603	22,895,878
Less: Cash and bank balances	Rupees in '000	(1,046,267)	(494,398)
Net debt	Rupees in '000	21,441,336	22,401,480
Total Equity	Rupees in '000	31,320,831	30,514,586
Total capital employed	Rupees in '000	52,762,167	52,916,066
Gearing	Percentage	40.64%	42.33%

Total debt comprises of long term loans from banking companies, long term loan from Subsidiary Company, accrued markup on borrowings and short term borrowings.

Total equity includes issued, subscribed and paid-up share capital, capital reserves, accumulated profits and surplus on revaluation of fixed assets.

There were no changes in the Company's approach to capital management during the year.

52. PROVIDENT FUND TRUST

The following information is based on the latest un-audited financial statements of the Provident Fund Trust:

	Note	Un-audited 2020	Audited 2019
		(Rupees in thousand)	
Size of the fund - total assets		996,229	811,058
Cost of investments made		561,504	322,752
Percentage of investments made	52.1	96.39%	98.03%
Fair value of investments		960,221	795,110

52.1 The break-up of fair value of investments is:

	2020 (Un-audited)		2019 (Audited)	
	Rs. in '000	Percentage	Rs. in '000	Percentage
Shares in quoted securities	3,358	0.35%	3,327	0.42%
Term deposit receipts	444,792	46.32%	472,018	59.37%
Government securities	297,348	30.97%	260,413	32.75%
Mutual funds	214,723	22.36%	59,352	7.46%
	960,221	100%	795,110	100%

The investments out of Provident Fund Trust have been made in accordance with the provisions of section 218 of the Companies Act 2017 and the rules formulated for this purpose.

53. IMPACT OF COVID-19 (CORONA VIRUS)

The pandemic of COVID-19 that has rapidly spread all across the world has not only endangered human lives but has also adversely impacted the global economy. On March 23, 2020, the Government of the Punjab announced a temporary lock down as a measure to reduce the spread of the COVID–19. However, after implementing all the necessary Standard Operating Procedures (SOPs) to ensure safety of employees, the Company continued to carry out its operations and has taken all necessary steps to ensure smooth and adequate continuation of its business. Management believes that there is no significant accounting adverse impact of the effects of COVID-19 on the operations of the Company and on these unconsolidated financial statements. However, pursuant to relaxation announced by the State Bank of Pakistan in view of this pandemic, the Company has availed deferments of principal amount and markup payment of certain long and short term financing which is fully explained in note 16.1 and 18.1.1 to these unconsolidated financial statements.

54. NUMBER OF EMPLOYEES

The total and average number of employees of the Company during the year and as at 30 June 2020 and 2019 respectively are as follows:

	2020	2019
Average number of employees during the year	1,481	1,401
Total number of employees as at 30 June	1,461	1,501

55. DATE OF AUTHORIZATION FOR ISSUE

These unconsolidated financial statements were authorized for issue by the Board of Directors of the Company in their meeting held on 10 September 2020.

The Chief Executive Officer is for the time being not available in Pakistan, therefore, these unconsolidated financial statements are signed by two directors.

CHIEF FINANCIAL OFFICER　　DIRECTOR　　DIRECTOR

CONSOLIDATED FINANCIAL STATEMENTS

for the Year Ended June 30, 2020

DIRECTORS' REPORT ON AUDITED CONSOLIDATED FINANCIAL STATEMENTS

The Directors are pleased to present the audited consolidated financial statements of Maple Leaf Cement Factory Limited (the Holding Company) and its wholly owned subsidiary company Maple Leaf Power Limited (collectively referred to as group) for the year ended 30 June 2020.

GROUP RESULTS

The Group has earned gross profit of Rupees 585 million as compared to Rupees 6,062 million of corresponding year. The Group made after tax loss of Rupees 3,559 million during this year as compared to profit of Rupees 2,460 million during the corresponding year.

The overall group financial results are as follows:

	30 June 2020	30 June 2019
	(Rupees in million)	
Sales	29,118	26,006
Gross Profit	585	6,062
(Loss) / profit from operations	(1,038)	3,890
Financial charges	(2,897)	(1,231)
(Loss) / profit after tax	(3,559)	2,460
	------------- (Rupees) -------------	
		(Restated)
(Loss) / earnings per share – basic and diluted	(3.89)	3.57

SUBSIDIARY COMPANY

MAPLE LEAF POWER LIMITED (MLPL)

Maple Leaf Cement Factory Limited has formed a subsidiary company namely "Maple Leaf Power Limited (MLPL)." MLPL ("the Subsidiary") was incorporated in Pakistan on 15 October 2015 under the Companies Ordinance, 1984 (Now the Companies Act, 2017) as public limited company. The principal objective of MLPL is to develop, design, operate and maintain electric power generation plant in connection therewith to engage in the business of generation, sale and supply of electricity to the Holding Company.

In compliance with the Companies Act, 2017, all relevant matters of Section 227 have been placed in our Standalone Directors' Report to the Shareholders.

ACKNOWLEDGEMENT

The Directors are grateful to the group's members, financial institutions, customers and employees for their cooperation and support. They also appreciate the hard work and dedication of the employees working in different roles.

For and on behalf of the Board

Lahore: September 10, 2020

Syed Mohsin Raza Naqvi
Director

Tariq Sayeed Saigol
Director
On behalf of CEO

The Chief Executive Officer is for the time being not available in Pakistan so the Board has authorized Mr. Tariq Sayeed Saigol - Director to sign the Consolidated and Unconsolidated financial statements for the year ended 30th June 2020.

KPMG Taseer Hadi & Co.
Chartered Accountants
351 Shadman-1, Jail Road,
Lahore 54000 Pakistan
+92 (42) 111-KPMGTH (576484), Fax +92 (42) 3742 9907

INDEPENDENT AUDITOR'S REPORT

To the members of Maple Leaf Cement Factory Limited

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the annexed consolidated financial statements of Maple Leaf Cement Factory Limited and its subsidiary ("the Group"), which comprise the consolidated statement of financial position as at 30 June 2020, and the consolidated statement of profit or loss account, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and 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.

In our opinion, consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 30 June 2020 and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with 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 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 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.

Following are the Key audit matter(s):

S.No.	Key audit matter(s)	How the matter was addressed in our audit
1	Revenue Refer to notes 3.12.1 and 32 to the consolidated financial statements. The Group recognized revenue of Rs. 29.12 billion from the sale of cement to domestic as well as foreign customers during the year ended 30 June 2020. We identified recognition of revenue as a key audit matter because revenue is one of the key performance indicators of the Group and gives rise to a risk that revenue is recognized without transferring the control.	Our audit procedures included the following: • Obtaining an understanding of the process relating to recording of sales and testing the design, implementation and operating effectiveness of key internal controls; • assessing the appropriateness of the Group's accounting policies for recording of sales and compliance of those policies with applicable accounting standards; • comparing a sample of revenue transactions recorded during the year with sales orders, sales invoices, outward gate passes and other relevant underlying documents; • comparing, on a sample basis, specific revenue transactions recorded just before and just after the financial year end date to determine whether the revenue had been recognized in the appropriate financial period; and • scanning for any manual journal entries relating to sales raised during the year which were considered to be material or met other specific risk-based criteria for inspecting underlying documentation.
2	Valuation of trade debts Refer to notes 2.5.4, 3.9 and 25 to the consolidated financial statements. As at 30 June 2020, the Group's gross trade debts amount to Rs. 3,232.82 million. The Group has applied simplified approach to determine expected credit loss over trade debtors and has recognized provision against expected credit loss ("ECL") of Rs. 19.5 million during the year ended 30 June 2020. The balance of expected credit loss as at 30 June 2020 amounted to Rs. 180.69 million. We have identified valuation of trade debts as key audit matter because determination of ECL provision for trade debts requires significant judgement and assumptions including consideration of factors such as historical credit loss experience and forward-looking macro-economic information.	Our audit procedures included the following: • involving KPMG specialists to assist us in reviewing and evaluating the appropriateness of the assumptions used (historical and forward looking) and judgements made by the management to assess ECL in respect of trade debts of the Group; • assessing on a sample basis, the accuracy of data used by the management for determining ECL in respect of trade debts; • checking mathematical accuracy of ECL model by performing recalculations; reviewing appropriateness of the accounting policies and the adequacy of disclosures in the consolidated financial statements in accordance with requirements of the applicable accounting and reporting standards.

3	Recoverability of deferred tax asset Refer to notes 3.3 and 10 to the consolidated financial statements. The Group has recognized deferred tax asset, amounting to Rs. 1,460.49 million on unused tax losses during the year ended 30 June 2020. The balance of deferred tax asset as at 30 June 2020 amounted to Rs. 2,781.03 million. The recoverability of recognized deferred tax asset is dependent on the Group's ability to generate future taxable profits sufficient to utilize deductible temporary differences and tax losses. We have determined this to be a key audit matter, due to uncertainty in forecasting the amount and timing of future taxable profits and the reversal of temporary differences.	Our audit procedures included the following: • assessing the appropriateness of the Group's accounting policy for recognition of deferred tax asset and compliance of the policy with applicable accounting and reporting standards; • involving KPMG specialist to assist us in evaluating the reasonableness of significant assumptions used in developing future taxable profits by evaluating historical forecasting accuracy and expected growth rates, future selling prices and production volumes; • assessing recoverability of recognized unused tax losses on the basis of future taxable profits developed by the management; and • reviewing the adequacy of disclosure made in the consolidated financial statements in accordance with the requirements of the applicable accounting and reporting standards.
4	Revaluation of certain classes of property, plant and equipment Refer to notes 2.5.10, 3.5.1, 7 and 19.1 to the consolidated financial statements. As at 30 June 2020, the Group revalued its certain items of property, plant and equipment (i.e. freehold land, building on freehold land. Roads, bridges and railways and plant and machinery) based on the valuation carried out by an independent external expert engaged by the management. Consequent to revaluation, additional surplus - net of deferred tax amounting to Rs.147.45 million has been recognized in the consolidated financial statements and accumulated revaluation surplus - net of deferred tax of Property, Plant and Equipment at the year end stood at Rs. 3,667 million. We have identified valuation of certain items of property, plant and equipment as key audit matter due to the significance of this balance to the consolidated financial statements, as well as the significance of management's judgements in determining its valuation.	Our audit procedures included the following: • obtaining and inspecting the valuation reports prepared by external management expert; • involving a valuation specialist engaged by us to assist in evaluating the methodology used by the management's expert in determining the revalued amount and to assist us in evaluating the reasonableness of key estimates and assumptions adopted in the valuations report by the management's expert; • checking that the revaluation surplus has been recorded in the consolidated financial statements as per applicable accounting and reporting standards; accounting principles; and • reviewing the adequacy of disclosure made in the consolidated financial statements in accordance with the requirements of the applicable accounting and reporting standards.

Information other than the Financial Statements and Auditor's Report thereon

Management is responsible for the other information. Other information comprises the information included in the annual report for the year ended 30 June 2020 but does not include the consolidated financial statements and our auditor's 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 and for such internal control as management determines is necessary to enable the preparation of 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.

The Board of Directors is responsible for overseeing the Group's financial reporting process.

Auditor's 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 auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these 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 auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the 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 auditor's 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 partner on the audit resulting in this independent auditor's report is M. Rehan Chughtai.

KPMG Taseer Hadi & Co.

Lahore | KPMG Taseer Hadi & Co.
Chartered Accountants

Date: 10 September 2020

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT JUNE 30, 2020

	Note	2020	2019
		(Rupees in thousand)	
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorised share capital	5	15,000,000	9,000,000
Issued, subscribed and paid-up share capital	5	10,983,462	5,937,007
Capital reserves	6	6,588,813	5,640,300
Accumulated profits		13,310,143	16,945,810
Surplus on revaluation of fixed assets - net of tax	7	3,667,156	3,884,480
		34,549,574	32,407,597
NON - CURRENT LIABILITIES			
Long term loans from financial institutions - secured	8	12,206,058	15,990,227
Long term deposits	9	8,664	8,664
Deferred taxation	10	3,379,440	3,705,927
Retirement benefits	11	214,952	205,354
Retention money payable	12	366,069	368,499
Payable to government authority	13	232,938	-
		16,408,121	20,278,671
CURRENT LIABILITIES			
Current portion of:			
- Long term loans from financial institutions - secured	8	125,000	1,315,135
Trade and other payables	14	8,175,531	7,595,265
Unclaimed dividend		48,053	40,564
Mark-up accrued on borrowings	15	509,934	583,027
Short term borrowings	17	7,181,815	4,693,036
		16,040,333	14,227,027
CONTINGENCIES AND COMMITMENTS	18		
		66,998,028	66,913,295

The annexed notes from 1 to 53 form an integral part of these consolidated financial statements.

The Chief Executive Officer is for the time being not available in Pakistan, therefore, these consolidated financial statements are signed by two directors.

CHIEF FINANCIAL OFFICER　　　　DIRECTOR　　　　DIRECTOR

	Note	2020	2019
		(Rupees in thousand)	
ASSETS			
NON - CURRENT ASSETS			
Property, plant and equipment	19	49,539,836	52,096,358
Intangible assets	20	9,023	13,529
Long term loans to employees - secured	21	19,196	19,824
Long term deposits	22	56,420	56,880
		49,624,475	52,186,591
CURRENT ASSETS			
Stores, spare parts and loose tools	23	8,863,233	7,441,071
Stock-in-trade	24	1,779,404	1,739,014
Trade debts	25	3,052,130	2,683,758
Loans and advances	26	492,623	816,946
Short term investment	27	75,245	17,887
Short term deposits and prepayments	28	191,958	188,598
Accrued profit	29	3,168	2,584
Other receivables	30	35,672	35,453
Advance tax- net	16	1,821,238	1,276,588
Cash and bank balances	31	1,058,882	524,805
		17,373,553	14,726,704
		66,998,028	66,913,295

CHIEF FINANCIAL OFFICER DIRECTOR DIRECTOR

CONSOLIDATED STATEMENT OF PROFIT OR LOSS ACCOUNT
FOR THE YEAR ENDED JUNE 30, 2020

	Note	2020	2019
		(Rupees in thousand)	
Sales - net	32	29,117,734	26,005,944
Cost of sales	33	(28,532,280)	(19,944,348)
Gross profit		585,454	6,061,596
Distribution cost	34	(817,058)	(933,244)
Administrative expenses	35	(791,137)	(741,081)
Other charges	36	(160,660)	(548,748)
		(1,768,855)	(2,223,073)
Other income	37	145,879	51,626
(Loss) / profit from operations		(1,037,522)	3,890,149
Finance cost	38	(2,896,971)	(1,231,011)
(Loss) / profit before taxation		(3,934,493)	2,659,138
Taxation	39	375,134	(198,877)
(Loss) / profit after taxation		(3,559,359)	2,460,261
		--------------Rupees--------------	
			(Restated)
(Loss) / earnings per share - basic and diluted	40	(3.89)	3.57

The annexed notes from 1 to 53 form an integral part of these consolidated financial statements.

The Chief Executive Officer is for the time being not available in Pakistan, therefore, these consolidated financial statements are signed by two directors.

CHIEF FINANCIAL OFFICER DIRECTOR DIRECTOR

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED JUNE 30, 2020

	2020	2019
	(Rupees in thousand)	
(Loss) / profit after taxation	(3,559,359)	2,460,261
Other comprehensive income / (loss)		
Item that will not be subsequently reclassified in profit or loss:		
Remeasurement of defined benefit liability	8,870	(33,620)
Related tax	(2,505)	8,411
	6,365	(25,209)
Surplus on revaluation of fixed assets	185,095	-
Related tax	(37,641)	-
	147,454	-
Total comprehensive (loss) / income for the year	(3,405,540)	2,435,052

The annexed notes from 1 to 53 form an integral part of these consolidated financial statements.

The Chief Executive Officer is for the time being not available in Pakistan, therefore, these consolidated financial statements are signed by two directors.

CHIEF FINANCIAL OFFICER DIRECTOR DIRECTOR

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED JUNE 30, 2020

	Note	2020	2019
		(Rupees in thousand)	
CASH FLOWS FROM OPERATING ACTIVITIES			
(Loss) / profit before taxation		(3,934,493)	2,659,138
Adjustments for:			
Depreciation	19.1.6	3,597,321	2,649,755
Amortization	20.1	4,506	8,501
Provision against doubtful debts	25.1	19,500	10,189
Provision for Workers' Profit Participation Fund	14.1	70,661	140,966
Bad debts written off	35	5,643	-
Advances written off	35	7,755	-
(Gain) / loss on disposal of property, plant and equipment	37	(21,725)	15,913
(Gain) / loss on re-measurement of short term investments	37	(7,358)	14,175
Interest - retention money payable	38	(2,430)	22,968
Retirement benefits	11.6	54,192	25,990
Finance cost	38	2,896,971	1,208,043
Profit on bank deposits	37	(33,712)	(21,110)
Cash generated from operations before working capital changes		2,656,831	6,734,528
Effect on cash flow due to working capital changes			
(Increase) / decrease in current assets:			
Stores, spare parts and loose tools		(1,422,162)	(416,945)
Stock-in-trade		(40,390)	(545,508)
Trade debts		(393,515)	(1,688,194)
Loans and advances		316,568	1,673,721
Short term deposits and prepayments		(3,360)	(64,390)
Other receivables		(219)	8,081
		(1,543,078)	(1,033,235)
Increase in current liabilities:			
Trade and other payables		814,816	2,062,636
Net cash generated from operations		1,928,569	7,763,929
Increase / (decrease) in long term loans to employees - secured		628	(10,352)
Increase / (decrease) in long term deposits		460	(326)
Decrease in long term deposits		-	(50)
Increase in retention money payable		-	34,796
Retirement benefits paid		(35,724)	(38,020)
Workers' Profit Participation Fund paid		(72,273)	(94,488)
Tax refund received		298,918	418,939
Taxes paid	16	(985,668)	(841,984)
Net cash generated from operating activities		1,134,910	7,232,444
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure		(887,306)	(8,395,544)
Intangible asset purchased		-	(5,219)
Proceeds from disposal of property, plant and equipment		53,327	102,173
Short term investment - net	27	(50,000)	-
Profit on bank deposits received		33,128	20,255
Net cash used in investing activities		(850,851)	(8,278,335)
CASH FLOWS FROM FINANCING ACTIVITIES			
(Repayments) / receipts of long term loans from financial institutions		(4,974,304)	3,552,666
Proceeds from issuance of ordinary shares		5,994,968	-
Receipts from / (repayments of) short term borrowings - net	17	3,131,794	(1,340,379)
Finance cost paid		(2,970,064)	(911,178)
Dividend paid		(289,361)	(663,880)
Net cash generated from financing activities		893,033	637,229
Net increase / (decrease) in cash and cash equivalents		1,177,092	(408,662)
Cash and cash equivalents at beginning of the year		(1,162,951)	(754,289)
Cash and cash equivalents at end of the year	41	14,141	(1,162,951)

The annexed notes from 1 to 53 form an integral part of these consolidated financial statements.

The Chief Executive Officer is for the time being not available in Pakistan, therefore, these consolidated financial statements are signed by two directors.

CHIEF FINANCIAL OFFICER DIRECTOR DIRECTOR

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED JUNE 30, 2020

		Capital Reserves				Revenue Reserves	
	Share Capital	Share premium	Capital redemption reserve	Sub-total	Surplus on revaluation of fixed assets - net of tax	Accumulated profits	Total Equity
	(Rupees in thousand)						
At 30 June 2018	5,937,007	5,112,037	528,263	5,640,300	4,264,543	14,877,878	30,719,728
Total comprehensive income for the year							
Profit for the year ended 30 June 2019	-	-	-	-	-	2,460,261	2,460,261
Other comprehensive loss for the year ended 30 June 2019	-	-	-	-	-	(25,209)	(25,209)
	-	-	-	-	-	2,435,052	2,435,052
Effect on deferred tax due to change in tax rate and proportion of local and export sales	-	-	-	-	(153,482)	-	(153,482)
Incremental depreciation from surplus on revaluation of fixed assets - net of tax	-	-	-	-	(223,170)	223,170	-
Reversal of revaluation surplus on disposal of fixed assets - net of tax	-	-	-	-	(3,411)	3,411	-
Transaction with owners of the Company							
Final cash dividend @ Re. 1 per share for the year ended 30 June 2018	-	-	-	-	-	(593,701)	(593,701)
At 30 June 2019	5,937,007	5,112,037	528,263	5,640,300	3,884,480	16,945,810	32,407,597
Total comprehensive income for the year							
Loss for the year ended 30 June 2020	-	-	-	-	-	(3,559,359)	(3,559,359)
Other comprehensive income for the year ended 30 June 2020	-	-	-	-	147,454	6,365	153,819
	-	-	-	-	147,454	(3,552,994)	(3,405,540)
Effect on deferred tax due to change in effective tax rate due to proportion of local and export sales	-	-	-	-	(150,601)	-	(150,601)
Incremental depreciation from surplus on revaluation of fixed assets - net of tax	-	-	-	-	(212,642)	212,642	-
Reversal of revaluation surplus on disposal of fixed assets - net of tax	-	-	-	-	(1,535)	1,535	-
Transaction with owners of the Company							
Ordinary shares issued during the year 504,645,556 shares of Rs. 10 each.	5,046,455	1,009,291	-	1,009,291	-	-	6,055,746
Expense incurred on issuance of shares	-	(60,778)	-	(60,778)	-	-	(60,778)
	5,046,455	948,513	-	948,513	-	-	5,994,968
Final cash dividend @ Rs. 0.5 per share for the year ended 30 June 2019	-	-	-	-	-	(296,850)	(296,850)
At 30 June 2020	10,983,462	6,060,550	528,263	6,588,813	3,667,156	13,310,143	34,549,574

The annexed notes from 1 to 53 form an integral part of these consolidated financial statements.

The Chief Executive Officer is for the time being not available in Pakistan, therefore, these consolidated financial statements are signed by two directors.

CHIEF FINANCIAL OFFICER

DIRECTOR

DIRECTOR

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

1. REPORTING ENTITY

1.1 Maple Leaf Cement Factory Limited - (“the Holding Company”)

Maple Leaf Cement Factory Limited (“the Holding Company”) was incorporated in Pakistan on 13 April 1960 under the Companies Act, 1913 (now the Companies Act, 2017) as a public company limited by shares. The Holding Company is listed on Pakistan Stock Exchange. The registered office of the Holding Company is situated at 42-Lawrence Road, Lahore, Pakistan. The cement factory is located at Iskanderabad District Mianwali in the province of Punjab. The principal activity of the Holding Company is production and sale of cement. The Holding Company is a subsidiary of Kohinoor Textile Mills Limited (“the Ultimate Holding Company”).

1.2 Maple Leaf Power Limited - (“the Subsidiary Company”)

Maple Leaf Power Limited (“the Subsidiary Company”) was incorporated in Pakistan on 15 October 2015 as a public limited company under the Companies Ordinance, 1984 (now Companies Act, 2017). The Subsidiary Company has been established to set up and operate a 40 megawatt coal fired power generation plant at Iskanderabad, District Mianwali, Punjab, Pakistan for generation of electricity. The Subsidiary Company’s registered office is located at 42-Lawrence Road, Lahore. The principal objective of the Subsidiary Company is to develop, design, operate and maintain electric power generation plant and in connection therewith to engage in the business of generation, sale and supply of electricity.

The Subsidiary Company was granted electricity generation license from National Electric and Power Regulatory Authority (NEPRA) on 20 December 2016. The Subsidiary Company entered into a Power Purchase Agreement (“PPA”) and Steam Purchase Agreement with the Holding Company on 04 July 2017 and 31 October 2019, respectively, which are valid for 20 years.

The Holding and the Subsidiary companies are collectively referred to as “ the Group” in these consolidated financial statements.

2. BASIS OF PREPARATION AND STATEMENT OF COMPLIANCE

2.1 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 (IFRS) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act 2017;

- Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan as notified under the Companies Act, 2017; and

- Provision of and directives issued under the Companies Act, 2017.

Where provisions of and directives issued under the Companies Act, 2017 differ from the IFRS, the provisions of and directives issued under the Companies Act, 2017 have been followed.

2.2 Consolidation

2.2.1 Subsidiary Company

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. The subsidiaries are fully consolidated from the date of acquisition, being the date on which the Holding Company obtains control, and continue to be consolidated until the date that such control ceases.

The financial statements of the Subsidiary Company has been consolidated on a line-by-line basis and the carrying values of the investment held by the Holding Company has been eliminated against the shareholders' equity in the Subsidiary Company. The financial statement of the Subsidiary Company are prepared for the same reporting year as of the Holding Company, using consistent accounting policies.

Non-controlling interest is that part of net results of operations and of net assets of the subsidiaries which are not owned by the Holding Company either directly or indirectly. Non-controlling interest is presented as a separate item in the consolidated financial statements. Since the Subsidiary Company is 100% owned by the Holding Company, no non-controlling interests is accounted for in these consolidated financial statements.

On the loss of control, the Group derecognizes the assets and liabilities of the subsidiary, any non controlling interests and other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognized in consolidated profit or loss account. In addition, any amount previously recognized in other comprehensive income in respect of that subsidiary are reclassified to the consolidated profit or loss account. If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently that retained interest is accounted for as an equity-accounted investee, joint venture or as an available for sale financial asset depending on the level of influence retained.

Intra-group balances and transactions and any unrealized income and expenses arising from intra-group transactions are eliminated.

2.3 Basis of measurement

These consolidated financial statements have been prepared under the historical cost convention except for the following:

- certain financial instruments are carried at fair value;
- certain classes of property, plant and equipment are carried at revalued amounts; and
- recognition of employee retirement benefits are carried at present value.

2.4 Functional and presentation currency

These consolidated financial statements have been prepared in Pak Rupees ("Rs.") which is the Group's functional currency.

Figures in the consolidated financial statements have been rounded-off to the nearest thousand Rupees except stated otherwise.

2.5 Use of estimates and judgments

The preparation of consolidated financial statements in conformity with approved accounting standards requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under circumstances, and the results of which form the basis for making judgment about carrying value of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which estimates are revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The areas where assumptions and estimates are significant to the Group's consolidated financial statements or where judgment was exercised in application of accounting policies are as follows:

2.5.1 Property, plant and equipment

The Group reviews the useful lives and residual values of property, plant and equipment annually by considering expected pattern of economic benefit that the Group expects to drive from the item and the maximum period up to which such benefits are expected to be available. Any change in estimates in future years might affect the carrying amounts of the respective items of property, plant and equipment with a corresponding effect on the depreciation charge and impairment.

2.5.2 Stores, spare parts and loose tools

The Group reviews the stores, spare parts and loose tools for possible impairment on an annual basis. Any change in estimates in future years might affect the carrying amounts of the respective items of stores, spare parts and loose tools with a corresponding effect on the provision.

2.5.3 Stock-in-trade

The Group reviews the carrying amount of stock-in-trade on a regular basis. Carrying amount of stock-in-trade is adjusted where the net realizable value is below the cost. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and estimated costs necessary to make the sale.

2.5.4 Expected credit loss (ECL) against trade debts, deposits, advances and other receivables

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 assets original effective interest rate.

The Group has elected to measure loss allowances for trade debts using IFRS 9 simplified approach and has calculated ECLs based on lifetime ECLs. The Group has established a matrix that is based on the Group's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment. When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment including forward-looking information.

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk. Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

Impairment on financial assets other than trade debts has been measured on 12 - months expected loss basis and reflects the short maturities of the exposure.

2.5.5 Employee benefits

The Group operates approved funded gratuity scheme covering all its full time permanent workers who have completed the minimum qualifying period of service as defined under the respective scheme. The gratuity scheme is managed by trustees. The calculation of the benefit requires assumptions to be made of future outcomes, the principal ones being in respect of increase in remuneration and the discount rate used to convert future cash flows to current values. The assumptions used for the plan are determined by independent actuary on annual basis.

The amount of the expected return on plan assets is calculated using the expected rate of return for the year and the market-related value at the beginning of the year. Gratuity cost primarily represents the increase in actuarial present value of the obligation for benefits earned on employee service during the year and the interest on the obligation in respect of employee service in previous years, net of the expected return on plan assets. Calculations are sensitive to changes in the underlying assumptions.

2.5.6 Recoverable amount of assets / cash generating unit and impairment

The management of the Group reviews carrying amounts of its assets and cash generating units for possible impairment and makes formal estimates of recoverable amount if there is any such indication.

2.5.7 Taxation

The Group takes into account the current income tax law and decisions taken by the taxation authorities. Instances where the Group's views differ from the views taken by the income tax department at the assessment stage and where the Group considers that its view on items of material nature is in accordance with law, the amounts are shown as contingent liabilities.

The Group also regularly reviews the trend of proportion of incomes between Presumptive Tax Regime income and Normal Tax Regime income and the change in proportions, if significant, is accounted for in the year of change.

Due to change in proportion of incomes between Presumptive Tax Regime income and Normal Tax Regime income, deferred tax effect amounting to Rs. 575.37 million on temporary differences have been charged to profit or loss, as disclosed in note 39.1.1 to these consolidated financial statements and deferred tax effect amounting to Rs. 150.601 million, on revaluation surplus has been adjusted against the related surplus as disclosed in 7 to these consolidated financial statements. This has resulted in an increase in loss per share by Rs. 0.63 per share for the year ended 30 June 2020.

2.5.8 Provisions

Provisions are based on best estimate of the expenditure required to settle the present obligation at the reporting date, that is, the amount that the Group would rationally pay to settle the obligation at the reporting date or to transfer it to a third party.

2.5.9 Contingencies

The Group reviews the status of all pending litigations and claims against the Group. Based on the judgment and the advice of the legal advisors for the estimated financial outcome, appropriate disclosure or provision is made. The actual outcome of these litigations and claims can have an effect on the carrying amounts of the liabilities recognized at the reporting date.

2.5.10 Revaluation of property, plant and equipment

Revaluation of certain classes of property, plant and equipment is carried out by an independent professional valuer. Revalued amounts of non-depreciable items are determined by reference to local market values and that of depreciable items are determined by reference to current depreciated replacement values.

The frequency of revaluations depends upon the changes in fair values of the items of property, plant and equipment being revalued. When the fair value of a revalued asset differs materially from its carrying amount, a further revaluation is required. Such frequent revaluations are unnecessary for items of property, plant and equipment with only insignificant changes in fair value. Instead, it may be necessary to revalue the item only every three or five years.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies set out below have been consistently applied to all periods presented in these consolidated financial statements, except as disclosed in note 3.1 below.

3.1 Change in significant accounting policies

During the year, the Group has adopted IFRS 16 'Leases' effective from 01 July 2019. IFRS 16 replaces existing guidance on accounting for leases, including IAS 17, Leases, IFRIC 4, Determining whether an Arrangement contains a Lease, SIC-15, Operating Leases- Incentive, and SIC-27, Evaluating the Substance of Transactions Involving the Legal Form of a Lease. IFRS 16 introduces an on balance sheet lease accounting model for long term operating leases (short-term leases and leases where the underlying assets are of low value continue to be treated as off-balance sheet operating leases). A lessee recognizes a right-of-use asset representing its right of using the underlying asset and a corresponding lease liability representing its obligations to make lease payments. Lessor accounting remains similar to the current standard i.e. lessors continue to classify leases as either finance or operating leases. However adoption of this standard has no material impact on these consolidated financial statements. The detail accounting policies are disclosed in note 3.4 to these consolidated financial statements.

3.2 Employee benefits

Defined contribution plan

The Group operates a defined contributory approved Provident Fund Trust for all its employees. Equal monthly contributions are made both by the Group and employees at the rate of 10% of the basic salary to the Provident Fund Trust. Obligation for contributions to defined contribution plan is expensed as the related service is provided.

Defined benefit plan

The Group operates approved funded gratuity scheme for all its full time permanent workers who have completed the minimum qualifying period of service as defined under the respective scheme. Provision is made annually to cover obligations under the scheme on the basis of actuarial valuation and is charged to consolidated statement of profit or loss account.

The Group's net obligation in respect of defined benefit plan is calculated by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

Calculation of defined benefit obligation is performed annually by a qualified actuary using the projected unit credit method for valuation.The latest valuation was carried out at 30 June 2020. When the calculation results in a potential asset for the Group, the recognized asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contribution to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if, any excluding interest), are recognized immediately in OCI. The Group determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at beginning of the annual period to the then-net defined benefit liability (asset), taking into account any changes in the net defined benefit liability (asset) during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plan is recognized in consolidated statement of profit or loss account.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognized immediately in consolidated statement of profit or loss account. The Group recognizes gains and losses on the settlement of a defined benefit plan when the settlement occurs.

Liability for employees' compensated absences - other long term benefits

The Group accounts for the liability in respect of employees' compensated absences in the year in which these are earned. Provision to cover the obligations is made using the current salary level of employees. The unutilized leaves are accumulated subject to a maximum of 90 days. The unutilized accumulated leaves can be enchased at the time the employee leaves Group service. The Group uses the actuarial valuations carried out using the projected unit credit method for valuation of its accumulated compensating absences. The latest valuation was carried out on 30 June 2020. Provisions are made annually to cover the obligation for accumulating compensated absences based on actuarial valuation and are charged to the statement of profit or loss account. The amount recognized in the statement of financial position represents the present value of the defined benefit obligations. Actuarial gains and losses are charged to the statement of profit or loss account immediately in the period when these occur.

3.3 Taxation

Current

Current tax is the amount of tax payable on taxable income for the year, using tax rates enacted or substantively enacted by the reporting date, and any adjustment to the tax payable in respect of previous years. Provision for current tax is based on current rates of taxation in Pakistan after taking into account tax credits, rebates and exemptions available, if any. The amount of unpaid income tax in respect of the current or prior periods is recognized as a liability. Any excess paid over what is due in respect of the current or prior periods is recognized as an asset.

Deferred

Deferred tax is recognized using the statement of financial position liability method on all temporary differences between the carrying amounts of assets and liabilities for the financial reporting purposes and the amounts used for taxation purposes.

Deferred tax asset is recognized for all the deductible temporary differences only to the extent that it is probable that future taxable profits will be available against which the asset may be utilized. Deferred tax asset is reduced to the extent that it is no longer probable that the related tax benefit will be realized. Deferred tax liabilities are recognized for all the taxable temporary differences.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on the tax rates that have been enacted or substantively enacted by the statement of financial position date.

Deferred tax is charged or credited in the statement of profit or loss account, except in the case of items credited or charged to comprehensive income or equity, in which case it is included in consolidated comprehensive income or equity.

3.4 Leases

The Group is the lessee.

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.

At initial recongnition, 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, variable lease payments 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 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.

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, or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option. The corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in the consolidated statement of profit or loss account if the carrying amount of right-of-use asset has been reduced to zero.

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.

Payments associated with short-term leases and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less without a purchase option.

3.5 Property, plant and equipment

3.5.1 Tangible assets

Owned

Tangible assets except freehold land, buildings on freehold land, roads, bridges and railway sidings, plant and machinery are stated at cost less accumulated depreciation and impairment in value, if any. Buildings on freehold land, roads, bridges and railway sidings and plant and machinery are stated at revalued amount being the fair value at the date of revaluation, less any subsequent accumulated depreciation and impairment losses while freehold land is stated at revalued amount being the fair value at the date of revaluation, less any subsequent impairment losses, if any. Surplus on revaluation is booked by restating gross carrying amounts of respective assets being revalued, proportionately to the change in their carrying amounts due to revaluation. The accumulated depreciation at the date of revaluation is also adjusted to equal difference between gross carrying amounts and the carrying amounts of the assets after taking into account accumulated impairment losses. The surplus on revaluation of fixed assets to the extent of the annual incremental depreciation based on the revalued carrying amount of the asset and the depreciation based on the assets' original cost is transferred annually to retained earnings net of related deferred tax. Upon disposal, any revaluation reserve relating to the particular assets being sold is transferred to retained earnings. All transfers to / from surplus on revaluation of fixed assets account are net of applicable deferred income tax.

Capital work-in-progress is stated at cost less identified impairment losses, if any. All expenditure connected with specific assets incurred during installation and construction period are carried under capital work-in-progress. These are transferred to specific assets as and when these are available for use.

Major renewals and improvements to an item of property, plant and equipment are recognized in the carrying amount of the item if it is probable that the embodied future economic benefits will flow to the Group and the cost of renewal or improvement can be measured reliably. The cost of the day-to-day servicing of property, plant and equipment are recognized in statement of profit or loss as incurred.

Gains / losses on disposal or retirement of tangible assets, if any, are taken to consolidated statement of profit or loss account.

Depreciation is calculated at the rates specified in note 19.1 on reducing balance method except that straight-line method is used for the plant and machinery and buildings relating to dry process plant and power plant of the Subsidiary Company after deducting residual value. Depreciation on additions to property, plant and equipment is charged from the month in which the item becomes available for use. Depreciation is discontinued from the month in which it is disposed or classified as held for disposal.

Increase in the carrying amounts arising on revaluation of land, building, road bridges and railway sidings and plant and machinery is recognised, 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. Decreases that reverse previous increases of the same asset are first recognised in other comprehensive income to the extent of the remaining surplus attributable to the asset; all other decreases are charged to profit or loss account.

The assets' residual values and useful lives are reviewed and adjusted, if appropriate, at each statement of financial position date.

3.5.2 Intangible assets

Intangible asset is stated at cost less accumulated amortization for finite intangible asset and any identified impairment loss. The estimated useful life and amortization method is reviewed at the end of each annual reporting period, with effect of any changes in estimate being accounted for on a prospective basis.

Finite intangible assets are amortized using straight-line method over a period of usage. Amortization on additions to intangible assets is charged from the month in which an asset is put to use and on disposal up to the month of disposal.

3.6 Stores, spare parts and loose tools

These are stated at lower of cost and net realizable value. Cost is determined using the weighted average method. Items in transit are valued at cost comprising invoice value plus other charges paid thereon.

3.7 Stock-in-trade

Stocks are valued at the lower of cost and net realizable value. Cost is determined as follows:

Raw material	at weighted average cost
Packing material	at weighted average cost
Work in process	at weighted average manufacturing cost
Finished goods	at weighted average manufacturing cost

Average manufacturing cost in relation to work in process and finished goods consists of direct material, labor and a proportion of appropriate manufacturing overheads.

Net realizable value signifies the estimated selling price in the ordinary course of business less estimated costs of completion and estimated costs necessary to make the sale.

3.8 Financial instruments

3.8.1 Recognition and initial measurement

All financial assets or financial liabilities are initially recognized when the Group becomes a party to the contractual provisions of the instrument.

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

3.8.2 Classification and subsequent measurement

Financial assets

On initial recognition, a financial asset is classified as measured at amortized cost, fair value through other comprehensive income (FVOCI) and fair value through profit or loss (FVTPL).

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

Amortized cost

A financial asset is measured at amortized 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.

These assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss account.

Financial assets measured at amortized cost comprise of cash and bank balances, deposits, loan to employees, accrued profit, term deposit receipts, trade debts and other receivables.

Debt Instrument - FVOCI

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.

These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognized in profit or loss. Other net gains and losses are recognized in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss. However, the Group has no such instrument at the reporting date.

Equity Instrument - FVOCI

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 OCI. This election is made on an investment-by-investment basis.

These assets are subsequently measured at fair value. Dividends are recognized 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 are recognized in OCI and are never reclassified to profit or loss. However, the Group has no such instrument at the reporting date.

Fair value through profit or loss (FVTPL)

All financial assets not classified as measured at amortized cost or FVOCI as described above are measured at FVTPL.

On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss account. Short term investment in listed equities is classified as fair value through profit or loss account at the reporting date.

Financial assets – Business model assessment:

For the purposes of the assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Group considers:

- contingent events that would change the amount or timing of cash flows;

- terms that may adjust the contractual coupon rate, including variable-rate features;

- prepayment and extension features; and

- terms that limit the Group's claim to cash flows from specified assets (e.g. non-recourse features).

Financial liabilities

Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss. Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss.

Financial liabilities comprise trade and other payables, long term loans from financial institutions (including current portion), markup accrued on borrowings, unclaimed dividend, retention money payable, long term deposits and short term borrowings.

3.8.3 Derecognition

Financial assets

The Group derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Group might enter into transactions whereby it transfers assets recognized in its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognized.

Financial liabilities

The Group derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire. The Group also derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value. On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss.

3.8.4 Trade Debts

These are classified at amortized cost and are initially recognised when they are originated and measured at fair value of consideration receivable. These assets are written off when there is no reasonable expectation of recovery.

3.9 Impairment

Financial assets

The Group recognizes loss allowances for ECLs on:

- financial assets measured at amortized cost;
- debt investments measured at FVOCI; and
- contract assets.

The Group measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured at 12-month ECLs:

- debt securities that are determined to have low credit risk at the reporting date; and
- other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than past due for a reasonable period of time. Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument. 12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months). The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

The Group has elected to measure loss allowances for trade debts using IFRS 9 simplified approach and has calculated ECLs based on lifetime ECLs. The Group has established a matrix that is based on the Group's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment. When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment including forward-looking information.

Loss allowances for financial assets measured at amortised cost are deducted from the Gross carrying amount of the assets.

The Gross carrying amount of a financial asset is written off when the Group has no reasonable expectations of recovering of a financial asset in its entirety or a portion thereof. The Group individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Group expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

Non-financial assets

The carrying amount of the Group's non-financial assets, other than inventories and deferred tax assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. The recoverable amount of an asset or cash generating unit is the greater of its value in use and its fair value less cost to sell. In assessing value in use, the estimated future cash flows are discounted to their present values using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash generating unit.

An impairment loss is recognized if the carrying amount of the assets or its cash generating unit exceeds its estimated recoverable amount. Impairment losses are recognized in profit or loss. Impairment losses recognized in respect of cash generating units are allocated to reduce the carrying amounts of the assets in a unit on a pro rata basis. Impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to that extent that the asset's carrying amount after the reversal does not exceed the carrying amount that would have been determined, net of depreciation and amortization, if no impairment loss had been recognized.

3.10 Off setting of financial instruments

Financial assets and liabilities are off-set and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognized amounts and there is an intention and ability to settle on a net basis, or realize the asset and settle the liability simultaneously.

3.11 Cash and cash equivalents

Cash and cash equivalents for the purpose of statement of cash flows comprise cash in hand, running finance and cash at banks.

3.12 Revenue recognition

Revenue from contracts with customers is recognised, when control of goods is transferred to the customers, at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods excluding sales taxes and trade discounts. Specific revenue and other income recognition policies are as follows:

3.12.1 Sale of goods

Revenue from sale of goods is recognized at the point in time when control of the asset is transferred to the customer which on the basis of current agreement with majority of the customers, is when the goods are dispatched to customers and in very few cases when goods are delivered to the customers, in case of local sales. Further in case of export sale, control is transferred when goods are shipped to the customers or received at customer's country port.

3.12.2 Dividends

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

3.12.3 Interest income

Interest income is recognised as it accrues under the effective interest method using the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying amount of the financial asset.

3.13 Contract liabilities

A contract liability is the obligation of the Group to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Group transfers goods or services to the customer, a contract liability is recognized when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognized as revenue when the Group performs under the contract. It also includes refund liabilities arising out of customers‘ right to claim amounts from the Group on account of contractual delays in delivery of performance obligations and incentive on target achievements.

3.14 Foreign currency translations

Transactions in foreign currencies are initially recorded at the rates of exchange ruling on the dates of transactions. Monetary assets and liabilities denominated in foreign currencies are retranslated into Pak Rupees at exchange rates prevailing on the statement of financial position date. All exchange differences are charged to consolidated statement of profit or loss account.

3.15 Borrowings

All borrowings are recorded at the proceeds received. Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use are added to the cost of those assets, until such time as the assets are substantially ready for their intended use. All other borrowing costs are charged to consolidated statement of profit or loss account in the period in which these are incurred.

3.16 Provisions

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

3.17 Earnings per share (EPS)

Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Group by weighted average number of ordinary shares outstanding during the year.

Diluted EPS is calculated by adjusting basic EPS with weighted average number of ordinary shares that would be issued on conversion of all dilutive potential ordinary shares into ordinary shares and post-tax effect of changes in profit or loss attributable to ordinary shareholders of the Group that would result from conversion of all dilutive potential ordinary shares into ordinary shares.

3.18 Dividend to ordinary shareholders

Dividend to ordinary shareholders is recognized as a deduction from accumulated profit in statement of changes in equity and as a liability in the Group’s consolidated financial statements in the year in which the dividends are approved by the Board of Directors or the Group’s shareholders as the case may be.

3.19 Mark-up bearing borrowings

Mark-up bearing borrowings are recognized initially at cost representing the fair value of consideration received less attributable transaction costs. Subsequent to initial recognition, mark-up bearing borrowings are stated at original cost less subsequent repayments, while the difference between the original recognized amounts (as reduced by periodic payments) and redemption value is recognized in the consolidated statement of profit or loss account over the period of borrowings on an effective rate basis. The borrowing cost on qualifying asset is included in the cost of related asset.

3.20 Share Capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognized as a deduction from equity, net of any tax effects.

3.21 Contingent liabilities

A 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.

3.22 Segment reporting

A segment is a distinguishable component of the Group that is engaged either in providing products or services (business segment), or in providing products or services with in a particular economics environment (geographical segment), which is subject to risk and rewards that are different from other segments. Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker who is responsible for allocating resources and assessing performance of the operating segment, has been identified as the Board of Directors of the Group that makes strategic decisions.

4. STANDARDS, INTERPRETATIONS AND AMENDMENTS TO PUBLISHED APPROVED ACCOUNTING STANDARDS THAT ARE NOT YET EFFECTIVE

4.1 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 July 2020:

- Amendment to IFRS 3 'Business Combinations' – Definition of a Business (effective for business combinations for which the acquisition date is on or after the beginning of annual period beginning on or after 1 January 2020). The IASB has issued amendments aiming to resolve the difficulties that arise when an entity determines whether it has acquired a business or a group of assets. The amendments clarify that to be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs. The amendments include an election to use a concentration test. The standard is effective for transactions in the future and therefore would not have an impact on past consolidated financial statements.

- Amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors (effective for annual periods beginning on or after 1 January 2020). The amendments are intended to make the definition of material in IAS 1 easier to understand and are not intended to alter the underlying concept of materiality in IFRS Standards. In addition, the IASB has also issued guidance on how to make materiality judgments when preparing their general purpose financial statements in accordance with IFRS Standards. However, the amendments are not likely to effect the consolidated financial statements of the Group.

- On 29 March 2018, the International Accounting Standards Board (the IASB) has issued a revised Conceptual Framework for Financial Reporting which is applicable immediately contains changes that will set a new direction for IFRS in the future. The Conceptual Framework primarily serves as a tool for the IASB to develop standards and to assist the IFRS Interpretations Committee in interpreting them. It does not override the requirements of individual IFRSs and any inconsistencies with the revised Framework will be subject to the usual due process – this means that the overall impact on standard setting may take some time to crystallize. The companies may use the Framework as a reference for selecting their accounting policies in the absence of specific IFRS requirements. In these cases, companies should review those policies and apply the new guidance retrospectively as of 1 January 2020, unless the new guidance contains specific scope outs.

- Interest Rate Benchmark Reform which amended IFRS 9, IAS 39 and IFRS 7 is applicable for annual financial periods beginning on or after 1 January 2020. The G20 asked the Financial Stability Board (FSB) to undertake a fundamental review of major interest rate benchmarks. Following the review, the FSB published a report setting out its recommended reforms of some major interest rate benchmarks such as IBORs. Public authorities in many jurisdictions have since taken steps to implement those recommendations. This has in turn led to uncertainty about the long-term viability of some interest rate benchmarks. In these amendments, the term 'interest rate benchmark reform' refers to the market-wide reform of an interest rate benchmark including its replacement with an alternative benchmark rate, such as that resulting from the FSB's recommendations set out in its July 2014 report 'Reforming Major Interest Rate Benchmarks' (the reform). The amendments made provide relief from the potential effects of the uncertainty caused by the reform. A company shall apply the exceptions to all hedging relationships directly affected by interest rate benchmark reform. However, the amendments are not likely to effect the consolidated financial statements of the Group.

- Amendments to IFRS-16- IASB has issued amendments to IFRS 16 (the amendments) to provide practical relief for lessees in accounting for rent concessions. The amendments are effective for periods beginning on or after 1 June 2020, with earlier application permitted. Under the standard's previous requirements, lessees assess whether rent concessions are lease modifications and, if so, apply the specific guidance on accounting for lease modifications. This generally involves remeasuring the lease liability using the revised lease payments and a revised discount rate. In light of the effects of the COVID-19 pandemic, and the fact that many lessees are applying the standard for the first time in their financial statements, the Board has provided an optional practical expedient for lessees. Under the practical expedient, lessees are not required to assess whether eligible rent concessions are lease modifications, and instead are permitted to account for them as if they were not lease modifications. Rent concessions are eligible for the practical expedient if they occur as a direct consequence of the COVID-19 pandemic and if all the following criteria are met:

  - the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
  - any reduction in lease payments affects only payments originally due on or before 30 June 2021; and
  - there is no substantive change to the other terms and conditions of the lease

  However, the amendments are not likely to effect the consolidated financial statements of the Group.

- 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. However, the amendments are not likely to effect the consolidated financial statements of the Group.

- Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37) effective for the annual period beginning on or after 1 January 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. However, the amendments are not likely to effect the consolidated financial statements of the Group.

- 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. However, the amendments are not likely to effect the consolidated financial statements of the Group.

Annual Improvements to IFRS standards 2018-2020:

The following annual improvements to IFRS standards 2018-2020 are effective for annual reporting periods beginning on or after 1 January 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 B3.3.6 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 amendments are effective from annual period beginning on or after 1 January 2020 and are not likely to have an impact on Group's consolidated financial statements.

5. SHARE CAPITAL

5.1 Authorised share capital

	Note	Number of shares	2020	2019
			(Rupees in thousand)	
(2019: 800,000,000) ordinary shares of Rs. 10 each	5.1.1	1,400,000,000	14,000,000	8,000,000
(2019: 100,000,000) 9.75% redeemable cumulative preference shares of Rs. 10 each		100,000,000	1,000,000	1,000,000
		1,500,000,000	15,000,000	9,000,000

5.1.1 Pursuant to the approval of the Board of Directors and the shareholders in their meeting held on 19 September 2019 and 26 October 2019, respectively, the Holding Company has increased its authorized share capital during the year.

5.2 Issued, subscribed and paid-up share capital

	Note	Number of shares	2020	2019
			(Rupees in thousand)	
Number of shares				
(2019: 356,326,596) ordinary shares of Rs. 10 each fully paid in cash	5.2.2	860,972,162	8,609,721	3,563,266
(2019: 35,834,100) ordinary shares of Rs. 10 each issued as fully paid for consideration other than cash		35,834,100	358,341	358,341
(2019: 46,069,400) ordinary shares of Rs. 10 each issued as fully paid bonus shares		46,069,400	460,694	460,694
(2019: 153,846,153) ordinary shares of Rs. 10 each issued as fully paid right shares at discount	5.2.3	153,846,153	1,538,462	1,538,462
(2019: 1,624,417) ordinary shares of Rs. 10 each issued on conversion of preference shares into ordinary shares	5.2.4	1,624,417	16,244	16,244
	5.2.1	1,098,346,232	10,983,462	5,937,007

5.2.1 Movement of issued, subscribed and paid-up share capital

	Note	Number of shares	2020	2019
At beginning of the year		593,700,666	5,937,007	5,937,007
Ordinary shares issued during the year	5.2.2	504,645,566	5,046,455	-
At end of the year		1,098,346,232	10,983,462	5,937,007

5.2.2 During the year, the Holding Company has issued 504,645,556 ordinary shares at the rate of Rs. 12 per share (including share premium of Rs.2 per share). The same has been approved by Board of Directors ("the Board") and shareholders in their meeting held on 19 September 2019 and 26 October 2019 respectively.

5.2.3 During the financial year ended 30 June 2011, the Holding Company issued 153,846,153 shares at Rs. 6.50 per share at a discount of Rs. 3.50 per share otherwise than right against Rs. 1,000 million to the Ultimate Holding Company, after complying with all procedural requirements in this respect.

5.2.4 During the financial years ended 30 June 2011 and 30 June 2012, 1,321,095 preference shares were converted into 1,624,417 ordinary shares at a conversion rate of 1.2296.

5.3 The Ultimate Holding Company holds 606,497,944 (2019: 327,836,727) ordinary shares, which represents 55.22% (2019: 55.22%) of total ordinary issued, subscribed and paid-up share capital of the Holding Company.

5.4 Directors of the Holding Company hold 96,706 (2019: 61,196) ordinary shares of Rs. 10 each of the Holding Company.

6. CAPITAL RESERVES

	Note	2020	2019
		(Rupees in thousand)	
Capital redemption reserve	6.1	528,263	528,263
Share premium reserve	6.2	6,060,550	5,112,037
		6,588,813	5,640,300

6.1 This reserve was created under section 85 of the repealed Companies Ordinance, 1984 for redemption of preference shares.

6.2 This reserve can be utilized by the Holding Company only for the purpose specified in section 81(2) of the Companies Act, 2017.

7. SURPLUS ON REVALUATION OF FIXED ASSETS - NET OF TAX

	2020	2019
	(Rupees in thousand)	
At beginning of the year	5,058,008	5,362,272
Surplus on revaluation during the year	147,454	-
Related deferred tax liability	37,641	-
Surplus on disposal of fixed assets during the year - net of deferred tax	(1,535)	(3,411)
Related deferred tax liability	(604)	(1,138)
Transfer to unappropriated profit in respect of incremental depreciation charged during the year - net of deferred tax	(212,642)	(223,170)
Related deferred tax liability	(83,699)	(76,545)
At end of the year	4,944,623	5,058,008
Deferred tax liability on revaluation surplus		
At beginning of the year	1,173,528	1,097,729
Tax on surplus during the year	37,641	-
Transferred to unappropriated profit in respect of disposal of fixed assets during the year	(604)	(1,138)
Transferred to unappropriated profit in respect of incremental depreciation charged during the year	(83,699)	(76,545)
Effect of change in effective tax rate due to proportion of local and export sales	150,601	153,482
At end of the year	1,277,467	1,173,528
	3,667,156	3,884,480

7.1 The Group's freehold land, buildings on freehold land, roads, bridges and railway sidings and plant and machinery are revalued by Arif Evaluators, an independent valuer not connected with the Holding Company and approved by Pakistan Banks' Association (PBA) in "any amount" category, at 30 June 2020. The basis of revaluation for items of these fixed assets were as follows:

Freehold land

Fair market value of freehold land was assessed through inquiries to real estate agents and property dealers in near vicinity of freehold land. Different valuation methods and exercises were adopted according to experience, location and other usage of freehold land. Valuer had also considered all relevant factors as well.

Buildings on freehold land, roads, bridges and railway sidings

Construction specifications were noted for each building and structure and new construction rates are applied according to construction specifications for current replacement values. After determining current replacement values, depreciation was calculated to determine the current assessed market value.

Plant and machinery

Suppliers and different cement plant consultants in Pakistan and abroad were contacted to collect information regarding current prices of comparable cement plant to determine current replacement value. Fair depreciation factor for each item is applied according to their physical condition, usage and maintenance.

8. LONG TERM LOANS FROM FINANCIAL INSTITUTIONS - SECURED

	Lender	Sanctioned Limit	2020	2019	Remaining Tenor of Principal Repayments	Mark-up as per Agreement	Security
		---------- Rupees in '000' ----------					
1	Askari Bank Limited - Term Finance	1,000,000	707,129	989,981	20 equal quarterly installments starting from 28 March 2022.	3-Month KIBOR + 0.75% payable quarterly in arrears (except as disclosed in note 15.1) to be set on day of first draw down and then on 1st working day of each quarter.	1st joint pari passu charge of Rs 667 million over fixed assets of the Company with 25% margin and Personal Guarantee of Mr. Tariq Sayeed Saigol and Mr. Sayeed Tariq Saigol (sponsoring directors).
2	Bank of Punjab - Demand Finance	2,000,000	1,253,119	1,754,367	20 equal quarterly installments starting from 27 May 2022.	3-Month KIBOR + 0.75% payable quarterly in arrears to be reset on last working day of preceding calendar quarter.	1st pari passu charge over all present and future fixed assets of the Company.
3	MCB Bank Limited - Demand Finance	2,000,000	1,367,920	1,915,088	20 equal quarterly installments starting from 22 June 2022.	3-Month KIBOR + 0.75% payable quarterly in arrears to be reset on 1st working day of each quarter.	1st joint pari passu charge of Rs. 6,667 million over all present and future fixed assets of the Company with 25% margin.
4	National Bank of Pakistan - Demand Finance	5,500,000	2,994,285	3,708,570	21 equal quarterly installments starting from 30 September 2021.	3-Month KIBOR + 0.75% payable quarterly in arrears to be set on last business day before first draw down and then on immediately preceding day of each quarter.	1st joint pari passu charge of Rs. 7,334 million over fixed assets of the Company, Lien on NBP project accounts and personal guarantee of Mr. Tariq Sayeed Saigol and Mr. Sayeed Tariq Saigol (sponsoring directors).
5	Samba Bank - Term Finance	750,000	450,000	750,000	12 equal quarterly installments starting from 20 March 2022.	3-Month KIBOR + 0.75% payable quarterly in arrears to be reset on 1st working day of each calendar quarter.	Joint pari passu charge of Rs. 1,000 million on entire present and future fixed assets of the Company.
6	MCB Bank Limited (EX NIB) - Term Finance	2,000,000	1,488,379	1,984,505	21 equal quarterly installments starting from 4 May 2022.	3-Month KIBOR + 0.75% payable quarterly in arrears to be set on the first working day of every quarter.	1st joint pari passu charge of Rs. 6,667 million over all present and future fixed assets of the Company.
7	MCB Islamic - Diminishing Musharikah	1,500,000	1,104,167	1,500,000	18 equal quarterly installments starting from 27 March 2022.	3-Month KIBOR + 0.70% payable quarterly in arrears to be set on the date of first day of disbursement and to be reset on 1st working day of calendar quarter.	1st joint pari passu charge of Rs. 6,667 million over all present and future fixed assets, personal guarantee of Mr. Tariq Sayeed Saigol and Mr. Sayeed Tariq Saigol (sponsoring directors).
8	Habib Bank Ltd. - Term Finance	1,000,000	714,286	1,000,000	20 equal quarterly installments starting from 28 September 2022.	3-Month KIBOR + 0.75% payable quarterly in arrears to be set on last business day before first draw down and then on immediately preceding day of each quarter.	Joint pari passu equitable and hypothecation charge of Rs. 1,334 million over all present and future fixed assets of the Company.
9	Askari Bank Limited - Term Finance	500,000	125,000	375,000	5 equal quarterly installments starting from 04 March 2022.	3-Month KIBOR + 1.25% payable quarterly in arrears (except as disclosed in note 15.1) to be set on last business day before first draw down and then on immediately preceding day of each quarter.	1st joint pari passu charge of Rs. 667 million over fixed assets of the Company with 25% margin and Personal Guarantee of Mr. Tariq Sayeed Saigol and Mr. Sayeed Tariq Saigol (sponsoring directors).

	Lender	Sanctioned Limit	2020	2019	Remaining Tenor of Principal Repayments	Mark-up as per Agreement	Security
		---------- Rupees in '000' ----------					
10	Bank of Punjab - Demand Finance	1,500,000	374,339	1,197,885	5 equal quarterly installments starting from 06 April 2022.	3-Month KIBOR + 1.25% payable quarterly in arrears to be set on the day of 1st draw down and then on last working day of preceding calendar quarter.	1st pari passu charge of Rs. 2,000 million over fixed assets of the Company with 25% margin and Personal Guarantee of Mr. Tariq Sayeed Saigol and Mr. Sayeed Tariq Saigol (sponsoring directors).
11	MCB Bank Limited - Demand Finance	1,000,000	185,145	592,466	5 equal quarterly installments starting from 06 April 2022.	3-Month KIBOR + 1.15% payable quarterly in arrears to be reset on 1st working day of each calendar quarter.	1st joint pari passu charge of Rs. 6,667 million over all present and future fixed assets of the Company and Personal Guarantee of Mr. Tariq Sayeed Saigol and Mr. Sayeed Tariq Saigol (sponsoring directors).
12	National Bank of Pakistan - Demand Finance	1,000,000	250,000	800,000	5 equal quarterly installments starting form 06 April 2022.	3-Month KIBOR + 1.25% payable quarterly in arrears to be set on the date of first disbursement and subsequently at the beginning of each calendar quarter on the basis of rate as at last working day of immediately preceding calendar quarter.	1st pari passu charge of Rs. 1334 million over all present and future fixed assets of the Company, personal guarantee of Mr. Tariq Sayeed Saigol and Mr. Sayeed Tariq Saigol (sponsoring directors).
13	MCB Islamic Bank - Diminishing Musharikah	500,000	166,667	437,500	8 equal quarterly installments starting from 13 December 2022.	3-Month KIBOR + 0.7% payable quarterly in arrears to be set on the date of first disbursement and subsequently at the beginning of each quarter.	Joint pari passu charge of Rs. 667 million over all present and future fixed assets of the Company, personal guarantee of Mr. Tariq Sayeed Saigol and Mr. Sayeed Tariq Saigol (sponsoring directors).
14	Allied Bank Limited- SBP refinance for Wages and Salaries	500,000	433,179	-	8 equal quarterly installments starting from 31 January 2021.	Currently 3 months KIBOR+ 1% per annum, however SBP rate +1 % per annum after approval of SBP.	1st pari passu charge over all fixed assets of the Company with 25% margin.
15	PAIR Investment Company Limited	300,000	150,000	300,000	8 equal quarterly installments starting from 28 September 2021.	3 months KIBOR +1 % p.a. payable quarterly with the first payment falling due at the end of the 3rd month from the first disbursement date and subsequently every three months thereafter.	1st pari passu charge over present and future fixed assets of the Company with 25% margin.
	Total	21,050,000	11,763,615	17,305,362			
	Long term portion of cash finance and others (note 17.1.2)		534,487	-			
	Long term portion of finance against trust receipts (note 17.6.2)		32,956	-			
	Less: Current portion of long term loans from financial institutions - secured		(125,000)	(1,315,135)			
	Long term portion of loans from financial institutions		12,206,058	15,990,227			

8.1 The Holding Company has un-availed long term facilities amounting to Rs. 3,000 million (2019: Rs. 4,647.49 million).

9. LONG TERM DEPOSITS

These represent deposits received from dealers and are being utilized by the Group in accordance with the terms of dealership agreements.

10. DEFERRED TAXATION

	2020	2019
	(Rupees in thousand)	
Deferred tax liability on taxable temporary differences arising in respect of:		
- accelerated tax depreciation on fixed assets	5,115,992	4,511,901
- surplus on revaluation of fixed assets	1,277,467	1,173,528
	6,393,459	5,685,429
Deferred tax asset on deductible temporary differences arising in respect of:		
- provision against doubtful debts	(52,400)	(46,745)
- unused tax losses	(2,781,037)	(1,320,544)
- tax credit under section 65B	(119,870)	(560,839)
- employees' retirement benefits	(60,712)	(51,374)
	(3,014,019)	(1,979,502)
	3,379,440	3,705,927

10.1 Movement in deferred tax balances is as follows:

	2020	2019
At beginning of the year	3,705,927	3,418,172
Effect of initial application of IFRS 9 recognized in equity	-	(36,540)
	3,705,927	3,381,632
Recognized in consolidated statement of profit or loss account:		
- accelerated tax depreciation on fixed assets	604,091	2,135,030
- surplus on revaluation of fixed assets	(84,303)	(77,683)
- unused tax losses	(1,460,493)	(1,320,544)
- tax credit under section 65B	440,969	(560,839)
- employees' cretirement benefits	(11,843)	5,715
- provision for doubtful debts	(5,655)	(2,455)
	(517,234)	179,224
Recognized directly in equity		
Effect on deferred tax due to change in effective tax rate due to proportion of local and export sales	150,601	153,482
Recognized in other comprehensive income:		
- employees' retirement benefits	2,505	(8,411)
- surplus on revaluation of fixed assets	37,641	-
	3,379,440	3,705,927

10.2 This represents deferred tax asset on unused tax losses amounting to Rs. 9,589.78 million (2019: Rs. 4,553.60 million) recognised on the basis of future expected taxable profits. Out of total unused tax losses, business losses amounting to Rs. 1,697.01 million will expire by tax year 2026 and depreciation losses amounting to Rs. 7,892.77 million are available for adjustment for indefinite period in accordance with the provisions of Income Tax Ordinance, 2001.

	Note	2020	2019
		(Rupees in thousand)	
11. RETIREMENT BENEFITS			
Accumulated compensated absences	11.1	126,963	106,184
Gratuity	11.2	87,989	99,170
		214,952	205,354

11.1 Accumulated compensated absences

The actuarial valuation of the Group's accumulated compensated absences was conducted on 30 June 2020 using projected unit credit method. Detail of obligation for accumulated compensated absences is as follows:

	2020	2019
	(Rupees in thousand)	
11.1.1 Movement in the present value of defined benefit obligations is as follows:		
Present value of defined benefit obligations at beginning of the year	106,184	102,396
Current service cost for the year	12,275	9,842
Reversal of prior year's service cost due to actuarial valuation during the year	-	(10,981)
Interest cost for the year	14,354	8,618
Actuarial losses on present value of defined benefit obligations	8,531	6,784
Benefits paid during the year	(14,381)	(10,475)
Present value of defined benefit obligation at end of the year	126,963	106,184
11.1.2 Charge for the year		
In consolidated statement of profit or loss account		
Current service cost for the year	12,275	9,842
Reversal of prior year's service cost due to actuarial valuation during the year	-	(10,981)
Interest cost for the year	14,354	8,618
Actuarial losses on present value of defined benefit obligations	8,531	6,784
	35,160	14,263

11.1.3 Sensitivity analysis

If the significant actuarial assumptions used to estimate the liability of compensated absences at the reporting date, had fluctuated by 100 bps with all other variables held constant, the present value of the defined benefit obligation as at 30 June 2020 would have been as follows:

	Compensated absences	
	Present value of defined benefit obligation	
	Increase in assumption	Decrease in assumption
	(Rupees in thousand)	
Discount rate + 100 bps	114,646	141,615
Future salary increase + 100 bps	141,361	114,663

The sensitivity analysis of the defined benefit obligation to the significant actuarial assumptions has been performed using the same calculation techniques as applied for calculation of defined benefit obligation reported in the consolidated statement of financial position.

11.1.4 At 30 June 2020, the average duration of the defined benefit obligation was 11 years.

11.1.5 Actuarial assumptions

The following are the principal actuarial assumptions as at 30 June 2020:

	2020	2019
Discount rate used for interest cost in profit or loss	14.50%	10.00%
Discount rate used for year end obligations	8.50%	14.50%
Expected rate of growth per annum in future salaries	7.50%	13.50%
Expected mortality rate	SLIC 2001 - 2005 Setback 1 Year	
Retirement assumptions	60 Years	60 Years

11.2 Gratuity

The latest actuarial valuation of the Group's defined benefit plan, was conducted on 30 June 2020 using projected unit credit method. Detail of obligation for defined benefit plan is as follows:

The amounts recognized in the statement of consolidated financial position are as follows:

	Note	2020	2019
		(Rupees in thousand)	
Present value of defined benefit obligation	11.2.1	156,026	167,576
Less: Fair value of plan assets	11.2.2	(70,163)	(69,263)
Add: Payable to ex-employees		2,126	857
Net liability at end of the year		87,989	99,170
Net liability at beginning of the year		99,170	81,368
Charge to statement of profit or loss account for the year	11.2.3	19,032	11,727
Charge to other comprehensive income for the year	11.2.3	(8,870)	33,620
Contribution made during the year		(21,343)	(27,545)
Net liability at end of the year		87,989	99,170

11.2.1 Movement in the present value of defined benefit obligations is as follows:

	2020	2019
Present value of defined benefit obligations at beginning of the year	167,576	146,800
Current service cost for the year	6,695	5,682
Interest cost for the year	21,900	11,934
Benefits due but not paid	(1,269)	(857)
Actuarial (gain) / losses on present value of defined benefit obligations	(12,363)	31,562
Benefits paid during the year	(26,513)	(27,545)
Present value of defined benefit obligation at end of the year	156,026	167,576

11.2.2 Movement in the fair value of plan assets is as follows:

	2020	2019
Fair value of plan assets at beginning of the year	69,263	65,432
Contributions made during the year	21,343	27,545
Expected return on plan assets for the year	9,563	5,889
Actuarial loss on plan assets	(3,493)	(2,058)
Less: Benefits paid during the year	(26,513)	(27,545)
Fair value of plan assets at end of the year	70,163	69,263

Plan assets comprise of:

	2020	2019
NAFA Government Securities Liquid Fund	20,053	18,424
Accrued Interest	-	1,183
Habib Metropolitan Bank Limited	-	48,900
Special saving certificates	48,000	-
Cash at bank	2,110	756
	70,163	69,263

	2020	2019
	(Percentage)	
Plan assets comprise of:		
Equity	28.58%	26.60%
Debt Securities	68.41%	0.00%
Cash at bank	3.01%	73.40%
	100.00%	100.00%

	2020	2019
	(Rupees in thousand)	
11.2.3 Charge for the year		
In consolidated statement of profit or loss account		
Current service cost for the year	6,695	5,682
Interest cost for the year	21,900	11,934
Expected return on plan assets for the year	(9,563)	(5,889)
	19,032	11,727
In consolidated other comprehensive income		
Actuarial (gain) / loss on retirement benefits - net	(8,870)	33,620
	10,162	45,347

Actuarial assumptions

The following are the principal actuarial assumptions as at 30 June 2020:

	2020	2019
Discount rate used for year end obligations	8.50%	14.25%
Discount rate used for interest cost in profit or loss	14.25%	9.00%
Expected rate of growth per annum in future salaries	7.50%	13.25%
Expected mortality rate	SLIC 2001 - 2005 Setback 1 Year	
Retirement assumptions	60 Years	60 Years

11.3 The Group's expects to charge Rs. 12.24 million to consolidated statement of profit or loss account on account of defined benefit plan in the year ending 30 June 2021.

11.4 Sensitivity analysis

If the significant actuarial assumptions used to estimate the defined benefit obligation at the reporting date, had fluctuated by 100 bps with all other variables held constant, the present value of the defined benefit obligation as at 30 June 2020 would have been as follows:

	Gratuity	
	Present value of defined benefit obligation	
	Increase in assumption	Decrease in assumption
	(Rupees in thousand)	
Discount rate + 100 bps	149,337	163,345
Future salary increase + 100 bps	163,345	149,217

The sensitivity analysis of the defined benefit obligation to the significant actuarial assumptions has been performed using the same calculation techniques as applied for calculation of defined benefit obligation reported in the consolidated statement of financial position.

11.5 At 30 June 2020, the average duration of the defined benefit obligation was 4 years.

11.6 Compensated absence and gratuity charge to consolidated profit or loss for the year has been allocated as follows:

	Note	2020	2019
		(Rupees in thousand)	
Cost of sales	33.2	43,221	18,020
Administrative expenses	35.1	8,483	6,520
Distribution expenses	34.1	2,488	1,450
		54,192	25,990

12. RETENTION MONEY PAYABLE

This amount represents retention money payable to M/s FLS Smidth amounting to Euro 3.801 million (equivalent to Rs. 421.841 million at the exchange rate prevailing on the date of signing of contract, i.e. 16 January 2017) on meeting the agreed performance guarantee. The amount is payable after the expiry of two years period following the fulfillment of performance guarantee and has been accounted for at present value using discount rate of 7% per annum.

13. PAYABLE TO GOVERNMENT AUTHORITY

This represents non-current portion of Gas Infrastructure Development Cess (GIDC) payable to Sui Northern Gas Pipelines Limited (SNGPL) by the Holding Company. During previous years, the Holding Company, along with various other companies had challenged the legality and validity of levy and demand of GIDC in Honourable Lahore High Court which was pending adjudication at the year end. However, subsequent to the year end, Supreme Court of Pakistan vide judgement dated 13 August 2020, while dismissing appeals filed by various industrial and commercial entities with respect to the legality and validity of levy and demand of GIDC, has decided the case in favor of SNGPL. Now the unpaid amount of GIDC is payable in 24 equal monthly installments starting from 01 August 2020. Accordingly, the related non-current portion has been reclassified to non-current liabilities as at 30 June 2020.

14. TRADE AND OTHER PAYABLES

	Note	2020	2019
		(Rupees in thousand)	
Trade creditors		3,257,091	2,638,965
Due to the Ultimate Holding Company		35,528	-
Bills payable - secured		750,472	851,659
Payable to Workers' Profit Participation Fund	14.1	1,284,355	1,285,967
Accrued liabilities	14.2	647,804	761,354
Contract liability	14.3	236,220	526,560
Payable to Workers' Welfare Fund		4,844	4,844
Payable to Provident Fund Trust		1,116	12,861
		6,217,430	6,082,210
Payable to Government on account of:			
Federal Excise Duty payable		961,578	726,771
Royalty and Excise Duty payable		55,859	25,228
Sales Tax payable - net		279,845	122,184
Other Taxes payable		213,095	191,843
Electricity duty		92,296	57,064
		1,602,673	1,123,090
Contractors' retention money	14.4	271,258	315,877
Payable against redemption of preference shares		1,016	1,018
Security deposits repayable on demand	14.5	64,101	58,780
Other payables		19,053	14,290
		355,428	389,965
		8,175,531	7,595,265

14.1 Payable to Workers' Profit Participation Fund

	Note	2020	2019
At beginning of the year		1,285,967	1,239,489
Allocation for the year		70,661	140,966
Less: Paid during the year		(72,273)	(94,488)
At end of the year	14.1.1	1,284,355	1,285,967

14.1.1 The outstanding WPPF liability include Rs. 1,213.69 being the leftover amount payable to Workers Welfare Fund in terms of Companies Profits Worker's Participation Act, 1968 pertaining to the financial year ended 30 June 2012 to 30 June 2019. According to the 18th amendment to the Constitution of Pakistan in 2010, all labour / labour welfare laws have become provincial subject, and accordingly the left over amount is no more payable to the Federal Treasury. Major strength of Company's employees eligible for benefit of WPPF are working in the Province of Punjab and accordingly potential amount of left over amount of WPPF is required to be paid to the relevant provincial authority as held by the Honourable Sindh High Court in its judgment in C.P. No. D-1313 of 2013 announced on February 12, 2018. The Government of Punjab has enacted Companies Profits (Workers' Participation) (Amendment) Ordinance 2018 which is silent about the payment of the amount in excess of employees' entitlement. Further in view of legal constraint and constraints as aforementioned, the management is of the view that no markup is due on the unpaid amount.

14.2 This includes current portion of GIDC payable as at 30 June 2020, amounting to Rs. 166.38 million, as explained in note 13 to these consolidated financial statements.

14.3 This represents advance received from customers for future sale of goods. During the year, the Group has recognised revenue amounting to Rs 310.66 million, out of the contract liability as at 01 July 2019.

14.4 This represents retention money withheld from contractors and are repayable after satisfactory completion of contracts.

14.5 This represents security deposits received from distributors and contractors of the Group. Distributors and contractors have given the Group a right to utilize deposits in ordinary course of business.

15. MARK-UP ACCRUED ON BORROWINGS

	Note	2020	2019
		(Rupees in thousand)	
Profit / mark-up accrued on:			
- Long term loans	15.1	314,057	456,190
- Short term borrowings	15.1	195,877	126,837
	15.2	509,934	583,027

15.1 During the year, the Holding Company has availed deferment of accrued markup, on facilities availed from Askari Bank Limited, under BPRD Circular Letter No. 13 of 2020, dated 26 March 2020, of State Bank of Pakistan. As per deferment terms, accrued markup of Rs. 34.52 million from 01 January 2020 to 30 June 2020 is now payable on 30 September 2020. Accordingly, the accrued markup relating to short term borrowings and long term loans, amounting to Rs. 11.94 million and Rs. 22.58 million, respectively , accrued as at 30 June 2020 relating to Askari Bank Limited is now payable on 30 September 2020.

15.2 Mark-up accrued on loans includes Rs. 6.542 million (2019: Rs. 13.546 million) related to an arrangement permissible under Shariah are from financial institutions and remaining mark up pertains to the loans from conventional banks.

16. ADVANCE TAX- NET

	Note	2020	2019
		(Rupees in thousand)	
At beginning of the year		1,276,588	960,358
Tax deducted / deposited at source		985,668	835,459
Tax paid related to prior period		-	6,525
Tax refunds received		(298,918)	(418,939)
Tax adjusted against WWF liability		-	(87,162)
		1,963,338	1,296,241
Provision during the year:			
- current		(50,642)	-
- prior	16.2 & 16.4	(91,458)	(19,653)
		(142,100)	(19,653)
		1,821,238	1,276,588

16.1 Through Order-in-Original No.18/2009 dated 24 December 2009, the tax department finalized the adjudication proceeding in respect of audit conducted by the department auditors for tax year 2009 and raised a demand of principal sales tax and FED aggregating to Rs. 336.74 million along with applicable default surcharges and penalties. The Holding Company preferred appeal against such order under the applicable provisions of Sales Tax Act, 1990 and Federal Excise Act, 2005 before the ATIR. During the year, the Holding Company's appeal has been disposed of through appellate order dated 24 March 2020. Through the said appellate order, the ATIR has decided the matter in favor of the Holding Company on legal grounds.

16.2 Assistant Commissioner Inland Revenue through order dated 31 May 2018 raised a demand of Rs. 44.58 million under section 122(5A) for the tax year 2012 on the disallowance of adjustment of tax credit under section 65B and withholding of tax under section 154 of the Income Tax Ordinance, 2001. The Holding Company filed an appeal before the CIR(A). CIR(A) decided the matter relating to adjustment of tax credit u/s 65B of the ordinance in favor of the Holding Company whereas the imposition of tax u/s 154 has been remanded back to the tax department. The tax authorities have filed an appeal before ATIR which is pending adjudication at the year end. However, being prudent the Holding Company has recorded the provision of Rs. 44.58 million, during the year, in these consolidated financial statements.

16.3 Deputy Commissioner Inland Revenue through order dated 31 July 2017 raised a demand of Rs. 2.46 million under section 122(5A) for the tax year 2011 of the Income Tax Ordinance, 2001. The demand was later reduced to Rs. 2.056 million on 14 March 2018. The Holding Company has preferred an appeal before CIR(A). During the year, CIR(A), through order dated 17 April 2020, decided the issues relating to enhancement of minimum tax liability and apportionment of admissible / inadmissible deductions against the Holding Company. Being aggrieved, the Holding Company has preferred an appeal before the ATIR, which is pending adjudication. However, management and tax advisor of the Holding Company are hopeful of favorable outcome of the case. Accordingly no provision has been incorporated in these consolidated financial statements.

16.4 The Additional Commissioner Inland Revenue, Audit, Range, Zone - 1, Large Taxpayers Unit, Lahore (ACIR) initiated proceedings, vide order dated 13 March 2019, against the Holding Company under section 122(9) read with section 122(5A) of the Income Tax Ordinance 2001 (the "Ordinance"). The notice was duly responded by tax advisor of the Holding Company via letter numbered "T 259" dated 22 July 2019. During the year, proceedings are concluded and ACIR raised an additional tax demand of Rs. 303.360 million through amendment order, dated 27 January 2020, passed under section 122(5A) of the Ordinance.The Holding Company preferred an appeal against the amendment order before the Commissioner Inland Revenue (Appeals) - CIR(A). The CIR(A), through his order dated 6 May 2020, decided all the matters in favor of the Holding Company except for issues relating to claim of depreciating and initial allowance, without reducing tax credit claimed under section 65B of the Ordinance from the cost of the asset and apportionment of advertisement & sales promotion expenses. The Holding Company, as well as the tax authorities, have preferred an appeal before the Appellant Tribunal Inland Revenue (ATIR), which is pending adjudication at the year end. However, being prudent the Holding Company has recorded the provision of Rs. 46.88 million, during the year, in these consolidated financial statements.

16.5 The Deputy Commissioner Inland Revenue, Audit - 2, Zone I, Large Taxpayers Unit, Lahore ('DCIR') passed an appeal effect order dated 31 July 2017 under section 124/129 of the Ordinance, giving effect to an earlier order passed by CIR(A). While passing the order, the DCIR made certain errors which were assailed before CIR(A) in second round of appeal. During the year, CIR(A), through order dated 17 April 2020, decided the issues relating to enhancement of minimum tax liability and apportionment of admissible deductions against the Company. Being aggrieved, the Holding Company has preferred an appeal before the ATIR, which is pending adjudication. However, management and tax advisor of the Holding Company are hopeful of favorable outcome of the case. Accordingly no provision has been incorporated in these consolidated financial statements.

17. SHORT TERM BORROWINGS

	Note	2020	2019
		(Rupees in thousand)	
Holding Company			
Banking and financial institutions:			
- Cash finance and others	17.1.1	5,805,561	2,705,524
- Running finance	17.2	538,000	1,108,676
-Temporary bank overdrafts - unsecured	17.3	298,751	201,287
Subsidiary Company			
- Short term running finance	17.5	200,000	200,000
- Finance against trust receipts	17.6	331,513	299,756
- Temporary bank overdrafts - unsecured	17.3	7,990	-
- Islamic mode of financing	17.7	-	177,793
		7,181,815	4,693,036

17.1 Cash finance and others

	Note	2020	2019
Cash finance and others facilities availed	17.1.1	6,340,048	2,705,524
Classified to long term loans	17.1.2	(534,487)	-
		5,805,561	2,705,524

17.1.1 These facilities have been obtained from various banking companies for working capital requirements and are secured by charge over current and future assets of the Holding Company; lien marked over import documents and title of ownership of goods imported under letters of credit. These facilities will be expiring on different dates till 31 December 2020.

The cash finance and other facilities carry mark-up at the rates ranging from 3.00% to 17.64% (2019: 3.00% to 21.00%) per annum payable quarterly except as disclosed in note 15.1 to these consolidated financial statements.

The Holding Company has unavailed cash finance and others funded facilities aggregating Rs. 811 million (2019: Rs. 864 million) at the year end and the Holding Company has unavailed facilities for opening letters of credit/guarantee aggregating Rs. 2,866 million (2019: Rs.5,710 million) at the year end.

During the year, the Holding Company has availed deferment of principal amount of finance against trust receipt facility from various commercial banks under BPRD Circular Letter No. 13 of 2020, dated 26 March 2020, of the State Bank of Pakistan. As per deferment terms, the outstanding principal of Rs. 4,096 million has been deferred for six months to one year with amended maturity dates falling between 01 September 2020 and 25 August 2021.

17.1.2 As explained in note 17.1.1 above, pursuant to deferment of finance against trust receipt facility from various commercial banks, the non-current portion of deferred principal amount has been classified to long term loans.

17.2 The Holding Company has unavailed running finance funded facilities aggregating Rs. 1,355 million (2019 Rs. 55 million). These are secured against same securities as mentioned in note 17.1.1 above.

The running finance carry mark-up at the rates ranging from 8.39% to 15.36% (2019: 7.33% to 13.30%) per annum payable quarterly except as disclosed in note 15.1 to these consolidated financial statements.

17.3 This represents temporary overdraft due to cheques issued by the Group at the statement of financial position date.

17.4 All loans are mark-up based from conventional banks.

17.5 This represents utilized amount of short term running finance facility availed from National Bank of Pakistan with an accumulated sanctioned limit of Rs.200 million (2019:Rs.200 million) carries mark-up at the rate of three months KIBOR plus 0.75% (2019: three month KIBOR plus 0.5%) per annum payable quarterly. This facility is secured against first pari passu charge of 267 million over all present and future current assets and moveable fixed assets of the Subsidiary Company. The expiry date of the facility is 30 June 2020 and the Subsidiary Company has applied for the renewal of the said facility which is under process.

17.6 Finance against trust receipts	Note	2020 (Rupees in thousand)	2019 (Rupees in thousand)
Finance against trust receipts availed	17.6.1	364,469	299,756
Classified to non-current	17.6.2	(32,956)	-
		331,513	299,756

17.6.1 This represents utilized amount of finance against trust receipt facilities availed from various commercial banks with accumulated sanctioned limit of Rs. 1,500 million (2019: Rs. 1,300 million). These carry mark-up rates ranging from 3 month / 1 month KIBOR plus 0.50% to 0.75% (30 June 2019: 3 month / 1 month KIBOR plus 0.50% to 1.5%) per annum, payable quarterly. These facilities are secured against first pari passu charge of Rs.667 million over all present and future moveable fixed assets of the Subsidiary Company with 25% margin, corporate guarantee of the Holding Company, and assignment of receivables of the Holding Company. During the year, the Subsidiary Company has availed deferment of principal amount of finance against trust receipt facility from Bank of Punjab under BPRD Circular Letter No. 13 of 2020, dated 26 March 2020, of State Bank of Pakistan. As per deferment terms, the outstanding principal of Rs 331.51 million and Rs. 32.9 million has been deferred for twelve months with amended maturity date of 25 June 2021 and 03 July 2021 respectively.

17.6.2 As explained in note 17.6.1 above, pursuant to deferment of finance against trust receipt facility from Bank of Punjab, the non-current portion of deferred principal amount has been classified to long term loan.

17.7 Islamic mode of financing	Note	2020 (Rupees in thousand)	2019 (Rupees in thousand)
Murabaha	17.7.1	-	177,793
		-	177,793

17.7.1 This represented facilities under islamic mode of financing availed from MCB Islamic Bank Limited which is fully settled during the year. These carried mark-up at the rate of 3 months KIBOR plus 1.25% (30 June 2019: 3 months KIBOR plus 1.25%) per annum, payable quarterly. This facility was secured against first joint parri passu charge over fixed assets of the Subsidiary Company with a margin of 25% and corporate guarantee of the Holding Company. These facilities were expired on 31 March 2020.

18. CONTINGENCIES AND COMMITMENTS

18.1 Contingencies

The Holding Company

18.1.1 The Holding Company has filed writ petitions before the Honorable Lahore High Court against the legality of judgment passed by the Customs, Excise and Sales Tax Appellate Tribunal in 2004 whereby the Holding Company was held liable on account of wrongful adjustment of input sales tax on raw materials. The amount involved pending adjudication before the Honorable Lahore High Court is Rs.10.01 million out of which Rs. 3 million had already been paid during previous years. No provision has been made in these consolidated financial statements in respect of the matter as the management and the Holding Company's legal advisor are confident that the ultimate outcome of this case will be in favor of the Holding Company.

18.1.2 The Holding Company has filed an appeal before the Customs, Central Excise and Sales Tax Appellate Tribunal, Karachi against the order of the Deputy Collector Customs whereby the refund claim of the Holding Company amounting to Rs. 12.35 million was rejected and the Holding Company was held liable to pay an amount of Rs. 37.05 million by way of 10% customs duty allegedly leviable in terms of SRO 584(I)/95 and 585(I)/95 dated 01 July 1995. The impugned demand was raised by the department on the alleged ground that the Holding Company was not entitled to exemption from payment of customs duty and sales tax in terms of SRO 279(I)/94 dated 02 April 1994.

The Honorable Lahore High Court, upon the Holding Company's appeal, vide its order dated 06 November 2001 has decided the matter in favor of the Holding Company; however, the Collector of Customs has preferred a petition before the Honorable Sindh High Court, which is pending adjudication. No provision has been made in these consolidated financial statements in respect of the above stated amount as the management and the Holding Company's legal advisor are confident that the ultimate outcome of this case will be in favor of the Holding Company.

18.1.3 The Show Cause Notice was issued to the Holding Company on 04 December 1999 and demand was raised by the CBR for payment of duties and taxes on the plant and machinery imported by the Holding Company (pursuant to the exemption granted in terms of SRO 484(I)/92 allegedly on the ground that the plant could be locally manufactured and was therefore not exempt). A total demand of Rs.1,386.72 million was raised by the CBR out of which an amount of Rs. 449.328 Million was deposited by the Holding Company (initially the Holding Company deposited Rs. 269.328 million and subsequently deposited further amount of Rs. 180.00 million). Initially, the matter was decided in favor of the Holding Company as per the judgment of the Lahore High Court in W.P. No. 6794/2000. Against the aforesaid judgment of Lahore High Court, the customs department had filed appeal before the Supreme Court of Pakistan which was decided by the Hon'ble Supreme Court vide judgment dated 21.12.2011 with the direction to file reply to the Show Cause Notice before the Collector of Customs, Faisalabad. The Holding Company has filed its reply before the Collector of Customs, Faisalabad who decided the same against the Holding Company through an Order-in-Original No. 6/2014 dated 09.07.2014. The said Order-in-Original was challenged by the Holding Company by way of filing of Appeal No. 172/LB/2014 before the Customs Appellate Tribunal, Lahore who vide Judgment dated 21.08.2019 has granted partial relief to the Holding Company with direction to the Customs Department to recalculate the customs duty in accordance with the list communicated by EDB vide letter dated 21.06.2006. The matter is now pending before the Collector of Customs, Faisalabad and fresh calculation of demand is yet awaited. No provision has been made in these consolidated financial statements in respect of the above stated amount as the management and the Holding Company's legal advisor are confident that the ultimate outcome of this case will be in favor of the Holding Company.

18.1.4 The Holding Company has filed an appeal before the Honorable Supreme Court of Pakistan against the judgment of the Division Bench of the Honorable High Court of Sindh at Karachi. The Division Bench, by judgment dated 15 September 2008, has partly accepted the appeal by declaring that the levy and collection of infrastructure cess / fee prior to 28 December 2006 was illegal and ultra vires and after 28 December 2006, it was legal and the same was collected by the Excise Department in accordance with the law. The appeal has been filed against the declaration that after 28 December 2006, the Excise Department has collected the infrastructure cess / fee in accordance with law. The Province of Sindh and Excise and Taxation Department has also preferred an appeal against the judgment decided against them. The Honorable Supreme Court consolidated both the appeals and were set aside. Thereafter, law has been challenged in constitution petition in the Honorable High Court of Sindh at Karachi. Stay has been granted by the Honorable High Court of Sindh on 31 May 2011 on payment of 50% of the cess to the Excise Department and on furnishing of bank guarantee for remaining 50% to them. The petition is pending for hearing and stay is continuing.

The management and the Holding Company's legal advisor are confident that the ultimate outcome of this case will be in favor of the Holding Company. Accordingly no provision for remaining 50% liability has been incorporated in these consolidated financial statements.

18.1.5 The Holding Company has filed an appeal before the Honorable Sindh High Court to challenge Sindh Development and Maintenance on levy and collection of infrastructure cess under Infrastructure Cess Act 2017. Stay has been granted by the Honorable High Court on 27 November 2017 in line with earlier petitions explained in note 18.1.4 of these consolidated financial statements, i.e. on payment of 50% of the cess to the Excise Department and on furnishing of bank guarantee for remaining 50% to them. The petition is pending for hearing and stay is continuing.

18.1.6 Competition Commission of Pakistan, vide order dated 27 August 2009, has imposed penalty on twenty cement factories of Pakistan at the rate of 7.5% of the turnover value. The Commission has imposed penalty amounting to Rs. 586.19 million on the Holding Company. The Commission has alleged that provisions of section 4(1) of the Competition Commission Ordinance, 2007 have been violated. However, after the abeyance of Honorable Islamabad High Court pursuant to the judgment of Honorable Supreme Court of Pakistan dated 31 July 2009, the titled petition has become infructuous and the Holding Company has filed a writ petition no. 15618/2009 before the Honorable Lahore High Court. No provision has been made in these consolidated financial statements as the management and the Holding Company's legal advisor are confident that the ultimate outcome of this case will be in favor of the Holding Company.

18.1.7 The Additional Collector, Karachi has issued show cause notice alleging therein that the Holding Company has wrongly claimed the benefits of SRO No. 575(I)/2006 dated 05 June 2006 on the import of pre-fabricated buildings structure. Consequently, the Holding Company is liable to pay Government dues amounting to Rs. 5.55 million. The Holding Company has submitted reply to the show cause notice and currently proceedings are pending before the Additional Collector. No provision has been made in these consolidated financial statements as the management and the Holding Company's legal advisor are confident that the ultimate outcome of this case will be in favor of the Holding Company.

18.1.8 The customs department has filed an appeal against the judgment dated 19 May 2009, passed in favor of the Holding Company pursuant to which the Holding Company is not liable to pay custom duty amounting to Rs. 0.81 million relating to import of some machinery vide L/C No. 0176-01-46-518-1201 in terms of SRO 484(1)/92 dated 14 May 1992, and SRO 978(1)/95 dated 04 October 1995. The appeal is pending before the Honorable Lahore High Court. No provision has been made in these consolidated financial statements as the management and the Holding Company's legal advisor are confident that the ultimate outcome of this case will be in favor of the Holding Company.

18.1.9 Surcharge of Rs. 154 million has been imposed by Mines and Minerals Department, Government of the Punjab under Rule 68(2) of Punjab Mining Concession Rules, 2002 ("Rules") against which the Holding Company has filed writ petition against Government of Punjab via writ petition No. 1008/2014 to challenge the basis of Rules. The Honorable Lahore High Court dismissed the petition since the matter was being reviewed by the relevant authority. Management and the Holding Company's legal advisor are confident that the ultimate outcome of this case will be in favor of the Holding Company.

18.1.10 Contingencies relating to tax matters are disclosed in note 16 to these consolidated financial statements.

The Subsidiary Company

18.1.11 The Subsidiary Company has filed an appeal before the Honorable Sindh High Court to challenge Sindh Development and Maintenance on levy and collection of infrastructure cess under Infrastructure Cess Act 2017. Stay has been granted by the Honorable High Court on 27 November 2017 on payment of 50% of the cess to the Excise Department and on furnishing of bank guarantee for remaining 50% to them. The petition is pending for hearing and stay is continuing. The management is confident that the ultimate outcome of this case will be in favor of the Subsidiary Company.

	2020	2019
	(Rupees in thousand)	
18.2 Commitments		
18.2.1 in respect of:		
- capital expenditure	5,088	529,999
- spare parts	52,227	2,956
- irrevocable letters of credit for stores and spares	215,483	326,077
	272,798	859,032

18.2.2 Guarantees given by banks on behalf of the Company are of Rs. 789.01 million (2019: Rs. 670.039 million) in favor of Sui Northern Gas Pipeline Limited and Government Institutions.

19. PROPERTY, PLANT AND EQUIPMENT

	Note	2020	2019
		(Rupees in thousand)	
Operating fixed assets	19.1	48,614,403	51,608,025
Capital work in progress	19.2	871,386	428,416
Stores and spares held for capital expenditure	19.3	54,047	59,917
		49,539,836	52,096,358

19.1 Operating fixed assets

	Cost / Revalued amount						Depreciation					
	At 01 July 2019	Revaluation adjustment for the year (note 7)	Additions	Disposals	At 30 June 2020	Rate	At 01 July 2019	Revaluation adjustment for the year (note 7)	For the year	Disposals	At 30 June 2020	Net book value at 30 June 2020
	Rupees in thousand					Percentage	Rupees in thousand					
Owned												
Freehold land												
- cost	822,154	-	-	-	822,154	-	-	-	-	-	-	822,154
- surplus on revaluation	360,830	9,053	-	-	369,883	-	-	-	-	-	-	369,883
	1,182,984	9,053	-	-	1,192,037		-	-	-	-	-	1,192,037
Buildings on freehold land												
- cost	14,549,240	-	153,015	-	14,702,255	5 - 10	2,804,416	-	633,080	-	3,437,496	11,264,759
- surplus on revaluation	297,607	60,477	-	-	358,084	5 - 10	113,578	21,723	11,132	-	146,433	211,651
	14,846,847	60,477	153,015	-	15,060,339		2,917,994	21,723	644,212	-	3,583,929	11,476,410
Roads, bridges and railway sidings												
- cost	139,874	-	527	-	140,401	5 - 10	86,683	-	5,302	-	91,985	48,416
- surplus on revaluation	3,854	574	-	-	4,428	5 - 10	2,525	376	204	-	3,105	1,323
	143,728	574	527	-	144,829		89,208	376	5,506	-	95,090	49,739
Plant and machinery												
- cost	50,411,448	-	266,954	(43,636)	50,634,766	5 - 20	16,868,405	-	2,579,205	(26,891)	19,420,719	31,214,047
- surplus on revaluation	7,264,861	271,539	-	(4,279)	7,532,121	5 - 20	2,753,027	134,450	285,005	(2,140)	3,170,342	4,361,779
	57,676,309	271,539	266,954	(47,915)	58,166,887		19,621,432	134,450	2,864,210	(29,031)	22,591,061	35,575,826
Furniture, fixtures and equipment	487,583	-	12,216	-	499,799	10 - 30	343,653	-	33,256	-	376,909	122,890
Quarry equipment	177,391	-	14,853	-	192,244	20	166,508	-	12,183	-	178,691	13,553
Vehicles	369,959	-	2,642	(31,815)	340,786	20	137,983	-	37,954	(19,097)	156,840	183,946
Share of joint assets	6,000	-	-	-	6,000	10	5,998	-	-	-	5,998	2
	1,040,933	-	29,711	(31,815)	1,038,829		654,142	-	83,393	(19,097)	718,438	320,391
	74,890,801	341,643	450,207	(79,730)	75,602,921		23,282,776	156,549	3,597,321	(48,128)	26,988,518	48,614,403

	Cost / revalued amount						Depreciation					
	At 01 july 2018	Revaluation adjustment for the year	Additions	Disposals	At 30 June 2019	Rate	At 01 July 2018	Revaluation adjustment for the year	For the year	Disposals	At 30 June 2019	Net book value at 30 June 2019
	Rupees in thousand					Percentage	Rupees in thousand					
Owned												
Freehold land												
- cost	55,018	-	767,136	-	822,154	-	-	-	-	-	-	822,154
- surplus on revaluation	360,830	-	-	-	360,830	-	-	-	-	-	-	360,830
	415,848	-	767,136	-	1,182,984		-	-	-	-	-	1,182,984
Buildings on freehold land												
- cost	7,139,659	-	7,409,581	-	14,549,240	5 - 10	2,466,469	-	337,947	-	2,804,416	11,744,824
- surplus on revaluation	297,607	-	-	-	297,607	5 - 10	102,581	-	10,997	-	113,578	184,029
	7,437,266	-	7,409,581	-	14,846,847		2,569,050	-	348,944	-	2,917,994	11,928,853
Roads, bridges and railway sidings												
- cost	138,090	-	1,784	-	139,874	5 - 10	81,052	-	5,631	-	86,683	53,191
- surplus on revaluation	3,854	-	-	-	3,854	5 - 10	2,325	-	200	-	2,525	1,329
	141,944	-	1,784	-	143,728		83,377	-	5,831	-	89,208	54,520
Plant and machinery												
- cost	32,910,444	-	17,692,180	(191,176)	50,411,448	5 - 20	15,047,472	-	1,914,543	(93,610)	16,868,405	33,543,043
- surplus on revaluation	7,273,958	-	-	(9,097)	7,264,861	5 - 20	2,469,057	-	288,518	(4,548)	2,753,027	4,511,834
	40,184,402	-	17,692,180	(200,273)	57,676,309		17,516,529	-	2,203,061	(98,158)	19,621,432	38,054,877
Furniture, fixtures and equipment	463,272	-	24,311	-	487,583	10 - 30	305,346	-	38,307	-	343,653	143,930
Quarry equipment	170,311	-	7,080	-	177,391	20	159,776	-	6,732	-	166,508	10,883
Vehicles	322,548	-	83,166	(35,755)	369,959	20	110,886	-	46,880	(19,783)	137,983	231,976
Share of joint assets	6,000	-	-	-	6,000	10	5,998	-	-	-	5,998	2
	49,141,591	-	25,985,238	(236,028)	74,890,801		20,750,962	-	2,649,755	(117,941)	23,282,776	51,608,025
	49,141,591	-	25,985,238	(236,028)	74,890,801		20,750,962	-	2,649,755	(117,941)	23,282,776	51,608,025

19.1.1 Additions in operating fixed assets include transfers from capital work-in-progress amounting to Rs. 113.985 million (2019: Rs. 25,544.026 million).

19.1.2 Ownership of the housing colony's assets included in the operating fixed assets is shared by the Holding Company jointly with Agritech Limited in ratio of 101:245 since the time when both the companies were managed by Pakistan Industrial Development Corporation. These assets are in possession of the housing colony establishment for mutual benefits.

19.1.3 Buildings, roads, bridges and railway sidings, plant and machinery are located at freehold land measuring 10,145 kanals located at Iskandrabad District Mianwali.

19.1.4 Had the certain classes of operating fixed assets not been revalued the net book value would have been as follows:

	2020	2019
	(Rupees in thousand)	
Freehold land	822,154	822,154
Buildings on freehold land	11,264,759	11,744,199
Roads, bridges and railway sidings	48,416	53,191
Plant and machinery	31,214,047	33,368,579
	43,349,376	45,988,123

19.1.5 The latest valuation of Group's assets was carried as at 30 June 2020 and the forced sale values as at the date of revaluation are disclosed below:

	(Rupees in thousand)
Freehold land	953,630
Buildings on freehold land	9,170,936
Roads, bridges and railway sidings	39,842
Plant and machinery	28,454,046
	38,618,454

19.1.6 Depreciation charge for the year has been allocated as follows:

	Note	2020	2019
		(Rupees in thousand)	
Cost of sales	33	3,537,233	2,591,704
Administrative expenses	35	53,398	53,753
Distribution expenses	34	6,690	4,298
		3,597,321	2,649,755

19.1.7 Disposal of property, plant and equipment

Particulars	Cost	Accumulated depreciation	Net book value	Sale value	Gain / (loss)	Mode of disposal	Relationship with the company	Particulars of purchaser
	(-----------------	Rupees in thousand	-----------------	)				
Plant and machinery								
Parts Of Clay Crushing	1,573	1,309	264	1,640	1,376	Auction	Third Party	M/s. Karam Dad Khan
Turbine / generator	1,300	451	849	1,355	506	Auction	Third Party	M/s. Karam Dad Khan
Kiln Rotax	1,722	862	860	1,795	935	Auction	Third Party	M/s. Karam Dad Khan
Lime Stone Intake & Crusher	3,410	1,707	1,703	3,556	1,853	Auction	Third Party	M/s. Karam Dad Khan
Semi Hydrostatic Shoes, Gear Unit	6,482	1,678	4,804	5,333	529	Auction	Third Party	M/s. Muhammad Hayat Khan
Raw Mill	2,592	2,157	435	2,703	2,268	Auction	Third Party	M/s. Karam Dad Khan
Lime Stone Storage	3,003	2,499	504	3,131	2,627	Auction	Third Party	M/s. Karam Dad Khan
Cement Mill	787	642	145	820	675	Auction	Third Party	M/s. Karam Dad Khan
Piston Rod	6,045	5,289	756	738	(18)	Auction	Third Party	M/s. Muhammad Hayat Khan
Inverter Module	2,575	2,318	257	287	30	Auction	Third Party	M/s. Muhammad Hayat Khan
Chain Strands Set	2,803	1,756	1,047	1,119	72	Auction	Third Party	M/s. Muhammad Hayat Khan
Bearing Cylindrical Roller	6,062	3,496	2,566	2,757	191	Auction	Third Party	M/s. Muhammad Hayat Khan
Bearing Spherical Roller	8,281	4,776	3,505	3,766	261	Auction	Third Party	M/s. Muhammad Hayat Khan
Others	1,280	91	1,189	1,280	91	Auction	Third Party	M/s. Karam Dad Khan
	47,915	29,031	18,884	30,280	11,396			
Vehicles								
Suzuki Cultus	1,419	514	905	1,300	395	Buy Back	Employee	M/s. Mr. Nifaz Ali
Suzuki Cultus	1,154	514	640	1,061	421	Auction	Third Party	M/s. Augmentech Business
Suzuki Cultus	1,603	276	1,327	1,375	48	Buy Back	Employee	Mr. Salman Arif
Suzuki Cultus	1,419	433	986	1,350	364	Buy Back	Employee	Mr.Muhammad Suhail Ameer
Suzuki Cultus	1,124	555	569	1,060	491	Insurance Claim	Third Party	EFU General Insurance Limited
Suzuki Cultus	1,124	529	595	824	229	Auction	Third Party	M/S Abdul Hameed Chohan
Suzuki Cultus	1,124	529	595	1,033	438	Auction	Third Party	M/S Muhammad Iqbal
Toyota Corolla	2,044	1,234	810	1,450	640	Buy Back	Employee	M/s. Shaher Yar Khurram Bhutta
Toyota Corolla	2,387	1,534	853	876	23	Buy Back	Employee	Mr. Zamiruddin Azar
Vehicles having net book value of less than Rs. 500,000 each	18,417	12,979	5,438	12,718	7,280			
	31,815	19,097	12,718	23,047	10,329			
2020	79,730	48,128	31,602	53,327	21,725			
2019	236,028	117,941	118,087	102,173	(15,913)			

	Note	2020	2019
		(Rupees in thousand)	
19.2 Movement in capital work-in-progress - at cost			
At beginning of the year		428,416	16,873,730
Additions during the year		556,955	9,098,712
Less: Transfers during the year	19.1.1	(113,985)	(25,544,026)
At end of the year		871,386	428,416
19.2.1 Capital work-in-progress - at cost			
Civil Works		6,089	34,531
Building		203,372	130,452
Plant and machinery		318,413	21,155
Roads and bridges		314,629	141,220
Advances to suppliers against:			
- civil works		415	2,830
- plant and machinery		28,468	98,228
		871,386	428,416

19.3 This represents stores held for capital expenditure related to Holding Company's expansion project.

20. INTANGIBLE ASSETS

	Note	2020	2019
		(Rupees in thousand)	
At beginning of the year		83,885	78,666
Additions during the year		-	5,219
At end of the year		83,885	83,885
Accumulated Amortization			
At beginning of the year		70,356	61,855
Amortization for the year		4,506	8,501
At end of the year		74,862	70,356
Net book value		9,023	13,529
Amortization rate - % per annum		33%	33%

20.1 Amortization charge for the year has been allocated as follows:

	Note	2020	2019
Cost of sales	33	1,664	4,239
Administrative expenses	35	2,842	4,262
		4,506	8,501

	Note	2020	2019
		(Rupees in thousand)	

21. LONG TERM LOANS TO EMPLOYEES - SECURED

	Note	2020	2019
House building		11,360	11,813
Vehicles		1,995	1,834
Others		17,350	16,100
		30,705	29,747
Less: Current portion presented under current assets	26	(11,509)	(9,923)
		19,196	19,824

21.1 These loans are secured against employees' retirement benefits and carry interest at the rates ranging from 6% per annum (30 June 2019: 6 % to 12 % per annum). These loans are recoverable in 30 to 60 monthly instalments.

21.2 This includes loans to executives amounting to Rs. 6.31 million (2019: Rs. 6.71 million). Further, no amount was due from Directors and Chief Executive at the year end (2019: Rs. Nil).

22. LONG TERM DEPOSITS

This includes deposits with various utility companies, regulatory authorities and others.

23. STORES, SPARE PARTS AND LOOSE TOOLS

	Note	2020 (Rupees in thousand)	2019 (Rupees in thousand)
Stores	23.1	4,505,839	3,373,860
Spare parts		4,192,145	3,936,301
Loose tools		165,249	130,910
		8,863,233	7,441,071

23.1 Stores and spares include items in transit amounting to Rs. 1,500.16 million (2019: Rs. 992.02 million).

24. STOCK-IN-TRADE

	2020 (Rupees in thousand)	2019 (Rupees in thousand)
Raw material	90,975	126,120
Packing material	209,413	184,690
Work-in-process	903,522	928,144
Finished goods	575,494	500,060
	1,779,404	1,739,014

24.1 This include stock held at third party, amounting to Rs. 37.46 million as at 30 June 2020.

25. TRADE DEBTS

	Note	2020	2019
		(Rupees in thousand)	
Export debtors			
Considered good - unsecured		26,051	354,894
Local debtors			
Considered good - unsecured		3,026,079	2,328,864
Considered doubtful - unsecured		180,689	161,189
Less: Provision for doubtful balances	25.1	(180,689)	(161,189)
		3,026,079	2,328,864
		3,052,130	2,683,758

25.1 The movement in provision for impairment of receivables is as follows:

	Note	2020	2019
		(Rupees in thousand)	
At beginning of the year		161,189	25,000
Effect of initial application of IFRS 9		-	126,000
		161,189	151,000
Expected credit loss charge for the year	35	19,500	10,189
At end of the year		180,689	161,189

25.2 Trade debts are non-interest bearing and ageing analysis of trade debts is as follows:

	2020	2019
	(Rupees in thousand)	
Not past due	953,507	1,420,505
Past due		
1 - 90 days	1,292,750	1,206,732
91 - 180 days	431,275	41,876
181 - 270 days	295,994	15,838
271 - 365 days	94,960	16,043
366 - above days	164,333	143,953
	3,232,819	2,844,947
Less: Provision for doubtful balances	(180,689)	(161,189)
	3,052,130	2,683,758

26. LOANS AND ADVANCES

	Note	2020 (Rupees in thousand)	2019 (Rupees in thousand)
Advances - unsecured, considered good			
- Employees	26.1	17,936	29,245
- Suppliers	26.2	226,513	572,398
		244,449	601,643
- Current portion of long term loans to employees - secured	21	11,509	9,923
Government Authorities			
Sales tax		-	2,519
Collector of customs	26.4	219,868	185,462
Refunds due from Government	26.5	16,797	17,399
		492,623	816,946

26.1 This includes loans to executives amounting to Rs. 11.09 million (2019: Rs. 11.16 million). Further, there are no loans due from Directors and Chief Executive at the year end (2019: Nil).

26.2 This includes an amount of Rs. 78.56 million (2019: Rs. 273.14 million) advanced to Ministry of Railways for transportation of coal and cement.

26.3 There has been no loans and advances to any foreign company at the year end. (2019: Nil).

26.4 This include Rs. 180 million paid under protest as disclosed in note 18.1.3 to these consolidated financial statements.

26.5 This represents amount paid to Government under protest for various cases which have been decided in favor of the Holding Company.

27. SHORT TERM INVESTMENT

	Note	2020 (Rupees in thousand)	2019 (Rupees in thousand)
Investment at fair value through profit or loss - listed securities			
Next Capital Limited: 1,500,000 (2019: 1,500,000) ordinary shares of Rs. 10 each 1,875,000 (2019: 1,875,000) right shares of Rs. 8 each Market value Rs. 7.48 per share (2019: Rs. 5.3 per share)			
Cost			
At beginning and end of the year		30,000	30,000
Unrealized fair value gain / (loss)			
At beginning of the year		(12,113)	2,062
Fair value gain / (loss) for the year	37	7,358	(14,175)
At end of the year		(4,755)	(12,113)
Fair value at 30 June		25,245	17,887
Investment at Amortised cost - debt instrument			
Term deposit receipts	27.1	50,000	-
		75,245	17,887

27.1 This represents term deposit having maturity of one year starting from 24 June 2020 and carries mark-up at the rate of 7.2% per annum.

27.2 There has been no investment in any foreign company during the year (30 June 2019: Nil).

		2020	2019
		(Rupees in thousand)	

28. SHORT TERM DEPOSITS AND PREPAYMENTS

	2020	2019
Margin against:		
- letters of credit	20,523	19,555
- bank guarantees	166,205	135,281
	186,728	154,836
Prepayments	5,030	33,562
Short term deposits	200	200
	191,958	188,598

29. ACCRUED PROFIT

This represents profit accrued on deposits and saving accounts at the rates ranging from 3.05% to 11.25% (2019: 4.14% to 10.25%) per annum.

30. OTHER RECEIVABLES

	Note	2020	2019
		(Rupees in thousand)	
Due from the Ultimate Holding Company - unsecured	30.1	-	2,761
Others	30.2	35,672	32,692
		35,672	35,453

30.1 This carries markup at 1% (2019: 1%) per annum in addition to the average borrowing rate of the Company or three months KIBOR whichever is higher.

30.2 This incudes Rs. 26.246 million (2019: Rs. 29.050 million) receivable against export rebates.

31. CASH AND BANK BALANCES

	Note	2020	2019
		(Rupees in thousand)	
- Cash in hand - local currency		8,901	9,069
- Cash in hand - foreign currency		1,472	1,442
		10,373	10,511
Cash at bank			
Current accounts:			
- foreign currency		12,106	4,567
- local currency	31.1	566,185	149,303
		578,291	153,870
Deposit accounts	31.2	470,218	360,424
		1,048,509	514,294
		1,058,882	524,805

31.1 These include deposits amounting to Rs. 3.753 million (2019: Rs 3.825 million) placed under an arrangement permissible under Shariah.

31.2 These carry return at 3.05% to 11.25% (2019: 4.14% to 10.25%) per annum. These include deposits amounting to Rs. 207.616 million (2019: Rs. 214.080 million) placed under an arrangement permissible under Shariah. Remaining balances represents deposits with conventional banks.

32. SALES - NET

	2020	2019
	(Rupees in thousand)	
Gross local sales	46,806,217	34,806,747
Less:		
Federal Excise Duty	(10,040,696)	(4,874,102)
Sales Tax	(8,027,602)	(5,656,806)
Discount	(553,777)	(335,899)
Commission	(226,643)	(142,066)
	(18,848,718)	(11,008,873)
Net local sales	27,957,499	23,797,874
Export sales	1,160,235	2,208,070
	29,117,734	26,005,944

32.1 Disaggregation of Revenue (Gross sales)

	2020	2019
Type of Customers		
Government Customers	1,467,841	2,519,235
Non-Government Customers	46,498,611	34,495,582
	47,966,452	37,014,817
Primary Geographical Markets		
Pakistan	46,806,217	34,806,747
Afghanistan	715,036	587,126
Comoros	65,790	-
Madagascar	100,953	-
Malawi	1,400	-
Bangladesh	-	312,747
India	-	1,011,584
Mozambique	3,608	3,224
Nigeria	862	-
Oman	56,903	93,617
Qatar	4,831	11,258
Seychelles	132,150	86,104
Sri Lanka	4,868	434
Tanzania	73,834	101,976
	47,966,452	37,014,817

	Note	2020	2019
		(Rupees in thousand)	

33. COST OF SALES

	Note	2020	2019
Raw materials consumed	33.1	2,245,003	1,201,960
Packing materials consumed		3,190,988	2,004,861
Fuel		13,090,611	9,947,094
Power and associated costs		2,485,184	749,172
Stores, spare parts and loose tools consumed		1,114,973	898,394
Water charges		129,660	118,325
Salaries, wages and other benefits	33.2	1,341,697	1,159,252
Rent, rates and taxes		29,864	59,593
Insurance		101,772	57,364
Repairs and maintenance		399,872	384,983
Depreciation	19.1.6	3,537,233	2,591,704
Amortization	20.1	1,664	4,239
Vehicles running and maintenance		207,156	194,940
Freight and Forwarding		557,435	872,747
Other expenses	33.3	149,980	158,729
		28,583,092	20,403,357
Work in process:			
At beginning of the year		928,144	665,606
At end of the year		(903,522)	(928,144)
		24,622	(262,538)
Cost of goods manufactured		28,607,714	20,140,819
Finished goods:			
At beginning of the year		500,060	303,589
At end of the year		(575,494)	(500,060)
		(75,434)	(196,471)
Cost of Sales		28,532,280	19,944,348

33.1 Raw materials consumed

	2020	2019
At beginning of the year	126,120	72,198
Add: Purchases made during the year	2,209,858	1,255,882
	2,335,978	1,328,080
Less: At end of the year	(90,975)	(126,120)
	2,245,003	1,201,960

33.2 Salaries, wages and other benefits expense includes contribution to provident fund trust amounting to Rs. 57.79 million (2019: Rs. 53.67 million) and gratuity and compensated absence as mentioned in note 11.6 to these consolidated financial statements.

33.3 Other expenses include housing colony expenses aggregating to Rs. 88.17 million (2019: Rs. 76.41 million).

34. DISTRIBUTION COST

	Note	2020	2019
		(Rupees in thousand)	
Salaries, wages and other benefits	34.1	206,076	172,427
Travelling and conveyance		103,373	100,276
Vehicle running and maintenance		32,028	22,231
Postage, telephone and fax		5,835	7,008
Printing, stationery and office supplies		3,504	5,178
Entertainment		21,564	16,496
Repair and maintenance		3,640	4,260
Depreciation	19.1.6	6,690	4,298
Legal and professional		2,097	4,177
Rent, rates and Taxes		4,579	4,125
Advertisement and sale promotions		371,600	533,581
Other expenses		56,072	59,187
		817,058	933,244

34.1 Salaries, wages and other benefits expense includes contribution to Provident Fund Trust amounting to Rs. 8.05 million (2019: Rs. 6.45 million) and gratuity and compensated absence as mentioned in note 11.6 to these consolidated financial statements.

35. ADMINISTRATIVE EXPENSES

	Note	2020	2019
		(Rupees in thousand)	
Salaries, wages and other benefits	35.1	380,783	312,201
Travelling		60,422	77,569
Vehicle running and maintenance		28,014	24,858
Postage, telephone and fax		16,720	20,436
Printing, stationery and office supplies		22,862	33,165
Entertainment		22,889	27,324
Repair and maintenance		14,558	24,165
Legal and professional charges	35.2	45,952	47,949
Consultancy and Subscription		50,732	48,769
Depreciation	19.1.6	53,398	53,753
Amortization	20.1	2,842	4,261
Provision for expected credit loss	25.1	19,500	10,189
Bad debts written off		5,643	-
Advances written off		7,755	-
Rent, rates and taxes		10,222	6,960
Other expenses		48,845	49,482
		791,137	741,081

35.1 Salaries, wages and other benefits expense includes contribution to Provident Fund Trust amounting to Rs. 13.90 million (2019: Rs. 11.19 million) and gratuity and compensated absence as mentioned in note 11.6 to these consolidated financial statements.

35.2 Legal and professional charges include following in respect of auditors' remuneration for:

	2020	2019
	(Rupees in thousand)	
Annual statutory audit	2,298	2,068
Interim review	540	460
Other certifications	1,100	600
Out of pocket expenses	658	489
	4,596	3,617

35.3 The Holding Company has shared expenses aggregating Rs. 22.15 million (2019: Rs. 30.06 million) on account of combined offices with the Holding Company. These expenses have been recorded in respective account.

36. OTHER CHARGES

	Note	2020	2019
		(Rupees in thousand)	
Donation	36.1	89,999	27,199
Workers' Profit Participation Fund (WPPF)	14.1	70,661	140,966
Unrealized loss on re-measurement of short term investment		-	14,175
Interest on advances from the Holding Company		-	2,116
Exchange loss- net		-	348,379
Loss on disposal of property, plant and equipment		-	15,913
		160,660	548,748

36.1 Donations for the year have been given to:

	2020	2019
Ghulab Devi Chest Hospital	73,237	-
Maple CSR Initiative as per DC Office requirement	6,060	-
Auditorium at Police Public School	3,500	-
Speed Monitoring System	2,000	-
Food Hampers Covid-19	2,000	-
Daud Khel water supply project	1,314	17,215
Beacon House National University	706	644
Road Safety Campaign DPO Mianwali	500	-
Financial assistance for the training certification program	315	-
Bushra Shaheen	225	325
City Entrance Wall Monument & Globe	119	-
Miscellaneous donations in the form of cement	23	-
Shaukat Khanum Memorial Trust	-	300
District Police Office Mianwali	-	6,028
District Management Mianwali	-	1,687
Mosque Lower Dir	-	1,000
	89,999	27,199

36.1.1 None of the Directors of the Company or their spouse have any interest in donees.

37. OTHER INCOME

	Note	2020	2019
		(Rupees in thousand)	
Income from financial assets			
Profit on bank deposits	37.1	33,712	21,110
Interest on loans to employees		696	381
Unrealised / realized gain on investments		7,358	13,358
Dividend Income		-	844
		41,766	35,693
Income from non financial assets			
Sale of scrap		3,982	9,895
Gain on disposal of property, plant & equipment		21,725	-
Exchange gain - net	37.2	40,353	-
Others		38,053	6,038
		104,113	15,933
		145,879	51,626

37.1 This includes profit earned on deposits under an arrangements which are permissible under Shariah amounting to Rs. 9.60 million (2019: Rs. 8.78 million). The remaining profit relates to interest / markup based arrangement from conventional banks.

37.2 This represents exchange gain net of loss incurred on actual currency conversions.

38. FINANCE COSTS

	Note	2020	2019
		(Rupees in thousand)	
Profit / interest / mark up on:			
- Long term loans from financial institutions	38.1	1,969,939	571,248
- Unwinding Interest - Retention money payable	12	-	22,968
- Short term borrowings	17	883,396	603,929
		2,853,335	1,198,145
Bank and other charges		43,636	32,866
		2,896,971	1,231,011

38.1 Finance cost amounting to Rs. Nil (2019: Rs. 1,111.83 million) relating to Line III project, has been capitalized.

39. TAXATION

	Note	2020	2019
		(Rupees in thousand)	
Income Tax			
- current		50,642	-
- prior	16.2 & 16.4	91,458	19,653
		142,100	19,653
Deferred		(517,234)	179,224
		(375,134)	198,877

39.1 Tax charge reconciliation

39.1.1 Numerical reconciliation between tax expense and accounting profit:

	2020	2019
	(Rupees in thousand)	
(Loss) / profit before taxation	(3,934,493)	2,659,138
Applicable tax rate as per Income Tax Ordinance, 2001	29%	29%
Tax on accounting (loss) / profit	(1,141,003)	771,150
Effect of final tax regime	55,607	(12,721)
Effect of exempt income	(338,700)	(288,542)
Effect of change in proportion of local and export sales	575,369	(290,663)
Effect of minimum tax	418,163	-
Effect of prior year adjustment	91,458	19,653
Others	(36,028)	-
	(375,134)	198,877

39.2 As per management's assessment, the provision for tax made in the consolidated financial statements is sufficient. A comparison of last three years' of income tax provision with tax assessment is presented below:

Tax Years	Note	Tax provision as per financial statements	Tax as per return (note 39.3)
		(Rupees in thousand)	
2017		2,188,241	2,159,527
2018		1,227,652	1,229,588
2019	39.4	-	-

39.3 Super tax amounting to Rs. 210.57 million and Rs. 134.26 million relating to the tax year 2017 and tax year 2018 respectively has been included in the amount of tax return for comparison purposes only. The Holding Company did not admit the liability on account of super tax in income tax returns for the tax year 2017 and tax year 2018 and contesting the case before Honourable Lahore High Court which is pending adjudication at the year end. However, being prudent, complete liability related to super tax was recorded in the consolidated financial statements of the respective years.

39.4 Income tax liability for the tax year 2019 was fully adjusted against tax credit under section 65(B) of Income Tax Ordinance 2001, accordingly no provision for the said tax year was required to be recorded in the consolidated financial statements.

40. (LOSS) / EARNINGS PER SHARE - BASIC AND DILUTED

	Unit	2020	2019 (Restated)
40.1 Basic (loss) / earnings per share			
(Loss) / profit after taxation	Rupees in '000	(3,559,359)	2,460,261
Weighted average number of ordinary shares	No. of shares in '000	914,309	688,752
	Rupees	(3.89)	3.57

40.2 Weighted average number of ordinary shares

	2020	2019 (Restated)
	No. of Shares in '000'	
Outstanding number of shares before right issue	593,701	593,701
Add: Restatement due to bonus element on right shares issued during the year	-	95,051
Add: Impact on weighted average number of shares due to right issued during the year	320,608	-
	914,309	688,752

40.3 There is no dilution effect on the basic earnings per share.

	Note	2020	2019
		(Rupees in thousand)	
41. CASH AND CASH EQUIVALENTS			
Short term running finance	17.2	(738,000)	(1,308,676)
Temporary bank overdrafts - unsecured	17.3	(306,741)	(201,287)
Musharika running finance	17.7	-	(177,793)
Cash and bank balances	31	1,058,882	524,805
		14,141	(1,162,951)

42. RELATED PARTY TRANSACTIONS AND BALANCES

The Group is a subsidiary of Kohinoor Textile Mills Limited (the “Ultimate Holding Company), accordingly all the subsidiaries and associated companies of the Ultimate Holding Company are related party of the Group. In addition Group’s related parties comprises of the directors of the Group, key management personnel and post employment retirement plan. Amount due from and due to related parties are shown under respective notes. Other significant transactions and balances with related parties except those disclosed elsewhere are as follows:

Name of parties	Relationship	Transactions	2020	2019
			(Rupees in thousand)	
a) Kohinoor Textile Mills Limited	Holding Company (55.22% equity held)	Sale of goods to related party	114,281	107,894
		Markup charged during the year	21,297	2,116
		Shared expenses charged to the Company	22,152	30,064
		Dividend paid	163,918	327,837
b) Key management personnel	Key management personnel	Remuneration and other benefits	181,787	166,628
c) Employee benefits				
Gratuity	Post employment benefit plan	Contribution	21,343	27,545
Provident Fund Trust	Employees benefit fund	Contribution	182,728	175,250

42.1 Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity. The Group considers all members of their management team, including Chief Executive Officer and Directors to be its key management personnel and these are disclosed below.

Name	Relationship	% of shareholding in the Group
Mr. Tariq Sayeed Saigol	Director / Key management personnel	0.0030%
Mr. Sayeed Tariq Saigol	Director / Key management personnel	0.0010%
Mr. Taufique Sayeed Saigol	Director / Key management personnel	0.0015%
Mr. Waleed Tariq Saigol	Director / Key management personnel	0.0010%
Mr. Danial Taufique Saigol	Director / Key management personnel	0.0005%
Mr. Jahanara Saigol	Director / Key management personnel	0.0002%
Mr. Shafiq Ahmed Khan	Director / Key management personnel	0.0014%
Mr. Zulfikar Monnoo	Director / Key management personnel	0.0003%
Mr. Syed Mohsin Raza Naqvi	Director / Key management personnel	N/A
Mr. Sohail Sadiq	Key management personnel	N/A
Mr. Yahya Hamid	Key management personnel	N/A
Mr. Amir Feroze	Key management personnel	N/A
Mr. Zeeshan Malik Bhutta	Key management personnel	N/A
Mr. Nasir Iqbal	Key management personnel	N/A
Mr. Tariq Ahmed Mir	Key management personnel	N/A
Mr. Amer Bilal	Key management personnel	N/A
Mr. Muhammad Sajjad	Key management personnel	N/A
Mr. Muhammad Basharat	Key management personnel	N/A

43. REMUNERATION OF CHAIRMAN, CHIEF EXECUTIVE, DIRECTORS, NON-EXECUTIVE DIRECTORS AND EXECUTIVES

The aggregate amounts charged in the consolidated financial statements for the year for remuneration, including all benefits to the Chairman, Chief Executive, Directors and Executives of the Company are as follows:

	2020				
	Directors				
	Chairman	Chief Executive	Executives	Non-Executives	Executives
	(Rupees in thousand)				
Short term benefits					
Managerial remuneration	30,450	28,058	14,439	-	190,010
House rent	6,930	6,386	1,079	-	60,498
Medical	-	-	69	-	4,617
Conveyance	-	2,233	973	-	20,795
Utilities	-	-	539	-	16,096
	37,380	36,677	17,099	-	292,016
Post employment benefits					
Contribution to Provident Fund Trust	2,310	2,129	1,079	-	16,098
	39,690	38,806	18,178	-	308,114
Numbers	1	1	1	5	78

	2019				
	Directors				
	Chairman	Chief Executive	Executives	Non-Executives	Executives
	(Rupees in thousand)				
Short term benefits					
Managerial remuneration	28,275	26,100	11,339	-	170,980
House rent	6,435	5,940	847	-	53,643
Medical	-	-	12	-	3,272
Conveyance	-	2,049	771	-	18,317
Utilities	-	-	424	-	14,475
	34,710	34,089	13,393	-	260,687
Post employment benefits					
Contribution to Provident Fund Trust	2,145	1,980	847	-	14,384
	36,855	36,069	14,240	-	275,071
Number	1	1	1	5	74

43.1 The Chairman, Chief Executive, Directors and some of the Executives are also provided with the Group's maintained cars in accordance with their terms of employment.

43.2 Aggregate amount charged in these consolidated financial statements in respect of meeting fee paid to Directors aggregated to Rs. 0.34 million (2019: Rs.0.31 million).

44. CAPACITY AND PRODUCTION

	Capacity		Actual Production	
	2020	2019	2020	2019
	---------------------- Metric tons --------------------			
Clinker	5,550,000	3,600,000	4,963,675	3,541,743

The capacity of plant has been determined on the basis of 300 production days. New line III became operational on 21 May 2019 and accordingly the capacity for the period from 21 May 2019 to 30 June 2020 has been increased.

45. SEGMENT REPORTING

45.1 Reportable segments

The Group has the following two strategic divisions, which are its reportable segments. These divisions offer different products and services and are managed separately because they require different technology and strategies.

The following summary describes the operations of each reportable segment.

Reportable segments	Operation
Cement manufacturing	The Maple Leaf Cement Limited (the "Holding Company") is operating as a cement manufacturing segment of the Group. The principal activity of the Holding Company is production and sale of cement.
Power generation	Maple Leaf Power Limited (the "Subsidiary Company") is operating as a electric power generation segment of the Group. The principal activity of the Subsidiary Company is to develop, design, operate and maintain electric power generation plant and in connection therewith to engage in the business of generation, sale and supply of electricity. The Subsidiary Company entered into a power purchase and steam purchase agreements with the Holding Company on 04 July 2017 and 31 October 2019 respectively which are valid for 20 years. Accordingly the Subsidiary Company sold 100% electricity and steam to the Holding Company during the year.

The management reviews internal management reports of each division.

45.2 Information about reportable segments

Information related to each reportable segment is set out below. Segment operating profit or loss as included in internal management reports reviewed by the Group's top management is used to measure performance because management believes that such information is the most relevant in evaluating the result of the respective segments relative to other entities that operate in the same industries.

	Cement manufacturing	Power generation	Inter segment elimnation	Total
	- - - - - - - - - - - - - - - - Rupees - - - - - - - - - - - - - - - -			
For the year ended 30 June 2020				
Revenue				
Revenue from external customer	29,117,734	-	-	29,117,734
Intersegment revenue	-	4,716,609	(4,716,609)	-
	29,117,734	4,716,609	(4,716,609)	29,117,734
Cost of sales	(29,845,269)	(3,428,317)	4,749,315	(28,524,271)
Distribution cost	(817,058)	-	-	(817,058)
Administrative expenses	(784,704)	(6,433)	-	(791,137)
Other charges	(89,999)	(70,661)	-	(160,660)
Other income				
Other income from external customer	131,976	13,903	-	145,879
Intersegment other income	-	202,765	(202,765)	-
	131,976	216,668	(202,765)	145,879
Finance cost	(2,981,722)	(85,308)	170,059	(2,896,971)
Segment (loss) / profit before tax	(5,269,042)	1,342,558	-	(3,926,484)
Taxation	425,776	(50,642)	-	375,134
Segment (loss) / profit after tax	(4,843,266)	1,291,916	-	(3,551,350)
Reconciliation:				
Segment (loss) / profit after tax				(3,551,350)
Other consolidation adjustment				(8,009)
Consolidated (loss) / profit after tax				(3,559,359)

	Cement manufacturing	Power generation	Inter segment elimnation	Total
	---------------- Rupees ----------------			
For the year ended 30 June 2019				
Revenue				
Revenue from external customer	26,005,944	-	-	26,005,944
Intersegment revenue	-	3,918,083	(3,918,083)	-
	26,005,944	3,918,083	(3,918,083)	26,005,944
Cost of sales	(21,088,864)	(2,793,190)	3,946,729	(19,935,325)
Distribution cost	(933,244)	-	-	(933,244)
Administrative expenses	(733,607)	(7,474)	-	(741,081)
Other charges	(456,493)	(92,255)	-	(548,748)
Other income				
Other income from external customer	42,997	8,629	-	51,626
Intersegment other income	-	38,754	(38,754)	-
	42,997	47,383	(38,754)	51,626
Finance cost	(1,172,557)	(68,562)	10,108	(1,231,011)
Segment profit before tax	1,664,176	1,003,985	-	2,668,161
Taxation	(198,877)	-	-	(198,877)
Segment profit after tax	1,465,299	1,003,985	-	2,469,284
Reconciliation:				
Segment profit after tax				2,469,284
Other consolidation adjustment				(9,023)
Consolidated profit after tax				2,460,261

45.2.1 The revenue reported above represents revenue generated from each segment and inter segment revenue eliminated.

45.2.2 Revenue from major products and services

The analysis of the Groups's revenue from external customers for major products and services is given in note 32 to these consolidated financial statements.

45.3 The accounting policies of the reportable segments are the same as the Group's accounting policies described in note 3 to these consolidated financial statements.

45.4 All non-current assets of the Group at 30 June 2020 are located and operating in Pakistan.

45.5 Segment assets and liabilities

Reportable segment's assets and liabilities are reconciled to total assets and liabilities as follows:

	Cement manufacturing	Power generation	Inter segment elimnation	Total
	Rupees			
For the year ended 30 June 2020				
Segment assets				
Current assets	16,607,191	1,106,748	(340,386)	17,373,553
Non-current assets	49,402,580	8,241,895	(8,020,000)	49,624,475
Segment liabilities				
Current liabilities	15,313,775	1,066,944	(340,386)	16,040,333
Non-current liabilities	19,375,165	32,956	(3,000,000)	16,408,121
For the year ended 30 June 2019				
Segment assets				
Current assets	14,206,878	1,671,984	(1,152,158)	14,726,704
Non-current assets	51,750,897	6,295,520	(6,020,000)	52,026,417
Segment liabilities				
Current liabilities	14,164,518	1,214,667	(1,152,158)	14,227,027
Non-current liabilities	21,278,671	-	(1,000,000)	20,278,671

Reconciliation:

Non-current assets as per segment assets	52,026,417
Other consolidation adjustment	160,174
Non-current assets as per consolidated financial statements	52,186,591

45.5.1 For the purposes of monitoring segment performance and allocating resources between segments:

- all assets and liabilities are allocated to reportable segments; and there are no assets and liabilities separately managed by Group.

45.6 Other segment information

	Cement manufacturing	Power generation	Inter segment elimnation	Total
	Rupees			
For the year ended 30 June 2020				
Capital expenditure	855,474	31,832	-	887,306
Depreciation	3,301,055	296,266	-	3,597,321
Amortization	4,506	-	-	4,506
Finance Cost	2,981,722	85,308	(170,059)	2,896,971
Non-cash items other than depreciation, amortization and finance cost	26,524	(104,057)	170,059	92,526

	Cement manufacturing	Power generation	Inter segment elimnation	Total
	- - - - - - - - - - - - - - - -	Rupees	- - - - - - - - - - - - - - - -	
For the year ended 30 June 2019				
Capital expenditure	8,220,852	174,692	-	8,395,544
Depreciation	2,356,111	293,644	-	2,649,755
Amortization	8,501	-	-	8,501
Finance Cost	1,172,557	68,562	(10,108)	1,231,011
Non-cash items other than depreciation amortization and finance cost	134,504	51,619	-	186,123

46. FINANCIAL RISK MANAGEMENT

The Group has exposure to the following risks arising from financial instruments:

- credit risk
- liquidity risk
- market risk

Risk management framework

The Group's Board of Directors ("the Board") has overall responsibility for establishment and oversight of the Group's risk management framework. The Board is responsible for developing and monitoring the Group's risk management policies.

The Group's risk management policies are established to identify and analyze the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. the Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations. The Board of Directors reviews and agrees upon the policies for managing each of these risks.

The Group's audit committee oversees how management monitors compliance with the Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. Audit committee is assisted in its oversight role by internal audit department. Internal audit department undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the audit committee.

The Group's exposure to financial risks, the way these risks affect the financial position and performance, and forecast transactions of the Group and the manner in which such risks are managed is as follows:

46.1 Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. To manage credit risk the Group maintains procedures covering the application for credit approvals, granting and renewal of counterparty limits and monitoring of exposures against these limits. As part of these processes the financial viability of all counterparties is regularly monitored and assessed.

46.1.1 Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk as at the end of the reporting period was as follows:

	2020	2019
	(Rupees in thousand)	
Financial assets at amortised cost		
Long term deposits	56,420	56,880
Trade debts	3,052,130	2,683,758
Long term loans to employees	30,705	29,747
Short term investment - term deposit receipt	50,000	-
Margin and short term deposits	186,928	155,036
Accrued profit	3,168	2,584
Other receivables	35,672	35,453
Cash at Bank	1,048,509	514,294
	4,463,532	3,477,752

46.1.2 Concentration of credit risk

The Group identifies concentrations of credit risk by reference to type of counter party. Maximum exposure to credit risk by type of counterparty is as follows:

	2020	2019
	(Rupees in thousand)	
Customers	3,052,130	2,683,758
Banking companies and financial institutions	1,285,237	669,130
Others	126,165	124,864
	4,463,532	3,477,752

46.1.3 Credit quality and impairment

Credit quality of financial assets is assessed by reference to external credit ratings, where available, or to historical information about counterparty default rates. All counterparties, with the exception of customers, employees, regulatory authorities and utility companies, have external credit ratings determined by various credit rating agencies. Credit quality of customers is assessed by reference to historical defaults rates and present ages.

46.1.3(a) Counterparties with external credit ratings

These include banking companies and financial institutions, which are counterparties to bank balances, margin against bank guarantees, marging against letter of credit and accrued return on deposits. Credit risk is considered minimal as these counterparties have reasonably high credit ratings as determined by various credit rating agencies. Due to long standing business relationships with these counterparties and considering their strong financial standing, management does not expect non-performance by these counterparties on their obligations to the Group. Following are the credit ratings of counterparties with external credit ratings:

	Rating			2020	2019
	Short term	Long term	Agency	(Rupees in thousand)	
Cash at Bank					
Allied Bank Limited	A1+	AAA	PACRA	22,377	92
Askari Bank Limited	A1+	AA+	PACRA	2,900	5
Bank Al-Habib Limited	A1+	AA+	PACRA	170,970	33,331
Bank Alfalah	A1+	AA+	PACRA	3,328	21
Bank Islami Pakistan Limited	A1	A+	PACRA	208,860	211,588
The Bank of Punjab	A1+	AA	PACRA	18,018	2,148
AlBaraka Bank Limited	A1	A	PACRA	9	9
Dubai Islamic Bank Pakistan Limited	AA	A-1+	JCR-VIS	2,580	2,581
Faysal Bank Limited	A1+	AA	PACRA	7,588	36
Finca Microfinance Bank Limited	A1	A	PACRA	1,440	-
Habib Bank Limited	A-1+	AAA	JCR-VIS	76,684	7,606
Habib Metropolitan Bank Limited	A1+	AA+	PACRA	30,389	29,104
MCB Islamic Bank Limited	A1	A	PACRA	4,771	9,646
Meezan Bank Limited	A-1+	AA+	JCR-VIS	663	663
MCB Bank Limited	A1+	AAA	PACRA	274,309	179,944
National Bank of Pakistan	A1+	AAA	PACRA	55,841	23,843
Samba Bank Limited	A-1	AA	JCR-VIS	9,681	2,580
Silk Bank Limited	A-2	A-	JCR-VIS	11	10
Soneri Bank Limited	A1+	AA-	PACRA	102	101
Standard Chartered Bank (Pakistan) Limited	A1+	AAA	PACRA	25,077	2,508
Summit Bank Limited	A-2	A-	JCR-VIS	25	25
United Bank Limited	A-1+	AAA	JCR-VIS	131,987	7,554
U Micro finance Bank Limited	A1	A	PACRA	899	899
				1,048,509	514,294
Short term investment - Term deposit receipts					
The Bank of Punjab	A1+	AA	PACRA	50,000	-
Margin against bank guarantees					
Allied Bank Limited	A1+	AAA	PACRA	1,700	1,700
United Bank Limited	A-1+	AAA	JCR-VIS	31,214	31,214
Summit Bank Limited	A-2	A-	JCR-VIS	26,216	12,792
Askari Bank Limited	A1+	AA+	PACRA	15,000	15,000
Soneri Bank Limited	A1+	AA-	PACRA	5,000	5,000
Standard Chartered Bank (Pakistan) Limited	A1+	AAA	PACRA	1,964	1,964
Habib Metropolitan Bank Limited	A1+	AA+	PACRA	35,111	17,611
Dubai Islamic Bank Pakistan Limited	AA	A-1+	JCR-VIS	50,000	50,000
				166,205	135,281
Margin against letters of credit					
Samba Bank Limited	A-1	AA	JCR-VIS	-	5,490
Askari Bank Limited	A1+	AA+	PACRA	7,622	834
MCB Islamic Bank Limited	A1	A	PACRA	857	-
Allied Bank Limited	A1+	AAA	PACRA	23	4,103
The Bank of Punjab	A1+	AA	PACRA	292	293
Habib Metropolitan Bank Limited	A1+	AA+	PACRA	11,729	-
MCB Bank Limited	A1+	AAA	PACRA	-	8,835
				20,523	19,555

46.1.3(b) Counterparties without external credit ratings

These mainly include customers which are counter parties to local and foreign trade debts against sale of cement. As explained in note 3.9, the Group applies the IFRS 9 simplified approach to measure expected credit losses which uses a lifetime expected loss allowance for all trade receivables. Trade receivables are written off when there is no reasonable expectation of recovery. On adoption of IFRS 9, management uses an allowance matrix to base the calculation of ECL of trade receivables from individual customers, which comprise a very large number of small balances. Loss rates are calculated using a 'role rate' method based on the probability of receivable progressing through successive stages of delinquency to write-off. the Group has used four years quarterly data in the calculation of historical loss rates along with the matching quarterly ageing brackets for the computation of roll rates. These rates are multiplied by scalar factors to reflect the effect of forward looking macro economic factors. The analysis of ages of trade debts and loss allowance using the aforementioned approach as at 30 June 2020 was determined as follows:

	2020		2019	
	Gross carrying amount	Loss Allowance	Gross carrying amount	Loss Allowance
	--------------- (Rupees in thousand) ---------------			
The aging of trade debts at the reporting date is:				
Not past due	953,507	1,394	1,420,505	118
Past due:				
1 - 90 days	1,292,750	1,819	1,206,732	4,186
91 - 180 days	431,275	15,922	41,876	2,576
181 - 270 days	295,994	27,095	15,838	2,809
271 - 365 days	94,960	7,656	16,043	10,630
366 - above days	164,333	126,803	143,953	140,870
	3,232,819	180,689	2,844,947	161,189

Customer credit risk is managed by each business unit subject to the Group's established policy, procedures and controls relating to customer credit risk management. Credit limits are established for all customers based on internal rating criteria. Credit quality of the customer is assessed based on an extensive credit rating. Outstanding customer receivables are regularly monitored and shipments to the export customers are generally covered by letters of credit or other form of credit insurance.

46.2 Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial assets, or that such obligations will have to be settled in a manner unfavorable to the Group. Management closely monitors the Group's liquidity and cash flow position. This includes maintenance of liquidity ratios, debtors and creditors concentration both in terms of the overall funding mix and avoidance of undue reliance on large individual customers.

Ultimate responsibility for liquidity risk management rests with the Board of Directors, which has built an appropriate liquidity risk management framework for the management of the Group's short, medium and long-term funding and liquidity management requirements. the Group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. Included in notes 8 and 17 to these consolidated financial statements is a listing of additional undrawn facilities that the Group has at its disposal to further reduce liquidity risk.

46.2.1 Exposure to liquidity risk

Contractual maturities of financial liabilities, including estimated interest payments

The following are the remaining contractual maturities at the reporting date. The amounts are grossed and undiscounted, and include estimated interest payments and exclude the impact of netting agreements.

	2020				
	Carrying amount	Contractual cash flows	Less than 1 year	Between 1 to 5 years	Above 5 years
	----------------- (Rupees in thousand) --------------------				
Financial liabilities at amortised cost					
Long term loans from financial institutions - secured	12,331,058	17,130,841	1,679,632	12,257,657	3,193,552
Long term deposits	8,664	8,664	-	8,664	-
Retention money payable	366,069	421,841	421,841	-	-
Trade and other payables	4,879,943	4,879,943	4,879,943	-	-
Unclaimed dividend	48,053	48,053	48,053	-	-
Mark-up accrued on borrowings	509,934	509,934	509,934	-	-
Short term borrowings	7,181,815	7,181,815	7,181,815	-	-
	25,325,536	30,181,091	14,721,218	12,266,321	3,193,552

	2019				
	Carrying amount	Contractual cash flows	Less than 1 year	Between 1 to 5 years	Above 5 years
	----------------- (Rupees in thousand) --------------------				
Financial liabilities at amortised cost					
Long term loans from financial institutions - secured	17,305,362	27,071,579	3,802,431	17,237,806	6,031,342
Long term deposits	8,664	8,664	-	8,664	-
Retention money payable	368,499	421,841	-	421,841	-
Trade and other payables	4,356,661	4,356,661	4,356,661	-	-
Unclaimed dividend	40,564	40,564	40,564	-	-
Mark-up accrued on borrowings	583,027	583,027	583,027	-	-
Short term borrowings	4,693,036	4,693,036	4,693,036	-	-
	27,355,813	37,175,372	13,475,719	17,668,311	6,031,342

46.3 Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing return.

46.3.1 Currency risk

The Group is exposed to currency risk to the extent that there is a mismatch between the currencies in which sales, purchases and bank balances are denominated and the respective functional currency of the Group. The functional currency of the Group is Pak Rupee. The currencies in which these transactions are primarily denominated are Euros and US dollars.

46.3.1(a) Exposure to currency risk

The summary quantitative data about the Group's exposure to currency risk as reported to the management of the Group is as follows. The figures represent foreign currency balances after conversion in Pak Rupees using exchange rates prevailing at the statement of financial position date.

	2020						
	GBP	SEK	RMB	EURO	USD	SGD	Equivalent to Rupees
	in thousand						
Assets							
Trade debts	-	-	-	-	155	-	26,051
Cash and bank balances	2	-	-	-	78	-	13,578
	2	-	-	-	233	-	39,629
Liabilities							
Trade creditors and bills payable	-	-	-	(61)	(4,370)	-	(749,011)
Net statement of financial position exposure	2	-	-	(61)	(4,137)	-	(709,382)
Off statement of financial position items							
Outstanding letters of credit	-	(170)	(345)	(746)	(584)	(1)	(251,575)
Net exposure	2	(170)	(345)	(807)	(4,721)	(1)	(960,957)

	2019						
	GBP	SEK	CHF	EURO	USD	YEN	Equivalent to Rupees
	in thousand						
Assets							
Trade debts	-	-	-	-	2,164	-	354,896
Cash and bank balances	2	-	-	-	34	-	6,009
	2	-	-	-	2,198	-	360,905
Liabilities							
Trade creditors and bills payable	-	-	-	(12)	(5,129)	-	(845,964)
Net statement of financial position exposure	2	-	-	(12)	(2,931)	-	(485,059)
Off statement of financial position items							
Outstanding letters of credit	-	-		(1,678)	(244)	-	(353,907)
Net exposure	2	-	-	(1,690)	(3,175)	-	(838,966)

46.3.1(b) Exchange rates applied during the year

The following significant exchange rates have been applied during the year:

	2020		
	Reporting date spot rate		Average rate
	Buying	Selling	for the year
GBP	207.05	207.68	199.63
CHF	176.83	177.43	162.06
EURO	189.11	189.73	175.06
USD	168.25	168.75	158.26
YEN	1.56	1.57	1.46
SEK	18.09	18.15	16.59
RMB	23.92	24.00	22.77
SGD	120.76	121.12	115.03

	2019		
	Reporting date spot rate		Average rate
	Buying	Selling	for the year
GBP	207.79	208.45	177.85
CHF	168.03	168.61	138.74
EURO	186.37	186.99	157.07
USD	164.00	164.50	137.67
YEN	1.52	1.53	1.24

46.3.1(c) Sensitivity analysis

A reasonably possible strengthening / (weakening) of 10% in Pak Rupee against the following currencies would have affected the measurement of financial instruments denominated in foreign currency and affected statement of profit or loss account by the amounts shown below at the statement of financial position date. The analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecast sales and purchases.

	Profit	
	2020	2019
	(Rupees in thousand)	
GBP	42	42
EURO	(1,157)	(224)
USD	(69,812)	(48,215)
	(70,927)	(48,397)

46.3.1(d) Currency risk management

Since the maximum amount exposed to currency risk is only 0.092% (2019: 0.047%) of the Company's total assets, any adverse / favorable movement in functional currency with respect to US dollar, GBP and Euro will not have any material impact on the operational results.

46.3.2 Interest rate risk

Interest rate risk is the risk that fair values or future cash flows of a financial instrument will fluctuate because of changes in interest rates. Sensitivity to interest rate risk arises from mismatch of financial assets and financial liabilities that mature or re-price in a given period.

46.3.2(a) Fixed rate financial instruments

The effective interest / mark-up rates for interest / mark-up bearing financial instruments are mentioned in relevant notes to the consolidated financial statements. the Group's interest / mark-up bearing financial instruments as at the reporting date are as follows:

	2020		2019	
	Financial assets	Financial liabilities	Financial assets	Financial liabilities
	--------- (Rupees in thousand) ---------			
Non-derivative financial instruments				
Short term investment - term deposit receipt	50,000	-	-	-
	50,000	-	-	-

The related mark-up / interest rates for fixed rate financial instruments are indicated in the related notes to the consolidated financial statements.

Fair value sensitivity analysis for fixed rate instruments

The Group does not account for any fixed rate financial assets and liabilities at fair value through statement of profit or loss account. Therefore, a change in mark-up / interest rates at the reporting date would not affect profit or loss.

46.3.2(b) Variable rate financial instruments

	Note	2020		2019	
		Financial assets	Financial liabilities	Financial assets	Financial liabilities
	Note	--------- (Rupees in thousand) ---------			
Non-derivative financial instruments					
Long term loans from financial institutions - secured	8	-	12,331,058	-	17,305,362
Short term borrowings - running finance	17	-	6,875,074	-	4,491,749
Bank balances at deposit accounts	31	470,218	-	360,424	-
		470,218	19,206,132	360,424	21,797,111

The related mark-up / interest rates for variable rate financial instruments are indicated in the related notes to the consolidated financial statements.

Cash flow sensitivity analysis for variable rate instruments

A reasonably possible change of 100 basis points in interest rates at the reporting date would have (decreased) / increased profit by amounts shown below. The analysis assumes that all other variables, in particular foreign exchange rates, remain constant. The analysis is performed on the same basis for the year 2020.

	Profit	
	2020	2019
	(Rupees in thousand)	
Increase of 100 basis points		
Variable rate instruments	(187,359)	(214,367)
Decrease of 100 basis points		
Variable rate instruments	187,359	214,367

The sensitivity analysis prepared is not necessarily indicative of the effects on profit for the year and the outstanding liabilities of the Group at the year end.

46.3.2(c) Interest rate risk management

The Group manages these mismatches through risk management strategies where significant changes in gap position can be adjusted. the Group's significant borrowings are based on variable rate pricing that is mostly dependent on Karachi Inter Bank Offer Rate ("KIBOR") as indicated in respective notes.

46.3.3 Price risk

Price risk represents the risk that the fair value or future cash flows of financial instrument will fluctuate because of changes in market prices, other than those arising from interest rate risk or currency risk, whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments trading in market.

46.3.3(a) Investments exposed to price risk

At the statement of financial position date, the Group's investment in quoted equity securities is as follows:

	2020	2019
	(Rupees in thousand)	
Investment in equity securities	25,245	17,887

46.3.3(b) Sensitivity analysis

A 10% increase / (decrease) share prices at reporting date would have increased / (decreased) the Group's fair value gain on investment as follows:

	Equity	
	2020	2019
	(Rupees in thousand)	
Short term investment at fair value through statement of profit or loss account		
Effect of increase	2,525	1,789
Effect of decrease	(2,525)	(1,789)

46.3.3(c) Price risk management

The Group manages price risk by monitoring exposure in quoted equity securities and implementing the strict discipline in internal risk management and investment policies. The carrying value of investments subject to equity price risk are based on quoted market prices as at reporting date. Market prices are subject to fluctuation and consequently the amount realized in the subsequent sale of an investment may significantly differ from reported market value. Fluctuations in the market price of a security may result from perceived changes in the underlying economic characteristics of the investee, the relative price of alternative investments and general market conditions. Furthermore, amount realized in the sale of a particular security may be affected by the relative quantity of the security being sold.

47. FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Underlying the definition of fair value is the presumption that the Group is a going concern without any intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

The fair value of financial assets and liabilities traded in active markets i.e. listed equity shares are based on the quoted market prices at the close of trading on the period end date. The quoted market prices used for financial assets held by the Group is current bid price.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency and those prices represent actual and regularly occurring market transactions on an arm's length basis.

IFRS 13, 'Fair Value Measurements' requires the Group to classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date (level 1).

- Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly (level 2).

- Unobservable inputs for the asset or liability (level 3).

The following table shows the carrying amounts and fair values of financial assets and financial liabilities including their levels in the fair value hierarchy:

	Note	Carrying Amount				Fair Value		
		Fair Value through statement of profit or loss account	Financial assets at amortised cost	Other financial liabilities	Total	Level 1	Level 2	Level 3
		(Rupees in thousand)						
30 June 2020								
Financial assets measured at fair value								
Short term investments		25,245	-	-	25,245	25,245	-	-
		25,245	-	-	25,245	25,245	-	-
Financial assets at amortised cost								
Cash and bank balances		-	1,058,882	-	1,058,882	-	-	-
Long term loans to employees		-	30,705	-	30,705	-	-	-
Short term investment - term deposit receipt		-	50,000	-	50,000	-	-	-
Margin and short term deposits		-	186,928	-	186,928	-	-	-
Other receivables			35,672	-	35,672			
Accrued profit		-	3,168	-	3,168	-	-	-
Long term deposits		-	56,420	-	56,420	-	-	-
Trade debts		-	3,052,130	-	3,052,130	-	-	-
	47.1	-	4,473,905	-	4,473,905	-	-	-
Financial liabilities measured at fair value		-	-	-	-	-	-	-
		-	-	-	-	-	-	-
Financial liabilities not measured at fair value								
Long term loans from financial institutions - secured		-	-	12,331,058	12,331,058	-	-	-
Long term deposits		-	-	8,664	8,664	-	-	-
Retention money payable		-	-	366,069	366,069	-	-	-
Trade and other payables		-	-	4,879,943	4,879,943	-	-	-
Unclaimed dividend		-	-	48,053	48,053	-	-	-
Mark-up accrued on borrowings		-	-	509,934	509,934	-	-	-
Short term borrowings		-	-	7,181,815	7,181,815	-	-	-
	47.1	-	-	25,325,536	25,325,536	-	-	-

	Note	Carrying Amount				Fair Value		
		Fair Value through statement of profit or loss account	Financial assets at amortised cost	Other financial liabilities	Total	Level 1	Level 2	Level 3
		(Rupees in thousand)						
30 June 2019								
Financial assets measured at fair value								
Short term investments		17,887	-	-	17,887	17,887	-	-
		17,887	-	-	17,887	17,887	-	-
Financial assets not measured at fair value								
Cash and bank balances		-	524,805	-	524,805	-	-	-
Long term loans to employees		-	29,747	-	29,747	-	-	-
Margin and short term deposits		-	155,036	-	155,036	-	-	-
Other receivables		-	35,453	-	35,453	-	-	-
Accrued profit		-	2,584	-	2,584	-	-	-
Long term deposits		-	56,880	-	56,880	-	-	-
Trade debts		-	2,683,758	-	2,683,758	-	-	-
	47.1	-	3,488,263	-	3,488,263	-	-	-
Financial liabilities measured at fair value		-	-	-	-	-	-	-
		-	-	-	-	-	-	-
Financial liabilities not measured at fair value								
Long term loans from financial institutions - secured		-	-	17,305,362	17,305,362	-	-	-
Long term deposits		-	-	8,664	8,664	-	-	-
Retention money payable				368,499	368,499	-	-	-
Trade and other payables		-	-	4,356,661	4,356,661	-	-	-
Unclaimed dividend		-	-	40,564	40,564	-	-	-
Mark-up accrued on borrowings		-	-	583,027	583,027	-	-	-
Short term borrowings		-	-	4,693,036	4,693,036	-	-	-
	47.1	-	-	27,355,813	27,355,813	-	-	-

47.1 The Group has not disclosed the fair values of these financial assets and liabilities as these are for short term or reprice over short term. Therefore, their carrying amounts are reasonable approximation of fair value.

47.2 Freehold land, buildings on freehold land, roads, bridges and railway sidings, plant and machinery have been carried at revalued amounts determined by professional valuers (level 3 measurement) based on their assessment of the market values as disclosed in note 7.1. The valuations are conducted by the valuation experts appointed by the Group. The valuation experts used a market based approach to arrive at the fair value of the Group's properties. For revaluation of freehold land fair market value was assessed through inquiries to real estate agents and property dealers in near vicinity of freehold land. Different valuation methods and exercises were adopted according to experience, location and other usage of freehold land. Valuer had also considered all relevant factors as well. In case of buildings on freehold land, roads, bridges and railway sidings, construction specifications were noted for each building and structure and new construction rates are applied according to construction specifications for current replacement values. After determining current replacement values, depreciation was calculated to determine the current assessed market value. For revaluation of plant and machinery, suppliers and different cement plant consultants in Pakistan and abroad were contacted to collect information regarding current prices of comparable cement plant to determine current replacement value. Fair depreciation factor for each item is applied according to their physical condition, usage and maintenance. The effect of changes in the unobservable inputs used in the valuations cannot be determined with certainty, accordingly a qualitative disclosure of sensitivity has not been presented in these consolidated financial statements.

48. RECONCILIATION OF MOVEMENT OF LIABILITIES TO CASH FLOWS ARISING FROM FINANCING ACTIVITIES

	2020						
	Issued, subscribed and paid-up capital	Share premium	Dividend Payable	Long term financing from financial institutions	Short term borrowing	Accrued markup	Total
	(Rupees in thousand)						
As at 01 July 2019	5,937,007	5,112,037	40,564	17,305,362	4,693,036	583,027	33,671,033
Changes from financing cash flows							
Proceeds from issuance of ordinary shares	5,046,455	948,513	-	-	-	-	5,994,968
Dividend paid	-	-	(289,361)	-	-	-	(289,361)
Proceeds from short term borrowings - net	-	-	-	-	3,131,794	-	3,131,794
Financial charges paid	-	-	-	-	-	(2,970,064)	(2,970,064)
Repayments of long term loans from financial institutions - secured - net	-	-	-	(4,974,304)	-	-	(4,974,304)
Total changes from financing cash flows	5,046,455	948,513	(289,361)	(4,974,304)	3,131,794	(2,970,064)	893,033
Other changes							
Dividend declared	-	-	296,850	-	-	-	296,850
Change in running finances and over draft balances	-	-	-	-	(473,212)	-	(473,212)
Finance cost	-	-	-	-	-	2,896,971	2,896,971
Total liability related other changes	-	-	296,850	-	(473,212)	2,896,971	2,720,609
As at 30 June 2020	10,983,462	6,060,550	48,053	12,331,058	7,351,618	509,934	37,284,675

	2019						
	Issued, subscribed and paid-up capital	Share premium	Dividend Payable	Long term financing from financial institutions	Short term borrowing	Accrued markup	Total
	---------------------------------- (Rupees in thousand) ----------------------------------						
As at 01 July 2018	5,937,007	5,112,037	110,743	13,752,696	5,784,902	286,162	30,983,547
Changes from financing cash flows							
Dividend paid	-	-	(663,880)	-	-	-	(663,880)
Proceeds from short term borrowings - net	-	-	-	-	(1,340,379)	-	(1,340,379)
Financial charges paid	-	-	-	-	-	(911,178)	(911,178)
Long term financing - net	-	-	-	3,552,666	-	-	3,552,666
Total changes from financing cash flows	-	-	(663,880)	3,552,666	(1,340,379)	(911,178)	637,229
Other changes							
Dividend declared	-	-	593,701	-	-	-	593,701
Change in running finances and over draft balances	-	-	-	-	248,513	-	248,513
Finance cost	-	-	-	-	-	1,208,043	1,208,043
Total liability related other changes	-	-	593,701	-	248,513	1,208,043	2,050,257
As at 30 June 2019	5,937,007	5,112,037	40,564	17,305,362	4,693,036	583,027	33,671,033

49. CAPITAL MANAGEMENT

The Board's policy is to maintain an efficient capital base so as to maintain investor, creditor and market confidence and to sustain the future development of its business. The Board of Directors monitors the return on capital employed, which the Group defines as operating income divided by total capital employed. The Board of Directors also monitors the level of dividends to ordinary shareholders.

The Group's objectives when managing capital are:

i. to safeguard the entity's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders; and

ii. to provide an adequate return to shareholders.

The Group manages the capital structure in the context of economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may, for example, adjust the amount of dividends paid to shareholders, issue new shares, or sell assets to reduce debt.

	Unit	2020	2019
Total debt	Rupees in '000	20,022,807	22,581,425
Less: Cash and bank balances	Rupees in '000	(1,058,882)	(524,805)
Net debt	Rupees in '000	18,963,925	22,056,620
Total Equity	Rupees in '000	34,549,574	32,407,597
Total capital employed	Rupees in '000	53,513,499	54,464,217
Gearing	Percentage	35.44%	40.50%

Total equity includes issued, subscribed and paid-up share capital, capital reserves, accumulated profits and surplus on revaluation of fixed assets.

There were no changes in the Group's approach to capital management during the year.

50. PROVIDENT FUND TRUST

The following information is based on the latest un-audited financial statements of the Provident Fund Trust:

	Note	Un-audited 2020	Audited 2019
		(Rupees in thousand)	
Size of the fund - total assets		996,229	811,058
Cost of investments made		561,504	322,752
Percentage of investments made	50.1	96.39%	98.03%
Fair value of investments		960,221	795,110

50.1 The break-up of fair value of investments is:

	2020 (Un-audited)		2019 (Audited)	
	Rs. in '000	Percentage	Rs. in '000	Percentage
Shares in quoted securities	3,358	0.35%	3,327	0.42%
Term deposit receipts	444,792	46.32%	472,018	59.37%
Government securities	297,348	30.97%	260,413	32.75%
Mutual funds	214,723	22.36%	59,352	7.46%
	960,221	100%	795,110	100%

The investments out of Provident Fund Trust have been made in accordance with the provisions of section 218 of the Companies Act 2017 and the rules formulated for this purpose.

51. IMPACT OF COVID-19 (CORONA VIRUS)

The pandemic of COVID-19 that has rapidly spread all across the world has not only endangered human lives but has also adversely impacted the global economy. On March 23, 2020, the Government of the Punjab announced a temporary lock down as a measure to reduce the spread of the COVID–19. However, after implementing all the necessary Standard Operating Procedures (SOPs) to ensure safety of employees, the Group continued to carry out its operations and has taken all necessary steps to ensure smooth and adequate continuation of its business. Management believes that there is no significant accounting adverse impact of the effects of COVID-19 on the operations of the Group and on these consolidated financial statements. However, pursuant to relaxation announced by the State Bank of Pakistan in view of this pandemic, the Group has availed deferments of principal amount and markup payment of certain long and short term financing which is fully explained in note 15.1, 17.1.1 and 17.6.1.

52. NUMBER OF EMPLOYEES

The total and average number of employees of the Group during the year and as at 30 June 2020 and 2019 respectively are as follows:

	2020	2019
Average number of employees during the year	1,547	1,468
Total number of employees as at 30 June	1,524	1,570

53. DATE OF AUTHORIZATION FOR ISSUE

These consolidated financial statements were authorized for issue by the Board of Directors of the Group in their meeting held on 10 September 2020.

The Chief Executive Officer is for the time being not available in Pakistan, therefore, these consolidated financial statements are signed by two directors.

CHIEF FINANCIAL OFFICER DIRECTOR DIRECTOR

MAPLE LEAF CEMENT FACTORY LIMITED
42-LAWRENCE ROAD, LAHORE

PROXY FORM

I/We____

of____

being a member of MAPLE LEAF CEMENT FACTORY LIMITED hereby appoint ____________________

____

Name (Folio / CDC A/c No., if Member)

of ____

or failing him/her ____________________________________

Name (Folio / CDC A/c No., if Member)

of ____

as my/our proxy to attend, speak and vote for and on my/our behalf at the 60th Annual General Meeting of the Company to be held at its Registered Office, 42-Lawrence Road, Lahore, on Tuesday, October 27, 2020 at 11:00 AM and/or any adjournment thereof.

As witness given under my/our hand(s) ________________ day of October 2020.

1. Witness:		2. Witness:	
Signature :	____________	Signature :	____________
Name :	____________	Name :	____________
CNIC :	____________	CNIC :	____________
Address :	____________	Address :	____________
:	____________	:	____________

Affix
Revenue
Stamp of Rs. 5/-

____

Signature of Member / Attorney
(Please also affix company stamp, in case of corporate entity)

Shares Held: ____________________

Folio No.	CDC Account No.	
	Participant I.D.	Account No.

CNIC No. | | | | | | – | | | | | | | | – | |

Notes:

1. Proxies, in order to be effective, must be received at the Company's Registered Office not later than 48 hours before the time for holding the meeting and must be duly stamped, signed and witnessed.

2. CDC beneficial owners and Proxy Holders must bring with them their Computerized National Identity Cards (CNIC)/Passports in original to prove his/her identity and in case of Proxy, CDC beneficial owners and Proxy Holders must enclose an attested copy of their CNIC/Passport with Proxy Form.

3. In case of corporate entity, the Board of Directors' resolution / power of attorney with specimen signature of the nominee (unless it has been provided earlier) should be attached with the proxy form or may be provided at the time of meeting.

AFFIX

CORRECT

POSTAGE

The Company Secretary

MAPLE LEAF CEMENT FACTORY LIMITED
42-LAWRENCE ROAD, LAHORE
Tel: 042-36278904-05

میپل لیف سیمنٹ فیکٹری لمیٹڈ

42-لارنس روڈ، لاہور

تشکیلِ نیابت داری (پراکسی فارم)

میں / ہم --

ساکن --

بحیثیت حصہ دار میپل لیف سیمنٹ فیکٹری لمیٹڈ --

نام (فولیو/سی ڈی سی اکاؤنٹ نمبر اگر ممبر ہو)

ساکن ------------------------------ یا بصورت دیگر ------------------------------

نام (فولیو/سی ڈی سی اکاؤنٹ نمبر اگر ممبر ہو)

ساکن ------------- کو اپنی جگہ بروز منگل 27 اکتوبر 2020ء کو دن گیارہ (11:00) بجے رجسٹرڈ آفس 42-لارنس روڈ، لاہور میں منعقدہ یا ملتوی ہونے والے 60ویں سالانہ عام اجلاس میں شرکت کرنے، بولنے اور ووٹ دینے کے لیے اپنا نمائندہ مقرر کرتا / کرتی ہوں۔

بطور گواہ میرے / ہمارے دستخط سے مورخہ ________ اکتوبر 2020ء کو دی گئی۔

۵ روپے کا رسیدی ٹکٹ
چسپاں کر کے دستخط کریں

۱۔ گواہ

دستخط : ____________________

نام : ____________________

شناختی کارڈ نمبر : ____________________

پتہ : ____________________

____

دستخط ____________________

(ممبر/اجازت فرد)

(کارپوریٹ ادارے کی صورت میں کمپنی کی مہر بھی لگائیں)

۲۔ گواہ

دستخط : ____________________

نام : ____________________

شناختی کارڈ نمبر : ____________________

پتہ : ____________________

____

____

حامل عام حصص

فولیو نمبر	سی ڈی سی اکاؤنٹ نمبر	
	شراکتی آئی ڈی	اکاؤنٹ نمبر

کمپیوٹرائزڈ شناختی کارڈ نمبر | | | | | | - | | | | | | | | - | |

نوٹس:

(۱) پراکسیز کے مؤثر ہونے کے لیے لازم ہے کہ وہ اجلاس سے 48 گھنٹے قبل بمعہ دستخط گواہان اور رسیدی ٹکٹ کمپنی کو موصول ہو جانی چاہئیں۔

(۲) سی ڈی سی حصص داران اور پراکسی ہولڈرز اجلاس ہذا میں اپنی شناخت ثابت کرنے کے لیے اپنے اصلی کمپیوٹرائزڈ قومی شناختی کارڈ / پاسپورٹ ساتھ لائیں اور پراکسی کی صورت میں سی ڈی سی حصص داران اور پراکسی ہولڈرز اپنے کمپیوٹرائزڈ قومی شناختی کارڈ / پاسپورٹ کی تصدیق شدہ کاپی پراکسی فارم کے ساتھ لگائیں۔

(۳) کارپوریٹ ادارے کی صورت میں بورڈ آف ڈائریکٹرز کی قرارداد / پاور آف اٹارنی بمعہ نمائندہ کے دستخط (اگر پہلے مہیا نہیں کی گئیں) پراکسی فارم کے ساتھ لف کرنے ہوں گے یا اجلاس ہذا کے وقت مہیا کر سکتے ہیں۔

AFFIX
CORRECT
POSTAGE

The Company Secretary

MAPLE LEAF CEMENT FACTORY LIMITED
42-LAWRENCE ROAD, LAHORE
Tel: 042-36278904-05

نظرثانی شدہ اشتمال شدہ مالیاتی گوشواروں پر ڈائریکٹرز کی رپورٹ

ڈائریکٹرز 30 جون 2020 کو ختم ہونے والے سال کے لئے میپل لیف سیمنٹ فیکٹری لمیٹڈ (ہولڈنگ کمپنی) اور اسکی مکمل ذیلی کمپنی میپل لیف پاور لمیٹڈ (باہم ایک گروپ) کے نظرثانی شدہ اشتمال شدہ مالیاتی گوشوارے پیش کرتے ہوئے خوشی محسوس کرتے ہیں۔

گروپ کے نتائج

گروپ نے گزشتہ سال کے 6,062 ملین روپے کے مقابلے میں 585 ملین روپے کا مجموعی منافع کمایا ہے۔ گروپ نے گزشتہ سال کے منافع 2,460 ملین روپے بعد از ٹیکس کے مقابلے میں 3,559 روپے نقصان ظاہر کیا ہے۔

گروپ کے مجموعی نتائج حسب ذیل ہیں:

	30 جون 2020	30 جون 2019
	روپے ملین میں	
فروخت ۔ خالص	29,118	26,006
مجموعی منافع	585	6,062
آپریشنز سے (نقصان)/منافع	(1,038)	3,890
مالی اخراجات	(2,897)	(1,231)
بعد از ٹیکس خالص (نقصان)/منافع	(3,559)	2,460
	روپے	
فی حصص (نقصان)/آمدنی ۔ بنیادی اور ڈائیلوٹڈ	(3.89)	3.57

ذیلی کمپنی

میپل لیف پاور لمیٹڈ

میپل لیف سیمنٹ فیکٹری لمیٹڈ نے ایک مکمل ذیلی کمپنی بنام "میپل لیف پاور لمیٹڈ (MLPL)" تشکیل دی۔ MLPL ("مکمل ذیلی کمپنی") 15 اکتوبر 2015 کو پاکستان میں کمپنیز آرڈیننس 1984 (اب کمپنیز ایکٹ 2017) کے تحت ایک پبلک لمیٹڈ کمپنی کے طور پر قائم ہوئی۔ MLPL کا اصل مقصد ہولڈنگ کمپنی کو بجلی پیدا کر کے فروخت اور فراہمی کے کاروبار میں مشغول کرنے کے سلسلے میں الیکٹرک پاور جنریشن پلانٹ تیار، ڈیزائن، چلانا اور برقرار رکھنا ہے۔

کمپنیز ایکٹ 2017ء کی تعمیل میں سیکشن 227 کے تحت تمام معاملات ہماری Standalone ڈائریکٹرز رپورٹ میں درج کر دیئے گئے ہیں۔

اظہار تشکر

ڈائریکٹرز گروپ کے ارکان، مالیاتی اداروں، صارفین اور ملازمین کے تعاون اور حمایت کے شکر گزار ہیں۔ وہ مختلف کرداروں میں کام کرنے والے ملازمین کی سخت محنت اور لگن کو بھی سراہتے ہیں۔

منجانب بورڈ

(طارق سعید سہگل)
ڈائریکٹر

(سید محسن رضا نقوی)
ڈائریکٹر

لاہور: 10 ستمبر 2020ء

چیف ایگزیکٹو آفیسر اس وقت پاکستان میں دستیاب نہیں ہیں لہذا بورڈ نے جناب طارق سعید سہگل - ڈائریکٹر کو 30 جون 2020 کو ختم ہونے والے سال کے لئے ڈائریکٹرز رپورٹ پر دستخط کرنے کا اختیار دیا ہے۔

حکومت کا ساختی اصلاحات، خاص طور پر ٹیکس کے ڈھانچے اور خریداری کے لئے CNIC کی شرط، نان فائلرز کو ڈبل ود ہولڈنگ شرح عائد کرنے میں سخت اقدامات کو نرم نہ کرنے، حال ہی میں محکمہ سیلز ٹیکس کے ہاں غیر رجسٹرڈ افراد کو کی جانے والی فروخت سے متعلق کاروباری اخراجات کی اجازت نہ دینے کے لئے انکم ٹیکس آرڈیننس میں حتمی اعلان اور ایف بی آر میں ڈیلرز کی لازمی رجسٹریشن کے نفاذ جیسے اقدامات سے توقع کی جاتی ہے کہ مجموعی معیشت اور سیمنٹ سیکٹر پر بھی مزید دباؤ پڑے گا۔ فنانس ایکٹ 2020 کے تحت، انکم ٹیکس آرڈیننس 2001 کے سیکشن 236V کے نفاذ سے معدنیات کی مالیت پر 5 فیصد ود ہولڈنگ ٹیکس کی وصولی کے سلسلے میں فعال ٹیکس دہندگان تک بھی توسیع کر دی گئی ہے۔ پہلے یہ صرف نان فائلر افراد پر لاگو ہوتا تھا۔ ٹیکسوں کے بھاری نقصانات کی موجودگی میں، اس سیکشن کے تحت جمع کردہ ٹیکس میں ایڈجسٹمنٹ تشویشناک ہے اور یہ سیمنٹ کمپنیوں کو انکم ٹیکس کی واپسی روکنے کی صورت میں لیکویڈیٹی ایشوز پیدا کر سکتی ہے۔ سیمنٹ سیکٹر کے لئے مروجہ نرخوں کی قیمتوں کے خلاف کمپنی سیمنٹ کی دیگر کمپنیوں کے ہمراہ ایف بی آر کے روبرو پیش ہوئی ہے کیونکہ سیکشن 236V کے تحت جمع کردہ فی ٹن ٹیکس کی رقم سیمنٹ کی پیداواری لاگت سے زیادہ ہے۔ ہم اس بے ضابطگی کے خاتمے کے ذریعے ایف بی آر سے اچھے نتائج کی توقع کرتے ہیں۔

کوویڈ-19 وبائی بیماری کی وجہ سے، تیل اور کوئلے کی طلب میں دنیا بھر میں کمی واقع ہوئی ہے جس کی وجہ سے آخری سہ ماہی کے دوران ان کی متعلقہ قیمتیں مزید کم ہو گئیں۔ تاہم، عالمی معیشتوں نے بحال ہونا شروع کر دیا ہے، سرحدوں کی پابندیوں میں نرمی آئی ہے اور تجارت ایک بار پھر شروع ہوئی ہے، جس سے فیول کی طلب میں بہتری آ رہی ہے۔ قیمتیں دوبارہ بڑھنے کا رجحان ظاہر کر رہی ہیں۔ عالمی معاشی سست روی کے سبب، آئل ریفائنریز نے پیداوار کو کم کر دیا ہے اور اس سے پیٹکوک کی دستیابی پر اثر پڑا ہے جس کی قیمتیں بلندی کو چھو رہی ہیں۔ تمام آپریشنل شعبوں میں لاگت میں کمی کی کوششیں توجہ کا مرکز بنی ہوئی ہیں اور کمپنی نے لاگت کو کم کرنے کے لئے مختلف حکمت عملی اپنائی ہے جس میں متبادل ایندھن کا استعمال اور پلانٹ کے کم سے کم آپریشنز شامل ہیں۔

محفوظ اور صحتمند کام کے ماحول کو یقینی بنانے کے لئے، کمپنی اس وبائی بیماری سے نمٹنے کے لئے اپنے صحت اور حفاظت کے طریقوں کو ڈبلیو ایچ او کے رہنما اصولوں کے مطابق ڈھال رہی ہے۔ اقدامات میں بلاتعطل آپریشنز کے لئے دفتر میں حاضر ہونے والے ضروری عملے کی درجہ بندی بھی شامل ہے، جبکہ غیر ضروری عملہ کو کام سے گھر منتقل کر دیا گیا ہے۔ ورچوئل میٹنگز کی پاسداری کرتے ہوئے تکنیکی پیشرفتوں نے کم سے کم جسمانی تعامل کو ممکن بنایا ہے۔ ملازمین کو معاشرتی دوری برقرار رکھنے کی بھی سختی سے ہدایت کی گئی ہے، جب کہ وبائی بیماری سے متعلق سختی کے ساتھ SOP مسودہ تیار اور اس پر عمل کیا گیا ہے۔ تمام سائٹس کو معمول کے مطابق صاف ستھرا اور فرش پر نشان لگا دیئے گئے ہیں۔

اظہار تشکر

بورڈ اس موقع پر حصص دار، ملازمین، گاہکوں، بینکوں اور دیگر اسٹیک ہولڈرز کے اعتماد اور یقین جو انہوں نے ہمیشہ ہم پر کیا، کے لئے دل کی گہرائیوں سے شکریہ ادا کرتا ہے۔

منجانب بورڈ

(طارق سعید سہگل)
ڈائریکٹر

(سید محسن رضا نقوی)
ڈائریکٹر

لاہور: 10 ستمبر 2020ء

چیف ایگزیکٹو آفیسر اس وقت پاکستان میں دستیاب نہیں ہیں لہذا بورڈ نے جناب طارق سعید سہگل - ڈائریکٹر کو 30 جون 2020 کو ختم ہونے والے سال کے لئے ڈائریکٹرز رپورٹ پر دستخط کرنے کا اختیار دیا ہے۔

ہیومن ریسورس اور ریمنریشن (HR & R) کمیٹی

نام	عہدہ
جناب شفیق احمد خان	چیئرمین (آزاد ڈائریکٹر)
جناب ذوالفقار مونس	رکن (آزاد ڈائریکٹر)
جناب دانیال توفیق سہگل	رکن (نان ایگزیکٹو ڈائریکٹر)

سال کے دوران جناب ضمیر الدین آذر ایچ آر اینڈ آر کمیٹی کے رکن تھے۔

ڈائریکٹرز کا مشاہرہ

بورڈ آف ڈائریکٹرز نے ایک "ڈائریکٹرز ریمنریشن پالیسی" منظور کی ہے، جس کی خصوصیات درج ذیل ہیں:

☆ کوئی ڈائریکٹر خود اپنا مشاہرہ متعین نہیں کرے گا۔

☆ ریگولر پیڈ چیف ایگزیکٹو، سپانسرز اور / یا فیملی ڈائریکٹرز اور کل وقتی کام کرنے والے ڈائریکٹرز کے علاوہ ایک ڈائریکٹر کی اجلاس فیس بغیر ٹیکس خالص رقم -/10,000 روپے (دس ہزار روپے صرف) فی اجلاس یا بورڈ اور اسکی کمیٹی کے اجلاس میں شرکت کے لئے بورڈ کی طرف سے وقتاً فوقتاً متعین کردہ کے مطابق ہوگی۔

☆ موجودہ وقت کے لئے اور / یا بعد میں ترمیم شدہ لاگو ایسی ادائیگی پر اگر کوئی ٹیکس کی ذمہ داری ہوئی تو کمپنی برداشت کرے گی۔

☆ کمپنی کے لئے اور کی جانب سے منعقدہ اجلاسوں میں شرکت اور دیگر امور کے لئے ڈائریکٹرز کی طرف سے خرچ کئے جانے والے تمام اخراجات، بشمول سفری، ہوٹل چارجز اور دیگر اخراجات کمپنی سے وصول کرنے کے اہل ہونگے۔

کمپنی کے چیئرمین اور چیف ایگزیکٹو سمیت ڈائریکٹرز کو ادا کیے جانے والے مشاہرہ کی تفصیلات کا انکشاف واحد مالی حسابات کے نوٹ 45 میں کیا گیا ہے۔

شیئر ہولڈنگ کا نمونہ

30 جون 2020 کے مطابق کمپنیز ایکٹ 2017 کے تحت کمپنی کے شیئر ہولڈنگ کا نمونہ منسلک کیا گیا ہے۔

مستقبل کا نقطہ نظر

پاکستان کی معیشت کو فروغ دینے اور خاص طور پر COVID-19 کے ناگوار اثرات کو کم کرنے کے لئے، وفاقی بجٹ 21-2020 کو معاشی بحالی کی شروعات کے مقصد سے منظر عام پر لایا گیا۔ حکومت نے پاکستان میں تعمیراتی سرگرمیوں کو فروغ دینے کے لئے ایک جامع پیکیج کا اعلان کیا ہے جس میں تعمیراتی سرگرمیوں میں لگائے گئے غیر اعلانیہ پیسوں کے لئے ایمنسٹی اسکیم، ایف بی آر کے جائیداد کی قیمتوں کی شرحوں میں تخفیف، بلڈروں کے لئے اعاتی ٹیکس اسکیموں اور تعمیراتی سامان پر ود ہولڈنگ ٹیکس رعایت شامل ہیں۔ توقع ہے کہ ان اقدامات سے پاکستان میں تعمیراتی سرگرمیوں میں اضافہ جائے گا اور یہ براہ راست پاکستان میں سیمنٹ کی طلب کو متاثر کرے گا۔

اگر چہ ملک کے فیڈرل پبلک سیکٹر ڈویلپمنٹ پروگرام (پی ایس ڈی پی) کو مالی سال 2020-2019 میں 951 بلین روپے سے کم کر کے مالی سال 2021-2020 میں 650 بلین روپے کر دیا گیا ہے، سیمنٹ انڈسٹری سبسڈی والی ہاؤسنگ فنانس اسکیموں کے اعلان کے بعد ہاؤسنگ سیکٹر میں نجی شعبے کے اخراجات پر گہری نظر رکھ رہی ہے۔ اس کے علاوہ دوسری راہیں، نیا پاکستان ہاؤسنگ پروگرام، ڈیموں / آبی ذخائر کی تعمیر اور سی پیک میں مستقبل کی پیشرفت ہیں، جو اس وقت، اگر چہ ایک سست رفتار سے ہی ترقی کر رہی ہیں۔

پاکستان کی معیشت پر COVID-19 کے منفی اثرات کو مزید کم کرنے کے لئے، اسٹیٹ بینک پالیسی سازی میں سرگرم عمل ہے۔ لیکویڈیٹی میں بہتری لاتے ہوئے کاروباری اداروں کی مدد کے لئے سہولیات کے متعدد اقدامات کیے گئے ہیں۔ کمپنی ان سازگار اسکیموں سے فائدہ اٹھا سکتی ہے جن میں مالیاتی پالیسی کی شرح میں کمی، پرنسپل اور مارک اپ ادائیگیوں کو موخر کرنا، کمپنی کے ملازموں کی تنخواہوں کی ادائیگی کی مالی اعانت کے ذریعے مدد کے لئے سبسڈی والی ری فنانس اسکیم اور نئی سرمایہ کاریوں کی حوصلہ افزائی کے لئے سبسڈی والی ری فنانس اسکیم شامل ہیں۔

حکومت نے سیمنٹ پر 500 روپے فی ٹن تک فیڈرل ایکسائز ڈیوٹی میں بھی کمی کر دی ہے۔ اگر چہ اس سے کم قیمتوں کی شکل میں بالآخر صارف کو فائدہ ہوگا، لیکن امید ہے کہ فروخت کی مقدار میں بہتری کے ذریعے نقصانات کے ازالہ میں کمپنی کو جزوی طور پر مدد ملے گی۔

ترتیب:

آزاد ڈائریکٹرز	02
نان ایگزیکٹو ڈائریکٹرز	04
ایگزیکٹو ڈائریکٹرز (بشمول سی ای او)	02
خاتون ڈائریکٹر (نان ایگزیکٹو ڈائریکٹر)	01

ڈائریکٹرز کے نام اور بورڈ کے اجلاس

زیر جائزہ سال کے دوران، بورڈ آف ڈائریکٹرز کے چار (04) اجلاس پاکستان میں منعقد ہوئے ہیں اور پاکستان سے باہر کوئی اجلاس منعقد نہیں ہوا۔ زیر جائزہ سال کے دوران، ڈائریکٹرز کے انتخاب منعقد ہوئے کمپنیز ایکٹ 2017 اور لسٹڈ کمپنیز (کوڈ آف کارپوریٹ گورننس) ریگولیشنز 2019 کے تقاضہ کی پیروی میں درج ذیل ڈائریکٹرز دوبارہ مقرر کیے گئے:

کیٹگری	نام	اجلاسوں میں حاضری
آزاد ڈائریکٹرز	جناب شفیق احمد خان	4
	جناب ذوالفقار منوں	2
دیگر نان ایگزیکٹو ڈائریکٹرز	جناب طارق سعید سہگل (چیئرمین)	4
	جناب توفیق سعید سہگل	4
	جناب ولید طارق سہگل	3
	جناب دانیال توفیق سہگل	4
ایگزیکٹو ڈائریکٹرز	جناب سعید طارق سہگل (چیف ایگزیکٹو آفیسر)	4
	سید محسن رضا نقوی	3
خاتون ڈائریکٹر (نان ایگزیکٹو ڈائریکٹر)	محترمہ جہاں آرا سہگل	2

اجلاس میں شرکت نہ کر سکنے والے ارکان کو غیر شرکت کی باقاعدہ اجازت دی گئی تھی۔

زیر جائزہ سال کے دوران، ڈائریکٹرز کے انتخاب منعقد ہوئے، بالا بورڈ دوبارہ تشکیل دیا گیا۔ جناب ضمیر الدین آذر بورڈ پر ڈائریکٹر تھے جنہوں نے 02 اجلاسوں میں شرکت کی اور وہ 31 دسمبر 2019 کو ریٹائر ہو گئے۔

لسٹڈ کمپنیز (کوڈ آف کارپوریٹ گورننس) ریگولیشنز 2019 کی ضروریات کے مطابق، درج ذیل کمیٹیاں بھی دوبارہ تشکیل دی گئی ہیں:

آڈٹ کمیٹی

نام	عہدہ
جناب شفیق احمد خان	چیئرمین (آزاد ڈائریکٹر)
جناب ذوالفقار منوں	رکن (آزاد ڈائریکٹر)
جناب ولید طارق سہگل	رکن (نان ایگزیکٹو ڈائریکٹر)
جناب دانیال توفیق سہگل	رکن (نان ایگزیکٹو ڈائریکٹر)

سال کے دوران جناب ضمیر الدین آذر آڈٹ کمیٹی کے رکن تھے۔

جناب شفیق احمد خان، چیئرمین آڈٹ کمیٹی نے 26 اکتوبر 2019 کو منعقدہ گزشتہ AGM میں شرکت کی۔

iv) کمپنی اپنی پلانٹ سائٹ پر اپنا ہسپتال اور ٹراما سنٹر رکھتی ہے۔ کارکنوں کی محفوظ صحت کو یقینی بنانے کے لئے ملازمین کی پیشہ ورانہ صحت، باقاعدہ ابتدائی طبی امداد اور سی پی آر تربیتی پروگرام منعقد کئے جاتے ہیں۔

ماحول دوستی کے طریقوں کو فروغ دینے کی کمپنی کی کوشش کو تسلیم کرتے ہوئے، پروفیشنل نیٹ ورک نے ویسٹ پری وینشن ری سائیکلنگ کی کیٹگری میں میپل لیف سیمنٹ فیکٹری لمیٹڈ کو سال 2020 کے لئے ماحول صحت اور حفاظت پر 6th بین الاقوامی ایوارڈز کا فاتح قرار دیا ہے۔

اصل خطرات اور غیر یقینی

i۔ سیمنٹ کی مقامی طلب میں کمی کے نتیجے سال کے دوران PSDP میں نمایاں کمی ہوئی ہے۔

ii۔ برآمد فروخت پر مارجن کی کمی، سیمنٹ درآمد کرنے والے ملکوں کی طرف سے سرحدی پابندیوں اور جنوبی افریقہ اور بھارت کی طرف سے نافذ ہونے والی اینٹی ڈمپنگ ڈیوٹی۔

iii۔ روپیہ کی قدر میں مزید کمی کے نتیجے کوئلہ کی قیمتوں میں اضافہ اور مارجن کو کم کرے گی۔

iv۔ آپریشنل اخراجات میں مجموعی طور پر افراط زر کا اضافہ۔

v۔ سیمنٹ مینوفیکچررز کے درمیان حوصلہ مند صلاحیت بڑھانے کے لئے قیمتوں اور فروخت پر مقابلہ کا سامنا۔

تنظیم پیش آنے والے ممکنہ چیلنجوں اور غیر یقینی صورتحال کا مقابلہ کرنے کے لئے موثر طریقے سے لیس ہے۔ مشترکہ تجربے، مہارت اور موثر کاروباری رپورٹنگ کے ذریعے، انتظامیہ ہمیشہ داخلی اور خارجی پیشرفت سے آگاہ رہتی ہے۔ کمپنی نے منفرد خصوصی کراس فنکشنل ٹیمیں تشکیل دی ہیں جو آگے کے نقطہ کو اجاگر کرنے کے لئے مستقل طور پر اہم امور اور خطرات کے بارے میں تبادلہ خیال کرتی ہیں۔ برآمدی منڈیوں میں سخت مسابقت اور کم مارجن کے باعث، مینجمنٹ کی قیادت میں مارکیٹنگ ٹیم نے غیر استعمال شدہ مارکیٹوں میں اپنی موجودگی بڑھانے کے لئے موثر انداز سے مارکیٹ میں داخل ہونے اور ڈویلپرز، ڈیلرز اور ہاؤس کنزیومرز کے درمیان میپل لیف کو ایک مشہور قابل اعتماد برانڈ بنانے کی حکمت عملی کا آغاز کیا ہے۔ افراط زر اور مارک اپ لاگت کو پورا کرنے، قابل ادائیگیوں کو کم سے کم کیا گیا اور رائٹ اجراء کے ذریعہ نقد رقم اکٹھی کر کے قرض کا ایک حصہ جلد ادا کرنے کا فیصلہ کیا گیا ہے۔ سخت مسابقت کا سامنا کرنے کے لئے، مینجمنٹ اس بات کو یقینی بناتی ہے کہ پیداوار اور فروخت کی گنجائش کو اپنی مستقل صلاحیت بھرپور بروئے کار لایا گیا ہے۔

مصرفات

سال کے لئے کمپنی (واحد) کا ٹیکس کے بعد منافع کی تقسیم حسب ذیل ہے:

2019	2020	تفصیل
---------روپے ہزاروں میں---------		
1,465,299	(4,843,265)	بعد از ٹیکس (نقصان)/منافع
(593,701)	(296,850)	سال 2019 کے لئے حتمی نقد منافع منقسمہ 0.5 روپیہ فی شیئر (2018: 1 روپیہ فی شیئر)
871,598	(5,140,115)	بقایاجات کی جمع پونجی (سے کٹوتی)/ میں منتقلی

قیادتی ڈھانچہ

بورڈ آف ڈائریکٹرز اور کمیٹیوں کی تشکیل

ڈائریکٹرز کی کل تعداد:

a)۔ مرد 8

b)۔ خاتون 1

کاروبار کی نوعیت میں تبدیلی

کمپنی یا اسکی ذیلی، یا کسی دیگر کمپنی جس میں کمپنی دلچسپی رکھتی ہو کے کاروبار کی نوعیت سے متعلقہ مالی سال کے دوران کوئی تبدیلی وقوع پذیر نہیں ہوئی ہے۔

کیپٹل مصرفات کا کاروباری استدلال

اگلے مالی سال 21-2020 کے لئے پلانٹ سے وابستہ کیپٹل اخراجات تقریباً 2 بلین روپے ہونے کا تخمینہ لگایا گیا ہے۔ ان منصوبہ بند اخراجات سے مالی سال 21-2020 کے لئے توازن جدت اور بحالی کے منصوبوں کی مالی اعانت ہو سکے گی۔ ان منصوبوں سے موجودہ پلانٹس کی کارکردگی کو برقرار رکھنے اور مزید بہتر بنانے میں مدد ملے گی۔

کمپنی نے موجودہ ویسٹ ہیٹ ریکوری پلانٹ کی 25 میگاواٹ تک توسیع کی بابت لیٹر آف کریڈٹ کھولنے کیلئے منصوبہ بندی کرلی ہے اور اس توسیعی منصوبہ کی تکمیل مبلغ 1.8 ارب روپے کی لاگت سے ستمبر 2021 تک متوقع ہے۔

غیر مالی کارکردگی

معیار، صارف کا اطمینان، ملازمین کی ترقی اور پیشہ ورانہ معیارات کمپنی کے کلیدی شعبے ہیں جہاں انتظامیہ نے ان کو بہتر بنانے کے لئے ضروری اقدامات اٹھائے ہیں۔ کمپنی اس وقت اعلیٰ معیار کی مصنوعات تیار اور فراہم کر رہی ہے جو گاہکوں کے زیادہ سے زیادہ اطمینان کو یقینی بناتی ہے۔ سال کے دوران، کمپنی نے موجودہ انسانی سرمائے کی ترقی کے لئے مختلف کارکردگی کی تشخیص کی ہے۔ کمپنی تمام اسٹیک ہولڈرز کے ساتھ انتہائی اطمینان بخش تعلقات کو برقرار رکھے ہوئے ہے۔ کمپنی نے مختلف کمیٹیاں تشکیل دی ہیں جو کلیدی شعبوں کی مؤثر نگرانی کی ذمہ دار ہیں۔

کارپوریٹ سماجی ذمہ داری

کمپنی معاشرے کی طرف اپنی ذمہ داری کو تسلیم کرتی ہے اور مستقل بنیادوں پر مختلف رفاہی اداروں کے ذریعہ معاشرے کی فلاح کے منصوبوں کو مالی اعانت فراہم کر کے اپنا فرض ادا کرتی ہے۔ کمپنی کو پاکستان سنٹر برائے انسان دوستی نے معاشرتی اور رفاعی شراکت میں قائدکی حیثیت سے تسلیم کیا ہے اور کمپنی ان کیونیٹیز کا تعمیری ممبر بننے کی کوشش کرتی ہے جہاں وہ موجود ہے۔ کمپنی نے میڈیکل سوشل سائنسز پراجیکٹ میں بھی حصہ لیا ہے اور اس سلسلے میں، کمپنی کے بورڈ آف ڈائریکٹرز اور ہولڈنگ کمپنی کے بورڈ نے مشترکہ طور پر گلاب دیوی چیسٹ ہسپتال (جی ڈی سی ایچ) لاہور میں العلیم میڈیکل کالج میں ایڈمن بلاک کی تعمیر کے لئے عطیہ کرنے کا فیصلہ کیا ہے۔ آج یہ منصوبہ تکمیل کے آخری مراحل میں ہے اور توقع ہے کہ یہ اس سال کے دوران مکمل ہو جائے گا۔ اس منصوبے کی تکمیل پر کل لاگت 182 ملین روپے ہونے کی توقع ہے۔ اس کام کی بہتر مانیٹرنگ اور عملدرآمد کے لئے بورڈ کے ارکان کی ایک کمیٹی تشکیل دی گئی ہے۔

کمپنی نے ماضی میں بھی میڈیکل سوشل سائنسز پروجیکٹ میں حصہ لیا اور اس سلسلے میں، کمپنی نے گلاب دیوی چیسٹ ہاسپٹل (GDCH) لاہور میں سعید سہگل کارڈیک کمپلیکس تعمیر کر کے ایک جدید کارڈیک سہولت عطیہ کی تھی۔

کوہ نور میپل لیف گروپ نے "آٹھواں کارپوریٹ سوشل رسپانسبلٹی نیشنل ایکسلینس ایوارڈ" مختلف سماجی ذمہ داریوں کی کارکردگی کے سبب حاصل کیا ہے۔

صنعتی اثرات کو کنٹرول کرنے کے لئے مفاہمتی اقدامات

روایتی طور پر، سیمنٹ پلانٹس کو ماحول دوستی کا فقدان ہوتا ہے لیکن کمپنی نے صنعتی اثرات کو کنٹرول کرنے کے لئے جدید ترین آلات نصب کئے ہیں۔ اردگرد کے ماحول پر صنعتی اثرات کو کم کرنے کے لئے، کمپنی ملازمین اور مقامیوں کو صحت مند ماحول فراہم کرنے کے لئے تمام تر کوششوں کو آگے بڑھا رہی ہے۔ اس سلسلے میں کمپنی کی طرف سے اہم ماحول دوستی کی کوششیں مندرجہ ذیل ہیں:

i) قدرتی ماحولیاتی معیار کے مطابق اسٹیک کے اخراج اور اثرات کے لئے باقاعدگی سے ماہانہ ماحولیاتی نگرانی کرنا۔

ii) کمپنی ماحول کی حفاظت کے لئے سب سے بہترین ڈسٹ کولیکشن electrostatic precipitators اور بیگ فلٹر کے ساتھ لیس، جدید FLSmidth A/S سیمنٹ مینوفیکچرنگ ٹیکنالوجی رکھتی ہے۔

iii) ضلعی آفیسر (ماحولیات) میانوالی کے تعاون سے کارپوریٹ سماجی ذمہ داری کے ایک حصے کے طور پر صحت مند اور خوشگوار ماحول کو برقرار رکھنے کے لئے وسیع پیمانے پر درخت پودے لگانے کا بندوبست کیا گیا۔

درآمد شدہ کوئلہ سے چلنے والے 40 میگاواٹ کے ذاتی پاور پلانٹ MLPL کو انسٹال اور چلانے کے لئے قائم کردہ کمپنی کی مکمل ملکیتی ذیلی کمپنی میپل لیف پاور لمیٹڈ (ایم ایل پی ایل) سے حاصل کردہ منافع کو انکم ٹیکس سے استثنیٰ حاصل ہے۔ تاہم، جزوی ٹیکس چارج دیگر آمدنی سے متعلق ہے۔ ایم ایل پی ایل نے مالی سال 20-2019 کے دوران 1,292 ملین روپے کا خالص منافع حاصل کیا ہے۔ ایم ایل پی ایل کے آپریشنز نے بجلی کی لاگت میں خاطر خواہ بچت کر کے مجموعی نتائج کو موزوں بنایا ہے۔

مذکورہ بالا تمام عوامل نے رپورٹنگ مدت کے لئے گزشتہ سال کی اسی مدت کے دوران زیریں لائن میں 2,460 ملین روپے منافع کے مقابلے 245 فیصد کمی کے ساتھ 3,559 ملین روپے کے مجموعی خسارہ پر ٹیکس کے بعد زیریں لائن کو متاثر کیا ہے۔

ڈیویڈنڈ

خالص نقصان کے باعث مالی سال 2020 کے لئے کسی بھی منافع کا اعلان نہیں کیا گیا۔ منافع کے مستقبل کے امکانات مقامی مارکیٹ میں بہتر طلب اور سیمنٹ کی قیمتوں میں اضافے، ان پٹ اخراجات میں مزید کمی کے بھی امکان پر انحصار کرتے ہیں، جبکہ یہ دونوں ہی مستقبل کے معاشی حالات پر انتہائی منحصر ہیں۔

موزوں داخلی کنٹرول

بورڈ آف ڈائریکٹرز داخلی کنٹرول کے ماحول کے حوالے سے اپنی ذمہ داری سے آگاہ ہیں اور اس کے مطابق آپریشنز کے اثرات اور موثر عمل کو یقینی بنانے، کمپنی کے اثاثوں کی حفاظت، قابل اطلاق قوانین اور قواعد و ضوابط کی تعمیل اور قابل اعتماد مالیاتی رپورٹنگ کو یقینی بنانے کے لئے داخلی مالیاتی کنٹرول کا ایک موثر نظام قائم کیا گیا ہے۔ کمپنی کا آزاد داخلی آڈٹ باقاعدگی سے مالیاتی کنٹرول کے عملدرآمد کا جائزہ اور نگرانی کرتا ہے، جبکہ آڈٹ کمیٹی داخلی کنٹرول فریم ورک کی موثرگی اور مالیاتی حسابات کا سہ ماہی بنیاد پر جائزہ لیتی ہے۔

مالی گوشواروں کی تیاری اور پیش کرنے کی انتظامیہ کی ذمہ داری

پاکستان میں قابل اطلاق اوکمپنیز ایکٹ، 2017 (2017 کا XIX) کی ضروریات کے مطابق مینجمنٹ اکاؤنٹنگ اور رپورٹنگ کے معیارات کے تحت مالی گوشواروں کی تیاری اور منصفانہ طور پر پیش کرنے کی اپنی ذمہ داری سے بخوبی آگاہ ہے اور انتظامیہ اس طرح کے داخلی کنٹرول کا تعین کرتی ہے جو مالی گوشواروں کی تیاری کے لئے ضروری ہے تاکہ وہ مادی غلط تشہیر سے پاک ہوں، چاہے دھوکہ دہی یا غلطی کی وجہ سے ہو۔

آڈیٹرز

کمپنی کے موجودہ آڈیٹرز میسرز KPMG تاثیر ہادی اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس، نے سال کے لئے کمپنی کے مالی حسابات پر اپنی آزاد آڈیٹر رپورٹ میں کمپنی کے امور پر ایک ان کوالیفائیڈ رائے کا اظہار کیا ہے۔

ریٹائر آڈیٹرز نے اہل ہونے کی بنا پر، دوبارہ تقرری کے لئے خود کو پیش کیا ہے، آئندہ سالانہ اجلاس عام میں ارکان کی منظوری کے حوالے سے بورڈ نے آڈٹ کمیٹی کی تجویز کے مطابق میسرز KPMG تاثیر ہادی اینڈ کو، چارٹرڈ اکاؤنٹنٹس، کی تقرری کی منظوری دے دی ہے۔

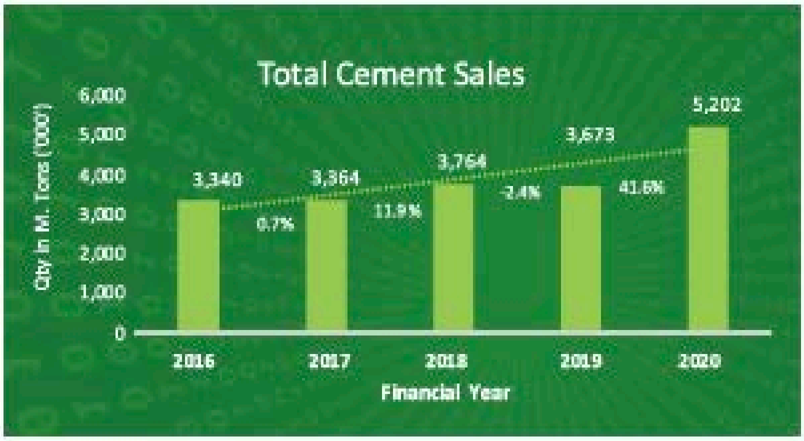
ادائیگیوں، ڈیبٹ / قرضہ کی نادہندگی

بہترین کاروباری طریقوں پر عملدرآمد کرتے ہوئے، کمپنی واجب رقوم کی بروقت واپس ادائیگی کی اپنی ذمہ داری کو تسلیم کرتی ہے۔ زیر جائزہ سال کے دوران قرضہ / ڈیبٹ کی ادائیگی پر کوئی نادہندگی درج نہیں کرائی گئی۔ مزید برآں، مالی سال کے اختتام پر ٹیکسز، ڈیوٹیز اور لیویز کی مد میں کوئی ادائیگی زائد المیعاد یا بقایا نہیں ہے۔

بعد کے واقعات

کمپنی نے مختلف دیگر کمپنیوں کے ہمراہ گیس انفراسٹرکچر ڈویلپمنٹ سیس (جی آئی ڈی سی) کی قانونی حیثیت اور جواز کو معزز لاہور ہائیکورٹ میں چیلنج کیا تھا۔ سال کے اختتام پر جس کا فیصلہ زیر التواء تھا۔ تاہم، سال کے اختتام کے بعد، معزز سپریم کورٹ آف پاکستان نے 13 اگست 2020، کے اپنے فیصلے کی رو سے متعدد صنعتی اور تجارتی اداروں کی جانب سے عائد محصول اور جی آئی ڈی سی کے مطالبے کے سلسلے میں دائر اپیلوں کو خارج کرتے ہوئے وزارت پیٹرولیم کے حق میں کیس کا فیصلہ دیا ہے۔ کمپنی کے ذمہ ادائیگی GIDC کی مد میں SNGPL کو 399 ملین روپے بقایا ہیں۔ سپریم کورٹ کے فیصلے کے تحت، گیس کی تقسیم کار کمپنیوں سے کہا گیا ہے کہ وہ صارفین سے دسمبر 2011 کے بعد سے واجب جی آئی ڈی سی کی غیر ادا شدہ رقم وصول کریں اور بطور رعایت، تاخیری ادائیگی کے جرمانہ کے بغیر اگست 2020 میں شروع ہونے والی 24 مساوی ماہانہ قسطوں میں ادائیگی کی جائے گی۔

اپنی بجلی کی ضروریات کو پورا کرنے کے لئے اپنے اندرونی بجلی پیدا کرنے کے ذرائع پر انحصار کیا جس میں کوئلہ سے چلنے والا پاور پلانٹ (سی ایف پی پی) سیٹ اپ مکمل ملکیتی ذیلی ادارہ میپل لیف پاور لمیٹڈ (MLPL) شامل ہے جس میں کمپنی کی لاگت کو مسابقتی فائدہ ہوا ہے۔ ویسٹ ہیٹ ریکوری پلانٹ کے بعد، سی ایف پی پی کمپنی کے لئے بجلی کا سستا ترین ذریعہ ہے۔



مالی سال 2019-20 کی پہلی تین سہ ماہیوں کے دوران، پاکستانی روپیہ کی قدر میں کمی، اندرون ملک نقل وحمل پر ایکسل لوڈ کی پابندی کے جزوی طور پر عمل درآمد، اور سرکاری احکامات کے تحت خارجی بندرگاہ کو KPT سے PIBTL پر منتقل کرنے کی وجہ سے کوئلہ کی قیمت میں کافی حد تک اضافہ ہوا، جو مہنگا ثابت ہوا ہے۔ تاہم، مالی سال 2019-20 کی آخری سہ ماہی کے دوران عالمی سطح پر کوئلے اور تیل کی قیمتوں میں COVID-19 لاک ڈاؤن اقدامات کے بعد طلب میں خاطر خواہ کمی کے باعث اور صنعتی سرگرمیاں کم ہونے کی وجہ سے مزید کم ہوگئیں۔ حیاتیاتی کوئلہ کے زیادہ استعمال سے فائدہ اٹھانے کے ساتھ کمپنی اپنے ایندھن اور بجلی کے اخراجات کو بھی قابو میں رکھنے میں کامیاب رہی ہے جس میں توانائی کے زیادہ اجزاء شامل اور اور ارزاں قیمتوں پر دستیاب ہونے کی وجہ سے لاگت کم آتی ہے۔ ریلوے نیٹ ورک کے ذریعہ نقل وحمل کے ذریعہ اندرون ملک نقل وحمل کے کم اخراجات سے بھی کمپنی فائدہ اٹھا رہی ہے جس کے نتیجے میں مناسب بچت ہوگی۔ بندرگاہ سے پلانٹ سائٹ پر کوئلے کی نقل وحمل کے لئے پاکستان ریلوے کے ساتھ معاہدہ جون 2021 تک توسیع کیا گیا۔

پیداواری لاگت کو متاثر کرنے والے مذکورہ عوامل کی بدولت، کمپنی نے سال کے دوران 585 ملین روپے کا مجموعی منافع حاصل کیا جو کہ گذشتہ سال میں 6,062 ملین روپے سے 90.3 فیصد کمی ظاہر کرتا ہے۔

کمپنی کی انتظامیہ نے مقررہ انتظامی اخراجات کو کم کرنے کے لئے ایک خاص توجہ کے ساتھ تمام شعبوں میں لاگت پر قابو پانے کے بنیادی اقدامات کئے ہیں۔ ان اقدامات نے مقررہ لاگت میں نمایاں کمی کے ساتھ سال کے دوران نتائج دینا شروع کئے ہیں۔

کمپنی کے قرضوں کے بوجھ کو کم کرنے قرض / ایکویٹی لیوریج کو بہتر بنانے کے لئے رائٹ اجراء کے ذریعے 6,056 ملین روپے اکٹھے کیے گئے۔ رائٹ اجراء کی وصولی سے قرض کی ابتدائی سروسنگ نے کمپنی کی سود کے زیادہ اخراجات کی وجہ سے منافع پر ہونے والے منفی اثرات کو بہتر طور پر کم کرنے میں مدد کی ہے۔ جو طویل مدتی قرضوں میں کمی اور رپورٹنگ کی تاریخ تک موجودہ میچورٹی ختم ہونے سے ظاہر ہوتا ہے۔

زیر جائزہ مالی سال میں اسٹیٹ بینک آف پاکستان (ایس بی پی) نے مالیاتی پالیسی کی شرحوں میں کافی حد تک تبدیلیاں کی ہیں۔ تاہم، پاکستان کی معیشت پر COVID-19 کے منفی اثرات کو کم کرنے اور مارکیٹ میں لیکویڈیٹی کو یقینی بنانے کے اقدامات کے ایک حصے کے طور پر، اسٹیٹ بینک نے صرف تین ماہ کے دوران پانچ مانیٹری پالیسی بیانات جاری کیے اور شرح میں 6.25 فیصد کمی کرکے موجودہ سطح 7 فیصد کردی۔ پالیسی شرح میں اس نمایاں کمی اور طویل مدتی قرضوں کی جلد ادائیگی کی وجہ سے مارک اپ لاگت میں بھی کافی حد تک کمی کے باعث آمدنی میں بہتری آئی ہے۔ موجودہ سال کے لئے فنانس لاگت میں نئی لائن 3 پر قرض کے اخراجات پر پورا معاوضہ شامل ہے۔

کمپنی نے مالی سال 2019-20 کے لئے 3,934 ملین روپے کا قبل از ٹیکس مجموعی خسارہ درج کیا جبکہ گزشتہ سال میں 2,659 ملین روپے قبل از ٹیکس مجموعی منافع ہوا تھا۔ گزشتہ سال میں ادا کئے جانے والے 199 ملین روپے ٹیکس کے مقابلے زیر جائزہ مدت کے لئے منفی چارج کی گئی مجموعی ٹیکس کی رقم 375 ملین روپے ہے۔

مالی سال20-2019 کے دوران، مستعمل پیداواری صلاحیت اور ترسیلات گزشتہ سال کی کارکردگی سے بہتر ہوئیں، جیسا کہ درج ذیل اعداد وشمار سے ظاہر ہوتا ہے:

	(مختتمہ سال جولائی تا جون) 2020	2019	تغیرات	فیصد
	----------------------	میٹرک ٹن	----------------------	
پیداوار				
کلنکر پیداوار	4,963,675	3,541,743	1,421,932	40,15%
سیمنٹ پیداوار	5,196,304	3,638,313	1,557,991	42.82%
فروخت				
مقامی	5,020,348	3,338,606	1,681,742	50.37%
برآمدات	181,472	334,671	(153,199)	(45.78)%
	5,201,820	3,673,278	1,528,542	41,61%

5,201,820 ٹن کا کل فروخت حجم گزشتہ سال کے دوران فروخت 3,673,278 ٹن سے زائد 41.61 فیصد کا اضافہ ظاہر کرتا ہے۔ مقامی فروخت حجم گزشتہ مالی سال سے بڑھ کر5,020,348 ٹن جو50,37 فیصد کا اضافہ اور برآمدی حجم181,472 ٹن جو 45,78 فیصد کی کمی ظاہر کرتا ہے۔

سال20-2019 کے دوران، کمپنی نے گزشتہ سال میں26,006 ملین روپے کے مقابلے29,118 ملین روپے مجموعی خالص فروخت درج کی جو بنیادی طور پر نئی پروڈکشن لائن 3 کے کامیاب آغاز کی بدولت مقامی ترسیل میں50.37 فیصد نمو کے باعث حاصل ہوئی۔

موجودہ سال کے دوران، شمالی خطے میں سیمنٹ کے نئے پلانٹوں کی کمشننگ کے بعد سیمنٹ کی فراہمی سائیڈ پر دباؤ میں اضافہ ہوا ہے۔ اس کے ساتھ ساتھ مقامی طلب میں کمی کی وجہ سے مقامی مارکیٹ سیمنٹ کی فروخت قیمتیں کم رہیں۔۔ ایکسل لوڈ پر پابندیوں کے جزوی نفاذ کی وجہ سے آؤٹ باؤنڈ فریٹ میں اضافے نے کمپنی کے اخراجات میں مزید اضافہ کر دیا ہے۔

مقامی ترسیلات میں50.37 فیصد کی حیرت انگیز نمو کے باوجود، کمپنی کی ٹاپ لائن میں صرف 12 فیصد اضافہ ہوا؛ جو کہ بنیادی طور پر سیمنٹ کی اضافی فراہمی کے پس منظر کے مقابلے مقامی مارکیٹ میں شدید مقابلہ برقرار رہنے کی وجہ سے ہوا ہے۔

معیشت کو دستاویزاتی بنانے کے لئے فیڈرل بورڈ آف ریونیو کے اقدامات نے مارکیٹوں میں بدامنی اور اضطراب کی فضاء پیدا کردی۔ معیشت کو دستاویزاتی بنانے کے لئے ٹیکس نظام میں اصلاحات پر عمل پیرا ہونے کی مزاحمت کی وجہ سے زیر غور مدت کے دوران مجموعی طور پر معیشت میں کساد بازاری کا رجحان پایا گیا۔ معیشت کو دستاویزاتی بنانے کے لئے اختیار کیے جانے والے اقدامات اور غیر رجسٹرڈ ڈیلروں کو فروخت پر ان پٹ سیلز ٹیکس کی اجازت نہ دینے کے خلاف احتجاج کے باعث مقامی مارکیٹ میں سست روی پائی گئی ہے۔

COVID-19 کے پھیلاؤ پر قابو پانے کے لئے حفاظتی اقدامات کے ایک حصے کے طور پر، حکومت نے مارچ کے آخر میں تمام پروڈکشن پلانٹس اور دفاتر کی بندش سمیت ملک میں لاک ڈاؤن کا حکم دیا۔ تاہم، ایک ہفتے کی بندش کے بعد، سیمنٹ کمپنیوں کو پلانٹ سائٹس پر دوبارہ کام شروع کرنے کی اجازت دے دی گئی۔

حالیہ توسیع کی تکمیل کے باعث سیمنٹ کی اضافی فراہمی نے مقامی مارکیٹوں میں مارکیٹ شیئرز کے لئے سخت مقابلہ پیدا کر دیا ہے۔ پاکستانی روپیہ کی قدر میں کمی کے ساتھ سیمنٹ کی اضافی سپلائی نے نئی برآمدی منڈیاں تلاش کرنے کی ضرورت کو جنم دیا ہے۔ تاہم، سخت مقابلے کی بدولت برآمدی منڈیوں میں کم قیمتوں کے ساتھ ساتھ ان پٹ اور نقل و حمل کے زیادہ اخراجات کی وجہ سے مقامی طور پر تیار ہونے والے سیمنٹ کی زیادہ لاگت نے برآمدی فروخت کو متاثر کیا ہے جس کی وجہ سے منافع مارجن میں کمی ہوئی ہے۔ مزید برآں، پاکستان سے بھارت میں برآمد ہونے والی اشیا پر200 فیصد درآمدی ڈیوٹی لگانے سے ہندوستان کو سیمنٹ کی برآمدات اور شمالی خطے میں واقع کمپنیاں بری طرح متاثر ہوئی ہیں۔ زیر جائزہ مالی سال کے دوران، کمپنی کی برآمدات کا حجم گزشتہ سال کے دوران334,671 ٹن برآمدات کے مقابلے میں45.78 فیصد کم ہو کر 181,472 ٹن تک پہنچ گیا۔

واپڈا کی طرف سے بجلی کے نرخوں میں اضافے کی وجہ سے کمپنی نے اپنے منافع پر منفی اثرات سے بچنے کے لئے خود اپنی بجلی پیدا کرنے پر انحصار کیا۔ کمپنی نے بنیادی طور پر

حصص داران کے لئے ڈائریکٹرز رپورٹ

کمپنیز ایکٹ، 2017 کی دفعہ 227 کی تعمیل میں، آپ کی کمپنی کے ڈائریکٹرز 30 جون، 2020 کو ختم ہونے والے سال کے لئے واحد اور مجموعی نظرثانی شدہ مالیاتی گوشوارے پیش کرتے ہوئے خوشی محسوس کر رہے ہیں۔

میپل لیف سیمنٹ فیکٹری لمیٹڈ (کمپنی) پبلک مندرج کمپنی اور کوہ نور ٹیکسٹائل ملز لمیٹڈ (ہولڈنگ کمپنی) کی ایک ذیلی کمپنی ہے۔ کمپنی کا اصل کاروبار سیمنٹ کی پیداوار اور فروخت کرنا ہے۔

کمپنی اور اسکی مکمل ذیلی کمپنی میپل لیف پاور لمیٹڈ (MLPL) کی مجموعی مالی جھلکیاں مندرجہ ذیل ہیں:-

MLCF- مجموعی

	مختتمہ سال (جولائی تا جون)		تغیرات	فیصد
	2020	2019		
	--------روپے ہزاروں میں--------			
خالص فروخت آمدنی	29,117,734	26,005,944	3,111,790	12.0%
مجموعی منافع	585,454	6,061,596	(5,476,142)	(90.3)%
آپریٹنگ (نقصان)/منافع	(1,037,522)	3,890,149	(4,927,671)	(126.7)%
مالی لاگت	(2,896,971)	(1,231,011)	(1,665,960)	135.3%
ٹیکس سے پہلے (نقصان)/منافع	(3,934,493)	2,659,138	(6,593,631)	(248.0)%
ٹیکسیشن	375,134	(198,877)	574,011	(288.6)%
ٹیکس کے بعد (نقصان)/منافع	(3,559,359)	2,460,261	(6,019,620)	(244.7)%
فی شیئر آمدنی (نقصان)/آمدنی (روپے)	(3.89)	3.57	(7.46)	(209.0)%

میپل لیف سیمنٹ فیکٹری لمیٹڈ، کمپنی کی واحد مالی جھلکیاں مندرجہ ذیل ہیں:

	مختتمہ سال (جولائی تا جون)		تغیرات	فیصد
	2020	2019		
	--------روپے ہزاروں میں--------			
خالص فروخت آمدنی	29,117,734	26,005,944	3,111,790	(12.0)%
مجموعی (نقصان)/منافع	(727,535)	4,917,080	(5,644,615)	(114.8)%
آپریٹنگ (نقصان)/منافع	(2,287,319)	2,836,733	(5,124,052)	(180.6)%
مالی لاگت	(2,981,722)	(1,172,557)	(1,809,165)	154.3%
ٹیکس سے پہلے (نقصان)/منافع	(5,269,041)	1,664,176	(6,933,217)	(416.6)%
ٹیکسیشن	425,776	(198,877)	624,653	(314.1)%
ٹیکس کے بعد (نقصان)/منافع	(4,843,265)	1,465,299	(6,308,564)	(430.5)%
فی شیئر (نقصان)/آمدنی (روپے)	(5.30)	2.13	(7.43)	(348.8)%

کمپنی کی واحد مالی جھلکیاں MLPL کی طرف سے نیپرا کے منظور شدہ ٹیرف 12.92/KWH روپے پر فراہم کی گئی بجلی کی قیمت پر مبنی ہیں۔

میپل لیف

ایکسٹرا SOLID

MAPLE LEAF CEMENT

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