ANNUAL REPORT 2020

FECTO CEMENT LIMITED

Builders Of A New World

Contents

COMPANY INFORMATION

BOARD OF DIRECTORS

Mr. Aamir Ghani	Chairman
Mr. Mohammed Yasin Fecto	Chief Executive
Ms. Saira Ibrahim Bawani	
Mr. Khalid Yacoob	
Mr. Mohammed Anwar Habib	
Mr. Jamil Ahmed Khan	
Mr. Rohail Ajmal (Nominee of Saudi Pak Industrial & Agricultural Investment Co. Ltd.)	

CHIEF FINANCIAL OFFICER

Mr. Abdul Samad, FCA

COMPANY SECRETARY

Mr. Abdul Wahab, FCA

LEGAL ADVISOR

Mian Nisar Ahmed & Co. (MNACO)
11-E/II, Main Gulberg
Lahore

REGISTERED OFFICE

35-Darul Aman Housing Society
Block 7/8, Shahrah-e-Faisal
Karachi
Website: www.fectogroup.com
Phone Nos.(+ 9221) 34530120-24

MARKETING OFFICE

339, Main Peshawar Road
Chairing Cross Service Road
Westridge-1,
Rawalpindi
Phone Nos. (+ 9251) 5467111-13

AUDIT COMMITTEE

Mr. Jamil Ahmed Khan	Chairman
Mr. Rohail Ajmal	
Mr. Mohammed Anwar Habib	

HUMAN RESOURCE & REMUNERATION COMMITTEE

Mr. Jamil Ahmed Khan	Chairman
Mr. Khalid Yacoob	
Mr. Mohammed Anwar Habib	

AUDITORS

Rahman Sarfaraz Rahim Iqbal Rafiq,
Chartered Accountants

SHARE REGISTRAR

F. D. Registrar Services (SMC-Pvt) Ltd.
1705, 17th Floor, Saima Trade Tower-A
I. I. Chundrigar Road
Karachi-74000
Phone Nos. (+ 9221) 32271905-6

FACTORY

Sangjani, Islamabad
Phone Nos. (+ 9251) 2296065-8

BANKERS

Askari Bank Limited
Habib Metropolitan Bank Limited
MCB Bank Limited
National Bank of Pakistan
Silk Bank Limited

VISION STATEMENT, MISSION STATEMENT AND CORPORATE STRATEGY

Vision Statement

To compete in tough and competitive market, focusing on "Satisfaction" of customers, and stakeholders with challenging spirit and flexibility, striving hard to make profit, creating value for our customers and to continue as a successful Company.

Mission Statement

To manage and operate the company in a manner that allows growth and profitability without high risk for stakeholders and the company by offering quality product to our customers, while striving to improve our product to meet our customers needs.

Corporate Strategy

Our Corporate Strategy and objectives for the future are to find new and improved means of cost reduction, fuel economy and to acquire advanced manufacturing capabilities to support our product development efforts and product line expansion and stand ready to leverage our debts and be responsive to the changing economic scenario. We believe in harnessing the inherent strengths of available human resource and materials to the utmost and a commitment for building a solid foundation poised for sustainable growth for the long-term benefit of our shareholders and our employees.

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 39th Annual General Meeting of the Members of the Company will be held at Registered Office, 35-Darulaman Housing Society, Block 7/8, Shahra-e-Faisal, Karachi, on Wednesday, October 28, 2020 at 02.30 p.m. to transact the following businesses:

ORDINARY BUSINESSESS

1) To confirm the minutes of last Annual General Meeting held on October 28, 2019.

2) To receive, consider and adopt the Annual Audited Financial Statements of the Company for the year ended June 30, 2020 together with the Directors' and Auditors' Reports thereon.

3) To appoint Auditors for the year ending June 30, 2021 and fix their remuneration. Present auditors M/s. Rahman Sarfarz Rahim Iqbal Rafiq, Chartered Accountants retires and being eligible have offered themselves for the re-appointment. The Board based on the recommendation of Audit Committee has proposed the appointment of M/s. Rahman Sarfarz Rahim Iqbal Rafiq Chartered Accountants as auditors of the Company for the year ending June 30, 2021.

4) To transact any other business with the permission of the Chair.

By Order of the Board

(ABDUL WAHAB)
COMPANY SECRETARY

Karachi: September 29, 2020

Notes:

1. The Share Transfer Books of the Company will remain closed from Monday, October 19, 2020 to Wednesday, October 28, 2020 (both days inclusive). Transfers received in order by our Shares Registrar at the close of business on Friday, October 16, 2020 will be considered in time for the purpose of Annual General Meeting.

2. A member of the Company entitled to attend and vote at this meeting may appoint another member as a proxy to attend, speak and vote instead of him/her. An instrument appointing a proxy must be received at the Registered Office of the Company not later than forty eight hours before the time of holding the Meeting. The proxy shall produce his/her CNIC or passport to prove his/her identity.

3. CDC Account Holders will have to further follow the guidelines as laid down in Circular No. 1 dated January 26, 2000 issued by the Securities and Exchange Commission of Pakistan.

4. Members may exercise their right to vote as per the provisions of the Companies (Postal and Ballot) Regulations, 2018 subject to the requirements of Section 143 and 144 of the Companies Act, 2017. Further details in this regard will be communicated to the shareholders within legal time frame as stipulated under the Regulations if required.

5. Members holding shares in physical form are requested to notify any change in their address to our share registrar immediately. Members holding shares in CDS system are requested to have their addresses updated with participant or CDC Investor Account Service.

6. As required by the Section 242 of the Companies Act, 2017 and the Companies (Distribution of Dividends) Regulations, 2017 all listed companies are bound to pay cash dividend to their shareholders only through electronic mode directly into bank account designated by the entitled shareholder. All those shareholders who have not yet submitted their bank account details in the form of Electronic Credit Mandate form **(available on the website of the Company at www.fectogroup.com)** are requested to submit the requisite form duly signed with their CNIC to our registrar in case of physical shares. Shareholders holding their shares in CDS system are requested to submit Electronic Credit Mandate Form directly to CDC.

7. As per Section 72 of the Companies Act, 2017 every existing listed company is required to replace its physical shares into book entry form in a manner as may be prescribed by the SECP and from the date notified by the SECP within 4 years from the date of commencement of this act i.e. May 30, 2017. Members holding shares in physical form are hence encouraged to open either their CDC sub account with stock broker or investor account with CDC in order to replace their physical shares into scrip less form.

8. Shareholders who could not claim their dividend and/or bonus shares, if any, due to any reasons, are requested to contact our share registrar in this regard. They can also access to list of unclaimed dividend and bonus shares uploaded on company's website at **www.fectogroup.com** for their claim, if any.

9. Member(s) who wish to receive annual financial statements and notice of annual general meeting through email, instead of through courier/post are requested to give their consent in writing on standard request form available on the Company's website **www.fectogroup.com** to the Company with their registered Email address so the Company can provide them the same at their valid Email ID.

10. The annual report of the Company has been uploaded at the Company's website **www.fectogroup.com.**

11. The Company shall provide video conference facility to its members residing outside Karachi for attending the meeting through video link. The said facility is subject to receiving demand from members holding an aggregate of 10% or more shareholding and if demand is received at least 7 days before the date of meeting.

In this regard members who wish to avail this facility are requested to please send their request duly signed as per the following format to the registered address of the Company.

I/We ______________ of ______________ being a member of **Fecto Cement Limited**, holder of __________ ordinary share(s) as per Registered Folio/ CDC Account No. ______________ hereby opt for video link facility at ______________.

____
Signature of Member

Statement under Rule 4(2) of the Companies (Investment in Associated Companies or Associated Undertakings) Regulations, 2017

Name of Investee Company	Proposed unlisted Public Limited Company	Proposed Private Limited Company
Total Investment Approved	Equity investment of USD 24 million equivalent in Pak Rupee in Phases was approved by members in EOGM held on December 01, 2018.	Equity investment of USD 1.2 million equivalent in Pak Rupee in Phases was approved by members in EOGM held on December 01, 2018.
Amount of Investment Made to date	Nil	Nil
Reasons for deviations from the approved timeline of investment, where investment decision was to be implemented in specified time	As stated in Notice of EOGM held on December 01, 2018, the work on project was expected to start in July 2019 subject to completion of formalities. The Chinese project team is evaluating the site and completed required work, however, due to Covid 19 pandemic, Chinese team has returned back to China and will return to commence work after improvement in post pandemic situation.	As stated in Notice of EOGM held on December 01, 2018, the project was expected to be completed by December 2019 subject to completion of formalities. Considering the present slow down in construction sector coupled with Covid 19 pandemic situation resulting return of Chinese team to their country,the JV partners have agreed to hold the project temporarily and once the situation improved, work on the project will start accordingly.
Material change in financial statements of associated company or associated undertaking since date of the resolution passed for approval of investement	N / A	N / A

CHAIRMAN'S REVIEW
FOR THE YEAR ENDED JUNE 30, 2020

It gives me immense pleasure to present before you my Review Report on the overall performance of the Board and effectiveness of the role played in achieving the Company's objectives.

The Board of Directors of the Company has performed their fiduciary duties diligently in upholding the best interest of all stakeholders in efficient and effective manners. The Board has exercised its powers and has performed its duties as stated in the Companies Act, 2017 and the Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Code) contained in the Rule Book of the Pakistan Stock Exchange (the Rule Book) where the Company is listed.

The Board during the year ended 30 June 2020 played an effective role in managing the affairs of the Company and achieving its objectives in the following manner;

- The Board has ensured that there is adequate representation of non-executive and independent directors on the Board and its committees as required under the Code and that members of the Board and its respective committees have adequate skill, experience and knowledge to manage the affairs of the Company;

- The Board has developed and put in place an effective mechanism for an annual evaluation of its own performance and that of its committees and individual directors. The findings of the annual evaluation are assessed and re-evaluated by the Board periodically;

- The Board has ensured that the directors are aware of their duties and responsibilities under the Companies Act, 2017, relevant Rules and Regulations and Articles of Associations of the Company. Further, they are provided with orientation courses to enable them to perform their duties in an effective manner.;

- The Board has ensured that the meetings of the Board and that of its committees were held with the requisite quorum. The Board members have received agenda for the meetings containing all relevant information require to helping them for constructive discussions are delivered in timely manner. All the decision making were taken through Board resolutions and that the minutes of all the meetings (including committees) are appropriately recorded and maintained;

- The Board has developed a code of conduct setting forth the professional standards and corporate values adhered through the Company and have developed significant policies for smooth functioning;

- All the significant issues throughout the year were presented before the Board or its committees to strengthen and formalize the corporate decision making process and particularly all the related party transactions executed by the Company were approved by the Board on the recommendation of the Audit Committee;

- The Board has ensured that the adequate system of internal control is in place and its regular assessment through self-assessment mechanism and /or internal audit activities;

- The Board has prepared and approved the directors' report and has ensured that it is published with the quarterly and annual financial statements of the Company and the contents of the report are in accordance with the requirement of applicable laws and regulations;

- The Board has ensured that adequate information is shared among its members in a timely manner and the Board members are kept abreast of developments between meetings; and

- The Board has exercised its powers in light of the power assigned to the Board in accordance with the relevant laws and regulation applicable to the Company and the Board has always prioritized the Compliance with all the applicable laws and regulations in term of their conduct as directors and exercising their powers and decision making.

AAMIR GHANI
CHAIRMAN

September 29, 2020
Karachi.

DIRECTORS' REPORT TO THE MEMBERS

Dear Members,

The Board of Directors has pleasure in presenting before you the annual report together with Audited Financial Statements of the Company for the year ended June 30, 2020.

OVERVIEW

During the year under review, overall dispatches of industry grew by 1.98 % with total sales volume of 47.81 million tons as against 46.88 million tons of last year. Local sales volume of the industry decreased by 0.98% and reached to 39.96 million tons as against 40.34 million tons of last year. Exports of the industry, whereas grew by 19.98% with sales volume of 7.85 million tons as against 6.54 million tons of last year.

Overall sales volume of plants located in north increased to 36.30 million tons witnessing a growth of 4.03%, out of which local sales volume was of 34.33 million tons whereas exports were of 1.97 million tons. Local sales volume of plants located in north hence, increased by 6.07% whereas exports reduced by 22.07%. Performance of plants located in south remained worst than plants located in north, since their overall sales volume reduced by 4%, out of which local sales reduced by 29.37%, however, exports from south increased by 46.47%.

Main reasons for reduction in local sales volume was of slowdown in construction activities and imposition of lockdown in the country in last quarter of the year under review due to breakout of Covid 19 pandemic in the country.

OPERATING PERFORMANCE

Production and dispatches of the Company for the year under review with comparison to last year were as follows:

	------------------ TONS	----------------	
	2020	**2019**	**CHANGE IN %**
Production			
Clinker	**559,016**	593,312	(5.78)
Cement	**640,576**	680,133	(5.82)
Dispatches			
Local	**571,106**	617,317	(7.49)
Export	**70,344**	66,295	6.11
Total	**641,450**	682,612	(6.03)

Production of clinker and cement for the year under review reduced by 5.78% and 5.82% respectively, main reason for such reduction was of lesser demand in the market and availability of clinker stock at the start of the year.

Local sales volume of the Company during the year under review, reduced by 7.49% as against reduction of 0.98% of industry volume and increased volume of 6.07% of plants located in north.Exports of the company increased by 6.11% as against the reduction of exports by 22.07% of plants located in north.

FINANCIAL PERFORMANCE

Following is the comparison of financial results of the Company for the year under review with last year.

	Rupees in 000 except EPS	
	2020	**2019**
Net sales - Local	**3,033,739**	4,332,388
Net sales - export	**430,165**	408,108
Total Net Sales - Net	**3,463,904**	4,740,496
Cost of sales	**4,179,341**	4,146,193
Gross (Loss)/Profit	**(715,437)**	594,303
(Loss)/Profit before taxation	**(1,034,246)**	130,343
(Loss)/Profit after taxation	**(770,071)**	88,975
(Loss)/Earnings Per Share (Rupees)	**(15.35)**	1.77

SALES REVENUE

During the year under review, local gross sales revenue of the Company reduced by 19.27% as compared to last year though local sales volume reduced by 7.49%. Prices in local market remained depressed throughout the year due to slowdown in construction activities coupled with excess capacity which further aggravated by coming into operation of new production lines and lockdown imposed in the country by the Government due to Covid 19 pandemic.

Net local sales revenues for the year reduced to Rs. 3,034 Million as against Rs. 4,332 Million of last year registering a reduction of 29.96% as against reduction in gross sales revenue of 19.27% and reduction in local sales volume by 7.49%.Reasons for this substantial reduction were as explained above plus increase in Federal Excise Duty (FED) by the Government.Export sales revenue of the Company increased by 5.40% as against increase in volume by 6.11%. Though export price in USD term reduced but in Pak Rupee term, it increased due to depreciation of Pak Rupee against USD resulting higher retention on exports.

Over all net sales revenue of the company reduced to Rs. 3,464 million as against 4,740 million of last year showing reduction of 23.13% as against reduction in volume by 6.03%.

PROFITABILITY

Cost of sales of the Company during the year under review increased by 0.80% though overall sales volume reduced by 6.03%. Cost of sales increased by Rs. 441 per ton as compared to last year. As against increase of cost of sales by 0.80%, fuel and power cost increased by 10.41%, main cause of such increase was imposition of multiple charges in electricity bills by the Government coupled with withdrawal of subsidy of Rs. 3 per unit for industrial consumers as implemented by the previous Government. Such measures resulted increase of Rs. 5.53 per unit of electricity. Prices of coal in international markets reduced in later part of the year, however, higher stevedoring charges at PIBTL as compared to KPT and increase in transportation charges kept the pressure on coal cost as well.

Reduction in local sale price coupled with increase in fuel and power cost, the Company suffered gross loss of Rs. 715 Million for the year under review as against gross profit of Rs. 594 Million of last year, Administrative and distribution expenses reduced during the year due to stringent cost measures taken by the management to curtail expenses.

The Company suffered loss before taxation of Rs. 1,034 Million as against profit before taxation of Rs. 130 million of last year.

Loss before taxation resulted in minimum tax provision and reversal of deferred tax hence, the Company suffered loss after taxation of Rs. 770 Million profit after taxation as against Rs. 89 Million of last year.

Loss per share for the year was of Rs. 15.35 as against earnings per share of Rs. 1.77 of last year.

PRINCIPAL RISKS AND UNCERTAINITIES

The Company is exposed to certain inherent risks and uncertainties related to the environments in which it works and its operations may affect due to such risks and uncertainties. We, however, consider following as key risks:

- Significant competition in the market due to recent expansion in the sector.
- Adverse movement in prices of input costs and foreign exchange rates specially imported coal.
- Data security and privacy.

The Company takes necessary steps with the external and internal stakeholders to mitigate these risks to appropriate level.

IMPACT OF COMPANY'S BUSINESS ON ENVIRONMENT

The Company is in the business of manufacture and sale of cement and any emission from the manufacturing process may affect the area where its operations are conducted. The Company is conscious of this affect and has taken several steps to control the environment in which it works. Plant of the Company is state of the art and meets all national and international standards of quality control. The Company has installed a waste heat recovery power plant to re use waste heat of the manufacturing system and generates clean energy for its operations.

FUTURE OUTLOOK

Demand of cement in local markets remains subdued during the financial year under review;however, in first quarter of current financial year demand of cement has picked up the momentum subsequent to lifting of lockdown restrictions. Pakistan seems to appear successful in controlling the spread of Covid 19 pandemic but its likely resurgence as witnessed in other countries will continue to dampen the economic sentiments.

Economic stimulation measures taken by the Government to contain the economic impact of Covid 19 including reduction in interest rates, deferment of principal payment of loans and concessional rate finance schemes had positive impact and helped revive economic and industrial activities. Further, the Government's resolve to revive construction sector and provide affordable housing to common people is expected to create more demand for cement and help stabilize local cement prices. Resumption of exports to Afghanistan which remaines suspended in last quarter due to closure of border will help plants located in north to absorb excess capacity.

On cost side, prices of coal in international market have retreated from its peak as a result of global slowdown due to Covid 19.This reduction will bid well for the industry as coal is major cost for cement manufacturing. Persistent Increase in electricity charges,currency depreciation and higher incidence of tax will continue pushing up the cost. The prices of other input costs like cement bags and diesel will also affect the profitability. The management being cognizant of these cost elements will continue to look avenues for improvement in operational efficiencies and cost saving measures to remain competitive.

PROGRESS ON INVESTMENT/PROJECTS

APPROVED

Due to slow down in construction activities and Spread of Covid 19 implementation of new projects as approved by members in their Extra Ordinary General Meeting (EOGM) held on December 01, 2018, remained stagnant. The Board did take steps to precede with the approval of members for investments in associated companies to be formed, however, departure of joint venture partners teams due to spread of Covid19 resulted halt in activities to move forward. The management is in contact with them and expects them to return once the situation of Covid 19 normalized. The companies will be formed after completion of preliminary work, legal formalities and return of Chinese teams and accordingly investments as approved by members will be made in due course of time.

Update on this regard has been presented in statement under Rule 4(2) of the Companies (Investment in Associated Companies or Associated Undertakings) Regulations, 2017 attached with Notice of Annual General Meeting.

The Company meanwhile has formed a wholly owned subsidiary company namely Fecto Cement Nooriabad (Private) Limited to undertake new cement project on behalf of the Company. The subsidiary company has not commenced any business operations, therefore, consolidation of accounts of subsidiary with the Company would not have any benefit, and hence, company sought exemption under Section 228(7) of the Companies Act, 2017 from Securities and Exchange of Pakistan (SECP) for preparation of consolidated financial statements. The SECP was pleased to accord relaxation to the Company from preparation of consolidated financial statements vide its letter dated September 21, 2020, therefore only standalone financial statements are prepared and attached with this annual report. Financial highlights of the subsidiary company, however, have been disclosed in Note No. 15.1 of attached financial statements and its annual accounts would be available for inspection of members at the registered office of the Company and would be sent to members if so requested.

NEW

As we explained above of ever increasing electricity cost, the Board after due consideration has decided to install a 5 MW solar power plant to curtail electricity cost and move towards cleaner energy. The Board has advised management to avail SBP concessional financing for renewable energy power project. The project is expected to be completed during current financial year. Completion of this project will help reduce electricity cost.

CORPORATE GOVERNANCE

The Directors are pleased to inform that the company has fully complied with the Code of Corporate Governance as contained in the listing regulations of Stock Exchange where the Company is listed.

In compliance with the Code of Corporate Governance, the Directors are pleased to state that:

1. The financial statements, prepared by the company, present fairly its state of affairs, the result of its operations, cash flows and changes in equity;

2. Proper books of account have been maintained by the company;

3. Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment;

4. International Financial Reporting Standards, as applicable in Pakistan, have been followed in preparation of financial statements;

5. The system of internal control is sound in design and has been effectively implemented and monitored;

6. There are no significant doubts upon the company's ability to continue as a going concern;

7. The value of Provident Fund Investments as per unaudited accounts of Provident Fund Trust for the year ended June 30, 2020 was Rs. 454 Million (2019 Rs. 399 Million) as per audited accounts.

8. There is no outstanding statutory payment due on account of taxes, levies and charges except normal and routine nature and as disclosed in attached financial statements.

Key operating and financial data for six years is annexed to this report, at page No. 20

ADEQUACY OF INTERNAL FINANCIAL CONTROL

The Board of Directors of the Company has established an effective and efficient internal financial control system to ensure effective conduct of company's operation, safeguarding of all assets and compliance with applicable laws and regulations and reliable and timely financial reporting. In house internal audit department is equipped with suitable and qualified staff to continuously review the internal control system and its effectiveness. Internal audit department is responsible to identify any weakness in the system in place by the Board and suggest any deviation, its rectification and improvements in a timely manner to the Audit Committee which ultimately takes corrective steps.

RELATED PARTY TRANSACTIONS

All related party transactions entered into during the year were on arm's length basis and duly approved by the Audit Committee and the Board as required by the Act and relevant regulations. Detail of transactions entered into with related parties is given in Note 37 to the financial statements and respective notes.

COMPOSITION OF THE BOARD

Detail of Number of Board members and their composition is mentioned in Statement of Compliance at page No. 21.
During the year five (5) meetings of the Board of Directors were held. Attendance by each Director is given below:

	Attended
Mr. Mohammed Yasin Fecto	5/5
Mr. Aamir Ghani	3/5
Mr. Rohail Ajmal	5/5
Mr. Mohammed Anwar Habib	5/5
Mr. Khalid Yacoob	5/5
Mr. Jamil Ahmed Khan	4/5
Ms. Saira Ibrahim Bawani	3/5

Directors who could not attend the meeting due to illness or some other engagements were granted Leave of absence. Due to lockdown situation in the country as a result of outbreak of COVID-19 pandemic, the meetings of the Board of Directors and Audit Committee dated April 29, 2020 were held remotely and the resolutions on the necessary matters were passed by circulation.

REMUNERATION POLICY FOR NON EXECUTIVE DIRECTORS

All Directors of the Company are non executive directors except CEO. Remuneration to CEO is approved by the shareholders in their meetings. Non executive directors are paid remuneration for attending Board and its committees meetings are per approved policy. The detail of remuneration paid to CEO and non executive directors is given in Note 36 to the financial statements.

COMMITTEES OF THE BOARD

AUDIT COMMITTEE

Board of Directors of your Company has established Audit Committee of the Board in compliance with the requirements the Listed Companies (Code of Corporate Governance), Regulations, 2019. Term of reference of the Committee was duly communicated to the members by the Board.

During the year four (4) meetings of the Committee were held. Attendance by each member is given below:

		Attended
Mr. Jamil Ahmed Khan	Independent Director- Chairman	3/4
Mr. Mohammed Anwar Habib	Non-Executive Director	4/4
Mr. Roahil Ajmal	Non-Executive Director	4/4

HUMAN RESOURCE AND REMUNERATION COMMITTEE

In compliance with the requirements of Listed Companies (Code of Corporate Governance), Regulations, 2019, The Board of Directors has established this Committee comprising three members, of whom all are non executive directors, whereas chairman of the Committee is an Independent Director. Term of reference of the Committee was duly communicated to the members by the Board. During the year one (1) meeting of the Committee was held which was attended by all members.

TRAINING PROGRAM OF DIRECTORS

Out of seven(7) directors five (5) directors have already attained the training program.

CORPORATE SOCIAL RESPONSIBILTY

Your Company being a responsible corporate citizen always conscious to discharge its obligations towards the people who work for it day and night, people around its work place and to the society as a whole. Few of the highlights of the initiatives undertaken by the Company during the year were:

- Donation for construction of Shelter homes for poor people, a project initiated by Administration of Islamabad Capital Territory.
- Construction and renovation of a girl school in nearby village.
- Participation with local administration for cleaning of Khan pur Dam canal by providing cement and providing manpower.
- Provision of clean water to nearby village for which a reservoir and pipe line were constructed by the Company. Company has also installed an electric pump for smooth supply of water.
- The Company donated an amount of Rs. 5.1 Million (2019: 8.9 Million) for health, social welfare and education.

COVID 19

Covid 19 pandemic posed unprecedented challenges to countries around the world, seriously disrupting existing norms of daily routines and business environment. Pakistan was also not immune to this pandemic resulting imposition of countrywide lockdown in the country which seriously affected the economic activities. Government being cognizant of the situation undertook various measures to mitigate the effect of this pandemic by announcing relief measures like reduction in interest rate, concessional financing schemes for industries and providing cash to poor segments of society.

This pandemic also tested Company's preparedness to deal with this kind of gigantic challenge. The Company on its part took measures to ensure not only safety of its staff but also their livelihood with continued and seamless business operations during this pandemic. In addition to this, being conscious to its social responsibility, the Company also helps Government by contributing donations in cash, providing protecting walkway gates to Islamabad administration and rations to needy.

The management developed a coherent strategy to ensure that its entire staff, their families, customers, suppliers and other stakeholders would remain safe while dealing with the company in their respective capacities. The SOP(s) announced by the Government were implemented at all business locations of the Company.The measures taken by the Company resulted in continued business operation serving its customers without any disruption.

CONTRIBUTION TO NATIONAL EXCHEQURE

Your company contributed around Rs. 2,055 Million in national exchequres as sales tax, federal excise duty and income tax compared to Rs 2,027 Million of last year. Company also brought in foreign exchange of around US$ 2.7 Million in the country by exporting cement. In addition to that the Company also paid and made contribution to national exchequer on account of royalty payment and also collected and deposited income tax from its suppliers and staff on behalf of FBR.

ENTITY CREDIT RATING

Pakistan Credit Rating Agency (PACRA) has maintained ratings assigned to the Company as long term rating of A- and short term A2 with stable outlook.

NOTICE OF RECOVERY

The auditors have drawn attention of the members to the Note 12.1.1 of financial statements in respect of cancellation of mining lease and notice of recovery served on the Company by the Deputy Director (protection/forest) Capital Development Authority (CDA) creating a demand of RS. 427 Million for alleged damage caused by the Company's mining activities. The said notice was issued at the time when mining lease of the Company was cancelled on March 15, 2015 by Director Industries and Labour, ICT, Islamabad and withdrawal of NOC by CDA. The matter was raised before the Senior Magistrate CDA, Islamabad. The Company challenged the said notice on the grounds that mining activities conducted by it were under valid license issued to it by the concerned authorities, interalia, penalty has been without any prior notice and giving an opportunity of being heard to the Company, further no basis is provided for calculating the damage.

The Senior Magistrate has issued an order whereby he has kept the matter pending till the disposal of Company's appeal in higher forum challenging the cancellation of its mining lease. The Company is vigorously contesting the cases of cancellation of mining lease and based on the legal opinion, believes that outcome of the matter will be in favour of the Company and accordingly it won't be liable to pay this penalty as well.

Mining activities meanwhile are suspended; however, the Company has made alternate arrangements to continue its production and dispatch operations.

INDUSTRIAL RELATIONS

Company believes that its best assets are the one who work for it and constant efforts are made to provide them all facilities. Hence, management employee relations have always been very cordial and no industrial unrest has ever been witnessed in the company.

AUDITORS

Present auditors M/s. Rahman Sarfaraz Rahim Iqbal Rafiq, Chartered Accountants, retire and being eligible, have offered them for re-appointment. The Audit Committee of the Board has also recommended their appointment as Statutory Auditors of the Company for the year ending June 30, 2021 and Board would also like to endorse the recommendation of the Audit Committee.

PATTERN OF SHAREHOLDING

Statements showing the pattern of shareholding as at June 30, 2020 required Section 227(2)(f) of the Companies Act, 2017 is annexed to this report at page No. 18.

APPROPRIATION
The appropriations approved by the Board are as follows:

	Rupees in 000
Un appropriated profit brought forward	3,147,216
Loss after taxation for the year	(770,071)
Available for appropriation	2,377,145
Appropriation:	
Final Cash Dividend paid for the year ended 30 June 2019@ 5 % i.e. Rs. 0.50/= per share	25,080
Un appropriated profit carried forward	2,352,065

SUBSEQUENT EFFECT

Considering the fact that the Company has suffered losses during the year under review, the Board of Directors in its meeting held on September 29, 2020 has decided not to recomned payment of dividend for the year.

ACKNOWLEDGMENT

The Directors would like to place on record their appreciation for the strenuous efforts and dedicated work of the staff and workers and for the efforts made by the dealers in giving full support to our marketing policies. We would also like to express our sincere thanks to all the financial institutions and banks for their continued support and co-operation and regulations for their guidence.

On behalf of the Board

MOHAMMED YASIN FECTO
CHIEF EXECUTIVE

ROHAIL AJMAL
DIRECTOR

Karachi: September 29, 2020.

PATTERN OF SHAREHOLDING
AS AT JUNE 30, 2020

Statements showing the pattern of shareholding as at June 30, 2020 required Section 227(2)(f) of the Companies Act, 2017 is annexed to this report.

No. of Shareholders	Shareholding From	Shareholding To	Total shares
392	1	100	8,910
499	101	500	151,878
689	501	1000	448,542
414	1001	5000	986,186
90	5001	10000	677,653
34	10001	15000	437,142
25	15001	20000	453,916
13	20001	25000	291,300
9	25001	30000	250,100
5	30001	35000	169,600
3	35001	40000	116,000
2	40001	45000	83,500
4	45001	50000	200,000
1	50001	55000	55,000
1	55001	60000	57,640
2	60001	65000	130,000
2	70001	75000	144,500
1	85001	90000	85,030
3	95001	100000	300,000
1	100001	105000	104,500
1	110001	115000	114,000
1	145001	150000	145,500
1	155001	160000	157,937
1	160001	165000	162,500
2	195001	200000	399,500
1	235001	240000	239,200
1	240001	245000	243,200
1	465001	470000	467,000
1	590001	595000	594,500
1	645001	650000	645,100
1	1125001	1130000	1,127,255
1	3035001	3040000	3,039,700
1	10190001	10195000	10,191,536
1	27480001	27485000	27,481,675
2205			**50,160,000**

CATEGORIES OF SHAREHOLDERS

AS AT JUNE 30, 2020

Shareholder's Category	Number of Shareholders	Number of Shares held
Associated Companies, undertakings and related parties	**NIL**	**NIL**
NIT and ICP	**4**	**1,131,395**
Directors		
Mr. Mohammed Yasin Fecto	2	37,673,211
Mr. Jamil Ahmed Khan	1	2,500
Mr. Khalid Yacoob	1	2,750
Mr. Aamir Ghani	1	2,750
Mr. Mohammad Anwar Habib	1	2,750
Ms. Saira Ibrahim Bawany	1	3,300
	7	**37,687,261**
Banks, Development Finance Institutions, Non-Banking Finance Companies, Insurance and Modarabas	**10**	**4,242,691**
Mutual Funds		
CDC - Trustee NAFA Stock Fund	1	243,200
CDC - Trustee NAFA Islamic Asset Allocat	1	239,200
CDC - Trustee NAFA Islamic Pension Fund Equity Account	1	19,600
	3	**502,000**
OTHERS		
Foreign	1	162,500
Institutions	23	118,123
Trust/fund	4	185,079
Individuals - Local	2,153	6,130,951
	2,181	**6,596,653**
Total	**2,205**	**50,160,000**
Detail of trading in shares by the Directors, Chief Financial Officers, Company secretary and their spouse and Minor Children	NONE	NONE
Shareholders holding 5% or more voting interest		
Mr. Mohammed Yasin Fecto		**37,673,211**
Muslim Commercial Bank Limited - Treasury		**3,039,700**

There were no trading in shares during the year by any Directors, Chief Executive,Chief Financial Officer, Company Secretary and Executives and their Spouses and Minor Children.

The term Executive includes employees having salary of more than Rs. 300,000/- per month.

KEY OPERATING AND FINANCIAL DATA FOR SIX YEARS

Year ended June 30	2020	2019	2018	2017	2016	2015
PRODUCTION SUMMARY			(Tonnes)			
Clinker production	**599,016**	593,312	744,402	789,904	661,103	703,677
Cement production	**640,576**	680,133	793,063	773,172	735,501	694,458
Cement despatches	**641,450**	682,612	791,555	771,662	736,671	694,132
PROFIT & LOSS SUMMARY		(Rupees in thousand unless stated otherwise)				
Turnover (net)	**3,463,904**	4,740,496	4,902,784	5,130,744	5,031,622	4,779,145
Gross (Loss) / Profit	**(715,437)**	594,303	1,027,305	1,556,776	1,623,450	1,465,349
(Loss) / Profit before tax	**(1,034,246)**	130,343	599,628	1,091,511	1,158,876	899,636
BALANCE SHEET SUMMARY						
Paid up capital	**501,600**	501,600	501,600	501,600	501,600	501,600
General Reserve	**550,000**	550,000	550,000	550,000	550,000	550,000
Accumulated Profit	**2,352,065**	3,147,216	3,158,561	2,842,223	2,181,850	1,869,625
Long term loan and lease finance	**112,026**	34,322	14,757	0	0	80,000
Deferred liabilities	**33,430**	355,892	341,866	377,960	403,944	436,830
Property, plant & equipment and Right-of-use Assets	**1,844,043**	1,946,434	1,998,000	1,961,266	1,867,644	1,957,505
MISCELLANEOUS						
Contribution to national exchequer	**2,055,000**	2,027,000	2,216,000	2,136,328	1,108,922	967,700
Loss / Earnings per share (Rs.)	**(15.35)**	1.77	8.81	15.30	16.22	12.31
Break up value per share (Rs.)	**67.86**	83.66	83.93	77.63	64.46	58.24
Current ratio	**01:0.43**	01:0.13	01:0.20	01:0.15	01:0.20	01:0.36
Debt/equity ratio	**3:97**	0.81:99	0.35:100	0:100	0:100	3:97
Dividend	**0%**	5%	20%	25%	70%	50%
P. E Ratio	**(1.36)**	11.02	4.74	6.82	7.12	5.65
Divdend Payout Ratio	**0.00%**	28.25%	22.71%	16.34%	43.15%	40.62%

STATEMENT OF COMPLIANCE WITH LISTED COMPANIES (CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2019 FOR THE YEAR ENDED JUNE 30, 2020

M/s. Fecto Cement Limited ('the Company') has complied with the requirements of the Listed Companies (Code of Corporate Governance) Regulations 2019, ('the Regulations) in the following manner:

1. The total number of directors are 7 as per the following:

Male	**6**
Female	**1**

2. The Composition of board is as follows:

Independent Directors	Khalid Yacoob Aamir Ghani Jamil Ahmed Khan
Non-Executive Directors	Mohammed Anwar Habib Rohail Ajmal Saira Ibrahim Bawani (Female)
Executive Directors	Mohammed Yasin Fecto

3. The Directors have confirmed that none of them is serving as a director on more than seven (7) 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 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 and these Regulations;

7. The meetings of the Board were presided over by the Chairman, and in his absence, by a director elected by the Board for this purpose. The Board has complied with the requirements of the Companies Act, 2017 and 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 Companies Act, 2017 and these Regulations;

9. Up to the date of reporting period (i.e. June 30, 2020), the Board has arranged Directors training program for the following directors:

   Mr. Jamil Ahmed Khan
   Mr. Mohammed Anwar Habib
   Mr. Rohail Ajmal
   Mr. Khalid Yacoob
   Mr. Aamir Ghani

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:

AUDIT COMMITTEE	
Mr. Jamil Ahmed Khan	Chairman
Mr. Mohammed Anwar Habib	Member
Mr. Rohail Ajmal	Member

HR and REMUNERATION COMMITTEE	
Mr. Jamil Ahmed Khan	Chairman
Mr. Khalid Yacoob	Member
Mr. Mohammed Anwer Habib	Member

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:

i.	Audit Committee	Quarterly
ii.	HR and Remuneration Committee	Annual

15. The Board has set-up an effective internal audit function which is considered 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 their partners of the firm involved in the audit are not close relative (spouse, parent, dependent and non dependent children) of the Chief Executive Officer, Chief Financial Officer, Head of Internal Audit, Company Secretary or a 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 Companies Act 2017, these regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard.

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

AAMIR GHANI
CHAIRMAN

Karachi: September 29, 2020

INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF FECTO CEMENT 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 **M/s. Fecto Cement Limited** ('the Company') for the year ended June 30, 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 requirements 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 party 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 June 30, 2020.

Rahman Ul Rafiq

Karachi.
Date: September 29, 2020

Rahman Sarfaraz Rahim Iqbal Rafiq
Chartered Accountants

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF FECTO CEMENT LIMITED

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the annexed financial statements of **M/s. Fecto Cement Limited** ('the Company'), which comprise the statement of financial position as at **June 30, 2020,** the statement of profit or loss and other comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 2020 and of the loss, total 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 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.

Emphasis of Matters

We draw attention to note 12.1.1 to the financial statements which discloses the fact that, since March 2015, the Company has been contesting, in Civil Court, Islamabad, a legal suit filed by it against the Director Minerals, Industries and Labour Welfare, Islamabad Capital Territory for revocation of the mining license previously granted to the Company. In addition, it states that the Company has also challenged before the Senior Special Magistrate CDA, Islamabad, a notice of recovery issued to the Company by Deputy Director (Protection / Forest) whereby a demand of Rs. 427.05 million was created for the alleged environmental damage caused by the Company through its mining activities. However, our opinion is not modified in respect of these matters.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters are addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. However, we have determined that there are no key audit matters to communicate in our report.

Information Other than the Financial Statements and Auditor's Report thereon

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and the auditor's report thereon.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Board of Directors for the Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

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

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

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

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

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 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 statement of financial position, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;

(c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and

(d) 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 **Mr. Muhammad Waseem.**

Rahman Ul Rafiq

Rahman Sarfaraz Rahim Iqbal Rafiq
Chartered Accountants

Date: September 29, 2020
Karachi

STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2020

	Note	June 30 2020	June 30, 2019
		Rupees in '000'	
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized capital			
75,000,000 (2019: 75,000,000) ordinary shares of Rs. 10/- each		**750,000**	750,000
Issued, subscribed and paid up capital			
50,160,000 (2019: 50,160,000) ordinary shares of Rs.10/- each	5	**501,600**	501,600
Revenue reserves			
General reserve		**550,000**	550,000
Accumulated profit		**2,352,065**	3,147,216
Surplus on revaluation of investment in unquoted shares		**104,346**	132,751
		3,006,411	3,829,967
		3,508,011	4,331,567
LIABILITIES			
Non-current liabilities			
Long term loan from a banking company	6	**87,217**	-
Liabilities against assets subject to lease	7	**24,809**	34,322
Deferred income - Government grant	8	**10,476**	-
Deferred taxation	9	**33,430**	355,892
		155,932	390,214
Current Liabilities			
Trade and other payables	10	**527,345**	320,896
Short term borrowing	11	**570,514**	-
Accrued mark-up		**14,313**	363
Unclaimed dividend		**14,418**	14,501
Unpaid dividend		**328**	185
Current maturity of long term loan from a banking company	6	**23,581**	-
Current maturity of lease liabilities	7	**19,364**	8,837
		1,169,863	344,782
Contingencies and commitments	12		
Total equity and liabilities		**4,833,806**	5,066,563
ASSETS			
Non-current assets			
Property, plant and equipment	13	**1,792,313**	1,895,270
Right-of-use assets	14	**51,730**	51,164
Long term investments	15	**284,350**	319,650
Long term deposits	16	**6,294**	6,486
Long term loans and advances	17	**10,756**	12,606
		2,145,443	2,285,176
Current assets			
Stores and spares	18	**811,535**	765,829
Stock-in-trade	19	**1,276,269**	1,258,191
Trade debts	20	**24,892**	68,006
Short term investments	21	**117,422**	189,436
Short term loan to a related party	22	**90,000**	40,000
Loans, advances, deposits, prepayments and accrued markup	23	**30,665**	106,545
Taxation - net		**219,889**	189,025
Cash and bank balances	24	**117,691**	164,355
		2,688,363	2,781,387
Total assets		**4,833,806**	5,066,563

The annexed notes from 1 to 41 form an integral part of the financial statements.

MOHAMMED YASIN FECTO
CHIEF EXECUTIVE

ROHAIL AJMAL
DIRECTOR

ABDUL SAMAD
CHIEF FINANCIAL OFFICER

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED JUNE 30, 2020

	Note	2020	2019
		Rupees in '000'	
Turnover - net	25	**3,463,904**	4,740,496
Cost of sales	26	**(4,179,341)**	(4,146,193)
Gross (loss) / profit		**(715,437)**	594,303
Administrative expenses	27	**(241,909)**	(290,472)
Distribution cost	28	**(94,164)**	(203,122)
		(336,073)	(493,594)
Finance costs	29	**(28,573)**	(5,377)
Other expenses	31	**-**	(11,400)
		(28,573)	(16,777)
		(1,080,083)	83,932
Other income	30	**45,837**	46,411
(Loss) / profit before taxation		**(1,034,246)**	130,343
Provision for taxation:			
- Current		**(50,391)**	(64,695)
- Prior		**-**	454
- Deferred		**314,566**	22,873
	32	**264,175**	(41,368)
(Loss) / profit after taxation		**(770,071)**	88,975
Other comprehensive (loss) / income for the year			
Items that will not be reclassified subsequently to profit or loss			
Unrealized (loss) / gain on remeasurement of equity instrument at fair value through other comprehensive income		**(36,300)**	169,650
Related deferred tax thereon		**7,895**	(36,899)
		(28,405)	132,751
Total comprehensive (loss) / income for the year		**(798,476)**	221,726
		Rupees	
(Loss) / earnings per share - basic and diluted	33	**(15.35)**	1.77

The annexed notes from 1 to 41 form an integral part of the financial statements.

MOHAMMED YASIN FECTO	**ROHAIL AJMAL**	**ABDUL SAMAD**
CHIEF EXECUTIVE	DIRECTOR	CHIEF FINANCIAL OFFICER

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED JUNE 30, 2020

	Share Capital	Revenue Reserves			Total
	Issued, Subscribed & Paid up capital	General Reserve	Accumulated Profit	Surplus on Revaluation of investment in unquoted shares	
	------------ Rupees in '000' ------------				
Balance as at June 30, 2018	501,600	550,000	3,158,561	-	4,210,161
Total comprehensive income for the year ended June 30, 2019					
- Profit after taxation	-	-	88,975	-	88,975
- Other comprehensive income	-	-	-	132,751	132,751
	-	-	88,975	132,751	221,726
Transactions with owners recorded directly in equity					
- Final cash dividend @ 20% for the year ended June 30, 2018	-	-	(100,320)	-	(100,320)
Balance as at June 30, 2019	501,600	550,000	3,147,216	132,751	4,331,567
Total comprehensive loss for the year ended June 30, 2020					
- Loss after taxation	**-**	**-**	**(770,071)**	**-**	**(770,071)**
- Other comprehensive loss	**-**	**-**	**-**	**(28,405)**	**(28,405)**
	-	**-**	**(770,071)**	**(28,405)**	**(798,476)**
Transactions with owners recorded directly in equity					
- Final cash dividend @ 5% for the year ended June 30, 2019	**-**	**-**	**(25,080)**	**-**	**(25,080)**
Balance as at June 30, 2020	**501,600**	**550,000**	**2,352,065**	**104,346**	**3,508,011**

The annexed notes from 1 to 41 form an integral part of the financial statements.

MOHAMMED YASIN FECTO	**ROHAIL AJMAL**	**ABDUL SAMAD**
CHIEF EXECUTIVE	DIRECTOR	CHIEF FINANCIAL OFFICER

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED JUNE 30, 2020

	Note	2020	2019
		Rupees in '000'	
CASH FLOWS FROM OPERATING ACTIVITIES			
(Loss) / profit before taxation		**(1,034,246)**	130,343
Adjustments for:			
Depreciation		**135,055**	119,634
Provision for Workers' Profit Participation Fund		**-**	7,087
Provision for Workers' Welfare Fund		**-**	4,313
Interest income		**(35,899)**	(29,253)
Dividend income		**(4,367)**	(12,369)
Gain on disposal of operating fixed assets		**-**	(2,380)
Amortization of deferred government grant		**(621)**	-
Realized capital (gain) / loss on short term investments		**(4,414)**	370
Unrealized loss on re-measurement of investments		**129**	3,583
Finance cost		**28,573**	5,377
		118,456	96,362
Operating (loss) / profit before working capital changes		**(915,790)**	226,705
Working capital changes			
(Increase) / decrease in current assets			
Stores and spares		**(45,706)**	96,491
Stock-in-trade		**(18,078)**	70,850
Trade debtors - considered good		**43,114**	7,422
Loans, advances, deposits, prepayments and accrued markup		**73,711**	18,530
Increase / (decrease) in current liabilities			
Trade and other payables		**213,536**	(286,984)
Cash (used in) / generated from operations		**(649,213)**	133,014
Taxes paid		**(81,255)**	(112,665)
Payment to Workers' Profit Participation Fund		**(7,087)**	(32,203)
Long term deposits		**192**	319
Long term loans and advances		**1,850**	1,928
Net cash used in operating activities		**(735,513)**	(9,607)
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure		**(10,031)**	(42,685)
Long term investment		**(1,000)**	(150,000)
Proceeds from redemption of short term investment		**80,666**	24,020
Short term loan to associated company - net		**(50,000)**	(40,000)
Interest received		**35,899**	29,253
Proceeds from disposal of property, plant and equipment		**600**	6,471
Net cash generated from / (used in) investing activities		**56,134**	(172,941)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of principal against lease obligation		**(20,050)**	(4,718)
Long term loan received from a banking company		**121,895**	-
Finance cost paid		**(14,623)**	(5,120)
Short term borrowings - net		**289,480**	-
Dividend paid		**(25,021)**	(116,063)
Net cash generated from / (used in) financing activities		**351,681**	(125,901)
Net decrease in cash and cash equivalents		**(327,698)**	(308,449)
Cash and cash equivalents at the beginning of the year		**164,355**	472,804
Cash and cash equivalents at the end of the year	34	**(163,343)**	164,355

The annexed notes from 1 to 41 form an integral part of the financial statements.

MOHAMMED YASIN FECTO	**ROHAIL AJMAL**	**ABDUL SAMAD**
CHIEF EXECUTIVE	DIRECTOR	CHIEF FINANCIAL OFFICER

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

1 STATUS AND NATURE OF BUSINESS

Fecto Cement Limited ('the Company') was incorporated in Pakistan on February 28, 1981 as a public limited company under the repealed Companies Act, 1913 (Repealed with the enactment of the Companies Ordinance, 1984 on October 8, 1984 and subsequently by Companies Act, 2017 on May 30, 2017) with its registered office situated at 35-Darulaman Housing Society, Block 7/8, Shahra-e-Faisal, Karachi, Sindh. The Company's Plant is located at Sangjani village Sangjani, Islamabad-4400. The shares of the Company are quoted on Pakistan Stock Exchange Limited. The principal activity of the Company is production and sale of Ordinary Portland Cement.

2 BASIS OF PREPARATION

2.1 Statement of compliance

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

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

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

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

2.2 Basis of measurement

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

(a) Lease liability and the related right-of-use asset which are initially measured at the present value of the lease payments that are not paid at the commencement date.

(b) Long term investment in unquoted ordinary shares of M/s. Frontier Paper Products (Private) Limited which are carried at fair value through other comprehensive income; and

(c) Short term investments in units of mutual funds and privately placed term finance certificates which are carried at fair value through profit or loss.

2.3 Functional and presentation currency

Items included in these financial statements are measured using the currency of the primary economic environment in which the Company operates. These financial statements are presented in Pak Rupees which is the Company’s functional and presentation currency.

2.4 Use of estimates and judgments

The preparation of financial statements in conformity with approved financial reporting standards, as applicable in Pakistan, requires management to make judgments, estimates and assumptions that affect the application of policies and the 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 the circumstances, the results of which form the basis of 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.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is 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.

Information about judgments made by the management in the application of approved accounting standards, as applicable in Pakistan, that have significant effect on the financial statements and estimates and assumptions with a significant risk of material adjustment in the future periods are as follows:

- Useful lives, depreciation method and residual values of property, plant and equipment (Note 4.6)

- Lease term and discount rate used to measure the right-of-use assets and the lease liability

- Unobservable inputs used in the valuation of long term investment in M/s. Frontier Paper Products (Private) Limited

- Provision for slow moving and obsolete stores and spares (Note 4.7)

- Discount rate used to determine the value of government grant element embedded in the long term finance received from a commercial bank under the SBP Refinance Scheme for Payment of Wages and Salaries

- Provision for taxation (Note 4.19)

3 NEW ACCOUNTING PRONOUNCEMENTS

3.1 Amendments to approved accounting standards and interpretations which became effective during the year ended June 30, 2020

During the year, certain new accounting and reporting standards / amendments / interpretations became effective and applicable to the Company. However, since such updates (except as disclosed in note 3.1.1 below) were not considered to be relevant to the Company's financial reporting, the same have not been disclosed here.

3.1.1 Initial application of IFRS 16 'Leases'

An overview of the new lease accounting requirements for lessees

With effect from July 01, 2019, the Company has adopted the International Financial Reporting Standard (IFRS) 16 Leases which replaced the previous lease accounting requirements contained in IAS 17 Leases IFRIC Interpretation 4 Determining whether an Arrangement contains a Lease, SIC Interpretation 15 Operating Leases—Incentives and SIC Interpretation 27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease.

IFRS 16 introduces a single on-balance sheet lease accounting model for lessees whereby, at the date of commencement of lease, a lessee is required to recognize a right-of -use asset and a lease liability (except in case short term leases and leases of low value assets). The right-of-use asset represents the lessee's right to use an underlying asset during the lease term and the corresponding lease liability represents the lessee's obligation to make payments to the lessor for providing the right to use that asset. In the IASB's view, this new lessee accounting model reflects the economics of a lease because, at the commencement date, a lessee obtains the right to use an underlying asset for a period of time, and the lessor had delivered that right by making the asset available for use by the lessee.

The aforesaid new accounting model materially differs from the previous lease accounting requirements for lessees whereby a lessee was required to classify its leases either as finance leases or operating leases based on whether the risks and rewards incidental to ownership were substantially transferred to the lessee. Under the previous standard, at the commencement of the lease term, the lessee recognized finance leases as assets and liabilities in its statement of financial position. However, the lessee recognized the payments made under operating leases as an expense on a straight line basis over the lease term unless another systematic basis was more representative of the time pattern of the user's benefit.

Method of transition to the new lease accounting model

IFRS 16 specifies that a lessee shall apply the standard to its leases either retrospectively to each prior reporting period presented applying IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors ('the full retrospective method') or retrospectively with the cumulative effect of initially applying the standard recognized as an adjustment to the opening balance of retained earnings or other component of equity, as appropriate, at the date of initial application without restating comparative information ('the cumulative catch-up transition method').

A - Leases previously classified as operating leases

The Company has applied IFRS 16 to the lease arrangements in which it is a lessee and which previously were classified as operating leases under IAS 17 (i.e. leases of office premises) by following the cumulative catch-up transition method and using the following practical expedients as permitted under paragraph C10 of IFRS 16:

(a) The Company has applied a single discount rate (i.e. its incremental borrowing rate of 15% per annum as of July 01, 2019) to its portfolio of leases with reasonably similar characteristics (such as leases with a similar remaining lease term for a similar class of underlying asset in a similar economic environment);

(b) The Company has relied on its assessment of whether the aforesaid lease arrangements are onerous applying IAS 37 Provisions, Contingent Liabilities and Contingent Assets as on June 30, 2019 as an alternative to perform an impairment review of right-of-use asset. The said assessment performed by the Company as on June 30, 2019 had not identified any onerous lease arrangements; and

(c) The Company has excluded initial direct costs from the measurement of the right-of-use asset at the date of initial application.

Because, in its financial statements for the year ended June 30, 2019, the Company was not required to disclose operating lease commitments under IAS 17, no such explanation as is required under paragraph C12(b) of IFRS 16 has been disclosed in these financial statements.

B - Leases previously classified as finance leases

The Company has applied IFRS 16 to the lease arrangements in which it is a lessee and which previously were classified as finance leases under IAS 17 (i.e. leases of motor vehicles) by following the cumulative catch-up transition method. Accordingly, the carrying amount of the right-of-use asset and the lease liability at the date of initial application of IFRS 16 (i.e. July 01, 2019) were measured at the carrying amount of the finance lease asset and the finance lease obligation reported as of June 30, 2019.

Initial measurement of the right-of-use asset and the corresponding lease liability

As of the date of initial application (i.e. of July 01, 2019), the Company measured the right-of use asset and the related lease liability (arising from its rights under lease arrangements existing as of that date) as follows:

(a) As permitted under paragraph C8(b) of IFRS 16, the Company measured the right-of-use asset at an amount equal to the lease liability, adjusted by the amount of related prepaid lease payments recognized in its statement of financial position as of June 30, 2019.

(b) The Company measured the lease liability at the present value of the remaining lease payments, discounted using its aforementioned incremental borrowing rate of 15% per annum as of July 01, 2019.

Accounting policies with respect to measurement of the right-of-use asset and the corresponding lease liability

Upon adoption of IFRS 16, the Company has changed its accounting policies with respect to initial and subsequent measurement of the right-of-use asset and the lease liability. The revised accounting policies are stated in note 4.1 to the financial statements.

3.2 New / revised accounting standards, amendments to published accounting standards and interpretations that are not yet effective

The following International Financial Reporting Standards (IFRS Standards) as notified under the Companies Act, 2017 and the amendments and interpretations thereto will be effective for accounting periods beginning on or after the date specified below;

- 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 January 01, 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 application of the amendment is not likely to have an impact on the Company's 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 January 01, 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. The amendments are not likely to affect the financial statements of the Company.

- Interest rate benchmark reform which amended IFRS 9, IAS 39 and IFRS 7 is applicable for annual financial periods beginning on or after January 01, 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. The amendments are not likely to affect the 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 June 01, 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:

(a) 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;

(b) any reduction in lease payments affects only payments originally due on or before 30 June 2021; and

(c) there is no substantive change to the other terms and conditions of the lease.

The above amendments are not likely to affect the 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 January 01, 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. The amendments are not likely to affect the 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 January 01, 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. The amendments are not likely to affect the 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 January 01, 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. The amendments are not likely to affect the 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 January 01, 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 not likely to affect the financial statements of the Company.

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented except for the change in accounting policy as described in note 3.1.1 to these financial statements:

4.1 Leases

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

The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

A - Leases other than short-term leases and leases of low-value assets

(a) Right-of-use assets

The Company recognises right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets.

If ownership of the leased asset transfers to the Company at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The right-of-use assets are also subject to impairment.

(b) Lease liabilities

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating the lease, if the lease term reflects the Company exercising the option to terminate.

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

In calculating the present value of lease payments, the Company uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

B - Short-term leases and leases of low-value assets

The Company applies the short-term lease recognition exemption to those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. It also applies the lease of low-value assets recognition exemption to those leases where the nature of the underlying asset is such that, when new, the asset is typically not of low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

4.2 Government grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Company will comply with all attached conditions.

Government grants relating to costs are deferred and recognised in the profit or loss over the period necessary to match them with the costs that they are intended to compensate.

4.3 Provisions and contingent liabilities

Provisions

A provision is recognised in the statement of financial position when the Company has a legal or constructive obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of obligation. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

As the actual outflows can differ from estimates made for provisions due to changes in laws, regulations, public expectations, technology, prices and conditions, and can take place many years in the future, the carrying amounts of provisions are reviewed at each reporting date and adjusted to take account of such changes. Any adjustments to the amount of previously recognised provision is recognised in the statement of profit or loss unless the provision was originally recognised as part of cost of an asset.

Contingent liabilities

A contingent liability is disclosed when the Company has a possible obligation as a result of past events, 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 the Company has a present legal or constructive 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.

4.4 Trade and other payables

Trade and other payables are recognized initially at fair value plus directly attributable cost, if any and subsequently measured at amortized cost.

4.5 Financial liabilities

"Financial liabilities are classified as measured at amortized cost or 'at fair value through profit or loss' (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 the statement of 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 the statement of profit or loss. Any gain or loss on de-recognition is also recognized in the statement of profit or loss.

Financial liabilities are derecognized when the contractual obligations are discharged or cancelled or have expired or when the financial liability's cash flows have been substantially modified.

4.6 Property, plant and equipment

Operating assets

Operating assets are stated at cost (including where relevant related borrowing cost) less accumulated depreciation and impairment losses, if any, except for free hold land and capital stores which are stated at cost. Depreciation on additions is charged for the month the asset is put to use and no depreciation is charged in the month of disposal.

Maintenance and repairs are charged to profit and loss as and when incurred. Major renewals and improvements are capitalized. Gains and losses on disposal of assets, if any, are included in income currently.

Depreciation is charged to profit and loss applying the straight line method at the rate specified below:

Asset class	Useful lives Years)	Residual values (% of cost)
Factory building	21.5 - 23.5	-
Non-factory building	21.5 - 23.5	-
Plant, machinery and equipment	7 - 23.5	5
Quarry transport equipment	8 - 10	5
Furniture, fixtures and equipment	3 - 10	0 - 5
Motor vehicles	5	1 0

Useful lives, depreciation methods and residual values are reassessed annually and change, if any, are applied prospectively.

Capital work in progress

Capital work in progress is stated at cost including, where relevant, related financing costs less impairment losses, if any. These costs are transferred to fixed assets as and when assets are available for use.

Capital spares

Items of spare parts are classified as capital spares when they meet in the definition of property, plant and equipment provided in the International Accounting Standard (IAS) 16 Property, Plant and Equipment. Such items are transferred to operating assets and depreciated when they are commissioned into the corresponding item of plant or machinery (i.e. when they are replaced against worn out, obsolete or damaged parts).

4.7 Stores and spares

These are valued under the moving average cost method (less impairment loss if any) other than stores and spares in transit which are valued at cost comprising invoice value plus other charges paid thereon less impairment loss if any.

Provisions are made in the financial statements for obsolete and slow moving inventory based on management's best estimate regarding their future usability.

4.8 Stock-in-trade

Stock-in-trade is stated at the lower of cost and net realisable value. Cost comprises direct materials, direct labour and an appropriate proportion of variable and fixed overhead expenditure, the latter being allocated on the basis of normal operating capacity. The cost formulas used for different classes of stock-in-trade are as follows:

Raw materials and packing materials:	First-in-first-out (FIFO) method
Work-in-process and finished goods:	Weighted average cost determined on a Quarterly basis

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

Inventory write-down is made based on the current market conditions, historical experience and selling goods of similar nature. It could change significantly as a result of changes in market conditions. A review is made on each reporting date on inventories for excess inventories, obsolescence and declines in net realisable value and an allowance is recorded against the inventory balances for any such declines.

4.9 Trade debts

These are carried at their transaction price less any allowance for lifetime expected credit losses. A receivable is recognized when the goods are delivered to dealers as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

4.10 Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash at banks and on hand and short-term highly liquid deposits with a maturity of three months or less, that are readily convertible to a known amount of cash and subject to an insignificant risk of changes in value.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term bank deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Company's cash management.

4.11 Financial assets

4.11.1 Initial recognition, classification and measurement

The Company recognizes a financial asset when and only when it becomes a party to the contractual provisions of the instrument evidencing investment. The Company classifies its financial assets into either of following three categories:

(a) financial assets measured at amortized cost.

(b) fair value through other comprehensive income (FVOCI);

(c) fair value through profit or loss (FVTPL); and

(a) Financial assets measured at amortized cost

A Financial asset is measured at amortized cost if it is held within business model whose objective is to hold assets to collect contractual cash flows, and its contractual terms give rise on specifed dates to cash flows that are solely payments of principal and interest on principal amount outstanding.

Such financial assets are initially measured at fair value plus transaction costs that are directly attributable to the acquisition or issue thereof.

(b) Financial assets at FVOCI

A financial asset is classified as at fair value through other comprehensive income when either:

(a) 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 specifed dates to cash flows that are solely payments of principal and interest on the principal amount outstanding; or

(b) it is an investment in equity instrument which is designated as at fair value through other comprehensive income in accordance with the irrevocable election available to the Company at initial recognition.

Such financial assets are initially measured at fair value plus transaction costs that are directly attributable to the acquisition or issue thereof.

4.11.2 Subsequent measurement

(a) Financial assets measured at amortized cost

These assets are subsequently measured at amortized cost (determined using the effective interest method) less accumulated impairment losses.

Interest / markup income, foreign exchange gains and losses and impairment losses arising from such financial assets are recognized in profit or loss.

(b) Financial assets at FVOCI

These are subsequently measured at fair value less accumulated impairment losses.

A gain or loss on a financial asset measured at fair value through other comprehensive income in accordance is recognised in other comprehensive income, except for impairment gains or losses and foreign exchange gains and losses, until the financial asset is derecognised or reclassified. When the financial asset is derecognised the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment (except for investments in equity instruments which are designated as at fair value through other comprehensive income in whose case the cumulative gain or loss previously recognized in other comprehensive income is not so reclassified). Interest is calculated using the effective interest method and is recognised in profit or loss.

(c) Financial assets at FVTPL

These assets are subsequently measured at fair value.

Net gains or losses arising from remeasurement of such financial assets as well as any interest income accruing thereon are recognized in profit or loss.

4.11.3 Impairment

The Company recognises a loss allowance for expected credit losses in respect of financial assets measured at amortised cost.

For trade receivables, the Company applies the IFRS 9 'Simplified Approach' to measuring expected credit losses which uses a lifetime expected loss allowance.

For other financial assets, the Company applies the IFRS 9 'General Approach' to measuring expected credit losses whereby the Company measures the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses if the credit risk on that financial instrument has increased significantly since initial recognition. However, if, at the reporting date, the credit risk on a financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12 month expected credit losses.

The Company measures expected credit losses on trade receivables in a way that reflects an unbiased and probability-weighted amount, time value of money and reasonable and supportable information at the reporting date about the past events, current conditions and forecast of future economic conditions. The Company recognises in profit or loss, as an impairment loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date.

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

4.11.4 De-recognition

Financial assets are derecognized when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership.

The Company directly reduces the gross carrying amount of a financial asset when the Company has no reasonable expectations of recovering the financial asset in its entirety or a portion thereof. A write-off constitutes a derecognition event.

4.12 Offsetting of financial assets and financial liabilities

Financial assets and liabilities are offset when the Company has a legally enforceable right to offset and intends to settle either on a net basis or to realise the asset and settle liability simultaneously.

4.13 Revenue recognition

Revenue from sale of goods

Revenue from sale of goods (cement) is recegnized when the customer obtains control of the goods, being when the goods are delivered to the dealer, the dealer has full discretion over the selling price of the goods subject to maximum retail price printed on bag and there is no unfulfilled obligation that could affect the dealer's acceptance of the goods. Delivery occurs when the goods have been dispatched from the Company premises, the risk of loss has been transferred to the dealer, and either the dealer has accepted the goods in accordance with the sales contract, the acceptance provisions have elapsed, or the Company has objective evidence that all criteria for acceptance have been satisfied.

The Company does not expect to have contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the Company does not adjust any of the transaction prices for the time value of money.

Rebate on exports

Rebate on export sales is recognized in the period in which the related export sales revenue is recognized unless there exist any specific facts and circumstances which indicate that receipt of the rebate amount from the government is uncertain. In that case, the rebate income is recognized when it is realized.

4.14 Other income

Interest income

Return on bank deposits is recognized on a time proportion basis on the principal amount outstanding and at the rate applicable.

Dividend income

Dividends received from investments measured at fair value through profit or loss or at fair value through other comprehensive income are recognized in profit or loss when the right to receive payment is established, it is probable that the economic benefits associated with the dividend will flow to the Company and the amount of the dividend can be measured reliably. This applies even if they are paid out of pre-acquisition profits, unless the dividend clearly represents a recovery of a part of the cost of an investment. In this case, dividend is recognized in other comprehensive income if it relates to an investment measured at fair value through other comprehensive income.

4.15 Impairment of non-financial assets

At each reporting date, the Company reviews the carrying amounts of its non financial assets (other than inventories and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or Cash Generating Units (CGUs).

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value 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 CGU.

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognised in profit or loss. They are allocated to reduce the carrying amounts of the assets in the CGU on a pro rata basis.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. A reversal of impairment loss for a cash generating unit is allocated to the assets of the unit pro rata with the carrying amounts of those assets. The increase in the carrying amounts shall be treated as reversals of impairment losses for individual assets and recognized in profit or loss unless the asset is measured at revalued amount. Any reversal of impairment loss of a revalued asset shall be treated as a revaluation increase.

4.16 Employee benefits

Staff retirement benefits

The Company operates a defined contribution plan (provident fund) for all its regular permanent employees. Contributions are made equally by the Company and the employees as per the rules of the Fund.

Compensated absences

Provision for accumulating compensated absences, whether vesting or non-vesting, is recognized as the employees render services that increase their entitlement to future paid absences to extent of maximum 30 days. Such provision is measured as the additional amount that the Company expects to pay as a result of the unused entitlement that has accumulated at the end of the reporting period.

Non-accumulating compensated absences are recognized as expense in the period in which they occur.

4.17 Foreign currency translation

Transactions in foreign currencies are converted into Rupees at the rate of exchange ruling on the date of transaction. Monetary assets and liabilities in foreign currencies are translated into Rupees at the rate of exchange ruling at the statement of financial position date. All exchange differences arising on transaction are charged to the statement of profit or loss in that period.

4.18 Borrowing costs

Borrowing costs are recognized as an expense in the period in which they are incurred except where such costs are directly attributable to the acquisition, construction or production of a qualifying asset in which such costs are capitalized as part of the cost of that asset.

4.19 Taxation

Income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

Current tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred tax

Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses and credits only if it is probable that future taxable amounts will be available to utilise those temporary differences and unused tax losses and credits.

Judgment and estimates

Significant judgment is required in determining the income tax expenses and corresponding provision for tax. There are many transactions and calculations for which the ultimate tax determination is uncertain as these matters are being contested at various legal forums. The Company recognizes liabilities for anticipated tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred tax assets and liabilities in the period in which such determination is made.

Further, the carrying amount of deferred tax assets is reviewed at each reporting date and is adjusted to reflect the current assessment of future taxable profits. If required, carrying amount of deferred tax asset is reduced to the extent that it is no longer probable that sufficient taxable profits to allow the benefit of part or all of that recognised deferred tax asset to be utilised. Any such reduction shall be reversed to the extent that it becomes probable that sufficient taxable profit will be available.

Offsetting

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

4.20 Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the period in which the dividends are approved by the Company's shareholders.

5 ISSUED, SUBSCRIBED AND PAID UP CAPITAL

2020	2019		2020	2019
(Number of Shares)			Rupees in '000'	
45,600,000	45,600,000	Ordinary shares of Rs. 10/- each issued as fully paid in cash	**456,000**	456,000
4,560,000	4,560,000	Ordinary shares of Rs. 10/- each issued as fully paid bonus shares	**45,600**	45,600
50,160,000	50,160,000		**501,600**	501,600

5.1 The Company does not have any agreements with shareholders for voting rights, board selection, rights of first refusal and block voting.

	Note	2020	2019
		Rupees in '000'	
6 LONG TERM LOAN FROM A BANKING COMPANY			
Financing under SBP Refinance Scheme for Payment of Salaries and Wages			
Total amount borrowed		**121,895**	-
Less: element of government grant recognized as deferred income	8	**(11,097)**	-
		110,798	-
Less: Current maturity shown under current liabilities		**(23,581)**	-
		87,217	-

In June 2020, the Company obtained a long term financing facility amounting to Rs. 121.89 million from Askari Bank Limited under the State Bank of Pakistan (SBP's) Refinance Scheme for Payment of Wages and Salaries to the Workers and Employees of Business Concerns notified vide IH & SMEFD Circular No. 7 of 2020 dated April 22, 2020. The principal terms and conditions of the facility are as follows:

(a) The applicable markup rate is 3% per annum;

(b) The tenor of the facility is 2.5 years (including 6-month grace period ending on December 31, 2020); and

(c) The loan is to be repaid in 8 equal quarterly instalments commencing from January 2021.

Since the facility carries an interest rate of 3% p.a. which is well below the market interest rate of 9.26% (determined as 3-Month KIBOR as at June 30, 2020 plus 2%), in accordance with Circular 11 of 2020 dated August 17, 2020 issued by the Institute of Chartered Accountants of Pakistan (ICAP), the financing is considered to contain an element of government grant as per the IAS-20 "Accounting for Government Grants and disclosure of Government Assistance" (the standard). Accordingly, the Company measured the loan liability at its fair value of Rs. 110.80 million (determined on a present value basis) and recognized the difference between the disbursement proceeds received from the bank and the said fair value, amounting to Rs. 11.09 million, as deferred income in the statement of financial position. Subsequently, this deferred income shall be recognized as other income in profit or loss in proportion to the recognition of interest cost on the outstanding loan balance (based on the effective interest rate method).

		Note	2020	2019
			Rupees in '000'	
7	**LIABILITIES AGAINST ASSETS SUBJECT TO LEASE**			
	Opening balance		**43,159**	18,403
	Lease obtained during the year		**-**	29,474
	Initial application of IFRS-16 on rental properties		**21,064**	-
	Payments made during the year		**(20,050)**	(4,718)
			44,173	43,159
	Current maturity shown under current liabilities		**(19,364)**	(8,837)
	Non Current Portion		**24,809**	34,322
8	**DEFERRED INCOME - GOVERNMENT GRANT**			
	Deferred income -Government grant	6	**11,097**	-
	Less: Amortized during the year	30	**(621)**	-
			10,476	-
9	**DEFERRED TAXATION**			
	Taxable temporary differences arising in respect of :			
	Accelerated tax depreciation		**288,949**	322,232
	Unrealized gain on long term investment		**29,003**	36,899
	Unrealized gain on short term investment		**20**	52
	Financing under SBP refinance scheme		**2,824**	-
	Right-of-use assets and related lease liability		**1,923**	2,123
	Deductible temporary difference arising in respect of :			
	Provision against slow moving and obsolete spares		**(3,818)**	(3,978)
	Provision for bad debts		**(255)**	(1,436)
	Deferred government grant		**(2,666)**	-
	Unused tax losses and tax credits		**(282,550)**	-
			33,430	355,892

	Note	2020	2019
		Rupees in '000'	

10 TRADE AND OTHER PAYABLES

	Note	2020	2019
Creditors for goods and services:			
Other creditors		**81,643**	34,948
Associated company		**41,955**	16,216
		123,598	51,164
Accrued expenses		**17,994**	47,946
Provision for marking fee	10.1	**54,359**	50,823
Provision for compensated absences	10.2	**26,536**	25,192
Payable to provident fund		**3,896**	4,093
Worker's Profit Participation Fund payable	10.3	**-**	7,087
Worker's Welfare Fund payable	10.4	**43,282**	43,282
Advances from customers and dealers - unsecured	10.5	**55,471**	51,641
Security deposits payable	10.6	**10,355**	10,297
Excise duty payable		**126,358**	5,779
Sales tax payable		**39,762**	1,411
Withholding income tax		**5,672**	3,231
Other liabilities		**20,062**	18,950
		527,345	320,896

10.1 This represents an amount payable to Pakistan Standards & Quality Control Authority (PSQCA) against marking fee for the period from July 2007 till the reporting date amounting to Rs. 54.359 million (2019: Rs. 50.823 million).

10.2 Provision for compensated absences

	2020	2019
	Rupees in '000'	
Opening balance	**25,192**	56,861
Charge for the year - net of reversals	**3,340**	4,464
Payments made during the year	**(1,996)**	(36,133)
Closing balance	**26,536**	25,192

10.2.1 With effect from July 01, 2019, the Company changed its policy with respect to employees' leave entitlement and encashment whereby casual and sick leaves allowed to employees shall no longer be carried forward and shall be treated as lapsed if not availed during the year. However, annual leaves to the extent of maximum 30 days shall continue to be accumulated and encashment shall be allowed to employees only at the time of leaving the Company.

10.3 Worker's Profit Participation Fund payable

	2020	2019
	Rupees in '000'	
Opening balance	**7,087**	32,203
Allocation for the year	**-**	7,087
	7,087	39,290
Less: Payment during the year	**(7,087)**	(32,203)
	-	7,087

10.4 Worker's Welfare Fund payable

	2020	2019
Opening balance	**43,282**	38,969
Provision for the year	**-**	4,313
Adjustment during the year	**-**	-
	43,282	43,282

10.5 Advances from customers and dealers - unsecured

10.5.1 During the year, the performance obligations underlying the opening contract liability of Rs. 51.641 million were satisfied in full. Accordingly, the said liability was recorded as revenue during the year.

10.5.2 Information regarding the timing of satisfaction of performance obligations underlying the closing contract liability of Rs. 55.471 million is not presented since the expected duration of all the contracts entered into with the customers is less than one year.

10.6 Security deposits payable

The Company has not utilized any amount from the security deposits collected from cement dealers for its business purposes.

	Note	2020	2019
		Rupees in '000'	
11 SHORT TERM BORROWINGS			
Running Finance	11.1	**281,034**	-
Export Re-Finance	11.2	**195,000**	-
Finance against Imported Merchandise / Trust Receipt	11.3	**94,480**	-
		570,514	-

11.1 The Company has a total finance facility of Rs. 520 million (30 June 2019: Rs. 670 million) from various banks. These arrangements are secured by way of first pari passu charge over all the Company's movable and immovable properties and hypothecation of Company's stock-in-trade, stores and spares, book debts, machinery, and personal guarantee of sponsoring director of the Company. The rate of mark-up ranges from 3 months KIBOR plus 1.5 % (30 June 2019 : 3 months KIBOR plus 3%) per annum. The facilities are valid upto 31 December, 2020.

11.2 The Company has obtained Export Refinance Facility of Rs.300 million from a commercial bank. The facility is secured by way of 1st pari passu charge of Rs. 466.66 million on Current and Fixed Asset (including Land & Building, Plant & Machinery) of the company (including of 25% margin) located at Sangjani plant district Islamabad .The export refinance facility carries mark-up at State Bank of Pakistan (SBP) rate plus 1.00% per annum. This facility is valid till upto October 31, 2020.

11.3 The Company has obtained Finance against Trust receipt and Import merchandise (FATR) facility from a commercial bank amounting to Rs. 100 million . The facility is secured by way of 1st pari passu hypothecation charge of Rs. 334 million over all present and future current asset of the Company duly insured in the bank's favour covering all risks registered with the SECP, lien on import documents with BL to the order of the bank. The facility carries mark-up at rate at 3 months KIBOR plus 1.50% per annum. This facility is valid upto till March 31, 2021.

11.4 As of reporting date, the Company has unutilized facilities for short term borrowings available from various banks amounted to Rs. 350 million (2019: Rs. 1,270 million).

12 CONTINGENCIES AND COMMITMENTS

12.1 Contingencies

12.1.1 On March 17, 2015, the Company received a letter from Director Minerals, Industries and Labour Welfare Islamabad Capital Territory (ICT) informing the Company that the lease issued to it for mining had been cancelled in pursuance of the orders of the Honourable Supreme Court of Pakistan ('the Apex Court') dated

March 16, 2015. Subsequently, in March 2015, the Company filed a review petition in the Apex Court against the order passed by it. In March 2018, the Apex Court disposed off the review petition with an observation that since civil suits against demarcation of land and cancellation of lease are pending for adjudication in the Civil Court, Islamabad, the concerned court shall decide the case on its merit and any observation made by the Apex Court shall not cause prejudice to the petitioner i.e. the Company. Based on the opinion of the concerned legal counsel, management believes that the ultimate outcome of the aforesaid litigation pending in the Civil Court, Islamabad would be in favour of the Company.

Furthermore, on December 06, 2018, the Apex Court issued its final order in a connected case, Suo Moto no. 5 of 2016, whereby tree cutting in Margalla National Park was disallowed. Though the Company was not a party to the aforesaid Suo Moto case, subsequently, it filed a Constitutional Review Petition (CRP) before the Apex Court against its aforesaid order since it was aggrieved by the verdict of the Apex Court. As on June 30, 2019, the said CRP was pending for adjudication. Based on the opinion of the concerned legal counsel, the Company has a good prima facie case; although the ultimate outcome cannot be predicted with any degree of certainty.

In addition to above, on March 19, 2015, a notice of recovery was served on the Company by Deputy Director (Protection/Forest) creating a demand of Rs. 427.050 million for the alleged damage caused by the Company's mining activities and raised the matter before the Senior Special Magistrate CDA, Islamabad.

The Company challenged the recovery notice on the grounds that mining activities conducted by it were under valid lease issued to it by the authorities. Moreover, the penalty has been without any prior notice and without giving the Company an opportunity of being heard. The Company also challenged the fact that penalty has been imposed without any basis for calculating the damage.

The Court of Senior Special Magistrate CDA, Islamabad in its order dated October 13, 2016 has decided that as the case is pending in the higher forum (i.e. Civil Court, Islamabad), the matter will remain sub-judice in the Court of Senior Special Magistrate CDA, Islamabad till the final verdict is announced by the Civil Court, Islamabad. The Company is confident that the matter will be decided in its favour.

12.1.2 The Competition Commission of Pakistan took Suo Moto action under Competition Commission Ordinance, 2007 and issued a Show Cause Notice on October 28, 2008 for increase in prices of cement across the country. Similar notices were also issued to All Pakistan Cement Manufacturers Association (APCMA) and its member cement manufacturers. The Company filed a writ petition before the Honorable Lahore High Court (LHC), the LHC wide its order dated August 24, 2009 allowed the CCP to issue its final order. The CCP accordingly passed an order on August 27, 2009 and imposed a penalty of Rs. 174.063 million on the Company. The Lahore High Court vide its order dated August 31, 2009 restrained the CCP from enforcing its order against the Company for the time being.

During the financial year ended June 30, 2010, the Company has filed an appeal before the Honourable Supreme Court of Pakistan and Lahore High Court against the Order of the CCP dated August 27, 2009.The petition filed by the Company and other cement manufacturers before the Lahore High Court are also pending for adjudication meanwhile order passed by the Lahore High Court on August 31, 2009 is still operative.

During the year 2018, the Supreme Court of Pakistan remanded the case back to the Competition Appellate Tribunal (CAT). The Company has filed petition in the Sindh High Court in relation to constitution mechanism of the tribunal, wherein the Sindh High Court granted stay against the notice. The SHC has ordered CAT not to pass a final order, till the case is decided. The Company's legal counsel is confident that the Company has a good case and there are reasonable chances of success, hence, no provision for the above is made in these financial statements. During the year the Lahore High Court after hearing the arguments of all the parties has reserved its judgement on the matter on July 17,2020.

12.1.3 For the tax year 2013, notice under section 122(1) of the Income Tax Ordinance, 2001 was issued by the Deputy Commissioner Inland Revenue (DCIR) creating the demand of Rs. 3.2 million in respect of certain inadmissible expenses. Subsequently, the Company filed an appeal against the said notice before the Commissioner Inland Revenue (Appeals I) [CIR(A)] who decided the case in favour of DCIR. Finally, the Company filed an appeal against the order of the CIR(A) before the Appellate Tribunal Inland Revenue (ATIR). As of the reporting date, the case was still pending before ATIR for adjudication and no hearing was held till that date.

12.1.4 The Company received a show cause notice dated January 16, 2015 from Deputy Commissioner Inland Revenue (DCIR) - Karachi alleging that the Company is suppressing the sales / supply of cement for the tax year 2013 and 2014, and accordingly sales tax and Federal Excise Duty (FED) is also suppressed by Rs. 450.111 million and Rs. 131.675 million respectively. In response to the said notice, the Company justified its position and responded the matters raised in the said notice. On September 9, 2015, ACIR passed an order creating a demand for the recovery of sales tax and FED of Rs. 293.786 and Rs. 87.965 respectively.

The Company instituted an appeal on November 11, 2015 against the demand raised by ACIR before Commissioner Inland Revenue (Appeals) (CIRA) and decision was made by CIRA via an order dated December 11, 2015 whereby the order against the Company was annulled as being defective on legal as well as factual grounds including the fact that such order was time barred.

The order of Commissioner Inland Revenue (Appeals) has been challenged by the department before Appellate Tribunal Inland Revenue however, no hearings have been conducted over the matter. The Company based on the opinion of its sales tax advisor is confident that the matter will be decided in its favour and accordingly no amount would become payable in respect of these matters.

12.1.5 The Finance Act, 2018 introduced further amendments in section 5A of the Income Tax Ordinance, 2001. According to the said amended version of section 5A, for tax year 2017 and onwards, a tax shall be imposed at the rate of 5% of its accounting profit before tax on every public company, other than a scheduled bank or a modaraba, that derives profit for a tax year but does not distribute at least 20% of its after tax profits within six months of the end of the tax year through cash.

Subsequent to the above referred amendments brought in by the Finance Act, 2018, section 5A was once again amended in March 2019 through the promulgation of Finance Supplementary (Second Amendment) Act, 2019 whereby the imposition of the tax on undistributed profits was restricted to the tax years 2017 to 2019.

During the year ended June 30, 2018, cash dividend paid by the Company, in respect of the financial year ended June 30, 2017, amounted to Rs. 125.4 million. Based on this amount, the dividend distribution rate for the FY 2016-17 comes to 16.5% of the after tax profits for that year which is below the minimum required distribution rate of 20%, as noted above. This short payment of dividend exposes the Company to an additional income tax liability of Rs. 54.575 million (i.e. 5% of the Company's accounting profit before tax for the financial year ended June 30, 2017).

However, in view of the Constitutional Petition (CP) already filed by the Company before the Honourable High Court of Sindh (SHC) challenging the vires of section 5A and seeking SHC to declare the impugned section ultra vires the Constitution of Pakistan, and given the fact that stay on the matter had been granted by SHC to the Company on September 25, 2017, no provision for the aforesaid exposure amount of Rs. 54.575 million has been recognized in these financial statements.

12.2 Commitments

Commitments in respect of outstanding letters of credit as at June 30, 2020 amounted to Rs. 23.672 million (June 30, 2019: Rs. 121.015 million).

		Note	2020	2019
			Rupees in '000'	

13 PROPERTY, PLANT AND EQUIPMENT

	Note	2020	2019
Operating fixed assets	13.1	**1,613,177**	1,702,834
Capital work in progress	13.2	**-**	-
Capital spares	13.3	**179,136**	192,436
		1,792,313	1,895,270

13.1 Operating fixed assets

	Freehold Land	Factory building	Non-factory building	Plant and machinery	Quarry transport equipments	Furniture, fixtures & equipments	Motor Vehicles	Total
	Rupees in 000							
AsAs at June 30, 2018								
Cost	225,923	327,715	234,988	3,272,495	124,814	58,445	117,625	4,362,005
Accumulated depreciation	-	(261,101)	(92,521)	(1,966,546)	(112,165)	(45,470)	(83,790)	(2,561,593)
	225,923	66,614	142,467	1,305,949	12,649	12,975	33,835	1,800,412
Year ended June 30, 2019								
Opening net book value	225,923	66,614	142,467	1,305,949	12,649	12,975	33,835	1,800,412
Additions / transfers	-	-	2,660	7,127	-	127	9,383	19,297
Disposals								
Cost	-	-	-	-	-	(90)	(16,254)	(16,344)
Accumulated depreciation	-	-	-	-	-	25	12,228	12,253
	-	-	-	-	-	(65)	(4,026)	(4,091)
Depreciation for the year	-	(5,177)	(7,550)	(82,222)	(2,091)	(3,079)	(12,665)	(112,784)
Closing net book value	225,923	61,437	137,577	1,230,854	10,558	9,958	26,527	1,702,834
As at June 30, 2019								
Cost	225,923	327,715	237,648	3,279,622	124,814	58,482	110,754	4,364,958
Accumulated depreciation	-	(266,278)	(100,071)	(2,048,768)	(114,256)	(48,524)	(84,227)	(2,662,124)
	225,923	61,437	137,577	1,230,854	10,558	9,958	26,527	1,702,834
Year ended June 30, 2020								
Opening net book value	225,923	61,437	137,577	1,230,854	10,558	9,958	26,527	1,702,834
Additions / transfers	-	-	-	17,303	6,028	-	-	23,331
Disposals								
Cost	-	-	-	-	-	-	(2,035)	(2,035)
Accumulated depreciation	-	-	-	-	-	-	1,435	1,435
	-	-	-	-	-	-	(600)	(600)
Depreciation for the year	-	(5,177)	(7,588)	(82,104)	(7,126)	(2,977)	(7,415)	(112,387)
Closing net book value	**225,923**	**56,260**	**129,989**	**1,166,053**	**9,460**	**6,981**	**18,512**	**1,613,177**
As at June 30, 2020								
Cost	225,923	327,715	237,648	3,296,925	130,842	58,482	108,719	4,386,254
Accumulated depreciation	-	(271,455)	(107,659)	(2,130,872)	(121,382)	(51,501)	(90,207)	(2,773,077)
	225,923	**56,260**	**129,989**	**1,166,053**	**9,460**	**6,981**	**18,512**	**1,613,177**

13.1.1 Allocation of depreciation expense

	Note	2020	2019
		Rupees in '000'	
Excavation / transportation cost		**22,118**	17,363
Manufacturing cost	26	**78,219**	79,627
Administrative expenses	27	**5,666**	8,344
Distribution cost	28	**6,384**	7,450
		112,387	112,784

13.1.2 Freehold land represents 200.18 acres of land situated at Sangjiani Village Sangjiani, Islamabad on which factory and non factory buildings are constructed. The property is utilized as manufacturing facility for the production of cement.

Further, it comprises land of 1,598.33 sq. yds. situated at House # 339, west ridge 1, Peshawar road, Rawalpindi. The property is utilized as marketing office of the Company.

	2020	2019
	Rupees in '000'	
13.2 Capital work in progress		
Building and others		
Opening balance	-	2,469
Additions during the year - non-factory building	-	191
	-	2,660
Transfers to operating fixed assets	-	(2,660)
Closing balance	-	-
13.3 Capital spares		
Opening balance	**192,436**	173,468
Additions during the year	**4,003**	18,968
Transfers to operating fixed assets	**(17,303)**	-
Closing balance	**179,136**	192,436

14 RIGHT-OF-USE ASSETS

	Rented property in Karachi	Rented property in Islamabad	Leased vehicles	Total
	(Note 14.1)		(Note 14.2)	
	Rupees in '000			
As at June 30, 2018				
Cost	-	-	25,030	25,030
Accumulated depreciation	-	-	(3,379)	(3,379)
	-	-	21,651	21,651
Movement during the year ended June 30, 2019				
Opening net book value	-	-	21,651	21,651
Additions	-	-	36,363	36,363
Depreciation for the year	-	-	(6,850)	(6,850)
Closing net book value	-	-	51,164	51,164
As at June 30, 2019				
Cost	-	-	61,393	61,393
Accumulated depreciation	-	-	(10,229)	(10,229)
	-	-	51,164	51,164
Movement during the year ended June 30, 2020				
Opening net book value	**-**	**-**	**51,164**	**51,164**
Effect of initial application of IFRS 16	**11,440**	**11,793**	**-**	**23,233**
Depreciation for the year	**(5,720)**	**(5,897)**	**(11,051)**	**(22,667)**
Closing net book value	**5,720**	**5,896**	**40,113**	**51,730**
As at June 30, 2020				
Cost	**11,440**	**11,793**	**61,393**	**84,626**
Accumulated depreciation	**(5,720)**	**(5,897)**	**(21,280)**	**(32,896)**
	5,720	**5,896**	**40,113**	**51,730**
Depreciation rate (per annum)	**50%**	**50%**	**20%**	

14.1 The terms and conditions of the lease contracts entered into for the aforementioned premises are as follows:

Particulars	Rented property in Karachi	Rented property in Islamabad
Lessor name	Humera Nadeem & Maryam Ilyas	Nasreen Abbas
Lease agreement date	15-Jul-18	18-Nov-16
Lease commenment date	01-Jul-19	18-Nov-16
Initial contracted term of the lease	11 Months	11 Months
Availability of extension option	Yes	Yes
No. of years for which the lease extension option is available	Indefinite	Indefinite
Estimated remaining lease term (as on July 01, 2019) used for the purpose of measuring the right-of-use asset and the corresponding lease liability - Refer note 14.1.1	2 years	2 years

14.1.1 The remaining lease term (as on July 01, 2019) used in the measurment of the right-of-use asset and the related lease liability has been estimated as noted above since the Company, after giving due consideration to the factors that might create an economic incentive for the Company to extend the leases, has concluded that, as of the date of initial application of IFRS 16, it was not reasonably certain to exercise the said extension options for periods beyond June 2021 (in relation to rented property in Karachi) and November 2021 (in relation to rented property in Islamabad).

14.2 **The terms and conditions of the lease contracts entered into for the aforementioned vehicles are as follows:**

Lease contract no.	121710500008	121810500014	121902500027
Lessor name	Askari Bank Limited	Askari Bank Limited	Askari Bank Limited
Availability of extension option	No	No	No
First installment payable on	6-Nov-17	3-Dec-18	12-Apr-19
Last installment payable on	6-Oct-22	1-Nov-23	12-Mar-24
Total number of installments	60	60	6 0
Rental payment frequency	Monthly	Monthly	Monthly
Markup rate	6 month KIBOR + 2%	6 month KIBOR + 2%	3 month KIBOR + 2%
Nature of the leased assets	Motor Vehicles	Motor Vehicles	Motor Vehicles
Number of the leased assets	1	3	1

	Note	2020	2019
		Rupees in '000'	
15 LONG TERM INVESTMENTS			
At cost			
Investment in Fecto Cement Nooriabad (Private) Limited - a subsidiary	15.1	**1,000**	-
At fair value through other comprehensive income			
Investment in Frontier Paper Products (Private) Limited - a related party	15.2	**283,350**	319,650
		284,350	319,650

15.1 Investment in Fecto Cement Nooriabad (Private) Limited - a subsidiary

2020	2019		2020	2019
(Number of Shares)			**Rupees in '000'**	
100,000	-	Ordinary shares of Rs. 10/- each	**1,000**	-

15.1.1 In February 2020, the Company got its new subsidiary company incorporated in the name and style of M/s. Fecto Cement Nooriabad (Private) Limited ('FCNL'). The authorized and paid up capital of FCNL is Rs. 2 million and Rs. 1 million, respectively, which is presently wholly owned by the Company. The principal activity of FCNL is to produce and deal in all kinds of cement and its allied products; however, FCNL has not yet commenced its business operations. The registered office of FCNL is situated at 35, Darul Aman Housing Society, Block 7/8, Shahrah-e-Faisal, Karachi. Mr. Mohammad Yasin Fecto, the majority shareholder and director of the Company, also serves on the Board of Directors of FCNL.

15.1.2 In accordance with the provisions of section 228(1) of the Companies Act, 2017, the Company is required to prepare, for the first time, the consolidated financial statements of the group (comprising the Company and the aforementioned subsidiary company) for the year ended June 30, 2020. However, keeping in view the fact that FCNL has not yet commenced its business operations and, at the reporting date, it had no material assets or liabilities, the Company, under section 228(7) of the Companies Act, 2017, applied to the Securities and Exchange Commission of Pakistan (SECP) for seeking exemption from the requirement to prepare consolidated financial statements. The said exemption has been granted by the SECP vide its letter EMD/233/377/2002-170 dated September 21,2020 issued to the Company.

15.1.3 As per unaudited financial statements of FCNL for the first period ended June 30, 2020, as of the reporting date, FCNL had no assets or liabilities except for the cash balance held in a bank account, amounting to Rs. 1 million representing the initial capital injection made by the Company in the form of equity. Further, during its first reporting period (i.e. the period from the date of incorporation till June 30, 2020), FCNL neither generated any revenues nor incurred any expenses.

15.1.4 The aforementioned unaudited financial statements of FCNL shall be available for inspection at the registered office of the Company and shall be sent to the members on request without any cost.

15.2 Investment in Frontier Paper Products (Private) Limited - a related party

2020	2019		2020	2019
(Number of Shares)			**Rupees in '000'**	
15,000,000	15,000,000	Ordinary shares of Rs. 10/- each-at cost	**150,000**	150,000
		Unrealized gain/(loss) on remeasurement:		
		-Opening balance	**1,69,650**	-
		-(Loss)/gain recognize during the year	**(36,300)**	169,650
			133,350	169,650
			283,350	319,650

15.2.1 In 2019, the Company made an investment in 15 million unquoted ordinary shares of M/s. Frontier Papers Products (Private) Limited (FPPL), its associated company in terms of section 2(4) of the Companies Act, 2017), at a par value of Rs. 10 each. This investment gives the Company 49.21% voting power in FPPL. However, since Mr.Mohammad Yasin Fecto holds the remaining voting power (i.e. 50.79%) in FPPL and also exercises control over the Company (by virtue of his majority shareholding in the Company), the Company is not able to exercise significant influence over FPPL and, accordingly, has not applied the equity method of accounting as described in the International Accounting Standard (IAS) 28 Investments in Associates and Joint Ventures.

15.2.2 In accordance with the International Financial Reporting Standard (IFRS) 9 Financial Instruments, the Company has elected to designate the investment at fair value through other comprehensive income since it is in the nature of a long-term strategic investment made with a view to further strengthen the existing customer supplier relationship with FPPL.

15.2.3 As of June 30, 2020, the Company revalued its investment in ordinary shares of FPPL based on the Discounted Free Cash Flow to Equity method of business valuation. According to such valuation, the fair value of the net assets of FPPL was determined to be Rs. 18.89 per share (2019: 21.31 per share).

15.2.4 During the year ended June 30, 2020, FPPL did not declare any dividends (2019: None).

16 LONG TERM DEPOSITS

This includes security deposits maintained with certain government authorities and suppliers / vendors of the Company.

	Note	2020	2019
		Rupees in '000'	
17 LONG TERM LOANS AND ADVANCES			
Long term loans - unsecured, considered good			
- Employees - interest free		**4,504**	3,020
- Executives - interest free	17.1	**1,735**	285
		6,239	3,305
Advances to dealers - secured, considered good	17.2	**12,925**	14,425
		19,164	17,730
Less: Current maturity shown under current assets		**(8,408)**	(5,124)
		10,756	12,606

17.1 The maximum aggregate amount due from executives of the Company at the end of any month during the year was Rs. 1.735 million (2019: Rs. 0.335 million). The loan to executives and employees are in accordance with the terms of their employment.

17.2 These represent advances provided to major cement dealers for onward supply of cement and is secured against truck ownership documents.

	Note	2020	2019
		Rupees in '000'	
18 STORES AND SPARES			
Stores - in hand		**283,725**	164,611
- in transit		**31,073**	136,743
Spares	18.1	**511,737**	479,475
Provision against slow moving and obsolete spares		**(15,000)**	(15,000)
		811,535	765,829

18.1 Spares mainly comprise of consumable spare parts held by the Company for the purpose of maintenance of the plant to ensure continuous operations of the plant. Further, during the last year, the Company has identified capital spares and re-classified such items to the head 'Property, plant and equipment' .

	Note	2020	2019
		Rupees in '000'	

19 STOCK-IN-TRADE

		2020	2019
Raw material		**981,522**	933,625
Packing material		**28,664**	21,208
Work in process		**231,816**	266,851
Finished goods		**34,267**	36,507
		1,276,269	1,258,191

20 TRADE DEBTS

Local receivables - unsecured

	2020	2019
Considered good	**24,892**	68,006
Considered doubtful	**880**	4,951
	25,772	72,957
Provision for doubtful debts	**(880)**	(4,951)
	24,892	68,006

21 SHORT TERM INVESTMENTS

At fair value through profit or loss

	Note	2020	2019
Units of open-end mutual funds:			
Cost		**17,393**	89,258
Unrealised gain on remeasurement		**79**	208
	21.1	**17,472**	89,466
Privately Placed Term Finance Certificates	21.2	**99,950**	99,970
		117,422	189,436

21.1 Investment units of open-end mutual funds

2020	2019	Name of the Fund	2020 Cost	2020 Market value	2019 Cost	2019 Market value
(Number of Shares)			(Rupees in '000)			
1,265,506	5,409,527	NAFA Income Opportunity Fund	**13,539**	**13,610**	57,842	58,046
38,431	313,440	UBL Al-ameen Islamix Cash Fund (AICF)	**3,854**	**3,862**	31,416	31,420
			17,393	**17,472**	89,258	89,466

21.1.1 Unrealized gain / (loss) on the revaluation of investment

	2020	2019
	Rupees in '000'	
Cumulative gain at the beginning of the year - net	**208**	3,791
Net loss for the year	**(129)**	(3,583)
Cumulative gain at the end of the year - net	**79**	208

21.2 These represents investment in unsecured Term Finance Certificates (TFCs) issued by Silk Bank Limited carrying markup rate of 6-month KIBOR plus 1.85% (2019: 6-month KIBOR plus 1.85%). Repayments, including principal and markup, are made semi annually.

		2020	2019
		Rupees in '000'	
22	**SHORT TERM LOAN TO A RELATED PARTY**		
	Loan to Frontier Paper Products (Private) Limited	**90,000**	40,000

22.1 In their Extra Ordinary General Meeting held on December 01, 2018, the shareholders of the Company resolved that an unsecured short term running finance facility (subject to the maximum limit of Rs. 100 million) be provided by the Company to M/s. Frontier Paper Products (Private) Limited (FPPL), its related party.

Further, as required by the Companies (Investment in Associated Companies or Associated Undertakings) Regulations, 2017, the rate of return on the above financing facility is the higher of the applicable KIBOR rate and the borrowing cost of the Company.

22.2 Maximum loan outstanding during the year amounted to Rs. 90 million (2019: Rs. 50 million).

		Note	2020	2019
			Rupees in '000'	
23	**LOANS, ADVANCES, DEPOSITS, PREPAYMENTS AND ACCRUED MARKUP**			
	Current maturity and overdue portion of long term loans - unsecured, considered good	17	**8,408**	5,124
	Advances to suppliers and contractors - unsecured, considered good		**2,768**	6,012
	Accrued markup	40	**8,489**	4,159
	Margin against bank guarantee	23.1	**11,000**	11,000
	Advance sales tax and federal excise duty		**-**	78,080
	Prepayments		**-**	2,170
			30,665	106,545

23.1 This represents 10 % (2019: 10%) margin given to Silk Bank Limited against the bank guarantee of Rs.110 million (2019: Rs. 110 million) issued in favour of Sui Northern Gas Pipeline Limited as security for the payment of gas bills.

		Note	2020	2019
			Rupees in '000'	
24	**CASH AND BANK BALANCES**			
	Cash in hand		**718**	652
	Cash at bank			
	in current accounts		**53,498**	74,419
	in savings and deposit accounts	24.1	**63,475**	89,284
			117,691	164,355

24.1 The return on these balances ranges from 4% to 5% (2019: 5% to 9%) per annum on daily product basis.

	Note	2020	2019
		Rupees in '000'	

25 TURNOVER - NET

	Note	2020	2019
Sales - local		**5,098,617**	6,281,400
Less: Trade discounts		**(91,101)**	(34,783)
Federal excise duty		**(1,142,212)**	(924,475)
Sales tax		**(831,565)**	(989,754)
		(2,064,878)	(1,949,012)
		3,033,739	4,332,388
Export sales		**423,029**	402,295
Export rebate		**7,136**	5,813
		430,165	408,108
		3,463,904	4,740,496

26 COST OF SALES

Raw and packing material consumed:

	Note	2020	2019
Opening stock		**954,833**	846,140
Purchases		**621,105**	595,867
Excavation / Transportation cost	26.1	**125,065**	220,088
		1,701,003	1,662,095
Closing stock		**(1,010,186)**	(954,833)
		690,817	707,262
Fuel and power		**2,774,859**	2,513,219
Stores and spares consumed		**120,645**	140,809
Salaries, wages and benefits	26.2	**375,286**	418,659
Insurance		**26,727**	26,555
Repairs and maintenance		**5,784**	10,446
Depreciation on operating fixed assets	13.1.1	**78,219**	79,627
Depreciation on right-of-use assets		**2,763**	1,712
Other manufacturing overheads		**66,966**	68,361
		4,142,066	3,966,650
Opening work-in-process		**266,851**	441,613
Closing work-in-process		**(231,816)**	(266,851)
		35,035	174,762
Cost of goods manufactured		**4,177,101**	4,141,412
Opening finished goods		**36,507**	41,288
Closing finished goods		**(34,267)**	(36,507)
		2,240	4,781
		4,179,341	4,146,193

26.1 Excavation cost includes salaries, wages and benefits and Company's contribution to provident fund amounting to Rs. 29 million (2019: Rs. 34.405 million) and Rs. 1.232 million (2019: Rs. 1.083 million).

26.2 This includes Company's contribution to provident fund amounting to Rs. 12.415 million (2019: Rs. 12.929 million).

		Note	2020	2019
			Rupees in '000'	
27	**ADMINISTRATIVE EXPENSES**			
	Salaries, wages and benefits	27.1	**149,157**	176,201
	Traveling and conveyance		**5,011**	8,000
	Vehicles running expenses		**11,079**	10,387
	Communications		**2,409**	2,610
	Printing and stationery		**1,151**	1,128
	Rent, rates and taxes		**638**	11,864
	Utilities		**10,376**	9,249
	Repairs and maintenance		**1,983**	2,291
	Legal and professional charges		**21,792**	35,396
	Auditors' remuneration	27.2	**1,100**	1,100
	Donation	27.3 & 27.4	**5,140**	8,919
	Depreciation on operating fixed assets	13.1.1	**5,666**	8,344
	Depreciation on right-of-use assets		**17,142**	3,425
	Initial expenditure on new manufacturing plant		**435**	289
	Bad debts		**277**	-
	Books and periodicals		**390**	627
	Entertainment		**1,140**	1,512
	Fees and subscription		**2,348**	2,232
	Freight		**309**	-
	Insurance		**236**	236
	Overheads		**1,630**	2,642
	Spares and general item consumption		**2,274**	1,699
	Miscellaneous		**226**	2,321
			241,909	290,472

27.1 This includes Company's contribution to provident fund amounting to Rs. 5.758 million (2019: Rs. 5.927 million).

		Note	2020	2019
			Rupees in '000'	
27.2	**Auditors' remuneration**			
	Audit fee		**850**	850
	Half yearly review		**150**	150
	Other services	27.2.1	**100**	100
			1,100	1,100

27.2.1 This represents the fee charged by the auditors for issuance of review report on Statement of Compliance contained in the Listed Companies (Code of Corporate Governance) Regulations, 2019.

27.3 None of the directors or their spouses have any interest in the donee institutions.

27.4 There is no single party to whom the donation exceeds the higher of 10% of the Company's total amount of donation expense for the year or Rs. 1 million.

		Note	2020	2019
			Rupees in '000'	
28	**DISTRIBUTION COST**			
	Salaries, wages and benefits	28.1	**37,215**	46,518
	Commission		**30,697**	126,749
	Export expenses		**2,263**	2,192
	Traveling and conveyance		**499**	641
	Vehicles running expenses		**3,481**	3,330
	Communications		**987**	910
	Rent, rates and taxes		**993**	1,542
	Repairs and maintenance		**591**	1,061
	Advertisement		**64**	63
	Marking fee		**3,536**	4,782
	Depreciation on operating fixed assets	13.1.1	**6,384**	7,450
	Depreciation on right-of-use assets		**2,210**	1,370
	Printing and stationary		**1,147**	1,472
	Insurance		**17**	16
	Entertainment		**739**	731
	Fees and subscription		**38**	581
	Fuel and power		**2,592**	2,519
	Spares and general items consumed		**553**	894
	Miscellaneous		**158**	301
			94,164	203,122

28.1 This includes Company's contribution to provident fund amounting to Rs. 1.921 million (2019: Rs.1.925 million) .

		2020	2019
		Rupees in '000'	
29	**FINANCE COSTS**		
	Markup on leases	**7,916**	3,189
	Markup on short term borrowings:		
	- Running finance	**15,358**	12
	- Export Refinance Scheme	**498**	-
	- Finance against Trust Receipt	**1,589**	-
		17,445	12
	Markup on long term borrowing	**516**	-
	Bank commission and charges	**2,696**	2,176
		28,573	5,377

		Note	2020	2019
			Rupees in '000'	
30	**OTHER INCOME**			
	Income from financial assets			
	Markup on bank deposits		**9,257**	16,497
	Markup on term finance certificates		**15,392**	10,804
	Markup on loan to associated company		**11,251**	1,952
	Unrealized (loss) / gain on remeasurement of short term investment	21.1.1	**(129)**	(3,583)
	Realized capital gain/(loss) on short term investments		**4,414**	(370)
	Dividend income on short term investments		**4,367**	12,369
			44,552	37,669
	Income from non-financial assets			
	Gain on sale of operating fixed assets		**-**	2,380
	Scrap sales		**662**	6,354
	Amortization of deferred government grant	8	**621**	-
	Miscellaneous		**2**	8
			1,285	8,742
			45,837	46,411

			2020	2019
31	**OTHER EXPENSES**			
	Workers' Profit Participation Fund		**-**	7,087
	Workers' Welfare Fund		**-**	4,313
			-	11,400

32 TAXATION

32.1 Relationship between income tax expense and accounting profit before taxation

	2020	2019
Accounting profit before tax	**(1,034,246)**	130,343
Tax at the applicable rate of 29% (2019: 29%)	**(299,931)**	37,799
Tax effect of:		
- prior year tax	**-**	(454)
- income subject to taxation under final tax regime	**46,409**	(5,364)
- permanent difference	**1,308**	-
- minimum tax	**284,016**	-
- unused tax losses and tax credits	**(282,550)**	
- change in the ratio of income assessed under normal		10,378
and final tax regime	**(12,867)**	
Others	**(560)**	(991)
	(264,175)	41,368

32.2 The income tax assessments of the Company have been deemed to be finalised up to and including the tax year 2018 with the exception of certain pending proceeding as referred in note 12.1.3. The Commissioner of Income Tax may, at any time during a period of five years from date of filing of return, select the deemed assessment order for audit.

32.3 The income tax assessments of the Company have been deemed to finalised up to and including the tax year 2019 with the exception of certain pending proceedings as referred in note 12.1.3.

33 EARNINGS PER SHARE - Basic and diluted

	2020	2019
	Rupees in '000'	
(Loss)/Profit after taxation	**(770,071)**	88,975
	Numbers in '000'	
Weighted average number of ordinary shares	**50,160**	50,160
	Rupees	
Earnings per share	**(15.35)**	1.77

34 CASH AND CASH EQUIVALENTS

For the purpose of the statement of cash flows, cash and cash equivalents comprise of the following:

	Note	2020	2019
		Rupees in '000'	
Cash and bank balances	24	**117,691**	164,355
Short term borrowings - running finance	11	**(281,034)**	-
		(163,343)	164,355

35 OPERATING SEGMENT

These financial statements have been prepared on the basis of single reportable segment.

- Revenue from sale of cement represents 100% (2019 : 100%) of the total revenue of the Company.
- 92% (2019: 94%) gross sales of the Company relates to customers in Pakistan.
- All non-current assets of the Company at 30 June 2020 are located in Pakistan.
- The amount of revenue from one major customer having sales of more than 10% of total sales amounts to Rs. 517.189 million, excluding sales tax and Federal Excise Duty, during the year ended 30 June 2020 (2019: Rs.700.41 million). The major customer resides in Pakistan.

36 REMUNERATION OF DIRECTORS AND EXECUTIVES

36.1 For the purpose of disclosure those employees are considered as executives whose basic salary exceeds twelve hundred thousand rupees in a financial year

36.2 The aggregate amounts charged in these financial statements in respect of remuneration including benefits to the Chief Executive Officer, Directors and Other Executives of the Company are given below:

	2020				2019			
	Chief Executive	Director Executive	Director Non-executive	Executive	Chief Executive	Director Executive	Director Non-executive	Executive
	Rupees in '000'							
Managerial remuneration	**33,839**	**-**	**-**	**150,821**	33,839	-	-	159,692
Bonus	**-**	**-**	**-**	**-**	4,550	-	-	14,418
Retirement benefits	**-**	**-**	**-**	**9,981**	-	-	-	10,294
Reimbursable perquisites	**2,161**	**-**	**-**	**9,330**	2,161	-	-	9,831
Meeting fee	**-**	**-**	**95**	**-**	-	-	115	-
	36,000	**-**	**95**	**170,132**	40,550	-	115	194,235
Number of persons	**1**		**6**	**39**	1		6	4 2

36.3 The Chief Executive, and certain Executives are provided with the use of Company cars and the operating expenses are borne by the Company to the extent of their entitlement.

37 TRANSACTIONS / BALANCES WITH RELATED PARTIES

The related parties comprise of Frontier Papers Products(Private)Limited, key management personnel of the Company and directors and their close family members and staff provident fund. Transactions with related parties during the year other than those disclosed elsewhere in the financial statements are as follows:

	Note	2020	2019
		Rupees in '000'	
Frontier Paper Products (Private) Limited			
Balance at the beginning of the year		**16,216**	7,371
Purchases during the year		**399,464**	483,413
Payments during the year		**(373,725)**	(474,568)
Balance at the end of the year		**41,955**	16,216
Maximum loan outstanding at any time during the year		**90,000**	50,000
Loan outstanding at the end of the year		**90,000**	40,000
Interest Charged during the year		**11,251**	1,952
Interest outstanding at the end of the year		**2,519**	995
Frontier Cement Nooriabad (Private) Limited			
Bank placements		**1,000**	-
Key Management personnel			
Repayment of advances by key management personnel		**50**	55
Balance at the end of the year		**1,735**	285
Provident fund contribution payable	10	**3,896**	4,093

	2020	2019
	Metric Tons	

38 GENERAL INFORMATION

38.1 Capacity, production (Clinker)

	2020	2019
Production Capacity - (Cement)	**869,400**	869,400
Production Capacity - (Clinker)	**828,000**	828,000
Actual Production Cement	**640,576**	680,133
Actual Production Clinker	**599,016**	593,312

The capacity utilization of the Company during the current year remained under utilized due to market situation.

38.2 Number of employees

The total number of employees and average number of employees at year end and during the year respectively are as follows:

	2020	2019
	Rupees in '000'	
Total number of employees as at June 30	**322**	340
Average number of employees during the year	**124**	129

39 FINANCIAL INSTRUMENTS

39.1 Financial risk management

The Board of Directors of the Company has overall responsibility for the establishment and oversight of the Company's risk management framework. The Company has exposure to the following risks from its use of financial instruments:

- Credit risk

- Liquidity risk

- Market risk

i) Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss, without taking into account the fair value of any collateral. Concentration of credit risk arises when a number of financial instruments or contracts are entered into with the same party, or when counter parties are engaged in similar business activities, or activities in the same geographic region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations of credit risk indicate the relative sensitivity of the Company's performance to developments affecting a particular industry.

The carrying amount of financial assets represents the maximum credit exposure. To reduce the exposure to credit risk the Company has developed a policy of obtaining advance payments from its customers. Except for customers relating to the Government and certain small and medium sized enterprises, the management strictly adheres to this policy. For any balances receivable from such small and medium sized enterprises, the management continuously monitors the credit exposure towards them and makes provisions against those balances considered doubtful of recovery. Further, credit risk on liquid funds is low because the counter parties are banks with reasonably high credit ratings.

A financial asset is regarded as credit impaired as and when it falls under the definition of a 'defaulted' financial asset. For the Company’s internal credit management purposes, a financial asset is considered as defaulted when it is past due for 90 days or more.

The Company writes off a defaulted financial asset when there remains no reasonable probability of recovering the carrying amount of the asset through available means.

The maximum exposure to credit risk at the reporting date is as follows:

	2020		2019	
	Carrying amount	Maximum exposure	Carrying amount	Maximum exposure
	(Rupees in ‘000’)			
At amortised cost				
-Long term investments	**1,000**	**1,000**	-	-
-Trade debts	**24,892**	**24,892**	68,006	68,006
-Long term deposits	**6,294**	**6,294**	6,486	6,486
-Long term loan and advances	**10,756**	**10,756**	12,606	12,606
-Short term loan to a related party	**90,000**	**90,000**	40,000	40,000
-Loans, advances, deposits and accrued mark-up	**27,897**	**27,897**	20,283	20,283
-Bank balances	**116,973**	**116,973**	163,703	163,703
	277,812	**277,812**	311,084	311,084
At fair value through profit or loss				
-Short term investments	**117,422**	**117,422**	189,436	189,436
At fair value through other comprehensive income				
-Long term investment	**283,350**	**283,350**	319,650	319,650
	678,584	**678,584**	820,170	820,170

The maximum exposure to credit risk for trade debts at the balance sheet date by type of customer is as follows:

	2020	2019
	Rupees in ‘000’	
Dealer / distributor	**25,203**	70,656
End-user customers	**570**	2,300

Impairment losses

As of the reporting date, the risk profile of the trade receivables as of the reporting date is as follows:

	2020		2019	
	Gross Carrying amount	Life time expected credit losses	Gross Carrying amount	Gross Carrying amount
	(Rupees in '000')			
Past due 1-90 days	**24,427**	**-**	66,025	-
More than 90 days	**1,346**	**880**	6,932	4,951
	25,773	**880**	72,957	4,951

Based on past experience, consideration of financial position, past track records and recoveries, the Company believes that trade debtors considered good do not require any impairment. None of the other financial assets are either past due or impaired.

The company does not require collateral in respect of trade debt. The company does not have trade receivable and contract assets for which no loss allowance is recognised because of collateral.

The bank balances along with credit ratings are tabulated below:

	2020	2019
	Rupees in '000'	
A-	**7,593**	55,139
A1	**6,199**	9,591
A1+	**47,286**	64,799
A2	**7**	23
A2-	**6**	6
AAA	**55,882**	34,145
	116,973	163,703

ii) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. Liquidity risk arises because of the possibility that the Company could be required to pay its liabilities earlier than expected or difficulty in raising funds to meet commitments associated with financial liabilities as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The following are the contractual maturities of financial liabilities, including interest payments:

	2020					
	Carrying amount	**Contractual cash flows**	**Six months or less**	**Six to twelve months**	**One to five years**	**More than five years**
	---- (Rupees in '000') ----					
Non-Derivative						
Financial liabilities						
Liabilities against assets subject to lease	**44,173**	**40,721**	**6,515**	**6,515**	**27,691**	**-**
Accrued markup	**14,313**	**14,313**	**14,313**	**-**	**-**	**-**
Unclaimed dividend	**14,418**	**14,418**	**14,418**	**-**	**-**	**-**
Unpaid dividend	**328**	**328**	**328**	**-**	**-**	**-**
Trade and other payables	**256,799**	**256,799**	**256,799**	**-**	**-**	**-**
	330,031	**326,579**	**292,373**	**6,515**	**27,691**	**-**

	2019					
	Carrying amount	Contractual cash flows	Six months or less	Six to twelve months	One to five years	More than five years
	---- (Rupees in '000') ----					
Non-Derivative						
Financial liabilities						
LLiabilities against assets subject to lease	43,159	55,988	6,777	6,777	42,434	-
Accrued markup	363	363	363	-	-	-
Unclaimed dividend	14,501	14,501	14,501	-	-	-
Unpaid dividend	185	185	185	-	-	-
Trade and other payables	208,465	208,465	208,465	-	-	-
	266,673	279,502	230,291	6,777	42,434	-

The contractual cash flows relating to the above financial liabilities have been determined on the basis of mark-up rates effective as at 30 June 2020 (and includes both principal and interest payable thereon).

iii) Market risk

Market risk is the risk that the value of the financial instrument may fluctuate as a result of changes in market interest rates or the market price due to a change in credit rating of the issuer or the instrument, change in market sentiments, speculative activities, supply and demand of securities and liquidity in the market. Market risk comprises of currency risk, interest rate risk and other price risk.

a) Currency risk

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

The Company is exposed to foreign currency risk on sales to the extent that, orders placed are denominated in a currency other than Pak Rupees that is Dollar($). However, the foreign currency is converted into Pak rupee at the time of receipt and then deposited into bank account.

Company is not exposed to currency risk as there are no foreign currency balances outstanding as at year end.

b) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Majority of the interest rate exposure arises from short and long term borrowings from banks and term deposits with banks. At the balance sheet date the interest rate profile of the Company's interest-bearing financial instruments was as follows:

	Note	2020	2019
		Rupees in '000'	
Financial assets			
Fixed rate instrument			
Variable rate instrument			
Bank balances - saving and deposit accounts	24.1	**63,475**	89,284
Short term loan to a related party		**90,000**	40,000
Term finance certificates	21.2	**99,950**	99,970
Financial liabilities			
Variable rate instrument			
Liabilities against asset subject to lease	7	**44,173**	43,159

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 profit and loss. Therefore, a change in interest rates at the reporting date would not affect the profit and loss account and equity of the Company.

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at the reporting date would have increased /(decreased) profit or loss by Rs. 2.09 million (2019: 1.86 million). This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis for current and last year.

c) Other price equity risk

Other price risk is the risk of changes in the fair value of investment in mutual funds as the result of changes in the levels of net asset value of units held by the Company.As at June 30,2020, had there been increase / decrease in net asset value by 1%, with all other variables held constant,the profit before tax for the year would have been higher / lower by Rs.0.175 million (2019: Rs. 0.895 million).

Collateral

The Company has created charge over its fixed assets and current assets in order to fulfil the collateral requirements for various financing facilities.

39.2 Fair value of financial assets and liabilities

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. Consequently, differences can arise between carrying values and the fair value estimates.

The carrying amounts of all financial assets and liabilities reflected in the financial statements approximate their fair values.

The Company measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

Level 1: Fair value measurements using quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Fair value measurements using inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Fair value measurements using inputs for the asset or liability that are not based on observable market data (i.e. unobservable inputs).

Fair values of assets that are traded in active markets are based on quoted market prices. For all other assets the Company determines fair values using valuation techniques unless the instruments do not have a market \ quoted price in an active market and whose fair value cannot be reliably measured.

Valuation techniques used by the Company include discounted cash flow model. Assumptions and inputs used in the valuation technique mainly include risk-free rate, equity risk premium, long term growth rate and projected rates of increase in revenues, cost of sales, other income and expenses. The objective of valuation techniques is to arrive at a fair value determination that reflects the price of the financial instrument at the balance sheet date that would have been determined by market participants acting at arm's length.

Valuation models for valuing securities for which there is no active market requires significant unobservable inputs and a higher degree of judgment and estimation in the determination of fair value. Judgment and estimation are usually required for selection of the appropriate valuation model to be used, determination of expected future cash flows on the financial instrument being valued and selection of appropriate discount rates, etc.

The table below analyses assets measured at fair value at the end of the reporting period by the level in the fair value hierarchy into which the fair value measurement is categorized:

	June 30, 2020			
	Level 1	**Level 2**	**Level 3**	**Total**
	Rupees in '000'			
Assets				
Financial Asset				
Units of open-end mutual funds:	**17,472**	**-**	**-**	**17,472**
Privately Placed Term Finance Certificates	**-**	**99,950**	**-**	**99,950**
Investment in ordinary shares of Frontier Papers Products (Private)Limited	-	**-**	**283,350**	**283,350**

	June 30, 2019			
	Level 1	**Level 2**	**Level 3**	**Total**
	Rupees in '000'			
Assets				
Financial Asset				
Units of open-end mutual funds:	89,466	-	-	89,466
Privately Placed Term Finance Certificates	-	99,970	-	99,970
Investment in ordinary shares of Frontier Papers Products(Private)Limited	-	-	319,650	319,650

39.3 Capital risk management

The management's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The management closely monitors the return on capital along with the level of distributions to ordinary share holders.

The management seeks to maintain a balance between higher returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position.

The Company is not required to maintain any regulatory capital.

40 CORRESPONDING FIGURES:

The corresponding figures have been rearranged and reclassified, wherever considered necessary for the purposes of comparison and better presentation. A major reclassification of corresponding figures made in these financial statements is as follows:

Reclassified from component	Reclassified to component	Rupees in '000'
(Loans, advances, deposits, prepayments and accrued markup)	(Loans, advances, deposits, prepayments and accrued markup)	
Advances to suppliers and contractors - unsecured, considered good	Accrued markup	**4,159**
Accrued expenses (Trade and other payables)	Provision for marking fee (Trade and other payables)	**50,823**

41 GENERAL

41.1 Impact of COVID-19 on the financial statements

The COVID-19 pandemic put pressure on the sales volume and bottom line of the company. It has also caused extra ordinary and unprecedented curtailment in economic and social activities since its spread in Pakistan from March 2020. This pandemic posed a big threat to business and financial challenges across various sectors of the economy in Pakistan. The Company complied with the SOPs prescribed by Federal and Provincial Governments. Sales and production activities were affected during lockdowns.

In connection with the accounting and reporting obligations as required in circular 26 of 2020 issued by SECP, the management of the company assessed the impact of COVID-19 related events on its financial statements particularly its impact on the appropriateness of the use of the going concern assumption. This included assessment of both financial (debt covenant compliance concerns, renegotiation of debt agreements, liquidity and funding concerns) and non-financial (disruption of supply chain, logistics, fluctuating demand, workforce management and employee health issue) considerations. In addition to this, the assumptions used and estimates associated with measurement of various assets and liabilities were also assessed. COVID-19 pandemic was a significant event during the year. However, The Company remained up to date in all its financial commitments. The Management believes that the going concern assumption of the Company remains valid. Manpower, materials and other necessary resources which are available at plant site are continuously working on the project despite the lock down due to Covid-19.

The management believes that due to the pandemic the Company’s operations, financial position and results have been impacted only on a temporary basis and believes that as normalcy comes about, these impacts have started to recede.

The Company availed employee refinance facility for payment of salaries and wages under SBP's infrastructure, Housing & SME Finance department (IH&SMEFD) Circular No. 6 of 2020 dated April 10, 2020.

41.2 Date of authorization of the financial statements

These financial statements were authorised for issue by the Board of Directors of the Company in their meeting held on September 29,2020.

41.3 Level of rounding

Figures in these financial statements have been rounded off to the nearest thousand rupees.

MOHAMMED YASIN FECTO	**ROHAIL AJMAL**	**ABDUL SAMAD**
CHIEF EXECUTIVE	DIRECTOR	CHIEF FINANCIAL OFFICER

مابعداثرات

سالِ رواں کے دوران ہونے والے نقصان کے پیشِ نظر کمپنی کے بورڈ کی جانب سے اس کے اجلاس مؤرخہ 29 ستمبر 2020 میں یہ تجویز پیش کی گئی ہے کہ اس سال حتمی طور پر ڈیونڈ بطور نقدی نہ دیا جائے۔

اظہار تشکر

کمپنی کے ڈائریکٹرز تمام اسٹاف اور ورکروں کے تہہ دل سے مشکور ہیں کہ ان کی محنت شاقہ ہمارے شامل حال رہی۔ اس کے علاوہ تمام ڈیلروں کا بھی تہہ دل سے شکریہ ادا کیا جاتا ہے جنہوں نے ہماری تمام مارکٹنگ پالیسیوں کی مکمل حمایت کی۔ ہم اس موقع پر تمام مالیاتی اداروں اور بینکوں کے بھی بے حد مشکور ہیں کہ کمپنی کے کاروباری افعال میں ہمیں ان کا مکمل تعاون حاصل رہا۔

منجانب بورڈ

محمد یسین فیکٹو
چیف ایگزیکیٹو

روحیل اجمل
ڈائریکٹر

کراچی: 29 ستمبر 2020

اس دوران کان کنی کی تمام سرگرمیاں معطل ہیں، تاہم کمپنی کی جانب سے پیداواری عمل کو جاری رکھنے اور مال کو روانہ کرنے کے متبادل انتظامات کیے گئے ہیں۔

صنعتی تعلقات

کمپنی اس بات پر مکمل یقین رکھتی ہے کہ کمپنی کا اصل اثاثہ وہ افراد ہیں جو کہ کمپنی کے لیے اپنی خدمات پیش کرتے ہیں اور کمپنی کی جانب سے اس سلسلے میں بلا تعطل تمام سہولیات فراہم کی جاتی ہیں۔ اس طرح کمپنی کے اندر انتظامیہ اور ملازمین کے مابین انتہائی خوشگوار تعلقات پائے گئے ہیں اور کبھی کسی بھی قسم کا کوئی صنعتی تنازع منظر عام پر نہیں آیا۔

آڈیٹرز

موجودہ آڈیٹرز میسرز رحمٰن سرفراز رحیم اقبال، چارٹرڈ اکاؤنٹنٹس ریٹائر ہونے جا رہے ہیں اور اپنی اہلیت کی بنیاد پر انہوں نے ایک مرتبہ پھر اپنی خدمات پیش کی ہیں۔ بورڈ کی آڈٹ کمیٹی کی جانب سے ان کی ایک مرتبہ پھر کمپنی کے قانونی آڈیٹروں کے بطور برائے مالی سال 30 جون 2021 تعیناتی کی سفارش کی گئی ہے اور بورڈ بھی آڈٹ کمیٹی کی جانب سے کی گئی سفارش کی توثیق کی خواہش رکھتا ہے۔

ترتیب حصص داری

کمپنیز ایکٹ 2017 کے سیکشن (f)(2)227 کے تحت جدول برائے ترتیب حصص داری برائے مالی سال 30 جون 2020 رپورٹ ہذا کے ساتھ منسلک کیا جا چکا ہے۔

تقسیم منافع

بورڈ کی جانب سے تقسیم منافع کے سلسلے میں درج ذیل منظوری دی گئی ہے:

	روپے ہزاروں میں
غیر تقسیم شدہ منافع گزشتہ	3,147,216
نقصان بعد از ٹیکس	(770,071)
رقم دستیاب برائے تقسیم منافع تقسیم منافع حتمی ڈیویڈنڈ بصورت نقدی برائے مالی سال 30 جون 2019 ادا شدہ بشرح 5% یعنی	2,377,145 (25,080)
مبلغ 0.50 روپے فی حصص	
غیر تقسیم شدہ منافع آگے منتقل شدہ	2,352,065

کا مکمل انتظام کیا کہ کمپنی کے ملازمین، ان کے گھر والے، خریدار، سپلائر، اور کمپنی کے ساتھ دوسرے معاملات کرنے والے، کمپنی کے ساتھ معاملات کرتے ہوئے مکمل محفوظ رہے۔ کمپنی نے اس چیز کا اہتمام کیا کہ حکومت کی جانب سے کیے جانے والے حفاظتی اقدامات کی کمپنی کے تمام دفاتر میں مکمل پابندی کی جائے۔ کمپنی کی جانب سے اٹھائے جانے والے اقدامات کی وجہ سے کمپنی کے کاروباری معاملات بغیر کسی تعطل کے جاری رہے۔

قومی خزانے میں حصہ

آپ کی کمپنی کی جانب سے دوران سال رواں 2,055 ملین روپے قومی خزانے میں جمع کروائے گئے، یہ رقم قومی خزانے میں سیلز ٹیکس، فیڈرل ایکسائز ٹیکس اور انکم ٹیکس کی مدات جمع کروائی گئی، جبکہ گزشتہ سال ان مدات میں قومی خزانے میں جمع کروائی گئی رقم 2,027 ملین روپے تھی۔ اس کے علاوہ کمپنی وطن عزیز میں 2.7 ملین امریکی ڈالر کا قیمتی زرمبادلہ بھی لے کر آئی جو سیمنٹ کی برآمدات سے حاصل کیا گیا تھا۔ اس کے علاوہ کمپنی نے انکم ٹیکس اور رائلٹی کی مد میں بھی قومی خزانے میں رقم جمع کروائی اور اپنے سپلائروں اور اسٹاف سے ایف بی آر کی جانب سے ٹیکس جمع کیے۔

کمپنی کی کریڈٹ ریٹنگ

زیر نظر مالی سال کے دوران ایک مستند ادارے پاکستان کریڈٹ ریٹنگ ایجنسی (پی اے سی آر اے) نے کمپنی کی کریڈٹ ریٹنگ کو برقرار رکھتے ہوئے کمپنی کو طویل المیعاد قرضوں کے سلسلے میں -A اور قلیل المیعاد قرضوں کے سلسلے میں A2 کی ریٹنگ دی گئی ہے اور کمپنی کو متوازن قرار دیا گیا ہے۔

کان کنی لیز کی تنسیخ اور نوٹس برائے ریکوری

آڈیٹروں کی جانب سے ممبران کی توجہ نوٹ نمبر 12.1.1 کان کنی کی تنسیخ اور نوٹس برائے ریکوری کی جانب مبذول کروائی گئی ہے جو کہ کمپنی کو ڈپٹی ڈائریکٹر (پروٹیکشن / فاریسٹس) کیپٹل ڈیولپمنٹ اتھارٹی (سی ڈی اے) کی جانب سے موصول ہوا ہے جس میں کمپنی سے مطالبہ کیا گیا ہے کان کنی کے عمل کے دوران ہونے والے مبینہ نقصان کے مداوے کے سلسلے میں 427 ملین روپے ادا کیے جائیں۔ مذکورہ خط کمپنی کو اس وقت دیا گیا جب کہ 15 مارچ 2015 کو ڈائریکٹر انڈسٹریز اینڈ لیبر، آئی سی ٹی، اسلام آباد مائننگ کی لیز منسوخ کر چکے تھے اور سی ڈی اے کی جانب سے این او سی واپس لی جا چکی تھی۔

اس معاملے کو سینئر مجسٹریٹ سی ڈی اے، اسلام آباد کے سامنے اٹھایا گیا ہے۔ کمپنی نے اپنی درخواست میں یہ مؤقف اپنایا ہے کہ کمپنی کی جانب سے کان کنی کا کام متعلقہ حکام سے حاصل کیے گئے لائسنس کے تحت قانونی طریقے سے کیا گیا اور یہ کہ ہرجانہ کسی پیشگی نوٹس کے بغیر ہی بھیج دیا گیا ہے اور اس سلسلے میں کمپنی کو اپنا مؤقف بیان کرنے کا موقع نہیں دیا گیا۔ مزید برآں اس بات کی کوئی صراحت بھی نہیں پائی جاتی کہ ہرجانے کی رقم کا تخمینہ کس قاعدے کے تحت لگایا گیا ہے۔

سینئر مجسٹریٹ کی جانب سے آرڈر پاس کیا گیا ہے جس کے تحت معاملے کو اس وقت التواء میں رکھا گیا ہے جب تک کہ عدالت عالیہ سے مائننگ کی تنسیخ کے سلسلے اپیل پر فیصلہ نہیں آ جاتا۔ کمپنی کی جانب سے مائننگ کی تنسیخ کے مقدمے کی بھرپور پیروی کی جا رہی ہے اور قانونی ماہرین کی رائے کی بنیاد پر کمپنی کو اس بات کا یقین ہے کہ اس سلسلے میں فیصلہ ہمارے حق میں آئے گا۔ اس طرح کمپنی کو یہ ہرجانہ بھی ادا نہیں کرنا پڑے گا۔

انسانی وسائل اور ادئیگیوں سے متعلق کمیٹی

بورڈ آف ڈائریکٹرز کی جانب سے سی سی جی 2019 کے قواعد کی پاسداری کرتے ہوئے انسانی وسائل اور ادئیگیوں کی کمیٹی تشکیل دی جا چکی ہے۔ یہ کمیٹی تین ممبران پر مشتمل ہے اور یہ تمام ڈائریکٹرز غیر انتظامی ہیں۔ جبکہ کمیٹی کا چیئر مین ایک آزاد ڈائریکٹر ہے۔ بورڈ کی جانب سے کمیٹی ممبران کو ان کے کام کی شرائط سے باقاعدہ آگاہ کیا جا چکا ہے۔ دوران سال کمیٹی ایک (1) اجلاس منعقد کیا گیا جس میں کمیٹی کے تمام ممبران نے شرکت کی ہے۔

ڈائریکٹروں کا تربیتی پروگرام

کمپنی کے سات (7) ڈائریکٹروں میں سے پانچ (5) ڈائریکٹرز پہلے ہی تربیتی پروگرام میں شرکت کر چکے ہیں۔

کارپوریٹ معاشرتی ذمہ داری

ایک ذمہ دار کارپوریٹ شہری ہونے کے ناطے آپ کی کمپنی کو ان تمام افراد جو کہ دن رات اس کے لیے محنت کرتے ہیں، جو اس کے اردگرد آباد ہیں اور مجموعی طور پر پورے معاشرے کے سلسلے میں اپنی معاشرتی ذمہ داریوں سے پوری طرح آگاہ ہے۔ اپنی معاشرتی ذمہ داریوں کو باحسن خوبی نبھانے کے لیے آپ کی کمپنی کی جانب سے دوران سال میں جو اقدامات اٹھائے گئے ان میں سے چیدہ چیدہ اقدامات یہ تھے:

☆ غربا کے لیے شیلٹر ہوم تعمیر کرنے کے سلسلے میں عطیات فراہم کیے گئے۔ یہ منصوبہ اسلام آباد کی انتظامیہ کی جانب سے وفاقی دارلخلافہ اسلام آباد میں شروع کیا گیا ہے۔
☆ قریب دیہات میں لڑکیوں کے ایک اسکول کی تعمیر و تزئین و آرائش کا کام کیا گیا۔
☆ مقامی انتظامیہ کے ساتھ مل کر خان پور ڈیم نہر کی صفائی میں حصہ لیا گیا اور اس سلسلے میں سیمنٹ اور افرادی قوت مہیا کی گئی۔
☆ کمپنی کے قرب جوار کے دیہاتوں کو پینے کا صاف پانی کا صاف مہیا کیا گیا جس کے لیے پانی کا ذخیرہ اور پائپ لائن کا انتظام بھی کمپنی کی جانب سے ہی کیا گیا تھا۔ پانی کی بلا تعطل فراہمی کو ممکن بنانے کے لیے کمپنی کی جانب سے بجلی کا ایک پمپ بھی نصب کیا گیا۔
☆ کمپنی کی جانب سے صحت، معاشرتی فلاح و بہبود اور تعلیم کے سلسلے میں 5.1 ملین روپے کے عطیات فراہم کیے گئے (2019 میں 8.9 ملین عطیات دیے گئے تھے)۔

کووڈ ۱۹

کووڈ ۱۹ کی وبا نے دنیا بھر کے ملکوں کو شدید و سنگین مسائل سے دوچار کیا جس سے لوگوں کی روزمرہ کی زندگی اور کاروباری معاملات شدید متاثر ہوئے۔ پاکستان بھی اس وبا سے محفوظ نہ رہ سکا جس کی وجہ سے ملک بھر میں حکومت کیجانب سے بندش کے نفاذ کی وجہ سے کاروباری سرگرمیاں متاثر ہوئیں۔ حکومت نے اس معاملے کی وجہ سے بے شمار اقدامات کیے تاکہ اس وبا کے اثرات کو کم سے کم کیا جائے۔ جس میں شرحِ سود میں کمی، رعایتی شرح پر صنعتوں کو قرض کی فراہمی، اور غرب لوگوں کو نقد کی صورت میں امداد کی فراہمی۔

اس وبا نے کمپنی کی ان حالات سے نمٹنے کی صلاحیت کے لیے بھی چیلنجز پیدا کیے۔ کمپنی نے اپنے طور پر مناسب اقدامات کیے جس سے نہ صرف ملازمین کی حفاظت کی جا سکے بلکہ ان کے روزگار کا بھی تحفظ کیا جا سکے۔ اس کے لیے کمپنی نے مناسب اقدامات کیے۔ اس کے علاوہ کمپنی نے اپنی معاشرتی ذمہ داریوں کو محسوس کرتے ہوئے حکومت کی مدد کرتے ہوئے نقد چندہ دیا۔ اسلام آباد کی انتظامیہ کو حفاظتی دروازے مہیا کیے اور ضرورت مندوں میں راشن تقسیم کیا۔ کمپنی کی انتظامیہ نے ایک مربوط حکیمتِ عملی کے تحت اس چیز

حاضری	ڈائریکٹروں کے نام
5/5	جناب محمد یٰسین فیکٹو
3/5	جناب عامر غنی
5/5	جناب روہیل اجمل
5/5	جناب محمد انور حبیب
5/5	جناب خالد یعقوب
4/5	جناب جمیل احمد خان
3/5	محترمہ سائرہ ابراہیم باوانی

وہ ڈائریکٹرز جو علالت یا کسی دیگر وجوہات کی بنا پر ان اجلاسوں میں شرکت نہیں کی انہیں اس سلسلے میں رخصت دے دی گئی تھی۔ بورڈ اور آڈٹ کمیٹی کی ہونے والی میٹنگ مورخہ 29 اپریل 2020 ملک میں حکومت کی جاب سے نافذ کی جانے والی بندش بوجہ کووڈ ۱۹ بذریعۂ سرکولیشن ہوئی تھی۔ اور تمام معاملات بشمول حسابات برائے نو ماہی کی منظوری بھی بذریعۂ سرکولیشن ہوئی تھی۔

غیر انتظامی ڈائریکٹروں کے لیے مشاہرے کی پالیسی

کمپنی کے تمام ڈائریکٹرز ماسوائے سی ای او غیر انتظامی ڈائریکٹرز ہیں۔ سی ای او کے مشاہرے کی منظوری حصص داران سے ان کے اجلاس میں لی جاتی ہے۔ جبکہ غیر انتظامی ڈائریکٹروں کو بورڈ اور اس کی کمیٹیوں کے اجلاسوں میں شرکت کے لیے مروجہ پالیسی کے تحت مشاہرہ ادا کیا جاتا ہے۔ سی ای او اور غیر انتظامی ڈائریکٹروں کو ادا کیے جانے والے مشاہرے کی تفصیلات مالیاتی دستاویزات کے ساتھ منسلک نوٹ نمبر 36 میں درج کی گئی ہیں۔

بورڈ کی کمیٹیاں

آڈٹ کمیٹی

آپ کی کمپنی کے بورڈ آف ڈائریکٹرز کی جانب سے بورڈ کی آڈٹ کمیٹی قائم کی جا چکی ہے جو کہ سی سی جی قواعد 2019 کے قواعد کے عین مطابق ہے۔ بورڈ آڈٹ کمیٹی کے ممبران کو ان کے کام کی شرائط سے باقاعدہ طور پر آگاہ کر دیا گیا تھا۔

دوران سال رواں آڈٹ کمیٹی کے چار (4) اجلاس منعقد کیے گئے۔ ان اجلاسوں میں شرکت کرنے والے ممبران کی حاضری درج ذیل ہے:

حاضری		ڈائریکٹروں کے نام
3/4	چیئرمین / آزاد ڈائریکٹر	جناب جمیل احمد خان
4/4	غیر انتظامی ڈائریکٹر	جناب محمد انور حبیب
4/4	غیر انتظامی ڈائریکٹر	جناب روحیل اجمل

5۔کمپنی میں اندرونی کنٹرول کا نظام صحیح اور مؤثر انداز سے نافذ العمل ہے اور اس کی ہمہ وقت نگرانی کی جارہی ہے۔

6۔اس بات میں شک کی کوئی گنجائش نہیں پائی جاتی کہ کمپنی ہمیشگی کی بنیاد پر اپنا کاروبار مستقبل میں جاری رکھنے کی خواہاں ہے۔

7۔پروویڈنٹ فنڈ ٹرسٹ برائے مالی سال 30 جون 2020 کے غیر آڈٹ شدہ اکاؤنٹس کی روشنی میں پروویڈنٹ فنڈ انویسٹمنٹ کی قدر 454 ملین روپے بنتی ہے جو کہ مالی سال 2019 کے مطابق 399 ملین روپے تھی۔

8۔کسی بھی قانونی ذمہ داری کے تحت کمپنی ٹیکسوں، لیویز اور دیگر چارجز کی مد میں کوئی بھی واجب الادا ذمہ داریاں نہیں ہیں ماسوائے ان مالیاتی ذمہ داریوں کے جو کہ کاروبار میں معمول کا حصہ ہیں۔

کمپنی سے متعلق گزشتہ چھ سال کی اہم مالیاتی اور کاروباری معلومات رپورٹ ہٰذا کے ساتھ صفحہ نمبر 20 پر منسلک کی گئی ہیں۔

مناسب اندرونی مالیاتی کنٹرول

کمپنی کے بورڈ آف ڈائریکٹرز کی جانب سے کمپنی اثاثوں کو محفوظ بنانے، کمپنی کے تمام کاروباری افعال کو مستعدی اور مؤثر انداز سے چلانے، تمام مروجہ قوانین کی پاسداری کرنے اور بروقت مالیاتی رپورٹنگ کو ممکن بنانے کے لیے ایک مستعد اور محفوظ اندرونی کنٹرول کا نظام وضع کیا گیا ہے۔کمپنی کا اندرونی کنٹرول کا نظام ایسے تجربہ کار اسٹاف پر مشتمل ہے جو کہ باقاعدگی کے ساتھ کنٹرول کے اس نظام کا جائزہ لیتے رہتے ہیں اور مزید مؤثر بنانے کی تگ و دو کرتے رہتے ہیں۔اندرونی آڈٹ کا ڈپارٹمنٹ اس بات کا ذمہ دار ہے کہ موجودہ سسٹم میں پائی جانے والی کسی بھی خامی کی نشاندہی بورڈ کو کرے اور اس میں اصلاح کے لیے آڈٹ کمیٹی کو بروقت مطلع کرے کہ اس سلسلے میں کس قسم کے اقدامات اٹھائے جاسکتے ہیں۔

متعلقہ پارٹیوں کے ساتھ لین دین کے معاملات

زیر نظر مالی سال کے دوران متعلقہ پارٹیوں کے ساتھ لین دین کے تمام معاملات شفافیت پر مبنی تھے اور ان کے سلسلے میں مروجہ قوانین اور قواعد کی رو سے آڈٹ کمیٹی اور بورڈ سے باقاعدہ منظوری بھی حاصل کر لی گئی تھی۔متعلقہ پارٹیوں کے ساتھ لین دین کے معاملات کے سلسلے میں تفصیلات کو نوٹ 37 میں بیان کیا گیا ہے اور اس کے علاوہ مالیاتی دستاویزات میں متعلقہ مقامات پر بھی اس کی وضاحت کردی گئی ہے۔

بورڈ کی ساخت

بورڈ کے ممبران کی تعداد اور بورڈ کی ساخت کو ضابطہ پاسداری کے ساتھ منسلک کیا جاچکا ہے۔
دوران رواں مالی سال بورڈ آف ڈائریکٹرز کے پانچ (5) اجلاس منعقد کیے گئے۔ان اجلاسوں میں شرکت کرنے والے ڈائریکٹروں کی حاضری ذیل میں پیش کی جارہی ہے:

سرمایہ کاری میں سست روی رہی۔ بورڈ نے کمپنی کے ممبران کے منظور کیے جانے والئے منصوبوں کو پایۂ تکمیل تک پہنچانے کے لیے مناسب اقدامات لیے ہیں۔ ابتدائی مراحل کی تکمیل اور قانونی لوازمات مکمل کیے جانے کے بعد کمپنیاں وجود میں لائی جائیں گی۔ لیکن فی الحال چینی شراکت داروں کی ٹیم کی کووڈ۱۹ کی وجہ سے چین واپسی کی وجہ سے یہ معاملات سست روی کا شکار ہیں۔ کمپنی کی انتظامیہ چینی شراکت داروں کے ساتھ مستقل رابطے میں ہیں اور یہ امید کرتی ہے کہ کووڈ۱۹ میں بہتری کے بعد ان کی واپسی ہوگی۔ یہ کمپنیاں چینی شراکت داروں کی واپسی، ابتدائی اور قانونی مراحل کی تکمیل کے بعد قائم کی جائیں گی۔

کمپنیز (انویسٹمنٹ ان ایسوسی ایٹڈ کمپنیز اور ایسوسی ایٹڈ انڈر ٹیکنگز) ریگولیشنز 2017 کے رول (2)4 کے تحت اس سلسلے میں حالیہ پیش رفت کو منسلکہ اسٹیٹمنٹ میں ظاہر کر دیا گیا ہے جو کہ سالانہ اجلاس عام کے نوٹس کے ساتھ منسلک ہے۔

کمپنی نے اس دوران مکمل طور پر ماتحت کمپنی فیکٹو سیمنٹ نوری آباد (پرائیوٹ) لمیٹڈ قائم کی ہے جو کہ کمپنی کی جانب سے نئے سیمنٹ پلانٹ قائم کیے جانے کے سلسلے میں کام کرے گی۔ کمپنی نے ابھی تک کوئی کام شروع نہیں کیا اسی لیے کمپنیز ایکٹ 2017 کی شق 228 کے تحت اس کمپنی کے سالانہ حسابات کو کمپنی کے حسابات کے ساتھ ضم نہیں کیا گیا ہے۔ کمپنی نے اس مد میں سیکورٹیز اینڈ ایکس چینج کمیشن کو کمپنیز ایکٹ 217 کی شق (7)228 کے تحت نرمی کے لیے بھی درخواست کی تھی جو کہ ان کے خط مورخہ 21 ستمبر 2020ء کے تحت منظور کی گئی ہے۔ لہٰذا اس سالانہ رپورٹ کے ساتھ صرف کمپنی کے سالانہ حسابات برائے سال 20-2019 منسلک کیے گئے ہیں۔ لیکن ماتحت کمپنی کے مالیاتی خصوصیات کمپنی کے سالانہ حسابات کے نوٹ نمبر 15.1 میں دی گئی ہیں۔ اور اس کے سالانہ حسابات بھی ممبران کی جانچ کے لیے کمپنی کے رجسٹرڈ آفس پر موجود ہیں اور کسی بھی ممبر کی درخواست پر ان کو مہیا بھی کیے جاسکتے ہیں۔

نیا پراجیکٹ

جیسا کہ ممبران کو اوپر بتایا گیا ہے کہ بجلی کی لاگتوں میں مسلسل اضافہ ہو رہا ہے، جس کو مدنظر رکھتے ہوئے کمپنی کے بورڈ نے یہ فیصلہ کیا ہے کہ پانچ میگا واٹ کا شمسی توانائی سے چلنے والا بجلی کا پلانٹ لگایا جائے تا کہ بجلی کی لاگت میں کمی کی جاسکے اور صاف بجلی پیدا کی جاسکے۔ بورڈ نے انتظامیہ کو یہ ہدایت کی ہے کہ وہ اسٹیٹ بینک آف پاکستان کی رعایتی شرح سود پر مہیا کیے جانے والے قرض کے لیے کوشش کی جائے۔ یہ پراجیکٹ موجودہ مالی سال کے دوران مکمل ہونے کی امید ہے جس سے بجلی کی لاگت میں کمی واقع ہوگی۔

کارپوریٹ گورننس

ڈائریکٹرز انتہائی مسرت کے ساتھ اس بات سے آگاہ کرتے ہیں کہ اسٹاک ایکسچینج کے لسٹنگ قواعد میں مزکور کارپوریٹ گورننس کے اصولوں کی کمپنی کی جانب سے مکمل پاسداری کی جاتی ہے۔

کارپوریٹ گورننس کی مکمل پاسداری کے سلسلے میں کمپنی کے ڈائریکٹر اس بات کا اعلان کرتے ہیں کہ:

1۔ کمپنی کی جانب سے تیار کردہ مالیاتی رپورٹس صحیح اور شفاف انداز سے کمپنی کے تمام معاملات، اس کے کاروباری افعال، نقد رقوم کی ترسیل اور سرمایہ بر مبنی حصص میں تبدیلی کی نمائندگی کرتی ہیں۔

2۔ کمپنی کی جانب سے تمام محاسبی کھاتوں کا باقاعدہ ریکارڈ محفوظ رکھا جاتا ہے۔

3۔ کمپنی کی جانب سے مالیاتی رپورٹس تیار کرنے کے سلسلے میں محاسبی کے مسلمہ اصولوں کی مکمل پاسداری کی گئی اور تمام تر محاسبی کھاتے بر مبنی معقولیت اور قرین قیاس ہیں۔

4۔ پاکستان میں نافذ العمل انٹرنیشنل فنانشل رپورٹنگ اسٹینڈرڈز کی مکمل پاسداری کرتے ہوئے تمام مالیاتی رپورٹس تیار کی گئیں ہیں۔

☆ خام مال کی لاگت بالخصوص درآمد کیے جانے والے کوئلے کی قیمتوں میں اضافے کا رجحان اور شرح مبادلہ
☆ ڈیٹا کی سیکیوریٹی اور پرائیویسی

کمپنی کی جانب سے اندرونی اور بیرونی شراکت داروں کے ساتھ مل کر ایسے اقدامات اٹھائے جا رہے ہیں کہ ان خطرات کو قابل برداشت حد میں رکھا جا سکے۔

کمپنی کے کاروباری افعال کے ماحولیات پر اثرات

کمپنی سیمنٹ سازی اور فروخت کے کاروبار سے منسلک ہے اور سیمنٹ سازی کے عمل میں خارج ہونے والے مادے اس ماحول کے لیے خطرناک ثابت ہو سکتے ہیں جہاں کمپنی سیمنٹ سازی کر رہی ہو۔ کمپنی ان خطرات سے بخوبی واقف ہے اور علاقے کو لاحق ان خطرات کو کم از کم کرنے کے لیے اقدامات بھی کیے گئے ہیں۔ کمپنی کا پلانٹ جدید ترین سہولیات سے آراستہ ہے اور کنٹرول کے تمام تر عالمی اور مقامی معیارات پر پورا اترتا ہے۔ کمپنی کی جانب سے ویسٹ ہیٹ ریکوری پلانٹ بھی نصب کیا گیا ہے تا کہ ضائع ہونے والی حرارت کو بچایا جا سکے اور اس سے بنائی جانے والی توانائی کو اپنے سسٹم میں استعمال کیا جا سکے۔

مستقبل پر نظر

زیر نظر مالی سال کے دوران مقامی مارکیٹ میں سیمنٹ کی طلب دباؤ کا شکار رہی لیکن رواں مالی سال کی پہلی سہ ماہی میں مقامی سطح پر سیمنٹ کی طلب میں اضافہ ہوا ہے جس کی بنیادی وجہ حکومت کی جانب سے کووڈ ۱۹ کی وجہ سے کی جانے والی بندش میں نرمی ہے۔ یہ محسوس کیا جا رہا ہے کہ پاکستان میں حکومت اس وبا کے کنٹرول میں کامیاب رہی ہے لیکن اس کے دوبارہ ابھرنے کے خطرات ابھی بھی موجود ہیں جیسا کہ دوسرے ممالک میں دیکھا گیا ہے۔ جس کی وجہ سے معاشی سرگرمیوں میں سست روی ہو سکتی ہے۔
حکومت کی جانب سے کووڈ ۱۹ کی وجہ سے ہونے والی معاشی سرگرمیوں میں سست روی کو ختم کرنے اور معاشی سرگرمیوں میں تیزی کے لیے کیے جانے والے اقدامات جن میں شرح سود میں کمی، صنعتوں کی جانب سے قرضوں کی ادائیگی میں رعایت اور کم شرح سود پر دیے جانے والے قرضوں کی وجہ سے صنعتوں پر مثبت اثرات ہوئے ہیں۔ جب کہ حکومت کی جانب سے تعمیراتی شعبے میں تیزی اور عوام کو سستے گھروں کی فراہمی کی مد میں کیے جانے والے اقدامات کی وجہ سے بھی سیمنٹ کی طلب اور مقامی سطح پر قیمتوں میں بہتری کے امکان ہیں۔ افغانستان کے ساتھ سیمنٹ کی برآمدات جو کہ سرحد کے بند ہونے کی وجہ سے تعطل کا شکار تھی اس میں سرحد کے کھلنے سے بہتری کے امکانات ہیں۔

اگر لاگت کی جانب دیکھا جائے تو بین الاقوامی مارکیٹ میں کوئلے کی قیمتوں میں کمی واقع ہوئی ہے۔ یہ کمی سیمنٹ کی صنعت کے لیے خوشگوار ہے۔ لیکن بجلی کی قیمتوں میں ہونے والے مسلسل اضافے، روپے کی قدر میں کمی اور ٹیکسوں کی زیادتی کی وجہ سے لاگت میں اضافے کا امکان ہے۔ سیمنٹ کے تھیلوں کی لاگت اور ڈیزل کی لاگت میں اضافے سے بھی مجموعی لاگت میں اضافہ ہو سکتا ہے۔ انتظامیہ بڑھتی ہوئی پیداواری لاگت سے مکمل طور پر آگاہ ہے اور انتظامیہ کی جانب سے مسلسل اس قسم کے اقدامات اٹھائے جا رہے ہیں کہ پیداواری افعال کی کارکردگی میں بہتری لائی جائے اور پیداواری لاگت میں کمی لائی جائے۔

سرمایہ کاری منصوبوں پر نظر

منظور شدہ پروجیکٹس

معاشی سرگرمیوں میں سست روی اور کووڈ ۱۹ کے پھیلاؤ کی وجہ سے ممبران کی جانب سے غیر معمولی اجلاس جو کہ یکم دسمبر 2018ء کو منعقد ہوا تھا میں کیے جانے والے منصوبوں میں

مقامی فروخت سے حاصل ہونے والی خالص آمدن دوران سال کم ہوکر3,034 ملین روپے ہوگئی جو کہ گزشتہ مالی سال کے دوران4,332 ملین روپے ریکارڈ کی گئی تھی یعنی اس میں %29.96 کی کمی واقع ہوئی ہے جبکہ مقامی فروختگی سے ہونے والی مجموعی آمدنی میں ہونے والی کمی%19.27 اور فروختگی کے حجم میں%7.49 کی کمی ہوئی۔ اس کمی کی بنیادی وجہ اوپر بیان کیے گئے اسباب کے علاوہ فیڈرل ایکسائز ڈیوٹی میں اضافہ تھا۔ کمپنی کی جانب سے آمدن از برآمدات میں%5.40 کا اضافہ ہوا ہے جبکہ برآمدات کے حجم میں%6.11 کا اضافہ ہوا۔ اگرچہ برآمدات کی قیمتوں میں امریکی ڈالر میں کمی ہوئی لیکن روپے کی قدر میں ڈالر کے مقابلے میں کمی کی وجہ سے روپے میں آمدن میں اضافہ ہوا۔

کمپنی کی مجموعی خالص آمدن از فروخت گزشتہ سال کی4,740 ملین روپے کی آمدن کے مقابلے میں کم ہوکر3,464 ملین روپے ریکارڈ کی گئی ہے۔ اس طرح سے اس میں %23.13 کی کمی ہوئی جبکہ فروختگی کے حجم میں%6.03 کی کمی ریکارڈ کی گئی ہے۔

منفعت

دوران سال رواں کمپنی کی لاگت برائے فروختگی میں %0.80 کا اضافہ ہوا جبکہ حجم برائے فروخت میں %6.03 کی کمی ریکارڈ کی گئی ہے۔ لاگت برائے فروخت میں گزشتہ سال کے مقابلے میں 441 روپے فی ٹن کا اضافہ ہوا۔ لاگت برائے فروختگی میں ہونے والے%0.80 کے اضافے کے مقابلے میں تیل اور بجلی کی مد میں ہونے والی لاگت میں %10.41 کا اضافہ ہوا۔ جس کی بنیادی وجہ بجلی کی قیمت میں حکومت کی جانب سے مستقل اضافہ اور صنعتوں کو بجلی کی مد میں 3 روپے فی یونٹ زرتلافی کا خاتمہ تھا۔ اس وجہ سے بجلی کی لاگت کی مد میں 5.53 فی یونٹ کا اضافہ ہوا۔ بین الاقوامی مارکیٹ میں کوئلے کی قیمتوں میں رواں سال کی دوسری شش ماہی میں کمی واقع ہوئی لیکن پی آئی بی ٹی ایل پر ذخائر کے زیادہ اخراجات اور ترسیل کی لاگت میں اضافے کی وجہ سے کوئلے کی لاگت میں اضافہ ہوا۔
سیمنٹ کی مقامی قیمتوں میں کمی اور تیل اور بجلی کی مد میں ہونے والے اخراجات میں اضافے کی وجہ سے کمپنی کو رواں سال میں 715 ملین کا خام نقصان ہوا جب کہ گزشتہ سال کمپنی کو اس عرصے کے دوران 594 ملین روپے کا خام منافع ہوا تھا۔
انتظامیہ کی جانب سے اخراجات کی کمی کے لیے کیے جانے والے سخت اقدامات کی وجہ سے انتظامی اخراجات اور اخراجات برائے ترسیل مال کنٹرول میں رہے۔

کمپنی کو رواں مالی سال کے دوران 1,034 ملین روپے کا نقصان قبل از ٹیکس ہوا جب کہ گزشتہ سال کمپنی نے اس عرصے کے دوران 130 ملین روپے کا منافع قبل از ٹیکس کمایا تھا۔

کمپنی کو ہونے والے نقصان کی وجہ سے سالِ رواں میں کمپنی نے کم از کم ٹیکس کی پروویژن کی جب کہ ملتوی کیے جانے والے ٹیکس میں تبدیلی کی وجہ سے کمپنی کو 770 ملین روپے بعد از ٹیکس کا نقصان ہوا جب کہ گزشتہ مالی سال کے دوران بعد از ٹیکس منافع 89 ملین روپے درج کیا گیا تھا۔

دوران سال رواں آپ کی کمپنی کو آمدن فی حصص میں 15.35 روپے کا نقصان رہا جب کہ گزشتہ سال آمدن فی حصص 1.77 روپے تھی۔

بنیادی خطرات اور غیر یقینی صورتحال

کمپنی کو اپنے کام کی نوعیت کے اعتبار سے چند مسائل اور غیر یقینی صورتحال کا سامنا ہوسکتا ہے، چونکہ کمپنی اسی ماحول میں اپنے کاروباری افعال سرانجام دیتی ہے اور ان مسائل کی وجہ سے کمپنی کے کاروباری افعال متاثر بھی ہوسکتے ہیں۔ تاہم درج ذیل مسائل کو ان مسائل میں انتہائی اہم گردانا جاتا ہے:

☆ مارکیٹ میں زبردست مسابقت کا ماحول جس کی ایک بنیادی وجہ سیمنٹ کی صنعت کی پیداواری صلاحیت میں ہونے والا حالیہ اضافہ ہے۔

مال کی روانگی			
مقامی	616,317	571,106	(7.49)
برآمدات	66,295	70,344	6.11
مجموعی	682,612	641,450	(6.03)

کمپنی کی جانب سے دوران سال رواں گزشتہ سال کے مدمقابل کلنکر اور سیمنٹ کی پیداوار میں بالترتیب %5.78 اور %5.82 کی کمی واقع ہوئی۔ اس کمی کی وجوہات میں مارکیٹ میں طلب کی کمی اور سال کے آغاز سے موجود کلنکر کا ذخیرہ شامل ہیں۔

مقامی سطح پر کمپنی کی فروختگی کے حجم میں زیر نظر مالی سال کے دوران %7.49 کی کمی ہوئی جب کہ اسی دوران صنعت کی فروختگی میں %0.98 کی کمی جبکہ شمال میں واقع پلانٹس کی فروختگی میں %6.07 کا اضافہ ہوا۔ شمالی علاقوں میں واقع پلانٹس کی برآمدات میں آنے والی %22.07 کی کمی کے مقابلے میں کمپنی کی برآمدات میں 6.11 فیصد کا اضافہ ہوا۔

مالیاتی کارکردگی کا جائزہ

ذیل میں کمپنی کی مالیاتی کارکردگی سے متعلق اہم جھلکیاں بمقابلہ گزشتہ مالی سال پیش کی جارہی ہیں:

	روپے ہزاروں میں ماسوائے آمدن فی حصص کے	
	2019	2020
کل فروختگی مقامی	4,332,388	3,033,739
کل فروختگی برآمدات	408,108	430,165
مجموعی کل فروختگی	4,740,496	3,463,904
لاگت برائے فروختگی	4,146,193	4,179,341
خام (نقصان)/منافع	594,303	(715,437)
(نقصان)/منافع قبل از ٹیکس	130,343	(1,034,246)
(نقصان)/منافع بعد از ٹیکس	88,975	(770,071)
(نقصان)/آمدن فی حصص (روپے میں)	1.77	(15.35)

آمدن از فروختگی

دوران سال رواں کمپنی کی کل مقامی مجموعی آمدن از فروختگی میں گزشتہ سال کے مقابلے میں %19.27 کی کمی واقع ہوئی ہے جب کہ اس عرصے کے دوران مقامی سطح پر سیمنٹ کی فروختگی کے حجم میں %7.49 کی کمی ریکارڈ کی گئی ہے۔ مقامی سطح پر سیمنٹ کی قیمتیں رواں سال میں مستقل تنزلی کا شکار رہیں جس کی بنیادی وجہ معیشت میں سست روی اور سیمنٹ کی پیداوار اضافہ اور حکومت کی جانب سے کووڈ ۱۹ کی وبا کی وجہ سے سالِ رواں کے آخری سہ ماہی میں بندش کا نفاذ تھا۔

ڈائریکٹرز رپورٹ برائے ممبران

معزز ممبران گرامی

بورڈ آف ڈائریکٹرز انتہائی مسرت کے ساتھ کمپنی کی سالانہ مالیاتی رپورٹ بمعہ آڈٹ شدہ مالیاتی دستاویزات برائے مالی سال 30 جون 2020 آپ کی خدمت میں پیش کر رہے ہیں۔

جائزہ

دوران سال رواں مجموعی طور پر سیمنٹ کی صنعت کی جانب سے روانگی مال میں 1.98% سے اضافہ ریکارڈ کیا گیا اور فروختگی کا مجموعی حجم 47.81 ملین ٹن رہا جبکہ مجموعی فروختگی گزشتہ سال اسی عرصے کے دوران 46.88 ملین ٹن رہی تھی۔ مقامی سطح پر سیمنٹ کی صنعت کی مجموعی فروختگی کے حجم میں 0.98% کی کمی ہوئی اور فروختگی کا مجموعی حجم 39.96 ملین ٹن رہا جبکہ گزشتہ سال اسی عرصے کے دوران یہ حجم 40.34 ملین ٹن تھا۔ جبکہ دوسری جانب برآمدات کے سلسلے میں سیمنٹ کی صنعت میں 19.98% کا اضافہ ریکاڈ کیا گیا ہے جس کے تحت فروختگی کا کل حجم 7.85 ملین ٹن رہا جو کہ گزشتہ سال اسی عرصے کے دوران 6.54 ملین ٹن تھا۔

شمال میں واقع پلانٹس سے مجموعی طور پر فروختگی کا حجم بڑھ کر 36.30 ملین ٹن تک جا پہنچا جس میں 4.03% کا اضافہ ریکارڈ کیا گیا۔ جس میں سے مقامی سطح پر ہونے والی فروختگی کا حجم 34.33 ملین ٹن تھا جب کہ برآمدات کا حجم 1.97 ملین ٹن تھا۔ اس طرح شمال میں واقع پلانٹس میں مقامی سطح پر فروختگی کے حجم میں 6.07% کا اضافہ ریکارڈ کیا گیا ہے جب کہ برآمدات میں 22.07% کی کمی واقع ہوئی ہے۔ جنوبی علاقوں میں واقع پلانٹس کی کارکردگی شمالی علاقوں میں واقع پلانٹس کے مقابلے میں خراب رہی کیونکہ ان کی مجموعی فروخت کے حجم میں 4% کی کمی واقع ہوئی۔ جس میں سے مقامی فروخت میں 29.37% کی کمی ہوئی جبکہ برآمدات میں 46.47% کا اضافہ ہوا۔

مقامی فروختگی میں کمی کی بنیادی وجہ تعمیراتی شعبے میں سست روی اور حکومت کی جانب سے رواں سال کے آخری سہ ماہی میں کووڈ ۱۹ کی وبا سے بچنے کے لیے ملک بھر میں بندش کا نفاذ تھا۔

آپریٹنگ کارکردگی کا جائزہ

کمپنی کی جانب سے دوران سال گزشتہ سال کے مدمقابل کی جانے والی پیداوار اور روانہ کیے جانے والے مال کا تقابلی جائزہ ذیل میں پیش خدمت ہے:

	ٹنوں میں		
	2019	2020	تبدیلی (%)
پیداوار			
کلنکر	593,312	559,016	(5.78)
سیمنٹ	680,133	640,576	(5.82)


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The Company Secretary,
The Fecto Cement Limited
35, DarulAman Housing Society,
Block 7/8, Shahrah-e-Faisal,
Karachi.

I/We
____
of____________________ being a member of FECTO CEMENT LIMITED and holder of ______________________________
Ordinary Shares as per the Share Register Folio No______________. and/or CDC Participant ID No. ________________________
and Account / Sub-Account No.______________________ hereby appoint ____
of______________ who is also a member of the Company vide Registration Folio Number____________________as my/our proxy for me & on my/our behalf at the 39th Annual General Meeting of the Company to be held on Wednesday, October 28, 2020 at 2:30 PM at Company's registered office 35, DarulAman Housing Society, Block 7/8, Shahrah-e-Faisal, Karachi and any adjournment thereof.

Signature on
Revenue Stamp
of PKR5/-

____
Signature of Shareholder
Folio / CDC Nos.

Witnesses:

(1) Signature ________________________________ (2) Signature ________________________________

Name ______________________________________ Name ______________________________________

Address ____________________________________ Address ____________________________________

CNIC/ Passport No. ___________________________ CNIC/ Passport No. ___________________________

Notes:

1. A member entitled to attend the meeting may appoint a proxy in writing to attend the meeting on the member's behalf.

2. If a member is unable to attend the meeting, they may complete and sign this form and send it to the Company Secretary, The Fecto Cement Limited, 35, DarulAman Housing Society, Block 7/8, Shahrah-e-Faisal, Karachi-75350 so as to reach no less than 48 hours before the time appointed for holding the Meeting.

3. No person shall act as proxy unless he/she himself/herself is a member of the Company except that a corporation may appoint a person who is not member.

-For CDC Account Holders / Corporate Entities

In addition to the above, the following requirements have to be met:

(i) The proxy form shall be witnessed by two persons whose names, addresses and CNIC numbers shall be stated on the Form.

(ii) Attested copies of CNIC or the passport of the beneficial owners and the proxy shall be provided with the proxy form.

(iii) The proxy shall produce his original CNIC or original passport at the time of the meeting.

In case of a corporate entity, the Board of Directors resolution / power of attorney with specimen signature shall be submitted (unless it has been provided earlier) along with proxy form to the Company.

تشکیل نیابت داری

جناب کمپنی سیکریٹری

فیکٹو سیمنٹ لمیٹڈ

35 دارالامان ہاؤسنگ سوسائٹی، بلاک 7/8 شاہراہِ فیصل کراچی۔

میں/ہم: ___________________________________

ساکن: ___________ بحیثیت فیکٹو سیمنٹ لمیٹڈ کے رکن و حامل: ___________

عام حصص بمطابق شیئر رجسٹرڈ فولیو نمبر: ___________ اور/یا سی ڈی سی کے شراکتی آئی ڈی نمبر: ___________

اور ذیلی کھاتہ نمبر: ___________ محترم/محترمہ: ___________

ساکن: ___________________________________

جو کہ خود بھی فیکٹو سیمنٹ لمیٹڈ کا رکن ہے، کو اپنی جگہ بروز بدھ 28 اکتوبر 2020ء، بوقت دوپہر 2:30 بجے بمقام کمپنی کے رجسٹرڈ آفس 35 دارالامان ہاؤسنگ سوسائٹی، بلاک 7/8 شاہراہِ فیصل کراچی، میں منعقد ہونے والے 39 واں سالانہ اجلاسِ عام یا اس کے التوائی اجلاس میں رائے دہندگی کے لیے اپنا نمائندہ مقرر کرتا/کرتی ہوں۔

گواہ نمبر 1:

دستخط: ___________

نام: ___________

پتا: ___________

سی این آئی سی یا پاسپورٹ نمبر: ___________

ریونیو ٹکٹ چسپاں کریں

دستخط کمپنی میں پہلے سے موجود نمونے کے مطابق ہونے چاہئیں

دستخط: ___________

جگہ: ___________ تاریخ: ___________

گواہ نمبر 2:

دستخط: ___________

نام: ___________

پتا: ___________

سی این آئی سی یا پاسپورٹ نمبر: ___________

ضروری نوٹ:

ا۔ کوئی بھی رکن جو کہ اجلاس میں شرکت کا اہل ہے، اپنی جگہ کسی کو بھی اجلاس میں شرکت کے لیے نامزد کر سکتا ہے۔

۲۔ مکمل و دستخط شدہ پراکسی فارم کمپنی کے رجسٹرڈ دفتر فیکٹو سیمنٹ لمیٹڈ 35 دارالامان ہاؤسنگ سوسائٹی، بلاک 7/8 شاہراہِ فیصل کراچی میں اجلاس کے وقت سے کم از کم 48 گھنٹے پہلے موصول ہونا چاہیے۔

۳۔ کوئی بھی شخص اُس وقت تک پراکسی کا کردار نہیں ادا کر سکتا/سکتی جب تک کہ وہ کمپنی کا رکن نہ ہو، البتہ کارپوریشنز کسی بھی ایسے فرد کو نامزد کر سکتی ہیں جو کمپنی کا رکن نہ ہو۔

سی ڈی سی کھاتہ داران کے لیے درج ذیل ضروریات کو پورا کرنا ضروری ہے:

ا۔ پراکسی فارم کے لیے دو افراد گواہ ہوں گے جن کے نام، پتے، اور شناختی کارڈ نمبر فارم پر درج ہونے چاہئیں۔

۲۔ پراکسی کے ہمراہ مالکان اور پراکسی دونوں کے شناختی کارڈ یا پاسپورٹ کی مصدقہ نقول پراکسی فارم کے ساتھ مہیا کرنی ہوگی۔

۳۔ اجلاس کے وقت پراکسی کو اپنا اصل شناختی کارڈ یا پاسپورٹ پیش کرنا ہوگا۔

۴۔ کارپوریٹ ادارہ ہونے کی صورت میں بورڈ آف ڈائریکٹرز کی رضامندی/مختیار نامہ بمع نمونہ دستخط پراکسی فارم کے ساتھ (اگر پہلے نامہیا کی گئی ہو تو) کمپنی کے پاس جمع کرانی ہوگی

FECTO CEMENT LIMITED

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Shahrah-e-Faisal, Karachi-75350
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