



**UN-AUDITED INTERIM REPORT
SEPTEMBER 30, 2020**



FECTO CEMENT LIMITED

Builders Of A New World

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

DIRECTORS' REVIEW

Your directors are pleased to present before you their report together with the un-audited financial results of the company for the Three Months ended September 30, 2020.

OVERVIEW

During the period under review overall sales volume of cement industry witnessed a growth of 22% with total sales volume of 13.58 million tons as against the total sales volume of 11.13 million tons of same period last year. Local sales volume of the industry increased by 18.91% with dispatches of 10.84 million tons as against the sales volume of 9.12 million tons of same period last year, whereas exports of the industry increased by 35.99% with sales volume of 2.74 million tons as against the sales volume of 2.01 million tons of same period last year.

Overall sales volume of plants located in north part of the country increased by 17.94% out of which local sales volume increased by 20.43% whereas exports reduced by 9.80%.

OPERATING PERFORMANCE

The production and dispatches of the Company for the period under review were as follows:

	-----TONS-----		
	2020	2019	CHANGE IN%
Production			
Clinker	188,994	154,159	22.60
Cement	175,339	150,672	16.37
Dispatches			
Local	162,250	124,147	30.70
Export	10,128	23,988	(57.78)
Total	172,378	148,135	16.37

During the period under review, production of clinker and cement increased by 22.60% and 16.37% respectively as compared to same period last year.

Overall sales volume of the Company increased by 16.37% during the period under review, out of which local sales volume increased by 30.70% whereas exports reduced by 57.78%. Local volume improved after resumption of economic activities post pandemic scenario and revival of construction activities. Exports from north remained low due to closure of border with Afghanistan, however, situation improved in last month of the quarter.



FINANCIAL RESULTS

SALES REVENUE

During the period under review, Company achieved gross local sales revenue of Rs. 1,536 million as against Rs. 1,203 million of same period last year increasing by 27.68% as against increase in local sales volume by 30.70%. Prices in local markets improved during the period mainly due to resumption of economic and construction activities. Net local sales revenue increased by 37.99% as against increase in volume by 30.77% and reached to Rs. 1,023 million as against Rs. 741 million of same period last year. Exports sales on the other hand reduced to Rs. 59 million as against Rs. 155 million of same period last year registering decrease of 61.85% as against reduction in volume by 57.78%. Main reason for such reduction was of suspension of trade with Afghanistan due to closure of border due to COVID-19.

PROFITABILITY

Cost of sales during the period under review, increased by 15.20% as against increase in sales volume by 16.37%. Cost of fuel and power increased by 20.53% as against increase in production of clinker by 22.60% and cement production by 16.37%, increase in fuel and power cost was mainly due to increase in cost of power as the Government continued to pass on capacity payment charges to consumer in shape of quarterly tariff adjustment, coupled with, imposition of further charges in different categories. Cumulative effect of these charges was of Rs. 1.23 per KWH in cost of power. Stability in coal prices in international markets resulted reduction in coal cost.

Increase in selling price in local markets coupled improved sales volume helped the Company to achieve gross profit of Rs. 61 million as against Rs. 12 million of same period last year. Reduction in distribution costs was due to lesser export sales volume; however, finance cost increased due to higher utilization of financing facilities and obtaining loan for payment of wages and salaries under SBP scheme. The Company suffered loss before tax of Rs. 22 million and loss after tax of Rs. 39 million respectively for the period as against loss before tax of Rs. 72 million and loss after tax of Rs. 54 of same period last year respectively. Loss per share for the period was of Rs. 0.78 per share as against loss per share of Rs. 1.06 of same period last year. In order to reduce ever increasing cost of electricity, the Board had approved the installation of 5 MW solar power plant as informed to the members in our report for the year ended June 30, 2020. The Company has signed the contract for the supply of equipment and requisite financing has also arranged under SBP financing scheme for renewable energy. Plant is expected to commence operation during current financial year and will help reduce not only electricity cost but will also provide cleaner energy.

SUBSEQUENT EVENT

The Honourable Lahore High Court on October 26, 2020 announced its judgment whereby it has upheld the establishment of Competition Commission of Pakistan as constitutional and power of the parliament to enact laws relating to competition. The Company intends to take appropriate legal course in the matter after consulting its legal advisors.

FUTURE OUTLOOK

Demand of cement in local markets has increased during first quarter and momentum of it is maintained subsequently as well. Construction package announced for the builders and developers is expected to create more demand for cement. Resumption of economic activities after lifting of lockdown has also helped industry to achieve optimal production. Excess capacity coupled with increasing cost of energy, high inflation and political uncertainty seen recently may hamper growth of the industry in days to come.

ACKNOWLEDGEMENT

The Board would like to place on record their appreciation to all employees of the Company for their dedicated work and for dealers for their continued support. We are also thankful to the lenders for their co operation and regulators for their guidance.

On behalf of the Board



MOHAMMED YASIN FECTO
CHIEF EXECUTIVE



ROHAIL AJMAL
DIRECTOR

Karachi: October 28, 2020



CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

AS AT SEPTEMBER 30, 2020

	Note	Un-audited 30 September 2020	Audited 30 June 2020
		Rupees in thousand	
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorized Capital			
75,000,000 (June 30, 2020: 75,000,000) ordinary shares of Rs. 10/- each		750,000	750,000
Issued, subscribed and paid up capital			
50,160,000 (June 30, 2020: 50,160,000) ordinary shares of Rs.10/- each		501,600	501,600
Revenue reserves		550,000	550,000
General reserve			
Accumulated profit		2,312,711	2,352,065
Surplus on revaluation of investment in unquoted shares		102,820	104,346
		2,965,531	3,006,411
		3,467,131	3,508,011
LIABILITIES			
Non-current liabilities			
Long term loan from a banking company	6	110,362	87,217
Liabilities against assets subject to lease	7	22,128	24,809
Deferred income - Government grant	8	16,078	10,476
Deferred taxation	9	34,116	33,430
		182,684	155,932
Current Liabilities			
Trade and other payables	10	597,298	527,345
Short term borrowings		545,583	570,514
Accrued mark-up		10,937	14,313
Unclaimed dividend		14,418	14,418
Unpaid dividend		328	328
Current maturity of long term loan from a banking company	6	72,686	23,581
Current maturity of lease liabilities	7	16,484	19,364
		1,257,734	1,169,863
Contingencies and commitments	11		
Total equity and liabilities		4,907,549	4,833,806
ASSETS			
Non-current assets			
Property, plant and equipment	12	1,783,772	1,792,313
Right-of-use assets		45,987	51,730
Long term investments	13	282,400	284,350
Long term deposits		6,294	6,294
Long term loans and advances		9,434	10,756
		2,127,887	2,145,443
Current assets			
Stores and spares		799,937	811,535
Stock-in-trade	14	1,485,886	1,276,269
Trade debts		14,040	24,892
Short term investments	15	117,765	117,422
Short term loan to a related party	16	59,395	90,000
Loans, advances, deposits, prepayments & accrued markup		28,676	30,665
Taxation - net		174,840	219,889
Cash and bank balances		99,123	117,691
		2,779,662	2,688,363
Total assets		4,907,549	4,833,806

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


MOHAMMED YASIN FECTO
 CHIEF EXECUTIVE


ROHAIL AJMAL
 DIRECTOR


ABDUL SAMAD
 CHIEF FINANCIAL OFFICER

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


ABDUL SAMAD
CHIEF FINANCIAL OFFICER

**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE THREE MONTHS PERIOD ENDED SEPTEMBER 30, 2020**

	Share Capital Issued, Subscribed & Paid up	Revenue Reserves			Total
		General Reserve	Accumulated Profit	Surplus on revaluation of investment in unquoted shares	
(Rupees in thousands)					
Balance as at June 30, 2019	501,600	550,000	3,147,216	132,751	4,331,567
Total comprehensive income for the three months ended September 30, 2019					
Loss after taxation	-	-	(52,995)	-	(52,995)
Other Comprehensive income	-	-	-	(1,408)	(1,408)
	-	-	(52,995)	(1,408)	(54,403)
Balance as at September 30, 2019	501,600	550,000	3,094,221	131,343	4,277,164
Total comprehensive income for the period ended June 30, 2020					
Loss after taxation	-	-	(717,076)	-	(717,076)
Other Comprehensive income	-	-	-	(26,997)	(26,997)
	-	-	(717,076)	(26,997)	(744,073)
Final Cash dividend @ 5% for the year ended 30 June, 2019	-	-	(25,080)	-	(25,080)
Balance as at June 30, 2020	501,600	550,000	2,352,065	104,346	3,508,011
Total comprehensive income for the three months ended September 30, 2020					
Loss after taxation	-	-	(39,354)	-	(39,354)
Other Comprehensive income	-	-	-	(1,526)	(1,526)
	-	-	(39,354)	(1,526)	(40,880)
Balance as at September 30, 2020	501,600	550,000	2,312,711	102,820	3,467,131

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


MOHAMMED YASIN FECTO
 CHIEF EXECUTIVE


ROHAIL AJMAL
 DIRECTOR


ABDUL SAMAD
 CHIEF FINANCIAL OFFICER

**CONDENSED INTERIM STATEMENT OF CASH FLOWS (UN-AUDITED)
FOR THE THREE MONTHS PERIOD ENDED SEPTEMBER 30, 2020**

	Note	2020 Rupees in thousand	2019 Rupees in thousand
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before taxation		(22,311)	(71,592)
Adjustments for:			
Depreciation		32,269	30,039
Interest income		(5,068)	(11,579)
Dividend income		(45)	(919)
Gain on disposal of operating fixed assets		(1,057)	-
Amortization of deferred government grant		(2,711)	-
Realized capital (gain) /loss on short term investments		(11)	-
Unrealized gain on re-measurement of investments		(303)	(1,740)
Finance cost		11,286	2,114
		<u>34,360</u>	<u>17,915</u>
Operating Profit / (Loss) before working capital changes		12,049	(53,678)
Effect on cash flows due to working capital changes (Increase) / decrease in current assets			
Stores and spares and loose tools		11,598	(63,594)
Stock-in-trade		(209,616)	(104,189)
Trade debts		10,853	46,896
Loans, advances, deposits, prepayments and accrued markup		1,988	70,108
Increase in current liabilities			
Trade and other payables		<u>69,953</u>	<u>155,006</u>
		(103,175)	50,549
Cash generated from operations			
Taxes refund / paid		29,113	(23,223)
Long term deposits		-	20
Long Term Loans and Advances		<u>1,323</u>	<u>1,630</u>
Net cash (used in) /generated from operating activities		(72,739)	28,976
CAH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure		(18,525)	-
Short Term Investment Made		(38)	(791)
Redemption of Short Term Investment		10	10
Short Term Loan to a related party		30,605	(35,000)
Interest received		5,068	11,579
Dividend received		45	919
Sale proceeds of operating assets		<u>1,597</u>	<u>600</u>
Net cash generated from / (used in) investing activities		18,762	(22,683)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of principal against assets subject to lease		(5,561)	(2,046)
Long Term loan received from a banking company		80,563	-
Finance cost paid		(14,662)	(2,111)
Short term borrowings - net		(94,480)	-
Dividend paid		-	(9)
Net cash used in financing activities		(34,140)	(4,166)
Net (decrease) / increase in cash and cash equivalents		<u>(88,117)</u>	<u>2,128</u>
Cash and cash equivalents as at beginning of the period		<u>(163,343)</u>	<u>164,355</u>
Cash and cash equivalents as at end of the period	20	(251,460)	166,483

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



MOHAMMED YASIN FECTO
CHIEF EXECUTIVE

ROHAIL AJMAL
DIRECTOR

ABDUL SAMAD
CHIEF FINANCIAL OFFICER

FECTO CEMENT LIMITED

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE THREE MONTHS PERIOD ENDED SEPTEMBER 30, 2020**

1 STATUS AND NATURE OF BUSINESS

Fecto Cement Limited (the Company) was incorporated in Pakistan on 28 February 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 Portland Cement.

2. BASIS OF PREPARATION

2.1 Statement of compliance

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

- International Accounting Standard 34: 'Interim Financial Reporting' (IAS 34), issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017; and
- Provisions of and directives issued under the Companies Act, 2017.

Where the provisions of and directives issued under the Companies Act, 2017 differ with the requirements of IAS 34, the provisions of and directives issued under the Companies Act, 2017 have been followed.

This condensed interim financial statements does not include all the information and disclosures as require in the annual financial statements and should be read in conjunction with the Company's annual financial statements for the year ended June 30, 2020.

The comparative figures presented in these condensed interim financial statements as at September 30, 2020 has been extracted from the audited financial statements of the Company for the year ended June 30, 2020, whereas the comparative statement of profit or loss and other comprehensive income, statement of comprehensive income, statement of changes in equity and the statement of cash flows are extracted from the unaudited condensed interim financial statements for the three months period ended September 30, 2019.

These condensed interim financial statements are unaudited and these are being submitted to the members of the Company as required under section 237 of the Companies Act, 2017 and the listing regulations of Pakistan Stock Exchange Limited as required by the Code of Corporate Governance.

2.2 Functional and presentation currency

These condensed interim financial statements are presented in Pakistani Rupees which is the Company's functional currency and rounded off to the nearest rupee.

3. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted in the preparation of these interim financial statements are the same as those applied in the preparation of the financial statements of the Company for the year ended June 30, 2020.

4. ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of these condensed interim financial statements in conformity with approved accounting standards require management to make estimates, assumptions and use judgments that affect the application of policies and reported amounts of assets and liabilities, income and expenses. Estimates, assumptions and judgments are continually evaluated and are based on historical experience and other factors, including reasonable expectations of future events. Revisions to accounting estimates are recognized prospectively commencing from the period of revision.

In preparing the condensed interim financial statements, the significant judgments made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the preceding published annual financial statements of the Company as at and for the year ended June 30, 2020.

5. FINANCIAL RISK MANAGEMENT

The Company's financial risk management objectives and policies are consistent with those disclosed in the financial statements as at and for the year ended June 30, 2020.

6 LONG TERM LOAN FROM A BANKING COMPANY**Financing under SBP Refinance Scheme for Payment of Salaries and Wages**

	Un-Audited September 30, 2020	Audited June 30, 2020
	Rupees in thousand	
Opening Balance	121,895	-
Amount borrowed during the period / year	80,563	121,895
	<u>202,458</u>	<u>121,895</u>
Less: element of government grant recognized as deferred income	(19,410)	(11,097)
	<u>183,048</u>	<u>110,798</u>
Less: Current maturity shown under Current maturity of long term loan from a banking company	(72,686)	(23,581)
	<u><u>110,362</u></u>	<u><u>87,217</u></u>



The Company obtained a long term financing facility amounting to Rs. 202.458 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 rates are 2%- 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 2%-3% p.a. which is well below the market interest rate of 3-Month KIBOR plus 2% as at Sep 30, 2020, 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. 183.048 million (June 30, 2020: 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. 19.41 million (June 30, 2020: 11.09 million), as deferred income in the condensed interim statement of financial position. This deferred income is being recognized as other income in statement of profit or loss in proportion to the recognition of interest cost on the outstanding loan balance (based on the effective interest rate method).

	Un-Audited September 30, 2020	Audited June 30, 2020
	— Rupees in thousand —	
7 LIABILITY AGAINST ASSETS SUBJECT TO LEASE		
Opening balance	44,173	43,159
Initial Recognition of IFRS 16 Right of Use Assets	-	21,064
Payments made during the period / year	(5,561)	(20,050)
	<u>38,612</u>	<u>44,173</u>
Less: Current maturity shown under current liabilities	(16,484)	(19,364)
Non Current Portion	<u>22,128</u>	<u>24,809</u>
8 DEFERRED INCOME - GOVERNMENT GRANT		
Opening Balance	10,476	-
Add: Deferred income -Government grant recognized during the period / year	8,313	11,097
Less: Amortized during the period / year	(2,711)	(621)
	<u>16,078</u>	<u>10,476</u>

	Un-Audited September 30, 2020	Audited June 30, 2020
	Rupees in thousand	
9 DEFERRED TAXATION		
Taxable temporary differences arising in respect of :		
Accelerated tax depreciation	305,764	288,949
Unrealized gain on long term investment	28,580	29,003
Unrealized gain on short term investment	96	20
Financing under SBP refinance scheme	5,322	2,824
Right-of-use assets and related lease liability	2,022	1,923
Deductible temporary difference arising in respect of :		
Provision against slow moving and obsolete spares	(4,113)	(3,818)
Provision for bad debts	(255)	(255)
Deferred government grant	(5,152)	(2,666)
Unused tax losses and tax credits	(298,148)	(282,550)
	<u>34,116</u>	<u>33,430</u>
10 TRADE AND OTHER PAYABLES		
Creditors for goods and services:		
Other creditors	170,482	81,643
Associated company	50,225	41,955
	<u>220,707</u>	<u>123,598</u>
Accrued expenses	37,648	17,994
Provision for marking fee	55,487	54,359
Provision for compensated absences	25,190	26,536
Payable to provident fund	3,982	3,896
Worker's Welfare Fund payable	43,284	43,282
Advances from customers and dealers - unsecured	68,181	55,471
Security deposits payable	10,295	10,355
Excise duty payable	94,981	126,358
Sales tax payable	12,881	39,762
Withholding income tax	2,536	5,672
Other liabilities	22,126	20,062
	<u>597,298</u>	<u>527,345</u>

11 CONTINGENCIES AND COMMITMENTS**11.1 Contingencies**

The Honourable Lahore High Court on October 26, 2020 announced its judgment whereby it has upheld the establishment of Competition Commission of Pakistan as constitutional and power of the parliament to enact laws relating to competition. The Company intends to take appropriate legal course in the matter after consulting its legal advisors.

There were no other change in the status of contingencies at the period end as disclosed in the annual audited financial statements for the year ended June 30, 2020.



11.2 Commitments

Commitments in respect of outstanding letters of credit as at September 30, 2020 amounted to Rs. 526.579 million (June 30, 2020: Rs. 23.672 million).

	Un-Audited September 30, 2020	Audited June 30, 2020
	———— Rupees in thousand ————	
12 PROPERTY, PLANT AND EQUIPMENT		
Operating Assets		
Operating Balance	1,613,177	1,702,834
Add: Additions during the period / year	2,171	23,331
Less: Disposal during the period / year	(541)	(600)
Depreciation for the period / year	(26,525)	(112,388)
	<u>1,588,282</u>	<u>1,613,177</u>
Capital Spares	<u>195,490</u>	<u>179,136</u>
	<u><u>1,783,772</u></u>	<u><u>1,792,313</u></u>
13 LONG TERM INVESTMENTS		
At cost		
Investment in Fecto Cement Nooriabad (Private) Limited - a subsidiary	1,000	1,000
At fair value through other comprehensive income		
Investment in Frontier Paper Products (Private) Limited - a related party		
Cost of Acquisition (Rs. 10 per Share)	150,000	150,000
Unrealized gain on remeasurement to fair value	131,400	133,350
Fair Value	<u>281,400</u>	<u>283,350</u>
	<u><u>282,400</u></u>	<u><u>284,350</u></u>

13.1.1 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.

13.1.2 In accordance with the provisions of section 228(1) of the Companies Act, 2017, the Company is required to prepare, consolidated financial statements of the group (comprising the Company and the aforementioned subsidiary company) for the period ended

Interim Report September 30, 2020

September 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/233/377/2002-277 dated October 27, 2020 issued to the Company.

13.1.3 As per unaudited financial statements of FCNL for the period ended September 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 the reporting period (i.e. till September 30, 2020), FCNL neither generated any revenues nor incurred any expenses.

13.1.4 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.

13.2.1 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.

13.2.2 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.

13.2.3 As of September 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. 18.76 per share (June 30, 2020: 18.89 per share).

	Note	Un-Audited September 30, 2020	Audited June 30, 2020
		Rupees in thousand	
14 STOCK IN TRADE			
Raw Material		1,061,259	981,522
Packing Material		59,813	28,664
Work-in-process		318,143	231,816
Finished goods		46,671	34,267
		<u>1,485,886</u>	<u>1,276,269</u>



	Note	Un-Audited September 30, 2020 Rupees in thousand	Audited June 30, 2020
15 SHORT TERM INVESTMENTS			
At fair value through profit or loss			
Units of open-end mutual fund			
Cost			
NBP - NAFA		13,539	13,539
UBL - AICF		3,904	3,854
		<u>17,443</u>	<u>17,393</u>
Unrealized gain on remeasurement		382	79
	15.1	<u>17,825</u>	<u>17,472</u>
Financial assets at cost			
Privately Placed Term Finance Certificates	15.2	99,940	99,950
		<u>117,765</u>	<u>117,422</u>
15.1 Investment in units of open-end mutual funds			
Gain on re-measurement of investment			
at fair value through profit or loss - held			
for trading			
Market Value		17,825	17,472
Cost of Investment		<u>17,443</u>	<u>17,393</u>
		<u>382</u>	<u>79</u>
Unrealized (loss) / gain on the re-measurement			
of investment carried at fair value through			
profit or loss-held for trading			
At the beginning of the period / year		79	208
Net unrealized gain / (loss) in the value of			
investment for the period / year		<u>303</u>	<u>(129)</u>
Cumulative Unrealized Gain / (Loss)		<u>382</u>	<u>79</u>
15.2	These represents investment in unsecured Term Finance Certificates (TFCs) issued by Silk Bank Limited carrying markup rate of 6-month KIBOR plus 1.85% (June 30, 2020: 6-month KIBOR plus 1.85%). Repayments, including principal and markup, are made semi annually.		
16 SHORT TERM LOAN TO A RELATED PARTY			
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.

		Un-Audited Three months ended September 30,	
		2020	2019
		Rupees in thousand	
17	TURNOVER-NET		
	Sales - Local	1,535,607	1,202,636
	Less: Trade Discount	31,395	17,349
	Excise duty	243,375	248,293
	Sales tax	238,229	195,905
		512,999	461,547
		1,022,608	741,089
		-	-
	- Export sales	58,956	154,534
	Export Rebate	-	2,113
		58,956	156,647
		1,081,564	897,736
18	COST OF SALES		
	Raw and packing material consumed:		
	Opening stock	1,010,187	954,833
	Purchases	238,275	129,954
	Excavation and Transportation cost	31,205	26,601
		1,279,667	1,111,388
	Closing stock	(1,121,072)	(956,481)
		158,595	154,907
	Fuel and power	803,093	666,301
	Stores and spares consumed	19,785	23,409
	Salaries, wages and benefits	92,104	97,314
	Insurance	7,148	6,682
	Repairs and maintenance	1,646	1,438
	Depreciation on operating fixed assets	19,770	20,406
	Depreciation on right-of-use assets	829	-
	Other manufacturing overheads	16,582	18,242
		1,119,552	988,699
	Opening work-in-process	231,816	266,851
	Closing work-in-process	(318,143)	(345,188)
	Cost of goods manufactured	1,033,225	910,362
	Opening finished goods	34,267	36,507
	Closing finished goods	(46,671)	(60,711)
		1,020,821	886,158



19. TRANSACTIONS / BALANCES WITH RELATED PARTIES

The related parties of the Company comprise of group companies (associated companies), directors, key management personnel, major shareholders and their close family members and the staff provident fund. Remuneration and benefits to executives of the Company are in accordance with the terms of their employment while contribution to the provident fund is in accordance with the staff service rule. Transactions with related parties during the period, other than those disclosed elsewhere in this condensed interim financial statements, are as follows:

	Note	Un-Audited September 30, 2020	Audited June 30, 2020
		Rupees in thousand	
Associated company - M/s. Frontier Paper Products (Private) Limited			
Balance as at the beginning of the period / year		41,955	16,216
Purchases during the period / year		134,017	399,464
Payments during the period / year		(125,747)	(373,725)
Balance at the end of the period / year		50,225	41,955
Loan outstanding at the end of the period / year		59,395	90,000
Interest charged during the period / year		1,935	11,251
Interest outstanding at the end of the period / year		1,935	2,519
		Un-Audited September 30, 2020	
		Rupees in thousand	
Key Management Personnel			
Transactions during the period			
Remuneration of the Chief Executive		9,000	9,000
Directors' meeting fee		35	25
Remuneration of executives		39,207	40,747
Loans settled		10	10
		Un-Audited September 30, 2020	
		Rupees in thousand	
Outstanding balance at period / year end			
Loan receivable		1,725	1,735

	2020	Un-Audited September 30, 2019
	Rupees in thousand	
Transactions during the period		
Contribution to employees' provident fund	<u>5,150</u>	<u>5,337</u>
Outstanding balance at period		
Provident fund contribution payable	<u>3,982</u>	<u>4,068</u>

20 CASH AND CASH EQUIVALENTS

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

	Un-Audited September 30, 2020	Audited June 30, 2020
	Rupees in thousand	
Cash and bank balances	99,123	117,691
Short term borrowings - running finance	<u>(350,583)</u>	<u>(281,034)</u>
	<u>(251,460)</u>	<u>(163,343)</u>

21. GENERAL

21.1 This condensed interim financial statements were authorised for issue by the Board of Directors in their meeting held on October 28, 2020.

21.2 Figures have been rounded off to the nearest thousand rupees.



MOHAMMED YASIN FECTO
CHIEF EXECUTIVE



ROHAIL AJMAL
DIRECTOR



ABDUL SAMAD
CHIEF FINANCIAL OFFICER



اس سہ ماہی کے دوران گزشتہ سال اسی عرصے کے مقابلے میں تقسیم مال کی لاگت میں کمی برآمدات میں کمی کی وجہ بنی۔ جبکہ مالی اعتبار سے لاگت میں اضافہ قرضوں کے زیادہ استعمال اور اسٹیٹ بینک آف پاکستان کی وضع کردہ آسان اور کم شرح سود پر قرض کی اسکیم برائے تنخواہ اور اجرت کی ادائیگی کے لیے استعمال کرنے کی وجہ سے ہوا۔ زیر نظر دورانیے میں کمپنی کو ٹیکس ادائیگی سے پہلے 22 ملین روپے اور ٹیکس ادائیگی کے بعد 39 ملین روپے کا خسارہ ہوا۔ جب کہ گزشتہ سال اس عرصے کے دوران ٹیکس ادائیگی سے پہلے 72 ملین روپے اور ٹیکس ادائیگی کے بعد 54 ملین روپے کا نقصان ہوا۔ اس عرصے میں خسارہ فی حصص 0.78 روپے رہا۔ جب کہ گزشتہ سال اسی عرصے کے دوران خسارہ فی حصص 1.06 روپے رہا۔

بجلی کی لاگت میں بڑھتے ہوئے اخراجات کو کم کرنے کے لیے بورڈ نے 5MW کے شمسی توانائی سے چلنے والے بجلی کے منصوبے کی منظوری دی تھی۔ جس کے بارے میں ممبران کو سالانہ رپورٹ میں آگاہ کیا گیا تھا۔ کمپنی نے اس مد میں زیر نظر سہ ماہی میں اس منصوبے کے سلسلے میں اس پراجیکٹ کی خریداری کے لیے معاہدہ کر لیا ہے۔ جبکہ اس منصوبے کے لیے اسٹیٹ بینک آف پاکستان کی جانب سے فراہم کیے جانے والے قرض کے لیے ایک اور بینک سے بھی معاہدہ کر لیا گیا ہے۔ امید کی جاتی ہے کہ اس سال یہ منصوبہ مکمل کر لیا جائے گا جس کے بعد بجلی کی لاگت میں کمی ہوگی اور بہتر بجلی مہیا ہوگی۔

ما بعد واقعہ

معزز لاہور ہائی کورٹ نے 26 اکتوبر 2020ء کو فیصلہ کیا ہے جس کے تحت مسابقتی کمیشن کے قیام کو برقرار رکھا ہے اور پارلیمنٹ کے مسابقت سے متعلق قوانین وضع کرنے کے اختیار کو بھی درست قرار دیا گیا ہے۔ کمپنی اپنے قانونی مشیروں سے اس معاملے میں مشاورت کے بعد مزید قانونی اقدامات کا ارادہ رکھتی ہے۔

مستقبل پہ نظر

زیر نظر دورانیے میں مقامی سطح پر سیمنٹ کی طلب میں اضافے کی وجہ سے تعمیراتی شعبے کے لیے حکومت وقت کی جانب سے سہولیات اور لاک ڈاؤن کے بعد معاشی سرگرمیوں میں اضافے کی وجہ سے ریکارڈ کیا گیا۔ جبکہ اس دورانیے کے بعد بھی مقامی سطح پر سیمنٹ کی طلب میں اضافہ دیکھا جا رہا ہے۔ سیمنٹ کی رسد میں طلب کے مقابلے میں اضافہ بڑھتی ہوئی بجلی کی لاگت، افریقا میں اضافہ اور سیاسی بد نظمی طلب میں اضافے کے لیے خطرات پیدا کر سکتی ہے۔

اظہار تشکر

ڈائریکٹر کمپنی کے ملازمین کا کمپنی کے لیے ان کے خصوصی نیت سے کام کرنے پر اور ڈیلرز کی کاوشوں کے بھی تہہ دل سے مشکور ہیں نیز مالیاتی اداروں کے تعاون پر بھی ان کے شکر گزار ہیں۔

منجانب بورڈ



روحیل اجمل

ڈائریکٹر



محمد یسین فیکرو

چیف ایگزیکٹو

بمقام کراچی: 28 اکتوبر 2020

(57.78)	23,988	10,128	برآمدات
16.37	148,135	172,378	مجموعی

زیر نظر دورانیے میں گزشتہ سال کے اسی عرصے کے مقابلے میں کلنکر اور سینٹ کی پیداوار میں بلتر تیب 22.60 فیصد، 16.37 فیصد کا اضافہ ریکارڈ کیا گیا۔

کمپنی کی فروختگی کے مجموعی حجم میں زیر نظر دورانیے کے دوران 16.37 فیصد کی اضافہ ریکارڈ کیا گیا۔ جس میں مقامی سطح پر فروختگی کے مجموعی حجم میں 30.70 فیصد کا اضافہ ہوا۔ جبکہ برآمدات میں 57.78 فیصد کمی ہوئی۔

مقامی سطح پر فروختگی کے حجم میں کووڈ 19 کے وبائی مرض میں بہتری کے بعد کاروباری اور تعمیراتی سرگرمیوں میں اضافے کی وجہ سے بہتری ہوئی۔ شمال میں واقع پلانٹس سے برآمدات میں کمی ہونے کی وجہ افغانستان کی سرحد بند ہونا ہے۔ لیکن صورت حال میں سہ ماہی کے آخری مہینے میں بہتری واقع ہوئی۔

مالیاتی نتائج

آمدن از فروختگی

زیر نظر دورانیے کے دوران مقامی مجموعی فروختگی سے کمپنی نے 1,536 ملین روپے کی آمدن حاصل کی جبکہ گزشتہ سال اسی عرصے کے دوران مقامی مجموعی فروختگی سے حاصل ہونے والی آمدن 1,203 ملین روپے تھی۔ اس لحاظ سے اس آمدن میں 27.68 فیصد کا اضافہ ریکارڈ کیا گیا۔ جب کہ اسی عرصے کے دوران مقامی فروختگی کے حجم میں 30.70 فیصد کا اضافہ ہوا۔ مقامی سطح پر قیمتوں میں بہتری کی وجہ معاشی بحالی اور تعمیراتی کاموں میں اضافہ تھا۔ مقامی فروختگی خالص آمدن میں 37.99 فیصد کے اضافے کے ساتھ 1,023 ملین روپے رہی۔ جبکہ یہی آمدن گزشتہ سال اسی عرصے کے دوران 741 ملین روپے تھی۔ جب کہ دوسری جانب برآمدات سے حاصل ہونے والی آمدن اس عرصے کے دوران 61.85 فیصد کی حساب سے 59 ملین روپے رہی جبکہ یہی آمدن گزشتہ سال اسی عرصے کے دوران 155 ملین روپے رہی۔ جب کہ اسی عرصے کے دوران برآمدات کے حجم میں 57.78 فیصد کمی ہوئی۔ اس کمی کی بنیادی وجہ عالمی وبا کووڈ 19 اور ساتھ ہی ساتھ افغانستان سرحد کا بند ہونا تھا۔

منفعت

زیر نظر دورانیے میں لاگت برائے فروختگی میں 15.20 فیصد کا اضافہ ہوا۔ جب کہ فروختگی کے حجم میں 16.37 فیصد کا اضافہ ہوا۔ ایندھن اور بجلی کی لاگت میں 20.53 فیصد کا اضافہ ہوا۔ جب کہ اس عرصے کے دوران سینٹ کی پیداوار میں 16.37 فیصد اور کلنکر کی پیداوار میں 22.60 فیصد کا اضافہ ہوا۔ ایندھن اور بجلی کی لاگت میں اضافے کی سب سے بڑی وجہ بجلی کی قیمتوں میں حکومت کی جانب سے سہ ماہی میں سرچارج اور دوسری مددوں میں کیے جانے والے اضافے کی وجہ سے ہے۔ ان سب کا مجموعی اثر بجلی کی قیمتوں میں 1.23 روپے فی یونٹ اضافے کی صورت میں ہوا۔ کونسلے کی قیمتوں میں بین الاقوامی مارکیٹ میں استحکام رہا جس کی وجہ سے کونسلے کی لاگت فی ٹن سینٹ میں 212 روپے کی کمی ہوئی۔

مقامی مارکیٹ میں سینٹ کی قیمتوں اور حجم میں اضافے کی وجہ سے اس عرصے کے دوران کمپنی نے 60 ملین روپے خام منافع حاصل کیا۔ جو کہ گزشتہ سال اسی عرصے کے دوران 12 ملین روپے تھا۔

ڈائریکٹرز جائزہ

آپ کی کمپنی کے ڈائریکٹرز انتہائی مسرت کے ساتھ کمپنی کی کارکردگی کا جائزہ مع غیر آڈٹ شدہ مالیاتی دستاویزات بابت سہ ماہی 30 ستمبر 2020 آپ کی خدمت میں پیش کر رہے ہیں۔

جائزہ

دوران سال رواں کی پہلی سہ ماہی میں سیمنٹ کی صنعت میں مجموعی فروختگی 13.58 ملین ٹن کے اعتبار سے مجموعی طور پر مال کی رواںگی میں 22 فیصد کی شرح نمو ریکارڈ کی گئی جبکہ گزشتہ سال اسی عرصے کے دوران مجموعی فروختگی کا حجم 11.13 ملین ٹن تھا۔ مقامی سطح پر صنعت میں فروختگی کا حجم 10.84 ملین ٹن رہا اور اس اعتبار سے 18.91 فیصد کا اضافہ ریکارڈ کیا گیا۔ جبکہ گزشتہ سال اسی عرصے کے دوران مقامی فروختگی کا حجم 9.12 ملین ٹن تھا۔ اس کے برعکس برآمدات کی مد میں صنعت کی سطح پر فروختگی کا مجموعی حجم 2.74 ملین ٹن رہا جس کے اعتبار سے 35.99 فیصد کا اضافہ ریکارڈ کیا گیا۔ جب کہ گزشتہ سال اسی عرصے کے دوران برآمدات کی مد میں فروختگی کا یہ حجم 2.01 ملین ٹن تھا۔

شمالی زون میں واقع پلانٹس کی سیمنٹ کی فروخت میں مجموعی طور پر 17.94 فیصد کی شرح نمو ریکارڈ کی گئی۔ اس میں سے 20.43 فیصد کا اضافہ مقامی سطح پر سیمنٹ کی فروخت میں ہوا۔ جب کہ برآمدات میں 9.80 فیصد کی کمی ہوئی۔

کارکردگی بر مبنی کاروباری افعال

زیر نظر دورانیے کے دوران کمپنی کی جانب سے پیداوار اور مال کی رواںگی کا جائزہ ذیل میں پیش خدمت ہے۔

	ٹنوں میں		
	2019	2020	
تبدیلی فیصد میں			پیداوار
22.60	154,159	188,994	کلنٹر
16.37	150,672	175,339	سیمنٹ
			مال کی رواںگی
30.70	124,147	162,250	مقامی

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