



FLYING CEMENT COMPANY LTD.

3rd QUARTER REPORT (Un-Audited) March 31, 2021



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COMPANY INFORMATION

BOARD OF DIRECTORS

Mr. Kamran Khan	Chairman
Mr. Momin Qamar	Member
Mr. Yousaf Kamran Khan	Member
Mr. Qasim Khan	Member
Mrs. Samina Kamran	Member
Mr. Omar Naeem	Member
Mr. Pervaiz Ahmad Khan	Member

CHIEF EXECUTIVE

Agha Hamayun Khan

AUDIT COMMITTEE

Mr. Omar Naeem	Chairman
Mr. Qasim Khan	Member
Mr. Yousaf Kamran Khan	Member

HUMAN RESOURCE AND REMUNERATION COMMITTEE

Mr. Pervaiz Ahmad Khan	Chairman
Mr. Momin Qamar	Member
Mr. Yousaf Kamran Khan	Member

STATUTORY AUDITORS

M/s. Naveed Zafar Ashfaq Jaffery & Co.
Chartered Accountants

INTERNAL AUDITOR

Mr. Imran Matloob Khan

COMPANY SECRETARY

Shahid Ahmad Awan
cosecretary@flyingcement.com

CHIEF FINANCIAL OFFICER

Mr. Hamid Ur Rehman

LEGAL ADVISOR

Mr. Waqar Hasan, Advocate High Court

BANKERS

National Bank of Pakistan
Al Baraka Bank (Pakistan) Limited
United Bank Limited
Habib Bank Limited
Meezan Bank Limited

REGISTERED HEAD OFFICE

1-Sarwar Colony, Sarwar Road, Lahore Cantt.
Tel: 042-36674301-5 Fax: 042-36660693
www.flyingcement.com

PLANT

25-K.m. Lilla Interchange
Lahore - Islamabad Motorway,
Mangowal, Distt. Khoshab

SHARES REGISTRAR

THK Associates (Pvt) Limited.
Plot No. 32-C, Jami Commercial Street 2, D.H.A.,
Phase VII, Karachi-75500
Tel: 021-111-000-322, Fax: 021-35310190

WEB SITE

www.flyingcement.com

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info@flyingcement.com

DIRECTORS' REVIEW

The Board of Directors is pleased to present the Company's overall performance as well as to announce its un-audited financial results for the period ended March 31, 2021.

Financial Performance

The comparative financials for 3rd Quarter ended 31st March, 2021 of the Company are summarized below:

	Amount in Rupees			
	For the nine month ended Jul-Mar 2021	Jul-Mar 2020	For the 3 rd quarter Jan-Mar 2021	Jan-Mar 2020
Gross Sales	2,707,048,909	1,243,866,683	1,239,590,450	63,296,868
Net Sales	1,868,688,575	964,605,119	849,093,366	35,621,931
Gross Profit/Loss	206,078,027	(336,610,260)	123,706,806	(114,137,738)
Net Profit /Loss after Tax	131,110,729	(404,172,471)	41,886,139	(110,700,204)
Gross Profit	11.03%	(34.90%)	14.57%	(320.41%)
Profit Before Tax	8.97%	(40.36%)	6.64%	(297.79%)
Profit After Tax	7.02%	(41.90%)	4.93%	(310.76%)

During the period under review, the Company's results of operations, financial position and net assets are indicative of a good financial condition. We have shown the turnaround position by putting the best efforts which is our fundamental priority and are proud of the impact of our efforts. During the 3rd Quarter ended March 31, 2021, the Company remained focus on growth in terms of top line and capacity utilization. Hence, the Company performed remarkably and was able to eclipse its last period's performance in terms of profit after taxation, which converted from loss of Rs. (404,172,471) to profit of Rs. 131,110,729.

The Company recorded a significant revenue growth and the Gross sales of the Company as compared to corresponding period increased from Rs. 1,244 (M) to Rs. 2,707 (M) showing an increase of 117.63% whereas the Net sales of the Company increased from Rs. 965 (M) to Rs. 1,869 (M) showing an increase of 93.72% over the period owing to continued better operational and financial management measures taken by the Company.

The Company is expanding its production capacity as well as enhancing its power generation to recoup the demand. Flying Cement Company Limited has successfully completed the installation and commissioning of 7.5MW Waste Heat Recovery Power Plant (WHRPP) at its site in Mangowal, District Khushab during the quarter ended March 31, 2021. Adoption of Waste Heat Recovery Power Plant (WHRPP) technology will result in significant cost saving in power consumption for the Company when compared to WAPDA's high power tariff. Further, the Right Share Issue is in progress and expected to be successfully completed in due course of time.

Earnings Per Share

Basic earnings per share after taxation for the period was Rs. 0.74 (2020: Rs. (2.30)). There is no dilution effect on the basic earnings per share of the Company, as the Company has no convertible dilutive potential ordinary shares outstanding as of March 31, 2021.

Future Outlook

The Company is poised to grow and increase its market share among its competitors and maintain its growth, in a relatively competitive environment. The future outlook of cement industry remains promising and demanding. Moving forward, we are focusing on enhancing the market share of the Company through capacity expansion of new Line-2 of 7,700 TPD of clinker which will take the total clinker production capacity to 11,700 TPD. The new Line-2 is expected to start commercial production in the 3rd quarter of FY2021-22.

Moreover, a captive power plant of 12MW is being installed at the plant premises which is expected to come in trial production in June 2021; this will eliminate the dependency on WAPDA and make the company self-reliant in power consumption whilst also resulting in significant cost saving.

The Company is quite hopeful for improvement in domestic sales on account of Government spending on mega projects, multipurpose water reservoirs / Dams and five million housing schemes including CPEC which will help the company to maintain its growth in the current financial year. Impact of interest rate cuts by SBP also has positive impact on the profitability of the Company. The rising population has also increased more demand of houses in the country which is being addressed by the government through Naya Pakistan Housing Scheme (NPHS). Similarly, the package announced for the construction industry by the Federal Government will continue to improve demand of cement in the country. We expect better performance in future as well.

We all are highly motivated and willing to contribute enthusiastically on continuous basis. We assure, the management will continue to work hard to provide long term sustainable growth for all its stakeholders.

Acknowledgement

The Board acknowledges the assistance and cooperation of all stakeholders including financial institutions, customers, creditors and government departments. We also appreciate and admire the continued support and cooperation of employees of the company.

For and on behalf of the Board



Agha Hamayun Khan
Chief Executive
Lahore; April 27, 2021



Kamran Khan
Director

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT MARCH 31, 2021 (UN-AUDITED)

	Note	March 31, 2021 Rupees (Un-Audited)	June 30, 2020 Rupees (Audited)
EQUITY AND LIABILITIES			
SHARE CAPITAL & RESERVES			
Authorized share capital 400,000,000 (2020: 200,000,000) ordinary shares of Rs 10/- each.		<u>4,000,000,000</u>	<u>2,000,000,000</u>
Issued, subscribed and paid up capital 176,000,000, ordinary shares of Rs. 10/- each.		1,760,000,000	1,760,000,000
Advance against issue of right shares	5	1,556,066,080	-
Capital Reserve		126,978,994	126,978,994
Un appropriated Profit		<u>427,625,766</u>	<u>270,742,574</u>
		<u>3,870,670,840</u>	<u>2,157,721,568</u>
Directors & shareholders loan	6	414,648,582	1,970,674,892
Surplus on revaluation of fixed assets	7	<u>3,981,162,920</u>	<u>4,027,666,417</u>
		<u>8,266,482,342</u>	<u>8,156,062,877</u>
NON-CURRENT LIABILITIES			
Long term finance	8	<u>5,459,560,771</u>	<u>3,440,947,104</u>
Loan from associated undertaking		330,766,927	328,726,928
Long term deposits		14,005,340	14,005,340
Deferred liabilities	9	<u>590,135,935</u>	<u>582,753,672</u>
		<u>6,394,468,973</u>	<u>4,366,433,044</u>
CURRENT LIABILITIES			
Trade and other payables		<u>1,119,638,119</u>	<u>1,455,593,421</u>
Directors & shareholders loan		828,324,552	744,442,920
Unclaimed Dividend		59,526	59,526
Short term finance	10	<u>324,153,479</u>	<u>1,582,311,299</u>
Current portion of long term finance		<u>18,252,000</u>	<u>18,252,000</u>
		<u>2,290,427,676</u>	<u>3,800,659,166</u>
TOTAL LIABILITIES		<u>8,684,896,649</u>	<u>8,167,092,210</u>
Contingencies and commitments	11	-	-
TOTAL EQUITY AND LIABILITIES		<u>16,951,378,991</u>	<u>16,323,155,087</u>
ASSETS			
NON-CURRENT ASSETS			
Property, plant & equipment	12	<u>14,015,261,977</u>	<u>13,286,873,693</u>
Long Term Security Deposits		32,880,151	32,880,151
CURRENT ASSETS			
Stores, spares & machinery store		<u>583,438,870</u>	<u>799,103,679</u>
Stock in trade		1,390,799,104	1,307,317,011
Trade debts		9,761,611	3,488,783
Advances, deposits, prepayments & other receivables		872,017,317	870,098,845
Cash and bank balances	13	<u>47,219,961</u>	<u>23,392,925</u>
		<u>2,903,236,863</u>	<u>3,003,401,243</u>
TOTAL ASSETS		<u>16,951,378,991</u>	<u>16,323,155,087</u>

The annexed notes from 1 to 18 form an integral part of these financial statements.


Kamran Khan
Director

Agha Hamayun Khan
Chief Executive

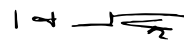
Hamid-Ur-Rehman
Chief Financial Officer

CONDENSED INTERIM STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE PERIOD ENDED MARCH 31, 2021 (UN-AUDITED)

	For the nine month ended		For the quarter ended	
	Jul - Mar 2021 (Un-Audited)	Jul - Mar 2020 (Un-Audited)	Jan - March 2021 (Un-Audited)	Jan - March 2020 (Un-Audited)
	(Rupees)			
Gross sales	2,707,048,909	1,243,866,683	1,239,590,450	63,296,868
Less : Sales Tax & Excise Duty	(838,360,334)	(279,261,564)	(390,497,084)	(27,674,937)
Net Sales	1,868,688,575	964,605,119	849,093,366	35,621,931
Cost of sales	(1,662,610,548)	(1,301,215,379)	(725,386,560)	(149,759,669)
Gross Profit / (Loss)	206,078,027	(336,610,260)	123,706,806	(114,137,738)
Operating Expenses				
Distribution cost	(8,900,099)	(5,372,468)	(4,030,694)	(1,981,005)
Administrative expenses	(38,968,703)	(46,534,104)	(11,188,251)	(12,039,461)
	(47,868,802)	(51,906,572)	(15,218,945)	(14,020,466)
Operating Profit / (Loss)	158,209,225	(388,516,832)	108,487,861	(128,158,204)
Finance cost	(64,732,282)	(63,769,928)	(64,633,110)	(25,441,482)
Other Income	74,158,759	62,981,120	12,525,725	47,521,020
Profit / (Loss) before taxation	167,635,702	(389,305,640)	56,380,476	(106,078,666)
Taxation	(36,524,973)	(14,866,831)	(14,494,337)	(4,621,538)
Profit / (Loss) After Taxation	131,110,729	(404,172,471)	41,886,139	(110,700,204)
Other Comprehensive income	-	-	-	-
Total Comprehensive income / (loss) for the period	131,110,729	(404,172,471)	41,886,139	(110,700,204)
Earning / (Loss) per shares- basic	0.74	(2.30)	0.24	(0.63)

The annexed notes from 1 to 18 form an integral part of these financial statements.


Kamran Khan
Director

Agha Hamayun Khan
Chief Executive

Hamid-Ur-Rehman
Chief Financial Officer

CONDENSED INTERIM STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED MARCH 31, 2021 (UN - AUDITED)

		March 31, 2021 Rupees (Un-Audited)	March 31, 2020 Rupees (Un-Audited)
Cash Flow from Operating Activities	Note		
Cash generated from operation	14	207,574,677	(256,267,290)
Financial Cost paid		(64,732,282)	(63,764,234)
Taxes Paid		(29,142,710)	(5,655,904)
Net Cash from Operating Activities		113,699,685	(325,687,428)
Cash flows From Investing Activities			
Fixed Capital Expenditures		(831,677,231)	(1,506,488,371)
Long Term Security Deposit		-	-
Net Cash (used in) Investing Activities		(831,677,231)	(1,506,488,371)
Cash Flows From Financing Activities			
Short Term finance		(1,258,157,820)	1,066,402,278
Long Term Finance		2,018,613,667	252,974,055
Current maturity- long term finance		-	20,000,000
Associated undertaking		2,039,999	-
Issue cost of right Shares		(20,731,034)	-
Advance received against issue of right shares		1,556,066,080	-
Director & Shareholders Loan		(1,556,026,310)	455,000,000
Net Cash (used in) Financing Activities		741,804,582	1,794,376,333
Net Increase in Cash and Cash Equivalents		23,827,036	(37,799,466)
Cash and Cash Equivalents - at the beginning of the period		23,392,925	58,687,596
Cash and Cash Equivalents - at the end of the period		47,219,961	20,888,130

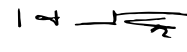
The annexed notes from 1 to 18 form an integral part of these financial statements.



Kamran Khan
Director



Agha Hamayun Khan
Chief Executive



Hamid-Ur-Rehman
Chief Financial Officer

STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE PERIOD ENDED MARCH 31, 2021

	Ordinary Share Capital	Accumulated Profit / (Loss)	Directors & Shareholders Loan	Advance against issue of right shares	Capital Reserves		Total
					Revaluation Surplus	Gain on Disposal of Shares	
	(Rs.)	(Rs.)	(Rs.)	(Rs.)	(RS.)	(Rs.)	(Rs.)
Balance as at June 30, 2019 - Audited	1,760,000,000	738,177,315	1,515,674,892	-	4,090,936,482	126,978,994	8,231,767,683
Revaluation surplus on Property, Plant & Equipment	-	-	-	-	-	-	-
Profit / (Loss) for the period	-	(404,172,471)	-	-	-	-	(404,172,471)
Others Comprehensive Income / (Loss) for the year	-	-	-	-	-	-	-
Directors & Shareholders loan	-	-	455,000,000	-	-	-	455,000,000
Incremental depreciation	-	47,452,548	-	-	(47,452,548)	-	-
Balance as at March 31, 2020 - un- Audited	1,760,000,000	381,457,392	1,970,674,892	-	4,043,483,934	126,978,994	8,282,595,212
Balance as at July 01, 2020 - Audited	1,760,000,000	270,742,574	1,970,674,892	-	4,027,666,417	126,978,994	8,156,062,877
Total Comprehensive Income for the period	-	131,110,729	-	-	-	-	131,110,729
Directors & Shareholders loan	-	-	(1,556,026,310)	1,556,066,080	-	-	39,770
Incremental depreciation	-	46,503,497	-	-	(46,503,497)	-	-
Issue cost of right shares	-	(20,731,034)	-	-	-	-	(20,731,034)
Balance as at March 31, 2021	1,760,000,000	427,625,766	414,648,582	1,556,066,080	3,981,162,920	126,978,994	8,266,482,342


- The annexed notes 1 to 18 form an integral part of these financial statements.



Kamran Khan
Director



Agha Hamayun Khan
Chief Executive



Hamid-Ur-Rehman
Chief Financial Officer

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE PERIOD ENDED MARCH 31, 2021 (UN-AUDITED)****1 Legal Status and Operations**

The Company was incorporated as Public Limited Company on December 24, 1992 under the Companies Ordinance, 1984 [now Companies Act, 2017]. The company is listed on Pakistan stock exchange formerly Karachi, Lahore and Islamabad Stock Exchanges in Pakistan. The main objective of the company is to manufacture and sale the cement. The registered office of the company is situated in Lahore at 1 - Sarwar Road Lahore Cantt and the factory in Khushab.

2 Statement of Compliance

- 2.1** 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 (IAS) 34, Interim Financial Reporting, 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.
- 2.2** These condensed interim financial statements do not include all the information and disclosures required in the annual audited financial statements, and should be read in conjunction with Company's annual audited financial statements for the year ended June 30, 2020.
- 2.3** The figures included in the condensed interim statement of profit or loss and other comprehensive income for the quarters ended March 31, 2021 and 2020 and in the notes forming part thereof have not been reviewed by the auditors of the Company.

3 Significant Accounting Policies

- 3.1** The accounting policies and methods of computation adopted in the preparation of these condensed interim financial statements are consistent with those applied in the preparation of the annual audited financial statements for the year ended June 30, 2020.
- 3.2 Change in accounting standards, interpretations and amendments to published approved accounting standards**
- a New standards and amendments and interpretation to published approved accounting and reporting standards which are effective during the period ended March 31, 2021**
- The amendments that were for the period ended March 31, 2021 are considered not to be relevant for the company's financial reporting process and hence have not been disclosed here.
- b New standards and amendments to published approved accounting and reporting standards that are not yet effective**

IFRS - 17 Insurance Contract

There is a new standard, certain amendments and an interpretation to the approved accounting and reporting standards that will be mandatory for the Company's annual accounting periods beginning on or after July 1, 2020. However, these will not have any significant impact on the financial reporting of the Company and, therefore, have not been disclosed in these condensed interim financial statements.

4 ACCOUNTING ESTIMATES, JUDGEMENTS AND FINANCIAL RISK MANAGEMENT

The preparation of interim financial statements require management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts. Actual results may differ from these judgments, estimates and assumptions.

However, the management believes that the change in outcome of judgments, estimates and assumptions would not have a material impact on the amounts disclosed in these condensed interim financial statements.

Judgments and estimates made by the management in the preparation of these condensed interim financial statements are the same as those applied in the Company's annual audited financial statements for the year ended June 30, 2020. The Company's financial risk management objectives and policies are consistent with those disclosed in the Company's annual audited financial statements for the year ended June 30, 2020.

5 ADVANCE AGAINST ISSUE OF RIGHT SHARES

	March 2021 Rupees (Un-Audited)	Jun-2020 Rupees (Audited)
Advance against issue of right shares	1,556,066,080	-
	<u>1,556,066,080</u>	<u>-</u>

This represents amount received from the directors and sponsors in respect of right shares. The shares against this subscription have not been yet issued. The Board of Directors in its meeting held on March 10, 2021 had approved the right issue of 200,000,000 ordinary shares at par value of Rs. 10 per share in ratio of 113.64 right shares for every 100 ordinary shares held.

6 DIRECTORS AND SHARE HOLDERS LOAN

	March 2021 Rupees (Un-Audited)	Jun-2020 Rupees (Audited)
Directors & shareholders loan- Related parties	414,648,582	1,970,674,892
	<u>414,648,582</u>	<u>1,970,674,892</u>

The directors and sponsors have personally financed a portion of the expansion project and the loan is interest free. The repayment of the loan will be made after the completion of the expansion project subject to availability of funds. During the period, the aggregate loans of Rs. 1,556 million was adjusted against issue of right shares subscribed by directors and sponsors of the Company which were not issued till period end and expected to be issued in due course of time.

7 SURPLUS ON REVALUATION OF FIXED ASSETS

	March 2021 Rupees (Un-Audited)	Jun-2020 Rupees (Audited)
Opening Balance of Revaluation Surplus	4,027,666,417	4,090,936,482
Add Revaluation Surplus	-	-
	<u>4,027,666,417</u>	<u>4,090,936,482</u>
Less: Surplus transferred to retained earnings (accumulated loss)		
Incremental depreciation	65,497,883	89,112,767
Deferred Tax effect	(18,994,386)	(25,842,702)
	<u>46,503,497</u>	<u>63,270,065</u>
	<u>3,981,162,920</u>	<u>4,027,666,417</u>

The company got its assets i.e. land, building, plant & machinery revalued on June 30, 2006 on the basis of current market prices by M/s Hasib Associates (Pvt.) Limited, an independent and approved valuers from Pakistan Banks Association. Subsequently the company got its assets revalued in June 2013 by an independent valuer. However, no material differences were identified. Subsequently, as per principles and guidelines issued by IFRS, the company got its assets i.e. land, building, plant & machinery revalued on June 30, 2019 on the basis of current market prices by M/s Hasib Associates (Pvt.) Limited, an independent and approved valuers from Pakistan Banks Association. This amount was credited to Surplus on Revaluation of Fixed Assets account to comply with the requirements of fourth schedule of the Companies Act, 2017 and IAS 16. It includes surplus on revaluation of freehold land amounting to Rs.111.594 million (2020 Rs. 111.594 million).

8 LONG TERM FINANCE

	March 2021 Rupees (Un-Audited)	June 30, 2020 Rupees (Audited)
Loan from banking companies - secured	5,459,560,771	3,440,947,104
	<u>5,459,560,771</u>	<u>3,440,947,104</u>

8.1 Loans from banking companies - secured

National Bank of Pakistan Demand Finance - II	8.1.1	1,274,048,580	1,274,048,580
National Bank of Pakistan Demand Finance - III	8.1.2	40,933,000	50,059,000
National Bank of Pakistan Demand Finance - IV	8.1.3	1,124,548,433	1,258,548,433
National Bank of Pakistan Demand Finance - V	8.1.4	400,000,000	400,000,000
National Bank of Pakistan Demand Finance - VI	8.1.5	134,000,000	-
National Bank of Pakistan Demand Finance - VII	8.1.6	1,349,369,125	-
National Bank of Pakistan Demand Finance - VIII (Frozen Markup)	8.1.7	608,382,580	-
Al Baraka Bank Diminishing Musharika	8.1.8	546,531,053	476,543,091
		<u>5,477,812,771</u>	<u>3,459,199,104</u>
Less: current portion shown under current liabilities		<u>18,252,000</u>	<u>18,252,000</u>
		<u>5,459,560,771</u>	<u>3,440,947,104</u>

- 8.1.1** The Company has availed facility of Demand finance of Rs.1,500 million with sub-limit of Import LC-Sight from National Bank of Pakistan at 25% Margin over Fixed Assets secured against 1st charge of Rs.2,000 million over all present and future fixed assets (Hypothecation/Mortgage) of the company and personal guarantees of all directors to finance up gradation of production capacity. The facility rescheduled Rs.1274.049 million on 01-09-2020. The facility includes a grace period of 2.25 years and principal to be repaid in 14 quarterly installments of Rs.93.75 million each. The first installment falls due at the end of 27th month from lodgment of Import documents. Markup shall be charged at 3 Months KIBOR plus 1.5% p.a. Sub-limit of LC-Sight includes facility of Rs.1,450 million against nil Cash Margin to finance import requirement for up-gradation of production capacity secured against lien on documents of title to Goods and same security packages and sponsor commitment as for Demand finance facility. The facility will expire on sight and repayment against the facility will be through disbursement of demand finance / own source of company.
- 8.1.2** The Company has availed facility of demand finance facility III fresh facility of Rs.73 million for cost over runs of plant expansion to finance for retirement of import documents including bills of exchange arising due to upward fluctuations in currency appreciation of Euro / Dollar parity with Pak Rupees with a markup of 3 month KIBOR plus 2% p.a. The facility will expire on 31-03-2022 and principal is to be repaid in 16 quarterly installments of Rs.4.563 million. The facility of demand finance are secured against 1st charge of Rs.98 million over all present and future fixed assets (hypothecation/Mortgage) of the company, lien of import documents and personal guarantees of all Directors.
- 8.1.3** LC-Sight OTT includes facility for import of additional machinery / upgrading production capacity, fresh facility PKR equivalent of up to USD 8.882 Million calculated at conversion rate on the date of issuance of LC or PKR 133 USD which ever is lower i.e. maximum up to Rs.1,400 million (enhancement from 1,181.306 Million) against nil Cash Margin to retire import documents / to finance additional machinery arising due to modification in previous CAPEX in order to assure reliability of plant at enhanced capacity secured against lien on documents of title to Goods and same security packages and sponsor commitment as for Demand finance facility. Upon retirement of each bill of exchange, customer shall deposit prorata amount of exchange difference over and above the DF limit of Rs 1,181.306 Million ensuring that NBP funded exposure remains within DF limit of Rs 1,181.306 Million. The facility will expire on sight and repayment against the facility will be through disbursement of demand finance / own source of company. The facility rescheduled Rs.1,181.306 million on 01-09-2020. The Company has availed facility of Demand finance of Rs.1,181.306 million with sub-limit of Import LC-Sight from National Bank of Pakistan at 25% Margin over Fixed Assets secured against 1st charges of Rs.1,576 million over all present and future fixed assets (Hypothecation/Mortgage) of the company and personal guarantees of all directors to finance up gradation of production capacity.
- 8.1.4** The Company has availed facility of Demand finance facility-V of Rs 400 million from National Bank of Pakistan secured against 1st Pari Passu charge of Rs 533.6 million over all present and future fixed assets (Hypothecation/Mortgage) of the company, Mortgage of two leased residential properties of Sponsors having forced sale value Rs 190.153 M and personal guarantees of all directors. The first installment due at the end of 12th month from 06-02-2020. Markup shall be charged 3 month KIBOR plus 1.75% per annum. The facility rescheduled Rs.400 million on 01-09-2020.
- 8.1.5** Fresh Demand Finance - Facility for Rs 134 M to Finance foreign exchange differential amount / finance cost overrun requirement of the company against First Pari Passu charge of the company amounting to Rs 179 Million and personal guarantees of all Directors. It will be charged with 3 Months KIBOR plus 2 %. It will be paid of in 57 months including grace period of 9 months from first draw down in limit. Tentatively up 31-03-2025.
- 8.1.6** Fresh Demand Finance Facility Rs 1,400 M- we have requested for Demand Finance Facility for Rs 1,400 Million against our current facilities of LC 300 M, and 1,000 M and Cash Finance Rs 100 M against 1st Pari Passu charge of the company amounting to Rs 1,867 Million, First Charge over all present & Future fixed assets of the company. Hypothecation charge over Plant & Machinery and mortgage charge on land and personal guarantees of all Directors. Markup shall be charged at 3 Months KIBOR plus 2 %. It will be paid of in 78 months including grace period of 18 months from first draw down in limit. Tentatively upto 31-12-2026.
- 8.1.7** Frozen Mark up Fresh Demand Finance Facility Rs 610 M- we have requested for our frozen mark up fresh Demand Finance Facility for Rs 610 Million against our current mark up on CF, DF and LC facilities against 1st Pari Passu charge of the company amounting to Rs 814 Million, First Charge over all present & Future fixed assets of the company. Hypothecation charge over Plant & Machinery and mortgage charge on land and personal guarantees of all Directors. It will be paid of in 36 monthly installments starting from 31-03-2021 to 29-02-2024.
- 8.1.8** A Diminishing Musharika Facility of Rs 600 (Million) is obtained from AL Baraka Bank Pakistan Limited, as per Islamic mode of financing tenor is 5 years with one and half years grace period for principal repayment only and afterward, the due amount installment shall be paid by 7 equal half yearly installments over the remaining years of 3.5 years. The finance is secured against 1st PP charge over current assets of the company valuing Rs. 144 million, 1st PP charge over Fixed assets of the company valuing Rs 882 million, and personal guarantee of all Directors of the company. Mark-up is charged 6 month KIBOR + 3%. All these facilities also include commitment of sponsoring directors through pledge of shares.

	March 2021 Rupees (Un-Audited)	June 30, 2020 Rupees (Audited)
9 DEFERRED LIABILITIES		
Deferred Taxation	588,860,629	581,478,366
Gratuity	1,275,306	1,275,306
	<u>590,135,935</u>	<u>582,753,672</u>
9.1 Deferred Taxation - Net		
Taxable temporary differences - effect thereof		
- Excess of accounting book value of fixed assets over their tax base	1,153,309,172	1,129,198,533
Deductible temporary differences - effect thereof		
- Gratuity	(369,839)	(369,839)
- Excess Tax / Minimum Tax	(29,142,710)	(17,624,996)
- WPPF & WWF	(6,520,640)	(6,520,640)
Remeasurement of defined benefits	-	18,376
- Unused tax losses	(528,415,354)	(523,223,068)
	<u>588,860,629</u>	<u>581,478,366</u>

10 SHORT TERM FINANCE

Loan from Banking Companies-Secured

AL Baraka Islamic Bank	10.1	176,131,123	298,221,165
National Bank of Pakistan	10.2	148,022,356	1,184,090,134
National Bank of Pakistan (Cash Finance)		-	100,000,000
		<u>324,153,479</u>	<u>1,582,311,299</u>

10.1 A letter of credit facility usance / acceptance 180 days of Rs. 22.50 million (2020: Rs. 257.50 million) is obtained from AL Baraka Islamic Bank (Pakistan) Limited with a sub limit of letter of guarantee of Rs. 0.20 million (2020: Rs. 0.20 million), Rs 20 Million LC Usance / Acceptance facility against 100% Cash Margin, Rs 50 Million LC Sight/Usance clubbed with similar credit limit of Flying Paper Industries Limited, Rs 235 Million LC Usance/Acceptance (OTT) to meet the contractual and import requirements of the company. The finance is secured against Ranking charge over current assets of the company valuing Rs. 144 million, Ranking charge over Fixed assets of the company valuing Rs.300 million, lien over import documents valuing Rs. 277.5 million and personal guarantee of all Directors of the company. Mark-up is charged as per bank's Schedule of charges. This facility is converted into Diminishing Musharika Facility of Rs 600 (Million).

10.2 During the year Company has enhanced financing from National Bank of Pakistan through letter of credit facility of usance (180 Days) to Rs. 700 million (wherein Rs 400 Million and Rs 300 Million are regular limits) from 300 million at 20% Cash Margin with expiry of 31-03-2020 and Rs 400 Million at 20 % cash Margin with expiry 31-12-2019 for the purpose of importing coal, packing material and machinery parts to be repaid through internal Cash Flows routed through Sinking Fund created for the purpose. The facility is secured against 1st charge of Rs.934 million over all present and future fixed assets of the Company, personal guarantees of all Directors, Accepted Bills of Exchange and Trust Receipt. The facility has rescheduled to Rs.400 million on 01-09-2020.

All these facilities also include commitment of sponsoring directors through pledge of shares.

11 CONTINGENCIES AND COMMITMENTS

Contingencies

11.1 The AL Baraka Islamic Bank has issued letter of guarantees on behalf of company for the following:
- Excise Collection Office, Sindh Development & Maintenance amounting to Rs.0.20 million

11.2 The Competition Commission of Pakistan (CCP) has issued a show cause notice to the company for an increase in prices of cement across the country. As a result of it an amount of Rs. 12 million was imposed as a penalty. The case is currently before the the Honorable High Court. The Court granted the stay order restricting the CCP to pass any adverse order(s) against the show cause notices issued to the cement manufacturers.

11.3 Sales tax audit was conducted in 2015 and an impugned liability of Rs. 40.9 million was determined out of which Rs. 20 million has been deposited by the company under protest. The company feeling aggrieved filed an appeal before appellate tribunal which is pending yet and is likely to be decided in favour of the company.

Commitments

Commitments in respect of outstanding letter of credit amount to Rs.188.194(M) (2020 Rs.1411.789(M)). It includes letter of credit facilities for procurement of new cement production plant and parts of machinery.

		March 2021 Rupees (Un-Audited)	June 30, 2020 Rupees (Audited)
12 PROPERTY, PLANT & EQUIPMENT			
Operating Assets - tangible	12.1	7,392,422,013	6,775,059,833
Capital Work in Progress		6,622,839,964	6,511,813,860
		<u>14,015,261,977</u>	<u>13,286,873,693</u>
12.1 Operating Assets - tangible			
Opening book value		6,775,059,833	6,912,441,827
Add: Additions during the period		720,651,127	50,000
		<u>7,495,710,960</u>	<u>6,912,491,827</u>
Less Deletion during the year - net off depreciation		-	-
		<u>7,495,710,960</u>	<u>6,912,491,827</u>
Less: Depreciation charged during the period		103,288,947	137,431,994
Closing book value		<u>7,392,422,013</u>	<u>6,775,059,833</u>
Additions during the period			
Plant & machinery		720,651,127	50,000
		<u>720,651,127</u>	<u>50,000</u>
13 CASH AND BANK BALANCES			
In hand		12,089,975	838,641
At Banks		35,129,986	22,554,284
		<u>47,219,961</u>	<u>23,392,925</u>
14 CASH GENERATED FROM OPERATING ACTIVITIES			
Profit / (Loss) for the period - before taxation		167,635,702	(389,305,640)
Adjustment for:			
Depreciation		103,288,947	103,070,244
Finance cost		64,732,282	63,769,928
		<u>168,021,229</u>	<u>166,840,172</u>
		335,656,931	(222,465,468)
(Increase) / decrease in current assets			
(Increase) in Stores, spares & loose tools		215,664,809	244,247,650
(Increase) in Stock-in-trade		(83,482,093)	(273,867,139)
(Increase) in Trade debts		(6,272,828)	4,021,912
(Increase) in Advances, deposits, prepayments and other receivables		(1,918,472)	(237,917,456)
		<u>123,991,416</u>	<u>(263,515,033)</u>
Increase / (decrease) in current liabilities			
Increase / (Decrease) in Trade and other Payables		(335,955,302)	700,856,211
Increase / (Decrease) in director and shareholders loan		83,881,632	(471,143,000)
Cash Flow from operating activities		<u>207,574,677</u>	<u>(256,267,290)</u>
15 RELATED PARTIES TRANSACTIONS			
Related parties of the company comprise associated undertakings, directors, key employees and management personnel. Detail of transactions with related parties except remuneration and benefits to directors and management personnel under their terms of employment, are as under:			
		March 2021 Rupees (Un-Audited)	June 30, 2020 Rupees (Audited)
Transactions with associated companies			
Sales to Associated Companies		-	24,235,500
Purchases from Associated Companies		-	121,216,587
Transaction with other key management personnel			
Salaries & Benefits		17,100,000	17,100,000
Transaction with directors & sponsors			
Advance received against issue of right shares		1,556,066,080	-

16 SUBSEQUENT EVENT

The Board of Directors in their meeting held on March 10, 2021 have approved to increase the paid-up share capital of the Company by issue of a further 200,000,000 (Two Hundred Million) ordinary shares, having face value of PKR 10/- (Pak Rupees Ten) each, as Right Shares, to be offered to the members of the Company in the proportion of 113.64 Right Shares for every 100 ordinary shares held i.e. 113.64%, at a price of PKR 10/- (Pak Rupees Ten) per Right Share (i.e. at par). The issue of right shares is in process and expected to be successfully completed in due course of time.

17 DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue on April 27, 2021 by the Board of Directors of the Company.

18 GENERAL

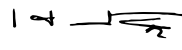
- Figures in the financial statements have been rounded off to the nearest rupee.
- Corresponding figures have been rearranged and reclassified, wherever necessary, for the purposes of comparison.



Kamran Khan
Director



Agha Hamayun Khan
Chief Executive



Hamid-Ur-Rehman
Chief Financial Officer



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