



**INTERIM REPORT
MARCH 31, 2021**



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

Abid & Khan Advocates and Legal Advisor
House # 303-D, Street # 29,
Sector F-11/2,
Islamabad

REGISTERED OFFICE

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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



DIRECTORS' REVIEW

Your Directors are pleased to present before you their report together with Un Audited Condensed Interim Financial Statements of the Company for the Quarter and Nine Months ended March 31, 2021.

INDUSTRY OVERVIEW

During the nine months of current financial year ending June 30, 2021, overall sales volume of the industry witnessed a growth of 16.98% as compared to same period last year with total sales volume of 43.33 million tons as against 37.04 million tons of same period last year. During the quarter, overall sales volume of the industry increased by 19.63% with sales volume of 14.69 million tons as against 12.28 million tons of same quarter last year.

Local sales volume of the industry for the nine months and quarter was of 36.18 million tons and 12.57 million tons respectively as against 30.59 million tons and 10.21 million tons of same periods last year witnessing a growth of 18.27% and 23.11% respectively. On export side, industry achieved sales volume of 7.15 million tons and 2.13 million tons in nine months and quarter respectively as against sales volume of 6.45 million tons and 2.07 million tons of same periods last year. In nine months period exports witnessed growth of 10.87 % whereas on quarter to quarter it increased by 2.90%.

During nine months period, overall sales volume of plants located in north was of 32.54 million tons with local sales volume of 30.63 million tons and exports volume of 1.91 million tons respectively. Total sales volume of plants located in north hence witnessed growth of 16.52%, out of which local sales volume increased by 17.75% whereas exports reduced by 0.21%.

COMPANY'S PERFORMANCE

OPERATING

The comparison of the production and dispatches of the Company for the periods under review with the same period last year are as follows:

	Tons			
	Quarter ended		Nine Months ended	
	March 31, 2021	March 31, 2020	March 31, 2021	March 31, 2020
Production:				
Clinker	175,213	168,651	543,973	474,284
Cement	192,551	160,280	562,169	493,112
Dispatches:				
Local	174,218	140,962	508,655	420,377
Export	18,650	17,800	50,376	69,678
Total	192,868	158,762	559,031	490,055

During the quarter, production of clinker and cement increased by 3.89% and 20.13% as compared to same period last year. On nine months basis, production of clinker increased by 14.69%, whereas cement production increased by 14.0% in comparison to same period last year. Overall sales volume of the Company for the nine months increased by 14.07% out of which



local sales volume increased by 21.0% whereas exports decreased by 27.70%. For the quarter total sales volume increased by 21.48% out of which local volume increased by 23.59%, and exports increased by 4.77%.

FINANCIAL

Total net sales revenue of the Company for the nine months period increased to Rs. 3,691 million as against Rs. 2,697 million of same period last year. This increase in term of percentage comes to 36.85% as against increase in volume by 14.07%.

Net local sales revenue for the nine months period increased to Rs. 3,406 million as against Rs. 2,272 million of same period last year witnessing a growth of 49.91% as against growth in local sales volume by 21.0%. Main reason for increase in revenue was improved selling price; improved volume coupled with reduction in Federal Excise Duty (FED) to Rs. 1,500 per ton as against Rs. 2,000 by the Government. This improvement was on account of revival of economic activities post pandemic and announcement of relief package for construction industry by the Government. Export revenue for the nine months period reduced to Rs. 285 million as against Rs. 419 million of same period last year witnessing a negative growth of 31.98 % as against decrease in volume by 27.70%. Export prices remained depressed during the nine months period due to appreciation of PKR against USD.

Net sales revenue for the quarter increased to Rs. 1,359 million as against Rs. 782 million of same period last year showing an increase of 73.78%. Local sales for the quarter increased to Rs. 1,255 million as against Rs. 683 million thus depicting an increase of 83.75% as against increase in volume by 23.59%. Exports of the Company during the quarter increased to Rs. 104 million as against Rs. 99 million of same period last year showing increase of 5.05% as against increase in volume by 4.77%.

Overall Cost of sales for the nine months increased to Rs. 3,485 Million as against Rs. 3,187 million of same period last year registering increase of 9.35% though sales volume increased by 14.07%. Main reasons for increase in cost of sales were higher fuel and power cost. Increase in cost of electricity continued its upward trend due to imposition of multiple charges by the Government. Coal prices in international market remained stabilized during the first half of current financial year, however, coal prices in international markets increased in current quarter. Cost of packing and raw material increased due to increase in prices of oil and diesel.

Due to improved local selling price and volume, the Company during the nine months and quarter achieved gross profit of Rs. 206 million and Rs. 111 million respectively as compared to gross loss of Rs. 490 million and Rs. 296 million of same periods last year.

Other costs reduced during the period due to cost effective measures adopted by the management. Finance cost increased during the period due to higher utilization of working capital facilities.

Company suffered loss before tax of Rs. 49 million during Nine Months as against loss before tax of Rs. 734 million of same period last year. During the quarter under review, Company earned profit before tax of Rs. 20 million as against loss before tax of Rs. 379 million of same period last year.

The Company suffered loss after tax of Rs. 45 million during nine months whereas in current quarter it earned profit after tax of Rs. 15 million as against loss after tax of Rs. 611 million during nine months and Rs. 311 million during quarter respectively during same periods last year.

The Company suffered loss per share of Rs. 0.89 for the Nine Months as against the loss per share of Rs. 12.18 during same period last year. During current quarter the Company achieved earnings per share of Rs. 0.30 as against loss per share of Rs. 6.21 of same periods last year.

FUTURE PROSPECTS

During the current financial year demand of cement improved as the Government has announced a relief package for construction industry in order to revive the sector and provide affordable housing to larger segment of the society. Revival of construction activities has resulted improvement in local off take of the industry and will continue to create more demand of cement in months ahead as well. Increase in international prices of coal in recent months coupled with ever increasing rates of electricity would continue pressure on cost of production. Work on 5 MW solar power plant is in final stages and expected to be completed in current financial year. Successful commissioning of this project would reduce energy cost.

ACKNOWLEDGMENT

The Board would like to place on record their appreciation to all the financial institutions, banks, customers for their continued support, co-operation and employees of the Company for their dedicated work.

On behalf of the Board



MOHAMMED YASIN FECTO
CHIEF EXECUTIVE



ROHAIL AJMAL
DIRECTOR

Karachi: April 28, 2021



CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2021

	Un-audited 31 March 2021	Audited 30 June 2020
Note	Rupees in thousand	
EQUITY AND LIABILITIES		
Share capital and reserves		
Authorized Capital		
75,000,000 (June 2020: 75,000,000) ordinary shares of Rs. 10/- each	750,000	750,000
Issued, subscribed and paid up capital		
50,160,000 (June 2020: 50,160,000) ordinary shares of Rs. 10/- each	501,600	501,600
Revenue reserves		
General reserve	550,000	550,000
Accumulated profit	2,307,298	2,352,065
Surplus on revaluation of investment in unquoted shares	104,346	104,346
	2,961,644	3,006,411
	3,463,244	3,508,011
Non-current liabilities		
Long term loans	453,415	87,217
Lease liability	12,684	24,809
Deferred Income - Government grant	11,406	10,476
Deferred taxation	-	33,430
	477,505	155,932
Current liabilities		
Trade and other payables	725,485	527,345
Short term financing	463,103	570,514
Accrued Mark-up	13,484	14,313
Unclaimed dividend	14,587	14,418
Unpaid dividend	185	328
Current maturity of long term loan	87,127	23,581
Current portion of lease liability	11,970	19,364
	1,315,941	1,169,863
Contingencies and Commitments	7	
Total equity and liabilities	5,256,690	4,833,806
Non-current assets		
Property, plant and equipment	2,048,989	1,792,313
Right-of-use assets	36,493	51,730
Long term investments	284,350	284,350
Long term deposits	4,271	6,294
Long term loans and advances	7,780	10,756
Deferred taxation	24,710	-
	2,406,593	2,145,443
Current assets		
Stores and spares	820,266	811,535
Stock-in-trade	1,485,988	1,276,269
Trade debts - considered good	27,377	24,892
Short term investments	99,930	117,422
Short term loan to related party	89,395	90,000
Loans, advances and prepayments	42,973	30,665
Taxation - net	174,141	219,889
Cash and bank balances	110,027	117,691
	2,850,097	2,688,363
Total assets	5,256,690	4,833,806

The annexed notes from 1 to 16 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 PROFIT OR LOSS (UN-AUDITED)
FOR THE PERIOD ENDED 31 MARCH 2021**

		Nine months ended		Quarter ended	
		31 March 2021	31 March 2020	31 March 2021	31 March 2020
	Note	Rupees in thousand			
Turnover - net	13	3,691,087	2,696,641	1,359,231	781,722
Cost of sales		(3,484,972)	(3,186,520)	(1,248,679)	(1,077,690)
Gross profit / (loss)		206,115	(489,879)	110,552	(295,968)
Administrative expenses		(174,927)	(188,466)	(60,662)	(67,005)
Distribution cost		(71,678)	(81,736)	(23,671)	(19,175)
Finance cost		(44,754)	(13,940)	(18,036)	(9,462)
Other income		36,285	39,603	12,316	12,351
		(255,074)	(244,539)	(90,053)	(83,291)
(Loss)/profit before taxation		(48,959)	(734,418)	20,499	(379,259)
Provision for taxation					
- current		(53,948)	(38,684)	(19,868)	(11,368)
- deferred		58,140	162,155	14,237	79,181
		4,192	123,471	(5,631)	67,813
(Loss)/profit after taxation		(44,767)	(610,947)	14,868	(311,446)
		Rupees			
(Loss)/earnings per share - basic and diluted		(0.89)	(12.18)	0.30	(6.21)

The annexed notes from 1 to 16 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 COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE PERIOD ENDED 31 MARCH 2021**

	Nine months ended		Quarter ended	
	31 March 2021	31 March 2020	31 March 2021	31 March 2020
	Rupees in thousand			
(Loss)/profit after taxation	(44,767)	(610,947)	14,868	(311,445)
Other comprehensive income / (loss)				
Items which will not be reclassified subsequently to profit or loss				
Unrealized gain / (loss) on remeasurement of equity instrument at fair value through other comprehensive income	-	(3,900)	-	(3,750)
Deferred tax thereon	-	849	-	457
	-	(3,051)	-	(3,293)
Total comprehensive (loss)/profit for the period	<u>(44,767)</u>	<u>(613,998)</u>	<u>14,868</u>	<u>(314,738)</u>

The annexed notes from 1 to 16 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 CHANGES IN EQUITY (UN-AUDITED)
FOR THE PERIOD ENDED 31 MARCH 2021**

	Share Capital Issued, Subscribed & Paid up capital	Revenue Reserves			Total
		General Reserve	Accumulated Profit	Surplus on revaluation of investment in unquoted shares	
Rupees in thousand					
Balance as at July 01, 2019	501,600	550,000	3,147,216	132,751	4,331,567
Total comprehensive income for the nine months ended March 31, 2020					
(Loss)/profit after taxation	-	-	(610,947)	-	(610,947)
Other Comprehensive income	-	-	-	(3,051)	(3,051)
Final Cash dividend @ 5% for the year ended 30 June, 2019	-	-	(25,080)	-	(25,080)
Balance as at March 31, 2020	501,600	550,000	2,511,189	129,700	3,692,489
Balance as at July 01, 2020	501,600	550,000	2,352,065	104,346	3,508,011
Total comprehensive income for the nine months ended March 31, 2021					
(Loss) after taxation	-	-	(44,767)	-	(44,767)
Other Comprehensive income	-	-	-	-	-
Balance as at March 31, 2021	501,600	550,000	2,307,298	104,346	3,463,244

The annexed notes from 1 to 16 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 PERIOD ENDED 31 MARCH 2021**

		Nine months ended	
	Note	31 March 2021	31 March 2020
		Rupees in thousand	
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before taxation		(48,960)	(734,418)
Adjustments for:			
Depreciation on operating fixed assets		78,779	88,620
Depreciation on right of use assets		17,091	-
Interest income		(14,041)	(30,814)
Unrealized gain on remeasurement of short term investments		(54)	(2,694)
Realized capital gain on short term investments		(1,659)	-
Dividend income		(12,853)	-
Gain on sale of operating fixed assets		(11)	(4,414)
Amortization of deferred government grant		(451)	(1,054)
Finance costs		44,754	13,940
		111,555	63,584
Operating profit / (loss) before working capital changes		62,595	(670,834)
Working capital changes			
(Increase) / decrease in current assets			
Stores, spares and loose tools		(8,731)	(199,717)
Stock-in-trade		(209,718)	(93,210)
Trade debtors -considered good		(2,485)	34,066
Loans, advances, deposits, prepayments and accrued markup		(12,309)	49,499
Increase in current liabilities			
Trade and other payables		198,165	289,383
Net cash generated from/(used in) operations		27,517	(590,813)
Finance cost paid		(45,582)	(6,967)
Taxes paid		(8,200)	(62,583)
Long term deposits		2,023	192
Long term loans and advances		2,977	1,568
Net cash used in operating activities		(21,265)	(658,603)
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure		(337,968)	-
Long term investments made		-	(1,000)
Short term investments redeemed		20	77,721
Sale of Short term investments		17,934	-
Loan to related party		605	(35,000)
Interest income		14,041	30,814
Dividend received		54	2,694
Proceeds from disposal of operating fixed assets		2,317	600
Net cash (used in)/generated from investing activities		(302,997)	75,829
CASH FLOWS FROM FINANCING ACTIVITIES			
Principal repayment of finance lease		(19,518)	(6,100)
Long term finance obtained		443,527	-
Short term running finance Paid / obtained		(107,411)	-
Dividend paid		-	(24,993)
Net cash generated from financing activities		316,598	(31,093)
Net decrease in cash and cash equivalents		(7,664)	(613,867)
Cash and cash equivalents at the beginning of the period		(345,412)	164,355
Cash and cash equivalents at the end of the period	15	(353,076)	(449,512)

The annexed notes from 1 to 16 form an integral part of these condensed interim financial statements.


MOHAMMED YASIN FECTO
CHIEF EXECUTIVE


ROHAIL AJMAL
DIRECTOR


ABDUL SAMAD
CHIEF FINANCIAL OFFICER



**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE PERIOD ENDED 31 MARCH 2021**

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 with the applicable accounting and reporting standards

These condensed interim financial statements (here-in-after referred to as the '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:

- 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.

These interim financial statements do not include all the information and disclosures as required 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 31 March 2021 has been extracted from the audited financial statements of the Company for the year ended 30 June 2020, whereas the comparative statement of profit or loss, 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 period ended 31 March 2020.

These condensed interim financial statements are unaudited and 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

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



2.3 Judgements and sources of estimation uncertainty

In preparing these 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 applied in the annual financial statements of the Company as at and for the year ended June 30, 2020.

2.4 Significant accounting policies

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

3. 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 30 June 2020.

		31 March 2021	30 June 2020
	Note	Rupees in thousand	
4. LONG TERM LOANS			
Askari Bank Limited			
Financing against:			
Financing under SBP Refinance Scheme for			
Renewable Energy	4.1	300,127	-
SBP Refinance Scheme for Payment of			
Salaries and Wages	4.2	144,642	87,217
Purchase of vehicles	4.3	8,646	-
		<u>453,415</u>	<u>87,217</u>

4.1 Financing under SBP Refinance Scheme for Renewable Energy

During the period the Company obtained a long term financing facility amounting to Rs. 500.212 million from Askari Bank Limited under the State Bank of Pakistan (SBP's) Financing Scheme for Renewable Energy notified vide IH&SMEFD Circular No. 10 of 2019. The principal terms and conditions of the facility are as follows:

- (a) The applicable markup rate is 5% per annum;
- (b) The tenor of the facility is 8 years (including 2 years grace period ending on August 23, 2022); and
- (c) The loan is to be repaid in 24 equal quarterly instalments commencing from November 2022.

	31 March 2021	30 June 2020
	Rupees in thousand	
4.2 SBP Refinance Scheme for Payment of Salaries and Wages		
Opening Balance	110,799	-
Amount Borrowed during the period / year	121,900	121,895
	232,699	121,895
Interest on unwinding of Liability	17,321	-
Markup Paid during the period	(4,467)	-
Element of government grant recognized as deferred income	(11,821)	(11,097)
Gain on modification of contractual repayment terms	(1,963)	-
	231,769	110,798
Less: Current maturity shown under current liabilities	(87,127)	(23,581)
	144,642	87,217

- 4.3 This represents the borrowing facility carrying markup at the rate of 6 Month KIBOR + 2% for the purchase of vehicles.

	31 March 2021	30 June 2020
	Rupees in thousand	
5. DEFERRED INCOME - GOVERNMENT GRANT		
Opening balance	10,476	-
Add: Deferred income -Government grant recognized during the period / year	11,821	11,097
Less: Amortized during the period / year	(12,854)	(621)
Gain on modification of contractual repayment terms	1,963	-
	11,406	10,476

6. SHORT TERM FINANCING

Running Finance	6.1	268,103	281,034
Export Re-Finance	6.2	195,000	195,000
Finance against Imported Merchandise / Trust Receipt		-	94,480
		463,103	570,514

- 6.1 This represents short term running finance facility obtained from National Bank of Pakistan, Silk Bank Limited and Askari Bank Limited for the purpose of working capital requirements having aggregate limit at Rs. 670 million (30 June 2020: Rs. 520 million) out of which unavailed facilities as at 31 March 2021 amounting to Rs. 401.897 million (30 June 2020: Rs 238.9 million). These facilities carry markup ranging from 3 month kibar + 1% - 1.5% (30 June 2020: 3 month kibar + 1.5%) and is secured by 1st pari passu charge by way of the hypothecation on company's assets.



- 6.2 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, 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, 2021.

7. CONTINGENCIES AND COMMITMENTS

7.1 Contingencies

The Honorable 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 has filed an appeal in relation to the matter after consulting its legal advisor.

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.

		31 March 2021	30 June 2020
	Note	Rupees in thousand	
7.2 Commitments			
Commitments of the company are detailed as below:			
For import of Capital spares		30,314	23,672
For Capital work in progress	7.2	<u>200,000</u>	<u>-</u>
		<u>230,314</u>	<u>23,672</u>

8. PROPERTY, PLANT AND EQUIPMENT

Operating fixed assets		1,547,266	1,613,177
Capital work in progress	8.1	310,294	-
Capital spares		<u>191,429</u>	<u>179,136</u>
		<u>2,048,989</u>	<u>1,792,313</u>

- 8.1 During the period, Company has entered into an agreement with M/S Foundation Solar Energy (Pvt) Limited for purchase, installation and commissioning of Solar Power Plant at Company's factory located at Sangjani, Islamabad. Total expected cost of the contract amounts to Rs. 501 million with electricity output of 5 Megawatt. As of 31 March, capital work in progress amounting to Rs. 307 million has been completed. Remaining amount of Rs. 200 million has been disclosed in Capital Commitments (refer note 7.2 to these condensed interim financial statement).

	31 March 2021	30 June 2020
	Rupees in thousand	
9. RIGHT-OF-USE ASSETS		
Cost	84,626	84,626
Addition during the period	5,286	-
	89,912	84,626
Accumulated Depreciation		
Opening	(32,896)	-
Charge for the period	(20,523)	(32,896)
	(53,419)	(32,896)
	36,493	51,730

9.1 The company has recognized right of use assets in respect of rented offices and vehicles on lease.

		31 March 2021	30 June 2020
	Note	Rupees in thousand	
10. LONG TERM INVESTMENTS			
At cost			
Investment in Fecto Cement Nooriabad (Private) Limited			
- a subsidiary	10.1	1,000	1,000
At fair value through other comprehensive income			
Investment in Frontier Paper Products (Private) Limited			
- a related party	10.2	283,350	283,350
		284,350	284,350

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

31 March 2021 (Number of shares)	30 June 2020		31 March 2021	30 June 2020
			Rupees in thousand	
100,000	100,000	Ordinary shares of Rs. 10/- each	1,000	1,000

10.1.1 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, Shahr-e-Faisal, Karachi. Mr. Mohammad Yasin Fecto, the majority shareholder and director of the Company, also serves on the Board of Directors of FCNL.



10.1.2 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 March 31, 2021. 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 SMD/PRDD/2(314)/2021-26 dated April 06, 2021 issued to the Company.

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

31 March 2021 (Number of shares)	30 June 2020		31 March 2021 — Rupees in thousand —	30 June 2020
<u>15,000,000</u>	<u>15,000,000</u>	Ordinary shares of Rs. 10/- each-at cost	150,000	150,000
		Unrealized gain / (loss) on remeasurement		
		- Opening balance	133,350	169,650
		-(Loss)/gain recognized during the period / year	-	(36,300)
			<u>133,350</u>	<u>133,350</u>
			<u>283,350</u>	<u>283,350</u>

10.2.1 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'.

10.2.2 The company as per policy, reviewed the fair values of the above unquoted investments after considering the latest available financial information and recent market development. According to such exercise, the value of a share of FPPL was determined to be Rs. 18.89 (30 June 2020: Rs 18.89).



		31 March 2021	30 June 2020
	Note	Rupees in thousand	
11. SHORT TERM INVESTMENTS			
Financial assets at fair value through profit or loss-			
Units of open-end mutual funds			
Cost		-	17,393
Unrealized gain on remeasurement		-	79
		-	17,472
Privately placed term finance certificates	11.1	99,930	99,950
		99,930	117,422

- 11.1** These represents investment in Term Finance Certificate (TFCs) issued by Silk Bank Limited carrying markup rate of 6 months KIBOR plus 1.85% (30 June 2020: 6 month KIBOR plus 1.85%) and are unsecured. Repayments including principal and markup, are made semi annually.

		31 March 2021	30 June 2020
		Rupees in thousand	
12. SHORT TERM LOAN TO RELATED PARTY			
Loan to Frontier Paper Products (Private) Limited		89,395	90,000

- 12.1** 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.



	Nine months ended 31 March		Quarter ended 31 March	
	2021	2020	2021	2020
	Rupees in thousand			
13. TURNOVER - NET				
Sales - Local	5,061,012	3,798,900	1,840,650	1,184,750
Less: Discount, rebate and incentives	97,253	63,640	32,661	23,685
Excise duty	762,982	840,755	261,327	281,926
Sales tax	794,669	622,034	291,619	196,300
	<u>1,654,904</u>	<u>1,526,429</u>	<u>585,607</u>	<u>501,911</u>
	3,406,108	2,272,471	1,255,043	682,839
Sales export	284,814	419,315	104,188	98,883
Export rebate	165	4,855	-	-
	<u>284,979</u>	<u>424,170</u>	<u>104,188</u>	<u>98,883</u>
	<u>3,691,087</u>	<u>2,696,641</u>	<u>1,359,231</u>	<u>781,722</u>

14. CASH AND CASH EQUIVALENTS

Cash and cash equivalents at the end of the reporting period as shown in the statement of cash flows forming part of these interim financial statements reconcile to the related items in the statement of financial position as follows:

	31 March 2021	31 March 2020
	Rupees in thousand	
Cash and bank balances	110,027	28,577
Short term borrowings	(463,103)	(478,089)
	<u>(353,076)</u>	<u>(449,512)</u>

15. 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:



	31 March 2021	30 June 2020
	Rupees in thousand	
Frontier Paper Products (Private) Limited		
Balance as at the beginning of the period / year	41,955	16,216
Purchases during the period / year	377,301	399,464
Payments during the period / year	(322,638)	(373,725)
Balance at the end of the period / year	96,618	41,955
Loan outstanding at the end of the period / year	89,395	90,000
Interest charged during the period / year	5,618	11,251
Interest outstanding at the end of the period / year	1,997	2,519
Fecto Cement Nooriabad (Private) Limited		
Bank placements	1,000	1,000
Key Management Personnel		
Transactions during the period		
Remuneration of the Chief Executive	27,000	27,000
Directors' meeting fee	125	95
Remuneration of executives	117,089	122,744
Loans settled	340	15
Others		
Transactions during the period		
Contribution to employees' provident fund	13,944	16,006



	31 March 2021	30 June 2020
	Rupees in thousand	
Outstanding balance at period		
Provident fund contribution payable	<u>4,198</u>	<u>3,896</u>

16. GENERAL

16.1 These condensed interim financial statements were authorized for issue by the Board of Directors in their meeting held on April 28, 2021.

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



MOHAMMED YASIN FECTO
CHIEF EXECUTIVE



ROHAIL AJMAL
DIRECTOR



ABDUL SAMAD
CHIEF FINANCIAL OFFICER




مستقبل پہ نظر


زیر نظر دورانیے میں سیمنٹ کی طلب میں بہتری ہوئی۔ کیوں کہ حکومت نے اس شعبے میں بہتری لانے اور معاشرے کے ایک بڑے طبقے کو سستی رہائش فراہم کرنے کی خاطر تعمیراتی شعبے کے لیے مختلف مراعات پیکج کا اعلان کیا ہے۔ تعمیراتی سرگرمیوں کی بحالی کے نتیجے میں مقامی سطح پر ملک میں سیمنٹ کی مانگ میں بھی بہتری آئی۔ مستقبل قریب میں بھی سیمنٹ کی طلب میں مزید اضافہ ہوتا رہے گا۔ زیر نظر دورانیے میں بین الاقوامی سطح پر کولے کی قیمتوں میں اضافے کے ساتھ ساتھ بجلی کے نرخ میں مستقل اضافہ ہونے کی وجہ سے پیداواری لاگت میں بھی دباؤ بڑھتا رہے گا۔ پانچ میگا واٹ (5MW) کے سولر پاور پلانٹ کا کام آخری مراحل سے گزر رہا ہے، اور توقع کی جاتی ہے کہ رواں مالی سال کے اختتام تک مکمل ہو جائے گا۔ سولر پاور پلانٹ لگنے کی وجہ سے امید کی جاتی ہے کہ توانائی کی لاگت کے دباؤ میں کمی واقع ہوگی۔

اظہار تشکر

ڈائریکٹر کمپنی تمام بینکوں، صارفین اور کمپنی کے ملازمین کا کمپنی کے لیے ان کی مسلسل حمایت، تعاون اور خلوص نیت سے کام کرنے پر تہہ دل سے مشکور ہیں۔

منجانب بورڈ


روحیل اجمل
ڈائریکٹر


محمد یسین فیکری
چیف ایگزیکٹو

بمقام کراچی: 28 مارچ 2021



حاصل ہونے والی آمدن نو ماہ میں کم ہو کر 285 ملین روپے رہی۔ جب کہ گزشتہ سال اسی عرصے کے دوران یہ آمدن 419 ملین روپے تھی۔ اس طرح سے آمدن میں بالترتیب 31.98 فیصد کمی ہوئی جب کہ اسی عرصے کے دوران حجم میں 27.70 فیصد کمی کی ریکارڈ کی گئی۔ زیر نظر دورانیے میں نو ماہی کے دوران برآمدات کی قیمتوں پر مسلسل دباؤ ڈالنے کے مقابلے میں روپے کی قدر میں اضافے کی وجہ سے ریکارڈ کیا گیا۔

اس سہ ماہی کے دوران کمپنی کی خالص آمدن بڑھ کر 1,359 ملین روپے رہی جو کہ گزشتہ سال اسی عرصے کے دوران 782 ملین روپے تھی۔ اس حساب سے آمدن میں 73.78 فیصد اضافہ ریکارڈ کیا گیا۔ مقامی سطح پر فروخت کی بڑھ کر 1,255 ملین روپے جبکہ گزشتہ سال اسی عرصے کے دوران مقامی فروخت کی 683 ملین روپے تھی۔ اس طرح سے اس عرصے میں فروخت کی 83.75 فیصد اضافہ جب کہ اس کے مقابلے میں حجم میں 23.59 فیصد اضافہ ہوا۔ سہ ماہی میں برآمدات سے ہونے والی آمدن بڑھ کر 104 ملین روپے جب کہ یہی آمدن گزشتہ سال اسی عرصے کے دوران 99 ملین روپے رہی۔ لہذا آمدن میں 5.05 فیصد اضافہ جب کہ حجم میں 4.77 فیصد اضافہ ریکارڈ کیا گیا۔

لاگت برائے فروخت کی نو ماہ میں 9.35 فیصد اضافہ ہوا جس کی وجہ سے لاگت برائے نو ماہ بڑھ کر 3,485 ملین روپے رہی جو کہ گزشتہ سال اسی عرصے کے دوران 3,187 ملین روپے تھی۔ حالانکہ اسی عرصے کے دوران فروخت کی کمی میں 14.07 فیصد اضافہ ریکارڈ کیا گیا۔ لاگت میں اضافے کی بنیادی وجہ تیل اور بجلی کی قیمتوں میں اضافہ ہے۔ اس عرصے کے دوران بجلی کی قیمتوں میں مستقل اضافہ ہوتا رہا جس کی بنیادی وجہ حکومت کی جانب سے متعدد سرچارجز کا نفاذ ہے۔ زیر نظر دورانیے کے دوران بین الاقوامی منڈی میں کوئلے کی قیمتیں پہلے شش ماہی کے دوران مستحکم رہیں جب کہ اس سہ ماہی کے دوران کوئلے کی قیمتوں میں اضافہ ریکارڈ کیا گیا۔ تیل اور ڈیزل کی قیمتوں میں اضافے کی وجہ سے پیکنگ اور خام مال کی قیمتوں میں اضافہ ہوا۔

مقامی سطح پر قیمتوں اور فروخت کی کمی میں اضافے کی وجہ سے اس نو ماہی کے دوران کمپنی کا خام منافع 206 ملین روپے اور سہ ماہی کے دوران خام منافع 111 ملین روپے رہا جب کہ گزشتہ سال نو ماہ اور سہ ماہی میں خام نقصان بالترتیب 490 ملین روپے اور 296 ملین روپے تھا۔

دیگر اخراجات میں پچھلے سال کے اسی عرصوں کے دوران ہونے والے اخراجات کے مقابلے میں کمی ہوئی جس کی بنیادی وجہ اختتامیہ کی جانب سے لاگت میں کمی کے لیے کیے جانے والے اقدامات ہیں۔ مالیاتی لاگت میں اضافے کی وجہ بینکوں سے زیادہ قرضے لیے جانا ہے۔

نو ماہی میں کمپنی کو ادائیگی ٹیکس سے پہلے 49 ملین روپے کا نقصان ہوا جو کہ گزشتہ سال اسی عرصے میں 734 ملین روپے کا نقصان ہوا تھا۔ سہ ماہی کے دوران کمپنی نے ادائیگی ٹیکس سے پہلے 20 ملین روپے کا منافع کمایا۔ جو کہ گزشتہ سال اس سہ ماہی کے دوران 379 ملین روپے کا نقصان حاصل کیا تھا۔

نو ماہی میں کمپنی کو ادائیگی ٹیکس کے بعد 45 ملین روپے کا نقصان ہوا جب کہ موجودہ سہ ماہی میں 15 ملین روپے کا منافع حاصل ہوا۔ جبکہ گزشتہ سال اسی عرصے کے دوران بالترتیب 611 ملین روپے اور 311 ملین روپے کا نقصان ہوا تھا۔

نو ماہی میں نقصان فی حصص 0.89 روپے رہا۔ جبکہ گزشتہ سال اسی عرصے کے دوران نقصان فی حصص 12.18 روپے تھا۔ جب کہ سہ ماہی میں کمپنی کی آمدن فی حصص 0.30 روپے رہی جو کہ گزشتہ سال اسی عرصے کے دوران نقصان فی حصص 6.21 روپے تھا۔

نٹوں میں	سہ ماہی (مارچ 31)		نوماہی (مارچ 31)	
	2020	2021	2020	2021
تفصیلات				
پیداوار				
کلنکر	168,651	175,213	474,284	543,973
سیمنٹ	160,280	192,551	493,112	562,169
ترسیل				
مقامی	140,962	174,218	420,377	508,655
برآمدات	17,800	18,650	69,678	50,376
مجموعی	158,762	192,868	490,055	559,031

زیر نظر دورانیے میں اس سہ ماہی میں کلنکر اور سیمنٹ کی پیداوار میں 3.89 فیصد اور 20.13 فیصد کا اضافہ بالترتیب ریکارڈ کیا گیا۔ جبکہ نومبر میں کلنکر کی پیداوار میں 14.69 فیصد اضافہ اور سیمنٹ کی پیداوار میں 14 فیصد کا اضافہ ریکارڈ کیا گیا۔

کپنی کی جانب سے نومبر میں سیمنٹ کی فروختگی میں 14.07 فیصد کا اضافہ ہوا۔ جس میں مقامی فروختگی کے مجموعی حجم میں زیر نظر دورانیے کے دوران نومبر میں 21 فیصد کا اضافہ جب کہ برآمدات میں 27.70 فیصد کی کمی ریکارڈ کی گئی۔ جبکہ اس سہ ماہی میں مجموعی فروختگی میں 21.48 فیصد کا اضافہ ہوا جس میں مقامی فروختگی میں 23.59 فی صد کا اضافہ جب کہ برآمدات میں 4.77 فیصد کا اضافہ ہوا۔

مالیاتی نتائج

زیر نظر دورانیے کے دوران کپنی کی خالص مجموعی فروختگی بڑھ کر 3,691 ملین روپے رہی۔ جبکہ گزشتہ سال اسی عرصے کے دوران مجموعی فروختگی سے حاصل ہونے والی آمدن 2,697 ملین روپے تھی۔ اس لحاظ سے آمدن میں 36.85 فیصد کا اضافہ جب کہ حجم میں 14.07 فیصد کا اضافہ ریکارڈ کیا گیا۔

زیر نظر دورانیے میں نوماہی کے دوران مقامی سطح پر خالص مجموعی فروختگی سے حاصل ہونے والی آمدن 3,406 ملین روپے رہی جبکہ گزشتہ سال اسی عرصے کے دوران ہونے والی آمدن 2,272 ملین روپے تھی۔ اس طرح سے فروختگی سے ہونے والی آمدن میں 49.91 فیصد کا اضافہ جب کہ اس کے مقابلے میں حجم میں 21 فیصد کا اضافہ ریکارڈ کیا گیا۔ آمدن میں اضافے کی بنیادی وجہ مقامی سطح پر قیمتوں میں بہتری، حجم میں اضافہ اور حکومت کی طرف سے فیڈرل ایکسائز ڈیوٹی (FED) میں کمی تھی جو کہ دوہرا روپے فی ٹن سے کم ہو کر پندرہ سو روپے فی ٹن کر دی گئی۔ یہ بہتری عالمی وبا کے بعد معاشی سرگرمیوں میں تیزی اور حیات نو کے لیے حکومت کی طرف سے تعمیراتی شعبے کے لیے مختلف ریلیف پیکیج کے اعلان کے نتیجے میں حاصل ہوئی۔ برآمدات سے



آپ کی کمپنی کے ڈائریکٹرز کمپنی کی کارکردگی کا جائزہ بمعہ غیر آڈٹ شدہ مالیاتی دستاویزات بابت سہ ماہی اور نو ماہی 31 مارچ 2021 آپ کی خدمت میں پیش کر رہے ہیں۔

جائزہ

موجودہ مالیاتی سال 30 جون 2021ء کے نو ماہ میں سینٹ کی صنعت میں مجموعی فروختگی 43.33 ملین ٹن کے اعتبار سے مجموعی طور پر مال کی رواںگی میں 16.98 فیصد کی شرح کا اضافہ ریکارڈ کی گئی جبکہ گزشتہ سال اسی عرصے کے دوران مجموعی فروختگی کا حجم 37.04 ملین ٹن تھا۔ اس سہ ماہی کے دوران 19.63 فیصد اضافے کے ساتھ مجموعی فروختگی کا حجم 14.69 ملین ٹن ریکارڈ کیا گیا۔ جبکہ گزشتہ سال اسی عرصے کے دوران مجموعی فروختگی کا حجم 12.28 ملین ٹن تھا۔

مقامی سطح پر صنعت میں نو ماہ اور سہ ماہی کے دوران فروختگی کا حجم بالترتیب 36.18 ملین ٹن، اور 12.57 ملین ٹن رہا۔ جبکہ گزشتہ سال اسی عرصے کے دوران مقامی فروختگی کا حجم بالترتیب 30.59 ملین ٹن، اور 10.21 ملین ٹن تھا۔ اس اعتبار سے مقامی سطح پر صنعت کی فروختگی کے حجم میں بالترتیب 18.27 فیصد اور 23.11 فیصد کا اضافہ ریکارڈ کیا گیا۔ اس کے برعکس برآمدات کی مد میں صنعت کی سطح پر فروختگی کا مجموعی حجم نو ماہ اور سہ ماہی کے دوران 7.15 اور 2.13 ملین ٹن رہا۔ جبکہ گزشتہ سال اسی عرصے کے دوران برآمدات کی مد میں فروختگی کا یہ حجم بالترتیب 6.45 اور 2.07 ملین ٹن تھا۔ جس کے اعتبار سے نو ماہ اور سہ ماہی کے دوران فروختگی کے حجم میں بالترتیب 10.87 فیصد اور 2.90 فیصد کا اضافہ ریکارڈ کیا گیا۔

دوران نو ماہی شمال میں واقع فیکٹریوں کی مجموعی فروختگی 32.54 ملین ٹن رہی جس میں مقامی سطح پر فروختگی 30.63 ملین ٹن اور برآمدات 1.91 ملین ٹن ریکارڈ کی گئی۔ مجموعی طور پر شمال میں واقع فیکٹریوں کی فروختگی میں 16.52 فیصد کا اضافہ ریکارڈ کیا گیا۔ جس میں سے مقامی سطح پر فروختگی میں 17.75 فیصد اضافہ اور برآمدات میں 0.21 فیصد کی کمی دیکھی گئی۔

کارکردگی بر مبنی کاروباری افعال

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



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