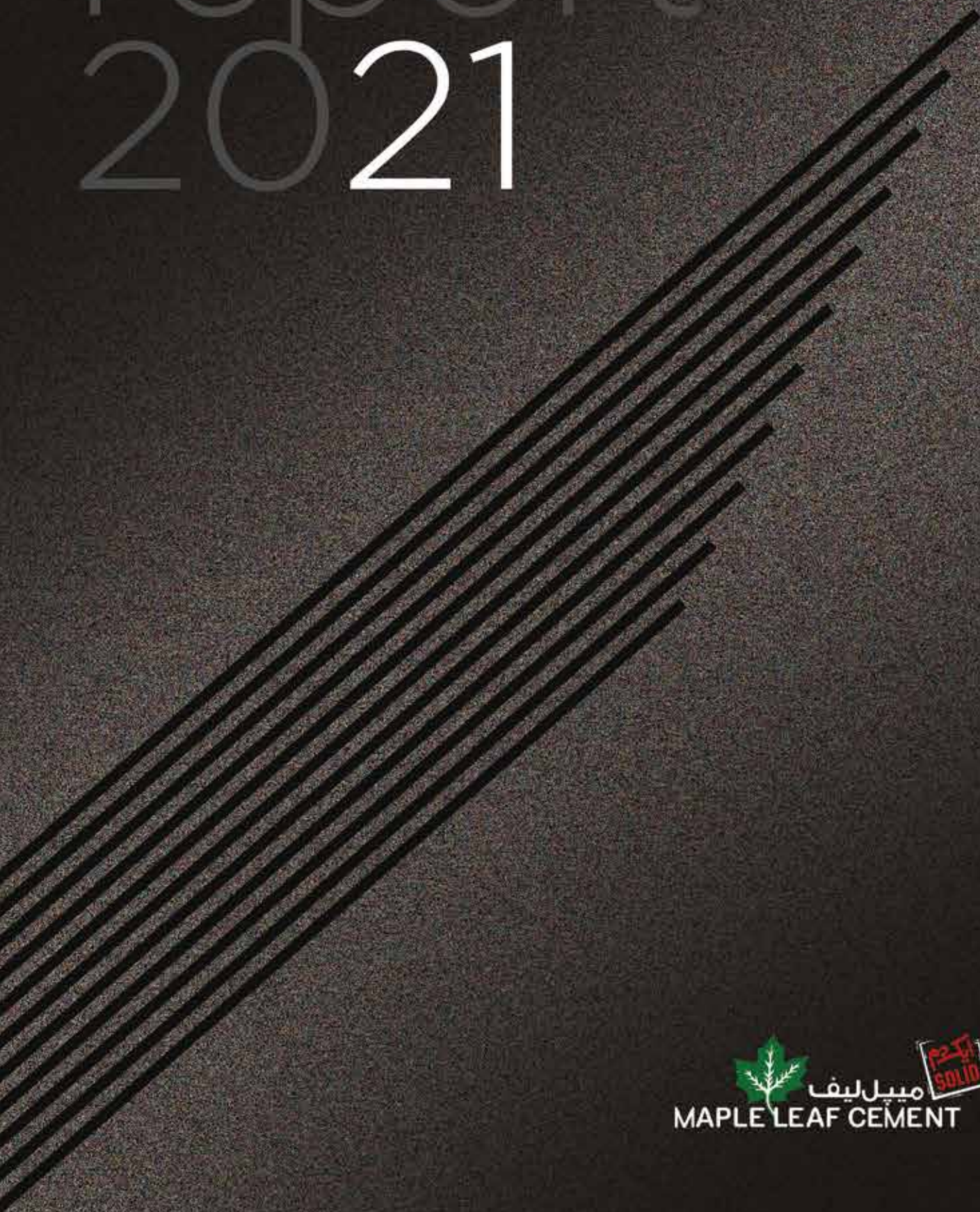


# annual report 2021





At Maple Leaf we connect black as a colour of creativity, it's poetic. As a leader we must be creative and encourage the creativity and innovation of our team members too. Nothing is purer than something completely black-a blanket of spirituality comes to mind. Maple Leaf Cement sees the world in situational shades of black rather than as a completely black and white world.

When things are in black, there is a finality and a commitment to us. As a leader our intentions must be pure, our ethics must be in check, and we must be as transparent to others in our thoughts and actions as possible. As leaders we are committed, hold firm to commitments and lead from that foundation. That commitment level makes things clearer for us from darkness.

Therefore easier for us to lead and more consistent for others resulting black consciousness which is an attitude of the mind and a way of life, the most positive call to emanate from the new corporate world because stars can't shine without darkness.



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# ABOUT THE REPORT

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Maple Leaf Cement Factory Limited (MLCFL) corporate Annual Report 2021 covers the period from 1st July 2020 to 30th June 2021. All the activities and performance related data is related to MLCFL and its wholly owned subsidiary Maple Leaf Power Limited (MLPL) and does not include any information or data related to its holding and/or associated companies unless where required by legal and corporate regulations.

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The Annual Report has been prepared to first give an introduction and overview about the principal activities of the business. It then underlines the risk management framework of the company and then goes to explain the governance structure, their performance and future strategies of the organization which contains the directors report to the shareholders and the chairman's review. Performance and future outlook are divided into economic, social and environmental categories. Both the financial and non-financial performance is covered in this Report. While the economic, environmental and social data presented in this report is with reference to activities and operations at Maple Leaf Cement Factory Limited. Along with operational impacts, the Annual Report also covers the company's aim of aligning its processes and activities with Sustainability Development Goals (SDGs) and highlight the Company's current contributions towards each goal. Company also explains its responsibility and performance related to corporate social responsibility. The report concludes with the audited financial statements of the company along with the auditor's Report, prepared in accordance with the accounting and reporting standards as applicable in Pakistan.

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The Annual Report has been prepared in compliance of provisions and directives of Companies Act, 2017 and Code of Corporate Governance Regulations, 2019. Auditor's report of compliance with Code of Corporate Governance also falls part of this report. There has been no change in the reporting period, boundary and scope of the Report.

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This Annual Report is available in both print and online form at [www.kmlg.com](http://www.kmlg.com)

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Your feedback is of great value to the Company. Any queries, grievances or general information can be promptly addressed by our 24/7 call center number: **0800-41111**

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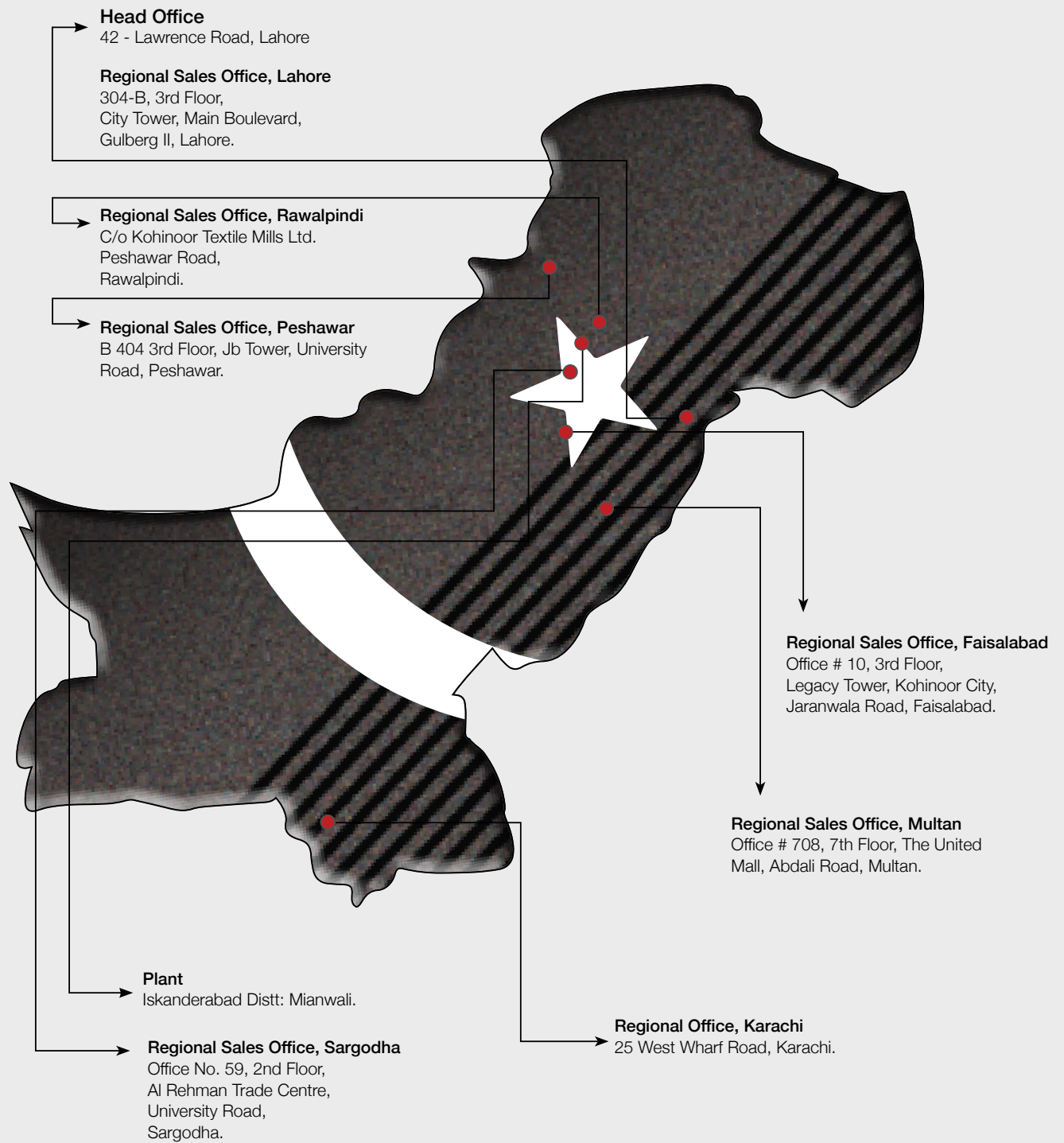
# 2021 YEAR AT A GLANCE

## (CONSOLIDATED)



■ Data represents long term trend including financial years

# GEOGRAPHICAL PRESENCE





## PRINCIPAL BUSINESS ACTIVITIES

---

Maple Leaf Cement Factory Limited (MLCFL) is part of the Kohinoor Maple Leaf Group which is a reputable manufacturer of textile and cement in Pakistan. Maple Leaf Cement is the largest single cement production site in Pakistan. It is one of the pioneers of cement industry in Pakistan and in 1956 it was formed by the collaboration between the West Pakistan Industrial Development Corporation and the Government of Canada. Currently, the Company operates via three production lines for the production of grey cement and one line for white cement in which it owns more than 90% market share. All four lines are owned assets of the Company. Total installed capacity for clinker production is 5,585,342 tons annually.

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

## LEADING EDGE INNOVATIVE INITIATIVES

---

Today with a current clinker production capacity of 19,000 tons, per day we stand as the largest single cement manufacturing unit at single site in Pakistan. Our production plants are powered by cutting edge technology that helps us dominate local & International markets.

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

We have kept ourselves abreast of global improvements in the cement manufacturing technologies and processes. Staying true to our mantra of technological excellence, another state of the art fuel-efficient dry process plant based on the FLSmidth technology has been added to the existing production facilities. The Company enhanced the total clinker production capacity to approximately 5.70 million tons annually.

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

MLCFL has a team of almost 1,500 professionals and highly skilled workers that make us what we are today. The Company enriches and nurtures its employees by capitalizing and promoting their independent individuality, personality and competence to reach greater heights of logic, reasoning, professionalism and emotional grooming. Active Management Trainee Officer, trainee and internship programs and employing fresh graduates are all insightful initiatives taken by the Company to fully grasp and appreciate their fresh ideas and perspective towards key business issues for an overall innovative outcome.

## NATURALLY ENRICHED

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

# OUR PRODUCTS AND MARKETS

## OUR PRODUCTS

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

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

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

## OUR MARKETS

Our key market consists of all the regions of Pakistan which contributed 93.5% of our total sales volume during current financial year. We operate in local market through direct orders, distributors, dealers

and retailers. Our products are considered to be a premium brand and first choice by our customers. Our Export team consists of seasoned and competent personnel who are persistently exploring new markets and avenues to bolster sales margins. Having a global footprint is imperative if a Company seeks to grow to its utmost potential. Despite facing massive competition in the international arena from technologically advanced nations, the Company persevered and contracted favourable export deals in various markets. During the year, export sales quantity constituted 6.5% of total sales. The Company sold its products to the following countries:

- Afghanistan
- Madagascar
- Mozambique
- Oman
- Qatar
- Seychelles
- Sri Lanka
- Tanzania



# COMPANY INFORMATION

## Board of Directors

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

## Executive Directors

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

## Audit Committee

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

## Human Resource & Remuneration Committee

Mr. Shafiq Ahmed Khan .....Chairman  
Mr. Zulfikar Monnoo .....Member  
Mr. Danial Taufique Saigol .....Member

## Chief Financial Officer

Syed Mohsin Raza Naqvi

## Company Secretary

Mr. Muhammad Ashraf

## Chief Internal Auditor

Mr. Zeeshan Malik Bhutta

## Bankers of the Company

Allied Bank Limited  
Askari Bank Limited  
Bank Alfalah Limited  
Bank Al-Habib Limited  
BankIslami Pakistan Limited  
Albaraka Bank (Pakistan) Limited  
Dubai Islamic Bank Limited  
Faysal Bank Limited  
FINCA Microfinance Bank Limited  
Habib Bank Limited  
Habib Metropolitan Bank Limited  
MCB Bank Limited  
MCB Islamic Bank Limited  
Meezan Bank Limited  
National Bank of Pakistan

PAIR Investment Company Limited  
Samba Bank Limited  
Silk Bank Limited  
Soneri Bank Limited  
Standard Chartered Bank (Pakistan) Limited  
Summit Bank Limited  
The Bank of Punjab  
U Microfinance Bank Limited  
United Bank Limited

## Auditors

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

## Legal Adviser

Mr. Abdul Rehman Qureshi - Advocate High Court

## Registered Office

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

## Factory

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

## Call Center (24/7)

0800-41111

## Share Registrar

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

## Company Website:

[www.kmlg.com](http://www.kmlg.com)

## Note:

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

**Video presentation of CEO detailing financial performance of the Company is also available on the above website.**

# VISION STATEMENT

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





# MISSION STATEMENT

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



# CORE VALUES

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



## CROSS FUNCTIONALITY

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

## COLLECTIVE WISDOM

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

## CREATIVE THOUGHT PROCESS

Out of the box ideas.

## EMPATHY

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

## INTEGRITY

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

# CORPORATE STRATEGY

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

## CULTURE

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









# CODE OF BUSINESS CONDUCT AND ETHICAL PRINCIPLES

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

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

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

## ETHICAL PRINCIPLES

---

1. Directors and employees are expected not to engage in any activity which can cause conflict between their personal interest and the interest of the Company such as interest in an organization supplying goods/ services to the company or purchasing its products. In case a relationship with such an organization exists, the same must be disclosed to the Management.
2. Dealings with third parties which include Government officials, suppliers, buyers, agents and consultants must always ensure that the integrity and reputation of the Company is not in any way compromised.
3. Directors and employees are not allowed to accept any favours or kickbacks from any organization dealing with the Company.
4. Directors and employees are not permitted to divulge any confidential information relating to the Company to any unauthorized person. Nor should they, while communicating publicly on matters that involve Company business, presume to speak for the Company unless they are certain that the views they express are those of the Company and it is the Company's desire that such views be publicly disseminated.
5. All employees share a responsibility for the Company's good public relations particularly at the community level. Their readiness to help with religious, charitable, educational and civic activities is accordingly encouraged provided it does not create an obligation that interferes with their commitment to the Company's best interests.
6. The Company has strong commitment to the health and safety of its employees and preservation of environment and the Company will persevere towards achieving continuous improvement of its Health, Safety and Environment (HSE) by reducing potential hazards, preventing pollution and improving awareness. Employees are required to operate the Company's facilities and processes keeping this commitment in view.
7. Commitment and team work are key elements to ensure that the Company's work is carried out effectively and efficiently. Also all employees will be equally respected and actions such as sexual harassment and disparaging remarks based on gender, religion, race or ethnicity will be avoided.



# HISTORY OF MAPLE

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

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

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

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

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

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

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

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

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

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

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

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

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

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

**2011** The Company successfully started Waste Heat Recovery Boiler Plant.

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

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

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

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

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

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

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

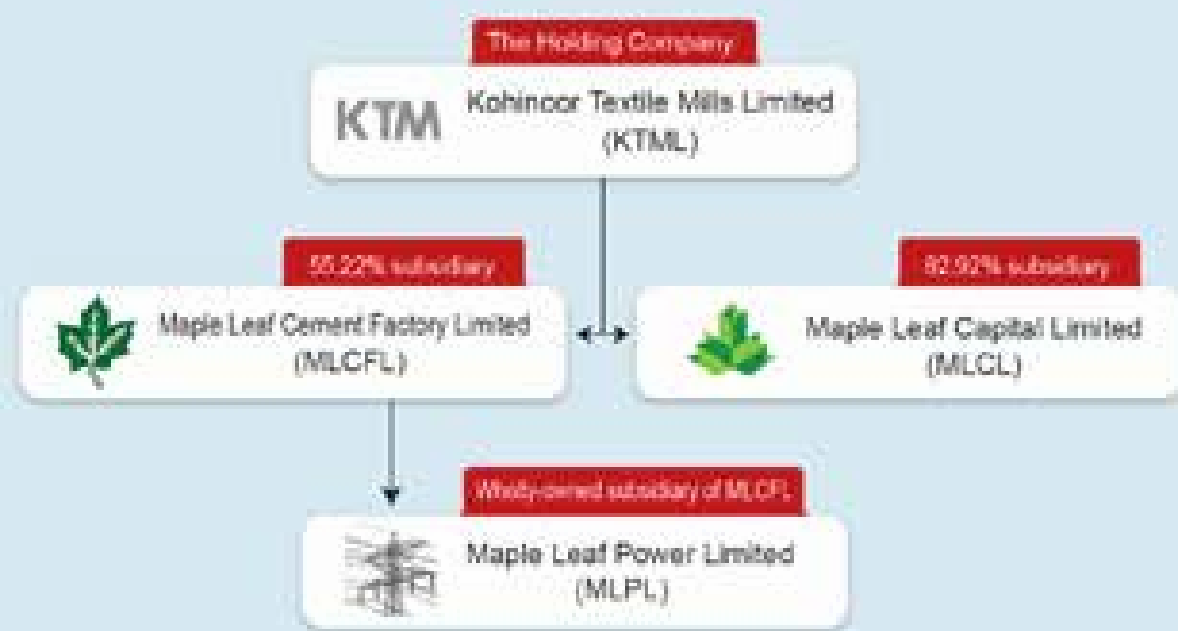
**2019** The Company has reached a new milestone of Rs.26 billion Sales Revenue. Also, a new production line having capacity of 7,300 tpd of grey clinker production, a brown field expansion at the Company’s existing site at Iskandarabad has started its commercial operations. As a result of this expansion,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

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

**2021** Commenced construction on new cement line 4 and capacity enhancement of WHRP.

# COMPANY PROFILE AND GROUP STRUCTURE

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



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

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

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

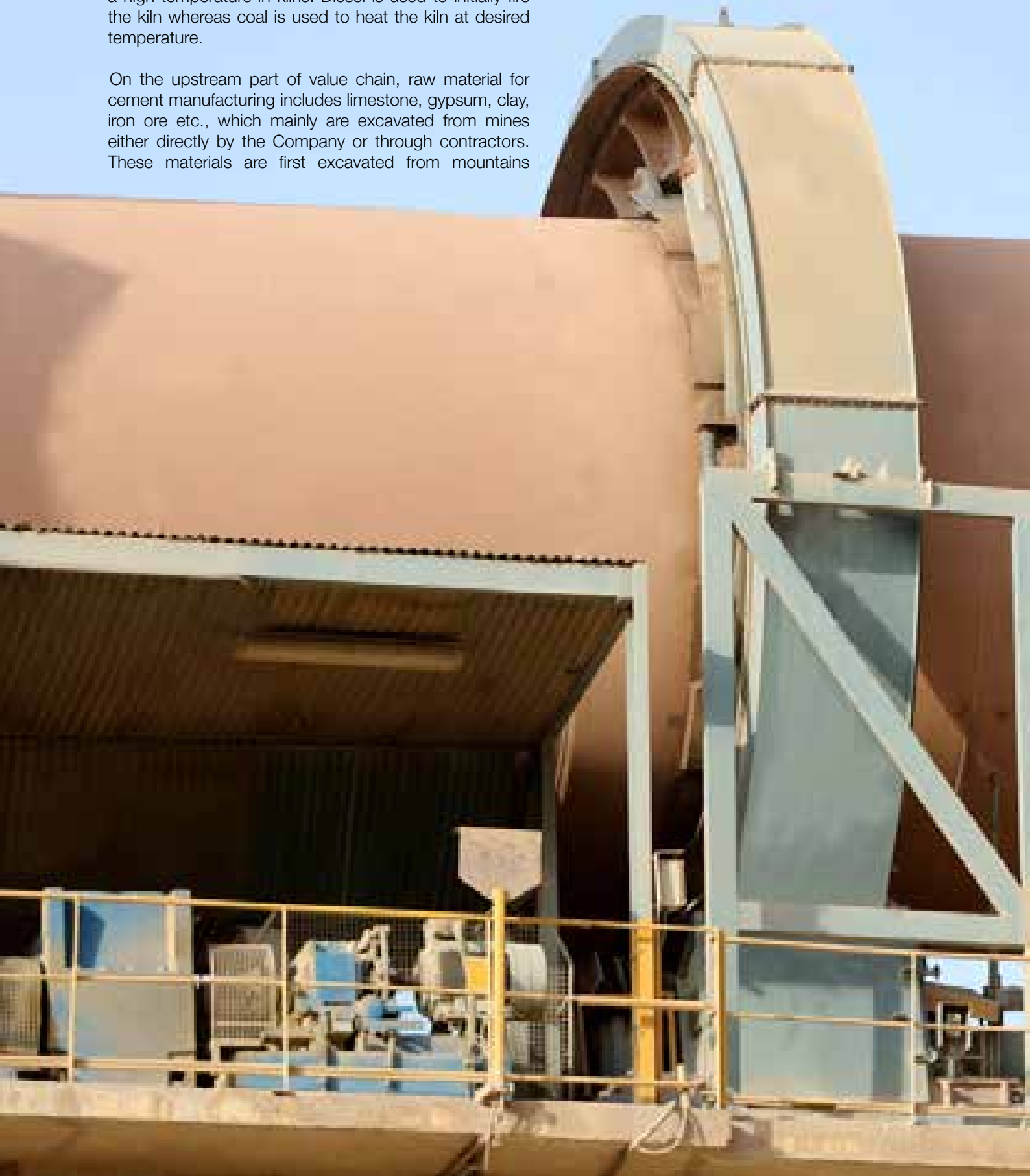
**Maple Leaf Capital Limited (MLCL)** was incorporated in Pakistan on 25 April 2014 under the Companies Ordinance 1984 (now the Companies Act, 2017) as a public company limited by shares. The principal object of MLCL is to buy, sell, hold or otherwise acquire or invest its capital in any sort of financial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



# VALUE CHAIN ANALYSIS

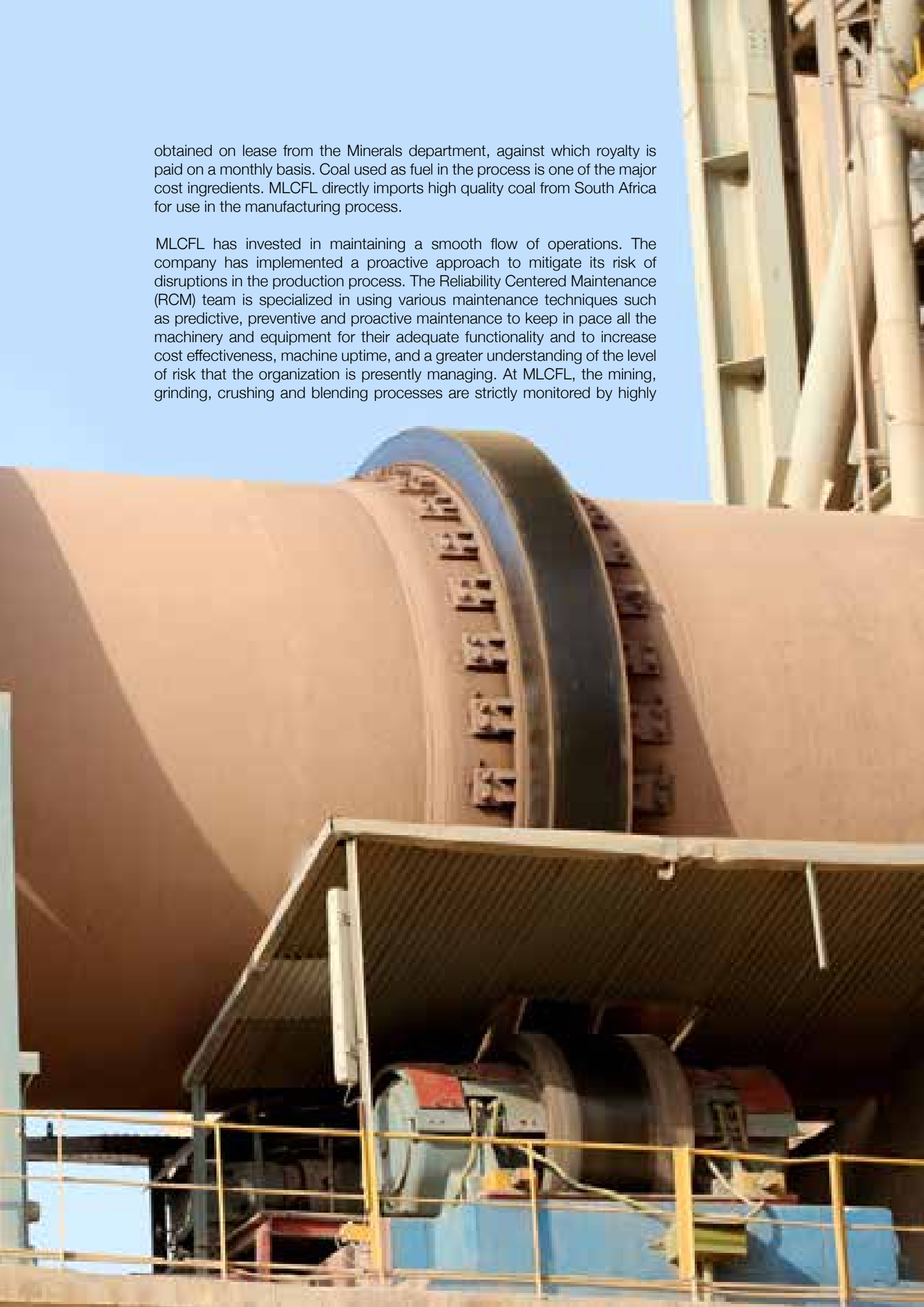
MLCFL principal business activity is to produce and sell cement products. Manufacturing cement involves blending a mixture of limestone and other minerals at a high temperature in kilns. Diesel is used to initially fire the kiln whereas coal is used to heat the kiln at desired temperature.

On the upstream part of value chain, raw material for cement manufacturing includes limestone, gypsum, clay, iron ore etc., which mainly are excavated from mines either directly by the Company or through contractors. These materials are first excavated from mountains



obtained on lease from the Minerals department, against which royalty is paid on a monthly basis. Coal used as fuel in the process is one of the major cost ingredients. MLCFL directly imports high quality coal from South Africa for use in the manufacturing process.

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



qualified specialists, to ensure that the best possible product is manufactured for our valued customer.

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

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

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



# COMPETITIVE LANDSCAPE AND MARKET POSITIONING

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

## THREAT OF NEW COMPETITION

---

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

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

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

## THREAT FROM SUBSTITUTE PRODUCTS

---

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

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

## BARGAINING POWER OF CUSTOMERS

---

Generally, cement in Pakistan is not directly sold to end consumers. The manufacturing company sells the product to registered distributors, dealers and retailers who further the supply to the end consumers. MLCFL endeavours to add more dealers to its customer base with whom the Company enjoys a healthy, mutually beneficial relationship based on trust and honouring of business terms.

The Company has established a 24/7 call center to stay in touch with all its stakeholders. All the queries, order inquiries and grievances (if any) are addressed on real-time basis. Furthermore, the Company has

employed a marketing and branding team which organizes events and makes real time visits to its dealers to further strengthen the bond of loyalty and inspire unity.

## BARGAINING POWER OF SUPPLIERS

---

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

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

## INTENSITY OF COMPETITIVE RIVALRY

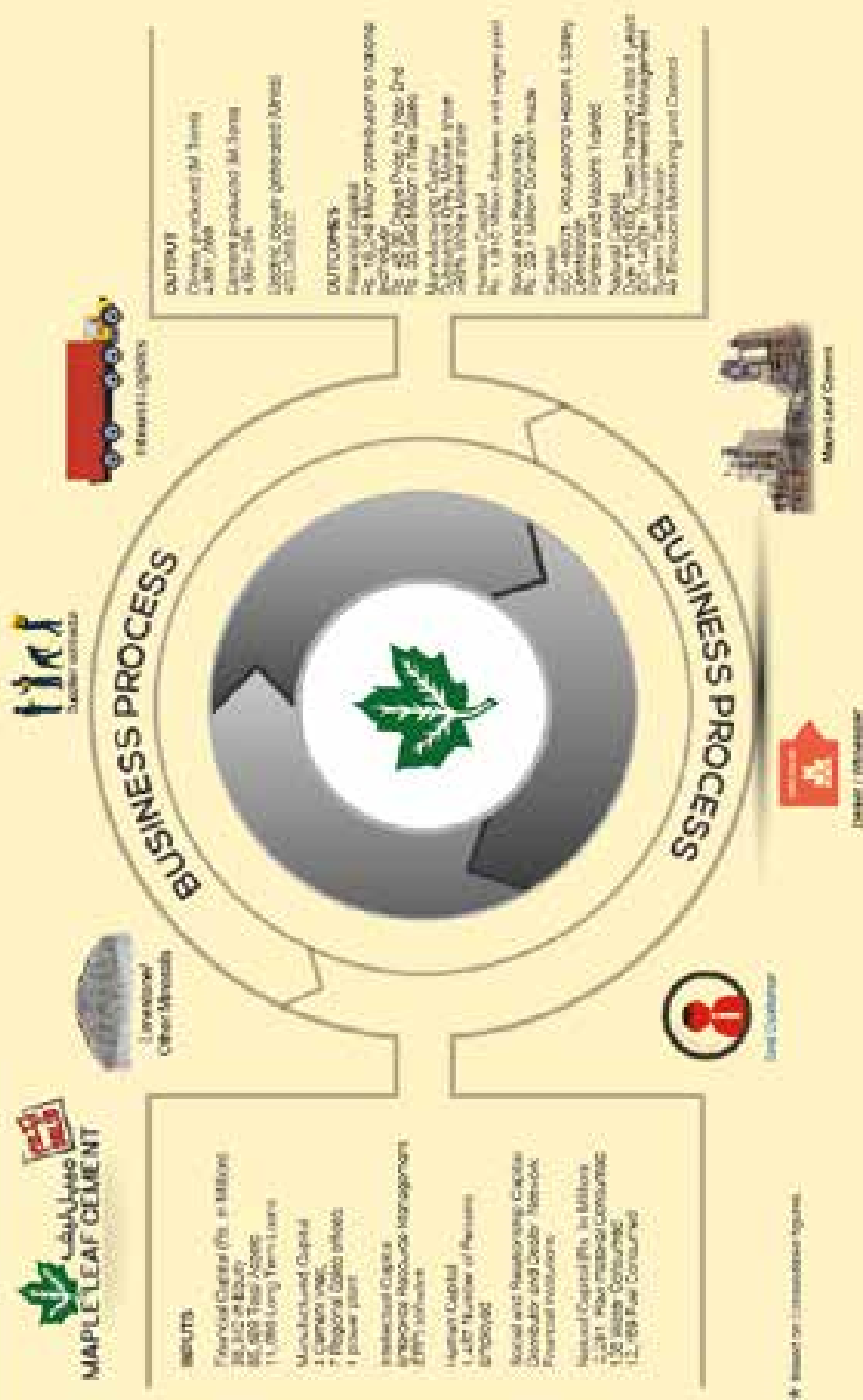
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Competitive forces are fairly strong in the cement sector which consists of rival companies aggressively competing with one another on price and market share. The cement companies are geographically situated all over in Pakistan that results in intensified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

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

# BUSINESS MODEL

Maple Leaf is a Public Listed Company engaged in the manufacture of Cement. The Company aims to maximize shareholder value by adopting a unique marketing mix strategy which offers superior quality products at competitive prices through our vast distribution network at an international level. Through smart and efficient Marketing, the Company supplies its hold in a highly competitive market to certify that Maple Leaf is a renowned, symbol of trust and ethical integrity. Management thoroughly monitors its efforts to measure and predict desired of change to design innovative, emergent strategies to better dispose potential opportunities and mitigate business risk.





## KEY ELEMENTS OF THE BUSINESS MODEL

Capitals	Key Elements
Input	Raw material ( Limestone, Gypsum, Clay)
Business Process	Manufacture of Cement Products
Output	Clinker and Cement Produced
Outcome	Economic and Social Benefits

## SIGNIFICANT FACTORS EFFECTING EXTERNAL ENVIRONMENT AND MLCFL'S RESPONSE

External Component	Factors	Organizational Response
Political	<ul style="list-style-type: none"> <li>• The decline in GDP growth, significant cut in PSDP and bleak economic situation.</li> <li>• Prolonged political unrest badly impacting the performance of Pakistan Stock Exchange (PSX).</li> </ul>	<ul style="list-style-type: none"> <li>• Management proactively plans for different demand scenarios with the help of budgeting, forecasts and projections.</li> <li>• Exploring new export markets to efficiently utilize production capacities in response to reduction in sales volumetric growth in local market.</li> <li>• Regular market analysis by senior management and the board.</li> <li>• Conducting corporate briefings and roadshows, both at national and international level, to mitigate the impact of government policies and actions on the market capitalization of the company. It further helped increase and sustain foreign shareholding in the total capital structure of the company.</li> </ul>
Economical	<ul style="list-style-type: none"> <li>• Price hike in major input costs especially fuel, power and packing materials.</li> <li>• Devaluation of local currency.</li> <li>• Inflation.</li> <li>• Inconsistent economic policy</li> </ul>	<ul style="list-style-type: none"> <li>• Commencement of commercial production of coal fired power project has resulted in a handsome decline in the overall power cost pool, which led to a reduction in per ton power cost.</li> <li>• The Company met price hikes in input costs by;               <ol style="list-style-type: none"> <li>a) Efficient procurement of coal and pet coke on account of better negotiation.</li> <li>b) Transportation cost, being a major component of overall overhead cost, is curtailed by transportation agreement with Pakistan Railways.</li> <li>c) Effective inventory management by meticulously reviewing inventory-holding periods.</li> <li>d) Cost reduction initiatives to control production and non -production related fixed costs.</li> </ol> </li> </ul>

External Component	Factors	Organizational Response
Social	<ul style="list-style-type: none"> <li>Stakeholders' inclination towards CSR compliant organizations.</li> <li>Better retention in organizations offering affordable health and educational facilities.</li> <li>Attitude change towards welfare of public at large.</li> </ul>	<ul style="list-style-type: none"> <li>Ensuring compliance with all requirements of Corporate Social Responsibility (CSR).</li> <li>The Company's focus to report performance based on Triple Bottom Line Reporting Framework.</li> <li>The Company has built a state of the art hospital at its plant site in collaboration with Al-Shifa Islamabad to provide health facilities to employees and general public. Furthermore, the Company has contributed to educational facilities for public at large "Al Aleem medical college in Ghulab Devi Educational Complex.</li> <li>The Company regularly contributes a handsome amount of donation towards hospitals, schools, mosques and sports centers.</li> </ul>
Technological	<ul style="list-style-type: none"> <li>Technical obsolescence of production facilities.</li> <li>Continuous development of information technology infrastructures and Management Information Systems (MIS) software.</li> <li>Communication infrastructure.</li> </ul>	<ul style="list-style-type: none"> <li>The Company has the most novel European plant from FLSmidth to avoid any risk of technical obsolescence. Additionally, company has added a new grey cement line from the same vendor.</li> <li>The Company continuously invests in the robust hardware and software for system up-gradation and MIS. The Company has managed ERP and EAM modules for meeting latest reporting needs.</li> <li>The Company has developed a highly interactive Supply Chain Management Software that has been designed to track shipments and create online orders.</li> <li>The Company has ensured the provision of latest Microsoft Outlook software to meet communication needs of all company personnel internally and with all external stakeholder groups.</li> </ul>

External Component	Factors	Organizational Response
Environmental	<ul style="list-style-type: none"> <li>• Attitude towards and support for renewable energy.</li> <li>• Air pollution &amp; deforestation</li> <li>• Lowering of underground water belt.</li> <li>• Growing attention towards “green” attitudes</li> <li>• Global pandemic e.g. Covid-19</li> </ul>	<ul style="list-style-type: none"> <li>• Company is successfully operating waste heat recovery project (WHRP) for electricity generation from emitted heat of the kilns.</li> <li>• Planting trees to limit the emission of harmful gases in the atmosphere and to ensure maintenance and lifting up the underground water level by reducing the evaporation process.</li> <li>• The company has been approved the standards of ISO 14001 and ISO 18001 for complying with an effective Environmental Management System (EMS) and Occupational Health and Safety Assessment Series (OHSAS) requirements.</li> <li>• The Company has responded to the global pandemic e.g. Covid-19 by thoroughly following all the SOPs and guidelines as advised by World Health Organization (WHO) and the Government of Pakistan. The Company's operations have been continued during pandemic while keeping the employees' health &amp; safety as first priority.</li> </ul>
Legal	<ul style="list-style-type: none"> <li>• Enforcement of new Companies Act 2017.</li> <li>• Continuous amendment in the provisions of Income Tax Ordinance 2001 and Sales Tax Act 1990 resulting from finance bill on annual basis.</li> <li>• Amendments in the requirements of code of corporate governance, Pakistan Stock Exchange rules and the requirements of SECP Act.</li> <li>• Severe FBR actions to deter non-compliance and late payments.</li> <li>• Amendments in employment laws and industrial relations regulations.</li> </ul>	<ul style="list-style-type: none"> <li>• Company has engaged an efficient team of professionals to ensure compliance with all enacted and or substantially enacted statutes, acts and ordinances. It further equips the company with an up to date knowledge of all prevailing legal requirements.</li> <li>• Company ensures that all taxes and duties payments, whether income tax or sales tax, are made timely by having an effective cash management system in place.</li> <li>• The company has equipped itself with a competent legal team to make itself updated on employment and industrial laws. It further helps the management in complying with requisite updates on timely basis.</li> </ul>

### EFFECT OF SEASONALITY ON BUSINESS

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

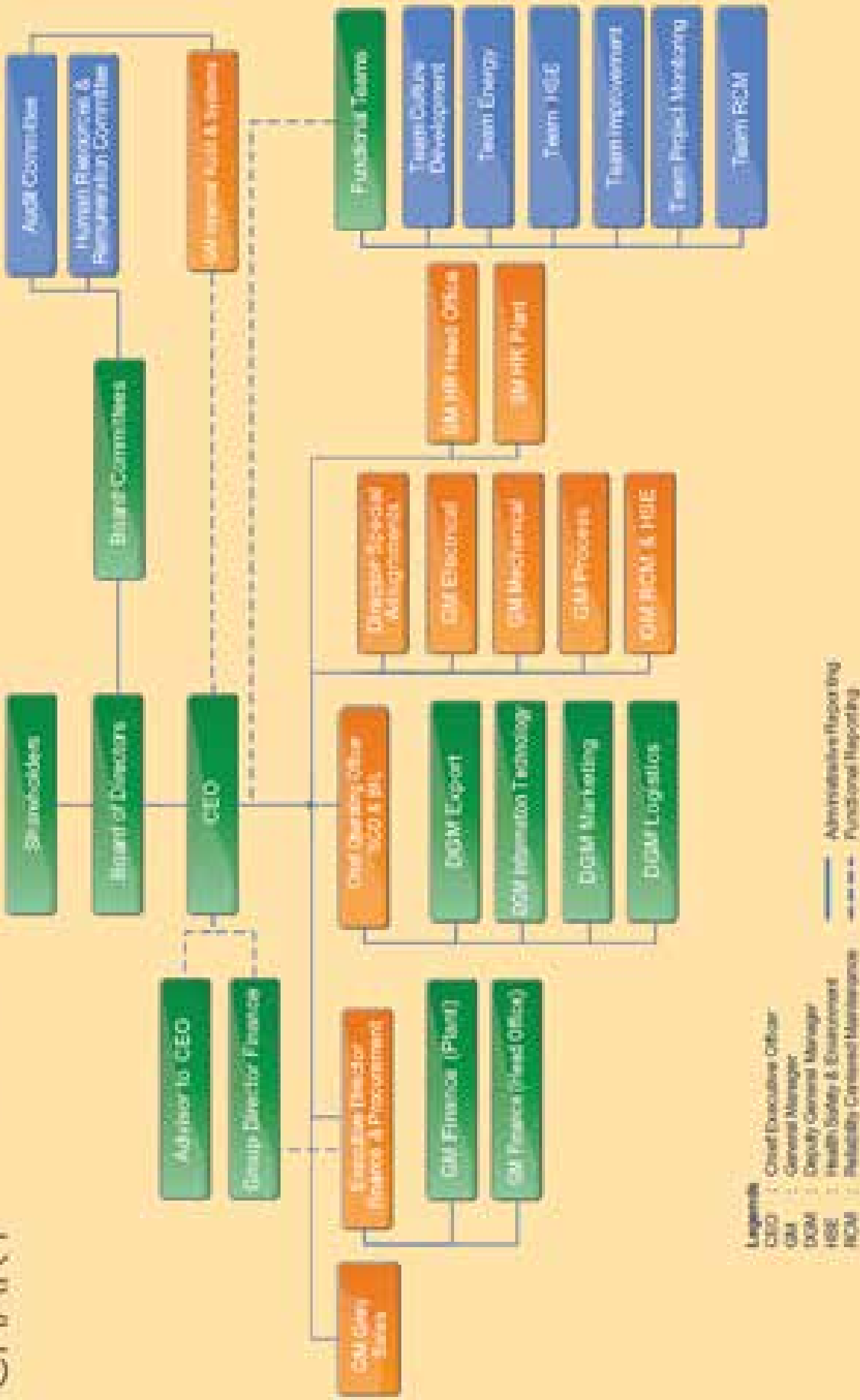
### SIGNIFICANT CHANGES FROM PRIOR YEARS

The external environment is constantly changing

such as low spending of government on PSDP during the year, constant rise in inflation, increase in construction activities, strict monitoring and regulation by the Government on certain industrial sectors and the global economic impact of COVID 19 pandemic. Global coal and oil prices remained stable for the first 3 quarters, however, the last quarter witnessed prices on a rising trajectory.



# ORGANIZATION CHART



# STATEMENT OF OVERALL STRATEGIC OBJECTIVES 2021-2022

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

## SHORT TERM OBJECTIVES

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

## MEDIUM TERM OBJECTIVES

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

## LONG TERM OBJECTIVES

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

# MANAGEMENT'S OBJECTIVES AND STRATEGIES

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

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

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

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

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

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

# ALLOCATION PLAN OF ENTITY'S SIGNIFICANT RESOURCES

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

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## HUMAN RESOURCES

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

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## FINANCIAL CAPITAL MANAGEMENT

The Management of the Company has breadth of experience and knowledge of best practices in liquidity management pertaining to policies, processes, regulatory constraints, tax considerations and liquidity management system. The Company steadfastly navigates through challenging obstacles by putting in the utmost effort to manage its working capital requirements through fruitful fixed cost reducing techniques. Capital structure mainly consists of ordinary share capital and long term/ short term debts. Management believes that there is no inadequacy in capital structure in the status quo. MLCF maintained its credit rating with long term rating of A and short term rating of A-1, indicating high credit worthiness and the Company's ability to settle its financial obligations in a timely manner.

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## STRATEGY TO OVERCOME LIQUIDITY RISK

The Company is highly proficient to manage liquidity risk and in order to cope with it, MLCFL invests only in highly liquid resources to mitigate the risk. Efficient utilization of available resources, better control over production overheads and better retention resulted in increased cash generation from operations and recovery of losses of previous year. The company continues with its plan to utilize the cash generated from operations for repayment of its debt and borrowings on a timely basis, which will result in the reduction of financial cost and resultantly, net profit of the Company will be increased. The Company's liquidity situation has drastically improved as compared to prior year with a reduced operating cycle.

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## SIGNIFICANT CHANGES FROM PRIOR YEARS

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

## EFFECT OF TECHNOLOGICAL CHANGE, SOCIETAL ISSUES AND ENVIRONMENTAL CHALLENGES

**Technology:** It has a direct link to productivity, cost efficiency and generates overall competitive advantage. Management has always recognized adopting latest technologies as a key strategic objective and hence always invested significant resources for up-gradation and modernization of equipment resulted in availing the most modern and state of the art technology to be installed in every successive cement line and effectively automate its business processes with each consecutive year. The Company formulates its budget every year for coherent resource allocation and advancements through its CAPEX projects.

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## Societal issues and environmental challenges:

The Company is fully aware and legally compliant with its corporate social responsibility. Social and environmental issues are dealt with in accordance with sustainability goals and CSR policy. Company's overall approach to comply with these matters are reported in detail in the sustainability section of the report.

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## SIGNIFICANT PLANS AND DECISIONS DURING THE YEAR

Foreseeing the resumption of CPEC, progress in dam projects and increased demand in housing sector, existing production capacities will be absorbed in near future. To deal with future rising demand, the Company has decided to increase its production capacity and the work on construction of new production line with capacity of 7,000 tpd has been started during the year. At the close of current financial year 2020-21, the Company was operating at the debt equity mix of 26:74. The Company has adopted the strategy to utilize maximum cash profits with minimal reliance on debt.

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## PROCESS FOR MONITORING CULTURE, INTEGRITY AND ETHICAL ISSUES

In MLCF, problem solving & decision making usually takes place through cross functional forums where various departmental heads along with the management representatives take major decisions mutually keeping in view the requirements of various functions. Moreover, in order to enhance the culture and impart positive attitude among the staff members, various soft skills training & development programs are organized along with the mentoring sessions of staff to address various grievances and other professional / ethical issues.

# KEY PERFORMANCE INDICATORS (KPIS)

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

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

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



# RISKS AND OPPORTUNITIES

## RISK MANAGEMENT FRAMEWORK

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

### A. STRATEGY FORMULATION

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

### B. KEY RISKS AND OPPORTUNITIES OF CAPITALS

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

## C. RISK ASSESSMENT

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

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

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

## D. RISK MANAGEMENT METHODOLOGY

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

Materiality is a key component for an effective communication with stakeholders. The materiality approach adopted by the company is a combination of all important areas that are essential for the business's growth and success as well as the areas that have an impact on the environment or social aspects.

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



## E. RISK AND COUNTER MEASURES STRATEGY MATRIX

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

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

## F. OPPORTUNITY ANALYSIS

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

Key opportunity	Impact area	Strategy to materialize
<p>Resumption of CPEC projects, Naya Pakistan Housing Program, construction of new dams.</p> <p><b>Source: External</b></p>	Social, Relationship capital and Financial Capital.	<p>The Company has enhanced its production capacity. Additionally, the company has one of the largest, most active marketing campaigns in the local cement industry. By directly engaging with dealers, distributors, suppliers, masons, drivers, the company builds long lasting relationships throughout the value chain and forms a loyal customer base who recommend MLCFL portfolio.</p>
<p>Cost reduction by using innovative production technology.</p> <p><b>Source: Internal</b></p>	Manufactured capital	<p>The Company, realising the importance of reducing electric costs, has an active waste heat recovery plant (WHRP) at site which converts heat from the kiln into energy, which was previously lost. Enhancements to WHRP is being made to reap further benefit in electric cost reduction. Furthermore, its coal fired power plant provides electricity to run its operations at a more economic rate as compared to WAPDA.</p>
<p>Development of human relations/resource.</p> <p><b>Source: Internal</b></p>	Human capital	<p>Developing the human resource is engraved in the company's mission statement and long term objectives. By conducting extensive trainings and through its development program, the human resource add value to the company with their professional ability, calibre and integrity.</p>
<p>Improvements in the business process.</p> <p><b>Source: Internal</b></p>	Financial capital	<p>The Company is able to capture healthy profits through its ability to:</p> <ol style="list-style-type: none"> <li>1. Operate at maximum capacity</li> <li>2. Efficient cash management system</li> <li>3. Making sound liquid investments</li> <li>4. Effective control over inventory</li> </ol>

# NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 61st Annual General Meeting of the members of Maple Leaf Cement Factory Limited (the "Company") will be held on Tuesday, September 28, 2021 at 11:00 AM at 42-Lawrence Road, Lahore, the Registered Office of the Company, to transact the following business: -

## ORDINARY BUSINESS:

**28** **SEPTEMBER**  
**11:00**

- 1) To receive, consider and adopt the audited accounts of the Company including consolidated financial statements for the year ended June 30, 2021 together with the Chairman's Review, Directors' and Auditors' Reports thereon.
- 2) To appoint Auditors for the year ending on June 30, 2022 and fix their remuneration. The Board has recommended, as suggested by the Audit Committee, the appointment of M/s. KPMG Taseer Hadi & Co., Chartered Accountants, the retiring auditors who being eligible have offered themselves for re-appointment.

## SPECIAL BUSINESS:

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

**"Resolved** by way of special resolution that consent and approval of Maple Leaf Cement Factory Limited (the "Company") be and is hereby accorded under Section 199 of the Companies Act, 2017 (the "Act") for investment in the form of loans/advances from time to time to Kohinoor Textile Mills Limited, the holding company, upto an aggregate sum of Rs. 500 million (Rupees five hundred million only) for a period of one year commencing November 01, 2021 to October 31, 2022 (both days inclusive) at the mark-up rate of one percent above three months KIBOR or one percent above the average borrowing cost of the Company, whichever is higher. Vide special resolution passed in general meeting held on October 27, 2020 by the shareholders, the Company was authorized to extend a facility of similar nature to the extent of Rs. 200 million which is valid till October 31, 2021.

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

- 4) To ratify and approve transactions conducted with the Related Parties for the year ended June 30, 2021 by passing the following special resolution with or without modification: -

**"Resolved that** the transactions conducted with the Related Parties as disclosed in the note 45 of the unconsolidated financial statements for the year ended June 30, 2021 and specified in the Statement of Material Information under Section 134(3) be and are hereby ratified, approved and confirmed."

- 5) To authorize the Board of Directors of the Company to approve transactions with the related parties for the financial year ending on June 30, 2022 by passing the following special resolution with or without modification: -

**"Resolved that** the Board of Directors of the Company be and is hereby authorized to approve the transactions to be conducted with the Related Parties on case to case basis for the financial year ending on June 30, 2022.

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

BY ORDER OF THE BOARD



(Muhammad Ashraf)  
Company Secretary

Lahore: September 07, 2021

## NOTES:

1. The Share Transfer Books of the Company will remain closed from September 22, 2021 to September 28, 2021 (both days inclusive). Physical transfers / CDS Transaction IDs received at the Company's Share Registrar, M/s. Vision Consulting Ltd, 3-C, LDA Flats, First Floor, Lawrence Road, Lahore, at the close of business on September 21, 2021 will be considered in time to determine voting rights of the shareholders for attending the meeting.
2. A member eligible to attend, speak and vote at this meeting may appoint another member as his/her proxy to attend, speak and vote instead of him/her. CDC beneficial owners and Proxy Holders must bring with them their Computerized National Identity Cards (CNIC)/Passports in original to prove his/her identity. In case of Proxy, CDC beneficial owners and Proxy Holders must enclose an attested copy of their CNIC/Passport with Proxy Form. Proxies in order to be effective must be received at the Company's Registered Office not later than 48 hours before the time for holding the meeting and must be duly stamped, signed and witnessed. A member shall not be entitled to appoint more than one proxy.
3. In case of corporate entity, the Board of Directors' resolution / power of attorney with specimen signature of the nominee (unless it has been provided earlier) should be attached with the proxy form or may be provided at the time of meeting.
4. In light of the threat by the evolving coronavirus (COVID-19) situation, the Securities and Exchange Commission of Pakistan vide Circular No. 5 dated March 17, 2020 has advised the Company to modify their usual planning for Annual General Meeting (AGM) in order to protect the well-being of the shareholders.

The shareholders who are interested to attend the AGM through Video Conferencing, are hereby requested to get themselves registered with the Company Secretary office by providing the following detail at the earliest but not later than 72 hours before the time of AGM (i.e. before 11:00 AM on September 25, 2021) through following means:

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

Shareholders are advised to mention Name,

CNIC Number, Folio/CDC Account Number, cell number and e-mail ID for identification.

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

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

5. The Members, who desire for receiving the annual audited financial statements and AGM Notice through e-mail, are requested to send their written consent on a Standard Request Form available on website [www.kmlg.com](http://www.kmlg.com) in order to avail this facility. The audited financial statements for the year ended June 30, 2021 are available on website of the Company. Further, the Company has sent its Annual Report 2021 through CD/DVD/USB to the shareholders at their available Registered Addresses instead of hard copy. However, hard copy of Annual Report will be provided free of cost on written request of the shareholder.
6. Shareholders are requested to notify / update the following information & documents with their respective CDS participants and in case of physical shares to our Share Registrar, if not earlier notified / updated: -
  - a. Change in their addresses;
  - b. Pursuant to requirement of Section 242 of the Companies Act, 2017 and the Companies (Distribution of Dividends) Regulations, 2017, provide their bank details including International Bank Account Number (IBAN) of 24 digits in order to receive unclaimed e-dividends. Further, shareholders may contact at the Registered Office of the Company to collect / enquire about their unclaimed physical dividends / physical shares, if any;
  - c. Individual Members who have not yet submitted a copy of their valid Computerized Identity Card (CNIC) to the Company are once again requested to send a copy of their valid CNIC at the earliest directly to the office of Share Registrar of the Company, Vision Consulting Limited, 3-C,

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

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

- d. As per Section 72 of the Companies Act, 2017, every existing listed company shall be required to replace its physical shares with book-entry form in a manner as may be specified and from the date notified by the Commission, within a period not exceeding four years from the commencement of this Act, i.e. May 30, 2017.
- e. For any query / information, the shareholders may contact with the Company Secretary at the above Registered Office and / or Mr. Abdul Ghaffar Ghaffari of Share Registrar, Vision Consulting Ltd, 3-C, LDA Flats, Lawrence Road, Lahore, Ph. Nos. (042) 36283096-97.

## STATEMENT UNDER SECTION 134(3) OF THE ACT:

This statement sets out the material facts pertaining to the special business to be transacted at the Annual General Meeting of the Company to be held on September 28, 2021.

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

Kohinoor Textile Mills Limited ("KTML"), the holding company, having its Registered Office at 42-Lawrence Road, Lahore, is manufacturer of yarn and cloth, processing and stitching the cloth and trade of textile products and its production comprise 158,544 ring spindles and 2,712 open end rotors capable of spinning a wide range of counts using cotton and man-made fibers. The weaving facilities at Raiwind comprise 288 looms capable of weaving wide range of greige fabrics.

The processing facilities at the Rawalpindi unit are capable of dyeing and printing fabrics for the home textile market. The stitching facilities produce a diversified range of home textiles for the export market. Both the dyeing and stitching facilities are being augmented to take advantage of greater market access.

The Board of Directors of the Company in their meeting held on August 12, 2021 has approved Rs. 500 million as loans / advances, being a reciprocal facility, to KTML on the basis of satisfactory profit trend of KTML subject to approval of the members. The Company shall extend the facility of loans / advances from time to time for working capital requirements to KTML in accordance with an agreement in writing including all relevant terms and conditions as prescribed in the Regulations.

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





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

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

**(A) Regarding associated company or associated undertaking: -**

Ref. No.	Requirement	Information
(i)	Name of associated company or associated undertaking;	Kohinoor Textile Mills Limited (the “KTML”)
(ii)	Basis of relationship;	KTML is a holding company of Maple Leaf Cement Factory Limited (the “Company”).
(iii)	Earnings per share for the last three years;	(Rupees)
		YearBasicDiluted
		30.06.20195.855.85
		30.06.20205.115.11
		30.06.20219.219.21
(iv)	Break-up value per share, based on latest audited financial statements;	As on June 30, 2021 With revaluation surplus Rs. 67.35 Without revaluation surplus Rs. 54.41
(v)	Financial position, including main items of statement of financial position and profit and loss account on the basis of its latest financial statements;	Based on the audited financial statements for the financial year ended 30 June 2021, the financial position of KTML is as under:-
		ParticularsAmount Rupees (000)
		Paid up capital2,992,964
		Surplus on revaluation of freehold land and investment properties3,871,774
		Total Reserves17,164,593
		Total Equity20,157,557
		Current liabilities10,093,041
		Current assets10,471,920
		Revenue29,955,525
		Gross Profit6,132,628
		Operating Profit4,061,498
		Net Profit2,756,329
		Earnings per share (Rs.)9.21

**(B) General Disclosures: -**

Ref. No.	Requirement	Information	
(i)	Maximum amount of investment to be made;	Rs. 500 million (Rupees five hundred million only).	
(ii)	Purpose, benefits likely to accrue to the investing company and its members from such investment and period of investment;	<p><b>Purpose:</b> To earn income on the loans and/or advances to be provided to KTML from time to time for working capital requirements of KTML.</p> <p><b>Benefits:</b> The Company will receive mark up at the rate of one percent above three months KIBOR or one percent above the average borrowing cost of the Company, whichever is higher. This shall benefit the Company's cash flow by earning profit on idle funds.</p> <p><b>Period:</b> For a period of one year from November 01, 2021 to October 31, 2022.</p>	
(iii)	Source of funds to be utilized for investment	Loan and/or advance will be given out of own funds of the Company.	
	where the investment is intended to be made using borrowed funds, - (I) Justification for investment through borrowings; (II) Detail of collateral, guarantees provided and assets pledged for obtaining such funds; and (III) Cost benefit analysis;	N/A	
(iv)	Salient features of agreement(s), if any, with associated company or associated undertaking with regards to the proposed investment;	<b>Nature</b>	<b>Loan / advance</b>
		<b>Purpose</b>	To earn mark-up / profit on loan / advance being provided to KTML which will augment the Company's cash flow
		<b>Period</b>	One Year
		<b>Rate of Mark-up</b>	One percent above three months KIBOR or one percent above the average borrowing cost of the Company, whichever is higher.
		<b>Repayment</b>	Principal plus mark-up/profit upto October 31, 2022
		<b>Penalty charges</b>	@ 3-months KIBOR plus one percent in addition to the outstanding amount(s).



Ref. No.	Requirement	Information
(v)	Direct or indirect interest of directors, sponsors, majority shareholders and their relatives, if any, in the associated company or associated undertaking or the transaction under consideration;	<p>Investing Company i.e. the Company is a subsidiary company of KTML and Nine Directors including CEO are common in both the companies may be deemed to be interested to the extent of their shareholding.</p> <p>None of the Directors or their relatives or associates are interested in any of the above resolution in any way except as members of the Company.</p>
(vi)	In case any investment in associated company or associated undertaking has already been made, the performance review of such investment including complete information/justification for any impairment or write offs; and	A similar nature of loan/advance facility of Rs. 200 million from time to time for working capital requirements has been granted by the valued shareholders of the Company vide special resolution passed in the Annual General Meeting held on October 27, 2020 which is valid till October 31, 2021. There is no impairment and/or write off against the above facility.
(vii)	Any other important details necessary for the members to understand the transaction;	N/A

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

Ref. No.	Requirement	Information
(i)	Category-wise amount of investment;	Short term loan for working capital requirement for a period of one year as dilated in preamble.
(ii)	Average borrowing cost of the investing company, the Karachi Inter Bank Offered Rate (KIBOR) for the relevant period, rate of return for Shariah Compliant products and rate of return for unfunded facilities, as the case may be, for the relevant period;	Average borrowing cost of the Company is 7.85% for the year ended June 30, 2021.
(iii)	Rate of interest, mark up, profit, fees or commission etc. to be charged by investing company;	Mark-up will be charged from KTML at one percent above three months KIBOR or one percent above the average borrowing cost of the Company, whichever is higher.
(iv)	Particulars of collateral or security to be obtained in relation to the proposed investment;	No collateral is considered necessary since KTML is a holding company of the Company.

Ref. No.	Requirement	Information
(v)	If the investment carries conversion feature i.e. it is convertible into securities, this fact along with terms and conditions including conversion formula, circumstances in which the conversion may take place the time when the conversion may be exercisable; and	N/A
(vi)	Repayment schedule and terms and conditions of loans or advances to be given to the associated company or associated undertaking.	The loan / advance would be for a period of one year from November 01, 2021 to October 31, 2022 (both days inclusive). KTML will pay interest / mark-up on quarterly basis whereas repayment of principal amount shall be on or before October 31, 2022.

#### Disclosure under Regulation 4(1)

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

Name	%age of Shareholding in KTML	%age of Shareholding in the Company
Mr. Tariq Sayeed Saigol	4.2260	0.0030
Mrs. Shehla Tariq Saigol (Spouse of Mr. Tariq Sayeed Saigol)	10.1495	0.0164
Mr. Taufique Sayeed Saigol	14.5090	0.0015
Mr. Sayeed Tariq Saigol	0.1286	0.0010
Mr. Waleed Tariq Saigol	0.0112	0.0010
Mr. Danial Taufique Saigol	0.0010	0.0005
Ms. Jahanara Saigol	0.0008	0.0002
Mr. Shafiq Ahmed Khan	0.0010	0.0014
Mr. Zulfikar Monnoo	0.0010	0.0003

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

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

year ended June 30, 2021 and such transactions were deemed to be approved by the shareholders. Such transactions were to be placed before the shareholders in the next annual general meeting for their formal approval/ratification. Accordingly, these transactions are being placed before the shareholders in this meeting for their formal approval/ratification.

All transactions with related parties to be ratified have been disclosed in the note 45 to the unconsolidated financial statements for the year ended June 30, 2021. Party-wise details of such related party transactions are given below: -

Name of Parties		Relationship	Transactions	2021	2020
(Rupees in thousand)					
a)	Kohinoor Textile Mills Limited	Holding Company (55.22% equity held)	Sale of goods to related party	144,968	114,281
			Markup charged by the Holding Company	-	21,297
			Purchase of fixed assets	3,533	-
			Expenses paid by related party on behalf of the Company	14,050	22,152
			Expenses paid by the Company on behalf of related party	5,265	-
b)	Maple Leaf Power Limited	Subsidiary Company (100% equity held)	Sale of goods to related party	2,159,321	2,325,359
			Long term loan from subsidiary	-	2,000,000
			Long term loan repaid to subsidiary	2,000,000	-
			Rent charged to subsidiary company	360	360
			Purchase of goods and services (inclusive of taxes)	5,043,812	5,821,959
			Markup paid during the year by related party	237,579	119,050
			Dividend received from related party	3,514,000	-
			Payments made on behalf of related party.	224,544	376,582
c)	Key management personnel	Key management personnel	Remuneration and other benefits	196,694	181,787
d)	Employee benefits				
	Gratuity	Post-employment benefit plan	Contribution paid during the year	36,550	21,343
	Provident Fund Trust	Employees benefit fund	Contribution paid during the year	175,197	182,728

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

The nature of relationship with these related parties has also been indicated in the unconsolidated financial statements for the year ended June 30, 2021. The Directors are interested in the resolution only to the extent of their shareholding and having their common directorships in such related parties.

Agenda Item No. 5 of the Notice – Authorization for the Board of Directors to approve the related party transactions during the year ending on June 30, 2022.

The Company shall be conducting transactions with its related parties during the year ending on June 30, 2022 as per the approved policy with respect to 'transactions with related parties' in the normal course of business. The majority of Directors are interested due to their common directorships in the subsidiary/associated companies. In order to promote transparent business practices, the shareholders are required to authorize the Board of Directors to approve transactions with the related parties from time-to-time and on case to case basis for the year ending on June 30, 2022, which transactions shall be deemed to be approved by the Shareholders. The nature and scope of such related party transactions is explained above. These transactions shall be placed before the shareholders in the next AGM for their formal approval/ratification.

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



# CHAIRMAN'S REVIEW

I am pleased to present the annual report and audited financial statements of the Company for the year ended 30th June, 2021 to our valued shareholders. Significant aspects of performance of your Company have been shared with you during the course of the financial year 2020-21. The Management of the Company is encouraged by the future prospects and expects to continue to demonstrate satisfactory performance through its efforts and strategic directions provided by the Board.

Pursuant to requirement of the Listed Companies (Code of Corporate Governance) Regulations, 2019, mechanism has been put in place for annual evaluation of the performance of the Board of Directors (the "Board") of Maple Leaf Cement Factory Limited (the "Company"). The main objective of this exercise is to internally evaluate the performance of the Board and its Committees in order to facilitate the Management and to play an effective role as a coordinated team for the success of the Company. Strategic goals for the Management have been earmarked for the coming year and the Board's effectiveness is measured in the context of achievement of such objectives. Accordingly, the Board has completed its annual self-evaluation for the year 2021 and I am pleased to report that the overall performance benchmarked on the basis of criteria set for the year 2021, remained satisfactory. Such assessment was based on standards set by the Board in line with best corporate governance practices.

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

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

Lahore: August 12, 2021

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

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

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

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



Tariq Sayeed Saigol  
Chairman



# DIRECTORS' REPORT TO THE SHAREHOLDERS

In compliance with Section 227 of the Companies Act, 2017, the Directors of your Company have pleasure to present standalone and consolidated audited financial statements for the year ended 30th June 2021.

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

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

	Year Ended			
	July to June		Variance	
	2021	2020	Amount	%age
	<b>(Rupees in thousand)</b>			
Net Sales Revenue	35,640,181	29,117,734	6,522,447	22.4%
Gross Profit	8,600,520	613,776	7,986,744	1301.2%
Other Income	223,015	145,879	77,136	52.9%
Operating Profit/ (Loss)	6,297,246	(1,037,522)	7,334,768	707.0%
Finance Cost	(1,327,203)	(2,896,971)	1,569,768	-54.2%
Profit/ (Loss) Before Taxation	4,970,043	(3,934,493)	8,904,536	226.3%
Taxation	(1,141,549)	375,134	(1,516,683)	404.3%
Profit/ (Loss) After Taxation	3,828,494	(3,559,359)	7,387,853	207.6%
Earnings/ (Loss) Per Share (Rs.)	3.49	(3.89)	7.38	189.7%

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

	Year Ended			
	July to June		Variance	
	2021	2020	Amount	%age
	<b>(Rupees in thousand)</b>			
Net Sales Revenue	35,640,181	29,117,734	6,522,447	22.4%
Gross Profit/ (Loss)	7,504,762	(699,213)	8,203,975	1173.3%
Other Income *	3,732,132	131,978	3,600,154	2727.8%
Operating Profit/ (Loss)	8,783,531	(2,287,319)	11,070,850	484.0%
Finance Cost	(1,493,930)	(2,981,722)	1,487,792	-49.9%
Profit/ (Loss) Before Taxation	7,289,601	(5,269,041)	12,558,642	238.3%
Taxation	(1,035,492)	425,776	(1,461,268)	343.2%
Profit/ (Loss) After Taxation	6,254,109	(4,843,265)	11,097,374	229.1%
Earnings/ (Loss) Per Share (Rs.)	5.69	(5.30)	10.99	207.4%

\*It includes dividend income from Maple Leaf Power Limited amounting to Rs. 3,514,000 thousand (2020: NIL)

During the financial year 2020-21, production and dispatches decreased in comparison to last year's performance, as evident from the data shown below:

	July to June		Variance	
	2021	2020	Change	%age
	-----M.Tons-----			
Production				
Clinker Production	4,881,669	4,963,675	(82,006)	-1.65%
Cement Production	4,994,594	5,196,304	(201,710)	-3.88%
Sales				
Domestic	4,696,040	5,020,348	(324,308)	-6.46%
Exports	327,404	181,472	145,932	80.42%
	5,023,444	5,201,820	(178,376)	-3.43%
Total Sales volume of 5,023,444 tons depicts a decrease of -3.43% over 5,201,820 tons sold during last financial year. The domestic sales volume decreased to 4,696,040 registering a decrease of -6.46% whereas exports sales volume was 327,404 tons, an increase of 80.42% from last financial year.				

During the year 2020-21, the Company recorded net consolidated sales of Rs. 35,640 million against Rs. 29,118 million in the previous year. The top line of the Company increased by 22.4% mainly due to an improvement in selling prices in the local market and the partial reopening of export avenues post winter season as Covid-19 restrictions eased globally. Nevertheless, the Covid-19 crisis continues to impact consumption patterns. Increased pressure on cement supply side was witnessed after commissioning of new cement plants in north region and competition in the local market affected efforts to drive further advances in local dispatches.

This excess cement supply, backed by an overall devaluation of Pak Rupee has triggered the need to look for new export markets. However, the increase in cost of locally produced cement due to higher input and transportation costs along with stagnant prices in export markets due to tough competition have impacted export sales leading to thin margins for up-county plants. The imposition of heavy import duty in India on goods exported from Pakistan in FY 19 amid high political tension between both countries has led to suspension of Pakistan cement exports to India which has adversely affected cement

companies located in north region. The Company shifted its focus to the Afghan market and recorded substantial export volume growth of 80.42% to reach 327,404 metric tons.

Overall, economy witnessed a V shaped recovery trend during the financial year under review with broad based growth across all sectors due to the Government's timely actions, decisive monetary measures, fiscal stimulus packages, smart lockdowns and rapid vaccination. The GDP for FY2021 recorded a smart increase to 3.94%, considerably better than targeted figures.

As part of preventive measures to control the spread of Covid-19, Government favoured a smart lockdown policy in the country as opposed to complete lockdowns which helped business sentiments. As a result, plant operations and sale dispatches were allowed to continue amid strict adherence to SOP's to cater surge in demand and requirement for on-going construction projects.

Relying on own power generation sources, the Company was able to avoid the likely adverse impact on its profitability due to hikes in electricity tariff by

NEPRA. The Company relied mainly on its internal power generation sources to meet its needs which mainly came from coal fired power plant (CFPP) setup as wholly- owned subsidiary, Maple Leaf Power Limited (MLPL), a cost competitive advantage to the Company and Waste Heat Recovery Plant which is the cheapest source of electricity for the Company.

During the last quarter of financial year 2019-20, global coal and oil markets crashed and prices registered a new low due to decelerated industrial activity caused by substantial reduction in demand post Covid-19 lockdown measures. However, global coal and oil prices started picking up during the year under review on an increasing trajectory. These are



alarming signs for the cement industry overall as input materials account for a prominent portion of the total cost of production. Majority of the cement manufacturers rely on imported coal to meet their energy needs which broadens their exposure to exchange rate movements, as well as, fluctuations in international coal prices. On a local level, an increase in outbound freight due to partial implementation of axle load restrictions and shifting of discharge port to PIBTL from KPT under government orders have further added to the costs of the Company.

The Company was able to keep its fuel and power costs under control along with advantage derived by increased use of pet coke which is cost effective due to higher energy content and prudent purchases at cheaper rates. The Company is also benefitting from lower inland transportation costs through transport via railway network resulting in reasonable savings. The contract with Pakistan Railways for transportation of coal from port to our plant site was extended till June 2023. The Company is also eyeing the prospects of importing coal from Afghanistan to fulfil its needs as a cheaper alternative. The Governments step to reduce Federal Excise Duty (FED) on sale of cement in local market to Rs. 1,500 per ton, down

by Rs. 500 per ton effective 1st July 2020 provided a welcome relief to the cement industry.

On account of aforementioned factors impacting cost of production, the Company achieved consolidated gross profit of Rs. 8,601 million during the year, an impressive increase of 1301% from Rs. 614 million reported last year.

The Management of the Company has initiated cost control measures and adopted various strategies in all areas including use of alternative fuels and optimized operations of the plant with a specific focus to reduce fixed costs. These measures have started reaping fruit during the year with a significant reduction in fixed cost.

During the year under review, a consistent monetary policy rate was maintained by the State Bank of Pakistan (SBP) at its current level of 7% as part of measures to mitigate the adverse impacts of Covid-19 on Pakistan's economy and to ease liquidity. This considerable reduction in policy rate as opposed to prior years, coupled with an early repayment of loan obligations has improved earnings with a considerable reduction in finance cost. The Temporary Economic Refinance Facility (TERF) launched under the directives of the SBP has also lent sustainable financial support to the Company by helping it avail long term borrowing at attractive mark-up rates to purchase imported and local manufactured plant and machinery and setting up new projects.

The Company recorded consolidated pre-tax profit of Rs. 4,970 million for the financial year 2020-21 against consolidated pre-tax loss of Rs. 3,934 million in corresponding year. Consolidated taxation amounted to Rs. 1,142 million for the reporting period as compared to a negative charge of Rs. 375 million charge in the corresponding year.

Profits earned from Maple Leaf Power Limited (MLPL), a wholly owned subsidiary of the Company, established to install and operate 40 MW imported coal-fired captive power plant are exempt from charge of income tax. However, partial tax charge pertains to other income. MLPL has earned net profit of Rs. 1,153 million during the financial year 2020-21. MLPL operations have favourably impacted consolidated results by yielding substantial savings in power cost.







The above factors have impacted post-tax bottom line for the reporting year to register an increase of 208% at a profit of Rs. 3,828 million against consolidated loss of Rs. 3,559 million in the bottom line for corresponding period last year.

#### **DIVIDEND**

It was decided to pass over dividend for the year ended June 30, 2021 to preserve funds required for the dry process grey clinker production Line 4 of 7,000 metric tons per day, presently under construction. Future prospects of dividend hinges on the likelihood of improved demand, increase in cement prices in the local market to absorb sharp uptick in international coal prices and reduction in input costs due to commissioning of Waste Heat Recovery Plant on Line 3. Overall improved economic and despatch conditions will favourably impact prospects of dividends payments in future.

#### **ADEQUACY OF INTERNAL CONTROL**

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

#### **MANAGEMENT'S RESPONSIBILITY TOWARDS PREPARATION AND PRESENTATION OF FINANCIAL STATEMENTS**

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

#### **AUDITORS**

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

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

#### **DEFAULT OF PAYMENTS, DEBT/LOAN, TAXES AND LEVIES**

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

#### **FUTURE OUTLOOK**

To heal the contracted economy of Pakistan and specifically to mitigate the unsavoury effects of Covid-19, Federal budget 2021-22 was unveiled with the aim to steer the economy on a course of strong and sustained recovery. The Government introduced special / simplified tax regime for Small & Medium Enterprises engaged in manufacturing sector with an enabling provision to carry forward the minimum tax for loss making entities. Facilitative provisions relating to exemption certificates for corporate sector and tax credits have also been introduced and an exclusion of listed companies from the restriction on claim of input tax beyond 90% of output tax.

Cement demand is highly correlated to the Government's spending in development projects through Public Sector Development Program (PSDP). The PSDP in FY 2021-22 has been enhanced by 38% from Rs. 650 billion in FY 2020-21 to Rs. 900 billion with special emphasis given to regional connectivity, investment on building large dams and water conservation systems. The budget allocates portions to the National Highway Authority for the construction of roads and bridges, Naya Pakistan Housing Program, Dasu, Diamir-Bhasha, Mohmand and Neelum Jhelum dams and their colonies. Other avenues of interest include future developments on CPEC, which currently are progressing albeit at a slower pace.

Going forward, we expect cement demand in the domestic market to rise for the upcoming financial year due to Government announcement of a comprehensive package to boost construction activities in Pakistan which include provision of subsidized housing finance scheme, downward revision of FBR's property valuation rates, incentivized tax schemes for builders and withholding tax exemptions on construction materials. These measures are expected to provide uplift to construction activity in Pakistan and is expected to directly impact the demand of cement in Pakistan. Moreover, pro-growth policy of State Bank of Pakistan (SBP) to ease liquidity has accelerated the pace of industrial activity, which augurs well.

Considering high correlation between crude oil and coal prices, average coal prices are also expected to increase in FY22 in line with the uptick in oil price due to post Covid-19 recovery and disruption in supply chain. Moreover, due to mounting pressure on the Government to meet IMF conditions, the Government intends to increase power tariffs and streamline fuel price adjustments to prevent accumulation of future power sector arrears. As a consequence, National Grid prices are expected to rise, which will result in increased power costs for the Company. Developments to utilize alternative energy sources are underway. The doubts regarding Pakistan's exit from Financial Action Task Force's (FATF) grey list also somewhat compounds the uncertainty.

The worsening civil Afghan hostilities between the Afghan Government forces and the Taliban poses a threat to regional stability. The spill over effect of the conflict could disrupt the exports of cement from Pakistan.

#### **BUSINESS RATIONALE OF CAPITAL EXPENDITURE / ONGOING EXPANSIONS OF THE COMPANY**

The cement sector is anticipated to expand capacity in the upcoming years. The expansion cycle is billed to be different from previous ones because of a higher base of demand which is evident from major green field and brown field projects announced by key cement producers. The Company has also signed a contract during March 2021 for supply of equipment and engineering for a dry process clinker production

Line-4 of 7000 metric tons per day. The Company has established Letters of Credit for import of equipment during April 2021. The project will significantly bolster the top line figures of the Company in the future and is expected to commence production in August 2022.

The Company has started its expansion of existing Waste Heat Recovery Plant. In this regard, work is in its final stages at site and the project is expected to complete by end of August 2021 with projected capital outlay of Rs. 1.7 billion which will increase current capacity of 16 MW to 25 MW, resulting in substantial saving in power cost.

In addition to above, the Company has also initiated work on a new Waste Heat Recovery Plant for ongoing addition of new cement Line-4. The planned project is expected to increase capacity further from 25 MW to 33 MW. In this regard, the Company has established Letter of Credit for import of equipment and civil works have commenced at site.

The Company is also investing in sustainability and renewable energy, with the commencement of a solar energy project at its plant site.

### **SUBSEQUENT EVENTS**

There are no subsequent event that materially affect the performance, objectives or strategy of the Company.

Moreover, there is no material change and commitment affecting the financial position of the Company which have occurred between the end of the financial year of the Company to which the financial statement relates and the date of the report.

### **CHANGE IN NATURE OF BUSINESS**

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

### **NON-FINANCIAL PERFORMANCE**

Quality, customer's satisfaction, employee's development and professional standards are Company's key areas where management has taken necessary measures to improve them. The Company is currently producing and supplying high-quality

products which ensure maximum satisfaction to the customers. During the year, the Company has conducted various performance appraisals for the development of existing human capital. The Company is maintaining a highly satisfactory relationship with all stakeholders. The Company has formed various committees which are responsible for the effective monitoring of key areas.

### **CORPORATE SOCIAL RESPONSIBILITY**

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

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

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

Kohinoor Maple Leaf Group has received "13th Corporate Social Responsibility National Excellence Award" on account of its performance of various social obligations.

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

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

environment friendly efforts are carried out by the Company: -

- i. Regular monthly environmental monitoring for stack emissions and effluents complying with Natural Environmental Quality Standards.
- ii. The Company has state of the art FLSmidth A/S cement manufacturing technology, equipped with world class dust collection electrostatic precipitators and bag filters for environment protection.
- iii. Massive Tree Plantation Program is being constantly undertaken for maintaining healthy and green environment as a part of Corporate Social Responsibility in coordination with District Officer (Environment), Mianwali.
- iv. The Company has its own hospital and trauma centre at plant site. Keeping in view the occupational health of employees, regular first-aid and CPR training programs are conducted to ensure safe health of workers.

In recognition of Company's effort to promote environment friendly practices, The Professionals Network has declared Maple Leaf Cement Factory Limited as winner of 7th International Awards on Environment, Health & Safety for the year 2021.

## PRINCIPAL RISKS, CHALLENGES AND UNCERTAINTIES

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

- i. Lacklustre margin on export sales, barriers

erected by cement importing countries and anti-dumping duty imposed by South Africa and India.

- ii. Further Rupee devaluation and escalation of coal prices in the international market squeezing profit margins.
- iii. Overall inflationary increase in operational expenses.
- iv. Head on competition amongst cement manufacturers on price as well as sales owing ambitious capacity additions.

The Organization is effectively equipped to face any challenges and uncertainties that are likely to arise. Through combined experience, skill and effective business reporting, Management is always aware of internal and external developments. The Company has formulated unique specialised cross functional teams that routinely discuss key issues and risks to come up with the most forward approach. In response to the cuts in PSDP allocation and low margins in export markets, marketing team under the guidance of Management launched an effective brand awareness strategy to increase presence in previously untapped local markets and make Maple Leaf Cement Factory Limited a well-known trustworthy brand amongst developers, dealers and house consumers. To cater to overall inflation, cost saving measures were implemented throughout the year. To reduce finance cost, short term borrowings were brought down by effectively utilizing operating cash flows and by reduction in operating cycle. To face vigorous competition, Management ensures that the capacity to produce and to sell is fully utilized to its utmost potential.

## APPROPRIATION

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

DESCRIPTION	2021	2020
	-----Rs. in '000'-----	
Profit/ (Loss) after tax	6,254,109	(4,843,265)
Final Cash Dividend for year 2020 Rs. Nil/share (2019: Rs. 0.5/share)	-	(296,850)
<b>Balance Transferred to/(deducted from) Retained Earnings</b>	<b>6,254,109</b>	<b>(5,140,115)</b>

## LEADERSHIP STRUCTURE

### COMPOSITION OF THE BOARD OF DIRECTORS & COMMITTEES:

Total Number of Directors:

- a) Male ..... 8  
b) Female ..... 1

#### Composition:

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

### LIST OF DIRECTORS AND BOARD MEETINGS

During the year under review, four meetings of the Board of Directors were held in Pakistan and no Board meeting was held outside Pakistan. The attendance of each Director was as under: -

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

### AUDIT COMMITTEE

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

Mr. Shafiq Ahmed Khan, the Chairman Audit Committee was present in the last AGM held on October 27, 2020.

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

## HUMAN RESOURCE & REMUNERATION COMMITTEE

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

## DIRECTORS' REMUNERATION

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

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

The details of the remuneration paid to the Directors including Chairman and Chief Executive of the Company is disclosed in Note 46 of the Standalone Financial Statements.

## PATTERN OF SHAREHOLDING

Pattern of shareholding of the Company in accordance with the Companies Act, 2017 as at June 30, 2021 is annexed.

## ACKNOWLEDGEMENT

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

For and on behalf of the Board



Syed Mohsin Raza Naqvi  
Director



Sayeed Tariq Saigol  
Chief Executive

Lahore: August 12, 2021



# STATEMENT OF COMPLIANCE

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

Name of Company: **Maple Leaf Cement Factory Limited**  
Year Ended: **June 30, 2021**

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

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

Male: 8  
Female: 1

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

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

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

3. The Directors have confirmed that none of them is serving as a Director on more than seven listed companies, including this Company;
4. The Company has prepared a Code of Conduct and has ensured that appropriate steps have been taken to disseminate it throughout the Company along with its supporting policies and procedures;
5. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the Company. The Board has ensured that complete record of particulars of the significant policies along with their date of approval or updating is maintained by the Company;
6. All the powers of the Board have been duly exercised and decisions on relevant matters have been taken by the Board / Shareholders as empowered by the relevant provisions of the Companies Act, 2017 (the "Act") and these Regulations;
7. The meetings of the Board were presided over by the Chairman. The Board has complied with the requirements of the Act and the Regulations with respect to frequency, recording and circulating minutes of meetings of the Board;
8. The Board has a formal policy and transparent procedures for remuneration of Directors in accordance with the Act and these Regulations;
9. Three Directors have obtained certificate for Directors' Training Program and Five Directors are exempt from this due to 14 years of education and 15 years of experience on the Boards of listed companies as under:-

Sr.	Name of Directors	Qualification & Years of Experience
1.	Mr. Tariq Sayeed Saigol	Exempted from Directors' Training Program. He is Director in Kohinoor Textile Mills Limited (KTML) since 1971 and was graduated from Government College University, Lahore, following which he studied Law at University Law College, Lahore.
2.	Mr. Sayeed Tariq Saigol	Director in KTML since 1998. He graduated from McGill University with a degree in management.
3.	Mr. Taufique Sayeed Saigol	Exempted from Directors' Training Program. He is Director in KTML since 1976. and graduated as an Industrial Engineer from Cornell University, USA in 1974.
4.	Mr. Waleed Tariq Saigol	Director of the Company since 2004. He holds a bachelor's degree in Political Science from the London School of Economics & Political Science.
5.	Mr. Danial Taufique Saigol	Certificate obtained for Directors' Training Program. He began his career with KMLG in January 2012 as Executive Director. He holds a bachelor's degree in Finance from McGill University, Montreal, Canada.
6.	Ms. Jahanara Saigol	Appointed on the Board of the Company on December 31, 2019. She is currently completing PhD in Islamic Art and Architecture at SOAS, University of London. She has also completed degrees in MA, SOAS, University of London and M. St, University of Oxford.
7.	Mr. Shafiq Ahmed Khan	Director in Trust Investment Bank Limited from 1997 to 2009 and Director in KTML since 2014. He got his bachelor degree from Punjab University and has experience over 36 years in different field of finance.
8.	Mr. Zulfikar Monnoo	Director in Rafhan Maize Product Co. Limited since 1990 and certificate obtained for Directors' Training Program. He is a businessman with experience of 30 years as a director having degree of bachelor in science in economics with a major in finance.
9.	Syed Mohsin Raza Naqvi	Certificate obtained for Directors' Training Program. Mr. Mohsin Naqvi is Fellow Member of the Institute of Chartered Accountants of Pakistan with over 32 years of Financial Management experience.

10. During the year, there was no any such appointment of the Chief Financial Officer, the Company Secretary and the Head of Internal Audit;
11. Chief Financial Officer and Chief Executive Officer duly endorsed the financial statements before approval of the Board;
12. The Board has formed committees comprising of members given below:

**a) Audit Committee**

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

b) **Human Resource & Remuneration Committee**

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

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

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

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

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

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

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


16. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the Quality Control Review program of the Institute of Chartered Accountants of Pakistan (ICAP) and registered with Audit Oversight Board of Pakistan, that they and all their partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the ICAP and that they and the partners of the firm involved in the audit are not a close relative (spouse, parent, dependent and non-dependent children) of the Chief Executive Officer, Chief Financial Officer, Head of Internal Audit, Company Secretary or Director of the Company;

17. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, these Regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard; and

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

Lahore: August 12, 2021

  
Sayeed Tariq Saigol  
Chief Executive

  
Tariq Sayeed Saigol  
Chairman



KPMG Taseer Hadi & Co.  
Chartered Accountants  
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# REVIEW REPORT ON THE STATEMENT OF COMPLIANCE CONTAINED IN LISTED COMPANIES

## (CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2019

### INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Maple Leaf Cement Factory Limited

Review Report on the Statement of Compliance contained in Listed Companies (Code of Corporate Governance) Regulations, 2019

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Regulations) prepared by the Board of Directors of Maple Leaf Cement Factory Limited for the year ended 30 June 2021 in accordance with the requirements of regulation 36 of the Regulations.

The responsibility for compliance with the Regulations is that of the Board of Directors of the Company. Our responsibility is to review whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Regulations and report if it does not and to highlight any non-compliance with the requirements of the Regulations. A review is limited primarily to inquiries of the Company's personnel and review of various documents prepared by the Company to comply with the Regulations.

As a part of our audit of the financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board of Directors' statement on internal control covers all risks and controls or to form an opinion on the effectiveness of such internal controls, the Company's corporate governance procedures and risks.

The Regulations require the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval, its related party transactions. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the requirements contained in the Regulations as applicable to the Company for the year ended 30 June 2021.

Lahore  
Date: 12 August 2021

KPMG Taseer Hadi & Co.  
Chartered Accountants

# BRIEF PROFILE OF DIRECTORS

**MR. TARIQ SAYEED SAIGOL**  
(CHAIRMAN / DIRECTOR)

## OTHER ENGAGEMENTS

**CHAIRMAN / DIRECTOR**  
Kohinoor Textile Mills Limited  
Maple Leaf Power Limited

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

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

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

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

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

He takes keen interest in the development of education and health care in Pakistan. He has been a member

of the Board of Governors of Lahore University of Management Sciences, Founding Chairman of the Board of Governors of Chandbagh School, Founder Trustee of Textile University of Pakistan, member of the Syndicate of University of Health Sciences and Member of Board of Governors of Aitchison College, Lahore. He presently serves on the Managing Committee, Gulab Devi Chest Hospital, Lahore.

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

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

**MR. SAYEED TARIQ SAIGOL**  
(CHIEF EXECUTIVE / DIRECTOR)

## OTHER ENGAGEMENTS

**CHIEF EXECUTIVE / DIRECTOR**  
Maple Leaf Power Limited

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

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

**MR. TAUFIQUE SAYEED SAIGOL**  
(DIRECTOR)

## OTHER ENGAGEMENTS

**CHIEF EXECUTIVE / DIRECTOR**  
Kohinoor Textile Mills Limited

**CHAIRMAN / DIRECTOR**  
Maple Leaf Capital Limited

**DIRECTOR**  
Maple Leaf Power Limited

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



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

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

**MR. WALEED TARIQ SAIGOL**  
(DIRECTOR)

**OTHER ENGAGEMENTS**

**DIRECTOR**

Kohinoor Textile Mills Limited  
Maple Leaf Power Limited

**CHIEF EXECUTIVE / DIRECTOR**

Maple Leaf Capital Limited

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

**MR. DANIAL TAUFIQUE SAIGOL**  
(DIRECTOR)

**OTHER ENGAGEMENTS**

**DIRECTOR**

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

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

**MS. JAHANARA SAIGOL**  
(DIRECTOR)

**OTHER ENGAGEMENTS**

**DIRECTOR**

Kohinoor Textile Mills Limited  
Maple Leaf Capital Limited

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

**MR. SHAFIQ AHMED KHAN**  
(DIRECTOR)

**OTHER ENGAGEMENTS**

**DIRECTOR**

Kohinoor Textile Mills Limited

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

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



**MR. ZULFIKAR MONNOO**  
(DIRECTOR)

**OTHER ENGAGEMENTS**

**DIRECTOR**

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

**DIRECTOR / CHIEF EXECUTIVE**

Pakwest Industries (Pvt.) Limited

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

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

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

He is a businessman with experience of 30 years as a director having degree of bachelor in science and in economics with a major in finance. He obtained Directors' training certification from Pakistan Institute of Corporate Governance in 2012. His special expertise/specialized skills are Finance & Accounting, Human Resource, Sales and has industrial experience in food & textile ingredient manufacturing as well as artificial leather (coated fabrics).

**SYED MOHSIN RAZA NAQVI**

(DIRECTOR / GROUP DIRECTOR FINANCE / CHIEF FINANCIAL OFFICER)

**OTHER ENGAGEMENTS**

**DIRECTOR / CHIEF FINANCIAL OFFICER**

Kohinoor Textile Mills Limited

**DIRECTOR**

Maple Leaf Power Limited  
Maple Leaf Capital Limited

Mr. Mohsin Naqvi is Fellow Member of the Institute of Chartered Accountants of Pakistan with over 32 years of Financial Management experience. His areas of expertise include: financial projections, forecasting-short term and long-term cash flows, business strategy development, acquisitions and evaluations of business units, establishing company's reporting structure, implementing budgetary control procedures, implementing financial software, organizing finance and treasury functions of the Company.

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

# CORPORATE BRIEFINGS

## MATTERS DECIDED AND DELEGATED BY BOARD OF DIRECTORS

### Matters Decided by the Board of Directors

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

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

### Matters Delegated to the Management

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

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

## UNRESERVED COMPLIANCE OF INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS)

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

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

## ANNUAL EVALUATION OF BOARD PERFORMANCE

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

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

## **Evaluation Criteria of Board Performance**

Following is the main criteria:

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

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

## **CEO PERFORMANCE REVIEW**

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

## **PERFORMANCE REVIEW OF BOARD COMMITTEES**

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

## **FORMAL ORIENTATION TRAINING PROGRAM FOR DIRECTORS/ DIRECTORS' TRAINING PROGRAM**

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

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

## **QUALIFICATION OF CFO AND HEAD OF INTERNAL AUDIT**

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

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

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

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

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

## **FOREIGN DIRECTOR**

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

## **CREDIBILITY OF INTERNAL CONTROLS AND SYSTEMS**

The ultimate responsibility for effective internal control systems rests with the Audit Committee (the Committee). At MLCF, the Internal Audit function is tasked by the Committee to report on matters related to risk assessment, SOP compliance and smooth running of Quality Management Systems. The Internal Audit team consists of professional and competent personnel, having knowledge of the audit and accounts., The Internal Audit Department has experience and expertise to independently judge and provide independent evaluations of internal controls and risks to the Committee. The Committee lays down the groundwork strategy that defines which processes, departments and functions are required to be audited. The Internal Audit function executes

the strategy by identifying, assessing and measuring the likelihood and magnitude of various risks. Based on assessment of risks, an audit plan is drafted in collaboration with concerned Head of Departments and then sent for approval to the Committee. The audit is conducted as per the plan and control weaknesses (if any) are highlighted and an action plan is agreed upon. Regular follow ups are then carried out to ensure the implementation and achievement of agreed action plans.

The Company obtains external assurance from:

- Statutory Audit of Financial Accounts from Audit firm KPMG
- (QMS) Audit to ensure compliance with ISO 9001 by SGS
- Environment Monitoring Report to ensure compliance with ISO 14001 by ECO GREEN (PVT)

#### **IMPLEMENTATION OF GOVERNANCE PRACTICES EXCEEDING LEGAL REQUIREMENT**

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

Following additional governance practices implemented by the management include:

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

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

#### **POLICY ON DIVERSITY**

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

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

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

#### **CONFLICT OF INTEREST MANAGEMENT POLICY**

##### **Policy Statement**

The company has the policy for actual and perceived conflicts of interest and measures are adopted to avoid any conflict of interest, identify the existence of any conflict of interest, and to disclose the existence of conflict of Interest. The Company annually circulates and obtains a signed copy of Code of Conduct applicable to all its employees and directors, which also relates to matters relating to conflict of interest. Further, it seeks to set out the



process, procedures and internal controls to facilitate compliance with the Policy as well as to highlight the consequences of non-compliance with the Policy by all its employees and directors. The Company Policy provides a guide as to what constitutes a conflict of interest, the processes and procedures that are in place in order to facilitate compliance and, the consequences of non-compliance. The Policy is intended to assist directors and employees in making the right decisions when confronted with potential conflict of interest issues.

### **Management of Conflict of Interest:**

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

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

Furthermore, the directors are annually reminded of the insider trading circular issued by the Securities and Exchange Commission of Pakistan to avoid dealing in shares while they are in possession of the insider information. Every director is required to provide to the Board complete details regarding any material transaction which may bring conflict of interest with the Company for prior approval of the Board. The interested directors do not participate in the discussion neither they vote on such matters. The transactions with all the related parties are made on arms-length basis and complete details are provided to the Board for their approval. Further all the transactions with the related parties are fully disclosed in the financial statements of the Company.

### **INVESTORS' GRIEVANCES POLICY**

The Company believes that Investor services is a vital element for sustained business growth and we want to ensure that our Investors receive exemplary service across different touch points of the Company. Prompt

and efficient service is essential to retain existing relationships and therefore, Investor satisfaction becomes critical to the Company. Investor queries and complaints constitute an important voice of Investor, and this policy details grievance handling through a structured grievance framework.

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

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

### **SAFETY OF RECORD**

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

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

## IT GOVERNANCE POLICY

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

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

## WHISTLE BLOWING POLICY

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

Highlights of the policy are as follows:

1. All Protected Disclosures should be addressed to the nominated Ombudsman of the Company.
2. The Protected Disclosures should be reported in writing clearly stating the issue that is being raised. It should be preferably typed but legible handwritten versions in English or Urdu are also acceptable.
3. The Protected Disclosures should be forwarded with a covering letter bearing the identity of the whistle blower.
4. Anonymous disclosures will not be entertained.
5. If in an initial enquiry by the Ombudsman, it is felt that the complaint is not substantial, it can be dismissed.

6. If initial enquiry establishes that further investigation is necessary, the Ombudsman will ensure that an investigation is carried out in a neutral and fair manner without presumption of guilt. A written request of the finding will be prepared.
7. Further investigation shall only be carried out if the Ombudsman feels that the complaint is factual, fair and not speculative. It should contain as much factual information to necessitate a preliminary investigation.

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

## HUMAN RESOURCE MANAGEMENT

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

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

## Succession Planning

The Company believes in proactive approach towards succession planning. We recruit employees, develop their knowledge, skills, abilities, and prepare them for advancement or promotion into ever more challenging roles. Rigorous succession planning is also in place throughout the organization. Succession

planning ensures that employees are constantly developed to fill each needed role. We look for people who exemplify continuous improvement when we are spotting future successors.

#### **Approved Training Organization – ICAP & ICAEW**

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

#### **SOCIAL AND ENVIRONMENTAL RESPONSIBILITY POLICY**

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

##### **Social Responsibility Policy:**

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

#### **Environmental Responsibility policy**

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

#### **Policy on Corporate Social Responsibility**

The company has formulated an efficient policy for sustainability and corporate social responsibilities in accordance with the SECP's CSR guidelines 2013 and the Companies' Act 2017. The Board has put in place a CSR committee which is formed for better monitoring and execution of all CSR related tasks including the Al-Aleem Medical College, in Ghulab Devi Chest Hospital. This committee supervises all CSR activities and ensures the progress of all CSR related goals, objectives and targets. The committee plans and determines the priority areas wherein the CSR projects are currently being managed (ongoing projects) and are planned to be initiated in the future. The Company has received the "Corporate Social Responsibility Award 2021" demonstrating management's firm philanthropist attitude towards social welfare of the society at large through charitable contributions and compliance with CSR objectives.





## **BUSINESS CONTINUITY AND DISASTER RECOVERY PLAN**

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

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

- 1) To develop and maintain a formal plan that is responsive to the Company's current business needs and operating environment.
- 2) To ensure that a Business Continuity Recovery Team includes representatives from all business units.
- 3) To provide ongoing business continuity training to all employees, including executive management and the Board.
- 4) Ensure that thorough current business impact analysis and risk assessments are maintained.
- 5) Ensure a centralized executive view of the business continuity plan and programs.

## **PANDEMIC RECOVERY PLAN BY THE MANAGEMENT AND POLICY STATEMENT**

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

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

The salient features of the policy include:

1. Thermal scan of all individuals entering the Company's premises.
2. Barring entry of all employees who exhibit symptoms and encouraging them to isolate themselves, undertake laboratory test and medical check-ups.
3. Installing hand sanitizers at all entry points and the mandatory washing of hands.
4. Face mask made compulsory.
5. Disinfecting all surfaces, corridors and rooms.
6. Ensuring physical distancing and adopting the practice of cyclic rotation and working from home.

7. Online attendance marking and introducing a system of live communication and data sharing amongst employees via internet.
8. Preventing unnecessary gatherings and discouraging physical contact amongst personnel.
9. Improving air flow and proper ventilation in closed spaces.
10. Label the business premises with floor marks.
11. Categorization of staff and adopting alternative work shift schedules to reduce physical presence at office.

Despite recurring lockdowns throughout the financial year on the orders of the Government, the Company's business activities remained operational subject to adherence to strict guidelines and SOPs. Further, the Company ensured that all of its employees and support staff were effectively vaccinated.

#### RELATED PARTY TRANSACTIONS

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

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

#### TRANSACTION / TRADE OF COMPANY'S SHARES

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

#### CHAIRMAN'S SIGNIFICANT COMMITMENTS

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

#### ROLE OF CHAIRMAN AND THE CEO

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

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

# TERMS OF REFERENCE OF BOARD COMMITTEES


## AUDIT COMMITTEE

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

- (i) Determination of appropriate measures to safeguard the Company's assets;
- (ii) Review of annual and interim financial statements of the Company, prior to their approval by the Board of Directors, focusing on:
  - (a) major judgmental areas;
  - (b) significant adjustments resulting from the audit;
  - (c) going concern assumption;
  - (d) any changes in accounting policies and practices;
  - (e) compliance with applicable accounting standards;
  - (f) compliance with these regulations and other statutory and regulatory requirements; and
  - (g) all related party transactions.
- (iii) Review of preliminary announcements of results prior to external communication and publication;
- (iv) Facilitating the external audit and discussion with external auditors of major observations arising from interim and final audits and any matter that the auditors may wish to highlight (in the absence of management, where necessary);
- (v) Review of management letter issued by external auditors and management's response thereto;
- (vi) Ensuring coordination between the internal and external auditors of the Company;
- (vii) Review of the scope and extent of internal audit, audit plan, reporting framework and procedures and ensuring that the internal audit function has adequate resources and is

appropriately placed within the Company;

- (viii) Consideration of major findings of internal investigations of activities characterized by fraud, corruption and abuse of power and management's response thereto;
- (ix) Ascertaining that the internal control systems including financial and operational controls, accounting systems for timely and appropriate recording of purchases and sales, receipts and payments, assets and liabilities and the reporting structure are adequate and effective;
- (x) Review of the Company's statement on internal control systems prior to endorsement by the Board of Directors and internal audit reports;
- (xi) Instituting special projects, value for money studies or other investigations on any matter specified by the Board of Directors, in consultation with the Chief Executive Officer and to consider remittance of any matter to the external auditors or to any other external body;
- (xii) Determination of compliance with relevant statutory requirements;
- (xiii) Monitoring compliance with these regulations and identification of significant violations thereof;
- (xiv) Review of arrangement for staff and management to report to Audit Committee in confidence, concerns, if any, about actual or potential improprieties in financial and other matters and recommend instituting remedial and mitigating measures;
- (xv) Recommend to the Board of Directors the appointment of external auditors, their removal, audit fees, the provision of any service permissible to be rendered to the Company by the external auditors in addition to audit of its financial statements, measures for redressal and rectification of non-compliances with the Regulations. The Board of Directors shall give due consideration to the recommendations of the Audit Committee and where it acts otherwise it shall record the reasons thereof.
- (xvi) Consideration of any other issue or matter as may be assigned by the Board of Directors.



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

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

- i. Recommending human resource management policies to the Board;
- ii. Recommending to the Board the selection, evaluation, development, compensation (including retirement benefits) of Chief Operating Officer, Chief Financial Officer, Company Secretary and Head of Internal Audit;
- iii. Consideration and approval on recommendations of Chief Executive Officer on such matters for key management positions who report directly to Chief Executive Officer or Chief Operating Officer; and
- iv. Where human resource and remuneration consultants are appointed, their credentials shall be known by the committee and a statement shall be made by them as to whether they have any other connection with the Company.

# CROSS-FUNCTIONAL TEAMS

## Team Energy

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

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

Number of Meetings Held – 48

## Team Improvement

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

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

Number of Meetings Held – 47

## Team Reliability Centered Maintenance

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



#### MEMBERS:

MR. SAYEED TARIQ SAIGOL	MR. MUHAMMAD BASHARAT
MR. ABDUL HANAN	MR. NASIR IQBAL
MR. AMER BILAL	MR. SOHAIL SADIQ
MR. ARIF IJAZ	MR. TARIQ MIR
MR. ZEESHAN AHMED	MR. ZEESHAN MALIK BHUTTA

Number of Meetings Held – 46

#### Team Culture Development

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

#### MEMBERS:

MR. SAYEED TARIQ SAIGOL	MR. MEHRAN ALI
MR. ABDUL HANAN	MR. SOHAIL SADIQ
MR. ARIF IJAZ	MR. YAHYA HAMID
MR. ZEESHAN MALIK BHUTTA	

Number of Meetings Held -14

# SWOT ANALYSIS

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

## STRENGTHS

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

## WEAKNESSES

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

## OPPORTUNITIES

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

## THREATS

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



# REPORT OF THE AUDIT COMMITTEE



The Audit Committee comprises of two Independent Directors and two Non-Executive Directors. The Chief Financial Officer, the Chief Internal Auditor and the external auditors attend the Audit Committee meetings as provided in Listed Companies (Code of Corporate Governance) Regulations, 2019. Four meetings of the Audit Committee were held during the year 2020-2021. Based on reviews and discussions in these meetings, the Audit Committee reports that:

1. The Audit Committee reviewed and approved the quarterly, half yearly and annual financial statements of the Company including consolidated financial statements and recommended them for approval of the Board of Directors.
2. Appropriate accounting policies have been consistently applied. All core and other applicable International Accounting Standards were followed in preparation of financial statements of the Company and consolidated financial statements on a going concern basis, which present fairly the state of affairs, results of operations, cash flows and changes in equity of the Company.
3. Accounting estimates are based on reasonable and prudent judgment. Proper and adequate accounting records have been maintained by the Company in accordance with the Companies Act, 2017, and the external reporting is consistent with management processes and adequate for shareholder needs.
4. The Audit Committee reviewed and approved all related party transactions.
5. No cases of material complaints regarding accounting, internal accounting controls or audit matters, or Whistle Blowing were received by the Committee.
6. The Company's system of internal control is sound in design and is continually evaluated for effectiveness and adequacy.
7. The Board has established internal audit function being an independent appraisal function for the review of the internal control system in all areas of the business activity and provides management with objective evaluations, appraisals and recommendations on the

- adequacy, effectiveness and compliance with each system reviewed.
8. Company's internal audit function is headed by a Chartered Accountant with a team of professionals who are suitably qualified and experienced and well aware of the Company's policies and procedures.
  9. Internal audit function operates under the charter approved by the Audit Committee and head of the internal audit function has direct access to the Audit Committee.
  10. Company's internal audit function prepares annual plan for the financial year and a strategic audit plan for following two years during which all major systems and areas of activity will be audited. Annual and strategic audit plan is approved by the Audit Committee.
  11. Internal audit reports include findings, conclusions, recommendations and action plans agreed with management. These are reported promptly to the appropriate level of management. Follow up in implementation is ensured.
  12. The Audit Committee, on the basis of the internal audit reports, reviewed the adequacy of controls and compliance shortcomings in areas audited and discussed corrective actions in the light of management's responses. This has ensured the continual evaluation of controls and improved compliance.
  13. The Audit Committee has reviewed the Annual Report for the last financial year and found it fair, balance and understandable to users of financial statements. Annual Report provides the necessary information to all the stakeholders about the Company's financial performance, financial position and future prospects.
  14. Performance of the Audit Committee is annually reviewed by the Board of Directors. However, the committee is devising the checklist for self-evaluation of its performance.
  15. The Audit Committee ensured that statutory and regulatory obligations and requirements of best practices of governance have been met.
  16. Present Auditors, M/s. KPMG Taseer Hadi & Co., Chartered Accountants, were appointed as on October 31, 2011. They are professional services company and one of the big four auditors. They carry out objective examination and evaluation of the financial statements to make sure that the records are fair and accurate representation of the transactions. M/s. KPMG confirms every year that the firm and all Partners in the firm are compliant with the IFAC guidelines on Code of Ethics as adopted by the Institute of Chartered Accountants of Pakistan.
  17. The external auditors, M/s. KPMG Taseer Hadi & Co., Chartered Accountants, were allowed direct access to the Audit Committee and necessary coordination with internal auditors was also ensured. Major findings arising from audits and any matters that the external auditors wished to highlight were freely discussed with them.
  18. The Audit Committee reviewed the Management Letter issued by the external auditors and the management response thereto. Observations were discussed with the auditors and required actions recorded.
  19. Appointment of external auditors and fixing of their audit fee was reviewed and the Audit Committee following this review recommended to the Board of Directors re-appointment of M/s. KPMG Taseer Hadi & Co., Chartered Accountants, as external auditors for the year 2021-2022.

On behalf of the Audit Committee



**(Shafiq Ahmed Khan)**

Chairman, Audit Committee

August 12, 2021

# CORPORATE SUSTAINABILITY

We at Maple Leaf believe in creating value for all our stakeholders while keeping our commitment to a safe clean environment intact. While the Top Management is responsible for laying out and supervising the plan for a strategy towards a sustainable approach, the functional teams work on its implementation. Keeping in mind that in today's world, a business's success does not solely rely on its profitability, MLCF endorses the 'Triple Bottom Line' framework for achieving a sustainable business.

The triple bottom line helps the business to have a broader perspective of their business activities and work out ways to achieve business prosperity on metrics that include environmental health, social influence and contributions to the economy. All the three bottom lines; Economic, Social and Environmental, are of equal importance for the Company and therefore hold equal weightage in its decision making.

Following the triple bottom line theory, the Company succeeds in achieving its goal of sustainability as well as other business advantages. Waste heat management resulted in reduction in operational costs and improved asset utilization. Along with the financial advantages the company is also able to create a strong image through frequent engagements with the local communities and stakeholders to provide a better life for all.

To make sure that the company is moving in the right direction with respect to the sustainable strategy, steering committees are formed by the company to ensure the implementation of policies. These teams include Team Culture Development, Team Energy, and Team HSE, who are responsible for the execution and control of the plan in accordance with their team's scope. Furthermore, cross functionality being one of our core values, helps in achieving the set goals by

the teams. The teams meet on predefined periodic basis to discuss their progress and provide guidance through synergy with one another. The efforts made by these teams are reviewed on a regular basis so that there's no delay in decision making whenever needed.

## **Maple Leaf's alignment with Sustainable Development Goals**

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Maple Leaf as an organization has always believed in growth through sustainable means. For years now, we have been producing quality products for our customers while undertaking measures to eliminate the negative impact of our business activity on the environment. In congruence with the company's dedication to provide returns not only to our shareholders but also to our people and community, the business integrates the 'Sustainable Development Goals' (SDGs) within the business processes. These goals were first introduced in 2015 by the United Nations in wake of the growing global challenges: poverty, hunger, increasing inequality, change in climate, peace and justice, etc. SDGs comprise of 17 goals in total with 169 targets that are directed to achieve a sustainable future for everyone around the globe by 2030. We at Maple Leaf envision a bright and prosperous future not only for ourselves but for our country as a whole. Hence, we always strive and make efforts to stay ahead of the curve through our innovations and contributions in our industry. In order to achieve this mission, we align our business processes and activities with the SDGs and contribute towards a sustainable future as a rightful corporate citizen.

Below mentioned are Maple Leafs approach to alignment of the SDGs:

SDG No.	What do we aim to achieve?	Our contributions
3. Good Health and Well Being	Ensure healthy lives and wellbeing for everyone at all ages	<ul style="list-style-type: none"> <li>- Family club</li> <li>- Medical assistance for employees and families</li> <li>- Al-Shifa- hospital for employees at site</li> <li>- First aid and CPR training</li> <li>- Jungle mein Mangal (VPS) for truck drivers, -Pandemic recovery plan</li> </ul>
4. Quality Education	Ensure inclusive and equitable quality education and promote life-long learning opportunities for all	<ul style="list-style-type: none"> <li>- Sponsorship for 10 classrooms for Police Public Middle School,</li> <li>- 4 schools established in Iskandrabad</li> <li>- Donation to Gulab Devi for Aleem Medical College</li> </ul>
5. Gender Equality	Achieve gender equality and empower all women and girls	<ul style="list-style-type: none"> <li>- Female representation in governance body</li> <li>- Equal opportunities for female employees</li> <li>- Zero tolerance towards gender based violence</li> </ul>
6. Clean water and Sanitation	Ensure availability and sustainable management of water and sanitation for all	<ul style="list-style-type: none"> <li>- Constructed water supply scheme to the nearby rural areas for Daud Khel, Sora and Khairabad village</li> <li>- Sensor taps to eliminate wastage of water</li> <li>- Water filtration and treatment plant at plant site</li> </ul>
7. Affordable and Clean Energy	Ensure access to affordable, reliable, sustainable and modern energy for all	<ul style="list-style-type: none"> <li>- Waste Heat Recovery Plant</li> <li>- Coal Fired Power Plant</li> <li>- Wartisila and Nigata generators</li> <li>- Auto-controlled energy sensors ( ACs,lights, etc)</li> <li>- Dust collection electrostatic precipitators and bag filters for environment protection.</li> <li>- R&amp;D for energy alternatives</li> </ul>
8. Decent Work and Economic Growth	Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all	<ul style="list-style-type: none"> <li>- Employment opportunities for youth</li> <li>- Contribution to National Exchequer</li> <li>- Healthy work environment,</li> <li>- Apprenticeship opportunities</li> <li>- Policies against unfair hiring and recruitment practices</li> </ul>

SDG No.	What do we aim to achieve?	Our contributions
9. Industry, Innovation and Infrastructure	Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation	<ul style="list-style-type: none"> <li>- Cement donations for schools, mosques, and other social projects.</li> <li>- Development, renovation and beautification of Mianwali city.</li> <li>- Tackling air emissions, energy saving, etc.</li> <li>- Availing latest technologies at cement plant.</li> </ul>
10. Reduced Inequality	Reduce inequality within and among countries	<ul style="list-style-type: none"> <li>- Job opportunities for disabled people</li> <li>- Master mistri program</li> </ul>
11. Sustainable Cities and Communities	Make cities and human settlements inclusive, safe, resilient and sustainable	<ul style="list-style-type: none"> <li>- Community development plans for underprivileged communities (rural development program)</li> <li>- Infrastructure enhancement-bus stops, mosques, schools, etc.</li> <li>- Donations to welfare organizations.</li> </ul>
12. Responsible Consumption and Production	Ensure sustainable consumption and production patterns	<ul style="list-style-type: none"> <li>- Monitored production patterns through independent sources (Eco Green).</li> <li>- Adoption of 5S methodology</li> </ul>
13. Climate Action	Take urgent action to combat climate change and its impacts	<ul style="list-style-type: none"> <li>- Plantation drives,</li> <li>- Controlling and tackling air emissions,</li> <li>- Managing waste,</li> <li>- Improving biodiversity through quarry rehabilitation.</li> </ul>
16. Peace and Justice Strong Institutions	Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels	<ul style="list-style-type: none"> <li>- Business ethics and anti-corruption measures.</li> <li>- Lawful and transparent operational policies and practices.</li> <li>- Safety of employees and guests through gated enclosures, validation ID cards, logs, security cameras and independent security force.</li> </ul>

### Maple Leaf Commitment towards Sustainability: Management mechanism, reporting and actions

Our commitment towards sustainability is guided by our values, principles and vision. Sustainability is rooted not only in our vision and principles but also in our business model and approaches. The

sustainability approach designed by our senior management focuses on achieving efficiency in operations, pursuing sustainability in our supply chain, in order to control negative impacts on both the economy as well as the environment. The governance at Maple Leaf articulates a corporate commitment towards Sustainable Development along with internal alignment programs that help set

incentives for sustainable development and strong accountability. To achieve our goals and objectives we implement policies (health and safety, code of conduct, environmental, Human resource planning) that lay foundations for our sustainability building and fulfils our role of a corporate citizen. To add more relevance to the sustainability strategy for employees the management sets KPIs that are monitored throughout the year time and again. Reviewing the performance of the steering teams helps the Management keep a check and balance on the implementation of the strategy and take action where needed to achieve the set goals as it is essential for achieving the sustainability as a whole.

This way not only the strategy is channelized within the organization but also clarifies the company's vision towards sustainability to all the key participants.

Furthermore, as our commitment towards a positive and healthy environment, we have an independent organization, Eco Green, on board with us that audits our plants to check whether we are in compliance with the set legal requirements for the environment by the authorities. The results are shared in a compiled report on a monthly basis with the company.

### **Sustainability and Supply Chain:**

At MLCF, we believe that achieving a sustainable business is not restricted to production practices only but also includes the supply chain. From our early days, we have been communicating with our suppliers and contractors regarding our environmental expectations and require them to adopt environmental management practices aligned with these expectations. In light of this, suppliers/contractors appointed for raw material extraction (limestone, gypsum, etc) are strictly prohibited from exploiting the mines and are required to follow the set provisions for mining by the authorities. The suppliers are informed and educated about the importance of environment protection not only to Maple Leaf but to their respective businesses as well. Other than encouraging environmental friendly practices, the company also scrutinizes its business partners on the basis of how actively they are fulfilling their legal requirements e.g. in light of creating an accountable and documented economy, the company motivates and highlights the importance to stakeholders in the upstream and downstream supply chain to get registered with the tax authorities. Furthermore, the Company fulfils its role as a withholding agent and makes timely payment of amount due to the National exchequer.

To further strengthen the company's approach towards a sustainable supply chain, MLCF plans on enhancing its current approach by adopting 'Green Purchasing' strategy. By acting upon the Green Purchasing Strategy, we aim to achieve sustainability in our supply chain by reducing negative effects of procurement on the environment as well as human health, as a result of our procurement practices. Choice of vendor is not based solely on attractive and lucrative quotations, but also on its standing as a reputable corporate citizen, clear of black market operations and criminality. This is achieved by performing a complete customer/vendor profile mapping and marking. Under the Green Purchasing strategy banner, the screening process is to be augmented by adding requirements under the 'environmentally preferable criteria' which would require suppliers to be compliant with international standards and result in a multi dynamic selection process with respect to human rights, health and safety of workers, etc. While the company is currently taking measures to educate suppliers and contractors regarding the importance of environment friendly practices, adding more parameters to the education session is under consideration.

Through Green Purchasing Maple Leaf aims to cut down on waste and environmental impact along with reduced costs.

## **SOCIAL PERFORMANCE**

As one of the leading enterprises of Pakistan we believe and understand that measuring and achieving success encompasses the profitability objective and it's responsibility and mission to leave a positive impact on people and society through our business activities. We aim for a brighter tomorrow that will transform the lives of every individual of our society. Our Corporate Social Responsibility (CSR) policy is designed in hopes of achieving our mission. From education to training to health and safety at work, all these aspects hold importance for us as major factors of our social responsibilities as a business. Our social responsibility plan covers both 'Our People' and 'Our Communities'.

All the employees and workers at Maple leaf are of great value to the company. They play a vital role in our success and hence are a company's strategic asset. Their wellbeing and development is the company's standing priority. Every stakeholder has bearing



significance to the company and through continuous stakeholder engagement activities, efforts are made to develop a meaningful relationship which benefits society as a whole.

## HUMAN RESOURCE ACCOUNTING

Maple Leaf believes that having an eye on cost factor of the organization is important as it gives us a true picture of the Impact and overall success of the initiatives taken by the Company. In light of this philosophy, the major cost incurred on Human Resource Management are monitored and measured through HR Budgeting which mainly includes the cost of recruitment, training, development and rewarding staff.

At the start of the financial year, estimated costs of hiring along with the advertisement and headhunting expenses are calculated and added in the budget. Similarly, the training & development plans, major employee rewards & benefits including Staff increments, health & life insurance, leave encashment, staff vehicles costs (as a part of perks) are forecasted and incorporated into the annual budgets. And at the end of the year, all the actual costs incurred on these initiatives are compared with the budgeted figures and next year's budgeting is further carried out on the basis of comparative analysis.

## Employee Satisfaction:

It is essential for a company to make sure its employees are satisfied with their employers. Similarly, for a company to gain competitive advantage and to benefit from its diverse workforce, it needs to cater to employee satisfaction. To achieve employees' satisfaction, the Company engages in various activities including annual gatherings, formal and informal meetings, surveys, HR engagement and appraisal activates designed to bridge the communication gap between top management and



employee. It also results in identification of areas that need improvement, recognize and reward exemplary performance via salary raises and promotions and help employees gain a better understanding about their roles and responsibilities. The ultimate goal is to enhance employee's productivity as well as impart a sense of belonging by making them feel valued and acknowledged.



At Maple Leaf employee management, labour management and human rights are implemented in accordance with the legal requirements. The company has no child labour or forced labour as part of the workforce. The employees are informed beforehand in case of any operational changes, however, there were no operational changes during the year. Integrity is a part of our core values at MLCF, we have a strict policy against corruption and bribery. To emphasize its importance and to make sure the policies are communicated to all employees, a code of conduct is designed in a way that leaves no room for non-compliance.

In addition to this, all employees are offered market competitive salaries along with other benefits. The



Company is committed to provide equal opportunity to all existing and prospective employees without any discrimination on the basis of religion, gender, race, age etc. and there has been no incident of discrimination so far. The Company has employed disabled persons in compliance with the rules set out by the Government of Pakistan which is 3% quota of the total workforce necessitated to be allocated to disabled persons.

### Employee Engagement, Training And Skills Development Activities:

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

- Eid Milad un Nabi
- Christmas Celebrations
- Team Motivation/ Appreciation Ceremonies
- GMs' BBQ Night
- Maple Fungama Night
- Maple Family Hungama Night
- Environment Day

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

Training and educating employees is integral to HR management. Therefore, the company invests in



huge amounts for the training of its employees. These training sessions are designed with an ambition to enhance the knowledge and skills of the employees so that they not only perform to their full potential but also prepare them for their future challenges. Other than physical training like on-the-job, the company also focuses on virtual training sessions and webinars in order to cover a wider range of topics while facilitating employees to learn at their own pace and place.

Training and development at MLCF is designed to amplify the value of the employee through a designed structure of job enrichment and enlargement and targets both the technical and soft skills which help the employees integrate decision making and professionalism into their list of capabilities. Other than the motive of equipping the workforce with the right skill set, training also plays a role in succession planning. Succession planning is important for the company with respect to its HR policy of running the business smoothly, meeting customer satisfaction and delivering sustainable returns to the stakeholders. The management makes sure that training is effective, goal oriented and is beneficial for both the employees and the company, hence the performance and progress of training is regularly reviewed and areas for improvement are highlighted.



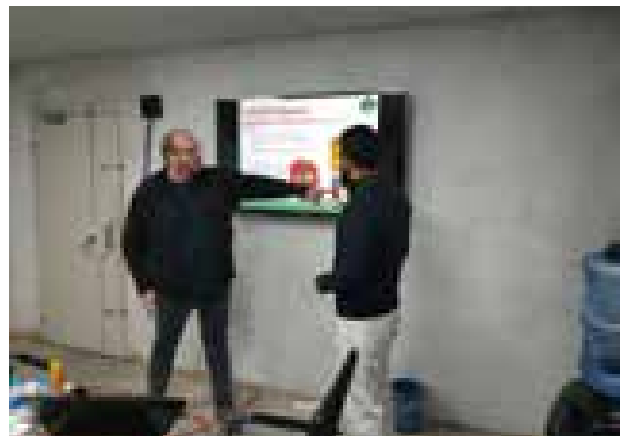


The Company also spends a lot in terms of finances and time for the training of its resources as is evident from the below trainings organized by the company during the year;

- 10 WPPF & WWF Laws Workshop
- 5 S Implementation Program for Line III
- 5S Awareness Session for Grids Staff (PG&D)
- Awareness Session on 5S, 5 Whys & MS Project Management
- Driver's Code of Conduct
- Fire Tender Operations and Fire Fighting
- First Aid Training Course
- Industrial Relations & General Management Skills
- Multitasking Technical Training Program (MTTP) - Welding
- Packers Skills Development Program - GCD & SCD
- RKB Product Demonstration
- Security SOP Sessions
- Session on Overtime Application System
- SOP LOTOTO for Engineering Services (Admin)
- Training Session on "MS Teams"- Cloud-Based Video Conferencing Service
- Training Session on HSE Protocols for Welding & Cutting
- Training Session on Scaffolding Inspection
- Training Session on Vertical Mill Hydraulic System, Hot Kiln Alignment & Troubleshooting
- Training Sessions on Rights Management System
- Work Instructions - Works
- Environmental Impact Assessment Training by EPA



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



### Rural Development Program

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

### Industrial Relations

The Company has set procedures, rules and regulations which regulate employment guidance. The Company has allocated Gratuity, Provident Fund and Worker's Profit Participation Fund for its employees. The Company also pays bonuses to employees on the basis of Company's profitability and also awards performance bonuses to star performers. Appropriate

opportunity is provided to employees to participate in Collective Bargaining Agreement (CBA) activities and to elect representatives of their choice. Company also trains daughters/sons of workers through internship and apprenticeship program.

### HEALTH AND SAFETY

Health and Safety ranks as the top most priority at MLCFL. The ambition of the Company is to provide safe working conditions and environment to employees and be amongst the safest companies countrywide. Health and Safety is at the center of everything performed by MLCFL, from the daily routines at the plants to project worksites and actions in neighbouring communities. The aspiration is to conduct business with zero harm to people and to create a healthy and safe environment equipped with safety measures with an aim to eliminate and reduce accidents, health issues and injuries at work for employees, contractors, communities and

customers. Our goal in respect of safety, health and environment is to minimize all adverse environmental and health impacts arising out of our operations and to conserve all kinds of resources and adhere to all legal regulations.

The HSE team at MLCF is a fully dedicated team towards implementation of the action plan that help achieve compliance with health, safety and environment matters. Through continuous coaching and training, our workforce is frequently updated about their health and safety. The Company is committed to managing health and safety risks associated with our business and is actively working towards improving our procedures to reduce, remove or control the risk of fire, accidents or injuries to employees and visitors. The Company strives to provide a safe and healthy workplace for its employees and to act responsibly towards the communities and environment, in which it operates. It realizes this through the commitment of its leadership, the dedication of its staff, and application of the highest professional standards of work.

The Company has been approved the standards of ISO 14001 and ISO 18001 for complying with an effective Environmental Management System (EMS) and Occupational Health and Safety Assessment Series (OHSAS) requirements.



Management takes all possible measures to prevent unsafe activities by following best practices and through the implementation of effective management, human resources and operational policies.

Keeping in view the occupational health of employees, regular first aid and Cardiopulmonary Resuscitation (CPR) training programs are conducted to ensure safe health of workers. Along with this, the Company also has its own hospital and trauma centre at the plant site.



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

In recognition of the Company's effort to promote environment friendly practices, The Professionals Network has declared Maple Leaf Cement Factory Limited as winner of 7th International Awards on Environment, Health & Safety for the year 2021.

### Maple Leaf and Al-Shifa International

To provide state of the art health facilities to its employees and local community, the Company has built a hospital at its plant site in collaboration with Al-Shifa Islamabad. Shifa International is a known name in Pakistan with hospitals in Islamabad and Faisalabad. Maple Health Care Centre operated by Al-Shifa International Hospital Islamabad, was completed during the financial year 2017. The free medical and hospital centre is treating patients with the help of quality human capital working there.





### Measures for Consumer Safety

The Company takes full responsibility for its consumer's safety. As a result of this commitment, the company focuses on its quality assurance at all levels of production. The purpose of quality assurance is to make sure that our products not only meet the standard requirements but also the consumer expectations. We ensure that our products are delivered in a quality and timely manner complying with safety and legal requirements. The Company takes care and applies appropriate procedures to manufacture cement products so as to ensure that no harmful substances are present in its products. The Company has a strict policy to control any activity which is against the consumer rights. This is why MLCFL has always been the first priority of cement consumers due to its superior quality products giving

an edge to the Company in the intensive competitive environment.

### Business Ethics & Anticorruption Measures

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

No employee is allowed to run a parallel business. The Company is maintaining sophisticated Oracle based online software using which any employee can report the non-conformance (NC) to the top management. All the NCs reported are being addressed by the top management on timely basis and a regular follow up





activity is being carried out in order to ensure that all issues highlighted are being resolved permanently. Moreover, the company has also formulated whistle blowing policy.

## QUALITY MANAGEMENT SYSTEM

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

### Procedures Adopted for Quality Assurance:

Main purpose is to ensure that the cement produced not only meets all the standard requirements to which the Company is certified, but exceeds the customers'

requirements and expectations. To achieve these goals, the Quality Control Department has adopted various procedures and is fully equipped with state-of-the art technologies such as:

- X-ray Fluorescent Analyzers and X-ray Diffraction



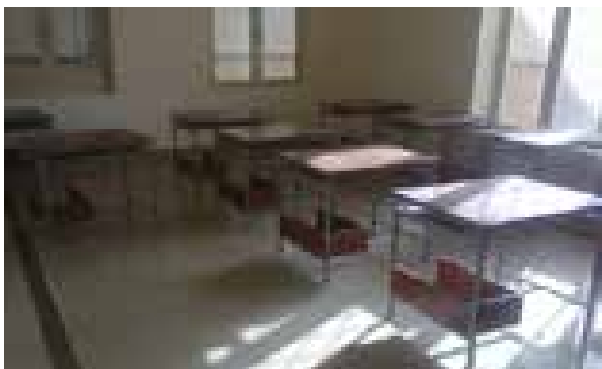
Analyzer to analyze chemical and mineralogical composition.

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

## COMMUNITIES AND WELFARE

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

For community investment and welfare, the Company acknowledges its responsibility towards society and performs its duty by providing financial assistance to projects for society development by various charitable institutions on a consistent basis. The Company has been recognized by Pakistan Centre for Philanthropy as a leader in social and charitable contributions and strives to be a constructive member of the communities in which it has a presence. Kohinoor Maple Leaf Group has received “Corporate Social Responsibility Award 2021” on account of



its performance in various projects. The Company has taken an array of initiatives for the welfare of its workforce, local community as well as stakeholders. The Company has also contributed in medical social sciences project and in this regard, Company's Board of Directors and the Board of Directors of Kohinoor Textile Mills Limited (KTML) have jointly donated to Gulab Devi Educational Complex, Lahore towards construction of Al- Aleem Medical College in Gulab Devi Chest Hospital (GDCH), Lahore. The construction of said project was completed during the year. To ensure transparency and accountability, a committee of the members of the Board monitored the progress of the project from inception to completion on periodic scheduled meetings.

The addition of a state of the art Cardiac facility named as Sayeed Saigol Cardiac Complex (SSCC) at GDCH is also a symbol of the Company's consistent drive toward community welfare.

## Master Mistri Program

One of the leading brands of cement, MLCF indulges itself in plans that have a dual outcome; the company as well as the people in the community. As a result of our commitment towards this objective MLCFL launched its Master Mistri Program. Under this program, the company aims to enhance skills and standard of living of masons. To facilitate the program, the Company has built a state of the art Masons' lounge at its plant site for boarding and lodging of masons. Through this program the company not only achieves its social goal of creating a skillful workforce but also a pull effect by locking-in its customers and is consequently able to tap the potential markets proactively.

## Education

Provision of quality education plays a vital role in refining the livelihoods of people as well as towards a prosperous society. As an organization, we understand that education not only helps in the benefit of the society in terms of reducing poverty



and crime but also provides benefits to people in the form of opportunity to earn higher incomes that would eventually lead to better living standards. The Company is fully aware of its responsibility towards imparting quality education to future generations. Educating the children, ranks the best future investment for long term growth and is the core heart of the Company's CSR initiatives. These initiatives are aligned with our SDG 4. The Al-Aleem Medical College

in Gulab Devi Chest Hospital in Lahore is an example of MLCF's contribution towards encouragement of education. Together with the Kohinoor Textile Mills Limited, the Company donated to Gulab Devi Educational Complex for this project.

Furthermore, the Company facilitated various schools over the years, the list of significant completed projects in recent years are as follows:

Sr#	Project name	Description
1	Police Lines Public School Mianwali	fully sponsored construction and provision of furniture for 10 class-rooms
2	Police Welfare School Mianwali	Construction of auditorium
3	PAF Base Montessori School Mianwali	Construction of 2 class rooms
4	DPS School Sargodha	Construction of boundary wall and provision of furniture and allied support facilities

Moreover, the Company has established four schools in Iskandarabad city, which provide quality education not only to children of employees of the Company but also to the local residents. The Company has provided buildings and complete infrastructure to these schools. In addition, the Company gives a monthly subsidy to partly cover the running expenses. About 2,200 students are currently enrolled in these schools.

### Jungle Mein Mangal - Vehicle Parking Space (Vps)

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

### Best Corporate Report Award

The Company keeping alive the tradition of winning the Best Corporate Report award in Cement Category jointly presented by ICAP and ICMAP throughout Pakistan, has once again won the award this year. This award



was presented to MLCFL management on October 14, 2020. MLCFL is the leader in most transparent and easily understandable Financial Reports thus reflecting the sound financial systems of the Company. These recognitions have strengthened the Company's resolve to be positioned the best in the area of corporate reporting.

### Contribution to National Exchequer

During the year, Company has contributed an amount of Rs. 16,246 million towards national exchequer in shape of taxes, duties, cess, levies etc. The Company has also contributed through earnings of valuable foreign exchange amounting to US\$ 11.8 million.



### National Cause Donations

The Company has donated in cash to Gulab Devi Chest Hospital, Police public school, Rescue Office 1122, Daudkel Police Station and has launched numerous CSR initiatives as per DC Office requirements. Financial assistance was also provided for the DPO ISO certification training program. Moreover, the Company has also made generous donations in the form of cement.

### Additional Welfare Schemes

- Maple Leaf recognizes its responsibility towards the inclusion of other religious communities. In this regard, Christmas party was arranged both at Head Office and plant site on the 23rd December 2020 to celebrate with the Christian community on their joyous occasion.
- Civil defence week was held for training of staff.
- The Company has always concerned itself with the safety of the general public. To that end, it aided in the setup of a speed monitoring system



for the police force and assisted in the promotion and execution of a road safety campaign. It has also distributed safety helmets to the general public at Mianwali.

- In recognition of the efforts of the police force, The Company has constructed a Yadgar-e Shuhada Monument and Rest Houses at Mianwali Police lines.
- The Company has also facilitated in the development, renovation and beautification of Mianwali city. A number of bus stands and city monuments were constructed.



- For recreational purposes of the locals, a cricket ground was revamped. In addition a football ground was rehabilitated and a number of aviaries constructed at Kashmir Park, Mianwali. Housing birds of all kinds, aviaries allow large open spaces for the birds to live in safety.
- In the wake of the COVID-19 pandemic, The Company also generously donated food hampers for those in desperate need of provisions.

## ENVIRONMENTAL PERFORMANCE

An environmentally friendly approach has always been MLCF's way of going about the business. We understand how our operations have an impact on the environment and take full responsibility towards it. Just like how critical and sensitive we are about our new projects, we're equally concerned about the effects it will have on our environment in future. In order to fulfil our duty as a responsible corporate citizen, we work on our precautionary plans side by side with our project planning. Having independent parties like Eco Green on board, help us in monitoring and complying with all key indicators as suggested by various government authorities. Therefore, we staunchly work on managing the negative implications of our production on the environment and overall climate change. Monitoring of environmental factors is conducted by EPA certified environmental laboratory; SGS Pakistan (Pvt.) Ltd. The monitoring is carried out according to Self-Monitoring and Reporting by Industry Rules, 2001 (SMART).

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

### Material Usage:

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We understand the importance of limited resources and their availability to our business today. Not only is it crucial for our current economic performance but also for the continuity of our business in the long run. A number of different materials and chemicals are used in the cement production however the major raw materials involved in the production are limestone, gypsum and clay that we extract from mines through our suppliers/contractors. Our Team Improvement, which comprises proficient personnel, encourages the sustainable approach through their quality management systems. Through this team we aim to control and manage our raw material consumption so that they are neither exploited nor wasted. In addition to this, suppliers and contractors at Maple Leaf Cement are educated and informed about our environmental goals and require them to adopt environmental management practices aligned with these goals. Similarly, to avoid wastage of raw materials, production of cement is planned and executed according to the demand in the market.

### Energy:

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Since the production of cement is energy-intensive, efficient energy management is important to MLCF. For this we have developed a Team Energy that is





striving to attain maximum energy efficiency with environmental protection at minimal cost including development of alternative sources like efficient usage of Waste Heat Recovery Boiler and installation of LED lights.

The Company has an active Waste Heat Recovery Plant (WHRP) at site which converts heat from the kiln into energy, which was previously lost. Waste heat is the cheapest mode of electricity currently available to the Company. Through this project the Company has been able to replace 16 MW of grid electricity by utilizing exhaust gases emitted to the atmosphere through the stacks of clinker cooler and kiln preheater. The emissions are significantly reduced and herewith it relieves the atmosphere radically. Civil works on another WHRP at the newly erected Line III project are in final stages and mechanical erection is underway and is expected to be completed by October 2021.

The Company's 100% owned 40 Mega Watt Coal Fired Power Plant after successful commissioning has also reduced our dependence on the national grid. By adopting an approach of consistent efficiency management, the Company was able to obtain additional energy approximately 2 MWH through optimum use of coal fired boiler yielding extra steam which was utilized for the generation of electricity in

waste heat recovery plant with nominal investment. Moreover, augmenting the energy conservation drive, occupancy based sensors are installed in head office to control air-conditioning and office lighting based on physical presence in the room. Also to utilize renewable sources of energy in future, the Company has currently placed wind monitoring units based on German technology at various locations near plant site to evaluate the feasibility of wind power.

### **Tackling Air Emissions:**

Greenhouse gases, emitted into the environment as a result of combustion processes, are a major contributor to climate change. Air emissions are a key environmental aspect of cement production. Therefore, at Maple Leaf, we believe it is our rightful responsibility to reduce emissions as much as possible. As an operating principle, the Company at all cement production lines measures and manages air emissions. MLCFL monitors the dust, NO<sub>2</sub> and SO<sub>2</sub> emissions from clinker produced.

The sustainability mission requires businesses to adopt cleaner technologies and efficient processes. At MLCF, we have our own equipment with the likes of TESTO 350, Mini-Sampler & Air pointer to measure the stack of emission on a fortnightly basis. Other

than that, continuous monitoring of ambient air is also undertaken along with an EPA approved lab which is functional to assist with the emission monitoring and compliance. A comprehensive report is submitted on monthly basis.

With the help of these technologies and systems, we are already below the legal allowable emission limits.

### **Effluents and waste:**

Traditionally plants in cement industry are assumed to be lacking the environmental friendliness however, MLCF's efforts to stay ahead of the curve by installing state of the art equipment to control industry effluents. We aim to keep the environment healthy for both our employees and the community. Therefore, the company carries out certain efforts to overcome this issue. The operational activity at plants are regularly monitored for stack emissions and effluents complying with National Environmental Quality Standards. In addition to this, the company also has state of the art FLSmith A/S cement manufacturing technology along with world class dust collection electrostatic precipitators and bag filters to help in environment protection. The Explosive Magazine is also regularly checked for environmental issues. At reporting date, no potential hazard/threat was found to the environment.

### **Plantation drive:**

To enhance environmental standards and continuously promote a better and green environment within the factory as well in the nearby areas the Company is arranging regular Tree Plantation activities that occur twice a year. The Company has over the years earnestly contributed heapful sums in the form of plant donations and money to numerous environmental campaigns at Mianwali city aimed to realize a green and clean Pakistan. Plants have been donated to DC office at Mianwali as well as the Environmental Protection Agency



(EPA). Furthermore, donations have been made to plant trees at Judicial Complex and police stations at Mianwali. The Company also planted 10,000 trees at the line III quarry site, enabling the total count during the last 5 years to cross 110,700 plants at different locations within factory premises and nearby areas to provide a healthy environment to employees and other communities living in surroundings. The plantation campaign is underway and trees have been successfully planted at various schools in Mianwali city. This activity will continue in the future and further trees will be planted to ensure a healthy and green environment.

### **Improving Biodiversity through Quarry Rehabilitation**

At the quarry, we undertook a rehabilitation project to create habitats for species, joining forces with the Environmental Protection Agency (EPA) and Mines and Mineral Department, Government of the Punjab. The Company has planted approximately 10,000 trees in the exhausted quarry area. The results have been encouraging, of how habitats can be created through close collaboration with the scientific community, local stakeholders and government agencies. Some of the bird species, and several species of dragonflies and damselflies, have been observed at the site. Evolving over time, the biodiversity program demonstrates that wildlife can flourish alongside industry.

### **Water Management:**



Water scarcity is an issue faced by communities globally. Amid rising population, climate change, lowering of ground water table and an archaic distribution system, Pakistan is drastically vulnerable, with the threat of a water crisis. Businesses in Pakistan have an added responsibility to have an efficient water management system and policies in place. At MLCF, water management is an integral part of our sustainability approach. Although, manufacturing of cement is a relatively dry process; nevertheless, water is still used for cooling down clinker. The water used

in the process converts into steam that is reused to create electricity by using waste heat recovery plant.

In addition, the fully operational waste water treatment plant at cement housing colony at plant site treats an estimated 300m<sup>3</sup> of water per day, so that damage and negative impact to the local ecosystem is avoided.

Overall, the company tries to use water in a responsible manner and makes sure there is no wastage of water at any point of business activity. The company also celebrates 'The World Water Day' at the site in the form of a seminar with a purpose to raise awareness of water preservation and its right use.



While we understand the cruciality of water conservation, providing access to clean water to communities is also a part of Maple Leaf's sustainable strategy. As part of the action plan, the Management launched a water supply scheme project at ward No.1, Daud Khel. The local water supply was unsuitable for both drinking and agricultural purposes due to its salinity. In order to provide a solution to this issue, the company installed a water turbine system which supplies fresh water from the nearby Mianwali canal, thereby uplifting the life and prosperity of the community. This initiative has been benefiting households, farms, schools and hospitals through access to fresh water. The design of the project was formulated with a forward looking vision to ensure that there are no water shortages in the area and a necessity of life is available to all. This clean drinking water initiative also extends to our own employees and workers, active water filtration plants located at the factory and residential areas at MLCFL protects the health and wellbeing of all consumers. Drinking water is tested for chemical and microbiological contamination at:

- China Colony Filtration Plant
- Guest House Filtration Plant
- China Colony Mosque



Water management is not only applied at our plant site, but also at our head office. Installation of sensor taps in replacement to traditional basin taps adds to the list of efforts made by the Company for efficient water management. A traditional basin tap pours 10-15 liters of water per minute while sensor taps pour no more than 6 liters. The fact that there is a self-closing mechanism on the taps ensures that there is no sink overflow and cuts off the water supply based on sensor proximity, hence saving up water. This has been a useful investment especially during the COVID times as it helped avoid cross-contamination through touchless features and minimal contact.

## Go Green

The Company for maintaining a healthy and green environment, celebrated the "World Environment Day" in coordination with District Officer Environment Mianwali along with other community stakeholders on June 3rd, 2021. The main aim of celebrating World Environment Day was to demonstrate the continual efforts and commitment of the Company's Management for the healthy working environment and awareness of people through the Environment Walk and Seminar in pursuance of the community investment and welfare schemes. In pursuance of the green vision and commitment of management of the Company for maintaining healthy and green environment, "Earth Day" was carried out at Maple Leaf Cement Factory Limited Iskanderabad, Mianwali on 22nd April, 2021. The main aim of the ceremony was to demonstrate the continual efforts and commitment of the Company's Management for the healthy working environment for its workers as well as for the people in the neighbourhood of the Company.



### ISO 14001:2015

In order to mitigate the effects of industrial effluents on surrounding environment, the Company is putting forth all efforts for providing healthy environment to employees and natives. In this regard, the Management has a strong commitment and dedication towards improving the environment. The Company has installed most modern and state of the art equipment to control industry effluents including tree plantation drives held every year.

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

### Achievement of ISO 45001:2018

MLCFL has a clearly defined management system



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

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

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

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



# FORWARD LOOKING STATEMENT

Cement demand has been modestly growing in local market in the past few years, with the current year trend exhibiting promising future growth in demand as the Government expresses renewed dedication to recover from the delays caused by slowdown in CPEC projects, whereas simultaneously announcing ambitious development projects, PSDP allocation boost and construction packages. The cement sector has seen robust expansions in the past in the form of capacity enhancement projects and is currently in the period of expansionary growth and better utilization of capacities as market conditions continue to improve. To get benefit from the upcoming demand of cement, the Company has already started its capacity enhancement project Line 4 at its existing plant site. Measures taken by the government and stability in the law and order situation is a good sign in national politics, however, recent developments in the shift of political regime in neighbourhood country Afghanistan may affect the export scenario. Some of the plans announced by the government i.e. Naya Pakistan Housing Program, dams/water reservoir construction and an increase in private sector spending in housing sector after announcement of subsidized housing finance scheme may result in increased demand of cement in future years as well. However, the timing to implement these projects will be highly important to forecast the performance of the Company. Hence, we are hopeful that cement demand will continue to increase in coming years as the work on these projects will gain the desired pace and the economic situation gets favourable. A control over production overheads and input material cost is imperative for future success, in addition, government policy, favourable taxation reforms, stable economic condition, better consumer purchasing power and attractive export margins will all play an important role to absorb increased supply pressure of cement in the market as a result of capacity enhancements.

The Company's main aim is to keep production costs at lower level and to increase its market share. The Company is continuously monitoring all of its cost factors to keep them at the lowest possible levels. The addition of Grey cement line III is fuel and energy efficient and has significantly enhanced capacity by 7,800 tons per day.

The production costs are anticipated to increase in future due to non-controllable factors like rising input material costs especially coal, electricity from National Grid, Pak Rupee devaluation and overall inflation, but, the Company stands committed under the guidance of its Board of Directors, Key management personals and valued input from all stakeholder groups to its constant drive to be a progressive and profitable

Company as per its Vision and Core values.

## Sources of information used for projections of future revenue:

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

## Financial Projections

The Company expects local dispatches to the market for the next financial year to reach higher levels as reported in 2020-21. We presume current cement prices to rise in the domestic market to pass on the impact of robust increase in coal rates in international market and local inflationary impacts. Whereas, the cement industry is also keenly eyeing developments on CPEC and this opportunity is expected to prove to be of great benefit for the whole nation. The company also aims to improve its market share through its constant vigorous marketing and branding activities to capture, retain and build a wide customer portfolio. Oil and coal prices are expected to go up in the future which will adversely affect profitability. Based on management's best estimates, future consolidated financial forecast of MLCFL and its wholly owned subsidiary MLPL are as follows:

Financial Year	2022 Rs. in Million
Sales – Net	49,073
Profit after taxation	4,936
Paid up share capital	10,983
EPS (Rupees)	4.49

## Company Performance against Last Year Projections

A moderate stance was taken for the year under review as the economy had receded to negative growth, PSDP allocations were cut, inflation was an all-time high and industrial growth as well as consumer demand had stunted whereas COVID 19 had recently gripped the entire globe. In comparison, the Pakistan's economy performed better than anticipated hence, actual financial results deviated to a more favorable outcome. As reported last year, recovery in sales retention and demand was imperative, with both factors exceeding expectations, the Company has achieved a new milestone of Rs.35.64 billion Net Sales Revenue,

an increase of 22.4% as compared to previous year, as market conditions grew favorable and the cement industry rebounded to brighter prospects leading to sales revenue being higher than last year's projections.

The higher sales margins also impacted financial costs of the company as higher profits led to greater operational cash inflows prompting the company to shed off its reliance on short term borrowings and utilize its internal generations for working capital requirements. With State Bank of Pakistan's policy rate also being reduced at the start of the financial year and maintained at 7%, the Company's cost of debt also went down.

### **Status of the projects in progress**

The Company is undergoing a capacity expansion project to increase its grey cement production by 7,000 tpd by constructing a new brownfield plant. The civil work and plant's erection work is smoothly being completed. All the legal formalities were duly complied. Plant is targeted to begin commercial operations in 1st quarter of financial year 2023.

Another Waste Heat Recovery Plant for this new cement Line-4 is also planned. This project is expected to increase capacity further from 25 MW to 33 MW. In this regard, the Company has established Letter of Credit for import of equipment and civil works have commenced at site.

The Company is also considering investments in sustainability and renewable energy, with the commencement of a solar energy project at its plant site.

### **Status of the projects previously disclosed**

The expansion of existing Waste Heat Recovery Plant to 25 MW is underway and is expected to be completed by end of August 2021.

### **KEY SOURCES OF ESTIMATION UNCERTAINTY**

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

### **KEY ESTIMATES AND ASSUMPTIONS**

Key estimates and assumptions concerning the future include:

#### **Impairment of financial assets**

The impairment loss on financial assets is calculated based on the forward looking 'expected credit loss' model (ECL) which assumes that there is always an expected loss component to every loan/ receivable which management must make a judgement on, all of which is extensively detailed in note 49 to the financial statements.

#### **Estimating useful life of assets**

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

#### **Taxation**

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

#### **Employee benefit scheme**

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

### **FAIR VALUE OF PROPERTY, PLANT AND EQUIPMENT**

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

### **SUMMARY OF SIGNIFICANT / MATERIAL ASSETS OR IMMOVABLE PROPERTY**

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

# POLICY AND PROCEDURES FOR STAKEHOLDERS' ENGAGEMENT

- 1) Policy Note: Maple Leaf Cement maintains sound collaborative relationships with its stakeholders.
- 2) The identification of stakeholders at MLCF is done on the basis of their relevance, responsibility, influence, diversity and responsibility towards our business. Their level of involvement, influence and keenness to engage with our business, helps us in prioritizing the stakeholders.
- 3) Procedures: Procedure for stakeholders' engagement includes effective communication, good harmony, compliance with laws & regulations and customer focused approach which is the key success factor for establishment of collaborative relationship with stakeholder.

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

# ENTITY'S SIGNIFICANT RELATIONSHIPS

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

## **POLICY TO SOLICIT AND UNDERSTAND VIEWS OF SHAREHOLDER**

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

## **INTERACTION WITH MAJOR SHAREHOLDERS**

The interactive sessions include the annual general meeting, extra ordinary general meetings, corporate briefings/road shows, responding to investor queries either raised on email, website or on telephone.

During the year, following major international and

local road shows/corporate briefings sessions were held with investors:

- 2nd EFG Hermes Virtual Investor Conference.
- Auerbach Graysons' 6th Annual Emerging & Frontier Market Conference.
- 3rd EFG Hermes Virtual Conference.

## **STEP TO ENGAGE MINORITY SHAREHOLDERS TO ATTEND GENERAL MEETINGS**

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

## **INVESTORS' RELATIONS SECTION ON CORPORATE WEBSITE**

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

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

No issue was raised by the valued shareholders in the last Annual General Meeting held on October 27, 2020 at the Registered Office of the Company. However, queries raised were explained to the satisfaction of the Members.

## **HIGHLIGHTS ABOUT REDRESSAL OF INVESTORS' COMPLAINTS.**

During the year under review no formal complaints has been lodged by any shareholder of the Company.

# INTEGRATED REPORTING

## BASIS OF PREPARATION AND PRESENTATION

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

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

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

Management acknowledges its responsibility of the integrity of this Report and have applied their collective mind and effort in its preparation and presentation. All information is internally reviewed by the command hierarchy, polished and improved at each step to

reflect stark realities, remove errors and analytically report on future scenarios and where relevant, all information is presented in a format tied and linked to various capitals, stakeholder relationships and how the organization relates to it. Full efforts have been made to disclose all material information to its stakeholders unless Management is of the view that its disclosure would cause significant competitive harm, however, it stands to note that there is a certain degree of challenge to objectively quantify certain qualitative factors that add value in the wake of disruption caused by the global COVID – 19 pandemic.

Even so, the Company is moving ahead with the tradition of providing information to its stakeholders that goes beyond the traditional requirements of financial reporting framework and other legal requirements. In the light of evaluating performance in a broader perspective, the Company has drafted its Annual Report guided by Global Reporting Initiative principles to deliver a multi-dimensional approach to the accounting framework. By doing so, the Company believes the stakeholders gain a better understanding of the Company, its business, strategies, opportunities and risks, business model, governance and performance which itself is a form of value creation for its stakeholders. Sustainability and Integrated Reporting go hand in hand, by outlining a report structure along the triple bottom line format, the company demonstrates its advancement to uphold the essence of the framework.

The Report has been prepared in compliance of:-

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



# CALENDAR OF CORPORATE EVENTS

JULY 2020 – JUNE 2021

25 September  
**2020**

Announcement and  
Establishment of Letter  
of Credit for WHRP  
expansion project

06 October  
**2020**

Annual Report 2020  
Results Declared

27 October  
**2020**

5 Million Shares of the  
Company purchased by  
MLCL

27 October  
**2020**

Annual General Meeting  
Held

28 October  
**2020**

1st Qtr Sep-2020 Results  
Declared

25 November  
**2020**

Corporate briefing  
session held

26 February  
**2021**

Half Yearly Dec-2020  
Results Declared

24 March  
**2021**

Contract for Line 4  
brownfield expansion  
project signed

26 April  
**2021**

9 Months Mar-2021  
Results Declared

27 April  
**2021**

Announcement and  
Establishment of Letter  
of Credit for Line 4  
Cement plant

# CALENDAR OF OTHER NOTABLE EVENTS

JULY 2020 - JUNE 2021



# ECONOMIC PERFORMANCE

Economic Performance at Maple Leaf is steered by our vision, mission and values along with the goals and targets set by the senior management that results in enhanced performance of the company. The senior management is responsible for sketching the economic targets for different time periods i.e. annual targets, monthly targets, etc. We aim at delivering both direct and indirect economic impacts. Providing returns to investors, paying off to employees and government and suppliers, are all examples of our economic impacts.

## ANALYSIS OF THE FINANCIAL AND NON-FINANCIAL PERFORMANCE FINANCIAL INDICATORS:

### Actual Results:

The Company's sale increased in current FY 2021 by 22% as compared to FY 2020. This increase in sales is a result of better average retention compared to previous year due to market conditions and a restored export market driving an increase in export dispatches. Profitability saw a massive rebound mainly due to increase in sales retentions and reduction in financial costs induced by lower mark-up rates and reduction in short term borrowings. Annual Inflationary trend in production costs was averted by efficient buying of fuel and strict monitoring of fixed costs. Following are the main highlights:

	2021	2020
	(Rs. In Million)	
Net Sales	35,640	29,118
Net Profit/ (Loss)	3,828	(3,559)
Earnings/(Loss) per share (Rupee)	3.49	(3.89)

### Budgeted Results:

The profit increased mainly due to increase in local grey sale price and retention as compared to the budget on account of robust demand of cement in local market. Following are the main highlights of actual results as compared to updated budget:

	Actual	Budget
	2021	2021
	(Rs. In Million)	
Net Sales	35,640	30,139
Net Profit	3,828	1353
Earnings per share (Rupee)	3.49	1.48

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

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

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

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

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

1. Stakeholder's Engagement –Through different committees and forums, management expects to further strengthen stakeholder's engagement by increasing the awareness of different qualitative aspects of the business through cross-functionality.
2. Customer Satisfaction – The Company places great focus on customer satisfaction. Going forward, this remains a prime objective of the management.
3. Brand Recognition – Marketing efforts will be in place to increase sales volume based on the philosophy of being a brand where demand for our products will create a pull effect.
4. Integrity of managers – Being one of the core values of the Company, trainings have been planned to further drill this value into the middle and lower staff.

## SEGMENTAL REVIEW OF BUSINESS PERFORMANCE

The Standalone financial statements of the Company have been prepared on the basis of single reporting segment.

Revenue from sale of cement represents 100% of gross sales of the Company. Sales during the year 2020-21 comprises 96.5% of grey cement and 3.5% of white cement. During the year, grey cement segment has shown significant growth in terms of prices. The Company operates in two principal geographical areas, Asia and Africa. The Company's main sole product is cement.

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

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

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

Moreover, all assets of the Company as at June 30, 2021 are located in Pakistan.

## SHARE PRICE SENSITIVITY ANALYSIS

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

### 1) INCREASE IN DEMAND:

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

## 2) INCREASE IN VARIABLE COST:

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

## 3) INCREASE IN FIXED COST:

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

## 4) CHANGE IN GOVERNMENT POLICIES:

Any change in Government policies related to cement sector may affect the share price of the company. If policy change is positive, share price will increase and vice versa.

### Sensitivity Analysis of Change in Market Capitalization

Share Price as of 30 June 2021	Rs.46.98
Market Capitalization as of 30.06.2021	Rs. 51,600,305,979
Change in Share Price by	Change in Market Capitalization
+10%	Rs. 5,160,030,598
-10%	Rs. (5,160,030,598)

### Reasons

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

## HOW THE INDICATORS AND PERFORMANCE MEASURES HAVE CHANGED OVER THE PERIOD

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

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

**Market Share:** The Company is a leading brand in Pakistan with a diverse customer base and presence across the Pakistan. Carrying on with the legacy of Leaf, Maple Leaf brand is widely acknowledged as the best quality cement brand in all the local and export markets. Presently the Company, due to its unique and unparalleled marketing efforts and superior quality. The Company is also the largest producer of White Cement in the country with more than 90% of local market share and the biggest white cement exporter of Pakistan.

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

The management of the Company keeps a strong watch on its leverage and consistent efforts have been made to curtail it.

**Fixed Cost per unit:** Higher production capacities of an entity help in bringing down the cost per unit of the items manufactured. Production units are inversely proportion to the fixed cost per unit, higher production means low per unit cost and vice versa.

The Company is keen to bring its fixed cost per unit down in order to enhance its profitability by strategic initiatives and continuous monitoring.

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

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

## **METHODS AND ASSUMPTIONS USED IN COMPILING INDICATORS**

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

### **Financial Position**

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

### **Financial performance**

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

### **Liquidity Position**

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

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

# HORIZONTAL ANALYSIS - SIX YEARS

	2021 Rs. '000'	21 vs 20 %	2020 Rs. '000'	20 vs 19 %	2019 Rs. '000'	19 vs 18 %	2018 Rs. '000'	18 vs 17 %	2017 Rs. '000'	17 vs 16 %	2016 Rs. '000'	16 vs 15 %
<b>Statement of Financial Position</b>												
Total equity	37,542,541	19.86	31,320,831	2.64	30,514,586	2.02	29,911,139	26.16	23,708,061	11.11	21,337,135	20.80
Total non-current liabilities	17,247,289	(10.98)	19,375,165	(8.95)	21,278,671	26.18	16,863,465	129.60	7,344,681	29.82	5,657,496	4.50
Total current liabilities	11,449,448	(25.23)	15,313,775	8.11	14,164,518	18.49	11,953,924	53.97	7,764,031	54.44	5,027,065	(38.28)
<b>Total equity and liabilities</b>	<b>66,239,278</b>	<b>0.35</b>	<b>66,009,771</b>	<b>0.08</b>	<b>65,957,775</b>	<b>12.31</b>	<b>58,728,528</b>	<b>51.30</b>	<b>38,816,773</b>	<b>21.22</b>	<b>32,021,696</b>	<b>2.56</b>
Total non-current assets	49,315,862	(0.18)	49,402,580	(4.54)	51,750,897	12.51	45,996,847	61.93	28,405,142	20.65	23,543,989	(1.00)
Total current assets	16,923,416	1.90	16,607,191	16.90	14,206,878	11.59	12,731,681	22.28	10,411,631	22.81	8,477,707	13.96
<b>Total assets</b>	<b>66,239,278</b>	<b>0.35</b>	<b>66,009,771</b>	<b>0.08</b>	<b>65,957,775</b>	<b>12.31</b>	<b>58,728,528</b>	<b>51.30</b>	<b>38,816,773</b>	<b>21.22</b>	<b>32,021,696</b>	<b>2.56</b>
<b>Profit or Loss Account</b>												
Sales - net	35,640,181	22.40	29,117,734	11.97	26,005,944	1.19	25,699,113	7.11	23,992,079	2.39	23,432,696	13.09
Cost of sales	(28,135,419)	(5.73)	(29,845,269)	41.52	(21,088,864)	12.92	(18,676,562)	28.72	(14,509,777)	8.20	(13,410,564)	1.41
Gross profit	7,504,762	(1,131.53)	(727,535)	(114.80)	4,917,080	(29.98)	7,022,551	(25.94)	9,482,302	(5.39)	10,022,132	33.71
Distribution cost	(1,115,732)	36.55	(817,057)	(12.45)	(933,244)	26.77	(736,142)	(42.27)	(1,275,182)	(6.23)	(1,359,896)	3.52
Administrative expenses	(972,547)	23.94	(784,706)	6.97	(733,607)	0.42	(730,551)	17.63	(621,076)	27.80	(485,959)	27.43
Other operating expenses	(365,084)	305.65	(89,999)	(80.28)	(456,493)	(20.25)	(572,436)	6.72	(536,369)	(18.69)	(659,631)	150.63
Other operating income	3,732,132	2,727.84	131,978	206.95	42,997	(23.13)	55,935	(59.77)	139,030	281.99	36,396	(21.17)
Profit from operations	8,783,531	(484.01)	(2,287,319)	(180.63)	2,836,733	(43.71)	5,039,357	(29.90)	7,188,705	(4.82)	7,553,042	35.27
Finance cost	(1,493,930)	(49.90)	(2,981,722)	154.29	(1,172,557)	82.04	(644,121)	102.33	(318,349)	(26.90)	(435,504)	(59.77)
Profit/(loss) before taxation	7,289,601	(238.35)	(5,269,041)	(416.62)	1,664,176	(62.14)	4,395,236	(36.03)	6,870,356	(3.47)	7,117,538	58.14
Taxation	(1,035,492)	(343.20)	425,776	(314.09)	(198,877)	(73.94)	(763,035)	(63.55)	(2,093,275)	(6.26)	(2,232,953)	113.35
<b>Profit/(loss) after taxation</b>	<b>6,254,109</b>	<b>(229.13)</b>	<b>(4,843,265)</b>	<b>(430.53)</b>	<b>1,465,299</b>	<b>(59.66)</b>	<b>3,632,201</b>	<b>(23.97)</b>	<b>4,777,081</b>	<b>(2.20)</b>	<b>4,884,585</b>	<b>41.41</b>

# VERTICAL ANALYSIS - SIX YEARS

	2021		2020		2019		2018		2017		2016	
	Rs. '000'	%	Rs. '000'	%	Rs. '000'	%	Rs. '000'	%	Rs. '000'	%	Rs. '000'	%
<b>Statement of Financial Position</b>												
Total equity	37,542,541	56.68	31,320,831	47.45	30,514,586	46.26	29,911,139	50.93	23,708,061	61.08	21,337,135	66.63
Total non-current liabilities	17,247,289	26.04	19,375,165	29.35	21,278,671	32.26	16,863,465	28.71	7,344,681	18.92	5,657,496	17.67
Total current liabilities	11,449,448	17.28	15,313,775	23.20	14,164,518	21.48	11,953,924	20.35	7,764,031	20.00	5,027,065	15.70
<b>Total equity and liabilities</b>	<b>66,239,278</b>	<b>100.00</b>	<b>66,009,771</b>	<b>100.00</b>	<b>65,957,775</b>	<b>100.00</b>	<b>58,728,528</b>	<b>100.00</b>	<b>38,816,773</b>	<b>100.00</b>	<b>32,021,696</b>	<b>100.00</b>
Total non-current assets	49,315,862	74.45	49,402,580	74.84	51,750,897	78.46	45,996,847	78.32	28,405,142	73.18	23,543,989	73.53
Total current assets	16,923,416	25.55	16,607,191	25.16	14,206,878	21.54	12,731,681	21.68	10,411,631	26.82	8,477,707	26.47
<b>Total assets</b>	<b>66,239,278</b>	<b>100.00</b>	<b>66,009,771</b>	<b>100.00</b>	<b>65,957,775</b>	<b>100.00</b>	<b>58,728,528</b>	<b>100.00</b>	<b>38,816,773</b>	<b>100.00</b>	<b>32,021,696</b>	<b>100.00</b>
<b>Profit or Loss Account</b>												
Sales - net	35,640,181	100.00	29,117,734	100.00	26,005,944	100.00	25,699,113	100.00	23,992,079	100.00	23,432,696	100.00
Cost of sales	(28,135,419)	(78.94)	(29,845,269)	(102.50)	(21,088,864)	(81.09)	(18,676,562)	(72.67)	(14,509,777)	(60.48)	(13,410,564)	(57.23)
Gross profit	7,504,762	21.06	(727,535)	(2.50)	4,917,080	18.91	7,022,551	27.33	9,482,302	39.52	10,022,132	42.77
Distribution cost	(1,115,732)	(3.13)	(817,057)	(2.81)	(933,244)	(3.59)	(736,142)	(2.86)	(1,275,182)	(5.32)	(1,359,896)	(5.80)
Administrative expenses	(972,547)	(2.73)	(784,706)	(2.69)	(733,607)	(2.82)	(730,551)	(2.84)	(621,076)	(2.59)	(485,959)	(2.07)
Other operating expenses	(365,084)	(1.02)	(89,999)	(0.31)	(456,493)	(1.76)	(572,436)	(2.23)	(536,369)	(2.24)	(659,631)	(2.82)
Other operating income	3,732,132	10.47	131,978	0.45	42,997	0.17	55,935	0.22	139,030	0.58	36,396	0.16
Profit from operations	8,783,531	24.65	(2,287,319)	(7.86)	2,836,733	10.91	5,039,357	19.61	7,188,705	29.96	7,553,042	32.23
Finance cost	(1,493,930)	(4.19)	(2,981,722)	(10.24)	(1,172,557)	(4.51)	(644,121)	(2.51)	(318,349)	(1.33)	(435,504)	(1.86)
Profit / (loss) before taxation	7,289,601	20.45	(5,269,041)	(18.10)	1,664,176	6.40	4,395,236	17.10	6,870,356	28.64	7,117,538	30.37
Taxation	(1,035,492)	(2.91)	425,776	1.46	(198,877)	(0.76)	(763,035)	(2.97)	(2,093,275)	(8.72)	(2,232,953)	(9.53)
<b>Profit / (loss) after taxation</b>	<b>6,254,109</b>	<b>17.55</b>	<b>(4,843,265)</b>	<b>(16.63)</b>	<b>1,465,299</b>	<b>5.63</b>	<b>3,632,201</b>	<b>14.13</b>	<b>4,777,081</b>	<b>19.91</b>	<b>4,884,585</b>	<b>20.85</b>

# SUMMARY OF CASH FLOW STATEMENT – SIX YEARS

	2021	2020	2019	2018	2017	2016
	(Rupees in thousand)					
Cash generated from operations before working capital changes	9,075,186	1,047,196	5,335,849	7,623,505	9,573,733	10,042,012
<b>(Increase) / decrease in current assests</b>						
Stores, spare parts and loose tools	(1,343,107)	(1,186,848)	(703,479)	245,303	(1,366,836)	(1,199,205)
Stock-in-trade	(370,779)	(40,390)	(545,508)	107,729	(428,415)	320,681
Trade debts	1,213,368	(393,515)	(1,688,194)	(474,227)	(105,665)	(2,867)
Loans and advances	(85,357)	382,104	1,498,243	(1,468,489)	(12,949)	180,084
Trade and other payables	(838,876)	37,109	2,922,380	1,815,694	28,381	(430,056)
Due from subsidiary					-	-
Other receivables	(130,579)	63	8,215	217,102	69,131	(212,056)
Retirement benefits adjusted / (paid)	(56,198)	(35,724)	(38,020)	(40,084)	(27,256)	(23,023)
Workers' Profit Participation Fund Paid	-	(71,253)	(93,768)	(175,916)	-	(89,119)
Workers' Welfare Fund paid	(161)	-	-	(135,635)	(112,622)	-
Taxes paid	(736,571)	(675,051)	(379,435)	(2,393,707)	(1,989,248)	(632,781)
Others	(174,959)	(1,415)	(35,322)	268,656	(2,851)	17,331
<b>Net Cash generated from operating activities</b>	<b>6,551,967</b>	<b>(937,724)</b>	<b>6,280,961</b>	<b>5,589,931</b>	<b>5,625,403</b>	<b>7,971,001</b>
Capital expenditure	(3,285,300)	(855,476)	(8,220,851)	(19,445,846)	(2,917,312)	(1,106,002)
Dividend received from fully owned subsidy	3,514,000	-	-	-	-	-
Intangible asset purchased	-	-	(5,219)	-	(29,032)	-
Proceeds from disposal of property, plant and equipment	53,115	52,047	102,173	51,965	195,191	56,327
Short term investment - net	(44,500)	(50,000)	-	(21,997)	(15,000)	-
Long term investment		-	-	(350,000)	(4,010,000)	(660,000)
Profit on bank deposits received	13,692	29,842	18,796	28,970	16,628	14,191
<b>Net Cash used in investing activities</b>	<b>251,007</b>	<b>(823,587)</b>	<b>(8,105,101)</b>	<b>(19,736,908)</b>	<b>(6,759,525)</b>	<b>(1,695,484)</b>
Proceeds from long term loans from banking companies - secured - net	1,142,825	(5,007,260)	3,552,666	10,648,936	2,176,462	771,484
Long term loan from subsidiary company	(2,000,000)	2,000,000	1,000,000	-	-	-
Proceeds from issuance of right shares	-	5,994,968	-	4,241,830	-	-
Repayment of redeemable capital - secured	-	-	-	-	-	(3,433,011)
Repayment of syndicated term finance - secured	-	-	-	-	-	(433,500)
Payment of liabilities against assets subject to finance lease - net	-	-	-	(480,615)	(164,614)	(132,746)
Short term borrowings - net	(4,121,973)	3,100,037	(1,215,654)	1,038,909	1,467,065	(1,065,150)
Finance cost paid	(1,733,621)	(3,011,992)	(857,976)	(462,171)	(255,224)	(483,813)
Redemption of preference shares	-	-	-	-	(478)	-
Dividend paid	(19,919)	(289,361)	(663,880)	(1,804,561)	(2,315,788)	(1,283,026)
<b>Net cash generated from/ (used in) financing activities</b>	<b>(6,732,688)</b>	<b>2,786,392</b>	<b>1,815,156</b>	<b>13,182,328</b>	<b>907,423</b>	<b>(6,059,762)</b>
Net increase/ (decrease) in cash and cash equivalents	70,286	1,025,081	(8,984)	(964,649)	(226,699)	215,755
Cash and cash equivalents at beginning of the years	209,516	(815,565)	(806,581)	158,068	384,767	169,012
<b>Cash and cash equivalents at end of the years</b>	<b>279,802</b>	<b>209,516</b>	<b>(815,565)</b>	<b>(806,581)</b>	<b>158,068</b>	<b>384,767</b>

# COMMENTS ON SIX YEARS ANALYSIS

## HORIZONTAL ANALYSIS

### Statement of Financial Position

The Company's equity significantly increased during the past 5 years mainly due to increase in profit after tax and further issuance of capital. Accumulated profits increased mainly due to increase in cement demand in local markets as a result of Naya Pakistan Housing Scheme, CPEC and other government infrastructure projects. Non-current liabilities increased during the period of FY 2017 to FY 2019 as the Company entered into a phase of growth and expansion and hence increased its debt leverage to partially finance coal fired power project and production line III of cement. This trend was discontinued in the previous year, as the Company lowered its debt component by making early principal repayments. During the year the Company successfully reduced its current liabilities by 25% mainly by reduction of short term borrowings due to better operating cash flows as evident from current year profits.

Increase in non-current assets of the Company in FY 2017 to FY 2020 was mainly due to its investment in new production line-III of grey cement. Current assets exhibit a consistent increasing trend in line with higher capacity levels and sales volume. During the year even though current assets represent an overall increase, the Company lowered its trade debts favourably by 45%, it represents the better control of the management on receivables.

### Profit or Loss Account

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

In sharp contrast, FY 2021 flourished in a mighty display of take-off in the financial indicators of the Company by reason of collective factors such as improved market conditions which uplifted and promoted demand, thereby restoring the slump in sales retention from the previous year. Furthermore, reduction in packing material cost, efficient buying of coal and reduction in short term borrowing resulted in increased profits. The exponentially high other operating income was mainly due to dividend income received from MLPL.

## VERTICAL ANALYSIS

### Statement of Financial Position

The equity of the Company continues to improve; its weightage has also increased except from FY 2017 to FY 2019 where its proportion decreased from 61.08% to 46.26% respectively on account of increase in non-current liabilities resulting from drawdown of long term finances for expansion project of cement however, during financial year 2020-2021 equity component has

increased from 47.45% to 56.68% by virtue of profits earned by the Company.

Due to nature of industry, a capital intensive sector, ratio of non-current assets to total assets remained in the range of 73.18% to 78.46% as evident from last 6 years reported figures. On account of investment in expansion project, non-current assets have increased in FY 2018 & 19 in rupee terms. The proportion of current asset vs non-current assets significantly decreased during FY 2017 to FY 2018 due to an increase in non-current assets as explained above, while showing a reversed trend in the current and previous year due to higher working capital requirements on account of the addition of grey cement Line III, similarly, in the aforementioned period non-current assets share decreased from 78.46% to 74.45% on account of increase in depreciation due to operations of line-III.

### Profit or Loss Account

The Company's GP% showcased a declining trend in the FY 2017 to FY 2019, mainly due to an increase in production costs specially in packing material and power costs coupled with decrease in sales retention of local grey cement. FY 2020 was especially hard felt as coal prices, devaluation of Pak Rupee and poor sales prices unfavourable impacted the profitability of the Company

In current year, the Company's GP% increased mainly due to increase in local sale prices on account of high demand of cement in local market. Other operating income increased mainly due to the dividend received from Maple Leaf Power Limited (wholly owned subsidiary). Finance cost decreased mainly due to low discount rates and reduction in short term borrowings. Overall net profit was 17.55% mainly due to high sale retention and low finance cost as explained.

## COMMENTS ON CASH FLOW STATEMENTS

Cash generated from operations has been in line with profits earned by the Company in the past years. However, in FY 2020, the Company's operating cash flows were negative mainly due to tough market conditions that resulted in low sale prices. In current year, cash generated from operations showed positive results mainly due to better sale retention on account of favourable market conditions in local market.

Other than the previous year, where the Company didn't invest in any new project or major investment, the Company's capital expenditure has been consistently high, specially in FY 2018 and FY 2019, due to investment in the grey cement line III of 7,300 tpd for capacity enhancement. The Company has financed the above mentioned project by obtaining finances from financial institutions and issuing right shares along with its equity contribution. This has contributed to a consistent trend of increase in cash inflows from financing activities and net outflow in investing activities.

During the year, the Company has started new projects i.e. new brownfield cement line IV, enhancement of WHRP capacity at existing lines of cement. These capital expenditures were managed partially with long term financing and from internally generated cash flows. The current year also witnessed a heavy net outflow from financing activities as the company utilized its cash generation from operations to clear its outstanding loan and short term borrowings.

# ANALYSIS OF FINANCIAL RATIOS FOR SIX YEARS FROM JUNE 2016 TO JUNE 2021

Ratios Description	2021	2020	2019	2018	2017	2016
<b>Profitability Ratios:</b>						
Gross profit ratio	21.06%	-2.50%	18.91%	27.33%	39.52%	42.77%
Net profit to sales	17.55%	-16.63%	5.63%	14.13%	19.91%	20.85%
EBITDA margin to sales	34.96%	3.60%	20.75%	28.81%	40.00%	42.45%
Operating leverage ratio	-21.61	-15.10	-36.61	-4.20	-2.02	2.69
Return on equity	16.66%	-15.46%	4.80%	12.14%	20.15%	22.89%
Return on capital employed	13.35%	-10.42%	3.24%	10.42%	19.26%	22.72%
Effective tax rate	14.21%	8.08%	11.95%	17.36%	30.47%	31.37%
Shareholder's funds	56.68%	47.45%	46.26%	50.93%	61.08%	66.63%
Return on shareholder's funds	16.66%	-15.46%	4.80%	12.14%	20.15%	22.89%
<b>Liquidity Ratios:</b>						
Current ratio	1.48	1.08	1.00	1.07	1.34	1.69
Quick / acid test ratio	0.44	0.42	0.37	0.42	0.30	0.44
Cash to current liabilities	0.04	0.07	0.03	0.05	0.05	0.08
Cash flow from operations to sales	0.18	(0.03)	0.24	0.22	0.23	0.34
<b>Investment / Market Ratios:</b>						
Earnings per share (EPS)						
Basic	5.69	(5.30)	2.13	6.29	8.81	9.00
Diluted	5.69	(5.30)	2.13	6.29	8.81	9.00
Price earnings ratio	8.25	(4.90)	11.23	8.07	12.65	11.72
Price to book ratio	1.37	0.91	0.46	1.01	2.48	2.61
Market value per share						
Closing	46.98	25.98	23.89	50.74	111.36	105.51
High	50.90	31.90	60.78	119.60	139.89	109.25
Low	25.85	13.79	19.26	47.20	86.15	65.50
Break up value per share						
With revaluation surplus	34.18	28.52	51.40	50.38	44.92	40.43
Without revaluation surplus	31.37	25.22	44.85	43.20	36.73	31.74
With revaluation surplus including investment in subsidiary*	39.54	36.03	62.77	60.06	53.72	41.64
Cash dividend per share	-	0.27	1.00	3.06	4.50	2.50
Dividend pay out ratio	-	-5.10%	47.00%	48.57%	51.10%	27.76%
Dividend yield ratio	-	1.04%	4.19%	6.02%	4.04%	2.37%
Dividend cover ratio	-	-16.32	2.47	2.00	2.01	3.70
<b>Capital Structure Ratios:</b>						
Financial leverage ratio	0.44	0.70	0.73	0.64	0.28	0.14
Weighted average cost of debt	7.85%	13.57%	9.89%	6.98%	5.86%	7.04%
Net borrowing/ EBITDA	1.31	20.52	4.20	2.57	0.69	0.28
Avg. operating working capital to sales ratio	29.96%	29.33%	27.42%	23.84%	26.75%	19.05%
Debt to equity ratio	28:72	33:67	37:63	31:69	13:87	7:93
Debt to equity ratio (market value)	16:84	24:76	32:68	20:80	4:96	2:98
Interest cover ratio	5.88	-0.77	2.42	7.82	22.58	17.34
<b>Activity / Turnover Ratios:</b>						
Inventory turnover ratio	14.32	16.97	14.38	14.97	13.35	12.90
No. of days in inventory	25.49	21.51	25.38	24.38	27.34	28.30
Debtor turnover ratio	15.06	10.15	13.63	28.33	38.10	40.84
No. of days in receivables	24.23	35.95	26.78	12.88	9.58	8.94
Total assets turnover ratio	0.54	0.44	0.39	0.44	0.62	0.73
Fixed assets turnover ratio	0.81	0.66	0.56	0.63	1.01	1.03
Creditor turnover ratio	7.54	8.32	7.78	13.22	19.85	15.18
No. of days in creditors	48.43	43.88	46.90	27.62	18.39	24.05
Operating cycle	1.29	13.59	5.25	9.65	18.54	13.18
<b>Employee Productivity Ratio</b>						
Production per employee	3,498	3,557	2,424	2,709	2,587	2,905
Revenue per employee (Rs. in thousand)	24.96	19.93	17.33	18.52	18.57	20.38
Staff turnover ratio	6.30%	5.80%	5.30%	7.00%	8.60%	10.30%
<b>Non-Financial Ratios</b>						
% age of plant availability	98%	99%	99%	98%	99%	97%
Customer satisfaction index**	75%	85%	90%	97%	99%	-
<b>Other Ratios</b>						
Spares inventory as % age of assets cost	14.70%	12.72%	10.93%	11.08%	17.39%	16.81%
Maintenance cost as % age of operating expenses	6.20%	6.59%	7.32%	8.99%	13.30%	12.21%

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

\*\* The ratio is calculated based on customer responses. Due to high demand of Maple Leaf Cement, customers want early delivery, however, they are prioritized as per sequential orders received.

# COMMENTS ON RATIO ANALYSIS

**Profitability ratios:** The profitability ratios of the Company have shown a triumphant recovery during the current year due to an increase in retention prices and control in production expenses due to a decline in packing material cost and the Company avoiding the bump in the Wapda power tariffs by following an ongoing strategy of shifting reliance from national power grid to self-generation. Furthermore, profitability of the Company has also improved due to a decline in finance cost. In addition, the Company has managed to increase its Grey local sales retention, thereby overall increasing net sales. This along with higher capacity levels have enabled EBITDA margins to proliferate from 3.6% to 34.96%. The Cost of Sales show a limited variance, but overall, input prices remain high.

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

**Investment / Market Ratios:** The lowering of the State Bank Policy rate in the year under review and the reopening of domestic and international markets as the threat of global corona virus pandemic subsides has revitalized the investors interest and confidence in the stock market. Whereas, the Governments keen focus on the growing construction sector, favourable market conditions and uptake in demand have improved the share price of the Company. The Company's market share price remained in the range of Rs.25.85 per share to Rs. 50.90 per share, closing at Rs. 46.98 per

share in comparison to Rs.25.98 per share at the close of last year.

**Capital Structure Ratios:** The Company is operating at optimal level of debt equity mix. Relying mainly on internal cash generation to maximize shareholders' return. The results of this strategy are evident from improved trend in Interest cover ratio in the years of 2016 & 2017. However, afterwards, the Company increased its debt to cater the financing needs for expansion project of grey cement line-III. This decline in ratio results is currently being remediated as the Company continues to pay off its principle debt thereby steering the indicators in the positive direction in the current year as debt to equity ratio has improved to 28:72 in comparison of corresponding financial year.

During the year, the Government shifted its monetary strategy by adopting expansionary policy stance by lowering the State Bank of Pakistan policy rate to 7% and quickly providing liquidity support and credit extension to a wide array of borrowers, thereby providing a cushion to the company's average cost of debt.

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

# DUPONT ANALYSIS

Years	Return on Equity (Profit Margin * Total Asset Turnover * Equity Multiplier)	Profit Margin (Pre-Tax Profit / Sales)	Total Asset Turnover (Sales / Avg. Assets)	Return on Assets	Equity Multiplier ( Avg. Assets / Avg. Equity)
	E= C*D	A	B	C= A*B	D
2021	21.17%	0.20	0.54	11.02%	1.92
2020	-17.04%	(0.18)	0.44	-7.99%	2.13
2019	5.51%	0.06	0.42	2.67%	2.06
2018	16.39%	0.17	0.53	9.01%	1.82
2017	30.50%	0.29	0.68	19.40%	1.57
2016	36.50%	0.30	0.74	22.51%	1.62

## Following are the DuPont analysis highlights:

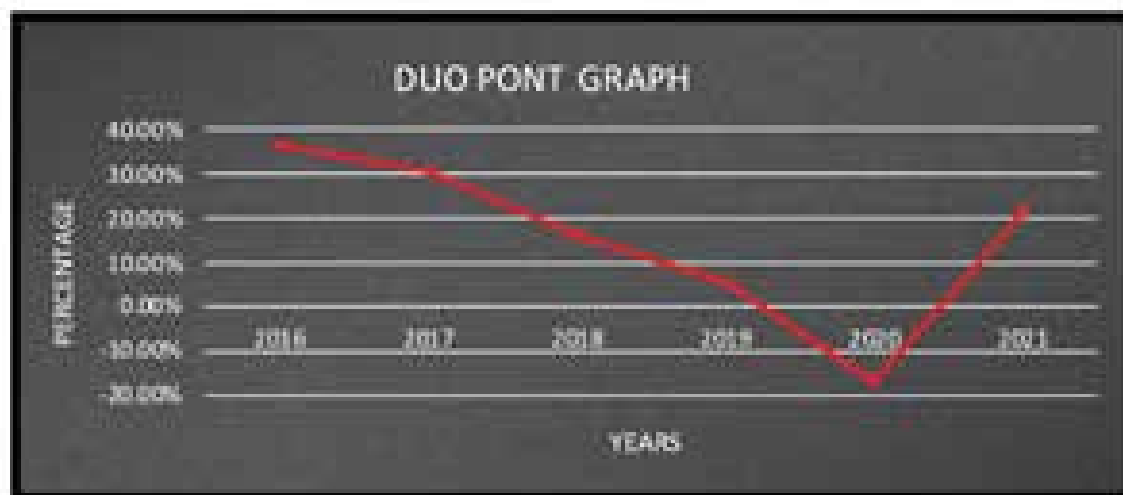
1. Operational results have improved due to better local sale retention, positively affecting profit margins.
2. Assets turnover ratio has improved from the previous year, as net sales skyrocketed, whereas the Company's Total Asset base materially remained unchanged from the previous year.
3. Based on the above two factors, the Return

on Assets which is dependent on the above two factors, has gone up.

4. Better operations have led to higher profits which have inflated the equity. Thus the equity multiplier decreased as the base figure increases.

## Conclusion:

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



# COMPOSITION OF LOCAL VERSUS IMPORTED MATERIAL AND SENSITIVITY ANALYSIS

	2021		2020	
	Rs. '000	%	Rs. '000	%
<b>Local Components:</b>				
Raw materials consumed	2,283,399	10%	2,277,711	10%
Packing materials consumed	2,824,094	12%	3,190,988	13%
Fuel	1,174,425	5%	183,406	1%
Power and associated costs	6,291,475	28%	7,125,341	30%
Stores, spare parts and loose tools consumed	496,385	2%	386,906	2%
<b>Imported Components:</b>				
Fuel	9,071,972	40%	10,012,680	42%
Stores, spare parts and loose tools consumed	576,732	3%	683,290	3%
<b>Total</b>	<b>22,718,482</b>	<b>100%</b>	<b>23,860,322</b>	<b>100%</b>

## Sensitivity analysis

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

would have been as follow:

	2021 Rs. '000'	2020 Rs. '000'
Increase of 1% in exchange rate	96,487	106,960
Decrease of 1% in exchange rate	(96,487)	(106,960)

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

## FREE CASH FLOWS

Net cash generated from operating activities	6,551,967	(937,724)
Capital expenditures	(3,285,300)	(855,476)
<b>FCF - Total</b>	<b>3,266,667</b>	<b>(1,793,200)</b>

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

## ECONOMIC VALUE ADDED

NOPAT	4,684,153	(2,461,290)
Less: WACC* Capital Invested	(1,224,558)	(2,774,074)
<b>Economic Value Added</b>	<b>3,459,595</b>	<b>(5,235,364)</b>

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

# KEY OPERATING AND FINANCIAL DATA

FOR SIX YEARS FROM JUNE 2016 TO JUNE 2021

	2020-21	2019-20	2018-19	2017-18	2016-17	2015-16
<b>Quantitative Data (M. Tons)</b>						
Cement:						
Production	4,994,594	5,196,304	3,638,313	3,760,120	3,341,970	3,340,410
Sales	5,023,444	5,201,820	3,673,278	3,763,835	3,364,402	3,340,324
<b>Sales (Rs. 000)</b>						
Gross Sales ( Local + Export-Discunt)	50,977,758	47,412,675	36,678,918	35,990,524	31,799,079	28,890,304
Less:						
Excise Duty	7,043,999	10,040,696	4,874,102	4,436,086	2,931,708	1,194,966
Sales Tax	8,060,518	8,027,602	5,656,806	5,713,760	4,764,821	4,144,108
Commission	233,060	226,643	142,066	141,565	110,471	118,534
<b>Net Sales</b>	<b>35,640,181</b>	<b>29,117,734</b>	<b>26,005,944</b>	<b>25,699,113</b>	<b>23,992,079</b>	<b>23,432,696</b>
<b>Profitability (Rs. 000)</b>						
Gross Profit/(Loss)	7,504,762	(727,535)	4,917,080	7,022,551	9,482,302	10,022,132
Profit/(Loss) Before Tax	7,289,601	(5,269,041)	1,664,176	4,395,236	6,870,356	7,117,538
Provision for Income Tax	(1,035,492)	425,776	(198,877)	(763,035)	(2,093,275)	(2,232,953)
<b>Profit/(Loss) After Tax</b>	<b>6,254,109</b>	<b>(4,843,265)</b>	<b>1,465,299</b>	<b>3,632,201</b>	<b>4,777,081</b>	<b>4,884,585</b>
<b>Financial Position (Rs. 000)</b>						
Tangible Fixed Assets-Net	44,215,539	44,297,941	46,640,664	40,894,010	23,647,663	22,822,494
Other Non-Current Assets	5,100,323	5,104,639	5,110,233	5,102,837	4,757,479	721,495
	49,315,862	49,402,580	51,750,897	45,996,847	28,405,142	23,543,989
Current Assets	16,923,416	16,607,191	14,206,878	12,731,681	10,411,631	8,477,707
Current Liabilities	(11,449,448)	(15,313,775)	(14,164,518)	(11,953,924)	(7,764,031)	(5,027,065)
Net Working Capital	5,473,968	1,293,416	42,360	777,757	2,647,600	3,450,642
Capital Employed	54,789,830	50,695,996	51,793,257	46,774,604	31,052,742	26,994,631
Less: Non Current Liabilities	(17,247,289)	(19,375,165)	(21,278,671)	(16,863,465)	(7,344,681)	(5,657,496)
<b>Shareholders' Equity</b>	<b>37,542,541</b>	<b>31,320,831</b>	<b>30,514,586</b>	<b>29,911,139</b>	<b>23,708,061</b>	<b>21,337,135</b>
<b>Represented By:</b>						
Share Capital	10,983,462	10,983,462	5,937,007	5,937,007	5,277,340	5,277,340
Reserves & Un-appropriated Profit	23,469,104	16,722,039	20,693,099	19,709,589	14,106,812	11,472,540
Surplus on Revaluation of PPE	3,089,975	3,615,330	3,884,480	4,264,543	4,323,909	4,587,255
	<b>37,542,541</b>	<b>31,320,831</b>	<b>30,514,586</b>	<b>29,911,139</b>	<b>23,708,061</b>	<b>21,337,135</b>

# STATEMENT OF CASH FLOWS

## DIRECT METHOD

	2021	2020
	(Rupees in thousand)	
<b>Cash flows from operating activities</b>		
Cash receipts from customers	36,853,549	28,724,219
Cash paid to suppliers and employees	29,444,648	28,881,003
<b>Net Cash generated from operations</b>	7,408,901	(156,784)
Decrease in long term loans to employees	2,192	628
Increase in long term deposits to suppliers	(882)	460
(Decrease) / Increase in long term deposits	(450)	-
Retirement benefits paid	(56,198)	(35,724)
Decrease in payable to Government Authority	(64,864)	-
Workers' Profit Participation Fund paid	-	(71,253)
Workers' Welfare Fund paid	(161)	-
Taxes Paid - net of refund	(736,571)	(675,051)
<b>Net cash generated from operating activities</b>	6,551,967	(937,724)
<b>Cash flows from investing activities</b>		
Capital expenditure	(3,285,300)	(855,476)
Dividend received from wholly owned subsidiary	3,514,000	-
Proceeds from disposal of property, plant and equipment	53,115	52,047
Short term investment - net	(44,500)	(50,000)
Profit on bank deposits received	13,692	29,842
<b>Net cash used in investing activities</b>	251,007	(823,587)
<b>Cash flows from financing activities</b>		
Proceeds from long term loans from banking companies - secured - net	1,142,825	(5,007,260)
Long term loan from subsidiary company	(2,000,000)	2,000,000
Proceeds from issuance of right shares	-	5,994,968
Short term borrowings - net	(4,121,973)	3,100,037
Finance cost paid	(1,733,621)	(3,011,992)
Dividend paid	(19,919)	(289,361)
<b>Net cash generated from financing activities</b>	(6,732,688)	2,786,392
<b>Net decrease in cash and cash equivalents</b>	70,286	1,025,081
<b>Cash and cash equivalents at the beginning of the year</b>	209,516	(815,565)
<b>Cash and cash equivalents at the end of the year</b>	<b>279,802</b>	<b>209,516</b>

# RESULTS REPORTED IN INTERIM FINANCIAL STATEMENTS AND FINAL ACCOUNTS

	Interim Results						Annual Results	
	3 Months Period Ended 30-09-2020		6 Months Period Ended 31-12-2020		9 Months Period Ended 31-03-2021		Year Ended 30-06-2021	
	Rupees '000	%	Rupees '000	%	Rupees '000	%	Rupees '000	%
Net turnover	7,520,858		16,620,799		26,098,017		35,640,181	
Gross Profit	1,228,570	16.34%	3,197,104	19.24%	5,420,989	20.77%	7,504,762	21.06%
Operating Profit	882,489	11.73%	2,345,260	14.11%	7,462,043	28.59%	8,783,531	24.65%
Net Profit Before Tax	413,019	5.49%	1,505,878	9.06%	6,274,353	24.04%	7,289,601	20.45%
Net Profit After Tax	309,405	4.11%	1,109,375	6.67%	5,521,249	21.16%	6,254,109	17.55%
Debt Equity Ratio	12,044,168	28:72	12,442,325	28:72	12,818,050	26:74	13,440,927	26:74
	43,675,659		44,859,267		49,647,589		50,983,468	
Current Ratio	14,887,694	1.12	15,596,046	1.20	16,523,954	1.55	16,923,416	1.48
	13,324,925		13,014,143		10,694,244		11,449,448	

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

### 3 Months Ended September 30, 2020

Gross Profit (GP) Ratio for the 1st Quarter was 16.34% as compared to annual GP of 21.06%, mainly due to the low price and retention of local grey dispatches.

Operating Profit was 11.73% as compared to 24.65%, mainly due to low GP in 1st Quarter and dividend income earned from 100% owned subsidiary MLPL reflected in annual results.

Net Profit Before Tax was 5.49% as compared to annual 20.45%, mainly due to less GP and other income in 1st Quarter.

Net Profit After Tax was 4.11% as compared to 17.55%, due to less profit before tax on account of reasons explained above.

Debt Equity Ratio was 28:72 in first quarter as compared to 26:74 in annual, mainly due to slight increase in debt in annual results due to capital nature projects i.e. WHRP and Line IV. However, equity increased in annual figures due to higher profits and dividend income.

Current ratio was 1.12 as compared to annual of 1.48, due to an increase in inventory because of higher coal and pet coke rates in the international market and reduction in short term borrowings in annual results.

### 6 Months Ended December 31, 2020

Gross Profit (GP) Ratio was 19.24% as compared to annual GP of 21.06%, as in the second quarter local sales retention increased by almost 7%, however coal rates were also on an increasing trend resulting in better GP% in 6 months as compared to 1st quarter and reducing delta from annual results.

Operating Profit was 14.11% as compared to 24.65%, mainly due to low GP in half year results and dividend income earned from 100% owned subsidiary MLPL reflected in annual results.

Net Profit Before Tax was 9.06% as compared to annual 20.45%, mainly due to higher dividend income and GP% in annual results. However, it was better than the 1st quarter due to increase in local sale retention and less finance cost.

Net Profit After Tax was 6.67% as compared to 17.55%, due to less profit before tax on account of reasons explained above.

Debt Equity Ratio was 28:72 in 6-month period as compared to 26:74 in annual, mainly due to slight increase in debt in annual results due to capital nature projects i.e. WHRP and Line IV. However, equity increased in annual figures due to higher profits and dividend income.

Current ratio was 1.20 as compared to annual of 1.48, due to an increase in inventory because of higher coal and pet coke rates in the international market and reduction in short term borrowings in annual results.

## 9 Months Ended March 31, 2020

Gross Profit (GP) Ratio was 20.77% as compared to annual GP of 21.06% and was the best performing quarter in the year due to higher demand of cement and an uptick in local sale retention.

Operating Profit was 24.04% as compared to 20.45% in annual, due to dividend income earned from 100% owned subsidiary MLPL received in 3rd quarter.

Net Profit Before Tax was 24.04% as compared to annual 20.45%, due to finance cost reduction as reliance on short term borrowing was lowered.

Net Profit After Tax was 21.16% as compared to 17.55% in annual, due to higher coke/pet coke rates in the last quarter.

Debt Equity Ratio was 26:74 in the 9 months' period, same as 26:74 reported in annual results. Current ratio was 1.55 as compared to annual of 1.48, due to an increase in short term borrowings in the final quarter.

# EXPLANATION OF NEGATIVE CHANGE IN THE PERFORMANCE AGAINST PRIOR YEARS

	Annual Results					
	Year Ended 30-06-2021		Year Ended 30-06-2020		YOY Variance	
	Rupees '000	%	Rupees '000	%	Rupees '000	%
Net Turnover	35,640,181		29,117,734		6,522,447	22.40%
Gross profit / (Loss)	7,504,762	21.06%	(727,535)	-2.50%	8,232,297	1131.53%
Operating Profit / (Loss)	8,783,531	24.65%	(2,287,319)	-7.86%	11,070,850	484.01%
Net Profit / (Loss) Before Tax	7,289,601	20.45%	(5,269,041)	-18.10%	12,558,642	238.35%
Net Profit / (Loss) After Tax	6,254,109	17.55%	(4,843,265)	-16.63%	11,097,374	229.13%

- Overall turnover increased by 22.40% , it includes negative volumetric growth and positive impact of increase in retention prices.
- Gross Profit increased from preceding year due to increase in local grey sales retention and reduction in packing material cost.
- Net profit after tax followed the same inclining trend as shown for Gross Profit. In addition to decrease in financial cost due to early repayment of long term loans and lower policy rates by State Bank of Pakistan during the financial year 2020-2021.

# STATEMENT OF VALUE ADDED AND HOW DISTRIBUTED

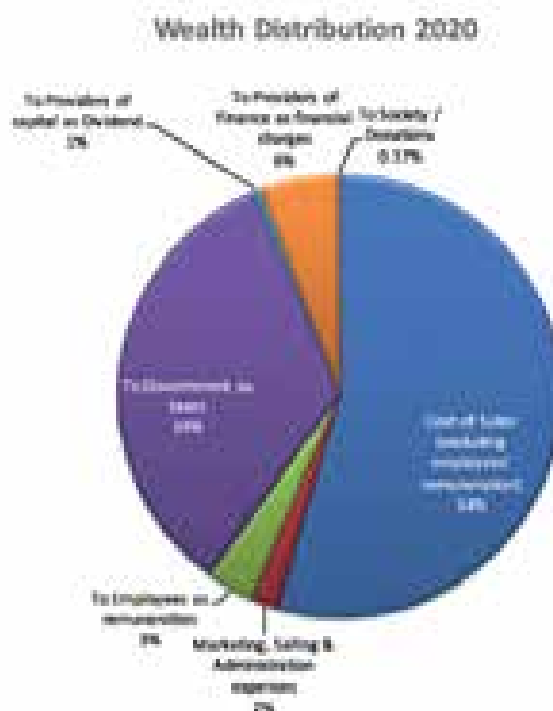
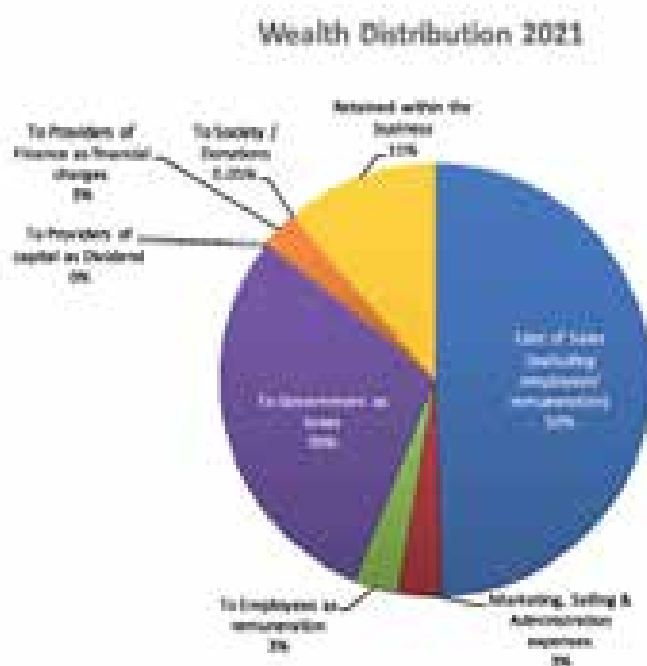
## Wealth Generated

Sales net of commission  
Other Operating Income  
Contribution by Business

2021		2020	
Rs. (000)	% age	Rs. (000)	% age
50,744,698	93.15%	47,186,032	89.95%
3,732,132	6.85%	131,978	0.25%
-	0.00%	5,140,115	9.80%
<b>54,476,830</b>	<b>100.00%</b>	<b>52,458,125</b>	<b>100.00%</b>
26,972,275	49.51%	28,595,702	54.51%
1,767,057	3.24%	1,017,906	1.94%
1,819,773	3.34%	1,833,424	3.50%
16,140,009	29.63%	17,642,522	33.63%
-	0.00%	296,850	0.57%
1,493,930	2.74%	2,981,722	5.68%
29,677	0.05%	89,999	0.17%
6,254,109	11.48%	-	0.00%
<b>54,476,830</b>	<b>100.00%</b>	<b>52,458,125</b>	<b>100.00%</b>

## Distribution of Wealth

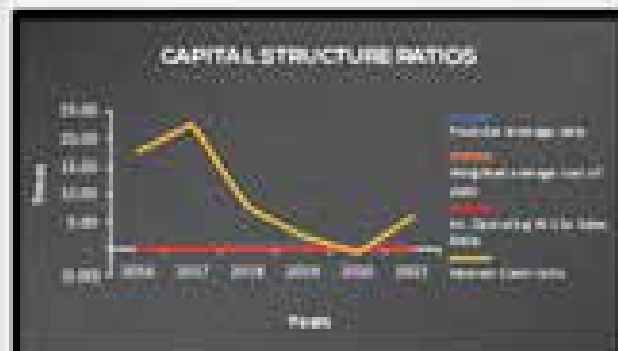
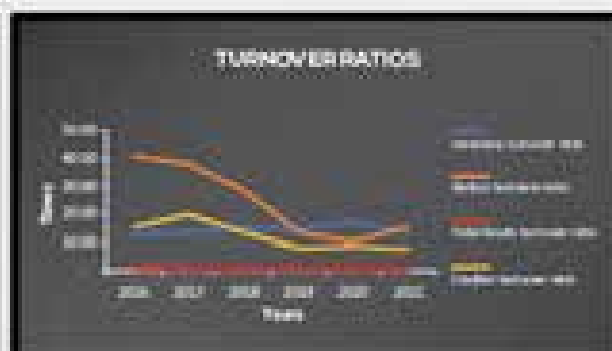
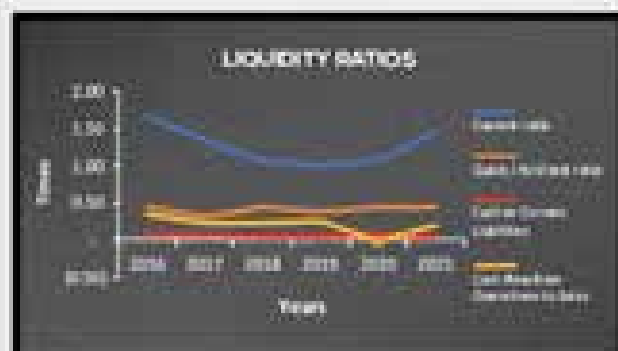
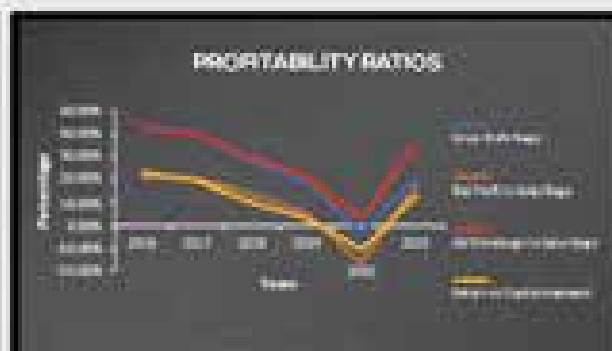
Cost of Sales (excluding employees' remuneration)  
Marketing, Selling & Administration Expenses  
To Employees as Remuneration  
To Government as Taxes  
To Providers of Capital as Dividend  
To Providers of Finance as Financial Charges  
To Society / Donations  
Retained within the Business



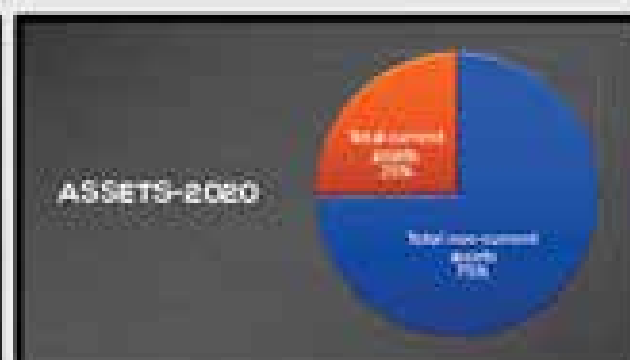
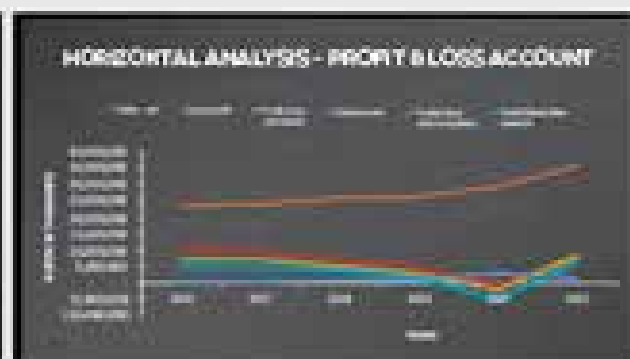
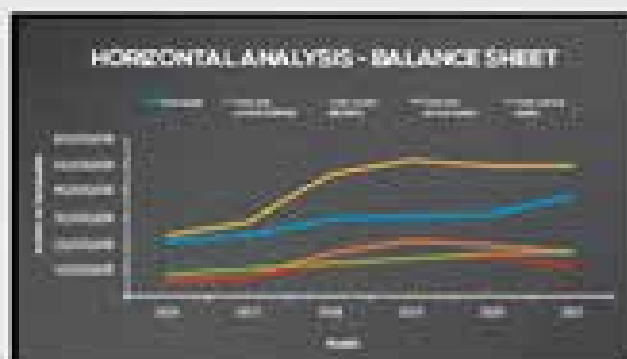
## Statement of Charity

	2021	2020
	Rs. (000)	Rs. (000)
Ghulab Devi Chest Hospital	16,215	73,237
Maple CSR Initiative as per DC Office requirement	4,223	6,060
Auditorium at Police Public School	1,500	3,500
Daudkhel Police Station	3,500	-
Housing Colony Water Turbine	2,000	-
Miscellaneous donations in the form of cement	1,959	23
Road Safety Campaign DPO Mianwali	150	500
Daud Khel water supply project	72	1,314
Recsue Office 1122	58	-
Speed Monitoring System	-	2,000
Food Hampers Covid-19	-	2,000
Beaconhouse National University	-	706
Financial assistance for the training certification program	-	315
Bushra Shaheen	-	225
City Entrance Wall Monument & Globe	-	119
	<b>29,677</b>	<b>89,999</b>

# GRAPHICAL PRESENTATION - STAKEHOLDERS' INFORMATION



# GRAPHICAL PRESENTATION - STAKEHOLDERS' INFORMATION



# DEFINITIONS AND GLOSSARY OF TERMS

## Gross Profit Ratio

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

## Net Profit Ratio

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

## Operating Profit Ratio

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

## Current Asset Ratio

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

## Current Ratio

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

## Debt-Equity Ratio

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

## Earnings per Share (EPS)

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

## Profit Margin

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

## Return on Assets (ROA)

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

## Return on Equity (ROE)

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

## Return on Investment (ROI)

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



# PATTERN OF SHAREHOLDING

CUIN (Incorporation Number)	0001107
1.1 Name of the Company	MAPLE LEAF CEMENT FACTORY LIMITED
2.1 Pattern of holding of the shares held by the shareholders as at	30-06-2021

2.2	No. of Shareholders	Shareholdings	Total shares held
		From To	
	2,202	1	93,302
	3,095	101	1,031,790
	2,103	501	1,818,141
	3,697	1,001	9,704,144
	976	5,001	7,701,703
	364	10,001	4,627,903
	239	15,001	4,407,261
	179	20,001	4,159,286
	108	25,001	3,045,985
	72	30,001	2,352,518
	69	35,001	2,650,199
	43	40,001	1,845,627
	81	45,001	3,976,108
	35	50,001	1,838,450
	35	55,001	2,051,617
	25	60,001	1,568,430
	20	65,001	1,351,987
	22	70,001	1,597,678
	19	75,001	1,482,200
	18	80,001	1,488,469
	10	85,001	879,587
	14	90,001	1,302,749
	39	95,001	3,896,420
	11	100,001	1,142,726
	7	105,001	757,308
	5	110,001	565,795
	10	115,001	1,161,138
	14	120,001	1,738,288
	4	125,001	515,130
	1	130,001	132,158
	7	135,001	966,989
	3	140,001	432,584
	10	145,001	1,495,675
	5	150,001	770,255
	2	155,001	313,121
	8	160,001	1,303,524
	1	165,001	167,773
	7	170,001	1,209,747
	4	175,001	715,419
	2	180,001	368,500
	3	185,001	561,349

2.2	No. of Shareholders	Shareholdings		Total shares held
		From	To	
	1	190,001	195,000	194,999
	13	195,001	200,000	2,596,455
	3	200,001	205,000	609,381
	2	205,001	210,000	416,248
	6	210,001	215,000	1,278,889
	4	215,001	220,000	872,299
	1	220,001	225,000	225,000
	3	225,001	230,000	685,399
	3	230,001	235,000	693,567
	1	235,001	240,000	237,000
	2	240,001	245,000	484,000
	10	245,001	250,000	2,490,319
	1	250,001	255,000	252,280
	3	260,001	265,000	788,809
	2	265,001	270,000	533,986
	3	270,001	275,000	822,799
	2	280,001	285,000	568,764
	1	285,001	290,000	289,062
	6	295,001	300,000	1,795,080
	1	300,001	305,000	305,000
	2	305,001	310,000	614,399
	1	310,001	315,000	314,250
	8	315,001	320,000	2,551,841
	2	320,001	325,000	643,256
	1	330,001	335,000	331,500
	2	335,001	340,000	679,000
	1	340,001	345,000	342,970
	1	345,001	350,000	350,000
	2	350,001	355,000	705,594
	2	355,001	360,000	715,000
	1	360,001	365,000	360,584
	2	365,001	370,000	739,999
	1	370,001	375,000	374,000
	2	375,001	380,000	754,500
	9	395,001	400,000	3,595,303
	3	410,001	415,000	1,237,883
	1	415,001	420,000	416,249
	2	420,001	425,000	845,798
	2	450,001	455,000	906,528
	2	460,001	465,000	926,604
	1	465,001	470,000	466,000
	1	475,001	480,000	477,500
	7	495,001	500,000	3,496,200
	1	500,001	505,000	504,500
	1	505,001	510,000	509,895
	1	515,001	520,000	519,700
	2	525,001	530,000	1,055,415
	1	550,001	555,000	554,999
	1	560,001	565,000	560,781

2.2	No. of Shareholders	Shareholdings		Total shares held
		From	To	
	1	570,001	575,000	575,000
	1	575,001	580,000	577,437
	1	585,001	590,000	587,500
	1	595,001	600,000	600,000
	1	645,001	650,000	650,000
	1	650,001	655,000	654,999
	1	655,001	660,000	655,927
	1	660,001	665,000	665,000
	1	670,001	675,000	674,374
	1	675,001	680,000	677,707
	1	695,001	700,000	697,500
	1	700,001	705,000	704,896
	1	715,001	720,000	718,467
	2	720,001	725,000	1,443,512
	1	735,001	740,000	736,249
	2	740,001	745,000	1,485,405
	2	780,001	785,000	1,566,900
	1	795,001	800,000	800,000
	1	805,001	810,000	807,231
	1	825,001	830,000	830,000
	2	855,001	860,000	1,717,474
	1	870,001	875,000	875,000
	1	880,001	885,000	883,000
	1	900,001	905,000	903,500
	1	920,001	925,000	924,999
	1	945,001	950,000	949,749
	1	955,001	960,000	955,555
	3	995,001	1,000,000	3,000,000
	1	1,005,001	1,010,000	1,009,700
	1	1,010,001	1,015,000	1,014,852
	1	1,025,001	1,030,000	1,027,647
	1	1,045,001	1,050,000	1,050,000
	1	1,080,001	1,085,000	1,080,929
	1	1,095,001	1,100,000	1,098,771
	1	1,105,001	1,110,000	1,110,000
	1	1,205,001	1,210,000	1,208,500
	1	1,295,001	1,300,000	1,300,000
	1	1,305,001	1,310,000	1,308,031
	1	1,370,001	1,375,000	1,375,000
	3	1,390,001	1,395,000	4,177,076
	1	1,445,001	1,450,000	1,450,000
	1	1,495,001	1,500,000	1,500,000
	1	1,570,001	1,575,000	1,572,500
	1	1,600,001	1,605,000	1,604,238
	1	1,680,001	1,685,000	1,682,099
	1	1,715,001	1,720,000	1,716,630
	1	1,745,001	1,750,000	1,747,160
	2	1,795,001	1,800,000	3,600,000

2.2	No. of Shareholders	Shareholdings From	To	Total shares held
	2	1,995,001	2,000,000	4,000,000
	1	2,020,001	2,025,000	2,022,471
	1	2,025,001	2,030,000	2,027,817
	1	2,070,001	2,075,000	2,071,500
	1	2,195,001	2,200,000	2,200,000
	1	2,205,001	2,210,000	2,205,588
	3	2,245,001	2,250,000	6,744,220
	1	2,300,001	2,305,000	2,302,428
	1	2,315,001	2,320,000	2,316,088
	1	2,465,001	2,470,000	2,465,042
	1	2,495,001	2,500,000	2,500,000
	1	2,515,001	2,520,000	2,518,219
	1	2,890,001	2,895,000	2,892,428
	1	2,965,001	2,970,000	2,966,378
	1	3,040,001	3,045,000	3,040,706
	1	3,205,001	3,210,000	3,208,000
	1	3,245,001	3,250,000	3,250,000
	1	3,295,001	3,300,000	3,300,000
	1	3,350,001	3,355,000	3,353,732
	1	3,560,001	3,565,000	3,564,000
	1	3,880,001	3,885,000	3,881,399
	1	3,895,001	3,900,000	3,900,000
	1	4,740,001	4,745,000	4,742,355
	1	5,105,001	5,110,000	5,106,971
	1	5,355,001	5,360,000	5,357,142
	1	6,545,001	6,550,000	6,547,074
	1	7,305,001	7,310,000	7,307,687
	1	8,110,001	8,115,000	8,111,500
	1	9,075,001	9,080,000	9,075,771
	1	10,995,001	11,000,000	11,000,000
	1	11,580,001	11,585,000	11,581,426
	1	12,025,001	12,030,000	12,026,270
	1	12,115,001	12,120,000	12,119,062
	1	12,360,001	12,365,000	12,362,490
	1	13,165,001	13,170,000	13,169,795
	1	15,015,001	15,020,000	15,015,376
	1	18,185,001	18,190,000	18,186,814
	1	27,565,001	27,570,000	27,567,500
	1	67,010,001	67,015,000	67,011,908
	1	606,495,001	606,500,000	606,497,944
	<b>13,800</b>			<b>1,098,346,232</b>

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

Categories of Shareholders	Shares Held	Percentage of Capital
<b>2.3.1 Directors, CEO and their spouses &amp; minor children</b>		
Mr. Tariq Sayeed Saigol - Chairman	32,428	0.0030
Mr. Sayeed Tariq Saigol - Chief Executive	10,729	0.0010
Mr. Taufique Sayeed Saigol	15,934	0.0015
Mr. Waleed Tariq Saigol	11,305	0.0010
Mr. Danial Taufique Saigol	5,202	0.0005
Ms. Jahanara Saigol	2,500	0.0002
Mr. Shafiq Ahmed Khan	15,608	0.0014
Mr. Zulfikar Monnoo	3,000	0.0003
Mrs. Shehla Tariq Saigol - Spouse of Mr. Tariq Sayeed Saigol	179,919	0.0164
	276,625	0.0253
<b>2.3.2 Associated Companies, undertakings and related parties</b>		
Kohinoor Textile Mills Limited	606,497,944	55.2192
Maple Leaf Capital Limited	12,026,270	1.0949
	618,524,214	56.3141
<b>2.3.3 NIT and ICP</b>		
National Bank of Pakistan, Trustee Deptt.	13,097	0.0012
Industrial Development Bank of Pakistan (IDBP)	6,200	0.0005
	19,297	0.0017
<b>2.3.4 Banks, Development Financial Institutions, Non-banking Financial Institutions</b>	42,294,436	3.8507
<b>2.3.5 Insurance Companies</b>	88,977,256	8.1010
<b>2.3.6 Modarabas and Mutual Funds</b>	80,339,837	7.3146
<b>2.3.7 Shareholders holding 10%</b>		
Refer to 2.3.2 above	-	-
<b>2.3.8 General Public</b>		
a. Local	224,881,808	20.4746
b. Foreign	36,650,761	3.3369

2.3	Categories of Shareholders	Shares Held	Percentage of Capital
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### 2.3.9 Others

ARTAL RESTAURANT INT LTD. EMP. P.F	500
TRUSTEE ARTAL RESTAURANTS INTS EMP. P.F	1,000
AGRIAUTO INDUSTRIES LIMITED EMPLOYEES PROVIDENT FUND	24,000
Bristol-Myers Squibb Pak (Pvt) Ltd Emp Prov Fund	14,974
BVA (PRIVATE) LIMITED EMPLOYEES PROVIDENT FUND	16,500
BYCO PETROLEUM PAKISTAN LIMITED EMPLOYEES PROVIDENT FUND	47,199
CDC - TRUSTEE AGIPF EQUITY SUB-FUND	46,424
CDC - TRUSTEE AGPF EQUITY SUB-FUND	26,945
CDC - TRUSTEE NAFA ISLAMIC PENSION FUND EQUITY ACCOUNT	316,599
CDC - TRUSTEE NAFA PENSION FUND EQUITY SUB-FUND ACCOUNT	124,523
CDC - TRUSTEE PAKISTAN PENSION FUND - EQUITY SUB FUND	783,000
CDC-TRUSTEE ALHAMRA ISLAMIC PENSION FUND - EQUITY SUB FUND	807,231
Chevron Pakistan Lubricants (Pvt.) Ltd. EPF	52,600
CMPAK LIMITED STAFF PROVIDENT FUND	75,000
ENGRO CORPORATION LIMITED PROVIDENT FUND	411,849
ENGRO FERTILIZERS LIMITED NON-MPT EMPLOYEES GRATUITY FUND	44,099
ESSITY PAKISTAN LIMITED EMPLOYEES GRATUITY FUND	2,600
ESSITY PAKISTAN LIMITED EMPLOYEES PROVIDENT FUND	2,200
FATIMA FERT LIMITED MANAGEMENT STAFF PROVIDENT FUND	75,000
FATIMA FERT LIMITED WORKERS GRATUITY FUND	5,000
GATRON (INDUSTRIES) LIMITED STAFF PROVIDENT FUND	12,000
GHANI GASES EMPLOYEES PROVIDENT FUND	6,000
GHANI GLASS LIMITED EMPLOYEES PROVIDENT FUND	20,000
HABIB EDUCATION TRUST STAFF PROVIDENT FUND	19,077
HAMID ADAMJEE TRUST	26,200
HOMMIE AND JAMSHED NUSSERWANJEE CHARITABLE TRUST	12,822
I2C Pakistan (Private) Limited Employees Provident FundTrust	6,000
ICI PAKISTAN MANAGEMENT STAF PROVIDENT FUND	40,000
MANAGING COMMITTEE GHAZALI EDUCATION TRUST	440
NESTLE PAKISTAN LIMITED EMPLOYEES PENSION FUND	45,000
NESTLE PAKISTAN LTD, EMPLOYEES GRATUITY FUND	30,000
NESTLE PAKISTAN LTD, EMPLOYEES PROVIDENT FUND	162,362
NETSOL EMPLOYEES PROVIDENT FUND TRUST	200,000
Novo Nordisk Pharma (Pvt.) Ltd. Staff Prov. Fund	17,000
PAKISTAN HERALD PUBLICATIONS (PVT) LTD. STAFF PENSION FUND	6,000
PAKISTAN PETROLEUM EXECUTIVE STAFF PENSION FUND-DC SHARIAH	172,000
PAKISTAN TELECOMMUNICATION EMPLOYEES TRUST	237,000
THAL LIMITED EMPLOYEES PROVIDENT FUND	38,574
THAL LIMITED EMPLOYEES RETIREMENT BENEFIT FUND	4,774
THE CRESCENT TEXTILE MILLS LTD EMPLOYEES PROVIDENT FUND	25
THE CRESCENT TEXTILE MILLS LTD EMPLOYEES PROVIDENT FUND	15,000
TRUSTEE - FIRST HABIB MODARABA EMPLOYEES CONTRIBUTORY FUND	5,000
TRUSTEE CHERAT CEMENT CO. LTD EMPLOYEES PROVIDENT FUND	30
TRUSTEE CHERAT CEMENT COMPANY LTD STAFF GRATUITY FUND	4,374
TRUSTEE KARACHI PARSİ ANJUMAN TRUST FUND	7,399
TRUSTEE LEVER BROTHERS EMPLOYEES	5,000
TRUSTEE NATIONAL BANK OF PAKISTAN EMP BENEVOLENT FUND TRUST	7,488
TRUSTEE NATIONAL BANK OF PAKISTAN EMPLOYEES PENSION FUND	213,391
TRUSTEE OF HOMMIE AND JAMSHED NUSSERWANJEE CHARITABLE TRUST	14,000
TRUSTEE PAK. PETROLEUM EXEC. STAFF PEN. FUND DC CONVENTIONAL	46,000

2.3	Categories of Shareholders	Shares Held	Percentage of Capital
2.3.9	Others		
	TRUSTEE PAKISTAN PETROLEUM EXECUTIVE STAFF GRATUITY FUND	62,300	
	TRUSTEE PAKISTAN PETROLEUM EXECUTIVE STAFF PENSION FUND	504,500	
	TRUSTEE PAKISTAN PETROLEUM JUNIOR PROVIDENT FUND	85,800	
	TRUSTEE PAKISTAN PETROLEUM NON-EXECUTIVE STAFF GRATUITY FUND	81,800	
	TRUSTEE PAKISTAN PETROLEUM NON-EXECUTIVE STAFF PENSION FUND	183,500	
	TRUSTEE PAKISTAN PETROLEUM SENIOR PROVIDENT FUND	164,624	
	TRUSTEE-ANPL MAN STAFF DEFINED CONTRIBUTIO SUPERANNUATION FD	21,500	
	TRUSTEE-ANPL MANAGEMENT STAFF GRATUITY FUND	22,700	
	TRUSTEE-ANPL MANAGEMENT STAFF PENSION FUND	32,200	
	TRUSTEE-ANPL MANAGEMENT STAFF PROVIDENT FUND	25,100	
	TRUSTEE-AZAN WELFARE TRUST	250	
	TRUSTEE-FIRST DAWOOD INV. BANK LTD. & OTHER EMPLOYEES P.FUND	5,500	
	TRUSTEE-MILLAT TRACTORS LTD. EMPLOYEES PENSION FUND	39,500	
	TRUSTEES D.G.KHAN CEMENT CO.LTD.EMPL. P.F	139,568	
	TRUSTEES HOMMIE&JAMSHED NUSSEERWANJEE C.T	104,062	
	TRUSTEES OF CRESENT STEEL & ALLIED PRODUCTS LTD-PENSION FUND	3,147	
	Trustees of Karachi Sheraton Hotel Employees Provident Fund	626	
	TRUSTEES OF PAKISTAN MOBILE COMMUNICATION LTD-PROVIDENT FUND	208,124	
	TRUSTEES OF PHILIP MORRIS (PAKISTAN) LIMITED E.C.P.F TRUST	37,000	
	TRUSTEES OF PHILIP MORRIS (PAKISTAN) LIMITED EMPL G.F TRUST	20,000	
	TRUSTEES OF THE GENERAL TYRE & RUBBER CO. - LOCAL STAFF P.F.	50,000	
	TRUSTEES S.M.SOHAIL TRUST	36,999	
	TRUSTEES THE GENERAL TYRE&RUBBER CO OF PAKISTAN LTD EMPL G.F	34,000	
	TRUSTEES UBL FUND MANAGERS LTD. EMPLOYEES GRATUITY FUND	8,400	
	TRUSTEE-SULAIMANIYAH TRUST	3,500	
	TRUSTEE-THE KOT ADDU POWER CO. LTD. EMPLOYEES PENSION FUND	72,500	
	TRUSTEE-THE KOT ADDU POWER CO. LTD. EMPLOYEES PROVIDENT FUND	25,000	
	WAH NOBEL (PRIVATE) LIMITED MANAGEMENT STAFF PENSION FUND	20,000	
	WELLCOME PAKISTAN LIMITED PROVIDENT FUND	139,599	
		6,381,998	0.5811
	<b>Grand Total:-</b>	<b>1,098,346,232</b>	<b>100.0000</b>



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



# **FINANCIAL STATEMENTS**

for the Year Ended June 30, 2021



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## INDEPENDENT AUDITOR'S REPORT

To the members of Maple Leaf Cement Factory Limited

Report on the Audit of the Unconsolidated Financial Statements

### Opinion

We have audited the annexed unconsolidated financial statements of **Maple Leaf Cement Factory Limited** ("the Company"), which comprise the unconsolidated statement of financial position as at 30 June 2021, and the unconsolidated statement of profit or loss, the unconsolidated statement of comprehensive income, the unconsolidated statement of changes in equity, the unconsolidated statement of cash flows for the year then ended, and notes to the unconsolidated financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the unconsolidated statement of financial position, unconsolidated statement of profit or loss, the unconsolidated statement of comprehensive income, the unconsolidated statement of changes in equity and the unconsolidated statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at 30 June 2021 and of the profit and other comprehensive loss, the changes in equity and its cash flows for the year then ended.

### Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Unconsolidated Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the unconsolidated financial statements of the current period. These matters were addressed in the context of our audit of the unconsolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Following are the Key audit matters:

S.No.	Key audit matter(s)	How the matter was addressed in our audit
1	<p><b>Revenue</b></p> <p>Refer to notes 3.12.1 and 35 to the unconsolidated financial statements.</p> <p>The Company recognized revenue of Rs. 35.64 billion from the sale of cement to domestic as well as foreign customers during the year ended 30 June 2021.</p> <p>We identified recognition of revenue as a key audit matter because revenue is one of the key performance indicators of the Company and gives rise to a risk that revenue is recognized without transferring the control.</p>	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> <li>Obtaining an understanding of the process relating to recording of revenue and testing the design, implementation and operating effectiveness of key internal controls;</li> <li>assessing the appropriateness of the Company's accounting policies for recording of revenue and compliance of those policies with applicable accounting standards;</li> <li>comparing a sample of revenue transactions recorded during the year with sales orders, sales invoices, outward gate passes and other relevant underlying documents.;</li> <li>comparing, on a sample basis, specific revenue transactions recorded just before and just after the financial year end date to determine whether the revenue had been recognized in the appropriate accounting period; and</li> <li>scanning for any manual journal entries relating to revenue recognized during the year which were considered to be material or met other specific risk-based criteria for inspecting underlying documentation.</li> </ul>
2	<p><b>Valuation of trade debts</b></p> <p>Refer to notes 2.5.4, 3.9 and 27 to the unconsolidated financial statements.</p> <p>As at 30 June 2021, the Company's gross trade debts amount to Rs. 1,973.09 million. The Company has applied simplified approach to determine expected credit loss over trade debts and has recognized provision against expected credit loss ("ECL") of Rs. 112.7 million during the year ended 30 June 2021. The balance of expected credit loss as at 30 June 2021 amounted to Rs. 293.39 million.</p> <p>We have identified valuation of trade debts as key audit matter because determination of ECL provision for trade debts requires significant judgement and assumptions including consideration of factors such as historical credit loss experience and forward-looking macro-economic information.</p>	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> <li>involving KPMG specialists to assist us in reviewing and evaluating the appropriateness of the assumptions used (historical and forward looking) and judgements made by the management to assess ECL in respect of trade debts of the Company;</li> <li>assessing on a sample basis, the accuracy of data used by the management for determining ECL in respect of trade debts;</li> <li>checking mathematical accuracy of ECL model by performing recalculations; and</li> <li>reviewing appropriateness of the accounting policies and the adequacy of disclosures in the unconsolidated financial statements in accordance with requirements of the applicable accounting and reporting standards.</li> </ul>

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

Management is responsible for the other information. Other information comprises the information included in the annual report for the year ended 30 June 2021 but does not include the unconsolidated financial statements and our auditor's reports thereon.

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

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

## **Responsibilities of Management and Board of Directors for the Unconsolidated Financial Statements**

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

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

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

## **Auditor's Responsibilities for the Audit of the Unconsolidated Financial Statements**

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

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

- Identify and assess the risks of material misstatement of the unconsolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of



not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the unconsolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the unconsolidated financial statements, including the disclosures, and whether the unconsolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

We also provide the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the unconsolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

### **Report on Other Legal and Regulatory Requirements**

Based on our audit, we further report that in our opinion:

- a) proper books of account have been kept by the Company as required by the Companies Act, 2017(XIX of 2017);
- b) the unconsolidated statement of financial position, the unconsolidated statement of profit or loss, the unconsolidated statement of comprehensive income, the unconsolidated statement of changes in



KPMG Taseer Hadi & Co.


equity and the unconsolidated statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;

- c) Investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and
- d) No Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

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

Lahore

Date: 12 August 2021

  
KPMG Taseer Hadi & Co.  
Chartered Accountants

# UNCONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT JUNE 30, 2021

	Note	2021 (Rupees in thousand)	2020
<b>EQUITY AND LIABILITIES</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
Authorised share capital	5	15,000,000	15,000,000
Issued, subscribed and paid-up share capital	5	10,983,462	10,983,462
Capital reserves	6	6,588,813	6,588,813
Accumulated profits		16,880,291	10,133,226
Surplus on revaluation of fixed assets - net of tax	7	3,089,975	3,615,330
		37,542,541	31,320,831
<b>NON - CURRENT LIABILITIES</b>			
Long term loans from financial institutions - secured	8	11,636,749	12,173,102
Deferred grant	9	49,569	-
Long term loan from Subsidiary Company	10	1,000,000	3,000,000
Long term deposits	11	8,214	8,664
Deferred taxation	12	3,889,907	3,379,440
Retention money payable	13	391,694	366,069
Payable to government authority	14	42,890	232,938
Retirement benefits	15	228,266	214,952
		17,247,289	19,375,165
<b>CURRENT LIABILITIES</b>			
Current portion of:			
- Long term loans from financial institutions - secured	8	1,704,612	125,000
- Deferred grant	9	49,997	-
Trade and other payables	16	7,511,637	7,951,221
Unclaimed dividend		28,134	48,053
Mark-up accrued on borrowings	17	260,953	547,189
Short term borrowings	18	1,894,115	6,642,312
		11,449,448	15,313,775
<b>CONTINGENCIES AND COMMITMENTS</b>			
	19		
		66,239,278	66,009,771

The annexed notes from 1 to 56 form an integral part of these unconsolidated financial statements.

  
CHIEF EXECUTIVE OFFICER

  
CHIEF FINANCIAL OFFICER

  
DIRECTOR

	Note	2021 (Rupees in thousand)	2020
<b>ASSETS</b>			
<b>NON - CURRENT ASSETS</b>			
Property, plant and equipment	20	44,215,539	44,297,941
Intangible assets	21	6,017	9,023
Long term investment	22	5,020,000	5,020,000
Long term loans to employees - secured	23	17,004	19,196
Long term deposits	24	57,302	56,420
		49,315,862	49,402,580
<b>CURRENT ASSETS</b>			
Stores, spare parts and loose tools	25	9,738,717	8,395,610
Stock-in-trade	26	2,150,183	1,779,404
Trade debts	27	1,679,704	3,052,130
Loans and advances	28	481,492	414,470
Short term investment	29	149,148	75,245
Short term deposits and prepayments	30	225,040	176,101
Accrued profit	31	6,061	2,404
Other receivables	32	165,835	35,256
Advance income tax - net of provision	33	1,836,907	1,630,304
Cash and bank balances	34	490,329	1,046,267
		16,923,416	16,607,191
		66,239,278	66,009,771

  
CHIEF EXECUTIVE OFFICER

  
CHIEF FINANCIAL OFFICER

  
DIRECTOR

# UNCONSOLIDATED STATEMENT OF PROFIT OR LOSS FOR THE YEAR ENDED JUNE 30, 2021

	Note	2021 (Rupees in thousand)	2020
Sales - net	35	35,640,181	29,117,734
Cost of sales	36	(28,135,419)	(29,816,947)
<b>Gross profit / (loss)</b>		<b>7,504,762</b>	<b>(699,213)</b>
Distribution cost	37	(1,115,732)	(845,379)
Administrative expenses	38	(972,547)	(784,706)
Other charges	39	(365,084)	(89,999)
		(2,453,363)	(1,720,084)
Other income	40	3,732,132	131,978
<b>Profit / (loss) from operations</b>		<b>8,783,531</b>	<b>(2,287,319)</b>
Finance cost	41	(1,493,930)	(2,981,722)
<b>Profit / (loss) before taxation</b>		<b>7,289,601</b>	<b>(5,269,041)</b>
Taxation	42	(1,035,492)	425,776
<b>Profit / (loss) after taxation</b>		<b>6,254,109</b>	<b>(4,843,265)</b>
-----Rupees-----			
<b>Earnings / (loss) per share - basic and diluted</b>	43	<b>5.69</b>	<b>(5.30)</b>

The annexed notes from 1 to 56 form an integral part of these unconsolidated financial statements.

  
CHIEF EXECUTIVE OFFICER

  
CHIEF FINANCIAL OFFICER

  
DIRECTOR

# UNCONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED JUNE 30, 2021

	Note	2021 (Rupees in thousand)	2020
<b>Profit / (loss) after taxation</b>		6,254,109	(4,843,265)
<b>Other comprehensive (loss) / income</b>			
<b>Items that will not be subsequently reclassified to profit and loss account:</b>			
Remeasurement of defined benefit liability		(27,456)	8,870
Related tax		7,832	(2,505)
		(19,624)	6,365
Surplus on revaluation of fixed assets		-	133,269
Deferred tax liability on revaluation of fixed assets		-	(37,641)
		-	95,628
<b>Total comprehensive income / (loss) for the year</b>		<b>6,234,485</b>	<b>(4,741,272)</b>

The annexed notes from 1 to 56 form an integral part of these unconsolidated financial statements.

  
CHIEF EXECUTIVE OFFICER

  
CHIEF FINANCIAL OFFICER

  
DIRECTOR

# UNCONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED JUNE 30, 2021

	Note	2021 (Rupees in thousand)	2020 (Rupees in thousand)
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit / (loss) before taxation		7,289,601	(5,269,041)
Adjustments for:			
Depreciation	20.1.8	3,284,697	3,301,055
Amortization	21.1	3,006	4,506
Provision for expected credit loss	27.1	112,703	19,500
Bad debts written off	38.3	46,355	5,643
Advances written off	38	18,335	7,755
Provision for Workers' Profit Participation Fund	16.4	202,997	-
Provision for Workers' Welfare Fund	16.5	81,360	-
Loss / (gain) on disposal of property, plant and equipment	39	29,890	(21,634)
FV gain on discounting of payable to government authority	40	(31,008)	-
Gain on re-measurement of short term investments at fair value	40	(29,403)	(7,358)
Notional interest on unwinding of retention money payable	41	25,625	(2,430)
Notional interest on unwinding of payable to government authority	41	20,920	-
Retirement benefits	15.6	42,056	54,192
Profit on bank deposits	40	(17,349)	(29,144)
Dividend income from wholly owned subsidiary	40	(3,514,000)	-
Finance cost	41	1,447,385	2,984,152
<b>Cash generated from operations before working capital changes</b>		<b>9,013,170</b>	<b>1,047,196</b>
<b>Effect on cash flows due to working capital changes</b>			
(Increase) / decrease in current assets:			
Stores, spare parts and loose tools		(1,343,107)	(1,186,848)
Stock-in-trade		(370,779)	(40,390)
Trade debts		1,213,368	(393,515)
Loans and advances		(85,357)	382,104
Short term deposits and prepayments		(48,939)	(2,503)
Other receivables		(130,579)	63
		(765,393)	(1,241,089)
(Decrease) / increase in current liabilities:			
Trade and other payables		(838,876)	37,109
		(1,604,269)	(1,203,980)
<b>Net cash generated from / (used in) operations</b>		<b>7,408,901</b>	<b>(156,784)</b>
Decrease in long term loans to employees		2,192	628
(Increase) / decrease in long term deposits to suppliers		(882)	460
Decrease in long term deposits		(450)	-
Retirement benefits paid		(56,198)	(35,724)
Decrease in payable to Government Authority		(64,864)	-
Workers' Profit Participation Fund paid		-	(71,253)
Workers' Welfare Fund paid		(161)	-
Taxes paid - net of refund		(736,571)	(675,051)
<b>Net cash generated from / (used in) from operating activities</b>		<b>6,551,967</b>	<b>(937,724)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Capital expenditure		(3,285,300)	(855,476)
Dividend received from wholly owned subsidiary		3,514,000	-
Proceeds from disposal of property, plant and equipment		53,115	52,047
Short term investment	29	(44,500)	(50,000)
Profit on bank deposits received		13,692	29,842
<b>Net cash generated from / (used in) investing activities</b>		<b>251,007</b>	<b>(823,587)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds / (repayments) of long term loans from financial institutions - secured - net		1,142,825	(5,007,260)
(Repayments) / proceeds from long term loans from subsidiary company		(2,000,000)	2,000,000
Proceeds from issuance of right shares		-	5,994,968
(Repayments) / receipts from short term borrowings - net	18	(4,121,973)	3,100,037
Finance cost paid		(1,733,621)	(3,011,992)
Dividend paid		(19,919)	(289,361)
<b>Net cash (used in) / generated from financing activities</b>		<b>(6,732,688)</b>	<b>2,786,392</b>
<b>Net increase in cash and cash equivalents</b>		<b>70,286</b>	<b>1,025,081</b>
<b>Cash and cash equivalents at beginning of the year</b>		<b>209,516</b>	<b>(815,565)</b>
<b>Cash and cash equivalents at end of the year</b>	44	<b>279,802</b>	<b>209,516</b>

The annexed notes from 1 to 56 form an integral part of these unconsolidated financial statements.

  
CHIEF EXECUTIVE OFFICER

  
CHIEF FINANCIAL OFFICER

  
DIRECTOR

# UNCONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED JUNE 30, 2021

	Share Capital	Capital Reserves				Revenue Reserves	Total Equity
		Share premium	Capital redemption reserve	Sub-total	Surplus on revaluation of fixed assets - net of tax	Accumulated profits	
..... ( Rupees in thousand ) .....							
As at 30 June 2019	5,937,007	5,112,037	528,263	5,640,300	3,884,480	15,052,799	30,514,586
Total comprehensive loss for the year							
Loss for the year ended 30 June 2020	-	-	-	-	-	(4,843,265)	(4,843,265)
Other comprehensive income for the year ended 30 June 2020	-	-	-	-	95,628	6,365	101,993
	-	-	-	-	95,628	(4,836,900)	(4,741,272)
Effect on deferred tax due to change in effective tax rate due to proportion of local and export sales	-	-	-	-	(150,601)	-	(150,601)
Incremental depreciation from surplus on revaluation of fixed assets - net of tax	-	-	-	-	(212,642)	212,642	-
Reversal of revaluation surplus on disposal of fixed assets - net of tax	-	-	-	-	(1,535)	1,535	-
Transaction with owners of the Company							
Ordinary shares issued during the year	5,046,455	1,009,291	-	1,009,291	-	-	6,055,746
504,645,556 shares of Rs. 10 each	-	(60,778)	-	(60,778)	-	-	(60,778)
Expense incurred on issuance of shares	5,046,455	948,513	-	948,513	-	-	5,994,968
Final cash dividend @ Rs. 0.5 per share for the year ended 30 June 2019	-	-	-	-	-	(296,850)	(296,850)
Balance as at 30 June 2020	10,983,462	6,060,550	528,263	6,588,813	3,615,330	10,133,226	31,320,831
Total comprehensive income for the year							
Profit for the year ended 30 June 2021	-	-	-	-	-	6,254,109	6,254,109
Other comprehensive loss for the year ended 30 June 2021	-	-	-	-	-	(19,624)	(19,624)
	-	-	-	-	-	6,234,485	6,234,485
Incremental depreciation from surplus on revaluation of fixed assets - net of tax	-	-	-	-	(512,498)	512,498	-
Reversal of revaluation surplus on disposal of fixed assets - net of tax	-	-	-	-	(82)	82	-
Effect on deferred tax due to change in effective tax rate due to proportion of local and export sales	-	-	-	-	(12,775)	-	(12,775)
Balance as at 30 June 2021	10,983,462	6,060,550	528,263	6,588,813	3,089,975	16,880,291	37,542,541

The annexed notes from 1 to 56 form an integral part of these unconsolidated financial statements.

  
CHIEF EXECUTIVE OFFICER

  
CHIEF FINANCIAL OFFICER

  
DIRECTOR

# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

## 1. REPORTING ENTITY

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

The Company is in the process of setting up Grey cement manufacturing Line-IV with production capacity of 7,000 metric tons per day having expected cost of Rs. 20 billion.

## 2. BASIS OF PREPARATION

### 2.1 Separate financial statements

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

The Company has the following long term investment:

	2021	2020
	(Direct holding percentage)	
<b>Subsidiary Company</b>		
Maple Leaf Power Limited	100	100

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

### 2.2 Statement of compliance

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

- International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act 2017;
- Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan as notified under the Companies Act, 2017; and
- Provision of and directives issued under the Companies Act, 2017.

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

## **2.3 Basis of measurement**

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

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

## **2.4 Functional and presentation currency**

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

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

## **2.5 Use of estimates and judgments**

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

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

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

### **2.5.1 Property, plant and equipment**

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

### **2.5.2 Stores, spare parts and loose tools**

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

### 2.5.3 Stock-in-trade

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

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

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

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

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

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

### 2.5.5 Employee benefits

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

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

The Company also operates approved unfunded accumulated compensated absences benefit scheme covering all its full time permanent employees. The calculation of the benefit requires assumptions to be made of future outcomes, the principal ones being in respect of increase in remuneration and the discount rate used to convert future cash flows to current values. The assumptions used for the plan are determined by independent actuary on annual basis. Accumulated compensated absences cost primarily represents the increase in actuarial present value of the obligation for benefits earned on employee service during the year and the interest on the obligation in respect of employee service in previous years and the related actuarial gain/loss. Calculations are sensitive to changes in the underlying assumptions.

#### **2.5.6 Recoverable amount of assets / cash generating unit and impairment**

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

#### **2.5.7 Taxation**

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

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

#### **2.5.8 Provisions**

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

#### **2.5.9 Contingencies**

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

#### **2.5.10 Revaluation of property, plant and equipment**

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

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

### **3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The significant accounting policies set out below have been consistently applied to all periods presented in these unconsolidated financial statements.

#### **3.1 Employee benefits**

##### **Defined contribution plan**

The Company operates a defined contributory approved Provident Fund Trust for all its employees. Equal monthly contributions are made both by the Company and employees at the rate of 10% of the basic salary to the Provident Fund Trust. However, some employees have opted to pay at the rate of 15% of basic salary. Obligation for contributions to defined contribution plan is expensed as the related service is provided.

## **Defined benefit plan**

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

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

Calculation of defined benefit obligation is performed annually by a qualified actuary using the projected unit credit method for valuation. The latest valuation was carried out at 30 June 2021. When the calculation results in a potential asset for the Company, the recognized asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contribution to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

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

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

## **Liability for employees' compensated absences - other long term benefits**

The Company accounts for the liability in respect of employees' compensated absences in the year in which these are earned. Provision to cover the obligations is made using the current salary level of employees. The unutilized leaves are accumulated subject to a maximum of 90 days. The unutilized accumulated leaves can be encashed at the time the employee leaves Company service. The Company uses the actuarial valuations carried out using the projected unit credit method for valuation of its accumulated compensating absences. The latest valuation was carried out on 30 June 2021. Provisions are made annually to cover the obligation for accumulating compensated absences based on actuarial valuation and are charged to the statement of profit or loss. The amount recognized in the statement of financial position represents the present value of the defined benefit obligations. Actuarial gains and losses are charged to the statement of profit or loss immediately in the period when these occur.

## **3.2 Taxation**

### **Current**

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

## Deferred

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

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

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

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

## 3.3 Leases

### The Company is the lessee

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

At initial recognition, leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Company.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease, or if that rate cannot be readily determined, the Company's incremental borrowing rate.

Lease payments include fixed payments, variable lease payments that are based on an index or a rate amounts expected to be payable by the lessee under residual value guarantees, the exercise price of a purchase option if the lessee is reasonably certain to exercise that option, payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option, less any lease incentives receivable. The extension and termination options are incorporated in determination of lease term only when the Company is reasonably certain to exercise these options.

The lease liability is subsequently measured at amortised cost using the effective interest rate method. It is remeasured when there is a change in future lease payments arising from a change in fixed lease payments or an index or rate, change in the Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Company changes its assessment of whether it will exercise a purchase, extension or termination option. The corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in the unconsolidated statement of profit or loss if the carrying amount of right-of-use asset has been reduced to zero.

The right-of-use asset is initially measured based on the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentive received. The right-of-use asset is depreciated on a straight line method over the lease term as this method most closely reflects the expected pattern of consumption of future economic benefits. The right-of-use asset is reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

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

### **3.4 Property, plant and equipment**

#### **3.4.1 Tangible assets**

##### **Owned**

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

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

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

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

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

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

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

### 3.4.2 Intangible assets

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

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

### 3.5 Investment in equity instruments of subsidiary

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

### 3.6 Stores, spare parts and loose tools

These are stated at weighted average cost less provision for obsolescence if any. Cost is determined using the weighted average method. Items in transit are valued at cost comprising invoice value plus other charges paid thereon.

### 3.7 Stock-in-trade

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

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

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

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

### 3.8 Financial instruments

#### 3.8.1 Recognition and initial measurement

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

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

### 3.8.2 Classification and subsequent measurement

#### Financial assets

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

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

#### Amortized cost

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

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

#### Debt Instrument - FVOCI

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

#### Equity Instrument - FVOCI

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

These assets are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in OCI and are never reclassified to profit or loss. However, the Company has no such instrument at the reporting date.

### **Fair value through profit or loss (FVTPL)**

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

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

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

### **Financial assets – Business model assessment:**

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

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

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

### **Financial liabilities**

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

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

## **3.8.3 Derecognition**

### **Financial assets**

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

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

### **Financial liabilities**

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

#### **3.8.4 Trade Debts**

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

### **3.9 Impairment**

#### **Financial assets**

The Company recognizes loss allowances for ECLs on:

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

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

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

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

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

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

The Company has elected to measure loss allowances for trade debts using IFRS 9 simplified approach and has calculated ECLs based on lifetime ECLs. The Company has established a matrix that is based on the Company's historical credit loss experience, adjusted for forward-

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

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

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

### **Non-financial assets**

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

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

### **3.10 Off setting of financial instruments**

Financial assets and liabilities are off-set and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognized amounts and there is an intention and ability to settle on a net basis, or realize the asset and settle the liability simultaneously.

### **3.11 Cash and cash equivalents**

Cash and cash equivalents for the purpose of statement of cash flows comprise cash in hand, running finance and cash at banks.

### **3.12 Revenue recognition**

Revenue from contracts with customers is recognised, when control of goods is transferred to the customers, at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods excluding sales taxes and trade discounts. Specific revenue and other income recognition policies are as follows:

### **3.12.1 Sale of goods**

Revenue from sale of goods is recognized at the point in time when control of the asset is transferred to the customer which on the basis of current agreement with majority of the customers, is when the goods are dispatched to customers and in very few cases when goods are delivered to the customers, in case of local sales. Further in case of export sale, control is transferred when goods are shipped to the customers or received at customer's country port.

### **3.12.2 Dividends**

Dividend income is recognized when the Company's right to receive the dividend is established.

### **3.12.3 Interest income**

Interest income is recognised as it accrues under the effective interest method using the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying amount of the financial asset.

### **3.13 Contract liabilities**

A contract liability is the obligation of the Company to transfer goods or services to a customer for which the Company has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Company transfers goods or services to the customer, a contract liability is recognized when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognized as revenue when the Company performs under the contract. It also includes refund liabilities arising out of customers' right to claim amounts from the Company on account of contractual delays in delivery of performance obligations and incentive on target achievements.

### **3.14 Foreign currency translations**

Transactions in foreign currencies are initially recorded at the rates of exchange ruling on the dates of transactions. Monetary assets and liabilities denominated in foreign currencies are retranslated into Pak Rupees at exchange rates prevailing on the statement of financial position date. All exchange differences are charged to unconsolidated statement of profit or loss.

### **3.15 Borrowings**

All borrowings are recorded at the proceeds received. Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use are added to the cost of those assets, until such time as the assets are substantially ready for their intended use. All other borrowing costs are charged to unconsolidated statement of profit or loss in the period in which these are incurred.

### **3.16 Provisions**

Provisions are recognized when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate of the amount can be made. Provisions are reviewed at each statement of financial position date and adjusted to reflect the current best estimate.

### **3.17 Earnings per share (EPS)**

Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by weighted average number of ordinary shares outstanding during the year.

Diluted EPS is calculated by adjusting basic EPS with weighted average number of ordinary shares that would be issued on conversion of all dilutive potential ordinary shares into ordinary shares and post-tax effect of changes in profit or loss attributable to ordinary shareholders of the Company that would result from conversion of all dilutive potential ordinary shares into ordinary shares.

### **3.18 Dividend to ordinary shareholders**

Dividend to ordinary shareholders is recognized as a deduction from accumulated profit and as a liability in the Company's unconsolidated statement of financial position in the year in which the dividends are approved by the Board of Directors or the Company's shareholders as the case may be.

### **3.19 Mark-up bearing borrowings**

Mark-up bearing borrowings are recognized initially at cost representing the fair value of consideration received less attributable transaction costs. Subsequent to initial recognition, mark-up bearing borrowings are stated at original cost less subsequent repayments, while the difference between the original recognized amounts (as reduced by periodic payments) and redemption value is recognized in the unconsolidated statement of profit or loss over the period of borrowings on an effective rate basis. The borrowing cost on qualifying asset is included in the cost of related asset.

### **3.20 Share Capital**

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognized as a deduction from equity, net of any tax effects.

### **3.21 Contingent liabilities**

A contingent liability is disclosed when:

- there is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company; or
- there is present obligation that arises from past events but it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability.

### **3.22 Government Grant**

The Company follows deferral method of accounting for government grant related to subsidized long term loan. Government grant is initially recognized as deferred grant and measured as the difference between the initial carrying value of the long term loan recorded at market rate (i.e. fair value of the long term loan in this case) and the proceeds of subsidized long term loan received. In subsequent years, the grant is recognized in statement of profit or loss, in line with the recognition of interest expenses the grant is compensating and is presented as a reduction of related interest expense.

## **4. STANDARDS, INTERPRETATIONS AND AMENDMENTS TO PUBLISHED APPROVED ACCOUNTING STANDARDS THAT ARE NOT YET EFFECTIVE**

- 4.1** The following International Financial Reporting Standards (IFRS Standards) as notified under the Companies Act, 2017 and the amendments and interpretations thereto will be effective for accounting periods beginning on or after 01 July 2021:

- Interest Rate Benchmark Reform – Phase 2 which amended IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 is applicable for annual financial periods beginning on or after 1 January 2021, with earlier application permitted. The amendments introduce a practical expedient to account for modifications of financial assets or financial liabilities if a change results directly from IBOR reform and occurs on an ‘economically equivalent’ basis. In these cases, changes will be accounted for by updating the effective interest rate. A similar practical expedient will apply under IFRS 16 for lessees when accounting for lease modifications required by IBOR reform. The amendments also allow a series of exemptions from the regular, strict rules around hedge accounting for hedging relationships directly affected by the interest rate benchmark reforms. The amendments apply retrospectively with earlier application permitted. Hedging relationships previously discontinued solely because of changes resulting from the reform will be reinstated if certain conditions are met.
- COVID-19-Related Rent Concessions (Amendment to IFRS 16) – the International Accounting Standards Board (the Board) has issued amendments to IFRS 16 (the amendments) to provide practical relief for lessees in accounting for rent concessions. The amendments are effective for periods beginning on or after 1 June 2020, with earlier application permitted. Under the standard’s previous requirements, lessees assess whether rent concessions are lease modifications and, if so, apply the specific guidance on accounting for lease modifications. This generally involves remeasuring the lease liability using the revised lease payments and a revised discount rate. In light of the effects of the COVID-19 pandemic, and the fact that many lessees are applying the standard for the first time in their financial statements, the Board has provided an optional practical expedient for lessees. Under the practical expedient, lessees are not required to assess whether eligible rent concessions are lease modifications, and instead are permitted to account for them as if they were not lease modifications.

The practical expedient introduced in the 2020 amendments only applied to rent concessions for which any reduction in lease payments affected payments originally due on or before 30 June 2021. In light of persistence of economic challenges posed by the COVID-19 pandemic, the Board has extended the practical expedient for COVID-19 related rent concessions by one year i.e. permitting lessees to apply it to rent concessions for which any reduction in lease payments affects only payments originally due on or before 30 June 2022.

Rent concessions are eligible for the practical expedient if they occur as a direct consequence of the COVID-19 pandemic and if all the following criteria are met:

- the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
  - any reduction in lease payments affects only payments originally due on or before 30 June 2022; and
  - there is no substantive change to the other terms and conditions of the lease.
- Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37) effective for the annual periods beginning on or after 1 January 2022 amends IAS 1 by mainly adding paragraphs which clarify what comprises the cost of fulfilling a contract. Cost of fulfilling a contract is relevant when determining whether a contract is onerous. An entity is required to apply the amendments to contracts for which it has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments (the date of initial application). Restatement of comparative information is not required, instead the amendments require an entity to recognize the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings or other component of equity, as appropriate, at the date of initial application.
  - Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16) effective for annual periods beginning on or after 1 January 2022 clarifies that sales proceeds and costs of items produced while bringing an item of property, plant and equipment to the

location and condition necessary for it to be capable of operating in the manner intended by management e.g. when testing etc., are recognized in profit or loss in accordance with applicable Standards. The entity measures the cost of those items applying the measurement requirements of IAS 2. The standard also removes the requirement of deducting the net sales proceeds from cost of testing. An entity shall apply those amendments retrospectively, but only to items of property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after the beginning of the earliest period presented in the financial statements in which the entity first applies the amendments. The entity shall recognize the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at the beginning of that earliest period presented.

- Reference to the Conceptual Framework (Amendments to IFRS 3) - Reference to the Conceptual Framework, issued in May 2020, amended paragraphs 11, 14, 21, 22 and 23 of and added paragraphs 21A, 21B, 21C and 23A to IFRS 3. An entity shall apply those amendments to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 January 2022. Earlier application is permitted if at the same time or earlier an entity also applies all the amendments made by Amendments to References to the Conceptual Framework in IFRS Standards, issued in March 2018.
- Classification of liabilities as current or non-current (Amendments to IAS 1) amendments apply retrospectively for the annual periods beginning on or after 1 January 2023. These amendments in the standards have been added to further clarify when a liability is classified as current. The standard also amends the aspect of classification of liability as non-current by requiring the assessment of the entity's right at the end of the reporting period to defer the settlement of liability for at least twelve months after the reporting period. An entity shall apply those amendments retrospectively in accordance with IAS 8.
- Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2) – the Board has issued amendments on the application of materiality to disclosure of accounting policies and to help companies provide useful accounting policy disclosures. The key amendments to IAS 1 include:
  - requiring companies to disclose their material accounting policies rather than their significant accounting policies;
  - clarifying that accounting policies related to immaterial transactions, other events or conditions are themselves immaterial and as such need not be disclosed; and
  - clarifying that not all accounting policies that relate to material transactions, other events or conditions are themselves material to a company's financial statements.

The Board also amended IFRS Practice Statement 2 to include guidance and two additional examples on the application of materiality to accounting policy disclosures. The amendments are effective for annual reporting periods beginning on or after 1 January 2023 with earlier application permitted.

- Definition of Accounting Estimates (Amendments to IAS 8) – The amendments introduce a new definition for accounting estimates clarifying that they are monetary amounts in the financial statements that are subject to measurement uncertainty.

The amendments also clarify the relationship between accounting policies and accounting estimates by specifying that a company develops an accounting estimate to achieve the objective set out by an accounting policy. The amendments are effective for periods beginning on or after 1 January 2023, and will apply prospectively to changes in accounting estimates and changes in accounting policies occurring on or after the beginning of the first annual reporting period in which the company applies the amendments.

- Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12) – The amendments narrow the scope of the initial recognition exemption (IRE) so that it does not apply to transactions that give rise to equal and offsetting temporary differences. As a result, companies will need to recognise a deferred tax asset and a deferred tax liability for temporary differences arising on initial recognition of a lease and a decommissioning provision. For leases and decommissioning liabilities, the associated deferred tax asset and liabilities will need to be recognised from the beginning of the earliest comparative period presented, with any cumulative effect recognised as an adjustment to retained earnings or other components of equity at that date. The amendments are effective for annual reporting periods beginning on or after 1 January 2023 with earlier application permitted.
- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28) – The amendment amends accounting treatment on loss of control of business or assets. The amendments also introduce new accounting for less frequent transaction that involves neither cost nor full step-up of certain retained interests in assets that are not businesses. The effective date for these changes has been deferred indefinitely until the completion of a broader review.

The above improvements are likely to have no impact on the Company's financial statements.

The following annual improvements to IFRS Standards 2018-2020 are effective for annual reporting periods beginning on or after 1 January 2022.

- IFRS 9 – The amendment clarifies that an entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf, when it applies the '10 per cent' test in paragraph B3.3.6 of IFRS 9 in assessing whether to derecognize a financial liability.
- IFRS 16 – The amendment partially amends Illustrative Example 13 accompanying IFRS 16 by excluding the illustration of reimbursement of leasehold improvements by the lessor. The objective of the amendment is to resolve any potential confusion that might arise in lease incentives.
- IAS 41 – The amendment removes the requirement in paragraph 22 of IAS 41 for entities to exclude taxation cash flows when measuring the fair value of a biological asset using a present value technique.

The above improvements are likely to have no impact on the Company's financial statements.

## 5. SHARE CAPITAL

### 5.1 Authorised share capital

	Number of shares	2021 (Rupees in thousand)	2020
(2020: 1,400,000,000) ordinary shares of Rs. 10 each	1,400,000,000	14,000,000	14,000,000
(2020: 100,000,000) 9.75% redeemable cumulative preference shares of Rs. 10 each	100,000,000	1,000,000	1,000,000
	<u>1,500,000,000</u>	<u>15,000,000</u>	<u>15,000,000</u>

### 5.2 Issued, subscribed and paid-up share capital

	Note	Number of shares	2021 (Rupees in thousand)	2020
<b>Number of shares</b>				
(2020: 860,972,162) ordinary shares of Rs. 10 each fully paid in cash	5.2.2	860,972,162	8,609,721	8,609,721
(2020: 35,834,100) ordinary shares of Rs. 10 each issued as fully paid for consideration other than cash		35,834,100	358,341	358,341
(2020: 46,069,400) ordinary shares of Rs. 10 each issued as fully paid bonus shares		46,069,400	460,694	460,694
(2020: 153,846,153) ordinary shares of Rs. 10 each issued as fully paid right shares at discount	5.2.3	153,846,153	1,538,462	1,538,462
(2020: 1,624,417) ordinary shares of Rs. 10 each issued on conversion of preference shares into ordinary shares	5.2.4	1,624,417	16,244	16,244
	5.2.1	<u>1,098,346,232</u>	<u>10,983,462</u>	<u>10,983,462</u>
<b>5.2.1 Movement of Issued, subscribed and paid-up share capital</b>				
At beginning of the year		1,098,346,232	10,983,462	5,937,007
Ordinary shares issued during the year	5.2.2	-	-	5,046,455
At end of the year		<u>1,098,346,232</u>	<u>10,983,462</u>	<u>10,983,462</u>

**5.2.2** During the financial year ended 30 June 2020, the Company issued 504,645,556 ordinary shares at the rate of Rs. 12 per share (including share premium of Rs. 2 per share). The same was approved by Board of Directors ("the Board") and shareholders in their meeting held on 19 September 2019 and 26 October 2019 respectively.

**5.2.3** During the financial year ended 30 June 2011, Company issued 153,846,153 shares at Rs. 6.50 per share at a discount of Rs. 3.50 per share otherwise than right against Rs. 1,000 million to the Holding Company, after complying with all procedural requirements in this respect.

**5.2.4** During the financial years ended 30 June 2011 and 30 June 2012, 1,321,095 preference shares were converted into 1,624,417 ordinary shares at a conversion rate of 1.2296.

**5.3** The Holding Company holds 606,497,944 (2020: 606,497,944) ordinary shares, which represents 55.22% (2020: 55.22%) of total ordinary issued, subscribed and paid-up share capital of the Company.

**5.4** Directors of the Company hold 96,706 (2020: 96,706) ordinary shares of Rs. 10 each of the Company.

	Note	2021 (Rupees in thousand)	2020
<b>6. CAPITAL RESERVES</b>			
Capital redemption reserve	6.1	528,263	528,263
Share premium reserve	6.2	6,060,550	6,060,550
		<b>6,588,813</b>	<b>6,588,813</b>

**6.1** This reserve has been created under section 85 of the repealed Companies Ordinance, 1984 for redemption of preference shares.

**6.2** This reserve can be utilized by the Company only for the purpose specified in section 81(2) of the Companies Act, 2017.

	2021 (Rupees in thousand)	2020
<b>7. SURPLUS ON REVALUATION OF FIXED ASSETS - NET OF TAX</b>		
At beginning of the year	4,892,797	5,058,008
Surplus on revaluation during the year	-	95,628
Related deferred tax liability	-	37,641
Surplus on disposal of fixed assets during the year		
- net of deferred tax	(82)	(1,535)
Related deferred tax liability	(33)	(604)
Transfer to unappropriated profit in respect of incremental depreciation charged during the year - net of deferred tax	(512,498)	(212,642)
Related deferred tax liability	(204,550)	(83,699)
<b>At end of the year</b>	<b>4,175,634</b>	<b>4,892,797</b>
<b>Deferred tax liability on revaluation surplus</b>		
At beginning of the year	1,277,467	1,173,528
Tax on surplus during the year	-	37,641
Transferred to unappropriated profit in respect of disposal of fixed assets during the year	(33)	(604)
Transferred to unappropriated profit in respect of incremental depreciation charged during the year	(204,550)	(83,699)
Effect of change in effective tax rate due to proportion of local and export sales	12,775	150,601
<b>At end of the year</b>	<b>1,085,659</b>	<b>1,277,467</b>
	<b>3,089,975</b>	<b>3,615,330</b>

- 7.1** The Company's freehold land, buildings on freehold land, roads, bridges and railway sidings and plant and machinery were revalued by Arif Evaluators, an independent valuer not connected with the Company and approved by Pakistan Banks' Association (PBA) in "any amount" category, at 30 June 2020. The basis of revaluation for items of these fixed assets were as follows:

**Freehold land**

Fair market value of freehold land was assessed through inquiries to real estate agents and property dealers in near vicinity of freehold land. Different valuation methods and exercises were adopted according to experience, location and other usage of freehold land. Valuer had also considered all relevant factors as well.

**Buildings on freehold land, roads, bridges and railway sidings**

Construction specifications were noted for each building, structure and civil works and new construction rates are applied according to construction specifications for current replacement values. After determining current replacement values, depreciation was calculated to determine the current assessed market value.

**Plant and machinery**

Suppliers and different cement plant consultants in Pakistan and abroad were contacted to collect information regarding current prices of comparable cement plant to determine current replacement value. Fair depreciation factor for each item is applied according to their physical condition, usage and maintenance.

## 8. LONG TERM LOANS FROM FINANCIAL INSTITUTIONS - SECURED

Lender	Sanctioned Limit	2021	2020	Remaining Tenor of Principal Repayments	Mark-up as per Agreement	Security
----- Rupees in '000' -----						
1 Askari Bank Limited - Term Finance	707,130	707,129	707,129	20 equal quarterly installments starting from 28 March 2022	3-Month KIBOR + 75bps p.a payable quarterly in arrears from 1st drawdown to be set on last business day before first draw down and then on immediately preceding day of each quarter.	1st Joint Pari Passu charge of Rs. 1333.33 million over fixed assets of the Company with 25% margin.
2 Bank of Punjab - Demand Finance	1,253,119	1,253,119	1,253,119	20 equal quarterly installments starting from 27 May 2022	3-Month KIBOR + 75bps p.a payable quarterly in arrears to be reset on last working day of preceding calendar quarter.	1st joint Pari Passu charge over all present and future fixed assets of the Company with 25% margin amounting to Rs. 4,666.67 million and personal guarantee of Mr. Tariq Sayeed Saigol and Mr. Sayeed Tariq Saigol (sponsoring directors).
3 MCB Bank Limited - Demand Finance	1,451,920	1,367,920	1,367,920	20 equal quarterly installments starting from 22 June 2022	3-Month KIBOR + 75bps p.a payable quarterly in arrears to be reset on 1st working day of each quarter.	1st joint Pari Passu charge of Rs. 6,667 million over all present and future fixed assets of the Company with 25% margin.
4 National Bank of Pakistan - Demand Finance	5,500,000	2,994,285	2,994,285	21 equal quarterly installments starting from 30 September 2021	3-Month KIBOR + 75bps p.a payable quarterly in arrears to be set on last business day before first draw down and then on immediately preceding day of each calendar quarter.	1st joint Pari Passu charge of Rs. 7,334 million over fixed assets of the Company and personal guarantee of Mr. Tariq Sayeed Saigol and Mr. Sayeed Tariq Saigol (sponsoring directors).
5 Samba Bank - Term Finance	450,000	450,000	450,000	12 equal quarterly installments starting from 01 Apr 2022	3-Month KIBOR + 75bps p.a payable quarterly in arrears to be reset on 1st working day of each calendar quarter.	Joint Pari Passu charge of Rs. 600 million on entire present and future fixed assets of the Company.
6 MCB Bank Limited (EX NIB) - Term Finance	1,488,379	1,488,379	1,488,379	21 equal quarterly installments starting from 4 May 2022	3-Month KIBOR + 75bps p.a payable quarterly in arrears to be set on the first working day of every calendar quarter.	1st Joint Pari Passu charge of Rs. 6,667 million over all present and future fixed assets of the Company with 25% margin.
7 MCB Islamic - Diminishing Musharikh	1,500,000	1,104,167	1,104,167	18 equal quarterly installments starting from 27 March 2022	3-Month KIBOR + 70 bps p.a payable quarterly in arrears to be set on the date of first day of disbursement and to be reset on 1st working day of calendar quarter.	1st Joint Pari Passu charge of Rs. 2,000 million over all present and future fixed assets, personal guarantee of Mr. Tariq Sayeed Saigol and Mr. Sayeed Tariq Saigol (sponsoring directors).
8 Habib Bank Ltd. - Term Finance	1,000,000	714,286	714,286	20 equal quarterly installments starting from 28 September 2022	3-Month KIBOR + 75bps p.a payable quarterly in arrears to be set on last business day before first draw down and then on immediately preceding day of each quarter.	Joint Pari Passu equitable and hypothecation charge of Rs. 1,334 million over all present and future fixed assets of the Company.
9 Askari Bank Limited - Term Finance	125,000	125,000	125,000	5 equal quarterly installments starting from 04 March 2022	3-Month KIBOR + 125 bps p.a payable quarterly in arrears to be set on last business day before first draw down and then on immediately preceding day of each quarter.	1st joint Pari Passu charge of Rs. 667 million over fixed assets of the Company with 25% margin.
10 Bank of Punjab - Demand Finance	374,339	374,339	374,339	5 equal quarterly installments starting from 06 April 2022	3-Month KIBOR + 125 bps p.a payable quarterly in arrears to be set on the day of 1st draw down and then on last working day of preceding calendar quarter.	1st joint Pari Passu charge over all present and future fixed assets of the Company with 25% margin amounting to Rs. 4,666.67 million and personal guarantee of Mr. Tariq Sayeed Saigol and Mr. Sayeed Tariq Saigol (sponsoring directors).

Lender		Sanctioned Limit	2021	2020	Remaining Tenor of Principal Repayments	Mark-up as per Agreement	Security
----- Rupees in '000' -----							
11	MCB Bank Limited - Demand Finance	185,145	37,029	185,145	5 equal quarterly installments starting from 06 April 2022	3-Month KIBOR + 115bps p.a payable quarterly in arrears to be reset on 1st working day of each calendar quarter.	1st Joint Pari Passu charge of Rs. 6,667 million over all present and future fixed assets of the Company .
12	National Bank of Pakistan - Demand Finance	1,000,000	250,000	250,000	5 equal quarterly installments starting from 06 April 2022	3-Month KIBOR + 125 bps p.a payable quarterly in arrears to be set on the date of first disbursement and subsequently at the beginning of each Calendar quarter on the basis of rate as at last working day of immediately preceding calendar quarter.	1st Pari Passu charge of Rs. 1,334 million over all present and future fixed assets of the Company, personal guarantee of Mr. Tariq Sayeed Saigol and Mr. Sayeed Tariq Saigol (sponsoring directors).
13	MCB Islamic Bank - Diminishing Musharikah	500,000	166,667	166,667	8 equal quarterly installments starting from 13 December 2022	3-Month KIBOR +70 bps p.a payable quarterly in arrears to be set on the date of first disbursement and subsequently at the beginning of each quarter.	Joint Pari Passu charge of Rs. 666.67 million over all present and future fixed assets of the Company, personal guarantee of Mr. Tariq Sayeed Saigol and Mr. Sayeed Tariq Saigol (sponsoring directors).
14	Allied Bank Limited- SBP refinance for Wages and Salaries	933,000	639,945	433,179	8 equal quarterly installments starting from 31 January 2021	SBP rate plus 50bps to 100bps p.a payable quarterly. (refer to note 9.1 for details).	1st Pari Passu charge over all fixed assets of the Company with 25% margin.
15	Pair Investment Company Limited	300,000	150,000	150,000	8 equal quarterly installments starting from 28 September 2021	3 months KIBOR + 100 bps p.a payable quarterly with the first payment falling due at the end of the 3rd month from the first disbursement date and subsequently every three months thereafter.	1st Pari Passu charge over present and future fixed assets of the Company with 25% margin.
16	Askari Bank Limited - Term Finance	900,000	97,964	-	20 equal quarterly installments starting from 17 November 2021	3-Month KIBOR + 75 bps p.a payable quarterly in arrears to be set on the day of 1st draw down and then on last working day of preceding calendar quarter.	Cushion available against existing registered 1st Joint Pari Passu charge of Rs 2,000 million, to the extent of Rs. 890.493 million, over fixed assets of the Company with 25% margin and ranking hypothecation charge of PKR 310 million with 25% margin, over all present and future fixed assets (excluding land and building) of the Company (to be upgraded to 1st Joint Pari Passu charge).
17	Askari Bank Limited - TERF	900,000	591,957	-	20 equal quarterly installments starting from 17 November 2021	SBP Rate + 200 bps p.a payable quarterly in arrears. (For details refer to note 9.2).	Ranking hypothecation charge of PKR 310 M, Margin 25% over all present and future fixed assets (excluding land and building) of the Company to be registered with SECP.
18	Bank of Punjab - Demand Finance	1,000,000	161,102	-	24 equal quarterly installments starting from 14 Dec 2021	3-Month KIBOR + 75 bps p.a payable quarterly in arrears to be set on the day of 1st draw down and then on last working day of preceding calendar quarter.	1st joint Pari Passu charge over all present and future fixed assets of the Company with 25% margin amounting to Rs. 4,666.67 million and personal guarantee of Mr. Tariq Sayeed Saigol and Mr. Sayeed Tariq Saigol (sponsoring directors).
19	National Bank of Pakistan - Demand Finance	3,000,000	198,302	-	32 equal quarterly installments starting from 18 September 2023	3-Month KIBOR+ 125bps p.a payable quarterly in arrears to be reset on last working day of preceding calendar quarter.	Ranking charge of Rs. 4,000 million, to be upgraded to 1st Joint Pari Passu Charge, over present and future fixed assets of the Company with 25% margin and personal guarantee of Mr. Tariq Sayeed Saigol and Mr. Sayeed Tariq Saigol (sponsoring directors).

Lender	Sanctioned Limit	2021	2020	Remaining Tenor of Principal Repayments	Mark-up as per Agreement	Security
----- Rupees in '000' -----						
20 Bank of Punjab - Demand Finance	3,000,000	182,555	-	- 32 equal quarterly instalments starting from 18 June 2023	3-Month KIBOR + 90 bps p.a payable quarterly in arrears to be reset on last working day of preceding calendar quarter.	Cushion available against existing registered 1st Joint Pari Passu charge of Rs. 4,666.66 million, to the extent of Rs. 763.9 million, over fixed assets of the Company with 25% margin and initial ranking charge of Rs. 3,236.1 million with 25% margin, over all present and future fixed assets of the Company (to be upgraded to 1st Joint Pari Passu charge).
21 MCB Bank Limited - Demand Finance	2,000,000	136,931	-	- 32 equal quarterly instalments starting from 18 June 2023	3-Month KIBOR + 75 bps p.a payable quarterly in arrears to be reset on last working day of preceding calendar quarter.	1st Joint Pari Passu charge of Rs. 6,667 million over all present and future fixed assets of the Company with 25% margin.
22 Habib Bank Ltd. - LTFF	2,000,000	249,851	-	- 20 equal quarterly instalments starting from 25 September 2023	SBP+ 150bps p.a payable on calendar quarter.	1st Joint Pari Passu charge of Rs. 4,000 million over present and future fixed assets of the Company with 25% margin.
<b>Total</b>	29,568,031	13,440,927	11,763,615			
Long term portion of cash finance and others (note 18.1)		-	534,487			
<b>Less:</b>						
<b>Impact of deferred government grant</b>		(99,566)	-			
<b>Current portion of long term loans from financial institutions - secured</b>		(1,704,612)	(125,000)			
<b>Long term portion of loans from financial institutions</b>		11,636,749	12,173,102			

**8.1** The Company has unavailed long term loan facilities amounting to Rs. 2,000 million (2020: Rs. 3,000 million) for the purpose of expansion / BMR of new cement product line.

	Note	2021 (Rupees in thousand)	2020
<b>9. DEFERRED GRANT</b>			
Balance as at 01 July		-	-
Recognized during the year	9.1 & 9.2	142,092	-
Amortization during the year		(42,526)	-
Balance as at 30 June		99,566	-
Current portion		(49,997)	-
Non - current portion		49,569	-

**9.1** The Company obtained term loan / SBP COVID-19 relief facility under “SBP refinance scheme for payment of wages and salaries” introduced by Government of Pakistan in order to prevent entities from laying-off employees during COVID-19 outbreak. The Company obtained Rs. 853.26 million, for paying salaries for the months from April 2020 to September 2020. The facility carries mark-up at the rate specified by State Bank of Pakistan plus spread of 0.5% to 1% per annum. The loan has been measured at its fair value in accordance with IFRS 9 (Financial Instruments) using market rates at SBP approval dates of each tranche. The difference between fair value of loan and loan proceeds has been recognized as deferred grant as per requirements of IAS 20 (Accounting for Government Grants and Disclosure of Government Assistance) and as per Circular 11/2020 issued by the Institute of Chartered Accountants of Pakistan.

**9.2** The Company has obtained term loan amounting to Rs. 592 million, under “SBP Temporary Economic Refinance Facility” for setting up of Waste Heat Recovery Plant. The facility carries markup at the rate specified by State Bank of Pakistan plus spread of 2% per annum. The loan has been measured at its fair value in accordance with IFRS 9 (Financial Instruments) using market rates at SBP approval dates of each tranche. The difference between fair value of loan and loan proceeds has been recognized as deferred grant as per requirements of IAS 20 (Accounting for Government Grants and Disclosure of Government Assistance) and as per selected opinion issued in November 2020 by the Institute of Chartered Accountants of Pakistan.

	Note	2021 (Rupees in thousand)	2020
<b>10. LONG TERM LOAN FROM SUBSIDIARY COMPANY</b>			
Long term loan I	10.1	-	1,000,000
Long term loan II	10.2	1,000,000	2,000,000
		1,000,000	3,000,000

**10.1** This represented conversion of balance payable to Maple Leaf Power Limited, the Subsidiary of the Company, in lieu of electricity purchased during the financial year 2018-2019 to long term loan with effect from 01 June 2019. This loan was payable in four equal quarterly installments starting from 1 September 2021 and carried markup at the rate of 3 month KIBOR plus 1% per annum, payable quarterly in arrears. However, during the year, the Company has repaid the loan in full. The effective rates during the year ranged from 8.25% to 8.29% annually (2020: 12.19% to 13.97%).

**10.2** This represents conversion of balance payable to Maple Leaf Power Limited, the Subsidiary of the Company, in lieu of electricity purchased during the year to long term loan with effect from 01 May 2020. The loan was payable in eight equal quarterly installments starting from 01 September 2022 however during the year, the Company has prepaid fifty percent of principal amounting to Rs. 1 billion. The remaining amount of loan is payable in four equal quarterly installments starting from 01 September 2022. This loan carries markup at 3 month KIBOR plus 1% at per annum, payable quarterly. The effective rate during the year ranges from 8.25% to 8.59% annually (2020: 8.17%).

## 11. LONG TERM DEPOSITS

These represent deposits received from dealers which have not been kept in a separate bank account.

	Note	2021 (Rupees in thousand)	2020
<b>12. DEFERRED TAXATION</b>			
<b>Deferred tax liability on taxable temporary differences arising in respect of:</b>			
- accelerated tax depreciation on fixed assets		5,222,119	5,115,992
- surplus on revaluation of fixed assets		1,085,659	1,277,467
		6,307,778	6,393,459
<b>Deferred tax asset on deductible temporary differences arising in respect of:</b>			
- provision against expected credit loss	12.2	(85,084)	(52,400)
- unused tax losses		(1,991,241)	(2,781,037)
- tax credit under section 65B of ITO 2001		-	(119,870)
- alternative corporate tax		(276,429)	-
- employees' retirement benefits		(65,117)	(60,712)
		(2,417,871)	(3,014,019)
		3,889,907	3,379,440
<b>12.1 Movement in deferred tax balances is as follows:</b>			
At beginning of the year		3,379,440	3,705,927
<b>Recognized in unconsolidated statement of profit or loss:</b>			
- accelerated tax depreciation on fixed assets		106,127	604,091
- surplus on revaluation of fixed assets		(204,583)	(84,303)
- unused tax losses		789,796	(1,460,493)
- tax credit under section 65B of ITO 2001		119,870	440,969
- employees' retirement benefits		3,427	(11,843)
- alternative corporate tax		(276,429)	-
- provision for expected credit loss		(32,684)	(5,655)
		505,524	(517,234)
<b>Recognized in surplus on revaluation of fixed assets</b>			
Effect of change in proportion of local and export sales		12,775	150,601
<b>Recognized in other comprehensive income:</b>			
- employees' retirement benefits		(7,832)	2,505
- surplus on revaluation of fixed assets		-	37,641
		3,889,907	3,379,440

- 12.2** This represents deferred tax asset on unused tax losses amounting to Rs. 6,866.35 million (2020: Rs. 9,589.78 million) recognized on the basis of future expected taxable profits. As at 30 June 2021, unused tax losses represent unabsorbed depreciation which is available for adjustment for indefinite period in accordance with the provisions of Income Tax Ordinance, 2001.

### 13. RETENTION MONEY PAYABLE

This amount represents retention money payable to M/s FLS Smidth amounting to Euro 3.796 million (equivalent to Rs. 421.841 million at the exchange rate prevailing on the date of signing of contract, i.e. 16 January 2017) on meeting the agreed performance guarantee. The amount is payable after the expiry of two years period following the fulfillment of performance guarantee and has been accounted for at present value using discount rate of 7% per annum and unwinding of liability amounting to Rs. 25.625 million is charged to P&L.

### 14. PAYABLE TO GOVERNMENT AUTHORITY

Payable to Government Authority  
Less: Current maturity of Payable to Government Authority

2021	2020
(Rupees in thousand)	
324,370	399,322
(281,480)	(166,384)
42,890	232,938

This represents non-current portion of Gas Infrastructure Development Cess (GIDC) payable to Sui Northern Gas Pipelines Limited (SNGPL). During previous years, the Company, along with various other companies had challenged the legality and validity of levy and demand of GIDC in Honourable Lahore High Court which was pending adjudication at the end of last year. However, during the year Supreme Court of Pakistan vide judgement dated 13 August 2020, while dismissing appeals filed by various industrial and commercial entities with respect to the legality and validity of levy and demand of GIDC, has decided the case in favor of SNGPL. Now the Company is to pay the balance amount of GIDC in 24 equal monthly installments. This liability has been recognized at fair value using discount rate of 8.31% per annum and the difference between the fair value and the total amount of liability is recognized in statement of profit or loss as other income. Subsequent to initial recognition, the effect of unwinding of liability is recognized in statement of profit or loss as finance cost.

### 15. RETIREMENT BENEFITS

Accumulated compensated absences  
Gratuity

Note	2021	2020
	(Rupees in thousand)	
15.1	137,775	126,963
15.2	90,491	87,989
	228,266	214,952

#### 15.1 Accumulated compensated absences

The actuarial valuation of the Company's accumulated compensated absences was conducted on 30 June 2021 using projected unit credit method. Detail of obligation for accumulated compensated absences is as follows:

**15.1.1 Movement in the present value of defined benefit obligations is as follows:**

	2021	2020
	(Rupees in thousand)	
Present value of defined benefit obligations at beginning of the year	126,963	106,184
Current service cost for the year	10,053	12,275
Interest cost for the year	9,957	14,354
Actuarial losses on present value of defined benefit obligations	10,450	8,531
Benefits paid during the year	(19,648)	(14,381)
<b>Present value of defined benefit obligation at end of the year</b>	<b>137,775</b>	<b>126,963</b>

**15.1.2 Charge for the year**

**In statement of profit or loss**

Current service cost for the year	10,053	12,275
Interest cost for the year	9,957	14,354
Actuarial losses on present value of defined benefit obligations	10,450	8,531
	<b>30,460</b>	<b>35,160</b>

**15.1.3 Sensitivity analysis**

If the significant actuarial assumptions used to estimate the liability of compensated absences at the reporting date, had fluctuated by 100 bps with all other variables held constant, the present value of the defined benefit obligation as at 30 June 2021 would have been as follows:

	Compensated absences	
	Present value of defined benefit obligation	
	Increase in assumption	Decrease in assumption
	(Rupees in thousand)	
Discount rate (100 bps)	124,097	153,994
Future salary increase (100 bps)	153,723	124,108

The sensitivity analysis of the defined benefit obligation to the significant actuarial assumptions has been performed using the same calculation techniques as applied for calculation of defined benefit obligation reported in the unconsolidated statement of financial position.

**15.1.4** At 30 June 2021, the average duration of the defined benefit obligation was 11 years.

### 15.1.5 Actuarial assumptions

The following are the principal actuarial assumptions as at 30 June 2021:

	2021	2020
	(Percentage)	
Discount rate used for interest cost	8.50%	14.50%
Discount rate used for year end obligations	10.00%	8.50%
Expected rate of growth per annum in future salaries	9.00%	7.50%
Expected mortality rate	SLIC 2001 - 2005 Setback 1 Year	
Retirement assumptions	60 Years	60 Years

### 15.2 Gratuity

The latest actuarial valuation of the Company's defined benefit plan, was conducted on 30 June 2021 using projected unit credit method. Detail of obligation for defined benefit plan is as follows:

**The amounts recognized in the statement of unconsolidated financial position are as follows:**

	Note	2021 (Rupees in thousand)	2020
Present value of defined benefit obligation	15.2.1	168,575	156,026
Less: Fair value of plan assets	15.2.2	(78,084)	(70,163)
Plus: Payable to ex-employees		-	2,126
<b>Net liability at end of the year</b>		<b>90,491</b>	<b>87,989</b>
Net liability at beginning of the year		87,989	99,170
Charge to profit and loss account for the year	15.2.3	11,596	19,032
Charge to other comprehensive income for the year	15.2.3	27,456	(8,870)
Contribution made during the year		(36,550)	(21,343)
<b>Net liability at end of the year</b>		<b>90,491</b>	<b>87,989</b>
<b>15.2.1 Movement in the present value of defined benefit obligations is as follows:</b>			
Present value of defined benefit obligations at beginning of the year		156,026	167,576
Current service cost for the year		5,852	6,695
Interest cost for the year		11,708	21,900
Benefits due but not paid		-	(1,269)
Adjustment of Payables (already paid in last year)		2,126	-
Actuarial losses / (gain) on present value of defined benefit obligations		29,414	(12,363)
Benefits paid during the year		(36,551)	(26,513)
<b>Present value of defined benefit obligation at end of the year</b>		<b>168,575</b>	<b>156,026</b>

### 15.2.2 Movement in the fair value of plan assets is as follows:

	2021	2020
	(Rupees in thousand)	
Fair value of plan assets at beginning of the year	70,163	69,263
Contributions made during the year	36,550	21,343
Expected return on plan assets for the year	5,964	9,563
Return on plan assets excluding interest income	1,958	(3,493)
Benefits paid during the year	(36,551)	(26,513)
<b>Fair value of plan assets at end of the year</b>	<b>78,084</b>	<b>70,163</b>
<b>Fair value of plan assets are as follows:</b>		
NAFA Government Securities Liquid Fund	23,424	20,053
Special saving certificates	53,280	48,000
Cash at bank	1,380	2,110
	<b>78,084</b>	<b>70,163</b>

### Plan assets comprise of:

	2021	2020
	(Percentage)	
Equity	30.00%	28.58%
Special saving certificates	68.23%	68.41%
Cash at bank	1.77%	3.01%
	<b>100.00%</b>	<b>100.00%</b>

### 15.2.3 Charge for the year

#### In unconsolidated statement of profit or loss

Current service cost for the year	5,852	6,695
Interest cost for the year	11,708	21,900
Expected return on plan assets for the year	(5,964)	(9,563)
	<b>11,596</b>	<b>19,032</b>

#### In unconsolidated other comprehensive income / (loss)

Actuarial loss / (gain) on retirement benefits - net	27,456	(8,870)
	<b>39,052</b>	<b>10,162</b>

### Actuarial assumptions

The following are the principal actuarial assumptions at 30 June:

	2021	2020
	(Percentage)	
Discount rate used for year end obligations	10.00%	8.50%
Discount rate used for interest cost in profit or loss	8.50%	14.25%
Expected rate of growth per annum in future salaries	9.00%	7.50%
Expected mortality rate	SLIC 2001 - 2005	
	Setback 1 Year	
Retirement assumptions	60 Years	60 Years

- 15.3** The Company expects to charge Rs. 13.537 million to unconsolidated statement of profit or loss on account of defined benefit plan in the year ending 30 June 2022.

#### 15.4 Sensitivity analysis

If the significant actuarial assumptions used to estimate the defined benefit obligation at the reporting date, had fluctuated by 100 bps with all other variables held constant, the present value of the defined benefit obligation as at 30 June 2021 would have been as follows:

	Gratuity	
	Present value of defined benefit obligation	
	Increase in assumption	Decrease in assumption
	(Rupees in thousand)	
Discount rate (100 bps)	161,490	176,312
Future salary increase (100 bps)	176,312	161,364

The sensitivity analysis of the defined benefit obligation to the significant actuarial assumptions has been performed using the same calculation techniques as applied for calculation of defined benefit obligation reported in the unconsolidated statement of financial position.

- 15.5** At 30 June 2021, the average duration of the defined benefit obligation was 4 years.

- 15.6** Compensated absence and gratuity charge to profit or loss for the year has been allocated as follows:

	Note	2021 (Rupees in thousand)	2020
Cost of sales	36.2	32,693	43,221
Administrative expenses	38.1	6,466	8,483
Distribution expenses	37.1	2,897	2,488
		42,056	54,192

	Note	2021 (Rupees in thousand)	2020
<b>16. TRADE AND OTHER PAYABLES</b>			
Trade creditors		2,828,344	3,233,086
Due to related party - unsecured	16.1	61,224	322,787
Bills payable - secured		750,813	653,598
Accrued liabilities	16.2	911,896	638,629
Contract liabilities	16.3	250,491	235,928
Payable to Workers' Profit Participation Fund	16.4	1,325,693	1,122,696
Payable to Workers' Welfare Fund	16.5	86,043	4,844
Payable to Provident Fund Trust	16.8	15,830	1,116
		6,230,334	6,212,684
<b>Payable to Government on account of:</b>			
Federal Excise Duty payable		789,851	961,578
Sales Tax payable - net		96,826	274,889
Royalty and Excise Duty payable		90,252	55,859
Other taxes payable		158,922	93,089
		1,135,851	1,385,415
Contractors' retention money	16.6	41,709	269,175
Security deposits repayable on demand	16.7	64,243	64,101
Payable against redemption of preference shares		1,016	1,016
Other payables		38,484	18,830
		145,452	353,122
		7,511,637	7,951,221
<b>16.1 Due to related party- unsecured</b>			
Due to Holding company		-	35,528
Due to Subsidiary company		61,224	287,259
		61,224	322,787

**16.2** This includes current portion of GIDC payable as at 30 June 2021, amounting to Rs. 281.48 million, as explained in note 14 to these unconsolidated financial statements.

**16.3** This represents advance received from customers for future sale of goods. During the year, the Company has recognized revenue amounting to Rs. 89.35 million, out of the contract liability as at 01 July 2020.

	Note	2021 (Rupees in thousand)	2020
<b>16.4 Payable to Workers' Profit Participation Fund</b>			
At beginning of the year		1,122,696	1,193,949
Allocation for the year	39	202,997	-
Less: Paid during the year		-	(71,253)
<b>At end of the year</b>		<b>1,325,693</b>	<b>1,122,696</b>

- 16.4.1** The WPPF liability includes leftover amount of Rs. 1,122.69 million payable to Workers Welfare Fund in terms of Companies Profits Worker's Participation Act, 1968 pertaining to the financial year ended 30 June 2012 to 30 June 2019. According to the 18th amendment to the Constitution of Pakistan in 2010, all labor / labor welfare laws have become provincial subject, and accordingly the left over amount is no more payable to the Federal Treasury. Major strength of Company's employees eligible for benefit of WPPF are working in the Province of Punjab and accordingly potential amount of left over amount of WPPF is required to be paid to the relevant provincial authority as held by the Honorable Sindh High Court in its judgment in C.P. No. D-1313 of 2013 announced on February 12, 2018. The Government of Punjab has enacted Companies Profits (Workers' Participation) (Amendment) Ordinance 2018 which is silent about the payment of the amount in excess of employees' entitlement. Further in view of legal constraints and constraints as aforementioned, the management is of the view that no markup is due on the unpaid amount.

	Note	2021 (Rupees in thousand)	2020
<b>16.5 Workers' Welfare Fund</b>			
At the beginning of the year		4,844	4,844
Charge for the year		81,199	-
Prior year charge		161	-
	39	81,360	-
Paid during the year		(161)	-
<b>At end of the year</b>		<b>86,043</b>	<b>4,844</b>

- 16.6** This represents retention money withheld from contractors and are repayable after satisfactory completion of contracts.
- 16.7** This represents security deposits received from distributors and contractors of the Company. This includes security deposits amounting to Rs. 42.71 million which have not been kept in a separate bank account and Rs. 21.53 million utilized for the purpose of the business in accordance with requirements of written agreement with distributors and contractors.
- 16.8** This also includes some employees on which provident fund deduction is 15% of basic salary (2020: 15%).

	Note	2021 (Rupees in thousand)	2020
<b>17. MARK-UP ACCRUED ON BORROWINGS</b>			
Accrued mark-up on:			
- Long term loans	17.1	211,307	314,057
- Long term loan from Subsidiary Company	10	21,416	61,117
- Short term borrowings		28,230	172,015
		<u>260,953</u>	<u>547,189</u>

**17.1** Accrued mark-up on all loans includes Rs. 5.112 million (2020: Rs. 6.542 million) related to an arrangement permissible under Shariah. Remaining mark up pertains to the loans from conventional banks.

	Note	2021 (Rupees in thousand)	2020
<b>18. SHORT TERM BORROWINGS</b>			
Banking and financial institutions:			
- Cash finance and others	18.1	1,683,588	5,805,561
- Running finance	18.2	207,310	538,000
Temporary bank overdrafts - unsecured	18.3	3,217	298,751
		<u>1,894,115</u>	<u>6,642,312</u>
<b>18.1 Cash finance and others</b>			
Cash finance and others facilities availed	18.1.1	1,683,588	6,340,048
Classified to long term loans		-	(534,487)
		<u>1,683,588</u>	<u>5,805,561</u>

**18.1.1** These facilities have been obtained from various banking companies for working capital requirements and are secured by charge over current and future assets of the Company; lien marked over import documents and title of ownership of goods imported under letters of credit.

The cash finance and other facilities carry mark-up at the rates ranging from 3.00% to 14.81% (2020: 3.00% to 17.64%) per annum payable quarterly in arrears.

The Company has unavailed cash finance and other funded facilities aggregating Rs. 1,174.90 million (2020: Rs. 859 million) at the year end and unavailed facilities for opening letters of credit/ guarantee aggregating Rs. 8,684.54 million (2020: Rs.3,806 million) at the year end.

**18.2** The Company has unavailed running finance funded facilities aggregating Rs.499.18 million (2020: Rs. 417 million). These are secured against same securities as mentioned in note 18.1.1 above.

The running finance carries mark-up at the rates ranging from 7.75% to 8.95% (2020: 8.39% to 15.36%) per annum payable quarterly.

**18.3** This represents temporary overdraft due to cheques issued by the Company at the statement of financial position date.

**18.4** All loans are mark-up based from conventional banks.

## 19. CONTINGENCIES AND COMMITMENTS

### 19.1 Contingencies

**19.1.1** The Company filed writ petitions before the Honorable Lahore High Court against the legality of judgment passed by the Customs, Excise and Sales Tax Appellate Tribunal in 2004 whereby the Company was held liable on account of wrongful adjustment of input sales tax on raw materials. The amount involved pending adjudication before the Honorable Lahore High Court is Rs.10.01 million out of which Rs. 3 million had already been paid during previous years. During the year Lahore High Court remanded the case back to Appellate Tribunal for Decision afresh. However, hearing of the appeals by the Appellate Tribunal is yet to be fixed. No further provision has been made in these unconsolidated financial statements in respect of the matter as the management and the Company's legal advisor are confident that the ultimate outcome of this case will be in favor of the Company.

**19.1.2** The Company has filed an appeal before the Customs, Central Excise and Sales Tax Appellate Tribunal, Karachi against the order of the Deputy Collector Customs whereby the refund claim of the Company amounting to Rs. 12.35 million was rejected and the Company was held liable to pay an amount of Rs. 37.05 million by way of 10% customs duty allegedly leviable in terms of SRO 584(I)/95 and 585(I)/95 dated 01 July 1995. The impugned demand was raised by the department on the alleged ground that the Company was not entitled to exemption from payment of customs duty and sales tax in terms of SRO 279(I)/94 dated 02 April 1994.

The Honorable Lahore High Court, upon the Company's appeal, vide its order dated 06 November 2001 has decided the matter in favor of the Company; however, the Collector of Customs has preferred a petition before the Honorable Sindh High Court, which is pending adjudication. The management and the legal advisor of the Company are confident that the ultimate outcome of this case will be in favor of the Company. However, no receivable of Rs. 12.35 million was booked by the management in previous years and no further provision has been booked by the management in these unconsolidated financial statements.

**19.1.3** The Show Cause Notice was issued to the Company on 04 December 1999 and demand was raised by the CBR for payment of duties and taxes on the plant and machinery imported by the Company (pursuant to the exemption granted in terms of SRO 484(I)/92 allegedly on the ground that the plant could be locally manufactured and was therefore not exempt). A total demand of Rs.1,386.72 million was raised by the CBR out of which an amount of Rs. 449.328 Million was deposited by the Company (initially the Company deposited Rs. 269.328 million and subsequently deposited further amount of Rs. 180.00 million). Initially, the matter was decided in favor of the Company as per the judgment of the Lahore High Court in W.P. No. 6794/2000. Against the aforesaid judgment of Lahore High Court, the customs department had filed appeal before the Supreme Court of Pakistan which was decided by the Hon'ble Supreme Court vide judgment dated 21.12.2011 with the direction to file reply to the Show Cause Notice before the Collector of Customs, Faisalabad. The Company has filed its reply before the Collector of Customs, Faisalabad who decided the same against the Company through an Order-in-Original No. 6/2014 dated 09 July 2014. The said Order-in-Original was challenged by the Company by way of filing of Appeal No. 172/LB/2014 before the Customs Appellate Tribunal, Lahore who vide Judgment dated 21 August 2019 has granted partial relief to the Company with direction to the Customs Department to recalculate the customs duty in accordance with the list communicated by EDB vide letter dated 21 June 2006. However, the Collector of Customs instead of making fresh calculations through a Demand Notice bearing C. No. CA-1946/2000(Pt-I)/8169 dated 23 October 2019 restored the original demand raised by the earlier Order-in-Original No. 06/2014 and directed the Company to pay the amount of Rs. 933.810 million within a period of seven days. The said demand of tax was challenged by the Company before the Honorable Lahore High Court, wherein stay against recovery was granted to it by the Honorable Lahore High Court vide order dated 04 November 2019. This matter is still pending before the Honorable Lahore

High Court, Lahore and next date of hearing is yet to be fixed by the office of the High Court. No provision has been made in these unconsolidated financial statements in respect of the above stated amount as the management and the legal advisor of the Company are confident that the ultimate outcome of this case will be in favor of the Company.

- 19.1.4** The Company filed an appeal before the Honorable Supreme Court of Pakistan against the judgment of the Division Bench of the Honorable High Court of Sindh at Karachi. The Division Bench, by judgment dated 15 September 2008, had partly accepted the appeal by declaring that the levy and collection of infrastructure cess / fee prior to 28 December 2006 was illegal and ultra vires and after 28 December 2006, it was legal and the same was collected by the Excise Department in accordance with the law. The Company and the Province of Sindh and Excise and Taxation Department both preferred an appeal against the matters decided against them. The Honorable Supreme Court consolidated both the appeals and were set aside. Thereafter, law was challenged in constitution petition in the Honorable Sindh High Court Karachi. Stay was granted by the Honorable Sindh High Court on 31 May 2011 on payment of 50% of the cess to the Excise Department and on furnishing of bank guarantee for remaining 50% to them.

The Company also filed an appeal before the Honorable Sindh High Court to challenge Sindh Development and Maintenance on levy and collection of infrastructure cess under Infrastructure Cess Act 2017. Stay was granted by the Honorable High Court on 27 November 2017 in line with earlier petitions as explained above, i.e. on payment of 50% of the cess to the Excise Department and on furnishing of bank guarantee for remaining 50% to them.

All the petitions mentioned were heard together and Honorable Sindh High Court by a consolidated judgment dated 04 June 2021, has decided the matter against the Company by stating that levy is a cess and has been validly levied for the purpose of maintenance of infrastructure and Infrastructure Cess Act 2017 is valid with retrospective effect from 1994. However, the said judgment would remain suspended for a period of ninety days, up to 3 September 2021, and the interim arrangement of paying 50% of the cess and securing 50% of the cess through deposit of a bank guarantee would continue. The management being aggrieved with the decision of the Honorable Sindh High Court is in process of filing an appeal before Honorable Supreme Court of Pakistan. The management and legal advisor of the Company are confident that the case will ultimately be decided in favor of the Company. However, being prudent, the management has not booked receivable of 50% cess already paid in these unconsolidated financial statements.

- 19.1.5** The Competition Commission of Pakistan, vide order dated 27 August 2009, imposed penalty on twenty cement factories of Pakistan at the rate of 7.5% of the turnover value. In doing so, the Commission imposed penalty amounting to Rs. 586.19 million on the Company. The Commission alleged that provisions of section 4(1) of the Competition Commission Ordinance, 2007 have been violated. However, after the abeyance of Honorable Islamabad High Court pursuant to the judgment of Honorable Supreme Court of Pakistan dated 31 July 2009, the titled petition has become infructuous and the Company has filed a writ petition no. 15618/2009 before the Honorable Lahore High Court (LHC). During the year, Honorable LHC vide its order dated 26 October 2020 decided the writ petition challenging the vires of the law against the Company and the appeal impugning the levy of penalty vide order dated 28 August 2009 has been referred to the Competition Appellate Tribunal. The Company has challenged decision of LHC before the Honorable Supreme Court of Pakistan which is pending adjudication at the year end. No provision has been made in these unconsolidated financial statements as the management and the legal advisor of the Company are confident that the ultimate outcome of this case will be in favor of the Company.
- 19.1.6** The Additional Collector, Karachi issued show cause notice alleging therein that the Company has wrongly claimed the benefits of SRO No. 575(I)/2006 dated 05 June 2006 on the import of pre-fabricated buildings structure. Consequently, the Company is liable to pay Government dues amounting to Rs. 5.55 million. The Company submitted reply to the show cause notice and currently proceedings are pending before the Additional Collector. No provision has been

made in these unconsolidated financial statements as the management and the legal advisor of the Company are confident that the ultimate outcome of this case will be in favor of the Company.

- 19.1.7** The customs department filed an appeal against the judgment dated 19 May 2009, passed in favor of the Company pursuant to which the Company is not liable to pay custom duty amounting to Rs. 0.81 million relating to import of some machinery vide L/C No. 0176-01-46-518-1201 in terms of SRO 484(1)/92 dated 14 May 1992, and SRO 978(1)/95 dated 04 October 1995. The appeal is pending before the Honorable Lahore High Court. No provision has been made in these unconsolidated financial statements as the management and the legal advisor of the Company are confident that the ultimate outcome of this case will be in favor of the Company.

Contingencies relating to tax matters are disclosed in note 33 to these unconsolidated financial statements.

2021	2020
(Rupees in thousand)	

## 19.2 Commitments

### 19.2.1 in respect of:

- capital expenditure	11,257,597	5,088
- irrevocable letters of credit for spare parts	50,626	195,913
	<u>11,308,223</u>	<u>201,001</u>

- 19.2.2** Guarantees given by banks on behalf of the Company are Rs. 683.06 million (2020: Rs. 774.01 million) in favour of Sui Northern Gas Pipeline Limited and Government Institutions.

- 19.2.3** Corporate guarantee given by the Company to the financial institutions related to credit facilities amounting to Rs. 1,500 million (2020: Rs. 1,500 million) available to the Subsidiary Company.

2021	2020
(Rupees in thousand)	

## 20. PROPERTY, PLANT AND EQUIPMENT

	Note	2021	2020
Operating fixed assets	20.1	41,253,304	43,372,508
Capital work in progress - at cost	20.2	2,854,293	871,386
Major spare parts and stand-by equipments	20.4	107,942	54,047
		<u>44,215,539</u>	<u>44,297,941</u>

## 20.1 Operating fixed assets

Operating fixed assets	Cost / Revalued amount				Rate	Percentage	Depreciation					Net book value at 30 June 2021
	At 01 July 2020	Additions	Disposals	At 30 June 2021			At 01 July 2020	For the year	Disposals	At 30 June 2021		
----- Rupees in thousand -----												
Owned	Rupees in thousand				Rupees in thousand							
Freehold land	822,154	-	-	822,154	-	-	-	-	-	-	822,154	
	369,883	-	-	369,883	-	-	-	-	-	-	369,883	
	1,192,037	-	-	1,192,037							1,192,037	
Buildings on freehold land	13,185,620	289,107	-	13,474,727	5 - 20	3,249,861	584,806	-	3,834,667	-	9,640,060	
	343,968	-	-	343,968	5 - 20	144,668	30,630	-	175,298	-	168,670	
	13,529,588	289,107	-	13,818,695		3,394,529	615,436	-	4,009,965	-	9,808,730	
Roads, bridges and railway sidings	140,401	314,639	-	455,040	10 - 20	91,986	41,140	-	133,126	-	321,914	
	4,429	-	-	4,429	10 - 20	3,105	1,207	-	4,312	-	117	
	144,830	314,639	-	459,469		95,091	42,347	-	137,438	-	322,031	
Plant and machinery	46,179,523	600,875	(167,636)	46,612,762	5 - 20	18,813,088	1,878,850	(96,862)	20,595,076	-	26,017,686	
	7,486,436	-	(870)	7,485,566	5 - 20	3,164,132	685,211	(755)	3,848,588	-	3,636,978	
	53,665,959	600,875	(168,506)	54,098,328		21,977,220	2,564,061	(97,617)	24,443,664	-	29,654,664	
Furnitures, fixtures and equipment	491,427	8,013	-	499,440	10 - 30	373,824	25,356	-	399,180	-	100,260	
	183,104	-	-	183,104	20	166,898	3,240	-	170,138	-	12,966	
	334,205	35,863	(23,776)	346,292	20	161,082	34,256	(11,660)	183,678	-	162,614	
	6,000	-	-	6,000	10	5,998	-	-	5,998	-	2	
	1,014,736	43,876	(23,776)	1,034,836		707,802	62,852	(11,660)	758,994	-	275,842	
	69,547,150	1,248,497	(192,282)	70,603,365		26,174,642	3,284,696	(109,277)	29,350,061	-	41,253,304	

	Cost / Revalued amount				Depreciation				Net book value at 30 June 2020		
	At 01 July 2019	Adjustment due to revaluation surplus	Additions	Disposals	At 30 June 2020	Rate	At 01 July 2019	Adjustment due to revaluation surplus		For the year	Disposals
	----- Rupees in thousand -----					Percentage	----- Rupees in thousand -----				
<b>Owned</b>											
Freehold land											
- cost	822,154	-	-	-	822,154	-	-	-	-	-	822,154
- surplus on revaluation	360,830	9,053	-	-	369,883	-	-	-	-	-	369,883
	1,182,984	9,053	-	-	1,192,037		-	-	-	-	1,192,037
Buildings on freehold land											
- cost	13,074,804	-	110,816	-	13,185,620	5 - 10	2,684,605	-	565,256	-	3,249,861
- surplus on revaluation	297,607	46,361	-	-	343,968	5 - 10	113,578	19,958	11,132	-	144,668
	13,372,411	46,361	110,816	-	13,529,588		2,798,183	19,958	576,388	-	3,394,529
Roads, bridges and railway sidings											
- cost	139,874	-	527	-	140,401	5 - 10	86,683	-	5,303	-	91,986
- surplus on revaluation	3,854	575	-	-	4,429	5 - 10	2,525	376	204	-	3,105
	143,728	575	527	-	144,830		89,208	376	5,507	-	95,091
Plant and machinery											
- cost	45,929,463	-	292,416	(42,356)	46,179,523	5 - 20	16,484,884	-	2,355,004	(26,800)	18,813,088
- surplus on revaluation	7,264,861	225,854	-	(4,279)	7,486,436	5 - 20	2,753,027	128,240	285,005	(2,140)	3,164,132
	53,194,324	225,854	292,416	(46,635)	53,665,959		19,237,911	128,240	2,640,009	(28,940)	31,688,739
Furniture, fixtures and equipment											
Quarry equipment	485,165	-	6,262	-	491,427	10 - 30	342,159	-	31,665	-	373,824
Vehicles	177,391	-	5,713	-	183,104	20	163,511	-	3,387	-	166,898
Share of joint assets	363,378	-	2,643	(31,816)	334,205	20	136,080	-	44,099	(19,097)	161,082
	6,000	-	-	-	6,000	10	5,998	-	-	-	5,998
	1,031,934	-	14,618	(31,816)	1,014,736		647,748	-	79,151	(19,097)	707,802
	68,925,381	281,843	418,377	(78,451)	69,547,150		22,773,050	148,574	3,301,055	(48,037)	26,174,642
											43,372,508

**20.1.1** Additions in operating fixed assets include transfers from capital work-in-progress amounting to Rs. 993.69 million (2020: Rs. 113.985 million).

**20.1.2** Ownership of the housing colony's assets included in the operating fixed assets is shared by the Company jointly with Agritech Limited in ratio of 101:245 since the time when both the companies were managed by Pakistan Industrial Development Corporation. These assets are in possession of the housing colony establishment for mutual benefits.

**20.1.3** Buildings, roads, bridges and railway sidings, plant and machinery are located at freehold land measuring 10,145 kanals located at Iskandrabad District Mianwali.

**20.1.4** The Company has leased land measuring 127 kanals located at Iskandrabad District Mianwali to Maple Leaf Power Limited, a wholly owned subsidiary of the Company. The lease is classified as operating lease in these unconsolidated financial statements.

**20.1.5** Had the certain classes of operating fixed assets not been revalued the net book value would have been as follows:

	2021	2020
	(Rupees in thousand)	
Freehold land	822,154	822,154
Buildings on freehold land	9,640,060	9,935,759
Roads, bridges and railway sidings	321,914	48,415
Plant and machinery	26,017,686	27,366,435
	<u>36,801,814</u>	<u>38,172,763</u>

**20.1.6** The latest valuation of Company's assets was carried as at 30 June 2020 and the forced sale value as at that date is given below:

	(Rupees in thousand)
Freehold land	953,630
Buildings on freehold land	8,099,496
Roads, bridges and railway sidings	39,842
Plant and machinery	25,342,737
	<u>34,435,705</u>

**20.1.7** All assets of the Company as at 30 June 2021 are located in Pakistan and are in the name of the Company.

**20.1.8** Depreciation charge for the year has been allocated as follows:

	Note	2021	2020
		(Rupees in thousand)	
Cost of sales	36	3,215,918	3,240,968
Distribution expenses	37	7,110	6,689
Administrative expenses	38	61,669	53,398
		<u>3,284,697</u>	<u>3,301,055</u>

## 20.1.9 Disposal of property, plant and equipment

	Cost	Accumulated depreciation	Net book value	Sale value	Gain / (loss)	Mode of disposal	Particulars of purchaser
----- Rupees in thousand -----							
<b>Plant and machinery</b>							
Gear Box(Brevini)Pdc-124/Fs/160	501	179	322	109	(213)	Auction	M/s Muhammad Hayat
Self Contained Electro-Hydraulic Actuator Complete	1,709	1,432	277	370	93	Auction	M/s Muhammad Hayat
Gear Motor, Type: Ka67 P37 Ambo Di80K-F4. Sr.No.	180	162	18	50	32	Auction	Retire/Disposal
Pinion Shaft For Kiln Main Drive. Dwg.# N6222-10-0	1,126	640	486	244	(242)	Auction	M/s Muhammad Hayat
Charge Air Cooler 18V50 {476014 }	4,356	1,229	3,127	944	(2,183)	Auction	M/s Muhammad Hayat
Charge Air Cooler {476015}	4,419	1,246	3,173	958	(2,215)	Auction	M/s Muhammad Hayat
Spares Part Set For Vibration Damper Type D140/44	685	573	112	40	(72)	Auction	Retire/Disposal
X-Ray Tube For Cubix Xrd	706	520	186	153	(33)	Auction	M/s Muhammad Hayat
Variable Displacement Pump A4Vg250Ep2D1/32R-	1,722	461	1,261	10	(1,251)	Auction	Retire/Disposal
Gear Box Complete Type: Mr C21 360 Uo2A (305) Ross	4,477	1,518	2,959	970	(1,989)	Auction	M/s Muhammad Hayat
Wear Segment Drg# 2.205412	4,304	2,785	1,519	4	(1,515)	Auction	Retire/Disposal
Wear Segment, 50008583, 2.205411, Xf-21 49, Atox A	6,511	4,212	2,299	14	(2,285)	Auction	Retire/Disposal
Flow Control Gate 400Mm Pneumatic Operat	873	262	611	80	(531)	Auction	Retire/Disposal
Segmented Rubber Lagging Art No:319434 Pos:6.1 361	797	455	342	173	(169)	Auction	M/s Muhammad Hayat
Rectifier Unit, I/P: U: 3 ~ 380-- 690(600U, Csa) V	1,231	888	343	990	647	Auction	Retire/Disposal
Wear Segment Kit 1.091698 Xf-1808(8Nos)	2,999	1,248	1,751	-	(1,751)	Auction	Retire/Disposal
Brevini Gear Box Type: Sc6003 / Fs / 164.1/ 65.105	2,229	1,108	1,121	30	(1,091)	Auction	Retire/Disposal
Impeller Pd# 1029801,677949	150	136	14	33	19	Auction	M/s Muhammad Hayat
Analyzer , Easy Line , Part No:	4,175	2,847	1,328	260	(1,068)	Auction	Retire/Disposal
Screw Conveyor	1,507	811	696	327	(369)	Auction	M/s Muhammad Hayat
Burner Pipe, Mainly Of Heat Resistant Steel, Dia =	4,868	1,331	3,537	1,055	(2,482)	Auction	M/s Muhammad Hayat
Bearing Self Aligning Roller (Drg# 3541'5"23148'0	423	382	41	92	51	Auction	M/s Muhammad Hayat
Bearing Self Aligning Roller (Drg# 3541'5"23992	1,450	684	766	314	(452)	Auction	M/s Muhammad Hayat
Thrust Bearing Housing Drg#778. 1678.07.0 Item Posi	6,538	3,084	3,454	1,417	(2,037)	Auction	M/s Muhammad Hayat
Rod Piston Fls Specification (Drg#20008112, Pn#939	2,187	1,968	219	474	255	Auction	M/s Muhammad Hayat
Bearing Stud Dwg No. 778.1594.41.1 Pos No. 55 For	2,080	1,784	296	451	155	Auction	M/s Muhammad Hayat
Pinion Shaft High Speed 1St Stage With Crown Gear	507	434	73	110	37	Auction	M/s Muhammad Hayat
Nozzle Ring Complete, Assembly Drawing 10046639	7,319	5,342	1,977	1,586	(391)	Auction	M/s Muhammad Hayat
Preventive Maintenance Kit 9 Years For Frequency D	2,098	351	1,747	788	(959)	Auction	Retire/Disposal
Steel Cord Belt 550/H16/148020, Artical No. 300605	8,150	4,694	3,456	1,766	(1,690)	Auction	M/s Muhammad Hayat
Bearing Housing Dwg#10018210, Pn-684778,Part List#	84,497	52,920	31,577	18,314	(13,263)	Auction	M/s Muhammad Hayat
Cooler 1020, Part # 1614954300	644	580	64	140	76	Auction	M/s Muhammad Hayat
Rotor For Pfister Type: Drw 4.12	3,088	1,351	1,737	88	(1,649)	Auction	Retire/Disposal
	168,506	97,617	70,889	32,354	(38,535)		
<b>Vehicles</b>							
Toyota Corolla	1,741	1,320	421	1,726	1,305	Auction	Mr. Abdul Shahid
Suzuki Cultus	1,644	591	1,053	1,300	247	Buy Back	Zeeshan Afzal Khan
AUDI Q3	6,376	2,552	3,824	6,450	2,626	Auction	Shaheen Safdar
Suzuki Cultus	1,419	544	875	1,300	425	Buy Back	Ghulam Jillani
Suzuki Cultus	1,419	662	757	1,250	493	Buy Back	Rafi Ahmed
Toyota Corolla	2,273	1,282	991	1,500	509	Buy Back	Mr. M. Ali Rehmat
Toyota Corolla	2,272	1,308	964	1,850	886	Buy Back	Aamir Ali Niazi
Suzuki Cultus	1,124	701	423	800	377	Buy Back	Mahrukh Usmani
Suzuki Cultus	1,112	666	446	1,079	633	Auction	Syed Shahnawaz-Ul-Hassan
Suzuki Cultus	1,558	615	943	1,250	307	Buy Back	Sohaib Khakwani
Suzuki Cultus	1,419	622	797	1,406	609	Insurance Claim	EFU General Insurance Limited
Suzuki Cultus	1,419	797	622	850	228	Buy Back	Faizan Naseer
	23,776	11,660	12,116	20,761	8,645		
<b>2021</b>	192,282	109,277	83,005	53,115	(29,890)		
<b>2020</b>	78,450	48,037	30,413	52,047	21,634		

	Note	2021 (Rupees in thousand)	2020
<b>20.2 Movement in capital work-in-progress - at cost</b>			
At beginning of the year		871,386	428,416
Additions during the year		2,997,765	556,955
Less: Transfers to operating fixed assets during the year		(993,697)	(113,985)
Less: Charged off during the year		(21,161)	-
<b>At end of the year</b>	20.1.1	<b>2,854,293</b>	<b>871,386</b>
<b>20.2.1 Capital work-in-progress - at cost</b>			
Civil works		13,938	6,089
Plant and machinery		565,992	318,413
Building		873,583	203,372
Roads and bridges		-	314,629
Advances to suppliers against:			
- civil works		464,354	415
- plant and machinery		932,330	28,468
- vehicles		4,096	-
	20.2.2	<b>2,854,293</b>	<b>871,386</b>

**20.2.2** This includes borrowing cost amounting to Rs. 22.72 million (2020: Nil) capitalized during the year.

**20.3** The Company is in the process of setting up Grey cement manufacturing Line-IV with production capacity of 7,000 metric tons per day having expected cost of Rs. 20 billion.

**20.4** These represent stores held for capital expenditure related to Company's expansion projects.

	Note	2021 (Rupees in thousand)	2020
<b>21. INTANGIBLE ASSETS</b>			
At beginning of the year		83,885	83,885
Additions during the year		-	-
Disposal during the year		-	-
At end of the year		<b>83,885</b>	<b>83,885</b>
<b>Accumulated Amortization</b>			
At beginning of the year		74,862	70,356
Amortization for the year		3,006	4,506
At end of the year		<b>77,868</b>	<b>74,862</b>
<b>Net book value</b>		<b>6,017</b>	<b>9,023</b>
<b>Amortization rate - % per annum</b>		<b>33%</b>	<b>33%</b>
<b>21.1</b> Amortization charge for the year has been allocated as follows:			
Cost of sales	36	1,110	1,664
Administrative expenses	38	1,896	2,842
		<b>3,006</b>	<b>4,506</b>

	Note	2021 (Rupees in thousand)	2020
<b>22. LONG TERM INVESTMENT</b>			
Investment in Maple Leaf Power Limited - Unquoted	22.1	5,020,000	5,020,000
		<u>5,020,000</u>	<u>5,020,000</u>

**22.1** The Company holds 100% (2020: 100%) shares in the Maple Leaf Power Limited, a wholly owned subsidiary of the Company.

	Note	2021 (Rupees in thousand)	2020
<b>23. LONG TERM LOANS TO EMPLOYEES - SECURED</b>			
House building		7,101	11,360
Vehicles		2,021	1,995
Others		18,874	17,350
	23.1 & 23.2	<u>27,996</u>	<u>30,705</u>
Less: Current portion presented under current assets	28	(10,992)	(11,509)
		<u>17,004</u>	<u>19,196</u>

**23.1** These loans are secured against employees' retirement benefits and carry interest at the rates ranging from 6% per annum (2020: 6% per annum) as per terms of employment which in accordance with the Company's policy. These loans are recoverable in 30 to 60 monthly instalments.

**23.2** This includes loans to executives amounting to Rs. 6.08 million (2020: Rs. 10.72 million) which further include loan to key management personnel (Muhammad Basharat) amounting to Rs. 2.2 million (2020: Rs. 5.5 million). The maximum aggregate amount outstanding from key management personnel (Muhammad Basharat) at any time during the year calculated with reference to month end balance is Rs. 5.2 million (2020: Rs. 8.6 million). Further, no amount is due from Directors and Chief Executive at the year end (2020: Rs. Nil).

## 24. LONG TERM DEPOSITS

This includes deposits with various utility companies, regulatory authorities and others.

	Note	2021 (Rupees in thousand)	2020
<b>25. STORES, SPARE PARTS AND LOOSE TOOLS</b>			
Stores	25.1	5,533,328	4,178,264
Spare parts		4,021,031	4,053,215
Loose tools		184,358	164,131
		<u>9,738,717</u>	<u>8,395,610</u>

**25.1** Stores include items in transit amounting to Rs. 1,240.02 million (2020: Rs. 1,409.31 million).

	2021 (Rupees in thousand)	2020
<b>26. STOCK-IN-TRADE</b>		
Raw material	109,758	90,975
Packing material	231,303	209,413
Work-in-process	1,421,319	903,522
Finished goods	387,803	575,494
	<u>2,150,183</u>	<u>1,779,404</u>

	Note	2021 (Rupees in thousand)	2020
<b>27. TRADE DEBTS</b>			
<b>Export debtors</b>			
Considered good - unsecured		7,669	26,051
<b>Local debtors</b>			
Considered good - unsecured		1,672,035	3,026,079
Considered doubtful - unsecured		293,392	180,689
Less: Provision for expected credit loss	27.1	(293,392)	(180,689)
		1,672,035	3,026,079
		1,679,704	3,052,130

**27.1** The movement in provision for impairment of receivables is as follows:

	Note	2021 (Rupees in thousand)	2020
At beginning of the year		180,689	161,189
Expected credit loss charge for the year	38	112,703	19,500
At end of the year		293,392	180,689

**27.2** Trade debts are non-interest bearing and ageing analysis of trade debts is as follows:

	2021 (Rupees in thousand)	2020
Not past due	708,821	953,507
<b>Past due:</b>		
1-90 days	669,896	1,292,750
91-180 days	215,727	431,275
181-270 days	62,964	295,994
271-365 days	46,914	94,960
366-above days	268,774	164,333
	1,973,096	3,232,819
Less: Provision for expected credit loss	(293,392)	(180,689)
	1,679,704	3,052,130

	Note	2021 (Rupees in thousand)	2020
<b>28. LOANS AND ADVANCES</b>			
<b>Advances - unsecured, considered good</b>			
- Employees	28.1	10,795	17,936
- Suppliers	28.2	236,790	181,821
		247,585	199,757
Current portion of long term loans to employees	23	10,992	11,509
<b>Government Authorities</b>			
Collector of customs	28.3	206,118	186,407
Refunds due from government	28.4	16,797	16,797
		481,492	414,470

**28.1** This includes loans to executives amounting to Rs. 3.81 million (2020: Rs. 11.09 million) which further include loan to key management personnel (Amir Feroze) amounting to Rs. 3.05 million (2020: Rs. 3.37 million). The maximum aggregate amount outstanding from key management personnel (Amir Feroze) at any time during the year calculated with reference to month end balance is Rs. 3.05 million (2020: Rs. 3.37 million). Further, no amount is due from Directors and Chief Executive at the year end (2020: Rs. Nil).

**28.2** This includes an amount of Rs. 103.59 million (2020: Rs. 78.56 million) advanced to Ministry of Railways for transportation of coal and cement.

**28.3** This include Rs. 180 million paid under protest as disclosed in note 19.1.3 to these unconsolidated financial statements.

**28.4** This represents amount paid to Government under protest for various cases which have been decided in favor of the Company.

**28.5** There is no investment in or loans provided to any foreign company at the year end. (30 June 2020: Nil).

	Note	2021 (Rupees in thousand)	2020
<b>29. SHORT TERM INVESTMENT</b>			
<b>Investment at fair value through statement of profit or loss - listed securities</b>			
<b>Next Capital Limited:</b>			
1,500,000 (2020: 1,500,000) ordinary shares of Rs. 10 each			
1,875,000 (2020: 1,875,000) right shares of Rs. 8 each			
337,500 (2020: Nil) bonus shares			
Market value Rs. 14.72 per share (2020: Rs. 7.48 per share)			
<b>Cost</b>			
At beginning and end of the year		30,000	30,000
<b>Unrealized fair value gain / (loss)</b>			
At beginning of the year		(4,755)	(12,113)
Fair value gain for the year	40	29,403	7,358
At end of the year		24,648	(4,755)
Fair value at 30 June		54,648	25,245
<b>Investment at Amortized cost - debt instrument</b>			
Term deposit receipts	29.1	94,500	50,000
		149,148	75,245

**29.1** This represents term deposits of Rs. 50 million and Rs.44.5 million having maturity of one year starting from 15 April 2021 and 22 September 2020 carries mark-up at the rate of 7.20% and 6.50% per annum respectively.

**29.2** There has been no investment in any foreign company during the year (30 June 2020: Nil).

### 30. SHORT TERM DEPOSITS AND PREPAYMENTS

#### Margin against:

- letters of credit
- bank guarantees

Prepayments  
Short term deposits

2021	2020
(Rupees in thousand)	
5,942	19,666
216,035	151,205
221,977	170,871
3,063	5,030
-	200
225,040	176,101

### 31. ACCRUED PROFIT

This represents profit accrued on deposits and saving accounts at the rates ranging from 4.16% to 5.50% (2020: 5.75% to 11.25%) per annum.

### 32. OTHER RECEIVABLES

Due from related party - unsecured  
Others

Note

2021	2020
(Rupees in thousand)	
96,779	-
69,056	35,256
165,835	35,256

**32.1** This represents balance receivable from Kohinoor Textile Mills Limited ( The "Holding Company"). The maximum aggregate amount outstanding from the Holding Company at any time during the year calculated with reference to month end balance is Rs. 96.779 million (2020: Nil).

**32.2** This includes Rs. 13.861 million (2020: Rs. 26.246 million) receivable against export rebates.

### 33. ADVANCE INCOME TAX - NET OF PROVISION

At beginning of the year  
Tax deducted / deposited at source  
Advance income tax paid  
Tax refunds received

(Provision) / reversal during the year:

- current
- prior
- WWF paid

2021	2020
(Rupees in thousand)	
1,630,304	1,046,711
736,732	973,969
366,170	-
(366,170)	(298,918)
2,367,036	1,721,762
(527,683)	-
(2,285)	(91,458)
(161)	-
(530,129)	(91,458)
1,836,907	1,630,304

- 33.1** Deputy Commissioner Inland Revenue through order dated 31 July 2017 raised a demand of Rs. 2.46 million under section 122(5A) for the tax year 2011 of the Income Tax Ordinance, 2001. The demand was later reduced to Rs. 2.056 million on 14 March 2018. The Company has preferred an appeal before CIR(A). During last year, CIR(A), through order dated 17 April 2020, decided the issues relating to enhancement of minimum tax liability and apportionment of admissible / inadmissible deductions against the Company. Being aggrieved, the Company has preferred an appeal before the ATIR, which is pending adjudication. However, management and tax advisor of the Company are hopeful of favorable outcome of the case. Accordingly no provision has been incorporated in these unconsolidated financial statements.
- 33.2** The Additional Commissioner Inland Revenue, Audit, Range, Zone - 1, Large Taxpayers Unit, Lahore (ACIR) initiated proceedings related to the tax year 2017, vide order dated 13 March 2019, against the Company under section 122(9) read with section 122(5A) of the Income Tax Ordinance 2001 (the "Ordinance"). The notice was duly responded by tax advisor of the Company. During last year, proceedings were concluded and ACIR raised an additional tax demand of Rs. 303.360 million through amendment order, dated 27 January 2020, passed under section 122(5A) of the Ordinance. The Company preferred an appeal against the amendment order before the Commissioner Inland Revenue (Appeals) - CIR(A). The CIR(A), through his order dated 6 May 2020, decided all the matters in favor of the Company except for issues relating to claim of depreciation and initial allowance, without reducing tax credit claimed under section 65B of the Ordinance from the cost of the asset and apportionment of advertisement & sales promotion expenses. The Company, as well as the tax authorities, have preferred an appeal before the Appellant Tribunal Inland Revenue (ATIR), which is pending adjudication at the year end. However, being prudent the Company has recorded the provision of Rs. 46.88 million during last year in these unconsolidated financial statements. Management of the Company is confident of favorable outcome of the case. Therefore, no further provision has been incorporated in these unconsolidated financial statements.
- 33.3** The Deputy Commissioner Inland Revenue, Audit - 2, Zone I, Large Taxpayers Unit, Lahore ('DCIR') passed an appeal effect order dated 31 July 2017, related to tax year 2015, under section 124/129 of the Ordinance, giving effect to an earlier order passed by CIR(A). While passing the order, the DCIR made certain errors which were assailed before CIR(A) in second round of appeal. During last year, CIR(A), through order dated 17 April 2020, decided the issues relating to enhancement of minimum tax liability and apportionment of admissible deductions, aggregating to Rs. 180 million, against the Company. Being aggrieved, the Company has preferred an appeal before the ATIR, which is pending adjudication. However, management and tax advisor of the Company are hopeful of favorable outcome of the case. Accordingly no provision has been incorporated in these unconsolidated financial statements.
- 33.4** During the year, the Commissioner Inland Revenue Audit - I Large Taxpayers Office, Lahore ['CIR'], via notices dated February 26, 2021, has selected the Company's case for audit of its income tax affairs for tax years 2015, 2016, 2017, 2018 & 2019. Being aggrieved, the Company has challenged the vires of selection by the CIR before the Honorable Lahore High Court, Lahore ['LHC'] and the honorable LHC vide interim order dated April 1, 2021, directed that the audit proceedings shall continue, however, no final order shall be passed till the disposal of writ petition. Following the directions of LHC the Company responded to audit proceedings and tax authorities issued show cause notices, under section 122(9) and section 111 of Income Tax Ordinance 2001, dated June 11, 2021 and June 25, 2021 respectively for all five tax years which are yet to be responded at the year end. However, management and tax/legal advisor of the Company are hopeful of favorable outcome of the case. Therefore, no provision has been incorporated in these unconsolidated financial statements.
- 33.5** During the year, FBR through computerized balloting selected the Company's case for audit of its sales tax affairs for the tax period from July, 2017 to June 2018. Subsequently, the Deputy Commissioner Inland Revenue, Audit - 2, Zone I, Large Taxpayers Unit, Lahore ('DCIR') issued audit report and show cause notice dated March 8, 2021 and March 17, 2021 respectively. The

proceedings were finalized through order dated 31 March 2021 through which an aggregate sales tax demand of Rs. 1,399,890,879 was created against the Company. The Company, being aggrieved, has preferred an appeal against the above referred order which was disposed of by the CIR vide appellate order dated July 15, 2021. Through such order, majority of the issues which were pressed in appeal were settled in favor of the Company. Regarding the issues decided against the Company, the Company is in process of preferring an appeal before the ATIR. However, management and tax advisor of the Company are hopeful of favorable outcome of the case. Therefore, no provision has been incorporated in these unconsolidated financial statements.

- 33.6** During the year, through notices dated March 3, 2021, the Commissioner Inland Revenue Audit - I Large Taxpayers Office, Lahore ['CIR'] selected the Company's case for sales tax audit for tax periods from 01 July 2015 to 30 June 2017 and 01 July 2018 to 30 June 2020. The Company challenged the vires of selection by the CIR before the Honorable Lahore High Court, Lahore ['LHC'] and the Honorable LHC vide interim order dated March 30, 2021, directed that the audit proceedings shall continue, however, no final order shall be passed till the disposal of writ petition. Following the directions of Honorable LHC the Company responded to audit proceedings and tax authorities issued show cause notice, dated 31 May 2021, under section 11 of the Sales Tax Act 1990 for the subject tax periods which is yet to be responded at the year end. However, management and tax/legal advisor of the Company are hopeful of favorable outcome of the case. Therefore, no provision has been incorporated in these unconsolidated financial statements.
- 33.7** The Additional Commissioner Inland Revenue, Audit, Range, Zone - 1, Large Taxpayers Unit, Lahore (ACIR), via notice dated May 21, 2020, initiated proceedings against the Company, related to tax year 2018, under Section 122 (9) read with section 122 (5A) of the Income Tax Ordinance 2001 (Ordinance). The above proceedings were concluded by the ACIR through amendment order dated 02 September 2020, passed under section 122(5A) of Ordinance through, which income tax demand of Rs. 376.182 million was created against the Company. The Company, being aggrieved, preferred an appeal against the amendment order before the Commissioner Inland Revenue (Appeals) ['CIR(A)']. During the year, the CIR (A) through appellate order dated December 30, 2020, decided majority of the issues in favor of the Company. The Company, as well as the tax authorities, have preferred an appeal before the Appellant Tribunal Inland Revenue ['ATIR'] which is pending adjudication. However, management and tax advisor of the Company is hopeful of favorable outcome of the case. Therefore, no provision has been incorporated in these unconsolidated financial statements.
- 33.8** During the year 2018, the Learned Additional Commissioner, Officer, Enforcement-III, Punjab Inland Revenue Authority, Lahore (the "Learned Addl. CIR") vide order in order-in-original No. ENF-III.50.2017 dated 22 March 2018 raised demand of Rs. 256 million against the Company, related to tax period from July 2015 to March, 2017, on alleged non-deduction of withholding tax on services received by the Company. Being aggrieved, the Company filed an appeal before the Commissioner (Appeals), Punjab Revenue Authority. The Company also challenged the vires of Rule 6 of Punjab Sales Tax on Services (Withholding) Rules, 2002 before Honorable Lahore High Court (LHC) through constitutional petition No. 203460/2018. The Hon'ble Court was pleased to issue notice to the department and suspended proceedings before the first appellate authority vide order dated 23 May 2018. The writ petition is pending adjudication. The Company and the tax/legal advisor of the Company are expecting favorable outcome of the case. Therefore, no provision has been booked in these unconsolidated financial statements.
- 33.9** During previous year, the Additional Commissioner of Inland Revenue (the "Addl. CIR"), vide order dated 7 April 2017, raised income tax demand related to the tax year 2016 on account of inadmissibility of tax credit under section 113(2)(c) of the Income Tax Ordinance 2001. Being aggrieved, the Company filled a writ petition in the Honorable Lahore High Court (LHC) in May 2017 which is pending adjudication at the year end. The Company and the tax/legal advisor of the Company are expecting favorable outcome of the case. Therefore, no provision has been booked in these unconsolidated financial statements.

**33.10** During previous years, the income tax department filed various appeals in Honorable Lahore High Court / Supreme Court of Pakistan against decisions of different appellate forum in favor of the Company, which are pending adjudication at the year end. The Company and the tax/legal advisor of the Company are expecting favorable outcome of the cases. Therefore, no provision has been booked in these unconsolidated financial statements.

**33.11** During previous years, the Deputy Commissioner Inland Revenue (DCIR) issued show cause notice dated 19 November 2018, to the Company under section 11(2) of sales tax Act, 1990 ("The Act") for the tax period July 2016-June 2017 on account of in-admissible adjustment of input tax credit. In response to the show cause notice the Company submitted various replies. The DCIR by ignoring the replies along with documents submitted by the Company, passed an order under section 11(2) of the Act dated 15 July 2020 creating a demand of Rs. 131,265,432. The company has filed an Appeal before Commissioner Inland Revenue Audit - I Large Taxpayers Office, Lahore which is pending for fixation. The Company and the tax advisor of the Company are expecting favorable outcome of the case. Therefore, no provision has been booked in these unconsolidated financial statements.

	Note	2021 (Rupees in thousand)	2020
<b>34. CASH AND BANK BALANCES</b>			
- Cash in hand in local currency		1,977	8,630
- Cash in hand in foreign currency		1,426	1,472
		3,403	10,102
<b>Cash at bank</b>			
Current accounts:			
- foreign currency		11,986	12,106
- local currency	34.1	314,423	565,658
		326,409	577,764
Deposit accounts	34.2	160,517	458,401
		486,926	1,036,165
		490,329	1,046,267

**34.1** These include balance amounting to Rs. 4.559 million (2020: Rs. 3.753 million) placed under an arrangement permissible under Shariah.

**34.2** These carry return at 3.65% to 5.50% (2020: 4.14% to 11.25%) per annum. These include deposits amounting to Rs. 14.695 million (2020: Rs. 207.616 million) placed under an arrangement permissible under Shariah. Remaining balances represent deposits with conventional banks.

	2021	2020
	(Rupees in thousand)	
<b>35. SALES - NET</b>		
Gross local sales	49,622,979	46,806,217
Less:		
Federal Excise Duty	(7,043,999)	(10,040,696)
Sales Tax	(8,060,518)	(8,027,602)
Discount	(540,569)	(553,777)
Commission	(233,060)	(226,643)
	(15,878,146)	(18,848,718)
Net local sales	33,744,833	27,957,499
Export sales	1,895,348	1,160,235
	35,640,181	29,117,734
<b>35.1 Disaggregation of Revenue (Gross sales)</b>		
<b>Type of Customers</b>		
Government Customers	904	420,700
Non-Government Customers	51,517,424	47,545,752
	51,518,328	47,966,452
<b>Primary Geographical Markets (Gross Sales)</b>		
Pakistan	49,622,979	46,806,217
Afghanistan	1,771,351	715,036
Comoros	-	65,790
Madagascar	735	100,953
Malawi	-	1,400
Mozambique	2,660	3,608
Nigeria	-	862
Oman	30,537	56,903
Qatar	6,485	4,831
Seychelles	52,626	132,150
Sri Lanka	8,995	4,868
Tanzania	21,960	73,834
	51,518,328	47,966,452

	Note	2021 (Rupees in thousand)	2020
<b>36. COST OF SALES</b>			
Raw materials consumed	36.1	2,283,399	2,277,711
Packing materials consumed		2,824,094	3,190,988
Fuel		10,246,397	10,196,086
Power and associated costs		6,291,475	7,125,341
Stores, spare parts and loose tools consumed		1,073,117	1,070,196
Water charges		135,430	129,660
Salaries, wages and other benefits	36.2	1,163,144	1,249,567
Rent, rates and taxes		2,576	851
Insurance		77,563	90,411
Repairs and maintenance		348,147	388,973
Depreciation	20.1.8	3,215,918	3,240,968
Amortization	21.1	1,110	1,664
Vehicles running and maintenance		155,105	198,080
Freight and forwarding		543,688	557,435
Other expenses	36.3	104,362	149,828
		28,465,525	29,867,759
<b>Work in process:</b>			
At beginning of the year		903,522	928,144
At end of the year		(1,421,319)	(903,522)
		(517,797)	24,622
<b>Cost of goods manufactured</b>		27,947,728	29,892,381
<b>Finished goods:</b>			
At beginning of the year		575,494	500,060
At end of the year		(387,803)	(575,494)
		187,691	(75,434)
<b>Cost of sales</b>		28,135,419	29,816,947
<b>36.1 Raw materials consumed</b>			
At beginning of the year		90,975	126,120
Add: Purchases made during the year		2,302,182	2,242,566
		2,393,157	2,368,686
Less: At end of the year		(109,758)	(90,975)
		2,283,399	2,277,711

**36.2** Salaries, wages and other benefits expense includes contribution to provident fund trust amounting to Rs. 56.21 million (2020: Rs. 57.79 million) and gratuity and compensated absence as mentioned in note 15.6 to these unconsolidated financial statements.

**36.3** Other expenses include housing colony expenses aggregating to Rs. 64.33 million (2020: Rs. 88.17 million).

	Note	2021 (Rupees in thousand)	2020
<b>37. DISTRIBUTION COST</b>			
Salaries, wages and other benefits	37.1	241,825	206,076
Travelling and conveyance		123,155	103,373
Vehicle running and maintenance		36,083	32,028
Postage, telephone and fax		5,834	5,835
Printing, stationery and office supplies		9,169	3,504
Entertainment		26,563	21,564
Repair and maintenance		13,904	3,640
Depreciation	20.1.8	7,110	6,689
Rent, rates and taxes		6,077	4,579
Legal and professional charges		6,267	2,097
Branding and sale promotions		487,484	371,600
Fee and subscription		38,150	28,545
Other expenses		114,111	55,849
		<b>1,115,732</b>	<b>845,379</b>

**37.1** Salaries, wages and other benefits expense includes contribution to Provident Fund Trust amounting to Rs. 11.17 million (2020: Rs. 8.05 million) and gratuity and compensated absence as mentioned in note 15.6 to these unconsolidated financial statements.

	Note	2021 (Rupees in thousand)	2020
<b>38. ADMINISTRATIVE EXPENSES</b>			
Salaries, wages and other benefits	38.1	414,804	377,781
Travelling		66,728	60,422
Vehicle running and maintenance		36,431	27,789
Postage, telephone and fax		15,386	16,689
Printing, stationery and office supplies		24,889	22,735
Entertainment		23,591	22,755
Repair and maintenance		21,941	14,558
Legal and professional charges	38.2	32,301	43,038
Consultancy fee and subscription		43,969	50,732
Depreciation	20.1.8	61,669	53,398
Amortization	21.1	1,896	2,842
Provision for expected credit loss	27.1	112,703	19,500
Debtors written off	38.3	46,355	5,643
Advances / receivable written off		18,335	7,755
Rent, rates and taxes		7,863	10,222
Other expenses		43,686	48,847
		<b>972,547</b>	<b>784,706</b>

**38.1** Salaries, wages and other benefits expense includes contribution to Provident Fund Trust amounting to Rs. 18.13 million (2020: Rs. 13.90 million) and gratuity and compensated absence as mentioned in note 15.6 to these unconsolidated financial statements.

**38.2** Legal and professional charges include following in respect of Auditors' remuneration for:

	Note	2021 (Rupees in thousand)	2020
Annual statutory audit		1,610	1,610
Interim review		540	540
Other certification		315	1,100
Taxation		1,418	-
Out of pocket expenses		600	600
		<b>4,483</b>	<b>3,850</b>

**38.3** The details of defaulting parties out of total export debtors and default (write off) amounts are as follows:

Balaji Bricks - Republic of India		4	-
Kirubai Agencies - Republic of India		9	-
Ludhiana Cement Corporation - Republic of India		24	-
Parth Impex - Republic of India		45	-
SSB Enterprises - Republic of India		20	-
R.K & Sons - Republic of India		1	-
Abhishek Trading Co. - Republic of India		1	-
Indian Trading Company - Republic of India		1	-
	38.3.1	<b>105</b>	<b>-</b>

**38.3.1** Neither of these parties are related parties.

**39. OTHER CHARGES**

Donation	39.1	29,676	89,999
Workers' Profit Participation Fund (WPPF)	16.4	202,997	-
Workers' Welfare Fund (WWF)	16.5	81,360	-
Loss on disposal of property, plant and equipment		29,890	-
Others		21,161	-
		<b>365,084</b>	<b>89,999</b>

**39.1 Donations for the year have been given to:**

Ghulab Devi Chest Hospital		16,215	73,237
Maple CSR Initiative as per DC Office requirement		4,223	6,060
Daudkhel Police Station		3,500	-
Housing Colony Water Turbine		2,000	-
Auditorium at Police Public School		1,500	3,500
Speed Monitoring System		-	2,000
Food Hampers Covid-19		-	2,000
Daud Khel Water Supply Project		72	1,314
Beaconhouse National University		-	706
Road Safety Campaign DPO Mianwali		150	500
Financial assistance for the training certification program		-	315
Bushra Shaheen		-	225
City Entrance Wall Monument & Globe		-	119
Miscellaneous donations in the form of cement		1,959	23
Rescue Office 1122		58	-
		<b>29,677</b>	<b>89,999</b>

**39.1.1** None of the Directors of the Company or their spouse have any interest in donees.

	Note	2021 (Rupees in thousand)	2020
<b>40. OTHER INCOME</b>			
<b>Income from financial assets</b>			
Profit on bank deposits	40.1	17,349	29,144
Interest on loans to employees		398	696
Dividend income from Subsidiary Company		3,514,000	-
Un-realized income on investment		29,403	7,358
		3,561,150	37,198
<b>Income from non-financial assets</b>			
Sale of scrap		5,061	1,654
Gain on disposal of property, plant & equipment		-	21,634
Exchange gain - net	40.2	95,981	33,560
FV gain on discounting of payable to government authority		31,008	-
Miscellaneous		38,932	37,932
		170,982	94,780
		3,732,132	131,978

**40.1** This includes profit earned on deposits under an arrangements which are permissible under Shariah amounting to Rs. 2.764 million (2020: Rs. 9.60 million). The remaining profit relates to interest / markup based arrangement from conventional banks.

**40.2** This represents exchange gain - net of loss incurred on actual currency conversion.

	Note	2021 (Rupees in thousand)	2020
<b>41. FINANCE COST</b>			
Profit / interest / mark up on:			
- Long term loans and finances	8	937,274	1,969,939
- Long term loans from Subsidiary Company	10	197,878	170,059
- Short term borrowings	18	265,581	798,855
		1,400,733	2,938,853
Notional interest on unwinding of :			
- retention money payable	13	25,625	-
- payable to government authority	14	20,920	-
Bank and other charges		46,652	42,869
		1,493,930	2,981,722

## 42. TAXATION

### Income Tax

- current
- prior

### Deferred

2021	2020
(Rupees in thousand)	
527,683	-
2,285	91,458
529,968	91,458
505,524	(517,234)
1,035,492	(425,776)

### 42.1 Tax charge reconciliation

#### 42.1.1 Numerical reconciliation between tax expense and accounting profit:

	2021	2020
	(Rupees in thousand)	
<b>Profit before taxation</b>		
Profit / (loss) before taxation	7,289,601	(5,269,041)
Applicable tax rate as per Income Tax Ordinance, 2001	29%	29%
Tax on accounting profit	2,113,984	(1,528,022)
Effect of final tax regime	(56,999)	55,607
Change in tax rate and proportion of local and export sales	50,556	575,369
Effect of taxation on dividend income	(1,003,760)	-
Effect of minimum tax / unused tax losses	(80,987)	418,163
Effect of prior year adjustment	2,285	91,458
Other	10,413	(38,351)
	1,035,492	(425,776)

#### 42.2 As per management's assessment, the provision for tax made in the unconsolidated financial statements is sufficient. A comparison of last three years' of income tax provision with tax assessment is presented below:

		Tax provision as per financial statements	Tax as per return
		(Rupees in thousand)	
<b>Tax Years</b>	<b>Note</b>		
2018	42.2.1	1,227,652	1,229,588
2019	42.2.2	-	-
2020	42.2.2	-	2,285

#### 42.2.1 Super tax amounting to Rs. 134.26 million relating to the tax year 2018 has been included in the amount of tax return for comparison purposes only. The Company did not admit the liability on account of super tax in income tax returns for the tax year 2018 and contesting the case before Honorable Lahore High Court which is pending adjudication at the year end. However, being prudent, complete liability related to super tax was recorded in the unconsolidated financial statements of the respective years.

**42.2.2** Income tax liability for the tax year 2019 and tax year 2020 was adjusted against tax credit under section 65(B) of Income Tax Ordinance 2001, accordingly no provision for the said tax year was required to be recorded in the unconsolidated financial statements.

#### 43. EARNINGS / (LOSS) PER SHARE - BASIC AND DILUTED

	Unit	2021	2020
<b>43.1 Basic earnings / (loss) per share</b>			
Profit / (loss) after taxation	Rupees in '000	6,254,109	(4,843,265)
Weighted average number of ordinary shares	No. of shares in '000	1,098,346	914,309
	Rupees	5.69	(5.30)

#### 43.2 Weighted average number of ordinary shares

	2021 (Rupees in thousand)	2020 (Rupees in thousand)
Outstanding number of shares before right issue	1,098,346	593,701
<b>Add:</b> Impact on weighted average number of shares due to right issue during the year	-	320,608
	1,098,346	914,309

**43.3** There is no dilution effect on the basic earnings per share.

	Note	2021 (Rupees in thousand)	2020 (Rupees in thousand)
<b>44. CASH AND CASH EQUIVALENTS</b>			
Short term running finance	18.2	(207,310)	(538,000)
Temporary bank overdrafts - unsecured	18.3	(3,217)	(298,751)
Cash and bank	34	490,329	1,046,267
		279,802	209,516

## 45. RELATED PARTY TRANSACTIONS AND BALANCES

The Company is a subsidiary of Kohinoor Textile Mills Limited (the “Holding Company”), accordingly all the subsidiaries and associated companies of the Holding Company are related party of the Company. In addition Company’s related parties comprises of the Subsidiary Company, directors of the Company key management personnel and post employment retirement plan. Amount due from and due to related parties are shown under respective notes. Other significant transactions and balances with related parties except those disclosed elsewhere are as follows:

Name of parties	Relationship	Transactions	Note	2021 (Rupees in thousand)	2020
<b>a) Kohinoor Textile Mills Limited</b>	Holding Company (55.22% equity held)	Sale of goods to related party		144,968	114,281
		Markup charged by the Holding Company		-	21,297
		Purchase of fixed assets		3,533	-
		Expenses paid by related party on behalf of the Company		14,050	22,152
		Expenses paid by the Company on behalf of related party		5,265	-
		Dividend paid		-	163,918
<b>b) Maple Leaf Power Limited</b>	Subsidiary Company (100% equity held)	Sale of goods to related party		2,159,321	2,325,359
		Long term loan from subsidiary	10	-	2,000,000
		Long term loan repaid to subsidiary		2,000,000	-
		Rent charged to subsidiary company		360	360
		Purchase of goods and services (inclusive of taxes)		5,043,812	5,821,959
		Markup paid during the year by related party		237,579	119,050
		Dividend received from related party		3,514,000	-
		Payments made on the behalf of related party		224,544	376,582
<b>c) Key management personnel</b>	Key management personnel	Remuneration and other benefits		196,694	181,787
<b>d) Employee benefits</b>					
Gratuity	Post employment benefit plan	Contribution paid during the year		36,550	21,343
Provident Fund Trust	Employees benefit fund	Contribution paid during the year		175,197	182,728

**45.1** Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity. The Company considers all members of their management team, including Chief Executive Officer and Directors to be its key management personnel and these are disclosed below.

Name	Relationship	% of shareholding in the Company
Mr. Tariq Sayeed Saigol	Director / Key management personnel	0.0030%
Mr. Sayeed Tariq Saigol	Director / Key management personnel	0.0010%
Mr. Taufique Sayeed Saigol	Director / Key management personnel	0.0015%
Mr. Waleed Tariq Saigol	Director / Key management personnel	0.0010%
Mr. Danial Taufique Saigol	Director / Key management personnel	0.0005%
Ms. Jahanara Saigol	Director / Key management personnel	0.0002%
Mr. Shafiq Ahmed Khan	Director / Key management personnel	0.0014%
Mr. Zulfikar Monnoo	Director / Key management personnel	0.0003%
Mr. Syed Mohsin Raza Naqvi	Director / Key management personnel	N/A
Mr. Sohail Sadiq	Key management personnel	N/A
Mr. Yahya Hamid	Key management personnel	N/A
Mr. Amir Feroze	Key management personnel	N/A
Mr. Zeeshan Malik Bhutta	Key management personnel	N/A
Mr. Nasir Iqbal	Key management personnel	N/A
Mr. Tariq Ahmed Mir	Key management personnel	N/A
Mr. Amer Bilal	Key management personnel	N/A
Mr. Muhammad Basharat	Key management personnel	N/A

#### 46. REMUNERATION OF CHAIRMAN, CHIEF EXECUTIVE, DIRECTORS, NON-EXECUTIVE DIRECTORS AND EXECUTIVES

The aggregate amounts charged in the unconsolidated financial statements for the year for remuneration, including all benefits to the Chairman, Chief Executive, Directors and Executives of the Company are as follows:

	2021				
	Directors				
	Chairman	Chief Executive	Executives	Non-Executives	Executives
	(----- Rupees in thousand ----- )				
Short term benefits					
Managerial remuneration	32,625	30,015	17,534	-	253,807
House rent	7,425	6,831	1,310	-	71,933
Medical	-	-	142	-	4,978
Conveyance	-	1,627	914	-	23,697
Utilities	-	-	655	-	19,282
	40,050	38,473	20,555	-	373,697
Post employment benefits					
Contribution to Provident Fund Trust	2,475	2,277	1,310	-	20,020
	42,525	40,750	21,865	-	393,717
Numbers	1	1	1	5	92

	2020				
	Directors				
	Chairman	Chief Executive	Executives	Non-Executives	Executives
	(----- Rupees in thousand ----- )				
Short term benefits					
Managerial remuneration	30,450	28,058	14,439	-	180,641
House rent	6,930	6,386	1,079	-	55,345
Medical	-	-	69	-	4,617
Conveyance	-	2,233	973	-	19,523
Utilities	-	-	539	-	15,722
	37,380	36,677	17,099	-	275,848
Post employment benefits					
Contribution to Provident Fund Trust	2,310	2,129	1,079	-	16,098
	39,690	38,806	18,178	-	291,946
Numbers	1	1	1	5	73

**46.1** The Chairman, Chief Executive, Directors and some of the Executives are also provided with the Company's maintained cars in accordance with their terms of employment.

**46.2** Aggregate amount charged in these unconsolidated financial statements in respect of meeting fee paid to Directors aggregated to Rs. 0.34 million (2020: Rs. 0.34 million).

#### 47. CAPACITY AND PRODUCTION

	Capacity		Actual Production	
	2021	2020	2021	2020
----- Metric tons -----				
<b>Clinker</b>	5,585,342	5,550,000	4,881,669	4,963,675

Until last year, the Company had aggregate clinker / cement production capacity of 18,500 tons per day. The capacity as disclosed in the financial statements is worked out based on 300 working days. During the year, the Company increased the clinker / cement production capacity of line III from 7,300 tons per day to 7,800 tons per day due to debottlenecking and balancing, modernization and replacement program. Increase in capacity as compared to last year is due to additional capacity available from line III which was added in April 2021.

#### 48. OPERATING SEGMENT

##### Information about operating segment

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

##### Geographical information

The Company operates in two principal geographical areas, Asia and Africa other than Pakistan and revenue from continuing operations from external customers based on geographical areas is as follows:

Geographical area	2021	2020
	(Percentage)	
Asia	99.85%	99.21%
Africa	0.15%	0.79%
	100.00%	100.00%

All assets of the Company as at 30 June 2021 are located in Pakistan.

#### 49. FINANCIAL RISK MANAGEMENT

The Company has exposure to the following risks arising from financial instruments:

- credit risk
- liquidity risk
- market risk

## Risk management framework

The Company's Board of Directors ("the Board") has overall responsibility for establishment and oversight of the Company's risk management framework. The Board is responsible for developing and monitoring the Company's risk management policies.

The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations. The Board of Directors reviews and agrees upon the policies for managing each of these risks.

The Company's audit committee oversees how management monitors compliance with the Company's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. Audit committee is assisted in its oversight role by internal audit department. Internal audit department undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the audit committee.

The Company's exposure to financial risks, the way these risks affect the financial position and performance, and forecast transactions of the Company and the manner in which such risks are managed is as follows:

### 49.1 Credit risk and concentration of credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. To manage credit risk the Company maintains procedures covering the application for credit approvals, granting and renewal of counterparty limits and monitoring of exposures against these limits. As part of these processes the financial viability of all counterparties is regularly monitored and assessed.

#### 49.1.1 Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk as at the end of the reporting period was as follows:

	2021	2020
	(Rupees in thousand)	
<b>Financial assets at amortised cost</b>		
Long term deposits	57,302	56,420
Trade debts	1,679,704	3,052,130
Loans to employees	27,996	30,705
Short term investment	94,500	50,000
Margin and short term deposits	221,977	171,071
Accrued profit	6,061	2,404
Other receivables	165,835	35,256
Cash at Bank	486,926	1,036,165
	<b>2,740,301</b>	<b>4,434,151</b>

### 49.1.2 Concentration of credit risk

The Company identifies concentrations of credit risk by reference to type of counter party. Maximum exposure to credit risk by type of counterparty is as follows:

	2021	2020
	(Rupees in thousand)	
Customers	1,679,704	3,052,130
Banking companies and financial institutions	803,403	1,257,036
Others	257,194	124,985
	<u>2,740,301</u>	<u>4,434,151</u>

### 49.1.3 Credit quality and impairment

Credit quality of financial assets is assessed by reference to external credit ratings, where available, or to historical information about counterparty default rates. All counterparties, with the exception of customers, have external credit ratings determined by various credit rating agencies. Credit quality of customers is assessed by reference to historical defaults rates and present ages.

#### 49.1.3.1 Counterparties with external credit ratings

These include banking companies and financial institutions, which are counterparties to bank balances, margin against bank guarantees, margin against letter of credit and accrued return on deposits. Credit risk is considered minimal as these counterparties have reasonably high credit ratings as determined by various credit rating agencies. Due to long standing business relationships with these counterparties and considering their strong financial standing, management does not expect non-performance by these counterparties on their obligations to the Company. Following are the credit ratings of counterparties with external credit ratings:

	Rating			2021	2020
	Short term	Long term	Agency	(Rupees in thousand)	
<b>Cash at Bank</b>					
Allied Bank Limited	A1+	AAA	PACRA	4,195	22,377
Askari Bank Limited	A1+	AA+	PACRA	10,458	3
Bank Al-Habib Limited	A1+	AA+	PACRA	134,635	170,970
Bank Alfalah	A1+	AA+	VIS- PACRA	1,378	3,328
Bank Islami Pakistan Limited	A1	A+	PACRA	13,325	208,860
The Bank of Punjab	A1+	AA	PACRA	14,561	15,339
Albaraka Bank Limited	A1	A	PACRA	9	9
Dubai Islamic Bank Pakistan Limited	A1+	AA	JCR-VIS	2,580	2,580
Faysal Bank Limited	A1+	AA	PACRA - VIS	1,266	7,588
Finca Microfinance Bank Limited	A1	A	PACRA - VIS	1,871	1,440
Habib Bank Limited	A1+	AA	PACRA	56,586	76,684
Habib Metropolitan Bank Limited	A1+	AA+	PACRA	28,937	30,389
Meezan Bank Limited	A1+	AAA	JCR-VIS	658	663
MCB Bank Limited	A1+	AAA	PACRA	143,326	273,230
National Bank of Pakistan	A1+	AAA	PACRA - VIS	34,680	54,923
Samba Bank Limited	A1	AA	JCR-VIS	1,259	9,681
Silk Bank Limited	A-2	A-	JCR-VIS	12	11
Soneri Bank Limited	A1+	AA-	PACRA	102	102
Standard Chartered Bank (Pakistan) Limited	A1+	AAA	PACRA	3,423	25,077
Summit Bank Limited	A3	BBB-	JCR-VIS	25	25
United Bank Limited	A1+	AAA	JCR-VIS	32,743	131,987
U Micro Finance Bank Limited	A1	A	JCR-VIS	899	899
				<u>486,928</u>	<u>1,036,165</u>

	Rating			2021	2020
	Short term	Long term	Agency	(Rupees in thousand)	
Short term investment - Term deposit receipts					
The Bank of Punjab	A1+	AA	PACRA	94,500	50,000
Margin against bank guarantees					
Allied Bank Limited	A1+	AAA	PACRA	1,700	1,700
Askari Bank Limited	A1+	AA+	PACRA	60,000	-
United Bank Limited	A1+	AAA	JCR-VIS	31,214	31,214
Summit Bank Limited	A3	BBB-	JCR-VIS	26,216	26,216
Soneri Bank Limited	A1+	AA-	PACRA	5,000	5,000
Standard Chartered Bank (Pakistan) Limited	A1+	AAA	PACRA	1,964	1,964
Habib Metropolitan Bank Limited	A1+	AA+	PACRA	39,942	35,111
Dubai Islamic Bank Pakistan Limited	A1+	AA	JCR-VIS	50,000	50,000
				216,036	151,205
Margin against letters of credit					
Askari Bank Limited	A1+	AA+	PACRA	-	7,622
Allied Bank Limited	A1+	AAA	PACRA	241	23
The Bank of Punjab	A1+	AA	PACRA	-	292
Habib Metropolitan Bank Limited	A1+	AA+	PACRA	5,701	11,729
				5,942	19,666
Total				803,406	1,257,036

#### 49.1.3.2 Counterparties without external credit ratings

These mainly include customers which are counter parties to local and foreign trade debts against sale of cement. As explained in note 3.9, the Company applies the IFRS 9 simplified approach to measure expected credit losses which uses a lifetime expected loss allowance for all trade receivables. Trade receivables are written off when there is no reasonable expectation of recovery. On adoption of IFRS 9, management uses an allowance matrix to base the calculation of ECL of trade receivables from individual customers, which comprise a very large number of small balances. Loss rates are calculated using a 'role rate' method based on the probability of receivable progressing through successive stages of delinquency to write-off. The Company has used four years quarterly data in the calculation of historical loss rates along with the matching quarterly ageing brackets for the computation of roll rates. These rates are multiplied by scalar factors to reflect the effect of forward looking macro economic factors. The analysis of ages of trade debts and loss allowance using the aforementioned approach as at 30 June 2021 was determined as follows:

2021		2020	
Gross carrying amount	Loss Allowance	Gross carrying amount	Loss Allowance
----- (Rupees in thousand) -----			

The aging of trade debts at the reporting date is:

Not past due	708,821	1,825	953,507	1,394
Past due:				
1- 90 days	669,896	9,108	1,292,750	1,819
91 - 180 days	215,727	15,952	431,275	15,922
181 - 270 days	62,964	16,357	295,994	27,095
271 - 365 days	46,914	12,202	94,960	7,656
366 - above days	268,774	237,948	164,333	126,803
	1,973,096	293,392	3,232,819	180,689

Customer credit risk is managed by each business unit subject to the Company's established policy, procedures and controls relating to customer credit risk management. Credit limits are established for all customers based on internal rating criteria. Credit quality of the customer is assessed based on an extensive credit rating. Outstanding customer receivables are regularly monitored and shipments to the export customers are generally covered by letters of credit or other form of credit insurance.

## 49.2 Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial assets, or that such obligations will have to be settled in a manner unfavorable to the Company. Management closely monitors the Company's liquidity and cash flow position. This includes maintenance of liquidity ratios, debtors and creditors concentration both in terms of the overall funding mix and avoidance of undue reliance on large individual customers.

Ultimate responsibility for liquidity risk management rests with the Board of Directors, which has built an appropriate liquidity risk management framework for the management of the Company's short, medium and long-term funding and liquidity management requirements. The Company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. Included in notes 8 and 18 to these unconsolidated financial statements is a listing of additional undrawn facilities that the Company has at its disposal to further reduce liquidity risk.

#### 49.2.1 Exposure to liquidity risk

##### Contractual maturities of financial liabilities, including estimated interest payments

The following are the remaining contractual maturities at the reporting date. The amounts are grossed and undiscounted, and include estimated interest payments and exclude the impact of netting agreements.

2021				
Carrying amount	Contractual cash flows	Less than 1 year	Between 1 to 5 years	Above 5 years

----- (Rupees in thousand) -----

##### Financial liabilities at amortised cost

Long term loans from financial institutions - secured	13,440,927	16,665,786	2,747,709	12,256,541	1,661,536
Long term loan from Subsidiary Company	1,000,000	1,131,207	84,500	1,046,707	-
Long term deposits	8,214	8,214	-	8,214	-
Retention money payable	391,694	421,841	-	421,841	-
Trade and other payables	4,697,729	4,697,729	4,697,729	-	-
Unclaimed dividend	28,134	28,134	28,134	-	-
Mark-up accrued on borrowings	260,953	260,953	260,953	-	-
Short term borrowings	1,894,115	1,894,115	1,894,115	-	-
	21,721,766	25,107,979	9,713,140	13,733,303	1,661,536

2020				
Carrying amount	Contractual cash flows	Less than 1 year	Between 1 to 5 years	Above 5 years

----- (Rupees in thousand) -----

##### Financial liabilities at amortised cost

Long term loans from financial institutions - secured	12,298,102	17,093,218	1,674,965	12,224,701	3,193,552
Long term loan from Subsidiary Company	3,000,000	3,749,058	304,900	3,444,158	-
Long term deposits	8,664	8,664	-	8,664	-
Retention money payable	366,069	421,841	421,841	-	-
Trade and other payables	5,034,838	5,034,838	5,034,838	-	-
Unclaimed dividend	48,053	48,053	48,053	-	-
Mark-up accrued on borrowings	547,189	547,189	547,189	-	-
Short term borrowings	6,642,312	6,642,312	6,642,312	-	-
	27,945,227	33,545,173	14,674,098	15,677,523	3,193,552

#### 49.3 Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing return.

### 49.3.1 Currency risk

The Company is exposed to currency risk to the extent that there is a mismatch between the currencies in which advances, sales and purchases and bank balances are denominated and the respective functional currency of the Company. The functional currency of the Company is Pak Rupee. The currencies in which these transactions are primarily denominated are Euros and US dollars.

#### 49.3.1.1 Exposure to currency risk

The summary quantitative data about the Company's exposure to currency risk as reported to the management of the Company is as follows. The figures represent foreign currency balances after conversion in Pak Rupees using exchange rates prevailing at the unconsolidated statement of financial position date.

of financial position date.

	2021						
	Equivalent to Rupees	GBP	SEK	RMB	EURO	USD	SGD
	----- in thousand -----						
<b>Assets</b>							
- Trade debts	7,669	-	-	-	-	49	-
- Cash and bank balances	13,412	2	-	-	-	82	-
	21,081	2	-	-	-	131	-
<b>Liabilities</b>							
- Trade creditors and bills payable	(662,841)	-	-	(17)	(33)	(4,145)	-
	(662,841)	-	-	(17)	(33)	(4,145)	-
Net Statement of financial position exposure	(641,760)	2	-	(17)	(33)	(4,014)	-
<b>Off statement of financial position items</b>							
- Outstanding letters of credit	(50,626)	-	-	-	(107)	(193)	-
<b>Net exposure</b>	(692,386)	2	-	(17)	(140)	(4,207)	-

	2020						
	Equivalent to Rupees	GBP	SEK	RMB	EURO	USD	SGD
	----- in thousand -----						
<b>Assets</b>							
- Trade debts	26,051	-	-	-	-	155	-
- Cash at bank	13,578	2	-	-	-	78	-
	39,629	2	-	-	-	233	-
<b>Liabilities</b>							
- Trade creditors and bills payable	(749,011)	-	-	-	(61)	(4,370)	-
Net Statement of financial position exposure	(709,382)	-	-	-	(61)	(4,137)	-
<b>Off statement of financial position items</b>							
- Outstanding letters of credit	(195,913)	-	(170)	(67)	(746)	(293)	(1)
<b>Net exposure</b>	(905,295)	-	(170)	(67)	(807)	(4,430)	(1)

#### 49.3.1.2 Exchange rates applied during the year

The following significant exchange rates have been applied during the year:

	Average rate for the year		Reporting date spot rate			
	2021	2020	2021		2020	
			Buying	Selling	Buying	Selling
GBP	217.00	199.63	218.58	219.28	207.05	207.68
CHF	176.52	162.06	171.32	171.86	176.83	177.43
EURO	191.91	175.06	188.12	188.71	189.11	189.73
USD	160.31	158.26	157.80	158.30	168.25	168.75
YEN	1.51	1.46	1.43	1.43	1.56	1.57
SEK	18.88	16.59	18.62	18.68	18.09	18.15
RMB	24.41	22.77	24.69	24.76	23.92	24.00
SGD	119.29	115.03	117.37	117.74	120.76	121.12

#### 49.3.1.3 Sensitivity analysis

A reasonably possible strengthening / (weakening) of 10% in Pak Rupee against the following currencies would have affected the measurement of financial instruments denominated in foreign currency and affected statement of profit or loss by the amounts shown below at the statement of financial position date. The analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecast sales and purchases.

	Profit	
	2021	2020
	(Rupees in thousand)	
USD	(63,542)	42
EURO	(623)	(1,157)
RMB	(42)	-
GBP	44	(60,092)
	(64,163)	(61,207)

#### 49.3.1.4 Currency risk management

Since the maximum amount exposed to currency risk is only 0.096% (2020: 0.093%) of the Company's total assets, any adverse / favorable movement in functional currency with respect to US dollar , GBP and Euro will not have any material impact on the operational results.

#### 49.3.2 Interest rate risk

Interest rate risk is the risk that fair values or future cash flows of a financial instrument will fluctuate because of changes in interest rates. Sensitivity to interest rate risk arises from mismatch of financial assets and financial liabilities that mature or re-price in a given period.

#### 49.3.2.1 Fixed rate financial instruments

The effective interest / mark-up rates for interest / mark-up bearing financial instruments are mentioned in relevant notes to the financial statements. The Company's interest / mark-up bearing financial instruments as at the reporting date are as follows:

2021		2020	
Financial assets	Financial liabilities	Financial assets	Financial liabilities
----- (Rupees in thousand) -----			

##### Non-derivative financial instruments

Short term investment - term deposit receipt

94,500	-	50,000	-
94,500	-	50,000	-

The related mark-up / interest rates for fixed rate financial instruments are indicated in the related notes to the unconsolidated financial statements.

##### Fair value sensitivity analysis for fixed rate instruments

The Company does not account for any fixed rate financial assets and liabilities at fair value through profit and loss account. Therefore, a change in profit / mark-up / interest rates at the reporting date would not affect profit and loss account.

#### 49.3.2.2 Variable rate financial instruments

2021		2020	
Financial assets	Financial liabilities	Financial assets	Financial liabilities
----- (Rupees in thousand) -----			

Note

##### Non-derivative financial instruments

Long term loans from banking companies-secured	8	-	13,440,927	-	12,298,102
Long term loan from Subsidiary Company	10	-	1,000,000	-	3,000,000
Short term borrowings - Running Finance	18	-	1,890,898	-	6,343,561
Bank balances at deposit accounts	34	160,517	-	458,401	-
		160,517	16,331,825	458,401	21,641,663

The related mark-up / interest rates for fixed rate financial instruments are indicated in the related notes to the unconsolidated financial statements.

### Cash flow sensitivity analysis for variable rate instruments

A reasonably possible change of 100 basis points in interest rates at the reporting date would have (decreased) / increased profit by amounts shown below. The analysis assumes that all other variables, in particular foreign exchange rates, remain constant. This analysis is performed on the same basis for the year 2021.

	Profit	
	2021	2020
	(Rupees in thousand)	
<b>Increase of 100 basis points</b>		
Variable rate instruments	(161,713)	(211,833)
<b>Decrease of 100 basis points</b>		
Variable rate instruments	161,713	211,833

The sensitivity analysis prepared is not necessarily indicative of the effects on profit for the year and the outstanding liabilities of the Company at the year end.

#### 49.3.2.3 Interest rate risk management

The Company manages these mismatches through risk management strategies where significant changes in gap position can be adjusted. The short term borrowing and loans and advances by the Company has variable rate pricing that is mostly dependent on Karachi Inter Bank Offer Rate ("KIBOR") as indicated in respective notes.

#### 49.3.3 Price risk

Price risk represents the risk that the fair value or future cash flows of financial instrument will fluctuate because of changes in market prices, other than those arising from interest rate risk or currency risk, whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments trading in market.

##### 49.3.3.1 Investments exposed to price risk

At the balance sheet date, the Company's investment in quoted equity securities and investments in money market mutual funds is as follows:

	2021	2020
	(Rupees in thousand)	
Investment in equity securities	54,648	25,245

##### 49.3.3.2 Sensitivity analysis

A 10.00% increase / (decrease) share prices at year end would have increased / (decreased) the Company's fair value gain on investment as follows:

	Equity	
	2021	2020
	(Rupees in thousand)	
<b>Short term investment at fair value through statement of profit or loss</b>		
Effect of increase	5,465	2,525
Effect of decrease	(5,465)	(2,525)

#### 49.3.3.3 Price risk management

The Company manages price risk by monitoring exposure in quoted equity securities and implementing the strict discipline in internal risk management and investment policies. The carrying value of investments subject to equity price risk are based on quoted market prices as at reporting date. Market prices are subject to fluctuation and consequently the amount realized in the subsequent sale of an investment may significantly differ from reported market value. Fluctuations in the market price of a security may result from perceived changes in the underlying economic characteristics of the investee, the relative price of alternative investments and general market conditions. Furthermore, amount realized in the sale of a particular security may be affected by the relative quantity of the security being sold.

## 50. FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Underlying the definition of fair value is the presumption that the Company is a going concern without any intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

The fair value of financial assets and liabilities traded in active markets i.e. listed equity shares are based on the quoted market prices at the close of trading on the period end date. The quoted market prices used for financial assets held by the Company is current bid price.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

IFRS 13, 'Fair Value Measurements' requires the Company to classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date (level 1).
- Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly (level 2).
- Unobservable inputs for the asset or liability (level 3).

The following table shows the carrying amounts and fair values of financial assets and financial liabilities including their levels in the fair value hierarchy:

		Carrying Amount				Fair Value		
		Fair Value through statement of profit or loss	Financial assets at amortised cost	Other financial liabilities	Total	Level 1	Level 2	Level 3
Note		----- (Rupees in thousand) -----						
30 June 2021								
<b>Financial assets at fair value</b>								
	Short term investments	54,648	-	-	54,648	54,648	-	-
<b>Financial assets at amortised cost</b>								
	Cash and bank balances	-	490,329	-	490,329	-	-	-
	Long term loans to employees	-	27,996	-	27,996	-	-	-
	Short term investment - term deposit receipt	-	94,500	-	94,500	-	-	-
	Margin and short term deposits	-	221,977	-	221,977	-	-	-
	Other receivables	-	165,835	-	165,835	-	-	-
	Accrued profit	-	6,061	-	6,061	-	-	-
	Long term deposits	-	57,302	-	57,302	-	-	-
	Trade debts	-	1,679,704	-	1,679,704	-	-	-
50.1		-	2,743,704	-	2,743,704	-	-	-
<b>Financial liabilities measured at fair value</b>		-	-	-	-	-	-	-
<b>Financial liabilities not measured at fair value</b>		-	-	-	-	-	-	-
	Long term loans from banking companies - secured	-	-	13,440,927	13,440,927	-	-	-
	Long term loan from Subsidiary Company	-	-	1,000,000	1,000,000	-	-	-
	Long term deposits	-	-	8,214	8,214	-	-	-
	Retention money payable	-	-	391,694	391,694	-	-	-
	Trade and other payables	-	-	4,697,729	4,697,729	-	-	-
	Unclaimed dividend	-	-	28,134	28,134	-	-	-
	Mark-up accrued on borrowings	-	-	260,953	260,953	-	-	-
	Short term borrowings	-	-	1,894,115	1,894,115	-	-	-
50.1		-	-	21,721,766	21,721,766	-	-	-
		Carrying Amount				Fair Value		
		Fair Value through statement of profit or loss	Financial assets at amortised cost	Other financial liabilities	Total	Level 1	Level 2	Level 3
Note		----- (Rupees in thousand) -----						
30 June 2020								
<b>Financial assets measured at fair value</b>								
	Short term investments	25,245	-	-	25,245	25,245	-	-
		25,245	-	-	25,245	25,245	-	-
<b>Financial assets at amortised cost</b>								
	Cash and bank balances	-	1,046,267	-	1,046,267	-	-	-
	Long term loans to employees	-	30,705	-	30,705	-	-	-
	Short term investment - term deposit receipt	-	50,000	-	50,000	-	-	-
	Margin and short term deposits	-	171,071	-	171,071	-	-	-
	Other receivables	-	35,256	-	35,256	-	-	-
	Accrued profit	-	2,404	-	2,404	-	-	-
	Long term deposits	-	56,420	-	56,420	-	-	-
	Trade debts	-	3,052,130	-	3,052,130	-	-	-
50.1		-	4,444,253	-	4,444,253	-	-	-
<b>Financial liabilities measured at fair value</b>		-	-	-	-	-	-	-
<b>Financial liabilities not measured at fair value</b>		-	-	-	-	-	-	-
	Long term loans from financial institutions - secured	-	-	12,298,102	12,298,102	-	-	-
	Long term loan from Subsidiary Company	-	-	3,000,000	3,000,000	-	-	-
	Long term deposits	-	-	8,664	8,664	-	-	-
	Retention money payable	-	-	366,069	366,069	-	-	-
	Trade and other payables	-	-	5,034,838	5,034,838	-	-	-
	Unclaimed dividend	-	-	48,053	48,053	-	-	-
	Mark-up accrued on borrowings	-	-	547,189	547,189	-	-	-
	Short term borrowings	-	-	6,642,312	6,642,312	-	-	-
50.1		-	-	27,945,227	27,945,227	-	-	-

**50.1** The Company has not disclosed the fair values of these financial assets and liabilities as these are for short term or reprice over short term. Therefore, their carrying amounts are reasonable approximation of fair value.

**50.2** Freehold land, buildings on freehold land, roads, bridges and railway sidings, plant and machinery have been carried at revalued amounts determined by professional valuers (level 3 measurement) based on their assessment of the market values as disclosed in note 7.1. The valuations were conducted by the valuation experts appointed by the Company. The valuation experts used a market based approach to arrive at the fair value of the Company's properties. For revaluation of freehold land fair market value was assessed through inquiries to real estate agents and property dealers in near vicinity of freehold land. Different valuation methods and exercises were adopted according to experience, location and other usage of freehold land. Valuer had also considered all relevant factors as well. In case of buildings on freehold land, roads, bridges and railway sidings, construction specifications were noted for each building and structure and new construction rates are applied according to construction specifications for current replacement values. After determining current replacement values, depreciation was calculated to determine the current assessed market value. For revaluation of plant and machinery, suppliers and different cement plant consultants in Pakistan and abroad were contacted to collect information regarding current prices of comparable cement plant to determine current replacement value. Fair depreciation factor for each item is applied according to their physical condition, usage and maintenance. The effect of changes in the unobservable inputs used in the valuations cannot be determined with certainty, accordingly a qualitative disclosure of sensitivity has not been presented in these financial statements.

## 51. RECONCILIATION OF MOVEMENT OF LIABILITIES TO CASH FLOWS ARISING FROM FINANCING ACTIVITIES

2021							
Issued, subscribed and paid-up capital	Share premium	Dividend Payable	Long term financing from financial institutions	Long term loan from Subsidiary Company	Short term borrowing	Accrued markup	Total
----- (Rupees in thousand) -----							
<b>As at 01 July 2020</b>	10,983,462	6,060,550	48,053	12,298,102	3,000,000	6,642,312	547,189 39,579,668
<b>Changes from financing cash flows</b>							
Dividend paid	-	-	(19,919)	-	-	-	(19,919)
Long term loan repaid to subsidiary company	-	-	-	(2,000,000)	-	-	(2,000,000)
Payment of short term borrowings - net	-	-	-	-	(4,121,973)	-	(4,121,973)
Financial charges paid	-	-	-	-	-	(1,733,621)	(1,733,621)
Long term loans from financial institutions - secured - net	-	-	-	1,142,825	-	-	1,142,825
<b>Total changes from financing cash flows</b>	-	-	(19,919)	1,142,825	(2,000,000)	(4,121,973)	(1,733,621) (6,732,688)
<b>Other changes</b>							
Deferred grant	-	-	-	(99,566)	-	-	(99,566)
Change in running finances and over draft balances	-	-	-	-	(626,224)	-	(626,224)
Finance cost	-	-	-	-	-	1,447,385	1,447,385
<b>Total liability related other changes</b>	-	-	-	(99,566)	-	(626,224)	1,447,385 721,595
<b>As at 30 June 2021</b>	10,983,462	6,060,550	28,134	13,341,361	1,000,000	1,894,115	260,953 33,568,575

	2020							
	Issued, subscribed and paid-up capital	Share premium	Dividend Payable	Long term financing from financial institutions	Long term loan from Subsidiary Company	Short term borrowing	Accrued markup	Total
	----- (Rupees in thousand) -----							
<b>As at 01 July 2019</b>	5,937,007	5,112,037	40,564	17,305,362	1,000,000	4,015,487	575,029	33,985,486
<b>Changes from financing cash flows</b>								
Proceeds from issuance of ordinary shares	5,046,455	948,513	-	-	-	-	-	5,994,968
Dividend paid	-	-	(289,361)	-	-	-	-	(289,361)
Long term loan from subsidiary company	-	-	-	-	2,000,000	-	-	2,000,000
Proceeds from short term borrowings - net	-	-	-	-	-	3,100,037	-	3,100,037
Financial charges paid	-	-	-	-	-	-	(3,011,992)	(3,011,992)
Repayments of long term loans from financial institutions - secured - net	-	-	-	(5,007,260)	-	-	-	(5,007,260)
<b>Total changes from financing cash flows</b>	5,046,455	948,513	(289,361)	(5,007,260)	2,000,000	3,100,037	(3,011,992)	2,786,392
<b>Other changes</b>								
Dividend declared	-	-	296,850	-	-	-	-	296,850
Change in running finances and over draft balances	-	-	-	-	-	(473,212)	-	(473,212)
Finance cost	-	-	-	-	-	-	2,984,152	2,984,152
<b>Total liability related other changes</b>	-	-	296,850	-	-	(473,212)	2,984,152	2,807,790
<b>As at 30 June 2020</b>	10,983,462	6,060,550	48,053	12,298,102	3,000,000	6,642,312	547,189	39,579,668

## 52. CAPITAL MANAGEMENT

The Board's policy is to maintain an efficient capital base so as to maintain investor, creditor and market confidence and to sustain the future development of its business. The Board of Directors monitors the return on capital employed, which the Company defines as operating income divided by total capital employed. The Board of Directors also monitors the level of dividends to ordinary shareholders.

The Company's objectives when managing capital are:

- to safeguard the entity's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders; and
- to provide an adequate return to shareholders.

The Company manages the capital structure in the context of economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may, for example, adjust the amount of dividends paid to shareholders, issue new shares, or sell assets to reduce debt.

	Unit	2021	2020
Total debt	Rupees in '000	16,595,995	22,487,603
Less: Cash and bank balances		(490,329)	(1,046,267)
Net debt		16,105,666	21,441,336
<b>Total Equity</b>	Rupees in '000	37,542,541	31,320,831
<b>Total capital employed</b>	Rupees in '000	53,648,207	52,762,167
<b>Gearing</b>	Percentage	30.02%	40.64%

Total debt comprises of long term loans from banking companies, long term loan from Subsidiary Company, accrued markup on borrowings and short term borrowings.

Total equity includes issued, subscribed and paid-up share capital, capital reserves, accumulated profits and surplus on revaluation of fixed assets.

There were no changes in the Company's approach to capital management during the year.

### 53. PROVIDENT FUND TRUST

The following information is based on the latest un-audited financial statements of the Provident Fund.

	Un-audited 2021 (Rupees in thousand)	Audited 2020
Size of the fund - total assets	1,232,776	987,185
Cost of investments made	773,674	906,249
Percentage of investments made	82.59%	93.79%
Fair value of investments	1,018,201	925,877

The break-up of fair value of investments is:

	2021 (Un-audited)		2020 (Audited)	
	Rs. in '000	Percentage	Rs. in '000	Percentage
Shares in quoted securities	4,421	0.43%	3,395	0.37%
Term deposit receipts	557,026	54.71%	373,792	40.37%
Government securities	317,801	31.21%	283,967	30.67%
Mutual funds	138,953	13.65%	264,723	28.59%
	1,018,201	100.00%	925,877	100.00%

The investments out of Provident Fund Trust have been made in accordance with the provisions of section 218 of the Companies Act, 2017 and the rules formulated for this purpose.

### 54. IMPACT OF COVID-19 (CORONA VIRUS)

The pandemic of COVID-19 that has rapidly spread all across the world has not only endangered human lives but has also adversely impacted the global economy. During the year, the Government of the Punjab from time to time announced a temporary smart lock downs as a measure to reduce the spread of the COVID-19. However, after implementing all the necessary Standard Operating Procedures (SOPs) to ensure safety of employees, the Company continued to carry out its operations and has taken all necessary steps to ensure smooth and adequate continuation of its business. Management is actively monitoring the impact of the pandemic on its financial condition, liquidity, operations, supply chain, and workforce, which at this point is not considered to be significant. However, during the year the Company obtained term loan / SBP COVID-19 relief facility, under "SBP refinance scheme for payment of wages and salaries" introduced by Government of Pakistan, amounting to Rs. 853.26 million, for paying salaries for the months from April 2020 to September 2020 as explained in note 9.1 to these unconsolidated financial statements. Further, management believes that the Company has sufficient liquidity available to continue to meet its financial commitments for the foreseeable future.

when they become due. From the very outset of Covid-19, the management has adopted various policies and practices to minimize adverse impact of Covid-19 on the business and is continuously monitoring the situation in order to proactively address any challenges which may arise from Covid-19.

## 55. NUMBER OF EMPLOYEES

The total and average number of employees of the Company during the year and as at 30 June 2021 and 2020 respectively are as follows:

	2021	2020
Total number of employees as on June 30		
- Head office	341	326
- Factory	1,087	1,135
	1,428	1,461
Average number of employees during the year		
- Head office	328	323
- Factory	1,102	1,158
	1,430	1,481

## 56. DATE OF AUTHORIZATION FOR ISSUE

These unconsolidated financial statements were authorized for issue by the Board of Directors of the Company in their meeting held on 12 August 2021.

  
CHIEF EXECUTIVE OFFICER

  
CHIEF FINANCIAL OFFICER

  
DIRECTOR



**CONSOLIDATED**  
FINANCIAL STATEMENTS  
for the Year Ended June 30, 2021

# DIRECTORS' REPORT ON AUDITED CONSOLIDATED FINANCIAL STATEMENTS

The Directors are pleased to present the audited consolidated financial statements of Maple Leaf Cement Factory Limited (the Holding Company) and its wholly owned subsidiary company Maple Leaf Power Limited (collectively referred to as group) for the year ended 30 June 2021.

## GROUP RESULTS

The Group has earned gross profit of Rupees 8,601 million as compared to Rupees 614 million of corresponding year. The Group made after tax profit of Rupees 3,828 million during this year as compared to loss of Rupees 3,559 million during the corresponding year.

The overall group financial results are as follows:

	30 June 2021	30 June 2020
	(Rupees in million)	
Sales	35,640	29,118
Gross Profit	8,601	614
Profit / (loss) from operations	6,297	(1,038)
Financial charges	(1,327)	(2,897)
Profit / (loss) after tax	3,828	(3,559)
	----- (Rupees) -----	
Earnings / (loss) per share – basic and diluted	3.49	(3.89)

## SUBSIDIARY COMPANY

### MAPLE LEAF POWER LIMITED (MLPL)

Maple Leaf Cement Factory Limited has formed a subsidiary company namely "Maple Leaf Power Limited (MLPL)." MLPL ("the Subsidiary") was incorporated in Pakistan on 15 October 2015 under the Companies Ordinance, 1984 (Now the Companies Act, 2017) as public limited company. The principal objective of MLPL is to develop, design, operate and maintain electric power generation plant in connection therewith to engage in the business of generation, sale and supply of electricity to the Holding Company.

In compliance with the Companies Act, 2017, all relevant matters of Section 227 have been placed in our Standalone Directors' Report to the Shareholders.

## ACKNOWLEDGEMENT

The Directors are grateful to the group's members, financial institutions, customers and employees for their cooperation and support. They also appreciate the hard work and dedication of the employees working in different roles.

For and on behalf of the Board



Syed Mohsin Raza Naqvi  
Director



Sayeed Tariq Saigol  
Chief Executive Officer

Lahore: 12 August 2021



KPMG Taseer Hadi & Co.  
Chartered Accountants  
351 Shadman-1, Jail Road,  
Lahore 54000 Pakistan  
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## INDEPENDENT AUDITOR'S REPORT

To the members of Maple Leaf Cement Factory Limited

Report on the Audit of the Consolidated Financial Statements

### Opinion

We have audited the annexed consolidated financial statements of **Maple Leaf Cement Factory Limited** and its subsidiary ("the Group"), which comprise the consolidated statement of financial position as at 30 June 2021, and the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 30 June 2021 and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with accounting and reporting standards as applicable in Pakistan.

### Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Following are the Key audit matters:

S.No.	Key audit matter(s)	How the matter was addressed in our audit
1	<p><b>Revenue</b></p> <p>Refer to notes 3.11.1 and 33 to the consolidated financial statements.</p> <p>The Group recognized revenue of Rs. 35.64 billion from the sale of cement to domestic as well as foreign customers during the year ended 30 June 2021.</p> <p>We identified recognition of revenue as a key audit matter because revenue is one of the key performance indicators of the Group and gives rise to a risk that revenue is recognized without transferring the control.</p>	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> <li>Obtaining an understanding of the process relating to recording of revenue and testing the design, implementation and operating effectiveness of key internal controls;</li> <li>assessing the appropriateness of the Group's accounting policies for recording of revenue and compliance of those policies with applicable accounting standards;</li> <li>comparing a sample of revenue transactions recorded during the year with sales orders, sales invoices, outward gate passes and other relevant underlying documents.;</li> <li>comparing, on a sample basis, specific revenue transactions recorded just before and just after the financial year end date to determine whether the revenue had been recognized in the appropriate accounting period; and</li> <li>scanning for any manual journal entries relating to revenue recognized during the year which were considered to be material or met other specific risk-based criteria for inspecting underlying documentation.</li> </ul>
2	<p><b>Valuation of trade debts</b></p> <p>Refer to notes 2.5.4, 3.8 and 26 to the consolidated financial statements.</p> <p>As at 30 June 2021, the Group's gross trade debts amount to Rs. 1,973.09 million. The Group has applied simplified approach to determine expected credit loss over trade debts and has recognized provision against expected credit loss ("ECL") of Rs. 112.7 million during the year ended 30 June 2021. The balance of expected credit loss as at 30 June 2021 amounted to Rs. 293.39 million.</p> <p>We have identified valuation of trade debts as key audit matter because determination of ECL provision for trade debts requires significant judgement and assumptions including consideration of factors such as historical credit loss experience and forward-looking macro-economic information.</p>	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> <li>involving KPMG specialists to assist us in reviewing and evaluating the appropriateness of the assumptions used (historical and forward looking) and judgements made by the management to assess ECL in respect of trade debts of the Group;</li> <li>assessing on a sample basis, the accuracy of data used by the management for determining ECL in respect of trade debts;</li> <li>checking mathematical accuracy of ECL model by performing recalculations; and</li> </ul> <p>reviewing appropriateness of the accounting policies and the adequacy of disclosures in the consolidated financial statements in accordance with requirements of the applicable accounting and reporting standards.</p>

## **Information other than the Financial Statements and Auditor's Report thereon**

Management is responsible for the other information. Other information comprises the information included in the annual report for the year ended 30 June 2021 but does not include the consolidated financial statements and our auditor's report thereon.

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

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

## **Responsibilities of Management and Board of Directors for the Consolidated Financial Statements**

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

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

The Board of Directors is responsible for overseeing the Group's financial reporting process.

## **Auditor's Responsibilities for the Audit of the Consolidated Financial Statements**

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting



a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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

We also provide the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.



KPMG Taseer Hadi & Co.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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

Lahore

Date: 12 August 2021

KPMG Taseer Hadi & Co.

KPMG Taseer Hadi & Co.  
Chartered Accountants

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT JUNE 30, 2021

	Note	2021 (Rupees in thousand)	2020
<b>EQUITY AND LIABILITIES</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
Authorised share capital	5	15,000,000	15,000,000
Issued, subscribed and paid-up share capital	5	10,983,462	10,983,462
Capital reserves	6	6,588,813	6,588,813
Accumulated profit		17,634,595	13,310,143
Surplus on revaluation of fixed assets - net of tax	7	3,135,460	3,667,156
		38,342,330	34,549,574
<b>NON - CURRENT LIABILITIES</b>			
Long term loans from financial institutions - secured	8	11,636,749	12,206,058
Deferred grant	9	49,569	-
Long term deposits	10	8,214	8,664
Deferred taxation	11	3,931,540	3,379,440
Retirement benefits	12	228,266	214,952
Retention money payable	13	391,694	366,069
Payable to government authority	14	42,890	232,938
		16,288,922	16,408,121
<b>CURRENT LIABILITIES</b>			
Current portion of:			
- Long term loans from financial institutions - secured	8	1,704,612	125,000
- Deferred grant	9	49,997	-
Trade and other payables	15	7,991,126	8,175,531
Unclaimed dividend		28,134	48,053
Mark-up accrued on borrowings	16	240,161	509,934
Short term borrowings	18	1,924,115	7,181,815
		11,938,145	16,040,333
<b>CONTINGENCIES AND COMMITMENTS</b>			
	19	66,569,397	66,998,028

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

  
CHIEF EXECUTIVE OFFICER

  
CHIEF FINANCIAL OFFICER

  
DIRECTOR

	Note	2021 (Rupees in thousand)	2020
<b>ASSETS</b>			
<b>NON - CURRENT ASSETS</b>			
Property, plant and equipment	20	49,150,229	49,539,836
Intangible assets	21	6,017	9,023
Long term loans to employees - secured	22	17,004	19,196
Long term deposits	23	57,302	56,420
		49,230,552	49,624,475
<b>CURRENT ASSETS</b>			
Stores, spare parts and loose tools	24	10,047,727	8,863,233
Stock-in-trade	25	2,085,863	1,779,404
Trade debts	26	1,679,704	3,052,130
Loans and advances	27	492,141	492,623
Short term investment	28	149,148	75,245
Short term deposits and prepayments	29	240,061	191,958
Accrued profit	30	6,136	3,168
Other receivables	31	165,835	35,672
Advance income tax - net	17	1,970,899	1,821,238
Cash and bank balances	32	501,331	1,058,882
		17,338,845	17,373,553
		66,569,397	66,998,028

  
CHIEF EXECUTIVE OFFICER

  
CHIEF FINANCIAL OFFICER

  
DIRECTOR

# CONSOLIDATED STATEMENT OF PROFIT OR LOSS FOR THE YEAR ENDED JUNE 30, 2021

	Note	2021 (Rupees in thousand)	2020
Sales - net	33	35,640,181	29,117,734
Cost of sales	34	(27,039,661)	(28,503,958)
<b>Gross profit</b>		<b>8,600,520</b>	<b>613,776</b>
Distribution cost	35	(1,115,732)	(845,380)
Administrative expenses	36	(979,223)	(791,137)
Other charges	37	(431,334)	(160,660)
		(2,526,289)	(1,797,177)
Other income	38	223,015	145,879
<b>Profit / (loss) from operations</b>		<b>6,297,246</b>	<b>(1,037,522)</b>
Finance cost	39	(1,327,203)	(2,896,971)
<b>Profit / (loss) before taxation</b>		<b>4,970,043</b>	<b>(3,934,493)</b>
Taxation	40	(1,141,549)	375,134
<b>Profit / (loss) after taxation</b>		<b>3,828,494</b>	<b>(3,559,359)</b>
<b>Earnings / (loss) per share - basic and diluted (Rupees)</b>	41	<b>3.49</b>	<b>(3.89)</b>

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

  
CHIEF EXECUTIVE OFFICER

  
CHIEF FINANCIAL OFFICER

  
DIRECTOR

# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED JUNE 30, 2021

	2021	2020
	(Rupees in thousand)	
<b>Profit / (loss) after taxation</b>	3,828,494	(3,559,359)
<b>Other comprehensive (loss) / income</b>		
<b>Item that will not be subsequently reclassified in profit or loss:</b>		
Remeasurement of defined benefit liability	(27,456)	8,870
Related tax	7,832	(2,505)
	(19,624)	6,365
Surplus on revaluation of fixed assets	-	185,095
Related tax	(3,339)	(37,641)
	(3,339)	147,454
<b>Total comprehensive income / (loss) for the year</b>	<b>3,805,531</b>	<b>(3,405,540)</b>

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

  
CHIEF EXECUTIVE OFFICER

  
CHIEF FINANCIAL OFFICER

  
DIRECTOR

# CONSOLIDATED STATEMENT OF CASH FLOWS

## FOR THE YEAR ENDED JUNE 30, 2021

	Note	2021 (Rupees in thousand)	2020
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit / (loss) before taxation		4,970,043	(3,934,493)
Adjustments for:			
Depreciation	20.1.7	3,591,901	3,597,321
Amortization	21.1	3,006	4,506
Provision against doubtful debts	26.1	112,703	19,500
Provision for Workers' Profit Participation Fund	15.2	269,247	70,661
Provision for Workers' Profit Welfare Fund	15.4	81,360	-
Bad debts written off	36	46,355	5,643
Advances written off	36	18,335	7,755
Loss / (gain) on disposal of property, plant and equipment	37	29,890	(21,725)
Un-realized income on investment	38	(29,403)	(7,358)
FV gain on discounting of payable to government authority	38	(31,008)	-
Notional interest on unwinding of retention money payable	39	25,625	(2,430)
Notional interest on unwinding of payable to government authority	39	20,920	-
Retirement benefits	12	42,056	54,192
Finance cost	39	1,280,658	2,896,971
Profit on bank deposits	38	(18,720)	(33,712)
<b>Cash generated from operations before working capital changes</b>		<b>10,412,968</b>	<b>2,656,831</b>
<b>Effect on cash flow due to working capital changes</b>			
(Increase) / decrease in current assets:			
Stores, spare parts and loose tools		(1,184,494)	(1,422,162)
Stock-in-trade		(306,459)	(40,390)
Trade debts		1,213,368	(393,515)
Loans and advances		(17,853)	316,568
Short term deposits and prepayments		(48,103)	(3,360)
Other receivables		(130,163)	(219)
		(473,704)	(1,543,078)
<b>(Decrease) / increase in current liabilities:</b>			
Trade and other payables		(649,947)	814,816
<b>Net cash generated from operations</b>		<b>9,289,317</b>	<b>1,928,569</b>
Decrease in long term loans to employees - secured		2,192	628
(Increase) / decrease in long term deposits		(882)	460
Decrease in long term deposits		(450)	-
Payable to government authority		(64,864)	-
Retirement benefits paid		(56,198)	(35,724)
Workers' Profit Participation Fund paid		-	(72,273)
Workers welfare fund		(161)	298,918
Taxes paid - net	17	(747,392)	(985,668)
<b>Net cash generated from operating activities</b>		<b>8,421,562</b>	<b>1,134,910</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Capital expenditure		(3,285,299)	(887,306)
Proceeds from disposal of property, plant and equipment		53,115	53,327
Short term investment - net	28	(44,500)	(50,000)
Profit on bank deposits received		15,752	33,128
<b>Net cash used in investing activities</b>		<b>(3,260,932)</b>	<b>(850,851)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Receipts / (repayments) of long term loans from financial institutions - secured - net		1,109,869	(4,974,304)
Proceeds from issuance of shares		-	5,994,968
(Repayments) / receipts from short term borrowings - net	18	(4,453,486)	3,131,794
Finance cost paid		(1,550,431)	(2,970,064)
Dividend paid		(19,919)	(289,361)
<b>Net cash (used in) / generated from financing activities</b>		<b>(4,913,967)</b>	<b>893,033</b>
<b>Net increase in cash and cash equivalents</b>		<b>246,663</b>	<b>1,177,092</b>
<b>Cash and cash equivalents at beginning of the year</b>		<b>14,141</b>	<b>(1,162,951)</b>
<b>Cash and cash equivalents at end of the year</b>	42	<b>260,804</b>	<b>14,141</b>

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

  
CHIEF EXECUTIVE OFFICER

  
CHIEF FINANCIAL OFFICER

  
DIRECTOR

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED JUNE 30, 2021

Share Capital	Capital Reserves				Revenue Reserves	Total Equity
	Share premium	Capital redemption reserve	Sub-total	Surplus on revaluation of fixed assets - net of tax	Accumulated profits	

..... ( Rupees in thousand ) .....

**At 30 June 2019** 5,937,007 5,112,037 528,263 5,640,300 3,884,480 16,945,810 32,407,597

## Total comprehensive loss for the year

Loss for the year ended 30 June 2020  
Other comprehensive Income for the year ended 30 June 2020

-	-	-	-	-	(3,559,359)	(3,559,359)
-	-	-	-	147,454	6,365	153,819
-	-	-	-	147,454	(3,552,994)	(3,405,540)

Effect on deferred tax due to change in effective tax rate due to proportion of local and export sales

- - - - (150,601) - (150,601)

Incremental depreciation from surplus on revaluation of fixed assets - net of tax

- - - - (212,642) 212,642 -

Reversal of revaluation surplus on disposal of fixed assets - net of tax

- - - - (1,535) 1,535 -

## Transaction with owners of the Company

Ordinary shares issued during the year  
504,645,556 shares of Rs. 10 each.  
Expense incurred on issuance of shares

5,046,455	1,009,291	-	1,009,291	-	-	6,055,746
-	(60,778)	-	(60,778)	-	-	(60,778)
5,046,455	948,513	-	948,513	-	-	5,994,968

Final cash dividend @ Rs. 0.5 per share for the year ended 30 June 2019

- - - - - (296,850) (296,850)

**At 30 June 2020** 10,983,462 6,060,550 528,263 6,588,813 3,667,156 13,310,143 34,549,574

## Total comprehensive income for the year

Profit for the year ended 30 June 2021  
Other comprehensive loss for the year ended 30 June 2021

-	-	-	-	-	3,828,494	3,828,494
-	-	-	-	(3,339)	(19,624)	(22,963)
-	-	-	-	(3,339)	3,808,870	3,805,531

Effect on deferred tax due to change in effective tax rate due to proportion of local and export sales

- - - - (12,775) - (12,775)

Incremental depreciation from surplus on revaluation of fixed assets - net of tax

- - - - (515,500) 515,500 -

Reversal of revaluation surplus on disposal of fixed assets - net of tax

- - - - (82) 82 -

**At 30 June 2021** 10,983,462 6,060,550 528,263 6,588,813 3,135,460 17,634,595 38,342,330

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

  
CHIEF EXECUTIVE OFFICER

  
CHIEF FINANCIAL OFFICER

  
DIRECTOR

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

## 1. REPORTING ENTITY

### 1.1 Maple Leaf Cement Factory Limited - (“the Holding Company”)

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

The Holding Company is in the process of setting up Grey cement manufacturing Line-IV with production capacity of 7,000 metric tons per day having expected cost of Rs. 20 billion.

### 1.2 Maple Leaf Power Limited - (“the Subsidiary Company”)

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

The Subsidiary Company was granted electricity generation license from National Electric and Power Regulatory Authority (NEPRA) on 20 December 2016. The Subsidiary Company entered into a Power Purchase Agreement (“PPA”) and Steam Purchase Agreement with the Holding Company on 04 July 2017 and 31 October 2019, respectively, which are valid for 20 years.

The Holding and the Subsidiary companies are collectively referred to as “the Group” in these consolidated financial statements.

## 2. BASIS OF PREPARATION AND STATEMENT OF COMPLIANCE

### 2.1 Statement of compliance

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

- International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act 2017;
- Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan as notified under the Companies Act, 2017; and
- Provision of and directives issued under the Companies Act, 2017.

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

## **2.2 Consolidation**

### **2.2.1 Subsidiary Company**

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. The subsidiaries are fully consolidated from the date of acquisition, being the date on which the Holding Company obtains control, and continue to be consolidated until the date that such control ceases.

The financial statements of the Subsidiary Company has been consolidated on a line-by-line basis and the carrying values of the investment held by the Holding Company has been eliminated against the shareholders' equity in the Subsidiary Company. The financial statement of the Subsidiary Company are prepared for the same reporting year as of the Holding Company, using consistent accounting policies.

Non-controlling interest is that part of net results of operations and of net assets of the subsidiaries which are not owned by the Holding Company either directly or indirectly. Non-controlling interest is presented as a separate item in the consolidated financial statements. Since the Subsidiary Company is 100% owned by the Holding Company, no non-controlling interests is accounted for in these consolidated financial statements.

On the loss of control, the Group derecognizes the assets and liabilities of the subsidiary, any non controlling interests and other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognized in consolidated profit or loss. In addition, any amount previously recognized in other comprehensive income in respect of that subsidiary are reclassified to the consolidated profit or loss. If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently that retained interest is accounted for as an equity-accounted investee, joint venture or as a financial asset under IFRS-9 depending on the level of influence retained.

Intra-group balances and transactions and any unrealized income and expenses arising from intra-group transactions are eliminated.

## **2.3 Basis of measurement**

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

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

## **2.4 Functional and presentation currency**

These consolidated financial statements have been prepared in Pak Rupees ("Rs.") which is the Group's functional currency. Figures have been rounded off to nearest thousand rupees except stated otherwise.

## **2.5 Use of estimates and judgments**

The preparation of consolidated financial statements in conformity with approved accounting standards requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under circumstances, and the results of which form

the basis for making judgment about carrying value of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

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

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

#### **2.5.1 Property, plant and equipment**

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

#### **2.5.2 Stores, spare parts and loose tools**

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

#### **2.5.3 Stock-in-trade**

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

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

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

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

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

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

### **2.5.5 Employee benefits**

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

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

The Group also operates approved unfunded accumulated compensated absences benefit scheme covering all its full time permanent employees. The calculation of the benefit requires assumptions to be made of future outcomes, The principal ones being in respect of increase in remuneration and the discount rate used to convert future cash flows to current values. The assumptions used for the plan are determined by independent actuary on annual basis. accumulated compensated absences cost primarily represents The increase in actuarial present value of the obligation for benefits earned on employee service during the year and the Interest on the obligation in respect of employee service in previous years and the related actuarial gain/loss. Calculations are sensitive to changes in the underlying assumptions.

### **2.5.6 Recoverable amount of assets / cash generating unit and impairment**

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

### **2.5.7 Taxation**

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

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

### **2.5.8 Provisions**

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

### **2.5.9 Contingencies**

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

### 2.5.10 Revaluation of property, plant and equipment

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

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

## 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies set out below have been consistently applied to all periods presented in these consolidated financial statements.

### 3.1 Employee benefits

#### Defined contribution plan

The Group operates a defined contributory approved Provident Fund Trust for all its employees. Equal monthly contributions are made both by the Group and employees at the rate of 10% of the basic salary to the Provident Fund Trust. However, some employees have opted to pay at the rate of 15% of basic salary. Obligation for contributions to defined contribution plan is expensed as the related service is provided.

#### Defined benefit plan

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

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

Calculation of defined benefit obligation is performed annually by a qualified actuary using the projected unit credit method for valuation. The latest valuation was carried out at 30 June 2021. When the calculation results in a potential asset for the Group, the recognized asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contribution to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

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

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognized immediately

in consolidated statement of profit or loss. The Group recognizes gains and losses on the settlement of a defined benefit plan when the settlement occurs.

### **Liability for employees' compensated absences - other long term benefits**

The Group accounts for the liability in respect of employees' compensated absences in the year in which these are earned. Provision to cover the obligations is made using the current salary level of employees. The unutilized leaves are accumulated subject to a maximum of 90 days. The unutilized accumulated leaves can be encashed at the time the employee leaves Group service. The Group uses the actuarial valuations carried out using the projected unit credit method for valuation of its accumulated compensating absences. The latest valuation was carried out on 30 June 2021. Provisions are made annually to cover the obligation for accumulating compensated absences based on actuarial valuation and are charged to the statement of profit or loss. The amount recognized in the statement of financial position represents the present value of the defined benefit obligations. Actuarial gains and losses are charged to the statement of profit or loss immediately in the period when these occur.

## **3.2 Taxation**

### **Current**

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

### **Deferred**

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

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

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

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

## **3.3 Leases**

The Group is the lessee.

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

At initial recognition, leases are recognized as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease, or if that rate cannot be readily determined, the Group's incremental borrowing rate.

Lease payments include fixed payments, variable lease payments that are based on an index or a rate amounts expected to be payable by the lessee under residual value guarantees, the exercise price of a purchase option if the lessee is reasonably certain to exercise that option, payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option, less any lease incentives receivable. The extension and termination options are incorporated in determination of lease term only when the Group is reasonably certain to exercise these options.

The lease liability is subsequently measured at amortized cost using the effective interest rate method. It is remeasured when there is a change in future lease payments arising from a change in fixed lease payments or an index or rate, change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option. The corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in the consolidated statement of profit or loss if the carrying amount of right-of-use asset has been reduced to zero.

The right-of-use asset is initially measured based on the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentive received. The right-of-use asset is depreciated on a straight line method over the lease term as this method most closely reflects the expected pattern of consumption of future economic benefits. The right-of-use asset is reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

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

### **3.4 Property, plant and equipment**

#### **3.4.1 Tangible assets**

##### **Owned**

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

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

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

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

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

Increase in the carrying amounts arising on revaluation of land, building, road bridges and railway sidings and plant and machinery is recognized, in other comprehensive income and accumulated in reserves in shareholders' equity. To the extent that the increase reverses a decrease previously recognized in profit or loss, the increase is first recognized in profit or loss. Decreases that reverse previous increases of the same asset are first recognized in other comprehensive income to the extent of the remaining surplus attributable to the asset; all other decreases are charged to profit or loss.

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

### **3.4.2 Intangible assets**

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

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

### **3.5 Stores, spare parts and loose tools**

These are stated at weighted average cost less provision for obsolescence if any. Cost is determined using the weighted average method. Items in transit are valued at cost comprising invoice value plus other charges paid thereon.

### **3.6 Stock-in-trade**

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

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

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

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

### **3.7 Financial instruments**

#### **3.7.1 Recognition and initial measurement**

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

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

#### **3.7.2 Classification and subsequent measurement**

##### **Financial assets**

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

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

##### **Amortized cost**

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

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

##### **Debt Instrument - FVOCI**

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

#### **Equity Instrument - FVOCI**

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

These assets are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in OCI and are never reclassified to profit or loss. However, the Group has no such instrument at the reporting date.

#### **Fair value through profit or loss (FVTPL)**

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

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

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

#### **Financial assets – Business model assessment:**

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

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

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

#### **Financial liabilities**

Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net

gains and losses, including any interest expense, are recognized in profit or loss. Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss.

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

### **3.7.3 Derecognition**

#### **Financial assets**

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

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

#### **Financial liabilities**

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

### **3.7.4 Trade Debts**

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

## **3.8 Impairment**

#### **Financial assets**

The Group recognizes loss allowances for ECLs on:

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

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

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

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

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

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

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

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

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

### **Non-financial assets**

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

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

### **3.9 Off setting of financial instruments**

Financial assets and liabilities are off-set and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognized amounts and there is an intention and ability to settle on a net basis, or realize the asset and settle the liability simultaneously.

### **3.10 Cash and cash equivalents**

Cash and cash equivalents for the purpose of statement of cash flows comprise cash in hand, running finance and cash at banks.

### **3.11 Revenue recognition**

Revenue from contracts with customers is recognized, when control of goods is transferred to the customers, at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods excluding sales taxes and trade discounts. Specific revenue and other income recognition policies are as follows:

#### **3.11.1 Sale of goods**

Revenue from sale of goods is recognized at the point in time when control of the asset is transferred to the customer which on the basis of current agreement with majority of the customers, is when the goods are dispatched to customers and in very few cases when goods are delivered to the customers, in case of local sales. Further in case of export sale, control is transferred when goods are shipped to the customers or received at customer's country port.

#### **3.11.2 Dividends**

Dividend income is recognized when the Group's right to receive the dividend is established.

#### **3.11.3 Interest income**

Interest income is recognized as it accrues under the effective interest method using the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying amount of the financial asset.

### **3.12 Contract liabilities**

A contract liability is the obligation of the Group to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Group transfers goods or services to the customer, a contract liability is recognized when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognized as revenue when the Group performs under the contract. It also includes refund liabilities arising out of customers' right to claim amounts from the Group on account of contractual delays in delivery of performance obligations and incentive on target achievements.

### **3.13 Foreign currency translations**

Transactions in foreign currencies are initially recorded at the rates of exchange ruling on the dates of transactions. Monetary assets and liabilities denominated in foreign currencies are retranslated into Pak Rupees at exchange rates prevailing on the statement of financial position date. All exchange differences are charged to consolidated statement of profit or loss.

### **3.14 Borrowings**

All borrowings are recorded at the proceeds received. Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily

take a substantial period of time to get ready for their intended use are added to the cost of those assets, until such time as the assets are substantially ready for their intended use. All other borrowing costs are charged to consolidated statement of profit or loss in the period in which these are incurred.

### **3.15 Provisions**

Provisions are recognized when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate of the amount can be made. Provisions are reviewed at each statement of financial position date and adjusted to reflect the current best estimate.

### **3.16 Earnings per share (EPS)**

Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Group by weighted average number of ordinary shares outstanding during the year.

Diluted EPS is calculated by adjusting basic EPS with weighted average number of ordinary shares that would be issued on conversion of all dilutive potential ordinary shares into ordinary shares and post-tax effect of changes in profit or loss attributable to ordinary shareholders of the Group that would result from conversion of all dilutive potential ordinary shares into ordinary shares.

### **3.17 Dividend to ordinary shareholders**

Dividend to ordinary shareholders is recognized as a deduction from accumulated profit in statement of changes in equity and as a liability in the Group's consolidated financial statements in the year in which the dividends are approved by the Board of Directors or the Group's shareholders as the case may be.

### **3.18 Mark-up bearing borrowings**

Mark-up bearing borrowings are recognized initially at cost representing the fair value of consideration received less attributable transaction costs. Subsequent to initial recognition, mark-up bearing borrowings are stated at original cost less subsequent repayments, while the difference between the original recognized amounts (as reduced by periodic payments) and redemption value is recognized in the consolidated statement of profit or loss over the period of borrowings on an effective rate basis. The borrowing cost on qualifying asset is included in the cost of related asset.

### **3.19 Share Capital**

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognized as a deduction from equity, net of any tax effects.

### **3.20 Contingent liabilities**

A contingent liability is disclosed when:

- there is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group; or
- there is present obligation that arises from past events but it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability.

### 3.21 Segment reporting

A segment is a distinguishable component of the Group that is engaged either in providing products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risk and rewards that are different from other segments. Operating segment are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Director of the Group that makes strategic decisions.

### 3.22 Government Grant

The Group follows deferral method of accounting for government grant related to subsidized long term loan. Government grant is initially recognized as deferred grant and measured as the difference between the initial carrying value of the long term loan recorded at market rate (i.e. fair value of the long term loan in this case) and the proceeds of subsidized long term loan received. In subsequent years, the grant is recognized in consolidated statement of profit or loss, in line with the recognition of interest expenses the grant is compensating and is presented as a reduction of related interest expense.

## 4. STANDARDS, INTERPRETATIONS AND AMENDMENTS TO PUBLISHED APPROVED ACCOUNTING STANDARDS THAT ARE NOT YET EFFECTIVE

**4.1** The following International Financial Reporting Standards (IFRS Standards) as notified under the Companies Act, 2017 and the amendments and interpretations thereto will be effective for accounting periods beginning on or after 01 July 2021:

- Interest Rate Benchmark Reform – Phase 2 which amended IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 is applicable for annual financial periods beginning on or after 1 January 2021, with earlier application permitted. The amendments introduce a practical expedient to account for modifications of financial assets or financial liabilities if a change results directly from IBOR reform and occurs on an 'economically equivalent' basis. In these cases, changes will be accounted for by updating the effective interest rate. A similar practical expedient will apply under IFRS 16 for lessees when accounting for lease modifications required by IBOR reform. The amendments also allow a series of exemptions from the regular, strict rules around hedge accounting for hedging relationships directly affected by the interest rate benchmark reforms. The amendments apply retrospectively with earlier application permitted. Hedging relationships previously discontinued solely because of changes resulting from the reform will be reinstated if certain conditions are met.
- COVID-19-Related Rent Concessions (Amendment to IFRS 16) – the International Accounting Standards Board (the Board) has issued amendments to IFRS 16 (the amendments) to provide practical relief for lessees in accounting for rent concessions. The amendments are effective for periods beginning on or after 1 June 2020, with earlier application permitted. Under the standard's previous requirements, lessees assess whether rent concessions are lease modifications and, if so, apply the specific guidance on accounting for lease modifications. This generally involves remeasuring the lease liability using the revised lease payments and a revised discount rate. In light of the effects of the COVID-19 pandemic, and the fact that many lessees are applying the standard for the first time in their financial statements, the Board has provided an optional practical expedient for lessees. Under the practical expedient, lessees are not required to assess whether eligible rent concessions are lease modifications, and instead are permitted to account for them as if they were not lease modifications.

The practical expedient introduced in the 2020 amendments only applied to rent concessions for which any reduction in lease payments affected payments originally due on or before 30 June 2021. In light of persistence of economic challenges posed by the COVID-19 pandemic, the Board has extended the practical expedient for COVID-19 related rent concessions by one year i.e. permitting lessees to apply it to rent concessions for which any reduction in lease payments affects only payments originally due on or before 30 June 2022.

Rent concessions are eligible for the practical expedient if they occur as a direct consequence of the COVID-19 pandemic and if all the following criteria are met:

- the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
  - any reduction in lease payments affects only payments originally due on or before 30 June 2022; and
  - there is no substantive change to the other terms and conditions of the lease.
- **Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37)** effective for the annual periods beginning on or after 1 January 2022 amends IAS 1 by mainly adding paragraphs which clarify what comprises the cost of fulfilling a contract. Cost of fulfilling a contract is relevant when determining whether a contract is onerous. An entity is required to apply the amendments to contracts for which it has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments (the date of initial application). Restatement of comparative information is not required, instead the amendments require an entity to recognize the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings or other component of equity, as appropriate, at the date of initial application.
  - **Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16)** effective for annual periods beginning on or after 1 January 2022 clarifies that sales proceeds and costs of items produced while bringing an item of property, plant and equipment to the location and condition necessary for it to be capable of operating in the manner intended by management e.g. when testing etc., are recognized in profit or loss in accordance with applicable Standards. The entity measures the cost of those items applying the measurement requirements of IAS 2. The standard also removes the requirement of deducting the net sales proceeds from cost of testing. An entity shall apply those amendments retrospectively, but only to items of property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after the beginning of the earliest period presented in the financial statements in which the entity first applies the amendments. The entity shall recognize the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at the beginning of that earliest period presented.
  - **Reference to the Conceptual Framework (Amendments to IFRS 3)** - Reference to the Conceptual Framework, issued in May 2020, amended paragraphs 11, 14, 21, 22 and 23 of and added paragraphs 21A, 21B, 21C and 23A to IFRS 3. An entity shall apply those amendments to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 January 2022. Earlier application is permitted if at the same time or earlier an entity also applies all the amendments made by Amendments to References to the Conceptual Framework in IFRS Standards, issued in March 2018.
  - **Classification of liabilities as current or non-current (Amendments to IAS 1)** amendments apply retrospectively for the annual periods beginning on or after 1 January 2023. These amendments in the standards have been added to further clarify when a liability is classified as current. The standard also amends the aspect of classification of liability as non-current by requiring the assessment of the entity's right at the end of the reporting period to defer the settlement of liability for at least twelve months after the reporting period. An entity shall apply those amendments retrospectively in accordance with IAS 8.
  - **Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)** – the Board has issued amendments on the application of materiality to disclosure of accounting policies and to help companies provide useful accounting policy disclosures. The key amendments to IAS 1 include:

- requiring companies to disclose their material accounting policies rather than their significant accounting policies;
- clarifying that accounting policies related to immaterial transactions, other events or conditions are themselves immaterial and as such need not be disclosed; and
- clarifying that not all accounting policies that relate to material transactions, other events or conditions are themselves material to a Group's financial statements.

The Board also amended IFRS Practice Statement 2 to include guidance and two additional examples on the application of materiality to accounting policy disclosures. The amendments are effective for annual reporting periods beginning on or after 1 January 2023 with earlier application permitted.

- Definition of Accounting Estimates (Amendments to IAS 8) – The amendments introduce a new definition for accounting estimates clarifying that they are monetary amounts in the financial statements that are subject to measurement uncertainty.

The amendments also clarify the relationship between accounting policies and accounting estimates by specifying that a company develops an accounting estimate to achieve the objective set out by an accounting policy. The amendments are effective for periods beginning on or after 1 January 2023, and will apply prospectively to changes in accounting estimates and changes in accounting policies occurring on or after the beginning of the first annual reporting period in which the company applies the amendments.

- Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12) – The amendments narrow the scope of the initial recognition exemption (IRE) so that it does not apply to transactions that give rise to equal and offsetting temporary differences. As a result, companies will need to recognize a deferred tax asset and a deferred tax liability for temporary differences arising on initial recognition of a lease and a decommissioning provision. For leases and decommissioning liabilities, the associated deferred tax asset and liabilities will need to be recognized from the beginning of the earliest comparative period presented, with any cumulative effect recognized as an adjustment to retained earnings or other components of equity at that date. The amendments are effective for annual reporting periods beginning on or after 1 January 2023 with earlier application permitted.

- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28) – The amendment amends accounting treatment on loss of control of business or assets. The amendments also introduce new accounting for less frequent transaction that involves neither cost nor full step-up of certain retained interests in assets that are not businesses. The effective date for these changes has been deferred indefinitely until the completion of a broader review.

The above improvements are likely to have no impact on the Group's financial statements.

The following annual improvements to IFRS Standards 2018-2020 are effective for annual reporting periods beginning on or after 1 January 2022.

- IFRS 9 – The amendment clarifies that an entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf, when it applies the '10 per cent' test in paragraph B3.3.6 of IFRS 9 in assessing whether to derecognize a financial liability.
- IFRS 16 – The amendment partially amends Illustrative Example 13 accompanying IFRS 16 by excluding the illustration of reimbursement of leasehold improvements by the lessor. The objective of the amendment is to resolve any potential confusion that might arise in lease incentives.
- IAS 41 – The amendment removes the requirement in paragraph 22 of IAS 41 for entities to exclude taxation cash flows when measuring the fair value of a biological asset using a present value technique.

The above improvements are likely to have no impact on the Groups' financial statements.

## 5. SHARE CAPITAL

### 5.1 Authorised share capital

	Number of shares	2021 (Rupees in thousand)	2020
(2020: 1,400,000,000) ordinary shares of Rs. 10 each	1,400,000,000	14,000,000	14,000,000
(2020: 100,000,000) 9.75% redeemable cumulative preference shares of Rs. 10 each	100,000,000	1,000,000	1,000,000
	<u>1,500,000,000</u>	<u>15,000,000</u>	<u>15,000,000</u>

### 5.2 Issued, subscribed and paid-up share capital

	Note	Number of shares	2021 (Rupees in thousand)	2020
<b>Number of shares</b>				
(2020: 860,972,162) ordinary shares of Rs. 10 each fully paid in cash	5.2.2	860,972,162	8,609,721	8,609,721
(2020: 35,834,100) ordinary shares of Rs. 10 each issued as fully paid for consideration other than cash		35,834,100	358,341	358,341
(2020: 46,069,400) ordinary shares of Rs. 10 each issued as fully paid bonus shares		46,069,400	460,694	460,694
(2020: 153,846,153) ordinary shares of Rs. 10 each issued as fully paid right shares at discount	5.2.3	153,846,153	1,538,462	1,538,462
(2020: 1,624,417) ordinary shares of Rs. 10 each issued on conversion of preference shares into ordinary shares	5.2.4	1,624,417	16,244	16,244
	5.2.1	<u>1,098,346,232</u>	<u>10,983,462</u>	<u>10,983,462</u>
<b>5.2.1 Movement of Issued, subscribed and paid-up share capital</b>				
At beginning of the year		1,098,346,232	10,983,462	5,937,007
Ordinary shares issued during the year	5.2.2	-	-	5,046,455
At end of the year		<u>1,098,346,232</u>	<u>10,983,462</u>	<u>10,983,462</u>

**5.2.2** During the financial year ended 30 June 2020, the Holding Company issued 504,645,556 ordinary shares at the rate of Rs. 12 per share (including share premium of Rs. 2 per share). The same was approved by Board of Directors ("the Board") and shareholders in their meeting held on 19 September 2019 and 26 October 2019 respectively.

**5.2.3** During the financial year ended 30 June 2011, the Holding Company issued 153,846,153 shares at Rs. 6.50 per share at a discount of Rs. 3.50 per share otherwise than right against Rs. 1,000 million to the Ultimate Holding Company, after complying with all procedural requirements in this respect.

**5.2.4** During the financial years ended 30 June 2011 and 30 June 2012, 1,321,095 preference shares were converted into 1,624,417 ordinary shares at a conversion rate of 1.2296.

**5.3** The Ultimate Holding Company holds 606,497,944 (2020: 327,836,727) ordinary shares, which represents 55.22% (2020: 55.22%) of total ordinary issued, subscribed and paid-up share capital of the Holding Company.

**5.4** Directors of the Holding Company hold 96,706 (2020: 61,196) ordinary shares of Rs. 10 each of the Holding Company.

	Note	2021 (Rupees in thousand)	2020
<b>6. CAPITAL RESERVES</b>			
Capital redemption reserve	6.1	528,263	528,263
Share premium reserve	6.2	6,060,550	6,060,550
		<u>6,588,813</u>	<u>6,588,813</u>

**6.1** This reserve has been created under section 85 of the repealed Companies Ordinance, 1984 for redemption of preference shares.

**6.2** This reserve can be utilized by the Holding Company only for the purpose specified in section 81(2) of the Companies Act, 2017.

	2021 (Rupees in thousand)	2020
<b>7. SURPLUS ON REVALUATION OF FIXED ASSETS - NET OF TAX</b>		
At beginning of the year	4,944,623	5,058,008
Surplus on revaluation during the year	-	147,454
Related deferred tax liability	-	37,641
Surplus on disposal of fixed assets during the year		
- net of deferred tax	(82)	(1,535)
Related deferred tax liability	(33)	(604)
Transfer to unappropriated profit in respect of incremental depreciation charged during the year - net of deferred tax	(515,500)	(212,642)
Related deferred tax liability	(204,550)	(83,699)
<b>At end of the year</b>	<b>4,224,458</b>	<b>4,944,623</b>
<b>Deferred tax liability on revaluation surplus</b>		
At beginning of the year	1,277,467	1,173,528
Tax on surplus	3,339	37,641
Transferred to unappropriated profit in respect of disposal of fixed assets during the year	(33)	(604)
Transferred to unappropriated profit in respect of incremental depreciation charged during the year	(204,550)	(83,699)
Effect of change in effective tax rate due to proportion of local and export sales	12,775	150,601
<b>At end of the year</b>	<b>1,088,998</b>	<b>1,277,467</b>
	<u>3,135,460</u>	<u>3,667,156</u>

- 7.1** The Group's freehold land, buildings on freehold land, roads, bridges and railway sidings and plant and machinery were revalued by Arif Evaluators, an independent valuer not connected with the Holding Company and approved by Pakistan Banks' Association (PBA) in "any amount" category, at 30 June 2020. The basis of revaluation for items of these fixed assets were as follows:

**Freehold land**

Fair market value of freehold land was assessed through inquiries to real estate agents and property dealers in near vicinity of freehold land. Different valuation methods and exercises were adopted according to experience, location and other usage of freehold land. Valuer had also considered all relevant factors as well.

**Buildings on freehold land, roads, bridges and railway sidings**

Construction specifications were noted for each building, structure and civil works and new construction rates are applied according to construction specifications for current replacement values. After determining current replacement values, depreciation was calculated to determine the current assessed market value.

**Plant and machinery**

Suppliers and different cement plant consultants in Pakistan and abroad were contacted to collect information regarding current prices of comparable cement plant to determine current replacement value. Fair depreciation factor for each item is applied according to their physical condition, usage and maintenance.

## 8. LONG TERM LOANS FROM FINANCIAL INSTITUTIONS - SECURED

Lender	Sanctioned Limit	2021	2020	Remaining Tenor of Principal Repayments	Mark-up as per Agreement	Security
Rupees in '000'						
1 Askari Bank Limited - Term Finance	707,130	707,129	707,129	20 equal quarterly installments starting from 28 March 2022	3-Month KIBOR + 75bps p.a payable quarterly in arrears from 1st drawdown to be set on last business day before first draw down and then on immediately preceding day of each quarter.	1st Joint Pari Passu charge of Rs.1,333.33 million over fixed assets of the Holding Company with 25% margin.
2 Bank of Punjab - Demand Finance	1,253,119	1,253,119	1,253,119	20 equal quarterly installments starting from 27 May 2022	3-Month KIBOR + 75bps p.a payable quarterly in arrears to be reset on last working day of preceding calendar quarter.	1st Joint Pari Passu charge over all present and future fixed assets of the Holding Company with 25% margin amounting to Rs. 4,666.67 million and personal guarantee of Mr. Tariq Sayeed Saigol and Mr. Sayeed Tariq Saigol (sponsoring directors).
3 MCB Bank Limited - Demand Finance	1,451,920	1,367,920	1,367,920	20 equal quarterly installments starting from 22 June 2022	3-Month KIBOR + 75bps p.a payable quarterly in arrears to be reset on 1st working day of each quarter.	1st joint Pari Passu charge of Rs. 6,667 million over all present and future fixed assets of the Holding Company with 25% margin.
4 National Bank of Pakistan - Demand Finance	5,500,000	2,994,285	2,994,285	21 equal quarterly installments starting from 30 September 2021	3-Month KIBOR + 75bps p.a payable quarterly in arrears to be set on last business day before first draw down and then on immediately preceding day of each calendar quarter.	1st joint Pari Passu charge of Rs. 7,334 million over fixed assets of the Holding Company and personal guarantee of Mr. Tariq Sayeed Saigol and Mr. Sayeed Tariq Saigol (sponsoring directors).
5 Samba Bank - Term Finance	450,000	450,000	450,000	12 equal quarterly installments starting from 01 Apr 2022	3-Month KIBOR + 75bps p.a payable quarterly in arrears to be reset on 1st working day of each calendar quarter.	Joint Pari Passu charge of Rs. 600 million on entire present and future fixed assets of the Holding Company.
6 MCB Bank Limited (EX NIB) - Term Finance	1,488,379	1,488,379	1,488,379	21 equal quarterly installments starting from 4 May 2022	3-Month KIBOR + 75bps p.a payable quarterly in arrears to be set on the first working day of every calendar quarter.	1st Joint Pari Passu charge of Rs. 6,667 million over all present and future fixed assets of the Holding Company with 25% margin.
7 MCB Islamic - Diminishing Musharikah	1,500,000	1,104,167	1,104,167	18 equal quarterly installments starting from 27 March 2022	3-Month KIBOR + 70 bps p.a payable quarterly in arrears to be set on the date of first day of disbursement and to be reset on 1st working day of calendar quarter.	1st Joint Pari Passu charge of Rs. 2,000 million over all present and future fixed assets, personal guarantee of Mr. Tariq Sayeed Saigol and Mr. Sayeed Tariq Saigol (sponsoring directors).
8 Habib Bank Ltd. - Term Finance	1,000,000	714,286	714,286	20 equal quarterly installments starting from 28 September 2022	3-Month KIBOR + 75bps p.a payable quarterly in arrears to be set on last business day before first draw down and then on immediately preceding day of each quarter.	Joint Pari Passu equitable and hypothecation charge of Rs. 1,334 million over all present and future fixed assets of the Holding Company.
9 Askari Bank Limited - Term Finance	125,000	125,000	125,000	5 equal quarterly installments starting from 04 March 2022	3-Month KIBOR + 125 bps p.a payable quarterly in arrears to be set on last business day before first draw down and then on immediately preceding day of each quarter.	1st joint Pari Passu charge of Rs. 667 million over fixed assets of the Holding Company with 25% margin.
10 Bank of Punjab - Demand Finance	374,339	374,339	374,339	5 equal quarterly installments starting from 06 April 2022	3-Month KIBOR + 125 bps p.a payable quarterly in arrears to be set on the day of 1st draw down and then on last working day of preceding calendar quarter.	1st joint Pari Passu charge over all present and future fixed assets of the Holding Company with 25% margin amounting to Rs. 4,666.67 million and personal guarantee of Mr. Tariq Sayeed Saigol and Mr. Sayeed Tariq Saigol (sponsoring directors).

Lender		Sanctioned Limit	2021	2020	Remaining Tenor of Principal Repayments	Mark-up as per Agreement	Security
----- Rupees in '000' -----							
11	MCB Bank Limited - Demand Finance	185,145	37,029	185,145	5 equal quarterly installments starting from 06 April 2022	3-Month KIBOR + 115bps p.a payable quarterly in arrears to be reset on 1st working day of each calendar quarter.	1st Joint Pari Passu charge of Rs. 6,667 million over all present and future fixed assets of the Holding Company.
12	National Bank of Pakistan - Demand Finance	1,000,000	250,000	250,000	5 equal quarterly installments starting from 06 April 2022	3-Month KIBOR + 125bps p.a payable quarterly in arrears to be set on the date of first disbursement and subsequently at the beginning of each calendar quarter on the basis of rate as at last working day of immediately preceding calendar quarter.	1st Pari Passu charge of Rs. 1,334 million over all present and future fixed assets of the Holding Company, personal guarantee of Mr. Tariq Sayeed Saigol and Mr. Sayeed Tariq Saigol (sponsoring directors).
13	MCB Islamic Bank - Diminishing Musharikah	500,000	166,667	166,667	8 equal quarterly installments starting from 13 December 2022	3-Month KIBOR + 70 bps p.a payable quarterly in arrears to be set on the date of first disbursement and subsequently at the beginning of each quarter.	Joint Pari Passu charge of Rs. 666.67million over all present and future fixed assets of the Holding Company, personal guarantee of Mr. Tariq Sayeed Saigol and Mr. Sayeed Tariq Saigol (sponsoring directors).
14	Allied Bank Limited- SBP refinance for Wages and Salaries	933,000	639,945	433,179	8 equal quarterly installments starting from 31 January 2021	SBP rate plus 50bps to 100bps p.a payable quarterly. (refer to note 9.1 for details).	1st Pari Passu charge over all fixed assets of the Holding Company with 25% margin.
15	Par Investment Company Limited	300,000	150,000	150,000	8 equal quarterly installments starting from 28 September 2021	3 months KIBOR + 100 bps p.a. payable quarterly with the first payment falling due at the end of the 3rd month from the first disbursement date and subsequently every three months.	1st Pari Passu charge over present and future fixed assets of the Holding Company with 25% margin.
16	Askari Bank Limited - Term Finance	900,000	97,964	-	20 equal quarterly installments starting from 17 November 2021	3-Month KIBOR + 75 bps p.a payable quarterly in arrears to be set on the day of 1st draw down and then on last working day of preceding calendar quarter.	Cushion available against existing registered 1st Joint Pari Passu charge of Rs. 2,000 million, to the extent of Rs. 890.493 million, over fixed assets of the Holding Company with 25% margin and ranking hypothecation charge of Rs. 310 million with 25% margin, over all present and future fixed assets (excluding land and building) of the Holding Company (to be upgraded to 1st Joint Pari Passu charge).
17	Askari Bank Limited - TERF	900,000	591,957	-	20 equal quarterly installments starting from 17 November 2021	SBP Rate + 200 bps p.a payable quarterly in arrears. (For details refer to note 9.2).	Ranking hypothecation charge of Rs. 310 million, Margin 25% over all present and future fixed assets (excluding land and building) of the Holding Company to be registered with SECP.
18	Bank of Punjab - Demand Finance	1,000,000	161,102	-	24 equal quarterly installments starting from 14 Dec 2021	3-Month KIBOR + 75 bps p.a payable quarterly in arrears to be set on the day of 1st draw down and then on last working day of preceding calendar quarter.	1st joint Pari Passu charge over all present and future fixed assets of the Holding Company with 25% margin amounting to Rs. 4,666.67 million and personal guarantee of Mr. Tariq Sayeed Saigol and Mr. Sayeed Tariq Saigol (sponsoring directors).
19	National Bank of Pakistan - Demand Finance	3,000,000	198,302	-	32 equal quarterly installments starting from 18 September 2023	3-Month KIBOR+ 125bps p.a payable quarterly in arrears to be reset on last working day of preceding calendar quarter.	Ranking charge of Rs. 4,000 million, to be upgraded to 1st Joint Pari Passu Charge, over present and future fixed assets of the Holding Company with 25% margin and personal guarantee of Mr. Tariq Sayeed Saigol and Mr. Sayeed Tariq Saigol (sponsoring directors).

Lender	Sanctioned Limit	2021	2020	Remaining Tenor of Principal Repayments	Mark-up as per Agreement	Security
----- Rupees in '000' -----						
20 Bank of Punjab - Demand Finance	3,000,000	182,555	-	32 equal quarterly installments starting from 18 June 2023	3-Month KIBOR + 90 bps p.a payable quarterly in arrears to be reset on last working day of preceding calendar quarter.	Cushion available against existing registered 1st Joint Pari Passu charge of Rs.4,666.66 million, to the extent of Rs. 763.9 million, over fixed assets of the Holding Company with 25% margin and initial ranking charge of Rs. 3,236.1 million with 25% margin, over all present and future fixed assets of the Holding Company (to be upgraded to 1st Joint Pari Passu charge).
21 MCB Bank Limited - Demand Finance	2,000,000	136,931	-	32 equal quarterly installments starting from 18 June 2023	3-Month KIBOR +75 bps p.a payable quarterly in arrears to be reset on last working day of preceding calendar quarter.	1st Joint Pari Passu charge of Rs. 6,667 million over all present and future fixed assets of the Holding Company with 25% margin.
22 Habib Bank Ltd. - LTFF	2,000,000	249,851	-	20 equal quarterly installments starting from 25 September 2023	SBP+ 150bps p.a payable on calendar quarter.	1st Joint Pari Passu charge of Rs. 4,000 million over present and future fixed assets of the Holding Company with 25% margin.
Total	29,568,032	13,440,927	11,763,615			
Long term portion of cash finance and others (note 18.1)		-	534,487			
Long term portion of finance against trust receipts (note 18.5)		-	32,956			
Less:						
Impact of deferred government grant		(99,566)	-			
Current portion of long term loans from financial institutions - secured		(1,704,612)	(125,000)			
Long term portion of loans from financial institutions		11,636,749	2,206,058			

**8.1** The Holding Company has unavailed long term loan facilities amounting to Rs. 2,000 million (2020: Rs. 3,000 million) for the purpose of expansion / BMR of new cement product line.

	Note	2021 (Rupees in thousand)	2020
<b>9. DEFERRED GRANT</b>			
Balance as at 01 July		-	-
Recognized during the year	9.1 & 9.2	142,092	-
Amortization during the year		(42,526)	-
Balance as at 30 June		99,566	-
Current portion		(49,997)	-
Non - current portion		49,569	-

**9.1** The Holding Company obtained term loan / SBP COVID-19 relief facility under “SBP refinance scheme for payment of wages and salaries” introduced by Government of Pakistan in order to prevent entities from laying-off employees during COVID-19 outbreak. The Holding Company obtained Rs. 853.26 million, for paying salaries for the months from April 2020 to September 2020. The facility carries mark-up at the rate specified by State Bank of Pakistan plus spread of 0.5% to 1% per annum. The loan has been measured at its fair value in accordance with IFRS 9 (Financial Instruments) using market rates at SBP approval dates of each tranche. The difference between fair value of loan and loan proceeds has been recognised as deferred grant as per requirements of IAS 20 (Accounting for Government Grants and Disclosure of Government Assistance) and as per Circular 11/2020 issued by the Institute of Chartered Accountants of Pakistan.

**9.2** The Holding Company has obtained term loan amounting to Rs. 592 million, under “SBP Temporary Economic Refinance Facility” for setting up of Waste Heat Recovery Plant. The facility carries markup at the rate specified by State Bank of Pakistan plus spread of 2% per annum. The loan has been measured at its fair value in accordance with IFRS 9 (Financial Instruments) using market rates at SBP approval dates of each tranche. The difference between fair value of loan and loan proceeds has been recognised as deferred grant as per requirements of IAS 20 (Accounting for Government Grants and Disclosure of Government Assistance) and as per selected opinion issued in November 2020 by the Institute of Chartered Accountants of Pakistan.

## 10. LONG TERM DEPOSITS

These represent deposits received from dealers which have not been kept in a separate bank account.

	Note	2021 (Rupees in thousand)	2020
<b>11. DEFERRED TAXATION</b>			
<b>Deferred tax liability on taxable temporary differences arising in respect of:</b>			
- accelerated tax depreciation on fixed assets		5,260,413	5,115,992
- surplus on revaluation of fixed assets		1,088,998	1,277,467
		6,349,411	6,393,459
<b>Deferred tax asset on deductible temporary differences arising in respect of:</b>			
- provision against expected credit loss	11.2	(85,084)	(52,400)
- unused tax losses		(1,991,241)	(2,781,037)
- tax credit under section 65B of ITO 2001		-	(119,870)
- alternative corporate tax		(276,429)	-
- employees' retirement benefits		(65,117)	(60,712)
		(2,417,871)	(3,014,019)
		3,931,540	3,379,440
<b>11.1 Movement in deferred tax balances is as follows:</b>			
At beginning of the year		3,379,440	3,705,927
<b>Recognized in consolidated statement of profit or loss:</b>			
- accelerated tax depreciation on fixed assets		144,421	604,091
- surplus on revaluation of fixed assets		(204,583)	(84,303)
- unused tax losses		789,796	(1,460,493)
- tax credit under section 65B of ITO 2001		119,870	440,969
- employees' retirement benefits		3,427	(11,843)
- alternative corporate tax		(276,429)	-
- provision for doubtful debts		(32,684)	(5,655)
		543,818	(517,234)
<b>Recognized directly in equity</b>			
Effect on deferred tax due to change in effective tax rate due to proportion of local and export sales		12,775	150,601
<b>Recognized in other comprehensive income:</b>			
- employees' retirement benefits		(7,832)	2,505
- surplus on revaluation of fixed assets		3,339	37,641
		3,931,540	3,379,440

**11.2** This represents deferred tax asset on unused tax losses amounting to Rs. 6,866.35 million (2020: Rs. 9,589.78 million) recognized on the basis of future expected taxable profits. As at 30 June 2021, unused tax losses represent unabsorbed depreciation which is available for adjustment for indefinite period in accordance with the provisions of Income Tax Ordinance, 2001.

	Note	2021 (Rupees in thousand)	2020 (Rupees in thousand)
<b>12. RETIREMENT BENEFITS</b>			
Accumulated compensated absences	12.1	137,775	126,963
Gratuity	12.2	90,491	87,989
		<u>228,266</u>	<u>214,952</u>

### 12.1 Accumulated compensated absences

The actuarial valuation of the Group's accumulated compensated absences was conducted on 30 June 2021 using projected unit credit method. Detail of obligation for accumulated compensated absences is as follows:

	2021 (Rupees in thousand)	2020 (Rupees in thousand)
<b>12.1.1 Movement in the present value of defined benefit obligations is as follows:</b>		
Present value of defined benefit obligations at beginning of the year	126,963	106,184
Current service cost for the year	10,053	12,275
Interest cost for the year	9,957	14,354
Actuarial losses on present value of defined benefit obligations	10,450	8,531
Benefits paid during the year	(19,648)	(14,381)
<b>Present value of defined benefit obligation at end of the year</b>	<u>137,775</u>	<u>126,963</u>
<b>12.1.2 Charge for the year</b>		
<b>In statement of profit or loss</b>		
Current service cost for the year	10,053	12,275
Interest cost for the year	9,957	14,354
Actuarial losses on present value of defined benefit obligations	10,450	8,531
	<u>30,460</u>	<u>35,160</u>

### 12.1.3 Sensitivity analysis

If the significant actuarial assumptions used to estimate the liability of compensated absences at the reporting date, had fluctuated by 100 bps with all other variables held constant, the present value of the defined benefit obligation as at 30 June 2021 would have been as follows:

	<b>Compensated absences</b>	
	<b>Present value of defined benefit obligation</b>	
	<b>Increase in assumption</b>	<b>Decrease in assumption</b>
	<b>(Rupees in thousand)</b>	
Discount rate (100 bps)	124,097	153,994
Future salary increase (100 bps)	153,723	124,108

The sensitivity analysis of the defined benefit obligation to the significant actuarial assumptions has been performed using the same calculation techniques as applied for calculation of defined benefit obligation reported in the unconsolidated statement of financial position.

**12.1.4** At 30 June 2021, the average duration of the defined benefit obligation was 11 years.

#### 12.1.5 Actuarial assumptions

The following are the principal actuarial assumptions as at 30 June 2021:

	2021	2020
	(Percentage)	
Discount rate used for interest cost in profit or loss	8.50%	14.50%
Discount rate used for year end obligations	10.00%	8.50%
Expected rate of growth per annum in future salaries	9.00%	7.50%
Expected mortality rate	SLIC 2001 - 2005 Setback 1 Year	
Retirement assumptions	60 Years	60 Years

#### 12.2 Gratuity

The latest actuarial valuation of the Group's defined benefit plan, was conducted on 30 June 2021 using projected unit credit method. Detail of obligation for defined benefit plan is as follows:

**The amounts recognized in the statement of consolidated financial position are as follows:**

	Note	2021 (Rupees in thousand)	2020
Present value of defined benefit obligation	12.2.1	168,575	156,026
Less: Fair value of plan assets	12.2.2	(78,084)	(70,163)
Plus: Payable to ex-employees		-	2,126
<b>Net liability at end of the year</b>		<b>90,491</b>	<b>87,989</b>
Net liability at beginning of the year		87,989	99,170
Charge to profit and loss account for the year	12.2.3	11,596	19,032
Charge to other comprehensive income for the year	12.2.3	27,456	(8,870)
Contribution made during the year		(36,550)	(21,343)
<b>Net liability at end of the year</b>		<b>90,491</b>	<b>87,989</b>
<b>12.2.1 Movement in the present value of defined benefit obligations is as follows:</b>			
Present value of defined benefit obligations at beginning of the year		156,026	167,576
Current service cost for the year		5,852	6,695
Interest cost for the year		11,708	21,900
Benefits due but not paid		-	(2,126)
Adjustment of Payables (already paid in last year)		2,126	-
Actuarial losses / (gain) on present value of defined benefit obligations		29,414	(12,363)
Benefits paid during the year		(36,551)	(25,656)
<b>Present value of defined benefit obligation at end of the year</b>		<b>168,575</b>	<b>156,026</b>

### 12.2.2 Movement in the fair value of plan assets is as follows:

Fair value of plan assets at beginning of the year  
Contributions made during the year  
Expected return on plan assets for the year  
Return on plan assets excluding interest income  
Benefits paid during the year

#### Fair value of plan assets at end of the year

#### Fair value of plan assets are as follows:

NAFA Government Securities Liquid Fund  
Special saving certificates  
Cash at bank

2021	2020
(Rupees in thousand)	

70,163	69,263
36,550	21,343
5,964	9,563
1,958	(3,493)
(36,551)	(26,513)

78,084	70,163
--------	--------

23,424	20,053
53,280	48,000
1,380	2,110
78,084	70,163

2021	2020
(Percentage)	

#### Plan assets comprise of:

Equity  
Special saving certificates  
Cash at bank

30.00%	28.58%
68.23%	68.41%
1.77%	3.01%
100.00%	100.00%

2021	2020
(Rupees in thousand)	

### 12.2.3 Charge for the year

#### In consolidated statement of profit or loss

Current service cost for the year  
Interest cost for the year  
Expected return on plan assets for the year

#### In consolidated other comprehensive income

Actuarial loss / (gain) on retirement benefits - net

5,852	6,695
11,708	21,900
(5,964)	(9,563)
11,596	19,032

27,456	(8,870)
39,052	10,162

#### Actuarial assumptions

The following are the principal actuarial assumptions at 30 June:

2021	2020
(Percentage)	

Discount rate used for year end obligations  
Discount rate used for interest cost in profit or loss  
Expected rate of growth per annum in future salaries  
Expected mortality rate

Retirement assumptions

10.00%	8.50%
8.50%	14.25%
9.00%	7.50%
SLIC 2001 - 2005	
Setback 1 Year	
60 Years	60 Years

- 12.3** The Group expects to charge Rs. 13.537 million to consolidated statement of profit or loss on account of defined benefit plan in the year ending 30 June 2022.

#### 12.4 Sensitivity analysis

If the significant actuarial assumptions used to estimate the defined benefit obligation at the reporting date, had fluctuated by 100 bps with all other variables held constant, the present value of the defined benefit obligation as at 30 June 2021 would have been as follows:

	Gratuity	
	Present value of defined benefit obligation	
	Increase in assumption	Decrease in assumption
	(Rupees in thousand)	
Discount rate (100 bps)	161,490	176,312
Future salary increase (100 bps)	176,312	161,364

The sensitivity analysis of the defined benefit obligation to the significant actuarial assumptions has been performed using the same calculation techniques as applied for calculation of defined benefit obligation reported in the consolidated statement of financial position.

- 12.5** At 30 June 2021, the average duration of the defined benefit obligation was 4 years.

- 12.6 Compensated absence and gratuity charge to consolidated profit or loss for the year has been allocated as follows:**

	Note	2021 (Rupees in thousand)	2020
Cost of sales	34.2	32,693	43,221
Administrative expenses	36.1	6,466	8,483
Distribution expenses	35.1	2,897	2,488
		42,056	54,192

### 13. RETENTION MONEY PAYABLE

This amount represents retention money payable to M/s FLS Smidth amounting to Euro 3.796 million (equivalent to Rs. 421.841 million at the exchange rate prevailing on the date of signing of contract, i.e. 16 January 2017) on meeting the agreed performance guarantee. The amount is payable after the expiry of two years period following the fulfillment of performance guarantee and has been accounted for at present value using discount rate of 7% per annum and unwinding of liability amounting to Rs. 25.625 million is charged to consolidated statement of profit or loss.

#### 14. PAYABLE TO GOVERNMENT AUTHORITY

Payable to Government Authority  
Less: Current maturity of Payable to Government Authority

2021	2020
(Rupees in thousand)	
324,370	399,322
(281,480)	(166,384)
42,890	232,938

This represents non-current portion of Gas Infrastructure Development Cess (GIDC) payable to Sui Northern Gas Pipelines Limited (SNGPL). During previous years, the Holding Company, along with various other companies had challenged the legality and validity of levy and demand of GIDC in Honorable Lahore High Court which was pending adjudication at the end of last year. However, during the year Supreme Court of Pakistan vide judgement dated 13 August 2020, while dismissing appeals filed by various industrial and commercial entities with respect to the legality and validity of levy and demand of GIDC, has decided the case in favor of SNGPL. Now the Holding Company is to pay the balance amount of GIDC in 24 equal monthly installments. This liability has been recognized at fair value using discount rate of 8.31% per annum and the difference between the fair value and the total amount of liability is recognized in consolidated statement of profit or loss as other income. Subsequent to initial recognition, the effect of unwinding of liability is recognized in consolidated statement of profit or loss as finance cost.

#### 15. TRADE AND OTHER PAYABLES

Trade creditors  
Due to the Ultimate Holding Company - Unsecured  
Bills payable - secured  
Accrued liabilities  
Payable to Workers' Profit Participation Fund  
Contract liability  
Payable to Workers' Welfare Fund  
Payable to Provident Fund Trust

Note

2021	2020
(Rupees in thousand)	
2,843,605	3,257,091
-	35,528
752,517	750,472
925,123	647,804
1,553,602	1,284,355
250,565	236,220
86,043	4,844
15,830	1,116
6,427,285	6,217,430
Payable to Government on account of:	
Federal Excise Duty payable	789,851
Sales tax payable - net	129,739
Royalty and Excise Duty payable	90,252
Provision for electricity duty	136,312
Other taxes payable	270,331
1,416,485	1,602,673
Contractors' retention money	43,296
Security deposits repayable on demand	64,242
Payable against redemption of preference shares	1,016
Other payables	38,802
147,356	355,428
7,991,126	8,175,531

**15.1** This includes current portion of GIDC payable as at 30 June 2021, amounting to Rs. 281.48 million, as explained in note 14 to these consolidated financial statements.

	Note	2021 (Rupees in thousand)	2020
<b>15.2 Payable to Workers' Profit Participation Fund</b>			
At beginning of the year		1,284,355	1,285,967
Allocation for the year	37	269,247	70,661
Less: Paid during the year		-	(72,273)
<b>At end of the year</b>	<b>15.2.1</b>	<b>1,553,602</b>	<b>1,284,355</b>

**15.2.1** The WPPF liability includes leftover amount of Rs.1,284.35 million payable to Workers Welfare Fund in terms of Companies Profits Worker's Participation Act, 1968 pertaining to the financial year ended 30 June 2012 to 30 June 2019. According to the 18th amendment to the Constitution of Pakistan in 2010, all labor / labor welfare laws have become provincial subject, and accordingly the left over amount is no more payable to the Federal Treasury. Major strength of Group's employees eligible for benefit of WPPF are working in the Province of Punjab and accordingly potential amount of left over amount of WPPF is required to be paid to the relevant provincial authority as held by the Honorable Sindh High Court in its judgment in C.P. No. D-1313 of 2013 announced on February 12, 2018. The Government of Punjab has enacted Companies Profits (Workers' Participation) (Amendment) Ordinance 2018 which is silent about the payment of the amount in excess of employees' entitlement. Further in view of legal constraints and constraints as aforementioned, the management is of the view that no markup is due on the unpaid amount.

**15.3** This represents advance received from customers for future sale of goods. During the year, the Group has recognized revenue amounting to Rs. 89.35 million, out of the contract liability as at 01 July 2020.

	Note	2021 (Rupees in thousand)	2020
<b>15.4 Workers' Welfare Fund</b>			
At the beginning of the year		4,844	4,844
Charge for the year		81,199	-
Prior year charge		161	-
	37	81,360	-
Payment made during the year		(161)	-
<b>At end of the year</b>		<b>86,043</b>	<b>4,844</b>

**15.5** This represents retention money withheld from contractors and are repayable after satisfactory completion of contracts.

**15.6** This represents security deposits received from distributors and contractors of the Holding Company. This includes security deposits amounting to Rs. 42.71 million which have not been kept in a separate bank account and Rs. 21.53 million utilized for the purpose of the business in accordance with requirements of written agreement with distributors and contractors.

	Note	2021 (Rupees in thousand)	2020
<b>16. MARK-UP ACCRUED ON BORROWINGS</b>			
Profit / mark-up accrued on:			
- Long term loans	16.1	211,307	314,057
- Short term borrowings		28,854	195,877
		<u>240,161</u>	<u>509,934</u>

**16.1** Accrued mark-up on all loans includes Rs. 5.112 million (2020: Rs. 6.542 million) related to an arrangement permissible under Shariah. Remaining mark up pertains to the loans from conventional banks.

	2021 (Rupees in thousand)	2020
<b>17. ADVANCE INCOME TAX - NET</b>		
At beginning of the year	1,821,238	1,276,588
Tax deducted / deposited at source	747,553	985,668
Advance income tax paid	366,170	-
Tax refunds received	(366,170)	(298,918)
	<u>2,568,791</u>	<u>1,963,338</u>
(Provision) / reversal during the year:		
- current	(595,446)	(50,642)
- prior	(2,285)	(91,458)
- WWF paid	(161)	-
	<u>(597,892)</u>	<u>(142,100)</u>
	<u>1,970,899</u>	<u>1,821,238</u>

**17.1** Deputy Commissioner Inland Revenue through order dated 31 July 2017 raised a demand of Rs. 2.46 million under section 122(5A) for the tax year 2011 of the Income Tax Ordinance, 2001. The demand was later reduced to Rs. 2.056 million on 14 March 2018. The Holding Company has preferred an appeal before CIR(A). During last year, CIR(A), through order dated 17 April 2020, decided the issues relating to enhancement of minimum tax liability and apportionment of admissible / inadmissible deductions against the Holding Company. Being aggrieved, the Holding Company has preferred an appeal before the ATIR, which is pending adjudication. However, management and tax advisor of the Holding Company are hopeful of favorable outcome of the case. Accordingly no provision has been incorporated in these consolidated financial statements.

**17.2** The Additional Commissioner Inland Revenue, Audit, Range, Zone - 1, Large Taxpayers Unit, Lahore (ACIR) initiated proceedings related to the tax year 2017, vide order dated 13 March 2019, against the Holding Company under section 122(9) read with section 122(5A) of the Income Tax Ordinance 2001 (the "Ordinance"). The notice was duly responded by tax advisor of the Holding Company. During last year, proceedings were concluded and ACIR raised an additional tax demand of Rs. 303.360 million through amendment order, dated 27 January 2020, passed under section 122(5A) of the Ordinance. The Holding Company preferred an appeal against the amendment order before the Commissioner Inland Revenue (Appeals) - CIR(A). The CIR(A), through his order dated 6 May 2020, decided all the matters in favor of the Holding Company except for issues relating to claim of depreciation and initial allowance, without reducing tax credit claimed under section 65B of the Ordinance from the cost of the asset and apportionment of advertisement & sales promotion expenses. The Holding Company, as well as the tax authorities, have preferred an appeal before the Appellant Tribunal Inland Revenue (ATIR),

which is pending adjudication at the year end. However, being prudent the Holding Company has recorded the provision of Rs. 46.88 million during last year in these consolidated financial statements. However, management of the Holding Company is confident of favorable outcome of other matters of the case. Therefore, further no provision has been incorporated in these consolidated financial statements.

- 17.3** The Deputy Commissioner Inland Revenue, Audit - 2, Zone I, Large Taxpayers Unit, Lahore ('DCIR') passed an appeal effect order dated 31 July 2017, related to tax year 2015, under section 124/129 of the Ordinance, giving effect to an earlier order passed by CIR(A). While passing the order, the DCIR made certain errors which were assailed before CIR(A) in second round of appeal. During last year, CIR(A), through order dated 17 April 2020, decided the issues relating to enhancement of minimum tax liability and apportionment of admissible deductions, aggregating to Rs.180 million, against the Holding Company. Being aggrieved, the Holding Company has preferred an appeal before the ATIR, which is pending adjudication. However, management and tax advisor of the Holding Company are hopeful of favorable outcome of the case. Accordingly no provision has been incorporated in these consolidated financial statements.
- 17.4** During the year, the Commissioner Inland Revenue Audit - I Large Taxpayers Office, Lahore ['CIR'], via notices dated February 26, 2021, has selected the Holding Company's case for audit of its income tax affairs for tax years 2015, 2016, 2017, 2018 & 2019. Being aggrieved, the Holding Company has challenged the vires of selection by the CIR before the Honorable Lahore High Court, Lahore ['LHC'] and the honorable LHC vide interim order dated April 1, 2021, directed that the audit proceedings shall continue, however, no final order shall be passed till the disposal of writ petition. Following the directions of LHC the Holding Company responded to audit proceedings and tax authorities issued show cause notices, under section 122(9) and section 111 of Income Tax Ordinance 2001, dated June 11, 2021 and June 25, 2021 respectively for all five tax years which are yet to be responded at the year end. However, management and tax/legal advisor of the Holding Company are hopeful of favorable outcome of the case. Therefore, no provision has been incorporated in these consolidated financial statements.
- 17.5** During the year, FBR through computerized balloting selected the Holding Company's case for audit of its sales tax affairs for the tax period from July 2017 to June 2018. Subsequently, the Deputy Commissioner Inland Revenue, Audit - 2, Zone I, Large Taxpayers Unit, Lahore ('DCIR') issued audit report and show cause notice dated March 8, 2021 and March 17, 2021 respectively. The proceedings were finalized through order dated 31 March 2021 through which an aggregate sales tax demand of Rs. 1,399,890,879 was created against the Holding Company. The Holding Company, being aggrieved, has preferred an appeal against the above referred order which was disposed of by the CIR vide appellate order dated July 15, 2021. Through such order, majority of the issues which were pressed in appeal were settled in favor of the Holding Company. Regarding the issues decided against the Holding Company, the Holding Company is in process of preferring an appeal before the ATIR. However, management and tax advisor of the Holding Company are hopeful of favorable outcome of the case. Therefore, no provision has been incorporated in these consolidated financial statements.
- 17.6** During the year, through notices dated March 3, 2021, the Commissioner Inland Revenue Audit - I Large Taxpayers Office, Lahore ['CIR'] selected the Holding Company's case for sales tax audit for tax periods from 01 July 2015 to 30 June 2017 and 01 July 2018 to 30 June 2020. The Holding Company challenged the vires of selection by the CIR before the Honorable Lahore High Court, Lahore ['LHC'] and the Honorable LHC vide interim order dated March 30, 2021, directed that the audit proceedings shall continue, however, no final order shall be passed till the disposal of writ petition. Following the directions of Honorable LHC the Holding Company responded to audit proceedings and tax authorities issued show cause notice, dated 31 May 2021, under section 11 of the Sales Tax Act 1990 for the subject tax periods which is yet to be responded at the year end. However, management and tax/legal advisor of the Holding Company are hopeful of favorable outcome of the case. Therefore, no provision has been incorporated in these consolidated financial statements.

- 17.7** The Additional Commissioner Inland Revenue, Audit, Range, Zone - 1, Large Taxpayers Unit, Lahore (ACIR), via notice dated May 21, 2020, initiated proceedings against the Holding Company, related to tax year 2018, under Section 122 (9) read with section 122 (5A) of the Income Tax Ordinance 2001 (ordinance). The above proceedings were concluded by the ACIR through amendment order dated 02 September 2020, passed under section 122(5A) of Ordinance through, as per which income tax demand of Rs. 376.182 million, was created against the Holding Company. The Holding Company, being aggrieved, preferred an appeal against the amendment order before the Commissioner Inland Revenue (Appeals) ['CIR(A)']. During the year, the CIR (A) through appellate order dated December 30, 2020, decided majority of the issues in favor of the Holding Company. The Holding Company, as well as the tax authorities, have preferred an appeal before the Appellant Tribunal Inland Revenue ['ATIR'] which is pending adjudication. However, management and tax advisor of the Holding Company are hopeful of favorable outcome of the case. Therefore, no provision has been incorporated in these consolidated financial statements.
- 17.8** During the year, DCIR issued show cause notices to the Subsidiary Company under section 11(2) of the Sales Tax Act, 1990 for the tax periods from July 2016 to Dec 2020 on account of inadmissibility of adjustment of input tax credit adjustment against Capacity Purchase Price (CPP) component of electricity tariff. In response to the show cause notices, the Subsidiary Company submitted various replies. The DCIR by ignoring the replies along with documents submitted by the Subsidiary Company, passed the orders no. 04/21 and 05/21 dated 15 July 2021 and 17 July 2021 respectively and raised sales tax demand aggregating to Rs. 1,026.41 million on account of non-apportionment of input tax credit against CPP component of electricity tariff. The Subsidiary Company is in process of filing an appeal before CIR(A). The Subsidiary Company on the basis of advice by tax advisor believes that the matter will be decided in its favor and, till the finalization of the case, the Subsidiary Company is contingently liable for amount of Rs.1,026.41 million.
- 17.9** During the year 2018, the Learned Additional Commissioner, Officer, Enforcement-III, Punjab Inland Revenue Authority, Lahore (the "Learned Addl. CIR") vide order in order-in-original No. ENF-III.50.2017 dated 22 March 2018 raised demand of Rs. 256 million against the Holding Company, related to tax period from July 2015 to March, 2017, on alleged non-deduction of withholding tax on services received by the Holding Company. Being aggrieved, the Holding Company filed an appeal before the Commissioner (Appeals), Punjab Revenue Authority. The Holding Company also challenged the vires of Rule 6 of Punjab Sales Tax on Services (Withholding) Rules, 2002 before Honorable Lahore High Court (LHC) through constitutional petition No. 203460/2018. The Hon'ble Court was pleased to issue notice to the department and suspended proceedings before the first appellate authority vide order dated 23 May 2018. The writ petition is pending adjudication. The Holding Company and the tax/legal advisor of the Holding Company are expecting favorable outcome of the case. Therefore, no provision has been booked in these consolidated financial statements.
- 17.10** During previous year, the Additional Commissioner of Inland Revenue (the "Addl. CIR"), vide order dated 7 April 2017, raised income tax demand related to the tax year 2016 on account of in-admissibility of tax credit under section 113(2)(c) of the Income Tax Ordinance 2001. Being aggrieved, the Holding Company filed a writ petition in the Honorable Lahore High Court (LHC) in May 2017 which is pending adjudication at the year end. The Holding Company and the tax/legal advisor of the Holding Company are expecting favorable outcome of the case. Therefore, no provision has been booked in these consolidated financial statements.
- 17.11** During previous years, the income tax department filed various appeals in Honorable Lahore High Court / Supreme Court of Pakistan against decisions of different appellate forum in favor of the Holding Company, which are pending adjudication at the year end. The Holding Company and the tax/legal advisor of the Holding Company are expecting favorable outcome of the cases. Therefore, no provision has been booked in these consolidated financial statements.

**17.12** During pervious years, the Deputy Commissioner Inland Revenue (DCIR) issued show cause notice dated 19 November 2018, to the Holding Company under section 11(2) of sales tax Act, 1990 ("The Act") for the tax period July 2016-June 2017 on account of in-admissible adjustment of input tax credit. In response to the show cause notice the Holding Company submitted various replies. The DCIR by ignoring the replies along with documents submitted by the Holding Company, passed an order under section 11(2) of the Act dated 15 July 2020 creating a demand of Rs. 131,265,432. The Holding Company has filed an Appeal before Commissioner Inland Revenue Audit - I Large Taxpayers Office, Lahore which is pending for fixation. The Holding Company and the tax advisor of the Holding Company are expecting favorable outcome of the case. Therefore, no provision has been booked in these consolidated financial statements.

	Note	2021 (Rupees in thousand)	2020
<b>18. SHORT TERM BORROWINGS</b>			
<b>Holding Company</b>			
Banking and financial institutions:			
- Cash finance and others	18.1.1	1,683,588	5,805,561
- Running finance	18.2	207,310	538,000
- Temporary bank overdrafts - unsecured	18.3	3,217	298,751
<b>Subsidiary Company</b>			
- Finance against trust receipts	18.4	-	331,513
- Running finance	18.5	30,000	200,000
- Temporary bank overdrafts - unsecured	18.3	-	7,990
		<b>1,924,115</b>	<b>7,181,815</b>
<b>18.1 Cash finance and others</b>			
Cash finance and others facilities availed	18.1.1	1,683,588	6,340,048
Classified to long term loans		-	(534,487)
		<b>1,683,588</b>	<b>5,805,561</b>

**18.1.1** These facilities have been obtained from various banking companies for working capital requirements and are secured by charge over current and future assets of the Holding Company; lien marked over import documents and title of ownership of goods imported under letters of credit.

The cash finance and other facilities carry mark-up at the rates ranging from 3.00% to 14.81% (2020: 3.00% to 17.64%) per annum payable quarterly in arrears.

The Holding Company has unavailed cash finance and other funded facilities aggregating Rs. 1,174.90 million (2020: Rs. 859 million) at the year end and has unavailed facilities for letters of credit and guarantee aggregating to Rs. 8,684.54 million (2020: Rs.3,806 million) at the year end.

**18.2** The Holding Company has unavailed running finance funded facilities aggregating Rs. 499.18 million (2020: Rs. 417 million). These are secured against same securities as mentioned in note 18.1.1.

The running finance carries mark-up at the rates ranging from 7.75% to 8.95% (2020: 8.39% to 15.36%) per annum payable quarterly.

**18.3** This represents temporary overdraft due to cheques issued by the Group at the statement of financial position date.

	Note	2021 (Rupees in thousand)	2020
<b>18.4 Finance against trust receipts</b>			
Finance against trust receipts availed		-	364,469
Classified to non-current		-	(32,956)
	18.4.1	-	331,513

**18.4.1** Last year balance represented utilized amount of finance against trust receipt facilities (FATR) availed from various banks with the cumulative sanctioned limit of Rs. 1,500 million. These carried mark-up rates ranging from 3 month / 1 month KIBOR plus 0.50% to 0.75% per annum, payable quarterly. At the current year end, the Company has unavailed FATR facility with sanction limit of Rs. 500 million from the Bank of Punjab which carries markup at the rate of three month KIBOR plus 0.75%, payable quarterly. This is secured against first Pari Passu charge of Rs. 667 million over all present and future moveable fixed assets of the Company with 25% margin, corporate guarantee of the Holding Company, assignment of receivables of the Holding Company, trust receipts and lien on title of goods under import documents. The expiry date of the facility is 31 December 2021.

**18.5** This represents utilized amount of short term running finance facility availed from National Bank of Pakistan with a accumulated sanctioned limit of Rs. 200 million (2020: Rs. 200 million). It carries mark-up at the rate of three months KIBOR plus 0.75% (2020: three month KIBOR plus 0.75%) per annum payable quarterly. This facility is secured against first Pari Passu charge of Rs. 267 million over all present and future current assets and moveable fixed assets of the Subsidiary Company.

The Subsidiary Company at the year end has unavailed facilities under Islamic mode of financing from MCB Islamic Bank Limited with a sanction limit of Rs. 400 million (2020: Rs. 400 million). These facilities are secured against first joint Pari Passu charge over current assets for Rs. 467 million, first joint Pari Passu charge over fixed assets of the Subsidiary Company with a margin of 25%, cross corporate guarantee of Holding Company.

## 19. CONTINGENCIES AND COMMITMENTS

### 19.1 Contingencies

#### The Holding Company

**19.1.1** The Holding Company filed writ petitions before the Honorable Lahore High Court against the legality of judgment passed by the Customs, Excise and Sales Tax Appellate Tribunal in 2004 whereby the Holding Company was held liable on account of wrongful adjustment of input sales tax on raw materials. The amount involved pending adjudication before the Honorable Lahore High Court is Rs.10.01 million out of which Rs. 3 million had already been paid during previous years. During the year Lahore High Court remanded the case back to Appellate Tribunal for Decision afresh. However, hearing of the appeals by the Appellate Tribunal is yet to be fixed. No further provision has been made in these consolidated financial statements in respect of the matter as the management and the Holding Company's legal advisor are confident that the ultimate outcome of this case will be in favor of the Holding Company.

**19.1.2** The Holding Company has filed an appeal before the Customs, Central Excise and Sales Tax Appellate Tribunal, Karachi against the order of the Deputy Collector Customs whereby the refund claim of the Holding Company amounting to Rs. 12.35 million was rejected and the Holding Company was held liable to pay an amount of Rs. 37.05 million by way of 10% customs duty allegedly leviable in terms of SRO 584(I)/95 and 585(I)/95 dated 01 July 1995. The impugned demand was raised by the department on the alleged ground that the Holding Company was not entitled to exemption from payment of customs duty and sales tax in terms of SRO 279(I)/94 dated 02 April 1994.

The Honorable Lahore High Court, upon the Holding Company's appeal, vide its order dated 06 November 2001 has decided the matter in favor of the Holding Company; however, the Collector of Customs has preferred a petition before the Honorable Sindh High Court, which is pending adjudication. The management and the legal advisor of the Holding Company are confident that the ultimate outcome of this case will be in favor of the Holding Company. However, no receivable of Rs. 12.35 million was booked by the management in previous years and no further provision has been booked by the management in these consolidated financial statements.

- 19.1.3** The Show Cause Notice was issued to the Holding Company on 04 December 1999 and demand was raised by the CBR for payment of duties and taxes on the plant and machinery imported by the Holding Company (pursuant to the exemption granted in terms of SRO 484(I)/92 allegedly on the ground that the plant could be locally manufactured and was therefore not exempt). A total demand of Rs.1,386.72 million was raised by the CBR out of which an amount of Rs. 449.328 Million was deposited by the Holding Company (initially the Holding Company deposited Rs. 269.328 million and subsequently deposited further amount of Rs. 180.00 million). Initially, the matter was decided in favor of the Holding Company as per the judgment of the Lahore High Court in W.P. No. 6794/2000. Against the aforesaid judgment of Lahore High Court, the customs department had filed appeal before the Supreme Court of Pakistan which was decided by the Hon'ble Supreme Court vide judgment dated 21.12.2011 with the direction to file reply to the Show Cause Notice before the Collector of Customs, Faisalabad. the Holding Company has filed its reply before the Collector of Customs, Faisalabad who decided the same against the Holding Company through an Order-in-Original No. 6/2014 dated 09 July 2014. The said Order-in-Original was challenged by the Holding Company by way of filing of Appeal No. 172/LB/2014 before the Customs Appellate Tribunal, Lahore who vide Judgment dated 21 August 2019 has granted partial relief to the Holding Company with direction to the Customs Department to recalculate the customs duty in accordance with the list communicated by EDB vide letter dated 21 June 2006. However, the Collector of Customs instead of making fresh calculations through a Demand Notice bearing C. No. CA-1946/2000(Pt-I)/8169 dated 23 October 2019 restored the original demand raised by the earlier Order-in-Original No. 06/2014 and directed the Holding Company to pay the amount of Rs. 933.810 million within a period of seven days. The said demand of tax was challenged by the Holding Company before the Honorable Lahore High Court, wherein stay against recovery was granted to it by the Honorable Lahore High Court vide order dated 04 November 2019. This matter is still pending before the Honorable Lahore High Court, Lahore and next date of hearing is yet to be fixed by the office of the High Court. No provision has been made in these consolidated financial statements in respect of the above stated amount as the management and the legal advisor of the Holding Company are confident that the ultimate outcome of this case will be in favor of the Holding Company.

- 19.1.4** The Holding Company filed an appeal before the Honorable Supreme Court of Pakistan against the judgment of the Division Bench of the Honorable High Court of Sindh at Karachi. The Division Bench, by judgment dated 15 September 2008, had partly accepted the appeal by declaring that the levy and collection of infrastructure cess / fee prior to 28 December 2006 was illegal and ultra vires and after 28 December 2006, it was legal and the same was collected by the Excise Department in accordance with the law. The Holding Company and the Province of Sindh and Excise and Taxation Department both preferred an appeal against the matters decided against them. The Honorable Supreme Court consolidated both the appeals and were set aside. Thereafter, law was challenged in constitution petition in the Honorable Sindh High Court Karachi. Stay was granted by the Honorable Sindh High Court on 31 May 2011 on payment of 50% of the cess to the Excise Department and on furnishing of bank guarantee for remaining 50% to them.

The Holding Company also filed an appeal before the Honorable Sindh High Court to challenge Sindh Development and Maintenance on levy and collection of infrastructure cess under Infrastructure Cess Act 2017. Stay was granted by the Honorable High Court on 27 November 2017 in line with earlier petitions as explained above, i.e. on payment of 50% of the cess to the Excise Department and on furnishing of bank guarantee for remaining 50% to them.

All the petitions mentioned were heard together and Honorable Sindh High Court by a consolidated judgment dated 04 June 2021, has decided the matter against the Holding Company by stating that levy is a cess and has been validly levied for the purpose of maintenance of infrastructure and Infrastructure Cess Act 2017 is valid with retrospective effect from 1994. However, the said judgment would remain suspended for a period of ninety days, up to 3 September 2021, and the interim arrangement of paying 50% of the cess and securing 50% of the cess through deposit of a bank guarantee would continue. The management being aggrieved with the decision of the Honorable Sindh High Court is in process of filing an appeal before Honorable Supreme Court of Pakistan. The management and legal advisor of the Holding Company are confident that the case will ultimately be decided in favor of the Holding Company. However, being prudent, the management has not booked receivable of 50% cess already paid in these consolidated financial statements.

- 19.1.5** The Competition Commission of Pakistan, vide order dated 27 August 2009, imposed penalty on twenty cement factories of Pakistan at the rate of 7.5% of the turnover value. In doing so, the Commission imposed penalty amounting to Rs. 586.19 million on the Holding Company. The Commission alleged that provisions of section 4(1) of the Competition Commission Ordinance, 2007 have been violated. However, after the abeyance of Honorable Islamabad High Court pursuant to the judgment of Honorable Supreme Court of Pakistan dated 31 July 2009, the titled petition has become infructuous and the Holding Company has filed a writ petition no. 15618/2009 before the Honorable Lahore High Court (LHC). During the year, Honorable LHC vide its order dated 26 October 2020 decided the writ petition challenging the vires of the law against the Holding Company and the appeal impugning the levy of penalty vide order dated 28 August 2009 has been referred to the Competition Appellate Tribunal. The Holding Company has challenged decision of LHC before the Honorable Supreme Court of Pakistan which is pending adjudication at the year end. No provision has been made in these consolidated financial statements as the management and the legal advisor of the Holding Company are confident that the ultimate outcome of this case will be in favor of the Holding Company.
- 19.1.6** The Additional Collector, Karachi issued show cause notice alleging therein that the Holding Company has wrongly claimed the benefits of SRO No. 575(I)/2006 dated 05 June 2006 on the import of pre-fabricated buildings structure. Consequently, the Holding Company is liable to pay Government dues amounting to Rs. 5.55 million. the Holding Company submitted reply to the show cause notice and currently proceedings are pending before the Additional Collector. No provision has been made in these consolidated financial statements as the management and the legal advisor of the Holding Company are confident that the ultimate outcome of this case will be in favor of the Holding Company.
- 19.1.7** The customs department filed an appeal against the judgment dated 19 May 2009, passed in favor of the Holding Company pursuant to which the Holding Company is not liable to pay custom duty amounting to Rs. 0.81 million relating to import of some machinery vide L/C No. 0176-01-46-518-1201 in terms of SRO 484(1)/92 dated 14 May 1992, and SRO 978(1)/95 dated 04 October 1995. The appeal is pending before the Honorable Lahore High Court. No provision has been made in these consolidated financial statements as the management and the legal advisor of the Holding Company are confident that the ultimate outcome of this case will be in favor of the Holding Company.
- 19.1.8** Contingencies relating to tax matters are disclosed in note 17 to these consolidated financial statements.

#### **The Subsidiary Company**

- 19.1.9** The Company had filed appeal before the Honorable Sindh High Court challenging the levy and collection of infrastructure cess under Sindh Development and Maintenance Infrastructure Cess Act 2017. Stay was granted by the Honorable High Court on 27 November 2017 on payment

of 50% of the cess to the Excise Department and on furnishing of bank guarantee for remaining 50% to them. All petitions on the same issue were heard together and decided by the Honorable High Court by a consolidated judgment dated 4 June 2021. In its judgement, the Honorable Court ruled that levy is a cess and has been validly levied for the purpose of maintenance of infrastructure. However the judgment would remain suspended for a period of ninety days, up to 3 September 2021, and the interim arrangement of paying 50% of the cess and securing 50% of the cess through deposit of a bank guarantee would continue. The management being aggrieved with the decision of the Honorable High Court is planning to file an appeal before Supreme Court and is confident that the ultimate outcome of this case will be in favor of the Company.

- 19.1.10** During the year, the Company was issued show caused notice by Deputy Commissioner Inland Revenue (DCIR) vide notice no. 209/13 dated 09 February 2021 under section 11 (2) of Sales Tax Act, 1990 for the tax period from July 2016 to June 2018 on account of in-admissible adjustment of input tax credit under sections 8(1)(a), (ca), (f), (h), (i), and (j) of the Sales Tax Act, 1990. In response to the show cause notice and corrigendum issued, the Company submitted various replies. The learned DCIR by non-reading/ misreading the replies along with documents submitted by the Company, passed an order under section 11 (2) of the Sales Tax Act, 1990 bearing number U-13/Enf-11/19/2021 dated 27 May 2021 by creating a demand of Rs. 367.62 million. The Company has filed an appeal before Commissioner Inland Revenue Appeals (CIR(A)) which is pending for fixation. The Company on the basis of advice by tax advisor believes that the matter will be decided in its favor however, till the finalization of the case, the Company is contingently liable for amount of Rs. 367.620 million.

2021	2020
(Rupees in thousand)	

## 19.2 Commitments

### 19.2.1 in respect of:

- capital expenditure	11,257,597	5,088
- Spare parts	3,053	52,227
- irrevocable letters of credit for stores and spares	82,134	215,483
	<u>11,342,784</u>	<u>272,798</u>

- 19.2.2** Guarantees given by banks on behalf of the Holding Company are Rs. 683.06 million (2020: Rs. 774.01 million) in favor of Sui Northern Gas Pipeline Limited and Government Institutions.

- 19.2.3** Guarantees given by the banks on behalf of the Subsidiary Company are Rs. 25 million (2020: Rs. 25 million) in favor of Director Excise and Taxation Karachi.

Note	2021	2020
	(Rupees in thousand)	

## 20. PROPERTY, PLANT AND EQUIPMENT

Operating fixed assets	20.1	46,187,994	48,614,403
Capital work in progress - at cost	20.2	2,854,293	871,386
Major spare parts and stand-by equipments	20.4	107,942	54,047
		<u>49,150,229</u>	<u>49,539,836</u>

## 20.1 Operating fixed assets

	Cost / Revalued amount			At 30 June 2021	Rate	Depreciation				Net book value at 30 June 2021
	At 01 July 2020	Additions	Disposals			At 01 July 2020	For the year/ adjustment	Disposals	At 30 June 2021	
----- Rupees in thousand -----      Percentage ----- Rupees in thousand -----										
Owned										
Freehold land										
- cost	822,154	-	-	822,154	-	-	-	-	-	822,154
- surplus on revaluation	369,883	-	-	369,883	-	-	-	-	-	369,883
	1,192,037	-	-	1,192,037		-	-	-	-	1,192,037
Buildings on freehold land										
- cost	14,702,255	289,107	-	14,991,362	5 - 20	3,437,496	661,497	-	4,098,993	10,892,369
- surplus on revaluation	358,084	-	-	358,084	5 - 20	146,433	31,346	-	177,779	180,305
	15,060,339	289,107	-	15,349,446		3,583,929	692,843	-	4,276,772	11,072,674
Roads, bridges and railway sidings										
- cost	140,401	314,639	-	455,040	10 - 20	91,985	41,140	-	133,125	321,915
- surplus on revaluation	4,428	-	-	4,428	10 - 20	3,105	1,207	-	4,312	116
	144,829	314,639	-	459,468		95,090	42,347	-	137,437	322,031
Plant and machinery										
- cost	50,634,766	600,875	(167,636)	51,068,005	5 - 20	19,420,719	2,104,148	(96,875)	21,427,992	29,640,013
- surplus on revaluation	7,532,121	-	(870)	7,531,251	5 - 20	3,170,342	687,497	(742)	3,857,097	3,674,154
	58,166,887	600,875	(168,506)	58,599,256		22,591,061	2,791,645	(97,617)	25,285,089	33,314,167
Furniture, fixtures and equipment										
Quarry equipment	499,799	8,013	-	507,812	10 - 30	376,909	26,821	-	403,730	104,082
Vehicles	192,244	-	-	192,244	20	178,691	3,240	-	181,931	10,313
Share of joint assets	340,786	35,863	(23,776)	352,873	20	156,840	35,005	(11,660)	180,185	172,688
	6,000	-	-	6,000	10	5,998	-	-	5,998	2
	1,038,829	43,876	(23,776)	1,058,929		718,438	65,066	(11,660)	771,844	287,085
	75,602,921	1,248,497	(192,282)	76,659,136		26,988,518	3,591,901	(109,277)	30,471,142	46,187,994

Operating fixed assets

Operating fixed assets	Cost / Revalued amount				Depreciation				Net book value at 30 June 2020			
	At 01 July 2019	Revaluation adjustment for the year (note 7)	Additions	Disposals	At 30 June 2020	Rate	At 01 July 2019	Revaluation adjustment for the year (note 7)		For the year / adjustment	Disposals	At 30 June 2020
	Rupees in thousand				Percentage				Rupees in thousand			
Owned												
Freehold land												
- cost	822,154	-	-	-	822,154	-	-	-	-	-	-	822,154
- surplus on revaluation	360,830	9,053	-	-	369,883	-	-	-	-	-	-	369,883
	1,182,984	9,053	-	-	1,192,037							1,192,037
Buildings on freehold land												
- cost	14,549,240	-	153,015	-	14,702,255	5 - 10	2,804,416	-	633,080	-	3,437,496	11,264,759
- surplus on revaluation	297,607	60,477	-	-	358,084	5 - 10	113,578	21,723	11,132	-	146,433	211,651
	14,846,847	60,477	153,015	-	15,060,339		2,917,994	21,723	644,212	-	3,583,929	11,476,410
Roads, bridges and railway sidings												
- cost	139,874	-	527	-	140,401	5 - 10	86,683	-	5,302	-	91,985	48,416
- surplus on revaluation	3,854	574	-	-	4,428	5 - 10	2,525	376	204	-	3,105	1,323
	143,728	574	527	-	144,829		89,208	376	5,506	-	95,090	49,739
Plant and machinery												
- cost	50,411,448	-	266,954	(43,636)	50,634,766	5 - 20	16,868,405	-	2,579,205	(26,891)	19,420,719	31,214,047
- surplus on revaluation	7,264,861	271,539	-	(4,279)	7,532,121	5 - 20	2,753,027	134,450	285,005	(2,140)	3,170,342	4,361,779
	57,676,309	271,539	266,954	(47,915)	58,166,887		19,621,432	134,450	2,864,210	(29,031)	22,591,061	35,575,826
Furniture, fixtures and equipment												
Quarry equipment	487,583	-	12,216	-	499,799	10 - 30	343,653	-	33,256	-	376,909	122,890
Vehicles	177,391	-	14,853	-	192,244	20	166,508	-	12,183	-	178,691	13,553
Share of joint assets	369,959	-	2,642	(31,815)	340,786	20	137,983	-	37,954	(19,097)	156,840	183,946
	6,000	-	-	-	6,000	10	5,998	-	-	-	5,998	2
	1,040,933	-	29,711	(31,815)	1,038,829		654,142	-	83,393	(19,097)	718,438	320,391
	74,890,801	341,643	450,207	(79,730)	75,602,921		23,282,776	156,549	3,597,321	(48,128)	26,988,518	48,614,403

**20.1.1** Additions in operating fixed assets include transfers from capital work-in-progress amounting to Rs. 993.69 million (2020: Rs. 113.985 million).

**20.1.2** Ownership of the housing colony's assets included in the operating fixed assets is shared by the Group jointly with Agritech Limited in ratio of 101:245 since the time when both the companies were managed by Pakistan Industrial Development Corporation. These assets are in possession of the housing colony establishment for mutual benefits.

**20.1.3** Buildings, roads, bridges and railway sidings, plant and machinery are located at freehold land measuring 10,145 kanals located at Iskandrabad District Mianwali.

**20.1.4** Had the certain classes of operating fixed assets not been revalued the net book value would have been as follows:

	2021 (Rupees in thousand)	2020 (Rupees in thousand)
Freehold land	822,154	822,154
Buildings on freehold land	10,892,369	11,264,759
Roads, bridges and railway sidings	321,915	48,416
Plant and machinery	29,646,812	31,214,047
	<u>41,683,250</u>	<u>43,349,376</u>

**20.1.5** The latest valuation of Group's assets was carried as at 30 June 2020 and the forced sale value as at that date is given below:

	(Rupees in thousand)
Freehold land	953,630
Buildings on freehold land	9,170,936
Roads, bridges and railway sidings	39,842
Plant and machinery	28,454,046
	<u>38,618,454</u>

**20.1.6** All assets of the Group as at 30 June 2021 are located in Pakistan and are in the name of the Group.

**20.1.7** Depreciation charge for the year has been allocated as follows:

	Note	2021 (Rupees in thousand)	2020 (Rupees in thousand)
Cost of sales	34	3,523,123	3,537,233
Administrative expenses	36	61,669	53,398
Distribution expenses	35	7,109	6,690
		<u>3,591,901</u>	<u>3,597,321</u>

## 20.1.8 Disposal of property, plant and equipment

	Cost	Accumulated depreciation	Net book value	Sale value	Gain / (loss)	Mode of disposal	Particulars of purchaser
(----- Rupees in thousand -----)							
<b>Plant and machinery</b>							
Gear Box(Brevini)Pdc-124/Fs/160	501	179	322	109	(213)	Auction	M/s Muhammad Hayat
Self Contained Electro-Hydraulic Actuator Complete	1,709	1,432	277	370	93	Auction	M/s Muhammad Hayat
Geared Motor, Type: Ka67 P37 Ambo Di80K-F4. Sr.No.	180	162	18	50	32	Auction	Retire/Disposal
Pinion Shaft For Kiln Main Drive. Dwg.# N6222-10-0	1,126	640	486	244	(242)	Auction	M/s Muhammad Hayat
Charge Air Cooler 18V50 {476014 }	4,356	1,229	3,127	944	(2,183)	Auction	M/s Muhammad Hayat
Charge Air Cooler {476015}	4,419	1,246	3,173	958	(2,215)	Auction	M/s Muhammad Hayat
Spares Part Set For Vibration Damper Type D140/44	685	573	112	40	(72)	Auction	Retire/Disposal
X-Ray Tube For Cubix Xrd	706	520	186	153	(33)	Auction	M/s Muhammad Hayat
Variable Displacement Pump A4Vg250Ep2D1/32R-	1,722	461	1,261	10	(1,251)	Auction	Retire/Disposal
Gear Box Complete Type: Mr C21 360 Uo2A (305) Ross	4,477	1,518	2,959	970	(1,989)	Auction	M/s Muhammad Hayat
Wear Segment Drg# 2.205412	4,304	2,785	1,519	4	(1,515)	Auction	Retire/Disposal
Wear Segment, 50008583, 2.205411, Xf-21 49, Atox A	6,511	4,212	2,299	14	(2,285)	Auction	Retire/Disposal
Flow Control Gate 400Mm Pneumatic Operat	873	262	611	80	(531)	Auction	Retire/Disposal
Segmented Rubber Lagging Art No:319434 Pos:6.1 361	797	455	342	173	(169)	Auction	M/s Muhammad Hayat
Rectifier Unit, I/P: U: 3 ~ 380-- 690(600UI,Csa) V	1,231	888	343	990	647	Auction	Retire/Disposal
Wear Segment Kit 1.091698 Xf-1808(8Nos)	2,999	1,248	1,751	-	(1,751)	Auction	Retire/Disposal
Brevini Gear Box Type: Sc6003 / Fs / 164.1/ 65.105	2,229	1,108	1,121	30	(1,091)	Auction	Retire/Disposal
Impeller Pd# 1029801,677949	150	136	14	33	19	Auction	M/s Muhammad Hayat
Analyzer , Easy Line , Part No:	4,175	2,847	1,328	260	(1,068)	Auction	Retire/Disposal
Screw Conveyor	1,507	811	696	327	(369)	Auction	M/s Muhammad Hayat
Burner Pipe, Mainly Of Heat Resistant Steel, Dia =	4,868	1,331	3,537	1,055	(2,482)	Auction	M/s Muhammad Hayat
Bearing Self Aligning Roller (Drg# 3541'5'23148'0	423	382	41	92	51	Auction	M/s Muhammad Hayat
Bearing Self Aligning Roller (Drg# 3541'5'23992	1,450	684	766	314	(452)	Auction	M/s Muhammad Hayat
Thrust Bearing Housing Drg#778. 1678.07.0 Item Posi	6,538	3,084	3,454	1,417	(2,037)	Auction	M/s Muhammad Hayat
Rod Piston FLS Specification (Drg#20008112, Pn#939	2,187	1,968	219	474	255	Auction	M/s Muhammad Hayat
Bearing Stud Dwg No. 778.1594.41.1 Pos No. 55 For	2,080	1,784	296	451	155	Auction	M/s Muhammad Hayat
Pinion Shaft High Speed 1St Stage With Crown Gear	507	434	73	110	37	Auction	M/s Muhammad Hayat
Nozzle Ring Complete, Assembly Drawing 10046639	7,319	5,342	1,977	1,586	(391)	Auction	M/s Muhammad Hayat
Preventive Maintenance Kit 9 Years For Frequency D	2,098	351	1,747	788	(959)	Auction	Retire/Disposal
Steel Cord Belt 550/H16/148020, Artical No. 300605	8,150	4,694	3,456	1,766	(1,690)	Auction	M/s Muhammad Hayat
Bearing Housing Dwg#10018210, Pn-684778,Part List#	84,497	52,920	31,577	18,314	(13,263)	Auction	M/s Muhammad Hayat
Cooler 1020, Part # 1614954300	644	580	64	140	76	Auction	M/s Muhammad Hayat
Rotor For Pfister Type: Drw 4.12	3,088	1,351	1,737	88	(1,649)	Auction	Retire/Disposal
	168,506	97,617	70,889	32,354	(38,535)		
<b>Vehicles</b>							
Toyota Corolla	1,741	1,320	421	1,726	1,305	Auction	Mr. Abdul Shahid
Suzuki Cultus	1,644	591	1,053	1,300	247	Buy Back	Zeeshan Afzal Khan
AUDI Q3	6,376	2,552	3,824	6,450	2,626	Auction	Shaheen Safdar
Suzuki Cultus	1,419	544	875	1,300	425	Buy Back	Ghulam Jillani
Suzuki Cultus	1,419	662	757	1,250	493	Buy Back	Rafi Ahmed
Toyota Corolla	2,273	1,282	991	1,500	509	Buy Back	Mr. M. Ali Rehmat
Toyota Corolla	2,272	1,308	964	1,850	886	Buy Back	Aamir Ali Niazi
Suzuki Cultus	1,124	701	423	800	377	Buy Back	Mahrukh Usmani
Suzuki Cultus	1,112	666	446	1,079	633	Auction	Syed Shahnawaz-Ul-Hassan
Suzuki Cultus	1,558	615	943	1,250	307	Buy Back	Sohaib Khakwani
Suzuki Cultus	1,419	622	797	1,406	609	Insurance Claim	EFU General Insurance Limited
Suzuki Cultus	1,419	797	622	850	228	Buy Back	Faizan Naseer
	23,776	11,660	12,116	20,761	8,645		
<b>2021</b>	<b>192,282</b>	<b>109,277</b>	<b>83,005</b>	<b>53,115</b>	<b>(29,890)</b>		
<b>2020</b>	<b>79,730</b>	<b>48,128</b>	<b>31,602</b>	<b>53,327</b>	<b>21,725</b>		

	Note	2021 (Rupees in thousand)	2020
<b>20.2 Movement in capital work-in-progress - at cost</b>			
At beginning of the year		871,386	428,416
Additions during the year		2,997,765	556,955
Less: Transfers to operating fixed assets during the year		(993,697)	(113,985)
Less: Charged off during the year		(21,161)	-
<b>At end of the year</b>	20.2.1	<b>2,854,293</b>	<b>871,386</b>
<b>20.2.1 Capital work-in-progress - at cost</b>			
Civil works		13,938	6,089
Plant and machinery		565,992	318,413
Building		873,583	203,372
Roads and bridges		-	314,629
Advances to suppliers against:			
- civil works		464,354	415
- plant and machinery		932,330	28,468
- vehicles		4,096	-
	20.2.2	<b>2,854,293</b>	<b>871,386</b>

**20.2.2** This includes borrowing cost amounting to Rs. 22.72 million (2020: Nil) capitalized during the year.

**20.3** The Holding Company is in the process of setting up Grey cement manufacturing Line-IV with production capacity of 7,000 metric tons per day having expected cost of Rs. 20 billion.

**20.4** These represent stores held for capital expenditure related to Holding Company's expansion projects.

	Note	2021 (Rupees in thousand)	2020
<b>21. INTANGIBLE ASSETS</b>			
At beginning of the year		83,885	83,885
Additions during the year		-	-
Disposal during the year		-	-
At end of the year		<b>83,885</b>	<b>83,885</b>
<b>Accumulated Amortization</b>			
At beginning of the year		74,862	70,356
Amortization for the year		3,006	4,506
At end of the year		<b>77,868</b>	<b>74,862</b>
<b>Net book value</b>		<b>6,017</b>	<b>9,023</b>
<b>Amortization rate - % per annum</b>		<b>33%</b>	<b>33%</b>
<b>21.1</b> Amortization charge for the year has been allocated as follows:			
Cost of sales	34	1,110	1,664
Administrative expenses	36	1,896	2,842
		<b>3,006</b>	<b>4,506</b>

	Note	2021 (Rupees in thousand)	2020 (Rupees in thousand)
<b>22. LONG TERM LOANS TO EMPLOYEES - SECURED</b>			
House building		7,101	11,360
Vehicles		2,021	1,995
Others		18,874	17,350
		27,996	30,705
Less: Current portion presented under current assets	27	(10,992)	(11,509)
		17,004	19,196

**22.1** These loans are secured against employees' retirement benefits and carry interest at the rates ranging from 6% per annum (2020: 6% per annum). These loans are recoverable in 30 to 60 monthly instalments.

**22.2** This includes loans to executives amounting to Rs. 6.08 million (2020: Rs. 10.72 million) which further include loan to key management personnel (Muhammad Basharat) amounting to Rs. 2.2 million (2020: Rs. 5.5 million). The maximum aggregate amount outstanding from key management personnel (Muhammad Basharat) at any time during the year calculated with reference to month end balance is Rs. 5.2 million (2020: Rs. 8.6 million). Further, no amount is due from Directors and Chief Executive at the year end (2020: Rs. Nil).

## 23. LONG TERM DEPOSITS

This includes deposits with various utility companies, regulatory authorities and others.

	Note	2021 (Rupees in thousand)	2020 (Rupees in thousand)
<b>24. STORES, SPARE PARTS AND LOOSE TOOLS</b>			
Stores		5,642,085	4,505,839
Spare parts		4,220,409	4,192,145
Loose tools		185,233	165,249
	24.1	10,047,727	8,863,233

**24.1** Stores and spares include items in transit amounting to Rs. 1,241.72 million (2020: Rs. 1,500.16 million).

	2021 (Rupees in thousand)	2020 (Rupees in thousand)
<b>25. STOCK-IN-TRADE</b>		
Raw material	109,758	90,975
Packing material	231,303	209,413
Work-in-process	1,373,133	903,522
Finished goods	371,669	575,494
	2,085,863	1,779,404

## 26. TRADE DEBTS

### Export debtors

Considered good - unsecured

### Local debtors

Considered good - unsecured

Considered doubtful - unsecured

Less: Provision for expected credit loss

Note

2021  
(Rupees in thousand)

2020

7,669

26,051

1,672,035

3,026,079

293,392

180,689

(293,392)

(180,689)

1,672,035

3,026,079

1,679,704

3,052,130

26.1

**26.1** The movement in provision for impairment of receivables is as follows:

	Note	2021 (Rupees in thousand)	2020
At beginning of the year		180,689	161,189
Expected credit loss charge for the year	36	112,703	19,500
At end of the year		293,392	180,689

**26.2** Trade debts are non-interest bearing and ageing analysis of trade debts is as follows:

	2021 (Rupees in thousand)	2020
Not past due	708,821	953,507
<b>Past due:</b>		
1-90 days	669,896	1,292,750
91-180 days	215,727	431,275
181-270 days	62,964	295,994
271-365 days	46,914	94,960
366-above days	268,774	164,333
	1,973,096	3,232,819
Less: Provision for expected credit loss	(293,392)	(180,689)
	1,679,704	3,052,130

	Note	2021 (Rupees in thousand)	2020
<b>27. LOANS AND ADVANCES</b>			
<b>Advances - unsecured, considered good</b>			
- Employees	27.1	10,795	17,936
- Suppliers	27.2	247,439	226,513
		258,234	244,449
- Current portion of long term loans to employees - secured	22	10,992	11,509
<b>Government Authorities</b>			
Collector of customs	27.3	206,118	219,868
Refunds due from government	27.4	16,797	16,797
		492,141	492,623

**27.1** This includes loans to executives amounting to Rs. 3.81 million (2020: Rs. 11.09 million) which further include loan to key management personnel (Amir Feroze) amounting to Rs. 3.05 million (2020: Rs. 3.37 million). The maximum aggregate amount outstanding from key management personnel (Amir Feroze) at any time during the year calculated with reference to month end balance is Rs. 3.05 million (2020: Rs. 3.37 million). Further, no amount is due from Directors and Chief Executive at the year end (2020: Rs. Nil).

**27.2** This includes an amount of Rs. 103.59 million (2020: Rs. 78.56 million) advanced to Ministry of Railways for transportation of coal and cement.

**27.3** This include Rs. 180 million paid under protest as disclosed in note 19.1.3 to these consolidated financial statements.

**27.4** This represents amount paid to Government under protest for various cases which have been decided in favor of the Holding Company.

**27.5** There is no investment in or loan provided to any foreign company at the year end. (30 June 2020: Nil).

	Note	2021 (Rupees in thousand)	2020
<b>28. SHORT TERM INVESTMENT</b>			
<b>Investment at fair value through statement of profit or loss - listed securities</b>			
<b>Next Capital Limited:</b>			
1,500,000 (2020: 1,500,000) ordinary shares of Rs. 10 each			
1,875,000 (2020: 1,875,000) right shares of Rs. 8 each			
337,500 (2020: Nil) bonus shares			
Market value Rs. 14.72 per share (2020: Rs. 7.48 per share)			
<b>Cost</b>			
At beginning and end of the year		30,000	30,000
<b>Unrealized fair value gain / (loss)</b>			
At beginning of the year		(4,755)	(12,113)
Fair value gain for the year	38	29,403	7,358
At end of the year		24,648	(4,755)
Fair value at 30 June		54,648	25,245
<b>Investment at Amortized cost - debt instrument</b>			
Term deposit receipts	28.1	94,500	50,000
		149,148	75,245

**28.1** This represents term deposits of Rs. 50 million and Rs. 44.5 million having maturity of one year starting from 15 April 2021 and 22 September 2020 carries mark-up at the rate of 7.20% and 6.50% per annum respectively.

**28.2** There has been no investment in any foreign company during the year (30 June 2020: Nil).

## 29. SHORT TERM DEPOSITS AND PREPAYMENTS

### Margin against:

- letters of credit
- bank guarantees

Prepayments  
Short term deposits

2021	2020
(Rupees in thousand)	
5,942	20,523
231,035	166,205
236,977	186,728
3,084	5,030
-	200
240,061	191,958

## 30. ACCRUED PROFIT

This represents profit accrued on deposits and saving accounts at the rates ranging from 4% to 6% (2020: 3.05% to 11.25%) per annum.

## 31. OTHER RECEIVABLES

Due from related party - unsecured  
Others

Note

2021	2020
(Rupees in thousand)	
96,779	-
69,056	35,672
165,835	35,672

**31.1** This represents balance receivable from Kohinoor Textile Mills Limited (The "Holding Company"). The maximum aggregate amount outstanding from the Holding Company at any time during the year calculated with reference to month end balance is Rs. 96.779 million (2020: Nil).

**31.2** This includes Rs. 13.861 million (2020: Rs. 26.246 million) receivable against export rebates.

## 32. CASH AND BANK BALANCES

- Cash in hand - local currency
- Cash in hand - foreign currency

### Cash at bank

Current accounts:

- foreign currency
- local currency

Deposit accounts

Note

2021	2020
(Rupees in thousand)	
2,518	8,901
1,426	1,472
3,944	10,373
12,506	12,106
314,423	566,185
326,929	578,291
170,458	470,218
497,387	1,048,509
501,331	1,058,882

**32.1** These include balance amounting to Rs. 4.559 million (2020: Rs. 3.753 million) placed under an arrangement permissible under Shariah.

**32.2** These carry return at 4.0% to 6.0% (2020: 3.05% to 11.25%) per annum. These include deposits amounting to Rs. 14.695 million (2020: Rs. 207.616 million) placed under an arrangement permissible under Shariah. Remaining balances represent deposits with conventional banks.

	2021	2020
	(Rupees in thousand)	
<b>33. SALES - NET</b>		
Gross local sales	49,622,979	46,806,217
Less:		
Federal Excise Duty	(7,043,999)	(10,040,696)
Sales Tax	(8,060,518)	(8,027,602)
Discount	(540,569)	(553,777)
Commission	(233,060)	(226,643)
	(15,878,146)	(18,848,718)
Net local sales	33,744,833	27,957,499
Export sales	1,895,348	1,160,235
	35,640,181	29,117,734
<b>33.1 Disaggregation of Revenue (Gross sales)</b>		
<b>Type of Customers</b>		
Government Customers	904	420,700
Non-Government Customers	51,517,423	47,545,752
	51,518,327	47,966,452
<b>Primary Geographical Markets (Gross Sales)</b>		
Pakistan	49,622,979	46,806,217
Afghanistan	1,771,351	715,036
Comoros	-	65,790
Madagascar	735	100,953
Malawi	-	1,400
Mozambique	2,660	3,608
Nigeria	-	862
Oman	30,537	56,903
Qatar	6,485	4,831
Seychelles	52,626	132,150
Sri Lanka	8,994	4,868
Tanzania	21,960	73,834
	51,518,327	47,966,452

	Note	2021 (Rupees in thousand)	2020
<b>34. COST OF SALES</b>			
Raw materials consumed	34.1	2,250,691	2,245,003
Packing materials consumed		2,824,094	3,190,988
Fuel		12,768,646	13,090,611
Power and associated costs		2,110,036	2,485,184
Stores, spare parts and loose tools consumed		1,171,408	1,114,973
Water charges		135,430	129,660
Salaries, wages and other benefits	34.2	1,250,770	1,341,697
Rent, rates and taxes		2,622	1,542
Insurance		89,035	101,772
Repairs and maintenance		364,115	399,872
Depreciation	20.1.7	3,523,123	3,537,233
Amortization	21.1	1,110	1,664
Vehicles running and maintenance		165,884	207,156
Freight and Forwarding		543,688	557,435
Other expenses	34.3	104,795	149,980
		27,305,447	28,554,770
<b>Work in process:</b>			
At beginning of the year		903,522	928,144
At end of the year		(1,373,133)	(903,522)
		(469,611)	24,622
<b>Cost of goods manufactured</b>		26,835,836	28,579,392
<b>Finished goods:</b>			
At beginning of the year		575,494	500,060
At end of the year		(371,669)	(575,494)
		203,825	(75,434)
<b>Cost of sales</b>		27,039,661	28,503,958
<b>34.1 Raw materials consumed</b>			
At beginning of the year		90,975	126,120
Add: Purchases made during the year		2,269,474	2,209,858
		2,360,449	2,335,978
Less: At end of the year		(109,758)	(90,975)
		2,250,691	2,245,003

**34.2** Salaries, wages and other benefits expense includes contribution to provident fund trust amounting to Rs. 56.21 million (2020: Rs. 57.79 million) and gratuity and compensated absence as mentioned in note 12.6 to these consolidated financial statements.

**34.3** Other expenses include housing colony expenses aggregating to Rs. 64.33 million (2020: Rs. 88.17 million).

	Note	2021 (Rupees in thousand)	2020
<b>35. DISTRIBUTION COST</b>			
Salaries, wages and other benefits	35.1	241,825	206,076
Travelling and conveyance		123,155	103,373
Vehicle running and maintenance		36,083	32,028
Postage, telephone and fax		5,834	5,835
Printing, stationery and office supplies		9,169	3,504
Entertainment		26,563	21,564
Repair and maintenance		13,904	3,640
Depreciation	20.1.7	7,109	6,690
Rent, rates and taxes		6,078	4,579
Legal and professional charges		6,267	2,097
Branding and sale promotions		487,484	371,600
Fee and subscription		38,150	28,545
Other expenses		114,111	55,849
		<b>1,115,732</b>	<b>845,380</b>

**35.1** Salaries, wages and other benefits expense includes contribution to Provident Fund Trust amounting to Rs. 11.17 million (2020: Rs. 8.05 million) and gratuity and compensated absence as mentioned in note 12.6 to these consolidated financial statements.

	Note	2021 (Rupees in thousand)	2020
<b>36. ADMINISTRATIVE EXPENSES</b>			
Salaries, wages and other benefits	36.1	417,616	380,783
Travelling		66,728	60,422
Vehicle running and maintenance		36,670	28,014
Postage, telephone and fax		15,486	16,720
Printing, stationery and office supplies		25,140	22,862
Entertainment		23,973	22,889
Repair and maintenance		21,941	14,558
Legal and professional charges	36.2	35,187	45,952
Consultancy fee and subscription		43,969	50,732
Depreciation	20.1.7	61,669	53,398
Amortization	21.1	1,896	2,842
Provision for expected credit loss	26.1	112,703	19,500
Debtors written off	36.3	46,355	5,643
Advances / receivable written off		18,335	7,755
Rent, rates and taxes		7,869	10,222
Other expenses		43,686	48,845
		<b>979,223</b>	<b>791,137</b>

**36.1** Salaries, wages and other benefits expense includes contribution to Provident Fund Trust amounting to Rs. 18.13 million (2020: Rs. 13.90 million) and gratuity and compensated absence as mentioned in note 12.6 to these consolidated financial statements.

**36.2** Legal and professional charges include following in respect of Auditors' remuneration for:

	Note	2021 (Rupees in thousand)	2020
Annual statutory audit		2,360	2,298
Interim review		540	540
Other certifications		315	1,100
Taxation services		2,258	-
Out of pocket expenses		675	658
		<b>6,148</b>	<b>4,596</b>

**36.3** The details of defaulting parties out of total export debtors and default (write off) amounts are as follows:

Balaji Bricks - Republic of India		4	-
Kirubai Agencies - Republic of India		9	-
Ludhiana Cement Corporation - Republic of India		24	-
Parth Impex - Republic of India		45	-
SSB Enterprises - Republic of India		20	-
R.K & Sons - Republic of India		1	-
Abhishek Trading Co. - Republic of India		1	-
Indian Trading Company - Republic of India		1	-
	36.3.1	<b>105</b>	<b>-</b>

**36.3.1** Neither of these parties are related parties.

**37. OTHER CHARGES**

Donation	37.1	29,676	89,999
Workers' Profit Participation Fund (WPPF)	15.2	269,247	70,661
Workers' Welfare Fund (WWF)		81,360	-
Loss on disposal of property, plant and equipment		29,890	-
Others		21,161	-
		<b>431,334</b>	<b>160,660</b>

**37.1 Donations for the year have been given to:**

Ghulab Devi Chest Hospital		16,215	73,237
Maple CSR Initiative as per DC Office requirement		4,223	6,060
Daudkhel Police Station		3,500	-
Housing Colony Water Turbine		2,000	-
Auditorium at Police Public School		1,500	3,500
Speed Monitoring System		-	2,000
Food Hampers Covid-19		-	2,000
Daud Khel Water Supply Project		72	1,314
Beaconhouse National University		-	706
Road Safety Campaign DPO Mianwali		150	500
Financial assistance for the training certification program		-	315
Bushra Shaheen		-	225
City Entrance Wall Monument & Globe		-	119
Miscellaneous donations in the form of cement		1,959	23
Rescue Office 1122		58	-
		<b>29,677</b>	<b>89,999</b>

**37.1.1** None of the Directors of the Company or their spouse have any interest in donees.

	Note	2021 (Rupees in thousand)	2020
<b>38. OTHER INCOME</b>			
<b>Income from financial assets</b>			
Profit on bank deposits	38.1	18,720	33,712
Interest on loans to employees		398	696
Un-realized income on investment		29,403	7,358
		48,521	41,766
<b>Income from non-financial assets</b>			
Sale of scrap		5,508	3,982
Exchange gain - net	38.2	99,394	40,353
FV gain on discounting of payable to government authority		31,008	-
Gain on disposal of property, plant & equipment		-	21,725
Miscellaneous		38,584	38,053
		174,494	104,113
		223,015	145,879

**38.1** This includes profit earned on deposits under an arrangements which are permissible under Shariah amounting to Rs. 2.764 million (2020: Rs. 9.60 million). The remaining profit relates to interest / markup based arrangement from conventional banks.

**38.2** This represents exchange gain - net of loss incurred on actual currency conversion.

	Note	2021 (Rupees in thousand)	2020
<b>39. FINANCE COST</b>			
Profit / interest / mark up on:			
- Long term loans from financial institutions	8	937,274	1,969,939
- Short term borrowings	18 & 39.1	295,567	883,396
		1,232,841	2,853,335
Notional interest on unwinding of:			
- retention money payable	13	25,625	-
- payable to government authority		20,920	-
Bank and other charges		47,817	43,636
		1,327,203	2,896,971

**39.1** This includes share of profit paid, amounting to Rs. 3.08 (2020: Nil), under Shariah compliant arrangement with Islamic Banks. The remaining interest relates to interest / markup based arrangement from conventional banks.

#### 40. TAXATION

##### Income Tax

- current
- prior

##### Deferred

2021  
2020  
(Rupees in thousand)

#### 40.1 Tax charge reconciliation

##### 40.1.1 Numerical reconciliation between tax expense and accounting profit:

##### Profit before taxation

Profit / (loss) before taxation

Applicable tax rate as per Income Tax Ordinance, 2001

Tax on accounting profit / (loss)

Effect of final tax regime

Effect of exempt income

Effect of change in proportion of  
local and export sales

Effect of minimum tax / unused tax losses

Effect of prior year adjustment

Others

595,447	50,642
2,285	91,458
597,732	142,100
543,817	(517,234)
1,141,549	(375,134)
4,970,043	(3,934,493)
29%	29%
1,441,312	(1,141,003)
(56,999)	55,607
(271,000)	(338,700)
50,556	575,369
(80,987)	418,163
2,285	91,458
56,382	(36,028)
1,141,549	(375,134)

**40.2** As per management's assessment, the provision for tax made in the consolidated financial statements is sufficient. A comparison of last three years' of income tax provision with tax assessment is presented below:

Tax Years	Note	Tax provision as per financial statements	Tax as per return
		(Rupees in thousand)	
2018	40.2.1	1,227,652	1,229,588
2019	40.2.2	-	-
2020	40.2.2	-	2,285

**40.2.1** Super tax amounting to Rs. 134.26 million relating to the tax year 2018 has been included in the amount of tax return for comparison purposes only. The Holding Company did not admit the liability on account of super tax in income tax returns for the tax year 2018 and contesting the case before Honorable Lahore High Court which is pending adjudication at the year end. However, being prudent, complete liability related to super tax was recorded in these consolidated financial statements of the respective years.

**40.2.2** Income tax liability for the tax year 2019 and tax year 2020 was adjusted against tax credit under section 65(B) of Income Tax Ordinance 2001, accordingly no provision for the said tax year was required to be recorded in these consolidated financial statements.

#### 41. EARNINGS / (LOSS) PER SHARE - BASIC AND DILUTED

	Unit	2021	2020
<b>41.1 Basic earnings / (loss) per share</b>			
Profit / (loss) after taxation	Rupees in '000	3,828,494	(3,559,359)
Weighted average number of ordinary shares	No. of shares in '000	1,098,346	914,309
	Rupees	3.49	(3.89)
		<b>2021</b>	<b>2020</b>
		(Rupees in thousand)	

#### 41.2 Weighted average number of ordinary shares

Outstanding number of shares before right issue	1,098,346	593,701
<b>Add:</b> Impact on weighted average number of shares due to right issue during the year	-	320,608
	1,098,346	914,309

**41.3** There is no dilution effect on the basic earnings per share.

	Note	2021 (Rupees in thousand)	2020
42. CASH AND CASH EQUIVALENTS			
Short term running finance	18.2	(237,310)	(738,000)
Temporary bank overdrafts - unsecured	18.3	(3,217)	(306,741)
Cash and bank	32	501,331	1,058,882
		260,804	14,141

#### 43. RELATED PARTY TRANSACTIONS AND BALANCES

The Group is a subsidiary of Kohinoor Textile Mills Limited (the “Ultimate Holding Company”), accordingly all the subsidiaries and associated companies of the Ultimate Holding Company are related party of the Group. In addition Group’s related parties comprises of the directors of the Group, key management personnel and post employment retirement plan. Amount due from and due to related parties are shown under respective notes. Other significant transactions and balances with related parties except those disclosed elsewhere are as follows:

Name of parties	Relationship	Transactions	Note	2021 (Rupees in thousand)	2020
<b>a) Kohinoor Textile Mills Limited</b>	Holding Company (55.22% equity held)	Sale of goods to related party		144,968	114,281
		Markup charged by the Holding Company		-	21,297
		Purchase of fixed assets		3,533	-
		Expenses paid by related party on behalf of the Company		14,050	22,152
		Expenses paid by the Company on behalf of related party		5,265	-
		Dividend paid		-	163,918
<b>b) Key management personnel</b>	Key management personnel	Remuneration and other benefits		196,694	181,787
<b>c) Employee benefits</b>					
Gratuity	Post employment benefit plan	Contribution paid during the year		36,550	21,343
Provident Fund Trust	Employees benefit fund	Contribution paid during the year		175,197	182,728

**43.1** Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity. The Group considers all members of their management team, including Chief Executive Officer and Directors to be its key management personnel and these are disclosed below

Name	Relationship	% of shareholding in the Company
Mr. Tariq Sayeed Saigol	Director / Key management personnel	0.0030%
Mr. Sayeed Tariq Saigol	Director / Key management personnel	0.0010%
Mr. Taufique Sayeed Saigol	Director / Key management personnel	0.0015%
Mr. Waleed Tariq Saigol	Director / Key management personnel	0.0010%
Mr. Danial Taufique Saigol	Director / Key management personnel	0.0005%
Ms. Jahanara Saigol	Director / Key management personnel	0.0002%
Mr. Shafiq Ahmed Khan	Director / Key management personnel	0.0014%
Mr. Zulfikar Monnoo	Director / Key management personnel	0.0003%
Mr. Syed Mohsin Raza Naqvi	Director / Key management personnel	N/A
Mr. Sohail Sadiq	Key management personnel	N/A
Mr. Yahya Hamid	Key management personnel	N/A
Mr. Amir Feroze	Key management personnel	N/A
Mr. Zeeshan Malik Bhutta	Key management personnel	N/A
Mr. Nasir Iqbal	Key management personnel	N/A
Mr. Tariq Ahmed Mir	Key management personnel	N/A
Mr. Amer Bilal	Key management personnel	N/A
Mr. Muhammad Basharat	Key management personnel	N/A

#### 44. REMUNERATION OF CHAIRMAN, CHIEF EXECUTIVE, DIRECTORS, NON-EXECUTIVE DIRECTORS AND EXECUTIVES

The aggregate amounts charged in the consolidated financial statements for the year for remuneration, including all benefits to the Chairman, Chief Executive, Directors and Executives of the Company are as follows:

		2021				
		Directors				
	Chairman	Chief Executive	Executives	Non-Executives	Executives	
(----- Rupees in thousand ----- )						
Short term benefits						
Managerial remuneration	32,625	30,015	17,534	-	267,783	
House rent	7,425	6,831	1,310	-	77,098	
Medical	-	-	142	-	5,040	
Conveyance	-	1,627	914	-	25,189	
Utilities	-	-	655	-	20,430	
	40,050	38,473	20,555	-	395,540	
Post employment benefits						
Contribution to Provident Fund Trust	2,475	2,277	1,310	-	20,020	
	42,525	40,750	21,865	-	415,560	
Numbers	1	1	1	5	98	

		2020				
		Directors				
	Chairman	Chief Executive	Executives	Non-Executives	Executives	
(----- Rupees in thousand ----- )						
Short term benefits						
Managerial remuneration	30,450	28,058	14,439	-	190,010	
House rent	6,930	6,386	1,079	-	59,561	
Medical	-	-	69	-	4,991	
Conveyance	-	2,233	973	-	20,795	
Utilities	-	-	539	-	16,659	
	37,380	36,677	17,099	-	292,016	
Post employment benefits						
Contribution to Provident Fund Trust	2,310	2,129	1,079	-	16,098	
	39,690	38,806	18,178	-	308,114	
Numbers	1	1	1	5	78	

- 44.1** The Chairman, Chief Executive, Directors and some of the Executives are also provided with the Group's maintained cars in accordance with their terms of employment.
- 44.2** Aggregate amount charged in these consolidated financial statements in respect of meeting fee paid to Directors aggregated to Rs. 0.34 million (2020: Rs.0.34 million).

## 45. CAPACITY AND PRODUCTION

	Capacity		Actual Production	
	2021	2020	2021	2020
	----- Metric tons -----			
<b>Clinker</b>	5,585,342	5,550,000	4,881,669	4,963,675

Until last year, the Holding Company had aggregate clinker / cement production capacity of 18,500 tons per day. The capacity as disclosed in these consolidated financial statements is worked out based on 300 working days. During the year, the Holding Company increased the clinker / cement production capacity of line III from 7,300 tons per day to 7,800 tons per day due to debottlenecking and balancing, modernization and replacement program. Increase in capacity as compared to last year is due to additional capacity available from line III which was added in April 2021.

## 46. SEGMENT REPORTING

### 46.1 Reportable segments

The Group has the following two strategic divisions, which are its reportable segments. These divisions offer different products and services and are managed separately because they require different technology and strategies.

The following summary describes the operations of each reportable segment.

Reportable segments	Operation
Cement manufacturing	The Maple Leaf Cement Limited (the "Holding Company") is operating as a cement manufacturing segment of the Group. The principal activity of the Holding Company is production and sale of cement.
Power generation	Maple Leaf Power Limited (the "Subsidiary Company") is operating as a electric power generation segment of the Group. The principal activity of the Subsidiary Company is to develop, design, operate and maintain electric power generation plant and in connection therewith to engage in the business of generation, sale and supply of electricity. The Subsidiary Company entered into a power purchase and steam purchase agreements with the Holding Company on 04 July 2017 and 31 October 2019 respectively which are valid for 20 years. Accordingly the Subsidiary Company sold 100% electricity and steam to the Holding Company during the year.

The management reviews internal management reports of each division.

## 46.2 Information about reportable segments

Information related to each reportable segment is set out below. Segment operating profit or loss as included in internal management reports reviewed by the Group's top management is used to measure performance because management believes that such information is the most relevant in evaluating the result of the respective segments relative to other entities that operate in the same industries.

	Cement manufacturing	Power generation	Inter segment elimination	Total
	----- Rupees in thousand -----			
For the year ended 30 June 2021				
Revenue				
Revenue from external customer	35,640,181	-	-	35,640,181
Intersegment revenue	-	4,236,412	(4,236,412)	-
	35,640,181	4,236,412	(4,236,412)	35,640,181
Cost of sales	(28,135,419)	(3,109,406)	4,205,164	(27,039,661)
Distribution cost	(1,115,732)	-	-	(1,115,732)
Administrative expenses	(972,547)	(6,676)	-	(979,223)
Other charges	(365,084)	(66,250)	-	(431,334)
Other income				
Other income from external customer	217,772	5,243	-	223,015
Intersegment other income	3,514,360	230,586	(3,744,946)	-
	3,732,132	235,829	(3,744,946)	223,015
Finance cost	(1,493,930)	(31,151)	197,878	(1,327,203)
Segment profit before tax	7,289,601	1,258,758	(3,578,316)	4,970,043
Taxation	(1,035,492)	(106,057)	-	(1,141,549)
Segment profit after tax	6,254,109	1,152,701	(3,578,316)	3,828,494
Reconciliation:				
Segment profit after tax				3,828,494
Other consolidation adjustment				-
Consolidated profit after tax				3,828,494

Cement manufacturing	Power generation	Inter segment elimination	Total
----- Rupees in thousand -----			

**For the year ended 30 June 2020**

**Revenue**

Revenue from external customer	29,117,734	-	-	29,117,734
Intersegment revenue	-	4,716,609	(4,716,609)	-
	29,117,734	4,716,609	(4,716,609)	29,117,734

Cost of sales	(29,816,947)	(3,428,317)	4,741,306	(28,503,958)
Distribution cost	(845,380)	-	-	(845,380)
Administrative expenses	(784,704)	(6,433)	-	(791,137)
Other charges	(89,999)	(70,661)	-	(160,660)

**Other income**

Other income from external customer	131,976	13,903	-	145,879
Intersegment other income	-	202,765	(202,765)	-
	131,976	216,668	(202,765)	145,879

Finance cost	(2,981,722)	(85,308)	170,059	(2,896,971)
Segment (loss) / profit before tax	(5,269,042)	1,342,558	(8,009)	(3,934,493)
Taxation	425,776	(50,642)	-	375,134
Segment (loss) / profit after tax	(4,843,266)	1,291,916	(8,009)	(3,559,359)

**Reconciliation:**

Segment loss after tax	(3,559,359)
Other consolidation adjustment	-

<b>Consolidated loss after tax</b>	<b>(3,559,359)</b>
------------------------------------	--------------------

**46.2.1** The revenue reported above represents revenue generated from each segment and inter segment revenue eliminated.

**46.2.2 Revenue from major products and services**

The analysis of the Group's revenue from external customers for major products and services is given in note 33 to these consolidated financial statements.

**46.3** The accounting policies of the reportable segments are the same as the Group's accounting policies described in note 3 to these consolidated financial statements.

**46.4** All non-current assets of the Group at 30 June 2021 are located and operating in Pakistan.

#### 46.5 Segment assets and liabilities

Reportable segment's assets and liabilities are reconciled to total assets and liabilities as follows:

	Cement manufacturing	Power generation	Inter segment elimination	Total
----- Rupees in thousand -----				
<b>For the year ended 30 June 2021</b>				
<b>Segment assets</b>				
Current assets	16,923,416	562,385	(146,956)	17,338,845
Non-current assets	49,315,862	5,934,690	(6,020,000)	49,230,552
<b>Segment liabilities</b>				
Current liabilities	11,449,448	571,337	(82,640)	11,938,145
Non-current liabilities	17,247,289	41,633	(1,000,000)	16,288,922
<b>For the year ended 30 June 2020</b>				
<b>Segment assets</b>				
Current assets	16,607,191	1,106,748	(340,386)	17,373,553
Non-current assets	49,402,580	8,241,895	(8,020,000)	49,624,475
<b>Segment liabilities</b>				
Current liabilities	15,313,775	1,066,944	(340,386)	16,040,333
Non-current liabilities	19,375,165	32,956	(3,000,000)	16,408,121

##### 46.5.1 For the purposes of monitoring segment performance and allocating resources between segments:

All assets and liabilities are allocated to reportable segments; and there are no assets and liabilities separately managed by Group.

#### 46.6 Other segment information

	Cement manufacturing	Power generation	Inter segment elimination	Total
----- Rupees in thousand -----				
<b>For the year ended 30 June 2021</b>				
Capital expenditure	3,285,300	-	-	3,285,300
Depreciation	3,284,697	307,205	-	3,591,902
Amortization	3,006	-	-	3,006
Finance Cost	1,493,930	31,151	(197,878)	1,327,203
Non-cash items other than depreciation, amortization and finance cost	455,936	(132,999)	197,878	520,815

	Cement manufacturing	Power generation	Inter segment elimination	Total
	----- Rupees in thousand -----			
<b>For the year ended 30 June 2020</b>				
Capital expenditure	855,474	31,832	-	887,306
Depreciation	3,301,055	296,266	-	3,597,321
Amortization	4,506	-	-	4,506
Finance Cost	2,981,722	85,308	(170,059)	2,896,971
Non-cash items other than depreciation, amortization and finance cost	26,524	(104,057)	170,059	92,526

## 47. FINANCIAL RISK MANAGEMENT

The Group has exposure to the following risks arising from financial instruments:

- credit risk
- liquidity risk
- market risk

### Risk management framework

The Group's Board of Directors ("the Board") has overall responsibility for establishment and oversight of the Group's risk management framework. The Board is responsible for developing and monitoring the Group's risk management policies.

The Group's risk management policies are established to identify and analyze the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations. The Board of Directors reviews and agrees upon the policies for managing each of these risks.

The Group's audit committee oversees how management monitors compliance with the Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. Audit committee is assisted in its oversight role by internal audit department. Internal audit department undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the audit committee.

The Group's exposure to financial risks, the way these risks affect the financial position and performance, and forecast transactions of the Group and the manner in which such risks are managed is as follows:

### 47.1 Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. To manage credit risk the Group maintains procedures covering the application for credit approvals, granting and renewal of counterparty limits and monitoring of exposures against these limits. As part of these processes the financial viability of all counterparties is regularly monitored and assessed.

#### 47.1.1 Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk as at the end of the reporting period was as follows:

	2021	2020
	(Rupees in thousand)	
<b>Financial assets at amortised cost</b>		
Long term deposits	57,302	56,420
Trade debts	1,679,704	3,052,130
Long term loans to employees	27,996	30,705
Short term investment - term deposit receipt	94,500	50,000
Margin and short term deposits	236,977	186,928
Accrued profit	6,136	3,168
Other receivables	165,835	35,672
Cash at bank	497,387	1,048,509
	<b>2,765,837</b>	<b>4,463,532</b>

#### 47.1.2 Concentration of credit risk

The Group identifies concentrations of credit risk by reference to type of counter party. Maximum exposure to credit risk by type of counterparty is as follows:

	2021	2020
	(Rupees in thousand)	
Customers	1,679,704	3,052,130
Banking companies and financial institutions	828,864	1,235,237
Others	257,269	176,165
	<b>2,765,837</b>	<b>4,463,532</b>

#### 47.1.3 Credit quality and impairment

Credit quality of financial assets is assessed by reference to external credit ratings, where available, or to historical information about counterparty default rates. All counterparties, with the exception of customers, employees, regulatory authorities and utility companies, have external credit ratings determined by various credit rating agencies. Credit quality of customers is assessed by reference to historical defaults rates and present ages.

##### 47.1.3.(a) Counterparties with external credit ratings

These include banking companies and financial institutions, which are counterparties to bank balances, margin against bank guarantees, margin against letter of credit and accrued return on deposits. Credit risk is considered minimal as these counterparties have reasonably high credit ratings as determined by various credit rating agencies. Due to long standing business relationships with these counterparties and considering their strong financial standing, management does not expect non-performance by these counterparties on their obligations to the Group. Following are the credit ratings of counterparties with external credit ratings:

	Rating			2021	2020
	Short term	Long term	Agency	(Rupees in thousand)	
Cash at Bank					
Allied Bank Limited	A1+	AAA	PACRA	4,195	22,377
Askari Bank Limited	A1+	AA+	PACRA	10,879	2,900
Bank Al-Habib Limited	A1+	AA+	PACRA	134,635	170,970
Bank Alfalah	A1+	AA+	VIS- PACRA	1,376	3,328
Bank Islami Pakistan Limited	A1	A+	PACRA	13,325	208,860
The Bank of Punjab	A1+	AA	PACRA	14,965	18,018
Albaraka Bank Limited	A1	A	PACRA	9	9
Dubai Islamic Bank Pakistan Limited	A1+	AA	JCR-VIS	2,580	2,580
Faysal Bank Limited	A1+	AA	PACRA - VIS	1,266	7,588
Finca Microfinance Bank Limited	A1	A	PACRA - VIS	1,871	1,440
Habib Bank Limited	A1+	AA	PACRA	56,586	76,684
Habib Metropolitan Bank Limited	A1+	AA+	PACRA	28,937	30,389
MCB Islamic Bank Limited	A1	A	PACRA	777	4,771
Meezan Bank Limited	A1+	AAA	JCR-VIS	658	663
MCB Bank Limited	A1+	AAA	PACRA	144,880	274,309
National Bank of Pakistan	A1+	AAA	PACRA - VIS	41,985	55,841
Samba Bank Limited	A1	AA	JCR-VIS	1,259	9,681
Silk Bank Limited	A-2	A-	JCR-VIS	12	11
Soneri Bank Limited	A1+	AA-	PACRA	102	102
Standard Chartered Bank (Pakistan) Limited	A1+	AAA	PACRA	3,423	25,077
Summit Bank Limited	A3	BBB-	JCR-VIS	25	25
United Bank Limited	A1+	AAA	JCR-VIS	32,743	131,987
U Micro finance Bank Limited	A1	A	JCR-VIS	899	899
				497,387	1,048,509
Short term investment - Term deposit receipts					
The Bank of Punjab	A1+	AA	PACRA	94,500	50,000
Margin against bank guarantees					
Allied Bank Limited	A1+	AAA	PACRA	1,700	1,700
United Bank Limited	A1+	AAA	JCR-VIS	31,214	31,214
Summit Bank Limited	A3	BBB-	JCR-VIS	26,216	26,216
Askari Bank Limited	A1+	AA+	PACRA	75,000	15,000
Soneri Bank Limited	A1+	AA-	PACRA	5,000	5,000
Standard Chartered Bank (Pakistan) Limited	A1+	AAA	PACRA	1,963	1,964
Habib Metropolitan Bank Limited	A1+	AA+	PACRA	39,942	35,111
Dubai Islamic Bank Pakistan Limited	A1+	AA	JCR-VIS	50,000	50,000
				231,035	166,205
Margin against letters of credit					
Askari Bank Limited	A1+	AA+	PACRA	-	7,622
MCB Islamic Bank Limited	A1	A	PACRA	-	857
Allied Bank Limited	A1+	AAA	PACRA	241	23
The Bank of Punjab	A1+	AA	PACRA	-	292
Habib Metropolitan Bank Limited	A1+	AA+	PACRA	5,701	11,729
				5,942	20,523

#### 47.1.3(b) Counterparties without external credit ratings

These mainly include customers which are counter parties to local and foreign trade debts against sale of cement. As explained in note 3.8, the Group applies the IFRS 9 simplified approach to measure expected credit losses which uses a lifetime expected loss allowance for all trade receivables. Trade receivables are written off when there is no reasonable expectation of recovery. On adoption of IFRS 9, management uses an allowance matrix to base the calculation of ECL of trade receivables from individual customers, which comprise a very large number of small balances. Loss rates are calculated using a 'role rate' method based on the probability of receivable progressing through successive stages of delinquency to write-off. the Group has used four years quarterly data in the calculation of historical loss rates along with the matching quarterly ageing brackets for the computation of roll rates. These rates are multiplied by scalar factors to reflect the effect of forward looking macro economic factors. The analysis of ages of trade debts and loss allowance using the aforementioned approach as at 30 June 2021 was determined as follows:

2021		2020	
Gross carrying amount	Loss Allowance	Gross carrying amount	Loss Allowance
----- (Rupees in thousand) -----			

The aging of trade debts at the reporting date is:

Not past due	708,821	1,825	953,507	1,394
Past due:				
1- 90 days	669,896	9,108	1,292,750	1,819
91 - 180 days	215,727	15,952	431,275	15,922
181 - 270 days	62,964	16,357	295,994	27,095
271 - 365 days	46,914	12,202	94,960	7,656
366 - above days	268,774	237,948	164,333	126,803
	1,973,096	293,392	3,232,819	180,689

Customer credit risk is managed by each business unit subject to the Group's established policy, procedures and controls relating to customer credit risk management. Credit limits are established for all customers based on internal rating criteria. Credit quality of the customer is assessed based on an extensive credit rating. Outstanding customer receivables are regularly monitored and shipments to the export customers are generally covered by letters of credit or other form of credit insurance.

#### 47.2 Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial assets, or that such obligations will have to be settled in a manner unfavorable to the Group. Management closely monitors the Group's liquidity and cash flow position. This includes maintenance of liquidity ratios, debtors and creditors concentration both in terms of the overall funding mix and avoidance of undue reliance on large individual customers.

Ultimate responsibility for liquidity risk management rests with the Board of Directors, which has built an appropriate liquidity risk management framework for the management of the Group's short, medium and long-term funding and liquidity management requirements. the Group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. Included in notes 8 and 18 to these consolidated financial statements is a listing of additional undrawn facilities that the Group has at its disposal to further reduce liquidity risk.

#### 47.2.1 Exposure to liquidity risk

##### 47.2.1(a) Contractual maturities of financial liabilities, including estimated interest payments

The following are the remaining contractual maturities at the reporting date. The amounts are grossed and undiscounted, and include estimated interest payments and exclude the impact of netting agreements.

2021				
Carrying amount	Contractual cash flows	Less than 1 year	Between 1 to 5 years	Above 5 years

----- (Rupees in thousand) -----

##### Financial liabilities at amortised cost

Long term loans from financial institutions - secured	13,440,927	16,665,786	2,747,709	12,256,541	1,661,536
Long term deposits	8,214	8,214	-	8,214	-
Retention money payable	391,694	421,841	-	421,841	-
Trade and other payables	4,668,601	4,668,601	4,668,602	-	-
Unclaimed dividend	28,134	28,134	28,134	-	-
Mark-up accrued on borrowings	240,161	240,161	240,161	-	-
Short term borrowings	1,924,115	1,924,115	1,924,115	-	-
	20,701,846	23,956,852	9,608,721	12,686,596	1,661,536

2020				
Carrying amount	Contractual cash flows	Less than 1 year	Between 1 to 5 years	Above 5 years

----- (Rupees in thousand) -----

##### Financial liabilities at amortised cost

Long term loans from financial institutions - secured	12,331,058	17,130,841	1,679,632	12,257,657	3,193,552
Long term deposits	8,664	8,664	-	8,664	-
Retention money payable	366,069	421,841	421,841	-	-
Trade and other payables	4,879,943	4,879,943	4,879,943	-	-
Unclaimed dividend	48,053	48,053	48,053	-	-
Mark-up accrued on borrowings	509,934	509,934	509,934	-	-
Short term borrowings	7,181,815	7,181,815	7,181,815	-	-
	25,325,536	30,181,091	14,721,218	12,266,321	3,193,552

#### 47.3 Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing return.

### 47.3.1 Currency risk

The Group is exposed to currency risk to the extent that there is a mismatch between the currencies in which sales, purchases and bank balances are denominated and the respective functional currency of the Group. The functional currency of the Group is Pak Rupee. The currencies in which these transactions are primarily denominated are Euros and US dollars.

#### 47.3.1 (a) Exposure to currency risk

The summary quantitative data about the Group's exposure to currency risk as reported to the management of the Group is as follows. The figures represent foreign currency balances after conversion in Pak Rupees using exchange rates prevailing at the statement of financial position date.

	2021					
	GBP	SEK	RMB	EURO	USD	SGD Equivalent to Rupees
	----- in thousand -----					
<b>Assets</b>						
Trade debts	-	-	-	-	49	- 7,669
Cash and bank balances	2	-	-	-	82	- 13,932
	2	-	-	-	131	- 21,601
<b>Liabilities</b>						
Trade creditors and bills payable	-	-	(45)	(33)	(4,151)	- (662,350)
Net statement of financial position exposure	2	-	(45)	(33)	(4,020)	- (640,749)
<b>Off statement of financial position items</b>						
Outstanding letters of credit	-	-	-	(107)	(393)	- (82,134)
<b>Net exposure</b>	2	-	(45)	(140)	(4,413)	- (722,883)

	2020					
	GBP	SEK	RMB	EURO	USD	SGD Equivalent to Rupees
	----- in thousand -----					
<b>Assets</b>						
Trade debts	-	-	-	-	155	- 26,051
Cash and bank balances	2	-	-	-	78	- 13,578
	2	-	-	-	233	- 39,629
<b>Liabilities</b>						
Trade creditors and bills payable	-	-	-	(61)	(4,370)	- (845,885)
Net statement of financial position exposure	2	-	-	(61)	(4,137)	- (806,256)
<b>Off statement of financial position items</b>						
Outstanding letters of credit	-	(170)	(272)	(746)	(380)	(1) (215,483)
<b>Net exposure</b>	2	(170)	(272)	(807)	(4,517)	(1) (1,021,739)

#### 47.3.1 (b) Exchange rates applied during the year

The following significant exchange rates have been applied during the year:

	2021		
	Reporting date spot rate		Average rate for the year
	Buying	Selling	
GBP	218.58	219.28	217.00
CHF	171.32	171.86	176.52
EURO	188.12	188.71	191.91
USD	157.80	158.30	160.31
YEN	1.43	1.43	1.51
SEK	18.62	18.68	18.88
RMB	24.69	24.76	24.41
SGD	117.37	117.74	119.29

	2020		
	Reporting date spot rate		Average rate for the year
	Buying	Selling	
GBP	207.05	207.68	199.63
CHF	176.83	177.43	162.06
EURO	189.11	189.73	175.06
USD	168.25	168.75	158.26
YEN	1.56	1.57	1.46
SEK	18.09	18.15	16.59
RMB	23.92	24.00	22.77
SGD	120.76	121.12	115.03

#### 47.3.1 (c) Sensitivity analysis

A reasonably possible strengthening / (weakening) of 10% in Pak Rupee against the following currencies would have affected the measurement of financial instruments denominated in foreign currency and affected statement of profit or loss by the amounts shown below at the statement of financial position date . The analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecast sales and purchases.

	Profit	
	2021	2020
	(Rupees in thousand)	
GBP	44	41
EURO	(623)	(1,157)
USD	(63,637)	(69,812)
RMB	(111)	-
	(64,327)	(70,928)

#### 47.3.1(d) Currency risk management

Since the maximum amount exposed to currency risk is only 0.097% (2020: 0.106%) of the Group's total assets, any adverse / favorable movement in functional currency with respect to US dollar , GBP and Euro will not have any material impact on the operational results.

#### 47.3.2 Interest rate risk

Interest rate risk is the risk that fair values or future cash flows of a financial instrument will fluctuate because of changes in interest rates. Sensitivity to interest rate risk arises from mismatch of financial assets and financial liabilities that mature or re-price in a given period.

#### 47.3.2(a) Fixed rate financial instruments

The effective interest / mark-up rates for interest / mark-up bearing financial instruments are mentioned in relevant notes to the consolidated financial statements. the Group's interest / mark-up bearing financial instruments as at the reporting date are as follows:

2021		2020	
Financial assets	Financial liabilities	Financial assets	Financial liabilities
----- (Rupees in thousand) -----			

##### Non-derivative financial instruments

Short term investment - term  
deposit receipt

94,500	-	50,000	-
94,500	-	50,000	-

The related mark-up / interest rates for fixed rate financial instruments are indicated in the related notes to the consolidated financial statements.

##### Fair value sensitivity analysis for fixed rate instruments

The Group does not account for any fixed rate financial assets and liabilities at fair value through statement of profit or loss. Therefore, a change in mark-up / interest rates at the reporting date would not affect statement of profit or loss.

#### 47.3.2(b) Variable rate financial instruments

2021		2020	
Financial assets	Financial liabilities	Financial assets	Financial liabilities
----- (Rupees in thousand) -----			

Note

##### Non-derivative financial instruments

Long term loans from banking companies - secured	8	-	13,440,927	-	12,331,058
Short term borrowings - running finance	18	-	1,920,898	-	6,875,074
Bank balances at deposit accounts	32	170,458	-	470,218	-
		170,458	15,361,825	470,218	19,206,132

The related mark-up / interest rates for variable rate financial instruments are indicated in the related notes to the consolidated financial statements.

### Cash flow sensitivity analysis for variable rate instruments

A reasonably possible change of 100 basis points in interest rates at the reporting date would have (decreased) / increased profit by amounts shown below. The analysis assumes that all other variables, in particular foreign exchange rates, remain constant. The analysis is performed on the same basis for the year 2021.

	Profit	
	2021	2020
	(Rupees in thousand)	
<b>Increase of 100 basis points</b>		
Variable rate instruments	(151,914)	(187,359)
<b>Decrease of 100 basis points</b>		
Variable rate instruments	151,914	187,359

The sensitivity analysis prepared is not necessarily indicative of the effects on profit for the year and the outstanding liabilities of the Group at the year end.

### 47.3.2 (c) Interest rate risk management

The Group manages these mismatches through risk management strategies where significant changes in gap position can be adjusted. the Group's significant borrowings are based on variable rate pricing that is mostly dependent on Karachi Inter Bank Offered Rate ("KIBOR") as indicated in respective notes.

### 47.3.3 Price risk

Price risk represents the risk that the fair value or future cash flows of financial instrument will fluctuate because of changes in market prices, other than those arising from interest rate risk or currency risk, whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments trading in market.

### 47.3.3(a) Investments exposed to price risk

At the statement of financial position date, the Group's investment in quoted equity securities is as follows:

	2021	2020
	(Rupees in thousand)	
Investment in equity securities	54,648	25,245

### 47.3.3(b) Sensitivity analysis

A 10% increase / (decrease) share prices at reporting date would have increased / (decreased) the Group's fair value gain on investment as follows:

	Equity	
	2021	2020
	(Rupees in thousand)	
<b>Short term investment at fair value through statement of profit or loss</b>		
Effect of increase	5,465	2,525
Effect of decrease	(5,465)	(2,525)

#### 47.3.3(c) Price risk management

The Group manages price risk by monitoring exposure in quoted equity securities and implementing the strict discipline in internal risk management and investment policies. The carrying value of investments subject to equity price risk are based on quoted market prices as at reporting date. Market prices are subject to fluctuation and consequently the amount realized in the subsequent sale of an investment may significantly differ from reported market value. Fluctuations in the market price of a security may result from perceived changes in the underlying economic characteristics of the investee, the relative price of alternative investments and general market conditions. Furthermore, amount realized in the sale of a particular security may be affected by the relative quantity of the security being sold.

### 48. FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Underlying the definition of fair value is the presumption that the Group is a going concern without any intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

The fair value of financial assets and liabilities traded in active markets i.e. listed equity shares are based on the quoted market prices at the close of trading on the period end date. The quoted market prices used for financial assets held by the Group is current bid price.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency and those prices represent actual and regularly occurring market transactions on an arm's length basis.

IFRS 13, 'Fair Value Measurements' requires the Group to classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date (level 1).
- Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly (level 2).
- Unobservable inputs for the asset or liability (level 3).

The following table shows the carrying amounts and fair values of financial assets and financial liabilities including their levels in the fair value hierarchy:

	Carrying Amount				Fair Value		
	Fair Value through statement of profit or loss	Financial assets at amortised cost	Other financial liabilities	Total	Level 1	Level 2	Level 3
Note	----- (Rupees in thousand) -----						
<b>30 June 2021</b>							
<b>Financial assets measured at fair value</b>							
Short term investments	54,648	-	-	54,648	54,648	-	-
	54,648	-	-	54,648	54,648	-	-
<b>Financial assets at amortised cost</b>							
Cash and bank balances	-	501,331	-	501,331	-	-	-
Long term loans to employees	-	27,996	-	27,996	-	-	-
Short term investment - term deposit receipt	-	94,500	-	94,500	-	-	-
Margin and short term deposits	-	236,977	-	236,977	-	-	-
Other receivables	-	165,835	-	165,835	-	-	-
Accrued profit	-	6,136	-	6,136	-	-	-
Long term deposits	-	57,302	-	57,302	-	-	-
Trade debts	-	1,679,704	-	1,679,704	-	-	-
48.1	-	2,769,781	-	2,769,781	-	-	-
<b>Financial liabilities measured at fair value</b>	-	-	-	-	-	-	-
	-	-	-	-	-	-	-
<b>Financial liabilities not measured at fair value</b>							
Long term loans from financial institutions - secured	-	-	13,440,927	13,440,927	-	-	-
Long term deposits	-	-	8,214	8,214	-	-	-
Retention money payable	-	-	391,694	391,694	-	-	-
Trade and other payables	-	-	4,668,601	4,668,601	-	-	-
Unclaimed dividend	-	-	28,134	28,134	-	-	-
Mark-up accrued on borrowings	-	-	240,161	240,161	-	-	-
Short term borrowings	-	-	1,924,115	1,924,115	-	-	-
48.1	-	-	20,701,846	20,701,846	-	-	-

	Carrying Amount				Fair Value		
	Fair Value through statement of profit or loss	Financial assets at amortised cost	Other financial liabilities	Total	Level 1	Level 2	Level 3
Note	----- (Rupees in thousand) -----						
<b>30 June 2020</b>							
<b>Financial assets measured at fair value</b>							
Short term investments	25,245	-	-	25,245	25,245	-	-
	25,245	-	-	25,245	25,245	-	-
<b>Financial assets at amortised cost</b>							
Cash and bank balances	-	1,058,882	-	1,058,882	-	-	-
Long term loans to employees	-	30,705	-	30,705	-	-	-
Short term investment - term deposit receipt	-	50,000	-	50,000	-	-	-
Margin and short term deposits	-	186,928	-	186,928	-	-	-
Other receivables	-	35,672	-	35,672	-	-	-
Accrued profit	-	3,168	-	3,168	-	-	-
Long term deposits	-	56,420	-	56,420	-	-	-
Trade debts	-	3,052,130	-	3,052,130	-	-	-
48.1	-	4,473,905	-	4,473,905	-	-	-
<b>Financial liabilities measured at fair value</b>	-	-	-	-	-	-	-
	-	-	-	-	-	-	-
<b>Financial liabilities not measured at fair value</b>							
Long term loans from financial institutions - secured	-	-	12,331,058	12,331,058	-	-	-
Long term deposits	-	-	8,664	8,664	-	-	-
Retention money payable	-	-	366,069	366,069	-	-	-
Trade and other payables	-	-	4,879,943	4,879,943	-	-	-
Unclaimed dividend	-	-	48,053	48,053	-	-	-
Mark-up accrued on borrowings	-	-	509,934	509,934	-	-	-
Short term borrowings	-	-	7,181,815	7,181,815	-	-	-
48.1	-	-	25,325,536	25,325,536	-	-	-

**48.1** The Group has not disclosed the fair values of these financial assets and liabilities as these are for short term or reprice over short term. Therefore, their carrying amounts are reasonable approximation of fair value.

**48.2** Freehold land, buildings on freehold land, roads, bridges and railway sidings, plant and machinery have been carried at revalued amounts determined by professional valuers (level 3 measurement) based on their assessment of the market values as disclosed in note 7.1. The valuations are conducted by the valuation experts appointed by the Group. The valuation experts used a market based approach to arrive at the fair value of the Group's properties. For revaluation of freehold land fair market value was assessed through inquiries to real estate agents and property dealers in near vicinity of freehold land. Different valuation methods and exercises were adopted according to experience, location and other usage of freehold land. Valuer had also considered all relevant factors as well. In case of buildings on freehold land, roads, bridges and railway sidings, construction specifications were noted for each building and structure and new construction rates are applied according to construction specifications for current replacement values. After determining current replacement values, depreciation was calculated to determine the current assessed market value. For revaluation of plant and machinery, suppliers and different cement plant consultants in Pakistan and abroad were contacted to collect information regarding current prices of comparable cement plant to determine current replacement value. Fair depreciation factor for each item is applied according to their physical condition, usage and maintenance. The effect of changes in the unobservable inputs used in the valuations cannot be determined with certainty, accordingly a qualitative disclosure of sensitivity has not been presented in these consolidated financial statements.

#### 49. RECONCILIATION OF MOVEMENT OF LIABILITIES TO CASH FLOWS ARISING FROM FINANCING ACTIVITIES

	2021					
	Issued, subscribed and paid-up capital	Share premium	Dividend payable	Long term financing from financial institutions	Short term borrowing	Accrued markup
	----- (Rupees in thousand) -----					
<b>As at 01 July 2020</b>	10,983,462	6,060,550	48,053	12,331,058	7,181,815	509,934
<b>Changes from financing cash flows</b>						
Dividend paid	-	-	(19,919)	-	-	-
Proceeds from short term borrowings - net	-	-	-	-	-	-
Financial charges paid	-	-	-	-	(4,453,486)	(1,550,431)
Repayments of long term loans from financial institutions - secured - net	-	-	-	1,109,869	-	-
<b>Total changes from financing cash flows</b>	-	-	(19,919)	1,109,869	(4,453,486)	(1,550,431)
<b>Other changes</b>						
Dividend declared	-	-	-	-	-	-
Deferred grant	-	-	-	(99,566)	-	-
Change in running finances and over draft balances	-	-	-	-	(796,224)	-
Finance cost	-	-	-	-	-	1,280,658
<b>Total liability related other changes</b>	-	-	-	(99,566)	(796,224)	1,280,658
<b>As at 30 June 2021</b>	10,983,462	6,060,550	28,134	13,341,361	1,932,105	240,161

	2020						
	Issued, subscribed and paid-up capital	Share premium	Dividend payable	Long term financing from financial institutions	Short term borrowing	Accrued markup	Total
	----- (Rupees in thousand) -----						
<b>As at 01 July 2019</b>	5,937,007	5,112,037	40,564	17,305,362	4,693,036	583,027	33,671,033
<b>Changes from financing cash flows</b>							
Proceeds from issuance of ordinary shares	5,046,455	948,513	-	-	-	-	5,994,968
Dividend paid	-	-	(289,361)	-	-	-	(289,361)
Proceeds from short term borrowings - net	-	-	-	-	3,131,794	-	3,131,794
Financial charges paid	-	-	-	-	-	(2,970,064)	(2,970,064)
Repayments of long term loans from financial institutions - secured - net	-	-	-	(4,974,304)	-	-	(4,974,304)
<b>Total changes from financing cash flows</b>	5,046,455	948,513	(289,361)	(4,974,304)	3,131,794	(2,970,064)	893,033
<b>Other changes</b>							
Dividend declared	-	-	296,850	-	-	-	296,850
Change in running finances and over draft balances	-	-	-	-	(643,015)	-	(643,015)
Finance cost	-	-	-	-	-	2,896,971	2,896,971
<b>Total liability related other changes</b>	-	-	296,850	-	(643,015)	2,896,971	2,550,806
<b>As at 30 June 2020</b>	10,983,462	6,060,550	48,053	12,331,058	7,181,815	509,934	37,114,872

## 50. CAPITAL MANAGEMENT

The Board's policy is to maintain an efficient capital base so as to maintain investor, creditor and market confidence and to sustain the future development of its business. The Board of Directors monitors the return on capital employed, which the Group defines as operating income divided by total capital employed. The Board of Directors also monitors the level of dividends to ordinary shareholders.

The Group's objectives when managing capital are:

- to safeguard the entity's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders; and
- to provide an adequate return to shareholders.

The Group manages the capital structure in the context of economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may, for example, adjust the amount of dividends paid to shareholders, issue new shares, or sell assets to reduce debt.

	Unit	2021	2020
Total debt	Rupees in '000	15,505,637	20,022,807
Less: Cash and bank balances	Rupees in '000	(501,331)	(1,058,882)
Net debt	Rupees in '000	15,004,306	18,963,925
<b>Total Equity</b>	Rupees in '000	38,342,330	34,549,574
<b>Total capital employed</b>	Rupees in '000	53,346,636	53,513,499
<b>Gearing</b>	Percentage	28.13%	35.44%

Total equity includes issued, subscribed and paid-up share capital, capital reserves, accumulated profits and surplus on revaluation of fixed assets.

There were no changes in the Group's approach to capital management during the year.

## 51. PROVIDENT FUND TRUST

The following information is based on the latest un-audited financial statements of the Provident Fund.

	Note	Un-audited 2021 (Rupees in thousand)	Audited 2020
Size of the fund - total assets		1,232,776	987,185
Cost of investments made		773,674	906,249
Percentage of investments made	51.1	82.59%	93.79%
Fair value of investments		1,018,201	925,877

**51.1** The break-up of fair value of investments is:

	2021 (Un-audited)		2020 (Audited)	
	Rs. in '000	Percentage	Rs. in '000	Percentage
Shares in quoted securities	4,421	0.43%	3,395	0.37%
Term deposit receipts	557,026	54.71%	373,792	40.37%
Government securities	317,801	31.21%	283,967	30.67%
Mutual funds	138,953	13.65%	264,723	28.59%
	1,018,201	100.00%	925,877	100.00%

The investments out of Provident Fund Trust have been made in accordance with the provisions of section 218 of the Companies Act 2017 and the rules formulated for this purpose.

## 52. IMPACT OF COVID-19 (CORONA VIRUS)

The pandemic of COVID-19 that has rapidly spread all across the world has not only endangered human lives but has also adversely impacted the global economy. During the year, the Government of the Punjab from time to time announced a temporary smart lock downs as a measure to reduce the spread of the COVID-19. However, after implementing all the necessary Standard Operating Procedures (SOPs) to ensure safety of employees, the Group continued to carry out its operations and has taken all necessary steps to ensure smooth and adequate continuation of its business. Management is actively monitoring the impact of the pandemic on its financial condition, liquidity, operations, supply chain, and workforce, which at this point is not considered to be significant. However, during the year the Group obtained term loan / SBP COVID-19 relief facility, under "SBP refinance scheme for payment of wages and salaries" introduced by Government of Pakistan, amounting to Rs. 853.26 million, for paying salaries for the months from April 2020 to September 2020 as explained in note 9.1 to these consolidated financial statements. Further, management believes that the Group has sufficient liquidity available to continue to meet its financial commitments for the foreseeable future when they become due. From the very outset of Covid-19, the management has adopted various policies and practices to minimize adverse impact of Covid-19 on the business and is continuously monitoring the situation in order to proactively address any challenges which may arise from Covid-19.

### 53. NUMBER OF EMPLOYEES

The total and average number of employees of the Group during the year and as at 30 June 2021 and 2020 respectively are as follows:

	2021	2020
Average number of employees during the year	1,490	1,547
Total number of employees as at 30 June	1,487	1,524

### 54. DATE OF AUTHORIZATION FOR ISSUE

These consolidated financial statements were authorized for issue by the Board of Directors of the Group in their meeting held on 12 August 2021.

### 55. GENERAL

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

  
CHIEF EXECUTIVE OFFICER

  
CHIEF FINANCIAL OFFICER

  
DIRECTOR





AFFIX  
CORRECT  
POSTAGE

The Company Secretary

**MAPLE LEAF CEMENT FACTORY LIMITED**  
42-LAWRENCE ROAD, LAHORE  
Tel: 042-36278904-05

# میپل لیف سیمنٹ فیکٹری لمیٹڈ

42- لارنس روڈ، لاہور

## تفہیل نیابت داری (پراکسی فارم)

میں / ہم \_\_\_\_\_ ساکن \_\_\_\_\_ بحیثیت حصہ دار میپل لیف سیمنٹ فیکٹری لمیٹڈ

نام (فولیڈ ایس ڈی سی اکاؤنٹ نمبر اگر میر ہو)

ساکن \_\_\_\_\_ یا بصورت دیگر \_\_\_\_\_ نام (فولیڈ ایس ڈی سی اکاؤنٹ نمبر اگر میر ہو)

ساکن \_\_\_\_\_ کو اپنی جگہ بروز منگل 28 ستمبر 2021ء کو دن گیارہ (11:00) بجے رجسٹرڈ آفس 42- لارنس روڈ، لاہور میں منعقدہ یا ملتوی ہونے والے 61 ویں سالانہ عام اجلاس میں شرکت کرنے، پولے اور ووٹ دینے کے لیے اپنا نمائندہ مقرر کرتا/کرتی ہوں۔

بطور گواہ میرے/ ہمارے دستخط سے مورخہ \_\_\_\_\_ ستمبر 2021ء کو دی گئی۔

50 روپے کارسیدی ٹکٹ  
چسپاں کر کے دستخط کریں

1- گواہ

دستخط \_\_\_\_\_

نام \_\_\_\_\_

شناختی کارڈ نمبر \_\_\_\_\_

پتہ \_\_\_\_\_

2- گواہ

دستخط \_\_\_\_\_

نام \_\_\_\_\_

شناختی کارڈ نمبر \_\_\_\_\_

پتہ \_\_\_\_\_

دستخط \_\_\_\_\_  
(میر/میرا فرس)  
(کارپوریٹ ادارے کی صورت میں مکتبی کی سربراہی لگائیں)

حاصل عام حصص \_\_\_\_\_

فولیڈ نمبر	سی ڈی سی اکاؤنٹ نمبر
	شراکتی آئی ڈی
	اکاؤنٹ نمبر

کمپیوٹرائزڈ شناختی کارڈ نمبر \_\_\_\_\_

نوٹس:

- (1) پراکسیز کے مؤثر ہونے کے لیے لازم ہے کہ وہ اجلاس سے 48 گھنٹے قبل بعد دستخط گواہان اور رسیدی ٹکٹ کھیتی کو موصول ہو جانی چاہئیں۔
- (2) سی ڈی سی حصص داران اور پراکسی ہولڈرز اجلاس ہذا میں اپنی شناخت ثابت کرنے کے لیے اپنے اصلی کمپیوٹرائزڈ قومی شناختی کارڈ/ پاسپورٹ ساتھ لائیں اور پراکسی کی صورت میں سی ڈی سی حصص داران اور پراکسی ہولڈرز اپنے کمپیوٹرائزڈ قومی شناختی کارڈ/ پاسپورٹ کی تصدیق شدہ کاپی پراکسی فارم کے ساتھ لگائیں۔
- (3) کارپوریٹ ادارے کی صورت میں بورڈ آف ڈائریکٹرز کی قرارداد/ پاور آف اٹارنی بعد نمائندہ کے دستخط (اگر پہلے میٹینس کی گئیں) پراکسی فارم کے ساتھ لف کرنے ہوں گے یا اجلاس ہذا کے وقت مہیا کر سکتے ہیں۔

AFFIX  
CORRECT  
POSTAGE

The Company Secretary

MAPLE LEAF CEMENT FACTORY LIMITED  
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## نظر ثانی شدہ اشتمال شدہ مالیاتی گوشواروں پر ڈائریکٹرز کی رپورٹ

ڈائریکٹرز 30 جون 2021 کو متع ہونے والے سال کے لئے منجیل ایف سینٹ فیکٹری لمیٹڈ (ہولڈنگ کمپنی) اور اسکی مکمل ذیلی کمپنی منجیل ایف پاور لمیٹڈ (باہم ایک گروپ) کے نظر ثانی شدہ اشتمال شدہ مالیاتی گوشوارے پیش کرتے ہوئے خوشی محسوس کرتے ہیں۔

### گروپ کے نتائج

گروپ نے گزشتہ سال کے 614 ملین روپے کے مقابلے میں 8,601 ملین روپے کا مجموعی منافع کمایا ہے۔ گروپ نے گزشتہ سال کے نقصان 3,559 ملین روپے کا بعد از ٹیکس کے مقابلے میں 3,828 روپے کا منافع ظاہر کیا ہے۔

گروپ کے مجموعی نتائج حسب ذیل ہیں:

30 جون 2020	30 جون 2021	
		روپے ملین میں
29,118	35,640	فروخت
614	8,601	مجموعی منافع
(1,038)	6,297	آپریٹنگ منافع (نقصان)
(2,897)	(1,327)	مالی اخراجات
(3,559)	3,828	بعد از ٹیکس منافع (نقصان)
		روپے
(3.89)	3.49	فی حصص آمدنی (نقصان) بنیادی اور ڈائیوڈنڈ

### ذیلی کمپنی

#### منجیل ایف پاور لمیٹڈ

منجیل ایف سینٹ فیکٹری لمیٹڈ نے ایک مکمل ذیلی کمپنی، نام "منجیل ایف پاور لمیٹڈ (MLPL)" تشکیل دی۔ MLPL ("مکمل ذیلی کمپنی") 15 اکتوبر 2015 کو پاکستان میں کمپنیز آرڈیننس 1984 (اب کمپنیز ایکٹ 2017) کے تحت ایک پبلک لمیٹڈ کمپنی کے طور پر قائم ہوئی۔ MLPL کا اصل مقصد ہولڈنگ کمپنی کو بجلی پیدا کر کے فروخت اور فراہمی کے کاروبار میں مشغول کرنے کے سلسلے میں الیکٹرک پاور جنریشن پلانٹ تیار، ڈیزائن، چلانے اور برقرار رکھنا ہے۔ کمپنیز ایکٹ 2017ء کی قیمل میں سیکشن 227 کے تحت تمام معاملات ہماری Standalone ڈائریکٹرز رپورٹ میں درج کر دیئے گئے ہیں۔

#### انتہا تشکر

ڈائریکٹرز گروپ کے ارکان، مالیاتی اہلکاروں، صارفین اور ملازمین کے تعاون اور حمایت کے شکر گزار ہیں۔ وہ مختلف کرداروں میں کام کرنے والے ملازمین کی سخت محنت اور لگن کو بھی سراہتے ہیں۔

#### منجانب بورڈ آف ڈائریکٹرز

سید حسن رضا نقوی

(سید حسن رضا نقوی)

ڈائریکٹر

سعید طارق سہیل

(سعید طارق سہیل)

چیف ایگزیکٹو آفیسر

لاہور: 12 اگست 2021ء

☆ کوئی ڈائریکٹر خود اپنا مشاہرہ حصہ نہیں کرے گا۔

☆ ریگولر پیج چیف ایگزیکٹو، سپانسرز اور ایجنسی ڈائریکٹرز اور کل وقتی کام کرنے والے ڈائریکٹرز کے علاوہ ایک ڈائریکٹر کی اجلاس فیس بغیر ٹیکس خالص رقم 10,000 روپے (دس ہزار روپے صرف) فی اجلاس یا بورڈ اور ان کی کمپنی کے اجلاس میں شرکت کے لئے بورڈ کی طرف سے وقتاً فوقتاً حصہ لینے والے کے مطابق ہوگی۔

☆ موجودہ وقت کے لئے اور/یا بعد میں ترمیم شدہ لاگو ایسی اور انجلی پر اگر کوئی ٹیکس کی ذمہ داری ہوئی تو کمپنی برداشت کرے گی۔

☆ کمپنی کے لئے اور کی جانب سے منعقدہ اجلاسوں میں شرکت اور دیگر امور کے لئے ڈائریکٹرز کی طرف سے خرچہ کئے جانے والے تمام اخراجات، بشمول سفری، ہوٹل چارجز اور دیگر اخراجات کمپنی سے وصول کرنے کے اہل ہوں گے۔

☆ کمپنی کے چیئرمین اور چیف ایگزیکٹو سمیت ڈائریکٹرز کو ادا کئے جانے والے مشاہرہ کی تفصیلات کا انکشاف واحد مالی حسابات کے نوٹ 46 میں کیا گیا ہے۔

شیئر ہولڈنگ کا نمونہ

30 جون 2021 کے مطابق کمپنیز ایکٹ 2017 کے تحت کمپنی کے شیئر ہولڈنگ کا نمونہ منسلک کیا گیا ہے۔

اعلیٰ احترام

بورڈ اس موقع پر حصص داران، ملازمین، گاہکوں، بینکوں اور دیگر اسٹیک ہولڈرز کے اعتماد اور یقین جو انہوں نے ہم پر کیا، کے لئے دل کی گہرائیوں سے شکریہ ادا کرتا ہے۔

منجانب بورڈ آف ڈائریکٹر

(سید حسن رضا نقوی)

ڈائریکٹر

(سعید طارق سہیل)

چیف ایگزیکٹو آفیسر

لاہور 12 اگست 2021ء

## فہرست ڈائریکٹرز اور بورڈ کے اجلاس

زیر جائزہ سال کے دوران، بورڈ آف ڈائریکٹرز کے چار (04) اجلاس پاکستان میں منعقد ہوئے ہیں اور پاکستان سے باہر کوئی اجلاس منعقد نہیں ہوا۔ ہر ایک ڈائریکٹر کی حاضری سب ذیل کے مطابق ہے:

کمیٹی	نام	اجلاسوں میں حاضری
آزاد ڈائریکٹرز	جناب شفیق احمد خان	4
	جناب ذوالفقار منو	4
دیگر نان ایگزیکٹو ڈائریکٹرز	جناب طارق سعید سہگل	4
	جناب توفیق سعید سہگل	4
	جناب ولید طارق سہگل	4
	جناب دانیال توفیق سہگل	4
ایگزیکٹو ڈائریکٹرز	جناب سعید طارق سہگل (چیف ایگزیکٹو آفیسر)	4
	سید محسن رضا نقوی	4
خاتون ڈائریکٹر (نان ایگزیکٹو ڈائریکٹر)	محترمہ جہاں آراء سہگل	4

## آڈٹ کمیٹی

نام	عہدہ
جناب شفیق احمد خان	چیرمین / آزاد ڈائریکٹر
جناب ذوالفقار منو	رکن / آزاد ڈائریکٹر
جناب ولید طارق سہگل	رکن / نان ایگزیکٹو ڈائریکٹر
جناب دانیال توفیق سہگل	رکن / نان ایگزیکٹو ڈائریکٹر

جناب شفیق احمد خان، چیرمین آڈٹ کمیٹی نے 27 اکتوبر 2020 کو منعقدہ گزشتہ AGM میں شرکت کی۔

بورڈ آڈٹ کمیٹی سمیت بورڈ کمیٹیوں کی کارکردگی کی سالانہ تجویز کرتا ہے۔

## ہیومن ریسورسز اور ریکرٹمنٹ (HR & R) کمیٹی

نام	عہدہ
جناب شفیق احمد خان	چیرمین / آزاد ڈائریکٹر
جناب ذوالفقار منو	رکن / آزاد ڈائریکٹر
جناب دانیال توفیق سہگل	رکن / نان ایگزیکٹو ڈائریکٹر

## ڈائریکٹرز کا مشاہرہ

بورڈ آف ڈائریکٹرز نے ایک "ڈائریکٹرز ریمینیشن پالیسی" منظور کی ہے، جس کی خصوصیات درج ذیل ہیں:

ماحول دوستی کے طریقوں کو فروغ دینے کی کمپنی کی کوشش کو تسلیم کرتے ہوئے، پروفیشنل ٹیمٹ ورک نے ویسٹ پری ویشن ری سائیکلنگ کی تکنیکی میں میپل لیف سیمنٹ فیکٹری لمیٹڈ کو سال 2021 کے لئے ماحول، صحت اور حفاظت پر 7th بین الاقوامی ایوارڈ کا فاتح قرار دیا ہے۔

### اصل خطرات، مشکلات اور غیر یقینی

کمپنی کو مندرجہ ذیل اہم خطرات اور مشکلات درپیش ہیں:

- i۔ برآمد فروخت پر مارجن کی کمی، سیمنٹ درآمد کرنے والے ملکوں کی طرف سے سرحدی پابندیوں اور جنوبی افریقہ اور بھارت کی طرف سے نافذ ہونے والی اینٹی ڈمپنگ ڈیوٹی۔
  - ii۔ روپیہ کی قدر میں مزید کمی کے نتیجے کوئلہ کی بین الاقوامی قیمتوں میں اضافہ اور مارجن کو کم کر دے گی۔
  - iii۔ آپریشنل اخراجات میں مجموعی طور پر افراط زر کا اضافہ۔
  - iv۔ سیمنٹ میٹروپولیٹن پورے کے درمیان حوصلہ مند صلاحیت بڑھانے کے لئے قیمتوں اور فروخت پر مقابلہ کا سامنا۔
- آرگنائزیشن پیش آنے والے ممکنہ چیلنجوں اور غیر یقینی صورتحال کا مقابلہ کرنے کے لئے سوئٹھ طریقے سے لیس ہے۔ مشترکہ تجربے، مہارت اور سوئٹھ کاروباری رپورٹنگ کے ذریعے، انتظامیہ ہمیشہ داخلی اور خارجی پیشرفت سے آگاہ رہتی ہے۔ کمپنی نے منفرد خصوصی کراس فنکشنل ٹیمیں تشکیل دی ہیں جو آگے کے نقطہ کو آگاہ کرنے کے لئے مستقل طور پر اہم امور اور خطرات کے بارے میں تبادلہ خیال کرتی ہیں۔ برآمدی منڈیوں میں سخت مسابقت اور کم مارجن کے باعث، منجنت کی قیادت میں مارکیٹنگ ٹیم نے غیر استعمال شدہ ماریکٹوں میں اپنی موجودگی بڑھانے کے لئے سوئٹھ انداز سے مارکیٹ میں داخل ہونے اور ڈیپلر ز، ڈیپلر ز اور ہاؤس کنزیومرز کے درمیان میپل لیف کو ایک مشہور قابل اعتماد براڈ بنانے کی حکمت عملی کا آغاز کیا ہے۔ مجموعی افراط زر کو پورا کرنے کے لئے، پورے سال میں لاگت بچانے کے اقدامات کئے گئے۔ مالی لاگت کو کم کرنے کے لئے، آپریٹنگ نقد بہاؤ کو سوئٹھ طور پر استعمال اور آپریٹنگ سائیکل میں کمی کرتے ہوئے مختصر مدتی قرضوں کو کم کیا گیا۔ سخت مسابقت کا سامنا کرنے کے لئے، منجنت اس بات کو یقینی بناتی ہے کہ پیداوار اور فروخت کی اپنی مستقل صلاحیت کو بھرپور بروئے کار لایا گیا ہے۔

### مصرفات

سال کے لئے کمپنی (واحد) کے ٹیکس کے بعد منافع کی تقسیم حسب ذیل ہے:

2020	2021	تفصیل
(4,843,265)	6,254,109	بعد از ٹیکس (منافع / نقصان)
(296,850)	-	سال 2020 کے لئے حتمی نقد منافع منقسم Nil روپے فی شیئر (0.52 روپے فی شیئر)
(5,140,115)	6,254,109	برقرار رکھی گئی آمدنی میں مسئلہ (سے منہا کردہ) ٹیکس

### لیڈر شپ سٹرکچر

بورڈ آف ڈائریکٹرز اور کمیٹیوں کی تفصیل

ڈائریکٹرز کی کل تعداد:

(a)۔ مرد 8

(b)۔ خاتون 1

ترتیب:

02 آزاد ڈائریکٹرز

04 دیگر نان ایگزیکٹو ڈائریکٹرز

02 ایگزیکٹو ڈائریکٹرز (شمول سی ای او)

01 خاتون ڈائریکٹر (نان ایگزیکٹو)

ماہ بعد کوئی ایسا واقعہ رونما نہیں ہوا ہے جو کمپنی کی کارکردگی، مقاصد یا حکمت عملی کو مادی طور پر متاثر کرتا ہو۔

مزید یہ کہ کمپنی کی مالی پوزیشن کو متاثر کرنے والی کوئی مادی تبدیلی اور وعدہ نہیں کیا گیا ہے جو کمپنی کے مالی سال کے اختتام کے درمیان واقع ہوا، جس سے مالی حسابات اور رپورٹ کی تاریخ کا تعلق ہے۔

کاروبار کی نوعیت میں تبدیلی

کمپنی یا اسکی ذیلیوں، یا کسی دیگر کمپنی جس میں کمپنی دلچسپی رکھتی ہو کے کاروبار کی نوعیت سے متعلقہ مالی سال کے دوران کوئی تبدیلی وقوع پذیر نہیں ہوئی ہے۔

غیر مالی کارکردگی

معیار، صارف کا اطمینان، ملازمین کی ترقی اور پیشہ ورانہ معیارات کمپنی کے کلیدی شعبے ہیں جہاں انتظامیہ نے ان کو بہتر بنانے کے لئے ضروری اقدامات اٹھائے ہیں۔ کمپنی اس وقت اعلیٰ معیار کی مصنوعات تیار اور فراہم کر رہی ہے جو گاہکوں کے زیادہ سے زیادہ اطمینان کو یقینی بناتی ہے۔ سال کے دوران، کمپنی نے موجودہ انسانی سرمائے کی ترقی کے لئے مختلف کارکردگی کی تشخیص کی ہے۔ کمپنی تمام اسٹیک ہولڈرز کے ساتھ انتہائی اطمینان بخش تعلقات کو برقرار رکھے ہوئے ہے۔ کمپنی نے مختلف کمیشیاں تشکیل دی ہیں جو کلیدی شعبوں کی مؤثر نگرانی کی ذمہ دار ہیں۔

کارپوریٹ سماجی ذمہ داری

کمپنی معاشرے کی طرف اپنی ذمہ داری کو تسلیم کرتی ہے اور مستقل بنیادوں پر مختلف رفاہی اداروں کے ذریعہ معاشرے کی فلاح کے منصوبوں کو مالی اعانت فراہم کر کے اپنا فرض ادا کرتی ہے۔ کمپنی کو پاکستان سٹریٹس ٹریڈنگ ایسوسی ایشن نے معاشرتی اور رفاہی شراکت میں قائد کی حیثیت سے تسلیم کیا ہے اور کمپنی ان کیونٹری کا قیمری ممبر بننے کی کوشش کرتی ہے جہاں وہ موجود ہے۔

کمپنی نے میڈیکل سوشل سائنسز پراجیکٹ میں بھی حصہ لیا ہے اور اس سلسلے میں، کمپنی کے بورڈ آف ڈائریکٹرز اور ذیلی کمپنی کے بورڈ نے مشترکہ طور پر گلاب دیوی جیوسٹ ہسپتال (جی ڈی ای ایچ) لاہور میں اعظم میڈیکل کالج میں ایڈمنسٹریشن کی قیمری جاک کی حیثیت سے حصہ لینے کا فیصلہ کیا ہے۔ یہ منصوبہ اس سال کے دوران مکمل ہو گیا ہے۔ کمپنی نے ماضی میں بھی میڈیکل سوشل سائنسز پراجیکٹ میں حصہ لیا اور اس سلسلے میں، کمپنی نے گلاب دیوی جیوسٹ ہسپتال (GDCH) لاہور میں معید سہگل کارڈیک کیمپلٹس قیمری کر کے ایک جدید کارڈیک سہولت عطیہ کی تھی۔

کوہنور کمپلٹس ایف گروپ نے متعدد سماجی ذمہ داریوں کی اپنی کارکردگی کی مدد میں "حیراں کارپوریٹ سماجی ذمہ داری انیشی ایٹو" حاصل کیا ہے۔

ماحول پر اثرات اور صنعتی اثرات کو کنٹرول کرنے کے لئے مفاہمتی اقدامات

روایتی طور پر، سینٹ پائٹس کو ماحول دوستی کا فقدان ہوتا ہے لیکن کمپنی نے صنعتی اثرات کو کنٹرول کرنے کے لئے جدید ترین آلات نصب کئے ہیں۔ ارد گرد کے ماحول پر صنعتی اثرات کو کم کرنے کے لئے، کمپنی ملازمین اور مقامیوں کو صحت مند ماحول فراہم کرنے کے لئے تمام تر کوششیں کر رہی ہے۔ اس سلسلے میں کمپنی کی طرف سے ماحول دوستی کی اہم کوششیں مندرجہ ذیل ہیں:

(i) قدرتی ماحولیاتی معیار کے مطابق اسٹیک کے اخراج اور اثرات کے لئے باقاعدگی سے ماہانہ ماحولیاتی نگرانی کرنا۔

(ii) کمپنی ماحول کی حفاظت کے لئے سب سے بہترین ڈسٹ کولیکشن electrostatic precipitators اور بیگ فلٹر کے ساتھ ایس، جدید FLSmidth اے / ایس سینٹ میڈیکل پراجیکٹ پیکٹالوجی رکھتی ہے۔

(iii) ضلعی آفیسر (ماحولیات) میاٹوالی کے تعاون سے کارپوریٹ سماجی ذمہ داری کے ایک حصے کے طور پر صحت مند اور خوشحال ماحول کو برقرار رکھنے کے لئے وسیع پیمانے پر درخت پودے لگانے کا بندوبست کیا گیا۔

(iv) کمپنی اپنی پائٹ سائٹ پر اپنا ہسپتال اور ٹرانسفر رکھتی ہے۔ کارکنوں کی محفوظ صحت کو یقینی بنانے کے لئے ملازمین کی پیشہ ورانہ صحت، باقاعدہ ابتدائی طبی امداد اور سی پی آر تربیتی پروگرام منعقد کئے جاتے ہیں۔

کارپوریٹ سیکرٹریٹس کریڈٹ کے لیے ایگزیکٹو سٹریٹجی سے متعلق سہولیات فراہم کی گئی ہیں اور مندرجہ ذیل کمپنیوں کو آؤٹ ہنٹ ٹیکس کے 90 فیصد سے زائد ان پٹ ٹیکس کے کلیم پر پابندی سے خارج کر دیا گیا ہے۔

سینٹ کی طلب کا پبلک سیکرڈولپمنٹ پروگرام (پی ایس ڈی پی) کے ذریعے ترقیاتی منصوبوں میں حکومت کے اخراجات سے بہت زیادہ تعلق ہے۔ مالی سال 2021-22 میں پی ایس ڈی پی کو 38 فیصد بڑھا کر مالی سال 2020-21 میں 650 بلین روپے سے 900 بلین روپے کر دیا گیا جس میں علاقائی روابط، بڑے ڈیموں کی تعمیر اور پانی کے تحفظ کے نظام پر سرمایہ کاری پر خصوصی زور دیا گیا ہے۔ سڑکوں اور پلوں، نیا پاکستان ہاؤسنگ پروگرام، واسو، دیامیر بھاشا، مہمند اور نیلم جہلم ڈیموں اور ان کی کالونیوں کی تعمیر کے لیے پیش ہائی وے اتھارٹی کو بجٹ کا خاصہ حصہ مختص کیا گیا ہے۔ دلچسپی کے دیگر مقامات میں سی پیک پر مستقبل کی پیش رفتیں شامل ہیں، جو فی الحال سست رفتار سے آگے بڑھ رہی ہیں۔

آگے بڑھتے ہوئے، ہم توقع کرتے ہیں کہ مقامی مارکیٹ میں سینٹ کی طلب آئندہ مالی سال کے لیے بڑھ جائے گی کیونکہ پاکستان میں تعمیراتی سرگرمیوں کو فروغ دینے کے لیے ایک جامع پیکیج کا اعلان کیا گیا ہے جس میں سسڈ انڈسٹری ہاؤسنگ ٹائمسیم کی فراہمی، ایف بی آر کی پراپرٹی ویلیو ایڈیشن ریٹ میں کمی، بلڈروں کے لیے اعانتی ٹیکس سبسیدیز اور تعمیراتی مواد پر وود ہولڈنگ ٹیکس کی رعایات شامل ہیں۔ توقع ہے کہ ان اقدامات سے پاکستان میں تعمیراتی سرگرمیوں میں بہتری آئے گی اور پاکستان میں سینٹ کی طلب پر براہ راست اثر پڑے گا۔ مزید یہ کہ اسٹیٹ بینک آف پاکستان (ایس بی پی) کی جانب سے لیکویڈیٹی کو تقبلی بنانے کی پروگرام جو پالیسی نے صنعتی سرگرمیوں کی رفتار کو تیز کر دیا، جو کہ بہت بہتر ہے۔

خام تیل اور کھنکے کی قیمتوں کے درمیان اعلیٰ ربط کو مد نظر رکھتے ہوئے، کوویڈ 19 کے بعد بحالی اور سلائی چین میں رکاوٹ کی وجہ سے تیل کی قیمت میں اضافے کے مطابق مالی سال 22 میں کھنکے کی اوسط قیمتوں میں اضافے کی توقع ہے۔ مزید یہ کہ آئی ایم ایف کی شرائط کو پورا کرنے کے لیے حکومت پر بڑھتے ہوئے دباؤ کی وجہ سے حکومت مستقبل میں پاور سیکٹر کے ہدایات کو بڑھنے سے روکنے کے لیے بجلی کے نرخوں میں اضافے اور ایڈجسٹمنٹ کی قیمتوں کو ایڈجسٹ کرنے کا ارادہ رکھتی ہے۔ اس کے نتیجے میں، بجلی گروڈ کی قیمتوں میں اضافے کی توقع ہے، جس کے نتیجے میں کمپنی کے لیے بجلی کے اخراجات میں اضافہ ہوگا۔ توانائی کے متبادل ذرائع کو استعمال کرنے کے لیے پیش رفت جاری ہے۔ فی نیشنل ایکشن پلانک فورس (فینلٹ) کی گمرے لسٹ سے پاکستان کے ٹکٹوں کے حوالے سے شکوک و شبہات بھی کچھ حد تک غیر تقبلی صورتحال کو بڑھاتے ہیں۔

افغان حکومتی فورسز اور طالبان کے درمیان بڑھتی ہوئی سول افغان دشمنی علاقائی استحکام کے لیے خطرہ ہے۔ تنازع کے بڑھنے کا اثر پاکستان سے سینٹ کی برآمدات میں غلط ڈال سکتا ہے۔

#### کمپنی کے سرمایہ کاری اخراجات/ جاری توسیع کی کاروباری شرح

آئندہ برسوں میں سینٹ سیکٹر کی صلاحیت میں اضافہ کی توقع ہے۔ توسیع سائیکل طلب زیادہ ہونے کے باعث گزشتہ سے مختلف ہونے کا عندیہ دیا گیا ہے جو کہ کلیدی سینٹ پروڈیوسرز کی طرف سے اعلان کردہ اہم گرین فیلڈ اور براؤن فیلڈ پروجیکٹس سے ظاہر ہوتا ہے۔ کمپنی نے مارچ 2021 کے دوران 7000 میٹرک ٹن یومیہ کی ڈرائی پریس کلیننگ پروڈکشن لائن-4 کے لیے سامان اور انجینئرنگ کی فراہمی کے لیے بھی ایک معاہدہ کیا ہے۔ کمپنی نے اپریل 2021 کے دوران آلات کی درآمد کے لیے لیٹر آف کریڈٹ قائم کر لیا ہے۔ یہ منصوبہ مستقبل میں کمپنی کے ٹاپ لائن کے اعداد و شمار کو نمایاں طور پر تقویت بخشنے کا اور توقع ہے کہ اگست 2022 میں پیداوار شروع ہو جائے گی۔

کمپنی نے اپنے موجودہ ویسٹ ہیٹ ریکوری پلانٹ کی توسیع شروع کی ہے۔ اس سلسلے میں، سائٹ پر کام اپنے آخری مراحل میں ہے اور توقع ہے کہ یہ منصوبہ اگست 2021 کے اختتام تک مکمل ہو جائے گا جس کی سرمایہ کاری کا تخمینہ 1.7 بلین روپے لگایا گیا ہے جو 16 میگا واٹ کی موجودہ صلاحیت کو 25 میگا واٹ تک بڑھا دے گا، جس کے نتیجے میں بجلی کی لاگت میں خاطر خواہ بچت ہوگی۔

مذکورہ بالا کے علاوہ، کمپنی نے نئی سینٹ لائن-4 کے جاری اضافے کے لیے ایک نئے ویسٹ ہیٹ ریکوری پلانٹ پر بھی کام شروع کیا ہے۔ اس منصوبہ بندی سے منصوبہ کی صلاحیت 25 میگا واٹ سے بڑھ کر 33 میگا واٹ ہونے کی توقع ہے۔ اس سلسلے میں، کمپنی نے سامان کی درآمد کے لیے لیٹر آف کریڈٹ قائم کر لیا ہے اور سائٹ پر سول کاموں کا آغاز ہو چکا ہے۔

کمپنی اپنے پلانٹ سائٹ پر شمسی توانائی کے منصوبے کے آغاز کے ساتھ پائیدار اور قابل تجدید توانائی میں سرمایہ کاری کر رہی ہے۔

درآمد شدہ کوئٹہ سے چلنے والے 40 میگاواٹ کے ذاتی پاور پلانٹ MLPL کو انسٹال اور چلانے کے لئے قائم کردہ کمپنی کی مکمل ملکیتی ذیلی کمپنی سیٹیل ایف پاور لیمنڈ (ایم ایل پی ایل) سے حاصل کردہ منافع کو انکم ٹیکس کے عائد سے استثنیٰ حاصل ہے۔ تاہم، جزوی ٹیکس چارج دیگر آمدنی سے متعلق ہے۔ ایم ایل پی ایل نے مالی سال 2020-21 کے دوران 1,153 ملین روپے کا خالص منافع حاصل کیا ہے۔ ایم ایل پی ایل کے آپریشنز نے بجلی کی لاگت میں خاطر خواہ بچت کر کے مجموعی نتائج کو کمزور بنایا ہے۔

مذکورہ بالا ارقام حوالہ نے رپورٹنگ مدت کے لئے گزشتہ سال کی اسی مدت کے دوران زیریں لائن میں 3,559 ملین روپے خسارہ کے مقابلے 208 فیصد اضافہ کے ساتھ ٹیکس کے بعد منافع 3,828 ملین روپے پر زیریں لائن کو متاثر کیا ہے۔

#### ڈیویڈنڈ

7000 میٹرک ٹن یومیہ کی ڈرائی پراسس گرنے کلینکر پروڈکشن لائن 4، جونی الحال زیر تعمیر ہے کے لیے درکار فنڈز کو محفوظ کرنے کے لئے 30 جون 2021 کو ختم ہونے والے سال کے لیے ڈیویڈنڈ پاس اور کرنے کا فیصلہ کیا گیا۔ ڈیویڈنڈ کے مستقبل کے امکانات مقامی مارکیٹ میں بہتر طلب، بین الاقوامی کوئٹہ کی قیمتوں میں تیزی سے اضافہ کو جذب کرنے کے لئے سیٹ کی قیمتوں میں اضافے اور لائن 3 پروڈیٹ ہیٹ ریکوری پلانٹ شروع ہونے کی وجہ سے ان پٹ لاگت میں کمی پر منحصر ہیں۔ مجموعی بہتر اقتصادی اور ترسیل کے حالات مستقبل میں منافع کی ادائیگی کے امکانات پر مثبت اثر ڈالیں گے۔

#### موزوں داخلی کنٹرول

یورڈ آف ڈائریکٹرز داخلی کنٹرول کے ماحول کے حوالے سے اپنی ذمہ داری سے آگاہ ہیں اور اس کے مطابق آپریشنز کے اثرات اور موثر عمل کو یقینی بنانے، کمپنی کے اثاثوں کی حفاظت، قابل اطلاق قوانین اور قواعد و ضوابط کی تعمیل اور قابل اعتماد مالیاتی رپورٹنگ کو یقینی بنانے کے لئے داخلی مالیاتی کنٹرول کا ایک موثر نظام قائم کیا گیا ہے۔ کمپنی کا آزاد داخلی آڈٹ باقاعدگی سے مالیاتی کنٹرول کے عملدرآمد کا جائزہ اور نگرانی کرتا ہے، جبکہ آڈٹ کمپنی داخلی کنٹرول فریم ورک کی موثرگی اور مالیاتی حسابات کا سرمایہ بنیاد پر جائزہ لیتی ہے۔

#### مالی گوشواروں کی تیاری اور پیش کرنے کی انتظامیہ کی ذمہ داری

پاکستان میں قابل اطلاق اوکیٹیز ایکٹ، 2017 کی ضروریات کے مطابق منجمنٹ اکاؤنٹنگ اور رپورٹنگ کے معیارات کے تحت مالی گوشواروں کی تیاری اور تصدیق مندرجہ ذیل پر پیش کرنے کی اپنی ذمہ داری سے بخوبی آگاہ ہے اور انتظامیہ اس طرح کے داخلی کنٹرول کا تعین کرتی ہے جو مالی گوشواروں کی تیاری کے لئے ضروری ہے تاکہ وہ مادی غلطی سے پاک ہوں، چاہے دھوکہ دہی یا غلطی کی وجہ سے ہو۔

#### آڈیٹرز

کمپنی کے موجودہ آڈیٹرز میسرز KPMG ٹاٹیر ہادی اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس، نے سال کے لئے کمپنی کے مالی حسابات پر اپنی آزاد آڈیٹر رپورٹ میں کمپنی کے امور پر ایک ان کوالیفائیڈ رائے کا اظہار کیا ہے۔

ریٹائرڈ آڈیٹرز نے اہل ہونے کی بنا پر، آئندہ سال کے لئے دوبارہ تقرری کے لئے خود کو پیش کیا ہے، آئندہ سالانہ اجلاس عام میں ارکان کی منظوری کے حوالہ سے بورڈ نے آڈٹ کمیٹی کی تجویز کے مطابق میسرز KPMG ٹاٹیر ہادی اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس، کی تقرری کی منظوری دے دی ہے۔

#### ادائیگیوں، ڈیٹ اور قرضہ کی نادرہدی

بہترین کاروباری طریقوں پر عملدرآمد کرتے ہوئے، کمپنی واجب رقوم کی بروقت واپس ادائیگی کی اپنی ذمہ داری کو تسلیم کرتی ہے۔ زیر جائزہ سال کے دوران قرضہ / ڈیٹ کی ادائیگی پر کوئی نادرہدی درج نہیں کرائی گئی۔ مزید برآں، مالی سال کے اختتام پر ٹیکسز، ڈیویڈنڈ اور یوزر کی دس کوئی ادائیگی زائد المیہ عاید یا نہیں ہے۔

#### مستقبل کا نقطہ نظر

پاکستان کی معیشت کو فروغ دینے اور خاص طور پر COVID-19 کے نامگار اثرات کو کم کرنے کے لئے، وفاقی بجٹ 2021-22 کو معاشی بحالی کی شروعات کے مقصد سے منظر عام پر لایا گیا۔ جس کا بنیادی مقصد معیشت کو مضبوط اور مستقل بحالی کے راستے پر گامزن کرنا ہے۔ حکومت نے مینوفیکچرنگ سیکٹر میں مصروف چھوٹے اور درمیانے درجے کے کاروباری اداروں کے لیے خصوصی / سادہ ٹیکس نظام متعارف کرایا ہے جس کے ذریعے نقصان اٹھانے والے اداروں کے لیے کم از کم ٹیکس دینے کے قابل بنایا گیا ہے۔

طور پر معیشت نے V شکل کی ریکوری کے رحمان کا مشاہدہ کیا۔ FY2021 کے لئے جی ڈی پی 3.94 فیصد تک ایک زبردست اضافہ، جو کہ ہدف شدہ اعداد و شمار کے مقابلے میں کافی بہتر ہے۔

کوویڈ 19 کے پھیلاؤ کو کنٹرول کرنے کے لئے روک تھام کے اقدامات کے حصے کے طور پر، حکومت نے ملک میں مکمل لاک ڈاؤن کے برعکس سمارٹ لاک ڈاؤن پالیسی کی حمایت کی ہے جس نے کاروباری جذبات کی مدد کی۔ جس کے نتیجے میں جاری تعمیراتی منصوبوں کے لئے طلب اور ضروریات میں اضافے کو پورا کرنے کے لئے پلانٹ کے آپریشن اور فروخت کی ترسیل کو SOP کی سختی سے پابندی کے تحت جاری رکھنے کی اجازت دی گئی۔

اپنے ذاتی بجلی کی پیداوار کے ذرائع پر قابو پانے کے لئے، کمپنی پھر کی طرف سے بجلی کی ٹریف میں اضافہ کی وجہ سے اپنے منافع پر ممکنہ منفی اثرات سے بچنے کے قابل تھی۔ کمپنی نے بنیادی طور پر اپنی ضروریات کو پورا کرنے کے لئے اپنے داخلی بجلی کی پیداوار کے ذرائع پر انحصار کیا جو بنیادی طور پر کونکرڈ پاور پلانٹ (CFPP) سیٹ اپ جو کہ مکمل طور پر ملکیتی کے تحت ادارے، مہمل لیف پاور لیٹنڈ (ایم ایل پی ایل)، کمپنی اور ویسٹ ہیٹ ریکوری پلانٹ کے لئے کاسٹ ککلیو ایٹو وینچر جو کہ کمپنی کے لئے بجلی کا سب سے سستا ذریعہ ہے۔

مالی سال 20-2019 کے آخری سہ ماہی کے دوران، عالمی کونکرڈ اور تیل کی منڈیاں گر گئیں اور کوویڈ 19 لاک ڈاؤن اقدامات کے بعد طلب میں کافی کمی کے باعث صنعتی سرگرمی میں کمی کی وجہ سے قیمتوں میں مزید کمی کی درج کی گئی۔ تاہم، زبردست جائزہ سال کے دوران عالمی کونکرڈ اور تیل کی قیمتوں میں اچانک اضافہ ہوا شروع ہو گیا ہے۔ یہ تمام سینٹ انڈسٹری کے لئے پیداوار کی کل لاگت کے نمایاں حصے لحاظ سے ان ہٹ مواد کے طور پر خطرناک علامات ہیں۔ سینٹ مینوفیکچررز کی اکثریت اپنی توانائی کی ضروریات کو پورا کرنے کے لئے درآمد شدہ کوئلے پر انحصار کرتی ہیں جس میں تیل کی شرح کی محرکات کے ساتھ ساتھ، بین الاقوامی کوئلے کی قیمتوں میں بہاؤ میں اضافہ ہوتا ہے۔ مقامی سطح پر، ایکسل لوڈ پائندیوں کے جزوی نفاذ اور حکومتی احکامات کے تحت KPT سے PIBTL بندرگاہ پر منتقلی کی وجہ سے آڈٹ ہاؤس فریٹ میں اضافہ سے کمپنی کے اخراجات میں مزید اضافہ ہوا ہے۔

کمپنی اپنے ایندھن اور بجلی کے اخراجات کو زیر کنٹرول رکھنے کے ساتھ ساتھ پٹ کوئلہ کو زیادہ استعمال کرنے کے قابل تھی جو کہ اضافی توانائی کے اجزاء اور سستے نرخوں میں پرکشش خریداری کی وجہ سے لاگت بچانے والی ہے۔ کمپنی ریلوے نیٹ ورک سے نقل و حمل کے ذریعے اندرونی نقل و حمل کے کم اخراجات سے فائدہ اٹھا رہی ہے جس کے نتیجے میں مناسب بچت ہو رہی ہے۔ بندرگاہ ہمارے پلانٹ تک کوئلے کی نقل و حمل کے لئے پاکستان ریلوے کے ساتھ معاہدہ جون 2023 تک توسیع کیا گیا۔ کمپنی سستے متبادل کے طور پر اپنی ضروریات کو پورا کرنے کے لئے افغانستان سے کوئلہ درآمد کرنے کے امکانات کو بھی دیکھ رہی ہے۔ حکومت نے سینٹ انڈسٹری کو یکم جولائی 2020 سے مؤثر فراہم کردہ ویکل ریلیف کے تحت مقامی مارکیٹ میں سینٹ کی فروخت پر وفاقی ایکسائز ڈیوٹی (FED) کو 500/- روپے فی ٹن کم کرتے ہوئے 1,500 روپے فی ٹن تک کم کر دیا ہے۔ پیداوار کی لاگت کو متاثر کرنے والے مذکورہ بالا عوامل کی بدولت، کمپنی نے سال کے دوران 8,601 ملین روپے کا مجموعی منافع حاصل کیا، جو کہ گزشتہ سال میں بیان کردہ 614 ملین روپے سے 1301 فیصد کا متاثر کن اضافہ ہے۔

کمپنی کی انتظامیہ نے مقررہ انتظامی اخراجات کو کم کرنے کے لئے ایک خاص توجہ کے ساتھ تمام شعبوں میں لاگت پر قابو پانے کے بنیادی اقدامات کئے ہیں۔ ان اقدامات نے مقررہ لاگت میں نمایاں کمی کے ساتھ سال کے دوران نتائج دینا شروع کئے ہیں۔

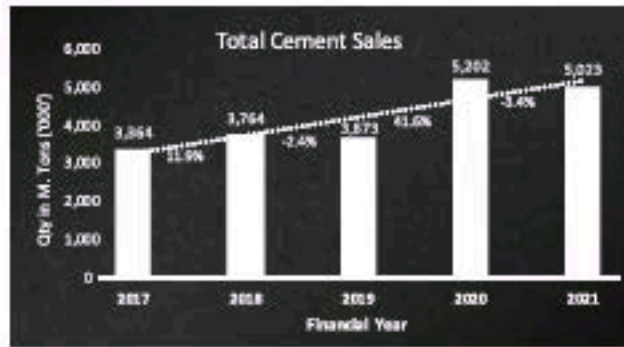
زبردست جائزہ مالی سال میں اسٹیٹ بینک آف پاکستان (ایس بی پی) نے پاکستان کی معیشت پر کوویڈ 19 کے منفی اثرات کو کم کرنے اور مارکیٹ میں لیکویڈیٹی کو یقینی بنانے کے اقدامات کے ایک حصے کے طور پر مالیاتی پالیسی کی موجودہ شرح کو 7% پر برقرار رکھا ہے۔ گزشتہ سالوں کے برعکس پالیسی شرح میں اس نمایاں کمی اور قرضوں کی جلد ادائیگی کی وجہ سے مالی لاگت میں بھی کافی حد تک کمی کے باعث آمدنی میں بہتری آئی ہے۔ SBP کی ہدایات کے تحت شروع کی گئی عارضی اسٹاک رینس سہولت (TERF) نے بھی درآمدہ اور مقامی مینوفیکچررز پلانٹ کی خریداری اور نئے منصوبوں کے قیام کے لئے پُرکشش مارک اپ ریش پر طویل مدتی قرضوں سے مستفید ہونے کے لئے کمپنی کی مستحکم مدد کی ہے۔

کمپنی نے مالی سال 2020-21 کے لئے 4,970 ملین روپے کا نقل و تحلیلی مجموعی منافع درج کیا جبکہ گزشتہ سال میں 3,934 ملین روپے کا نقل و تحلیلی مجموعی خسارہ ہوا تھا۔ گزشتہ سال میں منفی چارج کئے گئے 375 ملین روپے ٹیکس کے مقابلے زبردست جائزہ مدت کے لئے مجموعی ٹیکس کی رقم 1,142 ملین روپے ہے۔

مالی سال 2020-21 کے دوران، پیداوار و ترسیلات گزشتہ سال کی کارکردگی کے موازنہ میں کم ہوئیں، جیسا کہ درج ذیل اعداد و شمار سے ظاہر ہوتا ہے:

نقد	تغیرات	تکثر سال (جولائی تا جون)		پیداوار
		2020	2021	
		میٹرک ٹن		
(1.65%)	(82,006)	4,963,675	4,881,669	کلکٹر پیداوار
(3.88%)	(201,710)	5,196,304	4,994,594	سینٹ پیداوار
				فروخت
(6.46%)	(324,308)	5,020,348	4,696,040	مقامی
80.42%	145,932	181,472	327,404	برآمدات
(3.43%)	(178,376)	5,201,820	5,023,444	

5,023,444 ٹن کا کل فروخت حجم گزشتہ مالی سال کے دوران فروخت 5,201,820 ٹن سے 3.43% فیصد کی کمی ظاہر کرتا ہے۔ مقامی فروخت حجم گزشتہ مالی سال سے کم ہو کر 4,696,040 ٹن جو (6.46) فیصد کی کمی اور برآمدی حجم 327,404 ٹن جو 80.42% فیصد کا اضافہ ظاہر کرتا ہے۔



سال 2020-21 کے دوران، کمپنی نے گزشتہ سال میں 29,118 ملین روپے کے مقابلے 35,640 ملین روپے مجموعی خالص فروخت درج کی۔ کمپنی کی ٹاپ لائن میں 22.4 فیصد اضافہ ہوا جس کی بنیادی وجہ مقامی مارکیٹ میں فروخت کی قیمتوں میں بہتری اور وٹریسز کے بعد برآمدی راستوں کا جزوی طور پر دوبارہ کھلنا ہے کیونکہ عالمی سطح پر کوویڈ 19 کی پابندیوں میں نرمی کی گئی۔ بہر حال، کوویڈ 19 بحران کھپت کے پیٹرنز کو متاثر کر رہا ہے۔ شمالی خطے میں سینٹ کے نئے پلانٹوں کی کھشنگ کے بعد سینٹ کی فراہمی سائیز پروڈاکس میں اضافہ ہوا ہے اور مقامی مارکیٹ میں مقابلہ نے مقامی ترسیل میں مزید پیش رفت کی کوششوں کو متاثر کیا۔

حالیہ توسیع کی تکمیل کے باعث سینٹ کی اضافی فراہمی نے مقامی مارکیٹوں میں مارکیٹ شیئر کے لئے سخت مقابلہ پیدا کر دیا ہے۔ پاکستانی روپیہ کی قدر میں کمی کے ساتھ سینٹ کی اضافی سپلائی نے نئی برآمدی منڈیاں تلاش کرنے کی ضرورت کو جنم دیا ہے۔ تاہم، سخت مقابلے کی بدولت برآمدی منڈیوں میں کم قیمتوں کے ساتھ ساتھ ان پٹ اور نقل و حمل کے زیادہ اخراجات کی وجہ سے مقامی طور پر تیار ہونے والے سینٹ کی زیادہ لاگت نے برآمدی فروخت کو متاثر کیا ہے جس کی وجہ سے منافع مارجن میں کمی ہوئی ہے۔ پاکستان سے برآمد کردہ سامان پر اٹریا میں بھاری درآمد ڈیوٹی کے نفاذ اور مالی سال 19 میں دوٹوں ممالک کے درمیان زیادہ سیاسی کشیدگی کے باعث پاکستان سے سینٹ برآمدات کو ہندوستان میں معطل کرنا پڑا جس نے شمالی علاقے میں واقع سینٹ کمپنیوں کو متاثر کیا۔ کمپنی نے اپنی توجہ کو افغان مارکیٹ میں منتقل کیا اور 327,404 میٹرک ٹن تک پہنچنے کے لئے 80.42 فیصد کی کافی برآمدی حجم کی شرح ریکارڈ کی۔

تمام شعبوں میں حکومت کے بروقت اقدامات، فیصلہ کن مالیاتی اقدامات، مالی محرک، ہیکٹر، سمارٹ لاک ڈاؤن اور تیز ترین ویکسین کی وجہ سے زیر جائزہ مالی سال کے دوران مجموعی

## حصص داران کے لئے ڈائریکٹر رپورٹ

کمپنیز ایکٹ 2017 کی دفعہ 227 کی تعمیل میں، آپ کی کمپنی کے ڈائریکٹرز 30 جون، 2021 کو ختم ہونے والے سال کے لئے واحد اور مجموعی نظر ثانی شدہ مالیاتی گوشوارے پیش کرتے ہوئے خوشی محسوس کر رہے ہیں۔

مہیل ایف سینٹ فیکٹری لمیٹڈ (کمپنی) پبلک مندرجہ کمپنی اور کوہ نور فیکٹریز لمیٹڈ (ہولڈنگ کمپنی) کی ایک ذیلی کمپنی ہے۔ کمپنی کا اصل کاروبار سینٹ کی پیداوار اور فروخت کرتا ہے۔

کمپنی اور اسکی مکمل ذیلی کمپنی مہیل ایف پاور لمیٹڈ (MLPL) کی مجموعی مالی جھلکیاں مندرجہ ذیل ہیں:-

فیصد	تغییرات	مختتمہ سال (جولائی تا جون)		
		2020	2021	
----- روپے ہزاروں میں -----				
22.4%	6,522,447	29,117,734	35,640,181	خالص فروخت آمدنی
1301.2%	7,986,744	613,776	8,600,520	مجموعی منافع
52.9%	77,136	145,879	223,015	دیگر آمدنی
707.0%	7,334,768	(1,037,522)	6,297,246	آپریٹنگ منافع / (نقصان)
(54.2%)	1,569,768	(2,896,971)	(1,327,203)	مالی لاگت
226.3%	8,904,536	(3,934,493)	4,970,043	فیکس سے پہلے منافع / (نقصان)
404.3%	(1,516,683)	375,134	(1,141,549)	ٹیکسیشن
207.6%	7,387,853	(3,559,359)	3,828,494	فیکس کے بعد منافع / (نقصان)
189.7%	7.38	(3.89)	3.49	فی شیئر آمدنی / (نقصان) روپے میں

مہبل ایف سیسٹ فیکٹری لمیٹڈ، کھنئی کی واحد مالی جھلکیاں مندرجہ ذیل ہیں:

مہیل ایف سینٹ فیکٹری لمیٹڈ، کمپنی کی واحد مالی جھلکیاں مندرجہ ذیل ہیں:

فیصد	تغییرات	مختتمہ سال (جولائی تا جون)		
		2020	2021	
----- روپے ہزاروں میں -----				
22.4%	6,522,447	29,117,734	35,640,181	خالص فروخت آمدنی
1173.3%	8,203,975	(699,213)	7,504,762	مجموعی منافع / (نقصان)
2727.8%	3,600,154	131,978	3,732,132	دیگر آمدنی *
484.0%	11,070,850	(2,287,319)	8,783,531	آپریٹنگ منافع / (نقصان)
(49.9%)	1,487,792	(2,981,722)	(1,493,930)	مالی لاگت
238.3%	12,558,642	(5,269,041)	7,289,601	فیکس سے پہلے منافع / (نقصان)
343.2%	(1,461,268)	425,776	(1,035,492)	ٹیکسیشن
229.1%	11,097,374	(4,843,265)	6,254,109	فیکس کے بعد منافع / (نقصان)
207.4%	10.99	(5.30)	5.69	فی شیئر آمدنی / (نقصان) روپے میں

\* اس میں مہیل ایف پاور لمیٹڈ سے ڈیویڈنڈ آمدنی کی رقم 3,514,000 روپے ہزاروں میں (NIL: 2020) شامل ہے۔



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