



**FECTO CEMENT LIMITED**  
*Builders Of A New World*

ANNUAL  
**REPORT**  
2021

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## BOARD OF DIRECTORS

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

## CHIEF FINANCIAL OFFICER

Mr. Abdul Samad, FCA

## COMPANY SECRETARY

Mr. Abdul Wahab, FCA

## LEGAL ADVISOR

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

## REGISTERED OFFICE

Plot # 60-C, Khayaban-e-Shahbaz,  
Phase VI, Defence Housing Authority,  
Karachi-75500, Pakistan  
Website: [www.fectogroup.com](http://www.fectogroup.com)  
Phone Nos. (+ 9221) 35248921-22-23,  
Fax: (+ 9221) 35248925

## MARKETING OFFICE

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

## AUDIT COMMITTEE

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

## HUMAN RESOURCE & REMUNERATION COMMITTEE

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

## AUDITORS

Rahman Sarfaraz Rahim Iqbal Rafiq,  
Chartered Accountants

## SHARE REGISTRAR

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

## FACTORY

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

## BANKERS

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

## Vision Statement

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

## Mission Statement

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

## Corporate Strategy

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

# NOTICE OF ANNUAL GENERAL MEETING

Annual Report 2021

Notice is hereby given that the 40th Annual General Meeting of the Members of the Company will be held on Thursday, October 28, 2021 at 12.00 noon through video link to transact the following businesses:

## ORDINARY BUSINESS

- 1) To receive, consider and adopt the Annual Audited Financial Statements of the Company for the year ended June 30, 2021 together with the Directors' and Auditors' Reports thereon.
- 2) To appoint Auditors for the year ending June 30, 2022 and fix their remuneration. Present auditors M/s. Rahman Sarfarz Rahim Iqbal Rafiq, Chartered Accountants retires and being eligible have offered themselves for the re-appointment.
- 3) To elect Six (6) directors as fixed by the Board of Directors of the Company in accordance with the provisions of Section 159 (1) of the Companies Act, 2017 for the next three years term commencing November 01, 2021. Mr. Rohail Ajmal Nominee of Saudi Pak Industrial and Agriculture Investment Company Limited is not subject to retirement/election hence after this election, overall strength of the Board will be seven (7) as required by Section 154(4) of the Companies Act, 2017.

### Names of retiring directors are as follows:

Mr. Mohammed Yasin Fecto  
Mr. Khalid Yacoob  
Mr. Aamir Ghani

Mr. Jamil Ahmed Khan  
Mr. Muhammad Anwar Habib  
Ms. Saira Ibrahim Bawani

## SPECIAL BUSINESS

- 4) To consider, approve and adopt a revised set of Articles of Association and if deemed fit pass the following special resolution with or without modification so as to confirm the provisions of the Companies Act, 2017 and other Rules and Regulations made there under from time to time:

**RESOLVED THAT** revised Articles of Association as proposed by the board of Directors, be and are hereby approved and adopted as Articles of Associations of the Company.

**FURTHER RESOLVED THAT** the Company Secretary be and is hereby authorized to do all deeds, acts and things necessary to give effect to this resolution and make any correction, if any as recommended and/or suggested by the Securities and Exchange Commission of Pakistan.

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

**Statement of material facts under Section 134(3) in respect of special business to be considered at the meeting together with revised set of Articles of Association and Statement under Section 166(3) of the Companies Act, 2017 for election of independent directors are being sent to the members with this notice.**

On behalf of the board



(ABDUL WAHAB)  
COMPANY SECRETARY

Karachi: September 29, 2021

**Notes:**

1. In view of the prevailing situation of Covid 19 pandemic and in line with the directions of SECP to listed companies vide its circular No. 4 dated February 15, 2021 and subsequent circular No. 6 of 2021 dated March 03, 2021, requiring listed companies to modify their usual planning for general meeting to protect the well beings of shareholders, the Company requests its shareholders to attend and participate in the meeting through video link facility only to avoid large gathering at one place in order to protect their well being.

The shareholders will be able to attend and participate in AGM after completing all formalities required for verification and identification of the shareholders. For this purpose shareholders are requested to get their following particulars registered with the Company by sending email to **cement@fectogroup.com** or **mobile/whats app 0300-2318211**. Video link and log in credentials will only be shared with those shareholders/proxies whose emails, containing the information required below received via email not later than 48 hours before meeting.

Shareholder name	CNIC #	Folio/CDC NO.	Cell No.	Registered email ID

Shareholders can also provide their comments/suggestions on the proposed agenda items of AGM by emailing the same to **cement@fectogroup.com** or **mobile/whats app 0300-2318211**. The log in facility will remain open from the start of meeting at 12.00 noon till its conclusion.

2. The Share Transfer Books of the Company will remain closed from Thursday, October 21, 2021 to Thursday, October 28, 2021 (both days inclusive). Transfers received in order by our Shares Registrar at the close of business on Wednesday, October 20, 2021 will be considered in time for the entitlement of transferee.
3. A member of the Company entitled to attend and vote at this meeting may appoint another member as a proxy to attend, speak and vote instead of him/her. An instrument appointing a proxy must be received at the Registered Office of the Company not later than forty eight hours before the time of holding the Meeting. The proxy shall produce his/her CNIC or passport to prove his/her identity.
4. CDC Account Holders will have to further follow the guidelines as laid down in Circular No. 1 dated January 26, 2000 issued by the Securities and Exchange Commission of Pakistan.
5. Members may exercise their right to vote as per the provisions of the Companies (Postal and Ballot) Regulations, 2018 subject to the requirements of Sections 143 and 144 of the Companies Act, 2017. Further details in this regard will be communicated to the shareholders within legal time frame as stipulated under the Regulations if required.
6. Members holding shares in physical form are requested to notify any change in their address to our share registrar immediately. Members holding shares in CDS system are requested to have their addresses updated with participant or CDC Investor Account Service.
7. As required by the Section 242 of the Companies Act, 2017 and the Companies (Distribution of Dividends) Regulations, 2017 all listed companies are bound to pay cash dividend to their shareholders only through electronic mode directly into bank account designated by the entitled shareholder. All those shareholders who have not yet submitted their bank account details in the form of Electronic Credit Mandate form (available on the website of the Company at **www.fectogroup.com**) are requested to submit the requisite form duly signed with their CNIC to our registrar in case of physical shares. Shareholders holding their shares in CDS



system are requested to submit Electronic Credit Mandate Form directly to CDC.

8. As per Section 72 of the Companies Act, 2017 every existing listed company is required to replace its physical shares into book entry form in a manner as may be prescribed by the SECP and from the date notified by the SECP within 4 years from the date of commencement of this act i.e. May 30, 2017. Members holding shares in physical form are hence encouraged to open either their CDC sub account with stock broker or investor account with CDC in order to replace their physical shares into scrip less form.
9. Shareholders who could not claim their dividend and/or bonus shares, if any, due to any reasons, are requested to contact our share registrar in this regard. They can also access to list of unclaimed dividend and bonus shares uploaded on company's website at **www.fectogroup.com** for their claim, if any.
10. Member(s) who wish to receive annual financial statements and notice of annual general meeting through email, instead of through courier/post are requested to give their consent in writing on standard request form available on the Company's website **www.fectogroup.com** to the Company with their registered Email address so the Company can provide them the same at their valid Email ID.
11. The annual report of the Company has been uploaded at the Company's website **www.fectogroup.com**.
12. Any member of the Company who seeks to contest the election of the office of the director whether he is retiring director or otherwise, shall file with the Company at its registered office not later than fourteen days before the date of above said meeting his/her intention to offer himself/herself for the election of office of the director in term of Section 159 (3) of the Companies Act, 2017 together with:
  - Consent to act as director as required under Section 167 of the Companies Act, 2017.
  - Declaration that he or she is not ineligible to become a director of the Company in terms of Section 153 of the Act.
  - Declaration under clause 3 of the Listed Companies (Code of Corporate Governance) Regulations, 2019.
  - A detailed profile along with office address as required under SECP SRO 634(1)2014 dated July 10, 2014.

#### **STATEMENT OF MATERIAL FACTS UNDER SECTION 134(3) OF THE COMPANIES ACT, 2017**

The Board of Directors of the Company have recommended that existing Articles of Association of the Company be substituted with a net set of Articles of Association in order to make it compatible with the requirements of the Companies Act, 2017 and relevant Rules and Regulation made there under from time to time.

These alterations include provisions for inter alia issuance of shares in book entry form, for the nomination of a person by a member as a trustee of shares of the company to the legal heirs of the deceased, video link facility for members to attend meetings, vote through postal ballot and payment of dividend through electronic mode. Further amendments also reflect new references for the sections of the Companies Act, 2017.

The resolution required for the above purpose is set forth in the notice conveying the Annual General Meeting and that resolution will be proposed and passed as special resolution.

The revised set of Articles of Association of the Company can be inspected by the shareholders at registered office of the Company from issuance of this notice till the date of meeting during normal business hours from 9.30 am to 5.30 pm from Monday to Friday.

The Directors have no personal interest in this special business and/or special resolutions save only to the extent of their shareholdings in the Company.

The Directors have duly given a statements as required under SRO 423 of 2018 dated April 03, 2018, that proposed alterations are in line with the applicable provisions of the law and regulatory frame work.

**STATEMENT OF MATERIAL FACTS UNDER SECTION 166(3) OF THE COMPANIES ACT, 2017 IN RESPECT OF ELECTION OF INDEPENDENT DIRECTORS**

Candidate(s) intending to contest election of director as independent directors will also be elected in same manner as prescribed in Section 159 of the Act for election of directors. They however, shall also submit along with their intention a declaration that he/she qualifies the criteria of independence notified under section 166(2) of the Act as required by the clause (3) of Regulation 6 of the Listed Companies (Code of Corporate Governance Regulations) 2019 and an undertaking on non judicial stamp paper that he/she meets the requirements of sub regulation (1) of Regulation 4 of the Companies (Manner and Selection of Independent Directors) Regulations, 2018.

In addition to the submission of documents as detailed above by the candidates, intending to contest election as independent director, the Company shall also carry out its due diligence to ensure that all requirements of the Act and relevant regulations are complied with.



# CHAIRMAN'S REVIEW FOR THE YEAR ENDED JUNE 30, 2021

Annual Report 2021

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

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

The Board during the year ended 30 June 2021 played an effective role in managing the affairs of the Company and achieving its objectives in the following manner;

- The Board has ensured that there is adequate representation of non-executive and independent directors on the Board and its committees as required under the Code and that members of the Board and its respective committees have adequate skill, experience and knowledge to manage the affairs of the Company;
- The Board has developed and put in place an effective mechanism for an annual evaluation of its own performance and that of its committees and individual directors. The findings of the annual evaluation are assessed and re-evaluated by the Board;
- The Board has ensured that the directors are aware of their duties and responsibilities under the Companies Act, 2017, relevant Rules and Regulations and Articles of Association of the Company. Further, they are provided with orientation courses to enable them to perform their duties in an effective manner.;
- The Board has ensured that the meetings of the Board and that of its committee were held with the requisite quorum. The Board members have received agenda for the meetings containing all relevant information require to helping them for constructive discussions are delivered in timely manner. All the decisions making were taken through Board resolutions and that the minutes of all the meetings (including committees) are appropriately recorded and maintained;
- The Board has developed a code of conduct setting forth the professional standards and corporate values adhered through the Company and have developed significant policies for smooth functioning;
- All the significant issues throughout the year were presented before the Board or its committees to strengthen and formalize the corporate decision making process and particularly all the related party transactions executed by the Company were approved by the Board on the recommendation of the Audit Committee;
- The Board has ensured that the adequate system of internal control is in place and its regular assessment through self-assessment mechanism and /or internal audit activities;
- The Board has prepared and approved the directors' report and has ensured that it is published with the quarterly and annual financial statements of the Company and the contents of the report are in accordance with the requirements of applicable laws and regulations;
- The Board has ensured that adequate information is shared among its members in a timely manner and the Board members are kept abreast of developments between meetings; and
- The Board has exercised its powers in light of the power assigned to the Board in accordance with the relevant laws and regulation applicable to the Company and the Board has always prioritized the Compliance

with all the applicable laws and regulations in terms of their conduct as directors and exercising their powers and decision making.



**AAMIR GHANI**

Chairman of the Board of Directors

Karachi: September 29, 2021

**Dear Members,**

The Board of Directors has pleasure in presenting before you the annual report together with Audited Financial Statements of the Company for the year ended June 30, 2021.

## OVERVIEW

During the year under review, overall dispatches of industry grew by 21.12% with total sales volume of 57.43 million tons as against 47.81 million tons of last year. Local sales volume of the industry increased handsomely by 20.40% and reached to 48.12 million tons as against 39.96 million tons of last year. Exports of the industry also registered growth of 18.69% with sales volume of 9.36 million tons as against 7.85 million tons of last year.

Overall sales volume of plants located in north increased to 43.16 million tons witnessing a growth of 18.87%, out of which local sales volume was of 40.59 million tons whereas exports were of 2.57 million tons. Local sales volume of plants located in north hence, increased by 18.22% whereas exports recorded increase of 30.25%. Performance of plants located in south remained better than plants located in north, since their overall sales volume increased by 24.06%, out of which local sales increased by 33.70%, whereas exports increased by 14.82%. Main reasons for growth in sales volume was of revival of economic activities due to ease in lockdown restrictions and announcement of construction package which boosted momentum of construction activities.

## OPERATING PERFORMANCE

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

	----- TONS -----		
	2021	2020	CHANGE IN %
<b>Production</b>			
Clinker	<b>734,323</b>	559,016	31.36
Cement	<b>729,167</b>	640,576	13.83
<b>Dispatches</b>			
Local	<b>676,337</b>	571,106	18.43
Export	<b>54,732</b>	70,344	(22.19)
Total	<b>731,069</b>	641,450	13.97

Production of clinker and cement for the year under review increased by 31.36% and 13.83% respectively, main reason for such increase was of improved demand in the market due to revival of construction activities.

Local sales volume of the Company, during the year under review increased by 18.43% in line with increase in local sales volume of the industry, exports of the company, however, reduced by 22.19% as against increase in exports of industry by 18.69% and 30.25% of plants located in north.

## FINANCIAL PERFORMANCE

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

	Rupees in 000 except EPS	
	2021	2020
Net sale - Local	4,652,803	3,033,739
Net sale - export	308,572	430,165
Total Net Sale - Net	4,961,375	3,463,904
Cost of sales	4,673,876	4,179,341
Gross Profit/(Loss)	287,499	(715,437)
(Loss) before taxation	(63,381)	(1,034,246)
(Loss) after taxation	(67,287)	(770,071)
(Loss) Per Share (Rupees)	(1.34)	(15.35)

## SALES REVENUE

During the year under review, local gross sales revenue of the Company increased by 34.93% as compared to last year as against increase in local sales volume by 18.43%. Prices in local market which remained depressed throughout last year, improved during the year under review due to revival of construction activities backed on various initiatives taken by the Government to provide stimulus to industries suffered during Covid 19 pandemic and announcement of construction package which generated construction activities.

Net local sales revenues for the year increased to Rs. 4,653 Million as against Rs. 3,034 Million of last year registering growth of 53.36% as against increase of gross sales revenue by 34.93% and local sales volume by 18.43%. Healthy growth in volume coupled with better prices and reduction in Federal Excise Duty (FED) by the Government helped company to achieve this growth. Export sales revenue of the Company reduced by 28.27% as against reduction in volume by 22.19%. Export price both in term of USD and PKR reduced resulting reduction in overall export revenue. Over all net sales revenue of the company increased to Rs. 4,961 million as against 3,464 million of last year showing increase of 43.23% as against increase in volume by 13.97%.

## PROFITABILITY

Cost of sales of the Company during the year under review increased by 11.83% though overall sales volume increased by 13.7%. Cost of sales per ton reduced by Rs. 122 per ton as compared to last year. As against increase of cost of sales by 11.83%, fuel and power cost increased by 20.74%, main cause for such increase was increase in coal cost which increased in last quarter of the year. The Company achieved gross profit of Rs. 287 Million for the year under review as against gross loss of Rs.715 Million of last year.

Administrative and distribution expenses reduced during the year due to stringent cost measures taken by the management to curtail expenses.

The Company suffered loss before taxation of Rs. 63 Million as against loss before taxation of Rs. 1,034 million of last year.



Loss before taxation resulted in minimum tax provision and reversal of deferred tax hence, the Company suffered loss after taxation of Rs. 67 Million as against loss after taxation of Rs. 770 Million of last year.

Loss per share for the year was of Rs. 1.34 as against loss per share of Rs. 15.35 of last year.

### PRINCIPAL RISKS AND UNCERTAINTIES

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

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

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

### IMPACT OF COMPANY'S BUSINESS ON ENVIRONMENT

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

### FUTURE OUTLOOK

Economic stimulation measures taken by the Government to contain the economic impact of Covid 19 including reduction in interest rate, deferment of principal payment of loans and concessional rate finance schemes had positive impact and helped revive economic and industrial activities including cement sector. Further, the Government's resolve to revive construction sector and provide affordable housing to common people is expected to create more demand for cement. Exports to Afghanistan may be affected due to geopolitical situation in the region.

On cost side, prices of coal in international market in line with other commodities have increased exorbitantly, furthermore disturbance in supply chain due to Covid 19, pandemic has resulted increase in sea freight. Persistent increase in electricity charges, currency depreciation and higher incidence of tax will continue pushing up the cost. The prices of other input costs like cement bags and diesel will also affect the profitability. The management being cognizant of these cost elements will continue to look avenues for improvement in operational efficiencies and cost saving measures to remain competitive. The Board is pleased to report to the members that 5MW solar based power completed during the year and it has started commercial operation in last quarter of the year under review and it will help company reduce its energy cost.

### PROGRESS ON INVESTMENT/PROJECTS

#### APPROVED

Implementation of new projects as approved by members in their Extra Ordinary General Meeting, (EOGM) held on December 01, 2018, remained stagnant due to return of Chinese partner during COVID 19 pandemic. The Board did take steps to precede with the approval of members for investments in associated companies to be formed,

however, departure of joint venture partners teams due to spread of Covid19 resulted halt in activities to move forward. The management after consulting with Chinese teams has informed the Board that possibility of their coming in near future remains bleak hence based on management suggestion, the Board has decided to discontinue these projects and not to proceed with the approval of members obtained in this regard.

The Company meanwhile has formed a wholly owned subsidiary company namely Fecto Cement Nooriabad (Private) Limited to undertake new cement projects on behalf of the Company. The subsidiary company has not commenced any business operations, therefore, consolidation of accounts of subsidiary with the Company would not have any benefit, and hence, company sought exemption under Section 228(7) of the Companies Act, 2017 from Securities and Exchange Commission of Pakistan (SECP) for preparation of consolidated financial statements. The SECP was pleased to accord relaxation to the Company from preparation of consolidated financial statements vide its letter dated April 06, 2021, therefore only standalone financial statements are prepared and attached with this annual report. Financial highlights of the subsidiary company, however, have been disclosed in Note No. 15.1 of attached financial statements and its annual accounts would be available for inspection of members at the registered office of the Company and would be sent to members if so requested.

As we explained above the Company has completed installation of 5 MW solar power plant during the year under review to curtail electricity cost and move towards cleaner energy. Completion of this project will help reduce energy cost and less dependence on national grid.

## NEW

The Board during the year under review decided to undertake balancing and modernization of existing plant by installing certain new equipments to improve production and energy efficiencies in order to curtail fuel and power cost. The Company has secured SBP TERF facility for this purpose. It is expected that these work would be completed during current financial year.

## CORPORATE GOVERNANCE

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

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

1. The financial statements, prepared by the company, present fairly its state of affairs, the result of its operations, cash flows and changes in equity;
2. Proper books of account have been maintained by the company;
3. Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment;
4. International Financial Reporting Standards, as applicable in Pakistan, have been followed in preparation of financial statements;
5. The system of internal control is sound in design and has been effectively implemented and monitored;
6. There are no significant doubts upon the company's ability to continue as a going concern;
7. The value of Provident Fund Investments as per un audited accounts of Provident Fund Trust for the year ended June 30, 2021 was Rs. 485 Million (2019 Rs. 454 Million) as per audited accounts.



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

**Key operating and financial highlights for six years is annexed to this report.**

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

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

#### **RELATED PARTY TRANSACTIONS**

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

#### **COMPOSITION OF THE BOARD**

Detail of No. of Board members and their composition is mentioned in Statement of Compliance.

During the year four (4) meetings of the Board of Directors were held. Attendance by each Director is given below:

	<b>Attended</b>
Mr. Mohammed Yasin Fecto	3
Mr. Aamir Ghani	2
Mr. Rohail Ajmal	4
Mr. Mohammed Anwar Habib	3
Mr. Khalid Yacoob	4
Mr. Jamil Ahmed Khan	4
Ms. Saira Ibrahim Bawani	2

Directors who could not attend the meeting due to illness or some other engagements were granted Leave of absence.

#### **REMUNERATION POLICY FOR NON EXECUTIVE DIRECTORS**

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

#### **COMMITTEES OF THE BOARD**

##### **AUDIT COMMITTEE**

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

Committee was duly communicated to the members by the Board.

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

		<b>Attended</b>
Mr. Jamil Ahmed Khan	Independent Director- Chairman	4
Mr. Mohammed Anwar Habib	Non-Executive Director	3
Mr. Rohail Ajmal	Non-Executive Director	4

## **HUMAN RESOURCE AND REMUNERATION COMMITTEE**

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

## **TRAINING PROGRAM OF DIRECTORS**

Out of seven (7) directors, five (5) directors have already attained the training program whereas one director meets the exemption criteria from directors training program.

## **CORPORATE SOCIAL RESPONSIBILITY**

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

- Donation for construction of Shelter homes for poor people, a project initiated by Administration of Islamabad Capital Territory.
- Construction and renovation of a girl school in nearby village.
- Participation with local administration for cleaning of Khan poor Dam canal by providing cement and providing manpower.
- Provision of clean water to nearby village for which a reservoir and pipe line were constructed by the Company. Company has also installed an electric pump for smooth supply of water.
- The Company donated an amount of Rs. 3.4 Million (2020: 5.1 Million) for health, social welfare and education

## **COVID 19**

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



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

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

### **CONTRIBUTION TO NATIONAL EXECHEQURE**

Your company contributed around Rs. 2,187 Million in national exchequers as sales tax, federal excise duty and income tax compared to Rs. 2,055 Million of last year. Company also brought in foreign exchange of around US\$ 2.7 Million in the country by exporting cement. In addition to that the Company also paid and made contribution to national exchequer on account of royalty payment and also collected and deposited income tax from its suppliers and staff on behalf of FBR.

### **ENTITY CREDIT RATING**

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

### **NOTICE OF RECOVERY**

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

The Senior Magistrate has issued an order whereby he has kept the matter pending till the disposal of Company's appeal in higher forum challenging the cancellation of its mining lease. During the year Civil Court, Islamabad decided the suits filed by the Company against cancellation of lease and demarcation of lime stone leases area against the Company. The Company has filed intra court appeal in Islamabad High Court against the decision of Civil Court, Islamabad.

The senior magistrate CDA, Islamabad, after the announcement of decision of Civil Court re initiated alleged damage recovery proceedings against the Company. The Company is vigorously contesting the case before senior magistrate, Islamabad and its intra court appeal and based on the legal opinion, believes that outcome of the matter will be in favour of the Company and accordingly it won't be liable to pay this penalty as well.

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

## INDUSTRIAL RELATIONS

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

## AUDITORS

Present auditors M/s. Rahman Sarfaraz Rahim Iqbal Rahim, Chartered Accountants, retire and being eligible, have offered them for re-appointment. The Audit Committee of the Board has also recommended their appointment as Statutory Auditors of the Company for the year ending June 30, 2022 and Board would also like to endorse the recommendations of the Audit Committee.

## PATTERN OF SHAREHOLDING

Statements showing the pattern of shareholding as at June 30, 2021 required Section 227(2)(f) of the Companies Act, 2017 is annexed to this report.

## APPROPRIATION

Considering the fact that the Company has suffered loss during the year under review, the Board of Directors in its meeting held on September 29, 2021 has decided not to recommend payment of dividend for the year.

## ELECTION OF DIRECTORS

Term of existing Board is going to be completed on October 31, 2021 and accordingly election of directors will be held in ensuing Annual General Meeting scheduled to be held on October 28, 2021 for the next term. The Board has fixed the number of elected directors as six (6). Since Mr. Rohail Ajmal nominee director of Saudi Pak Industrial and Agricultural Investment Co. Ltd is not subject to retirement/election, hence total number of directors would be Seven (7) after this election.

## ACKNOWLEDGMENT

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

On behalf of the Board



**MOHAMMED YASIN FECTO**  
CHIEF EXECUTIVE



**ROHAIL AJMAL**  
DIRECTOR

Karachi: September 29, 2021

# PATTERN OF SHAREHOLDING

AS AT JUNE 30, 2021

Annual Report 2021

Statements showing the pattern of shareholding as at June 30, 2021 required Section 227(2)(f) of the Companies Act, 2017 is annexed to this report.

No. of Shareholders	Shareholding		Total shares
	From	To	
370	1	100	8,481
446	101	500	129,085
641	501	1000	406,753
353	1001	5000	829,205
81	5001	10000	647,043
28	10001	15000	367,698
20	15001	20000	363,360
7	20001	25000	163,000
8	25001	30000	233,500
4	30001	35000	136,100
1	35001	40000	39,000
4	45001	50000	199,000
2	55001	60000	116,640
2	60001	65000	130,000
1	70001	75000	73,000
1	75001	80000	76,500
2	85001	90000	179,030
1	90001	95000	90,500
2	95001	100000	196,000
1	110001	115000	114,000
1	120001	125001	125,000
1	140001	145000	145,000
1	145001	150001	145,500
1	155001	160000	157,937
1	170001	175000	175,000
2	195001	200000	399,500
1	205001	210000	210,000
1	235001	240000	239,200
1	240001	245000	243,200
1	275001	280000	275,002
1	465001	470000	467,000
1	590001	595000	594,500
1	645001	650000	645,100
1	1125001	1130000	1,127,255
1	3035001	3040000	3,039,700
1	10190001	10195000	10,191,536
1	27480001	27485000	27,481,675
<b>1993</b>			<b>50,160,000</b>

# CATEGORIES OF SHAREHOLDERS

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AS AT JUNE 30, 2021

Shareholder's Category	Number of Shareholders	Number of Shares held
<b>Associated Companies, undertakings and related parties</b>	<b>NIL</b>	<b>NIL</b>
<b>NIT and ICP</b>	<b>3</b>	<b>1,131,155</b>
<b>Directors</b>		
Mr. Mohammed Yasin Fecto	2	37,673,211
Mr. Jamil Ahmed Khan	1	2,500
Mr. Khalid Yacoob	1	2,750
Mr. Aamir Ghani	1	2,750
Mr. Mohammad Anwar Habib	1	2,750
Ms. Saira Ibrahim Bawany	1	3,300
	<b>7</b>	<b>37,687,261</b>
<b>Banks, Development Finance Institutions, Non-Banking Finance Companies, Insurance and Modarabas</b>	<b>11</b>	<b>4,243,991</b>
<b>Mutual Funds</b>		
CDC - Trustee NAFA Stock Fund	1	243,200
CDC - Trustee NAFA Islamic Asset Allocat	1	239,200
CDC - Trustee First Capital Mutal Fund	1	10,000
NCC - Pre Settlement Delivery Account	1	500
CDC - Trustee NAFA Islamic Pension Fund Equity Account	1	19,600
	<b>5</b>	<b>512,500</b>
<b>OTHERS</b>		
Institutions	17	79,993
Trust/fund	3	184,079
Individuals - Local	1,947	6,321,021
	<b>1,967</b>	<b>6,585,093</b>
<b>Total</b>	<b>1,993</b>	<b>50,160,000</b>
Detail of trading in shares by the Directors, Chief Financial Officers, Company secretary and their spouse and Minor Children	NONE	NONE
Shareholders holding 5% or more voting interest		
Mr. Mohammed Yasin Fecto		<b>37,673,211</b>
Muslim Commercial Bank Limited - Treasury		<b>3,039,700</b>

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

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



## KEY OPERATING AND FINANCIAL DATA FOR SIX YEARS

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Year ended June 30	2021	2020	2019	2018	2017	2016
<b>PRODUCTION SUMMARY</b>						
	<b>(Tonnes)</b>					
Clinker production	<b>734,323</b>	599,016	593,312	744,402	789,904	661,103
Cement production	<b>729,167</b>	640,576	680,133	793,063	773,172	735,501
Cement despatches	<b>731,069</b>	641,450	682,612	791,555	771,662	736,671
<b>PROFIT &amp; LOSS SUMMARY</b>						
	(Rupees in thousand unless stated otherwise)					
Turnover (net)	<b>4,961,375</b>	3,463,904	4,740,496	4,902,784	5,130,744	5,031,622
Gross Profit / (Lodd)	<b>287,499</b>	(715,437)	594,303	1,027,305	1,556,776	1,623,450
(Loss) / Profit before tax	<b>(63,381)</b>	(1,034,246)	130,343	599,628	1,091,511	1,158,876
<b>BALANCE SHEET SUMMARY</b>						
Paid up capital	<b>501,600</b>	501,600	501,600	501,600	501,600	501,600
General Reserve	<b>550,000</b>	550,000	550,000	550,000	550,000	550,000
Accumulated Profit	<b>2,290,421</b>	2,352,065	3,147,216	3,158,561	2,842,223	2,181,850
Long term loan and lease finance	<b>693,731</b>	112,026	34,322	14,757	0	0
Deferred liabilities	-	33,430	355,892	341,866	377,960	403,944
Property, plant & equipment and Right-of-use Assets	<b>2,396,558</b>	1,844,043	1,946,434	1,998,000	1,961,266	1,867,644
<b>MISCELLANEOUS</b>						
Contribution to national exchequer	<b>2,187,000</b>	2,055,000	2,027,000	2,216,000	2,136,328	1,108,922
Loss / Earnings per share (Rs.)	<b>(1.34)</b>	(15.35)	1.77	8.81	15.30	16.22
Break up value per share (Rs.)	<b>66.63</b>	67.86	83.66	83.93	77.63	64.46
Current ratio	<b>01:0.56</b>	01:0.43	01:0.13	01:0.20	01:0.15	01:0.20
Debt/equity ratio	<b>17:83</b>	3:97	0.81:99	0.35:100	0:100	0:100
Dividend	0%	0%	5%	20%	25%	70%
P. E Ratio	<b>(24.78)</b>	(1.36)	11.02	4.74	6.82	7.12
Dividend Payout Ratio	0.00%	0.00%	28.19%	22.71%	16.48%	43.14%

## STATEMENT OF COMPLIANCE WITH LISTED COMPANIES (CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2019 FOR THE YEAR ENDED JUNE 30, 2021

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

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

Male	6
Female	1

- The Composition of board is as follows:

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

- The Directors have confirmed that none of them is serving as a director on more than seven (7) listed companies including this company;
- 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;
- The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the Company. The Board has ensured that complete record of particulars of significant policies along with their date of approval or updating is maintained by the Company;
- All the powers of the Board have been duly exercised and decisions on relevant matters have been taken by the Board/shareholders as empowered by the relevant provisions of the Companies Act, 2017 and these Regulations;
- The meetings of the Board were presided over by the Chairman, and in his absence, by a director elected by the Board for this purpose. The Board has complied with the requirements of the Companies Act, 2017 and Regulations with respect to frequency, recording and circulating minutes of meetings of the Board;
- The Board has a formal policy and transparent procedures for remuneration of directors in accordance with the Companies Act, 2017 and these Regulations;
- Up to the date of reporting period (i.e. June 30, 2021), the Board has arranged Directors training program for the following directors:

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

One Director Mr. Mohammed Yasin Fecto, meets the criteria of exemption from Directors Training Program.

- The Board has approved appointment of Chief Financial Officer, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations;



11. Chief Financial Officer and Chief Executive Officer duly endorsed the financial statements before approval of the Board;
12. The Board has formed committees comprising of members given below:

<b>AUDIT COMMITTEE</b>	
Mr. Jamil Ahmed Khan	Chairman
Mr. Mohammed Anwar Habib	Member
Mr. Rohail Ajmal	Member

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

13. The terms of reference of the aforesaid committees have been formed, documented and advised to the committees for compliance.
14. The frequency of meetings of the committees were as per following:
- Audit Committee Quarterly
  - HR and Remuneration Committee as and when required
15. The Board has set-up an effective internal audit function which is considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the Company;
16. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the quality control review program of the Institute of Chartered Accountants of Pakistan (ICAP) and registered with Audit Oversight Board of Pakistan, that they and all their partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the ICAP and that they and their partners of the firm involved in the audit are not close relative ( spouse, parent, dependent and non dependent children) of the Chief Executive Officer, Chief Financial Officer, Head of Internal Audit, Company Secretary or a director of the company;
17. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Companies Act 2017, these regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard.
18. We confirm that all other requirements of the regulations 3,6,7,8,27,32 and 36 of the regulations have been complied with; and

On behalf of the Board

**AAMIR GHANI**

Chairman of the Board of Directors

Karachi: September 29, 2021

# INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF FECTO CEMENT LIMITED

## REVIEW REPORT ON THE STATEMENT OF COMPLIANCE CONTAINED IN LISTED COMPANIES (CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2019

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 ('the Regulations') prepared by the Board of Directors of M/s. **Fecto Cement Limited** ('the Company') for the year ended **June 30, 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 June 30, 2021.

**Rahman Sarfaraz Rahim Iqbal Rafiq**  
Chartered Accountants

Date: September 29, 2021  
Karachi.



# INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF FECTO CEMENT LIMITED REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

## Opinion

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

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

## Basis for Opinion

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

## Emphasis of Matters

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

## Key Audit Matters

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

S. no.	Key audit matter(s)	How the matter was addressed in our audit
01.	<p>Installation and commissioning of a 5MW Solar Power Plant</p> <p>As disclosed in note 13.2.1 to the financial statements, during the year, the Company got installed a 5 Mega Watt Solar Power Plant at its manufacturing facility situated in Sangjani, District Islamabad. The cost incurred on the said capital project was over Rs. 500 million which was all financed through a long-term facility obtained from a commercial bank under the SBP's Financing Scheme for Renewable Energy (see note 6.1 to the financial statements).</p> <p>We considered this matter to be of most significance keeping in view the materiality of the amounts involved as well as the fact that its recognition, measurement, presentation and disclosure in the financial statements required the application of significant management judgment which, in turn, required us to apply significant auditor judgment and, accordingly, devote sufficient time and resources, including the involvement of senior engagement team members, in order to obtain sufficient appropriate audit evidence.</p>	<p>Our audit procedures included, but were not limited to, the following:</p> <ul style="list-style-type: none"> <li>● Inspecting necessary documentary evidences to verify the occurrence and accuracy of the expenditures incurred on the capital project and the corresponding loan proceeds received from the commercial bank; Evaluating the management's conclusion as to why the capital project was not regarded as a 'qualifying asset' under the applicable financial reporting standard and, accordingly, no borrowing costs should be included in the cost of the project;</li> <li>● Assessing the reasonableness of various factors and assumptions used by management in determining the useful life of the plant as well as inspecting the necessary documentary evidences to establish the date from which the plant was considered as 'available for use' and, hence, should be depreciated.</li> <li>● Evaluating the management's basis for conclusion explaining why the financing received from the bank was considered to contain an element of government grant which, as per the applicable financial reporting standard, should initially be set up as deferred income (in the statement of financial position) and subsequently credited to profit or loss of the periods in which the related costs are to be recognized; and</li> <li>● Recalculating the carrying amounts of the solar power plant and the related loan liability and deferred grant recognized in the statement of financial position (with their corresponding effects recognized in the statement of profit or loss) as well as assessing the adequacy of their presentation and disclosure.</li> </ul>

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

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

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

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

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

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

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

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

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

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

#### REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

- (a) proper books of account have been kept by the Company as required by the Companies Act, 2017(XIX of 2017);
- (b) the statement of financial position, the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;
- (c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and
- (d) 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 **Muhammad Waseem**.

**Rahman Sarfaraz Rahim Iqbal Rafiq**  
Chartered Accountants

Date: September 29, 2021  
Karachi

# STATEMENT OF FINANCIAL POSITION

Annual Report 2021

AS AT JUNE 30, 2021

	Note	June 30 2021	June 30, 2020
Rupees in '000'			
<b>EQUITY AND LIABILITIES</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
Authorized capital 75,000,000 (2020: 75,000,000) ordinary shares of Rs. 10/- each		750,000	750,000
Issued, subscribed and paid up capital 50,160,000 (2020: 50,160,000) ordinary shares of Rs.10/- each	5	501,600	501,600
<b>Revenue reserves</b>			
General reserve		550,000	550,000
Accumulated profit		2,284,778	2,352,065
		2,834,778	2,902,065
<b>Capital reserve</b>			
Surplus on revaluation of investment in unquoted shares		130,684	104,346
		3,467,062	3,508,011
<b>Non-current liabilities</b>			
Long term financing - secured	6	520,529	87,217
Lease liability	7	61,605	24,809
Deferred income - Government grant	8	94,997	10,476
Deferred taxation	9	-	33,430
		677,131	155,932
<b>Current liabilities</b>			
Trade and other payables	10	898,451	527,345
Short term borrowings - secured	11	789,912	570,514
Accrued mark-up		12,668	14,313
Unclaimed dividend		14,539	14,418
Unpaid dividend		185	328
Current maturity of long term financing - secured	6	137,568	23,581
Current maturity of lease liability	7	35,491	19,364
		1,888,814	1,169,863
Contingencies and commitments	12		
<b>Total equity and liabilities</b>		<b>6,033,007</b>	<b>4,833,806</b>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	13	2,270,083	1,792,313
Right-of-use assets	14	106,020	51,730
Long term investments	15	318,009	284,350
Long term deposits	16	5,321	6,294
Long term loans and advances	17	6,722	10,756
Deferred taxation	9	29,821	-
		2,735,976	2,145,443
<b>Current assets</b>			
Stores and spares	18	1,045,118	811,535
Stock-in-trade	19	1,622,680	1,276,269
Trade debts	20	43,766	24,892
Short term investments	21	99,930	117,422
Short term loan to a related party	22	79,395	90,000
Loans, advances, deposit, prepayment and other receivable	23	86,080	30,665
Tax refunds due from government	24	234,803	219,889
Cash and bank balances	25	85,259	117,691
		3,297,031	2,688,363
<b>Total assets</b>		<b>6,033,007</b>	<b>4,833,806</b>

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



**MOHAMMED YASIN FECTO**  
CHIEF EXECUTIVE



**ROHAIL AJMAL**  
DIRECTOR



**ABDUL SAMAD**  
CHIEF FINANCIAL OFFICER

# STATEMENT OF PROFIT OR LOSS

Annual Report 2021

FOR THE YEAR ENDED JUNE 30, 2021

	Note	2021	2020
		Rupees in '000'	
Turnover - net	26	4,961,375	3,463,904
Cost of sales	27	(4,673,876)	(4,179,341)
<b>Gross profit / (loss)</b>		<b>287,499</b>	<b>(715,437)</b>
Administrative expenses	28	(228,678)	(241,909)
Distribution cost	29	(88,039)	(94,164)
		<b>(316,717)</b>	<b>(336,073)</b>
Finance costs	30	(75,815)	(28,573)
Other income	31	41,652	45,837
<b>Loss before taxation</b>		<b>(63,381)</b>	<b>(1,034,246)</b>
Taxation		(3,906)	264,175
<b>Loss after taxation</b>		<b>(67,287)</b>	<b>(770,071)</b>
		Rupees	
<b>Loss per share - basic and diluted</b>	33	<b>(1.34)</b>	<b>(15.35)</b>

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# STATEMENT OF COMPREHENSIVE INCOME

Annual Report 2021

FOR THE YEAR ENDED JUNE 30, 2021

	Note	2021	2020
		Rupees in '000'	
Loss after taxation		(67,287)	(770,071)
<b>Other comprehensive income</b>			
Items that will not be subsequently reclassified to profit or loss			
Unrealized gain / (loss) on remeasurement of equity instrument at fair value through other comprehensive income		33,659	(36,300)
Related deferred tax thereon		(7,321)	7,895
		26,338	(28,405)
<b>Total other comprehensive income for the year</b>		<b>(40,949)</b>	<b>(798,476)</b>

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



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DIRECTOR



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CHIEF FINANCIAL OFFICER

# STATEMENT OF CHANGES IN EQUITY

Annual Report 2021

FOR THE YEAR ENDED JUNE 30, 2021

	Issued, Subscribed & Paid up capital	Revenue Reserves General Reserve	Accumulated Profit	Capital reserve Surplus on Revaluation of investment in unquoted shares	Total
	Rupees in '000'				
<b>Balance as at June 30, 2019</b>	501,600	550,000	3,147,216	132,751	4,331,567
Total comprehensive income for the year ended June 30, 2020					
- Loss after taxation	-	-	(770,071)	-	(770,071)
- Other comprehensive loss	-	-	-	(28,405)	(28,405)
	-	-	(770,071)	(28,405)	(798,476)
Transactions with owners recorded directly in equity					
- Final cash dividend @ 5% for the year ended June 30, 2019	-	-	(25,080)	-	(25,080)
<b>Balance as at June 30, 2020</b>	501,600	550,000	2,352,065	104,346	3,508,011
Total comprehensive loss for the year ended June 30, 2021					
- Loss after taxation	-	-	(67,287)	-	(67,287)
- Other comprehensive Income	-	-	-	26,338	26,338
	-	-	(67,287)	26,338	(40,949)
<b>Balance as at June 30, 2021</b>	<b>501,600</b>	<b>550,000</b>	<b>2,284,778</b>	<b>130,684</b>	<b>3,467,062</b>

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



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DIRECTOR



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CHIEF FINANCIAL OFFICER



# STATEMENT OF CASH FLOWS

Annual Report 2021

FOR THE YEAR ENDED JUNE 30, 2021

	Note	2021	2020
		Rupees in '000'	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Loss before taxation		(63,381)	(1,034,246)
Adjustments for:			
- Depreciation on property, plant and equipment	13.1.1	117,197	112,388
- Depreciation on right-of-use assets	14	21,267	22,667
- Finance costs	30	75,815	28,573
- Interest income	31	(18,988)	(35,899)
- Realized capital gain on short term investments	31	(462)	(4,414)
- Dividend income	31	(54)	(4,367)
- Gain on disposal of operating fixed assets	31	(2,486)	-
- Amortization of deferred government grant	31	(17,717)	(621)
- Unrealized loss on re-measurement of investments	31	-	129
		<u>174,572</u>	<u>118,456</u>
<b>Operating profit / (loss) before working capital changes</b>		<b>111,191</b>	<b>(915,790)</b>
<b>Working capital changes</b>			
(Increase) / decrease in current assets			
- Stores and spares		(233,583)	(45,706)
- Stock-in-trade		(346,411)	(18,078)
- Trade debts		(18,874)	43,114
- Loans, advances, deposit and prepayment		(58,384)	73,711
- Sales tax refundable		(57,037)	-
Increase in current liabilities			
- Trade and other payables		371,106	213,536
		<u>(343,183)</u>	<u>266,577</u>
<b>Cash(used in) operations</b>		<b>(231,992)</b>	<b>(649,213)</b>
Income tax paid - net of refunds received		(32,356)	(81,255)
Payment to Workers' Profit Participation Fund		-	(7,087)
Long term deposits		973	192
Long term loans and advances		4,034	1,850
<b>Net cash used in operating activities</b>		<b>(259,341)</b>	<b>(735,513)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Additions to property, plant and equipment		(596,298)	(10,031)
Long term investment		-	(1,000)
Proceeds from sale / redemption of short term investment		17,955	76,299
Payments of short term loan to associated company		(47,400)	(50,000)
Repayment of short term loan by associated company		58,005	-
Dividend received		54	4,367
Interest received		21,957	35,899
Proceeds from disposal of property, plant and equipment		3,817	600
<b>Net cash (used in) / generated from investing activities</b>		<b>(541,910)</b>	<b>56,134</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Repayment of lease liability (principal portion)		(22,634)	(20,050)
Long term financing received		658,484	121,895
Repayments against long term financing (principal portion)		(30,474)	-
Finance costs paid		(55,933)	(14,623)
Short term borrowings - net		5,520	289,480
Dividend paid		(22)	(25,021)
<b>Net cash generated from financing activities</b>		<b>554,941</b>	<b>351,681</b>
Decrease in cash and cash equivalents		(246,310)	(327,698)
Cash and cash equivalents at the beginning of the year		(163,343)	164,355
<b>Cash and cash equivalents at the end of the year</b>	34	<b>(409,653)</b>	<b>(163,343)</b>

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



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**ROHAIL AJMAL**  
DIRECTOR



**ABDUL SAMAD**  
CHIEF FINANCIAL OFFICER

# NOTES TO THE FINANCIAL STATEMENTS

Annual Report 2021

FOR THE YEAR ENDED JUNE 30, 2021

## 1. INTRODUCTION

### 1.1 Legal status of the Company

Fecto Cement Limited ('the Company') was incorporated in Pakistan on February 28, 1981 as a public limited company under the repealed Companies Act, 1913 (repealed with the enactment of the Companies Ordinance, 1984 on October 8, 1984 and subsequently by the Companies Act, 2017 on May 30, 2017). The shares of the Company are quoted on Pakistan Stock Exchange Limited.

### 1.2 Location of the registered office and the manufacturing facilities

#### Registered office:

The Company's registered office is situated at Plot # 60-C, Khayaban-Shahbaz, Phase-VI, Defense Housing Authority, Karachi-75500.

#### Manufacturing facility:

The Company's manufacturing facility is situated at Sangjani Village Sangjani, Islamabad-4400.

### 1.3 Principal business activity

The principal activity of the Company is production and sale of ordinary portland cement.

## 2. BASIS OF PREPARATION

### 2.1 Statement of compliance

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

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

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

### 2.2 Basis of measurement of items in these financial statements

Items in these financial statements have been measured at their historical cost except for:

- (a) Long term investment in unquoted ordinary shares of M/s. Frontier Paper Products (Private) Limited which is carried at fair value through other comprehensive income; and
- (b) Short term investments in units of mutual funds and privately placed term finance certificates which are carried at fair value through profit or loss.

### 2.3 Functional and presentation currency

Items included in these financial statements are measured using the currency of the primary economic



environment in which the Company operates. These financial statements are presented in Pak Rupees which is the Company's functional and presentation currency.

## 2.4 Use of estimates and judgments

The preparation of financial statements in conformity with approved financial reporting standards, as applicable in Pakistan, requires management to make judgments, estimates and assumptions that affect the application of policies and the reported amounts of assets, liabilities, income and expenses.

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

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

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

- Useful lives, depreciation method and residual values of property, plant and equipment (Note 4.5)
- Lease term and discount rate used to measure the right-of-use assets and the lease liability
- Unobservable inputs used in the valuation of long term investment in M/s. Frontier Paper Products (Private) Limited.
- Provision for slow moving and obsolete stores and spares (Note 4.6)
- Discount rate used to determine the value of government grant element embedded in the long term finance received from a commercial bank under the SBP Refinance Scheme for Payment of Wages and Salaries and Renewable Energy Scheme.
- Provision for taxation (Note 4.18)

## 3. NEW ACCOUNTING PRONOUNCEMENTS

### 3.1 Amendments to approved accounting standards and interpretations which became effective during the year ended June 30, 2021.

During the years, certain new accounting and reporting standards / amendments / interpretations became effective and applicable to the Company. However, since such updates were not considered to be relevant to these unconsolidated financial statements, the same have not been reported.

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

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

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

- 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 June 01, 2020, with earlier application permitted. Under the standard's previous requirements, lessees assess whether rent concessions are lease modifications and, if so, apply the specific guidance on accounting for lease modifications. This generally involves remeasuring the lease liability using the revised lease payments and a revised discount rate. In light of the effects of the COVID-19 pandemic, and the fact that many lessees are applying the standard for the first time in their financial statements, the Board has provided an optional practical expedient for lessees. Under the practical expedient, lessees are not required to assess whether eligible rent concessions are lease modifications, and instead are permitted to account for them as if they were not lease modifications.

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 June 30, 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 June 30, 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:

- a. the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
- b. any reduction in lease payments affects only payments originally due on or before June 30, 2020 ; and
- c. there is no substantive change to the other terms and conditions of the lease.

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

- Onerous contracts – Cost of Fulfilling a Contract (Amendments to IAS 37) effective for the annual periods beginning on or after 1 January 01, 2022 amends IAS 1 by mainly adding paragraphs which clarifies 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. The amendments are not likely to affect the financial statements of the Company.
- Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16) effective for

annual periods beginning on or after January 01, 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. The amendments are not likely to affect the financial statements of the Company.

- Amendments to IFRS 3 'Business Combinations' - 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 January 01, 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. The amendments are not likely to affect the financial statements of the Company.
- Amendments to IAS 1 'Presentation of Financial Statements' - Classification of liabilities as current or non-current amendments apply retrospectively for the annual periods beginning on or after January 01, 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. The management of the Company is currently in the process of assessing the impacts of these amendments to these unconsolidated financial statements.
- 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:
  - a. requiring companies to disclose their material accounting policies rather than their significant accounting policies;
  - b. clarifying that accounting policies related to immaterial transactions, other events or conditions are themselves immaterial and as such need not be disclosed; and
  - c. 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 January 01, 2023 with earlier application permitted.

The management of the Company is currently in the process of assessing the impacts of above amendments to these unconsolidated financial statements.

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

- 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 January 01, 2023 with earlier application permitted. The amendments are not likely to affect the financial statements of the Company.
- 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 following annual improvements to IFRS standards 2018-2020 are effective for annual reporting periods beginning on or after January 01, 2022:
  - IFRS 9 – The amendment clarifies that an entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf, when it applies the '10 per cent' test in paragraph B3.3.6 of IFRS 9 in assessing whether to derecognize a financial liability.
  - IFRS 16 – The amendment partially amends Illustrative Example 13 accompanying IFRS 16 by excluding the illustration of reimbursement of leasehold improvements by the lessor. The objective of the amendment is to resolve any potential confusion that might arise in lease incentives.
  - IAS 41 – The amendment removes the requirement in paragraph 22 of IAS 41 for entities to exclude taxation cash flows when measuring the fair value of a biological asset using a present value technique

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

#### 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented.

##### 4.1 Leases

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

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

**A - Leases other than short-term leases and leases of low-value assets****(a) Right-of-use assets**

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

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

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

**(b) Lease liabilities**

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

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

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

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

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

**4.2 Government grants**

Government grants are not recognised until there is reasonable assurance that the Company will comply with the conditions attaching to them and that the grants will be received.

The benefit of a government loan at a below-market rate of interest is treated as a government grant, measured as the difference between proceeds received and the fair value of the loan based on prevailing market interest rates.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Company recognises as expenses the related costs for which the grants are intended to compensate.

### 4.3 Provisions and contingent liabilities

#### Provisions

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

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

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

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

#### Contingent liabilities

A contingent liability is disclosed when the Company has a possible obligation as a result of past events, whose existence will be confirmed only by the occurrence or non-occurrence, of one or more uncertain future events not wholly within the control of the Company; or the Company has a present legal or constructive obligation that arises from past events, but it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation, or the amount of the obligation cannot be measured with sufficient reliability.

### 4.4 Financial liabilities

Financial liabilities are classified as measured at amortized cost or 'at fair value through profit or loss' (FVTPL). A financial liability is classified as at FVTPL if it is classified as held for trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in the statement of profit or loss.

Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in the statement of profit or loss. Any gain or loss on de-recognition is also recognized in the statement of profit or loss.

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

### 4.5 Property, plant and equipment

#### Operating assets

Operating assets are stated at cost (including where relevant related borrowing cost) less accumulated

depreciation and impairment losses, if any, except for free hold land and capital stores which are stated at cost. Depreciation on additions is charged for the month the asset is put to use and no depreciation is charged in the month of disposal.

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

Depreciation is charged to profit and loss applying the straight line method using the useful lives and residual values specified below:

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

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

#### **Capital work in progress**

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

#### **Capital spares**

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

#### **4.6 Stores and spares**

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

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

#### **4.7 Stock-in-trade**

##### **Basis of valuation**

All items of stock-in-trade are valued at the lower of cost and their net realizable value as of the reporting date.

##### **Determination of cost**

The cost of inventories comprise all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

The costs of purchase of inventories comprise the purchase price, import duties and other taxes (other than those subsequently recoverable by the entity from the taxing authorities), and transport, handling and other costs directly attributable to the acquisition of finished goods, materials and services. Trade discounts and other similar items are deducted in determining the costs of purchase.

The costs of conversion of inventories include costs directly related to the quantity of production, such as direct labour. They also include a systematic allocation of fixed and variable production overheads that are incurred in converting materials into finished goods. The allocation of fixed production overheads to the costs of conversion is based on the normal operating capacity of the production facilities (which is the production expected to be achieved on average over a number of days under normal circumstances, taking into account the loss of capacity resulting from planned maintenance).

The cost of the items consumed or sold and those held in stock at the reporting date is determined as follows:

Item of stock in trade	Method of valuation
Raw materials	First-in-first-out (FIFO) method
Packing materials	First-in-first-out (FIFO) method
Work-in-process	Weighted average cost determined on a quarterly basis
Finished goods	Weighted average cost determined on a quarterly basis

#### Determination of net realizable value

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. The cost of inventories may not be recoverable if those inventories are damaged, if they have become wholly or partially obsolete, or if their selling prices have declined. The cost of inventories may also not be recoverable if the estimated costs of completion or the estimated costs to be incurred to make the sale have increased.

The Company estimates the net realisable value of inventories based on the most reliable evidence available, at the reporting date, of the amount the inventories are expected to realise. These estimates take into consideration fluctuations of price or cost directly relating to events occurring after the end of the reporting period to the extent that such events confirm conditions existing at the end of the reporting period.

Raw materials and other supplies held for use in the production of inventories are not written down below cost if the finished product in which they will be incorporated are expected to be sold at or above cost. However, when a decline in the price of materials indicates that the cost of the finished product exceeds net realisable value, the materials are written down to net realisable value. In such circumstances, the replacement cost of the materials is used as the measure of their net realisable value.

A new assessment is made of net realisable value in each subsequent period. When the circumstances that previously caused inventories to be written down below cost no longer exist or when there is clear evidence of an increase in net realisable value because of changed economic circumstances, the amount of the write-down is reversed (i.e. the reversal is limited to the amount of the original write-down) so that the new carrying amount is the lower of the cost and the revised net realisable value.

#### 4.8 Trade debts

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

## 4.9 Cash and cash equivalents

Cash and cash equivalents are carried at cost. For the purpose of the statement of cash flows, cash and cash equivalents comprise cash in hand, bank balances and short term borrowings from banks which are repayable on demand and form an integral part of the Company's cash management.

## 4.10 Financial assets

### 4.10.1 Initial recognition, classification and measurement

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

- (a) financial assets measured at amortized cost.
- (b) fair value through other comprehensive income (FVOCI);
- (c) fair value through profit or loss (FVTPL); and

#### (a) *Financial assets measured at amortized cost*

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

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

#### (b) *Financial assets at FVOCI*

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

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

#### (c) *Financial assets at FVTPL*

A financial asset shall be measured at fair value through profit or loss unless it is measured at amortised cost or at fair value through other comprehensive income, as aforesaid. However, for an investment in equity instrument which is not held for trading, the Company may make an irrevocable election to present in other comprehensive income subsequent changes in the fair value of the investment.

Such financial assets are initially measured at fair value.

### 4.10.2 Subsequent measurement

#### (a) **Financial assets measured at amortized cost**

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

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

**(b) Financial assets at FVOCI**

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

A gain or loss on a financial asset measured at fair value through other comprehensive income in accordance is recognised in other comprehensive income, except for impairment gains or losses and foreign exchange gains and losses, until the financial asset is derecognised or reclassified. When the financial asset is derecognised the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment. Interest is calculated using the effective interest method and is recognised in profit or loss.

**(c) Financial assets at FVTPL**

These assets are subsequently measured at fair value.

Net gains or losses arising from remeasurement of such financial assets as well as any interest income accruing thereon are recognized in the statement of profit or loss. However, for an investment in equity instrument which is not held for trading and for which the Company has made an irrevocable election to present in other comprehensive income subsequent changes in the fair value of the investment, such gains or losses are recognized in other comprehensive income. Further, when such investment is disposed off, the cumulative gain or loss previously recognised in other comprehensive income is not reclassified from equity to profit or loss.

#### 4.10.3 Impairment

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

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

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

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

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

#### 4.10.4 De-recognition

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



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

#### **4.11 Offsetting of financial assets and financial liabilities**

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

#### **4.12 Revenue**

##### **Revenue from sale of goods**

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

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

##### **Rebate on exports**

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

#### **4.13 Other income**

##### **Interest income**

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

##### **Dividend income**

Dividends received from investments measured at fair value through profit or loss or at fair value through other comprehensive income are recognized in profit or loss when the right to receive payment is established, it is probable that the economic benefits associated with the dividend will flow to the Company and the amount of the dividend can be measured reliably.

#### **4.14 Impairment of non-financial assets**

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

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

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

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

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

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

#### 4.15 Employee benefits

##### Staff retirement benefits

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate fund and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. As a consequence, actuarial risk (that benefits will be less than expected) and investment risk (that assets will be insufficient to meet expected benefits) fall, in substance, on the employee.

The Company operates a funded provident scheme for its employees which is classified as a defined contribution plan. Equal monthly contributions are made by the Company and the employees to the plan at the rate equal to 10% of their basic salary plus cost of living allowance.

When an employee has rendered service to the Company during a period, the Company recognises the contribution payable to a defined contribution plan in exchange for that service as an expense in profit or loss and as a liability in the statement of financial position (payable to provident fund), after deducting any contribution already paid. If the contribution already paid exceeds the contribution due for service before the end of the reporting period, the Company recognises that excess as an asset (prepaid expense) to the extent that the prepayment will lead to, for example, a reduction in future payments or a cash refund.

##### Compensated absences

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

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

#### 4.16 Foreign currency translation

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



#### 4.17 Borrowing costs

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 or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

To the extent that the Company borrows funds specifically for the purpose of obtaining a qualifying asset, the Company determines the amount of borrowing costs eligible for capitalisation as the actual borrowing costs incurred on that borrowing during the period.

To the extent that the Company borrows funds generally and uses them for the purpose of obtaining a qualifying asset, the Company determines the amount of borrowing costs eligible for capitalisation by applying a capitalisation rate to the expenditures on that asset. The capitalisation rate is the weighted average of the borrowing costs applicable to all borrowings of the Company that are outstanding during the period. However, the Company excludes from this calculation borrowing costs applicable to borrowings made specifically for the purpose of obtaining a qualifying asset until substantially all the activities necessary to prepare that asset for its intended use or sale are complete.

The Company begins capitalising borrowing costs as part of the cost of a qualifying asset on the 'commencement date' which is the date when the Company first meets all of the following conditions: (a) it incurs expenditures for the asset; (b) it incurs borrowing costs; and (c) it undertakes activities that are necessary to prepare the asset for its intended use or sale.

The Company suspends capitalisation of borrowing costs during extended periods in which it suspends active development of a qualifying asset.

The Company ceases capitalising borrowing costs when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are complete.

#### 4.18 Taxation

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

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

##### Current tax

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

##### Deferred tax

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

by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

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

#### Judgment and estimates

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

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

#### Offsetting

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

#### 4.19 Dividend distribution

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

#### 5. ISSUED, SUBSCRIBED AND PAID UP CAPITAL

2021 (Number of Shares)	2020		2021 Rupees in '000'	2020
45,600,000	45,600,000	Ordinary shares of Rs. 10/- each issued as fully paid in cash	456,000	456,000
4,560,000	4,560,000	Ordinary shares of Rs. 10/- each issued as fully paid bonus shares	45,600	45,600
<u>50,160,000</u>	<u>50,160,000</u>		<u>501,600</u>	<u>501,600</u>

5.1 There are no agreements among shareholders in respect of voting rights, board selection, rights of first refusal and block voting.

	Note	2021	2020
Rupees in '000'			
<b>6. LONG TERM FINANCING - secured</b>			
<b>From a banking company</b>			
SBP Financing Scheme for Renewable Energy	6.1	397,492	-
SBP Refinance Scheme for Payment of Wages and Salaries	6.2	90,358	87,217
Term finance	6.3	13,760	-
Financing for purchase of vehicles	6.4	18,919	-
		<u>520,529</u>	<u>87,217</u>
<b>6.1 SBP Financing Scheme for Renewable Energy - secured</b>			
Loan proceeds received from the bank		500,212	-
Less: Element of government grant recognized as deferred income		(88,455)	-
		<u>411,757</u>	<u>-</u>
Interest recognized on unwinding of the liability		10,131	-
Loan installments paid during the year		(1,638)	-
<b>Closing carrying amount - net of deferred grant</b>		<u>420,250</u>	<u>-</u>
Less: Current maturity shown under current liabilities		(22,758)	-
<b>Non-current maturity</b>		<u>397,492</u>	<u>-</u>

**6.1.1** During the year, the Company obtained a long term financing facility amounting to Rs. 500.212 million from M/s. Askari Bank Limited under the State Bank of Pakistan (SBP's) Financing Scheme for Renewable Energy (REFF) notified vide IH & SMEFD Circular No. 10 of 2019 dated July 26, 2019. The facility is secured by first pari passu charge over all fixed assets of the Company.

The principal terms and conditions of the facility are as follows:

- (a) The applicable markup rate is 5% per annum;
- (b) The tenor of each tranche of the facility is 8 years (including 2-year grace period commencing from the date of the disbursement of the funds); and
- (c) Each tranche of the loan is to be repaid in 24 equal quarterly instalments.

Since the facility carries an interest rate which is well below the market interest rate prevailing as on the date of disbursement of funds, the financing is considered to contain an element of government grant as per the IAS 20 'Accounting for Government Grants and Disclosure of Government Assistance'. Accordingly, the Company measured the loan liability at its fair value (determined on a present value basis) and recognized the difference between the disbursement proceeds received from the bank and the said fair value as deferred income in the statement of financial position. This deferred income is being recognized as other income in profit or loss in proportion to the recognition of interest cost on the outstanding loan balance (based on the effective interest rate method).

2021                      2020  
 ————— Rupees in '000' —————

## 6.2 SBP Refinance Scheme for Payment of Wages and Salaries - secured

Opening carrying amount - net of deferred grant		
Funds borrowed during the year:	<b>110,798</b>	-
Loan proceeds received from the bank	<b>121,900</b>	121,895
Less: Element of government grant recognized as deferred income	<b>(11,821)</b>	(11,097)
	<b>110,079</b>	110,798
Gain on modification of contractual repayment terms	<b>(1,963)</b>	-
Interest recognized on unwinding of the liability	<b>18,835</b>	-
Loan installments paid during the year	<b>(36,275)</b>	-
<b>Closing carrying amount - net of deferred grant</b>	<b>201,474</b>	110,798
Less: Current maturity shown under current liabilities	<b>(111,116)</b>	(23,581)
<b>Non-current maturity</b>	<b>90,358</b>	87,217

**6.2.1** During the year, the Company obtained a long term financing facility amounting to Rs. 121.9 million (2020: Rs. 121.89 million) from M/s. Askari Bank Limited under the State Bank of Pakistan (SBP's) Refinance Scheme for Payment of Wages and Salaries to the Workers and Employees of Business Concerns notified vide IH & SMEFD Circular No. 7 of 2020 dated April 10, 2020. The facility is secured by first pari passu charge on current and fixed assets of the Company (including Land, Building, Plant and Machinery).

The principal terms and conditions of the facility are as follows:

- (a) The applicable markup rate is 2% to 3% per annum (2020: 3% per annum);
- (b) The tenor of the each tranche of the facility is 2.5 years (including 6-month grace period commencing from the date of disbursement of the funds); and
- (c) Each tranche of the loan is to be repaid in 8 equal quarterly instalments.

Since the facility carries an interest rate which is well below the market interest rate prevailing as on the date of disbursement of funds, in accordance with Circular 11 of 2020 dated August 17, 2020 issued by the Institute of Chartered Accountants of Pakistan (ICAP), the financing is considered to contain an element of government grant as per the IAS 20 'Accounting for Government Grants and Disclosure of Government Assistance'. Accordingly, the Company measured the loan liability at its fair value (determined on a present value basis) and recognized the difference between the disbursement proceeds received from the bank and the said fair value as deferred income in the statement of financial position. This deferred income is being recognized as other income in profit or loss in proportion to the recognition of interest cost on the outstanding loan balance (based on the effective interest rate method).

## 6.3 Term finance

This represents the amount availed under a term finance facility amounting to Rs. 725 million obtained from M/s. Askari Bank Limited. The facility has been obtained for procurement of machinery in relation to the BMR of existing plant and machinery of the Company, and is secured by first pari passu charge amounting to Rs. 1,460 million over present and future current and fixed assets of the Company (including land, building and plant and machinery located at the Company's manufacturing facility in Sangjani, District Islamabad with 25% margin).

**The principal terms and conditions of the facility are as follows:**

- (a) The applicable markup rate is 3-Month KIBOR + 2.5%;
- (b) The tenor of the facility is 10 years (including 2-year grace period commencing from the date of first disbursement); and
- (c) The loan is to be repaid in 32 equal quarterly instalments (to be commenced after the aforesaid grace period).

2021                      2020  
 ————— Rupees in '000' —————

**6.4 Financing for purchase of vehicles**

Total loan outstanding	22,613	-
Less: Current maturity shown under current liabilities	(3,694)	-
	18,919	-

- 6.4.1** This represents the amount availed under a financing facility for purchase of vehicles amounting to Rs. 36 million obtained from M/s. Askari Bank Limited. The facility carries markup at the rate of 6-Month KIBOR + 2% and is mainly secured by the ownership of vehicles in the name of the bank and key money (equal to 20% of the value of vehicles).

Note                      2021                      2020  
 ————— Rupees in '000' —————

**7. LEASE LIABILITY**

Opening balance	44,173	43,159
Lease obtained during the year	75,557	-
Initial application of IFRS-16 on rental properties	-	21,064
Payments made during the year (principal portion)	(22,634)	(20,050)
	97,096	44,173
Current maturity shown under current liabilities	(35,491)	(19,364)
<b>Non-current maturity</b>	<b>61,605</b>	<b>24,809</b>

**8. DEFERRED INCOME - GOVERNMENT GRANT**

Opening balance		10,476	-
Deferred government grant recognized in respect of loans	6.2	100,276	11,097
Gain on modification of contractual repayment terms		1,963	-
Less: Amortized during the year		(17,718)	(621)
		94,997	10,476

## 9. DEFERRED TAXATION

	Opening balance	Charge (reversal) recognized in profit or loss	Charge/ (income) recognized in other comprehensive income	Closing balance
	Rupees in '000			
<b>For the year ended June 30, 2021</b>				
Taxable temporary differences				
Accelerated tax depreciation	288,949	43,684	-	332,633
Gain on remeasurement of long term investment	29,003	-	7,321	36,324
Gain on remeasurement of short term investment	20	(20)	-	-
Long term financing	2,824	22,145	-	24,969
Right-of-use assets and related lease liability	1,923	504	-	2,427
	<u>322,719</u>	<u>66,313</u>	<u>7,321</u>	<u>396,353</u>
Deductible temporary differences				
Provision against slow moving and obsolete spares	(3,818)	(262)	-	(4,080)
Provision for expected credit losses	(255)	-	-	(255)
Deferred government grant	(2,666)	(23,170)	-	(25,836)
Unused tax losses and tax credits	(282,550)	(113,453)	-	(396,003)
	<u>(289,289)</u>	<u>(136,885)</u>	<u>-</u>	<u>(426,174)</u>
	<u>33,430</u>	<u>(70,572)</u>	<u>7,321</u>	<u>(29,821)</u>
<b>For the year ended June 30, 2020</b>				
Taxable temporary differences				
Accelerated tax depreciation	322,232	(33,283)	-	288,949
Unrealized gain on long term investment	36,899	-	(7,896)	29,003
Unrealized gain on short term investment	52	(32)	-	20
Long term financing	-	2,824	-	2,824
Right-of-use assets and related lease liability	2,123	(200)	-	1,923
	<u>361,306</u>	<u>(30,691)</u>	<u>(7,896)</u>	<u>322,719</u>
Deductible temporary differences				
Provision against slow moving and obsolete spares	(3,978)	160	-	(3,818)
Provision for expected credit losses	(1,436)	1,181	-	(255)
Deferred government grant	-	(2,666)	-	(2,666)
Unused tax losses and tax credits	-	(282,550)	-	(282,550)
	<u>(5,414)</u>	<u>(283,875)</u>	<u>-</u>	<u>(289,289)</u>
	<u>355,892</u>	<u>(314,566)</u>	<u>(7,896)</u>	<u>33,430</u>

	Note	2021	2020
————— Rupees in '000' —————			
<b>10. TRADE AND OTHER PAYABLES</b>			
<b>Creditors for goods and services:</b>			
-Creditors other than associated company		<b>454,880</b>	81,643
-Associated company		<b>46,595</b>	41,955
		<b>501,475</b>	123,598
Accrued expenses		<b>44,022</b>	17,994
Provision for marking fee	10.1	<b>59,419</b>	54,359
Provision for compensated absences	10.2	<b>23,842</b>	26,536
Payable to provident fund		<b>3,881</b>	3,896
Worker's Welfare Fund payable	10.3	<b>31,047</b>	43,282
Advances from customers - unsecured	10.4	<b>72,404</b>	55,471
Security deposits payable	10.5	<b>10,235</b>	10,355
Excise duty payable		<b>94,937</b>	126,358
Sales tax payable	10.6	<b>18,644</b>	39,762
Withholding income tax		<b>3,201</b>	5,672
Retention money payable to contractors		<b>12,381</b>	-
Other liabilities		<b>22,963</b>	20,062
		<b>898,451</b>	527,345

**10.1** This represents an amount payable to Pakistan Standards & Quality Control Authority (PSQCA) against marking fee for the period from July 2007 till the reporting date amounting to Rs. 59.419 million (2020: Rs. 54.359 million).

	2021	2020
————— Rupees in '000' —————		
<b>10.2 Provision for compensated absences</b>		
Opening balance	<b>26,536</b>	25,192
Charge for the year - net of reversals	<b>28</b>	3,340
Payments made during the year	<b>(2,722)</b>	(1,996)
Closing balance	<b>23,842</b>	26,536

<b>10.3 Worker's Welfare Fund payable</b>		
Opening balance	<b>43,282</b>	43,282
Less: adjustment from income tax return in respect of tax year 2018	<b>(12,235)</b>	-
	<b>31,047</b>	43,282

**10.4 Advances from customers - unsecured**

**10.4.1** During the year, the performance obligations underlying the opening contract liability of Rs. 55.471 million were satisfied in full. Accordingly, the said liability was recorded as revenue during the year.

**10.4.2** Information regarding the timing of satisfaction of performance obligations underlying the closing contract liability of Rs. 72.404 million is not presented since the expected duration of all the contracts entered into with the customers is less than one year.

**10.5 Security deposits payable**

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

**10.6 Sales tax payable**

In February 2021, the Company received notices from the Commissioner Inland Revenue (CIR), Federal Board of Revenue (FBR) intimating that the case of the Company was selected for audit under sections 25 and 46 of the Sales Tax Act, 1990 in relation to the period from July 01, 2015 to June 30, 2020. Subsequently, in April 2021, the Company, being aggrieved with the aforementioned notices, filed a Constitutional Petition before the Honourable High Court of Sindh ('the Court') praying, among other matters, that the aforementioned notices issued by the FBR be declared malafide and illegal. The Court in its interim order dated April 8, 2021 duly granted a stay directing the FBR to maintain status quo and not to pass any final adverse order against the Company in respect of the aforementioned notices till the next date of hearing.

	Note	2021	2020
		Rupees in '000'	
<b>11. SHORT TERM BORROWINGS - secured</b>			
Running finance	11.1	<b>494,912</b>	281,034
Export re-finance	11.2	<b>195,000</b>	195,000
Finance against Imported Merchandise / Trust Receipt	11.3	<b>100,000</b>	94,480
		<b><u>789,912</u></b>	<u>570,514</u>

**11.1** The Company has a total finance facility of Rs. 670 million (2020: Rs. 520 million) from various banks. These arrangements are secured by way of first pari passu charge over all the Company's movable and immovable properties and hypothecation of Company's stock-in-trade, stores and spares, book debts, machinery, and personal guarantee of sponsoring director of the Company. The rate of mark-up ranges from 3-Month KIBOR plus 2% (2020: 3-Months KIBOR plus 1.5%) per annum. The facilities are valid up to October 31, 2021.

**11.2** The Company has obtained Export Refinance Facility of Rs. 300 million (2020: Rs. 300 million) from a commercial bank. The facility is secured by way of 1st pari passu charge of Rs. 466.66 million (2020: Rs. 466.66 million) on current and fixed assets (including land and building, plant and machinery) of the Company (including of 25% margin) located at Sangjani plant, District Islamabad. The facility carries mark-up at State Bank of Pakistan (SBP) rate plus 1.00% per annum (2020: SBP rate plus 1.00%). This facility is valid till up to October 31, 2021.

**11.3** The Company has obtained Finance against Trust Receipt and Import merchandise (FATR) facility from a commercial bank amounting to Rs. 100 million (2020: Rs. 100 million). The facility is secured by way of 1st pari passu hypothecation charge of Rs. 334 million (2020: 334 million) over all present and future current assets of the Company duly insured in the bank's favour covering all risks registered with the SECP, lien on import documents with BL to the order of the bank. The facility carries mark-up at rate at 3-Month KIBOR plus 1.50% per annum (2020: 3-Month KIBOR plus 1.50% per annum). This facility is valid upto till March 31, 2022.

**11.4** As of reporting date, the Company had unutilized facilities for short term borrowings available from various banks amounting to Rs. 331 million (2020: Rs. 350 million).

**12. CONTINGENCIES AND COMMITMENTS****12.1 Contingencies**

**12.1.1** On March 17, 2015, the Company received a letter from Director Minerals, Industries and Labour Welfare Islamabad Capital Territory (ICT) informing the Company that the lease issued to it for mining had been

cancelled in pursuance of the orders of the Honourable Supreme Court of Pakistan ('the Apex Court') dated March 16, 2015. Subsequently, in March 2015, the Company filed a review petition in the Apex Court against the order passed by it. In March 2018, the Apex Court disposed off the review petition with an observation that since civil suits against demarcation of land and cancellation of lease are pending for adjudication in the Civil Court, Islamabad, the concerned court shall decide the case. During the year under review the Civil Court, Islamabad decided both the suits against the Company. The Company being aggrieved of the decisions has filed intra court appeals in Islamabad High Court.

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

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

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

Since Civil Court disposed off suits filed by the Company by giving its decision against the Company, accordingly Proceedings of recovery notice has been re initiated by Special Magistrate, whereby company is defending the recovery notice based on the ground as elaborated herein above. Based on the legal opinion of its lawyers, management is hopeful that matter will be decided in its favour.

- 12.1.2** The Competition Commission of Pakistan (CCP) took Suo Moto action under Competition Commission Ordinance, 2007 and issued a show cause notice on October 28, 2008 for increase in prices of cement across the country. Similar notices were also issued to All Pakistan Cement Manufacturers Association (APCMA) and its member cement manufacturers. The Company then filed a writ petition before the Honourable Lahore High Court (LHC). The LHC vide its order dated August 24, 2009 allowed the CCP to issue its final order. Accordingly, the CCP passed an order on August 27, 2009 and imposed a penalty of Rs. 174.063 million on the Company. The LHC vide its order dated August 31, 2009 restrained the CCP from enforcing its order against the Company for the time being. The LHC vide its order dated October 26, 2020 dismissed the petitions filed by the Company together with other petitioners and declared the competition law intra vires. The LHC, however, struck down the constitution of the Competition Appellate Tribunal (CAT). The Company together with other cement manufacturers has filed an appeal before the Honourable Supreme Court of Pakistan ('the Apex Court'). The CCP has also filed an appeal before the Apex Court against the decision of LHC.

In addition, during the year ended June 30, 2010, the Company had also filed an appeal before the Apex Court against the aforesaid order of the CCP dated August 27, 2009. Subsequently in 2018, the Apex Court remanded the case back to the Competition Appellate Tribunal (CAT). The Company has filed petition before the Honourable High Court of Sindh (SHC) in relation to constitution mechanism of the tribunal, wherein the SHC granted stay against the notice. The SHC has ordered CAT not to pass a final order, till the case is decided. The Company's legal counsel is confident that the Company has a good case and there are reasonable chances of success, hence, no provision for the above has been recognized in these financial statements.

- 12.1.3** For the tax year 2013, notice under section 122(1) of the Income Tax Ordinance, 2001 was issued by the Deputy Commissioner Inland Revenue (DCIR) creating the demand of Rs. 3.2 million in respect of certain inadmissible expenses. Subsequently, the Company filed an appeal against the said notice before the Commissioner Inland Revenue (Appeals I) [CIR(A)] who decided the case in favour of DCIR. Finally, the Company filed an appeal against the order of the CIR(A) before the Appellate Tribunal Inland Revenue

(ATIR). As of the reporting date, the case was still pending before ATIR for adjudication and no hearing was held till that date.

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

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

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

	Note	2021 ————— Rupees in '000'	2020 —————
<b>12.2</b>	<b>Commitments</b>		
	<b>As of the reporting date, the outstanding financial commitments of the company were as follows:</b>		
	-Commitments against import of raw material and stores and spares	365,439	23,672
	-Commitments against capital work in progress	592,416	-
		<u>957,855</u>	<u>23,672</u>
<b>13.</b>	<b>PROPERTY, PLANT AND EQUIPMENT</b>		
	Operating fixed assets	13.1 2,025,973	1,613,177
	Capital work in progress	13.2 32,502	-
	Capital spares	13.3 211,608	179,136
		<u>2,270,083</u>	<u>1,792,313</u>

## 13.1 Operating fixed assets

	Freehold Land	Factory building	Non-factory building	Plant and machinery	Quarry transport equipments	Furniture, fixtures & equipments	Motor Vehicles	Total
-----Rupees in 000-----								
<b>As at June 30, 2019</b>								
Cost	225,923	327,715	237,648	3,279,622	124,814	58,482	110,754	4,364,958
Accumulated depreciation	-	(266,278)	(100,071)	(2,048,768)	(114,256)	(48,524)	(84,227)	(2,662,124)
	<b>225,923</b>	<b>61,437</b>	<b>137,577</b>	<b>1,230,854</b>	<b>10,558</b>	<b>9,958</b>	<b>26,527</b>	<b>1,702,834</b>
<b>Year ended June 30, 2020</b>								
Opening net book value	225,923	61,437	137,577	1,230,854	10,558	9,958	26,527	1,702,834
Additions	-	-	-	-	6,028	-	-	6,028
Transfer from capital spares	-	-	-	17,303	-	-	-	17,303
Disposals:								
Cost	-	-	-	-	-	-	(2,035)	(2,035)
Accumulated depreciation	-	-	-	-	-	-	1,435	1,435
	-	-	-	-	-	-	(600)	(600)
<b>Depreciation for the year</b>	-	(5,177)	(7,588)	(82,105)	(7,126)	(2,977)	(7,415)	(112,388)
<b>Closing net book value</b>	<b>225,923</b>	<b>56,260</b>	<b>129,989</b>	<b>1,166,052</b>	<b>9,460</b>	<b>6,981</b>	<b>18,512</b>	<b>1,613,177</b>
<b>As at June 30, 2020</b>								
Cost	225,923	327,715	237,648	3,296,925	130,842	58,482	108,719	4,386,254
Accumulated depreciation	-	(271,455)	(107,659)	(2,130,873)	(121,382)	(51,501)	(90,207)	(2,773,077)
	<b>225,923</b>	<b>56,260</b>	<b>129,989</b>	<b>1,166,052</b>	<b>9,460</b>	<b>6,981</b>	<b>18,512</b>	<b>1,613,177</b>
<b>Year ended June 30, 2021</b>								
Opening net book value	225,923	56,260	129,989	1,166,052	9,460	6,981	18,512	1,613,177
Direct additions	-	-	-	1,543	1,018	898	-	3,459
Transfer from CWIP	-	-	-	507,240	-	-	-	507,240
Transfer from capital spares	-	-	-	20,625	-	-	-	20,625
Disposals:								
Cost	-	-	-	-	-	-	(10,566)	(10,566)
Accumulated depreciation	-	-	-	-	-	-	9,235	9,235
	-	-	-	-	-	-	(1,331)	(1,331)
<b>Depreciation for the year</b>	-	(5,176)	(7,588)	(96,818)	(1,489)	(2,869)	(3,257)	(117,197)
<b>Closing net book value</b>	<b>225,923</b>	<b>51,084</b>	<b>122,401</b>	<b>1,598,642</b>	<b>8,989</b>	<b>5,010</b>	<b>13,924</b>	<b>2,025,973</b>
<b>As at June 30, 2021</b>								
Cost	225,923	327,715	237,648	3,826,333	131,860	59,380	98,153	4,907,012
Accumulated depreciation	-	(276,631)	(115,247)	(2,227,691)	(122,871)	(54,370)	(84,229)	(2,881,039)
	<b>225,923</b>	<b>51,084</b>	<b>122,401</b>	<b>1,598,642</b>	<b>8,989</b>	<b>5,010</b>	<b>13,924</b>	<b>2,025,973</b>

	Note	2021	2020
		Rupees in '000'	
<b>13.1.1 Allocation of depreciation expense</b>			
Manufacturing costs	27.1.2	109,002	100,337
Administrative expenses	28	2,659	5,666
Distribution costs	29	5,536	6,384
		<u>117,197</u>	<u>112,388</u>

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

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

### 13.2 Capital work in progress

Particulars	2021				2020
	Renewable energy plant (Note 13.2.1)	Upgradation of production plant (13.2.2)	Other miscellaneous projects	Total	
----- Rupees in '000 -----					
Opening balance	-	-	-	-	-
Additions during the year	507,240	28,931	3,571	539,742	-
	<u>507,240</u>	<u>28,931</u>	<u>3,571</u>	<u>539,742</u>	-
Transfer to operating fixed assets	(507,240)	-	-	(507,240)	-
<b>Closing balance</b>	<u>-</u>	<u>28,931</u>	<u>3,571</u>	<u>32,502</u>	<u>-</u>

**13.2.1** During the year, the Company got installed, on a turn-key basis, a 5 Mega Watt Solar Power Plant at its manufacturing facility located in Sangjani, District Islamabad. According to the contractor's specifications, the plant is expected to generate a minimum of 7,075 KWh of electric power per annum. The erection and commissioning of the plant was completed in April 2021.

**13.2.2** This represents the expenditure incurred by the Company on the procurement of equipment to replace Ceramic Grinding Media to be installed at its manufacturing facility located in Sangjani, District Islamabad. The said replacement is expected to decrease the present power consumption of Ball Mill by 4.5 kwh / ton of cement. As of the reporting date, the equipment was yet under installation.

	2021	2020
	Rupees in '000'	
<b>13.3 Capital spares</b>		
Opening balance	179,136	192,436
Additions during the year	53,097	4,003
Transfers to operating fixed assets	(20,625)	(17,303)
<b>Closing balance</b>	<u>211,608</u>	<u>179,136</u>

## 14. RIGHT-OF-USE ASSETS

	Rented property in Karachi (old)	Rented property in Karachi (new) (Note 14.1)	Rented property in Islamabad	Leased vehicles (Note 14.2)	Total
	----- Rupees in '000 -----				
<b>As at June 30, 2019</b>					
Cost	-	-	-	61,393	61,393
Accumulated depreciation	-	-	-	(10,229)	(10,229)
	-	-	-	51,164	51,164
Movement during the year ended June 30, 2020					
Opening net book value	-	-	-	51,164	51,164
Effect of initial application of IFRS 16	11,440	-	11,793	-	23,233
Depreciation for the year	(5,720)	-	(5,896)	(11,051)	(22,667)
<b>Closing net book value</b>	<b>5,720</b>	<b>-</b>	<b>5,897</b>	<b>40,113</b>	<b>51,730</b>
<b>As at June 30, 2020</b>					
Cost	11,440	-	11,793	61,393	84,626
Accumulated depreciation	(5,720)	-	(5,896)	(21,280)	(32,896)
	5,720	-	5,897	40,113	51,730
Movement during the year ended June 30, 2021					
Opening net book value	5,720	-	5,897	40,113	51,730
Addition	-	65,634	-	9,923	75,557
Depreciation for the year	(5,720)	(568)	(3,440)	(11,539)	(21,267)
<b>Closing net book value</b>	<b>-</b>	<b>65,066</b>	<b>2,457</b>	<b>38,497</b>	<b>106,020</b>
<b>As at June 30, 2021</b>					
Cost	11,440	65,066	11,793	71,316	159,615
Accumulated depreciation	(11,440)	-	(9,336)	(32,819)	(53,595)
	-	65,066	2,457	38,497	106,020
<b>Depreciation rate (per annum)</b>	<b>50%</b>	<b>20%</b>	<b>50%</b>	<b>20%</b>	

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

Particulars	Rented property in Karachi (old)	Rented property in Karachi (new)	Rented property in Islamabad
Lessor name	Humera Nadeem & Maryam Ilyas	Zain Sikander	Nasreen Abbas
Lease agreement date	15-Jul-18	05-Mar-21	18-Nov-16
Lease commencement date	01-Jul-19	15-Jul-21	18-Nov-16
Initial contracted term of the lease	11 Months	11 Months	11 Months
Availability of extension option	Yes	Yes	Yes
Availability of termination option	Yes	Yes	Yes
Assessed lease term (used for measuring the right-of-use asset and the corresponding lease liability)	2 years	5 years	2 years

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

Lease contract no.	121710500008	121810500014	121902500027	122010500002	12012500002
Lessor name	Askari Bank Limited	Askari Bank Limited	Askari Bank Limited	Askari Bank Limited	Askari Bank Limited
Availability of extension option	No	No	No	No	No
First installment payable on	6-Nov-17	3-Dec-18	12-Apr-19	29-Nov-20	21-Jan-21
Last installment payable on	6-Oct-22	1-Nov-23	12-Mar-24	29-Oct-25	21-Dec-25
Total number of installments	60	60	60	60	60
Rental payment frequency	Monthly	Monthly	Monthly	Monthly	Monthly
Markup rate	6 month KIBOR + 2%	6 month KIBOR + 2%	3 month KIBOR + 2%	3 month KIBOR + 2%	3 month KIBOR + 2%
Nature of the leased assets	Motor Vehicles	Motor Vehicles	Motor Vehicles	Motor Vehicles	Motor Vehicles
Number of the leased assets	1	3	1	1	4

Note

2021

2020

Rupees in '000'

## 15. LONG TERM INVESTMENTS

### At cost

Investment in Fecto Cement Nooriabad (Private) Limited  
- a subsidiary 15.1 1,000 1,000

At fair value through other comprehensive income

Investment in Frontier Paper Products (Private) Limited  
- a related party 15.2 317,009 283,350  
318,009 284,350

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

2021	2020		2021	2020
(Number of Shares)			Rupees in '000'	
<u>100,000</u>	<u>100,000</u>	Ordinary shares of Rs. 10/- each	<u>1,000</u>	<u>1,000</u>

**15.1.1** In February 2020, the Company got its new subsidiary company incorporated in the name and style of M/s. Fecto Cement Nooriabad (Private) Limited ('FCNL'). The authorized and paid up capital of FCNL is Rs. 2 million and Rs. 1 million, respectively, which is presently wholly owned by the Company. The principal activity of FCNL is to produce and deal in all kinds of cement and its allied products. The registered office of FCNL Plot # 60-C, Khayaban-Shahbaz, Phase-VI, Defense Housing Authority, Karachi-75500. Mr. Mohammed Yasin Fecto, the majority shareholder and director of the Company, also serves on the Board of Directors of FCNL.

**15.1.2** By the reporting date, FCNL had not yet commenced its operations which was principally due to delay evidenced in granting of mining lease by the regulatory authorities. However, the management of FCNL has been endeavouring to finalize its ongoing negotiations with the concerned government officials and is hopeful that the said license will be issued in due course of time.

**15.1.3** In accordance with the provisions of section 228(1) of the Companies Act, 2017, the Company would be required to prepare, consolidated financial statements of the group (comprising the Company and the aforementioned subsidiary company) for the year ended June 30, 2021. However, keeping in view the fact



that FCNL has not yet commenced its business operations and, at the reporting date, it had no material assets or liabilities, the Company, under section 228(7) of the Companies Act, 2017, applied to the Securities and Exchange Commission of Pakistan (SECP) for seeking exemption from the requirement to prepare consolidated financial statements. The said exemption has been granted by the SECP vide its letter SMD/PRDD/2(314)/2021-26 dated April 06, 2021 issued to the Company.

- 15.1.4** As per unaudited financial statements of FCNL for the year ended June 30, 2021, as of the reporting date, FCNL had cash balance held in a bank account, amounting to Rs. 1.041 million (2020: Rs. 1 million) (mainly representing the initial capital injection made by the Company in the form of equity) and accrued liabilities amounting to Rs. 30,000 (2020: Rs. 30,000). Further, during the year ended June 30, 2021, FCNL earned mark-up on bank deposit amounting to Rs. 85,469 (2020: Nil) and incurred administrative and taxation expenses of Rs. 32,993 (2020: Rs. 30,000) and Rs. 11,385 (2020: Nil), respectively.
- 15.1.5** The audited financial statements of FCNL for the year ended June 30, 2020 along with the auditors' report thereon (wherein the auditors have expressed an unmodified opinion), as well as the unaudited financial statements of FCNL for the year ended June 30, 2021, shall be available for inspection at the registered office of the Company and shall be sent to the members on request without any cost.

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

2021 (Number of Shares)	2020		2021 Rupees in '000'	2020
<u>15,000,000</u>	<u>15,000,000</u>	Ordinary shares of Rs. 10/- each at cost	150,000	150,000
		Unrealized gain / (loss) on remeasurement:		
		- Opening balance	133,350	169,650
		- (Loss) / gain recognized during the year	33,659	(36,300)
			<u>167,009</u>	<u>133,350</u>
			<u>317,009</u>	<u>283,350</u>

- 15.2.1** In 2019, the Company made an investment in 15 million unquoted ordinary shares of M/s. Frontier Papers Products (Private) Limited (FPPL), its associated company in terms of section 2(4) of the Companies Act, 2017, at a par value of Rs. 10 each. This investment gives the Company 49.21% voting power in FPPL. However, since Mr. Mohammad Yasin Fecto holds the remaining voting power (i.e. 50.79%) in FPPL and also exercises control over the Company (by virtue of his majority shareholding in the Company), the Company is not able to exercise significant influence over FPPL and, accordingly, has not applied the equity method of accounting as described in the International Accounting Standard (IAS) 28 Investments in Associates and Joint Ventures.
- 15.2.2** In accordance with the International Financial Reporting Standard (IFRS) 9 Financial Instruments, the Company has elected to designate the investment at fair value through other comprehensive income since it is in the nature of a long-term strategic investment made with a view to further strengthen the existing customer-supplier relationship with FPPL.
- 15.2.3** The Company as per its policy, carried out the valuation of the aforementioned investments. In this connection, the valuation technique used by the Company was Discounted Free Cash Flow to Equity model for business valuation. Assumptions and inputs used in the valuation technique mainly include risk-free rate, equity risk premium, growth rate and projected rates of increase in revenues, other income and expenses.. According to such valuation, the fair value of the net assets of FPPL was determined to be Rs. 21.13 per share (2020: 18.89 per share).
- 15.2.4** During the year ended June 30, 2021, FPPL did not declare any dividends (2020: None).

**16. LONG TERM DEPOSITS**

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

Note	2021	2020
	Rupees in '000'	

**17. LONG TERM LOANS AND ADVANCES****Long term loans - unsecured, considered good**

- Employees - interest free		4,091	4,504
- Executives - interest free	17.1	1,285	1,735
		<u>5,376</u>	<u>6,239</u>
Advances to dealers - secured, considered good		8,500	12,925
		<u>13,876</u>	<u>19,164</u>
Less: Current maturity shown under current assets		<u>(7,154)</u>	<u>(8,408)</u>
		<u>6,722</u>	<u>10,756</u>

**17.1** The maximum aggregate amount due from executives of the Company at the end of any month during the year was Rs. 1.285 million (2020: Rs. 1.735 million). The loan to executives and employees are in accordance with the terms of their employment.

Note	2021	2020
	Rupees in '000'	

**18. STORES AND SPARES**

Stores - in hand		367,701	283,725
- in transit		153,653	31,073
		<u>521,354</u>	<u>314,798</u>
Spares	18.1	538,764	511,737
Provision against slow moving and obsolete spares		(15,000)	(15,000)
		<u>523,764</u>	<u>496,737</u>
		<u>1,045,118</u>	<u>811,535</u>

**18.1** Spares mainly comprise of consumable spare parts held by the Company for the purpose of maintenance of the plant to ensure continuous operations of the plant.

2021	2020
Rupees in '000'	

**19. STOCK-IN-TRADE**

Raw materials	1,082,690	981,522
Packing materials	66,003	28,664
Work in process	450,490	231,816
Finished goods	23,497	34,267
	<u>1,622,680</u>	<u>1,276,269</u>

	Note	2021	2020
		Rupees in '000'	
<b>20. TRADE DEBTS</b>			
<b>Local receivables - unsecured</b>			
Considered good		43,766	24,892
Considered doubtful		880	880
		44,646	25,772
Provision for expected credit losses		(880)	(880)
		43,766	24,892

**21. SHORT TERM INVESTMENTS****At fair value through profit or loss  
Units of open-end mutual funds:**

-Cost		-	17,393
-Unrealised gain on remeasurement		-	79
	21.1	-	17,472
Privately Placed Term Finance Certificates - unsecured	21.2	99,930	99,950
		99,930	117,422

**21.1 Investment units of open-end mutual funds**

2021 (Number of Shares)	2020	Name of the Fund	Cost	2021 Fair value	Cost	2020 Fair value
----- Rupees in '000' -----						
- 1,256,506		NAFA Income Opening fund	-	-	13,539	13,610
- 38,431		UBL Al-ameen Islamic Cash Fund(AICF)	-	-	3,854	3,862
			-	-	17,393	17,472

**21.1.1 Unrealized gain / (loss) on remeasurement of investment**

Cumulative gain at the beginning of the year - net	79	208
Unrealized gain during the year	383	4,285
Realized (loss) during the year	(462)	(4,414)
Cumulative gain at the end of the year - net	-	79

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

**22. SHORT TERM LOAN TO A RELATED PARTY****Loan to Frontier Paper Products (Private) Limited**

Opening balance	90,000	40,000
Loan paid during the year	47,400	50,000
Loan repaid during the year	(58,005)	-
	79,395	90,000

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

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

- 22.2** Maximum loan outstanding during the year with reference to month-end balances amounted to Rs. 89 million (2020: Rs. 90 million).

	Note	2021	2020
Rupees in '000'			
<b>23. LOANS, ADVANCES, DEPOSIT, PREPAYMENT AND OTHER RECEIVABLE - unsecured, considered good</b>			
Current maturity and overdue portion of long term loans	17	7,154	8,408
Advances	23.1	62,343	2,768
Deposit - margin against bank guarantee	23.2	11,000	11,000
Prepayments		63	-
Other receivable - accrued markup		5,520	8,489
		<u>86,080</u>	<u>30,665</u>

**23.1 Advances**

Advance to suppliers of goods		16,378	2,768
Advance to suppliers of plant and machinery		16,988	-
Advance against lease finance		25,126	-
Others		3,851	-
		<u>62,343</u>	<u>2,768</u>

- 23.2** This represents 10 % (2020: 10%) margin given to Silk Bank Limited against the bank guarantee of Rs.110 million (2020: Rs. 110 million) issued in favour of Sui Northern Gas Pipeline Limited as security for the payment of gas bills.

	Note	2021	2020
Rupees in '000'			
<b>24. TAX REFUNDS DUE FROM GOVERNMENT</b>			
Income tax refundable		177,766	219,889
Un-adjusted input sales tax carried forward		57,037	-
		<u>234,803</u>	<u>219,889</u>

**25. CASH AND BANK BALANCES**

Cash in hand		803	718
<b>Cash at bank :</b>			
-in current accounts		25,594	53,498
-in savings and deposit accounts	25.1	58,862	63,475
		<u>84,456</u>	116,973
		<u>85,259</u>	<u>117,691</u>



25.1 The return on these balances ranges from 4% to 5% (2020: 4% to 5% ) per annum on daily product basis.

	Note	2021	2020
———— Rupees in '000' ————			
<b>26. TURNOVER - net</b>			
Revenue from local sales	26.1	4,652,803	3,033,739
Revenue from export sales	26.2	308,572	430,165
		<u>4,961,375</u>	<u>3,463,904</u>
<b>26.1 Revenue from local sales</b>			
Sale of goods to local customers - gross		6,879,394	5,098,617
Less: Trade discounts		(128,752)	(91,101)
Federal excise duty		(1,014,506)	(1,142,212)
Sales tax		(1,083,333)	(831,565)
		<u>(2,226,591)</u>	<u>(2,064,878)</u>
Net sales revenue		<u>4,652,803</u>	<u>3,033,739</u>
<b>26.2 Revenue from export sales</b>			
Sale of goods to foreign customers		308,413	423,029
Export rebate		159	7,136
		<u>308,572</u>	<u>430,165</u>
<b>27. COST OF SALES</b>			
Opening stock of finished goods		34,267	36,507
Cost of goods manufactured	27.1	4,663,106	4,177,101
		<u>4,697,373</u>	<u>4,213,608</u>
Closing stock of finished goods		(23,497)	(34,267)
		<u>4,673,876</u>	<u>4,179,341</u>
<b>27.1 Cost of goods manufactured</b>			
Raw materials consumed	27.1.1	688,221	565,752
Conversion costs incurred	27.1.2	4,193,559	3,576,314
		<u>4,881,780</u>	<u>4,142,066</u>
Change in work-in-process inventory:			
- Opening stock		231,816	266,851
- Closing stock		(450,490)	(231,816)
		<u>(218,674)</u>	<u>35,035</u>
Cost of goods manufactured		<u>4,663,106</u>	<u>4,177,101</u>
<b>27.1.1 Raw materials consumed</b>			
Opening stock		1,010,186	954,833
Purchases		826,728	621,105
		<u>1,836,914</u>	<u>1,575,938</u>
Closing stock		(1,148,693)	(1,010,186)
		<u>688,221</u>	<u>565,752</u>

	Note	2021	2020
		Rupees in '000'	
<b>27.1.2 Conversion costs incurred</b>			
Salaries, wages and benefits	27.1.2.1	415,962	404,285
Fuel and power	27.1.2.2	3,393,399	2,810,553
Stores and spares consumed		137,759	130,441
Insurance		33,966	31,740
Repairs and maintenance		6,702	6,569
Loading charges		20,263	21,201
Depreciation on operating fixed assets	13.1.1	109,002	100,337
Depreciation on right-of-use assets		3,462	3,315
Vehicle running expense		35,557	35,223
Other manufacturing overheads		37,487	32,650
		<u>4,193,559</u>	<u>3,576,314</u>

#### 27.1.2.1 Salaries, wages and other benefits

This includes Company's contribution to provident fund amounting to Rs. 13.547 million (2020: Rs. 13.647 million).

	2021	2020
	Rupees in '000'	
<b>27.1.2.2 Fuel and power</b>		
Electricity charges	1,138,720	974,275
Diesel charges	34,360	34,041
Coal charges	2,193,804	1,778,635
Lubricant charges	21,837	19,231
Others	4,678	4,371
	<u>3,393,399</u>	<u>2,810,553</u>

#### 28. ADMINISTRATIVE EXPENSES

Salaries, wages and benefits	28.1	153,054	149,157
Traveling and conveyance		875	5,011
Vehicles running expenses		10,215	11,079
Communications		1,796	2,409
Printing and stationery		1,154	1,151
Rent, rates and taxes		785	638
Utilities		10,098	10,376
Repairs and maintenance		2,338	1,983
Legal and professional charges		15,659	21,792
Auditors' remuneration	28.2	1,250	1,100
Donation	28.3	3,476	5,140
Depreciation on operating fixed assets	13.1.1	2,659	5,666
Depreciation on right-of-use assets		15,497	17,142
Initial expenditure on new manufacturing plant		2,398	435
Trade debts written off		-	277
Entertainment		1,259	1,140
Fees and subscription		1,623	2,348
Insurance		243	236
Miscellaneous		4,299	4,829
		<u>228,678</u>	<u>241,909</u>

**28.1** This includes Company's contribution to provident fund amounting to Rs. 5.762 million (2020: Rs. 5.758 million).

	Note	2021	2020
————— Rupees in '000' —————			
<b>28.2 Auditors' remuneration</b>			
Audit fee		950	850
Half yearly review		200	150
Other services	28.2.1	100	100
		<u>1,250</u>	<u>1,100</u>

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

**28.3** None of the directors or their spouses have any interest in the donee institutions. There is no single party to whom the donation exceeds the higher of 10% of the Company's total amount of donation expense for the year or Rs. 1 million.

	Note	2021	2020
————— Rupees in '000' —————			
<b>29. DISTRIBUTION COSTS</b>			
Salaries, wages and benefits	29.1	41,370	37,215
Commission		19,339	30,697
Export expenses		1,661	2,263
Traveling and conveyance		198	499
Vehicles running expenses		3,661	3,481
Communications		1,056	987
Rent, rates and taxes		1,291	993
Repairs and maintenance		886	591
Advertisement		67	64
Marking fee		5,060	3,536
Depreciation on operating fixed assets	13.1.1	5,536	6,384
Depreciation on right-of-use assets		2,308	2,210
Printing and stationary		1,236	1,147
Insurance		16	17
Entertainment		949	739
Fees and subscription			38
Fuel and power		2,788	2,592
Spares and general items consumed		491	553
Miscellaneous		126	158
		<u>88,039</u>	<u>94,164</u>

**29.1** This includes Company's contribution to provident fund amounting to Rs. 2.011 million (2020: Rs.1.921 million) .

	Note	2021	2020
		Rupees in '000'	
<b>30. FINANCE COSTS</b>			
Markup on leases		5,220	7,916
<b>Markup on short term borrowings:</b>			
- Running finance		28,041	15,358
- Export Refinance Scheme		6,435	498
- Finance against Trust Receipt		1,935	1,589
		<b>36,411</b>	17,445
<b>Markup on long term borrowings:</b>			
- SBP Financing Scheme for Renewable Energy		10,131	-
- SBP Refinance Scheme for Payment of Wages and Salaries		18,835	-
- Others		2,141	516
		<b>31,107</b>	516
Bank commission and charges		3,077	2,696
		<b>75,815</b>	28,573
<b>31. OTHER INCOME</b>			
Markup on bank deposits		1,625	9,257
Markup on term finance certificates		9,857	15,392
Markup on loan to associated company		7,506	11,251
Unrealized loss on remeasurement of short term investment	21.1.1	-	(129)
Realized capital gain on short term investments		462	4,414
Dividend income on short term investments		54	4,367
Gain on sale of operating fixed assets		2,486	-
Scrap sales		1,876	662
Amortization of deferred government grant	8	17,718	621
Miscellaneous		68	2
		<b>41,652</b>	45,837
<b>32. TAXATION</b>			
Current		73,266	50,391
Prior		1,212	-
Deferred		(70,572)	(314,566)
		<b>3,906</b>	(264,175)
<b>32.1 Relationship between income tax expense and accounting loss before taxation</b>			
<p>The numerical reconciliation between tax expense and the product of accounting profit multiplied by the applicable tax rate as required by IAS 12 'Income Taxes' has not been presented in these financial statements since the Company has suffered an accounting loss before tax in both reported years and its income subject to taxation under the normal tax regime has attracted the provisions of section 113 (Minimum tax) of the Income Tax Ordinance, 2001.</p>			
<b>32.2</b>	<p>Except as stated in notes 12.1.3. and 32.3 to these financial statements, the income tax assessments of the Company have been finalized up to, and including, the tax year 2020. Tax returns filed by the Company are</p>		

deemed to be assessed under section 120 of the Income Tax Ordinance, 2001 unless selected for re-assessment or audit by the taxation authorities. However, at any time during a period of five years from the date of filing of a return, the taxation authorities may select an income tax return filed by the Company for the purpose of re-assessment.

- 32.3** In February 2021, the Company received notices from the Commissioner Inland Revenue (CIR), Federal Board of Revenue (FBR) intimating that the case of the Company was selected for audit under section 177 of the Income Tax Ordinance, 2001 in relation to tax years 2016, 2017, 2019 and 2020. Subsequently, in April 2021, the Company, being aggrieved with the aforementioned notices, filed a Constitutional Petition before the Honourable High Court of Sindh ('the Court') praying, among other matters, that the aforementioned notices issued by the FBR be declared malafide and illegal. The Court in its interim order dated April 8, 2021 duly granted a stay directing the FBR to maintain status quo and not to pass any final adverse order against the Company in respect of the aforementioned notices till the next date of hearing.
- 32.4** In its financial statements for the year ended June 30, 2020, the Company had disclosed a contingent liability relating to additional income tax payable under section 5A of the Income Tax Ordinance, 2001 amounting to Rs. 54.575 million. The said matter has now attained finality and the various uncertainties underlying therein have been resolved following the final judgment (announced in April 2021) of the Honourable High Court of Sindh on the Constitutional Petition (CP) D-4970 of 2017 (M/s. Sapphire Textile Mills Limited vs. Federation of Pakistan & Others) and other connected petitions, including CP D-6450 of 2017 (Fecto Cement Limited vs. Federation of Pakistan & Others) whereby it has been declared that the insertion of section 5A in the Income Tax Ordinance, 2001, including amendments thereto from time to time, are ultra vires of the Constitution of Pakistan, 1973, and, as a consequence, any show cause / demand notices or constituents thereof, seeking enforcement of the said section 5A were set aside.

	2021	2020
	———— Rupees in '000' ————	
<b>33. LOSS PER SHARE - BASIC AND DILUTED</b>		
<b>33.1 Basic loss per share</b>		
Loss after taxation	<u>(67,287)</u>	<u>(770,071)</u>
	———— Numbers in '000' ————	
Weighted average number of ordinary shares outstanding	<u>50,160</u>	<u>50,160</u>
	———— Rupees ————	
Loss per share - basic	<u>(1.34)</u>	<u>(15.35)</u>
<b>33.2 Diluted loss per share</b>		

There is no dilutive effect on the basic loss per share of the Company, since there were no potential ordinary shares in issue as at June 30, 2021 and June 30, 2020.

**34. CASH AND CASH EQUIVALENTS**

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

	Note	2020	2019
		Rupees in '000'	
Cash and bank balances	25	85,259	117,691
Short term borrowings - running finance	11	(494,912)	(281,034)
		<u>(409,653)</u>	<u>(163,343)</u>

**35. SEGMENT INFORMATION**

These financial statements have been prepared on the basis of single reportable segment i.e. sale and manufacturing of cement. The entity-wide disclosures required by IFRS 8 'Operating Segments' are given below:

- Revenue from sale of cement represents 100% (2020 : 100%) of the total revenue of the Company.
- 96% (2020: 92%) gross sales of the Company were made to customers based in Pakistan.
- As at June 30, 2021 and June 30, 2020 all non-current assets of the Company were located in Pakistan.
- Revenue earned from one major customer having sales excluding sales tax and federal excise duty of more than 10% of total sales amounted to Rs. 931.44 million (2020: Rs. 517.189 million). The major customer resides in Pakistan.

**36. REMUNERATION OF THE CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES**

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

	2021			2020				
	Chief Executive	Director Executive	Executives Non-executive	Chief Executive	Director Executive	Executive Non-executive		
	Rupees in '000'							
Managerial remuneration	33,839	-	-	149,723	33,839	-	-	150,821
Retirement benefits	-	-	-	9,837	-	-	-	9,981
Reimbursable perquisites	2,161	-	-	9,190	2,161	-	-	9,330
Meeting fee	-	-	150	-	-	-	95	-
	<u>36,000</u>	<u>-</u>	<u>150</u>	<u>168,750</u>	<u>36,000</u>	<u>-</u>	<u>95</u>	<u>170,132</u>
Number of persons	<u>1</u>	<u>-</u>	<u>6</u>	<u>39</u>	<u>1</u>	<u>-</u>	<u>6</u>	<u>39</u>

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

**37. TRANSACTIONS AND BALANCES WITH RELATED PARTIES**

The related parties comprise of Frontier Papers Products (Private) Limited, Fecto Cement Nooriabad (Private) Limited key management personnel of the Company and directors and their close family members and staff provident fund. Transactions with related parties during the year other than those disclosed elsewhere

in the financial statements are as follows:

Name of the related party	Basis of relationship with the party	Particulars	2021	2020
			Rupees	
Frontier Paper Products (Private) Limited	Associated Company	Purchases made during the year	451,393	399,464
		Payments made during the year	446,752	373,725
		Balance payable at the end of the year against purchases	46,595	41,955
		Interest charged during the year against loan	7,506	11,251
		Interest outstanding at the end of the year	1,888	2,519
		Loan outstanding at the end of the year	79,395	90,000
		Staff retirement benefit plan - Provident fund	Other related party	Balance payable as at June 30, 2021

## 38. FINANCIAL INSTRUMENTS

### 38.1 Financial risk analysis

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

- Credit risk
- Liquidity risk
- Market risk

#### 38.1.1 Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

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

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

Maximum exposure to credit risk

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

Carrying amount Note	Note	June 30, 2021		June 30, 2020	
		Carrying amount	Maximum exposure	Carrying amount	Maximum exposure
		(Rupees in '000)			
Long term deposits		5,321	5,321	6,294	6,294
Long term loan and advances		6,722	6,722	10,756	10,756
Trade debts	(a)	43,766	43,766	24,892	24,892
Short term investments		99,930	99,930	117,422	99,950
Short term loan to a related party		79,395	79,395	90,000	90,000
Loans, deposit and other receivable		23,674	23,674	27,897	27,897
Bank balances	(b)	84,456	84,456	116,973	116,973
		<u>343,264</u>	<u>343,264</u>	<u>394,234</u>	<u>376,762</u>

**Note (a) - Credit risk exposure on trade debts**

To reduce the exposure to credit risk the Company has developed a policy of obtaining advance payments from its customers. Except for customers relating to the Government and certain small and medium sized enterprises, the management strictly adheres to this policy. For any balances receivable from such small and medium sized enterprises, the management continuously monitors the credit exposure towards them and makes provisions against those balances considered doubtful of recovery.

As of the reporting date, the ageing analysis of trade debts was as follows:

	June 30, 2021		June 30, 2020	
	Gross carrying amount	Life time expected credit losses	Gross carrying amount	Life time expected credit losses
----- (Rupees in '000) -----				
Past due 1-90 days	43,668	-	24,426	-
More than 90 days	978	880	1,346	880
	<b>44,646</b>	<b>880</b>	<b>25,772</b>	<b>880</b>

**Note (b) - Credit risk exposure on bank balances**

The Company's credit risk on liquid funds is limited because the counter parties are banks with reasonably high credit ratings. As of the reporting date, the external credit ratings of the Company's bankers were as follows:

Short term rating	2021	2020
	----- Rupees in '000' -----	
A-	-	7,593
A1	6,896	6,199
A1+	69,338	47,286
A2	8,216	7
A2-	-	6
A3	6	-
AA	-	55,882
	<b>84,456</b>	<b>116,973</b>

**Concentration of credit risk**

Concentration of credit risk arises when a number of financial instruments or contracts are entered into with the same party, or when counter parties are engaged in similar business activities, or activities in the same geographic region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations of credit risk indicate the relative sensitivity of the Company's performance to developments affecting a particular industry. As of the reporting date, the Company was not exposed to any major concentrations of credit risk.

**38.1.2 Liquidity risk**

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. Liquidity risk arises because of the possibility that the Company could be required to pay its liabilities earlier than expected or difficulty

in raising funds to meet commitments associated with financial liabilities as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The following are the contractual maturities of financial liabilities, including interest payments:

	2021					
	Carrying amount	Contractual cash flows	Six months or less	Six to twelve months	One to five years	More than five years
	----- (Rupees in '000') -----					
Long term financing	520,529	981,674	94,818	99,628	531,722	255,506
Lease liability	97,096	91,966	27,036	27,036	37,894	-
Short term borrowings						
- secured	789,912	789,912	789,912			
Accrued markup	12,668	12,668	12,668	-	-	-
Trade and other payables	678,218	678,218	678,218	-	-	-
	<b>2,098,423</b>	<b>2,554,438</b>	<b>1,602,652</b>	<b>126,664</b>	<b>569,616</b>	<b>255,506</b>

  

	2020					
	Carrying amount	Contractual cash flows	Six months or less	Six to twelve months	One to five years	More than five years
	----- (Rupees in '000') -----					
Lease liability	44,173	40,721	6,515	6,515	27,691	-
Accrued markup	14,313	14,313	14,313	-	-	-
Trade and other payables	256,799	256,799	256,799	-	-	-
	<b>315,285</b>	<b>311,833</b>	<b>277,627</b>	<b>6,515</b>	<b>27,691</b>	<b>-</b>

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

### 38.1.3 Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk.

#### (a) Currency risk

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

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

#### (b) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Majority of the interest rate exposure arises from short and long term borrowings from banks and term deposits with banks. At the balance sheet date the interest

rate profile of the Company's interest-bearing financial instruments was as follows:

	2021	2020
	———— Rupees in '000' ————	
<b>Financial assets</b>		
<b>Variable rate instruments</b>		
Bank balances - saving and deposit accounts	<u>58,862</u>	<u>63,475</u>
Short term loan to a related party	<u>79,395</u>	<u>90,000</u>
Term finance certificates	<u>99,930</u>	<u>99,950</u>
<b>Financial liabilities</b>		
<b>Variable rate instruments</b>		
Lease liability	<u>97,096</u>	<u>44,173</u>
Short term borrowings - secured	<u>789,912</u>	<u>570,514</u>

#### Fair value sensitivity analysis for fixed rate instruments

The Company does not account for any fixed rate financial assets and liabilities at fair value through profit and loss. Therefore, a change in interest rates at the reporting date would not affect the profit or loss and equity of the Company.

#### Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at the reporting date would have decreased/increase loss before tax by Rs. 6.71 million (2020: Rs. 3.61 million). This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis for last year.

#### (c) Price risk

Other price risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in the market prices (other than those arising from interest/ mark up 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 or similar financial instruments traded in the market. As at June 30, 2021, had there been increase / decrease in net asset value by 1%, with all other variables held constant, the profit before tax for the year would have been higher / lower by Rs. Nil (2020: Rs. 0.175 million).

	2021	2020
	Rupees in '000'	
<b>38.2 Financial instruments by categories</b>		
<b>38.2.1 Financial assets:</b>		
<b>At amortized cost</b>		
Long term investment in subsidiary	1,000	1,000
Long term deposits	5,321	6,294
Long term loans and advances	6,722	10,756
Trade debts	43,766	24,892
Short term loan to a related party	79,395	90,000
Loans, advances, deposits, prepayments and accrued markup	86,080	30,665
Cash and bank balances	85,259	117,691
	<u>307,543</u>	<u>281,298</u>
<b>At fair value through other comprehensive income</b>		
Long term investment in associated company	<u>317,009</u>	<u>283,350</u>
<b>At fair value through profit and loss</b>		
Short term investments	<u>99,930</u>	<u>117,422</u>
<b>38.2.2 Financial liabilities:</b>		
<b>At amortized cost</b>		
Long term financing - secured	658,097	110,799
Lease liability	97,096	44,173
Trade and other payables	678,218	256,798
Short term borrowings - secured	789,912	570,514
Accrued mark-up	12,668	14,313
	<u>2,235,991</u>	<u>996,597</u>

### 39. FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Consequently, differences can arise between carrying values and the fair value estimates.

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

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

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

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

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

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

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

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

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

	June 30, 2021			Total
	Level 1	Level 2	Level 3	
	Rupees in '000'			
<b>Financial Asset</b>				
Privately Placed Term Finance Certificates - unsecured	-	99,930	-	99,930
Investment in ordinary shares of Frontier Papers Products (Private)Limited		-	317,009	317,009

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

#### 40. CAPITAL MANAGEMENT

The management's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The management closely monitors the return on capital along with the level of distributions to ordinary shareholders. The management seeks to maintain a balance between higher returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position.

The Company is not subject to any externally imposed capital requirement.



Following is the quantitative analysis of what the Company manages as capital:

	2021	2020
	Rupees in '000'	
<b>Borrowing:</b>		
Long term financing	520,529	87,217
Short term borrowings	789,912	570,514
<b>Shareholders' equity:</b>		
Issued, subscribed and paid up capital	501,600	501,600
General reserves	550,000	550,000
Unappropriated profit	2,284,778	2,352,065
<b>Total capital managed by the Company</b>	<b>4,646,819</b>	<b>4,061,396</b>

## 41. GENERAL

### 41.1 Reclassification of corresponding figures

In these financial statements the following corresponding figures have been rearranged and reclassified, wherever considered necessary for the purposes of comparison and better presentation. The effect of these reclassification is not regarded as material.

Reclassified from component	Reclassified to component	Rupees in '000'
Other manufacturing overheads (Cost of sales)	Vehicle running expense (Cost of sales)	34,454
Excavation charges (Cost of sales)	Fuel and power (Cost of sales)	35,697
Excavation charges (Cost of sales)	Stores and spares consumed (Cost of sales)	9,796
Excavation charges (Cost of sales)	Salaries, wages and benefits (Cost of sales)	28,999
Excavation charges (Cost of sales)	Insurance (Cost of sales)	5,013
Excavation charges (Cost of sales)	Repairs and maintenance (Cost of sales)	785
Excavation charges (Cost of sales)	Loading charges (Cost of sales)	21,201
Excavation charges (Cost of sales)	Depreciation on operating fixed assets (Cost of sales)	22,118

Reclassified from component	Reclassified to component	Rupees in '000'
Excavation charges (Cost of sales)	Vehicle running expense (Cost of sales)	<u>770</u>
Excavation charges (Cost of sales)	Other manufacturing overheads (Cost of sales)	<u>135</u>
Excavation charges (Cost of sales)	Depreciation on operating fixed assets (Cost of sales)	<u>553</u>
Books and periodicals (Administrative expenses)	Miscellaneous (Administrative expenses)	<u>390</u>
Freight (Administrative expenses)	Miscellaneous (Administrative expenses)	<u>309</u>
Overheads (Administrative expenses)	Miscellaneous (Administrative expenses)	<u>1,630</u>
Spares and general item consumption (Administrative expenses)	Miscellaneous (Administrative expenses)	<u>2,274</u>

**2021**      **2020**  
Metric Tons

#### 41.2 Plant capacity and actual production

Production capacity - Ordinary Portland Cement (OPC)	<u>869,400</u>	<u>869,400</u>
Production capacity - Clinker	<u>828,000</u>	<u>828,000</u>
Actual production - Ordinary Portland Cement (OPC)	<u>729,167</u>	<u>640,576</u>
Actual production - Clinker	<u>734,323</u>	<u>599,016</u>

**41.2.1** The present normal capacity of the Company's manufacturing facility is to produce 2,760 metric tons of Clinker per day. The above disclosed annual production capacity of 828,000 metric tons of Clinker is based on 300 operating days a year.

The annual production capacity of 869,400 metric tons of OPC has been worked as 105% of the annual production capacity of Clinker. This is based on the fact that, on average, gypsum nearly equal to 5% is added to Clinker to produce OPC.

**41.2.2** Actual production is less than the installed capacity due to planned maintenance shut down and gap between market demand and supply.

#### 41.3 Number of employees

	<b>2021</b>	<b>2020</b>
	Rupees in '000'	
Total number of employees as at June 30	<u>332</u>	<u>322</u>
Average number of employees during the year	<u>327</u>	<u>124</u>



**41.4 Date of authorization of the financial statements**

These financial statements were authorised for issue by the Board of Directors of the Company in their meeting held on September 29, 2021.

**41.5 Level of rounding**

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



**MOHAMMED YASIN FECTO**  
CHIEF EXECUTIVE



**ROHAIL AJMAL**  
DIRECTOR



**ABDUL SAMAD**  
CHIEF FINANCIAL OFFICER

## اظہار تشکر

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

## منجانب بورڈ



روحیل اجمل  
ڈائریکٹر



محمد یسین فیکٹو  
چیف ایگزیکٹو

کراچی: 29 ستمبر 2021

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

## صنعتی تعلقات

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

## آڈیٹرز

موجودہ آڈیٹرز میسرز رحمن سرفراز رحیم اقبال، چارٹرڈ اکاؤنٹنٹس ریٹائر ہونے جا رہے ہیں اور اپنی اہلیت کی بنیاد پر انہوں نے ایک مرتبہ پھر اپنی خدمات پیش کی ہیں۔ بورڈ کی آڈٹ کمیٹی کی جانب سے ان کی ایک مرتبہ پھر کمپنی کے قانونی آڈیٹروں کے بطور برائے مالی سال 30 جون 2022 تعیناتی کی سفارش کی گئی ہے اور بورڈ بھی آڈٹ کمیٹی کی جانب سے کی گئی سفارش کی توثیق کی خواہش رکھتا ہے۔

## ترتیب حوص داری

کمپنیز ایکٹ 2017 کے سیکشن (f)(2) 227 کے تحت جدول برائے ترتیب حوص داری برائے مالی سال 30 جون 2021 رپورٹ ہذا کے ساتھ منسلک کیا جا چکا ہے۔

## منافع کی تقسیم

سال رواں کے دوران ہونے والے نقصان کے پیش نظر کمپنی کے بورڈ کی جانب سے اس کے اجلاس مورخہ 29 ستمبر 2021 میں یہ تجویز پیش کی گئی ہے کہ اس سال حتمی طور پر ڈیویڈنڈ بطور نقدی نہ دیا جائے۔

## الیکشن برائے ڈائریکٹرز

موجودہ بورڈ معاہدے کے اعتبار سے 31 اکتوبر 2021 کو اپنی مدت پوری کر لے گا۔ لہذا نئے ڈائریکٹرز کے انتخاب کے لیے الیکشن آئندہ ہونے والے سالانہ عام اجلاس برطابق 28 اکتوبر 2021 کو ہوں گے۔ بورڈ میں منتخب ڈائریکٹروں کی تعداد چھ (6) ہے۔ جبکہ مسٹر وحید اجمل سعودی پاک انڈسٹریل اینڈ ایگری کلچر انویسٹمنٹ کمپنی لمیٹڈ کے مقرر کردہ ہیں۔ جو کہ ریٹائرڈ نہیں ہوں گے اس طرح الیکشن کے بعد مجموعی طور پر ڈائریکٹروں کی تعداد سات (7) ہو جائے گی۔

کمپنی نے اس چیز کا اہتمام کیا کہ حکومت کی جانب سے کیے جانے والے حفاظتی اقدامات کی کمپنی کے تمام دفاتر میں مکمل پابندی کی جائے۔ کمپنی کی جانب سے اٹھائے جانے والے اقدامات کی وجہ سے کمپنی کے کاروباری معاملات بغیر کسی تعطل کے جاری رہے۔

## قومی خزانے میں حصہ

آپ کی کمپنی کی جانب سے دوران سال رواں 2,187 ملین روپے قومی خزانے میں جمع کروائے گئے، یہ رقم قومی خزانے میں سیلز ٹیکس، فیڈرل ایکسائز ٹیکس اور انکم ٹیکس کی مددات جمع کروائی گئی، جبکہ گزشتہ سال ان مددات میں قومی خزانے میں جمع کروائی گئی رقم 2,055 ملین روپے تھی۔ اس کے علاوہ کمپنی وطن عزیز میں 2.7 ملین امریکی ڈالر کا قیمتی زرمبادلہ بھی لے کر آئی جو سینٹ کی برآمدات سے حاصل کیا گیا تھا۔ اس کے علاوہ کمپنی نے انکم ٹیکس اور رائلٹی کی مدد میں بھی قومی خزانے میں رقم جمع کروائی اور اپنے سپلائروں اور اسٹاف سے ایف بی آر کی جانب سے ٹیکس جمع کیے۔

## کمپنی کی کریڈٹ ریٹنگ

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

## کان کنی لیز کی تینخ اور نوٹس برائے ریکوری

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

اس معاملے کو سینٹر مجسٹریٹ سی ڈی اے، اسلام آباد کے سامنے اٹھایا گیا ہے۔ کمپنی نے اپنی درخواست میں یہ موقف اپنایا ہے کہ کمپنی کی جانب سے کان کنی کا کام متعلقہ حکام سے حاصل کیے گئے لائسنس کے تحت قانونی طریقے سے کیا گیا اور یہ کہ ہر جانہ کسی پیشگی نوٹس کے بغیر ہی بھیج دیا گیا ہے اور اس سلسلے میں کمپنی کو اپنا موقف بیان کرنے کا موقع نہیں دیا گیا۔ مزید برآں اس بات کی کوئی صراحت بھی نہیں پائی جاتی کہ ہر جانے کی رقم کا تخمینہ کس قاعدے کے تحت لگایا گیا ہے۔ رواں مالی سال میں سول عدالت نے کمپنی کی جانب سے دائر کیے جانے والے مقدمات جو کہ کان کنی کی لیز کی تینخ اور کان کنی کی لیز کے علاقے کی حد متعین کرنے حوالے سے تھے ان کا فیصلہ کمپنی کے خلاف دیا ہے۔ جس کے خلاف کمپنی نے اسلام آباد ہائی کورٹ میں اپیل داخل کر دی ہے۔ چونکہ دوران سال رواں ان اپیلوں پر فیصلے کمپنی کے خلاف آئے ہیں لہذا سینٹر مجسٹریٹ کی جانب سے اس ہر جانے پر کارروائی شروع ہو گئی ہے۔

کمپنی کی جانب سے مائننگ کی تینخ اور ہر جانے کے خلاف دائر کی جانے والے مقدمات کی بھرپور پیروی کی جا رہی ہے اور قانونی ماہرین کی رائے کی بنیاد پر کمپنی کو اس بات کا یقین ہے کہ اس سلسلے میں فیصلہ ہمارے حق میں آئے گا۔ اس طرح کمپنی کو یہ ہر جانہ بھی ادا نہیں کرنا پڑے گا۔

## انسانی وسائل اور ادائیگیوں سے متعلق کمیٹی

بورڈ آف ڈائریکٹرز کی جانب سے سی سی جی 2019 کے قواعد کی پاسداری کرتے ہوئے انسانی وسائل اور ادائیگیوں کی کمیٹی تشکیل دی جا چکی ہے۔ یہ کمیٹی تین ممبران پر مشتمل ہے اور یہ تمام ڈائریکٹرز غیر انتظامی ہیں۔ جبکہ کمیٹی کا چیئرمین ایک آزاد ڈائریکٹر ہے۔ بورڈ کی جانب سے کمیٹی ممبران کو ان کے کام کی شرائط سے باقاعدہ آگاہ کیا جا چکا ہے۔

## ڈائریکٹروں کا تربیتی پروگرام

کمپنی کے سات (7) ڈائریکٹروں میں سے پانچ (5) ڈائریکٹرز پہلے ہی تربیتی پروگرام میں شرکت کر چکے ہیں۔ جب کہ ایک ڈائریکٹر کو ڈائریکٹرز ٹریننگ پروگراموں کے قوانین کے عین مطابق چھوٹ حاصل ہے۔

## کارپوریٹ معاشرتی ذمہ داری

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

- ☆ غربا کے لیے شیلٹر ہوم تعمیر کرنے کے سلسلے میں عطیات فراہم کیے گئے۔ یہ منصوبہ اسلام آباد کی انتظامیہ کی جانب سے وفاقی دار الحکومت اسلام آباد میں شروع کیا گیا ہے۔
- ☆ قریب دیہات میں لڑکیوں کے ایک اسکول کی تعمیر و تزئین و آرائش کا کام کیا گیا۔
- ☆ مقامی انتظامیہ کے ساتھ مل کر خان پور ڈیم نہر کی صفائی میں حصہ لیا گیا اور اس سلسلے میں سیمنٹ اور افرادی قوت میہا کی گئی۔
- ☆ کمپنی کے قرب جوار کے دیہاتوں کو پینے کا صاف پانی کا صاف مہیا کیا گیا جس کے لیے پانی کا ذخیرہ اور پائپ لائن کا انتظام بھی کمپنی کی جانب سے ہی کیا گیا تھا۔ پانی کی بلا تعطل فراہمی کو ممکن بنانے کے لیے کمپنی کی جانب سے بجلی کا ایک پمپ بھی نصب کیا گیا۔
- ☆ کمپنی کی جانب سے صحت، معاشرتی فلاح و بہبود اور تعلیم کے سلسلے میں 3.4 ملین روپے کے عطیات فراہم کیے گئے (2020 میں 5.1 ملین عطیات دیے گئے تھے)۔

## کووڈ ۱۹

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

اس وبا نے کمپنی کی ان حالات سے نمٹنے کی صلاحیت کے لیے بھی چیلنجز پیدا کیے۔ کمپنی نے اپنے طور پر مناسب اقدامات کیے جس سے نہ صرف ملازمین کی حفاظت کی جاسکے بلکہ ان کے روزگار کا بھی تحفظ کیا جاسکے۔ اس کے لیے کمپنی نے مناسب اقدامات کیے۔ اس کے علاوہ کمپنی نے اپنی معاشرتی ذمہ داریوں کو محسوس کرتے ہوئے حکومت کی مدد کرتے ہوئے نقد چندہ دیا۔ اسلام آباد کی انتظامیہ کو حفاظتی دروازے مہیا کیے اور ضرورت مندوں میں راشن تقسیم کیا۔ کمپنی کی انتظامیہ نے ایک مربوط حکیمت عملی کے تحت اس چیز کا مکمل انتظام کیا کہ کمپنی کے ملازمین، ان کے گھر والے، خریدار، سپلائر، اور کمپنی کے ساتھ دوسرے معاملات کرنے والے، کمپنی کے ساتھ معاملات کرتے ہوئے مکمل محفوظ رہے۔

حاضری	ڈائریکٹروں کے نام
3	جناب محمد سلیمان فیلیو
2	جناب عامر غنی
4	جناب روہیل اجمل
3	جناب محمد انور حبیب
4	جناب خالد یعقوب
4	جناب جمیل احمد خان
2	محترمہ سائرہ ابراہیم باوانی

وہ ڈائریکٹرز جو علالت یا کسی دیگر وجوہات کی بنا پر ان اجلاسوں میں شرکت نہیں کی انہیں اس سلسلے میں رخصت دے دی گئی تھی۔

### غیر انتظامی ڈائریکٹروں کے لیے مشاہرے کی پالیسی

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

### بورڈ کی کمیٹیاں

#### آڈٹ کمیٹی

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

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

حاضری	ڈائریکٹروں کے نام
4	جناب جمیل احمد خان
3	جناب محمد انور حبیب
4	جناب روہیل اجمل

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

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

7- پروڈنٹ فنڈ ٹرسٹ برائے مالی سال 30 جون 2021 کے غیر آڈٹ شدہ اکاؤنٹس کی روشنی میں پروڈنٹ فنڈ انویسٹمنٹ کی قدر 485 ملین روپے بنتی ہے جو کہ مالی سال 2020 کے آڈٹ شدہ حسابات کے مطابق 454 ملین روپے تھی۔

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

کمپنی سے متعلق گزشتہ چھ سال کی اہم مالیاتی اور کاروباری معلومات رپورٹ ہذا کے ساتھ منسلک کی گئی ہیں۔

## مناسب اندرونی مالیاتی کنٹرول

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

## متعلقہ پارٹیوں کے ساتھ لین دین کے معاملات

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

## بورڈ کی ساخت

بورڈ کے ممبران کی تعداد اور بورڈ کی ساخت کو ضابطہ پاسداری کے ساتھ منسلک کیا جا چکا ہے۔

دوران رواں مالی سال بورڈ آف ڈائریکٹرز کے چار (4) اجلاس منعقد کیے گئے۔ ان اجلاسوں میں شرکت کرنے والے ڈائریکٹروں کی حاضری ذیل میں پیش کی جارہی ہے:

کمپنی نے اس دوران مکمل طور پر ماتحت کمپنی فیکٹو سیمنٹ نوری آباد (پرائیوٹ) لمیٹڈ قائم کی ہے جو کہ کمپنی کی جانب سے نئے سیمنٹ پلانٹ قائم کیے جانے کے سلسلے میں کام کرے گی۔ کمپنی نے ابھی تک کوئی کام شروع نہیں کیا اسی لیے کمپنی نے 2017ء کی شق 228 کے تحت اس کمپنی کے سالانہ حسابات کو کمپنی کے حسابات کے ساتھ ضم نہیں کیا گیا ہے۔ کمپنی نے اس مد میں سیکورٹیز اینڈ ایکس چینج کمیشن کو کمپنیز ایکٹ 217 کی شق (7) 228 کے تحت نرمی کے لیے یہ درخواست کی تھی جو کہ ان کے خط مورخہ 16 اپریل 2021ء کے تحت منظور کی گئی ہے۔ لہذا اس سالانہ رپورٹ کے ساتھ صرف کمپنی کے سالانہ حسابات برائے سال 2020-21 منسلک کیے گئے ہیں۔ لیکن ماتحت کمپنی کے مالیاتی خصوصیات کمپنی کے سالانہ حسابات کے نوٹ نمبر 15.1 میں دی گئی ہیں۔ اور اس کے سالانہ حسابات بھی ممبران کی جانچ کے لیے کمپنی کے رجسٹرڈ آفس پر موجود ہیں اور کسی بھی ممبر کی درخواست پر ان کو مہیا بھی کیے جاسکتے ہیں۔

جیسے کہ اوپر بتایا گیا ہے کہ پانچ میگا واٹ کے سٹرسی توانائی سے چلنے والے پاور پلانٹ کی تکمیل مکمل ہو گئی ہے جس کی وجہ سے بجلی کی لاگت میں کمی کے ساتھ ساتھ صاف بجلی پیدا ہوگی۔ اس پروجیکٹ کی تکمیل سے بجلی کی لاگت میں کمی کے ساتھ نیشنل گرڈ پر بھی ہمارا انحصار کم ہو جائے گا۔

## نیا پراجیکٹ

بورڈ نے زیر نظر دورانیہ میں فیصلہ کیا ہے کہ موجودہ پلانٹ کی توازن، نئی جدت کاری، پیداواری استعداد، بہتر بنانے اور بجلی کی لاگت کو کم کرنے کے لیے نئے نئے آلات و مشینری نصب کی جائیں۔ اس مقصد کی تکمیل کے لیے کمپنی نے اسٹیٹ بینک کی TERF سہولت حاصل کی ہے اور امید کی جاتی ہے کہ یہ پروجیکٹس اس مالی سال میں مکمل ہو جائیں گے۔

## کارپوریٹ گورننس

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

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

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

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

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

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

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

## کمپنی کے کاروباری افعال کے ماحولیات پر اثرات

کمپنی سیمنٹ سازی اور فروخت کے کاروبار سے منسلک ہے اور سیمنٹ سازی کے عمل میں خارج ہونے والے مادے اس ماحول کے لیے خطرناک ثابت ہو سکتے ہیں جہاں کمپنی سیمنٹ سازی کر رہی ہو۔ کمپنی ان خطرات سے بخوبی واقف ہے اور علاقے کو لاحق ان خطرات کو کم از کم کرنے کے لیے اقدامات بھی کیے گئے ہیں۔ کمپنی کا پلانٹ جدید ترین سہولیات سے آراستہ ہے اور کنٹرول کے تمام تر عالمی اور مقامی معیارات پر پورا اترتا ہے۔ کمپنی کی جانب سے ویسٹ ہیٹ ریکوری پلانٹ بھی نصب کیا گیا ہے تاکہ ضائع ہونے والی حرارت کو بچایا جاسکے اور اس سے بنائی جانے والی توانائی کو اپنے سسٹم میں استعمال کیا جاسکے۔ جب کہ سال رواں کے دوران کمپنی نے پانچ میگا واٹ شمسی توانائی سے چلنے والے پاور پلانٹ کا کام بھی مکمل کیا ہے جس کی وجہ سے صاف توانائی پیدا کی جائے گی۔

## مستقبل پر نظر

حکومت کی جانب سے کووڈ 19 کی وجہ سے ہونے والی معاشی سرگرمیوں میں سست روی کو ختم کرنے اور معاشی سرگرمیوں میں تیزی کے لیے کیے جانے والے اقدامات جن میں شرح سود میں کمی، صنعتوں کی جانب سے قرضوں کی ادائیگی میں رعایت اور کم شرح سود پر دیے جانے والے قرضوں کی وجہ سے صنعتوں پر مثبت اثرات ہوئے ہیں۔ جب کہ حکومت کی جانب سے تعمیراتی شعبے میں تیزی اور عوام کو سستے گھروں کی فراہمی کی مدد میں کیے جانے والے اقدامات کی وجہ سے بھی سیمنٹ کی طلب اور مقامی سطح پر قیمتوں میں بہتری کے امکان ہیں۔ افغانستان کے ساتھ سیمنٹ کی برآمدات سرحد پر چیو پولیٹیکل صورت حال کی وجہ سے متاثر ہو سکتی ہے۔

لاگت کے لحاظ سے بین الاقوامی مارکیٹ میں دیگر ایشیا کی طرح کونکے کی قیمتوں میں بہت زیادہ اضافہ ہوا۔ مزید برآں عالمی وبا کو وڈ 19 کی وجہ سے سپلائی چین میں خلل پڑنے کے نتیجے میں سمندری مال برداری میں اضافہ ہوا۔ مسلسل بجلی کے نرخوں میں اضافہ، ڈالر کے مقابلے میں روپے کی قدر میں کمی، اور مختلف ٹیکسوں میں اضافے لاگت کو بڑھاتے رہے۔ سیمنٹ کے تھیلوں کی لاگت اور ڈیزل کی لاگت میں اضافے سے بھی مجموعی لاگت میں اضافہ ہوا۔ انتظامیہ بڑھتی ہوئی پیداواری لاگت سے مکمل طور پر آگاہ ہے اور انتظامیہ کی جانب سے مسلسل اس قسم کے اقدامات اٹھائے جا رہے ہیں کہ پیداواری افعال کی کارکردگی میں بہتری لائی جائے اور پیداواری لاگت میں کمی لائی جائے۔ بورڈ ممبران کو آگاہ کر رہی ہے کہ زیر نظر دورانیہ میں پانچ میگا واٹ شمسی توانائی سے چلنے والا بجلی کا پلانٹ مکمل ہو چکا، اور آخری سہ ماہی سے بجلی کی پیداوار شروع ہونے سے توانائی کی لاگت میں کمی واقع ہوگی۔

## سرمایہ کاری منصوبوں پر نظر

### منظور شدہ پروجیکٹس

گزشتہ سال میں معاشی سرگرمیوں میں سست روی اور کووڈ 19 کے پھیلاؤ کی وجہ سے ممبران کی جانب سے غیر معمولی اجلاس جو کہ دسمبر 2018ء کو منعقد ہوا تھا میں کیے جانے والے منصوبوں میں سرمایہ کاری میں سست روی رہی۔ بورڈ نے کمپنی کے ممبران کے منظور کیے جانے والے منصوبوں کو پایہ تکمیل تک پہنچانے کے لیے مناسب اقدامات کیے۔ ابتدائی مراحل کی تکمیل اور قانونی لوازمات مکمل کیے جانے کے بعد کمپنیاں وجود میں لانے کے لیے بھی اقدامات کیے گئے۔ لیکن فی الحال چینی شراکت داروں کی ٹیم کی کووڈ 19 کی وجہ سے چین واپسی کی وجہ سے یہ معاملات سست روی کا شکار ہیں۔ کمپنی کی انتظامیہ نے شراکت داروں سے مشاورت کے بعد بورڈ کو آگاہ کیا ہے کہ مستقبل قریب میں ان کے واپس آنے کے امکانات ناپید ہیں۔ اسی لیے انتظامیہ کی تجویز کے پیش نظر بورڈ نے ان منصوبوں پر مزید اقدامات نہ کرنے کا فیصلہ کیا ہے، لہذا ممبران سے منظور کیے گئے فیصلوں پر مزید کوئی اقدام نہیں کیا جائے گا۔

مقامی فروخت سے حاصل ہونے والی خالص آمدن دوران سال میں بڑھ کر 4,653 ملین روپے ہو گئی۔ جو کہ گزشتہ مالی سال کے دوران 3,034 ملین روپے ریکارڈ کی گئی تھی یعنی اس میں 53.36% کا اضافہ ریکارڈ کیا گیا ہے۔ جبکہ مقامی فروختنگی سے ہونے والی مجموعی آمدنی میں 34.93% اور فروختنگی کے حجم میں 18.43% کا اضافہ ہوا۔ مقامی طور پر حجم میں بہتری حکومت کی جانب سے فیڈرل ایکسائز ڈیوٹی میں کمی ہوئی اور بہتر قیمتوں کی وجہ سے مقامی سطح پر فروختنگی میں اضافہ ہوا۔ جبکہ برآمدات کی قیمتوں میں 28.27% کی کمی ہوئی جبکہ حجم میں 22.19% کی کمی ہوئی جس کی وجہ برآمدات کی قیمتوں میں بالترتیب امریکی ڈالر اور پاکستانی روپے میں کمی کی وجہ سے مجموعی طور پر برآمدات میں کمی ریکارڈ کی گئی۔

کمپنی کی مجموعی خالص آمدن از فروخت گزشتہ سال کی 3,464 ملین روپے کی آمدن کے مقابلے میں بڑھ کر 4,961 ملین روپے ریکارڈ کی گئی ہے۔ اس طرح سے اس میں 43.23% کا اضافہ ہوا۔ جبکہ فروختنگی کے حجم میں 13.97% کا اضافہ ریکارڈ کیا گیا۔

## منفعت

دوران سال رواں کمپنی کی لاگت برائے فروختنگی میں 11.83% کا اضافہ ہوا جبکہ حجم برائے فروخت میں 13.7% کا اضافہ ریکارڈ کیا گیا۔ لاگت برائے فروخت میں گزشتہ سال کے مقابلے میں 122 روپے فی ٹن کی کمی ہوئی۔ لاگت برائے فروختنگی میں ہونے والے 11.83% کے اضافے کے مقابلے میں تیل اور بجلی کی مد میں ہونے والی لاگت میں 20.74% کا اضافہ ہوا۔ جس کی بنیادی وجہ کوئلے کی قیمتوں میں سال رواں کی آخری سہ ماہی میں اضافے کی وجہ سے کوئلے کی لاگت میں اضافہ ہوا۔ کمپنی کو رواں سال میں 287 ملین کا خام منافع ہوا جب کہ گزشتہ سال کمپنی کو اس عرصے کے دوران 715 ملین روپے کا خام نقصان ہوا تھا۔ انتظامیہ کی جانب سے اخراجات کی کمی کے لیے کیے جانے والے سخت اقدامات کی وجہ سے انتظامی اخراجات اور اخراجات برائے ترسیل مال کنٹرول میں رہے۔

کمپنی کو رواں مالی سال کے دوران 63 ملین روپے کا نقصان قبل از ٹیکس ہوا جب کہ گزشتہ سال کمپنی کو اس عرصے کے دوران 1,034 ملین روپے کا قبل از ٹیکس نقصان ہوا۔

کمپنی کو ہونے والے نقصان کی وجہ سے سال رواں میں کمپنی نے کم از کم ٹیکس کی پروویژن کی جب کہ ملٹوی کیے جانے والے ٹیکس میں تبدیلی کی وجہ سے کمپنی کو 67 ملین روپے بعد از ٹیکس کا نقصان ہوا جب کہ گزشتہ مالی سال کے دوران بعد از ٹیکس نقصان 770 ملین روپے درج کیا گیا تھا۔

دوران سال رواں آپ کی کمپنی کو آمدن فی حصص میں 1.34 روپے کا نقصان رہا جب کہ گزشتہ سال نقصان فی حصص 15.35 روپے تھی۔

## بنیادی خطرات اور غیر یقینی صورتحال

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

- ☆ مارکیٹ میں زبردست مسابقت کا ماحول جس کی ایک بنیادی وجہ سیمنٹ کی صنعت کی پیداواری صلاحیت میں ہونے والا حالیہ اضافہ ہے۔
- ☆ خام مال کی لاگت بالخصوص درآمد کیے جانے والے کوئلے کی قیمتوں میں اضافے کا رجحان اور شرح مبادلہ
- ☆ ڈیٹا کی سیکورٹی اور پرائیویسی

			مال کی روانگی
18.43	571,106	676,337	مقامی
(22.19)	70,344	54,732	برآمدات
13.97	641,450	731,069	مجموعی

کمپنی کی جانب سے دوران سال رواں گزشتہ سال کے مقابلے کلنکر اور سیمنٹ کی پیداوار میں بالترتیب %31.36 اور %13.83 کا اضافہ ہوا جس کی بنیادی وجہ تعمیراتی سرگرمیوں کی بحالی سے مارکیٹ میں طلب میں اضافہ ریکارڈ کیا گیا۔

مقامی سطح پر کمپنی کی فروختگی کے حجم میں زیر نظر مالی سال کے دوران %18.43 کا اضافہ ہوا جو کہ سیمنٹ صنعت میں مجموعی اضافے کے مطابق تھا۔ جب کہ کمپنی کی برآمدات میں %22.19 فیصد کمی ہوئی۔ جب کہ اس کے مقابلہ میں سیمنٹ صنعت کی برآمدات میں %18.69 کا اضافہ اور شمالی علاقوں میں پلاٹس کی برآمدات %30.25 کا اضافہ ہوا۔

## مالیاتی کارکردگی کا جائزہ

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

روپے ہزاروں میں ماسوائے آمدن فی حصص کے		
2020	2021	
3,033,739	4,652,803	کل فروختگی مقامی
430,165	308,572	کل فروختگی برآمدات
3,463,904	4,961,375	مجموعی کل فروختگی
4,179,341	4,673,876	لاگت برائے فروختگی
(715,437)	287,499	خام منافع / (نقصان)
(1,034,246)	(63,381)	(نقصان) قبل از ٹیکس
(770,071)	(67,287)	(نقصان) بعد از ٹیکس
(15.35)	(1.34)	(نقصان) فی حصص (روپے میں)

## آمدن از فروختگی

دوران سال رواں کمپنی کی کل مقامی مجموعی آمدن از فروختگی میں گزشتہ سال کے مقابلے میں %34.93 کا اضافہ ریکارڈ کیا گیا ہے جب کہ اس عرصے کے دوران مقامی سطح پر سیمنٹ کی فروختگی کے حجم میں %18.43 کا اضافہ ہوا ہے۔ مقامی سطح پر سیمنٹ کی قیمتیں گزشتہ سال میں مستقل تنزلی کا شکار رہیں۔ زیر نظر دورانیے میں بہتری آنے کی وجہ حکومت کی جانب سے عالمی وبا کوڈ 19 سے متاثرہ صنعتوں کو سہولتیں فراہم کرنے کے لیے اٹھائے گئے اقدامات اور تعمیراتی پیکیج کا اعلان جس سے تعمیراتی شعبے میں بہتری ثابت ہوئی۔

## ڈائریکٹرز رپورٹ برائے ممبران

### معزز ممبران گرامی

بورڈ آف ڈائریکٹرز انتہائی مسرت کے ساتھ کمپنی کی سالانہ مالیاتی رپورٹ بمعہ آڈٹ شدہ مالیاتی دستاویزات برائے مالی سال 30 جون 2021 آپ کی خدمت میں پیش کر رہے ہیں۔

### جائزہ

دوران سال رواں مجموعی طور پر سیمنٹ کی صنعت کی جانب سے رواں سال میں 21.12% سے اضافہ ریکارڈ کیا گیا اور فروختگی کا مجموعی حجم 57.43 ملین ٹن رہا جبکہ مجموعی فروختگی گزشتہ سال اسی عرصے کے دوران 47.81 ملین ٹن رہی تھی۔ مقامی سطح پر سیمنٹ کی صنعت کی مجموعی فروختگی کے حجم میں 20.40% کا اضافہ ریکارڈ کیا گیا، اور فروختگی کا مجموعی حجم 48.12 ملین ٹن رہا جبکہ گزشتہ سال اسی عرصے کے دوران یہ حجم 39.96 ملین ٹن تھا۔ جبکہ دوسری جانب برآمدات کے سلسلے میں سیمنٹ کی صنعت میں 18.69% کا اضافہ ریکارڈ کیا گیا ہے جس کے تحت فروختگی کا کل حجم 9.31 ملین ٹن رہا جو کہ گزشتہ سال اسی عرصے کے دوران 7.85 ملین ٹن تھا۔

شمال میں واقع پلانٹس سے مجموعی طور پر فروختگی کا حجم بڑھ کر 43.16 ملین ٹن تک جا پہنچا جس میں 18.87% کا اضافہ ریکارڈ کیا گیا۔ جس میں سے مقامی سطح پر ہونے والی فروختگی کا حجم 40.59 ملین ٹن تھا جب کہ برآمدات کا حجم 2.57 ملین ٹن تھا۔ اس طرح شمال میں واقع پلانٹس میں مقامی سطح پر فروختگی کے حجم میں 18.22% کا اضافہ ریکارڈ کیا گیا ہے جب کہ برآمدات میں 30.25% کا اضافہ ریکارڈ کیا گیا ہے۔ جنوبی علاقوں میں واقع پلانٹس کی کارکردگی شمالی علاقوں میں واقع پلانٹس کے مقابلے میں بہتر رہی کیونکہ ان کی مجموعی فروخت کے حجم میں 24.06% کا اضافہ ہوا۔ جس میں سے مقامی فروخت میں 33.70% جبکہ برآمدات میں 14.82% کا اضافہ ریکارڈ کیا گیا۔

مقامی فروختگی میں اضافے کی بنیادی وجہ لاک ڈاؤن کی پابندیوں میں کمی اور تعمیراتی شعبے میں پیکج کے اعلانات نے تعمیراتی سرگرمیوں کی رفتار اور بحالی کو بڑھایا۔

### آپریٹنگ کارکردگی کا جائزہ

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

ٹنوں میں			
تبدیلی %	2020	2021	
			پیداوار
31.36	559,016	734,323	کلنکر
13.83	640,576	729,167	سیمنٹ



# PROXY FORM

Annual Report 2021

The Company Secretary  
**The Fecto Cement Limited**  
Plot # 60-C, Khayaban-e-Shahbaz  
Phase VI, Defence Housing Authority  
Karachi-75500

I/We \_\_\_\_\_  
of(fulladdress) \_\_\_\_\_

being member of FECTOCEMENTLIMITED holding \_\_\_\_\_ ordinary shares  
as per Share Register Folio No. \_\_\_\_\_ and/or CDC Participant I.D.No. \_\_\_\_\_ and  
Sub-Account No. \_\_\_\_\_ hereby appoint \_\_\_\_\_  
of(fulladdress) \_\_\_\_\_  
or failing him/her \_\_\_\_\_  
of(fulladdress) \_\_\_\_\_ who is  
also a member of **Fecto Cement Limited**, as my/our proxy in my/our absence to attend and vote for me / us and on my / our  
be-half at annual general meeting of the company to be held on Thursday, October 28, 2021 at 12:00 noon and/or any  
adjournment there of.

Signature this \_\_\_\_\_ year 2021.  
(day) (date, month)

## Witnesses:

1. Signature: \_\_\_\_\_  
Name \_\_\_\_\_  
Address \_\_\_\_\_  
CNICNo. \_\_\_\_\_
2. Signature: \_\_\_\_\_  
Name \_\_\_\_\_  
Address \_\_\_\_\_  
CNICNo. \_\_\_\_\_



## Important:

1. In order to be effective, this form of proxy duly completed, stamped, signed and witnessed along with power of attorney, or other instruments (if any), must be deposited at the registered office of the company at Plot # 60-C, Khayaban-e-Shahbaz, Phase VI, Defence Housing Authority, Karachi-75500 at least 48 hours before the time of the meeting.
2. If a member appoints more than one proxy and more than one form of proxy are deposited by a member with the company, all such forms of proxy shall be rendered invalid.
3. In case of proxy for an individual beneficial owner of shares from CDC, attested copies of beneficial owner's computerized national identity card (CNIC) or passport, account and participant's ID numbers must be deposited along with the form of proxy. In case of proxy for representative of corporate members from CDC, board of directors' resolution and power of attorney and the specimen signature of the nominee must be deposited along with the form of proxy. The proxy shall produce his/her original CNIC or passport at the time of meeting.



## تشکیل نیابت داری (پراکسی فارم)

جناب کمپنی سیکریٹری  
فیکٹو سیمنٹ لمیٹڈ  
پلاٹ نمبر C-60 خیابان شہباز فیروز 6 ڈی ایچ اے (کراچی)

میں/ہم، مسی/مسماة \_\_\_\_\_ ساکن  
\_\_\_\_\_ ضلع \_\_\_\_\_  
بحیثیت رکن (ممبر) فیکٹو سیمنٹ لمیٹڈ کا مقرر کرتا ہوں/کرتی ہوں/کرتے ہیں مسی/مسماة \_\_\_\_\_ ساکن

کو جو خود بھی فیکٹو سیمنٹ کارکن ہے کہ وہ بطور میرا/ہمارا (پراکسی) فیکٹو سیمنٹ لمیٹڈ کے سالانہ اجلاس عام میں جو بروز جمعرات 28 اکتوبر 2021ء بوقت 12:00 بجے منعقد ہو رہا ہے یا اس کے کسی ملتوی شدہ اجلاس میں شرکت کرے اور میری/ہماری جگہ میری/ہماری طرف سے حق رائے دہی استعمال کرے۔

مورخہ: 2021ء میرے/ہمارے دستخط سے جاری ہوا

فولیو نمبر	سی ڈی سی کھاتہ نمبر	حصص کی تعداد	دستخط

گواہ نمبر 1	گواہ نمبر 2
دستخط _____	دستخط _____
نام _____	نام _____
کمپیوٹرائزڈ قومی شناختی کارڈ نمبر _____	کمپیوٹرائزڈ قومی شناختی کارڈ نمبر _____
پتا _____	پتا _____

### ہدایات:

- 1..... مکمل و دستخط شدہ پراکسی فارم مکمل کمپنی کے رجسٹرار آفس فیکٹو سیمنٹ لمیٹڈ پلاٹ نمبر C-60 خیابان شہباز فیروز 6 ڈی ایچ اے (کراچی) میں اجلاس کے مقررہ وقت سے کم از کم 48 گھنٹے پہلے موصول ہونا چاہیے۔
- 2..... پراکسی کا کمپنی کارکن (ممبر) ہونا ضروری ہے، اگر کسی ممبر نے ایک سے زائد پراکسی کو نامزد کیا تو تمام پراکسی فارمز صحیح تصور نہیں کیے جائیں گے۔
- 3..... سی ڈی سی اکاؤنٹ ہولڈر یا سب اکاؤنٹ ہولڈر کو پراکسی فارم کے ہم راہ کمپیوٹرائزڈ قومی شناختی کارڈ یا پاسپورٹ کی مصدقہ نقل منسلک کرنا ضروری ہے کارپوریٹ اداروں کے نمائندوں کو معمول کے مطابق دستاویزات ساتھ لانا ضروری ہے۔



## **FECTO CEMENT LIMITED**

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