



BUILDING ON STRENGTH

BESTWAY CEMENT LIMITED

ANNUAL REPORT
2019



BESTWAY CEMENT LIMITED

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COMPANY INFORMATION

Board of Directors

Sir Mohammed Anwar Pervez, O.B.E., H. Pk.	Chairman
Mr. Zameer Mohammed Choudrey, CBE	Chief Executive
Mr. Mohammed Younus Sheikh	Director
Mr. Dawood Pervez	Director
Mr. Muhammad Irfan A. Sheikh	Director Finance & CFO
Ms. Najma Naheed Pirzada	Director
Mr. Haider Zameer Choudrey	Director
Ms. Nazia Nazir	Director

Audit Committee

Ms. Najma Naheed Pirzada	Chairperson
Mr. Dawood Pervez	
Mr. Haider Zameer Choudrey	

Human Resource & Remuneration Committee

Ms. Nazia Nazir	Chairperson
Mr. Muhammad Irfan A. Sheikh	
Mr. Mohammed Younus Sheikh	

Company Secretary

Ms. Sehar Husain

Registered / Head Office

Bestway Building, 19-A, College Road,
F-7 Markaz, Islamabad.
Tel: +92 (0) 51 265 4856 – 64
Fax: +92 (0) 51 265 4865
Email: management@bestway.com.pk

Plant Sites

Hattar

Suraj Gali Road, Village Shadi, Hattar, Distt. Haripur,
Khyber Pakhtunkhwa, Pakistan.
Tel: +92 (0) 995 639 261 – 3
Fax: +92 (0) 995 639 265
Email: gmworks1@bestway.com.pk

Farooqia

12 km, Taxila-Haripur Road,
Farooqia, Tehsil & Distt. Haripur,
Khyber Pakhtunkhwa, Pakistan.
Tel: +92 (0) 995 639 501 – 3
Fax: +92 (0) 995 639 505
Email: gmworks2@bestway.com.pk

Chakwal

Village Tatal, Near PSO Petrol Pump,
22 km Kallar Kahar, Choa Saiden Shah Road,
Chakwal, Pakistan.
Tel: +92 (0) 543 584 560 – 62
Fax: +92 (0) 543 584 274
Email: gmworks3@bestway.com.pk

Kallar Kahar

Choie Mallot Road, Tehsil Kallar Kahar,
Distt. Chakwal, Pakistan.
Tel: +92 (0) 51 402 0111
Fax: +92 (0) 51 402 0230
Email: gmworks4@bestway.com.pk

Sales Office

House 276, Near Riphah University,
Opposite Roomi Park, Peshawar Road,
Rawalpindi.
Tel: +92 (0) 51 551 3110, 512 5128 – 9
Fax: +92 (0) 51 551 3109
Email: directorsales@bestway.com.pk

Statutory Auditors

A. F. Ferguson & Co., Chartered Accountants.

Legal Advisor

Syed Hassan Ali Raza, Advocate High Court.

Shares Department

THK Associates (Pvt.) Ltd.
1st Floor, 40-C, Block-6, P.E.C.H.S.,
Karachi-75400
Tel: +92 (0) 21 111 000 322
Fax: +92 (0) 21 3416827

Bankers

- Allied Bank Limited
- Askari Bank Limited
- Bank Alfalah Limited
- Dubai Islamic Bank Pakistan Limited
- Faysal Bank Limited
- Habib Bank Limited
- MCB Bank Limited
- Meezan Bank Limited
- National Bank of Pakistan
- Soneri Bank Limited
- Standard Chartered Bank (Pakistan) Limited
- United Bank Limited

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 26th Annual General Meeting of Bestway Cement Limited (the Company) will be held at Bestway Building, 19-A, College Road, F-7 Markaz, Islamabad at 3:00 p.m. on Monday, September 23, 2019 to transact the following business:

ORDINARY BUSINESS

1. To confirm the minutes of Annual General Meeting held on September 24, 2018.
2. To receive, consider and adopt the Annual Audited Financial Statements for the year ended June 30, 2019 together with the Directors' and Auditors' Reports thereon.
3. To approve and declare final cash dividend of 30% in addition to 80% interim dividends already paid for the year ended June 30, 2019, as recommended by the Board of Directors.
- 4.. To appoint auditors of the Company and fix their remuneration for the year ending June 30, 2020. The retiring auditors M/s A. F. Ferguson & Co., Chartered Accountants have consented to be so appointed and the Board of Directors has recommended their appointment.

SPECIAL BUSINESS

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

"RESOLVED THAT pursuant to the requirements of Section 199 of the Companies Act, 2017, the Company be and is hereby authorized to make an investment of upto Rs. 500 million in the ordinary shares of United Bank Limited (UBL), an associated undertaking by way of acquiring these shares at the applicable quoted price of such shares on the Stock Exchange on the date of purchase.

FURTHER RESOLVED THAT the above said resolution shall be valid for one year and the Chief Executive Officer and the Chief Financial Officer of the Company be and are hereby empowered and authorized to undertake the decision of the said investment of shares jointly as and when deemed appropriate and necessary in the best interest of the Company and its shareholders and to take all steps and actions necessary, incidental and ancillary for the acquisition of shares of UBL including execution of any and all documents and agreements as may be required in this regard and to do all acts, matters, deeds and things as may be necessary or expedient for the purpose of giving effect to the spirit and intent of the special resolution for making investment from time to time.

OTHER BUSINESS

6. Any other business with the permission of the chair.

By Order of the Board

September 2, 2019
Islamabad

Sehar Husain
Company Secretary

NOTES

1. The share transfer books of the Company will remain closed from 17-09-2019 to 23-09-2019 (both days inclusive). No transfer will be accepted for registration during this period. Transfers received in order at M/s THK Associates (Pvt.) Limited, 1st Floor, 40-C, Block-6, P.E.C.H.S., Karachi-75400 upto the close of business on 16-09-2019 will be treated in time to attend the Annual General Meeting and for other entitlements.
2. A member entitled to attend and vote at this meeting may appoint another member as his/her proxy to attend the meeting and vote instead of him/her. Proxies in order to be effective must be received by the Company not later than 48 hours before the meeting.

For CDC Account Holders/Corporate Entities:

In addition to the above the following requirements have to be met:

3. The proxy form shall be witnessed by two persons whose names, addresses and NIC numbers shall be mentioned on the form.
4. Attested copies of NIC or the passport of the beneficial owners and the proxy shall be furnished with the proxy form.
5. The proxy shall produce his original NIC or original passport at the time of meeting.
6. In case of corporate entity, the Board of Directors' resolution/power of attorney with specimen signature shall be submitted (unless it has been provided earlier) along with proxy form to the Company.

7. Shareholders are informed that rate of withholding tax for non filers is 20% against 15% for filers of the income tax returns. The shareholders are advised to e-file their returns as the Department places the names of the e-filers on their website and to provide their NTN to the Shares Registrars of the Company for availing the benefit of lower withholding rate.
8. In terms of section 242 of Companies Act, 2017, listed Companies are required to pay cash dividend only through electronic mode directly into the bank account designated by the entitled shareholders. In order to comply with this requirement, shareholders are therefore requested to immediately provide the dividend mandate (bank account details) to the share registrar of the company in case of physical shares and to the CDC in case shares are held electronically.
9. Shareholders are requested to provide copies of their valid CNICs, mandatory for dispatch of dividend warrants and also promptly notify any changes in their addresses.

STATEMENT UNDER SECTION 134(3) OF THE COMPANIES ACT, 2017

This statement sets out the material facts pertaining to the special business to be transacted at the Annual General Meeting (AGM) of the Company to be held on September 23, 2019.

The Company seeks its shareholders' approval to pass the Special Resolutions provided in the Notice of the AGM to make an investment in its associated company i.e. United Bank Limited (UBL) pursuant to Section 199 of the Companies Act, 2017.

United Bank Limited (the Bank) is a banking company incorporated in Pakistan and is engaged in commercial banking and related services. The Bank's registered office and principal office are situated at UBL Building, Jinnah Avenue, Blue Area, Islamabad and at UBL Head Office, I. I. Chundrigar Road, Karachi respectively. The Bank operates 1,364 branches inside Pakistan including 94 Islamic Banking branches and 2 branches in Export Processing Zones. The Bank also operates 15 branches outside Pakistan. The Bank is a subsidiary of Bestway (Holdings) Limited and Bestway (Holdings) Limited is a wholly owned subsidiary of Bestway Group Limited which is incorporated in the United Kingdom.

The Bank's ordinary shares are listed on Pakistan Stock Exchange (PSX). Its Global Depository Receipts (GDRs) are on the list of the UK Listing Authority and the London Stock Exchange Professional Securities Market.

Information Under Regulation 3 of The Companies' (Investment in Associated Companies or Associated Undertakings) Regulations, 2017.

(a) Disclosures for all types of investments,-					
(A) Regarding associated company or associated undertaking:-					
(i)	Name of Associated Company or Associated Undertaking	United Bank Limited			
(ii)	Basis of relationship	Common Directorship			
(iii)	Earnings Per Share for the last three years	Rs. 12.44, 20.57 & 22.65			
(iv)	Break-up value per share, based on latest audited financial statements;	Without surplus on revaluation of assets With surplus on revaluation of assets As at December 31, 2018			Rs.110.02 Rs. 123.57
(v)	Financial position, including main items of statement of financial position and profit and loss account on the basis of its latest financial statements	Balance Sheet	2018 Rs. Million	Profit & Loss Accounts	2018 Rs. Million
		Share Capital	12,242	Mark-up/return /interest earned	113,198
		Reserves	54,439	Mark-up/return /interest earned	56,964
		Unappropriated Profit	68,002	Net mark-up / interest income	56,234
		Assets	1,889,599	Non mark-up / interest income	25,072
		Liabilities	1,738,329	Total Income	81,306
				Total non mark-up/ interest expenses	36,768
				Profit before taxation	24,967
				Profit after taxation	15,226

(vi)	In case of investment in relation to a project of associated company or associated undertaking that has not commenced operations, following further information, namely		N/A																				
	(I)	Description of the project and its history since conceptualization	N/A																				
	(II)	Starting date and expected date of completion of work;	N/A																				
	(III)	Time by which such project shall become commercially operational;	N/A																				
	(IV)	Expected time by which the project shall start paying return on investment; and	N/A																				
	(V)	Funds invested or to be invested by the promoters, sponsors, associated company or associated undertaking distinguishing between cash and noncash amounts	N/A																				
(B)	General disclosures																						
(i)	Maximum amount of investment to be made		Rs. 500 million (Rupees Five Hundred Million)																				
(ii)	Purpose, benefits likely to accrue to the investing company and its members from such investment and period of investment;		The Company expects stable dividends from the equity investment in UBL which will eventually enhance the return on investment of its shareholders.																				
(iii)	Sources of funds to be utilized for investment and where the investment is intended to be made using borrowed funds,		The investment will be made through company's available funds and cash flows.																				
	(I)	Justification for investment through borrowings;	N/A																				
	(II)	Detail of collateral, guarantees provided and assets pledged for obtaining such funds; and	N/A																				
	(III)	Cost benefit analysis	N/A																				
(iv)	Salient features of the agreement(s), if any, with associated company or associated undertaking with regards to the proposed investment;		No agreement is required as the shares will be purchased form the open market.																				
(v)	Direct or indirect interest of directors, sponsors, majority shareholders and their relatives, if any, in the associated company or associated undertaking or the transaction under consideration;		The interest, direct or indirect in the associated company and the transaction under consideration is detailed as under: The directors of the Company their relatives and associated companies holding shares of UBL are interested to the extent of their shareholding as under: <table><tr><td>Directors</td><td>No. of shares Held</td></tr><tr><td>Sir Mohammed Anwar Pervez</td><td>12,765,368</td></tr><tr><td>Mr. Zameer Mohammed Choudrey</td><td>2,348,870</td></tr><tr><td>Mr. Haider Zameer Choudrey</td><td>2,000,000</td></tr><tr><td>Mr. Mohammed Younus Sheikh</td><td>2,394,492</td></tr><tr><td>Mr. Muhammad Irfan Anwar Sheikh</td><td>36,100</td></tr><tr><td>Relatives</td><td></td></tr><tr><td>Mr. Rizwan Pervez</td><td>129,500</td></tr><tr><td>Associated Companies</td><td></td></tr><tr><td>Bestway (Holdings) Limited</td><td>631,728,895</td></tr></table>	Directors	No. of shares Held	Sir Mohammed Anwar Pervez	12,765,368	Mr. Zameer Mohammed Choudrey	2,348,870	Mr. Haider Zameer Choudrey	2,000,000	Mr. Mohammed Younus Sheikh	2,394,492	Mr. Muhammad Irfan Anwar Sheikh	36,100	Relatives		Mr. Rizwan Pervez	129,500	Associated Companies		Bestway (Holdings) Limited	631,728,895
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(vi)	In case any investment in associated company or associated undertaking has already been made, the performance review of such investment including complete information/justification for any impairment or write offs;	The Company has already made an equity investment in 93,649,744 ordinary shares of UBL and received dividend in the ratio of 11%, 13% and 13% during last three years.									
(vii)	Any other important details necessary for the members to understand the transaction	None									
(b) Additional disclosure regarding equity investment											
(i)	Maximum price at which securities will be acquired;	Open market price									
(ii)	In case the purchase price is higher than market value in case of listed securities and fair value in case of unlisted securities, justification thereof;	N/A									
(iii)	Maximum number of securities to be acquired;	Quantity will be corresponded with total amount of Rs. 500 million.									
(iv)	Number of securities and percentage thereof held before and after the proposed investment;	<table> <tr> <td></td><td>No. of Shares</td><td>Percentage</td></tr> <tr> <td>Before</td><td>93,649,744</td><td>7.65</td></tr> <tr> <td>After</td><td colspan="2">Depend upon the price of shares</td></tr> </table>		No. of Shares	Percentage	Before	93,649,744	7.65	After	Depend upon the price of shares	
	No. of Shares	Percentage									
Before	93,649,744	7.65									
After	Depend upon the price of shares										
(v)	Current and preceding twelve weeks' weighted average market price where investment is proposed to be made in listed securities	Current Price : 129.44 Preceding Twelve Weeks' weighted average market Price: 141.16									
(vi)	Fair value determined in terms of sub-regulation (1) of regulation 5 for investments in unlisted securities;	N/A									



VISION

**To produce high quality cement
at the lowest cost.**

MISSION

- ▶ **Consistently produce high quality cement.**
- ▶ **Endeavour to be the lowest cost producer.**
- ▶ **Achieve 25% of the market share of the North Zone in the Short term and ultimately 30% in the longer term.**
- ▶ **Consistently maintain a high standard of customer service**
- ▶ **Continue to invest in human resource through training, Development and promotions from within whenever possible in order to meet future expansion needs.**
- ▶ **Continue to set aside adequate funds from the net profits fulfilling its various social responsibilities, particularly in the field of education and health.**

ENVIRONMENT EXCELLENCE AWARD 2019



CORPORATE SOCIAL RESPONSIBILITY AWARD 2019



PRODUCT PORTFOLIO





CHAIRMAN'S REVIEW

A YEAR OF GREAT PROGRESS

It gives me great pleasure to place before you the financial statements of Bestway Cement Limited for the year ended 30 June 2019.

During the year Bestway maintained its position as the largest cement manufacturer and the market leader in Pakistan. We continued to invest in the infrastructure and technologies to make your Company's operations even more efficient. The management team, led by the Chief Executive, proactively adapted the business to face the ever changing and challenging economic environment and ensured optimum performance by your Company during the current year.

During the year under review, Bestway recorded growth in turnover despite challenging market and economic dynamics. Turnover grew from Rs. 77.1 billion during the last year to Rs. 79.0 billion in the year ended 30 June 2019, an increase of 2%. However, gross profit for the year declined by 15.4% to Rs. 16 billion and net profit before tax contracted by 11.5% to Rs. 13.2 billion impacted by fierce competition resulting in lower prices, increasing input costs, higher interest rates and currency devaluation.

Despite various challenges, it is a matter of great satisfaction that your Company's management proactive approach and preparedness meant that the Company demonstrated resilience and remains in very good health.

Environment conservation has emerged as one of the most pressing issues in recent times all over the world. Pakistan is among some of the most vulnerable countries with

depletion of water resources fast becoming a major challenge. Your Company has always been at the forefront of environment protection. After pioneering Waste Heat Recovery Power Generation in cement industry of Pakistan, Bestway has now championed water conservation through replacement of the conventional Water-Cooled System with Air-Cooled Condenser System (ACC) at two of its plants, the first and only ones in the cement industry, which has resulted in reduction of about 80% in the industrial water requirements at those plants. Your Company has also augmented its already impressive rain harvesting reservoirs in order to further reduce dependence on underground water. In doing so, your Company has been able to reduce the stress on ever depleting water resources of our country. Further such initiatives are in the pipeline.



Sustainability

I firmly believe that our commitment to healthy financial performance needs to be matched by a continued focus on corporate social responsibility. During the year under review the Company through its charitable trust, Bestway Foundation, provided financial assistance of more than Rs. 101 million to various local and national educational and health institutions along with supporting hundreds of indigents in our local communities through stipends. Bestway also provided assistance for various other community development initiatives.

Looking forward, we will continue to pursue initiatives which impact the socio-economic development of our local communities, particularly in the areas of health services and education, taking part in urban development and environmental conservation programs. We take pride in setting ambitious long-term sustainability targets and reporting on our progress.

Governance

Strong governance and transparent reporting are critical to retaining various stakeholders' trust and the long-term creation of value. Our firm commitment to corporate governance best practices enables us in achieving that goal and in managing our risks and opportunities effectively. Accordingly in 2018-19, the Company continued to conduct its operations with integrity and responsibility. Transparency in Bestway's operations has been an area of steady focus and continuous review over the years. All efforts are made to ensure adherence to strict internal standards of conduct as well as prescribed industry regulations.

Outlook

Faced with numerous macroeconomic challenges and changing geopolitical landscape, Pakistan's economic growth is likely to be subdued for the foreseeable future. In addition, more capacity expansions in the industry are expected to add supply and price pressures. However, as the headwinds abate and the economy begins to stabilise, the ongoing infrastructure projects like CPEC should gather pace and work should commence on other initiatives such as the construction of 5 million low cost houses. Bestway will be well positioned to take full advantage of the growing demand of cement in the country.

Whilst there are many challenges ahead including rising cost of production, high cost of borrowing and devaluation of the Rupee, we will strive to further optimise our performance together with delivering value products, consistent with our past achievements.

Our continuing success as a business depends on our workforce. I wish to express my admiration for our remarkable workforce who, with their experience, energy and dedication are the determining factors of Bestway's current and future successes.

I would also like to commend my fellow directors for their commitment and the contribution they make to our strategic deliberations. On behalf of the Board, I would also like to thank every one of our stakeholders for their contribution to the continuing success of Bestway.



Sir Mohammed Anwar Pervez, OBE H Pk
Chairman

DIRECTORS' REPORT

Directors' Report

The Board of Directors take pleasure in presenting their report together with audited financial statements for the year ended 30 June 2019 and the Auditor's Report thereon.

Overview of the Economy

According to the Economic Survey of Pakistan, low GDP growth, high inflation and weakening Rupee posed significant challenges to the economy of Pakistan. GDP growth for the year ended 30 June 2019 was recorded at 3.3% (2018: 5.3%) and inflation stood at 7.3% (2018: 3.9%). Large scale manufacturing sector recorded a decline of 2.1% (2018: Growth by 6.1%) while construction activity in the country also decreased by 7.6% (2018: Growth by 9.0%) due to slowdown in the economy.

Industry Overview

Domestic cement dispatches declined by 2% from 41.1 million tonnes last year to 40.3 million tonnes during the year ended 30 June 2019. This is attributed to slowdown in construction activity due to challenging macroeconomic environment along with slower disbursement of PSDP funds driven by fiscal austerity measures.

On the export front, India imposed import duty of 200% and restriction on import of cement from Pakistan in mid-February 2019. Resultantly, export of cement declined from 4.7 million tonnes to 4.4 million tonnes. This however, was more than offset by clinker exports of 2.2 million tonnes. Overall, exports posted a hefty increase of 37% from 4.7 million tonnes to 6.5 million tonnes year on year. Commissioning of new production lines, particularly in the South, along with Rupee devaluation enabled this substantial growth in exports.

Overall, cement dispatches by the industry decreased by 3% from 45.9 million tonnes to 44.7 million tonnes during the year.

Industry gross margins declined over the year due to persistent upward pressure on input costs particularly, fuel and energy prices, exacerbated by currency devaluation rising interest rates.

Production and Sales Review

	Year ended 30 June 2019	Year ended 30 June 2018	Increase/ (Decrease)	Percentage
	Tonnes	Tonnes	Tonnes	%
Clinker production	6,627,324	8,076,992	(1,449,668)	(18%)
Cement production	8,104,768	8,562,539	(457,771)	(5%)
Cement and Xtreme Bond sales	8,125,772	8,590,403	(464,631)	(5%)
Clinker sales	-	405,993	(405,993)	(100%)



Your Company's local despatches declined by 2% as compared to the same period of last year; while outperforming the North industry average which declined by 5%.

Exports of cement to India have been suspended due to imposition of import duty of 200% and restriction on import of cement by the Indian government since mid-February 2019. Bestway's exports therefore witnessed a decline of 32% during the period under review.

Your Company's total cement despatches declined by 5% against the industry average decline of 3%, while outperforming North industry average which declined by 6%.

Despite fierce competition, Bestway successfully retained its share of the local market in the cement despatches and its position as the largest cement producer and the market leader in the country.

Operating Highlights

The Company recorded gross turnover of Rs. 79.0 billion in the year ended 30 June 2019, 2% higher compared to Rs. 77.1 billion during the last year. However, net turnover for the year grew by just 1% from Rs. 52.9 billion to Rs. 53.6 billion.

Gross profit for the year declined by 15% to Rs. 16.0 billion. Despite higher selling prices during the year, gross margins were adversely impacted by increasing input costs.

Financial charges stood at Rs. 1.5 billion for the year as against Rs. 0.6 billion for the last year. This increase was driven primarily by financial charges incurred on borrowings for setting up of Farooqia Line-II and a persistent upward trend in interest rates.

Profit before tax amounted to Rs. 13.2 billion; 11% lower as compared to Rs. 15.0 billion for the year ended 30 June 2018. Profit after taxation also declined by 23% from Rs. 13.2 billion to Rs. 10.1 billion.

Earnings per share of the Company for the year ended 30 June 2019 were reported at Rs. 16.93 against Rs. 22.07 from last year.

Statement of Financial Position

Total Equity of the Company grew to Rs. 57.6 billion from Rs. 53.3 billion as at the year ended 30 June 2019.

Your Company remained prompt with its repayment obligations on all types of loans.

Net current liabilities on 30 June 2019 stood at Rs. 9.7 billion (2018: Rs. 7.2 billion).

Other Investments

United Bank Limited

Your Company's investment in United Bank Limited continues to yield strong returns for the Company. The Bank's profit before tax for the year ended 31 December 2018 stood at Rs. 25.4 billion against Rs. 40.9 billion for last year which represents a decrease of 38%. Profitability during the year was impacted by provisions of Rs. 13.1 billion and a one-off accrual of Rs. 6.7 billion with respect to pension liability.

We are delighted to inform you that the bank paid out a cash dividend of 110% for its year ended 31 December 2018 thus providing a return of Rs. 1.0 billion on your investment.

UBL Insurers Limited

Your Company owns 12.23% shares in UBL Insurers Limited. The company reported profit before tax for the year ended 31 December 2018 of Rs. 365 million against Rs. 247 million for the year before which represents an increase of 48%. UBL Insurers paid out a cash dividend of 4.5% for its year ended 31 December 2018 thus providing a return of Rs. 6.3 million on your investment.

Contribution to the National Exchequer

Bestway Cement is among the largest taxpayers in the country. During the year under review, your Company's contribution to the exchequer amounted to more than Rs. 25.1 billion on account of income tax, sales tax and excise duty. In addition, your Company pays large amounts in the form of various indirect duties and taxes to the federal, provincial and local governments.



Plants' Performance

Your Company's management follows an elaborate plan of preventative maintenance, which it has adopted right from the beginning. This proactive approach ensures efficient and stable operations with minimum disruptions. Our well-knit team of dedicated managers, engineers, technicians and other members of management and administrative staff play a key role in the successful implementation of this plan.

During the year under review, all our cement plants and the waste heat recovery plants operated satisfactorily. Your Company achieved average cement capacity utilisation of 76% (2018: 97%) during the year. Lower capacity utilisation compared with last year was the result of slightly lower demand and your Company's management's unwind inventories of clinker in order to free up working capital.

Return to Shareholders

Your Company is mindful of providing a superior return to its shareholders. In view of the reported performance by your Company, the directors feel great pleasure in declaring a final cash dividend of 30% taking the payout for the year to date to 110%.

Alternative Energy and CPP Initiatives

Cement manufacturing is an energy-intensive process. Power represents one of the largest costs of production. Persistent power crisis in the country necessitated a shift from conventional fossil fuels to alternate energy solutions. As part of its strategy to reduce its reliance on the national grid, your Company has set up Waste Heat Recovery Power Plant (WHRPP) at all four sites Chakwal, Hattar, Farooqia and Kallar Kahar. Bestway's WHRPP at Chakwal was the first in the cement industry of Pakistan prompting others to follow suit.

This is an important step in energy conservation for your Company, making it a forerunner in adopting Waste Heat Recovery (WHR) technology at all its operations. These projects serve to significantly reduce the Company's dependence on external source of electricity thus helping in reduction of production costs, improving operational efficiency and protecting the environment. During the year under review, your Company met 28% of its energy requirement through WHRPP and boilers.



Your Company is now the leader in water conservation after installation of Air Cooled Condenser Systems, the first and only one in the Cement industry, instead of the conventional water-cooled system which has enabled reduction of about 80% of industrial water requirements.

Quality Assurance

Bestway Cement is a company driven by efficiency and quality consciousness. With strict quality control procedures in place, the Company has deployed high quality control equipment at the plants. Bestway's laboratories are equipped with state-of-the-art x-ray fluorescence and diffraction analysers and were the first in Pakistan to introduce the technology. By virtue of this equipment, the Company has been able to consistently produce better quality cement than is currently available in the country. Laboratories at Farooqia plant have ISO 17025 certification making Bestway only the 2nd cement producer in Pakistan to have achieved this milestone. Our laboratories at the other 3 plants are also in process of securing this certification.



Marketing

Your Company is the largest cement manufacturer in Pakistan, certified for ISO 9001 Quality Management System. Bestway's products continue to be firmly established as premium brands in the domestic market, as well as various international markets. Your Company has once again retained its position as the largest exporter of cement to Afghanistan and India. Your Company has been able to achieve its status as the market leader due to its consistently superior quality, effective marketing strategy, customer care and sheer dedication of its sales and marketing teams.

Your Company is among the few in the country which are certified to export its cement to India and also possesses CE-Certificate of Conformity. These certifications enable Bestway to pursue export opportunities in India, the European Community and countries where CE-Certification is required.

During the year, your Company continued to expand its already impressive array of products. Bestway is well recognised among its competitors for its widest range of supreme quality products. The expansion in the range of products has further strengthened Bestway's standing in both domestic and international markets.

Training and Development

Your Company places great importance on the training, development and education of its personnel. In order to keep its workforce abreast with best operational techniques and practices, technical and general managerial training courses are organised for various departments and categories of personnel. Staff members are also sent on courses, workshops and seminars organised externally by other institutions. The Company actively encourages and assists its employees in pursuit of professional development and career enhancement.

As part of its commitment to skills development and grooming of workforce, your Company regularly employs freshly qualified graduates, professionals and even unskilled human resource. Planned training programmes are carefully conducted to ensure that these personnel are equipped with necessary knowledge, hands-on experience and confidence to become skilled and productive resource.

During the year under review, Bestway hired 251 trainee engineers, management trainees, apprentices and internees. Your Company employed 62 of those trainee engineers, management trainees and apprentices. Trainee engineers undergo intensive training in electrical, mechanical and mining departments, while management trainees are inducted in marketing, finance, personnel and administration where they are carefully trained to become effective managers in the future. Apprentices are employed in various technical departments at all the factories. While some of those trainees and apprentices are retained in the Company, others move on to other industries where they successfully build upon the foundation provided to them at Bestway Cement through the training imparted to them for the advancement of their careers and contributing towards the development of the country.

Health and Safety

Your Company reposes itself as a responsible corporate citizen and gives highest priority to health and safety for not only its own employees, but also for subcontracted personnel, in respect of effective conduct of our business. Your Company is therefore committed to preventing human injury and property damage at workplace and strives for continuous improvement in its environment, health and safety management and performance.

Initiatives including training on safe system of work such as trainings on various aspects of health & safety, safety meetings, permit to work system coupled with risk assessments, identification and control of hazards, incident reporting, safety audits, safety champions, good housekeeping and hygiene controls are actively and consistently pursued to instil safe behaviour in all personnel. Your Company has strived to make industrial operations safer, and has established numerous



directives and standards and advisories to increase level of awareness amongst employees, contractors and other stakeholders like visitors and surrounding communities. These advisories are to be strictly adhered to across the organisation and shared with external stakeholders as best practices since for us, safety is a way of life rather than professional obligation.

Environment

Bestway Cement reposes itself as a responsible corporate citizen and gives highest priority to protecting and creating a healthier environment for not only its own employees, but also for our communities where the Company has established its four plants. The wellbeing of the social environment in which Bestway operates is considered an integral part of the Company's success. Our plants are ISO 14001:2004 Environmental Management System (EMS) certified.

The Company ensures that its plants continue to comply with established environmental quality standards at all times. Our plants not only meet the stringent environmental quality standards prescribed by the relevant Environmental Protection Agency (EPA) of Pakistan but also voluntary adherence to the more stringent international emission standards. This has been achieved through including environmental considerations in the design basis of our plants and ancillaries. Electrostatic Precipitators and Bag-house Filters installed are the best in class while continuous maintenance and up gradation helps the Company maintain its excellent emission record.

Bestway also conducts regular review of its production facilities through independent experts and monthly monitoring of emissions are conducted by third party consultants to ensure that we are in compliance with regulatory requirements and internal targets. Furthermore, active collaboration with the EPA is continuing in lieu of celebrating World Environment Day across all Bestway Plants attended by relevant EPA representatives.



Bestway regularly participates in various environment uplift programmes including tree plantation drives and quarry rehabilitation initiatives. Comprehensive quarry rehabilitation plan is being implemented Company-wide to gradually restore the consumed portions of the quarries. This is a unique large scale initiative by your Company.

At Chakwal plant, number of Olive trees has increased from 2,400 to 10,500. The area was declared as the Olive focus area by the Government of Punjab. Loquat is an indigenous fruit-bearing tree of the Chakwal region. Three orchards having 2,500 loquat trees have been planted in Kallar Kahar, which also includes an orchard in the quarry area as part of the rehabilitation process.

A scenic view point has been established in the Kallar Kahar quarry area as well which includes more than 100 pine and cedar trees and other indigenous species. At Hattar quarry area, another view point, which includes 300 pine trees among other flowering/ornamental plants, overseeing the plant and all of Hattar Industrial Estate and its surroundings has been established for visitors and is frequently used to hold gatherings.

You would be delighted to learn that for the 10th year running Bestway Cement is the only company amongst its competitors in the cement sector to be awarded the revered Environment Excellence Award by the National Forum for Environment and Health for effective implementation of environmental friendly policies and practices at all its four plants.

Bestway Cement ardently supports WWF Pakistan. Your Company has been praised and endorsed for its efforts in reducing the carbon footprint while working towards conservation and protection of environment. It is one of the only few companies in Pakistan which has been certified as a Green Office by WWF Pakistan.

Your Company planted approximately 60,000 trees in last year's monsoon plantation season while another 25,000 were planted in collaboration with the EPA in the previous spring plantation drive. Apart from these major plantation drives, token gestures on the Earth Day with university students and on other occasions with Government officials, community members and our own staff were part of the clean and green ambition of the Company all year long. These along with other established fruit orchards across all four plants are an on-going contribution of your Company towards achieving sustainable development.

Rainwater harvesting was one of the key areas of improvement and in the last year your Company has made huge strides in not only improving the existing rainwater harvesting ponds significantly but also setting up new ones.

The Company is in the process of installation of Closed Circuit Cooling Towers to further reduce its minimal industrial water consumption, thereby playing our part in conservation of water.

Corporate Social Responsibility

Bestway invests in its operations for long term and appreciates that it has a special responsibility towards the local communities. The Company takes pride in its proactive development and welfare of the under-privileged through activities such as improving access to health services, education, vocational trainings, environmental conservation programmes, and helping create jobs and local employment. Your Company conducts its corporate social responsibility activities mainly through its charitable trust, Bestway Foundation.

Education

Keeping up with the aim of supporting the less fortunate for quality education, Bestway is operating a primary school in the vicinity of Farooqia, Taxila-Haripur Road since year 2018 and a large primary to middle purpose-built and well equipped school in the village Tatral of District Chakwal since year 2016, built at a cost of Rs. 67 million.

To date, altogether there are more than 450 students who are being provided superior education by experienced teachers at both locations at a token fee.

Bestway also imparts free college education exclusively to Girls through Farah Pervez Degree College in Gujar Khan. The project



consisting of numerous classrooms, laboratories, facilities for extracurricular activities and accommodation for the residence of the faculty members, was entirely funded by your Company and became operational in 2011 at a cost of Rs. 30 million.

In addition to its own established educational institutions, Bestway also supports numerous government schools in deprived rural areas in and around its local communities.

National & International Scholarships

Higher education is essential for building a strong and vibrant society, whereas many talented and well deserving youth is unable to continue their education due to lack of sufficient financial resources. Your Company, in keeping with its resolve to support the deserving students, has set up Bestway Scholarship Endowment Fund of Rs. 12.5 million through its philanthropic arm Bestway Foundation, with National University of Sciences and Technology (NUST) for the benefit of financially challenged students enrolled at the University's undergraduate Programs.

These scholarships will be given to five (5) Student Beneficiaries, primarily covering their fee expenses every year in either of the disciplines of Environmental Engineering, Metallurgy & Materials Engineering, Mechanical Engineering, Computer Engineering and Mechatronics Engineering.

Apart from the above, more than 450 national and international scholarships have been provided by your Company to a large number of talented students to date. These scholarships are aimed at those students who need financial assistance in order to continue with their education.

Bestway also offers 12 fully funded scholarships every year for deserving and talented Pakistani students in the Oxford University, University of Bradford and University of Kent in the UK.

Promoting Philanthropy

During the year, your Company has set aside funds amounting to Rs. 101 million for Bestway Foundation for numerous educational, health and charitable establishments.

Some of the beneficiaries over the past few years include Institute of Business Administration Karachi, Ghulam Ishaq Khan Institute Swabi, NAML College Mianwali, National University of Science and Technology Islamabad, Lahore University of Management Sciences, Sahara for Life Trust Mianwali, Zindagi Trust, Sindh Institute of Urology and Transplantation, Pakistan Hindu Council, Abdul Sattar Edhi Foundation, Shaukat Khanum Memorial Trust, MASKAN Institute Swat, Nisar Fatima Girls School, Shalimar Hospital, Akhpal Kor Foundation, Muhammad Gulistan Khan Foundation, Layton Rahmatullah Benevolent Trust, National Society for Mentally and Emotionally Handicapped Children, Forman Christian College University, Family Educational Services Foundation, Northern University Peshawar, The Citizens Foundation, Zamung Kor, KPSS Secondary School Saigolabad Chakwal, Sultana Foundation, Care Foundation, Kaghan Memorial Trust, Al Mustafa Trust, Thathi Welfare Foundation, Zia ul Aloom Trust and various other organizations.

Health

In the areas of basic health, free medical facilities are provided to thousands of patients in the local community through all four dispensaries located at Bestway's factory premises.

In May 2019, a fully equipped Medical Centre staffed with a qualified male doctor, a female medical officer along with other nursing staff, was inaugurated at Farooqia, Taxila-Haripur Road. This medical centre has been built at the cost of Rs. 7.4 million.

Financial Assistance

In addition to pursuing its core objective of improving education and providing basic health facilities, your Company together with its philanthropic arm, also provides financial assistance to 452 widows and indigents of the local community in the form of monthly stipends.

Job Creation for Local Community

Your Company has introduced hundreds of jobs for skilled and unskilled local individuals in and around its factory premises. Employment opportunities have been created in the upstream and downstream activities. Employment generation not only improves the buying power of the local population but also gives them a fair opportunity to improve their standard of living.

Apprenticeship & Trainings

Bestway employed 251 trainee engineers, management trainees, apprentices and interneers over the period, who underwent intensive training in their respective field. While 62 of those trainees and apprentices were retained in the Company, others move on to other industries where they successfully build upon the foundation provided to them at Bestway Cement through the training imparted to them for the advancement of their careers and contributing towards the development of the country.

Disaster Management & Rehabilitation

Your Company contributes generously towards disaster management and in aiding the efforts of relief, rehabilitation and reconstruction in aftermath of the earthquake and devastation caused by floods or any other projects of community development.

Community Development

Bestway has been significantly contributing towards community development and rehabilitation of the areas surrounding its plants. During the period under review, your Company has spent more than Rs. 16.7 million on various developmental projects which include rehabilitation of Katas Raj Pond, supply of clean drinking water and restoration of water supply to villages, donation of cement bags for construction of various other ventures.

Besides regularly looking after the water level of Katas Raj pond and facilitating the maintenance of the pond all through the year, Bestway has also constructed a separate guard room, renovated the flooring and secured main gate of the national heritage at the cost of more than Rs. 10.5 million.

Your company regularly arranges free Dastarkhwan during the holy month of Ramadan at its head office and all its plants where thousands of local inhabitants and passer-by are served Iftar for the whole month. Moreover, food hampers are also distributed amongst hundreds of humble households in the local areas at the beginning of Ramadan.

Further to the CSR initiatives, some of the notable contributions towards social and communal uplift made by Bestway also include installation of solar energy system at village Khairpur - Kallar Kahar at the cost of about Rs. 1.7 million, distribution of medicines and dispersal of wheat to the needy locals in our local communities, installation of electric water coolers in government schools of Hattar, donation of cement bags for multiple construction projects in local vicinities including building of mosques and schools etc. A substantial amount of donation is also given to the local administrations to support local festivals, cultural gatherings and several other societal elevation projects.

Katas Raj Case

In the Human Rights Case No. 25598-G of 2017 (in the matter of drying out of the Shri Katas Raj Temple Pond), it was alleged that the presence of cement operators in the Kahoan Valley had resulted in water shortage and environmental pollution in the Valley as well as depletion of water reserves at Katas Raj Pond.

The management is pleased to report that the case now stands concluded to the satisfaction of the Honourable Court. Your Company has fulfilled all its commitments given to the court within the deadline by reducing its industrial use of groundwater to zero and successfully implementing various alternate water measures such as conversion of water cooled condenser system to air cooled condenser system; construction of water storage tanks; construction of rain harvesting ponds; installation and commissioning of Reverse Osmosis Plants. In addition, Bestway's plants have also been found to be fully compliant with environmental standards (both local and international) and no penalties were imposed on the Company at the time of disposal of the case.

Holding Company

The Company is a wholly owned subsidiary of Bestway (Holdings) Limited, a company incorporated under the laws of United Kingdom. Bestway (Holdings) Limited, U.K. is a wholly owned subsidiary of Bestway Group Limited therefore, all subsidiaries and associated undertakings of the ultimate parent company are related parties of the Company.

Future Outlook

While infrastructure development is likely to continue, albeit at a slower pace, domestic demand is likely to remain subdued for the

foreseeable future due to continuing uncertainty on the economic front. Government's efforts to carry out necessary structural reforms and introduce better economic discipline are likely to exert further pressure on the economy in the foreseeable future before the situation begins to improve.

Further depreciation of the Rupee and rise in interest rates cannot be ruled out which will impact margins in cement sector even further. In addition, more cement capacity expansions are expected to come online within next 12 months which will likely add supply and price pressures.

However, as the government gradually comes to grips with adverse economic situation, consumer confidence should return which should result in an uptick in construction activity in the country. As the much publicised 5 million low cost housing project by the Government gets under way, demand for cement should get a boost.

While exports could benefit from currency devaluation, further capacity expansions and delay in resumption of exports to India is likely to dampen export opportunities.

Your Company is not only one of the lowest cost-producers in the country but is also low-leveraged which means that it is much better placed to face off the headwinds as compared to its competitors. Your management is cognisant of the challenges that lie ahead and will continue proactively adapt in order to ensure optimum performance by your Company and superior returns for its shareholders.

Pattern of Shareholding

A statement of the pattern of shareholding in the Company as at 30 June 2019 is in subsequent pages.

Composition of the Board

The total number of directors are 8, as per the following:

- Male 6
- Female 2

The composition of Board is as follows:

- Independent Directors
 - i) Ms. Najma Naheed Pirzada
 - ii) Ms. Nazia Nazir
- Other Non-executive Directors
 - i) Sir Mohammed Anwar Pervez (Chairman)
 - ii) Mr. Mohammed Younus Sheikh
 - iii) Mr. Dawood Pervez
 - iv) Mr. Haider Zameer Choudrey
- Executive Directors
 - i) Mr. Zameer Mohammed Choudrey
 - ii) Mr. Muhammad Irfan Anwar Sheikh

Committees of the Board

- Audit Committee
 - i) Ms. Najma Naheed Pirzada (Chairperson)
 - ii) Mr. Dawood Pervez
 - iii) Mr. Haider Zameer Choudrey
- HR and Remuneration Committee
 - i) Ms. Nazia Nazir (Chairperson)
 - ii) Mr. Muhammad Irfan Anwar Sheikh
 - iii) Mr. Mohammed Younus Sheikh

Auditors

The present auditors, A. F. Ferguson & Co., Chartered Accountants retire at the conclusion of the meeting and being eligible, have offered themselves for reappointment. The Audit Committee of the Company having considered the matter, recommend the retiring auditors for reappointment.

Acknowledgements

The Directors wish to place on record their appreciation for the continued support, contribution and confidence demonstrated in the Company by its shareholders, members of staff, customers, suppliers, our Bankers particularly, Allied Bank Limited, Habib Bank Limited, Faysal Bank Limited, Meezan Bank Limited, MCB Bank Limited, United Bank Limited, Askari Bank Limited, Soneri Bank Limited, Bank Alfalah Limited, Industrial & Commercial Bank of China, Dubai Islamic Bank Pakistan Limited, Standard Chartered Bank (Pakistan) Limited, National Bank of Pakistan, Citibank and various government agencies throughout the year.

For and on behalf of the Board



Zameer Mohammed Choudrey
Chief Executive

Islamabad
08 August 2019



Muhammad Irfan A. Sheikh
Director

REPORT OF THE AUDIT COMMITTEE

The Audit Committee of the Company comprises of three (3) non-executive directors, out of which one is independent, and, is also the Chairperson of the Committee. The Head Internal Audit, who, is also Secretary to the Committee, attends Audit Committee meetings. The Chief Executive Officer (CEO) and Chief Financial Officer (CFO), attends Audit Committee meetings by invitation. During the year four (4) audit committee meetings were held, out of which two (2) were also attended by the External auditors of the Company.

The role of the Board Audit Committee in the context of the Board's broader governance framework is to oversee:

- The integrity of Company's financial statements;
- The appointment, remuneration, qualification, independence and performance of External Auditors;
- Risk management and internal control arrangements;
- The performance of Internal audit function;
- Compliance with legal and regulatory requirements;
- Compliance by management with constraints imposed by Board;
- Appropriate measures taken by the management to safeguard the Company's assets;

The Audit Committee has concluded its review of the conduct and operations of the Company during the year ended June 30, 2019, and reports that:

- The Audit Committee reviewed the quarterly, half yearly and annual financial statements of the Company and recommended them for approval of the Board of Directors.
- The Audit Committee has reviewed all related party transactions and recommended the same for approval of the Board of Directors.
- The Company has issued a "Statement of Compliance with the Code of Corporate Governance" which has also been reviewed and certified by the external auditors of the Company.
- Understanding and compliance with Company's code and policies has been affirmed by the management and employees of the Company individually. The Company's Code of Conduct has been disseminated and placed on Company's website.
- Appropriate accounting policies have been consistently applied. Applicable International Accounting Standards were followed in preparation of financial statements of the Company on a going concern basis, for the financial year ended 30 June, 2019, which present fairly the state of affairs, results of operations, profits, cash flows and changes in equity of the Company for the year under review.
- The CEO and the CFO have endorsed the Financial Statements and Directors' Report. They acknowledge their responsibility for true and fair presentation of the Company's financial condition and results, compliance with regulations and applicable accounting standards and establishment and maintenance of internal controls and systems of the Company.
- Proper and adequate accounting records have been maintained by the Company in accordance with the Companies act, 2017. The financial statements comply with the requirements of the Fourth Schedule to the Companies act, 2017 and the external reporting is consistent with management processes and adequate for shareholder needs.
- The preparation of Financial Statements is in conformity with International Financial Reporting Standards as applicable in Pakistan and requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. Estimates and judgments were continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under current circumstances.
- All direct or indirect trading and holdings of Company's shares by directors & executives or their spouses were notified in writing to the Company Secretary along with the price, number of shares, form of share certificates and nature of transaction which were notified by the Company Secretary to the Board within the stipulated time. All such holdings have been disclosed in the Pattern of Shareholdings. The Annual Secretarial Compliance Certificates are being filed regularly within stipulated time.
- Closed periods were duly determined and announced by the Company, precluding the Directors, the Chief Executive and executives of the Company from dealing in Company shares, prior to each Board meeting involving announcement

of interim / final results, distribution to shareholders or any other business decision, which could materially affect the share market price of Company, along with maintenance of confidentiality of all business information.

- The Audit Committee has ensured the achievement of operational, compliance, risk management, financial reporting and control objectives, safeguarding of the assets of the Company and the shareholders wealth at all levels within the Company.

Internal Audit

- The internal control framework has been effectively implemented through an independent in-house Internal Audit function established by the Board which is independent of the External Audit function.
- The Company's system of internal control is sound in design and has been continually evaluated for effectiveness and adequacy.
- The Internal Audit Department carried out independent audits in accordance with an internal audit plan which was approved by the Board Audit Committee. The Committee has reviewed material Internal Audit findings, taking appropriate action or bringing the matters to the Board's attention where required.
- The Head of Internal Audit has direct access to the Chairman of the Board Audit Committee and the Committee has ensured staffing of personnel with sufficient internal audit acumen and that the function has all necessary access to Management and the right to seek information and explanations.
- The progress of Internal audit function was duly discussed during the Board Audit Committee meetings, held during the year, in order to ensure that the Audit Function effectively performed its assigned task.
- Coordination between the External and Internal Auditors was facilitated to ensure efficiency and contribution to the Company's objectives, including a reliable financial reporting system and compliance with laws and regulations.

External Auditors

- The statutory Auditors of the Company, M/s A.F.Ferguson & Co., Chartered Accountants, have completed their Audit assignment of the Company's financial Statements and the Statement of Compliance with the Code of Corporate Governance for the financial year ended 30 June, 2019 and shall retire on the conclusion of the 26th Annual General Meeting.
- The Audit Committee has reviewed and discussed all key Audit matters and other issues identified during the external audit with the External Auditors and management, along with the methods used to address the same.
- The Auditors have been allowed direct access to the Committee and the effectiveness, independence and objectivity of the Auditors has thereby been ensured. The Auditors attended the General Meeting of the Company during the year and have indicated their willingness to continue as Auditors.
- The Audit Committee has recommended the reappointment of M/s A.F. Ferguson & Co., Chartered Accountants, as External Auditors of the Company for the year ending 30 June 2020.
- The Firm has no financial or other relationship of any kind with the Company except that of External Auditors.

Islamabad
08 August 2019



Ms. Najma Naheed Pirzada
Chairperson, Board Audit Committee

WWF EXTENDED GREEN OFFICE CERTIFICATION FOR THE YEAR

WWF's Green Office is an environmental service for offices. With its help, workplaces are able to reduce their burden on the environment, achieve savings and slow down climate change. Green Office is a practical environmental program that is easy to implement. Its aim is to reduce carbon dioxide emissions and offices' ecological footprint.

Bestway Cement Limited enrolled itself in the program during the year 2016 aiming to reduce its carbon footprint by keeping track of its water, paper and electricity consumption along with food wastage. These four KPIs were thoroughly audited by WWF Team in the previous year ensuring fulfillment of criteria of Green Office program.

WWF validated and awarded Green office certificate to bestway cement yet again for the year 2019. Bestway Cement Limited is the second cement company in Pakistan to have the status of a Green Office.

Bestway holds a key position in sustainable solutions for conservation of environment while motivating office staff to act in an ecologically friendly way with regards to everyday tasks, improving conservational awareness and bringing cost savings.



INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Bestway Cement Limited**Review Report on the Statement of Compliance Contained in Listed Companies (Code of Corporate Governance) Regulations, 2017**

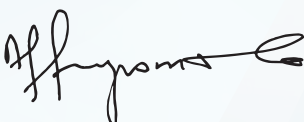
We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2017 (the Regulations) prepared by the Board of Directors of Bestway Cement Limited for the year ended June 30, 2019 in accordance with the requirements of regulation 40 of the 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 and also ensure compliance with the requirements of section 208 of the Companies Act, 2017. 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. We have not carried out procedures to assess and determine the Company's process for identification of related parties and that whether the related party transactions were undertaken at arm's length price or not.

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, 2019.



A.F. FERGUSON & Co.
Chartered Accountants
Islamabad

Date: August 9, 2019

STATEMENT OF COMPLIANCE

with Listed Companies (Code of Corporate Governance) Regulations, 2017 (The Regulations)

Name of company: Bestway Cement Limited

Year ending: June 30, 2019

The company has complied with the requirements of the Regulations in the following manner:

1. The total number of directors are eight (8) as per the following:
 - a) Male: Six (6)
 - b) Female: Two (2)
2. The composition of Board is as follows:
 - a) Independent Directors
 - i) Ms. Najma Naheed Pirzada
 - ii) Ms. Nazia Nazir
 - b) Other Non-executive Director
 - i) Sir Mohammed Anwar Pervez (Chairman)
 - ii) Mr. Mohammed Yunus Sheikh
 - iii) Mr. Dawood Pervez
 - iv) Mr. Haider Zameer Choudrey
 - c) Executive Directors
 - i) Mr. Zameer Mohammed Choudrey
 - ii) Mr. Muhammad Irfan Anwar Sheikh
3. The directors have confirmed that none of them is serving as a director on more than five listed companies, including this company.
4. The company has prepared a Code of Conduct and has ensured that appropriate steps have been taken to disseminate it throughout the company along with its supporting policies and procedures.
5. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.
6. All the powers of the Board have been duly exercised and decisions on relevant matters have been taken by Board/ shareholders as empowered by the relevant provisions of the Companies Act, 2017 (the Act) and these Regulations.
7. The meetings of the Board were presided over by the Chairman and, in his absence, by a director elected by the Board for this purpose. The Board has complied with the requirements of the Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of board.
8. The Board of Directors have a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations.
9. All the directors of board have complied with training requirements. Further the board has arranged director training program for Ms Nazia Nazir, an independent director.
10. The Board has approved appointment of CFO, 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. CFO and CEO duly endorsed the financial statements before approval of the Board.
12. The Board has formed committees comprising of members given below:
 - a) Audit Committee (Name of members and Chairman)
 - i) Ms. Najma Naheed Pirzada (Chairperson)
 - ii) Mr. Dawood Pervez
 - iii) Mr. Haider Zameer Choudrey
 - b) HR and Remuneration Committee (Name of members and Chairman)
 - i) Ms. Nazia Nazir (Chairperson)
 - ii) Mr. Muhammad Irfan Anwar Sheikh
 - iii) Mr. Mohammed Younus Sheikh
13. The terms of reference of the aforesaid committees have been formed, documented and advised to the committee for compliance.
14. The frequency of meetings (quarterly/half yearly/ yearly) of the committee were as per following:
 - a) Audit Committee (Four Meetings)
 - b) HR and Remuneration Committee (Two Meetings)
15. The Board has set up an effective internal audit function.
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 or any of the partners of the firm, their spouses and minor children do not hold shares of the company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the ICAP.
17. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, these regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard.
18. We confirm that all other requirements of the Regulations have been complied with



Sir Mohammed Anwar Pervez, OBE H Pk
Chairman

INDEPENDENT AUDITOR'S REPORT

To the members of Bestway Cement Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the annexed financial statements of Bestway Cement Limited (the Company), which comprise the statement of financial position as at 30 June 2019, and the statement of profit or loss, the statement of profit or loss and other 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, 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, statement of profit or loss, the statement of profit or loss and other 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 30 June 2019 and of the profit and other comprehensive income, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the 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 are the key audit matters:

S.No.	Key audit matter	How the matter was addressed in our audit
(i)	Revenue Recognition (Refer notes 4.12 and 26 to the financial statements) The Company is engaged in the production and sale of cement in the local and export market. The company recognized gross revenue from the sales of cement of Rs 79,000,314 thousand for the year ended 30 June 2019 including Rs 4,042,322 thousand export sales. Being our first year of audit of financial statements of the company we identified recognition of revenue as an area of higher risk as it includes large number of revenue transactions with a large number of customers in various geographical locations, and revenue being one of the key performance indicator of the Company. Accordingly it was considered as a key audit matter.	Our audit procedures in relation to the matter included: - Understood and evaluated management controls over revenue recognition and checked their validation; - Performed verification of sample of revenue transactions with underlying documentation including dispatch documents and sales invoices; - Performed cut-off procedures on sample basis to ensure revenue has been recorded in the correct period; - Verified that sales prices are approved by the appropriate authority; - Verified rebates, commission and discounts with supporting documentation on test basis; and - Checked that revenue has been recognised in accordance with Company's accounting policy and the applicable reporting framework.

S.No.	Key audit matter	How the matter was addressed in our audit
(ii)	Impairment assessment of Goodwill (Refer notes 16.5 to the financial statements) Goodwill that was recognized on business acquisition undertaken by the Company amounts to Rs 7,062,111 thousand as at 30 June 2019. The Company annually tests the carrying values of goodwill and intangibles having indefinite useful lives for impairment. The testing is subject to estimates and judgments made by the management of the Company with respect to future sales growth and profitability, cash flow projections and selection of appropriate discount rates. As the amounts in respect of goodwill and their estimations and assumptions involved are significant, this is considered a key audit matter.	Our audit procedures in relation to the matter included: • Obtained understanding of management's process for testing impairment of intangibles including goodwill; • Analysed the appropriateness of the Company's identification of Cash Generating Unit; • Reviewed the mathematical accuracy of management's valuation model and agreed relevant data to the underlying Company's records; • Assessed the reasonableness of key assumptions used in the valuation model such as future sales volumes and prices, operating costs, inflation, discount rate and long-term growth rate; • Performed sensitivity analysis with respect to changes in key assumptions used in the valuation model; and • Reviewed the disclosures made in the annexed financial statements with respect to the requirements of the applicable accounting and reporting standards.

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

Management is responsible for the other information. The other information comprises the information included 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. 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 of 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 skepticism 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:

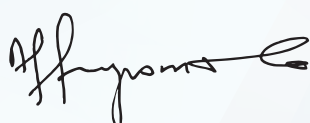
- proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);
- the statement of financial position, the statement of profit or loss, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of 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;
- investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and
- zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the company and deposited in the Central Zakat Fund established under section 7 of that Ordinance.

Other Matter

Prior Year Financial Statements Audited by Predecessor Auditor

The financial statements of the Company for the year ended 30 June 2018 were audited by another auditor, KPMG Taseer Hadi & Co. Chartered Accountants, who expressed an unmodified opinion on those statements on 17 August 2018.

The engagement partner on the audit resulting in this independent auditor's report is Asim Masood Iqbal.



A. F. Ferguson & Co.
Chartered Accountants
Islamabad

Date: 9 August 2019

BESTWAY CEMENT LIMITED

STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2019

	Note	2019 (Rupees '000)	2018 (Rupees '000)
EQUITY			
Share capital and reserves			
Share capital	5	5,962,528	5,962,528
Capital reserves	6	7,504,621	6,784,945
Revenue reserve	7	44,138,769	40,562,399
		57,605,918	53,309,872
LIABILITIES			
Non-current liabilities			
Long term financing	8	-	3,300,000
Long term musharaka	9	-	2,200,000
Deferred tax liability - net	10	10,617,491	9,111,362
Employee benefit obligations	11	24,890	497,337
		10,642,381	15,108,699
Current liabilities			
Trade and other payables	12	8,059,754	9,602,383
Short-term borrowings	13	10,835,368	12,260,179
Current portion of long term financing	8	3,375,360	2,779,023
Current portion of long term musharaka	9	2,249,733	1,854,521
Unclaimed dividend		213,797	55,963
		24,734,012	26,552,069
Total liabilities		35,376,393	41,660,768
Total equity and liabilities		92,982,311	94,970,640
Contingencies and commitments			
	14		

The annexed notes 1 to 46 form an integral part of these financial statements.



CHIEF EXECUTIVE

STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2019

	Note	2019 (Rupees '000)	2018 (Rupees '000)
ASSETS			
Non-current assets			
Property, plant and equipment	15	57,242,086	56,085,733
Intangible assets and goodwill	16	7,794,154	7,816,902
Investment property	17	262,349	257,656
Long term investments	18	12,512,039	11,375,186
Long term deposits		118,038	132,477
		77,928,666	75,667,954
Current assets			
Stores, spare parts and loose tools	19	5,511,210	7,641,242
Stock in trade	20	2,689,443	4,358,080
Trade debts	21	2,101,856	1,785,728
Advances	22	407,771	671,366
Deposits and prepayments	23	26,862	42,169
Other receivables	24	641,090	1,776,089
Advance tax - net		3,212,501	2,737,748
Cash and bank balances	25	462,912	290,264
		15,053,645	19,302,686
Total assets		92,982,311	94,970,640



DIRECTOR & CHIEF FINANCIAL OFFICER

BESTWAY CEMENT LIMITED

STATEMENT OF PROFIT OR LOSS

FOR THE YEAR ENDED 30 JUNE 2019

	Note	2019 (Rupees '000)	2018 (Rupees '000)
Gross turnover	26	79,000,314	77,119,557
Less: rebates and discounts		(2,354,731)	(2,277,695)
Less: sales tax and excise duty		(23,044,071)	(21,958,195)
Net turnover		53,601,512	52,883,667
Cost of sales	27	(37,556,552)	(33,928,169)
Gross profit		16,044,960	18,955,498
Other income	28	122,211	169,967
Selling and distribution expenses	29	(1,339,086)	(1,627,168)
Administrative expenses	30	(711,411)	(2,063,232)
Other expenses	31	(826,752)	(1,217,711)
Operating profit		13,289,922	14,217,354
Net finance costs	32	(1,498,473)	(600,435)
Share of profit of equity-accounted investees-net of tax	33	1,454,101	1,347,545
Profit before tax		13,245,550	14,964,464
Income tax expense	34	(3,148,265)	(1,806,758)
Profit for the year		10,097,285	13,157,706
Earnings per share - basic and diluted (Rupees)	35	16.93	22.07

The annexed notes 1 to 46 form an integral part of these financial statements.



CHIEF EXECUTIVE



DIRECTOR & CHIEF FINANCIAL OFFICER

BESTWAY CEMENT LIMITED

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2019

	Note	2019 (Rupees '000)	2018 (Rupees '000)
Profit for the year		10,097,285	13,157,706
Other comprehensive income (OCI):			
Items that will not be reclassified to profit or loss			
Re-measurement of defined benefit liability	24.2.5	24,604	(25,667)
Related tax		(6,564)	6,730
		18,040	(18,937)
<i>Company's share of equity-accounted investees' OCI</i>			
Re-measurement of defined benefit liability		23,324	(281)
Related tax		(3,499)	42
		19,825	(239)
		37,865	(19,176)
Items that are or may be reclassified subsequently to profit or loss			
<i>Company's share of equity-accounted investees' OCI</i>			
Foreign operations - foreign currency translation differences	18.1.1	1,119,622	481,112
Income / (loss) from Window Takaful Operations	18.2.1	-	(4)
Available-for-sale financial assets - net change in fair value		(470,525)	(1,087,046)
Related tax		70,579	163,058
		719,676	(442,880)
Other comprehensive income, net of tax		757,541	(462,056)
Total comprehensive income for the year		10,854,826	12,695,650

The annexed notes 1 to 46 form an integral part of these financial statements.



CHIEF EXECUTIVE



DIRECTOR & CHIEF FINANCIAL OFFICER

The annexed notes 1 to 46 form an integral part of these financial statements.

DIRECTOR & CHIEF FINANCIAL OFFICER

BESTWAY CEMENT LIMITED

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2019

CASH FLOWS FROM OPERATING ACTIVITIES

Profit before tax

Adjustments for:

Gain on disposal of property, plant and equipment

Depreciation

Amortisation

Rental income from investment property

Profit on deposit accounts

Provision for obsolete spare parts

Provision for slow moving stock

Change in fair value of investment property

Net finance costs

Compensation against court order

Share of profit of equity-accounted investees, net of tax

Provision for employee retirement benefits

Changes in:

Stores, spares parts and loose tools

Stock in trade

Trade debts

Advances

Deposits and prepayments

Other receivables

Trade and other payables

Cash generated from operating activities

Long term deposits

Finance cost paid

Employee retirement benefits paid

Income tax paid

Net cash from operating activities

CASH FLOWS FROM INVESTING ACTIVITIES

Acquisition of property, plant and equipment

Acquisition of intangible assets

Proceeds from sale of property, plant and equipment

Rent received from investment property

Dividends received

Profit received on deposit accounts

Net cash used in investing activities

CASH FLOWS FROM FINANCING ACTIVITIES

Repayment of long term financing

Repayment of long term musharaka

Dividends paid

Net cash used in financing activities

Net increase / (decrease) in cash and cash equivalents

Cash and cash equivalents at beginning of the year

Cash and cash equivalents at end of the year

Note	2019 (Rupees '000)	2018 (Rupees '000)
	13,245,550	14,964,464
	(18,605)	(8,563)
15.1.5	2,938,682	2,229,818
16.6	121,389	1446,135
	(30,110)	(28,315)
28	(538)	(641)
27	(6,482)	(1,841)
27	(400)	(5,420)
28	(4,693)	(7,442)
32	1,498,473	600,435
31	16,697	393,189
33	(1,454,101)	(1,347,545)
	90,968	110,593
	3,151,280	3,380,403
	16,396,830	18,344,867
	2,251,345	(1,193,372)
	1,669,038	(867,364)
	(316,128)	(323,373)
	263,595	712,995
	15,308	41,684
	1,135,000	(458,293)
	(1,562,452)	1,077,943
	3,455,706	(1,009,780)
	19,852,536	17,335,087
	14,438	2,212
	(1,452,476)	(951,608)
	(551,555)	(19,795)
	(2,056,373)	(4,417,248)
	15,806,570	11,948,648
	(4,222,154)	(13,349,971)
	(98,641)	(300)
	49,058	20,890
	30,692	27,901
	989,670	1,217,447
	538	641
	(3,250,837)	(12,083,392)
	(2,700,000)	-
	(1,800,000)	-
	(6,458,274)	7,173,509
	(10,958,274)	7,173,509
	1,597,459	(7,272,253)
	(11,969,915)	(4,697,662)
36	(10,372,456)	(11,969,915)

The annexed notes 1 to 46 form an integral part of these financial statements.



CHIEF EXECUTIVE



DIRECTOR & CHIEF FINANCIAL OFFICER

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019

1. CORPORATE AND GENERAL INFORMATION

1.1 The Company and its operations

Bestway Cement Limited ("the Company") is a public limited company incorporated in Pakistan on 22 December 1993 under the Companies Ordinance, 1984 (repealed with the enactment of the Companies Act, 2017 on 30 May 2017) and its shares are quoted on the Pakistan Stock Exchange Limited since 09 April 2001. The Company is principally engaged in production and sale of cement.

The Company is a subsidiary of Bestway (Holdings) Limited, U.K. (the holding company), which controls 56.43% shares in the Company. Bestway (Holdings) Limited is a wholly owned subsidiary of Bestway Group Limited, U.K. ("the ultimate parent company").

Registered office of the Company is situated at Bestway Building, 19-A, College Road, F-7 Markaz, Islamabad, Pakistan. The Company's cement manufacturing plants are located at Hattar, Farooqia, Chakwal and Kallar Kahar (refer to note 15.1.3 for complete addresses). The Company's sales office is located at House 276, Near Riphah University, Peshawar Road, Rawalpindi, Pakistan. The Company's procurement office is located at UBL Building, Jinnah Avenue, Islamabad, Pakistan. The Company has other regional offices located in Lahore, Peshawar and Multan.

1.2 Summary of significant events and transactions

Significant events and transactions affecting the financial statements are summarised as follows:

- The Human Rights Case No. 25598 – G of 2017 (in the matter of drying out of the Shiri Katas Raj Temple Pond) was concluded to the satisfaction of the Honourable Supreme Court of Pakistan during the year.
- Guarantee of Rs. 1.4 billion issued in favour of the Honourable Supreme Court of Pakistan as directed under the Human Rights Case No. 25598-G of 2017 was returned to the bank during the year (Refer note 14.1.1.1).
- Long term loans of Rs. 4.5 billion were repaid during the year.
- Waste heat recovery power plant having a generation capacity of 9 MW was completed at Farooqia plant during the year. The power plant commenced operations in August 2018.
- Air cooling condenser systems (ACC) were installed at Chakwal and Kallar Kahar plants during the year, as part of water conservation strategy. The ACCs commenced operations in December 2018.

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. The accounting and reporting standards applicable in Pakistan comprise of:

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

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

The applicable financial reporting framework for equity-accounted investees also include Banking Companies Ordinance, 1962, Insurance Ordinance, 2001 and underlying Rules and Directives.

2.2 Basis of measurement

The financial statements have been prepared on the historical cost convention except for the following items, which are measured on the following basis annually on each reporting date.

Item	Measurement basis
Investment property	Fair value
Net defined benefit liability	Present value of the defined benefit obligation determined through actuarial valuation

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019

2.3 Functional and presentation currency

These financial statements are presented in Pak Rupees (PKR or Rupee) which is the Company's functional and presentation currency. All amounts have been rounded off to the nearest thousand, unless otherwise stated.

2.4 Use of judgements and estimates

In preparing these financial statements, management has made judgements, estimates and assumptions that affect the application of the Company's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

The areas where various assumptions and estimates are significant to the Company's financial statements or where judgment was exercised in application of accounting policies are as follows:

Notes 10 and 34	Recognition of deferred tax and estimation of income tax provisions
Notes 4.2 and 24.2	Measurement of defined benefit obligation – key actuarial assumptions
Notes 14	Recognition and measurement of provisions and contingencies: key assumptions about the likelihood and magnitude of an outflow of resources
Notes 4.6 and 15	Useful lives, residual values and depreciation method of property, plant and equipment
Notes 4.7 and 16	Useful lives, residual values and amortization method of intangible assets
Note 16.5	Impairment test of goodwill: key assumptions underlying recoverable amounts
Note 17	Fair value of investment property
Note 4.15	Impairment loss of non-financial assets other than inventories
Note 4.15 and 21	Impairment of financial assets
Note 19 and 20	Provision for stores and spares and stock in trade

Measurement of fair values

A number of the Company's accounting policies and disclosures require the measurement of fair value, both for financial and non-financial assets and liabilities.

The Company has an established control framework with respect to the measurement of fair values. Management has overall responsibility for overseeing all significant fair value measurements, including Level 3 fair values.

Management regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the valuation team assesses the evidence obtained from the third parties to support the conclusion that these valuations meet the requirements of the approved accounting standards as applicable in Pakistan, including the level in the fair value hierarchy in which the valuations should be classified.

When measuring the fair value of an asset or a liability, the Company uses market observable data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows.

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

Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability might be categorised in different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement. The Company recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

3. STANDARDS, INTERPRETATIONS AND AMENDMENTS TO THE APPROVED ACCOUNTING STANDARDS

- 3.1** The Company has adopted IFRS 9 'Financial instruments' and IFRS 15 'Revenue from Contracts with Customers' w.e.f 1 July 2018. For related changes in accounting policies and impact on Company's financial statements refer note 4 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019

3.2 The following International Financial Reporting Standards (IFRS Standards) as notified under the Companies Act, 2017 and the amendments and interpretations thereto will be effective for accounting periods beginning on or after 01 July 2019:

- IFRIC 23 'Uncertainty over Income Tax Treatments' (effective for annual periods beginning on or after 1 January 2019) clarifies the accounting for income tax when there is uncertainty over income tax treatments under IAS 12. The interpretation requires the uncertainty over tax treatment be reflected in the measurement of current and deferred tax. The Company is currently assessing the impact of IFRIC 23 on its financial statements, if any.
- IFRS 16 'Leases' (effective for annual period beginning on or after 1 January 2019). IFRS 16 replaces existing leasing guidance, including IAS 17 'Leases', IFRIC 4 'Determining whether an Arrangement contains a Lease', SIC-15 'Operating Leases- Incentives' and SIC-27 'Evaluating the Substance of Transactions Involving the Legal Form of a Lease'. IFRS 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognizes a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard i.e. lessors continue to classify leases as finance or operating leases. The Company is currently assessing the impact of IFRS 16 on its financial statements, if any.
- Amendments to IAS 1 'Presentation of Financial Statements' and IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' (effective for annual periods beginning on or after 1 January 2020). The amendments are intended to make the definition of material in IAS 1 easier to understand and are not intended to alter the underlying concept of materiality in IFRS Standards. In addition, the IASB has also issued guidance on how to make materiality judgments when preparing their general purpose financial statements in accordance with IFRS Standards.
- Amendment to IAS 28 'Investments in Associates and Joint Ventures' - Long Term Interests in Associates and Joint Ventures (effective for annual period beginning on or after 1 January 2019). The amendment will affect companies that finance such entities with preference shares or with loans for which repayment is not expected in the foreseeable future (referred to as long-term interests or 'LTI'). The amendment and accompanying example state that LTI are in the scope of both IFRS 9 and IAS 28 and explain the annual sequence in which both standards are to be applied. The amendments are not likely to have an impact on Company's financial statements.
- Amendments to IAS 19 'Employee Benefits'- Plan Amendment, Curtailment or Settlement (effective for annual periods beginning on or after 1 January 2019). The amendments clarify that on amendment, curtailment or settlement of a defined benefit plan, a company now uses updated actuarial assumptions to determine its current service cost and net interest for the period; and the effect of the asset ceiling is disregarded when calculating the gain or loss on any settlement of the plan and is dealt with separately in other comprehensive income. The application of amendments is not likely to have an impact on Company's financial statements.
- Annual Improvements to IFRS Standards 2015–2017 Cycle - the improvements address amendments to following approved accounting standards:
 - IFRS 3 'Business Combinations' and IFRS 11 'Joint Arrangement' - the amendment aims to clarify the accounting treatment when a company increases its interest in a joint operation that meets the definition of a business. A company remeasures its previously held interest in a joint operation when it obtains control of the business. A company does not remeasure its previously held interest in a joint operation when it obtains joint control of the business.
 - IAS 12 'Income Taxes' - the amendment clarifies that all income tax consequences of dividends (including payments on financial instruments classified as equity) are recognized consistently with the transaction that generates the distributable profits.
 - IAS 23 'Borrowing Costs' - the amendment clarifies that a company treats as part of general borrowings any borrowing originally made to develop an asset when the asset is ready for its intended use or sale.

The above amendments are effective from annual period beginning on or after 1 January 2019 and are not likely to have an impact on Company's financial statements

3.3 Further, the following new standards and interpretations have been issued by the International Accounting Standards Board (IASB), which are yet to be notified by the Securities and Exchange Commission of Pakistan (SECP), for the purpose of their applicability in Pakistan;

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019

IFRS 1	First-time Adoption of International Financial Reporting Standards
IFRS 14	Regulatory Deferral Accounts
IFRS 17	Insurance contracts

3.4 The following interpretations issued by the IASB have been waived off by SECP:

IFRIC 4	Determining whether an arrangement contains lease
IFRIC 12	Service concession arrangement

4. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these financial statements, except for the changes as indicated below.

- IFRS 15 'Revenue from Contracts with Customers' (which became effective 1 July 2018) was applied by the Company for determining its revenue recognition policy. IFRS 15 replaces IAS 18 "Revenue" and IAS 11 "Construction Contracts" and related interpretations. IFRS 15 addresses revenue recognition for contracts with customers as well as treatment of incremental costs incurred in acquiring a contract with a customer.

IFRS 15 establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. Specifically, the standard introduces a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer.
- Step 2: Identify the performance obligations in the contract.
- Step 3: Determine the transaction price.
- Step 4: Allocate the transaction price to the performance obligations in the contract.
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation.

Under IFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer.

IFRS 15 permits either a full retrospective or a modified retrospective approach for adoption. The Company has adopted the standard using the modified retrospective approach, which means that the cumulative impact of the adoption, if any, is recognized in unappropriated profit in the period of initial application and comparatives are not restated.

The application of IFRS 15 does not have any material impact on revenue recognition policy of the Company and therefore, the cumulative impact of the adoption on unappropriated profit is not material and accordingly the unappropriated profit as of 1 July 2018 is not adjusted.

- IFRS 9 "Financial Instruments" (IFRS 9) replaces IAS 39 "Financial Instruments: Recognition and Measurement" (IAS 39). IFRS 9 introduces new requirements for (i) the classification and measurement of financial assets and financial liabilities (ii) impairment for financial assets and (iii) hedge accounting.

IFRS 9 permits either a full retrospective or a modified retrospective approach for adoption. The Company has adopted the standard using the modified retrospective approach for classification, measurement and impairment. This means that the cumulative impact, if any, of the adoption is recognized in unappropriated profit as of 1 July 2018 and comparatives are not restated. Details of these new requirements as well as their impact on the Company's financial statements are described below:

Classification and measurement of financial assets and financial liabilities: The new standard requires the Company to assess the classification of financial assets on its statement of financial position in accordance with the cash flow characteristics of the financial assets and the relevant business model that the Company has for a specific class of financial assets.

IFRS 9 no longer has an "Available-for-sale" (AFS) classification for financial assets. The new standard has different requirements for debt or equity financial assets.

Debt instruments should be classified and measured either at:

- Amortized cost, where the effective interest rate method will apply;
- Fair value through other comprehensive income, with subsequent recycling to the profit or loss upon disposal of the financial asset (FVTOCI); or
- Fair value through profit or loss (FVTPL)

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Investments in equity instruments, other than those to which consolidation or equity accounting apply, should be classified and measured either at:

- Fair value through other comprehensive income, with no subsequent recycling to the profit or loss upon disposal of the financial asset; or
- Fair value through profit or loss.

Classification Category			Carrying amount		
	Original (IAS 39)	New (IFRS 9)	Original Rs. '000	Original Rs. '000	Difference Rs. '000
Non Current Financial assets					
Deposits	Loans and receivables	Amortised cost	132,477	132,477	-
Current financial assets					
Deposits	Loans and receivables	Amortised cost	32,117	32,117	-
Trade debts	Loans and receivables	Amortised cost	1,785,728	1,785,728	-
Advances	Loans and receivables	Amortised cost	15,895	15,895	-
Other receivables	Loans and receivables	Amortised cost	32,607	32,607	-
Cash and bank balances	Loans and receivables	Amortised cost	290,264	290,264	-
Non Current Financial Liabilities					
Long term financing	Other financial liabilities	Other financial liabilities	3,300,000	3,300,000	-
Long term musharaka	Other financial liabilities	Other financial liabilities	2,200,000	2,200,000	-
Current Financial Liabilities					
Current portion of long term financing	Other financial liabilities	Other financial liabilities	2,779,023	2,779,023	-
Current portion of long term musharaka	Other financial liabilities	Other financial liabilities	1,854,521	1,854,521	-
Trade and other payables	Other financial liabilities	Other financial liabilities	4,796,029	4,796,029	-
Unclaimed dividend	Other financial liabilities	Other financial liabilities	55,963	55,963	-
Short-term borrowings	Other financial liabilities	Other financial liabilities	12,260,179	12,260,179	-

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Impairment of financial assets: IFRS 9 introduces the Expected Credit Loss (ECL) model, which replaces the incurred loss model of IAS 39 whereby an allowance for doubtful debt was required only in circumstances where a loss event has occurred. By contrast, the ECL model requires the Company to recognize an allowance for doubtful debt on all financial assets carried at amortized cost (including, for example, trade debts and other receivables), as well as debt instruments classified as financial assets carried at fair value through other comprehensive income, since initial recognition, irrespective whether a loss event has occurred.

4.1 Business combinations

The Company accounts for business combination using the acquisition method when control is transferred to the Company. The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired. Any goodwill that arises is tested annually for impairment. Any gain on bargain purchase is recognised in profit or loss immediately. Transaction costs are expensed as incurred. The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss. Any contingent gain is measured at fair value at the date of acquisition. If an obligation to pay contingent consideration that meets the definition of a financial instrument is classified as equity, then it is not re-measured and settlement is accounted for within equity. Otherwise, subsequent changes in the fair value of the contingent consideration are recognised in profit or loss.

Subsidiaries: Subsidiaries are entities controlled by the Company. The Company controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

Non-controlling interests (NCI): NCI are measured at their proportionate share of the acquiree's identifiable net assets at the date of acquisition. Changes in the Company's interest in a subsidiary, except those part of the initial acquisition transaction, that do not result in a loss of control are accounted for as equity transactions.

Loss of control: When the Company loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related NCI and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

Interests in equity-accounted investees: The Company's interests in equity-accounted investees comprise of interests in associates. Associates are those entities in which the Company has significant influence, but not control over the financial and operating policies.

Interests in associates are accounted for using the equity method. They are initially recognised at cost, which includes transaction costs. Subsequent to initial recognition, the financial statements include the Company's share of the profit or loss and other comprehensive income of equity-accounted investee, until the date on which significant influence ceases.

Intra-company transactions: Intra-company balances and transactions, and any unrealised income and expenses arising from intra-company transactions, are eliminated. Unrealised gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Company's interest in the investee. Unrealised losses are eliminated in the same way as unrealized gains, but only to the extent that there is no evidence of impairment.

4.2 Employee benefits

Short-term employee benefits: Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Defined contribution plan: The Company operates an approved contributory provident fund for all its employees whose services were transferred to the Company upon amalgamation of the Pakcem Limited (herein after referred as "Pakcem"). Equal monthly contributions are made to the fund by the Company and the employees, at the rate of 10% of the employee's basic salary. The Company's contribution to the provident fund is expensed as the related service is provided. Prepaid contributions are recognised as asset to the extent that a cash refund or a reduction in future payment is available.

Defined benefit plans: The Company operates the following defined benefit plans:

- (a) **Gratuity:** The Company was maintaining an unfunded gratuity scheme for its eligible employees. During the year, a separate Employees' Gratuity Fund was established through a registered trust deed. The employees transferred to the Company on the amalgamation of Pakcem into the Company are not covered under this scheme. The calculation of defined benefit obligations in respect of gratuity is performed annually by a qualified actuary using the Projected Unit Credit (PUC) Actuarial Cost Method. The Company's net obligation in respect of defined benefit plans is calculated by estimating the amount of future benefit that employees have earned in the current and prior

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periods, discounting that amount and deducting the fair value of any plan assets.

Re-measurement of the net defined benefit liability, which comprises actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognised immediately in OCI. The Company determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset), taking into account any changes in the net defined benefit liability (asset) during the period as a result of contributions and benefits payments. Net interest expense and other expenses related to defined benefit plan is recognised in profit or loss.

- (b) **Compensated absences:** The Company recognises provision for compensated absences on an undiscounted basis and are expensed as the related services are provided. A liability is recognised for the amount expected to be paid under compensated absences if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably. The compensated absences are payable to employees at the time of retirement/termination of service. The provision is determined on the basis of last drawn salary and accumulated leaves balance at the reporting date.

4.3 Income tax

Income tax expense comprises current and deferred tax. It is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in OCI.

Current tax: Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantially enacted at the reporting date. Current tax also includes any tax arising from dividends. Current tax assets and liabilities are offset if certain criteria are met.

Deferred tax: Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

- temporary differences on initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Company is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on business plans for the Company and the reversal of temporary differences. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized; such reductions are reversed when the probability of future taxable profits improves. Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantially enacted at the reporting date. The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities. For this purpose, the carrying amount of investment property measured at fair value is presumed to be recovered through sale, and the Company has not rebutted this assumption. Deferred tax assets and liabilities are offset if certain criteria are met.

4.4 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 economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax discount rate that reflects current market assessment of time value of money and risk specific to the liability. The unwinding of discount is recognised as finance cost.

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4.5 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.

4.6 Property, Plant and Equipment

Recognition and measurement: Items of property, plant and equipment are measured at cost, which includes capitalized borrowing costs, less accumulated depreciation and any accumulated impairment losses. Freehold land and capital work in progress are stated at cost less any accumulated impairment losses.

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment. Any gain or loss on disposal of an item of property, plant and equipment is recognised in profit or loss.

Subsequent expenditure: Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Company.

Depreciation: Depreciation is calculated to write off the cost of items of property, plant and equipment less their residual values using the reducing balance method, except leasehold land, buildings and plant and machinery which are depreciated on a straight-line basis. Depreciation is recognised in profit or loss. Leased assets are depreciated over the shorter of the leased term and their useful lives unless it is reasonably certain that the Company will obtain ownership by the end of the lease term. Freehold land is not depreciated. Rates of depreciation/estimated useful lives are mentioned in note 15.1.1. Depreciation is charged on prorata basis from the month in which an asset is acquired or capitalised, while no depreciation is charged for the month in which the asset is disposed off. Days in excess of fifteen days are considered as full month for the purpose of calculation of depreciation. Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

4.7 Intangible assets and goodwill

Recognition and measurement

Goodwill: Goodwill arising on the acquisition of subsidiaries is measured at cost less accumulated impairment losses.

Other intangible assets: Other intangible assets including operational benefits and brands that are acquired by the Company and have finite useful lives are measured at cost less accumulated amortisation and any accumulated impairment losses.

Subsequent expenditure: Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in profit or loss as incurred.

Amortisation: Amortisation is calculated to write off the cost of intangible assets less their estimated residual values using the straight-line method over their estimated useful lives, and is recognised in profit or loss. Goodwill is not amortised. The estimated useful lives of intangible assets are given in note 16.1. Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

4.8 Investment property

Investment property is initially measured at cost and subsequently at fair value with any change therein recognised in profit or loss. Any gain or loss on disposal of investment property (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in profit or loss.

4.9 Foreign currency

Transactions in foreign currency are translated into Pak Rupee at the exchange rates prevailing on the date of transactions. Monetary assets and liabilities denominated in foreign currencies are translated into Pak Rupee at the exchange rate at the reporting date. Non-monetary items that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Foreign currency differences are recognised in profit or loss.

4.10 Stores, spare parts and loose tools

Stores, spare parts and loose tools are valued at lower of weighted average cost and net realizable value. For items which are slow moving and/or identified as surplus to the Company's requirements, adequate provision is made for any excess

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book value over estimated net realizable value. The Company reviews the carrying amount of stores, spare parts and loose tools on a regular basis and provision is made for obsolescence.

Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and estimated costs necessary to make the sale.

4.11 Stock in trade

Stocks of raw materials, work in process and finished goods are valued at the lower of cost and net realizable value. Cost is calculated using the weighted average method and comprises of direct materials, labor and appropriate manufacturing overheads. Net realizable value signifies estimated selling price less estimated cost of completion and estimated cost to sell. The Company reviews the carrying amount of stock in trade on a regular basis and provision is made for obsolescence.

4.12 Revenue

Sale of goods: Revenue is recognised when or as performance obligations are satisfied by transferring control of a promised goods or service to a customer, and control either transfers over time or at a point in time. Revenue is measured at fair value of the consideration received or receivable, excluding discounts, rebates and government levies.

Income on investments: Income on investments at amortised costs and bank deposits is recognized on time proportion basis using the effective yield method.

Investment property rental income: Rental income from investment property is recognised as revenue on a straight-line basis over the term of the lease. Lease incentives granted are recognised as integral part of the total rental income, over the term of the lease.

4.13 Finance income and finance costs

The Company's finance income and finance costs include interest income, interest expense, foreign currency gain or loss on financial assets and financial liabilities. Interest income or expense is recognised using the effective interest method. Mark-up, interest and other charges on borrowings used for the acquisition and construction of qualifying assets are capitalised up to the date when the qualifying assets are substantially ready for their intended use. Borrowing cost is included in the related property, plant and equipment acquired/constructed out of the proceeds of such borrowings.

4.14 Financial instruments

Financial assets

Classification: Effective 1 July 2018, the Company classifies its financial assets in the following measurement categories:

- Amortised cost where the effective interest rate method will apply;
- Fair value through profit or loss (FVTPL); and
- Fair value through other comprehensive income (FVTOCI)

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income (OCI). For investments in equity instruments that are not held for trading, this will depend on whether the Company has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVTOCI).

The Company reclassifies debt investments when and only when its business model for managing those assets changes.

Recognition and derecognition: Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Company commits to purchase or sell the asset. Further, financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership.

Measurement: At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at FVTPL, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVTPL are expensed in statement of profit or loss.

Debt instruments: Subsequent measurement of debt instruments depends on the Company's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Company can classify its debt instruments:

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- **Amortised cost:** Financial assets that are held for collection of contractual cash flows where the contractual terms of the financial assets give rise on specified dates to cash flows that represent solely payments of principal and interest, are measured at amortised cost. Interest income from these financial assets is included in other income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other income together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the profit or loss.
- **Fair value through other comprehensive income (FVTOCI):** Assets that are held for collection of contractual cash flows and for selling the financial assets, where the contractual terms of the financial asset give rise on specified dates to cash flows that represent solely payments of principal and interest, are measured at FVTOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses and interest revenue, and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to statement of profit or loss and recognised in other income. Interest income from these financial assets is included in other income using the effective interest rate method. Foreign exchange gains and losses are presented in other income and impairment expenses are presented as separate line item in the statement of profit or loss.
- **Fair value through profit or loss (FVTPL):** Assets that do not meet the criteria for amortised cost or FVTOCI are measured at FVTPL. A gain or loss on a debt investment that is subsequently measured at FVTPL is recognised in profit or loss and presented net within other income in the period in which it arises.

Equity instruments: The Company subsequently measures all equity investments at fair value. Where the Company's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other income when the Company's right to receive payments is established.

Financial liabilities

Financial liabilities are classified in the following categories:

- fair value through profit or loss; and
- other financial liabilities.

The Company determines the classification of its financial liabilities at initial recognition. All financial liabilities are recognized initially at fair value and, in case of other financial liabilities also include directly attributable transaction costs. The subsequent measurement of financial liabilities depends on their classification, as follows:

Fair value through profit or loss: Financial liabilities at fair value through profit or loss include financial liabilities held-for-trading and financial liabilities designated upon initial recognition as being at fair value through profit or loss. The Company has not designated any financial liability upon recognition as being at fair value through profit or loss.

Other financial liabilities: After initial recognition, other financial liabilities which are interest bearing subsequently measured at amortized cost, using the effective interest rate method. Gain and losses are recognized in profit or loss for the year, when the liabilities are derecognized as well as through effective interest rate amortisation process.

The Company derecognises financial liabilities when and only when the Company's obligations are discharged, cancelled or they expire.

Financial assets and liabilities are offset and the net amount is reported in the statement of financial position if the Company has a legally enforceable right to set off the recognized amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously.

Previously, the Company classified its financial assets as per IAS 39 in the following categories:

- financial assets at fair value through profit or loss,
- loans and receivables,
- held-to-maturity investments, and
- available-for-sale investment

4.15 Impairment

Financial assets: Effective from 1 July 2018, the Company assesses on a historical as well as on a forward looking basis the expected credit losses (ECL) as associated with its trade debts, deposits, other receivables and cash and bank balances carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. For trade debts, the Company applies IFRS 9 simplified approach to measure the expected credit

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losses (loss allowance) which uses a life time expected loss allowance to be recognised from initial recognition of the receivables while general 3-stage approach for deposits and other receivables and cash and bank balances i.e to measure ECL through loss allowance at an amount equal to 12-month ECL if credit risk on a financial instrument or a group of financial instruments has not increased significantly since initial recognition.

Following are financial instruments that are subject to the ECL model:

- Trade debts
- Deposits and other receivables
- Cash and bank balances

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information (adjusted for factors that are specific to the counterparty, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate). As for the exposure at default for financial assets, this is represented by the assets' gross carrying amount at the reporting date. Loss allowances are forward looking, based on 12 month expected credit losses where there has not been a significant increase in credit risk rating, otherwise allowances are based on lifetime expected losses.

Expected credit losses are a probability weighted estimate of credit losses. The probability is determined by the risk of default which is applied to the cash flow estimates. In the absence of a change in credit rating, allowances are recognised when there is reduction in the net present value of expected cash flows. On a significant increase in credit risk, allowances are recognised without a change in the expected cash flows, although typically expected cash flows do also change; and expected credit losses are rebased from 12 month to lifetime expectations.

The Company considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk, the Company compares the risk of a default occurring on the instrument as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportable forward-looking information.

The following indicators are considered while assessing credit risk:

- actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the debtor's ability to meet its obligations;
- actual or expected significant changes in the operating results of the debtor;
- significant increase in credit risk on other financial instruments of the same debtor; and
- significant changes in the value of the collateral supporting the obligation or in the quality of third-party guarantees, if applicable.

The Company considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that receivables that meet either of the following criteria are generally not recoverable.

- when there is a breach of financial covenants by the counterparty; or
- information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Company, in full (without taking into account any collaterals held by the Company).

Irrespective of the above analysis, in case of trade debts, the Company considers that default has occurred when a debt is more than 365 days past due, unless the Company has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- significant financial difficulty of the issuer or the borrower;
- a breach of contract, such as a default or past due event;
- the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganization; or
- the disappearance of an active market for that financial asset because of financial difficulties.

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The Company recognises life time ECL on trade debts, using the simplified approach. The measurement of ECL reflects:

- an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

Trade debts with individually significant balance are separately assessed for ECL measurement. All other receivables are grouped and assessed collectively based on shared credit risk characteristics and the days past due. The expected credit losses on these financial assets are estimated using a provision matrix approach based on the Company's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

Where lifetime ECL is measured on a collective basis to cater for cases where evidence of significant increases in credit risk at the individual instrument level may not yet be available, the financial instruments are grouped on the following basis:

- Nature of financial instruments;
- Past-due status;
- Nature, size and industry of debtors; and
- external credit ratings where available.

The grouping is regularly reviewed by management to ensure the constituents of each group continue to share similar credit risk characteristics.

The Company recognizes an impairment gain or loss in the statement of profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt instruments that are measured at FVTOCI, for which the loss allowance is recognised in other comprehensive income and accumulated in the investment revaluation reserve, and does not reduce the carrying amount of the financial asset in the statement of financial position.

Regardless of the analysis above, a significant increase in credit risk is presumed if a debtor is more than 60 days past due in making a contractual payment.

The Company writes off financial assets, in whole or in part, when it has exhausted all practical recovery efforts and has concluded there is no reasonable expectation of recovery. The assessment of no reasonable expectation of recovery is based on unavailability of debtor's sources of income or assets to generate sufficient future cash flows to repay the amount.

The Company may write-off financial assets that are still subject to enforcement activity. Subsequent recoveries of amounts previously written off will result in impairment gains.

Non-financial asset: Assets that have an indefinite useful life, for example land, are not subject to depreciation and are tested annually for impairment. Assets that are subject to depreciation are reviewed for impairment at each statement of financial position date, or wherever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount for which the asset's carrying amount exceeds its recoverable amount. An asset's recoverable amount is the higher of its fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows. Non-financial assets that suffered impairment are reviewed for possible reversal of the impairment at each statement of financial position date. Reversals of the impairment loss are restricted to the extent that asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no new impairment loss had been recognized. An impairment loss or reversal of impairment loss is recognized in income for the year.

4.16 Leases

Determining whether an arrangement contains a lease: At inception of an arrangement, the Company determines whether the arrangement is or contains a lease. At inception or on reassessment of an arrangement that contains a lease, the Company separates payments and other consideration required by the arrangement into those for the lease and those for other elements on the basis of their relative fair values. If the Company concludes for a finance lease that it is impracticable to separate the payments reliably, then an asset and a liability are recognised at an amount equal to the fair value of the underlying asset; subsequently, the liability is reduced as payments are made and an imputed finance cost on the liability is recognised using the Company's incremental borrowing rate.

Lease assets: Leases of property, plant and equipment that transfer to the Company substantially all of the risks and rewards of ownership are classified as finance leases. The leased assets are measured initially at an amount equal to the

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lower of their fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the assets are accounted for in accordance with the accounting policy applicable to that asset.

Assets held under other leases are classified as operating leases and are not recognised in the Company's statement of financial position.

Lease payments: Payments made over operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

4.17 Share capital and dividend

Ordinary shares are classified as equity and recognised at their face value. Dividend distribution to the shareholders is recognised as liability in the period in which it is declared.

4.18 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, and other short-term highly liquid investments with original maturities of three months or less. Short term finance facilities availed by the Company, which are payable on demand and form an integral part of the Company's cash management are included as part of cash and cash equivalents for the purpose of statement of cash flows.

4.19 Operating profit

Operating profit is the result generated from continuing principal revenue producing activities of the Company as well as other income and expenses related to operating activities. Operating profit excludes net finance costs, share of profit of equity accounted investees and income taxes.

4.20 Earnings per share

The Company presents basic and diluted earnings per share (EPS). Basic EPS is calculated by dividing the profit and loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit and loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for the effects of all dilutive potential ordinary shares.

4.21 Fair value measurement

'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 in the principal or, in its absence, the most advantageous market to which the Company has access at that date. The fair value of a liability reflects its non-performance risk.

A number of the Company's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities. When one is available, the Company measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as active if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

If there is no quoted price in an active market, then the Company uses valuation techniques that maximize the use of relevant observable inputs and minimize the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

If an asset or a liability measured at fair value has a bid price and an ask price, then the Company measures assets and long positions at a bid price and liabilities and short positions at an ask price.

The best evidence of the fair value of a financial instrument on initial recognition is normally the transaction price – i.e. the fair value of the consideration given or received. If the Company determines that the fair value on initial recognition differs from the transaction price and the fair value is evidenced neither by a quoted price in an active market for an identical asset or liability nor based on a valuation technique for which any unobservable inputs are judged to be insignificant in relation to the measurement, then the financial instrument is initially measured at fair value, adjusted to defer the difference between the fair value on initial recognition and the transaction price. Subsequently, that difference is recognised in profit or loss on an appropriate basis over the life of the instrument but no later than when the valuation is wholly supported by observable market data or the transaction is closed out.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019

5. SHARE CAPITAL

Authorised share capital

700,000,000 (2018: 700,000,000) ordinary shares of Rs. 10 each

2019
(Rupees '000)

2018
(Rupees '000)

7,000,000

7,000,000

Issued, subscribed and paid up share capital

2019	2018			
Number of shares				
514,163,552	514,163,552	Ordinary shares of Rs. 10 each issued for cash	5,141,636	5,141,636
64,038,422	64,038,422	Ordinary shares of Rs. 10 each issued as fully paid bonus shares	640,384	640,384
1,182,944	1,182,944	Ordinary shares of Rs. 10 each issued pursuant to amalgamation of Mustehkam Cement Ltd.	11,829	11,829
16,867,865	16,867,865	Ordinary shares of Rs. 10 each issued pursuant to amalgamation of Pakcem Limited	168,679	168,679
596,252,783	596,252,783		5,962,528	5,962,528

5.1 All ordinary shares rank equally with regard to the Company's residual assets. Holders of these shares are entitled to dividends as declared from time to time and are entitled to one vote per share at general meetings of the Company.

5.2 Bestway (Holdings) Limited, U.K. is the holding company controlling 336,445,868 i.e. 56.43% shares in the Company as at 30 June 2019 (2018: 336,362,368 i.e. 56.41%). Bestway (Holdings) Limited is a wholly owned subsidiary of Bestway Group Limited. Directors and associated companies hold 102,104,098 (2018: 102,104,098) and 23,324,913 (2018: 23,324,913) ordinary shares respectively at year end.

5.3 Capital management

The Company's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and sustain future development of the business. The Board of Directors of the Company monitor the return on capital, which the Company defines as net profit after taxation divided by total shareholders' equity. The Board of Directors also determine the level of dividend to ordinary shareholders. There were no changes to the Company's approach to capital management during the year.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019

	Note	2019 (Rupees '000)	2018 (Rupees '000)
6. CAPITAL RESERVES			
Share premium on ordinary shares		5,381,821	5,381,821
OCI accumulated in reserves:			
- Exchange translation reserve		2,671,273	1,551,651
- Revaluation reserves		(548,473)	(148,527)
	6.1	2,122,800	1,403,124
		7,504,621	6,784,945
6.1	These represent the Company's shares in reserves of equity-accounted investees. These are not available for distribution.		
	Note	2019 (Rupees '000)	2018 (Rupees '000)
7. REVENUE RESERVE			
Statutory reserve	7.1	2,273,286	2,133,356
Unappropriated profit	7.2	41,865,483	38,429,043
		44,138,769	40,562,399
7.1	This represents statutory reserves carried by United Bank Limited ("UBL"), an equity-accounted investee, under section 21 of the Banking Companies Ordinance, 1962. Statutory reserve has been presented separately in statement of changes in equity to conform to current year presentation.		
7.2	This represents unappropriated profit and is available for distribution.		
	Note	2019 (Rupees '000)	2018 (Rupees '000)
8. LONG TERM FINANCING			
Syndicate term finance facility - secured	8.1	3,375,360	6,079,023
Less: Current portion shown under current liabilities		(3,375,360)	(2,779,023)
		-	3,300,000
8.1	This includes an amount of Rs. 75.36 million (2018: Rs. 79.02 million) of markup accrued and represents the outstanding balance of term finance facility of Rs. 15 billion (2018: Rs. 15 billion) from a syndicate of banks with Allied Bank Limited as the lead bank. This facility is repayable in 10 stepped up semi-annual instalments which started from October 2015. Mark-up is payable on semi annual basis at the rate of 6-month KIBOR plus 0.20% (2018: 6-month KIBOR plus 0.20%) per annum. The facility is secured against all present and future assets excluding land and buildings of the Company for an amount of Rs. 13.33 billion and a mortgage charge created by way of deposit of title deeds.		
	Note	2019 (Rupees '000)	2018 (Rupees '000)
9. LONG TERM MUSHARAKA			
Syndicate musharaka facility - secured	9.1	2,249,733	4,054,521
Less: Current portion shown under current liabilities		(2,249,733)	(1,854,521)
		-	2,200,000

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019

- 9.1** This includes an amount of Rs. 49.73 million (2018: Rs. 54.52 million) of markup accrued and represents the outstanding balance of musharaka facility of Rs. 10 billion (2018: Rs. 10 billion) from a syndicate of banks. This facility is repayable in 10 stepped up semi-annual installments which started from October 2015. Mark-up is payable on semi annual basis at the rate of 6-month KIBOR plus 0.20% (2018: 6-month KIBOR plus 0.20%) per annum. The facility is secured as explained in note 8.1.

	Note	2019 (Rupees '000)	2018 (Rupees '000)
10. DEFERRED TAX LIABILITY - NET			
Deferred taxation	10.1	10,617,491	9,111,362

- 10.1** Breakup and movement of deferred tax balances is as follows:

	Net balance at 01 July 2018	Recognised in profit or loss	Recognised in OCI	Balance at 30 June 2019		
				Net	Deferred tax assets	Deferred tax liabilities
2019						
				(Rupees '000)		
Property, plant and equipment	7,788,745	1,475,890	-	9,264,635	-	9,264,635
Intangible assets	172,160	(168,934)	-	3,226	-	3,226
Goodwill	-	188,417	-	188,417	-	188,417
Available for sale investments	(26,211)	-	(70,579)	(96,790)	(96,790)	-
Share of profit of associate	1,196,145	69,665	-	1,265,810	-	1,265,810
Other differences related to associates OCI	8,235	-	3,499	11,734	-	11,734
Other temporary differences	(27,712)	1,607	6,564	(19,541)	(19,541)	-
Deferred tax (assets) / liabilities	9,111,362	1,566,645	(60,516)	10,617,491	(116,331)	10,733,822
Set-off of tax				-	116,331	(116,331)
Net tax (assets) / liabilities				10,617,491	-	10,617,491
	Net balance at 01 July 2017	Recognised in profit or loss	Recognised in OCI	Balance at 30 June 2018		
				Net	Deferred tax assets	Deferred tax liabilities
2018						
				(Rupees '000)		
Property, plant and equipment	8,199,538	(410,793)	-	7,788,745	-	7,788,745
Intangible assets	591,304	(419,144)	-	172,160	-	172,160
Available for sale investments	136,847	-	(163,058)	(26,211)	(26,211)	-
Share of profit of associate	1,176,631	19,514	-	1,196,145	-	1,196,145
Other differences related to associates OCI	8,277	-	(42)	8,235	-	8,235
Other temporary differences	(23,331)	2,349	(6,730)	(27,712)	(27,712)	-
Deferred tax (assets) / liabilities	10,089,266	(808,074)	(169,830)	9,111,362	(53,923)	9,165,285
Set-off of tax				-	53,923	(53,923)
Net tax (assets) / liabilities				9,111,362	-	9,111,362

- 10.1.1** Based on the Company's estimate of future export sales, adjustment of Rs. 820 million (2018: Rs. 690 million) has been made in the taxable temporary differences at the year end.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019

	Note	2019 (Rupees '000)	2018 (Rupees '000)
11. EMPLOYEE BENEFIT OBLIGATIONS			
Provision for gratuity	11.1	-	468,333
Provision for compensated absences	11.2	24,890	29,004
		24,890	497,337

11.1 During the year, the Company has established a separate Employees' Gratuity Fund ("the Fund"). Accordingly, receivable from the gratuity fund amounting to Rs. 12.74 million has been classified as a current asset in other receivables as at 30 June 2019 (refer note 24.2).

11.2 Actuarial valuation of compensated absences has not been carried out since management believes that the effect of actuarial valuation would not be material.

	Note	2019 (Rupees '000)	2018 (Rupees '000)
12. TRADE AND OTHER PAYABLES			
Payable to contractors and suppliers		2,513,565	3,825,506
Accrued liabilities		1,625,192	2,474,367
Advances from customers		267,482	213,148
Security deposits	12.1	94,205	100,647
Retention money		101,705	121,952
Workers' Profit Participation Fund payable	12.2	639,689	752,931
Workers' Welfare Fund payable	12.3	337,224	325,587
Sales tax payable		136,147	-
Excise duty payable		869,083	273,910
Advance rent of investment property		6,394	5,813
Donations payable to Bestway Foundation	30.2	530,514	508,923
Payable to employees' provident fund		1,881	1,605
Withholding taxes payable		168,197	251,675
Other payables	12.4	768,476	746,319
		8,059,754	9,602,383

12.1 These represent amounts received as security deposits from dealers and suppliers of the Company, which are utilisable for the purpose of the business in accordance with their agreements.

	2019 (Rupees '000)	2018 (Rupees '000)
12.2 Workers' Profit Participation Fund payable		
Balance at the beginning of the year	752,931	1,065,987
Allocation for the year	623,964	713,573
Payments to the Fund during the year	(737,206)	(1,026,629)
Balance at the end of the year	639,689	752,931
12.3 Workers' Welfare Fund payable		
Balance at the beginning of the year	325,587	627,970
Allocation for the year	186,091	110,949
Adjustments claimed against income tax	(174,454)	(413,332)
Balance at the end of the year	337,224	325,587

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019

- 12.4** These include an amount of Rs. 699.31 million (2018: Rs. 725.09 million), on account of estimated provision recorded up to 30 June 2019, pursuant to the decision of the Honourable Supreme Court of Pakistan against compensation to the land owners for land acquired at Hattar plant.

	2019 (Rupees '000)	2018 (Rupees '000)
13. SHORT-TERM BORROWINGS		
Running finance facilities from banking companies - secured	10,835,368	12,260,179

- 13.1** This includes an amount of Rs. 223.69 million (2018: Rs. 108.6 million) of markup accrued and represents facilities obtained from various commercial banks with an aggregate limit of Rs. 19.54 billion (2018: Rs. 14.63 billion) which includes export refinance facilities with an aggregate amount of Rs. 2.18 billion (2018: Rs. 2.04 billion). The facilities carry mark-up at 3-month KIBOR plus 0.05% to 1% and vary bank to bank and export refinance facility at 2.05% to 2.5% per annum (2018: 3-month KIBOR plus 0.05% and export refinance facility at 2.05% to 2.5% per annum). These facilities are secured by first pari passu hypothecation charge on all present and future movable assets, current assets and fixed assets excluding land and building for an amount of Rs. 24 billion (2018: Rs. 12.92 billion) and ranking hypothecation charge on all present and future movable assets, current assets and fixed assets excluding land and building for an amount of Rs. 6.86 billion (2018: Rs. 9.75 billion).

- 13.2** The Company has running finance and other short term borrowing facilities aggregating to Rs. 8.7 billion (2018: Rs. 2.48 billion) which remained un-availed at the year end.

	Note	2019 (Rupees '000)	2018 (Rupees '000)
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14. CONTINGENCIES AND COMMITMENTS

14.1 Contingencies

14.1.1 Guarantees and claims

Letters of guarantee issued by banks on behalf of the Company	14.1.1.1	2,148,248	3,140,283
Company's share of guarantees and claims of equity-accounted investees:			
- Guarantees		14,183,753	14,497,991
- Claims not acknowledged as debt		880,667	931,846

- 14.1.1.1** In the prior year, letters of guarantee issued included an amount of Rs. 1 billion issued to the Honourable Supreme Court of Pakistan as directed under the Human Rights Case No. 25598-G of 2017 (in the matter of drying out of the Shri Katas Raj Temple Pond). During the year, enhancement of Rs. 0.4 billion was made in this guarantee amount. This guarantee was returned by the bank upon successful conclusion of the case during the year.

These also include bank guarantees issued in the normal course of business to Sui Northern Gas Pipeline Limited for commercial and industrial use of gas for an amount of Rs. 1.73 billion (2018: Rs. 1.73 billion).

- 14.1.1.2** As at 30 June 2019, facilities of letters of guarantee amounting to Rs. 2.66 billion (2018: Rs. 3.76 billion) were available to the Company out of which Rs. 0.51 billion (2018: Rs. 0.62 billion) remained unavailed as at year end. Facilities of letters of guarantee are secured by first pari passu charge on present and future assets of the Company.

14.1.2 Litigations

- 14.1.2.1** Writ Petition No.1540/1999 was filed by the Company (along with several other cement companies) in the Peshawar High Court, for declaration that Pakistan Standards and Quality Control Act, 1996 and the Pakistan Standards Institution (Certification Mark) Ordinance, 1961 are ultra vires of the Constitution of Islamic Republic of Pakistan and that the demand for the payment of marking fee at the rate of 0.15% is without lawful authority and of no legal effect and that Pakistan Standards & Quality Control Authority / Pakistan Standards Institution cannot use coercive measures to recover this fee. Furthermore, it was submitted that both Acts provide for levying of 'fee' and not a tax. Fee cannot be exorbitant and the rate of 0.15% is unfair, exceeds the value of the service and has no nexus to the service provided by the respondents. This Writ Petition was dismissed by the Peshawar High Court vide judgment dated 24 December 2009. The appeal has now recently been taken up in The Honourable Supreme Court of Pakistan. No arguments have been presented as yet, however the Company will be vigorously contesting the case.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019

14.1.2.2 The Competition Commission of Pakistan (CCP) issued a show cause notice dated 28 October 2008 to 21 cement companies (including the Company) under section 30 of the Competition Ordinance, 2007. On 27 August 2009, the CCP imposed a penalty aggregating Rs. 1.12 billion on the Company. The cement manufacturers (including the Company) have challenged the CCP order in the Honourable High Court and the Honourable High Court has passed an interim order restraining the CCP from taking any adverse action against those 21 cement companies.

Appeals against the CCP's orders were also filed as an abundant precaution in the Honourable Supreme Court of Pakistan under Section 42 of the Competition Ordinance, 2007.

However, after the enactment of the Competition Act, 2010 in which the Competition Appellate Tribunal ("CAT") had been constituted, the Honourable Supreme Court of Pakistan vide its Order dated 1 June 2017 sent the above appeals to CAT to decide the same in accordance with law. Accordingly, the appeal is pending before CAT in which a next date of hearing has not been fixed as yet. The Company and its legal advisor are confident of a favourable outcome of the matter, accordingly no provision has been made in respect of same in the financial statements.

14.1.2.3 In 2002, State Life Insurance Corporation of Pakistan (an initial shareholder of Pakcem) filed two suits before the Honourable Sindh High Court against Mr. Khawaja Mohammad Jawed (the then Chairman of the Chakwal Group, the previous parent of Pakcem) for recovery of an aggregate amount of Rs. 461 million plus markup (at rates ranging from 16% to 20%) on account of agreements of sale and repurchase of shares, executed at various times in August 1995, between State Life Insurance Corporation of Pakistan and the then Chairman of the Chakwal Group. During the year 2014, Pakcem received a letter from Chakwal Group stating that Pakcem is also a party to the case and can be held liable to pay the damages by the Honourable Sindh High Court. The legal advisor of the Company is of the opinion that the Company can be extricated from the case, provided that it can be shown to the Court that the then Chairman of the Chakwal Group was not authorised to act in this regard on behalf of Pakcem. No provision has been made against the aforementioned case in these financial statements, as the management and its legal counsel are confident that the matter will ultimately be decided in favour of the Company.

14.1.2.4 Contingencies relating to sales tax and federal excise duty of the Company are as follows. Sales tax and excise duty contingencies of Pakcem, acquired by the Company, are disclosed in note 14.1.2.5.

- i) The Commissioner Inland Revenue (Appeals-I) [CIR (A)] while deciding the appeal filed against the Order-in-Original No. 20 of 2013 dated 07 May 2013 [the OIO] for the years 2010, 2011 and 2012 passed by the tax authority raising alleged aggregate demand of Rs.19.09 billion (including Rs. 3.33 billion related to Mustehkam Cement Limited [MCL], which was amalgamated into the Company in 2013), remanded the case back to the tax authority by observing that the OIO is completely silent about the earlier judgment passed by the Customs, Excise and Sales Tax Appellate Tribunal dated 30 April 2003 on the similar issue that the cement produced/sold by the Company was less than the quantity of cement worked out in standard mix of 95:5 (5 being gypsum). The Company is in appeal against the order of the CIR(A) which is pending disposal to date. On similar issue in a parallel case, the Appellate Tribunal Inland Revenue [the ATIR] has set aside the demand raised by the tax authority by observing that working out production on the basis of working back gypsum percentage should not be followed as there are many other ingredients required to manufacture cement.

Further, taking up the reassessment proceedings, the tax authority passed the Order-in-Original No. 09/065 of 2014 dated 18 March 2013 [the Order] by following a completely different view that the production of cement should be worked out at the rate of 98% of installed capacity for all years under review. Resultantly, an aggregate demand of Rs. 8.54 billion (including Rs. 1.56 billion related to MCL) against the Company was raised. Being aggrieved with this decision, the Company led an appeal before the CIR(A) who upheld the treatment followed by the tax authority with modification that instead of 98%, the capacity should be worked out on average production in parallel cases for the years. However, the tax authority has worked out production by applying a rate of 86.66% instead of 98%. As a result demand of Rs. 5.28 billion (including Rs. 0.92 billion related to MCL) along with default surcharge and penalty was raised. On appeal led by the Company the ATIR has annulled the orders of tax authority. The tax authority has led reference before the Honourable Islamabad High Court against the appellate orders of the ATIR which is currently pending adjudication.

- ii) The tax authority conducted audit of sales tax affairs of the Company for the year 2013 and consequent to audit proceedings, the tax authority framed order-in-original No. 01 of 2015 dated 31 August 2015 through which the tax demand of Rs. 230.91 million was raised. Against the said order, the Company filed an appeal before the CIR(A), who upheld the impugned order. Being dissatisfied with the order of the CIR(A), the Company has filed an appeal before the ATIR who vacated the decision of CIR(A) and stated that the Company may prefer another appeal before the CIR(A) for

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019

the redressal of grievances against the assessment order, if any. Pursuant to the order of the ATIR, the Company has filed afresh appeal before the CIR(A) and the Company has also filed a reference before the Honourable IHC. After initial hearing, the IHC has admitted the reference and has directed that 'status quo' to be maintained till the next date of hearing.

- iii) Based on an audit for the period from July 2009 to June 2010, the tax authority vide Order-in-Original No. 23 of 2013 dated 30 April 2013 [the Order] raised aggregate sales tax demand of Rs. 639.17 million against the Company mainly alleging suppression of production. On appeal by the Company, the CIR(A) vide order dated 25 July 2013, set aside the order in original and directed the tax authority for denovo consideration. The Company has led an appeal before the ATIR against the order of the CIR(A), which is pending adjudication.

14.1.2.5 Contingencies relating to sales tax and federal excise duty of Pakcem (acquired by the Company) are as follows:

- i) For the tax period January 2007 to December 2007, the tax authority raised sales tax/federal excise duty demand of Rs. 690 million, vide Order-in-Original No.19 of 2011 dated 25 October 2011 [the Order]. Pakcem led an appeal against the said order before the CIR(A). The CIR(A) endorsed the view of the tax authority, but reduced the demand to Rs. 489 million. Pakcem led an appeal before the Appellate Tribunal Inland Revenue [the ATIR] against the order of the CIR(A) and ATIR, vide its order dated 30 March 2012, set aside the orders of the CIR(A) and directed the tax authority for denovo consideration. Pakcem then led an appeal before the Honourable Islamabad High Court against the order of the ATIR. In the meanwhile as directed by the ATIR, the tax authority vide its re-assessment order dated 31 October 2012 again raised a demand of Rs. 489 million. Pakcem led an appeal before the CIR(A) against the aforementioned order of the tax authority. The CIR(A) vide its order dated 20 December 2012 remanded back the order of the tax authority for re-assessment. Pakcem has also led an appeal before the ATIR, against the order of the CIR (A), which is pending adjudication. Further, as directed by the CIR(A), the matter is also pending for adjudication with the tax authority. To date no order has been passed.

14.1.2.6 Certain contingencies other than those disclosed in these financial statements, are pending in different Courts of law. The management is of the view that the outcome of those is expected to be favourable and a liability, if any, arising at the conclusion of those cases is not likely to be material. Accordingly, no provision has been made in these financial statements.

Pending the outcome of the matters as discussed in notes from 14.1.2.4 to 14.1.2.6, no provision has been made in these financial statements as management is confident that the matters will ultimately be decided in the favour of the Company.

14.2 Commitments

Outstanding letters of credit including capital expenditure
Capital expenditure
Implementation of ERP
Rentals for use of land

Company's share of commitments of equity-accounted investees:

- Letters of credit
- Forward foreign exchange contracts
- Forward government securities transactions
- Derivatives
- Forward lending
- Capital expenditure

2019
(Rupees '000)

2018
(Rupees '000)

2,298,855	1,471,310
121,697	294,596
30,240	-
124,792	126,887
15,233,261	17,349,159
59,157,308	40,555,741
6,073,361	80,576
152,520	240,765
11,415,461	-
73,810	151,300

14.2.1 As at 30 June 2019, facilities of letters of credit amounting to Rs. 8.31 billion (2018: Rs. 9.92 billion) are available to the Company, out of which Rs. 6.01 billion (2018: Rs. 8.45 billion) remained unavailed as at year end.

15. PROPERTY, PLANT AND EQUIPMENT

Operating fixed assets
Capital work in progress (CWIP)

Note

2019
(Rupees '000)

2018
(Rupees '000)

56,886,395	54,631,262
355,691	1,454,471
57,242,086	56,085,733

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019

15.1 Operating fixed assets

15.1.1 Reconciliation of carrying amounts

	Freehold land	Leasehold land	Buildings on freehold land	Plant and machinery	Quarry equipment	Laboratory and other equipment	Furniture and fixture	Vehicles	Office equipment	Total
Cost										
Balance at 1 July 2017	1,620,525	39,517	10,363,022	38,641,885	2,016,704	933,039	140,431	540,983	175,063	54,471,169
Additions	479,210	386	22,350	702,185	1,784,822	86,999	25,077	129,396	46,039	3,276,464
Transfers from CWIP	-	-	4,165,688	7,410,791	-	888	2,952	-	246	11,580,565
Adjustments	-	-	-	-	(27,258)	-	-	27,258	-	-
Disposals	(542)	-	-	-	(7,866)	-	-	(31,909)	-	(40,317)
Transfers / Write offs	-	-	-	(556,379)	-	(2,890)	-	-	-	(559,269)
Balance at 30 June 2018	2,099,193	39,903	14,551,060	46,198,482	3,766,402	1,018,036	168,460	665,728	221,348	68,728,612
Balance at 1 July 2018	2,099,193	39,903	14,551,060	46,198,482	3,766,402	1,018,036	168,460	665,728	221,348	68,728,612
Additions	169,724	-	11,551	536,194	266,267	114,991	27,537	82,811	29,932	1,239,007
Transfers from CWIP	-	-	1,270,309	2,783,280	-	69,411	2,295	-	17,281	4,142,576
Adjustments	(42,481)	-	35,031	(145,786)	77,494	12,473	-	-	20,788	(42,481)
Disposals	(650)	-	-	-	(27,618)	-	-	(56,085)	(37)	(84,390)
Transfers / Write offs	-	-	-	(206,539)	-	-	-	-	-	(206,539)
Balance at 30 June 2019	2,225,786	39,903	15,867,951	49,165,631	4,082,545	1,214,911	198,292	692,454	289,312	73,776,785

Accumulated depreciation

Balance at 1 July 2017	-	24,601	2,493,714	8,012,832	968,707	247,748	68,010	169,462	94,531	12,079,605
Depreciation	-	1,079	361,924	1,458,954	217,020	77,065	8,944	89,786	15,045	2,229,817
Adjustments	-	-	-	-	(25,252)	-	-	25,252	-	-
Disposals	-	-	-	-	(6,698)	-	-	(21,292)	-	(27,990)
Transfers / Write offs	-	-	-	(192,453)	-	(1,196)	-	9,567	-	(184,082)
Balance at 30 June 2018	-	25,680	2,855,638	9,279,333	1,153,777	323,617	76,954	272,775	109,576	14,097,350
Balance at 1 July 2018	-	25,680	2,855,638	9,279,333	1,153,777	323,617	76,954	272,775	109,576	14,097,350
Depreciation	-	1,230	520,159	1,785,986	425,163	88,473	11,332	83,226	23,113	2,938,682
Adjustments	-	-	-	(19,264)	17,152	-	-	-	7,263	5,151
Disposals	-	-	-	-	(26,640)	-	-	(33,583)	(21)	(60,244)
Transfers / Write offs	-	-	-	(90,549)	-	-	-	-	-	(90,549)
Balance at 30 June 2019	-	26,910	3,375,797	10,955,506	1,569,452	412,090	88,286	322,418	139,931	16,890,390
Carrying amounts										
At 30 June 2018	2,099,193	14,223	11,695,422	36,919,149	2,612,625	694,419	91,506	392,953	111,772	54,631,262
At 30 June 2019	2,225,786	12,993	12,492,154	38,210,125	2,513,093	802,821	110,006	370,036	149,381	56,886,395

Useful life (years)/rates of depreciation per annum

2019	30 years / 3%	30 years / 3%	30 years / 3%	30 years / 10%	15%	10-15%	10%	20%	15%
2018	30 years / 3%	30 years / 3%	30 years / 3%	30 years / 10%	15%	10-15%	10%	20%	15%

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019

15.1.2 The details of fixed assets sold during the year, having net book value in excess of Rs. 500,000 each are as follows:

Description	Cost	Carrying amount	Sale proceeds	Gain/(loss)	Mode of disposal	Purchaser
----- (Rupees '000) -----						
Vehicle (ALA-131)	1,922	1,794	2,113	319	Negotiation	MAP Rice Mills (Pvt) Limited - Associated company
Vehicle (AJZ-170)	1,862	1,643	1,950	307	Negotiation	Augmentech Business Solutions
Vehicle (AGC-571)	1,727	1,478	1,478	-	Negotiation	Zaka Ullah Baloch - Employee
Vehicle (AGK-613)	1,557	1,185	1,750	565	Negotiation	Car First
Vehicle (AS-708)	3,786	1,119	2,750	1,631	Negotiation	Babar Hussain
Vehicle (AFU-392)	1,272	1,049	1,200	151	Negotiation	Nadeem Bangash - Employee
Vehicle (CG-496)	1,646	987	1,607	620	Negotiation	Sajid Hussain Gondal
Excavator	27,618	978	3,400	2,422	Negotiation	Sheikh Muhammad Mudasir Siddique
Vehicle (ABB-357)	1,708	948	1,650	702	Negotiation	Augmentech Business Solution
Vehicle (CG-498)	1,646	932	1,687	755	Negotiation	Ali Muhammad Nayyar
Vehicle (BD 543)	1,410	830	1,694	864	Negotiation	Khizer Hayat
Vehicle (DV-867)	2,013	816	1,950	1,134	Negotiation	Augmentech Business Solution
Vehicle (BD-542)	1,412	801	801	-	Negotiation	Muhammad Ali - Employee
Vehicle (BD-548)	1,410	783	1,810	1,027	Negotiation	Augmentech Business Solution
Vehicle (AB-165)	2,400	781	1,053	272	Negotiation	Ghulam Sarwar Malik
Vehicle (CA-162)	2,090	728	1,300	572	Negotiation	Kaleem Ashraf
Vehicle (ZF-138)	2,459	700	1,242	542	Negotiation	Irfan A. Sheikh - Employee
Land	650	650	930	280	Negotiation	Ehsan-Ullah
Vehicle (AK-165)	1,763	585	614	29	Negotiation	Muhammad Raza Mir - Employee
Vehicle (BA-706)	1,789	574	1,600	1,026	Negotiation	Augmentech Business Solution

15.1.3 Particulars of immovable property (i-e land and building) in the name of the Company is as follows

Location	Usage of immovable property	Total area
Suraj Gali Road, Village Shadi, Hattar, District Haripur, KPK.	Production Plant	3,962.75 Kanals
12 km, Taxila-Haripur Road, Farooqia, District Haripur, KPK.	Production Plant	4,880.35 Kanals
Village Tatal, Near PSO Petrol Pump, 22 km Kallar Kahar, District Chakwal.	Production Plant	8,879.4 Kanals
Choie Mallot Road, Tehsil Kallar Kahar, District Chakwal.	Production Plant	8,008 Kanals
19-A, College Road, F-7 Markaz, Islamabad.	Head office Plot	533.33 Sq. Yards

15.1.4 Land measuring 206 kanals and 14 marlas located at Farooqia plant was purchased with the funds of the Company from Mr. Faqeer Muhammad in 2008 at the cost of Rs. 12.51 million but is not in the possession of the Company.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019

	Note	2019 (Rupees '000)	2018 (Rupees '000)
15.1.5 Allocation of depreciation charge			
Cost of sales		2,892,757	2,184,613
Selling and distribution expenses		17,462	17,240
Administrative expenses		28,463	27,965
		2,938,682	2,229,818

15.2 Capital work in progress (CWIP)

Opening balance		1,454,471	2,340,636
Additions during the year	15.2.1	3,043,796	10,694,400
		4,498,267	13,035,036
Transferred to operating fixed assets:			
Buildings on freehold land		(1,270,309)	(4,165,688)
Plant and machinery		(2,783,280)	(7,410,791)
Furniture and fixture		(2,295)	(2,952)
Office equipment		(17,281)	(246)
Laboratory and other equipment		(69,411)	(888)
		(4,142,576)	(11,580,565)
Balance at the end of the year	15.2.2	355,691	1,454,471

15.2.1 This includes borrowing cost capitalised amounting to Rs. 60.65 million (2018: Rs. 448.53 million) calculated at an average rate of 7.03% (2018: 6.35%) per annum.

15.2.2 Break up of capital work in progress at the year end is as follows:

	Note	2019 (Rupees '000)	2018 (Rupees '000)
Plant and machinery and other equipment		179,141	1,014,280
Civil development works including borrowing cost		100,364	440,191
Laboratory and other equipment		73,755	-
Vehicles		2,431	-
		355,691	1,454,471

16. INTANGIBLE ASSETS AND GOODWILL

Computer software	16.2	97,952	11,529
Operational benefit	16.3	-	-
Brands	16.4	634,091	743,262
Goodwill	16.5	7,062,111	7,062,111
		7,794,154	7,816,902

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019

16.1 Reconciliation of carrying amounts

	Computer software (note 16.2)	Operational benefit (note 16.3)	Brands (note 16.4)	Goodwill (note 16.5)	Total
	(Rupees '000)				
Cost					
Balance at 01 July 2017	73,047	4,910,570	1,091,712	7,062,111	13,137,440
Additions	300	-	-	-	300
Balance at 30 June 2018	73,347	4,910,570	1,091,712	7,062,111	13,137,740
Balance at 01 July 2018	73,347	4,910,570	1,091,712	7,062,111	13,137,740
Additions	98,641	-	-	-	98,641
Balance at 30 June 2019	171,988	4,910,570	1,091,712	7,062,111	13,236,381

Accumulated amortisation and impairment losses

Balance at 01 July 2017	47,792	3,587,632	239,279	-	3,874,703
Amortisation	14,026	1,322,938	109,171	-	1,446,135
Balance at 30 June 2018	61,818	4,910,570	348,450	-	5,320,838
Balance at 01 July 2018	61,818	4,910,570	348,450	-	5,320,838
Amortisation	12,218	-	109,171	-	121,389
Balance at 30 June 2019	74,036	4,910,570	457,621	-	5,442,227

Carrying amounts

At 30 June 2018	11,529	-	743,262	7,062,111	7,816,902
At 30 June 2019	97,952	-	634,091	7,062,111	7,794,154

Useful life (years)/Rates of amortisation

2018	6.66% - 29.3%	3 years	10 years	-
2019	6.66% - 29.3%	3 years	10 years	-

16.2 Computer software

Additions during the year include Rs. 78.8 million related to purchase of an ERP system which in the process of being implemented. Amortisation is not being charged on this amount since it is not yet available for intended use.

16.3 Operational benefit

This represents the value of benefit the Company expects to derive from acquiring a running business when compared with a greenfield project of size similar to Pakcem. This intangible has been recognised on acquisition and measured at present value of incremental cash flows to be generated over a period of three years from the date of acquisition. Since management believes that cash flows from the acquisition will be similar to the greenfield project after a period of three years, the intangible has been fully amortised over a period of incremental cash flows i.e. three years.

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FOR THE YEAR ENDED 30 JUNE 2019

16.4 Brands

This represents intangible assets in the form of Brands on acquisition of Pakcem and reflects the expected economic benefits to the Company from the retention differential of those Brands. The value of Brands has been determined on the basis of incremental cash flows to be generated from retention of those brands which the Company intends to use. Management has estimated useful life of the Brands to be ten years starting from the date of acquisition.

16.5 Goodwill

This represents excess of the amount paid over fair value of net assets of Pakcem Limited on its acquisition on 22 April 2015. The recoverable amount of goodwill is tested for impairment annually based on its value in use, determined by discounting the future cash flows to be generated by cement plant (CGU) acquired from Pakcem Limited.

	2019	2018
Discount rate (pre tax)	19%	15%
Terminal value growth rate	4.5%	2.3%

The discount rate was based on the weighted average cost of capital.

The cash flow projections included specific estimates for five years and a terminal growth rate thereafter. The terminal growth rate was determined based on management's estimate of the long-term compound annual EBITDA growth rate, consistent with the assumptions that a market participant would make.

Budgeted growth was based on expectations of future outcomes taking into account past experience, adjusted for anticipated revenue growth. Revenue growth was projected taking into account the average growth levels experienced in the recent years and the estimated sales volume and price growth for the next five years.

The estimated recoverable amount of the CGU exceeds its carrying amount. The Company estimates that reasonably possible changes in these assumptions would not cause the recoverable amount of the CGU to decline below the carrying amount.

16.6 Allocation of amortisation

	2019 (Rupees '000)	2018 (Rupees '000)
Cost of sales	8,251	8,043
Selling and distribution expenses	109,171	109,168
Administrative expenses	3,967	1,328,924
	121,389	1,446,135

NOTES TO THE FINANCIAL STATEMENTS

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	Note	2019 (Rupees '000)	2018 (Rupees '000)
17. INVESTMENT PROPERTY			
Balance at the beginning of the year		257,656	250,214
Change in fair value		4,693	7,442
Balance at the end of the year	17.1	<u>262,349</u>	<u>257,656</u>

- 17.1** The investment property is a portion of the Company's head office building in Islamabad held for letting. An independent exercise was carried out to determine the fair value of investment property. To assess the land and building prices, market survey was carried out in the vicinity of the investment property. Fair value of the investment property is based on independent valuer's judgment about average prices prevalent on the aforementioned date and has been prepared on openly available/provided information after making relevant inquiries from the market. Valuation was carried out by an independent valuer who holds a recognised and relevant professional qualification and has recent experience in the location and category of the investment property being valued. Forced sale value of the investment property amounts to Rs. 236.11 million (2018: Rs. 231.89 million).

The investment property is placed in level 3 of the fair value hierarchy. Since the value has been determined by a third party and inputs are not observable, sensitivity analysis has not been presented.

	Note	2019 (Rupees '000)	2018 (Rupees '000)
18. LONG TERM INVESTMENTS			
Investment in associated companies			
- United Bank Limited	18.1	12,329,518	11,222,845
- UBL Insurers Limited	18.2	182,521	152,341
	18.3	<u>12,512,039</u>	<u>11,375,186</u>

18.1 Investment in United Bank Limited - equity-accounted investee

As at 30 June 2019, the Company holds 93,649,744 (30 June 2018: 93,649,744) ordinary shares in United Bank Limited ('UBL'), a leading commercial bank in Pakistan with its registered office situated in Islamabad, Pakistan. The Company's shareholding in UBL constitutes 7.65% (2018: 7.65%) of total ordinary shares of UBL. UBL's ordinary shares are listed on Pakistan Stock Exchange Limited. UBL is treated as an 'associate' due to the Company's significant influence over it due to common directorship and being group company.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019

	2019 (Rupees '000)	2018 (Rupees '000)
18.1.1 Reconciliation of carrying amount		
Balance at the beginning of the year	11,222,845	11,721,094
Company's share of associate's profit for the year	1,416,975	1,324,716
Company's share of associate's:		
- re-measurement of defined benefit liability	23,390	(4)
- change in exchange translation reserve	1,119,622	481,112
- re-measurement of available-for-sale investments	(469,992)	(1,086,626)
	673,020	(605,518)
Less: Dividends received	(983,322)	(1,217,447)
Balance at the end of the year	12,329,518	11,222,845

18.1.2 The following table summarizes the financial information of UBL as included in its un-audited consolidated condensed interim financial statements for the six months ended 30 June 2019, including restatement due to change in accounting policy. The information relating to revenue, profit and other comprehensive income also include amounts for the six months ended 31 December 2018, adjusted for restatement due to change in accounting policy. The financial year-end of UBL is 31 December.

	2019 (Rupees '000)	2018 (Rupees '000)
Percentage of ownership (%)	7.65%	7.65%
Total assets	2,043,131,886	1,893,208,740
Total liabilities	(1,887,697,886)	(1,754,027,547)
Net assets	155,434,000	139,181,193
Non-controlling interests	(6,860,875)	(5,074,387)
Net assets attributable to ordinary shareholders (100%)	148,573,125	134,106,806
Company's share of net assets (7.65%)	11,365,844	10,259,171
Goodwill	963,674	963,674
Carrying amount of interest in associate	12,329,518	11,222,845
Mark-up / return / interest earned for the year	129,446,667	115,432,430
Profit after tax (100%)	18,522,551	17,316,548
Company's share of net profit for the year (7.65%)	1,416,975	1,324,716
Other Comprehensive Income (OCI):		
- Loss on re-measurement of defined benefit liability	305,752	(58)
- change in exchange reserve	14,635,582	6,289,048
- change in surplus on revaluation of available-for-sale investments	(6,143,686)	(14,204,264)
Total OCI (100%)	8,797,648	(7,915,274)
Company's share of OCI (7.65%)	673,020	(605,518)

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18.1.3 Cost of investment in UBL amounted to Rs. 1.86 billion (2018: Rs. 1.86 billion). Market value of investment in UBL as at 30 June 2019 was Rs. 13.8 billion (2018: Rs. 15.82 billion). The investment in UBL is placed in level 1 of the fair value hierarchy.

18.2 Investment in UBL Insurers Limited - equity-accounted investee

As at 30 June 2019, the Company holds 14,088,199 (30 June 2018: 14,088,199) ordinary shares in UBL Insurers Limited ('UIL'), an unlisted public company engaged in insurance business with its registered office situated in Karachi, Pakistan. The Company's shareholding in UIL constitutes 12.23% (2018: 12.23%) of total ordinary shares of UIL. UIL is treated as an 'associate' due to the Company's significant influence over it due to common directorship and being a group company.

	2019 (Rupees '000)	2018 (Rupees '000)
18.2.1 Reconciliation of carrying amount		
Balance at the beginning of the year	152,341	130,213
Company's share of associate's profit for the year/period after acquisition	37,126	22,829
Company's share of associate's:		
- re-measurement of defined benefit liability	(66)	(277)
- re-measurement of available-for-sale investments	(532)	(420)
- (Loss) / Income from Window Takaful Operations	-	(4)
	(598)	(701)
Less: Dividends received	(6,348)	-
Balance at the end of the year	182,521	152,341

18.2.2 The following table summarizes the financial information of UIL as included in its un-audited condensed interim financial information for the six months ended 30 June 2019. The information relating to revenue, profit and other comprehensive income also include amounts for the six months ended 31 December 2018. The financial year-end of UIL is 31 December.

	2019 (Rupees '000)	2018 (Rupees '000)
Percentage of ownership (%)	12.23%	12.23%
Total assets	4,861,316	4,329,907
Total liabilities	(3,368,610)	(3,084,058)
Net assets	1,492,706	1,245,849
Company's share of net assets (12.23%)	182,521	152,341
Goodwill	-	-
Carrying amount of interest in associates	182,521	152,341
Net insurance premium for the period after acquisition	2,912,169	1,245,775
Profit after tax for the period after acquisition	303,625	186,660
Company's share of net profit for the period after acquisition (12.23%)	37,126	22,829

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019

18.2.3 Cost of investment in UBL Insurers Limited amounted to Rs. 106.27 million (2018: Rs. 106.27 million).

18.3 Investments in associated companies have been made in accordance with the requirements under the repealed Companies Ordinance, 1984 (now the Companies Act, 2017).

	Note	2019 (Rupees '000)	2018 (Rupees '000)
19. STORES, SPARE PARTS AND LOOSE TOOLS			
Stores, spare parts and loose tools		4,937,228	5,948,201
Stores and spare parts in transit		573,982	1,699,523
		5,511,210	7,647,724
Less: Provision for obsolete spare parts	19.1	-	(6,482)
		5,511,210	7,641,242
19.1 Movement in provision for obsolete spare parts			
Balance at the beginning of the year		6,482	8,323
Reversal of provision		(6,482)	(1,841)
Balance at the end of the year		-	6,482
20. STOCK IN TRADE			
Raw and packing material		504,315	631,560
Work in process		1,638,538	3,090,185
Finished goods		589,363	679,508
	20.1	2,732,216	4,401,253
Less: Provision for slow moving stock	20.2	(42,773)	(43,173)
		2,689,443	4,358,080
20.1 This includes stock in transit amounting to Rs. 2.89 million (2018: Rs. 4.05 million).			
		2019 (Rupees '000)	2018 (Rupees '000)
20.2 Movement in provision for slow moving stock			
Balance at the beginning of the year		43,173	48,593
Reversal of provision		(400)	(5,420)
Balance at the end of the year		42,773	43,173

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	Note	2019 (Rupees '000)	2018 (Rupees '000)
21. TRADE DEBTS			
Trade debts - unsecured			
- Considered good		2,101,856	1,785,728
- Considered doubtful		2,935	2,935
	21.1	2,104,791	1,788,663
Less: Provision against doubtful trade debts	21.2	(2,935)	(2,935)
		2,101,856	1,785,728

21.1 This includes Rs. 93.46 million (2018: Rs: 196.15 million) receivable from customers against export sales.

21.1.1 In respect of outstanding receivables against export sales, following particulars relate to exports made during the year:

2019:	Export sales during the year				
Foreign jurisdiction	Through cash against documents and advance	Through contract	Through letters of credit (LC)	Total	Amount outstanding at year end
	(Rupees '000)				
India	224,769	124,137	-	348,906	55,166
Afghanistan	926,618	-	-	926,618	7,577
Mauritius	248,612	-	-	248,612	30,718
	1,399,999	124,137	-	1,524,136	93,461

2018:	Export sales during the year				
Foreign jurisdiction	Through cash against documents and advance	Through contract	Through letters of credit (LC)	Total	Amount outstanding at year end
	(Rupees '000)				
India	1,955,239	219,708	48,087	2,223,034	166,937
Mauritius	222,832	-	-	222,832	29,210
	2,178,071	219,708	48,087	2,445,866	196,147

	2019 (Rupees '000)	2018 (Rupees '000)
21.2 Movement in provision against doubtful trade debts		
Balance at the beginning of the year	2,935	2,935
Provision for the year	-	-
Balance at the end of the year	2,935	2,935

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	Note	2019 (Rupees '000)	2018 (Rupees '000)
22. ADVANCES			
Advances to employees and executives - secured	22.1	13,395	15,895
Advances to suppliers and contractors - secured		394,376	655,471
		407,771	671,366

22.1 These include the following advances having outstanding balance exceeding Rs. 1 million at year end:

	2019 (Rupees '000)	2018 (Rupees '000)
Mr. Muhammad Tariq	1,333	
Mr. Kaleem Ashraf	1,166	
Mr. Irshad Ali Ameer		2,320
Mr. Musaddaq Ali Khan		1,826
Mr. Muhammad Tariq		1,952
Mr. Kaleem Ashraf		1,708

These advances are extended to employees and executives and are repayable in installments in accordance with the Company's policy. These advances are secured against employees' retirement benefits balances.

	Note	2019 (Rupees '000)	2018 (Rupees '000)
23. DEPOSITS AND PREPAYMENTS			
Security deposits		18,126	32,117
Short-term prepayments		8,736	10,052
		26,862	42,169

24. OTHER RECEIVABLES			
Excise duty	24.1	615,146	615,146
Receivable from Lafarge S.A.		8,847	8,847
Fuel Price Adjustment (FPA) receivable		-	17,397
Sales tax		-	1,128,336
Receivable from employees' gratuity fund	24.2	12,744	-
Others		4,353	6,363
		641,090	1,776,089

NOTES TO THE FINANCIAL STATEMENTS

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- 24.1** This represents claim filed by the Company for Rs. 615.15 million relating to excise duty paid on sales during the period from June 1998 to April 1999 which, pursuant to the decisions of the Honourable Supreme Court of Pakistan, detailed below, was otherwise not leviable and payable under the law. The Commissioner Appeals rejected the claim of Rs. 211.15 million pertaining to the Company (excluding Mustehkam Cement Limited) and the Company filed an appeal with Appellate Tribunal against unlawful rejection of refund claims. A number of hearings were conducted in prior years but the case is yet to be decided. Further, on refund claim of Mustehkam Cement Limited (amalgamated with the Company) of Rs. 404 million, tax authorities held the proceedings in abeyance awaiting result of litigation pertaining to the Company's refund claim. Management and the Company's legal advisor believe that the Company's claim is valid and the amount is fully recoverable, accordingly no provision has been in the financial statements.

The matter in dispute is whether excise duty be levied on retail price inclusive of excise duty or retail price exclusive of excise duty. The FBR's point of view was that excise duty be calculated on declared retail price inclusive of excise duty whereas the concerned respondents disagreed with that interpretation. The Honourable Supreme Court of Pakistan in its judgment dated 14 April 2007 in a comparable case for levy of excise duty, dismissed the appeal filed by the Federal Board of Revenue (FBR) and upheld the decisions made by the Honourable High Courts of Peshawar, Sindh and Punjab. The full bench of the Honourable Supreme Court of Pakistan upheld the judgments made by the Honourable High Courts and dismissed the appeal of the FBR. The FBR moved a review petition before the Honourable Supreme Court of Pakistan which to date is pending.

	Note	2019 (Rupees '000)	2018 (Rupees '000)
24.2 Reconciliation of receivable from / (payable to) employees' gratuity fund			
Present value of defined benefit obligation	24.2.1	(480,444)	(468,333)
Fair value of plan assets	24.2.2	493,188	-
Receivable / (payable)		12,744	(468,333)
24.2.1 Movement in net defined benefit asset / (liability)			
Obligation at beginning of the year		468,333	364,820
Current service cost		75,258	69,135
Interest cost		38,241	27,183
Benefits paid		(67,505)	(18,472)
Re-measurement (gain) / loss on obligation		(33,883)	25,667
Obligation at the end of the year		480,444	468,333
24.2.2 Movement in fair value of plan assets			
Fair value at beginning of the year		-	-
Interest income on plan assets		21,637	-
Employer contributions		527,800	-
Benefits paid on the behalf of the fund		20,535	-
Benefits paid		(67,505)	-
Re-measurement gain / (loss) on plan assets		(9,279)	-
Fair value at the end of the year		493,188	-

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	2019 (Rupees '000)	2018 (Rupees '000)
24.2.3 Movement in receivable / (payable) under defined benefit obligation		
Opening liability	(468,333)	(364,820)
Employer contributions	527,800	-
Expense	(91,862)	(96,318)
Benefits paid on the behalf of the fund	20,535	-
Benefits paid to employees	-	18,472
Re-measurement gain / (loss) in OCI during the year	24,604	(25,667)
Closing assets / (liability)	12,744	(468,333)
24.2.4 Cost recognised in profit and loss		
Current service cost	75,258	69,135
Net interest on defined benefit asset / liability	16,604	27,183
	91,862	96,318
24.2.5 Re-measurement recognised in OCI during the year		
Re-measurement (gain) / loss on obligation	(33,883)	25,667
Re-measurement of fair value of plan assets	9,279	-
	(24,604)	25,667
24.2.6 Components of plan assets - unquoted		
Cash and cash equivalent	5,422	-
Term deposit receipts	10,012	-
Pakistan Investment Bonds	165,059	-
Market treasury bills	312,695	-
	493,188	-
24.2.7 Actuarial assumptions		
The following were the principal actuarial assumptions at the reporting date:		
	2019	2018
Discount rate per annum	14.25%	9.00%
Salary increase rate (short term - 5 years)	10%	8%
Salary increase rate (long term)	12.25%	8%
Withdrawal rates	Moderate	Moderate
The mortality rates are based on State Life Insurance Corporation (SLIC) 2001-05 ultimate mortality rate (2018: SLIC 2001-05 ultimate mortality rate), rated down by one year.		
The effective duration of the future cash flows calculated based on yields available on government bonds works out to 6.91 years (2018: 7.23 years).		
24.2.8 Sensitivity analysis		
Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below:		

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019

	2019 Increase (Rupees '000)	2019 Decrease (Rupees '000)	2018 Increase (Rupees '000)	2018 Decrease (Rupees '000)
Discount rate (1% movement)	(30,345)	34,871	(43,600)	22,729
Future salary growth (1% movement)	37,794	(33,358)	24,573	(45,674)
Future mortality (1 year change)	(275)	274	(13,027)	(12,789)
Withdrawal rate (10% movement)	1,512	(1,577)	(12,200)	(13,653)

Although the analysis does not take into account full distribution of cash flows expected under the plan, it does provide an approximation of the sensitivity of the assumptions shown.

24.2.9 Expected gratuity expense

Expected gratuity expense for the next financial year is Rs. 63.91 million (2018: Rs. 100.83 million).

24.2.10 Risks associated with defined benefit plan

Investment risks

The risk arises when the actual performance of the investments is lower than expectation and thus creating a shortfall in the funding objectives.

Longevity risks

The risk arises when the actual lifetime of retiree is longer than the estimate of future employee lifetime expectation. This risk is measured at the plan level over the entire retiree population.

Salary growth risk

The most common type of retirement benefit is one where the benefit is linked with final salary. The risk arises when the actual increases are higher than expectation and impacts the liability accordingly.

Withdrawal risk

The risk of actual withdrawals varying with the actuarial assumptions can impose a risk to the benefit obligation. The movement of the liability can go either way.

	Note	2019 (Rupees '000)	2018 (Rupees '000)
25. CASH AND BANK BALANCES			
Cash at banks:			
in current accounts	25.1	458,355	273,214
in deposit accounts	25.2	4,557	17,050
		462,912	290,264
		462,912	290,264
25.1	This includes Rs. 363.89 million (2018: Rs. 155.74 million) held in current accounts maintained with UBL, a related party. Maximum aggregate amount outstanding at any time during the year amounted to Rs. 379.78 million (2018: Rs. 337.03 million).		
25.1.1	Current accounts include balances amounting to Rs. 41.25 million (2018: Rs. 75.84 million) held in US Dollar accounts.		
25.2	Deposit accounts carry profit rates ranging from 4.5% to 10.25% (2018: 0.2% to 4.5%) per annum.		
25.2.1	These include balances amounting to Rs. Nil (2018: Rs. 8.25 million) held in US Dollar accounts.		

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019

- 25.3** Pursuant to completion of acquisition process of Pakcem by the Company, the balances of Pakcem with Lafarge S.A. (previous parent entity of Pakcem) and its affiliates as of 21 April 2015 were agreed between the Company and Lafarge S.A and have been transferred to an escrow account maintained with Citi Bank N.A, pursuant to the Escrow Agreement dated 21 April 2015 between the Company and Lafarge S.A. and CitiBank N.A. According to the agreement the transferred funds will be utilised exclusively for payments to Lafarge S.A. from time to time and the Company will be entitled only to the balance left in the escrow account after completion of payments to Lafarge S.A. Accordingly, the amount in escrow account and payable balances aggregating to Rs.140.89 million (2018: Rs.140.89 million) related to Lafarge S.A. and its affiliates has been netted off in these financial statements till final settlement of escrow account.

	Note	2019 (Rupees '000)	2018 (Rupees '000)
26. GROSS TURNOVER			
Gross turnover:			
- Local		74,957,992	71,912,418
- Export		4,042,322	5,207,139
		79,000,314	77,119,557
27. COST OF SALES			
Raw and packing materials consumed	27.1	6,493,590	6,002,595
Fuel and power		21,548,454	21,783,805
Stores, spares and loose tools consumed		1,350,772	1,664,667
Repairs and maintenance		298,354	287,933
Salaries, wages and benefits	27.2	1,964,424	1,749,163
Support services		753,547	538,498
Rent, rates and taxes		11,811	8,224
Insurance		45,806	37,746
Equipment rental		145,473	129,329
Utilities		267,741	32,351
Travelling, conveyance and subsistence		136,720	120,756
Communication		13,649	10,719
Printing and stationery		10,945	14,796
Entertainment		19,487	15,313
Depreciation	15.1.5	2,892,757	2,184,613
Amortisation	16.6	8,251	8,043
Reversal for provision for slow moving stock	20.2	(400)	(5,420)
Reversal for provision for obsolete spare parts	19.1	(6,482)	(1,841)
Legal and professional charges		26,439	6,834
Fees and subscriptions		16,225	19,982
Other manufacturing expenses		17,197	23,628
		36,014,760	34,631,734
Opening work in process		3,090,185	2,415,219
Closing work in process		(1,638,538)	(3,090,185)
Cost of goods manufactured		37,466,407	33,956,768
Opening finished goods stock		679,508	650,909
Closing finished goods stock		(589,363)	(679,508)
		37,556,552	33,928,169

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019

		2019 (Rupees '000)	2018 (Rupees '000)
27.1 Raw and packing materials consumed			
Opening stock		631,560	473,181
Purchases during the year		6,366,345	6,160,974
Closing stock		(504,315)	(631,560)
		6,493,590	6,002,595
27.2	Salaries, wages and benefits include provision for employee retirement benefits amounting to Rs. 67.4 million (2018: Rs. 81.3 million).		
	Note	2019 (Rupees '000)	2018 (Rupees '000)
28. OTHER INCOME			
Income from financial assets			
Profit on deposit accounts		538	641
Exchange gain		60,881	47,386
		61,419	48,027
Income from non-financial assets			
Gain on disposal of property, plant and equipment		18,605	8,563
Rental income		31,189	28,315
Disposal of waste materials		4,954	56,330
Change in fair value of investment property	17	4,693	7,442
		59,441	100,650
Others			
Others		1,351	21,290
		1,351	21,290
		122,211	169,967

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019

	Note	2019 (Rupees '000)	2018 (Rupees '000)
29. SELLING AND DISTRIBUTION EXPENSES			
Salaries, wages and benefits	29.1	186,198	178,400
Support services		4,114	3,358
Freight and handling - local		389,782	375,282
Freight and handling - export		467,290	784,040
Rent, rates and taxes		16,328	17,878
Repairs and maintenance		6,574	7,891
Utilities		4,300	3,393
Travelling, conveyance and subsistence		27,491	24,784
Communication		6,877	5,842
Printing and stationery		3,132	3,679
Entertainment		11,404	9,262
Advertising and promotion		29,390	28,829
Depreciation	15.1.5	17,462	17,240
Amortisation	16.6	109,171	109,168
Fees and subscriptions		56,012	57,312
Others		3,561	810
		1,339,086	1,627,168

29.1 Salaries, wages and benefits include provision for employee retirement benefits amounting to Rs. 8.2 million (2018: Rs. 8.7 million).

	Note	2019 (Rupees '000)	2018 (Rupees '000)
30. ADMINISTRATIVE EXPENSES			
Salaries, wages and benefits	30.1	337,722	312,942
Rent, rates and taxes		9,238	12,609
Repairs and maintenance		21,343	28,078
Insurance		1,733	939
Utilities		11,989	8,741
Travelling, conveyance and subsistence		45,584	38,237
Communication		10,052	9,896
Printing and stationery		7,037	6,008
Entertainment		10,077	7,519
Advertisements		457	3,895
Welfare activities		1,888	53,784
Donations	30.2	104,143	132,927
Legal and professional charges		52,467	48,519
Fees and subscriptions		37,509	30,493
Auditors' remuneration	30.3	3,900	6,514
Depreciation	15.1.5	28,463	27,965
Amortisation	16.6	3,967	1,328,924
Others		23,842	5,242
		711,411	2,063,232

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019

30.1 Salaries, wages and benefits include provision for employee retirement benefits amounting to Rs. 15.33 million (2018: Rs. 19.2 million).

30.2 These include a provision of Rs. 100.97 million (2018: Rs. 131.58 million) made for donation to Bestway Foundation. The Chief Executive Officer and the following directors are among the trustees of the Foundation:

- Sir Mohammed Anwar Pervez
- Zameer Mohammed Choudrey
- M. Irfan A. Sheikh
- M. Younus Sheikh

Above and other directors of the Company or their spouses do not have a beneficial interest in Bestway Foundation.

30.2.1 These further include a donation made to the Pakistan Hindu Council of Rs. 1 million (2018: Rs. Nil).

	Note	2019 (Rupees '000)	2018 (Rupees '000)
30.3 Auditors' remuneration			
Services as auditors:			
Statutory audit fee (including reporting to group auditors)		2,685	2,685
Half year review		515	515
Certification for regulatory purposes		430	430
Out of pocket expenses		270	270
		3,900	3,900
Other services:			
Tax advisory services		-	2,495
Out of pocket expenses		-	119
		-	2,614
		3,900	6,514

31. OTHER EXPENSES

Workers' Welfare Fund		186,091	110,949
Workers' Profit Participation Fund		623,964	713,573
Compensation against court order	12.4	16,697	393,189
		826,752	1,217,711

32. NET FINANCE COSTS

Mark-up on syndicate term financing		442,246	215,463
Mark-up on syndicate musharaka		294,324	143,508
Mark-up on short term borrowings		728,623	206,988
Bank charges and commissions		33,280	34,476
		1,498,473	600,435

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019

	Note	2019 (Rupees '000)	2018 (Rupees '000)
33. SHARE OF PROFIT OF EQUITY-ACCOUNTED INVESTEES-NET OF TAX			
United Bank Limited	18.1.1	1,416,975	1,324,716
UBL Insurers Limited	18.2.1	37,126	22,829
		1,454,101	1,347,545

	2019 (Rupees '000)	2018 (Rupees '000)
34. INCOME TAX EXPENSE		
34.1 Amounts recognised in profit or loss		
Current tax		
- for the year	2,918,327	2,614,832
- for prior year	(1,336,707)	-
	1,581,620	2,614,832
Deferred tax	1,566,645	(808,074)
Tax expense for the year	3,148,265	1,806,758

Reconciliation of effective tax rate

	2019	2018	2019 (Rupees '000)	2018 (Rupees '000)
Accounting profit before tax			13,245,550	14,964,464
Tax using the Company's domestic tax rate	29%	30%	3,841,210	4,489,339
Super tax	2%	2%	208,672	344,648
Revision in deferred tax rate	10%	(10%)	1,275,841	(1,557,426)
Tax effects of:				
Share of profits of equity-accounted investees	(2%)	(1%)	(203,574)	(182,617)
Income taxable under final tax regime (exports)	(1%)	(2%)	(132,254)	(286,037)
Effect of prior year credits	(10%)	0%	(1,336,707)	-
Recognition of tax credits	(1%)	(7%)	(177,535)	(1,020,804)
Others	(2)	0%	(327,388)	19,655
	24%	12%	3,148,265	1,806,758

34.2 Status of income tax assessments

According to management, the tax provision made in the financial statements is sufficient. A comparison of last three years of income tax provision with tax assessed is presented below:

	2018 (Rupees '000)	2017 (Rupees '000)	2016 (Rupees '000)
Income tax provision for the year - financial statements	2,614,832	4,503,317	3,289,209
Income tax as per tax assessment	2,125,609	3,744,997	3,019,808

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019

34.3 Income tax assessments of the Company for certain tax years are pending at various levels. Management is confident of the favourable outcome.

34.3.1 Status of the Company's tax assessments is as follows. Income tax matters of Mustehkam Cement Limited ('MCL') acquired by the Company, are disclosed in note 34.3.2. Income tax matters relating to Pakcem, acquired by the Company, are disclosed in note 34.3.3.

i) The tax authority amended the assessment of the Company for the Tax Year 2009 vide order dated 14 June 2019 read with rectified order 15 Jan 2011 thereby making various disallowances. The Company filed appeal with the CIR(A) and simultaneously moved rectification application with the tax authority. While disposing of the rectification application, the tax authority allowed partial relief to the Company. In terms of rectification order, the revised taxable income for the year was worked out to Rs. 1.82 billion, which was however, set off against brought forward business losses. The remaining issues were decided by the CIR(A) in favour of the Company except the issue of disallowance of deductions claimed on account of donations. The Company as well as the tax authority have filed cross appeals with the ATIR on the issues not decided in their favour by the CIR(A). The ATIR has partially maintained and partially remanded back the case to the tax authority, and being dissatisfied with the order of the ATIR, the Company has filed reference before the Honourable Islamabad High Court, which is pending adjudication till to-date.

ii) Income tax assessments of the Company for the Tax Years 2010 to 2012 were amended on 9 July 2013 on alleged concealment of sales by working back production taking gypsum consumed as five per cent of cement produced and raising tax demand of Rs. 16.97 billion (including Rs. 2.10 billion related to MCL). On appeal by the Company, the CIR(A) cancelled the assessments for the Tax Years 2010 and 2011 and set aside the assessment for the Tax Year 2012 for denovo consideration. Being dissatisfied with the order of the CIR(A), the Company has filed second appeal before the ATIR for Tax Year 2012

The tax authority has again taken up the same issues through notice dated 12 November 2013 for all the years under consideration. On detailed reply by the Company, the tax authority changed the dimension of the case to under utilisation of installed capacity and confronted the Company to assess the sales by assuming 98% capacity utilisation. The amended assessment for the Tax Years 2010 and 2011 has been made at a demand of Rs. 2.48 billion against which the Company has filed appeals before the CIR(A) who deleted the addition made on the ground of suppression of sales and set-aside the order on the remaining issues assailed in appeal. Both the Company and the tax authority have filed cross appeals before the ATIR, which are subjudice till date.

iii) The tax authority framed ex-parte amended assessment on 31 December 2015 for the Tax Year 2013, by charging tax on dividend income at corporate rate of tax of 35% and disallowing the adjustment of tax loss by Rs. 664 million. On Appeal the CIR(A) set-aside the amended assessment order. Being not satisfied with the order of the CIR(A), the Company has filed an appeal before the ATIR which is subjudice till date.

In re-assessment the ADCIR framed the order on 17 February 2017 by disallowing rebates and discounts; adjustment of losses in consequence of merger and charged tax on dividend income at corporate tax rate and created a demand of Rs. 867.65 million. Company has agitated the assessments in appeal as well as through rectification application. The CIR(A) disallowed the deduction of price match and set-aside the order on the issue of disallowances of losses and charging of corporate rate of tax of 35%. Company has filed an appeal before ATIR against the order of CIR(A) which is pending disposal till to-date. On finalization of appeal effect proceedings, tax refund of Rs. 184.86 million is determined in favour of the Company.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019

- iv) Tax authorities firstly u/s 122(5A) on 29 April 2017 and subsequently after completion of audit proceedings and taking into account effect of order issued 122(5A) has framed the assessment u/s 122(5) of the ITO, 2001 for the Tax Year 2014 on 22 May 2017 by disallowing deduction of price match on local as well as on export sales. Further, credit of tax paid was also curtailed. Company agitated the assessments in appeal before CIR(A) as well as through rectification application. The DCIR has rectified the order at a tax demand of Rs. 225.28 million which has been paid under protest by the Company. The CIR(A) in response to Company's appeal has remanded back the issue of disallowance of freight on export sales and confirmed the order on the issue of claim of exemption on profit on US dollar accounts. Being dissatisfied with the order of the CIR(A), the Company has filed appeal before the ATIR, which is pending disposal till to-date.
- v) The tax authority amended the assessment of the Company for the Tax Year 2015 under section 122(5A) of the Ordinance, thereby raising tax demand of Rs. 585.87 million on the issues of price match adjustments, staggering of advertisement charges over a period of ten years, and computation of taxable income under Normal Tax Regime (NTR) and Presumptive Tax Regime (PTR) on arbitrary basis. The CIR(A) decided in favour of the Company over price match on exports and computation of taxable income under NTR and PTR and remanded back the issue of price match on local sales. Issue of staggering the deduction on account of advertisement expenses over a period of ten years was confirmed. Being aggrieved with the order of the CIR(A), the Company has preferred an appeal before the ATIR which is subjudice till to date.
- vi) The tax authority amended the assessment for the Tax Year 2017 under section 122(5A) of the Ordinance, by disallowing the price match adjustment against local sales. In terms of the amended assessment order, tax demand of Rs. 234.6 million was raised which has been paid under protest by the Company. Being aggrieved with the order of the tax authority the Company has filed an appeal before the CIR(A) which is pending disposal till to date.

34.3.2 The following income tax contingencies stand transferred to the Company from Mustehkam Cement Limited ('MCL') under the scheme of amalgamation:

- i) For the Assessment Year 1998-99, the tax authority charged additional tax amounting to Rs. 10.39 million in terms of section 87 of the repealed Income Tax Ordinance, 1979 for non-payment of advance tax vide order dated 21 October 1999. At that time, no appeal was filed with the CIR(A) against the impugned order on instructions of the Government of Pakistan (GoP) as MCL was a state-owned enterprise then, and the GoP insisted to resolve the disputes with the Federal Board of Revenue (FBR) through inter-ministerial consultations. After MCL's privatization, it pursued its case before the appellate authorities and accordingly filed an appeal with the CIR(A) with the request for condonation of delay in time for filing of appeal within the prescribed time. This request for condonation of delay was not accepted. MCL filed appeal with the ATIR where the request for condonation in filing of appeal was also not entertained. Accordingly, MCL filed a reference with the Honourable Islamabad High Court, which is subjudice till date.
- ii) The tax authority passed a rectification order dated 31 October 2017 for the Tax Year 2011, thereby, charging minimum tax on export sales and charging surcharge on minimum tax liability. Being aggrieved with the rectification, MCL filed an appeal before the CIR(A) who has set-aside the rectification order. Being not satisfied with the order of the CIR(A), the Company has filed an appeal before the ATIR which is subjudice till date. However, whilst finalizing the re-assessment proceedings, the tax authority has deleted the minimum tax on export sales along with surcharge.
- iii) The tax authorities have framed the assessment u/s 122(5A) for Tax Year 2013 on 30 November 2016 in case of MCL (pre-merger return) by disallowing adjustment of Brought Forward losses and charged WWF and also re-calculated the allocation of expenses to exports and created demand of Rs. 124.82 million. Company filed an appeal before CIR(A) who partially setaside and partially confirmed the order. Being not satisfied with the order of the CIR(A), the Company has filed an appeal before the ATIR which is subjudice till date.

The management of the Company is confident of favourable outcomes of the appeals filed by it and accordingly no provision has been made in these financial statements in respect of the matters discussed above.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019

34.3.3 The following income tax matters stand transferred to the Company pursuant to the of amalgamation of Pakcem with the Company:

- i) The tax authority, vide an order dated 14 March 2011, raised a demand of Rs. 268.56 million by subjecting reversal of interest and penal charges on foreign currency loans to tax, for the Tax Year 2005. Pakcem filed an appeal with the CIR(A) which was decided against Pakcem. Pakcem then filed an appeal before the ATIR against the aforementioned order of CIR(A). The ATIR decided the appeal in the favour of Pakcem. However, the tax authority being aggrieved by the order of the ATIR, has filed a reference application with the Honourable Islamabad High Court.
- ii) The tax authorities vide an order dated 28 June 2013, reduced the tax refund of Pakcem from Rs. 122.66 million to Rs. 71.48 million for the Tax year 2010, owing to alleged suppression of sales amounting to Rs. 331.90 million, charging of minimum tax, and apportionment of expenses between local and export sales. Pakcem filed a rectification application with the tax authority and also filed an appeal with the CIR(A). The CIR(A) vide its order dated 30 January 2014 has remanded the case for denovo consideration, re-assessment proceedings have not been initiated till date.
- iii) The tax authority amended the assessment for the Tax Year 2008 and reduced tax losses by Rs. 2.58 billion on account of a waiver of customs duties amounting to Rs. 815.18 million alleged suppression of sales amounting to Rs. 1.19 billion and computation of profits attributable to exports. However, no tax demand was raised by the tax authority. Pakcem filed an appeal before the CIR(A) against the amended order. In 2014, the CIR(A) set aside the matters of additions to income on account of waiver of customs duties and taxes amounting to Rs. 815.18 million and suppression of sales amounting to Rs. 1.19 billion. The matter of computation of profits attributable to exports was, however, decided against Pakcem. Pakcem has filed an appeal against the decision of the CIR(A) before the ATIR. The tax authority, based on the decision of the CIR(A), has initiated the re-assessment proceedings which are in progress.
- iv) The tax authorities framed order under section 4B of the Ordinance on 16 May 2017 to recover Rs. 28.75 million from Pakcem on account of super tax allegedly short paid by the Company for the Tax Year 2015. Being aggrieved the Company filed appeal before CIR(A) who vide an ex-party decision dishonoured company's contention. The Company has aggitated the order of CIR(A) before the ATIR. The ATIR has remanded the assessment back to tax authority for denovo consideration. After reassessment proceedings the DCIR has passed the same order on 29 May 2019. Being aggrieved, the Company has filed appeal before CIR(A) on 24 June 2019, which is pending for adjudication.

34.3.4 The Company has during the year distributed sufficient interim dividends for the year ended 30 June 2019, which complies with the requirements of section 5A of the Income Tax Ordinance 2001. Accordingly, no provision for tax on undistributed reserves has been recognised in these financial statements for the year ended 30 June 2019.

35. EARNINGS PER SHARE - Basic and diluted

Profit for the year attributable to owners of the Company (Rupees in '000)
Weighted average number of ordinary shares in issue
Earnings per share - basic (Rupees)

	2019	2018
Profit for the year attributable to owners of the Company (Rupees in '000)	10,097,285	13,157,706
Weighted average number of ordinary shares in issue	596,252,783	596,252,783
Earnings per share - basic (Rupees)	16.93	22.07

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019

35.1 There is no dilution effect on earnings per share of the Company.

	Note	2019 (Rupees '000)	2018 (Rupees '000)
36. CASH AND CASH EQUIVALENTS			
Cash and bank balances	25	462,912	290,264
Short-term borrowings, secured	13	(10,835,368)	(12,260,179)
Cash and cash equivalents for the purpose of statement of cash flows		(10,372,456)	(11,969,915)

36.1 Reconciliation of movements of liabilities to cash flows arising from financing activities

	Long term financing	Long term musharaka	Unclaimed dividend	Total
	----- (Rupees '000) -----			
Balance at 01 July 2018	6,079,023	4,054,521	55,963	10,189,507
Changes from financing activities				
Repayment of long term financing and musharaka	(2,700,000)	(1,800,000)	-	(4,500,000)
Dividend paid	-	-	(6,458,274)	(6,458,274)
Total changes from financing cash flows	(2,700,000)	(1,800,000)	(6,458,274)	(10,958,274)
Other changes				
Dividend announced	-	-	6,558,780	6,558,780
Withholding tax on dividend	-	-	57,328	57,328
Net movement in finance cost	(3,663)	(4,788)	-	(8,451)
Total liability related changes	(3,663)	(4,788)	6,616,108	6,607,657
Balance at 30 June 2019	3,375,360	2,249,733	213,797	5,838,890

37. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

The aggregate amounts charged in these financial statements in respect of remuneration including benefits and perquisites of the chief executive, directors and executives of the Company are given below:

	2019			2018		
	Chief Executive	Directors	Executives	Chief Executive	Directors	Executives
	----- (Rupees '000) -----			----- (Rupees '000) -----		
Managerial remuneration	30,000	22,020	554,855	30,000	19,920	511,215
Bonus	-	4,427	109,857	-	3,733	85,386
Provision for gratuity	-	4,124	30,935	-	4,682	50,117
Compensated absences	-	(185)	(1,838)	-	353	8,842
Others	-	-	81	-	-	6,894
	30,000	30,386	693,890	30,000	28,688	662,454
Number of persons	1	1	137	1	1	129

NOTES TO THE FINANCIAL STATEMENTS

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- 37.1** The Chairman, Chief Executive, Executive Director, and eligible executives are also provided with vehicle facility while medical facility is provided to Executive Director(s) and eligible executives as per their entitled limits.
- 37.2** Executive means an employee whose basic salary exceeds Rs. 1.2 million (2018: Rs. 1.2 million) during the year.
- 37.3** In addition to above, meeting fees amounting to Rs. 0.78 million (2018: Rs. 0.39 million) were paid to 8 directors (2018: 8) who attended the board of directors meetings during the year.

38. RELATED PARTIES

38.1 Parent and ultimate controlling party and related party relationships

The Company is a subsidiary of Bestway (Holdings) Limited, U.K. ("the holding company"). Bestway (Holdings) Limited, U.K. is a wholly owned subsidiary of Bestway Group Limited, U.K. ("the ultimate parent company") therefore, all subsidiaries and associated undertakings of the ultimate parent company are related parties of the Company. Other related parties comprise of directors, key management personnel, entities with common directorships, entities over which the directors are able to exercise influence and employee retirement funds. Balances with related parties are shown in notes 5.2, 12, 18, 24 and 25 and transactions with related parties are disclosed in notes 30.2 and 37. Transactions and balances with related parties other than those disclosed elsewhere in these financial statements are as follows:

	2019 (Rupees '000)	2018 (Rupees '000)
Transactions and balances with holding company		
Dividend paid during the year	3,533,162	3,854,051
Transactions with associated undertakings under common directorship		
Dividend received	989,670	1,217,447
Sale of cement	214	233
Insurance claims received	41,922	7,911
Sale proceeds from sale of vehicle	2,113	-
Dividend paid	423,664	462,179
Service/bank charges paid	15,183	15,296
Rent paid	15,130	13,754
Insurance premium paid	30,479	66,463
Purchase of vehicles	2,430	-
Transactions and balances with key management personnel		
Remuneration, allowances and benefits	61,166	58,688
Dividend paid	1,022,361	1,216,999
Sale proceeds from sale of vehicle	1,242	-
Other related party transactions		
Expense / employer's contribution to provident fund	15,428	14,299
Payments made to the gratuity fund	527,800	-
Balances with related parties		
Unclaimed dividend	102,824	-

BESTWAY CEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

38.2 Following are the associated companies and related parties with whom the Company had entered into transactions during the year:

Associated company	Basis of relationship	Number of shares held in the Company	Aggregate %age shareholding in the Company
Bestway (Holdings) Limited, U.K.	Holding Company	321,254,405	53.88%
Bestway Northern Limited	Common control	15,191,463	2.55%
Bestway Foundation	Common directorship	23,323,432	3.91%
United Bank Limited	Common directorship	1,481	0.0002%
UBL Insurers Limited	Common directorship	-	-
MAP Rice Mills (Pvt) Limited	Common directorship	-	-

Related party	Basis of relationship	Number of shares held in the Company	Aggregate %age shareholding in the Company
Sir Mohammed Anwar Pervez	Chairman	21,640,779	3.63%
Mr. Zameer Mohammed Choudrey	Chief Executive	12,358,184	2.07%
Mr. Mohammed Younus Sheikh	Director	11,711,513	1.96%
Mr. Dawood Pervez	Director	37,536,226	6.30%
Mr. Haider Zameer Choudrey	Director	18,695,317	3.14%
Ms. Rakhshanda Choudrey	Close family member of CEO	185,425	0.03%
Mr. Muhammad Irfan A. Sheikh	Director	161,983	0.03%
Ms. Najma Naheed Pirzada	Director	67	-
Ms. Nazia Nazir	Director	29	-
Employees' Provident Fund	Employees' Provident Fund	-	-
Employees' Gratuity Fund	Employees' Gratuity Fund	-	-

38.3 Following particulars relate to associated companies incorporated outside Pakistan with whom the Company had entered into transactions during the year:

Particulars	Bestway (Holdings) Limited, U.K.	Bestway Northern Limited
Registered address	2 Abbey Road, London NW10 7BW	2 Abbey Road, London NW10 7BW
Country of incorporation	United Kingdom	United Kingdom
Basis of association	Holding Company	Group Company by virtue of sharing same parent
Aggregate Percentage of shareholding	53.88% directly and 2.55% indirectly	2.55%
Name of Chief Executive Officer	Mr. Zameer Mohammed Choudrey	Mr. Zameer Mohammed Choudrey
Operational status	Active	Active
Auditor's opinion on latest available financial statements	Unmodified (Year end 2018)	Unmodified (Year end 2018)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019

39. FINANCIAL INSTRUMENTS - Fair values and risk management

39.1 Accounting classification

The following table shows the carrying amounts of financial assets and financial liabilities by categories:

30 June 2019					30 June 2018		
Note	Financial assets at amortised cost	Other financial liabilities at amortised cost	Total	Financial assets at amortised cost	Other financial liabilities at amortised cost	Total	
	(-----Rupees - '000-----)			(-----Rupees - '000-----)			
Financial assets							
Deposits	23	136,164	-	136,164	164,594	-	164,594
Trade debts	21	2,101,856	-	2,101,856	1,785,728	-	1,785,728
Advances	22	13,395	-	13,395	15,895	-	15,895
Other receivables	24	13,200	-	13,200	32,607	-	32,607
Cash and bank balances	25	462,912	-	462,912	290,264	-	290,264
		2,727,527	-	2,727,527	2,289,088	-	2,289,088
Financial liabilities							
Current portion of long term financing	8	-	3,375,360	3,375,360	-	2,779,023	2,779,023
Long term financing	8	-	-	-	-	3,300,000	3,300,000
Current portion of long term musharaka	9	-	2,249,733	2,249,733	-	1,854,521	1,854,521
Long term musharaka	9	-	-	-	-	2,200,000	2,200,000
Trade and other payables	12	-	5,633,657	5,633,657	-	4,796,029	4,796,029
Unclaimed dividend		-	213,797	213,797	-	55,963	55,963
Short-term borrowings	13	-	10,835,368	10,835,368	-	12,260,179	12,260,179
		-	22,307,915	22,307,915	-	27,245,715	27,245,715

39.2 Fair values of financial assets and financial liabilities

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

39.3 Financial risk management

The Company has exposure to the following risks arising from financial instruments:

- 1) Credit risk
- 2) Liquidity risk
- 3) Market risk

39.3.1 Risk management framework

The Company's Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Board is also responsible for development and monitoring of the Company's risk management policies.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019

The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Company's Audit Committee oversees how management monitors compliance with the Company's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. The Audit Committee is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

39.3.2 Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers and balances with banks. The carrying amount of financial assets represents the maximum credit exposure.

Balances with banks

The Company held balances of Rs. 462.91 million with banks at 30 June 2019 (2018: Rs. 290.26 million). Management assesses the credit quality of the counter parties as satisfactory. Geographic analysis and credit rating information is given below:

Bank / financial institution	Credit rating agency	Long term Credit rating	Short term Credit rating	2019 (Rupees '000)	2018 (Rupees '000)
Pakistan:					
Allied Bank Limited	PACRA	AAA	A1+	43,496	31,668
Dubai Islamic Bank Pakistan Limited	JCR-VIS	AA	A-1+	81	84
Faysal Bank Limited	PACRA	AA	A1+	6	-
Habib Bank Limited	JCR-VIS	AAA	A-1+	41,775	89,855
MCB Bank Limited	PACRA	AAA	A1+	8,198	8,024
Meezan Bank Limited	JCR-VIS	AA+	A-1+	513	36
National Bank of Pakistan	PACRA	AAA	A1+	4,459	668
Soneri Bank Limited	PACRA	AA-	A1+	27	-
Standard Chartered Bank	PACRA	AAA	A1+	470	4,191
United Bank Limited	JCR-VIS	AAA	A-1+	363,887	155,738

Trade debts

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the credit risk of its customer base. The Company has established a credit policy under which each new customer is assessed individually for creditworthiness before the Company's standard payment and delivery terms and conditions are offered. Sales limits are established for each customer and are reviewed on monthly basis. Trade debts amounting to Rs. 185.85 million (2018: Rs 204.54 million) are secured against post dated cheques, letters of credit and bank guarantees. The Company maintains provision for doubtful debts that represents its estimate of probable losses in respect of trade debts.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019

	2019 (Rupees '000)	2018 (Rupees '000)
At reporting date, the maximum credit exposure in trade debts by geographic region was as follows:		
Domestic	2,008,395	1,589,581
African region	30,718	29,210
Asia	62,743	166,937
	2,101,856	1,785,728

At reporting date, the maximum credit exposure in trade debts by type of customer was as follows:

Dealers	1,472,190	1,227,666
End-user customers	629,666	558,062
	2,101,856	1,785,728

At reporting date, the ageing of trade debts and provision for doubtful debts were as follows:

	Gross amount		Provision for doubtful debts	
	2019 (Rupees '000)	2018 (Rupees '000)	2019 (Rupees '000)	2018 (Rupees '000)
1-30 days	1,372,604	1,279,565	-	-
31-60 days	288,778	266,079	-	-
61-90 days	234,301	123,566	-	-
Over 90 days	209,108	119,453	(2,935)	(2,935)
	2,104,791	1,788,663	(2,935)	(2,935)

The management believes that all unimpaired amounts are collectable in full, based on historical payment behavior and extensive analysis of customer credit risk. The movement in provision for doubtful debts during the year is disclosed in note 21.2.

39.3.3 Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The Company uses different methods which assists it in monitoring cash flow requirements and optimizing its cash return on investments. The Company aims to maintain the level of its cash and cash equivalents and other highly liquid assets at an amount in excess of expected cash outflows on financial liabilities. In addition, the Company maintains lines of credit as mentioned in note 13.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019

Exposure to liquidity risk

The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted, and include contractual interest payments and exclude the impact of netting agreements.

	Carrying amount	Contractual cash flows					
		Total	6 months or less	6 to 12 months	1 to 2 years	2 to 5 years	More than 5 years
30 June 2019	(Rupees '000)	(Rupees '000)					
Financial liabilities							
Current portion of long term financing	3,375,360	3,582,340	1,837,536	1,744,804	-	-	-
Long term financing	-	-	-	-	-	-	-
Current portion of long term musharaka	2,249,733	2,388,918	1,225,715	1,163,203	-	-	-
Long term musharaka	-	-	-	-	-	-	-
Trade and other payables	5,633,657	3,544,483	3,544,483	-	-	-	-
Unclaimed dividend	213,797	213,797	213,797	-	-	-	-
Short-term borrowings	10,835,368	10,835,368	10,835,368	-	-	-	-
	22,307,915	20,564,906	17,656,899	2,908,007	-	-	-
30 June 2018							
Financial liabilities							
Current portion of long term financing	2,779,023	3,146,493	1,330,875	1,815,618	-	-	-
Long term financing	3,300,000	3,466,527	-	-	3,466,527	-	-
Current portion of long term musharaka	1,854,521	2,099,501	889,089	1,210,412	-	-	-
Long term musharaka	2,200,000	2,311,018	-	-	2,311,018	-	-
Trade and other payables	4,796,029	4,796,029	4,796,029	-	-	-	-
Unclaimed dividend	55,963	55,963	55,963	-	-	-	-
Short-term borrowings	12,260,179	12,260,179	12,260,179	-	-	-	-
	27,245,715	28,135,710	19,332,135	3,026,030	5,777,545	-	-

As disclosed in Notes 8 and 9, the long term finance and long term musharaka facilities contain loan covenants. A future breach of covenants may require the Company to repay the loan earlier than indicated in the table above. The Company monitors the compliance with covenants on regular basis. The Company has obtained a waiver of current ratio from the lender and accordingly, these loans were not payable on demand as at 30 June 2019.

The contractual cash flows relating to mark-up on loans and borrowings have been determined on the basis of expected market mark-up rates and these amounts may change as market interest rates change. Except for these financial liabilities, it is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts.

39.3.4 Market risk

Market risk is the risk that changes in market prices such as foreign exchange rates, interest rates and equity prices, will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing returns. The Company is exposed to currency risk and interest rate risk.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019

(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. Currency risk arises mainly due to changes in foreign exchange rates. Currency risk arises mainly from future commercial transactions of receivables and payables that exist due to transactions in foreign currencies.

Exposure to currency risk

The summary quantitative data about the Company's exposure to currency risk is as follows

	USD	
	30 June 2019	30 June 2018
	(Rupees '000)	
Trade debts	93,461	196,147
Cash and bank balances	41,252	84,092
Net exposure	134,713	280,239

The following significant exchange rates have been applied:

	Average rate		Year-end spot rate	
	2019 (Rupees)	2018 (Rupees)	2019 (Rupees)	2018 (Rupees)
USD 1	136.11	109.88	162.87	121.45

Sensitivity analysis

A reasonably possible strengthening (weakening) of the USD against Pak Rupee at 30 June would have affected the measurement of financial instruments denominated in a foreign currency and affected the profit or loss and equity by the amounts shown below. This analysis assumes that all other variables remain constant and ignores any impact of forecast sales and purchases.

	Profit or loss		Equity, net of tax	
	Strengthening (Rupees '000)	Weakening (Rupees '000)	Strengthening (Rupees '000)	Weakening (Rupees '000)
30 June 2019				
USD (10% movement)	13,471	(13,471)	13,471	(13,471)
30 June 2018				
USD (10% movement)	28,024	(28,024)	28,024	(28,024)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019

(b) Interest rate risk

The interest rate risk is the risk that the fair value or the 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 and short term deposits with banks.

Exposure to interest rate risk

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

	Nominal amount	
	2019 (Rupees '000)	2018 (Rupees '000)
Fixed-rate instruments		
Financial assets	4,557	17,050
Variable-rate instruments		
Financial liabilities	16,460,461	22,393,723

Fair value sensitivity analysis for fixed-rate instruments

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

Cash flow sensitivity analysis for variable-rate instruments

A reasonably possible change of 100 basis points in interest rates at the reporting date would have increased (decreased) profit or loss and equity by the amounts shown below. This analysis assumes that all other variables remain constant.

	Profit or loss		Equity, net of tax	
	100 bp increase	100 bp decrease	100 bp increase	100 bp decrease
	(Rupees '000)	(Rupees '000)	(Rupees '000)	(Rupees '000)
30 June 2019				
Variable-rate instruments	(164,605)	164,605	(164,605)	164,605
Cash flow sensitivity (net)	(164,605)	164,605	(164,605)	164,605
30 June 2018				
Variable-rate instruments	(223,937)	223,937	(223,937)	223,937
Cash flow sensitivity (net)	(223,937)	223,937	(223,937)	223,937

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019

40. PROVIDENT FUND

The following information is based on un-audited financial statements of the Provident Fund Trust as at 30 June 2019:

	2019	2018
Size of the trust (Rupees '000)	240,520	246,021
Cost of investments (Rupees '000)	165,000	133,692
Percentage of investments made (%)	69%	54%
Fair value of investments made (Rupees '000)	219,536	176,375

	2019 %	2018 %	2019 (Rupees '000)	2018 (Rupees '000)
40.1 The break-up of fair value of investments is as follows:				
Quoted investments:				
National Investment Trust	23%	22%	49,524	38,097
UBL's United Composite Islamic Fund	0%	4%	-	7,084
UBL's Separately Managed Account	11%	0%	23,625	-
	34%	26%	73,149	45,181
Others:				
Defence Saving Certificates	13%	15%	28,900	26,070
Certificates of Islamic Investment - Meezan Bank Limited	7%	23%	15,900	40,539
Term Deposit Receipts - Bank Islami Pakistan Limited	0%	8%	-	13,955
Term Deposit Receipts - MCB Islamic Bank	46%	28%	101,587	50,630
	66%	74%	146,387	131,194
	100%	100%	219,536	176,375

40.2 In addition to above, funds amounting to Rs. 12.48 million (2018: Rs. 36.57 million) have been placed in saving accounts.

40.3 All the investments of the Provident Fund Trust have been made in accordance with the provisions of section 218 of the Companies Act, 2017 (previously the Companies Ordinance, 1984) and the rules formulated for this purpose.

41. PLANT CAPACITY AND PRODUCTION - Clinker

Note	Available Capacity		Actual Production	
	2019	2018	2019	2018
	(Metric Tonnes)		(Metric Tonnes)	
Hattar	1,230,177	1,230,177	991,912	1,189,381
Chakwal	3,428,700	3,428,700	2,327,647	3,261,149
Farooqia	3,004,994	1,259,994	1,795,791	1,192,044
Kallar Kahar	2,494,200	2,375,911	1,511,974	2,434,418
	10,158,071	8,294,782	6,627,324	8,076,992

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019

41.1 The new Farooqia line II plant with an annual capacity of 1.8 million metric tonnes commenced commercial production in June 2018 and hence available capacity disclosed as at 30 June 2018 had been calculated with effect from 20 June 2018.

42. NUMBER OF EMPLOYEES

	Note	2019	2018
Number of employees	42.1	2,051	2,176
Average number of employees	42.2	2,125	2,058

42.1 This includes 1,690 (2018: 1,812) number of factory employees.

42.2 This includes 1,763 (2018: 1,715) number of factory employees.

43. DISCLOSURE REQUIREMENT FOR SHARIAH COMPLIANT COMPANIES

As per the requirements of the fourth schedule to the Companies Act, 2017, shariah compliant companies and companies listed on the Islamic Index shall disclose the following:

	Note	2019 (Rupees '000)	2018 (Rupees '000)
Long term loans obtained as per islamic mode	9	2,249,733	4,054,521
Short term running finance facilities as per islamic mode		-	987,836
Shariah compliant bank balances	39.3.2	594	120
Finance cost on islamic mode of financing		358,514	320,673

For profits earned and finance cost on conventional loans, refer to note 28 and 32.

The Company maintains bank accounts with Meezan Bank Limited and Dubai Islamic Bank Pakistan Limited. The Company has obtained facilities of long term musharaka (refer note 9) and short term running finance facility from Meezan Bank Limited (refer note 13).

44. CORRESPONDING FIGURES

The corresponding figure of markup accrued in the statement of financial position amounting to Rs. 242.1 million has been classified in short term borrowings, current portion of long term loan and current portion of long term musharaka to conform to current period's presentation.

45. PROPOSED DIVIDEND

The Board of Directors in their meeting held on 8 August 2019 has proposed a final dividend of Rs. 3 per share. These financial statements do not reflect the proposed final dividend on ordinary shares as payable, which will be accounted for in the statement of changes in equity as an appropriation from the unappropriated profit in the year ending 30 June 2020.

46. DATE OF AUTHORISATION

These financial statements were authorised for issue on 8 August 2019 by the Board of Directors of the Company.


CHIEF EXECUTIVE


DIRECTOR & CHIEF FINANCIAL OFFICER

KEY OPERATIONAL AND FINANCIAL DATA FOR SIX YEARS

AS AT 30 JUNE 2019

	2019	2018	2017	2016	Restated 2015	2014
OPERATING RESULTS	RUPEES IN MILLIONS					
Net turnover	53,602	52,884	51,624	45,721	32,693	28,951
Cost of sales	37,557	33,928	29,091	24,573	19,900	17,570
Gross profit	16,045	18,956	22,533	21,148	12,793	11,380
Operating profit	13,290	14,217	17,439	16,789	10,577	10,896
Net finance costs	1,498	600	831	1,823	457	462
Profit before tax	13,246	14,964	18,664	17,078	12,068	10,434
Profit for the year	10,097	13,158	13,293	11,880	9,621	7,872
STATEMENT OF FINANCIAL POSITION	RUPEES IN MILLIONS					
Share capital and reserves	57,606	53,310	47,769	41,983	36,443	22,544
Property, plant and equipment	57,242	56,086	44,732	42,955	43,448	24,224
Long term financing and musharaka	-	5,500	10,000	16,500	23,299	-
Net current (liabilities) / assets	(9,680)	(7,250)	2,008	2,031	(523)	785
SIGNIFICANT FINANCIAL RATIOS	PERCENTAGES					
Gross profit ratio	29.93	35.84	43.65	46.25	39.13	39.31
Net profit ratio	18.84	24.88	25.75	25.98	29.43	27.19
Interest coverage ratio	9.84	25.94	23.46	10.37	27.41	23.58
Return on equity	17.53	24.68	27.83	28.30	26.40	34.92
Earnings per share	16.93	22.07	22.29	20.16	16.56	13.79
Dividend	110	120	120	100	100	65
	IN THOUSAND METRIC TONNES					
Despatches of cement and Xtreme bond	8,126	8,590	7,478	6,904	4,809	4,372

BESTWAY CEMENT LIMITED

PATTERN OF SHAREHOLDING

AS AT 30 JUNE 2019

NUMBER OF SHAREHOLDERS	SHAREHOLDING		NUMBER OF SHARES HELD
	FROM	TO	
5589	1	100	186,369
2006	101	500	574,479
734	501	1000	604,669
870	1001	5000	2,126,127
161	5001	10000	1,226,451
61	10001	15000	784,549
36	15001	20000	643,018
20	20001	25000	464,586
17	25001	30000	477,996
12	30001	35000	392,177
8	35001	40000	302,432
12	40001	45000	512,110
6	45001	50000	289,482
4	50001	55000	214,105
4	55001	60000	228,183
1	60001	65000	61,370
7	65001	70000	471,650
7	75001	80000	540,426
1	80001	85000	80,600
3	85001	90000	256,938
2	90001	95000	181,800
2	95001	100000	196,000
1	100001	105000	100,600
1	105001	110000	105,800
1	110001	115000	110,005
2	115001	120000	235,633
1	120001	125000	120,800
2	125001	130000	258,235
3	135001	140000	415,000
1	140001	145000	142,500
3	150001	155000	463,491
2	155001	160000	316,541
1	160001	165000	161,983
1	165001	170000	166,190
1	185001	190000	185,425
1	195001	200000	197,700
5	215001	220000	1,093,960
2	230001	235000	465,258
4	240001	245000	969,449
1	255001	260000	255,250
2	275001	280000	556,358
1	285001	290000	289,159
3	290001	295000	885,000
1	295001	300000	300,000
2	300001	305000	607,794

BESTWAY CEMENT LIMITED

PATTERN OF SHAREHOLDING

AS AT 30 JUNE 2019

NUMBER OF SHAREHOLDERS	SHAREHOLDING		NUMBER OF SHARES HELD
	FROM	TO	
1	335001	340000	340,000
1	505001	510000	507,310
1	620001	625000	623,664
5	675001	680000	3,394,400
1	730001	735000	733,316
1	800001	805000	803,037
1	940001	945000	944,715
1	955001	960000	958,778
1	1060001	1065000	1,064,812
2	1085001	1090000	2,178,724
1	1180001	1185000	1,180,650
1	1240001	1245000	1,244,116
1	1355001	1360000	1,357,760
1	1570001	1575000	1,573,445
1	1710001	1715000	1,711,500
2	1910001	1915000	3,822,942
1	2695001	2700000	2,698,994
1	4320001	4325000	4,323,753
1	7875001	7880000	7,878,441
1	9900001	9905000	11,711,513
1	12355001	12360000	12,358,184
1	15190001	15195000	15,191,463
1	18695001	18700000	18,695,317
1	21640001	21645000	21,640,779
1	23320001	23325000	23,323,432
2	37495001	37500000	37,496,432
1	37535001	37540000	37,536,226
1	40485001	40490000	40,487,027
1	321250001	321255000	321,254,405
9,641			596,252,783

CATEGORIES OF SHAREHOLDERS	SHARES HELD	%
Directors, Chief Executive, their Spouse and Minor Children	102,289,523	17.16
Associated Companies Undertakings & Related Parties	359,769,300	60.34
NIT/ICP	564	0.00
Banks, Development Finance Institutions and Non Banking Financial Institution	1,728,764	0.29
Insurance Companies	806,523	0.14
Modarabas and Mutual Funds	1,002,556	0.17
Shareholders holding 10% *	-	0.00
General Public		
a. Local	129,394,920	21.70
b. Foreign	-	0.00
Others		
i. Foreign Companies	263,140	0.04
ii. Joint Stock Companies and Trusts	997,493	0.17
TOTAL	596,252,783	100.00

* Bestway (Holdings) Limited is holding 53.88% shares of the Company.

ایچ آر اور معاوضہ کمیٹی

- 1- محترمہ نازیہ بٹ (چیر پرسن)
- 2- جناب محمد عرفان انور شیخ
- 3- جناب محمد یونس شیخ

آڈیٹرز

موجودہ آڈیٹرز اے ایف فرگوسن اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹ جو اس اجلاس کے خاتمے پر ریٹائرڈ ہو جائیں گے اور انہوں نے اہلیت کے حامل ہونے کی وجہ سے اپنے آپ کو دوبارہ تقرر کے لیے پیش کیا ہے۔ کمپنی آڈٹ کمیٹی نے اس معاملے پر غور کیا ہے اور ریٹائر ہونے والے آڈیٹرز کے از سر نو تقرر کی سفارش کی ہے۔

اظہار تشکر

ڈائریکٹر پورے سال کے دوران کمپنی سے مسلسل تعاون، شراکت اور اعتماد کے لیے کمپنی کے حصص داران، اسٹاف ممبران، صارفین، فراہم کنندگان، خاص طور پر ہمارے بینکرز، الا اینڈ بینک لمیٹڈ، حبیب بینک لمیٹڈ، فیصل بینک لمیٹڈ، میزان بینک لمیٹڈ، ایم سی بی بینک لمیٹڈ، یو بی ایل بینک لمیٹڈ، عسکری بینک لمیٹڈ، شہری بینک لمیٹڈ، بینک الفلاح لمیٹڈ، ودی اسلامک بینک پاکستان لمیٹڈ، اسٹینڈرڈ چارٹرڈ بینک (پاکستان) لمیٹڈ، نیشنل بینک آف پاکستان، سٹی بینک اور دیگر کئی حکومتی ایجنسیوں کے مشکور ہیں۔



محمد عرفان انور شیخ
ڈائریکٹر



ضمیر محمد چوہدری

چیف ایگزیکٹو

اسلام آباد

8 اگست 2019

مستقبل کا منظر نامہ:

اگر چسٹ روی سے انفراسٹرکچر کی بہتری کا عمل جاری ہے تاہم معاشی طور پر جاری غیر یقینی صورتحال کی وجہ سے مقامی طلب کا مستقبل میں دباؤ میں رہنے کا امکان ہے۔ ضروری ساخت میں اصلاحات لانے اور بہتر معاشی نظم و ضبط لانے کے لئے حکومت کی کوششوں سے ممکنہ امکان ہے کہ حالات بہتر ہونے سے قبل مستقبل میں معیشت پر مزید دباؤ بڑھے گا۔ روپے کی قدر میں مزید کمی اور اور شرح سود میں اضافے سے انکار نہیں کیا جاسکتا جس سے سینٹ کے شعبے میں مارجن پر مزید دباؤ بڑھے گا۔ مزید برآں، توقع کی جارہی ہے کہ اگلے 12 ماہ کے اندر سینٹ انڈسٹری کو مزید وسعت دیتے ہوئے آن لائن آنے کی توقع ہے جس سے سینٹ کی فراہمی اور قیمتیں دباؤ میں رہنے کا امکان ہے۔ تاہم جوہی سیاسی استحکام منظم ہوا تو یہ قومی سطح پر جاری رہنے والی تعمیراتی سرگرمیوں میں معاون ہوگا جس سے صارفین کا اعتماد بحال ہوگا اور معاشی صورتحال کو بھی مستحکم کرے گا۔ چونکہ حکومت کی جانب سے 5 ملین لاگت کے ایک رہائشی منصوبے کا آغاز کرنے کے تشہیر کی جارہی ہے جس سے سینٹ کی مانگ میں اضافہ ہوگا۔ اگرچہ کرنسی کی قدر میں کمی برآمدات کے لئے فائدہ مند ہو سکتی ہے لیکن برآمدات میں مزید توسیع اور بھارت کو درآمدات دوبارہ شروع کرنے میں تاخیر کرنے سے برآمدات کے مواقع کم ہونے کا امکان ہے۔ حسب معمول آپ کی انتظامیہ آنے والے چیلنجز سے بخوبی آگاہ ہے اور آنے والے سالوں میں میسر آنے والے مواقع سے بھرپور استفادہ کرنے اور مزید افزائش اور بہتر منافع کے لیے کوشاں رہے گی۔

ترتیب حصص داری:

30 جون 2019 کو رقم ہونے والے سال کے لئے کمپنی کی ترتیب حصص داری آگے آنے والے صفحات میں دی گئی ہے۔

بورڈ کی تشکیل:

ڈائریکٹرز کی کل تعداد 8 ہے۔ جن کی ترتیب نیچے دی گئی ہے

مرد:	6
خواتین:	2

بورڈ کی تشکیل نیچے بیان کی گئی ہے:

آزاد ڈائریکٹرز

- 1- محترمہ نجمہ ناہید بیگزادہ
- 2- محترمہ مناز بیگزادہ

دیگر غیر انتظامی ڈائریکٹرز:

- 1- سر محمد انور پرویز (چیرمین)
- 2- جناب محمد پولس شیخ
- 3- جناب داؤد پرویز
- 4- جناب حیدر ضمیر چوہدری

انتظامی ڈائریکٹرز:

- 1- جناب ضمیر محمد چوہدری
- 2- جناب محمد عرفان انور شیخ

بورڈ کی کمیٹیاں:

آڈٹ کمیٹی

- 1- محترمہ نجمہ ناہید بیگزادہ (چیرپرسن)
- 2- جناب داؤد پرویز
- 3- جناب حیدر ضمیر چوہدری

صحت

بنیادی صحت کے شعبوں میں، ہیٹ وے کی چاروں فیکٹریوں کی حدود میں قائم ڈسپنری کے ذریعے مقامی آبادی کے ہزاروں افراد کو مفت طبی سہولیات فراہم کی جاتی ہیں۔ مئی 2019 میں ٹیکسلاہری پور روڈ فاروقیہ میں ایک مکمل میڈیکل سینٹر کا افتتاح کیا گیا جس میں ایک مستند ڈاکٹر ایک خاتون میڈیکل آفیسر کے ساتھ زسٹ کا عملہ کام کر رہا ہے۔ یہ میڈیکل سینٹر 7.4 ملین روپے کی لاگت سے بنایا گیا ہے۔

مالی امداد

تعلیم کو بہتر بنانے اور صحت کی بنیادی سہولتیں فراہم کرنے سے متعلق اپنے بنیادی مقصد کے حصول کی کوششوں کے ساتھ ساتھ آپ کی کمپنی اپنے مختیر حضرات سے مل کر ماباند بنیاد پر مقامی آبادی کی 452 بچوں اور مستحق افراد کو ماباند وٹیلے کی صورت میں ان کی مالی معاونت بھی کرتی ہے۔

مقامی آبادی کے لیے ملازمتوں کی فراہمی

آپ کی کمپنی نے اپنی فیکٹری کی حدود میں بہتر مندر اور غیر ہنرمند مقامی لوگوں کے لیے ٹیکنکوں ملازمتیں متعارف کروائی ہیں مختلف سرگرمیوں کے ذریعے مزید ملازمتوں کے بہت سے مواقع پیدا کئے گئے ہیں۔ ملازمتوں کی تخلیق نہ صرف مقامی آبادی کی کی قوت خرید بڑھاتی ہے بلکہ ان کے معیار زندگی کو بھی بہتر بنانے کا موقع فراہم کرتی ہے۔

اپرینٹس شپ اور ٹینٹ

اس مدت کے دوران ہیٹ وے نے اپنے اپنے میدانوں/شعبوں میں بہترین تربیت حاصل کرنے والے 545 ٹرینی انجینئرز، مینٹنر اور اپرینٹسز کو ملازمت فراہم کی۔ جبکہ ان میں سے 62 ٹرینی اور اپرینٹسز کو کمپنی میں برقرار رکھا گیا ہے جبکہ باقی ٹرینی دوسری صنعتوں اور کاروباری اداروں میں ہیٹ وے سے حاصل کی گئی تربیت کی بدولت ایک شاندار مستقبل کا آغاز کرتے ہیں اور ملکی ترقی میں اپنا حصہ ڈالتے ہیں۔

ناگہانی آفات کا انتظام اور بحالی:

آپ کی کمپنی ناگہانی آفات کے انتظام اور زلزلوں اور سیلابوں کی تباہ کاریوں کے بعد امداد بحالی اور از سر نو تعمیر کی سرگرمیوں اور علاقائی ترقی کے منصوبوں میں دل کھول کر حصہ ڈالتی ہے۔

مقامی آبادی کی فلاح:

ہیٹ وے کیونٹی کی ترقی اور اپنے پلائس کے گرد و نواح کے علاقوں کی بحالی میں نمایاں مدد فراہم کر رہا ہے۔ زیر جائزہ مدت کے دوران آپ کی کمپنی نے مختلف ترقیاتی منصوبوں پر 16.7 ملین روپے خرچ کئے جن میں کناس راج تالاب کی بحالی، پینے کے صاف پانی کی فراہمی اور مختلف دیہات کو پانی کی فراہمی کی بحالی سمیت دیگر ترقیاتی منصوبے بھی شامل ہیں جنہیں صرف ہیٹ وے کے بیگ عطیہ کئے گئے۔ کناس راج تالاب کی آبی سطح کو باقاعدگی سے دیکھنے اور سال بھر تالاب کی دیکھ بھال کی سہولت کے علاوہ ہیٹ وے نے ایک علیحدہ گارڈ روہ بھی تعمیر کیا ہے غرض کی زمین و آرائش کی ہے اور قومی ورثہ کے ٹین گیٹ کو بھی محفوظ بنایا ہے جس پر زیادہ سے زیادہ 10.5 ملین روپے لاگت آئی ہے۔

آپ کی کمپنی رمضان المبارک کے مقدس مہینے میں اپنے ہیڈ آفس اور تمام پلائس پر باقاعدگی سے مفت دسترخوان کا اہتمام کرتی ہے جہاں ہزاروں مقامی باشندے اور راگیر پورا مہینہ افطار کرتے ہیں۔ اس کے علاوہ رمضان المبارک کے آغاز میں ہی مقامی علاقوں میں موجود سینکڑوں مستحق لوگوں میں خوراک کے تحفے تقسیم کئے جاتے ہیں۔

CSR اقدامات کے علاوہ، ہیٹ وے کی جانب سے کی جانے والی معاشرتی ترقی کی مشن کو کوششوں میں کلرکھار کے ایک گاؤں خیر پور میں تقریباً 1.7 ملین روپے کی لاگت سے شش تواری کی نظام کی تنصیب بھی شامل ہے۔ ہماری مقامی آبادیوں میں ضرورت مند مقامی لوگوں میں گندم اور ادویات کی تقسیم، حصار کے سرکاری سکولوں میں برقی پانی کے کالروں کی تنصیب، مساجد اور سکولوں کی تعمیر وغیرہ سمیت مقامی علاقوں میں متعدد ترقیاتی منصوبوں کے لئے ہیٹ وے کے بیگ کا عطیہ وغیرہ۔ مقامی تہواروں، ثقافتی تقریبات اور دیگر کئی معاشرتی منصوبوں میں معاونت کے لئے ایک کثیر رقم مقامی انتظامیہ کو چندے کے طور پر دی جاتی ہے۔

کناس راج تالاب:

2017 کے بیومین رائٹس کے کنس نمبر G-25598 میں غیر مصدقہ اطلاعات کی بنا پر گرامی قدر سپریم کورٹ آف پاکستان نے وادی کاہون میں پانی کی قلت اور ماحولیاتی آلودگی نیز کناس راج تالاب میں پانی کے ذخائر میں کمی کا علاقے میں موجود سینٹ فیکٹریوں کو ذمہ دار ٹھہراتے ہوئے از خود نوٹس لیا تھا۔

انتظامیہ کو یہ اطلاع دیتے ہوئے خوشی محسوس ہو رہی ہے کہ اس کیس کا نتیجہ اب معزز عدالت کے ہاں تسلی بخش ہے۔ آپ کی کمپنی نے بر زمین پانی کی صنعتی استعمال کو صفر تک کم کر کے اور پانی کے متبادل اختیارات جیسے واٹر کولڈ کنڈنسر سسٹم کو انٹر کولڈ کنڈنسر سسٹم میں کامیابی سے تبدیل کرنے کے ساتھ ساتھ دوسرے منصوبے جیسے پانی ذخیرہ کرنے والے ٹینکوں کی تعمیر، بارش کے پانی کو محفوظ کرنے کے لئے تالاب اور ریورس اسوس پلائس کی تنصیب عدالت کو دیئے گئے وقت میں مکمل کر دیئے ہیں۔ اس کے علاوہ ہیٹ وے کے پلائس کو ماحولیاتی معیارات (قومی اور بین الاقوامی) دونوں کے ساتھ مکمل طور پر ہم آہنگ پایا گیا ہے اور اس معاملے کو نمٹانے کے لئے کمپنی پر کوئی جرمانہ بھی عائد نہیں کیا گیا۔

ہولڈنگ کمپنی

کمپنی مکمل طور پر ہیٹ وے (ہولڈنگز) لمیٹڈ، برطانوی قوانین کے تحت تشکیل شدہ ایک کمپنی، کی ذیلی کمپنی ہے۔ ہیٹ وے (ہولڈنگز) لمیٹڈ، یو کے مکمل طور پر ہیٹ وے گروپ لمیٹڈ کی ذیلی کمپنی ہے، چنانچہ تمام ماتحت ادارے اور حتمی پیرنٹ کمپنی کے منسلک ادارے کمپنی کی متعلق پارٹنر ہیں۔

چکوال پلانٹ میں زیتون کے درختوں کی تعداد 2400 سے بڑھ کر 10,500 ہو گئی ہے۔ اس علاقے کو حکومت پنجاب نے زیتون کیلئے توجہ کا مرکز قرار دیا ہے۔ لوکاٹ چکوال کے علاقے کا ایک دیسی پھل دار درخت ہے۔ کھربار میں تین باغ لگ چکے ہیں جن میں 2500 لوکاٹ کے درخت لگائے گئے ہیں جس میں Rehabilitation کے طور پر Quarry تیریا میں لگایا گیا ایک باغ بھی شامل ہے۔

کھربار کے Quarry تیریا میں بھی ایک خوبصورت نظارہ قائم کیا گیا ہے جس میں سو سے زیادہ پائونڈ اور دیوار کی دیگر اقسام بھی شامل ہیں۔ حطار کے Quarry تیریا میں بھی ایک دلکش نظارہ قائم کیا گیا ہے جس میں 300 پائونڈ کے درخت اور بہت سے پھولوں والے جھاڑی پودے شامل ہیں۔ یہ حطار انڈسٹریل اسٹیٹ اور اس کے گرد و نواح میں رہنے والے لوگوں کے لئے قائم کیا گیا ہے اکثر خاندانی تقریبات بھی یہاں منعقد ہوتی ہیں۔

آپ کو جان کر خوشی ہوگی کہ یہ دسواں سال ہے جب اپنے مسابقتی کمپنیوں کے درمیان سیمنٹ سیکٹر میں بیسٹ سیمٹ واحد کمپنی ہے جسے اپنے تمام چاروں پلانٹس پر ماحول دوست پالیسیوں اور طرز عمل کے موثر اطلاق پر فورم برائے ماحول و صحت کی جانب سے ’انواؤرمنٹ ایکسی لینس ایوارڈ‘ سے نوازا گیا ہے۔

بیسٹ وے سیمٹ WWF پاکستان کی کوششوں کو ہمیشہ سراہا ہے۔ رواں سال کے آغاز پر آپ کی کمپنی کی جانب سے ماحول کے تحفظ کے لیے کام کرتے ہوئے کاربن کے اثرات کو کم کرنے کے لیے کئے جانے والے اقدامات کی تعریف کی گئی ہے۔ یہ پاکستان کی چند کمپنیوں میں سے ایک ہے WWF پاکستان کی جانب سے بطور گرین آفس سرٹیفائیڈ ہے۔

آپ کی کمپنی نے گزشتہ سال مونسون شجرکاری مہم میں تقریباً 60,000 درخت لگائے تھے جبکہ گزشتہ موسم بہار میں شجرکاری مہم میں EPA کے اشتراک سے مزید 25,000 درخت لگائے گئے تھے۔ شجرکاری کی ان مہموں کے علاوہ آٹھ ڈے اور دیگر مواقع پر یونیورسٹی کے طلباء کے ساتھ، حکومتی عہدیداروں، کمیونٹی ممبران اور ہمارے اپنے عملے کے اراکین سال بھر کلین اینڈ گرین پاکستان مہم کا حصہ رہے۔ چاروں پلانٹس پر پھلوں کے باغات لگائے گئے ہیں جو کمپنی کی پائیدار ترقی میں بھی معاون ہیں۔

بارش کے پانی سے کاشت بھی بہتری کی جانب ایک اہم اقدام ہے اور آپ کی کمپنی نے پچھلے سال نہ صرف بارش کے پانی کو ذخیرہ کرنے والے تالابوں کو نمایاں طور پر بہتر بنانے کے ساتھ ساتھ تالاب بنانے میں بھی پیش رفت کی ہے۔ کمپنی پانی کے تحفظ میں بھی اہم کردار ادا کر رہی ہے اور اپنے کم سے کم پانی کی کھپت کو کم کرنے کے لئے کولڈ سٹورکٹ کوئلنگ ٹاور کی تنصیب کا عمل جاری رکھے ہوئے ہے۔

کارپوریٹ سماجی ذمہ داری

بیسٹ وے اپنے آپریشنز میں طویل مدتی سرمایہ کاری کرتا ہے اور مقامی کمیونٹی کے حوالے سے خصوصی ذمہ داری کو سراہتا ہے۔ کمپنی غیر مراعات یافتہ علاقوں میں صحت کی سہولیات، تعلیم، وکیشنل ٹریننگ، تحفظ ماحولیات کے پروگراموں اور ملازمتوں اور روزگار کے مقامی مواقع پیدا کرنے جیسی فعال سرگرمیوں پر فخر کرتی ہے۔ آپ کی کمپنی اپنی کارپوریٹ سماجی ذمہ داری کی سرگرمیاں بنیادی طور پر اپنے خیراتی ادارے بیسٹ وے فاؤنڈیشن کے ذریعے کرتی ہے۔

تعلیم

غیر مراعات یافتہ علاقوں میں معیاری تعلیم کی فراہمی کے عزم کے ساتھ بیسٹ وے سال 2018 سے ہری پور روڈ ضلع ٹیکسلا میں فاروقیہ کے نزدیک ایک پرائمری اسکول چلا رہا ہے۔ اسی طرح کا ایک اقدام ضلع چکوال کے گاؤں تیزال میں کیا گیا جہاں وسیع المقاصد اور ضروری سہولیات کا حامل پرائمری سے نڈل تک کے لئے اسکول تعمیر کیا گیا ہے۔ بیسٹ فاؤنڈیشن اسکول 67 ملین کی لاگت سے 2016 میں مکمل ہوا۔ آج تک مجموعی طور پر 450 سے زیادہ طلباء ہیں جنہیں دونوں مقامات پر تہہ بکارا سادہ کی جانب سے ایک نوکن فیس میں اعلیٰ تعلیم فراہم کی جارہی ہے۔

بیسٹ وے گوجران میں قائم فرج پروڈیوگری کالج کے ذریعے خاص طور پر خواتین کو کالج تک مفت تعلیم فراہم کر رہی ہے۔ اس منصوبے کے تحت متعدد کھاس رومز، لیبارٹریز، فیکلٹی کے لئے غیر نصابی سرگرمیاں اور فیکلٹی ممبران کے لیے رہائشی سہولیات شامل ہیں، جو مکمل طور پر آپ کی کمپنی کی جانب سے فنڈ کی گئی ہیں اور 30 ملین کی لاگت کے ساتھ 2011 سے سرگرم عمل ہیں۔ اپنے قائم کردہ تعلیمی اداروں کے علاوہ بیسٹ وے لوکل آبادی اور دیہی علاقوں میں مختلف سرکاری اسکولوں کی معاونت کر رہا ہے۔

نیشنل انٹرنیشنل اسکالرشپس

ایک مضبوط اور متحرک معاشرے کی تعمیر کے لئے اعلیٰ تعلیم انتہائی ضروری ہے جبکہ بہت سارے ہنرمند اور قابل مستحق نوجوان مالی وسائل کی کمی کے باعث اپنی تعلیم جاری رکھنے سے قاصر ہیں۔ آپ کی کمپنی نے مستحق طلباء کی حمایت کے عزم کو مد نظر رکھتے ہوئے 12.5 ملین روپے کا اسکالرشپ اینڈ وٹمنٹ فنڈ تشکیل دیا ہے جس کے تحت بیسٹ وے فاؤنڈیشن نیشنل یونیورسٹی آف سائنس اینڈ ٹیکنالوجی (NUST) کے انڈرگریجویٹ پروگراموں میں داخلہ لینے والے مالی طور پر مستحق طالبات کی مدد کرتی ہے۔ یہ اسکالرشپس 5 مستحق طلباء کو دی جائیں گی جو بنیادی طور پر ہر سال انوائٹمنٹل انجینئرنگ، مینارجی اینڈ مینیجرنگ، کمپیوٹر انجینئرنگ، اور میکینکس انجینئرنگ، کے کسی بھی شعبے میں داخلہ لینے کے خواہش مند ہوں۔ مذکورہ بالا اسکالرشپس کے علاوہ آپ کی کمپنی نے آج تک باصلاحیت طالب علموں کی بڑی تعداد کو سالانہ 300 انٹرنیشنل اور انٹرنیشنل اسکالرشپس فراہم کی جاتی ہیں۔ ان اسکالرشپس کا مقصد ان طلباء کی معاونت ہے جنہیں تعلیم جاری رکھنے کے لیے مالی تعاون کی ضرورت ہے۔

بیسٹ وے برطانیہ کی آکسفورڈ یونیورسٹی، یونیورسٹی آف بریڈ فورڈ اور کیمنٹ یونیورسٹی میں تعلیم کے لیے باصلاحیت پاکستانی طلباء کو ہر سال 12 مکمل فنڈڈ اسکالرشپس فراہم کرتا ہے۔

انسان دوستی کافروغ

رواں سال کے دوران آپ کی کمپنی نے بیسٹ فاؤنڈیشن کے ذریعے مختلف تعلیمی صحت اور خیراتی اداروں کو 101 ملین روپے کے عطیات دیئے۔

اس طرح گزشتہ چند سالوں میں مستفید ہونے والوں میں انسٹی ٹیوٹ آف بزنس ایڈمنسٹریشن کراچی، غلام آحق خان انسٹی ٹیوٹ صوابی، لاہور یونیورسٹی آف مینجمنٹ سائنسز، سہارا فور لائف ٹرسٹ میانوالی، زندگی ٹرسٹ، سندھ انسٹی ٹیوٹ آف پورولاجی اینڈ ٹرانسپلینٹیشن، عبدالستار ایچ سی فاؤنڈیشن، شوکت خانم میموریل ٹرسٹ، مسکان انسٹی ٹیوٹ سوات، ثار قاطرہ کراڑ اسکول، شاہراہ ہسپتال، اکھ پال کور فاؤنڈیشن، محمد گلستان خان فاؤنڈیشن، لیٹن رحمت اللہ بنو ویلڈ ٹرسٹ، نیشنل سوسائٹی برائے مینٹلی اینڈ ایوشنل ہیڈی کپیڈ چلڈرن فورمین کرچن کالج یونیورسٹی، فیملی ایجوکیشنل سروسز فاؤنڈیشن، ناردرن یونیورسٹی پشاور، دی سٹیزن فاؤنڈیشن، زمنگ کورسز KPSS سیکنڈری اسکول سیگل آباد چکوال، سلطانہ فاؤنڈیشن، کیرفاؤنڈیشن، کانغان میموریل ٹرسٹ، المصطفیٰ ٹرسٹ، قحطی ویلفیئر فاؤنڈیشن، ضیاء العلوم اور مختلف دیگر ادارے شامل ہیں۔

مارکیٹنگ

بیسٹ وے ملک کا سب سے بڑا سیمنٹ ساز ادارہ ہے جو کوالٹی مینجمنٹ سسٹم کے لیے ISO 9001 تصدیق شدہ ہے۔ آپ کی کمپنی نہ صرف ملکی منڈی میں بلکہ بین الاقوامی منڈی میں بھی بطور پیمائش برانڈ کے مستحکم حیثیت قائم رکھے ہوئے ہے۔ آپ کی کمپنی نے ایک بار پھر افغانستان اور انڈیا کو سیمنٹ برآمد کرنے والی سب سے بڑی کمپنی کا اعزاز برقرار رکھا ہے۔ آپ کی کمپنی نے مسلسل بہترین معیار موثر مارکیٹنگ حکمت عملی، کسٹمر کیئر اور اس کی سہولت اور مارکیٹنگ ٹیموں کی لگن کی وجہ سے مارکیٹ لیڈر کی حیثیت حاصل کرنے میں کامیابی حاصل کی ہے۔

آپ کی کمپنی ملک کی ان چند کمپنیوں میں شامل ہے جو انڈیا کو سیمنٹ برآمد کرنے کے لیے سرٹیفائیڈ ہیں اور مطابقت کے لیے CE-Certification کی حامل ہیں۔ ان سرٹیفیکیشن برائے مطابقت کی بدولت آپ کی کمپنی انڈیا، یورپی کمیونٹی اور ان تمام ملکوں میں جہاں سی ای، سرٹیفیکیشن کی ضرورت پڑتی ہے، میں برآمدت کے مواقع تلاش کر سکتی ہے۔

اس سال کے دوران آپ کی کمپنی نے اپنی متاثر کن مصنوعات کی وسعت دینا جاری رکھا۔ بیسٹ وے مسابقت میں اپنی وسیع اور بہترین معیار کی حامل مصنوعات کو وجہ سے مسلمہ حیثیت رکھتی ہے۔ مصنوعات کی وسعت نے بیسٹ وے کی ملکی اور بین الاقوامی منڈیوں میں ساکھ کو مضبوط کیا۔

ترتیب اور ترقی

آپ کی کمپنی اپنے عمل کی ترتیب بکھرا اور تعلیم کو بہت زیادہ اہمیت دیتی ہے۔ اپنے کارندوں کو بہترین تعلیمی مہارتوں اور مشقوں سے آراستہ رکھنے کے لیے مختلف شعبوں اور عمل کی مختلف اقسام کی مہارتوں اور عمومی انتظامی تربیتی کورسز کا انعقاد کرتی رہتی ہے۔ عملے کے اراکین دوسرے اداروں کی جانب سے منعقد کئے گئے کورسز، ورکشاپس اور سیمیناروں وغیرہ میں شرکت کرنے کے لیے بھیجے جاتے ہیں۔ کمپنی پیشہ ورانہ ترقی اور کیریئر کی بہتری کے لیے ہمیشہ اپنے ملازمین کی حوصلہ افزائی اور رہنمائی کرتی ہے۔

اپنی افرادی قوت کی صلاحیتوں میں اضافے اور نشوونما کے لیے آپ کی کمپنی نئے کوالیفائیڈ کریڈنٹس، پیشہ ورانہ افرادی قوت کی غیر ہنرمند افرادی قوت کو بھی مواقع فراہم کرتی ہے۔ ان افراد کو ضروری علم سے مستفید کرنے، انہیں درکار تجربہ فراہم کرنے اور بطور پراعتماد ہنرمند اور فائدہ مند افراد بنانے کے لیے نہایت احتیاط سے تربیتی پروگرام ترتیب دیے گئے ہیں۔

زیر جائزہ سال کے دوران آپ کی کمپنی نے 251 ٹرینی انجینئرز، مینجمنٹ ٹرینیئر، اور اپریٹو کو ملازمت کا موقع دیا۔ آپ کی کمپنی نے ان میں سے 62 ٹرینی انجینئرز، مینجمنٹ ٹرینیئر اور اپریٹو کو ملازم رکھا ہے۔

ٹرینی انجینئرز کو الیکٹریکل، میکینیکل اور کان کنی کے شعبوں میں بہترین تربیت فراہم کی جاتی ہے جبکہ مینجمنٹ ٹرینیئر کو مارکیٹنگ، فنانس، پرسنل اور ایڈمنسٹریشن کے شعبوں میں رکھا جاتا ہے جہاں انہیں موثر مینیجر بننے کے لیے مختلط طریقے سے تربیت فراہم کی جاتی ہے، اپریٹو کو ٹیکنیکل شعبوں کے مختلف ٹیکنیکل شعبوں میں رکھا جاتا ہے۔ ان میں سے چند ٹرینیئر اور اپریٹو کو کمپنی میں مستقل جگہ دی جاتی ہے جبکہ باقی دوسری انڈسٹری میں منتقل ہو جاتے ہیں جہاں وہ بیسٹ وے سے حاصل کی گئی تربیت کی بدولت اپنے مستقبل اور ملکی ترقی کی بہتری میں اہم کردار ادا کرتے ہیں۔

صحت و حفاظت

آپ کی کمپنی اپنے آپ کو ذمہ دار کارپوریٹ شہری کی حیثیت سے متعارف کراتی ہے اور نہ صرف اپنے ملازمین بلکہ ذیلی معاہدے میں آنے والے عمل کی صحت اور تحفظ کو بھی اہمیت دیتی ہے تاکہ کاروبار کو موثر طریقے سے سرانجام دیا جاسکے، لہذا آپ کی کمپنی مقام کار پر حادثات کی روک تھام کے لیے پروگرام ہونے کے ساتھ ساتھ اپنے ماحول، صحت اور تحفظ کے حوالے سے مینجمنٹ اور کارکردگی بہتر بنانے کے لیے بھی مسلسل کوشاں رہتی ہے۔

صحت اور حفاظت پر تربیت، حفاظتی اجلاس، حادثات کی رپورٹنگ، سیفٹی آڈٹس، سیفٹی چیمپین، بہتر امور اور حفاظت صحت کے حوالے سے کنٹرول پر مشتمل اقدامات مسلسل کیے جاتے ہیں تاکہ عملے میں محفوظ رویے کو یقینی بنایا جاسکے۔ آپ کی کمپنی نے انڈسٹریل آپریشنز کو محفوظ بنانے کی کوشش کی ہے اور سلسلے میں ملازمین اور ٹھیکیداروں کو آگاہی فراہم کرنے کے لیے متعدد ہدایات اور معیار وضع کر رکھے ہیں، ادارے کے اندر ان ہدایت ناموں پر سختی سے عمل کیا جاتا ہے اور انہیں بیرونی اسٹیک ہولڈرز تک بھی پہنچانے کو یقینی بنایا جاتا ہے۔

ماحول

بیسٹ وے سیمنٹ خود کو ایک ذمہ دار کارپوریٹ شہری قرار دیتا ہے اور نہ صرف اپنے ملازمین کو بلکہ اپنے اطراف موجود کیمونیز کو بھی انتہائی محفوظ اور صحت مند ماحول فراہم کرتا ہے۔ بیسٹ وے سماجی ماحول کی بہتری کو اپنی کامیابی کا لازمی حصہ سمجھتا ہے۔ ہمارے پلانٹ ISO 14001:2004 انوائزمنٹل مینجمنٹ سسٹم (EMS) سرٹیفائیڈ ہیں۔

کمپنی اس بات کو یقینی بناتی ہے کہ اس کے پلانٹس پر ماحولیاتی معیارات کے مطابق عملدرآمد ہمیشہ جاری ہے۔ ہمارے پلانٹس نا صرف پاکستان کی متعلقہ انوائزمنٹل پریکٹیشن ایجنسی (EPA) کے معیارات پر پورا اترتی ہے بلکہ رضا کارانہ طور پر بین الاقوامی معیارات کی بھی پاسداری کرتی ہے۔ نصب کئے جانے والے الیکٹریک وٹیک پریسیپیٹور اور بیگ ہاؤس فلٹر بہترین معیار کے حامل ہیں جبکہ مستقل دیکھ بھال اور آپ گریڈیشن کمپنی کے بہترین اخراج میں معاون ثابت ہوتے ہیں۔

شفاف ماحول کو یقینی بنانے کے لیے مضبوط ماحولیاتی کنٹرول میکینزم کے علاوہ بیسٹ وے آزاد ماحول کے ذریعے اپنی پیداواری صلاحیتوں پر باقاعدہ نظر ثانی کرتی ہے اور اس بات کو یقینی بنانے کے لیے کہ ہم ریگولیٹری ضروریات اور اندرونی اہداف کے مطابق کام کر رہے ہیں، ہر تھری پارٹی کنسلٹنٹ کی جانب سے ماہانہ اخراجات (emissions) کی مانیٹرنگ کی جاتی ہے۔ اس کے علاوہ EPA کے ساتھ فعال تعاون کے ذریعے تمام پلانٹس پر EPA کے نمائندوں کی موجودگی میں عالمی ماحولیات کے حوالے سے پروگرامات کا انعقاد کیا جاتا ہے۔

بیسٹ وے شجرکاری اور کواہیری (quarry) کی بحالی سمیت ماحولیات سے متعلق مختلف پروگرامات میں باقاعدگی سے حصہ لیتا ہے۔ Quarry Rehabilitation کے استعمال شدہ حصوں کو آہستہ آہستہ بحال کرنے کے لئے کمپنی بھر میں آباد کاری کے جامع منصوبے پر عمل کیا جا رہا ہے۔ یہ آپ کی کمپنی کا بڑے پیمانے پر ایک منفرد قدم ہے۔

مالیاتی صورتحال:

30 جون 2019 کو ختم ہونے والے سال کے دوران کمپنی کی کل ایکویٹی گزشتہ سال کے 53.3 ارب روپے کے مقابلے میں بڑھ کر 57.6 ارب روپے ہو گئی ہے۔ آپ کی کمپنی تمام قسم کے قرضہ جات کی بروقت ادائیگی کی ذمہ داری کو جاری رکھے ہوئے ہے۔ 30 جون 2019 تک کل موجودہ واجبات 9.7 ارب روپے رہے جو کہ 2018 میں 7.2 ارب روپے تھے۔

دیگر سرمایہ کاریاں

یونائیٹڈ بینک لمیٹڈ

یونائیٹڈ بینک لمیٹڈ میں آپ کی کمپنی کی سرمایہ کاری کمپنی کے لیے بدستور سودمند ثابت ہوئی ہے۔ 31 دسمبر 2018 کو ختم ہونے والے سال کے دوران بینک کا قبل از ٹیکس منافع گزشتہ سال کے 40.9 ارب روپے کے مقابلے میں 25.4 ارب روپے کے ساتھ 38% کی کٹا ہوا ہے۔ بعد از ملازمت بخش فوائد سے متصل واجب الادا کے ساتھ 6.7 ارب روپے اور 13.1 ارب روپے کی پیش بینی منافع پر اثر انداز ہوتی ہے۔ ہمیں آپ کو یہ بتانے ہوئے انتہائی خوشی ہوئی ہے کہ 31 دسمبر 2018 کو ختم ہونے والے سال کے لیے بینک نے 110% نقد منافع ادا کیا ہے۔ اس طرح آپ کی سرمایہ کاری پر 1 ارب روپے کا منافع دیا گیا۔

یو بی ایل انشوررز لمیٹڈ

یو بی ایل انشوررز لمیٹڈ میں آپ کی کمپنی نے 12.23% حصص حاصل کئے۔ یو بی ایل انشوررز لمیٹڈ نے 31 دسمبر 2018 کو اختتام پانے والے سال کے لیے قبل از ٹیکس منافع گزشتہ سال کے 247 ملین ارب روپے کے مقابلے میں 365 ملین ارب روپے منافع کے ساتھ 48% اضافہ رپورٹ کیا ہے۔ یو بی ایل انشوررز لمیٹڈ نے 31 دسمبر 2018 کو ختم ہونے والے سال کیلئے 4.5% نقد منافع کا اعلان کیا ہے اور اس طرح آپ کی سرمایہ کاری پر 6.3 ملین روپے منافع دیا گیا۔

قومی خزانے میں اعانت

بیسٹ وے سینٹ ملک کے بڑے ٹیکس ہندگان میں سے ایک ہے۔ زیر غور سال کے دوران آپ کی کمپنی نے انکم ٹیکس، سیلز ٹیکس اور ایکسائز ڈیوٹی کی مد میں قومی خزانے میں 25.1 ارب روپے کی ادائیگی کی۔ مزید یہ کہ آپ کی کمپنی ایک خلیفہ رقم مختلف بالواسطہ محصولات کی صورت میں وفاقی، صوبائی اور مقامی حکومتوں کو ادا کرتی ہے۔

پلائس کی کارکردگی

آپ کی کمپنی آغاز سے ہی مرمت کی روک تھام کے جامع منصوبے پر کاربند ہے۔ یہ فعال نقطہ نظر کم سے کم رکاوٹ کے ساتھ مستعد اور مستحکم پیداوار کو یقینی بناتا ہے۔ ہمارے فیچرز، انجینئرز اور مینجمنٹ اور ایڈمنسٹریٹو اسٹاف کے دیگر اراکین پر مشتمل مضبوط ٹیم نے اس منصوبے کی کامیابی میں کلیدی کردار ادا کیا ہے۔

زیر جائزہ سال کے دوران تمام سینٹ پلائس اور ویسٹ ہیٹ ریکوری پلائس قابل اطمینان طور پر کام کرتے رہے۔ دوران سال آپ کی کمپنی 76% (2018:97%) اوسط صلاحیت بروئے کار لائی۔ پچھلے سال کے مقابلے میں کم صلاحیتوں کا استعمال قدرے کم طلب کا نتیجہ تھا اور آپ کی کمپنی کی انتظامیہ نے سرمایہ بڑھانے کے لئے کلنگر کی غیر منسلک شدہ ذخیروں کو ختم کر دیا۔

حصص داران کو منافع

آپ کی کمپنی اپنے حصص داران کو بہتر منافع کی ادائیگی کا خیال رکھتی ہے۔ آپ کی کمپنی کی عمدہ کارکردگی کے تناظر میں ڈائریکٹرز کو 30% کا حتمی نقد منافع کا اعلان کرتے ہوئے خوشی محسوس ہو رہی ہے، جس سے سال کے دوران منافع کی ادائیگی 110% ہو جائے گی۔

تبادل توانائی اور CCP اقدامات

سینٹ کی تیار توانائی کے استعمال سے بھرپور عمل ہے۔ پیداوار کے دوران سب سے زیادہ لاگت توانائی پر آتی ہے، ملک میں موجود توانائی کے بحران کے پیش نظر روایتی جبری (fossil) ایندھن سے توانائی کے متبادل حل کی جانب منتقل ہونا لازم ہو گیا، قومی گرڈ پر انحصار کم کرنے کے لیے اپنی حکمت عملی کے ایک حصے کے طور پر آپ کی کمپنی نے اپنی چاروں سائنس چکوال، ہٹار، فاروقیہ اور کلنگر ہار پرویسٹ ہیٹ ریکوری پاور پلانٹ (WHRPP) لگایا ہے۔ چکوال میں بیسٹ وے WHRP پلانٹ پاکستان کی سینٹ انڈسٹری کا پہلا پلانٹ تھا جو دوسروں کے لیے مشعل راہ ثابت ہوا۔

توانائی کے تحفظ کے حوالے سے آپ کی کمپنی کا ایک اہم قدم ہے، جو اس کے تمام آپریشنز پر WHR ٹیکنالوجی اختیار کرنے میں پیش رو ثابت ہوگا۔ یہ منصوبہ جات بیرونی بجلی پر کمپنی کے انحصار کو کم کرنے کے علاوہ پیداواری لاگت کو کم کرنے، آپریشنل کارکردگی میں بہتری اور ماحول کے تحفظ میں معاون ہوں گے۔ زیر جائزہ سال کے دوران آپ کی کمپنی کو بذریعہ WHRPP اور بوانکر کے ذریعے مطلوب توانائی کا 28% حاصل ہوا ہے۔

پانی کے تحفظ کے حوالے سے آپ کی کمپنی رہنما کارکردار ادا کر رہی ہے جیسا کہ بیسٹ وے ملک کی بجلی کمپنی ہوگی جہاں روایتی واٹر کولڈ سسٹم کی بجائے ایئر کنڈیٹر سسٹم کا استعمال کیا جا رہا ہے۔ جس سے صنعتی پانی کی ضروریات میں تقریباً 80% کمی آئی ہے۔

کوالٹی اشورنس

معیاری گارنٹی بیسٹ وے کمپنی معیاری کارکردگی اور معیار کے شعور کے ساتھ کام کر رہی ہے۔ ہر جگہ سخت کوالٹی کنٹرول کے طریقے کار پر عمل کرتے ہوئے کمپنی نے اپنے تمام پلائس پر کنٹرول آلات نصب کر رکھے ہیں۔ بیسٹ وے لیبارٹریز اسٹیٹ آف دی آرٹ انکس رے فلور ریسنٹ انا لایز ریفریکٹو میٹر سے آراستہ ہیں اور پاکستان میں یہ ٹیکنالوجی سب سے پہلے بیسٹ وے نے متعارف کروائی، ان ہی آلات کی بدولت کمپنی ملک میں دستیاب سینٹ کی نسبت مسلسل بہتر معیار کا سینٹ تیار کر رہی ہے۔ حال ہی میں فاروقیہ پلانٹ پر موجود ہماری لیبارٹریز نے ٹیسٹ منعقد کرنے کی صلاحیت اور پینا نہ بندی کے لحاظ سے ISO 17025 سرٹیفیکیشن حاصل کی اور اس طرح آپ کی کمپنی یہ اعزاز حاصل کرنے والی سینٹ ساز ملک کی دوسری کمپنی بن گئی ہے۔ دیگر تین پلائس پر موجود لیبارٹریز بھی اسی طرح کی سرٹیفیکیشن حاصل کرنے کے قریب ہیں۔

ڈائریکٹر رپورٹ

بورڈ آف ڈائریکٹر اپنی رپورٹ بشمول 30 جون 2019 کو ختم ہونے والے سال کے آڈٹ شدہ مالیاتی گوشوارے اور ڈائریکٹر رپورٹ کے ساتھ اپنی رپورٹ پیش کرتے ہوئے خوش محسوس کرتے ہیں۔

معیشت کا جائزہ

اکنامک سروے آف پاکستان کے مطابق جی ڈی پی کی شرح نمو میں کمی، اعلیٰ افراط زر اور روپے کی قدر میں کمی کے باعث پاکستان کی معیشت کو نمایاں چیلنج کا سامنا رہا۔ 30 جون 2019 کو ختم ہونے والے مالی سال کے لیے جی ڈی پی کی شرح نمو 3.3% (2018: 5.3%) ریکارڈ کی گئی اور افراط زر 7.3% (2018: 3.9%) پر قائم رہا۔ بڑے پیداواری شعبے میں 2.1% (اضافہ: 6.1% 2018) کی ریکارڈ کی گئی جبکہ معیشت میں سست روی کی وجہ سے ملک بھر میں تعمیراتی سرگرمیوں میں بھی 7.6% (اضافہ: 9.0% 2018) کی کمی واقع ہوئی ہے۔

انڈسٹری کا جائزہ

30 جون 2019 کو ختم ہونے والے سال کے دوران سینٹ کی ملکی ترسیلات 2% کی ساتھ 41.1 ملین ٹن سے کم ہو کر 40.3 ملین ٹن ہو گئی۔ یہ کمی تعمیراتی سرگرمیوں کی سست روی سے منسوب ہے جو کہ بڑے پیمانے پر معاشی ماحول کے چیلنج اور کارفرمائی کفایت شعاری کے باعث پی ایس ڈی پی فنڈز کی سست فرائی کی وجہ سے ہے۔

سینٹ کی بیرون ملک برآمد پر، انڈیا نے فروری 2019 کے وسط میں پاکستان سے سینٹ کی درآمد پر پابندی عائد کرنے کے ساتھ ساتھ اس پر 200% درآمدی ڈیوٹی بھی عائد کر دی۔ نتیجے کے طور پر سینٹ کی بیرون ملک برآمد 4.7 ملین ٹن سے کم ہو کر 4.4 ملین ٹن ہو گئی۔ تاہم بی اس کی کو 2.2 ملین ٹن تکثر کی برآمدات نے متوازن کیا تھا۔ مجموعی طور پر سینٹ کی برآمدات دوران سال 37% اضافے کے ساتھ 4.7 ملین ٹن سے بڑھ کر 6.5 ملین ٹن ہو گئیں۔ خصوصاً جنوب میں نئی پیداواری لائنوں کے اجراء اور روپے کی قدر میں کمی نے برآمدات میں اس اضافے کو تقویت دی۔

مجموعی طور پر دوران سال سینٹ کی ترسیل 3% کی ساتھ 45.9 ملین ٹن سے کم ہو کر 44.7 ملین ٹن رہ گئی۔ ایندھن اور توانائی کی بڑھتی ہوئی قیمتوں اور سخت مسابقت کے باعث حقیقی وصولیوں کے نتیجے میں گنجانے لگے روپے کی قدر کے ساتھ قوت خرید میں واقع ہونے والی کمی کا اثر انڈسٹری پر پڑا ہے جس کی وجہ سے نفع میں کمی آئی ہے۔

پیداوار اور فروخت کا جائزہ

	30 جون 2019 کو ختم ہونے والا سال	30 جون 2018 کو ختم ہونے والا سال	اضافہ / (کمی)	فیصد
	ٹن	ٹن	ٹن	%
کلنکر کی پیداوار	6,627,324	8,076,992	(1,449,668)	(18%)
سینٹ کی پیداوار	8,104,768	8,562,539	(457,771)	(5%)
سینٹ اور ایکسٹریم ہائڈ کی فروخت	8,125,772	8,590,403	(464,631)	(5%)
کلنکر کی فروخت	-	405,993	(405,993)	(100%)

گزشتہ سال کے اسی عرصے کے مقابلے میں آپ کی کمپنی کی مقامی ترسیلات میں 2% کمی واقع ہوئی ہے جو کہ بہتر کارکردگی کا مظاہرہ کرنے والی مثال میں واقع سینٹ کی کمپنی کی 5% کمی کے مقابلے میں بہتر ہے۔

فروری 2019 کے وسط سے ہندوستانی حکومت کی جانب سے سینٹ کی درآمدات پر 200% ڈیوٹی بڑھانے اور اور سینٹ کی درآمد پر پابندی کے باعث بھارت کو سینٹ کی برآمدات معطل کر دی گئیں۔ اسی وجہ سے زیر جائزہ مدت کے دوران بیٹ وے سینٹ کی برآمدات میں 32% کمی واقع ہوئی۔

آپ کی کمپنی کی مجموعی سینٹ کی ترسیلات میں اوسط 3% کمی کے مقابلے میں 5% کمی واقع ہوئی جبکہ مثال میں واقع سینٹ کی صنعت میں اوسط 6% کمی دیکھنے میں آئی۔

سخت مسابقت کے باوجود بیٹ وے سینٹ نے سینٹ کی ترسیلات میں مقامی مارکیٹ میں اپنا حصہ اور بطور ملک کے سب سے بڑے سینٹ ساز ادارے اپنی مارکیٹ لیڈر کی حیثیت کو کامیابی سے برقرار رکھا۔

پیداواری جھلکیاں

30 جون 2019 کو ختم ہونے والے سال کے دوران کمپنی کی خام آگنڈ گزشتہ سال کے 79.0 ارب روپے کے مقابلے میں 77.1 ارب روپے ریکارڈ کی گئی، اس طرح 2% اضافہ دیکھنے میں آیا۔ تاہم سال کے لیے خالص آمدن 1% اضافے کے ساتھ 52.9 ملین روپے سے 53.6 ملین روپے رہی۔

سال کے لیے خام منافع 15% کی ساتھ 16.0 ارب روپے رہا۔ زیادہ فروخت کے باوجود مجموعی مارجن توانائی کی لاگت میں اضافے کی وجہ سے متاثر ہوا۔

گزشتہ سال کے 0.6 ارب روپے کے مقابلے میں اس سال کے دوران مالیاتی اخراجات 1.5 ارب روپے رہے۔ یہ اضافہ بنیادی طور پر فاروقی لان II کے قیام کے لئے لینے والے قرض کے مالی چارجز اور سود کی شرح میں مسلسل اضافے کی وجہ سے ہے۔

اس سال قبل از ٹیکس منافع 30 جون 2018 کو ختم ہونے والے سال میں 15.0 ارب روپے کے مقابلے میں 13.2 ارب روپے کے ساتھ 11% کم رہا۔ بعد از ٹیکس منافع 23% کی کے ساتھ 13.2 ارب روپے سے 10.1 ارب روپے رہا۔

30 جون 2019 کو ختم ہونے والے سال کے دوران کمپنی کی فی شخص آمدن پچھلے سال کے 22.07 روپے کے مقابلے میں 16.93 روپے رہی۔

PROXY FORM

The Company Secretary
Bestway Cement Limited
Bestway Building, 19-A, College Road,
F-7 Markaz, Islamabad.

Folio No. / CDC A/C No.	
Shares held	

I/We _____ of _____
being a member (s) of Bestway Cement Limited (the 'Company') hereby appoint Mr./Mrs./Miss _____ of _____
or failing him/her Mr./Mrs./Miss _____ of _____ (being member(s))
of the Company as my/our Proxy to attend and vote for me/us and on my/our behalf at the Annual General Meeting of the
Company to be held on Monday, September 23, 2019 at 3:00 p.m. at the Registered Office, Bestway Building, 19-A, College
Road, F-7 Markaz, Islamabad and at every adjournment thereof.

Signed this _____ day of _____ 2019.

1. Witness: _____
Signature _____
Name _____
CNIC/Passport No. _____
Address _____
2. Witness: _____
Signature _____
Name _____
CNIC/Passport No. _____
Address _____

**AFFIX
REVENUE
STAMP**

Signature _____
(Signature appended above
should agree with the specimen
signatures registered with the
Company.)

Important:

1. This form of proxy, duly completed and signed, must be received at the Registered Office of the Company, Bestway Building, 19-A, College Road, F-7 Markaz, Islamabad not less than 48 hours before the time of holding meeting.
2. No person shall act as proxy unless he/she himself/herself is a member of the Company, except that a corporation may appoint a person who is not a member.
3. If a member appoints more than one proxy and more than one instrument of proxy is deposited by the member with the Company, all such instruments of proxy shall be rendered invalid.

For CDC Account Holders the following requirements have to be met:

- (i) The form of proxy shall be witnessed by two persons whose names, addresses and CNIC numbers shall be mentioned on the form.
- (ii) Attested copies of CNIC or the passport of the beneficial owners and the proxy shall be furnished with the form of proxy.
- (iii) The proxy shall produce his original CNIC or original passport at the time of meeting.
- (iv) In case of corporate entity, the Board of Directors' resolution/power of attorney with specimen signature shall be submitted (unless it has been provided earlier) along with the form of proxy to the Company.

پراکسی فارم

کمپنی ریکارڈ

بیسٹ وے سینٹ لمیٹڈ

بیسٹ وے بلڈنگ، 19-A کالج روڈ

F-7 مرکز، اسلام آباد

فولیو نمبر /	CDC A/C No.
شیئر ہیلڈ	

میں / ہم _____ ساکن _____ بحیثیت رکن / اراکین بیسٹ وے سینٹ لمیٹڈ (کمپنی) اپنی جانب سے
محترم / محترمہ _____ ساکن _____ یا ان محترم / محترمہ کی ناکامی کی صورت میں محترم / محترمہ
_____ ساکن _____ (بحیثیت رکن / اراکین) کو بذریعہ ہذا اپنا / ہمارا پراکسی مقرر کرتا / کرتی ہوں تاکہ میری / ہماری عدم
موجودگی میں کمپنی کے سالانہ اجلاس عام جو کہ 23 ستمبر 2019 بروز پیر دن 3:00 بجے رجسٹرڈ آفس، بیسٹ وے سینٹ لمیٹڈ، بیسٹ وے بلڈنگ، 19-A کالج روڈ، اسلام آباد میں منعقد ہو رہا ہے یا
اس کے التوائی اجلاس میں میری / ہماری طرف سے شرکت اور ووٹ دے سکے۔

دستخط کئے گئے _____ دن _____ سال 2019

1- گواہ:

دستخط:

نام:

قومی شناختی کارڈ / پاسپورٹ نمبر:

پتہ:

2- گواہ:

دستخط:

نام:

قومی شناختی کارڈ / پاسپورٹ نمبر:

پتہ:

ریونیو
سٹیپ
یہاں لگائیں

دستخط:

مندرجہ بالا دستخط کو کمپنی میں رجسٹرڈ دستخطوں

کے نمونہ جات کے ساتھ مطابقت رکھنا

چاہیے۔

ضروری نوٹ:

1- مکمل دستخط شدہ پراکسی فارم کمپنی کے رجسٹرڈ دفتر، بیسٹ وے سینٹ لمیٹڈ، بیسٹ وے بلڈنگ، 19-A کالج روڈ، اسلام آباد میں اجلاس کے وقت سے کم از کم 48 گھنٹے پہلے موصول
ہو جانا چاہیے۔

2- کوئی بھی شخصیت اس وقت تک پراکسی کا کردار نہیں ادا کر سکتا / سکتی جب تک کہ وہ کمپنی کا / کی رکن نہ ہو، البتہ کارپوریٹیشن کسی بھی ایسے فرد کو نامزد کر سکتی ہیں جو کمپنی کا رکن نہ ہو۔

3- اگر کوئی رکن ایک سے زیادہ پراکسی کو نامزد کرتا ہے اور ایک سے زیادہ انسٹرومنٹ برائے پراکسی کمپنی کو جمع کراتا ہے تو ایسے تمام انسٹرومنٹ برائے پراکسی غلط تصور ہوں گے۔

سی ڈی سی کھاتہ داران کیلئے درج ذیل ضروریات کو پورا کرنا ضروری ہے:

1- پراکسی فارم کیلئے دو افراد گواہ ہوں گے جن کے نام، پتے اور شناختی کارڈ نمبر فارم پر درج ہونے چاہئیں۔

2- پراکسی کے ہمراہ مالکان اور پراکسی دونوں کے شناختی کارڈ یا پاسپورٹ کی مصدقہ نقول پراکسی فارم کے ساتھ مہیا کرنا ہوں گی۔

3- اجلاس کے وقت پراکسی کو اپنا اصل شناختی کارڈ یا پاسپورٹ پیش کرنا ہوگا۔

4- کارپوریٹ ادارہ ہونے کی صورت میں بورڈ آف ڈائریکٹرز کی رضامندی / اختیار نامہ بمعہ نمونہ دستخط پراکسی فارم کے ساتھ (اگر پہلے نہ مہیا کی گئی ہو تو) کمپنی کے پاس جمع کرانی ہوں گی۔

**GO
GREEN**



BESTWAY CEMENT LIMITED
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