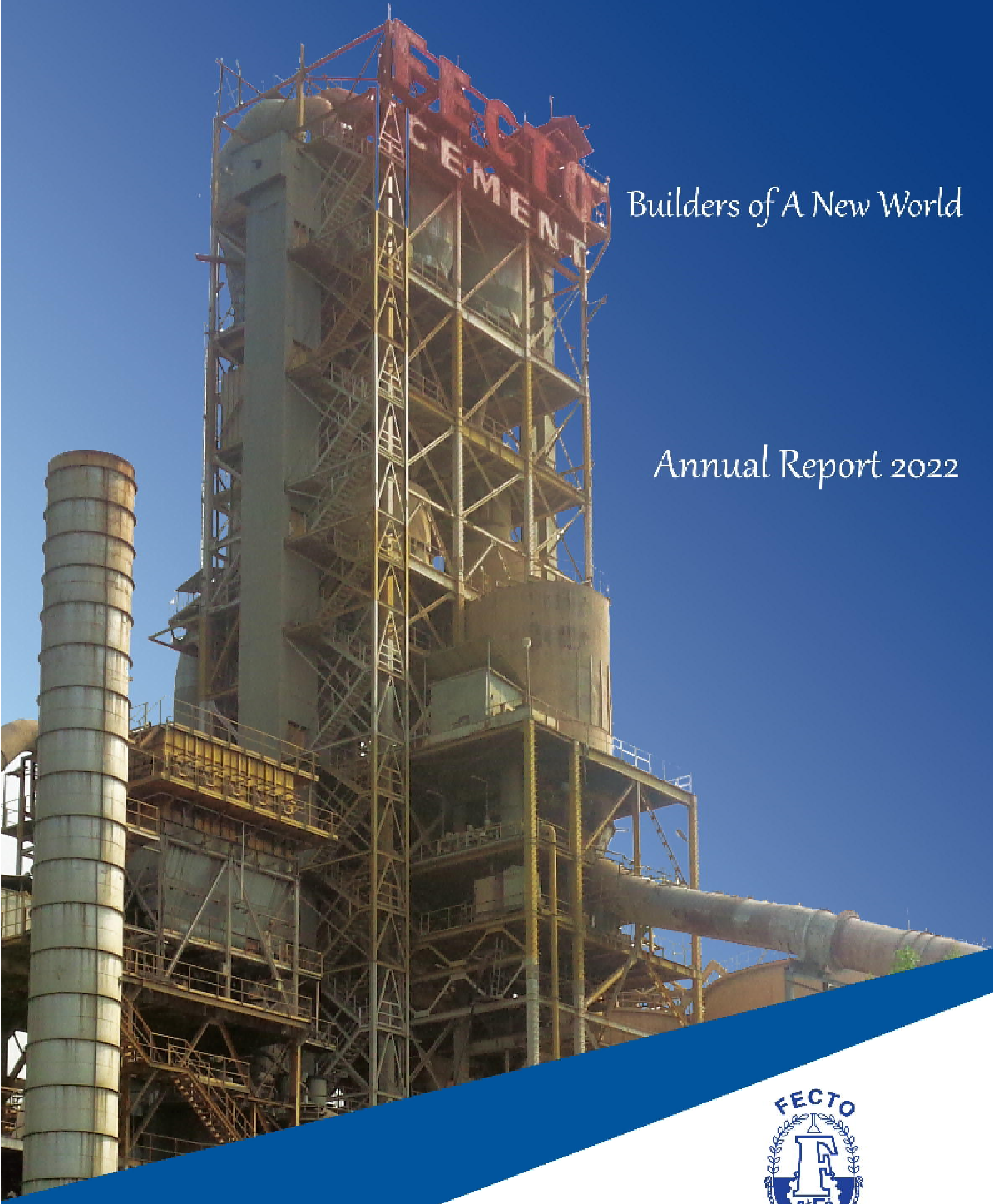


Builders of A New World

Annual Report 2022

FECTO CEMENT LIMITED

Contents

COMPANY INFORMATION

BOARD OF DIRECTORS

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

CHIEF FINANCIAL OFFICER

Mr. Abdul Samad, FCA

COMPANY SECRETARY

Mr. Abdul Wahab, FCA

LEGAL ADVISOR

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

REGISTERED OFFICE

Plot # 60-C, Khayaban-e-Shahbaz,
Phase VI, Defence Housing Authority,
Karachi-75500, Pakistan
Website: www.fectogroup.com
Phone Nos.(+ 9221) 35248921-24,
Fax: (+ 9221) 35248925

MARKETING OFFICE

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

AUDIT COMMITTEE

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

HUMAN RESOURCE & REMUNERATION COMMITTEE

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

AUDITORS

Rahman Sarfaraz Rahim Iqbal Rafiq,
Chartered Accountants

SHARE REGISTRAR

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

FACTORY

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

BANKERS

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

VISION STATEMENT, MISSION STATEMENT AND CORPORATE STRATEGY

Vision Statement

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

Mission Statement

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

Corporate Strategy

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

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 41st Annual General Meeting of the Members of FECTO CEMENT LIMITED will be held on Friday, October 28, 2022 at 11:00 a.m. at Royal Rodale Sports and Recreational Complex situated at TC-V, 34th Street, Kh-e-Sehar, Phase V, Ext, Defence Housing Authority, Karachi to transact the following businesses:

ORDINARY BUSINESS

1) To confirm the minutes of Annual General Meeting held on Thursday October 28, 2021.

2) To receive, consider and adopt the Annual Audited Financial Statements of the Company for the year ended June 30, 2022 together with the Directors' and Auditors' Reports thereon.

3) To appoint Auditors for the year ending June 30, 2023 and fix their remuneration. Present auditors M/s. Rahman Sarfarz Rahim Iqbal Rafiq, Chartered Accountants retires and being eligible have offered themselves for the re-appointment.

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

By Order of the Board

(ABDUL WAHAB)
COMPANY SECRETARY

Karachi: October 01, 2022

Notes:

1) Closure of Share Transfer Books

The Share Transfer Books of the Company will remain closed from Friday, October 21, 2022 to Friday, October 28, 2022 (both days inclusive). Transfers received in order by our Shares Registrar FD Registrar Services (Private) Limited 17th Floor Saima Trade Centre, Tower A,I.I.Chundrigar Road, Karachi at the close of business on Thursday, October 20, 2022 will be considered in time for the purpose of Annual General Meeting.

2) Request for Video Conference Facility

In terms of SECP's Circular No. 4 of 2021 dated February 15, 2021 and in compliance of provisions contained under section 134(1)(b) of the Act, the Company will provide video link facility to those members who intend to attend meeting via video link if the Company receives request /demand from such members at least 48 hours prior to the date of meeting, the Company.

In this regard, please fill the following form and submit to the registered address of the Company 48 hour before holding of the AGM. After receiving the request/demand of members, the Company will provide members with video link details and login credential along with complete information necessary to enable them to access such facility.

Shareholders can also provide their comments/suggestions on the proposed agenda items of AGM by emailing the same to cement@fectogroup.com. The log in facility will remain open from the start of meeting at 11.00 a.m. till its conclusion.

REQUEST FOR VIDEO CONFERENCE FACILITY

I/We/Messrs. __________________________________ of _____________ being Member(s) of Fecto Cement Limited, holder of _______________ ordinary share(s) as per Folio #___________ and / or CDC Participant ID & Sub- Account No. ____________________, hereby, opt for video conference facility at ____________________ city.

Signature of the Member(s)
(please affix company stamp incase of corporate entity)

3) Participation in General Meeting and appointment of proxies

A member of the Company entitled to attend and vote at this meeting may appoint another member as a proxy to attend, speak and vote instead of him/her. An instrument appointing a proxy must be received at the Registered Office of the Company not later than forty eight hours before the time of holding the Meeting. The proxy shall produce his/her CNIC or passport to prove his/her identity. CDC Account Holders will have to further follow the guidelines as laid down in Circular No. 1 dated January 26, 2000 issued by the Securities and Exchange Commission of Pakistan.

4) E- voting and Postal Ballot

Members may exercise their right to vote as per the provisions of the Companies (Postal and Ballot) Regulations, 2018 subject to the requirements of Section 143 and 144 of the Companies Act, 2017. Further details in this regard will be communicated to the shareholders within legal time frame as stipulated under the Regulations if required.

5) Intimation for Change in Address

Members holding shares in physical form are requested to notify any change in their address to our share registrar immediately. Members holding shares in CDC system are requested to have their addresses updated with participant or CDC Investor Account Service.

6) Provision of International Bank Account Number (IBAN)

As required by the Section 242 of the Companies Act, 2017 and the Companies (Distribution of Dividends) Regulations, 2017 all listed companies are bound to pay cash dividend to their shareholders only through electronic mode directly into bank account designated by the entitled shareholder. All those shareholders who have not yet submitted their bank account details in the form of Electronic Credit Mandate form (available on the website of the Company at www.fectogroup.com) are requested to submit the requisite form duly signed with their CNIC to our registrar in case of physical shares. Shareholders holding their shares in CDS system are requested to submit Electronic Credit Mandate Form directly to CDC.

7) Replacement of Physical Shares

As per Section 72 of the Companies Act, 2017 every existing listed company is required to replace its physical shares into book entry form in a manner as may be prescribed by the SECP and from the date notified by the SECP within 4 years from the date of commencement of this act i.e. May 30, 2017. Members holding shares in physical form are hence encouraged to open either their CDC sub account with stock broker or investor account with CDC in order to replace their physical shares into scrip less from.

8) Unclaimed Dividend and Shares

Shareholders who could not claim their dividend and/or bonus shares, if any, due to any reasons, are requested to contact our share registrar in this regard. They can also access to list of unclaimed dividend and bonus shares uploaded on company's website at www.fectogroup.com for their claim, if any.

9) Availability of Financial Statements and Reports

Member(s) who wish to receive annual financial statements and notice of annual general meeting through email, instead of through courier/post are requested to give their consent in writing on standard request form available on the Company's website www.fectogroup.com to the Company with their registered Email address, so the Company can provide them the same at their valid Email ID. The annual report of the Company has been uploaded on the Company's website.

CHAIRMAN'S REVIEW
FOR THE YEAR ENDED JUNE 30, 2022

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

During the year, a new board consisting of 7 directors was elected for 3 years term. Immediately on election, Chairman and Chief Executive were appointed and respective Board Committees were formed complying with the requirements of relevant laws.

An orientation was also arranged for the Board where the Board was introduced to the management of the Company and taken through the working of the Committees. They were also apprised with their role, responsibilities and powers under relevant laws.

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

The Board during the year ended June 30, 2022 played an effective role in managing the affairs of the Company and achieving its objectives in the following manner;

- The Board has ensured that there is adequate representation of non-executive and independent directors on the Board and its committees as required under the Code and that members of the Board and its respective committees have adequate skills, experience and knowledge to manage the affairs of the Company;

- The Board has developed and put in place an effective mechanism for an annual evaluation of its own performance and that of its committees and individual directors. The findings of the annual evaluation are assessed and re-evaluated by the Board periodically;

- The Board has ensured that the directors are aware of their duties and responsibilities under the Companies Act, 2017, relevant Rules and Regulations and Articles of Associations of the Company. Further, they are provided with orientation courses to enable them to perform their duties in an effective manner;

- The Board has ensured that the meetings of the Board and that of its committee were held with the requisite quorum. The Board members have received agenda for the meetings containing all relevant information required to help them for constructive discussions are delivered in timely manner. All the decision making were taken through Board resolutions and that the minutes of all the meetings (including committees) are appropriately recorded and maintained;

- The Board has developed a code of conduct setting forth the professional standards and corporate values adhered through the Company and have developed significant policies for smooth functioning;

- All the significant issues throughout the year were presented before the Board or its committees to strengthen and formalize the corporate decision making process and particularly all the related party transactions executed by the Company were approved by the Board on the recommendation of the Audit Committee;

- The Board has ensured that the adequate system of internal controls is in place and its regular assessment through self-assessment mechanism and /or internal audit activities;

- The Board has prepared and approved the directors' report and has ensured that it is published with the quarterly and annual financial statement of the Company and the contents of the report are in accordance with the requirements of applicable laws and regulations;

- The Board has ensured that adequate information is shared among its members in a timely manner and the Board members are kept abreast of developments between meetings; and

- The Board has exercised its powers in light of the powers assigned to the Board in accordance with the relevant laws and regulations applicable to the Company and the Board has always prioritized the Compliance with all the applicable laws and regulations in term of their conduct as directors and exercising their powers and decision making.

In the end I would like to express on my behalf and on behalf of the Board, our sincere gratitude to the regulators for their professional guidance. I am also thankful to the board members for their valuable contribution and express my pride in the Company's team for this excellent performance.

AAMIR GHANI
Chairman of the Board of Directors

Karachi: October 01, 2022

DIRECTORS' REPORT TO THE MEMBERS

Dear Members

The Board of Directors has pleasure in presenting before you the annual report together with Audited Financial Statements of the Company for the year ended June 30, 2022.

OVERVIEW

During the year under review, overall dispatches of industry reduced by 7.91% with total sales volume of 52.90 million tons as against 57.43 million tons of last year. Main reason for such reduction was of hefty reduction in exports which reduced by 43.57% and reached to 5.3 million tons as against 9.31 million tons of last year. Local sales volume of the industry also reduced marginally by 1.01% and reached to 47.64 million tons as against 48.12 million tons of last year.

Overall sales volume of plants located in north reduced to 40.35 million tons witnessing a decline of 6.49%. Local sales volume of plants located in north reached to was of 39.44 million tons whereas exports were of 0.91 million tons. Local sales volume of plants located in north hence, reduced by 2.82% whereas exports reduced by 64.50%. Total sales volume of plants located in South reduced by 12.20%, out of which local sales increased by 8.75%, whereas exports reduced by 35.60%.

OPERATING PERFORMANCE

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

	------------ TONS ------------		
	2022	**2021**	**CHANGE IN %**
Production			
Clinker	**618,559**	734,323	(15.76)
Cement	**712,757**	729,167	(1.85)
Dispatches			
Local	**686,077**	676,337	1.44
Export	**26,567**	54,732	(51.46)
Total	**712,644**	731,069	(2.52)

Production of clinker and cement for the year under review reduced by 15.76% and 1.85% respectively, main reason for such reduction was of subdued demand in the market due to market conditions.

Local sales volume of the Company, during the year under review increased by 1.44%, exports of the company, however, reduced by 51.46% due to disturbance at Pak Afghan border coupled with lesser demand in Afghanistan.

FINANCIAL PERFORMANCE

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

	Rupees in 000 except EPS (LPS) 2022	2021
Net sale - Local	**6,601,725**	4,652,803
Net sale - export	**172,842**	308,572
Total Net Sale	**6774,567**	4,961,375
Cost of sales	**5,900,946**	4,673,876
Gross Profit	**873,621**	287,499
Profit/(Loss) before taxation	**428,860**	(63,381)
Profit/(Loss) after taxation	**286,704**	(67,287)
Earnings/(Loss) Per Share	**5.72**	(1.34)

SALES REVENUE

During the year under review, local gross sales revenue of the Company increased by 33.50% as compared to last year as against increase in local sales volume by 1.44%. Prices in local market which remained depressed throughout last year, improved during the year under review due to substantial increase in cost of production specially coal, electricity and diesel. Net local sales revenues for the year increased to Rs. 6,602 million as against Rs. 4,653 million of last year registering growth of 41.89% as against increase of gross sales revenue by 33.50% and local sales volume by 1.44%. Better retention prices helped company to achieve this growth. Export sales revenue of the Company reduced by 44.29% as against reduction in volume by 51.46%. Export price both in term of USD and PKR remained better during the year due to PKR depreciation against USD.

Over all net sales revenue of the company increased to Rs. 6,775 million as against Rs. 4,961 million of last year showing increase of 36.56% as against decrease in volume by 2.52%.

PROFITABILITY

Cost of sales of the Company during the year under review increased by 26.25% though overall sales volume reduced by 2.52%. Cost of sales per ton increased by Rs. 1,887 per ton as compared to last year mainly on account of increase in coal and electricity prices. The Company achieved gross profit of Rs. 874 million for the year under review as against gross profit of Rs.287 million of last year.

Administrative expenses increased mainly due to increase in salaries and wages and depreciation on right of use assets. Distribution expenses reduced during the year due to lesser export volume. Increase in finance costs was due to rising interest rates and higher utilization of loans on account of BMR projects.

The Company achieved profit before taxation of Rs. 429 million as against loss before taxation of Rs. 63 million of last year.

Increase in provision resulted reduction of profit after taxation which reached to Rs. 287 million as against loss after taxation of Rs. 67million of last year.

Company achieved earnings per share for the year Rs. 5.72 as against loss per share of Rs. 1.34 of last year.

PRINCIPAL RISKS AND UNCERTAINITIES

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

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

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

IMPACT OF COMPANY'S BUSINESS ON ENVIRONMENT

The Company is in the business of manufacture and sale of cement and any emission from the manufacturing process may affect the area where its operations are conducted. The Company is conscious of this affect and has taken several steps to control the environment in which it works. Plant of the Company is state of the art and meets all national and international standards of quality control. The Company has installed a waste heat recovery power plant to re use waste heat of the manufacturing system and generates clean energy for its operations. Furthermore, during last year company also installed 5 MW solar Power Plant in order reduce electricity cost and reduce its dependence on fossil fuel.

FUTURE OUTLOOK

We foresee current financial year challenging not only for the industry but overall economy of Pakistan due to high inflation, rising interest rates, commodity super cycle, continuous depreciation of PKR against USD and uncertain political situation in the country. Recent flood in the country has further aggravated the economic condition. Disruption and in ordinate delay in implementation of IMF program has also fueled the already fragile economic conditions of the country. Exports to Afghanistan may be affected due to geopolitical situation in the region.

On cost side, prices of coal in international market in line with other commodities have increased exorbitantly, furthermore disturbance in supply chain due to Russia Ukraine crises will continue to keep prices of commodities including coal high. Increase in electricity charges due to higher energy prices in international markets will also result in higher cost of production. The management being cognizant of these cost elements will continue to look avenues for improvement in operational efficiencies and cost saving measures to remain competitive. The Board is pleased to report to the members that 5MW solar based power completed during last has helped company to reduce its electricity cost. Rehabilitation work post flood may however, provide an opportunity for increase in local demand.

PROGRESS ON PROJECTS

As we informed you in our last report that Board had decided to undertake balancing and modernization of existing plant by installing certain new equipments to improve production and energy efficiencies in order to curtail fuel and power cost and for financing these projects the Company secured SBP TERF facility. These projects completed during last year of financial year under review and it is expected that completion of these projects help company reduce its fuel and energy costs.

CORPORATE GOVERNANCE

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

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

1. The financial statements, prepared by the company, present fairly its state of affairs, the result of its operations, cash flows and changes in equity;

2. Proper books of account have been maintained by the company;

3. Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment;

4. International Financial Reporting Standards, as applicable in Pakistan, have been followed in preparation of financial statements;

5. The system of internal control is sound in design and has been effectively implemented and monitored;

6. There are no significant doubts upon the company's ability to continue as a going concern;

7. The value of Provident Fund Investments as per un audited accounts of Provident Fund Trust for the year ended June 30, 2022 was Rs. 492 million (2021 Rs. 437 million as per audited accounts).

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

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

ADEQUACY OF INTERNAL FINANCIAL CONTROLS

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

RELATED PARTY TRANSACTIONS

All related party transactions entered into during the year were on arm's length basis and duly approved by the Audit Committee and the Board as required by the Act and relevant regulations. Detail of transactions entered into with related parties is given in Note 39 to the financial statements and respective notes.

COMPOSITION OF THE BOARD

The Board Comprises of 7 members, out of which 6 (six) members are male and 1(one) is female. Composition of the Board is as below:

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

MEETINGS OF THE BOARD

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

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

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

REMUNERATION POLICY FOR NON EXECUTIVE DIRECTORS

All Directors of the Company are non executive directors except CEO. Remuneration to CEO is approved by the shareholders in their meetings. Non executive directors are paid remuneration for attending Board and its committee meetings are per approved policy. The detail of remuneration paid to CEO and non executive directors is given in Note 38 to the financial statements.

COMMITTEES OF THE BOARD

AUDIT COMMITTEE

The Board of Directors of your Company has established Audit Committee of the Board in compliance with the requirements of the Listed Companies (Code of Corporate Governance), Regulations, 2019. Term of reference of the Committee was duly communicated to the members by the Board. All members of the committee are independent directors.

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

		Attended
Mr. Jamil Ahmed Khan	Chairman	4
Mr. Mohammed Anwar Habib	Member	4
Mr. Rohail Ajmal	Member	4

HUMAN RESOURCE AND REMUNERATION COMMITTEE

In compliance with the requirements of Listed Companies (Code of Corporate Governance), Regulations, 2019, The Board of Directors has established this Committee comprising three members, of whom all are independent Directors. Term of reference of the Committee was duly communicated to the members by the Board.

TRAINING PROGRAM OF DIRECTORS

Out of 7 (seven) directors, 5 (five) directors have already attained the training program whereas 1(one) director meets the exemption criteria from directors training program. 1(one) Director namely Saira Ibrahim Bawani will obtain certification under directors training program at the earliest to comply with this requirement.

CORPORATE SOCIAL RESPONSIBILTY

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

- Renovation and maintaining a girl school in nearby village.
- Participation with local administration for cleaning of Khanpoor Dam canal by providing cement and manpower.
- Provision of clean water to nearby village for which a reservoir and pipe line were constructed by the Company. Company has also installed an electric pump for smooth supply of water.
- The Company donated an amount of Rs. 3.5 million (2021: 3.4 million) for health, social welfare and education.

CONTRIBUTION TO NATIONAL EXECHEQURE

Your company contributed around Rs. 2,469 million in national exchequers as sales tax, federal excise duty and income tax compared to Rs 2,130 million of last year. Company also brought in foreign exchange of around USD 1.00 million in the country by exporting cement. In addition to that the Company also paid and made contribution to national exchequer on account of royalty payment and also collected and deposited income tax from its suppliers and staff on behalf of FBR.

ENTITY CREDIT RATING

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

NOTICE OF RECOVERY

Mining lease of lime stone was cancelled in 2015 and a notice of recovery was served on the Company by the Deputy Director (protection/forest) Capital Development Authority (CDA) creating a demand of RS. 427 million for alleged damage caused by the Company's mining activities.

The matter was raised before the Senior Magistrate CDA, Islamabad. The Company challenged the said notice on the grounds that mining activities conducted by it were under valid license issued to it by the concerned authorities, inter alia, penalty has been without any prior notice and giving an opportunity of being heard to the Company, further no basis is provided for calculating the damage. The Senior Magistrate has issued an order whereby he has kept the matter pending till the disposal of Company's appeal in higher forum challenging the cancellation of its mining lease. During last year Civil Court, Islamabad decided the suits filed by the Company against cancellation of lease and demarcation of lime stone leases area against the Company. The Company has filed intra court appeal in Islamabad High Court against the decision of Civil Court, Islamabad. The senior magistrate CDA, Islamabad, after the announcement of decision of Civil Court re initiated alleged damage recovery proceedings against the Company.

During the year under review, the Senior Magistrate, CDA, decided the matter in favour of the Company whereby he acquitted the Company from the charges leveled against it by the concerned department of CDA together with penalty of Rs. 427 million. Mining activities meanwhile are suspended; however, the Company has made alternate arrangements to continue its production and dispaStch operations.

INDUSTRIAL RELATIONS

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

AUDITORS

Present auditors M/s. Rahman Sarfaraz Rahim Iqbal Rahim, Chartered Accountants, retire and being eligible, have offered them for re-appointment. The Audit Committee of the Board has also recommended their appointment as Statutory Auditors of the Company for the year ending June 30, 2023 and Board would also like to endorse the recommendations of the Audit Committee.

PATTERN OF SHAREHOLDING

Statements showing the pattern of shareholding as at June 30, 2022 required Section 227(2)(f) of the Companies Act, 2017 is annexed to this report.

APPROPRIATION

Considering the ever increasing prices of input materials, rising interest rate scenario and repayment of loans, the Board of Directors in its meeting held on October 01, 2022 has decided not to recommend payment of dividend for the year.

ACKNOWLEDGMENT

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

MOHAMMED YASIN FECTO	**ROHAIL AJMAL**
CHIEF EXECUTIVE	DIRECTOR

Karachi: October 01, 2022

KEY OPERATING AND FINANCIAL HIGHLIGHTS
For Six Years from Year 2017 to Year 2022

	FY 2022	FY 2021	FY 2020	FY 2019	FY 2018	FY 2017
	---------- Quantity in Ton ----------					
Clinker:						
- Production	**677,033**	734,323	599,016	593,312	744,402	789,904
- Capacity Utilization	**82%**	89%	72%	72%	90%	95%
Cement:						
- Production	**712,757**	729,167	640,576	680,133	793,063	773,172
- Sales	**712,645**	731,069	641,450	682,612	791,555	771,662
	---------- Rupees in '000' ----------					
Financial Position						
Assets Employed						
Property, plant and equipment	**3,067,900**	2,270,083	1,792,313	1,895,270	1,976,349	1,961,266
Right of use assets	**108,442**	106,020	51,730	51,164	21,651	-
Long term investments	**330,850**	318,009	284,350	319,650	-	-
Long term deposits	**10,273**	5,321	6,294	6,486	6,805	6,534
Long term loans and advances	**8,776**	6,722	10,757	12,606	14,534	18,199
Deferred tax asset	**-**	29,821	-	-	-	-
Current Assets	**3,424,013**	3,297,031	2,688,362	2,781,387	3,210,309	2,835,059
Total Assets	**6,950,254**	6,033,007	4,833,806	5,066,563	5,229,648	4,821,058
Financed By						
Shareholders' Equity	**3,750,774**	3,467,062	3,508,011	4,331,567	4,210,161	3,893,823
Long-term liabilities						
Long term financing	**1,017,637**	520,529	87,217	-	-	-
Lease liabilities	**67,173**	61,605	24,809	34,322	14,757	-
Deferred Grant Income	**184,544**	69,343	10,476	-	-	-
Deferred Liabilities	**33,874**	-	33,430	355,892	341,866	377,960
Current Liabilities	**1,896,252**	1,914,468	1,169,863	344,782	662,864	549,275
Total Equity & Liabilities	**6,950,254**	6,033,007	4,833,806	5,066,563	5,229,648	4,821,058
Turnover & Profit						
Sales						
Sales - Gross	**9,243,510**	7,059,214	5,437,681	6,654,725	6,884,338	6,799,072
Less : Excise duty	**(1,029,161)**	(1,014,506)	(1,142,212)	(924,475)	(912,662)	(659,974)
Sales tax	**(1,439,782)**	(1,083,333)	(831,565)	(989,754)	(1,068,892)	(1,008,354)
Sales - Net	**6,774,567**	4,961,375	3,463,904	4,740,496	4,902,784	5,130,744
Profitability						
Gross Profit / (Loss)	**873,621**	287,499	(715,437)	594,303	1,027,305	1,556,776
EBITDA	**786,507**	150,898	(893,286)	255,354	716,633	1,203,134
EBIT	**584,095**	12,434	(1,005,673)	135,720	602,894	1,092,946
Profit / (Loss) before tax	**428,860**	(63,381)	(1,034,246)	130,343	599,628	1,091,492
Provision for taxation	**(142,157)**	(3,906)	264,175	(41,368)	(157,890)	(330,799)
Profit / (Loss) after tax	**286,703**	(67,287)	(770,071)	88,975	441,738	760,693
Cash Flow						
Net Cash from / (used in) Operating Activities	**835,314**	(259,341)	(735,513)	(9,607)	327,582	464,651
Net Cash (used in) / from Investing Activities	**(873,374)**	(541,910)	56,134	(172,941)	(193,505)	(170,705)
Net Cash from / (used in) Financing Activities	**313,595**	554,941	351,681	(125,901)	(118,641)	(165,520)
Increase / (Decrease) in Cash and Bank Balance	**275,535**	(246,310)	(327,698)	(308,449)	15,436	128,426
Cash and Bank Balance at beginning of the Year	**(409,653)**	(163,343)	164,355	472,804	457,368	328,942
Cash and Bank Balance at end of the Year	**(134,118)**	(409,653)	(163,343)	164,355	472,804	457,368

ANALYSIS OF FINANCIAL RATIOS
For Six Years from Year 2017 to Year 2022

Ratios Description	UoM	FY 2022	FY 2021	FY 2020	FY 2019	FY 2018	FY 2017
Profitability Ratios:							
Gross Profit Margin	percent	**12.90%**	5.79%	-20.65%	12.54%	20.95%	30.34%
EBITDA Margin to Sales	percent	**11.61%**	3.04%	-25.79%	5.39%	14.62%	23.45%
EBIT Margin to Sales	percent	**8.62%**	0.25%	-29.03%	2.86%	12.30%	21.30%
Net Profit Margin	percent	**4.23%**	-1.36%	-22.23%	1.88%	9.01%	14.83%
Return on Equity	percent	**7.64%**	-1.94%	-21.95%	2.05%	10.49%	19.54%
Return on Capital Employed	percent	**15.57%**	0.36%	-28.67%	3.13%	14.32%	28.07%
Effective Tax Rate	percent	**-33.15%**	-6.16%	25.54%	-31.74%	-26.33%	-30.31%
Liquidity Ratios:							
Current ratio	times	**1.81**	1.72	2.30	8.07	4.84	5.16
Quick / Acid test ratio	times	**0.27**	0.33	0.51	2.20	1.54	1.36
Cash to Current Liabilities	times	**0.07**	0.04	0.10	0.48	0.71	0.83
Cash from Operations to Sales	times	**0.12**	(0.05)	(0.21)	(0.002)	0.07	0.09
Activity / Turnover Ratios							
Inventory turnover ratio	times	**4.05**	3.22	3.30	3.21	2.97	3.25
No. of Days in inventory	days	**90.21**	113.19	110.67	113.88	122.73	112.30
Debtors turnover ratio	times	**113.90**	144.52	74.57	66.10	107.15	358.17
No. of Days in Receivables	days	**3.20**	2.53	4.89	5.52	3.41	1.02
Creditors turnover ratio	times	**7.40**	10.63	19.22	12.88	9.19	24.91
No. of Days in Creditors	days	**49.30**	34.32	18.99	28.33	39.73	14.65
Operating Cycle	days	**44.12**	81.40	96.58	91.07	86.40	98.66
Total Assets turnover ratio	times	**0.97**	0.82	0.72	0.94	0.94	1.06
Fixed Assets turnover ratio	times	**2.13**	2.09	1.88	2.44	2.45	2.62
Investment Valuation Ratios:							
Earnings / (Loss) per share	rupees	**5.72**	(1.34)	(15.35)	1.77	8.81	15.17
Price / Earning ratio	times	**3.43**	(24.78)	(1.36)	11.02	4.74	6.82
Market value per share as on June 30	rupees	**19.62**	33.24	20.88	19.54	41.74	103.40
Breakup value per share	rupees	**74.78**	69.12	69.94	86.36	83.93	77.63
Price to book ratio	percent	**26.24%**	48.08%	29.85%	22.63%	49.73%	133.20%
Dividend Yield	percent	**-**	-	-	2.56%	4.79%	2.42%
Dividend Payout ratio	percent	**-**	-	-	2.82%	2.27%	1.65%
Dividend Cover ratio	times	**-**	-	-	0.03	0.05	0.02
Capital Structure Ratios:							
Financial leverage ratio	times	**0.44**	0.45	0.21	0.01	0.004	-
Net Borrowing / EBITDA	times	**0.40**	0.42	0.17	(0.03)	(0.11)	(0.12)
Debt to Equity Ratio	times	**26:74**	18:82	4:96	1:99	0:100	0:100
Av. Operating Working Capital to Sales Ratio	percent	**27.17%**	35.43%	50.43%	38.40%	34.76%	30.92%
Interest Cover ratio	times	**3.76**	0.16	(35.20)	25.24	184.60	751.68

VERTICAL ANALYSIS - SIX YEARS

	FY 2022		FY 2021		FY 2020		FY 2019		FY 2018		FY 2017	
	Rs. '000'	%	Rs. '000'	%	Rs. '000'	%	Rs. '000'	%	Rs. '000'	%	Rs. '000'	%
Balance Sheet												
Total equity	**3,750,774**	**53.97**	3,467,062	57.47	3,508,011	72.57	4,331,567	85.49	4,210,161	80.51	3,893,823	80.77
Total non-current liabilities	**1,303,228**	**18.75**	651,477	10.80	155,932	3.23	390,214	7.70	356,623	6.82	377,960	7.84
Total current liabilities	**1,896,252**	**27.28**	1,914,468	31.73	1,169,863	24.20	344,782	6.81	662,864	12.68	549,275	11.39
Total equity and liabilities	**6,950,254**	**100.00**	6,033,007	100.00	4,833,806	100.00	5,066,563	100.00	5,229,648	100.00	4,821,058	100.00
Tangible Fixed assets	**3,176,342**	**45.70**	2,376,103	39.39	1,844,043	38.15	1,946,434	38.42	1,998,000	38.21	1,961,266	40.68
Other non-current assets	**349,899**	**5.03**	359,873	5.97	301,401	6.24	338,742	6.69	21,339	0.41	24,733	0.51
Total current assets	**3,424,013**	**49.26**	3,297,031	54.65	2,688,362	55.62	2,781,387	54.90	3,210,309	61.39	2,835,059	58.81
Total assets	**6,950,254**	**100.00**	6,033,007	100.00	4,833,806	100.00	5,066,563	100.00	5,229,648	100.00	4,821,058	100.00
Profit and Loss Account												
Sales - net	**6,774,567**	**100.00**	4,961,375	100.00	3,463,904	100.00	4,740,496	100.00	4,902,784	100.00	5,130,744	100.00
Cost of sales	**(5,900,946)**	**(87.10)**	(4,673,876)	(94.21)	(4,179,341)	(120.65)	(4,146,193)	(87.46)	(3,875,479)	(79.05)	(3,573,968)	(69.66)
Gross profit	**873,621**	**12.90**	287,499	5.79	(715,437)	(20.65)	594,303	12.54	1,027,305	20.95	1,556,776	30.34
Administrative expenses	**(263,905)**	**(3.90)**	(228,678)	(4.61)	(241,909)	(6.98)	(290,472)	(6.13)	(295,591)	(6.03)	(241,393)	(4.70)
Distribution cost	**(81,390)**	**(1.20)**	(88,039)	(1.77)	(94,164)	(2.72)	(203,122)	(4.28)	(195,636)	(3.99)	(172,034)	(3.35)
Other operating expenses	**(22,572)**	**(0.33)**	-	-	-	-	(11,400)	(0.24)	(44,440)	(0.91)	(80,894)	(1.58)
Other operating income	**78,341**	**1.16**	41,652	0.84	45,837	1.32	46,411	0.98	111,256	2.27	30,491	0.59
Profit / (Loss) from operations	**584,095**	**8.62**	12,434	0.25	(1,005,673)	(29.03)	135,720	2.86	602,894	12.30	1,092,946	21.30
Finance Cost	**(155,235)**	**(2.29)**	(75,815)	(1.53)	(28,573)	(0.82)	(5,377)	(0.11)	(3,266)	(0.07)	(1,454)	(0.03)
Profit / (Loss) before taxation	**428,860**	**6.33**	(63,381)	(1.28)	(1,034,246)	(29.86)	130,343	2.75	599,628	12.23	1,091,492	21.27
Taxation	**(142,157)**	**(2.10)**	(3,906)	(0.08)	264,175	7.63	(41,368)	(0.87)	(157,890)	(3.22)	(330,799)	(6.45)
Profit / (Loss) after taxation	**286,703**	**4.23**	(67,287)	(1.36)	(770,071)	(22.23)	88,975	1.88	441,738	9.01	760,693	14.83

HORIZONTAL ANALYSIS - SIX YEARS

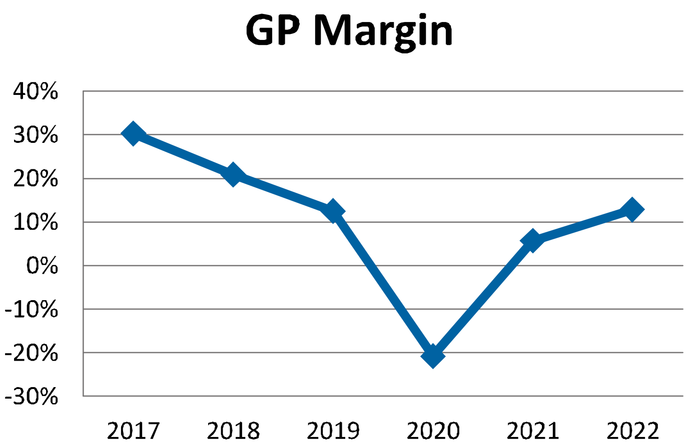
	FY 2022 Rs. '000'	22 vs 21 %	FY 2021 Rs. '000'	21 vs 20 %	FY 2020 Rs. '000'	20 vs 19 %	FY 2019 Rs. '000'	19 vs 18 %	FY 2018 Rs. '000'	18 vs 17 %	FY 2017 Rs. '000'	17 vs 16 %	FY 2016 Rs. '000'
Balance Sheet													
Total equity	**3,750,774**	**8.18**	3,467,062	(1.17)	3,508,011	(19.01)	4,331,567	2.88	4,210,161	8.12	3,893,823	20.42	3,233,450
Total non-current liabilities	**1,303,228**	**100.04**	651,477	317.80	155,932	(60.04)	390,214	9.42	356,623	(5.65)	377,960	(6.43)	403,944
Total current liabilities	**1,896,252**	**(0.95)**	1,914,468	63.65	1,169,863	239.31	344,782	(47.99)	662,864	20.68	549,275	25.03	439,314
Total equity and liabilities	**6,950,254**	**15.20**	6,033,007	24.81	4,833,806	(4.59)	5,066,563	(3.12)	5,229,648	8.48	4,821,058	18.26	4,076,708
Total non-current assets	**3,526,241**	**28.88**	2,735,976	27.52	2,145,444	(6.11)	2,285,176	13.16	2,019,339	1.68	1,985,999	5.68	1,879,232
Total current assets	**3,424,013**	**3.85**	3,297,031	22.64	2,688,362	(3.34)	2,781,387	(13.36)	3,210,309	13.24	2,835,059	29.01	2,197,476
Total assets	**6,950,254**	**15.20**	6,033,007	24.81	4,833,806	(4.59)	5,066,563	(3.12)	5,229,648	8.48	4,821,058	18.26	4,076,708
Profit and Loss Account													
Sales - net	**6,774,567**	**36.55**	4,961,375	43.23	3,463,904	(26.93)	4,740,496	(3.31)	4,902,784	(4.44)	5,130,744	1.97	5,031,622
Cost of sales	**(5,900,946)**	**(26.25)**	(4,673,876)	(11.83)	(4,179,341)	(0.80)	(4,146,193)	(6.99)	(3,875,479)	(8.44)	(3,573,968)	(4.86)	(3,408,172)
Gross profit	**873,621**	**203.87**	287,499	140.19	(715,437)	(220.38)	594,303	(42.15)	1,027,305	(34.01)	1,556,776	(4.11)	1,623,450
Administrative expenses	**(263,905)**	**(15.40)**	(228,678)	5.47	(241,909)	16.72	(290,472)	1.73	(295,591)	(22.45)	(241,393)	(1.13)	(238,703)
Distribution cost	**(81,390)**	**7.55**	(88,039)	6.50	(94,164)	53.64	(203,122)	(3.83)	(195,636)	(13.72)	(172,034)	(23.53)	(139,266)
Other operating expenses	**(22,572)**	**-**	-	-	-	100.00	(11,400)	74.35	(44,440)	45.06	(80,894)	5.81	(85,888)
Other operating income	**78,341**	**88.08**	41,652	(9.13)	45,837	(1.24)	46,411	(58.28)	111,256	264.88	30,491	159.14	11,766
Profit / (Loss) from operations	**584,095**	**4,597.6**	12,434	101.24	(1,005,673)	(840.99)	135,720	(77.49)	602,894	(44.84)	1,092,946	(6.69)	1,171,359
Finance Cost	**(155,235)**	**(104.75)**	(75,815)	(165.34)	(28,573)	(431.39)	(5,377)	(64.64)	(3,266)	(124.62)	(1,454)	88.35	(12,483)
Profit / (Loss) before taxation	**428,860**	**776.64**	(63,381)	93.87	(1,034,246)	(893.48)	130,343	(78.26)	599,628	(45.06)	1,091,492	(5.81)	1,158,876
Taxation	**(142,157)**	**(3,539.5)**	(3,906)	(101.48)	264,175	738.60	(41,368)	73.80	(157,890)	52.27	(330,799)	4.13	(345,051)
Profit / (Loss) after taxation	**286,703**	**526.09**	(67,287)	91.26	(770,071)	(965.49)	88,975	(79.86)	441,738	(41.93)	760,693	(6.53)	813,825

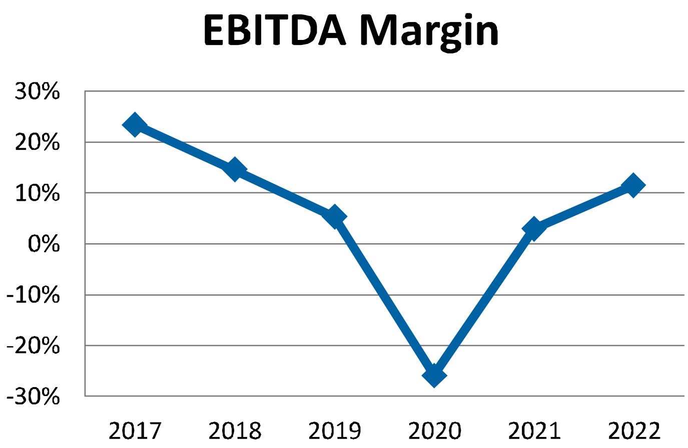
QUARTERLY PERFORMANCE

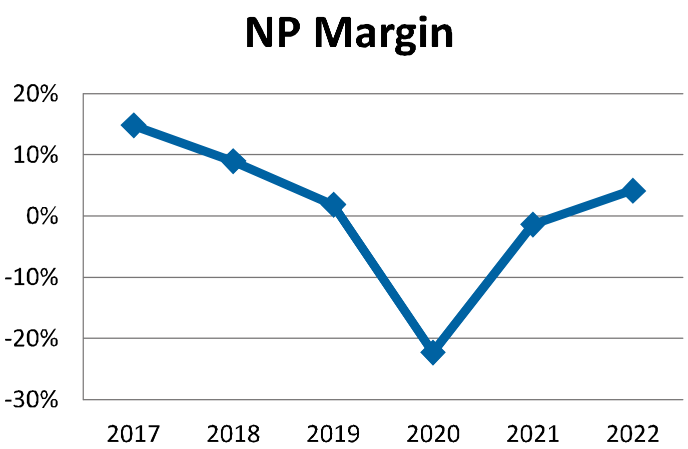
Particulars	Quarter 1	Quarter 2	Quarter 3	Quarter 4	Total
	---------- Quantity in Ton ----------				
Clinker:					
- Production	175,045	160,197	121,350	220,441	677,033
- Capacity Utilization	85%	77%	59%	106%	82%
Cement:					
- Production	178,200	187,026	171,530	176,001	712,757
- Sales	174,816	186,421	173,055	178,353	712,645
	---------- Rupees in '000' ----------				
Sales - net	1,427,751	1,648,456	1,661,451	2,036,909	6,774,567
Cost of sales	(1,205,178)	(1,457,967)	(1,492,514)	(1,745,287)	(5,900,946)
Gross profit	222,573	190,489	168,937	291,622	873,621
Administrative expenses	(67,132)	(59,311)	(67,868)	(69,594)	(263,905)
Distribution expenses	(18,823)	(20,438)	(20,981)	(21,148)	(81,390)
Other operating income & expenses	15,512	18,275	13,777	8,205	55,769
	(70,443)	(61,474)	(75,072)	(82,537)	(289,526)
Operating profit	152,130	129,015	93,865	209,085	584,095
Finance cost	(47,460)	(22,689)	(47,648)	(37,438)	(155,235)
Profit before tax	104,670	106,326	46,217	171,647	428,860
Taxation	22,470	(83,748)	(13,499)	(67,380)	(142,157)
Profit after tax	**127,140**	**22,578**	**32,718**	**104,267**	**286,703**

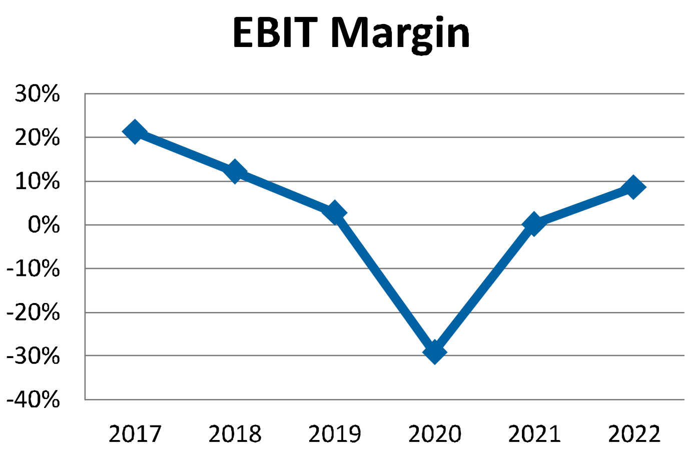
In the month of June 2022, Company's production capacity increased to 900,000 M.Ton p.a compare to 828,000 M.Ton p.a due to BMR activities of the plant.

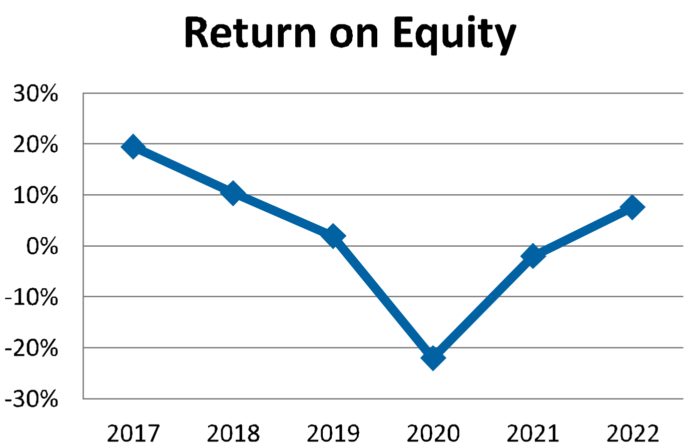
GRAPHICAL PRESENTATION - STAKEHOLDERS' INFORMATION

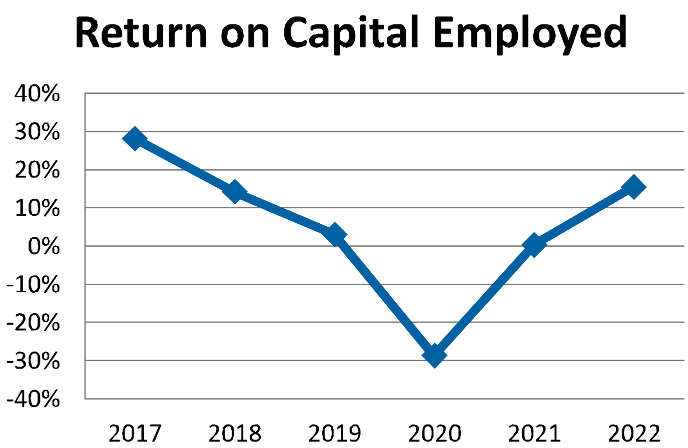






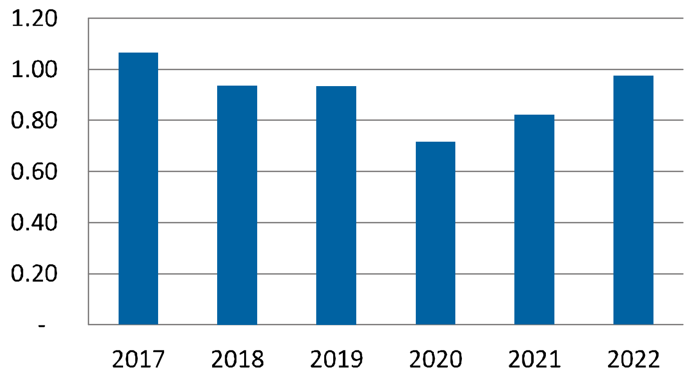




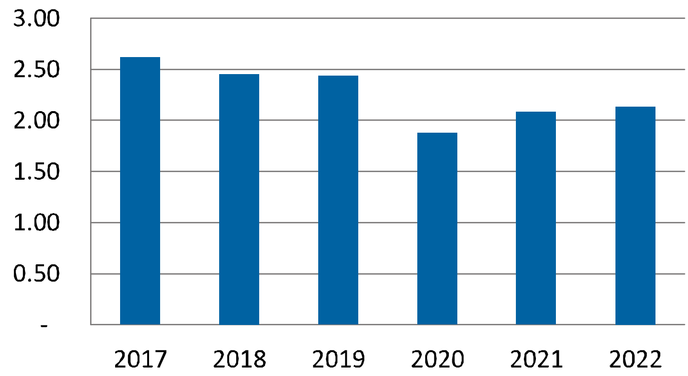


GRAPHICAL PRESENTATION - STAKEHOLDERS' INFORMATION

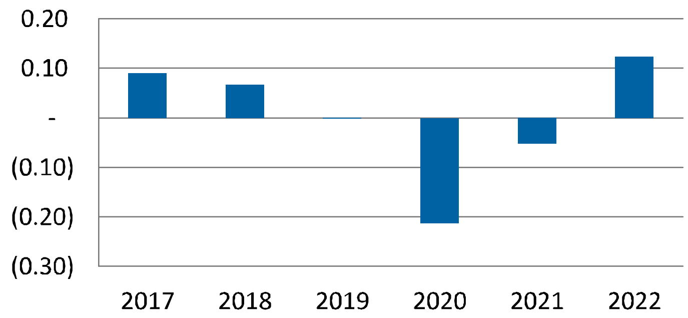
Total Assets Turnover Ratio



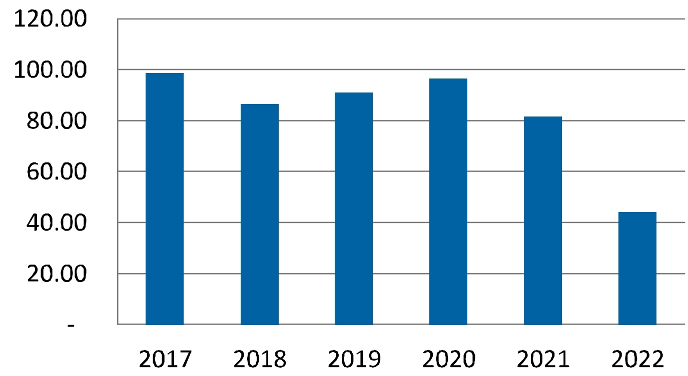
Fixed Assets Turnover Ratio



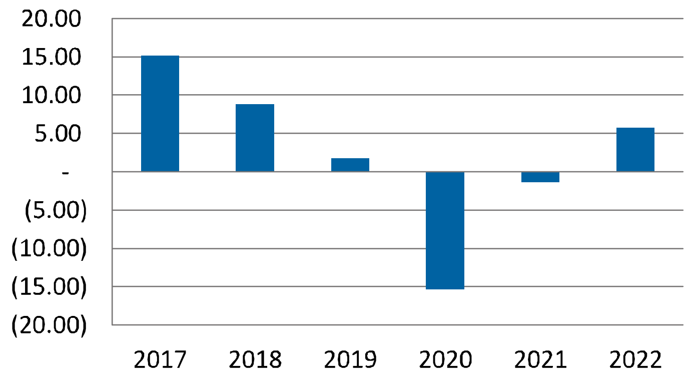
Cash from Operations to Sales



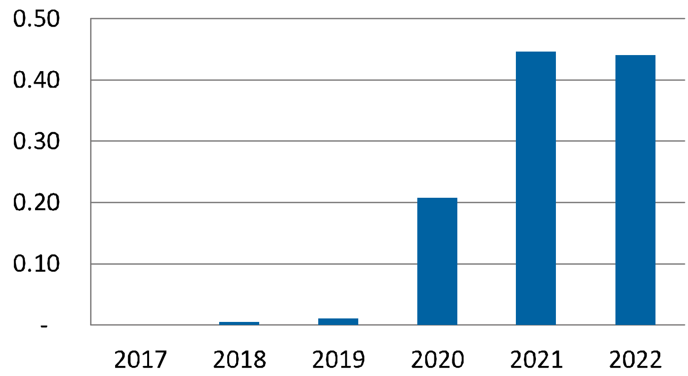
Operating Cycle (Days)



Earnings Per Share (PKR)

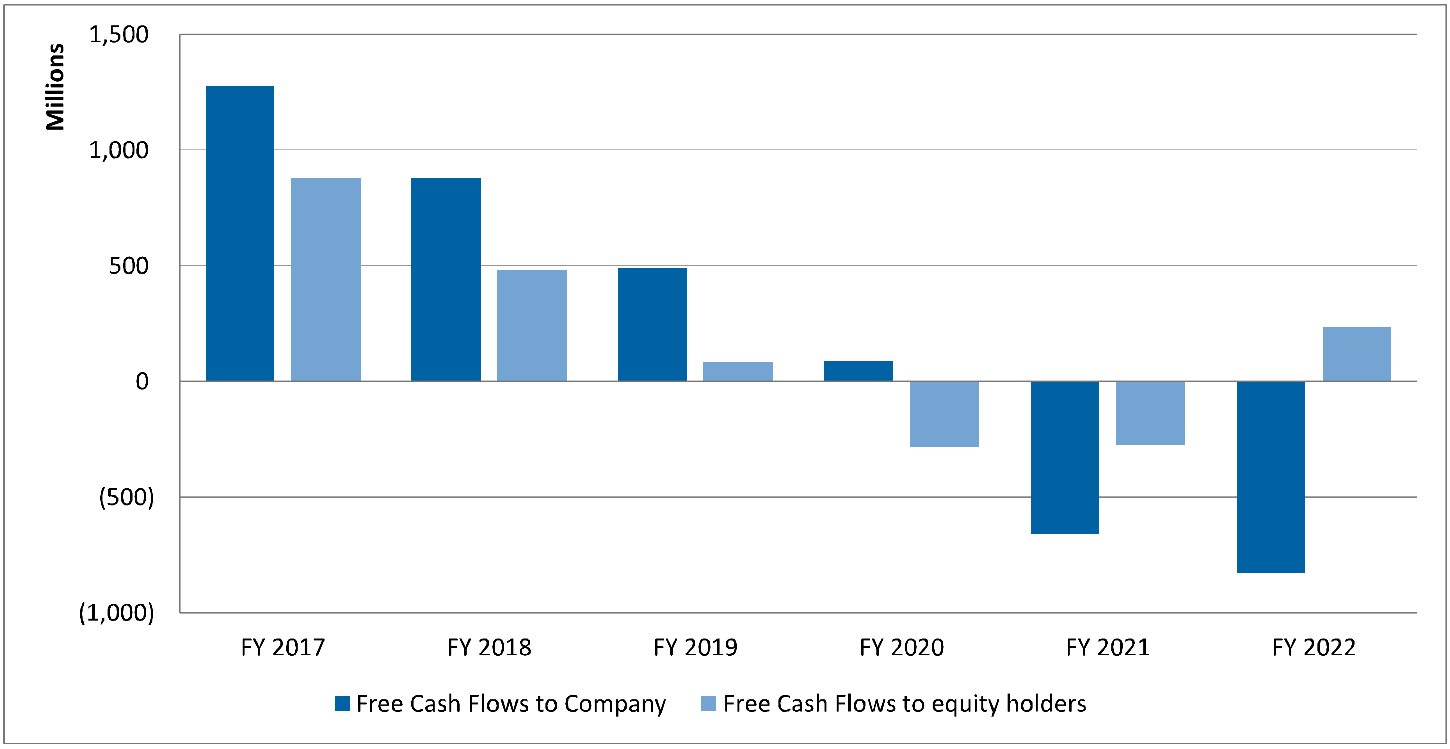


Financial Leverage Ratio



FREE CASH FLOWS

	FY 2022	FY 2021	FY 2020	FY 2019	FY 2018	FY 2017
	----------	----------	---------- Rupees in '000'	----------	----------	----------
Profit / (Loss) before taxation	**428,860**	(63,381)	(1,034,246)	130,343	599,628	1,091,492
Adjustment for non-cash items	**315,924**	174,572	118,456	96,362	65,921	112,321
Working capital changes	**119,485**	(343,183)	266,577	(93,691)	(48,694)	(257,585)
Net Cash generated from / (used in) - operating activities	**864,269**	(231,992)	(649,213)	133,014	616,855	946,228
Capital expenditure	**(942,139)**	(596,298)	(10,031)	(42,685)	(130,304)	(67,797)
Free Cash flows to Company	**(77,870)**	(828,290)	(659,244)	90,329	486,551	878,431
Net borrowing (repaid) / obtained	**443,415**	610,896	391,325	(4,718)	(2,297)	-
Interest payments	**(129,803)**	(55,933)	(14,623)	(5,120)	(3,160)	(1,454)
Free Cash flows to equity holders	**235,742**	(273,327)	(282,542)	80,491	481,094	876,977



Analysis on Free Cash Flows

Free cash flows represent the cash a company can generate after required investment to maintain or expand its assets base. It is a measurement of a Company's financial performance and health.

STATEMENT OF CASH FLOWS
DIRECT METHOD

	FY 2022	FY 2021
	Rupees in '000'	
Cash flows from operating activities		
Cash receipts from customers	**6,849,881**	4,961,379
Cash paid to suppliers and employees	**(6,043,829)**	(4,852,129)
Net Cash generated from / (used in) operations	**806,052**	109,250
(Increase) in Inventory stores and spares	**(565,103)**	(233,583)
(Increase) / Decrease in Inventory stock-in-trade	**328,497**	(346,411)
Increase in trade and other payables	**235,381**	354,173
(Increase) / Decrease in long term deposits	**(4,952)**	973
Decrease in long term loans and advances	**2,946**	4,034
(Increase) / Decrease in loans, advances, deposits & prepayments	**18,765**	(58,384)
Sales tax refundable	**40,677**	(57,037)
Income tax paid -net of refunds received	**(26,949)**	(32,356)
	29,262	(368,591)
Net cash generated / (used in) from operating activities	**835,314**	(259,341)
Cash flows from investing activities		
Additions to property, plant and equipment	**(942,139)**	(596,298)
Proceeds from sale / redemption of short term investment	**10**	17,955
Advance paid to a software house	**(5,000)**	-
Repayment of short term loan by associated company	**(40,000)**	(47,400)
Payment of short term loan to associated company	**94,000**	58,005
Dividend received	**-**	54
Interest received	**11,334**	21,957
Proceeds from disposal of property, plant and equipment	**8,421**	3,817
Net cash (used in) investing activities	**(873,374)**	(541,910)
Cash flows from financing activities		
Repayment of lease liability (principal portion)	**(34,576)**	(22,634)
Long term financing received	**814,889**	658,484
Repayments against long term financing	**(121,898)**	(30,474)
Finance costs paid	**(129,803)**	(55,933)
Short term borrowings - net	**(215,000)**	5,520
Dividend paid	**(17)**	(22)
Net cash generated from financing activities	**313,595**	554,941
Net increase/(decrease) in cash and cash equivalents	**275,535**	(246,310)
Cash and cash equivalents at the beginning	**(409,653)**	(163,343)
Cash and cash equivalents at end	**(134,118)**	(409,653)

STATEMENT OF VALUE ADDITION AND HOW WEALTH DISTRIBUTED

	FY 2022		FY 2021	
	Rs. '000'	%	Rs. '000'	%
Wealth Generated				
Sales (including taxes)	**9,243,510**	**99.16%**	7,059,214	99.41%
Other operating income	**78,341**	**0.84%**	41,652	0.59%
Total Wealth generated during the year	**9,321,851**	**100%**	7,100,866	100%
Distribution of Wealth				
Operating costs and other general expenses	**5,356,671**	**57.46%**	4,238,267	59.69%
To Employees as Remuneration	**706,221**	**7.58%**	610,386	8.60%
To Government as Taxes	**2,611,100**	**28.01%**	2,101,745	29.59%
To Society as Donations	**3,509**	**0.04%**	3,476	0.05%
To Finance Providers as Finance Cost	**155,235**	**1.67%**	75,815	1.07%
Retained within the Company	**489,115**	**5.25%**	71,177	1.00%
Total Wealth distributed during the year	**9,321,851**	**100%**	7,100,816	100%

DEFINITIONS AND GLOSSARY OF TERMS

Gross Profit Ratio

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

Net Profit Ratio

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

Earnings Before Interest, Tax, Depreciation & Amortization (EBITDA)

The EBITDA ratio indicates how much profit a company makes before paying for Interest, Tax, Depreciation & Amortization.

Current Ratio

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

Debt-Equity Ratio

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

Earnings per Share (EPS)

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

Profit Margin

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

Return on Capital Employed (ROCE)

The amount of profits earned (before interest and taxes), expressed as a percentage of total equity. This is a widely followed measure of profitability, thus the higher the number the better. ROCE tells you the amount of profit a company is generating per one rupee of capital employed.

Return on Equity (ROE)

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

Cash from Operations to Sales

The cash flow from operations to sales ratio reveals the ability of a business to generate cash flow in proportion to its sales. It is the ratio of operating cash flows to net sales.

PATTERN OF SHAREHOLDING
AS AT JUNE 30, 2022

No. of Shareholders	Shareholding From	To	Total shares
365	1	100	8,203
431	101	500	121,857
644	501	1000	412,438
330	1001	5000	758,955
76	5001	10000	580,713
27	10001	15000	347,798
19	15001	20000	347,860
10	20001	25000	228,600
7	25001	30000	201,000
5	30001	35000	164,000
3	35001	40000	118,500
1	40001	45000	42,800
1	45001	50000	100,000
2	55001	60000	116,640
2	60001	65000	64,500
1	65001	70000	70,000
1	70001	75000	73,000
1	75001	80000	80,000
1	85001	90000	89,530
1	90001	95000	182,000
1	95001	100000	100,000
2	110001	115000	114,000
1	120001	125000	122,501
1	130001	135000	135,000
1	145001	150000	145,500
1	150001	155000	153,500
1	155001	160000	157,937
1	175001	180000	180,000
1	195001	200000	399,500
1	205001	210000	210,000
1	235001	240000	239,200
2	240001	245000	243,200
1	300001	305000	304,502
1	465001	470000	467,000
1	590001	595000	594,500
1	645001	650000	645,100
1	1125001	1130000	1,127,255
1	3035001	3040000	3,039,700
1	10190001	10195000	10,191,536
1	27480001	27485000	27,481,675
1950			**50,160,000**

CATEGORIES OF SHAREHOLDERS

AS AT JUNE 30, 2022

Shareholder's Category	Number of Shareholders	Number of Shares held
Associated Companies, undertakings and related parties	_	_
NIT and ICP	3	1,131,155
Directors		
Mr. Mohammed Yasin Fecto	2	37,673,211
Mr. Jamil Ahmed Khan	1	2,500
Mr. Khalid Yacoob	1	2,750
Mr. Aamir Ghani	1	2,750
Mr. Mohammad Anwar Habib	1	2,750
Ms Saira Ibrahim Bawany	1	3,300
	7	37,687,261
Banks, Development Financial Institutions, Non-Banking Finance Companies, Insurance and Modarabas	11	4,243,991
Mutual Funds		
CDC - TRUSTEE NAFA STOCK FUND	1	243,200
CDC - TRUSTEE NAFA ISLAMIC ASSET ALLOCAT	1	239,200
CDC - TRUSTEE FIRST CAPITAL MUTUAL FUND	1	10,000
NCC - PRE SETTLEMENT DELIVERY ACCOUNT	1	500
CDC - TRUSTEE NAFA ISLAMIC PENSION FUND EQUITY ACCOUNT	1	19,600
	5	512,500
OTHERS		
Institutions	17	79,993
Trust/fund	3	184,079
Individuals - Local	1,904	6,321,021
	1,924	6,585,093
Total	**1,950**	**50,160,000**
Shareholders holding 5% or more voting interest		
Mr. Mohammed Yasin Fecto		37,673,211
Muslim Commercial Bank Limited - Treasury		3,039,700

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

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

STATEMENT OF COMPLIANCE WITH LISTED COMPANIES (CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2019 FOR THE YEAR ENDED JUNE 30, 2022

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

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

Male	6
Female	1

2. The Composition of board is as follows:

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

3. The Directors have confirmed that none of them is serving as a director on more than seven (7) listed companies including this company;

4. The Company has prepared a "Code of Conduct" and has ensured that appropriate steps have been taken to disseminate it throughout the company along with its supporting policies and procedures;

5. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the Company. The Board has ensured that complete record of particulars of significant policies along with their date of approval or updating is maintained by the Company;

6. All the powers of the Board have been duly exercised and decisions on relevant matters have been taken by the Board/shareholders as empowered by the relevant provisions of the Companies Act, 2017 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 Companies Act, 2017 and Regulations with respect to frequency, recording and circulating minutes of meetings of the Board;

8. The Board has a formal policy and transparent procedures for remuneration of directors in accordance with the Companies Act, 2017 and these Regulations;

9. Up to the date of reporting period (i.e. June 30, 2022), following Directors have attended Directors Training Program:

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

   One Director Mr. Mohammed Yasin Fecto, meets the criteria of exemption from Directors Training Program. The remaining director, Ms. Saira ibrahim Bawani, will obtain certification under the Directors Training Program in due course of time as encouraged under the Regulations.

10. The Board has approved appointment of Chief Financial Officer, Company Secretary and Head of Internal

Audit, including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations;

11. Chief Financial Officer and Chief Executive Officer duly endorsed the financial statements before approval of the Board;

12. The Board has formed committees comprising of members given below. All members of the Committees are independent Directors;

AUDIT COMMITTEE

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

HR and REMUNERATION COMMITTEE

Mr. Jamil Ahmed Khan	Chairman
Mr. Khalid Yacoob	Member
Mr. Mohammed Anwer Habib	Member

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

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

i.	Audit Committee	Quarterly
ii.	HR and Remuneration Committee	Annual

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

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

17. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Companies Act 2017, these regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard.

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

On behalf of the Board

AAMIR GHANI
Chairman of the Board of Directors

Karachi: October 01, 2022

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

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

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 ('the Regulations') prepared by the Board of Directors of **M/s. Fecto Cement Limited** ('the Company') for the year ended **June 30, 2022** in accordance with the requirements of regulation 36 of the Regulations.

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

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

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

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the requirements contained in the Regulations as applicable to the Company for the year ended
June 30, 2022.

Karachi.

RAHMAN SARFARAZ RAHIM IQBAL RAFIQ
Chartered Accountants

Date: October 04, 2022
UDIN: CR2022102101uzGWXh2l

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF FECTO CEMENT LIMITED

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the annexed financial statements of **Fecto Cement Limited** ('the Company'), which comprise the statement of financial position as at **June 30, 2022,** and the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information ('the financial statements'), and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and, respectively, give a true and fair view of the state of the Company's affairs as at **June 30, 2022** and of the profit, total comprehensive income, changes in equity and its cash flows for the year then ended.

Basis for Opinion

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

Key Audit Matters

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

Following is the key audit matter

S. no.	Key audit matter	How the matter was addressed in our audit
01.	**Expenditures incurred on new capital projects** As disclosed in note 14.2 to the financial statements, during the year, the Company incurred expenditures on various new capital projects amounting, in aggregate, to Rs. 894.181 million. Cost of the projects that were successfully completed during the year amounting, in aggregate to Rs. 622.148 million, was transferred to operating fixed assets. Such expenditures were mainly financed through long-term financing facilities obtained from a commercial bank under the SBP's Temporary Economic Refinance Facility (TERF) as well as certain Term Finance (TF) facilities (see note 06 to the financial statements). We considered this matter to be of most significance keeping in view the materiality of the amounts involved as well as the fact that its recognition, measurement, presentation and disclosure in the financial statements required the application of significant management judgment which, in turn, required us to apply significant auditor judgment and, accordingly, devote sufficient time and resources to obtain sufficient appropriate audit evidence.	Our audit procedures included, but were not limited to, the following: ● Inspecting necessary documentary evidences to verify the occurrence and accuracy of the expenditures incurred on the capital projects and the corresponding loan proceeds received from the commercial bank; ● Evaluating the management's conclusion as to why such capital projects were regarded as 'qualifying assets' under the applicable financial reporting standard and, accordingly, their associated borrowing costs be included in the cost of the projects. In addition, we verified the accuracy of the key inputs used by management in the calculation of capitalized borrowing costs such as the period of capitalization and the capitalization rate. ● Assessing the reasonableness of various factors and assumptions used by management in determining the useful lives of the significant components of the assets included in the capital projects as well as inspecting the necessary documentary evidences to establish the date from which such components were considered as 'available for use' and, hence, be depreciated from that date; and ● Recalculating the carrying amounts of the assets included in the capital projects and the related loan liability and deferred grant recognized in the statement of financial position (with their corresponding effects recognized in the statement of profit or loss) as well assessing the adequacy of their presentation and disclosures.

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

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

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

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

Responsibilities of Management and Board of Directors for the Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

(a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);

(b) the statement of financial position, the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;

(c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and

(d) no zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

The engagement partner on the audit resulting in this independent auditor's report is **Mr. Mohammad Rafiq Dosani.**

RAHMAN SARFARAZ RAHIM IQBAL RAFIQ
Chartered Accountants
Karachi

Date: October 04, 2022
UDIN: AR202210210Nv7qj5DXr

STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2022

	Note	June 30 2022	June 30, 2021
		Rupees in '000'	
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorized capital			
75,000,000 (2021: 75,000,000) ordinary shares of Rs. 10/- each		**750,000**	750,000
Issued, subscribed and paid up capital			
50,160,000 (2021: 50,160,000) ordinary shares of Rs.10/- each	5	**501,600**	501,600
Revenue reserves			
General reserve		**550,000**	550,000
Accumulated profit		**2,571,481**	2,284,778
		3,121,481	2,834,778
Capital reserve			
Surplus on revaluation of investment in unquoted shares		**127,693**	130,684
		3,750,774	3,467,062
Non-current liabilities			
Long term financing from a banking company - secured	6	**1,017,637**	520,529
Lease liability	7	**67,173**	61,605
Deferred income - Government grant	8	**184,544**	69,343
Deferred taxation	9	**33,874**	-
		1,303,228	651,477
Current liabilities			
Trade and other payables	10	**1,249,100**	898,451
Short term borrowings - secured	11	**355,362**	789,912
Accrued mark-up		**18,203**	12,668
Unclaimed dividend		**14,522**	14,539
Unpaid dividend		**185**	185
Current maturity of long term financing - secured	12	**179,239**	137,568
Current maturity of lease liability	7	**33,030**	35,491
Current maturity of government grant	8	**46,611**	25,654
		1,896,252	1,914,468
Contingencies and commitments	13		
Total equity and liabilities		**6,950,254**	6,033,007
ASSETS			
Non-current assets			
Property, plant and equipment	14	**3,067,900**	2,270,083
Right-of-use assets	15	**108,442**	106,020
Long term investments	16	**330,850**	318,009
Long term deposits	17	**10,273**	5,321
Long term loans and advances	18	**8,776**	6,722
Deferred taxation	9	**-**	29,821
		3,526,241	2,735,976
Current assets			
Stores and spares	19	**1,610,221**	1,045,118
Stock-in-trade	20	**1,294,183**	1,622,680
Trade debts - unsecured	21	**75,194**	43,766
Short term investment - unsecured	22	**99,920**	99,930
Short term loan to a related party	23	**25,395**	79,395
Loans, advances, deposit, prepayment and other receivable	24	**51,076**	86,080
Tax refunds due from government	25	**126,780**	234,803
Cash and bank balances	26	**141,244**	85,259
		3,424,013	3,297,031
Total assets		**6,950,254**	6,033,007

The annexed notes from 1 to 43 form an integral part of these financial statements.

MOHAMMED YASIN FECTO	**ROHAIL AJMAL**	**ABDUL SAMAD**
CHIEF EXECUTIVE	DIRECTOR	CHIEF FINANCIAL OFFICER

STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED JUNE 30, 2022

	Note	2022	2021
		Rupees in '000'	
Turnover - net	27	**6,774,567**	4,961,375
Cost of sales	28	**(5,900,946)**	(4,673,876)
Gross profit		**873,621**	287,499
Administrative expenses	29	**(263,905)**	(228,678)
Distribution cost	30	**(81,390)**	(88,039)
		(345,295)	(316,717)
Finance costs	31	**(155,235)**	(75,815)
Other expense	32	**(22,572)**	-
		(177,807)	(75,815)
		350,519	(105,033)
Other income	33	**78,341**	41,652
Profit / (loss) before taxation		**428,860**	(63,381)
Taxation	34	**(142,157)**	(3,906)
Profit / (loss) after taxation		**286,703**	(67,287)
Earnings / (loss) per share - basic and diluted	35	**5.72**	(1.34)

The annexed notes from 1 to 43 form an integral part of these financial statements.

MOHAMMED YASIN FECTO	ROHAIL AJMAL	ABDUL SAMAD
CHIEF EXECUTIVE	DIRECTOR	CHIEF FINANCIAL OFFICER

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2022

	Note	2022	2021
		Rupees in '000'	
Profit / (loss) after taxation		**286,703**	(67,287)
Other comprehensive income / (loss)			
Items that will not be subsequently reclassified to profit or loss			
Unrealized gain on remeasurement of investment in ordinary shares of M/s. Frontier Paper Products (Private) Limited		**12,841**	33,659
Related deferred tax thereon		**(15,832)**	(7,321)
		(2,991)	26,338
Total comprehensive income / (loss) for the year		**283,712**	(40,949)

The annexed notes from 1 to 43 form an integral part of these financial statements.

MOHAMMED YASIN FECTO	ROHAIL AJMAL	ABDUL SAMAD
CHIEF EXECUTIVE	DIRECTOR	CHIEF FINANCIAL OFFICER

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED JUNE 30, 2022

	Issued, Subscribed & Paid up capital	Revenue Reserves: General Reserve	Revenue Reserves: Accumulated Profit	Capital reserve: Surplus on Revaluation of investment in unquoted shares	Total
	Rupees in '000'				
Balance as at June 30, 2020	501,600	550,000	2,352,065	104,346	3,508,011
Total comprehensive income for the year ended June 30, 2021					
- Loss after taxation	-	-	(67,287)	-	(67,287)
- Other comprehensive income	-	-	-	26,338	26,338
	-	-	(67,287)	26,338	(40,949)
Balance as at June 30, 2021	501,600	550,000	2,284,778	130,684	3,467,062
Total comprehensive income for the year ended June 30, 2022					
- Profit after taxation	**-**	**-**	**286,703**	**-**	**286,703**
- Other comprehensive loss	**-**	**-**	**-**	**(2,991)**	**(2,991)**
	-	**-**	**286,703**	**(2,991)**	**283,712**
Balance as at June 30, 2022	**501,600**	**550,000**	**2,571,481**	**127,693**	**3,750,774**

The annexed notes from 1 to 43 form an integral part of these financial statements.

MOHAMMED YASIN FECTO	ROHAIL AJMAL	ABDUL SAMAD
CHIEF EXECUTIVE	DIRECTOR	CHIEF FINANCIAL OFFICER

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED JUNE 30, 2022

	Note	2022	2021
		Rupees in '000'	
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit / (Loss) before taxation		**428,860**	(63,381)
Adjustments for:			
- Depreciation on property, plant and equipment	14.1.1	**168,637**	117,197
- Depreciation on right-of-use assets	15	**33,775**	21,267
- Finance costs	31	**155,235**	75,815
- Interest income	33.1	**(16,219)**	(18,988)
- Provision for Workers' Profit Participation Fund	32	**22,572**	-
- Realized capital gain on short term investments	33	**-**	(462)
- Dividend income	33	**-**	(54)
- Gain on disposal of operating fixed assets	33	**(5,723)**	(2,486)
- Amortization of deferred government grant	33	**(42,353)**	(17,717)
		315,924	174,572
Operating profit before working capital changes		**744,784**	111,191
Working capital changes			
(Increase) / decrease in current assets			
- Stores and spares		**(565,103)**	(233,583)
- Stock-in-trade		**328,497**	(346,411)
- Trade debts		**(31,428)**	(18,874)
- Loans, advances, deposit and prepayment		**18,765**	(58,384)
- Sales tax refundable		**40,677**	(57,037)
Increase in current liabilities			
- Trade and other payables		**328,077**	371,106
		119,485	(343,183)
Cash generated from / (used in) operations		**864,269**	(231,992)
Income tax paid - net of refunds received		**(26,949)**	(32,356)
Long term deposits		**(4,952)**	973
Long term loans and advances		**2,946**	4,034
Net cash generated from / (used in) operating activities		**835,314**	(259,341)
CASH FLOWS FROM INVESTING ACTIVITIES			
Additions to property, plant and equipment		**(942,139)**	(596,298)
Proceeds from sale / redemption of short term investment		**10**	17,955
Advance paid to a software house		**(5,000)**	-
Payment of short term loan to associated company		**94,000**	58,005
Repayment of short term loan by associated company		**(40,000)**	(47,400)
Dividend received			54
Interest received		**11,334**	21,957
Proceeds from disposal of property, plant and equipment		**8,421**	3,817
Net cash used in investing activities		**(873,374)**	(541,910)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of lease liability (principal portion)		**(34,576)**	(22,634)
Long term financing received		**814,889**	658,484
Repayments against long term financing (principal portion)		**(121,898)**	(30,474)
Finance costs paid		**(129,803)**	(55,933)
Short term borrowings - net		**(215,000)**	5,520
Dividend paid		**(17)**	(22)
Net cash generated from financing activities		**313,595**	554,941
Increase / (decrease) in cash and cash equivalents		**275,535**	(246,310)
Cash and cash equivalents at the beginning of the year		**(409,653)**	(163,343)
Cash and cash equivalents at the end of the year	36	**(134,118)**	(409,653)

The annexed notes from 1 to 43 form an integral part of these financial statements.

MOHAMMED YASIN FECTO	**ROHAIL AJMAL**	**ABDUL SAMAD**
CHIEF EXECUTIVE	DIRECTOR	CHIEF FINANCIAL OFFICER

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

1. INTRODUCTION

1.1 Legal status of the Company

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

1.2 Location of the registered office and the manufacturing facilities

Registered office:

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

Manufacturing facility:

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

1.3 Principal business activity

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

2. BASIS OF PREPARATION

2.1 Statement of compliance

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

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

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

2.2 Basis of measurement of items in these financial statements

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

(a) Long term investment in unquoted ordinary shares of M/s. Frontier Paper Products (Private) Limited which is carried at fair value through other comprehensive income; and

(b) Short term investment in privately placed term finance certificates which is carried at fair value through profit or loss.

2.3 Functional and presentation currency

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

2.4 Use of estimates and judgments

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

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

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

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

- Useful lives, depreciation method and residual values of property, plant and equipment (Note 4.5)

- Lease term and discount rate used to measure the right-of-use assets and the lease liability

- Unobservable inputs used in the valuation of long term investment in M/s. Frontier Paper Products (Private) Limited.

- Provision for slow moving and obsolete stores and spares (Note 4.6)

- Discount rate used to determine the value of government grant element embedded in the long term finance received from a commercial bank under the SBP Refinance Scheme for Payment of Wages and Salaries, Renewable Energy Scheme and Temporary Economic Refinance Scheme.

- Provision for taxation (Note 4.18)

3. NEW ACCOUNTING PRONOUNCEMENTS

3.1 Amendments to approved accounting standards and interpretations which became effective during the year ended June 30, 2022.

During the year ended June 30, 2022, certain new accounting and reporting standards / amendments / interpretations became effective and applicable to the Company. However, since such updates were not considered to be relevant to these financial statements, the same have not been reported.

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

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

- Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37) effective for the annual periods beginning on or after January 01, 2022 clarifies that the 'cost of fulfilling a contract' for the purposes of the onerous contract assessment comprises the costs that relate directly to the contract, including both the incremental costs and an allocation of other direct costs to fulfil the contract. An entity is required to apply the amendments to contracts for which it has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments (the date of initial application). Restatement of comparative information is not required, instead the amendments require an entity to recognize the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings or other component of equity, as appropriate, at the date of initial application. The amendments are not likely to affect the financial statements of the Company.

- Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16) effective for annual periods beginning on or after January 01, 2022 clarifies that sales proceeds and costs of items produced while bringing an item of property, plant and equipment to the location and condition necessary for it to be capable of operating in the manner intended by management e.g. when testing etc., are recognized in profit or loss in accordance with applicable Standards. The entity measures the cost of those items applying the measurement requirements of IAS 2. The standard also removes the requirement of deducting the net sales proceeds from cost of testing. An entity shall apply those amendments retrospectively, but only to items of property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after the beginning of the earliest period presented in the financial statements in which the entity first applies the amendments. The entity shall recognize the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at the beginning of that earliest period presented. The amendments are not likely to affect the financial statements of the Company.

- Amendments to IFRS 3 'Business Combinations' - Reference to the Conceptual Framework, issued in May 2020, amended paragraphs 11, 14, 21, 22 and 23 of and added paragraphs 21A, 21B, 21C and 23A to IFRS 3. An entity shall apply those amendments to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after January 01, 2022. Earlier application is permitted if at the same time or earlier an entity also applies all the amendments made by Amendments to References to the Conceptual Framework in IFRS Standards, issued in March 2018. The amendments are not likely to affect the financial statements of the Company.

- Amendments to IAS 1 'Presentation of Financial Statements' - Classification of liabilities as current or non-current amendments apply retrospectively for the annual periods beginning on or after January 01, 2023. These amendments in the standards have been added to further clarify when a liability is classified as current. The standard also amends the aspect of classification of liability as non-current by requiring the assessment of the entity’s right at the end of the reporting period to defer the settlement of liability for at least twelve months after the reporting period. An entity shall apply those amendments retrospectively in accordance with IAS 8. The management of the Company is currently in the process of assessing the impacts of these amendments to its prospective financial statements.

- 'Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2) – the Board has issued amendments on the application of materiality to disclosure of accounting policies and to help companies provide useful accounting policy disclosures. The key amendments to IAS 1 include:

    a. requiring companies to disclose their material accounting policies rather than their significant accounting policies;

    b. clarifying that accounting policies related to immaterial transactions, other events or conditions are themselves immaterial and as such need not be disclosed; and

    c. clarifying that not all accounting policies that relate to material transactions, other events or conditions are themselves material to a company’s financial statements.

- The Board also amended IFRS Practice Statement 2 to include guidance and two additional examples on the application of materiality to accounting policy disclosures. The amendments are effective for annual reporting periods beginning on or after January 01, 2023 with earlier application permitted.

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

- Definition of Accounting Estimates (Amendments to IAS 8) – The amendments introduce a new definition for accounting estimates clarifying that they are monetary amounts in the financial statements that are subject to measurement uncertainty.

  The amendments also clarify the relationship between accounting policies and accounting estimates by specifying that a company develops an accounting estimate to achieve the objective set out by an accounting policy. The amendments are effective for periods beginning on or after January 01, 2023, and will apply prospectively to changes in accounting estimates and changes in accounting policies occurring on or after the beginning of the first annual reporting period in which the company applies the amendments. The amendments are not likely to affect the financial statements of the Company.

- Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12) – The amendments narrow the scope of the initial recognition exemption (IRE) so that it does not apply to transactions that give rise to equal and offsetting temporary differences. As a result, companies will need to recognise a deferred tax asset and a deferred tax liability for temporary differences arising on initial recognition of a lease and a decommissioning provision. For leases and decommissioning liabilities, the associated deferred tax asset and liabilities will need to be recognised from the beginning of the earliest comparative period presented, with any cumulative effect recognised as an adjustment to retained earnings or other components of equity at that date. The amendments are effective for annual reporting periods beginning on or after January 01, 2023 with earlier application permitted. The amendments are not likely to affect the financial statements of the Company.

- 'Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28) – The amendment amends accounting treatment on loss of control of business or assets. The amendments also introduce new accounting for less frequent transaction that involves neither cost nor full step-up of certain retained interests in assets that are not businesses. The effective date for these changes has been deferred indefinitely until the completion of a broader review.

- The following annual improvements to IFRS standards 2018-2020 are effective for annual reporting periods beginning on or after January 01, 2022.

  - IFRS 9 – The amendment clarifies that an entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf, when it applies the '10 per cent' test in paragraph B3.3.6 of IFRS 9 in assessing whether to derecognize a financial liability.

  - IFRS 16 – The amendment partially amends Illustrative Example 13 accompanying IFRS 16 by excluding the illustration of reimbursement of leasehold improvements by the lessor. The objective of the amendment is to resolve any potential confusion that might arise in lease incentives.

  - IAS 41 – The amendment removes the requirement in paragraph 22 of IAS 41 for entities to exclude taxation cash flows when measuring the fair value of a biological asset using a present value technique This amendment enables the fair value measurement of biological assets on a post-tax basis.

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

4.1 Leases

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

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

A - Leases other than short-term leases and leases of low-value assets

a) Right-of-use assets

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

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

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

(b) Lease liabilities

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

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

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

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

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

4.2 Government grants

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

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

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

4.3 Provisions and contingent liabilities

Provisions

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

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

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

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

Contingent liabilities

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

4.4 Financial liabilities

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

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

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

4.5 Property, plant and equipment

Operating assets

Operating assets are stated at cost (including where relevant related borrowing cost) less accumulated depreciation and impairment losses, if any, except for free hold land and capital stores which are stated at cost. Depreciation on additions is charged for the month the asset is put to use and no depreciation is charged in the month of disposal.

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

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

Asset class	**Useful lives (Years)**	**Residual values (% of cost)**
Factory building	21.5 - 23.5	-
Non-factory building	21.5 - 23.5	-
Plant, machinery and equipment	7 - 23.5	5
Quarry transport equipment	8 - 10	5
Furniture, fixtures and equipment	3 - 10	0 - 5
Motor vehicles	5	1 0

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

Capital work in progress

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

Capital spares

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

4.6 Stores and spares

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

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

4.7 Stock-in-trade

Basis of valuation

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

Determination of cost

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

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

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

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

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

Determination of net realizable value

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

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

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

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

4.8 Trade debts

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

4.9 Cash and cash equivalents

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

4.10 Financial assets

4.10.1 Initial recognition, classification and measurement

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

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

(a) Financial assets measured at amortized cost

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

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

(b) Financial assets at FVOCI

A financial asset is classified as at fair value through other comprehensive income when it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

(c) Financial assets at FVTPL

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

Such financial assets are initially measured at fair value.

4.10.2 Subsequent measurement

(a) Financial assets measured at amortized cost

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

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

(b) Financial assets at FVOCI

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

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

(c) Financial assets at FVTPL

These assets are subsequently measured at fair value.

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

4.10.3 Impairment

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

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

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

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

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

4.10.4 De-recognition

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

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

4.11 Offsetting of financial assets and financial liabilities

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

4.12 Revenue

Revenue from sale of goods

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

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

Rebate on exports

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

4.13 Other income

Interest income

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

Dividend income

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

4.14 Impairment of non-financial assets

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

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

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

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

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

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

4.15 Employee benefits

Staff retirement benefits

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

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

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

Compensated absences

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

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

4.16 Foreign currency translation

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

4.17 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

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

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

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

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

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

4.18 Taxation

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

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

Current tax

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

Deferred tax

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

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

Judgment and estimates

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

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

Offsetting

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

4.19 Dividend distribution

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

5. ISSUED, SUBSCRIBED AND PAID UP CAPITAL

2022	2021		2022	2021
(Number of Shares)			Rupees in '000'	
45,600,000	45,600,000	Ordinary shares of Rs. 10/- each issued as fully paid in cash	**456,000**	456,000
4,560,000	4,560,000	Ordinary shares of Rs. 10/- each issued as fully paid bonus shares	**45,600**	45,600
50,160,000	50,160,000		**501,600**	501,600

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

	Note	2022	2021
		Rupees in '000'	
6. LONG TERM FINANCING FROM A BANKING COMPANY - secured			
Financing under SBP schemes			
Financing Scheme for Renewable Energy	6.1	**400,434**	397,492
Refinance Scheme for Payment of Wages and Salaries	6.2	**-**	90,358
Temporary Economic Refinance Facility (TERF)	6.3	**443,026**	-
		843,460	487,850
Other financing facilities			
Term Finance I	6.4	**24,685**	13,760
Term Finance II	6.5	**149,492**	-
Financing for purchase of vehicles	6.6	**-**	18,919
		174,177	32,679
		1,017,637	520,529

6.1 Financing Scheme for Renewable Energy - secured

	Note	2022	2021
Opening balance		**420,250**	
Loan proceeds received from the bank		**-**	500,212
Less: Element of government grant recognized as deferred income		**-**	(88,455)
		420,250	411,757
Interest recognized on unwinding of the liability	31	**39,586**	10,131
Loan installments paid during the year		**(23,623)**	(1,638)
Closing carrying amount - net of deferred grant		**436,213**	420,250
Less: Current maturity shown under current liabilities	12	**(35,779)**	(22,758)
Non-current maturity		**400,434**	397,492

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

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

(a) The applicable markup rate is 5% per annum;

(b) The tenor of each tranche of the facility is 8 years (including 2-year grace period commencing from the date of the disbursement of the funds); and

(c) Each tranche of the loan is to be repaid in 24 equal quarterly instalments.

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

	Note	2022	2021
		Rupees in '000'	
6.2 Refinance Scheme for Payment of Wages and Salaries - secured			
Opening carrying amount - net of deferred grant		**201,474**	110,798
Funds borrowed during the year:			
Loan proceeds received from the bank		**-**	121,900
Less: Element of government grant recognized as deferred income		-	(11,821)
		-	110,079
Gain on modification of contractual repayment terms			(1,963)
Interest recognized on unwinding of the liability	31	**14,609**	18,835
Loan installments paid during the year		**(126,095)**	(36,275)
Closing carrying amount - net of deferred grant		**89,988**	201,474
Less: Current maturity shown under current liabilities	12	**(89,988)**	(111,116)
Non-current maturity		**-**	90,358

6.2.1 During the previous year, the Company availed a long term financing facility amounting to Rs. 243.79 million from M/s. Askari Bank Limited under the State Bank of Pakistan (SBP's) Refinance Scheme for Payment of Wages and Salaries to the Workers and Employees of Business Concerns notified vide IH & SMEFD Circular No. 7 of 2020 dated April 10, 2020. The facility is secured by first pari passu charge over Rs. 187 million on current and fixed assets of the Company (including Land, Building, Plant and Machinery).

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

(a) The applicable markup rate is 2% to 3% per annum (2021: 3% per annum);

(b) The tenor of the each tranche of the facility is 2.5 years (including 6-month grace period commencing from the date of disbursement of the funds); and

(c) Each tranche of the loan is to be repaid in 8 equal quarterly instalments.

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

6.3 Temporary Economic Refinance Facility (TERF)

	2022	2021
	Rupees in '000'	
Conversion of loan to TERF from term finance	**622,786**	-
Less: Element of government grant	**(178,511)**	-
	444,275	-
Interest on unwinding of liability	**30,155**	-
Payment during the year	**(9,618)**	-
	464,812	-
Less: Current maturity shown under current liabilities	**(21,786)**	-
Non-current maturity	**443,026**	-

6.3.1 This represents long term financing facility amounting to Rs. 622.786 million from M/s. Askari Bank Limited under the SBP's Temporary Economic Refinance Facility (TERF) notified vide IH & SMEFD Circular No. 1 of 2020 dated March 17, 2020. The facility is secured by first pari passu charge amounting to Rs 1,460 million over present and future current and fixed assets of the Company (including land, building, plant and machinery) located at plant Sagjani District, Islamabad @ 25% margin.

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

(a) The applicable markup rate is 4% per annum;

(b) The tenor of the each tranche of the facility is 10 years (including 2-year grace period commencing from the date of disbursement of the funds); and

(c) Each tranche of the loan is to be repaid in 32 equal quarterly instalments.

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

6.4 Term Finance - I

	2022	2021
	Rupees in '000'	
Opening balance	**13,760**	-
Funds borrowed during the year	**633,711**	13,760
Conversion of loan to TERF from term finance	**(622,786)**	-
	24,685	13,760
Less: Current maturity shown under current liabilities	-	-
Non-current maturity	**24,685**	13,760

6.4.1 This represents the amount availed under a term finance facility amounting to Rs. 647.471 million obtained from M/s. Askari Bank Limited. The facility has been obtained for procurement of machinery in relation to the BMR of existing plant and machinery of the Company, and is secured by first pari passu charge amounting to Rs. 1,460 million over present and future current and fixed assets of the Company (including land, building and plant and machinery located at the Company's manufacturing facility in Sangjani, District Islamabad with 25% margin).

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

(a) The applicable markup rate is 3-Month KIBOR + 2.5%;

(b) The tenor of the facility is 10 years (including 2-year grace period commencing from the date of first disbursement); and

(c) The loan is to be repaid in 32 equal quarterly instalments (to be commenced after the aforesaid grace period).

	Note	2022	2021
		Rupees in '000'	
6.5 Term Finance - II			
Opening balance		**-**	-
Funds borrowed during the year		**181,178**	-
		181,178	-
Less: Current maturity shown under current liabilities	12	**(31,686)**	-
Non-current maturity		**149,492**	-

6.5.1 This represents the amount availed under a term finance facility amounting to Rs. 181.178 million obtained from M/s. Askari Bank Limited. The facility has been obtained to fund fabrication material and civil works regarding installation, erection and commissioning of imported machineries. The facility is secured by first pari passu charge amounting to Rs. 1,460 million over present and future current and fixed assets of the Company (including land, building and plant and machinery located at the Company's manufacturing facility in Sangjani, District Islamabad with 25% margin).

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

(a) The applicable markup rate is 3-Month KIBOR + 2%;

(b) The tenor of the facility is 4 years (including 1-year grace period commencing from the date of first disbursement); and

(c) The loan is to be repaid in 12 equal quarterly instalments (to be commenced after the aforesaid grace period).

	Note	2022	2021
		Rupees in '000'	
6.6 Financing for purchase of vehicles			
Total loan outstanding		**-**	22,613
Less: Current maturity shown under current liabilities	12	**-**	(3,694)
		-	18,919

6.6.1 This represents the amount availed under a financing facility for purchase of vehicles amounting to Rs. 36 million obtained from M/s. Askari Bank Limited. The facility carries markup at the rate of 6-Month KIBOR

+ 2% and is mainly secured by the ownership of vehicles in the name of the bank and key money (equal to 20% of the value of vehicles).

7. LEASE LIABILITY

	Note	2022	2021
		Rupees in '000'	
Opening balance		**97,096**	44,173
Lease obtained during the year		**37,683**	75,557
Unwinding of discount	31	**9,156**	5,220
Payments made during the year		**(43,732)**	(27,854)
		100,203	97,096
Less: Current maturity shown under current liabilities		**(33,030)**	(35,491)
Non-current maturity		**67,173**	61,605

8. DEFERRED INCOME - GOVERNMENT GRANT

	Note	2022	2021
Opening balance		**94,997**	10,476
Deferred government grant recognized in respect of loans	6.3	**178,511**	100,276
Gain on modification of contractual repayment terms		**-**	1,963
Less: Amortized during the year		**(42,353)**	(17,718)
		231,155	94,997
Less: Current maturity shown under current liabilities	43.1	**(46,611)**	(25,654)
		184,544	69,343

9. DEFERRED TAXATION

	Opening balance	Charge / (reversal) recognized in profit or loss	Charges / (income) recognized in other comprehensive income	Closing balance
	Rupees in 000			
For the year ended June 30, 2022				
Taxable temporary differences				
Accelerated tax depreciation	332,633	56,994	-	389,627
Unrealized gain on remeasurement of long term investment	36,324	-	15,832	52,156
Long term financing	24,969	38,176	-	63,145
Right-of-use assets and related lease liability	2,427	(98)	-	2,329
	396,353	95,072	15,832	507,257
Deductible temporary differences				
Provision against slow moving and obsolete spares	(4,080)	(160)	-	(4,240)
Provision for expected credit losses	(255)	-	-	(255)
Deferred government grant	(25,836)	(39,498)	-	(65,334)
Unused tax losses and tax credits	(396,003)	(7,551)	-	(403,554)
	(426,174)	(47,209)	-	(473,383)
	(29,821)	47,863	15,832	33,874

	Opening balance	Charge / (reversal) recognized in profit or loss	Charges / (income) recognized in other comprehensive income	Closing balance
	---------------------------------- Rupees in 000			----------------------------------
For the year ende June 30, 2021				
Taxable temporary differences				
Accelerated tax depreciation	288,949	43,684	-	332,633
Unrealized gain on remeasurement of long term investment	29,003	-	7,321	36,324
Realized gain on remeasurement of short term investment	20	(20)	-	-
Long term financing	2,824	22,145	-	24,969
Right-of-use assets and related lease liability	1,923	504	-	2,427
	322,719	66,313	7,321	396,353
Deductible temporary differences				
Provision against slow moving and obsolete spares	(3,818)	(262)	-	(4,080)
Provision for expected credit losses	(255)	-	-	(255)
Deferred government grant	(2,666)	(23,170)	-	(25,836)
Unused tax losses and tax credits	(282,550)	(113,453)	-	(396,003)
	(289,289)	(136,885)	-	(426,174)
	33,430	(70,572)	7,321	(29,821)

10. TRADE AND OTHER PAYABLES

	Note	2022	2021
		Rupees in '000'	
Creditors for goods and services:			
-Creditors other than associated company	43.1	**663,727**	471,693
-Associated company		**42,471**	46,595
		706,198	518,288
Accrued expenses	43.1	**11,335**	27,209
Provision for marking fee	10.1	**66,302**	59,419
Provision for compensated absences	10.2	**27,313**	23,842
Payable to provident fund		**4,389**	3,881
Worker's Profit Participation Fund payable		**22,572**	-
Worker's Welfare Fund payable	10.3	**31,047**	31,047
Advances from customers	10.4	**165,100**	72,404
Security deposits payable	10.5	**10,160**	10,235
Excise duty payable		**111,642**	94,937
Sales tax payable	10.6	**51,801**	18,644
Withholding income tax		**5,942**	3,201
Retention money payable to contractors		**11,774**	12,381
Other liabilities		**23,525**	22,963
		1,249,100	898,451

10.1 This represents an amount payable to Pakistan Standards & Quality Control Authority (PSQCA) against marking fee for the period from July 2007 till the reporting date amounting to Rs. 66.302 million (2021: Rs. 59.419 million).

	2022	2021
	Rupees in '000'	
10.2 Provision for compensated absences		
Opening balance	**23,842**	26,536
Charge for the year - net of reversals	**4,493**	28
Payments made during the year	**(1,022)**	(2,722)
Closing balance	**27,313**	23,842
10.3 Worker's Welfare Fund payable		
Opening balance	**31,047**	43,282
Less: adjustment from income tax return in respect of tax year 2018	**-**	(12,235)
	31,047	31,047

10.4 During the year, the performance obligations underlying the opening contract liability of Rs. 72.404 million were satisfied in full. Accordingly, the said liability was recorded as revenue during the year.

10.4.1 Information regarding the timing of satisfaction of performance obligations underlying the closing contract liability of Rs. 165.100 million is not presented since the expected duration of all the contracts entered into with the customers is less than one year.

10.5 Security deposits payable

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

10.6 Sales tax payable

As disclosed in its financial statements for the FY 2020-21, in February 2021, the Company had received notices from the Commissioner Inland Revenue (CIR), Federal Board of Revenue (FBR) intimating that the case of the Company had been selected for audit under sections 25 and 46 of the Sales Tax Act, 1990 in relation to the period from July 01, 2015 to June 30, 2020. Subsequently, in April 2021, the Company, being aggrieved with the aforementioned notices, had filed a Constitutional Petition before the Honourable High Court of Sindh ('the Court') praying, among other matters, that the aforementioned notices issued by the FBR be declared malafide and illegal. The Court in its interim order dated April 08, 2021 had duly granted a stay directing the FBR to maintain status quo and not to pass any final adverse order against the Company in respect of the aforementioned notices till the next date of hearing.

During the year, on February 18, 2022, the Court declared that notices issued by the CIR were not permitted under Section 25 of the Income Tax Ordinance, 2001, on the basis that such notices were issued by the CIR on the direction of FBR which is against the spirit of law. Hence, the Company is not required to be audited for the aforesaid mentioned years.

	Note	2022	2021
		Rupees in '000'	
11. SHORT TERM BORROWINGS - secured			
Running finance	11.1	**275,362**	494,912
Export re-finance	11.2	**80,000**	195,000
Finance against Imported Merchandise / Trust Receipt		**-**	100,000
		355,362	789,912

11.1 The Company has a total finance facility of Rs. 695 million (2021: Rs. 670 million) from various banks. These arrangements are secured by way of first pari passu charge over all the Company's movable and immovable properties and hypothecation of Company's stock-in-trade, stores and spares, book debts, machinery, and personal guarantee of sponsoring director of the Company. The rate of mark-up ranges between 3-Month KIBOR plus 1%-1.5% (2021: 3-Month KIBOR plus 1%-2%) per annum. The facilities are valid up to March 31, 2023.

11.2 The Company has obtained Export Refinance Facility of Rs. 450 million (2021: Rs. 300 million) from commercial banks. The facility is secured by way of first pari passu charge of Rs. 800 million (2021: Rs. 466.66 million) on current and fixed assets (including land and building, plant and machinery) of the Company (including of 25% margin) located at Sangjani plant, District Islamabad. The facility carries mark-up at State Bank of Pakistan (SBP) rate plus 1.00% per annum (2021: SBP rate plus 1.00%). This facility is valid till up to March 31, 2023.

11.3 As of the reporting date, the Company had unutilized facilities for short term borrowings available from various banks amounting to Rs. 1,440 million including FATR (2021: Rs. 281 million).

	Note	2022	2021
		Rupees in '000'	
12. CURRENT MATURITY OF LONG TERM FINANCING - Secured			
Financing under SBP schemes			
Financing Scheme for Renewable Energy	6.1	**35,779**	22,758
Refinance Scheme for Payment of Wages and Salaries	6.2	**89,988**	111,116
Temporary Economic Refinance Facility (TERF)	6.3	**21,786**	-
		147,553	133,874
Other financing facilities			
Term Finance II	6.5	**31,686**	-
Financing for purchase of vehicle	6.6	**-**	3,694
		31,686	3,694
		179,239	137,568

13. CONTINGENCIES AND COMMITMENTS

13.1 Contingencies

13.1.1 Contingent liability existing as at the reporting date

The Competition Commission of Pakistan (CCP) passed an order on August 27, 2009 and imposed a penalty, on all cement manufacturers of the country, on the alleged ground of formation of cartel for marketing arrangement. The amount of penalty imposed on the Company was Rs. 174.063 million. The Company challenged the constitutionality of the Competition Law before the Honorable Lahore High Court (LHC) and also the order issued by the CCP. The LHC vide its order dated October 26, 2020 dismissed the petitions filed by the Company together with other petitioners and declared the competition law intra vires. The LHC, however, struck down the constitution of Competition Appellate Tribunal (CAT). The Company together with other cement manufacturers has filed an appeal before the Honourable Supreme Court of Pakistan ('the Apex Court'). The CCP has also filed an appeal before the Apex Court against the decision of LHC.

The Company has also filed a petition before the Honorable High Court of Sindh in relation to the constitution of CAT, wherein the Honourable Court has restrained the CAT from passing a final order in the matter. The Company's legal counsel is confident that the Company has a good case and there are reasonable chances of success, hence, no provision for the above has been recognized in these financial statements.

13.1.2 Previously reported contingent liabilities that were resolved during the year

In its financial statements for the year ended June 30, 2021, the Company had disclosed the following matters as contingent liabilities. However, during the year, certain key developments occurred due to which the previously reported uncertainties surrounding such matters were resolved and, hence, the same were no longer regarded as contingent liabilities as at June 30, 2022.

(a) As reported in note 12.1.1 to the financial statements of the Company for the year ended June 30, 2021, on March 17, 2015, the Company had received a letter from Director Minerals, Industries and Labour Welfare Islamabad Capital Territory (ICT) informing the Company that the mining lease issued to it had been cancelled in pursuance of the orders of the Honourable Supreme Court of Pakistan ('the Apex Court') dated March 16, 2015. Subsequently, in March 2015, the Company had filed a review petition in the Apex Court against the order passed by it. In March 2018, the Apex Court had disposed off the review petition with an observation that the concerned court would decide the case once both the civil suits (i.e. the one against demarcation of land and the one against the cancellation of the mining lease) would be decided by the Civil Court, Islamabad.

In addition to above, on March 19, 2015, a notice of recovery had been served upon the Company by the Deputy Director (Protection / Forest) creating a demand of Rs. 427.050 million for the alleged damage caused by the Company’s mining activities and had raised the matter before the Senior Special Magistrate CDA, Islamabad. The Company had challenged the recovery notice on the grounds that mining activities conducted by it were under valid lease issued to it by the authorities. Moreover, the Company had also challenged the fact that the said penalty lacked any concrete basis of calculation and had been imposed without any prior notice and without affording the Company an opportunity of being heard. Subsequently, the Court of Senior Special Magistrate CDA, Islamabad in its order dated October 13, 2016 had decided that, as the case was pending in the higher forum (i.e. Civil Court, Islamabad), the matter would remain sub-judice in the Court of Senior Special Magistrate CDA, Islamabad till the final verdict would be announced by the Civil Court, Islamabad.

During the year ended June 30, 2021, the Civil Court, Islamabad had decided both the aforementioned civil suits against the Company. Accordingly, proceedings for the recovery of the aforesaid demand of Rs. 427.050 million was re-initiated by the Court of Senior Special Magistrate CDA, Islamabad. In that relation, on November 11, 2021 the Special Magistrate, after hearing both parties, concluded that the recovery notice issued upon the Company was baseless and did not contain any detailed information regarding the damage caused such as name of the accuse, the place, time and date of the incident, estimate of the damage done to the environment and calculation of the amount mentioned in the notice, and, accordingly, decided the case in favor of the Company.

(b) As reported in note 12.1.4 to the financial statements of the Company for the year ended June 30, 2021, the Company had received a show cause notice dated January 16, 2015 from Deputy Commissioner Inland Revenue (DCIR) - Karachi alleging that the Company had suppressed the sales / supply of cement for the tax years 2013 and 2014, and accordingly, Sales Tax and Federal Excise Duty (FED) had been suppressed by Rs. 450.111 million and Rs. 131.675 million, respectively. In response to the said notice, the Company had justified its position and responded the matters raised in the said notice. On September 9, 2015, ACIR had passed an order creating a demand for the recovery of sales tax and FED amounting to Rs. 293.786 million and Rs. 87.965 million, respectively.

On November 11, 2015, the Company had instituted an appeal against the demand raised by ACIR before Commissioner Inland Revenue (Appeals) [CIR(A)] and decision had been made by CIRA via an order dated December 11, 2015 whereby the order against the Company had been annulled as being defective on legal as well as factual grounds including the fact that such order was time barred. Subsequently, the order of Commissioner Inland Revenue (Appeals) had been challenged by the Department before Appellate Tribunal Inland Revenue (ATIR).

During the year, on January 06, 2022, the ATIR passed its order whereby the order passed by CIR(A) was upheld on the aforementioned grounds.

	Note	2022	2021
		Rupees in '000'	

13.2 Commitments

As of the reporting date, the outstanding financial commitments of the Company were as follows:

	2022	2021
- in respect of import of raw materials and stores & spares	**27,043**	365,439
- in respect of capital expenditure to be incurred	**-**	592,416
- Letter of guarantee in favour of Sui Northern Gas Pipeline Limited (SNGPL)	**110,000**	110,000
	137,043	1,067,855

14. PROPERTY, PLANT AND EQUIPMENT

	Note	2022	2021
Operating fixed assets	14.1	**2,580,421**	2,025,973
Capital work in progress	14.2	**126,682**	32,502
Capital spares	14.3	**360,797**	211,608
		3,067,900	2,270,083

14.1 Operating fixed assets

	Freehold Land	Factory building	Non-factory building	Plant and machinery	Quarry transport equipments	Furniture, fixtures & equipments	Motor Vehicles	Total
	-------------------	-------------------	-------------------	Rupees in 000	-------------------	-------------------	-------------------	-------------------
As at June 30, 2020								
Cost	225,923	327,715	237,648	3,296,925	130,842	58,482	108,719	4,386,254
Accumulated depreciation	-	(271,455)	(107,659)	(2,130,873)	(121,382)	(51,501)	(90,207)	(2,773,077)
	225,923	56,260	129,989	1,166,052	9,460	6,981	18,512	1,613,177
Movement during the year ended June 30, 2021								
Opening net book value	225,923	56,260	129,989	1,166,052	9,460	6,981	18,512	1,613,177
Additions during the year:								
- Transfers from CWIP	-	-	-	507,240	-	-	-	507,240
- Transfers from capital spares	-	-	-	20,625	-	-	-	20,625
- Other additions	-	-	-	1,543	1,018	898	-	3,459
	-	-	-	529,408	1,018	898	-	531,324
Disposals:								
- Cost	-	-	-	-	-	-	(10,566)	(10,566)
- Accumulated depreciation	-	-	-	-	-	-	9,235	9,235
	-	-	-	-	-	-	(1,331)	(1,331)
Depreciation for the year	-	(5,176)	(7,588)	(96,818)	(1,489)	(2,869)	(3,257)	(117,197)
Closing net book value	225,923	51,084	122,401	1,598,642	8,989	5,010	13,924	2,025,973
As at June 30, 2021								
Cost	225,923	327,715	237,648	3,826,333	131,860	59,380	98,153	4,907,012
Accumulated depreciation	-	(276,631)	(115,247)	(2,227,691)	(122,871)	(54,370)	(84,229)	(2,881,039)
	225,923	51,084	122,401	1,598,642	8,989	5,010	13,924	2,025,973
Movement during the year ended June 30, 2022								
Opening net book value	**225,923**	**51,084**	**122,401**	**1,598,642**	**8,989**	**5,010**	**13,924**	**2,025,973**
Additions during the year:								
- Transfers from CWIP	**-**	**-**	**5,987**	**616,161**	**-**	**-**	**-**	**622,148**
- Transfers from capital spares	**-**	**-**	**-**	**50,619**	**-**	**-**	**-**	**50,619**
- Other additions	**-**	**-**	**-**	**39,378**	**-**	**13,147**	**491**	**53,016**
	-	**-**	**5,987**	**706,158**	**-**	**13,147**	**491**	**725,783**
Disposals:								
- Cost	**-**	**-**	**-**	**-**	**-**	**-**	**(18,501)**	**(18,501)**
- Accumulated depreciation	**-**	**-**	**-**	**-**	**-**	**-**	**15,803**	**15,803**
	-	**-**	**-**	**-**	**-**	**-**	**(2,698)**	**(2,698)**
Depreciation for the year	**-**	**(5,177)**	**(7,989)**	**(147,866)**	**(1,239)**	**(4,304)**	**(2,062)**	**(168,637)**
Closing net book value	**225,923**	**45,907**	**120,399**	**2,156,934**	**7,750**	**13,853**	**9,655**	**2,580,421**
As at June 30, 2022								
Cost	**225,923**	**327,715**	**243,635**	**4,532,491**	**131,860**	**72,527**	**80,143**	**5,614,294**
Accumulated depreciation	**-**	**(281,808)**	**(123,236)**	**(2,375,557)**	**(124,110)**	**(58,674)**	**(70,488)**	**(3,033,873)**
	225,923	**45,907**	**120,399**	**2,156,934**	**7,750**	**13,853**	**9,655**	**2,580,421**

	Note	2022	2021
		Rupees in '000'	
14.1.1 Allocation of depreciation expense			
Manufacturing costs	28.1.2	**159,364**	109,002
Administrative expenses	29	**3,760**	2,659
Distribution costs	30	**5,513**	5,536
		168,637	117,197

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

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

14.2 Capital work in progress

	Plant and Machinery	Civil Works	Total
		Rupees in '000'	
Movement during the year ended June 30, 2021			
Opening balance	-	-	-
Additions during the year	536,418	3,324	539,742
	536,418	3,324	539,742
Transfer to operating fixed asset	(507,240)	-	(507,240)
Balance as at June 30,2021	29,178	3,324	32,502
Movement during the year ended June 30, 2022			
Opening balance	**29,178**	**3,324**	**32,502**
Additions during the year (refer note 14.2.1)			
- Transfers from capital spares	**18,970**	**-**	**18,970**
- Other additions	**870,171**	**5,040**	**875,211**
	889,141	**5,040**	**894,181**
	918,319	**8,364**	**926,683**
Transfer to operating fixed asset	**(616,161)**	**(5,987)**	**(622,148)**
Transfer to capital spares (refer note 14.2.2)	**(175,476)**	**-**	**(175,476)**
Charged off during the year	**-**	**(2,377)**	**(2,377)**
	(791,637)	**(8,364)**	**(800,001)**
Balance as at June 30,2022	**126,682**	**-**	**126,682**

14.2.1 Additions during the year include borrowing costs capitalized amounting to Rs. 27.013 million calculated at weighted average rate of 8.87% per annum.

14.2.2 During the six-month period ended December 31, 2021, the Company had procured certain materials for the construction of one of its capital projects 'Domeshed' amounting to Rs. 175.476 million and classified such expenditure under the head 'capital work in progress'. However, subsequently, due to certain technical and administrative reasons, the work on the project got delayed and timeline to recommence has not yet been decided. In view of this, the construction materials previously issued to the project site were re-called and reinstated in the Stores Department of the Company.

Accordingly, in these financial statements, the cost previously classified under capital work in progress has been reclassified to capital spares.

14.3 Capital spares

	Note	2022	2021
		Rupees in '000'	
Opening balance		**211,608**	179,136
Additions during the year		**43,302**	53,097
		254,910	232,233
Transfers to capital work in progress		**(18,970)**	-
Transfers to operating fixed assets		**(50,619)**	(20,625)
		(69,589)	(20,625)
Transfer from capital work in progress	14.2.2	**175,476**	-
Closing balance		**360,797**	211,608

15. RIGHT-OF-USE ASSETS

	Rented property in Karachi (old)	Rented property in Karachi (new)	Rented property in Islamabad	Leased vehicles (Note 15.2)	Total
	(Note 14.1)				
	Rupees in '000				
As at June 30, 2020					
Cost	11,440	-	11,793	61,393	84,626
Accumulated depreciation	(5,720)	-	(5,896)	(21,280)	(32,896)
	5,720	-	5,897	40,113	51,730
Movement during the year ended June 30, 2021					
Opening net book value	5,720	-	5,897	40,113	51,730
Addition during the year	-	65,634	-	9,923	75,557
Depreciation for the year	(5,720)	(568)	(3,440)	(11,539)	(21,267)
Closing net book value	-	65,066	2,457	38,497	106,020
As at June 30, 2021					
Cost	11,440	65,634	11,793	71,316	159,615
Accumulated depreciation	(11,440)	(568)	(9,336)	(32,819)	(53,595)
	-	65,066	2,457	38,497	106,020
Movement during the year ended June 30, 2022					
Opening net book value	**-**	**65,066**	**2,457**	**38,497**	**106,020**
Addition during the year	**-**	**4,002**	**-**	**33,681**	**37,683**
Disposal:					
- Cost	**-**	**-**	**-**	**(1,780)**	**(1,780)**
- Accumulated depreciation	**-**	**-**	**-**	**294**	**294**
	-	**-**	**-**	**(1,486)**	**(1,486)**
Depreciation for the year	**-**	**(13,927)**	**(2,457)**	**(17,391)**	**(33,775)**
Closing net book value	**-**	**55,141**	**-**	**53,301**	**108,442**
As at June 30, 2022					
Cost	**-**	**69,636**	**11,793**	**103,217**	**184,646**
Accumulated depreciation	**-**	**(14,495)**	**(11,793)**	**(49,916)**	**(76,204)**
	-	**55,141**	**-**	**53,301**	**108,442**
Depreciation rate (per annum)	**50%**	**20%**	**50%**	**20%**	

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

Particulars	Rented property in Karachi (new)	Rented property in Islamabad
Lessor name	Zain Sikander	Nasreen Abbas
Lease agreement date	05-Mar-21	18-Nov-16
Lease commencement date	15-Jul-21	18-Nov-16
Initial contracted term of the lease	11 Months	11 Months
Availability of extension option	Yes	Yes
Assessed lease term	5 years	2 years

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

Lease contract no.	Lessor name	Availability of extension option	First installment payable on	Last installment payable on	Total number of installments	Rental payment frequency	Markup rate	Nature of the leased assets	Number of the leased assets
121710500008	Askari Bank Limited	No	06-Nov-17	06-Oct-22	60	Monthly	6 month KIBOR + 2%	Motor Vehicles	1
121810500014	Askari Bank Limited	No	03-Dec-18	01-Nov-23	60	Monthly	6 month KIBOR + 2%	Motor Vehicles	3
121902500027	Askari Bank Limited	No	12-Apr-19	12-Mar-24	60	Monthly	3 month KIBOR + 2%	Motor Vehicles	1
122010500002	Askari Bank Limited	No	29-Nov-20	29-Oct-25	60	Monthly	3 month KIBOR + 2%	Motor Vehicles	1
122012500002	Askari Bank Limited	No	21-Jan-21	21-Dec-25	60	Monthly	3 month KIBOR + 2%	Motor Vehicles	3
122104500006	Askari Bank Limited	No	23-Jul-21	23-Jun-26	60	Monthly	6 month KIBOR + 2%	Motor Vehicles	8
122107500005	Askari Bank Limited	No	30-Aug-21	30-Jul-26	60	Monthly	6 month KIBOR + 2%	Motor Vehicles	1
122107500004	Askari Bank Limited	No	30-Aug-21	30-Jul-26	60	Monthly	6 month KIBOR + 2%	Motor Vehicles	1
122107500006	Askari Bank Limited	No	30-Aug-21	30-Jul-26	60	Monthly	6 month KIBOR + 2%	Motor Vehicles	1

	Note	2022	2021
		Rupees in '000'	
15.3 Allocation of depreciation expense			
Manufacturing costs	28.1.2	**5,217**	3,462
Administrative expenses	29	**25,080**	15,497
Distribution costs	30	**3,478**	2,308
		33,775	21,267

16. LONG TERM INVESTMENTS

	Note	2022	2021
At fair value through other comprehensive income			
Investment in Frontier Paper Products (Private) Limited - a related party	16.1	**329,850**	317,009
At cost			
Investment in Fecto Cement Nooriabad (Private) Limited - a subsidiary	16.2	**1,000**	1,000
		330,850	318,009

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

2022	2021		2022	2021
(Number of Shares)			Rupees in '000'	
15,000,000	15,000,000	Ordinary shares of Rs. 10/- each at cost	**150,000**	150,000
		Unrealized gain / (loss) on remeasurement:		
		- Opening balance	**167,009**	133,350
		- (Loss) /gain recognized during the year	**12,841**	33,659
			179,850	167,009
			329,850	317,009

16.1.1 In 2019, the Company made an investment in 15 million unquoted ordinary shares of M/s. Frontier Papers Products (Private) Limited (FPPL), its associated company in terms of section 2(4) of the Companies Act, 2017), at a par value of Rs. 10 each. This investment gives the Company 49.21% voting power in FPPL. However, since Mr.Mohammad Yasin Fecto holds the remaining voting power (i.e. 50.79%) in FPPL and also exercises control over the Company (by virtue of his majority shareholding in the Company), the Company is not able to exercise significant influence over FPPL and, accordingly, has not applied the equity method of accounting as described in the International Accounting Standard (IAS) 28 'Investments in Associates and Joint Ventures'.

16.1.2 In accordance with the International Financial Reporting Standard (IFRS) 9 Financial Instruments, the Company has elected to designate the investment at fair value through other comprehensive income since it is in the nature of a long-term strategic investment made with a view to further strengthen the existing customer-supplier relationship with FPPL.

16.1.3 The Company as per its policy, carried out the valuation of the aforementioned investments. In this connection, the valuation technique used by the Company was Discounted Free Cash Flow to Equity model for business valuation. Assumptions and inputs used in the valuation technique mainly include risk-free rate, equity risk premium, growth rate and projected rates of increase in revenues, other income and expenses. According to such valuation, the fair value of the net assets of FPPL was determined to be Rs. 21.99 per share (2021: 21.13 per share).

16.1.4 During the year ended June 30, 2022, FPPL did not declare any dividends (2021: None).

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

2022	2021		2022	2021
(Number of Shares)			Rupees in '000'	
100,000	100,000	Ordinary shares of Rs. 10/- each	**1,000**	1,000

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

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

16.2.3 In accordance with the provisions of section 228(1) of the Companies Act, 2017, the Company would be required to prepare, consolidated financial statements of the group (comprising the Company and the aforementioned subsidiary company) for the year ended June 30, 2022. However, keeping in view the fact that FCNL has not yet commenced its business operations and, at the reporting date, it had no material assets or liabilities, the Company, under section 228(7) of the Companies Act, 2017, applied to the Securities and Exchange Commission of Pakistan (SECP) for seeking exemption from the requirement to prepare consolidated financial statements. The said exemption has been granted by the SECP vide its letter SMD/PRDD/Comp/(2)/2021/296 dated August 31, 2022 issued to the Company.

16.2.4 As per unaudited financial statements of FCNL for the year ended June 30, 2022, as of the reporting date, FCNL had cash balance held in a bank account, amounting to Rs. 1.035 million (2021: Rs. 1.041 million) (mainly representing the initial capital injection made by the Company in the form of equity) and accrued liabilities amounting to Nil (2021: Rs. 30,000). Further, during the year ended June 30, 2022, FCNL earned mark-up on bank deposit amounting to Rs. 78,259 (2021: Rs. 85,469) and incurred administrative and taxation expenses of Rs. 40,424 (2021: Rs. 32,993) and Rs. 11,739 (2021: Rs. 11,385) respectively.

16.2.5 The audited financial statements of FCNL for the year ended June 30, 2021 along with the auditors' report thereon (wherein the auditors have expressed an unmodified opinion), as well as the unaudited financial statements of FCNL for the year ended June 30,2022, shall be available for inspection at the registered office of the Company and shall be sent to the members on request without any cost.

17. LONG TERM DEPOSITS

These represent security deposits maintained with certain government authorities and suppliers / vendors of the Company.

18. LONG TERM LOANS AND ADVANCES

	Note	2022	2021
		Rupees in '000'	
Long term loans - unsecured, considered good			
- Employees - interest free		**4,661**	4,091
- Executives - interest free	18.1	**735**	1,285
		5,396	5,376
Advance to a software house	18.2	**5,000**	-
Advances to dealers - secured, considered good		**5,700**	8,500
		16,096	13,876
Less: Current maturity shown under current assets	24	**(7,320)**	(7,154)
Non-current maturity		**8,776**	6,722

18.1 The loans to executives and employees are in accordance with the terms of their employment. The maximum aggregate amount outstanding during the year from executives of the Company (by reference to month-end balances) amounted to Rs. 1.230 million (2021: Rs. 1.285 million).

18.2 This represents a 50% mobilization advance provided to a software house in relation to implementation of a new ERP system.

	2022	2021
	Rupees in '000'	

19. STORES AND SPARES

	2022	2021
Stores in hand	**1,038,914**	367,701
Stores in transit	**32,469**	153,653
	1,071,383	521,354
Spares in hand	**553,838**	538,764
Provision against slow moving and obsolete spares	**(15,000)**	(15,000)
	538,838	523,764
	1,610,221	1,045,118

	Note	2022	2021
		Rupees in '000'	

20. STOCK-IN-TRADE

	Note	2022	2021
Raw materials		**1,032,089**	1,082,690
Packing materials		**36,631**	66,003
		1,068,720	1,148,693
Work in process		**193,686**	450,490
Finished goods		**31,777**	23,497
		1,294,183	1,622,680

21. TRADE DEBTS - unsecured

Local receivables

	Note	2022	2021
Total trade debts outstanding - gross		**76,074**	44,646
Less: Provision for expected credit losses		**(880)**	(880)
		75,194	43,766

22. SHORT TERM INVESTMENT - unsecured

	Note	2022	2021
Privately Placed Term Finance Certificates (TFCs)	22.1	**99,920**	99,930

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

	2022	2021
	Rupees in '000'	

23. SHORT TERM LOAN TO A RELATED PARTY

Loan to M/s. Frontier Paper Products (Private) Limited

	2022	2021
Opening balance	**79,395**	90,000
Loan paid during the year	**40,000**	47,400
Loan repaid during the year	**(94,000)**	(58,005)
Closing balance	**25,395**	79,395

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

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

23.2 Maximum loan outstanding during the year with reference to month-end balances amounted to Rs. 79 million (2021: Rs. 89 million).

24. LOANS, ADVANCES, DEPOSIT, PREPAYMENT AND OTHER RECEIVABLE - unsecured,

Considered good

	Note	2022	2021
		Rupees in '000'	
Current maturity and overdue portion of long term loans	18	**7,320**	7,154
Advances	24.1	**21,380**	62,343
Deposit - margin against bank guarantee	24.2	**11,000**	11,000
Prepayments		**971**	63
Other receivable - accrued markup		**10,405**	5,520
		51,076	86,080

24.1 Advances

	2022	2021
Advance to suppliers of goods	**19,785**	16,378
Advance to suppliers of plant and machinery	**-**	16,988
Advance against lease finance	**-**	25,126
Others	**1,595**	3,851
	21,380	62,343

24.2 This represents 10 % (2021: 10%) margin given to Silk Bank Limited against the bank guarantee of Rs.110 million (2021: Rs. 110 million) issued in favour of Sui Northern Gas Pipeline Limited as security for the payment of gas bills.

		Note	2022	2021
			Rupees in '000'	
25.	**TAX REFUNDS DUE FROM GOVERNMENT**			
	Income tax refundable		**110,420**	177,766
	Un-adjusted input sales tax carried forward		**16,360**	57,037
			126,780	234,803
26.	**CASH AND BANK BALANCES**			
	Cash in hand		**1,250**	803
	Cash at bank:			
	-in current accounts		**77,549**	47,273
	-in savings and deposit accounts	26.1	**62,445**	37,183
			139,994	84,456
			141,244	85,259

26.1 The return on these balances ranges from 10% to 12% (2021: 4% to 5%) per annum on daily product basis.

		Note	2022	2021
			Rupees in '000'	
27.	**TURNOVER - net**			
	Revenue from local sales	27.1	**6,601,725**	4,652,803
	Revenue from export sales	27.2	**172,842**	308,572
			6,774,567	4,961,375
27.1	**Revenue from local sales**			
	Sale of goods to local customers - gross		**9,184,042**	6,879,394
	Less: Trade discounts		**(113,374)**	(128,752)
	Federal excise duty		**(1,029,161)**	(1,014,506)
	Sales tax		**(1,439,782)**	(1,083,333)
			(2,582,317)	(2,226,591)
	Net sales revenue		**6,601,725**	4,652,803
27.2	**Revenue from export sales**			
	Sale of goods to foreign customers		**171,825**	308,413
	Export rebate		**1,017**	159
			172,842	308,572
28.	**COST OF SALES**			
	Opening stock of finished goods		**23,497**	34,267
	Cost of goods manufactured	28.1	**5,909,226**	4,663,106
			5,932,723	4,697,373
	Closing stock of finished goods		**(31,777)**	(23,497)
			5,900,946	4,673,876

		Note	2022	2021
			Rupees in '000'	
28.1	**Cost of goods manufactured**			
	Raw and packing materials consumed	28.1.1	**673,364**	688,221
	Conversion costs incurred	28.1.2	**4,979,058**	4,193,559
			5,652,422	4,881,780
	Change in work-in-process inventory:			
	- Opening stock		**450,490**	231,816
	- Closing stock		**(193,686)**	(450,490)
			256,804	(218,674)
	Cost of goods manufactured		**5,909,226**	4,663,106
28.1.1	**Raw and packing materials consumed**			
	Opening stock		**1,148,693**	1,010,186
	Purchases		**593,391**	826,728
			1,742,084	1,836,914
	Closing stock		**(1,068,720)**	(1,148,693)
			673,364	688,221
28.1.2	**Conversion costs incurred**			
	Fuel and power	28.1.2.1	**4,033,203**	3,393,399
	Salaries, wages and benefits	28.1.2.2	**491,901**	415,962
	Depreciation on operating fixed assets	14.1.1	**159,364**	109,002
	Stores and spares consumed		**137,972**	137,759
	Vehicle running expense		**42,069**	35,557
	Other manufacturing overheads		**41,513**	37,487
	Insurance		**38,949**	33,966
	Loading charges		**19,868**	20,263
	Repairs and maintenance		**9,002**	6,702
	Depreciation on right-of-use assets	15.3	**5,217**	3,462
			4,979,058	4,193,559
28.1.2.1	**Fuel and power**			
	Electricity charges		**1,137,679**	1,138,720
	Diesel charges		**47,442**	34,360
	Coal charges		**2,814,187**	2,193,804
	Lubricant charges		**23,818**	21,837
	Others		**10,077**	4,678
			4,033,203	3,393,399

28.1.2.2 Salaries, wages and other benefits

This includes Company's contribution to provident fund amounting to Rs. 15.145 million (2021: Rs. 13.547 million).

	Note	2022	2021
		Rupees in '000'	

29. ADMINISTRATIVE EXPENSES

	Note	2022	2021
Salaries, wages and benefits	29.1	**166,298**	153,054
Depreciation on right-of-use assets	15.3	**25,080**	15,497
Vehicles running expenses		**15,126**	10,215
Legal and professional charges		**11,984**	15,659
Utilities		**11,792**	10,098
Rent, rates and taxes		**5,146**	785
Miscellaneous		**4,779**	4,299
Depreciation on operating fixed assets	14.1.1	**3,760**	2,659
Donation	29.2	**3,509**	3,476
Traveling and conveyance		**3,013**	875
Communications		**2,547**	1,796
Initial expenditure on new manufacturing plant		**2,200**	2,398
Repairs and maintenance		**2,145**	2,338
Fees and subscription		**1,920**	1,623
Printing and stationery		**1,807**	1,154
Auditors' remuneration	29.3	**1,350**	1,250
Entertainment		**1,213**	1,259
Insurance		**236**	243
		263,905	228,678

29.1 This includes Company's contribution to provident fund amounting to Rs. 6.051 million (2021: Rs. 5.762 million).

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

	Note	2022	2021
		Rupees in '000'	

29.3 Auditors' remuneration

		2022	2021
Audit fee		**1,000**	950
Half yearly review		**250**	200
Review of Code of Corporate Governance		**100**	100
		1,350	1,250

30. DISTRIBUTION COSTS

	Note	2022	2021
		Rupees in '000'	
Salaries, wages and benefits	30.1	**48,022**	41,370
Marking fee		**6,883**	5,060
Depreciation on operating fixed assets	14.1.1	**5,513**	5,536
Vehicles running expenses		**4,444**	3,661
Depreciation on right-of-use assets	15.3	**3,478**	2,308
Fuel and power		**2,435**	2,788
Rent, rates and taxes		**1,998**	1,291
Spares and general items consumed		**1,744**	491
Communications		**1,408**	1,056
Repairs and maintenance		**1,384**	886
Printing and stationary		**1,262**	1,236
Export expenses		**1,142**	1,661
Entertainment		**1,119**	949
Miscellaneous		**235**	126
Traveling and conveyance		**164**	198
Advertisement		**80**	67
Fees and subscription		**63**	-
Insurance		**16**	16
Commission		**-**	19,339
		81,390	88,039

30.1 This includes Company's contribution to provident fund amounting to Rs.2.678 million (2021:Rs.2.011 million).

31. FINANCE COSTS

	Note	2022	2021
		Rupees in '000'	
Markup on leases	7	**9,156**	5,220
Markup on short term borrowings:			
- Running finance		**51,518**	28,041
- Export Refinance Scheme		**3,814**	6,435
- Finance against Trust Receipt		**9,794**	1,935
		65,126	36,411
Markup on long term borrowings:			
- Financing Scheme for Renewable Energy	6.1	**39,586**	10,131
- Refinance Scheme for Payment of Wages and Salaries	6.2	**14,609**	18,835
- Temporary Economic Refinance Facility (TERF)		**20,425**	-
- Markup on Term Finance		**2,032**	-
- Others		**-**	2,141
		76,652	31,107
Bank commission and charges		**4,301**	3,077
		155,235	75,815

32. OTHER EXPENSE

		2022	2021
Provision for Workers' Profit Participation Fund		**22,572**	-

	Note	2022	2021
		Rupees in '000'	

33. OTHER INCOME

	Note	2022	2021
Amortization of deferred government grant	8	**42,353**	17,717
Markup income	33.1	**16,219**	18,988
Scrap sales		**14,044**	1,876
Gain on sale of operating fixed assets		**5,723**	2,486
Realized capital gain on short term investments		**-**	462
Dividend income on short term investments		**-**	54
Miscellaneous		**2**	69
		78,341	41,652

33.1 Markup income

	2022	2021
Markup on term finance certificates	**10,657**	9,857
Markup on loan to associated company	**3,905**	7,506
Markup on bank deposits	**1,657**	1,625
	16,219	18,988

34. TAXATION

	2022	2021
Current - for the year	**97,423**	73,266
Current - for prior year	**(3,129)**	1,212
	94,294	74,478
Deferred	**47,863**	(70,572)
	142,157	3,906

34.1 Relationship between income tax expense and accounting profit before taxation

	2022
Profit before taxation	**428,860**
Tax at the applicable rate of 29%	**124,369**
Tax effect of:	
- income under Presumptive Tax Regime	**(1,179)**
- super tax under section 4C of Income Tax Ordinance, 2001	**8,480**
- permanent difference	**992**
- prior year charge	**(3,129)**
- change in the ratio of income assessed under normal and final tax regime	**12,965**
- Others	**(341)**
	142,157

34.1.1 In respect of the year ended June 30, 2021, the numerical reconciliation between tax expense and the product of accounting profit multiplied by the applicable tax rate as required by IAS 12 'Income Taxes' has not been presented in these financial statements since the Company has suffered an accounting loss before tax in that year and its income subject to taxation under the normal tax regime has attracted the provisions of section 113 of the Income Tax Ordinance, 2001 (Minimum tax).

34.2 The income tax assessments of the Company have been finalized up to, and including, the tax year 2021. Tax returns filed by the Company are deemed to be assessed under section 120 of the Income Tax Ordinance, 2001 unless selected for re-assessment or audit by the taxation authorities. However, at any time during a period of five years from the date of filing of a return, the taxation authorities may select an income tax return filed by the Company for the purpose of re-assessment.

34.3 As disclosed in the financial statements for the FY 2020-21, in February 2021, the Company had received notices from the Commissioner Inland Revenue (CIR), Federal Board of Revenue (FBR) intimating that the case of the Company was selected for audit under section 177 of the Income Tax Ordinance, 2001 in relation to tax years 2016, 2017, 2019 and 2020. Subsequently, in April 2021, the Company, being aggrieved with the aforementioned notices, had filed a Constitutional Petition before the Honorable High Court of Sindh ('the Court') praying, among other matters, that the aforementioned notices issued by the FBR be declared malafide and illegal. The Court in its interim order dated April 08, 2021 had duly granted a stay directing the FBR to maintain status quo and not to pass any final adverse order against the Company in respect of the aforementioned notices till the next date of hearing.

During the year, on February 18, 2022, the Court declared that notices issued by the CIR were not permitted under Section 177 of the Income Tax Ordinance, 2001, on the basis that such notices were issued on the direction of FBR which is against the spirit of law. Hence, the Company is not required to be audited for the aforementioned years.

35. EARNINGS / (LOSS) PER SHARE

35.1 Basic earnings / (loss) per share

	2022	2021
	Rupees in '000'	
Profit / (loss) after taxation	**286,703**	(67,287)
	Numbers in '000'	
Weighted average number of ordinary shares outstanding	**50,160**	50,160
	Rupees	
Earnings / (loss) per share - basic	**5.72**	(1.34)

35.2 Diluted earnings / loss per share

There is no dilutive effect on the basic earnings / loss per share of the Company, since there were no potential ordinary shares in issue as at June 30, 2022 and June 30, 2021.

36. CASH AND CASH EQUIVALENTS

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

	Note	2022	2021
		Rupees in '000'	
Cash and bank balances	26	**141,244**	85,259
Short term borrowings - running finance	11	**(275,362)**	(494,912)
		(134,118)	(409,653)

37. SEGMENT INFORMATION

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

(a) Revenue from sale of cement represents 100% (2021 : 100%) of the total revenue of the Company.

(b) 98% of the Company's net sales for the year (2021: 96%) were made to customers based in Pakistan.

(c) As at June 30, 2022 and June 30, 2021 all non-current assets of the Company were located in Pakistan.

(d) Revenue earned from one major customer having sales excluding sales tax and federal excise duty of more than 10% of total sales amounted to Rs. 1,884.23 million (2021: Rs. 931.44 million). The major customer resides in Pakistan.

38. REMUNERATION OF THE CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

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

	2022				2021			
	Chief Executive	Director		Executive	Chief Executive	Director		Executive
		Executive	Non-executive			Executive	Non-executive	
	Rupees in '000'							
Managerial remuneration	**33,839**	**-**	**-**	**176,008**	33,839	-	-	149,723
Retirement benefits	**-**	**-**	**-**	**11,181**	-	-	-	9,837
Reimbursable perquisites	**2,161**	**-**	**-**	**10,770**	2,161	-	-	9,190
Meeting fee	**-**	**-**	**150**	**-**	-	-	150	-
	36,000	**-**	**150**	**197,959**	36,000	-	150	168,750
Number of persons	**1**	**-**	**6**	**41**	1	-	6	39

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

39. TRANSACTIONS AND BALANCES WITH RELATED PARTIES

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

Name of the related party	Basis of relationship with the party	Particulars	2022	2021
			-------- Rupees --------	
Frontier Paper Products (Private) Limited	Associated Company	Puchases made during the year	**442,269**	451,393
		Payments made during the year	**446,394**	446,752
		Interest charged on loan	**3,905**	7,506
		Payable against purchases	**42,471**	46,595
		Interest outstanding at year end	**778**	1,888
		Loan outstanding at the end of the year	**25,395**	79,395
Staff retirement benefit plan - Provident fund	Other related party	Contribution for the year	**23,874**	21,320
		Balance payable at year end	**4,389**	3,881

40. FINANCIAL INSTRUMENTS

40.1 Financial risk analysis

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

- Credit risk
- Liquidity risk
- Market risk

40.1.1 Credit risk

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

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

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

Maximum exposure to credit risk

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

	Note	June 30, 2022		June 30, 2021	
		Carrying amount	Maximum exposure	Carrying amount	Maximum exposure
		---------------------------- (Rupees in '000) ----------------------------			
Long term deposits		**10,273**	**10,273**	5,321	5,321
Long term loans and advances		**3,776**	**3,776**	6,722	6,722
Trade debts	(a)	**75,194**	**75,194**	43,766	43,766
Short term investment		**99,920**	**99,920**	99,930	99,930
Short term loan to a related party		**25,395**	**25,395**	79,395	79,395
Loans, deposit and other receivable		**28,725**	**28,725**	23,674	23,674
Bank balances	(b)	**139,994**	**139,994**	84,456	84,456
		383,277	**383,277**	343,264	343,264

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

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

	June 30, 2022		June 30, 2021	
	Gross carrying amount	Provision for expected credit	Gross carrying amount	Provision for expected credit losses
1-90 days	**73,436**	**-**	43,668	-
More than 90 days	**2,638**	**880**	978	880
	76,074	**880**	44,646	880

Note (b) - Credit risk exposure on bank balances

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

	2022	2021
	Rupees in '000'	
Short term rating		
AAA	**127,958**	
AA+	**6,151**	-
A	**5,809**	-
A+	**68**	-
A-	**8**	-
A1+	**-**	69,338
A2	**-**	8,216
A1	**-**	6,896
A3	**-**	6
	139,994	84,456

Concentration of credit risk

Concentration of credit risk arises when a number of financial instruments or contracts are entered into with the same party, or when counter parties are engaged in similar business activities, or activities in the same geographic region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations of credit risk indicate the relative sensitivity of the Company’s performance to developments affecting a particular industry. As of the reporting date, the Company was exposed to the following concentrations of credit risk:

	June 30, 2022			June 30, 2021		
	Total exposure	Concentration	% of total exposure	Total exposure	Concentration	% of toal exposure
	---- (Rupees in '000') ----					
Trade debts	**75,194**	**35,846**	**48%**	43,766	20,777	47%
Short term investment	**99,920**	**99,920**	**100%**	99,930	99,930	100%
Short term loan to a related party	**25,395**	**25,395**	**100%**	79,395	79,395	100%
Bank balances	**139,994**	**127,934**	**91%**	84,456	69,338	82%
		289,095			269,440	

40.1.2 Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. Liquidity risk arises because of the possibility that the Company could be required to pay its liabilities earlier than expected or difficulty in raising funds to meet commitments associated with financial liabilities as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The following are the contractual maturities of financial liabilities, including interest payments:

	June 30, 2022					
	Carrying amount	Contractual cash flows	Six months or less	Six to twelve months	One to five years	More than five years
	---- (Rupees in '000') ----					
Long term financing	**1,196,876**	**1,751,932**	**105,894**	**115,161**	**1,159,058**	**371,818**
Lease liability	**100,203**	**121,509**	**22,275**	**10,942**	**88,292**	**-**
Short term borrowings	**355,362**	**355,362**	**355,362**	**-**	**-**	**-**
Accrued markup	**18,203**	**18,203**	**18,203**	**-**	**-**	**-**
Trade and other payables	**790,305**	**790,305**	**790,305**	**-**	**-**	**-**
	2,460,949	**3,037,311**	**1,292,039**	**126,103**	**1,247,350**	**371,818**

	June 30, 2021					
	Carrying amount	Contractual cash flows	Six months or less	Six to twelve months	One to five years	More than five years
	---- (Rupees in '000') ----					
Long term financing	658,097	1,911,268	74,640	84,696	1,194,178	557,754
Lease liability	97,096	157,311	22,214	13,588	121,509	-
Short term borrowings	789,912	789,912	789,912	-	-	-
Accrued markup	12,668	12,668	12,668	-	-	-
Trade and other payables	614,918	614,918	614,918	-	-	-
	2,172,691	3,486,077	1,514,352	98,284,119	1,315,687	557,754

The contractual cash flows relating to the above financial liabilities have been determined on the basis of mark-up rates effective as at June 30, 2022 (and includes both principal and interest payable thereon).

40.1.3 Market risk

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

(a) Currency risk

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

Exposure to currency risk

As of the reporting date, the Company was exposed to currency risk on trade payables - other creditors that are denominated in a currency other than the respective functional currency of the Company. Those transactions are denominated in Euros.

	June 30, 2022		June 30, 2021	
	Rupees '000'	**Euros**	**Rupees '000'**	**Euros**
Trade payables - other creditors	**28,323**	**131,275**	-	-

The following significant exchange rates applied during the year:

	2022		2021	
	Average rate	**Reporting date rate**	**Average rate**	**Reporting date rate**
	Rupees			
Euro to PKR	**215.96**	**215.75**	187.91	188.71

Sensitivity analysis:

As of the reporting date, 10% strengthening / (weakening) of the Pak Rupee against the Euro would have reduced / (increased) the profit before tax of the Company by the amount shown below. This analysis assumes that all other variables, in particular interest rates, remain constant.

	Effect on profit before tax Rupees in '000'
As at June 30, 2022	**2,832**
As of June 30, 2021	-

(b) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Majority of the interest rate exposure arises from short and long term borrowings from banks and term deposits with banks. At the reporting date, the interest rate profile of the Company's interest-bearing financial instruments was as follows:

	2022	2021
	Rupees in '000'	
Financial assets		
Variable rate instruments		
Bank balances - saving and deposit accounts	**62,445**	37,183
Short term loan to a related party	**25,395**	79,395
Short term investment in Term Finance Certificates (TFCs)	**99,920**	99,930
Financial liabilities		
Variable rate instruments		
Term Finance	**205,863**	13,760
Lease liability	**100,203**	97,096
Short term borrowings	**355,362**	789,912

Fair value sensitivity analysis for fixed rate instruments

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

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at the reporting date would have decreased / increased loss before tax by Rs. 4.74 million (2021: Rs. 6.84 million). This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis for last year.

(c) Price risk

Other price risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in the market prices (other than those arising from interest/ mark up rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all or similar financial instruments traded in the market. As at June 30, 2022, the Company was not exposed any price risk.

40.2 Financial instruments by categories

40.2.1 Financial assets:

	2022	2021
	Rupees in '000'	
At amortized cost		
Long term investment in subsidiary	**1,000**	1,000
Long term deposits	**10,273**	5,321
Long term loans and advances	**3,776**	6,722
Trade debts	**75,194**	43,766
Short term loan to a related party	**25,395**	79,395
Loans, deposit and other receivable	**28,725**	23,674
Cash and bank balances	**141,244**	85,259
	285,607	245,137
At fair value through other comprehensive income		
Long term investment in associated company	**329,850**	317,009
At fair value through profit and loss		
Short term investments	**99,920**	99,930

	2022	2021
	Rupees in '000'	
40.2.2 Financial liabilities:		
At amortized cost		
Long term financing from a banking company	**1,196,876**	658,097
Lease liability	**100,203**	97,096
Trade and other payables	**790,305**	614,918
Short term borrowings	**355,362**	789,912
Accrued mark-up	**18,203**	12,668
	2,460,949	2,172,691

41. FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

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

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

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

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

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

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

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

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

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

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

	June 30, 2022			
	Level 1	Level 2	Level 3	Total
	Rupees in '000'			
Financial Asset				
Investment in Term Finance Certificates (TFCs)	**-**	**99,920**	**-**	**99,920**
Investment in ordinary shares of Frontier Paper Products (Private) Limited	**-**	**-**	**329,850**	**329,850**

	June 30, 2021			
	Level 1	Level 2	Level 3	Total
	Rupees in '000'			
Financial Asset				
Investment in Term Finance Certificates (TFCs)	-	99,930	-	99,930
Investment in ordinary shares of Frontier Paper Products (Private) Limited		-	317,009	317,009

42. CAPITAL MANAGEMENT

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

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

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

	2022	2021
	Rupees in '000'	
Borrowings:		
Long term financing	**1,196,876**	658,097
Short term borrowings	**355,362**	789,912
	1,552,238	1,448,009
Shareholders' equity:		
Issued, subscribed and paid up capital	**501,600**	501,600
General reserves	**550,000**	550,000
Unappropriated profit	**2,571,481**	2,284,778
	3,623,081	3,336,378
Total capital managed by the Company	**5,175,319**	4,784,387

43. GENERAL

43.1 Reclassification of corresponding figures

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

Reclassified from component	Reclassified to component	Rupees in '000'
Accrued expenses (Trade and other payables)	Other creditors (Trade and other payables)	16,813
Deferred income - Government grant (Non-current liabilities)	Current maturity of deferred income (Current liabilities)	25,654
Cash at bank - Savings and deposit accounts (Cash and bank balances)	Cash at bank - Current accounts (Cash and bank balances)	21,679

43.2 Plant capacity and actual production

	2022	2021
	Metric Tons	
Production capacity - Ordinary Portland Cement (OPC)	**945,000**	869,400
Production capacity - Clinker	**900,000**	828,000
Actual production - Ordinary Portland Cement (OPC)	**712,757**	729,167
Actual production - Clinker	**618,559**	734,323

43.2.1 The present installed capacity of the Company's manufacturing facility is to produce 3,000 metric tons of Clinker per day. The above disclosed annual production capacity of 900,000 tons of Clinker is based on 300 operating days a year.

The annual production capacity of 945,000 tons of OPC has been worked as 105% of the annual production capacity of Clinker. This is based on the fact that, on average, gypsum nearly equal to 5% is added to Clinker to produce OPC.

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

43.3 Number of employees

	2022	2021
	Number	
Total number of employees as at June 30	**328**	332
Average number of employees during the year	**330**	327

43.4 Date of authorization of the financial statements

These financial statements were authorised for issue by the Board of Directors of the Company in their meeting held on October 01, 2022.

43.5 Level of rounding

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

MOHAMMED YASIN FECTO	**ROHAIL AJMAL**	**ABDUL SAMAD**
CHIEF EXECUTIVE	DIRECTOR	CHIEF FINANCIAL OFFICER

اظہار تشکر

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

منجانب بورڈ

محمد یسین فیکٹو
چیف ایگزیکیٹو

روحیل اجمل
ڈائریکٹر

کراچی: یکم اکتوبر 2022

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

زیرِ نظر دورانیے میں سینئر مجسٹریٹ سی ڈی اے نے فیصلہ کمپنی کے حق میں دیا جس کے تحت سی ڈی اے کے متعلقہ محکمے نے بھی کمپنی پر لگائے گئے تمام الزامات سے کمپنی کو بری کر دیا۔

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

صنعتی تعلقات

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

آڈیٹرز

موجودہ آڈیٹرز میسرز رحمٰن سرفراز رحیم اقبال، چارٹرڈ اکاؤنٹنٹس ریٹائر ہونے جا رہے ہیں اور اپنی اہلیت کی بنیاد پر انہوں نے ایک مرتبہ پھر اپنی خدمات پیش کی ہیں۔ بورڈ کی آڈٹ کمیٹی کی جانب سے ان کی ایک مرتبہ پھر کمپنی کے قانونی آڈیٹروں کے بطور برائے مالی سال 30 جون 2023 تعیناتی کی سفارش کی گئی ہے اور بورڈ بھی آڈٹ کمیٹی کی جانب سے کی گئی سفارش کی توثیق کی خواہش رکھتا ہے۔

ترتیب حصص داری

کمپنیز ایکٹ 2017 کے سیکشن (f)(2)227 کے تحت جدول برائے ترتیب حصص داری برائے مالی سال 30 جون 2022 رپورٹ ہذا کے ساتھ منسلک کیا جا چکا ہے

منافع کی تقسیم

سالِ رواں کے دوران بڑھتی ہوئی پیداواری لاگت، شرحِ سود میں اضافے اور قرضوں کی ادائیگی کو مدنظر رکھتے ہوئے کمپنی کے بورڈ کی جانب سے اس کے اجلاس موٴرخہ یکم اکتوبر 2022 میں یہ تجویز پیش کی گئی ہے کہ اس سال حتمی طور پر ڈیویڈنڈ بطور نقدی اور بونس حصص نہ دیے جائیں۔

کارپوریٹ معاشرتی ذمہ داری

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

☆ قریب دیہات میں لڑکیوں کے ایک اسکول کی تعمیر و تزئین و آرائش کا کام کیا گیا۔

☆ مقامی انتظامیہ کے ساتھ مل کر خان پور ڈیم نہر کی صفائی میں حصہ لیا گیا اور اس سلسلے میں سیمنٹ اور افرادی قوت مہیا کی گئی۔

☆ کمپنی کے قرب جوار کے دیہاتوں کو پینے کا صاف پانی کا صاف مہیا کیا گیا جس کے لیے پانی کا ذخیرہ اور پائپ لائن کا انتظام بھی کمپنی کی جانب سے ہی کیا گیا تھا۔ پانی کی بلا تعطل فراہمی کو ممکن بنانے کے لیے کمپنی کی جانب سے بجلی کا ایک پمپ بھی نصب کیا گیا۔

☆ کمپنی کی جانب سے صحت، معاشرتی فلاح و بہبود اور تعلیم کے سلسلے میں 3.5 ملین روپے کے عطیات فراہم کیے گئے (2021 میں 3.4 ملین عطیات دیے گئے تھے)۔

قومی خزانے میں حصہ

آپ کی کمپنی کی جانب سے دوران سال رواں 2,469 ملین روپے قومی خزانے میں جمع کروائے گئے، یہ رقم قومی خزانے میں سیلز ٹیکس، فیڈرل ایکسائز ٹیکس اور انکم ٹیکس کی مدات جمع کروائی گئی، جبکہ گزشتہ سال ان مدات میں قومی خزانے میں جمع کروائی گئی رقم 2,187 ملین روپے تھی۔ اس کے علاوہ کمپنی وطن عزیز میں 1.00 ملین امریکی ڈالر کا قیمتی زرمبادلہ بھی لے کر آئی جو سیمنٹ کی برآمدات سے حاصل کیا گیا تھا۔ اس کے علاوہ کمپنی نے انکم ٹیکس اور رائلٹی کی مد میں بھی قومی خزانے میں رقم جمع کروائی اور اپنے سپلائروں اور اسٹاف سے ایف بی آر کی جانب سے ٹیکس جمع کیے۔

کمپنی کی کریڈٹ ریٹنگ

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

کان کنی لیز کی تنسیخ اور نوٹس برائے ریکوری

کمپنی کا کان کنی کا لائسنس 2015 میں کینسل کر دیا گیا تھا اور اس کے ساتھ ہی کمپنی کو متعلقہ محکمے کی طرف سے ہرجانے کا نوٹس موصول ہوا تھا جو کہ کمپنی کو ڈپٹی ڈائریکٹر (پروٹیکشن / فاریسٹس) کیپٹل ڈیولپمنٹ اتھارٹی (سی ڈی اے) کی جانب سے موصول ہوا تھا جس میں کمپنی سے مطالبہ کیا گیا تھا کان کنی کے عمل کے دوران ہونے والے مبینہ نقصان کے مداوے کے سلسلے میں 427 ملین روپے ادا کیے جائیں۔

غیر انتظامی ڈائریکٹروں کے لیے مشاہرے کی پالیسی

کمپنی کے تمام ڈائریکٹرز ماسوائے سی ای او غیر انتظامی ڈائریکٹرز ہیں۔سی ای او کے مشاہرے کی منظوری حصص داران سے ان کے اجلاس میں لی جاتی ہے۔جبکہ غیر انتظامی ڈائریکٹروں کو بورڈ اور اس کی کمیٹیوں کے اجلاسوں میں شرکت کے لیے مروجہ پالیسی کے تحت مشاہرہ ادا کیا جاتا ہے۔سی ای او اور غیر انتظامی ڈائریکٹروں کو ادا کیے جانے والے مشاہرے کی تفصیلات مالیاتی دستاویزات کے ساتھ منسلک نوٹ نمبر 38 میں درج کی گئی ہیں۔

بورڈ کی کمیٹیاں

آڈٹ کمیٹی

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

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

ڈائریکٹروں کے نام		حاضری
جناب جمیل احمد خان	چیئرمین	4
جناب محمد انور حبیب	ممبر	4
جناب روحیل اجمل	ممبر	4

انسانی وسائل اور ادائیگیوں سے متعلق کمیٹی

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

ڈائریکٹروں کا تربیتی پروگرام

کمپنی کے سات (7) ڈائریکٹروں میں سے پانچ (5) ڈائریکٹرز پہلے ہی تربیتی پروگرام میں شرکت کر چکے ہیں۔جبکہ محمد یٰسین فیکٹو اپنی تعلیمی اور کمپنی میں چودہ سال سے زیادہ ڈائریکٹر ہونے کی وجہ سے اس پروگرام سے مستثنیٰ ہیں۔ڈائریکٹر محترمہ سائرہ ابراہیم باوانی تربیتی پروگرام میں شرکت نہ کر سکیں ہیں مذکورہ ڈائریکٹر جلد از جلد تربیتی پروگرام میں شرکت کریں گی تاکہ متعلقہ قانون کی پاسداری ہو سکے۔

پر مشتمل ہے جو کہ باقاعدگی کے ساتھ کنٹرول کے اس نظام کا جائزہ لیتے رہتے ہیں اور مزید موثر بنانے کی تگ ودو کرتے رہتے ہیں۔ اندرونی آڈٹ کا ڈپارٹمنٹ اس بات کا ذمہ دار ہے کہ موجودہ سسٹم میں پائی جانے والی کسی بھی خامی کی نشاندہی بورڈ کو کرے اوراس میں اصلاح کے لیے آڈٹ کمیٹی کو بروقت مطلع کرے کہ اس سلسلے میں کس قسم کے اقدامات اٹھائے جاسکتے ہیں۔

متعلقہ پارٹیوں کے ساتھ لین دین کے معاملات

زیر نظر مالی سال کے دوران متعلقہ پارٹیوں کے ساتھ لین دین کے تمام معاملات شفافیت پر مبنی تھے اوران کے سلسلے میں مروجہ قوانین اور قواعد کی رو سے آڈٹ کمیٹی اور بورڈ سے باقاعدہ منظوری بھی حاصل کر لی گئی تھی۔ متعلقہ پارٹیوں کے ساتھ لین دین کے معاملات کے سلسلے میں تفصیلات کو نوٹ 39 میں بیان کیا گیا ہے اوراس کے علاوہ مالیاتی دستاویزات میں متعلقہ مقامات پر بھی اس کی وضاحت کر دی گئی ہے۔

بورڈ کی ساخت

بورڈ ممبران کی کل تعداد سات (7)، جو چھ (6) مرد اور ایک عورت ممبر پر مشتمل ہے۔ جس کی ساخت نیچے دی گئی ہے۔

آزاد ڈائریکٹرز	جناب خالد یعقوب
"	جناب عامر غنی
"	جناب جمیل احمد خان
"	جناب محمد انور حبیب
غیر انتظامی ڈائریکٹرز	جناب روحیل اجمل
"	محترمہ سائرہ ابراہیم باوانی
انتظامی ڈائریکٹر	محمد یٰسین فیکٹو

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

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

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

کارپوریٹ گورننس

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

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

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

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

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

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

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

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

7۔ پروویڈنٹ فنڈ ٹرسٹ برائے مالی سال 30 جون 2022 کے غیر آڈٹ شدہ اکاوٴنٹس کی روشنی میں پروویڈنٹ فنڈ انویسٹمنٹ کی قدر 492 ملین روپے بنتی ہے جو کہ مالی سال 2021 کے آڈٹ شدہ حسابات کے مطابق 437 ملین روپے تھی۔

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

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

مناسب اندرونی مالیاتی کنٹرول

کمپنی کے بورڈ آف ڈائریکٹرز کی جانب سے کمپنی اثاثوں کو محفوظ بنانے، کمپنی کے تمام کاروباری افعال کو مستعدی اور موٴثر انداز سے چلانے، تمام مروجہ قوانین کی پاسداری کرنے اور بروقت مالیاتی رپورٹنگ کو ممکن بنانے کے لیے ایک مستعد اور محفوظ اندرونی کنٹرول کا نظام وضع کیا گیا ہے۔ کمپنی کا اندرونی کنٹرول کا نظام ایسے تجربہ کار اسٹاف

کمپنی کے کاروباری افعال کے ماحولیات پر اثرات

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

مستقبل پر نظر

موجودہ حالات کے پیشِ نظر ہم یہ سمجھتے ہیں کہ یہ حالات نہ صرف سیمنٹ کی صنعت بلکہ پاکستان کی مجموعی معیشت کے لیے بھی خطرات کا باعث ہیں۔ جس کی بنیادی وجہ افراطِ زر، بڑھتی ہوئی شرحِ سود، اشیاء کی بڑھتی ہوئی قیمتیں، امریکی ڈالر کے مقابلے میں پاکستانی روپے کی قدر میں مسلسل کمی، اور ملک میں غیر یقینی صورتِ حال ہیں۔ ملک میں حالیہ سیلاب سے مزید مشکلات پیدا ہونے کے امکانات ہیں۔ جبکہ آئی ایم ایف پروگرام پر عمل درامد میں رکاوٹ اور غیر معمولی تاخیر نے ملک کو پہلے ہی نازک معاشی حالات دھکیل دیا ہے۔ افغانستان کے ساتھ سیمنٹ کی برآمدات سرحد پر سیاسی صورتِ حال کی وجہ سے متاثر ہو سکتی ہے۔

لاگت کے لحاظ سے بین الاقوامی مارکیٹ میں دیگر اشیا کی طرح کوئلے کی قیمتوں میں بہت زیادہ اضافہ ہوا۔ مزید برآں روس، یوکرائن جنگ کی وجہ سے ترسیل میں خلل پڑنے کے نتیجے میں عالمی منڈی میں اشیاء خصوصاً کوئلے کی قیمتوں اور بجلی کے نرخوں میں مسلسل اضافہ لاگت کو بڑھاتا رہا۔ انتظامیہ نے بڑھتی ہوئی پیداواری لاگت کے عوامل سے باخبر ہونے کی وجہ سے کئی بہتر اقدامات اٹھائے تاکہ پیداواری افعال کی کارکردگی میں بہتری اور پیداواری لاگت میں کمی لائی جائے۔ بورڈ ممبران کو آگاہ کرتے ہوئے خوشی محسوس کر رہی ہے کہ گزشتہ سال پانچ میگا واٹ کا شمسی توانائی سے چلنے والا بجلی کا پلانٹ مکمل ہو چکا تھا نتیجتاً بجلی کی پیداوار شروع ہونے سے توانائی کی لاگت میں کمی واقع ہوئی۔ تاہم سیلاب کے بعد بحالی کا کام مقامی سطح پر سیمنٹ کی مانگ میں اضافے کے خاطر خواہ مواقع فراہم کر سکتا ہے۔

سرمایہ کاری منصوبوں پر نظر

نیا پراجیکٹ

بورڈ نے گزشتہ سال اپنے جائزے میں ممبران کو آگاہ کیا تھا کہ موجودہ پلانٹ کی توازن، نئی جدت کاری، پیداواری استعداد بہتر بنانے اور بجلی کی لاگت کو کم کرنے کے لیے نئے آلات و مشینری نصب کی جائیں۔ اس مقصد کی تکمیل کے لیے کمپنی نے اسٹیٹ بینک کی TERF سہولت حاصل کی ہے یہ پروجیکٹس اس مالی سال میں مکمل ہو چکے ہیں۔ جس کی وجہ سے کمپنی کو پیداواری لاگت کم کرنے میں مدد ہو گی۔

مقامی فروخت سے حاصل ہونے والی خالص آمدن دوران سال میں بڑھ کر 6,602 ملین روپے ہوگئی۔ جو کہ گزشتہ مالی سال کے دوران 4,653 ملین روپے ریکارڈ کی گئی تھی یعنی اس میں 41.89% کا اضافہ ریکارڈ کیا گیا ہے۔ جبکہ اس کے مقابلے میں مقامی فروختگی سے ہونے والی مجموعی آمدنی میں 33.50% اور فروختگی کے حجم میں 1.44% کا اضافہ ہوا۔ بہتر قیمتوں کی وجہ سے مقامی سطح پر فروختگی میں اضافہ ہوا۔ برآمدات کی قیمتوں میں 44.29% کی کمی ہوئی جبکہ حجم میں 51.46% کی کمی ہوئی برآمدات کی قیمتیں امریکی ڈالر کے مقابلے میں پاکستانی روپے کی قدر میں کمی کی وجہ سے بہتر ہوئیں۔

کمپنی کی مجموعی خالص آمدن از فروخت گزشتہ سال کی 4,961 ملین روپے کی آمدن کے مقابلے میں بڑھ کر 6,775 ملین روپے ریکارڈ کی گئی ہے۔ اس طرح سے اس میں 36.56% کا اضافہ ہوا۔ جبکہ فروختگی کے حجم میں 2.52% کی کمی ریکارڈ کی گئی۔

منفعت

دوران سال رواں کمپنی کی لاگت برائے فروختگی میں 26.25% کا اضافہ ہوا جبکہ حجم برائے فروخت میں 2.52% کمی واقع ہوئی۔ لاگت برائے فروخت میں گزشتہ سال کے مقابلے میں 1,882 روپے فی ٹن اضافے کی بنیادی وجہ بجلی کی قیمتوں اور کوئلے کی لاگت میں اضافے سے ہوا۔ کمپنی کو رواں سال میں 874 ملین کا خام منافع ہوا جب کہ گزشتہ سال کمپنی کو اس عرصے کے دوران 287 ملین روپے کا خام منافع ہوا تھا۔ انتظامی اخراجات میں اضافہ بنیادی طور پر تنخواہوں/اجرتوں میں اضافے اور استعمال شدہ اثاثوں کے ڈیپری سیشن کو رائٹ آف کی وجہ سے ہوا جبکہ اخراجات برائے ترسیلِ مال برآمدات میں کمی کی وجہ سے ریکارڈ کیا گیا۔ مالیاتی اخراجات میں اضافے کی بنیادی وجہ شرح سود میں اضافہ اور زیادہ قرضوں کا استعمال ہے۔

کمپنی کو رواں مالی سال کے دوران 429 ملین روپے کا منافع قبل از ٹیکس ہوا جب کہ گزشتہ سال کمپنی کو اس عرصے کے دوران 63 ملین روپے کا قبل از ٹیکس نقصان ہوا

ٹیکس کی پروویژن میں اضافے کے نتیجے میں کمپنی کو ہونے والا منافع کم ہو کر 287 ملین روپے ہوگیا۔ جب کہ گزشتہ مالی سال کے دوران بعد از ٹیکس نقصان 67 ملین روپے درج کیا گیا تھا۔

دوران سال رواں آپ کی کمپنی کو آمدن فی حصص 5.72 روپے کا منافع ہوا جب کہ گزشتہ سال نقصان فی حصص 1.34 روپے تھی۔

بنیادی خطرات اور غیر یقینی صورتحال

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

☆ مارکیٹ میں قیمتوں میں مقابلے کا ماحول جس کی ایک بنیادی وجہ سیمنٹ کی صنعت کی پیداواری صلاحیت میں ہونے والا حالیہ اضافہ ہے۔

☆ خام مال کی لاگت بالخصوص درآمد کیے جانے والے کوئلے کی قیمتوں میں اضافے کا رجحان اور شرح مبادلہ

☆ ڈیٹا کی سیکیوریٹی اور پرائیویسی

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

مال کی روانگی			
مقامی	676,337	**686,077**	1.44
برآمدات	54,732	**26,567**	(51.46)
مجموعی	731,069	**712,644**	(2.52)

کمپنی کی جانب سے دوران سال رواں گزشتہ سال کے مدمقابل کلنکر اور سیمنٹ کی پیداوار میں بالترتیب %15.76 اور %1.85 کی کمی دیکھی گئی کمی کی بنیادی وجہ حالات کے پیشِ نظر مارکیٹ میں طلب میں کمی تھی۔

مقامی سطح پر کمپنی کی فروختگی کے حجم میں زیرنظر مالی سال کے دوران %1.44 کا اضافہ ہوا۔ جب کہ کمپنی کی برآمدات میں %51.46 کی کمی ہوئی۔ جس کی بنیادی وجہ افغان بارڈر پر ناخوش گوار حالات تھے۔

مالیاتی کارکردگی کا جائزہ

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

	روپے ہزاروں میں ماسوائے آمدن فی حصص کے	
	2021	**2022**
کل فروختگی مقامی	4,652,803	**6,601,725**
کل فروختگی برآمدات	308,572	**172,842**
مجموعی کل فروختگی	4,961,375	**6,774,567**
لاگت برائے فروختگی	4,673,876	**5,900,946**
خام منافع	287,499	**873,621**
منافع/ (نقصان) قبل از ٹیکس	(63,381)	**428,860**
منافع/ (نقصان) بعد از ٹیکس	(67,287)	**286,704**
منافع/ (نقصان) فی حصص (روپے میں)	(1.34)	**5.72**

آمدن از فروختگی

دوران سال رواں کمپنی کی کل مقامی مجموعی آمدن از فروختگی میں گزشتہ سال کے مقابلے میں %33.50 کا اضافہ ریکارڈ کیا گیا ہے جب کہ اس عرصے کے دوران مقامی سطح پر سیمنٹ کی فروختگی کے حجم میں %1.44 کا اضافہ ہوا ہے۔ مقامی سطح پر سیمنٹ کی قیمتیں گزشتہ سال میں مستقل تنزلی کا شکار رہیں۔ زیرِ نظر دورانیے میں پیداواری لاگت میں اضافہ بالخصوص کوئلہ، بجلی اور ڈیزل کی قیمتوں میں خاطر خواہ اضافے کی وجہ سے سیمنٹ کی مقامی قیمتوں میں بھی اضافہ ریکارڈ کیا گیا۔

ڈائریکٹرزرپورٹ برائے ممبران

معززممبران گرامی

بورڈ آف ڈائریکٹرزانتہائی مسرت کے ساتھ کمپنی کی سالانہ مالیاتی رپورٹ بمعہ آڈٹ شدہ مالیاتی دستاویزات برائے مالی سال30 جون 2022 آپ کی خدمت میں پیش کرر ہے ہیں۔

جائزہ

دوران سال رواں مجموعی طور پر سیمنٹ کی صنعت کی جانب سے روانگی مال میں 7.91% کی کمی دیکھی گئی اورفروختگی کا مجموعی حجم52.90 ملین ٹن رہاجبکہ مجموعی فروختگی گزشتہ سال اسی عرصے کے دوران57.43 ملین ٹن رہی تھی۔اس کمی کی بنیادی وجہ سیمنٹ کی برآمدات میں بھاری کمی کے ساتھ 43.57% کی کمی دیکھی گئی۔جس کے تحت فروختگی کا کل حجم کم ہوکر5.3 ملین ٹن ہوگیا جوکہ گزشتہ سال اسی عرصے کے دوران9.31 ملین ٹن تھا۔مقامی سطح پر سیمنٹ کی صنعت کی مجموعی فروختگی کے حجم میں 1.01% کی کمی کے ساتھ ساتھ فروختگی کا مجموعی حجم47.64 ملین ٹن رہاجبکہ گزشتہ سال اسی عرصے کے دوران یہ حجم48.12 ملین ٹن تھا۔

شمال میں واقع پلانٹس سے مجموعی طور پر فروختگی کا حجم کم ہوکر40.35 ملین ٹن تک جا پہنچا جس کے تحت 6.49% کی کمی واقع ہوئی۔جس میں سے مقامی سطح پر ہونے والی فروختگی کا حجم39.44 ملین ٹن تھاجب کہ برآمدات کا حجم0.91 ملین ٹن تھا۔اس طرح شمال میں واقع پلانٹس میں مقامی سطح پرفروختگی کے حجم میں 2.82% کی کمی ریکارڈ کی گئی۔جب کہ برآمدات میں 64.50% کی کمی ریکارڈ کی گئی۔جنوبی علاقوں میں واقع پلانٹس کی مجموعی فروخت کے حجم میں 12.20% کی کمی ہوئی۔جس میں سے مقامی فروخت میں 8.75% اضافہ جبکہ برآمدات میں 35.60% کی کمی ہوئی۔

آپریٹنگ کارکردگی کا جائزہ

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

ٹنوں میں

	2021	**2022**	تبدیلی%
پیداوار			
کلنکر	734,323	**618,559**	(15.76)
سیمنٹ	729,167	**712,757**	(15.85)

PROXY FORM

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

I/We ____

of (full address)____

____

being member of FECTO CEMENT LIMITED holding______________________________ ordinary shares as per Share Register Folio No. ________________ and/or CDC Participant I.D.No. ______________ and Sub-Account No. ____________________ hereby appoint ______________________

of (full address)____

or failing him/her ____

of (full address)____ who is also a member of **Fecto Cement Limited,** as my/our proxy in my/our absence to attend and vote for me / us and on my / our be-half at annual general meeting of the company to be held on Friday, October 28, 2022 at 11:00 a.m and/or any adjournment there of.

Signature this ____________________ ________________ year 2022.
(day) (date, month)

Witnesses:

1. Signature: ______________________
   Name ______________________
   Address ______________________
   CNICNo. ______________________

2. Signature: ______________________
   Name ______________________
   Address ______________________
   CNICNo. ______________________

Signature of members should match with the specimen signature registered with the company.

Important:

1. In order to be effective, this form of proxy duly completed, stamped, signed and witnessed along with power of attorney, or other instruments (if any), must be deposited at the registered office of the company at Plot # 60-C, Khayaban-e-Shahbaz, Phase VI, Defence Housing Authority, Karachi-75500 atleast 48 hours before the time of the meeting.

2. If a member appoints more than one proxy and more than one form of proxy are deposited by a member with the company, all such forms of proxy shall be renderedi nvalid.

3. In case of proxy for an individual beneficial owner of shares from CDC, attested copies of beneficial owner's computerized national identity card (CNIC) or passport, account and participant's ID numbers must be deposited along with the form of proxy. In case of proxy for representative of corporate members from CDC, board of directors'resolution and power of attorney and the specimen signature of the nominee must be deposited along with the form of proxy. The proxy shall produce his/her original CNIC or passport at the time of meeting.

تشکیل نیابت داری (پراکسی فارم)

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

میں/ہم، مسمی/مسماۃ ____________________

ساکن ____________________ ضلع ____________________

بحیثیت رکن (ممبر) فیکٹو سیمنٹ لمیٹڈ کا مقرر کرتا ہوں/کرتی ہوں/کرتے ہیں مسمی/مسماۃ ____________________

ساکن ____________________

کو جو خود بھی فیکٹو سیمنٹ کا رُکن ہے کہ وہ بطور میرا/ہمارا (پراکسی) فیکٹو سیمنٹ لمیٹڈ کے سالانہ اجلاس عام میں جو بروز جمعہ 28/اکتوبر 2022ء بوقت 11:00 بجے منعقد ہو رہا ہے یا اس کے کسی ملتوی شدہ اجلاس میں شرکت کرے اور میری/ہماری جگہ میری/ہماری طرف سے حقِ رائے دہی استعمال کرے۔

مورخہ: 2022ء میرے/ہمارے دستخط سے جاری ہوا

فولیو نمبر	سی ڈی سی کھاتہ نمبر	حصص کی تعداد	دستخط

گواہ نمبر 1
دستخط ____________________
نام ____________________
کمپیوٹرائزقومی شناختی کارڈ نمبر ____________________
پتہ ____________________

گوہ نمبر 2
دستخط ____________________
نام ____________________
کمپیوٹرائزقومی شناختی کارڈ نمبر ____________________
پتہ ____________________

ہدایات:

1......مکمل و دستخط شدہ پراکسی فارم مکمل کمپنی کے رجسٹرڈ آفس فیکٹو سیمنٹ لمیٹڈ پلاٹ نمبر C-60 خیابانِ شہباز فیز 6 ڈی ایچ اے (کراچی) میں اجلاس کے مقررہ وقت سے کم از کم 48 گھنٹے پہلے موصول ہونا چاہیے۔

2......پراکسی کا کمپنی کا رکن (ممبر) ہونا ضروری ہے، اگر کسی ممبر نے ایک سے زائد پراکسی کو نامزد کیا تو تمام پراکسی فارمز صحیح تصور نہیں کیے جائیں گے۔

3......سی ڈی سی اکاؤنٹ ہولڈر یا سب اکاؤنٹ ہولڈر کو پراکسی فارم کے ہم راہ کمپیوٹرائز قومی شناختی کارڈ یا پاسپورٹ کی مصدقہ نقل منسلک کرنا ضروری ہے کارپوریٹ اداروں کے نمائندوں کو معمول کے مطابق دستاویزات ساتھ لانا ضروری ہے۔

FECTO CEMENT LIMITED

Plot # 60-C, Khayaban-e-Shahbaz,
Phase VI, Defence Housing Authority,
Karachi-75500, Pakistan
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Fax: (+ 9221) 35248925