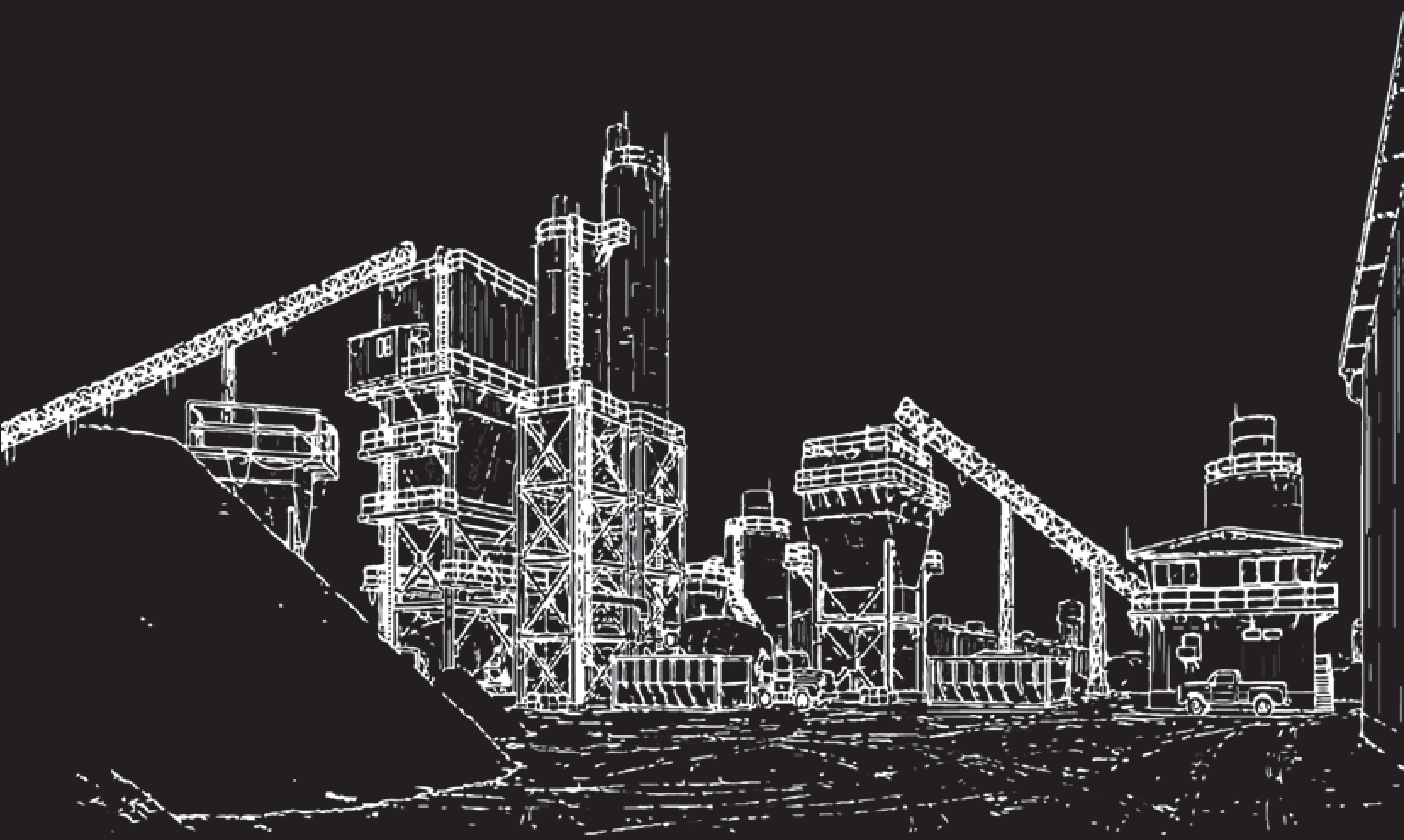
MAPLE LEAF CEMENT



EVOLUTION OF CEMENT

ANNUAL REPORT 2019

EVOLUTION OF CEMENT

Throughout history, cementing materials have played a vital role and were used widely in the ancient world like the Seven Wonders of the Ancient World: Great Pyramid of Giza, Hanging Gardens of Babylon, Great Wall of China, Petra Jorden, Colosseum of Italy, Leaning Tower of Pisa, Taj Mahal of India are the first known list of the most remarkable creations of classical antiquity; it was based on guidebooks popular among Hellenic sightseers and only includes works located around the Mediterranean rim and in Mesopotamia. The number seven was chosen because the Greeks believed it represented perfection and plenty, and because it was the number of the five planets known anciently, plus the sun and moon.

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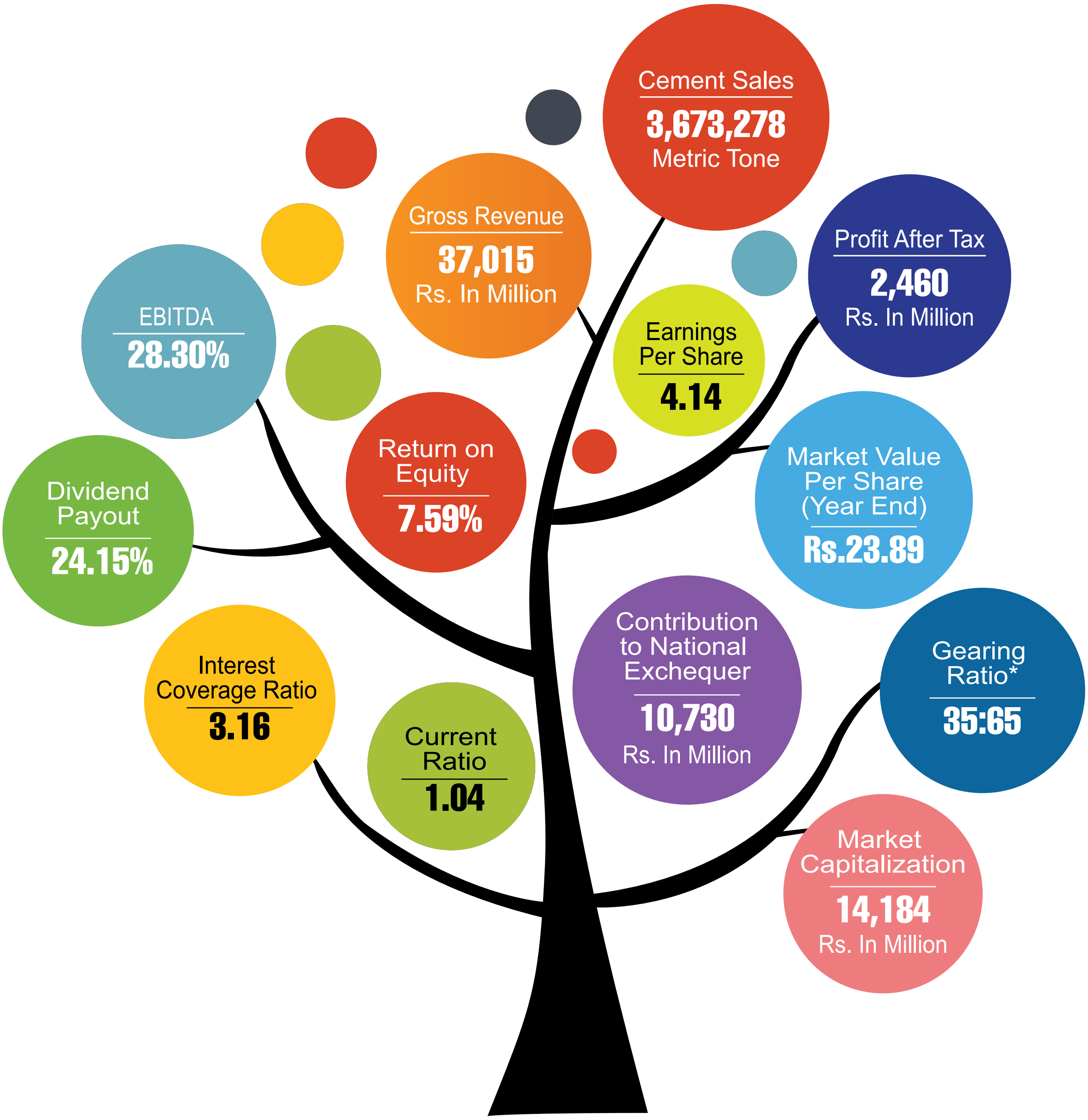
2019
YEAR AT A GLANCE (CONSOLIDATED)



* Debt represents long-term loan including its current maturity

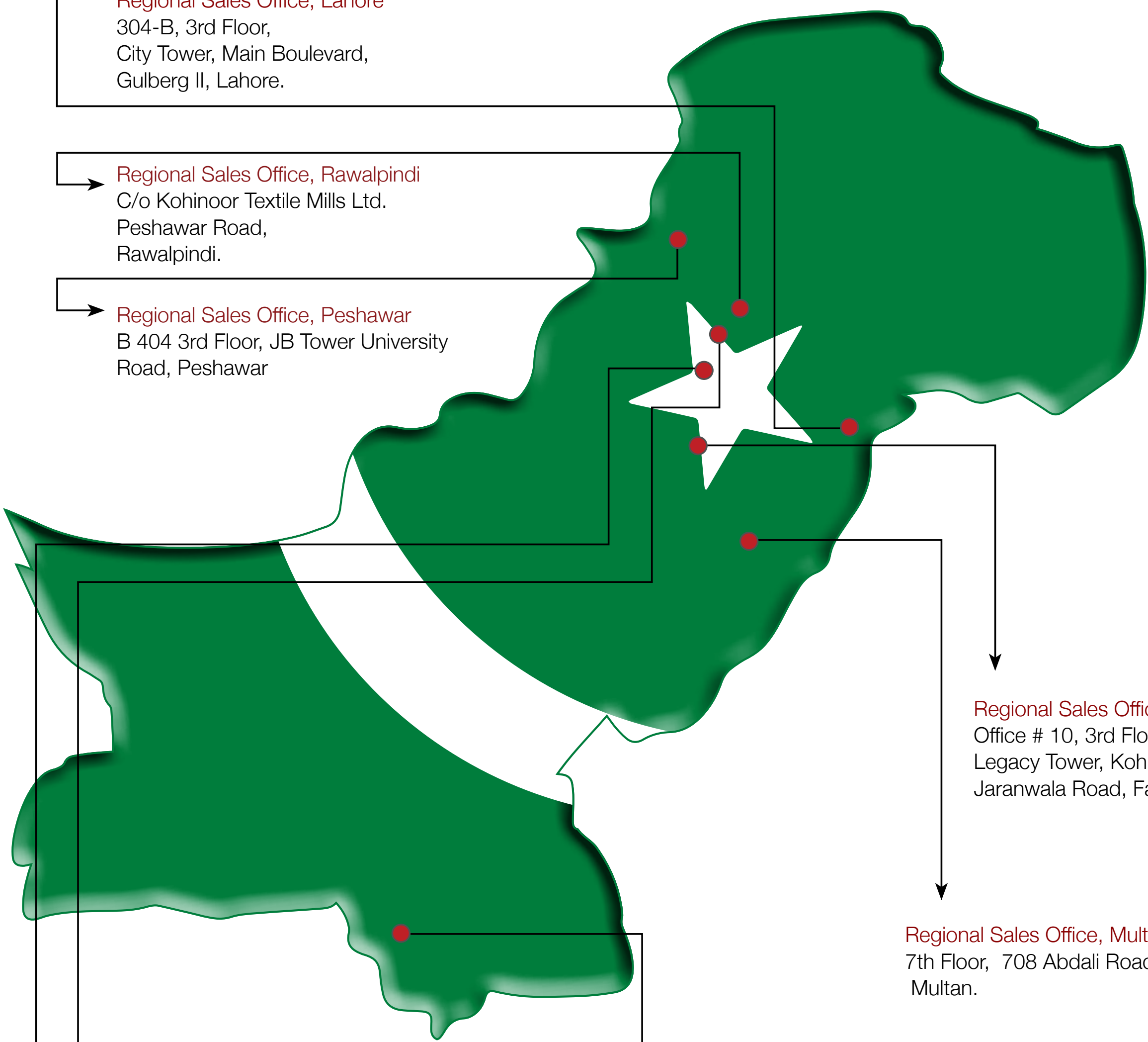
GEOGRAPHICAL **PRESENCE**

Head Office
42 - Lawrence Road, Lahore

Regional Sales Office, Lahore
304-B, 3rd Floor,
City Tower, Main Boulevard,
Gulberg II, Lahore.

Regional Sales Office, Rawalpindi
C/o Kohinoor Textile Mills Ltd.
Peshawar Road,
Rawalpindi.

Regional Sales Office, Peshawar
B 404 3rd Floor, JB Tower University
Road, Peshawar



Regional Sales Office, Faisalabad
Office # 10, 3rd Floor,
Legacy Tower, Kohinoor City,
Jaranwala Road, Faisalabad.

Regional Sales Office, Multan
7th Floor, 708 Abdali Road,
Multan.

Plant
Iskanderabad Distt: Mianwali.

Regional Office, Karachi
25 West Wharf Road, Karachi.

Regional Sales Office, Sargodha
Office No. 59, 2nd Floor,
Al Rehman Trade Centre,
University Road,
Sargodha.

PRINCIPAL BUSINESS **ACTIVITIES**

Maple Leaf Cement Factory Limited (MLCFL) is part of the Kohinoor Maple Leaf Group which is a reputable manufacturer of textile and cement in Pakistan. Maple Leaf Cement is the largest single cement production site in Pakistan. It is one of the pioneers of cement industry in Pakistan and in 1956 it was formed by the collaboration between the West Pakistan Industrial Development Corporation and the Government of Canada. Currently, the Company operates via three production lines for the production of grey cement and one line for white cement in which it owns more than 90% market share. All four lines are owned assets of the Company. Total installed capacity for clinker production is 5,550,000 tons annually after addition of 7,300 tons per day through new production line of dry clinker production which has started the commercial production in May 2019.

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

LEADING EDGE PRODUCTION **CAPABILITIES**

Today with a current clinker production capacity of 18,500 tons per day we stand as the largest single cement manufacturing unit in Pakistan. Our production plants are powered by cutting edge technology that helps us dominate local & International markets.

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

We have kept ourselves abreast of global improvements in the cement manufacturing technologies and processes. Staying true to our mantra of technological excellence, another state of the art fuel-efficient dry process plant based on the FLSmidth technology has been added to the existing production facilities, thereby enhancing the total clinker production capacity to approximately 5.55 million tons annually.

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

MLCFL has a team of over 1,300 professionals and highly skilled workers that make us what we are today

NATURALLY **ENRICHED**

With an area of more than 3,000 acres, our factory is situated at Daud Khel, Punjab. Located near the Salt Range, it is surrounded by the finest quality of raw materials; limestone, clay and sand. These valuable resources are quarried from the mineral rich mountain ranges located at our manufacturing site. To ensure uninterrupted supply, the Company has strategically built separate production plants for Grey and White Cement in this area.

OUR PRODUCTS

Product Portfolio – To cater to varying needs of the market, the Company produces the following cement:-

i) Ordinary Portland Cement

ii) Sulphate Resistant Cement

iii) Low Alkali Cement

iv) White Cement

v) Wall Coat

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

COMPANY **INFORMATION**

Board of Directors
Mr. Tariq Sayeed Saigol ....Chairman
Mr. Sayeed Tariq Saigol ....Chief Executive
Mr. Taufique Sayeed Saigol
Mr. Waleed Tariq Saigol
Mr. Danial Taufique Saigol
Mr. Zamiruddin Azar
Mr. Shafiq Ahmed Khan
Syed Mohsin Raza Naqvi

Executive Directors
Mr. Amir Feroze ....Plant Operations
Mr. Sohail Sadiq .... Finance
Mr. Yahya Hamid .... Marketing

Audit Committee
Mr. Shafiq Ahmed Khan.........................Chairman
Mr. Zamiruddin Azar ....Member
Mr. Waleed Tariq Saigol............................Member
Mr. Danial Taufique Saigol........................Member

Human Resource & Remuneration Committee
Mr. Shafiq Ahmed Khan.........................Chairman
Mr. Zamiruddin Azar ....Member
Mr. Danial Taufique Saigol........................Member

Chief Financial Officer
Syed Mohsin Raza Naqvi

Company Secretary
Mr. Muhammad Ashraf

Chief Internal Auditor
Mr. Zeeshan Malik Bhutta

Bankers of the Company
Allied Bank Limited
Askari Bank Limited
Bank Alfalah Limited
Bank Al-Habib Limited
BankIslami Pakistan Limited
Albaraka Bank Limited
Dubai Islamic Bank Limited
Faysal Bank Limited
Habib Bank Limited
Habib Metropolitan Bank Limited
MCB Bank Limited
MCB Islamic Bank Limited
Meezan Bank Limited
National Bank of Pakistan
PAIR Investment Company Limited
Samba Bank Limited
Silk Bank Limited
Soneri Bank Limited
Standard Chartered Bank (Pakistan) Limited
Summit Bank Limited
The Bank of Punjab
Trust Investment Bank Limited
U Microfinance Bank Limited
United Bank Limited

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

Legal Adviser
Mr. Shahid Ismail ....Advocate High Court

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

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

Call Centre (24 / 7)
0800-41111

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

Company Website:
www.kmlg.com

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

VISION STATEMENT

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

MISSION STATEMENT

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

CORE VALUES

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

CROSS FUNCTIONALITY

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

COLLECTIVE WISDOM

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

CREATIVE THOUGHT PROCESS

Out of the box ideas.

EMPATHY

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

INTEGRITY

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

CORPORATE **STRATEGY**

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

CULTURE

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

CODE OF BUSINESS CONDUCT **AND ETHICAL PRINCIPLES**

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

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

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

ETHICAL PRINCIPLES

1. Directors and employees are expected not to engage in any activity which can cause conflict between their personal interest and the interest of the Company such as interest in an organization supplying goods/services to the company or purchasing its products. In case a relationship with such an organization exists, the same must be disclosed to the Management.

2. Dealings with third parties which include Government officials, suppliers, buyers, agents and consultants must always ensure that the integrity and reputation of the Company is not in any way compromised.

3. Directors and employees are not allowed to accept any favours or kickbacks from any organization dealing with the Company.

4. Directors and employees are not permitted to divulge any confidential information relating to the Company to any unauthorized person. Nor should they, while communicating publicly on matters that involve Company business, presume to speak for the Company unless they are certain that the views that they express are those of the Company and it is the Company's desire that such views be publicly disseminated.

5. All employees share a responsibility for the Company's good public relations particularly at the community level. Their readiness to help with religious, charitable, educational and civic activities is accordingly encouraged provided it does not create an obligation that interferes with their commitment to the Company's best interests.

6. The Company has strong commitment to the health and safety of its employees and preservation of environment and the Company will persevere towards achieving continuous improvement of its Health, Safety and Environment (HSE) performance by reducing potential hazards preventing pollution and improving awareness. Employees are required to operate the Company's facilities and processes keeping this commitment in view.

7. Commitment and team work are key elements to ensure that the Company's work is carried out effectively and efficiently. Also, all employees will be equally respected and actions such as sexual harassment and disparaging remarks based on gender, religion, race or ethnicity will be avoided.

HISTORY OF MAPLE

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

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

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

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

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

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

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

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

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

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

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

2006 A project to convert the existing wet process line to a fuel-efficient dry process white cement line

commenced its commercial production. Profit after tax was reported PKR 1,059 million.

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

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

2011 The Company successfully started Waste Heat Recovery Boiler Plant.

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

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

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

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

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

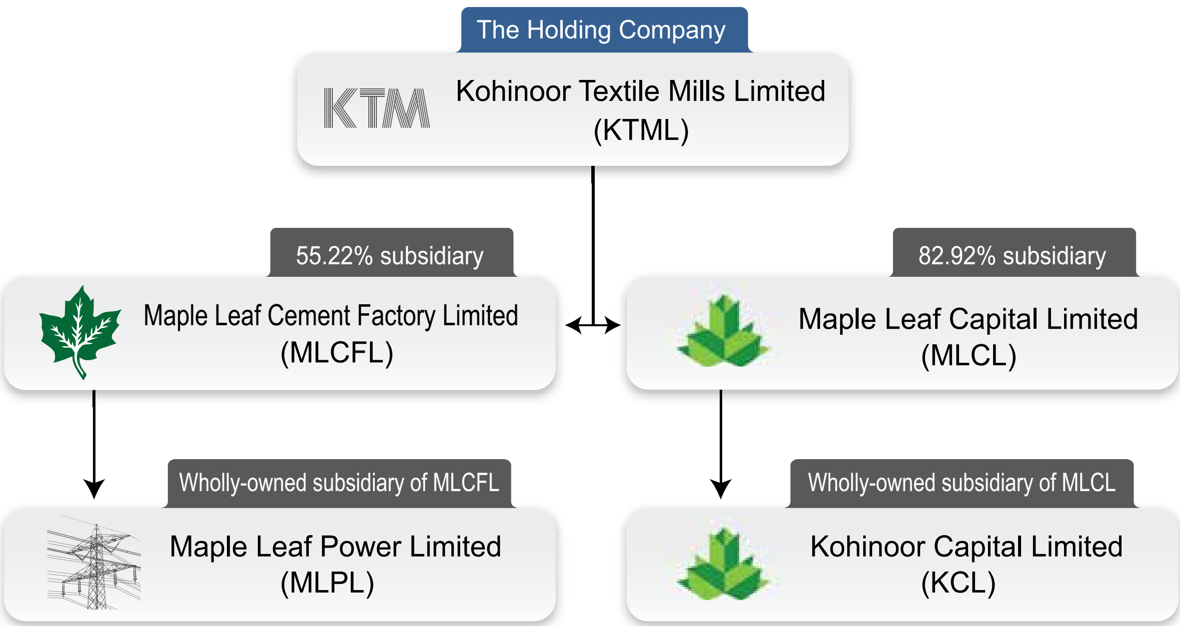
2017 Record cement sales amounting to Rs.23.9 billion were made during the year with total dispatches crossing 3.36 million tons. The Company announced another expansion project of 7300 tpd grey clinker.

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

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

COMPANY PROFILE
AND GROUP STRUCTURE

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



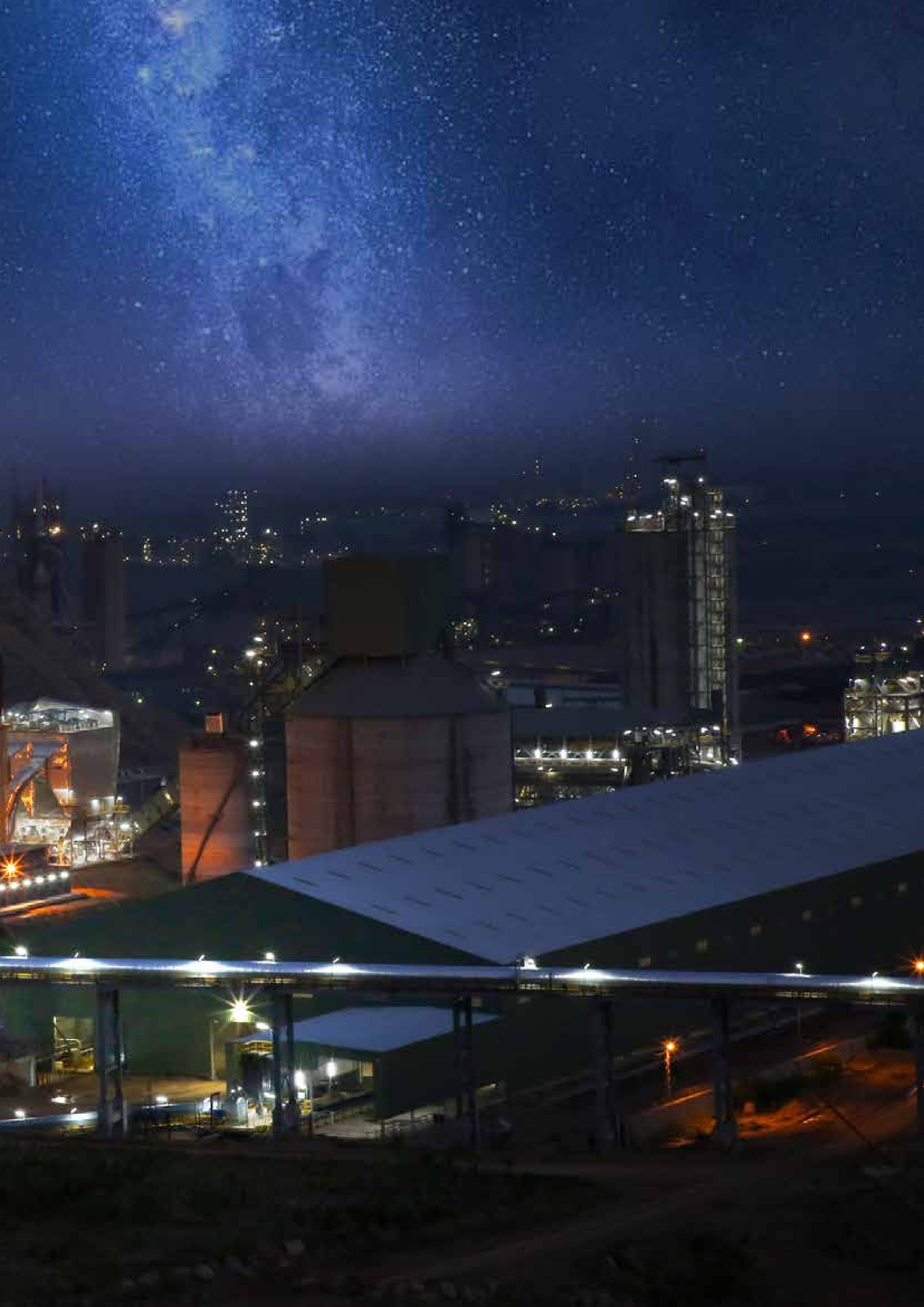
Maple Leaf Cement Factory Limited (MLCFL) was incorporated in Pakistan on 13 April 1960 under the Companies Act, 1913 (now the Companies Act, 2017) as a public company limited by shares. The Company is listed on Pakistan Stock Exchange. The cement factory is located at Iskanderabad District Mianwali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

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

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

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

Kohinoor Capital Limited (KCL) was incorporated in Pakistan on 28 Nov 2018 under the Companies Act, 2017 as a public company limited by shares. The principal object of KCL is to buy, sell, hold or otherwise acquire or invest its capital in any sort of financial instruments. KCL is a wholly owned subsidiary of MLCL.



VALUE CHAIN **ANALYSIS**

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

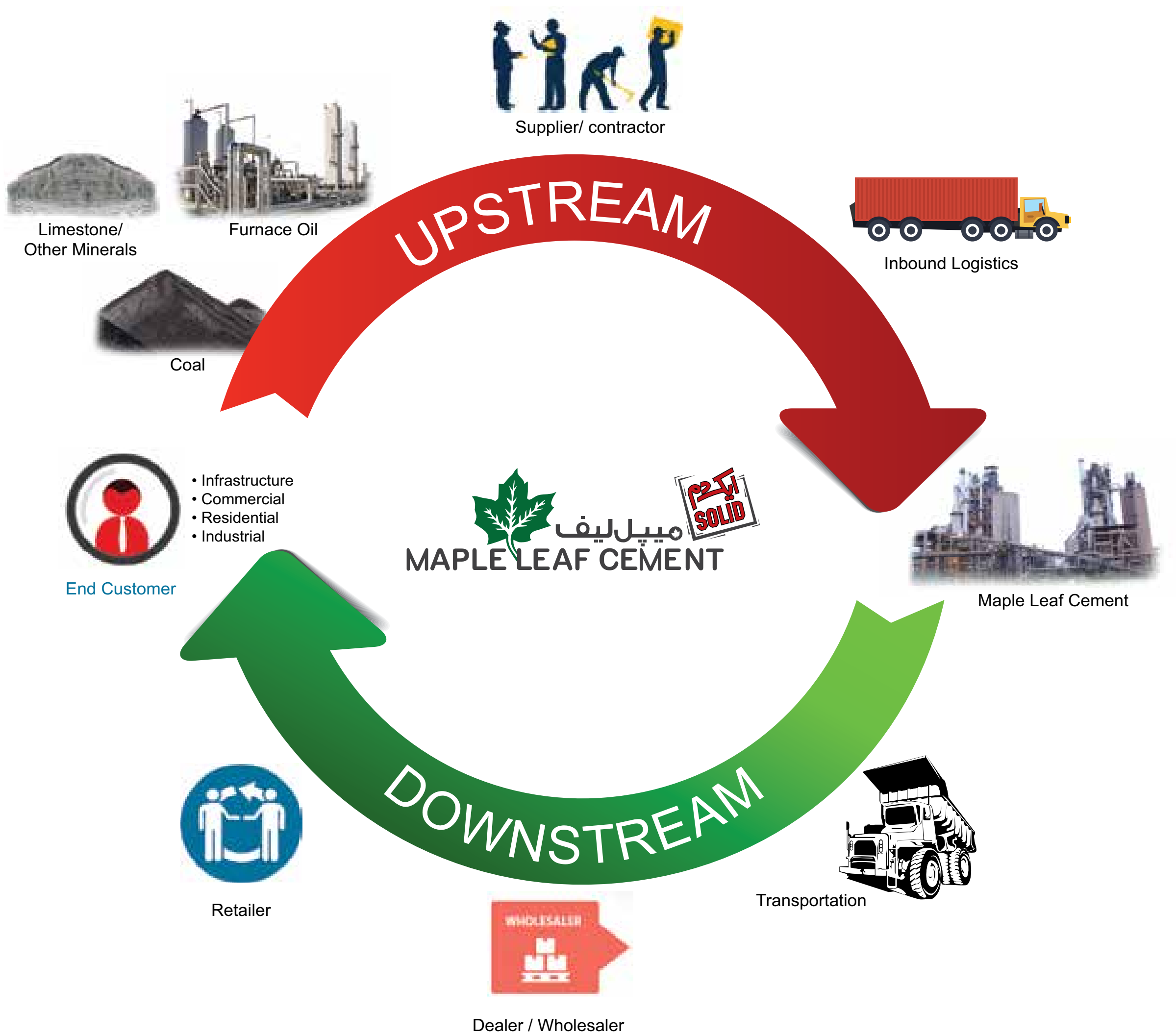
On the upstream part of value chain, raw material for cement manufacturing includes limestone, gypsum, clay, iron ore etc which mainly are excavated from mines either directly by the Company or through contractors. These materials are first excavated from mountains obtained on lease from the Minerals department, against which royalty is paid on a monthly basis. Coal used as fuel in the process is one of the major cost ingredients. MLCFL directly imports high quality coal from South Africa for use in the manufacturing process.

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

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

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

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



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

<table>
<tr><th>External Component</th><th>Factors</th><th>Organizational Response</th></tr>
<tr><td>Political</td><td>The decline in GDP growth, significant cut in PSDP and bleak economic situation.
Prolonged political unrest badly impacting the performance of Pakistan Stock Exchange (PSX).</td><td>Management proactively plans for different demand scenarios with the help of budgeting, forecasts and projections.
Exploring new export markets to efficiently utilize production capacities in response to reduction in sales volumetric growth in local market.
Regular market analysis by senior management and the board.
Conducting corporate briefings and roadshows, both at national and international level, to mitigate the impact of government policies and actions on the market capitalization of the company. It further helped increase and sustain foreign shareholding in the total capital structure of the company.</td></tr>
<tr><td>Economical</td><td>Price hike in major input costs especially fuel, power and packing materials.
Devaluation of local currency.
Inflation.</td><td>Commencement of commercial production of coal fired power project has resulted in a handsome decline in the overall power cost pool, which led to a reduction in per ton power cost.
The company met price hikes in input costs by;
a) Efficient procurement of coal and pet coke on account of better negotiation.

b) Transportation cost, being a major component of overall overhead cost, is curtailed by transportation agreement with Pakistan Railways.

c) Effective inventory management by meticulously reviewing inventory-holding periods.

d) Cost reduction initiatives to control production and non -production related fixed costs.
The company avoided the mammoth forex hit by paying maximum portion of LC of its expansion project of grey cement in advance, by obtaining due approval of the State Bank of Pakistan (SBP).</td></tr>
</table>

External Component	Factors	Organizational Response
Social	• Stakeholders' inclination towards CSR compliant organizations. • Better retention in organizations offering affordable health and educational facilities. • Attitude change towards welfare of public at large.	• Ensuring compliance with all requirements of Corporate Social responsibility (CSR). • Company has built a state of the art hospital at its plant site in collaboration with Al-Shifa Islamabad to provide health facilities to employees and general public. Furthermore, the Company has contributed to educational facilities for public at large "Al-Aleem medical college in Ghulab Devi Educational Complex. The construction of the said institute is at full swing and progress is monitored by a committee consisting of Company directors and other stakeholders. • Company regularly contributes a handsome amount of donation towards hospitals, schools, mosques and sports centers.
Technological	• Technical obsolescence of production facilities. • Continuous development of information technology infrastructures and Management Information Systems (MIS) software. • Communication infrastructure.	• Company has the most novel European plant from FLSmidth to avoid any risk of technical obsolescence. Additionally, company has added a new grey cement line from the same vendor. • Company continuously invests in the robust hardware and software for system up-gradation and MIS. Recently company has managed ERP and EAM modules for meeting latest reporting needs. • The company has ensured the provision of latest Microsoft outlook software to meet communication needs of all company personals internally and with all external stakeholder groups. • Company has developed a highly interactive Supply Chain Management Software that has been designed to track shipments and create online orders.

External Component	Factors	Organizational Response
Environmental	• Attitude towards and support for renewable energy. • Air pollution & deforestation • Lowering of underground water belt. • Growing attention towards "green" attitudes	• Company is successfully operating waste heat recovery project (WHRP) for electricity generation from emitted heat of the kilns. • Planting trees to limit the emission of harmful gases in the atmosphere and to ensure maintenance and lifting up the underground water level by reducing the evaporation process. • The company has been approved the standards of ISO 14001 and ISO 18001 for complying with an effective Environmental Management System (EMS) and Occupational Health and Safety Assessment Series (OHSAS) requirements.
Legal	• Enforcement of new Companies Act 2017. • Continuous amendment in the provisions of Income Tax Ordinance 2001 and Sales Tax Act 1990 resulting from finance bill on annual basis. • Amendments in the requirements of code of corporate governance, Pakistan Stock Exchange rules and the requirements of SECP Act. • Severe FBR actions to deter non- compliance and late payments. • Amendments in employment laws and industrial relations regulations.	• Company has engaged an efficient team of professionals to ensure compliance with all enacted and or substantially enacted statutes, acts and ordinances. It further equips the company with an up to date knowledge of all prevailing legal requirements. • Company ensures that all taxes and duties payments, whether income tax or sales tax, are made timely by having an effective cash management system in place. • The company has equipped itself with a competent legal team to make itself updated on employment and industrial laws. It further helps the management in complying with requisite updates on timely basis.

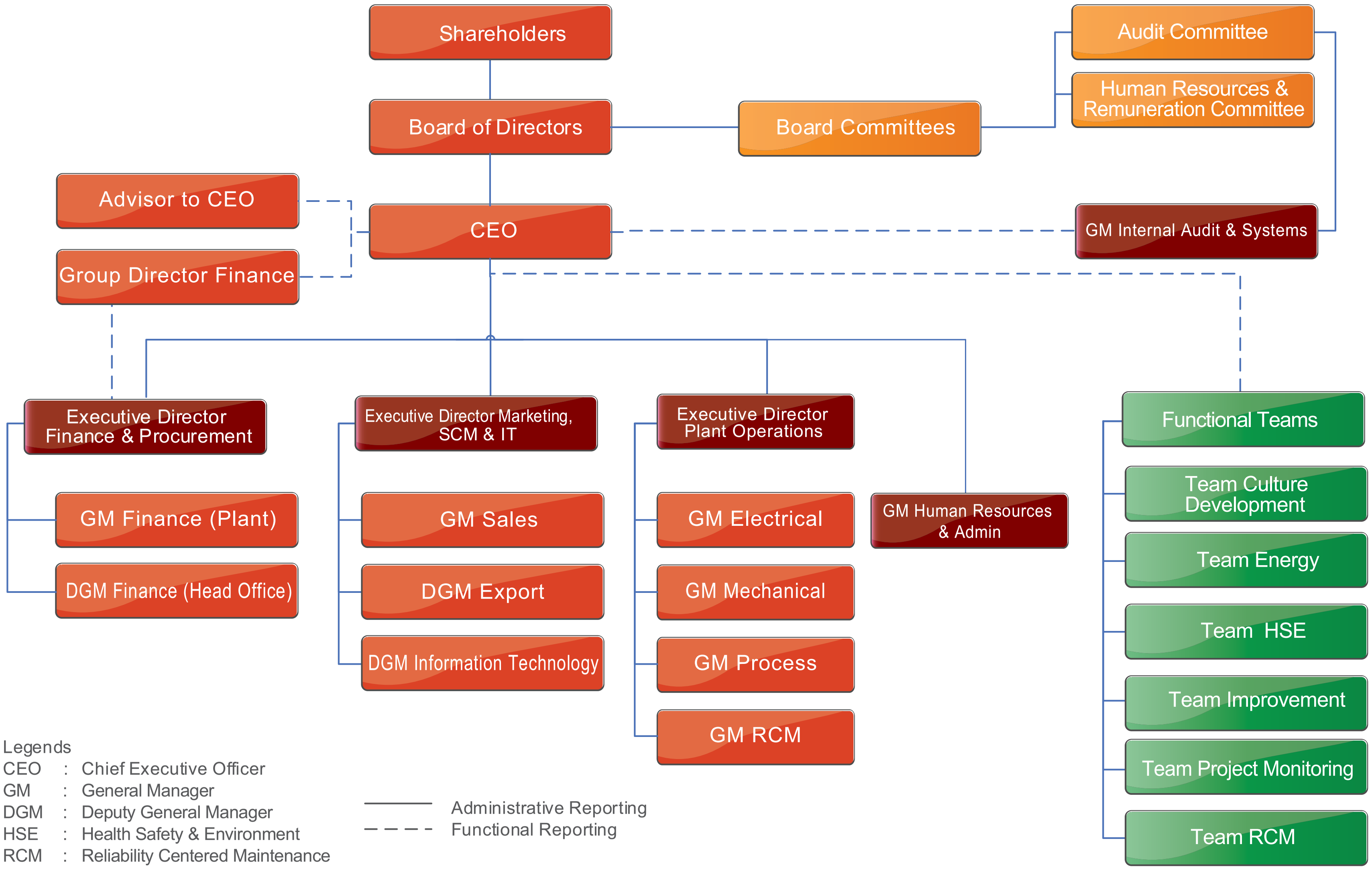
EFFECT OF SEASONALITY ON BUSINESS

Seasonality has no impact on Cement Production. Cement sales are higher in spring/summer months due to longer duration of the day, the sales fall in the monsoon and snowy season due to less construction work undertaken.

SIGNIFICANT CHANGES FROM PRIOR YEARS

In comparison to the prior years, the group structure has changed with the addition of Kohinoor Capital Ltd, a wholly owned subsidiary of Maple Capital Ltd. Moreover, there has been an addition of another regional sales office at Peshawar city for MLCFL. The external environment is constantly changing such as significant decline in PSDP during the year, constant rise in inflation, decrease in construction activities, hike in interest rates, the volatile coal prices globally followed by devaluation of Pak Rupee in comparison to US Dollar has affected profitability of the Company.

ORGANIZATION **CHART**



Legends
CEO : Chief Executive Officer
GM : General Manager
DGM : Deputy General Manager
HSE : Health Safety & Environment
RCM : Reliability Centered Maintenance

STATEMENT OF OVERALL STRATEGIC **OBJECTIVES 2019-2020**

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

Short Term Objectives

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

Medium Term Objectives

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

Long Term Objectives

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

MANAGEMENT'S OBJECTIVES **AND STRATEGIES**

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

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

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

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

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

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

ALLOCATION PLAN OF ENTITY'S **SIGNIFICANT RESOURCES**

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

HUMAN RESOURCES

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

FINANCIAL CAPITAL MANAGEMENT

The management of the Company has breadth of experience and knowledge of best practices in liquidity management pertaining to policies, processes, regulatory constraints, tax considerations and liquidity management system. Capital structure mainly consists ordinary share capital and long term/ short term debts. Management believes that there is no inadequacy in capital structure in the status quo.

STRATEGY TO OVERCOME LIQUIDITY RISK

The Company is highly efficient to manage liquidity risk and in order to cope with it, we invest only in highly liquid resources to mitigate the risk. Efficient utilization of available resources, better control over production overheads and better retention resulted in increased cash generation from operations and recovery of losses. The company continues with its plan to utilize the cash generated from operations for repayment of its debt on a timely basis, which will result in the reduction of financial cost and resultantly, net profit of the Company will be increased. In order to reduce liquidity risk, the company is considering and evaluating to issue right shares.

SIGNIFICANT PLANS AND DECISIONS DURING THE YEAR

Foreseeing the resumption of CPEC and dam projects, increased production capacities will be absorbed despite stagnant demand in local market.

During the year, the Company availed new long-term loans amounting to Rs. 3,553 million to finance project cost of new production line of cement. At the close of current financial year 2018-19, the Company was operating at the consolidated debt equity mix of 35:65 as compared to 31:69 computed for the preceding financial year. The Company has adopted the strategy to utilize maximum cash profits with minimal reliance on debt, allowing higher returns to shareholders whereas long term financing was only obtained for meeting the capital expenditures. Net cash generated from operations increased by Rs. 691 million as compared to Rs. 146 million in preceding financial year.

SIGNIFICANT CHANGES FROM PRIOR YEARS

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

KEY PERFORMANCE **INDICATORS (KPIs)**

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

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

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

RISKS AND
OPPORTUNITIES

OBJECTIVES:

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

A. STRATEGY FORMULATION

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

B. KEY RISKS AND OPPORTUNITIES OF CAPITALS

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

C. RISK ASSESSMENT

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

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

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

D. MATERIALITY APPROACH

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

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

E. RISK AND COUNTER MEASURES STRATEGY MATRIX

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

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

F. OPPORTUNITY ANALYSIS

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

Key opportunity	Impact area	Strategy to materialize
Resumption of CPEC projects, Naya Pakistan Housing Program, construction of new dams Source: External	Social and relationship capital and financial capital	The Company has enhanced its production capacity. Additionally, the company has one of the largest, most active marketing campaigns in the local cement industry. By directly engaging with dealers, distributers, suppliers, masons, drivers, the company builds lasting relationships along the value chain and forms a loyal customer base who recommend MLCFL portfolio.
Cost reduction by using innovative production technology Source: Internal	Manufactured capital	The Company, realising the importance of reducing electric costs, has an active waste heat recovery plant at site which converts heat from the kiln, which was previously lost, into energy. Furthermore, its coal fired power plant provides electricity to run its operations at a more economic rate.
Development of human relations/resource Source: Internal	Human capital	Developing the human resource is engraved in the company's mission statement and long term objectives. By conducting extensive trainings and through its development program, the human resource add value to the company with their professional ability, calibre and integrity.
Improvements in the business process Source: Internal	Financial capital	The Company is able to capture healthy profits through its ability to: 1. Operate at maximum capacity 2. Efficient cash management system 3. Making sound liquid investments 4. Effective control over inventory

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 59th Annual General Meeting of the members of Maple Leaf Cement Factory Limited (the "Company") will be held on Saturday, October 26, 2019 at 11:00 AM at 42-Lawrence Road, Lahore, the Registered Office of the Company, to transact the following business: -

ORDINARY BUSINESS:

26 October 11:00 am

1) To receive, consider and adopt the audited accounts of the Company including consolidated financial statements for the year ended June 30, 2019 together with the Chairman's Review, Directors' and Auditors' Reports thereon.

2) To approve final cash dividend for the year ended June 30, 2019 at Re. 0.50 per share i.e. 5%, as recommended by the Board of Directors.

3) To appoint Auditors for the year ending on June 30, 2020 and fix their remuneration. The Board has recommended, as suggested by the Audit Committee, the appointment of M/s. KPMG Taseer Hadi & Co., Chartered Accountants, the retiring auditors and being eligible offer themselves for re-appointment.

SPECIAL BUSINESS:

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

"Resolved by way of special resolution that consent and approval of Maple Leaf Cement Factory Limited (the "Company") be and is hereby accorded under Section 199 of the Companies Act, 2017 (the "Act") for investment in the form of loans/advances from time to time to Kohinoor Textile Mills Limited, the holding company, upto an aggregate sum of Rs.1,500 million (Rupees one thousand five hundred million only) for a period of one year commencing November 01, 2019 to October 31, 2020 (both days inclusive) at the mark-up rate of one percent above the three months KIBOR or one percent above the average borrowing cost of the Company, whichever is higher. Vide special resolution passed in general meeting held on October 27, 2018 by the shareholders, the Company was authorized to extend a facility of similar nature to the extent of Rs. 1,000 million which is valid till October 31, 2019.

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

5) To consider and, if thought fit, pass the following resolutions as Special Resolution with or without modification: -

"Resolved that the Authorised Share Capital of the Company be and is hereby increased from Rs. 9,000,000,000 divided into 900,000,000 Shares of Rs. 10/- each, comprising 800,000,000 Ordinary and 100,000,000 Preference Shares to Rs. 15,000,000,000 divided into 1,500,000,000 Shares of Rs. 10/- each, comprising 1,400,000,000 Ordinary and 100,000,000 Preference Shares of Rs. 10/- each.

Resolved further the Memorandum of Association of the Company be and is hereby altered by substituting the existing clause V with the following new clause: -

V. The Authorised Share Capital of the Company is Rs. 15,000,000,000 (Rupees fifteen billion only) divided into 1,500,000,000 (one billion five hundred million only) Shares of Rs.10/- (Rupees ten only) each, comprising 1,400,000,000 Ordinary and 100,000,000 Preference Shares with the power to increase or reduce the capital and to divide the shares in the capital for the time being into several classes in accordance with the provisions of the Companies Act, 2017 and any rules made thereunder, and to attach thereto respectively such preferential, deferred, qualified or special rights, privileges or conditions as may be determined by or in accordance with the Articles of Association or the Regulations of the Company for the time being, and to vary, modify or abrogate any such rights, privileges or conditions in such manner as may for the time being be provided by the Articles of Association or Regulations of the Company.

Resolved further that any Director or Company Secretary of the Company be and are hereby singly authorised to do all acts, deeds, things and to take any or all necessary actions to complete all legal formalities and file all necessary documents in this regards as they think fit on behalf of the Company".

6) To ratify and approve transactions conducted with the Related Parties for the year ended June 30, 2019 by passing the following special resolution with or without modification: -

"Resolved that the transactions conducted with the Related Parties as disclosed in the note 43 of the unconsolidated financial statements for the year ended June 30, 2019 and specified in the Statement of Material Information under Section 134(3) be and are hereby ratified, approved and confirmed."

7) To authorize the Board of Directors of the Company to approve transactions with the related parties for the financial year ending on June 30, 2020 by passing the following special resolution with or without modification: -

"Resolved that the Board of Directors of the Company be and is hereby authorized to approve the transactions to be conducted with the Related Parties on case to case basis for the financial year ending on June 30, 2020.

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

BY ORDER OF THE BOARD

Lahore: October 05, 2019

(Muhammad Ashraf)
Company Secretary

Notes:

1. The Share Transfer Books of the Company will remain closed from October 19, 2019 to October 26, 2019 (both days inclusive). Physical transfers / CDS Transaction IDs received at the Company's Share Registrar, M/s. Vision Consulting Ltd, 3-C, LDA Flats, First Floor, Lawrence Road, Lahore, at the close of business on October 18, 2019 will be considered in time for the purpose of final cash dividend and to determine voting rights of the shareholders for attending the meeting.

2. A member eligible to attend, speak and vote at this meeting may appoint another member as his/her proxy to attend, speak and vote instead of him/her. CDC beneficial owners and Proxy Holder must bring with them their Computerized National Identity Cards (CNIC)/Passports in original to prove his/her identity. In case of Proxy, CDC beneficial owners and Proxy Holder must enclose an attested copy of their CNIC/ Passport with Proxy Form. Proxies in order to be effective must be received at the Company's Registered Office not later than 48 hours before the time for holding the meeting. A member shall not be entitled to appoint more than one proxy.

3. In case of corporate entity, the Board of Directors' resolution / power of attorney with specimen signature of the nominee (unless it has been provided earlier) should be attached with the proxy form or may be provided at the time of meeting.

4. Members holding aggregate 10% or more shareholding, residing in a city other than Lahore, may demand the facility of video link for participation in the annual general meeting.

   In this regard, please fill the following and submit at the Registered Office of the Company situated at 42-Lawrence Road, Lahore, at least 07 days prior to the date of Annual General Meeting.

   "I/We, ____________________ of ______ ____________________________, being a member of Maple Leaf Cement Factory Limited, holder of __________ Ordinary

Share(s) as per Registered Folio / CDC A/c # _______ hereby opt for video conference facility at ___________.

Signature of Member / Attorney"

(Please affix company stamp in case of corporate entity)

5. The Members, who desire for receiving the annual audited financial statements and AGM Notice through e-mail, are requested to send their written consent on a Standard Request Form available on website www.kmlg.com in order to avail this facility. The audited financial statements for the year ended June 30, 2019 are available on website of the Company. Further, the Company has sent its Annual Report 2019 through CD/DVD/USB to the shareholders at their available Registered Addresses instead of hard copy. However, hard copy of Annual Report will be provided free of cost on written request of the shareholder.

6. Shareholders are requested to notify / submit the following information & documents, in case of book entry securities in CDS to their respective CDS participants and in case of physical shares to our Share Registrar, if not earlier provided / notified: -

a. Change in their addresses;

b. Pursuant to requirement of Section 242 of the Companies Act, 2017, any dividend payable in cash declared by a listed company shall only be paid through electronic mode directly into the bank account designated by the entitled shareholder. Accordingly, shareholders who have not yet provided / updated their International Bank Account Number (IBAN) details, are requested to furnish the information as provided on website of the Company on priority basis. In case of non-submission of IBAN of 24 digits, the Company will withhold the payment of dividends under the Companies (Distribution of Dividends) Regulations, 2017;

c. In case of non-submission of valid & legible copy of CNIC, the Company will be unable to comply with SRO 831(I)/2012 dated July 05, 2012 of SECP and will be constrained under the Companies Act, 2017 to withhold the payment of dividend to such shareholders;

d. Valid and legible copies of National Tax Number (NTN) or NTN Certificate(s) of corporate entities and must quote the company name and their respective Folio / CDC Account Numbers thereon while sending the copies to the Share Registrar of the Company;

e. Filer & Non-Filer shareholders will pay tax on dividend income @15% and 30% respectively. Therefore, please ensure that their name(s) have been entered into Active Taxpayers List (ATL) provided on website www.fbr.gov.pk of the Federal Board of Revenue (FBR), despite the fact that the shareholder is a filer, before the date of approval of cash dividend at the Annual General Meeting on October 26, 2019, otherwise tax on their cash dividend will be deducted @30% instead of 15%;

f. As per clarification of FBR, each joint holder is to be treated individually as either a 'Filer' or 'Non-Filer' and tax will be deducted on the basis of shareholding notified by each joint holder. Accordingly, such shareholder(s) may notify in writing within 07 days from entitlement date i.e. October 18, 2019 as per following format to our Share Registrar. If no notification is received to our Share Registrar, then it will be assumed that the shares are held in equal proportion by the principal shareholder and the joint holder(s): -

Folio / CDC Account No.	Total Shares	Principal Shareholder		Joint Shareholder(s)		Signature(s)
		Name & CNIC No.	Shareholding Proportion (No. of Shares)	Name & CNIC No.	Shareholding Proportion (No. of Shares)	

g. Valid income tax exemption certificate issued by the concerned Commissioner of Inland Revenue is to be furnished to the Company / Share Registrar in order to avail tax exemption u/s 150 of the Income Tax Ordinance 2001 (tax on dividend) where the statutory exemption under clause 47B of Part-IV of Second Schedule is available and want to avail exemption u/s 150 of the Ordinance, otherwise tax will be deducted under the provisions of laws;

h. Members are requested to submit their Notarized Declarations (CZ-50) as per Zakat & Ushr Ordinance, 1980 for zakat exemption, if they want to claim exemption towards non-deduction of zakat on cash dividend;

i. Pursuant to requirement of Section 244 of the Companies Act, 2017, shareholders who could not collect their cash dividends / physical shares, are advised to contact at the Registered Office of the Company to collect / enquire about their unclaimed dividends or physical shares, if any;

j. As per Section 72 of the Companies Act, 2017, every existing listed company shall be required to replace its physical shares with book-entry form in a manner as may be specified and from the date notified by the Commission, within a period not exceeding four years from the commencement of this Act, i.e. May 30, 2017.

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

k. For any query / information, the shareholders may contact with the Company Secretary at the above Registered Office and / or Mr. Abdul Ghaffar Ghaffari of Share Registrar, Vision Consulting Ltd, 3-C, LDA Flats, Lawrence Road, Lahore, Ph. Nos. (042) 36283096-97.

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

This statement sets out the material facts pertaining to the special business to be transacted at the Annual General Meeting of the Company to be held on October 26, 2019.

Agenda Item No. 4 Investment in Kohinoor Textile Mills Limited

Kohinoor Textile Mills Limited ("KTML"), the holding company, having its Registered Office at 42-Lawrence Road, Lahore, is manufacturer of yarn and cloth, processing and stitching the cloth and trade of textile products and its production comprise 157,488 ring spindles and 1,848 open end rotors capable of spinning a wide range of counts using cotton and man-made fibers. The weaving facilities at Raiwind comprise 288 looms capable of weaving wide range of greige fabrics. The processing facilities at the Rawalpindi unit are capable of dyeing and printing fabrics for the home textile market. The stitching facilities produce a diversified range of home textiles for the export market. Both the dyeing and stitching facilities are being augmented to take advantage of greater market access.

The Board of Directors of the Company in their meeting held on September 19, 2019 has approved Rs. 1,500 million as loans / advances, being a reciprocal facility, to KTML on the basis of satisfactory profit trend of KTML subject to approval of the members. The Company shall extend the facility of loans / advances from time to time for working capital requirements to KTML in accordance with an agreement in writing including all relevant terms and conditions as prescribed in the Regulations.

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

The information under clauses 3(1)(a), 3(1)(c) & 4(1) of the Companies (Investment in Associated Companies or Associated Undertakings) Regulations, 2017.

3(1)(a) Regarding associated company or associated undertaking:-

<table>
<tr><th>Ref. No.</th><th>Requirement</th><th>Information</th></tr>
<tr><td>(i)</td><td>Name of associated company or associated undertaking;</td><td>Kohinoor Textile Mills Limited
(the "KTML")</td></tr>
<tr><td>(ii)</td><td>Basis of relationship;</td><td>KTML is a holding company of Maple Leaf Cement Factory Limited (the "Company").</td></tr>
<tr><td>(iii)</td><td>Earnings per share for the last three years;</td><td>
<table>
<tr><th></th><th colspan="2">(Rupees)</th></tr>
<tr><th>Year</th><th>Basic</th><th>Diluted</th></tr>
<tr><td>30.06.2017</td><td>8.25</td><td>8.25</td></tr>
<tr><td>30.06.2018</td><td>5.64</td><td>5.64</td></tr>
<tr><td>30.06.2019</td><td>5.85</td><td>5.85</td></tr>
</table>
</td></tr>
<tr><td>(iv)</td><td>Break-up value per share, based on latest audited financial statements;</td><td>As on June 30, 2019
With revaluation surplus Rs. 56.69
Without revaluation surplus Rs. 43.85</td></tr>
<tr><td>(v)</td><td>Financial position, including main items of statement of financial position and profit and loss account on the basis of its latest financial statements;</td><td>Based on the audited financial statements for the financial year ended 30 June 2019, the financial position of KTML is as under: -
<table>
<tr><th>Particulars</th><th>Amount Rupees (000)</th></tr>
<tr><td>Paid up capital</td><td>2,992,964</td></tr>
<tr><td>Reserves</td><td>10,130,807</td></tr>
<tr><td>Surplus on revaluation of freehold land and investment properties</td><td>3,843,044</td></tr>
<tr><td>Current liabilities</td><td>6,450,732</td></tr>
<tr><td>Current assets</td><td>7,034,046</td></tr>
<tr><td>Revenue</td><td>21,220,135</td></tr>
<tr><td>Gross Profit</td><td>3,561,072</td></tr>
<tr><td>Operating Profit</td><td>2,692,046</td></tr>
<tr><td>Net Profit</td><td>1,750,644</td></tr>
<tr><td>Earnings per share (Rs.)</td><td>5.85</td></tr>
</table>
</td></tr>
</table>

General Disclosures: -

<table>
<tr><th>Ref. No.</th><th>Requirement</th><th colspan="2">Information</th></tr>
<tr><td>(i)</td><td>Maximum amount of investment to be made;</td><td colspan="2">Rs. 1,500 million (Rupees one thousand five hundred million only).</td></tr>
<tr><td>(ii)</td><td>Purpose, benefits likely to accrue to the investing company and its members from such investment and period of investment;</td><td colspan="2">Purpose: To earn income on the loans and/or advances to be provided to KTML from time to time for working capital requirements of KTML.

Benefits: The Company will receive mark up at the rate of one percent above the three months KIBOR or one percent above the average borrowing cost of the Company, whichever is higher. This shall benefit the Company's cash flow by earning profit on idle funds.

Period: For a period of one year from November 01, 2019 to October 31, 2020.</td></tr>
<tr><td rowspan="2">(iii)</td><td>Source of funds to be utilized for investment</td><td colspan="2">Loan and/or advance will be given out of own funds of the Company.</td></tr>
<tr><td>where the investment is intended to be made using borrowed funds, -
(I) Justification for investment through borrowings;
(II) Detail of collateral, guarantees provided and assets pledged for obtaining such funds; and
(III) Cost benefit analysis;</td><td colspan="2">N/A</td></tr>
<tr><td rowspan="6">(iv)</td><td rowspan="6">Salient features of agreement(s), if any, with associated company or associated undertaking with regards to the proposed investment;</td><td>Nature</td><td>Loan / advance</td></tr>
<tr><td>Purpose</td><td>To earn mark-up / profit on loan / advance being provided to KTML which will augment the Company's cash flow</td></tr>
<tr><td>Period</td><td>One Year</td></tr>
<tr><td>Rate of Mark-up</td><td>One percent above the three months KIBOR or one percent above the average borrowing cost of the Company, whichever is higher.</td></tr>
<tr><td>Repayment</td><td>Principal plus mark-up/profit upto October 31, 2020</td></tr>
<tr><td>Penalty charges</td><td>@ 3-months KIBOR plus one percent in addition to the outstanding amount(s).</td></tr>
</table>

Ref. No.	Requirement	Information
(v)	Direct or indirect interest of directors, sponsors, majority shareholders and their relatives, if any, in the associated company or associated undertaking or the transaction under consideration;	Investing Company i.e. the Company is a subsidiary company of KTML and Seven Directors are common in both the companies may be deemed to be interested to the extent of their shareholding. None of the Directors or their relatives or associates are interested in any of the above resolution in any way except as members of the Company.
(vi)	In case any investment in associated company or associated undertaking has already been made, the performance review of such investment including complete information/justification for any impairment or write offs; and	A similar nature of loan/advance facility of Rs.1,000 million from time to time for working capital requirements has been granted by the valued shareholders of the Company vide special resolution passed in the Annual General Meeting held on October 27, 2018 which is valid till October 31, 2019. There is no impairment and/or write off against the above facility.
(vii)	Any other important details necessary for the members to understand the transaction;	N/A

3(1)(c) Investments in the form of loans

Ref. No.	Requirement	Information
(i)	Category-wise amount of investment;	Short term loan for working capital requirement for a period of one year as dilated in preamble.
(ii)	Average borrowing cost of the investing company, the Karachi Inter Bank Offered Rate (KIBOR) for the relevant period, rate of return for Shariah Compliant products and rate of return for unfunded facilities, as the case may be, for the relevant period;	Average borrowing cost of the Company is 9.89% for the year ended June 30, 2019.
(iii)	Rate of interest, mark up, profit, fees or commission etc. to be charged by investing company;	Mark-up will be charged from KTML at one percent above the three months KIBOR or one percent above the average borrowing cost of the Company, whichever is higher.
(iv)	Particulars of collateral or security to be obtained in relation to the proposed investment;	No collateral is considered necessary since KTML is a holding company of the Company.

Ref. No.	Requirement	Information
(v)	If the investment carries conversion feature i.e. it is convertible into securities, this fact along with terms and conditions including conversion formula, circumstances in which the conversion may take place the time when the conversion may be exercisable; and	N/A
(vi)	Repayment schedule and terms and conditions of loans or advances to be given to the associated company or associated undertaking.	The loan / advance would be for a period of one year from November 01, 2019 to October 31, 2020 (both days inclusive). KTML will pay interest / mark-up on quarterly basis whereas repayment of principal amount shall be on or before October 31, 2020.

Information under Clause 4(1)

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

Name	%age of Shareholding in KTML	%age of Shareholding in the Company
Mr. Tariq Sayeed Saigol & his spouse	14.3755	0.0194
Mr. Taufique Sayeed Saigol	14.5090	0.0015
Mr. Sayeed Tariq Saigol	0.1286	0.0010
Mr. Waleed Tariq Saigol	0.0112	0.0010
Mr. Danial Taufique Saigol	0.0010	0.0005
Mr. Shafiq Ahmed Khan	0.0010	0.0014

Agenda Item No. 5 of the Notice - Increase in Authorized Share Capital

Maple Leaf Cement Factory Limited (the "Company") is a Public Listed Limited Company and its Registered Office is situated at 42-Lawrence Road, Lahore. The cement factory is located at Iskanderabad, District Mianwali in the province of Punjab. The principal activity of the Company is production and sale of cement. The Company is a subsidiary of Kohinoor Textile Mills Limited (the "Holding Company").

At present, the authorized share capital of the Company is Rs. 9,000,000,000 (Rupees nine billion only) divided into 900,000,000 shares of Rs. 10 each, comprising 800,000,000 ordinary and 100,000,000 preference shares of Rs. 10 each. The issued, subscribed and paid up ordinary share capital of the Company is Rs. 5,937,006,660 divided into 593,700,666 ordinary shares of Rs. 10 each.

The Board of Directors has recommended that the Memorandum of Association of the Company be substituted with the existing clause V of the Memorandum of Association with a view to cover any future increase in the Paid up Capital of the Company as and when necessary. Further, the authorized capital of the Company is being enhanced due to announcement of 85% Right Issue by offering 504,645,566 right shares of Rs. 10/- each to the existing ordinary shareholders of the Company at a price of Rs. 12/- per share (including premium of Rs. 2/- per share) in proportion of 85 Right Shares for every 100 ordinary shares held. The available cushion in ordinary authorized share capital of the Company is inadequate which necessitated to enhance the same. The Directors of the Company have no special or extra-ordinary interest, directly or indirectly, in the above resolutions except to the extent of their shareholding in the Company. The said alteration(s) will not affect anyone's interest unfavorably in the Company.

The Memorandum and Articles of Association of the Company has been kept at the Registered Office and can be inspected from 9:00 AM to 11:30 AM on all working days upto October 25, 2019.

Agenda Item No. 6 of the Notice - Ratification and approval of the related party transactions

Transactions conducted with the related parties have to be approved by the Board of Directors duly recommended by the Audit Committee on quarterly basis pursuant to clause 15 of Listed Companies (Code of Corporate Governance) Regulations, 2017. However, during the year since majority of the Company's Directors were interested due to their common directorships and therefore these transactions are being placed for the approval by shareholders in the Annual General Meeting. In last Annual General Meeting of the Company, in order to promote transparent business practices, the shareholders had authorized the Board of Directors to approve transactions with the related parties from time-to-time on case to case basis for the year ended June 30, 2019 and such transactions were deemed to be approved by the shareholders. Such transactions were to be placed before the shareholders in the next annual general meeting for their formal approval/ratification. Accordingly, these transactions are being placed before the shareholders in this meeting for their formal approval/ ratification.

All transactions with related parties to be ratified have been disclosed in the note 43 to the unconsolidated financial statements for the year ended June 30, 2019. Party-wise details of such related party transactions are given below: -

Sr. No.	Name of Related Party	Relationship	Description of Transactions	Rupees in thousand
1)	Kohinoor Textile Mills Limited	Holding Company (55.22% equity held)	Sale of goods and services	107,894
			Markup charged during the year	2,116
			Shared expenses charged to the Company	30,064
			Dividend paid	327,837
2)	Maple Leaf Power Limited	Subsidiary Company (100% equity held)	Sale of goods and services	118,601
			Long term loan from subsidiary	1,000,000
			Purchase of goods and services (inclusive of taxes)	4,846,881
			Markup charged during the year	10,108
			Coal received and returned during the year (2,288 tons)	396,382
			Shared expenses charged to the Company	448,152
3)	Key management personnel	-	Remuneration and other benefits	350,599
4)	Employee benefits			
	Gratuity	Post-employment benefit plan	Contribution	27,545
	Provident Fund Trust	Employees benefit fund	Contribution	175,250

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

The nature of relationship with these related parties has also been indicated in the unconsolidated financial statements for the year ended June 30, 2019. The Directors are interested in the resolution only to the extent of their shareholding and having their common directorships in such related parties.

Agenda Item No. 7 of the Notice – Authorization for the Board of Directors to approve the related party transactions during the year ending on June 30, 2020

The Company shall be conducting transactions with its related parties during the year ending on June 30, 2020 as per the approved policy with respect to 'transactions with related parties' in the normal course of business. The majority of Directors are interested due to their common directorships in the subsidiary/associated companies. In order to promote transparent business practices, the shareholders are required to authorize the Board of Directors to approve transactions with the related parties from time-to-time and on case to case basis for the year ending on June 30, 2020, which transactions shall be deemed to be approved by the Shareholders. The nature and scope of such related party transactions is explained above. These transactions shall be placed before the shareholders in the next AGM for their formal approval/ratification.

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

CHAIRMAN'S **REVIEW**

I am pleased to present the annual report and audited financial statements of the Company for the year ended 30th June, 2019 to our valued shareholders. Significant aspects of performance of your Company have been shared with you during the course of the financial year 2018-19. The Management of the Company is encouraged by the future prospects and expects to continue to demonstrate satisfactory performance through its efforts and strategic directions provided by the Board.

Pursuant to requirement of the Listed Companies (Code of Corporate Governance) Regulations, 2017, mechanism has been put in place for annual evaluation of the performance of the Board of Directors (the "Board") of Maple Leaf Cement Factory Limited (the "Company"). The main objective of this exercise is to internally evaluate the performance of the Board and its Committees in order to facilitate the Management and to play an effective role as a coordinated team for the success of the Company. Strategic goals for the Management have been earmarked for the coming year and the Board's effectiveness is measured in the context of achievement of such objectives. Accordingly, the Board has completed its annual self-evaluation for the year 2019 and I am pleased to report that the overall performance benchmarked on the basis of criteria set for the year 2019, remained satisfactory. Such assessment was based on standards set by the Board in line with best corporate governance practices.

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

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

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

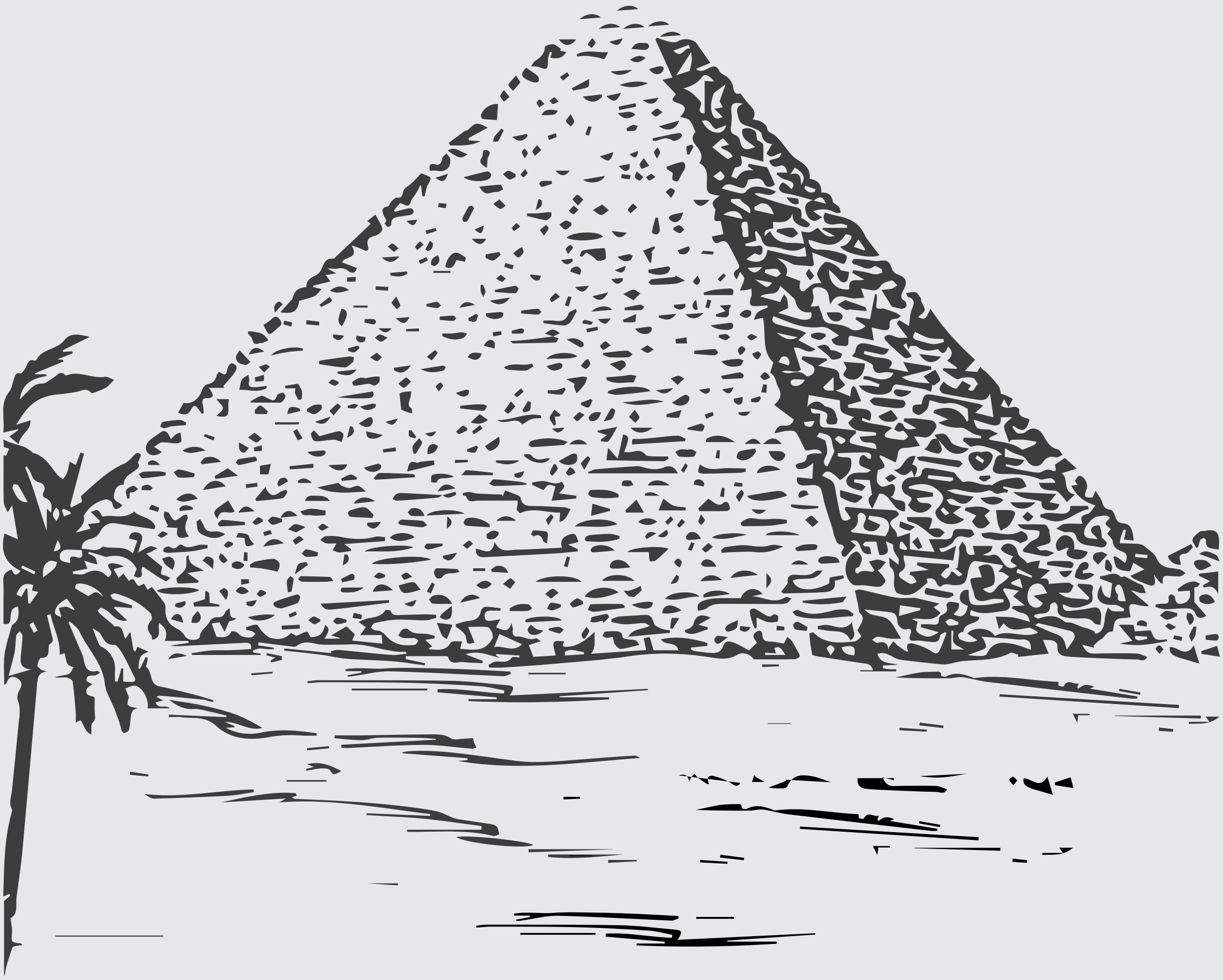
DILIGENCE: The Board reviews the quality and appropriateness of financial statements of the Company, reporting and transparency of disclosures, Company's accounting policies, corporate objective plans, budgets and other reports. The meetings of the Board are held at required frequencies and agenda along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

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

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

(Tariq Sayeed Saigol)
Chairman

Lahore: September 19, 2019



PYRAMID OF EGYPT

Pyramids, a construction made of quarried limestone which is the main raw material of cement, as well as concrete like blocks cast from crushed limestone sludge fortified with dollops of kaolinite clay, silica and natural desert salts.The Great Pyramid of Giza is the oldest and largest of the three pyramids in the Giza pyramid complex bordering present-day El Giza, Egypt. Some Egyptologists believe that the pyramid was thus built as a tomb over a 10- to 20-year period concluding around 2560 BC. Initially standing at 146.5 metres (481 feet), the Great Pyramid was the tallest man-made structure in the world for more than 3,800 years.

DIRECTORS' REPORT
TO THE SHAREHOLDERS

In compliance with Section 227 of the Companies Act, 2017, the Directors of your Company have pleasure to present standalone and consolidated audited financial statements for the year ended 30th June 2019.

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

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

	Year Ended June 30		Variance	
	2019	2018	Amount	%age
	(Rupees in thousand)			
Net Sales Revenue	26,005,944	25,684,164	321,780	1.25%
Gross Profit	6,061,596	8,031,971	(1,970,375)	-24.53%
Operating Profit	3,890,149	5,925,786	(2,035,637)	-34.35%
Finance Cost	1,231,011	589,946	641,065	108.67%
Profit Before Taxation	2,659,138	5,335,840	(2,676,702)	-50.16%
Taxation	198,877	763,035	(564,158)	-73.94%
Profit After Taxation	2,460,261	4,572,805	(2,112,544)	-46.20%
Earnings Per Share (Rs.)	4.14	7.92	(3.78)	-47.73%

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

	Year Ended June 30		Variance	
	2019	2018	Amount	%age
	(Rupees in thousand)			
Net Sales Revenue	26,005,944	25,699,113	306,831	1.19%
Gross Profit	4,917,080	7,022,551	(2,105,471)	-29.98%
Operating Profit	2,836,733	5,039,357	(2,202,624)	-43.71%
Finance Cost	1,172,557	644,121	528,436	82.04%
Profit Before Taxation	1,664,176	4,395,236	(2,731,060)	-62.14%
Taxation	198,877	763,035	(564,158)	-73.94%
Profit After Taxation	1,465,299	3,632,201	(2,166,902)	-59.66%
Earnings Per Share (Rs.)	2.47	6.29	(3.82)	-60.73%

Standalone financial highlights of the Company are based on power cost supplied by MLPL at NEPRA approved base tariff of Rs. 12.92 /KWH.

During the financial year 2018-19, capacity utilization and dispatches declined in comparison to last year's performance, as evident from the data shown below: -

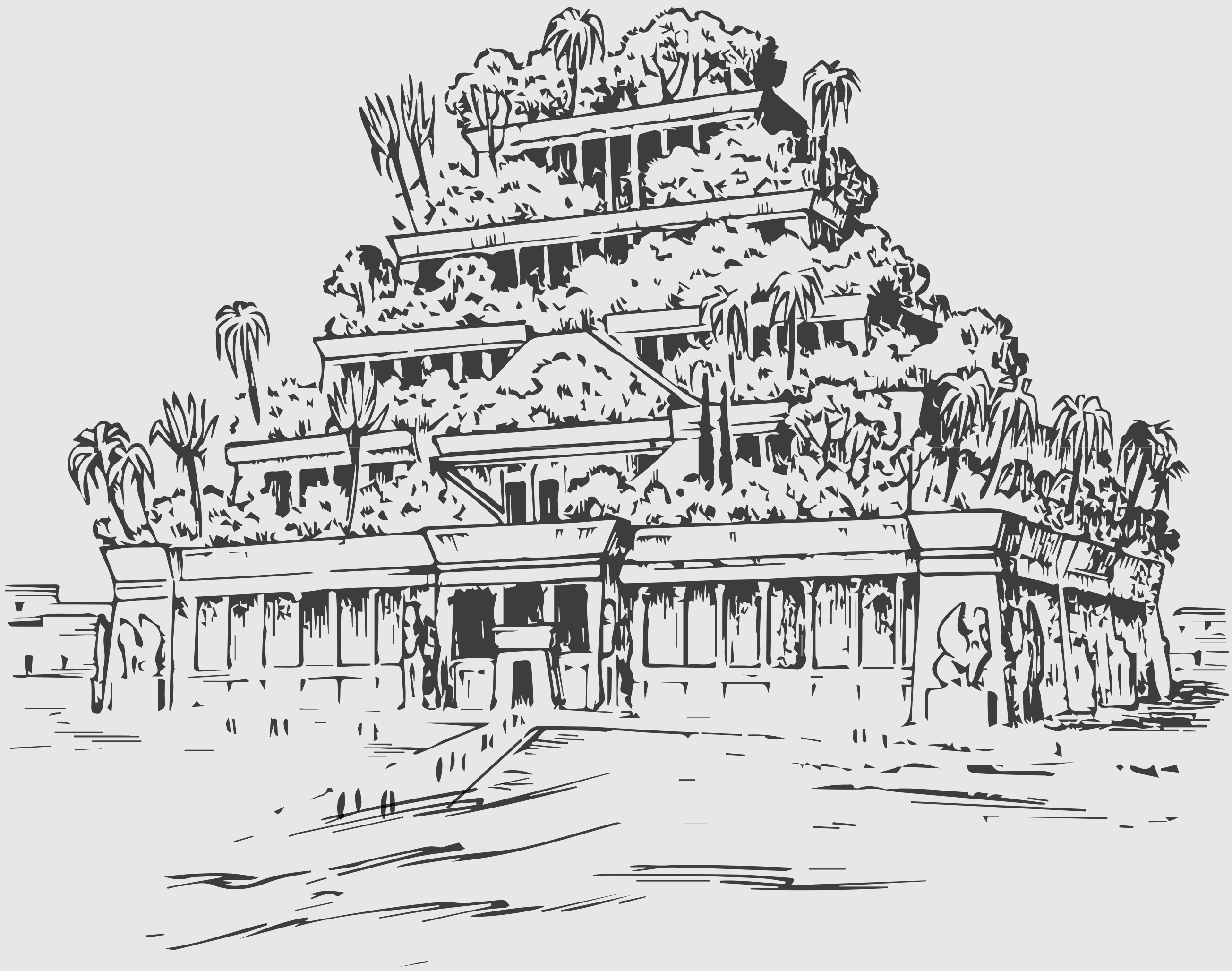
	July to June		Variance	
	2019	2018	Change	%age
	--------------------M.Tons---------------			
Production				
Clinker Production	3,541,743	3,529,876	11,867	0.34%
Cement Production	3,638,313	3,760,120	(121,807)	-3.24%
Sales				
Domestic	3,338,606	3,487,492	(148,886)	-4.27%
Exports	334,671	276,343	58,329	21.11%
	3,673,278	3,763,835	(90,557)	-2.41%

Total Sales volume of 3,673,278 tons depicts a decrease of 2.41% over 3,763,835 tons sold during last year. The domestic sales volume declined to 3,338,606 tons registering a decrease of 4.27% and exports sales volume to 334,671 tons, an increase of 21.11% from last financial year.

During the year 2018-19, the Company recorded net consolidated sales of Rs. 26,006 million against Rs. 25,684 million in comparative year. Local despatches witnessed a decline of 4.3% but the price stability in the local market during the first three quarters of financial year 2018-19 has mitigated to some extent the adverse impact on turnover due to decline in local sales. The decline in local dispatches is mainly attributable to sluggish economic activity due to cuts in Public Sector Development Program (PSDP) and lower private sector spending on account of economic instability and lack of clear direction of the new Government after general elections held on July 25, 2018. The budgetary cuts in PSDP allocation have directly impacted local cement sales uplift. Moreover, uncertainties created due to weak macroeconomic conditions have also impacted the economy throughout the current financial year.

Decline in local sales mix and the devaluation of Pak Rupee in terms of US Dollar have driven cement exports. During the current financial year, the Company's export volumes started picking up at an encouraging growth rate of 21.1% to reach 334,671 metric tons. However, margins remain tiny due to higher input costs and competition in international markets. Therefore, long term sustainability is dependent on the level of competition in international market. 200% import duty imposed in India on goods exported from Pakistan has clogged cement exports to India. This has particularly impacted cement companies located in North region. Cement exports to India are currently halted following developments in occupied Kashmir.

The Company was able to avoid the likely adverse impact on its profitability due to increase in electricity tariff by NEPRA. The Company relied mainly on its internal power generation sources to meet its electricity requirements which includes coal fired power plant (CFPP) setup as wholly- owned subsidiary, Maple Leaf Power Limited (MLPL), a cost competitive advantage to the Company. After Waste Heat Recovery Power Plant, CFPP is the cheapest source of electricity for the Company. Despite increase in fuel cost especially due to aforementioned hike in coal prices specially during the first half of current financial year, higher sea freight cost on account of increase in international oil prices and the devaluation of Pak rupee against US dollar, the Company was able to keep its fuel and power costs under control along with advantage derived by use of pet coke which is cost effective due to higher energy content and prudent purchases

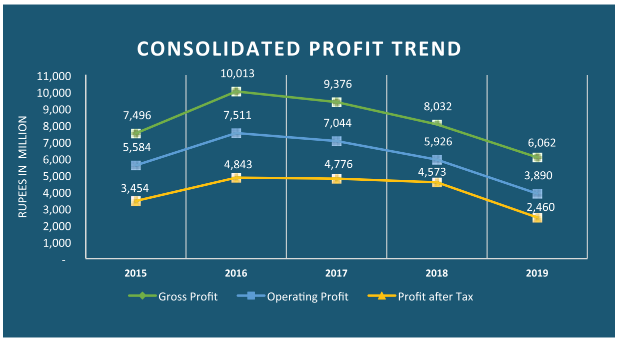


HANGING GARDEN OF BABYLON

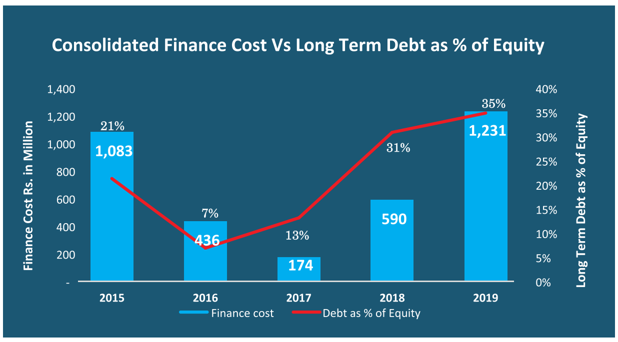
The Hanging Gardens of Babylon were one of the Seven Wonders of the Ancient World, described as a remarkable feat of engineering with an ascending series of tiered gardens containing a wide variety of trees, shrubs, and vines, resembling a large green mountain constructed of mud bricks, and said to have been built in the ancient city of Babylon. The structure of the gardens are made of brick bonded with cement with a layer of lead and then piled with soil.

at cheaper rates during the current financial year. However, landed cost of coal has also substantially increased due to implementation of axle load on national highways and shifting of discharge port to PIBTL from KPT under government orders which is expensive. The Company is benefitting from lower inland transportation costs through transport via the railway network resulting in reasonable savings. The contract with Pakistan Railways for transportation of coal from port to our plant site was extended till June 2021.

On account of aforementioned factors impacting cost of production, the Company achieved consolidated gross profit of Rs. 6,062 million during the year with a decrease of 24.5% from Rs. 8,032 million reported last year.



The decline in gross profits accompanied by inflationary increase in operational expenses has impacted consolidated operational margins. Increased spending in marketing expenses depicts accelerated branding and dealer engagement activities. Consolidated operating profit for the year is Rs. 3,890 million, with a decrease of 34.4% as compared to Rs. 5,926 million during the last year.



Finance costs during the reporting period increased to Rs. 1,231 million as compared to Rs. 590 million during the last year. Increase in finance cost mainly stems from the continuous hike in policy rate by State Bank of Pakistan and partially relates to borrowing cost for new line 3 after its capitalization on May 21,2019. Due to drawdown during the year for line 3, long term debt to equity reached 35%.

The Company recorded consolidated pre-tax profit of Rs. 2,659 million for the current financial year against consolidated pre-tax profit of Rs. 5,336 million in corresponding year. Taxation component pertains only to Maple Leaf Cement Factory Limited's standalone operations and amounted to Rs. 199 million for the reporting period, down by Rs 564 million on account of minimum tax charge on turnover due to initial and first year depreciation allowances on new plant. Current year tax charge also reduced due to 5% tax credit under section 65B of Income Tax Ordinance 2001 on installation of new plant and machinery.

All the above factors have impacted post-tax consolidated profits for the reporting period to register a decline of 46.2% at Rs. 2,460 million against Rs. 4,573 million in the bottom line for corresponding financial year.

Profits earned from Maple Leaf Power Limited (MLPL), a wholly owned subsidiary of the Company, established to install and operate 40 MW imported coal-fired captive power plant MLPL are exempt from charge of income tax. MLPL has earned tax-free net profit of Rs. 1,004 million during the current financial year 2018-19. Power generation from this plant has led to decent savings in input cost on account of reduced electricity unit cost when compared to FESCO and has favourably impacted consolidated results. Moreover, self-generation of power has reduced the Company's reliance on national grid.

Dividend

Keeping in view the results, the Board of Directors has announced final cash dividend @5% i.e. Re.0.50 per share.

Right Issue

To reduce current debt levels and to improve debt/equity leverage, the Board of Directors have decided to raise a sum of Rs. 6,056 million by way of right issue. This will help the Company to better face the adverse impact on profitability on account of higher interest costs. It is being proposed to issue 85% right shares of Rs. 10/- each at a price of Rs. 12/- per share (inclusive of premium of Rs. 2/- per share). This will also result in increase in profit available for appropriation i.e. profit available for distribution to shareholders as dividend and to meet any future capital expenditures.

Therefore, it is proposed to issue 85% right shares of Rs. 10/- each at a price of Rs. 12/- per share (inclusive of premium of Rs. 2/- per share).

Adequacy of Internal Control

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

Management's Responsibility Towards Preparation and Presentation of Financial Statements

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

Auditors

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

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

Default of Payments, Debt/Loan

Adhering to the best business practices, the Company recognizes its responsibility of timely repayments of due amount. No default on payment of loan/debts was recorded during the year under review.

Subsequent Events

No material changes or commitments affecting the financial position of the Company have occurred between the end of the financial year of the Company and the date of this report. However, it may be noted that the Board has approved issuance of right shares.

Change in Nature of Business

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

CAPITAL PROJECTS AND THE RATIONALE BEHIND CAPEX ALLOCATIONS

Foreseeing the future of CPEC, anticipated increase in construction activities in Pakistan and prospective growth in cement export markets, during the year the Company has completed expansion of its production facility.

New production line having grey clinker production of 7,300 tons per day, a brown field expansion at the Company's existing site in Iskandarabad has started its commercial operations as of May 21,2019. As a result of this expansion, total grey clinker capacity has increased to 18,000 tons per day. Total cost of the project capitalized during the year is Rs. 25.3 billion. This cost also includes borrowing cost related to project and the impact of devaluation of Pak Rupee. The plant is of Danish origin and from the world's leading cement plant supplier M/s FLSmidth A/S Denmark. The main contract for the civil and mechanical work was awarded to Descon Engineering Limited whereas the overall project was supervised by M/s FLSmidth A/S, Denmark.

The plant is currently running at its rated capacity. New production line is fuel and energy efficient having 75% guaranteed usage of petcoke as kiln fuel. Petcoke is cheaper than coal due to its higher calorific value content and resultantly has reduced the overall cost of grey cement.

Business Rationale of Capital Expenditure

Plant related capital expenditure for the next financial year 2019-20 is planned to be approx. Rs. 600 million. This planned spending will cater the sum required to finance Balancing Modernization and Replacement projects for the financial year 2019-20. These projects will help to maintain and further improve the efficiency of existing plants.

NON-FINANCIAL PERFORMANCE

Quality, customer's satisfaction, employee's development and professional standards are Company's key areas where management has taken necessary measures to improve them. The Company is currently producing and supplying high-quality products which ensure maximum satisfaction to the customers. During the year, the Company has conducted various training courses for the development of existing human capital. The Company is maintaining a highly satisfactory relationship with all stakeholders. The Company has formed various committees which are responsible for the effective monitoring of key areas.

Impact on the Environment and Our Mitigating Efforts to Control Industry Effluents

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

i. Regular monthly environmental monitoring for stack emissions and effluents complying with National Environmental Quality Standards.

ii. The Company has state of the art FLSmidth A/S cement manufacturing technology, equipped with world class dust collection electrostatic precipitators and bag filters for environment protection.

iii. Massive Tree Plantation Program is being constantly undertaken for maintaining healthy and green environment as a part of Corporate Social Responsibility in coordination with District Officer (Environment), Mianwali.

iv. The Company has its own hospital and trauma centre at plant site. Keeping in view the occupational health of employees, regular first-aid and CPR training programs are conducted to ensure safe health of workers.

In recognition of Company's effort to promote environment friendly practices, The Professionals Network has declared Maple Leaf Cement Factory Limited as winner of 5th International Awards on Environment, Health & Safety for the year 2019 in the category of Waste Prevention Recycling.

CORPORATE SOCIAL RESPONSIBILITY

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

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

As of today, 40% of the work has been completed at site and is expected to complete by January 2020. Total cost to complete this project is expected to be rupees 160 million. A committee of the members of Board is formed for better monitoring and execution of this task.

The Company has also contributed in the past for medical social service projects and in this regard the Company donated a state-of-the-art Cardiac facility to the Gulab Devi Chest Hospital (GDCH) in Lahore by building Sayeed Saigol Cardiac Complex at GDCH. Kohinoor Maple Leaf Group has received "Corporate Social Responsibility National Excellence Award 2019" on account of its performance of various social obligations.

PRINCIPAL RISKS AND UNCERTAINTIES

i. The significant cut in PSDP during the year resulting in stagnant demand of cement.

ii. Lacklustre margin on export sales, barriers erected by cement importing countries and anti- dumping duty imposed by South Africa.

iii. Further Rupee devaluation will be resulting in escalation in coal prices and squeezing margins.

iv. Overall inflationary increase in operational expenses.

v. Increase in finance cost due to additional debt and enhancement of mark-up rates by banks.

vi. Head on competition amongst cement manufacturers on price as well as sales owing ambitious capacity additions.

Appropriation

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

Description	2019	2018
	Rupees in '000'	
Profit after tax	1,465,299	3,632,201
Final Cash Dividend for year 2018 Rs. 1/share (2017: Rs. 1.75/share)	(593,701)	(923,534)
Interim Cash Dividend for the year 2019 Rs. nil/share (2018: Rs. 1.5/share)	-	(890,551)
Total distribution of profit for the year	(593,701)	(1,814,085)
Balance Transferred to Retained Earnings	871,598	1,818,116

LEADERSHIP STRUCTURE

COMPOSITION OF BOARD OF DIRECTORS

Total Number of Directors:

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

Composition:

Independent Director...................................... 1
Other Non-Executive Directors 5
Executive Directors.. 2

NAME OF DIRECTORS AND BOARD MEETINGS

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

CATEGORY	NAMES	MEETINGS ATTENDED
Independent Director	Mr. Shafiq Ahmed Khan	3
Other Non-Executive Directors	Mr. Tariq Sayeed Saigol	4
	Mr. Taufique Sayeed Saigol	4
	Mr. Waleed Tariq Saigol	4
	Mr. Danial Taufique Saigol	4
	Mr. Zamiruddin Azar	4
Executive Directors	Mr. Sayeed Tariq Saigol	4
	Syed Mohsin Raza Naqvi	4

Leave of absence was granted to the Director(s) who could not attend the Board meetings.

Following Executive Directors are also Non-Executive Directors in other companies: -

CATEGORY	NAMES	NO. OF DIRECTORSHIPS IN OTHER COMPANIES
Executive Directors	Mr. Sayeed Tariq Saigol	2
	Syed Mohsin Raza Naqvi	2

Pursuant to requirement of the Listed Companies (Code of Corporate Governance) Regulations, 2017, the following Committees were constituted: -

AUDIT COMMITTEE

A total number of four meetings of the Audit Committee were held during the year. The attendance of each member was as under: -

NAME	DESIGNATION	MEETINGS ATTENDED
Mr. Shafiq Ahmed Khan	Chairman (Independent Director)	3
Mr. Zamiruddin Azar	Member (Non-Executive Director)	4
Mr. Waleed Tariq Saigol	Member (Non-Executive Director)	2
Mr. Danial Taufique Saigol	Member (Non-Executive Director)	4

Leave of absence was granted to the Member(s) who could not attend the meetings.

Mr. Shafiq Ahmed Khan, the Chairman Audit Committee was present in the last AGM held on October 27, 2018.

Board Annually Evaluates the performance of Board Committees including Audit Committee

HUMAN RESOURCE & REMUNERATION COMMITTEE

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

NUMBER OF MEETINGS HELD – 01 (All Members attended the meeting).

REMUNERATION TO NON-EXECUTIVE DIRECTORS / INDEPENDENT DIRECTORS

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

- No Director shall determine his/her own remuneration.

- Meeting fee of a Director other than regular paid Chief Executive, Sponsors and / or family Directors and full time working Director(s), shall be net of tax amounting to Rs. 10,000/- (Rupees ten thousand only) per meeting or as time to time determined by the Board for attending the Board and its Committee meetings.

- Any tax obligation against such payment applicable for the time being and/or amended hereinafter shall be borne by the Company.

- The Directors shall be entitled to be paid all reasonable expenses, including travelling, hotel charges and other expenses incurred by them for attending meetings and for other business conducted for and on behalf of the Company.

PATTERN OF SHAREHOLDING

Pattern of shareholding of the Company in accordance with the Companies Act, 2017 as at June 30, 2019 is annexed.

FUTURE OUTLOOK

Going forward, we expect cement demand in domestic market for the next financial year to maintain the same levels as reported in 2018-19 as compared to negative growth reported during current financial year. However, the cement industry is also keenly eyeing developments on CPEC and this opportunity is expected to prove to be of great benefit for the whole nation. Resumption of work is promised on CPEC projects due to collective measures of political and military leadership and it is expected to be a trigger to absorb future supply from new capacities, if CPEC contracts are materialized. However, current Government's focus on structural reforms particularly on reforms in taxation structure namely condition for CNIC based buying, penalizing non-filers with double withholding rates and enforcement level measures at FBR like compulsory registration of dealers are expected to put further pressure on overall economy and cement sector as well.

After the completion of further expansions in north region during the financial year 2019-20, there is increased pressure on cement supply side. This coupled with stagnant domestic demand has compressed cement sale price in the local market. We presume current cement prices to be at their bottom low level and expect no further drop in domestic market.

Global coal prices are also at low level, thus mitigating the adverse impact of devaluation of Pak Rupee. Any further devaluation will inflate coal landed prices along with other input costs. However, cost reduction efforts continue to be the focus in all operational areas and the Company has adopted various strategies to reduce cost including use of alternative fuels and optimized operations of the plant despite the recent rise in oil prices and devaluation of Pak Rupee.

Exports will continue to increase with the Company's efforts to explore new markets for both cement and clinker. We also expect that anticipated improvements in diplomatic relations between Pakistan and India will ease trade between neighbouring countries soon.

ACKNOWLEDGEMENT

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

For and on behalf of the Board

(Syed Mohsin Raza Naqvi)
Director

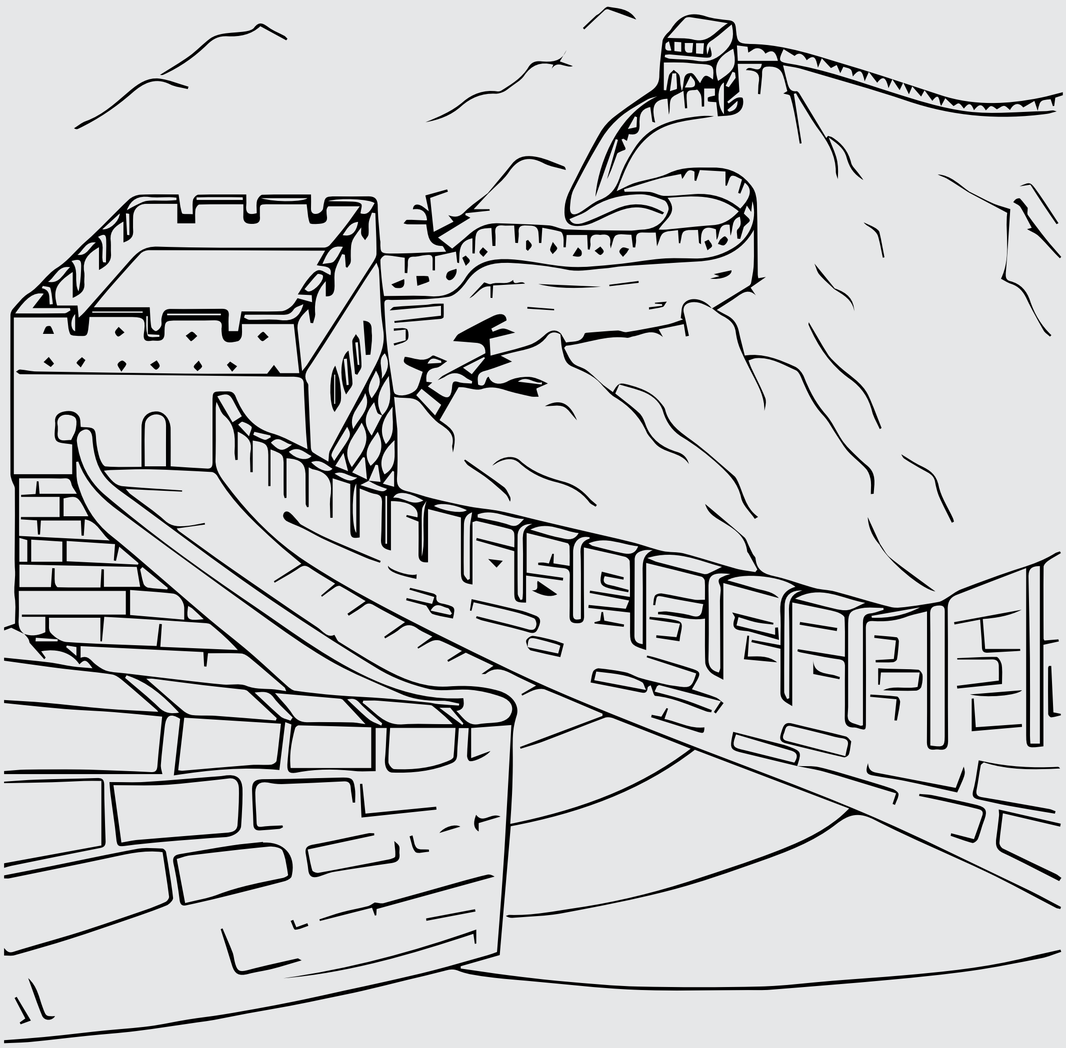
(Sayeed Tariq Saigol)
Chief Executive

Lahore: September 19, 2019

میپل لیف

MAPLE LEAF CEMENT

ایکدم SOLID



GREAT WALL OF CHINA

Built between the 5th century B.C. and the 16th century, the Great Wall of China is a stone-and-earth fortification created to protect the borders of the Chinese Empire from invading Mongols. The Great Wall is actually a succession of multiple walls spanning approximately 4,000 miles, making it the world's longest manmade structure. The secret of the strength and longevity of the Great Wall of China lies in the cement made from sticky rice.

STATEMENT OF **COMPLIANCE**

WITH THE LISTED COMPANIES (CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2017

Name of Company: Maple Leaf Cement Factory Limited
Year Ended: June 30, 2019

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

1. The total number of Directors is eight as per the following: -

   Male: 8
   Female: -

   The requirement of minimum number of female and independent Directors on the Board would be complied by within the time allowed by these Regulations i.e. next election of Directors due in December 2019.

2. The Composition of Board is as follows: -

CATEGORY	NAMES
Independent Director	Mr. Shafiq Ahmed Khan
Other Non-Executive Directors	Mr. Tariq Sayeed Saigol Mr. Taufique Sayeed Saigol Mr. Waleed Tariq Saigol Mr. Danial Taufique Saigol Mr. Zamiruddin Azar
Executive Directors	Mr. Sayeed Tariq Saigol Syed Mohsin Raza Naqvi

3. The Directors have confirmed that none of them is serving as a Director on more than five listed companies, including this Company.

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

5. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the Company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.

6. All the powers of the Board have been duly exercised and decisions on relevant matters have been taken by the Board / Shareholders as empowered by the relevant provisions of the Act and these Regulations.

7. The meetings of the Board were presided over by the Chairman. The Board has complied with the requirements of Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of the Board.

8. The Board of Directors have a formal policy and transparent procedures for remuneration of Directors in accordance with the Act and these Regulations.

9. In terms of Regulation 20 of the Code, the Company was required to ensure that at least 50% of the Directors on their Board have acquired prescribed certification under Directors' Training Program by 30 June 2019. The Board had arranged Orientation Courses for two of its Directors during the preceding years from recognized institutions of Pakistan that meet the criteria specified by the SECP whereas two Directors having the requisite educational qualification and experience on the Board(s) of Listed Companies are exempt from the Directors' Training Program for which SECP's approval has been obtained on 23 August 2019.

10. The Board has approved appointment of CFO, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations.

11. CFO and CEO duly endorsed the financial statements before approval of the Board.

12. The Board has formed committees comprising of members given below:

Audit Committee

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

Human Resource & Remuneration Committee

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

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

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

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

15. The Board has set up an effective internal audit function who are 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 ICAP and registered with Audit Oversight Board of Pakistan, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the ICAP.

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

18. We confirm that all other requirements of the Regulations have been complied with.

(TARIQ SAYEED SAIGOL)
CHAIRMAN

Lahore: September 19, 2019

KPMG Taseer Hadi & Co.
Chartered Accountants
351 Shadman-1,
Jail Road, Lahore 54000 Pakistan

Telephone +92(42) 111-KPMGTH (576484),
Fax +92(42)3742 9907
Internet www.kpmg.com.pk

INDEPENDENT AUDITOR'S **REVIEW REPORT**

To the members of Maple Leaf Cement Factory Limited

Review report on the Statement of Compliance contained In Listed Companies (Code of Corporate Governance) Regulations, 2017

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2017 ("the Regulations") prepared by the Board of Directors of Maple Leaf Cement Factory Limited ("the Company") for the year ended 30 June 2019 to comply with the requirements of regulation 40 of the Regulations.

The responsibility for compliance with the Regulations is that of the Board of Directors of the Company. Our responsibility is to review whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Regulations and report if it does not and to highlight any non-compliance with the requirement 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 financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board of Directors' statement on internal control covers all risks and controls or to form an opinion on the effectiveness of such internal controls, the Company's corporate governance procedures and risks.

The Regulations require the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval, its related party transactions and also ensure compliance with the requirements of section 208 of the Companies Act, 2017. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee. We have not carried out procedures to assess and determine the Company's process for identification of related parties and that whether the related party transactions were undertaken at arm's length price or not.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the requirements contained in the Regulations as applicable to the Company for the year ended 30 June 2019.

KPMG Taseer Hadi & Co.

Lahore
Date: 19 September 2019

KPMG Taseer Hadi & Co.
Chartered Accountants
(Bilal Ali)

BRIEF PROFILE
OF DIRECTORS

MR. TARIQ SAYEED SAIGOL
(CHAIRMAN / DIRECTOR)

OTHER ENGAGEMENTS

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

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

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

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

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

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

He takes keen interest in the development of education and health care in Pakistan. He has been a member of the Board of Governors of Lahore University of Management Sciences, Founding Chairman of the Board of Governors of Chandbagh School, Founder Trustee of Textile University of Pakistan, member of the Syndicate of University of Health Sciences and Member of Board of Governors of Aitchison College, Lahore. He presently serves on the Managing Committee, Gulab Devi Chest Hospital, Lahore.

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

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

MR. SAYEED TARIQ SAIGOL
(CHIEF EXECUTIVE / DIRECTOR)

OTHER ENGAGEMENTS

CHIEF EXECUTIVE / DIRECTOR
Maple Leaf Power Limited

DIRECTOR
Kohinoor Textile Mills Limited
Maple Leaf Capital Limited

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

MR. TAUFIQUE SAYEED SAIGOL
(DIRECTOR)

OTHER ENGAGEMENTS

CHIEF EXECUTIVE / DIRECTOR
Kohinoor Textile Mills Limited

CHAIRMAN / DIRECTOR
Maple Leaf Capital Limited

DIRECTOR
Maple Leaf Power Limited
Kohinoor Capital Limited

Mr. Taufique Sayeed Saigol is the Chief Executive of Kohinoor Textile Mills Limited and Director in all KMLG companies. He is a leading and experienced industrialist of Pakistan. He graduated as an Industrial Engineer from Cornell University, USA in 1974. He has widely travelled and his special forte is in the export business.

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

MR. WALEED TARIQ SAIGOL
(DIRECTOR)

OTHER ENGAGEMENTS

DIRECTOR
Kohinoor Textile Mills Limited
Maple Leaf Power Limited

CHIEF EXECUTIVE / DIRECTOR
Maple Leaf Capital Limited
Kohinoor Capital Limited

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

MR. DANIAL TAUFIQUE SAIGOL
(DIRECTOR)

OTHER ENGAGEMENTS

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

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

MR. ZAMIRUDDIN AZAR
(DIRECTOR)

Mr. Zamiruddin Azar has been actively involved in various corporate activities of the Kohinoor Maple Leaf Group. As a Non-Executive Director, he is also the Member of the Audit Committee as well as Human Resource and Remuneration Committee. With 35 years of experience at Glaxo Pakistan, Mr. Azar provides invaluable insight into project management, human resource development and administration.

MR. SHAFIQ AHMED KHAN
(DIRECTOR)

OTHER ENGAGEMENTS

DIRECTOR
Kohinoor Textile Mills Limited

Mr. Shafiq Ahmed Khan got his bachelor degree from Punjab University and joined Habib Bank Limited at entry level in 1968 and spent over a period of 24 years in order to become Executive Vice President while performing in different areas of services. In 1992, he spent a period of five years in Fidelity Investment Bank Limited, Lahore, as first President & CEO of a major investment bank in the country and guided with sound business and risk management.

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

SYED MOHSIN RAZA NAQVI

(DIRECTOR/GROUP DIRECTOR FINANCE / CHIEF FINANCIAL OFFICER)

OTHER ENGAGEMENTS

DIRECTOR / CHIEF FINANCIAL OFFICER
Kohinoor Textile Mills Limited

DIRECTOR
Maple Leaf Power Limited
Maple Leaf Capital Limited

Mr. Mohsin Naqvi is Fellow Member of the Institute of Chartered Accountants of Pakistan with over 30 years of Financial Management experience. His areas of expertise include: financial projections, forecasting-short term and long-term cash flows, business strategy development, acquisitions and evaluations of business units, establishing company's reporting structure, implementing budgetary control procedures, implementing financial software, organizing finance and treasury functions of the Company.

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

CORPORATE **BRIEFINGS**

MATTERS DECIDED AND DELEGATED BY BOARD OF DIRECTORS

Matters Decided by the Board of Directors

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

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

Matters Delegated to the Management

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

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

UNRESERVED COMPLIANCE OF INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS)

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

Financial statements for the year have been prepared in accordance with the accounting and reporting standards issued by IASB as are applicable in Pakistan. IFRS adoption status is in detail is explained in note 4 of annexed standalone financial statements.

ANNUAL EVALUATION OF BOARD PERFORMANCE

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

i. Adequate Board composition.
ii. Satisfactory processes and procedures for Board meetings.
iii. The Board sets objectives and formulates an overall corporate strategy
iv. The Board has set up adequate number of its Committees.
v. Each Director has adequate knowledge of economic and business environment in which the company operates.
vi. Each Board member contributes towards effective and robust oversight.

vii. The Board has established a sound internal control system and regularly reviews it.
viii. The Board reviews the Company's significant accounting policies according to the adequate financial reporting regulatory framework.
ix. The Board considers the quality and appropriateness of financial accounting and reporting and the transparency of disclosures.

Evaluation Criteria of Board Performance

Following is the main criteria:

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

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

CEO PERFORMANCE REVIEW

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

PERFORMANCE REVIEW OF BOARD COMMITTEES

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

FORMAL ORIENTATION TRAINING PROGRAM FOR DIRECTORS/ DIRECTORS' TRANING PROGRAM

In terms of Regulation 20 of Listed Companies (Code of Corporate Governance) Regulations, 2017, the Company was required to ensure that at least 50% of the Directors on their Board have acquired prescribed certification under Directors' Training Program by 30 June 2019. The Board had arranged Orientation Courses for two of its Directors during the preceding years from recognized institutions of Pakistan that meet the criteria specified by the SECP whereas two Directors having the requisite educational qualification and experience on the Board(s) of Listed Companies are exempt from the Directors' Training Program for which SECP's approval has been obtained on 23 August 2019.

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

QUALIFICATION OF CFO AND HEAD OF INTERNAL AUDIT

The Chief Financial Officer and the Head of Internal Audit possess the requisite qualifications and experience as prescribed in the Listed Companies (Code of Corporate Governance) Regulations, 2017.

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

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

No fee is paid to executive directors of the company by way of their appointment in other associated companies in the capacity of non-executive director. Moreover, none of our executive director is working as non-executive director in companies which are not associated companies.

FOREIGN DIRECTOR

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

IMPLEMENTATION OF GOVERNANCE PRACTICES EXCEEDING LEGAL REQUIREMENT

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

Following additional governance practices implemented by the management include:

- Disbursement of additional corporate and financial information to shareholders and legal authorities, although not required by any law, to make the Company's affairs more transparent and to give better insight of the Company's affairs, policies and strategies.

- Implementation of 5S policy to create a healthy and work friendly environment together with efficiency and effectiveness.

- Implementation of Health, Safety and Environment Policy for better and safe work place environment for employees, workers and surrounded community.

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

POLICY ON DIVERSITY

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

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

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

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PETRA JORDAN

Declared a World Heritage Site in 1985, Petra was the capital of the Nabataean empire of King Aretas IV, and likely existed in its prime from 9 B.C. to A.D. 40. A number of incredible structures carved into stone, a 4,000-seat amphitheater and the El-Deir monastery have also helped the site earn its fame. Petra concrete was based on a hydraulic setting cement, that cement concrete is durable due to its ingredient called volcanic ash.

CONFLICT OF INTEREST MANAGEMENT POLICY

Policy Statement

The company has the policy for actual and perceived conflicts of interest and measures are adopted to avoid any conflict of interest, identify the existence of any conflict of interest, and to disclose the existence of conflict of Interest. The Company annually circulates and obtains a signed copy of Code of Conduct applicable to all its employees and directors, which also relates to matters relating to conflict of interest. Further, it seeks to set out the process, procedures and internal controls to facilitate compliance with the Policy as well as to highlight the consequences of non-compliance with the Policy by all its employees and directors. The Company Policy provides a guide as to what constitutes a conflict of interest, the processes and procedures that are in place in order to facilitate compliance and, the consequences of noncompliance. The Policy is intended to assist directors and employees in making the right decisions when confronted with potential conflict of interest issues.

Management of Conflict of Interest:

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

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

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

INVESTORS' GRIEVANCES POLICY

The company believes that Investor services is a vital element for sustained business growth and we want to ensure that our Investors receive exemplary service across different touch points of the Company. Prompt and efficient service is essential to retain existing relationships and therefore, Investor satisfaction becomes critical to the Company. Investor queries and complaints constitute an important voice of Investor, and this policy details grievance handling through a structured grievance framework.

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

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

SAFETY OF RECORD

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

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

IT GOVERNANCE POLICY

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

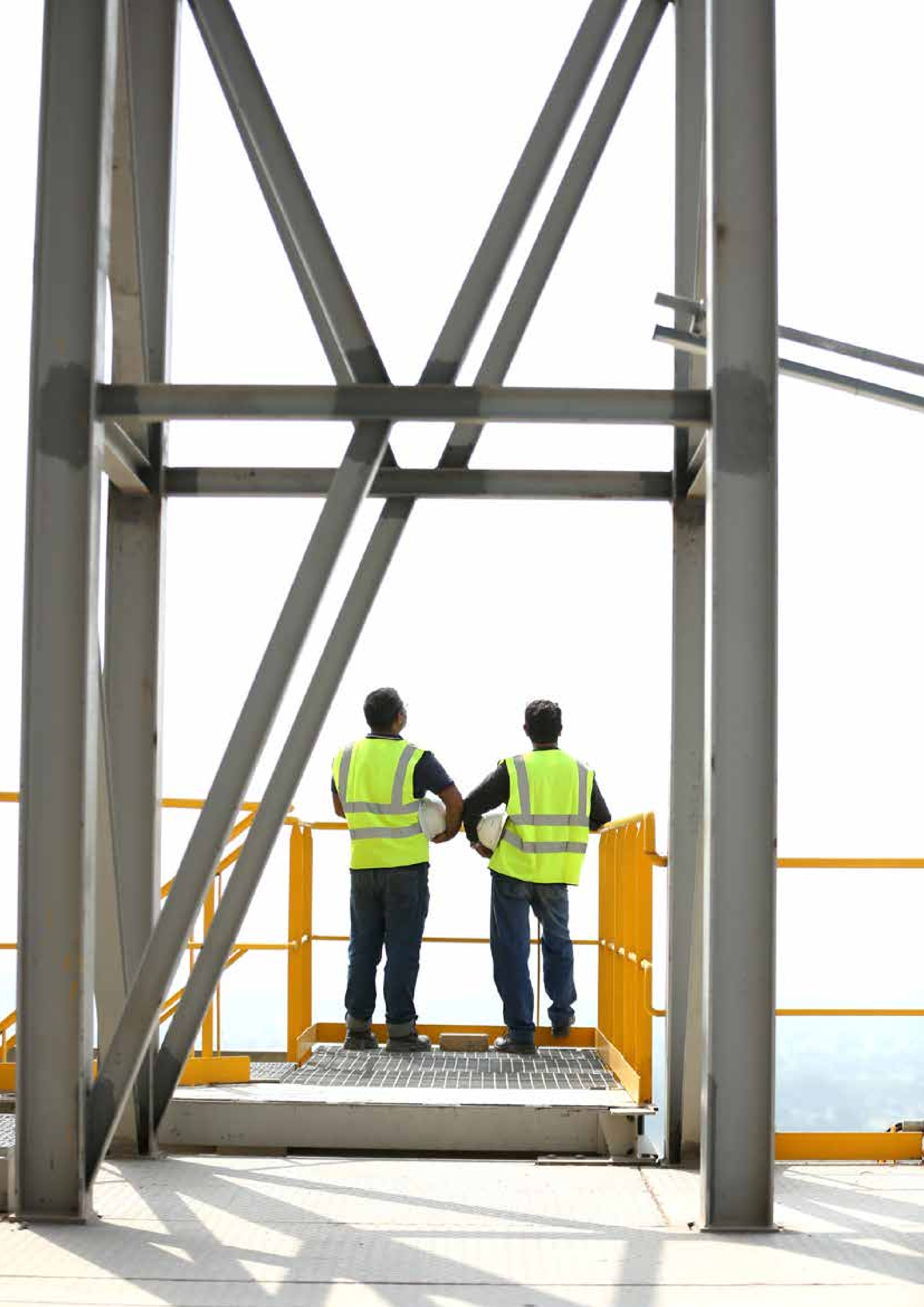
- It provides a structured decision-making process around IT investment decisions.
- Promotes accountability, due diligence, efficient and economic delivery of the Company's IT services.
- It lays down solid foundation for management decision making and oversight.
- Safeguard of Company's financial data.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

WHISTLE BLOWING POLICY

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

Highlights of the policy are as follows:

1. All Protected Disclosures should be addressed to the nominated Ombudsman of the Company.
2. The Protected Disclosures should be reported in writing clearly stating the issue that is being raised. It should be preferably typed but legible handwritten versions in English or Urdu are also acceptable.
3. The Protected Disclosures should be forwarded with a covering letter bearing the identity of the whistle blower.
4. Anonymous disclosures will not be entertained.
5. If in an initial enquiry by the Ombudsman, it is felt that the complaint is not substantial, it can be dismissed.
6. If initial enquiry establishes that further investigation is necessary, the Ombudsman will ensure that an investigation is carried out in a neutral and fair manner without presumption of guilt. A written request of the finding will be prepared.
7. Further investigation shall only be carried out if the Ombudsman feels that the complaint is factual, fair and not speculative. It should contain as much factual information to necessitate a preliminary investigation.



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

HUMAN RESOURCE MANAGEMENT

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

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

Succession Planning

The Company believes in proactive approach towards succession planning. We recruit employees, develop their knowledge, skills, abilities, and prepare them for advancement or promotion into ever more challenging roles. Rigorous succession planning is also in place throughout the organization. Succession planning ensures that employees are constantly developed to fill each needed role. We look for people who exemplify continuous improvement when we are spotting future successors. In this relation, the Company also expends a lot in terms of finances and time for the training of its resources as is evident from the below trainings organized by the Company:

1. Emotional Intelligence
2. Effective Communication Skills
3. Project Management
4. Kiln Alignment
5. Supply Chain Management
6. Simatic Program Logic Controllers
7. Situational Leadership II
8. Building Impactful Brands
9. Benchmarking Session
10. Management Development Program
11. HSE Emergency Response Training
12. Developing Future Leaders
13. Junior Management Training Program "Hum Mein Hai Dum"

Approved Training Organization – ICAP & ICAEW

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

SOCIAL AND ENVIRONMENTAL RESPONSIBILITY POLICY

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

Social Responsibility Policy:

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

Environmental Responsibility policy

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

Policy On Corporate Social Responsibility

The company has formulated an efficient policy for sustainability and corporate social responsibilities in accordance with the SECP's CSR guidelines 2013 and the Companies' Act 2017. The Board has put in place a CSR committee which is formed for better monitoring and execution of all CSR related tasks including the Al-Aleem Medical College, in Ghulab Devi Chest Hospital. This committee supervises all CSR activities and ensures the progress of all CSR related goals, objectives and targets. The committee plans and determines the priority areas wherein the CSR projects are currently being managed (ongoing projects) and are planned to be initiated in the future. The Company has received yet again the "Corporate Social Responsibility Award 2019" demonstrating management's firm philanthropist attitude towards social welfare of the society at large through charitable contributions and compliance with CSR objectives.

BUSINESS CONTINUITY AND DISASTER RECOVERY PLAN

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

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

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

5) Ensure a centralized executive view of the business continuity plan and programs.

RELATED PARTY TRANSACTIONS

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

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

TRANSACTION / TRADE OF COMPANY'S SHARES

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

ROLE OF CHAIRMAN AND THE CEO

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

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

TERMS OF REFERENCE OF **BOARD COMMITTEES**

Audit Committee

The main terms of reference of the Audit Committee of the Company include the following:

a. Determination of appropriate measures to safeguard the Company's assets;

b. Review of quarterly, half-yearly and annual financial statements of the Company, prior to their approval by the Board of Directors, focusing on:

- Major judgmental areas;
- Significant adjustments resulting from the audit;
- The going concern assumption;
- Any changes in accounting policies and practices;
- Compliance with applicable accounting standards;
- Compliance with listing regulations and other statutory and regulatory requirements and
- Significant related party transactions.

c. Review of preliminary announcements of results prior to publication;

d. Facilitating the external audit and discussion with external auditors of major observations arising from interim and final audits and any matter that the auditors may wish to highlight (in the absence of management, where necessary);

e. Review of management letter issued by external auditors and management's response thereto;

f. Ensuring coordination between the internal and external auditors of the Company;

g. Review of the scope and extent of internal audit, audit plan, reporting framework and procedures and ensuring that the internal audit function has adequate resources and is appropriately placed within the Company;

h. Consideration of major findings of internal investigations of activities characterized by fraud, corruption and abuse of power and management's response thereto;

i. Ascertaining that the internal control systems including financial and operational controls, accounting systems for timely and appropriate recording of purchases and sales, receipts and payments, assets and liabilities and the reporting structure are adequate and effective;

j. Review of the Company's statement on internal control systems prior to endorsement by the Board of Directors and internal audit reports;

k. Instituting special projects, value for money studies or other investigations on any matter specified by the Board of Directors, in consultation with the CEO and to consider remittance of any matter to the external auditors or to any other external body;

l. Determination of compliance with relevant statutory requirements;

m. Monitoring compliance with the best practices of corporate governance and identification of significant violations thereof;

n. Review of arrangement for staff and management to report to Audit Committee in confidence, concerns, if any, about actual or potential improprieties in financial and other matters and recommend instituting remedial and mitigating measures;

o. Recommend to the Board of Directors the appointment of external auditors, their removal, audit fees, the provision of any service permissible to be rendered to the Company by the external auditors in addition to audit of its financial statements. The Board of Directors shall give due consideration to the recommendations of the Audit Committee and where it acts otherwise it shall record the reasons thereof and

p. Consideration of any other issue or matter as may be assigned by the Board of Directors.

HUMAN RESOURCE & REMUNERATION COMMITTEE (HR & R COMMITTEE)

The main terms of reference of the HR & R Committee of the Company include the following:

i. Recommending human resource management policies to the Board;

ii. Recommending to the Board the selection, evaluation, development, compensation (including retirement benefits) of Chief Operating Officer, Chief Financial Officer, Company Secretary and Head of Internal Audit;

iii. Consideration and approval on recommendations of Chief Executive Officer on such matters for key management positions who report directly to Chief Executive Officer or Chief Operating Officer; and

iv. Where human resource and remuneration consultants are appointed, their credentials shall be known by the committee and a statement shall be made by them as to whether they have any other connection with the Company.

CROSS-FUNCTIONAL **TEAMS**

Team Energy

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

MEMBERS:	
MR. SAYEED TARIQ SAIGOL	MR. MUHAMMAD BASHARAT
MR. ABDUL HANAN	MR. NASIR IQBAL
MR. AMIR FEROZE	MR. SIBT-E-HASSAN
MR. ARIF IJAZ	MR. SOHAIL SADIQ
MR. MUHAMMAD ALI REHMAT	MR. ZEESHAN MALIK BHUTTA
MR. TARIQ MIR	

Number of Meetings Held – 48

Team improvement

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

MEMBERS:	
MR. SAYEED TARIQ SAIGOL	MR. MUHAMMAD ALI REHMAT
MR. ABDUL HANAN	MR. MUHAMMAD SAJJAD
MR. AMIR BILAL	MR. NAUMAN AHMED
MR. AMIR FEROZE	MR. SOHAIL SADIQ
MR. ARIF IJAZ	MR. YAHYA HAMID
MR. ZEESHAN MALIK BHUTTA	MR. MUHAMMAD ASLAM

Number of Meetings Held – 45

Team Reliability Centered Maintenance

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

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

Number of Meetings Held – 42

Team Culture Development

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

MEMBERS:	
MR. SAYEED TARIQ SAIGOL	MR. MUHAMMAD SAJJAD
MR. ABDUL HANAN	MR. SOHAIL SADIQ
MR. AMIR FEROZE	MR. YAHYA HAMID
MR. ARIF IJAZ	MR. ZEESHAN MALIK BHUTTA

Number of Meetings Held -7

SWOT ANALYSIS

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

STRENGTHS

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

WEAKNESSES

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

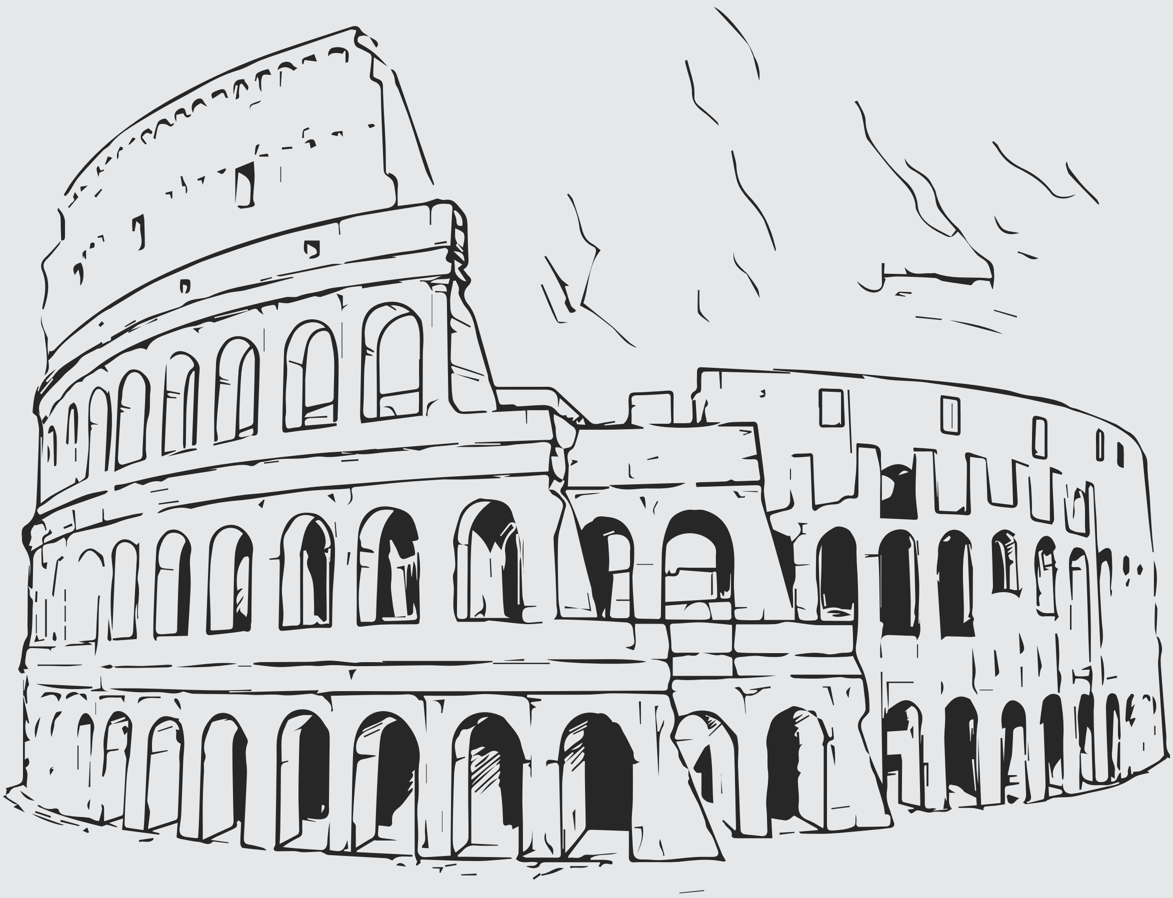
OPPORTUNITIES

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

THREATS

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

MAPLE LEAF CEMENT



COLOSSEUM OF ITALY

Rome's, if not Italy's, most enduring icon is undoubtedly its Colosseum. Built between A.D. 70 and 80 A.D., it was in use for some 500 years. The elliptical structure sat nearly 50,000 spectators, who gathered to watch the gladiatorial events as well as other public spectacles, including battle reenactments, animal hunts and executions. Earthquakes and stone-robbers have left the Colosseum in a state of ruin, but portions of the structure remain open to tourists, and its design still influences the construction of modern-day amphitheaters, some 2,000 years later. Limestone was used as binder for cement by adding water for building the Coliseum.

REPORT OF THE
AUDIT COMMITTEE

The Audit Committee comprises of one Independent Non-Executive Director and three Non-Executive Directors. The Chief Financial Officer, the Chief Internal Auditor and the external auditors attend the Audit Committee meetings as provided in Listed Companies (Code of Corporate Governance) Regulations, 2017. Four meetings of the Audit Committee were held during the year 2018-2019. Based on reviews and discussions in these meetings, the Audit Committee reports that:

1. The Audit Committee reviewed and approved the quarterly, half yearly and annual financial statements of the Company including consolidated financial statements and recommended them for approval of the Board of Directors.

2. Appropriate accounting policies have been consistently applied. All core and other applicable International Accounting Standards were followed in preparation of financial statements of the Company and consolidated financial statements on a going concern basis, which present fairly the state of affairs, results of operations, cash flows and changes in equity of the Company.

3. Accounting estimates are based on reasonable and prudent judgment. Proper and adequate accounting records have been maintained by the Company in accordance with the Companies Act, 2017, and the external reporting is consistent with management processes and adequate for shareholder needs.

4. The Audit Committee reviewed and approved all related party transactions.

5. No cases of material complaints regarding accounting, internal accounting controls or audit matters, or Whistle Blowing were received by the Committee.

6. The Company's system of internal control is sound in design and is continually evaluated for effectiveness and adequacy.

7. The Board has established internal audit function being an independent appraisal function for

the review of the internal control system in all areas of the business activity and provides management with objective evaluations, appraisals and recommendations on the adequacy, effectiveness and compliance with each system reviewed.

8. Company's internal audit function is headed by a Chartered Accountant with a team of professionals who are suitably qualified and experienced and well aware of the Company's policies and procedures.

9. Internal audit function operates under the charter approved by the Audit Committee and head of the internal audit function has direct access to the Audit Committee.

10. Company's internal audit function prepares annual plan for the financial year and a strategic audit plan for following two years during which all major systems and areas of activity will be audited. Annual and strategic audit plan is approved by the Audit Committee.

11. Internal audit reports include findings, conclusions, recommendations and action plans agreed with management. These are reported promptly to the appropriate level of management. Follow up in implementation is ensured.

12. The Audit Committee, on the basis of the internal audit reports, reviewed the adequacy of controls and compliance shortcomings in areas audited and discussed corrective actions in the light of management's responses. This has ensured the continual evaluation of controls and improved compliance.

13. The Audit Committee has reviewed the Annual Report for the last financial year and found it fair, balance and understandable to users of financial statements. Annual Report provides the necessary information to all the stakeholders about the Company's financial performance, financial position and future prospects.

14. Performance of the Audit Committee is annually reviewed by the Board of Directors. However, the committee is devising the checklist for self-evaluation of its performance.

15. The Audit Committee ensured that statutory and regulatory obligations and requirements of best practices of governance have been met.

16. Present Auditors, M/s. KPMG Taseer Hadi & Co., Chartered Accountants, were appointed as on October 31, 2011. They are professional services company and one of the big four auditors. They carry out objective examination and evaluation of the financial statements to make sure that the records are fair and accurate representation of the transactions. KPMG confirms every year that the firm and all Partners in the firm are compliant with the IFAC guidelines on code of Ethics as adopted by the Institute of Chartered Accountants of Pakistan.

17. The external auditors KPMG Taseer Hadi & Co., Chartered Accountants, were allowed direct access to the Audit Committee and necessary coordination with internal auditors was also ensured. Major findings arising from audits and any matters that the external auditors wished to highlight were freely discussed with them.

18. The Audit Committee reviewed the Management Letter issued by the external auditors and the management response thereto. Observations were discussed with the auditors and required actions recorded.

19. Appointment of external auditors and fixing of their audit fee was reviewed and the Audit Committee following this review recommended to the Board of Directors re-appointment of KPMG Taseer Hadi & Co., Chartered Accountants, as external auditors for the year 2019-2020.

By order of the Audit Committee

(Shafiq Ahmed Khan)
Chairman, Audit Committee
September 19, 2019

CORPORATE **SUSTAINABILITY**

a) Corporate Social Responsibility

For community investment and welfare, the Company acknowledges its responsibility towards society and performs its duty by providing financial assistance to projects for society development by various charitable institutions on consistent basis. The Company has been recognized by Pakistan Centre for Philanthropy as a leader in social and charitable contributions and strikes to be a constructive member of the communities in which it has a presence. Kohinoor Maple Leaf Group has received "Corporate Social Responsibility Award 2019" on account of its performance in various projects. The Company has taken an array of initiatives for the welfare of its workforce, local community as well as stakeholders. The Company has also contributed in medical social sciences project and in this regard, Company's Board of Directors and the Board of Directors of Kohinoor Textile Mills Limited (KTML) have jointly decided to donate Rs.148.7 Million to Gulab Devi Educational Complex, Lahore towards construction of Al- Aleem Medical College in Gulab Devi Chest Hospital (GDCH), Lahore. The construction of said project is in full swing and a committee of the members of Board monitors the progress on predefined scheduled meetings. The addition of state of the art Cardiac facility named as Sayeed Saigol Cardiac Complex (SSCC) at GDCH is also as symbol of Company's consistent drive toward community welfare. The company has made sizable contributions to Daud Khel Healthcare Centre, Police Welfare Middle School, Jahanara Memorial Trust and many more. Other initiatives taken by the Company are as follows:

- Maple Leaf recognizes its responsibility towards the inclusion of other religious communities. In this regard, Christmas party was arranged both at Head Office and plant site on the 25th December 2018 to celebrate with the Christian community on their joyous occasion.

- Maple Leaf is continually committed to its Master Mistri Program which aims to enhance skills and standard of living of masons. To facilitate the program, Maple Leaf built a state of the art lodge at its plant site for boarding and lodging of masons;

- Civil defence week was held for training of staff in defence matters;

b) Industrial Relations

The Company has set procedures, rules and regulations which regulate employment guidance. The Company has allocated Gratuity, Provident Fund and Worker's Profit Participation Fund for its employees. The Company also pays bonuses to employees on the basis of Company's profitability and also awards performance bonuses to star performers. Appropriate opportunity is provided to employees to participate in Collective Bargaining Agreement (CBA) activities and to elect representatives of their choice. Company also trains daughters/sons of workers through internship and apprenticeship program.

The Company is committed to provide equal opportunity to all existing and prospective employees without any discrimination on the basis of religion, gender, race, age etc. The Company also organized several rewards and recognition programs for acknowledgment of work done by its employees.

c) Energy Saving Measures

We have developed a Team Energy that is striving to attain maximum energy efficiency with environmental protection at minimal cost including development of alternative sources like efficient usage of Waste Heat Recovery Boiler and installation of LED lights. Company's 100% owned 40 Mega Watt Coal Fired Power Plant after successful commissioning has reduced our dependence on national grid. Moreover, augmenting the energy conservation drive, occupancy based sensors are installed in head office to control air-conditioning and office lighting based on physical presence in the room. By adopting an approach of consistent efficiency management, the Company shall be able to obtain additional energy approximately 2 MWH through optimum use of coal fired boiler yielding extra steam which shall be utilized for the generation of electricity in waste heat recovery plant with nominal investment. Also to utilize renewable sources of energy in future, the Company has currently placed wind monitoring units based on German technology at various locations near plant site to evaluate the feasibility of wind power.

d) Consumer Protection Measures

We ensure that our products are shipped in a safe manner complying with safety standards and legal requirements. The Company takes care and applies appropriate procedures to manufacture cement products so as to ensure that no harmful substances are present in its products. The Company has strict policy to control any activity which is against the consumer rights.

e) Employee Engagement Activities

The company believes that recreational and skills enhancement activities are imperative in order to maximize employees' performance. For this purpose, the management organizes various training programs and interactive activities. All


Iftar Dinner


Mehfil-e-Milad

Happy Christmas


5S Implementation Program

these activities are designed to engage employees from all levels of organization. The trainings and events during the year includes;

- Independence Day Celebrations
- Mehfil e Milad
- Iftar Dinner
- Christmas Party
- Movie Night
- Eid Milan Party
- Emergency Drills Training
- 5 S Methodology Trainings
- 5 WHY Trainings
- Drivers Code of Conduct
- Food Serving Techniques
- Control Neutron Analyser Training
- LOTOTO Training Session
- Permit to Work Training Session

For Maple Leaf Cement Factory Limited, its not just the employees that matter but also their families. Going beyond cross-functionality, cultural events are planned for employees' and their families. Iftar Dinner was hosted on 1st June 2018

f) Employment of Special Persons

The Company has employed disabled persons in compliance with the rules set out by the Government of Pakistan which is 3% quota of the total workforce necessitated to be allocated to disabled persons.

g) Community Investment and Welfare Schemes

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

- Management of the Company, for maintaining healthy and green environment, celebrated

Mianwali City Embellishment, Kalma Monument

Beautification of Watta Khel Chowk, Mianwali

Embellishment at Akram Shaheed Chowk

Development of Daud Khel Water Supply Scheme the "World Environment Day" in coordination with District Officer Environment Mianwali along with other community stakeholders on June 5th, 2017. The main aim of celebrating World Environment Day was to demonstrate the continual efforts and commitment of the Company's Management for the healthy working environment and awareness of people through the Environment Walk and Seminar in pursuance of the community investment and welfare schemes.

- In pursuance of the green vision and commitment of management of the Company for maintaining healthy and green environment, "Maple Plantation Day" was carried out at Maple Leaf Cement Factory Limited Iskandarabad, Mianwali on 21st March, 2017 and . The main aim of the ceremony was to demonstrate the continual efforts and commitment of the Company's Management for the healthy working environment for its workers as well as for the people in neighbourhood of the Company.

- The Company celebrated "The World Water Day" on the 22nd of March 2017 at site with the collaboration of community and DO Environment. The main purpose of the seminar was to raise the awareness of water preservation and right use.

- The Company has organized "The World Forest Day" on the 21st of March 2019 at the site to foster the culture of plantation for green and healthy environment.

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

- The Company facilitated various schools with the provision of infrastructural facilities such as Construction of well furnished class rooms, auditorium, supply of furniture and added facilities at Police lines Public School and PAF base Montessori School Mianwali. Company has also constructed boundary wall at District Public School Sargodha.

- The Company has always concerned itself with the safety of the general public . To that end,

Tree Plantation Ceremony


Core Values


FAST Corporate Sport Gala

LUMS Career Fair

It distributed safety helmets to the general public at Mianwali. It also has facilitated in the development, renovation and beautification of Mianwali city.

- In recognition of the efforts of the police force, The Company has constructed a Yadgar-e-Shohada Monument and Rest Houses at Mianwali Police lines.

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

h) Rural Development Program

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

i) Families Club

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

j) Jungle Mein Mangal - Vehicle Parking Space (VPS)

The Company believes that the most effective way to maximize customer experience is to move beyond mere customer satisfaction

Recruitment Drive at NUST


CBA Annual dinner 2019


“Hum Mein Hai Dum” Training Session


“Hum Mein Hai Dum” Training Session

Construction of Police Public Welfare School

Police Public Welfare School Classroom

and connect to all the stakeholders. With this strategy in mind, the Company has recently launched an exclusive hotel to provide truck drivers a life time experience. While vehicles are in queue for their turn, instead of waiting for long, drivers can visit the hotel to relax with the touch of fun and refreshment.

k) Education and Training for Corporate Sustainability

The Company is fully aware of its responsibility towards imparting education to future generations. Educating the children, ranks the best future investment for long term, continued to be the heart of the Company's CSR initiatives. The Company has fully sponsored construction and furniture for 10 class-rooms for Police Public Middle School Mianwali. Moreover, the Company has established five schools in Iskandarabad city, which provide quality education not only to children of employees of the Company but also to the local residents. The Company has provided buildings and complete infrastructure to these schools. In addition, the Company gives monthly subsidy to partly cover the running expenses. About 2,958 students are currently enrolled in these schools.

l) Health Care

Maple Health Care Centre operated by Al-Shifa International Hospital Islamabad, has completed during the financial year 2017. It is a health facility concept with state of the art equipment for the health benefits of the employees of Maple Leaf and their dependents. Shifa International is a known name in Pakistan with hospitals in Islamabad and Faisalabad. Meanwhile, the free medical and hospital centre is treating patients with the help of quality human capital working there. Keeping in view the occupational health of employees, regular first aid and Cardiopulmonary Resuscitation (CPR) training programs are conducted to ensure safe health of workers.

QUALITY MANAGEMENT SYSTEM

The Company manufactures cement through the plant based on state of the art technology of world renowned FLSmidth A/S Denmark. Quality is

Control Neutron Analyser Training

Training to Techinical Staff

World Forest Day


Rural Health Center Daud Khel

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

Procedures Adopted for Quality Assurance:

Main purpose is to ensure that the cement produced:

- meets all the standard requirements to which the Company is certified and
- not only meets customers' requirements but exceed their requirements and expectations. To achieve these goals, the Quality Control Department has adopted various procedures and is fully equipped with state-of-the art technologies such as:
- X-ray Fluorescent Analyzers and X-ray Diffraction Analyzer to analyze chemical and mineralogical composition
- Online QCX system software
- Sample preparation tools such as a jaw crusher, sample dividers, disk grinding mill, mixer mill and press mills
- Automatic Moisture Analyzers
- Precision Electronic Balances
- Drying Ovens & Furnaces
- Lab Glassware
- Automatic Free Lime Apparatus
- PC Based Automatic Calorimeter and Sulphur
- Determinator to analyze fuels

- Latest Automatic Compressive Strength machines for determination of cement compressive strength
- Latest whiteness tester

OCCUPATIONAL HEALTH, SAFETY AND ENVIRONMENTAL (HSE) PROTECTION MEASURES

The Company is committed to achieve excellence in Occupational Safety, Health and Environmental protection. The Company encourages awareness in these areas amongst our employees, customers, suppliers and all those who are associated with us in our activities. Our goal in respect of safety, health and environment is to minimize all adverse environmental and health impacts arising out of our operations and to conserve all kinds of resources and adhere to all legal regulations.

Maintenance of health and safety standards at our plants and offices is our top priority. The Company is committed to managing health and safety risks associated with our business and is actively working towards improving our procedures to reduce, remove or control the risk of fire, accidents or injuries to employees and visitors. The Company strives to provide a safe and healthy workplace for its employees and to act responsibly towards the communities and

environment, in which it operates. It realizes this through the commitment of its leadership, the dedication of its staff, and application of the highest professional standards of work. Management takes all possible measures to prevent unsafe activities by following best practices and through the implementation of effective management, human resources and operational policies. The environment friendly projects completed at our plants include:

Waste Heat Recovery Plant:

Through this project the Company has been able to replace 16 MW of grid electricity by utilizing exhaust gases emitted to the atmosphere through the stacks of clinker cooler and kiln preheater. The emissions are significantly reduced and herewith it relieves the atmosphere radically.

Trees Plantation:

To enhance environmental standards and continuously promoting a better and green environment within the factory as well in the nearby areas the Company is arranging regular Tree Plantation activities twice a year and the Company has planted approximately 40,700 new trees during the year 2018-19, enabling the total count during last 4 years to cross 240,700 plants at different locations within factory premises and nearby areas to provide healthy environment to employees and other community living in surroundings. The Plantation Campaign is underway and as such trees have been successfully planted at various schools at Mianwali city. This activity will continue in the future and further trees will be planted to ensure healthy and green environment.

NATIONAL CAUSE DONATIONS

The Company has donated in cash to Ghulab Devi Chest hospital, Jahanara Memorial Trust, Beacon House National University, Bushra Shaheen, Shaukat Khanam Memorial trust, District Police Office Mianwali and district management mianwali. Moreover, the Company has also constructed water supply scheme to the nearby rural areas for Daud Khel, Sora and Khairabad village that will bring positive change in the life of the locals. Company has also constructed classrooms, auditorium and donated furniture in schools for improving educational facilities at Mianwali , Shahpur and Sargodha. Company has also donated in the form of cement for construction of schools, mosques and other social projects.

CONTRIBUTION TO NATIONAL EXCHEQUER

During the year, Company has contributed an amount of Rs. 10,730 million towards national exchequer in shape of taxes, duties, cess, levies etc. The Company has also contributed through earnings of valuable foreign exchange amounting to US$ 16 million.

BUSINESS ETHICS & ANTICORRUPTION MEASURES

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

No employee is allowed to run a parallel business. The Company is maintaining sophisticated Oracle based online software using which any employee can report the non-conformance (NC) to the top management. All the NCs reported are being addressed by the top management on timely basis and a regular follow up activity is being carried out in order to ensure that all issues highlighted are being resolved permanently. Moreover, the company has also formulated whistle blowing policy.

SAFA BEST PRESENTED ANNUAL REPORT AWARD

The Company added another feather to its cap by being nominated for the second time for the SAFA best presented accounts and was declared for runner-up award in SAFA countries' manufacturing category. The ceremony was held in Dhaka Bangladesh Maple Leaf was one of the two cement companies being nominated from Pakistan.

ISO 14001:2015

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

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

BEST CORPORATE REPORT AWARD

The Company keeping alive the tradition of winning the Best Corporate Report award in Fuel and Energy Category jointly presented by ICAP and ICMAP throughout Pakistan, has once again won the award this year. This award was presented to MLCFL management in a graceful ceremony held on August 20, 2019 in Karachi. MLCFL is the leader in most transparent and easily understandable Financial Reports thus reflecting the sound financial systems of the Company. These recognitions have strengthened the Company's resolve to be positioned the best in the area of corporate reporting.

FORWARD LOOKING **STATEMENT**

Cement demand has been increasing in local market in past few years, but has shown stagnancy in the financial year 2019 due to a cut in PSDP's allocation and the pressure exerted by the current Governments focus on structural reforms particularly in taxation which has impacted overall economy and cement sector. The production costs were also increased due to non-controllable factors like rising energy cost, Pak Rupee devaluation and inflation, but, the Company stands committed under the guidance of its Board of Directors, Key management personals and valued input from all stakeholder groups to its constant drive to be a progressive and profitable Company as per its Vision and Core values.

Keeping in view of the current business environment in Pakistan and low growth, the Company is poised to face a lot of challenges in the future. The successful and smooth transition of powers to an elected government along with collective measures taken by the political and military leadership and an improvement in the law and order situation is never the less a good sign in national politics. Some of the plans announced by the elected government i.e. continuity of CPEC projects, building dams and construction of houses may result in increased demand of cement in future years as well. However, the timing to implement these projects will be highly important to forecast the performance of the Company. We have taken moderate stance for the next financial year 2020 regarding demand of cement and are hopeful that it will increase afterwards as the work on these projects will gain the desired pace and the economic situation gets favour able. To cater for the potential future prospects for an increased demand for cement, the Company has successfully completed the capacity enhancement project of grey cement that started its commercial production in last quarter of the financial year 2019. The Company is continuously monitoring all of its cost factors to keep them at the lowest possible levels.

Sources of information used for projections of future revenue:

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

Future revenue projections based on management's best judgment and estimates are as follows:

Financial Projections

The Company expects local dispatches to the market for the next financial year to maintain the same levels as reported in 2018-19. We presume current cement prices to be at their bottom low level and expect no further drop in domestic market. However, the cement industry is also keenly eyeing developments on CPEC and this opportunity is expected to prove to be of great benefit for the whole nation. The company also aims to improve its market share through its constant vigorous marketing and branding activities to capture, retain and build a wide customer portfolio. Oil and coal prices are expected to rise slightly in the future which will affect profitability. Based on management's best estimates, future consolidated financial forecast of MLCFL and its wholly owned subsidiary MLPL are as follows:

Financial Year	2020
	Rs. in Million
Sales – Net	36,626
Loss after taxation	(1,571)
Paid up share capital	10,983
EPS (Rupees)	(1.37)

Company Performance Against Last Year Projections

Your Company has achieved a new milestone of Rs.26 Billion Sales Revenue, an increase of 1.19% as compared to the FY 2018. However this increase is lower than budgeted projections due to a decline in grey local sale retention owing to a cut in PSDP's allocations, delay in CPEC projects and an observable slow growth in the overall economy which has impacted private sector spending. Even so, export quantities demonstrated an encouraging growth rate of 21.1% to reach 334,671 metric tons during the current financial year despite the high level of competition in the international market and the unexpected clogged export to India following developments in occupied Kashmir.

In addition to grab the increased cement demand in local market, the Company's main aim is to keep production costs at lower level. During the financial year 2019, the coal rates decreased, being a major input cost and the Company through its effective resource management reduced its stores and spares consumption cost, but this benefit was offset by the devaluation of Pak Rupee affecting the cost of production of cement which was anticipated in last year's future prospects. The Company was keeping an eye on the increasing trend of fuel and transport cost and so elected to transport goods via the rail network resulting in reasonable savings. Further, the Company installed its new production line of grey cement which became operational in May 2019 which was fully anticipated in last year's future outlook statement/future prospects and thoroughly worked upon during the year.

Status of the projects in progress

The Company has taken a new initiative to obtain additional energy approximately 2 MWH through optimum use of coal fired boiler yielding extra steam which shall be utilized for the generation of electricity in waste heat recovery plant with nominal investment.

KEY SOURCES OF ESTIMATION UNCERTAINTY

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

KEY ESTIMATES AND ASSUMPTIONS

Key estimates and assumptions concerning the future include:

Impairment of financial assets

The impairment loss on financial assets is calculated based on the forward looking 'expected credit loss' model (ECL) which assumes that there is always an expected loss component to every loan/ receivable which management must make a judgement on , all of which is extensively detailed in note 47 to the financial statements

Estimating useful life of assets

The useful lives are estimated having regard to the factors as asset usage, maintenance, rate of technical and commercial obsolescence. The useful lives of assets are reviewed annually.

Taxation

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

Employee benefit scheme

The defined benefit obligations are based on actuarial assumptions such as discount rate, expected rate of return on plan assets, expected rate of growth in salaries and expected average remaining working life of employees which are extensively detailed in note 13 to the financial statements.

FAIR VALUE OF PROPERTY, PLANT AND EQUIPMENT

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

SUMMARY OF SIGNIFICANT / MATERIAL ASSETS OR IMMOVABLE PROPERTY

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

POLICY AND PROCEDURES FOR **STAKEHOLDERS' ENGAGEMENT**

1) Policy Note: Maple Leaf Cement maintains sound collaborative relationships with its stakeholders.

2) Procedures: Procedure for stakeholders' engagement includes effective communication, good harmony, compliance with laws & regulations and customer focused approach which is the key success factor for establishment of collaborative relationship with stakeholder.

3) Engagement frequency:

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

ENTITY'S SIGNIFICANT **RELATIONSHIPS**

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

POLICY TO SOLICIT AND UNDERSTAND VIEWS OF SHAREHOLDER

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

INTERACTION WITH MAJOR SHAREHOLDERS

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

During the year, following major international and local road shows/corporate briefings sessions were held with investors:

- EFG Hermes London Conference
- Singapore EXOTIX Frontier Conference

STEPS TO ENGAGE MINORITY SHAREHOLDERS TO ATTEND GENERAL MEETINGS

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

INVESTORS' RELATIONS SECTION ON CORPORATE WEBSITE

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

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

On query of a shareholder, the House was informed that owing to probability of demand compression for the current year, sale prices were expected to remain under pressure. Further, due to austerity measures of the Government and liquidity problems, PSDP allocation was likely to be reduced. However, government policy for construction of low cost houses might be conducive to boost the local despatches.

INTEGRATED **REPORTING**

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

The Company has adopted the International Integrated Reporting (IR) Framework to give an overview of the Company's business affairs by presenting all the financial and non-financial information considering the variable interests of a wide range of stakeholders. The management is committed to achieve excellence in transparent reporting in all aspects. The Company is in the process of adoption of IR Framework to continuously improve the quality of information produced, and communicate its operations, brand, financial structure to the stakeholders and be prepared to manage any risk that may affect the long-term sustainability of the business. The Company has incorporated in this report the following Content Elements of IR Framework: -

- Organizational overview and external environment
- Strategy and resource allocation
- Risks and opportunities
- Governance
- Outlook
- Position and Performance

IR framework is in its initial stages of adoption in MLCFL. Moving ahead with the tradition of providing information to its stakeholders that goes beyond the traditional requirements of financial reporting framework and other legal requirements, by doing so we believe the stakeholders gain a better understanding of the Company, its business, strategies, opportunities and risks, business model, governance and performance which itself is a form of value creation for its stakeholders.

CALENDAR OF
CORPORATE EVENTS
JULY 2018 - JUNE 2019

18-Sep-18
Annual
June-2018
Results
Declared

30-Sep-18
1st Qtr
Sep-2018
Results
Declared

18-Sep-18
Final Dividend
2018 Declared
@ Rs. 1/ Share

27-Oct-18
Annual General
Meeting

30-Apr-19
9 Months
Mar-2019
Results
Declared

28-Feb-19
Half Yearly
Dec-2018
Results
Declared

21-May-19
Commercial
Production of
Line III Grey
Cement line

CALENDAR OF OTHER **NOTABLE EVENTS**

JULY 2018 - JUNE 2019

Event	Date
MEHFIL-E-MILAD	21-NOV-2018
CHRISTMAS CELEBRATION	25-DEC-2018
WORLD FOREST DAY	21-MAR-2019
IFTAR DINNER	21-MAY-2019
MOVIE NIGHT	13-JUNE-2019
INDEPENDENCE DAY	14-AUG-2018
KASHMIR SOLIDARITY DAY	05-FEB-2019
EID MILAN PARTY	13-JULY-2018
CBA DINNER WITH ALL HOD	11-JUN-2019

ANALYSIS OF THE FINANCIAL AND NON-FINANCIAL PERFORMANCE

FINANCIAL INDICATORS:

Actual Results:

The Company's sale increased in current FY 2019 by 1.19% as compared to FY 2018. This marginal increase in sales is a result of better average retention compared to previous year. Another contributing factor to the stagnant sales growth is the increase in Federal Excise Duty by 20% in FY 2019. However, profitability reduced due to increase in production costs especially high fuel and power costs and steep incline in finance cost driven by long term financing for capital nature projects. Following are the main highlights:

	2019	2018
	(Rs. In Million)	
Net Sales	26,006	25,699
Net Profit	1,465	3,632
Earnings per share (Rupee)	2.47	6.29

Budgeted Results:

The profit decreased due to decrease in grey sale quantities and reduction in local grey sale price during the year. Moreover, the impact of rupee devaluation has also resulted in the higher input costs. Following are the main highlights:

	Actual 2019	Budget 2019
	(Rs. In Million)	
Net Sales	26,006	28,106
Net Profit	1,465	2,525
Earnings per share (Rupee)	2.47	4.25

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

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

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

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

Non-Financial Measures – Non-financial measures are the many intangible variables that impact performance. These are difficult to quantify as compared to financial measures but they are equally important. Following are the non-financial measures of the Company:

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

SEGMENTAL REVIEW OF BUSINESS PERFORMANCE

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

Revenue from sale of cement represents 100% of gross sales of the Company. Sale during the year 2018-19 comprises 96% of grey cement and 4% of white cement. During the year, white cement segment has shown significant growth where margins are relatively higher as compared to grey cement profit margins. The Company operates in two principal geographical areas, Asia and Africa. Moreover, all assets of the Company as at June 30, 2019 are located in Pakistan.

SHARE PRICE SENSITIVITY ANALYSIS

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

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

2) INCREASE IN VARIABLE COST:
Any increase in variable cost (mainly includes coal, power and raw material cost) may propel the gross margins, net profitability and EPS. This may badly affect the market price of the share downward.

3) INCREASE IN FIXED COST:
Fixed cost primarily consists of financial charges and other over heads of fixed nature. Any increase in SBP discount rate results in corresponding increase in financial charges leading to lower net profit and EPS. Conversely, decrease in SBP discount rates result in lower financial charges and higher net profit EPS.

4) CHANGE IN GOVERNMENT POLICIES:
Any change in Government policies related to cement sector may affect the share price of the company. If policy change is positive, share price will increase, otherwise vice versa.

Sensitivity Analysis of Change in Market Capitalization

Share Price as of 30 June 2019	Rs.23.89
Market Capitalization as of 30.06.2019	Rs.14,183,508,911

Change in Share Price by
Change in Market Capitalization

+10%	Rs. 1,418,350,891
-10%	Rs. (1,418,350,891)

Reasons

Market capitalization is down due to political unstability and poor economic indicators and indo pak relations.

HOW THE INDICATORS AND PERFORMANCE MEASURES HAVE CHANGED OVER THE PERIOD

Maple Leaf Cement Factory Limited has established key indicators which pertain to its key performance area. Such indicators are subject to change with the Internal and external environment associated with the organization.

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

Market Share: The Company is a leading brand in Pakistan with a diverse customer base and presence in almost all cities of Pakistan. Carrying on with the legacy of Leaf, Maple Leaf brand is widely acknowledged as best quality cement brand in all the markets, where it is exported. Presently the Company due to its unique and unparalleled marketing efforts and superior quality has 9.54% market share for grey cement (on capacity basis) as evident from the All Pakistan Cement Manufacturing Association (APCMA) website. The Company is also the largest producer of White Cement in the country with more than 90% of local market share and the biggest white cement exporter of Pakistan.

Financial Leverage: Too much debt can be dangerous for a company and its investors. However, if a company's operations can generate a higher rate of return than the interest rate on its loan than the debt is helping to fuel growth in profits. Nonetheless, uncontrolled debt levels can lead to credit downgrades or worse. On the other hand, too few debts can also raise questions. A reluctance or inability to borrow may be a sign that operating margins are simply too tight. So, an optimal debt equity mix is always appreciated especially in expansion periods.

The management of the Company keeps a strong watch on its leverage and consistent efforts have been made to curtail it. The leverage has increased due to the capital investments in new cement line and coal fired power plant but the loans are acquired at very attractive mark-up rates.

Fixed Cost per unit: Higher production capacities of an entity help in bringing down the cost per unit of the item manufactured. In our company fixed cost per unit went down after commencement of production activities of line III. Production units inversely proportion to the fixed cost per unit, higher production means low per unit cost or vice versa. The Company is keen to bring its fixed cost per unit down in order to enhance its profitability.

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

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

METHODS AND ASSUMPTIONS USED IN COMPILING INDICATORS

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

Financial Position

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

Financial performance

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

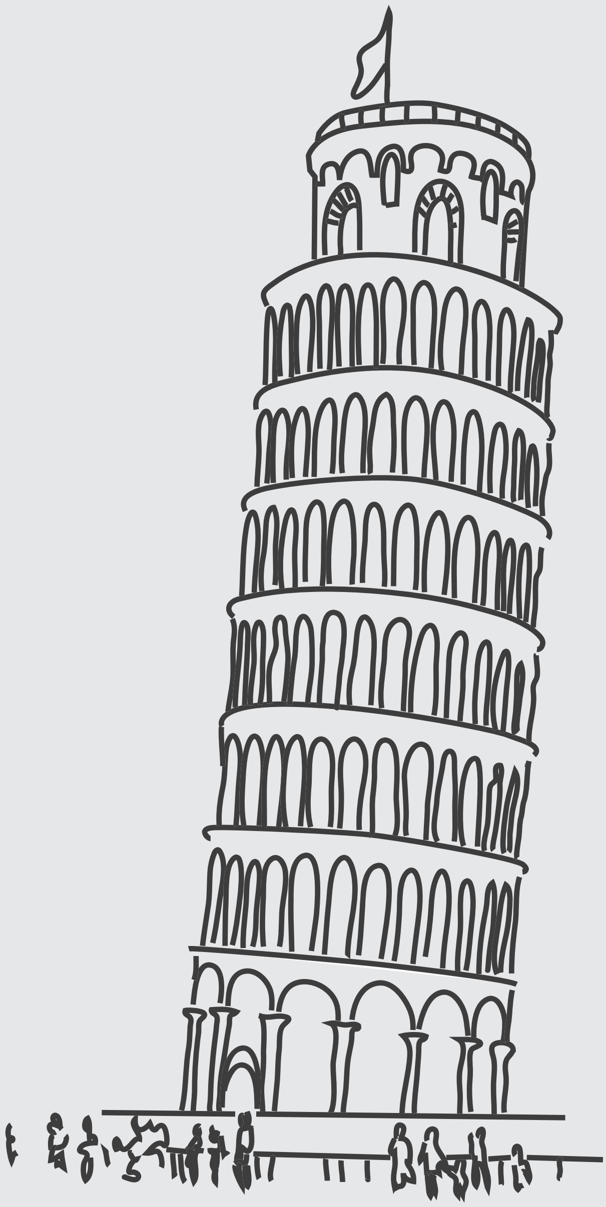
Liquidity Position

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

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

میپل لیف
MAPLE LEAF CEMENT

ایکدم SOLID



LEANING TOWER OF PISA

One of Italy's signature sights, the Torre Pendente truly lives up to its name, leaning a startling 3.9 degrees off the vertical. The 58m-high tower, officially the Duomo's campanile (bell tower), took almost 200 years to build. Over time, the tilt, caused by a layer of weak subsoil, steadily worsened until it was finally halted by a major stabilisation project in the 1990s. In order to stabilize the leaning structure of PISA, cement was injected after removing soil underneath the non-leaning side.

HORIZONTAL ANALYSIS - SIX YEARS

	2019 Rs. '000'	19 vs 18 %	2018 Rs. '000'	18 vs 17 %	2017 Rs. '000'	17 vs 16 %	2016 Rs. '000'	16 vs 15 %	2015 Rs. '000'	15 vs 14 %	2014 Rs. '000'	14 vs 13 %
Balance Sheet												
Total equity	30,514,586	2.02	29,911,139	26.16	23,708,061	11.11	21,337,135	20.80	17,662,740	20.64	14,641,092	23.84
Total non-current liabilities	21,278,671	26.18	16,863,465	129.60	7,344,681	29.82	5,657,496	4.50	5,414,116	(46.59)	10,137,641	(15.39)
Total current liabilities	14,164,518	18.49	11,953,924	53.97	7,764,031	54.44	5,027,065	(38.28)	8,144,461	14.19	7,132,572	(16.76)
Total equity and liabilities	65,957,775	12.31	58,728,528	51.30	38,816,773	21.22	32,021,696	2.56	31,221,317	(2.16)	31,911,305	(1.43)
Total non-current assets	51,750,897	12.51	45,996,847	61.93	28,405,142	20.65	23,543,989	(1.00)	23,782,112	(3.97)	24,765,860	(3.60)
Total current assets	14,206,878	11.59	12,731,681	22.28	10,411,631	22.81	8,477,707	13.96	7,439,205	4.11	7,145,445	6.92
Total assets	65,957,775	12.31	58,728,528	51.30	38,816,773	21.22	32,021,696	2.56	31,221,317	(2.16)	31,911,305	(1.43)
Profit and Loss Account												
Sales - net	26,005,944	1.19	25,699,113	7.11	23,992,079	2.39	23,432,696	13.09	20,720,054	9.23	18,968,547	9.28
Cost of sales	(21,088,864)	12.92	(18,676,562)	28.72	(14,509,777)	8.20	(13,410,564)	1.41	(13,224,431)	6.26	(12,445,562)	10.02
Gross profit	4,917,080	(29.98)	7,022,551	(25.94)	9,482,302	(5.39)	10,022,132	33.71	7,495,623	14.91	6,522,985	7.91
Distribution cost	(933,244)	26.77	(736,142)	(42.27)	(1,275,182)	(6.23)	(1,359,896)	3.52	(1,313,696)	24.60	(1,054,336)	32.16
Administrative expenses	(733,607)	0.42	(730,551)	17.63	(621,076)	27.80	(485,959)	27.43	(381,363)	28.54	(296,689)	16.78
Other operating expenses	(456,493)	(20.25)	(572,436)	6.72	(536,369)	(18.69)	(659,631)	150.63	(263,187)	33.35	(197,372)	18.02
Other operating income	42,997	(23.13)	55,935	(59.77)	139,030	281.99	36,396	(21.17)	46,173	(42.70)	80,585	95.18
Profit from operations	2,836,733	(43.71)	5,039,357	(29.90)	7,188,705	(4.82)	7,553,042	35.27	5,583,550	10.45	5,055,173	3.86
Finance cost	(1,172,557)	82.04	(644,121)	102.33	(318,349)	(26.90)	(435,504)	(59.77)	(1,082,639)	(26.09)	(1,464,772)	(14.07)
Profit/(loss) before taxation	1,664,176	(62.14)	4,395,236	(36.03)	6,870,356	(3.47)	7,117,538	58.14	4,500,911	25.36	3,590,401	13.53
Taxation	(198,877)	(73.94)	(763,035)	(63.55)	(2,093,275)	(6.26)	(2,232,953)	113.35	(1,046,616)	37.67	(760,227)	(1,324.59)
Profit/(loss) after taxation	1,465,299	(59.66)	3,632,201	(23.97)	4,777,081	(2.20)	4,884,585	41.41	3,454,295	22.05	2,830,174	(12.23)

Note : Figures of previous year have been restated as per current audited accounts.

VERTICAL ANALYSIS - SIX YEARS

	2019		2018		2017		2016		2015		2014	
	Rs. '000'	%	Rs. '000'	%	Rs. '000'	%	Rs. '000'	%	Rs. '000'	%	Rs. '000'	%
Balance Sheet												
Total equity	30,514,586	46.26	29,911,139	50.93	23,708,061	61.08	21,337,135	66.63	17,662,740	56.57	14,641,092	45.88
Total non-current liabilities	21,278,671	32.26	16,863,465	28.71	7,344,681	18.92	5,657,496	17.67	5,414,116	17.34	10,137,641	31.77
Total current liabilities	14,164,518	21.48	11,953,924	20.35	7,764,031	20.00	5,027,065	15.70	8,144,461	26.09	7,132,572	22.35
Total equity and liabilities	65,957,775	100.00	58,728,528	100.00	38,816,773	100.00	32,021,696	100.00	31,221,317	100.00	31,911,305	100.00
Total non-current assets	51,750,897	78.46	45,996,847	78.32	28,405,142	73.18	23,543,989	73.53	23,782,112	76.17	24,765,860	77.61
Total current assets	14,206,878	21.54	12,731,681	21.68	10,411,631	26.82	8,477,707	26.47	7,439,205	23.83	7,145,445	22.39
Total assets	65,957,775	100.00	58,728,528	100.00	38,816,773	100.00	32,021,696	100.00	31,221,317	100.00	31,911,305	100.00
Profit and Loss Account												
Sales - net	26,005,944	100.00	25,699,113	100.00	23,992,079	100.00	23,432,696	100.00	20,720,054	100.00	18,968,547	100.00
Cost of sales	(21,088,864)	(81.09)	(18,676,562)	(72.67)	(14,509,777)	(60.48)	(13,410,564)	(57.23)	(13,224,431)	(63.82)	(12,445,562)	(65.61)
Gross profit	4,917,080	18.91	7,022,551	27.33	9,482,302	39.52	10,022,132	42.77	7,495,623	36.18	6,522,985	34.39
Distribution cost	(933,244)	(3.59)	(736,142)	(2.86)	(1,275,182)	(5.32)	(1,359,896)	(5.80)	(1,313,696)	(6.34)	(1,054,336)	(5.56)
Administrative expenses	(733,607)	(2.82)	(730,551)	(2.84)	(621,076)	(2.59)	(485,959)	(2.07)	(381,363)	(1.84)	(296,689)	(1.56)
Other operating expenses	(456,493)	(1.76)	(572,436)	(2.23)	(536,369)	(2.24)	(659,631)	(2.82)	(263,187)	(1.27)	(197,372)	(1.04)
Other operating income	42,997	0.17	55,935	0.22	139,030	0.58	36,396	0.16	46,173	0.22	80,585	0.42
Profit from operations	2,836,733	10.91	5,039,357	19.61	7,188,705	29.96	7,553,042	32.23	5,583,550	26.95	5,055,173	26.65
Finance cost	(1,172,557)	(4.51)	(644,121)	(2.51)	(318,349)	(1.33)	(435,504)	(1.86)	(1,082,639)	(5.23)	(1,464,772)	(7.72)
Profit / (loss) before taxation	1,664,176	6.40	4,395,236	17.10	6,870,356	28.64	7,117,538	30.37	4,500,911	21.72	3,590,401	18.93
Taxation	(198,877)	(0.76)	(763,035)	(2.97)	(2,093,275)	(8.72)	(2,232,953)	(9.53)	(1,046,616)	(5.05)	(760,227)	(4.01)
Profit / (loss) after taxation	1,465,299	5.63	3,632,201	14.13	4,777,081	19.91	4,884,585	20.85	3,454,295	16.67	2,830,174	14.92

Note : Figures of previous year have been restated as per current audited accounts.

SUMMARY OF CASH FLOW
STATEMENT - SIX YEARS

	2019	2018	2017	2016	2015	2014
	(Rupees in thousand)					
Cash generated from operations before working capital changes	5,335,847	7,623,505	9,573,733	10,042,012	7,673,904	6,987,258
(Increase) / decrease in current assests						
Stores, spare parts and loose tools	(703,479)	245,303	(1,366,836)	(1,199,205)	(370,709)	(21,417)
Stock-in-trade	(545,508)	107,729	(428,415)	320,681	(123,798)	(252,033)
Trade debts	(1,688,194)	(474,227)	(105,665)	(2,867)	245,909	(86,152)
Loans and advances	1,498,243	(1,468,489)	(12,949)	180,084	(77,742)	(745,805)
Trade and other payables	2,922,380	1,815,694	28,381	(430,056)	(309,606)	306,320
Other receivables	8,215	217,102	69,131	(212,056)	(32,637)	68,614
Retirement benefits adjusted / (paid)	(38,020)	(40,084)	(27,256)	(23,023)	(17,963)	(21,737)
Workers' Profit Participation Fund Paid	(93,768)	(175,916)	-	(89,119)	(71,867)	(57,301)
Workers' Welfare Fund paid	-	(135,635)	(112,622)	-	-	-
Taxes paid	(379,434)	(2,393,707)	(1,989,248)	(632,781)	(326,386)	(238,857)
Others	(35,322)	268,656	(2,851)	17,331	(18,667)	879
Net Cash generated from operating activities	6,280,960	5,589,931	5,625,403	7,971,001	6,570,438	5,939,769
Capital expenditure	(8,220,851)	(19,445,846)	(2,917,312)	(1,106,002)	(786,684)	(768,756)
Intangible asset purchased	(5,219)	-	(29,032)	-	-	-
Proceeds from disposal of property, plant and equipment	102,173	51,965	195,191	56,327	70,267	12,696
Redemption of long term investments	-	-	-	-	1,625	-
Short term investment - net	-	(21,997)	(15,000)	-	-	-
Long term investment	-	(350,000)	(4,010,000)	(660,000)	-	-
Profit on bank deposits received	18,796	28,970	16,628	14,191	15,848	11,844
Increase / decrease in long term deposits						
Net Cash used in investing activities	(8,105,101)	(19,736,908)	(6,759,525)	(1,695,484)	(698,944)	(744,216)
Proceeds from long term loans from banking companies - secured - net	3,552,666	10,648,936	2,176,462	771,484	(397,744)	(1,674,205)
Long term loan from subsidiary company	1,000,000	-				
Proceeds from issuance of right shares	-	4,241,830	-	-	-	-
Repayment of redeemable capital - secured	-	-	-	(3,433,011)	(2,854,714)	(1,032,869)
Repayment of syndicated term finance - secured	-	-	-	(433,500)	(762,500)	(183,125)
Payment of liabilities against assets subject to finance lease - net	-	(480,615)	(164,614)	(132,746)	(108,574)	(152,545)
Short term borrowings - net	(1,215,654)	1,038,909	1,467,065	(1,065,150)	323,981	(322,891)
Finance cost paid	(857,975)	(462,171)	(255,224)	(483,813)	(1,123,209)	(1,646,567)
Redemption of preference shares	-	-	(478)	-	(20)	(163,780)
Dividend paid	(663,880)	(1,804,561)	(2,315,788)	(1,283,026)	(524,391)	(20)
Net cash generated from/ (used in) financing activities	1,815,157	13,182,328	907,423	(6,059,762)	(5,447,171)	(5,176,002)
Net increase/ (decrease) in cash and cash equivalents	(8,984)	(964,649)	(226,699)	215,755	424,323	19,551
Cash and cash equivalents at beginning of the years	(806,581)	158,068	384,767	169,012	(255,311)	(274,862)
Cash and cash equivalents at end of the years	(815,565)	(806,581)	158,068	384,767	169,012	(255,311)

Note : Figures of previous year have been restated as per current audited accounts.

COMMENTS ON
SIX YEARS ANALYSIS

HORIZONTAL ANALYSIS

Balance Sheet

The Company's equity significantly increased during the past 6 years mainly due to increase in profit after tax. Profit increased mainly due to increase in cement demand in local markets as a result of CPEC and other government infrastructure projects. Non-current liabilities showed declining trend till FY 2015 financial year due to early repayments of long term finances, however, it increased from FY 2017 onwards to partially finance coal fired power project and new production line of cement. Increase in current liabilities was due to an increase in input costs to meet working capital requirements and current maturity of long term loans.

Increase in non-current assets of the Company in FY 2017 to FY 2019 was mainly due to its investment in coal fired power project and addition of new production line of cement respectively. Current assets increased in line with capacity utilization and sales volume.

Profit & Loss Account

In the earlier years there has been an increasing trend in the Company's profitability mainly due to increase in sales on account of high cement demand in local market. However, in FY 2018 profit margins reduced due to high cost of production caused by an increase in coal rates and power costs. Cost of production also increased in FY 2019 mainly due to increase in input prices primarily due to devaluation of Pak Rupee. Distribution expenses increased to capture the market share in line with installed capacity. Taxation was lower in earlier years mainly because of available tax losses. The Taxation for the FY 2019 has decreased significantly mainly due to the reversal of tax provisions on account of capitalization of new production line and tax credits i.e U/S 65B of Income Tax Ordinance 2001.

VERTICAL ANALYSIS

Balance Sheet

The equity of the Company continued to improve on account of healthy profits, its weightage also has increased except from FY 2017 to FY 2019 where its proportion decreased from 61.08% to 46.26% respectively on account of increase in non-current liabilities resulting from drawdown of long term finances for expansion project of cement.

Due to nature of industry, a capital intensive sector, ratio of non-current assets to total assets remained in the range of 73.18% to 78.46% as evident from last 6 years reported figures. On account of investment in expansion project, non-current assets have increased during the FY 2019 in rupee terms. The proportion of current asset vs. non-current assets significantly decreased during FY 2017 to FY 2018 due to increase in non-current assets as explained above.

Profit & Loss Account

The Company's GP% has been on rising trend during the years from FY 2014 to FY 2016, however, for the last two years GP% declined by 12.2% in FY 2018 mainly due to increase in production costs specially increase in coal rates and power costs and declined further in FY 2019 by 8.42% mainly due to increase in input prices primarily due to devaluation of Pak Rupee and fluctuation in Sales price. However, power cost has been reduced in consolidated financial statements due to successful operations of Maple Leaf Power Limited (wholly owned subsidiary) in current and preceding financial year. Profit before tax observed the same pattern as gross profitability. Current year observed a sharp decline in taxation mainly due to reversal of tax provisions on account of capitalization of new production line and tax credits i.e U/S 65B of Income Tax Ordinance 2001.

COMMENTS ON CASH FLOW STATEMENTS

Cash generated from operations has been in line with profits earned by the Company throughout the past 6 years. In current year cash generated from operations has improved due to the effective working capital management .The company's contribution to the national exchequer through income tax has been reduced significantly in the current year. Trade & other payables increased mainly due to increase in payable w.r.t. new expansion line and bills payable.

The Company's financing activities increased in FY 2016 mainly due to its investment in coal fired power plant to reduce its energy costs. In current year, the Company has invested a considerable amount into its cement capacity enhancement i.e. new cement line of 7300 tpd.

There has been a significant increase in cash inflows from financing activities corresponding to a net outflow in investing activities for the last 3 years due to the long term financing for capital investments in the form of Coal Fired Power Plant and addition to cement production lines .The Company has financed the above mentioned capacity enhancement project by obtaining finances from scheduled banks and issuing right shares along with its own cash generation.

The Company has been consistent in distribution of dividend to its shareholders.

ANALYSIS OF
FINANCIAL RATIOS

FOR SIX YEARS FROM JUNE 2014 TO JUNE 2019

Ratios Description	2019	2018	2017	2016	2015	2014
Profitability Ratios:						
Gross Profit ratio	18.91%	27.33%	39.52%	42.77%	36.18%	34.39%
Net Profit to Sales	5.63%	14.13%	19.91%	20.85%	16.67%	14.92%
EBITDA Margin to Sales	20.75%	28.81%	40.00%	42.45%	37.91%	37.65%
Operating leverage ratio	-36.61	-4.20	-2.02	2.69	1.13	0.42
Return on Equity	4.80%	12.14%	20.15%	22.89%	19.56%	19.33%
Return on Capital employed	3.24%	10.42%	19.26%	22.72%	16.16%	12.77%
Effective Tax Rate	11.95%	17.36%	30.47%	31.37%	23.25%	21.17%
Liquidity Ratios:						
Current ratio	1.00	1.07	1.34	1.69	0.91	1.00
Quick / Acid test ratio	0.37	0.42	0.30	0.44	0.25	0.31
Cash to Current Liabilities	0.03	0.05	0.05	0.08	0.03	0.03
Cash flow from Operations to Sales	0.24	0.22	0.23	0.34	0.32	0.31
Investment / Market Ratios:						
Earnings per share (EPS)						
Basic	2.47	6.29	8.81	9.00	6.37	5.22
Diluted	2.47	6.29	8.81	9.00	6.37	5.22
Price Earnings ratio	9.68	8.07	12.65	11.72	12.34	5.76
Price to book ratio	0.46	1.01	2.48	2.61	2.35	1.08
Market value per share						
Closing	23.89	50.74	111.36	105.51	78.56	30.05
High	60.78	119.60	139.89	109.25	84.30	30.25
Low	19.26	47.20	86.15	65.50	24.31	29.80
Break up value per share						
With revaluation surplus	51.40	50.38	44.92	40.43	33.47	27.74
Without revaluation surplus	44.85	43.20	36.73	31.74	24.47	18.47
With revaluation surplus including investment in subsidiary*	62.77	60.06	53.72	41.64	33.47	27.75
Cash Dividend per Share	1.00	3.06	4.50	2.50	1.00	-
Dividend Pay out Ratio	40.52%	48.57%	51.10%	27.76%	15.70%	0.00%
Dividend Yield Ratio	4.19%	6.02%	4.04%	2.37%	1.27%	0.00%
Dividend Cover Ratio	2.47	2.00	2.01	3.70	6.55	-
Capital Structure Ratios:						
Financial leverage ratio	0.73	0.64	0.28	0.14	0.42	0.79
Weighted average cost of debt	9.89%	6.98%	5.86%	7.04%	10.02%	10.46%
Net Borrowing/ EBITDA	4.20	2.57	0.69	0.28	0.96	1.67
Av. Operating Working Capital to Sales Ratio	27.42%	23.84%	26.75%	19.05%	13.82%	11.21%
Debt to Equity ratio	37:63	31:69	13:87	7:93	21:79	38:62
Debt to Equity ratio (Market value)	32:68	20:80	4:96	2:98	8:92	26:74
Interest Cover ratio	2.42	7.82	22.58	17.34	5.16	3.45
Activity / Turnover Ratios:						
Inventory turnover ratio	14.38	14.97	13.35	12.90	11.22	11.91
No. of Days in Inventory	25.38	24.38	27.34	28.30	32.54	30.65
Debtor turnover ratio	13.63	28.33	38.10	40.84	29.40	23.76
No. of Days in Receivables	26.78	12.88	9.58	8.94	12.42	15.36
Total Assets turnover ratio	0.39	0.44	0.62	0.73	0.66	0.59
Fixed Assets turnover ratio	0.56	0.63	1.01	1.03	0.87	0.77
Creditor turnover ratio	7.78	13.22	19.85	15.18	11.95	10.75
No. of Days in Creditors	46.90	27.62	18.39	24.05	30.53	33.96
Operating Cycle	5.25	9.65	18.54	13.18	14.42	12.06

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

Note : Figures of previous year have been restated as per current audited accounts.

COMMENTS ON
RATIO ANALYSIS

Profitability ratios: The profitability ratios have seen an upward trend owing to higher margins on account of increased sales and reduced costs from 2014 to 2016. The profitability ratios of the Company, however, have declined during the current year due to decrease in sale quantities, increase in packing material and coal landed rates. Furthermore, profitability has also taken a hit due to an increase in finance cost and marketing expenses. However, the Company has managed to increase its Grey local sales retention, thereby overall increasing Net Sales. Cost of sales also increased due to higher input prices driven by the devaluation of Pak Rupee and inflationary factors. The said increase in cost has also reduced the EBITDA margin from 29% to 21%.

Liquidity Ratios: Liquidity ratios have shown a handsome growth from 2014 to 2016 due to better working capital management policies and increased profitability. However, from 2017 onwards decline in the liquidity is witnessed due to expansion of Coal Fired Power Plant and Brown field expansion of grey cement line.

Investment / Market Ratios: Prolonged political unrest in the country and transition of government process, increase in State Bank Policy rate has severely impacted stock market performance resulting in massive decline in market capitalization of the Company. The Company's market share price remained in the range of Rs.19.26 to Rs 60.78, closing at Rs. 23.89 in comparison to Rs.50.74 at the close of last year. The breakup value has also moved positively on account of better operational performance.

Capital Structure Ratios: The Company is operating at optimal level of debt equity mix. Relying mainly on internal cash generation to maximize shareholders' return. The results of this strategy are evident from improving trend in Interest cover ratio from 2014 to 2017. However, during the year, the Company increased its debt to cater the financing needs for expansion projects of grey cement line and Coal Fired Power Plant. This decline will be compensated in later years as the company pays off its principle debt.

Activity/turnover ratios – The significant improvement in operating cycle in the current and last year by a 100 percent is mainly due to increase in Payables days on account of better negotiated credit terms with suppliers of expansion projects. No. of days of Inventory, however, have witnessed a small variation. A stable inventory turnover ratio over the past 6 years showing the Company's quick ability to convert inventory into revenue.

DUPONT **ANALYSIS**

Years	Return on Equity (Profit Margin * Total Asset Turnover* Equity Multiplier)	Profit Margin (Pre-Tax Profit / Sales)	Total Asset Turnover (Sales / Avg. Assets)	Return on Assets	Equity Multiplier (Avg. Assets / Avg. Equity)
	E= C*D	A	B	C= A*B	D
2019	5.51%	0.06	0.42	2.67%	2.06
2018	16.39%	0.17	0.53	9.01%	1.82
2017	30.50%	0.29	0.68	19.40%	1.57
2016	36.50%	0.30	0.74	22.51%	1.62
2015	27.87%	0.22	0.66	14.26%	1.95
2014	27.13%	0.19	0.59	11.17%	2.43
2013	30.19%	0.18	0.53	9.72%	3.11

Following are the DuPont analysis highlights:

1. Operational results have declined due the surge in input variable costs driven by the devaluation of local currency and inflationary factors causing the reduction in profit margins.

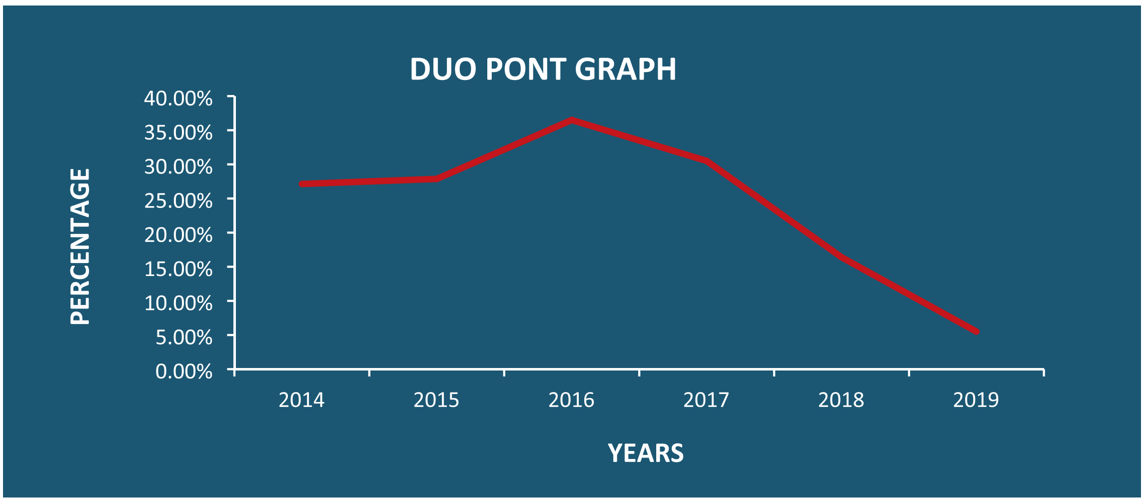
2. Assets turnover has declined, mainly on account of incurring high capital expenditures for cement capacity enhancement project to meet future demands.

3. Based on the above two factors, the Return on Assets which is dependent on the above two factors, has gone down.

4. Due to high capital expenditures for cement capacity enhancement equity multiplier has further increased in current year.

Conclusion:

The DuPont analysis depicts reduction in profitability and reduction in total assets turnover.



COMPOSITION OF LOCAL VERSUS **IMPORTED MATERIAL AND SENSITIVITY ANALYSIS**

	2019		2018	
	Rs. '000	%	Rs. '000	%
Local Components:				
Raw materials consumed	1,230,606	8%	1,116,918	8%
Packing materials consumed	2,004,861	12%	1,530,733	11%
Fuel	160,175	1%	67,295	0%
Power and associated costs	4,633,972	28%	4,105,232	29%
Stores, spare parts and loose tools consumed	313,468	2%	481,028	3%
Imported Components:				
Fuel	7,539,250	46%	6,302,459	44%
Stores, spare parts and loose tools consumed	524,681	3%	790,561	5%
Total	16,407,013	100%	14,394,226	100%

Sensitivity analysis

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

would have been as follow:

	2019 Rs. '000'	2018 Rs. '000'
Increase of 1% in exchange rate	80,639	70,930
Decrease of 1% in exchange rate	(80,639)	(70,930)

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

FREE CASH FLOWS

Net cash generated from operating activities	6,280,960	5,589,931
Capital expenditures	(8,220,851)	(19,795,846)
Net Debt / Equity	4,552,666	10,168,321
FCF - Total	2,612,775	(4,037,594)

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

ECONOMIC VALUE ADDED

NOPAT	2,802,692	3,706,394
Less: Cost of capital	(2,230,128)	(2,280,754)
Economic Value Added	572,564	1,425,640

Economic value added (EVA) is a measure of a company's financial performance based on the residual wealth calculated by deducting its cost of capital from its operating profit, adjusted for taxes on a cash basis.

KEY OPERATING AND
FINANCIAL DATA
FOR SIX YEARS FROM JUNE 2014 TO JUNE 2019

	2018-19	2017-18	2016-17	2015-16	2014-15	2013-14
Quantitative Data (M. Tons)						
Cement:						
Production	3,638,313	3,760,120	3,341,970	3,340,410	3,005,456	2,753,142
Sales	3,673,278	3,763,835	3,364,402	3,340,324	2,960,501	2,740,901
Sales (Rs. 000)						
Gross Sales	36,678,918	35,990,524	31,799,079	28,890,304	25,393,341	23,263,584
Less:						
Excise Duty	4,874,102	4,436,086	2,931,708	1,194,966	935,201	838,618
Sales Tax	5,656,806	5,713,760	4,764,821	4,144,108	3,590,939	3,324,741
Commission	142,066	141,565	110,471	118,534	147,147	131,678
Net Sales	26,005,944	25,699,113	23,992,079	23,432,696	20,720,054	18,968,547
Profitability (Rs. 000)						
Gross Profit/(Loss)	4,917,080	7,022,551	9,482,302	10,022,132	7,495,623	6,522,985
Profit/(Loss) Before Tax	1,664,176	4,395,236	6,870,356	7,117,538	4,500,911	3,590,401
Provision for Income Tax	(198,877)	(763,035)	(2,093,275)	(2,232,953)	(1,046,616)	(760,227)
Profit/(Loss) After Tax	1,465,299	3,632,201	4,777,081	4,884,585	3,454,295	2,830,174
Financial Position (Rs. 000)						
Tangible Fixed Assets-Net	46,640,664	40,894,010	23,647,663	22,822,494	23,720,541	24,705,782
Other Non-Current Assets	5,110,233	5,102,837	4,757,479	721,495	61,571	60,078
	51,750,897	45,996,847	28,405,142	23,543,989	23,782,112	24,765,860
Current Assets	14,206,878	12,731,681	10,411,631	8,477,707	7,439,205	7,145,445
Current Liabilities	(14,164,518)	(11,953,924)	(7,764,031)	(5,027,065)	(8,144,461)	(7,132,572)
Net Working Capital	42,360	777,757	2,647,600	3,450,642	(705,256)	12,873
Capital Employed	51,793,257	46,774,604	31,052,742	26,994,631	23,076,856	24,778,733
Less: Non Current Liabilities	(21,278,671)	(16,863,465)	(7,344,681)	(5,657,496)	(5,414,116)	(10,137,641)
Shareholders' Equity	30,514,586	29,911,139	23,708,061	21,337,135	17,662,740	14,641,092
Represented By:						
Share Capital	5,937,007	5,937,007	5,277,340	5,277,340	5,277,340	5,277,340
Reserves & Un-appropriated Profit	20,693,099	19,709,589	14,106,812	11,472,540	7,634,318	4,472,237
Surplus on Revaluation of PPE	3,884,480	4,264,543	4,323,909	4,587,255	4,751,082	4,891,515
	30,514,586	29,911,139	23,708,061	21,337,135	17,662,740	14,641,092

Note : Figures of previous year have been restated as per current audited accounts.

STATEMENT OF CASH FLOWS
DIRECT METHOD

	2019	2018
	(Rupees	in thousand)
Cash flows from operating activities		
Cash receipts from customers	24,317,750	25,224,886
Cash paid to suppliers and employees	17,549,636	17,196,610
Net Cash generated from operations	6,768,114	8,028,276
Increase in long term loans to employees	(10,352)	(3,673)
Retirement benefits paid	(38,020)	(40,084)
Increase in long term deposits to suppliers	(326)	(80)
(Decrease) / Increase in long term deposits	(50)	15
Increase in retention money payable	34,796	310,735
Workers' profit particiaption fund paid	(93,768)	(175,916)
Workers' welfare fund paid	-	(135,635)
Tax refund received	418,939	-
Taxes paid	(798,373)	(2,393,707)
Net cash generated from operating activities	6,280,960	5,589,931
Cash flows from investing activities		
Capital expenditure	(8,220,851)	(19,445,846)
Intangible asset purchased	(5,219)	-
Proceeds from disposal of property, plant and equipment	102,173	51,965
Disposal/(acquisition) of long term investments		
Proceeds against disposal of subsidiary		
Short term investment - net	-	(21,997)
Long term investment	-	(350,000)
Profit on bank deposits received	18,796	28,970
Dividend received		
Proceeds from disposal of short term investments		
Acquisition of short term investments		
Net cash used in investing activities	(8,105,101)	(19,736,908)
Cash flows from financing activities		
Proceed from long term loans from banking companies - secured - net	3,552,666	10,648,936
Long term loan from subsidiary company	1,000,000	-
Proceeds from issuance of right shares	-	4,241,830
Payment of liabilities against assets subject to finance lease - net	-	(480,615)
Short term borrowings - net	(1,215,654)	1,038,909
Finance cost paid	(857,975)	(462,171)
Dividend paid	(663,880)	(1,804,561)
Net cash generated from financing activities	1,815,157	13,182,328
Net decrease in cash and cash equivalents	(8,984)	(964,649)
Cash and cash equivalents at the beginning of the year	(806,581)	158,068
Cash and cash equivalents at the end of the year	(815,565)	(806,581)

Note : Figures of previous year have been restated as per current audited accounts.

RESULTS REPORTED IN INTERIM FINANCIAL **STATEMENTS AND FINAL ACCOUNTS**

	Interim Results						Annual Results	
	3 Months Period Ended 30-09-2018		6 Months Period Ended 31-12-2018		9 Months Period Ended 31-03-2019		Year Ended 30-06-2019	
	Rupees ,000	%	Rupees ,000	%	Rupees ,000	%	Rupees ,000	%
Net Turnover	5,654,976		12,432,947		18,537,201		26,005,944	
Gross Profit	1,188,917	21.02%	2,948,460	23.71%	4,169,423	22.49%	4,917,080	18.91%
Operating Profit	645,094	11.41%	1,673,870	13.46%	2,428,528	13.10%	2,836,733	10.91%
Net Profit Before Tax	430,419	7.61%	1,213,869	9.76%	1,704,559	9.20%	1,664,176	6.40%
Net Profit After Tax	342,226	6.05%	800,471	6.44%	1,150,798	6.21%	1,465,299	5.63%
Debt Equity Ratio	15,564,115 / 45,860,823	34:66	17,628,436 / 47,746,345	37:63	17,513,091 / 47,986,431	36:64	18,305,362 / 48,819,948	37:63
Current Ratio	13,609,835 / 13,476,788	1.01	13,697,886 / 12,578,507	1.09	13,815,032 / 13,863,588	1.00	14,206,878 / 14,164,518	1.00

Note : Figures of previous quarters have been restated as per current audited accounts.

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

3 Months Ended September 30, 2018

"Gross Profit Ratio for the 1st Quarter was 21.02% as compared to annual GP of 18.91%, mainly due to the high fuel landed cost, packing material rates and Pak Rupee devaluation.

Operating Profit was 11.41% as compared to 10.91% mainly due to marketing expenses.

Net Profit Before Tax was 7.61% as compared to annual 6.40%, mainly due to decrease in GP%.

Net Profit After Tax was 6.05% as compared to 5.63% mainly due to the high fuel landed cost and packing material rates.

Debt Equity Ratio was 34:66 in first quarter as compared to 37:63 in annual, mainly due to drawdown of debt over the year for capital investment.

Current ratio was 1.01 as compared to annual 1.00."

6 Months Ended December 31, 2018

"Gross Profit Ratio was 23.71% as compared to annual GP of 18.91%, mainly due to the high fuel landed cost in subsequent period.

Operating Profit was 13.46% as compared to 10.91% in annual, mainly due to marketing expenses.

Net Profit Before Tax was 9.76% as compared to annual 6.40%, mainly due to decrease in GP%.

Net Profit After Tax was 6.44% as compared to 5.63% in annual mainly due to increase in packing material rates and coal landed cost.

Debt Equity Ratio was 37:63 in first half year as compared to 37:63 in annual.

Current ratio was 1.09 as compared to annual of 1.00 due to the extra balance of current maturities of long term debts falling due in next twelve months."

9 Months Ended March 31, 2019

"Gross Profit Ratio was 22.49% as compared to annual GP of 18.91%, mainly due to decrease in average retention during the quarter.

Operating Profit was 13.10% as compared to 10.91% in annual, mainly due to marketing expenses
Net Profit Before Tax was 9.20% as compared to annual 6.40% mainly due to decreased gross profit

margin in last quarter on account of decrease in average retention.

Net Profit After Tax was 6.21% as compared to 5.63% in annual.

Debt Equity Ratio was 36:64 as compared to 37:63

Current ratio was 1.00 as compared to annual of 1.00.

EXPLANATION OF NEGATIVE CHANGE **IN THE PERFORMANCE AGAINST PRIOR YEARS**

Annual Results						
	Year Ended 30-06-2019		Year Ended 30-06-2018		YOY Variance	
	Rupees '000	%	Rupees '000	%	Rupees '000	%
Net Turnover	26,005,944		25,699,113		306,831	1.19%
Gross Profit	4,917,080	18.91%	7,022,551	27.33%	-2,105,471	-29.98%
Operating Profit	2,836,733	10.91%	5,039,357	19.61%	-2,202,624	-43.71%
Net Profit Before Tax	1,664,176	6.40%	4,395,236	17.10%	-2,731,060	-62.14%
Net Profit After Tax	1,465,299	5.63%	3,632,201	14.13%	-2,166,902	-59.66%

1. Gross Profit declined from preceding year due to decrease in sales volume, increase in fuel and power cost, devaluation of Pak Rupee and general inflationary impact on input costs.

2. Operating profit decrease due to decrease in Gross profit.

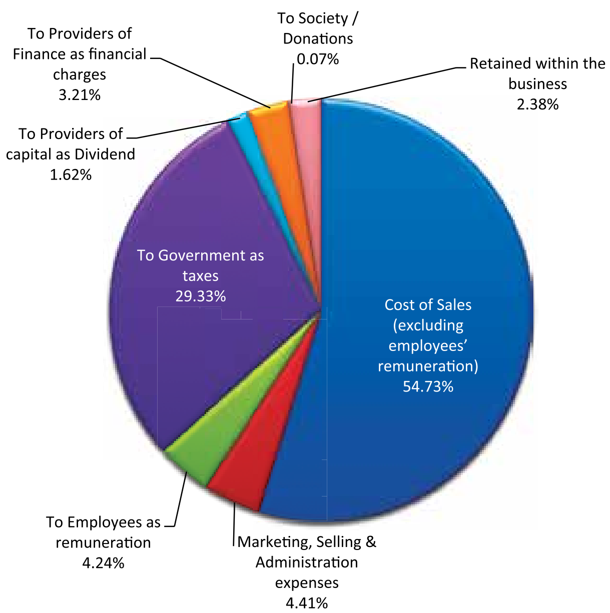
3. Net profit before tax is decline due to increase in finance cost.

4. Net profit after tax decline due to decrease in GP and increase in finance cost.

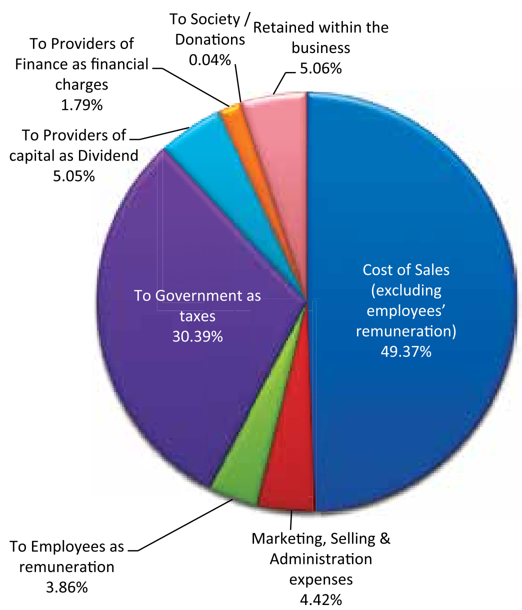
STATEMENT OF VALUE ADDED
AND HOW DISTRIBUTED

	2019		2018	
	Rs. (000)	% age	Rs. (000)	% age
Wealth Generated				
Sales net of commission	36,536,852	99.88%	35,848,959	99.84%
Other Operating Income	42,997	0.12%	55,935	0.16%
	36,579,849	100.00%	35,904,894	100.00%
Distribution of Wealth				
Cost of Sales (excluding employees' remuneration)	20,019,816	54.73%	17,727,252	49.37%
Marketing, Selling & Administration Expenses	1,614,056	4.41%	1,587,046	4.42%
To Employees as Remuneration	1,551,137	4.24%	1,386,614	3.86%
To Government as Taxes	10,729,785	29.33%	10,912,881	30.39%
To Providers of Capital as Dividend	593,701	1.62%	1,814,085	5.05%
To Providers of Finance as Financial Charges	1,172,557	3.21%	644,121	1.79%
To Society / Donations	27,199	0.07%	14,779	0.04%
Retained within the Business	871,598	2.38%	1,818,116	5.06%
	36,579,849	100.00%	35,904,894	100.00%

Wealth Distribution 2019



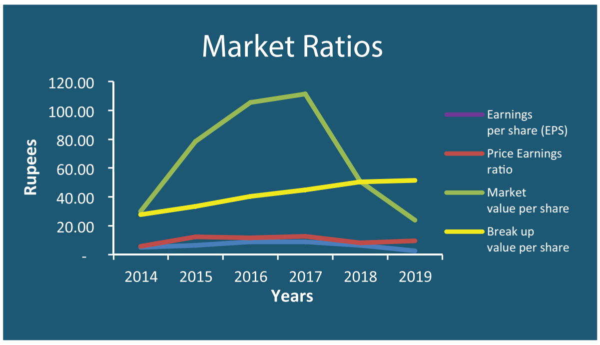
Wealth Distribution 2018

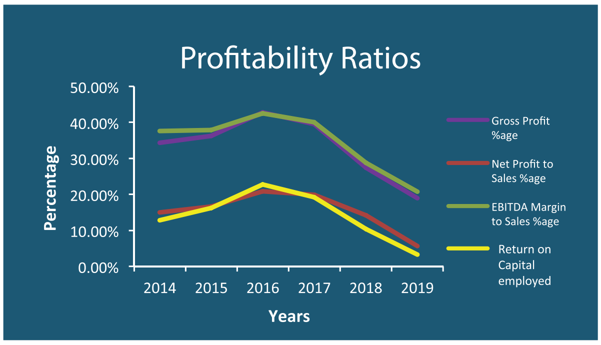


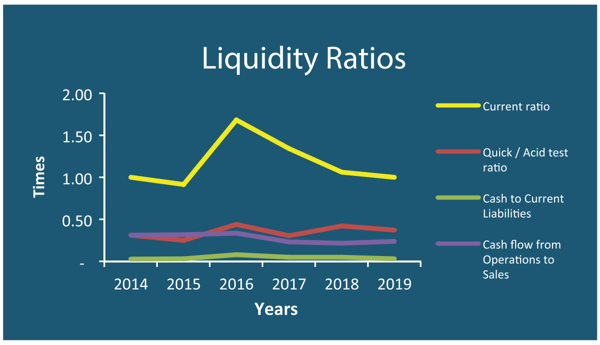
Statement of Charity

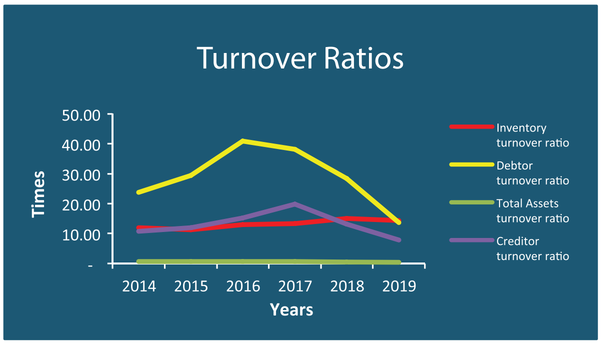
	2019 Rs. (000)	2018 Rs. (000)
Beaconhouse National University	644	562
Bushra Shaheen	325	300
Shaukat Khanum Memorial Trust	300	-
District Police Office Mianwali	6,028	-
Daud Khel water supply project	17,215	-
District Management Mianwali	1,687	-
Mosque Lower Dir	1,000	-
Daud Khel Health care Centre	-	6,518
Police Welfare Midle School	-	2,500
Jamia Masjid Iskenderabad	-	2,135
Miscellaneous donations in the form of cement	-	1,010
Jahanara Memorial Trust (JMT)	-	1,000
Police Station Daud Khel	-	216
Labor Office Mianwali	-	38
ICare foundation	-	500
	27,199	14,779

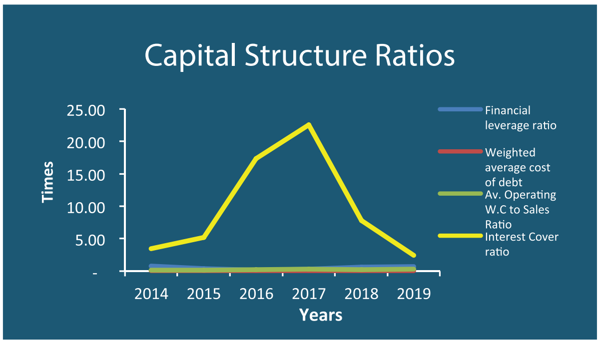
GRAPHICAL PRESENTATION - **STAKEHOLDERS' INFORMATION**

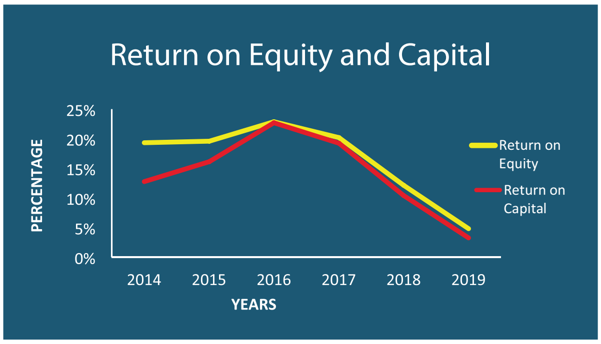


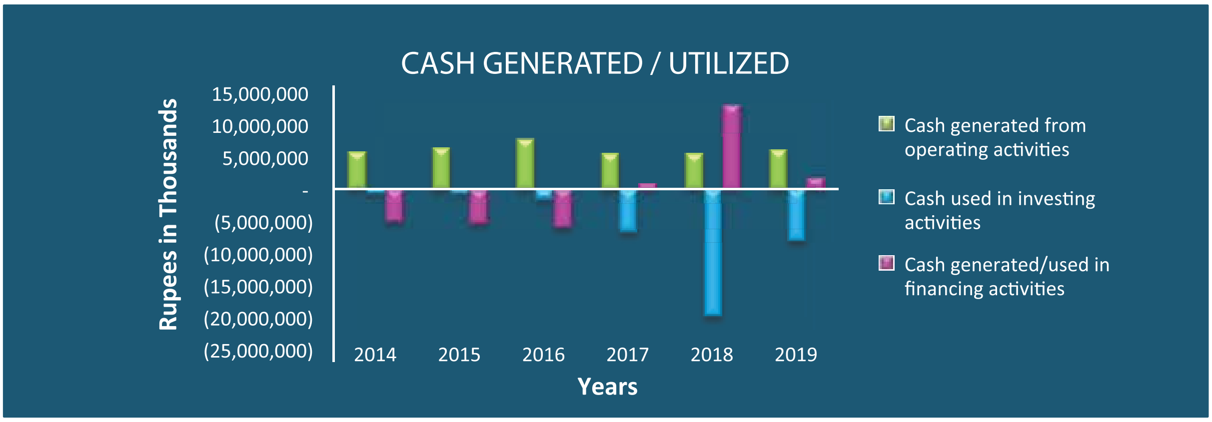




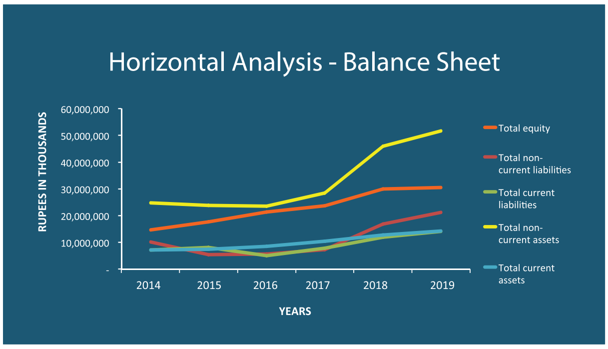


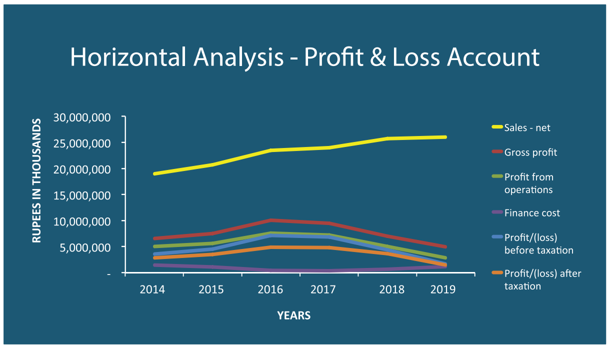


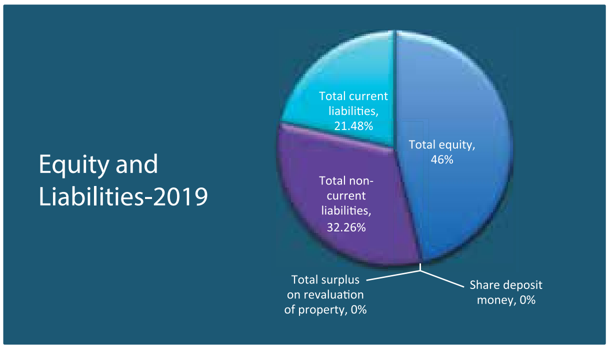


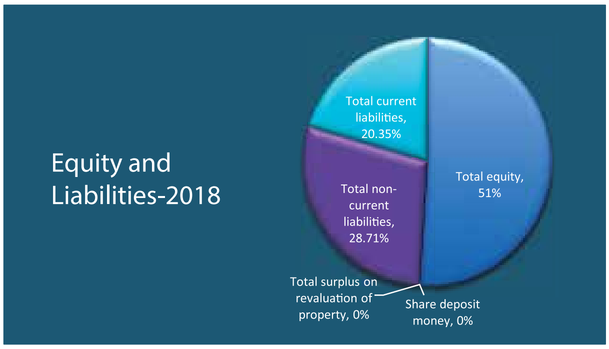


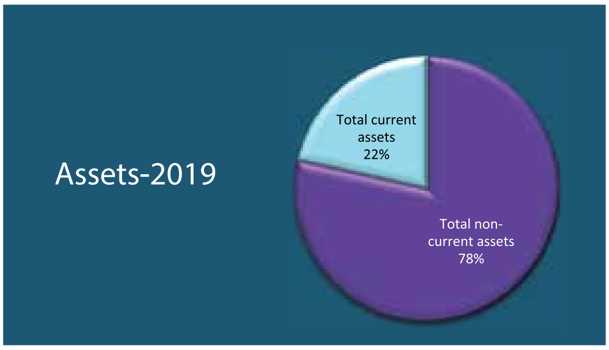
GRAPHICAL PRESENTATION - **STAKEHOLDERS' INFORMATION**

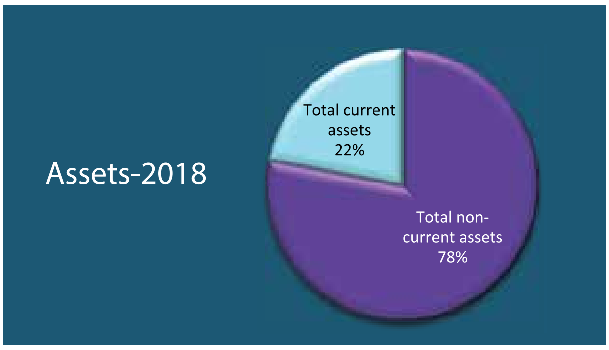


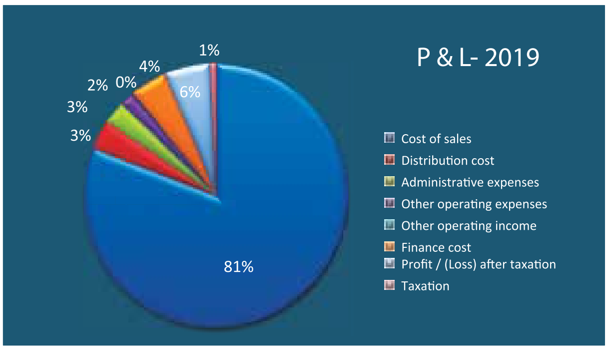


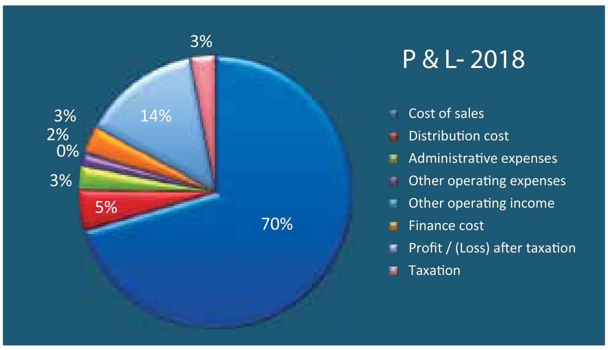












DEFINITIONS AND **GLOSSARY OF TERMS**

Gross Profit Ratio

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

Net Profit Ratio

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

Operating Profit Ratio

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

Current Asset Ratio

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

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 common stock. 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 Assets (ROA)

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

Return on Equity (ROE)

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

Return on Investment (ROI)

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

میپل لیف
ایکدم SOLID
MAPLE LEAF CEMENT

TAJ MAHAL OF INDIA

A mausoleum commissioned for the wife of Mughal Emperor Shah Jahan, the Taj Mahal was built between 1632 and 1648. The Building was constructed using the most perfect cementing agent possible made by mixing of molasses, batashe, belgiri water, jute and kankar with lime mortar.Considered the most perfect specimen of Muslim art in India, the white marble structure actually represents a number of architectural styles, including Persian, Islamic, Turkish and Indian. The Taj Mahal also encompasses formal gardens of raised path-ways, sunken flower beds and a linear reflecting pool.

PATTERN OF
SHAREHOLDING

CUIN (Incorporation Number)	0001107
1.1 Name of the Company	MAPLE LEAF CEMENT FACTORY LIMITED
2.1 Pattern of holding of the shares held by the shareholders as at	30-06-2019

2.2 No. of Shareholders	Size of Holding From	To	Total shares held
1,954	1 -	100	81,282
2,927	101 -	500	993,584
1,998	501 -	1000	1,728,087
3,230	1001 -	5000	8,324,647
779	5001 -	10000	6,011,742
272	10001 -	15000	3,413,464
161	15001 -	20000	2,936,966
109	20001 -	25000	2,540,981
78	25001 -	30000	2,211,548
43	30001 -	35000	1,416,796
35	35001 -	40000	1,326,165
20	40001 -	45000	863,647
41	45001 -	50000	2,021,887
15	50001 -	55000	796,987
20	55001 -	60000	1,152,632
11	60001 -	65000	688,661
8	65001 -	70000	540,496
14	70001 -	75000	1,040,512
7	75001 -	80000	542,811
5	80001 -	85000	415,346
7	85001 -	90000	625,625
5	90001 -	95000	467,625
23	95001 -	100000	2,294,129
9	100001 -	105000	918,337
5	105001 -	110000	540,625
8	110001 -	115000	898,520
4	115001 -	120000	470,500
3	120001 -	125000	373,375
3	125001 -	130000	383,132
1	130001 -	135000	133,500
2	135001 -	140000	275,000
5	140001 -	145000	717,450
14	145001 -	150000	2,089,850
2	150001 -	155000	308,125
2	155001 -	160000	314,750
2	160001 -	165000	327,717
5	170001 -	175000	867,059
1	175001 -	180000	178,336
2	180001 -	185000	365,999
1	185001 -	190000	186,500
1	190001 -	195000	191,500
10	195001 -	200000	2,000,000
2	200001 -	205000	404,000
3	205001 -	210000	623,587

2.2 No. of Shareholders	Size of Holding From	To	Total shares held
1	210001 -	215000	213,391
2	220001 -	225000	450,000
2	225001 -	230000	459,500
1	230001 -	235000	233,000
2	245001 -	250000	500,000
4	250001 -	255000	1,015,255
2	255001 -	260000	514,361
4	260001 -	265000	1,048,500
1	265001 -	270000	269,714
1	270001 -	275000	272,500
1	280001 -	285000	283,000
1	285001 -	290000	285,500
5	295001 -	300000	1,500,000
1	300001 -	305000	303,125
1	310001 -	315000	314,250
1	315001 -	320000	320,000
2	320001 -	325000	647,992
1	325001 -	330000	325,687
1	335001 -	340000	337,500
1	340001 -	345000	344,250
1	350001 -	355000	354,062
1	360001 -	365000	360,584
1	365001 -	370000	370,000
1	370001 -	375000	373,100
1	375001 -	380000	377,625
2	395001 -	400000	800,000
2	400001 -	405000	803,351
2	415001 -	420000	836,050
1	425001 -	430000	425,312
1	430001 -	435000	432,500
1	450001 -	455000	453,916
1	455001 -	460000	456,625
1	460001 -	465000	463,500
1	470001 -	475000	474,000
1	495001 -	500000	500,000
1	515001 -	520000	519,000
1	525001 -	530000	530,000
1	550001 -	555000	552,937
1	565001 -	570000	567,750
1	580001 -	585000	582,000
1	585001 -	590000	586,000
1	590001 -	595000	593,900
1	600001 -	605000	602,655
2	620001 -	625000	1,249,937
1	630001 -	635000	635,000
1	645001 -	650000	649,425
1	660001 -	665000	660,992
1	665001 -	670000	670,000
1	675001 -	680000	677,800
1	690001 -	695000	691,271
2	695001 -	700000	1,400,000
1	725001 -	730000	728,817

2.2	No. of Shareholders	Size of Holding From		To	Total shares held
	1	730001	-	735000	730,687
	1	750001	-	755000	753,750
	1	830001	-	835000	832,500
	1	845001	-	850000	848,250
	1	890001	-	895000	890,187
	1	920001	-	925000	922,500
	1	955001	-	960000	958,000
	1	995001	-	1000000	1,000,000
	1	1000001	-	1005000	1,003,500
	1	1090001	-	1095000	1,090,500
	1	1240001	-	1245000	1,244,556
	1	1345001	-	1350000	1,349,300
	1	1380001	-	1385000	1,383,000
	1	1495001	-	1500000	1,500,000
	1	1515001	-	1520000	1,518,500
	1	1525001	-	1530000	1,528,000
	1	1530001	-	1535000	1,530,047
	1	1555001	-	1560000	1,558,500
	1	1615001	-	1620000	1,617,500
	1	1640001	-	1645000	1,643,625
	3	1795001	-	1800000	5,395,101
	1	1825001	-	1830000	1,830,000
	1	1860001	-	1865000	1,861,336
	1	1995001	-	2000000	2,000,000
	1	2045001	-	2050000	2,046,000
	1	2050001	-	2055000	2,051,499
	1	2265001	-	2270000	2,265,500
	1	2465001	-	2470000	2,468,000
	1	2645001	-	2650000	2,650,000
	1	3005001	-	3010000	3,007,000
	1	3095001	-	3100000	3,100,000
	1	3225001	-	3230000	3,229,500
	1	3240001	-	3245000	3,240,500
	1	3835001	-	3840000	3,838,500
	1	3850001	-	3855000	3,850,037
	1	3860001	-	3865000	3,862,925
	1	3925001	-	3930000	3,927,729
	1	3945001	-	3950000	3,948,750
	1	4175001	-	4180000	4,176,500
	1	4210001	-	4215000	4,212,150
	2	4655001	-	4660000	9,315,300
	1	4780001	-	4785000	4,782,000
	1	6095001	-	6100000	6,099,275
	1	6575001	-	6580000	6,580,000
	1	7455001	-	7460000	7,455,637
	1	8140001	-	8145000	8,143,795
	1	8385001	-	8390000	8,388,875
	1	12310001	-	12315000	12,310,787
	1	12355001	-	12360000	12,356,250
	1	19545001	-	19550000	19,548,975
	1	327835001	-	327840000	327,836,727
	11,973				593,700,666

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

2.3 Categories of Shareholders	Shares Held	Percentage of Capital
2.3.1 Directors, CEO and their spouses & minor children		
Mr. Tariq Sayeed Saigol - Chairman	17,529	0.0030
Mr. Sayeed Tariq Saigol - Chief Executive	5,800	0.0010
Mr. Taufique Sayeed Saigol	8,613	0.0015
Mr. Waleed Tariq Saigol	6,111	0.0010
Mr. Danial Taufique Saigol	2,812	0.0005
Mr. Zamiruddin Azar	11,894	0.0020
Mr. Shafiq Ahmed Khan	8,437	0.0014
Mrs. Shehla Tariq Saigol - Spouse of Mr. Tariq Sayeed Saigol	97,254	0.0164
	158,450	0.0268
2.3.2 Associated Companies, undertakings and related parties		
Kohinoor Textile Mills Ltd.	327,836,727	55.2192
2.3.3 NIT and ICP		
National Bank of Pakistan, Trustee Deptt.	13,097	0.0022
Industrial Development Bank of Pakistan (IDBP)	6,200	0.0010
	19,297	0.0032
2.3.4 Banks, Development Financial Institutions, Non-banking Financial Institutions	19,152,545	3.2260
2.3.5 Insurance Companies	10,724,613	1.8064
2.3.6 Modarabas and Mutual Funds	24,080,494	4.0560
2.3.7 Shareholders holding 10% or more		
Refer to 2.3.2 above &	-	

The following shareholding(s) are being managed by Aberdeen Standard Investments (Asia) Limited:

Name of Shareholders /Fund Managers	Shares Held	
ABERDEEN INSTITUTIONAL COMMINGLED FUNDS, LLC	6,099,275	
ABERDEEN GLOBAL ASIAN SMALLER COMPANIES FUND	19,548,975	
ABERDEEN GLOBAL EMERGING MARKETS SMALLER COMPANIES FND	12,356,250	
ABERDEEN FRONTIER MARKETS INVESTMENT COMPANY LIMITED	3,862,925	
ABERDEEN GLOBAL FRONTIER MARKETS EQUITY FUND	3,838,500	
ABERDEEN GLOBAL EMERGING MARKETS INFRASTRUCTURE EQUITY FUND	4,176,500	
SEGREGATED ACCOUNT HOLDINGS HELD BY BANK OF NEW YORK MELLON	8,388,875	
ABERDEEN EMERGING MARKETS SMALLER COMPANIES FUND	12,310,787	
SEGREGATED ACCOUNT HOLDINGS HELD BY RBC DEXIA INVESTOR SERVICES LIMITED	2,046,000	
	72,628,087	12.2331

	Shares Held	Percentage of Capital
2.3.8 General Public		
a. Local	99,827,383	16.8144
b. Foreign	33,664,605	5.6703

2.3 Categories of Shareholders	Shares Held	Percentage of Capital
2.3.9 Others		
ARTAL RESTAURANT INT LTD. EMP. P.F	500	
Bristol-Myers Squibb Pak (Pvt) Ltd Emp Prov Fund	14,500	
BYCO PETROLEUM PAKISTAN LIMITED EMPLOYEES PROVIDENT FUND	10,000	
CDC - TRUSTEE AGIPF EQUITY SUB-FUND	21,162	
CDC - TRUSTEE AGPF EQUITY SUB-FUND	16,687	
CDC - TRUSTEE NAFA ISLAMIC PENSION FUND EQUITY ACCOUNT	272,500	
CDC - TRUSTEE NAFA PENSION FUND EQUITY SUB-FUND ACCOUNT	149,000	
CDC - TRUSTEE PAKISTAN PENSION FUND - EQUITY SUB FUND	250,000	
CDC-TRUSTEE ALHAMRA ISLAMIC PENSION FUND - EQUITY SUB FUND	150,000	
Chevron Pakistan Lubricants (Pvt.) Ltd. EPF	6,500	
DESCON OXYCHEM LTD. EMPLOYEES PROVIDENT FUND	700	
Descon Power Solutions Pvt Ltd Staff Prov Fund Trust	4,000	
EMPLOYEES OLD AGE BENEFITS INSTITUTION	3,007,000	
ENGRO FERTILIZERS LIMITED NON-MPT EMPLOYEES GRATUITY FUND	24,500	
First UDL Modaraba Staff Provident Fund	10,000	
GETZ PHARMA (PRIVATE) LIMITED EMPLOYEES PROVIDENT FUND	5,000	
HABIB EDUCATION TRUST STAFF PROVIDENT FUND	10,312	
INSPECTEST (PVT.) LIMITED EMPLOYEES PROVIDENT FUND	500	
MANAGING COMMITTEE GHAZALI EDUCATION TRUST	440	
PAKISTAN HERALD PUBLICATIONS (PVT) LTD. STAFF PENSION FUND	6,000	
PAKISTAN TELECOMMUNICATION EMPLOYEES TRUST	149,000	
TELENOR PAKISTAN (PRIVATE) LIMITED EMPLOYEES PROVIDENT FUND	500	
THAL LIMITED EMPLOYEES PROVIDENT FUND	36,500	
THAL LIMITED EMPLOYEES RETIREMENT BENEFIT FUND	5,000	
THE CRESCENT TEXTILE MILLS LTD EMPLOYEES PROVIDENT FUND	182,325	
TRUSTEE ARTAL RESTAURANTS INTS EMP. P.F	1,000	
TRUSTEE CHERAT CEMENT CO. LTD EMPLOYEES PROVIDENT FUND	137,500	
TRUSTEE CHERAT CEMENT COMPANY LTD STAFF GRATUITY FUND	160,000	
TRUSTEE KARACHI PARSI ANJUMAN TRUST FUND	4,000	
TRUSTEE LEVER BROTHERS EMPLOYEES	5,000	
TRUSTEE MOMIN ADAMJEE WELFARE TRUST	150,000	
TRUSTEE NATIONAL BANK OF PAKISTAN EMP BENEVOLENT FUND TRUST	7,488	
TRUSTEE NATIONAL BANK OF PAKISTAN EMPLOYEES PENSION FUND	213,391	
Trustee of E A CONSULTING (PRIVATE) LIMITED - EPF	10,000	
TRUSTEE OF FIRST HABIB MODARABA EMPLOYEES CONTRIBUTORY P.F	27,000	
TRUSTEE-CHERAT CEMENT COMPANY LTD. EMPLOYEES PROVIDENT FUND	48,125	
TRUSTEES D.G.KHAN CEMENT CO.LTD.EMP. P.F	7,875	
TRUSTEES FEERASTA SENIOR TRUST	26,000	
TRUSTEES HOMMIE&JAMSHED NUSSERWANJEE C.T	56,250	
TRUSTEES OF CRESENT STEEL & ALLIED PRODUCTS LTD-PENSION FUND	6,826	
Trustees of Karachi Sheraton Hotel Employees Provident Fund	1,201	
Trustees of Pakistan Human Development Fund	66,875	
TRUSTEES OF PAKISTAN MOBILE COMMUNICATION LTD-PROVIDENT FUND	112,500	
Trustees of Pharm Evo Pvt. Ltd. Employees Provident Fund	27,220	
Trustees of TCS (Pvt.) Ltd. Employee Provident Fund Trust	26,088	
TRUSTEES S.M. SOHAIL TRUST	20,000	
WAH NOBEL (PRIVATE) LIMITED MANAGEMENT STAFF PENSION FUND	20,000	
WELLCOME PAKISTAN LIMITED PROVIDENT FUND	141,500	
	5,608,465	0.9447
Grand Total :	593,700,666	100.0000

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

Financial Statements

for the Year Ended June 30, 2019

KPMG Taseer Hadi & Co.
Chartered Accountants
351 Shadman-1, Jail Road,
Lahore 54000 Pakistan
+92 (42) 111-KPMGTH (576484), Fax +92 (42) 3742 9907

INDEPENDENT AUDITOR'S REPORT

To the members of Maple Leaf Cement Factory Limited

Report on the Audit of the Unconsolidated Financial Statements

We have audited the annexed unconsolidated financial statements of Maple Leaf Cement Factory Limited ("the Company"), which comprise the statement of financial position as at 30 June 2019, and the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the unconsolidated financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, 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 30 June 2019 and of the profit, the comprehensive income, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

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

Key Audit Matters

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

Following are the Key audit matter(s):

S.No.	Key audit matter(s)	How the matter was addressed in our audit
1	Revenue Refer to statement of profit or loss and note 3.13 and 33 to the unconsolidated financial statements. The Company recognized revenue of Rs. 26 billion from the sale of goods to domestic as well as export customers during the year ended 30 June 2019. We identified recognition of revenue as a key audit matter because revenue is one of the key performance indicators of the Company and gives rise to a risk that revenue is recognized without transferring the control.	Our audit procedures to assess recognition of sales, amongst others, included the following: • obtaining an understanding of the process relating to recording of sales and testing the design, implementation and operating effectiveness of key internal controls; • assessing the appropriateness of the Company's accounting policies for recording of sales and compliance of those policies with applicable accounting standards; • comparing a sample of sale transactions recorded during the year with sales orders, sales invoices, delivery challans and other relevant underlying documents; • comparing a sample of sale transactions recorded around the year with the sales orders, sales invoices, delivery challans and other relevant underlying documentation to assess if the sale was recorded in the appropriate accounting period; • comparing, on a sample basis, specific sale transactions recorded just before and just after the financial year end date to determine whether the revenue had been recognized in the appropriate financial period; and • scanning for any manual journal entries relating to sales raised during the year which were considered to be material or met other specific risk based criteria for inspecting underlying documentation.
2	Borrowings and finance costs Refer notes 3.16, 8 and 39 to the unconsolidated financial statements. The Company has obtained range of financing facilities from different financial institutions with varying terms and tenures. This was considered to be a key audit matter as these affects Company's gearing, liquidity and solvency. Further, compliance with debt covenants is a key requirement of these financing arrangements.	Our audit procedures included the following: • We assessed the design and operating effectiveness of the Company's internal controls over recording the terms and conditions of borrowings from financial institutions, including their classification as either current or non-current and associated costs. • We obtained confirmations of borrowings as at 30 June 2019 directly from the financial institutions; • We tested the calculation of markup recognized as both an expense and capitalized during the year to assess whether these were accounted for in accordance with approved accounting standards as applicable in Pakistan; • We assessed whether loans maturing within twelve months were classified as current liabilities; and • We assessed the adequacy of the Company's compliance with the loan covenants and the disclosure in the unconsolidated financial statements.

3	Capitalization of Property, Plant and Equipment Refer notes 3.5 and 19 to the unconsolidated financial statements. The Company has made significant capital expenditure on expansion of manufacturing facilities. We identified capitalization of property, plant and equipment as a key audit matter because there is a risk that amounts being capitalized may not meet the capitalization criteria with related implications on depreciation charge for the year.	Our audit procedures to assess the capitalization of property, plant and equipment, amongst others, included the following: • understanding the design and implementation of management controls over capitalization and testing control over authorization of capital expenditure and accuracy of its recording in the system; • testing, on sample basis, the costs incurred on projects with supporting documentation and contracts; • assessing the nature of costs incurred for the capital projects through testing, on sample basis, of amounts recorded and considering whether the expenditure meets the criteria for capitalization as per the applicable accounting standards; and • inspecting supporting documents for the date of capitalization when project was ready for its intended use to assess whether depreciation commenced and further capitalization of costs ceased from that date and assessing the useful life assigned by management including testing the calculation of related depreciation.
4	Valuation of trade debts Refer notes 3.1.2, 3.9 and 26 to the unconsolidated financial statements. As at 30 June 2019, the Company's gross trade debts amount to Rs. 2,845 million. Pursuant to adoption of IFRS 9 'Financial Instruments' and using the modified retrospective approach, the Company has recognized expected credit loss ("ECL") of Rs. 126 million in opening retained earnings as at 01 July 2018 and Rs. 10 million for the year ended 30 June 2019. IFRS 9 requires the Company to make provision for financial assets (trade debts) using Expected Credit Loss (ECL) approach as against the Incurred Loss Model previously applied by the Company. Determination of ECL provision for trade debts requires significant judgement and assumptions including consideration of factors such as historical credit loss experience and forward-looking macro-economic information.	Our audit procedures to assess valuation of trade debts, amongst others, included the following: • reviewing the methodology developed and applied by the management to estimate the ECL in relation to trade debts, evaluating the key assumptions used (historical and forward looking), the policies applied to assess ECL in respect of trade debts and testing the mathematical accuracy of the ECL model by re-performing calculations on test basis; • involving our specialists to assess the ECL model and significant estimates, assumptions and judgments applied in developing ECL; • assessing, on a sample basis, the accuracy of the data used for ECL computation; and • assessing the adequacy of disclosure made in the unconsolidated financial statements in accordance with the requirements of the applicable accounting and reporting standards.

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

Management is responsible for the other information. Other information comprises the information included in the annual report for the year ended 30 June 2019, but does not include the consolidated and unconsolidated financial statements and our auditor's reports thereon.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Report on Other Legal and Regulatory Requirements

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

a) proper books of account have been kept by the Company as required by the Companies Act, 2017(XIX of 2017);
b) the 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) zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the Company and deposited in the Central Zakat Fund established under section 7 of that Ordinance.

The engagement partner on the audit resulting in this independent auditor's report is Bilal Ali.

KPMG Taseer Hadi & Co.

Lahore

KPMG Taseer Hadi & Co.
Chartered Accountants

Date: September 19, 2019

UNCONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2019

	Note	2019	2018
		(Rupees in thousand)	
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized share capital	5	9,000,000	7,000,000
Issued, subscribed and paid-up share capital	5	5,937,007	5,937,007
Capital reserves	6	5,640,300	5,640,300
Accumulated profits		15,052,799	14,069,289
Surplus on revaluation of fixed assets - net of tax	7	3,884,480	4,264,543
		30,514,586	29,911,139
NON - CURRENT LIABILITIES			
Long term loans from financial institutions - secured	8	15,990,227	12,942,080
Long term loan from Subsidiary Company	9	1,000,000	-
Long term deposits	10	8,664	8,714
Deferred taxation	11	3,705,927	3,418,172
Retention money payable	12	368,499	310,735
Retirement benefits	13	205,354	183,764
		21,278,671	16,863,465
CURRENT LIABILITIES			
Current portion of :			
- Long term loans from financial institutions - secured	8	1,315,135	810,616
Trade and other payables	14	8,218,303	5,388,729
Unclaimed dividend		40,564	110,743
Mark-up accrued on borrowings	15	575,029	283,415
Short term borrowings	17	4,015,487	5,360,421
		14,164,518	11,953,924
CONTINGENCIES AND COMMITMENTS	18		
		65,957,775	58,728,528

The annexed notes from 1 to 55 form an integral part of these unconsolidated financial statements.

CHIEF EXECUTIVE OFFICER | CHIEF FINANCIAL OFFICER | DIRECTOR

	Note	2019	2018
		(Rupees in thousand)	
ASSETS			
NON - CURRENT ASSETS			
Property, plant and equipment	19	46,640,664	40,894,010
Intangible assets	20	13,529	16,811
Long term investment	21	5,020,000	5,020,000
Long term loans to employees - secured	22	19,824	9,472
Long term deposits	23	56,880	56,554
		51,750,897	45,996,847
CURRENT ASSETS			
Stores, spare parts and loose tools	24	7,208,762	6,505,283
Stock-in-trade	25	1,739,014	1,193,506
Trade debts	26	2,683,758	1,131,753
Loans and advances	27	805,159	2,303,402
Short term investment	28	17,887	32,062
Short term deposits and prepayments	29	173,598	114,208
Accrued profit	30	2,272	1,179
Other receivables	31	35,319	43,534
Income tax refundable	16	1,046,711	774,092
Cash and bank balances	32	494,398	632,662
		14,206,878	12,731,681
		65,957,775	58,728,528

CHIEF EXECUTIVE OFFICER

CHIEF FINANCIAL OFFICER

DIRECTOR

UNCONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED JUNE 30, 2019

	Note	2019	2018
		(Rupees in thousand)	
Sales - net	33	26,005,944	25,699,113
Cost of sales	34	(21,088,864)	(18,676,562)
Gross profit		4,917,080	7,022,551
Distribution cost	35	(933,244)	(736,142)
Administrative expenses	36	(733,607)	(730,551)
Other charges	37	(456,493)	(572,436)
		(2,123,344)	(2,039,129)
Other income	38	42,997	55,935
Profit from operations		2,836,733	5,039,357
Finance cost	39	(1,172,557)	(644,121)
Profit before taxation		1,664,176	4,395,236
Taxation	40	(198,877)	(763,035)
Profit after taxation		1,465,299	3,632,201
		--------------Rupees--------------	
Earnings per share - basic and diluted	41	2.47	6.29

The annexed notes from 1 to 55 form an integral part of these unconsolidated financial statements.

CHIEF EXECUTIVE OFFICER | CHIEF FINANCIAL OFFICER | DIRECTOR

UNCONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2019

	2019	2018
	(Rupees in thousand)	
Profit after taxation	1,465,299	3,632,201
Other comprehensive income		
Item that will not be subsequently reclassified in profit or loss:		
Remeasurement of defined benefit liability	(33,620)	(27,012)
Related tax	8,411	6,737
	(25,209)	(20,275)
Total comprehensive income for the year	1,440,090	3,611,926

The annexed notes from 1 to 55 form an integral part of these unconsolidated financial statements.

CHIEF EXECUTIVE OFFICER

CHIEF FINANCIAL OFFICER

DIRECTOR

UNCONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2019

	Note	2019	2018
		(Rupees in thousand)	
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		1,664,176	4,395,236
Adjustments for:			
Depreciation	19.1.6	2,356,110	2,144,497
Amortization		8,501	8,395
Provision against doubtful debts	36	10,189	25,000
Provision for Workers' Profit Participation Fund	14.3	88,125	235,035
Provision for Workers' Welfare Fund	37	-	70,431
Loss on disposal of property, plant and equipment	37	15,913	3,036
Loss on re-measurement of short term investments	37	14,175	67,594
Unwinding Interest - Retention money payable		22,968	-
Retirement benefits	13	25,990	46,058
Finance cost	39	1,149,589	644,121
Advances written off	36	-	12,895
Profit on bank deposits	38	(19,889)	(28,793)
Cash generated from operations before working capital changes		5,335,847	7,623,505
Effect on cash flow due to working capital changes			
(Increase) / decrease in current assets:			
Stores, spare parts and loose tools		(703,479)	245,303
Stock-in-trade		(545,508)	107,729
Trade debts		(1,688,194)	(474,227)
Loans and advances		1,498,243	(1,468,489)
Short term deposits and prepayments		(59,390)	(38,341)
Other receivables		8,215	217,102
		(1,490,113)	(1,410,923)
Increase in current liabilities:			
Trade and other payables		2,922,380	1,815,694
		1,432,267	404,771
Net cash generated from operations		6,768,114	8,028,276
Increase in long term loans to employees	22	(10,352)	(3,673)
Increase in long term deposits to suppliers	23	(326)	(80)
(Decrease) / increase in long term deposits	10	(50)	15
Increase in retention money payable	12	34,796	310,735
Retirement benefits paid		(38,020)	(40,084)
Workers' Profit Participation Fund paid		(93,768)	(175,916)
Workers' Welfare Fund paid		-	(135,635)
Tax refund received		418,939	-
Taxes paid	16	(798,373)	(2,393,707)
Net cash generated from operating activities		6,280,960	5,589,931
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure		(8,220,851)	(19,445,846)
Intangible asset purchased		(5,219)	-
Proceeds from disposal of property, plant and equipment		102,173	51,965
Long term investment		-	(350,000)
Short term investment - net		-	(21,997)
Profit on bank deposits received		18,796	28,970
Net cash used in investing activities		(8,105,101)	(19,736,908)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from long term loans from financial institutions - secured - net		3,552,666	10,648,936
Long term loan from subsidiary company		1,000,000	-
Proceeds from issuance of right shares		-	4,241,830
Payment of liabilities against assets subject to finance lease - net		-	(480,615)
Short term borrowings - net	17	(1,215,654)	1,038,909
Finance cost paid		(857,975)	(462,171)
Dividend paid		(663,880)	(1,804,561)
Net cash generated from financing activities		1,815,157	13,182,328
Net decrease in cash and cash equivalents		(8,984)	(964,649)
Cash and cash equivalents at beginning of the year		(806,581)	158,068
Cash and cash equivalents at end of the year	42	(815,565)	(806,581)

The annexed notes from 1 to 55 form an integral part of these unconsolidated financial statements.

CHIEF EXECUTIVE OFFICER

CHIEF FINANCIAL OFFICER

DIRECTOR

UNCONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED JUNE 30, 2019

	Share Capital	Capital Reserves: Share premium	Capital Reserves: Capital redemption reserve	Capital Reserves: Sub-total	Capital Reserves: Surplus on revaluation of fixed assets - net of tax	Revenue Reserves: Accumulated profits	Total Equity
	(Rupees in thousand)						
At 30 June 2017	5,277,340	1,529,874	528,263	2,058,137	4,323,909	12,048,675	23,708,061
Total comprehensive income for the year							
Profit for the year ended 30 June 2018	-	-	-	-	-	3,632,201	3,632,201
Other comprehensive income for the year ended 30 June 2018	-	-	-	-	-	(20,275)	(20,275)
	-	-	-	-	-	3,611,926	3,611,926
Issuance of shares	659,667	3,628,171	-	3,628,171	-	-	4,287,838
Shares issue cost	-	(46,008)	-	(46,008)	-	-	(46,008)
	659,667	3,582,163	-	3,582,163	-	-	4,241,830
Effect on deferred tax due to change in tax rate and proportion of local and export sales	-	-	-	-	163,407	-	163,407
Incremental depreciation from surplus on revaluation of fixed assets - net of tax	-	-	-	-	(222,762)	222,762	-
Reversal of revaluation surplus on disposal of fixed assets - net of tax	-	-	-	-	(11)	11	-
Transaction with owners of the Company							
Final cash dividend @ Rs. 1.75 per share for the year ended 30 June 2017	-	-	-	-	-	(923,534)	(923,534)
Interim cash dividend @ Rs. 1.5 per share for the year ended 30 June 2018	-	-	-	-	-	(890,551)	(890,551)
At 30 June 2018 - as reported	5,937,007	5,112,037	528,263	5,640,300	4,264,543	14,069,289	29,911,139
Effect of initial application of IFRS 9, net of tax (Note - 3.1.2)	-	-	-	-	-	(89,460)	(89,460)
Adjusted balance as at 1 July 2018	5,937,007	5,112,037	528,263	5,640,300	4,264,543	13,979,829	29,821,679
Total comprehensive income for the year							
Profit for the year ended 30 June 2019	-	-	-	-	-	1,465,299	1,465,299
Other comprehensive income for the year ended 30 June 2019	-	-	-	-	-	(25,209)	(25,209)
	-	-	-	-	-	1,440,090	1,440,090
Effect on deferred tax due to change in tax rate and proportion of local and export sales	-	-	-	-	(153,482)	-	(153,482)
Incremental depreciation from surplus on revaluation of fixed assets - net of tax	-	-	-	-	(223,170)	223,170	-
Reversal of revaluation surplus on disposal of fixed assets - net of tax	-	-	-	-	(3,411)	3,411	-
Transaction with owners of the Company							
Final cash dividend @ Re. 1 per share for the year ended 30 June 2018	-	-	-	-	-	(593,701)	(593,701)
At 30 June 2019	5,937,007	5,112,037	528,263	5,640,300	3,884,480	15,052,799	30,514,586

The annexed notes from 1 to 55 form an integral part of these unconsolidated financial statements.

CHIEF EXECUTIVE OFFICER

CHIEF FINANCIAL OFFICER

DIRECTOR

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

1. REPORTING ENTITY

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

2. BASIS OF PREPARATION

2.1 Separate financial statements

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

The Company has the following long term investment:

	2019	2018
	(Direct holding percentage)	
Subsidiary Company		
Maple Leaf Power Limited	100	100

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

2.2 Statement of compliance

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

- International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act 2017;

- Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan as notified under the Companies Act, 2017; and

- Provision of and directives issued under the Companies Act, 2017.

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

2.3 Basis of measurement

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

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

2.4 Functional and presentation currency

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

2.5 Use of estimates and judgments

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

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

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

2.5.1 Property, plant and equipment

The Company reviews the useful lives and residual values of property, plant and equipment on regular basis. Any change in estimates in future years might affect the carrying amounts of the respective items of property, plant and equipment with a corresponding effect on the depreciation charge and impairment.

2.5.2 Stores, spare parts and loose tools

The Company reviews the stores, spare parts and loose tools for possible impairment on an annual basis. Any change in estimates in future years might affect the carrying amounts of the respective items of stores, spare parts and loose tools with a corresponding effect on the provision.

2.5.3 Stock-in-trade

The Company reviews the carrying amount of stock-in-trade on a regular basis. Carrying amount of stock-in-trade is adjusted where the net realizable value is below the cost. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and estimated costs necessary to make the sale.

2.5.4 Expected credit loss (ECL) / Loss allowances against trade debts, deposits, advances and other receivables

ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive.

The Company has elected to measure loss allowances for trade debts using IFRS 9 simplified approach and has calculated ECLs based on lifetime ECLs. The Company has established a provision matrix that is based on the Company's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment. When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment including forward-looking information.

The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk. Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

The Company reviews the recoverability of its trade debts, deposits, advances and other receivables to assess amount of loss allowances required there against on an annual basis.

2.5.5 Employee benefits

The Company operates approved funded gratuity scheme covering all its full time permanent workers who have completed the minimum qualifying period of service as defined under the respective scheme. The gratuity scheme is managed by trustees. The calculation of the benefit requires assumptions to be made of future outcomes, the principal ones being in respect of increase in remuneration and the discount rate used to convert future cash flows to current values. The assumptions used for the plan are determined by independent actuary on annual basis.

The amount of the expected return on plan assets is calculated using the expected rate of return for the year and the market-related value at the beginning of the year. Gratuity cost primarily represents the increase in actuarial present value of the obligation for benefits earned on employee service during the year and the interest on the obligation in respect of employee service in previous years, net of the expected return on plan assets. Calculations are sensitive to changes in the underlying assumptions.

2.5.6 Recoverable amount of assets / cash generating unit and impairment

The management of the Company reviews carrying amounts of its assets and cash generating units for possible impairment and makes formal estimates of recoverable amount if there is any such indication.

2.5.7 Taxation

The Company takes into account the current income tax law and decisions taken by the taxation authorities. Instances where the Company's views differ from the views taken by the income tax department at the assessment stage and where the Company considers that its view on items of material nature is in accordance with law, the amounts are shown as contingent liabilities.

The Company also regularly reviews the trend of proportion of incomes between Presumptive Tax Regime income and Normal Tax Regime income and the change in proportions, if significant, is accounted for in the year of change.

2.5.8 Provisions and contingencies

The Company reviews the status of all pending litigations and claims against the Company. Based on the judgment and the advice of the legal advisors for the estimated financial outcome, appropriate disclosure or provision is made. The actual outcome of these litigations and claims can have an effect on the carrying amounts of the liabilities recognized at the statement of financial position date.

2.5.9 Revaluation of property, plant and equipment

Revaluation of property, plant and equipment is carried out by an independent professional valuer. Revalued amounts of non-depreciable items are determined by reference to local market values and that of depreciable items are determined by reference to present depreciated replacement values.

The frequency of revaluations depends upon the changes in fair values of the items of property, plant and equipment being revalued. When the fair value of a revalued asset differs materially from its carrying amount, a further revaluation is required. Such frequent revaluations are unnecessary for items of property, plant and equipment with only insignificant changes in fair value. Instead, it may be necessary to revalue the item only every three or five years.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies set out below have been consistently applied to all periods presented in these financial statements, except as disclosed in note 3.1.

3.1 Change in significant accounting policies

The Company has adopted IFRS 15 ‘Revenue from Contracts with Customers’ and IFRS 9 ‘Financial Instruments’ from 01 July 2018 which are effective from annual periods beginning on or after 01 July 2018. Due to the transition methods chosen by the Company in applying these standards, comparative information throughout these financial statements has not been restated to reflect the requirements of these new standards. Further, the Company has changed its policy regarding accumulated compensated absences in accordance with IAS 19 ‘Employee Benefits’. The details of new significant accounting policies adopted and the nature and effect of the changes to previous accounting policies are set out below:

3.1.1 IFRS 15 - Revenue from Contracts with Customers

IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognized. It replaced IAS 18 Revenue, IAS 11 Construction Contracts and related interpretations. Under IFRS 15, revenue is recognized when a customer obtains control of the goods or services. Determining the timing of the transfer of control – at a point in time or over time requires judgment. The Company manufactures and contracts with customers for the sale of cement which generally include single performance obligation. Management has concluded that revenue from sale of goods be recognised at the point in time when control of the asset is transferred to the customer. The above is generally consistent with the timing and amounts of revenue the Company recognised in accordance with the previous standard, IAS 18. Therefore, the adoption of IFRS 15 which replaced IAS 18 Revenue, IAS 11 Construction Contracts and related interpretations, did not have an impact on the timing and amounts of revenue recognition of the Company.

Upon adoption of IFRS 15 amounts received for future sale of goods were reclassified to ‘contract liabilities’. Previously, these amounts were classified as “advances from customers”.

Impact on financial statements

As at 01 July 2018, contract liabilities were increased by Rs. 215.53 million and advance from customers decreased by the same amount.

3.1.2 IFRS 9 - Financial instruments

IFRS 9 replaced the provisions of IAS 39 'Financial Instruments: Recognition and Measurement' that relates to the recognition, classification and measurement of financial assets and financial liabilities, derecognition of financial instruments, impairment of financial assets and hedge accounting. The details of new significant accounting policies adopted and the nature and effect of the changes to previous accounting policies are set out below:

3.1.2.1 Classification and measurement of financial instruments

IFRS 9 largely retains the existing requirements in IAS 39 for the classification and measurement of financial liabilities. However, it eliminates the previous IAS 39 categories for financial assets of held to maturity, loans and receivables and available for sale. Under IFRS 9, on initial recognition, the Company classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value either through Other Comprehensive Income (FVOCI), or through profit or loss (FVTPL); and

- those to be measured at amortised cost

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

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at fair value through profit or loss:

- 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.

Financial assets at amortised cost are subsequently measured using the effective interest rate method. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain on derecognition is recognised in profit or loss.

Equity investments at fair value through profit or loss are measured at fair value. Net gains and losses and dividend income is recognised in statement of profit or loss account.

3.1.2.2 Impact of change in classification and measurement of financial assets due to adoption of IFRS 9

The following table explains the original measurement categories under IAS 39 and the new measurement categories under IFRS 9 for each class of the Company's financial assets at 01 July 2018:

Financial Assets	Original classification under IAS 39	New classification under IFRS 9	Original carrying amount under IAS 39	New carrying amount under IFRS 9
Listed equity security	FVTPL	FVTPL	32,062	32,062
Cash and bank balances	Loans and receivable	Amortized cost	632,662	632,662
Deposits and other receivables	Loans and receivable	Amortized cost	141,182	141,182
Accrued profit	Loans and receivable	Amortized cost	1,179	1,179
Long term loans to employees	Loans and receivable	Amortized cost	14,820	14,820
Long term deposits	Loans and receivable	Amortized cost	56,554	56,554
Trade debts - unsecured, considered good	Loans and receivable	Amortized cost	1,131,753	1,005,753

Company's accounting policy relating to financial instruments is explained in note 3.9 of these unconsolidated financial statements.

3.1.2.3 Impairment of financial assets

The adoption of IFRS 9 has changed the Company's impairment model by replacing the IAS 39 'incurred loss model' with a forward looking 'expected credit loss' (ECL) model when assessing the impairment of financial assets in the scope of IFRS 9. IFRS 9 requires the Company to recognize ECLs for trade debts earlier than IAS 39. Cash and bank balances, accrued profit on deposits, long term loans to employees, deposits and other receivables are also subject to ECL but there is no or immaterial impairment for the current year.

Under IFRS 9, the losses allowances are measured on either of the following bases: (1) 12 months ECLs: these are the ECLs that result from possible default events within the 12 months after the reporting date; and (2) lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument.

The Company applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade and other receivables. Trade and other receivables are written off when there is no reasonable expectation of recovery.

Loss allowance on bank balances is measured at 12 months expected credit losses. Since they are short term in nature and there is no adverse change in credit rating of the banks where the balances are maintained, therefore no credit loss is expected on these balances.

Impact of ECL

Using the modified retrospective approach, the Company has recognized expected credit loss ("ECL") (net of tax) of Rs. 89.46 million in opening retained earnings as at 01 July 2018 and Rs. 10 million for the year ended 30 June 2019.

3.1.3 IAS 19 - Employee compensated absences

The Company accounts for the liability in respect of employees' compensated absences in the year in which these are earned. Provision to cover the obligations is made using the current salary level of employees. During the year, the Company has changed its accounting policy and carried out actuarial valuation as at 30 June 2019 to calculate the compensation charge to its statement of profit or loss. The change of accounting policy is not considered to have material effect on the comparative figures of these unconsolidated financial statements and accordingly the change in policy has been applied prospectively. Company's accounting policy relating to employees benefits is explained in note 3.2 of these unconsolidated financial statements.

3.2 Employee benefits

Defined contribution plan

The Company operates a defined contributory approved Provident Fund Trust for all its employees. Equal monthly contributions are made both by the Company and employees at the rate of 10% of the basic salary to the Provident Fund Trust. Obligation for contributions to defined contribution plan is expensed as the related service is provided.

Defined benefit plan

The Company operates approved funded gratuity scheme for all its full time permanent workers who have completed the minimum qualifying period of service as defined under the respective scheme. Provision is made annually to cover obligations under the scheme on the basis of actuarial valuation and is charged to unconsolidated statement of profit or loss.

The Company's net obligation in respect of defined benefit plan is calculated by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

Calculation of defined benefit obligation is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Company, the recognized asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contribution to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

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

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognized immediately in unconsolidated statement of profit or loss. The Company recognizes gains and losses on the settlement of a defined benefit plan when the settlement occurs.

Liability for employees' compensated absences - other long term benefits

The Company accounts for the liability in respect of employees' compensated absences in the year in which these are earned. Provision to cover the obligations is made using the current salary level of employees. The unutilized leaves are accumulated subject to a maximum of 90 days. The unutilized accumulated leaves can be encashed at the time the employee leaves Company service. The Company uses the actuarial valuations carried out using the projected unit credit method for valuation of its accumulated compensating absences. The latest valuation was carried out on 30 June 2019. Provisions are made annually to cover the obligation for accumulating compensated absences based on actuarial valuation and are charged to the statement of profit or loss. The amount recognized in the statement of financial position represents the present value of the defined benefit obligations. Actuarial gains and losses are charged to the statement of profit or loss immediately in the period when these occur.

3.3 Taxation

Current

Current tax is the amount of tax payable on taxable income for the year, using tax rates enacted or substantively enacted by the reporting date, and any adjustment to the tax payable in respect of previous years. Provision for current tax is based on current rates of taxation in Pakistan after taking into account tax credits, rebates and exemptions available, if any. The amount of unpaid income tax in respect of the current or prior periods is recognized as a liability. Any excess paid over what is due in respect of the current or prior periods is recognized as an asset.

Deferred

Deferred tax is recognized using the statement of financial position liability method on all temporary differences between the carrying amounts of assets and liabilities for the financial reporting purposes and the amounts used for taxation purposes.

Deferred tax asset is recognized for all the deductible temporary differences only to the extent that it is probable that future taxable profits will be available against which the asset may be utilized. Deferred tax asset is reduced to the extent that it is no longer probable that the related tax benefit will be realized. Deferred tax liabilities are recognized for all the taxable temporary differences.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on the tax rates that have been enacted or substantively enacted by the statement of financial position date.

Deferred tax is charged or credited in the statement of profit or loss, except in the case of items credited or charged to comprehensive income or equity, in which case it is included in unconsolidated comprehensive income or equity.

3.4 Leases

Leases are classified as finance lease whenever terms of the lease transfer substantially all risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The liability to the lessor is included in the statement of financial position as liabilities against assets subject to finance lease. The liabilities are classified as current and non-current depending upon the timing of payment. Lease payments are apportioned between finance charges and reduction of the liabilities against assets subject to finance lease so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to unconsolidated statement of profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalized in accordance with the Company's general policy on borrowing costs.

Rentals payable under operating leases are charged to unconsolidated statement of profit or loss on a straight-line basis over the term of the relevant lease. Benefits received and receivable as an incentive to enter into an operating lease are also spread on a straight line basis over the lease term.

3.5 Property, plant and equipment

3.5.1 Tangible assets

Owned

Tangible assets except freehold land, buildings on freehold land, roads, bridges and railway sidings, plant and machinery are stated at cost less accumulated depreciation and impairment in value, if any. Buildings on freehold land, roads, bridges and railway sidings and plant and machinery are stated at revalued amount being the fair value at the date of revaluation, less any subsequent accumulated depreciation and impairment losses while freehold land is stated at revalued amount being the fair value at the date of revaluation, less any subsequent impairment losses, if any. Surplus on revaluation is booked by restating gross carrying amounts of respective assets being revalued, proportionately to the change in their carrying amounts due to revaluation. The accumulated depreciation at the date of revaluation is also adjusted to equal difference between gross carrying amounts and the carrying amounts of the assets after taking into account accumulated impairment losses. The surplus on revaluation of fixed assets to the extent of the annual incremental depreciation based on the revalued carrying amount of the asset and the depreciation based on the assets' original cost is transferred annually to retained earnings net of related deferred tax. Upon disposal, any revaluation reserve relating to the particular assets being sold is transferred to retained earnings. All transfers to / from surplus on revaluation of fixed assets account are net of applicable deferred income tax.

Capital work-in-progress is stated at cost less identified impairment losses, if any. All expenditure connected with specific assets incurred during installation and construction period are carried under capital work-in-progress. These are transferred to specific assets as and when these are available for use.

Major renewals and improvements to an item of property, plant and equipment are recognized in the carrying amount of the item if it is probable that the embodied future economic benefits will flow to the Company and the cost of renewal or improvement can be measured reliably. The cost of the day-to-day servicing of property, plant and equipment are recognized in statement of profit or loss as incurred.

Gains / losses on disposal or retirement of tangible assets, if any, are taken to unconsolidated statement of profit or loss.

Depreciation is calculated at the rates specified in note 19.1 on reducing balance method except that straight-line method is used for the plant and machinery and buildings relating to dry process plant after deducting residual value. Depreciation on additions to property, plant and equipment is charged from the month in which the item becomes available for use. Depreciation is discontinued from the month in which it is disposed or classified as held for disposal.

Leased

Assets held under finance lease arrangements are initially recorded at the lower of present value of minimum lease payments under the lease agreements and the fair value of the leased assets. Depreciation on leased assets is charged by applying reducing balance method at the rates used for similar owned assets, so as to depreciate the assets over their estimated useful lives in view of certainty of ownership of assets at end of the lease term.

The assets' residual values and useful lives are reviewed and adjusted, if appropriate, at each statement of financial position date.

3.5.2 Intangible assets

Intangible asset is stated at cost less accumulated amortization for finite intangible asset and any identified impairment loss. The estimated useful life and amortization method is reviewed at the end of each annual reporting period, with effect of any changes in estimate being accounted for on a prospective basis.

Finite intangible assets are amortized using straight-line method over a period of usage. Amortization on additions to intangible assets is charged from the month in which an asset is put to use and on disposal up to the month of disposal.

3.6 Investment in equity instruments of subsidiary

Investment in subsidiary company is measured at cost as per the requirements of IAS 27 "Separate Financial Statements". However, at subsequent reporting dates, the Company reviews the carrying amount of the investment and its recoverability to determine whether there is an indication that such investment has suffered an impairment loss. If any such indication exists the carrying amount of the investment is adjusted to the extent of impairment loss. Impairment losses are recognized as an expense in unconsolidated statement of profit or loss. Where impairment losses subsequently reverse, the carrying amounts of the investments are increased to the revised recoverable amounts but limited to the extent of initial cost of investments. A reversal of impairment loss is recognized in unconsolidated statement of profit or loss.

3.7 Stores, spare parts and loose tools

These are stated at lower of cost and net realizable value. Cost is determined using the weighted average method. Items in transit are valued at cost comprising invoice value plus other charges paid thereon.

3.8 Stock-in-trade

Stocks are valued at the lower of cost and net realizable value. Cost is determined as follows:

Raw material	at weighted average cost
Packing material	at weighted average cost
Work in process	at weighted average manufacturing cost
Finished goods	at weighted average manufacturing cost

Average manufacturing cost in relation to work in process and finished goods consists of direct material, labor and a proportion of appropriate manufacturing overheads.

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

3.9 Financial instruments

3.9.1 Recognition and initial measurement

All financial assets or financial liabilities are initially recognized when the Company becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. A receivable without a significant financing component is initially measured at the transaction price.

3.9.2 Classification and subsequent measurement

Financial assets

On initial recognition, a financial asset is classified as measured at amortized cost, fair value through other comprehensive income (FVOCI) and fair value through profit or loss (FVTPL).

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

Amortized cost

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and

- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

These assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

Financial assets measured at amortized cost comprise of cash and bank balances, deposits, trade debts and other receivables.

Debt Instrument - FVOCI

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and

- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognized in profit or loss. Other net gains and losses are recognized in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss. However, the Company has no such instrument at the reporting date.

Equity Instrument - FVOCI

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

These assets are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in OCI and are never reclassified to profit or loss. However, the Company has no such instrument at the reporting date.

Fair value through profit or loss (FVTPL)

All financial assets not classified as measured at amortized cost or FVOCI as described above are measured at FVTPL.

On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss.

Financial assets – Business model assessment:

For the purposes of the assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Company considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable-rate features;
- prepayment and extension features; and
- terms that limit the Company's claim to cash flows from specified assets (e.g. non-recourse features).

Financial liabilities

Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss. Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss.

Financial liabilities comprise trade and other payables, long term and short term financing, liabilities against assets subject to finance lease and dividend payable.

3.9.3 Derecognition

Financial assets

The Company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Company might enter into transactions whereby it transfers assets recognized in its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognized.

Financial liabilities

The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire. The Company also derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value. On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss.

3.9.4 Trade Debts, deposits and other receivables

These are classified at amortized cost and are initially recognised when they are originated and measured at fair value of consideration receivable. These assets are written off when there is no reasonable expectation of recovery. Actual credit loss experience over past years is used to base the calculation of expected credit loss.

3.10 Impairment

Financial assets

The Company recognizes loss allowances for ECLs on:

- financial assets measured at amortized cost;
- debt investments measured at FVOCI; and
- contract assets.

The Company measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured at 12-month ECLs:

- debt securities that are determined to have low credit risk at the reporting date; and
- other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward-looking information.

The Company assumes that the credit risk on a financial asset has increased significantly if it is more than past due for a reasonable period of time. Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument. 12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months). The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

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

The gross carrying amount of a financial asset is written off when the Company has no reasonable expectations of recovering of a financial asset in its entirety or a portion thereof. The Company individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Company expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

Non-financial assets

The carrying amount of the Company's non-financial assets, other than inventories and deferred tax assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. The recoverable amount of an asset or cash generating unit is the greater of its value in use and its fair value less cost to sell. In assessing value in use, the estimated future cash flows are discounted to their present values using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash generating unit.

An impairment loss is recognized if the carrying amount of the assets or its cash generating unit exceeds its estimated recoverable amount. Impairment losses are recognized in profit or loss. Impairment losses recognized in respect of cash generating units are allocated to reduce the carrying amounts of the assets in a unit on a pro rata basis. Impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to that extent that the asset's carrying amount after the reversal does not exceed the carrying amount that would have been determined, net of depreciation and amortization, if no impairment loss had been recognized.

3.11 Off setting of financial instruments

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

3.12 Cash and cash equivalents

Cash and cash equivalents for the purpose of statement of cash flows comprise cash in hand, running finance and cash at banks.

3.13 Revenue recognition

3.13.1 Sale of goods

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

3.13.2 Dividends

Dividend income is recognized when the Company's right to receive the dividend is established.

3.13.3 Interest income

Interest income is recognised as it accrues under the effective interest method using the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying amount of the financial asset.

3.14 Contract liabilities

A contract liability is the obligation of the Company to transfer goods or services to a customer for which the Company has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Company transfers goods or services to the customer, a contract liability is recognized when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognized as revenue when the Company performs under the contract. It also includes refund liabilities arising out of customers' right to claim amounts from the Company on account of contractual delays in delivery of performance obligations and incentive on target achievements.

3.15 Foreign currency translations

Transactions in foreign currencies are initially recorded at the rates of exchange ruling on the dates of transactions. Monetary assets and liabilities denominated in foreign currencies are retranslated into Pak Rupees at exchange rates prevailing on the statement of financial position date. All exchange differences are charged to unconsolidated statement of profit or loss.

3.16 Borrowings

All borrowings are recorded at the proceeds received. Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use are added to the cost of those assets, until such time as the assets are substantially ready for their intended use. All other borrowing costs are charged to unconsolidated statement of profit or loss in the period in which these are incurred.

3.17 Provisions

Provisions are recognized when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate of the amount can be made. Provisions are reviewed at each statement of financial position date and adjusted to reflect the current best estimate.

3.18 Earnings per share (EPS)

Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by weighted average number of ordinary shares outstanding during the year.

Diluted EPS is calculated by adjusting basic EPS with weighted average number of ordinary shares that would be issued on conversion of all dilutive potential ordinary shares into ordinary shares and post-tax effect of changes in profit or loss attributable to ordinary shareholders of the Company that would result from conversion of all dilutive potential ordinary shares into ordinary shares.

3.19 Dividend to ordinary shareholders

Dividend to ordinary shareholders is recognized as a deduction from accumulated profit in statement of changes in equity and as a liability in the Company's unconsolidated financial statements in the year in which the dividends are approved by the Board of Directors or the Company's shareholders as the case may be.

3.20 Mark-up bearing borrowings

Mark-up bearing borrowings are recognized initially at cost representing the fair value of consideration received less attributable transaction costs. Subsequent to initial recognition, mark-up bearing borrowings are stated at original cost less subsequent repayments, while the difference between the original recognized amounts (as reduced by periodic payments) and redemption value is recognized in the unconsolidated statement of profit or loss over the period of borrowings on an effective rate basis. The borrowing cost on qualifying asset is included in the cost of related asset.

3.21 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting structure. Management monitors the operating results of the business separately for the purpose of making decisions regarding resource allocation and performance assessment. All operating segments' operating results are reviewed regularly by the Company's Chief Executive Officer to make decisions about resources to be allocated to the segment and to assess its performance, and for which discrete financial information is available. The business of the Company has single reportable operating segment i.e., sale of cement.

4 STANDARDS, INTERPRETATIONS AND AMENDMENTS TO PUBLISHED APPROVED ACCOUNTING STANDARDS THAT ARE NOT YET EFFECTIVE

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

- IFRIC 23 'Uncertainty over Income Tax Treatments' (effective for annual periods beginning on or after 1 January 2019) clarifies the accounting for income tax when there is uncertainty over income tax treatments under IAS 12. The interpretation requires the uncertainty over tax treatment be reflected in the measurement of current and deferred tax. The application of interpretation is not likely to have an impact on Company's unconsolidated financial statements.

- IFRS 16 'Leases' (effective for annual period beginning on or after 1 January 2019). IFRS 16 replaces existing leasing guidance, including IAS 17 'Leases', IFRIC 4 'Determining whether an Arrangement contains a Lease', SIC-15 'Operating Leases- Incentives' and SIC-27 'Evaluating the Substance of Transactions Involving the Legal Form of a Lease'. IFRS 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognizes a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard i.e. lessors continue to classify leases as finance or operating leases. The Company is currently in the process of analyzing the potential impact of its lease arrangements that will result in recognition of right to use assets and liabilities on adoption of the standard.

- Amendment to IFRS 9 'Financial Instruments' – Prepayment Features with Negative Compensation (effective for annual periods beginning on or after 1 January 2019). For a debt instrument to be eligible for measurement at amortised cost or FVOCI, IFRS 9 requires its contractual cash flows to meet the SPPI criterion – i.e. the cash flows are 'solely payments of principal and interest'. Some prepayment options could result in the party that triggers the early termination receiving compensation from the other party (negative compensation). The amendment allows that financial assets containing prepayment features with negative compensation can be measured at amortised cost or at fair value through other comprehensive income (FVOCI) if they meet the other relevant requirements of IFRS 9. The application of amendment is not likely to have an impact on Company's unconsolidated financial statements.

- Amendment to IAS 28 'Investments in Associates and Joint Ventures' - Long Term Interests in Associates and Joint Ventures (effective for annual period beginning on or after 1 January 2019). The amendment will affect companies that finance such entities with preference shares or with loans for which repayment is not expected in the foreseeable future (referred to as long-term interests or 'LTI'). The amendment and accompanying example state that LTI are in the scope of both IFRS 9 and IAS 28 and explain the annual sequence in which both standards are to be applied. The amendments are not likely to have an impact on Company's unconsolidated financial statements.

- Amendments to IAS 19 'Employee Benefits'- Plan Amendment, Curtailment or Settlement (effective for annual periods beginning on or after 1 January 2019). The amendments clarify that on amendment, curtailment or settlement of a defined benefit plan, a company now uses updated actuarial assumptions to determine its current service cost and net interest for the period; and the effect of the asset ceiling is disregarded when calculating the gain or loss on any settlement of the plan and is dealt with separately in other comprehensive income. The application of amendments is not likely to have an impact on Company's unconsolidated financial statements.

- Amendment to IFRS 3 'Business Combinations' – Definition of a Business (effective for business combinations for which the acquisition date is on or after the beginning of annual period beginning on or after 1 January 2020). The IASB has issued amendments aiming to resolve the difficulties that arise when an entity determines whether it has acquired a business or a group of assets. The amendments clarify that to be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs. The amendments include an election to use a concentration test. The standard is effective for transactions in the future and therefore would not have an impact on past financial statements. The application of amendments is not likely to have an impact on Company's unconsolidated financial statements.

- Amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors (effective for annual periods beginning on or after 1 January 2020). The amendments are intended to make the definition of material in IAS 1 easier to understand and are not intended to alter the underlying concept of materiality in IFRS Standards. In addition, the IASB has also issued guidance on how to make materiality judgments when preparing their general purpose financial statements in accordance with IFRS Standards.

- On 29 March 2018, the International Accounting Standards Board (the IASB) has issued a revised Conceptual Framework for Financial Reporting which is applicable immediately contains changes that will set a new direction for IFRS in the future. The Conceptual Framework primarily serves as a tool for the IASB to develop standards and to assist the IFRS Interpretations Committee in interpreting them. It does not override the requirements of individual IFRSs and any inconsistencies with the revised Framework will be subject to the usual due process – this means that the overall impact on standard setting may take some time to crystallise. The companies may use the Framework as a reference for selecting their accounting policies in the absence of specific IFRS requirements. In these cases, companies should review those policies and apply the new guidance retrospectively as of 1 January 2020, unless the new guidance contains specific scope outs.

Annual Improvements to IFRS Standards 2015–2017 Cycle - the improvements address amendments to following approved accounting standards:

- IFRS 3 Business Combinations and IFRS 11 Joint Arrangement - the amendment aims to clarify the accounting treatment when a company increases its interest in a joint operation that meets the definition of a business. A company remeasures its previously held interest in a joint operation when it obtains control of the business. A company does not remeasure its previously held interest in a joint operation when it obtains joint control of the business.

- IAS 12 Income Taxes - the amendment clarifies that all income tax consequences of dividends (including payments on financial instruments classified as equity) are recognized consistently with the transaction that generates the distributable profits.

- IAS 23 Borrowing Costs - the amendment clarifies that a company treats as part of general borrowings any borrowing originally made to develop an asset when the asset is ready for its intended use or sale.

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

5. SHARE CAPITAL

5.1 Authorized share capital

	Number of shares	2019	2018
		(Rupees in thousand)	
(2018: 600,000,000) ordinary shares of Rs. 10 each	800,000,000	8,000,000	6,000,000
(2018: 100,000,000) 9.75% redeemable cumulative preference shares of Rs. 10 each	100,000,000	1,000,000	1,000,000
	900,000,000	9,000,000	7,000,000

5.2 Issued, subscribed and paid-up share capital

	Note	Number of shares	2019	2018
			(Rupees in thousand)	
(2018: 356,326,596) ordinary shares of Rs. 10 each fully paid in cash		356,326,596	3,563,266	3,563,266
(2018: 35,834,100) ordinary shares of Rs. 10 each issued as fully paid for consideration other than cash		35,834,100	358,341	358,341
(2018: 46,069,400) ordinary shares of Rs.10 each issued as fully paid bonus shares		46,069,400	460,694	460,694
(2018: 153,846,153) ordinary shares of Rs.10 each issued as fully paid right shares at discount	5.2.1	153,846,153	1,538,462	1,538,462
(2018: 1,624,417) ordinary shares of Rs.10 each issued on conversion of preference shares into ordinary shares	5.2.2	1,624,417	16,244	16,244
		593,700,666	5,937,007	5,937,007

5.2.1 During the financial year ended 30 June 2011, Company issued 153,846,153 shares at Rs. 6.50 per share at a discount of Rs. 3.50 per share otherwise than right against Rs. 1,000 million to the Holding Company, after complying with all procedural requirements in this respect.

5.2.2 During the financial years ended 30 June 2011 and 30 June 2012, 1,321,095 preference shares were converted into 1,624,417 ordinary shares at a conversion rate of 1.2296.

5.3 The Holding Company holds 327,836,727 (2018: 327,836,727) ordinary shares, which represents 55.22% (2018: 55.22%) of total ordinary issued, subscribed and paid-up share capital of the Company.

5.4 Directors of the Company hold 61,196 (2018: 61,196) ordinary shares of Rs. 10 each of the Company.

6. CAPITAL RESERVES

	Note	2019	2018
		(Rupees in thousand)	
Capital redemption reserve	6.1	528,263	528,263
Share premium reserve	6.2	5,112,037	5,112,037
		5,640,300	5,640,300

6.1 This reserve has been created under section 85 of the repealed Companies Ordinance, 1984 for redemption of preference shares.

6.2 This reserve can be utilized by the Company only for the purpose specified in section 81(2) of the Companies Act, 2017.

	2019	2018
	(Rupees in thousand)	
7. SURPLUS ON REVALUATION OF FIXED ASSETS - NET OF TAX		
At beginning of the year	5,362,272	5,659,065
Surplus on disposal of fixed assets during the year - net of deferred tax	(3,411)	(11)
Related deferred tax liability	(1,138)	(3)
Transfer to unappropriated profit in respect of incremental depreciation charged during the year - net of deferred tax	(223,170)	(222,762)
Related deferred tax liability	(76,545)	(74,017)
At end of the year	5,058,008	5,362,272
Deferred tax liability on revaluation surplus		
At beginning of the year	1,097,729	1,335,156
Transferred to unappropriated profit in respect of disposal of fixed assets during the year	(1,138)	(3)
Transferred to unappropriated profit in respect of incremental depreciation charged during the year	(76,545)	(74,017)
Effect of change in tax rate and proportion of local and export sales	153,482	(163,407)
At end of the year	1,173,528	1,097,729
	3,884,480	4,264,543

7.1 The Company's freehold land, buildings on freehold land, roads, bridges and railway sidings and plant and machinery were revalued by Arif Evaluators, an independent valuer not connected with the Company and approved by Pakistan Banks' Association (PBA) in "any amount" category, at 22 June 2015. The basis of revaluation for items of these fixed assets were as follows:

Freehold land

Fair market value of freehold land was assessed through inquiries to real estate agents and property dealers in near vicinity of freehold land. Different valuation methods and exercises were adopted according to experience, location and other usage of freehold land. Valuer had also considered all relevant factors as well.

Buildings on freehold land, roads, bridges and railway sidings

Construction specifications were noted for each building and structure and new construction rates are applied according to construction specifications for current replacement values. After determining current replacement values, depreciation was calculated to determine the current assessed market value.

Plant and machinery

Suppliers and different cement plant consultants in Pakistan and abroad were contacted to collect information regarding current prices of comparable cement plant to determine current replacement value. Fair depreciation factor for each item is applied according to their physical condition, usage and maintenance.

8. LONG TERM LOANS FROM FINANCIAL INSTITUTIONS - SECURED

	Lender	Sanctioned Limit	2019	2018	Tenure and basis of principal repayment	Mark-up as per Agreement	Security
		----- (Rupees in thousand) -----					
1	Askari Bank Limited - Term Finance	1,000,000	989,981	939,981	28 equal quarterly installments beginning on 28 March 2020	3-Month KIBOR + 75bps payable quarterly in arrears to be set on day of first draw down and then on 1st working day of each quarter.	Joint pari passu charge over fixed assets and all present and future plant and machinery of the Company.
2	Bank of Punjab - Demand Finance	2,000,000	1,754,367	1,415,704	28 equal quarterly installments beginning on 28 May 2020	3-Month KIBOR + 75bps payable quarterly in arrears to be reset on 1st working day of each calendar quarter.	Joint pari passu charge over all present and future fixed assets of the Company with 25% margin.
3	MCB Bank Limited - Demand Finance	2,000,000	1,915,088	1,322,699	28 equal quarterly installments beginning on 22 June 2020	3-Month KIBOR + 75bps payable quarterly in arrears to be reset on 1st working day of each calendar quarter.	Joint pari passu charge over all present and future fixed assets of the Company with 25% margin.
4	National Bank of Pakistan - Demand Finance	5,500,000	3,708,570	3,079,138	28 equal quarterly installments beginning on 30 June 2020	3-Month KIBOR + 75bps payable quarterly in arrears to be set on last business day before first draw down and then on immediately preceding day of each quarter.	Joint pari passu charge over fixed assets and all present and future plant and machinery of the Company.
5	Samba Bank - Term Finance	750,000	750,000	750,000	20 equal quarterly installments beginning on 20 March 2020	3-Month KIBOR + 75bps payable quarterly in arrears to be reset on 1st working day of each calendar quarter.	Joint pari passu charge over fixed assets and all present and future plant and machinery of the Company.
6	MCB Bank Limited (EX NIB) - Term Finance	2,000,000	1,984,505	984,505	28 equal quarterly installments beginning on 4 August 2020	3-Month KIBOR + 0.75% payable quarterly in arrears to be set on the date of first disbursement and subsequently last 7 days avg. of 3MK during last quarter to be reset on quarterly basis.	Joint pari passu charge over fixed assets and all present and future plant and machinery of the Company.
7	MCB Islamic - Diminishing Musharikah	1,500,000	1,500,000	900,000	24 equal quarterly installments beginning on 22 August 2020	3-Month KIBOR + 0.70% payable quarterly in arrears to be set on the date of first day of disbursement and to be reset on 1st working day of calendar quarter.	Joint pari passu charge over fixed assets and all present and future plant and machinery of the Company.
8	Habib Bank Ltd. - Term Finance	1,000,000	1,000,000	500,000	28 equal quarterly installments beginning on 28 September 2020	3-Month KIBOR + 75bps payable quarterly in arrears to be set on last business day before first draw down and then on immediately preceding day of each quarter.	Joint pari passu charge over fixed assets and all present and future plant and machinery of the Company.
9	Askari Bank Limited - Term Finance	500,000	375,000	475,000	20 equal quarterly installments ending on 04 March 2023	3-Month KIBOR + 1.25% payable quarterly in arrears to be set on last business day before first draw down and then on immediately preceding day of each quarter.	1st joint pari passu hypothecation charge and equitable mortgage charge of Rs. 667 million over all present and future plant and machinery and land and building respectively of cement unit-II; and Personal guarantees also provided by Mr. Tariq Sayeed Saigol and Mr. Sayeed Tariq Saigol (sponsoring directors).

Lender	Sanctioned Limit	2019	2018	Tenure and basis of principal repayment	Mark-up as per Agreement	Security
	----- (Rupees in thousand) -----					
10 Bank of Punjab - Demand Finance	1,500,000	1,197,885	1,268,590	20 equal quarterly installments ending on 06 April 2023.	3-Month KIBOR + 1.25% payable quarterly in arrears to be set on the day of 1st draw down and then on 1st day of calendar quarter.	1st joint pari passu hypothecation charge and equitable mortgage charge over all present and future fixed assets of the Company with 25% margin. It is also secured by lien over import documents. 'Personal guarantees by Mr. Tariq Sayeed Saigol and Mr. Sayeed Tariq Saigol (sponsoring directors) duly supported by net worth statements and cross corporate guarantee of the Company and Maple Leaf Power Limited (MLPL) has also been provided.
11 MCB Bank Limited - Demand Finance	1,000,000	592,466	740,582	22 equal quarterly installments ending on 06 April 2023.	3-Month KIBOR + 1.15% payable quarterly in arrears to be reset on 1st working day of each calendar quarter.	1st joint pari passu hypothecation charge and equitable mortgage charge over all present and future fixed assets of the Company with 25% margin; and Personal guarantees also provided by Mr. Tariq Sayeed Saigol and Mr. Sayeed Tariq Saigol (sponsoring directors).
12 National Bank of Pakistan - Demand Finance	1,000,000	800,000	876,497	20 equal quarterly installments ending on 06 April 2023.	3-Month KIBOR + 1.25% payable quarterly in arrears to be set on the date of first disbursement and subsequently at the beginning of each calendar quarter.	1st joint pari passu hypothecation charge and equitable mortgage charge over all present and future fixed assets of the Company amounting to Rs. 1,334 million; and Personal guarantees also provided by Mr. Tariq Sayeed Saigol and Mr. Sayeed Tariq Saigol (sponsoring directors).
13 MCB Islamic Bank - Diminishing Musharikah	500,000	437,500	500,000	24 equal quarterly installments ending on 13 September 2024.	3-Month KIBOR + 0.70% payable quarterly in arrears to be set on the date of first disbursement and subsequently at the beginning of each calendar quarter.	1st joint pari passu hypothecation charge and equitable mortgage charge over all present and future fixed assets of the Company amounting to Rs. 667 million; and Personal guarantees also provided by Mr. Tariq Sayeed Saigol and Mr. Sayeed Tariq Saigol (sponsoring directors).
14 Pair Investment Company Limited	300,000	300,000	-	16 equal quarterly installments beginning on 28 September 2019.	3 months KIBOR +1 % p.a. payable quarterly with the first payment falling due at the end of the 3rd month from the first disbursement date and subsequently every three months thereafter.	Joint Pari Passu Charge over present and future fixed assets of the Company.
Total	20,550,000	17,305,362	13,752,696			
Less: Current portion of long term loans from financial institutions - secured		(1,315,135)	(810,616)			
Long term portion of loans from financial institutions		15,990,227	12,942,080			

8.1 As per the financing document the Company is required to comply with certain financial covenants which mainly include current ratio, minimum debt service coverage ratio, minimum interest coverage ratio, gearing ratio and maximum leverage ratio. Further, the Company is required to comply with certain conditions imposed by the providers of finance to make dividend payment.

8.2 The Company has un-availed long term facilities amounting to Rs. 4,647.49 million (2018: Rs. 4,997.30 million).

9. LONG TERM LOAN FROM SUBSIDIARY COMPANY

These represents conversion of balance payable to Maple Leaf Power Limited, the subsidiary of the Company, in lieu of electricity purchased during the year to long term loan amounting to Rs. 1,000 million with effect from 1 June 2019. The loan is repayable in four equally installments starting on 1 September 2021 and carries markup of 3 month KIBOR plus 1% per annum which is repayable quarterly.

10. LONG TERM DEPOSITS

These represent deposits received from dealers and are being utilized by the Company in accordance with the terms of dealership agreements.

11. DEFERRED TAXATION

	2019	2018
	(Rupees in thousand)	
Deferred tax liability on taxable temporary differences arising in respect of:		
- accelerated tax depreciation on fixed assets	4,511,901	2,376,871
- surplus on revaluation of fixed assets	1,173,528	1,097,729
	5,685,429	3,474,600
Deferred tax asset on deductible temporary differences arising in respect of:		
- provision against doubtful debts	(46,745)	(7,750)
- unused tax losses	(1,320,544)	-
- tax credit under section 65B	(560,839)	-
- employees' retirement benefits	(51,374)	(48,678)
	(1,979,502)	(56,428)
	3,705,927	3,418,172

	Note	2019	2018
		(Rupees in thousand)	

11.1 Movement in deferred tax balances is as follows:

	Note	2019	2018
At beginning of the year		3,418,172	4,024,363
Effect of initial application of IFRS 9 recognized in equity	3.1.2.3	(36,540)	-
		3,381,632	4,024,363
Recognized in profit and loss account:			
- accelerated tax depreciation on fixed assets		2,135,030	(367,139)
- surplus on revaluation of fixed assets		(77,683)	(74,020)
- liabilities against assets subject to finance lease		-	16,807
- unused tax losses		(1,320,544)	-
- tax credit under section 65B		(560,839)	-
- employees' retirement benefits		5,715	(3,945)
- provision for doubtful debts		(2,455)	(7,750)
		179,224	(436,047)
Recognized directly in equity			
Effect of change in proportion of local and export sales		153,482	(163,407)
Recognized in other comprehensive income:			
- employees' retirement benefits		(8,411)	(6,737)
		3,705,927	3,418,172

12. RETENTION MONEY PAYABLE

This amount represents retention money payable to M/s FLSmidth amounting to Euro 3.801 million (equivalent to Rs. 421.841 million at the exchange rate prevailing on the date of signing of contract, i.e. 16 January 2017) on purchase of plant and machinery. The amount is payable after two years from the date of commencement of commercial production of new cement plant at Iskandrabad, District Mianwali and has been accounted for at present value using discount rate of 7% per annum.

13. RETIREMENT BENEFITS

	Note	2019	2018
		(Rupees in thousand)	
Accumulated compensated absences	13.1	106,184	102,396
Gratuity	13.2	99,170	81,368
		205,354	183,764

13.1 Accumulated compensated absences

The actuarial valuation of the Company's accumulated compensated absences was conducted on 30 June 2019 using projected unit credit method as explained in note 3.1.3 of these unconsolidated financial statements. The change of accounting policy did not have material effect on the comparative figures of these unconsolidated financial statements. Detail of obligation for accumulated compensated absences is as follows:

	2019 (Rupees in thousand)
13.1.1 Movement in the present value of defined benefit obligations is as follows:	
Present value of defined benefit obligations at beginning of the year	102,396
Current service cost for the year	9,842
Reversal of prior year's service cost due to actuarial valuation during the year	(10,981)
Interest cost for the year	8,618
Actuarial losses / (gain) on present value of defined benefit obligations	6,784
Less: Benefits paid during the year	(10,475)
Present value of defined benefit obligation at end of the year	106,184
13.1.2 Charge for the year	
In statement of profit or loss	
Current service cost for the year	9,842
Reversal of prior year's service cost due to actuarial valuation during the year	(10,981)
Interest cost for the year	8,618
Actuarial losses / (gain) on present value of defined benefit obligations	6,784
	14,263

13.1.3 Sensitivity analysis

If the significant actuarial assumptions used to estimate the liability of compensated absences at the reporting date, had fluctuated by 100 bps with all other variables held constant, the present value of the defined benefit obligation as at 30 June 2019 would have been as follows:

	Compensated absences	
	Impact on present value of defined benefit obligation	
	Increase	Decrease
	(Rupees in thousand)	
Discount rate + 100 bps	96,350	117,784
Future salary increase + 100 bps	117,580	96,374

The sensitivity analysis of the defined benefit obligation to the significant actuarial assumptions has been performed using the same calculation techniques as applied for calculation of defined benefit obligation reported in the statement of financial position.

13.1.4 Actuarial assumptions

The following are the principal actuarial assumptions as at 30 June 2019:

	2019 (Percentage)
Discount rate used for year end obligations	14.50%
Expected rate of growth per annum in future salaries	13.50%
Expected mortality rate	SLIC 2001 - 2005 Setback 1 Year
Retirement assumptions	60 Years

13.2 Gratuity

The latest actuarial valuation of the Company's defined benefit plan, was conducted on 30 June 2019 using projected unit credit method. Detail of obligation for defined benefit plan is as follows:

The amounts recognized in the statement of financial position are as follows:

	Note	2019	2018
		(Rupees in thousand)	
Present value of defined benefit obligation	13.2.1	167,576	146,800
Less: Fair value of plan assets	13.2.2	(69,263)	(65,432)
Plus: Payable to ex-employees		857	-
Net liability at end of the year		99,170	81,368
Net liability at beginning of the year		81,368	74,418
Charge to statement of profit or loss for the year	13.2.3	11,727	10,451
Charge to other comprehensive income for the year	13.2.3	33,620	27,012
Contribution made during the year		(27,545)	(30,513)
Net liability at end of the year		99,170	81,368

13.2.1 Movement in the present value of defined benefit obligations is as follows:

	2019	2018
Present value of defined benefit obligations at beginning of the year	146,800	153,921
Current service cost for the year	5,682	5,866
Interest cost for the year	11,934	10,746
Benefits due but not paid	(857)	-
Actuarial losses / (gain) on present value of defined benefit obligations	31,562	6,780
Less: Benefits paid during the year	(27,545)	(30,513)
Present value of defined benefit obligation at end of the year	167,576	146,800

	2019	2018
	(Rupees in thousand)	
13.2.2 Movement in the fair value of plan assets is as follows:		
Fair value of plan assets at beginning of the year	65,432	79,503
Contributions made during the year	27,545	30,513
Expected return on plan assets for the year	5,889	6,161
Actuarial loss on plan assets	(2,058)	(20,232)
Less: Benefits paid during the year	(27,545)	(30,513)
Fair value of plan assets at end of the year	69,263	65,432
Plan assets comprise of:		
NAFA Government Securities Liquid Fund	18,424	18,526
Accrued Interest	1,183	-
Habib Metropolitan Bank Limited	48,900	44,000
Cash at Bank	756	2,907
	69,263	65,433

	2019	2018
	(Percentage)	
Plan assets comprise of:		
Equity	26.60%	28.31%
Cash at Bank	73.40%	71.69%
	100.00%	100.00%

	2019	2018
	(Rupees in thousand)	
13.2.3 Charge for the year		
In statement of profit or loss		
Current service cost for the year	5,682	5,866
Interest cost for the year	11,934	10,746
Expected return on plan assets for the year	(5,889)	(6,161)
	11,727	10,451
In other comprehensive income		
Actuarial losses on retirement benefits - net	33,620	27,012
	45,347	37,463

Actuarial assumptions

The following are the principal actuarial assumptions as at 30 June:

	2019	2018
Discount rate used for year end obligations	14.25%	9.00%
Discount rate used for interest cost in profit or loss	9.00%	7.75%
Expected rate of growth per annum in future salaries	13.25%	8.00%
Expected mortality rate	SLIC 2001 - 2005 Setback 1 Year	SLIC 2001 - 2005 Setback 1 Year
Retirement assumptions	60 Years	60 Years

13.3 The Company expects to charge Rs. 18.74 million to unconsolidated statement of profit or loss on account of defined benefit plan in the year ending 30 June 2020.

13.4 Sensitivity analysis

If the significant actuarial assumptions used to estimate the defined benefit obligation at the reporting date, had fluctuated by 100 bps with all other variables held constant, the present value of the defined benefit obligation as at 30 June 2019 would have been as follows:

	Gratuity	
	Impact on present value of defined benefit obligation	
	Increase	Decrease
	(Rupees in thousand)	
Discount rate + 100 bps	160,495	175,192
Future salary increase + 100 bps	175,192	160,375

The sensitivity analysis of the defined benefit obligation to the significant actuarial assumptions has been performed using the same calculation techniques as applied for calculation of defined benefit obligation reported in the statement of financial position.

13.5 At 30 June 2019, the average duration of the defined benefit obligation was 4 years.

14. TRADE AND OTHER PAYABLES

	Note	2019	2018
		(Rupees in thousand)	
Trade creditors		2,614,735	1,439,522
Due to related party	14.1	1,142,050	811,489
Bills payable - secured	14.2	673,915	691,727
Contract liabilities		526,357	-
Advances from customers		-	215,534
Payable to Workers' Profit Participation Fund	14.3	1,193,949	1,199,592
Payable to Workers' Welfare Fund	14.5	4,844	92,006
Accrued liabilities	14.4	745,263	586,867
Payable to Provident Fund Trust		12,861	12,268
		6,913,974	5,049,005
Payable to Government on account of:			
Federal Excise Duty payable		726,771	-
Royalty and Excise Duty payable		25,228	31,783
Sales Tax payable - net		122,184	-
Other Taxes payable		95,012	43,423
		969,195	75,206
Contractors' retention money	14.6	261,461	200,046
Payable against redemption of preference shares		1,018	1,041
Security deposits repayable on demand	14.7	58,780	57,836
Other payables		13,875	5,595
		335,134	264,518
		8,218,303	5,388,729

	Note	2019	2018
		(Rupees in thousand)	
14.1 Due to related party			
Due to Holding company	14.1.1	-	259,192
Due to Subsidiary company		1,142,050	552,297
		1,142,050	811,489

14.1.1 These carry interest at 1% (2018: 1%) per annum in addition to the average borrowing rate of the Company or 3 months KIBOR whichever is higher.

14.2 These are secured against the securities as detailed in note 17.1 to these unconsolidated financial statements.

	2019	2018
	(Rupees in thousand)	
14.3 Payable to Workers' Profit Participation Fund		
At beginning of the year	1,199,592	1,140,473
Allocation for the year	88,125	235,035
Less: Paid during the year	(93,768)	(175,916)
At end of the year	1,193,949	1,199,592

14.3.1 The outstanding WPPF liability includes Rs. 1,105.82 million being the left over amount out of the total WPPF liability of Rs. 1,199.59 million pertaining to the financial year ended 30 June 2012 to 30 June 2018. The WPPF liability represents leftover amount payable to Workers Welfare Fund in terms of Companies Profits Worker's Participation Act, 1968. According to the 18th amendment to the Constitution of Pakistan in 2010, all labour / labour welfare laws have become provincial subject, and accordingly the left over amount is no more payable to the Federal Treasury. Major strength of Company's employees eligible for benefit of WPPF are working in the Province of Punjab and accordingly potential amount of left over amount of WPPF is required to be paid to the relevant provincial authority as held by the Honourable Sindh High Court in its judgment in C.P. No. D-1313 of 2013 announced on February 12, 2018. The Government of Punjab has enacted Companies Profits (Workers' Participation) (Amendment) Ordinance 2018 which is silent about the payment of the amount in excess of employees' entitlement.

The regular and contractual employees filed separate writ petitions No. 31221/2019 and 39803/2019 in which they sought relief in terms of payment of profit and issuance of direction to the Provincial Government for promulgation of law on Workers Participation Profit Fund. The Lahore High Court directed the Provincial Government through its Secretary Labour & Human Resource Department, Government of Punjab to redress the Grievance of the Workers by its Orders. The said Secretory passed an order that whereas the said Ordinance of 2018 after completing its statutory life stood expired. However, the Government is in the process of promulgating Workers Participation Act, which may take some time after satisfying the requisite legal requirements. As no such Act has been enacted so far, the residual amount has been withheld by the Company. Further based on Company's legal advisor, management is of the view that no mark-up is due on the unpaid amount in view of the legal restraints and constraints as aforementioned.

14.4 This includes Rs. 285.28 million booked on account of Gas Infrastructure Development Cess (GIDC) for the period from September 2014 to June 2019. The Company, along with various other companies has challenged the legality and validity of levy and demand of GIDC in Honorable Lahore High Court which is pending adjudication. However, on a prudent basis, the Company has recorded the GIDC amount for the mentioned period. Further, due to non payment, default surcharge of Rs. 307.42 million for the period from September 2015 to June 2019 has been imposed on the Company, which has not been recorded in these unconsolidated financial statement based on the opinion of legal advisor. The management is hopeful that the Company will not be required to pay the default surcharge.

14.5 The Company has adjusted its provision against Workers' Welfare Fund for last year against income tax refundable at the time of filing of its tax return for the year ended 30 June 2018.

14.6 This represents security deposits withheld from contractors and are repayable after satisfactory completion of contracts.

14.7 This represents security deposits received from distributors and contractors of the Company. Distributors and contractors have given the Company a right to utilize deposits in ordinary course of business.

15. MARK-UP ACCRUED ON BORROWINGS

		2019	2018
		(Rupees in thousand)	
Profit / mark-up accrued on:			
- Long term loans	15.1	456,190	190,614
- Long term loan from Subsidiary Company	9	10,108	-
- Short term borrowings	15.1	108,731	92,801
		575,029	283,415

15.1 Profit / mark-up accrued on loans are from financial institutions.

16. INCOME TAX (REFUNDABLE) / PAYABLE

		2019	2018
At beginning of the year		(774,092)	420,527
Tax deducted / deposited at source		(791,848)	(1,468,394)
Tax paid related to prior period		(6,525)	-
Tax refunds received		418,939	-
Tax adjusted against WWF liability	14.5	87,162	-
Advance income tax paid		-	(925,312)
		(1,066,364)	(1,973,179)
(Provision) / reversal during the year:			
- current		-	(1,227,652)
- prior		(19,653)	28,565
		(19,653)	(1,199,087)
		(1,046,711)	(774,092)

16.1 Through Order-in-Original No.18/2009 dated 24 December 2009, the tax department finalized the adjudication proceeding in respect of audit conducted by the department auditors for tax year 2009 and raised a demand of principal sales tax and FED aggregating to Rs. 336.74 million along with applicable default surcharges and penalties. The Company preferred appeal against such order under the applicable provisions of Sales Tax Act, 1990 and Federal Excise Act, 2005 before the Commissioner of Inland Revenue (appeals).

The Company filed a writ petition with the Honorable Lahore High Court against the above referred Order-In-Original demand which was dismissed against the Company. The Company has filed an appeal before Supreme Court of Pakistan which is pending adjudication.

16.2 Assistant Commissioner Inland Revenue through order dated 31 May 2018 raised a demand of Rs. 44.58 million under section 122(5A) for the tax year 2012 on the disallowance of adjustment of tax credit under section 65B and withholding of tax under section 154 of the Income Tax Ordinance, 2001. The Company filed an appeal before the CIR(A). CIR(A) decided the matter relating to adjustment of tax credit u/s 65B of the ordinance in favor of the Company whereas the imposition of tax u/s 154 has been remanded back to the tax department. The tax authorities have filed an appeal before ATIR which is pending adjudication.

16.3 Deputy Commissioner Inland Revenue through order dated 31 July 2017 raised a demand of Rs. 2.46 million under section 122(5A) for the tax year 2011of the Income Tax Ordinance, 2001. The demand was later reduced to Rs. 2.056 million on 14 March 2018. The Company has preferred an appeal before CIR(A) which is pending adjudication.

Based on opinion of the Company's legal counsel, management is confident of favorable outcome in all aforementioned matters, hence no provision is being recognized in respect of these matters in the unconsolidated financial statements.

17. SHORT TERM BORROWINGS

	Note	2019	2018
		(Rupees in thousand)	
Banking and financial institutions:			
- Cash finance and others	17.1	2,705,524	3,921,178
- Running finance	17.2	1,108,676	1,269,647
- Temporary bank overdrafts - unsecured	17.3	201,287	169,596
		4,015,487	5,360,421

17.1 These facilities have been obtained from various banking companies for working capital requirements and are secured by charge over current and future assets of the Company, personal guarantees of the Directors, pledge of stock, lien over import documents and title of ownership of goods imported under letters of credit. These facilities will be expiring on different dates by 30 June 2020.

The cash finance and other facilities carry mark-up at the rates ranging from 3.00% to 21.00% (2018: 2.75% to 21.00%) per annum payable quarterly.

The Company has unavailed cash finance and others funded facilities aggregating Rs. 864 million (2018: Rs. 1,505 million) at the year end and the Company has unavailed facilities for opening letters of credit/guarantee aggregating Rs. 5,710 million (2018: Rs.2,598 million) at the year end.

17.2 The Company has unavailed running finance funded facilities aggregating Rs. 55 million (2018: Rs. 400 million).

The running finance carry mark-up at the rates ranging from 7.33% to 13.30% (2018: 6.33% to 7.33%) per annum payable quarterly.

17.3 This represents temporary overdraft due to cheques issued by the Company at the statement of financial position date.

18. CONTINGENCIES AND COMMITMENTS

18.1 Contingencies

18.1.1 The Company has filed writ petitions before the Honorable Lahore High Court against the legality of judgment passed by the Customs, Excise and Sales Tax Appellate Tribunal in 2004 whereby the Company was held liable on account of wrongful adjustment of input sales tax on raw materials. The amount involved pending adjudication before the Honorable Lahore High Court is Rs.10.01 million. No provision has been made in these unconsolidated financial statements in respect of the matter as the management and the Company's legal advisor are confident that the ultimate outcome of this case will be in favor of the Company.

18.1.2 The Company has filed an appeal before the Customs, Central Excise and Sales Tax Appellate Tribunal, Karachi against the order of the Deputy Collector Customs whereby the refund claim of the Company amounting to Rs. 12.35 million was rejected and the Company was held liable to pay an amount of Rs. 37.05 million by way of 10% customs duty allegedly leviable in terms of SRO 584(I)/95 and 585(I)/95 dated 01 July 1995. The impugned demand was raised by the department on the alleged ground that the Company was not entitled to exemption from payment of customs duty and sales tax in terms of SRO 279(I)/94 dated 02 April 1994.

The Honorable Lahore High Court, upon the Company's appeal, vide its order dated 06 November 2001 has decided the matter in favor of the Company; however, the Collector of Customs has preferred a petition before the Honorable Sindh High Court, which is pending adjudication. No provision has been made in these unconsolidated financial statements in respect of the above stated amount as the management and the Company's legal advisor are confident that the ultimate outcome of this case will be in favor of the Company.

18.1.3 The Federal Board of Revenue (FBR) has filed an appeal before the Honorable Supreme Court of Pakistan against the judgment delivered by the Honorable Lahore High Court in favor of the Company in a writ petition. The Company, through the said writ petition, had challenged the demand raised by the FBR for payment of duties and taxes on the plant and machinery imported by the Company pursuant to the exemption granted in terms of SRO 484 (I) / 92 dated 14 May 1992. The FBR, however, alleged that the said plant & machinery could be locally manufactured and duties and taxes were therefore not exempted. A total demand of Rs. 1,386.72 million was raised by the FBR out of which an amount of Rs. 269.33 million was deposited by the Company as undisputed liability. No provision has been made in these unconsolidated financial statements in respect of the above stated amount as the management and the Company's legal advisor are confident that the ultimate outcome of this case will be in favor of the Company.

18.1.4 The Company has filed an appeal before the Honorable Supreme Court of Pakistan against the judgment of the Division Bench of the Honorable High Court of Sindh at Karachi. The Division Bench, by judgment dated 15 September 2008, has partly accepted the appeal by declaring that the levy and collection of infrastructure cess / fee prior to 28 December 2006 was illegal and ultra vires and after 28 December 2006, it was legal and the same was collected by the Excise Department in accordance with the law. The appeal has been filed against the declaration that after 28 December 2006, the Excise Department has collected the infrastructure cess / fee in accordance with law. The Province of Sindh and Excise and Taxation Department has also preferred an appeal against the judgment decided against them. The Honorable Supreme Court consolidated both the appeals and were set aside. Thereafter, law has been challenged in constitution petition in the Honorable Sindh High Court Karachi. Stay has been granted by the Honorable High Court on 31 May 2011 on payment of 50% of the cess to the Excise Department and on furnishing of bank guarantee for remaining 50% to them. The petition is pending for hearing and stay is continuing.

The management and the Company's legal advisor are confident that the ultimate outcome of this case will be in favor of the Company.

18.1.5 The Company has filed an appeal before the Honorable Sindh High Court to challenge Sindh Development and Maintenance on levy and collection of infrastructure cess under Infrastructure Cess Act 2017. Stay has been granted by the Honorable High Court on 27 November 2017 in line with earlier petitions explained in note 18.1.4 of these unconsolidated financial statements, i.e. on payment of 50% of the cess to the Excise Department and on furnishing of bank guarantee for remaining 50% to them. The petition is pending for hearing and stay is continuing.

18.1.6 Competition Commission of Pakistan, vide order dated 27 August 2009, has imposed penalty on twenty cement factories of Pakistan at the rate of 7.5% of the turnover value. The Commission has imposed penalty amounting to Rs. 586.19 million on the Company. The Commission has alleged that provisions of section 4(1) of the Competition Commission Ordinance, 2007 have been violated. However, after the abeyance of Honorable Islamabad High Court pursuant to the judgment of Honorable Supreme Court of Pakistan dated 31 July 2009, the titled petition has become infructuous and the Company has filed a writ petition no. 15618/2009 before the Honorable Lahore High Court. No provision has been made in these unconsolidated financial statements as the management and the Company's legal advisor are confident that the ultimate outcome of this case will be in favor of the Company.

18.1.7 The Additional Collector, Karachi has issued show cause notice alleging therein that the Company has wrongly claimed the benefits of SRO No. 575(I)/2006 dated 05 June 2006 on the import of pre-fabricated buildings structure. Consequently, the Company is liable to pay Government dues amounting to Rs. 5.55 million. The Company has submitted reply to the show cause notice and currently proceedings are pending before the Additional Collector. No provision has been made in these unconsolidated financial statements as the management and the Company's legal advisor are confident that the ultimate outcome of this case will be in favor of the Company.

18.1.8 The customs department has filed an appeal against the judgment dated 19 May 2009, passed in favor of the Company pursuant to which the Company is not liable to pay custom duty amounting to Rs. 0.81 million relating to import of some machinery vide L/C No. 0176-01-46-518-1201 in terms of SRO 484(1)/92 dated 14 May 1992, and SRO 978(1)/95 dated 04 October 1995. The appeal is pending before the Honorable Lahore High Court. No provision has been made in these unconsolidated financial statements as the management and the Company's legal advisor are confident that the ultimate outcome of this case will be in favor of the Company.

18.1.9 Surcharge of Rs. 154 million has been imposed by Mines and Minerals Department, Government of the Punjab under Rule 68(2) of Punjab Mining Concession Rules, 2002 ("Rules") against which the Company has filed writ petition against Government of Punjab via writ petition No. 1008/2014 to challenge the basis of Rules. The Honorable Lahore High Court dismissed the petition since the matter was being reviewed by the relevant authority. Management and the Company's legal advisor are confident that the ultimate outcome of this case will be in favor of the Company.

18.1.10 Contingencies relating to tax matters are disclosed in note 16 to these unconsolidated financial statements.

18.2 Commitments

18.2.1 in respect of:

	2019	2018
	(Rupees in thousand)	
- capital expenditure	529,999	5,913,413
- irrevocable letters of credit for stores and spares	326,077	1,392,690
	856,076	7,306,103

18.2.2 Guarantees given by banks on behalf of the Company are of Rs. 655.039 million (2018: Rs. 602.994 million) in favor of Sui Northern Gas Pipeline Limited and Government Institutions.

18.2.3 Corporate guarantee given by the Company to the financial institutions related to credit facilities amounting to Rs. 677.55 million (2018: Rs. 424.48 million) availed by the Subsidiary Company.

19. PROPERTY, PLANT AND EQUIPMENT

	Note	2019	2018
		(Rupees in thousand)	
Operating fixed assets	19.1	46,152,331	22,815,983
Capital work in progress	19.2	428,416	16,873,730
Stores and spares held for capital expenditure	19.3	59,917	1,204,297
		46,640,664	40,894,010

19.1 Operating fixed assets

	Cost / Revalued amount						Depreciation					
	At 01 July 2018	Additions	Transfers	Disposals	At 30 June 2019	Rate	At 01 July 2018	For the year	Transfers	Disposals	At 30 June 2019	Net book value at 30 June 2019
	---------- Rupees in thousand ----------					Percentage	---------- Rupees in thousand ----------					
Owned												
Freehold land												
- cost	55,018	767,136	-	-	822,154	-	-	-	-	-	-	822,154
- surplus on revaluation	360,830	-	-	-	360,830	-	-	-	-	-	-	360,830
	415,848	767,136	-	-	1,182,984		-	-	-	-	-	1,182,984
Buildings on freehold land												
- cost	5,713,368	7,361,436	-	-	13,074,804	5 - 10	2,415,913	268,692	-	-	2,684,605	10,390,199
- surplus on revaluation	297,607	-	-	-	297,607	5 - 10	102,581	10,997	-	-	113,578	184,029
	6,010,975	7,361,436	-	-	13,372,411		2,518,494	279,689	-	-	2,798,183	10,574,228
Roads, bridges and railway sidings												
- cost	138,090	1,784	-	-	139,874	5 - 10	81,052	5,631	-	-	86,683	53,191
- surplus on revaluation	3,854	-	-	-	3,854	5 - 10	2,325	200	-	-	2,525	1,329
	141,944	1,784	-	-	143,728		83,377	5,831	-	-	89,208	54,520
Plant and machinery												
- cost	28,554,793	17,565,846	-	(191,176)	45,929,463	5 - 20	14,885,071	1,693,423	-	(93,610)	16,484,884	29,444,579
- surplus on revaluation	7,273,958	-	-	(9,097)	7,264,861	5 - 20	2,469,057	288,518	-	(4,548)	2,753,027	4,511,834
	35,828,751	17,565,846	-	(200,273)	53,194,324		17,354,128	1,981,941	-	(98,158)	19,237,911	33,956,413
Furniture, fixtures and equipment	461,068	24,097	-	-	485,165	10 - 30	304,586	37,573	-	-	342,159	143,006
Quarry equipment	170,311	7,080	-	-	177,391	20	158,070	5,441	-	-	163,511	13,880
Vehicles	315,967	83,166	-	(35,755)	363,378	20	110,228	45,635	-	(19,783)	136,080	227,298
Share of joint assets	6,000	-	-	-	6,000	10	5,998	-	-	-	5,998	2
	43,350,864	25,810,545	-	(236,028)	68,925,381		20,534,881	2,356,110	-	(117,941)	22,773,050	46,152,331
Leased												
Plant and machinery												
- cost	-	-	-	-	-	5	-	-	-	-	-	-
- surplus on revaluation	-	-	-	-	-	5	-	-	-	-	-	-
	-	-	-	-	-		-	-	-	-	-	-
	43,350,864	25,810,545	-	(236,028)	68,925,381		20,534,881	2,356,110	-	(117,941)	22,773,050	46,152,331

	Cost / Revalued amount						Depreciation					
	At 01 July 2017	Additions	Transfers	Disposals	At 30 June 2018	Rate	At 01 July 2017	For the year	Transfers	Disposals	At 30 June 2018	Net book value at 30 June 2018
	---------------------- Rupees in thousand ----------------------					Percentage	---------------------- Rupees in thousand ----------------------					
Owned												
Freehold land												
- cost	55,018	-	-	-	55,018	-	-	-	-	-	-	55,018
- surplus on revaluation	360,830	-	-	-	360,830	-	-	-	-	-	-	360,830
	415,848	-		-	415,848		-	-		-	-	415,848
Buildings on freehold land												
- cost	5,062,868	651,160	-	(660)	5,713,368	5 - 10	2,171,020	245,149	-	(256)	2,415,913	3,297,455
- surplus on revaluation	297,607	-	-	-	297,607	5 - 10	91,270	11,311	-	-	102,581	195,026
	5,360,475	651,160		(660)	6,010,975		2,262,290	256,460		(256)	2,518,494	3,492,481
Roads, bridges and railway sidings												
- cost	99,953	38,137	-	-	138,090	5 - 10	76,713	4,339	-	-	81,052	57,038
- surplus on revaluation	3,854	-	-	-	3,854	5 - 10	2,125	200	-	-	2,325	1,529
	103,807	38,137		-	141,944		78,838	4,539		-	83,377	58,567
Plant and machinery												
- cost	25,963,049	1,983,689	679,676	(71,621)	28,554,793	5 - 20	13,204,187	1,430,730	281,370	(31,216)	14,885,071	13,669,722
- surplus on revaluation	7,271,106	-	2,852	-	7,273,958	5 - 20	2,182,766	285,197	1,094	-	2,469,057	4,804,901
	33,234,155	1,983,689	682,528	(71,621)	35,828,751		15,386,953	1,715,927	282,464	(31,216)	17,354,128	18,474,623
Furniture, fixtures and equipment	402,990	58,169	-	(91)	461,068	10 - 30	193,203	111,439	-	(56)	304,586	156,482
Quarry equipment	185,023	-	-	(14,712)	170,311	20	169,490	3,090	-	(14,510)	158,070	12,241
Vehicles	243,228	116,311	-	(43,572)	315,967	20	103,632	36,212	-	(29,616)	110,228	205,739
Share of joint assets	6,000	-	-	-	6,000	10	4,853	1,145	-	-	5,998	2
	39,951,526	2,847,466	682,528	(130,656)	43,350,864		18,199,259	2,128,812	282,464	(75,654)	20,534,881	22,815,983
Leased												
Plant and machinery												
- cost	679,676	-	(679,676)	-	-	5	265,756	15,614	(281,370)	-	-	-
- surplus on revaluation	2,852	-	(2,852)	-	-	5	1,023	71	(1,094)	-	-	-
	682,528	-	(682,528)	-	-		266,779	15,685	(282,464)	-	-	-
	40,634,054	2,847,466	-	(130,656)	43,350,864		18,466,038	2,144,497	-	(75,654)	20,534,881	22,815,983

19.1.1 Additions in operating fixed assets include transfers from capital work-in-progress amounting to Rs. 25,544.026 million (2018: Rs. 819.728 million). It includes interest capitalization in respect of loan for Line III amounting to Rs. 1,265.64 million.

19.1.2 Ownership of the housing colony's assets included in the operating fixed assets is shared by the Company jointly with Agritech Limited in ratio of 101:245 since the time when both the companies were managed by Pakistan Industrial Development Corporation. These assets are in possession of the housing colony establishment for mutual benefits.

19.1.3 Buildings, roads, bridges and railway sidings, plant and machinery are located at freehold land measuring 10,145 kanals located at Iskandrabad District Mianwali.

19.1.4 The Company has leased land measuring 127 kanals located at Iskandrabad District Mianwali to Maple Leaf Power Limited, a wholly owned subsidiary of the Company. The lease is classified as operating lease in these unconsolidated financial statements.

19.1.5 The latest valuation of Company's assets was carried as at 30 June 2015 and the forced sale value as at that date is given below:

	(Rupees in thousand)
Freehold land	344,077
Buildings on freehold land	2,367,211
Roads, bridges and railway sidings	20,652
Plant and machinery	15,969,363
	18,701,303

19.1.6 Depreciation charge for the year has been allocated as follows:

	Note	2019	2018
		(Rupees in thousand)	
Cost of sales	34	2,298,059	2,069,948
Administrative expenses	36	53,753	71,134
Distribution expenses	35	4,298	3,415
		2,356,110	2,144,497

19.1.7 Disposal of property, plant and equipment

Particulars	Cost	Accumulated Depreciation	Net Book Value	Sale Value	Gain / (Loss)	Mode of Disposal	Relationship with the company	Particulars of Purchaser
	(----------------- Rupees in thousand				-----------------)			
Plant and machinery								
Governor Assy Ug-40	1,472	326	1,146	20	(1,126)	Auction	Negotiation	M/S. Imtiaz Traders
Connecting Rod	2,437	425	2,012	1,848	(164)	Auction	Negotiation	M/S. Imtiaz Traders
Cylinder Liner For Niigata	9,789	1,552	8,237	8	(8,229)	Auction	Negotiation	M/S. Imtiaz Traders
Cylinder Head For Niigata Engine	1,843	898	945	875	(70)	Auction	Negotiation	M/S. Imtiaz Traders
Connecting Rod Lower Part	7,323	5,137	2,186	10	(2,176)	Auction	Negotiation	M/S. Imtiaz Traders
Gas Valve	13,497	9,662	3,835	10	(3,825)	Auction	Negotiation	M/S. Imtiaz Traders
Piston Ring	6,498	4,745	1,753	1,623	(130)	Auction	Negotiation	M/S. Imtiaz Traders
Injection Valve	14,488	10,409	4,079	22	(4,057)	Auction	Negotiation	M/S. Imtiaz Traders
Inlet Valve	3,417	2,504	913	846	(67)	Auction	Negotiation	M/S. Imtiaz Traders
Valve Rotator	2,974	2,179	795	736	(59)	Auction	Negotiation	M/S. Imtiaz Traders
Bearing Bush	2,947	2,155	792	733	(59)	Auction	Negotiation	M/S. Imtiaz Traders
Big End Bearing Upper Half	1,882	1,378	504	467	(37)	Auction	Negotiation	M/S. Imtiaz Traders
Big End Bearing Lower Half	1,870	1,370	500	464	(36)	Auction	Negotiation	M/S. Imtiaz Traders
Valve Guide	2,048	1,502	546	505	(41)	Auction	Negotiation	M/S. Imtiaz Traders
Steel Cord Belt 550/H8/40878	8,746	2,133	6,613	8,447	1,834	Auction	Negotiation	M/s. Imtiaz Traders
Coupling	6,020	1,395	4,625	5,992	1,367	Auction	Negotiation	M/s. Imtiaz Traders
Fuzes Detonating For Is Limiter	736	162	574	526	(48)	Auction	Negotiation	M/S. Imtiaz Traders
U - Tube Section	26,198	15,326	10,872	15,000	4,128	Auction	Negotiation	M/s. Karam Dad Khan
Raw Mill	24,572	11,851	12,721	8,511	(4,210)	Auction	Negotiation	M/s. Karam Dad Khan
Connecting Rod	2,437	425	2,012	1,848	(164)	Auction	Negotiation	M/S. Imtiaz Traders
Exhaust Valve Assy(Right)	7,005	1,176	5,829	5,355	(474)	Auction	Negotiation	M/S. Imtiaz Traders
Exhaust Valve Assy(Left)	7,004	1,175	5,829	5,354	(475)	Auction	Negotiation	M/S. Imtiaz Traders
Piston	1,852	494	1,358	8	(1,350)	Auction	Negotiation	M/S. Imtiaz Traders
Piston Pin Metal For C/Rod	2,128	357	1,771	1,626	(145)	Auction	Negotiation	M/S. Imtiaz Traders
Air Quenching Cooler / Boiler	24,606	8,045	16,561	13,000	(3,561)	Auction	Negotiation	M/S. Imtiaz Traders
Fuel Feed Pump	3,235	1,753	1,482	10	(1,472)	Auction	Negotiation	M/S. Imtiaz Traders
Plant & machinery having net book value of less than Rs. 500,000 each	13,250	9,624	3,626	3,408	(218)			
	200,274	98,158	102,116	77,252	(24,864)			
Vehicles								
Suzuki Cultus	1,154	526	628	700	72	Sale	Employee	Ms. Iqra Umar
Suzuki Cultus	1,603	90	1,513	1,583	73	Insurance Claim	Negotiation	EFU General Insurance Ltd.
Toyota Corolla	1,923	641	1,282	1,600	318	Auction	Employee	Mr. Muhammad Ishaq
Toyota Corolla	1,902	816	1,086	1,625	539	Auction	Negotiation	Mr. Sibt e Hassan
Toyota Corolla	1,886	1,014	872	1,400	528	Auction	Negotiation	M/s. Mr. Amer Bilal
Toyota Corolla	2,044	1,060	984	1,600	616	Auction	Negotiation	Mr.Zeeshan Malik Bhutta
Toyota Corolla	2,353	401	1,952	1,900	(52)	Sale	Negotiation	Muhammad Sajjad
Toyota Corolla	2,360	293	2,067	1,900	(167)	Auction	Negotiation	Mr. Nauman Ahmad
Toyota Corolla	1,738	1,119	619	1,200	581	Sale	Negotiation	Mr. Tariq Ahmed Mir
Suzuki Cultus	1,419	227	1,192	1,300	108	Insurance Claim	Negotiation	EFU General Insurance Ltd.
Vehicles having net book value of less than Rs. 500,000 each	17,372	13,596	3,776	10,113	6,335			
	35,754	19,783	15,971	24,921	8,951			
2019	236,028	117,941	118,087	102,173	(15,913)			
2018	130,656	75,654	55,002	51,965	(3,036)			

	Note	2019	2018
		(Rupees in thousand)	
19.2 Movement in capital work-in-progress - at cost			
At beginning of the year		16,873,730	1,479,647
Additions during the year		9,098,712	16,213,811
Less: Transfers during the year	19.1.1	(25,544,026)	(819,728)
At end of the year	19.2.1	428,416	16,873,730

19.2.1 Capital work-in-progress - at cost

	Note	2019	2018
Civil Works		306,205	4,305,139
Land		-	736,048
Plant and machinery		21,155	10,916,773
Un-allocated capital expenditure	19.2.1.1	-	477,072
Advances to suppliers against:			
- civil works		30,376	322,626
- plant and machinery		68,720	108,343
- office equipment		250	4,615
- vehicles		1,710	3,114
		428,416	16,873,730

19.2.1.1 Un-allocated capital expenditure

	2019	2018
Salaries and wages	-	163,500
Finance cost	-	153,813
Legal and professional expenses	-	74,028
Fee and subscription	-	49,590
Energy expense	-	25,690
Insurance	-	10,451
	-	477,072

19.3 This represents stores and spares held for capital expenditure related to Company's expansion project.

20. INTANGIBLE ASSETS - COST

	2019	2018
	(Rupees in thousand)	
At beginning of the year	78,666	78,666
Additions during the year	5,219	-
At end of the year	83,885	78,666
Accumulated Amortization		
At beginning of the year	61,855	53,460
Amortization for the year	8,501	8,395
At end of the year	70,356	61,855
Net book value	13,529	16,811
Amortization rate - % per annum	33%	33%

21. LONG TERM INVESTMENT

	Note	2019	2018
		(Rupees in thousand)	
Investment in Maple Leaf Power Limited - Unquoted	21.1	5,020,000	5,020,000
		5,020,000	5,020,000

21.1 The Company holds 100% (2018: 100%) shares in the Maple Leaf Power Limited, a wholly owned subsidiary of the Company.

22. LONG TERM LOANS TO EMPLOYEES - SECURED

	Note	2019	2018
		(Rupees in thousand)	
House building		11,813	2,713
Vehicles		1,834	2,169
Others		16,100	9,938
		29,747	14,820
Less: Current portion presented under current assets	27	(9,923)	(5,348)
		19,824	9,472

22.1 These loans are secured against employees' retirement benefits and carry interest at the rates ranging from 6% to 12% per annum (2018: 6% to 12 % per annum). These loans are recoverable in 30 to 60 monthly installments.

22.2 This includes loans to executives amounting to Rs. 6.71 million (2018: Rs. 1.45 million). Further, no amount was due from Directors and Chief Executive at the year end (2018: Rs. Nil).

23. LONG TERM DEPOSITS

This includes deposits with various utility companies, regulatory authorities and others.

24. STORES, SPARE PARTS AND LOOSE TOOLS

	Note	2019	2018
		(Rupees in thousand)	
Stores	24.1	3,253,607	2,785,666
Spare parts		3,825,017	3,604,335
Loose tools		130,138	115,282
		7,208,762	6,505,283

24.1 Stores include items in transit amounting to Rs. 992.023 million (2018: Rs. 244.12 million).

25. STOCK-IN-TRADE

	2019	2018
	(Rupees in thousand)	
Raw material	126,120	72,198
Packing material	184,690	152,113
Work-in-process	928,144	665,606
Finished goods	500,060	303,589
	1,739,014	1,193,506

26. TRADE DEBTS

	Note	2019	2018
		(Rupees in thousand)	
Export debtors			
Considered good - secured		354,894	7,442
Local debtors			
Considered good - unsecured		2,328,864	1,124,311
Considered doubtful - unsecured		161,189	25,000
Less: Provision for doubtful balances	26.1	(161,189)	(25,000)
		2,328,864	1,124,311
		2,683,758	1,131,753

26.1 The movement in provision for impairment of receivables is as follows:

	Note	2019	2018
		(Rupees in thousand)	
As at 30 June		25,000	-
Effect of initial application of IFRS 9	3.1.2.3	126,000	-
		151,000	-
Charge for the year		10,189	25,000
As at 30 June		161,189	25,000

26.2 Trade debts are non-interest bearing and are generally settled in 15-90 days. As at 30 June, the ageing analysis of trade debts is as follows:

	2019	2018
	(Rupees in thousand)	
Not past due	1,420,505	366,115
Past due		
1 - 90 days	1,206,732	504,779
91 - 180 days	41,876	147,350
181 - 270 days	15,838	28,870
271 - 365 days	16,043	18,992
366 - above days	143,953	90,647
	2,844,947	1,156,753
Less: Provision for doubtful balances	(161,189)	(25,000)
	2,683,758	1,131,753

	Note	2019	2018
		(Rupees in thousand)	
27. LOANS AND ADVANCES			
Advances - unsecured, considered good			
- Employees	27.1	19,977	22,868
- Suppliers	27.2	572,398	903,744
		592,375	926,612
- Current portion of long term loans to employees - secured	22	9,923	5,348
Government Authorities			
Sales Tax		-	1,085,434
Excise Duty		-	269,211
Collector of customs	27.4	185,462	-
		185,462	1,354,645
Refunds due from government	27.5	17,399	16,797
		805,159	2,303,402

27.1 This includes loans to executives amounting to Rs. 11.16 million (2018: Rs. 13.88 million). Further, there are no loans due from Directors and Chief Executive at the year end (2018: Nil).

27.2 This includes an amount of Rs. 273.140 million (2018: Rs. 679.13 million) advanced to Ministry of Railways for transportation of coal and cement.

27.3 There has been no loans and advances to any foreign company at the year end. (2018: Nil).

27.4 It pertains to advance given for clearance of import shipments.

27.5 This represents amount paid to Government under protest for various cases which have been decided in favor of the Company.

	Note	2019	2018
		(Rupees in thousand)	
28. SHORT TERM INVESTMENT			
Investment at fair value through profit or loss - listed securities			
Next Capital Limited: 1,500,000 (2018: 1,500,000) ordinary shares of Rs. 10 each 1,875,000 (2018: 1,875,000) right shares of Rs. 8 each Market value Rs. 5.3 per share (2018: Rs. 9.5 per share)			
Cost			
At beginning and end of the year		30,000	30,000
Unrealized fair value gain / (loss)			
At beginning of the year		2,062	47,659
Fair value loss for the year	37	(14,175)	(45,597)
At end of the year		(12,113)	2,062
Fair value at 30 June		17,887	32,062

28.1 There has been no investment in any foreign company during the year (2018: Nil).

		2019	2018
		(Rupees in thousand)	

29. SHORT TERM DEPOSITS AND PREPAYMENTS

	2019	2018
Margin against:		
- letters of credit	19,555	9,634
- bank guarantees	120,281	88,014
	139,836	97,648
Prepayments	33,562	16,560
Short term deposits	200	-
	173,598	114,208

30. ACCRUED PROFIT

This represents profit accrued on deposits and saving accounts at the rates ranging from 4.14% to 10.25% (2018: 3.75% to 5.25%) per annum.

31. OTHER RECEIVABLES

	Note	2019	2018
		(Rupees in thousand)	
Due from the Holding Company - unsecured	31.1	2,761	-
Others	31.2	32,558	43,534
		35,319	43,534

31.1 These carry markup at 1% (2018: 1%) per annum in addition to the average borrowing rate of the Company or three months KIBOR whichever is higher.

31.2 This incudes Rs. 29.05 million (2018: Rs. 39. 70 million) receivable against export rebates.

32. CASH AND BANK BALANCES

	Note	2019	2018
		(Rupees in thousand)	
- Cash in hand - local currency		8,363	4,734
- Cash in hand - foreign currency		1,442	1,079
		9,805	5,813
Cash at bank			
Current accounts:			
- foreign currency		4,567	2,911
- local currency	32.1	148,397	341,711
		152,964	344,622
Deposit accounts	32.2	331,629	282,227
		484,593	626,849
		494,398	632,662

32.1 These include deposits amounting to Rs. 3.825 million (2018: Rs. 4.605 million) placed under an arrangement permissible under Shariah.

32.2 These carry return at 4.14% to 10.25% (2018: 3.75% to 5.25%) per annum. These include deposits amounting to Rs. 214.08 million (2018: Rs. 215.93 million) placed under an arrangement permissible under Shariah. Remaining balances represents deposits with conventional banks.

33. SALES - NET

	Note	2019	2018
		(Rupees in thousand)	
Gross local sales		34,806,747	34,634,857
Less:			
Federal Excise Duty		(4,874,102)	(4,436,086)
Sales Tax		(5,656,806)	(5,713,760)
Discount		(335,899)	(333,805)
Commission		(142,066)	(141,565)
		(11,008,873)	(10,625,216)
Net local sales		23,797,874	24,009,641
Export sales		2,208,070	1,689,472
		26,005,944	25,699,113

34. COST OF SALES

	Note	2019	2018
Raw materials consumed	34.1	1,230,606	1,116,918
Packing materials consumed		2,004,861	1,530,733
Fuel		7,699,425	6,369,754
Power and associated costs		4,633,972	4,105,232
Stores, spare parts and loose tools consumed		838,148	1,271,589
Water charges		118,325	-
Salaries, wages and other benefits	34.2	1,069,048	949,310
Rent, rates and taxes		24,745	24,889
Insurance		46,294	47,492
Repairs and maintenance		367,661	379,752
Depreciation	19.1.6	2,298,059	2,069,948
Amortization		4,239	2,006
Vehicles running and maintenance		183,661	133,163
Freight and Forwarding		872,747	493,373
Other expenses	34.3	156,082	124,497
		21,547,873	18,618,656
Work in process:			
At beginning of the year		665,606	819,354
At end of the year		(928,144)	(665,606)
		(262,538)	153,748
Cost of goods manufactured		21,285,335	18,772,404
Finished goods:			
At beginning of the year		303,589	207,747
At end of the year		(500,060)	(303,589)
		(196,471)	(95,842)
Cost of Sales		21,088,864	18,676,562

	2019	2018
	(Rupees in thousand)	

34.1 Raw materials consumed

	2019	2018
At beginning of the year	72,198	105,006
Add: Purchases made during the year	1,284,528	1,084,110
	1,356,726	1,189,116
Less: At end of the year	(126,120)	(72,198)
	1,230,606	1,116,918

34.2 Salaries, wages and other benefits expense includes contribution to provident fund trust amounting to Rs. 53.67 million (2018: Rs. 48.29 million) and gratuity and compensated absence amounting to Rs. 17.15 million (2018: Rs. 35.22 million).

34.3 Other expenses include housing colony expenses aggregating to Rs. 76.41 million (2018: Rs. 71.32 million).

35. DISTRIBUTION COST

	Note	2019	2018
		(Rupees in thousand)	
Salaries, wages and other benefits	35.1	172,427	158,403
Travelling and conveyance		100,276	89,561
Vehicle running and maintenance		22,231	17,904
Postage, telephone and fax		7,008	7,602
Printing, stationery and office supplies		5,178	5,239
Entertainment		16,496	13,532
Repair and maintenance		4,260	2,240
Depreciation		4,298	3,415
Legal and professional		4,177	3,989
Rent, rates and Taxes		4,125	4,092
Advertisement and sale promotions		533,581	369,744
Other expenses		59,187	60,421
		933,244	736,142

35.1 Salaries, wages and other benefits expense includes contribution to Provident Fund Trust amounting to Rs. 6.45 million (2018: Rs. 5.59 million) and gratuity and compensated absence amounting to Rs. 0.45 million (2018: Rs. 4.21 million).

36. ADMINISTRATIVE EXPENSES

	Note	2019 (Rupees in thousand)	2018 (Rupees in thousand)
Salaries, wages and other benefits	36.1	309,662	278,901
Travelling		77,005	66,704
Vehicle running and maintenance		24,749	19,846
Postage, telephone and fax		20,363	16,235
Printing, stationery and office supplies		32,668	46,495
Entertainment		27,275	37,398
Repair and maintenance		24,165	26,270
Legal and professional charges	36.2	44,306	40,294
Consultancy and Subscription		48,769	38,082
Depreciation	19.1.6	53,753	71,134
Amortization		4,261	6,389
Provision for doubtful debts	26	10,189	25,000
Advances written off		-	12,895
Rent, rates and taxes		6,960	4,479
Other expenses		49,482	40,429
		733,607	730,551

36.1 Salaries, wages and other benefits expense includes contribution to Provident Fund Trust amounting to Rs. 11.19 million (2018: Rs. 10.34 million) and gratuity and compensated absence amounting to Rs. 3.52 million (2018: Rs. 6.46 million).

36.2 Legal and professional charges include following in respect of auditors' remuneration for:

	2019 (Rupees in thousand)	2018 (Rupees in thousand)
Annual statutory audit	1,380	1,380
Interim review	460	460
Interim audit and other certification	600	600
Out of pocket expenses	431	431
	2,871	2,871

36.3 The Company has shared expenses aggregating Rs. 30.06 million (2018: Rs. 15.18 million) on account of combined offices with the Holding Company. These expenses have been recorded in respective account.

37. OTHER CHARGES

	Note	2019 (Rupees in thousand)	2018 (Rupees in thousand)
Donation	37.1	27,199	14,779
Workers' Profit Participation Fund (WPPF)		88,125	235,035
Workers' Welfare Fund (WWF)		-	70,431
Unrealized loss on re-measurement of short term investment	28	14,175	67,594
Interest on advances from the Holding Company		2,116	-
Exchange loss- net	37.2	308,965	181,561
Loss on disposal of property, plant and equipment		15,913	3,036
		456,493	572,436

	2019	2018
	(Rupees in thousand)	

37.1 Donations for the year have been given to:

	2019	2018
Daud Khel Health Care Centre	-	6,518
Police Welfare Middle School	-	2,500
Jamia Masjid Iskenderabad	-	2,135
Miscellaneous donations in the form of cement	-	1,010
Jahanara Memorial Trust (JMT)	-	1,000
Beaconhouse National University	644	562
ICare Foundation	-	500
Bushra Shaheen	325	300
Police Station Daud Khel	-	216
Labor Office Mianwali	-	38
Shaukat Khanum Memorial Trust	300	-
District Police Office Mianwali	6,028	-
Daud Khel Water Supply Project	17,215	-
District Management Mianwali	1,687	-
Mosque Lower Dir	1,000	-
	27,199	14,779

37.1.1 None of the Directors of the Company or their spouse have any interest in donees.

37.2 This represents exchange loss incurred on actual currency transactions.

38. OTHER INCOME

	Note	2019	2018
		(Rupees in thousand)	
Income from financial assets			
Profit on bank deposits	38.1	19,889	28,793
Interest on advances to the Holding Company		-	13,272
Interest on loans to employees		381	404
Realized gain on investments		13,358	-
Dividend Income		844	-
		34,472	42,469
Income from non-financial assets			
Sale of scrap		2,487	10,147
Others		6,038	3,319
		8,525	13,466
		42,997	55,935

38.1 This includes profit earned on deposits under an arrangements which are permissible under Shariah amounting to Rs. 8.78 million (2018: Rs. 5.63 million). The remaining profit relates to interest / markup based arrangement from conventional banks.

	Note	2019	2018
		(Rupees in thousand)	

39. FINANCE COSTS

	Note	2019	2018
Profit / interest / mark up on:			
- Long term loans from financial institutions	39.1	571,248	278,363
- Long term loans from Subsidiary Company		10,108	-
- Liabilities against assets subject to finance lease		-	2,841
- Unwinding Interest - Retention money payable		22,968	-
- Short term borrowings	17	535,619	330,193
		1,139,943	611,397
Bank and other charges		32,614	32,724
		1,172,557	644,121

39.1 Finance cost amounting to Rs. 1,111.83 million (2018: Rs. 153.80 million) relates to Line III project and has been capitalized during the year.

40. TAXATION

	2019	2018
	(Rupees in thousand)	
Income Tax		
- current	-	1,227,652
- prior	19,653	(28,565)
	19,653	1,199,087
Deferred	179,224	(436,052)
	198,877	763,035

40.1 Tax charge reconciliation

40.1.1 Numerical reconciliation between tax expense and accounting profit:

	2019	2018
Profit before taxation	1,664,176	4,395,236
Applicable tax rate as per Income Tax Ordinance, 2001	29%	30%
Tax on accounting profit	482,611	1,318,571
Effect of final tax regime	(12,724)	(61,170)
Change in tax rate and proportion of local and export sales	(290,663)	(393,603)
Effect of tax credit under section 65B	-	(202,183)
Super tax	-	129,985
Effect of prior year adjustment	19,653	(28,565)
	198,877	763,035

40.2 As explained in note 53 to the unconsolidated financial statements, the Board of Directors in their meeting held on 19 September 2019 has recommended sufficient cash dividend for the year ended 30 June 2019 which complies with the requirements of section 5A of the Income Tax Ordinance 2001. Accordingly, no provision for tax on non-distribution of dividend has been recognized in these unconsolidated financial statements for the year ended 30 June 2019.

41. EARNINGS PER SHARE - BASIC AND DILUTED

41.1 Basic earnings per share

	Unit	2019	2018
Profit after taxation	Rupees in '000	1,465,299	3,632,201
Weighted average number of ordinary shares (Note 41.2)	No. of shares in '000	593,701	577,412
	Rupees	2.47	6.29

41.2 Weighted average number of ordinary shares

	2019	2018
	No. of Shares in '000'	
Number of shares as at 01 July	593,701	542,446
Add: Impact on weighted average number of shares due to right issue during the year	-	34,966
	593,701	577,412

41.3 There is no dilution effect on the basic earnings per share.

42. CASH AND CASH EQUIVALENTS

	Note	2019	2018
		(Rupees in thousand)	
Short term running finance	17.2	(1,108,676)	(1,269,647)
Temporary bank overdrafts - unsecured	17.3	(201,287)	(169,596)
Cash and bank	32	494,398	632,662
		(815,565)	(806,581)

43. RELATED PARTY TRANSACTIONS AND BALANCES

The related parties comprise of associated companies, directors of the Company and entities under common directorship, key management personnel and post employment retirement plan. Amount due from and due to related parties are shown under respective notes. Other significant transactions and balances with related parties except those disclosed elsewhere are as follows:

Name of parties	Relationship	Transactions	Note	2019	2018
				(Rupees in thousand)	
a) Kohinoor Textile Mills Limited	Holding Company (55.22% equity held)	Sale of goods and services		107,894	50,361
		Sale of fixed assets		-	1,785
		Markup charged during the year		(2,116)	(4,592)
		Shared expenses charged to the Company		30,064	15,176
		Dividend paid		327,837	1,001,723
b) Maple Leaf Power Limited	Subsidiary Company (100% equity held)	Sale of goods and services		118,601	1,507,771
		Long term loan from subsidiary	9	1,000,000	-
		Purchase of goods and services (inclusive of taxes)		4,855,767	3,335,931
		Markup charged during the year		10,108	17,864
		Coal received and returned during the year (22,888 tons)		396,382	-
		Shared expenses charged to the Company		448,152	412,285
c) Key management personnel		Remuneration and other benefits	44	350,599	282,473
d) Employee benefits					
Gratuity	Post employment benefit plan	Contribution		27,545	30,513
Provident Fund Trust	Employees benefit fund	Contribution		175,250	136,947

43.1 Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity. The Company considers all members of their management team, including Chief Executive Officer and Directors to be its key management personnel.

44. REMUNERATION OF CHAIRMAN, CHIEF EXECUTIVE, DIRECTORS, NON-EXECUTIVE DIRECTORS AND EXECUTIVES

The aggregate amounts charged in the unconsolidated financial statements for the year for remuneration, including all benefits to the Chairman, Chief Executive, Directors and Executives of the Company are as follows:

	2019				
			Directors		
	Chairman	Chief Executive	Executives	Non-Executives	Executives
	(---------------------------- Rupees in thousand ----------------------------)				
Short term benefits					
Managerial remuneration	28,275	26,100	37,355	-	137,716
House rent	6,435	5,940	5,010	-	46,218
Medical	-	-	566	-	2,718
Conveyance	-	2,049	1,924	-	16,236
Utilities	-	-	2,505	-	12,198
	34,710	34,089	47,360	-	215,086
Post employment benefits					
Contribution to Provident Fund Trust	2,145	1,980	2,929	-	12,302
	36,855	36,069	50,289	-	227,388
Numbers	1	1	4	5	67

	2018				
			Directors		
	Chairman	Chief Executive	Executives	Non-Executives	Executives
	(---------------------------- Rupees in thousand ----------------------------)				
Short term benefits					
Managerial remuneration	26,273	20,844	34,857	-	110,296
House rent	4,641	3,116	4,229	-	30,589
Medical	-	-	409	-	2,494
Conveyance	-	2,303	1,500	-	10,489
Utilities	1,456	-	2,343	-	9,889
	32,370	26,263	43,338	-	163,757
Post employment benefits					
Contribution to Provident Fund Trust	2,109	1,796	2,733	-	10,107
	34,479	28,059	46,071	-	173,864
Numbers	1	1	4	5	51

44.1 The Chairman, Chief Executive, Directors and some of the Executives are also provided with the Company's maintained cars in accordance with their terms of employment.

44.2 Aggregate amount charged in these unconsolidated financial statements in respect of meeting fee paid to Directors aggregated to Rs. 0.31 million (2018: Rs.0.38 million).

45. CAPACITY AND PRODUCTION

	Capacity		Actual Production	
	2019	2018	2019	2018
	---------------------- Metric tons --------------------			
Clinker	3,600,000	3,360,000	3,541,743	3,529,876

The capacity of plant has been determined on the basis of 300 days. New line III became operational on 21 May 2019 and accordingly the capacity for the period from 21 May 2019 to 30 June 2019 has been increased.

46. OPERATING SEGMENT

Information about operating segment

These unconsolidated financial statements have been prepared on the basis of single reportable segment.

Geographical information

The Company operates in two principal geographical areas, Asia and Africa other than Pakistan and revenue from continuing operations from external customers based on geographical areas is as follows:

	2019	2018
	(Percentage)	
Geographical area		
Asia	99.50%	99.57%
Africa	0.50%	0.43%
	100.00%	100.00%

All assets of the Company as at 30 June 2019 are located in Pakistan.

47. FINANCIAL RISK MANAGEMENT

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

- credit risk
- liquidity risk
- market risk

The effect of initially applying IFRS 9 on the Company's financial instruments is described in note 3.1.2. Due to the transition method chosen, comparative information has not been restated to reflect the new requirements.

Risk management framework

The Company's Board of Directors ("the Board") has overall responsibility for establishment and oversight of the Company's risk management framework. The Board is responsible for developing and monitoring the Company's risk management policies.

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

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

The Company's exposure to financial risks, the way these risks affect the financial position and performance, and forecast transactions of the Company and the manner in which such risks are managed is as follows:

47.1 Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. To manage credit risk the Company maintains procedures covering the application for credit approvals, granting and renewal of counterparty limits and monitoring of exposures against these limits. As part of these processes the financial viability of all counterparties is regularly monitored and assessed.

47.1.1 Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk as at the end of the reporting period was as follows:

	2019	2018
	(Rupees in thousand)	
Financial asset at fair value through statement of profit or loss		
Short term investments	17,887	32,062
Financial assets at amortised cost		
Long term deposits	56,880	56,554
Trade debts	2,683,758	1,131,753
Long term loans to employees	29,747	14,820
Short term deposits	140,036	97,648
Accrued profit	2,272	1,179
Other receivables	35,319	43,534
Cash at bank	484,593	626,849
	3,432,605	1,972,337
	3,450,492	2,004,399

47.1.2 Concentration of credit risk

The Company identifies concentrations of credit risk by reference to type of counter party. Maximum exposure to credit risk by type of counterparty is as follows:

	2019	2018
	(Rupees in thousand)	
Customers	2,683,758	1,131,753
Banking companies and financial institutions	624,429	724,497
Others	142,305	148,149
	3,450,492	2,004,399

47.1.3 Credit quality and impairment

Credit quality of financial assets is assessed by reference to external credit ratings, where available, or to historical information about counterparty default rates. All counterparties, with the exception of customers, employees, regulatory authorities and utility companies, have external credit ratings determined by various credit rating agencies. Credit quality of customers is assessed by reference to historical defaults rates and present ages.

47.1.3(a) Counterparties with external credit ratings

These include banking companies and financial institutions, which are counterparties to bank balances, margin against bank guarantees, margin against letter of credit and accrued return on deposits. Credit risk is considered minimal as these counterparties have reasonably high credit ratings as determined by various credit rating agencies. Due to long standing business relationships with these counterparties and considering their strong financial standing, management does not expect non-performance by these counterparties on their obligations to the Company. Following are the credit ratings of counterparties with external credit ratings:

	Rating			2019	2018
	Short term	Long term	Agency	(Rupees in thousand)	
Cash at Bank					
Allied Bank Limited	A1+	AAA	PACRA	92	197
Askari Bank Limited	A1+	AA+	PACRA	9	24
Bank Al-Habib Limited	A1+	AA+	PACRA	33,331	121,992
Bank Alfalah	A1+	AA+	PACRA	21	3,048
Bank Islami Pakistan Limited	A1	A+	PACRA	211,588	214,132
Bank of Punjab	A1+	AA	PACRA	33	2,046
AlBaraka Bank Limited	A1	A+	PACRA	9	9
Dubai Islamic Bank Pakistan Limited	A1+	AA	JCR-VIS	2,581	2,669
Faysal Bank Limited	A1+	AA	PACRA	36	24,130
Habib Bank Limited	A1+	AAA	JCR-VIS	7,606	33,390
Habib Metropolitan Bank Limited	A1+	AA+	PACRA	29,104	59,546
Meezan Bank Limited	A1+	AA+	JCR-VIS	663	663
MCB Bank Limited	A1+	AAA	PACRA	172,491	63,364
National Bank of Pakistan	A1+	AAA	PACRA	13,352	8,787
Samba Bank Limited	A1	AA	JCR-VIS	2,580	10,149
Silk Bank Limited	A2	A-	JCR-VIS	10	10
Soneri Bank Limited	A1+	AA-	PACRA	101	127
Standard Chartered Bank (Pakistan) Limited	A1+	AAA	PACRA	2,508	2,505
Summit Bank Limited	Not available			25	-
United Bank Limited	A1+	AAA	JCR-VIS	7,554	79,162
U Micro finance Bank Limited	A1	A	JCR-VIS	899	899
				484,593	626,849
Margin against bank guarantees					
Allied Bank Limited	A1+	AAA	PACRA	1,700	1,700
United Bank Limited	A1+	AAA	JCR-VIS	31,214	31,214
Summit Bank Limited	Not available			12,792	12,792
Trust Investment Bank	N/A	N/A		-	5,344
Soneri Bank Limited	A1+	AA-	PACRA	5,000	5,000
Standard Chartered Bank (Pakistan) Limited	A1+	AAA	PACRA	1,964	1,964
Habib Metropolitan Bank Limited	A1+	AA+	PACRA	17,611	10,000
Dubai Islamic Bank Pakistan Limited	A1+	AA	JCR-VIS	50,000	20,000
				120,281	88,014
Margin against letters of credit					
Samba Bank Limited	A1	AA	JCR-VIS	5,490	-
Askari Bank Limited	A1+	AA+	PACRA	834	-
Allied Bank Limited	A1+	AAA	PACRA	4,103	3,810
Bank of Punjab	A1+	AA	PACRA	293	1,000
United Bank Limited	A1+	AAA	JCR-VIS	-	4,824
MCB Bank Limited	A1+	AAA	PACRA	8,835	-
				19,555	9,634

47.1.3(b) Counterparties without external credit ratings

These mainly include customers which are counter parties to local and foreign trade debts against sale of cement. As explained in note 3.1.2, the Company applies the IFRS 9 simplified approach to measure expected credit losses which uses a lifetime expected loss allowance for all trade receivables. Trade receivables are written off when there is no reasonable expectation of recovery. On adoption of IFRS 9, management uses an allowance matrix to base the calculation of ECL of trade receivables from individual customers, which comprise a very large number of small balances. Loss rates are calculated using a 'role rate' method based on the probability of receivable progressing through successive stages of delinquency to write-off. The Company has used three years quarterly data in the calculation of historical loss rates along with the matching quarterly ageing brackets for the computation of roll rates. These rates are multiplied by scalar factors to reflect the effect of forward looking macro economic factors. The analysis of ages of trade debts and loss allowance using the aforementioned approach as at 30 June 2019 (on adoption of IFRS 9) was determined as follows:

	2019		2018	
	Gross carrying amount	Loss Allowance	Gross carrying amount	Loss Allowance
	--------------- (Rupees in thousand) ---------------			
The aging of trade debts at the reporting date is:				
Not past due	1,420,505	118	366,115	-
Past due				
1 - 90 days	1,206,732	4,186	504,779	-
91 - 180 days	41,876	2,576	147,350	-
181 - 270 days	15,838	2,809	28,870	-
271 - 365 days	16,043	10,630	18,992	-
366 - above days	143,953	140,870	90,647	25,000
	2,844,947	161,189	1,156,753	25,000

Customer credit risk is managed by each business unit subject to the Company's established policy, procedures and controls relating to customer credit risk management. Credit limits are established for all customers based on internal rating criteria. Credit quality of the customer is assessed based on an extensive credit rating. Outstanding customer receivables are regularly monitored and shipments to the export customers are generally covered by letters of credit or other form of credit insurance.

47.2 Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial assets, or that such obligations will have to be settled in a manner unfavorable to the Company. Management closely monitors the Company's liquidity and cash flow position. This includes maintenance of liquidity ratios, debtors and creditors concentration both in terms of the overall funding mix and avoidance of undue reliance on large individual customers.

Ultimate responsibility for liquidity risk management rests with the Board of Directors, which has built an appropriate liquidity risk management framework for the management of the Company's short, medium and long-term funding and liquidity management requirements. The Company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. Included in notes 8, 17.1 and 17.2 to these unconsolidated financial statements is a listing of additional undrawn facilities that the Company has at its disposal to further reduce liquidity risk.

47.2.1 Exposure to liquidity risk

Contractual maturities of financial liabilities, including estimated interest payments

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

	2019				
	Carrying amount	Contractual cash flows	Less than 1 year	Between 1 to 5 years	Above 5 years
	----------------- (Rupees in thousand) --------------------				
Financial liabilities at amortised cost					
Long term loans from banking companies - secured	17,305,362	27,071,579	3,802,431	17,237,806	6,031,342
Long term loan from Subsidiary Company	1,000,000	1,482,874	111,330	1,371,544	-
Long term deposits	8,664	8,664	-	8,664	-
Retention money payable	368,499	421,841	-	421,841	-
Trade and other payables	5,511,097	5,511,097	5,511,097	-	-
Unclaimed dividend	40,564	40,564	40,564	-	-
Mark-up accrued on borrowings	575,029	575,029	575,029	-	-
Short term borrowings	4,015,487	4,015,487	4,015,487	-	-
	28,824,702	39,127,135	14,055,938	19,039,855	6,031,342

	2018				
	Carrying amount	Contractual cash flows	Less than 1 year	Between 1 to 5 years	Above 5 years
	----------------- (Rupees in thousand) --------------------				
Financial liabilities at amortised cost					
Long term loans from banking companies - secured	13,752,696	20,391,835	1,934,266	11,792,200	6,665,369
Long term deposits	8,714	8,714	-	8,714	-
Retention money payable	310,735	388,660	-	388,660	-
Trade and other payables	3,806,391	3,806,391	3,806,391	-	-
Unclaimed dividend	110,743	110,743	110,743	-	-
Mark-up accrued on borrowings	283,415	283,415	283,415	-	-
Short term borrowings	5,360,421	5,360,421	5,360,421	-	-
	23,633,115	30,350,179	11,495,236	12,189,574	6,665,369

47.3 Market risk

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

47.3.1 Currency risk

The Company is exposed to currency risk to the extent that there is a mismatch between the currencies in which sales, purchases and bank balances are denominated and the respective functional currency of the Company. The functional currency of the Company is Pak Rupee. The currencies in which these transactions are primarily denominated are Euros and US dollars.

47.3.1(a) Exposure to currency risk

The summary quantitative data about the Company's exposure to currency risk as reported to the management of the Company is as follows. The figures represent foreign currency balances after conversion in Pak Rupees using exchange rates prevailing at the statement of financial position date.

	2019				
	GBP	CHF	EURO	USD	Equivalent to RUPEES
	----------------------		(in thousand)	----------------------	
Assets					
Trade debts	-	-	-	2,164	354,896
Cash and bank balances	2	-	-	34	6,009
	2	-	-	2,198	360,905
Liabilities					
Trade creditors and bills payables	-	-	(12)	(4,048)	(668,140)
Net statement of financial position exposure	2	-	(12)	(1,850)	(307,235)
Off statement of financial position items					
Outstanding letters of credit	-	-	(1,678)	(243)	(353,743)
Net exposure	2	-	(1,690)	(2,093)	(660,978)

	2018				
	GBP	CHF	EURO	USD	Equivalent to RUPEES
	----------------------		(in thousand)	----------------------	
Assets					
Trade debts	-	-	-	61	7,418
Cash and bank balances	2	-	-	30	3,990
	2	-	-	91	11,408
Liabilities					
Trade creditors and bills payable	-	-	-	(2,508)	(304,973)
Net statement of financial position exposure	2	-	-	(2,417)	(293,565)
Off statement of financial position items					
Outstanding letters of credit	-	(18)	(18,991)	(9,930)	(3,898,246)
Net exposure	2	(18)	(18,991)	(12,347)	(4,191,811)

47.3.1(b) Exchange rates applied during the year

The following significant exchange rates have been applied during the year:

	2019		
	Reporting date spot rate		Average rate
	Buying	Selling	for the year
GBP	207.79	208.45	177.85
CHF	168.03	168.61	138.74
EURO	186.37	186.99	157.07
USD	164.00	164.50	137.67

	2018		
	Reporting date spot rate		Average rate
	Buying	Selling	for the year
GBP	159.14	159.41	149.12
CHF	122.11	122.32	113.88
EURO	141.33	141.57	132.06
USD	121.40	121.60	110.63

47.3.1(c) Sensitivity analysis

A reasonably possible strengthening / (weakening) of 10% in Pak Rupee against the following currencies would have affected the measurement of financial instruments denominated in foreign currency and affected statement of profit or loss by the amounts shown below at the statement of financial position date. The analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecast sales and purchases.

	Profit	
	2019	2018
	(Rupees in thousand)	
GBP	42	32
CHF	-	-
EURO	(224)	-
USD	(30,433)	(29,391)
	(30,615)	(29,359)

47.3.1(d) Currency risk management

Since the maximum amount exposed to currency risk is only 0.47% (2018: 0.50%) of the Company's total assets, any adverse / favorable movement in functional currency with respect to US dollar, GBP and Euro will not have any material impact on the operational results.

47.3.2 Interest rate risk

Interest rate risk is the risk that fair values or future cash flows of a financial instrument will fluctuate because of changes in interest rates. Sensitivity to interest rate risk arises from mismatch of financial assets and financial liabilities that mature or re-price in a given period.

47.3.2(a) Fixed rate financial instruments

The effective interest / mark-up rates for interest / mark-up bearing financial instruments are mentioned in relevant notes to the unconsolidated financial statements. The Company's interest / mark-up bearing financial instruments as at the reporting date are as follows:

	Note	2019		2018	
		Financial assets	Financial liabilities	Financial assets	Financial liabilities
		--------- (Rupees in thousand) ---------			
Non-derivative financial instruments					
Short term borrowings - cash finance and others	17	-	2,705,524	-	3,921,178
Bank balances at deposit accounts	32	331,629	-	282,227	-
		331,629	2,705,524	282,227	3,921,178

The related mark-up / interest rates for fixed rate financial instruments are indicated in the related notes to the unconsolidated financial statements.

Fair value sensitivity analysis for fixed rate instruments

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

47.3.2(b) Variable rate financial instruments

	Note	2019		2018	
		Financial assets	Financial liabilities	Financial assets	Financial liabilities
		--------- (Rupees in thousand) ---------			
Non-derivative financial instruments					
Long term loans from banking companies - secured	8	-	17,305,362	-	13,752,696
Long term loan from Subsidiary Company	9	-	1,000,000	-	-
Short term borrowings - running finance	17	-	1,108,676	-	1,269,647
		-	19,414,038	-	15,022,343

The related mark-up / interest rates for variable rate financial instruments are indicated in the related notes to the unconsolidated financial statements.

Cash flow sensitivity analysis for variable rate instruments

A reasonably possible change of 100 basis points in interest rates at the reporting date would have (decreased) / increased profit by amounts shown below. The analysis assumes that all other variables, in particular foreign exchange rates, remain constant. The analysis is performed on the same basis for the year 2018.

	Profit	
	2019	2018
	(Rupees in thousand)	
Increase of 100 basis points		
Variable rate instruments	(194,140)	(150,223)
Decrease of 100 basis points		
Variable rate instruments	194,140	150,223

The sensitivity analysis prepared is not necessarily indicative of the effects on profit for the year and the outstanding liabilities of the Company at the year end.

47.3.2(c) Interest rate risk management

The Company manages these mismatches through risk management strategies where significant changes in gap position can be adjusted. The Company's significant borrowings are based on variable rate pricing that is mostly dependent on Karachi Inter Bank Offer Rate ("KIBOR") as indicated in respective notes.

47.3.3 Price risk

Price risk represents the risk that the fair value or future cash flows of financial instrument will fluctuate because of changes in market prices, other than those arising from interest rate risk or currency risk, whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments trading in market.

47.3.3(a) Investments exposed to price risk

At the statement of financial position date, the Company's investment in quoted equity securities is as follows:

	2019	2018
	(Rupees in thousand)	
Investment in equity securities	17,887	32,062

47.3.3(b) Sensitivity analysis

A 10% increase / (decrease) share prices at reporting date would have increased / (decreased) the Company's fair value gain on investment as follows:

	Equity	
	2019	2018
	(Rupees in thousand)	
Short term investment at fair value through statement of profit or loss		
Effect of increase	1,789	3,206
Effect of decrease	(1,789)	(3,206)

47.3.3(c) Price risk management

The Company manages price risk by monitoring exposure in quoted equity securities and implementing the strict discipline in internal risk management and investment policies. The carrying value of investments subject to equity price risk are based on quoted market prices as at reporting date. Market prices are subject to fluctuation and consequently the amount realized in the subsequent sale of an investment may significantly differ from reported market value. Fluctuations in the market price of a security may result from perceived changes in the underlying economic characteristics of the investee, the relative price of alternative investments and general market conditions. Furthermore, amount realized in the sale of a particular security may be affected by the relative quantity of the security being sold.

48. FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Underlying the definition of fair value is the presumption that the Company is a going concern without any intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

The fair value of financial assets and liabilities traded in active markets i.e. listed equity shares are based on the quoted market prices at the close of trading on the period end date. The quoted market prices used for financial assets held by the Company is current bid price.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency and those prices represent actual and regularly occurring market transactions on an arm's length basis.

IFRS 13, 'Fair Value Measurements' requires the Company to classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date (level 1).

- Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly (level 2).

- Unobservable inputs for the asset or liability (level 3).

The following table shows the carrying amounts and fair values of financial assets and financial liabilities including their levels in the fair value hierarchy:

	Note	Carrying Amount				Fair Value		
		Fair Value through statement of profit or loss	Financial assets at amortised cost	Other financial liabilities	Total	Level 1	Level 2	Level 3
		- - - - - - - - - - - - - - - - (Rupees in thousand) - - - - - - - - - - - - - - - -						
30 June 2019								
Financial assets measured at fair value								
Short term investments		17,887	-	-	17,887	17,887	-	-
		17,887	-	-	17,887	17,887	-	-
Financial assets at amortised cost								
Cash and bank balances		-	494,398	-	494,398	-	-	-
Long term loans to employees		-	29,747	-	29,747	-	-	-
Short term deposits		-	140,036	-	140,036	-	-	-
Other receivables			35,319	-	35,319			
Accrued profit		-	2,272	-	2,272	-	-	-
Long term deposits		-	56,880	-	56,880	-	-	-
Trade debts		-	2,683,758	-	2,683,758	-	-	-
	48.1	-	3,442,410	-	3,442,410	-	-	-
Financial liabilities measured at fair value		-	-	-	-	-	-	-
		-	-	-	-	-	-	-
Financial liabilities not measured at fair value								
Long term loans from banking companies - secured		-	-	17,305,362	17,305,362	-	-	-
Long term loan from Subsidiary Company		-	-	1,000,000	1,000,000	-	-	-
Long term deposits		-	-	8,664	8,664	-	-	-
Retention money payable		-	-	368,499	368,499	-	-	-
Trade and other payables		-	-	5,511,097	5,511,097	-	-	-
Unclaimed dividend		-	-	40,564	40,564	-	-	-
Mark-up accrued on borrowings		-	-	575,029	575,029	-	-	-
Short term borrowings		-	-	4,015,487	4,015,487	-	-	-
	48.1	-	-	28,824,702	28,824,702	-	-	-

	Note	Carrying Amount				Fair Value		
		Fair Value through statement of profit or loss	Financial assets at amortised cost	Other financial liabilities	Total	Level 1	Level 2	Level 3
		- - - - - - - - - - - - - - - - (Rupees in thousand) - - - - - - - - - - - - - - - -						
30 June 2018								
Financial assets measured at fair value								
Short term investments		32,062	-	-	32,062	32,062	-	-
		32,062	-	-	32,062	32,062	-	-
Financial assets not measured at fair value								
Cash and bank balances		-	632,662	-	632,662	-	-	-
Long term loans to employees		-	14,820	-	14,820	-	-	-
Short term deposits		-	97,648	-	97,648	-	-	-
Other receivables		-	43,534	-	43,534	-	-	-
Accrued profit		-	1,179	-	1,179	-	-	-
Long term deposits		-	56,554	-	56,554	-	-	-
Trade debts		-	1,131,753	-	1,131,753	-	-	-
	48.1	-	1,978,150	-	1,978,150	-	-	-
Financial liabilities measured at fair value		-	-	-	-	-	-	-
		-	-	-	-	-	-	-
Financial liabilities not measured at fair value								
Long term loans from banking companies - secured		-	-	13,752,696	13,752,696	-	-	-
Long term deposits		-	-	8,714	8,714	-	-	-
Retention money payable		-	-	310,735	310,735	-	-	-
Trade and other payables		-	-	3,806,391	3,806,391	-	-	-
Unclaimed dividend		-	-	110,743	110,743	-	-	-
Mark-up accrued on borrowings		-	-	283,415	283,415	-	-	-
Short term borrowings		-	-	5,360,421	5,360,421	-	-	-
	48.1	-	-	23,633,115	23,633,115	-	-	-

48.1 The Company has not disclosed the fair values of these financial assets and liabilities as these are for short term or reprice over short term. Therefore, their carrying amounts are reasonable approximation of fair value.

48.2 Freehold land, buildings on freehold land, roads, bridges and railway sidings, plant and machinery have been carried at revalued amounts determined by professional valuers (level 3 measurement) based on their assessment of the market values as disclosed in note 7.1. The valuations are conducted by the valuation experts appointed by the Company. The valuation experts used a market based approach to arrive at the fair value of the Company's properties. For revaluation of freehold land fair market value was assessed through inquiries to real estate agents and property dealers in near vicinity of freehold land. Different valuation methods and exercises were adopted according to experience, location and other usage of freehold land. Valuer had also considered all relevant factors as well. In case of buildings on freehold land, roads, bridges and railway sidings, construction specifications were noted for each building and structure and new construction rates are applied according to construction specifications for current replacement values. After determining current replacement values, depreciation was calculated to determine the current assessed market value. For revaluation of plant and machinery, suppliers and different cement plant consultants in Pakistan and abroad were contacted to collect information regarding current prices of comparable cement plant to determine current replacement value. Fair depreciation factor for each item is applied according to their physical condition, usage and maintenance. The effect of changes in the unobservable inputs used in the valuations cannot be determined with certainty, accordingly a qualitative disclosure of sensitivity has not been presented in these financial statements.

49. RECONCILIATION OF MOVEMENT OF LIABILITIES TO CASH FLOWS ARISING FROM FINANCING ACTIVITIES

	2019								
	Issued, subscribed and paid-up capital	Share premium	Dividend Payable	Long term financing from financial institutions	Long term loan from Subsidiary Company	Liabilities against assets subject to finance lease - secured	Short term borrowing	Accrued markup	Total
	-------------------------------- (Rupees in thousand) --------------------------------								
As at 01 July 2018	5,937,007	5,112,037	110,743	13,752,696	-	-	5,360,421	283,415	30,556,319
Changes from financing cash flows									
Dividend paid	-	-	(663,880)	-	-	-	-	-	(663,880)
Proceeds from short term borrowings - net	-	-	-	-	-	-	(1,215,654)	-	(1,215,654)
Financial charges paid	-	-	-	-	-	-	-	(857,975)	(857,975)
Proceeds from long term financing - net	-	-	-	3,552,666	1,000,000	-	-	-	4,552,666
Total changes from financing cash flows	-	-	(663,880)	3,552,666	1,000,000	-	(1,215,654)	(857,975)	1,815,157
Other changes									
Dividend declared	-	-	593,701	-	-	-	-	-	593,701
Change in running finances and over draft balances	-	-	-	-	-	-	(129,280)	-	(129,280)
Finance cost	-	-	-	-	-	-	-	1,149,589	1,149,589
Total liability related other changes	-	-	593,701	-			(129,280)	1,149,589	1,614,010
As at 30 June 2019	5,937,007	5,112,037	40,564	17,305,362	1,000,000	-	4,015,487	575,029	33,985,486

	2018								
	Issued, subscribed and paid-up capital	Share premium	Dividend Payable	Long term financing from financial institutions	Long term loan from Subsidiary Company	Liabilities against assets subject to finance lease - secured	Short term borrowing	Accrued markup	Total
	---------------------------------- (Rupees in thousand) ----------------------------------								
As at 01 July 2017	5,277,340	1,529,874	101,219	3,103,760	-	480,615	3,138,159	101,465	13,732,432
Changes from financing cash flows									
Proceeds from issuance of shares	659,667	3,628,171	-	-	-	-	-	-	4,287,838
Dividend paid	-	-	(1,804,561)	-	-	-	-	-	(1,804,561)
Proceeds from short term borrowings - net	-	-	-	-	-	-	1,038,909	-	1,038,909
Share issuance cost	-	(46,008)	-	-	-	-	-	-	(46,008)
Financial charges paid	-	-	-	-	-	-	-	(462,171)	(462,171)
Proceeds from long term financing - net	-	-	-	10,648,936	-	-	-	-	10,648,936
Payment of finance lease liabilities	-	-	-	-	-	(480,615)	-	-	(480,615)
Total changes from financing cash flows	659,667	3,582,163	(1,804,561)	10,648,936	-	(480,615)	1,038,909	(462,171)	13,182,328
Other changes									
Dividend declared	-	-	1,814,085	-	-	-	-	-	1,814,085
Change in short term running finances	-	-	-	-	-	-	1,183,353	-	1,183,353
Finance cost	-	-	-	-	-	-	-	644,121	644,121
Total liability related other changes	-	-	1,814,085	-	-	-	1,183,353	644,121	3,641,559
As at 30 June 2018	5,937,007	5,112,037	110,743	13,752,696	-	-	5,360,421	283,415	30,556,319

50. CAPITAL MANAGEMENT

The Board's policy is to maintain an efficient capital base so as to maintain investor, creditor and market confidence and to sustain the future development of its business. The Board of Directors monitors the return on capital employed, which the Company defines as operating income divided by total capital employed. The Board of Directors also monitors the level of dividends to ordinary shareholders.

The Company's objectives when managing capital are:

i. to safeguard the entity's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders; and
ii. to provide an adequate return to shareholders.

The Company manages the capital structure in the context of economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may, for example, adjust the amount of dividends paid to shareholders, issue new shares, or sell assets to reduce debt.

	Unit	2019	2018
Total debt	Rupees in '000	22,895,878	19,396,532
Less: Cash and bank balances	Rupees in '000	(494,398)	(632,662)
Net debt	Rupees in '000	22,401,480	18,763,870
Total Equity	Rupees in '000	30,514,586	29,911,139
Total capital employed	Rupees in '000	52,916,066	48,675,009
Gearing	Percentage	42.33%	38.55%

Total debt comprises of long term loans from banking companies, long term loan from Subsidiary Company, accrued markup on borrowings and short term borrowings.

Total equity includes issued, subscribed and paid-up share capital, capital reserves, accumulated profits and surplus on revaluation of fixed assets.

There were no changes in the Company's approach to capital management during the year.

51. PROVIDENT FUND TRUST

The following information is based on the latest un-audited financial statements of the Provident Fund Trust:

	Un-audited 2019	Audited 2018
	(Rupees in thousand)	
Size of the fund - total assets	808,769	699,642
Cost of investments made	320,570	427,521
Percentage of investments made	98.04%	85.42%
Fair value of investments	792,924	597,600

The break-up of fair value of investments is:

	2019		2018	
	Rs. in thousand	Percentage	Rs. in thousand	Percentage
Shares in quoted securities	3,323	0.42%	4,165	0.70%
Term deposit receipts	472,018	59.53%	174,000	29.12%
Government securities	258,231	32.56%	276,554	46.28%
Mutual funds	59,352	7.49%	142,881	23.90%
	792,924	100%	597,600	100%

The investments out of Provident Fund Trust have been made in accordance with the provisions of section 218 of the Companies Act, 2017 and the rules formulated for this purpose.

52. NUMBER OF EMPLOYEES

The total and average number of employees of the Company during the year and as at 30 June 2019 and 2018 respectively are as follows:

	2019	2018
Average number of employees during the year	1,470	1,354
Total number of employees as at 30 June	1,569	1,388

53. NON ADJUSTING EVENTS AFTER THE STATEMENT OF FINANCIAL POSITION DATE

53.1 The Board of Directors of the Company in its meeting held on 19 September 2019 has proposed a final cash dividend of Re. 0.50 per share, for the year ended 30 June 2019, for approval of the members in the Annual General Meeting to be held on 26 October 2019.

53.2 The Board of Directors of the Company in its meeting held on 19 September 2019 has approved and accorded to offer 504,645,566 right shares in proportion of 85 ordinary right shares for every hundred shares held (@ 85%) of Rs. 10/- each at a price of Rs. 12/- per share (inclusive of premium of Rs. 2/- each) through letters of offer to the existing shareholders.

54. DATE OF AUTHORIZATION FOR ISSUE

These unconsolidated financial statements were authorized for issue by the Board of Directors of the Company in their meeting held on 19 September 2019.

55. GENERAL

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

55.2 Corresponding figures have been rearranged and reclassified for better presentation, wherever considered necessary.

CHIEF EXECUTIVE OFFICER

CHIEF FINANCIAL OFFICER

DIRECTOR

Consolidated Financial Statements

for the Year Ended June 30, 2019

DIRECTORS' REPORT ON AUDITED CONSOLIDATED FINANCIAL STATEMENTS

The Directors are pleased to present the audited consolidated financial statements of Maple Leaf Cement Factory Limited (the Holding Company) and its wholly owned subsidiary company Maple Leaf Power Limited (collectively referred to as group) for the year ended 30 June 2019.

GROUP RESULTS

The Group has earned gross profit of Rupees 6,062 million as compared to Rupees 8,032 million of corresponding year. The Group made after tax profit of Rupees 2,460 million during this period as compared to Rupees 4,573 million during the corresponding year.

The overall group financial results are as follows:

	30 June 2019	30 June 2018
	(Rupees in million)	
Sales	26,006	25,684
Gross Profit	6,062	8,032
Profit from operations	3,890	5,926
Financial charges	1,231	590
Net Profit after Tax	2,460	4,573
	------------- (Rupees) -------------	
Earnings per share – Basic and diluted	4.14	7.92

SUBSIDIARY COMPANY

MAPLE LEAF POWER LIMITED (MLPL)

Maple Leaf Cement Factory Limited has formed a subsidiary company namely "Maple Leaf Power Limited (MLPL)." MLPL (the wholly owned Subsidiary) was incorporated in Pakistan on 15 October 2015 under the Companies Ordinance, 1984 (Now the Companies Act, 2017) as public limited company. The principal objective of MLPL is to develop, design, operate and maintain electric power generation plant in connection therewith to engage in the business of generation, sale and supply of electricity to the Holding Company.

ACKNOWLEDGEMENT

The Directors are grateful to the group's members, financial institutions, customers and employees for their cooperation and support. They also appreciate the hard work and dedication of the employees working in different roles.

For and on behalf of the Board

Lahore: September 19, 2019

Syed Mohsin Raza Naqvi
Director

Sayeed Tariq Saigol
Chief Executive Officer

KPMG Taseer Hadi & Co.
Chartered Accountants
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INDEPENDENT AUDITOR'S REPORT

To the members of Maple Leaf Cement Factory Limited

Opinion

We have audited the annexed consolidated financial statements of Maple Leaf Cement Factory Limited and its subsidiary ("the Group"), which comprise the consolidated statement of financial position as at 30 June 2019, and the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity, the consolidated statement of cash flows for the year then ended and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 30 June 2019 and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with accounting and reporting standards as applicable in Pakistan.

Basis for Opinion

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

Key Audit Matters

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

Following are the Key audit matter(s):

S.No.	Key audit matter(s)	How the matter was addressed in our audit
1	Revenue Refer to statement of profit or loss and note 3.12 and 31 to the consolidated financial statements The Group generates revenue from sale of cement to domestic as well as export customers. We identified recognition of revenue as a key audit matter because revenue is one of the key performance indicators of the Group and gives rise to a risk that revenue is recognized without transferring the control.	Our audit procedures to assess recognition of sales, amongst others, included the following: • obtaining an understanding of the process relating to recording of sales and testing the design, implementation and operating effectiveness of key internal controls over recording of revenue; • assessing the appropriateness of the Group's accounting policies for recording of sales and compliance of those policies with applicable accounting standards; • comparing a sample of sale transactions recorded during the year with sales orders, sales invoices, delivery challans and other relevant underlying documents; • comparing a sample of sale transactions recorded around the year with the sales orders, sales invoices, delivery challans and other relevant underlying documentation to assess if the sale was recorded in the appropriate accounting period; • comparing, on a sample basis, specific sale transactions recorded just before and just after the financial year end date to determine whether the revenue had been recognized in the appropriate financial period; and • scanning for any manual journal entries relating to sales raised during the year which were considered to be material or met other specific risk based criteria for inspecting underlying documentation.
2	Borrowings and finance costs Refer notes 3.15, 8 and 37 to the consolidated financial statements. The Group has obtained range of financing facilities from different financial institutions with varying terms and tenures. This was considered to be a key audit matter as these affects Group's gearing, liquidity and solvency. Further, compliance with debt covenants is a key requirement of these financing arrangements.	Our audit procedures included the following: • We assessed the design and operating effectiveness of the Group's internal controls over recording the terms and conditions of borrowings from financial institutions, including their classification as either current or non-current and associated costs; • We obtained confirmations of borrowings as at 30 June 2019 directly from the financial institutions; • We tested the calculation of markup recognized as both an expense and capitalized during the year to assess whether these were accounted for in accordance with approved accounting standards as applicable in Pakistan; and • We assessed whether loans maturing within twelve months were classified as current liabilities. • We assessed the adequacy of the Group's compliance with the loan covenants and the disclosure in the consolidated financial statements.

3	Capitalization of Property, Plant and Equipment Refer notes 3.5 and 18 to the consolidated financial statements. The Group has made significant capital expenditure on expansion of manufacturing facilities. We identified capitalization of property, plant and equipment as a key audit matter because there is a risk that amounts being capitalized may not meet the capitalization criteria with related implications on depreciation charge for the year.	Our audit procedures to assess the capitalization of property, plant and equipment, amongst others, included the following: • understanding the design and implementation of management controls over capitalization and testing control over authorization of capital expenditure and accuracy of its recording in the system; • testing, on sample basis, the costs incurred on projects with supporting documentation and contracts; • assessing the nature of costs incurred for the capital projects through testing, on sample basis, of amounts recorded and considering whether the expenditure meets the criteria for capitalization as per the applicable accounting standards; and • inspecting supporting documents for the date of capitalization when project was ready for its intended use to assess whether depreciation commenced and further capitalization of costs ceased from that date and assessing the useful life assigned by management including testing the calculation of related depreciation.
4	Valuation of trade debts Refer notes 3.1.2, 3.8 and 24 to the consolidated financial statements. As at 30 June 2019, the Group's gross trade debts amount to Rs. 2,845 million. Pursuant to adoption of IFRS 9 'Financial Instruments' and using the modified retrospective approach, the Group has recognized expected credit loss ("ECL") of Rs. 126 million in opening retained earnings as at 01 July 2018 and Rs. 10 million for the year ended 30 June 2019. IFRS 9 requires the Group to make provision for financial assets (trade debts) using Expected Credit Loss (ECL) approach as against the Incurred Loss Model previously applied by the Group. Determination of ECL provision for trade debts requires significant judgement and assumptions including consideration of factors such as historical credit loss experience and forward-looking macro-economic information.	Our audit procedures to assess valuation of trade debts, amongst others, included the following: • reviewing the methodology developed and applied by the management to estimate the ECL in relation to trade debts, evaluating the key assumptions used (historical and forward looking), the policies applied to assess ECL in respect of trade debts and testing the mathematical accuracy of the ECL model by re-performing calculations on test basis; • involving our specialists to assess the ECL model and significant estimates, assumptions and judgments applied in developing ECL; • assessing, on a sample basis, the accuracy of the data used for ECL computation; and • assessing the adequacy of disclosure made in the consolidated financial statements in accordance with the requirements of the applicable accounting and reporting standards.

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

Management is responsible for the other information. Other information comprises the information included in the annual report for the year ended 30 June 2019, but does not include the consolidated and unconsolidated financial statements and our auditor's report thereon.

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

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

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

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

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

The Board of Directors is responsible for overseeing the Group's financial reporting process.

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

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

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

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

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

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

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

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

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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

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

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

The engagement partner on the audit resulting in this independent auditor's report is Bilal Ali.

KPMG Taseer Hadi & Co.

Lahore

KPMG Taseer Hadi & Co.
Chartered Accountants

Date: September 19, 2019

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2019

	Note	2019	2018
		(Rupees in thousand)	
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized share capital	5	9,000,000	7,000,000
Issued, subscribed and paid-up share capital	5	5,937,007	5,937,007
Capital reserves	6	5,640,300	5,640,300
Accumulated profits		16,945,810	14,967,338
Surplus on revaluation of fixed assets - net of tax	7	3,884,480	4,264,543
		32,407,597	30,809,188
NON - CURRENT LIABILITIES			
Long term loans from financial institutions - secured	8	15,990,227	12,942,080
Long term deposits	9	8,664	8,714
Deferred taxation	10	3,705,927	3,418,172
Retention money payable	11	368,499	310,735
Retirement benefits	12	205,354	183,764
		20,278,671	16,863,465
CURRENT LIABILITIES			
Current portion of :			
- Long term loans from financial institutions - secured	8	1,315,135	810,616
Trade and other payables	13	7,595,265	5,573,314
Unclaimed dividend		40,564	110,743
Mark-up accrued on borrowings	14	583,027	286,162
Short term borrowings	16	4,693,036	5,784,902
		14,227,027	12,565,737
CONTINGENCIES AND COMMITMENTS	17		
		66,913,295	60,238,390

The annexed notes from 1 to 53 form an integral part of these consolidated financial statements.

CHIEF EXECUTIVE OFFICER

CHIEF FINANCIAL OFFICER

DIRECTOR

	Note	2019	2018
		(Rupees in thousand)	
ASSETS			
NON - CURRENT ASSETS			
Property, plant and equipment	18	52,096,358	46,468,656
Intangible assets	19	13,529	16,811
Long term loans to employees - secured	20	19,824	9,472
Long term deposits	21	56,880	56,554
		52,186,591	46,551,493
CURRENT ASSETS			
Stores, spare parts and loose tools	22	7,441,071	7,024,126
Stock-in-trade	23	1,739,014	1,193,506
Trade debts	24	2,683,758	1,131,753
Loans and advances	25	816,946	2,490,667
Short term investment	26	17,887	32,062
Short term deposits and prepayments	27	188,598	124,208
Accrued profit	28	2,584	1,729
Other receivables	29	35,453	43,534
Income tax refundable	15	1,276,588	960,358
Cash and bank balances	30	524,805	684,954
		14,726,704	13,686,897
		66,913,295	60,238,390

CHIEF EXECUTIVE OFFICER

CHIEF FINANCIAL OFFICER

DIRECTOR

CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED JUNE 30, 2019

	Note	2019	2018
		(Rupees in thousand)	
Sales - net	31	26,005,944	25,684,164
Cost of sales	32	(19,944,348)	(17,652,193)
Gross profit		6,061,596	8,031,971
Distribution cost	33	(933,244)	(736,142)
Administrative expenses	34	(741,081)	(739,264)
Other charges	35	(548,748)	(693,815)
		(2,223,073)	(2,169,221)
Other income	36	51,626	63,036
Profit from operations		3,890,149	5,925,786
Finance cost	37	(1,231,011)	(589,946)
Profit before taxation		2,659,138	5,335,840
Taxation	38	(198,877)	(763,035)
Profit after taxation		2,460,261	4,572,805
		--------------Rupees--------------	
Earnings per share - basic and diluted	39	4.14	7.92

The annexed notes from 1 to 53 form an integral part of these consolidated financial statements.

CHIEF EXECUTIVE OFFICER

CHIEF FINANCIAL OFFICER

DIRECTOR

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2019

	2019	2018
	(Rupees in thousand)	
Profit after taxation	2,460,261	4,572,805
Other comprehensive income		
Item that will not be subsequently reclassified in profit or loss:		
Remeasurement of defined benefit liability	(33,620)	(27,012)
Related tax	8,411	6,737
	(25,209)	(20,275)
Total comprehensive income for the year	2,435,052	4,552,530

The annexed notes from 1 to 53 form an integral part of these consolidated financial statements.

CHIEF EXECUTIVE OFFICER | CHIEF FINANCIAL OFFICER | DIRECTOR

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED JUNE 30, 2019

	Note	2019	2018
		(Rupees in thousand)	
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		2,659,138	5,335,840
Adjustments for:			
Depreciation	18.1.5	2,649,755	2,358,819
Amortization		8,501	8,395
Provision against doubtful debts	34	10,189	25,000
Provision for Workers' Profit Participation Fund	13.3	140,966	274,932
Provision for Workers' Welfare Fund	35	-	70,431
Loss on disposal of property, plant and equipment	35	15,913	3,036
Loss on re-measurement of short term investments	35	14,175	67,594
Unwinding Interest - Retention money payable		22,968	-
Retirement benefits	12	25,990	46,058
Finance cost	37	1,208,043	589,946
Advances written off	34	-	12,895
Profit on bank deposits	36	(21,110)	(30,742)
Cash generated from operations before working capital changes		6,734,528	8,762,204
Effect on cash flow due to working capital changes			
(Increase) / decrease in current assets:			
Stores, spare parts and loose tools		(416,945)	(273,540)
Stock-in-trade		(545,508)	107,729
Trade debts		(1,688,194)	(475,460)
Loans and advances		1,673,721	(1,418,052)
Short term deposits and prepayments		(64,390)	(36,643)
Other receivables		8,081	36,688
		(1,033,235)	(2,059,278)
Increase in current liabilities:			
Trade and other payables		2,062,636	1,672,008
		1,029,401	(387,270)
Net cash generated from operations		7,763,929	8,374,934
Increase in long term loans to employees		(10,352)	(3,673)
Increase in long term deposits to suppliers	21	(326)	(80)
(Decrease) / increase in long term deposits	9	(50)	15
Increase in retention money payable	11	34,796	310,735
Retirement benefits paid		(38,020)	(40,084)
Workers' Profit Participation Fund paid		(94,488)	(175,916)
Workers' Welfare Fund paid		-	(135,635)
Tax refund received		418,939	-
Taxes paid	15	(841,984)	(2,417,323)
Net cash generated from operating activities		7,232,444	5,912,973
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure		(8,395,544)	(20,586,194)
Intangible assets purchased		(5,219)	-
Proceeds from disposal of property, plant and equipment		102,173	51,965
Short term investment - net		-	(21,997)
Profit on bank deposits received		20,255	31,641
Net cash used in investing activities		(8,278,335)	(20,524,585)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from long term loans from financial institutions - secured - net		3,552,666	10,648,936
Proceeds from issuance of right shares		-	4,241,830
Payment of liabilities against assets subject to finance lease - net		-	(480,615)
Short term borrowings - net	16	(1,340,379)	1,463,390
Finance cost paid		(911,178)	(405,249)
Dividend paid		(663,880)	(1,804,561)
Net cash generated from financing activities		637,229	13,663,731
Net decrease in cash and cash equivalents		(408,662)	(947,881)
Cash and cash equivalents at beginning of the year		(754,289)	193,592
Cash and cash equivalents at end of the year	40	(1,162,951)	(754,289)

The annexed notes from 1 to 53 form an integral part of these consolidated financial statements.

CHIEF EXECUTIVE OFFICER

CHIEF FINANCIAL OFFICER

DIRECTOR

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2019

	Share Capital	Capital Reserves: Share premium	Capital Reserves: Capital redemption reserve	Capital Reserves: Sub-total	Capital Reserves: Surplus on revaluation of fixed assets - net of tax	Revenue Reserves: Accumulated profits	Total Equity
	(Rupees in thousand)						
At 30 June 2017	5,277,340	1,529,874	528,263	2,058,137	4,323,909	12,006,120	23,665,506
Total comprehensive income for the year							
Profit for the year ended 30 June 2018	-	-	-	-	-	4,572,805	4,572,805
Other comprehensive income for the year ended 30 June 2018	-	-	-	-	-	(20,275)	(20,275)
	-	-	-	-	-	4,552,530	4,552,530
Issuance of shares	659,667	3,628,171	-	3,628,171	-	-	4,287,838
Shares issue cost	-	(46,008)	-	(46,008)	-	-	(46,008)
	659,667	3,582,163	-	3,582,163	-	-	4,241,830
Effect on deferred tax due to change in tax rate and proportion of local and export sales	-	-	-	-	163,407	-	163,407
Incremental depreciation from surplus on revaluation of fixed assets - net of tax	-	-	-	-	(222,762)	222,762	-
Reversal of revaluation surplus on disposal of fixed assets - net of tax	-	-	-	-	(11)	11	-
Transaction with owners of the Company							
Final cash dividend @ Rs. 1.75 per share for the year ended 30 June 2017	-	-	-	-	-	(923,534)	(923,534)
Interim cash dividend @ Rs. 1.5 per share for the year ended 30 June 2018	-	-	-	-	-	(890,551)	(890,551)
At 30 June 2018 - as reported	5,937,007	5,112,037	528,263	5,640,300	4,264,543	14,967,338	30,809,188
Effect of initial application of IFRS 9, net of tax (Note - 3.1.2)	-	-	-	-	-	(89,460)	(89,460)
Adjusted balance as at 1 July 2018	5,937,007	5,112,037	528,263	5,640,300	4,264,543	14,877,878	30,719,728
Total comprehensive income for the year							
Profit for the year ended 30 June 2019	-	-	-	-	-	2,460,261	2,460,261
Other comprehensive income for the year ended 30 June 2019	-	-	-	-	-	(25,209)	(25,209)
	-	-	-	-	-	2,435,052	2,435,052
Effect on deferred tax due to change in tax rate and proportion of local and export sales	-	-	-	-	(153,482)		(153,482)
Incremental depreciation from surplus on revaluation of fixed assets - net of tax	-	-	-	-	(223,170)	223,170	-
Reversal of revaluation surplus on disposal of fixed assets - net of tax	-	-	-	-	(3,411)	3,411	-
Transaction with owners of the Company							
Final cash dividend @ Re. 1 per share for the year ended 30 June 2018	-	-	-	-	-	(593,701)	(593,701)
At 30 June 2019	5,937,007	5,112,037	528,263	5,640,300	3,884,480	16,945,810	32,407,597

The annexed notes from 1 to 53 form an integral part of these consolidated financial statements.

CHIEF EXECUTIVE OFFICER

CHIEF FINANCIAL OFFICER

DIRECTOR

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

1. REPORTING ENTITY

1.1 Maple Leaf Cement Factory Limited - ("the Holding Company")

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

1.2 Maple Leaf Power Limited - ("the Subsidiary Company")

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

The Subsidiary Company was granted electricity generation license from National Electric and Power Regulatory Authority (NEPRA) on 20 December 2016. On 04 July 2017, the Subsidiary Company has entered into a Power Purchase Agreement ("PPA") with the Holding Company which is valid for 20 years.

The Holding and the Subsidiary companies are collectively referred to as " the Group" in these consolidated financial statements.

2. BASIS OF PREPARATION AND STATEMENT OF COMPLIANCE

2.1 Statement of compliance

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

- International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act 2017;

- Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan as notified under the Companies Act, 2017; and

- Provision of and directives issued under the Companies Act, 2017.

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

2.2 Consolidation

2.2.1 Subsidiary Company

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. The subsidiaries are fully consolidated from the date of acquisition, being the date on which the Holding Company obtains control, and continue to be consolidated until the date that such control ceases.

The financial statements of the subsidiary company has been consolidated on a line-by-line basis and the carrying values of the investment held by the Holding Company has been eliminated against the shareholders' equity in the subsidiary company. The financial statement of the subsidiary are prepared for the same reporting year as of the Holding Company, using consistent accounting policies.

Non-controlling interest is that part of net results of operations and of net assets of the subsidiaries which are not owned by the Holding Company either directly or indirectly. Non-controlling interest is presented as a separate item in the consolidated financial statements. Since the Subsidiary Company is 100% owned by the Holding Company, no non-controlling interests is accounted for in these consolidated financial statements.

On the loss of control, the Group derecognizes the assets and liabilities of the subsidiary, any non controlling interests and other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognized in consolidated profit or loss account. In addition, any amount previously recognized in other comprehensive income in respect of that subsidiary are reclassified to the consolidated profit or loss account. If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently that retained interest is accounted for as an equity-accounted investee, joint venture or as an available for sale financial asset depending on the level of influence retained.

Intra-group balances and transactions and any unrealized income and expenses arising from intra-group transactions are eliminated.

2.3 Basis of measurement

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

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

2.4 Functional and presentation currency

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

2.5 Use of estimates and judgments

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

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

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

2.5.1 Property, plant and equipment

The Group reviews the useful lives and residual values of property, plant and equipment on regular basis. Any change in estimates in future years might affect the carrying amounts of the respective items of property, plant and equipment with a corresponding effect on the depreciation charge and impairment.

2.5.2 Stores, spare parts and loose tools

The Group reviews the stores, spare parts and loose tools for possible impairment on an annual basis. Any change in estimates in future years might affect the carrying amounts of the respective items of stores, spare parts and loose tools with a corresponding effect on the provision.

2.5.3 Stock-in-trade

The Group reviews the carrying amount of stock-in-trade on a regular basis. Carrying amount of stock-in-trade is adjusted where the net realizable value is below the cost. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and estimated costs necessary to make the sale.

2.5.4 Expected credit loss (ECL) / Loss allowances against trade debts, deposits, advances and other receivables

ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive.

The Group has elected to measure loss allowances for trade debts using IFRS 9 simplified approach and has calculated ECLs based on lifetime ECLs. The Group has established a provision matrix that is based on the Group's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment. When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment including forward-looking information.

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk. Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

The Group reviews the recoverability of its trade debts, deposits, advances and other receivables to assess amount of loss allowances required there against on an annual basis.

2.5.5 Employee benefits

The Group operates approved funded gratuity scheme covering all its full time permanent workers who have completed the minimum qualifying period of service as defined under the respective scheme. The gratuity scheme is managed by trustees. The calculation of the benefit requires assumptions to be made of future outcomes, the principal ones being in respect of increase in remuneration and the discount rate used to convert future cash flows to current values. The assumptions used for the plan are determined by independent actuary on annual basis.

The amount of the expected return on plan assets is calculated using the expected rate of return for the year and the market-related value at the beginning of the year. Gratuity cost primarily represents the increase in actuarial present value of the obligation for benefits earned on employee service during the year and the interest on the obligation in respect of employee service in previous years, net of the expected return on plan assets. Calculations are sensitive to changes in the underlying assumptions.

2.5.6 Recoverable amount of assets / cash generating unit and impairment

The management of the Group reviews carrying amounts of its assets and cash generating units for possible impairment and makes formal estimates of recoverable amount if there is any such indication.

2.5.7 Taxation

The Group takes into account the current income tax law and decisions taken by the taxation authorities. Instances where the Group's views differ from the views taken by the income tax department at the assessment stage and where the Group considers that its view on items of material nature is in accordance with law, the amounts are shown as contingent liabilities.

The Group also regularly reviews the trend of proportion of incomes between Presumptive Tax Regime income and Normal Tax Regime income and the change in proportions, if significant, is accounted for in the year of change.

2.5.8 Provisions and contingencies

The Group reviews the status of all pending litigations and claims against the Group. Based on the judgment and the advice of the legal advisors for the estimated financial outcome, appropriate disclosure or provision is made. The actual outcome of these litigations and claims can have an effect on the carrying amounts of the liabilities recognized at the statement of financial position date.

2.5.9 Revaluation of property, plant and equipment

Revaluation of property, plant and equipment is carried out by an independent professional valuer. Revalued amounts of non-depreciable items are determined by reference to local market values and that of depreciable items are determined by reference to present depreciated replacement values.

The frequency of revaluations depends upon the changes in fair values of the items of property, plant and equipment being revalued. When the fair value of a revalued asset differs materially from its carrying amount, a further revaluation is required. Such frequent revaluations are unnecessary for items of property, plant and equipment with only insignificant changes in fair value. Instead, it may be necessary to revalue the item only every three or five years.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies set out below have been consistently applied to all periods presented in these financial statements, except as disclosed in note 3.1.

3.1 Change in significant accounting policies

The Group has adopted IFRS 15 'Revenue from Contracts with Customers' and IFRS 9 'Financial Instruments' from 01 July 2018 which are effective from annual periods beginning on or after 01 July 2018. Due to the transition methods chosen by the Group in applying these standards, comparative information throughout these financial statements has not been restated to reflect the requirements of these new standards. Further, the Group has changed its policy regarding accumulated compensated absences in accordance with IAS 19 'Employee Benefits'. The details of new significant accounting policies adopted and the nature and effect of the changes to previous accounting policies are set out below:

3.1.1 IFRS 15 - Revenue from Contracts with Customers

IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognized. It replaced IAS 18 Revenue, IAS 11 Construction Contracts and related interpretations. Under IFRS 15, revenue is recognized when a customer obtains control of the goods or services. Determining the timing of the transfer of control – at a point in time or over time requires judgment. The Group manufactures and contracts with customers for the sale of cement which generally include single performance obligation. Management has concluded that revenue from sale of goods be recognised at the point in time when control of the asset is transferred to the customer. The above is generally consistent with the timing and amounts of revenue the Group recognised in accordance with the previous standard, IAS 18. Therefore, the adoption of IFRS 15 which replaced IAS 18 Revenue, IAS 11 Construction Contracts and related interpretations, did not have an impact on the timing and amounts of revenue recognition of the Group.

Upon adoption of IFRS 15 amounts received for future sale of goods were reclassified to 'contract liabilities'. Previously, these amounts were classified as "advances from customers".

Impact on financial statements

As at 01 July 2018, contract liabilities were increased by Rs. 215.53 million and advance from customers decreased by the same amount.

3.1.2 IFRS 9 - Financial instruments

IFRS 9 replaced the provisions of IAS 39 'Financial Instruments: Recognition and Measurement' that relates to the recognition, classification and measurement of financial assets and financial liabilities, derecognition of financial instruments, impairment of financial assets and hedge accounting. The details of new significant accounting policies adopted and the nature and effect of the changes to previous accounting policies are set out below:

3.1.2.1 Classification and measurement of financial instruments

IFRS 9 largely retains the existing requirements in IAS 39 for the classification and measurement of financial liabilities. However, it eliminates the previous IAS 39 categories for financial assets of held to maturity, loans and receivables and available for sale. Under IFRS 9, on initial recognition, the Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value either through Other Comprehensive Income (FVOCI), or through profit or loss (FVTPL); and

- those to be measured at amortised cost

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

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at fair value through profit or loss:

- 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.

Financial assets at amortised cost are subsequently measured using the effective interest rate method. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain on derecognition is recognised in profit or loss.

Equity investments at fair value through profit or loss are measured at fair value. Net gains and losses and dividend income is recognised in statement of profit or loss account.

3.1.2.2 Impact of change in classification and measurement of financial assets due to adoption of IFRS 9

The following table explains the original measurement categories under IAS 39 and the new measurement categories under IFRS 9 for each class of the Group's financial assets at 01 July 2018:

Financial Assets	Original classification under IAS 39	New classification under IFRS 9	Original carrying amount under IAS 39	New carrying amount under IFRS 9
Listed equity security	FVTPL	FVTPL	32,062	32,062
Cash and bank balances	Loans and receivable	Amortized cost	684,954	684,954
Deposits and other receivables	Loans and receivable	Amortized cost	151,182	151,182
Accrued profit	Loans and receivable	Amortized cost	1,729	1,729
Long term loans to employees	Loans and receivable	Amortized cost	14,820	14,820
Long term deposits	Loans and receivable	Amortized cost	56,554	56,554
Trade debts - unsecured, considered good	Loans and receivable	Amortized cost	1,131,753	1,005,753

Group's accounting policy relating to financial instruments is explained in note 3.9 of these consolidated financial statements.

3.1.2.3 Impairment of financial assets

The adoption of IFRS 9 has changed the Group's impairment model by replacing the IAS 39 'incurred loss model' with a forward looking 'expected credit loss' (ECL) model when assessing the impairment of financial assets in the scope of IFRS 9. IFRS 9 requires the Group to recognize ECLs for trade debts earlier than IAS 39. Cash and bank balances, accrued profit on deposits, long term loans to employees, deposits and other receivables are also subject to ECL but there is no or immaterial impairment for the current year.

Under IFRS 9, the losses allowances are measured on either of the following bases: (1) 12 months ECLs: these are the ECLs that result from possible default events within the 12 months after the reporting date; and (2) lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument.

The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade and other receivables. Trade and other receivables are written off when there is no reasonable expectation of recovery.

Loss allowance on bank balances is measured at 12 months expected credit losses. Since they are short term in nature and there is no adverse change in credit rating of the banks where the balances are maintained, therefore no credit loss is expected on these balances.

Impact of ECL

Using the modified retrospective approach, the Group has recognized expected credit loss ("ECL") (net of tax) of Rs. 89.46 million in opening retained earnings as at 01 July 2018 and Rs. 10 million for the year ended 30 June 2019.

3.1.3 IAS 19 - Employee compensated absences

The Group accounts for the liability in respect of employees' compensated absences in the year in which these are earned. Provision to cover the obligations is made using the current salary level of employees. During the year, the Group has changed its accounting policy and carried out actuarial valuation as at 30 June 2019 to calculate the compensation charge to its statement of profit or loss. The change of accounting policy is not considered to have material effect on the comparative figures of these consolidated financial statements and accordingly the change in policy has been applied prospectively. Group's accounting policy relating to employees benefits is explained in note 3.2 of these consolidated financial statements.

3.2 Employee benefits

Defined contribution plan

The Group operates a defined contributory approved Provident Fund Trust for all its employees. Equal monthly contributions are made both by the Group and employees at the rate of 10% of the basic salary to the Provident Fund Trust. Obligation for contributions to defined contribution plan is expensed as the related service is provided.

Defined benefit plan

The Group operates approved funded gratuity scheme for all its full time permanent workers who have completed the minimum qualifying period of service as defined under the respective scheme. Provision is made annually to cover obligations under the scheme on the basis of actuarial valuation and is charged to consolidated statement of profit or loss.

The Group's net obligation in respect of defined benefit plan is calculated by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

Calculation of defined benefit obligation is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Group, the recognized asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contribution to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

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

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognized immediately in consolidated statement of profit or loss. The Group recognizes gains and losses on the settlement of a defined benefit plan when the settlement occurs.

Liability for employees' compensated absences - other long term benefits

The Group accounts for the liability in respect of employees' compensated absences in the year in which these are earned. Provision to cover the obligations is made using the current salary level of employees. The unutilized leaves are accumulated subject to a maximum of 90 days. The unutilized accumulated leaves can be encashed at the time the employee leaves Group service. The Group uses the actuarial valuations carried out using the projected unit credit method for valuation of its accumulated compensating absences. The latest valuation was carried out on 30 June 2019. Provisions are made annually to cover the obligation for accumulating compensated absences based on actuarial valuation and are charged to the statement of profit or loss. The amount recognized in the statement of financial position represents the present value of the defined benefit obligations. Actuarial gains and losses are charged to the statement of profit or loss immediately in the period when these occur.

3.3 Taxation

Current

Current tax is the amount of tax payable on taxable income for the year, using tax rates enacted or substantively enacted by the reporting date, and any adjustment to the tax payable in respect of previous years. Provision for current tax is based on current rates of taxation in Pakistan after taking into account tax credits, rebates and exemptions available, if any. The amount of unpaid income tax in respect of the current or prior periods is recognized as a liability. Any excess paid over what is due in respect of the current or prior periods is recognized as an asset.

Deferred

Deferred tax is recognized using the statement of financial position liability method on all temporary differences between the carrying amounts of assets and liabilities for the financial reporting purposes and the amounts used for taxation purposes.

Deferred tax asset is recognized for all the deductible temporary differences only to the extent that it is probable that future taxable profits will be available against which the asset may be utilized. Deferred tax asset is reduced to the extent that it is no longer probable that the related tax benefit will be realized. Deferred tax liabilities are recognized for all the taxable temporary differences.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on the tax rates that have been enacted or substantively enacted by the statement of financial position date.

Deferred tax is charged or credited in the statement of profit or loss, except in the case of items credited or charged to comprehensive income or equity, in which case it is included in consolidated comprehensive income or equity.

3.4 Leases

Leases are classified as finance lease whenever terms of the lease transfer substantially all risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The liability to the lessor is included in the statement of financial position as liabilities against assets subject to finance lease. The liabilities are classified as current and non-current depending upon the timing of payment. Lease payments are apportioned between finance charges and reduction of the liabilities against assets subject to finance lease so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to consolidated statement of profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalized in accordance with the Group's general policy on borrowing costs.

Rentals payable under operating leases are charged to consolidated statement of profit or loss on a straight-line basis over the term of the relevant lease. Benefits received and receivable as an incentive to enter into an operating lease are also spread on a straight line basis over the lease term.

3.5 Property, plant and equipment

3.5.1 Tangible assets

Owned

Tangible assets except freehold land, buildings on freehold land, roads, bridges and railway sidings, plant and machinery are stated at cost less accumulated depreciation and impairment in value, if any. Buildings on freehold land, roads, bridges and railway sidings and plant and machinery are stated at revalued amount being the fair value at the date of revaluation, less any subsequent accumulated depreciation and impairment losses while freehold land is stated at revalued amount being the fair value at the date of revaluation, less any subsequent impairment losses, if any. Surplus on revaluation is booked by restating gross carrying amounts of respective assets being revalued, proportionately to the change in their carrying amounts due to revaluation. The accumulated depreciation at the date of revaluation is also adjusted to equal difference between gross carrying amounts and the carrying amounts of the assets after taking into account accumulated impairment losses. The surplus on revaluation of fixed assets to the extent of the annual incremental depreciation based on the revalued carrying amount of the asset and the depreciation based on the assets' original cost is transferred annually to retained earnings net of related deferred tax. Upon disposal, any revaluation reserve relating to the particular assets being sold is transferred to retained earnings. All transfers to / from surplus on revaluation of fixed assets account are net of applicable deferred income tax.

Capital work-in-progress is stated at cost less identified impairment losses, if any. All expenditure connected with specific assets incurred during installation and construction period are carried under capital work-in-progress. These are transferred to specific assets as and when these are available for use.

Major renewals and improvements to an item of property, plant and equipment are recognized in the carrying amount of the item if it is probable that the embodied future economic benefits will flow to the Group and the cost of renewal or improvement can be measured reliably. The cost of the day-to-day servicing of property, plant and equipment are recognized in statement of profit or loss as incurred.

Gains / losses on disposal or retirement of tangible assets, if any, are taken to consolidated statement of profit or loss.

Depreciation is calculated at the rates specified in note 18.1 on reducing balance method except that straight-line method is used for the plant and machinery and buildings relating to dry process plant and power plant of the Subsidiary Company after deducting residual value. Depreciation on additions to property, plant and equipment is charged from the month in which the item becomes available for use. Depreciation is discontinued from the month in which it is disposed or classified as held for disposal.

Leased

Assets held under finance lease arrangements are initially recorded at the lower of present value of minimum lease payments under the lease agreements and the fair value of the leased assets. Depreciation on leased assets is charged by applying reducing balance method at the rates used for similar owned assets, so as to depreciate the assets over their estimated useful lives in view of certainty of ownership of assets at end of the lease term.

The assets' residual values and useful lives are reviewed and adjusted, if appropriate, at each statement of financial position date.

3.5.2 Intangible assets

Intangible asset is stated at cost less accumulated amortization for finite intangible asset and any identified impairment loss. The estimated useful life and amortization method is reviewed at the end of each annual reporting period, with effect of any changes in estimate being accounted for on a prospective basis.

Finite intangible assets are amortized using straight-line method over a period of usage. Amortization on additions to intangible assets is charged from the month in which an asset is put to use and on disposal up to the month of disposal.

3.6 Stores, spare parts and loose tools

These are stated at lower of cost and net realizable value. Cost is determined using the weighted average method. Items in transit are valued at cost comprising invoice value plus other charges paid thereon.

3.7 Stock-in-trade

Stocks are valued at the lower of cost and net realizable value. Cost is determined as follows:

Raw material	at weighted average cost
Packing material	at weighted average cost
Work in process	at weighted average manufacturing cost
Finished goods	at weighted average manufacturing cost

Average manufacturing cost in relation to work in process and finished goods consists of direct material, labor and a proportion of appropriate manufacturing overheads.

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

3.8 Financial instruments

3.8.1 Recognition and initial measurement

All financial assets or financial liabilities are initially recognized when the Group becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. A receivable without a significant financing component is initially measured at the transaction price.

3.8.2 Classification and subsequent measurement

Financial assets

On initial recognition, a financial asset is classified as measured at amortized cost, fair value through other comprehensive income (FVOCI) and fair value through profit or loss (FVTPL).

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

Amortized cost

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and

- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

These assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

Financial assets measured at amortized cost comprise of cash and bank balances, deposits, trade debts and other receivables.

Debt Instrument - FVOCI

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and

- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognized in profit or loss. Other net gains and losses are recognized in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss. However, the Group has no such instrument at the reporting date.

Equity Instrument - FVOCI

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

These assets are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in OCI and are never reclassified to profit or loss. However, the Group has no such instrument at the reporting date.

Fair value through profit or loss (FVTPL)

All financial assets not classified as measured at amortized cost or FVOCI as described above are measured at FVTPL.

On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss.

Financial assets – Business model assessment:

For the purposes of the assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Group considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable-rate features;
- prepayment and extension features; and
- terms that limit the Group's claim to cash flows from specified assets (e.g. non-recourse features).

Financial liabilities

Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss. Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss.

Financial liabilities comprise trade and other payables, long term and short term financing, liabilities against assets subject to finance lease and dividend payable.

3.8.3 Derecognition

Financial assets

The Group derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Group might enter into transactions whereby it transfers assets recognized in its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognized.

Financial liabilities

The Group derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire. The Group also derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value. On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss.

3.8.4 Trade Debts, deposits and other receivables

These are classified at amortized cost and are initially recognised when they are originated and measured at fair value of consideration receivable. These assets are written off when there is no reasonable expectation of recovery. Actual credit loss experience over past years is used to base the calculation of expected credit loss.

3.9 Impairment

Financial assets

The Group recognizes loss allowances for ECLs on:

- financial assets measured at amortized cost;
- debt investments measured at FVOCI; and
- contract assets.

The Group measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured at 12-month ECLs:

- debt securities that are determined to have low credit risk at the reporting date; and
- other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than past due for a reasonable period of time. Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument. 12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months). The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

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

The Gross carrying amount of a financial asset is written off when the Group has no reasonable expectations of recovering of a financial asset in its entirety or a portion thereof. The Group individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Group expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

Non-financial assets

The carrying amount of the Group's non-financial assets, other than inventories and deferred tax assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. The recoverable amount of an asset or cash generating unit is the greater of its value in use and its fair value less cost to sell. In assessing value in use, the estimated future cash flows are discounted to their present values using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash generating unit.

An impairment loss is recognized if the carrying amount of the assets or its cash generating unit exceeds its estimated recoverable amount. Impairment losses are recognized in profit or loss. Impairment losses recognized in respect of cash generating units are allocated to reduce the carrying amounts of the assets in a unit on a pro rata basis. Impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to that extent that the asset's carrying amount after the reversal does not exceed the carrying amount that would have been determined, net of depreciation and amortization, if no impairment loss had been recognized.

3.10 Off setting of financial instruments

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

3.11 Cash and cash equivalents

Cash and cash equivalents for the purpose of statement of cash flows comprise cash in hand, running finance and cash at banks.

3.12 Revenue recognition

3.12.1 Sale of goods

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

3.12.2 Dividends

Dividend income is recognized when the Group's right to receive the dividend is established.

3.12.3 Interest income

Interest income is recognised as it accrues under the effective interest method using the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying amount of the financial asset.

3.13 Contract liabilities

A contract liability is the obligation of the Group to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Group transfers goods or services to the customer, a contract liability is recognized when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognized as revenue when the Group performs under the contract. It also includes refund liabilities arising out of customers‘ right to claim amounts from the Group on account of contractual delays in delivery of performance obligations and incentive on target achievements.

3.14 Foreign currency translations

Transactions in foreign currencies are initially recorded at the rates of exchange ruling on the dates of transactions. Monetary assets and liabilities denominated in foreign currencies are retranslated into Pak Rupees at exchange rates prevailing on the statement of financial position date. All exchange differences are charged to consolidated statement of profit or loss.

3.15 Borrowings

All borrowings are recorded at the proceeds received. Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use are added to the cost of those assets, until such time as the assets are substantially ready for their intended use. All other borrowing costs are charged to consolidated statement of profit or loss in the period in which these are incurred.

3.16 Provisions

Provisions are recognized when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate of the amount can be made. Provisions are reviewed at each statement of financial position date and adjusted to reflect the current best estimate.

3.17 Earnings per share (EPS)

Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Group by weighted average number of ordinary shares outstanding during the year.

Diluted EPS is calculated by adjusting basic EPS with weighted average number of ordinary shares that would be issued on conversion of all dilutive potential ordinary shares into ordinary shares and post-tax effect of changes in profit or loss attributable to ordinary shareholders of the Group that would result from conversion of all dilutive potential ordinary shares into ordinary shares.

3.18 Dividend to ordinary shareholders

Dividend to ordinary shareholders is recognized as a deduction from accumulated profit in statement of changes in equity and as a liability in the Group's consolidated financial statements in the year in which the dividends are approved by the Board of Directors or the Group's shareholders as the case may be.

3.19 Mark-up bearing borrowings

Mark-up bearing borrowings are recognized initially at cost representing the fair value of consideration received less attributable transaction costs. Subsequent to initial recognition, mark-up bearing borrowings are stated at original cost less subsequent repayments, while the difference between the original recognized amounts (as reduced by periodic payments) and redemption value is recognized in the consolidated statement of profit or loss over the period of borrowings on an effective rate basis. The borrowing cost on qualifying asset is included in the cost of related asset.

3.20 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting structure. Management monitors the operating results of the business separately for the purpose of making decisions regarding resource allocation and performance assessment. All operating segments' operating results are reviewed regularly by the Group's Chief Executive Officer to make decisions about resources to be allocated to the segment and to assess its performance, and for which discrete financial information is available. The business of the Group has single reportable operating segment.

4. STANDARDS, INTERPRETATIONS AND AMENDMENTS TO PUBLISHED APPROVED ACCOUNTING STANDARDS THAT ARE NOT YET EFFECTIVE

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

- IFRIC 23 ‘Uncertainty over Income Tax Treatments’ (effective for annual periods beginning on or after 1 January 2019) clarifies the accounting for income tax when there is uncertainty over income tax treatments under IAS 12. The interpretation requires the uncertainty over tax treatment be reflected in the measurement of current and deferred tax. The application of interpretation is not likely to have an impact on Group’s consolidated financial statements.

- IFRS 16 ‘Leases’ (effective for annual period beginning on or after 1 January 2019). IFRS 16 replaces existing leasing guidance, including IAS 17 ‘Leases’, IFRIC 4 ‘Determining whether an Arrangement contains a Lease’, SIC-15 ‘Operating Leases- Incentives’ and SIC-27 ‘Evaluating the Substance of Transactions Involving the Legal Form of a Lease’. IFRS 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognizes a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard i.e. lessors continue to classify leases as finance or operating leases. The Group is currently in the process of analyzing the potential impact of its lease arrangements that will result in recognition of right to use assets and liabilities on adoption of the standard.

- Amendment to IFRS 9 ‘Financial Instruments’ – Prepayment Features with Negative Compensation (effective for annual periods beginning on or after 1 January 2019). For a debt instrument to be eligible for measurement at amortised cost or FVOCI, IFRS 9 requires its contractual cash flows to meet the SPPI criterion – i.e. the cash flows are ‘solely payments of principal and interest’. Some prepayment options could result in the party that triggers the early termination receiving compensation from the other party (negative compensation). The amendment allows that financial assets containing prepayment features with negative compensation can be measured at amortised cost or at fair value through other comprehensive income (FVOCI) if they meet the other relevant requirements of IFRS 9. The application of amendment is not likely to have an impact on Group’s consolidated financial statements.

- Amendment to IAS 28 ‘Investments in Associates and Joint Ventures’ - Long Term Interests in Associates and Joint Ventures (effective for annual period beginning on or after 1 January 2019). The amendment will affect companies that finance such entities with preference shares or with loans for which repayment is not expected in the foreseeable future (referred to as long-term interests or ‘LTI’). The amendment and accompanying example state that LTI are in the scope of both IFRS 9 and IAS 28 and explain the annual sequence in which both standards are to be applied. The amendments are not likely to have an impact on Group’s consolidated financial statements.

- Amendments to IAS 19 ‘Employee Benefits’- Plan Amendment, Curtailment or Settlement (effective for annual periods beginning on or after 1 January 2019). The amendments clarify that on amendment, curtailment or settlement of a defined benefit plan, a company now uses updated actuarial assumptions to determine its current service cost and net interest for the period; and the effect of the asset ceiling is disregarded when calculating the gain or loss on any settlement of the plan and is dealt with separately in other comprehensive income. The application of amendments is not likely to have an impact on Group’s consolidated financial statements.

- Amendment to IFRS 3 ‘Business Combinations’ – Definition of a Business (effective for business combinations for which the acquisition date is on or after the beginning of annual period beginning on or after 1 January 2020). The IASB has issued amendments aiming to resolve the difficulties that arise when an entity determines whether it has acquired a business or a group of assets. The amendments clarify that to be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs. The amendments include an election to use a concentration test. The standard is effective for transactions in the future and therefore would not have an impact on past financial statements. The application of amendments is not likely to have an impact on Group’s consolidated financial statements.

- Amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors (effective for annual periods beginning on or after 1 January 2020). The amendments are intended to make the definition of material in IAS 1 easier to understand and are not intended to alter the underlying concept of materiality in IFRS Standards. In addition, the IASB has also issued guidance on how to make materiality judgments when preparing their general purpose financial statements in accordance with IFRS Standards.

- On 29 March 2018, the International Accounting Standards Board (the IASB) has issued a revised Conceptual Framework for Financial Reporting which is applicable immediately contains changes that will set a new direction for IFRS in the future. The Conceptual Framework primarily serves as a tool for the IASB to develop standards and to assist the IFRS Interpretations Committee in interpreting them. It does not override the requirements of individual IFRSs and any inconsistencies with the revised Framework will be subject to the usual due process – this means that the overall impact on standard setting may take some time to crystallise. The companies may use the Framework as a reference for selecting their accounting policies in the absence of specific IFRS requirements. In these cases, companies should review those policies and apply the new guidance retrospectively as of 1 January 2020, unless the new guidance contains specific scope outs.

Annual Improvements to IFRS Standards 2015–2017 Cycle - the improvements address amendments to following approved accounting standards:

- IFRS 3 Business Combinations and IFRS 11 Joint Arrangement - the amendment aims to clarify the accounting treatment when a company increases its interest in a joint operation that meets the definition of a business. A company remeasures its previously held interest in a joint operation when it obtains control of the business. A company does not remeasure its previously held interest in a joint operation when it obtains joint control of the business.

- IAS 12 Income Taxes - the amendment clarifies that all income tax consequences of dividends (including payments on financial instruments classified as equity) are recognized consistently with the transaction that generates the distributable profits.

- IAS 23 Borrowing Costs - the amendment clarifies that a company treats as part of general borrowings any borrowing originally made to develop an asset when the asset is ready for its intended use or sale.

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

5. SHARE CAPITAL

5.1 Authorized share capital

	Number of shares	2019	2018
		(Rupees in thousand)	
(2018: 600,000,000) ordinary shares of Rs. 10 each	800,000,000	8,000,000	6,000,000
(2018: 100,000,000) 9.75% redeemable cumulative preference shares of Rs. 10 each	100,000,000	1,000,000	1,000,000
	900,000,000	9,000,000	7,000,000

5.2 Issued, subscribed and paid-up share capital

	Note	Number of shares	2019	2018
			(Rupees in thousand)	
(2018: 356,326,596) ordinary shares of Rs. 10 each fully paid in cash		356,326,596	3,563,266	3,563,266
(2018: 35,834,100) ordinary shares of Rs. 10 each issued as fully paid for consideration other than cash		35,834,100	358,341	358,341
(2018: 46,069,400) ordinary shares of Rs. 10 each issued as fully paid bonus shares		46,069,400	460,694	460,694
(2018: 153,846,153) ordinary shares of Rs. 10 each issued as fully paid right shares at discount	5.2.1	153,846,153	1,538,462	1,538,462
(2018: 1,624,417) ordinary shares of Rs. 10 each issued on conversion of preference shares into ordinary shares	5.2.2	1,624,417	16,244	16,244
		593,700,666	5,937,007	5,937,007

5.2.1 During the financial year ended 30 June 2011, the Holding Company issued 153,846,153 shares at Rs. 6.50 per share at a discount of Rs. 3.50 per share otherwise than right against Rs. 1,000 million to the Holding Company, after complying with all procedural requirements in this respect.

5.2.2 During the financial years ended 30 June 2011 and 30 June 2012, 1,321,095 preference shares were converted into 1,624,417 ordinary shares at a conversion rate of 1.2296.

5.3 The Ultimate Holding Company holds 327,836,727 (2018: 327,836,727) ordinary shares, which represents 55.22% (2018: 55.22%) of total ordinary issued, subscribed and paid-up share capital of the Holding Company.

5.4 Directors of the Holding Company hold 61,196 (2018: 61,196) ordinary shares of Rs. 10 each of the Holding Company.

6. CAPITAL RESERVES

	Note	2019	2018
		(Rupees in thousand)	
Capital redemption reserve	6.1	528,263	528,263
Share premium reserve	6.2	5,112,037	5,112,037
		5,640,300	5,640,300

6.1 This reserve has been created under section 85 of the repealed Companies Ordinance, 1984 for redemption of preference shares.

6.2 This reserve can be utilized by the Holding Company only for the purpose specified in section 81(2) of the Companies Act, 2017.

	2019	2018
	(Rupees in thousand)	

7. SURPLUS ON REVALUATION OF FIXED ASSETS - NET OF TAX

	2019	2018
At beginning of the year	5,362,272	5,659,065
Surplus on disposal of fixed assets during the year - net of deferred tax	(3,411)	(11)
Related deferred tax liability	(1,138)	(3)
Transfer to unappropriated profit in respect of incremental depreciation charged during the year - net of deferred tax	(223,170)	(222,762)
Related deferred tax liability	(76,545)	(74,017)
At end of the year	5,058,008	5,362,272
Deferred tax liability on revaluation surplus		
At beginning of the year	1,097,729	1,335,156
Transferred to unappropriated profit in respect of disposal of fixed assets during the year	(1,138)	(3)
Transferred to unappropriated profit in respect of incremental depreciation charged during the year	(76,545)	(74,017)
Effect of change in tax rate and proportion of local and export sales	153,482	(163,407)
At end of the year	1,173,528	1,097,729
	3,884,480	4,264,543

7.1 The Holding Company's freehold land, buildings on freehold land, roads, bridges and railway sidings and plant and machinery were revalued by Arif Evaluators, an independent valuer not connected with the Holding Company and approved by Pakistan Banks' Association (PBA) in "any amount" category, at 22 June 2015. The basis of revaluation for items of these fixed assets were as follows:

Freehold land

Fair market value of freehold land was assessed through inquiries to real estate agents and property dealers in near vicinity of freehold land. Different valuation methods and exercises were adopted according to experience, location and other usage of freehold land. Valuer had also considered all relevant factors as well.

Buildings on freehold land, roads, bridges and railway sidings

Construction specifications were noted for each building and structure and new construction rates are applied according to construction specifications for current replacement values. After determining current replacement values, depreciation was calculated to determine the current assessed market value.

Plant and machinery

Suppliers and different cement plant consultants in Pakistan and abroad were contacted to collect information regarding current prices of comparable cement plant to determine current replacement value. Fair depreciation factor for each item is applied according to their physical condition, usage and maintenance.

8. LONG TERM LOANS FROM FINANCIAL INSTITUTIONS - SECURED

	Lender	Sanctioned Limit	2019	2018	Tenure and basis of principal repayment	Mark-up as per Agreement	Security
		----- (Rupees in thousand) -----					
1	Askari Bank Limited - Term Finance	1,000,000	989,981	939,981	28 equal quarterly installments beginning on 28 March 2020	3-Month KIBOR + 75bps payable quarterly in arrears to be set on day of first draw down and then on 1st working day of each quarter.	Joint pari passu charge over fixed assets and all present and future plant and machinery of the Holding Company.
2	Bank of Punjab - Demand Finance	2,000,000	1,754,367	1,415,704	28 equal quarterly installments beginning on 28 May 2020	3-Month KIBOR + 75bps payable quarterly in arrears to be reset on 1st working day of each calendar quarter.	Joint pari passu charge over all present and future fixed assets of the Holding Company with 25% margin.
3	MCB Bank Limited - Demand Finance	2,000,000	1,915,088	1,322,699	28 equal quarterly installments beginning on 22 June 2020	3-Month KIBOR + 75bps payable quarterly in arrears to be reset on 1st working day of each calendar quarter.	Joint pari passu charge over all present and future fixed assets of the Holding Company with 25% margin.
4	National Bank of Pakistan - Demand Finance	5,500,000	3,708,570	3,079,138	28 equal quarterly installments beginning on 30 June 2020	3-Month KIBOR + 75bps payable quarterly in arrears to be set on last business day before first draw down and then on immediately preceding day of each quarter.	Joint pari passu charge over fixed assets and all present and future plant and machinery of the Holding Company.
5	Samba Bank - Term Finance	750,000	750,000	750,000	20 equal quarterly installments beginning on 20 March 2020	3-Month KIBOR + 75bps payable quarterly in arrears to be reset on 1st working day of each calendar quarter.	Joint pari passu charge over fixed assets and all present and future plant and machinery of the Holding Company.
6	MCB Bank Limited (EX NIB) - Term Finance	2,000,000	1,984,505	984,505	28 equal quarterly installments beginning on 04 August 2020	3-Month KIBOR + 0.75% payable quarterly in arrears to be set on the date of first disbursement and subsequently last 7 days avg. of 3MK during last quarter to be reset on quarterly basis.	Joint pari passu charge over fixed assets and all present and future plant and machinery of the Holding Company.
7	MCB Islamic - Diminishing Musharikah	1,500,000	1,500,000	900,000	24 equal quarterly installments beginning on 22 August 2020	3-Month KIBOR + 0.70% payable quarterly in arrears to be set on the date of first day of disbursement and to be reset on 1st working day of calendar quarter.	Joint pari passu charge over fixed assets and all present and future plant and machinery of the Holding Company.
8	Habib Bank Ltd. - Term Finance	1,000,000	1,000,000	500,000	28 equal quarterly installments beginning on 28 September 2020	3-Month KIBOR + 75bps payable quarterly in arrears to be set on last business day before first draw down and then on immediately preceding day of each quarter.	Joint pari passu charge over fixed assets and all present and future plant and machinery of the Holding Company.
9	Askari Bank Limited - Term Finance	500,000	375,000	475,000	20 equal quarterly installments ending on 04 March 2023	3-Month KIBOR + 1.25% payable quarterly in arrears to be set on last business day before first draw down and then on immediately preceding day of each quarter.	1st joint pari passu hypothecation charge and equitable mortgage charge of Rs. 667 million over all present and future plant and machinery and land and building respectively of cement unit-II; and Personal guarantees also provided by Mr. Tariq Sayeed Saigol and Mr. Sayeed Tariq Saigol (sponsoring directors).

Lender	Sanctioned Limit	2019	2018	Tenure and basis of principal repayment	Mark-up as per Agreement	Security
	----- (Rupees in thousand) -----					
10 Bank of Punjab - Demand Finance	1,500,000	1,197,885	1,268,590	20 equal quarterly installments ending on 06 April 2023.	3-Month KIBOR + 1.25% payable quarterly in arrears to be set on the day of 1st draw down and then on 1st day of calendar quarter.	1st joint pari passu hypothecation charge and equitable mortgage charge over all present and future fixed assets of the Holding Company with 25% margin. It is also secured by lien over import documents. 'Personal guarantees by Mr. Tariq Sayeed Saigol and Mr. Sayeed Tariq Saigol (sponsoring directors) duly supported by net worth statements and cross corporate guarantee of the Holding Company and Subsidiary Company has also been provided.
11 MCB Bank Limited - Demand Finance	1,000,000	592,466	740,582	22 equal quarterly installments ending on 06 April 2023.	3-Month KIBOR + 1.15% payable quarterly in arrears to be reset on 1st working day of each calendar quarter.	1st joint pari passu hypothecation charge and equitable mortgage charge over all present and future fixed assets of the Holding Company with 25% margin; and Personal guarantees also provided by Mr. Tariq Sayeed Saigol and Mr. Sayeed Tariq Saigol (sponsoring directors).
12 National Bank of Pakistan - Demand Finance	1,000,000	800,000	876,497	20 equal quarterly installments ending on 06 April 2023.	3-Month KIBOR + 1.25% payable quarterly in arrears to be set on the date of first disbursement and subsequently at the beginning of each calendar quarter.	1st joint pari passu hypothecation charge and equitable mortgage charge over all present and future fixed assets of the Holding Company amounting to Rs. 1,334 million; and Personal guarantees also provided by Mr. Tariq Sayeed Saigol and Mr. Sayeed Tariq Saigol (sponsoring directors).
13 MCB Islamic Bank - Diminishing Musharikah	500,000	437,500	500,000	24 equal quarterly installments ending on 13 September 2024.	3-Month KIBOR + 0.70% payable quarterly in arrears to be set on the date of first disbursement and subsequently at the beginning of each calendar quarter.	1st joint pari passu hypothecation charge and equitable mortgage charge over all present and future fixed assets of the Holding Company amounting to Rs. 667 million; and Personal guarantees also provided by Mr. Tariq Sayeed Saigol and Mr. Sayeed Tariq Saigol (sponsoring directors).
14 Pair Investment Company Limited	300,000	300,000	-	16 equal quarterly installments beginning on 28 September 2019.	3 months KIBOR +1 % p.a. payable quarterly with the first payment falling due at the end of the 3rd month from the first disbursement date and subsequently every three months thereafter.	Joint Pari Passu Charge over present and future fixed assets of the Holding Company.
Total	20,550,000	17,305,362	13,752,696			
Less: Current portion of long term loans from financial institutions - secured		(1,315,135)	(810,616)			
Long term portion of loans from financial institutions		15,990,227	12,942,080			

8.1 As per the financing document the Holding Company is required to comply with certain financial covenants which mainly include current ratio, minimum debt service coverage ratio, minimum interest coverage ratio, gearing ratio and maximum leverage ratio. Further, the Holding Company is required to comply with certain conditions imposed by the providers of finance to make dividend payment.

8.2 The Holding Company has un-availed long term facilities amounting to Rs. 4,647.49 million (2018: Rs. 4,997.30 million).

9. LONG TERM DEPOSITS

These represent deposits received from dealers and are being utilized by the Group in accordance with the terms of dealership agreements.

10. DEFERRED TAXATION

	2019	2018
	(Rupees in thousand)	
Deferred tax liability on taxable temporary differences arising in respect of:		
- accelerated tax depreciation on fixed assets	4,511,901	2,376,871
- surplus on revaluation of fixed assets	1,173,528	1,097,729
	5,685,429	3,474,600
Deferred tax asset on deductible temporary differences arising in respect of:		
- provision against doubtful debts	(46,745)	(7,750)
- unused tax losses	(1,320,544)	-
- tax credit under section 65B	(560,839)	-
- employees' retirement benefits	(51,374)	(48,678)
	(1,979,502)	(56,428)
	3,705,927	3,418,172

	Note	2019	2018
		(Rupees in thousand)	

10.1 Movement in deferred tax balances is as follows:

	Note	2019	2018
At beginning of the year		3,418,172	4,024,363
Effect of initial application of IFRS 9 recognized in equity	3.1.2.3	(36,540)	-
		3,381,632	4,024,363
Recognized in statement of profit or loss:			
- accelerated tax depreciation on fixed assets		2,135,030	(367,139)
- surplus on revaluation of fixed assets		(77,683)	(74,020)
- liabilities against assets subject to finance lease		-	16,807
- unused tax losses		(1,320,544)	-
- tax credit under section 65B		(560,839)	-
- employees' retirement benefits		5,715	(3,945)
- provision for doubtful debts		(2,455)	(7,750)
		179,224	(436,047)
Recognized directly in equity			
Effect of change in proportion of local and export sales		153,482	(163,407)
Recognized in other comprehensive income:			
- employees' retirement benefits		(8,411)	(6,737)
		3,705,927	3,418,172

11. RETENTION MONEY PAYABLE

This amount represents retention money payable to M/s FLSmidth amounting to Euro 3.801 million (equivalent to Rs. 421.841 million at the exchange rate prevailing on the date of signing of contract, i.e. 16 January 2017) on purchase of plant and machinery. The amount is payable after two years from the date of commencement of commercial production of new cement plant at Iskandrabad, District Mianwali and has been accounted for at present value using discount rate of 7% per annum.

12. RETIREMENT BENEFITS

	Note	2019	2018
		(Rupees in thousand)	
Holding Company			
Accumulated compensated absences	12.1	106,184	102,396
Gratuity	12.2	99,170	81,368
		205,354	183,764

12.1 Accumulated compensated absences

The actuarial valuation of the Holding Company's accumulated compensated absences was conducted on 30 June 2019 using projected unit credit method as explained in note 3.1.3 of these consolidated financial statements. The change of accounting policy did not have material effect on the comparative figures of these consolidated financial statements. Detail of obligation for accumulated compensated absences is as follows:

	2019 (Rupees in thousand)
12.1.1 Movement in the present value of defined benefit obligations is as follows:	
Present value of defined benefit obligations at beginning of the year	102,396
Current service cost for the year	9,842
Reversal of prior year's service cost due to actuarial valuation during the year	(10,981)
Interest cost for the year	8,618
Actuarial losses on present value of defined benefit obligations	6,784
Less: Benefits paid during the year	(10,475)
Present value of defined benefit obligation at end of the year	106,184
12.1.2 Charge for the year	
In statement of profit or loss	
Current service cost for the year	9,842
Reversal of prior year's service cost due to actuarial valuation during the year	(10,981)
Interest cost for the year	8,618
Actuarial losses on present value of defined benefit obligations	6,784
	14,263

12.1.3 Sensitivity analysis

If the significant actuarial assumptions used to estimate the liability of compensated absences at the reporting date, had fluctuated by 100 bps with all other variables held constant, the present value of the defined benefit obligation as at 30 June 2019 would have been as follows:

	Compensated absences	
	Impact on present value of defined benefit obligation	
	Increase	Decrease
	(Rupees in thousand)	
Discount rate + 100 bps	96,350	117,784
Future salary increase + 100 bps	117,580	96,374

The sensitivity analysis of the defined benefit obligation to the significant actuarial assumptions has been performed using the same calculation techniques as applied for calculation of defined benefit obligation reported in the statement of financial position.

12.1.4 Actuarial assumptions

The following are the principal actuarial assumptions as at 30 June 2019:

	2019 (Percentage)
Discount rate used for year end obligations	14.50%
Expected rate of growth per annum in future salaries	13.50%
Expected mortality rate	SLIC 2001 - 2005 Setback 1 Year
Retirement assumptions	60 Years

12.2 Gratuity

The latest actuarial valuation of the Holding Company's defined benefit plan, was conducted on 30 June 2019 using projected unit credit method. Detail of obligation for defined benefit plan is as follows:

The amounts recognized in the statement of financial position are as follows:

	Note	2019 (Rupees in thousand)	2018 (Rupees in thousand)
Present value of defined benefit obligation	12.2.1	167,576	146,800
Less: Fair value of plan assets	12.2.2	(69,263)	(65,432)
Plus: Payable to ex-employees		857	-
Net liability at end of the year		99,170	81,368
Net liability at beginning of the year		81,368	74,418
Charge to statement of profit or loss for the year	12.2.3	11,727	10,451
Charge to other comprehensive income for the year	12.2.3	33,620	27,012
Contribution made during the year		(27,545)	(30,513)
Net liability at end of the year		99,170	81,368

12.2.1 Movement in the present value of defined benefit obligations is as follows:

	2019	2018
Present value of defined benefit obligations at beginning of the year	146,800	153,921
Current service cost for the year	5,682	5,866
Interest cost for the year	11,934	10,746
Benefits due but not paid	(857)	-
Actuarial losses on present value of defined benefit obligations	31,562	6,780
Less: Benefits paid during the year	(27,545)	(30,513)
Present value of defined benefit obligation at end of the year	167,576	146,800

	2019	2018
	(Rupees in thousand)	

12.2.2 Movement in the fair value of plan assets is as follows:

	2019	2018
Fair value of plan assets at beginning of the year	65,432	79,503
Contributions made during the year	27,545	30,513
Expected return on plan assets for the year	5,889	6,161
Actuarial loss on plan assets	(2,058)	(20,232)
Less: Benefits paid during the year	(27,545)	(30,513)
Fair value of plan assets at end of the year	69,263	65,432

Plan assets comprise of:

	2019	2018
NAFA Government Securities Liquid Fund	18,424	18,526
Accrued Interest	1,183	-
Habib Metropolitan Bank Limited	48,900	44,000
Cash at Bank	756	2,907
	69,263	65,433

	2019	2018
	(Percentage)	
Plan assets comprise of:		
Equity	26.60%	28.31%
Cash at Bank	73.40%	71.69%
	100.00%	100.00%

	2019	2018
	(Rupees in thousand)	

12.2.3 Charge for the year

In statement of profit or loss

	2019	2018
Current service cost for the year	5,682	5,866
Interest cost for the year	11,934	10,746
Expected return on plan assets for the year	(5,889)	(6,161)
	11,727	10,451
In other comprehensive income		
Actuarial losses on retirement benefits - net	33,620	27,012
	45,347	37,463

Actuarial assumptions

The following are the principal actuarial assumptions as at 30 June:

	2019	2018
Discount rate used for year end obligations	14.25%	9.00%
Discount rate used for interest cost in profit or loss	9.00%	7.75%
Expected rate of growth per annum in future salaries	13.25%	8.00%
Expected mortality rate	SLIC 2001 - 2005 Setback 1 Year	SLIC 2001 - 2005 Setback 1 Year
Retirement assumptions	60 Years	60 Years

12.3 The Group expects to charge Rs. 18.74 million to consolidated statement of profit or loss on account of defined benefit plan in the year ending 30 June 2020.

12.4 Sensitivity analysis

If the significant actuarial assumptions used to estimate the defined benefit obligation at the reporting date, had fluctuated by 100 bps with all other variables held constant, the present value of the defined benefit obligation as at 30 June 2019 would have been as follows:

	Gratuity	
	Impact on present value of defined benefit obligation	
	Increase	Decrease
	(Rupees in thousand)	
Discount rate + 100 bps	160,495	175,192
Future salary increase + 100 bps	175,192	160,375

The sensitivity analysis of the defined benefit obligation to the significant actuarial assumptions has been performed using the same calculation techniques as applied for calculation of defined benefit obligation reported in the statement of financial position.

12.5 At 30 June 2019, the average duration of the defined benefit obligation was 4 years.

13. TRADE AND OTHER PAYABLES

	Note	2019	2018
		(Rupees in thousand)	
Trade creditors		2,638,965	2,056,356
Due to Ultimate Holding Company	13.1	-	259,192
Bills payable - secured	13.2	851,659	691,727
Contract liabilities		526,560	-
Advances from customers		-	215,534
Payable to Workers' Profit Participation Fund	13.3	1,285,967	1,239,489
Payable to Workers' Welfare Fund	13.5	4,844	92,006
Accrued liabilities	13.4	761,354	589,763
Payable to Provident Fund Trust		12,861	12,268
		6,082,210	5,156,335
Payable to Government on account of:			
Federal Excise Duty payable		726,771	-
Royalty and Excise Duty payable		25,228	31,783
Sales Tax payable - net		122,184	-
Other Taxes payable		191,843	47,614
Electricity duty		57,064	22,606
		1,123,090	102,003
Contractors' retention money	13.6	315,877	250,504
Payable against redemption of preference shares		1,018	1,041
Security deposits repayable on demand	13.7	58,780	57,836
Other payables		14,290	5,595
		389,965	314,976
		7,595,265	5,573,314

13.1 These carry interest at 1% (2018: 1%) per annum in addition to the average borrowing rate of the Ultimate Holding Company or 3 months KIBOR whichever is higher.

13.2 These are secured against the securities as detailed in note 16.1 to these consolidated financial statements.

	2019	2018
	(Rupees in thousand)	
13.3 Payable to Workers' Profit Participation Fund		
At beginning of the year	1,239,489	1,140,473
Allocation for the year	140,966	274,932
Less: Paid during the year	(94,488)	(175,916)
At end of the year	1,285,967	1,239,489

13.3.1 The outstanding WPPF liability includes Rs. 1,105.82 million being the left over amount out of the total WPPF liability of Rs. 1,199.59 million pertaining to the financial year ended 30 June 2012 to 30 June 2018. The WPPF liability represents leftover amount payable to Workers Welfare Fund in terms of Companies Profits Worker's Participation Act, 1968. According to the 18th amendment to the Constitution of Pakistan in 2010, all labour / labour welfare laws have become provincial subject, and accordingly the left over amount is no more payable to the Federal Treasury. Major strength of Group's employees eligible for benefit of WPPF are working in the Province of Punjab and accordingly potential amount of left over amount of WPPF is required to be paid to the relevant provincial authority as held by the Honourable Sindh High Court in its judgment in C.P. No. D-1313 of 2013 announced on February 12, 2018. The Government of Punjab has enacted Companies Profits (Workers' Participation) (Amendment) Ordinance 2018 which is silent about the payment of the amount in excess of employees' entitlement. Accordingly the amount has been withheld by the Group. Further based on Company's legal advisor, management is of the view that no mark up is due on this unpaid amount.

The regular and contractual employees filed separate writ petitions No. 31221/2019 and 39803/2019 in which they sought relief in terms of payment of profit and issuance of direction to the Provincial Government for promulgation of law on Workers Participation Profit Fund. The Lahore High Court directed the Provincial Government through its Secretary Labour & Human Resource Department, Government of Punjab to redress the Grievance of the Workers by its Orders. The said Secretory passed an order that whereas the said Ordinance of 2018 after completing its statutory life stood expired. However, the Government is in the process of promulgating Workers Participation Act, which may take some time after satisfying the requisite legal requirements. As no such Act has been enacted so far, the residual amount has been withheld by the Group. Further based on Group's legal advisor, management is of the view that no mark-up is due on the unpaid amount in view of the legal restraints and constraints as aforementioned.

13.4 This includes Rs. 285.28 million booked on account of Gas Infrastructure Development Cess (GIDC) for the period from September 2014 to June 2019. The Group, along with various other companies has challenged the legality and validity of levy and demand of GIDC in Honorable Lahore High Court which is pending adjudication. However, on a prudent basis, the Company has recorded the GIDC amount for the mentioned period. Further, due to non payment, default surcharge of Rs. 307.42 million for the period from September 2015 to June 2019 has been imposed on the Group, which has not been recorded in these consolidated financial statement based on the opinion of legal advisor. The management is hopeful that the Group will not be required to pay the default surcharge.

13.5 The Holding Company has adjusted its provision against Workers' Welfare Fund for last year against income tax refundable at the time of filing of its tax return for the year ended 30 June 2018.

13.6 This represents security deposits withheld from contractors and are repayable after satisfactory completion of contracts.

13.7 This represents security deposits received from distributors and contractors of the Group. Distributors and contractors have given the Group a right to utilize deposits in ordinary course of business.

14. MARK-UP ACCRUED ON BORROWINGS

	Note	2019 (Rupees in thousand)	2018 (Rupees in thousand)
Profit / mark-up accrued on:			
- Long term loans	14.1	456,190	190,614
- Short term borrowings	14.1	126,837	95,548
		583,027	286,162

14.1 Profit / mark-up accrued on loans are from financial institutions.

15. INCOME TAX (REFUNDABLE) / PAYABLE

	Note	2019	2018
At beginning of the year			
- Holding Company		(774,092)	420,527
- Subsidiary Company		(186,266)	(162,649)
		(960,358)	257,878
Tax deducted / deposited at source		(835,459)	(1,305,745)
Tax paid related to prior period		(6,525)	
Tax refunds received		418,939	-
Tax adjusted against WWF liability	13.5	87,162	-
Advance income tax paid		-	(1,111,578)
		(1,296,241)	(2,159,445)
(Provision) / reversal during the year:			
- current		-	(1,227,652)
- prior		(19,653)	28,565
		(19,653)	(1,199,087)
		(1,276,588)	(960,358)

15.1 Through Order-in-Original No.18/2009 dated 24 December 2009, the tax department finalized the adjudication proceeding in respect of audit conducted by the department auditors for tax year 2009 and raised a demand of principal sales tax and FED aggregating to Rs. 336.74 million along with applicable default surcharges and penalties. The Holding Company preferred appeal against such order under the applicable provisions of Sales Tax Act, 1990 and Federal Excise Act, 2005 before the Commissioner of Inland Revenue (appeals).

The Holding Company filed a writ petition with the Honorable Lahore High Court against the above referred Order-In-Original demand which was dismissed against the Company. The Holding Company has filed an appeal before Supreme Court of Pakistan which is pending adjudication.

15.2 Assistant Commissioner Inland Revenue through order dated 31 May 2018 raised a demand of Rs. 44.58 million under section 122(5A) for the tax year 2012 on the disallowance of adjustment of tax credit under section 65B and withholding of tax under section 154 of the Income Tax Ordinance, 2001. The Holding Company filed an appeal before the CIR(A). CIR(A) decided the matter relating to adjustment of tax credit u/s 65B of the ordinance in favor of the Holding Company whereas the imposition of tax u/s 154 has been remanded back to the tax department. The tax authorities have filed an appeal before ATIR which is pending adjudication.

15.3 Deputy Commissioner Inland Revenue through order dated 31 July 2017 raised a demand of Rs. 2.46 million under section 122(5A) for the tax year 2011of the Income Tax Ordinance, 2001. The demand was later reduced to Rs. 2.056 million on 14 March 2018. The Holding Company has preferred an appeal before CIR(A) which is pending adjudication.

Based on opinion of the Group's legal counsel, management is confident of favorable outcome in all aforementioned matters, hence no provision is being recognized in respect of these matters in the consolidated financial statements.

	Note	2019	2018
		(Rupees in thousand)	
16. SHORT TERM BORROWINGS			
Holding Company			
Banking and financial institutions:			
- Cash finance and others	16.1	2,705,524	3,921,178
- Running finance	16.2	1,108,676	1,269,647
- Temporary bank overdrafts - unsecured	16.3	201,287	169,596
Subsidiary Company			
Conventional Interest / mark-up based loans:			
- Short term running finance	16.4	200,000	-
- Finance against trust receipts	16.5	299,756	424,481
Islamic mode of financing:			
Murabaha	16.6	177,793	-
		4,693,036	5,784,902

16.1 These facilities have been obtained from various banking companies for working capital requirements and are secured by charge over current and future assets of the Company, personal guarantees of the Directors, pledge of stock, lien over import documents and title of ownership of goods imported under letters of credit. These facilities will be expiring on different dates by 30 June 2020.

The cash finance and other facilities carry mark-up at the rates ranging from 3.00% to 21.00% (2018: 2.75% to 21.00%) per annum payable quarterly.

The Holding Company has unavailed cash finance and others funded facilities aggregating Rs. 864 million (2018: Rs. 1,505 million) at the year end and the Holding Company has unavailed facilities for opening letters of credit/guarantee aggregating Rs. 5,710 million (2018: Rs.2,598 million) at the year end.

16.2 The Holding Company has unavailed running finance funded facilities aggregating Rs. 55 million (2018: Rs. 400 million).

The running finance carry mark-up at the rates ranging from 7.33% to 13.30% (2018: 6.33% to 7.33%) per annum payable quarterly.

16.3 This represents temporary overdraft due to cheques issued by the Holding Company at the statement of financial position date.

16.4 This represents utilized amount of short term running finance facility of Rs. 200 million (2018: Nil) from National Bank of Pakistan and carry mark-up at the rate of three months KIBOR plus 0.5% (2018: Rs. Nil) per annum payable quarterly. This facility is secured against first pari passu charge over all current assets and fixed assets (excluding land and building) of the Subsidiary Company with a expiry date of 28 September 2019.

16.5 This represents utilized amount of finance against trust receipt facilities aggregating to Rs. 1,300 million (2018: Rs. 500 million). These carry mark-up rates ranging from 3 months KIBOR plus 0.50% to 3 months KIBOR plus 1.50% (30 June 2018: 3 months KIBOR plus 1.50%) per annum, payable quarterly. These facilities are secured against first pari passu charge over all current assets and fixed assets (excluding land and building) of the Subsidiary Company, Corporate guarantee of the Holding Company, personal guarantees of sponsored directors of the Subsidiary Company and assignment of receivables of the Holding Company. These facilities are expiring on various dates (Latest by 28 September 2019 and maximum by 31 December 2019).

16.6 This represents utilized amount of Murabaha facility of Rs. 350 million (2018: Nil) from MCB Islamic Bank Limited and carry mark-up at the rate of 3 months KIBOR plus 1.25% (30 June 2018: Rs. Nil) per annum, payable quarterly. This facility is secured against charge over all current assets of the Subsidiary Company with a margin of 25% and will expire on 31 July 2019.

17. CONTINGENCIES AND COMMITMENTS

17.1 Contingencies

Holding Company

17.1.1 The Company has filed writ petitions before the Honorable Lahore High Court against the legality of judgment passed by the Customs, Excise and Sales Tax Appellate Tribunal in 2004 whereby the Company was held liable on account of wrongful adjustment of input sales tax on raw materials. The amount involved pending adjudication before the Honorable Lahore High Court is Rs.10.01 million. No provision has been made in these consolidated financial statements in respect of the matter as the management and the Company's legal advisor are confident that the ultimate outcome of this case will be in favor of the Company.

17.1.2 The Company has filed an appeal before the Customs, Central Excise and Sales Tax Appellate Tribunal, Karachi against the order of the Deputy Collector Customs whereby the refund claim of the Company amounting to Rs. 12.35 million was rejected and the Company was held liable to pay an amount of Rs. 37.05 million by way of 10% customs duty allegedly leviable in terms of SRO 584(I)/95 and 585(I)/95 dated 01 July 1995. The impugned demand was raised by the department on the alleged ground that the Company was not entitled to exemption from payment of customs duty and sales tax in terms of SRO 279(I)/94 dated 02 April 1994.

The Honorable Lahore High Court, upon the Company's appeal, vide its order dated 06 November 2001 has decided the matter in favor of the Company; however, the Collector of Customs has preferred a petition before the Honorable Sindh High Court, which is pending adjudication. No provision has been made in these consolidated financial statements in respect of the above stated amount as the management and the Company's legal advisor are confident that the ultimate outcome of this case will be in favor of the Company.

17.1.3 The Federal Board of Revenue (FBR) has filed an appeal before the Honorable Supreme Court of Pakistan against the judgment delivered by the Honorable Lahore High Court in favor of the Company in a writ petition. The Company, through the said writ petition, had challenged the demand raised by the FBR for payment of duties and taxes on the plant and machinery imported by the Company pursuant to the exemption granted in terms of SRO 484 (I) / 92 dated 14 May 1992. The FBR, however, alleged that the said plant & machinery could be locally manufactured and duties and taxes were therefore not exempted. A total demand of Rs. 1,386.72 million was raised by the FBR out of which an amount of Rs. 269.33 million was deposited by the Company as undisputed liability. No provision has been made in these consolidated financial statements in respect of the above stated amount as the management and the Company's legal advisor are confident that the ultimate outcome of this case will be in favor of the Company.

17.1.4 The Company has filed an appeal before the Honorable Supreme Court of Pakistan against the judgment of the Division Bench of the Honorable High Court of Sindh at Karachi. The Division Bench, by judgment dated 15 September 2008, has partly accepted the appeal by declaring that the levy and collection of infrastructure cess / fee prior to 28 December 2006 was illegal and ultra vires and after 28 December 2006, it was legal and the same was collected by the Excise Department in accordance with the law. The appeal has been filed against the declaration that after 28 December 2006, the Excise Department has collected the infrastructure cess / fee in accordance with law. The Province of Sindh and Excise and Taxation Department has also preferred an appeal against the judgment decided against them. The Honorable Supreme Court consolidated both the appeals and were set aside. Thereafter, law has been challenged in constitution petition in the Honorable Sindh High Court Karachi. Stay has been granted by the Honorable High Court on 31 May 2011 on payment of 50% of the cess to the Excise Department and on furnishing of bank guarantee for remaining 50% to them. The petition is pending for hearing and stay is continuing.

The management and the Company's legal advisor are confident that the ultimate outcome of this case will be in favor of the Company.

17.1.5 The Company has filed an appeal before the Honorable Sindh High Court to challenge Sindh Development and Maintenance on levy and collection of infrastructure cess under Infrastructure Cess Act 2017. Stay has been granted by the Honorable High Court on 27 November 2017 in line with earlier petitions explained in note 17.1.4 of these consolidated financial statements, i.e. on payment of 50% of the cess to the Excise Department and on furnishing of bank guarantee for remaining 50% to them. The petition is pending for hearing and stay is continuing.

17.1.6 Competition Commission of Pakistan, vide order dated 27 August 2009, has imposed penalty on twenty cement factories of Pakistan at the rate of 7.5% of the turnover value. The Commission has imposed penalty amounting to Rs. 586.19 million on the Company. The Commission has alleged that provisions of section 4(1) of the Competition Commission Ordinance, 2007 have been violated. However, after the abeyance of Honorable Islamabad High Court pursuant to the judgment of Honorable Supreme Court of Pakistan dated 31 July 2009, the titled petition has become infructuous and the Company has filed a writ petition no. 15618/2009 before the Honorable Lahore High Court. No provision has been made in these consolidated financial statements as the management and the Company's legal advisor are confident that the ultimate outcome of this case will be in favor of the Company.

17.1.7 The Additional Collector, Karachi has issued show cause notice alleging therein that the Company has wrongly claimed the benefits of SRO No. 575(I)/2006 dated 05 June 2006 on the import of pre-fabricated buildings structure. Consequently, the Company is liable to pay Government dues amounting to Rs. 5.55 million. The Company has submitted reply to the show cause notice and currently proceedings are pending before the Additional Collector. No provision has been made in these consolidated financial statements as the management and the Company's legal advisor are confident that the ultimate outcome of this case will be in favor of the Company.

17.1.8 The customs department has filed an appeal against the judgment dated 19 May 2009, passed in favor of the Company pursuant to which the Company is not liable to pay custom duty amounting to Rs. 0.81 million relating to import of some machinery vide L/C No. 0176-01-46-518-1201 in terms of SRO 484(1)/92 dated 14 May 1992, and SRO 978(1)/95 dated 04 October 1995. The appeal is pending before the Honorable Lahore High Court. No provision has been made in these consolidated financial statements as the management and the Company's legal advisor are confident that the ultimate outcome of this case will be in favor of the Company.

17.1.9 Surcharge of Rs. 154 million has been imposed by Mines and Minerals Department, Government of the Punjab under Rule 68(2) of Punjab Mining Concession Rules, 2002 ("Rules") against which the Company has filed writ petition against Government of Punjab via writ petition No. 1008/2014 to challenge the basis of Rules. The Honorable Lahore High Court dismissed the petition since the matter was being reviewed by the relevant authority. Management and the Company's legal advisor are confident that the ultimate outcome of this case will be in favor of the Company.

Subsidiary Company

17.1.10 The Company has filed an appeal before the Honorable Sindh High Court to challenge Sindh Development and Maintenance on levy and collection of infrastructure cess under Infrastructure Cess Act 2017. Stay has been granted by the Honorable High Court on 27 November 2017 on payment of 50% of the cess to the Excise Department and on furnishing of bank guarantee for remaining 50% to them. The petition is pending for hearing and stay is continuing. The management and the Company's legal advisor are confident that the ultimate outcome of this case will be in favor of the Company.

17.1.11 Contingencies relating to tax matters are disclosed in note 15 to these consolidated financial statements.

	2019	2018
	(Rupees in thousand)	
17.2 Commitments		
17.2.1 in respect of:		
Holding Company		
- capital expenditure	529,999	5,913,413
- irrevocable letters of credit for stores and spares	326,077	1,392,690
Subsidiary Company		
- spare parts	2,956	30,555
- minimum lease payments		
- not later than one year	360	360
- 1 to 5 years	1,440	1,440
- Later than 5 years	4,680	5,040
	865,512	7,343,498

17.2.2 Guarantees given by banks on behalf of the Company are of Rs. 655.039 million (2018: Rs. 602.994 million) in favor of Sui Northern Gas Pipeline Limited and Government Institutions.

17.2.3 Corporate guarantee given by the Holding Company to the financial institutions related to credit facilities amounting to Rs. 677.55 million (2018: Rs. 424.48 million) availed by the Subsidiary Company.

18. PROPERTY, PLANT AND EQUIPMENT

	Note	2019	2018
		(Rupees in thousand)	
Operating fixed assets	18.1	51,608,025	28,390,629
Capital work in progress	18.2	428,416	16,873,730
Stores and spares held for capital expenditure	18.3	59,917	1,204,297
		52,096,358	46,468,656

18.1 Operating fixed assets

	Cost / Revalued amount						Depreciation					
	At 01 July 2018	Additions	Transfers	Disposals	At 30 June 2019	Rate	At 01 July 2018	For the year	Transfers	Disposals	At 30 June 2019	Net book value at 30 June 2019
	Rupees in thousand					Percentage	Rupees in thousand					
Owned												
Freehold land												
- cost	55,018	767,136	-	-	822,154	-	-	-	-	-	-	822,154
- surplus on revaluation	360,830	-	-	-	360,830	-	-	-	-	-	-	360,830
	415,848	767,136	-	-	1,182,984		-	-	-	-	-	1,182,984
Buildings on freehold land												
- cost	7,139,659	7,409,581	-	-	14,549,240	5 - 10	2,466,469	337,947	-	-	2,804,416	11,744,824
- surplus on revaluation	297,607	-	-	-	297,607	5 - 10	102,581	10,997	-	-	113,578	184,029
	7,437,266	7,409,581	-	-	14,846,847		2,569,050	348,944	-	-	2,917,994	11,928,853
Roads, bridges and railway sidings												
- cost	138,090	1,784	-	-	139,874	5 - 10	81,052	5,631	-	-	86,683	53,191
- surplus on revaluation	3,854	-	-	-	3,854	5 - 10	2,325	200	-	-	2,525	1,329
	141,944	1,784	-	-	143,728		83,377	5,831	-	-	89,208	54,520
Plant and machinery												
- cost	32,910,444	17,692,180	-	(191,176)	50,411,448	5 - 20	15,047,472	1,914,543	-	(93,610)	16,868,405	33,543,043
- surplus on revaluation	7,273,958	-	-	(9,097)	7,264,861	5 - 20	2,469,057	288,518	-	(4,548)	2,753,027	4,511,834
	40,184,402	17,692,180	-	(200,273)	57,676,309		17,516,529	2,203,061	-	(98,158)	19,621,432	38,054,877
Furniture, fixtures and equipment	463,272	24,311	-	-	487,583	10 - 30	305,346	38,307	-	-	343,653	143,930
Quarry equipment	170,311	7,080	-	-	177,391	20	159,776	6,732	-	-	166,508	10,883
Vehicles	322,548	83,166	-	(35,755)	369,959	20	110,886	46,880	-	(19,783)	137,983	231,976
Share of joint assets	6,000	-	-	-	6,000	10	5,998	-	-	-	5,998	2
	49,141,591	25,985,238	-	(236,028)	74,890,801		20,750,962	2,649,755	-	(117,941)	23,282,776	51,608,025
Leased												
Plant and machinery												
- cost	-	-	-	-	-	5	-	-	-	-	-	-
- surplus on revaluation	-	-	-	-	-	5	-	-	-	-	-	-
	-	-	-	-	-		-	-	-	-	-	-
	49,141,591	25,985,238	-	(236,028)	74,890,801		20,750,962	2,649,755	-	(117,941)	23,282,776	51,608,025

	Cost / Revalued amount						Depreciation					
	At 01 July 2017	Additions	Transfers	Disposals	At 30 June 2018	Rate	At 01 July 2017	For the year	Transfers	Disposals	At 30 June 2018	Net book value at 30 June 2018
	---------------------- Rupees in thousand ----------------------					Percentage	------------------------------ Rupees in thousand ------------------------------					
Owned												
Freehold land												
- cost	55,018	-	-	-	55,018	-	-	-	-	-	-	55,018
- surplus on revaluation	360,830	-	-	-	360,830	-	-	-	-	-	-	360,830
	415,848	-		-	415,848		-	-		-	-	415,848
Buildings on freehold land												
- cost	5,062,868	2,077,451	-	(660)	7,139,659	5 - 10	2,171,020	295,705	-	(256)	2,466,469	4,673,190
- surplus on revaluation	297,607	-	-	-	297,607	5 - 10	91,270	11,311	-	-	102,581	195,026
	5,360,475	2,077,451		(660)	7,437,266		2,262,290	307,016		(256)	2,569,050	4,868,216
Roads, bridges and railway sidings												
- cost	99,953	38,137	-	-	138,090	5 - 10	76,713	4,339	-	-	81,052	57,038
- surplus on revaluation	3,854	-	-	-	3,854	5 - 10	2,125	200	-	-	2,325	1,529
	103,807	38,137		-	141,944		78,838	4,539		-	83,377	58,567
Plant and machinery												
- cost	25,982,175	6,320,214	679,676	(71,621)	32,910,444	5 - 20	13,205,946	1,591,372	281,370	(31,216)	15,047,472	17,862,972
- surplus on revaluation	7,271,106	-	2,852	-	7,273,958	5 - 20	2,182,766	285,197	1,094	-	2,469,057	4,804,901
	33,253,281	6,320,214	682,528	(71,621)	40,184,402		15,388,712	1,876,569	282,464	(31,216)	17,516,529	22,667,873
Furniture, fixtures and equipment	402,990	60,373	-	(91)	463,272	10 - 30	193,203	112,199	-	(56)	305,346	157,926
Quarry equipment	185,023	-	-	(14,712)	170,311	20	169,490	4,796	-	(14,510)	159,776	10,535
Vehicles	243,228	122,892	-	(43,572)	322,548	20	103,632	36,870	-	(29,616)	110,886	211,662
Share of joint assets	6,000	-	-	-	6,000	10	4,853	1,145	-	-	5,998	2
	39,970,652	8,619,067	682,528	(130,656)	49,141,591		18,201,018	2,343,134	282,464	(75,654)	20,750,962	28,390,629
Leased												
Plant and machinery												
- cost	679,676	-	(679,676)	-	-	5	265,756	15,614	(281,370)	-	-	-
- surplus on revaluation	2,852	-	(2,852)	-	-	5	1,023	71	(1,094)	-	-	-
	682,528	-	(682,528)	-	-		266,779	15,685	(282,464)	-	-	-
	40,653,180	8,619,067	-	(130,656)	49,141,591		18,467,797	2,358,819	-	(75,654)	20,750,962	28,390,629

18.1.1 Additions in operating fixed assets include transfers from capital work-in-progress amounting to Rs. 25,544.026 million (2018: Rs. 6,387.910 million). It includes interest capitalization in respect of loan for Line III amounting to Rs. 1,265.64 million.

18.1.2 Ownership of the housing colony's assets included in the operating fixed assets is shared by the Group jointly with Agritech Limited in ratio of 101:245 since the time when both the companies were managed by Pakistan Industrial Development Corporation. These assets are in possession of the housing colony establishment for mutual benefits.

18.1.3 Buildings, roads, bridges and railway sidings, plant and machinery are located at freehold land measuring 10,145 kanals located at Iskandrabad District Mianwali.

18.1.4 The latest valuation of Holding Company's assets was carried as at 30 June 2015 and the forced sale value as at that date is given below:

	(Rupees in thousand)
Freehold land	344,077
Buildings on freehold land	2,367,211
Roads, bridges and railway sidings	20,652
Plant and machinery	15,969,363
	18,701,303

18.1.5 Depreciation charge for the year has been allocated as follows:

	Note	2019	2018
		(Rupees in thousand)	
Cost of sales	32	2,591,704	2,283,643
Administrative expenses	34	53,753	71,134
Distribution expenses	33	4,298	4,042
		2,649,755	2,358,819

18.1.6 Disposal of property, plant and equipment

Particulars	Cost	Accumulated Depreciation	Net Book Value	Sale Value	Gain / (Loss)	Mode of Disposal	Relationship with the company	Particulars of Purchaser
	(-----------------	Rupees in thousand	----------------)					
Plant and machinery								
Governor Assy Ug-40	1,472	326	1,146	20	(1,126)	Auction	Negotiation	M/S. Imtiaz Traders
Connecting Rod	2,437	425	2,012	1,848	(164)	Auction	Negotiation	M/S. Imtiaz Traders
Cylinder Liner For Niigata	9,789	1,552	8,237	8	(8,229)	Auction	Negotiation	M/S. Imtiaz Traders
Cylinder Head For Niigata Engine	1,843	898	945	875	(70)	Auction	Negotiation	M/S. Imtiaz Traders
Connecting Rod Lower Part	7,323	5,137	2,186	10	(2,176)	Auction	Negotiation	M/S. Imtiaz Traders
Gas Valve	13,497	9,662	3,835	10	(3,825)	Auction	Negotiation	M/S. Imtiaz Traders
Piston Ring	6,498	4,745	1,753	1,623	(130)	Auction	Negotiation	M/S. Imtiaz Traders
Injection Valve	14,488	10,409	4,079	22	(4,057)	Auction	Negotiation	M/S. Imtiaz Traders
Inlet Valve	3,417	2,504	913	846	(67)	Auction	Negotiation	M/S. Imtiaz Traders
Valve Rotator	2,974	2,179	795	736	(59)	Auction	Negotiation	M/S. Imtiaz Traders
Bearing Bush	2,947	2,155	792	733	(59)	Auction	Negotiation	M/S. Imtiaz Traders
Big End Bearing Upper Half	1,882	1,378	504	467	(37)	Auction	Negotiation	M/S. Imtiaz Traders
Big End Bearing Lower Half	1,870	1,370	500	464	(36)	Auction	Negotiation	M/S. Imtiaz Traders
Valve Guide	2,048	1,502	546	505	(41)	Auction	Negotiation	M/S. Imtiaz Traders
Steel Cord Belt 550/H8/40878	8,746	2,133	6,613	8,447	1,834	Auction	Negotiation	M/s. Imtiaz Traders
Coupling	6,020	1,395	4,625	5,992	1,367	Auction	Negotiation	M/s. Imtiaz Traders
Fuzes Detonating For Is Limiter	736	162	574	526	(48)	Auction	Negotiation	M/S. Imtiaz Traders
U - Tube Section	26,198	15,326	10,872	15,000	4,128	Auction	Negotiation	M/s. Karam Dad Khan
Raw Mill	24,572	11,851	12,721	8,511	(4,210)	Auction	Negotiation	M/s. Karam Dad Khan
Connecting Rod	2,437	425	2,012	1,848	(164)	Auction	Negotiation	M/S. Imtiaz Traders
Exhaust Valve Assy(Right)	7,005	1,176	5,829	5,355	(474)	Auction	Negotiation	M/S. Imtiaz Traders
Exhaust Valve Assy(Left)	7,004	1,175	5,829	5,354	(475)	Auction	Negotiation	M/S. Imtiaz Traders
Piston	1,852	494	1,358	8	(1,350)	Auction	Negotiation	M/S. Imtiaz Traders
Piston Pin Metal For C/Rod	2,128	357	1,771	1,626	(145)	Auction	Negotiation	M/S. Imtiaz Traders
Air Quenching Cooler / Boiler	24,606	8,045	16,561	13,000	(3,561)	Auction	Negotiation	M/S. Imtiaz Traders
Fuel Feed Pump	3,235	1,753	1,482	10	(1,472)	Auction	Negotiation	M/S. Imtiaz Traders
Plant & machinery having net book value of less than Rs. 500,000 each	13,250	9,624	3,626	3,408	(218)			
	200,274	98,158	102,116	77,252	(24,864)			
Vehicles								
Suzuki Cultus	1,154	526	628	700	72	Sale	Employee	Ms. Iqra Umar
Suzuki Cultus	1,603	90	1,513	1,583	73	Insurance Claim	Negotiation	EFU General Insurance Ltd.
Toyota Corolla	1,923	641	1,282	1,600	318	Auction	Employee	Mr. Muhammad Ishaq
Toyota Corolla	1,902	816	1,086	1,625	539	Auction	Negotiation	Mr. Sibt e Hassan
Toyota Corolla	1,886	1,014	872	1,400	528	Auction	Negotiation	M/s. Mr. Amer Bilal
Toyota Corolla	2,044	1,060	984	1,600	616	Auction	Negotiation	Mr.Zeeshan Malik Bhutta
Toyota Corolla	2,353	401	1,952	1,900	(52)	Sale	Negotiation	Muhammad Sajjad
Toyota Corolla	2,360	293	2,067	1,900	(167)	Auction	Negotiation	Mr. Nauman Ahmad
Toyota Corolla	1,738	1,119	619	1,200	581	Sale	Negotiation	Mr. Tariq Ahmed Mir
Suzuki Cultus	1,419	227	1,192	1,300	108	Insurance Claim	Negotiation	EFU General Insurance Ltd.
Vehicles having net book value of less than Rs. 500,000 each	17,372	13,596	3,776	10,113	6,335			
	35,754	19,783	15,971	24,921	8,951			
2019	236,028	117,941	118,087	102,173	(15,913)			
2018	130,656	75,654	55,002	51,965	(3,036)			

	Note	2019	2018
		(Rupees in thousand)	
18.2 Movement in capital work-in-progress - at cost			
At beginning of the year		16,873,730	5,944,809
Additions during the year		9,098,712	17,316,831
Less: Transfers during the year	18.1.1	(25,544,026)	(6,387,910)
At end of the year	18.2.1	428,416	16,873,730

18.2.1 Capital work-in-progress - at cost

	Note	2019	2018
Civil Works		306,205	4,305,139
Land		-	736,048
Plant, machinery, electrical and mechanical works		21,155	10,916,773
Un-allocated capital expenditure	18.2.1.1	-	477,072
Advances to suppliers against:			
- civil works		30,376	322,626
- plant and machinery		68,720	108,343
- office equipment		250	4,615
- vehicles		1,710	3,114
		428,416	16,873,730

18.2.1.1 Un-allocated capital expenditure

	2019	2018
Salaries and wages	-	163,500
Finance cost	-	153,813
Legal and professional expenses	-	74,028
Fee and subscription	-	49,590
Energy expense	-	25,690
Insurance	-	10,451
	-	477,072

18.3 This represents stores and spares held for capital expenditure related to Group's expansion project.

19. INTANGIBLE ASSETS - COST

	2019	2018
	(Rupees in thousand)	
At beginning of the year	78,666	78,666
Additions during the year	5,219	-
Disposal during the year	-	-
At end of the year	83,885	78,666
Accumulated Amortization		
At beginning of the year	61,855	53,460
Amortization for the year	8,501	8,395
At end of the year	70,356	61,855
Net book value	13,529	16,811
Amortization rate - % per annum	33%	33%

20. LONG TERM LOANS TO EMPLOYEES - SECURED

	Note	2019	2018
		(Rupees in thousand)	
House building		11,813	2,713
Vehicles		1,834	2,169
Others		16,100	9,938
		29,747	14,820
Less: Current portion presented under current assets	25	(9,923)	(5,348)
		19,824	9,472

20.1 These loans are secured against employees' retirement benefits and carry interest at the rates ranging from 6% to 12% per annum (2018: 6% to 12 % per annum). These loans are recoverable in 30 to 60 monthly installments.

20.2 This includes loans to executives amounting to Rs. 6.71 million (2018: Rs. 1.45 million). Further, no amount was due from Directors and Chief Executive of the Holding Company at the year end (2018: Rs. Nil).

21. LONG TERM DEPOSITS

This includes deposits with various utility companies, regulatory authorities and others.

22. STORES, SPARE PARTS AND LOOSE TOOLS

	Note	2019	2018
		(Rupees in thousand)	
Stores	22.1	3,373,860	3,190,399
Spare parts		3,936,301	3,718,445
Loose tools		130,910	115,282
		7,441,071	7,024,126

22.1 Stores include items in transit amounting to Rs. 992.023 million (2018: Rs. 244.12 million).

23. STOCK-IN-TRADE

	2019	2018
	(Rupees in thousand)	
Raw material	126,120	72,198
Packing material	184,690	152,113
Work-in-process	928,144	665,606
Finished goods	500,060	303,589
	1,739,014	1,193,506

24. TRADE DEBTS

	Note	2019	2018
		(Rupees in thousand)	
Export debtors			
Considered good - secured		354,894	7,442
Local debtors			
Considered good - unsecured		2,328,864	1,124,311
Considered doubtful - unsecured		161,189	25,000
Less: Provision for doubtful balances	24.1	(161,189)	(25,000)
		2,328,864	1,124,311
		2,683,758	1,131,753

24.1 The movement in provision for impairment of receivables is as follows:

	Note	2019	2018
		(Rupees in thousand)	
As at 30 June		25,000	-
Effect of initial application of IFRS 9	3.1.2.3	126,000	-
		151,000	-
Charge for the year		10,189	25,000
As at 30 June		161,189	25,000

24.2 Trade debts are non-interest bearing and are generally settled in 15-90 days. As at 30 June, the ageing analysis of trade debts is as follows:

	2019	2018
	(Rupees in thousand)	
Not past due	1,420,505	366,115
Past due		
1- 90 days	1,206,732	504,779
91 - 180 days	41,876	147,350
181 - 270 days	15,838	28,870
271 - 365 days	16,043	18,992
366 - above days	143,953	90,647
	2,844,947	1,156,753
Less: Provision for doubtful balances	(161,189)	(25,000)
	2,683,758	1,131,753

25. LOANS AND ADVANCES

	Note	2019	2018
		(Rupees in thousand)	
Advances - unsecured, considered good			
- Employees	25.1	29,245	22,868
- Suppliers	25.2	572,398	907,507
		601,643	930,375
- Current portion of long term loans to employees - secured	20	9,923	5,348
Government Authorities			
Sales Tax		2,519	1,227,025
Excise Duty		-	269,211
Collector of customs	25.4	185,462	41,911
		187,981	1,538,147
Refunds due from government	25.5	17,399	16,797
		816,946	2,490,667

25.1 This includes loans to executives amounting to Rs. 11.16 million (2018: Rs. 13.88 million). Further, there are no loans due from Directors and Chief Executive of the Holding Company at the year end (2018: nil).

25.2 This includes an amount of Rs. 273.140 million (2018: Rs. 679.13 million) advanced to Ministry of Railways for transportation of coal and cement.

25.3 There has been no loans and advances to any foreign company at the year end. (2018: Nil).

25.4 It pertains to advance given for clearance of import shipments.

25.5 This represents amount paid to Government under protest for various cases which have been decided in favor of the Holding Company.

26. SHORT TERM INVESTMENT

	Note	2019	2018
		(Rupees in thousand)	
Investment at fair value through profit or loss - listed securities			
Next Capital Limited: 1,500,000 (2018: 1,500,000) ordinary shares of Rs. 10 each 1,875,000 (2018: 1,875,000) right shares of Rs. 8 each Market value Rs. 5.3 per share (2018: Rs. 9.5 per share)			
Cost			
At beginning and end of the year		30,000	30,000
Unrealized fair value gain / (loss)			
At beginning of the year		2,062	47,659
Fair value loss for the year	35	(14,175)	(45,597)
At end of the year		(12,113)	2,062
Fair value at 30 June		17,887	32,062

26.1 There has been no investment in any foreign company during the year (2018: Nil).

	2019	2018
	(Rupees in thousand)	

27. SHORT TERM DEPOSITS AND PREPAYMENTS

	2019	2018
Margin against:		
- letters of credit	19,555	9,634
- bank guarantees	135,281	98,014
	154,836	107,648
Prepayments	33,562	16,560
Short term deposits	200	-
	188,598	124,208

28. ACCRUED PROFIT

This represents profit accrued on deposits and saving accounts at the rates ranging from 4.14% to 10.25% (2018: 3.75% to 5.25%) per annum.

29. OTHER RECEIVABLES

	Note	2019	2018
		(Rupees in thousand)	
Due from the Ultimate Holding Company - unsecured	29.1	2,761	-
Others	29.2	32,692	43,534
		35,453	43,534

29.1 These carry markup at 1% (2018: 1%) per annum in addition to the average borrowing rate of the Holding Company or three months KIBOR whichever is higher.

29.2 This incudes Rs. 29.05 million (2018: Rs. 39. 70 million) receivable against export rebates.

30. CASH AND BANK BALANCES

	Note	2019	2018
		(Rupees in thousand)	
- Cash in hand - local currency		9,069	4,905
- Cash in hand - foreign currency		1,442	1,079
		10,511	5,984
Cash at bank			
Current accounts:			
- foreign currency		4,567	2,911
- local currency	30.1	149,303	343,058
		153,870	345,969
Deposit accounts	30.2	360,424	333,001
		514,294	678,970
		524,805	684,954

30.1 These include deposits amounting to Rs. 3.825 million (2018: Rs. 4.605 million) placed under an arrangement permissible under Shariah.

30.2 These carry return at 4.14% to 10.25% (2018: 3.75 % to 6.5%) per annum. These include deposits amounting to Rs. 214.08 million (2018: Rs. 215.93 million) placed under an arrangement permissible under Shariah. Remaining balances represents deposits with conventional banks.

	Note	2019	2018
		(Rupees in thousand)	

31. SALES - NET

	Note	2019	2018
Gross local sales		34,806,747	34,614,364
Less:			
Federal Excise Duty		(4,874,102)	(4,433,636)
Sales Tax		(5,656,806)	(5,710,666)
Discount		(335,899)	(333,805)
Commission		(142,066)	(141,565)
		(11,008,873)	(10,619,672)
Net local sales		23,797,874	23,994,692
Export sales		2,208,070	1,689,472
		26,005,944	25,684,164

32. COST OF SALES

	Note	2019	2018
Raw materials consumed	32.1	1,201,960	1,094,544
Packing materials consumed		2,004,861	1,530,733
Fuel		7,731,010	6,369,754
Coal used in power generation		2,216,084	1,367,431
Power and associated costs		749,172	1,372,978
Stores, spare parts and loose tools consumed		898,394	1,314,823
Water charges		118,325	-
Salaries, wages and other benefits	32.2	1,159,252	1,008,778
Rent, rates and taxes		59,593	48,044
Insurance		57,364	53,818
Repairs and maintenance		384,983	390,127
Depreciation	18.1.5	2,591,704	2,283,643
Amortization		4,239	2,006
Vehicles running and maintenance		194,940	134,947
Freight and Forwarding		872,747	493,373
Other expenses	32.3	158,729	129,288
		20,403,357	17,594,287
Work in process:			
At beginning of the year		665,606	819,354
At end of the year		(928,144)	(665,606)
		(262,538)	153,748
Cost of goods manufactured		20,140,819	17,748,035
Finished goods:			
At beginning of the year		303,589	207,747
At end of the year		(500,060)	(303,589)
		(196,471)	(95,842)
Cost of Sales		19,944,348	17,652,193

	2019	2018
	(Rupees in thousand)	
32.1 Raw materials consumed		
At beginning of the year	72,198	105,006
Add: Purchases made during the year	1,255,882	1,061,736
	1,328,080	1,166,742
Less: At end of the year	(126,120)	(72,198)
	1,201,960	1,094,544

32.2 Salaries, wages and other benefits expense includes contribution to provident fund trust amounting to Rs. 57.77 million (2018: Rs. 48.29 million) and gratuity and compensated absence amounting to Rs. 23.05 million (2018: Rs. 35.22 million).

32.3 Other expenses include housing colony expenses aggregating to Rs. 76.41 million (2018: Rs. 71.32 million).

33. DISTRIBUTION COST

	Note	2019	2018
		(Rupees in thousand)	
Salaries, wages and other benefits	33.1	172,427	158,403
Travelling and conveyance		100,276	89,561
Vehicle running and maintenance		22,231	17,904
Postage, telephone and fax		7,008	7,602
Printing, stationery and office supplies		5,178	5,239
Entertainment		16,496	13,532
Repair and maintenance		4,260	2,240
Depreciation		4,298	4,042
Legal and professional		4,177	3,989
Rent, rates and Taxes		4,125	4,092
Advertisement and sale promotions		533,581	369,744
Other expenses		59,187	59,794
		933,244	736,142

33.1 Salaries, wages and other benefits expense includes contribution to Provident Fund Trust amounting to Rs. 6.45 million (2018: Rs. 5.59 million) and gratuity and compensated absence amounting to Rs. 0.45 million (2018: Rs. 4.21 million).

34. ADMINISTRATIVE EXPENSES

	Note	2019 (Rupees in thousand)	2018 (Rupees in thousand)
Salaries, wages and other benefits	34.1	312,201	281,001
Travelling		77,569	67,360
Vehicle running and maintenance		24,858	19,857
Postage, telephone and fax		20,436	16,432
Printing, stationery and office supplies		33,165	46,497
Entertainment		27,324	41,207
Repair and maintenance		24,165	26,270
Legal and professional charges	34.2	47,949	42,232
Consultancy and Subscription		48,769	38,082
Depreciation	18.1.5	53,753	71,134
Amortization		4,261	6,389
Provision for doubtful debts	24	10,189	25,000
Advances written off		-	12,895
Rent, rates and taxes		6,960	4,479
Other expenses		49,482	40,429
		741,081	739,264

34.1 Salaries, wages and other benefits expense includes contribution to Provident Fund Trust amounting to Rs. 11.19 million (2018: Rs. 10.34 million) and gratuity and compensated absence amounting to Rs. 3.52 million (2018: Rs. 6.46 million).

34.2 Legal and professional charges include following in respect of auditors' remuneration for:

	2019 (Rupees in thousand)	2018 (Rupees in thousand)
Annual statutory audit	2,068	1,668
Interim review	460	460
Interim audit and other certification	600	600
Out of pocket expenses	489	489
	3,617	3,217

34.3 The Holding Company has shared expenses aggregating Rs. 30.06 million (2018: Rs. 15.18 million) on account of combined offices with the Ultimate Holding Company. These expenses have been recorded in respective account.

35. OTHER CHARGES

	Note	2019 (Rupees in thousand)	2018 (Rupees in thousand)
Donation	35.1	27,199	14,779
Workers' Profit Participation Fund (WPPF)		140,966	274,932
Workers' Welfare Fund (WWF)		-	70,431
Unrealized loss on re-measurement of short term investment	26	14,175	67,594
Interest on advances from the Holding Company		2,116	-
Exchange loss- net	35.2	348,379	257,372
Loss on disposal of property, plant and equipment		15,913	3,036
Other expenses		-	5,671
		548,748	693,815

	2019	2018
	(Rupees in thousand)	
35.1 Donations for the year have been given to:		
Daud Khel Health Care Centre	-	6,518
Police Welfare Middle School	-	2,500
Jamia Masjid Iskenderabad	-	2,135
Miscellaneous donations in the form of cement	-	1,010
Jahanara Memorial Trust (JMT)	-	1,000
Beaconhouse National University	644	562
ICare Foundation	-	500
Bushra Shaheen	325	300
Police Station Daud Khel	-	216
Labor Office Mianwali	-	38
Shaukat Khanum Memorial Trust	300	-
District Police Office Mianwali	6,028	-
Daud Khel Water Supply Project	17,215	-
District Management Mianwali	1,687	-
Mosque Lower Dir	1,000	-
	27,199	14,779

35.1.1 None of the Directors of the Holding Company or their spouse have any interest in donees.

35.2 This represents exchange loss incurred on actual currency transactions.

36. OTHER INCOME

	Note	2019	2018
		(Rupees in thousand)	
Income from financial assets			
Profit on bank deposits	36.1	21,110	30,742
Interest on loans to employees		381	404
Realized gain on investments		13,358	-
Dividend Income		844	-
		35,693	31,146
Income from non-financial assets			
Sale of scrap		9,895	28,571
Others		6,038	3,319
		15,933	31,890
		51,626	63,036

36.1 This includes profit earned on deposits under an arrangements which are permissible under Shariah amounting to Rs. 8.78 million (2018: Rs. 5.63 million). The remaining profit relates to interest / markup based arrangement from conventional banks.

37. FINANCE COSTS

	Note	2019 (Rupees in thousand)	2018 (Rupees in thousand)
Profit / interest / mark up on:			
- Long term loans from financial institutions	37.1	571,248	216,612
- Liabilities against assets subject to finance lease		-	2,841
- Unwinding Interest - Retention money payable		22,968	-
- Short term borrowings	16	603,929	332,940
		1,198,145	552,393
Bank and other charges		32,866	37,553
		1,231,011	589,946

37.1 Finance cost amounting to Rs. 1,111.83 million (2018: Rs. 215.55 million) has been capitalized during the year.

38. TAXATION

	2019 (Rupees in thousand)	2018 (Rupees in thousand)
Income Tax		
- current	-	1,227,652
- prior	19,653	(28,565)
	19,653	1,199,087
Deferred	179,224	(436,052)
	198,877	763,035

38.1 Tax charge reconciliation

Numerical reconciliation between tax expense and accounting profit:

	2019	2018
Profit before taxation	2,659,138	5,335,840
Applicable tax rate as per Income Tax Ordinance, 2001	29%	30%
Tax on accounting profit	771,150	1,600,752
Effect of final tax regime	(12,721)	(61,170)
Effect of exempt income	(288,542)	(282,181)
Change in tax rate and proportion of local and export sales	(290,663)	(393,603)
Effect of tax credit under section 65B	-	(202,183)
Super tax	-	129,985
Effect of prior year adjustment	19,653	(28,565)
	198,877	763,035

38.2 As explained in note 51 to the consolidated financial statements, the Board of Directors of the Holding Company in their meeting held on 19 September 2019 has recommended sufficient cash dividend for the year ended 30 June 2019 which complies with the requirements of section 5A of the Income Tax Ordinance 2001. Accordingly, no provision for tax on non-distribution of dividend has been recognized in these consolidated financial statements for the year ended 30 June 2019.

39. EARNINGS PER SHARE - BASIC AND DILUTED

39.1 Basic earnings per share

	Unit	2019	2018
Profit after taxation	Rupees in '000	2,460,261	4,572,805
Weighted average number of ordinary shares (Note 39.2)	No. of shares in '000	593,701	577,412
	Rupees	4.14	7.92

39.2 Weighted average number of ordinary shares

	2019	2018
	No. of Shares in '000'	
Number of shares as at 01 July	593,701	542,446
Add: Impact on weighted average number of shares due to right issue during the year	-	34,966
	593,701	577,412

39.3 There is no dilution effect on the basic earnings per share.

40. CASH AND CASH EQUIVALENTS

	Note	2019	2018
		(Rupees in thousand)	
Short term running finance	16.2	(1,486,469)	(1,269,647)
Temporary bank overdrafts - unsecured	16.3	(201,287)	(169,596)
Cash and bank	30	524,805	684,954
		(1,162,951)	(754,289)

41. RELATED PARTY TRANSACTIONS AND BALANCES

The related parties comprise of associated companies, directors of the Holding Company and entities under common directorship, key management personnel and post employment retirement plan. Amount due from and due to related parties are shown under respective notes. Other significant transactions and balances with related parties except those disclosed elsewhere are as follows:

Name of parties	Relationship	Transactions	Note	2019 (Rupees in thousand)	2018 (Rupees in thousand)
a) Kohinoor Textile Mills Limited	Ultimate Holding Company (55.22% equity held)	Sale of goods and services		107,894	50,361
		Sale of fixed assets		-	1,785
		Markup charged during the year		(2,116)	(4,592)
		Shared expenses charged to the Company		30,064	15,176
		Dividend paid		327,837	1,001,723
b) Key management personnel		Remuneration and other benefits	42	362,235	290,855
c) Employee benefits Gratuity	Post employment benefit plan	Contribution		27,545	30,513
Provident Fund Trust	Employees benefit fund	Contribution		175,250	136,947

41.1 Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity. The Group considers all members of their management team, including Chief Executive Officer and Directors to be its key management personnel.

42. REMUNERATION OF CHAIRMAN, CHIEF EXECUTIVE, DIRECTORS, NON-EXECUTIVE DIRECTORS AND EXECUTIVES

The aggregate amounts charged in the consolidated financial statements for the year for remuneration, including all benefits to the Chairman, Chief Executive, Directors and Executives of the Group are as follows:

	2019				
			Directors		
	Chairman	Chief Executive	Executives	Non-Executives	Executives
	(--------------------------- Rupees in thousand ---------------------------)				
Short term benefits					
Managerial remuneration	28,275	26,100	37,355	-	144,964
House rent	6,435	5,940	5,010	-	49,480
Medical	-	-	566	-	2,914
Conveyance	-	2,049	1,924	-	17,164
Utilities	-	-	2,505	-	12,198
	34,710	34,089	47,360	-	226,720
Post employment benefits					
Contribution to Provident Fund Trust	2,145	1,980	2,929	-	12,302
	36,855	36,069	50,289	-	239,022
Numbers	1	1	4	5	71

	2018				
			Directors		
	Chairman	Chief Executive	Executives	Non-Executives	Executives
	(--------------------------- Rupees in thousand ---------------------------)				
Short term benefits					
Managerial remuneration	26,273	20,844	34,857	-	115,601
House rent	4,641	3,116	4,229	-	32,897
Medical	-	-	409	-	2,753
Conveyance	-	2,303	1,500	-	10,999
Utilities	1,456	-	2,343	-	9,889
	32,370	26,263	43,338	-	172,139
Post employment benefits					
Contribution to Provident Fund Trust	2,109	1,796	2,733	-	10,107
	34,479	28,059	46,071	-	182,246
Numbers	1	1	4	5	55

42.1 The Chairman, Chief Executive, Directors and some of the Executives are also provided with the Group's maintained cars in accordance with their terms of employment.

42.2 Aggregate amount charged in these consolidated financial statements in respect of meeting fee paid to Directors aggregated to Rs. 0.31 million (2018: Rs.0.38 million).

43. CAPACITY AND PRODUCTION

	Capacity		Actual Production	
	2019	2018	2019	2018
	---------------------- Metric tons		--------------------	
Clinker	3,600,000	3,360,000	3,541,743	3,529,876

The capacity of plant has been determined on the basis of 300 days. New line III became operational on 21 May 2019 and accordingly the capacity for the period from 21 May 2019 to 30 June 2019 has been increased.

44. OPERATING SEGMENT

Information about operating segment

These consolidated financial statements have been prepared on the basis of single reportable segment.

Geographical information

The Group operates in two principal geographical areas, Asia and Africa other than Pakistan and revenue from continuing operations from external customers based on geographical areas is as follows:

	2019	2018
	(Percentage)	
Geographical area		
Asia	99.50%	99.57%
Africa	0.50%	0.43%
	100.00%	100.00%

All assets of the Group as at 30 June 2019 are located in Pakistan.

45. FINANCIAL RISK MANAGEMENT

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

- credit risk
- liquidity risk
- market risk

The effect of initially applying IFRS 9 on the Group's financial instruments is described in note 3.1.2. Due to the transition method chosen, comparative information has not been restated to reflect the new requirements.

Risk management framework

The Holding Company's Board of Directors ("the Board") has overall responsibility for establishment and oversight of the Group's risk management framework. The Board is responsible for developing and monitoring the Group's risk management policies.

The Group's risk management policies are established to identify and analyze the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations. The Board of Directors reviews and agrees upon the policies for managing each of these risks.

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

The Group's exposure to financial risks, the way these risks affect the financial position and performance, and forecast transactions of the Group and the manner in which such risks are managed is as follows:

45.1 Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. To manage credit risk the Group maintains procedures covering the application for credit approvals, granting and renewal of counterparty limits and monitoring of exposures against these limits. As part of these processes the financial viability of all counterparties is regularly monitored and assessed.

45.1.1 Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk as at the end of the reporting period was as follows:

	2019	2018
	(Rupees in thousand)	
Financial asset at fair value through statement of profit or loss		
Short term investments	17,887	32,062
Financial assets at amortised cost		
Long term deposits	56,880	56,554
Trade debts	2,683,758	1,131,753
Long term loans to employees	29,747	14,820
Short term deposits	155,036	107,648
Accrued profit	2,584	1,729
Other receivables	35,453	43,534
Cash at bank	514,294	678,970
	3,477,752	2,035,008
	3,495,639	2,067,070

45.1.2 Concentration of credit risk

The Group identifies concentrations of credit risk by reference to type of counter party. Maximum exposure to credit risk by type of counterparty is as follows:

	2019	2018
	(Rupees in thousand)	
Customers	2,683,758	1,131,753
Banking companies and financial institutions	669,130	786,618
Others	142,751	148,699
	3,495,639	2,067,070

45.1.3 Credit quality and impairment

Credit quality of financial assets is assessed by reference to external credit ratings, where available, or to historical information about counterparty default rates. All counterparties, with the exception of customers, employees, regulatory authorities and utility companies, have external credit ratings determined by various credit rating agencies. Credit quality of customers is assessed by reference to historical defaults rates and present ages.

45.1.3(a) Counterparties with external credit ratings

These include banking companies and financial institutions, which are counterparties to bank balances, margin against bank guarantees and margin against letter of credit. Credit risk is considered minimal as these counterparties have reasonably high credit ratings as determined by various credit rating agencies. Due to long standing business relationships with these counterparties and considering their strong financial standing, management does not expect non-performance by these counterparties on their obligations to the Group. Following are the credit ratings of counterparties with external credit ratings:

	Rating			2019	2018
	Short term	Long term	Agency	(Rupees in thousand)	
Cash at Bank					
Allied Bank Limited	A1+	AAA	PACRA	92	197
Askari Bank Limited	A1+	AA+	PACRA	5	17,162
Bank Al-Habib Limited	A1+	AA+	PACRA	33,331	121,992
Bank Alfalah	A1+	AA+	PACRA	21	3,048
Bank Islami Pakistan Limited	A1	A+	PACRA	211,588	214,132
Bank of Punjab	A1+	AA	PACRA	2,148	24,918
Al-barka Bank Limited	A1	A+	PACRA	9	9
Dubai Islamic Bank Pakistan Limited	A1+	AA	JCR-VIS	2,581	2,669
Faysal Bank Limited	A1+	AA	PACRA	36	24,130
Habib Bank Limited	A1+	AAA	JCR-VIS	7,606	33,390
Habib Metropolitan Bank Limited	A1+	AA+	PACRA	29,104	59,546
Meezan Bank Limited	A1+	AA+	JCR-VIS	663	663
MCB Bank Limited	A1+	AAA	PACRA	179,944	73,097
MCB Islamic Bank Limited	A1	A	PACRA	9,646	-
National Bank of Pakistan	A1+	AAA	PACRA	23,843	11,165
Samba Bank Limited	A1	AA	JCR-VIS	2,580	10,149
Silk Bank Limited	A2	A-	JCR-VIS	10	10
Soneri Bank Limited	A1+	AA-	PACRA	101	127
Standard Chartered Bank (Pakistan) Limited	A1+	AAA	PACRA	2,508	2,505
Summit Bank Limited	Not available			25	-
United Bank Limited	A1+	AAA	JCR-VIS	7,554	79,162
U Micro finance Bank Limited	A1	A	JCR-VIS	899	899
				514,294	678,970
Margin against bank guarantees					
Allied Bank Limited	A1+	AAA	PACRA	1,700	1,700
United Bank Limited	A1+	AAA	JCR-VIS	31,214	31,214
Askari Bank Limited	A1+	AA+	PACRA	15,000	10,000
Summit Bank Limited	Not available			12,792	12,792
Trust Investment Bank	N/A	N/A		-	5,345
Soneri Bank Limited	A1+	AA-	PACRA	5,000	5,000
Standard Chartered Bank (Pakistan) Limited	A1+	AAA	PACRA	1,964	1,964
Habib Metropolitan Bank Limited	A1+	AA+	PACRA	17,611	10,000
Dubai Islamic Bank Pakistan Limited	A1+	AA	JCR-VIS	50,000	20,000
				135,281	98,015
Margin against letters of credit					
Samba Bank Limited	A1	AA	JCR-VIS	5,490	-
Askari Bank Limited	A1+	AA+	PACRA	834	-
Allied Bank Limited	A1+	AAA	PACRA	4,103	3,810
Bank of Punjab	A1+	AA	PACRA	293	1,000
United Bank Limited	A1+	AAA	JCR-VIS	-	4,824
MCB Bank Limited	A1+	AAA	PACRA	8,835	-
				19,555	9,634

45.1.3(b) Counterparties without external credit ratings

These mainly include customers which are counter parties to local and foreign trade debts against sale of cement. As explained in note 3.1.2, the Group applies the IFRS 9 simplified approach to measure expected credit losses which uses a lifetime expected loss allowance for all trade receivables. Trade receivables are written off when there is no reasonable expectation of recovery. On adoption of IFRS 9, management uses an allowance matrix to base the calculation of ECL of trade receivables from individual customers, which comprise a very large number of small balances. Loss rates are calculated using a 'role rate' method based on the probability of receivable progressing through successive stages of delinquency to write-off. The Group has used three years quarterly data in the calculation of historical loss rates along with the matching quarterly ageing brackets for the computation of roll rates. These rates are multiplied by scalar factors to reflect the effect of forward looking macro economic factors. The analysis of ages of trade debts and loss allowance using the aforementioned approach as at 30 June 2019 (on adoption of IFRS 9) was determined as follows:

	2019		2018	
	Gross carrying amount	Loss Allowance	Gross carrying amount	Loss Allowance
	--------------- (Rupees in thousand) ---------------			
The aging of trade debts at the reporting date is:				
Not past due	1,420,505	118	366,115	-
Past due				
1- 90 days	1,206,732	4,186	504,779	-
91 - 180 days	41,876	2,576	147,350	-
181 - 270 days	15,838	2,809	28,870	-
271 - 365 days	16,043	10,630	18,992	-
366 - above days	143,953	140,870	90,647	25,000
	2,844,947	161,189	1,156,753	25,000

Customer credit risk is managed by each business unit subject to the Group's established policy, procedures and controls relating to customer credit risk management. Credit limits are established for all customers based on internal rating criteria. Credit quality of the customer is assessed based on an extensive credit rating. Outstanding customer receivables are regularly monitored and shipments to the export customers are generally covered by letters of credit or other form of credit insurance.

45.2 Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial assets, or that such obligations will have to be settled in a manner unfavorable to the Group. Management closely monitors the Group's liquidity and cash flow position. This includes maintenance of liquidity ratios, debtors and creditors concentration both in terms of the overall funding mix and avoidance of undue reliance on large individual customers.

Ultimate responsibility for liquidity risk management rests with the Board of Directors, which has built an appropriate liquidity risk management framework for the management of the Group's short, medium and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. Included in notes 8 and 16 to these consolidated financial statements is a listing of additional undrawn facilities that the Group has at its disposal to further reduce liquidity risk.

45.2.1 Exposure to liquidity risk

Contractual maturities of financial liabilities, including estimated interest payments

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

	2019				
	Carrying amount	Contractual cash flows	Less than 1 year	Between 1 to 5 years	Above 5 years
	----------------- (Rupees in thousand) --------------------				
Financial liabilities at amortised cost					
Long term loans from banking companies - secured	17,305,362	27,071,579	3,802,431	17,237,806	6,031,342
Long term deposits	8,664	8,664	-	8,664	-
Retention money payable	368,499	421,841	-	421,841	-
Trade and other payables	4,641,943	4,641,943	4,641,943	-	-
Unclaimed dividend	40,564	40,564	40,564	-	-
Mark-up accrued on borrowings	583,027	583,027	583,027	-	-
Short term borrowings	4,693,036	4,693,036	4,693,036	-	-
	27,641,095	37,460,654	13,761,001	17,668,311	6,031,342

	2018				
	Carrying amount	Contractual cash flows	Less than 1 year	Between 1 to 5 years	Above 5 years
	----------------- (Rupees in thousand) --------------------				
Financial liabilities at amortised cost					
Long term loans from banking companies - secured	13,752,696	20,391,835	1,934,266	11,792,200	6,665,369
Long term deposits	8,714	8,714	-	8,714	-
Retention money payable	310,735	388,660	-	388,660	-
Trade and other payables	3,912,014	3,912,014	3,912,014	-	-
Unclaimed dividend	110,743	110,743	110,743	-	-
Mark-up accrued on borrowings	286,162	283,415	283,415	-	-
Short term borrowings	5,784,902	5,360,421	5,360,421	-	-
	24,165,966	30,455,802	11,600,859	12,189,574	6,665,369

45.3 Market risk

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

45.3.1 Currency risk

The Group is exposed to currency risk to the extent that there is a mismatch between the currencies in which sales, purchases and bank balances are denominated and the respective functional currency of the Group. The functional currency of the Group is Pak Rupee. The currencies in which these transactions are primarily denominated are Euros and US dollars.

45.3.1(a) Exposure to currency risk

The summary quantitative data about the Group's exposure to currency risk as reported to the management of the Group is as follows. The figures represent foreign currency balances after conversion in Pak Rupees using exchange rates prevailing at the statement of financial position date.

	2019				
	GBP	CHF	EURO	USD	Equivalent to RUPEES
	----------------------		(in thousand)	--------------------	
Assets					
Trade debts	-	-	-	2,164	354,896
Cash and bank balances	2	-	-	34	6,009
	2	-	-	2,198	360,905
Liabilities					
Trade creditors and bills payables	-	-	(12)	(5,129)	(845,964)
Net statement of financial position exposure	2	-	(12)	(2,931)	(485,059)
Off statement of financial position items					
Outstanding letters of credit	-	-	(1,678)	(244)	(353,907)
Net exposure	2	-	(1,690)	(3,175)	(838,966)

	2018				
	GBP	CHF	EURO	USD	Equivalent to RUPEES
	----------------------		(in thousand)	--------------------	
Assets					
Trade debts	-	-	-	61	7,418
Cash and bank balances	2	-	-	30	3,990
	2	-	-	91	11,408
Liabilities					
Trade creditors and bills payable	-	-	-	(6,588)	(801,101)
Net statement of financial position exposure	2	-	-	(6,497)	(789,693)
Off statement of financial position items					
Outstanding letters of credit	-	(18)	(18,991)	(9,964)	(3,902,380)
Net exposure	2	(18)	(18,991)	(16,461)	(4,692,073)

45.3.1(b) Exchange rates applied during the year

The following significant exchange rates have been applied during the year:

	2019		
	Reporting date spot rate		Average rate
	Buying	Selling	for the year
GBP	207.79	208.45	177.85
CHF	168.03	168.61	138.74
EURO	186.37	186.99	157.07
USD	164.00	164.50	137.67

	2018		
	Reporting date spot rate		Average rate
	Buying	Selling	for the year
GBP	159.14	159.41	149.12
CHF	122.11	122.32	113.88
EURO	141.33	141.57	132.06
USD	121.40	121.60	110.63

45.3.1(c) Sensitivity analysis

A reasonably possible strengthening / (weakening) of 10% in Pak Rupee against the following currencies would have affected the measurement of financial instruments denominated in foreign currency and affected statement of profit or loss by the amounts shown below at the statement of financial position date. The analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecast sales and purchases.

	Profit	
	2019	2018
	(Rupees in thousand)	
GBP	42	32
CHF	-	-
EURO	(224)	-
USD	(48,215)	(79,004)
	(48,397)	(78,972)

45.3.1(d) Currency risk management

Since the maximum amount exposed to currency risk is only 0.72% (2018: 1.31%) of the Group's total assets, any adverse / favorable movement in functional currency with respect to US dollar, GBP and Euro will not have any material impact on the operational results.

45.3.2 Interest rate risk

Interest rate risk is the risk that fair values or future cash flows of a financial instrument will fluctuate because of changes in interest rates. Sensitivity to interest rate risk arises from mismatch of financial assets and financial liabilities that mature or re-price in a given period.

45.3.2(a) Fixed rate financial instruments

The effective interest / mark-up rates for interest / mark-up bearing financial instruments are mentioned in relevant notes to the consolidated financial statements. The Group's interest / mark-up bearing financial instruments as at the reporting date are as follows:

		2019		2018	
		Financial assets	Financial liabilities	Financial assets	Financial liabilities
	Note	--------- (Rupees in thousand) ---------			
Non-derivative financial instruments					
Bank balances at deposit accounts	30	360,424	-	333,001	-
		360,424	-	333,001	-

The related mark-up / interest rates for fixed rate financial instruments are indicated in the related notes to the consolidated financial statements.

Fair value sensitivity analysis for fixed rate instruments

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

45.3.2(b) Variable rate financial instruments

		2019		2018	
		Financial assets	Financial liabilities	Financial assets	Financial liabilities
	Note	--------- (Rupees in thousand) ---------			
Non-derivative financial instruments					
Long term loans from banking companies - secured	8	-	17,305,362	-	13,752,696
Short term borrowings	16	-	4,693,036	-	5,784,902
		-	21,998,398	-	19,537,598

The related mark-up / interest rates for variable rate financial instruments are indicated in the related notes to the consolidated financial statements.

Cash flow sensitivity analysis for variable rate instruments

A reasonably possible change of 100 basis points in interest rates at the reporting date would have (decreased) / increased profit by amounts shown below. The analysis assumes that all other variables, in particular foreign exchange rates, remain constant. The analysis is performed on the same basis for the year 2018.

	Profit	
	2019	2018
	(Rupees in thousand)	
Increase of 100 basis points		
Variable rate instruments	(219,984)	(195,376)
Decrease of 100 basis points		
Variable rate instruments	219,984	195,376

The sensitivity analysis prepared is not necessarily indicative of the effects on profit for the year and the outstanding liabilities of the Group at the year end.

45.3.2(c) Interest rate risk management

The Group manages these mismatches through risk management strategies where significant changes in gap position can be adjusted. The Group's significant borrowings are based on variable rate pricing that is mostly dependent on Karachi Inter Bank Offer Rate ("KIBOR") as indicated in respective notes.

45.3.3 Price risk

Price risk represents the risk that the fair value or future cash flows of financial instrument will fluctuate because of changes in market prices, other than those arising from interest rate risk or currency risk, whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments trading in market.

45.3.3(a) Investments exposed to price risk

At the statement of financial position date, the Group's investment in quoted equity securities is as follows:

	2019	2018
	(Rupees in thousand)	
Investment in equity securities	17,887	32,062

45.3.3(b) Sensitivity analysis

A 10% increase / (decrease) share prices at reporting date would have increased / (decreased) the Group's fair value gain on investment as follows:

	Equity	
	2019	2018
	(Rupees in thousand)	
Short term investment at fair value through statement of profit or loss		
Effect of increase	1,789	3,206
Effect of decrease	(1,789)	(3,206)

45.3.3(c) Price risk management

The Group manages price risk by monitoring exposure in quoted equity securities and implementing the strict discipline in internal risk management and investment policies. The carrying value of investments subject to equity price risk are based on quoted market prices as at reporting date. Market prices are subject to fluctuation and consequently the amount realized in the subsequent sale of an investment may significantly differ from reported market value. Fluctuations in the market price of a security may result from perceived changes in the underlying economic characteristics of the investee, the relative price of alternative investments and general market conditions. Furthermore, amount realized in the sale of a particular security may be affected by the relative quantity of the security being sold.

46. FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Underlying the definition of fair value is the presumption that the Group is a going concern without any intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

The fair value of financial assets and liabilities traded in active markets i.e. listed equity shares are based on the quoted market prices at the close of trading on the period end date. The quoted market prices used for financial assets held by the Group is current bid price.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency and those prices represent actual and regularly occurring market transactions on an arm's length basis.

IFRS 13, 'Fair Value Measurements' requires the Group to classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date (level 1).

- Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly (level 2).

- Unobservable inputs for the asset or liability (level 3).

The following table shows the carrying amounts and fair values of financial assets and financial liabilities including their levels in the fair value hierarchy:

	Note	Carrying Amount				Fair Value		
		Fair Value through statement of profit or loss	Financial assets at amortized cost	Other financial liabilities	Total	Level 1	Level 2	Level 3
		- - - - - - - - - - - - - - - - (Rupees in thousand) - - - - - - - - - - - - - - - -						
30 June 2019								
Financial assets measured at fair value								
Short term investments		17,887	-	-	17,887	17,887	-	-
		17,887	-	-	17,887	17,887	-	-
Financial assets at amortised cost								
Cash and bank balances		-	524,805	-	524,805	-	-	-
Long term loans to employees		-	29,747	-	29,747	-	-	-
Short term deposits		-	155,036	-	155,036	-	-	-
Other receivables			35,453	-	35,453			
Accrued profit		-	2,584	-	2,584	-	-	-
Long term deposits		-	56,880	-	56,880	-	-	-
Trade debts		-	2,683,758	-	2,683,758	-	-	-
	46.1	-	3,488,263	-	3,488,263	-	-	-
Financial liabilities measured at fair value		-	-	-	-	-	-	-
		-	-	-	-	-	-	-
Financial liabilities not measured at fair value								
Long term loans from banking companies - secured		-	-	17,305,362	17,305,362	-	-	-
Long term deposits		-	-	8,664	8,664	-	-	-
Retention money payable		-	-	368,499	368,499	-	-	-
Trade and other payables		-	-	4,641,943	4,641,943	-	-	-
Unclaimed dividend		-	-	40,564	40,564	-	-	-
Mark-up accrued on borrowings		-	-	583,027	583,027	-	-	-
Short term borrowings		-	-	4,693,036	4,693,036	-	-	-
	46.1	-	-	27,641,095	27,641,095	-	-	-

	Note	Carrying Amount				Fair Value		
		Fair Value through statement of profit or loss	Financial assets at amortized cost	Other financial liabilities	Total	Level 1	Level 2	Level 3
		- - - - - - - - - - - - - - - - (Rupees in thousand) - - - - - - - - - - - - - - - -						
30 June 2018								
Financial assets measured at fair value								
Short term investments		32,062	-	-	32,062	32,062	-	-
		32,062	-	-	32,062	32,062	-	-
Financial assets not measured at fair value								
Cash and bank balances		-	684,954	-	684,954	-	-	-
Long term loans to employees		-	14,820	-	14,820	-	-	-
Short term deposits		-	107,648	-	107,648	-	-	-
Other receivables		-	43,534	-	43,534	-	-	-
Accrued profit		-	1,729	-	1,729	-	-	-
Long term deposits		-	56,554	-	56,554	-	-	-
Trade debts		-	1,131,753	-	1,131,753	-	-	-
	46.1	-	2,040,992	-	2,040,992	-	-	-
Financial liabilities measured at fair value		-	-	-	-	-	-	-
		-	-	-	-	-	-	-
Financial liabilities not measured at fair value								
Long term loans from banking companies - secured		-	-	13,752,696	13,752,696	-	-	-
Long term deposits		-	-	8,714	8,714	-	-	-
Retention money payable				310,735	310,735			
Trade and other payables		-	-	3,912,014	3,912,014	-	-	-
Unclaimed dividend		-	-	110,743	110,743	-	-	-
Mark-up accrued on borrowings		-	-	286,162	286,162	-	-	-
Short term borrowings		-	-	5,784,902	5,784,902	-	-	-
	46.1	-	-	24,165,966	24,165,966	-	-	-

46.1 The Group has not disclosed the fair values of these financial assets and liabilities as these are for short term or reprice over short term. Therefore, their carrying amounts are reasonable approximation of fair value.

46.2 Freehold land, buildings on freehold land, roads, bridges and railway sidings, plant and machinery have been carried at revalued amounts determined by professional valuers (level 3 measurement) based on their assessment of the market values as disclosed in note 7.1. The valuations are conducted by the valuation experts appointed by the Holding Company. The valuation experts used a market based approach to arrive at the fair value of the Holding Company's properties. For revaluation of freehold land fair market value was assessed through inquiries to real estate agents and property dealers in near vicinity of freehold land. Different valuation methods and exercises were adopted according to experience, location and other usage of freehold land. Valuer had also considered all relevant factors as well. In case of buildings on freehold land, roads, bridges and railway sidings, construction specifications were noted for each building and structure and new construction rates are applied according to construction specifications for current replacement values. After determining current replacement values, depreciation was calculated to determine the current assessed market value. For revaluation of plant and machinery, suppliers and different cement plant consultants in Pakistan and abroad were contacted to collect information regarding current prices of comparable cement plant to determine current replacement value. Fair depreciation factor for each item is applied according to their physical condition, usage and maintenance. The effect of changes in the unobservable inputs used in the valuations cannot be determined with certainty, accordingly a qualitative disclosure of sensitivity has not been presented in these consolidated financial statements.

47. RECONCILIATION OF MOVEMENT OF LIABILITIES TO CASH FLOWS ARISING FROM FINANCING ACTIVITIES

	2019							
	Issued, subscribed and paid-up capital	Share premium	Dividend Payable	Long term financing from financial institutions	Liabilities against assets subject to finance lease	Short term borrowing - secured	Accrued markup	Total
	(Rupees in thousand)							
As at 01 July 2018	5,937,007	5,112,037	110,743	13,752,696	-	5,784,902	286,162	30,983,547
Changes from financing cash flows								
Dividend paid	-	-	(663,880)	-	-	-	-	(663,880)
Proceeds from short term borrowings - net	-	-	-	-	-	(1,340,379)	-	(1,340,379)
Financial charges paid	-	-	-	-	-	-	(911,178)	(911,178)
Proceeds from long term financing - net	-	-	-	3,552,666	-	-	-	3,552,666
Total changes from financing cash flows	-	-	(663,880)	3,552,666	-	(1,340,379)	(911,178)	637,229
Other changes								
Dividend declared	-	-	593,701	-	-	-	-	593,701
Change in running finances and over draft balances	-	-	-	-	-	248,513	-	248,513
Finance cost	-	-	-	-	-	-	1,208,043	1,208,043
Total liability related other changes	-	-	593,701	-		248,513	1,208,043	2,050,257
As at 30 June 2019	5,937,007	5,112,037	40,564	17,305,362	-	4,693,036	583,027	33,671,033

	Issued, subscribed and paid-up capital	Share premium	Dividend Payable	Long term financing from financial institutions	Liabilities against assets subject to finance lease	Short term borrowing - secured	Accrued markup	Total
	2018							
	(Rupees in thousand)							
As at 01 July 2017	5,277,340	1,529,874	101,219	3,103,760	480,615	3,138,159	101,465	13,732,432
Changes from financing cash flows								
Proceeds from issuance of shares	659,667	3,628,171	-	-	-	-	-	4,287,838
Dividend paid	-	-	(1,804,561)	-	-	-	-	(1,804,561)
Proceeds from short term borrowings - net	-	-	-	-	-	1,463,390	-	1,463,390
Share issuance cost	-	(46,008)	-	-	-	-	-	(46,008)
Financial charges paid	-	-	-	-	-	-	(405,249)	(405,249)
Proceeds from long term financing - net	-	-	-	10,648,936	-	-	-	10,648,936
Payment of finance lease liabilities	-	-	-	-	(480,615)	-	-	(480,615)
Total changes from financing cash flows	659,667	3,582,163	(1,804,561)	10,648,936	(480,615)	1,463,390	(405,249)	13,663,731
Other changes								
Dividend declared	-	-	1,814,085	-	-	-	-	1,814,085
Change in short term running finances	-	-	-	-	-	1,183,353	-	1,183,353
Finance cost	-	-	-	-	-	-	589,946	589,946
Total liability related other changes	-	-	1,814,085	-	-	1,183,353	589,946	3,587,384
As at 30 June 2018	5,937,007	5,112,037	110,743	13,752,696	-	5,784,902	286,162	30,983,547

48. CAPITAL MANAGEMENT

The Board's policy is to maintain an efficient capital base so as to maintain investor, creditor and market confidence and to sustain the future development of its business. The Board of Directors monitors the return on capital employed, which the Group defines as operating income divided by total capital employed. The Board of Directors also monitors the level of dividends to ordinary shareholders.

The Group's objectives when managing capital are:

i. to safeguard the entity's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders; and
ii. to provide an adequate return to shareholders.

The Group manages the capital structure in the context of economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may, for example, adjust the amount of dividends paid to shareholders, issue new shares, or sell assets to reduce debt.

	Unit	2019	2018
Total debt	Rupees in '000	22,581,425	19,823,760
Less: Cash and bank balances	Rupees in '000	(524,805)	(684,954)
Net debt	Rupees in '000	22,056,620	19,138,806
Total Equity	Rupees in '000	32,407,597	30,809,188
Total capital employed	Rupees in '000	54,464,217	49,947,994
Gearing	Percentage	40.50%	38.32%

Total debt comprises of long term loans from financial institutions, accrued markup on borrowings and short term borrowings.

Total equity includes issued, subscribed and paid-up share capital, capital reserves, accumulated profits and surplus on revaluation of fixed assets.

There were no changes in the Group's approach to capital management during the year.

49. PROVIDENT FUND TRUST

The following information is based on the latest un-audited financial statements of the Provident Fund Trust:

	Un-audited 2019	Audited 2018
	(Rupees in thousand)	
Size of the fund - total assets	808,769	699,642
Cost of investments made	320,570	427,521
Percentage of investments made	98.04%	85.42%
Fair value of investments	792,924	597,600

The break-up of fair value of investments is:

	2019		2018	
	Rs. in thousand	Percentage	Rs. in thousand	Percentage
Shares in quoted securities	3,323	0.42%	4,165	0.70%
Term deposit receipts	472,018	59.53%	174,000	29.12%
Government securities	258,231	32.56%	276,554	46.28%
Mutual funds	59,352	7.49%	142,881	23.90%
	792,924	100%	597,600	100%

The investments out of Provident Fund Trust have been made in accordance with the provisions of section 218 of the Companies Act, 2017 and the rules formulated for this purpose.

50. NUMBER OF EMPLOYEES

The total and average number of employees of the Group during the year and as at 30 June 2019 and 2018 respectively are as follows:

	2019	2018
Average number of employees during the year	1,539	1,421
Total number of employees as at 30 June	1,636	1,455

51. NON ADJUSTING EVENTS AFTER THE STATEMENT OF FINANCIAL POSITION DATE

51.1 The Board of Directors of the Company in its meeting held on 19 September 2019 has proposed a final cash dividend of Re. 0.50 per share, for the year ended 30 June 2019, for approval of the members in the Annual General Meeting to be held on 26 October 2019.

51.2 The Board of Directors of the Holding Company in its meeting held on 19 September 2019 has approved and accorded to offer 504,645,566 right shares in proportion of 85 ordinary right shares for every hundred shares held (@ 85%) of Rs. 10/- each at a price of Rs. 12/- per share (inclusive of premium of Rs. 2/- each) through letters of offer to the existing shareholders.

52. DATE OF AUTHORIZATION FOR ISSUE

These consolidated financial statements were authorized for issue by the Board of Directors of the Holding Company in their meeting held on 19 September 2019.

53. GENERAL

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

53.2 Corresponding figures have been rearranged and reclassified for better presentation, wherever considered necessary.

CHIEF EXECUTIVE OFFICER	CHIEF FINANCIAL OFFICER	DIRECTOR

MAPLE LEAF CEMENT FACTORY LIMITED
42-LAWRENCE ROAD, LAHORE

PROXY FORM

I/We____

of____

being a member of MAPLE LEAF CEMENT FACTORY LIMITED hereby appoint ____________________

____

Name (Folio / CDC A/c No. if Member)

of ____

or failing him/her ____

Name (Folio / CDC A/c No. if Member)

of ____

as my/our proxy to attend, speak and vote for and on my/our behalf at the 59th Annual General Meeting of the Company to be held at its Registered Office, 42-Lawrence Road, Lahore, on Saturday, October 26, 2019 at 11:00 AM and/or any adjournment thereof.

As witnessed given under my/our hand(s) ______________ day of October 2019.

1. Witness:

Signature : ____________________

Name : ____________________

CNIC : ____________________

Address : ____________________

: ____________________

2. Witness:

Signature : ____________________

Name : ____________________

CNIC : ____________________

Address : ____________________

: ____________________

Affix Revenue Stamp of Rs. 5/-

____

Signature of Member / Attorney

Notes:

1. Proxies, in order to be effective, must be received at the Company's Registered Office not later than 48 hours before the time for holding the meeting and must be duly stamped, signed and witnessed.

2. CDC beneficial owners and Proxy Holder must bring with them their Computerized National Identity Cards (CNIC)/Passports in original to prove his/her identity and in case of Proxy, CDC beneficial owners and Proxy Holder must enclose an attested copy of their CNIC/Passport with Proxy Form.

3. In case of corporate entity, the Board of Directors' resolution / power of attorney with specimen signature of the nominee (unless it has been provided earlier) should be attached with the proxy form or may be provided at the time of meeting.

Shares Held: ____________________

Folio No.	CDC Account No.	
	Participant I.D.	Account No.

CNIC No. | | | | | | – | | | | | | | | – | |

AFFIX
CORRECT
POSTAGE

The Company Secretary

MAPLE LEAF CEMENT FACTORY LIMITED
42-LAWRENCE ROAD, LAHORE
Tel: 042-36278904-05

میپل لیف سیمنٹ فیکٹری لمیٹڈ

42-لارنس روڈ، لاہور

تشکیلِ نیابت داری

میں/ہم---

ساکن ---

بحیثیت حصہ دار میپل لیف سیمنٹ فیکٹری لمیٹڈ---
نام (فولیو/سی ڈی سی اکاؤنٹ نمبر اگر ممبر ہو)

ساکن---------------------------------------یا بصورت دیگر-----------------------------------
نام (فولیو/سی ڈی سی اکاؤنٹ نمبر اگر ممبر ہو)

ساکن ------------------------------کو اپنی جگہ ہفتہ **26 اکتوبر 2019ء** کو دن گیارہ (11:00) بجے رجسٹرڈ آفس 42-لارنس روڈ لاہور میں منعقدہ یا ملتوی ہونے والے **59** ویں اجلاس عام میں شرکت کرنے، بولنے اور ووٹ دینے کے لیے اپنا نمائندہ مقرر کرتا/کرتی ہوں۔

دستخط-----------------
(ممبر/مجاز افسر)

مورخہ-------- **اکتوبر 2019ء**

5 روپے کا رسیدی ٹکٹ
چسپاں کر کے دستخط کریں

گواہان

1← دستخط----------------------	2← دستخط----------------------
نام----------------------	نام----------------------
شناختی کارڈ نمبر----------------------	شناختی کارڈ نمبر----------------------
پتہ----------------------	پتہ----------------------

حامل عام حصص------------------

سی ڈی سی کا شراکتی آئی ڈی اور اکاؤنٹ نمبر------------------ فولیو نمبر------------------

کمپیوٹرائزڈ شناختی کارڈ نمبر | | | | | |-| | | | | | | |-| |

نوٹس:

(ا) پراکسیز کے مؤثر ہونے کیلئے لازم ہے کہ وہ اجلاس سے 48 گھنٹے قبل بمعہ دستخط گواہان اور رسیدی ٹکٹ کمپنی کو موصول ہو جانی چاہئیں۔

(۲) سی ڈی سی حصص داران اور پراکسی ہولڈر اجلاس ہذا میں اپنی شناخت ثابت کرنے کے لیے اپنے اصلی کمپیوٹرائزڈ قومی شناختی کارڈ/ پاسپورٹ ساتھ لائیں اور پراکسی کی صورت میں سی ڈی سی حصص داران اور پراکسی ہولڈر اپنے کمپیوٹرائزڈ قومی شناختی کارڈ/ پاسپورٹ کی تصدیق شدہ کاپی پراکسی فارم کے ساتھ لگائیں۔

(۳) کارپوریٹ ادارے کی صورت میں بورڈ آف ڈائریکٹرز کی قرارداد/ پاور آف اٹارنی بمہ نمائندہ کے دستخط (اگر پہلے مہیا نہیں کی گئیں) پراکسی فارم کے ساتھ لف کرنے ہوں گے یا اجلاس ہذا کے وقت مہیا کر سکتے ہیں۔

AFFIX

CORRECT

POSTAGE

The Company Secretary

MAPLE LEAF CEMENT FACTORY LIMITED
42-LAWRENCE ROAD, LAHORE
Tel: 042-36278904-05

نظرثانی شدہ اشتمال شدہ مالیاتی گوشواروں پرڈائریکٹرز کی رپورٹ

ڈائریکٹرز 30 جون 2019 کوختم ہونے والے سال کے لئے میپل لیف سیمنٹ فیکٹری لمیٹڈ (ہولڈنگ کمپنی) اور اسکی مکمل ذیلی کمپنی میپل لیف پاورلمیٹڈ (باہم ایک گروپ) کے نظرثانی شدہ اشتمال شدہ مالیاتی گوشوارے پیش کرتے ہوئے خوشی محسوس کرتے ہیں۔

گروپ کے نتائج

گروپ نے گزشتہ سال کے6,062 ملین روپے کے مقابلے میں8,032 ملین روپے کا مجموعی منافع کمایا ہے۔گروپ نے اس سال 2,460 ملین روپے کا بعد از ٹیکس منافع کمایا جوگزشتہ سال4,573 ملین روپے تھا۔

گروپ کے مجموعی نتائج حسب ذیل ہیں:

	30 جون 2019	30 جون 2018
	روپے ملین میں	
فروخت	26,006	25,684
مجموعی منافع	6,062	8,032
آپریشنز سے نفع	3,890	5,926
مالی اخراجات	1,231	590
بعد از ٹیکس خالص منافع	2,460	4,573
	روپے	
فی حصص آمدنی ۔ بنیادی اور ڈائلیوٹڈ	4.14	7.92

ذیلی کمپنی

میپل لیف پاورلمیٹڈ

میپل لیف سیمنٹ فیکٹری لمیٹڈ نے ایک مکمل ذیلی کمپنی بنام "میپل لیف پاورلمیٹڈ (MLPL)" تشکیل دی۔MLPL ("مکمل ذیلی کمپنی") 15 اکتوبر2015 کو پاکستان میں کمپنیز آرڈیننس1984 (اب کمپنیز ایکٹ2017) کے تحت ایک پبلک لمیٹڈ کمپنی کے طور پر قائم ہوئی۔ MLPL کا اصل مقصد ہولڈنگ کمپنی کوبجلی پیدا کرکے فروخت اورفراہمی کے کاروبار میں مشغول کرنے کے سلسلے میں الیکٹرک پاور جنریشن پلانٹ تیار، ڈیزائن، چلانا اور برقرار رکھنا ہے۔

اظہارتشکر

ڈائریکٹرز گروپ کے ارکان، مالیاتی اداروں، صارفین اور ملازمین کے تعاون اور حمایت کے شکر گذار ہیں۔ وہ مختلف کرداروں میں کام کرنے والے ملازمین کی سخت محنت اورلگن کو بھی سراہتے ہیں۔

منجانب بورڈآف ڈائریکٹرز

سعید طارق سہگل
چیف ایگزیکٹوآفیسر

سیدمحسن رضا نقوی
ڈائریکٹر

لاہور:19 ستمبر 2019

سال کے دوران ہیومن ریسورس اور ریمونیریشن کمیٹی کا ایک (01) اجلاس منعقد ہوا (تمام ارکان نے اجلاس میں شرکت کی)۔

آزاد اور نان ایگزیکٹو ڈائریکٹرز کے لئے مشاہرہ

بورڈ آف ڈائریکٹرز نے ایک "ڈائریکٹرز ریمونیریشن پالیسی" منظور کی ہے، جس کی خصوصیات درج ذیل ہیں:

☆ کوئی ڈائریکٹر خود اپنا مشاہرہ متعین نہیں کرے گا۔

☆ ریگولر پیڈ چیف ایگزیکٹو، سپانسرز اور/یا فیملی ڈائریکٹرز اور کل وقتی کام کرنے والے ڈائریکٹرز کے علاوہ ایک ڈائریکٹر کی اجلاس فیس بغیر ٹیکس خالص رقم -/10,000 روپے (دس ہزار روپے صرف) فی اجلاس یا بورڈ اور اسکی کمیٹی کے اجلاس میں شرکت کے لئے بورڈ کی طرف سے وقتاً فوقتاً متعین کردہ کے مطابق ہوگی۔

☆ موجودہ وقت کے لئے اور/یا بعد میں ترمیم شدہ لاگو ایسی ادائیگی پر اگر کوئی ٹیکس کی ذمہ داری ہوئی تو کمپنی برداشت کرے گی۔

☆ کمپنی کے لئے اور کی جانب سے منعقدہ اجلاسوں میں شرکت اور دیگر امور کے لئے ڈائریکٹرز کی طرف سے خرچ کئے جانے والے تمام اخراجات، بشمول سفری، ہوٹل چارجز اور دیگر اخراجات کمپنی سے وصول کرنے کے اہل ہونگے۔

شیئر ہولڈنگ کا نمونہ

30 جون 2019ء کے مطابق کمپنیز ایکٹ 2017 کے تحت کمپنی کے شیئر ہولڈنگ کا نمونہ منسلک کیا گیا ہے۔

مستقبل کا نقطہ نظر

آگے بڑھتے ہوئے، ہم توقع کرتے ہیں کہ موجودہ مالی سال کے دوران منفی نمو کے مقابلے میں، اگلے مالی سال کے لئے مقامی مارکیٹ میں سیمنٹ کی طلب اسی سطح کو برقرار رکھے گی جو 19-2018ء میں درج کی گئی ہے۔ تاہم، سیمنٹ کی صنعت بھی سی پیک پر پیشرفتوں پر گہری نظر ڈال رہی ہے اور توقع ہے کہ یہ موقع پوری قوم کے لئے بہت فائدہ مند ثابت ہوگا۔ سیاسی اور عسکری قیادت کے اجتماعی اقدامات کی وجہ سے سی پیک پروجیکٹس پر کام کی بحالی کا وعدہ کیا گیا ہے اور اگر سی پیک کے معاہدوں کو عملی جامہ پہنایا جاتا ہے تو، یہ نئی صلاحیتوں سے مستقبل کی فراہمی کو جذب کرنے کا محرک ثابت ہوگا۔ تاہم، موجودہ حکومت کی ساختی اصلاحات خصوصاً ٹیکس کے ڈھانچے میں اصلاحات یعنی CNIC پر مبنی خریداری کی شرط، نان فائلرز کو ڈبل ود ہولڈنگ شرح کٹوتی اور ایف بی آر میں انفورسمنٹ سطح کے اقدامات جیسے کہ ڈیلرز کی لازمی رجسٹریشن سے سیمنٹ سیکٹر کے ساتھ ساتھ مجموعی معیشت پر مزید دباؤ پڑنے کی توقع کی جاتی ہے۔

مالی سال 20-2019 کے دوران شمالی خطے میں مزید توسیع کی تکمیل کے بعد، سیمنٹ کی فراہمی کی طرف دباؤ بڑھا ہے۔ اس مستحکم مقامی طلب کے ساتھ مقامی مارکیٹ میں سیمنٹ کی قیمت فروخت کم ہوگئی ہے۔ ہم فرض کرتے ہیں کہ موجودہ سیمنٹ کی قیمتیں نچلی سطح پر ہوں گی اور توقع ہے کہ مقامی مارکیٹ میں مزید کمی نہیں ہوگی۔

کوئلے کی عالمی قیمتیں بھی کم سطح پر ہیں، اس طرح پاکستانی روپیہ کی قدر میں کمی کے منفی اثر کو کم کیا جا سکتا ہے۔ پاکستانی روپیہ کی قدر میں مزید کمی سے کوئلے کی قیمتوں کے ساتھ دیگر ان پٹ اخراجات بھی بڑھ جائیں گے۔ تاہم، لاگت میں کمی کی کوششیں تمام آپریشنل شعبوں میں توجہ کا مرکز بنی ہوئی ہیں اور کمپنی نے تیل کی قیمتوں میں حالیہ اضافے اور پاکستانی روپیہ کی قدر میں کمی کے باوجود لاگت کو کم کرنے کی مختلف حکمت عملیاں اپنائی ہیں۔

سیمنٹ اور کلنکر دونوں کی نئی مارکیٹوں کی تلاش کے لئے کمپنی کی کوششوں کے ساتھ برآمدات میں اضافہ جاری رہے گا۔ ہم یہ بھی توقع کرتے ہیں کہ پاکستان اور بھارت کے مابین سفارتی تعلقات میں متوقع بہتری سے پڑوسی ممالک کے مابین تجارت جلد ہی آسان ہو جائے گی۔

اظہار تشکر

بورڈ اس موقع پر حصص دار، ملازمین، گاہکوں، بینکوں اور دیگر اسٹیک ہولڈرز کے اعتماد اور یقین جو انھوں نے ہمیشہ ہم پر کیا، کے لئے دل کی گہرائیوں سے شکریہ ادا کرتا ہے۔

منجانب بورڈ

(سید محسن رضا نقوی)	(سعید طارق سہگل)
ڈائریکٹر	چیف ایگزیکٹو آفیسر

لاہور: 19 ستمبر 2019ء

ڈائریکٹرز کے نام اور بورڈ کے اجلاس

زیر جائزہ سال کے دوران، بورڈ آف ڈائریکٹرز کے چار (04) اجلاس پاکستان میں منعقد ہوئے ہیں اور پاکستان سے باہر کوئی اجلاس منعقد نہیں ہوا۔ ہر ایک ڈائریکٹر کی طرف سے حاضری مندرجہ ذیل ہے:

نام	عہدہ	اجلاسوں میں حاضری
جناب شفیق احمد خان	آزاد ڈائریکٹر	3
جناب طارق سعید سہگل	نان ایگزیکٹو ڈائریکٹر	4
جناب توفیق سعید سہگل	نان ایگزیکٹو ڈائریکٹر	4
جناب ولید طارق سہگل	نان ایگزیکٹو ڈائریکٹر	4
جناب دانیال توفیق سہگل	نان ایگزیکٹو ڈائریکٹر	4
جناب ضمیر الدین آذر	نان ایگزیکٹو ڈائریکٹر	4
جناب سعید طارق سہگل	ایگزیکٹو ڈائریکٹر	4
سید محسن رضا نقوی	ایگزیکٹو ڈائریکٹر	4

اجلاس میں شرکت نہ کر سکنے والے ارکان کو غیر شرکت کی باقاعدہ اجازت دی گئی تھی۔

درج ذیل ایگزیکٹو ڈائریکٹرز دیگر کمپنیوں میں نان ایگزیکٹو ڈائریکٹرز بھی ہیں:

کیٹگری	نام	دیگر کمپنیوں میں ڈائریکٹرشپ کی تعداد
ایگزیکٹو ڈائریکٹرز	جناب سعید طارق سہگل	2
	سید محسن رضا نقوی	2

لسٹڈ کمپنیز (کوڈ آف کارپوریٹ گورننس) ریگولیشنز 2017 کی ضروریات کے مطابق، درج ذیل کمیٹیاں دوبارہ تشکیل دی گئی ہیں:

آڈٹ کمیٹی

زیر جائزہ سال کے دوران، آڈٹ کمیٹی کے کل چار (4) اجلاس منعقد ہوئے اور ہر رکن کی حاضری مندرجہ ذیل ہے:

نام	عہدہ	اجلاسوں میں شرکت
جناب شفیق احمد خان	چیئرمین / آزاد ڈائریکٹر	3
جناب ضمیر الدین آذر	رکن / نان ایگزیکٹو ڈائریکٹر	4
جناب ولید طارق سہگل	رکن / نان ایگزیکٹو ڈائریکٹر	2
جناب دانیال توفیق سہگل	رکن / نان ایگزیکٹو ڈائریکٹر	4

اجلاس میں شرکت نہ کر سکنے والے ارکان کو غیر شرکت کی باقاعدہ اجازت دی گئی تھی۔

جناب شفیق احمد خان، چیئرمین آڈٹ کمیٹی 27 اکتوبر 2018 کو منعقدہ گزشتہ AGM میں موجود تھے۔

بورڈ کمیٹیوں بشمول آڈٹ کمیٹی کی کارکردگی کی سالانہ تشخیص کرتا ہے۔

ہیومن ریسورس اور ریمونیریشن (HR & R) کمیٹی

نام	عہدہ
جناب شفیق احمد خان	چیئرمین / آزاد ڈائریکٹر
جناب ضمیر الدین آذر	رکن / نان ایگزیکٹو ڈائریکٹر
جناب دانیال توفیق سہگل	رکن / نان ایگزیکٹو ڈائریکٹر

ہے۔کمپنی کو پاکستان کے مرکز برائے خدمت خلق کی طرف سے سماجی اور خیراتی اداروں کے رہنما کے طور پر تسلیم کیا گیا ہے اور ان کمیونٹیز جس میں اس کی موجودگی ہے، کا تخلیقی ممبر بننے کی کوشش کرتی ہے۔

کمپنی نے میڈیکل سوشل سائنسز پروجیکٹ میں حصہ لیا ہے اور اس سلسلے میں، موجودہ سال کے دوران، کمپنی کے بورڈ آف ڈائریکٹرز اور ہولڈنگ کمپنی کے بورڈ نے گلاب دیوی چیسٹ ہاسپٹل(GDCH) لاہور میں العلیم میڈیکل کالج کی تعمیر کی خاطر گلاب دیوی ایجوکیشنل کمپلیکس، لاہور کو عطیہ دینے کا مشترکہ فیصلہ کیا ہے۔

آج تک، سائٹ پر تقریباً 40 فیصد کام مکمل ہو چکا ہے اور جنوری 2020 تک مکمل ہونے کی توقع ہے۔ اس منصوبہ کی تکمیل کی کل لاگت 160 ملین روپے ہونے کی توقع ہے۔ اس کام کی بہتر نگرانی اور تکمیل کے لئے بورڈ کے ارکان کی ایک کمیٹی تشکیل دی گئی ہے۔

کمپنی نے ماضی میں بھی میڈیکل سوشل سائنسز پروجیکٹ میں حصہ لیا اور اس سلسلے میں، کمپنی نے گلاب دیوی چیسٹ ہاسپٹل(GDCH) لاہور میں سعید سہگل کارڈیک کمپلیکس تعمیر کر کے ایک جدید کارڈیک سہولت عطیہ کی تھی۔کوہِ نور میپل لیف گروپ نے " کارپوریٹ سوشل ریسپانسیبلٹی نیشنل ایکسیلینس ایوارڈ 2019ء" مختلف سماجی ذمہ داریوں کی کارکردگی کے سبب حاصل کیا ہے۔

اصل خطرات اور غیر یقینی

i۔سیمنٹ کی مقامی طلب میں کمی کے نتیجے سال کے دوران PSDP میں نمایاں رکاوٹ ہوئی ہے۔

ii۔برآمد فروخت پر مارجن کی کمی، سیمنٹ درآمد کرنے والے ملکوں کی طرف سے سرحدی پابندیوں اور جنوبی افریقہ کی طرف سے نافذ ہونے والی اینٹی ڈمپنگ ڈیوٹی۔

iii۔روپیہ کی قدر میں مزید کمی کے نتیجے کوئلہ کی قیمتوں میں اضافہ اور مارجن کو کم کردے گی۔

iv۔آپریشنل اخراجات میں مجموعی طور پر افراطِ زر کا اضافہ۔

v۔اضافی قرض اور بینکوں کی طرف سے مارک اپ کی شرح میں اضافے کی وجہ سے مالی لاگت میں اضافہ۔

vi۔سیمنٹ مینوفیکچررز کے درمیان حوصلہ مند صلاحیت بڑھانے کے لئے قیمتوں پر اور فروخت پر مقابلہ کا سامنا۔

مصرفات

سال کے لئے کمپنی (واحد) کا ٹیکس کے بعد منافع کی تقسیم حسبِ ذیل ہ

تفصیل	2019	2018
	روپے ہزاروں میں	
بعد از ٹیکس منافع	1,465,299	3,632,201
سال 2018 کے لئے حتمی نقد منافع منقسمہ 1 روپے فی شیئر (2017: 1.75 روپے فی شیئر)	(593,701)	(923,534)
سال 2019 کے لئے عبوری نقد منافع منقسمہ nil روپے فی شیئر (2018: 1.5 روپے فی شیئر)	0	(890,551)
	(593,701)	(1,814,085)
سال کے لئے جمع پونجی کو منتقلہ منافع	871,598	1,818,116

بورڈ آف ڈائریکٹرز کے قیادتی سٹرکچر کی تشکیل

a)۔مرد 8

b)۔خاتون کوئی نہیں

ترتیب:

آزاد ڈائریکٹرز 01

دیگر نان ایگزیکٹو ڈائریکٹرز 05

ایگزیکٹو ڈائریکٹرز 02

بڑے پراجیکٹس اور کیپکس تجاویز کے پیچھے دلائل

سی پیک کے مستقبل، پاکستان میں تعمیراتی سرگرمیوں میں متوقع اضافہ اور سیمنٹ برآمدی منڈیوں میں متوقع نمو کے پیش نظر، سال کے دوران کمپنی نے اپنی پیداواری سہولت میں توسیع مکمل کر لی ہے۔

یومیہ 7,300 ٹن گرے کلنکر پیداوار کی حامل نئی پروڈکشن لائن، اسکندرآباد میں کمپنی کی موجودہ سائٹ پر براؤن فیلڈ توسیع نے 21 مئی، 2019 کو اپنی تجارتی پیداوار کا آغاز کر دیا ہے۔ اس توسیع کے نتیجے میں، کل گرے کلنکر کی گنجائش بڑھ کر 18,000 ٹن یومیہ ہوگئی ہے۔ سال کے دوران اس منصوبے کی کل لاگت 25.3 بلین ہوئی۔ اس لاگت میں منصوبے سے متعلق قرضہ کی لاگت اور پاکستانی روپیہ کی قدر میں کمی کے اثرات بھی شامل ہیں۔ پلانٹ دانش اور یجن کا ہے اور دنیا کے معروف سیمنٹ پلانٹ سپلائر میسرز ایف ایل سمتھ A/S ڈنمارک سے درآمد شدہ ہے۔

سول اور میکانکی کام کا مرکزی معاہدہ ڈیسکون انجینئرنگ لمیٹڈ کو دیا گیا تھا جبکہ مجموعی طور پر اس منصوبے کی نگرانی میسرز ایف ایل سمتھ A/S ڈنمارک نے کی تھی۔

پلانٹ اس وقت اپنی درجہ بندی صلاحیت سے چل رہا ہے۔ نئی پروڈکشن لائن ایندھن اور توانائی کی بچت کرتی ہے جس میں 75 فیصد ایندھن کے طور پر پٹ کوک کے استعمال کی ضمانت ہے۔ پٹ کوک اپنی کیلوروفک ویلیو اجزاء کی وجہ سے کوئلے سے سستا ہے اور اس کے نتیجے میں گرے سیمنٹ کی مجموعی لاگت میں کمی واقع ہوئی ہے۔

کیپٹل مصرفات کا کاروباری استدلال

اگلے مالی سال 20-2019 کے لئے پلانٹ سے وابستہ کیپٹل اخراجات تقریباً 600 ملین روپے ہونے کا تخمینہ لگایا گیا ہے۔ یہ منصوبہ بند اخراجات سے مالی سال 20-2019 کے لئے توازن جدت اور بحالی کے منصوبوں کی مالی اعانت ہو سکے گی۔ ان منصوبوں سے موجودہ پلانٹس کی کارکردگی کو برقرار رکھنے اور مزید بہتر بنانے میں مدد ملے گی۔

غیر مالیاتی کارکردگی

معیار، گاہکوں کا اطمینان، ملازم کی ترقی اور پیشہ ورانہ معیار کمپنی کے اہم شعبے ہیں جہاں انتظامیہ نے انہیں بہتر بنانے کے لئے ضروری اقدامات کئے ہیں۔ کمپنی فی الحال اعلیٰ معیار کی مصنوعات کی پیداوار فراہم کرتی ہے جو گاہکوں کے زیادہ سے زیادہ اطمینان کو یقینی بناتی ہے۔ سال کے دوران، کمپنی نے موجودہ انسانی سرمایہ کی ترقی کے لئے مختلف تربیتی کورسز کا انعقاد کیا ہے۔ کمپنی تمام شراکت داروں کے ساتھ انتہائی اطمینان بخش تعلقات برقرار رکھتی ہے۔ کمپنی نے مختلف کمیٹیاں تشکیل دی ہیں جو کلیدی شعبوں کی موثر نگرانی کی ذمہ دار ہیں۔

صنعتی اثرات کو کنٹرول کرنے کے لئے مفاہمتی اقدامات

روایتی طور پر، سیمنٹ پلانٹس کو ماحول دوستی کا فقدان ہوتا ہے لیکن کمپنی نے صنعتی اثرات کو کنٹرول کرنے کے لئے جدید ترین آلات نصب کئے ہیں۔ اردگرد کے ماحول پر صنعتی اثرات کو کم کرنے کے لئے، کمپنی ملازمین اور مقامیوں کو صحت مند ماحول فراہم کرنے کے لئے تمام تر کوششوں کو آگے بڑھا رہی ہے۔ اس سلسلے میں کمپنی کی طرف سے اہم ماحول دوستی کی کوششیں مندرجہ ذیل ہیں:

i) قدرتی ماحولیاتی معیار کے مطابق اسٹیک اخراج اور اثرات کے لئے باقاعدگی سے ماہانہ ماحولیاتی نگرانی کرنا۔

ii) کمپنی ماحول کی حفاظت کے لئے سب سے بہترین ڈسٹ کولیکشن electrostatic precipitators اور بیگ فلٹر کے ساتھ لیس، جدید FLSmidth اے/ایس سیمنٹ مینوفیکچرنگ ٹیکنالوجی رکھتی ہے۔

iii) ضلعی آفیسر (ماحولیات) میانوالی کے تعاون سے کارپوریٹ سماجی ذمہ داری کے ایک حصے کے طور پر صحت مند اور خوشگوار ماحول کو برقرار رکھنے کے لئے وسیع پیمانے پر درخت پودے لگانے کا پروگرام کیا گیا۔

iv) کمپنی اپنی پلانٹ سائٹ پر اپنا ہسپتال اور ٹراما سنٹر رکھتی ہے۔ کارکنوں کی محفوظ صحت کو یقینی بنانے کے لئے ملازمین کی پیشہ ورانہ صحت، باقاعدہ ابتدائی طبی امداد اور سی پی آر تربیتی پروگرام منعقد کئے جاتے ہیں۔

ماحول دوستی کے طریقوں کو فروغ دینے کی کمپنی کی کوشش کو تسلیم کرتے ہوئے، پروفیشنل نیٹ ورک نے ویسٹ پری وینشن ری سائیکلنگ کی کیٹگری میں میپل لیف سیمنٹ فیکٹری لمیٹڈ کو سال 2019 کے لئے ماحول صحت اور حفاظت پر 5th بین الاقوامی ایوارڈز کا فاتح قرار دیا ہے۔

کارپوریٹ سماجی ذمہ داری

کمپنی معاشرے کی طرف اپنی ذمہ داری قبول کرتی ہے اور مختلف خیراتی اداروں کے ذریعے سماجی ترقی کے منصوبوں کو مستقل بنیاد پر مالی مدد فراہم کر کے اپنی ذمہ داری کو پورا کرتی

40 میگاواٹ کا درآمدی کوئلہ سے چلنے والا ذاتی پاور پلانٹ MLPL نصب اور چلانے کے لئے قائم کردہ کمپنی کی مکمل ملکیتی کمپنی، میپل لیف پاور لمیٹڈ (MLPL) سے حاصل ہونے والا منافع انکم ٹیکس چارج سے مستثنیٰ ہے۔ رواں مالی سال 19-2018 کے دوران MLPL نے ٹیکس فری خالص منافع 1,004 ملین روپے کمایا ہے۔ اس پلانٹ سے بجلی کی پیداوار کا نتیجہ ان پٹ لاگت میں اچھی بچت کا باعث بنا ہے جبکہ فیسکو کے مقابلے میں بجلی کے یونٹ کی لاگت میں کمی واقع ہوئی ہے اور اس نے مجموعی نتائج کو مستحکم کیا ہے۔ مزید یہ کہ بجلی کی ذاتی پیداوار سے کمپنی کا قومی گرڈ پر انحصار کم ہو گیا ہے۔

ڈیویڈینڈ

نتائج کو دیکھتے ہوئے، بورڈ آف ڈائریکٹرز نے حتمی نقد منافع منقسمہ بشرح 5% یعنی 0.50 روپیہ فی حصص کا اعلان کیا ہے۔

رائٹ اجراء

موجودہ قرضہ کا لیول کم کرنے اور ڈیبٹ / ایکویٹی لیوریج کو بہتر بنانے کے لئے، بورڈ آف ڈائریکٹرز نے رائٹ اجراء کے کل 6,056 ملین روپے اکٹھے کرنے کا فیصلہ کیا ہے۔ اس سے بلند شرح سود کے لحاظ سے منافع پر منفی اثرات کا بہتر سامنا کرنے میں کمپنی کو مدد ملے گی۔ -/12 روپے فی شیئر (بشمول -/2 روپے فی شیئر پریمیم) کی قیمت پر ہر ایک -/10 روپے کے 85 فیصد رائٹ شیئرز جاری کرنے کی تجویز دی جارہی ہے، اس کے نتیجے میں تناسب یعنی حصص داران کو قابل تقسیم منافع کی تقسیم کے لئے منافع کی دستیابی میں بھی اضافہ ہو گا۔

لہٰذا، -/12 روپے فی شیئر (بشمول -/2 روپے فی شیئر پریمیم) کی قیمت پر ہر ایک -/10 روپے کے 85 فیصد رائٹ شیئرز جاری کرنے کی تجویز دی گئی ہے۔

موزوں داخلی کنٹرول

بورڈ آف ڈائریکٹرز داخلی کنٹرول کے ماحول کے حوالے سے اپنی ذمہ داری سے آگاہ ہیں اور اس کے مطابق آپریشنز کے اثرات اور مؤثر عمل کو یقینی بنانے، کمپنی کے اثاثوں کی حفاظت، قابل اطلاق قوانین اور قواعد وضوابط کی تعمیل اور قابل اعتماد مالیاتی رپورٹنگ کو یقینی بنانے کے لئے داخلی مالیاتی کنٹرول کا ایک موثر نظام قائم کیا گیا ہے۔ کمپنی کا آزاد داخلی آڈٹ باقاعدگی سے مالیاتی کنٹرول کے عملدرآمد کا جائزہ اور نگرانی کرتا ہے، جبکہ آڈٹ کمیٹی داخلی کنٹرول فریم ورک کی مؤثر گی اور مالیاتی حسابات کا سہ ماہی بنیاد پر جائزہ لیتی ہے۔

مالی گوشواروں کی تیاری اور پیش کرنے کی انتظامیہ کی ذمہ داری

پاکستان میں قابل اطلاق اوکمپنیز ایکٹ، 2017 (XIX of 2017) کی ضروریات کے مطابق مینجمنٹ اکاؤنٹنگ اور رپورٹنگ کے معیارات کے تحت مالی گوشواروں کی تیاری اور منصفانہ طور پر پیش کرنے کی اپنی ذمہ داری سے بخوبی آگاہ ہے اور انتظامیہ اس طرح کے داخلی کنٹرول کا تعین کرتی ہے جو مالی گوشواروں کی تیاری کے لئے ضروری ہے تاکہ وہ مادی غلط تشہیر سے پاک ہوں، چاہے دھوکہ دہی یا غلطی کی وجہ سے ہو۔

آڈیٹرز

کمپنی کے موجودہ آڈیٹرز میسرز KPMG تاثیر ہادی اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس، نے سال کے لئے کمپنی کے مالی حسابات پر اپنی آزاد آڈیٹر رپورٹ میں کمپنی کے امور پر ایک ان کوالیفائیڈ رائے کا اظہار کیا ہے۔

ریٹائر آڈیٹرز نے اہل ہونے کی بنا پر، دوبارہ تقرری کے لئے خود کو پیش کیا ہے، آئندہ سالانہ اجلاس عام میں ارکان کی منظوری کے حوالہ سے بورڈ نے آڈٹ کمیٹی کی تجویز کے مطابق میسرز KPMG تاثیر ہادی اینڈ کو، چارٹرڈ اکاؤنٹنٹس، کی تقرری کی منظوری دے دی ہے۔

ادائیگیوں، ڈیبٹ / قرضہ کی نادہندگی

بہترین کاروباری طریقوں پر عملدرآمد کرتے ہوئے، کمپنی واجب رقوم کی بروقت واپس ادائیگی کی اپنی ذمہ داری کو تسلیم کرتی ہے۔ زیرِ جائزہ سال کے دوران قرضہ / ڈیبٹ کی ادائیگی پر کوئی نادہندگی درج نہیں کرائی گئی۔

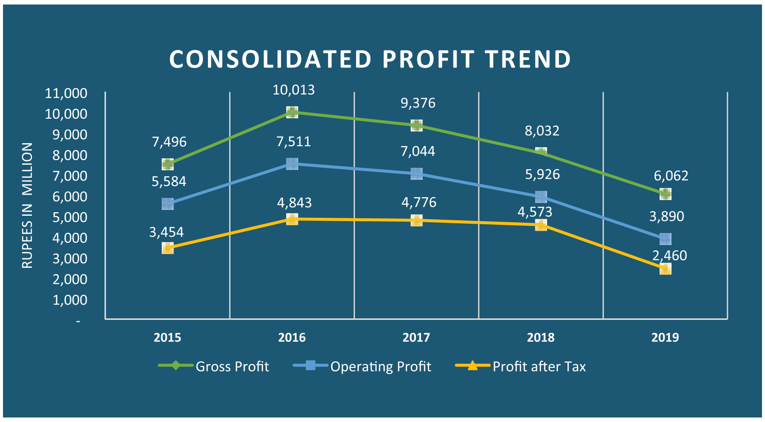
بعد کے واقعات

کمپنی کے مالی سال کے اختتام اور اس رپورٹ کی تاریخ کے مابین کمپنی کی مالی پوزیشن کو متاثر کرنے والی کوئی تبدیلیاں یا معاہدے وقوع پذیر نہیں ہوئے ہیں۔ تاہم، یہ ذہن نشین کرلیں کہ بورڈ نے رائٹ شیئرز کے اجراء کی منظوری دے دی ہے

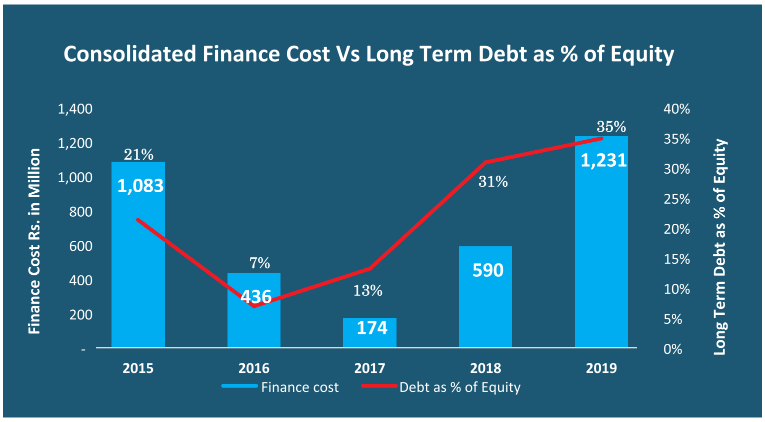
کاروبار کی نوعیت میں تبدیلی

کمپنی یا اسکی ذیلی، یا کسی دیگر کمپنی جس میں کمپنی دلچسپی رکھتی ہو کے کاروبار کی نوعیت سے متعلقہ مالی سال کے دوران کوئی تبدیلی وقوع پذیر نہیں ہوئی ہے۔

پیداواری اخراجات کومتاثر کرنے والے مذکورہ بالاعوامل کے لحاظ سے، کمپنی نے سال کے دوران 6,062 ملین روپے کا مجموعی منافع حاصل کیا جو کہ گزشتہ سال کے 8,032 ملین روپے سے 24.5 فیصد کم ہوا۔



انتظامی اخراجات میں افراط زر کے اضافے کے ساتھ مجموعی منافع میں کمی نے مجموعی کاروباری مارجن کو متاثر کیا ہے۔ مارکیٹنگ اخراجات میں بڑھنے کا رجحان تیز رفتار برانڈنگ اور ڈیلر کی مصروفیات کی سرگرمیوں سے ظاہر ہوتا ہے۔ سال کا مجموعی آپریٹنگ منافع 3,890 ملین روپے ہے جو کہ گذشتہ سال کے دوران 5,926 ملین روپے کے مقابلے 34.4 فیصد کم ہوا۔



زیر جائزہ مدت کے دوران مالی اخراجات بڑھ کر 1,231 ملین روپے ہو گئے جبکہ گذشتہ سال کے دوران 590 ملین روپے تھے۔ مالی لاگت میں اضافہ بنیادی طور پر اسٹیٹ بینک آف پاکستان کی پالیسی شرح میں مسلسل اضافے کی وجہ سے ہوا ہے اور یہ جزوی طور پر 21 مئی، 2009 کو سرمایہ کاری کے بعد نئی لائن 3 کے لئے قرضوں کی لاگت سے منسوب ہے۔ لائن 3 کے لئے سال کے دوران کمی کی وجہ سے، ایکویٹی پر طویل مدتی قرض 35 فیصد تک پہنچ گیا۔

کمپنی نے رواں مالی سال کے لئے ٹیکس سے قبل مجموعی منافع 2,659 ملین روپے درج کیا جبکہ گزشتہ سال کا مجموعی قبل از ٹیکس منافع 5,336 ملین روپے تھا۔ ٹیکس کا جزو صرف میپل لیف سیمنٹ فیکٹری لمیٹڈ کے الگ کاروبار سے تعلق رکھتا ہے اور اس مد میں رپورٹنگ مدت کے لئے 199 ملین، نئے پلانٹ پر ابتدائی اور پہلے سال فرسودگی الاؤنس کی وجہ سے کاروبار پر کم سے کم ٹیکس وصول کرنے کی مد میں 564 ملین روپے کی کمی ہوئی ہے۔ نئے پلانٹ اور مشینری کی تنصیب پر انکم ٹیکس آرڈیننس 2001 کی دفعہ 65 بی کے تحت 5 فیصد ٹیکس کریڈٹ کی وجہ سے موجودہ سال کے ٹیکس چارج میں بھی کمی آئی ہے۔

مذکورہ بالا تمام عوامل نے رپورٹنگ مدت کے لئے بعد از ٹیکس مجموعی منافع کو متاثر کیا ہے چنانچہ 46.2 فیصد کمی کے ساتھ 2,460 ملین روپے درج کیا گیا جبکہ گزشتہ مالی سال کے لئے زیریں خط میں 4,573 ملین روپے تھا۔

مالی سال2018-19 کے دوران، مستعمل پیداوری صلاحیت اور ترسیلات گزشتہ سال کی کارکردگی سے کم ہوئیں، جیسا کہ درج ذیل اعداد وشمار سے ظاہر ہوتا ہے:

	مختتمہ سال (جولائی تا جون)		تغیرات	فیصد
	2019	2018		
پیداوار	---------- میٹرک ٹن ----------			
کلنکر پیداوار	3,541,743	3,529,876	11,867	0.34%
سیمنٹ پیداوار	3,638,313	3,760,120	(121,807)	-3.24%
فروخت				
مقامی	3,338,606	3,487,492	(148,886)	-4.27%
برآمدات	334,671	276,343	58,329	21.11%
	3,673,278	3,763,835	(90,557)	-2.41%

کل فروخت حجم3,673,278 ٹن گزشتہ سال کے دوران3,763,835 ٹن فروخت سے 2.41 فیصد کی کمی ظاہر کرتا ہے۔ مقامی فروخت حجم گزشتہ مالی سال سے کم 3,338,606 ٹن تک جو4.27 فیصد کی کمی اور برآمدی حجم334,671 ٹن تک جو21.11 فیصد زائد درج کی گئی ہے۔

سال2018-19 کے دوران، کمپنی نے گزشتہ سال میں25,684 ملین روپے کے مقابلے26,006 ملین روپے خالص مجموعی فروخت درج کی۔ مقامی ترسیلات میں 4.3 فیصد کمی ہوئی لیکن مالی سال2018-19 کی پہلی تین سہ ماہیوں کے دوران مقامی مارکیٹ میں قیمت کے استحکام نے کسی حدتک مقامی فروخت میں کمی کے سبب آمدنی پر منفی اثر کو کم کردیا۔ مقامی ترسیلات میں کمی بنیادی طور پر پبلک سیکٹر ڈویلپمنٹ پروگرام(PSDP) میں بندش کی وجہ سے اقتصادی سرگرمی کی سست روی اور اقتصادی عدم استحکام کے لحاظ سے پرائیویٹ سیکٹر کے اخراجات میں کمی اور25 جولائی2018 کے عام انتخابات کے بعد نئی حکومت کی واضح سمت کے فقدان سے منسوب ہے۔ PSDP ایلوکیشن میں بجٹری بندشوں نے مقامی سیلز اپ لفٹ کو براہِ راست متاثر کیا۔ اس کے علاوہ، کمزور میکرو اکنامک حالات کے باعث پیدا شدہ غیر یقینی نے بھی پورے رواں مالی سال میں معیشت کو متاثر کیا ہے۔

مقامی سیلز مکس میں کمی اور امریکی ڈالر کے مقابلے پاکستانی روپیہ کی قدر میں کمی نے سیمنٹ برآمدات کو بڑھایا ہے۔ رواں مالی سال کے دوران، کمپنی کا برآمدی حجم حوصلہ افزاء شرح نمو21.1 فیصد سے بڑھنا شروع ہوا اور334,671 میٹرک ٹن تک پہنچ گیا۔ تاہم مارجن ان پُٹ کے زیادہ اخراجات اور بین الاقوامی مارکیٹ میں مقابلہ کی وجہ سے معمولی رہا۔ لہذا، طویل مدتی استحکام بین الاقوامی مارکیٹوں میں مقابلہ کی سطح پر منحصر ہے۔ پاکستان سے برآمدی اشیاء پر انڈیا نے200 فیصد درآمدی ڈیوٹی کی عائدگی نے انڈیا کو سیمنٹ برآمد میں مزاحمت پیدا کردی۔ اس سے شمالی ریجن میں واقع سیمنٹ کمپنیاں خاص طور پر متاثر ہوئی ہیں۔ مقبوضہ کشمیر میں ہونے والی پیش رفت کے بعد انڈیا کو سیمنٹ کی برآمدات فی الحال روک دی گئی ہیں۔

نیپرا کی طرف سے بجلی کے نرخوں میں اضافے کی وجہ سے کمپنی اپنے منافع پر پائے جانے والے ممکنہ منفی اثرات سے بچنے میں کامیاب رہی۔ کمپنی نے بنیادی طور پر اپنی بجلی کی ضروریات کو پورا کرنے کے لئے بجلی پیدا کرنے کے اپنے ذاتی ذرائع پر انحصار کیا جس میں کوئلہ سے چلنے والا پاور پلانٹ (سی ایف پی پی) سیٹ اپ ایک مکمل ملکیتی ذیلی کمپنی، میپل لیف پاور لمیٹڈ(MLPL) شامل ہے جس کا کمپنی کو لاگت کا مسابقتی فائدہ حاصل ہے۔ ویسٹ ہیٹ ریکوری پاور پلانٹ کے بعد، سی ایف پی پی کمپنی کے لئے بجلی کا سب سے سستا ذریعہ ہے۔ خاص طور پر رواں مالی سال کی پہلی ششماہی کے دوران کوئلے کی قیمتوں میں مذکورہ بالا اضافے، تیل کی بین الاقوامی قیمتوں میں اضافے اور امریکی ڈالر کے مقابلے میں پاکستانی روپیہ کی قدر میں کمی کی وجہ سے ایندھن کی قیمت میں اضافے کے باوجود، کمپنی اس قابل تھی کہ پِٹ کوک جو توانائی کے اعلی اجزاء کا حامل اور سستا ہے کے استعمال سے فائدہ حاصل کرنے کے ساتھ ساتھ اپنے ایندھن اور بجلی کے اخراجات کو بھی قابو میں رکھے۔

تاہم، قومی شاہراہوں پر ایکسل لوڈ کے نفاذ اور سرکاری احکامات کے تحت کے پی ٹی سے ڈسچارج پورٹ پی آئی بی ٹی ایل میں منتقل کردیا جو کافی مہنگا ہے جس کے باعث کوئلے کی زمینی لاگت میں بھی کافی حدتک اضافہ ہوا ہے۔ کمپنی ریلوے نیٹ ورک کے ذریعہ نقل وحمل کے ذریعے اندرون ملک آمدورفت کے کم اخراجات سے فائدہ اٹھارہی ہے جس کے نتیجے میں مناسب بچت ہوگی۔ پاکستان ریلوے کے ساتھ ہمارے پلانٹ سائٹ سے کوئلے کی نقل وحمل کے معاہدے کو جون2021 تک توسیع کیا گیا ہے۔

حصص داران کے لئے ڈائریکٹرز رپورٹ

کمپنیز ایکٹ، 2017 کی دفعہ 227 کی تعمیل میں، آپ کی کمپنی کے ڈائریکٹرز 30 جون، 2019 کو ختم ہونے والے سال کے لئے واحد اور مجموعی نظرثانی شدہ مالی گوشوارے پیش کرتے ہوئے خوشی محسوس کر رہے ہیں۔

میپل لیف سیمنٹ فیکٹری لمیٹڈ (کمپنی) پبلک مندرج کمپنی اور کوہ نور ٹیکسٹائل ملز لمیٹڈ (ہولڈنگ کمپنی) کی ایک ذیلی کمپنی ہے۔ کمپنی کا اصل کاروبار سیمنٹ کی پیداوار اور فروخت کرنا ہے۔

کمپنی اور اسکی مکمل ذیلی کمپنی میپل لیف پاور لمیٹڈ (MLPL) کی مجموعی مالی جھلکیاں مندرجہ ذیل ہیں:-

	مختتمہ سال (جولائی تا جون) 2019	2018	تغیرات	فیصد
	------روپے ہزاروں میں------			
خالص فروخت آمدنی	26,005,944	25,684,164	321,780	1.25%
مجموعی منافع	6,061,596	8,031,971	(1,970,375)	-24.53%
آپریٹنگ منافع	3,890,149	5,925,786	(2,035,637)	-34.35%
مالی لاگت	1,231,011	589,946	641,065	108.67%
ٹیکس سے پہلے منافع	2,659,138	5,335,840	(2,676,702)	-50.16%
ٹیکسیشن	198,877	763,035	(564,158)	-73.94%
ٹیکس کے بعد منافع	2,460,261	4,572,805	(2,112,544)	-46.20%
فی شیئر آمدنی (روپے)	4.14	7.92	(3.78)	-47.73%

میپل لیف سیمنٹ فیکٹری لمیٹڈ، کمپنی کی واحد مالی جھلکیاں مندرجہ ذیل ہیں:

	مختتمہ سال (جولائی تا جون) 2019	2018	تغیرات	فیصد
	------روپے ہزاروں میں------			
خالص فروخت آمدنی	26,005,944	25,699,113	306,831	1.19%
مجموعی منافع	4,917,080	7,022,551	(2,105,471)	-29.98%
آپریٹنگ منافع	2,836,733	5,039,357	(2,202,624)	-43.71%
مالی لاگت	1,172,557	644,121	528,436	82.04%
ٹیکس سے پہلے منافع	1,664,176	4,395,236	(2,731,060)	-62.14%
ٹیکسیشن	198,877	763,035	(564,158)	-73.94%
ٹیکس کے بعد منافع	1,465,299	3,632,201	(2,166,902)	-59.66%
فی شیئر آمدنی (روپے)	2.47	6.29	(3.82)	-60.73%

کمپنی کی واحد مالی جھلکیاں MLPL کی طرف سے نیپرا کے منظور شدہ ٹیرف 12.92/KWH روپے پر فراہم کی گئی بجلی کی قیمت پر مبنی ہیں۔

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