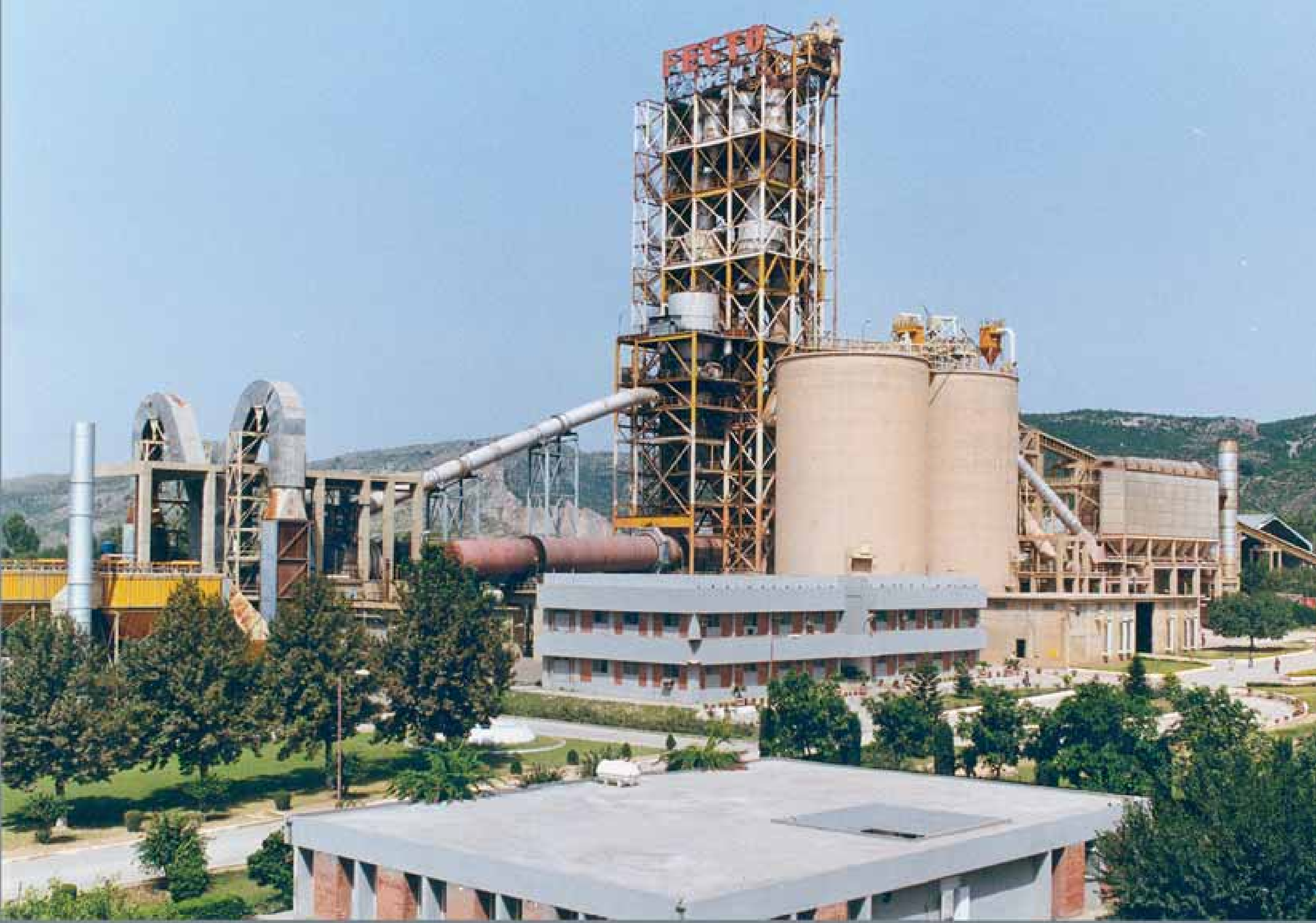


# ANNUAL REPORT 2016

FECTO
A NAME OF FAITH

# FECTO CEMENT LIMITED

# CONTENTS

# CORPORATE INFORMATION

| | |
|---|---|
| **BOARD OF DIRECTORS** | **CHAIRMAN**<br>Mr. Aamir Ghani<br>**CHIEF EXECUTIVE**<br>Mr. Mohammed Yasin Fecto<br>**DIRECTORS**<br>Mr. Mohammed Asad Fecto<br>Mr. Khalid Yacoob<br>Mr. Ijaz Ali<br>Mr. Safdar Abbas Morawala<br>Mr. Altaf A Hussain<br>Mr. Mohammed Anwar Habib<br>Mr. Rohail Ajmal { Nominee of Saudi Pak Industrial & Agricultural Investment Co. Ltd. |
| **AUDIT COMMITTEE** | **Chairman:** Mr. Mohammed Anwar Habib<br>**Members:** Mr. Mohammed Asad Fecto<br>Mr. Safdar Abbas Morawala<br>Mr. Altaf A. Hussain |
| **HUMAN RESOURCE & REMUNERATION COMMITTEE** | **Chairman:** Mr. Mohammed Asad Fecto<br>**Members:** Mr. Aamir Ghani<br>Mr. Mohammed Anwar Habib |
| **SECRETARY** | Mr. Abdul Samad, FCA |
| **AUDITORS** | KPMG Taseer Hadi & Co.<br>Chartered Accountants |
| **LEGAL ADVISOR** | Mian Nisar Ahmed & Co. (MNACO)<br>11-E/II, Main Gulberg<br>Lahore |
| **REGISTERED OFFICE** | 35-Darulaman Housing Society<br>Block 7/8, Shahra-e-Faisal<br>Karachi<br>Website http://www.fectogroup.com |
| **FACTORY** | Sangjani, Islamabad |
| **MARKETING OFFICE** | House # 13, Najam Shaheed Street<br>Atta ul Haq Road, Westridge-1<br>Rawalpindi |
| **SHARE REGISTRAR** | Technology Trade (Private) Limited<br>241-C, Block 2, P.E.C.H.S.<br>Karachi |

## Mission Statement

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

## Vision Statement

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

## Corporate Strategy

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

# NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 35th Annual General Meeting of the Members of the Company will be held at Registered Office, 35-Darulaman Housing Society, Block 7/8, Shahra-e-Faisal, Karachi, on Saturday, October 29, 2016 at 02.00 p.m. to transact the following businesses:

**ORDINARY BUSINESSESS**

1) To receive, consider and adopt the Annual Audited Accounts for the year ended June 30, 2016 together with the Directors' and Auditors' Reports thereon.

2) To consider and if deemed fit, approve the payment of final cash dividend @ 20% (Rs. 2.00 per share) for the financial year ended June 30, 2016 as recommended by the Board of Directors. This is in addition to interim Cash Dividend @ 50% (Rs. 5.00 per share) already paid during the year.

3) To appoint Auditors of the Company for the year ending June 30, 2017 and fix their remuneration. The Board of Directors based on the recommendation of the Audit Committee has proposed the appointment of M/s. Rahman Sarfaraz Rahim Iqbal Rafiq Chartered accountants, as auditors of the Company for the year ending June 30, 2017. A notice under section 253(1) of the companies ordinance, 1984 has been received from a shareholder of the company for the change in auditors.

**SPECIAL BUSINESSESS**

4) To consider and approve the alteration to be made in the Articles of Association of the Company in order to comply with the mandatory **E – Voting** requirement as prescribed in the Companies (E – Voting) Regulations, 2016 and if deemed fit, pass the following resolution as special resolution:

   **RESOLVED THAT** the Articles of Association of the Company be altered as follows:

   After Article 35, following new Article 35(a) shall be inserted:

   35(a) " The provisions and requirements for E – voting as prescribed by the SECP from time to time shall be deemed to be incorporated in these Articles of Association, irrespective of other provisions of these Articles and notwithstanding anything contradictory therein."

   "FURTHER RESOLVED THAT the Chief Executive and the Company Secretary be and are hereby singly authorized to take or cause to be taken any and all actions necessary and incidental for the purpose of altering the Articles of Associations of the Company and make necessary submissions and completing legal formalities, as may be required to implement the aforesaid special resolutions."

5) To approve the transmission of annual audited financial statements, auditors' report and directors report (Annual Audited Accounts) to the members through CD/ DVD/USB at their registered address as allowed by the SECP and if deemed fit pass the following resolution with or without modification:

   **"RESOLVED THAT** Company may transmit the annual balance sheet, profit and loss account, auditors' report and directors report (Annual Audited Accounts), to its members through CD/DVD/USB instead of hard copy to their registered address."

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

By Order of the Board

**(ABDUL SAMAD)**
COMPANY SECRETARY

Karachi: September 29, 2016

**Notes**:

1. The Share Transfer Books of the Company will remain closed from Wednesday, October 19, 2016 to Saturday, October 29, 2016 (both days inclusive). Transfers received in order by our Shares Registrar, Technology Trade (Private) Limited, 241-C, Block 2, P.E.C.H.S., Karachi at the close of business on Tuesday, October 18, 2016 will be considered in time for the entitlement of transferee.

2. A member of the Company entitled to attend and vote at this meeting may appoint another member as a proxy to attend, speak and vote instead of him/her. An instrument appointing a proxy must be received at the Registered Office of the Company not later than forty eight hours before the time of holding the Meeting. The proxy shall produce his/her CNIC or passport to prove his/her identity.

3. Members are requested to notify any change in their address immediately.

4. Securities and Exchange Commission of Pakistan (SECP) vide notifications dated August 18, 2011 and July 05, 2012 made it mandatory that dividend warrants should bear CNIC number of the registered member, therefore, members who have not yet submitted photocopy of their valid Computerized National Identity Cards to the Company are requested to send the same at the earliest to enable the Company to comply with relevant laws. Failure to provide the same would constrain the Company to withhold dispatch of dividend warrants.

5. As directed by SECP vide Circular No. 18 of 2012 dated June 05, 2012 and Notification No. 8(4)/SM/CDC-2008 dated April 05, 2013, we have already given opportunity to shareholders to authorize the Company to directly credit in their bank account with cash dividend, if any, declared by the Company in future. If you still wish that the cash dividend, if declared by the Company be directly credited into your bank account, instead of issuing a dividend warrant, please provide the relevant details, as mentioned in the standardized dividend mandate form attached with the above mentioned circular.

   i) in case of book entry securities in CDS, to CDC Participants; and
   ii) in case of physical securities to the Company's Share Registrar

6. CDC Account Holders will have to further follow the guidelines as laid down in Circular No. 1 dated January 26, 2000 issued by the Securities and Exchange Commission of Pakistan.

7. Member(s) who wish to receive annual financial statements and notice of annual general meeting through email, instead of through courier/post are requested to give their consent in writing to the Company with their registered Email address so the Company can provide them the same at their valid Email ID.

8. The annual report of the Company has been uploaded at the Company's website www.fectogroup.com

9. Members who desire that zakat should not be deducted from dividend are requested to submit a declaration on non judicial stamp paper duly signed as required under the law.

**Deduction of Income Tax from dividend under Section 150 of the Income Tax Ordinance 2001**

Through the Finance Act 2016 rates of withholding tax from payment of dividend effective July 01, 2016 have been revised whereby rate of tax deduction for non filer of income tax returns is increased to 20.00% as against the 12.5% for filers of income tax returns.

In order to enable the Company to ascertain the status of shareholders as filer or non filer all shareholders of the Company who holds shares in physical form are requested to send a copy of valid CNIC together with NTN certificate to share registrar of the Company. Shareholders holding shares in Central Depository System (CDS) of Central Depository Company Pakistan Limited (CDC) are requested to send their copies of valid CNIC and NTN certificate to CDC Participants/CDC Investor Account Service. Non submission of requested documents by any shareholder will result deduction of tax at higher rate.

In case of joint account, please intimate proportion of shareholding as each account holder is to be treated individually as either filer or non filer, tax will be deducted on the basis of shareholding, in case Company does not receive any intimation, each account holder shall be assumed to have equal number of shares.

Members seeking either exemption from income tax deduction on dividend income or deduction at reduced rate under any provision of the Income Tax Ordinance, 2001 are requested to submit valid tax exemption certificate or necessary documents, as the case may be latest by October 18, 2016.

**STATEMENT UNDER SECTION 160(1)(b) OF THE COMPANIES ORDINANCE 1984**

**a) AMENDMENTS IN ARTICLES OF ASSOCIATION**

To give effect to the Companies (E – Voting) Regulations 2016, shareholders approval is being sought to amend the Articles of Association of the Company to enable e-voting.

**b) TRANSMISSION OF ANNUAL AUDITED ACCOUNTS THROUGH CD/USB/DVD**

The SECP has allowed listed Companies through SRO 470 (l)/2016 dated May 31, 2016 to circulate the Annual Audited Accounts to its members through CD/DVD/USB at their registered address. Hard copy of the same however, shall be provided to such members who opt for having hard copy on the request form available on the website of the Company.

Directors have no direct or indirect interest in the special businesses.

# DIRECTORS' REPORT TO THE MEMBERS

**Dear Members**

The Board of Directors has pleasure in presenting before you the annual report together with Audited Financial Statements of the Company for the year ended June 30, 2016.

## OVERVIEW

During the year under review overall dispatches of industry witnessed a growth of 9.82% with total sales volume of 38.87 million tons as against the total sales volume of 35.40 million tons of last year. Local sales volume of the industry increased by 17.02% with sales volume of 33.00 million tons as against the sales volume of 28.20 million tons of last year whereas exports of the industry witnessed a negative growth of 18.36% with sales volume of 5.87 million tons as against the exports sales volume of 7.19 million tons of last year.

## OPERATING PERFORMANCE

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

| | TONS | | |
|---|---|---|---|
| | **2016** | 2015 | CHANGE IN % |
| **Production** | | | |
| Clinker | **661,103** | 703,677 | **(6.05)** |
| Cement | **735,501** | 694,458 | **5.91** |
| **Dispatches** | | | |
| Local | **593,391** | 517,993 | **14.56** |
| Export | **143,280** | 176,139 | **(18.66)** |
| Total | **736,671** | 694,132 | **6.13** |

Production of clinker decreased by 6.05% whereas production of cement increased by 5.91%. Capacity utilization achieved was of 84.76% and 89.80% for clinker and cement respectively.

Local sales volume of the Company during the year under review witnessed a growth of 14.56% however, exports reduced by 18.66% mainly due to lesser exports to Afghanistan. Overall sales volume of the Company hence witnessed a growth of 6.13% as compared to last year.

## FINANCIAL PERFORMANCE

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

| | Rupees in 000 except EPS | | |
|---|---|---|---|
| | **2016** | 2015 | CHANGE IN % |
| Net sale | **5,031,622** | 4,779,145 | **5.28** |
| Cost of sales | **3,408,172** | 3,313,796 | **2.85** |
| Gross Profit | **1,623,450** | 1,465,349 | **10.79** |
| Profit before taxation | **1,158,876** | 899,636 | **28.81** |
| Profit after taxation | **813,825** | 617,470 | **31.80** |
| Earning Per Share (Rupees) | **16.22** | 12.31 | **31.80** |

## SALES REVENUE

During the year under review, overall net sales revenue of the Company increased by 5.28% as compared to last year. Main reason for such increase was improved local sales volume.

Net local sales revenue of the Company increased by 12.23% as against increase in volume by 14.56% which shows that prices in local market reduced slightly. Export sales revenue of the Company reduced by 19.90% out of which 18.66% was due to reduction in volume whereas 1.24% was due to reduction in price.

## PROFITABILITY

Cost of sales of the Company during the year under review increased by 2.85% as against increase in sales volume by 6.13% mainly due to reduction in prices of coal in international market and reduction in power cost due to relief provided in monthly fuel price adjustment. Cost per ton of cement increased by 2.64% whereas fuel and power cost reduced by 16.60% because of reduction in production volume of clinker. Increase in salaries and wages was due to annual increments and enhancement in minimum wages.

Company achieved gross profit rate of 32.26% of net sales as against the 30.66% of last year.

Overall administrative expenses decreased as last year the Company had to pay to legal counsel for representing the Company on the matter of cancellation of mining lease.

Distribution cost reduced in line with reduction in export sales volume.

Finance cost of the Company reduced to Rs. 12.48 million as against Rs. 81.13 million of last year mainly because of reduced utilization of short term borrowings and premature payment of long term financing.

The Company earned profit before taxation of Rs. 1,158.88 million as against profit before taxation of Rs. 899.64 million of last year. Provision for taxation increased to Rs. 345.05 million as against the provision of 282.17 million of last year. Provision for current taxation increased due to enhanced profitability and absorption of carried forward tax losses.

Earning per share (EPS) of your Company for the year under review was Rs. 16.22 per share as against the earning per share of Rs. 12.31 of last year.

**DEBT OBLIGATION**

By the grace of Almighty Allah the company continues to meet its financial commitments and debt obligations on time.

**FUTURE PROSPECTS**

Demand of cement in local market has been improved for last three years and it is expected that this trend will continue in the current financial year, considering the fact that substantial budget is allocated for public sector development projects by the Government. Improved law and order situation, lower inflation and interest rates, stable economic outlook will benefit the industry as well. Coal prices in international market have increased and further any increase may affect the profitability of the industry. Proper and efficient utilization of allocated development budget and initiation of projects under Pak China Economic Corridor would help cement sector to grow. Exports to Afghanistan are expected to remain depressed in current year as well.

**CORPORATE GOVERNANCE**

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

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

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

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

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

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

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

7. The value of Provident Fund Investments as per audited accounts of Provident Fund Trust for the year ended June 30, 2015 was Rs. 265 million.

8. There is no outstanding statutory payment due on account of taxes, levies and charges except normal and routine nature. Payment against WWF (note 10.1) has not been made as it is still not ascertained weather same is payable to Federal or Provincial Government.

Key operating and financial data for the last six years is annexed.

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

| | **Attended** |
|---|---|
| Mrs. Zubeda Bai | 0 |
| Mr. Mohammed Yasin Fecto | 4 |
| Mr. Mohammed Asad Fecto | 1 |
| Mr. Altaf A Hussain | 4 |
| Mr. Aamir Ghani | 2 |
| Mr. Rohail Ajmal | 2 |
| Mr. Safdar Abbas Morawala | 2 |
| Mr. Ijaz Ali | 1 |
| Mr. Mohammed Anwar Habib | 4 |
| Mr. Khalid Yacoob | 1 |

Directors who could not attend the meeting due to illness or some other engagements were granted Leave of absence. Mr. Khalid Yacoob appointed as a director on April 19, 2016 to fill up the casual vacancy occurred on the Board due to demise of Mrs. Zubeda Bai.

**COMMITTEES OF THE BOARD**

**AUDIT COMMITTEE**

Board of Directors of your Company has established Audit Committee of the Board in compliance with the requirements of CCG 2012. Term of reference of the Committee was duly communicated to the members by the Board.

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

| | | **Attended** |
|---|---|---|
| Mr. Muhammad Anwar Habib | Chairman/Independent Director | 4 |
| Mr. Mohammed Asad Fecto | Executive Director | 1 |
| Mr. Safdar Abbas Morawala | Independent Director | 2 |
| Mr. Altaf A Hussain | Independent Director | 4 |

**HUMAN RESOURCE AND REMUNERTION COMMITTEE**

In compliance with the requirements of CCG 2012, The Board of Directors has established this Committee comprising three members, one of whom is independent director whereas chairman of the Committee is an Executive Director. Term of reference of the Committee was duly communicated to the members by the Board.

## TRAINING PROGRAM OF DIRECTORS

During the year one (1) director acquired the certification under the Directors' Training Program as required by the CCG. Three directors are exempted from the certification whereas four directors acquired the certification in previous years.

## CORPORATE SOCIAL RESPONSIBILTY

Your Company being a responsible corporate citizen always conscious to discharge its obligations towards the people who work for it day and night, people around its work place and to the society as a whole. Few of the highlights of the initiatives undertaken by the Company during the year were provision of clean water to nearby village for which a reservoir and pipe line were constructed by the Company. Company has also installed an electric pump for smooth supply of water. Company also undertook renovation of a girls school which includes construction of boundary wall and complete plastering and white wash of whole school building.

## CONTRIBUTION TO NATIONAL EXECHEQURE

Your company contributed around Rs. 1,108.92 million in national exchequers as sales tax and Federal excise duty compared to Rs 967.70 million of last year. Company also brought in foreign exchange of around US$ 8 million in the country by exporting cement and made contribution to national exchequer on account of income tax, royalty payment and also collected and deposited income tax from its suppliers and staff on behalf of FBR

## CANCELLATION OF MINING LEASE

The auditors have drawn attention of the members to the note 11.1.1 in respect of cancellation of mining lease. As we had informed our members in our earlier reports that on March 17, 2015 Company received a letter from Director Industries and Labour, ICT, Islamabad informing the Company of cancellation of its mining lease allegedly on the order of Supreme Court of Pakistan dated March 16, 2015. The Company also received a letter from Capital Development Authority (CDA) mentioning therein withdrawal of NOC issued by CDA to ICT. The above order of Supreme Court was actually passed in a contempt of court proceeding seeking implementation of an earlier order of Supreme Court of Pakistan dated October 25, 2013 in which the Company was not a party.

The Company had not received ANY notice from the Hon'ble Supreme Court or any party to the proceeding that ANY matter was pending against the Company before the Hon'ble Supreme Court of Pakistan. Thus, the Company had no knowledge of earlier hearings in the matter. Therefore, on the next date of hearing i.e. 19-03-2015, the Company was represented before the Hon'ble Supreme Court by its learned counsel. The Hon'ble Supreme Court passed a detailed order wherein it was observed, "We, therefore, expressed our surprise that the said Bashir Ahmed had stated in his letter that it was in pursuance of Supreme Court order and on that basis he had proceeded to cancel the mining lease issued to M/s Fecto Cement Limited". The matter is still pending in the Supreme Court of Pakistan where the Company has filed a review petition to seek the review of the Order dated October 25, 2013. The Company has also filed a suit before the Islamabad High Court Challenging the order of cancellation of mining lease by the ICT, withdrawal of NOC by CDA including imposition of penalty of Rs. 427.050 million and other actions taken by it against the Company. The Company is vigorously contesting the matters and based on the legal opinion, believes that out come of the matter will be in favour of the Company.

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

## INDUSTRIAL RELATIONS

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

## AUDITORS

The Board of Directors, on the recommendation of Audit Committee of the Company has proposed the appointment of M/s. Rahman Sarfaraz Rahim Iqbal Rafiq Chartered accountants as external auditors, for the year ending on June 30, 2017. The retiring auditors M/s KPMG Taseer Hadi & Co, Chartered Accountants have not indicated their consent for re-appointment in the forthcoming Annual General Meeting. A notice under section 253(1) of the Companies Ordinance, 1984 has been also received from a shareholder of the Company for the change in auditor.

## PATTERN OF SHAREHOLDING

Statements showing the pattern of shareholding as at June 30, 2016 required under the Companies Ordinance, 1984 and the Code of Corporate Governance are annexed.

## APPROPRIATION

The appropriations approved by the Board are as follows:

| | Rupees in 000 |
|---|---|
| Profit after taxation | 813,825 |
| Un appropriated profit brought forward | 1,869,625 |
| Available for appropriation | 2,683,450 |

**Appropriation:**

| | | |
|---|---|---|
| Final Cash Dividend paid for the year ended 30 June 2015 @ 50% i.e. Rs. 5.00/= per share | 250,800 | |
| Interim Cash Dividend paid for the year ended June 30, 2016 @ 50% i.e. Rs. 5.00 /= per share | 250,800 | |
| | | 501,600 |
| Un appropriated profit carried forward | | 2,181,850 |

## SUBSEQUENT EFFECT

For the year ended June 30, 2016 the Board in its meeting held on September 29, 2016 has proposed a final cash dividend of 20%  i.e. (Rs. 2.00 per share).

## ACKNOWLEDGMENT

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

On behalf of the Board

**MOHAMMED YASIN FECTO**
CHIEF EXECUTIVE

Karachi: September 29, 2016

# PATTERN OF SHAREHOLDINGS

## AS AT JUNE 30, 2016

| No. of Shareholders | Shareholding From | Shareholding To | Total shares |
|---|---|---|---|
| 355 | 1 | 100 | 6,386 |
| 406 | 101 | 500 | 116,865 |
| 716 | 501 | 1000 | 442,716 |
| 306 | 1001 | 5000 | 683,401 |
| 65 | 5001 | 10000 | 495,927 |
| 26 | 10001 | 15000 | 347,192 |
| 16 | 15001 | 20000 | 290,060 |
| 7 | 20001 | 25000 | 170,000 |
| 5 | 25001 | 30000 | 142,500 |
| 2 | 30001 | 35000 | 67,100 |
| 6 | 35001 | 40000 | 222,000 |
| 6 | 40001 | 45000 | 296,500 |
| 1 | 50001 | 55000 | 54,000 |
| 2 | 55001 | 60000 | 114,140 |
| 1 | 60001 | 70000 | 66,500 |
| 1 | 70001 | 75000 | 70,730 |
| 1 | 75001 | 80000 | 79,000 |
| 2 | 80001 | 85000 | 168,530 |
| 1 | 85001 | 90000 | 86,500 |
| 3 | 90001 | 95000 | 277,300 |
| 2 | 125001 | 130000 | 256,500 |
| 2 | 135001 | 140000 | 275,700 |
| 1 | 145001 | 150000 | 149,600 |
| 1 | 150001 | 155000 | 154,000 |
| 2 | 155001 | 160000 | 313,037 |
| 1 | 170001 | 175000 | 171,600 |
| 2 | 195001 | 200000 | 400,000 |
| 1 | 250001 | 255000 | 250,800 |
| 1 | 255001 | 260000 | 256,500 |
| 3 | 270001 | 275000 | 824,670 |
| 2 | 275001 | 280000 | 551,870 |
| 1 | 285001 | 290000 | 288,500 |
| 1 | 305001 | 310000 | 308,000 |
| 1 | 310001 | 315000 | 313,500 |
| 1 | 320001 | 325000 | 324,500 |
| 1 | 325001 | 330000 | 330,000 |
| 2 | 355001 | 360000 | 715,000 |
| 1 | 360001 | 365000 | 363,000 |
| 2 | 365001 | 370000 | 737,000 |
| 1 | 370001 | 375000 | 374,000 |
| 2 | 375001 | 380000 | 759,000 |
| 1 | 380001 | 385000 | 385,000 |
| 1 | 400001 | 405000 | 401,500 |
| 4 | 410001 | 415000 | 1,650,000 |
| 1 | 435001 | 440000 | 438,020 |
| 1 | 445001 | 450000 | 449,000 |
| 1 | 460001 | 465000 | 462,000 |
| 2 | 710001 | 715000 | 1,426,150 |
| 1 | 1095001 | 1100000 | 1,099,230 |
| 2 | 2080001 | 2085000 | 4,169,916 |
| 1 | 1160001 | 1165000 | 1,161,655 |
| 1 | 1420001 | 1425000 | 1,421,970 |
| 1 | 1485001 | 1490000 | 1,485,253 |
| 1 | 1895001 | 1900000 | 1,899,000 |
| 1 | 2870001 | 2875000 | 2,873,000 |
| 1 | 8370001 | 8375000 | 8371,146 |
| 1 | 10150001 | 10155000 | 10,153,036 |
| | | | |
| **1,980** | | | **50,160,000** |

# CATEGORIES OF SHAREHOLDER

## AS AT JUNE 30, 2016

| Shareholders' Category | Number of Shareholders | Number of Shares held |
|---|---|---|
| | | |
| **Associated Companies, undertakings and related parties** | - | - |
| | | |
| **NIT and ICP** | **4** | **1,165,835** |
| | | |
| **Directors** | | |
| Mr. Mohammed Yasin Fecto | 1 | 10,153,036 |
| Mr. Mohammed Asad Fecto | 1 | 8,371,146 |
| Mr. Khalid Yacoob | 1 | 2,750 |
| Mr. Altaf A. Hussain | 1 | 2,750 |
| Mr. Safdar Abbas Morawala | 1 | 2,750 |
| Mr. Ijaz Ali | 1 | 2,750 |
| Mr. Aamir Ghani | 1 | 2,750 |
| Mr. Mohammad Anwar Habib | 1 | 2,750 |
| | | |
| | **8** | **18,540,682** |
| | | |
| **Banks, Development Finance Institutions, Non-Banking Finance** | | |
| **Companies, Insurance and Modarabas** | **13** | **4,865,421** |
| | | |
| **Mutual Funds** | | |
| | | |
| EFULAL Takaful Growth Fund | 1 | 50,000 |
| CDC Trustee Alfalah GHP Value Fund | 1 | 92,500 |
| CDC Trustee NAFA Stock Fund | 1 | 449,000 |
| CDC Trustee Alfalah GHP Stock Fund | 1 | 127,500 |
| CDC Trustee Alfalah GHP Alpha Fund | 1 | 37,500 |
| CDC Trustee First Capital Mutual Fund | 1 | 7,000 |
| CDC Trustee NAFA Islamic Stock Fund | 1 | 256,500 |
| CDC Trustee Alfalah GHP Islamic Stock | 1 | 275,000 |
| CDC Trustee NAFA Islamic Asset Allocat | 1 | 288,500 |
| CDC Trustee NAFA Islamic Pension Fund Equity | 1 | 50,000 |
| CDC Trustee NAFA Islamic Pension Fund | 1 | 35,500 |
| | | |
| | **11** | **1,669,000** |
| | | |
| **OTHERS** | | |
| **Foreign** | **4** | **297,100** |
| **Local - Institutions** | **31** | **385,323** |
| **Individuals** | **1,909** | **23,236,639** |
| | | |
| | **1,944** | **23,919,562** |
| | | |
| **Total** | **1,980** | **50,160,000** |
| | | |
| **Shareholders holding 5% or more voting interest** | | |
| Mr. Mohammed Yasin Fecto | 1 | 10,153,036 |
| Mr. Mohammed Asad Fecto | 1 | 8,371,146 |
| | | |

No transaction in the shares of the Company has been reported by any Director(s), Executive(s) and their Spouse(s) and Minor Children during the year.

# SIX YEARS KEY OPERATING AND FINANCIAL DATA

| Year ended June 30 | 2016 | 2015 | 2014 | 2013 | 2012 | 2011 |
|---|---|---|---|---|---|---|
| **PRODUCTION SUMMARY** | | | | **(Tonnes)** | | |
| Clinker production | **661,103** | 703,677 | 640,825 | 689,937 | 785,345 | 718,322 |
| Cement production | **735,501** | 694,458 | 680,919 | 708,346 | 791,937 | 757,424 |
| Cement despatches | **736,671** | 694,132 | 682,048 | 709,461 | 792,597 | 756,829 |
| | | | **(Rupees in thousand unless stated otherwise)** | | | |
| **PROFIT & LOSS SUMMARY** | | | | | | |
| Turnover (net) | **5,031,622** | 4,779,145 | 4,723,814 | 4,588,064 | 4,342,634 | 3,304,272 |
| Gross profit | **1,623,450** | 1,465,349 | 1,277,219 | 1,254,550 | 965,662 | 605,924 |
| Profit before tax | **1,158,876** | 899,636 | 769,895 | 705,968 | 296,532 | 91,960 |
| **BALANCE SHEET SUMMARY** | | | | | | |
| Paid up capital | **501,600** | 501,600 | 501,600 | 501,600 | 501,600 | 501,600 |
| General Reserve | **550,000** | 550,000 | 550,000 | 550,000 | 50,000 | 50,000 |
| Accumulated Profit | **2,181,850** | 1,869,625 | 1,327,395 | 857,454 | 824,464 | 477,735 |
| Long term loan and lease finance | **-** | 80,000 | 260,000 | 125,000 | 254,648 | 456,418 |
| Deferred liabilities | **403,944** | 436,830 | 245,133 | 117,979 | 25,809 | 119,406 |
| Operating assets | **1,867,644** | 1,957,505 | 1,964,768 | 2,051,702 | 2,136,402 | 2,162,168 |
| **MISCELLANEOUS** | | | | | | |
| Contribution to national exchequer | **1,108,922** | 967,700 | 900,099 | 716,343 | 697,453 | 776,363 |
| Earnings per share (Rs.) | **16.22** | 12.31 | 11.87 | 11.63 | 6.91 | 1.34 |
| Break up value per share (Rs.) | **64.46** | 58.24 | 47.43 | 38.06 | 27.43 | 20.52 |
| Current ratio | **01:0.20** | 01:0.36 | 01:0.53 | 01:0.94 | 01:1.44 | 01:1.66 |
| Debt/equity ratio | **0:100** | 3:97 | 10:90 | 6:94 | 16:84 | 31:69 |
| Dividend | *** 70%** | 50% | 25% | 15% | 10% | - |

* - Interim 50%
- Final (proposed) 20%

# STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

## FOR THE YEAR ENDED JUNE 30, 2016

This statement is being presented to comply with the Code of Corporate Governance (The CCG) contained in Regulation No. 5.19.23 of listing regulations of the Rule Book of Pakistan Stock Exchange Limited for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance.

The Company has applied the principles contained in the CCG in the following manner:

1. The Company encourages representation of independent non-executive directors and directors representing minority interests on its Board of Directors. At present the Board includes:

| Category | Names |
|---|---|
| Independent Directors | Ijaz Ali, Safdar Abbas Morawala, Altaf A Hussain, Khalid Yacoob and Mohammed Anwar Habib |
| Executive Directors | Mohammed Yasin Fecto and Mohammed Asad Fecto |
| Non-Executive Directors | Aamir Ghani and Rohail Ajmal |

The independent directors meet the criteria of independence under clause 5.19.1. (b) of the CCG.

2. The Directors have confirmed that none of them is serving as a director on more than seven (7) listed companies including this company (excluding the listed subsidiaries of listed holding companies where applicable).

3. All the resident directors of the Company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBFI or, being a Broker of a stock exchange, has been declared as a defaulter by that stock exchange.

4. A casual vacancy occurring on the Board on January 24, 2016 was filled up by the directors within 87days.

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

6. 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.

7. All the powers of the Board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the CEO, other executive directors and non-executive directors have been taken by the Board/Shareholders.

8. The meetings of the Board were presided over by the Chairman and in his absence, by a director elected by the Board for this purpose and the Board met at least once in every quarter. Written notices of the Board meetings, along with agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.

9. Out of Nine (9) directors, three (3) directors meet the exemption requirement of the Directors' Training Program (DTP). Four (4) directors attended DTP till last year whereas one (1) director completed the DTP during the year.

10. There was no new appointment of CFO, Company Secretary and Head of Internal Audit during the year. The Board has however, approved appointment of Chief Financial Officer (CFO), Company Secretary and Head of Internal Audit, including terms and conditions of appointment as determined by the CEO.

11. The Directors' Report for this year has been prepared in compliance with the requirements of the CCG and fully describes the salient matters required to be disclosed.

12. The financial statements of the Company were duly endorsed by CEO and CFO before approval of the Board.

13. The directors, CEO and executives do not hold any interest in the shares of the Company other than that disclosed in the pattern of shareholding.

14. The Company has complied with all the corporate and financial reporting requirements of the CCG.

15. The Board has formed an audit committee. It comprises four (4) members, of whom, Two (2) are independent directors one (1) is non-executive director and one (1) is executive director. The Chairman of the Committee is an independent Director.

16. The meetings of the audit committee were held at least once every quarter prior to approval of interim and final results of the Company and as required by the CCG. The terms of reference of the committee have been formed and advised to the committee for compliance.

17. The board has formed an HR and Remuneration Committee. It comprises three (3) members, of whom one (1) is independent director; one (1) is non executive director whereas chairman of the committee is an executive director.

18. The Board has set-up an effective internal audit function.

19. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the quality control review program of the Institute of Chartered Accountants of Pakistan (ICAP), 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.

20. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.

21. The “closed period” prior to the announcement of interim/final results, and business decision, which may materially affect the market price of company’s securities, was determined and intimated to directors, employees and stock exchanges(s).

22. Material/price sensitive information has been disseminated among all market participants at once through stock exchange.

23. The Company has complied with the requirements relating to maintenance of register of persons having access to inside information by designated a senior management officer in a timely manner and maintained proper record including basis for inclusion or exclusion of names of persons from the said list.

24. We confirm that all other material principles enshrined in the CCG have been complied with.

On behalf of the Board

**MOHAMMED YASIN FECTO**
CHIEF EXECUTIVE

Karachi: September 29, 2016

# REVIEW REPORT TO THE MEMBERS ON THE STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

We have reviewed the enclosed Statement of Compliance with the best practices contained in the Code of Corporate Governance ("the Code") prepared by the Board of Directors of **Fecto Cement Limited** ("the Company") for the year ended 30 June 2016 to comply with the requirements of Clause No. 5.19 of Rule Book of Pakistan Stock Exchange (formerly Listing Regulation No. 35 of Karachi Stock Exchange Limited) where the Company is listed.

The responsibility for compliance with the Code is that of the Board of Directors of the Company. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Code and report if it does not and to highlight any non-compliance with the requirements of the Code. 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 Code.

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

The Code requires 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 of its related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price and recording proper justification for using such alternate pricing mechanism. 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 any procedures to determine 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 best practices contained in the Code as applicable to the Company for the year ended 30 June 2016.

KPMG Taseer Hadi & Co.

**Date:** September 29, 2016

**Karachi**

**KPMG Taseer Hadi & Co.**
**Chartered Accountants**

# AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of Fecto Cement Limited ("the Company") as at 30 June 2016 and the related profit and loss account, statement of comprehensive income, statement of cash flow statement and changes in equity together with the notes forming part thereof, for the year then ended 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 our audit.

It is the responsibility of the Company's management to establish and maintain a system of internal control, and prepare and present the above said statements in conformity with the approved accounting standards and the requirements of the Companies Ordinance, 1984. Our responsibility is to express an opinion on these statements based on our audit.

We conducted our audit in accordance with the auditing standards as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the above said statements are free of any material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the above said statements. An audit also includes assessing the accounting policies and significant estimates made by management, as well as, evaluating the overall presentation of the above said statements. We believe that our audit provides a reasonable basis for our opinion and, after due verification, we report that:

a) in our opinion, proper books of account have been kept by the Company as required by the Companies Ordinance, 1984;

b) in our opinion:
   i) the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with accounting policies consistently applied;

   ii) the expenditure incurred during the year was for the purpose of the Company's business; and

   iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the Company;

c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan and give the information required by the Companies Ordinance, 1984, 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 2016 and of the profit, its cash flows and changes in equity for the year then ended; and

d) in our opinion, 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.

We draw attention to note 11.1.1 which more fully discloses the fact that the Company is in litigation to contest the mining lease cancellation (including penalty) and the Company's responses / measures thereon.

Our opinion is not qualified in respect of above matter.

KPMG Taseer Hadi & Co.

Date: 29 September 2016

Karachi

**KPMG Taseer Hadi & Co.**
Chartered Accountants
Amir Jamil Abbasi

# BALANCE SHEET

| | Note | 2016 | 2015 |
|---|---|---|---|
| | | (Rupees in '000) | |
| **SHARE CAPITAL** | | | |
| **Authorised** | | | |
| 75,000,000 (2015: 75,000,000) ordinary shares of Rs. 10/- each | 5 | **750,000** | 750,000 |
| **Issued, subscribed and paid-up** | | | |
| 50,160,000 (2015: 50,160,000) ordinary shares of Rs. 10/- each | 5 | **501,600** | 501,600 |
| **GENERAL RESERVE** | | **550,000** | 550,000 |
| **ACCUMULATED PROFIT** | | **2,181,850** | 1,869,625 |
| | | **3,233,450** | 2,921,225 |
| **NON-CURRENT LIABILITIES** | | | |
| Long term financing | 6 | **-** | 80,000 |
| Deferred taxation - Net | 7 | **403,944** | 436,830 |
| | | **403,944** | 516,830 |
| **CURRENT LIABILITIES** | | | |
| Short term borrowings | 8 | **-** | 200,000 |
| Current maturity of long term liabilities | 9 | **-** | 180,000 |
| Trade and other payables | 10 | **439,314** | 435,068 |
| | | **439,314** | 815,068 |
| **CONTINGENCIES AND COMMITMENTS** | 11 | | |
| | | **4,076,708** | 4,253,123 |

The annexed notes 1 to 34 form an integral part of these financial statements.

# AS AT 30 JUNE 2016

| | Note | 2016 | 2015 |
|---|---|---|---|
| | | (Rupees in '000) | |
| **PROPERTY, PLANT AND EQUIPMENTS** | | | |
| Fixed assets - property, plant and equipment | 12 | **1,867,644** | 1,961,145 |
| Long term loans and deposits | 13 | **11,588** | 11,857 |
| | | **1,879,232** | 1,973,002 |
| **CURRENT ASSETS** | | | |
| Stores and spares | 14 | **901,305** | 824,561 |
| Stock-in-trade | 15 | **922,043** | 1,062,162 |
| Trade debts | 16 | **12,563** | 13,549 |
| Loans, advances, deposits, prepayments and accrued mark-up | 17 | **32,623** | 159,399 |
| Cash and bank balances | 18 | **328,942** | 220,450 |
| | | **2,197,476** | 2,280,121 |
| | | **4,076,708** | 4,253,123 |

**(MOHAMMED YASIN FECTO)**
Chief Executive

**(ROHAIL AJMAL)**
Director

# PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 30 JUNE 2016

| | Note | **2016** | 2015 |
|---|---|---|---|
| | | **(Rupees in '000)** | |
| Sales - net | 19 | **5,031,622** | 4,779,145 |
| Cost of sales | 20 | **(3,408,172)** | (3,313,796) |
| Gross profit | | **1,623,450** | 1,465,349 |
| Administrative expenses | 21 | **(238,703)** | (258,495) |
| Distribution cost | 22 | **(139,266)** | (174,435) |
| Finance cost | 23 | **(12,483)** | (81,127) |
| Other income | 24 | **11,766** | 15,019 |
| | | **(378,686)** | (499,038) |
| | | **1,244,764** | 966,311 |
| Workers' funds | 25 | **(85,888)** | (66,675) |
| Profit before taxation | | **1,158,876** | 899,636 |
| Taxation | | | |
| - Current | | **(377,184)** | (90,469) |
| - Prior | | **(752)** | - |
| - Deferred | | **32,885** | (191,697) |
| | | **(345,051)** | (282,166) |
| Profit after taxation | | **813,825** | 617,470 |
| | | **(Rupees)** | |
| Earnings per share - basic & diluted | 27 | **16.22** | 12.31 |

The annexed notes 1 to 34 form an integral part of these financial statements.

**(MOHAMMED YASIN FECTO)**
Chief Executive

**(ROHAIL AJMAL)**
Director

# STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2016

| | 2016 | 2015 |
|---|---|---|
| | (Rupees in '000) | |
| Net profit after taxation | **813,825** | 617,470 |
| Other comprehensive income | **-** | - |
| Total comprehensive income for the year | **813,825** | 617,470 |

The annexed notes 1 to 34 form an integral part of these financial statements.

**(MOHAMMED YASIN FECTO)**
Chief Executive

**(ROHAIL AJMAL)**
Director

# CASH FLOW STATEMENT

FOR THE YEAR ENDED 30 JUNE 2016

| | 2016 | 2015 |
|---|---|---|
| | (Rupees in '000) | |
| Profit before taxation | **1,158,876** | 899,636 |
| **Adjustments for:** | | |
| - Depreciation | **112,616** | 109,041 |
| - Provision for bad debts | **4,951** | - |
| - Gain on disposal of operating assets | **(200)** | (5,208) |
| - Assets under Capital Work in Progress written off during the year | **-** | 348 |
| - Advance against capital assets written off during the year | **-** | 10,019 |
| - Finance cost | **12,483** | 81,127 |
| Operating profit before working capital changes | **1,288,726** | 1,094,963 |
| (Increase) / Decrease in stores and spares | **(76,744)** | 131,354 |
| Decrease / (Increase) in stock-in-trade | **140,119** | (424,819) |
| (Increase) / Decrease in trade debts | **(3,965)** | 2,978 |
| Decrease / (Increase) in loans, advances, deposits, prepayments and accrued mark-up | **6,736** | (12,630) |
| (Decrease) / Increase in trade and other payables | **(58,086)** | 34,843 |
| Cash generated from operations | **1,296,786** | 826,689 |
| Income tax paid / deducted at source | **(243,091)** | (136,573) |
| Long term loans and deposits | **269** | 3,844 |
| Net cash generated from operating activities | **1,053,964** | 693,960 |
| **Cash flows from investing activities** | | |
| Fixed capital expenditure | **(20,235)** | (107,663) |
| Sale proceeds of operating assets | **1,320** | 7,453 |
| Net cash used in investing activities | **(18,915)** | (100,210) |
| **Cash flows from financing activities** | | |
| Repayment of Long term financing | **(260,000)** | (140,000) |
| Repayment of Short term borrowing | **(200,000)** | (200,000) |
| Finance cost paid | **(20,278)** | (83,556) |
| Dividend paid | **(446,279)** | (97,453) |
| Net cash used in financing activities | **(926,557)** | (521,009) |
| Net increase in cash and cash equivalents | **108,492** | 72,741 |
| Cash and cash equivalents as at 01 July | **220,450** | 147,709 |
| Cash and cash equivalents as at 30 June | **328,942** | 220,450 |
| Cash and cash equivalent: | | |
| Cash and bank balances | **328,942** | 220,450 |
| Short term running finance | **-** | - |
| | **328,942** | 220,450 |

The annexed notes 1 to 34 form an integral part of these financial statements.

**(MOHAMMED YASIN FECTO)**
Chief Executive

**(ROHAIL AJMAL)**
Director

# STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2016

| | Share capital | General reserve | Accumulated profit | Total |
|---|---|---|---|---|
| | ------------------------ | (Rupees in '000) | ------------------------ | |
| Balance as at 30 June 2014 | 501,600 | 550,000 | 1,327,395 | 2,378,995 |
| **Total comprehensive income for the year** | | | | |
| Profit for the year ended 30 June 2015 | - | - | 617,470 | 617,470 |
| Final cash dividend @ 15% for the year ended 30 June 2014 | - | - | (75,240) | (75,240) |
| Balance as at 30 June 2015 | 501,600 | 550,000 | 1,869,625 | 2,921,225 |
| **Total comprehensive income for the year** | | | | |
| Profit for the year ended 30 June 2016 | - | - | 813,825 | 813,825 |
| Final cash dividend @ 50% for the year ended 30 June 2015 | - | - | (250,800) | (250,800) |
| Interim Cash dividend @ 50% for the year ended 30 June 2016 | - | - | (250,800) | (250,800) |
| **Balance as at 30 June 2016** | 501,600 | 550,000 | 2,181,850 | 3,233,450 |

The annexed notes 1 to 34 form an integral part of these financial statements.

**(MOHAMMED YASIN FECTO)**
Chief Executive

**(ROHAIL AJMAL)**
Director

# NOTES TO THE FINANCIAL STATEMENTS

## 1. STATUS AND NATURE OF BUSINESS

The Company was incorporated in Pakistan on 28 February 1981 as a public limited company with its Registered Office situated at 35-Darulaman Housing Society, Block 7/8, Shahra-e-Faisal, Karachi, Sindh. Its shares are quoted on Pakistan Stock Exchange. It is principally engaged in production and sale of cement.

## 2. STATEMENT OF COMPLIANCE

These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board and Islamic Financial Accounting Standards (IFASs) issued by the Institute of Chartered Accountants of Pakistan as are notified under the Companies Ordinance, 1984, provisions of and directives issued under the Companies Ordinance, 1984. In case requirements differ, the provisions or directives of the Companies Ordinance, 1984 shall prevail.

## 3. BASIS OF PREPARATION

### 3.1 Accounting Convention

These financial statements are prepared under the historical cost convention.

### 3.2 Standards, interpretations and amendments to published approved accounting standards that are effective in the current year

IFRS 10 ‘Consolidated Financial Statements’, IFRS 11 ‘Joint Arrangements’, IFRS I2 ‘Disclosure of Interests in Other Entities’ and IFRS 13 ‘Fair Value Measurements’. These standards became applicable from 1 July 2015, as per the adoption status of IFRS in Pakistan.

The application of IFRS 10, IFRS 11, IFRS 12 and IFRS 13 did not have any impact on the financial information of the Company.

### 3.3 Standards, amendments and interpretations not yet effective

The following standards, amendments and interpretations of approved accounting standards are only effective for accounting periods beginning on or after 1 July 2016:

- Amendments to IAS 38 Intangible Assets and IAS 16 Property, Plant and Equipment (effective for annual periods beginning on or after 1 January 2016) introduce severe restrictions on the use of revenue-based amortization for intangible assets and explicitly state that revenue-based methods of depreciation cannot be used for property, plant and equipment. The rebuttable presumption that the use of revenue-based amortization methods for intangible assets is inappropriate can be overcome only when revenue and the consumption of the economic benefits of the intangible asset are ‘highly correlated’, or when the intangible asset is expressed as a measure of revenue. The amendments are not likely to have an impact on Company’s financial statements.

- Investment Entities: Applying the Consolidation Exception (Amendments to IFRS 10 - Consolidated Financial Statements and IAS 28 - Investments in Associates and Joint Ventures) effective for annual periods beginning on or after 1 January 2016 clarifies (a) which subsidiaries of an investment entity are consolidated; (b) exemption to present consolidated financial statements is available to a parent entity that is a subsidiary of an investment entity; and (c) how an entity that is not an investment entity should apply the equity method of accounting for its investment in an associate or joint venture that is an investment entity. The amendments are not likely to have an impact on Company’s financial statements.

- Accounting for Acquisitions of Interests in Joint Operations - Amendments to IFRS 11 ‘Joint Arrangements’ (effective for annual periods beginning on or after 1 January 2016) clarify the accounting for the acquisition of an interest in a joint operation where the activities of the operation constitute a business. They require an investor to apply the principles of business combination accounting when it acquires an interest in a joint operation that constitutes a business. The amendments are not likely to have an impact on Company’s financial statements.

- Amendment to IAS 27 ‘Separate Financial Statements’ (effective for annual periods beginning on or after 1 January 2016) allows entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements. The amendments are not likely to have an impact on Company’s financial statements.

- Agriculture: Bearer Plants [Amendment to IAS 16 and IAS 41] (effective for annual periods beginning on or after 1 January 2016). Bearer plants are now in the scope of IAS 16 Property, Plant and Equipment for measurement and disclosure purposes. Therefore, a company can elect to measure bearer plants at cost. However, the produce growing on bearer plants will continue to be measured at fair value less costs to sell under IAS 41 Agriculture. A bearer plant is a plant that: is used in the supply of agricultural produce; is expected to bear produce for more than one period; and has a remote likelihood of being sold as agricultural produce. Before maturity, bearer plants are accounted for in the same way as self-constructed items of property, plant and equipment during construction. The amendments are not likely to have an impact on Company’s financial statements.

- Amendments to IAS 12 ‘Income Taxes’ are effective for annual periods beginning on or after 1 January 2017. The amendments clarify that the existence of a deductible temporary difference depends solely on a comparison of the carrying amount of an asset and its tax base at the end of the reporting period, and is not affected by possible future changes in the carrying amount or expected manner of recovery of the asset. The amendments are not likely to have an impact on Company’s financial statements.

- Amendments to IAS 7 ‘Statement of Cash Flows’ are part of IASB’s broader disclosure initiative and are effective for annual periods beginning on or after 1 January 2017. The amendments require disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flow and non-cash changes.

- Amendments to IFRS 2 - Share-based Payment clarify the accounting for certain types of arrangements and are effective for annual periods beginning on or after 1 January 2018. The amendments cover three accounting areas (a) measurement of cash- settled share-based payments; (b) classification of share-based payments settled net of tax withholdings; and (c) accounting for a modification of a share-based payment from cash-settled to equity-settled. The new requirements could affect the classification and/or measurement of these arrangements and potentially the timing and amount of expense recognised for new and outstanding awards. The amendments are not likely to have an impact on Company’s financial statements.

Annual Improvements 2012-2014 cycles (amendments are effective for annual periods beginning on or after 1 July 2016). The new cycle of improvements contain amendments to the following standards:

- IFRS 5 Non-current Assets Held for Sale and Discontinued Operations. IFRS 5 is amended to clarify that if an entity changes the method of disposal of an asset (or disposal group) i.e. reclassifies an asset from held for distribution to owners to held for sale or vice versa without any time lag, then such change in classification is considered as continuation of the original plan of disposal and if an entity determines that an asset (or disposal group) no longer meets the criteria to be classified as held for distribution, then it ceases held for distribution accounting in the same way as it would cease held for sale accounting.

- IFRS 7 'Financial Instruments- Disclosures'. IFRS 7 is amended to clarify when servicing arrangements on continuing involvement in transferred financial assets in cases when they are derecognized in their entirety are in the scope of its disclosure requirements. IFRS 7 is also amended to clarify that additional disclosures required by 'Disclosures: Offsetting Financial Assets and Financial Liabilities (Amendments to IFRS7)' specifically required for inclusion in condensed interim financial statements for all interim periods.

- IAS 19 'Employee Benefits'. IAS 19 is amended to clarify that high quality corporate bonds or government bonds used in determining the discount rate should be issued in the same currency in which the benefits are to be paid.

- IAS 34 'Interim Financial Reporting'. IAS 34 is amended to clarify that certain disclosures, if they are not included in the notes to interim financial statements and disclosed elsewhere should be cross referred.

The above amendments are not likely to have an impact on the Company's financial statements.

**3.4 Functional and presentation currency**

Items included in the financial statements are measured using the currency of the primary economic environment in which the Company operates. These financial statements are presented in Pakistani Rupees which is the Company's functional currency. All financial information presented in Pak Rupees have been rounded to nearest thousand.

**3.5 Use of estimates and judgments**

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

Estimates and underlying assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements of the carrying value of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. The estimates underlying the assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgments made by management in the application of approved accounting standards, as applicable in Pakistan, that have significant effect on the financial statements are as follows:

**3.5.1 Income taxes**

In making the estimates for income taxes currently payable by the Company, the management considers the current income tax law and the decisions of appellate authorities on certain issues in the past.

**3.5.2 Property, plant and equipment**

The Company's management determines the estimated useful lives, residual value and related depreciation charge for its plant and equipment. The Company reviews the value of the assets for possible impairment on an annual basis. Any change in the estimates in future years might affect the carrying amounts of the respective items of property, plant and equipments with a corresponding effect on the depreciation charge and impairment.

**3.5.3 Stock-in-trade and stores and spares**

The Company's management reviews the net realisable value (NRV) and impairment of stock-in-trade and stores and spares respectively, to assess any diminution in the respective carrying values and wherever required provision for NRV / impairment is made. The difference in provision, if any, would be recognised in the future years.

### 3.5.4 Trade debts and other debts

Impairment loss against doubtful trade and other debts is made on judgemental basis, for which provision may differ in the future years based on the actual experience. The difference in provision if any, would be recognised in the future years.

## 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

### 4.1 Property, plant and equipments

**Owned**

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

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

iii) Depreciation is charged to profit and loss applying the straight line method at the rate specified below:

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

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

**Leased**

i) Assets subject to finance lease are accounted for by recording the assets and related liabilities. These are stated at lower of present value of minimum lease payments under the lease agreements and fair value of assets acquired on lease at the inception of lease. Assets acquired under the finance lease are depreciated over the useful life of the assets in the same manner as the owned assets.

ii) Finance charge under the lease agreements is allocated over the periods during lease term so as to produce a constant periodic rate of financial charge on the outstanding balance of principal liability of each period.

### 4.2 Capital work in progress

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

**4.3** Staff benefits

i) The Company operates a defined contribution plan, provident fund, for all its regular permanent employees. Contributions are made equally by the Company and the employees as per the rules of the Fund.

ii) The liability in respect of accumulated compensated absences of employees is accounted for in the period in which these absences are earned.

**4.4 Stores and spares**

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

**4.5 Stock-in-trade**

Stock-in-trade is valued at lower of cost and net realisable value. Cost signifies in relation to:

| | |
|---|---|
| Raw Material purchased / excavated by the Company | At average cost comprising of excavation cost, labour and appropriate overheads. |
| Other Raw Material and Packing Material | At cost determined on first-in-first-out basis. |
| Work-in-process and Finished Goods | At average cost comprising direct material, labour and appropriate manufacturing overheads. |

Net realizable value signifies the selling price less cost necessary to be incurred in order to make the sale.

**4.6 Financial assets other than derivatives**

Financial assets include trade debts, loans, deposits, accrued mark-up and cash and bank balances. These are recognised initially at fair-value plus attributable transaction costs, if any, and subsequently measured at amortised cost using effective interest method less provision for impairment, if any. A provision for impairment is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of receivables.

**4.7 Financial liabilities other than derivatives**

Financial liabilities include long term finance, liabilities against assets subject to finance lease, short term borrowing and trade and other payables. All financial liabilities are recognised initially at fair value plus directly attributable transaction costs, if any, and subsequently measured at amortised cost using effective interest rate method.

**4.8 Cash and cash equivalents**

Cash and cash equivalents comprises cash and bank balances. Short term running finances that are repayable on demand and form an integral part of the Company’s cash management policy are also included as a component of cash equivalents for the purpose of the statement of cash flows.

**4.9 Foreign currency translation**

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

### 4.10 Derivative financial instruments

The Company uses derivative financial instruments such as interest rate swaps and cross currency swaps to cover its risk associated with interest and exchange rate fluctuations. Such derivative financial instruments are initially recognized at fair value on the date on which a derivative contract is entered into and are subsequently measured at fair value. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative. Any gains or losses arising from change in fair value of derivatives that do not qualify for hedge accounting are taken directly to profit and loss account.

### 4.11 Taxation

Income tax expense comprises current and deferred tax. Income tax expense is recognised in profit and loss account.

**Current**

Provision for current taxation is based on taxable income for the year at the current rates of taxation enacted or substantively enacted at the balance sheet date after taking into account available tax credits, rebates and adjustments to tax payable in respect of previous years, if any.

**Deferred**

Deferred tax is provided using the balance sheet liability method providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities using tax rates enacted or substantively enacted at the balance sheet date. Deferred tax asset is recognised for deductible temporary differences only to the extent it is probable that future taxable profits will be available and the credits can be utilised.

### 4.12 Provisions

A provision is recognised in the balance sheet when the Company has a legal or constructive obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of obligation.

### 4.13 Revenue recognition

**Sale of goods**

Revenue from sale of goods is measured at fair value of the consideration received or receivable. Revenue is recognised when the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated cost and possible return of goods can be estimated reliably, and there is no continuing management involvement of the Company with the goods. The Company recognises revenue from the sale of goods (including export sales) on despatch of goods to its customers.

Profit on term deposits and long term advances

Profit on term deposits is accounted for on time proportion basis on the principal outstanding at the rates applicable.

### 4.14 Borrowing cost

Borrowing cost incurred upto the date the qualifying asset is ready for use and that is directly attributable to the acquisition or construction of related property, plant and equipment is capitalised as part of cost of the relevant asset. All other mark-up, interest and other related charges are charged to income in the period in which they occur.

### 4.15 Impairment

The carrying amount of all assets not carried at fair value, is reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the recoverable amount of such asset is estimated. Impairment loss is recognised in profit and loss account whenever carrying amount of an assets exceeds its recoverable amount.

### 4.16 Offsetting

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

### 4.17 Dividends and appropriations to reserves

Dividends and appropriations to reserves are recognised as liability in the Company's financial statements in the period / year in which these are approved.

### 4.18 Research and development costs

Research and development costs are charged to income as and when incurred, except for certain development costs which are recognised as intangible assets when it is probable that the development project will be a success and certain criteria, including commercial and technological feasibility have been met.

## 5. SHARE CAPITAL

| 2016 | 2015 | | 2016 | 2015 |
|---|---|---|---|---|
| (Number of shares) | | | (Rupees in '000) | |
| **Authorised** | | | | |
| **75,000,000** | 75,000,000 | Ordinary shares of Rs. 10 each | **750,000** | 750,000 |
| **Issued, subscribed and paid up** | | | | |
| **45,600,000** | 45,600,000 | Ordinary shares of Rs. 10 each fully paid in cash | **456,000** | 456,000 |
| **4,560,000** | 4,560,000 | Ordinary shares of Rs. 10 each issued as fully paid bonus shares | **45,600** | 45,600 |
| **50,160,000** | 50,160,000 | | **501,600** | 501,600 |

## 6. LONG TERM FINANCING - secured

| | Note | 2016 | 2015 |
|---|---|---|---|
| Pak Brunei Investment Company Limited | 6.1 | **-** | 100,000 |
| Saudi Pak Industrial and Agricultural Investment Company Limited | 6.2 | **-** | 160,000 |
| | | **-** | 260,000 |
| Less: Current maturity | 9 | **-** | (180,000) |
| | | **-** | 80,000 |

**6.1** The Company obtained finance facility of Rs. 200 million from Pak Brunei Investment Company Limited on December 2013. This was a bridge finance facility for a period of two years with one year grace period with equal quarterly principal repayments in the second year. Mark up was payable quarterly at 3 months KIBOR plus 2.5% at the date of disbursement and was subsequently revised on each instalment date. The facility was secured by a registered first pari passu charge on all present and future fixed assets of the Company up to Rs. 267 million. The company has voluntarily prepaid the entire loan outstanding balance of Rs.100 million on 07 July 2015 after two scheduled repayments.

**6.2** The Company had obtained finance facility of Rs. 200 million from Saudi Pak Industrial and Agricultural Investment Company Limited on 15 February 2014 to re-profile the Waste Heat Recovery Power Plant diminishing Musharaka loan. This loan was repayable in three years including a grace period of six months in 5 equal semi-annual instalments. Mark up was payable quarterly at 3 months KIBOR plus 2.5% at the date of disbursement and was subsequently revised on each instalment date. The facility was secured by a registered first pari passu charge on all present and future fixed assets of the Company up to Rs. 267 million. The Company has voluntarily prepaid the entire loan outstanding balance of Rs. 80 million on March 09, 2016 after three scheduled repayments.

## 7. DEFERRED TAXATION

| | | **2016** | 2015 |
|---|---|---|---|
| | | (Rupees in '000) | |
| Taxable temporary differences arising in respect of : | | | |
| - Accelerated tax depreciation | | **409,541** | 440,889 |
| Deductible temporary difference arising in respect of: | | | |
| - Provision against slow moving and obsolete spares | | **(4,013)** | (4,059) |
| - Provision for bad debts | | **(1,584)** | - |
| | | **403,944** | 436,830 |

## 8. SHORT TERM BORROWINGS - secured

| | | | |
|---|---|---|---|
| Short term running finances | | **-** | - |
| Export refinance | 8.1 | **-** | 200,000 |
| | | **-** | 200,000 |

**8.1** The Company has a total finance facility of Rs. 1,720 million (2015: Rs. 2,120 million ) which includes Running Finance of Rs. 570 million, Export Refinance of Rs. 400 million and Finance Against imported Material and Murahbah /Istisna cum Wakala of Rs.750 million from various banks. These arrangements are secured by way of first pari passu charge over all the Company's movable and immovable properties and hypothecation of Company's stock-in-trade, stores and spares, book debts, machinery, pledge of coal and personal guarantee of sponsoring directors of the Company. The rate of mark-up ranges from 3 months KIBOR plus 1% - 3% ( 2015: 3 months KIBOR plus 1% - 3% ) per annum except Export Re-Finance on which mark-up rate is 4.5% ( 2015: 6% ) per annum. The facilities are available for various periods expiring upto 31 December 2016.

## 9. CURRENT MATURITY OF LONG TERM LIABILITIES

| | | | |
|---|---|---|---|
| Long term financing | 6 | - | 180,000 |

| 10. TRADE AND OTHER PAYABLES | | 2016 | 2015 |
|---|---|---|---|
| | | (Rupees in ‘000) | |
| Creditors for goods: | | | |
| - Other creditors | | **32,926** | 56,835 |
| - Associated company | | **2,413** | 10,797 |
| Accrued expenses | | **41,741** | 45,496 |
| Leave encashment payable | | **46,024** | 40,360 |
| Workers’ funds | 10.1 | **142,296** | 104,724 |
| Accrued mark-up - secured | 10.2 | **-** | 7,795 |
| Advances from customers | | **36,655** | 45,716 |
| Deposits from dealers, contractors and suppliers | | **9,512** | 9,832 |
| Royalty payable | | **7** | 5 |
| Excise duty payable | | **6,723** | 21,371 |
| Income tax payable | | **15,808** | - |
| Sales tax payable | | **10,066** | 44,897 |
| Unclaimed dividend | | **81,608** | 26,350 |
| Unpaid dividend | | **351** | 288 |
| Other liabilities | | **13,184** | 20,602 |
| | | **439,314** | 435,068 |

**10.1 Workers’ Funds**

| | | | |
|---|---|---|---|
| Workers’ profit participation fund | | | |
| Opening balance | | **48,316** | 41,348 |
| Charge for the year | 25 | **62,238** | 48,316 |
| | | **110,554** | 89,664 |
| Payment during the year | | **(48,316)** | (41,348) |
| | | **62,238** | 48,316 |
| Workers’ welfare fund | | | |
| Opening balance | | **56,408** | 38,049 |
| Charge for the year | 25 | **23,650** | 18,359 |
| | | **80,058** | 56,408 |
| | | **142,296** | 104,724 |

**10.2 Accrued mark-up - secured**

| | | |
|---|---|---|
| Long term loans | **-** | 4,765 |
| Running finance | **-** | 3,030 |
| | **-** | 7,795 |

## 11. CONTINGENCIES AND COMMITMENTS

### 11.1 Contingencies

**11.1.1** On 17 March 2015, the Company received a letter from Director Minerals, Industries and Labour Welfare Islamabad Capital Territory (ICT) informing the Company that the lease issued to it for mining had been cancelled in pursuance of the orders of the Honourable Supreme Court of Pakistan dated 16 March 2015. The said order was passed in a petition filed, dated 10 February 2015, seeking contempt proceedings to implement the order passed by the Honourable Supreme Court of Pakistan on 25 October 2013, whereby, the Honourable Supreme Court of Pakistan ordered Chairman ICT, Chairman National Highway Authority and other executing agencies to cease any activities towards construction of tunnel in the Margalla Hills enroute to the province of Khyber Pakhtunkhwa(KPK), moreover, CDA was also instructed not to grant further licenses for crushing of stones and immediately stop any such activities carried on. The Company also received a letter from Capital Development Authority (CDA), informing them that CDA had withdrawn its NOC issued in favour of the Company. The Company has for the time being ceased excavation of raw materials however it has significant stocks of raw material to continue its operations and has also access to alternative sources of raw material. The company has filed a review pertition in the Honorable Supreme Court of Pakistan against the order passed by the Court dated 25 October 2013.

The Company had not received any notice from the Honourable Supreme Court of Pakistan or any other party to the proceedings that any matter was pending against the Company before the Honourable Supreme Court of Pakistan. Thus, the Company had no knowledge of earlier hearings on this matter. Upon receipt of the above mentioned letters, the Company, represented by its legal counsel Messrs Aitzaz Ahsan and Associates, has contested that the activities conducted by it were not in violation of the order of the Honourable Supreme Court of Pakistan.

As mentioned above, the Company has ceased the excavation of minerals, however management based on legal opinion of its legal counsel believes that the outcome of the pending litigation in the Honourable Supreme Court of Pakistan would be in favour of the Company.

Further, a notice of recovery was served earlier on the Company by Deputy Director (Protection / Forest) creating a demand of Rs. 427.050 million as damage caused by the Company’s mining activities. Further, the Deputy Director (Protection / Forest) has raised the matter before senior special magistrate Capital Development Authority (CDA). The proceedings have been initiated under section 26 of the The Forest Act, 1927 and section 4 and 5 of Islamabad (Preservation of Landscape) Ordinance, 1966.

The Company has challenged the recovery notice on the grounds that mining activities conducted by it were under valid lease issued to it by the authorities. Moreover, the penalty has been without any prior notice and without giving the Company an opportunity of being heard. The Company has also challenged the fact that penalty has been imposed without any basis for calculating the damage. Further, the company has filed a civil suit against CDA in Islamabad High Court.

The matter is pending before the Senior Special Magistrate CDA Islamabad and the company in consultation with its legal advisors is confident that the matter will be decided in its favour.

**11.1.2** The Competition Commission of Pakistan (the CCP) took Suo Moto action under Competition Commission Ordinance, 2007 and issued a Show Cause Notice on 28 October 2008 for increase in prices of cement across the country. Similar notices were also issued to All Pakistan Cement Manufacturers Association (APCMA) and its member cement manufacturers. The Company filed a writ petition before the Honourable Lahore High Court (LHC), the LHC wide its order dated 24 August 2009 allowed the CCP to issue its final order. The CCP accordingly passed an order on 27 August 2009 and imposed a penalty of Rs. 174.063 million on the Company. The Lahore High Court vide its order dated 31 August 2009 restrained the CCP from enforcing its order against the Company for the time being.

During the financial year ended 30 June 2010, the Company has filed an appeal before the Honourable Supreme Court of Pakistan and Lahore High Court against the Order of the CCP dated 27 August 2009. The petition filed by the Company and other cement manufacturers before the Lahore High Court are also pending for adjudication meanwhile order passed by the Lahore High Court on 31 August 2009 is still operative.

**11.1.3** Income tax returns upto tax year 2015 have been submitted with the tax authorities. For tax years 2009 to 2013, notices under section 122(9) of the Income Tax Ordinance, 2001 were issued whereby the basis of allocation of expenses were changed from gross sales to net sales basis. The Company is contesting the matter and a stay has been obtained from the High Court of Sindh.

Certain sales tax proceedings were started during the year 2015 by various sales tax authorities and were decided in favor of the company and its directors including the matter wherein the Additional Commissioner Inland Revenue (ACIR) - Karachi issued an order creating sales tax demand of Rs. 581.788 million. The Company instituted an appeal and Commissioner Inland Revenue (Appeals) passed an order whereby the order against the Company was annulled as being defective on legal as well as factual grounds including the fact that such order was time barred.

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

## 11.2 Commitments

| | **2016** | 2015 |
|---|---|---|
| | **(Rupees in '000)** | |
| Outstanding letters of credit | **90,591** | 44,450 |

## 12 FIXED ASSETS - property, plant and equipment

| | Note | **2016** | 2015 |
|---|---|---|---|
| Operating Assets | 12.1 | **1,866,838** | 1,957,505 |
| Capital Work in Progress | 12.2 | **806** | 3,640 |
| | | **1,867,644** | 1,961,145 |

## 12.1 Operating Assets

| | 2016 | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | Cost | | | | Accumulated depreciation | | | | Written down value as at 30 June 2016 |
| | As at 01 July 2015 | Additions | Disposals / transfers | As at 30 June 2016 | As at 01 July 2015 | Charge for the year | Disposals / transfers | As at 30 June 2016 | |
| | (Rupees in '000) | | | | | | | | |
| Owned | | | | | | | | | |
| Freehold land | 225,923 | - | - | 225,923 | - | - | - | - | 225,923 |
| Factory building on freehold land | 327,715 | - | - | 327,715 | 245,570 | 5,177 | - | 250,747 | 76,968 |
| Non-factory building on freehold land | 124,339 | 5,962 | - | 130,301 | 82,952 | 2,787 | - | 85,739 | 44,562 |
| Plant, machinery and equipments | 3,238,787 | - | - | 3,238,787 | 1,721,280 | 81,651 | - | 1,802,931 | 1,435,856 |
| Quarry transport equipments | 124,814 | - | - | 124,814 | 96,159 | 7,057 | - | 103,216 | 21,598 |
| Furniture, fixtures and equipments | 46,713 | - | - | 46,713 | 41,012 | 1,918 | - | 42,930 | 3,783 |
| Motor vehicles | 107,192 | 17,107 | (4,482) | 119,817 | 51,005 | 14,026 | (3,362) | 61,669 | 58,148 |
| | 4,195,483 | 23,069 | (4,482) | 4,214,070 | 2,237,978 | 112,616 | (3,362) | 2,347,232 | 1,866,838 |

| | 2015 | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | Cost | | | | Accumulated depreciation | | | | Written down value as at 30 June 2015 |
| | As at 01 July 2014 | Additions | Disposals / transfers | As at 30 June 2015 | As at 01 July 2014 | Charge for the year | Disposals / transfers | As at 30 June 2015 | |
| | (Rupees in '000) | | | | | | | | |
| Owned | | | | | | | | | |
| Freehold land | 160,356 | 65,567 | - | 225,923 | - | - | - | - | 225,923 |
| Factory building on freehold land | 327,715 | - | - | 327,715 | 240,393 | 5,177 | - | 245,570 | 82,145 |
| Non-factory building on freehold land | 124,339 | - | - | 124,339 | 80,186 | 2,766 | - | 82,952 | 41,387 |
| Plant, machinery and equipments | 3,238,787 | - | - | 3,238,787 | 1,639,403 | 81,877 | - | 1,721,280 | 1,517,507 |
| Quarry transport equipments | 124,814 | - | - | 124,814 | 88,975 | 7,184 | - | 96,159 | 28,655 |
| Furniture, fixtures and equipments | 46,713 | - | - | 46,713 | 38,973 | 2,039 | - | 41,012 | 5,701 |
| Motor vehicles | 91,184 | 38,456 | (22,448) | 107,192 | 61,210 | 9,998 | (20,203) | 51,005 | 56,187 |
| | 4,113,908 | 104,023 | (22,448) | 4,195,483 | 2,149,140 | 109,041 | (20,203) | 2,237,978 | 1,957,505 |

### 12.1.1 Allocation of depreciation

| | 2016 | 2015 |
|---|---|---|
| | (Rupees in '000) | |
| Excavation cost | **22,292** | 22,253 |
| Manufacturing cost | **78,878** | 78,078 |
| Administrative expenses | **8,354** | 6,404 |
| Distribution cost | **3,092** | 2,306 |
| | **112,616** | 109,041 |

### 12.1.2 Disposals

| Details of disposals of Operating assets | Cost | Accumulated depreciation | Written down value | Sale proceeds | Mode of disposal | Particulars of purchasers |
|---|---|---|---|---|---|---|
| | (Rupees in '000) | | | | | |
| Toyota Vitz | 1,100 | 677 | 423 | 475 | Negotiation | Mr. Muhammad Hanif, Flat # C-6, Dilkusha Appartment, 2nd Floor, KDA Scheme 1, Karachi |
| Toyota Corolla | 879 | 791 | 88 | 105 | Negotiation | Mr. Amir Bawany, House # 51/2/1, Street # 26, Khayaban-e-Janbaz, Phase-V,DHA, Karachi |
| Toyota Corolla | 1,479 | 1,264 | 215 | 280 | Negotiation | Mr. Amir Bawany, House # 51/2/1, Street # 26, Khayaban-e-Janbaz, Phase-V,DHA, Karachi |
| Toyota Passo | 1,024 | 630 | 394 | 460 | Negotiation | Mr. Amir Bawany, House # 51/2/1, Street # 26, Khayaban-e-Janbaz, Phase-V,DHA, Karachi |
| | 4,482 | 3,362 | 1,120 | 1,320 | | |

## 12.2 CAPITAL WORK IN PROGRESS

| | 2016 | 2015 |
|---|---|---|
| | (Rupees in '000) | |
| **Building** | | |
| Opening balance | **3,640** | - |
| Expenditure incurred during the year | **1,648** | 3,640 |
| Transferred to operating assets | **(4,482)** | - |
| | **806** | 3,640 |
| **Machinery and equipments** | | |
| Opening balance | **-** | 348 |
| Expenditure incurred during the year | **-** | - |
| Written-off during the period | **-** | (348) |
| | **-** | - |

## 13. LONG TERM LOANS AND DEPOSITS

| | Note | 2016 | 2015 |
|---|---|---|---|
| **Long term deposits** | 13.1 | **4,514** | 4,555 |
| Long term loans - unsecured, considered good | | | |
| - Employees - interest free | | **3,966** | 4,163 |
| - Executives - interest free | 13.2 | **5,218** | 923 |
| - Sui Northern Gas Pipelines Limited | 13.3 | **4,314** | 8,371 |
| | | **13,498** | 13,457 |
| Current portion | 17 | **(6,424)** | (6,155) |
| | | **7,074** | 7,302 |
| | | **11,588** | 11,857 |

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

**13.2** The maximum aggregate amount due from executives of the Company at the end of any month during the year was Rs. 3.782 million (2015: Rs. 1.638 million). The loan to executives and employees are in accordance with the terms of their employment.

**13.3** This represents the unsecured loan of Rs. 44.48 million given to Sui Northern Gas Pipelines Limited for laying of gas pipeline and is repayable in 10 equal yearly instalments after grace period of two years starting from 7 December 2007. This loan had been measured to its present value using prevailing market rate of mark-up at 8% per annum for a similar instrument, having similar terms and credit risk profile, at the time the loan was granted.

## 14. STORES AND SPARES

| | Note | 2016 | 2015 |
|---|---|---|---|
| Stores | | **259,615** | 219,508 |
| Spares | 14.1 | **639,912** | 606,897 |
| Stores in transit | | **16,778** | 13,156 |
| Provision against slow moving and obsolete spares | 14.2 | **(15,000)** | (15,000) |
| | | **901,305** | 824,561 |

**14.1** Spares mainly comprise of consumable stores held by the Company for the purpose of maintenance of the plant to ensure continuous operations of the plant.

**14.2** The Company performs an aging analysis of stores and spares as a result of which certain slow moving and obsolete spares were identified against which a provision of Rs. 15 million was recognized.

## 15. STOCK-IN-TRADE

| | | 2016 | 2015 |
|---|---|---|---|
| | | (Rupees in '000) | |
| Finished goods | | **25,910** | 32,769 |
| Work-in-process | | **227,848** | 394,190 |
| Raw material | | **637,827** | 600,222 |
| Packing material | | **30,458** | 34,981 |
| | | **922,043** | 1,062,162 |

## 16. TRADE DEBTS

| | | | |
|---|---|---|---|
| Unsecured | | | |
| Considered good | | **12,563** | 13,549 |
| Considered doubtful | | **4,951** | - |
| | | **17,514** | 13,549 |
| Provision for doubtful debts | | **(4,951)** | - |
| | | **12,563** | 13,549 |

## 17. LOANS, ADVANCES, DEPOSITS, PREPAYMENTS AND ACCRUED MARK-UP

| | | | |
|---|---|---|---|
| Current portion of long term loans and deposits - unsecured, considered good | 13 | **6,424** | 6,155 |
| Advances to suppliers and contractors - unsecured, considered good | | **7,898** | 18,306 |
| Margin against bank guarantee | 17.1 | **11,000** | 11,000 |
| Income tax (payments less provisions) | | **-** | 116,724 |
| Advance sales tax | | **5,027** | 4,803 |
| Deposits | | **255** | 538 |
| Prepayments | | **1,981** | 1,798 |
| Accrued mark-up | | **38** | 75 |
| | | **32,623** | 159,399 |

**17.1** This represents Rs. 11 million (2015: Rs. 11 million) margin given to Silk bank Limited against the bank guarantee of Rs. 110 million (2015: Rs. 110 million) issued in favour of Sui Northern Gas Pipeline Ltd. as security for the payment of gas bill.

## 18. CASH AND BANK BALANCES

| | | | |
|---|---|---|---|
| In hand | | **1,038** | 1,040 |
| With banks in deposit accounts | | **253,570** | 182,112 |
| With banks in current accounts | | **74,334** | 37,298 |
| | | **328,942** | 220,450 |

## 19. SALES - net

| | | | |
|---|---|---|---|
| Local sales | | **5,313,618** | 4,714,246 |
| Less: | | | |
| - Sales tax | | **(853,610)** | (747,687) |
| - Excise duty | | **(255,312)** | (220,013) |
| | | **(1,108,922)** | (967,700) |
| | | **4,204,696** | 3,746,546 |
| Export sales | | **824,647** | 1,029,470 |
| Export rebate | | **2,279** | 3,129 |
| | | **5,031,622** | 4,779,145 |

## 20. COST OF SALES

| | Note | 2016 | 2015 |
|---|---|---|---|
| | | (Rupees in '000) | |
| Raw and packing material consumed: | | | |
| - Opening stock | | **635,203** | 384,591 |
| - Purchases | | **512,444** | 377,854 |
| - Excavation cost and transportation cost | 20.1 | **137,945** | 412,925 |
| | | **1,285,592** | 1,175,370 |
| Closing stock | | **(668,285)** | (635,203) |
| | | **617,307** | 540,167 |
| Fuel and power | | **1,935,188** | 2,320,493 |
| Stores and spares consumed | | **144,985** | 120,226 |
| Salaries, wages and benefits | 20.2 | **358,375** | 308,697 |
| Insurance | | **26,108** | 26,761 |
| Repairs and maintenance | | **12,173** | 31,446 |
| Depreciation | 12.1.1 | **78,878** | 78,078 |
| Other manufacturing overheads | | **61,957** | 62,135 |
| | | **3,234,971** | 3,488,003 |
| Opening work-in-process | | **394,190** | 219,874 |
| Closing work-in-process | | **(227,848)** | (394,190) |
| Cost of goods manufactured | | **3,401,313** | 3,313,687 |
| Opening finished goods | | **32,769** | 32,878 |
| Closing finished goods | | **(25,910)** | (32,769) |
| | | **3,408,172** | 3,313,796 |

**20.1** Excavation cost includes salaries, wages and benefits and Company's contribution to provident fund amounting to Rs. 27.350 million (2015: Rs. 24.253 million) and Rs. 0.777 million (2015: Rs. 0.696 million) respectively. Further no direct excavation was carried out during this year.

**20.2** This includes Company's contribution to provident fund amounting to Rs. 9.403 million (2015: Rs. 8.553 million).

## 21. ADMINISTRATIVE EXPENSES

| | Note | 2016 | 2015 |
|---|---|---|---|
| Salaries, wages and benefits | 21.1 | **144,450** | 121,026 |
| Travelling and conveyance | | **9,506** | 5,463 |
| Vehicles running expenses | | **9,368** | 9,995 |
| Communications | | **4,853** | 3,577 |
| Printing and stationery | | **1,388** | 1,472 |
| Rent, rates and taxes | | **10,873** | 9,598 |
| Utilities | | **10,251** | 8,821 |
| Repairs and maintenance | | **1,826** | 2,144 |
| Legal and professional charges | | **13,223** | 70,135 |
| Auditors' remuneration | 21.2 | **898** | 875 |
| Donations | 21.3 | **3,616** | 4,031 |
| Depreciation | 12.1.1 | **8,354** | 6,404 |
| Miscellaneous | | **20,097** | 14,954 |
| | | **238,703** | 258,495 |

**21.1** This includes Company's contribution to provident fund amounting to Rs. 4.211 million (2015: Rs. 3.669 million).

**21.2** Auditors' remuneration

| | 2016 | 2015 |
|---|---|---|
| | (Rupees in '000) | |
| Audit fee | **600** | 600 |
| Half yearly review | **100** | 100 |
| Other services | **85** | 85 |
| Out of pocket expenses | **113** | 90 |
| | **898** | 875 |

**21.3** None of the directors or their spouses have any interest in the donee funds.

## 22. DISTRIBUTION COST

| | | | |
|---|---|---|---|
| Salaries, wages and benefits | 22.1 | **36,837** | 35,592 |
| Commission | | **79,758** | 113,934 |
| Export expenses | | **4,422** | 5,665 |
| Travelling and conveyance | | **252** | 537 |
| Vehicles running expenses | | **2,606** | 2,618 |
| Communications | | **810** | 787 |
| Rent, rates and taxes | | **1,982** | 2,086 |
| Repairs and maintenance | | **513** | 579 |
| Advertisement | | **42** | 107 |
| Marking fee | | **5,110** | 4,843 |
| Depreciation | 12.1.1 | **3,092** | 2,306 |
| Miscellaneous | | **3,842** | 5,381 |
| | | **139,266** | 174,435 |

**22.1** This includes Company's contribution to provident fund amounting to Rs. 1.272 million (2015: Rs. 1.246 million).

## 23. FINANCE COST

| | | |
|---|---|---|
| Mark-up on: | | |
| - Long term loans | **8,086** | 41,725 |
| - Running finance | **2,404** | 30,276 |
| Bank commission and charges | **1,993** | 9,126 |
| | **12,483** | 81,127 |

## 24. OTHER INCOME

| | | |
|---|---|---|
| **Income from financial assets** | | |
| Mark-up on bank deposits | **9,877** | 7,619 |
| Mark-up on long term advance | **96** | 163 |
| Accretion of discount | **392** | 630 |
| | **10,365** | 8,412 |
| **Income from non-financial assets** | | |
| Gain on sale of operating assets | **200** | 5,208 |
| Scrap sales | **1,180** | 1,389 |
| Miscellaneous | **21** | 10 |
| | **1,401** | 6,607 |
| | **11,766** | 15,019 |

## 25. WORKERS' FUNDS

| | 2016 | 2015 |
|---|---|---|
| | (Rupees in '000) | |
| Workers' profit participation fund | **62,238** | 48,316 |
| Workers' welfare fund | **23,650** | 18,359 |
| | **85,888** | 66,675 |

## 26. TAXATION

| | 2016 | 2015 |
|---|---|---|
| Relationship between income tax expense and accounting profit before taxation | **1,158,876** | 899,636 |
| Tax at the applicable rate of 32% (2015: 33%) | **370,840** | 296,880 |
| Net tax effect of items taxed at different rate | **(52,528)** | (100,053) |
| Effect of Super Tax | **37,184** | 29,044 |
| Effect of change in deferred tax rate | **(13,237)** | (14,008) |
| Effect of change in rate for apportionment of expenses | **7,073** | 67,131 |
| Effect amortization of initial allowance | **(6,346)** | (7,466) |
| Tax effect of assessed losses | **-** | 6,825 |
| Others | **2,065** | 3,813 |
| Net tax charge for the year | **345,051** | 282,166 |

The income tax assessments of the Company have deemed to be finalized up to and including Tax year 2015.

## 27. EARNINGS PER SHARE - Basic and Diluted

| | 2016 | 2015 |
|---|---|---|
| Earning after taxation | **813,825** | 617,470 |
| | **(Number in '000)** | |
| Weighted average number of ordinary shares | **50,160** | 50,160 |
| | **(Rupees)** | |
| Earnings per share | **16.22** | 12.31 |

## 28. OPERATING SEGMENTS

These financial statements have been prepared on the basis of single reportable segment.

- Revenue from sale of cement represents 100% (2015 : 100%) of the total revenue of the Company.
- 87% (2015: 82%) gross sales of the Company relates to customers in Pakistan.
- All non-current assets of the Company at 30 June 2016 are located in Pakistan.
- The amount of revenue from one major customer having sales of more than 10% of total sales amounts to Rs. 882.018 million, excluding sales tax and Federal Excise Duty, during the year ended 30 June 2016. The major customer resides in Pakistan.

## 29. REMUNERATION OF DIRECTORS AND EXECUTIVES

| | 2016 | | | | 2015 | | | |
|---|---|---|---|---|---|---|---|---|
| | Chief Executive | Director Executive | Director Non-Executive | Executive | Chief Executive | Director Executive | Director Non-Executive | Executive |
| | (Rupees in '000) | | | | | | | |
| Managerial remuneration | 11,273 | 11,273 | - | 143,262 | 11,273 | 11,273 | - | 120,795 |
| Bonus | 3,028 | 3,028 | - | 26,730 | 2,423 | 2,423 | - | 17,702 |
| Retirement benefits | - | - | - | 9,014 | - | - | - | 7,698 |
| Reimbursable perquisites | 726 | 726 | - | 8,835 | 726 | 726 | - | 7,446 |
| Meeting fee | - | - | 80 | - | - | - | 95 | - |
| | 15,027 | 15,027 | 80 | 187,841 | 14,422 | 14,422 | 95 | 153,641 |
| | (Number) | | | | | | | |
| Number of directors & executives | 1 | 1 | 7 | 80 | 1 | 1 | 7 | 69 |

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

Executives are employees whose basic salaries exceeds Rs. 500,000 in a financial year.

## 30. TRANSACTIONS / BALANCES WITH RELATED PARTIES

The related parties comprise of group companies (associated companies), directors, and their close family members, staff provident fund, executives and major shareholders of the Company. Remuneration and benefits to executives of the Company are in accordance with the terms of their employment while contribution to the provident fund is in accordance with the staff service rule. Transactions during the period along with balances with related parties other than those disclosed elsewhere in the financial statements were as follows:

| | **2016** | 2015 |
|---|---|---|
| | **(Rupees in '000)** | |
| **Associated company (Frontier Paper Products (Private) Ltd.)** | | |
| Balance as on 1 July 2015 | **10,797** | 40,457 |
| Purchases | **188,232** | 157,904 |
| Payment during the year | **(196,617)** | (187,564) |
| Balance as on 30 June 2016 | **2,412** | 10,797 |
| **Key Management Personnel:** | | |
| Disbursement of advances to key management personnel | **3,527** | 2,263 |
| Repayment of advances by key management personnel | **1,687** | 2,389 |
| Outstanding loans to key management personnel as on 30 June 2016 | **2,763** | 923 |
| **Others (Provident Fund)** | | |
| Payable to provident fund | **2,937** | 2,361 |

## 31. PROVIDENT FUND RELATED DISCLOSURE

The Company operates approved funded contributory provident funds for both its management and non-management employees. Details of net assets and investments of these funds as per the unaudited accounts as at 30 June 2016 are as follows:

| | (Unaudited) 2016 | (Audited) 2015 |
|---|---|---|
| | (Rupees in '000) | |
| Size of the fund - Net assets | **302,303** | 274,834 |
| Cost of the investment made | **271,790** | 259,960 |
| Percentage of the investment made | **90%** | 95% |
| Fair value of the investment made | **287,898** | 265,115 |

The break up of fair value of the investment is:

| | 2016 (Unaudited) | | 2015 (Audited) | |
|---|---|---|---|---|
| | Amount | % | Amount | % |
| Bank balances | **12,436** | **4%** | 14,796 | 6% |
| Term deposit receipts | **134,354** | **47%** | 117,500 | 44% |
| Mutual funds | **141,108** | **49%** | 132,819 | 50% |
| | **287,898** | | 265,115 | |

The management, based on the un-audited financial statements of the funds, is of the view that the investments out of provident funds have been made in accordance with the provisions of Section 227 of the Companies Ordinance, 1984 and the rules formulated for this purpose.

## 32. CAPACITY, PRODUCTION (CLINKER) AND NUMBER OF EMPLOYEES

| | 2016 | 2015 |
|---|---|---|
| | (Tons) | |
| Rated Capacity | **780,000** | 780,000 |
| Actual Production | **661,103** | 703,677 |

The capacity utilization of the Company during the current year remained under utilized due to market situation. The average number of employees for the year ended 30 June 2016 were 881 (2015: 881).

## 33. FINANCIAL INSTRUMENTS

### Financial risk management

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

- Credit risk
- Liquidity risk
- Market risk

## 33.1 Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss, without taking into account the fair value of any collateral. Concentration of credit risk arises when a number of financial instruments or contracts are entered into with the same party, or when counter parties are engaged in similar business activities, or activities in the same geographic region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations of credit risk indicate the relative sensitivity of the Company's performance to developments affecting a particular industry.

The carrying amount of financial assets represents the maximum credit exposure. To reduce the exposure to credit risk the Company has developed a policy of obtaining advance payments from its customers. Except for customers relating to the Government and certain small and medium sized enterprises, the management strictly adheres to this policy. For any balances receivable from such small and medium sized enterprises, the management continuously monitors the credit exposure towards them and makes provisions against those balances considered doubtful of recovery. Cash is held only with banks with high quality credit worthiness.

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

| | **2016** | | 2015 | |
|---|---|---|---|---|
| | **Balance sheet** | **Maximum exposure** | Balance sheet | Maximum exposure |
| | **(Rupees in '000)** | | | |
| Trade debts | **12,563** | **12,563** | 13,549 | 13,549 |
| Long term loans and deposits | **11,857** | **11,857** | 7,935 | 7,935 |
| Loans, advances, deposits and accrued mark-up | **13,000** | **13,000** | 13,320 | 13,320 |
| Cash and bank balances | **328,942** | **327,904** | 220,450 | 219,410 |
| | **366,362** | **365,324** | 255,254 | 254,214 |

**33.1.1** The maximum exposure to credit risk on trade debts at the balance sheet date is in Pakistan only.

**33.1.2** The maximum exposure to credit risk for trade debts at the balance sheet date by type of customer is as follows:

| | **2016** | 2015 |
|---|---|---|
| | (Rupees in '000) | |
| Dealer / distributor | **10,224** | 12,099 |
| End-user customers | **2,339** | 1,450 |

### 33.1.3 Impairment losses

The aging of trade debtors at the balance sheet date was:

| | **2016** | | 2015 | |
|---|---|---|---|---|
| | **Gross** | **Impairment** | Gross | Impairment |
| | **(Rupees in '000)** | | | |
| Not past due | **-** | **-** | - | - |
| Past due 1-60 days | **10,690** | **-** | 6,784 | - |
| Past due 61 days -1 year | **14** | **-** | 1,475 | - |
| More than one year | **6,810** | **4,951** | 5,290 | - |
| | **17,514** | **4,951** | 13,549 | - |

**33.1.4** Based on past experience, consideration of financial position, past track records and recoveries, the Company believes that trade debtors considered good do not require any impairment. None of the other financial assets are either past due or impaired.

## 33.2 Liquidity risk

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

| | 2016 | | | | | |
|---|---|---|---|---|---|---|
| Non-Derivative | **Carrying amount** | **Contractual cash flows** | **Six months or less** | **Six to twelve months** | **One to five years** | **More than five years** |
| | ---------- (Rupees in '000) ---------- | | | | | |
| **Financial liabilities** | | | | | | |
| Long term financing | - | - | - | - | - | - |
| Short-term running finance | - | - | - | - | - | - |
| Trade and other payables | **227,758** | **227,758** | **227,758** | - | - | - |
| | **227,758** | **227,758** | **227,758** | - | - | - |

| | 2015 | | | | | |
|---|---|---|---|---|---|---|
| Non-Derivative | Carrying amount | Contractual cash flows | Six months or less | Six to twelve months | One to five years | More than five years |
| | ---------- (Rupees in '000) ---------- | | | | | |
| **Financial liabilities** | | | | | | |
| Long term financing | 260,000 | 283,820 | 155,233 | 44,752 | 83,835 | - |
| Short-term running finance | 200,000 | 212,000 | 212,000 | - | - | - |
| Trade and other payables | 218,353 | 218,353 | 218,353 | - | - | - |
| | 678,353 | 714,173 | 585,586 | 44,752 | 83,835 | - |

**33.2.1** The contractual cash flows relating to the above financial liabilities have been determined on the basis of mark-up rates effective as at 30 June (and includes both principal and interest payable thereon). The rates of mark-up have been disclosed in notes 6 and 8 to these financial statements.

## 33.3 Market risk

Market risk is the risk that the value of the financial instrument may fluctuate as a result of changes in market interest rates or the market price due to a change in credit rating of the issuer or the instrument, change in market sentiments, speculative activities, supply and demand of securities and liquidity in the market. Market risk comprises of currency risk, interest rate risk and other price risk.

### 33.3.1 Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Foreign Currency risk arises mainly where receivables and payables exist due to transactions entered into foreign currencies. The Company is exposed to foreign currency risk on sales to the extent that, orders placed are denominated in a currency other than Pak Rupees that is Dollar($), However, the foreign currency is converted into Pak rupee at the time of receipt and then deposited into bank account.

### 33.3.2 Interest rate risk

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

| | Carrying amount | |
|---|---|---|
| | **2016** | 2015 |
| | **(Rupees in '000)** | |
| Fixed rate instruments | | |
| Financial assets | **257,884** | 190,474 |
| Financial liabilities | **-** | - |
| | **257,884** | 190,474 |
| Variable rate instruments | | |
| Financial assets | **-** | - |
| Financial liabilities | **-** | 460,000 |
| | **-** | 460,000 |

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

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

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

A change of 100 basis points in interest rates at the reporting date would have increased / (decreased) profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis for current and last year.

| | **Profit and loss** | **Equity** |
|---|---|---|
| | (Rupees in '000) | |
| As at 30 June 2016 | | |
| Cash flow sensitivity - Variable rate instruments | **-** | **-** |
| As at 30 June 2015 | | |
| Cash flow sensitivity - Variable rate instruments | **4,600** | **4,600** |

### 33.3.3 Other Price Risk

Other Price Risk is the risk that the fair value of future cash flows of the financial instruments will fluctuate because of changes in market prices such as equity price risk. Equity price risk is the risk arising from uncertainties about future value of investments securities. As at balance sheet date, the Company is not exposed to equity price risk.

### 33.4 Collateral

The Company has created charge over its fixed assets and current assets in order to fulfil the collateral requirements for various financing facilities.

**33.5 Fair value of financial assets and liabilities**

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

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

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

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

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

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

**33.6 Capital risk management**

The management's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The management closely monitors the return on capital along with the level of distributions to ordinary share holders.

The management seeks to maintain a balance between higher returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position.

The Company is not required to maintain any regulatory capital.

**34. GENERAL**

**34.1** The Board of Directors in its meeting held on September 29,2016 has proposed a final cash dividend of 20% i.e Rs. 2.00 per share for the year (2015: 50%) for approval of the members of the company in forthcoming Annual General Meeting.

These financial statements do no include the effect of the proposed final cash dividend of Rs. 100.32 million ( 2015: Rs. 250.80 million ) which will be accounted for in the financial statements for the year ending 30 June 2017.

**34.2** These financial statements were authorised for issue in the Board of Directors meeting held on 29 September, 2016

**(MOHAMMED YASIN FECTO)**
Chief Executive

**(ROHAIL AJMAL)**
Director

ترتیب حصص داری

کمپنیز آرڈیننس مجریہ 1984 اور کارپوریٹ گورننس کے ضوابط کے تحت حصص داری کی ترتیب برائے مالی سال 30 جون 2016 سے متعلق دستاویز کو رپورٹ ہذا کے ساتھ منسلک کیا گیا ہے۔

تقسیم منافع

بورڈ کی جانب سے منظورشدہ منافع برائے تقسیم کی تفصیلا ت درج ذیل ہیں:

| منافع | رقم ہزاروں میں |
|---|---|
| منافع بعد از ادائیگی ٹیکس | 813,825 |
| غیر تقسیم شدہ منافع کا میزانیہF/B | 1,869, 625 |
| منافع دستیاب برائے تقسیم | 2, 683, 450 |

**تقسیم منافع:**

| | |
|---|---|
| ادا شدہ نقد حتمی منافع منقسمہ برائے مالی سال 30 جون 2015 بقدر٪ 50 | |
| یعنی 5.00روپے فی حصص | 250,800 |
| عبوری منافع منقسمہ برائے مالی سال 30 جون 2016 بقدر٪ 50 | |
| یعنی 5.00 روپے فی حصص | 250,800 |
| کل | 501, 600 |
| غیر تقسیم شدہ منافع کا میزانیہF/C | 2,181,850 |

ما بعد اثرات

بورڈ نے اپنے اجلاس منعقدہ 29 ستمبر 2016 میں مالی سال 30 جون 2016 کیلئے نقد منافع بقد ر 2روپے فی حصص دینے کی تجویز پیش کی ہے جو کہ ٪20فیصد ہے۔

اظہار تشکر

ڈائریکٹر ز اسٹاف اور دیگر ملازمین کی مخلصانہ کو ششوں اور انتھک محنت کیلئے ان کے بے حد مشکور ہیں اور ساتھ ہی ساتھ ان ڈیلروں کے بھی تہہ دل سے مشکور ہیں جنھوں نے کمپنی کی مارکٹنگ پالیسیوں کی بھرپور حمایت کی۔ نیز ہم ان تما م مالیاتی اداروں اور بینکوں کے بھی تہہ دل سے مشکور ہیں جن کا تعاون اور حمایت ہمیشہ ہمارے شامل حال رہی۔

منجانب بورڈ

محمد یاسین فیکٹو
چیف ایگزیکیٹیو

بمقام کراچی: 29 ستمبر 2016

سپریم کورٹ کا مزکورہ بالا حکم دراصل توہین عدالت کے ایک مقدمے میں جاری کیا گیا تھا جس کے تحت عدالت اپنے ہی ایک فیصلے مؤرخہ 25 اکتوبر 2013 پر عملدرآمد کروانا چاہتی تھی ، البتہ کمپنی اس مقدمے میں فریق نا تھی ۔

کمپنی کو معزز سپریم کورٹ یا اس مقدمے میں ملوث کسی بھی فریق کی جانب سے کوئی بھی نوٹس نہیں بھیجا گیا جس میں یہ بات مزکور ہو کہ کمپنی کے خلاف معزز عدالت کے روبرو کوئی مقدمہ زیر سماعت ہے ، اس لئے اس مقدمے کے سلسلے میں گزشتہ سماعتوں سے متعلق کمپنی کے علم میں کوئی بات نہیں ہے۔ اس طرح جب اگلی پیشی مؤرخہ 19 مارچ 2015 کو کمپنی اپنے وکیل کے ذریعے معزز سپریم کورٹ کے روبرو پیش ہوئی تو معزز سپریم کورٹ نے ایک تفصیلی فیصلے میں اس بات کا اظہار کیا کہ " ہمیں اس بات پر حیرت ہوئی کہ بشیر احمد نے اپنے خط میں اس بات کا ذکر کیا کہ سپریم کورٹ آف پاکستان کے احکامات کے تحت کان کنی کی لیز کا معاہدہ میسرز فیکٹو کے ساتھ منسوخ کیا جا رہا ہے۔" یہ معاملہ ابھی تک سپریم کورٹ کے روبرو زیر التواء ہےجبکہ کمپنی نے عدالت کے حکم مؤرخہ 25 اکتوبر 2013 کے سلسلے میں نظر ثانی کیلئے نظر ثانی درخواست بھی دائر کر دی ہے۔ کمپنی نے اسلام آباد ہائی کورٹ کے روبرو بھی ایک مقدمہ دائر کردیا ہے جس میں آئی سی ٹی کی جناب سے کان کنی کے معاہدے کو منسوخ کئے جانے ، سی ڈی اے کی جناب سے آئی سی ٹی سے این او سی واپس لینے اور کمپنی کو 427.050 ملین جرمانہ عائد کیا جانے کو چیلنج کیا گیا ہے۔ کمپنی اپنی مکمل صلاحیتوں کا استعمال کرتے ہوئے اس معاملے کی قانونی پیروی کر رہی ہے اور کمپنی کو اس بات کا یقین ہے کہ اس مقدمے میں فیصلہ کمپنی کے حق میں ہی آئے گا ۔

فی الوقت کان کنی کا کام معطل ہے تاہم کمپنی نے پیداوار شروع کرنے اور مال روانہ کرنے کے انتظامات مکمل کر رکھے ہیں۔

## صنعتی تعلقات

کمپنی اس بات پر مکمل یقین رکھتی ہے کہ اس کا سب سے قیمتی اثاثہ وہ افرادہیں جو اس کیلئے کام کرتے ہیں اور اس کوشش میں کوئی کسر نہیں اٹھا نہیں رکھتی کہ انھیں ہر قسم کی سہولتیں بہم پہنچائی جائیں۔اسی لئے انتظامیہ اور ملازمین کے مابین دیرینہ تعلقات پائے جاتے ہیں اور کبھی بھی کمپنی کو اس سلسلے میں نامساعد حالات کا سامنا نہیں کرنا پڑا ۔

## آڈیٹرز

بورڈ نے آڈٹ کمپنی کی سفارش پر میسرز رحمن سرفراز،رحیم، اقبال رفیق چارٹرڈ اکا ؤنٹنٹس کا نام بطورآڈیٹربرائےسال 30 جون 2017 تجویز کیا ہے ریٹائرڈ ہونے والے آڈیٹرز میسرز کے پی ایم جی تاثیر ہادی اینڈ کمپنی ، چارٹرڈ اکا ؤنٹنٹس نے اپنی خدمات اگلےسال کے لیے پیش نہیں کی ہیں ۔ کمپنی کےایک حصص دار نے شق نمبر (1) 253 برائےکمپنی کے قانون 1984 کے تحت آڈیٹر کو تبدیلی کے لیے نوٹس دیاہے

## تربیتی پروگرام برائے ڈائریکٹرز

کارپوریٹ گورننس کے ضوابط کے مطابق ایک ڈائریکٹر نے رواں سال کے دوران ڈائریکٹرز ٹریننگ پروگرام کے تحت سند حاصل کی ہےتین ڈائریکٹر اس تربیتی پروگرام سے مستثنی ہیں جبکہ چار ڈائریکٹر گزشتہ برسوں میں یہ سند پہلے ہی حاصل کر چکے ہیں۔

## کارپوریٹ معا شرتی ذمہ داری

ایک ذمہ دار شخص کاروباری ہونے کے ناطے آپکی کمپنی کو ان افراد کے حقوق کی ادائیگی کا پوری طرح احساس ہے جو اس کمپنی کیلئے دن رات کام کرتے ہیں، جو اس کے اردگرد آباد ہیں اور وہ جو بالعموم اس معاشرے کا حصہ ہیں۔ اس ضمن میں کمپنی نے رواں سال کے دوران جو اقدامات کئے ہیں ان میں چیدہ چیدہ اقدامات یہ ہیں کہ کمپنی سے قریب ہی ایک دیہات کو پینے کے صاف پانی کی فراہمی کو ممکن بنایا گیا جس کیلئے کمپنی نے ایک ذخیرہ آب اور ایک پائپ لائن کی تعمیر کی، پانی کی بلا تعطل ترسیل کیلئے ایک پمپ بھی نصب کیا گیا اور اس کے علاوہ لڑکیوں کے ایک اسکول کی مرمت کا کام کیا گیا جس میں چار دیواری کی تعمیر، پلستر اور پوری عمارت کو رنگ کرنے کے کام شامل ہیں۔

## قومی خزانے میں حصہ

آپکی کمپنی نے اس سال فروختگی ٹیکس ، اور وفاقی ایکسائز ڈیوٹی کی مد میں 1108.92 ملین روپے قومی خزانے میں جمع کروائےجبکہ گزشت سال اس مد میں 967.70 ملین روپے جمع کروائے گئے تھے۔اس کے علاوہ سیمنٹ کی برآمدات کے ذریعے کمپنی وطن عزیز میں 8 ملین امریکی ڈالر کا زرمبادلہ بھی لے کر آئی، انکم ٹیکس اور رائلٹی کی مد میں بھی قومی خزانے میں اپنا حصہ ملایا اور اس کے ساتھ ساتھ ایف بی آر کی جانب سے اپنے سپلائروں اور ملازمین سے بھی انکم ٹیکس وصول کیا اور اسے ایف بی آر کے پاس جمع کروایا ۔

## کان کنی کی لیز کی تنسیخ

آدیٹرز نے رپورٹ ہذا کے صفحہ نمبر 11.1.1 پر ممبران کی توجہ کان کنی کی لیز کی تنسیخ کی جناب مبذول کروائی ہے، جیسا کہ ہم اپنے ممبران کو اس سے قبل رپورٹوں میں آگاہ کر چکے تھے کہ 17 مارچ 2015 کو کمپنی کو ڈائریکٹر صنعت و لیبر آئی سی ٹی اسلام آباد کی جانب سے ایک خط موصول ہوا تھا جس کے تحت کمپنی کو کان کنی کے ایک معاہدے کی تنسیخ کے بارے میں مطلع کیا گیا تھا جس کی وجہ مبینہ طور پر یہ بتائی گئی تھی کہ یہ تنسیخ سپریم کورٹ آف پاکستان کے حکم مؤرخہ 16 مارچ 2015کے تحت عمل میں لائی گئی ہے۔ اسی طرح کمپنی کو ایک خط کیپٹل ڈیویلپمنٹ اتھارٹی (سی ڈی اے) کی جانب سے بھی موصول ہوا جس کے ذریعے کمپنی کو آگاہ کیا گیا تھا کہ سی ڈی اے کی جانب سے آئی سی ٹی کو دی جانے والی این او سی واپس لے لی گئی ہے۔

| | |
|---|---|
| جناب روحیل اجمل | 2 |
| جناب صفدر عباس مور ا والا | 2 |
| جناب اعجاز علی | 1 |
| جناب محمد انور حبیب | 4 |
| جناب خالد یعقوب | 1 |

وہ ڈائریکٹر جو بیماری یا کسی دیگر مصروفیات کی بناء پر ان اجلاسوں میں شرکت نہ کر سکے انھیں رخصت دے دی گئی تھی۔جناب خالد یعقوب 19 اپریل 2016 کو بورڈ میں اچانک خالی ہونے والی ایک اسامی پر ڈائریکٹر تعینات کئے گئے تھے، یہ اسامی مسز زبیدہ بائی کی رحلت کی وجہ سے خالی ہوئی تھی۔

## بورڈ کی کمیٹیاں

### آڈٹ کمیٹی

آپکی کمپنی کے بورڈ آف ڈائریکٹرز نے کارپوریٹ گورننس کے ضوابط 2012کے تحت ایک آڈٹ کمیٹی تشکیل دی ہے۔بورڈ نے کمیٹی کو انکے کام کی شرائط سے متعلق باقاعدہ آگاہ کردیا ہے۔

رواں سال کے دوران اس کمیٹی کے چار(4) اجلاس منعقد کئے گئے جن میں ڈائریکٹروں کی حاضری درج ذیل ہے:

| ڈائریکٹر | عہدہ | حاضری |
|---|---|---|
| جناب محمد انور حبیب | چئیر مین/آزاد ڈائریکٹر | 4 |
| جناب محمد اسد فیکٹو | انتظامی ڈائریکٹر | 1 |
| جنا ب صفدر عباس موراوالا | آزاد ڈائریکٹر | 2 |
| جناب الطاف اے حسین | آزاد ڈائریکٹر | 4 |

### انسانی وسائل اور ادائیگیوں سے متعلق کمیٹی

آپکی کمپنی کے بورڈ آف ڈائریکٹرز نے کارپوریٹ گورننس کے ضوابط 2012کے تحت انسانی وسائل اور ادائیگیوں سے متعلق ایک کمیٹی تشکیل دی ہے جو کہ تین ممبران پر مشتمل ہے، ان میں سے ایک ممبر آزاد ڈائریکٹر ہے جبکہ کمیٹی کا چئیر مین انتظامی ڈائریکٹر ہے۔ بورڈ نے کمیٹی کو انکے کام کی شرائط سے متعلق باقاعدہ آگاہ کردیا ہے۔

خاطر خواہ ترقی حاصل ہو سکتی ہے۔رواں مالی سال کے دوران بھی افغانستان میں سیمنٹ کی برآمدات میں مندی کا رجحان جاری رہنے کے امکا نات موجود ہیں۔

## کارپوریٹ گورننس

کارپوریٹ گورننس کے ضوابط کی پاسداری کے سلسلے میں ڈائریکٹر انتہائی مسرت کے ساتھ آپکوآگاہ کرتے ہیں کہ:

1. کمپنی کی انتظامیہ کی جانب سے تیار کی گئی مالی دستاویزات میں اس بات کو یقینی بنایا جاتا ہے کہ کمپنی کے معاملات ، کاروباری افعال کے نتائج، ترسیل نقد رقوم اور حصص میں ردوبدل جیسے معاملات کو ان دستاویزات میں شفاف انداز سے پیش کیا جائے۔
2. کمپنی میں حساب کتاب سے متعلق باقاعدہ کھاتے مرتب کئے جاتے ہیں۔
3. مالی دستاویزات کی تیاری کے سلسلے میں اکاؤنٹنگ کی مناسب پالیسیوں کو مستقلاً اپنایا جاتا ہےاور اکاؤنٹنگ کے تمام تر تخمینے معقولیت کی بنیاد پر لگائے جاتے ہیں۔
4. مالی دستاویزات کی تیاری کے سلسلے میں پاکستان میں مستعمل بین ا لاقوامی فنا نشل رپورٹنگ اسٹینڈرڈ کا لحاظ بھی رکھا گیا ہے۔
5. اندرونی کنٹرول کا نظام انتہائی جامع ہے اور اس نظام کو مؤثر انداز سے نافذ کیا جاتا ہے اور اس کی مکمل نگرانی بھی کی جاتی ہے۔
6. اس بات میں کوئی شک کی گنجائش نہیں ہے کہ کمپنی اپنی کاروباری سر گرمیوں کو ہمیشہ جاری رکھنے کی اہل ہے۔
7. پراویڈنٹ فنڈ ٹرسٹ برائےسال 30 جون 2015 کی آڈٹ شدہ اکا ؤنٹس کے مطابق پراویڈنٹ فنڈ سرمایہ کاری کی قدر 265 ملین روپے تھی۔
8. کمپنی کے ذمے کسی قانون کے تحت ٹیکسوں ، لیویز یا اور کسی مد میں کوئی واجب ا لادا رقم نہیں ہے ماسوائے ان رقوم کے جو کہ معمول کا حصہ ہیں۔کمپنی نے ملازمین کی فلاح و بہبود کے فنڈ (نوٹ نمبر10.1برائےسا لا نہ حسا با ت) میں ادائیگی نہیں کی ہے۔ جس کی وجہ یہ ہے کہ ابھی اس بات کا تعین نہیں ہوسکا کہ یہ ادائیگی وفاقی یا صوبائی حکومت کو ہوگی

گزشتہ چھہ برسوں سے متعلق اہم کاروباری افعال سے متعلق مالیاتی دستاویزات منسلک ہیں۔

رواں سال کے دوران بورڈ آف ڈائریکٹرز کے چار (4) اجلاس منعقد کئے گئے تھے۔ ان اجلاسوں میں ڈائریکٹروں کی شرکت درج ذیل ہے۔

| ڈائریکٹرز | حاضری |
|---|---|
| مسز زبیدہ بائی | 0 |
| جناب محمد یسین فیکٹو | 4 |
| جناب محمد اسد فیکٹو | 1 |
| جناب الطاف اے حسین | 4 |
| جناب عامر غنی | 2 |

اس سال کمپنی کے انتظامی اخراجات میں کمی واقع ہوئی ہے ،گزشتہ سال اخراجات کی اصل وجہ یہ تھی کہ کان کنی کی لیزنگ کی تنسیخ کے مقدمے کے سلسلے میں کمپنی کو گزشتہ سال قانونی مشاورت کیلئے فیس کی ادائیگی کرنا پڑی۔

جہاں تک مصنوعات کی تقسیم کی لاگت میں کمی کا تعلق ہے اسکی وجہ برآمدات میں آنے والی کمی ہے۔

اس سال کمپنی کی تمویلی لاگت میں گزشتہ سال 81.13 ملین کے مقابلےمیں کم ہو کہ 12.48 ملین رہی ، اس کی بنیادی وجہ قلیل ا لمیعاد قرضو ں کے استعمال میں کمی اور طویل ا لمیعاد قرضوں کے سلسلے میں قبل از وقت ادائیگیاں ہیں۔

کمپنی نے قبل از ادائیگی ٹیکس کی مدمیں 1158.88 ملین منافع کمایا جبکہ گزشتہ سال منافع قبل از ادائیگی ٹیکس 899.64 ملین روپے تھا۔

پرووِیژن برائے ٹیکس اس سال بڑھ کر 345.05 ملین روپے رہی ، جبکہ گزشتہ سال 282.17 ملین روپے تھی جبکہ رواں ٹیکسوں کے پرووِیژن میں منافع میں اضافے اور نقصانات کو اگلی تاریخوں میں ضم کرنے کی وجہ سے اضافہ ریکارڈ کیا گیا۔

اس سال کمپنی کی آمدن فی حصص 16.22 روپے فی حصص رہی ، جبکہ گزشتہ سال آمدن فی حصص 12.31 روپے فی حصص تھی۔

## قرضوں کی ذمہ داری

اللہ تعالی کی مہربانی سے کمپنی اپنی تمام مالیاتی ذمہ داریوں اور ادا ئیگی قرض سے باحسن و خوبی نبر د آزما ہو رہی ہے۔

## مستقبل پر نظر

گزشتہ تین برسوں کے دوران مقا می منڈی میں سیمنٹ کی مانگ میں اضافہ ہوا ہے اور امید کی جاتی ہے کہ سال رواں کے دوران بھی یہ رجحان برقرار رہے گا ، ان مثبت اندازوں کی ایک وجہ یہ ہے کہ حکومت کی جانب سے عوامی ترقیاتی منصوبوں کیلئے بجٹ میں خطیر رقم مختص کی گئی ہے۔ نیز امن عامہ کی اطمینان بخش صورتحال ، افراط زر اور شرح سود میں کمی اور مستحکم معاشی حالات بھی اس بات کے غماز ہیں کہ آنے والے دنوں میں صنعت ان حالات سے فائدہ اٹھائے گی۔ عالمی منڈی میں کوئلے کے نرخوں میں اضا فہ ہوا ہے اور اگر نرخوں میں مزید اضافہ ہوا تو اس کا اثر صنعت کے منافع پر بھی پڑ سکتا ہے۔ اگر پاک چین اکنامک کوریڈور کے تحت شروع کئے جانے والے منصوبوں کیلئے مختص کئے گئے ترقیاتی بجٹ کو منا سب اور مکمل طور پر استعمال کیا جائے تو اسکی بدولت سیمنٹ کی صنعت کو بھی

برآمد کئے جانے والے سیمنٹ کی مقدار میں کمی تھی۔البتہ گزشتہ سال کے مقابلے میں اس سال کمپنی کی مجموعی فروختگی میں 6.13٪ کا اضافہ ریکارڈ کیا گیا۔

## مالیاتی کارکردگی

ذیل میں کمپنی کی مالیاتی کارکردگی پر مبنی نتائج کا جائزہ بمقابلہ گزشتہ برس پیش کیا جا رہا ہے۔

| روپے ہزاروں(000) میں ماسوائے آمدن فی حصص | | | |
|---|---|---|---|
| | 2016 | 2015 | تبدیلی فیصد میں |
| کل فروختگی | 5,031,622 | 4,779,145 | 5.28 |
| لاگت برائے فروختگی | 3,408,172 | 3,313,796 | 2.85 |
| خام منافع | 1,623,450 | 1,465,349 | 10.79 |
| منافع قبل از ادائیگی ٹیکس | 1,158,876 | 899,636 | 28.81 |
| منافع بعد از ادائیگی ٹیکس | 813,825 | 617,470 | 31.80 |
| آمدن فی حصص | 16.22 | 12.31 | 31.80 |

## آمدن بر مبنی فروختگی

سال رواں کے دوران کمپنی کی مجموعی آمدن بر مبنی فروختگی میں گزشتہ سال کے مقابلے میں 5.28٪ اضافہ ہوا۔ اس اضافے کی بنیادی وجہ مقامی سطح پر فروختگی کے حجم میں اضا فہ تھا۔

مقامی سطح پر کمپنی کی مجموعی آمدن بر مبنی فروختگی میں 12.23٪ اضافہ ریکارڈ کیا گیا جبکہ کے اس کے مقابلے میں فروختگی کے حجم میں 14.56٪ اضافہ ریکارڈ کیا گیا جس سے یہ ظاہر ہوتا ہے کہ مقامی منڈی میں نرخوں میں معمولی سی کمی آئی ہے۔کمپنی کی آمدن بر مبنی برآمدات میں 19.90٪ کی کمی واقع ہوئی جس میں سے 18.66٪ تو حجم میں کمی واقع ہونے کی وجہ سے تھی جبکہ 1.24٪ کی کمی نرخوں میں کمی کی وجہ سے واقع ہوئی۔

## منفعت

کمپنی کی لاگت برائے فروختگی میں رواں سال کے دوران 2.85٪ کا اضافہ ہوا جبکہ اس کے مقابلے میں فروختگی کے حجم میں 6.13٪ کا اضافہ ریکارڈ کیا گیا جس کی اصل وجہ بین ا لاقوامی منڈیوں میں کوئلے کے نرخوں میں کمی اور ایندھن کے ماہانہ نرخوں میں ردوبدل کے فرق سے توانائی کی لاگت میں آنے والی کمی ہے۔سیمنٹ کی لاگت فی ٹن میں 2.64٪ اضافہ ہوا جبکہ ایندھن اور توانائی کی لاگت میں 16.60٪ کی کمی آئی ۔ اسکی وجہ کلنکر کی پیداوار میں کمی تھی۔ کم از کم اجرت کی ادائیگی کے قانون میں اجرت میں اضافہ کئے جانے کے سبب تنخواہوں اور اجرتوں میں اضافہ کیا جانا بھی ضروری تھا۔

کمپنی نے اس سال کل فروختگی کے مد مقابل 32.26٪خام منافع حاصل کیا جو کہ گزشتہ برس 30.66٪ ریکارڈ کیا گیا تھا۔

# ڈائریکٹرز رپورٹ برائے ممبران

## محترم ممبران گرامی

بورڈ آف ڈ ا ئریکٹرز انتہائی مسرت کے ساتھ آپکی خدمت میں کمپنی کی سالانہ رپورٹ بمعہ آڈٹ شدہ مالیاتی دستاویزات برائے مالی سال 30 جون 2016 پیش کر رہا ہے۔

## جائزہ

سال رواں کے دوران مشاہدے کے مطابق پوری صنعت کی سطح پر ہر قسم کے سیمنٹ کی فروختگی میں 9.82٪ کااضافہ دیکھا گیا۔ جبکہ اس سال فروختگی کا کل حجم 38.87 ملین ٹن رہا جو کہ گزشتہ سال 35.40 ملین ٹن تھامقامی سطح پر صنعت میں فروختگی کے حجم میں 17.02٪کا اضافہ ریکارڈ کیا گیا جس کے مطابق فروختگی کا حجم 33.00 ملین ٹن تھا جبکہ گزشتہ سال مقامی فروختگی کا حجم 28.20 ملین ٹن تھا۔اس کے برعکس برآمدات کی مد میں صنعت کی شرح نمو میں 18.36٪ کی کمی ریکارڈ کی گئی ہے جس کے مطابق فروختگی کا حجم 5.87 ملین ٹن رہا جبکہ گزشتہ سال برآمدات کی مد میں فروختگی کا حجم 7.19 ملین ٹن تھا۔

## کاروباری سرگرمیوں کی کارکردگی

کمپنی کی جانب سے مصنوعات کی پیداوار اور ترسیل کی صورتحال بابت رواں سال بمقابلہ گزشتہ سال ذیل میں پیش خدمت ہے۔

| ٹنوں میں | | | |
|---|---|---|---|
| | 2016 | 2015 | تبدیلی فیصد میں |
| پیداوار: | | | |
| کلنکر | 661,103 | 703,677 | **(6.05)** |
| سیمنٹ | 735,501 | 694,458 | **5.91** |
| ترسیل : | | | |
| مقامی | 593,391 | 517,993 | **14.56** |
| برآمدات | 143,280 | 176,139 | **(18.66)** |
| کل | 736,671 | 694,132 | **6.13** |

کمپنی کی جانب سے کلنکر کی پیداوار میں 6.05٪ کی کمی جبکہ سیمنٹ کی پیداوار میں 5.91٪ کا اضافہ ہوا کلنکر اور سیمنٹ کی پیداواری صلاحیت کا استعمال با لترتیب 84.76٪ اور 89.80٪ رہا۔

مقامی سطح پر کمپنی کی جانب سے فروختگی کے حجم میں سال رواں کے دوران شرح نمو 14.56٪ رہی جبکہ دوسری جانب کمپنی کی برآمدات میں 18.66٪ کی کمی واقع ہوئی جس کی بنیادی وجہ افغانستان کو

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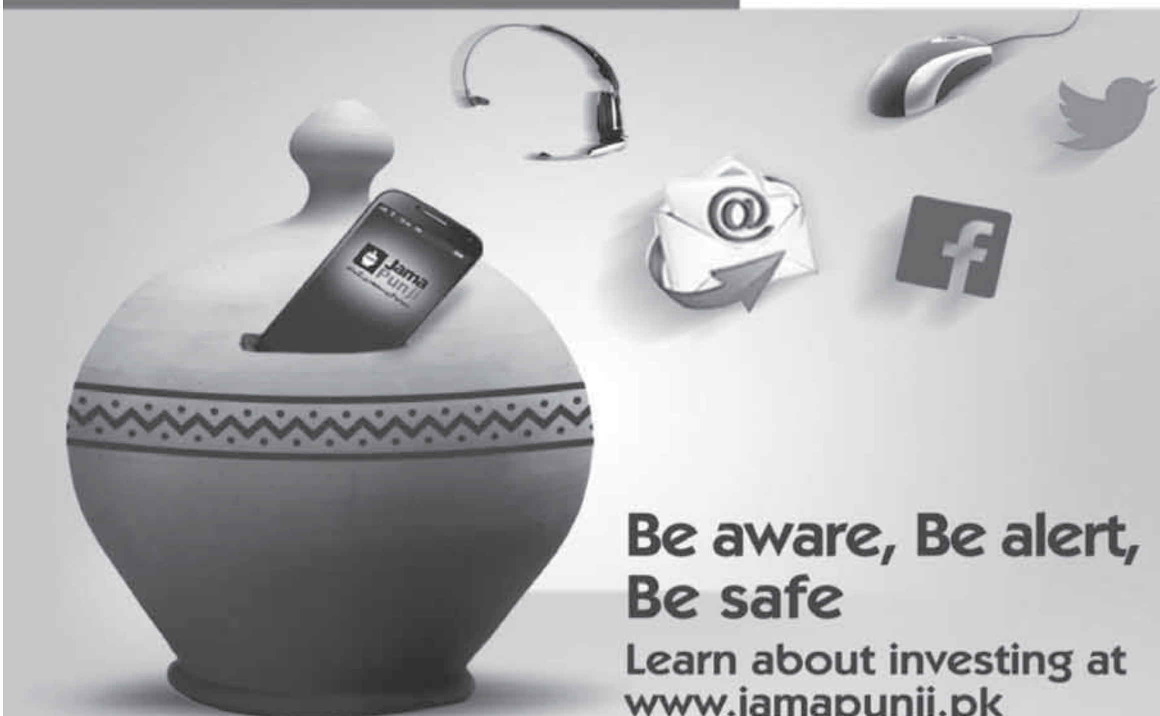

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# FORM OF PROXY

I/We ________________________________________________________________

of __________________________________________________________________

being a member of FECTO CEMENT LIMITED hereby appoint ______________________

_____________________________________________________________________
**(NAME)**

of __________________________________________________________________

who is also a member of the Company vide Registration Folio Number____________ as my/our proxy in my/our absence to vote for me/us and on my/our behalf at the 35th Annual General Meeting of the Company to be held on Saturday, October 29, 2016 at 2.00 pm at Registered Office, 35-Darulaman Housing Society, Block 7/8, Shahra-e-Faisal, Karachi and at any adjournment thereof.

Member's Signature

Revenue Stamp

Folio No. / CDC Participant I.D No. & A/C No.__________

Shares held (Nos.) ______________________________

Place_____________________Date________________

Witness:________________________
Signature

Name:__________________________

Address :_______________________

________________________________

**Note:**

1. Proxies in order to be effective be received at the Company's Registered Office (35-Darulaman Housing Society, Block 7/8, shahra-e-Faisal, Karachi) no less than 48 hours before the meeting and must be duly stamped, signed and witnessed.

2. Member's signature must agree with the specimen signature registered with the Company.

# نیابتی فارم

میں/ہم ________________________________

برائے ________________________________

بحیثیت فیکٹو سیمنٹ لمیٹڈ کے رکن(ارکان) بذریعہ ہٰذا ________________

برائے ________________________________

کو میری عد م موجود گی میں کمپنی کے پینتیسویں سالانہ اجلاس عام جو کہ بر وز ہفتہ 29 اکتوبر 2016 بوقت دوپہر 2 بجےکمپنی کے رجسٹرڈ آفس 35 دارالامان ہاؤسنگ سوسائٹی بلاک 7/8 شاہراہ فیصل کراچی میں منعقد ہوگا ا پنی جگہ وو ٹ دینے کا اہل قرار دیتا ہوں /دیتے ہیں

فولیونمبر یاسی ڈی سی پارٹیسپینٹ آئی ڈی نمبراورسب اکاؤنٹ نمبر ________

عمومی حصص کاہولڈر (تعداد) ________________

جگہ________________ تاریخ ________________

رکن(ارکان) کے دستخط

ریوینیو اسٹیمپ

## گواہ:-

نام ________________________________

پتہ ________________________________

________________________________

## اہم نکات:

1 - میٹنگ سے 48گھنٹے قبل نیا بتی کا یہ فارم جو ہر لحاظ سے مکمل ، باقاعدہ دستخط اور تصدیق شدہ ہوکمپنی کے رجسٹرڈ آفس 35 دارالامان ہاؤسنگ سوسائٹی بلاک 7/8 شاہراہ فیصل کراچی میں جمع کرادیاجائے ۔

2 - دستخط کمپنی میں رجسٹرڈ شدہ دستخط کےنمونے کے مطابق ہونے چاہئیں۔

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