



**Cherat Cement
Company Limited**
A Ghulam Faruque Group Company



building excellence

half-yearly accounts
December 31, 2020

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Company Information

Board of Directors

Mr. Omar Faruque	Chairman
Mr. Azam Faruque	Chief Executive
Mr. Akbarali Pesnani	Director
Mr. Arif Faruque	Director
Mr. Asif Qadir	Director
Mr. Abrar Hasan	Director
Mrs. Zeeba Ansar	Director
Mr. Yasir Masood	Director

Audit Committee

Mr. Asif Qadir	Chairman
Mr. Akbarali Pesnani	Member
Mr. Arif Faruque	Member

Human Resource & Remuneration Committee

Mr. Abrar Hasan	Chairman
Mr. Azam Faruque	Member
Mr. Omar Faruque	Member

Director & Chief Financial Officer

Mr. Yasir Masood

Executive Director & Company Secretary

Mr. Abid Vazir

Head of Internal Audit

Mr. Aamir Saleem

Auditors

EY Ford Rhodes
Chartered Accountants

Legal Advisor

K.M.S. Law Associates

Bankers

Allied Bank Ltd
Bank Al Habib Ltd
Faysal Bank Ltd
Habib Bank Ltd
Habib Metropolitan Bank Ltd
Industrial & Commercial Bank of China
MCB Bank Ltd
National Bank of Pakistan
Samba Bank Ltd
Soneri Bank Ltd
Standard Chartered Bank (Pakistan) Ltd
The Bank of Punjab
United Bank Ltd

Non-Banking Financial Institution

Pakistan Kuwait Investment Co. (Pvt) Ltd

Islamic Bankers

Bank Alfalah Ltd
Dubai Islamic Bank Pakistan Ltd
MCB Islamic Bank Ltd
Meezan Bank Ltd

Share Registrar

CDC Share Registrar
Services Limited
CDC House, 99-B, Block 'B'
S.M.C.H.S., Main Shahrah-e-Faisal
Karachi-74400
Tel: 0800-23275
UAN: 111-111-500
Email: info@cdcsrsl.com

Contact Information

UAN: 111-000-009
Email: info@gfg.com.pk
Web: www.gfg.com.pk



Registered Office / Factory

Village Lakrai, P.O. Box 28,
Nowshera
Tel: +9291 5270531-4
Fax: +9291 5270536

Head Office

Modern Motors House,
Beaumont Road
Karachi-75530
Tel: +9221 35683566-7, 35689538
Fax: +9221 35683425

Sales Offices

Peshawar:

1st Floor, Betani Arcade,
University Road
Tel: +9291 5842285, 5842272
Fax: +9291 5840447

Lahore:

3, Sunder Das Road
Tel: +9242 36286249-50, 36308259
Fax: +9242 36286204

Islamabad:

1st Floor, Razia Sharif Plaza
Jinnah Avenue, Blue Area
Tel: +9251 2344531-33
Fax: +9251 2344534, 2344550

Directors' Review

The Board of Directors is pleased to present the financial results of the Company, duly reviewed by the auditors, for the half year ended December 31, 2020.

Overview

Driven by launch of construction work on infrastructure and housing projects by both the government and the private sector, cement demand has risen substantially during the first half of the financial year. There has been a growth of 15.7% in cement sales of the industry – both local and exports, during the period under review. While local offtake of the industry increased by almost 16%, exports went up by 14.6% from the corresponding period last year. However, due to issues on the border, exports to Afghanistan declined by 13% from the same time last year.

Dispatches

Comparative dispatch figures of the Company for the current period and that of the corresponding period last year are as follow:

December 2020	December 2019
(in tons)	
1,752,323	1,430,276
196,567	353,103
<u>1,948,890</u>	<u>1,783,379</u>

- Domestic Sales
- Export Sales

Higher construction activities resulted in an increase in cement dispatches of the Company by 9% from the corresponding period last year. During the half year under review, domestic dispatches of the Company increased by 23% from the same time. However, export volumes to Afghanistan declined by 44% due to congestion at the border following its reopening after the outbreak of COVID-19 in September 2020.

Operating Performance

Following an increase in cement dispatches and stability in selling price in line with market conditions, there has been a 22% increase in the sales turnover of the Company over the corresponding period. Despite increase in cost of input items like coal, cost saving measures taken by the Company, and better absorption of fixed costs, enabled it to efficiently manage its cost of production. There was also a decline in finance cost from the corresponding period last year due to reduction in discount rate by State Bank of Pakistan and utilization of wage financing scheme. Taking into consideration above, for the half year ended December 31, 2020 the Company made an after-tax profit of Rs. 1.1 billion.

Dividend

The Board of Directors in its meeting held on 10th February 2021 has declared an interim cash dividend of Re. 1.00 per share i.e. 10%. Share transfer books will remain closed from March 16, 2021 to March 22, 2021.

New initiatives

The Board of Directors of the Company has decided to undertake BMR for Cement Line 1 as well as install a new Crusher at the quarry face. These measures will help improve the operational efficiencies of the Company. The total cost of BMR of Cement Line 1 and installation of main Crusher is approximately Rs. 3.5 billion and will be principally financed through long-term loans. These initiatives are expected to be completed by April 2022. Furthermore, work on installation of 13 MW solar panels at the plant is also in progress. All these measures will help the Company in mitigating the risk of rising costs.

Future Outlook

Improved macroeconomic indicators and increase in construction activities in the country following the announcement of the construction package by the government, bodes well for the future of the cement industry. Reduction in discount rates, launch of construction works on major dams and renewed focus on housing finance by the government through commercial banks are expected to have a positive impact on the demand for cement. Furthermore, political situation in Afghanistan is also moving towards a peaceful settlement, which shall lead to a start of reconstruction activities in the country, thereby boosting the demand for cement. The Company is well positioned to benefit from increase in demand for cement both in Pakistan and Afghanistan due to its ideal location and availability of higher production capacity.

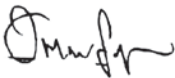
Following the announcement on the launch of COVID-19 vaccines, a sharp rise has been witnessed in international freights and major commodity prices globally, which will have an adverse impact on the country's economy including the cement sector in coming days. There has been a significant rise in international prices of coal and fuel, which is an area of concern for the Company. Furthermore, increase in fuel prices has resulted in a surge in inland transportation costs. Subsequent to the period under review, the government has increased the power tariff, which will have a direct impact on production costs.

We would like to inform that the Company has taken appropriate measures to protect the health of its staff, and safeguard the interests of its stakeholders from the outbreak of COVID-19 to ensure its business operations are not interrupted.

Acknowledgment

The management would like to thank all customers, financial institutions, suppliers and staff members who have been associated with the Company for their support and cooperation.

On behalf of the Board of Directors



Omar Faruque
Chairman



Azam Faruque
Chief Executive

Karachi: February 10, 2021

Independent Auditors' Review Report

To the members of Cherat Cement Company Limited (the Company)
Report on review of Interim Financial Statements

Introduction

We have reviewed the accompanying condensed interim statement of financial position of **Cherat Cement Company Limited** (the Company) as at **31 December 2020** and the related condensed interim statement of profit or loss, condensed interim statement of comprehensive income, condensed interim statement of cash flows, and condensed interim statement of changes in equity and notes to the condensed interim financial statements for the six months period then ended (here-in-after referred to as the "interim financial statements"). Management is responsible for the preparation and fair presentation of these interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these interim financial statements based on our review.

The figures of the condensed interim statement of profit or loss and condensed interim statement of comprehensive income for the three months ended 31 December 2020 and 2019 have not been reviewed, as we are required to review only the cumulative figures for the six months period ended 31 December 2020.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial statements are not prepared, in all material respects, in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting.

The engagement partner on the audit resulting in this independent auditor's report is Tariq Feroz Khan.

E. F. Feroz Khan

Chartered Accountants

Place: Karachi

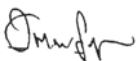
Date: February 10, 2021

Condensed Interim Statement of Financial Position

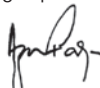
As at December 31, 2020

	Note	December 31, 2020 (Unaudited)	June 30, 2020 (Audited)
(Rupees in '000)			
ASSETS			
NON-CURRENT ASSETS			
Fixed assets			
Property, plant & equipment	4	24,961,502	25,306,834
Intangible assets		16,013	17,371
		<u>24,977,515</u>	<u>25,324,205</u>
Long-term investments	5	772,521	390,863
Long-term loans		71,556	83,580
Long-term deposits		19,606	19,606
Deferred taxation		33,992	418,912
		<u>897,675</u>	<u>912,961</u>
		<u>25,875,190</u>	<u>26,237,166</u>
CURRENT ASSETS			
Stores, spare parts and loose tools		3,916,242	3,766,674
Stock-in-trade		693,539	962,470
Trade debts		285,613	300,648
Loans and advances		51,110	46,855
Trade deposits and short-term prepayments		26,927	16,309
Other receivables		23,489	10,376
Short-term investments	6	404,982	-
Taxation-net		1,676,795	1,544,789
Cash and bank balances		136,590	36,558
		<u>7,215,287</u>	<u>6,684,679</u>
		<u>33,090,477</u>	<u>32,921,845</u>
TOTAL ASSETS			
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorised capital			
225,000,000 (June 30, 2020: 225,000,000)			
ordinary shares of Rs.10/- each		2,250,000	2,250,000
Share capital		1,942,950	1,942,950
Reserves		9,620,924	8,110,608
		<u>11,563,874</u>	<u>10,053,558</u>
NON-CURRENT LIABILITIES			
Long-term financings	7	13,418,605	16,928,044
Lease liabilities		6,749	10,393
Long-term security deposits		27,836	27,661
Government grant		16,796	13,758
		<u>13,469,986</u>	<u>16,979,856</u>
CURRENT LIABILITIES			
Trade and other payables		2,368,382	2,151,495
Accrued mark-up		332,742	536,744
Short-term borrowings		1,593,713	2,662,241
Current maturity of long-term financings	7	3,651,709	430,016
Current portion of lease liabilities		7,153	8,929
Current portion of government grant		22,498	11,012
Unclaimed dividend		80,420	87,994
		<u>8,056,617</u>	<u>5,888,431</u>
	8	<u>33,090,477</u>	<u>32,921,845</u>
CONTINGENCIES AND COMMITMENTS			
TOTAL EQUITY AND LIABILITIES			

The annexed notes from 1 to 14 form an integral part of these condensed interim financial statements.



Omar Faruque
Chairman



Azam Faruque
Chief Executive



Yasir Masood
Director &
Chief Financial Officer

Condensed Interim Statement of Profit or Loss (Unaudited)

For the Half-year Ended December 31, 2020

Note	Half-year ended		Quarter ended	
	December 31, 2020	December 31, 2019	December 31, 2020	December 31, 2019
	(Rupees in '000)			
Turnover - net	11,588,614	9,511,621	6,371,470	5,031,111
Cost of sales	(8,827,126)	(8,854,200)	(4,721,333)	(4,561,908)
Gross profit	2,761,488	657,421	1,650,137	469,203
Distribution costs	(193,011)	(181,788)	(102,575)	(90,176)
Administrative expenses	(132,447)	(145,654)	(70,205)	(73,631)
Other expenses	(86,211)	(9,481)	(61,389)	(6,879)
	(411,669)	(336,923)	(234,169)	(170,686)
Other income	48,452	48,711	40,448	27,712
Operating profit	2,398,271	369,209	1,456,416	326,229
Finance costs	9 (884,693)	(1,251,652)	(362,685)	(657,744)
Profit / (loss) before taxation	1,513,578	(882,443)	1,093,731	(331,515)
Taxation				
Current	-	-	-	-
Prior	-	5,048	-	5,048
Deferred	(384,920)	317,286	(274,191)	104,871
10 (384,920)	322,334	(274,191)	109,919	
Net profit / (loss) for the period	1,128,658	(560,109)	819,540	(221,596)
Earnings / (loss) per share - basic and diluted	Rs. 5.81	(Rs. 2.88)	Rs. 4.22	(Rs. 1.14)

The annexed notes from 1 to 14 form an integral part of these condensed interim financial statements.



Omar Faruque
Chairman



Azam Faruque
Chief Executive



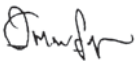
Yasir Masood
Director &
Chief Financial Officer

Condensed Interim Statement of Comprehensive Income (Unaudited)

For the Half-year Ended December 31, 2020

	Half-year ended		Quarter ended	
	December 31, 2020	December 31, 2019	December 31, 2020	December 31, 2019
	(Rupees in '000)			
Net profit / (loss) for the period	1,128,658	(560,109)	819,540	(221,596)
Other comprehensive income				
Items that will not be reclassified subsequently to statement of profit or loss				
Unrealized gain on remeasurement of equity investments at fair value through other comprehensive income	381,658	158,397	185,548	201,459
Total comprehensive income / (loss) for the period	<u>1,510,316</u>	<u>(401,712)</u>	<u>1,005,088</u>	<u>(20,137)</u>

The annexed notes from 1 to 14 form an integral part of these condensed interim financial statements.



Omar Faruque
Chairman



Azam Faruque
Chief Executive



Yasir Masood
Director &
Chief Financial Officer

Condensed Interim Statement of Cash Flows (Unaudited)

For the Half-year Ended December 31, 2020

Note	December 31,	December 31,
	2020	2019
(Rupees in '000)		
CASH FLOWS FROM OPERATING ACTIVITIES		
	1,513,578	(882,443)
Profit / (loss) before taxation		
Adjustments for:		
Depreciation	4 829,220	870,096
Amortisation	1,358	5,617
Right-of-use assets	4.3 5,618	2,270
Gain on disposals of operating property, plant and equipment	(1,199)	(1,324)
Unrealised fair value gain on short-term investments	6 (4,982)	-
Interest income on financial asset	(4,378)	-
Finance costs	884,693	1,251,652
Exchange gain	(1,808)	-
Dividend income	(3,747)	(7,097)
	1,704,775	2,121,214
	3,218,353	1,238,771
Decrease / (increase) in current assets		
Stores, spare parts and loose tools	(149,568)	44,682
Stock-in-trade	268,931	80,325
Trade debts	15,035	(95,928)
Loans and advances	(4,255)	68,321
Trade deposits and short-term prepayments	(10,618)	(27,190)
Other receivables	(13,113)	1,530,019
	106,412	1,600,229
	3,324,765	2,839,000
Increase in current liabilities		
Trade and other payables	218,695	211,371
Cash generated from operations		
	3,543,460	3,050,371
Income tax paid	(132,006)	(141,466)
Long-term loans and deposits - net	16,577	7,222
Net cash generated from operating activities		
	3,428,031	2,916,127
CASH FLOWS FROM INVESTING ACTIVITIES		
Additions to property, plant and equipment	(493,667)	(180,291)
Proceed from disposals of operating property, plant and equipment	5,360	5,561
Dividend received	3,747	7,097
Short-term investments	(400,000)	-
Net cash used in investing activities		
	(884,560)	(167,633)
CASH FLOWS FROM FINANCING ACTIVITIES		
Long-term financings - net	(273,222)	(200,000)
Short-term borrowings - net	(1,068,528)	(1,231,938)
Lease rentals paid	(6,644)	(6,150)
Dividend paid	(7,574)	(173,162)
Finance costs paid - net	(1,087,471)	(1,143,332)
Net cash used in financing activities		
	(2,443,439)	(2,754,582)
Net increase / (decrease) in cash and cash equivalents		
	100,032	(6,088)
Cash and cash equivalents as at the beginning of the period		
	36,558	29,535
Cash and cash equivalents as at the end of the period		
	136,590	23,447

The annexed notes from 1 to 14 form an integral part of these condensed interim financial statements.



Omar Faruque
Chairman



Azam Faruque
Chief Executive



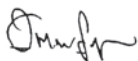
Yasir Masood
Director &
Chief Financial Officer

Condensed Interim Statement of Changes in Equity (Unaudited)

For the Half-year Ended December 31, 2020

Issued, Subscribed and Paid-up Capital	Reserves							TOTAL	
	Capital Reserves		Revenue Reserves		Other Components of Equity		Total Reserves		
	Share premium	Other	General reserves	Unappropriated profit	Actuarial loss on defined benefit plan	Unrealized gain on equity investments			
(Rupees in '000)									
Balance as at July 01, 2019	1,766,318	1,047,658	50,900	420,000	8,785,509	(323,588)	9,372	9,989,851	11,756,169
Final cash dividend for the year ended June 30, 2019 @ Re.1.00/- per share	-	-	-	-	(176,632)	-	-	(176,632)	(176,632)
Bonus shares issued in the ratio of 1 share for every 10 shares held	176,632	-	-	-	(176,632)	-	-	(176,632)	-
Net loss for the period	-	-	-	-	(560,109)	-	-	(560,109)	(560,109)
Other comprehensive income for the period	-	-	-	-	-	-	158,397	158,397	158,397
Total comprehensive (loss) / income for the period	-	-	-	-	(560,109)	-	158,397	(401,712)	(401,712)
Balance as at December 31, 2019	<u>1,942,950</u>	<u>1,047,658</u>	<u>50,900</u>	<u>420,000</u>	<u>7,872,136</u>	<u>(323,588)</u>	<u>167,769</u>	<u>9,234,875</u>	<u>11,177,825</u>
Balance as at July 01, 2020	1,942,950	1,047,658	50,900	420,000	6,539,137	(92,272)	145,185	8,110,608	10,053,558
Net profit for the period	-	-	-	-	1,128,658	-	-	1,128,658	1,128,658
Other comprehensive income for the period	-	-	-	-	-	-	381,658	381,658	381,658
Total comprehensive income for the period	-	-	-	-	1,128,658	-	381,658	1,510,316	1,510,316
Balance as at December 31, 2020	<u>1,942,950</u>	<u>1,047,658</u>	<u>50,900</u>	<u>420,000</u>	<u>7,667,795</u>	<u>(92,272)</u>	<u>526,843</u>	<u>9,620,924</u>	<u>11,563,874</u>

The annexed notes from 1 to 14 form an integral part of these condensed interim financial statements.



Omar Faruque
Chairman



Azam Faruque
Chief Executive



Yasir Masood
Director &
Chief Financial Officer

Notes to the Condensed Interim Financial Statements (Unaudited)

For the Half-year Ended December 31, 2020

1. CORPORATE INFORMATION

1.1 Cherat Cement Company Limited (the Company) was incorporated in Pakistan as a public company limited by shares in the year 1981. The Company is listed on Pakistan Stock Exchange Limited. Its main business activities are manufacturing, marketing and sale of cement. The registered office of the Company is situated at Village Lakrai, District Nowshera, Khyber Pakhtunkhwa province.

1.2 Impact of COVID-19 on the condensed interim financial statements

COVID-19 is a global pandemic, which has affected the whole world and Pakistan is not an exception. During the period ended December 31, 2020, the cement sector has shown an impressive growth on the back of the actions taken by the Government to boost construction sector. All steps were taken for the health and safety of our employees and they were also allowed to work from their homes. There is no significant accounting impact of the effects of COVID-19 in these condensed interim financial statements. The Company's management is fully cognisant of the business challenges posed by the COVID-19 outbreak and closely monitoring the possible impacts on the Company's operations and liquidity position and believe that its current policies for managing credit, liquidity and market risk are adequate in response to the current situation.

2. BASIS OF PREPARATION

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

- International Accounting Standard (IAS) 34, Interim Financial Reporting, issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017; and
- Provisions of and directives issued under the Companies Act, 2017.

Where the provisions of and directives issued under the Companies Act, 2017 differ with the requirements of IAS 34, the provisions of and directives issued under the Companies Act, 2017 have been followed.

2.2 These condensed interim financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Company's annual financial statements for the year ended June 30, 2020. These condensed interim financial statements are unaudited, however, have been subject to limited scope review by the auditors and are being submitted to the shareholders as required by the listing regulations of Pakistan Stock Exchange Limited and Section 237 of the Companies Act, 2017.

2.3 The figures of the condensed interim statement of profit or loss and condensed interim statement of comprehensive income for the quarters ended December 31, 2020 and December 31, 2019 and notes forming part thereof have not been reviewed by the auditors of the Company, as they have reviewed the cumulative figures for the half years ended December 31, 2020 and December 31, 2019.

3. ACCOUNTING POLICIES

3.1 The accounting policies and methods of computation adopted for the preparation of these condensed interim financial statements are the same as those applied in the preparation of the annual financial statements for the year ended June 30, 2020.

3.2 Standards, amendments and framework for financial reporting effective during the period

The Company has adopted the following amendments to International Financial Reporting Standards (IFRSs) and framework for financial reporting which became effective for the current period:

Standard or interpretation:

IFRS 3	Definition of a Business (Amendments);
IFRS 9 / IAS 39 /	
IFRS 7	Interest Rate Benchmark Reform (Amendments); and
IAS 1 / IAS 8	Definition of Material (Amendments).

The IASB has also issued the revised Conceptual Framework for Financial Reporting (the Conceptual Framework) in March 2018 which is effective for annual periods beginning on or after 01 January 2020 for preparers of financial statements who develop accounting policies based on the Conceptual Framework. The revised Conceptual Framework is not a standard, and none of the concepts override those in any standard or any requirements in a standard. The purpose of the Conceptual Framework is to assist IASB in developing standards, to help preparers develop consistent accounting policies if there is no applicable standard in place and to assist all parties to understand and interpret the standards. The adoption of the said framework did not have any material impact on the Company's condensed interim financial statements.

	Note	December 31, 2020 (Unaudited)	June 30, 2020 (Audited)
(Rupees in '000)			
4. PROPERTY, PLANT AND EQUIPMENT			
Opening net book value (NBV)		25,129,951	26,264,797
Additions during the period / year (cost)	4.1	122,334	627,447
		25,252,285	26,892,244
Depreciation charged during the period / year		(829,220)	(1,754,452)
Disposals during the period / year (NBV)		(4,161)	(7,841)
Closing (NBV)		24,418,904	25,129,951
Capital work-in-progress	4.2	530,966	159,633
Right-of-use assets	4.3	11,632	17,250
		24,961,502	25,306,834
4.1 Additions during the period / year			
Building on leasehold land		-	210,664
Plant and machinery		31,443	291,897
Power and other installations		2,084	38,735
Furniture and fittings		3,839	1,014
Quarry, factory and laboratory equipment		16,917	33,525
Motor vehicles		63,529	31,665
Office equipment		754	5,320
Computers		3,768	14,627
		122,334	627,447

	December 31, 2020 (Unaudited)	June 30, 2020 (Audited)
	(Rupees in '000)	
4.2 Capital work-in-progress		
Freehold land	60,656	55,048
Building on leasehold land	60,877	49,627
Plant and machinery	322,263	29,264
Power and other installations	2,033	-
Furniture and fittings	2,823	3,655
Quarry, factory and laboratory equipment	42,525	18,179
Motor vehicles	38,615	2,402
Office equipment	1,174	773
Computers	-	685
	<u>530,966</u>	<u>159,633</u>
4.3 Right-of-use assets		
Opening balance	17,250	-
Impact of initial application of IFRS 16 - Leases	-	28,485
Depreciation for the period / year	(5,618)	(11,235)
Closing balance	<u>11,632</u>	<u>17,250</u>

The Company has recognised right-of-use assets in respect of sales offices under rental agreements.

	Note	December 31, 2020 (Unaudited)	June 30, 2020 (Audited)
		(Rupees in '000)	
5. LONG-TERM INVESTMENTS			
Investment in related parties			
At fair value through other comprehensive income	5.1	764,756	383,098
Joint ventures:			
- Madian Hydro Power Limited	5.2	-	-
- UniEnergy Limited		7,765	7,765
		<u>7,765</u>	<u>7,765</u>
		<u>772,521</u>	<u>390,863</u>
5.1 At fair value through other comprehensive income			
Cherat Packaging Limited			
3,122,532 (June 30, 2020: 3,122,532) fully paid ordinary shares of Rs. 10/- each.		740,602	365,805
Mirpurkhas Sugar Mills Limited			
288,750 (June 30, 2020: 288,750) fully paid ordinary shares of Rs. 10/- each.		24,154	17,293
		<u>764,756</u>	<u>383,098</u>
5.2 Interest in a Joint Venture - Madian Hydro Power Limited			
Company's share in net assets		106,705	106,705
Impairment loss		(106,705)	(106,705)
		<u>-</u>	<u>-</u>

	Note	December 31, 2020 (Unaudited)	June 30, 2020 (Audited)
(Rupees in '000)			
6. SHORT-TERM INVESTMENTS			
Investment at fair value through profit or loss at cost - mutual funds		400,000	-
Unrealised fair value gain			
At the beginning of the period / year		-	-
Fair value gain for the period / year		4,982	-
		4,982	-
Fair value at the end of the period / year		404,982	-
7. LONG-TERM FINANCINGS - secured			
Islamic banks			
Syndicated Long-Term Finance Loan Line - II	7.1	1,231,579	1,888,421
Syndicated Long-Term Finance Loan Line - III	7.1	12,500,000	12,500,000
Islamic Finance Facility for Renewable Energy	7.2	277,116	-
		14,008,695	14,388,421
Conventional banks			
Syndicated Long-Term Finance Loan Line - II	7.1	268,421	411,579
Captive Power Plant Loan		990,000	1,100,000
Waste Heat Recovery Loan Line - III		1,200,000	1,200,000
Refinance Scheme for Payment of Wages and Salaries	7.3	603,198	258,060
		17,070,314	17,358,060
Current maturities		(3,651,709)	(430,016)
		13,418,605	16,928,044

7.1 In view of healthy cash inflows during the period, the Company did not avail the principal deferment facility for syndicated long-term finance for Line – II and Line – III, as disclosed in the preceding annual financial statements, and made repayments as per the original repayment schedule of syndicated long-term finance facility for Line – II.

7.2 Represents a long-term financing obtained from Islamic bank under SBP's Islamic Financing Facility for Renewable Energy (IFRE). The approved limit of the financing is Rs. 1,400 million out of which Rs. 1,122.88 million remained unutilised at the period end. It carries a profit rate of 4.75% per annum over the tenor of the facility. The financing is repayable in 20 equal semi-annual installments commencing after 30 months from the date of first draw down i.e. March 2023. The financing is secured against ranking hypothecation charge of Rs. 1,867 million on plant and machinery of the Company.

7.3 Includes additional tranches of wages and salaries loan under the SBP scheme for the months July to September 2020 in the wake of COVID-19 amounting to Rs. 352.12 million for pandemic relief provided to the Company subject to fulfillment of conditions as fully explained in the preceding annual financial statements.

8. CONTINGENCIES AND COMMITMENTS

8.1 Contingencies

There are no material changes in the status of contingencies as reported in the annual financial statements for the year ended June 30, 2020 except as follows:

As fully explained in note 26.1 to the annual financial statements for the year ended June 30, 2020, the Company challenged the vires of law in the Lahore High Court for which petition was pending adjudication with respect to order passed by the Competition Commission of Pakistan (CCP) in 2009. The judgement was made against the Company on October 26, 2020. Subsequently, the Company filed the Civil Petition in the Honorable Supreme Court of Pakistan (SCP) on the basis of several strong grounds against the aforesaid impugned Judgement. In the above judgement, few points were decided in favour of the Company against which the CCP has also filed an appeal in the SCP. Based on the advice of legal counsel, the management of the Company believes that the Company has sound grounds for favorable decision.

8.2 Commitments

Letters of credit - Islamic and Conventional banks

Letters of guarantee - Islamic and Conventional banks

December 31, 2020 (Unaudited)	June 30, 2020 (Audited)
(Rupees in '000)	
1,191,529	1,415,350
990,434	978,434

9. FINANCE COSTS

Includes interest / mark-up on long-term financings amounting to Rs. 831.16 million (December 31, 2019: Rs. 1,154.06 million), interest / mark-up on short-term borrowings and bank charges amounting to Rs. 53.53 million (December 31, 2019: Rs. 97.59 million).

10. TAXATION

Provision for current taxation is based on Alternate Corporate Tax (ACT) at the current rates of taxation after taking into account, tax credits. Income subject to final tax has been taxed accordingly.

11. FINANCIAL RISK MANAGEMENT AND FAIR VALUE DISCLOSURES

These condensed interim financial statements do not include all financial risk management information and disclosures which are required in the annual financial statements and should be read in conjunction with the Company's annual financial statements for the year ended June 30, 2020. There have been no changes in any risk management policies since the year end, except as disclosed below:

December 31, 2020 (Unaudited)						
Carrying amount			Fair value			
Fair value through statement of profit or loss	Fair value through OCI	Total	Level 1	Level 2	Level 3	
(Rupees in '000)						
Financial assets measured at fair value						
Short-term investments	404,982	-	404,982	404,982	-	-
Long-term investments	-	764,756	764,756	764,756	-	-
	<u>404,982</u>	<u>764,756</u>	<u>1,169,738</u>	<u>1,169,738</u>	<u>-</u>	<u>-</u>
June 30, 2020 (Audited)						
Carrying amount			Fair value			
Fair value through statement of profit or loss	Fair value through OCI	Total	Level 1	Level 2	Level 3	
(Rupees in '000)						
Financial assets measured at fair value						
Short-term investments	-	-	-	-	-	-
Long-term investments	-	383,098	383,098	383,098	-	-
	<u>-</u>	<u>383,098</u>	<u>383,098</u>	<u>383,098</u>	<u>-</u>	<u>-</u>

The carrying value of all financial and non-financial assets and liabilities measured at other than amortised cost in these condensed interim financial statements approximate their fair values.

12. TRANSACTIONS WITH RELATED PARTIES

Related parties comprise of group companies, directors, executives and retirement funds. Transactions with related parties other than those disclosed elsewhere in these condensed interim financial statements are as follows:

Relationship	Nature of transactions	Half-year ended		Quarter ended	
		December 31, 2020 (Unaudited)	December 31, 2019 (Unaudited)	December 31, 2020 (Unaudited)	December 31, 2019 (Unaudited)
(Rupees in '000)					
Associated companies	Purchases	1,296,254	1,196,128	688,671	646,980
	Sale of goods	205	139	-	-
	Purchase of fixed assets	-	6,275	-	3,554
	IT support charges	11,399	11,399	5,699	5,699
	Dividend received	3,747	7,097	3,747	7,097
	Dividend paid	-	51,102	-	51,102
	Insurance premium paid	38,000	-	21,000	-
Key management personnel	Remuneration	296,137	277,575	163,308	116,999
Other related parties	Contribution to staff provident and gratuity funds	28,731	59,816	14,341	15,003

12.1 In addition, certain administrative expenses are being shared amongst the group companies.

13. INTERIM DIVIDEND AND DATE OF AUTHORISATION

13.1 Interim Dividend

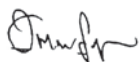
Subsequent to the period ended December 31, 2020, the Board of Directors in its meeting held on February 10, 2021, declared an interim cash dividend of 10% i.e. Re. 1.00 (December 31, 2019: Nil) per share.

13.2 Date of Authorisation

These condensed interim financial statements were authorised for issue on February 10, 2021 by the Board of Directors of the Company.

14. GENERAL

Figures have been rounded off to the nearest thousand Rupees, unless otherwise stated.



Omar Faruque
Chairman



Azam Faruque
Chief Executive



Yasir Masood
Director &
Chief Financial Officer



GHULAM FARUQUE
GROUP

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