



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



building excellence

un-audited accounts
March 31, 2021

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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 Ansari	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 for the nine months period ended March 31, 2021.

Overview

Cement industry in Pakistan recorded a growth of 18% to dispatch 43.53 million tons of the cement during the nine months period under review. While local dispatches of the industry increased by 19% to 36.38 million tons, exports rose by 11% to 7.15 million tons. The increase in cement demand is mainly attributable to rise in construction activities in the country especially under CPEC and housing projects duly supported by the investment friendly policies of the government and the State Bank of Pakistan.

Dispatches

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

March 2021	March 2020
(in tons)	
2,621,906	2,150,863
336,596	465,353
<u>2,958,502</u>	<u>2,616,216</u>

- Domestic Sales
- Export Sales

In line with industry trend, domestic sales of the Company increased by 22% from the corresponding period last year due to significant increase in construction activities in North. However, export volumes to Afghanistan declined by 28% due to congestion at the border following its reopening after the outbreak of COVID-19 in September 2020. On aggregate basis, the sales volume of the Company increased by 13% during the nine months period under review.

Operating Performance

During the nine months period under review, sales revenue increased by 37% over the corresponding period last year. This increase was the result of improved sales volume and higher cement prices. Input costs also increased during this period. Coal and electricity prices increased significantly in the nine months under review. There was also a significant decline in finance cost from the corresponding period last year due to reduction in discount rate by State Bank of Pakistan and utilisation of wage financing scheme. Taking into consideration above, for the nine months period ended March 31, 2021 the Company made an after-tax profit of Rs. 2.22 billion.

New initiatives

Works on BMR for Cement Line 1 and installation of a new Crusher at the quarry face is progressing as planned and are expected to be completed by June 2022. Furthermore, work on installation of 13 MW solar panels at the plant is also in progress. These initiatives will not only enable the Company to improve its operational efficiencies but will also reduce costs.

Future Outlook

The outlook for the cement industry is promising. Improvement in macroeconomic indicators, and an increase in private construction activities in the country will continue to fuel the demand for cement. Reduction in discount rates, initiation of construction works on major dams and focus on housing finance by the government through commercial banks is also having a positive impact on cement consumption. However, the country is going through another wave of increasing COVID-19 cases. The situation is particularly alarming in the North. We hope that with new measures undertaken by both the Federal and Provincial authorities, the matter will be brought under control soon. If the situation takes a turn for the worse, the economy could suffer.

There has been a sharp rise in international freight and in major commodity prices such as coal, which will have an adverse impact on the cement sector in coming days. Increase in fuel prices has resulted in a surge in inland transportation costs. Furthermore, the government has increased the power tariff, which will have a direct impact on production costs. Being energy intensive, cement industry is finding it extremely difficult to control its 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

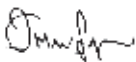
Karachi: April 29, 2021

Condensed Interim Statement of Financial Position

As at March 31, 2021

	Note	March 31, 2021 (Unaudited)	June 30, 2020 (Audited)
ASSETS			
NON-CURRENT ASSETS			
(Rupees in '000)			
Fixed assets			
Property, plant & equipment	4	24,642,912	25,306,834
Intangible assets		16,843	17,371
		<u>24,659,755</u>	<u>25,324,205</u>
Long-term investments	5	661,480	390,863
Long-term loans		71,850	83,580
Long-term deposits		19,591	19,606
Deferred taxation		-	418,912
		<u>752,921</u>	<u>912,961</u>
		<u>25,412,676</u>	<u>26,237,166</u>
CURRENT ASSETS			
Stores, spare parts and loose tools		3,346,695	3,766,674
Stock-in-trade		768,883	962,470
Trade debts		373,195	300,648
Loans and advances		74,892	46,855
Trade deposits and short-term prepayments		49,890	16,309
Other receivables		11,467	10,376
Short-term investments	6	1,762,135	-
Taxation-net		1,833,865	1,544,789
Cash and bank balances		146,884	36,558
		<u>8,367,906</u>	<u>6,684,679</u>
		<u>33,780,582</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
		<u>1,942,950</u>	<u>1,942,950</u>
Share capital		10,409,208	8,110,608
Reserves		12,352,158	10,053,558
		<u>12,707,735</u>	<u>16,928,044</u>
NON-CURRENT LIABILITIES			
Long-term financings	7	18,827	10,393
Lease liabilities		28,010	27,661
Long-term security deposits		15,299	13,758
Government grant		364,677	-
Deferred taxation		-	-
		<u>13,134,548</u>	<u>16,979,856</u>
CURRENT LIABILITIES			
Trade and other payables		2,708,314	2,151,495
Accrued mark-up		477,932	536,744
Short-term borrowings		1,405,300	2,662,241
Current maturity of long-term financings	7	3,551,668	430,016
Current portion of lease liabilities		12,575	8,929
Current portion of government grant		20,307	11,012
Unclaimed dividend		117,780	87,994
		<u>8,293,876</u>	<u>5,888,431</u>
CONTINGENCIES AND COMMITMENTS			
	8		
		<u>33,780,582</u>	<u>32,921,845</u>
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 Period Ended March 31, 2021

Note	Period ended		Quarter ended	
	March 31, 2021	March 31, 2020	March 31, 2021	March 31, 2020
	(Rupees in '000)			
Turnover - net	18,420,773	13,459,871	6,832,159	3,948,250
Cost of sales	(13,575,623)	(12,795,614)	(4,748,497)	(3,941,414)
Gross profit	4,845,150	664,257	2,083,662	6,836
Distribution costs	(316,461)	(275,045)	(123,450)	(93,257)
Administrative expenses	(212,836)	(215,402)	(80,389)	(69,748)
Other expenses	(169,368)	(14,083)	(83,157)	(4,602)
	(698,665)	(504,530)	(286,996)	(167,607)
Other income	65,010	58,879	16,558	10,168
Operating profit / (loss)	4,211,495	218,606	1,813,224	(150,603)
Finance costs	9 (1,205,628)	(1,917,415)	(320,935)	(665,763)
Profit / (loss) before taxation	3,005,867	(1,698,809)	1,492,289	(816,366)
Taxation				
Current	-	-	-	-
Prior	-	5,048	-	-
Deferred	(783,589)	506,558	(398,669)	189,272
10 (783,589)	511,606	(398,669)	189,272	
Net profit / (loss) for the period	2,222,278	(1,187,203)	1,093,620	(627,094)
Earnings / (loss) per share - basic and diluted	Rs. 11.44	(Rs. 6.11)	Rs. 5.63	(Rs. 3.23)

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 Period Ended March 31, 2021

	Period ended		Quarter ended	
	March 31, 2021	March 31, 2020	March 31, 2021	March 31, 2020
	(Rupees in '000)			
Net profit / (loss) for the period	2,222,278	(1,187,203)	1,093,620	(627,094)
Other comprehensive income / (loss)				
Items that will not be reclassified subsequently to statement of profit or loss				
Unrealized gain / (loss) on remeasurement of equity investments at fair value through other comprehensive income	270,617	30,911	(111,041)	(127,486)
Total comprehensive income / (loss) for the period	2,492,895	(1,156,292)	982,579	(754,580)

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 Period Ended March 31, 2021

	Note	March 31, 2021	March 31, 2020
CASH FLOWS FROM OPERATING ACTIVITIES			
(Rupees in '000)			
Profit / (loss) before taxation		3,005,867	(1,698,809)
Adjustments for:			
Depreciation	4	1,247,418	1,312,206
Amortisation		1,964	3,077
Right-of-use assets	4.3	8,641	8,426
Gain on disposals of operating property, plant and equipment		(3,894)	(2,715)
Unrealised fair value gain on short-term investment	6	(12,135)	-
Interest income on financial asset		(4,382)	-
Finance costs		1,205,628	1,917,415
Exchange gain		(1,808)	-
Dividend income		(6,870)	(7,097)
		<u>2,434,562</u>	<u>3,231,312</u>
		5,440,429	1,532,503
Decrease / (increase) in current assets			
Stores, spare parts and loose tools		419,979	(330,222)
Stock-in-trade		193,587	139,183
Trade debts		(72,547)	7,563
Loans and advances		(28,037)	88,632
Trade deposits and short-term prepayments		(33,581)	(8,582)
Other receivables		(1,091)	1,528,987
		<u>478,310</u>	<u>1,425,561</u>
		5,918,739	2,958,064
Increase in current liabilities			
Trade and other payables		558,627	216,835
Cash generated from operations		<u>6,477,366</u>	<u>3,174,899</u>
Income tax paid		(289,076)	(201,861)
Long-term loans and deposits - net		16,476	7,338
Net cash generated from operating activities		<u>6,204,766</u>	<u>2,980,376</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Additions to property, plant and equipment		(577,859)	(233,752)
Additions to intangible assets		(1,436)	(2,665)
Proceed from disposals of operating property, plant and equipment		10,009	10,559
Dividend received		6,870	7,097
Short-term investments		(1,750,000)	-
Net cash used in investing activities		<u>(2,312,416)</u>	<u>(218,761)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Long-term financings - net		(1,087,821)	(600,000)
Short-term borrowings - net		(1,256,941)	(431,769)
Lease rentals paid		(10,307)	(9,353)
Dividend paid		(164,509)	(174,530)
Finance costs paid - net		(1,262,446)	(1,541,605)
Net cash used in financing activities		<u>(3,782,024)</u>	<u>(2,757,257)</u>
Net increase in cash and cash equivalents		110,326	4,358
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		<u>146,884</u>	<u>33,893</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 Changes in Equity (Unaudited)

For the Period Ended March 31, 2021

Issued, Subscribed and Paid-up Capital	Reserves							TOTAL	
	Capital Reserve		Revenue Reserves		Other Components of Equity		Total Reserves		
	Share premium	Other	General reserve	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	-	-	-	-	(1,187,203)	-	-	(1,187,203)	(1,187,203)
Other comprehensive income for the period	-	-	-	-	-	-	30,911	30,911	30,911
Total comprehensive (loss) /income for the period	-	-	-	-	(1,187,203)	-	30,911	(1,156,292)	(1,156,292)
Balance as at March 31, 2020	1,942,950	1,047,658	50,900	420,000	7,245,042	(323,588)	40,283	8,480,295	10,423,245
Balance as at July 1, 2020	1,942,950	1,047,658	50,900	420,000	6,539,137	(92,272)	145,185	8,110,608	10,053,558
Interim cash dividend for the period ended December 31, 2020 @ Re. 1.00/- per share	-	-	-	-	(194,295)	-	-	(194,295)	(194,295)
Net profit for the period	-	-	-	-	2,222,278	-	-	2,222,278	2,222,278
Other comprehensive income for the period	-	-	-	-	-	-	270,617	270,617	270,617
Total comprehensive income for the period	-	-	-	-	2,222,278	-	270,617	2,492,895	2,492,895
Balance as at March 31, 2021	1,942,950	1,047,658	50,900	420,000	8,567,120	(92,272)	415,802	10,409,208	12,352,158

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 Period Ended March 31, 2021

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 March 31, 2021, 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.

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:

Standards 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	March 31, 2021 (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	270,905	627,447
		25,400,856	26,892,244
Depreciation charged during the period / year		(1,247,418)	(1,754,452)
Disposals during the period / year (NBV)		(6,115)	(7,841)
Closing (NBV)		24,147,323	25,129,951
Capital work-in-progress	4.2	466,587	159,633
Right-of-use assets	4.3	29,002	17,250
		24,642,912	25,306,834
4.1 Additions during the period / year			
Building on leasehold land		65,541	210,664
Plant and machinery		59,730	291,897
Power and other installations		2,084	38,735
Furniture and fittings		4,970	1,014
Quarry, factory and laboratory equipment		19,594	33,525
Motor vehicles		109,344	31,665
Office equipment		2,055	5,320
Computers		7,587	14,627
		270,905	627,447
4.2 Capital work-in-progress			
Freehold land		64,814	55,048
Building on leasehold land		1,110	49,627
Plant and machinery		313,882	29,264
Furniture and fittings		5,865	3,655
Quarry, factory and laboratory equipment		63,663	18,179
Motor vehicles		17,253	2,402
Office equipment		-	773
Computers		-	685
		466,587	159,633
4.3 Right-of-use assets			
Opening balance		17,250	-
Impact of initial application of IFRS 16 - Leases		-	28,485
Additions		20,393	-
Depreciation for the period / year		(8,641)	(11,235)
Closing balance		29,002	17,250

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

	Note	March 31, 2021 (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	653,715	383,098
Joint ventures:			
- Madian Hydro Power Limited	5.2	-	-
- UniEnergy Limited		7,765	7,765
		7,765	7,765
		661,480	390,863
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.		624,069	365,805
Mirpurkhas Sugar Mills Limited			
288,750 (June 30, 2020: 288,750) fully paid ordinary shares of Rs. 10/- each.		29,646	17,293
		653,715	383,098
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)
		-	-
6. SHORT-TERM INVESTMENTS			
Investment at fair value through profit or loss at cost - mutual funds		1,750,000	-
Unrealised fair value gain			
At the beginning of the period / year		-	-
Fair value gain for the period / year		12,135	-
		12,135	-
Fair value at the end of the period / year		1,762,135	-

	Note	March 31, 2021 (Unaudited)	June 30, 2020 (Audited)
(Rupees in '000)			
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	12,000,000	12,500,000
Islamic Finance Facility for Renewable Energy	7.2	277,116	-
		<u>13,508,695</u>	<u>14,388,421</u>
Conventional banks			
Syndicated Long-Term Finance Loan Line - II	7.1	268,421	411,579
Captive Power Plant Loan		880,000	1,100,000
Waste Heat Recovery Loan Line - III		1,080,000	1,200,000
Refinance Scheme for Payment of Wages and Salaries	7.3	522,287	258,060
		<u>16,259,403</u>	<u>17,358,060</u>
Current maturities		(3,551,668)	(430,016)
		<u>12,707,735</u>	<u>16,928,044</u>

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 repayments were made as per the original repayment schedule of syndicated long-term finance facility for Line – II. Further, the Company has early repaid Rs. 500 million for syndicated long-term finance facility for Line – III.

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 refinance 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

March 31, 2021 (Unaudited)	June 30, 2020 (Audited)
(Rupees in '000)	
3,328,624	1,415,350
1,056,154	978,434

9. FINANCE COSTS

Includes interest / mark-up on long-term financings amounting to Rs. 1,129.98 million (March 31, 2020: Rs. 1,778.61 million), interest / mark-up on short-term borrowings and bank charges amounting to Rs. 75.65 million (March 31, 2020: Rs. 138.8 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:

March 31, 2021 (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	1,762,135	-	1,762,135	1,762,135	-
Long-term investments	-	653,715	653,715	653,715	-
	<u>1,762,135</u>	<u>653,715</u>	<u>2,415,850</u>	<u>2,415,850</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>

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	Period ended		Quarter ended	
		March 31, 2021 (Unaudited)	March 31, 2020 (Unaudited)	March 31, 2021 (Unaudited)	March 31, 2020 (Unaudited)
(Rupees in '000)					
Associated companies	Purchases	2,077,139	1,783,794	780,885	587,666
	Sale of goods	205	356	-	217
	Sale of fixed assets	222	-	222	-
	Purchase of fixed assets	256	6,304	256	29
	IT support charges	17,099	17,099	5,700	5,700
	Dividend received	6,245	7,097	2,498	-
	Dividend paid	53,715	51,102	53,715	-
	Insurance premium paid	44,000	40,000	6,000	10,000
Key management personnel	Remuneration	454,346	408,282	158,209	130,707
Other related parties	Contribution to provident and gratuity funds	75,641	86,473	46,910	26,657

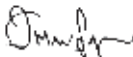
12.1 In addition, certain administrative expenses are being shared amongst the group companies.

13. DATE OF AUTHORISATION

These condensed interim financial statements were authorised for issue on April 29, 2021 by the Board of Directors of the Company.

14. GENERAL

14.1 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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