

BIBOJEE GROUP



73rd ANNUAL REPORT 2020



GAMMON PAKISTAN LIMITED

COMPANY INFORMATION**President of Gammon Pakistan Limited**

Lt.Gen (Retd) Ali Kuli Khan Khattak

Board of Directors

Saad Waheed
 Fazal-ur-Rehman Khan Burki
 Kamal Abdullah
 Khalid Kuli Khan Khattak
 A. Karim Khan
 Muhammad Kuli Khan Khattak
 Sikandar Kuli Khan Khattak

Chairman
 Independent Director
 Independent Director
 Director
 Director
 Director
 Director

Chief Executive Officer

Muhammad Salahuddin-FCA

Audit Committee

Fazal-ur-Rehman Khan Burki
 Kamal Abdullah
 Khalid Kuli Khan Khattak
 Sikandar Kuli Khan Khattak

Chairman
 Member
 Member
 Member

HRC Committee

Khalid Kuli Khan Khattak
 Muhammad Salahuddin-FCA
 Kamal Abdullah
 Sikandar Kuli Khan Khattak

Chairman
 Member
 Member
 Member

Company Secretary

Amin ur Rasheed

Chief Financial Officer

Nadeem Ahmed

Internal Auditor

Nasir Ali Khan-ACCA

External Auditor

M/s BDO Ebrahim & Co.
 Chartered Accountants
 Islamabad

Legal Advisor

Corporate Consultant (Pvt) Ltd.
 Rawalpindi

Advocates

Stock Exchange

The Gammon Pakistan Limited is a listed Company and its
 Shares are traded on Pakistan Stock Exchange Limited

Bankers

Silk Bank Limited
 Askari Bank Limited
 National Bank of Pakistan
 Bank of Punjab
 Habib Bank Limited
 Allied Bank Limited

Registered Office

Gammon House, 400/2
 Peshawar Road, Rawalpindi
 Tel: 051-5477326-7
 Fax: 051-5477511
 E-mail: gammon1@dsl.net.pk

Share Registrar

Vision Consultant Limited
 Share Registrar
 3-CLDA Flats, 1st Floor
 Lawrence Road, Lahore
 Tel: +9242-36283096-97
 Email: share@vcl.com.pk
 Web: www.vcl.com.pk

www.gammonpakistan.com

ANNUAL REPORT

JUNE30,2020

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MISSION STATEMENT

Regain for Gammon Pakistan Limited its premier position in the Construction Industry of Pakistan/abroad through as aggressive but prudent construction strategy.

VISION STATEMENT

To be a Construction Company of international standard of repute which executes works confirming to the latest Engineering Practices and innovations. Employ most modern instrumentation/ mechanization to provide technical services with the highest degree of Quality Control and Customer Satisfaction. The Management also promises complete Financial Transparency to all its shareholders and customers so that it is able to turn around and bring Gammon Pakistan Limited back to its original glory.

GAMMON PAKISTAN LIMITED
NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 73rd Annual General Meeting of Gammon Pakistan Limited (the Company) will be held at Gammon House, 400/2, Peshawar Road, Rawalpindi on Wednesday 28th October, 2020 at 11:00 A.M. to transact the following business.

ORDINARY BUSINESS

- 1 To confirm minutes of the 72nd Annual General Meeting held on 27th December, 2019
2. To receive, consider and adopt the Annual Audited Financial Statements of the Company for the year ended, 30th June 2020 together with the Director's and Auditors' reports thereon.
3. To appoint Auditors of the Company for the year to be ending on 30th June 2021 and to fix their remuneration.
4. To elect the Board of Directors in accordance with Section 159 of the Companies Act, 2017. The Board of Directors had fixed the number of Directors at Seven (7) of this term of three years commencing from November 1, 2020. The names of retiring Directors are as under:
 - I. Saad Waheed
 - II. Mr. Fazal ur Rehman Khan Burki
 - III. Mr, Abdul Karim Khan
 - IV. Mr. Khalid Kuli Khan Khattak
 - V. Mr. Kamal Abdullah
 - VI. Muhammad Kuli Khan Khattak
 - VII. Mr, Sikandar Kuli Khan Khattak

To consider any other business with the permission of the Chair.

BY ORDER OF THE BOARD



AMIN UR RASHEED
COMPANY SECRETARY

Rawalpindi
Dated: 7 October 2020

NOTES:

BOOK CLOSURE:

The share transfer books of the Company will be closed from 15th October, 2020 to 21st October, 2020, both days inclusive. Transfer of shares received at our Share Registration office i.e. Vision Consulting Limited, Financial & Management Consultants, 3-C, LDA Plots, Lawrence Road, Lahore at the close of business on 16th October, 2020 will be treated in time for the purpose of entitlement.

CHANGE IN ADDRESSES AND CONSOLIDATION OF FOLIOS:

Members of the Company are requested to immediately notify the change of address, if any, and ask for consolidation of their folio nos. provided any member holds more than one folio numbers.

FILLING OF THE CONSENT LETTER:

Any person who seeks to contest an Election to the office of Directors shall, whether he is retiring Director or otherwise, file with the company at its registered office not later than fourteen days before the date of Annual General Meeting, a notice of his/her intention to offer himself/herself for the Election of Directors in terms of Section 159(3) of the Companies Ordinance, 2017 together with the relevant declarations as required under the Code of Corporate Governance.

E-VOTING

Pursuant to SECP S.R.O No. 43(1)/2016 dated January 22, 2016, the members can also exercise their right to vote through e-voting by giving their consent in writing at least 10 days before the date of meeting to the Company on the appointment of Execution Officer by the intermediary as a Proxy.

PARTICIPATION IN ANNUAL GENERAL MEETING:

Any member entitled to attend and vote at this meeting shall be entitled to appoint any other numbers as his/her proxy to attend and vote in respect of him/her and the proxy instrument shall be received by the Company not later than 48 hours before the meeting.

INSTRUCTION FOR CDC ACCOUNT HOLDERS:

CDC account holders will further have to follow the under mentioned guidelines as laid down in Circular 1 dated January 26, 2000 issued by the Securities and Exchange Commission of Pakistan (SECP).

- a. For attending the meeting:
 - i. In case of individuals, the account holder and/ or the person whose securities are in group account and their registration details are uploaded as per the regulations, shall authenticate his/her identity by showing his original National Identity Card (NIC) or Original Passport at the time of attending the Meeting.
 - ii. In case of corporate entity the Board of Director's Resolution/Power of Attorney with certified specimen signature of the nominee shall be produced (unless it has been provided earlier) at the time of the meeting.

For appointing proxies:

- iii. In case of individuals the account holder and/ or person whose securities are in group account and their registration details are uploaded as per the regulations shall submit the proxy form as per the above requirements.
- iv. The proxy form shall be witnessed by two persons whose names, addresses and NIC numbers shall be mentioned on the Form.
- v. Attested copies of NIC or the passport of the beneficial owners and the proxy shall be furnished with the proxy form.
- vi. The proxy shall produce his original NIC or original Passport at the time of the meeting.
- vii. In case of corporate entity the Board of Director's Resolution/ Power of Attorney with specimen signature shall be submitted (unless it has been provided earlier) along with proxy form to the Company.

- b.** Pursuant to Section 132(2) of the Companies Act, 2017, if company receives consent from shareholders holding aggregate 10% or more shareholding residing at geographical location to participate in the meeting through video conference at least 7 days prior to the date of meeting, the company will arrange video conference facility in that city subject to availability of such facility in that city. To avail this facility please provide following information and submit it to the registered office of the Company:

I/We. _____ of _____ being a member of
GAMMON PAKISTAN LIMITED, holder of _____ Ordinary Shares as per Register Folio
No./CDC A/C No. _____ hereby opt for Video conference Facility at _____.

Signature of members

- c.** Members of the Company are requested to immediately notify the change of address, if any, and ask for consolidation of their folio numbers.

گیمن پاکستان لیمیٹڈ

نوٹس برائے سالانہ اجلاس عام

بذریعہ ہذا مطلع کیا جاتا ہے کہ گیمن پاکستان لیمیٹڈ (کمپنی) کا 73 واں سالانہ اجلاس عام، کمپنی کے رجسٹرڈ دفتر گیمن ہاؤس 400/2، پشاور روڈ راولپنڈی میں بروز بدھ 28 اکتوبر 2020ء کو صبح 11 بجے مندرجہ ذیل کاروبار کے لین دین کیلئے منعقد ہوگا۔

- 1- 27 دسمبر 2019ء کو منعقدہ 72 ویں سالانہ اجلاس عام کی کارروائی کی توثیق کرنا۔
- 2- ڈائریکٹر اور آڈیٹر کی رپورٹس کے ساتھ سالانہ آڈیٹڈ مالیاتی تفصیلات 30 جون 2020ء پر غور کرنا اور اس کا حصول اور منظوری۔
- 3- مالی سال 2020-21 کیلئے آڈیٹر کا تقرر اور معاوضہ طے کرنا۔ بطور آڈیٹر میسرز بی ڈی او ابراہیم اینڈ کمپنی چارٹرڈ اکاؤنٹنٹس، ۲۲ ایسٹ، سعید پلازہ، جناح ایونیو، بلیو ایریا، اسلام آباد نے خود کو دوبارہ تقرری کیلئے پیش کیا ہے۔
- 4- کمپنیز ایکٹ 2017 کے سیکشن 159 کے مطابق بورڈ آف ڈائریکٹرز کا انتخاب کرنا۔ بورڈ آف ڈائریکٹرز نے 01 نومبر 2020 سے شروع ہونے والے اس مدت کیلئے 7 ڈائریکٹرز کی تعداد مقرر کی ہے۔ ریٹائر ہونے والے ڈائریکٹرز کے نام درج ذیل ہیں:-

1- سعد وحید

2- فضل الرحمن خان برکی

3- عبدالکریم خان

4- خالد قلی خان خٹک

5- کمال عبداللہ

6- محمد قلی خان خٹک

7- سکندر قلی خان خٹک

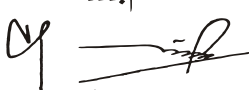
5- صاحب صدر کی اجازت سے کسی دیگر امور پر غور و خوض۔

راولپنڈی

مورخہ: 7 اکتوبر 2020ء

نوٹس:

- 1- کمپنی کے حصص منتقلی کی کتابیں 15 اکتوبر 2020ء تا 21 اکتوبر 2020ء (بشمول دونوں ایام) بند رہیں گی۔ کمپنی کے حصص کی منتقلی بذریعہ شیئر رجسٹر اری میسرز ویشن کنسلٹنگ لیمیٹڈ، 3-C، ایل ڈی اے فلیٹس، فرسٹ فلور، لارنس روڈ، لاہور ہوگی۔ جس میں 16 اکتوبر 2020ء کو شام 5 بجے کاروبار بند ہونے تک وصول ہونے والے تبادلوں کو اندراج کیلئے بروقت تصور کیا جائے گا جو کہ سالانہ اجلاس عام میں شرکت اور ووٹنگ کیلئے اہل ہوں گے۔

بجائے بورڈ

 امین الرشید
 کمپنی سیکرٹری

- 2- اجلاس میں شرکت اور ووٹ دینے کا مستحق کوئی رکن اپنی بجائے شرکت اور ووٹ دینے کیلئے کسی دیگر رکن کو اپنا/اپنی پراکسی مقرر کر سکتا /سکتی ہے۔ پراکسی کی تقرری اجلاس کے وقت سے کم از کم 48 گھنٹے قبل کمپنی کو لازماً وصول ہو جانی چاہئے۔
- 3- بصورت سی ڈی سی اکاؤنٹ ہولڈر اجلاس میں شرکت کے وقت اپنا اصل کمپیوٹرائزڈ قومی شناختی کارڈ (CNIC) یا اصل پاسپورٹ دکھا کر اپنی شناخت ثابت کرنا ہوگی۔ بصورت کارپوریٹ اداروں کے نمائندے اس مقصد کیلئے درکار نمونوں کے دستخط بمع بورڈ کی قرارداد/پاور آف اٹارنی ساتھ لائیں۔
- 4- کمپنیز ایکٹ 2017 سیکشن (2) 132 کے تحت اگر کمپنی اجلاس میں حصہ لینے کیلئے جغرافیائی مقام پر رہنے والے مجموعی 10% یا اس سے زیادہ حصص رکھنے والے ارکان سے اجلاس کی تاریخ سے 7 دن پہلے ویڈیو کانفرنس کے ذریعے اجلاس میں شرکت کیلئے رضا مندی حاصل کرتی ہے تو کمپنی اس شہر میں ویڈیو کانفرنس کی سہولت مہیا کرے گی۔ بشرطیکہ اس مقام / شہر میں متعلقہ سہولت میسر ہو۔
- 5- ممبران سے درخواست ہے کہ اپنے پتوں میں تبدیلی اگر کوئی ہو تو کمپنی کو فی الفور مطلع فرمائیں۔
- 6- سالانہ اجلاس عام کانوٹس / آڈیٹڈ مالی تفصیلات برائے 30 جون 2020ء کمپنی کی ویب سائٹ پر بھی شائع ہیں۔

CHAIRMAN REVIEW

I am pleased to present the review for the year ended June 30, 2020, highlighting the Company's performance and role of the Board of Directors (the Board) of Gammon Pakistan Ltd. in guiding the management to carry out its responsibility for the benefit of all its stakeholders.

REVIEW OF BOARD'S PERFORMANCE

The board, being responsible for the management of the company, formulates all significant policies and strategies. The board is governed by relevant laws & regulations and its obligation, rights, responsibilities, and duties, as are specified and prescribed therein.

Due to Covid-19 pandemic one board meetings,/ one audit committee and one HR & Remuneration committee meeting were held during the year 2019-20.

The board strictly monitored its own performance along with the performance of its sub-committees. In addition to it, the board also ensured the compliance with all applicable rules and best practices of the Company.

Best practices of corporate governance have been embedded into the Company's culture to maintain highest level of professionalism and business conduct. Risk management framework, effective internal controls and audit functions have been implemented to ensure that the day-to-day operations follow the overall strategy formulated by the Board.

Accordingly, the Board has completed its annual self-evaluation for the year 2019-20 and I am pleased to report that the overall performance benchmarked on the basis of criteria set for the year 2019-20, remained satisfactory.

REVIEW OF BUSINESS PERFORMANCE

The COVID-19 pandemic has appeared as a major event forcing the world into lock down and limiting the economic activity across the board. Countries around the globe have set-up relief programs to contain the social and economic consequences of the pandemic

Although Prime Minister's incentive and packages for construction industry specially for "Naya Pakistan Housing Scheme & CPEC Package III" are encouraging but your company is striving hard to get some direct projects at favorable rates.

Overall economic conditions during the year 2019-20 were under great stress when COVID-19 compels us to lockdown and shutdown. No doubt Prime Minister's smart lockdown policy has preserved the economy from ultra disaster but second wave speculations are still affecting the economic conditions specially demand and supply factor across the globe.

We have started work at bridges of Old bannu road projects awarded to us last year and despite shortage of funds with client work on this project remained in full swing. The most difficult project of MTC is also at its closing stage. We have positive results from projects and capital appreciate of our investment properties have further improved the bottom line. Our expectations are high to get maximum gains from positive economic conditions for construction industry in the country.

ACKNOWLEDGMENT

On behalf of the Board of Directors, I would like to acknowledge and express my appreciation for our Shareholders and suppliers and contractors for their absolute confidence in the Board of Directors and the Company's management. I would also like to put on record my utmost thanks to the Board of Directors for their contribution, the Management and the workforce's for their efforts and hard work.



SAAD WAHEED

Dated : October 05, 2020

چیئر مین کا جائزہ

میں 30 جون 2020ء تک ختم ہونے والے سال کیلئے جائزہ لینے کیلئے خوشی ہوں کہ کمپنی کی کارکردگی اور بورڈ آف ڈائریکٹرز کی کارکردگی کو نمایاں کیا جا رہا ہے۔

بورڈ کی کارکردگی کا جائزہ:

بورڈ کمپنی کی انتظامات کا ذمہ دار ہے تمام اہم پالیسیاں اور حکمت عملی تیار کرتا ہے۔ بورڈ پر متعلقہ قوانین و ضوابط اور اسکی ذمہ داری، حقوق و فرائض کے تحت کام کیا جاتا ہے۔

سال 2019-20 کے دوران کوویڈ 19 کی وبا کی وجہ سے بورڈ کا ایک اجلاس، آڈٹ کمیٹی کا ایک اجلاس اور انسانی وسائل اور معاوضے کی کمیٹی کا ایک اجلاس منعقد ہوئے۔

بورڈ نے اپنی ذیلی کمیٹیوں کی کارکردگی کے ساتھ ساتھ اپنی کارکردگی پر بھی سختی سے نگرانی کی۔ اسکے علاوہ بورڈ نے کمپنی کے تمام قابل اطلاق قوانین اور بہترین طریقوں کی تعمیل کو بھی یقینی بنایا۔

کارپوریٹ گورننس کے بہترین طریقوں کو اعلیٰ درجے کی پیشہ وارانہ مہارت اور کاروباری طریقہ کار کو برقرار رکھنے کیلئے کمپنی کے طریقہ کار میں تبدیلی کر لی گئی ہے۔ رسک مینجمنٹ فریم ورک، موثر اندرونی کنٹرول اور آڈٹ کے افعال کو نافذ کیا گیا ہے تاکہ یقینی بنایا جاسکے کہ یومیہ آپریشن بورڈ کے ذریعہ وضع کردہ مجموعی حکمت عملی پر عمل ہو سکے۔

اس کے مطابق، بورڈ نے سال 2019-20 کیلئے اپنی سالانہ خود تشخیص مکمل کر لی ہے اور مجھے یہ خوشی ہوئی ہے کہ سال 2019-20 کیلئے مقرر کردہ معیار کی بنیاد پر مجموعی کارکردگی کا معیار اطمینان بخش رہا۔

کاروباری معاملات کا جائزہ:

سال 2019-20 کے دوران کوویڈ 19 وبائی بیماری ایک اہم واقعہ کے طور پر نمودار ہوئی جس نے دنیا کو لاک ڈاؤن میں ڈالنے اور ملک میں معاشی سرگرمیوں کو محدود کرنے پر مجبور کیا۔ دنیا بھر کے ممالک نے وبائی امراض کے معاشرتی اور معاشی نتائج پر قابو پانے کیلئے امدادی گروپ ترتیب دیئے ہیں۔

اگرچہ تعمیراتی صنعت کیلئے وزیراعظم کے منظور کئے گئے پیکیج خاص طور پر "نیا پاکستان اور سی پیک پیکیج - III" حوصلہ افزا ہیں لیکن آپ کی کمپنی مناسب ریٹس پر ڈائریکٹ منصوبے حاصل کرنے کیلئے بھرپور کوشش کر رہی ہے۔

مجموعی طور پر سال 2019-20 کے دوران معاشی حالات کوویڈ 19 وبائی بیماری میں لاک ڈاؤن اور شٹ ڈاؤن کی وجہ سے انتہائی تناؤ کا شکار رہے۔ اگرچہ وزیراعظم کی سمارٹ لاک ڈاؤن پالیسی نے معیشت کو بڑی تباہی سے بچالیا ہے لیکن دوسری لہر کی قیاس آرائیوں نے معاشی حالات بالخصوص دیماڈ اور سپلائی فیکٹر کو اب تک متاثر کر رکھا ہے۔

ہم نے گزشتہ سال حاصل کیئے گئے اولڈ بنوں روڈ پراجیکٹ پر کام شروع کیا اور محکمے کی طرف سے فنڈز کی ترسیل میں کمی کے باوجود زور و شور سے کام جاری رہا۔ ایم ٹی سی کا سب سے مشکل ترین پراجیکٹ بھی اپنے اختتامی مرحلے میں ہے۔ اگرچہ کمپنی کا پراجیکٹس

سے منافع مثبت ہے لیکن سرمایہ کاری کیلئے رکھی گئی جائیدادوں پر فیئر ویلیوگیں نے کمپنی کے منافع کو مزید تقویت دی ہے۔ ہم پر امید ہیں کہ ملک میں تعمیراتی صنعت کیلئے مثبت معاشی حالات سے زیادہ سے زیادہ مستفید ہو سکیں گے۔

اعتراف

بورڈ آف ڈائریکٹر کی طرف سے میں اپنے شیئر ہولڈر اور کمپنی کے سپلائرز اور ٹھیکیداروں کی قدر کرتا ہوں جو کہ ان کا بورڈ آف ڈائریکٹر اور کمپنی کی انتظامیہ پر اعتماد ہے۔ اسکے علاوہ میں بورڈ آف ڈائریکٹر کی شرکت، انتظامیہ اور کارکنوں کی کوششوں اور محنت کا شکریہ ادا کرتا ہوں۔

سعد وحید
چیئر مین

05 اکتوبر 2020ء

DIRECTOR'S REPORT

The directors of your Company have pleasure in presenting their report, together with the 73rd Annual Report, containing Audit Report and the Audited Financial Statements of the Company for the year ended 30th June, 2020.

PERFORMANCE REVIEW

The principal activity of the Company is all type construction specially Buildings and Bridges. The highlights of the Company's financial results as compared to the preceding year are as follows:

| Particulars | 2020 (Rupees) | 2019 (Rupees) |
|------------------------|--------------------------|--------------------------|
| Contract Income | 184,639,178 | 201,388,164 |
| Contract Expenditure | (173,514,623) | (179,381,701) |
| Net contract profit | 11,124,555 | 22,006,463 |
| Profit before taxation | 45,946,075 | 55,380,094 |
| Taxation | (19,634,021) | (14,975,621) |
| Profit after taxation | 26,312,054 | 40,404,474 |

During the year ended June 30, 2020 the Workdone/ Revenue from Contracts has decreased by 16.75 million mainly due to lack of funds with various Govt. departments and Covid-19, has affected the pace of work. Despite these constraints the Company has announced the positive results and has earned profit after tax amounting Rs.26.3 Million that includes Rs.52.34 million fair value gain on investment property situated at Peshawar Road and Chakbeli Road Mouza Harka Rawat Rawalpindi.

The prestigious project at Fateh Jang is almost complete and we are in process of winding up of activities.

Work of Bridges on Old Bannu Road (dualization Project) is in full swing shortage of funds with department has interrupted the pace of work. However revenue recognized from this project during the `year is Rs.168 million.

Your company has successfully complete the sublet work of FWO CPEC western rout (Hakala to Kot belian).

Similarly Fiber optic laying project is also almost complete.

DIVIDEND:

The Board has not recommended any dividend for the year due to financial constraints.

GENERAL ECONOMIC REVIEW:

The emergence of COVID-19 has caused major disruptions to the economic activities around the world including Pakistan. The country's economy demonstrated its worst performance in 68 years, posting a negative growth of 0.38% in FY 2019-20. The drop in domestic and global demand compounded the strain on the economy. The measures taken by Govt. that include monetary and fiscal policy interventions, such as interest rate reduction, payroll financing, announcement of stimulus package, Ehsas Program, have been very helpful to ensure liquidity for growth and employment. Further, the current account deficit narrowed down by 70%. This was due to contraction in trade deficit for the second consecutive year to USD 23.2 billion on the back of 19% reduction in import, Export, which were struggling even before, dropped to a four year low of USD 21.4 billion, down by 6.8%. However, home remittance proved to be a silver lining as they reached an all-time high of USD 2.4 billion in June 2020, closing FY2020 with a total of USD 23.1 billion. These remittances along with other external and capital inflows helped foreign exchange reserve to be closed at USD 11.2 billion. Resultantly, Pak rupees remained relatively stable against dollar and closed at 168. With an improved inflation outlook but an increased downside risk to growth, SBP further reduced the policy rate to 0.7% in its most recent Monetary Policy Statement.

Even before the pandemic, the industrial output was depressed on account of measures undertaken for macroeconomic stabilization. Cost structures of business were adversely affected while consumers struggled to preserve their purchasing power. During the last quarter, the pandemic further intensified the economic woes as every sector of the industry was hampered due to lockdown of business..

FUTURE PROSPECTS

The economic future depends on the time it takes to reverse the adverse effects of the pandemic on economic activities. Resumption of CPEC and announcement of its next Packages along with Naya Pakistan Housing Scheme are definitely playing a positive role for the revival the construction industry. We are participating in various tenders of these projects to acquire some good works on favorable rates but have not yet succeeded.

Despite financial constraints our efforts are in process to get further business. It is expected that some more work will be awarded to your company by some clients in the near future.

CORPORATE AND FINANCIAL REPORTING FRAMEWORK

The Directors confirm compliance with Corporate and Financial Reporting Framework of the Securities and Exchange Commission of Pakistan and Listed Companies(Code of Corporate Governance) Regulation, 2019 (the CCG Regulations) for the following matters:

1. The financial statements, prepared by the management of the Company present, fairly its state of affairs, the results of its operations, cash flows and changes in equity.
2. Appropriate accounting policies have been consistently applied in preparation of these financial statements and accounting estimates are based on reasonable and prudent judgments.
3. The Company has maintained proper books of account.
4. International Financial Reporting Standards, as applicable in Pakistan, have been followed in preparation of these financial statements.
5. The system of internal control is sound in design and has been effectively implemented and monitored. The process of monitoring internal controls will continue as on-going process with objective to strengthen the controls and bring improvements in the system.
6. There are no doubts about the Company's ability to continue as a going concern.
7. There has been no material departure from the best practices of CCG Regulations.
8. There are no statutory payments on account of taxes, duties levies and charges which are outstanding as at June 30, 2020, except for those disclosed in the financial statements.
9. No trades in the shares of the Company were carried-out by the Directors, CEO, CFO, Company Secretary and their spouses and minor children during the year ended 30 June, 2020.

COMPOSITION OF THE BOARD

The Composition of the Board is in line with the requirements of the CCG Regulations. The Company encourages representation of independent and nonexecutive directors, as well as gender diversity on its Board.

The current composition of the Board is as follows:

Total number of directors 7

Male 7
Female nil

Independent Director 2

Other Non-executive Directors 5

Executive Directors 0

Apart from their mandatory job requirements, the performance of the Board of our Company is evaluated annually along the following parameters, both at individual and collective level.

- i. Effectiveness in bringing in a mix of gender, talents, skills and diversified perspectives.
- ii. Integrity, credibility, trustworthiness and active participation of members.
- iii. Follow-up and review of annual targets set by the management.
- iv. Ability to provide guidance and direction to the Company.
- v. Ability to identify aspects of the organization's performance requiring action.
- vi. Review of succession planning of management.
- vii. Ability to assess and understand the risk exposures of the Company.
- viii. Contribution and interest with regard to improving health safety and environment, employment and other policies and practices in the Company.
- ix. Safeguarding the Company against unnecessary litigation and reputational risk.

The overall performance of the Board measured on the basis of above mentioned parameters for the year was satisfactory. The Board members effectively bring the diversity to the Board and constitute a mix of independent and non executive directors. The Board is also effective in formulating the corporate goals for the company.

BOARD AUDIT COMMITTEE

The Board Audit Committee assists the Board in fulfilling its oversight responsibilities, primarily in reviewing and reporting financial and non-financial information to shareholders, systems of internal control and risk management and the audit process. It has autonomy to call for information from the management and to discuss directly with the external auditors or advisors as considered appropriate. The Chief Financial Officer regularly attends the Board Audit Committee meetings by invitation to present the accounts. After each meeting, the Chairman of the Committee reports to the Board. The Committee met 4 time.

The names of committee members are as follows:

| | | |
|--------------------------------|--------------------------|-----------------------|
| Mr. Fazal ur Rehman Khan Burki | - Independent Director | Chairman of the Board |
| Mr. Khalid Kuli Khan Khattak | - Non Executive Director | Member |
| Mr. Sikandar Kuli Khan Khattak | - Non Executive Director | Member |
| Mr. Nasir Ali Khan | - Head of Internal Audit | Secretary of the |

HEALTH, SAFETY AND ENVIRONMENT

We strongly believe in maintaining the highest standards in health, safety and environment to ensure the well-being of the people who work with us as well as of the communities where we operate.

SUBSEQUENT EVENTS

No material changes or commitments affecting the financial position of the Company have taken place between the end of the financial year and the date of the Report.

COMMENTS ON “EMPHASIS OF MATTER” PARAGRAPH IN THE AUDITOR’S REPORT:

The Company’s Board of Directors are of the opinion that the case falls within the ambit of SBP “Incentive Scheme” for the recovery of loan defaults vide BPRD Circular no. 19 and, as such, liable to pay only Rs.35.122 Million in full and final settlement of its outstanding liability and provision for the same has already made in financial statement.

APPOINTMENT OF AUDITORS:

The Company's auditors M/s BDO Ebrahim & Co., Chartered Accountants, 3rd Floor Saeed Plaza 22- East Blue Area, Islamabad retired and offered themselves for reappointment. The Board of Directors of the Company as recommended by the Board Audit Committee hereby Recommends that the retiring auditors be re-appointed.

ACKNOWLEDGMENT

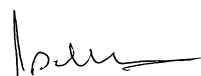
We appreciate the hard work and dedication of the Company's Management, engineers and employees during the period under review.

We would also like to express our gratitude to our bankers, clients and suppliers for their co-operation, support and trust reposed in the Company.

For and on behalf of Board of Director's



Khalid Kuli Khan Khattak
Director



Muhammad Salahuddin
Chief Executive Officer

ڈائریکٹر رپورٹ

بورڈ آف ڈائریکٹر کی جانب سے 73 ویں سال 30 جون 2020ء کے اختتام پر کمپنی کے آڈیٹر کی جاری کردہ مالیاتی رپورٹ پیش کرنے میں خوشی محسوس کرتے ہیں۔

کارکردگی کا جائزہ

کمپنی کی بنیادی سرگرمی تمام قسم کے تعمیراتی کام بالخصوص عمارتوں اور پلوں کی تعمیر ہے۔ کچھ لیسال کے مقابلے میں کمپنی کی مالیاتی نتائج کی اہم جھلکیاں مندرجہ ذیل ہے:-

| 30 جون 2020ء | 30 جون 2019ء | |
|---------------|---------------|-------------------|
| (روپے) | (روپے) | |
| 184,639,178 | 201,388,164 | پراجیکٹس سے آمدن |
| (173,514,623) | (179,381,701) | پراجیکٹس کا خرچ |
| 11,124,555 | 22,006,463 | مجموعی منافع |
| 45,946,075 | 55,380,094 | قبل از ٹیکس منافع |
| (19,634,021) | (14,975,621) | ٹیکس |
| 26,312,054 | 40,404,474 | منافع بعد از ٹیکس |

30 جون 2020ء کو ختم ہونے والے سال کے دوران معاہدوں سے آمدن میں 1 کروڑ 60 لاکھ کی کمی واقع ہوئی ہے جسکی بنیادی وجہ حکومتی محکموں کے پاس فنڈز کی کمی اور کوویڈ 19 کی وبائی بیماری ہے جس نے کام کی رفتار کو متاثر کیا ہے۔ ان رکاوٹوں کے باوجود کمپنی نے مثبت نتائج حاصل کئے ہیں اور کمپنی کا بعد از ٹیکس منافع 2 کروڑ 63 لاکھ روپے رہا۔ جس میں اپنا ورورڈ راولپنڈی اور چک بلی روڈ موضع ہڑکہ روات راولپنڈی میں واقع جائیدادوں پر فیز ویلیو گین 5 کروڑ 23 لاکھ روپے شامل ہے۔

فتح جنگ میں واقع انتہائی مشکل پراجیکٹ، کام کی تکمیل کے بعد سائٹ کلوزنگ کے مراحل میں ہے جبکہ اولڈ بنوں روڈ پر پلوں کے پراجیکٹ پر تیز تر موبلائزیشن کے بعد کام زور و شور سے جاری ہے لیکن بد قسمتی سے محکمے کے پاس فنڈز کی کمی نے کام کی رفتار میں خلل ڈال دیا ہے۔ سال کے دوران اس منصوبے سے کا آمدن میں حصہ 16 کروڑ 8 لاکھ روپے ہے۔

الحمد للہ آپ کی کمپنی نے ایف۔ ڈبلیو۔ اوکاسی پیک پراجیکٹ (ہکلہ سے کوٹ بلیاں) کا کام مکمل کر لیا ہے۔ اسی طرح فابریکس بچھانے کا کام بھی تقریباً مکمل ہو چکا ہے۔

ڈیویڈنڈ

بورڈ نے گورنمنٹ ڈیپارٹمنٹ کی جانب سے ادائیگی میں تاخیر کے باعث پیدا ہونے والے مالی بحران پر کسی بھی قسم کا حتمی کیش ڈیویڈنڈ نہ دینے کی سفارش کی ہے۔

عمومی مارکیٹ کی حالت

کوویڈ-19 کے ظہور نے پاکستان سمیت دنیا بھر کی معاشی سرگرمیوں کیلئے بڑی رکاوٹیں کھڑی کیں۔ ملکی معیشت نے 68 سالوں میں اپنی بدترین کارکردگی کا مظاہرہ کیا، مالی سال 2019-20 میں 0.38 فیصد کی منفی نمو نوٹ کی گئی۔ ملکی اور عالمی طلب میں کمی نے معیشت پر تناؤ کو مزید پیچیدہ کر دیا۔ حکومت نے چند اقدامات اٹھائے۔ جس میں مالیاتی پالیسیوں میں تبدیلی شامل ہے جیسے سود کی شرح میں کمی، تنخواہوں کی مالی اعانت، ملازمین کی تنخواہوں کیلئے قرضہ کا اعلان، احساس پروگرام، معاشی نمو بہتر بنانے میں بہت مددگار ثابت ہوئے۔ مزید یہ کہ کرنٹ اکاؤنٹ خسارہ 70 فیصد سے کم ہو گیا۔ اسکی وجہ درآمدات میں 19 فیصد کی کمی کے بعد مسلسل دوسرے سال تجارتی خسارے میں 23.2 ارب ڈالر تک کمی واقع ہوئی۔ برآمدات، جو پہلے بھی جدوجہد کر رہی تھیں، چار سال کی کم ترین سطح پر 21.4 بلین امریکی ڈالر کی سطح پر آ گئیں، جو 6.8 فیصد کم ہو گئیں۔ تاہم، بیرون ملک سے آنے والے گھریلو سامان کیلئے رقوم نے ملکی معیشت پر اچھا اثر ڈالا کیونکہ وہ جون 2020ء میں مجموعی طور پر 2.4 بلین امریکی ڈالر کی اعلیٰ سطح پر پہنچ گئے، مالی سال 2020 کو 23.1 بلین امریکی ڈالر کے ساتھ بند ہوئی۔ ان ترسیلات زر کے ساتھ دیگر سرمائے کی آمد کی وجہ سے زرمبادلہ کے ذخائر 11.2 بلین ڈالر کے قریب بند ہوئے۔ نتیجہ کے طور پر، پاک ڈالر کے مقابلے نسبتاً مستحکم رہا۔ اور روپے کی قدر اوسط 168 روپے فی ڈالر بند ہوئی۔ اسٹیٹ بینک نے اپنی حالیہ مالیاتی پالیسی بیان میں پالیسی کی شرح کو 7 فیصد تک کم کر دیا۔

وبائی امراض سے پہلے ہی، معاشی استحکام کیلئے اٹھائے گئے اقدامات کی وجہ سے صنعتی پیداوار کمزور تھی۔ جس نے کاروبار کی لاگت کے ڈھانچے کو بری طرح متاثر کیا جبکہ صارفین اپنی قوت خرید کو برقرار رکھنے کیلئے جدوجہد کر رہے ہیں۔ آخری سہ ماہی کے دوران، وبائی امراض نے معاشی پریشانیوں میں اضافہ کر دیا کیونکہ لاک ڈاؤن کی وجہ سے صنعت کے ہر شعبے میں رکاوٹ پیدا ہو گئی ہے۔

مستقبل کا نقطہ نظر

معاشی مستقبل کا انحصار اس وقت پر ہوتا ہے جو معاشی سرگرمیوں سے وبائی امراض کے منفی اثرات کو ختم کرتا ہے۔ نیا پاکستان ہاؤسنگ سکیم کے ساتھ ساتھ سی پیک کے اگلے پیکجز کا اعلان تعمیراتی صنعت کی بحالی کیلئے یقینی طور پر مثبت کردار ادا کر رہا ہے۔ ہم مناسب ریٹس پر کچھ اچھے کاموں کے حصول کیلئے ان منصوبوں کے مختلف ٹینڈرز میں حصہ لے رہے ہیں لیکن ابھی تک اس میں کامیابی حاصل نہیں ہوئی۔

اگرچہ مالی رکاوٹوں کی وجہ سے آپ کی کمپنی کو مستقبل میں نئے کام حاصل کرنے میں مشکلات کا سامنا ہے لیکن امید کی جاتی ہے کہ مستقبل میں کچھ محکموں کی جانب سے آپ کی کمپنی کو کچھ نئے کام دیئے جائیں گے۔

کارپوریٹ اور مالی رپورٹنگ فریم ورک

ڈائریکٹرز سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان اور لسٹڈ کمپنیاں (کوڈ کارپوریٹ گورننس) ریگولیشنز، 2019 (سی سی جی ریگولیشنز) کے کارپوریٹ اور مالی رپورٹنگ فریم ورک کی تعمیل کی تصدیق کرتے ہیں۔

۱۔ کمپنی کے حسابات جس میں اکاؤنٹ کی کتابیں، نفع اور نقصان کا اکاؤنٹ، بیلنس شیٹ اور دیگر حسابات مروجہ قوانین کے تحت تیار کیے گئے ہیں۔

۲۔ کمپنی کے حسابات تیار کرنے کیلئے مناسب مالیاتی پالیسیوں کا استعمال کیا ہے۔

- ۳۔ کمپنی نے حسابات کی کتابیں موثر طریقے سے رکھی ہیں۔
- ۴۔ بین الاقوامی اکاؤنٹنگ معیار جو کہ پاکستان میں لاگو ہوتے ہیں، ان کو مالیاتی حسابات کی تیاری میں اور اداروں میں اپنایا گیا ہے۔
- ۵۔ اندرونی کنٹرول کا نظام درست ہے اور اسے موثر طریقے سے لاگو کیا گیا اور نگرانی کی گئی ہے۔ اندرونی کنٹرول کی نگرانی کے عمل کو مضبوط بنانے اور نظام میں بہتری لانے کے مقصد کے ساتھ آگے بڑھتے ہوئے عملی طور پر جاری رہے گا۔
- ۶۔ کمپنی کے حسابات کمپنی کی موجودہ کارکردگی کا عکاس ہیں۔
- ۷۔ لسٹڈ کمپنیوں (کارپوریٹ گورننس) کا ضابطوں، 2019 (سی سی جی ریگولیشنز) کے بہترین طریقوں کے مطابق ہیں۔
- ۸۔ 30 جون 2020 پر کمپنی کے ذمہ کسی بھی قسم کا قانونی ٹیکس، لیویز یا چارجز نہیں ہیں ماسوائے ان ادائیگیوں کے جو ان حسابات میں بتائی گئی ہیں۔
- ۹۔ اس کمپنی کے ڈائریکٹرز، چیف ایگزیکٹو، سی ایف او، کمپنی سیکرٹری اور ان کے اہل خانہ اور ان کے چھوٹے بچوں نے کمپنی کے شیئرز میں خرید و فروخت نہیں کی ہے۔

بورڈ کی ساخت

بورڈ کی تشکیل سی سی جی قوانین کے مطابق ہے۔ بورڈ کی حالیہ تشکیل کچھ اس طرح ہے۔

ڈائریکٹرز کی کل تعداد ۷

مرد ۷

خاتون کوئی نہیں

آزاد ڈائریکٹر ۲

دوسرے غیر ایگزیکٹو ڈائریکٹر ۵

ایگزیکٹو ڈائریکٹر کوئی نہیں

ان کی لازمی ملازمت کی ضروریات کے علاوہ ہماری کمپنی کے بورڈ کی کارکردگی کا ہر سال انفرادی اور اجتماعی سطح پر مندرجہ ذیل عوامل کے ساتھ جائزہ لیا جاتا ہے۔

- ۱۔ قابلیت، مہارت اور متنوع نقطہ نظر کے تحت افراد کا ماننا۔
- ۲۔ سالمیت، ساکھ، اعتماد اور ممبروں کی فعال شرکت۔
- ۳۔ انتظامیہ کے ذریعے طے شدہ سالانہ اہداف کی پیروی اور جائزہ۔
- ۴۔ کمپنی کو رہنمائی اور ہدایت فراہم کرنے کی اہلیت۔
- ۵۔ کمپنی کی کارکردگی کے ایسے پہلوؤں کی نشاندہی کرنے کی اہلیت جس میں کارروائی کی ضرورت ہوتی ہے۔
- ۶۔ انتظامیہ کی جانشینی کی منصوبہ بندی کا جائزہ۔
- ۷۔ کمپنی کو درپیش خطرات کی نشاندہی کرنا اور سمجھنے کی قابلیت۔
- ۸۔ کمپنی کے ملازمین کی صحت، کام کرنے کے ماحول اور دیگر پالیسیوں اور طریقوں کو بہتر بنانے کے سلسلے میں شراکت اور دلچسپی۔

۹۔ غیر ضروری قانونی چارہ جوئی وغیرہ سے کمپنی کی حفاظت کرنا۔
اس سال کیلئے بورڈ کی مجموعی کارکردگی تسلی بخش تھی۔ بورڈ کے ارکان نے مؤثر طریقے کیساتھ مل کر جن میں آزاد اور غیر ایگزیکٹو ڈائریکٹر شامل ہیں نے کام کیا اور بورڈ نے کمپنی کے کارپوریٹ اہداف کو تشکیل دینے میں مؤثر کردار بھی ادا کیا ہے۔

بورڈ آڈٹ کمیٹی

بورڈ کی آڈٹ کمیٹی نے نگرانی کی ذمہ داریوں کو پورا کرنے میں بورڈ کی مدد کی ہے، بنیادی طور پر مالی اور غیر مالیاتی معلومات کو مشترکہ حصول، داخلی کنٹرول کے نظام اور خطرے کے انتظام اور آڈٹ کے عمل کے لئے انتظامیہ سے معلومات حاصل کرنے اور بیرونی آڈیٹر یا مشیروں کے ساتھ براہ راست مشورہ کرنے کیلئے خود مختار ہے جو مناسب سمجھا جاتا ہے۔ چیف فنانس آفیسر باقاعدگی سے اکاؤنٹس پیش کرنے کیلئے دعوت کے ذریعے بورڈ آڈٹ کمیٹی کے اجلاسوں میں شرکت کرتے ہیں۔ ہر میٹنگ کے بعد کمیٹی کے چیئرمین بورڈ کو رپورٹ کرتے ہیں۔ کمیٹی نے 2019-20 کے دوران ۴ بار ملاقات کی ہے۔

کمیٹی کے ارکان کے نام مندرجہ ذیل ہیں:

| | | |
|---------------------------|---------|-----------------------|
| ۱۔ جناب فضل الرحمن برکی | چیئرمین | آزاد ڈائریکٹر |
| ۲۔ جناب خالد قلی خان خٹک | رکن | غیر ایگزیکٹو ڈائریکٹر |
| ۳۔ جناب سکندر قلی خان خٹک | رکن | غیر ایگزیکٹو ڈائریکٹر |
| ۴۔ جناب کمال عبداللہ | رکن | غیر ایگزیکٹو ڈائریکٹر |

آڈٹ کمیٹی نے اندرونی آڈٹ منصوبہ کے علاوہ اور آڈٹ کے نتائج اور اندرونی آڈٹ ڈیپارٹمنٹ کی سفارش پر، سہ ماہی، نصف اور سالانہ مالی معاملات کا جائزہ لیا ہے۔

مندرجہ بالا اجلاسوں کے علاوہ، آڈٹ کمیٹی نے بیرونی آڈیٹر کے ساتھ الگ اور بعد میں چیف فنانس آفیسر (سی ایف او) اور اندرونی آڈٹ کے سربراہ (ایچ آئی اے) کے ساتھ بھی ملاقات کی ہے۔

انسانی وسائل اور معاوضے کی کمیٹی

کمپنی نے سینئر ایگزیکٹوز کے معاوضے سے متعلق معاوضہ، تنظیم اور ملازم کی ترقی کی پالیسیوں کے تمام عناصر کا جائزہ لینے اور سفارش کرنے اور انتظامی کمیٹی کے ممبران اور مینجمنٹ کمیٹی کے ممبروں کے متعلق تمام معاملات کو منظور کرنے کیلئے ملاقات کی۔ کمپنی کے سی ای او نے کمیٹی کے رکن کے طور پر منعقد ہونے والے انسانی وسائل اور معاوضہ کمیٹی کے اجلاس میں شرکت کی۔ کمیٹی نے 2019-20 کے دوران ایک بار ملاقات کی۔

کمیٹی کے ارکان کے نام مندرجہ ذیل ہیں:

| | | |
|---------------------------|---------|-----------------------|
| ۱۔ جناب خالد قلی خان خٹک | چیئرمین | غیر ایگزیکٹو ڈائریکٹر |
| ۲۔ جناب کمال عبداللہ | رکن | آزاد ڈائریکٹر |
| ۳۔ جناب سکندر قلی خان خٹک | رکن | غیر ایگزیکٹو ڈائریکٹر |
| ۴۔ جناب محمد صلاح الدین | رکن | چیف ایگزیکٹو آفیسر |

بورڈ اور اسکی کمیٹیوں کے اجلاس

سال 2019-20 کے متعلق، چار بورڈ کی میٹنگ، چار آڈٹ کمیٹی اور ایک انسانی وسائل اور معاوضے کی کمیٹی کی میٹنگ منعقد ہوئیں۔ سال کے دوران ہر ڈائریکٹر کی طرف سے شرکت کی میٹنگ کی تعداد یہاں درج کی گئی ہے:

حاضری

کمیٹی کے ممبران

| نمبر شمار | ڈائریکٹر کے نام | آڈٹ کمیٹی | انسانی وسائل اور معاوضے کی کمیٹی | بورڈ | آڈٹ کمیٹی | انسانی وسائل اور معاوضے کی کمیٹی |
|-----------|------------------------|-----------|----------------------------------|------|-----------|----------------------------------|
| 1- | جناب سعد وحید | x | x | 4/4 | - | - |
| 2- | جناب خالد قلی خان خٹک | | | 4/4 | 4 | 1 |
| 3- | جناب سکندر قلی خان خٹک | | | 2/4 | 2 | 1 |
| 4- | جناب محمد قلی خان خٹک | x | x | 4/4 | - | - |
| 5- | جناب کمال عبداللہ | | | 2/4 | 2 | 1 |
| 6- | جناب عبدالکریم خان | x | x | 3/4 | - | - |
| 7- | جناب فضل الرحمن برکی | | | 4/4 | 4 | - |

ڈائریکٹر کی درخواست جس میں انہوں نے ذاتی مصروفیات کی بنا پر اجلاس میں حاضر ہونے سے معذرت کی جس کو قبول کیا گیا۔

بورڈ کے ڈائریکٹرز اور کمیٹیوں کے بورڈ کی کارکردگی کا جائزہ

ایک سال کے دوران بورڈ نے مجموعی طور پر افرادی ڈائریکٹر کے ساتھ ساتھ اپنی کارکردگی کی تشخیص کا باضابطہ عمل شروع کیا ہے۔ بورڈ آڈٹ کمیٹی اور انسانی وسائل اور معاوضے کی کمیٹی کی کارکردگی کی جانچ پڑتال شروع کر دی گئی ہے۔ سال کیلئے مقرر کردہ عوامل کے تحت بورڈ کی مجموعی کارکردگی تسلی بخش رہی ہے۔

ڈائریکٹرز کا معاوضہ

بورڈ کی اجازت سے آزاد اور غیر ایگزیکٹو ڈائریکٹر اجلاس میں حاضر ہونے پر بورڈ کی مقرر کردہ فیس لے سکتے ہیں۔

شیئر ہولڈر اور جملہ آپریٹنگ اور مالی اعداد و شمار (گزشتہ چھ سال کے)

شیئر ہولڈر اور جملہ آپریٹنگ اور مالی اعداد و شمار اس کتاب میں موجود ہیں۔

شیئر ہولڈر کا پیٹرن

30 جون 2020ء پر شیئر ہولڈنگ کے پیٹرن اور اس سے متعلق اضافی معلومات اس رپورٹ میں شامل کی گئی ہیں۔

حکومت اور سماجی شعبہ کی طرف سے ہماری کمپنی کی شراکت
اس سال آپ کی کمپنی نے حکومت اور سماجی شعبہ کو مندرجہ ذیل ادائیگی کی ہے۔

رقم ملین میں

8.4

1.28

۱۔ حکومتی اداروں کو ادا کیے

انکم ٹیکس کی مد میں

بجلی اور گیس کی مد میں

صحت، حفاظت اور ماحول

ہم اس پریقین رکھتے ہیں کہ صحت، حفاظت اور ماحول میں اعلیٰ ترین معیار کو برقرار رکھنے کیلئے ہم لوگوں کے ساتھ ساتھ کام کرنے والے لوگوں کی خوشحالی کو یقینی بنانا چاہتے ہیں۔

مواصلات

کمپنی حصص یافتگان کے ساتھ بات چیت کو بہت اہمیت دیتی ہے۔ سالانہ، نصف سالانہ اور سہ ماہی رپورٹس ان کمپنیز ایکٹ، 2017 میں متعین وقت کے اندر تقسیم کی جاتی ہیں۔ کمپنی کی سرگرمیاں بروقت کی بنیاد پر اپنی ویب سائٹ www.gammonpakitan.com.pk پر شائع کرتی ہے۔

بعد میں آنے والے واقعات

اس مالی سال کے اختتام اور رپورٹ کی تاریخ کے درمیان کمپنی کی مالی پوزیشن پر اثر انداز ہونے والے کوئی مماثلت یا وعدے نہیں کئے گئے ہیں۔

آڈیٹر کی رپورٹ کے پیرا گراف پر تبصرہ

کمپنی کے بورڈ آف ڈائریکٹرز کی رائے میں یہ کیس اسٹیٹ بینک کی انسٹیٹیوٹ سیکم بحوالہ اسٹیٹ بینک سرکلر نمبر 19 BRPD بتاریخ 5 جون 1997ء کے دائرہ کار میں آتا ہے۔ جس کے مطابق کمپنی مکمل اور فائنل سٹیل منٹ کے طور پر 3 کروڑ 51 لاکھ دینے کی پابند ہے۔ لہذا مذکورہ رقم کی ذمہ داری پہلے ہی کمپنی کی کتابوں میں جمع کر دی گئی ہے۔

آڈیٹر کی تقرری

کمپنی کے آڈیٹر میسرز بی ڈی اوبراہیم اینڈ کمپنی چارٹرڈ اکاؤنٹنٹس، ۲۲ ایسٹ، سعید پلازہ، جناح ایونیو، بلیو ایریا، اسلام آباد جو اس سال ریٹائر ہو گئے ہیں نے دوبارہ تقرری کے لیے خدمات پیش کی ہیں۔ کمیٹی کی بورڈ آڈٹ کمیٹی اور بورڈ آف ڈائریکٹرز نے ان کی دوبارہ تقرری کے لیے سفارش کی ہے۔

اعتراف

ہم سال کے دوران کمپنی کی انتظامیہ، انجینئرز اور ملازمین کی محنت اور لگن قابلِ تعریف ہے اور ہم تعاون، حمایت اور اعتماد کیلئے اپنے گاہکوں، سپلائرز اور چھوٹے ٹھیکیداروں کے تہہ دل سے مشکور ہیں۔

محمد صلاح الدین

خالد قلی خان خٹک

ڈائریکٹر

کمپنی کے بورڈ آف ڈائریکٹرز کی جانب سے

محمد صلاح الدین

چیف ایگزیکٹو آفیسر

CODE OF CONDUCT

INTRODUCTION.

It has been said that the essence of a successful and visionary company is the ability to preserve its core values and to stimulate progress. Corporate ethics is the practice of our shared values. These shared values define who we are and what we can expect from each other. It is a code which applies to all Directors & Employees.

Our integrity and reputation depend on our ability to do the right thing, even when it's not the easy thing. The Code of Conduct is a collection of rules and policy statements intended to assist employees and directors in making decisions about their conduct in relation to the firm's business. The Code is based on our fundamental understanding that no one at Gammon Pakistan Limited should sacrifice integrity.

Each of us is accountable for our actions, and each of us is responsible for knowing and abiding by the policies that apply to us. Directors & Executives have a special responsibility, through example and communication, to ensure that employees under their supervision understand and comply with the Code and other relevant supporting policies and procedures.

All Directors, Executives and Employees are expected to understand the laws and business regulations related to their work and comply fully so that our shareholders, customers, suppliers, stakeholders and the Government have complete faith in the way we operate and that our business decisions are made ethically and in the best interest of the Company.

You can look at the Code of Conduct to guide your decisions in a variety of circumstances. However, no rulebook can anticipate every situation. Ultimately, the personal integrity and honesty of every GPL employee will define the character of our Company. Never underestimate the importance of your own ethical conduct in the business and success of Gammon Pakistan Limited.

This code is in alignment with Company's Vision and Values to achieve the Mission & Objectives and aims at enhancing ethical and transparent process in managing the day to day affairs of the Company.

The Board of Directors, Executives and all its employees will adopt this Code of Conduct and Ethics as a Testimony of commitment to adhere to the standards of loyalty, honesty, integrity and the avoidance of conflict of interest.

This model Code of Conduct shall be reviewed by the Board from time to time. The regulatory orders and any amendments to this Code shall be approved by the Board of Directors.

DEFINITION AND INTERPRETATION.

In this Code, unless repugnant to the meaning or context thereof, the following expressions shall have the meaning given to them below:

- “The Company” means “Gammon Pakistan Limited”
- “Board/Board of Directors” shall mean the Board of Directors of the Company.
- “Directors” means the Directors of the Company appointed or elected from time to time pursuant to Article of Association.
- “The Chairman” means the Chairman of the Board of Directors
- “Board Members” shall mean the Members on the Board of Directors of the Company.

- “Whole-time Directors” or “Executive Director” shall mean the Board Members who are in whole-time employment of the Company.
- “Non-Executive Directors” shall mean the Board Members who are Directors and not in employment of the Company.

“Executives” shall mean employees of the Company who are members of its core management team excluding Board of Directors and would comprise all General Managers / Functional Heads and top Management of the Company.

CORPORATE RESPONSIBILITY.

The key to corporate integrity lies with all of us. Everyone has a responsibility to up hold this dedication to corporate ethics on a daily basis. We all must:

- Know and follow this conduct code.
- Know and comply with the requirements and expectations that apply to our jobs.
- Take responsibility for our own conduct.
- Report violations of this conduct code to appropriate management.

This code defines following broad corporate values that shape our business practices

COMPOSITION OF THE BOARD

The Board of Directors of the Company should always be balance of executive, non-executive and independent directors in accordance with Code of Corporate Governance 2012/ Companies Ordinance 1984.

EGAL/COMPLIANCE OBLIGATIONS

The Company's activities and operations will be carried out in strict compliance with all applicable laws and the highest ethical standards. Meeting our legal obligations and cooperating with, local, national and international authorities lay a solid foundation for the corporate values. As individuals, employees must strive to be aware of and understand laws applicable to business and area of responsibility.

INTEGRITY & HONESTY

Corporate integrity and honesty is the foundation of our business conduct code. By maintaining the highest level of corporate integrity through open, honest, and fair dealings, we earn trust for ourselves and from everyone with whom we come in contact. Our employees, holding the trust of the Company, are expected to uphold the highest professional standards

CONFIDENTIALITY

Every employee is obligated to protect the Company's confidential information. All information developed or shared as a result of the business process proprietary to the Company must be treated as confidential.

CORPORATE RECORDS

Company documents and records are part of the Company's assets, and employees are charged with maintaining their accuracy and safety. Employees are required to use excellent record-management skills by recording information accurately and honestly, and retaining records as long as necessary to meet business objectives and government regulations. Financial records must accurately reflect all financial

transactions of the Company. No false, artificial, or misleading entries shall be made in the books and records of the Company for any reason.

CONFLICT OF INTEREST

A conflict of interest exists when a personal interest or activity of an employee influences or interferes with employee's performance of duties, responsibilities or loyalties to the Company. All employees must avoid any personal or business influences or relationships that affect, or appear to affect, their ability to act in the best interest of the Company. Where ever, such conflict occurs it must be disclosed to at-least the next senior level of authority.

UNAUTHORIZED USE OF CORPORATE ASSETS

Every employee is obligated to protect the assets of the Company. Company property, such as fixed assets, office supplies, production equipment, products, and buildings, may not be used for personal reasons. Expenses may not be charged to the Company unless they are for Company's purposes

RESPECT FOR PEOPLE & TEAMWORK

We are dedicated to dignity and respect and we owe nothing less to each other. This high level of respect for one another enters into every aspect of our dealings with colleagues and those we come into contact with-in each working day, and reflects greatly on how our corporate culture is perceived. We know it well that none of us acting alone can achieve success.

SAFETY AND HEALTH

We are all responsible for maintaining a safe workplace by following safety and health rules and practices. We are responsible for immediately reporting accidents, injuries, and unsafe equipment, practices or conditions to a supervisor or other designated person. We are committed to keep our workplace free from hazards.

DEDICATION TO QUALITY

Our quality policy is an integral part of our business philosophy and we are committed to provide total customer satisfaction.

CORPORATE IMAGE

Company's reputation and identity are among the Company's most valuable assets. As part of keeping and furthering the corporate image, we believe in conducting business legally, morally and ethically, and in sharing the success that business brings. All employees, particularly those in management, are expected to conduct themselves in a manner that reflects positively on the company's image and identity, both internal and external. No one should act in a way, or make any statement in any media, that adversely affects the reputation or image of the Company with employees, customers or the community at large

STAKEHOLDERS

Stakeholders are valuable equal partners for us with whom a long-term, fair and trustworthy relationship should be built and maintained with appropriate information disclosure through public relations, investor relations and other activities. Shareholders own the Company and on the basis of their entrustment, we will put in our best efforts to protect their investment value and to maximize their return under the prevailing business environment. Moreover, business with suppliers, vendors, contractors and other independent businesses who demonstrate high standards of ethical business behavior will always be priority for all the Directors and Executives of the Company and will not knowingly do business with any persons or businesses that operate in violation of applicable laws and regulations, including employment,

health, safety and environmental laws. Measures will be taken to assure that suppliers, vendors and contractors understand the standards applicable to our Company and we expect the same from them as well.

COMPLIANCE OF LAW.

The Board Members and Executives shall comply with all laws, rules and regulations relating to the business of the Company i.e, Companies Ordinance 1984, Code of Corporate Governance, Listing Regulations and Article of Association etc.

DIRECTORSHIPS

Unless specifically permitted by the Board of Directors and regulatory authorities, the Board Members and Executives shall not serve as Director of more than seven listed companies unless otherwise permitted by law, including this Company (excluding the listed subsidiaries of listed subsidiaries of listed holding companies where applicable)..

All Executives of the Company shall obtain prior approval of the Chief Executive/Managing Director of the Company for accepting Directorship of any other company or partnership of a firm.

PREVENTION OF INSIDER TRADING

The Board Members and Senior Management personnel shall comply with the Code of Internal Procedures and conduct for prevention of insider trading in dealing with securities of the Company and the CEO and executives do not hold any interest in the shares of the Company other than the disclosed in the pattern of shareholding.

CORPORATE DISCLOSURE PRACTICES

The Board Members and all executives shall comply with the Code of Corporate Governance in letter and spirit.

AUDIT FUNCTION

The Board of Directors will ensure the transparency and independence Audit Function of the Company

RELATED PARTY TRANSATIONS

The details of all related party transactions shall be placed before the Audit Committee of the Company and upon recommendations of the Audit Committee the same shall be placed before the Board for review and approval as indicated in section 35 (x) of Code of Corporate Governance).

PROTECTION OF ASSETS

The Board Members and Senior Management Personnel shall protect the Company's assets including physical assets, information and intellectual rights and shall not use the same for personal gain.

AMENDMENTS TO THE CODE

The provisions of this Code can be amended / modified by the Board of Directors of the Company from time to time and all such amendments / modifications shall take effect from the date stated therein.

PLACEMENTS OF THE CODE ON WEBSITE

This Code and any amendment thereto shall be hosted on the website of the Company.

FINANCIAL REPORTING

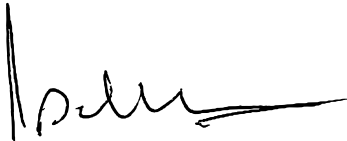
The Company quarterly unaudited / audited financial statements shall be published and circulated along with Directors review on the affair of the Company unless otherwise permitted by law / approvals by regulatory authorities

CONSEQUENCES OF NON-COMPLIANCE OF THIS CODE

In the event of non compliance of the code by a Director, CEO or executive as the case may be, the matter shall be presented by the Company Secretary before the Board of Directors & action will be taken in light of the decision given by the Board.

ACKNOWLEDGEMENT OF RECEIPT OF THE CODE

All Board Members and Executives shall acknowledge receipt of this Code or any modification(s) thereto, in the acknowledgement form as attached and forward the same to the Company Secretary indicating that they have received, read, understood and agreed to comply with this Code.



MOHAMMAD SALAH-UD-DIN
Chief Executive Officer

THE COMPANIES ACT 2017
(Section 227(2) and 449)

FORM 34

PATTERN OF SHAREHOLDING


- 1 CUIIN (Incorporation Number)

| | | | | | | |
|---|---|---|---|---|---|---|
| 0 | 0 | 0 | 0 | 1 | 1 | 7 |
|---|---|---|---|---|---|---|
- 2 Name of Company

| | | | | | | | | | | | | | | | | | | | |
|-------------------------|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|
| GAMMON PAKISTAN LIMITED | | | | | | | | | | | | | | | | | | | |
|-------------------------|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|
- 3 Pattern of holding of the shares held by the shareholders

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| 3 | 0 | 0 | 6 | 2 | 0 | 2 | 0 |
|---|---|---|---|---|---|---|---|

| 4. No. of Shareholders | Shareholdings | Total Share held |
|------------------------|---|-------------------|
| 1381 | Shareholding from 1 to 100 shares | 56,237 |
| 508 | Shareholding from 101 to 500 shares | 133,498 |
| 157 | Shareholding from 501 to 1000 shares | 127,850 |
| 173 | Shareholding from 1001 to 5000 shares | 437,097 |
| 40 | Shareholding from 5001 to 10000 shares | 319,262 |
| 18 | Shareholding from 10001 to 15000 shares | 228,141 |
| 10 | Shareholding from 15001 to 20000 shares | 170,236 |
| 6 | Shareholding from 20001 to 25000 shares | 134,654 |
| 7 | Shareholding from 25001 to 30000 shares | 186,598 |
| 3 | Shareholding from 30001 to 35000 shares | 100,146 |
| 2 | Shareholding from 35001 to 40000 shares | 74,533 |
| 2 | Shareholding from 40001 to 45000 shares | 85,719 |
| 1 | Shareholding from 45001 to 50000 shares | 47,000 |
| 1 | Shareholding from 55001 to 60000 shares | 56,378 |
| 2 | Shareholding from 60001 to 65000 shares | 122,932 |
| 1 | Shareholding from 75001 to 80000 shares | 79,535 |
| 2 | Shareholding from 80001 to 85000 shares | 165,377 |
| 3 | Shareholding from 85001 to 90000 shares | 264,509 |
| 1 | Shareholding from 95001 to 100000 shares | 98,500 |
| 1 | Shareholding from 115001 to 120000 shares | 116,500 |
| 1 | Shareholding from 135001 to 140000 shares | 138,226 |
| 1 | Shareholding from 320001 to 325000 shares | 323,803 |
| 1 | Shareholding from 445001 to 450000 shares | 447,500 |
| 1 | Shareholding from 615001 to 620000 shares | 619,000 |
| 1 | Shareholding from 805001 to 810000 shares | 806,973 |
| 1 | Shareholding from 2560001 to 2565000 shares | 2,561,071 |
| 1 | Shareholding from 20350001 to 20400000 shares | 20,369,056 |
| 2326 | TOTAL | 28,270,331 |

| 5. Categories of Shareholders | | Share held | Percentage % |
|-------------------------------|---|--|--------------|
| 5.1 | Directors, CEO, & their spouses/minor children | 168,996 | 0.60 |
| 5.2 | Associated Companies/ Joint Stock Companies undertakings and related parties | 20,369,496 | 72.06 |
| 5.3 | Investmetn Corporation of Pakistan | 11,450 | 0.04 |
| 5.4 | Banks, DFIs, NBFIs, Modarabas, etc | 301 | 0.00 |
| 5.5 | Insurance Company | 60 | - |
| 5.6 | Share holders holding 10 % Bibojee Services (Pvt) Ltd Ahmed Kuli Khan Khattak | 20,369,056 | 72.06 |
| | | 3,368,044 | 11.92 |
| 5.7 | General Public a. Local b. Foreign | 4,135,595 | 14.63 |
| | | 207,187 | 0.73 |
| 6 | Signature of Chief Executive / Company Secretary |  | |
| 7 | Name of Signatory | AMIN UR RASHEED | |
| 8 | Designation | Company Secretary | |
| 9 | NIC Number | 1 4 3 0 1 - 4 5 7 5 7 6 4 - 3 | |
| 10 | Date | 3 0 0 6 2 0 2 0 | |

Note: In case there are more than one class of shares carrying voting rights, the information regarding each such class shall be given separately

**DETAILS OF PATTERN OF SHAREHOLDING AS PER
REQUIREMENTS OF CODE OF CORPORATE GOVERNANCE**

| CATEGORIES OF SHAREHOLDERS | | SHARE HELD |
|--|--|-------------------------|
| 1 | ASSOCIATED COMPANIES UNDERTAINGS & RELATED PARTIES: M/S BIBOJEE SERVICES (PVT) LIMITED | 20,369,056 |
| 2 | DIRECTORS, CEO & THEIR SPOUSE AND MINOR CHILDREN: | |
| | SAAD WAHEED | 100 |
| | MUHAMMAD SALAHUDDIN | 138,026 |
| | MR. FAZAL UR REHMAN KHAN BURKI | 100 |
| | MR. A. KARIM KHAN | 30,670 |
| | MR. KAMAL ABDULLAH | 100 |
| | *MR. KHALID KULI KHAN KHATTAK | - |
| | *MUHAMMAD KULI KHAN KHATTAK | - |
| | *MR. SIKANDAR KULI KHAN KHATTAK | - |
| * Directors on behalf of Bibojee Services (Pvt) Limited | | |
| 3 | EXECUTIVES | NIL |
| 4 | JOINT STOCK COMPANIES | 20,374,598 |
| 5 | N..I.T. & I.C.P M/S INVESTMENT CORPORATION OF PAKISTAN KARACHI INVESTMENT TRUST LIMITED | 11,450 |
| 6 | BANKS, DEVELOPMENT FINANCE INSTITUTIONS, NON-BANKING FINANCE, INSTITUTIONS, INSURANCE COMPANIES, MODARBAS & MUTUAL FUNDS | 301 |
| 7 | INSURANCE COMPANY | 60 |
| 8 | FOREIGN SHAREHOLDERS | 207,187 |
| 9 | GENERAL PUBLIC AND OTHER SHAREHOLDERS | 4,135,595 |
| 10 | SHAREHOLDERS HOLDING 10% OR MORE: M/S BIBOJEE SERVICES (PVT) LINTIED MR. AHMED KULI KHAN KHATTAK | 20,369,056 3,368,044 |

Statement of Compliance with Listed Companies (Code of Corporate Governance) Regulations, 2019

NAME OF COMPANY: GAMMON PAKISTAN LIMITED (THE COMPANY)

Year Ended: 30th June 2020

The Company has complied with the requirement of the Regulations, in the following manner:

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

a. Male: 7

b. Female: Nil

2. The composition of the Board is as follows:

| | |
|---------------------------------------|--|
| Independent Directors | Mr. Fazal ur Rehman Khan Burki Mr. Kamal Abdullah |
| Other non -Executive Directors | Mr. Saad Waheed Mr. Khalid Kuli Khan Khattak Mr. Mohammad Kuli Khan Khattak Mr. Sikandar Kuli Khan Khattak Mr. Abdul Kareem Khan |
| Executive Director | NIL |

3. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this company .

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

5. The Board has developed a vision /mission statement, overall corporate strategy and significant policies of the Company. The board has ensured that complete record of particulars

of significant policies along with their date of approval or updating is maintained by the Company.

6. All the powers of the Board have been duly exercised and decisions on relevant matters have been taken by Board/shareholders as empowered by the relevant provisions of the Companies Act, 2017(the Act) and these Regulations.

7. The meetings of the Board were presided over by the Chairman and, in his absence, by a director elected by the Board for this purpose. The Board has complied with the requirements of Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of the Board.

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

9. The majority of the Board members have the prescribed qualification and experience required for exemption from the training program of Directors. However six of our directors have completed Directors Training Program.

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

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

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

Audit Committee HR & R Committee

| | |
|-----------------------------------|----------|
| a. Mr. Fazal ur Rehman Khan Burki | Chairman |
| b. Kamal Abdullah | Member |
| c. Mr. Khalid Kuli Khan Khattak | Member |
| d. Mr. Sikandar Kuli Khan Khattak | Member |

HR and Remuneration Committee

| | |
|-----------------------------------|----------|
| a. Mr. Khalid Kuli Khan Khattak | Chairman |
| b. Muhammad Salahuddin | Member |
| c. Mr. Kamal Abdullah | Member |
| d. Mr. Sikandar Kuli Khan Khattak | Member |

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

14. The frequency of meetings (quarterly/half yearly/ yearly) of the committees were as per following:

- | | |
|----------------------------------|-----------|
| a) Audit Committee | Quarterly |
| b) HR and Remuneration Committee | Yearly |

15. The Board has setup an effective internal audit function, which is considered suitably qualified and experienced for the purpose and is conversant with the policies and procedures of the Company.

16. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the quality control review program of the Institute of Chartered Accountants of Pakistan (ICAP) and registered with Audit Oversight Board of Pakistan, that they and all their partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the ICAP and that they and the partners of the firm involved in audit are not a close relative (Spouse, parent, dependent and non-dependent children) of the chief executive officer, chief financial officer, head of internal audit, company secretary or director of the company.

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

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



Khalid Kuli Khan Khattak
Director



Mohammad Salahuddin
Chief Executive Officer



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

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Regulations) prepared by the Board of Directors of **GAMMON PAKISTAN LIMITED** for the year ended June 30, 2020 in accordance with the requirements of regulation 36 of the Regulations.

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

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

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

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the requirements contained in the Regulations as applicable to the Company for the year ended June 30, 2020.

Further, we would like to highlight that the board of a public company shall meet at least once in each quarter of a year as per Companies Act, 2017. However, we noted that board meetings were held late and not within each quarter.

ISLAMABAD

DATED: 05 October, 2020

Bdo Iffat Hussain Bdo.

CHARTERED ACCOUNTANTS
Engagement Partner: Iffat Hussain

**INDEPENDENT AUDITORS REPORT TO THE MEMBERS OF GAMMON PAKISTAN LIMITED****Report on the Audit of the Financial Statements****Opinion**

We have audited the annexed financial statements of **GAMMON PAKISTAN LIMITED** (the Company), which comprise the statement of financial position as at June 30, 2020, the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 2020 and of the profit and other comprehensive income, its cash flows and the changes in equity for the year then ended.

Basis for Opinion

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

Emphasis of Matter

Without qualifying our opinion we draw your attention to Note 27.2(a) to the financial statements whereby the National Bank of Pakistan has filed an execution applications for the decrees for amounts mentioned in the aforesaid note. The liability determined of the Company is contingent upon the judgment of these suits.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.



| S. No | Key audit matters | How the matter was addressed in our audit |
|-------|---|---|
| 1. | Control environment relating to the financial reporting process and related IT systems | |
| | <p>The IT control environment relating to the financial reporting process and the application controls of individual IT systems have an impact on the selected audit approach.</p> <p>As the financial statements are based on extensive number of data flows from multiple IT systems, consequently the financial reporting control environment is determined as a key audit matter.</p> | <p>Our audit procedures included evaluation of the financial reporting process and related control environment, as well as testing of the effectiveness of controls including general IT controls. Our audit procedures focused on testing the reconciliation and approval controls as well as on evaluating the administration of access rights.</p> <p>Our audit procedures extensively consisted of several substantive procedures as well as data analysis relating to the most significant balances on the profit and loss account and statement of financial position.</p> |
| 2. | Revenue Recognition | |
| | <p>The Company focuses on revenue as a key performance measure which could create an incentive for revenue to be recognized before the risks and rewards have been transferred, resulting in a significant risk associated with revenue from an audit procedure.</p> <p>Due to the significant risk associated with revenue recognition and the work effort from the audit team, the recognition of revenue is considered to be a key audit matter.</p> <p>Refer to note 5.17 of the financial statements</p> | <p>Our audit procedures included considering the appropriateness of the Company's revenue recognition accounting policies and assessing compliance with the policies in accordance with the applicable financial reporting framework.</p> <ul style="list-style-type: none"> Control testing over the point of transfer of risk and rewards was supported by substantive audit procedures including, amongst others: Performing analytical tests on the revenue. Testing a sample of sales transactions around year end to ensure inclusion in the correct Period <p>Testing of a sample of sales and trade receivables at year end by agreeing a sample of open invoices at year end to subsequent receipts from customers.</p> |



| S. No | Key audit matters | How the matter was addressed in our audit |
|-----------|---|--|
| 3. | Impact of COVID 19 | |
| | <p>Due to the COVID-19 situation and lockdown in the Pakistan since March 2020.</p> <p>Business activity has been adversely affected. The Company factory and offices were closed that resulted in a decline in the Company's revenue from March 2020 to April 2020. This affected the overall audit strategy appropriate audit strategy.</p> <p>In relation to the accounting and reporting obligations, the management assessed the following significant areas for incorporating COVID-19 impact in the financial statements</p> <ul style="list-style-type: none"> • expected credit losses (ECL) under IFRS 9, Financial Instruments' • Going concern assumption used for the preparation of the financial statements. <p>Refer to note 48 of the financial statements</p> | <p>Our audit procedures included evaluation of the impact of COVID-19 on the company and its financial statements.</p> <ul style="list-style-type: none"> • Obtained an overall understanding of the changes in financial reporting process and underlying controls in order to determine the audit strategy. • For record provided by the management, the original records were checked subsequently when the lockdown was relaxed; • Assessed the reasonableness of forward-looking factors under the COVID-19 situation used by management in preparing ECL model • Evaluated management's going concern assessment by reviewing the approved future cash flow forecast and assessed whether going concern assumption is appropriate. |
| 4. | Contingencies | |
| | <p>During early 80's, the Company obtained two loans of Saudi Riyals 5 million and Saudi Riyals 2.5 million aggregating to Saudi Riyals 7.5 million (equivalent to Pak Rs. 207.750 million at the rate of Rs. 27.7/ SR) through consortium of banks led by National Bank of Pakistan (NBP) during 1986. Recovery proceedings of the loans of SR 7.5 million with the interest thereon of SR 21.650 million (equivalent to Rs. 599.705 million at the rate of Rs. 27.7/ SR) are being contested in the Sindh High Court.</p> <p>Due to nature of the contingency, we considered it to be a key audit matter.</p> | <p>Our audit procedures in respect of this area included:</p> <ul style="list-style-type: none"> • We obtained confirmations from legal advisors for current status on pending previous cases and any new case filed during the year; • Checked orders by relevant authority on previous lawsuits / cases appearing in the financial statements . |



| S. No | Key audit matters | How the matter was addressed in our audit |
|-------|--|---|
| | Refer to note 27.2(a) to the financial statements. | |

Information Other than the Financial Statements and Auditors Report Thereon

Management is responsible for the other information. The other information comprises the information included in the annual report but does not include the financial statements and our auditors report thereon.

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

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

Responsibilities of Management and Board of Directors for the Financial Statements

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

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

Board of directors is responsible for overseeing the Company's financial reporting process.

Auditors Responsibilities for the Audit of the Financial Statements

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

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



- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

Report on Other Legal and Regulatory Requirements

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

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



- b) the statement of financial position, the statement of profit or loss account, statement of comprehensive income, the statement of cash flows and the statement of changes in equity together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;
- c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and
- d) no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980(XVIII of 1980).

The engagement partner on the audit resulting in this independent auditors report is Iffat Hussain.

ISLAMABAD

DATED: 05 October,2020

Bdo olwahmi Bto.

CHARTERED ACCOUNTANTS

GAMMON PAKISTAN LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2020

| | Note | 2020 Rupees | 2019 Rupees |
|--|------|-----------------------------|---------------------------|
| ASSETS | | | |
| NON CURRENT ASSETS | | | |
| Property, plant and equipment | | | |
| Operating fixed assets | 6 | 288,573,865 | 266,279,731 |
| Investment property | 7 | 445,280,201 | 392,937,135 |
| Long term investments | 8 | 1,300,413 | 1,300,413 |
| Long term security deposits | 9 | 1,861,203 | 1,861,203 |
| | | <u>737,015,682</u> | <u>662,378,482</u> |
| CURRENT ASSETS | | | |
| Stores, spares and loose tools | 10 | 25,472,319 | 28,580,718 |
| Contract receivables | 11 | 83,383,124 | 90,733,413 |
| Contract asset | 12 | 137,143,518 | 93,047,642 |
| Loans and advances | 13 | 22,236,403 | 22,440,793 |
| Other receivables | 14 | 1,934,007 | 3,270,046 |
| Trade deposits and short term prepayments | 15 | 318,761 | 319,723 |
| Tax refunds due from Government | 16 | 84,706,316 | 87,751,028 |
| Taxation - net | 17 | 305,033 | - |
| Cash and bank balances | 18 | 1,204,501 | 1,885,836 |
| | | <u>356,703,982</u> | <u>328,029,199</u> |
| TOTAL ASSETS | | <u><u>1,093,719,664</u></u> | <u><u>990,407,681</u></u> |
| EQUITY AND LIABILITIES | | | |
| SHARE CAPITAL AND RESERVES | | | |
| Share capital | 19 | 282,662,310 | 282,662,310 |
| Capital reserves | | | |
| Share premium reserve | | 15,380,330 | 15,380,330 |
| Revaluation surplus on property, plant and equipment | 20 | 412,774,639 | 388,777,707 |
| | | <u>428,154,969</u> | <u>404,158,037</u> |
| Revenue reserve | | | |
| Accumulated profit | | 74,960,044 | 45,799,813 |
| | | <u>785,777,323</u> | <u>732,620,160</u> |
| NON-CURRENT LIABILITIES | | | |
| Deferred liability | 21 | 8,724,735 | 9,208,876 |
| Deferred taxation | 22 | 30,057,055 | 18,236,325 |
| | | <u>38,781,790</u> | <u>27,445,201</u> |
| CURRENT LIABILITIES | | | |
| Trade and other payables | 23 | 208,571,578 | 180,795,836 |
| Unclaimed dividends | 24 | 1,442,230 | 1,442,230 |
| Contract liability | 12 | 29,087,201 | - |
| Joint venture partner's advances | 25 | 30,059,542 | 30,059,542 |
| Mobilization advance | 26 | - | 15,000,000 |
| Taxation - net | 17 | - | 3,044,712 |
| | | <u>269,160,551</u> | <u>230,342,320</u> |
| TOTAL EQUITY AND LIABILITIES | | <u><u>1,093,719,664</u></u> | <u><u>990,407,681</u></u> |
| CONTINGENCIES AND COMMITMENTS | 27 | - | - |

The annexed notes from 1 to 50 form an integral part of these financial statements.


CHIEF EXECUTIVE


CHIEF FINANCIAL OFFICER


DIRECTOR

GAMMON PAKISTAN LIMITED
STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED JUNE 30, 2020

| | Note | 2020 Rupees | 2019 Rupees |
|--|------|----------------|----------------|
| Contract income | 28 | 184,639,178 | 201,388,164 |
| Contract expenditure | 29 | (173,514,623) | (179,381,701) |
| Net contract profit | | 11,124,555 | 22,006,463 |
| Operating expenses | | | |
| General and administrative expenses | 30 | (37,561,779) | (40,943,825) |
| Other operating expenses | 31 | (620,000) | (553,000) |
| | | (38,181,779) | (41,496,825) |
| Other income | 32 | 20,684,464 | 22,125,544 |
| Operating profit | | (6,372,760) | 2,635,182 |
| Finance cost | 33 | (24,230) | (15,291) |
| Fair value gain on investment property | 34 | 52,343,065 | 52,760,204 |
| Profit before taxation | | 45,946,075 | 55,380,095 |
| Taxation | 35 | (19,634,021) | (14,975,621) |
| Profit after taxation | | 26,312,054 | 40,404,474 |
| Earnings per share: | | | |
| Earnings per share - basic and diluted | 36 | 0.93 | 1.43 |

The annexed notes from 1 to 50 form an integral part of these financial statements.


CHIEF EXECUTIVE


CHIEF FINANCIAL OFFICER


DIRECTOR

GAMMON PAKISTAN LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2020

| | 2020 Rupees | 2019 Rupees |
|---|------------------------|------------------------|
| Profit after taxation | 26,312,054 | 40,404,474 |
| Other comprehensive income | | |
| Item that will not be reclassified to profit and loss: | | |
| Revaluation surplus on property, plant and equipment | 26,179,815 | 124,931,830 |
| Related deferred tax impact | (282,318) | (2,382,298) |
| | 25,897,497 | 122,549,532 |
| Gain / (loss) on remeasurement of defined benefit liability | 947,612 | (238,927) |
| Total other comprehensive income for the year | 26,845,109 | 122,310,605 |
| Total comprehensive income for the year | 53,157,163 | 162,715,079 |

The annexed notes from 1 to 50 form an integral part of these financial statements.


CHIEF EXECUTIVE


CHIEF FINANCIAL OFFICER


DIRECTOR

GAMMON PAKISTAN LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2020

| | Share capital | Reserves | | | Total |
|---|--|-----------------------|--|---------------------|-------------|
| | | Capital | Revaluation surplus on property, plant and equipment | Accumulated Profits | |
| | Issued, subscribed and paid-up capital | Share premium reserve | | | |
| Note | | | | | |
| | | | Rupees | | |
| Balance as at July 01, 2018 | 282,662,310 | 15,380,330 | 268,108,095 | 3,754,346 | 569,905,081 |
| Total comprehensive income for the year ended June 30, 2019 | | | | | |
| Profit for the year | - | - | - | 40,404,474 | 40,404,474 |
| Revaluation of property, plant and equipment - net of deferred tax | - | - | 122,549,532 | - | 122,549,532 |
| Loss on remeasurement of defined benefit liability | - | - | - | (238,927) | (238,927) |
| Transfer from revaluation surplus on property, plant and equipment: | | | | | |
| - on account of incremental depreciation-net of deferred tax | - | - | (1,788,410) | 1,788,410 | - |
| - upon disposal of revalued property, plant and equipment | - | - | (91,510) | 91,510 | - |
| Balance as at June 30, 2019 | 282,662,310 | 15,380,330 | 388,777,707 | 45,799,813 | 732,620,160 |
| Total comprehensive income for the year ended June 30, 2020 | | | | | |
| Profit for the year | - | - | - | 26,312,054 | 26,312,054 |
| Revaluation of property, plant and equipment - net of deferred tax | - | - | 25,897,497 | - | 25,897,497 |
| Gain on remeasurement of defined benefit liability | - | - | - | 947,612 | 947,612 |
| Transfer from revaluation surplus on property, plant and equipment: | | | | | |
| - on account of incremental depreciation-net of deferred tax | - | - | (1,900,565) | 1,900,565 | - |
| Balance as at June 30, 2020 | 282,662,310 | 15,380,330 | 412,774,639 | 74,960,044 | 785,777,323 |

The annexed notes from 1 to 50 form an integral part of these financial statements.



CHIEF EXECUTIVE



CHIEF FINANCIAL OFFICER

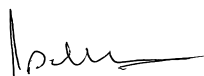


DIRECTOR

GAMMON PAKISTAN LIMITED
CASH FLOW STATEMENT
FOR THE YEAR ENDED JUNE 30, 2020

| | Note | 2020 Rupees | 2019 Rupees |
|--|------|----------------|----------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Profit before working capital changes | 38 | 17,593,004 | 19,785,517 |
| Changes in working capital: | | | |
| Decrease / (increase) in current assets | | | |
| Stores, spares and loose tools | | 3,108,399 | 1,154,663 |
| Contract receivables | | (11,676,674) | 14,684,431 |
| Contract asset | | (44,095,876) | (39,714,188) |
| Loans and advances | | 204,390 | (6,742,570) |
| Other receivables | | 1,336,039 | (3,205,579) |
| Trade deposits and short term prepayments | | 962 | (32,539) |
| Long term security deposits | | - | (900,000) |
| Increase / (decrease) in current liabilities | | | |
| Trade and other payables | | 27,775,742 | 4,543,895 |
| Contract liability | | 29,087,201 | - |
| Mobilization advance | | (15,000,000) | 15,000,000 |
| | | (9,259,817) | (15,211,887) |
| Cash generated from operations | | 8,333,187 | 4,573,630 |
| Financial charges paid | 33 | (24,230) | (15,291) |
| Income tax paid | 17 | (8,400,642) | (6,369,904) |
| Gratuity paid | 21.6 | (572,650) | (568,775) |
| | | (8,997,522) | (6,953,970) |
| Net cash used in operating activities | | (664,335) | (2,380,340) |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Purchase of fixed assets | 6 | (17,000) | - |
| Proceeds from sale of fixed assets | | - | 115,599 |
| Net cash generated (used in) / from investing activities | | (17,000) | 115,599 |
| Net decrease in cash and cash equivalents | | (681,335) | (2,264,741) |
| Cash and cash equivalents at the beginning of the year | | 1,885,836 | 4,150,577 |
| Cash and cash equivalents at the end of the year | 18 | 1,204,501 | 1,885,836 |

The annexed notes from 1 to 50 form an integral part of these financial statements.



CHIEF EXECUTIVE



CHIEF FINANCIAL OFFICER



DIRECTOR

GAMMON PAKISTAN LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

1 CORPORATE AND GENERAL INFORMATION

1.1 Legal status and operations

The Company was incorporated under the repealed Companies Act, 1913 (now the Companies Act, 2017) on August 12, 1947 as a Public Company Limited by shares. Its shares are quoted on Pakistan Stock Exchange Limited (Formerly Karachi Stock Exchange Limited, Lahore Stock Exchange Limited and Islamabad Stock Exchange Limited).

The principal activity of the Company is execution of civil construction works.

The Company is a subsidiary of Bibojee Services (Private) Limited (the holding company), a private company incorporated in Pakistan.

The registered office of the Company is situated at Gammon House, 400/2 Peshawar Road, Rawalpindi.

2 BASIS OF PREPARATION

2.1 Statement of compliance

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

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

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

2.2 Basis of measurement

These financial statements have been prepared under the historical cost convention except for certain fixed assets which have been stated at revalued amount, investment properties which have been stated at fair value, recognition of certain staff retirement benefits at present value and certain other items as disclosed in relevant accounting policies.

These financial statements have been prepared following accrual basis of accounting except for cash flow information.

2.3 Functional and presentation currency

These financial statements have been presented in Pak Rupees, which is the functional and presentation currency of the Company.

2.4 Key judgments and estimates

The preparation of financial statements in conformity with the accounting and reporting standards as applicable in Pakistan requires the use of certain critical accounting estimates. In addition, it requires management to exercise judgment in the process of applying the Company's accounting policies. The areas involving a high degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements, are documented in the following accounting policies and notes, and relate primarily to:

- Useful lives, residual values and depreciation method and revalued amounts of property, plant and equipment - Note 5.1 & 6
- Fair value of investment property - Note 5.2 & 7
- Allowance for expected credit loss (ECL) on contract receivables and loans and advances - Note 5.6, 5.7, 11 & 13
- Obligation of defined benefit obligation - Note 5.16 & 21
- Estimate of revenue and cost - Note 5.17
- Impairment of financial instruments based upon expected credit loss model - Note 5.19
- Estimation of provisions - Note 5.21
- Estimation of contingent liabilities - Note 5.22
- Current income tax expense, provision for current tax and recognition of deferred tax asset - Note 5.15, 22 & 35

3 ADOPTION OF NEW ACCOUNTING STANDARDS

IFRS 16 - Leases

IFRS 16 'Leases' was issued on January 01, 2016. This standard is adopted locally by the Securities and Exchange Commission of Pakistan and is effective for accounting periods beginning on or after January 1, 2019. IFRS 16 replaced IAS 17 'Leases', IFRIC 4 'Determining whether an Arrangement contains a Lease' The Company applied IFRS 16 from date of July 01, 2019.

IFRS 16 provides a single lessee accounting model, requiring the recognition of assets and liabilities for all leases, together with options to exclude leases where the lease term is 12 months or less, or where the underlying asset is of low value. A lessee recognizes a right-of-use asset representing its right of using the underlying asset and a corresponding lease liability representing its obligation to make lease payments. IFRS 16 substantially carries forward the lessor accounting in IAS 17, with the distinction between operating leases and finance leases being retained. The Company does not have significant leasing activities acting as a lessee. However, the Company has lease contracts acting as a lessor on its investment properties.

IFRS 16 provides with a choice between two transition approaches i.e, full retrospective approach and modified retrospective approach. The Company has adopted the modified retrospective approach. There is no significant impact of adoption of IFRS 16 on accounting and financial reporting policies of the Company except certain additional disclosures requirements which have been provided in respective notes to these financial statements.

4 NEW ACCOUNTING STANDARDS, INTERPRETATIONS AND AMENDMENTS TO PUBLISHED APPROVED STANDARDS

4.1 Standards / amendments that are effective in current year and relevant to the Company

The Company has adopted the amendments to the following approved accounting standards as applicable in Pakistan which became effective during the year from the dates mentioned below against the respective standard:

| | Effective date (annual periods beginning on or after) |
|---|--|
| IFRS 9 Financial Instruments - amendments regarding prepayment features with negative compensation and modifications of financial liabilities | January 01, 2019 |
| IFRS 16 Leases - Original issue | January 01, 2019 |
| IAS 19 Employee benefits - Amendments regarding plan amendments, curtailments or settlements | January 01, 2019 |
| IAS 28 Investments in Associates and Joint Ventures - Amendments regarding long-term interests in associates and joint ventures | January 01, 2019 |
| IFRIC 23 Uncertainty over Income Tax Treatments | January 01, 2019 |

Other than the amendments to standards mentioned above, there are certain annual improvements made to IFRS that became effective during the year:

Annual improvements to IFRSs (2015 – 2017) Cycle:

| | |
|------------------------|------------------|
| IAS 12 Income Taxes | January 01, 2019 |
| IAS 23 Borrowing Costs | January 01, 2019 |

4.2 Amendments that are effective in current year and not relevant to the Company

The Company has adopted the amendments to the following approved accounting standards as applicable in Pakistan which became effective during the year from the dates mentioned below against the respective standard:

| | | Effective date (annual periods beginning on or after) |
|---------|---|--|
| IFRS 14 | Regulatory Deferral Accounts - Original issue | July 01, 2019 |
| IAS 28 | Investments in Associates and Joint Ventures - Amendments regarding long-term interests in associates and joint ventures | January 01, 2019 |
| IFRS 8 | Operating Segments - Amendments regarding prepayment features with negative compensation and modifications of financial liabilities | January 01, 2019 |

Annual improvements to IFRSs (2015 – 2017) Cycle:

| | | |
|---------|------------------------|------------------|
| IFRS 3 | Business Combinations. | January 01, 2019 |
| IFRS 11 | Joint Arrangements. | January 01, 2019 |

4.3 Amendments not yet effective

The following amendments to the approved accounting standards as applicable in Pakistan would be effective from the dates mentioned below against the respective standard:

| | | Effective date (annual periods beginning on or after) |
|--------|---|--|
| | Amendments to IFRS 2, IFRS 3, IFRS 6, IFRS 14, IAS 1, IAS 8, IAS 34, IAS 37, IAS 38, IFRIC 12, IFRIC 19, IFRIC 20, IFRIC 22, and SIC-32 to update these pronouncements with regard to references to and quotes from the framework or to indicate where they refer to different version of the Conceptual Framework. | January 01, 2020 |
| IFRS 3 | Business Combinations - amendments to clarify the definition of a business | January 01, 2020 |
| IFRS 3 | Business Combinations - amendments updating a reference to the Conceptual Framework | January 01, 2022 |
| IFRS 4 | Insurance Contracts - Amendments regarding the expiry date of the deferral approach | January 01, 2023 |
| IFRS 7 | Financial Instruments: Disclosures - Amendments regarding pre-replacement issues in the context of the IBOR reform | January 01, 2020 |

| | | Effective date (annual periods beginning on or after) |
|---------|---|--|
| IFRS 9 | Financial Instruments - Amendments regarding pre-replacement issues in the context of the IBOR reform | January 01, 2020 |
| IFRS 9 | Financial Instruments - Amendments regarding the interaction of IFRS 4 and IFRS 9 | January 01, 2023 |
| IFRS 16 | Leases - Amendment to provide lessees with an exemption from assessing whether a COVID-19-related rent concession is a lease modification | January 01, 2020 |
| IFRS 17 | Insurance Contracts - Amendments to address concerns and implementation challenges that were identified after IFRS 17 was published | January 01, 2023 |
| IAS 1 | Presentation of Financial Statements - amendments regarding the definition of materiality | January 01, 2020 |
| IAS 1 | Presentation of Financial Statements - Amendments regarding the classification of liabilities | January 01, 2022 |
| IAS 8 | Accounting Policies, Changes in Accounting Estimates and Errors - amendments regarding the definition of materiality | January 01, 2020 |
| IAS 16 | Property, Plant and Equipment - Amendments prohibiting a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use | January 01, 2022 |
| IAS 37 | Provisions, Contingent Liabilities and Contingent Assets - Amendments regarding the costs to include when assessing whether a contract is onerous | January 01, 2022 |
| IAS 39 | Financial Instruments: Recognition and Measurement - Amendments regarding pre-replacement issues in the context of the IBOR reform | January 01, 2020 |

The annual improvements to IFRSs that are effective from the dates mentioned below against respective standards:

**Effective date
(annual periods
beginning on or
after)**

Annual improvements to IFRSs (2018 – 2020) Cycle:

| | | |
|--------|--|------------------|
| IFRS 1 | First-time Adoption of International Financial Reporting Standards | January 01, 2022 |
| IFRS 9 | Financial Instruments | January 01, 2022 |
| IAS 41 | Agriculture | January 01, 2020 |

4.4 Standards or interpretations not yet effective

The following new standards and interpretations have been issued by the International Accounting Standards Board (IASB), which have not been adopted locally by the Securities and Exchange Commission of Pakistan (SECP):

IFRS 1 First Time Adoption of International Financial Reporting Standards.
IFRS 17 Insurance Contracts.

The Company expects that the adoption of the other amendments and interpretations of the standards will not have any material impact and therefore will not affect the Company's unconsolidated financial statements in the period of initial application.

5 SIGNIFICANT ACCOUNTING POLICIES

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

5.1 Property, plant and equipment

Initial recognition

All items of property, plant and equipment are initially recorded at cost.

Subsequent measurement

Items of property, plant and equipment are stated at cost / revalued amount less accumulated depreciation and any identified impairment loss, if any, except for freehold land, which is stated at revalued amount.

Depreciation

Depreciation is charged to profit and loss account on straight-line basis on the cost or valuation of all fixed assets from / to the date of acquisition / deletion, except for freehold land, to write-off ninety percent of the value over the useful life of the assets. The remaining ten percent is written-off on retirement is considered the residual value.

Revaluation surplus on property, plant and equipment

Any revaluation increase arising on the revaluation of land, buildings and plant and machinery is recognised in other comprehensive income and presented as a separate component of equity as “Revaluation surplus on property, plant and equipment”, except to the extent that it reverses a revaluation decrease for the same asset previously recognised in profit or loss, in which case the increase is credited to profit or loss to the extent of the decrease previously charged. Any decrease in carrying amount arising on the revaluation of land, buildings and plant and machinery is charged to profit or loss to the extent that it exceeds the balance, if any, held in the revaluation surplus on property, plant and equipment relating to a previous revaluation of that asset. The revaluation reserve is not available for distribution to the Company’s shareholders. The surplus on revaluation buildings and plant and machinery to the extent of incremental depreciation charged (net of deferred tax) is transferred to unappropriated profit.

Disposal

The gain or loss arising on disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amounts of the asset and is recognised as other income in the statement of profit or loss. In case of the sale or retirement of a revalued items, the attributable revaluation surplus remaining in the surplus on revaluation of such item is transferred directly to the unappropriated profit.

Judgment and estimates

The useful lives, residual values and depreciation method are reviewed on a regular basis. The Company revalues its operating fixed assets on regular basis. The effect of any changes in estimate is accounted for on a prospective basis.

5.2 Investment properties

Recognition and measurement

Investment properties represent the properties held to earn rentals and/or for capital appreciation. Investment properties are measured initially at its cost, including transaction

Subsequent to initial recognition, investment properties are measured at fair value. Gains and losses arising from changes in the fair value of investment properties are included in profit or loss in the period in which they arise.

Derecognition

An investment property is derecognized upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on derecognition of the property is included in profit or loss in the period in which the property is derecognized.

When an item of property, plant and equipment is transferred to investment property following a change in its use and differences arising at the date of transfer between the carrying amount of the item immediately prior to transfer and its fair value is recognized in surplus on revaluation of property, plant and equipment if it is a gain. Upon disposal of the item related surplus on revaluation of property, plant and equipment is transferred to retained earnings. Any loss arising in this manner is recognized immediately in the income statement.

Leases

With regard to activities as a lessor, the Company has entered into commercial property leases on its investment property portfolio. The Company has determined, based on an evaluation of the terms and conditions of the arrangements, such as the lease term not constituting a major part of the economic life of the commercial property and the present value of the minimum lease payments not amounting to substantially all of the fair value of the commercial property, that it retains substantially all the risks and rewards incidental to ownership of these properties and accounts for the contracts as operating leases. Rental income from investment property that is leased to a third party under an operating lease is recognised in the statement of profit or loss on a straight-line basis over the lease term and is included in „other income“ under note 32.

5.3 Impairment of non-financial assets other than inventories

The assets that are subject to depreciation or amortisation are assessed at each reporting date to determine whether there is any indication that the assets are impaired. If there is an indication of possible impairment, the recoverable amount of the asset is estimated and compared with its carrying amount.

An impairment loss is recognized if the carrying amount of an asset exceeds its estimated recoverable amount. The impairment loss is recognised in the statement of profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

An impairment loss is reversed only to the extent that the asset carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. The Company recognises the reversal immediately in the statement of profit or loss, unless the asset is carried at a revalued amount in accordance with the revaluation model. Any reversal of an impairment loss of a revalued asset is treated as a revaluation increase.

The Company assesses at each balance sheet date whether there is any indication that assets other than stores and spares and stock in trade and deferred tax assets may be impaired. If such an indication exists, the recoverable amount of the assets is estimated in order to determine the extent of impairment loss, if any. Where carrying values exceed the estimated recoverable amount, assets are written down to the recoverable amounts and the resulting impairment loss is recognized as expense in the profit and loss account, unless the asset is carried at revalued amount. Any impairment loss of a revalued asset is treated as a revaluation decrease.

The Company assesses at each balance sheet date whether there is any indication that assets other than stores and spares and stock in trade and deferred tax assets may be impaired. If such an indication exists, the recoverable amount of the assets is estimated in order to determine the extent of impairment loss, if any. Where carrying values exceed the estimated recoverable amount, assets are written down to the recoverable amounts and the resulting impairment loss is recognized as expense in the profit and loss account, unless the asset is carried at revalued amount. Any impairment loss of a revalued asset is treated as a revaluation decrease.

5.4 Investments at amortized cost

These are carried at amortized cost less impairment loss, if any. Investments with fixed or determinable payments and fixed maturity where management has both the positive intent and ability to hold to maturity are classified at amortized cost using the effective interest method. Gain and losses are recognized in the profit and loss account when the investments are derecognized or impaired, as well as through the amortization process.

5.5 Stock of materials, stores, spares and loose tools

Measurement

Stock of materials, stores, spares and loose tools is valued at the lower of cost and net realizable value.

Cost is calculated using the weighted average method and comprises direct materials, direct labour costs and direct overheads that have been incurred in bringing the inventories to their present location and condition.

Net realizable value represents the estimated selling price in the ordinary course of the business less all estimated costs of completion and estimated costs necessary to be incurred in order to make the sale.

Cost of materials is determined using the first-in-first out method.

Cost of stores, spares and loose tools is determined using the weighted average method.

Impairment

At each reporting date, inventories are assessed for impairment. If inventory is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in the cost of sales in the statement of profit or loss.

Judgments and estimates

Inventory write-down is made based on the current market conditions, historical experience and selling goods of similar nature. It could change significantly as a result of changes in market conditions. A review is made periodically on inventories for excess inventories, obsolescence and decline in net realizable value and an allowance is recorded against the inventory balances for any such decline.

5.6 Contract receivables

Measurement

Contract receivables are measured at original invoice amount less an estimate made for doubtful receivable balance at the year-end.

A provision for impairment of contract receivables 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 the receivables. The amount of the provision is recognised in the statement of profit or loss. Bad debts are written-off in the statement of profit or loss on identification.

Judgments and estimates

The allowance for expected credit of the Company is based on the assessment as per IFRS 9 and management's continuous evaluation of the recoverability of the outstanding contract receivables. In assessing the ultimate realisation of these receivables, management considers, among other factors, the creditworthiness, past collection history of each customer along with future indications and macro-economic factors of the industry, economy and country.

5.7 Loans and advances

These are stated at cost less provision for doubtful advances, if any.

A provision for impairment of advances is established when there is objective evidence that the Company will not be able to adjust all advances according to the original terms of the advances. The amount of the provision is recognised in the statement of profit or loss.

Judgments and estimates

The allowance for expected credit of the Company is based on the assessment as per IFRS 9 and management's continuous evaluation of the realisability of the advances.

5.8 Other receivables

Other receivables are recognized at nominal amount which is fair value of the consideration to be received in future.

5.9 Cash and cash equivalents

Cash and cash equivalents are carried in the financial statements at cost. For the purposes of cash flow statement, cash and cash equivalents comprise of cash-in-hand and bank balances.

5.10 Borrowings and borrowing costs

All borrowings are recorded at the proceeds received. Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use are added to the cost of those assets, until such time as the assets are substantially ready for their intended use. All other borrowing costs are charged to income in the period in which these are incurred.

5.11 Trade and other payables

Creditors relating to trade and other payables are carried at cost which is the fair value of consideration to be paid in the future for goods and services received, whether or not billed to the Company.

5.12 Dividend distribution

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

5.13 Joint venture partner's advances (including share of accrued profit)

Profit / loss on advances obtained from a joint venture partner is recognized on 'accrual basis' in accordance with the agreed percentage.

5.14 Dividend and appropriation to reserves

Dividend distribution to the Company's shareholders and appropriation to reserves are recognized in the period in which these are approved.

5.15 Taxation

Income tax expense comprises current and deferred tax.

Income tax expense is recognised in the statement of profit and loss except to the extent that it relates to items recognized in other comprehensive income or directly in equity (if any), in which case the tax amounts are recognized directly in other comprehensive income or equity.

Current

Provision for current taxation is based on taxable income on current rates of taxation after taking into account the rebates and tax credits available, if any, or one and half percent of turnover and corporate tax as per section 113c, whichever is higher in accordance with the provisions of the Income Tax Ordinance, 2001.

The Company recognizes tax liabilities for pending tax assessments using estimates based on expert opinion obtained from tax/legal advisors. Differences, if any, between the income tax provision and the tax liability finally determined is recorded when such liability is so determined.

Deferred

Deferred tax is accounted for using the balance sheet liability method in respect of all temporary differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilized. Deferred tax is calculated at the rates that are expected to apply to the period when the differences reverse based on tax rates that have been enacted.

Judgment and estimates

Significant judgment is required in determining the income tax expenses and corresponding provision for tax. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business.

Off-setting

Deferred tax assets and liabilities are offset if there is a legally enforceable right to set off current tax assets against current tax liabilities, and they relate to income taxes levied by the same tax authority.

5.16 Defined benefit plan (gratuity)

The Company measures defined benefit liabilities (assets) at the present value of its obligation under defined benefit plan at the reporting date minus the fair value at the reporting date of plan assets out of which the obligations are to be settled directly. The obligation under defined benefit plan is determined using the projected unit credit method.

Actuarial gains and losses are recognised in the other comprehensive income in the period in which they occur. Past-service costs are recognised immediately in the statement of profit or loss.

In determining the liability for long-service payments management must make an estimate of salary increases over the following five years, the discount rate to calculate present value over next five years, and the number of employees expected to leave before they receive the benefits.

5.17 Revenue recognition

Revenue is recognized overtime as per IFRS 15 "Revenue from Contracts with Customers" on the basis of input method on the execution of contract activities where the outcome of the construction contract can be estimated reliably as measured by the proportion that contract work performed to date bears to the estimated total contract work. Variable consideration due to contract work, claims and incentive payments are included to the extent that they have been agreed with the customer.

Where the outcome of the construction contract cannot be estimated reliably, contract revenue is recognized to the extent of the contract costs incurred that probably will be recoverable. Contract costs are recognized as expense in the period in which they are incurred.

-Revenue from rental income is recognized on 'accrual basis'.

-Interest income is also recognized on 'accrual basis'.

Contract revenue and cost

Input method is applied on a cumulative basis in each accounting period to the current estimates of total contract revenue and total contract costs. Any change in these estimates will affect the contract revenue and contract costs accordingly.

5.18 Foreign currency transactions

Transactions in foreign currencies are initially recorded at the rates of exchange ruling on the dates of transactions. Monetary assets and liabilities denominated in foreign currencies are retranslated into Pak Rupees at the exchange rates prevailing on the balance sheet date. All exchange differences are charged to profit and loss account.

5.19 Financial Instruments

5.19.1 Financial assets

The Company classifies its financial assets in the following categories: at fair value through profit or loss, fair value through other comprehensive income and amortized cost. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition. All the financial assets of the Company as at statement of financial position date are carried at amortized cost.

Amortized cost

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

- it is held with in a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Impairment

The Company recognizes loss allowance for Expected Credit Losses (ECLs) on financial assets measured at amortized cost and contract assets. The Company measures loss allowance at an amount equal to lifetime ECLs.

The Company recognizes loss allowance for Expected Credit Losses (ECLs) on financial assets measured at amortized cost and contract assets. The Company measures loss allowance at an amount equal to lifetime ECLs.

At each reporting date, the Company assesses whether the financial assets carried at amortized cost are credit-impaired. A financial asset is credit-impaired when one or more events that have detrimental impact on the estimated future cash flows of the financial assets have occurred.

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets. The gross carrying amount of a financial asset is written off when the Company has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof.

5.19.2 Financial liabilities

All financial liabilities are recognized at the time when the Company becomes a party to the contractual provisions of the instrument.

5.19.3 Recognition and measurement

All financial assets and liabilities are initially measured at cost, which is the fair value of the consideration given and received respectively. These financial assets and liabilities are subsequently measured at fair value, amortized cost or cost, as the case may be. The particular measurement methods adopted are disclosed in the individual policy statements associated with each item.

5.19.4 Derecognition

The financial assets are de-recognized when the Company loses control of the contractual right that comprise the financial assets. The financial liabilities are de-recognized when they are extinguished i.e. when the obligation specified in the contract is discharged, cancelled or expired.

5.20 Off-setting of financial assets and liabilities

Financial assets and liabilities are off-set and the net amount is reported in the financial statements only when there is a legally enforceable right to set-off the recognized amounts and the Company intends either to settle on a net basis or to realize the assets and settle the liabilities simultaneously.

5.21 Provisions

Provisions are recognized when the Company has a present legal or constructive obligation as a result of past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the obligation can be made. Provisions are reviewed at each balance sheet date and adjusted to reflect the current estimate.

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

Where the effect of the time value of money is material, the amount expected to be required to settle the obligation is recognised at present value using a pre-tax discount rate. The unwinding of the discount is recognised as finance cost in the statement of profit or loss.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

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

5.22 Contingent liabilities

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

5.23 Contract asset / liability

The Company recognizes contract asset against the cost incurred and estimated earning which is in excess of the amount billed to the customer to date. The Company recognizes the contract liability against the amount billed to the customer which is in excess of the cost incurred and estimated earning of the contract to date.

5.24 Segment reporting

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses including revenues and expenses that relate to transactions with any of the Company's other components. The Company has only one reportable segment.

5.25 Joint ventures and joint operations.

The Company's share in transactions and balances related to joint operations, in which the Company has a working interest, are combined on a line by line basis with similar items in the Company's financial statements. While equity method accounting is used for joint ventures.

5.26 Earnings per share

The Company presents earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

5.27 Related party transactions

Transactions involving related parties arising in the normal course of business are conducted at arm's length at normal commercial rates on the same terms and conditions as third party transactions using valuation modes as admissible.

OPERATING FIXED ASSETS

The following is the statement of operating fixed assets:

| Description | Rupees | | | | | | | |
|--------------------------------|---------------|----------------------------|---------------------|------------------------|---------------------------|----------------------------------|-------------------------|--------------|
| | Freehold land | Buildings on freehold land | Plant and machinery | Furniture and fixtures | Computers and accessories | Motor vehicles, cycles and boats | Construction equipments | Total |
| | | | | | | | | |
| Year ended June 30, 2020 | | | | | | | | |
| Net carrying value basis | | | | | | | | |
| Opening book value | 232,388,039 | 13,085,829 | 10,914,367 | 1,488,046 | 737,396 | 6,879,554 | 786,500 | 266,279,731 |
| Revaluation surplus (Note 6.4) | 25,206,306 | 973,509 | - | - | - | - | - | 26,179,815 |
| Additions | - | - | - | 17,000 | - | - | - | 17,000 |
| Depreciation charge | - | (345,101) | (1,668,807) | (199,229) | (133,730) | (1,363,589) | (192,225) | (3,902,681) |
| Closing net book value | 257,594,345 | 13,714,237 | 9,245,560 | 1,305,817 | 603,666 | 5,515,965 | 594,275 | 288,573,865 |
| Gross carrying value basis | | | | | | | | |
| Cost/revalued amount | 257,594,345 | 14,777,535 | 15,156,576 | 1,943,116 | 1,053,855 | 10,095,234 | 1,281,500 | 301,902,161 |
| Revaluation adjustments | - | (1,063,298) | - | - | - | - | - | (1,063,298) |
| | 257,594,345 | 13,714,237 | 15,156,576 | 1,943,116 | 1,053,855 | 10,095,234 | 1,281,500 | 300,838,863 |
| Accumulated depreciation | | | | | | | | |
| Revaluation adjustments | - | (1,063,298) | (5,911,016) | (637,299) | (450,189) | (4,579,269) | (687,225) | (13,328,296) |
| | - | 1,063,298 | - | - | - | - | - | 1,063,298 |
| | - | - | (5,911,016) | (637,299) | (450,189) | (4,579,269) | (687,225) | (12,264,998) |
| Net book value | 257,594,345 | 13,714,237 | 9,245,560 | 1,305,817 | 603,666 | 5,515,965 | 594,275 | 288,573,865 |
| Year ended June 30, 2019 | | | | | | | | |
| Net carrying value basis | | | | | | | | |
| Opening book value | 115,671,029 | 10,078,848 | 10,292,365 | 1,358,336 | 705,165 | 5,821,550 | 770,000 | 144,697,293 |
| Revaluation surplus (Note 6.4) | 116,717,010 | 3,270,324 | 2,182,874 | 297,609 | 147,479 | 2,135,034 | 181,500 | 124,931,830 |
| Deletions - NBV | - | - | (110,500) | - | - | - | - | (110,500) |
| Depreciation charge | - | (263,343) | (1,450,372) | (167,899) | (115,248) | (1,077,030) | (165,000) | (3,238,892) |
| Closing net book value | 232,388,039 | 13,085,829 | 10,914,367 | 1,488,046 | 737,396 | 6,879,554 | 786,500 | 266,279,731 |
| Gross carrying value basis | | | | | | | | |
| Cost/revalued amount | 232,388,039 | 13,804,026 | 15,156,576 | 1,926,116 | 1,053,855 | 10,095,234 | 1,281,500 | 275,705,346 |
| Revaluation adjustments | - | (718,197) | (4,242,209) | (438,070) | (316,459) | (3,215,680) | (495,000) | (9,425,615) |
| | 232,388,039 | 13,085,829 | 10,914,367 | 1,488,046 | 737,396 | 6,879,554 | 786,500 | 266,279,731 |
| Accumulated depreciation | | | | | | | | |
| Revaluation adjustments | - | (718,197) | (4,242,209) | (438,070) | (316,459) | (3,215,680) | (495,000) | (9,425,615) |
| | - | 718,197 | 4,242,209 | 438,070 | 316,459 | 3,215,680 | 495,000 | 9,425,615 |
| | - | - | - | - | - | - | - | - |
| Net book value | 232,388,039 | 13,085,829 | 10,914,367 | 1,488,046 | 737,396 | 6,879,554 | 786,500 | 266,279,731 |
| Depreciation rate % per Annum | | | | | | | | |
| - | - | 2.5 to 2.8 | 6 to 30 | 9 to 18 | 12 to 15 | 9 to 18 | 6 to 24 | |

- 6.1 Free hold land of the Company is located at Chakbeli road near Rawat and Peshawar road District Rawalpindi, Punjab, Pakistan with an area of 50.9 kanal and 5.1 kanal respectively. Details of workshop and residential buildings of the company constructed on this land are as follows:

| Location | Particulars | Covered Area (In sq.ft) |
|---|---|----------------------------|
| Mouza Harka, Main Chakbeli Road, Tehsil and District Rawalpindi | Stores and godowns for stores and spares. | 7,056 |
| Mouza Chuhr Harpal, Near Chuhr Chowk, Main Peshawar Road, Rawalpindi Cantt. | Gammon house Head office | 4,004 |

| | Note | 2020 Rupees | 2019 Rupees |
|--|------|------------------|------------------|
| 6.2 Depreciation has been allocated as follows: | | | |
| Contract expenditure | 29 | 1,905,888 | 1,615,372 |
| General and administrative expenses | 30 | 1,996,793 | 1,623,520 |
| | | <u>3,902,681</u> | <u>3,238,892</u> |

- 6.3 The revaluation surplus on property, plant and equipment is a capital reserve, and is not available for distribution to the shareholders in accordance with section 241 of the Companies Act, 2017.
- 6.4 This represents surplus on book values resulted from revaluations of operating fixed assets based on fair value / market value estimated by independent valuers adjusted only by surplus realized on disposal of revalued assets and incremental depreciation arising out of revaluation and treated. Revaluation of land and buildings was based upon fair market value and valuation for other operating assets was conducted during 2019 which was based upon depreciated replacement costs to reflect the residual service potential of the assets taking account of age, condition and obsolescence. Details of revaluation are as follows:

| Independent valuers | Revaluation dates |
|--|---------------------------------|
| M/s Impulse (Private) Limited | June 30, 2020 |
| M/s Impulse (Private) Limited | June 30, 2019 |
| M/s Impulse (Private) Limited | June 30, 2017 |
| M/s Impulse (Private) Limited | June 30, 2016 |
| M/s Ideal Group of Consultant, Larkana | June 20, 2013 and June 30, 2013 |
| M/s Engineering Pakistan International (Pvt.) Ltd. | June 30, 2009 |
| M/s Hamid Mukhtar & Co. | March 30, 2008 |
| Independent valuer | June 30, 2006 |
| Independent valuer | July 01, 1992 |
| Independent valuer | March 31, 1977 |

- 6.5 The forced sale value of the revalued freehold land and buildings at date of statement of financial position has been assessed at Rs. 228,703,680.

- 6.6 Had there been no revaluation, the net book value of the specific classes of operating assets would have been as follows:

| | 2020 Rupees |
|----------------------------------|------------------------|
| Freehold land | 120,988 |
| Buildings on freehold land | 3,365,351 |
| Plant and machinery | 2,153,502 |
| Furniture and fixture | 1,023,662 |
| Computers and accessories | 534,086 |
| Motor vehicles, cycles and boats | 959,706 |
| Construction equipment | 184,016 |

| | Note | 2020 Rupees | 2019 Rupees |
|---|-------------|------------------------|------------------------|
| 7 INVESTMENT PROPERTY | | | |
| Carrying amount as at July 1, | | | |
| Rural land | 7.1 | 110,092,701 | 104,850,000 |
| Gammon House - land and building | 7.2 | 335,187,500 | 288,087,135 |
| | | <u>445,280,201</u> | <u>392,937,135</u> |
| The movement in this account is as follows: | | | |
| Opening balance | | 392,937,135 | 340,176,931 |
| Net fair value gain on revaluation shown in profit and loss account | 7.3 | 52,343,065 | 52,760,204 |
| Carrying amount as at June 30 | | <u>445,280,200</u> | <u>392,937,135</u> |

- 7.1 This represents investment in 209.70 kanals open land located at Mouza Haraka, Rawalpindi. This investment, effective from the financial year ended June 30, 2007, is being classified as 'investment property' as the Company decided to hold this property for capital appreciation. The Company has adopted fair value model for valuation.

- 7.2 This represents Gammon House (Head office of the Company) which is held to earn rentals and for capital appreciation and shown under the head "Investment property". The Company has adopted fair value model for valuation.

In 2013, management purchased and installed two billboards at Gammon House which had been treated as additions to investment properties.

- 7.3 The Company, as at June 30, 2020, revalued all of its investment property. The revaluation exercise was carried out by an independent valuer, Impulse (Private) Limited, and the revaluation resulted in Rs. 51.085 million (2019: Rs. 52.760 million) net adjustment to fair value.

Forced sale value of the investment property at date of statement of financial position is assessed at Rs. 373,716,320

There are no non-cancellable fixed rate operating leases over the Company's investment property, land and buildings.

| | Note | 2020 Rupees | 2019 Rupees |
|--|------|------------------|------------------|
| 8 LONG TERM INVESTMENTS | | | |
| Amortized cost: | | | |
| Defense Savings Certificates | 8.1 | 500,000 | 500,000 |
| Accrued interest | 8.2 | 800,413 | 800,413 |
| | | <u>1,300,413</u> | <u>1,300,413</u> |
| 8.1 This represents one certificate (2019: one) having face value of Rs. 500,000, having a maturity period of 10 years i.e. February 2017 carrying markup (effective rate) at 10.03 % per annum. The Company has deposited the certificate as a security, and is pledged in favour of Director of Works and Chief Engineer, Pakistan Navy, Islamabad for provisional enlistment against construction of sailors' barracks at PNS Qasim, Manora, Karachi. The Defense Saving Certificate was matured during the 2017, however, will be reinvested on release of the pledged certificate subsequently. | | | |
| | Note | 2020 Rupees | 2019 Rupees |
| 8.2 Accrued interest | | | |
| Opening | | 800,413 | 800,413 |
| Accrued during the year | | - | - |
| | | <u>800,413</u> | <u>800,413</u> |
| 9 LONG TERM SECURITY DEPOSITS | | | |
| Tender money deposit | | 353,928 | 353,928 |
| Others | 9.1 | 1,507,275 | 1,507,275 |
| | | <u>1,861,203</u> | <u>1,861,203</u> |
| 9.1 Other deposits comprises of amounts as follows: | | | |
| WAPDA | | 25,600 | 25,600 |
| Main Power Division | | 100,000 | 100,000 |
| Sui Northern Gas Limited | | 52,675 | 52,675 |
| Sindh High Court | | 120,000 | 120,000 |
| Al Emran International | | 300,000 | 300,000 |
| Masha Allah Estate | | 4,000 | 4,000 |
| Student Inn Boys Hostel | | 5,000 | 5,000 |
| Frontier Works Organization | | 900,000 | 900,000 |
| | | <u>1,507,275</u> | <u>1,507,275</u> |
| 9.2 Long term security deposits represent deposits against receipt of non-financial services. These are carried at nominal value as effect by amortization is not material in respect of these financial statements. | | | |

| | | 2020 | 2019 |
|--|------|-------------------|-------------------|
| | Note | Rupees | Rupees |
| 10 STORES, SPARES AND LOOSE TOOLS | | | |
| Consumable materials | | 861,355 | 774,321 |
| Stores | 10.1 | 23,811,521 | 26,978,285 |
| Spares | | 578,826 | 578,826 |
| Loose tools | | 20,575 | 20,575 |
| Other stocks | | 200,042 | 228,711 |
| | | <u>25,472,319</u> | <u>28,580,718</u> |

- 10.1 Stores and spares also include items which may result in capital expenditure but are not distinguishable at the time of purchase. However, the stores and spares consumption resulting in capital expenditure are capitalized in cost of respective assets.

| | | 2020 | 2019 |
|------------------------------------|------|-------------------|-------------------|
| | Note | Rupees | Rupees |
| 11 CONTRACT RECEIVABLES | | | |
| Owned | | | |
| Unsecured - considered good | | | |
| Against billings | | | |
| - work-in-progress | | 44,108,286 | 32,549,572 |
| - completed contracts | | 56,123,425 | 55,236,179 |
| | | 100,231,711 | 87,785,751 |
| Provision for expected credit loss | 11.1 | (75,150,387) | (56,123,425) |
| | | <u>25,081,324</u> | <u>31,662,326</u> |
| Against retention money | | | |
| - work-in-progress | | 60,212,492 | 63,292,689 |
| - completed contracts | | 35,793,797 | 33,482,887 |
| | | 96,006,289 | 96,775,576 |
| Provision for expected credit loss | 11.1 | (37,704,489) | (37,704,489) |
| | | <u>58,301,800</u> | <u>59,071,087</u> |
| Joint venture | | | |
| - against billings | | 17,054,553 | 17,054,553 |
| - against retention money | | 12,936,380 | 12,936,380 |
| | | 29,990,933 | 29,990,933 |
| Provision for expected credit loss | 11.1 | (29,990,933) | (29,990,933) |
| | | <u>-</u> | <u>-</u> |
| | | <u>83,383,124</u> | <u>90,733,413</u> |

- 11.1 Management, in the prior years, carried out an exercise to identify long outstanding receivable balances comprising of progress billings and retention money which are not likely to be received due to various reasons. Similarly, during the year, management carried out the ECL assessment and identified provision for expected credit loss as follows:

| | Note | 2020 Rupees | 2019 Rupees |
|------------------------|------|----------------|----------------|
| Opening balance | | 123,818,847 | 110,663,242 |
| Charge during the year | | 19,026,962 | 13,155,605 |
| Closing balance | | 142,845,809 | 123,818,847 |

12 CONTRACT ASSET

Under the following captions:

| | | | |
|---|------|--------------|------------|
| Contract asset on incomplete projects | | 137,143,518 | 93,047,642 |
| Contract liability on incomplete projects | | (29,087,201) | - |
| Net contract asset | 12.1 | 108,056,317 | 93,047,642 |

12.1 This comprises as follows:

| | | | |
|--|--|-----------------|-----------------|
| Cost incurred on incomplete projects (Including prior year cost) | | 1,746,258,405 | 1,651,804,199 |
| Estimated earnings | | 262,365,266 | 226,235,595 |
| | | 2,008,623,671 | 1,878,039,794 |
| Billings to date (Including prior year billing) | | (1,900,567,354) | (1,784,992,152) |
| | | 108,056,317 | 93,047,642 |

13 LOANS AND ADVANCES

Unsecured - considered good

| | | | |
|------------------------------------|------|--------------|--------------|
| To employees / project managers | | 2,342,695 | 2,376,814 |
| To suppliers | | 15,044,623 | 15,827,016 |
| To sub - contractors | | 4,849,085 | 4,236,963 |
| | | 22,236,403 | 22,440,793 |
| Doubtful advances | | 17,632,952 | 17,632,952 |
| | | 39,869,355 | 40,073,745 |
| Provision for expected credit loss | 13.1 | (17,632,952) | (17,632,952) |
| | | 22,236,403 | 22,440,793 |
| Due from joint venture partners | | 932,586 | 932,586 |
| Provision for expected credit loss | 13.1 | (932,586) | (932,586) |
| | | - | - |
| | | 22,236,403 | 22,440,793 |

13.1 Management, in the previous years, carried out an exercise to identify long outstanding receivable balances comprising of advances to staff and suppliers, which are not likely to be received due to various reasons. Similarly during the year, management carried out the assessment and identified provision for expected credit losses as follows:

| | Note | 2020 Rupees | 2019 Rupees |
|------------------------|------|-------------------|-------------------|
| Opening balance | | 18,565,538 | 15,948,313 |
| Charge during the year | | - | 2,617,225 |
| Closing balance | | <u>18,565,538</u> | <u>18,565,538</u> |

14 OTHER RECEIVABLES

Unsecured:

- Considered good

Other receivables

| | | |
|------|------------------|------------------|
| 14.1 | <u>1,934,007</u> | <u>3,270,046</u> |
|------|------------------|------------------|

- 14.1 This represents receivables in respect of rental income. This includes receivables from related parties as follows:

| | 2020 Rupees | 2019 Rupees |
|--------------------|------------------|------------------|
| Bannu Woolen Mills | <u>1,335,440</u> | <u>2,990,000</u> |

- 14.2 Aging of receivable from related parties:

| | | |
|---------------|------------------|------------------|
| 1-90 days | 712,720 | 1,260,000 |
| 90-180 days | 612,720 | 1,260,000 |
| Over 180 days | 10,000 | 470,000 |
| | <u>1,335,440</u> | <u>2,990,000</u> |

- 14.3 Maximum balance due from related party at end of any month during the year is Rs. 1,335,440 (2019: 2,990,000).

| | Note | 2020 Rupees | 2019 Rupees |
|---|--|-------------------|--------------------|
| 15 TRADE DEPOSITS AND SHORT TERM PREPAYMENTS | | | |
| Prepaid insurance | | 287,703 | 288,665 |
| Prepayments | | 31,058 | 31,058 |
| | | <u>318,761</u> | <u>319,723</u> |
| 16 TAX REFUNDS DUE FROM GOVERNMENT | | | |
| Considered good | | | |
| Balance as at July 01, | | 87,751,028 | 82,591,116 |
| Refundable assessed during the year | | (3,044,712) | 5,159,912 |
| | | <u>84,706,316</u> | <u>87,751,028</u> |
| 17 TAXATION - NET | | | |
| Balance as at July 01, | | (3,044,712) | 5,159,912 |
| Transferred to tax refunds due from Government | | 3,044,712 | (5,159,912) |
| | | - | - |
| Prior year adjustment | | (284,776) | - |
| Provision for taxation | | (7,810,833) | (9,414,616) |
| Advance income tax | | 8,400,642 | 6,369,904 |
| | | <u>305,033</u> | <u>(3,044,712)</u> |
| 18 CASH AND BANK BALANCES | | | |
| Cash in hand | | 45,633 | 78,529 |
| Cash at bank: local currency | | | |
| - Current accounts | | 13,171 | 55,926 |
| - Savings accounts | 18.1 | 256,254 | 21,938 |
| - Deposit accounts | 18.2 | 889,443 | 1,729,443 |
| | | <u>1,158,868</u> | <u>1,807,307</u> |
| | | <u>1,204,501</u> | <u>1,885,836</u> |
| 18.1 | PLS accounts, during the current financial year, carried profit at the rates ranging from 6.5% to 11.25% (2019: 3% to 8.5%) per annum. | | |
| 18.2 | The balance upto Rs. 800,000 as at June 30, 2020 and June 30, 2019 is under a bank's lien against guarantees issued by the bank. | | |

| | | Note | 2020 Rupees | 2019 Rupees | |
|------|--|------------|---------------------------------------|----------------|-------------|
| 19 | SHARE CAPITAL | | | | |
| | Issued, subscribed and paid up capital | | | | |
| | Number of ordinary shares of Rs.10/- each | | | | |
| | 2020 | 2019 | | | |
| | 22,627,320 | 22,627,320 | Fully paid in cash | 226,273,200 | 226,273,200 |
| | 2,562,845 | 2,562,845 | Issued as fully paid bonus shares | 25,628,450 | 25,628,450 |
| | 3,076,066 | 3,076,066 | Issued against conversion of loans | 30,760,660 | 30,760,660 |
| | 28,266,231 | 28,266,231 | 19.1 | 282,662,310 | 282,662,310 |
| 19.1 | This includes shares held by related parties as follows: | | | | |
| | Bibojee Services (Private) Limited - Parent Company | | | | |
| | 20,369,056 (2019: 20,369,056) ordinary shares of Rs 10 each | | | | |
| | | | 19.2 | 203,690,560 | 203,690,560 |
| | Directors and their spouses / minor children | | | | |
| | 95,855 (2019: 95,855) ordinary shares of Rs 10 each | | | | |
| | | | | 958,550 | 958,550 |
| | | | | 204,649,110 | 204,649,110 |
| 19.2 | The parent company Bibojee Services (Private) Limited held 72.06% shares (2019: 72.06% shares) in Gammon Pakistan Limited as at June 30, 2020. | | | | |
| 19.3 | All ordinary shareholders have same rights regarding voting, board selection, right of first refusal and block voting. | | | | |
| 19.4 | Authorized share capital: | | | | |
| | This represents 30,000,000 (2019: 30,000,000) ordinary shares of Rs. 10/- each amounting to Rs. 300,000,000 (2019: Rs. 300,000,000). | | | | |

20 SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT

The revaluation surplus on property, plant and equipment is restated and now presented as a separate capital reserve in the financial statements.

| | 2020 Rupees | 2019 Rupees |
|--|----------------|----------------|
| Balance brought forward | 400,685,175 | 278,401,119 |
| Add: Revaluations during the year | 26,179,815 | 124,931,830 |
| Less: Transferred to equity in respect of incremental depreciation charged during the year - net of deferred tax | 1,900,565 | 1,788,410 |
| Realized on disposal of revalued assets - net of deferred tax | - | 91,510 |
| Related deferred tax liability during the year transferred to profit and loss account | 776,287 | 767,854 |
| | 2,676,852 | 2,647,774 |
| | 424,188,138 | 400,685,175 |
| Less: Related deferred tax effect : | | |
| Opening balance - as previously reported | 11,907,468 | 10,293,024 |
| Revaluation during the year | 282,318 | 2,382,298 |
| Adjustment on account of disposal | - | (37,377) |
| Incremental depreciation charged during the year transferred to profit and loss account | (776,287) | (730,477) |
| | 11,413,499 | 11,907,468 |
| | 412,774,639 | 388,777,707 |

21 DEFERRED LIABILITY

21.1 Gratuity

The company operates an unfunded gratuity scheme. The scheme provides for terminal benefits for all its permanent employees whose period of service exceeds six months. Employees are entitled to gratuity on the basis of one gross salary for each completed one year of service after the minimum qualifying period. Annual charge is based on actuarial valuation carried out as at June 30, 2020 using Projected Unit Credit Method.

The Company faces the following risks on account of gratuity:

Final salary risk: The risk that the final salary at the time of cessation of service is greater than what the Company has assumed. Since the benefit is calculated on the final salary, the benefit amount would also increase proportionately.

21.2 The amounts recognised in the statement of financial position are determined as follows:

| | Note | 2020 Rupees | 2019 Rupees |
|---|------|------------------|------------------|
| Present value of the defined benefit obligation | 21.3 | 5,532,839 | 5,959,980 |
| Benefits due but not paid during the year | | 3,191,896 | 3,248,896 |
| | 21.6 | <u>8,724,735</u> | <u>9,208,876</u> |

21.3 Reconciliation of net defined benefit liability

| | | |
|--|------------------|------------------|
| Present value of defined benefit obligations | 5,959,980 | 5,459,690 |
| Benefits due but not paid as at June 30, | 3,248,896 | 3,318,096 |
| Service cost | 326,914 | 346,914 |
| Interest on defined benefit obligations | 709,207 | 414,024 |
| Benefit due but not paid at the year end | (3,191,896) | (3,248,896) |
| Actuarial (gain) / loss | (947,612) | 238,927 |
| Benefits paid during the year | <u>(572,650)</u> | <u>(568,775)</u> |
| | <u>5,532,839</u> | <u>5,959,980</u> |

21.4 Remeasurement chargeable to statement of other comprehensive income

| | | |
|---|------------------|----------------|
| Remeasurement (gain) / loss on defined obligation due to: | | |
| Change in demographic assumptions | - | - |
| Change in financial assumptions | - | - |
| Actuarial (gain) / loss due to experience adjustment | <u>(947,612)</u> | <u>238,927</u> |
| | <u>(947,612)</u> | <u>238,927</u> |

21.5 The amounts recognised in the statement of profit or loss:

| | | |
|-----------------------|------------------|----------------|
| Current service costs | 326,914 | 346,914 |
| Interest cost | <u>709,207</u> | <u>414,024</u> |
| | <u>1,036,121</u> | <u>760,938</u> |

21.6 Changes in the present value of the defined benefit obligation are as follows:

| | 2020 Rupees | 2019 Rupees |
|------------------------------------|------------------|------------------|
| Opening defined benefit obligation | 9,208,876 | 8,777,786 |
| Service cost | 326,914 | 346,914 |
| Interest cost | 709,207 | 414,024 |
| Actuarial (gains) / losses | (947,612) | 238,927 |
| Benefits paid | <u>(572,650)</u> | <u>(568,775)</u> |
| | <u>8,724,735</u> | <u>9,208,876</u> |

21.7 Principal actuarial assumptions(financial and demographic)at the end of the reporting period (expressed as weighted averages) are as follows:

| | |
|--|-------------------------------|
| Discount rate as at June 30, 2020 | 8.50% |
| Future salary increases | 7.50% |
| Proportion of employees opting for early retirement | 0.56% to 14.344% |
| Inflation rate | 12.00% |
| Mortality rate | SLIC (2001-5) Mortality table |
| Average expected remaining working lifetime of members | 7 Years |
| Average duration of liability | 6 years |

21.8 Comparison of five years

Comparison of present value of defined benefit obligation and experience adjustment on obligation for the current and preceding four years is as follows:

| | 2020 | 2019 | 2018 | 2017 | 2016 |
|---|--------------------|-----------|-----------|-----------|-----------|
| | ----- Rupees ----- | | | | |
| Present value of defined benefit obligation | 5,532,839 | 5,959,980 | 5,459,690 | 5,511,508 | 5,040,201 |

21.9 There are no plan assets, therefore, disclosure in respect to plan assets required as per IAS-19 "Employee Benefits" has not been made in these financial statements.

21.10 The charge in respect of defined benefit plan for the year ending June 30, 2021 is estimated to be Rs. 886,771.

21.11 Sensitivity analysis

The impact of 1% change in following variables on defined benefit obligation is as follows:

| | 2020 | |
|-----------------|---------------------------|---------------------------|
| | 1% increase in assumption | 1% decrease in assumption |
| | ----- Rupees ----- | |
| Discount rate | 5,214,939 | 5,887,740 |
| Salary increase | 5,887,740 | 5,209,292 |

21.12 Expected future payments

| | Rupees |
|---|------------------|
| Within one year | 635,267 |
| More than one year but less than five years | 2,805,802 |
| Above five years | 1,235,267 |
| | <u>4,676,336</u> |

22 DEFERRED TAXATION

The deferred tax assets and the deferred tax liabilities relate to income tax in the same jurisdiction, and the law allows net settlement.

| | Note | 2020 Rupees | 2019 Rupees |
|----------------------------|------|-------------------|-------------------|
| Deferred tax liability-net | 22.1 | <u>30,057,055</u> | <u>18,236,325</u> |
| Tax rates | | 29% | 29% |

22.1 Deferred tax liability-net

22.1.1 Analysis of change in deferred tax

The gross movement in the deferred tax liability during the year is as follows:

| | | |
|--|-------------------|-------------------|
| Opening balance | 18,236,325 | 10,293,022 |
| Charged to statement of profit or loss | 11,538,412 | 5,561,005 |
| Charged to other comprehensive income | <u>282,318</u> | <u>2,382,298</u> |
| | <u>30,057,055</u> | <u>18,236,325</u> |

22.1.2 Net deferred tax liability is comprised of as follows:

Deferred tax liabilities

| | | |
|--------------------------------------|------------|------------|
| Accelerated tax depreciation allowed | 88,135,093 | 57,805,855 |
| Surplus on revaluation of PPE | 11,413,497 | 11,907,468 |

Deferred tax asset

| | | |
|--|---------------------|---------------------|
| Provision for doubtful receivables | (41,425,285) | (35,907,467) |
| Provision for doubtful loan and advances | (5,384,006) | (5,384,006) |
| Deferred tax asset on brought forward losses | 22.2 (12,496,719) | - |
| Provision for overseas loan | <u>(10,185,525)</u> | <u>(10,185,525)</u> |
| | <u>30,057,055</u> | <u>18,236,325</u> |

- 22.2 Deferred tax asset of Rs. 12.496 million due to brought forward losses has been recognized in the current financial statements, as in the opinion of the management there is certainty regarding realisability of the amount (2019: Rs. 10.897 million due to brought forward losses was not recognized based upon management judgement for unrealisability of the amount).

| | Note | 2020 Rupees | 2019 Rupees |
|--|------|--------------------|--------------------|
| 23 TRADE AND OTHER PAYABLES | | | |
| Sundry creditors | 23.1 | 70,641,342 | 67,796,863 |
| Advance rent | 23.2 | 14,374 | 2,366,207 |
| Due to sub-contractors | | 36,170,091 | 30,546,579 |
| Accrued expenses | | 54,866,860 | 33,763,682 |
| Due to employees and others | 23.3 | 8,966,299 | 8,729,298 |
| Taxes payable | | 1,169,397 | 849,992 |
| Joint venture partners' share of profit | | 1,620,715 | 1,620,715 |
| Other provisions | 23.4 | 35,122,500 | 35,122,500 |
| | | <u>208,571,578</u> | <u>180,795,836</u> |
| 23.1 This includes balance of related parties as follows: | | | |
| The General Tyre and Rubber Company Pakistan Limited | | <u>-</u> | <u>31,800</u> |
| 23.2 This includes balance of related parties as follows: | | | |
| Bannu Woolen Mills | | <u>-</u> | <u>27,750</u> |
| 23.3 This balance includes amounts aggregating Rs. 1.563 million (2019: Rs. 1.563 million) payable in respect of the loans obtained from the Company's Employees' Provident Fund (the Fund) during the period from 1995 to 1999. The SECP, during May 2008, had issued show-cause notices to some of the existing directors as well as ex-directors under various sections of the repealed Companies Ordinance, 1984 (the Ordinance). The SECP, vide its three orders dated 25 June, 2009, had imposed penalties aggregating Rs. 1.005 million under various sections of the Ordinance on some of the existing directors and ex-directors in their personal capacity. | | | |
| The SECP has also directed the Company's Chief Executive to distribute the amount of Rs. 9.153 million to members of the provident fund trust including the employees / directors / ex-directors of the Company at the time of closure of provident fund trust in the year 1987 as per their entitlement and to submit an Auditors' certificate confirming that all outstanding money of the fund has been paid to the members in accordance with the provisions of section 227 of the repealed Ordinance. The Company opened a separate bank account and transferred the entire amount into it. Subsequently, no further amount has been paid to members of the Fund. | | | |
| 23.4 These represent provisions made for the potential liability, in respect of borrowings of Saudi Riyals 2.500 million and Saudi Riyals 5.000 million during the year 1986 for the Saudi Operations of the Company, that the Company may have to incur as a result of settlement of overseas dues of National Bank of Pakistan in accordance with the Incentive Scheme under the State Bank of Pakistan's Circular No.19 of 05 June,1997 (For further detail please refer note 27.2(a) of these financial statements). | | | |

| | Note | 2020 Rupees | 2019 Rupees |
|---|------|----------------|----------------|
| 24 UNCLAIMED DIVIDENDS | | | |
| Unclaimed dividend | 24.1 | 1,442,230 | 1,442,230 |
| Amounts transferred into dividend account | | - | - |
| Dividend claims received and settled | | - | - |
| Profits generated from unpaid dividend | | - | - |
| Profits utilized | | - | - |
| 24.1 The reconciliation of carrying amount is as follows: | | | |
| Opening balance | | 1,442,230 | 1,442,230 |
| Dividends declared | | - | - |
| Interest on dividend | | - | - |
| Less: Dividends paid | | - | - |
| | | 1,442,230 | 1,442,230 |

25 JOINT VENTURE PARTNER'S ADVANCES

These advance have been obtained under various Joint Venture agreements to finance the ongoing projects. The joint venture partner is entitled to share 50% of the projects' profit financed out of these advances.

| | 2020 Rupees | 2019 Rupees |
|--------------------------------|----------------|----------------|
| 26 MOBILIZATION ADVANCE | | |
| Old Bannu Road Project | - | 15,000,000 |

27 CONTINGENCIES AND COMMITMENTS**27.1 Contingent assets**

The Company had lodged a claim with National Highway Authority amounting Rs. 201.177 million (2019: Rs. 201.177 million) against M/s Bayinder for recovery of losses suffered by the Company attributable to the cessation of work at Islamabad - Peshawar Motorway Project.

27.2 Contingent liabilities

- (a) During early 80's, GPL requested USD 2.2 million which was not honored by SBP which created a chaotic situation. At this stage GoP intervened and arranged two loans of Saudi Riyals 5 million and Saudi Riyals 2.5 million aggregating to Saudi Riyals 7.5 million (equivalent to Pak Rs. 207.750 million at the rate of Rs. 27.7/ SR) through consortium of banks led by National Bank of Pakistan (NBP) during 1986. Recovery proceedings of the loans of SR 7.5 million with the interest thereon of SR 21.650 million (equivalent to Rs. 599.705 million at the rate of Rs. 27.7/ SR) are being contested in the Sindh High Court.

During 1988, NBP filed Suit no. 1102 of 1998 before Banking Judge of the High Court of Sindh (HCS) for recovery of loan against GPL. During 1990, SHC passed the judgment and decree in favour of NBP. Appeal of GPL was dismissed by Divisional Bench (DB) of SHC and thereafter by Supreme Court. During 1998, NBP filed the execution application in the SHC. On November 02, 1999, office of the SHC raised the objection that the execution application was time barred by limitation, having not been filed within three years. On May 01, 2000, SHC dismissed the execution application as being barred by time. NBP filed the review application to DB of SHC against the order and DB restored the execution application.

Further SBP issued a circular no. 19 dated June 05, 1997 for giving guidelines for making the repayment of stuck off loans and announced an "Incentive Scheme" under the said circular. GPL applied for the scheme and offered to pay Pak Rupees 35.122 Million (at the exchange rate of disbursement of loan) however controversy started regarding the application of rate of exchange applicable in case of foreign currency loans.

The Honourable Sindh High Court, vide its order dated September 17, 2003, had decided for SR 5.000 million that "proceedings will remain suspended till disposal of the matter by the Ministry of Finance (MoF), Govt. of Pakistan" and directed both NBP and the MoF to follow BPRD Circular No. 19 dated 05 June, 1997 issued by the State Bank of Pakistan announcing an Incentive Scheme in this respect. NBP had filed an application during the year 2000 for execution of the decrees issued in its favor in both the above cases; however, the Company is contesting both the cases on legal grounds.

The Company's Board of Directors are of the opinion that it falls within the ambit of SBP "Incentive Scheme" for the Recovery of Loan Defaults vide BPRD Circular no. 19 and, as such, liable to pay only Rs. 35.122 million in full and final settlement of its outstanding liability.

- (b) In the ordinary course of business various parties have filed legal cases against the Company, which have not been admitted as liabilities; accordingly, no provision has been considered necessary against these claims till their final outcome. The legal advisor of the Company is of the opinion that these cases are expected to be decided in favor of the Company and therefore no provision has been made in these financial statements for any liability that may arise consequent upon the result of above law suits.

27.3 Commitments

The Company's commitments as at balance sheet date are as follows:

- (a) Guarantees issued by a commercial bank and insurance companies in respect of financial and operational obligations of the Company to various institutions and corporate bodies, aggregate Rs. 50.062 million (2019: Rs. 50.062 million).
- (b) There were no commitments for capital expenditures as at the balance sheet date (2019: nil).

| | Note | 2020 Rupees | 2019 Rupees |
|---|------|--------------------|--------------------|
| 28 CONTRACT INCOME | | | |
| Own projects | | 184,639,178 | 201,388,164 |
| 29 CONTRACT EXPENDITURE | | | |
| Materials | | 103,259,179 | 124,505,181 |
| Salaries and wages | | 55,240,853 | 36,689,808 |
| Sub-contracts and joint ventures | | - | 1,384,874 |
| Maintenance and hiring of plants | | 1,696,295 | 2,418,247 |
| Project insurance | | 454,838 | 454,635 |
| Cartage, traveling and conveyance | | 1,589,781 | 1,567,807 |
| Site auxiliary works and temporary hutting | | 255,500 | 427,790 |
| Electricity | | 247,084 | 706,594 |
| Depreciation | 6.2 | 1,905,888 | 1,615,372 |
| Petrol, oil and lubricants | | 3,229,170 | 6,099,539 |
| Impairment - stores, spares and loose tools | | 2,645,725 | - |
| Sundry expenses | | 2,990,310 | 3,511,854 |
| | | <u>173,514,623</u> | <u>179,381,701</u> |
| 30 GENERAL AND ADMINISTRATIVE EXPENSES | | | |
| Salaries and benefits | | 8,483,142 | 14,565,930 |
| Staff retirement benefits - gratuity | | 1,036,121 | 760,938 |
| Repair and maintenance | | 368,794 | 688,972 |
| Rent, rates and taxes | | 1,183,034 | 1,955,635 |
| Telephone and fax | | 140,520 | 255,397 |
| Advertisement and publicity | | 80,340 | 30,000 |
| Legal and professional charges | | 1,564,450 | 1,643,802 |
| Power and electricity | | 1,032,453 | 805,182 |
| Travelling and conveyance | | 1,176,934 | 789,420 |
| Works in view | | 15,010 | 11,030 |
| Provision for loans and advances | | - | 2,617,225 |
| Provision for ECL on contract receivables | | 19,026,962 | 13,155,605 |
| Loss on disposal of stores | | 36,100 | - |
| Fee and subscription | | 76,464 | 695,594 |
| Depreciation | 6.2 | 1,996,793 | 1,623,520 |
| Other sundry expenses | | 1,344,662 | 1,345,575 |
| | | <u>37,561,779</u> | <u>40,943,825</u> |
| 31 OTHER OPERATING EXPENSES | | | |
| Auditor remuneration | | | |
| Statutory audit | | 450,000 | 400,000 |
| Half yearly review | | 150,000 | 133,000 |
| Fee for other certification | | 20,000 | 20,000 |
| | | <u>620,000</u> | <u>553,000</u> |

| | Note | 2020 Rupees | 2019 Rupees |
|--|------|-------------------|-------------------|
| 32 OTHER INCOME | | | |
| Income from financial assets: | | | |
| Profit on deposit and PLS accounts | | 11,427 | 25,284 |
| Income from non-financial assets: | | | |
| Rental income on investment property | | 20,673,037 | 21,771,806 |
| Gain on disposal of operating fixed assets | | - | 5,100 |
| Scrap sales | | - | 323,354 |
| | | <u>20,684,464</u> | <u>22,125,544</u> |

33 FINANCE COST

| | | | |
|--------------|--|---------------|---------------|
| Bank charges | | 24,230 | 15,291 |
| | | <u>24,230</u> | <u>15,291</u> |

34 FAIR VALUE GAIN ON INVESTMENT PROPERTY

The Company, as at June 30, 2020, revalued all of its investment property. The revaluation exercise was carried out by Impulse (Private) Limited and the revaluation resulted in fair value gain amounting to Rs. 52.343 million (2019: Rs. 52.760 million).

| | Note | 2020 Rupees | 2019 Rupees |
|--------------------|------|-------------------|-------------------|
| 35 TAXATION | | | |
| Current year | 17 | 7,810,833 | 9,414,616 |
| Prior year | | 284,776 | - |
| Deferred tax | | 11,538,412 | 5,561,005 |
| | | <u>19,634,021</u> | <u>14,975,621</u> |

35.1 No numeric tax rate reconciliation is presented in these financial statements for the year ended June 30, 2020 and June 30, 2019 as the Company was liable to pay alternate corporate tax under the section 113C of Income Tax Ordinance, 2001.

35.2 The applicable income tax rate for the Tax Year 2020 and beyond is 29% on account of changes made to Income Tax Ordinance, 2001 through Finance Act 2020. Therefore, deferred tax is computed at the rate of 29% applicable to the period when temporary differences are expected to be reversed / utilised.

36 EARNINGS PER SHARE - BASIC AND DILUTED

There is no dilutive effect on the basic earnings per share of the Company, which is based on:

| | Note | 2020 | 2019 |
|---|------|------------|------------|
| Profit after tax (Rupees) | | 26,312,054 | 40,404,474 |
| Weighted average number of ordinary shares at the end of the year (Numbers) | | 28,266,231 | 28,266,231 |
| Basic and diluted earnings per share (Rupees) | | 0.93 | 1.43 |

36.1 Earnings per share comprises as follows:

| | | | |
|---|------|--------|--------|
| Distributable profit | | (0.92) | (0.45) |
| Undistributable - unrealised fair value gains | 36.2 | 1.85 | 1.87 |
| | | 0.93 | 1.43 |

36.2 Under the provisions of Companies Act, 2017 unrealized gain on fair value of investment property is not distributable as dividend.

37 RELATED PARTY TRANSACTIONS

Related parties comprise of the Holding Company, Associated Companies, directors and executives. The Company in the normal course of business carries-out transactions with various related parties. Amounts due from and to related parties are shown under receivables and payables. Remuneration of directors and executives are disclosed in note 39 whereas other significant transactions with related parties are disclosed here.

| Name of the related party | Relationship | Transactions during the year | 2020 Rupees | 2019 Rupees |
|---------------------------------|---------------------|---|--------------------------|--------------------------|
| Ghandhara Nissan Limited | Common directorship | Rental income Rentals received during the year | 3,000,000 (3,000,000) | 3,000,000 (3,000,000) |
| Ghandhara Industries Limited | Common directorship | Rental income Rentals received during the year | 3,000,000 (3,000,000) | 3,000,000 (3,000,000) |
| Janana De Malucho Textile Mills | Common directorship | Rental income Rentals received during the year | 150,000 (150,000) | 150,000 (150,000) |
| Babri Cotton Mills | Common directorship | Rental income Rentals received during the year | 150,000 (150,000) | 150,000 (150,000) |
| Rehman Cotton Mills | Common directorship | Rental income Rentals received during the year | 150,000 (150,000) | 150,000 (150,000) |
| Bannu Woollen Mills Limited | Common directorship | Rental income Rentals received during the year | 3,895,440 (5,500,000) | 5,190,000 (2,200,000) |

37.1 The status of outstanding balances of related parties as at June 30, 2020 are included in "other receivable" (note 14.1) and "trade and other payables" (note 23).

| | | 2020 | 2019 |
|---|------|-------------------|-------------------|
| | Note | Rupees | Rupees |
| 38 PROFIT BEFORE WORKING CAPITAL CHANGES | | | |
| Profit before taxation | | 45,946,075 | 55,380,095 |
| Adjustment for: | | | |
| Depreciation | 6.2 | 3,902,681 | 3,238,892 |
| Staff retirement benefits - gratuity | 21.5 | 1,036,121 | 760,938 |
| Provision for expected credit loss | | 19,026,962 | 13,155,605 |
| Gain on disposal of fixed assets | | - | (5,100) |
| Fair value gain on investment property | 7 | (52,343,065) | (52,760,204) |
| Finance cost | 33 | 24,230 | 15,291 |
| | | (28,353,071) | (35,594,578) |
| | | <u>17,593,004</u> | <u>19,785,517</u> |

39 REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

- a) The aggregate amount charged in the financial statements for remuneration, including all benefits to Chief Executive, Directors and Executives of the Company is as follows:

| | 2020 | | | 2019 | | |
|-------------------------|-----------------|-----------|------------|-----------------|-----------|------------|
| | Chief Executive | Directors | Executives | Chief Executive | Directors | Executives |
| | Rupees | | | Rupees | | |
| Managerial remuneration | 1,200,000 | - | - | 1,200,000 | - | - |
| House rent | 360,000 | - | - | 360,000 | - | - |
| Medical | 240,000 | - | - | 240,000 | - | - |
| Utilities | 240,000 | - | - | 240,000 | - | - |
| Others | 360,000 | - | - | 360,000 | - | - |
| Total | 2,400,000 | - | - | 2,400,000 | - | - |
| Number of persons | 1 | 7 | 0 | 1 | 7 | 0 |

- b) No remuneration / benefits were paid to the Directors during the current year and preceding financial years.

- c) The Chief Executive and certain executives are also provided with cars for business and personal use in accordance with the Company car scheme.

| | 2020 | | | 2019 | | |
|-------------------------|---------------------|-------------------------|-------|---------------------|-------------------------|-------|
| | Executive Directors | Non Executive Directors | Total | Executive Directors | Non Executive Directors | Total |
| | Rupees | | | Rupees | | |
| Managerial remuneration | - | - | - | - | - | - |
| Number of persons | 0 | 7 | 7 | 0 | 7 | 7 |

- d) No remuneration / benefits were paid to the one Executive director during the current year and preceding financial year.

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40

[illegible]

| | 2019 | | | |
|--|--------------------------|------------------------|-------------------------|-----------------|
| | Interest/mark up bearing | | Not interest / | |
| | Total | Maturity upto one year | Maturity after one year | mark up bearing |
| | | | Sub-total | |
| | | | | Rupees |
| Financial assets | | | | |
| Financial assets carried at amortized cost | | | | |
| Long term investments | 1,300,413 | - | 1,300,413 | 1,300,413 |
| Long term security deposits | 1,861,203 | - | - | 1,861,203 |
| Contract receivables | 90,733,413 | - | - | 90,733,413 |
| Other receivables | 3,270,046 | - | - | 3,270,046 |
| Contract asset | 93,047,642 | - | - | 93,047,642 |
| Cash and bank balances | 1,885,836 | 1,729,443 | - | 1,729,443 |
| | 192,098,553 | 1,729,443 | 1,300,413 | 3,029,856 |
| | | | | 189,068,697 |
| Financial liabilities | | | | |
| Financial liabilities carried at amortized cost | | | | |
| Trade and other payables | 177,579,637 | - | - | 177,579,637 |
| Unclaimed dividends | 1,442,230 | - | - | 1,442,230 |
| Deferred liability | 9,208,876 | - | - | 9,208,876 |
| Joint venture partner's advances | 30,059,542 | - | - | 30,059,542 |
| | (218,290,285) | - | - | (218,290,285) |
| | (26,191,732) | 1,729,443 | 1,300,413 | 3,029,856 |
| | | | | (29,221,588) |
| On balance sheet gap | | | | |
| Off Balance sheet Items | | | | |
| Financial contingencies and commitments | (85,184,000) | - | - | (85,184,000) |
| Total Gap | (111,375,732) | 1,729,443 | 1,300,413 | 3,029,856 |
| | | | | (114,405,588) |

40.1 Effective interest rates are mentioned in the respective notes to the financial statements.

41 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

41.1 Risk management policies

The Company's objective in managing risks is the creation and protection of share holders' value. Risk is inherent in the Company's activities, but it is managed through a process of ongoing identification, measurement and monitoring, subject to risk limits and other controls. The process of risk management is critical to the Company's continuing profitability. The Company is exposed to credit risk, liquidity risk and market risk (which includes interest rate risk and price risk) arising from the financial instruments it holds.

The Company finances its operations through equity, borrowings and management of working capital with a view to maintaining an appropriate mix between various sources of finance to minimize risk.

41.2 Credit risk

Credit risk represents the accounting loss that would be recognized at the reporting date if counter parties fail to perform as contracted and arises principally from trade and other receivables. The Company's policy is to enter into financial contracts with reputable counter parties in accordance with the internal guidelines and regulator requirements.

Exposure to credit risk

The carrying amounts of the financial assets represent the maximum credit exposures before any credit enhancements. Out of total financial assets, the financial assets which are subject to credit risk amounted to Rs. 225.480 million (2019: Rs. 190.719 million). The carrying amounts of financial assets exposed to credit risk at reporting date are as under:

| | 2020 Rupees | 2019 Rupees |
|-----------------------------|--------------------|--------------------|
| Long term security deposits | 1,861,203 | 1,861,203 |
| Contract receivables | 83,383,124 | 90,733,413 |
| Other receivables | 1,934,007 | 3,270,046 |
| Contract asset | 137,143,518 | 93,047,642 |
| Bank balances | 1,158,868 | 1,807,307 |
| | <u>225,480,720</u> | <u>190,719,611</u> |

The aging of contract receivables at the reporting date is:

| | | |
|---------------------|-------------------|-------------------|
| Not past due | - | - |
| Past due 1-30 days | - | - |
| Past due 30-90 days | - | - |
| Past due 90 days | 83,383,124 | 90,733,413 |
| | <u>83,383,124</u> | <u>90,733,413</u> |

All the trade contract receivables at balance sheet date represent domestic parties.

To manage exposure to credit risk in respect of trade receivables, management performs credit reviews taking into account the customer's financial position, past experience and other factors. Where considered necessary, advance payments are obtained from certain parties.

The exposure to banks is managed by dealing with major bank and monitoring exposure limits on continuous basis.

Concentration of credit risk

Concentration of credit risk arises when a number of counter parties are engaged in similar business activities or have similar economic features that would cause their abilities to meet contractual obligation to be similarly affected by the changes in economic, political or other conditions. The Company believes that it is not exposed to any major concentration of credit risk.

41.3 Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting its financial obligations 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 stress conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The followings are the contractual maturities of financial liabilities, including interest payments if any and excluding the impact of netting agreements, if any:

| Carrying Amount | Contractual Cash Flows | Six months or less | Six to Twelve months | One to two years | Two to five years | Over five years |
|------------------|------------------------|--------------------|----------------------|------------------|-------------------|-----------------|
| -----Rupees----- | | | | | | |

2020

| | | | | | | |
|----------------------------------|-------------|-------------|-------------|-----------|-----------|---|
| Trade and other payables | 180,795,836 | 180,795,836 | 180,795,836 | - | - | - |
| Unclaimed dividends | 1,442,230 | 1,442,230 | - | 1,442,230 | - | - |
| Deferred liability | 9,208,876 | - | - | - | 9,208,876 | - |
| Joint venture partner's advances | 30,059,542 | 30,059,542 | 30,059,542 | - | - | - |
| | 221,506,484 | 212,297,608 | 210,855,378 | 1,442,230 | 9,208,876 | - |

| Carrying Amount | Contractual Cash Flows | Six months or less | Six to Twelve months | One to two years | Two to five years | Over five years |
|------------------|------------------------|--------------------|----------------------|------------------|-------------------|-----------------|
| -----Rupees----- | | | | | | |

2019

| | | | | | | |
|----------------------------------|-------------|-------------|-------------|-----------|-----------|---|
| Trade and other payables | 180,795,836 | 180,795,836 | 180,795,836 | - | - | - |
| Unclaimed dividends | 1,442,230 | 1,442,230 | - | 1,442,230 | - | - |
| Deferred liability | 9,208,876 | - | - | - | 9,208,876 | - |
| Joint venture partner's advances | 30,059,542 | 30,059,542 | 30,059,542 | - | - | - |
| | 221,506,484 | 212,297,608 | 210,855,378 | 1,442,230 | 9,208,876 | - |

41.4 Market risk

Market risk is the risk that changes in market price, such as foreign exchange rates, interest rates and equity prices will effect the Company's income or the value of its holdings of financial instruments.

a) Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Currency risk arise in financial instruments that are denominated in foreign currencies i.e. in a currency other then the functional currency in which they are measured.

Presently the Company is not exposed to foreign currency risk except contingencies as disclosed in note 27.2 to these financial statements.

b) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Majority of the interest rate exposure arises from long term loans and short borrowings. The Company believes that it is not exposed to any significant interest rate risk.

Interest rate of the Company's financial assets and financial liabilities as at June 30, 2020 can be evaluated from the schedule given in note 41 to these financial statements.

The Company is not exposed to any material interest rate risk, except fixed rate financial instrument (long term investment) which has a fixed rate of interest, therefore, no sensitivity analysis has been presented.

c) Other price risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

At the year end the Company is not exposed to price risk since there are no financial instruments whose fair value or future cash flows will fluctuate because of changes in market prices.

42 FAIR VALUE MEASUREMENT

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in arms length transactions.

The carrying values of all financial assets and liabilities reflected in the financial statements approximate their fair values. Fair value is determined on the basis of objective evidence at each reporting date.

The financial instruments that are not traded in active market are carried at cost and are tested for impairment according to IFRS 9. The carrying amount of trade receivables and payables are assumed to approximate their fair values.

The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Company for similar financial instruments, if relevant.

| Assets carried at amortized cost | June 30, 2020 | | June 30, 2019 | |
|----------------------------------|-----------------|-------------|-----------------|-------------|
| | Carrying amount | Fair value | Carrying amount | Fair value |
| -----Rupees----- | | | | |
| Contract receivables | 83,383,124 | 83,383,124 | 90,733,413 | 90,733,413 |
| Contract asset | 137,143,518 | 137,143,518 | 93,047,642 | 93,047,642 |
| Loans and advances | 22,236,403 | 22,236,403 | 22,440,793 | 22,440,793 |
| Other receivables | 1,934,007 | 1,934,007 | 3,270,046 | 3,270,046 |
| Cash and bank | 1,204,501 | 1,204,501 | 1,885,836 | 1,885,836 |
| | 245,901,553 | 245,901,553 | 211,377,730 | 211,377,730 |

Liabilities carried at amortized cost

| | | | | |
|----------------------------------|-------------|-------------|-------------|-------------|
| Trade and other payables | 208,571,578 | 208,571,578 | 180,795,836 | 180,795,836 |
| Unclaimed dividends | 1,442,230 | 1,442,230 | 1,442,230 | 1,442,230 |
| Joint venture partner's advances | 30,059,542 | 30,059,542 | 30,059,542 | 30,059,542 |
| | 240,073,350 | 240,073,350 | 212,297,608 | 212,297,608 |

As at June 30, 2020 the Company did not hold any financial instruments carried at fair value. Moreover, investment property and operating fixed assets are measured at fair value.

The investment property and freehold land and building in operating fixed assets were valued on June 30, 2020 carried out by external independent valuer M/s Impulse (Private) Limited.

| | As at June 30, 2020 | | | |
|---|---------------------|---------|-------------|-------------|
| | Level 1 | Level 2 | Level 3 | Total |
| -----Rupees----- | | | | |
| Assets | | | | |
| Investment property carried at fair value | - | - | 445,280,201 | 445,280,201 |
| Freehold land and buildings | - | - | 271,308,582 | 271,308,582 |
| | - | - | 716,588,783 | 716,588,783 |

| | As at June 30, 2019 | | | |
|---|---------------------|---------|-------------|-------------|
| | Level 1 | Level 2 | Level 3 | Total |
| | Rupees | | | |
| Assets | | | | |
| Investment property carried at fair value | - | - | 392,937,135 | 392,937,135 |
| Freehold land and buildings | - | - | 245,473,868 | 245,473,868 |
| | - | - | 638,411,003 | 638,411,003 |

Reconciliation of net increase in level 3 fair values:

| | 2020 Rupees | 2019 Rupees |
|--|----------------|----------------|
| Fair value at beginning of the year | 638,411,003 | 460,982,312 |
| Depreciation charged during the year | (345,100) | (263,343) |
| Remeasurement recognized in profit or loss | 52,343,065 | 52,760,204 |
| Remeasurement recognized in OCI | 26,179,815 | 124,931,830 |
| Fair value at end of the year | 716,588,783 | 638,411,003 |

The Company has revalued its freehold land, buildings on June 30, 2020 and plant and machinery on June 30, 2019 by independent valuer M/s Impulse (Private) Limited on the basis of market values of similar properties. The fair value of free hold land, buildings and plant and machinery is a level 3 recurring fair value measurement.

Interest rate used for determining fair value

The interest rates used to discount estimated cash flows, when applicable, are based on the government yield curve at the reporting date plus an adequate credit spread. For instruments carried at amortized cost, since majority of the interest bearing instruments are variable rate based instruments, there is no difference in carrying amount and the fair value. Further, for fixed rate instruments, since there is no significant difference in market rate and the rate of instrument and therefore most of the fixed rate instruments are of short term in nature, fair value significantly approximates to carrying value.

Fair value hierarchy

International Financial Reporting Standard (IFRS) 13, "Fair Value Measurement" requires the Company to classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The table below analysis financial instruments carried at fair value by valuation method. The different values have been defined as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets and liabilities.

Level 2: input other than quoted prices included with in Level 1 that are observable for assets and liability either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: inputs for the assets or liability that are not based on observable market data (unobservable inputs).

Transfers between levels of the fair value hierarchy are recognized at the end of the reporting period during which the change occurred. However, there is no transfers between levels during the year.

42.1 Determination of fair values

A number of the Company's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined of measurement and / or disclosure purposes based on the following methods.

Non-derivate financial asset

The fair value of non-derivate financial asset is estimated as the present value of future cash flows, discounted at the market rate of interest at the reporting date. The fair value is determined for disclosure purposes.

Non-derivate financial liabilities

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date.

43 DISCLOSURE REQUIREMENT FOR ALL SHARE ISLAMIC INDEX

With reference to circular no. 14 of 2016 dated April 21, 2016, issued by the Securities and Exchange Commission of Pakistan relating to "All Shares Islamic Index", the Company does not have investment, bank balance or other operations having Islamic mode therefore, individual items required by circular no. 14 of 2016 have not been disclosed.

44 CAPITAL MANAGEMENT

The Board'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 Board of Directors monitors the return on capital, which the Company defines as net profit after taxation divided by total shareholders' equity. The Board of Directors also monitors the level of dividend to ordinary shareholders. There were no changes to the Company's approach to capital management during the year and the Company is not subject to externally imposed capital requirements.

The capital structure of the Company is as follows:

| | 2020 Rupees | 2019 Rupees |
|---------------|--------------------|--------------------|
| Equity | 785,777,323 | 732,620,160 |
| Borrowings | - | - |
| | <u>785,777,323</u> | <u>732,620,160</u> |
| Gearing ratio | <u>-</u> | <u>-</u> |

45 JOINT VENTURES

- 45.1 The Joint Venture for execution of Bong Canal Bridge, Mangla with Sarwar Construction (Private) Limited was in the ratio of 60:40 and the Company recognized its own share i.e. 60% of income and expenses in the preceding years' financial statements.
- 45.2 As approved by the Board of Directors, the management had entered into Joint Venture arrangements for the execution of the following Projects in prior years:

| | Project value Rs. in million | Profit sharing ratio Investor |
|--|---|--|
| Khalifa Gul Nawaz Medical Complex, Bannu | 402.36 | 50% |
| Durrani Public School, Bannu - Phase II | 295 | 50% |
| Hawad / Nurar Bridges, Bannu | 176.42 | 50% |

The actual amount invested by the Joint Venture Partner has been shown under Joint Venture Partner's advances in these financial statements (note 25).

46 INFORMATION ABOUT BUSINESS SEGMENTS

For management purposes, the activities of the Company have been divided into own projects and joint ventures. The Company operates in these business segments based on risk and return, organizational and management structure and internal financial reporting systems. Operating results of joint ventures have not been separately disclosed in these financial statements as these do not meet the minimum thresholds prescribed by IFRS 8 (Operating Segments).

The Company's operations are confined to Pakistan in terms of customers; accordingly, the figures reported in these financial statements relate to the Company's business segments relating to Pakistan.

The Company has two (2019: two) customers having contract income of 10% or more during the year.

47 NUMBER OF EMPLOYEES

| | 2020 Numbers | 2019 Numbers |
|----------------------------------|-------------------------|-------------------------|
| Total number of employees | | |
| At June 30, | 21 | 29 |
| Average during the year | 23 | 36 |

48 IMPACT OF COVID-19

The pandemic of COVID-19 that has rapidly spread all across the world has not only endangered human lives but has also adversely impacted the global economy. In March, 2020, the Government of the Pakistan announced a temporary lock down as a measure to reduce the spread of the COVID-19. Complying with the lockdown, the Company temporarily suspended its operations from March 21, 2020. The lockdown was subsequently relaxed for construction industry by the

Govt from April 25, 2020 when Govt announce to open project sites. After implementing all the necessary Standard Operating Procedures (SOPs) to ensure safety of employees, However the Company henceforth resumed its headoffice operations from June 1, 2020 and has taken all necessary steps to ensure smooth and adequate continuation of its business in order to maintain business performance despite slowed down economic activity. The lockdown has caused disruptions in the supply chain including supply to the customers and transportation of labour at site resulting in a decline in revenue. It is also expected that the outbreak may result in lower demand in future. Due to this, management has assessed the accounting implications of these developments on these financial statements, including but not limited to the following areas:

- expected credit losses under IFRS 9, 'Financial Instruments';
- the net realisable value of inventory under IAS 2, 'Inventories and store, spares and loose tools.
- going concern assumption used for the preparation of these financial statements.

According to management's assessment, there is no significant accounting impact of the effects of COVID-19 in these financial statements except a decline in sales as compared to previous year due to suspension of operations during lockdown period from March 21, 2020 to May 31, 2020.

49 DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue on **October 05,2020** by the Board of Directors of the Company.

50 GENERAL


Amounts printed in the financial statements have been rounded off to the nearest of rupee, unless otherwise stated.



CHIEF EXECUTIVE



CHIEF FINANCIAL OFFICER



DIRECTOR

SUMMARY OF KEY OPERATING AND FINANCIAL -DATA

PROFIT AND LOSS ACCOUNT

| 2015 | 2016 | 2017 | 2018 | 2019 | 2020 |
|------------|------|------|------|------|------|
| PAK RUPEES | | | | | |

| | | | | | | | |
|-----------------|-------------------|---------|---------|--------|--------|---------|---------|
| Contract Income | Rupees in Million | 344.643 | 495.088 | 413.30 | 385.17 | 201.388 | 184.639 |
|-----------------|-------------------|---------|---------|--------|--------|---------|---------|

| | | | | | | | |
|---------------------------|-------------------|--------|--------|-------|-------|--------|--------|
| Net Contract Profit /loss | Rupees in Million | 23.222 | 33.529 | 19.59 | 52.00 | 22.006 | 11.124 |
|---------------------------|-------------------|--------|--------|-------|-------|--------|--------|

BALANCE SHEET

| | | | | | | | |
|---|-------------------|---------|---------|---------|---------|--------|---------|
| Shareholders equity (Including surplus on revaluation of fixed assets) | Rupees in Million | 429.881 | 479.256 | 517.181 | 569.905 | 732.62 | 785.777 |
|---|-------------------|---------|---------|---------|---------|--------|---------|

| | | | | | | | |
|------------------------|-------------------|--------|---------|--------|--------|---------|---------|
| Operating Fixed Assets | Rupees in Million | 99.654 | 129.563 | 145.64 | 144.70 | 266.279 | 288.573 |
|------------------------|-------------------|--------|---------|--------|--------|---------|---------|

| | | | | | | | |
|----------------|-------------------|---------|---------|--------|--------|---------|---------|
| Current Assets | Rupees in Million | 332.196 | 336.532 | 310.68 | 309.59 | 328.029 | 356.703 |
|----------------|-------------------|---------|---------|--------|--------|---------|---------|

| | | | | | | | |
|---------------------|-------------------|---------|---------|-----------|----------|---------|--------|
| Current Liabilities | Rupees in Million | 212.380 | 211.232 | 219.77249 | 207.7537 | 230.342 | 269.16 |
|---------------------|-------------------|---------|---------|-----------|----------|---------|--------|

| | | | | | | | |
|---------------------------------------|-------------------|--------|--------|------|------|-------|-------|
| Cash and Cash Equivalents at year end | Rupees in Million | 17.516 | 38.358 | 7.14 | 4.15 | 1.885 | 1.204 |
|---------------------------------------|-------------------|--------|--------|------|------|-------|-------|

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