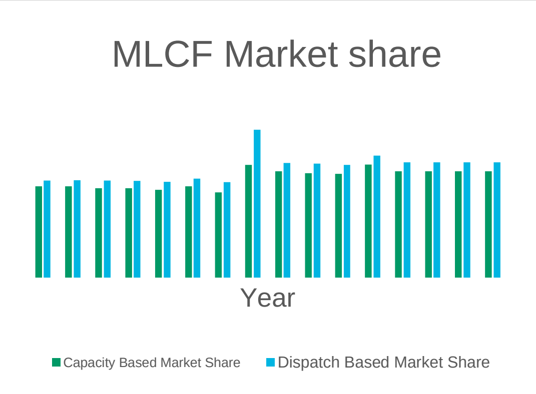
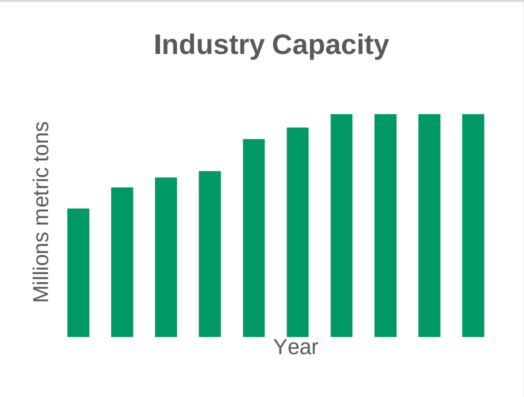
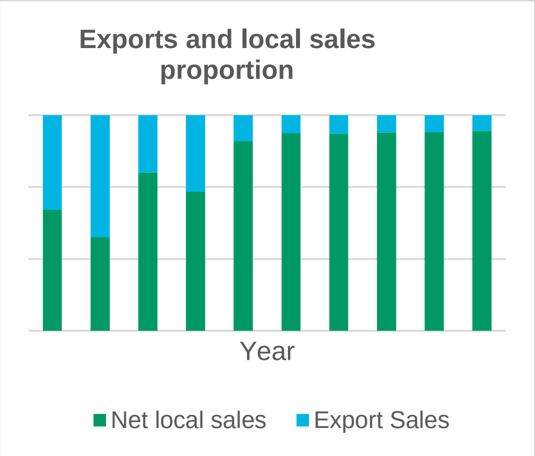
Company Name	**Maple Leaf Cement Factory**
Ticker	**MLCF**
Exchange	**Pakistan Stock Exchnage (PSX)**
Sector	**Cement**
Recommendation	**Buy**
Current Price	**Rs. 22.57 as on 30 Dec 2022**
Target Price	**Rs. 40**
Increase	**77.23%**







BUSINESS DESCRIPTION

Overview

Maple Leaf Cement Factory Limited Company is the third largest Company in Pakistan. It was established in 1956 as a collaboration between the West Pakistan Industrial Development Corporation and the Government of Canada. It is located at Daud Khel (District Mianwali), A city rich in raw materials required for cement production. In 1992 Kohinoor acquired Maple Leaf cement under the privatization policy. At the time of acquisition, the capacity of Maple leaf Cement was 1000 tons/day of ordinary Portland cement. In 1998, a second plant was commissioned with a 4000 tons/day capacity. In 2006, the capacity was increased to 11700 tons/day.

On the other hand, the capacity of the white cement plant was also increased to 1000 tons/day. It has 9% of the market share of ordinary Portland cement. It is a large producer of white cement with 80% of the market share. It is a leading brand in Pakistan with a diverse customer base.

Business Model

Maple Leaf Cement Factory Limited is a company that manufactures and sells cement to various customers, including domestic and international markets. Most of their sales come from local sources, including commercial and residential construction and government agencies, which make up 97.5% of their sales. Cement is used to produce concrete, which has many applications, including constructing roads, bridges, dams, and buildings. Maple Leaf Cement also exports a small portion of its cement, about 2.5% of total sales, to countries in the Middle East, Africa, and Afghanistan. The Company has one white cement production line and four grey cement production plants, the fourth of which began operating in November 2022.

MLCF offers Ordinary Portland cement, Sulphate Resistant Cement, Low alkaline, White cement, and wall coat. The clinker is the intermediary product for the manufacturing of these cement products. Clinker is also exported to other countries.

Due to the energy-intensive nature of the manufacturing process, which primarily consists of fuel and energy costs, these raw materials only make up 4% of the production costs. Nearly 60% of the overall cost of production is made up of energy costs. Cement companies turn to coal as an energy source because of its affordability and reliance on it. MLCF specifically uses locally sourced Darra coal to reduce costs and is the only Company that uses Pet-coke, a substitute for coal, to produce white cement. MLCF's production process is vertically integrated, meaning they handle everything from quarrying and crushing raw materials to manufacturing and marketing finished cement products.

INDUSTRY OVERVIEW

The cement industry plays a significant role in the economic growth of a nation and its development through infrastructure and construction projects. The cement sector's performance directly impacts the nation's infrastructure spending, as well as other related industries (steel, wood, tiles, etc.). Construction and development depend heavily on cement. Due to its wide and diverse supply chain, this industry has a substantial economic impact, contributing about 0.4% to the global GDP and 7.7% to employees globally.

Current capacity

As of now, there are 16 operating companies in the country and 24 manufacturing units, with a combined installed annual capacity of 66.16 million metric tons by 2022. These companies are divided into two regions: the North and the South. The North accounts for about 80% of total production and sales, while the South has 20%; the South has more opportunities for revenue diversification through exports to various markets via the sea. In contrast, the Northern manufacturers can only export to Afghanistan and India.

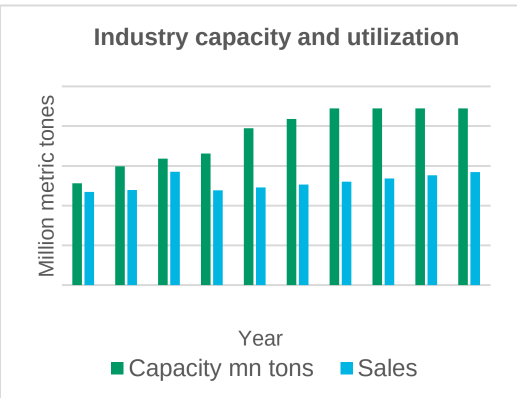
Large capacity expansion is underway.

The cement industry is in significant growth, with many companies planning to increase their production capacity. The capacity expansion has been announced by nearly half of the industry participants so far (more than 3.0 million tons of capacity has already been added during FY18). Thereafter, an expected approximately 83.61 million metric tons of expansion toward the production facility is anticipated by FY24.

A variety of factors influence the industry's expansion cycles. The Government of Pakistan's (GOP) initiatives, including the Naya Pakistan Housing Program (NPHP), the building of dams, and CPEC Phase-II-related operations, continue to offer positive demand prospects, as well as the flood impact, which has prompted industry participants to engage in expansion. Government spending on development projects and cement consumption are closely tied.

Challenges include energy shortages, rising costs, and environmental regulations.

The cement industry faces several challenges, including energy shortages, increasing costs, and growing environmental concerns associated with cement manufacturing. In response, the Government has implemented measures such as encouraging the use of alternative energy sources and providing financial incentives to the cement industry. Additionally, cement companies are investing in research and development to improve efficiency and reduce costs.

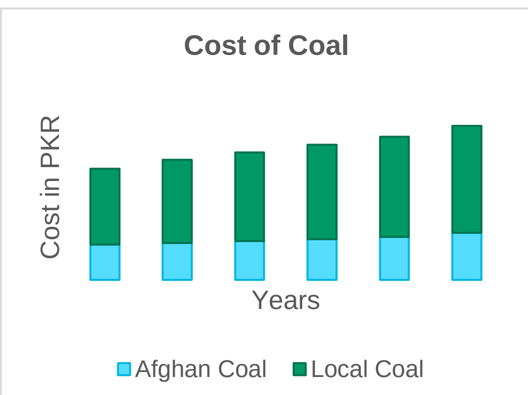


Price Dynamics

Cement prices are influenced by supply and demand in the market. Price changes often depend on the costs of producing cement, including coal prices, exchange rates, fuel costs, and transportation charges. In the past fiscal year, the average price of cement has increased by about 2% monthly in the North and 1% in the South. The global increase in coal prices has directly affected the price of cement; therefore, Cement companies are increasingly switching to Darra coal, which is readily available locally and less expensive than imported coal.

Impact of floods on Infrastructure damage and demand for cement

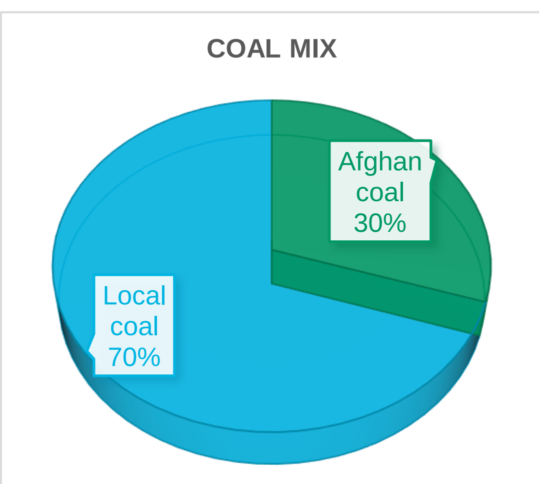
Pakistan has recently experienced severe flooding that has caused significant damage to the country's infrastructure, including homes, roads, and bridges. According to the National Disaster Management Authority, approximately 1.76 million houses, 390 bridges, and roads covering 12,718 kilometers have been partially or fully damaged as of September 14, 2022. The cement industry saw a 16.82% year-on-year decrease in November 2022 due to the floods. The demand for cement is expected to rise by 10% to 15% in the coming year. Undertaking the process of rebuilding or reconstruction could take 3-6 months on average.



COMPETITIVE POSITIONING

MLCFL has located and spread geographically into the North and central region. North region's major competitors are Lucky Cement, Bestway cement, Kohat cement, Pioneer cement, DG khan cement, and Cherat cement. Excluding Bestway and lucky cement companies, MLCFL will achieve its target of increasing capacity through the fourth production line till 2Q of FY 2023. The Cement industry is oligopolistic, has low entry barriers, and requires a high capital cost of development.

Market Dynamics



MLCFL first entered the market many years ago. Today, they are Pakistan's largest single cement manufacturing facility at a single location, with a daily clinker production capacity of 19,000 tons, and it has 18.9% Growth in FY2022 due to expanding capacity. As supply outpaced demand in the market, prices were under pressure to decline. Additionally, the devaluation of the rupee increased coal prices, increasing production costs. In terms of gradual to vigilant moments, In FY19, revenue growth was barely noticeable, increasing by 1% to Rs 26 billion. Local dispatches decreased by 4.3 percent due to decreased private sector investment and political unpredictability at the start of the year owing to general elections.

On the other hand, the volume of export sales increased by 21% to 334,671 tons, and in FY2022, the revenue growth was, in comparison, 27.29%. The local economy's slow business growth and the currency devaluation that boosted exports were attributed to earlier slow growth. The gross margin decreased to 18.9% because of the fierce competition, which has caused margins on export sales to be lower. In addition to rising production costs, finance expenses increased to take 4.5 percent of revenue, lowering the net margin to 5.6 percent.

INVESTMENT SUMMARY

Based on our analysis, we believe that MLCF has a strong market position and has demonstrated effective cost controls, leading to higher margins. These factors, combined with our use of a Discounted Free Cash Flow model and adjustment through Monte Carlo Simulation, have led us to issue a BUY recommendation for MLCF with a one-year target price of Rs. 40. This represents a significant upside of 77.23% compared to the Company's December 30, 2022, closing price of Rs. 22.57, offering investors the potential for significant returns in the coming year. MLCF is well-positioned for future growth and success and recommends that investors consider adding the stock to their portfolios.

Market Position

MLCF is a large company that produces and sells cement, a common construction material. MLCF has a strong market share in the white cement market, where it holds a dominant position with over 90% of the market share. This means that MLCF is a major supplier of white cement, a type of cement distinguished by its pale color, due to the use of white or nearly white raw materials. In addition to its strong position in the white cement market, MLCF also has a significant market share in the cement industry, with around 10%. This means that MLCF is a major player in the cement industry and one of the market's top cement suppliers. Recently, MLCF has announced an expansion of their capacity, with a new 2.1-million-ton capacity set to become operable in the fiscal year 2023. This expansion will strengthen MLCF's position in the market and make it one of the top three cement manufacturers based on capacity. Overall, MLCF's market dominance in white cement and well-maintained market share in the cement industry make it a major player in the market. The Company's recent expansion will further strengthen its position.

Cost Controls led Higher Margins

The Company has reported a 30% increase in its topline (total revenue) for the first quarter of the fiscal year 2023. This improvement is primarily due to increased selling prices in the local market. The increase in selling prices is a result of high inflationary pressures, particularly in the cost of fuel and power. Global coal and oil prices have remained high due to an ongoing war between Russia and Ukraine, which has disrupted the supply of oil from Russia and caused commodity prices to rise further. However, the Company has been able to mitigate the impact of these higher fuel and power costs by procuring local coal at cheaper rates and using cost-effective pet coke, which has a higher energy content and was available in the Company's inventory at affordable prices. In addition, the Company has been able to avoid the potential negative impact of increases in electricity tariffs by relying on its own power generation sources, such as a coal-fired power plant, a solar power plant, and a waste heat recovery plant. The waste heat recovery plant now accounts for one-third of the Company's power mix and is the cheapest source of electricity for the Company. Overall, these cost-saving measures have contributed to higher margins than last year's period.

Favorable Margins:

The Company has implemented various measures to control costs and improve its profitability. These efforts have paid off, as the Company has significantly increased its Gross Profit Margin from 2.11% in FY20 to 27.29% in FY22. One of the main factors contributing to this improvement was the Company's decision to reduce its reliance on the National Power Grid. This was due to the grid's higher tariffs, which were impacting the Company's profitability. To mitigate this, the Company focused on generating more power using its own resources, such as coal, pet coke, and waste heat recovery. The installation of a Waste Heat Recovery Plant on Line 4 was particularly beneficial for the Company, as it helped reduce the production cost and improve the Gross Profit Margin. This plant captures and utilizes the heat generated during the production process, which would otherwise be wasted, to generate additional power. This not only helped to reduce the Company's reliance on the National Power Grid but also resulted in significant cost savings. Overall, the Company's efforts to control costs and improve its power mix have positively impacted its Gross Profit Margin, and the Company is well-positioned to continue improving its profitability in the future.

VALUATION

MLCF is a good investment opportunity; therefore, we are issuing a BUY recommendation for the Company's stock. We have set a target price of Rs 40. MLCF's stock represents a 77.23% upside from its 12/31/2022 closing price of Rs. 22.57. Our recommendation is based on our analysis of MLCF's market position, cost controls, and favorable margins using a Free Cash Flow to the Firm (FCFF) Discounted Cash Flow (DCF) model. We have also conducted scenario and sensitivity analyses to assess the impact of input variability on the implied price. We have adjusted our valuation to the minimum value using Monte Carlo Simulation, considering the current economic conditions. Overall, we believe that MLCF's strong market position, effective cost controls, and favorable margins make it a promising investment opportunity with the potential for strong returns.

Discounted Cash Flows

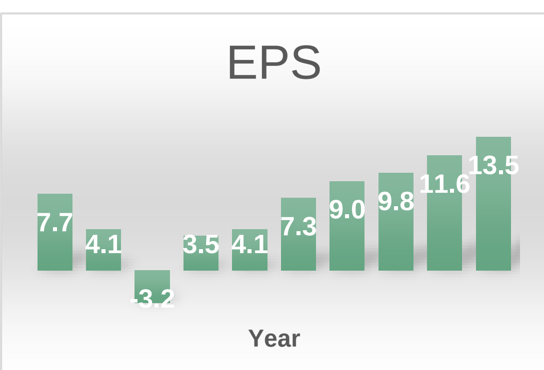
We estimate a WACC of 18.62% for MLCF. WACC is computed using the following assumptions:

Component	**Rate**	**Methodology**
Risk-free rate	14.20%	Pakistan Investment Bond 10-year Yield.
Equity Risk Premium	6%	A risk premium is given in the market.
Beta	1.6854	Adjusted Beta (raw average of 3 years weekly regression).
Cost of equity	24.31%	Calculated using CAPM.
The pre-tax cost of debt	8.24%	Calculated by dividing Finance cost with Short-term and Long-term liabilities. And then, the average was used.
Tax rate	33%	29% corporate tax + 4% super tax.
The after-tax cost of debt	5.52%	
WACC	18.62%	Calculated using the traditional formula of WACC

Terminal Growth rate: The 3% terminal growth rate effective after FY2028 is based upon a weighted average of the expected GDP growth and adjusted according to current economic situations.

Sensitivity Analysis

As per the current economic conditions of Pakistan, we can witness some deviations from the forecasted figures. So, we assumed a 5% Standard Deviation for Free Cash Flows. Also, we assumed a Standard Deviation of 4% for WACC and a 5% Standard Deviation for Net Debt. By adjusting the above key assumptions, we can get to a more realistic valuation. We run about inputs in Monte Carlo Simulation for 1 million iterations. Then we used the Minimum Value as our Target Price for 12 months. This minimum value is used to avoid the risk of overvaluation and to implement the current economic conditions.



FINANCIAL ANALYSIS

A positive trend in local Sales

Continuing from its positive trend from the past, we expect MLCFL's local division sales to increase at a CAGR of 9.25% between 2022 and 2028. Local division sales are mainly driven by local development within the country and focus only on local customers.

Improved margins

We expect that MLCF will maintain a solid net profit margin from 9% in 2022 to 17% in 2028, and gross profit will continue to increase at an average rate of 34% for the next six years. This is due to an increase in sales in the next six years.

Strong balance sheet

We expect that our operating cash flows will increase at a CAGR of 10% between the years 2023 and 2028. The efficiency in operating cash flows and increase in sales from 61 million in 2023 to 103 million in 2028, will reduce the need for short-term borrowing. MLCF will have enough cash balance to cover its expenses. The long-term debt in the future will also decrease as the Company has expanded already and will not expand in the future.

Forward-looking statement

Cement demand has been modestly growing in the local market in the past few years, with the current year trend exhibiting promising future growth in demand as the Government expresses renewed dedication to recover from the delays caused by a slowdown in CPEC projects. To benefit from the upcoming demand for cement, the Company has already started its capacity enhancement project Line 4 at its existing plant site. The Company also aims to improve its market share through its constant vigorous marketing and branding activities to capture, retain and build a wide customer portfolio.

INVESTMENT RISK

Investment risk refers to the possibility of losing money on an investment due to a number of factors, such as changes in market conditions, the poor performance of the Company, or economic downturns. When considering an investment in Maple Leaf Cement Factory (MLCF), investors should be aware of the various risks associated with the Company and the cement industry.

One of the main risks for MLCF is the cyclical nature of the cement industry, which is closely tied to the overall health of the construction sector. When construction activity is strong, demand for cement is high, which can lead to higher profits for companies like MLCF. However, when construction activity slows down, demand for cement also drops, which can lead to lower profits or even losses for the Company.

Investment risks

Impact	High	low	Medium
High	MR2	OR1	PR1
Low		OR2	MR1
Medium		OR3	

Another risk for MLCF is competition from other cement manufacturers within Pakistan and from imported cement. If MLCF is unable to maintain its market share or differentiate its products from its competitors, it could face challenges in maintaining profitability.

Additionally, MLCF is also exposed to risks from changes in government regulations, political and economic instability, and natural disasters, which can disrupt operations and lead to losses for the Company.

It is also important to consider the current market conditions; if the construction and real estate are not doing well, it will lead to lower demand. Therefore, the Company's revenue and profits may be affected.

Operational Risk

OR1: Machinery Breakdown (**LOW** probability, **HIGH** impact). Machinery breakdowns or stoppages can have a significant impact on the profitability of an entity. When machinery breaks down or stops functioning, it can cause delays in production and operations, which can negatively impact the Company's ability to meet customer demand. This can lead to lost sales and revenue and increased costs due to the need to repair or replace the broken machinery.

In addition, machinery breakdowns can also cause disruptions in the supply chain, making it difficult for the Company to maintain a steady flow of raw materials or finished goods. This can further impact production and operations, leading to delays and lost sales.

Furthermore, due to the delays caused by machinery breakdowns, the Company may have to pay overtime or additional labor costs to keep up with customer demand, which can increase the cost of production. Additionally, the Company may incur costs associated with hiring outside contractors or specialists to repair or maintain the machinery, which can further increase costs and negatively impact profitability.

The downtime caused by machine breakdowns or stoppages also may result in a reduction in employee morale. It can also lead to the loss of skilled employees, which can further impact productivity, efficiency, and, ultimately, the profitability of the Company.

In conclusion, machinery breakdowns or stoppages can significantly negatively impact the profitability of an entity like MLCF. The Company needs to have proper maintenance and repair protocols in place to minimize the occurrence of breakdowns and their impact on production and operations. Moreover, having a backup plan for the machinery in case of failure is also crucial for the Company to minimize downtime and associated losses.

Impact on Valuation: Due to its low probability of occurrence and the preventive measures taken by the Company, we have assumed that there will not be any Machinery Breakdown for the foreseeable future.

OR2: Loss of qualified and competent employees (**LOW** probability, **LOW** impact). The loss of qualified and competent staff can significantly impact a company's operations and bottom line. When key employees leave, the remaining staff may have to take on additional responsibilities, leading to an increased workload and added stress. This can cause a decline in morale and productivity among the remaining staff, which can further contribute to the Company's problems.

Additionally, when valued and experienced employees leave, the Company may have to spend significant resources to recruit and train new staff to replace them. This can be costly and time-consuming, disrupting the Company's operations and leading to delays and increased expenses. Furthermore, this can also lead to the loss of institutional knowledge and expertise, which can negatively impact the Company's performance.

The loss of key employees can also damage the Company's reputation and brand, as they may take valuable customers and contacts to their new positions. It can also make it harder for the Company to attract and retain other talented employees in the future, as the loss of its key staff may damage the Company's reputation.

Furthermore, it can negatively impact the Company's culture, as the employees may have been instrumental in maintaining a positive, productive, and collaborative work environment. This can negatively impact the employee's engagement, motivation, and overall employee satisfaction.

Impact on Valuation: The Company's operational succession planning and capacity building of resources are preventative measures that made the probability of this risk low and its impact. For the valuation, we assumed that this risk would not adversely affect the Company's valuation.

OR3: Health and Safety (**LOW** probability, **MEDIUM** impact). Accidents can take place in any workplace, and the cement manufacturing industry is no exception. These accidents can range from minor incidents, such as slips, trips, and falls, to major accidents, such as explosions and fires. Regardless of the severity, accidents can have serious consequences for employees and the Company.

Regarding employees, accidents can cause serious injuries, such as broken bones, burns, and head injuries. These injuries can not only be debilitating for the employees themselves, but they can also significantly impact their families and loved ones. In some cases, accidents can even lead to permanent disability or death.

In addition to the human cost, accidents can also cause disruptions in operations at the Company. This can include production shutdowns, damage to equipment and facilities, and delays in delivering goods and services. These disruptions can lead to financial losses for the Company and damage its reputation with customers and other stakeholders.

Impact on Valuation: Due to its low profitability and Company's active preventive measures, we have assumed that there will be no impact of such risk on the Company's valuation.

Market Risks

MR1: Threat of New Entrants (**MEDIUM** probability, **LOW** impact). The threat of new entrants is one of the five forces that shape an industry's competitive environment, as Michael Porter's Five Forces Framework describes. A new entrant is a company entering a market or industry it is not currently a part of.

In the case of Maple Leaf Cement Factory (MLCF), the threat of new entrants is assessed as having a medium probability but a low impact. This means that while the probability of new firms entering the market is moderate, the impact on the existing players, including MLCF, is not likely significant.

There are several factors that contribute to the medium probability of new entrants in the cement industry. The barriers to entry are relatively low, as the industry does not require significant capital investments, intellectual property, or specialized knowledge. However, some economies of scale may make it difficult for a new entrant to compete effectively with established players. Additionally, obtaining licenses and permits and compliance with regulations could be a hurdle for a new entrant, making it difficult for new firms to enter the market.

The low impact of new entrants on MLCF is likely because the Company already has a strong presence in the market and a solid reputation. Additionally, established companies like MLCF have established distribution channels, loyal customers, and the ability to leverage their scale to reduce costs, which may make it difficult for a new entrant to gain market share.

It is also important to note that in some cases, new entrants could bring new technology and innovation, which might not be accessible to the current players, this could also result in increased competition and pressure to adapt and improve.

MR2: Inflation (**HIGH** probability, **HIGH** impact). Inflation is a significant economic risk that can significantly impact investment. Inflation refers to the general increase in prices of goods and services over time, which can lead to a decrease in purchasing power and a decline in the value of assets. The probability of inflation occurring is considered high because it is a natural and ongoing part of economic growth.

The impact of inflation on investment can be significant. As the prices of goods and services rise, the value of fixed-income investments like bonds can decline, while the value of stocks can be affected as companies struggle to pass on higher costs to consumers. Inflation can also impact real estate investments, as rising prices can lead to increased operating costs, making properties less profitable. Commodities investments such as oil, gold, etc. are also affected by inflation.

Furthermore, inflation can also lead to interest rates increasing, which can make borrowing more expensive for companies and individuals. This can, in turn, slow economic growth and reduce demand for goods and services, negatively impacting many types of investments.

For a company such as Maple Leaf Cement Factory, Inflation can have a big impact as it is directly correlated with the construction and real estate industry; if the prices of raw materials, labor, and transportation increase, it would affect the Company's revenue and profits. In addition, if interest rates increase, it would be more difficult for the Company to borrow for expansion projects.

Overall, inflation is a high-probability risk that can significantly impact an investment. Investors should be aware of the potential effects of inflation on their investments and consider it when making investment decisions.

MR3: Supply Chain and Backlog (**HIGH** probability, **HIGH** impact). Supply Chain and Backlog are major concerns for any manufacturing or construction-related Company, and Maple Leaf Cement Factory (MLCF) is no exception. These issues have a high probability of occurring and can significantly impact the Company's operations and financial performance.

Supply Chain disruptions can occur for several reasons, such as natural disasters (Recent floods), political instability (Russia-Ukraine War and Letter of Credit issue), or logistical issues. These disruptions can cause delays in delivering raw materials and equipment, leading to production delays and higher costs. This can also lead to backlogs in the delivery of finished products, resulting in lost sales and reduced revenue.

Backlogs in construction projects can also be a significant concern for MLCF. If the Company cannot meet the demand for its products due to production delays, it may lose out on potential sales and market share. Additionally, construction project delays can lead to increased costs, legal issues, and reduced customer satisfaction.

Political Risks

PR1: Development Budget (**MEDIUM** probability, **HIGH** impact). The government development budget is an important factor that can significantly impact a company's performance. The government development budget is the portion of the Government's budget that is allocated to various projects, such as infrastructure, transportation, education, and healthcare. This budget allocation can have a direct effect on the performance of companies that are involved in the construction and development industries.

With a medium probability, the government development budget may not be a consistent or predictable source of revenue for a company like Maple Leaf Cement Factory. However, it can still have a high impact on its performance. This is because the government development budget can fluctuate from year to year, depending on the Government's priorities and the state of the economy. When the Government's budget is focused on infrastructure and construction projects, companies in these industries may benefit from increased demand for their products and services. However, during times when the budget is allocated to other areas, such as healthcare or education, companies in these industries may see a decrease in demand. By looking at the current economic situation of Pakistan, we assumed there is a medium probability that the government will start developing infrastructure projects. So, the Company will focus on local customers.

PR2: Tax Environment (**HIGH** probability, **HIGH** impact). The tax environment is a crucial aspect of any investment decision and can significantly impact a company's profitability. In the case of Maple Leaf Cement Factory, the probability of the tax environment having a high impact on the Company's performance is high. This is because changes in tax laws and regulations can directly affect the Company's bottom line and the competitive landscape in which the Company operates.

The high impact of the tax environment on MLCF is also because taxes make up a significant portion of the Company's operating costs. Therefore, any tax changes can significantly impact the Company's financial performance. Additionally, the tax environment can also affect the ability of MLCF to invest in new projects or expand its operations, which can affect the Company's long-term growth prospects. Currently, the Company is paying a Super Tax of 4%, which will impact the profitability of the Company as the effective tax rate increases from 29% to 33%.

ENVIRONMENTAL, SOCIAL, AND GOVERNANCE

Environmental

Overall cement industry has the largest impact on the environment through air pollution by emitting toxic gasses like Nitrogen oxide, sulfur dioxide, and carbon monoxide. As a result of the fast-altering climate system, the cement industry has emerged as a powerful illustration of climate justice and community resistance to impending environmental risks. The environmental issues MLCFL faces, such as the use of unfriendly materials, hazardous air emissions, and energy consumption, are, nonetheless, of great concern. To mitigate these challenges, MLCFL has taken a few significant steps. Due to the current energy challenges, MLCFL installed a waste heat recovery plant, which is cost-effective and successfully achieved energy efficiency. Other installations will enhance its capacity from 25MW to 37MW.

Additionally, MLCFL has a 40 MW coal-fired power plant, which has decreased its reliance on the national grid. To assess the viability of wind power, MLCFL has also installed wind monitoring equipment. In addition, to track harmful gasses and dust MLCFL has recently acquired technological tools like the TESTO 350, a mini-sampler, and an air pointer that detects and monitors the bundles of emissions. As a result of the country's severe water shortage, MLCFL also maintains a wastewater treatment plant that treats 300 m3 of water daily. By the ISO 14001 criteria, MLCFL has been certified for upholding its environmental duties (2021).

Factors negatively impact environmental concerns include limited information regarding the degree of sustainable energy resources utilized, the percentage of emission of Greenhouse gasses that are readily reduced from clinker production, and how much they have become efficient in using extensive material and water.

Social

In terms of corporate social responsibility, MLCFL has made a significant effort to comply with all standards. They have focused on factors such as employee satisfaction, training and development plans, community welfare, health and safety, and education. They have emphasized a few areas: employee satisfaction, training and development programs, community welfare, health and safety, and education. To increase employee happiness, the Company carries out several activities, such as yearly gatherings, official and informal meetings, surveys, HR involvement, and appraisal activities to close the communication barriers between employees and upper management. The business follows all government regulations on hiring disabled people and does not use child labor. Moreover, the Company makes significant investments in training its staff.

Moreover, every task that MLCFL completes, from everyday operations at the facilities to project construction sites and activities in surrounding communities, is focused on ensuring the health and safety of all stakeholders. In partnership with Al Shifa Islamabad, the Company has developed a hospital at its factory site to provide cutting-edge medical facilities to its workers and the surrounding population. By the ISO 14001 and 18001 standards, the Company has an effective management system and occupational health and safety Assessment series. The 8th International Awards on Environment, Health & Safety for the year 2022 have been given to Maple Leaf Cement Factory Limited by The Professionals Network. To ensure that no dangerous elements are present in its goods, the Company takes precautions and follows the proper procedures when manufacturing cement products.

Furthermore, MLCFL considers community investment a crucial component of its social responsibility to secure long-term success. It fulfills its obligation by regularly contributing funds to initiatives being carried out by various charitable institutions to advance society. Due to our dedication to achieving this goal, MLCFL launched its Master Mistri Program. The Company created a cutting-edge Masons' lounge at its manufacturing site to accommodate the programs and provide lodging for masons. MLCFL is provided to the Al Aleem Medical College at the Gulab Devi Chest Hospital in Lahore for educational purposes.

The insufficient information on direct financial support, refusal to reveal state financial assistance, disregard for territorial self-determination rights, and unclear bargaining rights are some factors that have a detrimental impact on MLCFL's social concerns.

Governance,

The MLCFL Board makes all of the Company's strategic decisions. It considers the accuracy and suitability of financial reporting and accounting and the integrity of disclosures. The Board of directors' performance will be assessed to ensure adherence to the corporate governance and ethics code. The Board has to ensure compliance with IFRS and promote adequate disclosures of the financial statements that are helpful for stakeholders to make wise judgments. Moreover, the Internal Audit Department has the knowledge and skills to impartially assess internal controls and risks for the Committee. The Board has devised a standard mechanism to evaluate the risk and the internal controls to minimize it.

The Board guarantees that the diversity policy is applied through the Human Resources department to ensure that all talent-hunting events, job fairs, and advertisements expressly state that we are an equal-opportunity employer in all respects. Additionally, Executive Directors of the Company will receive fair compensation for their work with the Company and Board representation. The Board may decide to adjust compensation at any time and occasionally adopt changes to the directors' compensation policy. Executives who promote teamwork, collaborative efforts, and team-building exercises are compensated appropriately. MLCFL considers investor services a crucial component of long-term corporate growth and ensures that the business continuity strategy and programs are visible to executives from a single location.