THE STRENGTH
KOHAT CEMENT

THE ART OF SUSTAINABILITY

Annual Report of **Kohat Cement Company Limited**
for the year ended June 30, 2019

FINANCIAL HIGHLIGHTS 2019

19,672
Shareholders' Equity
Rs. in Million
2018
17,976

15,645
Sales Revenue
Rs. in Million
2018
13,438

12.55
Return on Equity
Percentage
2018
16.58

1.01
Current Ratio
Ratio
2018
2.83

12.29
Earnings per Share
Rupees
2018
14.84

27.56
EBITDA to Sales
Percentage
2018
34.25

4.27
Price Earning Ratio
Ratio
2018
8.34

80.80
Interest Cover Ratio
Ratio
2018
38.27

CONTENTS

VISION, MISSION AND CORPORATE STRATEGY

Our Vision

Be the best in the eyes of all stakeholders

Our Mission is to Provide

- Our Customers with quality cement at competitive pricing
- Our Shareholders with good returns and sustainable growth
- Our Employees with care and career development opportunities

Our Corporate Strategy

Stay ahead of competition by adopting latest technology with efficient and progressive teamwork in an environment of good governance and professionalism.

ABOUT THE COMPANY

Company Information

Kohat Cement Company Limited was incorporated in 1980 and is one of the leading cement manufacturing companies of Pakistan. It is an ISO 9001-2008 certified company, with an annual capacity of 2.8 Million tons of Grey Cement and 150 thousand tons of White cement. The Registered office and the Factory are located at Kohat, whereas the Head Office is located in Lahore.

Our Culture

- Open communication, transparency and good ethical behavior form the basis of our corporate values.
- Our executive management has a very 'hands on' approach and thus is involved in the day-to-day activity of the company.
- No person in the management hierarchy is unapproachable; our carefully designed communication procedures ensure that any complaint or feedback is brought to the notice of the management.
- Our employees experience a healthy work life balance and a constant growth in both their professional and personal life.
- To help achieve our employee's full potential and foster their learning, we frequently nominate our employees for trainings, workshops and seminars.

CORPORATE INFORMATION

Board of Directors

Mr. Aizaz Mansoor Sheikh	*Chairman/Non-Executive Director*
Mr. Nadeem Atta Sheikh	*Chief Executive*
Mrs. Shahnaz Aizaz	*Non-Executive Director*
Mrs. Hafsa Nadeem	*Non-Executive Director*
Mrs. Hijab Tariq	*Non-Executive Director*
Mr. Muhammad Atta Tanseer Sheikh	*Non-Executive Director*
Mr. Ahmad Sajjad Khan	*Independent Non-Executive Director*
Mr. Talha Saeed Ahmed	*Independent Non-Executive Director*

Audit Committee

Mr. Talha Saeed Ahmed	*Chairman*
Mr. Aizaz Mansoor Sheikh	*Member*
Mr. Muhammad Atta Tanseer Sheikh	*Member*

HR&R Committee

Mr. Ahmad Sajjad Khan	*Chairman*
Mr. Nadeem Atta Sheikh	*Member*
Mr. Muhammad Atta Tanseer Sheikh	*Member*

Company Secretary

Mr. Muhammad Asadullah Khan

Legal Advisor

Imtiaz Siddiqui & Associates

Auditors

KPMG Taseer Hadi & Co.
Chartered Accountants

Share Registrar

Hameed Majeed Associates (PVT) Limited
H.M. House,
7-Bank Square, Lahore
Tel: 042 - 37235081-82
Fax: 042 - 37358817

Registered Office and Works

Kohat Cement Company Limited
Rawalpindi Road, Kohat.
Tel: 0922 - 560990
Fax: 0922 - 560405

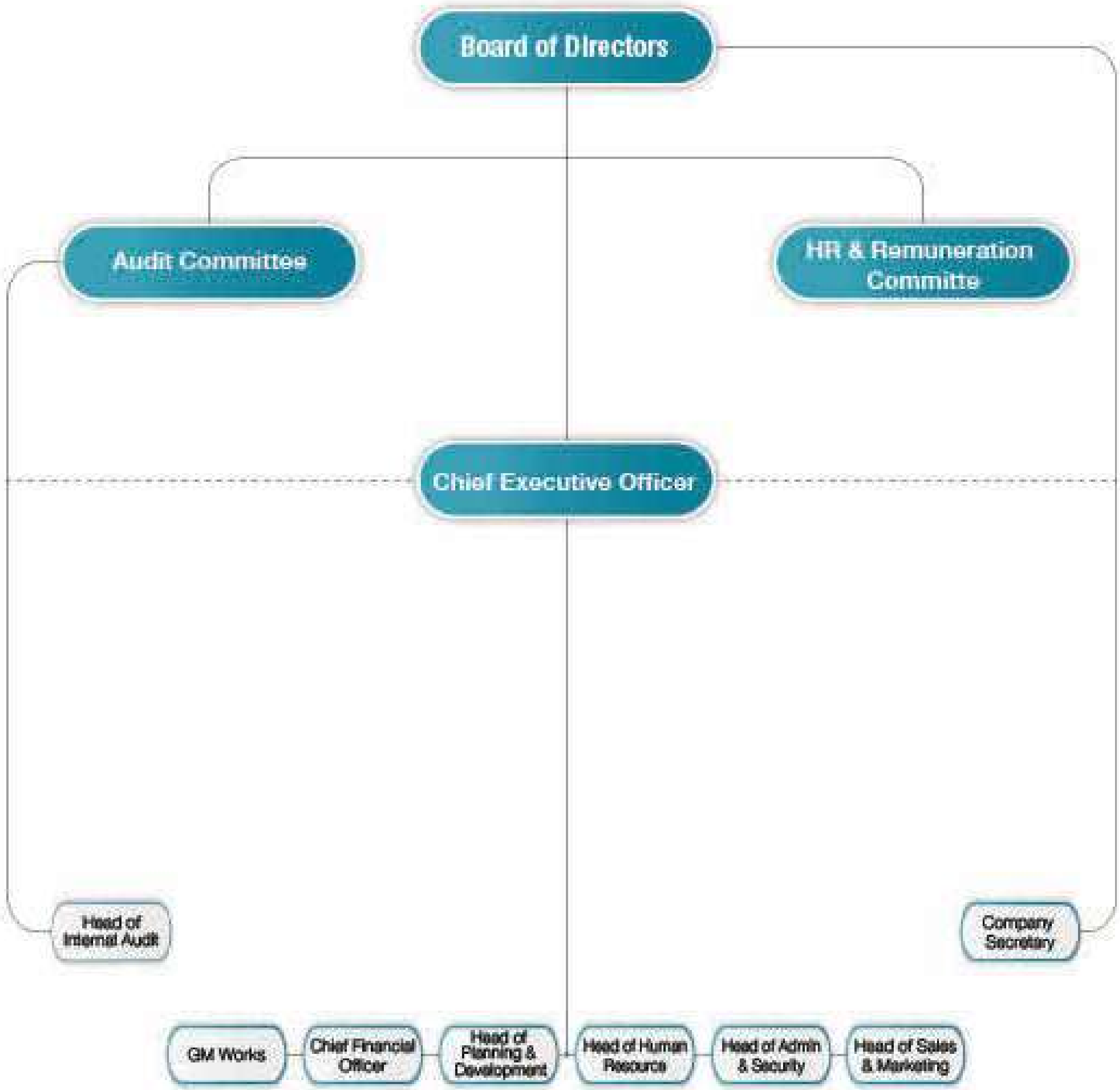
Head Office

37- P Gulberg - II, Lahore.
Tel: 042 - 11 111 5225
Fax: 042 - 3575 4990
Email: mis@kohatcement.com
Web: www.kohatcement.com

Bankers of the Company

The Bank of Punjab
Habib Bank Limited
Askari Bank Limited
The Bank of Khyber
Samba Bank Limited
Standard Chartered Bank (Pak) Ltd
Soneri Bank Limited
Allied Bank Limited
United Bank Limited
MCB Bank Limited
National Bank of Pakistan
Bank Alfalah Limited
Habib Metropolitan Bank Limited
Meezan Bank Limited
JS Bank Limited
Dubai Islamic Bank Limited
Bank Islami (Pakistan) Limited

ORGANOGRAM


Board of Directors
Audit Committee
HR & Remuneration Committe
Chief Executive Officer
Head of Internal Audit
Company Secretary
GM Works
Chief Financial Officer
Head of Planning & Development
Head of Human Resource
Head of Admin & Security
Head of Sales & Marketing

NOTICE OF ANNUAL GENERAL MEETING

NOTICE is hereby given that 40th Annual General Meeting (AGM) of the shareholders of **Kohat Cement Company Limited** (the "Company") will be held on Monday, **October 28, 2019** at 10:00 A.M., at its registered office, Kohat Cement Factory, Rawalpindi Road, Kohat, to transact the following business:

Ordinary Business

1. To receive, consider and adopt the audited financial statements of the Company for the year ended June 30, 2019 together with Auditors' and Directors' Reports and Chairperson's Review.

2. To consider and approve, as recommended by the Board of Directors, payment of final cash dividend @ 25% i.e. Rs. 2.50/- per ordinary share for the year ended June 30, 2019.

3. To appoint Auditors and to fix their remuneration.

   The members are hereby notified that the Audit Committee and the Board of Directors have recommended the reappointment of retiring auditors M/s. KPMG Taseer Hadi & Co. Chartered Accountants as auditors of the Company.

Special Business

4. To ratify and approve transactions carried out with Related Parties in the ordinary course of business during the financial year ended June 30, 2019, under the authority of the members as given in the last annual general meeting held on October 25, 2018.

5. To authorize the Chief Executive of the Company to approve all transactions with Related Parties carried out and to be carried out in the ordinary course of business during the financial year ending June 30, 2020 and till the date of next Annual General Meeting, and to further authorize him to take any and all necessary steps and to sign/ execute any and all such documents/annexures on behalf of the Company as may be required.

By order of the Board:

Muhammad Asadullah Khan
Company Secretary

Lahore: October 7, 2019

Statement under Section 134(3) of the Companies Act, 2017

This statement sets out the material facts concerning special business to be transacted at the Annual General Meeting of the Company to be held on October 28, 2019.

Item No. 4: Ratification / approval of Related Party Transactions

The Company carried out following transactions with its related parties in the ordinary course of business at arms' length basis under the authority of the special resolution of the members as approved by them in the last annual general meeting held on October 25, 2018. All these transactions were presented before the Board of Directors for their review and consideration as recommended by the Audit Committee on quarterly basis pursuant to Clause 15 of Listed Companies (Code of Corporate Governance) Regulations, 2017.

Name of Related Party	Interested Directors	Nature of Relationship	Description of Transaction	Pricing Policy	Amount (Rs.)
Palace Enterprises (Private) Limited (PEL)	Mr. Aizaz Mansoor Sheikh	Shareholder and Director of PEL	Accommodation Services received from PEL in ordinary course of business on Arm's length basis.	Open market price	291,252
	Mr. Nadeem Atta Sheikh				
	Mrs. Hafsa Nadeem	Shareholder of PEL and spouse of Mr. Nadeem Atta Sheikh			
	Mrs. Shahnaz Aizaz	Shareholder of PEL and spouse of Mr. Aizaz Mansoor Sheikh			
	Mrs. Hijab Tariq	Spouse of deceased Mr. Tariq Atta who is shareholder of PEL			
Kohat Cement Educational Trust (KCET)	Mr. Aizaz Mansoor Sheikh	Trustee of KCET	Contribution made to KCET (which runs school within the vicinity of KCCL factory)	n/a	4,363,164
	Mr. Nadeem Atta Sheikh				
	Mrs. Shahnaz Aizaz	Spouse of Mr. Aizaz Mansoor Sheikh			
	Mrs. Hafsa Nadeem	Spouse of Mr. Nadeem Atta Sheikh			
	Mr. M. Atta Tanseer Sheikh	Brother of one of the trustees of KCET			
Ultra Pack (Pvt.) Ltd.	Mr. Aizaz Mansoor Sheikh	Substantial shareholder and director of ANS Capital which is holding Company of KCCL and UPPL	Purchase of polypropylene bags for packing of cement	Open market price	800,611,529
	Mr. Nadeem Atta Sheikh				
	Mrs. Hafsa Nadeem	Shareholder of ANS Capital which is holding Company of KCCL and UPPL			
	Mr. M. Atta Tanseer Sheikh				
	Mrs. Shahnaz Aizaz				

The following resolution is proposed to be passed as Special Resolution with or without any modification:

"Resolved that following transactions carried out in the ordinary course of business at arm's length basis with the Related Parties during the financial year ended June 30, 2019 be and are hereby ratified, approved and confirmed.

Name of Related Party	Description of transaction	Amount (Rs.)
Palace Enterprises (Pvt.) Ltd.	Accommodation Services received	291,252
Kohat Cement Educational Trust (KCET)	Contribution made to KCET (which runs a school within the vicinity of KCCL factory)	4,363,164
Ultra Pack (Pvt.) Limited	Purchase of poly propylene bags for packing of cement	800,611,529

Item No. 5: Authorization to the Company to Transact with Certain Related Parties

The Company shall continue to carry out transactions with its Related Parties (detailed as under) in its ordinary course of business at arm's length basis during the financial year ended June 30, 2020 and till the date of next annual general meeting. The majority of directors are interested in these transactions due to the reasons mentioned below, therefore, these related party transactions have to be approved by the members of the Company in terms of Section 207 and 208 of the Companies Act, 2017.

<table>
<tr><th>Name of Related Party</th><th>Interested Directors</th><th>Nature of relationship</th><th>Description of transaction</th><th>Pricing Policy</th></tr>
<tr><td rowspan="5">Ultra Pack (Private) Limited (UPPL)</td><td>Mr. Aizaz Mansoor Sheikh</td><td rowspan="2">Substantial shareholder and director of ANS Capital which is holding Company of KCCL and UPPL</td><td rowspan="5">Purchase of poly propylene bags for packing of cement</td><td rowspan="5">Open market price</td></tr>
<tr><td>Mr. Nadeem Atta Sheikh</td></tr>
<tr><td>Mrs. Hafsa Nadeem</td><td rowspan="3">Shareholder of ANS Capital which is holding Company of KCCL and UPPL</td></tr>
<tr><td>Mr. M. Atta Tanseer Sheikh</td></tr>
<tr><td>Mrs. Shahnaz Aizaz</td></tr>
<tr><td rowspan="5">Palace Enterprises (Private) Limited (PEL)</td><td>Mr. Aizaz Mansoor Sheikh</td><td rowspan="2">Shareholder and Director of PEL</td><td rowspan="5">Availing Hotel/Accomodation Services</td><td rowspan="5">Open market price</td></tr>
<tr><td>Mr. Nadeem Atta Sheikh</td></tr>
<tr><td>Mrs. Hafsa Nadeem</td><td>Shareholder of PEL and spouse of Mr. Nadeem Atta Sheikh</td></tr>
<tr><td>Mrs. Shahnaz Aizaz</td><td>Shareholder of PEL and spouse of Mr. Aizaz Mansoor Sheikh</td></tr>
<tr><td>Mrs. Hijab Tariq</td><td>Spouse of deceased Mr. Tariq Atta who is a shareholder of PEL</td></tr>
<tr><td rowspan="5">Kohat Cement Educational Trust (KCET)</td><td>Mr. Aizaz Mansoor Sheikh</td><td rowspan="2">Trustee of KCET</td><td rowspan="5">Contribution towards operational costs of a school within the vicinity of Kohat Cement Factory being run by KCET</td><td rowspan="5">n/a</td></tr>
<tr><td>Mr. Nadeem Atta Sheikh</td></tr>
<tr><td>Mrs. Shahnaz Aizaz</td><td>Spouse of Mr. Aizaz Mansoor Sheikh</td></tr>
<tr><td>Mrs. Hafsa Nadeem</td><td>Spouse of Mr. Nadeem Atta Sheikh</td></tr>
<tr><td>Mr. M. Atta Tanseer Sheikh</td><td>Brother of one of the trustees of KCET</td></tr>
</table>

The following resolutions are proposed to be passed as Special Resolutions with or without modification:

"Resolved that the Company be and is hereby authorized to carry out the transactions with its Related Parties (detailed as under) as and when required in the ordinary course of business at arm's length basis during the year ending June 30, 2020 and till the next Annual General Meeting, without any limitation on the amounts of the transactions.

Name of Related Party	Description of transaction
Palace Enterprises (Pvt.) Ltd.	Availing Hotel/Accomodation Services
Kohat Cement Educational Trust (KCET)	Contribution towards operational costs of a school within the vicinity of Kohat Cement Factory being run by KCET
Ultra Pack (Pvt.) Limited	Purchase of poly propylene bags for packing of cement

Further Resolved that Chief Executive of the Company be and is hereby authorized to take all necessary steps and to sign/execute any purchase order/document on behalf of the Company as may be required and to authorize any other officer of the Company to do so in order to implement the aforesaid Resolution(s)."

Notes:

1. **Closure of Share Transfer Books**

   The register of members and the share transfer books of the Company will be closed from Monday, **October 21, 2019** to Monday, **October 28, 2019** (both days inclusive). Physical transfers / CDS transactions IDs received in order at the Company's Independent Share Registrar Office, **M/s Hameed Majeed Associates (Pvt.) Limited, HM House, 7-Bank Square, Lahore**, up to the close of business on Friday, **October 18, 2019** will be treated in time for the purpose of entitlement of dividend and to attend the meeting.

2. **Right to appoint Proxy**

   A member is entitled to appoint proxy in his/her place to attend and vote instead of him/her. The instrument appointing a proxy, duly stamped and signed, and the power of attorney or other authority (if any) under which it is signed or a notarially certified copy of the power of attorney or authority must be deposited at the Head Office of the Company, 37-P, Gulberg-II, Lahore not later than 48 hours (excluding non-working days) before the time of the meeting. A proxy must be a member of the Company. Form of proxy is enclosed herewith.

3. **Attendance through Video-Conference**

   Pursuant to the provisions of the Companies Act, 2017, the shareholder(s) residing in a city holding at least 10% of the total paid up share capital may demand the Company to provide the facility of video-link for participating in the annual general meeting. The demand for video-link facility shall be received by the Company Secretary at the head office of the Company, 37-P, Gulberg II, Lahore, at least seven (7) days prior to the date of the meeting on the Standard Form which can be downloaded from the Company's website: www.kohatcement.com.

4. **Intimation of Change in Address**

   The members are requested to notify the change of their registered addresses, if any, immediately to Company's Independent Share Registrar.

5. **Electronic Payment of Dividend**

   The provisions of Section 242 of the Companies Act, 2017 (the Act) read with Companies (Distribution of Dividends) Regulations, 2017 provide that any cash dividend declared by a listed company must be paid through electronic mode directly into the bank account designated by the entitled shareholder. In order to receive dividend directly into their bank account, shareholders are requested to communicate, if not already provided, below detailed information by filling in Electronic Credit Mandate Form available on Company's website **(www.kohatcement.com)** and send it duly signed along with a copy of CNIC to the Share Registrar of the Company, in case of physical shares. In case shares are held in CDC, then Electronic Credit Mandate Form must be submitted directly to shareholder's broker / participant / CDC account services. In the absence of valid bank account details and CNIC, dividend amount will be withheld in compliance with the aforesaid provisions of the Act and Regulations. Electronic Credit Mandate Form shall authorize the Company to credit their current and future cash dividends directly to their designated bank accounts.

a) International Bank Account Number (IBAN)

b) Name of Bank

c) Branch name and address

d) Valid copy of CNIC

6. **Income Tax Deduction from Dividend Payment**

   The current withholding tax rates on dividend payments as prescribed by the Income Tax Ordinance, 2001 (the Ordinance) are 15% for persons whose names are appearing in the active taxpayers' list (ATL) and 30% for persons whose names are not appearing in the ATL. To enable the Company to make tax deduction on the amount of Cash Dividend @ 15% instead of 30%, all the shareholders whose names are not entered into the ATL available on the website of the Federal Board of Revenue, are advised to make sure that their names are entered into ATL before the date of dividend payment, otherwise they shall not be treated as Active Taxpayers (despite the fact that they are filers of income tax return) and tax on their Cash Dividend will be deducted @ 30%.

   The Corporate Shareholders having CDC account are required to have their National Tax Number (NTN) updated with their respective participants, whereas corporate physical shareholders should send a copy of their NTN certificates to the Company or Company's Independent Share Registrar.

   The FBR has clarified that shareholders' accounts jointly held by Filers and Non-Filers shall be dealt with separately and in such particular situation, each account holder is to be treated as either a Filer or a Non-Filer and tax will be deducted according to his shareholding. If the share is not ascertainable then each account holder will be assumed to hold equal proportion of shares and the deduction will be made accordingly. Therefore, in order to avoid deduction of tax at a higher rate, the joint account holders are requested to provide the below details of their shareholding to the Share Registrar of the Company.

Folio / CDS Account No	Total Shares	Principal Shareholder		Joint Shareholder	
		Name & CNIC	Shareholding Proportion (No. of shares)	Name & CNIC	Shareholding Proportion (No. of shares)

In case the required information is not provided to our Share Registrar by October 18, 2019, it will be assumed that the shares are held in equal proportion by the principal shareholder and joint holder(s).

7. Exemption from Deduction of Income Tax / Zakat

Members seeking exemption from deduction of income tax or deduction at reduced rate, are requested to submit a valid exemption certificate or necessary documentary evidence as the case may be. Members desiring non-deduction of Zakat are also required to submit a valid declaration, duly attested by Oath Commissioner on Stamp Paper to Company's Independent Shares Registrar for non-deduction of Zakat.

Moreover, as per FBR's clarification, the valid Exemption Certificate under Section 159 of the Ordinance is mandatory to claim exemption of withholding tax under Clause 47B of Part-IV of Second Schedule to the Ordinance. Those who fall in the category mentioned in above clause must provide valid Tax Exemption Certificate to our Company's Independent Shares Registrar; otherwise tax will be deducted on dividend amount as per prescribed rates.

8. Placement of Annual Report on Web-site & its Circulation through DVD/CD

The Annual Report of the Company containing financial statements of the Company for the year ended 30 June 2019 along with Auditors and Directors Report thereon, the Chairperson's Review and notice of AGM etc. have been circulated through CDs and have also been placed on the company's website: **www.kohatcement.com**.

The shareholders who wish to receive hard copy of the Annual Report may send to the Company Secretary / Share Registrar, the Standard Request Form available on the website of the Company and the Company will supply hard copies of the aforesaid document to the shareholders on demand, free of cost, within one week of such demand.

8.1 Transmission of Annual Report through email

In pursuance of the directions given by SECP vide SRO 787 (1)/2014 dated September 8, 2014, those shareholders who desire to receive Annual Financial Statements in future through email instead of receiving the same by post are advised to give their formal consent along with their valid email address on a standard request form available on the Company's website: **www.kohatcement.com** and send the said form duly filled in and signed to the Company's Share Registrar.

9. Attendance at AGM

A corporation or company being a member of the Company may appoint any of its officials or any other person through a resolution of its board of directors to attend and vote at the meeting.

The members should quote their folio number/ CDS IDs in all correspondence with the Company and should bring original document at the time of attending the AGM.

CDC account holders will further have to follow the following guidelines as laid down in Circular No. 1 dated 26th January 2000 issued by the Securities & Exchange Commission of Pakistan.

For attending the meeting

i) In case of individuals, the account holder or sub 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/ her original computerized national identity card (CNIC) or original passport at the time of attending the meeting.

ii) In case of corporate entity, the Board of Directors' resolution/ power of attorney with specimen signature of the nominee along with his original CNIC or original passport shall be produced (unless it has been provided earlier) at the time of the meeting.

For appointing proxies

i) In case of individuals, the account holder or sub account holder and/ or the 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 requirements stated above.

ii) Attested copies of CNIC or the passport of the beneficial owners and the proxy shall be furnished with the Proxy Form.

iii) The proxy shall produce his/ her original CNIC or original passport at the time of the meeting.

iv) In case of corporate entity, the Board of Directors' resolution/ power of attorney with specimen signature along with his original CNIC or original passport shall be submitted (unless it has been provided earlier) along with proxy form to the Company.

10. Unclaimed dividend and bonus/right shares

Shareholders, who by any reason, could not claim their dividend or bonus shares or did not collect their physical shares, if any, are advised to contact our Share Registrar to collect/enquire about their unclaimed dividend or pending shares, if any. In compliance with Section 244 of the Companies Act, 2017, after having completed the stipulated procedure, all such dividend and shares outstanding for a period of 3 years or more from the date due and payable shall be deposited to the credit of Federal Government in case of unclaimed dividend and in case of shares, shall be delivered to the SECP.

CHAIRPERSON'S REVIEW REPORT

This report is being presented in terms of Section 192(4) of Companies Act, 2017 on overall performance of the Board of Directors (the Board) and effectiveness of the role played by the Board in achieving the company's objectives.

One of the main responsibilities of the Board is to put in place a formal and rigorous process for regularly reviewing its overall performance as well as performance of individual directors and its Committees. Accordingly, as required under the Listed Companies (Code of Corporate Governance) Regulations, 2017 (the Regulations) an annual evaluation of the Board of Kohat Cement Company Limited (the Company), was carried out through a formal process of evaluation of its performance.

The Board's performance evaluation revealed that the Board acted on a fully informed basis in the best interest of the Company and has ability to improve and plan actions to address issues. The Board has met with its responsibility to set, approve and oversee implementation of the Company's strategic objectives.

The Board is appropriately represented by Independent, Executive and Non- Executive Directors having core competence and skills of the business of the Company. The Board effectively evolved the essential policies and systems to set "tone at the top" at various level of hierarchy thereby ensuring maximum contribution of employees at all level towards the benefits of the Company and stakeholders as well.

The Board has constituted the Board Audit Committee and Human Resource and Remuneration Committee to perform their corporate responsibilities well in accordance with the expectations.

The Board, as a whole is free from any type of conflict of interest that might adversely affect the interest of the Company. The shareholders' confidence on the Board is satisfactory as huge investment is made in the shares of the Company by individuals and corporate entities including Asset Management Companies of well repute. Despite of sheer competence in cement market, the Company successfully maintained its position due to timely decisions of the Board and their effective implementation.

The Company, under the supervision of Board, has successfully installed additional Grey Cement Production Line 4 having cement production capacity of 7,800 tons per day, which is expected to commence its commercial operations in the 2nd quarter of Financial Year 2019-2020.

On behalf of the Board, I would like to acknowledge the continued sincere effort and cooperation of all our employees in maintaining high standards of excellence. I take this opportunity to thank our stakeholders for their trust and continued support.

This review report has been signed by Mrs. Hafsa Nadeem, who remained Chairperson of the Company during the year ended June 30, 2019.

Hafsa

Hafsa Nadeem
Chairperson

Lahore: September 30, 2019

چیئرپرسن کی جائزہ رپورٹ

یہ رپورٹ کمپنیز ایکٹ 2017ء کی شق نمبر 192(4) کی شرائط کو ملحوظ خاطر رکھتے ہوئے تیار کی گئی ہے، جس میں بورڈ آف ڈائریکٹرز (بورڈ) کی مجموعی کارکردگی اور کمپنی کے مقاصد کے حصول میں کامیابی کیلئے ان کے کردار کا جائزہ دیا گیا ہے۔

بورڈ کی اہم ذمہ داریوں میں سے ایک ذمہ داری نہ صرف اپنی اور اپنی کمیٹیوں بلکہ ان کے ممبران کی کارکردگی کی مسلسل جانچ کیلئے ایک باقاعدہ نظام وضع کرنا ہے۔ لہٰذا لسٹڈ کمپنیز (کوڈ آف کارپوریٹ گورننس) 2017ء کے ضوابط کے مطابق کوہاٹ سیمنٹ کمپنی لمیٹڈ (کمپنی) کے بورڈ کی سالانہ کارکردگی کی جانچ پڑتال اسی وضع کردہ نظام کے تحت کی گئی، جس سے ثابت ہوا کہ بورڈ نے نہ صرف نہایت مستعدی سے اپنے کردار کو کمپنی کے بہترین مفاد کے لئے استعمال کیا ہے بلکہ بورڈ میں اپنے آپ کو مزید بہتر بنانے کی بھی تمام صلاحیتیں موجود ہیں۔ بورڈ نے کمپنی کے مقاصد کے تعین اور حصول میں بہترین کردار ادا کیا ہے۔

بورڈ کی نمائندگی انڈیپینڈنٹ، ایگزیکٹو اور نان ایگزیکٹو ڈائریکٹرز کر رہے ہیں جو کمپنی کے کاروبار کے لئے درکار قابلیت اور مہارت کے حامل ہیں۔ بورڈ کی جانب سے ادارہ میں پالیسیوں اور سسٹم کو موثر انداز میں ترتیب دیا گیا ہے تاکہ ادارے میں ہر درجہ پر پیشہ ورانہ اخلاقیات کے ذریعے اس بات کو یقینی بنایا جائے کہ ملازمین کمپنی اور اس کے کاروباری شراکت داروں کے مفادات کے حصول میں زیادہ سے زیادہ حصہ لے سکیں۔

رائج الوقت قانونی شرائط کو ملحوظ خاطر رکھتے ہوئے بورڈ نے بورڈ آڈٹ کمیٹی اور ہیومن ریسورس اینڈ ریمونریشن کمیٹی تشکیل دی ہے۔

بورڈ میں مجموعی طور پر کسی قسم کے مفادات کا تصادم نہیں پایا جاتا، جو کمپنی کے مفادات کو بری طرح متاثر کر سکے۔ عام افراد، کاروباری ادارے اور اچھی شہرت کی حامل ایسٹ (Asset) مینجمنٹ کمپنیوں کی جانب سے کمپنی کے شیئرز میں بھاری سرمایہ کاری شیئر ہولڈرز کے بورڈ پر اعتماد کو ظاہر کرتی ہے۔ سیمنٹ مارکیٹ میں بہت زیادہ مقابلہ کے باوجود بورڈ کی جانب سے بروقت فیصلوں اور ان کے بہترین نفاذ کی بدولت کمپنی اپنی کاروباری حیثیت کو برقرار رکھنے میں کامیاب رہی ہے۔

بورڈ کی زیر نگرانی کمپنی نے 7800 ٹن یومیہ پیداوار کی حامل گرے (Grey) سیمنٹ پروڈکشن لائن۔4 کی تنصیب کا منصوبہ کامیابی سے مکمل کیا ہے، جس سے ایک محتاط اندازے کے مطابق مالی سال 2019-2020 کی دوسری سہ ماہی کے آغاز سے تجارتی پیمانے پر پیداوار کا آغاز کر دیا جائے گا۔

میں بورڈ کی جانب سے کامیابی کے اعلیٰ معیار کو برقرار رکھنے پر اپنے تمام ملازمین کی مخلصانہ کاوشوں اور تعاون کو سراہتی ہوں۔ میں اس موقع پر اپنے تمام کاروباری شراکت داروں کے اعتماد اور مستقل حمایت کے لئے بھی شکریہ ادا کرتی ہوں۔

کمپنی کے موجودہ ڈائریکٹرز میں جناب امتیاز احمد منصور شامل ہیں، جبکہ زیر جائزہ رپورٹ محترمہ حفصہ ندیم کی جانب سے پیش کی گئی ہے، جو کہ 30 ستمبر 2019ء کو ختم ہونے والے مالی سال میں چیئرپرسن تھیں۔

حفصہ ندیم

چیئرپرسن

30 ستمبر 2019ء

DIRECTORS' REPORT
to the Shareholders

The Directors of Kohat Cement Company Limited (the Company) are pleased to present the Annual Report together with audited financial statements and Auditors' report thereon for the year ended June 30, 2019.

Business Review

The cement industry of Pakistan witnessed an overall growth of 2.13% (2018: 13.84%) in terms of dispatch volumes during financial year ended 30th June 2019. Domestic consumption decreased by 1.98% to 40.33 million metric tons (2018: 41.15 million MT) while exports after an increase of 37.72% closed at 6.54 million metric tons. (2018: 4.75 million MT).

The Company dispatched 2.35 million metric tons (2018: 2.25 million MT) of cement during the year including exports of 0.12 million metric tons (2018: 0.10 million MT) registering an increase of 4.68%. Grey cement lines operated at 84.6% (2018: 78.9%) in terms of cement production during the year under review. Below is the summary of production and sales of the company during the year:

	FY 2019	FY 2018
	Metric Tons	
Clinker Production	2,184,211	1,945,632
Cement Production	2,390,025	2,237,331
Local Dispatches	2,235,832	2,147,900
Export Dispatches	117,203	100,035
Total Dispatches	2,353,035	2,247,935

Future Prospects

The cement industry has been badly hampered by the economic slowdown in the country during the year under review. Hike in interest rates, cut in development expenditure by the Government, PKR devaluation against foreign currencies, resistance by the traders and retailers against the tax measures taken by the government for documentation of the economy and increase in utility prices overshadowed the cement demand in the country.

However, we are of the view that going forward the establishment of economic zones under the CPEC and construction of low cost housing project by the government may spur the economy and shall boost cement demand in local market.

Principal Activities and Financial performance

Principal activities of your Company during the year remained unchanged i.e. manufacture and sale of ordinary Portland cement. Operating results of your Company are summarized hereunder:

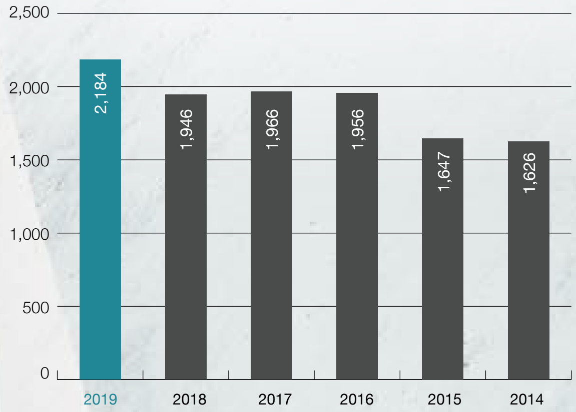
	FY 2019	FY 2018
	Rupees	
Net sales	15,645,648,712	13,438,843,026
Gross profit	4,206,081,196	4,325,360,845
GP ratio	26.9 %	32.19 %
Operating profit	3,722,136,542	4,076,883,237
OP ratio	23.8 %	30.34 %
EBITDA	4,311,504,604	4,603,049,901
Profit after tax	2,468,655,890	2,979,994,793
Profit after tax ratio	15.78%	22.17%
Earnings per share (Rs.)	12.29	Restated 14.84

Pak Rupee devaluation resulted in increase in imported coal costs which coupled with rise in prices of packing materials and electricity and reduction in cement prices especially in fourth quarter negatively affected the profitability of the Company.

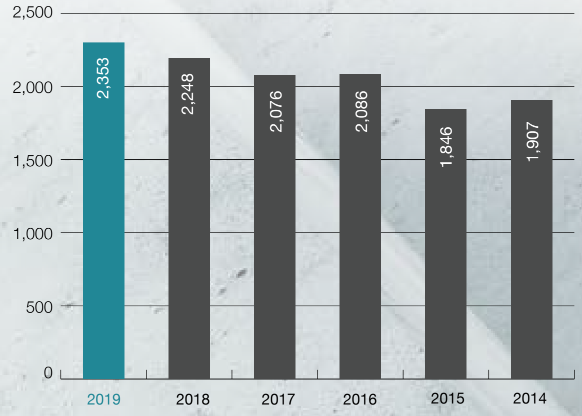
Credit Rating

Credit rating is an assessment of the credit standing of entities in Pakistan. PACRA has its primary function to evaluate the capacity and willingness of an entity to honour its debt obligations. During the year, PACRA maintained entity ratings of the Company as long-term and short-term entity rating at A and A1 respectively with Stable outlook. These ratings denote a low expectation of credit risk and indicate a strong capacity for timely repayment of financial commitments.

Clinker Production ('000 tons)



Cement Dispatches ('000 tons)



The Company is current on all its debt obligations.

On Going Projects

All major civil and erection works have been completed on Grey Cement Production Line 4 of 7,800 tons per day and we are hopeful that the same commence its commercial operations in 2nd quarter F.Y 2020.

Appropriations

The Board of Directors of your company is pleased to propose a 25% final cash dividend of Rs. 2.5 per ordinary share for Financial Year ended June 30, 2019.

Appropriations approved by directors are as under:

	Rupees
Profit after taxation	2,468,655,890
Un-appropriated profits from prior years	15,145,547,139
Available for appropriation	17,614,203,029
Final cash dividend proposed at Rs. 2.5 per share for the year ended June 30, 2019	502,153,243
Un-appropriated profit carried forward	17,112,049,786

Risk Management

Pursuant to Companies Act, 2017 and Listed Companies (Code of Corporate Governance) Regulation 2017, the Company has developed and implemented a Risk Management Policy. The Policy envisages identification of risk and procedures for assessment and mitigation thereof. Risk management policies and systems are reviewed periodically to reflect changes in market conditions and the Company's activities.

Key Business Risks identified by your Company

There have not been any material change in key business risks of the Company during the year under review; which have been identified as under:

Securing primary raw material – Limestone is the primary raw material required for production of cement. Its continuous and long term supply is critical, particularly under the dynamic regulatory environment. The limestone reserves available with the Company are sufficient to meet its current as well as future demand.

Demand - Supply Gap – Presently the cement industry is operating at 78.89% capacity; and it is estimated that the incremental demand in the coming years will absorb current gap as well as incremental future new capacities of the industry.

Fuel costs – Cement manufacturing process is very energy intensive. Fuel prices kept rising continuously during the year driven by the global demand supply scenario and depreciation of PKR. The Company continues to explore alternative sources.

Regulatory and Compliance – With the ever evolving regulatory framework in the country the risk of non-compliance looms large and carry reputational risks. Your Company has taken steps to automate the compliance procedures and has deployed adequate measures for periodic review mechanisms of the regulatory framework to ensure complete compliance with all statutes.

Competition Risks – With every new capacity addition in the cement industry sale volume, market share and profitability stands challenged. The Company continues to enhance brand equity through enhanced marketing activities and customer centricity.

Financial Risks – Your Company's exposure to credit risk, liquidity risk and market risk (interest rate risk, foreign exchange risk and price risk) is subject to market dynamics. Please refer note 38 of the audited financial statements highlighting Company's exposure to these risks and control procedures to mitigate them.

Compliance with Code of Corporate Governance

The Company believes in creating and sustaining relationship of trust, integrity, accountability and transparency with all its stakeholders. The Company is committed to good Corporate Governance practices and all the Directors and employees are bound by the Code of Conduct setting out the fundamental standards to be followed in all actions carried out on behalf of the Company. The Company is in compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2017 (the CCG Regulations). Specific statements are given below:

- The financial statements present fairly, the Company's state of affairs, the result of its operations, cash flows and changes in equity.
- The Company has maintained proper books of account.
- Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgments.
- International Financial Reporting Standards, as applicable in Pakistan, have been followed in preparation of the financial statements to ensure the true and fair view of the Company's financial position.
- The system of internal control is sound in design and has been effectively implemented and is being monitored continuously.
- There are no significant doubts upon the Company's ability to continue as a going concern.
- There has been no material departure from the Best Practices of Corporate Governance, as detailed in the CCG Regulations wherever applicable to the Company for the year ended June 30, 2019; statement of compliance with the Best Practices of Corporate Governance is attached and forms part of this report.

Election of Board of Directors

The members of the Company in their Extra Ordinary General Meeting held on 29th June 2019 elected eight directors on the Board of the Company for a term of three years commencing 29th June 2019. The newly elected Board of Directors consists of executive/non-executive and Independent Directors in accordance with the requirements of Companies Act, 2017 (the Act) and Rules and Regulations issued thereunder. Independent Directors were selected from the list maintained by Pakistan Institute of Corporate Governance (PICG) in terms of requirement of Section 166(1) of the Act who meet the criteria of independence as laid down in Section 166 (2) of The Act. The names of the newly elected directors are as under:

1. Mr. Ahmad Sajjad Khan – *independent non-executive director*
2. Mr. Talha Saeed Ahmed – *independent non-executive director*
3. Mr. Aizaz Mansoor Sheikh
4. Mr. Nadeem Atta Sheikh
5. Mrs. Shahnaz Aizaz
6. Mrs. Hafsa Nadeem
7. Mrs. Hijab Tariq
8. Mr. Muhammad Atta Tanseer Sheikh

Composition of Board of Directors

As at 30th June 2019, the Board of Directors of the Company comprises eight directors, composition of which is as under:

Male	5
Female	3
Total Number of Directors	8

Independent Non-Executive Directors

Mr. Ahmad Sajjad Khan [1]
Mr. Talha Saeed Ahmed [1]

Other Non-Executive Directors

Mr. Aizaz Mansoor Sheikh [2,3]
Mrs. Shahnaz Aizaz [1]
Mrs. Hafsa Nadeem [2]
Mrs. Hijab Tariq [1]
Mr. Muhammad Atta Tanseer Sheikh [2]

Chief Executive

Mr. Nadeem Atta Sheikh [2,3]

1 *newly elected directors on the Board by members on June 29, 2019; whereas Mr. Muhammad Rehman Sheikh, Ms. Aminah Aizaz and Mr. Hassan Tariq Atta retired on June 28, 2019 on completion of their term of three years*

2 *re-elected as directors on the Board by members on June 29, 2019*

3 *on expiry of the term of Mr. Aizaz Mansoor Sheikh, as Chief Executive of the Company, the Board of Directors in its meeting held on 8th July 2019 has appointed Mr. Nadeem Atta Sheikh as Chief Executive of the Company for a term of three years; whereas Mr. Aizaz Mansoor Sheikh has been elected as the Chairman of the Company in that meeting.*

Composition of Committees of the Board

Following were the committees of the Board as on 30th June 2019:

a) **Audit Committee**

Mr. Muhammad Atta Tanseer Sheikh – Chairman
Ms. Aminah Aizaz Sheikh
Mr. Muhammad Rehman Sheikh

b) **Human Resource and Remuneration (HR&R) Committee**

Mr. Muhammad Atta Tanseer Sheikh - Chairman
Mr. Aizaz Mansoor Sheikh
Mr. Muhammad Rehman Sheikh

Subsequent to the year end, the Board of Directors in its meeting held on July 8, 2019 has reconstituted the following committees:

c) **Audit Committee**

Mr. Talha Saeed Ahmed - Chairman
Mr. Aizaz Mansoor Sheikh - Member
Mr. Muhammad Atta Tanseer Sheikh - Member

d) **Human Resource and Remuneration (HR&R) Committee**

Mr. Ahmad Sajjad Khan - Chairman
Mr. Nadeem Atta Sheikh - Member
Mr. Muhammad Atta Tanseer Sheikh - Member

Board and its Committee Meetings

Board of Directors

The Board of Directors held 4 meetings during the financial year ended June 30,2019, which were attended by the directors detailed as under:

Name of Director	No. of meetings attended
Mrs. Hafsa Nadeem	4
Mr. Aizaz Mansoor Sheikh	4
Mr. Nadeem Atta Sheikh	3
Ms. Aminah Aizaz Sheikh	3
Mr. Muhammad Atta Tanseer Sheikh	2
Mr. Muhammad Rehman Sheikh	1
Mr. Hasan Tariq Atta	4

Board Audit Committee

The Board Audit Committee met four times during the financial year ended June 30, 2019; detail of attendance by members is as under:

Name of Member	No. of meetings attended
Mr. Muhammad Atta Tanseer Sheikh Chairman	4
Ms. Aminah Aizaz Sheikh	3
Mr. Muhammad Rehman Sheikh	1

Human Resource & Remuneration (HR&R) Committee

The Board HR&R held one meeting during the financial year ended June 30, 2019, detail of attendance by members is as under:

Name of Member	No. of meetings attended
Mr. Muhammad Atta Tanseer Sheikh Chairman	1
Mr. Aizaz Mansoor Sheikh	1
Mr. Muhammad Rehman Sheikh	1

The Directors who could not attend the Board & Committee Meetings were duly granted leave of absence at their request from attending the meeting by the Board/ Committees in accordance with the law.

Directors' Orientation Program

Pursuant to CCG Regulations the Chairman of the Board issued welcome letter to newly elected directors setting out their role, obligations, powers and responsibilities in accordance with the Act and company's Articles of Association, their remuneration and entitlement enabling them to understand their duties and responsibilities to effectively govern the affairs of the company.

Directors' Training Program

Five (5), out of eight (8) directors of your Company have already either obtained exemption from SECP to complete Directors' Training Program (DTP) or completed certification under DTP from approved Institutions, in earlier years, whereas the remaining shall comply with the Regulations within stipulated time period.

Trading in Company's Shares

Trading in Company's shares by the Directors, CEO and the Executives and by their spouses during the financial year ended June 30, 2019 is given as under:

		Shares Purchased	Shares Sold
Mr. Nadeem Atta Sheikh	Director	527,000	32,000
Mrs. Hafsa Nadeem	Director	62,500	–
Mr. Omer Aizaz Sheikh	Executive	20,000	–
Mr. Muhammad Irfan	Executive	7,500	–

The term "executive" as determined by the Board of Directors, means the Chief Executive Officer, Chief Financial Officer, Head of Internal Audit, Company Secretary, Head of Sales and Marketing, General Manager Works and all directors of the Company.

The Company and the Environment

Environmental protection is an integral element of the Company's business strategy, which is defined by the management in consultation with the environment professionals. As a company, we accept our share of the global responsibility to limit the rise in worldwide temperature to acceptable limits.

In accordance with our obligation towards reduction of carbon emissions, the Company embraced the waste heat recovery system (WHRS). WHRS not only reduces the carbon footprints on environment to minimum but also harness the excess heat to produce electricity thus reducing the burden on national grid. Going ahead, the Company will install WHRS into its design for all its future cement manufacturing facilities.

In order to preserve water, the Company has set up a water recycling plant at works whereby 20% of present annual water requirement of the Plant shall be fulfilled with the recycled water.

In addition to WHRS; the Company has taken following initiatives to improve its environmental performance related to dust and gases emissions;

a) Process optimization and

b) Replacement of old dust collections system with advanced dust controlled bag filter systems.

KCCL is promoting a variety of environmental conservation activities in collaboration with local communities and KCCL employees. The company is promoting (GO GREEN Plantation Drive) to renew awareness and the importance of environmental conservation. KCCL contributed to grow thousands of plants at factory side and effort to boost green cover in Local areas & Colonies.

Company installed the latest dust collection system at Line 1 in 2013 whereas replacement of advanced dust collection system at Line 3 was completed during financial year 2017-18.

Directors' remuneration and its Policy

The Company has formal policy and transparent procedure for determining remuneration of Non-Executive Directors/Independent Directors and Executive Directors. Non-Executive Directors are entitled to only meeting attendance fees along with the travel and accommodation

expense incurred for each meeting of the Board or its Committee attended by him/her of such sum as may be approved by the Board of Directors. Executive Directors and Chairperson of the Company are entitled to remuneration as per rules prescribed in the policy.

Corporate Social Responsibility

The Company is well informed of its responsibility towards society being a corporate citizen of the country. It aims to continue its contribution to the economic and social wellbeing of the local communities and committed to make the world a better place. Disclosure as required by the Companies Act, 2017 read with Companies (Corporate Social Responsibility) General Order, 2009 is annexed and forms part of this report.

Holding Company

ANS Capital (Private) Limited, incorporated under the laws of Pakistan having its registered office at Lahore, is the holding company of the Company and owns and controls its 110,482,320 ordinary shares constituting 55% of its total paid up share capital.

Financial Highlights

Key operating & financial data of last six years is included in this report.

Outstanding statutory dues

The outstanding statutory dues on account of taxes, duties, levies and charges are disclosed in Note No. 9 to the audited financial statements and on face of statement of financial position. There is no overdue amount on account of taxes and duties.

Statement on Value of Staff Retirement Funds

The value of investments of provident fund based on its unaudited accounts as at June 30, 2019 is Rs. 180.424 million (2018: Rs. 148.791 million).

Pattern of Shareholding

The Pattern of Shareholding along with categories of shareholding is included in this report.

External Auditors

The present auditors, M/s. KPMG Taseer Hadi and Co., Chartered Accountants, retire and being eligible, offer themselves for re-appointment. As recommended by the Audit Committee, the Board of Directors has recommended the re-appointment and remuneration of present auditors of the Company for the ensuing year.

Subsequent Events

No material changes or commitments affecting the financial position of the Company have occurred between the end of the financial year and the date of this report.

Management and Employees' Relations

The Board of Directors thanks the employees at all levels for their dedication, commitment and hard work put in by them for Company's achievements.

The Directors are also grateful to all stakeholders who participated in the Company's business for its advancement and growth.

For and on behalf of the Board

Nadeem Atta Sheikh
Chief Executive

M. Atta Tanseer Sheikh
Director

Lahore: September 30, 2019

کمپنی شیئرز کی خرید و فروخت:

30 جون 2019ء کے اختتام شدہ مالی سال کے دوران کمپنی کے چیف ایگزیکٹو، ایگزیکٹوز، ڈائریکٹرز اور ان کے شریک حیات کی کمپنی کے شیئرز سے متعلقہ خرید و فروخت کی معلومات درج ذیل ہیں۔

		خرید	فروخت
جناب ندیم عطاء شیخ	ڈائریکٹر	527,000	32,000
محترمہ حفصہ ندیم	ڈائریکٹر	62,500	–
جناب عمر اعزاز شیخ	ایگزیکٹو	20,000	–
جناب محمد عرفان	ایگزیکٹو	7,500	–

بورڈ آف ڈائریکٹرز کے مطابق "ایگزیکٹوز" میں چیف ایگزیکٹو آفیسر، چیف فنانشل آفیسر، سربراہ انٹرنل آڈٹ، کمپنی سیکریٹری، سربراہ سیلز اینڈ مارکیٹنگ، جنرل مینیجر ورکس اور کمپنی کے تمام ڈائریکٹرز شامل ہیں۔

ماحولیات کا تحفظ:

ماحولیاتی تحفظ کمپنی کی کاروباری حکمت عملی کا کلیدی حصہ ہے۔ جس کا انتظام کمپنی کی انتظامیہ نے ماحولیاتی ماہرین کے اشتراک سے تشکیل دیا ہے۔ بطور کمپنی عالمی درجہ حرارت کو مناسب سطح تک محدود رکھنے کی ذمہ داری ہماری بھی ہے۔

صنعتی آلودگی میں کمی کو اپنی ذمہ داری سمجھتے ہوئے کمپنی نے ویسٹ ہیٹ ریکوری سسٹم نصب کر دیا ہے۔ جو ماحول میں دھویں کے اثرات میں کمی کے ساتھ فاضل حرارت سے بجلی بھی پیدا کر رہا ہے، جس سے بجلی کے بیرونی ذرائع پر انحصار کم ہو گیا ہے۔ مستقبل میں کمپنی اپنی نئی پروڈکشن لائن میں بھی ویسٹ ہیٹ ریکوری سسٹم نصب کرے گی۔

پانی کے تحفظ کیلئے کمپنی کی انتظامیہ فیکٹری میں پانی کی ری سائیکلنگ پلانٹ کی تنصیب کر رہی ہے، جس سے فیکٹری کی پانی کی ضرورت کا 20% پورا کیا جائے گا۔

ویسٹ ہیٹ ریکوری سسٹم کے علاوہ کمپنی نے ماحول میں بہتری، گرد و غبار اور گیسز کے اخراج میں کمی کیلئے درج ذیل اقدامات کئے ہیں۔

ا۔ پراسیس آپٹیمائزیشن (پیداواری نظام اور مراحل میں بہتری)

ب۔ گرد و غبار سے تحفظ کے پرانے نظام کی جگہ بہتر اور جدید بیگ فلٹر سسٹم کی تنصیب

کوہاٹ سیمنٹ کمپنی مقامی افراد اور اپنے ملازمین کے اشتراک سے ماحولیاتی تحفظ کی بہت سی سرگرمیوں کو فروغ دے رہی ہے۔ کمپنی ماحولیاتی تحفظ کی آگاہی اور اہمیت کو اجاگر کرنے کے لئے شجر کاری مہم چلا رہی ہے۔ اس سلسلے میں کوہاٹ سیمنٹ کمپنی نے مقامی علاقے اور کالونیز کو سرسبز بنانے کے لئے فیکٹری اور اسکے گرد و نواح میں ہزاروں پودے لگائے ہیں۔

کمپنی کی جانب سے گرد و غبار سے تحفظ کا جدید نظام پروڈکشن لائن-1 پر 2013 میں اور پروڈکشن لائن-3 پر مالی سال 2017-18 میں نصب کیا گیا۔

ڈائریکٹرز کے معاوضے کے تعین کی پالیسی کا نظام:

نان-ایگزیکٹو اور انڈیپنڈنٹ ایگزیکٹو ڈائریکٹرز کے معاوضے کے تعین کیلئے کمپنی کی باقاعدہ پالیسی اور شفاف طریقہ کار موجود ہے۔ جس کے تحت تمام نان ایگزیکٹو ڈائریکٹرز صرف بورڈ آف ڈائریکٹرز کے یا انکی کمیٹی کے اجلاس میں شرکت کی فیس، سفر اور قیام کے ان تمام اخراجات کی وصولی کے اہل ہیں جن کی منظوری بورڈ آف ڈائریکٹرز نے دی ہو۔ ایگزیکٹو ڈائریکٹرز اور چیئرپرسن پالیسی کے مطابق طے کئے گئے ضوابط کے مطابق معاوضوں کے اہل ہیں۔

کاروباری سماجی ذمہ داری:

کمپنی کی انتظامیہ کاروباری سماجی ذمہ داری کے حوالے سے اپنی ذمہ داریوں سے آگاہ ہے۔ اس کا مقصد مقامی افراد کی معاشی اور سماجی ترقی میں مسلسل اپنا کردار ادا کرنا ہے تاکہ ان کے معیار زندگی کو بہتر بنایا جا سکے۔ کاروباری سماجی ذمہ داری کے حوالے سے جاری کردہ کمپنیز ایکٹ 2017 اور کمپنیز (کاروباری سماجی ذمہ داری) جنرل آرڈر 2009ء کے مطابق درکار کمپنی کی سرگرمیوں کی بابت معلومات منسلک ہیں۔

ہولڈنگ کمپنی:

اے این ایس (ANS) کیپٹل پرائیویٹ لمیٹڈ پاکستانی کمپنی ہے جو کہ کوہاٹ سیمنٹ کمپنی کی ہولڈنگ کمپنی ہے۔ یہ ادارہ کمپنی کے 110,482,320 عام حصص کا مالک ہے جو کہ کمپنی کے کل عام حصص کا 55% ہے۔

اہم مالیاتی جھلکیاں:

اس رپورٹ میں گذشتہ 6 سال کی اہم کاروباری اور مالی معلومات فراہم کی گئی ہیں۔

واجب الادا قانونی محاصل:

قانونی طور پر واجب الادا ٹیکسز اور ڈیوٹیز کی تفصیل مالی کھاتہ جات کے نوٹ نمبر 9 میں بیان کر دی گئی ہے۔ کسی قسم کے ٹیکسز یا ڈیوٹیز کی ادائیگی زائد المیعاد نہیں ہے۔

عملے کے ریٹائرمنٹ فنڈز کی مالیت:

30 جون 2019ء تک پراویڈنٹ فنڈز کے غیر آڈٹ شدہ کھاتہ جات کے مطابق پراویڈنٹ فنڈز کی سرمایہ کاری کی مالیت 180.424 ملین روپے ہے جو کہ گزشتہ مالی سال 30 جون 2018ء میں 148.791 ملین روپے تھی۔

شیئر ہولڈنگ کی تفصیل:

کمپنی کے حصص کے مالکان کی معلومات بمع درجہ بندی اس رپورٹ میں فراہم کر دی گئی ہیں۔

آڈیٹرز کی تقرری:

موجودہ آڈیٹرز میسرز کے پی ایم جی تاثیر ہادی اینڈ کمپنی چارٹرڈ اکاؤنٹنٹس ریٹائر ہو گئے ہیں۔ انہوں نے اہل ہونے کی حیثیت سے خود کو دوبارہ تقرری کیلئے پیش کیا ہے۔ آڈٹ کمیٹی کی تجویز پر بورڈ آف ڈائریکٹرز نے موجودہ آڈیٹرز کی آئندہ سال کیلئے دوبارہ تقرری کی سفارش کی ہے۔

مالی سال کے بعد کے معاملات:

زیر جائزہ مالی سال کے اختتام کے بعد اس رپورٹ کی تاریخ تک ایسے کوئی قابل ذکر معاملات نہیں پائے گئے جو کمپنی کی مالی حالت پر اثر انداز ہوں۔

انتظامیہ اور ملازمین کے تعلقات:

بورڈ آف ڈائریکٹرز تمام شعبہ جات میں کام کرنے والے ملازمین کی جانب سے کمپنی کی کامیابیوں کے لئے کی جانے والی لگن، عزم اور محنت کے شکر گزار ہیں۔

کمپنی کے ڈائریکٹرز تمام شراکت داروں اور کمپنی سے منسلک دیگر کاروباری افراد کے شکر گزار ہیں، جنہوں نے کمپنی کے کاروبار کی کامیابی اور بہتری میں اہم کردار ادا کیا ہے۔

برائے و منجانب بورڈ آف ڈائریکٹرز

ندیم عطاء شیخ
چیف ایگزیکٹو

محمد عطاء ہمیر شیخ
ڈائریکٹر

لاہور: 30 ستمبر 2019ء

ایگزیکٹو ڈائریکٹر:
جناب ندیم عطاء شیخ سی ای او

۱۔ 29 جون، 2019ء کو ممبران کی طرف سے منتخب کردہ ڈائریکٹرز ہیں۔ جبکہ جناب محمد رحمان شیخ، محترمہ آمنہ اعزاز شیخ اور جناب حسن طارق عطاء 28 جون، 2019ء کو تین سالہ مدت کے اختتام پر ریٹائر ہو گئے ہیں۔

۲۔ 29 جون، 2019ء کو بورڈ کے ممبران کی جانب سے بطور ڈائریکٹرز دوبارہ منتخب کئے گئے۔

۳۔ جناب اعزاز منصور شیخ کی بحیثیت چیف ایگزیکٹو عہدے کی مدت مکمل ہونے پر 8 جولائی، 2019ء کو منعقد ہونے والے بورڈ آف ڈائریکٹرز کے اجلاس میں جناب ندیم عطاء شیخ کو تین سالہ مدت کے لئے چیف ایگزیکٹو مقرر کیا ہے، جبکہ جناب اعزاز منصور شیخ اسی اجلاس میں کمپنی کے چیئرمین منتخب کئے گئے ہیں۔

بورڈ کمیٹیز کی تفصیل:
30 جون، 2019ء کو موجودہ بورڈ کی کمیٹیز کی تفصیل درج ذیل ہے۔

۱۔ آڈٹ کمیٹی

جناب محمد عطاء حمیر شیخ (چیئرمین)
محترمہ آمنہ اعزاز شیخ
جناب محمد رحمان شیخ

۲۔ ہیومن ریسورس اینڈ ریمونریشن کمیٹی

جناب محمد عطاء حمیر شیخ (چیئرمین)
جناب اعزاز منصور شیخ
جناب محمد رحمان شیخ

زیر جائزہ مالی سال کے اختتام کے بعد بورڈ آف ڈائریکٹرز کا اجلاس 8 جولائی، 2019ء کو منعقد ہوا، جس میں درج ذیل کمیٹیز کی تشکیل نو کی گئی ہے:

بورڈ کی کمیٹیز کی تفصیل:
۱۔ آڈٹ کمیٹی

جناب طلعت سعید احمد (چیئرمین)
جناب اعزاز منصور شیخ (رکن)
جناب محمد عطاء حمیر شیخ (رکن)

۲۔ ہیومن ریسورس اینڈ ریمونریشن کمیٹی

جناب احمد سجاد خان (چیئرمین)
جناب ندیم عطاء شیخ (رکن)
جناب محمد عطاء حمیر شیخ (رکن)

بورڈ اور اس کی کمیٹیوں کے اجلاس:
بورڈ آف ڈائریکٹرز کے اجلاس:

30 جون، 2019ء کو اختتام ہونے والے مالی سال کے دوران بورڈ آف ڈائریکٹرز کے 4 اجلاس ہوئے، اراکین کی اجلاس میں حاضری کی تفصیل درج ذیل ہے۔

اراکین کے نام	اجلاس میں شرکت
محترمہ حفصہ ندیم	4
جناب اعزاز منصور شیخ	4
جناب ندیم عطاء شیخ	3
محترمہ آمنہ اعزاز شیخ	3
جناب محمد عطاء حمیر شیخ	2
جناب محمد رحمان شیخ	1
جناب حسن طارق عطاء	4

بورڈ آڈٹ کمیٹی کے اجلاس:
30 جون، 2019ء کو اختتام ہونے والے مالی سال کے دوران بورڈ آڈٹ کمیٹی کے 4 اجلاس ہوئے، اراکین کی اجلاس میں حاضری کی تفصیل درج ذیل ہے۔

اراکین کے نام	اجلاس میں شرکت
جناب محمد عطاء حمیر شیخ (چیئرمین)	4
محترمہ آمنہ اعزاز شیخ	3
جناب محمد رحمان شیخ	1

ہیومن ریسورس اینڈ ریمونریشن کمیٹی کے اجلاس:
30 جون، 2019ء کو اختتام ہونے والے مالی سال کے دوران ہیومن ریسورس اینڈ ریمونریشن کمیٹی کا ایک اجلاس ہوا، اراکین کی اجلاس میں حاضری کی تفصیل درج ذیل ہے۔

اراکین کے نام	اجلاس میں شرکت
جناب محمد عطاء حمیر شیخ (چیئرمین)	1
جناب اعزاز منصور شیخ	1
جناب محمد رحمان شیخ	1

وہ ڈائریکٹرز جو بورڈ اور کمیٹی کے اجلاس میں حاضر نہ ہو سکے اور انہوں نے اجلاس سے رخصت کی درخواست کی، انہیں بورڈ اور کمیٹی کی جانب سے ضوابط کے مطابق رخصت دی گئی۔

ڈائریکٹرز کی آگاہی کے پروگرام:
کارپوریٹ گورننس (CCG) کے ضوابط کو مد نظر رکھتے ہوئے بورڈ کے چیئرمین نے نو منتخب ڈائریکٹرز کو استقبالیہ خطوط جاری کئے جن میں کمپنیز ایکٹ اور کمپنی کے آرٹیکل آف ایسوسی ایشن کے مطابق اپنے کردار ذمہ داریاں، اختیارات، فرائض اور ان کے معاوضے اور مراعات کی تفصیل فراہم کی گئی ہے، تاکہ وہ کمپنی کے معاملات کو موثر انداز میں چلانے کیلئے اپنے فرائض اور ذمہ داریوں کو نبھا سکیں۔

ترقی پروگرام برائے ڈائریکٹرز:
کمپنی کے آٹھ (8) ڈائریکٹرز میں سے پانچ ڈائریکٹرز گذشتہ سالوں میں "ڈائریکٹرز ترقی پروگرام" کے تحت سند یافتہ یا سکیورٹیز اینڈ ایکسچینج کمیشن سے استثنیٰ حاصل کر چکے ہیں، جبکہ بقیہ ڈائریکٹران بھی متعلقہ قانون کی پاسداری مقررہ وقت میں کر لیں گے۔

کمپنی کو لاحق کلیدی خطرات:

زیر جائزہ مالی سال کے دوران کمپنی کو ممکنہ طور پر درپیش کاروباری خطرات میں کوئی قابل ذکر تبدیلی واقع نہیں ہوئی، جو درج ذیل ہیں:

بنیادی خام مال کی فراہمی: چونے کا پتھر سیمنٹ کی پیداوار کے لئے درکار بنیادی خام مال ہے۔ بدلتے ہوئے ماحولیاتی قوانین کے باعث اس کی مستقل اور طویل عرصے کے لئے فراہمی خدشات کا شکار ہو سکتی ہے۔ کمپنی کے ملکیتی چونے کے پتھر کے ذخائر موجودہ اور مستقبل کی ضروریات کو پورا کرنے کی اہلیت رکھتے ہیں۔

طلب و رسد میں فرق: سیمنٹ کی صنعت اپنی پیداواری صلاحیت کا 78.89% استعمال کر رہی ہے اور مستقبل میں یہ پیداواری صلاحیت مزید بڑھنے کا احتمال ہے لیکن اندازہ ہے کہ مستقبل میں سیمنٹ کی طلب میں قابل قدر اضافہ ہوگا، جس کے نتیجے میں یہ صنعت 100% پیداواری صلاحیت استعمال کرے گی۔

ایندھن کی لاگت: سیمنٹ کی پیداوار کے لئے بہت زیادہ توانائی درکار ہوتی ہے۔ بین الاقوامی سطح پر بڑھتی ہوئی ایندھن کی طلب اور روپے کی قدر میں کمی کی وجہ سے اس کی قیمتوں میں مسلسل اضافہ ہو رہا ہے۔ اس مسئلے کے پیش نظر آپ کی کمپنی ایندھن کے متبادل ذرائع کی مسلسل تلاش میں ہے۔

قوانین اور ان کی تعمیل: مسلسل بدلتے ہوئے ملکی قوانین کی موجودگی میں عدم تعمیل کا احتمال ہے جس سے دیگر کاروباری نقصانات کے ساتھ کمپنی کی ساکھ کو بھی نقصان پہنچنے کا خطرہ ہے۔ اس لئے کمپنی نے ان قوانین کی تعمیل کا نظام تشکیل دیا ہے اور اس بات کا بھی اہتمام کیا گیا ہے کہ ملکی قانونی ڈھانچے میں تبدیلی کا متواتر جائزہ لیا جائے تاکہ تمام قوانین پر عمل درآمد یقینی بنایا جا سکے۔

مسابقتی خطرات: سیمنٹ کی صنعت کی پیداواری گنجائش میں بڑھتے اضافے سے فروخت کے حجم، مارکیٹ شیئر اور منافع کو خطرات کا سامنا کرنا پڑتا ہے۔ کمپنی کی جانب سے اپنی مصنوعات اور اس سے متعلقہ اپنی خدمات کے معیار میں مسلسل بہتری کے لئے کوشش کی جا رہی ہے۔

مالیاتی خطرات: کاروباری حالات میں اتار چڑھاؤ (شرح سود، زرمبادلہ اور قیمتوں میں تبدیلی کے خطرات) کی بدولت کمپنی کو کریڈٹ، لیکویڈیٹی اور دیگر خطرات کا سامنا کرنا پڑ سکتا ہے۔ ان خطرات کی تفصیل کے لئے آڈٹ شدہ مالیاتی حسابات کے نوٹ نمبر 38 کو ملاحظہ کریں، جس میں ان خطرات کے حوالے سے کنٹرول اور نمٹنے کے طریقہ کار کو بیان کر دیا گیا ہے۔

کارپوریٹ گورننس کے ضوابط کی تعمیل:

کمپنی کی انتظامیہ اپنے تمام شراکت داروں کے ساتھ اعتماد، دیانت داری، احتساب اور شفافیت کی بنیاد پر پائیدار تعلقات قائم رکھنے پر یقین رکھتی ہے اور کارپوریٹ گورننس کے بہترین طریقوں پر موثر انداز میں عمل درآمد کے لئے پرعزم ہے اور کمپنی کے تمام ڈائریکٹرز اور ملازمین ایک ضابطہ اخلاق کے تحت وضع کئے گئے اصولوں کے تحت اپنی ذمہ داریوں کو ادا کرنے کے پابند ہیں۔ کمپنی کی جانب سے کارپوریٹ گورننس (The CCG، 2017 Regulations) کے ضابطہ اخلاق پر عمل درآمد کیا جا رہا ہے۔

کارپوریٹ گورننس کے ضابطے کے تحت مختلف تفصیلات درج ذیل ہیں۔

۱۔ مالیاتی گوشوارہ جات واضح طور پر کمپنی کے کاروباری حالات و واقعات، کاروباری نتائج، کیش فلو اور مالکان کے سرمایہ کی تبدیلی کو پیش کرتے ہیں۔

۲۔ کمپنی نے اپنے گوشوارہ جات کی تمام کتب کو بہترین انداز میں مرتب کیا ہے۔

۳۔ مالیاتی گوشوارہ جات کی تیاری میں موزوں اکاؤنٹنگ پالیسیوں کے استعمال کے تسلسل کو برقرار رکھا گیا ہے، جبکہ اکاؤنٹنگ تخمینوں کی بنیاد معقول اور دانشمندانہ ہے۔

۴۔ کمپنی کے مالیاتی گوشوارہ جات کی تیاری میں پاکستان میں قابل اطلاق انٹرنیشنل فنانشل رپورٹنگ سٹینڈرڈز کے قوانین پر عمل درآمد کیا گیا ہے تاکہ کمپنی کی درست اور شفاف مالی حالت کو بیان کیا جا سکے۔

۵۔ اندرونی کنٹرول نظام کو بہترین انداز میں تشکیل دیا گیا ہے جس پر موثر طریقے سے عمل درآمد اور نگرانی کی جاتی ہے۔

۶۔ کمپنی کے کاروبار کو جاری رکھنے کی صلاحیت کے حوالے سے کسی قسم کے قابل ذکر شکوک نہیں پائے جاتے ہیں۔

۷۔ 30 جون، 2019، کو اختتام شدہ مالی سال میں کارپوریٹ گورننس کے ضوابط سے کسی قسم کا قابل ذکر انحراف نہیں کیا گیا ہے۔ ان ضوابط کی تعمیل کی تفصیل اس رپورٹ کے ساتھ منسلک کر دی گئی ہے۔

بورڈ آف ڈائریکٹرز کا انتخاب (الیکشن):

کمپنی کے ممبران کے 29 جون، 2019، کو منعقد ہونے والے غیر معمولی اجلاس میں تین سال مدت کے لئے کمپنی کے آٹھ (8) ڈائریکٹرز کا انتخاب کیا گیا ہے۔ جن کی مدت کا آغاز 29 جون، 2019، سے ہوا۔ نئے بورڈ آف ڈائریکٹرز میں ایگزیکٹو، نان۔ایگزیکٹو اور انڈیپنڈنٹ ڈائریکٹرز شامل ہیں، جن کا انتخاب کمپنیز ایکٹ 2017، اور اس کے وضع کیے گئے قواعد و ضوابط کے مطابق کیا گیا ہے۔

انڈیپنڈنٹ ڈائریکٹرز کا انتخاب کمپنیز ایکٹ 2017، کے سیکشن (1)166 اور (2)166 کی شرائط کو ملحوظ خاطر رکھتے ہوئے پاکستان انسٹیٹیوٹ آف کارپوریٹ گورننس (PICG) کی فراہم کردہ فہرست میں سے کیا گیا ہے۔

نئے منتخب شدہ ڈائریکٹرز کے نام درج ذیل ہیں:

۱۔ جناب احمد سجاد خان	(انڈیپنڈنٹ نان۔ایگزیکٹو ڈائریکٹر)
۲۔ جناب طلحہ سعید احمد	(انڈیپنڈنٹ نان۔ایگزیکٹو ڈائریکٹر)
۳۔ جناب اعزاز منصور شیخ	
۴۔ جناب ندیم عطا شیخ	
۵۔ محترمہ شہناز اعزاز	
۶۔ محترمہ حفصہ ندیم	
۷۔ محترمہ حجاب طارق	
۸۔ جناب محمد عطا نصیر شیخ	

بورڈ آف ڈائریکٹرز کی تفصیل:

30 جون، 2019، کو کمپنی کے آٹھ (8) رکنی بورڈ آف ڈائریکٹرز کی تفصیل درج ذیل ہے۔

مرد ڈائریکٹرز	5
خاتون ڈائریکٹرز	3
کل ڈائریکٹرز	8

انڈیپنڈنٹ نان۔ایگزیکٹو ڈائریکٹرز:

جناب احمد سجاد خان ۱، ۲

جناب طلحہ سعید احمد ۱، ۲

دیگر نان۔ایگزیکٹو ڈائریکٹرز:

جناب اعزاز منصور شیخ ۳، ۴

محترمہ شہناز اعزاز ۱، ۲

محترمہ حفصہ ندیم ۴

محترمہ حجاب طارق ۱، ۲

جناب محمد عطا نصیر شیخ ۴

ڈائریکٹرز رپورٹ برائے حصص داران

کوہاٹ سیمنٹ کمپنی لمیٹڈ (کمپنی) کے ڈائریکٹرز 30 جون، 2019ء کو ختم ہونے والے مالی سال سے متعلق کمپنی کی سالانہ رپورٹ مع آڈٹ شدہ اکاؤنٹس اور آڈیٹرز رپورٹ پیش کرنے پر مسرت محسوس کرتے ہیں۔

کاروباری جائزہ

30 جون، 2019ء کو ختم ہونے والے مالی سال کے دوران پاکستانی سیمنٹ سیکٹر میں سیمنٹ کی فروخت کے حجم میں مجموعی طور پر 2.13%(2018:13.84%) کا اضافہ ہوا ہے۔ ملکی کھپت میں 1.98% کی کمی کے ساتھ 40.33(2018:41.15) ملین میٹرک ٹن رہی، جبکہ برآمدات 37.72% اضافے کے ساتھ 6.54(2018:4.75) ملین میٹرک ٹن رہیں۔

کمپنی کی سیمنٹ کی فروخت کا حجم بشمول برآمدات 2.35(2018:2.25) ملین میٹرک ٹن رہا، برآمدات کا حجم 4.68% اضافے کے ساتھ 0.12(2018:0.10) ملین میٹرک ٹن رہا۔ کمپنی کی گرے (Grey) سیمنٹ پروڈکشن لائن کی پیداواری کارکردگی 84.6% (2018:78.9%) رہی۔

ذیل میں پیداوار اور ترسیلات کے نتائج کا خلاصہ دیا گیا ہے:

	2019	2018
	میٹرک ٹن	
کلنکر کی پیداوار	2,184,211	1,945,632
سیمنٹ کی پیداوار	2,390,025	2,237,331
اندرون ملک فروخت	2,235,832	2,147,900
برآمدات	117,203	100,035
کل فروخت	2,353,035	2,247,935

مستقبل کے امکانات

زیر جائزہ مالی سال کے دوران ملک کی معاشی سست روی نے سیمنٹ انڈسٹری کو بری طرح متاثر کیا ہے۔ شرح سود میں اضافہ، حکومتی ترقیاتی اخراجات میں کمی، غیر ملکی کرنسیوں کے مقابلے میں پاکستانی روپے کی قدر میں کمی، حکومت کی جانب سے معیشت کی بحالی کی خاطر ٹیکس وصولی کے لئے کئے گئے اقدامات کے خلاف مقامی تاجروں کی مزاحمت اور روزمرہ کی اشیاء کی قیمتوں میں اضافے نے ملکی سیمنٹ انڈسٹری پر برے اثرات مرتب کئے ہیں۔

تاہم، ہمارے خیال میں چین پاکستان اقتصادی راہداری کے تحت چلنے والے معاشی مراکز اور حکومت کی جانب سے کم لاگت والے گھروں کی تعمیر کے منصوبے ملکی معیشت کے لئے حوصلہ افزا ہونے کے علاوہ سیمنٹ کی مقامی طلب میں اضافے کا باعث بنیں گے۔

بنیادی کاروباری سرگرمیاں اور مالیاتی کارکردگی

زیر جائزہ مالی سال کے دوران بھی کمپنی بنیادی طور پر سیمنٹ کی پیداوار و ترسیل کے کاروبار سے منسلک رہی۔

کمپنی کی مالیاتی کارکردگی کا سرسری جائزہ ذیل میں دیا گیا ہے:

	2019	2018
	روپے	
کل فروخت	15,645,648,712	13,438,843,026
خام منافع	4,206,061,196	4,325,360,845
شرح خام منافع	26.90%	32.19%
آپریٹنگ منافع	3,722,136,542	4,076,883,237
شرح آپریٹنگ منافع	23.8%	30.34%
منافع قبل از مالی اخراجات، ٹیکس، ڈیپریسیشن اور امورٹائزیشن	4,311,504,604	4,603,049,901
منافع بعد از ٹیکس	2,468,655,890	2,979,994,793
بعد از ٹیکس منافع کی شرح	15.78%	22.17%
فی شیئر آمدنی (روپے فی شیئر)	12.29	(Restated) 14.84

پاکستانی روپے کی قدر میں کمی درآمد شدہ کوئلے کی لاگت میں اضافے کا سبب بنی، اس کے علاوہ پیکنگ (Packing) میٹریل اور بجلی کی قیمتوں میں اضافہ اور پچھلی سہ ماہی میں سیمنٹ کی قیمتوں میں کمی کی وجہ سے کمپنی کے منافع میں کمی واقع ہوئی۔

کریڈٹ ریٹنگ:

پاکستانی اداروں کی قرض چکانے کی صلاحیت کے لحاظ سے درجہ بندی کو کریڈٹ ریٹنگ کہا جاتا ہے، PACRA کا بنیادی کام کسی بھی ادارے کی قرض چکانے کی صلاحیت کا جائزہ لینا ہے۔ گزشتہ ادوار کی طرح اس سال بھی PACRA نے کمپنی کی طویل و قلیل المدتی انفرادی کریڈٹ ریٹنگ کو بالترتیب "A" اور "A1" درجہ میں رکھا ہے۔ یہ درجہ بندیاں کمپنی کی جانب سے بروقت مالیاتی ذمہ داری ادا کرنے کی قوی صلاحیت کو ظاہر کرتی ہیں۔

کمپنی اپنی مالی ذمہ داریوں کو بروقت ادا کرنے کی اہلیت رکھتی ہے۔

زیر تعمیر منصوبہ جات:

7800 ٹن یومیہ پیداواری صلاحیت کی حامل نئی گرے (Grey) سیمنٹ پروڈکشن لائن-4 کا تعمیری و تنصیبی کام تقریباً مکمل ہو چکا ہے اور ہم امید کرتے ہیں کہ اس پلانٹ سے مالی سال 2020 کی دوسری سہ ماہی کے آغاز میں تجارتی بنیادوں پر پیداوار کا آغاز کر دیا جائے گا۔

منافع کی تقسیم:

کمپنی کے ڈائریکٹرز بمسرت 30 جون، 2019ء کو ختم ہونے والے مالی سال کے لئے 25% حتمی نقد ڈیویڈنڈ یعنی 2.5 روپے فی عام شیئرز کی ادائیگی تجویز کرتے ہیں۔

ڈائریکٹرز کی منظور شدہ منافع کی تقسیم کی تفصیل درج ذیل ہے۔

	روپے
منافع بعد از ٹیکس	2,468,655,890
سابقہ سالوں کا غیر منقسم منافع	15,145,547,139
تقسیم کیلئے دستیاب منافع	17,614,203,029
30 جون، 2019ء کو ختم ہونے والے مالی سال کے لئے تجویز کیا گیا نقد ڈیویڈنڈ بمطابق 2.5 روپے فی شیئر	(502,153,243)
تقسیم کیلئے دستیاب غیر منقسم منافع	17,112,049,786

کاروباری خطرات سے بچاؤ کی حکمت عملی:

کمپنیز ایکٹ 2017ء اور لسٹڈ کمپنیز (کوڈ آف کارپوریٹ گورننس) ریگولیشنز 2017ء کی روشنی میں کمپنی کی انتظامیہ کی جانب سے کاروباری خطرات سے بچاؤ کے نظام کی تشکیل اور متعلقہ پالیسیوں کو وضع کیا گیا ہے۔ یہ پالیسیاں کمپنی کو لاحق خطرات کی نشاندہی اور ان کا جائزہ لینے اور ان سے نمٹنے کیلئے رہنمائی فراہم کرتی ہیں۔ کاروباری حالات اور کمپنی کی سرگرمیوں کو مدنظر رکھتے ہوئے ان پالیسیوں کا تبدیلی کے لئے باقاعدگی سے جائزہ لیا جاتا ہے۔

CORPORATE SOCIAL RESPONSIBILITY

Kohat Cement strongly believes that sustained economic growth is only possible with social progress and wellbeing of local communities in particular and overall society in general. Accordingly, during the year under review the Company took following initiatives under this Corporate Social Responsibility (CSR) Programme.

Community Development

Kohat Cement is efficiently involved in development of communities where it operates by continuing its welfare activities briefly given below:

i) Free Micro Finance (Economic Development)

The Company signed a MOU with Akhuwat in the year 2014 whereby a revolving limit of Rs.10 million was approved and paid by the Company to finance the deserving people of Kohat. Besides the above fund, the Company pays annually Rs. 1.4 million on account of administration costs of operating the Akhuwat Branch in Kohat. As of today, more than two thousand families have benefited from the micro finance facility under this scheme.

ii) Women Empowerment Programme

Kohat Cement truly believes that empowering women through employment and skill enhancement not only help them achieve financial stability for themselves and their families but also make them a productive member of society. Kohat cement incurred an amount of Rs. 0.507 million towards this cause.

iii) Drainage Project

Kohat Cement in association with Al-Khidmat Foundation spent Rs.2.89 million to reconstruct streets and drainage lines in Babri Banda, a village adjacent to the plant.

iv) Financial Assistance of widows and others

Kohat Cement aims to support widows and their family pays monthly widow allowance to deserving families. Company supported such families with Rs. 0.853 million. Moreover, the Company also financially assisted to various other individuals by spending Rs. 0.559 million.

Health & Safety

Kohat Cement understands and promotes the significance of a healthy community. Its efforts towards a disease free community are as under:

i) Basic Health Unit

KCCL operates a 24 hours dispensary within the factory premises along with provision of a 24 hours ambulance service to the employees and their families.

ii) Ghulab Devi Hospital

An amount of Rs. 0.250 million has been spent by the Company to meet the staff salaries of hospital's ward, namely Khawar Sultana Ward.

iii) Medicare Health Foundation

The Company paid an amount of Rs. 0.360 million to Medicare Health Foundation which is providing health care facilities to the needy people.

Education

Kohat Cement is vigilant to play its role towards promoting education in the nearby areas of operating unit. Major contribution of the Company is establishing a School and payments of scholarships to the needy and talented students:

i) Kohat Cement Educational Trust (KCET)

KCET is running a school within the premises of the Company to impart education to the children of the employees of the nearby areas. A partnership has been entered into between "KCET" & "The Country School" with the aim to provide quality education to these children. During the year, the Company contributed Rs. 4.36 million to the KCET towards the school operational expenses.

ii) Educational Scholarships

Kohat Cement is providing educational assistance through scholarships to the deserving and bright candidates. The Company has also announced Kohat Cement Scholarship Program (KCSP) which is successfully running in the various institutes including Quaid Institute of Technology Kohat, Government College of Technology Kohat, and Kohat University of Science & Technology.

The Company contributed Rs. 1.8 million during the year towards various educational scholarships.

iii) Namal Education Foundation

Kohat Cement as part of its CSR programme paid an amount of Rs. 1.2 million to Namal Education Foundation.

Environment & Energy

Making sure that our surroundings are healthy, Kohat Cement invests in initiatives that are beneficial for the environment and people.

i) Plantation Drive

Extensive tree plantation drives were conducted inside and around the factory in Kohat. KCCL is promoting a variety of environmental conservation activities in collaboration with local communities and KCCL employees. The company is promoting (GO GREEN Plantation Drive) to maximize awareness in its employees. During this year the Company spent Rs. 0.7 million towards this initiative and planted about 25,870 plants at its factory site and surrounding village / areas.

ii) Clean Kohat Campaign

Kohat Cement joined hands with Water and Sanitation Services Kohat, in a clean-up campaign to create awareness among the local community about environmental issues with special emphasis on waste management, waste reduction and recycling. Besides the above, the employees of the Company actively participated in activities to clean the environment by collecting dozens of bags of waste to beautify the areas. An amount of Rs. 0.255 million has been spent by the Company towards this cause.

Sports Initiatives

Games help make a person focused, disciplined, committed and a team player. Hence, it is imperative that amiable conditions are provided so that individuals can engage themselves in some sporting activity.

i) National Cup T-20 Sponsorship (Kohat Cement Peshawar Team)

Kohat Cement sponsored Peshawar Cricket Team for National T 20 Cup 2018 (Regional Cup) which was organized by Pakistan Cricket Board. All matches of tournament were telecasted live on PTV Sports. Company spent Rs. 5.9 million for this sponsorship.

ii) Kohat Cement Cricket League

Kohat Cement spent Rs. 0.350 million to promote cricket and encourage its employees within the organization whereby the Company arranged a cricket tournament among the employees of the Company.

iii) Rehabilitation of POLO Ground

An amount of Rs. 0.3 million has been spent by the Company for rehabilitation of POLO Ground near its factory.

Religious Activities

i) Hajj Sponsorship – Every year the Company sponsors some of its employees to perform Hajj; this year the Company sponsored one employee for which an amount of Rs.0.575 million has been incurred.

ii) Ramadan Dashtarkwan:- During the holy month of Ramadan, the Company arranges free meals for its employees and local community in Kohat and Lahore. During the year the Company incurred an amount of Rs. 1.461 million for this activity.

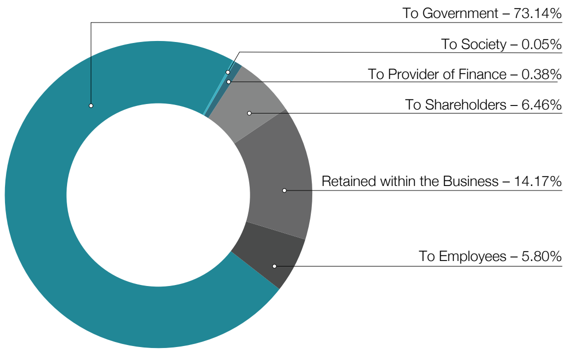
Contribution to National Exchequer

The Company contributed Rs. 8,534 million (2018: Rs. 7,249 million) to the National Exchequer in the form of duties and taxes and further deposited Rs. 517 million (2018: 226 million) into National Treasury being income tax deducted on payments made to various persons in terms of income tax laws. Company also earned Foreign Exchange of USD 5.3 million (2018: USD 4 million) equivalent to Rs. 724 million (2018: 513 million) for the country by exporting cement during the year.

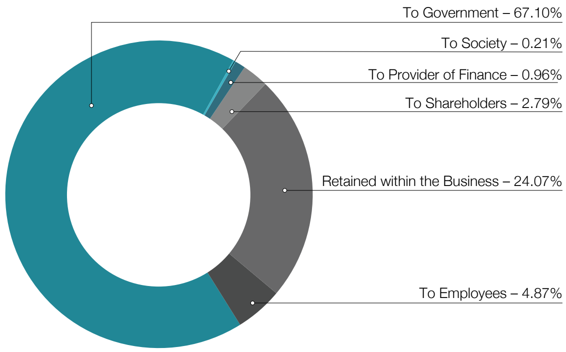
STATEMENT OF VALUE ADDED

	2019		2018	
	Rs.	%	Rs.	%
Value Added				
Gross Revenue Generated	23,230,703,659		19,940,547,870	
Materials & Services	(11,264,591,105)		(8,848,583,921)	
	11,966,112,554		11,091,963,949	
To Employees as Remuneration	**694,207,302**	**5.80%**	**540,078,024**	**4.87%**
To Government as Taxes	**8,751,184,261**	**73.14%**	**7,442,008,156**	**67.10%**
Income Tax	1,207,415,551	10.09%	990,357,268	8.94%
Sales Tax	3,702,082,792	30.94%	3,248,835,985	29.29%
Federal excise duty	3,353,748,705	28.03%	2,723,644,623	24.56%
Royalty and excise duty	216,920,844	1.81%	192,376,359	1.73%
Workers welfare fund	73,661,979	0.62%	73,936,622	0.67%
Workers profit participation fund	197,354,390	1.65%	212,857,299	1.92%
To Provider of Finance as Finance Cost	**46,065,101**	**0.38%**	**106,531,176**	**0.96%**
To Society as Donation	**6,000,000**	**0.05%**	**23,351,800**	**0.21%**
To Shareholders as Dividend	**772,543,450**	**6.46%**	**309,017,380**	**2.79%**
Retained within the Business	**1,696,112,440**	**14.17%**	**2,670,977,413**	**24.07%**
	11,966,112,554	**100%**	**11,091,963,949**	**100%**

Value Added – 2019 (Percentage)



Value Added – 2018 (Percentage)

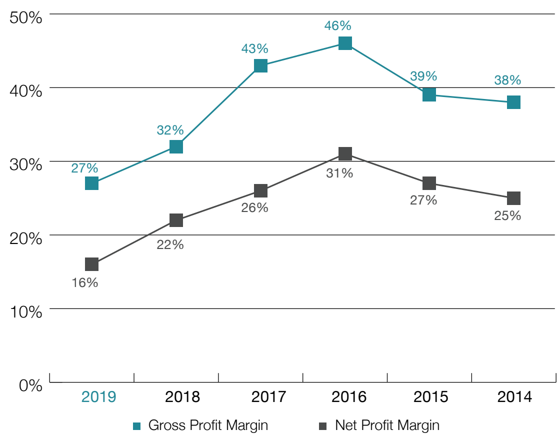


KEY FINANCIAL DATA
for the Last Six Years

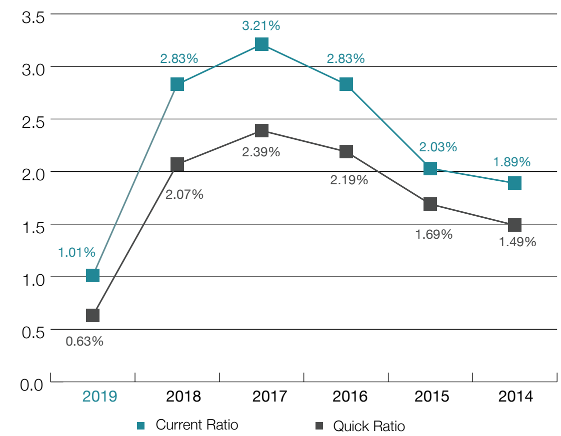
	2019	2018	2017	2016	2015	2014
Balance sheet (Rs. 000)						
Shareholders equity	19,672,639	17,976,738	15,306,258	13,770,090	10,797,254	8,587,467
Non-current liabilities	6,118,326	1,660,565	2,102,230	2,313,269	2,141,344	1,868,454
Current liabilities	5,523,905	3,679,030	2,783,703	3,261,783	4,122,870	3,695,537
Non-current assets	25,708,607	12,909,271	11,263,417	10,126,766	8,687,831	7,161,708
Current assets	5,606,262	10,407,062	8,928,774	9,218,376	8,373,637	6,989,750
Profit & loss account (Rs. 000):						
Sales - net	15,645,649	13,438,843	13,540,305	14,019,843	12,472,197	12,765,670
Gross profit	4,206,081	4,325,361	5,827,368	6,496,565	4,814,921	4,806,700
EBITDA	4,311,505	4,603,050	6,017,066	6,691,965	5,122,656	4,903,322
EBIT	3,722,137	4,076,883	5,519,886	6,252,183	4,731,182	4,531,275
Profit before tax	3,676,071	3,970,352	5,434,924	6,174,067	4,637,441	4,376,599
Profit after tax	2,468,656	2,979,995	3,544,815	4,408,075	3,322,268	3,154,827
Cash flows (Rs. 000):						
Cash flows from Operations	6,012,465	4,628,024	5,417,049	5,859,322	4,724,799	5,544,291
Operating activities	4,745,271	3,026,005	3,565,091	2,979,188	2,554,144	4,836,154
Investing activities	(13,089,733)	(3,271,934)	(1,305,493)	(1,350,292)	1,776,178	(2,804,122)
Financing activities	4,453,920	(790,815)	(2,684,888)	(1,816,880)	38,783	(1,197,388)
Cash and cash equvalents at the beginning of the year	4,574,428	5,611,172	6,036,461	6,224,446	1,855,340	1,020,697
Cash and cash equvalents at the end of the year	683,886	4,574,428	5,611,172	6,036,461	6,224,446	1,855,340
Profitability Ratios:						
Gross profit ratio	26.88%	32.19%	43.04%	46.34%	38.61%	37.65%
Net profit to sales ratio	15.78%	22.17%	26.18%	31.44%	26.64%	24.71%
EBITDA to sales ratio	27.56%	34.25%	44.44%	47.73%	41.07%	38.41%
Return on equity	12.55%	16.58%	23.16%	32.01%	30.77%	36.74%
Return on capital employeed	14.43%	20.76%	31.71%	38.87%	36.57%	43.34%
Liquidity Ratios						
Current ratio	1.01	2.83	3.21	2.83	2.03	1.89
Quick ratio	0.63	2.07	2.39	2.19	1.69	1.49
Cash flow from operations to sales ratio	38.43%	33.60%	40.01%	41.79%	37.88%	43.43%
Activity/Turnover Ratios						
Inventory turnover ratio	7.38	4.84	5.93	6.74	8.99	8.62
No. of days in inventory	49.46	75.46	61.52	54.34	40.60	42.33
Debtor turnover ratio	21.91	20.82	39.39	54.17	56.53	155.37
No. of days in receivables	16.66	17.53	9.27	6.76	6.46	2.35
Total assets turnover ratio	0.50	0.58	0.67	0.72	0.73	0.90
Fixed assets turnover ratio	1.95	1.69	1.84	1.82	1.92	1.87
Investment/market ratios						
Earnings per share	12.29	14.84	17.65	21.95	16.54	15.71
Price Earning Ratio	4.27	8.29	12.99	11.93	12.08	8.14
Dividend Yield Ratio	4.76%	4.06%	6.11%	2.29%	4.50%	1.56%
Dividend Payout Ratio	20.34%	33.70%	79.33%	27.34%	54.41%	12.73%
Dividend Cover Ratio	4.92	2.97	1.26	3.66	1.84	7.85
Cash Dividend	25%	50%	140%	60%	90%	20%
Stock Dividend	-	30%	-	-	-	-
Market Value per Share						
- Closing	52.53	123.07	229.26	261.92	199.85	127.82
- High	134.43	225.01	311.00	283.00	220.00	132.40
- Low	47.55	112.50	216.00	181.54	106.72	66.05
Breakup value per share of Rs. 10 each	97.94	89.50	76.20	68.56	53.75	42.75
Capital Structure Ratios						
Debt to equity ratio	22 : 78	2 : 98	6 : 94	10 : 90	16 : 84	09 : 91
Interest cover ratio	80.80	38.27	64.97	80.04	50.47	29.30

GRAPHICAL ANALYSIS

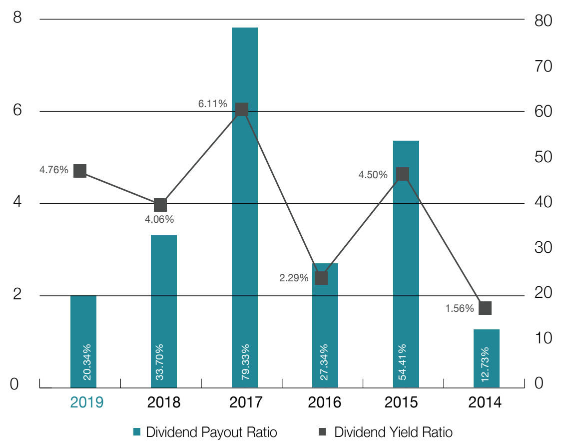
Profitability Ratios



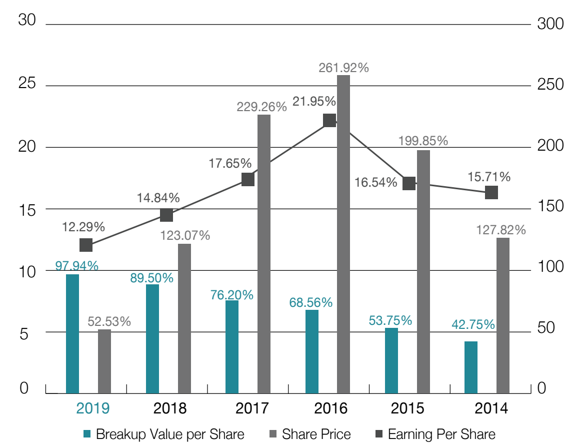
Liquidity Ratios



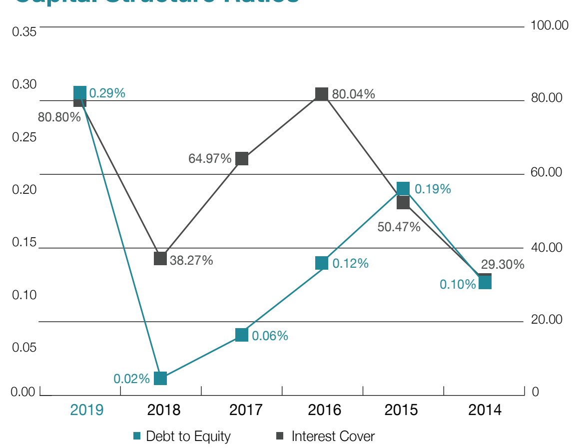
Market Ratios



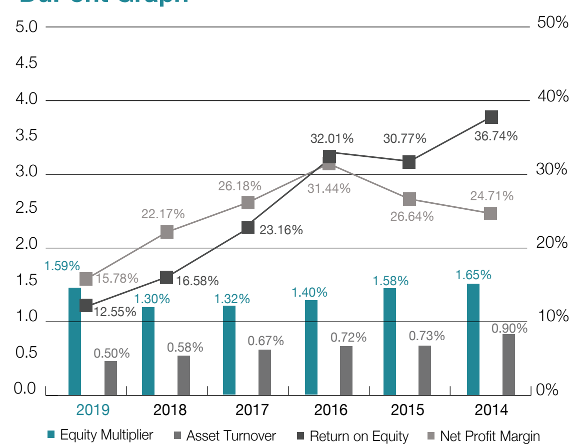
Market Ratios



Capital Structure Ratios



DuPont Graph



HORIZONTAL & VERTICAL ANALYSIS

Of Balance Sheet

	2019		2018		2017		2016		2015		2014	
	Rs. 000	%	Rs. 000	%	Rs. 000	%	Rs. 000	%	Rs. 000	%	Rs. 000	%
Horizontal Analysis												
Equity & Liabilities												
Shareholders equity	19,672,639	9.43	17,976,738	17.45	15,306,258	11.16	13,770,090	27.53	10,797,254	25.73	8,587,467	42.15
Non-current liabilities	6,118,326	268.45	1,660,565	(21.01)	2,102,230	(9.12)	2,313,269	8.03	2,141,344	14.61	1,868,454	(24.03)
Current liabilities	5,523,905	50.15	3,679,030	32.16	2,783,703	(14.66)	3,261,783	(20.89)	4,122,870	11.56	3,695,537	61.08
	31,314,869	34.30	23,316,333	15.47	20,192,191	4.38	19,345,142	13.38	17,061,468	20.56	14,151,457	31.10
Assets												
Non-current assets	25,708,607	99.15	12,909,271	14.61	11,263,417	11.22	10,126,766	16.56	8,687,831	21.31	7,161,708	7.40
Current assets	5,606,262	(46.13)	10,407,062	16.56	8,928,774	(3.14)	9,218,376	10.09	8,373,637	19.80	6,989,750	69.40
	31,314,869	34.30	23,316,333	15.47	20,192,191	4.38	19,345,142	13.38	17,061,468	20.56	14,151,457	31.10
Vertical Analysis												
Equity & Liabilities												
Shareholders equity	19,672,639	62.82	17,976,738	77.10	15,306,258	75.80	13,770,090	71.18	10,797,254	63.28	8,587,467	60.68
Non-current liabilities	6,118,326	19.54	1,660,565	7.12	2,102,230	10.41	2,313,269	11.96	2,141,344	12.55	1,868,454	13.20
Current liabilities	5,523,905	17.64	3,679,030	15.78	2,783,703	13.79	3,261,783	16.86	4,122,870	24.16	3,695,537	26.11
	31,314,869	100.00	23,316,333	100.00	20,192,191	100.00	19,345,142	100.00	17,061,468	100.00	14,151,457	100.00
Assets												
Non-current assets	25,708,607	82.10	12,909,271	55.37	11,263,417	55.78	10,126,766	52.35	8,687,831	50.92	7,161,708	50.61
Current assets	5,606,262	17.90	10,407,062	44.63	8,928,774	44.22	9,218,376	47.65	8,373,637	49.08	6,989,750	49.39
	31,314,869	100.00	23,316,333	100.00	20,192,191	100.00	19,345,142	100.00	17,061,468	100.00	14,151,457	100.00

Of Profit and Loss Account

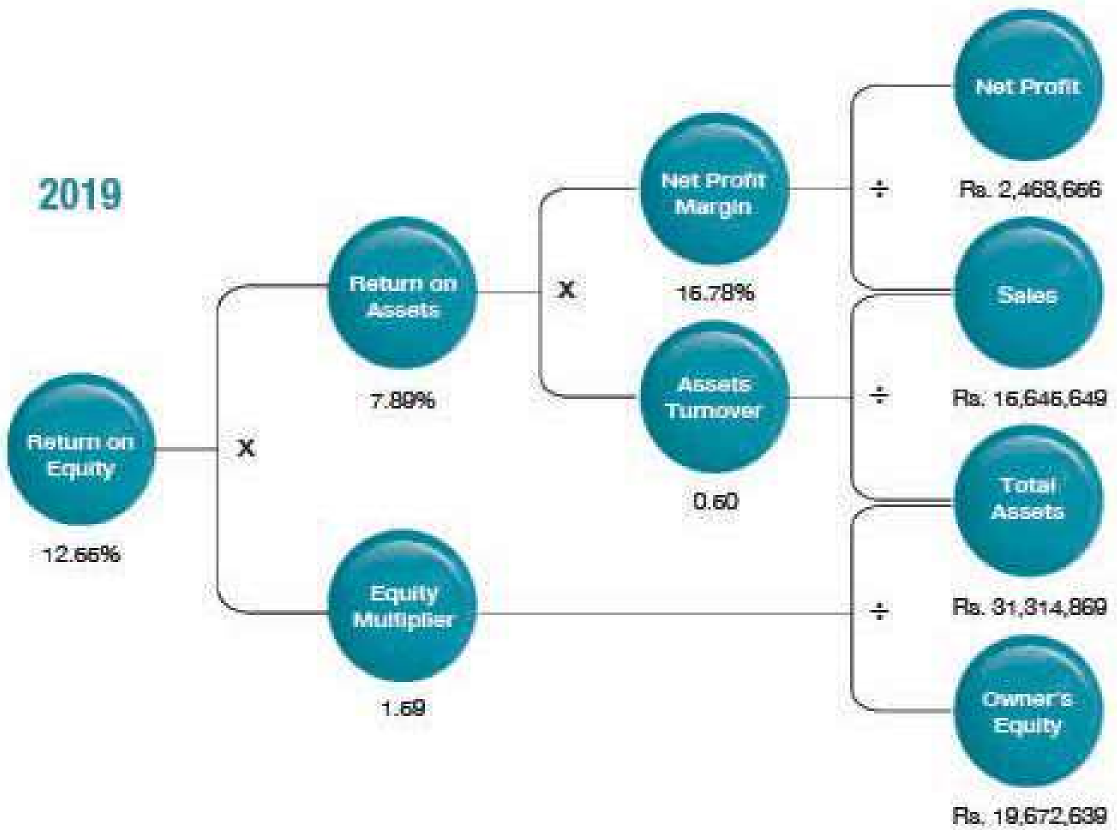
	2019		2018		2017		2016		2015		2014	
	Rs. 000	%	Rs. 000	%	Rs. 000	%	Rs. 000	%	Rs. 000	%	Rs. 000	%
Horizontal Analysis												
Sales - Net	15,645,649	16.42	13,438,843	(0.75)	13,540,305	(3.42)	14,019,843	12.41	12,472,197	(2.30)	12,765,670	13.00
Cost of goods sold	(11,439,568)	25.52	(9,113,482)	18.16	(7,712,937)	2.52	(7,523,278)	(1.75)	(7,657,276)	(3.79)	(7,958,970)	14.74
Gross profit	4,206,081	(2.76)	4,325,361	(25.78)	5,827,368	(10.30)	6,496,565	34.93	4,814,921	0.17	4,806,700	10.22
Selling and distribution expenses	(118,276)	22.09	(96,879)	(25.29)	(129,666)	(16.12)	(154,584)	64.17	(94,163)	13.97	(82,622)	41.48
Administrative and general expenses	(254,164)	25.11	(203,150)	24.62	(163,009)	22.48	(133,092)	17.03	(113,725)	(22.19)	(146,151)	69.11
Other operating expenses	(460,125)	48.36	(310,146)	(23.97)	(407,911)	(6.44)	(436,010)	29.04	(337,886)	8.33	(311,907)	33.43
Other operating income	348,620	(3.62)	361,697	(7.99)	393,104	(17.98)	479,305	3.74	462,035	74.19	265,255	632.28
Operating profit	3,722,137	(8.70)	4,076,883	(26.14)	5,519,886	(11.71)	6,252,183	32.15	4,731,182	4.41	4,531,275	12.76
Finance cost	(46,065)	(56.76)	(106,531)	25.39	(84,962)	8.76	(78,117)	(16.67)	(93,741)	(39.39)	(154,676)	(37.87)
Profit before tax	3,676,071	(7.41)	3,970,352	(26.95)	5,434,924	(11.97)	6,174,067	33.14	4,637,441	5.96	4,376,599	16.10
Taxation	(1,207,416)	21.92	(990,357)	(47.60)	(1,890,109)	7.03	(1,765,991)	34.28	(1,315,173)	7.64	(1,221,772)	7.46
Profit after tax	2,468,656	(17.16)	2,979,995	(15.93)	3,544,815	(19.58)	4,408,076	32.68	3,322,268	5.31	3,154,827	19.84
Vertical Analysis												
Sales - Net	15,645,649	100.00	13,438,843	100.00	13,540,305	100.00	14,019,843	100.00	12,472,197	100.00	12,765,670	100.00
Cost of goods sold	(11,439,568)	(73.12)	(9,113,482)	(67.81)	(7,712,937)	(56.96)	(7,523,278)	(53.66)	(7,657,276)	(61.39)	(7,958,970)	(62.35)
Gross profit	4,206,081	26.88	4,325,361	32.19	5,827,368	43.04	6,496,565	46.34	4,814,921	38.61	4,806,700	37.65
Selling and distribution expenses	(118,276)	(0.76)	(96,879)	(0.72)	(129,666)	(0.96)	(154,584)	(1.10)	(94,163)	(0.75)	(82,622)	(0.65)
Administrative and general expenses	(254,164)	(1.62)	(203,150)	(1.51)	(163,009)	(1.20)	(133,092)	(0.95)	(113,725)	(0.91)	(146,151)	(1.14)
Other operating expenses	(460,125)	(2.94)	(310,146)	(2.31)	(407,911)	(3.01)	(436,010)	(3.11)	(337,886)	(2.71)	(311,907)	(2.44)
Other operating income	348,620	2.23	361,697	2.69	393,104	2.90	479,305	3.42	462,035	3.70	265,255	2.08
Operating profit	3,722,137	23.79	4,076,883	30.34	5,519,886	40.77	6,252,183	44.60	4,731,182	37.93	4,531,275	35.50
Finance cost	(46,065)	(0.29)	(106,531)	(0.79)	(84,962)	(0.63)	(78,117)	(0.56)	(93,741)	(0.75)	(154,676)	(1.21)
Profit before tax	3,676,071	23.50	3,970,352	29.54	5,434,924	40.14	6,174,067	44.04	4,637,441	37.18	4,376,599	34.28
Taxation	(1,207,416)	(7.72)	(990,357)	(7.37)	(1,890,109)	(13.96)	(1,765,991)	(12.60)	(1,315,173)	(10.54)	(1,221,772)	(9.57)
Profit after tax	2,468,656	15.78	2,979,995	22.17	3,544,815	26.18	4,408,076	31.44	3,322,268	26.64	3,154,827	24.71

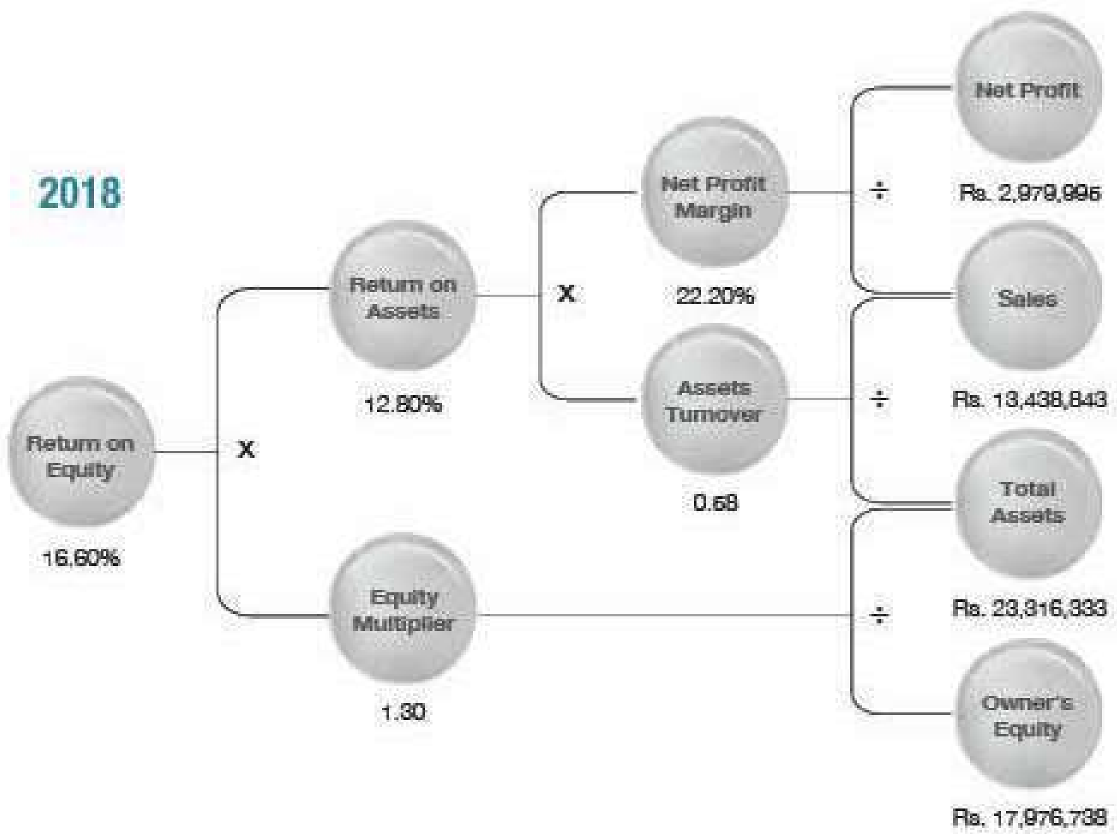
ANALYSIS OF QUARTERLY RESULTS

	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	FY 2018-19
Dispatches - Tons	551,270	686,384	555,544	559,837	2,353,035
- Local	521,725	656,671	531,701	525,735	2,235,832
- Export	29,545	29,713	23,843	34,102	117,203
					000 PKR except EPS
Sales Revenue - Net	3,520,643	4,871,009	3,850,287	3,403,710	15,645,649
Cost of Goods Sold	2,661,873	3,335,497	2,787,733	2,654,465	11,439,568
Gross Profit	858,771	1,535,512	1,062,554	749,245	4,206,081
Gross Profit Margin	24%	32%	28%	22%	27%
- Selling and Distribution Cost	26,903	33,754	28,481	29,138	118,276
- Administration and General Expenses	67,295	60,183	64,259	62,426	254,164
- Other Operating Income	(86,207)	(84,852)	(80,424)	(97,138)	(348,620)
- Other Operating Expenses	60,376	111,071	121,514	167,164	460,125
	68,367	120,156	133,830	161,591	483,945
Operating Profit	790,403	1,415,356	928,723	587,654	3,722,137
Operating Profit Margin	22%	29%	24%	17%	24%
Finance Cost	10,787	12,952	11,502	10,824	46,065
Profit Before Tax (PBT)	779,616	1,402,404	917,221	576,830	3,676,071
PBT Margin	22%	29%	24%	17%	23%
Taxation	251,072	404,052	272,858	279,434	1,207,416
Effective Tax Rate	32%	29%	30%	48%	33%
Profit After Tax	528,544	998,352	644,363	297,397	2,468,656
Profit After Tax Margin	15%	20%	17%	9%	16%
Earning per Share	2.63	4.97	3.21	1.48	12.29
EBITDA	927,306	1,572,739	1,082,962	728,497	4,311,505
EBITDA Margin	26%	32%	28%	21%	28%
Average net Sales Rate Rs/Mt	6,386	7,097	6,931	6,080	6,649
Average of COGS Rate Rs/Mt	4,829	4,860	5,018	4,741	4,862

PKR devaluation, increase in coal prices and local freight cost and hike in electricity rates together with decrease in cement prices overshadowed profitability of the company in general and especially in fourth quarter where as fixation of corporate rate at 29% for future year, resulted in incremental deferred tax provision in fourth quarter.

DUPONT ANALYSIS





STATEMENT OF COMPLIANCE

with Listed Companies (Code of Corporate Governance) Regulations, 2017 For the year ended June 30, 2019

Kohat Cement Company Limited ("the Company") has complied with the requirements of the Regulations in the following manner:

1. The total number of directors as at June 30, 2019 are eight (8) whereas prior to election of directors held on June 29, 2019 the total number of directors were seven (7), as per the following:

	Category	As at 30th June 2019	Before 29th June 2019
a)	Male	5	5
b)	Female	3	2

2. The composition of Board as at June 30, 2019 is as follows:

Category	Names
Independent Directors	Mr. Ahmad Sajjad Khan Mr. Talha Saeed Ahmed
Non-Executive Directors	Mr. Aizaz Mansoor Sheikh Mrs. Shahnaz Aizaz Mrs. Hafsa Nadeem Mrs. Hijab Tariq Mr. Muhammad Atta Tanseer Sheikh
Executive Director	Mr. Nadeem Atta Sheikh

Whereas, composition of Board prior to Elections of Directors held on June 29, 2019 was as follows:

Category	Names
Independent Directors	Mr. Muhammad Atta Tanseer Sheikh
Non-Executive Directors	Mrs. Hafsa Nadeem Ms. Aminah Aizaz Sheikh Mr. Muhammad Rehamn Sheikh Mr. Hasan Tariq Atta
Executive Directors	Mr. Aizaz Mansoor Sheikh - CEO Mr. Nadeem Atta Sheikh - ED

3. The directors have confirmed that none of them is serving as a director on more than five 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. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.

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 Act and these Regulations.

7. The meetings of the Board were presided over by the Chairperson. The Board has complied with the requirements of Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of Board.

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

9. The Board has arranged Directors Training Program during the year for the following:

   Mr. Khurram Shahzad – Chief Financial Officer

   Mr. Nadeem Atta Sheikh, Director has been granted exemption from Directors' Training Program by Securities Exchange Commission of Pakistan. Following directors have already acquired their Directors' Training Certification; whereas the remaining three directors from present Board shall complete the training within due course of time.

1	Mrs. Hafsa Nadeem	Non-Executive Director
2	Mr. Muhammad Atta Tanseer Sheikh	Non-Executive Director
3	Mrs. Hijab Tariq	Non-Executive Director
4	Mr. Talha Saeed Ahmed	Independent Director
5	Ms. Aminah Aizaz Sheikh, (retired on June 28 ,2019)	Non-Executive Director
6	Mr. Hasan Tariq (retired on June 28 ,2019)	Non-Executive Director
7	Mr. Muhammad Rehman Sheikh, (retired on June 28, 2019)	Non-Executive Director

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 the Regulations during the year.

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:

a) Audit Committee as at June 30, 2019

Category	Names	
Chairman	Mr. Muhammad Atta Tanseer Sheikh	Independent Director
Member	Ms. Aminah Aizaz Sheikh	Non-Executive Director
Member	Mr. Muhammad Rehman Sheikh	Non-Executive Director

b) Human Resource and Remuneration (HR&R) Committee as at June 30, 2019

Category	Names	
Chairman	Mr. Muhammad Atta Tanseer Sheikh	Independent Director
Member	Mr. Aizaz Mansoor Sheikh	Chief Executive
Member	Mr. Muhammad Rehman Sheikh	Non-Executive Director

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 of the committees were as per following:

Committee	Frequency
Audit Committee	Quarterly
HR&R Committee	Annually

15. The Board has set-up an effective internal audit function and personnel involved are suitably qualified and experienced for the purpose and are 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 or any of the partners of the firm, their spouses and minor children do not hold shares of the Company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on Code of Ethics as adopted by ICAP.

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 other requirements of the Regulations have been complied with.

Nadeem Atta Sheikh
Chief Executive

M. Atta Tanseer Sheikh
Director

Lahore: September 30, 2019

FINANCIAL STATEMENTS

For the year ended June 30, 2019

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Kohat Cement Company Limited

Review Report on the Statement of Compliance contained in Listed Companies (Code of Corporate Governance) Regulations, 2017

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2017 (the Regulations) prepared by the Board of Directors of Kohat Cement Company Limited for the year ended 30 June 2019 in accordance with the requirements of regulation 40 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 and also ensure compliance with the requirements of section 208 of the Companies Act, 2017. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee. We have not carried out procedures to assess and determine the Company's process for identification of related parties and that whether the related party transactions were undertaken at arm's length price or not.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the requirements contained in the Regulations as applicable to the Company for the year ended 30 June 2019.

KPMG Taseer Hadi & Co.
Chartered Accountants
(M.Rehan Chughtai)

Lahore: October 01, 2019

INDEPENDENT AUDITOR'S REPORT

To the members of Kohat Cement Company Limited

Report on the audit of the Financial Statements

We have audited the annexed financial statements of Kohat Cement Company Limited ("the Company"), which comprise the statement of financial position as at 30 June 2019, and 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, 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 30 June 2019 and of the profit and other comprehensive loss, the changes in equity and its cash flows 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 Auditor's 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.

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.

Following are the Key audit matters.

Sr. No	Key audit matters	How the matters were addressed in our audit
1.	**Revenue** Refer to notes 3.11 and 25 to the financial statements The Company generates revenue from sale of cement to domestic as well as foreign customers. The Company recognized revenue when the control is transferred to the customers which is normally the time of dispatch of goods from Company's manufacturing facility to the customers or delivered at customers' premises. We identified recognition of revenue as a key audit matter because non-compliance with the revenue recognition policy may lead to misstatement of operating results of the Company.	Our audit procedures to assess the recognition of revenue, amongst others, included the following: • Obtaining an understanding of the process relating to recognition of revenue and testing the design, implementation and operating effectiveness of key internal controls over recording of revenue; • assessing the appropriateness of the Company's accounting policies for revenue recognition and compliance of those policies with applicable accounting standards; • comparing a sample of revenue transactions recorded during the year with sales orders, sales invoices, delivery challans and other relevant underlying documents.; • comparing, on a sample basis, specific revenue transactions recorded just before and just after the financial year end date to determine whether the revenue had been recognized in the appropriate financial period; and • scanning for any manual journal entries relating to revenue raised during the year which were considered to be material or met other specific risk based criteria for inspecting underlying documentation.

INDEPENDENT AUDITOR'S REPORT

Sr. No	Key audit matters	How the matters were addressed in our audit
2.	**Capital Work in Progress** Refer notes 3.2 and 15.5 to the financial statements. The Company has made significant capital expenditure on expansion of manufacturing facilities. We identified capital work in progress as a key audit matter because there is a risk that amounts being capitalized may not meet the capitalization criteria.	Our audit procedures to assess the capital work in progress, amongst others, included the following: • understanding the design and implementation of management controls over capitalization and performing tests of control over authorization of capital expenditure and accuracy of its recording; • testing, on sample basis, the costs incurred on projects with supporting documentation and contracts; and • assessing the nature of costs incurred for the capital projects through testing, on sample basis, of amounts recorded and considering whether the expenditure meets the criteria for capitalization as per the applicable accounting and reporting standards.

Information Other than the Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. Other information comprises the information included in the annual report for the year ended 30 June 2019, but does not include the financial statements and our auditor's 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 are responsible for overseeing the Company's financial reporting process.

Auditor's 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 auditor's 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 auditor's 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 auditor's 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 auditor's 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, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows 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) zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the Company and deposited in the Central Zakat Fund established under section 7 of that Ordinance.

The engagement partner on the audit resulting in this independent auditor's report is M. Rehan Chughtai.

KPMG Taseer Hadi & Co.
Chartered Accountants
(M.Rehan Chughtai)

Lahore: October 01, 2019

STATEMENT OF FINANCIAL POSITION
As at 30 June 2019

	Note	2019 Rupees	2018 Rupees
EQUITY AND LIABILITIES			
Authorized share capital	4	3,000,000,000	3,000,000,000
Issued, subscribed and paid-up capital	4	2,008,612,970	1,545,086,900
Reserves	5	119,822,865	120,034,065
Accumulated profits		17,544,203,029	16,311,616,659
		19,672,638,864	17,976,737,624
Non-current liabilities			
Long term financing - secured	6	4,399,930,462	142,105,256
Long term deposits and retention money	7	106,893,805	2,036,100
Deferred liabilities			
- deferred taxation	8.1	1,596,244,399	1,499,928,327
- compensated absences	8.2	15,256,864	16,495,508
		6,118,325,530	1,660,565,191
Current liabilities			
Current portion of long term financing	6	1,004,220,652	284,210,528
Trade and other payables	9	3,800,459,447	3,351,466,246
Contract liability	10	99,319,101	–
Unclaimed dividend		9,416,974	9,919,087
Dividend payable	11	35,734,335	29,603,848
Short term borrowings - secured	12	243,000,000	–
Provision for taxation - net		228,925,097	–
Mark-up accrued on borrowings	13	102,829,378	3,830,579
		5,523,904,984	3,679,030,288
Contingencies and commitments	14		
		31,314,869,378	23,316,333,103

The annexed notes from 1 to 47 form an integral part of these financial statements.

Chief Executive

	Note	2019 Rupees	2018 Rupees
ASSETS			
Non current assets			
Property, plant and equipment	15	21,873,958,579	9,113,062,067
Intangibles	16	13,878,685	15,259,395
Long term loans and advances	17	90,603,485	446
Long term deposits	18	38,326,640	125,326,640
Investment property	19	3,691,839,635	3,655,622,685
		25,708,607,024	12,909,271,233
Current assets			
Stores, spares and loose tools	20	1,410,927,789	2,119,531,149
Stock-in-trade	21	709,231,912	658,728,524
Trade debts - unsecured, considered good	21a	714,060,503	645,524,139
Short term investments	22	1,947,138,780	5,159,792,050
Advances, deposits, prepayments and other receivables	23	391,017,347	887,836,716
Advance tax - net		–	111,221,602
Cash and bank balances	24	433,886,023	824,427,690
		5,606,262,354	10,407,061,870
		31,314,869,378	23,316,333,103

Chief Financial Officer

Director

STATEMENT OF PROFIT OR LOSS
For the year ended 30 June 2019

	Note	2019 Rupees	2018 Rupees
Sales-net	25	15,645,648,712	13,438,843,026
Cost of goods sold	26	(11,439,567,516)	(9,113,482,181)
Gross profit		4,206,081,196	4,325,360,845
Selling and distribution expenses	27	(118,276,416)	(96,878,923)
Administrative and general expenses	28	(254,163,790)	(203,149,588)
Other operating income	29	348,620,307	361,696,624
Other operating expenses	30	(460,124,755)	(310,145,721)
		(483,944,654)	(248,477,608)
Operating profit		3,722,136,542	4,076,883,237
Finance cost	31	(46,065,101)	(106,531,176)
Profit before taxation		3,676,071,441	3,970,352,061
Taxation	32	(1,207,415,551)	(990,357,268)
Profit after taxation		2,468,655,890	2,979,994,793
			(Restated)
Earnings per share - basic and diluted	33	12.29	14.84

The annexed notes from 1 to 47 form an integral part of these financial statements.

Chief Executive **Chief Financial Officer** **Director**

STATEMENT OF COMPREHENSIVE INCOME

For the year ended 30 June 2019

	2019 Rupees	2018 Rupees
Profit after taxation	2,468,655,890	2,979,994,793
Other comprehensive loss		
Items that will not be reclassified to statement of profit or loss		
Fair value through OCI financial assets		
- net changes in fair value	(211,200)	–
Items that are or may be reclassified to statement of profit or loss		
Available-for-sale financial assets		
- net changes in fair value	–	(497,400)
Total comprehensive income for the year	2,468,444,690	2,979,497,393

The annexed notes from 1 to 47 form an integral part of these financial statements.

Chief Executive | Chief Financial Officer | Director

CASH FLOW STATEMENT

For the year ended 30 June 2019

	Note	2019 Rupees	2018 Rupees
Cash flows from operating activities			
Cash generated from operations	34	6,012,464,680	4,628,024,214
Finance cost paid		(339,201,880)	(64,802,876)
Compensated absences paid	8.2	(2,136,622)	(1,685,294)
Income tax paid		(770,952,781)	(1,340,382,640)
Payment made to Workers' Welfare Fund		(74,902,288)	(106,603,797)
Payment made to Workers' Profit Participation Fund		(80,000,000)	(88,544,500)
		(1,267,193,571)	(1,602,019,107)
Net cash generated from operating activities		4,745,271,109	3,026,005,107
Cash flows from investing activities			
Acquisition of property, plant and equipment		(13,002,354,534)	(1,591,577,714)
Proceeds from disposal of property, plant and equipment		3,985,264	17,164,321
Acquisition of intangibles		(2,806,242)	(4,273,754)
Purchase of investment property		(36,216,950)	(592,798,685)
Short term investments - net		(326,126,067)	(1,265,863,496)
Interest on bank deposits and loan		259,545,748	165,375,838
Long term loans - net		(90,617,954)	39,381
Long term retention money - net		104,857,705	–
Net cash used in investing activities		(13,089,733,030)	(3,271,934,109)
Cash flows from financing activities			
Short term borrowing - net		243,000,000	(200,000,000)
Repayment of long term finances		(779,387,626)	(284,210,528)
Disbursement of long term finances - net off transaction cost		5,757,222,956	–
Dividend paid		(766,915,076)	(306,604,344)
Net cash generated from / (used in) financing activities		4,453,920,254	(790,814,872)
Net decrease in cash and cash equivalents		(3,890,541,667)	(1,036,743,874)
Cash and cash equivalents at beginning of the year		4,574,427,690	5,611,171,564
Cash and cash equivalents at end of the year	35	683,886,023	4,574,427,690

The annexed notes from 1 to 47 form an integral part of these financial statements.

Chief Executive **Chief Financial Officer** **Director**

STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2019

		Reserves					
		Capital reserves		Revenue reserves			
	Share capital	Share premium	Fair value reserve	General reserve	Accumulated profit	Total reserves	Total
				Rupees			
As at 01 July 2017	1,545,086,900	49,704,951	826,514	70,000,000	13,640,639,246	13,761,170,711	15,306,257,611
Total comprehensive income for the year							
Profit after tax for the year	–	–	–	–	2,979,994,793	2,979,994,793	2,979,994,793
Other comprehensive loss for the year	–	–	(497,400)	–	–	(497,400)	(497,400)
	–	–	(497,400)	–	2,979,994,793	2,979,497,393	2,979,497,393
Transactions with the owners of the Company							
Final cash dividend at Rs. 2.00 per share for the year ended 30 June 2017	–	–	–	–	(309,017,380)	(309,017,380)	(309,017,380)
As at 30 June 2018	1,545,086,900	49,704,951	329,114	70,000,000	16,311,616,659	16,431,650,724	17,976,737,624
Total comprehensive income for the year							
Profit after tax for the year	–	–	–	–	2,468,655,890	2,468,655,890	2,468,655,890
Other comprehensive loss for the year	–	–	(211,200)	–	–	(211,200)	(211,200)
	–	–	(211,200)	–	2,468,655,890	2,468,444,690	2,468,444,690
Transactions with owners of the Company							
Final cash dividend at Rs. 5.00 per share for the year ended 30 June 2018	–	–	–	–	(772,543,450)	(772,543,450)	(772,543,450)
Bonus share at 30% (3 bonus shares for every 10 - ordinary shares) issued during the year	463,526,070	–	–	–	(463,526,070)	(463,526,070)	–
As at 30 June 2019	2,008,612,970	49,704,951	117,914	70,000,000	17,544,203,029	17,664,025,894	19,672,638,864

The annexed notes from 1 to 47 form an integral part of these financial statements.

Chief Executive | **Chief Financial Officer** | **Director**

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2019

1 Reporting entity

1.1 Kohat Cement Company Limited ("the Company") is a public limited company incorporated in Pakistan under the Companies Act, 1913 (now the Companies Act, 2017) and is listed on Pakistan Stock Exchange. The Company is engaged in production and sale of cement. Head Office of the Company is situated at 37-P, Gulberg-II, Lahore, further the registered office and production facility is situated at Rawalpindi Road, Kohat, Pakistan.

1.2 ANS Capital (Private) Limited is the holding company of the Company and holds 110,482,320 (2018: 84,986,400) ordinary shares of the Company comprising 55% of its paid up share capital.

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

- Provision 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 Standards, interpretations and amendments to published approved accounting standards that are not yet effective

2.2.1 Securities and Exchange Commission of Pakistan (SECP) vide S.R.O 985 (I)/2019 dated 02 September 2019 has deferred the applicability of "Expected Credit Loss method" (ECL) till 30 June 2021 in respect of companies holding financial assets due from Government of Pakistan (GOP), provided that such companies follow the requirements of "IAS 39 - Financial Instruments: Recognition and Measurement" in respect of the said financial assets during the exemption period. Accordingly, requirements of ECL model of IFRS 9 is not applied on financial assets due from GOP as at 30 June 2019.

2.2.2 The following International Financial Reporting Standards (IFRS Standards) as notified under the Companies Act, 2017 and the amendments and interpretations thereto will be effective for accounting periods beginning on or after 01 July 2019:

- IFRIC 23 'Uncertainty over Income Tax Treatments' (effective for annual periods beginning on or after 1 January 2019) clarifies the accounting for income tax when there is uncertainty over income tax treatments under IAS 12. The interpretation requires the uncertainty over tax treatment be reflected in the measurement of current and deferred tax. The application of interpretation is not likely to have an impact on Company's financial statements.

- IFRS 16 'Leases' (effective for annual period beginning on or after 1 January 2019). IFRS 16 replaces existing leasing guidance, including IAS 17 'Leases', IFRIC 4 'Determining whether an Arrangement contains a Lease', SIC-15 'Operating Leases- Incentives' and SIC-27 'Evaluating the Substance of Transactions Involving the Legal Form of a Lease'. IFRS 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognizes a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard i.e. lessors continue to classify leases as finance or operating leases. The Company is currently in the process of analyzing the potential impact of its lease arrangements that will result in recognition of right to use assets and liabilities on adoption of the standard.

- Amendment to IFRS 9 'Financial Instruments' – Prepayment Features with Negative Compensation (effective for annual periods beginning on or after 1 January 2019). For a debt instrument to be eligible for measurement at amortised cost or FVOCI, IFRS 9 requires its contractual cash flows to meet the SPPI criterion – i.e. the cash flows are 'solely payments of principal and interest'. Some prepayment options could result in the party that triggers the early termination receiving compensation from the other party (negative compensation). The amendment allows that financial assets containing prepayment features with negative compensation can be measured at amortised cost or at fair value through other comprehensive income (FVOCI) if they meet the other relevant requirements of IFRS 9. The application of amendment is not likely to have an impact on Company's financial statements.

- Amendment to IAS 28 'Investments in Associates and Joint Ventures' - Long Term Interests in Associates and Joint Ventures (effective for annual period beginning on or after 1 January 2019). The amendment will affect companies that finance such entities with preference shares or with loans for which repayment is not expected in the foreseeable future (referred to as long-term interests or 'LTI'). The amendment and accompanying example state that LTI are in the scope of both IFRS 9 and IAS 28 and explain the annual sequence in which both standards are to be applied. The amendments are not likely to have an impact on Company's financial statements.

- Amendments to IAS 19 'Employee Benefits'- Plan Amendment, Curtailment or Settlement (effective for annual periods beginning on or after 1 January 2019). The amendments clarify that on amendment, curtailment or settlement of a defined benefit plan, a company now uses updated actuarial assumptions to determine its current service cost and net interest for the period; and the effect of the asset ceiling is disregarded when calculating the gain or loss on any settlement of the plan and is dealt with separately in other comprehensive income. The application of amendments is not likely to have an impact on Company's financial statements.

- Amendment to IFRS 3 'Business Combinations' – Definition of a Business (effective for business combinations for which the acquisition date is on or after the beginning of annual period beginning on or after 1 January 2020). The IASB has issued amendments aiming to resolve the difficulties that arise when an entity determines whether it has acquired a business or a group of assets. The amendments clarify that to be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs. The amendments include an election to use a concentration test. The standard is effective for transactions in the future and therefore would not have an impact on past financial statements.

- Amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors (effective for annual periods beginning on or after 1 January 2020). The amendments are intended to make the definition of material in IAS 1 easier to understand and are not intended to alter the underlying concept of materiality in IFRS Standards. In addition, the IASB has also issued guidance on how to make materiality judgments when preparing their general purpose financial statements in accordance with IFRS Standards.

- On 29 March 2018, the International Accounting Standards Board (the IASB) has issued a revised Conceptual Framework for Financial Reporting which is applicable immediately contains changes that will set a new direction for IFRS in the future. The Conceptual Framework primarily serves as a tool for the IASB to develop standards and to assist the IFRS Interpretations Committee in interpreting them. It does not override the requirements of individual IFRSs and any inconsistencies with the revised Framework will be subject to the usual due process – this means that the overall impact on standard setting may take some time to crystallise. The companies may use the Framework as a reference for selecting their accounting policies in the absence of specific IFRS requirements. In these cases, companies should review those policies and apply the new guidance retrospectively as of 1 January 2020, unless the new guidance contains specific scope outs.

Annual Improvements to IFRS Standards 2015–2017 Cycle - the improvements address amendments to following approved accounting standards:

- IFRS 3 Business Combinations and IFRS 11 Joint Arrangement - the amendment aims to clarify the accounting treatment when a company increases its interest in a joint operation that meets the definition of a business. A company remeasures its previously held interest in a joint operation when it obtains control of the business. A company does not remeasure its previously held interest in a joint operation when it obtains joint control of the business.

- IAS 12 Income Taxes - the amendment clarifies that all income tax consequences of dividends (including payments on financial instruments classified as equity) are recognized consistently with the transaction that generates the distributable profits.

- IAS 23 Borrowing Costs - the amendment clarifies that a company treats as part of general borrowings any borrowing originally made to develop an asset when the asset is ready for its intended use or sale.

The above amendments are effective from annual period beginning on or after 1 January 2019 and are not likely to have an impact on Company’s financial statements.

2.3 Basis of measurement

These financial statements have been prepared under the historical cost convention except for certain investments at FVOCI and FVTPL which are stated at fair value.

2.4 Functional and presentation currency

These financial statements are presented in Pakistani Rupees (“Rs.”) which is the Company’s functional currency. All financial information presented in Rupees has been rounded off to the nearest rupee, unless otherwise stated.

2.5 Use of judgments, estimates and assumptions

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions and judgments are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the result of which forms the basis of making judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected. Judgments made by management in the application of approved accounting standards that have significant effect on the financial statements and estimates with a risk of material adjustment in subsequent years are as follows:

2.5.1 Depreciation method, rates and useful lives of property, plant and equipment

The management of the Company reassesses useful lives, depreciation method and rates for each item of property, plant and equipment annually by considering expected pattern of economic benefits that the Company expects to derive from that item and the maximum period up to which such benefits are expected to be available. Any change in estimate may affect the depreciation charge or impairment. The rates of depreciation are specified in note 15.1.

2.5.2 Recoverable amount of assets / cash generating units and impairment

The management of the Company reviews carrying amounts of its assets and cash generating units for possible impairment and makes formal estimates of recoverable amount if there is any such indication.

2.5.3 Fair values based on inputs from other than active market

Fair values of financial instruments, which are based on inputs from other than active market are determined using valuation techniques which incorporate all factors that market participants would consider in setting a price and use inputs that reasonably represent market expectations and measures the risk-return factors inherent in the financial instrument.

2.5.4 Taxation

The Company takes into account the current income tax law and decisions taken by appellate authorities while estimating its tax liabilities. Instances where the Company’s views differ from the views taken by the income tax department at the assessment stage and where the Company considers that its view on items of material nature is in accordance with law, the amounts are shown as contingent liabilities.

The Company also regularly reviews the trend of proportion of incomes between Presumptive Tax Regime income and Normal Tax Regime income and the change in proportions, if significant, is accounted for in the year of change.

2.5.5 Provisions

Provisions are based on best estimate of the expenditure required to settle the present obligation at the reporting date, that is, the amount that the Company would rationally pay to settle the obligation at the reporting date or to transfer it to a third party.

2.5.6 Stores, spares and loose tools

The Company reviews the stores, spares and loose tools for possible impairment on an annual basis. Any change in estimates in future years might affect the carrying amounts of the respective items of stores and spares and loose tools with a corresponding effect on the provision.

2.5.7 Stock-in-trade

The Company reviews the carrying amount of stock-in-trade on a regular basis. Carrying amount of stock-in-trade is adjusted where the net realizable value is below the cost.

2.5.8 Expected credit loss

ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive. The shortfall is then discounted at an approximation to the assets' original effective interest rate.

The Company has elected to measure loss allowances for trade debts using IFRS 9 simplified approach and has calculated ECLs based on lifetime ECLs. The Company has established a provision matrix that is based on the Company's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment. When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment including forward-looking information.

The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk. Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

The Company limits its exposure to credit risk by investing only in liquid debt securities and only with counterparties that have a good credit rating. The Company monitors changes in credit risk by tracking published external credit ratings. 12-month and lifetime probabilities of default are based on historical credit ratings of the issuer.

Impairment on cash and cash equivalents has been measured on a 12-month expected loss basis and reflects the short maturities of the exposures. The Company considers that its cash and cash equivalents have low credit risk based on the external credit ratings of the counterparties. The Company uses a similar approach for assessment of ECLs for cash and cash equivalents to those used for debt securities.

2.5.9 Contingencies

The Company reviews the status of all pending litigations and claims against the Company. Based on its judgment and the advice of the legal advisors for the estimated financial outcome, appropriate disclosure or provision is made. The actual outcome of these litigations and claims can have an effect on the carrying amounts of the liabilities recognized at the balance sheet date.

3 Significant accounting policies

The significant accounting policies adopted in the preparation of these financial statements are set out below. Except for the changes as mentioned in note 3.1, the policies have been consistently applied to all the years presented, unless otherwise stated.

3.1 Changes in accounting policies

During the year, the Company has adopted IFRS 15 'Revenue from Contracts with Customers' and IFRS 9 'Financial Instruments' from 01 July 2018. Due to the transition methods chosen by the Company in applying these standards, comparative information throughout these financial statements has not been restated to reflect the requirements of the new standards. The details of new significant accounting policies adopted and the nature and effect of the changes to previous accounting policies are set out below:

3.1.1 IFRS 15 'Revenue from Contracts with Customers'

IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognized. It replaced IAS 18 Revenue, IAS 11 Construction Contracts and related interpretations. Under IFRS 15, revenue is recognized when a customer obtains control of the goods or services. Determining the timing of the transfer of control – at a point in time or over time requires judgment. The Company manufactures and contracts with customers for the sale of cement which generally include single performance obligation. Management has concluded that revenue from sale of goods be recognised at the point in time when control of the asset is transferred to the customer which is when the goods are dispatched to customers or delivered at the customers' premises. The above is generally consistent with the timing and amounts of revenue the Company recognised in accordance with the previous standard, IAS 18. Therefore, the adoption of IFRS 15 which replaced IAS 18 Revenue, IAS 11 Construction Contracts and related interpretations, did not have an impact on the timing and amounts of revenue recognition of the Company except for the following reclassification:

	As reported as at 30 June 2018	Reclassification	As at 01 July 2018
Statement of financial position			
Current liabilities:			
Trade and other payables	3,351,466,246	(53,355,028)	3,298,111,218
Contract liability	–	53,355,028	53,355,028

The following table summaries the impacts of IFRS 15 on the balances reported in the Company's statement of financial position as at 30 June 2019, however, there was no impact on the statement of profit or loss, the statement of other comprehensive income and the statement of cash flows for the year ended 30 June 2019.

	Reported as at 30 June 2018	Reclassification	Amounts without adoption of IFRS 15 as at 30 June 2019
Statement of financial position			
Current liabilities:			
Trade and other payables	3,800,459,446	99,319,101	3,899,778,548
Contract liabilities	99,319,101	(99,319,101)	–

The detailed accounting policy is explained in note 3.11 to the financial statements.

3.1.2 IFRS 9 Financial Instruments

IFRS 9 sets out requirements for recognizing and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. This standard replaced IAS 39 "Financial Instruments: Recognition and Measurement". IFRS 9 contains three principal classification categories for financial assets: measured at amortized cost, fair value through OCI (FVOCI) and fair value through profit or loss (FVTPL). The classification of financial assets under IFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. IFRS 9 eliminates the previous IAS 39 categories of held to maturity, loans and receivables, held for trading and available for sale.

IFRS 9 largely retains the existing requirements in IAS 39 for the classification and measurement of financial liabilities. The adoption of IFRS 9 has no significant impact on the Company's accounting policies and classifications related to financial liabilities.

The following table below explains the original measurement categories under IAS 39 and the new measurement categories under IFRS 9 for each class of the Company's financial assets as at 01 July 2018.

Particulars	Original classification under IAS 39	New classification under IFRS 9	Original carrying amount under IAS 39 as at 30 June 2018	New carrying amount under IFRS 9 as at 01 July 2018
Listed equity security	Available for sale	FVOCI	418,400	418,400
Mutual funds	Held for trading	FVTPL	1,409,373,650	1,409,373,650
Term deposit receipts	Loans and receivable	Amortized cost	3,750,000,000	3,750,000,000
Trade debts	Loans and receivable	Amortized cost	645,524,139	645,524,139
Cash and bank balances	Loans and receivable	Amortized cost	824,427,690	824,427,690
Long term deposits	Loans and receivable	Amortized cost	125,326,640	125,326,640
Long term loan to employees	Loans and receivable	Amortized cost	446	446
Deposit and other receivable	Loans and receivable	Amortized cost	300,888,797	300,888,797

IFRS 9 replaced the 'incurred loss' model in IAS 39 with an 'expected credit loss' (ECL) model, IFRS 9 introduces a forward looking expected credit loss model, rather than the current incurred loss model, when assessing the impairment of financial assets in the scope of IFRS 9. The new impairment model applies to financial assets measured at amortized cost, contract assets and debt instruments classified as FVOCI, but not to investments in equity instruments. Under IFRS 9, credit losses are recognized earlier than IAS 39. The Company applies the IFRS 9 simplified approach to measure the expected credit losses which uses a lifetime expected loss allowance for trade debts. Management uses actual credit loss experience over a past years to base the calculation of ECL. For other financial assets at amortised cost and debt instruments classified as FVOCI and cash and cash equivalent, the Company assesses that credit risk of these financial assets as low and determined loss allowance at 12 month expected credit loss. The Company monitors changes in credit risk by tracking published external credit ratings. As explained in note 2.2.1 to these financial statements, requirements of ECL model of IFRS 9 is not applied on financial assets due from GOP as at 30 June 2019.

Impact of ECL

Considering the quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment including forward-looking information, no loss allowance has been recorded against trade debts upon transition to IFRS 9 as of 01 July 2018 and Rs. 14.19 million has been recorded during the year ended 30 June 2019.

The detailed accounting policies are explained in note 3.7 to these financial statements.

3.2 Property, plant and equipment

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses if any with the exception of freehold land and capital work in progress, which are stated at cost less accumulated impairment losses. Cost comprises purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates, and includes other costs directly attributable to the acquisition or construction, erection and installation. Cost in relation to certain property, plant and equipment signifies historical cost and borrowing costs as referred to in note 3.12.

Major renewals and improvements to an item of property, plant and equipment are recognized in the carrying amount of the item if it is probable that the embodied future economic benefits will flow to the Company and the cost of renewal or improvement can be measured reliably. The cost of the day-to-day servicing of property, plant and equipment are recognized in profit and loss account as incurred.

The Company recognizes depreciation in profit and loss account by applying reducing balance method over the useful life of each item of property, plant and equipment except for the following:

- building of white cement and new grey cement line is charged by applying straight line method;

- plant and machinery of white and new grey cement line including waste heat recovery power plant is charged by applying unit of production method; and

- power plant building and machinery is charged by applying straight line method.

Depreciation rates on items of property, plant and equipment are specified in note 15.1 to the financial statements. Depreciation on additions to property, plant and equipment is charged from the month in which the item becomes available for use and is discontinued from the month in which it is disposed or classified as held for disposal.

An item of property, plant and equipment is de-recognized when permanently retired from use. Any gain or loss on disposal of property, plant and equipment is recognized in profit and loss account.

Capital work in progress

Capital work in progress is stated at cost less any identified impairment losses and includes the expenditures on material, labour and appropriate overheads directly relating to the project. These costs are transferred to property, plant and equipment as and when assets are available for intended use.

3.3 Intangible assets

The cost of acquisition, development and installation of identifiable software products having finite useful lives of more than one year is recognized as an intangible asset at cost and are amortized on a straight line basis. Subsequent to initial recognition, it is measured at cost less accumulated amortization and accumulated impairment losses, if any. The rate of amortization is specified in note 16.

3.4 Stores, spares and loose tools

These are stated at lower of cost and net realizable value. Cost is determined using the weighted average method. Items in transit are valued at cost comprising invoice value plus other charges paid thereon. The Company reviews the stores, spares and loose tools for possible impairment on an annual basis. Any change in estimates in future years might affect the carrying amounts of the respective items of stores and spare parts and loose tools with a corresponding effect on the provision.

3.5 Stock-in-trade

These are valued at lower of cost and net realizable value, with the exception of stock of waste which is valued at net realizable value. Cost is determined using the following basis:

–	Raw materials	Moving average
–	Work in process	Average manufacturing cost
–	Finished goods	Average manufacturing cost
–	Stock in transit	Invoice price plus related expense incurred up to the reporting date
–	Packing material	Moving average

Average manufacturing cost in relation to work in process and finished goods consists of direct material, labour and a proportion of appropriate manufacturing overheads.

Net realizable value signifies the estimated selling price in the ordinary course of business less estimated costs of completion and estimated costs necessary to make the sale.

3.6 Employees benefits

Defined contributions plan

The Company operates an approved defined contributory provident fund for its employees. Equal contributions are made by the Company and employees at 10% of basic salary. The Company's contribution is charged to profit and loss account currently.

Compensated absences

Provisions are made annually to cover the obligation for accumulating compensated absences and are charged to profit and loss account.

3.7 Financial instruments

3.7.1 Recognition and initial measurement

All financial assets or financial liabilities are initially recognized when the Company becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. A receivable without a significant financing component is initially measured at the transaction price.

3.7.2 Classification and subsequent measurement

Financial assets

On initial recognition, a financial asset is classified as measured at amortized cost, fair value through other comprehensive income (FVOCI) and fair value through profit or loss (FVTPL).

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

Amortized cost

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

– it is held within 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.

These assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

Financial assets measured at amortized cost comprise of term deposit receipts, cash and bank balances, long term loan to employees, trade debts, deposits and other receivables.

Debt Instrument - FVOCI

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

– it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; 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.

These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognized in profit or loss. Other net gains and losses are recognized in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss. The investment in TFCs has been classified as financial assets at FVOCI under IFRS 9.

Equity Instrument - FVOCI

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

These assets are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in OCI and are never reclassified to profit or loss. The Company has designated the investment in Gharibwal Cement Limited at the date of initial application as measured at FVOCI.

Fair value through profit or loss (FVTPL)

All financial assets not classified as measured at amortized cost or FVOCI as described above are measured at FVTPL.

On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss. The Company made investments in mutual funds. Under IAS 39, these investments were designated as held for trading because they were managed on a fair value basis and their performance was monitored on this basis. These assets have been classified as mandatorily measured at FVTPL under IFRS 9.

Financial assets – Business model assessment:

For the purposes of the assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Company considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable-rate features;
- prepayment and extension features; and
- terms that limit the Company's claim to cash flows from specified assets (e.g. non-recourse features).

Financial liabilities

Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss. Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss.

Financial liabilities comprise trade and other payables, long term deposits and retention money payable, dividend payable, unclaimed dividend, long term financing, current portion of long term financing, short term borrowings and mark-up accrued on borrowings.

3.7.3 Derecognition

Financial assets

The Company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Company might enter into transactions whereby it transfers assets recognized in its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognized.

Financial liabilities

The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire. The Company also derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value. On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss.

3.7.4 Trade Debts, deposits and other receivables

These are classified at amortized cost and are initially recognised when they are originated and measured at fair value of consideration receivable. These assets are written off when there is no reasonable expectation of recovery. Actual credit loss experience over past years is used to base the calculation of expected credit loss.

3.7.5 Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

3.7.6 Impairment

Financial assets

The Company recognizes loss allowances for ECLs on:

- financial assets measured at amortized cost;
- debt investments measured at FVOCI; and
- contract assets.

The Company measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured at 12-month ECLs:

- debt securities that are determined to have low credit risk at the reporting date; and
- other financial assets at amortised cost excluding trade debts for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward-looking information. The Company monitors changes in credit risk by tracking published external credit ratings.

The Company assumes that the credit risk on a financial asset has increased significantly if it is more than past due for a reasonable period of time. Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument. 12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months). The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

The Company has elected to measure loss allowances for trade debts using IFRS 9 simplified approach and has calculated ECLs based on lifetime ECLs. The Company has established a provision matrix that is based on the Company's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment. When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment including forward-looking information.

Loss allowances for financial assets measured at amortised 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 of a financial asset in its entirety or a portion thereof. The Company individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Company expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

Non-financial assets

The carrying amount of the Company's non-financial assets, other than inventories and deferred tax assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. The recoverable amount of an asset or cash generating unit is the greater of its value in use and its fair value less cost to sell. In assessing value in use, the estimated future cash flows are discounted to their present values using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash generating unit.

An impairment loss is recognized if the carrying amount of the assets or its cash generating unit exceeds its estimated recoverable amount. Impairment losses are recognized in profit or loss. Impairment losses recognized in respect of cash generating units are allocated to reduce the carrying amounts of the assets in a unit on a pro rata basis. Impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to that extent that the asset's carrying amount after the reversal does not exceed the carrying amount that would have been determined, net of depreciation and amortization, if no impairment loss had been recognized.

3.8 Loans and borrowings

Loans and borrowings are classified as 'financial liabilities at amortized cost'. On initial recognition, these are measured at cost, being fair value at the date the liability is incurred, less attributable transaction costs. Subsequent to initial recognition, these are measured at amortized cost with any difference between cost and value at maturity recognized in profit and loss account over the period of the borrowings on an effective interest basis.

3.9 Trade and other payables

Trade and other payables are initially recognized at fair value and subsequently at amortized cost using effective interest rate method.

3.10 Provisions and contingencies

Provisions are recognized when the Company has a legal and constructive obligation as a result of past events and it is probable that outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of obligation. Provision is recognized at an amount that is the best estimate of the expenditure required to settle the present obligation at the reporting date. Where outflow of resources embodying economic benefits is not probable, or where a reliable estimate of the amount of obligation cannot be made, a contingent liability is disclosed, unless the possibility of outflow is remote.

3.11 Revenue

Revenue from contracts with customers is recognised, when control of goods is transferred to the customers, at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods excluding sales taxes, volume rebates and trade discounts (if any). Specific revenue and other income recognition policies are as follows:

3.11.1 Sale of goods

Revenue from sale of goods is recognised when the goods are dispatched to customers or delivered at the customers' premises.

3.11.2 Dividends

Dividend income is recognized when the Company's right to receive payment is established.

3.11.3 Interest income

Interest income is recognised as it accrues under the effective interest method using the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying amount of the financial asset.

3.11.4 Contract liabilities

A contract liability is the obligation of the Company to transfer goods or services to a customer for which the Company has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Company transfers goods or services to the customer, a contract liability is recognized when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognized as revenue when the Company performs under the contract. It also generally includes refund liabilities arising out of customers' right to claim amounts from the Company on account of contractual delays in delivery of performance obligations and incentive on target achievements.

3.12 Borrowing costs

Borrowing costs those are 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 or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying asset is deducted from the borrowing costs eligible for capitalization. All other borrowing costs are recognized in profit and loss account as incurred.

3.13 Taxation

Income tax

Income tax expense comprises current tax and deferred tax. Income tax expense is recognized in profit and loss account except to the extent that it relates to items recognized directly in other comprehensive income, in which case it is recognized in other comprehensive income.

Current tax is the amount of tax payable on taxable income for the year, using tax rates enacted or substantively enacted by the reporting date, and any adjustment to the tax payable in respect of previous years. Provision for current tax is based on current rates of taxation in Pakistan after taking into account tax credits, rebates and exemptions available, if any. The amount of unpaid income tax in respect of the current or prior periods is recognized as a liability.

Deferred taxation

Deferred tax is accounted for using the balance sheet approach providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for tax purposes. In this regard, the effects on deferred taxation of the portion of income that is subject to final tax regime is also considered in accordance with the treatment prescribed by the Institute of Chartered Accountants of Pakistan. Deferred tax is measured at rates that are expected to be applied to the temporary differences when they reverse, based on laws that have been enacted or substantively enacted by the reporting date. A deferred tax liability is recognized for all taxable temporary differences. A deferred tax asset is recognized for deductible temporary differences to the extent that future taxable profits will be available against which temporary differences can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

3.14 Earnings per share ("EPS")

Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year.

Diluted EPS is calculated by adjusting basic EPS by the weighted average number of ordinary shares that would be issued on conversion of all dilutive potential ordinary shares into ordinary shares and post-tax effect of changes in profit and loss attributable to ordinary shareholders of the Company that would result from conversion of all dilutive potential ordinary shares into ordinary shares.

3.15 Cash and cash equivalents

Cash and cash equivalents comprise running finances, cash balances and call deposits with maturities of three months or less from the acquisition date that are subject to an insignificant risk of changes in their fair value, and are used by the Company in the management of its short-term commitments.

3.16 Foreign currency transactions and balances

Transactions in foreign currencies are translated to the respective functional currencies of the Company at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortized cost in the functional currency at the beginning of the year, adjusted for effective interest and payments during the year, and the amortized cost in foreign currency translated at the exchange rate at the end of the year.

Non-monetary assets and liabilities that are measured at fair value in a foreign currency are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items that are measured based on historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

Foreign currency differences arising on retranslation are generally recognized in profit and loss account.

3.17 Dividend to ordinary shareholders

Dividend to ordinary shareholders is recognized as a deduction from accumulated profit in statement of changes in equity and as a liability in the Company's financial statements in the year in which the dividends are approved by the Board of Directors or the Company's shareholders as the case may be.

3.18 Investment property

Investment property is property held either to earn rental income or for capital appreciation or for both, but not for:

- use in production or supply of goods or services or for administrative purposes; and
- sale in the ordinary course of business.

Investment property comprises of land only and it is initially measured at cost, being the fair value of the consideration given. Subsequent to the initial recognition, the investment property is measured using the cost model as provided in International Accounting Standard 40 – Investment Property. The cost model requires to measure the investment property at each balance sheet date at its cost less any accumulated impairment losses.

The Company assesses at each balance sheet date whether there is any indication that investment property may be impaired. If such indication exists, the carrying amount of such assets are reviewed to assess whether they are recorded in excess of their recoverable amount. Where carrying value exceeds the respective recoverable amount, assets are written down to their recoverable amounts and the resulting impairment loss is recognized in the profit and loss account. The recoverable amount is the higher of an asset's fair value less costs to sell and value-in-use.

Any gain or loss on disposal of an investment property calculated as the difference between the net proceeds from disposal and the carrying amount of the investment property is recognized in profit or loss account.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2019

		Note	2019 Number of shares	2018 Number of shares	2019 Rupees	2018 Rupees
4	**Share capital**					
	Authorized share capital					
	Ordinary shares of Rs. 10 each		300,000,000	300,000,000	3,000,000,000	3,000,000,000
	Issued, subscribed and paid-up capital					
	Ordinary shares of Rs. 10 each, fully paid-up in cash		20,749,585	20,749,585	207,495,850	207,495,850
	Shares issued for consideration other than cash	4.2	11,230,000	11,230,000	112,300,000	112,300,000
	Fully paid bonus shares		168,881,712	122,529,105	1,688,817,120	1,225,291,050
			200,861,297	154,508,690	2,008,612,970	1,545,086,900

4.1 ANS Capital (Private) Limited, holding company, holds 110,482,320 (2018: 84,986,400) ordinary shares comprising 55% of total paid up share capital of the Company. Kohat Cement Educational Trust, an associated undertaking, holds 152,045 (2018: 116,958), ordinary shares of Rs. 10 each of the Company, Directors and Executives hold 34,268,316 (2018: 247,772) and 42,557 (2018: 10,177) respectively, ordinary shares of Rs. 10 each of the Company.

4.2 These shares were initially issued to State Cement Corporation of Pakistan against transfer of all the assets and liabilities comprising Kohat Cement Project to Kohat Cement Company Limited.

4.3 **Reconciliation of ordinary shares**

	Note	2019 Number of shares	2018 Number of shares	2019 Rupees	2018 Rupees
Balance at 01 July		154,508,690	154,508,690	1,545,086,900	1,545,086,900
Bonus shares issued during the year	4.3.1	46,352,607	–	463,526,070	–
Balance at 30 June		200,861,297	154,508,690	2,008,612,970	1,545,086,900

4.3.1 During the year the Shareholders in their meeting held on 25th October 2018 approved the issue of bonus shares at the rate of 30% of ordinary shares of Rs. 10 each, as recommended by the Board of Directors in their meeting held on 19th September 2018.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2019

		Note	2019 Rupees	2018 Rupees
5	**Reserves**			
	Capital reserves			
	- share premium	5.1	49,704,951	49,704,951
	Revenue reserve			
	- general reserves		70,000,000	70,000,000
	Fair value reserve	5.2	117,914	329,114
			119,822,865	120,034,065

5.1 This reserve can be utilized by the Company only for the purpose specified in section 81(2) of the Companies Act, 2017.

5.2 This represents fair value adjustment on revaluation of investment classified as 'FVOCI'.

		Note	2019 Rupees	2018 Rupees
6	**Long term financing - secured**			
	Syndicated term finance - WHR (Conventional)			
	Askari Bank Limited	6.1	71,052,628	213,157,892
	The Bank of Punjab	6.1	71,052,628	213,157,892
			142,105,256	426,315,784
	Less: Current maturity		(142,105,256)	(284,210,528)
			–	142,105,256
	Term finance - Line-4 (Conventional)			
	The Bank of Punjab	6.2	2,106,215,582	–
	Habib Bank Limited	6.3	1,304,867,135	–
	Bank of Khyber	6.4	928,571,427	–
	Askari Bank Limited	6.5	942,598,984	–
			5,282,253,128	–
	Less: Current maturity		(862,115,396)	–
	Less: Transaction cost	6.6	(20,207,270)	–
			4,399,930,462	–
			4,399,930,462	142,105,256

6.1 This facility was obtained for Waste Heat Recovery Power Plant ("STF WHR") of Rs. 1,600 million by way of Syndicated Term Finance Agreement entered on 20 November 2014 from a consortium of Askari Bank Limited and the Bank of Punjab. Askari Bank Limited was the lead arranger and agent of this facility. Out of total facility, only Rs. 1,350 million were drawn. This facility carries mark-up at three month KIBOR plus a spread of 1.75% per annum, payable quarterly in arrears. The principal is repayable in nineteen equal quarterly installments ending on 28 November 2019. This facility is secured by way of first pari passu charge of Rs 2,134 million over all present and future fixed assets of the Company and personal guarantees of sponsoring directors of the Company.

6.2 This represents long term finance facility, having approved limit of Rs. 2,850 million, obtained from the Bank of Punjab to finance the construction of cement plant having capacity of 7800 TPD. This facility carries markup at the rate of 3 months KIBOR plus 0.6% per annum and payable quarterly in arrears. This facility is repayable in 28 equal quarterly installments started from 24 December 2018. This facility is secured by way of first parri passu charge of Rs. 7,600 million over all present and future fixed assets of the Company and personal guarantees of sponsoring directors of the Company.

6.3 This represents long term finance facility, having approved limit of Rs. 1,500 million, obtained from Habib Bank Limited to finance the construction of cement plant having capacity of 7800 TPD. This facility carries markup at the rate of 3 months KIBOR plus 0.65% per annum and payable quarterly in arrears. This facility is repayable in 24 equal quarterly installments started from 31 March 2019. This facility is secured by way of first pari passu charge of Rs 2,000 million over all present and future fixed assets of the Company and personal guarantees of sponsoring directors of the Company.

6.4 This represents long term finance facility, having approved limit of Rs. 1,000 million, obtained from the Bank of Khyber to finance the construction of cement plant having capacity of 7800 TPD. This facility carries markup at the rate of 3 months KIBOR plus 0.6% per annum and payable quarterly in arrears. This facility is repayable in 28 equal quarterly installments started from 10 January 2019. This facility is secured by way of first parri passu charge of Rs. 1,334 million over all present and future fixed assets of the Company and personal guarantees of sopnsoring directors of the Company.

6.5 This represents long term finance facility, having approved limit of Rs. 1,000 million, obtained from Askari Bank Limited to finance the construction of cement plant having capacity of 7800 TPD. This facility carries mark-up at the rate of 3 months KIBOR plus 0.65% per annum and payable quarterly in arrears. This facility is repayable in 28 equal quarterly installments started from 22 February 2019. This facility is secured by way of first parri passu charge of Rs. 1,334 million over all present and future fixed assets of the Company and personal guarantees of sponsoring directors of the Company.

	Note	2019 Rupees	2018 Rupees
6.6 Transaction cost			
At the beginning of the year		–	–
Incurred during the year		22,525,046	–
Amortized during the year		(2,317,776)	–
At the end of the year		20,207,270	–
7 Long term deposits and retention money			
Long term deposits	7.1	2,036,100	2,036,100
Retention money - at amortised cost	7.2	104,857,705	–
		106,893,805	2,036,100

7.1 This includes security deposits received from dealers and transporters against goods and services. These deposits are repayable / adjustable on the termination of the relationship. These are kept in a separate bank account.

7.2 This represents retention money withheld from contractors and is repayable after one year of satisfactory completion of contracts. This is recorded at present value by using discount rate of 14.65%

	2019 Rupees	2018 Rupees
Retention money	128,657,206	–
Present value adjustment	(23,799,501)	–
	104,857,705	–

	2019		
	Opening balance	Charge / (reversal)	Closing balance
		Rupees	
8 Deferred liabilities			
8.1 Deferred taxation			
Taxable / (deductible) temporary difference			
Accelerated tax depreciation	1,493,906,876	106,052,778	1,599,959,654
Unrealized loss on investments in mutual funds	6,021,451	(5,785,220)	236,231
Provision for loss allowance for trade debts	–	(3,951,486)	(3,951,486)
	1,499,928,327	96,316,072	1,596,244,399

	2018		
	Opening balance	Charge / (reversal)	Closing balance
		Rupees	
Taxable temporary difference			
Accelerated tax depreciation	1,660,261,314	(166,354,438)	1,493,906,876
Unrealized gain on investments in mutual funds	–	6,021,451	6,021,451
	1,660,261,314	(160,332,987)	1,499,928,327

	2019 Rupees	2018 Rupees
8.2 Compensated absences		
At beginning of the year	16,495,508	13,616,897
Charge for the year	897,978	4,563,905
Less: Payments made during the year	(2,136,622)	(1,685,294)
Closing balance	15,256,864	16,495,508

		Note	2019 Rupees	2018 Rupees
9	**Trade and other payables**			
	Trade creditors - local		257,486,897	263,481,667
	Trade creditors - imports		26,502,151	869,647,071
	Contractors' bills payable		344,779,736	89,014,057
	Accrued liabilities		304,745,017	228,261,229
	Advances from customers	9.1	–	53,355,028
	Payable to Workers' Profit Participation Fund	9.2	1,349,151,588	1,231,797,198
	Payable to Workers' Welfare Fund	9.3	73,661,979	74,902,288
	Payable to Provident Fund Trust		2,987,471	2,437,236
			2,359,314,839	2,812,895,774
	Payable to Government on account of:			
	Income Tax deducted at source		8,293,619	13,082,980
	Federal Excise Duty		246,230,224	–
	Royalty and Excise Duty		68,758,783	58,891,160
			323,282,626	71,974,140
	Retention money payable	9.4	857,470,136	225,503,889
	Security deposits		4,549,192	12,413,926
	Other payables		255,842,654	228,678,517
			1,117,861,982	466,596,332
			3,800,459,447	3,351,466,246

9.1 This represented advances received from customers for future sale of goods. The balance was reclassified to contract liability as at 01 July 2018, pursuant to adoption of IFRS 15 as explained in note 3.1.1 to the financial statements.

		Note	2019 Rupees	2018 Rupees
9.2	**Workers' Profit Participation Fund ("WPPF")**			
	At beginning of the year		1,231,797,198	1,107,484,399
	Allocation for the year	30	197,354,390	212,857,299
	Less: Paid during the year		(80,000,000)	(88,544,500)
	At end of the year	9.2.1	1,349,151,588	1,231,797,198

9.2.1 The WPPF liability represents leftover amount payable to Workers Welfare Fund in terms of Companies Profits Worker's Participation Act, 1968. According to the 18th amendment to the Constitution of Pakistan in 2010, all labour / labour welfare laws have become provincial subject, and accordingly the left over amount is no more payable to the Federal Treasury. Major strength of Company's employees eligible for benefit of WPPF are working in the Province of KPK and accordingly potential amount of left over amount of WPPF is required to be paid to the relevant provincial authority as held by the Honourable Sindh High Court in its judgment in C.P. No. D-1313 of 2013 announced on February 12, 2018. However, no provincial authority has been constituted so far in the Province of KPK to collect the left over amount. Therefore, the Company has filed a constitutional Petition before the Honourable Peshawar High Court to seek court direction in this matter, which is pending adjudication.

		Note	2019 Rupees	2018 Rupees
9.3	**Workers' Welfare Fund**			
	At beginning of the year		74,902,288	107,569,463
	Allocation for the year	30	73,661,979	73,936,622
	Less: Paid during the year		(74,902,288)	(106,603,797)
	At end of the year		73,661,979	74,902,288

9.4 This represents retention money withheld from contractors and are repayable after satisfactory completion of contracts. It includes Rs. 742.44 million (2018: nil) equivalent to USD 4.51 million (2018: nil).

		Note	2019 Rupees	2018 Rupees
10	**Contract liability**			
	Advance from customers	10.1	99,319,101	–

10.1 This represents advance received from customers for future sale of goods. Previously this balance was classified as advance from customers in trade and other payables as at 30 June 2018 and reclassified to contract liability as at 01 July 2018, pursuant to adoption of IFRS 15 as explained in note 3.1.1 to the financial statements.

		Note	2019 Rupees	2018 Rupees
11	**Dividend payable**			
	Dividend withheld on account of:			
	- court order	11.1	20,972,124	20,972,124
	- non provision of CNIC	11.2	8,597,454	8,631,724
	- non provision of Bank details	11.3	6,164,757	–
			35,734,335	29,603,848

11.1 This represents dividend withheld out of final cash dividend amounting to Rs. 386.27 million for the year ended 30 June 2012, based on the order dated 25 October 2012 of the Honourable Lahore High Court and Securities and Exchange Commission of Pakistan approval vide letter number EMD/233/380/02-676 dated 23 November 2012 in response to application made by the Company under section 243(2) of the Companies Act, 2017.

11.2 This represents dividend withheld of those shareholders who have not presented copies of their CNIC to the Company as directed by SECP.

11.3 This represents dividend withheld of those shareholders who have not provided the company with complete and valid details of designated bank account for direct credit of cash dividend as permitted by SECP vide S.R.O.1145 (I)/2017 dated 6th November 2017.

		Limit (Rupees in million)	Note	2019 Rupees	2018 Rupees
12	**Short term borrowings - secured**				
	Mark-up based borrowings from conventional banks:				
	Export refinances	598	12.1	243,000,000	–
				243,000,000	–

12.1 These facilities are available from different commercial banks, under mark-up arrangement carrying mark-up at SBP export refinance rate plus 0.25% - 0.50% (2018: SBP export refinance rate plus 0.25% - 0.50%) per annum and are available for a period of 180 days and can be rolled over for a further period of 180 days.

12.2 Short term finances available from different commercial banks amount to Rs. 750 million (2018: Rs. 615 million). The amount utilized as at 30 June 2019 was nil (2018: nil). The rate of mark-up is 3MK + 1% (2018: 3MK + 1%).

12.3 The Company has aggregate facilities of Rs. 2,940 million (2018: Rs. 2,600 million) for opening of letters of credit and Rs. 128.73 million (2018: Rs. 128.73 million) for bank guarantees. The amount utilized as at 30 June 2019 was Rs. 153.74 million (2018: Rs. 422.47 million) and Rs. 125.61 million (2018: Rs. 124.13 million) respectively.

12.4 All the above short term finance facilities are secured by hypothecation charge of Rs. 2,935.67 million (2018: Rs. 2,001 million) on present and future current assets of the Company.

		2019 Rupees	2018 Rupees
13	**Mark-up accrued on borrowings**		
	Mark-up based borrowings:		
	Long term financing - secured	101,586,083	3,830,579
	Short term borrowings - secured	1,243,295	–
		102,829,378	3,830,579

14 Contingencies and commitments

14.1 Contingencies

14.1.1 The State Cement Corporation of Pakistan (Private) Limited, previous sole owner of the Company, raised a claim of Rs. 5.64 million (2018: Rs. 5.64 million) against the Company on account of interim dividend pertaining to year ended 30 June 1993 declared by previous Board of Directors. The subsequent Board of Directors rescinded the declaration of interim dividend on various grounds. The matter is pending before Honorable Lahore High Court.

14.1.2 Current management of the Company filed a claim before Secretary Finance, Government of Pakistan for recovery of Rs. 14.10 million (2018: Rs. 14.10 million) being interim dividend pertaining to year ended 30 June 1992 paid by previous management of the Company to State Cement Corporation of Pakistan (Private) Limited ("SCCPL") and misuse of plant by previous management. Later, Board of Directors of the Company rescinded the aforesaid dividend which was ratified and confirmed by members of the Company at Annual General Meeting. Consequently, the Company withheld aforesaid interim dividend amounting to Rs. 14.10 million (2018: Rs. 14.10 million) from the interim dividend payable to SCCPL declared by the Company pertaining to period ended 31 December 1994. Intimations had been made to SCCPL and Securities and Exchange Commission of Pakistan ("SECP"). This amount has been withheld on legal advice obtained from corporate lawyers. Currently the matter is pending for arbitration with Secretary of Finance, Government of Pakistan.

14.1.3 The Competition Commission of Pakistan ("CCP") took suo moto action under Competition Ordinance, 2007, (subsequently enacted as Competition Act, 2010 - the "Law") and issued show cause notice on 28 October 2008 inquiring for increase in cement prices across the country. Similar notices were also issued to All Pakistan Cement Manufacturer Association ("APCMA") and its member cement manufacturers. The Company filed writ petition in Honorable Lahore High Court ("LHC") challenging the vires of the law along with filing of appeal before the Honourable Supreme Court of Pakistan (SCP) because at that time, no appellate forum except Supreme Court was available to the Company. The LHC, vide its order dated 24 August 2009, allowed CCP to issue its final order. Consequently, CCP passed an order dated 28 August 2009 imposing a penalty of Rs. 103.00 million on the Company. The said levy of penalty has also been agitated by Company before LHC, and LHC vide its order dated 31 August 2009 restrained CCP from enforcing its order against the Company for the time being.

Meanwhile the CCP Tribunal was constituted under the law to hear appeals against levy of penalty by CCP and the SCP set aside all the appeals to the Tribunal for its adjudication. However, the constitution of Tribunal has also been challenged by the Company along with other stakeholders before the Honorable Sindh High Court ("SHC") on various legal grounds, and the SHC very kindly has granted a stay order in favour of the Company against constitution of the CCP Tribunal.

14.1.4 An application was filed by certain shareholders of the Company including one director of the Company before SECP praying for investigation into affairs of the Company. Consequently, SECP issued a show cause notice dated 27 July 2011 to the Company and all its Directors. Responding to the notice, management strongly denied all the baseless, false and frivolous allegations leveled in the application and further challenged the said notice before LHC through filing of writ petition which is dismissed on legal grounds; however the judgment of LHC has been agitated by the Company through filing of CPLA before the Honourable Supreme Court of Pakistan which is pending adjudication.

Further, in July 2012, the aforementioned shareholders have also filed a petition before Honorable Peshawar High Court ("PHC") against management of the Company under sections 290, 291, 292 read with section 265 of the repealed Companies Ordinance, 1984 which is pending adjudication.

14.1.5 The Tax Department, after conducting Sales Tax and Federal Excise Duty audit of the Company for tax year 2009 passed an order dated 20 April 2012 disallowing zero rating on exports and input tax claims, levying additional tax and penalty amounting to Rs. 12.72 million and Rs. 14.02 million under provisions of Sales Tax and Federal Excise Laws respectively. The Company filed appeal before CIR(A) along with a Writ Petition (WP) before the Honourable Lahore High Court (LHC) against the above mentioned order. The aforesaid appeal and WP were decided in favour of the Company and thus assailed by the tax department at respective forums i.e. through filing of appeal before the ATIR on 04 April 2013 and through filing of an Intra Court Appeal (ICA) before the the Honourable LHC. The ICA has been decided in favour of the Department and hence appeal before ATIR in the matter of Excise Duty has been decided by ATIR by remanding the case back to CIR(A) to adjudicate it as per law and facts whereas the matter of Sales Tax is still pending adjudication by ATIR. Before the decision of matter, an amount of Rs. 14.80 million was deposited by the Company under Amnesty Scheme announced vide SRO 548(I)/2012 dated 22 May 2012.

14.1.6 The Additional Commissioner Inland Revenue (ACIR) amended the assessment under section 122(5A) of the Income Tax Ordinance, 2001 for tax year 2007 to enhance its income tax liability by Rs. 44.74 million after making various profit and loss additions to the income of the Company and changing apportionment basis of expenses between normal and export sales. Out of the said demand, the Company has deposited Rs. 5.00 million under protest and has challenged the treatment meted out by ACIR through filing of appeal before the Commissioner Inland Revenue (Appeals) [CIR(A)], which has been partially decided in favour of the Company culminating into a disputed tax liability on part of the Company amounting to Rs. 22.80 million. The said decision of the CIR(A) has been contested both by the Company and the Inland Revenue Department before the Honourable Appellate Tribunal Inland Revenue (ATIR) through cross appeals respectively filed on 21 October 2013 and 29 November 2013 which are pending adjudication.

14.1.7 The Additional Commissioner Inland Revenue (ACIR) amended the assessment under section 122(5A) of the Income Tax Ordinance, 2001 for tax year 2010, whereby the ACIR created an Income Tax Demand of Rs. 37.17 million, disallowed various profit and loss expenses, changed apportionment basis of expenses between normal and export sales and ignored the adjustment of brought forward losses of the Company against its income. Being aggrieved, the Company filed an appeal before the Commissioner Inland Revenue (Appeals) [CIR(A)] which was succeeded leaving a tax demand of Rs. 12.8 million against the Company and deleting the entire additions and disallowances. The order of the CIR(A) resulted in filing of appeal by the Company on 22 November 2016 and the Department on 28 November 2016 before the Appellate Tribunal Inland Revenue, which is pending adjudication. Meanwhile the department also passed appeal effect order to give effect to the order of CIR(A), however, whilst passing same the department did not give complete effect of tax payments/credits & over charged WWF and minimum tax, an appeal against the appeal effect order has also been filed before the CIR(A) for an amount of Rs. 6.8 million on 09 August 2018.

14.1.8 Deputy Commissioner Inland Revenue (DCIR) has imposed a penalty of Rs. 36.95 million under section 33(17) of the Sales Tax Act, 1990 ("the Act") for alleged violation of section 3(2) of the Act, which requires the Company to print retail price on cement bags. Out of the total demand, the company deposited Rs. 33 million under protest. In the immediate case, DCIR ignored the facts of legal compliance by the Company including due discharge of its Sales Tax liability and arbitrarily imposed the penalty presuming that entire Sales Tax liability for the period from July 2013 to January 2014 is unpaid. Hence, the Company filed an appeal before Commissioner Inland Revenue (Apeals) [CIR(A)], which was decided by CIR(A) against the Company through a non speaking order which is contested by the Company on 26 January 2015 before the Honourable Appellate Tribunal Inland Revenue, Lahore which is pending adjudication.

14.1.9 The Deputy Commissioner Inland Revenue (DCIR), while rectifying deemed assessment of the Company for Tax Year 2013 disallowed claim of prior years' available refunds of Rs. 29.80 million without considering the facts and submissions of the Company. The arbitrary treatment meted out by the DCIR was contested by the Company before Commissioner Inland Revenue (Appeals), [CIR(A)] who has set aside the order of DCIR to consider the case of the Company afresh. The remanding back of matter by CIR(A) has been challenged by the Company on 05 April 2016 before the Honourable Appellate Tribunal Inland Revenue, Lahore.

14.1.10 The Company was selected for Sales Tax Audit for Tax Year 2013 by the FBR. Audit was conducted and finalized by the Inland Revenue Department resulting into a levy of Federal Excise Duty of Rs. 2.93 million along with a penalty of Rs. 0.15 million and disallowance of input Sales Tax/levy of Sales Tax of Rs. 27.20 million along with imposition of a penalty of Rs. 0.88 million. The Company deposited Rs. 31 million under protest and contested the same through filing of appeal before the Commissioner Inland Revenue (Appeals) [CIR(A)], who upheld disallowance of input sales tax to the tune of Rs. 6.4 million whereas rest of the disallowances were deleted. Both, the Company and the Tax Department have contested the order of CIR (A) to the extent not favourable to them by filing cross appeals on 04 May 2018 and 02 May 2018 respectively.

14.1.11 The Additional Commissioner Inland Revenue, while proceeding U/S 122(5A) of the Income Tax Ordinance, 2001 created income tax liability of Rs. 582 million for the Tax Year 2014 . On an appeal, the Commissioner Inland Revenue (Appeals) [CIR(A)], curtailed the aforesaid demand to Rs. 16.7 million. The aforesaid order of CIR(A) has been challenged by Company on 12 August 2016 and the Inland Revenue Department on 22 August 2016 before the Honourable Appellate Tribunal Inland Revenue, Lahore, which is pending adjudication.

14.1.12 The Additional Commissioner Inland Revenue, while proceeding U/S 122(5A) of the Income Tax Ordinance, 2001 created income tax demands of Rs. 900 million for the Tax Year 2013. On an appeal by Company before the Commissioner Inland Revenue (Appeals) [CIR(A)], the aforesaid demand has been curtailed to Rs. 24.4 million. The order of CIR(A) has been upheld by the Honourable Appellate Tribunal Inland Revenue, Lahore. Reference application filed by Company before the Honourable Lahore High Court has also been rejected and hence Company has agitated the matter before Honourable Supreme Court of Pakistan through filing CPLA on 13 May 2019.

14.1.13 The Deputy Commissioner Inland Revenue (DCIR) issued a show cause notice U/S 205(1B) of the Income Tax Ordinance, 2001 (ITO, 2001) to the Company showing intention to impose Default Surcharge of Rs. 60.23 million (may be reduced to Rs. 41.8 million on acceptance of rectification) for non payment of advance income tax liability for tax year 2015 U/S 147 of the ITO, 2001 by the due date by working out the amount of Default Surcharge for the period from April, 01, 2015 to the date of filing of Income tax Return. The Company is of the view that default period for the purpose of default surcharge should be reckoned from the due date of advance tax i.e 15, June 2015 uptill the date of payment. Accordingly the Company has challenged the basis of calculation of default surcharge before the Honourable Lahore High Court (LHC) seeking its intervention to declare such provisions as ultra vires the Constitution of Pakistan. The LHC, has decided the matter against the Company, which is contested by Company through filing of an Intra Court Appeal before the LHC in 2018, which is pending adjudication. However being prudent the Company recorded expense of Rs. 36.3 million in its financial statements.

14.1.14 The Deputy Commissioner Inland Revenue (DCIR) issued a show cause notice U/S 205(1B) of the Income Tax Ordinance, 2001(ITO, 2001) to the Company showing intention to impose default surcharge of Rs. 71.50 million for non payment of advance income tax liability for the tax year 2014 under section 147 of the ITO, 2001 by the due date by working out the amount of default surcharge for tax period from 01 April 2014 to the date of filing of income tax return for the Tax Year 2014. The Company is of the view that the default period for the purpose of default surcharge should be reckoned from the due date of advance tax i.e. 15 June 2014 uptill the date of payment. Accordingly, the Company has challenged the basis of calculation of default surcharge before the Honourable Lahore High Court (LHC) seeking its intervention to declare such provisions as ultra vires to the Constitution of Pakistan. The LHC, has decided the matter against the Company, which is contested by Company through filing of an Intra Court Appeal before the LHC in 2018 which is pending adjudication. However being prudent the Company recorded expense of Rs. 64.16 million in its financial statements.

14.1.15 The Deputy Commissioner Inland Revenue (DCIR) disallowed Input Sales Tax of the Company to the tune of Rs. 3,264,116 pertaining to the months of January 2015 to June 2015, allegedly on the basis of input sales tax paid by the Company on building materials which is not allowable U/S 8(1)(b) of the Sales Tax Act, 1990 (STA, 1990). The disallowance of DCIR is against the facts and legal position of the case as the Input Sales Tax belongs to those goods which were used by Company for the installation of Plant and Machinery. Moreover, the Company has also got stay order from the Honourable Lahore High Court against the application of Section 8(1)(b) of the STA, 1990. Hence the disallowance has been contested by the Company on 06 April 2016 before the Commissioner Inland Revenue (Appeals) [CIR(A)] on very strong grounds which is yet to be decided by the CIR(A).

14.1.16 The Deputy Commissioner Inland Revenue (DCIR) passed an order U/S 11(2) of the Sales Tax Act, 1990 (STA, 1990), dated November 13, 2015, whereby Input Sales Tax claim of the Company for the months of February 2012 to June 2012, to the tune of Rs. 1,663,164 was disallowed and Default Surcharge of Rs. 83,158 was imposed. The DCIR was of the view that the aforesaid Input Sales Tax remained unpaid by the suppliers of the Company and hence the Input Claim of the same can't be admissible. The order passed by DCIR has been challenged by the Company on various legal and factual grounds before the Commissioner Inland Revenue (Appeals) who decided the case in favour of the Company which is contested by Inland Revenue Department before the Appellate Tribunal Inland Revenue on 18 June 2019 which is pending adjudication.

14.1.17 The Deputy Commissioner Inland Revenue (DCIR), disallowed Rs. 17.9 million being reversal of excess output tax paid by the Company on advances received from its dealers and imposed a penalty of Rs. 0.85 million, pertaining to Tax Periods August 2013, October 2013, December 2013, January 2014 and March 2014. The principal demand of Rs. 17 million has been paid by the Company and on appeal to Commissioner Inland Revenue (Appeals) [CIR(A)], the case was remanded back to DCIR to consider the contention of the Company. The DCIR, after thorough examination of taxpayer's record accepted its contention and deleted the entire demand of Rs. 17.9 million; however, he levied a penalty of Rs. 0.85 million which has been challenged by the Company through filing of appeal before (CIR(A) on 25 January 2018.

14.1.18 Income tax affairs of the Company for Tax Year 2015 were selected for audit by the Commissioner Inland Revenue (CIR) under the provisions of Section 177 of the Income Tax Ordinance, 2001 (ITO, 2001). The audit proceedings were finalized by Deputy Commissioner Inland Revenue (DCIR) resulting in change in allocation of expenses between local and export income of the Company and disallowance of certain expenses and allowance culminating into a further tax liability of Rs. 172.6 million. The aforesaid treatment meted out by the DCIR has been agitated by the Company before Commissioner Inland Revenue (Appeals) through filing of appeal on 21 February 2018.

14.1.19 The Tax Department, while disposing off contravention report of senior auditor created a sales tax demand of Rs. 9.18 million along with default surcharge of Rs. 3.72 million on account of alleged inadmissible adjustment of input sales tax of Rs. 9.18 million in contravention of SRO 389(I)/2006 dated 27 April 2006. CIR(A) turned down appeal filed by the Company against the impugned order regarding which the Company filed an appeal before ATIR which was decided in favour of the Company. However, against the said order, Tax Department filed an appeal before the Honourable Peshawar High Court (PHC). PHC remanded the case back to ATIR which is decided by the ATIR in favour of Company. However, the said favourable decision of ATIR has been called by it on a miscellaneous application filed by the Department before ATIR on 15 June 2017, which is pending adjudication. Nevertheless, the Company has deposited the principal amount of Rs. 9.18 million under protest.

14.1.20 The Deputy Commissioner Inland Revenue ("DCIR") passed an ex-parte order for tax year 2007 treating the Company as in default for alleged violation of withholding of income tax provisions of the Income Tax Ordinance, 2001 (ITO, 2001) to create a tax demand of Rs. 67 million while finalizing set aside proceedings under section 161/205 of the ITO, 2001 set aside by the Appellate Tribunal Inland Revenue(ATIR). The order was impugned by Company before Commissioner Inland Revenue (Appeals) who deleted entire demand of Rs. 67 million, which is also upheld by ATIR on appeal by Income Tax Department (Department). The Department has challenged the aforesaid decision of ATIR before the Honourable Lahore High Court in 2017, which is pending adjudication.

14.1.21 The Additional Commissioner Inland Revenue (Addl. CIR) amended the assessment of Company twice for the Tax Year 2016 under the provisions of Section 122(5A) of the Income Tax Ordinance, 2001 (ITO, 2001). The amendments of assessment was made by the Additional CIR vide two separate orders which resulted into an aggregate tax demand of Rs. 210,686,600. The orders of the Additional CIR have been agitated by Company before the Commissioner Inland Revenue

(Appeals) [CIR(A)] through filing two separate appeals, one of which involving tax demand of Rs. 5,955,933/- has been decided against the Company by the CIR(A) and the Appellate Tribunal Inland Revenue for which a reference application is filed before the the Honourable Lahore High Court which is pending adjudication. Demand to the tune of Rs. 204,730,667/- created vide the other order of the Additional CIR has been curtailed to Rs. 100,313,780 by the CIR(A) for which Company has filed an appeal before the ATIR on 27 December 2018 which is pending adjudication; however the said demand has been stayed by the Honourable Lahore High Court.

14.1.22 The matter of levy of Super Tax for the Tax Year 2018 amounting to Rs. 116 million has been challenged by the Company in Writ Petition (WP) before the Honourable Lahore High Court (LHC) which is decided against the Company. The adverse decision of the WP has been agitated by the Company in 2019 in an ICA before the LHC wherein, as an interim, the Honourable Court directed that no coercive measures shall be taken against the Company; however the final decision of the case is yet to be announced by the Honourable Court. However, being prudent the Company recorded the provision of Rs. 116 million in its financial statements.

14.1.23 During the year, the Mines and Minerals Department, Khyber Pakhtunkhwa has issued notices to the Company for recovery of Annual Rent from the Year 2009 to 2019 under the Mineral Sector Governance Act, 2017 amounting to Rs. 10,423,073/- The aforesaid notices have been challenged by Company before the Honourable Peshawar High Court on 06 August 2019 through filing a Writ Petition on various grounds, which is pending adjudication.

14.1.24 The Sui Northern Gas Pipelines Limited (SNGPL) charged an amount of Rs. 12.19 million being Non-Metered Volume Adjustment for the period from June 16, 2013 to June 25, 2013 in the Sui Gas Bill of the Company for the month of August 2014. On appeal before OGRA, the said levy was set aside to its Designated Officer, who partially decided the case in favour of the Company which is thus challenged by the Company and Designated Officer in appeal before the OGRA which is pending adjudication.

Based on the opinion of the Company's legal counsels, management is confident of favourable outcome in all aforementioned matters, hence no provision is recognized in respect of these matters in the financial statements.

14.1.25 Guarantees issued by Commercial Banks on behalf of the Company amounting to Rs. 118.730 million, Rs. 6 million and Rs. 0.9 million (2018: Rs. 118.730 million, Rs. 4.5 million and Rs. 0.9 million) in favour of SNGPL, FWO and CSF railway respectively in accordance with the terms of agreement.

		Note	2019 Rupees	2018 Rupees
14.2	**Commitments**			
	In respect of letters of credit for:			
	- capital expenditure		–	7,165,007,534
	- stores and spares		47,138,291	185,628,376
			47,138,291	7,350,635,910
15	**Property, plant and equipment**			
	Operating fixed assets	15.1	8,008,186,210	7,960,021,087
	Capital work in progress	15.5	13,865,772,369	1,153,040,980
			21,873,958,579	9,113,062,067

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2019

15.1 Operating fixed assets

		Cost					Depreciation				
		As at 01 July 2018	Additions/ transfers	Disposals/ Adjustment/ transfer	As at 30 June 2019	Depreciation Rate	As at 01 July 2018	For the year	Disposals/ Adjustment/ transfer	As at 30 June 2019	Net book value as at 30 June 2019
		Rupees					Rupees				
Freehold land	*	42,509,358	–	–	42,509,358	–	–	–	–	–	42,509,358
Factory buildings and plant civil structure	*	3,202,375,351	203,807,125	–	3,406,182,476	4% - 5%	1,327,263,444	140,284,460	-	1,467,547,904	1,938,634,572
Office and other building	*	53,174,329	3,477,555	–	56,651,884	5%	23,494,667	1,556,432	-	25,051,099	31,600,785
Housing colony	*	164,709,546	61,218,788	–	225,928,334	5%	39,440,986	6,934,098	-	46,375,084	179,553,250
Plant, machinery and equipment	*	8,886,205,914	354,296,646	(12,558,546)	9,187,159,397	4% - 5% / units of production	3,305,739,017	382,765,023	(6,125,453)	3,681,650,012	5,505,509,385
		–	–	(20,632,629)	–		–	–	(728,575)	–	–
		–	–	(20,151,988)	–		–	–	–	–	–
Storage tanks and pipelines	*	30,148,252	–	–	30,148,252	10%	23,699,829	644,843	–	24,344,672	5,803,580
Power installations	*	132,359,339	2,100,000	–	134,459,339	10%	94,194,051	3,834,029	–	98,028,080	36,431,259
Furniture, fixtures and other office equipment	*	98,734,127	25,963,062	–	124,697,189	10%	39,725,719	6,569,013	–	46,294,732	78,402,457
Computer and printers	*	36,836,421	6,019,194	–	42,855,615	30%	27,460,286	3,761,945	–	31,222,231	11,633,384
Weighing scale	*	5,860,727	3,650,000	–	9,510,727	10%	4,143,984	202,091	–	4,346,075	5,164,652
Light vehicles	*	280,020,948	17,275,759	(4,250,055)	293,046,652	20%	114,276,429	35,027,207	(2,753,891)	146,549,745	146,496,907
Heavy vehicles	*	14,916,910	3,907,606	–	18,824,516	20%	11,101,505	1,414,349	–	12,515,854	6,308,662
Railway sidings	*	9,853,476	–	–	9,853,476	5%	8,210,085	82,169	–	8,292,254	1,561,222
Laboratory equipment	*	53,993,450	42,988	(6,602,562)	47,433,876	10%	32,933,957	2,104,763	(6,175,371)	28,863,349	18,570,527
Library books	*	94,217	–	–	94,217	10%	87,319	688	–	88,007	6,210
2019		13,011,792,365	681,758,723	(23,411,163) (20,632,629) (20,151,988)	13,629,355,308		5,051,771,278	585,181,110	(15,054,715) (728,575) –	5,621,169,098	8,008,186,210

		Cost					Depreciation				
		As at 01 July 2017	Additions/ transfers	Disposals	As at 30 June 2018	Depreciation Rate	As at 01 July 2017	For the year	Disposals	As at 30 June 2018	Net book value as at 30 June 2018
		Rupees					Rupees				
Freehold land	*	42,509,358	–	–	42,509,358	–	–	–	–	–	42,509,358
Factory buildings and plant civil structure	*	3,032,411,342	169,964,009	-	3,202,375,351	4% - 5%	1,192,987,722	134,275,722	–	1,327,263,444	1,875,111,907
Office and other building	*	52,029,829	1,144,500	-	53,174,329	5%	21,987,797	1,506,870	–	23,494,667	29,679,662
Housing colony	*	80,367,775	84,341,771	-	164,709,546	5%	36,361,737	3,079,249	–	39,440,986	125,268,560
Plant, machinery and equipment	*	8,126,409,619	791,022,976	(31,226,681)	8,886,205,914	4% - 5% / units of production	2,997,863,628	329,620,754	(21,745,365)	3,305,739,017	5,580,466,897
Storage tanks and pipelines	*	30,148,252	–	–	30,148,252	10%	22,983,337	716,492	–	23,699,829	6,448,423
Power installations	*	132,359,339	–	–	132,359,339	10%	89,953,464	4,240,587	–	94,194,051	38,165,288
Furniture, fixtures and other office equipment	*	74,723,612	24,010,515	–	98,734,127	10%	35,069,508	4,656,211	–	39,725,719	59,008,408
Computer and printers	*	33,791,732	3,044,689	–	36,836,421	30%	24,029,611	3,430,675	–	27,460,286	9,376,135
Weighing scale	*	5,860,727	–	–	5,860,727	10%	3,953,235	190,749	–	4,143,984	1,716,743
Light vehicles	*	266,041,358	41,912,465	(27,932,875)	280,020,948	20%	97,605,182	37,495,786	(20,824,539)	114,276,429	165,744,519
Heavy vehicles	*	13,407,710	1,509,200	–	14,916,910	20%	10,241,979	859,526	–	11,101,505	3,815,405
Railway sidings	*	9,853,476	–	–	9,853,476	5%	8,123,591	86,494	–	8,210,085	1,643,391
Laboratory equipment	*	50,785,483	3,207,967	–	53,993,450	10%	30,683,123	2,250,834	–	32,933,957	21,059,493
Library books	*	94,217	–	–	94,217	10%	86,552	767	–	87,319	6,898
2018		11,950,793,829	1,120,158,092	(59,159,556)	13,011,792,365		4,571,930,466	522,410,716	(42,569,904)	5,051,771,278	7,960,021,087

15.2 *Factory buildings and plant civil structure, housing colony, plant, machinery and equipment, storage tanks and pipelines, power installations, weighing scale and railway sidings are located at freehold land measuring 1,775 kanals and 6 marlas located at Mouza Togh Bala Babri Banda District Kohat. Office building is located at land measuring 1 kanal and 8 marlas located at 37-P, Gulberg II, Lahore.

		Note	2019 Rupees	2018 Rupees
15.3	Depreciation charge for the year has been allocated as follows:			
	Cost of goods sold	26	577,977,792	516,552,808
	Selling and distribution expenses	27	2,309,594	1,487,695
	Administrative and general expenses	28	4,893,724	4,370,213
			585,181,110	522,410,716

15.4 **Disposal of property, plant and equipment**

Particulars of assets	Cost	Accumulated depreciation	Net book value	Sale value	Gain/(loss) on disposal	Mode of disposal
	Rupees					
Plant and Machinery	12,558,546	6,125,453	6,433,093	–	(6,433,093)	Retired
Items having book value less than Rs. 500,000 each	10,852,617	8,929,262	1,923,355	3,985,264	2,061,909	
2019	23,411,163	15,054,715	8,356,448	3,985,264	(4,371,184)	
2018	59,159,556	42,569,904	16,589,652	17,164,321	574,669	

		Note	2019 Rupees	2018 Rupees
15.5	**Capital work in progress**			
	Opening balance		1,153,040,980	681,621,351
	Additions during the year		13,264,278,060	1,534,080,391
	Transfers to property, plant and equipment		(551,546,671)	(1,062,660,762)
	Closing balance	15.6	13,865,772,369	1,153,040,980
15.6	The breakup is as follows:			
	Plant and machinery		9,474,873,924	53,842,264
	Civil works		3,962,955,388	851,297,254
	Borrowing cost		392,135,578	–
	Advances to contractors / suppliers		35,807,479	247,901,462
			13,865,772,369	1,153,040,980

15.7 Balance in capital work in progress at year end significantly represent new cement line-4.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2019

		Note	2019 Rupees	2018 Rupees
16	**Intangible assets**			
	Cost		26,902,035	24,095,793
	Less: Accumulated amortization		(13,023,350)	(8,836,398)
			13,878,685	15,259,395

		2019 (Percentage)	2018 (Percentage)
	Amortization rate	20%	20%

		Note	2019 Rupees	2018 Rupees
17	**Long term loans and advances**			
	Loans to employees - secured, considered good		245,654	40,300
	Less: Receivable within one year	23.1	(54,769)	(39,854)
			190,885	446
	Advance against purchase of land		90,412,600	–
			90,603,485	446

18 Long term deposits

This mainly represents security deposit with Peshawar Electric Supply Company.

		Note	2019 Rupees	2018 Rupees
19	**Investment property**			
	Balance at the beginning of the year		3,655,622,685	3,062,824,000
	Additions during the year		36,216,950	592,798,685
		19.1	3,691,839,635	3,655,622,685

19.1 Investment property comprises of land that are held for capital appreciation. The approximate market value of investment property is Rs. 5,420.92 million (2018: Rs. 5,088.63 million) and aggregate forced sale value of Rs. 4,607.78 million (2018: Rs. 4,325.33 million) conducted by an Independent Valuer. During the year, the Company has purchased land measuring 13.3 kanals located in Lahore. The Company owns investment properties measuring 1011.72 kanals (2018: 998.42 kanals) located at different locations in District Lahore.

19.2 Fair value of investment property is determined by professional valuers (level 3 measurement) based on their assessment of the market values as disclosed. The valuations are conducted by the valuation experts appointed by the Company. The valuation experts used a market based approach to arrive at the fair value of the Company's investment properties. The effect of changes in the unobservable inputs used in the valuations cannot be determined with certainty, accordingly a qualitative disclosure of sensitivity has not been presented in these financial statements.

		Note	2019 Rupees	2018 Rupees
20	**Stores, spares and loose tools**			
	Stores	20.1	299,623,915	1,219,139,487
	Spares		1,077,087,821	867,667,692
	Loose tools		34,216,053	32,723,970
			1,410,927,789	2,119,531,149

20.1 These include stores in transit valuing Rs. 50.03 million (2018: Rs. 802.68 million).

		2019 Rupees	2018 Rupees
21	**Stock-in-trade**		
	Raw materials	4,820,140	5,762,269
	Packing materials	30,961,693	69,124,873
	Work in process	592,673,300	491,773,853
	Finished goods	80,776,779	92,067,529
		709,231,912	658,728,524
21 a	**Trade debts**		
	Trade debts - unsecured, considered good	728,250,425	645,524,139
	Provision for loss allowance against trade debts	(14,189,922)	–
		714,060,503	645,524,139

		Note	2019 Rupees	2018 Rupees
22	**Short term investments**			
	FVOCI - listed equity securities			
	Gharibwal Cement Limited:			
	Cost		89,286	–
	Accumulated fair value gain	22.1	117,914	–
			207,200	–
	FVOCI - debt instrument			
	Term Finance Certificates	22.2	50,000,000	–
	FVTPL			
	Income Mutual Funds - Shariah compliant		575,426,241	–
	Money Market Mutual Funds		1,071,505,339	–
			1,646,931,580	–
	Loans and receivables			
	Investment in term deposit receipts - Shariah compliant		–	3,750,000,000
	Amortised cost - debt instrument			
	Investment in term deposit receipts - Shariah compliant	22.3	250,000,000	–
	Held for trading			
	Income Mutual Funds - Shariah compliant		–	1,111,194,975
	Money Market Mutual Funds		–	298,178,675
			–	1,409,373,650
	Available for sale			
	Gharibwal Cement Limited:			
	Cost		–	89,286
	Accumulated fair value gain	22.1	–	329,114
			–	418,400
			1,947,138,780	5,159,792,050

22.1 Gharibwal Cement Limited

20,000 (2018: 20,000) fully paid ordinary shares of Rs. 10 each

	2019 Rupees	2018 Rupees
Fair value changes		
At beginning of the year	329,114	826,514
Loss for the year	(211,200)	(497,400)
	117,914	329,114

22.2 These represents fully paid-up, privately placed, perpetual, unsecured, sub-ordinated, non-cumulative and contigent convertable Term Finance Certificates issued by Habib Bank Limited during the year. These TFCs carry floating rate of return at Base Rate + 1.60%. The Company intends to liquidate these TFCs during next 12 months period.

22.3 This carry mark-up at rate of 13.20% per annum and have a maturity date till 27 July 2019.

	Note	2019 Rupees	2018 Rupees
23 Advances, deposits, prepayments and other receivables			
Advances - unsecured, considered good			
- to employees	23.1	2,931,078	3,623,104
- to suppliers		77,075,726	83,791,936
- to contractors		9,847,611	41,290,162
		89,854,415	128,705,202
Income tax paid under protest	14.1.6	5,000,000	5,000,000
Sales tax, Federal Excise Duty and Customs Duty paid under protest	23.2	105,851,454	105,851,454
Sales tax - net (including advance sales tax)		32,312,947	142,392,651
Federal Excise Duty - net		–	172,452,256
Letter of credit / guarantee margin		13,304,300	16,419,960
Prepayments		13,728,244	14,804,512
Security deposits		95,362,112	7,355,406
Accrued interest on bank deposits		481,233	8,838,209
Duty drawback claims receivable on export sales		13,938,478	20,183,018
Other advances and receivables		21,184,164	265,834,048
		391,017,347	887,836,716

23.1 Advances to Company's employees

	Note	2019 Rupees	2018 Rupees
Current maturity of long term loans to employees	17	54,769	39,854
Advances to employees against salary		2,444,609	2,401,320
Advances to employees against expenses		431,700	1,181,930
		2,931,078	3,623,104

23.2 This includes sales tax, federal excise duty and custom duty paid to the relevant departments under protest, as referred to in notes 14.1.5, 14.1.8, 14.1.10,14.1.17 and 14.1.19.

		Note	2019 Rupees	2018 Rupees
24	**Cash and bank balances**			
	Cash in hand		647,296	648,894
	Cash at bank			
	- current accounts			
	Deposits with conventional banks		160,242,501	278,834,864
	Deposits with Islamic banks		7,153,018	6,883,183
			167,395,519	285,718,047
	- saving accounts	24.1		
	Deposits with conventional banks		200,819,766	382,214,076
	Deposits with Islamic banks		65,023,442	155,846,673
			265,843,208	538,060,749
			433,886,023	824,427,690

24.1 These carry return at 4.42% to 11.78% (2018: 2.60% to 5.90%) per annum.

		2019 Rupees	2018 Rupees
25	**Sales-net**		
	Sales		
	Local	22,175,710,169	19,060,000,817
	Export	706,373,183	518,850,429
		22,882,083,352	19,578,851,246
	Less: Sales tax	(3,702,082,792)	(3,248,835,985)
	Federal Excise Duty	(3,353,748,705)	(2,723,644,623)
	Discount / rebate / commission	(180,603,143)	(167,527,612)
		(7,236,434,640)	(6,140,008,220)
		15,645,648,712	13,438,843,026
	25.1 Disaggregation of revenue		
	25.1.1 Type of customers - Gross sales		
	Contracts with government customers	797,978,879	374,822,146
	Contracts with non government customers	22,084,104,473	19,204,029,100
		22,882,083,352	19,578,851,246

25.1.2 During the year the Company has recognised revenue, amounting to Rs. 53.35 million out of contract liability as at 01 July 2018.

25.1.3 All export sales are made to Afghanistan.

		Note	2019 Rupees	2018 Rupees
26	**Cost of goods sold**			
	Raw materials consumed		736,418,010	622,532,602
	Packing materials consumed		1,132,282,259	780,619,889
	Power and fuel		2,237,257,542	1,723,119,107
	Coal, gas and furnace oil		5,562,535,847	4,010,046,317
	Stores and spares consumed		463,284,528	394,381,228
	Salaries, wages and other benefits	26.1	453,634,581	347,303,655
	Royalty and excise duty	26.2	216,920,844	192,376,359
	Rent, rates and taxes		25,151,494	29,124,734
	Repairs and maintenance		118,681,388	118,743,172
	Insurance		38,020,686	40,669,982
	Depreciation	15.3	577,977,792	516,552,808
	Other expenses		156,681,201	111,420,090
			11,718,846,172	8,886,889,943
	Work in process			
	At beginning of the year		491,773,853	703,875,589
	At end of the year		(592,673,300)	(491,773,853)
			11,617,946,725	9,098,991,679
	Finished goods			
	At beginning of the year		92,067,529	167,423,321
	At end of the year		(80,776,779)	(92,067,529)
			11,629,237,475	9,174,347,471
	Less: Cost attributable to own cement consumption		(189,669,959)	(60,865,290)
			11,439,567,516	9,113,482,181

26.1 Salaries, wages and other benefits include Rs. 9.34 million (2018: Rs. 7.76 million) and Rs. 0.63 million (2018: Rs. 3.37 million) in respect of provident fund contributions and compensated absences, respectively.

26.2 This represents royalty paid to Government of Khyber Pakhtunkhwa on account of quarry lease for extraction of lime stone.

		Note	2019 Rupees	2018 Rupees
27	**Selling and distribution expenses**			
	Salaries, wages and other benefits	27.1	55,229,708	45,100,723
	Vehicle running		2,530,970	1,842,469
	Travelling and conveyance		1,689,792	1,646,403
	Printing and stationery		369,218	439,826
	Postage, telephone and telegrams		1,225,180	1,197,096
	Entertainment		1,941,584	1,495,559
	Rent, rates and taxes		3,468,483	2,874,565
	Electricity, water and gas		463,092	452,248
	Sales promotion		14,406,917	7,047,219
	Depreciation	15.3	2,309,594	1,487,695
	Cement loading charges		32,934,863	31,879,318
	Miscellaneous		1,707,015	1,415,802
			118,276,416	96,878,923

27.1 Salaries, wages and other benefits include Rs. 1.36 million (2018: Rs. 1.20 million) and Rs. 0.079 million (2018: Rs. 0.43 million) in respect of provident fund contributions and compensated absences, respectively.

		Note	2019 Rupees	2018 Rupees
28	**Administrative and general expenses**			
	Salaries, wages and other benefits	28.1	185,343,013	147,673,646
	Vehicle running		2,901,360	2,863,941
	Traveling and conveyance		1,458,891	1,105,957
	Printing and stationery		2,757,952	2,231,094
	Legal and professional		15,829,769	9,913,841
	Postage, telephone and telegrams		4,730,754	3,983,329
	Repairs and maintenance		15,223,573	14,184,455
	Rent, rates and taxes		4,762,296	1,665,724
	Electricity, water and gas		4,413,243	3,131,023
	Entertainment		3,070,619	2,677,949
	Auditors' remuneration and fee for other services	28.2	1,645,000	3,032,500
	Depreciation	15.3	4,893,724	4,370,213
	Amortization		4,186,952	3,755,946
	Advertisement		1,021,439	477,706
	Miscellaneous		1,925,205	2,082,264
			254,163,790	203,149,588

28.1 Salaries, wages and other benefits include Rs. 4.51 million (2018: Rs. 3.87 million) and Rs. 0.187 million (2018: Rs. 0.76 million) in respect of provident fund contributions and compensated absences, respectively.

		Note	2019 Rupees	2018 Rupees
28.2	**Auditors' remuneration and fee for other services**			
	Statutory audit		1,225,000	1,232,000
	Half year review		157,500	115,500
	Tax consultancy		262,500	1,310,000
	Other services		–	375,000
			1,645,000	3,032,500

		Note	2019 Rupees	2018 Rupees
29	**Other operating income**			
	Income from financial assets - Conventional:			
	Interest on bank deposits and investments		6,288,353	39,017,481
	Realized gain on investments at FVTPL		22,094	–
	Realized gain on held for trading investments		–	112,214,152
	Interest on Employees' loans		3,565	7,263
	Income from financial assets - Shariah compliant:			
	Profit on bank deposits and investments		244,900,419	134,923,015
	Net change in fair value of financial assets held for trading		–	40,143,008
	Net change in fair value of financial assets at FVTPL		(38,568,137)	–
	Realized gain on held for trading investments		–	25,054,544
	Realized gain on investment at FVTPL		27,566,803	–
	Bonus units received from investment in mutual funds		–	682,626
	Dividend received from investment in mutual funds		77,141,994	30,000
			317,355,091	352,072,089
	Income from non-financial assets			
	Income from sale of scrap		5,753,108	8,650,165
	Gain on disposal of property, plant and equipment	15.4	–	574,669
	Miscellaneous income		998,163	399,701
	Liabilities no longer payable written back		24,513,945	–
			31,265,216	9,624,535
			348,620,307	361,696,624

		Note	2019 Rupees	2018 Rupees
30	**Other operating expenses**			
	Workers' Profit Participation Fund	9.2	197,354,390	212,857,299
	Worker's Welfare Fund	9.3	73,661,979	73,936,622
	Donations	30.1	6,000,000	23,351,800
	Exchange loss		164,547,280	–
	Provision for loss allowance against trade debts		14,189,922	–
	Loss on disposal of property, plant and equipment	15.4	4,371,184	–
			460,124,755	310,145,721

30.1 It includes donations paid to Al-Khidmat Foundation Pakistan, Akhuwat Foundation and Namal Education Foundation of Rs. 2,890,000, Rs. 1,440,000 and Rs. 1,200,000 respectively. None of the Directors of the Company or any of their spouse have any interest in donee's fund.

		2019 Rupees	2018 Rupees
31	**Finance cost**		
	Mark-up on conventional finances:		
	Short term borrowings- secured	4,051,889	6,337,052
	Long term finances-secured	30,116,827	46,199,844
		34,168,716	52,536,896
	Bank charges, commission and others	11,896,385	53,994,280
		46,065,101	106,531,176
32	**Taxation**		
	for the year		
	- Current	1,111,099,479	1,150,690,263
	- Deferred	96,316,072	(160,332,995)
		1,207,415,551	990,357,268

		2019 Rupees	2018 Rupees
32.1	**Relationship between tax expense and accounting profit**		
	Profit before taxation	3,676,071,441	3,970,352,061
	Tax calculated at the rate of 29.00% / 30.00%	1,066,060,718	1,191,105,618
	Tax effect of:		
	- income under Final Tax Regime	(30,608,235)	(46,172,860)
	- super tax	74,310,406	116,204,051
	- effect of permanent differences	–	5,025,288
	- change in proportion of local and export sales	(59,389,042)	73,028,588
	- tax rate adjustment	189,495,643	(255,647,353)
	- tax credits	(27,019,437)	(92,178,468)
	- others	(5,434,502)	(1,007,596)
		1,207,415,551	990,357,268

32.2 The Finance Act, 2018 amended Section 5A of the Income Tax Ordinance, 2001 under which every public company other than a scheduled bank or modarba, that derives profits for a tax year and does not distribute at least 20 percent of its after tax profits within six months of the end of the tax year through cash shall be liable to pay tax at the rate of five percent of its accounting profit before tax.

The Board of Directors in their meeting held on September 30, 2019 has recommended Rs. 2.50 per share for the year ended 30 June 2019 and hence the provisions of section 5A of the Income Tax Ordinance, 2001 are not attracted in Company's case. Accordingly, no provision for tax in this respect has been made in these financial statements.

33 Earnings per share - basic and diluted

33.1 Basic earnings per share

As a result of bonus issue, the calculation of earnings per share has been adjusted retrospectively in accordance with the requirements of IAS 33 Earnings per share.

	Unit	2019 Rupees	2018 Rupees
Earnings for the year after taxation	Rupees	2,468,655,890	2,979,994,793
Weighted average number of ordinary shares	Numbers	200,861,297	200,861,297
			(Restated)
Earnings per share	Rupees	12.29	14.84

33.2 Diluted earnings per share

There is no dilutive effect on the basic earnings per share as the Company does not have any convertible instruments in issue as at 30 June 2019 and 30 June 2018.

34 Cash generated from operations

	Note	2019 Rupees	2018 Rupees
Profit before taxation		3,676,071,441	3,970,352,061
Adjustments for non-cash items and other items:			
Depreciation on property, plant and equipment	15.3	585,181,110	522,410,716
Amortization on intangibles	28	4,186,952	3,755,946
Loss / (gain) on disposal of property, plant and equipment	15.4	4,371,184	(574,669)
Liabilities no longer payable written back	29	(24,513,945)	–
Net change in fair value of financial assets held for trading	29	–	(40,143,008)
Net change in fair value of financial assets at FVTPL		38,568,137	–
Provision for compensated absences	8.2	897,978	4,563,905
Interest on bank deposits	29	(6,288,353)	(39,017,481)
Profit on bank deposits - arrangements permissible under Shariah	29	(244,900,419)	(134,923,015)
Provision for Workers' Welfare Fund	30	73,661,979	73,936,622
Provision for Workers' Profit Participation Fund	30	197,354,390	212,857,299
Finance cost	31	46,065,101	106,531,176
Provision for loss allowance against trade debts		14,189,922	–
Gain on bonus unit issued by income fund - arrangement permissible under shariah		–	(682,626)
		688,774,036	708,714,865
Operating profit before working capital changes		4,364,845,477	4,679,066,926
Changes in working capital			
(Increase) / decrease in current assets:			
Stores, spares and loose tools		728,755,348	(786,354,587)
Stock in trade		(50,503,388)	290,413,757
Trade debts		(82,726,286)	(301,748,169)
Advances, deposits, prepayments and other receivables		575,477,309	(291,364,744)
		1,171,002,983	(1,089,053,743)
Increase / (decrease) in current liabilities:			
Trade and other payables		476,616,220	1,038,011,031
Cash generated from operations		6,012,464,680	4,628,024,214

35 Cash and cash equivalents

	Note	2019 Rupees	2018 Rupees
Term deposit receipts	22	250,000,000	3,750,000,000
Cash and bank balances	24	433,886,023	824,427,690
		683,886,023	4,574,427,690

36 Transactions with related parties

The related parties comprise of holding company, Directors of the Company, key management personnel and staff retirement funds. Transactions and balances with related parties are as follows:

	Percentage of Holding	Relationship	Nature of transactions	Note	2019 Rupees	2018 Rupees
Transactions with related parties						
ANS Capital (Private) Limited.	55.00%	Holding Company	Dividend paid		424,932,000	169,972,800
Contribution to Provident Fund Trust		Post employment benefit plan	Contribution		16,232,720	13,263,856
Kohat Cement Educational Trust		Common Directorship / Trustee	Contribution		4,363,164	1,904,961
Kohat Cement Educational Trust	0.08%	Common Directorship / Trustee	Dividend paid		584,790	233,916
Ultra Pack (Private) Limited		Common Control	Purchase of packing material		800,611,529	585,480,400
Ultra Pack (Private) Limited		Common Control	Purchase of Light Vehicle		–	2,412,500
Palace Enterprises (Private) Limited		Common Directorship	Accommodation services		291,252	407,131
Mrs. Hijab Tariq	16.74%	Major Share Holder	Dividend paid		129,352,585	51,741,034
Mrs. Hijab Tariq		Major Share Holder	Sale of Light Vehicle		–	2,000,000
Key Management Personnel		Directors	Remuneration paid	37	96,941,039	83,665,000
Key Management Personnel		Directors	Dividend paid		298,445	768,944
Key Management Personnel		Other executive	Remuneration paid		88,314,284	71,779,980
Key Management Personnel		Other executive	Dividend paid		50,885	30,354
Balances with other related parties						
Provident Fund Trust		Post employment benefit plan	Payable	9	2,987,471	2,437,236
Ultra Pack (Private) Limited			Trade creditors		–	35,781,525

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity. The Company considers Chief Executive Officer, whole time Directors (including employee directors), Company secretary, Head of sales and marketing, GM Works and CFO to be its key management personnel.

37 Remuneration of Chief Executive, Directors and Executives

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

	2019			
	Directors			Executives
	Chief Executive	Non-Executive	Executive	
	Rupees			
Short term employee benefits				
Managerial remuneration	39,675,012	–	39,675,012	88,664,707
Bonus	7,043,750	–	7,043,750	16,291,366
Medical expenses reimbursed	726,265	–	–	–
Other benefits	–	–	–	575,450
	47,445,027	–	46,718,762	105,531,523
Post employment benefits				
Contribution to provident fund	1,388,625	–	1,388,625	3,129,803
	48,833,652	–	48,107,387	108,661,326
Number of persons	1	6	1	12

	2018			
	Directors			Executives
	Chief Executive	Non-Executive	Executive	
	Rupees			
Short term employee benefits				
Managerial remuneration	34,500,000	–	34,500,000	69,386,655
Bonus	6,125,000	–	6,125,000	6,392,164
Medical expenses reimbursed	–	–	–	–
Other benefits	–	–	–	344,743
	40,625,000	–	40,625,000	76,123,562
Post employment benefits				
Contribution to provident fund	1,207,500	–	1,207,500	2,246,864
	41,832,500	–	41,832,500	78,370,426
Number of persons	1	5	1	8

37.1 The Company also provides the Chief Executive, Directors and Executives with free use of Company maintained cars.

37.2 Meeting fee of Rs. 470,000 has been paid during the year to directors (2018: nil).

38 Financial risk management

The Company has exposure to the following risks arising from financial instruments:

- credit risk
- liquidity risk
- market risk

Risk management framework

The Company's Board of Directors ("the Board") has overall responsibility for establishment and oversight of the Company's risk management framework. The Board is responsible for developing and monitoring the Company's risk management policies.

The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations. The Board of Directors reviews and agrees upon the policies for managing each of these risks.

The Company's audit committee oversees how management monitors compliance with the Company's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. Audit committee is assisted in its oversight role by internal audit department. Internal audit department undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the audit committee.

38.1 Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. To manage credit risk the Company maintains procedures covering the application for credit approvals, granting and renewal of counterparty limits and monitoring of exposures against these limits. As part of these processes the financial viability of all counterparties is regularly monitored and assessed.

38.1.1 Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. Trade debts include Rs. 313.514 million (2018: Rs. 257.17 million) receivables from Frontier Work Organization (FWO) where credit risk is minimal. The maximum exposure to credit risk as at the end of the reporting period was as follows:

	Note	2019 Rupees	2018 Rupees
Loans and receivables			
Long term loans to employees	17	190,885	446
Long term deposits	18	38,326,640	125,326,640
Trade debts - unsecured, considered good		714,060,503	645,524,139
Short term investments	22	300,000,000	3,750,000,000
Deposits, and other receivables		131,625,224	274,784,367
Cash at banks		433,238,727	823,778,796
		1,617,441,979	5,619,414,388

38.1.2 Concentration of credit risk

The Company identifies concentrations of credit risk by reference to type of counter party. Maximum exposure to credit risk by type of counterparty is as follows:

	2019 Rupees	2018 Rupees
Customers	714,060,503	645,524,139
Banking companies	747,024,260	4,599,036,965
Others	156,357,216	374,853,284
	1,617,441,979	5,619,414,388

38.1.3 Credit quality and impairment

Credit quality of financial assets is assessed by reference to external credit ratings, where available, or to historical information about counterparty default rates. All counterparties, with the exception of customers, have external credit ratings determined by various credit rating agencies. Credit quality of customers is assessed by reference to historical defaults rates and present ages.

38.1.3(a) Counterparties with external credit ratings

These include banking companies and financial institutions, which are counterparties to bank balances and short term investments. These counterparties have reasonably high credit ratings as determined by various credit rating agencies. Due to long standing business relationships with these counterparties and considering their strong financial standing, management does not expect non-performance by these counterparties on their obligations to the Company. Following are the credit ratings of counterparties with external credit ratings:

	Rating				
Bank	Short term	Long term	Rating agency	2019 Rupees	2018 Rupees
Albaraka Bank (Pakistan) Limited	A1	A	PACRA	5,978	1,885,349
Allied Bank Limited	A1+	AAA	PACRA	89,654,006	110,808,890
Askari Bank Limited	A1+	AA+	PACRA	52,424,699	135,822,249
Bank Alfalah Limited	A1+	AA+	PACRA	188,026	1,294,983
Dubai Islamic Bank Pakistan Limited	A1+	AA	JCR-VIS	5,139,135	137,715
Habib Bank Limited	A1+	AAA	JCR-VIS	63,840,510	87,192,776
Habib Metropolitan Bank Limited	A1+	AA+	PACRA	269,139	608,519
MCB Bank Limited	A1+	AAA	PACRA	8,435,607	116,887,129
National Bank of Pakistan	A1+	AAA	PACRA	153,145,270	3,890,590
MCB Islamic Bank Limited	A1	A	PACRA	63,590	63,590
Soneri Bank Limited	A1+	AA-	PACRA	1,263,179	591,353
Standard Chartered Bank (Pakistan) Limited	A1+	AAA	PACRA	13,355,227	6,210,688
The Bank of Punjab	A1+	AA	PACRA	1,759,402	160,372,987
The Bank of Khyber	A1	A	PACRA	10,088,661	36,650,762
United Bank Limited	A1+	AAA	JCR-VIS	9,073,596	100,495,780
Meezan Bank Limited	A1+	AA+	JCR-VIS	511,182	1,798,698
Samba Bank Limited	A-1	AA	JCR-VIS	3,856,240	8,035,583
JS Bank Limited	A1+	AA-	PACRA	20,096,510	50,816,636
Bank Islami Pakistan Limited	A1	A+	PACRA	18,565	214,520
Bank Al Habib Limited	A1+	AA+	PACRA	50,206	–
				433,238,728	823,778,797

Bank	Rating Short term	Rating Long term	Rating agency	2019 Rupees	2018 Rupees
Term Deposit Receipts					
Albaraka Bank (Pak) Limited	A1	A	PACRA	–	100,705,205
Dubai Islamic Bank Pakistan Limited	A1+	AA	JCR-VIS	250,361,644	151,084,932
Habib Bank Limited	A1+	AAA	JCR-VIS	–	1,550,526,576
Meezan Bank Limited	A1+	AA+	JCR-VIS	–	1,753,864,383
Bank Islami Pakistan Limited	A1	A+	PACRA	–	202,383,562
				250,361,644	3,758,564,658
Term Finance Certificates					
Habib Bank Limited	A1+	AAA	JCR-VIS	50,000,000	–
LC / guarantee margins					
Askari Bank Limited	A1+	AA+	PACRA	6,971,960	9,676,960
Habib Bank Limited	A1+	AAA	JCR-VIS	353,840	–
Standard Chartered Bank (Pakistan) Limited	A1+	AAA	PACRA	5,978,500	5,978,500
The Bank of Punjab	A1+	AA	PACRA	–	764,500
				13,304,300	16,419,960

38.1.3(b) Counterparties without external credit ratings

These include customers which are counter parties to trade debts. The Company is exposed to credit risk in respect of trade debts. However, trade debts includes an amount of Rs. 313.51 million (2018: Rs. 257.17 million) in respect of FWO and Rs. 11.78 million (2018: Rs. 1.06 million) in respect of Pakistan Railways which are Government backed organizations. The analysis of ages of trade debts of the Company as at the reporting date is as follows:

	Gross carrying amount 2019 Rupees	Gross carrying amount 2018 Rupees
Not yet due	521,098,306	541,666,655
Past due 0 - 90 days	124,530,540	71,181,829
Past due 91 - 180 days	8,699,780	10,202,649
Past due 181 - 270 days	51,233,973	8,820,793
Past due 271 - 360 days	4,709,037	–
Past due above one year	17,978,789	13,652,213
	728,250,425	645,524,139

38.2 Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset, or that such obligations will have to be settled in a manner unfavourable to the Company. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and availability of adequate funds through committed credit facilities. The Company finances its operations through equity, borrowings and working capital with a view to maintaining an appropriate mix between various sources of finance to minimize risk. The management aims to maintain flexibility in funding by keeping regular committed credit lines.

38.2.1 Exposure to liquidity risk

38.2.1(a) Contractual maturities of financial liabilities, including estimated interest payments

The following are the remaining contractual maturities at the reporting date. The amounts are grossed and undiscounted, and include estimated interest payments and exclude the impact of netting agreements.

		2019					
	Note	Carrying	Contractual cash flows	One year or less	One to three years	Three to five years	More than five years
				Rupees			
Non-derivative financial liabilities							
Long term financing	6	5,404,151,114	7,535,874,912	1,629,263,683	2,634,809,990	2,207,873,533	1,063,927,706
Long term deposits and retention money	7	106,893,805	130,693,306	–	128,657,206	2,036,100	–
Trade and other payables	9	2,046,826,591	2,046,826,591	2,046,826,591	–	–	–
Short term borrowings	12	243,000,000	243,000,000	243,000,000	–	–	–
Mark-up accrued on borrowings	13	102,829,378	102,829,378	102,829,378	–	–	–
		7,903,700,888	10,059,224,187	4,021,919,652	2,763,467,196	2,209,909,633	1,063,927,706

		2018					
	Note	Carrying	Contractual cash flows	One year or less	One to three years	Three to five years	More than five years
				Rupees			
Non-derivative financial liabilities							
Long term financing	6	426,315,784	457,086,564	310,564,902	146,521,662	–	–
Long term deposits and retention money	7	2,036,100	2,036,100	–	–	2,036,100	–
Trade and other payables	9	1,904,586,430	1,904,586,430	1,904,586,430	–	–	–
Mark-up accrued on borrowings	13	3,830,579	3,830,579	3,830,579	–	–	–
		2,336,768,893	2,367,539,673	2,218,981,911	146,521,662	2,036,100	–

38.3 Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing return.

38.3.1 Currency risk

The Company is exposed to currency risk to the extent that there is a mismatch between the currencies in which advances, sales and purchases and bank balances are denominated and the respective functional currency of the Company. The functional currency of the Company is Pak Rupee. The currencies in which these transactions are primarily denominated are Euros and US dollars.

38.3.1(a) Exposure to currency risk

The summary quantitative data about the Company's exposure to currency risk as reported to the management of the Company is as follows:

	2019					
	JPY	GBP	CNY	EURO	USD	Rupees
Liabilities						
Trade creditors	(281,000)	(1,748)	(431,500)	(13,082)	(56,424)	(22,959,815)
Retention money payable	–	–	–	–	(4,513,297)	(742,437,357)
Net balance sheet exposure	(281,000)	(1,748)	(431,500)	(13,082)	(4,569,721)	(765,397,172)
Off balance sheet exposure - Letters of credit	–	–	(494,799)	(121,349)	(75,854)	(47,138,220)
Total Exposure	(281,000)	(1,748)	(926,299)	(134,431)	(4,645,575)	(812,535,392)

	2018					
	JPY	GBP	CNY	EURO	USD	Rupees
Assets						
Deposits and other receivables	–	–	–	–	1,654,042	200,800,692
Liabilities						
Trade creditors	–	–	–	–	(1,438,311)	(174,898,618)
Retention money payable to Sinoma	–	–	–	(353,300)	(1,240,000)	(200,800,692)
Net balance sheet exposure	–	–	–	(353,300)	(1,024,269)	(174,898,618)
Off balance sheet exposure - Letters of credit	–	–	(531,215)	(1,779,989)	(58,295,043)	(7,350,635,910)
Total Exposure	–	–	(531,215)	(2,133,289)	(59,319,312)	(7,525,534,528)

38.3.1(b) Exchange rates applied during the year

The following significant exchange rates have been applied during the year:

	JPY		GBP		CNY		EURO		USD	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
	Rupees									
Reporting date spot rate										
- buying	1.52	1.10	207.79	159.14	23.85	18.73	186.37	141.33	164.00	121.40
- selling	1.53	1.10	208.45	159.41	24.19	18.76	186.99	141.57	164.50	121.60
Average rate for the year	1.23	1.00	176.32	148.26	19.97	17.00	155.34	131.82	136.27	110.42

38.3.1(c) Sensitivity analysis

A reasonably possible strengthening / (weakening) of 1% in Pak Rupee against the following currencies would have affected the measurement of financial instruments denominated in foreign currency and affected profit and loss by the amounts shown below. The analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecast sales and purchases.

	Effect on profit before taxation	
	2019 Rupees	2018 Rupees
Weakening of Pak Rupee		
EURO	(24,462)	(500,167)
USD	(7,517,191)	(1,248,819)
JPY	(4,295)	–
GBP	(3,644)	–
CNY	(104,380)	–
	(7,653,972)	(1,748,986)

Amount of off-balance sheet letters of credit will increase by Rs. 0.47 million (2018: Rs. 73.51 million) if Pak Rupee weakens 1% against other currencies.

All above will have opposite effect on 1% strength in Pak Rupee against other currencies.

38.3.1(d) Currency risk management

Since the maximum amount exposed to currency risk is only 2.44% (2018: 0.75%) of the Company's total assets, any adverse / favorable movement in functional currency with respect to US dollar and Euro will not have any material impact on the operational results.

38.3.2 Interest rate risk

Interest rate risk is the risk that fair values or future cash flows of a financial instrument will fluctuate because of changes in interest rates. Sensitivity to interest rate risk arises from mismatch of financial assets and financial liabilities that mature or re-price in a given period.

38.3.2(a) Mark-up bearing financial instruments

The effective interest / mark-up rates for interest / mark-up bearing financial instruments are mentioned in relevant notes to the financial statements. The Company's interest / mark-up bearing financial instruments as at the reporting date are as follows:

	2019		2018	
	Financial asset	Financial liability	Financial asset	Financial liability
	Rupees			
Non-derivative financial instruments				
Fixed rate instruments	250,245,654	243,000,000	3,750,040,300	–
Variable rate instruments	315,843,208	5,424,358,384	538,060,749	426,315,784
	566,088,862	5,667,358,384	4,288,101,049	426,315,784

38.3.2(b) Cash flow sensitivity analysis for variable rate instruments

A reasonably possible change of 100 basis points in interest rates at the reporting date would have increased / (decreased) equity and profit by amounts shown below. The analysis assumes that all other variables, in particular foreign exchange rates, remain constant.

	Effect on profit before taxation	
	2019 Rupees	2018 Rupees
Increase of 100 basis points	(51,085,152)	1,117,450
Decrease of 100 basis points	51,085,152	(1,117,450)

38.3.2(c) Interest rate risk management

The Company manages these mismatches through risk management strategies where significant changes in gap position can be adjusted. The Company's borrowings are based on variable rate pricing that is mostly dependent on Karachi Inter Bank Offer Rate ("KIBOR") as indicated in respective notes.

38.3.3 Price risk

Price risk represents the risk that the fair value or future cash flows of 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 trading in market.

38.3.3(a) Investments exposed to price risk

At the balance sheet date, the Company's investment in quoted equity securities and investments in money market/income mutual funds are as follows:

	2019 Rupees	2018 Rupees
Investment in equity securities	207,200	418,400
Investment in units of mutual funds	1,646,931,580	1,409,373,650
	1,647,138,780	1,409,792,050

38.3.3(b) Sensitivity analysis

A 5% increase / decrease in redemption and share prices at year end would have increased / decreased the Company's equity and profit and loss account respectively as follows:

	Equity	
	2019 Rupees	2018 Rupees
FVOCI (2018: Available for sale financial assets)		
Effect of increase	10,360	20,920
Effect of decrease	(10,360)	(20,920)

	Profit and loss account	
	2019 Rupees	2018 Rupees
FVTPL (2018: Held for trading)		
Effect of increase	82,346,579	70,468,683
Effect of decrease	(82,346,579)	(70,468,683)

38.3.3(c) Price risk management

The Company manages price risk by monitoring exposure in quoted equity securities and units in mutual funds and implementing the strict discipline in internal risk management and investment policies. The carrying value of investments subject to equity price risk are based on quoted market prices as at reporting date. Market prices are subject to fluctuation and consequently the amount realized in the subsequent sale of an investment may significantly differ from reported market value. Fluctuations in the market price of a security may result from perceived changes in the underlying economic characteristics of the investee, the relative price of alternative investments and general market conditions. Furthermore, amount realized in the sale of a particular security may be affected by the relative quantity of the security being sold.

38.4 Fair value of financial instruments

38.4.1 Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Underlying the definition of fair value is the presumption that the Company is a going concern without any intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

The fair value of financial assets and liabilities traded in active markets i.e. listed equity shares are based on the quoted market prices at the close of trading on the period end date. The quoted market prices used for financial assets held by the Company is current bid price.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency and those prices represent actual and regularly occurring market transactions on an arm's length basis.

IFRS 13, 'Fair Value Measurements' 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 fair value hierarchy has the following levels:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date (level 1).
- Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly (level 2).
- Unobservable inputs for the asset or liability (level 3).

The following table shows the carrying amounts and fair values of financial instruments and non-financial instruments including their levels in the fair value hierarchy:

	Note	Carrying amount					Fair Value		
		Fair value through other comprehensive income	Fair value through profit and loss	Financial assets at amortised cost	Other financial liabilities	Total	Level 1	Level 2	Level 3
		Rupees							
On-Balance sheet financial instruments									
30 June 2019									
Financial assets measured at fair value									
Investments		50,207,200	1,646,931,580	–	–	–	1,697,138,780	–	–
		50,207,200	1,646,931,580	–	–	–	1,697,138,780	–	–
Financial assets at amortised cost									
Long term loans to employees		–	–	190,885	–	190,885	–	–	–
Long term deposits		–	–	38,326,640	–	38,326,640	–	–	–
Trade debts - unsecured, considered good		–	–	714,060,503	–	714,060,503	–	–	–
Short term investments		–	–	250,000,000	–	250,000,000	–	–	–
Deposits, and other receivables		–	–	131,625,224	–	131,625,224	–	–	–
Cash and Bank balances		–	–	433,886,023	–	433,886,023	–	–	–
	38.4.2	–	–	1,568,089,275	–	1,568,089,275	–	–	–
Financial liabilities measured at fair value		–	–	–	–	–	–	–	–
		–	–	–	–	–	–	–	–
Financial liabilities measured at amortised cost									
Long term financing		–	–	–	5,404,151,114	5,404,151,114	–	–	–
Long term deposits		–	–	–	106,893,805	106,893,805	–	–	–
Trade and other payables		–	–	–	2,046,826,591	2,046,826,591	–	–	–
Short term borrowings		–	–	–	243,000,000	243,000,000	–	–	–
Mark-up accrued on borrowings		–	–	–	102,829,378	102,829,378	–	–	–
	38.4.2	–	–	–	7,903,700,888	7,903,700,888	–	–	–

	Note	Available for sale	Held for trading	Loans and receivables	Other financial liabilities	Total	Level 1	Level 2	Level 3
				Carrying amount			Fair Value		
					Rupees				
On-Balance sheet financial instruments									
30 June 2018									
Financial assets measured at fair value		418,400	1,409,373,650	–	–	–	1,409,792,050	–	–
		418,400	1,409,373,650	–	–	–	1,409,792,050	–	–
Financial assets not measured at fair value									
Long term loans to employees		–	–	446	–	446	–	–	–
Long term deposits		–	–	125,326,640	–	125,326,640	–	–	–
Trade debts - unsecured, considered good		–	–	645,524,139	–	645,524,139	–	–	–
Deposits, and other receivables		–	–	274,784,367	–	274,784,367	–	–	–
Short term investment		–	–	3,750,000,000	–	3,750,000,000	–	–	–
Cash and Bank balances		–	–	824,427,690	–	824,427,690	–	–	–
	38.4.2	–	–	5,620,063,282	–	5,620,063,282	–	–	–
Financial liabilities measured at fair value		–	–	–	–	–	–	–	–
		–	–	–	–	–	–	–	–
Financial liabilities not measured at fair value									
Long term financing		–	–	–	426,315,784	426,315,784	–	–	–
Long term deposits		–	–	–	2,036,100	2,036,100	–	–	–
Trade and other payables		–	–	–	1,904,586,430	1,904,586,430	–	–	–
Mark-up accrued on borrowings		–	–	–	3,830,579	3,830,579	–	–	–
	38.4.2	–	–	–	2,336,768,893	2,336,768,893	–	–	–

38.4.2 Fair value versus carrying amounts

The Company has not disclosed the fair values of these financial assets and liabilities as these are for short term or repriced over short term. Therefore, their carrying amounts are reasonable approximation of fair value.

39 Capital management

The Board's policy is to maintain an efficient capital base so as to maintain investor, creditor and market confidence and to sustain the future development of its business. The Board of Directors monitors the return on capital employed, which the Company defines as operating income divided by total capital employed. The Board of Directors also monitors the level of dividends to ordinary shareholders.

The Company's objectives when managing capital are:

i. to safeguard the entity's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders; and

ii. to provide an adequate return to shareholders.

The Company manages the capital structure in the context of economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may, for example, adjust the amount of dividends paid to shareholders, issue new shares, or sell assets to reduce debt.

There were no changes in the Company's approach to capital management during the year. The Company is not subject to externally imposed capital requirements.

40 Operating segments

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

40.2 Revenue from sale of cement represents 100.00% (2018: 100.00%) of gross sales of the Company.

40.3 The net sales percentage by geographic region is as follows:

	2019	2018
Pakistan	95.87%	96.46%
Afghanistan	4.13%	3.54%
	100.00%	100.00%

40.4 All assets of the Company as at 30 June 2019 are located in Pakistan.

41 Capacity and production

	Plant capacity		Actual production	
	2019	2018	2019	2018
	Metric tons		Metric tons	
Clinker:				
Grey	2,550,000	2,550,000	2,171,949	1,927,628
White	135,000	135,000	12,262	18,004
Cement:				
Grey	2,805,000	2,805,000	2,373,313	2,214,265
White	148,500	148,500	16,710	23,066

Difference is due to supply demand situation of the market.

42 Provident Fund Trust

The following information is based on latest un-audited financial statements of Provident Fund Trust.

	Unit	2019 Un-audited	2018 Audited
Size of fund - total assets	Rupees	187,219,888	155,067,775
Cost of investments made	Rupees	177,609,932	149,521,499
Percentage of investments made	Percentage	94.87%	96.42%
Fair value of investment	Rupees	180,424,498	148,791,340

The breakup of fair value of investments is as follows:

	2019 (Un-audited)		2018 (Audited)	
	Rupees	Percentage	Rupees	Percentage
Fixed deposits	80,923,503	44.85%	74,274,817	49.92%
Mutual funds	43,807,258	24.28%	68,866,705	46.28%
T-Bills	49,232,800	27.29%	–	0.00%
TFCs	2,000,000	1.11%	–	0.00%
Cash at bank	4,460,937	2.47%	5,649,818	3.80%
	180,424,498	100.00%	148,791,340	100.00%

The investments out of Provident Fund Trust have been made in accordance with the provision of section 218 of the Companies Act, 2017 and the rules formulated for the purpose.

43 Number of employees

The total average number of employees during the year and as at 30 June 2019 are as follows:

	2019	2018
	Number of employees	
Number of employees as at 30 June	626	599
Average number of employees during the year	613	548

44 Reconciliation of movements of liabilities to cash flows arising from financing activities.

	2019			
	Liabilities			
	Long term finances	Short term borrowings	Dividend payable	Total
	Rupees			
Balance as at 01 July 2018	426,315,784	–	39,522,935	465,838,719
Changes from financing activities				
Repayment of long term finances	(779,387,626)	–	–	(779,387,626)
Disbursement of long term finances - net off transaction cost	5,757,222,956	–	–	5,757,222,956
Short term borrowings	–	243,000,000	–	243,000,000
Dividend paid	–	–	(766,915,076)	(766,915,076)
Total changes from financing cash flows	4,977,835,330	243,000,000	(766,915,076)	4,453,920,254
Other changes				
Dividend declared	–	–	772,543,450	772,543,450
Total liability related other changes	–	–	772,543,450	772,543,450
Closing as at 30 June 2019	5,404,151,114	243,000,000	45,151,309	5,692,302,423

	2018			
	Liabilities			
	Long term finances	Short term borrowings	Dividend payable	Total
	Rupees			
Balance as at 01 July 2017	710,526,312	200,000,000	37,109,899	947,636,211
Changes from financing activities				
Repayment of long term finances - secured	(284,210,528)	–	–	(284,210,528)
Repayment of short term borrowings	–	(200,000,000)	–	(200,000,000)
Dividend paid	–	–	(306,604,344)	(306,604,344)
Total changes from financing cash flows	(284,210,528)	(200,000,000)	(306,604,344)	(790,814,872)
Other changes				
Dividend declared	–	–	309,017,380	309,017,380
Total liability related other changes	–	–	309,017,380	309,017,380
Closing as at 30 June 2018	426,315,784	–	39,522,935	465,838,719

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2019

45 Non adjusting events after the balance sheet date

The Board of Directors in their meeting held on September 30, 2019 has proposed a 25% (2018: 50%) final cash dividend of Rs. 2.50 (2018: Rs. 5) per ordinary share for approval of members at annual general meeting to be held on October 28, 2019. These financial statements do not reflect this appropriation as explained in note 3.17.

46 Date of authorization for issue

These financial statements were authorized for issue by the Board of Directors of the Company in their meeting held on September 30, 2019.

47 General

Figures have been rounded off to the nearest rupee.

Chief Executive **Chief Financial Officer** **Director**

PATTERN OF SHAREHOLDING

As at 30 June 2019

Number of Shareholders	Shareholdings From		Shareholdings To	Total Number of Shares Held	Percentage of Total Capital
349	1	-	100	14,002	0.01
892	101	-	500	268,496	0.13
535	501	-	1000	407,456	0.20
1167	1001	-	5000	2,491,211	1.24
202	5001	-	10000	1,426,588	0.71
112	10001	-	15000	1,430,632	0.71
51	15001	-	20000	919,231	0.46
32	20001	-	25000	745,273	0.37
25	25001	-	30000	672,808	0.33
20	30001	-	35000	657,699	0.33
17	35001	-	40000	641,586	0.32
6	40001	-	45000	260,060	0.13
12	45001	-	50000	573,850	0.29
4	50001	-	55000	207,000	0.10
9	55001	-	60000	521,716	0.26
7	60001	-	65000	446,105	0.22
9	65001	-	70000	609,882	0.30
5	70001	-	75000	363,517	0.18
5	75001	-	80000	394,060	0.20
2	80001	-	85000	169,440	0.08
2	85001	-	90000	174,100	0.09
2	90001	-	95000	183,810	0.09
2	95001	-	100000	194,700	0.10
2	100001	-	105000	206,770	0.10
3	105001	-	110000	319,920	0.16
3	110001	-	115000	334,770	0.17
1	115001	-	120000	117,000	0.06
2	120001	-	125000	249,800	0.12
3	125001	-	130000	385,710	0.19
3	130001	-	135000	394,020	0.20
1	140001	-	145000	142,950	0.07
3	145001	-	150000	448,090	0.22
1	150001	-	155000	152,045	0.08
1	155001	-	160000	158,030	0.08
1	160001	-	165000	162,450	0.08
1	165001	-	170000	168,600	0.08
2	170001	-	175000	345,690	0.17
1	175001	-	180000	179,960	0.09
4	190001	-	195000	777,660	0.39
3	195001	-	200000	599,500	0.30
1	200001	-	205000	204,500	0.10
1	220001	-	225000	225,000	0.11
2	240001	-	245000	486,300	0.24
1	250001	-	255000	251,600	0.13
1	255001	-	260000	260,000	0.13
1	265001	-	270000	265,980	0.13
1	270001	-	275000	274,370	0.14
1	340001	-	345000	340,770	0.17
1	355001	-	360000	355,160	0.18
1	375001	-	380000	377,710	0.19
1	380001	-	385000	382,500	0.19
1	395001	-	400000	400,000	0.20
1	410001	-	415000	412,500	0.21
2	415001	-	420000	835,177	0.42
2	430001	-	435000	864,790	0.43
1	435001	-	440000	438,320	0.22
1	440001	-	445000	443,586	0.22
1	450001	-	455000	454,000	0.23
1	465001	-	470000	469,810	0.23
1	470001	-	475000	472,550	0.24
1	495001	-	500000	496,272	0.25
1	505001	-	510000	505,520	0.25
1	535001	-	540000	535,160	0.27
1	550001	-	555000	553,670	0.28
1	565001	-	570000	566,280	0.28
1	585001	-	590000	587,116	0.29
1	655001	-	660000	658,820	0.33
1	695001	-	700000	699,623	0.35
1	720001	-	725000	722,186	0.36
1	730001	-	735000	730,520	0.36
1	1070001	-	1075000	1,071,851	0.53
1	1165001	-	1170000	1,167,040	0.58
1	1705001	-	1710000	1,709,227	0.85
1	1965001	-	1970000	1,967,191	0.98
1	1980001	-	1985000	1,983,600	0.99
1	2460001	-	2465000	2,463,500	1.23
1	2620001	-	2625000	2,621,710	1.31
1	3315001	-	3320000	3,317,909	1.65
1	3340001	-	3345000	3,344,950	1.67
1	3910001	-	3915000	3,914,350	1.95
1	33630001	-	33635000	33,631,672	16.74
1	110480001	-	110485000	110,482,320	55.00
3,547				**200,861,297**	**100.00**

CATEGORIES OF SHAREHOLDING
As at 30 June 2019

	Categories of Shareholders	Shares Held	Percentage
I	**Directors, Chief Executive Officer, their Spouse & Minor Children**	**34,268,316**	**17.06%**
	Directors		
	Mr. Aizaz Mansoor Sheikh	73,587	0.04%
	Mr. Nadeem Atta Sheikh	496,272	0.25%
	Mrs. Shahnaz Aizaz	780	0.00%
	Mrs. Hafsa Nadeem	63,705	0.03%
	Mrs. Hijab Tariq	33,631,672	16.74%
	Mr. Muhammad Atta Tanseer Sheikh	750	0.00%
	Mr. Ahmad Sajjad Khan	550	0.00%
	Mr. Talha Saeed	1,000	0.00%
II	**Associated Companies, Undertakings & Related Parties**	**110,634,365**	**55.08%**
	ANS Capital (Pvt) Limited	110,482,320	55.00%
	Kohat Cement Educational Trust	152,045	0.08%
III	**NIT & ICP**	**685,374**	**0.34%**
	FUNDS UNDER NATIONAL INVESTMENT TRUST LIMITED	684,750	0.34%
	INVESTMENT CORPORATION OF PAKISTAN	624	0.00%
IV	**Banks, Development Finance Institutions, and Non-Banking Finance Companies**	**3,453,789**	**1.72%**
V	**Insurance/ Takaful Companies**	**1,019,900**	**0.51%**
VI	**Modarbas**	**18,300**	**0.01%**
VII	**Mutual Funds**	**23,064,549**	**11.48%**
	ABL ISLAMIC PENSION FUND - EQUITY SUB FUND	8,000	0.00%
	ABL STOCK FUND	66,990	0.03%
	AKD INDEX TRACKER FUND	13,850	0.01%
	AL AMEEN ISLAMIC DEDICATED EQUITY FUND	3,344,950	1.67%
	AL MEEZAN MUTUAL FUND	730,520	0.36%
	AL-AMEEN ISLAMIC ASSET ALLOCATION FUND	1,167,040	0.58%
	AL-AMEEN SHARIAH STOCK FUND	3,317,909	1.65%
	ALFALAH GHP ALPHA FUND	49,500	0.02%
	ALFALAH GHP ISLAMIC DEDICATED EQUITY FUND	900	0.00%
	ALFALAH GHP ISLAMIC STOCK FUND	97,200	0.05%
	ALFALAH GHP ISLAMIC VALUE FUND	6,000	0.00%
	ALFALAH GHP STOCK FUND	69,200	0.03%
	ALFALAH GHP VALUE FUND	45,700	0.02%
	ALHAMRA ISLAMIC STOCK FUND	472,550	0.24%
	APIF - EQUITY SUB FUND	49,000	0.02%
	ATLAS ISLAMIC STOCK FUND	142,950	0.07%
	ATLAS STOCK MARKET FUND	90	0.00%
	FIRST CAPITAL MUTUAL FUND	13,000	0.01%
	HBL - STOCK FUND	199,500	0.10%
	HBL EQUITY FUND	22,000	0.01%
	HBL IPF EQUITY SUB FUND	23,600	0.01%
	HBL ISLAMIC ASSET ALLOCATION FUND	108,570	0.05%
	HBL ISLAMIC EQUITY FUND	72,710	0.04%
	HBL MULTI - ASSET FUND	13,000	0.01%
	HBL PF EQUITY SUB FUND	14,000	0.01%
	JS ISLAMIC PENSION SAVINGS FUND-EQUITY ACCOUNT	28,000	0.01%
	JS LARGE CAP. FUND	58,000	0.03%
	JS PENSION SAVINGS FUND - EQUITY ACCOUNT	44,000	0.02%
	MCB PAKISTAN STOCK MARKET FUND	553,670	0.28%
	MEEZAN ASSET ALLOCATION FUND	225,000	0.11%
	MEEZAN BALANCED FUND	505,520	0.25%
	MEEZAN ISLAMIC FUND	3,914,350	1.95%
	MEEZAN TAHAFFUZ PENSION FUND - EQUITY SUB FUND	658,820	0.33%

CATEGORIES OF SHAREHOLDING

As at 30 June 2019

	Categories of Shareholders	Shares Held	Percentage
	NAFA ISLAMIC ACTIVE ALLOCATION EQUITY FUND	158,030	0.08%
	NAFA ISLAMIC PRINCIPAL PROTECTED FUND - II	3,330	0.00%
	NAFA ISLAMIC STOCK FUND	377,710	0.19%
	NAFA STOCK FUND	415,190	0.21%
	NBP AITEMAAD REGULAR PAYMENT FUND	22,800	0.01%
	NBP BALANCED FUND	102,250	0.05%
	NBP ISLAMIC SARMAYA IZAFA FUND	469,810	0.23%
	NBP SARMAYA IZAFA FUND	162,450	0.08%
	PAKISTAN CAPITAL MARKET FUND	110,500	0.06%
	PICIC GROWTH FUND	382,500	0.19%
	PICIC INVESTMENT FUND	204,500	0.10%
	UBL ASSET ALLOCATION FUND	340,770	0.17%
	UBL DEDICATED EQUITY FUND	84,440	0.04%
	UBL RETIREMENT SAVINGS FUND - EQUITY SUB FUND	438,320	0.22%
	UBL STOCK ADVANTAGE FUND	2,621,710	1.31%
	MEEZAN DEDICATED EQUITY FUND	274,370	0.14%
	AL-AMEEN ISLAMIC RET. SAV. FUND-EQUITY SUB FUND	566,280	0.28%
	ALHAMRA ISLAMIC ASSET ALLOCATION FUND	63,700	0.03%
	HBL ISLAMIC STOCK FUND	172,690	0.09%
	ABL ISLAMIC STOCK FUND	16,000	0.01%
	HBL ISLAMIC DEDICATED EQUITY FUND	36,650	0.02%
	ABL ISLAMIC DEDICATED STOCK FUND	4,460	0.00%
VIII	**Shareholder holding 5% and more (other than above)**	**Nil**	**0.00%**
IX	**General Public**	**23,814,150**	**11.86%**
	a) Local	23,814,150	11.86%
	b) Foreign	-	0.00%
X	**Others**	**3,902,554**	**1.94%**
	Joint Stock Companies	2,320,310	1.16%
	Gratuity/Pension/Provident Funds	1,262,572	0.63%
	Charitable Trusts / Non-Profit Organizations / Wakfs	243,135	0.12%
	Executives	42,557	0.02%
	Investment Companies	33,980	0.02%
	Total	**200,861,297**	**100%**

Financial Calendar

The Company follows the period of July 01 to June 30 as the financial year.

Financial results will be announced as per the following tentative schedule:

Annual General Meeting	October 28, 2019
First Quarter ending September 30, 2019	Third week of October 2019
Second Quarter ending December 31, 2019	Third week of February 2020
Third Quarter ending March 31, 2020	Fourth week of April 2020
Year ending June 30, 2020	Third week of September 2020

FORM OF PROXY
40th Annual General Meeting

I/We____ of

____ being a member of Kohat Cement Company Limited (the Company) and holder of ______________ (No.) Ordinary shares as per Share Register Folio No. ______________ and/or CDC Participant I.D. No. ____________________ and Sub Account No. ___________ hereby appoint ___________________of ___________________________, another member of the Company having Folio No. ______________ and/or CDC Participant I.D. No. ___________________ and Sub Account No. __________ (or failing him _________________________ of _________________ having Folio No. ____________________ and/or CDC Participant I.D. No. __________ and Sub Account No. ______________________) as my/our proxy to attend and vote for me/us and on my/our behalf at the Annual General Meeting of the Company to be held on Monday, October 28, 2019 at 10:00 A.M. at the registered office of the Company, Kohat Cement Factory, Rawalpindi Road, Kohat and at any adjourned meeting thereof.

Signed this _______________day of______________2019.

Signature:

Please affix
Rupees Ten
revenue stamp

Witnesses:

1. Signature: ____________________
   Name: ______________________
   Address: ____________________
   ____
   CNIC or
   Passport No. __________________

2. Signature: ____________________
   Name ______________________
   Address: ____________________
   ____
   CNIC or
   Passport No. __________________

Note:

1. Proxies in order to be effective must be received by the Company not later than 48 hours (excluding non-working days) before the time of holding the meeting. No person shall be appointed as a proxy who is not a member of the Company qualified to vote except that a Company/ Corporation being a member may appoint a person who is not a member.
2. CDC account holders and their proxies are requested to attach an attested photocopy of their Computerized National Identity Card or Passport with this proxy form before submission to the company.

AFFIX
CORRECT
POSTAGE

The Company Secretary,

Kohat Cement Company Limited
37-P, Gulberg II, Lahore.
Tel: 042 11 111 5225
Fax: 042 3 587 4990

کوہاٹ سیمنٹ کمپنی لمیٹڈ

پراکسی فارم

چالیسواں سالانہ اجلاس عام

میں مسٹی / مسماۃ ____________________

ساکن / نمائندہ ____________________

ضلع __________ بحیثیت ممبر کوہاٹ سیمنٹ کمپنی لمیٹڈ (سی ڈی سی / فولیو نمبر __________) مسٹی / مسماۃ __________

ساکن __________ (سی ڈی سی / فولیو نمبر __________) کو بطور مختار (پراکسی) مقرر کرتا ہوں، تاکہ وہ میری جگہ اور میری طرف سے کمپنی کے سالانہ اجلاس عام جو بتاریخ 28 اکتوبر 2019ء بروز پیر صبح 10:00 بجے کمپنی کے رجسٹرڈ آفس کوہاٹ سیمنٹ فیکٹری، راولپنڈی روڈ، کوہاٹ میں منعقد ہو رہا ہے میں یا اس کے کسی ملتوی شدہ اجلاس میں ووٹ ڈالے۔

یہ پراکسی فارم آج مورخہ __________ کو درج ذیل گواہان کی موجودگی میں دستخط ہوا۔

دستخط شیئر ہولڈر:

برائے مہربانی ۱۰ روپے مالیت کی ریونیو سٹیمپ چسپاں کریں۔

گواہان

1۔

دستخط: ____________________

نام: ____________________

پتہ: ____________________

____

کمپیوٹرائزڈ قومی شناختی کارڈ نمبر: ____________________

یا

پاسپورٹ نمبر: ____________________

2۔

دستخط: ____________________

نام: ____________________

پتہ: ____________________

____

کمپیوٹرائزڈ قومی شناختی کارڈ نمبر: ____________________

یا

پاسپورٹ نمبر: ____________________

نوٹ:

۱۔ پراکسی (نمائندے) کو فعال بنانے کے لئے نامزدگی کا فارم (پراکسی) میٹنگ سے کم از کم 48 گھنٹے (علاوہ ہفتہ وار / سرکاری تعطیلات) قبل کمپنی کو موصول ہو جانا چاہیے، کوئی بھی شخص پراکسی (نمائندہ) مقرر نہیں کیا جا سکتا اور نہ وہ ووٹ دینے کا اہل ہو سکتا ہے جو کمپنی کا ممبر نہ ہو، ماسوائے کہ کمپنی / کارپوریشن ایسے شخص کو غیر معمولی اجلاس میں شرکت اور ووٹ دینے کیلئے نامزد کر سکتی ہے جو ممبر نہ ہو۔

۲۔ سی ڈی سی اکاؤنٹ ہولڈرز اور ان کے نمائندوں سے درخواست ہے کہ وہ پراکسی فارم کے ہمراہ شناختی کارڈ یا پاسپورٹ کی تصدیق شدہ نقول جمع کروائیں۔

AFFIX
CORRECT
POSTAGE

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