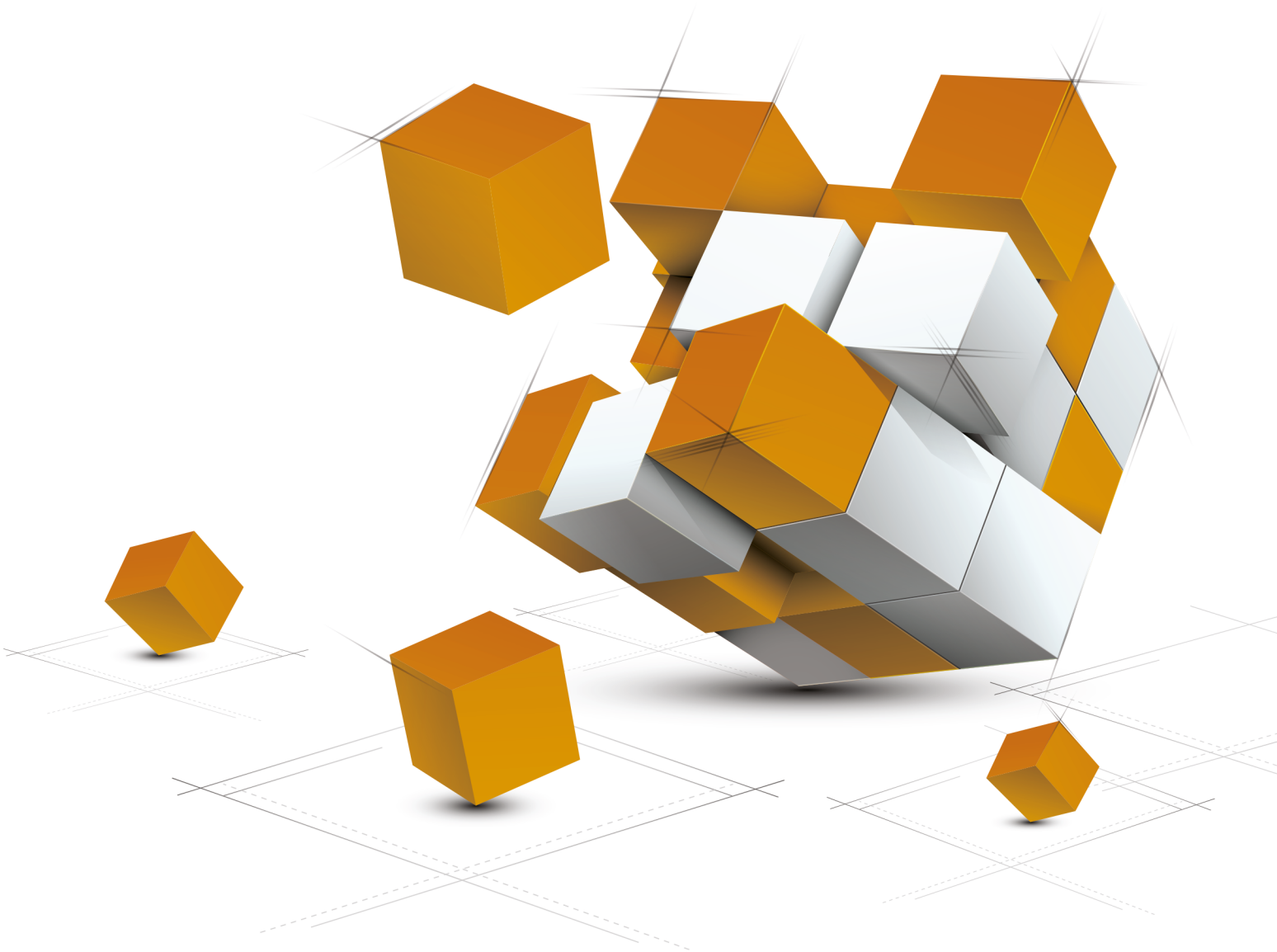




20
22 Annual Report

EXPANDING OUR REACH





FINANCIAL HIGHLIGHTS 2022

Shareholders' Equity

27,246

Rs. in Million
2021: **22,223**

Sales Revenue

32,877

Rs. in Million
2021: **24,057**

Return on Equity

18.44

Percentage
2021: **15.74**

Current Ratio

1.87

Ratio
2021: **1.30**

Earnings per Share

25.01

Percentage
2021: **17.41**

EBIDTA to Sales

32.18

Percentage
2021: **27.57**

Price Earning Ratio

5.20

Ratio
2021: **11.86**

Interest Cover Ratio

17.60

Ratio
2021: **10.45**

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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 9001-2015 certified company, with an annual capacity of 4.78 Million tons of Grey Clinker and 135 thousand tons of White Clinker. 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. Hafsa Nadeem	Non-Executive Director
Mrs. Hijab Tariq	Non-Executive Director
Mr. Muhammad Rehman Sheikh	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

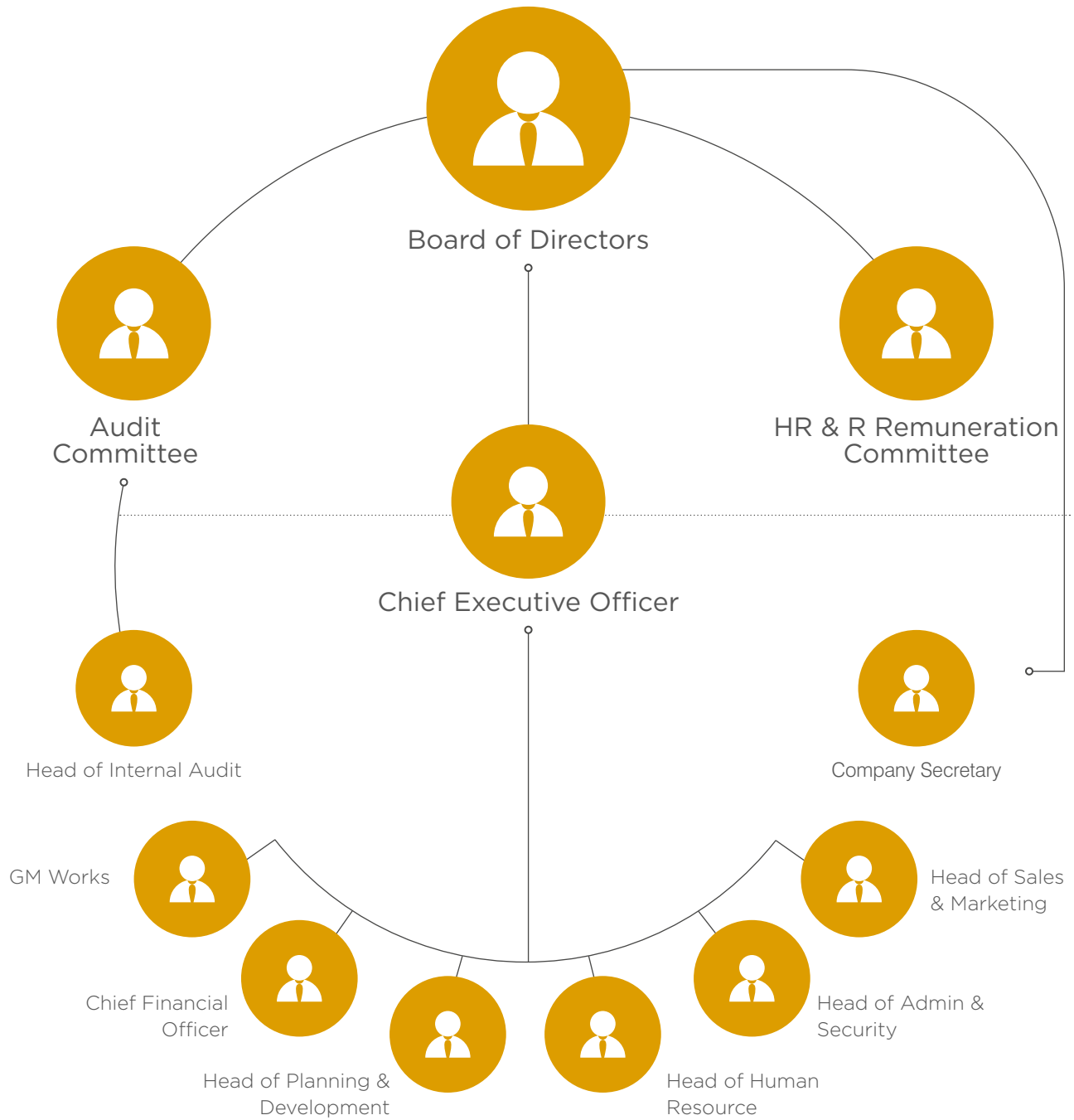
Head Office

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



NOTICE OF ANNUAL GENERAL MEETING

NOTICE is hereby given that 43rd Annual General Meeting (AGM) of the shareholders of Kohat Cement Company Limited (the “Company”) will be held on Thursday, October 27, 2022 at 11:00 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, 2022 together with Auditors' and Directors' Reports and Chairman's Review.
2. To appoint Auditors and to fix their remuneration.

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

Special Business

3. To ratify and approve transactions carried out with Related Parties in the ordinary course of business during the financial year ended June 30, 2022, under the authority of the special resolution passed in the last annual general meeting held on October 04, 2021.
4. 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, 2023 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.
5. To consider and if deemed fit, pass a special resolution, as proposed in the statement of material facts, with or without modification(s), pursuant to the provisions of Section 199 and all other applicable provisions of the Companies Act, 2017, for renewal of investment in the form of short-term running finance of upto PKR 600 Million in Ultra Kraft (Private) Limited, an associated company, as per terms and conditions disclosed to the members.
6. To consider and approve increase in Scale of Fee for Non-Executive Directors for attending meetings of the Board and its Committees.

Statement of material facts along with draft Special Resolutions are attached to this Notice.

By order of the Board:



Muhammad Asadullah Khan
Company Secretary
Lahore: October 06, 2022



Statement of Material Facts Pursuant to the Provisions 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 27, 2022.

Item No. 3: Ratification / Approval of Related Party Transactions

The Company carried out transactions with its related parties in the ordinary course of business at arms' length basis in accordance with the Policy of related party transactions approved by the Board of Directors and under the authority of special resolution of the members as passed by them in the last annual general meeting held on October 04, 2021. All the related party transactions summarized below were presented before the Board of Directors for their review and consideration as recommended by the Board Audit Committee on quarterly basis pursuant to Clause 15 of the Listed Companies (Code of Corporate Governance) Regulations, 2019.

Name of Related Party	Name of Interested Directors	Nature of relationship	Description of transaction	Pricing Policy	Amount (Rs.)
Kohat Cement Educational Trust (KCET)	Mr. Aizaz Mansoor Sheikh	Trustees of KCET	Contribution made to KCET (which runs school within the vicinity of KCCL factory)	n/a	5,636,578
	Mr. Nadeem Atta Sheikh				
	Mr. Muhammad Rehman Sheikh	Son of Mr. Aizaz Mansoor Sheikh			
	Mrs. Hafsa Nadeem	Spouse of Mr. Nadeem Atta Sheikh			
	Mr. Muhammad Atta Tanseer Sheikh	Brother of Mr. Ibrahim Tanseer Sheikh (Trustee of KCET)			
Ultra Pack (Private) Limited (UPPL)	Mr. Aizaz Mansoor Sheikh	Substantial shareholders and directors of ANS Capital which is holding Company of KCCL and UPPL	Purchase of poly propylene bags for packing of cement	Open Market Price	1,576,500,108
	Mr. Nadeem Atta Sheikh				
	Mr. Muhammad Rehman Sheikh				
	Mrs. Hafsa Nadeem	Shareholders of ANS Capital which is holding Company of KCCL and UPPL			
	Mr. Muhammad Atta Tanseer Sheikh				
Ultra Kraft (Private) Limited (UKPL)	Mr. Aizaz Mansoor Sheikh	Substantial shareholders and directors of ANS Capital which is holding Company of KCCL and UKPL	Sale of cement	Open market price	9,043,040
	Mr. Nadeem Atta Sheikh				
	Mr. Muhammad Rehman Sheikh				
	Mrs. Hafsa Nadeem	Shareholders of ANS Capital which is holding Company of KCCL and UKPL	Purchase of paper bags for packing of cement		13,982,625
	Mr. Muhammad Atta Tanseer Sheikh				

Name of Related Party	Name of Interested Directors	Nature of relationship	Description of transaction	Pricing Policy	Amount (Rs.)
Palace Enterprises (Private) Limited (PEL)	Mr. Aizaz Mansoor Sheikh	Shareholders and Directors of PEL	Purchase of generator	Open market price	3,500,000
	Mr. Nadeem Atta Sheikh				
	Mrs. Hafsa Nadeem	Shareholder of PEL and spouse of Mr. Nadeem Atta Sheikh			
	Mr. Muhammad Rehman Sheikh	Shareholder of PEL and son of Mr. Aizaz Mansoor Sheikh			
	Mrs. Hijab Tariq	Shareholder of PEL			

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, in accordance with the Policy of related party transactions approved by the Board of Directors of Kohat Cement Company Limited, during the financial year ended June 30, 2022 be and are hereby ratified, approved and confirmed.

Name of Related Party	Description of transaction	Amount (Rs.)
Kohat Cement Educational Trust (KCET)	Contribution made to KCET (which runs a school within the vicinity of KCCL factory)	5,636,578
Ultra Pack (Private) Limited	Purchase of poly propylene bags for packing of cement	1,576,500,108
Ultra Kraft (Private) Limited	Sale of cement	9,043,040
	Purchase of paper bags for packing of cement	13,982,625
Palace Enterprises (Private) Limited	Purchase of generator	3,500,000

Item No. 4: Authorization to the Company to transact with certain related parties

The Company will 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 ending June 30, 2023 and till the date of next annual general meeting.

Name of Related Party	Name of Interested Directors	Nature of relationship	Description of transaction	Pricing Policy
Ultra Pack (Private) Limited (UPPL)	Mr. Aizaz Mansoor Sheikh	Substantial shareholders and directors of ANS Capital which is holding Company of KCCL and UPPL	Sale of cement and purchase of poly propylene bags for packing of cement,etc.	Open market price
	Mr. Nadeem Atta Sheikh			
	Mr. Muhammad Rehman Sheikh			
	Mrs. Hafsa Nadeem	Shareholders of ANS Capital which is holding Company of KCCL and UKPL		
	Mr. Muhammad Atta Tanseer Sheikh			

Name of Related Party	Name of Interested Directors	Nature of relationship	Description of transaction	Pricing Policy
Kohat Cement Educational Trust (KCET)	Mr. Aizaz Mansoor Sheikh	Trustees of KCET	Contribution towards operational costs of a school within the vicinity of Kohat Cement Factory being run by KCET	n/a
	Mr. Nadeem Atta Sheikh			
	Mr. Muhammad Rehman Sheikh	Son of Mr. Aizaz Mansoor Sheikh		
	Mrs. Hafsa Nadeem	Spouse of Mr. Nadeem Atta Sheikh		
	Mr. Muhammad Atta Tanseer Sheikh	Brother of Mr. Ibrahim Tanseer Sheikh (Trustee of KCET)		
Ultra Kraft (Private) Limited (UKPL)	Mr. Aizaz Mansoor Sheikh	Substantial shareholders and directors of ANS Capital which is holding Company of KCCL and UKPL	Sale of cement and purchase of paper bags for packing of cement,etc.	Open market price
	Mr. Nadeem Atta Sheikh			
	Mr. Muhammad Rehman Sheikh			
	Mrs. Hafsa Nadeem	Shareholders of ANS Capital which is holding Company of KCCL and UKPL		
	Mr. Muhammad Atta Tanseer Sheikh			

The majority of directors are interested in the above transactions as mentioned above, therefore, such related party transactions need approval of the members under the provisions of the Companies Act, 2017. Accordingly, these transactions shall be placed before the shareholders in the next AGM for their formal approval/ratification.

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

“Resolved that Kohat Cement Company Limited (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, 2023 and till the next Annual General Meeting, without any limitation on the amounts of the transactions.

Name of Related Party	Description of transaction
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 (Private) Limited	Sale of cement and purchase of poly propylene bags for packing of cement
Ultra Kraft (Private) Limited	Sale of cement and purchase of paper bags for packing of cement

Further Resolved that Chief Executive of the Company be and is hereby authorized to undertake the transaction and 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).”

Item No. 5 – Approval for Investment by way of short-term running finance in Ultra Kraft (Private) Limited, an associated company.

The Members of Kohat Cement Company Limited (the Company/KCCL) in their Extra Ordinary Meeting held on April 14, 2022 has approved investment by way of short-term running finance of upto PKR 600 Million in Ultra Kraft (Private) Limited (UKPL), an associated Company, to meet its working capital requirements for a period of one year starting from April 15, 2022 in accordance with Clause 5(7) of Companies (Investment in Associated Companies or Associated Undertakings) Regulations, 2017. The UKPL requested to extend the facility for another one year. Although the aforesaid approval is valid till April 14, 2023; however, in order to avoid another EOGM the Board has recommended to consider and approve extension of the investment in this AGM.

The information required under the Companies (Investment in Associated Companies or Associated Undertakings) Regulations, 2017 is as under:

Brief about Ultra Kraft (Private) Limited:

UKPL is a private limited company incorporated on September 03, 2020. KCCL and UKPL are subsidiaries of ANS Capital (Private) Limited (ANS). ANS holds 55% and 76% equity shares of KCCL and UKPL respectively. UKPL is setting up a Paper Sack manufacturing plant with production capacity of 120 million bags per annum. The plant is being set up in M3 Industrial City Faisalabad. The project was initiated in March 2021 and the installation of plant & machinery was completed in March, 2022. The expected date of commercial operations was April 2022; however, due to short supply of Kraft Paper in international market, the commercial production has yet not been started. Therefore, UKPL could not utilize the short term running finance facility of PKR 600 million till now; however, UKPL is hopeful that the commercial operations shall start during FY 2023 and it shall require the working capital facility and has accordingly requested the Company to extend the facility for another one year.

Due Diligence:

The necessary due diligence for the proposed investment was carried out by the senior management personnel of KCCL and reviewed by the disinterested directors, as the majority of the directors are interested in this transaction. Due diligence report shall be made available for inspection of members in the AGM.

Audited Financial Statements of UKPL

The audited financial statements of UKPL for the year ended 30 June 2022 shall be made available to the members for inspection at the AGM.

Interest of Investee Company, its sponsors and directors in the Company

UKPL is not a member of the Company, however, its following sponsors/directors are employees/members of the Company. They have no other interest except to the extent of their remunerations and the following shareholdings in the Company:

Sr. No.	Name	Shareholding in UKPL		Shareholding in KCCL		Position in KCCL
		No.	%age	No.	%age	
1	ANS Capital (Private) Limited, the holding Company/member/sponsor of UKPL	3,799,997	76%	110,482,320	55%	Holding Company / Sponsor
2	Mr. Ali Aizaz Sheikh, Chief Executive / Director of UKPL	1	0.00%	780	0.0004%	Member and full time employee
3	Mr. Faisal Atta Sheikh, Director of UKPL	1	0.00%	5,950	0.003%	
4	Mr. Ibrahim Tanseer Sheikh, Director of UKPL	1	0.00%	10,500	0.005%	

Disclosures regarding associated company and investment

(a) Regarding associated company: -

Sr.	Requirements	Information
i	Name of associated company	Ultra Kraft (Private) Limited (UKPL)
ii	Basis of relationship	UKPL is an associated company of KCCL as both UKPL and KCCL are subsidiaries of ANS Capital (Private) Limited (ANS). ANS owns and controls 76% equity shares of UKPL and 55% equity shares of KCCL.
iii	Earnings per share for the last three years (PKR)	N/A as UKPL has been incorporated on September 03, 2020 and has not yet commenced commercial operations.
iv	Break-up value per share, based on the latest audited financial statements for financial year ended June 30, 2022	Rs. 104.89 – with Sponsors Loan Rs. 8.54 – without Sponsors Loan

Sr.	Requirements	Information																																	
v	Financial position, including main items of statement of financial position and profit and loss account on the basis of its latest audited financial statements for the year ended June 30, 2022.	Balance Sheet <table> <tr> <th>Rupees</th><th>June 30, 2022 (audited)</th><th>June 30, 2021 (audited)</th></tr> <tr> <td>Non-current Assets</td><td>1,377,216,929</td><td>1,080,265,702</td></tr> <tr> <td>Current Assets</td><td>420,471,943</td><td>69,243,782</td></tr> <tr> <td>Equity</td><td>524,474,471</td><td>490,141,318</td></tr> <tr> <td>Non-current Liabilities</td><td>990,000,000</td><td>600,000,000</td></tr> <tr> <td>Current Liabilities</td><td>283,214,101</td><td>59,368,166</td></tr> </table> Profit and Loss Account <table> <tr> <th>Rupees</th><th>June 30, 2022 (audited)</th><th>June 30, 2021 (audited)</th></tr> <tr> <td>Other Income</td><td>501,603</td><td>11,748,603</td></tr> <tr> <td>Profit from operations</td><td>n/a</td><td>n/a</td></tr> <tr> <td>Profit/ (Loss) before taxation</td><td>(8,992,064)</td><td>5,491,123</td></tr> <tr> <td>Profit/ (Loss) for the year after taxation</td><td>(9,166,847)</td><td>3,898,697</td></tr> </table>	Rupees	June 30, 2022 (audited)	June 30, 2021 (audited)	Non-current Assets	1,377,216,929	1,080,265,702	Current Assets	420,471,943	69,243,782	Equity	524,474,471	490,141,318	Non-current Liabilities	990,000,000	600,000,000	Current Liabilities	283,214,101	59,368,166	Rupees	June 30, 2022 (audited)	June 30, 2021 (audited)	Other Income	501,603	11,748,603	Profit from operations	n/a	n/a	Profit/ (Loss) before taxation	(8,992,064)	5,491,123	Profit/ (Loss) for the year after taxation	(9,166,847)	3,898,697
Rupees	June 30, 2022 (audited)	June 30, 2021 (audited)																																	
Non-current Assets	1,377,216,929	1,080,265,702																																	
Current Assets	420,471,943	69,243,782																																	
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Non-current Liabilities	990,000,000	600,000,000																																	
Current Liabilities	283,214,101	59,368,166																																	
Rupees	June 30, 2022 (audited)	June 30, 2021 (audited)																																	
Other Income	501,603	11,748,603																																	
Profit from operations	n/a	n/a																																	
Profit/ (Loss) before taxation	(8,992,064)	5,491,123																																	
Profit/ (Loss) for the year after taxation	(9,166,847)	3,898,697																																	
vi	<p>In case of investment in relation to a project of associated company or associated undertaking that has not commenced operations, following further information, namely:</p> <p>(i) description of the project and its history since conceptualization;</p> <p>(ii) starting date and expected date of completion of work;</p> <p>(iii) time by which such project shall become commercially operational;</p> <p>(iv) expected time by which the project shall start paying return on investment; and</p> <p>(v) funds invested or to be invested by the promoters, sponsors, associated company or associated undertaking distinguishing between cash and non-cash amounts.</p>	<p>UKPL was incorporated on September 03, 2020 to set up a Paper Sack manufacturing plant with production capacity of 120 million bags per annum. The plant is being set up in M3 Industrial City Faisalabad.</p> <p>The project was initiated in March 2021 and the installation of plant & machinery was completed in March 2022.</p> <p>Expected COD is in November 2022 which is subject to availability of Kraft Paper in international market.</p> <p>By December, 2023</p> <p>Total cash investments of PKR 779.771 million have been made by the sponsors and associated company till 30th June 2022, detailed as under: Sponsors & their associates - PKR 531.771 m Associated Company - PKR 248 m</p>																																	

(b) General disclosures: -

Sr.	Requirements	Information
i	Maximum amount of investment to be made	PKR 600 million
ii	Purpose, benefits likely to accrue to the investing company and its members from such investment and period of investment;	<p>To support the associated company in meeting its working capital requirements and to earn Markup on short term finance which shall increase the profitability of the Company and add to the shareholders' value.</p> <p>Period of investment is one year commencing from October 29, 2022.</p>
iii	<p>Sources of funds to be utilized for investment and where the investment is intended to be made using borrowed funds,-</p> <p>(i) justification for investment through borrowings;</p> <p>(ii) detail of collateral, guarantees provided and assets pledged for obtaining such funds; and</p> <p>(iii) cost benefit analysis;</p>	The investment will be made from the Company's own funds.
iv	Salient features of the agreement(s), if any, with associated company or associated undertaking with regards to the proposed investment;	<p>Agreement will be executed after approval of shareholders. Maximum amount of short- term running finance shall be PKR 600 million. Tenure shall be one year from October 29, 2022. Mark up shall be charged @ 3M KIBOR + 1.50% or at average borrowing cost of the Company, whichever is higher. Mark up shall be recovered on quarterly basis within 15 days of the end of the quarter. Non-payment of mark-up within stipulated time period shall entail a further mark-up/penalty at the rate of 5% per annum on unpaid amount.</p>

Sr.	Requirements	Information			
v	Direct or indirect interest of directors, sponsors, majority shareholders and their relatives, if any, in the associated company or associated undertaking or the transaction under consideration;	UKPL and KCCL are subsidiaries of ANS Capital (Private) Limited.			
		The directors, sponsors and majority shareholders of KCCL are also directors / members of ANS Capital (Private) Limited, holding company of UKPL as mentioned herein.			
		None of the directors, sponsors, majority shareholders and their relatives have any interest directly or indirectly in the UKPL or the proposed arrangement, except that the following directors and their relatives have their shareholding/directorship in ANS Capital (Pvt.) Limited, which is the holding company of UKPL.			
		Name of interested director, his relatives and position in KCCL	Shareholding in ANS Capital	%age of total share capital of ANS Capital	Position in ANS Capital
		Aizaz Sheikh, Director	19,561,041	28.59%	Director
		Shahnaz Aizaz, spouse of Aizaz Sheikh	499,501	0.73%	Member
		Omer Aizaz Sheikh, son of Aizaz Sheikh and employee in KCCL	2,719,501	3.98%	Director
		Ali Aizaz Sheikh son of Aizaz Sheikh and employee in KCCL	2,819,501	4.12%	Member
		Aminah Aizaz Sheikh daughter of Aizaz Sheikh	2,375,501	3.47%	Member
		Azaan Mansoor Sheikh son of Omer Aizaz Sheikh	100,000	0.15%	Member
		Nadeem Atta Sheikh, Director	28,647,044	41.87%	Director
		Hafsa Nadeem, Director	1,895,501	2.77%	Member
		Faisal Atta Sheikh, son of Nadeem Sheikh and Hafsa Nadeem and employee in KCCL	100,000	0.15%	Director
		Asad Atta Sheikh, son of Nadeem Sheikh and Hafsa Nadeem and employee in KCCL	100,000	0.15%	Director
		Hamza Atta Sheikh, son of Nadeem Sheikh and Hafsa Nadeem	100,000	0.15%	Member

Sr.	Requirements	Information			
		Muhammad Rehman Sheikh, Director	2,819,501	4.12%	Director
		Muhammad Atta Tanseer Sheikh, Director	2,225,001	3.25%	Member
		Ibrahim Tanseer Sheikh, brother of M Atta Tanseer Sheikh and employee in KCCL	2,225,007	3.25%	Director
		Mujtaba Tanseer Sheikh brother of M Atta Tanseer Sheikh	2,225,001	3.25%	Member
vi	in case any investment in associated company or associated undertaking has already been made, the performance review of such investment including complete information/justification for any impairment or write offs; and	<p>KCCL in its EOGM held on April 14, 2022 approved to issue a Corporate Guarantee for an amount of up to PKR 400 million for a period of seven (7) years in favor of National Bank of Pakistan (NBP) along with lien / charged / mortgage on immovable property of the Company, to secure long term financial assistance to be extended by NBP to Ultra Kraft (Private) Limited</p> <p>KCCL issued a Corporate Guarantee amounting to PKR 390 million in favour of NBP on behalf of UKPL and also mortgaged its commercial properties bearing plot no 36 and 37, Block P, Gulberg-II, Lahore.</p> <p>Investment of PKR 600 million approved in the form of short term running finance in EOGM held on April 14, 2022 for a period of one year; which has not yet been utilized by Ultra Kraft (Private) Limited. This limit is proposed to be renewed for period of one year commencing October 29, 2022, if approved by the members in this AGM.</p>			
vii	any other important details necessary for the members to understand the transaction;	N/A			

(c) Additional disclosure in case of investments in the form of loans, advances and guarantees: -

Sr.	Requirements	Information
i	Category-wise amount of investment;	Short-term running finance of upto PKR 600 million.
ii	Average borrowing cost of the investing company, the Karachi Inter Bank Offered Rate (KIBOR) for the relevant period, rate of return for Shariah compliant products and rate of return for unfunded facilities, as the case may be, for the relevant period	Average borrowing cost of KCCL on similar financing facilities available to the Company from different commercial banks during July 2021 to June 2022 is three months Kibor + 1.1%
iii	Rate of interest, mark up, profit, fees or commission etc. to be charged by investing company;	KCCL shall charge mark-up at the rate of 1.50% above three months KIBOR or at the average borrowing cost of the Company, whichever is higher. Non-payment of mark-up within stipulated time period shall entail a further mark-up/penalty at the rate of 5% per annum on unpaid amount.
iv	Particulars of collateral or security to be obtained in relation to the proposed investment	Cross Corporate Guarantee of UKPL
v	If the investment carries conversion feature i.e. it is convertible into securities, this fact along with terms and conditions including conversion formula, circumstances in which the conversion may take place and the time when the conversion may be exercisable	There are no conversion features in the subject facility.
vi	Repayment schedule and terms and conditions of loans or advances to be given to the associated company or associated undertaking.	The short term running finance facility shall be available to UKPL for one year which may be utilised during the said period of one year at the convenience of UKPL. Mark up shall be paid by UKPL on quarterly basis within 15 days of the end of each quarter. Non-payment of mark-up within stipulated time period shall entail a further mark-up/penalty at the rate of 5% per annum on unpaid amount.

Draft special resolutions:

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

“Resolved that approval of members of Kohat Cement Company Limited (the “Company”) be and is hereby accorded and the Company be and is hereby authorized in terms of Section 199 and other applicable provisions of the Companies Act, 2017, for renewal of investment by way of short term running finance of upto PKR 600 Million in Ultra Kraft (Private) Limited (UKPL), an associated Company, to meet its working capital requirements for a term of one year from October 29, 2022 at a mark-up rate of 1.50% above three months KIBOR or at the average borrowing cost of the Company, whichever is higher, which shall be paid by UKPL within fifteen (15) days of end of each quarter and as per other terms and conditions disclosed to the members and non-payment of mark-up within stipulated time period shall entail a further mark-up/penalty at the rate of 5% per annum on unpaid amount.

Further Resolved that Chief Executive of the Company or any officer of the Company authorized by him be and is hereby authorized to enter into agreement with UKPL in line with the terms approved by the members and to do all acts, matters, deeds and things, take any or all necessary actions including signing and execution of agreement(s)/documents and to complete all legal formalities including filing of documents as may be necessary or incidental or expedient for the purpose of implementing the aforesaid resolutions.

Item No. 6 – Approval for increase in Scale of Fee for attending meetings of the Board and its Committees by the Non-Executive Directors.

The Board of Directors in its meeting held on July 07, 2022 has recommended to the members of the Company to consider and approve the increase in the remuneration/fee of the Non-Executive Directors (excluding the Chairman of the Company) for attending meetings of Board and its Committees.

The following is the existing and recommended fee structure for Non-Executive directors.

	Existing		Proposed	
	BOD Meeting	Committee Meeting	BOD Meeting	Committee Meeting
Independent Directors	50,000	50,000	75,000	75,000
Other Non-Executive Directors	25,000	25,000	30,000	30,000

Further, an Independent Non-Executive Director residing outside the city of meeting, shall also be entitled for reimbursement of travelling, boarding and lodging at Rs. 60,000/- per visit (Existing Rs. 50,000/-) for attending the meetings in person.

Interest of the Directors – All the non-executive directors (except the Chairman) are interested to the extent of their entitlement to the meeting fee whereas Mr. Aizaz Sheikh, Chairman is deemed interested being father of Mr. Muhammad Rehman Sheikh, non-executive director and Mr. Nadeem Atta Sheikh, Chief Executive is deemed interested being the spouse of Mrs. Hafsa Nadeem, non-executive director.

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

“Resolved that the Scale of Fee for attending meetings of the Board and its Committees of Kohat Cement Company Limited by the Non-Executive Directors (except the Chairman of the Board of Directors) be and is hereby approved w.e.f. 1st July 2022 as under:

	BOD Meeting	Committee Meeting
Independent Directors	75,000	75,000
Other Non-Executive Directors	30,000	30,000

Further Resolved that Rs. 60,000/- per visit in lump sum on account of travelling, boarding and lodging for attending Board & its Committee meetings in person, by the Independent Directors residing outside city of Meeting be and is hereby approved.”

Notes:

1. Closure of Share Transfer Books

The register of members and the share transfer books of the Company will remain closed from Friday, October 21, 2022 to Thursday, October 27, 2022 (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, H.M. House, 7-Bank Square, Lahore, up to the close of business on Thursday, October 20, 2022 will be treated in time for the purpose of attending the AGM.

2. Right to appoint Proxy

A member is entitled to appoint a proxy in his/her place to attend, speak and vote instead of him/her. A member can appoint only one proxy in his/her place who can exercise all rights of a member in the meeting. 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 and all members are entitled to inspect during the business hours of the Company all proxies lodged with the Company. Form of proxy in English and Urdu Language is enclosed herewith and also available on Company's website: www.kohatcement.com.

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. Attendance through Electronic Medium

The Company shall provide video link facility for attending this meeting for the safety and well-being of the members and general public. The members are encouraged to attend the AGM online through ZOOM, by following the below guidelines:

- To attend the meeting through video link, members and their proxies are requested to register themselves by providing the following information along with valid copy of Computerized National Identity Card (both sides)/passport, attested copy of board resolution / power of attorney (in case of corporate shareholders) to the Company Secretary through WhatsApp at 0300-4513435 or email ID; mis@kohatcement.com by October 22, 2022.

Name of member	CNIC No.	CDC Account No/Folio No.	Cell Number	Email address

- The members who shall be registered after the necessary verification shall be provided a zoom link in email to attend the meeting. The Login facility will remain open from start of the meeting till its proceedings are concluded.
- Members may send their comments / suggestions on any of the agenda item to Company Secretary on its email ID; mis@kohatcement.com or WhatsApp no.0300-4513435.

5. 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.

6. Placement of Annual Report on Website & its Circulation through DVD/CD

The Annual Report containing financial statements of the Company for the year ended 30 June 2022 along with Auditors and Directors Report thereon, the Chairman'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.

7. 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 Report 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.

8. 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.

The members attending the meeting physically shall be required to comply with the Covid-19 related SOPs issued by the Federal/Provincial Governments/Departments.

9. Deposit of Physical Shares in to CDC Account:

The Shareholders having physical shareholding may open CDC sub-account with any of the brokers or Investor Account directly with CDC to place their physical shares into script-less form. This will facilitate them in many ways including safe custody and sale of shares, any time they want, as the trading of physical shares is not permitted as per existing regulations of the Stock Exchange. Further, Section 72 of the Companies Act, 2017 (the Act), states that after the commencement of the Act from a date notified by SECP, a company having share capital, shall have shares in book-entry form only. Every existing company shall be required to replace its physical shares with book-entry form in a manner as may be specified and from the date notified by SECP, within a period not exceeding four years from the promulgation of the Act.

CHAIRMAN'S REVIEW

In accordance with section 192 of Companies Act, 2017, this report has been prepared by the Chairman of the Board of Directors (the Board) of the Company on overall performance and effectiveness of the role played by the Board in achieving objectives of the Company.

The Company is in compliance with all the requirements set forth in the Companies Act, 2017, the Listed Companies (Code of Corporate Governance) Regulations, 2019 and rules and notifications issued thereunder in respect of composition, procedures and meetings of the Board and its Committees.

Performance Evaluation – The Board's performance is measured annually through a formal mechanism whereby a comprehensive questionnaire is completed by every director. During the year under review, the Board played an effective role in setting direction of the executive management resulting in successful operational & financial performance of the Company.

Composition of the Board – The Composition of the Board is as per law and is well balanced between executive, non-executive and independent Directors. All the elected directors have rich, relevant and varied experience in the field of business, finance and banking.

Strategic Planning. The Board has devised a clear strategy which has enabled them to set various targets for the executive management in all major performance areas.

Due Diligence –The Board diligently reviews company's significant disclosures, policies, corporate objective plans, budgets and analyzes trends and outlooks. The Board met frequently to adequately discharge its responsibilities, whereas Committee meetings of the Board were held as and when required.

Risk Management Strategies – The Board has developed and implemented a Risk Management Policy and prepared a risk register. The Board regularly reviews these policies and systems to incorporate any changes that may be required as according to market conditions or other external environment including changes in legal framework of the country applicable to Company's activities.

Adequate 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 Codes of Conduct setting out the fundamental standards to be followed in all actions carried out on behalf of the Company.



AIZAZ MANSOOR SHEIKH
Chairman

Lahore: September 24, 2022

چیئر پرسن کی جائزہ رپورٹ

چیئر پرسن ایکٹ، 2017ء کے سیکشن 192 کے تحت اس رپورٹ میں کمپنی کے بورڈ آف ڈائریکٹرز (بورڈ) کے چیئر مین نے کمپنی کے مقاصد کے حصول میں بورڈ کے کردار کے اثرات و ثمرات کا جائزہ لیا ہے۔

بورڈ اور اس کی کمیٹیوں کی تشکیل اور اجلاس کے انعقاد میں چیئر پرسن ایکٹ 2017ء (کوڈ آف کارپوریٹ گورننس) ریگولیشنز، 2019ء اور ان کے تحت جاری کردہ دیگر تمام مروجہ قوانین کی پاسداری کو ملحوظ خاطر رکھا گیا ہے۔

کارکردگی کا جائزہ۔ بورڈ کی سالانہ کارکردگی کی سالانہ جانچ ایک رسمی طریقہ کار کے ذریعے کی جاتی ہے جس کے تحت ہر ڈائریکٹر کی طرف سے ایک جامع سوالنامہ حل کیا جاتا ہے۔ زیر نظر سال کے دوران، بورڈ نے ایگزیکٹو مینجمنٹ کی سمت متعین کرنے میں ایک موثر کردار ادا کیا جس کے نتیجے میں کمپنی کو اپنے مالی و کاروباری معاملات میں کامیابی ہوئی۔

بورڈ کی تشکیل۔ بورڈ کی تشکیل قانون کے مطابق ہے جس میں ایگزیکٹو، نان ایگزیکٹو اور آزاد ڈائریکٹرز کی تعداد متوازن ہے۔ تمام منتخب ڈائریکٹرز کاروباری، مالی اور بینکنگ کے معاملات کا بھرپور، متعلقہ اور وسیع تجربہ رکھتے ہیں۔

اسٹریٹجک پلاننگ۔ بورڈ نے اپنی واضح حکمت عملی کے تحت تمام اہم شعبوں میں ایگزیکٹو مینجمنٹ کے لیے مختلف اہداف مقرر کیے ہیں۔

مطلوبہ کاوش۔ بورڈ کمپنی کی اہم معلومات، پالیسیوں، منصوبہ جات، بجٹ، رجحانات اور نقطہ نظر کا پوری تندرستی سے جائزہ لیتا ہے۔ بورڈ نے اپنی ذمہ داریوں کو مناسب طریقے سے نبھانے کے لیے اپنے اجلاس کا انعقاد کیا، جبکہ بورڈ کی کمیٹیوں کے اجلاس ضرورت کے مطابق منعقد کیے گئے۔

رسک مینجمنٹ کی حکمت عملی۔ بورڈ نے رسک مینجمنٹ پالیسی تیار کر کے نافذ کی ہے اور ایک رسک رجسٹر تیار کیا ہے۔ بورڈ ان پالیسیوں اور نظام کا باقاعدگی سے جائزہ لیتا ہے تاکہ کسی بھی ایسی تبدیلی کو شامل کیا جاسکے جس کی مارکیٹ کے حالات یا دیگر بیرونی عوامل کے تحت ضرورت ہو بشمول رائج الوقت قوانین میں تبدیلی اگر یہ تبدیلی کمپنی پر اثر انداز ہو چاہتی ہو۔

مناسب نظم و نسق۔ کمپنی اپنے تمام سٹیک ہولڈرز کے ساتھ اعتماد، دیانتداری، احتساب اور شفافیت کے تعلقات بنانے اور انہیں برقرار رکھنے پر یقین رکھتی ہے۔ کمپنی کارپوریٹ گورننس کے اچھے طریقوں کے لئے پرعزم ہے اور تمام ڈائریکٹرز اور ملازمین کمپنی کے لئے اپنے فرائض کی ادائیگی کے لئے کمپنی کے طے کردہ ضابطہ اخلاق کے پابند ہیں۔

محمد رفیع

اعزاز منصوص

چیئر پرسن

لاہور: 24 ستمبر، 2022ء

DIRECTORS' REPORT

to the shareholders

The Directors of your Company are pleased to present the Annual Report together with audited financial statements and Auditors' report thereon for the year ended June 30, 2022.

Industry Review

Cement Industry of Pakistan witnessed a decline of 7.8% for the year ended June 30, 2022 in comparison with the prior year, mainly because of a significant dip of 43.6 % in exports mainly attributable to high cost of production coupled with increased sea freights.

	FY 2022	FY 2021	Change %
	Metric Tons		
Local Dispatches	47,674,252	48,118,942	(0.9%)
Export Dispatches	5,255,774	9,313,832	(43.6%)
Total Dispatches	52,930,026	57,432,774	(7.8%)

Operational Performance

Operational performance of your Company, is summarized as under:

	FY 2022	FY 2021	Change %
	Metric Tons		
Clinker Production	3,194,218	3,351,141	(4.68%)
Cement Production	3,537,946	3,781,635	(6.44%)
Domestic Sales	3,550,134	3,567,806	(0.50%)
Export Sales	7,684	176,204	(95.64%)
Total Sales	3,557,818	3,744,010	

Financial Performance

Financial Performance of your Company for the period under review is as under:

Rupees in Million

	FY 2022	FY 2021	Change (%)
Net Sales	32,877	24,057	37%
Gross Profit	9,812	5,965	64%
Gross Profit Ratio	29.84%	24.80%	
Operating Profit	9,463	5,403	75%
Operating Profit Ratio	28.78%	22.46%	
EBITDA	10,581	6,634	60%
Net Profit after tax	5,024	3,498	44%
Net Profit after tax Ratio	15.28%	14.54%	
Earnings per share (Rs.)	25.01	17.41	

Total dispatches for the current year has declined over prior year whereas sales revenue has increased due to increase in sales price of cement to cope with the exorbitantly high prices of coal, electricity and petroleum products.

The effect of elevated international coal prices has been mitigated to some extent by using a mix of local and afghan coal.

Super Tax provision @ 10% of income for FY 2022 amounting to Rs. 859 Million has been charged to income which has reduced net profits of the Company accordingly.

The Company is current on its all debt obligations.

PACRA maintains long-term and short-term entity rating of Kohat Cement at A and A1 respectively with Positive outlook. These ratings denote a low expectation of credit risk and indicate a strong capacity for timely repayment of financial commitments.

Appropriations

The Company believes in sharing its profits with its shareholders; however, expanding the business is its priority. Your Company is in process of expanding its capacity by installing a green field cement production line in Khushab, Punjab to be financed by mix of external and internal sources. The Company is accumulating the equity for the project which has been further increased due to PKR devaluation and surge in other major project costs, therefore, the directors have not proposed any dividend for the year ended June 30, 2022.

Future Prospects

Current political instability, high inflation, reduced foreign exchange reserves, weakening PKR against USD, aggressive taxation measures, increasing coal prices in international markets, projected hike in electricity prices and Russia-Ukraine war may adversely affect the Pakistan economy as well as business of your company. However, it is hoped that the Government may take measures to overcome factors which are negatively affecting the cement demand in the country.

Greenfield Cement Production Line in Khushab, Punjab

Company is developing the infrastructure for setting up its new plant at Khushab; however, due to uncertain economic conditions and SBP's restrictions on LC opening, there is delay in meeting project timelines.

Risk Management framework

Pursuant to Companies Act, 2017 and Listed Companies (Code of Corporate Governance) Regulations 2019, the Company has developed and implemented a Risk Management Policy and prepared a risk register. The management identifies potential risks along with their impact on the Company and regularly places before Board of Directors and the Board formulates strategies to mitigate foreseeable risks to the business. These strategies are enforced throughout the hierarchy of the Company under the supervision of the Audit Committee to meet with changes in market conditions and other external environment including changes in legal framework of the country applicable to Company's activities.

Below are the Categories of Key Business Risks identified by the Company:

1. Strategic Risk
2. Operational Risk
3. Reporting Risk
4. Regulatory and Compliance Risk

Key business risks of the Company have been elaborated as under:

1. Strategic Risk

Strategic Risks include rapidly increasing cost of energy i.e. coal, fuel and electricity, negatively affecting the Company's profits compelling the Company to consider alternatives to reduce costs. Technological advancement like upgradation of Plant to decrease utilization of Kcal of coal are being considered by the Company.

2. Operational Risk

Operational risks refer to risks resulting from breakdowns in internal procedures, people and system. Business continuity and disaster recovery plans are in place to ensure continuity in production and sales operations in case of major failures to ensure continuity, sustainability, and avoidance of any disruption to the business. Raw material sourcing, adequate segregation of duties, self-sufficiency in power generation and efficient supply chain and logistic operations, both in-house and outsourced have enabled us to mitigate operational risk to an acceptable level.

- 2a) 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 no. 39 of the audited financial statements highlighting Company's exposure to these risks and control procedures to mitigate them.
- 2b) Increase in coal prices – Increased coal prices directly impacted cost of production. Coal cost had a steep rise in international market compelling the Company to also use local coal. Local coal is comparatively cheaper than imported coal; however, it costs much more than ever. Company is working to assess availability of alternative fuel to minimize dependence on coal to reduce cost.

DIRECTORS' REPORT

to the shareholders

2c) Fuel costs – Cement manufacturing process is very energy intensive. Fuel prices are rising continuously driven by the global demand supply scenario and depreciation of PKR. The Company continues to explore alternative sources.

3. Reporting Risk

Risks related to the quality and accessibility of information. Risks related to process of capturing, analyzing, and submitting data in a meaningful format to managers and external stakeholders for decision making purposes.

4. Regulatory and Compliance Risk

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. The steps taken by the Company includes outsourcing of experts' opinions and their representation wherever required by the Company.

Adequacy of Internal Financial Controls

Effective internal financial controls system is in place under the supervision of qualified and experienced team who are well conversant with the policies and procedures of the Company. The management regularly reports to the Board of Directors as to sufficiency of internal financial controls of the Company.

The Company and the Environment

The Company has strong commitment to health and safety of its employees 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.

The Company is successfully operating Waste Heat Recovery Systems (WHRS), which not only reduce the carbon footprints on environment to minimum but also harness the excess heat to produce electricity thus reducing the burden on national grid.

The Company is also using state of the art technologies including Bag Filter System and Water Recycling Plants etc. to keep the environment safe. Bag Filter System with all its modest technologies collects dust to keep the environment even dust free from all packing operations of the Company.

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

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 invested in planting thousands of trees at factory side and effort to boost green cover in Local areas & Colonies.

Employee Safety

Threat of Covid-19 is near to end. However, the Company ensured vaccination including booster dose for all of its employees. Other health and safety measures at workplace are also implemented and reviewed periodically as per law and practice.

Election of Board of Directors

The members of the Company in their Extra Ordinary General Meeting held on 29th June 2022 re-elected eight directors on the Board of the Company for a term of three years commencing 29th June 2022. The 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 in terms of requirement of Section 166(1) of the Act who meet the criteria of independence as laid down under Section 166 (2) of the Act. The names of newly elected directors, composition of the board and its committees are as under:

Composition of Board of Directors

As at 30th June 2022, the Board of Directors of the Company comprises eight directors, composition of which is as under:

Male	6
Female	2
Total Number of Directors	8

Independent Non-Executive Directors

Mr. Ahmad Sajjad Khan

Mr. Talha Saeed Ahmed

Other Non-Executive Directors - Female

Mrs. Hafsa Nadeem

Mrs. Hijab Tariq

Other Non-Executive Directors - Male

Mr. Aizaz Mansoor Sheikh (Chairman)

Mr. Muhammad Atta Tanseer Sheikh

Mr. Muhammad Rehman Sheikh

Executive Director

Mr. Nadeem Atta Sheikh (Chief Executive)

Composition of Committees of the Board

Following are the committees of the Board:

a) Audit Committee

Mr. Talha Saeed Ahmed - Chairman

Mr. Aizaz Mansoor Sheikh - Member

Mr. Muhammad Atta Tanseer Sheikh - Member

b) 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 met Four (4) times during the financial year ended June 30, 2022; detail of attendances by directors is as under:

Name of Director	No. of meetings attended
Mr. Aizaz Mansoor Sheikh	4/4
Mr. Nadeem Atta Sheikh	4/4
Mrs. Hafsa Nadeem	3/4
Mrs. Hijab Tariq	3/4
Mr. Muhammad Rehman Sheikh	4/4
Mr. Muhammad Atta Tanseer Sheikh	4/4
Mr. Ahmad Sajjad Khan	4/4
Mr. Talha Saeed Ahmed	4/4

Board Audit Committee

The Board Audit Committee met Four (4) times during the financial year ended June 30, 2022; detail of attendances by members is as under:

Name of Members	No. of meetings attended
Mr. Talha Saeed Ahmed - Chairman	4/4
Mr. Aizaz Mansoor Sheikh	4/4
Mr. Muhammad Atta Tanseer Sheikh	4/4

Human Resource & Remuneration (HR&R) Committee

The Board HR&R Committee held Two (2) meetings during the financial year ended June 30, 2022, detail of attendances by members is as under:

Name of Member	No. of meetings attended
Mr. Ahmad Sajjad Khan – Chairman	2/2
Mr. Nadeem Atta Sheikh	2/2
Mr. Muhammad Atta Tanseer Sheikh	2/2

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, their remuneration and entitlement in accordance with the Act and Company's Articles of Association, enabling them to understand their duties and responsibilities to effectively govern the affairs of the Company.

Directors' Training Program

All directors of the Company fully comply with the provisions of Listed Companies (Code of Corporate Governance) Regulations, 2019 relating to Directors' Training Certification.

Trading in Company's shares

Trading in Company's shares by a Director during the current financial year is given as under:

		Shares Purchased/ Gifted
i) Mrs. Hijab Tariq	Director	4,680

The term "executive" as determined by the Board of Directors remained unchanged which means the Chief Financial Officer, General Manager Works, Head of Sales and Marketing and all whole time working Directors of the Company.

Directors' remuneration and its policy

The Company has a formal policy and transparent procedure for determining remuneration of Non-Executive Directors (except Chairman), Non-Executive Independent Directors and Executive Directors. Non-Executive Directors including Independent Directors are entitled to only meeting fees along with reimbursement of travel and accommodation expense incurred for attending meetings of the Board or its Committees as approved by the Board of Directors. Executive Directors and Chairman of Company are entitled to remuneration as per criteria set by Board in the policy.

Remuneration package of Directors including the Chief Executive

Below is the remuneration package of the Directors including the Chairman and the Chief Executive:

	Chief Executive	Chairman - Non-Executive Director	Independent Directors	Other Non-Executive Directors
No. of persons	1	1	2	4
Chairman Remuneration	-	75,228,573	-	-
Managerial Remuneration	75,228,573	-	-	-
Bonus	14,010,222	-	-	-
Medical Expenses reimbursed	372,430	7,745,332	-	-
Meeting fee	-	-	700,000	500,000
Reimbursement of travelling expenses	-	-	200,000	-

Chief Executive and certain directors are also entitled for Company's maintained cars and other benefits as per policy.

Corporate Social Responsibility

The Company acknowledges its responsibility towards society and performs its duty by providing financial assistance to local communities for their economic and social development.

The Company is vigorously complying with its Corporate Social Responsibility (CSR). A detailed report indicating CSR activities of Company for the year under reference is attached.

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, 2022 is Rs. 307.577 million (2021: Rs. 249.263 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 suggested by the Board Audit Committee, the Board of Directors has recommended the re-appointment 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.

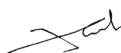
Acknowledgments

We really admire for the sincere efforts and services put in by all the stakeholders including the company's employees for their excellent support and efforts, hard work and trust.

For and on behalf of the Board



Nadeem Atta Sheikh
Chief Executive



Talha Saeed Ahmed
Director

Lahore: September 24, 2022

ترہتی پروگرام برائے ڈائریکٹرز:

کمپنی کے تمام ڈائریکٹرز (کوڈ آف کارپوریٹ گورننس) ریگولیشنز 2019ء کے تحت ”ڈائریکٹرز ترہتی پروگرام“ سے متعلقہ اسناد حاصل کر چکے ہیں۔

کمپنی کے شیئرز کی خرید و فروخت:

زیر جائزہ مالی سال کے دوران کمپنی کے ایک ڈائریکٹر کی کمپنی کے شیئرز سے متعلقہ خرید و فروخت کی معلومات درج ذیل ہیں۔

مختصر متعجب طارق	ڈائریکٹر	خرید و فروخت
		4,680

بورڈ آف ڈائریکٹرز کی وضع کی گئی ”ایگزیکٹو“ کی تعریف میں کوئی تبدیلی نہیں ہوئی، اور اس میں چیف فنانس افسر، سربراہ ایگزیکٹو مارکیٹنگ، جنرل مینجنگ ورکس اور کمپنی کے تمام ورکنگ ڈائریکٹرز شامل ہیں۔

ڈائریکٹرز کے معاوضہ کے تعین کا نظام:

نان۔ ایگزیکٹو انڈیپنڈنٹ اور ایگزیکٹو ڈائریکٹرز کے معاوضے کے تعین کیلئے کمپنی کی باقاعدہ پالیسی اور شفاف طریقہ کار موجود ہے، جس کے تحت تمام نان ایگزیکٹو ڈائریکٹرز بشمول انڈیپنڈنٹ ڈائریکٹرز (ماسوائے چیئرمین) صرف بورڈ آف ڈائریکٹرز کے یا اسکی 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 چیئرمین پالیسی کے مطابق وضع کئے گئے ضوابط کے مطابق معاوضوں کے اہل ہیں۔

ڈائریکٹرز بشمول چیف ایگزیکٹو کے معاوضہ کی تفصیل:

ڈائریکٹرز کے معاوضے کی تفصیلات درج ذیل ہیں۔

چیف ایگزیکٹو	چیئرمین	انڈیپنڈنٹ	دیگر نان ایگزیکٹو
کل تعداد	1	2	4
چیئرمین کا معاوضہ	-	75,228,573	-
مینیجنگ میل معاوضہ	75,228,573	-	-
بونس	14,010,222	-	-
طبی اخراجات کی ادائیگی	372,430	7,745,332	-
اجلاس میں شرکت کی فیس	-	700,000	500,000
سفری اخراجات کی ادائیگی	-	200,000	-

چیف ایگزیکٹو اور کچھ ڈائریکٹرز کو کمپنی کی پالیسی کے مطابق استعمال کے لئے کمپنی کی ملکیتی گاڑیاں اور دیگر سہولیات دی گئی ہیں۔

کاروباری سماجی ذمہ داری:

کمپنی معاشرے سے متعلق اپنی معاشی اور سماجی ذمہ داریوں سے مکمل واقف ہے اور مقامی لوگوں کی معاشی و سماجی فلاح کے لئے مالی امداد فراہم کر کے اپنا فرض ادا کرتی ہے۔

کمپنی اپنی کاروباری سماجی ذمہ داریوں کی ادائیگی کے لئے کوشاں ہے۔ زیر جائزہ سال کے دوران جاری رہنے والی کاروباری سماجی ذمہ داریوں کی تفصیل منسلک کردی گئی ہے۔

ہولڈنگ کمپنی:

اسے این ایس (ANS) کیپٹل پرائیویٹ لمیٹڈ جس کا رجسٹرڈ آفس لاہور میں قائم ہے پاکستانی قوانین کے تحت قائم کی گئی کمپنی ہے، یہ ادارہ کوہاٹ سینٹر کمپنی کی ہولڈنگ کمپنی ہے اور کمپنی کے 110,482,320 عام حصص کی مالک ہے جو کہ کمپنی کے کل عام حصص کا 55% ہے۔

اہم مالیاتی جھلکیاں:

اس رپورٹ میں گزشتہ 6 سال کی اہم کاروباری اور مالی معلومات فراہم کی گئیں ہیں۔

واجب الادا قانونی محاصل:

قانونی طور پر واجب الادا ٹیکسیز اور ڈیوٹیز کی تفصیل مالی کھاتہ جات کے نوٹ نمبر 9 میں بیان کردی گئی ہے۔ کسی قسم کے ٹیکسیز یا ڈیوٹی کی ادائیگی زائد المیعا نہیں ہے۔

سٹاف ریٹائرمنٹ فنڈز کی مالیت:

30 جون، 2022ء تک پراویڈنٹ فنڈز کے غیر آڈٹ شدہ کھاتہ جات کے مطابق پراویڈنٹ فنڈز کی سرمایہ کاری کی مالیت 307.577 ملین روپے ہے جو کہ گزشتہ مالی سال 30 جون، 2021ء میں 249.263 ملین روپے تھی۔

شیئر ہولڈنگ کی تفصیل:

کمپنی کے حصص کے مالکان کی معلومات جمع درجہ بندی اس رپورٹ میں فراہم کردی گئی ہیں۔

آڈیٹرز کی تقرری:

موجودہ آڈیٹرز میسرز کے پی ایم جی تاثیر بادی 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۔

اظہار تشکر:

ہم کمپنی کے تمام شراکت داروں بشمول کمپنی کے ملازمین کی مخلصانہ کاوشوں اور خدمات کو سراہتے ہیں جن کی بھرپور حمایت، کوششیں، محنت اور اعتماد کمپنی کو ہر وقت حاصل رہا۔

برائے متعجب بورڈ آف ڈائریکٹرز

طلحہ سعید احمد

ڈائریکٹر

ندیم عطاء شیخ

چیف ایگزیکٹو

لاہور: 24 ستمبر، 2022ء

انڈیپنڈنٹ ڈائریکٹرز کا انتخاب پاکستان انسٹیٹیوٹ آف کارپوریٹ گورننس کی جاری کردہ فہرست میں سے کیا گیا ہے، جو کہ سیکشن 166(1) کو پیش نظر رکھتے ہوئے ترتیب دی جاتی ہے۔ اس فہرست میں انتخاب کے لئے معیار سیکشن 166(2) میں بیان کیا گیا ہے۔

نئے منتخب شدہ ڈائریکٹرز کے نام، بورڈ کی تشکیل اور اس کی کمیٹیاں حسب ذیل ہیں۔

بورڈ آف ڈائریکٹرز کی تفصیل:

30 جون، 2022ء کو آٹھ (8) رکنی بورڈ آف ڈائریکٹرز کی تفصیل درج ذیل ہے۔

مرد ڈائریکٹرز	6
خاتون ڈائریکٹرز	2
کل ڈائریکٹرز	8

انڈیپنڈنٹ نان۔ ایگزیکٹو ڈائریکٹر:

جناب احمد سجاد خان

جناب طلحہ سعید احمد

دیگران۔ ایگزیکٹو ڈائریکٹرز (خواتین):

محترمہ حفصہ ندیم

محترمہ حجاب طارق

دیگران۔ ایگزیکٹو ڈائریکٹرز (مرد):

جناب اعجاز منصور شیخ

جناب محمد عطاء تصحیر شیخ

جناب محمد رحمان شیخ

ایگزیکٹو ڈائریکٹر:

جناب ندیم عطاء شیخ (چیف ایگزیکٹو)

بورڈ کمیٹی کی تفصیل:

بورڈ کی کمیٹی کی تفصیل درج ذیل ہے۔

۱۔ آڈٹ کمیٹی

جناب طلحہ سعید احمد (چیئر مین)

جناب اعجاز منصور شیخ (رکن)

جناب محمد عطاء تصحیر شیخ (رکن)

۲۔ ہیومن ریسورس اینڈ ریمونریشن کمیٹی

جناب احمد سجاد خان (چیئر مین)

جناب ندیم عطاء شیخ (رکن)

جناب محمد عطاء تصحیر شیخ (رکن)

بورڈ اور اسکی کمیٹیوں کے اجلاس:

بورڈ آف ڈائریکٹرز کے اجلاس:

30 جون، 2022ء کو اختتام ہونے والے مالی سال کے دوران بورڈ آف ڈائریکٹرز کے 14 اجلاس ہوئے، اراکین کی اجلاس میں حاضری کی تفصیل درج ذیل ہے۔

اراکین کے نام	اجلاس میں شرکت
جناب اعجاز منصور شیخ	4/4
جناب ندیم عطاء شیخ	4/4
محترمہ حفصہ ندیم	3/4
محترمہ حجاب طارق	3/4
جناب محمد رحمان شیخ	4/4
جناب محمد عطاء تصحیر شیخ	4/4
جناب احمد سجاد خان	4/4
جناب طلحہ سعید احمد	4/4

بورڈ آڈٹ کمیٹی کے اجلاس:

30 جون، 2022ء 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 طلحہ سعید احمد (چیئر مین)	4/4
جناب اعجاز منصور شیخ	4/4
جناب محمد عطاء تصحیر شیخ	4/4

ہیومن ریسورس اینڈ ریمونریشن کمیٹی کے اجلاس:

30 جون، 2022ء کو اختتام ہونے والے مالی سال کے دوران ہیومن ریسورس اینڈ ریمونریشن کمیٹی کے دو اجلاس ہوئے، اراکین کی اجلاس میں حاضری کی تفصیل درج ذیل ہے۔

اراکین کے نام	اجلاس میں شرکت
جناب احمد سجاد خان (چیئر مین)	2/2
جناب ندیم عطاء شیخ	2/2
جناب محمد عطاء تصحیر شیخ	2/2

ڈائریکٹرز کی آگاہی کے پروگرام:

کارپوریٹ گورننس (CCG) کے ضوابط کو مد نظر رکھتے ہوئے بورڈ کے چیئر مین نے کمیٹی کی جانب سے نو منتخب ڈائریکٹرز کو استقبالیہ خطوط جاری کئے، جن میں کمیٹی ریکارڈ اور کمیٹی 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 کمیٹی کے معاملات کو موثر انداز میں چلانے کے لئے اپنے فرائض اور ذمہ داریوں کو سمجھ سکیں۔

کمپنی کو کمندہ لاحق کلیدی خطرات کی اقسام:

- ۱۔ اسٹریٹجک رسک (حکمت عملی سے متعلق خطرات)
 - ۲۔ آپریشنل رسک (کاروباری افعال سے متعلق خطرات)
 - ۳۔ رپورٹنگ رسک
 - ۴۔ قوانین اور ان کی تعمیل سے متعلق خطرات
- کمپنی کے اہم کاروباری خطرات کو ذیل میں بیان کیا گیا ہے:

۱۔ اسٹریٹجک رسک:

اسٹریٹجک رسک میں قوانانی یعنی کوئلہ، ایندھن اور بجلی کی قیمتوں میں تیزی سے اضافہ شامل ہے جو کہ کمپنی کے منافع اور مسابقتی صلاحیت پر بری طرح اثر انداز ہو رہا ہے اور کمپنی کو اپنے اخراجات کم کرنے کے لئے متبادل ذرائع کے استعمال پر غور کرنے پر مجبور کر رہا ہے۔ کمپنی اپنی تکنیکی صلاحیتوں میں بہتری مثلاً کوئلے کے بہتر استعمال کیلئے پلانٹ کی اپگرڈیشن پر غور کر رہی ہے۔

۲۔ آپریشنل رسک:

آپریشنل رسک میں کمپنی کے وضع کردہ طریقہ کار، افراد اور نظام (Systems) میں خرابی کے نتیجے میں پیدا ہونے والے خطرات شامل ہیں۔ پیداواری اور کاروباری معاملات کو بلا تعلق جاری رکھنے کے لئے کاروباری تسلسل اور نقصان سے بحالی کے منصوبہ جات موجود ہیں۔

خام مال کی فراہمی، ذمہ دار یوں کی مناسب تقسیم، بجلی کی پیداواری خود کفالت اور مال کی بروقت فراہمی اور موثر آمدورفت کی بدولت آپریشنل رسک کو قابل قبول حد تک کم رکھنے میں مدد ملی ہے۔

(a) مالیاتی خطرات:

کاروباری حالات میں اتار چڑھاؤ کی بدولت کمپنی کو کریڈٹ، لیکویڈٹی اور دیگر خطرات (شرح سود، زرمبادلہ اور قیمتوں میں تبدیلی کے خطرات) کا سامنا کرنا پڑ سکتا ہے۔ ان خطرات کی تفصیل کے لئے آڈٹ شدہ مالیاتی حسابات کے نوٹ نمبر 39 کو ملاحظہ کریں، جس میں ان خطرات سے نمٹنے کے طریقہ کار کو بھی بیان کر دیا گیا ہے۔

(b) ۲۔ کوئلے کی قیمتوں میں اضافہ:

بڑھتی ہوئی کوئلے کی قیمتیں براہ راست پیداواری لاگت پر اثر انداز ہوئی ہیں۔ بین الاقوامی منڈی میں کوئلے کی تیزی سے بڑھتی ہوئی قیمت نے کمپنی کو مقامی کوئلہ استعمال کرنے پر مجبور کیا۔ مقامی کوئلہ درآمدی کوئلہ سے نسبتاً سستا ہے، تاہم اس کی قیمت پہلے سے کہیں زیادہ ہے۔ کمپنی اپنی لاگت کم کرنے کے لئے متبادل ذرائع ایندھن کی دستیابی کا جائزہ لے رہی ہے۔

(c) ۲۔ ایندھن کی لاگت:

سیسٹ 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 آج کی کمپنی ایندھن کے متبادل ذرائع کی مسلسل تلاش میں ہے۔

۳۔ رپورٹنگ رسک:

ان میں معلومات کے معیار اور اس تک رسائی سے متعلق خطرات شامل ہیں، ڈیٹا (data) کو اکٹھا کرنے اور تجزیہ کرنے کے بعد با معنی معلومات کی شکل میں منبجھٹ اور بیرونی اسٹیک ہولڈرز کو بہتر فیصلہ سازی کے لئے پہنچانے سے متعلق خطرات شامل ہیں۔

۴۔ قوانین اور ان کی تعمیل سے متعلق خطرات:

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 خود کار تعمیل کا نظام تشکیل دیا ہے اور اس بات کا بھی اہتمام کیا گیا ہے کہ ملکی قانونی ڈھانچہ میں تبدیلی کا متواتر جائزہ لیا جائے تاکہ تمام قوانین پر عمل درآمد کو یقینی بنایا جاسکے۔ اس حوالے سے کمپنی اپنی ضرورت کے مطابق قانونی ماہرین کی آراء سے مستفید ہوتی ہے بلکہ بوقت ضرورت یہ ماہرین کمپنی کی نمائندگی بھی کرتے ہیں۔

موثر داخلی مالیاتی کنٹرولز کا نظام:

کمپنی میں مالیاتی کنٹرول کا موثر نظام موجود ہے جسکی نگرانی کے لئے جن افراد کا تقرر کیا گیا ہے وہ قابل اور تجربہ کار ہونے کے ساتھ ساتھ کمپنی کی پالیسیوں اور طریقہ کار سے مکمل آگاہ ہیں۔ کمپنی کی انتظامیہ باقاعدگی سے بورڈ آف ڈائریکٹرز کو مالیاتی کنٹرولز کی مناسبت سے آگاہ رکھتی ہے۔

کمپنی اور ماحولیات:

کمپنی اپنے ملازمین اور ماحول کی صحت اور حفاظت کے لئے پرعزم ہے۔ ماحولیات کی تحفظ کمپنی کی کاروباری حکمت عملی کا کلیدی حصہ ہے، جس کا نظام کمپنی کی انتظامیہ نے ماحولیات کی ماہرین کے اشتراک سے تشکیل دیا ہے۔ کمپنی ویسٹ ہیٹ ریکوری سسٹم کو کامیابی کے ساتھ چلا رہی ہے، جو کہ نہ صرف ماحول پر کاربن کے اثرات کو کم کرتا ہے بلکہ پلانٹ کی فاضل حرارت کو استعمال کر کے بجلی پیدا کرتا ہے جس سے نیشیل کرڈ پر بوجھ کم ہو جاتا ہے۔ ماحول کو محفوظ رکھنے کے لئے کمپنی جدید ترین ٹیکنالوجیز بشمول بیگ فلٹر سسٹم اور وائریریا نکلنگ پلانٹ وغیرہ استعمال کر رہی ہے۔ بیگ فلٹر سسٹم پیکیٹنگ کے دوران پیدا ہونے والے گرد و غبار کو اپنے جدید سسٹم کے ذریعے اکٹھا کر کے ماحول کو صاف رکھتا ہے۔

پانی کے تحفظ کے لئے کمپنی کی انتظامیہ نے فیکٹری میں ریا نکلنگ پلانٹ کی تنصیب کی ہے، جس سے فیکٹری میں پانی کی ضرورت کا 20% پورا کیا جا رہا ہے۔

کوہاٹ سیسٹم کمپنی مقامی افراد اور اپنے ملازمین کے اشتراک سے ماحولیات کی تحفظ کی بہت سی سرگرمیوں کو فروغ دے رہی ہے۔ کمپنی ماحولیات کی تحفظ کی آگاہی اور اہمیت کی تجدید کے لئے شجرکاری، مہم کو فروغ دے رہی ہے۔ کمپنی نے فیکٹری کے اطراف میں ہزاروں پودے لگائے اور مقامی علاقوں اور کارکنوں کے اطراف میں سبز احاطہ بنانے کی کوشش کی ہے۔

ملازمین کا تحفظ:

Covid-19 کا خطرہ تقریباً ختم ہونے کے قریب ہے تاہم کمپنی نے اپنے تمام ملازمین کے لئے یوٹر ڈوز سمیت ویکسینیشن کو یقینی بنایا ہے۔ کام کی جگہ پر صحت اور حفاظت کے دیگر اقدامات بھی نافذ کئے گئے ہیں اور وقتاً فوقتاً ان کا جائزہ بھی لیا جاتا ہے۔

بورڈ آف ڈائریکٹرز کا انتخاب (الیکشن):

کمپنی کے ممبران کی جانب سے 29 جون، 2022ء کو منعقد ہونے والے غیر معمولی اجلاس میں تین سالہ مدت کیلئے کمپنی کے آٹھ (8) بورڈ آف ڈائریکٹرز کا انتخاب کیا گیا ہے۔ جن کی مدت کا آغاز 29 جون، 2022ء سے ہو رہا ہے۔ نئے بورڈ آف ڈائریکٹرز میں ایگزیکٹو، نان ایگزیکٹو اور انڈیپنڈنٹ ڈائریکٹرز شامل ہیں، جن کا انتخاب کمپنیز ایکٹ 2017ء اور اس کے وضع کئے گئے قواعد و ضوابط کے مطابق کیا گیا ہے۔

ڈائریکٹرز رپورٹ برائے حصص داران

آپ کی کمپنی کے ڈائریکٹرز 30 جون، 2022ء کو ختم ہونے والے مالی سال سے متعلقہ کمپنی کی سالانہ رپورٹ مع آڈٹ شدہ اکاؤنٹس اور آڈیٹرز رپورٹ بھروسہ پر پیش کرتے ہیں۔

انڈسٹری کا جائزہ:

پاکستان کی سیمنٹ انڈسٹری کی ترسیلات میں 30 جون، 2022ء کو ختم ہونے والے مالی سال کے دوران پچھلے سال کی نسبت 7.8 فیصد کمی دیکھی گئی، جس کی بنیادی وجہ برآمدات میں 43.6 فیصد کمی نمایاں کی ہے جس کی بنیادی وجہ پیداواری لاگت اور بحری ترسیل کے کرائے میں اضافہ ہے۔

شرح تبدیلی (%)	2021	2022	
	میٹرک ٹن		
(0.9%)	48,118,942	47,674,252	مقامی ترسیلات
(43.6%)	9,313,832	5,255,774	برآمدات
(7.8%)	57,432,774	52,930,026	کل ترسیلات

پیداواری کارکردگی:

ذیل میں کمپنی کی پیداواری کارکردگی کا خلاصہ دیا گیا ہے:

شرح تبدیلی (%)	2021	2022	
	میٹرک ٹن		
(4.68%)	3,351,141	3,194,218	کلنٹر کی پیداوار
(6.44%)	3,781,635	3,537,946	سیمنٹ کی پیداوار
(0.50%)	3,567,806	3,550,134	اندرون ملک فروخت
(95.64%)	176,204	7,684	برآمدات
	3,744,010	3,557,818	کل فروخت

مالیاتی کارکردگی:

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

شرح تبدیلی (%)	2021	2022	
	روپے (ملین)		
37%	24,057	32,877	کل فروخت
64%	5,965	9,812	خام منافع
	24.80%	29.84%	شرح خام منافع
75%	5,403	9,463	آپریٹنگ منافع
	22.46%	28.78%	شرح آپریٹنگ منافع
60%	6,634	10,581	منافع قبل از مالی اخراجات، ٹیکس، ڈیپریسیشن اور امورٹائزیشن
44%	3,498	5,024	خالص منافع بعد از ٹیکس
	14.54%	15.28%	شرح خالص منافع بعد از ٹیکس
	17.41	25.01	فی شیئر آمدنی (روپے)

رواں سال کی ترسیلات کا حجم پچھلے سال سے کم رہا، جبکہ کوئلہ، بجلی اور پٹرولیم مصنوعات کی بے انتہا قیمتوں کی وجہ سے سیمنٹ کی قیمت فروخت میں اضافہ کیا گیا جو کہ سیلر یونیویس میں اضافہ کا باعث بنا۔

کمپنی نے کونسل کی بین الاقوامی سطح پر قیمتوں میں اضافے کے اثر کو کچھ حد تک کم کرنے کے لئے مقامی اور افغانی کونسل کا استعمال کیا ہے۔

مالی سال 2022 کی آمدنی پر 10 فیصد سہ ٹیکس لگایا گیا ہے، جو کہ 859 ملین روپے بنتا ہے، جس کی وجہ سے کمپنی کے منافع میں کمی آئی ہے۔

کمپنی اپنی مالی ذمہ داریوں کی بروقت ادائیگی کر رہی ہے۔

PACRA نے کوہاٹ سیمنٹ کی طویل قلیل المدتی انفرادی کریڈٹ رینٹنگ کمپلر ٹیب "A" اور "A1" درجہ میں رکھا ہے۔ یہ درجہ ہندیاں کمپنی کی جانب سے متوقع کم کریڈٹ رسک اور مالیاتی ذمہ داریوں کو بروقت ادا کرنے کی قومی صلاحیت کو ظاہر کرتی ہیں۔

منافع کی تقسیم:

کمپنی اپنے منافع کو حصص داران میں تقسیم کرنے پر یقین رکھتی ہے تاہم کاروبار کو وسعت دینا اسکی ترجیح ہے۔ کمپنی خوشاب میں ایک نیا سیمنٹ پلانٹ تعمیر کر رہی ہے جسکی مالی ضروریات کو اندرونی و بیرونی ذرائع سے پورا کیا جائے گا۔ سیمنٹ پلانٹ کی تنصیب کے لئے کمپنی کو اب پہلے سے زیادہ رقم درکار ہے، جسکی وجہ روپے کی قدر میں کمی اور دیگر ضروری لاگت میں اضافہ ہے لہذا بورڈ آف ڈائریکٹرز نے زیر جائزہ مالی سال کے لئے ڈویڈنڈ تجویز نہیں کیا۔

مستقبل کے امکانات:

موجودہ سیاسی عدم استحکام، بلند افراط زر، زرمبادلہ کے ذخائر میں کمی، امریکی ڈالر کے مقابلے میں روپیہ کی قدر میں کمی، ٹیکس کے نفاذ کے جارحانہ اقدامات، بین الاقوامی منڈیوں میں کونسل کی قیمتوں میں اضافہ، بجلی کی قیمتوں میں متوقع اضافہ اور روس یوکرین جنگ پاکستان کی معیشت کے ساتھ ساتھ کمپنی کے کاروبار کو بھی بری طرح متاثر کر سکتی ہے۔ تاہم یہ امید کی جارہی ہے کہ حکومت ملک میں سیمنٹ کی طلب کو منفی طور پر متاثر کرنے والے عوامل پر قابو پانے کے لئے اقدامات کرے گی۔

خوشاب میں نئے سیمنٹ پلانٹ کی تنصیب کا منصوبہ:

کمپنی خوشاب میں پلانٹ لگانے کے لئے بنیادی ڈھانچہ تیار کر رہی ہے، تاہم غیر یقینی معاشی حالات اور SBP کی لیٹر آف کریڈٹ کھولنے پر پابندیوں کی وجہ سے کمپنی مقررہ وقت میں اپنے اہداف حاصل نہیں کر سکے گی۔

کاروباری خطرات سے بچاؤ کی حکمت عملی:

کمپنی ایکٹ 2017ء اور سیکرٹریٹ (کوڈ آف کارپوریٹ گورننس) ریگولیشنز 2019ء کے ضوابط کی تکمیل میں کمپنی نے کاروباری خطرات سے بچاؤ کی پالیسی اور ایک رسک رجسٹر تشکیل دیا ہے۔ کمپنی کی انتظامیہ کمپنی کو لاحق ممکنہ خطرات اور کمپنی پر ان کے اثرات کی نشاندہی کرتی ہے اور باقاعدگی سے بورڈ آف ڈائریکٹرز کے سامنے پیش کرتی ہے۔ بورڈ ان خطرات سے نمٹنے کے لئے حکمت عملی تیار کرتا ہے۔ یہ حکمت عملیاں، آڈٹ کمیٹی کے زیر نگرانی کمپنی کے پورے تنظیمی ڈھانچے میں لاگو کی جاتی ہیں تاکہ کاروباری حالات و دیگر بیرونی عوامل بشمول کمپنی سے متعلقہ ملکی قانونی ڈھانچے میں تبدیلی سے مطابقت اختیار کی جاسکے۔

CORPORATE SOCIAL RESPONSIBILITY

Kohat Cement Company Limited (KCCL or the Company) strongly believes in discharging its responsibilities as a corporate citizen of Pakistan. It works for social progress and well-being of local communities in particular and overall society in general. During the current financial year, the Company continued performing its Corporate Social Responsibilities (CSR) in the following areas:

- a) Community Welfare
- b) Health and Safety
- c) Educational Assistance
- d) Sports Initiatives
- e) Ethics, Transparency and compliance of statutory framework
- f) Market sustainability through selling reliable products
- g) Sustaining Environment to ensure long-term growth

A brief description of the Company's CSR Program is as under:

a) Community Welfare

i. Mark-up Free Micro Finance to individuals (Economic Development/employment generation)

In the year 2014, KCCL entered into a partnership with "Akhwat", a non-profit organization, with the aim of promoting small-scale business opportunities to the residents of Kohat district. KCCL paid an amount of Rs. 15 million to Akhwat, as a fund to be maintained by Akhwat for micro financing of unemployed residents of Kohat District. Since 2014, KCCL is regularly paying operational cost of Branch(es) of Akhwat in terms of aforesaid partnership.

During the current year the Company paid an amount of Rs. 2.4 million towards the operational cost of a Branch of Akhwat located in Kohat in accordance with the terms set between KCCL and Akhwat. As of today, numerous families have benefited from the micro finance facility under this scheme.

ii. Street Pavement, Drainage and Water supply

The Company spent Rs. 2.5 million to reconstruct streets and drainage lines in Ghulam Banda, a village adjacent to the plant. Company also spent Rs. 1.1 million for maintenance of RO plant in Babri Banda.



iii. Installation of Solar Panels/Systems and Street Lights

The Company spent an aggregate amount of Rs. 1 million in provision and installation of Solar Systems and Street Lights in the nearby Villages and Masajids of its factory at Kohat.

iv. Financial Assistance of widows and welfare of local community

KCCL continued to support widows of its former employees by paying an aggregate amount of Rs. 1.4 million and also contributed for the welfare of local community in following manner;

- Rs. 5 million for construction of Janazagah in Babri Banda
- Rs. 5 million for construction of Janazagah in Razgir Banda
- Rs. 1.2 million for construction of mosque in Razgir Banda

v) Free distribution of Food

KCCL spent an amount of Rs. 0.2 million during the year in free distribution of food.

vi) Social Media Management

KCCL spent an amount of Rs. 1.6 million on social media



platforms by sharing awareness videos on CSR and Covid-19 to educate as many audiences as possible. Various posters were put in place at all locations which provided awareness to employees.

vii) Hajj Sponsorship

KCCL has the privilege to send its employees for Hajj through ballot each year and bear all expenses of these employees pertaining to this religious offering. During the year, the Company contributed Rs. 1.2 million towards this cause.

viii) Long Service Awards

Every year, as a token of appreciation for the continued association with us, KCCL give cash awards to its employees who achieve a significant milestone of service years.

b) Health & Safety

Health and safety measures undertaken by the Company include the following:

i. Basic Health Unit

Dispensary and ambulance operates 24/7 basis and provides free services to its employees and their families.

ii. Medicare Health Foundation

The Company paid an amount of Rs. 0.4 million to Medicare Health Foundation, a health care provider.

iii. Local Cleanliness Drive

Rs. 0.3 million were spent by the Company for cleanliness drive undertaken by Company to create awareness towards cleanliness.

iv. Other Health Activities

Rs. 0.6 million were spent by the Company for dialysis of a kidney patient.

c) Educational Assistance

The Company continued promoting education as part of its CSR plans as summarized below:



i) Kohat Cement Educational Trust (KCET)

KCET is mainly sponsored by the Company in providing educational services to students belonging to Kohat in general and children of employees of the Company in particular. KCET joined hands with "The Country School" with the sole purpose to bring maximum quality in its educational services. As part of Company's CSR, an amount of Rs. 5.7 million has been paid to KCET to help paying expenses of the School.

ii) Educational Scholarships

KCCL provides educational assistance to deserving students with the aim to make education accessible and affordable to talented students. In 2018 KCCL started "Kohat Cement Scholarship Program" (KCSP)" with the primary aim to create opportunities for eligible needy students to get good education.



The Company contributed Rs. 0.8 million during the year to the students of following colleges;

- Kohat University of Science and Technology, Kohat
- Karwan Model Collage Kohat
- COMSATS University Islamabad, Attock Campus

To promote sports, KCCL spent Rs. 2.135 million during the year towards various sports activities.

e) Ethics, Transparency and compliance of statutory framework

The Company is enthusiastic in developing ethical values in its employees, promoting a culture of team work, adoption of best ethical practices, performance encouragement, transparency and compliance of all applicable statutory framework.

KCCL's HR activities including employee induction, development, compensation, evaluation and promotion are carried out on the basis of merit, suitability and transparency. Moreover, the Company continues to promote diversity and equal employment opportunity along with providing a safe workplace free from discrimination, hostility and harassment. Any discrimination or harassment of an employee based on age, gender, race, religion, marital status, etc., is regarded as violation and results in disciplinary action as per the Company rules.

HR Department of Company pays major attention towards achieving aforesaid CSR targets by educating employees by arranging various indoor and outdoor activities. Employees are encouraged to participate in different workshops held by well-known professionals for better learning and understanding of various principles and team building attitude.

All applicable laws including labour and revenue laws are being complied with letter and spirit by the Company, believing that law compliance is the basic key to prosperous, not only the Company but also the State.

f) Market sustainability though selling reliable products

Company manufactures its products not with the sole aim of earning profits but also to implement its CSR plan of selling quality products in the market. The CSR intention of the Company played a vital role in capturing the market.



iii) Parho Likho Pakistan

KCCL paid an amount of Rs. 0.6 million to 'Parho Likho Pakistan' as tuition fee of deserving children.

d) Sports Initiatives



KCCL believes that sports help in instilling discipline, commitment and teamwork ethic in people and all the skills that are crucial in professional as well as personal aspects of our lives.



g) Sustaining Environment to ensure long-term growth

KCCL is arranging regular Tree Plantation to enhance environmental standards and continuously promoting a “GO GREEN Plantation Drive” for better and green environment within the factory as well in the nearby areas. KCCL is proud to share that the Company has planted numerous trees during the year and spent an amount of Rs. 0.8 million towards this initiative. Moreover, the Company spent Rs. 0.8 million towards maintenance of plant nursery situated at Kohat.

Contribution to National Exchequer

The Company contributed Rs. 17,937 million (2021: Rs. 13,314 million) to the National Exchequer in the form of duties and taxes and further deposited Rs. 456.948 million (2021: 344.2 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 0.3 million (2021: USD 6.4 million) equivalent to Rs. 57.4 million (2021: 1,028 million) for the country by exporting cement during the year.

Nadeem Atta Sheikh
Chief Executive

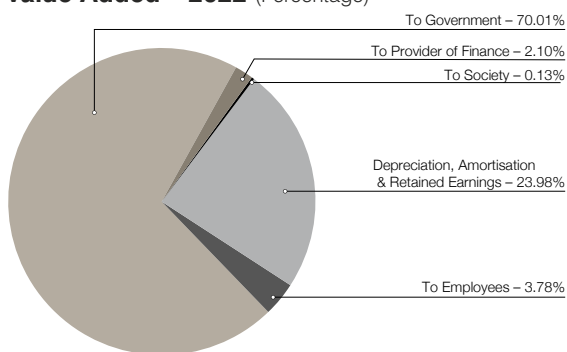
Talha Saeed Ahmed
Director

Lahore: September 24, 2022

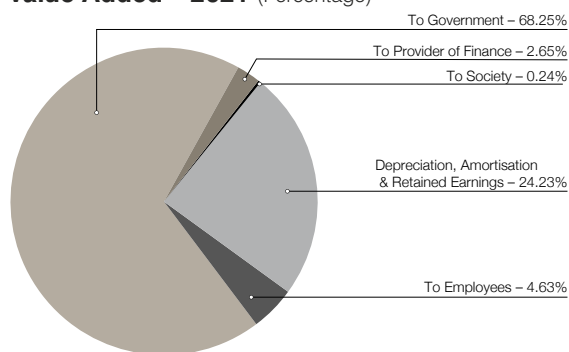
STATEMENT OF VALUE ADDED

	2022		2021	
	Rs.	%	Rs.	%
VALUE ADDED				
Gross Revenue Generated	46,730,207,248		35,818,602,256	
Materials & Services	(21,110,457,591)		(16,307,978,549)	
	25,619,749,657		19,510,623,707	
To Employees as Remuneration	968,798,158	3.78%	904,078,323	4.63%
To Government as Taxes (Income tax, Sales tax, Excise Duty and Others)	17,936,563,527	70.01%	13,313,788,321	68.25%
To Provider of Finance as Finance Cost	537,710,815	2.10%	517,055,413	2.65%
To Society under CSR Programme	34,287,081	0.13%	47,501,702	0.24%
Depreciation, Amortisation & Retained Earnings	6,142,390,076	23.98%	4,728,199,948	24.23%
	25,619,749,657	100%	19,510,623,707	100%

Value Added – 2022 (Percentage)



Value Added – 2021 (Percentage)



KEY FINANCIAL DATA

for the Last Six Years

	2022	2021	2020	2019	2018	2017
Balance sheet (Rs. 000)						
Shareholders equity	27,246,220	22,223,539	18,726,673	19,672,639	17,976,738	15,306,258
Non-current liabilities	6,616,457	6,291,138	6,750,446	6,118,326	1,660,565	2,102,230
Current liabilities	9,487,991	7,572,244	6,279,548	5,523,905	3,679,030	2,783,703
Non-current assets	25,574,836	26,238,123	26,519,044	25,708,607	12,909,271	11,263,417
Current assets	17,775,831	9,848,799	5,237,624	5,606,262	10,407,062	8,928,774
Profit & loss account (Rs. 000):						
Sales - net	32,876,949	24,057,376	11,300,241	15,645,649	13,438,843	13,540,305
Gross profit / (loss)	9,811,769	5,965,349	(24,320)	4,173,146	4,325,361	5,827,368
EBITDA	10,581,310	6,633,703	651,468	4,311,505	4,603,050	6,017,066
EBIT	9,463,200	5,403,010	(147,613)	3,722,137	4,076,883	5,519,886
Profit/(loss) before tax	8,925,489	4,885,955	(557,315)	3,676,071	3,970,352	5,434,924
Profit/(loss) after tax	5,024,280	3,497,507	(443,736)	2,468,656	2,979,995	3,544,815
Cash flows (Rs. 000):						
Cash flows from:						
Operations	9,429,253	6,012,031	246,219	6,012,465	4,628,024	5,417,049
Operating activities	8,181,358	5,089,316	(502,396)	4,745,271	3,026,005	3,565,091
Investing activities	(7,092,989)	(3,950,178)	(18,793)	(13,089,733)	(3,271,934)	(1,305,493)
Financing activities	(1,805,333)	(943,014)	838,909	4,453,920	(790,815)	(2,684,888)
Cash and cash equivalents at the beginning of the year	1,197,729	1,001,606	683,886	4,574,428	5,611,172	6,036,461
Cash and cash equivalents at the end of the year	480,766	1,197,729	1,001,606	683,886	4,574,428	5,611,172
RATIO ANALYSIS						
Profitability Ratios						
Gross profit ratio	29.84%	24.80%	-0.22%	26.67%	32.19%	43.04%
Net profit to sales ratio	15.28%	14.54%	-3.93%	15.78%	22.17%	26.18%
EBITDA to sales ratio	32.18%	27.57%	5.77%	27.56%	34.25%	44.44%
Return on equity	18.44%	15.74%	-2.37%	12.55%	16.58%	23.16%
Return on capital employed	33.17%	21.27%	-0.61%	14.43%	24.09%	36.54%
Liquidity Ratios						
Current ratio	1.87	1.30	0.83	1.01	2.83	3.21
Quick ratio	1.28	0.75	0.31	0.63	2.07	2.39
Cash flow from operations to sales ratio	28.68%	24.99%	2.18%	38.43%	34.44%	40.01%
Cash to Current Liabilities	0.05	0.16	0.16	0.12	1.24	2.02
Investment/market ratios						
Earnings per share	25.01	17.41	(2.21)	12.29	14.84	17.65
Price Earning Ratio	5.20	11.86	(62.22)	4.27	8.29	12.99
Price to Book ratio	0.60	1.15	0.87	0.34	1.06	2.28
Dividend Yield Ratio	0.00%	0.00%	0.00%	4.76%	4.06%	6.11%
Dividend Payout Ratio	0.00%	0.00%	0.00%	20.34%	33.70%	79.33%
Dividend Cover Ratio	-	-	-	4.92	2.97	1.26
Cash Dividend per share	-	-	-	2.50	5.00	14.00
Cash Dividend	0%	0%	0%	25%	50%	140%
Stock Dividend	0%	0%	0%	0%	30%	0%
Market Value per Share						
- Closing	130.13	206.49	137.45	52.53	123.07	229.26
- High	234.44	262.00	152.00	134.43	225.01	311.00
- Low	126.22	136.50	40.12	47.55	112.50	216.00
Breakup value per share of Rs. 10 each	135.65	110.64	93.23	97.94	89.50	76.20
Capital Structure Ratios						
Weighted average cost of debt	10%	8%	6%	1%	8%	8%
Debt to equity ratio	13:87	21:79	27:73	22 : 78	2:98	6:94
Interest coverage ratio	17.60	10.45	(0.36)	80.80	38.27	64.97
Debt Service Coverage Ratio	5.81	7.08	0.37	3.85	13.19	15.99
Loan Life Coverage Ratio	6.41	4.00	3.29	3.64	42.17	21.54
Activity/Turnover Ratios						
Inventory turnover ratio	5.80	5.75	3.46	7.38	4.84	5.93
No. of days in inventory	62.96	63.47	105.50	49.46	75.46	61.52
Debtor turnover ratio	35.89	24.46	22.86	21.91	20.82	39.39
No. of days in receivables	10.17	14.92	15.97	16.66	17.53	9.27
Creditors turnover ratio	17.41	10.82	8.86	18.25	7.46	31.40
No. of Days in Payables	20.97	33.74	41.21	20.00	48.95	11.63
Cash Operating cycle	52.16	44.66	80.26	46.12	44.04	59.16
Total assets turnover ratio	0.76	0.67	0.35	0.50	0.58	0.67
Fixed assets turnover ratio	1.55	1.11	0.50	1.95	1.69	1.84

GLOSSARY OF TERMS

Gross profit ratio

Gross profit represents the profit remaining after the production costs have been subtracted from revenue. The Gross profit ratio is the relationship of the gross profit made for a specified period and the sales or turnover achieved during that period.

Net profit margin

This ratio is determined by dividing net income (after tax) with net sales during a time period and is expressed as a percentage. Net profit margin is a measure of efficiency and the higher the margin, the better. Trends in margin can be attributed to rising/falling production costs or rising/ falling price of the goods sold.

Return on equity

A percentage that indicates how well common stockholders' invested money is being used. ROE is a measure of financial performance calculated by dividing net income (after tax) by shareholders' equity. Whether ROE is considered satisfactory will depend on what is normal for the industry as a whole. Net income is calculated before dividends paid to common shareholders and after dividends to preferred shareholders and interest to lenders.

Return on capital employed

Return on capital employed (ROCE) is a financial ratio that can be used in assessing a company's profitability and capital efficiency. ROCE measures company's profitability considering both equity and debt. This can help neutralize financial performance analysis for companies with significant debt. There are two components required to calculate return on capital employed: earnings before interest and tax and average capital employed i.e. shareholders' equity plus long-term debts.

Current ratio

This ratio is calculated by dividing current assets with current liabilities of the company. This ratio indicates company's ability to meet short-term liabilities, and is a measure of financial strength in the short term. A ratio of 1 implies adequate current assets to cover current liabilities: the higher above 1, the better.

Cash flow from operations to sales ratio

This ratio is calculated by dividing operating cash flows of a company to its sales revenue. This ratio indicates about the ability of a company to generate cash from its sales. In other words, it shows the ability of a company to turn its sales into

cash. It is expressed as a percentage. The higher this ratio is the better it is for the company.

Earnings per share

The portion of a company's profit allocated to each outstanding share of common stock. Earnings per share serve as an indicator of a company's profitability.

Price Earning Ratio

The price-earnings ratio is the ratio of a company's share market value to the company's earnings per share. This ratio is used for valuing companies and to find out whether they are overvalued or undervalued. A high P/E ratio could mean that a company's stock is overvalued, or else that investors are expecting high growth rates in the future.

Price to Book ratio

This ratio is calculated by market value of share divided by total assets minus intangible assets. The ratio is used to compare a business's net assets that are available in relation to the sales price of its stock.

Debt to equity ratio

The ratio of a company's liabilities to its equity. The higher the level of debt, the more important it is for a company to have positive earnings and steady cash flow. For comparative purposes, debt-equity ratio is most useful for companies within the same industry.

Interest coverage ratio

The interest coverage ratio is a measure of a company's ability to honor its interest payments. It is calculated as EBIT divided by the total interest expense /finance Cost.

Debt Service Coverage Ratio

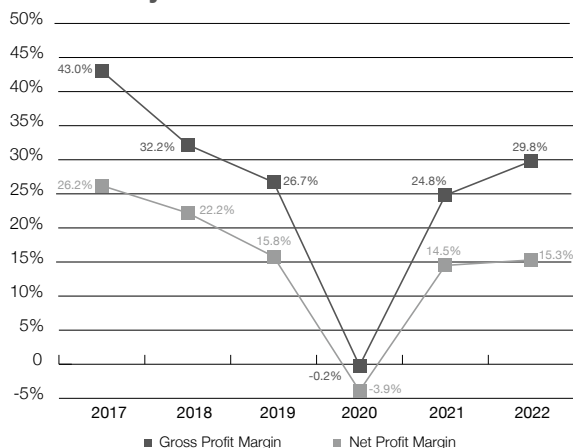
Debt Service Coverage Ratio is the ratio of operating income available to debt servicing for interest, principal and lease payments. It is a popular benchmark used in the measurement of an entity's ability to produce enough cash to cover its debt payments. It is calculated by dividing EBITDA with repayment of Long Term Loans and related Finance costs during the year.

Return on assets

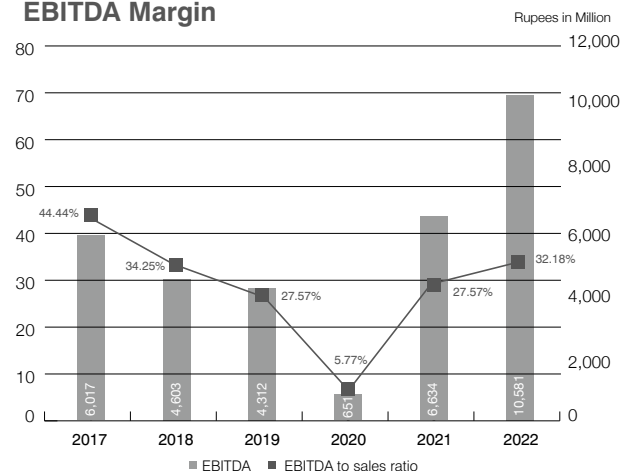
Return on assets is the amount of profits earned (before interest and taxes), expressed as a percentage of total assets. This is a widely followed measure of profitability, thus the higher the number the better. As long as a company's ROA exceeds its interest rate on borrowing, it's said to have positive financial leverage.

GRAPHICAL ANALYSIS

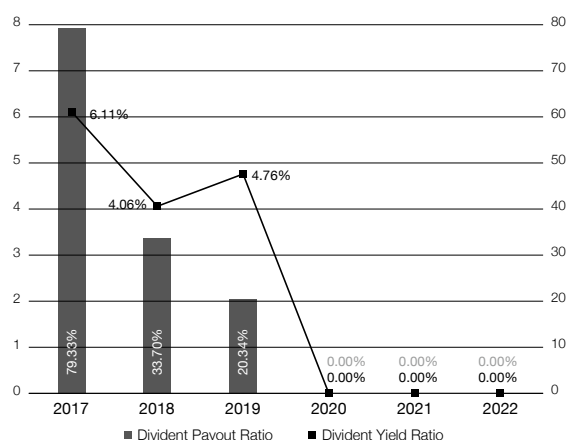
Profitability Ratios



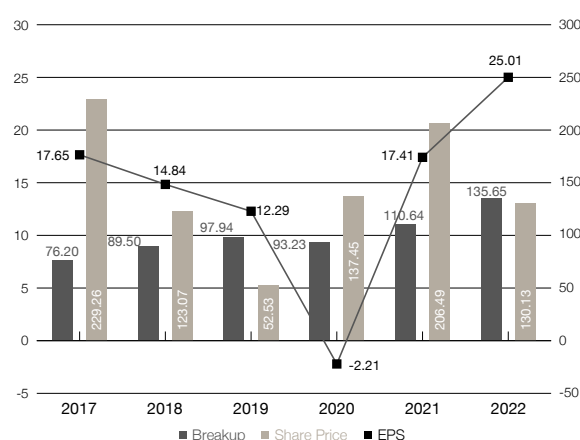
EBITDA Margin



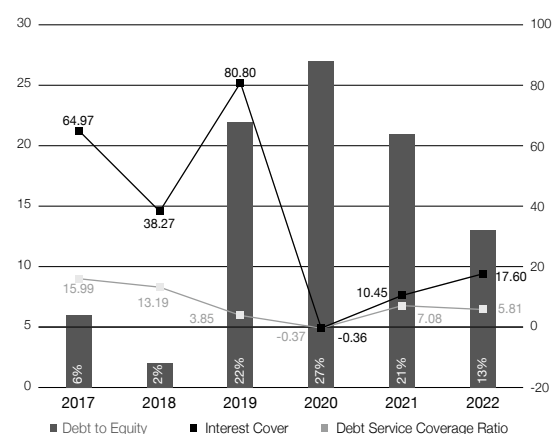
Market Ratios



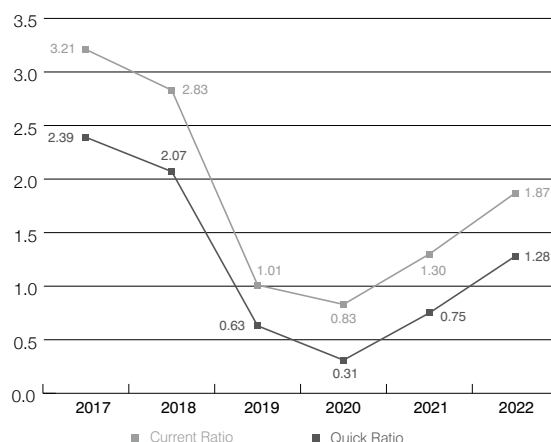
Market Ratios



Capital Structure Ratios



Liquidity Ratios



HORIZONTAL & VERTICAL ANALYSIS

Of Balance Sheet

	2022		2021		2020		2019		2018		2017	
	Rs. 000	%	Rs. 000	%	Rs. 000	%	Rs. 000	%	Rs. 000	%	Rs. 000	%
Horizontal Analysis												
Equity & Liabilities												
Shareholders equity	27,246,220	22.60	22,223,539	18.67	18,726,673	(4.81)	19,672,639	9.43	17,976,738	17.45	15,306,258	11.16
Non-current liabilities	6,616,457	5.17	6,291,138	(6.80)	6,750,446	10.33	6,118,326	268.45	1,660,565	(21.01)	2,102,230	(9.12)
Current liabilities	9,487,991	25.30	7,572,244	20.59	6,279,548	13.68	5,523,905	50.15	3,679,030	32.16	2,783,703	(14.66)
	43,350,668	20.13	36,086,921	13.64	31,756,667	1.41	31,314,870	34.30	23,316,333	15.47	20,192,191	4.38
Assets												
Non-current assets	25,574,836	(2.53)	26,238,123	(1.06)	26,519,044	3.15	25,708,607	99.15	12,909,271	14.61	11,263,417	11.22
Current assets	17,775,831	80.49	9,848,799	88.04	5,237,624	(6.58)	5,606,263	(46.13)	10,407,062	16.56	8,928,774	(3.14)
	43,350,668	20.13	36,086,921	13.64	31,756,667	1.41	31,314,870	34.30	23,316,333	15.47	20,192,191	4.38
Vertical Analysis												
Equity & Liabilities												
Shareholders equity	27,246,220	62.85	22,223,539	61.58	18,726,673	58.97	19,672,639	62.82	17,976,738	77.10	15,306,258	75.80
Non-current liabilities	6,616,457	15.26	6,291,138	17.43	6,750,446	21.26	6,118,326	19.54	1,660,565	7.12	2,102,230	10.41
Current liabilities	9,487,991	21.89	7,572,244	20.98	6,279,548	19.77	5,523,905	17.64	3,679,030	15.78	2,783,703	13.79
	43,350,668	100.00	36,086,921	100.00	31,756,667	100.00	31,314,870	100.00	23,316,333	100.00	20,192,191	100.00
Assets												
Non-current assets	25,574,836	59.00	26,238,123	72.71	26,519,044	83.51	25,708,607	82.10	12,909,271	55.37	11,263,417	55.78
Current assets	17,775,831	41.00	9,848,799	27.29	5,237,624	16.49	5,606,263	17.90	10,407,062	44.63	8,928,774	44.22
	43,350,668	100.00	36,086,921	100.00	31,756,667	100.00	31,314,870	100.00	23,316,333	100.00	20,192,191	100.00

of Profit and Loss Account

	2022		2021		2020		2019		2018		2017	
	Rs. 000	%	Rs. 000	%	Rs. 000	%	Rs. 000	%	Rs. 000	%	Rs. 000	%
Horizontal Analysis												
Sales - Net	32,876,949	36.66	24,057,376	112.89	11,300,241	(27.77)	15,645,649	16.42	13,438,843	(0.75)	13,540,305	(3.42)
Cost of Sales	(23,065,181)	27.49	(18,092,027)	59.76	(11,324,561)	(1.29)	(11,472,502)	25.88	(9,113,482)	18.16	(7,712,937)	2.52
Gross profit	9,811,769	64.48	5,965,349	(24,628.26)	(24,320)	(100.58)	4,173,146	(3.52)	4,325,361	(25.78)	5,827,368	(10.30)
Selling and distribution expenses	(122,137)	29.70	(94,166)	46.54	(64,260)	(24.70)	(85,342)	(11.91)	(96,879)	(25.29)	(129,666)	(16.12)
Administrative and general expenses	(353,523)	12.76	(313,525)	31.33	(238,728)	(6.07)	(254,164)	25.11	(203,150)	24.62	(163,009)	22.48
Other income	690,143	304.36	170,675	(12.99)	196,152	(43.73)	348,620	(3.62)	361,697	(7.99)	393,104	(17.98)
Other expenses	(563,052)	73.07	(325,323)	1,876.86	(16,457)	(96.42)	(460,125)	48.36	(310,146)	(23.97)	(407,911)	(6.44)
Operating profit	9,463,200	75.15	5,403,010	(3,760.26)	(147,613)	(103.97)	3,722,137	(8.70)	4,076,883	(26.14)	5,519,886	(11.71)
Finance cost	(537,711)	3.99	(517,055)	26.20	(409,702)	789.40	(46,065)	(56.76)	(106,531)	25.39	(84,962)	8.76
Profit before tax	8,925,489	82.68	4,885,955	(976.70)	(557,315)	(115.16)	3,676,071	(7.41)	3,970,352	(26.95)	5,434,924	(11.97)
Taxation	(3,901,209)	180.98	(1,388,447)	(1,322.45)	113,579	(109.41)	(1,207,416)	21.92	(990,357)	(47.60)	(1,890,109)	7.03
Profit after tax	5,024,280	43.65	3,497,507	(888.20)	(443,736)	(117.97)	2,468,656	(17.16)	2,979,995	(15.93)	3,544,815	(19.58)
Vertical Analysis												
Sales - Net	32,876,949	100.00	24,057,376	100.00	11,300,241	100.00	15,645,649	100.00	13,438,843	100.00	13,540,305	100.00
Cost of Sales	(23,065,181)	(70.16)	(18,092,027)	(75.20)	(11,324,561)	(100.22)	(11,472,502)	(73.33)	(9,113,482)	(67.81)	(7,712,937)	(56.96)
Gross profit	9,811,769	29.84	5,965,349	24.80	(24,320)	(0.22)	4,173,146	26.67	4,325,361	32.19	5,827,368	43.04
Selling and distribution expenses	(122,137)	(0.37)	(94,166)	(0.39)	(64,260)	(0.57)	(85,342)	(0.55)	(96,879)	(0.72)	(129,666)	(0.96)
Administrative and general expenses	(353,523)	(1.08)	(313,525)	(1.30)	(238,728)	(2.11)	(254,164)	(1.62)	(203,150)	(1.51)	(163,009)	(1.20)
Other income	690,143	2.10	170,675	0.71	196,152	1.74	348,620	2.23	361,697	2.69	393,104	2.90
Other expenses	(563,052)	(1.71)	(325,323)	(1.35)	(16,457)	(0.15)	(460,125)	(2.94)	(310,146)	(2.31)	(407,911)	(3.01)
Operating profit	9,463,200	28.78	5,403,010	22.46	(147,613)	(1.31)	3,722,137	23.79	4,076,883	30.34	5,519,886	40.77
Finance cost	(537,711)	(1.64)	(517,055)	(2.15)	(409,702)	(3.63)	(46,065)	(0.29)	(106,531)	(0.79)	(84,962)	(0.63)
Profit before tax	8,925,489	27.15	4,885,955	20.31	(557,315)	(4.93)	3,676,071	23.50	3,970,352	29.54	5,434,924	40.14
Taxation	(3,901,209)	(11.87)	(1,388,447)	(5.77)	113,579	1.01	(1,207,416)	(7.72)	(990,357)	(7.37)	(1,890,109)	(13.96)
Profit after tax	5,024,280	15.28	3,497,507	14.54	(443,736)	(3.93)	2,468,656	15.78	2,979,995	22.17	3,544,815	26.18

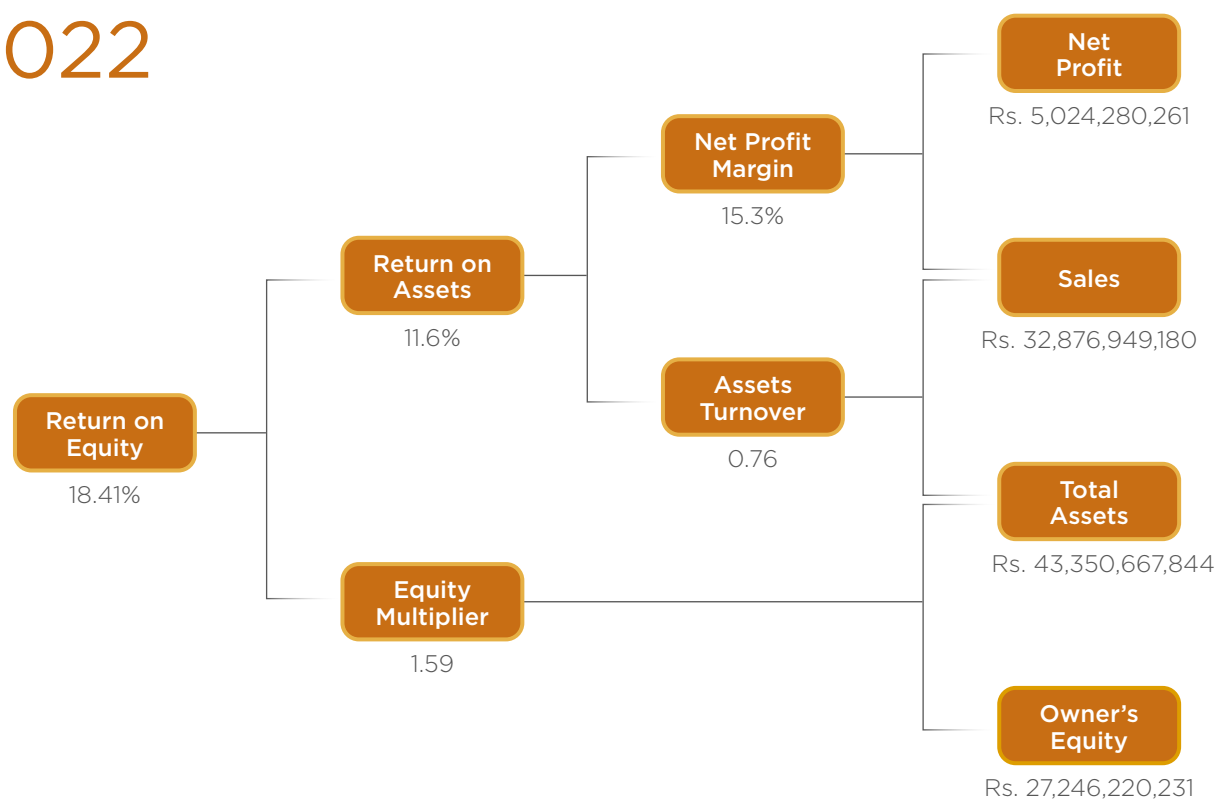
ANALYSIS OF QUARTERLY RESULTS

Particulars	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	FY 2021-22	FY 2020-21
metric tonnes						
Dispatches - Tons	864,437	935,268	928,016	830,097	3,557,818	3,744,010
- Local	862,919	934,306	925,866	827,043	3,550,134	3,567,806
- Export	1,518	962	2,150	3,054	7,684	176,204
PKR' 000						
Sales Revenue - Net	6,803,713	8,211,099	8,569,771	9,292,366	32,876,949	24,057,376
Cost of Sales	4,542,993	5,728,866	6,064,710	6,728,612	23,065,181	18,092,027
Gross Profit	2,260,721	2,482,233	2,505,062	2,563,753	9,811,769	5,965,349
Gross Profit Margin	33%	30%	29%	28%	30%	25%
- Selling and Distribution Cost	23,082	28,991	33,264	36,799	122,137	94,166
- Administration and General Expenses	78,121	96,472	82,622	96,308	353,523	313,525
- Other Income	(78,746)	(129,176)	(193,413)	(288,808)	(690,143)	(170,675)
- Other Expenses	126,414	140,869	141,845	153,923	563,052	325,323
	148,871	137,157	64,319	(1,778)	348,569	562,339
Operating Profit	2,111,850	2,345,076	2,440,743	2,565,531	9,463,200	5,403,010
Operating Profit Margin	31%	29%	28%	28%	29%	22%
Finance Cost	118,851	117,503	143,863	157,494	537,711	517,055
Profit Before Tax (PBT)	1,992,998	2,227,573	2,296,880	2,408,038	8,925,489	4,885,955
PBT Margin	29%	27%	27%	26%	27%	20%
Taxation	594,921	641,623	651,118	2,013,547	3,901,209	1,388,447
Effective Tax Rate	30%	29%	28%	84%	44%	28%
Profit After Tax (PAT)	1,398,078	1,585,950	1,645,761	394,491	5,024,280	3,497,507
PAT Margin	21%	19%	19%	4%	15%	15%
Earning per Share -Rs.	6.96	7.90	8.19	1.96	25.01	17.41
EBITDA	2,391,881	2,620,031	2,721,898	2,847,500	10,581,310	6,633,703
EBITDA Margin	35%	32%	32%	31%	32%	28%
Average net Sales Rate Rs/Mt	7,871	8,779	9,235	11,194	9,241	6,426
Average of COS Rate Rs/Mt	5,255	6,125	6,535	8,106	6,483	4,832

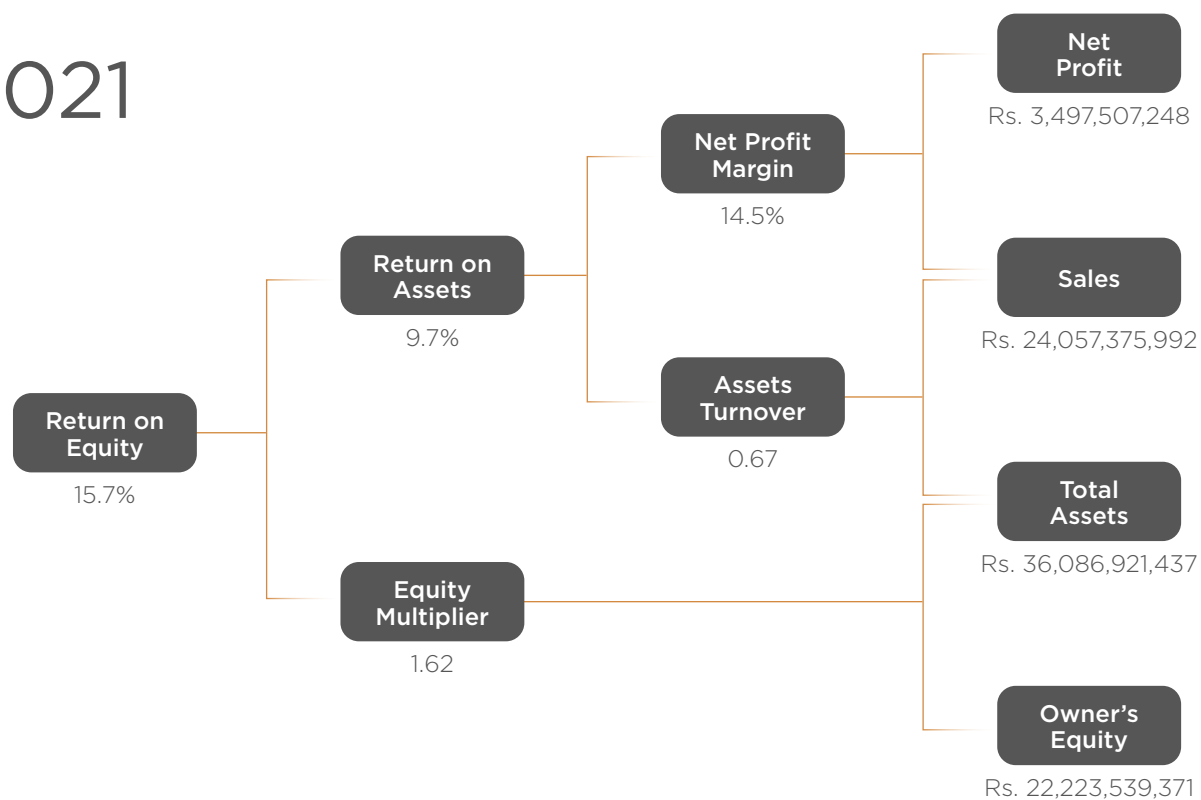
Company's dispatches in current year decreased by 5% as compared to last year, mainly due to decline in exports to Afghanistan. Currency devaluation, increase in electricity tariffs, surge in international coal prices and high fuel cost increased the cost of production, however healthy cement prices and increased operational efficiencies nullified all these adverse factors resulting in better profitability compared to last year.

DUPONT ANALYSIS

2022



2021



STATEMENT OF COMPLIANCE

with listed Companies (Code of Corporate Governance)
Regulations, 2019 For the year ended June 30, 2022

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

- The total number of directors as at June 30, 2022 is eight (8), as per the following:

a) Male	6
b) Female	2

- The composition of the Board is as follows:

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

The current Board of Directors of the Company was elected on June 29, 2022 whereas, composition of Board prior to Elections of Directors held on June 29, 2022 was also same. The Board has appropriate skills, experience, independence and knowledge of the Company to discharge its duties and responsibilities effectively. Therefore, the Board considers that it is adequately composed with two independent directors and hence, the fractional number of independent directors has not been rounded up.

- The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this Company.
- 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.
- The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the Company. The Board has ensured that complete record of particulars of significant policies along with their date of approval or updating is maintained by the Company.
- 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.

- The meetings of the Board were presided over by the Chairman. The Board has complied with the requirements of Act and the regulations with respect to frequency, recording and circulating minutes of meeting of Board.
- The Board has a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations.
- Detailed as below; six directors have completed their Directors' Training Certification (DTC) and two directors are exempt from this due to 14 years of education and 15 years of experience on the Board.

Directors exempt from DTC

- Mr. Aizaz Mansoor Sheikh
- Mr. Nadeem Atta Sheikh

Directors who have completed their DTC

- Mr. Ahmed Sajjad Khan
- Mr. Talha Saeed Ahmed
- Mrs. Hafsa Nadeem
- Mrs. Hijab Tariq
- Mr. Muhammad Rehman Sheikh
- Mr. Muhammad Atta Tanseer Sheikh

- The Board has approved appointment of Chief Financial Officer (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.
- CFO and CEO duly endorsed the financial statements before approval of the Board.
- The Board has formed committees comprising of members given below:

a) Audit Committee as at June 30, 2022

Category	Names	
Chairman	Mr. Talha Saeed Ahmed	Independent Director
Member	Mr. Aizaz Mansoor Sheikh	Non-Executive Director
Member	Mr. Muhammad Atta Tanseer Sheikh	Non-Executive Director

b) Human Resource and Remuneration (HR&R) Committee as at June 30, 2022

Category	Names	
Chairman	Mr. Ahmad Sajjad Khan	Independent Director
Member	Mr. Nadeem Atta Sheikh	Chief Executive
Member	Mr. Muhammad Atta Tanseer Sheikh	Non-Executive Director

c) Nomination Committee

Considering the magnitude and similarity of the nature of terms of reference of this Committee with that of HR&R Committee, the Board of Directors has decided to include the TOR of this committee in the TOR of the HR&R Committee.

d) Risk Management Committee

Considering the magnitude and similarity of the nature of terms of reference of this Committee with that of Audit Committee, the Board of Directors, has decided to include the TOR of this committee in the TOR of the Audit Committee.

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	Four meetings were held during the year
HR&R Committee	Two meetings were held during the year

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 and registered

with Audit Oversight Board of Pakistan, that they and all their partners are in compliance with International Federation of Accountants (IFAC) guidelines on Code of Ethics as adopted by Institute of Chartered Accountants of Pakistan and that they and the partners of the firm involved in the audit are not a close relative (spouse, parent, dependent and non-dependent children) of the chief executive officer, chief financial officer, head of internal audit, company secretary or director of the Company.

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

18. We confirm that all other requirements of the regulations have been complied with.



Nadeem Atta Sheikh
Chief Executive



Talha Saeed Ahmed
Director

Lahore: September 24, 2022

FINANCIAL STATEMENTS

For the year ended June 30, 2022

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, 2019

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 ("the Regulations") prepared by the Board of Directors of Kohat Cement Company Limited ("the Company") for the year ended 30 June 2022 in accordance with the requirements of regulation 36 of the Regulations.

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

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

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

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the requirements contained in the Regulations as applicable to the Company for the year ended 30 June 2022.

Lahore

Date: 26 September 2022

UDIN: CR202210114mYfgIB90q

KPMG Taseer Hadi & Co.

KPMG Taseer Hadi & Co.

Chartered Accountants

(Bilal Ali)

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 2022, 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 2022 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.

INDEPENDENT AUDITOR'S REPORT

Following is the Key audit matter.

Sr. No	Key audit matter	How the matter was addressed in our audit
1.	<p>Revenue</p> <p>Refer to notes 3.10 and 26 to the financial statements</p> <p>The Company generates revenue from sale of cement to domestic as well as foreign customers.</p> <p>Revenue from contracts with customers is recognized, 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, federal excise duty, volume rebates and trade discounts (if any).</p> <p>Control is transferred when goods are handed over to customer's appointed carrier or when the goods are delivered at the customer's premises as per the terms of the sale contract.</p> <p>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.</p>	<p>Our audit procedures to assess the recognition of revenue, amongst others, included the following:</p> <ul style="list-style-type: none"> • 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

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 2022, 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.

INDEPENDENT AUDITOR'S REPORT

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.

INDEPENDENT AUDITOR'S REPORT

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) no zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

The engagement partner on the audit resulting in this independent auditor's report is Bilal Ali.

Lahore
Date: 26 September 2022
UDIN: AR202210114pAlk72rny

KPMG Taseer Hadi & Co.
KPMG Taseer Hadi & Co.
Chartered Accountants

STATEMENT OF FINANCIAL POSITION

As at 30 June 2022

	Note	2022 Rupees	2021 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	2,008,612,970
Reserves	5	117,505,665	119,105,065
Accumulated profits		25,120,101,596	20,095,821,336
		27,246,220,231	22,223,539,371
Non-current liabilities			
Long term financing - secured	6	3,179,400,118	4,405,765,306
Deferred grant	6.8	—	1,328,937
Long term deposits	7	2,036,100	2,036,100
Deferred liabilities			
- deferred taxation	8.1	3,407,373,618	1,857,649,347
- compensated absences	8.2	27,647,098	24,358,436
		6,616,456,934	6,291,138,126
Current liabilities			
Current portion of long term financing	6	1,071,912,356	1,147,020,843
Trade and other payables	9	5,525,221,208	4,985,385,529
Contract liability	10	264,984,408	137,091,500
Unclaimed dividend		8,535,357	8,559,447
Dividend payable	11	37,112,692	37,638,105
Short term borrowings - secured	12	—	498,000,000
Provision for taxation - net		2,438,052,665	635,934,543
Mark-up accrued on borrowings	13	142,171,993	122,613,973
		9,487,990,679	7,572,243,940
Contingencies and commitments	14		
		43,350,667,844	36,086,921,437

The annexed notes from 1 to 49 form an integral part of these financial statements.



Chief Executive Officer

	Note	2022 Rupees	2021 Rupees
ASSETS			
Non current assets			
Property, plant and equipment	15	21,331,296,362	22,027,544,913
Intangibles	16	2,701,357	6,725,911
Long term loans and advances	17	63,226,829	26,439,100
Long term deposits	18	43,356,640	43,326,640
Investment property	19	4,134,255,209	4,134,086,159
		25,574,836,397	26,238,122,723
Current assets			
Stores, spares and loose tools	20	4,214,829,636	3,070,769,101
Stock-in-trade	21	1,456,156,782	1,112,776,266
Trade debts - unsecured, considered good	22	916,039,469	983,568,223
Short term investments	23	10,124,095,693	2,999,496,423
Advances, deposits, prepayments and other receivables	24	583,944,235	484,459,350
Cash and bank balances	25	480,765,632	1,197,729,351
		17,775,831,447	9,848,798,714
		43,350,667,844	36,086,921,437



Chief Financial Officer



Director

STATEMENT OF PROFIT OR LOSS

For the year ended 30 June 2022

	Note	2022 Rupees	2021 Rupees
Sales-net	26	32,876,949,179	24,057,375,992
Cost of sales	27	(23,065,180,670)	(18,092,026,933)
Gross Profit		9,811,768,509	5,965,349,059
Selling and distribution expenses	28	(122,136,736)	(94,165,965)
Administrative and general expenses	29	(353,522,846)	(313,524,670)
Other income	30	690,143,396	170,674,670
Other expenses	31	(563,052,382)	(325,323,074)
		(348,568,568)	(562,339,039)
Operating profit		9,463,199,941	5,403,010,020
Finance cost	32	(537,710,815)	(517,055,413)
Profit before taxation		8,925,489,126	4,885,954,607
Taxation	33	(3,901,208,866)	(1,388,447,360)
Profit after taxation		5,024,280,260	3,497,507,247
Earnings per share - basic and diluted	34	25.01	17.41

The annexed notes from 1 to 49 form an integral part of these financial statements.



Chief Executive Officer



Chief Financial Officer



Director

STATEMENT OF COMPREHENSIVE INCOME

For the year ended 30 June 2022

	2022 Rupees	2021 Rupees
Profit after taxation	5,024,280,260	3,497,507,247
Other comprehensive income		
Items that will not be reclassified to statement of profit or loss:		
Equity investments at FVOCI - net changes in fair value	(389,400)	453,800
Items that are or may be reclassified to statement of profit or loss:		
Debt investments at FVOCI - net changes in fair value	(1,210,000)	(1,095,000)
	(1,599,400)	(641,200)
Total comprehensive income for the year	5,022,680,860	3,496,866,047

The annexed notes from 1 to 49 form an integral part of these financial statements.



Chief Executive Officer



Chief Financial Officer



Director

STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2022

	Reserves						
	Capital reserves			Revenue reserves		Total reserves	Total
	Share capital	Share premium	Fair value reserve	General reserve Rupees	Accumulated profits		
Balance as at 01 July 2020	2,008,612,970	49,704,951	41,314	70,000,000	16,598,314,089	16,718,060,354	18,726,673,324
Total comprehensive income for the year							
Profit after tax for the year	-	-	-	-	3,497,507,247	3,497,507,247	3,497,507,247
Other comprehensive loss for the year	-	-	(641,200)	-	-	(641,200)	(641,200)
	-	-	(641,200)	-	3,497,507,247	3,496,866,047	3,496,866,047
Balance as at 30 June 2021	2,008,612,970	49,704,951	(599,886)	70,000,000	20,095,821,336	20,214,926,401	22,223,539,371
Total comprehensive income for the year							
Profit after tax for the year	-	-	-	-	5,024,280,260	5,024,280,260	5,024,280,260
Other comprehensive loss for the year	-	-	(1,599,400)	-	-	(1,599,400)	(1,599,400)
	-	-	(1,599,400)	-	5,024,280,260	5,022,680,860	5,022,680,860
Balance as at 30 June 2022	2,008,612,970	49,704,951	(2,199,286)	70,000,000	25,120,101,596	25,237,607,261	27,246,220,231


The annexed notes from 1 to 49 form an integral part of these financial statements.



Chief Executive Officer



Chief Financial Officer



Director

STATEMENT OF CASH FLOWS

For the year ended 30 June 2022

	Note	2022 Rupees	2021 Rupees
Cash flows from operating activities			
Cash generated from operations	35	9,429,252,992	6,012,030,743
Finance cost paid		(514,171,817)	(599,227,218)
Compensated absences paid	8.2	(3,915,386)	(3,808,417)
Income tax paid		(549,366,473)	(235,679,244)
Payment made to Workers' Welfare Fund	9.3	(44,441,426)	–
Payment made to Workers' Profit Participation Fund	9.2	(136,000,000)	(84,000,000)
		(1,247,895,102)	(922,714,879)
Net cash generated from operating activities		8,181,357,890	5,089,315,864
Cash flows from investing activities			
Acquisition of property, plant and equipment		(461,847,370)	(610,597,045)
Proceeds from disposal of property, plant and equipment		18,096,560	17,333,403
Acquisition of intangibles		(1,019,920)	(400,000)
Purchase of investment property		(169,050)	(417,807,424)
Short term investments - net		(7,111,789,849)	(2,949,908,146)
Profit / Interest on bank deposits		64,794,342	42,639,964
Gain on market treasury bills		435,764,500	–
Long term deposits		(30,000)	(5,000,000)
Long term loans and advances - net		(36,787,729)	(26,439,100)
Net cash used in investing activities		(7,092,988,516)	(3,950,178,348)
Cash flows from financing activities			
Short term borrowing - net		(498,000,000)	(803,609,100)
Repayment of long term finances		(1,306,783,590)	(338,275,011)
Disbursement of long term finances - net off transaction cost		–	200,686,655
Dividend paid		(549,503)	(1,816,796)
Net cash used in financing activities		(1,805,333,093)	(943,014,252)
Net (decrease) / increase in cash and cash equivalents		(716,963,719)	196,123,264
Cash and cash equivalents at beginning of the year		1,197,729,351	1,001,606,087
Cash and cash equivalents at end of the year	36	480,765,632	1,197,729,351

The annexed notes from 1 to 49 form an integral part of these financial statements.



Chief Executive Officer



Chief Financial Officer



Director

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2022

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 "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. The Company is in the process of acquiring further land in District Khushab for installation of its new grey cement line.
- 1.2** ANS Capital (Private) Limited is the holding company of the Company and holds 110,482,320 (2021: 110,482,320) 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

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 2022:

- Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37) effective for the annual periods beginning on or after 1 January 2022 clarifies that the 'cost of fulfilling a contract' for the purposes of the onerous contract assessment comprises the costs that relate directly to the contract, including both the incremental costs and an allocation of other direct costs to fulfil the contract. An entity is required to apply the amendments to contracts for which it has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments (the date of initial application).

Restatement of comparative information is not required, instead the amendments require an entity to recognize the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings or other component of equity, as appropriate, at the date of initial application.

- The following annual improvements to IFRS Standards 2018-2020 are effective for annual reporting periods beginning on or after 1 January 2022:
 - IFRS 9 – The amendment clarifies that an entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf, when it applies the '10 per cent' test in paragraph B3.3.6 of IFRS 9 in assessing whether to derecognize a financial liability.
 - IFRS 16 – The amendment partially amends Illustrative Example 13 accompanying IFRS 16 by excluding the illustration of reimbursement of leasehold improvements by the lessor. The objective

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2022

of the amendment is to resolve any potential confusion that might arise in lease incentives.

- IAS 41 – The amendment removes the requirement in paragraph 22 of IAS 41 for entities to exclude taxation cash flows when measuring the fair value of a biological asset using a present value technique.
- Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16) effective for annual periods beginning on or after 1 January 2022 clarifies that sales proceeds and costs of items produced while bringing an item of property, plant and equipment to the location and condition necessary for it to be capable of operating in the manner intended by management e.g. when testing etc., are recognized in profit or loss in accordance with applicable Standards. The entity measures the cost of those items applying the measurement requirements of IAS 2. The standard also removes the requirement of deducting the net sales proceeds from cost of testing. An entity shall apply those amendments retrospectively, but only to items of property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after the beginning of the earliest period presented in the financial statements in which the entity first applies the amendments. The entity shall recognize the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at the beginning of that earliest period presented.
- Reference to the Conceptual Framework (Amendments to IFRS 3) - Reference to the Conceptual Framework, issued in May 2020, amended paragraphs 11, 14, 21, 22 and 23 of and added paragraphs 21A, 21B, 21C and 23A to IFRS 3. An entity shall apply those amendments to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 January 2022.
- Classification of liabilities as current or non-current (Amendments to IAS 1) apply retrospectively for the annual periods beginning on or after 1 January 2023. These amendments in the standards have been added to further clarify when a liability is classified as current. Convertible debt may need to be reclassified as 'current'. The standard also amends the aspect of classification of liability as non-current by requiring the assessment of the entity's right at the end of the reporting period to defer the settlement of liability for at least twelve months after the reporting period.

An entity's expectation and discretion at the reporting date to refinance or to reschedule payments on a long-term basis are no longer relevant for the classification of a liability as current or non-current. An entity shall apply those amendments retrospectively in accordance with IAS 8.

- Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2) – the Board has issued amendments on the application of materiality to disclosure of accounting policies and to help companies provide useful accounting policy disclosures. The key amendments to IAS 1 include:
 - requiring companies to disclose their material accounting policies rather than their significant accounting policies;
 - clarifying that accounting policies related to immaterial transactions, other events or conditions are themselves immaterial and as such need not be disclosed; and
 - clarifying that not all accounting policies that relate to material transactions, other events or conditions are themselves material to a company's financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2022

The Board also amended IFRS Practice Statement 2 to include guidance and two additional examples on the application of materiality to accounting policy disclosures. The amendments are effective for annual reporting periods beginning on or after 1 January 2023 with earlier application permitted.

- Definition of Accounting Estimates (Amendments to IAS 8) – The amendments introduce a new definition for accounting estimates clarifying that they are monetary amounts in the financial statements that are subject to measurement uncertainty.

The amendments also clarify the relationship between accounting policies and accounting estimates by specifying that a company develops an accounting estimate to achieve the objective set out by an accounting policy. The amendments are effective for periods beginning on or after 1 January 2023, and will apply prospectively to changes in accounting estimates and changes in accounting policies occurring on or after the beginning of the first annual reporting period in which the company applies the amendments.

- Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12) – The amendments narrow the scope of the initial recognition exemption (IRE) so that it does not apply to transactions that give rise to equal and offsetting temporary differences. As a result, companies will need to recognize a deferred tax asset and a deferred tax liability for temporary differences arising on initial recognition of a lease and a decommissioning provision.

For leases and decommissioning liabilities, the associated deferred tax asset and liabilities will need to be recognized from the beginning of the earliest comparative period presented, with any cumulative effect recognised as an adjustment to retained earnings or other components of equity at that date. The amendments are effective for annual reporting periods beginning on or after 1 January 2023 with earlier application permitted.

- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28) – The amendment amends accounting treatment on loss of control of business or assets. The amendments also introduce new accounting for less frequent transaction that involves neither cost nor full step-up of certain retained interests in assets that are not businesses. The effective date for these changes has been deferred indefinitely until the completion of a broader review.

The above amendments are effective from annual period beginning on or after 01 July 2022 and are not likely to have impact on the 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 fair value through other comprehensive income (FVOCI) and fair value through profit or loss account (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,

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2022

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 are relevant to 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 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.

2.5.4 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.

2.5.5 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.

2.5.6 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.

2.5.7 Expected credit loss (ECL) against trade debts, deposits, advances and other receivables

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.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2022

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.

2.5.8 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 Statement of consistency in accounting policies

The significant accounting policies adopted in the preparation of these financial statements have been consistently applied to all the years presented, unless otherwise stated. Significant accounting policies as disclosed below:

3.1 Government Grants

Government grants related to benefit of below market interest are recognized and presented in the statement of financial position as 'deferred grant' which is measured as the difference between the initial carrying value of the loan (i.e. fair value of the loan) and the proceeds received.

Government grants are recognized in profit or loss on a systematic basis over the periods in which the entity recognises as expenses the related costs for which the grants are intended to compensate. Grants related to income are presented as part of profit or loss, as a deduction from the related expenses.

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 statement of profit or loss as incurred.

The Company recognizes depreciation in statement of profit or loss by applying reducing balance method over the useful life of each item of property, plant and equipment except that depreciation on building, plant civil structure and plant and machinery of white and grey cement line III and line IV including waste heat recovery power plant and furnace oil power plant is charged by applying straight line method.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2022

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 statement of profit or loss.

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 statement of profit or loss currently.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2022

Compensated absences

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

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 statement of 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.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2022

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 measured 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. At reporting date, the Company has classified investments in mutual funds, treasury bills and listed entities as disclosed in Note 23 as FVTPL.

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.

NOTES TO THE FINANCIAL STATEMENTS

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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 statement of profit or loss.

3.7.4 Trade Debts, deposits and other receivables

These are classified at amortized cost and are initially recognized 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 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 amortized 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.

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For the year ended 30 June 2022

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 amortized cost are deducted from the Gross carrying amount of the assets.

The Gross carrying amount of a financial asset is written off when the Company has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. 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 statement of 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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2022

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 statement of profit or loss over the period of the borrowings on an effective interest basis.

3.9 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.

3.10 Revenue

3.10.1 Sale of goods

Revenue from contracts with customers is recognized, 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, federal excise duty, volume rebates and trade discounts (if any). Control is transferred when goods are handed over to customer's appointed carrier or when the goods are delivered at the customer's premises as per the terms of the sale contract.

3.10.2 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 from the customer. If a customer pays consideration before the Company transfers goods or services to the customer, a contract liability is recognized. 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.

3.11 Income from Dividends

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

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.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2022

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 statement of profit or loss as incurred.

3.13 Taxation

Income tax

Income tax expense comprises current tax and deferred tax. Income tax expense is recognized in statement of profit or loss 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.

NOTES TO THE FINANCIAL STATEMENTS

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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 statement of profit or loss.

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 reporting date at its cost less any accumulated impairment losses.

The Company assesses at each reporting 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 statement of profit or loss. 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 statement of profit or loss.

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	Note	2022 Number of shares	2021 Number of shares	2022 Rupees	2021 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	168,881,712	1,688,817,120	1,688,817,120
		200,861,297	200,861,297	2,008,612,970	2,008,612,970

4.1 ANS Capital (Private) Limited, holding company, holds 110,482,320 (2021: 110,482,320) ordinary shares comprising 55.00% of total paid up share capital of the Company. Kohat Cement Educational Trust, an associated undertaking, holds 152,045 (2021: 152,045), ordinary shares of Rs. 10 each of the Company, Directors and Executives hold 34,321,996 (2021: 34,317,316) and 147,637 (2021: 147,637) 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. These were ordinary shares of Rs. 10 each.

	Note	2022 Rupees	2021 Rupees
5	Reserves		
	Capital reserves		
	- share premium 5.1	49,704,951	49,704,951
	- fair value reserve 5.2	(2,199,286)	(599,886)
	Revenue reserve - general reserves	70,000,000	70,000,000
		117,505,665	119,105,065

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 investments classified as 'FVOCI'.

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For the year ended 30 June 2022

	Note	2022 Rupees	2021 Rupees
6 Long term financing - secured			
Term finance - Line-4 (Conventional)			
The Bank of Punjab	6.1	1,769,506,598	2,185,861,090
Habib Bank Limited	6.2	733,251,045	1,099,876,563
The Bank of Khyber	6.3	642,857,140	785,714,284
Askari Bank Limited	6.4	652,568,607	797,583,795
Samba Bank Limited	6.5	428,571,432	514,285,716
		4,226,754,822	5,383,321,448
Less: Current maturity		(1,034,358,120)	(1,034,358,120)
Less: Transaction cost	6.6	(12,996,584)	(16,977,562)
		3,179,400,118	4,331,985,766
Term finance - RFWS Scheme			
The Bank of Punjab	6.7	18,425,202	92,126,018
Habib Bank Limited	6.7	19,129,034	95,645,182
		37,554,236	187,771,200
Less: Current maturity		(37,554,236)	(112,662,723)
Less: Unamortized Government Grant	6.8	—	(1,328,937)
		—	73,779,540
		3,179,400,118	4,405,765,306

6.1 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 (line IV). This facility carries markup at the rate of 3 months KIBOR plus 0.6% per annum and payable quarterly in arrears. This facility is secured by way of first parri passu charge over all present and future fixed assets of the Company with 25% margin and personal guarantees of sponsoring directors of the Company. The outstanding principal of Rs. 1,769.51 million is repayable in 17 equal quarterly installments ending on 24 September 2026.

6.2 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 (line IV) and 18MW Waste Heat Recovery plant (WHR) at the existing production facilities of the Company. This facility carries markup at the rate of 3 months KIBOR plus 0.65% per annum and payable quarterly in arrears. This facility is secured by way of first parri passu charge over all present and future fixed assets of the Company with 25% margin and personal guarantees of sponsoring directors of the Company. The outstanding principal of Rs. 733.25 million is repayable in 12 equal quarterly installments ending on 30 June 2025.

6.3 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 (line IV). This facility carries markup at the rate of 3 months KIBOR plus 0.6% per annum and payable quarterly in arrears. This facility is secured by way of first parri passu charge over all present and future fixed assets of the Company with 25% margin and personal guarantees of sponsoring directors of the Company. The outstanding principal of Rs. 642.86 million is repayable in 18 equal quarterly installments ending on 10 October 2026.

6.4 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 (line IV). 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 secured by way of first parri passu charge over all present and future fixed assets of the Company

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2022

with 25% margin and personal guarantees of sponsoring directors of the Company. The outstanding principal of Rs. 652.57 million is repayable in 18 equal quarterly installments ending on 23 November 2026.

- 6.5** This represents long term finance facility, having approved limit of Rs. 600 million obtained from Samba Bank Limited during the period to finance the construction of cement plant having capacity of 7800 TPD (line IV). This facility carries mark up at the rate of 3 months KIBOR plus 1.05% per annum which is payable quarterly in arrears. This facility is secured by way of first parri passu charge over all present and future fixed assets of the Company with 25% margin and personal guarantees of sponsoring directors of the Company. The outstanding principal of Rs. 428.57 million is repayable in 20 equal quarterly installments ending on 30 June 2027.

	2022 Rupees	2021 Rupees
6.6 Transaction cost		
At the beginning of the year	16,977,562	20,958,540
Amortized during the year	(3,980,978)	(3,980,978)
At the end of the year	12,996,584	16,977,562

- 6.7** This represents the long term finance facilities obtained by the Company from Habib Bank Limited and The Bank of Punjab, having approved limit of Rs. 195 million and 183.5 million respectively. These facilities have been offered by State Bank of Pakistan to support businesses to continue payment of wages and salaries to their workers and employees in the aftermath of the COVID-19 outbreak called the Refinance Scheme for the Payment of Wages and Salaries (RFWS). These facilities carry markup at the rate of 3% per annum and repayable in 8 equal quarterly installments started from 01 January 2021 and ending on 1 October 2022. These facilities are secured against first parri passu charge over all present and future fixed assets of the Company with 25% margin.

- 6.7.1** These loan have been measured at their fair value in accordance with IFRS 9 (Financial Instruments) using effective interest rate of 3 months KIBOR+0.65% per annum. The difference between fair value of loans and loan proceeds have been recognized as deferred grant as per requirements of IAS 20 (Accounting for Government grants and disclosure of Government assistance) and as per Circular 11 dated 17 August 2020 issued by the Institute of Chartered Accountants of Pakistan.

	2022 Rupees	2021 Rupees
6.8 Unamortized Government Grant		
At the beginning of the year	6,599,474	–
Transaction during the year	–	17,185,972
Amortized during the year	(6,162,857)	(10,586,498)
	436,617	6,599,474
Less: Current maturity	(436,617)	(5,270,537)
Unamortized balance of deferred grant	–	1,328,937

- 6.9** For term finance loans from various commercial banks as disclosed in notes from 6.1 to 6.5 above, the Company is required to comply with certain conditions and financial covenants imposed by the providers of finance to make dividend payment, to which company is in compliant as on reporting date.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2022

	Note	2022 Rupees	2021 Rupees
7 Long term deposits			
Long term deposits	7.1	2,036,100	2,036,100

- 7.1** This represents 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.

		2022		
	Note	Opening balance	Charge / (reversal) in statement of profit or loss	Closing balance
		Rupees		
8 Deferred liabilities				
8.1 Deferred taxation				
Taxable / (deductible) temporary difference				
Accelerated tax depreciation		3,377,479,357	652,170,138	4,029,649,495
Unused tax losses	8.1.1	(1,171,045,156)	1,158,682,312	(12,362,844)
Tax credits	8.1.2	(338,594,202)	(258,915,849)	(597,510,051)
Provision for loss allowance for trade debts		(10,190,652)	(2,212,330)	(12,402,982)
		1,857,649,347	1,549,724,271	3,407,373,618
		2021		
		Opening balance	Charge / (reversal) in statement of profit or loss	Closing balance
		Rupees		
Taxable / (deductible) temporary difference				
Accelerated tax depreciation		3,270,479,523	106,999,834	3,377,479,357
Unused tax losses		(1,802,837,608)	631,792,452	(1,171,045,156)
Tax credits		(173,305,687)	(165,288,515)	(338,594,202)
Provision for loss allowance for trade debts		(6,394,115)	(3,796,537)	(10,190,652)
		1,287,942,113	569,707,234	1,857,649,347

- 8.1.1** This represents deferred tax asset on unused tax losses (depreciation loss) amounting to Rs. 37.46 million (2021: Rs. 4,038 million) recognized on the basis of future expected taxable profits.

- 8.1.2** This represents deferred tax credit on minimum tax amounting to Rs. 173 million relating to tax year 2020 and Alternate Corporate Tax of Rs. 165.28 million and Rs. 258.92 million relating to tax year 2021 and 2022 respectively.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2022

	Note	2022 Rupees	2021 Rupees
8.2 Compensated absences			
At beginning of the year		24,358,436	21,241,356
Charge for the year		7,204,048	6,925,497
Less: Payments made during the year		(3,915,386)	(3,808,417)
Closing balance		27,647,098	24,358,436
9 Trade and other payables			
Trade creditors - local	9.1	1,270,981,043	927,496,291
Trade creditors - imports		10,578,754	627,661,254
Contractors' bills payable		43,471,738	117,088,053
Accrued liabilities		782,403,716	532,063,547
Payable to Workers' Profit Participation Fund	9.2	1,862,683,991	1,524,645,595
Payable to Workers' Welfare Fund	9.3	81,230,496	44,431,532
Payable to Provident Fund Trust		4,305,593	2,585,757
		4,055,655,331	3,775,972,029
Payable to Government on account of:			
Income Tax deducted at source		31,732,396	13,690,463
Federal Excise Duty		564,334,129	526,685,449
Sales Tax Payable		430,489,164	176,335,503
Royalty and Excise Duty		118,127,550	95,205,340
		1,144,683,239	811,916,755
Retention money payable	9.4	10,853,254	124,179,153
Security deposits		5,023,527	4,679,192
Other payables		309,005,857	268,638,400
		324,882,638	397,496,745
		5,525,221,208	4,985,385,529

9.1 This includes amount payable to Ultra Pack (Private) Limited amounting to Rs.156.07 million (2021: Rs. 343.82 million).

	Note	2022 Rupees	2021 Rupees
9.2 Workers' Profit Participation Fund ("WPPF")			
At beginning of the year		1,524,645,595	1,349,151,588
Allocation for the year	31	474,038,396	259,494,007
Less: Paid during the year		(136,000,000)	(84,000,000)
At end of the year	9.2.1	1,862,683,991	1,524,645,595

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2022

- 9.2.1** The WPPF liability represents leftover amount payable to Workers Welfare Fund in terms of The Companies Profit (Worker's Participation) Act, 1968. According to the 18th amendment to the Constitution of Pakistan in 2010, all labor welfare laws have become provincial subject, and accordingly the leftover 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 leftover amount of WPPF is required to be paid to the relevant provincial authority as held by the Honorable 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 Honorable Peshawar High Court to seek court direction in this matter, which is pending adjudication.

	Note	2022 Rupees	2021 Rupees
9.3 Workers' Welfare Fund			
At beginning of the year		44,431,532	—
Allocation for the year	31	81,240,390	44,431,532
Less: Paid during the year		(44,441,426)	—
At end of the year		81,230,496	44,431,532

- 9.4** This includes retention money withheld from contractors and are repayable after satisfactory completion of contracts.

	Note	2022 Rupees	2021 Rupees
10 Contract liability			
Advance from customers	10.1	264,984,408	137,091,500

- 10.1** This represents advance received from customers for future sale of goods.

	Note	2022 Rupees	2021 Rupees
11 Dividend payable			
Dividend withheld on account of:			
- court order	11.1	20,972,124	20,972,124
- non provision of CNIC		8,542,367	8,542,367
- non provision of Bank details		7,598,201	8,123,614
		37,112,692	37,638,105

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2022

- 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 Honorable 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.

	Note	Limit (Rupees in million)	2022 Rupees	2021 Rupees
12 Short term borrowings - secured				
Mark-up based borrowings from conventional banks:				
Export refinances	12.1	798	—	498,000,000
			—	498,000,000

- 12.1** These facilities are available from different commercial banks, under mark-up arrangement carrying mark-up at SBP export refinance rate plus 1.00% (2021: SBP export refinance rate plus 1.00%) 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** The Company has aggregate Running Finance / FATR facilities of Rs. 3,977 million (2021: Rs. 3,315 million) to finance working capital requirements of the Company and carry mark up at 3 months KIBOR plus 0.75% ~ 1.25% (2021: 3 months KIBOR plus 0.75% ~ 1.5%) per annum. The amount utilized as at 30 June 2022 is nil (2021: nil).

- 12.3** The Company has aggregate facilities of Rs. 4,477 million (2021: Rs. 3,550 million) for opening of letters of credit and Rs. 388.73 million (2021: Rs. 238.73 million) for bank guarantees. The amount utilized as at 30 June 2022 amount to Rs. 511.04 million (2021: Rs.811.81 million) and Rs. 232.33 million (2021: Rs. 230.87 million) respectively.

All the above short term finance facilities are secured by way of first pari passu hypothecation charge on present and future current assets of the Company with 25% margin, except that the facilities of bank guarantees issued in favor of SNGPL & PESCO aggregating to Rs. 224.82 million (2021: Rs. 224.82 million) are secured by first pari passu hypothecation charge on present and future fixed assets of the Company with 25% margin.

	2022 Rupees	2021 Rupees
13 Mark-up accrued on borrowings		
Mark-up based borrowings:		
Long term financing - secured	142,171,993	120,060,064
Short term borrowings - secured	—	2,553,909
	142,171,993	122,613,973

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2022

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 (2021: 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 the Civil Courts, Lahore.

14.1.2 Current management of the Company filed a claim before Secretary Finance, Government of Pakistan for recovery of Rs. 14.10 million (2021: 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 (2021: 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 (SCN) on 28 October 2008 inquiring 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 impugned the SCN and filed a writ petition before Honorable Lahore High Court ("LHC") challenging the vires of the Law. LHC, while granting stay against recovery, allowed CCP to pass the order against the Company resulting into levy of penalty of Rs. 103 million by CCP vide order dated 27 August 2009 (the "Order").

The Order was agitated by the Company before the Honorable Supreme Court of Pakistan (SC) and before the LHC. The appeal before SC was set aside to Competition Appellate Tribunal (CAT), to decide the same after issuance of notice to the Company.

The matter of constitution of CAT and appointment of its members has also been agitated by the Company before the honourable Sindh High Court, Karachi. However, in the meanwhile, the LHC decided the Writ Petition against the Company vide its order dated 26 October 2020, thereby upholding the veracity of Law and constitution of the CAT, which has been challenged by the Company through filing CPLAs before the SC, wherein a favourable outcome is expected.

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, the proceedings are still in progress. Further, the said notice was challenged before LHC through filing of writ petition which was dismissed on legal grounds; however, the judgement of LHC has been agitated by the Company through filing of CPLA before the Honourable Supreme Court of Pakistan, which is pending adjudication.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2022

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 Companies Ordinance, 1984 which is pending adjudication.

14.1.5 The Additional Commissioner Inland Revenue (ACIR) amended the assessment for Tax Year 2018 whereby the claim of depreciation and initial allowance was curtailed by reducing the cost of depreciable assets for the purposes of depreciation to the extent of tax credits claimed U/S 65B of the Income Tax Ordinance, 2001 on such assets and created a tax demand of Rs. 10.09 million. The treatment meted out by the ACIR has been agitated by the Company before CIR (A) who decided the case against the Company which has been challenged by the Company before Appellate Tribunal Inland Revenue (ATIR) which is pending adjudication.

14.1.6 The Additional Commissioner Inland Revenue (ACIR) amended the assessments for Tax Years 2014 and 2016 whereby the claim of depreciation and initial allowance was curtailed by reducing the cost of depreciable assets for the purposes of depreciation to the extent of tax credits claimed U/S 65B of the Income Tax Ordinance, 2001 on such assets and created a tax demand of Rs. 20.71 million and 64.90 million respectively.

The treatment meted out by the ACIR for the aforesaid tax years has been agitated by the Company before CIR (A) who decided the case in favour of the Company which has been challenged by the Department in appeal before Appellate Tribunal Inland Revenue (ATIR) which is 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 and the Department before the Appellate Tribunal Inland Revenue, which is pending adjudication.

14.1.8 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. 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 CIR(A), which was decided by CIR(A) against the Company through a non speaking order which is contested by the Company before the honourable Appellate Tribunal Inland Revenue, Lahore which is pending adjudication. However, an amount of Rs. 33 million has been deposited by the Company under protest.

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. 0.880 million. The Company deposited Rs. 31 million as well as challenged the entire demand of Rs. 31.156 million 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

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For the year ended 30 June 2022

the order of CIR (A) to the extent not favourable to them by filing cross appeals on 4 May 2018 and 2 May 2018 respectively.

14.1.11 The Additional Commissioner Inland Revenue, while proceeding U/S 122(5A) of the Income Tax Ordinance, 2001 enhanced income tax liability by 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 and the Inland Revenue Department before the Honourable Appellate Tribunal Inland Revenue, Lahore, which is pending adjudication.

14.1.12 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 in prior years.

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. 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 uptil he 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 in prior years.

14.1.14 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, wherein partial relief has been allowed to the Company resulting in filing of appeal before the ATIR by the Company and Inland Revenue Department.

14.1.15 The Deputy Commissioner Inland Revenue (DCIR) passed an order U/S 11(2)/8(1)(h) of the Sales Tax Act 1990 (STA 1990) creating a demand of Rs. 11.08 million (including penalty of Rs. 0.528 million) alleging that input sales tax to the tune of Rs. 10.55 million (for the months falling in Jan 2015 to December 2017) relates to purchase of Building Materials which is not allowable U/S 8(1)(b)(h) of the STA, 1990. The disallowance was challenged by the Company before Commissioner Inland Revenue (Appeals) [CIR(A)] pleading that the Input Sales Tax belongs to those goods which were used by Company for making taxable supplies. The

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Company also deposited 10% of the impugned demand amounting to Rs. 1.11 million. The CIR(A) decided the case, wherein the matter was set aside to DCIR, which has been challenged by the Company on filing an appeal before the Appellate Tribunal Inland Revenue. The appeal is pending adjudication.

14.1.16 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. 67.00 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. 67.00 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, which is pending adjudication.

14.1.17 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. 210.69 million. 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. 16.4 million 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 Honourable Lahore High Court which is pending adjudication.

Demand to the tune of Rs. 194.312 million created vide the other order of the Additional CIR has been curtailed to Rs. 100.31 million by the CIR(A) and finally deleted by the ATIR which is contested by the Department through filing of a reference application before the honourable Lahore High Court, which is pending adjudication.

14.1.18 In 2019, the Mines and Minerals Department, Khyber Pakhtunkhwa issued notices (The Notices) to the Company for recovery of Annual Rent from the Year 2009 to 2019 under the KP Mineral Sector Governance Act, 2017 (Now Mines and Minerals Act, 2017) amounting to Rs. 13.587 million. The Notices were challenged by Company before the Honourable Peshawar High Court (PHC) on 06 August 2019 through filing a Writ Petition on various grounds. The case was decided against the Company by PHC and upheld by the honourable Supreme Court of Pakistan (SC). A review was filed by Company against decision of SC which was also decided against. Hence the Company deposited the amount of Annual Rent of Rs. 1.4 million in accordance with the Notification setting out the rates of Annual Rent. However, the method of calculation of annual rent was objected by the department and a balance demand of Rs. 13.8 million was required for payment. The demand notice dated 26 April 2022 has been challenged by Company before PHC wherein interim relief has been allowed.

14.1.19 The DCIR vide order dated 26 October 2020 raised huge tax demand pertaining to tax year 2012 under section 122(1)/122(5) of the Income Tax Ordinance 2001 on account of suppressed sales and disallowing various profit and loss expenses / deductible allowance and curtailing available tax credits. The Company filed an appeal before CIR (A) which was decided vide order dated 31st December 2021 resulting into deletion of entire disputed tax demand of Rs. 686 Million which has been agitated by tax department through filing of appeal to the Appellate Tribunal Inland Revenue (ATIR).

14.1.20 The Additional Commissioner Inland Revenue created a tax demand of Rs. 97.7 million for the Tax Year 2017 under section 122(5A) of the Income Tax Ordinance, 2001 by disallowing various profit and loss expenses / deductible allowance. The Company filed an appeal before CIR (A) wherein the entire case has been decided in favour of the Company resulting in deletion of entire tax demand. The order of CIR(A) has been challenged by the Tax Department before ATIR.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2022

- 14.1.21** Deputy Commissioner Inland Revenue (DCIR) has raised a demand of Rs. 497 million vide his order dated February 19, 2021 by disallowing input sales tax to the tune of Rs. 474m claimed by Company during the periods from July 2018 to June 2019 and imposed a penalty of Rs. 22.7 Million alleging that aforesaid input sales tax belongs to purchase of building material etc. which is thus, not allowed U/S 8(1)(h) of the Sales Tax Act, 1990 (STA, 1990) as opposed to Company's contention that the input claimed by the Company merits acceptance being directly related to production of taxable supplies. The Company's appeal against the order of DCIR has been accepted by the ATIR subsequent to year end, after its dismissal by the CIR(A) resulting in deletion of entire demand whereas the amount of Rs. 49.71 million deposited by the Company to bar tax department to issue recovery notice under section 48 of the STA 1990, has become refundable to the Company.
- 14.1.22** The Mines and Minerals Department, Khyber Pakhtunkhwa has issued notices to the Company for recovery of fine on late payment of royalty on minerals under the Mineral Sector Governance Act, 2017 amounting to Rs. 40.63 million. The aforesaid notices have been challenged by Company before the honourable Peshawar High Court through filing a Writ Petition (WP), wherein the honourable Court has directed to maintain status quo whereas the WP is pending adjudication.
- 14.1.23** 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 Honourable LHC. The ICA has been decided in favour of the Department and hence the matter was left to be decided by ATIR on merits. 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.
- 14.1.24** 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 million 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 which is pending adjudication. However, the Company has paid the disputed liability of Rs. 1.663 million in the state treasury.
- 14.1.25** 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. OGRA has decided the case against the Company which was agitated by the Company in Writ Petition before the honourable Islamabad High Court which is pending adjudication.
- 14.1.26** 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 (CIRA), the aforesaid demand was curtailed to Rs. 24.4 million, which was upheld by the Honourable Appellate Tribunal Inland Revenue, Lahore (ATIR) in its order made

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2022

on appeal filed by the Company against order of CIRA. Company filed a reference application before the honourable Lahore High Court seeking Court's verdict on the decision of the ATIR which was turned down by the LHC. An application for leave to appeal was filed before the Supreme Court of Pakistan against order of LHC was also rejected. However, on the advice of the Company's tax advisors, the Company is of the view that matter may be taken up again before the ATIR through filing a miscellaneous application requesting rectification in its earlier order. The Company is in the process of filing the said application before ATIR. Accordingly, no provision has been made in these financial statements for the aforesaid demand of Rs. 24.4 million.

14.1.27 The Deputy Commissioner Inland Revenue (DCIR) vide his order dated May 31, 2022 disallowed input sales tax of the Company amounting to Rs. 437 million and levied a penalty of Rs. 21 million for the periods from July 2019 to November 2021 alleging that sales tax on goods used in construction of plant and machinery are not admissible input tax as the same is not being used for making taxable supplies. The Company has filed an appeal before the Commissioner Inland Revenue (CIR A) agitating the aforesaid disallowance, which has been subsequently decided by the CIR(A) resulting in upholding of rejection of input sales tax claim of the Company to the tune of Rs. 2.8 million, whereas the rest of the demand has been deleted.

14.1.28 Tehsil Municipal Officer (TMO), Kohat, in exercise of powers U/S 44 of KP Local Government Act, 2013 (the LG Act, 2013) notified factory premises of the Company as rating area within the meanings of Urban Immovable Property Tax ACT, 1958 (the UIP Act 1958) for the purposes of imposition of Property Tax of around Rs. 31 million per annum. The Company has challenged the levy on various grounds before the honourable Peshawar High Court (PHC), wherein, as an interim relief, the PHC suspended the operations of aforesaid Notification.

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.

14.1.29 Guarantees issued by Commercial Banks on behalf of the Company amounting to Rs. 118.730 million, Rs. 106 million, Rs. 6.0 million and Rs. 1.516 million (2021: Rs. 118.730 million, Rs. 106, Rs. 4.5 million and Rs. 1.554 million) in favour of SNGPL, PESCO, Frontier Works Organization and CSF railway respectively in accordance with the terms of agreement.

	Note	2022 Rupees	2021 Rupees
14.2 Commitments			
In respect of letters of credit for:			
- Capital expenditures		315,340,200	—
- stores and spares		199,068,614	218,217,598
		514,408,814	218,217,598
Others:			
- Guarantee issued by Company in favor of bank on behalf of the associated company		390,000,000	—
		904,408,814	218,217,598
15 Property, plant and equipment			
Operating fixed assets	15.1	21,200,398,415	21,753,605,354
Capital work in progress	15.6	130,897,947	273,939,559
		21,331,296,362	22,027,544,913

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For the year ended 30 June 2022

15.1 Operating fixed assets

Note	2022						2021					
	Cost			Depreciation			Cost			Depreciation		
	As at 01 July 2021	Additions/ adjustments	Disposals	As at 30 June 2022	Depreciation Rate	For the year	As at 01 July 2020	Additions/ adjustments	Disposals	As at 30 June 2021	Depreciation Rate	For the year
	Rupees			Rupees			Rupees			Rupees		
Freehold land	203,488,738	165,683,110	-	369,171,848	-	-	197,198,158	6,290,580	-	203,488,738	-	-
Factory buildings	1,738,348,522	101,032,295	-	1,839,380,817	4% - 5%	63,938,572	1,363,646,150	374,702,371	-	1,738,348,522	4% - 5%	52,530,655
Office and other building	56,651,884	2,061,884	-	58,713,548	5%	1,462,112	56,651,884	-	-	56,651,884	5%	1,501,037
Housing colony	247,635,303	4,629,139	-	252,264,442	5%	9,287,148	225,928,334	21,706,969	-	247,635,303	5%	9,220,705
Plant - Civil structures	6,339,955,042	253,622,026	-	6,566,956,876	4%	247,754,973	6,339,955,042	-	-	6,339,955,042	4% - 5%	312,371,310
	(26,620,192)	-	-	-	-	-	20,052,830,856	100,713,713	-	19,964,748,585	4% - 10%	798,252,484
Plant - Machinery and equipment	19,964,748,585	28,677,252	-	19,983,700,178	4% - 10%	734,163,692	-	(188,795,984)	-	-	-	-
	(9,725,659)	-	-	-	-	-	30,148,252	-	-	30,148,252	10%	522,322
Storage tanks and pipelines	30,148,252	-	-	30,148,252	10%	470,090	134,459,339	-	(522,259)	133,937,080	10%	3,278,336
Power installations	133,937,080	-	-	133,937,080	10%	2,949,901	-	-	-	-	-	-
Furniture, fixtures and other office equipment	148,917,728	8,202,739	(59,999)	157,060,468	10%	9,053,107	-	-	-	-	-	-
Computer and printers	48,143,276	4,275,923	(10,208,116)	42,211,083	30%	3,971,105	48,143,276	4,275,923	(10,208,116)	42,211,083	30%	3,971,105
Weighing scale	29,403,750	-	-	29,403,750	10%	2,122,673	29,403,750	-	-	29,403,750	10%	2,122,673
Light vehicles	351,404,532	36,194,836	(18,003,331)	369,596,037	20%	34,750,327	351,404,532	36,194,836	(18,003,331)	369,596,037	20%	34,750,327
Heavy vehicles	18,824,516	-	-	18,824,516	20%	807,509	18,824,516	-	-	18,824,516	20%	807,509
Railway sidings	9,853,476	-	-	9,853,476	5%	70,450	9,853,476	-	-	9,853,476	5%	70,450
Laboratory equipment	55,454,477	510,000	-	55,964,477	10%	2,263,180	55,454,477	510,000	-	55,964,477	10%	2,263,180
Library books	94,217	-	-	94,217	10%	503	94,217	-	-	94,217	10%	503
	29,377,009,378	568,543,134	(28,271,446)	29,917,281,065		1,113,065,342	29,377,009,378	568,543,134	(28,271,446)	29,917,281,065		8,716,882,650
						(19,586,717)						(19,586,717)
							7,623,404,024			8,716,882,650		8,716,882,650
												21,200,398,415
Freehold land	197,198,158	6,290,580	-	203,488,738	-	-	197,198,158	6,290,580	-	203,488,738	-	-
Factory buildings	1,363,646,150	374,702,371	-	1,738,348,522	4% - 5%	52,530,655	1,363,646,150	374,702,371	-	1,738,348,522	4% - 5%	52,530,655
Office and other building	56,651,884	-	-	56,651,884	5%	1,501,037	56,651,884	-	-	56,651,884	5%	1,501,037
Housing colony	225,928,334	21,706,969	-	247,635,303	5%	9,220,705	225,928,334	21,706,969	-	247,635,303	5%	9,220,705
Plant - Civil structures	6,339,955,042	(295,576)	-	6,339,955,042	4% - 5%	312,371,310	6,339,955,042	(295,576)	-	6,339,955,042	4% - 5%	312,371,310
Plant - Machinery and equipment	20,052,830,856	100,713,713	-	19,964,748,585	4% - 10%	798,252,484	20,052,830,856	100,713,713	-	19,964,748,585	4% - 10%	798,252,484
	-	(188,795,984)	-	-	-	-	-	(188,795,984)	-	-	-	-
Storage tanks and pipelines	30,148,252	-	-	30,148,252	10%	522,322	30,148,252	-	-	30,148,252	10%	522,322
Power installations	134,459,339	-	(522,259)	133,937,080	10%	3,278,336	134,459,339	-	(522,259)	133,937,080	10%	3,278,336
Furniture, fixtures and other office equipment	139,528,413	9,389,315	-	148,917,728	10%	8,873,978	139,528,413	9,389,315	-	148,917,728	10%	8,873,978
Computer and printers	44,354,142	3,789,134	-	48,143,276	30%	3,905,734	44,354,142	3,789,134	-	48,143,276	30%	3,905,734
Weighing scale	29,699,326	(295,576)	-	29,403,750	10%	2,325,831	29,699,326	(295,576)	-	29,403,750	10%	2,325,831
Light vehicles	325,249,348	38,597,559	(12,442,375)	351,404,532	20%	29,873,931	325,249,348	38,597,559	(12,442,375)	351,404,532	20%	29,873,931
Heavy vehicles	18,824,516	-	-	18,824,516	20%	1,009,386	18,824,516	-	-	18,824,516	20%	1,009,386
Railway sidings	9,853,476	-	-	9,853,476	5%	74,158	9,853,476	-	-	9,853,476	5%	74,158
Laboratory equipment	50,484,148	4,970,329	-	55,454,477	10%	2,067,204	50,484,148	4,970,329	-	55,454,477	10%	2,067,204
Library books	94,217	-	-	94,217	10%	559	94,217	-	-	94,217	10%	559
	29,018,905,601	371,068,411	(12,964,634)	29,377,009,378		1,225,807,630	29,018,905,601	371,068,411	(12,964,634)	29,377,009,378		1,225,807,630
						(8,220,958)						(8,220,958)
							6,405,817,352			7,623,404,024		7,623,404,024
												21,753,605,354

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2022

- 15.2.1** Factory buildings, plant civil structure, housing colony, plant, machinery and equipment, storage tanks and pipelines, power installations, weighing scale, railway sidings and laboratory equipments are located at freehold land measuring 1,830 kanals and 4 marlas located at Mouza Togh Bala Babri Banda, District Kohat.
- 15.2.2** Office land and building is located at land measuring 2 kanal and 8 marlas located at 36-37 P, Gulberg II, Lahore. Office land and building located at 36-37 P, Gulberg II, Lahore is mortgaged in favor of National Bank of Pakistan (NBP) as a security of finance provided by NBP to Ultra Kraft (Private) Limited, an associated Company, as approved by members of the Company in its EOGM held on April 14, 2022, in term of section 199 of the Companies Act, 2017.
- 15.2.3** The Company is in the process of acquiring further land in District Khushab for installation of its new grey cement line.
- 15.3** Adjustments in plant and machinery represents settlement of suppliers balances on account of claims under the contracts.

	Note	2022 Rupees	2021 Rupees
15.4 Depreciation charge for the year has been allocated as follows:			
Cost of goods sold	27	1,101,099,078	1,219,181,526
Selling and distribution expenses	28	4,794,035	1,872,977
Administrative and general expenses	29	7,172,229	4,753,127
		1,113,065,342	1,225,807,630

15.5 Disposal of property, plant and equipment

Particulars of assets	2022						Particulars of buyers	Relationship with buyer
	Cost	Accumulated depreciation	Net book value	Sale value	Gain/(loss) on disposal	Mode of disposal		
	Rupees							
Office Equipment	59,999	26,915	33,084	17,000	(16,084)	Negotiation	Waqas Abdullah	Third party
Computer Items having book value less than Rs.500,000/- each	10,208,116	10,041,899	166,217	90,000	(76,217)	Negotiation	Kohat Computers	Third party
	10,268,115	10,068,814	199,301	107,000	(92,301)			
Light vehicles								
AUDI A6	9,130,067	5,997,050	3,133,017	9,800,000	6,666,983	Negotiation	Khurram Shahzad Shah	Third party
Toyota Corolla	1,169,000	1,154,400	14,600	925,000	910,400	Negotiation	Javeed Haider	Third party
Motor Cycle Honda	103,900	76,332	27,568	64,560	36,992	Company Policy	Mussali Khan	Employee
Toyota Corolla	2,003,134	1,187,778	815,356	2,500,000	1,684,644	Insurance claim	EFU General Insurance	Third party
Proton X-70	5,597,230	1,102,343	4,494,887	4,700,000	205,113	Negotiation	M/S Fizza Developers (Pvt) Ltd	Third party
	18,003,331	9,517,904	8,485,427	17,989,560	9,504,132			
2022	28,271,446	19,586,718	8,684,728	18,096,560	9,411,831			
2021	12,964,634	8,220,958	4,743,676	17,333,403	12,589,727			

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2022

	Note	2022 Rupees	2021 Rupees
15.6 Capital work in progress			
Opening balance		273,939,559	164,578,022
Additions during the year		205,902,529	529,103,332
Transfers to property, plant and equipment		(348,944,141)	(419,741,795)
Closing balance	15.7	130,897,947	273,939,559
15.7 The breakup of closing balance is as follows:			
Plant and machinery		42,285,955	10,459,524
Civil works		88,611,992	261,465,679
Advances to contractors / suppliers		–	2,014,356
		130,897,947	273,939,559
16 Intangible assets			
Opening balance		6,725,910	11,210,982
Additions during the year		1,019,921	400,000
Less: Amortization for the year	29	(5,044,474)	(4,885,071)
Closing balance		2,701,357	6,725,911
Cost		30,461,960	29,442,040
Less: Accumulated amortization		(27,760,603)	(22,716,129)
		2,701,357	6,725,911
		(Percentage)	(Percentage)
Amortization rate		20% to 50%	20% to 50%
		2022 Rupees	2021 Rupees
17 Long term loans and advances			
Loans to employees - secured considered good		104,244	–
Advance against purchase of land		63,122,585	26,439,100
		63,226,829	26,439,100
17.1	Advances against purchase of land in District Khushab for installation of its new grey cement line.		
	Note	2022 Rupees	2021 Rupees
18 Long term deposits			
Opening balance		43,326,640	38,326,640
Additions during the year		30,000	5,000,000
Closing balance	18.1	43,356,640	43,326,640

18.1 This mainly represents security deposit with Peshawar Electric Supply Company.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2022

	Note	2022 Rupees	2021 Rupees
19 Investment property			
Balance at the beginning of the year		4,134,086,159	3,691,839,635
Additions during the year		169,050	442,246,524
	19.1	4,134,255,209	4,134,086,159

19.1 Investment property comprises of land that are held for capital appreciation. The approximate market value of investment property is Rs. 7,152.85 million (2021: Rs. 6,711.52 million) and aggregate forced sale value of Rs. 6,079.92 million (2021: Rs.5,704.79 million) based on valuation conducted by a professional valuer. The Company owns investment properties measuring 1,083.55 kanals (2021: 1,083.55 kanals) located at different locations in District Lahore.

19.2 Fair value of investment property has been determined by professional valuers (level 3 measurement) appointed by the Company based on their assessment of the market values as disclosed. 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	2022 Rupees	2021 Rupees
20 Stores, spares and loose tools			
Stores	20.1	2,709,022,593	1,977,782,916
Spares		1,453,329,587	1,045,736,387
Loose tools		52,477,456	47,249,798
		4,214,829,636	3,070,769,101

20.1 These include stores in transit amounting to Rs. 12.87 million (2021: Rs. 1,078.62 million).

	Note	2022 Rupees	2021 Rupees
21 Stock-in-trade			
Raw materials		9,423,953	10,447,881
Packing materials		348,793,868	163,139,017
Work in process		737,992,650	565,970,725
Finished goods		359,946,311	373,218,643
		1,456,156,782	1,112,776,266
22 Trade debts			
Trade debts - unsecured, considered good		953,624,262	1,018,708,404
Provision for loss allowance against trade debts	22.1	(37,584,793)	(35,140,181)
		916,039,469	983,568,223

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2022

	Note	2022 Rupees	2021 Rupees
22.1 Movement in provision for loss allowance against trade debts:			
Balance as of July 01		35,140,181	22,979,871
Provision during the year		2,444,612	12,160,310
Closing balance as at 30 June		37,584,793	35,140,181
23 Short term investments			
FVOCI - listed equity securities			
Cost		89,286	89,286
Accumulated fair value gain	23.1	300,714	690,114
		390,000	779,400
FVOCI - debt instrument			
Term Finance Certificates	23.2.1	100,000,000	50,000,000
Accumulated fair value loss	23.2.2	(2,500,000)	(1,290,000)
		97,500,000	48,710,000
FVTPL			
Investments in Mutual Funds			
Money Market Mutual Funds - Shariah Compliant		—	2,849,902,666
Income Mutual Funds - Shariah Compliant		50,321,703	100,104,357
Money Market Mutual Funds - Conventional		1,968,960,717	—
		2,019,282,420	2,950,007,023
Government of Pakistan Market Treasury Bills		7,804,071,500	—
Listed equity securities			
Cost		209,009,200	—
Accumulated fair value loss	23.3	(6,157,427)	—
		202,851,773	—
		10,026,205,693	2,950,007,023
		10,124,095,693	2,999,496,423
23.1 FVOCI - listed equity securities			
Fair value changes			
At beginning of the year		690,114	236,314
Fair value (loss) / gain for the year		(389,400)	453,800
Accumulated fair value gain		300,714	690,114

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2022

23.2 FVOCI - debt instrument

23.2.1 These represents fully paid-up, privately placed, perpetual, unsecured and sub-ordinated Term Finance Certificates issued by Habib Bank Limited and Bank of Punjab. These TFCs carry floating rate of return at 3/6 Month Kibor plus 1.60% ~ 2% per annum. The Company intends to liquidate these TFCs during next 12 months period.

	Note	2022 Rupees	2021 Rupees
23.2.2 Fair value changes			
At beginning of the year		(1,290,000)	(195,000)
Fair value (loss) for the year		(1,210,000)	(1,095,000)
		(2,500,000)	(1,290,000)
23.3 FVTPL - listed equity securities			
Fair value changes			
At beginning of the year		—	—
Fair value (loss) for the year		(6,157,427)	—
		(6,157,427)	—
24 Advances, deposits, prepayments and other receivables			
Advances - unsecured, considered good			
- to employees	24.1	3,261,627	2,998,088
- to suppliers		255,963,061	114,484,829
- to contractors		7,930,771	3,788,315
		267,155,459	121,271,232
Income tax , Sales tax and Federal Excise Duty paid under protest	24.2	161,673,454	161,673,454
Guarantee margin		17,948,191	8,547,070
Prepayments		16,987,067	20,109,908
Security deposits		91,414,482	96,907,112
Accrued interest on bank deposits		4,063,853	3,845,430
Duty drawback claims receivable on export sales		4,422,985	6,878,234
Other advances and receivables		20,278,744	65,226,910
		583,944,235	484,459,350
24.1 Advances to Company's employees			
Advances to employees against salary		2,390,877	2,232,602
Advances to employees against expenses		870,750	765,486
		3,261,627	2,998,088

24.2 This includes sales tax, federal excise duty and custom duty paid to the relevant departments under protest, as referred to in notes 14.1.8, 14.1.10, 14.1.15, 14.1.21, 14.1.23 and 14.1.24.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2022

	Note	2022 Rupees	2021 Rupees
25 Cash and bank balances			
Cash in hand		2,824,365	582,839
Cash at bank			
- current accounts			
Deposits with conventional banks		351,669,458	397,435,829
Deposits with Islamic banks		436,063	2,152,963
		352,105,521	399,588,792
- saving accounts	25.1		
Deposits with conventional banks		95,060,934	453,792,987
Deposits with Islamic banks		30,774,812	343,764,733
		125,835,746	797,557,720
		480,765,632	1,197,729,351

25.1 These carry return at 4% to 13.16% (2021: 4.5% to 6.79%) per annum.

		2022 Rupees	2021 Rupees
26 Sales - net			
Gross Sales			
Local		45,979,106,567	34,610,439,798
Export		60,957,284	1,037,487,788
		46,040,063,851	35,647,927,586
Less: Sales tax		(7,551,631,787)	(5,755,445,412)
Federal Excise Duty		(5,325,199,650)	(5,351,709,585)
Discount / rebate / commission		(286,283,235)	(483,396,597)
		(13,163,114,672)	(11,590,551,594)
		32,876,949,179	24,057,375,992
26.1 Disaggregation of revenue			
26.1.1 Type of customers - Gross sales			
Contracts with government customers		1,100,059,218	986,976,472
Contracts with non government customers		44,940,004,633	34,660,951,114
		46,040,063,851	35,647,927,586

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2022

	2022 Rupees	2021 Rupees
26.1.2 Geographical region - Gross Revenue		
Pakistan	45,979,106,567	34,610,439,798
Afghanistan	60,957,284	1,037,487,788
	46,040,063,851	35,647,927,586

26.1.3 During the year the Company has recognized revenue amounting to Rs. 137.09 million out of contract liability as at 01 July 2021.

	Note	2022 Rupees	2021 Rupees
27 Cost of sales			
Raw materials consumed		1,265,524,851	1,232,883,172
Packing materials consumed		2,147,020,120	1,820,878,053
Power and fuel		5,081,335,788	4,054,082,432
Coal and gas		11,254,395,645	7,577,162,450
Stores and spares consumed		678,366,131	709,962,703
Salaries, wages and other benefits	27.1	614,894,554	595,160,004
Royalty and excise duty	27.2	603,244,437	514,260,409
Rent, rates and taxes		40,631,369	33,374,582
Repairs and maintenance		141,590,099	139,181,520
Insurance		53,768,238	47,147,843
Depreciation	15.4	1,101,099,078	1,219,181,526
Loading and freight charges		117,792,382	80,685,518
Other expenses		141,121,696	140,676,904
		23,240,784,388	18,164,637,116
Work in process			
At beginning of the year		565,970,725	664,762,089
At end of the year		(737,992,650)	(565,970,725)
		23,068,762,463	18,263,428,480
Finished goods			
At beginning of the year		373,218,643	246,109,361
At end of the year		(359,946,311)	(373,218,643)
		23,082,034,795	18,136,319,198
Less: Cost attributable to own cement consumption		(16,854,125)	(44,292,265)
		23,065,180,670	18,092,026,933

27.1 Salaries, wages and other benefits include Rs. 14.58 million (2021: Rs. 13.40 million) and Rs. 5.06 million (2021: Rs. 4.82 million) in respect of provident fund contributions and compensated absences, respectively.

27.2 This represents royalty and excise duty paid to Government of Khyber Pakhtunkhwa on account of extraction of raw materials from quarry lease.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2022

	Note	2022 Rupees	2021 Rupees
28 Selling and distribution expenses			
Salaries, wages and other benefits	28.1	85,704,369	66,013,383
Vehicle running		5,049,526	2,168,257
Travelling and conveyance		3,320,434	1,224,620
Printing and stationary		476,090	391,159
Postage, telephone and telegrams		1,722,580	1,304,770
Entertainment		3,537,771	2,216,942
Rent, rates and taxes		2,698,173	2,289,561
Electricity, water and gas		685,585	452,055
Sales promotion		12,515,704	15,025,525
Depreciation	15.4	4,794,035	1,872,977
Miscellaneous		1,632,469	1,206,716
		122,136,736	94,165,965

28.1 Salaries, wages and other benefits include Rs. 1.90 million (2021: Rs. 1.55 million) and Rs. 0.61 million (2021: Rs. 0.60 million) in respect of provident fund contributions and compensated absences, respectively.

	Note	2022 Rupees	2021 Rupees
29 Administrative and general expenses			
Salaries, wages and other benefits	29.1	268,199,235	242,904,936
Vehicle running		4,060,514	2,764,243
Travelling and conveyance		2,327,348	1,677,018
Printing and stationary		4,383,541	4,666,197
Legal and professional		18,541,466	20,454,650
Postage, telephone and telegrams		5,225,209	5,396,463
Repairs and maintenance		14,285,754	9,769,272
Rent, rates and taxes		6,637,747	4,540,121
Electricity, water and gas		6,588,503	4,341,723
Entertainment		4,447,500	2,642,940
Auditors' remuneration and fee for other services	29.3	2,931,600	2,740,000
Depreciation	15.4	7,172,229	4,753,127
Amortization	16	5,044,474	4,885,071
Advertisement		487,840	119,880
Miscellaneous		3,189,886	1,869,029
		353,522,846	313,524,670

29.1 Salaries, wages and other benefits include Rs. 7.01 million (2021: Rs. 5.93 million) and Rs. 1.52 million (2021: Rs. 1.51 million) in respect of provident fund contributions and compensated absences, respectively.

29.2 Legal and professional charges include remuneration to cost auditor amounting to Rs. 0.25 million (2020: Rs. Nil).

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2022

	Note	2022 Rupees	2021 Rupees
29.3 Auditors' remuneration and fee for other services			
Statutory audit		1,817,850	1,640,000
Half year review		300,000	210,000
Tax consultancy		813,750	890,000
		2,931,600	2,740,000
30 Other income			
Income from financial assets - Conventional:			
Interest on bank deposits and investments		22,615,440	8,195,094
Realized gain on investments at FVTPL		10,198,249	—
Realized gain on investments in treasury bills		435,764,500	—
Dividend received from investment in mutual funds		43,304,695	55,000
Net change in fair value of financial assets at FVTPL		1,365,615	—
Foreign currency exchange gain - net		153,428	5,599,020
Interest on employees' loans		1,620	—
Income from financial assets - Shariah compliant:			
Profit on bank deposits and investments		42,397,325	37,676,218
Net change in fair value of financial assets at FVTPL		(79,341)	98,877
Realized gain on investment at FVTPL		2,924,298	1,429,764
Dividend received from investment in mutual funds		112,165,867	94,777,324
		670,811,696	147,831,297
Income from non-financial assets			
Income from sale of scrap		5,376,568	9,903,197
Miscellaneous income		4,543,301	350,449
Profit on disposal / retirement of property, plant and equipment		9,411,831	12,589,727
		19,331,700	22,843,373
		690,143,396	170,674,670
31 Other expenses			
Workers' Profit Participation Fund	9.2	474,038,396	259,494,007
Workers' Welfare Fund	9.3	81,240,390	44,431,532
Donations	31.1	2,760,000	9,237,225
Provision for loss allowance against trade debts		2,444,612	12,160,310
Advances no longer receivable written off		2,568,984	—
		563,052,382	325,323,074

31.1 It includes donations paid to Akhuwat Foundation and Medicare Health Foundation of Rs. 2.40 million and Rs. 0.36 million respectively. None of the Directors of the Company or any of their spouse have any interest in donee's fund.

For the year ended 30 June 2022

	Unit	2022 Rupees	2021 Rupees
34 Earnings per share - basic and diluted			
34.1 Basic Earnings per share			
Profit for the year after taxation	Rupees	5,024,280,260	3,497,507,247
Weighted average number of ordinary shares	Numbers	200,861,297	200,861,297
Earnings per share	Rupees	25.01	17.41

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2022

34.2 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 2022 and 30 June 2021.

	Note	2022 Rupees	2021 Rupees
35 Cash generated from operations			
Profit before taxation		8,925,489,126	4,885,954,607
Adjustments for non-cash and other items:			
Depreciation on property, plant and equipment	15.4	1,113,065,342	1,225,807,630
Amortization on intangibles	29	5,044,474	4,885,071
Gain on disposal of property, plant and equipment	15.5	(9,411,831)	(12,589,727)
Net change in fair value of financial assets at FVTPL		(14,408,821)	(98,877)
Provision for compensated absences	8.2	7,204,048	6,925,497
Interest on bank deposits	30	(22,615,440)	(8,195,094)
Gain on market treasury bills	30	(435,764,500)	–
Profit on bank deposits - arrangements permissible under Shariah	30	(42,397,325)	(37,676,218)
Provision for Workers' Welfare Fund	31	81,240,390	44,431,532
Provision for Workers' Profit Participation Fund	31	474,038,396	259,494,007
Finance cost	32	537,710,815	517,055,413
Foreign currency exchange gain		(153,428)	–
Provision for loss allowance against trade debts		2,444,612	12,160,310
		1,695,996,732	2,012,199,544
Operating profit before working capital changes		10,621,485,858	6,898,154,151
Changes in working capital			
(Increase) / decrease in current assets:			
Stores, spares and loose tools		(1,144,060,535)	(820,612,664)
Stock in trade		(343,380,516)	(96,752,043)
Trade debts		65,084,142	(501,413,327)
Advances, deposits, prepayments and other receivables		(99,266,462)	(55,836,777)
		(1,521,623,371)	(1,474,614,811)
Increase / (decrease) in current liabilities:			
Trade and other payables		201,497,597	577,982,592
Contract Liabilities		127,892,908	10,508,811
Cash generated from operations		9,429,252,992	6,012,030,743
36 Cash and cash equivalents			
Cash and bank balances	25	480,765,632	1,197,729,351

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2022

37 Transactions with related parties

The related parties comprise of holding company, associated companies, 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	2022 Rupees	2021 Rupees
Transactions with related parties						
Company's Employees Provident Fund Trust		Post employment benefit plan	Contribution		23,494,500	20,884,288
Kohat Cement Educational Trust	0.08%	Common Directorship/ Trustee	Contribution		5,636,578	4,818,679
Ultra Pack (Private) Limited		Common Control	Purchase of packing material		1,576,500,108	1,336,482,978
Ultra Kraft (Private) Limited		Common Control	Purchase of packing material		13,982,625	-
Art Vision (Private) Limited		Common directorship	Professional Services		10,000	-
Nutribel (Private) Limited		Common directorship	Sale of cement		-	2,370,240
Ultra Kraft (Private) Limited		Common Control	Sale of cement		9,043,040	-
Palace Enterprises (Private) Limited		Common directorship	Purchase of generator		3,500,000	-
Chief Executive		Key Management Personnel	Remuneration paid	38	89,611,225	76,476,840
Other executive		Key Management Personnel	Remuneration paid		104,420,060	90,069,789
Balances with related parties						
Company's Employees Provident Fund Trust		Post employment benefit plan	Payable	9	4,305,593	2,585,757
Ultra Pack (Private) Limited		Common Control	Trade creditors		156,069,810	343,820,942
Nutribel (Private) Limited		Common directorship	Trade debtors		-	2,034

37.1 The Company has paid Rs. 82.97 million (2021: Rs. 73.25 million) to the Chairman on account of his remuneration and has also paid Rs. 1.40 million (2021: Rs. 1.65 million) to the six non-executive directors being the fee for attending Board and Committee meetings.

37.2 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 and CFO to be its key management personnel.

37.3 In terms of section 199 of the Companies Act, 2017, the Company in its EOGM held on April 14, 2022 has approved investment by way of short-term running finance up to Rs. 600 million in Ultra Kraft (Private) Limited, an associated Company, to meet its working capital requirements. The facility remained unutilised till year end.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2022

38 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:

	2022			
	Directors			Executives
	Chief Executive	Chairman-Non-Executive	Executive	
	Rupees			
Short term employee benefits				
Chairman remuneration	–	72,684,612	–	–
Managerial remuneration	72,684,612	–	–	156,954,016
Bonus	14,010,222	–	–	28,302,652
Medical expenses reimbursed	372,430	7,745,332	–	–
Other benefits	–	–	–	1,058,818
	87,067,264	80,429,944	–	186,315,486
Post employment benefits				
Contribution to provident fund	2,543,961	2,543,961	–	5,164,955
	89,611,225	82,973,905	–	191,480,441
Number of persons	1	1	–	19
	2021			
	Directors			Executives
	Chief Executive	Chairman-Non-Executive	Executive	
	Rupees			
Short term employee benefits				
Chairman remuneration	–	63,204,000	–	–
Managerial remuneration	63,204,000	–	–	129,261,035
Bonus	11,060,700	–	–	21,875,680
Medical expenses reimbursed	–	7,840,907	–	–
Other benefits	–	–	–	921,569
	74,264,700	71,044,907	–	152,058,284
Post employment benefits				
Contribution to provident fund	2,212,140	2,212,140	–	4,239,906
	76,476,840	73,257,047	–	156,298,190
Number of persons	1	1	–	17

38.1 The Company has paid Rs. 1.40 million (2021: Rs. 1.65 million) to the six non-executive directors as fee for attending Board and Committee meetings.

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

38.3 Executives are those employees of the Company whose annual basic salary is Rs. 1.2 million or above.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2022

39 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.

39.1 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.

39.1.1 Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk as at the end of the reporting period was as follows:

	Note	2022 Rupees	2021 Rupees
Loans and receivables			
Long term deposits	18	43,356,640	43,326,640
Trade debts - unsecured, considered good		916,039,469	983,568,223
Short term investments (debt instrument)	23	2,116,782,420	2,998,717,023
Government of Pakistan Market Treasury Bills	23	7,804,071,500	-
Accrued interest on bank deposits		4,063,853	3,845,430
Guarantee margin		17,948,191	8,547,070
Deposits and other receivables		114,084,103	150,166,872
Cash at banks		477,941,267	1,197,146,512
		11,494,287,443	5,385,317,770

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2022

39.1.2 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:

	2022 Rupees	2021 Rupees
Customers	916,039,469	983,568,223
Banking companies and mutual funds	2,616,735,731	4,208,256,035
Government of Pakistan Market Treasury Bills	7,804,071,500	–
Others	157,440,743	193,493,512
	11,494,287,443	5,385,317,770

39.1.3 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 and present ages.

39.1.3(a) Counterparties with external credit ratings

These include banking companies and non-banking 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:

Bank	Rating		Rating agency	2022 Rupees	2021 Rupees
	Short term	Long term			
Albaraka Bank (Pakistan) Limited	A-1	A+	JCR-VIS	–	6,441
Allied Bank Limited	A1+	AAA	PACRA	92,499,133	101,330,386
Askari Bank Limited	A1+	AA+	PACRA	1,580,812	204,317,587
Bank Alfalah Limited	A1+	AA+	PACRA	1,119,429	2,340,515
Bank Al Habib Limited	A1+	AAA	PACRA	9	28
Bank Islami Pakistan Limited	A1	A+	PACRA	19,453	19,453
Dubai Islamic Bank Pakistan Limited	A-1+	AA	JCR-VIS	734,468	162,228,325
Habib Bank Limited	A1+	AAA	JCR-VIS	26,028,785	140,553,516
Habib Metropolitan Bank Limited	A1+	AA+	PACRA	8,185,032	406,939
JS Bank Limited	A1+	AA-	PACRA	1,171,705	1,880,259
MCB Islamic Bank Limited	A1	A	PACRA	63,655	63,655
MCB Bank Limited	A1+	AAA	PACRA	203,445,309	83,830,786
Meezan Bank Limited	A-1+	AAA	JCR-VIS	2,309,561	40,049,294
National Bank of Pakistan	A1+	AAA	PACRA	2,467,706	53,091,078
Samba Bank Limited	A-1	AA	JCR-VIS	647,808	6,596,008
Soneri Bank Limited	A1+	AA-	PACRA	1,510,293	5,650,539
Standard Chartered Bank (Pakistan) Limited	A1+	AAA	PACRA	5,505,679	6,221,313
The Bank of Punjab	A1+	AA+	PACRA	26,361,307	303,125,715
The Bank of Khyber	A1	A	PACRA	29,456,760	58,802,586
United Bank Limited	A-1+	AAA	JCR-VIS	78,522,846	30,415,462
				481,629,749	1,200,929,885

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2022

Bank	Rating		Rating agency	2022 Rupees	2021 Rupees
	Short term	Long term			
LC / guarantee margins					
Askari Bank Limited	A1+	AA+	PACRA	427,700	577,700
Habib Metropolitan Bank Limited	A1+	AA+	PACRA	9,164,596	85,000
Habib Bank Limited	A1+	AAA	JCR-VIS	415,795	–
The Bank of Punjab	A1+	AA+	PACRA	46,991	
Soneri Bank Limited	A1+	AA-	PACRA	1,956,609	621,633
JS Bank Limited	A1+	AA-	PACRA	–	1,326,237
Standard Chartered Bank (Pakistan) Limited	A1+	AAA	PACRA	5,936,500	5,936,500
				17,948,191	8,547,070
Mutual Funds		Rating	Rating agency	2022 Rupees	2021 Rupees
Mutual Funds					
ABL Cash Fund		AA+(f)	JCR-VIS	253,163,459	–
ABL Islamic Cash Fund		AA(f)	JCR-VIS	–	257,201,059
Al Hamra Islamic Money Market Fund		AA(f)	PACRA	–	307,108,127
Alfalah GHP Money Market Fund		AA+(f)	PACRA	100,825,626	–
Alfalah Islamic Rozana Amdani Fund		AA(f)	PACRA	–	155,241,668
Al-Habib Cash Fund		AA+(f)	JCR-VIS	176,836,188	–
Atlas Islamic Money Market Fund		AA(f)	PACRA	–	402,077,304
Atlas Money Market Fund		AA+(f)	PACRA	150,858,493	–
Faysal Money Market Fund		AA(f)	PACRA	100,521,492	–
First Habib Islamic Income Fund		AA(f)	PACRA	50,321,701	50,052,792
HBL Cash Fund		AA+(f)	JCR-VIS	151,660,584	–
HBL Islamic Money Market Fund		AA+(f)	JCR-VIS	–	300,455,092
JS Cash Fund		AA+(f)	PACRA	101,053,255	–
JS Islamic Daily Dividend Fund		AA(f)	PACRA	–	51,774,443
Lakson Money Market Fund		AA+(f)	PACRA	100,840,294	–
MCB Cash Management Optimizer		AA+(f)	PACRA	303,135,436	–
Meezan Rozana Amdani Fund		AA+(f)	JCR-VIS	–	812,773,068
NBP Islamic Daily Dividend Fund		AA(f)	PACRA	–	330,162,152
NBP Money Market Fund		AA(f)	PACRA	328,024,895	–
Pak Oman Advantage Islamic Income Fund		A+(f)	PACRA	–	50,051,566
Pak Oman Advantage Islamic Income Fund		A+(f)	PACRA	–	–
UBL Al Ameen Islamic Cash Plan-1		AA+(f)	JCR-VIS	–	25,532,730
UBL Liquidity Plus Fund		AA+(f)	JCR-VIS	202,040,997	–
Faysal Islamic Cash Fund		AA(f)	JCR-VIS	–	207,577,022
				2,019,282,420	2,950,007,023
Term Finance Certificates					
Habib Bank Limited		AA+	JCR-VIS	47,500,000	48,710,000
The Bank of Punjab		AA-	PACRA	50,000,000	–
				97,500,000	48,710,000

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2022

39.1.3(b) Counterparties without external credit ratings

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk as at the end of the reporting period was as follows:

	Gross carrying amount	
	2022 Rupees	2021 Rupees
Not yet due	726,519,753	776,050,030
Past due 0 - 90 days	187,866,007	178,068,650
Past due 91 - 180 days	412,555	26,727,827
Past due 181 - 270 days	1,491,398	4,720,293
Past due 271 - 360 days	2,329,675	4,529,219
Past due above one year	35,004,874	28,612,385
	953,624,262	1,018,708,404

39.1.3(c) Government of Pakistan Market Treasury Bills

Market treasury bills of Rs.7,804.07 billion (2021: Rs. Nil) are issued by Government of Pakistan (GoP) and are sold in the primary market through auctions conducted by State Bank of Pakistan (SBP). These are sovereign instruments and are backed by credit of the GoP.

39.2 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.

39.2.1 Exposure to liquidity risk

39.2.1(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.

	Note	2022				
		Carrying amount	Contractual cash flows	One year or less	One to three years	Three to five years
		Rupees				
Non-derivative financial liabilities						
Long term financing	6	4,251,312,474	5,774,292,840	1,690,309,124	4,083,983,716	–
Long term deposits	7	2,036,100	2,036,100	–	–	2,036,100
Trade and other payables	9	2,141,949,186	2,141,949,186	2,141,949,186	–	–
Mark-up accrued on borrowings	13	142,171,993	142,171,993	142,171,993	–	–
Dividend payable	11	37,112,692	37,112,692	37,112,692	–	–
Unclaimed dividend		8,535,357	8,535,358	8,535,358	–	–
		6,583,117,802	8,106,098,169	4,020,078,353	4,083,983,716	2,036,100

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2022

			2021			
	Note	Carrying amount	Contractual cash flows	Less year 1 Year	Between 1 to 5 year	Above 5 Years
Rupees						
Non-derivative financial liabilities						
Long term financing	6	5,552,786,149	6,766,392,920	1,555,408,789	4,867,732,848	343,251,283
Long term deposits	7	2,036,100	2,036,100	–	–	2,036,100
Trade and other payables	9	2,344,544,795	2,344,544,795	2,344,544,795	–	–
Short term borrowings	12	498,000,000	498,000,000	498,000,000	–	–
Mark-up accrued on borrowings	13	122,613,973	122,613,973	122,613,973	–	–
Dividend payable	11	37,638,105	37,638,105	37,638,105	–	–
Unclaimed dividend		8,559,447	8,559,447	8,559,447	–	–
		8,566,178,569	9,779,785,340	4,566,765,109	4,867,732,848	345,287,383

39.3 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.

39.3.1 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, Chinese Yuan, British Pound Sterling and US dollars.

39.3.1(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:

	2022				
	GBP	CNY	EURO	USD	Rupees
Assets					
Advances, deposits, prepayments and other receivables	229	40,642	1,024,062	40,613	230,065,733
Liabilities					
Trade creditors	–	–	(242)	(8,556)	(1,810,344)
Net balance sheet exposure	229	40,642	1,023,820	32,057	228,255,389
Off balance sheet exposure	–	(666,725)	(2,191,600)	(101,696)	(514,408,814)
Total Exposure	229	(626,083)	(1,167,780)	(69,639)	(286,153,425)

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2022

	2021				
	GBP	CNY	EURO	USD	Rupees
Liabilities					
Trade creditors	–	(1,818,362)	–	(3,675,000)	(626,775,146)
Net balance sheet exposure	–	(1,818,362)	–	(3,675,000)	(626,775,146)
Off balance sheet exposure - Letters of credit	–	(2,917,145)	(553,519)	(262,379)	(218,217,598)
Total Exposure	–	(4,735,507)	(553,519)	(3,937,379)	(844,992,744)

39.3.1(b) Exchange rates applied during the year

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

	GBP		CNY		EURO		USD	
	2022	2021	2022	2021	2022	2021	2022	2021
	Rupees							
Reporting date spot rate								
- buying	249.31	218.58	30.85	24.69	215.23	188.12	205.50	157.80
- selling	249.92	219.28	30.93	24.76	215.75	188.71	206.00	158.30
Average rate for the year	236.19	213.34	27.61	24.43	200.10	189.77	177.63	161.22

39.3.1(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	
	2022 Rupees	2021 Rupees
Weakening of Pak Rupee		
GBP	572	–
EURO	2,208,892	–
USD	66,037	(5,817,525)
CNY	12,571	(450,226)
	2,288,072	(6,267,751)

Amount of off-balance sheet letters of credit will increase by Rs. 5.13 million (2021: Rs. 2.18 million) if Pak Rupee weakens 1% against other currencies.

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

39.3.1(d) Currency risk management

Since the maximum amount exposed to currency risk is only 0.53% (2021: 1.74%) of the Company's total assets, any adverse / favourable movement in functional currency with respect to British Pound Sterling, Chinese Yuan, Euro and US dollar will not have any material impact on the operational results.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2022

39.3.2 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.

39.3.2(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:

	2022		2021	
	Financial asset	Financial liability	Financial asset	Financial liability
	Rupees			
Non-derivative financial instruments				
Fixed rate instruments	7,804,071,500	37,554,236	–	685,771,200
Variable rate instruments	223,335,746	4,213,758,238	846,267,720	5,381,992,511
	8,027,407,246	4,251,312,474	846,267,720	6,067,763,711

39.3.2(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	
	2022 Rupees	2021 Rupees
Increase of 100 basis points	(39,904,225)	(45,357,248)
Decrease of 100 basis points	39,904,225	45,357,248

39.3.2(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.

39.3.3 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.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2022

39.3.3(a) Investments exposed to price risk

At the reporting date, the Company's investment in quoted equity securities and investments are as follows:

	2022 Rupees	2021 Rupees
Investment in equity securities	203,241,773	779,400
Investment in units of mutual funds	2,019,282,420	2,950,007,023
Term Finance Certificates	97,500,000	48,710,000
	2,320,024,193	2,999,496,423

39.3.3(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	
	2022 Rupees	2021 Rupees
FVOCI		
Effect of increase	15,037,089	2,474,470
Effect of decrease	(15,037,089)	(2,474,470)
	Profit and loss account	
	2022 Rupees	2021 Rupees
FVTPL		
Effect of increase	100,964,121	147,500,351
Effect of decrease	(100,964,121)	(147,500,351)

39.3.3(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.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2022

39.4 Fair value of financial instruments

39.4.1 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:

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2022

	Note	Carrying amount					Fair Value		
		Fair value through comprehensive income	Fair value through profit and loss	Financial assets at amortised cost	Other financial liabilities	Total	Level 1	Level 2	Level 3
On-Balance sheet financial instruments									
30 June 2022									
Financial assets measured at fair value									
Investments	23	97,890,000	10,026,205,693	-	-	-	10,124,095,693	-	-
Financial assets at amortised cost									
Long term deposits	18	-	-	43,356,640	-	43,356,640	-	-	-
Trade debts - unsecured, considered good	22	-	-	916,039,469	-	916,039,469	-	-	-
Deposits, and other receivables	24	-	-	114,084,103	-	114,084,103	-	-	-
Cash and Bank balances	25	-	-	480,765,632	-	480,765,632	-	-	-
39.4.2		-	-	1,554,245,844	-	1,554,245,844	-	-	-
Financial liabilities measured at fair value									
		-	-	-	-	-	-	-	-
Financial liabilities measured at amortised cost									
Long term financing	6	-	-	-	4,251,312,474	4,251,312,474	-	-	-
Long term deposits	7	-	-	-	2,036,100	2,036,100	-	-	-
Trade and other payables	9	-	-	-	2,141,949,186	2,141,949,186	-	-	-
Mark-up accrued on borrowings	13	-	-	-	142,171,993	142,171,993	-	-	-
Dividend payable	11	-	-	-	37,112,692	37,112,692	-	-	-
Unclaimed dividend		-	-	-	8,535,357	8,535,357	-	-	-
39.4.2		-	-	-	6,583,117,802	6,583,117,802	-	-	-

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2022

		Carrying amount					Fair Value		
Note	Fair value through 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 2021									
Financial assets measured at fair value									
Investments	23	49,489,400	2,950,007,023	-	-	2,999,496,423	-	-	
Financial assets at amortised cost									
Long term deposits	17	-	-	43,326,640	-	43,326,640	-	-	
Trade debts - unsecured, considered good	21	-	-	983,568,223	-	983,568,223	-	-	
Deposits, and other receivables	23	-	-	150,166,872	-	150,166,872	-	-	
Cash and Bank balances	24	-	-	1,197,729,351	-	1,197,729,351	-	-	
39.4.2	-	-	-	2,374,791,086	-	2,374,791,086	-	-	
Financial liabilities measured at fair value									
Financial liabilities measured at amortised cost									
Long term financing	6	-	-	-	5,552,786,149	5,552,786,149	-	-	
Long term deposits	7	-	-	-	2,036,100	2,036,100	-	-	
Trade and other payables	9	-	-	-	2,344,544,794	2,344,544,794	-	-	
Short term borrowings	12	-	-	-	498,000,000	498,000,000	-	-	
Mark-up accrued on borrowings	13	-	-	-	122,613,973	122,613,973	-	-	
Dividend payable	11	-	-	-	37,638,105	37,638,105	-	-	
Unclaimed dividend	13	-	-	-	8,559,447	8,559,447	-	-	
39.4.2	-	-	-	-	8,566,178,568	8,566,178,568	-	-	

39.4.2 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.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2022

40 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:

- 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
- 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.

The Company monitors the capital structure on the basis of gearing ratio. This ratio is calculated as net debt divided by total equity (as shown in the statement of financial position). Net debt is calculated as total borrowings (including long term finances, short term finances and mark - up accrued) less cash and bank balances and liquid investments.

	Unit	2022 Rupees	2021 Rupees
Total debt	Rupees	4,393,484,467	6,173,400,122
Less: Cash and bank balances	Rupees	(480,765,632)	(1,197,729,351)
Less: Short term investments	Rupees	(10,124,095,693)	(2,999,496,423)
Net debt	Rupees	(6,211,376,858)	1,976,174,348
Total equity	Rupees	27,246,220,231	22,223,539,371
Gearing ratio	Percentage	-22.80%	8.89%

Total debt comprises of long term finances, short term borrowings and mark-up accrued on borrowings.

Total equity includes issued, subscribed and paid-up share capital, reserves, accumulated profits.

There were no changes in the Company's approach to capital management during the year.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2022

41 Operating segments

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

41.2 Revenue from sale of cement represents 100.00% (2021: 100.00%) of gross sales of the Company.

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

	2022 Rupees	2021 Rupees
Pakistan	99.82%	96.23%
Afghanistan	0.18%	3.77%
	100.00%	100.00%

41.4 All assets of the Company as at 30 June 2022 are located in Pakistan.

42 Capacity and production - Clinker

	Plant capacity		Actual production	
	2022 Metric tons	2021	2022 Metric tons	2021
Grey	4,778,400	4,778,400	3,189,899	3,340,608
White	135,000	135,000	4,319	10,533

42.1 Difference is due to supply demand situation of the market.

42.2 The capacity of plant has been determined on the basis of 300 production days.

43 Provident fund trust

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

	Unit	2022 Un-audited	2021 Audited
Size of fund - total assets	Rupees	324,333,543	262,400,939
Cost of investments made	Rupees	302,426,305	248,141,986
Percentage of investments made	Percentage	93.25%	94.97%
Fair value of investment	Rupees	307,576,641	249,531,663

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2022

The breakup of fair value of investments is as follows:

	2022 (Un-audited)		2021 (Audited)	
	Rupees	Percentage	Rupees	Percentage
Fixed deposits	–	0.00%	165,227,837	66.22%
Treasury Bills	303,908,339	98.81%	78,223,760	31.35%
Term Finance Certificates	2,010,000	0.65%	2,000,000	0.80%
Cash at bank	1,658,302	0.54%	4,080,066	1.64%
	307,576,641	100.00%	249,531,663	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.

44 Impact of COVID-19 (CORONA VIRUS)

All the necessary Standard Operating Procedures (SOPs) to ensure safety of employees are followed, further all employees are fully inoculated against COVID-19. Management believes that there is no significant adverse impact of the effects of COVID-19 on the operations of the Company and on these financial statements.

45 Number of employees

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

	2022	2021
	Number of employees	
Number of employees as at 30 June	695	696
Average number of employees during the year	694	692

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2022

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

	30 June 2022			
	Liabilities			Total
	Long and short term finances	Short term borrowings	Unclaimed and dividend payable	
	Rupees			
Balance as at 01 July 2021	5,552,786,149	498,000,000	46,197,552	6,096,983,701
Changes from financing activities				
Repayment of long term finances	(1,306,783,590)	–	–	(1,306,783,590)
Short term borrowings	–	(498,000,000)	–	(498,000,000)
Dividend paid	–	–	(549,503)	(549,503)
Total changes from financing cash flows	(1,306,783,590)	(498,000,000)	(549,503)	(1,805,333,093)
Other changes				
Amortization of government grant and transaction cost	5,309,915	–	–	5,309,915
Total liability related other changes	5,309,915	–	–	5,309,915
Closing as at 30 June 2022	4,251,312,474	–	45,648,049	4,296,960,523

	30 June 2021			
	Liabilities			Total
	Long and short term finances	Short term borrowings	Unclaimed and dividend payable	
	Rupees			
Balance as at 01 July 2020	5,687,722,464	1,301,609,100	48,014,348	7,037,345,912
Changes from financing activities				
Repayment of long term finances	(338,275,011)	–	–	(338,275,011)
Disbursement of long term finances - net off transaction cost	200,686,655	–	–	200,686,655
Short term borrowings	–	(803,609,100)	–	(803,609,100)
Dividend paid	–	–	(1,816,796)	(1,816,796)
Total changes from financing cash flows	(137,588,356)	(803,609,100)	(1,816,796)	(943,014,252)
Other changes				
Amortization of government grant and transaction cost	2,652,041	–	–	2,652,041
Total liability related other changes	2,652,041	–	–	2,652,041
Closing as at 30 June 2021	5,552,786,149	498,000,000	46,197,552	6,096,983,701

47 Non adjusting events after the balance sheet date

The Board of Directors in their meeting held on 24 September 2022 has proposed 'Nil' (2021: 'Nil') final cash dividend of Rs. Nil (2021: Rs. 'Nil') per ordinary share for approval of members at annual general meeting to be held on 27 October 2022.

48 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 24 September 2022.

49 General

49.1 Figures have been rounded off to the nearest rupee.

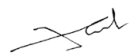
49.2 Corresponding figures have been re-arranged and re-classified, wherever considered necessary, for the purpose of comparison and better presentation as per reporting framework.



Chief Executive Officer



Chief Financial Officer



Director

PATTERN OF SHAREHOLDING

As at 30 June 2022

Number of Shareholders	Shareholdings		Total Number of Shares Held	Percentage of Total Capital
	From	To		
412	1	100	18,285	0.01
645	101	500	203,849	0.10
341	501	1000	267,559	0.13
767	1001	5000	1,589,234	0.79
132	5001	10000	973,357	0.48
56	10001	15000	703,319	0.35
31	15001	20000	531,064	0.26
21	20001	25000	478,967	0.24
11	25001	30000	299,868	0.15
10	30001	35000	325,669	0.16
5	35001	40000	184,814	0.09
6	40001	45000	259,400	0.13
7	45001	50000	337,669	0.17
4	50001	55000	214,850	0.11
2	55001	60000	114,370	0.06
6	60001	65000	373,705	0.19
9	65001	70000	603,326	0.30
5	75001	80000	383,600	0.19
2	80001	85000	166,460	0.08
2	85001	90000	174,800	0.09
2	95001	100000	198,600	0.10
4	100001	105000	406,981	0.20
1	105001	110000	107,800	0.05
1	120001	125000	124,800	0.06
1	125001	130000	125,800	0.06
2	130001	135000	268,810	0.13
2	135001	140000	276,400	0.14
1	145001	150000	147,740	0.07
1	150001	155000	152,045	0.08
1	155001	160000	159,670	0.08
1	165001	170000	169,150	0.08
2	170001	175000	342,700	0.17
2	175001	180000	354,160	0.18
2	185001	190000	374,430	0.19
4	190001	195000	773,710	0.39
1	225001	230000	229,400	0.11
1	240001	245000	243,360	0.12
1	245001	250000	246,820	0.12
1	255001	260000	259,246	0.13
1	265001	270000	265,980	0.13
2	275001	280000	551,846	0.27
1	300001	305000	300,660	0.15
1	310001	315000	314,470	0.16
1	320001	325000	324,320	0.16
1	385001	390000	388,350	0.19
1	395001	400000	397,180	0.20
1	400001	405000	402,000	0.20
1	430001	435000	434,600	0.22
1	440001	445000	443,586	0.22
1	450001	455000	452,100	0.23
1	540001	545000	540,260	0.27
1	555001	560000	555,700	0.28
1	585001	590000	587,116	0.29
1	615001	620000	615,272	0.31
1	625001	630000	626,500	0.31
1	640001	645000	642,860	0.32
2	695001	700000	1,396,323	0.70
1	710001	715000	713,320	0.36
1	735001	740000	739,320	0.37
1	750001	755000	752,800	0.37
1	820001	825000	820,870	0.41
1	910001	915000	911,851	0.45
1	1120001	1125000	1,120,010	0.56
1	1430001	1435000	1,431,000	0.71
1	1490001	1495000	1,494,894	0.74
1	1795001	1800000	1,795,590	0.89
1	1965001	1970000	1,967,191	0.98
1	2240001	2245000	2,241,510	1.12
1	2815001	2820000	2,819,369	1.40
1	5105001	5110000	5,109,920	2.54
1	5730001	5735000	5,732,850	2.85
1	6690001	6695000	6,691,900	3.33
1	33630001	33635000	33,631,672	16.74
1	110480001	110485000	110,482,320	55.00
2,542			200,861,297	100.00

CATEGORIES OF SHAREHOLDING

As at 30 June 2022

Categories of Shareholders	Shares Held	Percentage
I Directors, Chief Executive Officer, their Spouse & Minor Children	34,322,776	17.09%
Directors		
Mr. Aizaz Mansoor Sheikh	3,587	0.00%
Mr. Nadeem Atta Sheikh	615,272	0.31%
Mrs. Hafsa Nadeem	63,705	0.03%
Mrs. Hijab Tariq	33,636,352	16.75%
Mr. Muhammad Rehman Sheikh	780	0.00%
Mr. Muhammad Atta Tanseer Sheikh	750	0.00%
Mr. Ahmad Sajjad Khan	550	0.00%
Mr. Talha Saeed Ahmed	1,000	0.00%
Director's Spouse		
Mrs. Shahnaz Aizaz	780	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	54,674	0.03%
FUNDS UNDER NATIONAL INVESTMENT TRUST LIMITED	54,050	0.03%
INVESTMENT CORPORATION OF PAKISTAN	624	0.00%
IV Banks, Development Finance Institutions and Non-Banking Financial Institutions	600,053	0.30%
V Insurance/ Takaful Companies	592,166	0.29%
VI Modarbas	13,000	0.01%
VII Mutual Funds	28,425,369	14.15%
VIII Shareholder holding 10% and more (other than above)	Nil	0.00%
IX General Public	22,721,060	11.31%
a) Local	21,233,670	10.57%
b) Foreign	1,487,390	0.74%
X Others	3,497,834	1.74%
Joint Stock Companies	1,318,056	0.66%
Gratuity/Pension/Provident Funds	1,882,006	0.94%
Charitable Trusts / Non-Profit Organizations / Wakfs	144,155	0.07%
Executives	147,637	0.07%
Investment Companies	5,980	0.00%
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 27, 2022
First Quarter ending September 30, 2022	Third week of October 2022
Second Quarter ending December 31, 2022	Third week of February 2023
Third Quarter ending March 31, 2023	Fourth week of April 2023
Year ending June 30, 2023	Last week of August 2023

FORM OF PROXY

43rd 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 Thursday, October 27, 2022 at 11:00 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 _____ 2022.

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. In order to be effective, 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. 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 for attending and voting at the meeting.
2. Shareholders 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
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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

تینتالیسواں سالانہ اجلاس عام

میں مسٹی / مسماة _____
 ساکن / نمائندہ _____
 ضلع _____ بحیثیت ممبر کوہاٹ سیمنٹ کمپنی لمیٹڈ (سی ڈی سی / فولیو نمبر _____) مسٹی / مسماة _____
 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 27 اکتوبر 2022ء بروز جمعرات صبح 11:00 بجے کمپنی کے رجسٹرڈ آفس کوہاٹ سیمنٹ فیکٹری، راولپنڈی روڈ، کوہاٹ میں منعقد ہو رہا ہے میں
 یا اس کے کسی ملوثی 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
 سٹیپ چسپاں کریں۔

گواہان

1-	دستخط:	2-	دستخط:
نام:	_____	نام:	_____
پتہ:	_____	پتہ:	_____
کمپیوٹرائزڈ قومی شناختی کارڈ نمبر:	_____	کمپیوٹرائزڈ قومی شناختی کارڈ نمبر:	_____
یا	_____	یا	_____
پاسپورٹ نمبر:	_____	پاسپورٹ نمبر:	_____

نوٹ:

- پراکسی (نمائندے) کو فعال بنانے کے لئے نامزدگی کا فارم (پراکسی) مینٹنگ سے کم از کم 48 گھنٹے (علاوہ ہفتہ وار سرکاری تعطیلات) قبل کمپنی کو موصول ہو جانا چاہئے، کوئی بھی شخص پراکسی (نمائندہ) مقرر نہیں کیا جاسکتا اور نہ وہ ووٹ دینے کا اہل ہو سکتا ہے جو کمپنی کا ممبر نہ ہو، ماسوائے کہ کمپنی کا رپوریشن ایسے شخص کو غیر معمولی اجلاس میں شرکت اور ووٹ دینے کیلئے نامزد کر سکتی ہے جو ممبر نہ ہو۔
- حصص داران اور ان کے نمائندوں سے درخواست ہے کہ وہ پراکسی فارم کے ہمراہ شناختی کارڈ یا پاسپورٹ کی تصدیق شدہ نقول جمع کروائیں۔

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The Company Secretary,

Kohat Cement Company Limited

37-P, Gulberg II, Lahore.

Tel: 042 11 111 5225

Fax: 042 3 587 4990

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kohatcement.com

37-P, Gulberg II, Lahore, Pakistan

Tel: +92 -42-1111-KCCL (5225) Fax: +92-423-5754084, 5874990

Email: mis@kohatcement.com