

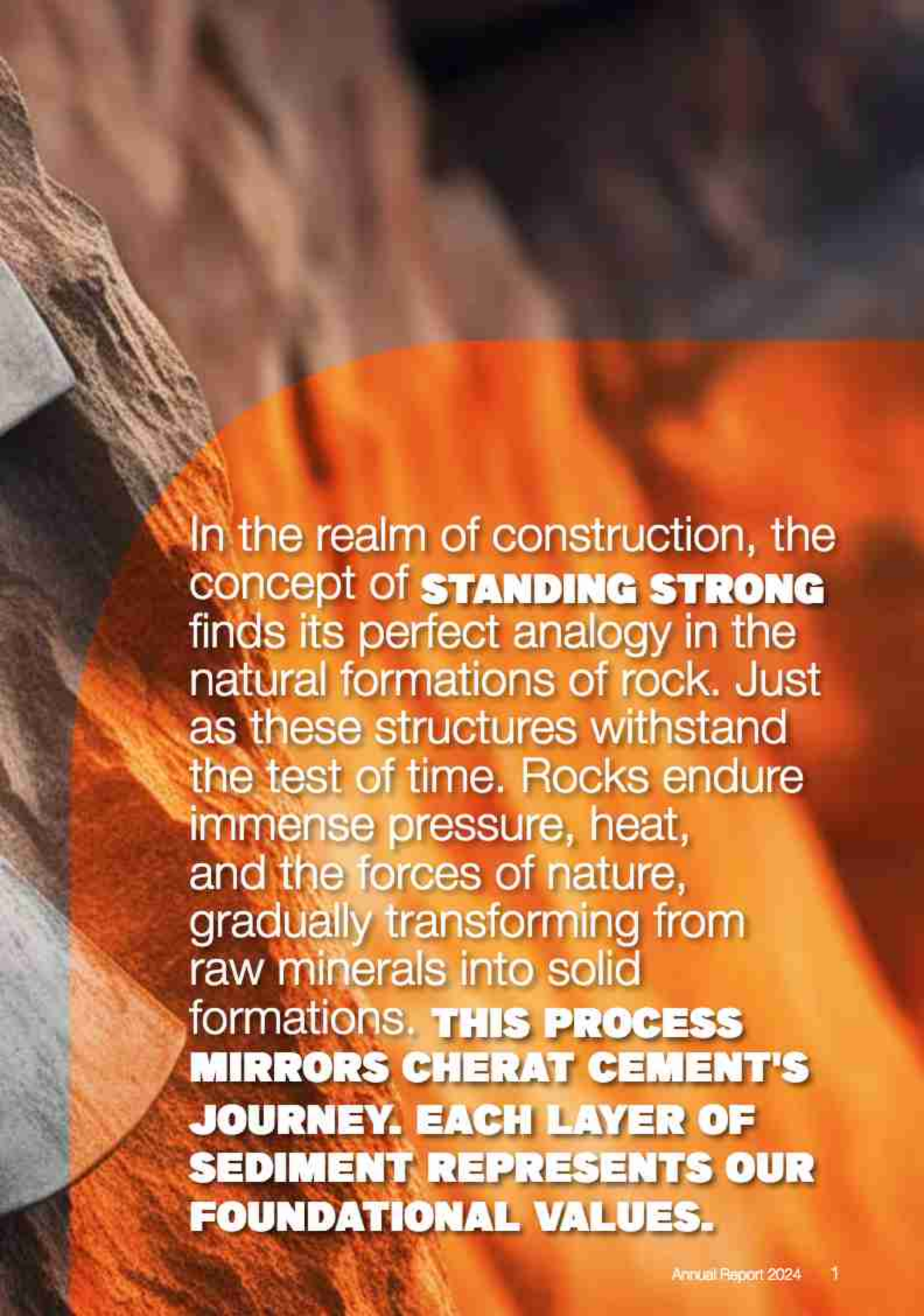


**Cherat Cement  
Company Limited**  
A Ghulam Faruque Group Company

STANDING  
**STRONG**

**ANNUAL REPORT 2024**





In the realm of construction, the concept of **STANDING STRONG** finds its perfect analogy in the natural formations of rock. Just as these structures withstand the test of time. Rocks endure immense pressure, heat, and the forces of nature, gradually transforming from raw minerals into solid formations. **THIS PROCESS MIRRORS CHERAT CEMENT'S JOURNEY. EACH LAYER OF SEDIMENT REPRESENTS OUR FOUNDATIONAL VALUES.**



# ABOUT THE REPORT

**We are pleased to present the Annual Report of Cherat Cement Company Limited (the Company) for the year ended June 30, 2024. The Company was incorporated in Pakistan as a public company limited by shares in the year 1981. The Company is listed on Pakistan Stock Exchange Limited. Its main business activity is manufacturing, marketing and sale of cement.**

An integrated report is a concise communication about how an organization's strategy, governance, performance and prospects towards the external environment and the creation of value. Since, the Company has been adopting the International Integrated Reporting Framework, therefore, the Report has also been prepared in accordance with the International Integrated (IR) Framework and Global Reporting Initiative (GRI) in order to provide the stakeholders a transparent reflection of value creation ability, contributions and quality information of the Company. We consistently evaluate our processes and approach in order to meet the best practices to sustainable value creation. The principal objective of the Report is adherence with the principles of inclusivity, materiality, responsiveness and evaluation against the elements of IR. The material presented in this report is such a way that it enables the stake holders to understand the financial and non-financial content. The Company also considered the importance of this Report in terms of information presented, its connectivity and the demonstrations provided herewith.

This Report is structured in such a way that the shareholders of the Company can get a deep insight of the affairs of the Company as well as the financial and non- financial business information of the Company. We always believe on the transparency disclosure and practices of the Company. Further, this Report also covers the substantial aspects of the Company's Business and underlined the risk management framework, governance and corporate structure, performance, future outlook and strategies, Chairman's Review and Directors' Report and disclosure of other governing corporate policies.

This Report also covers the Company's aim of aligning its business processes and activities with the United Nations Sustainability Development Goals (SDGs) including Sustainability & Climate related risk and opportunities and highlights its contributions towards it. In this Report, the Company also entailed its corporate social responsibility, ESG and its efforts and commitments towards it.

The Report also includes audited financial statements of the Company along with the Auditor's Report thereon in compliance with International Financial Reporting Standards. This Report also includes the compliances, provisions and directives of the Companies Act, 2017, Code of Corporate Governance Regulations, 2019, Auditor's Review Report in compliance of Code of Corporate Governance, applicable regulations.

This Annual Report is available online at <https://gfg.com.pk/cccl/financial-information/>



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**ORGANIZATIONAL  
OVERVIEW  
& EXTERNAL  
ENVIRONMENT**



# CHAPTER 1

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# VISION

Building a better Future

# MISSION

We aim to build a better future by

Become the leading  
cement company

Achieve Excellence  
through Innovation

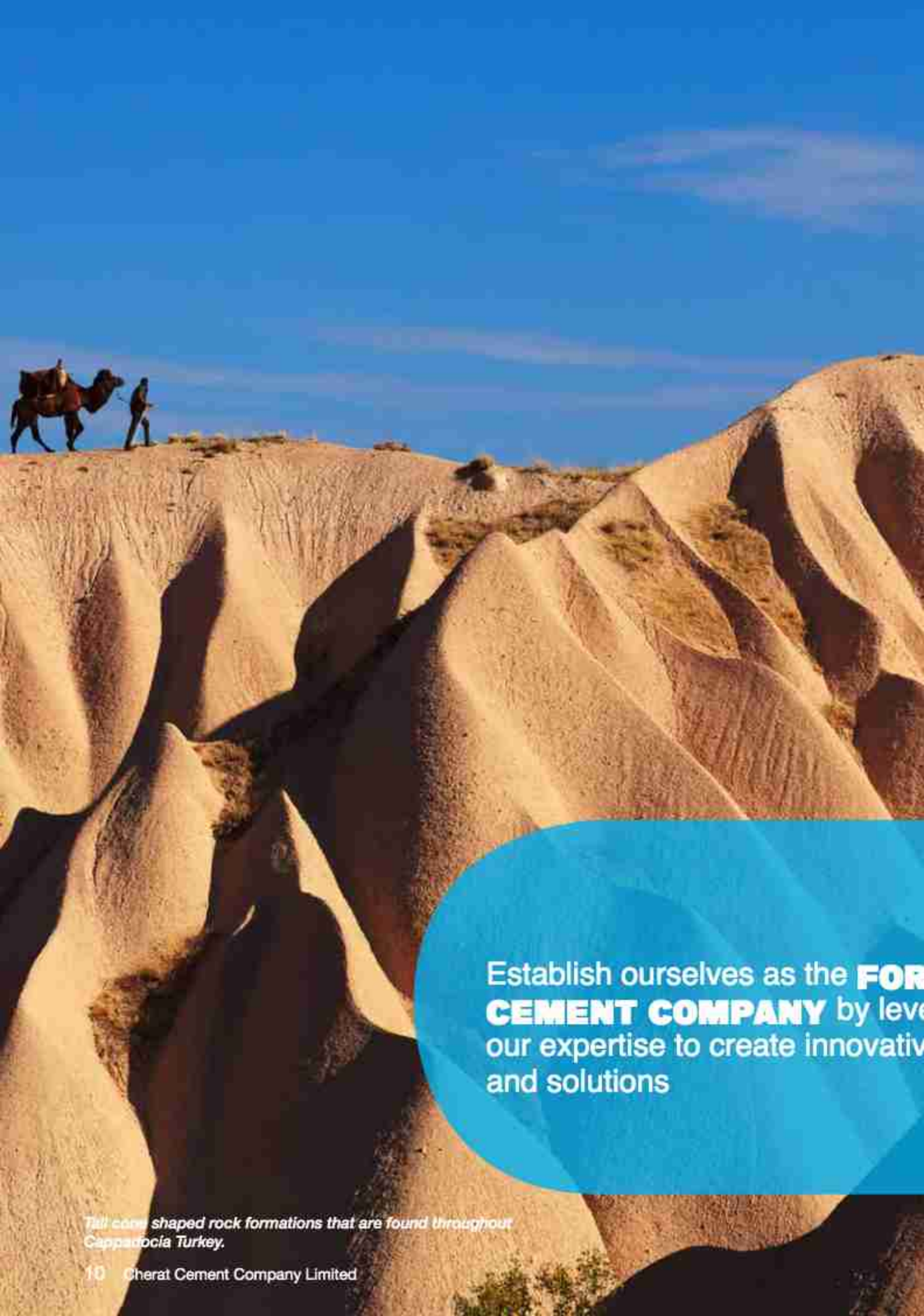
Uphold the trust  
of our customers

Help Build a  
Greener Future

Unlock the Potential  
of our people

Continue to care  
for our communities

Optimize our  
Investment portfolio



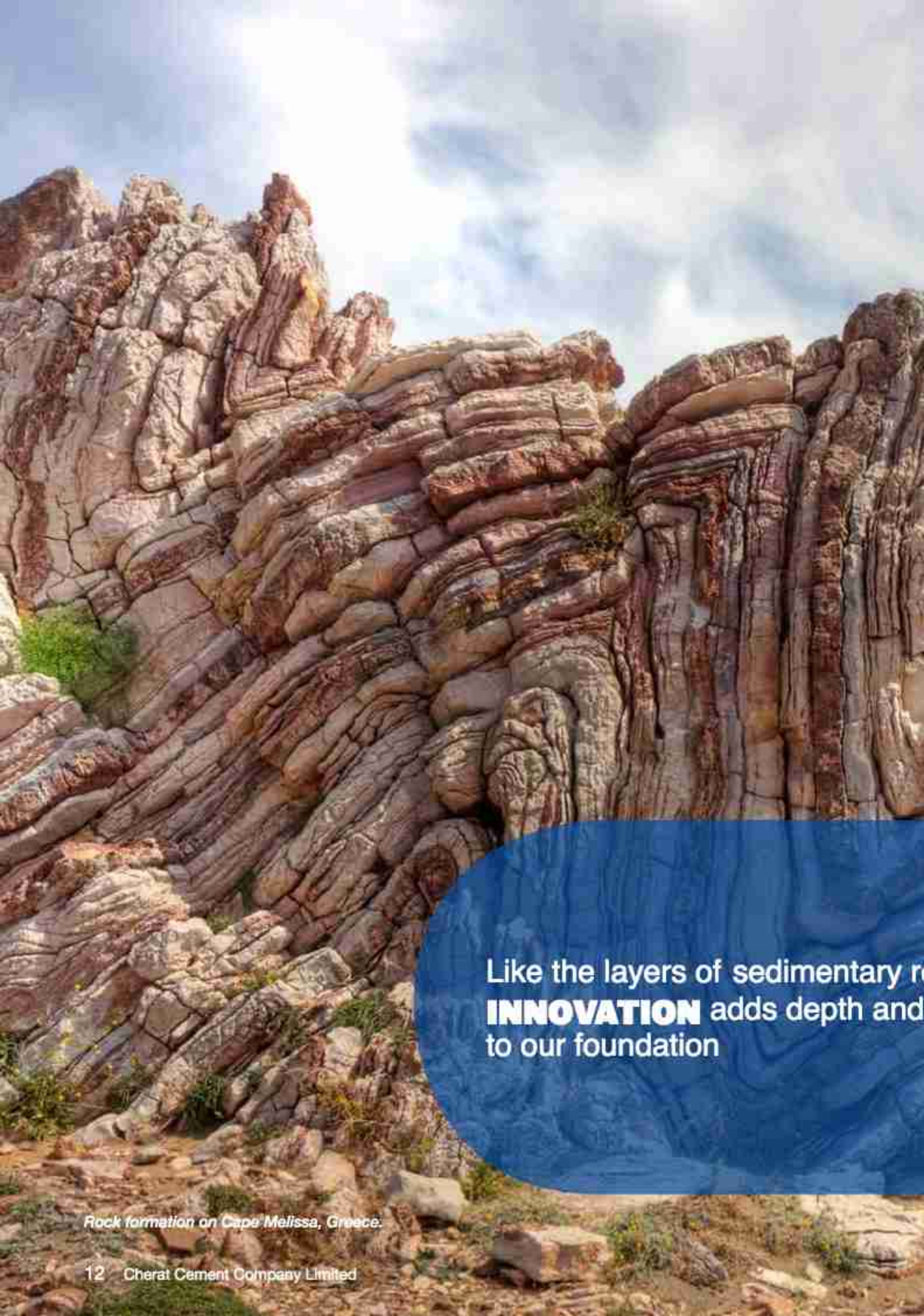
Establish ourselves as the **FOR**  
**CEMENT COMPANY** by leveraging  
our expertise to create innovative  
and solutions

*Tall cone shaped rock formations that are found throughout Cappadocia Turkey.*



**REMOVED**  
eraging  
e products

**BECOME THE  
LEADING  
CEMENT  
COMPANY**



Like the layers of sedimentary rock,  
**INNOVATION** adds depth and  
to our foundation

*Rock formation on Cape Melissa, Greece.*



rock, each  
strength



**ACHIEVE  
EXCELLENCE  
THROUGH  
INNOVATION**



Cherat Cement's commitment to  
and reliability shapes **CUSTOMER**  
**TRUST** in our products

*Canyon Rock Formation, The Wave, Arizona.*






o quality  
MER



**UPHOLD THE  
TRUST OF OUR  
CUSTOMERS**

- Overview
- Strategy
- Risk
- Sustainability & CSR
- Governance
- Financial Analysis
- Business Model
- IT Governance
- Outlook
- Stakeholders
- Striving for Excellence
- Financial Statements



We strive to shape a **GREENE  
FUTURE** where our operations  
a positive impact on the environ

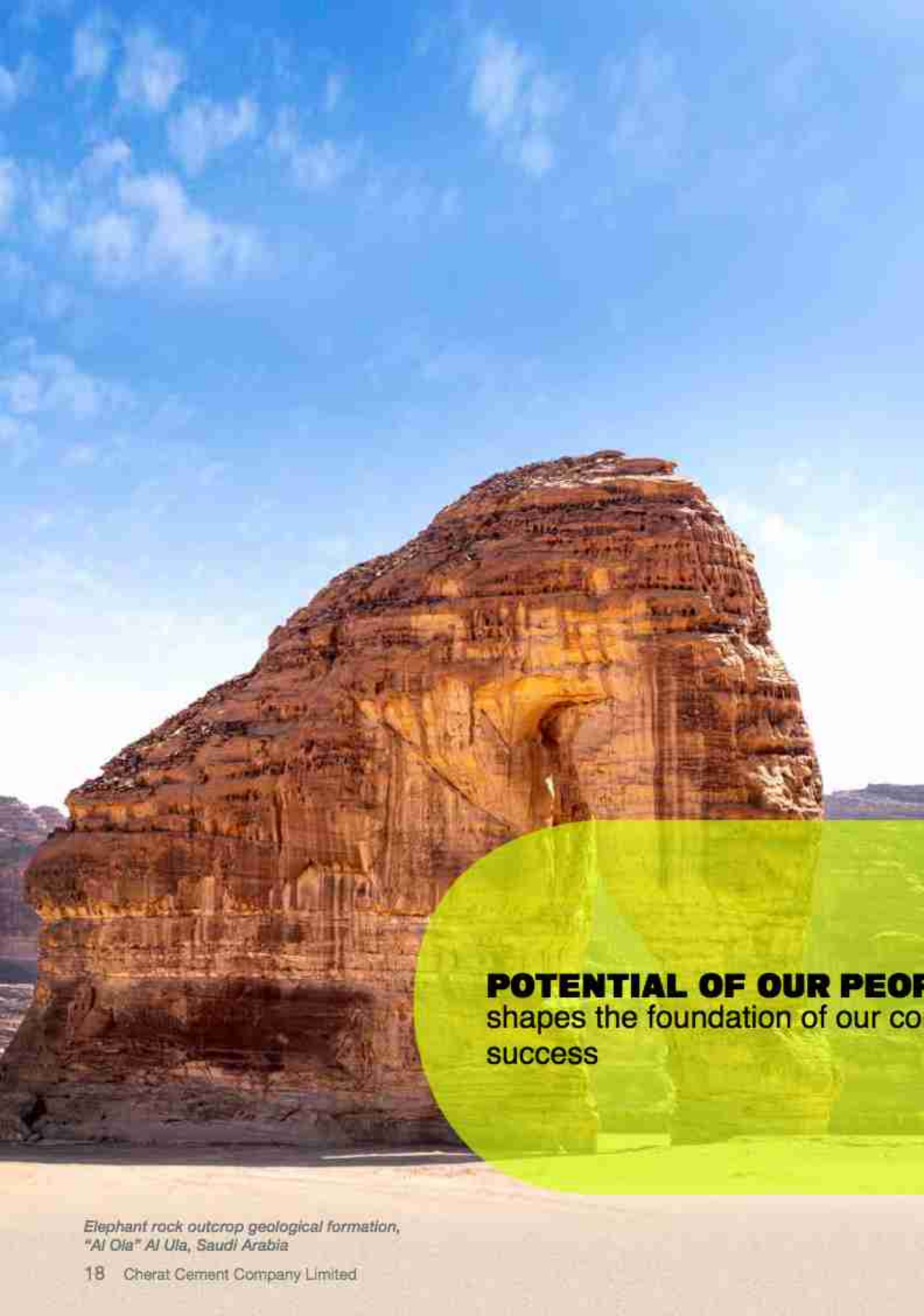
*Geological rock formation called mushroom in Timna Park in  
Negev Desert, Palestine.*



**R**  
s leave  
ment



**HELP  
BUILD A  
GREENER  
FUTURE**



**POTENTIAL OF OUR PEOPLE**  
shapes the foundation of our company  
success

*Elephant rock outcrop geological formation,  
"Al Ola" Al Ula, Saudi Arabia*

**OPLE**  
Company's



**UNLOCK THE  
POTENTIAL OF  
OUR PEOPLE**

Overview

Strategy

Risk

Sustainability & CSR

Governance

Financial Analysis

Business Model

IT Governance

Outlook

Stakeholders

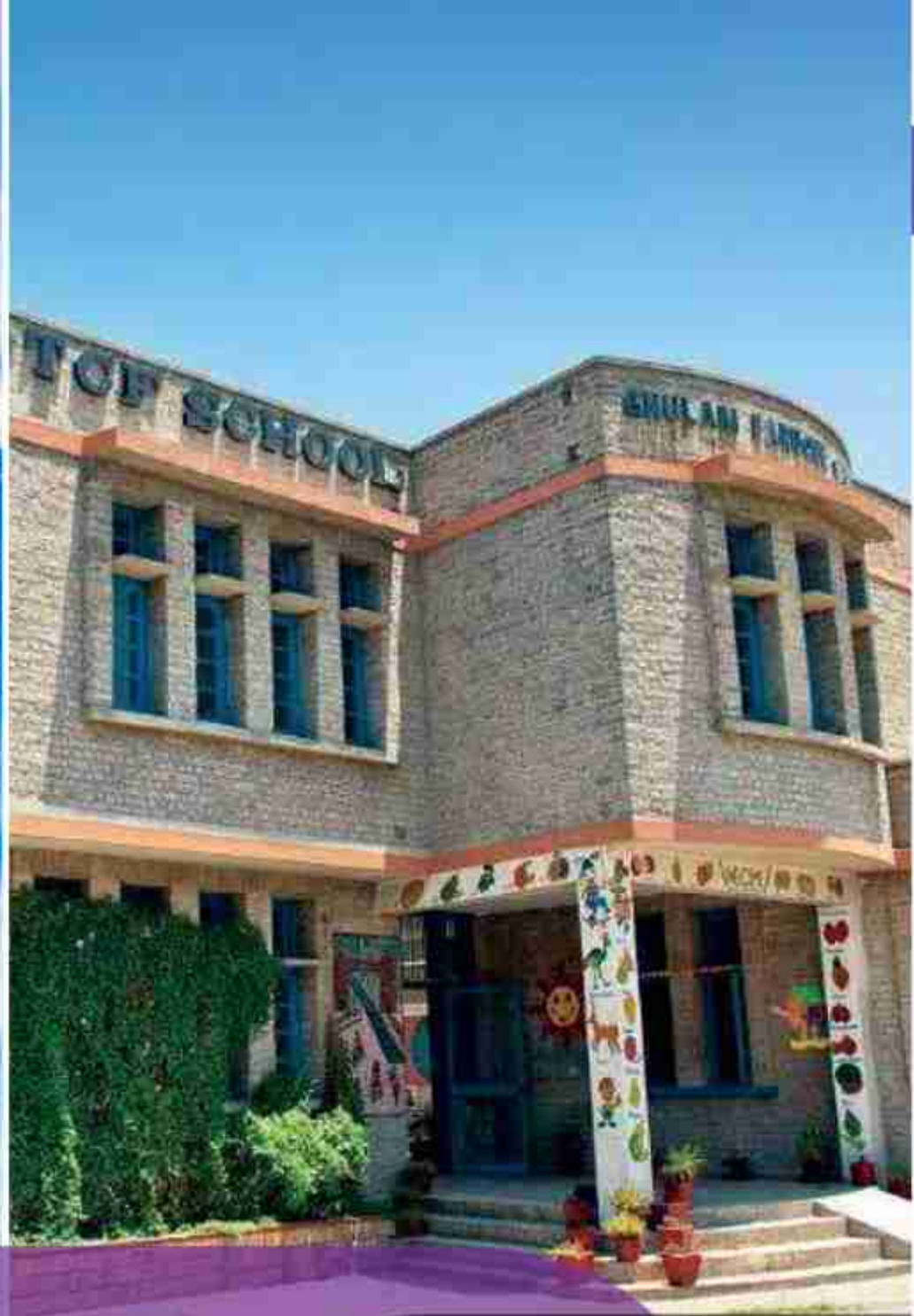
Striving for Excellence

Financial Statements



**COMMUNITY CARE** is at the heart of our mission, building a lasting and resilient support systems for our communities.

*Rocks that are eroded by nature present the shape of the queen's head Yehliu Geological Park Taiwan.*



**CONTINUE  
TO CARE  
FOR OUR  
COMMUNITIES**

- Overview
- Strategy
- Risk
- Sustainability & CSR
- Governance
- Financial Analysis
- Business Model
- IT Governance
- Outlook
- Stakeholders
- Striving for Excellence
- Financial Statements



**OPTIMIZE OUR INVESTMENT  
PORTFOLIO** to achieve a solid  
resilient performance

*Basalt Column of fingal's Cave Staffa Island Scotland.*





T  
and

**OPTIMIZE  
OUR  
INVESTMENT  
PORTFOLIO**





# OUR VALUES



**OWNERSHIP**  
is our way to success



**RESPECT**  
is our way of life



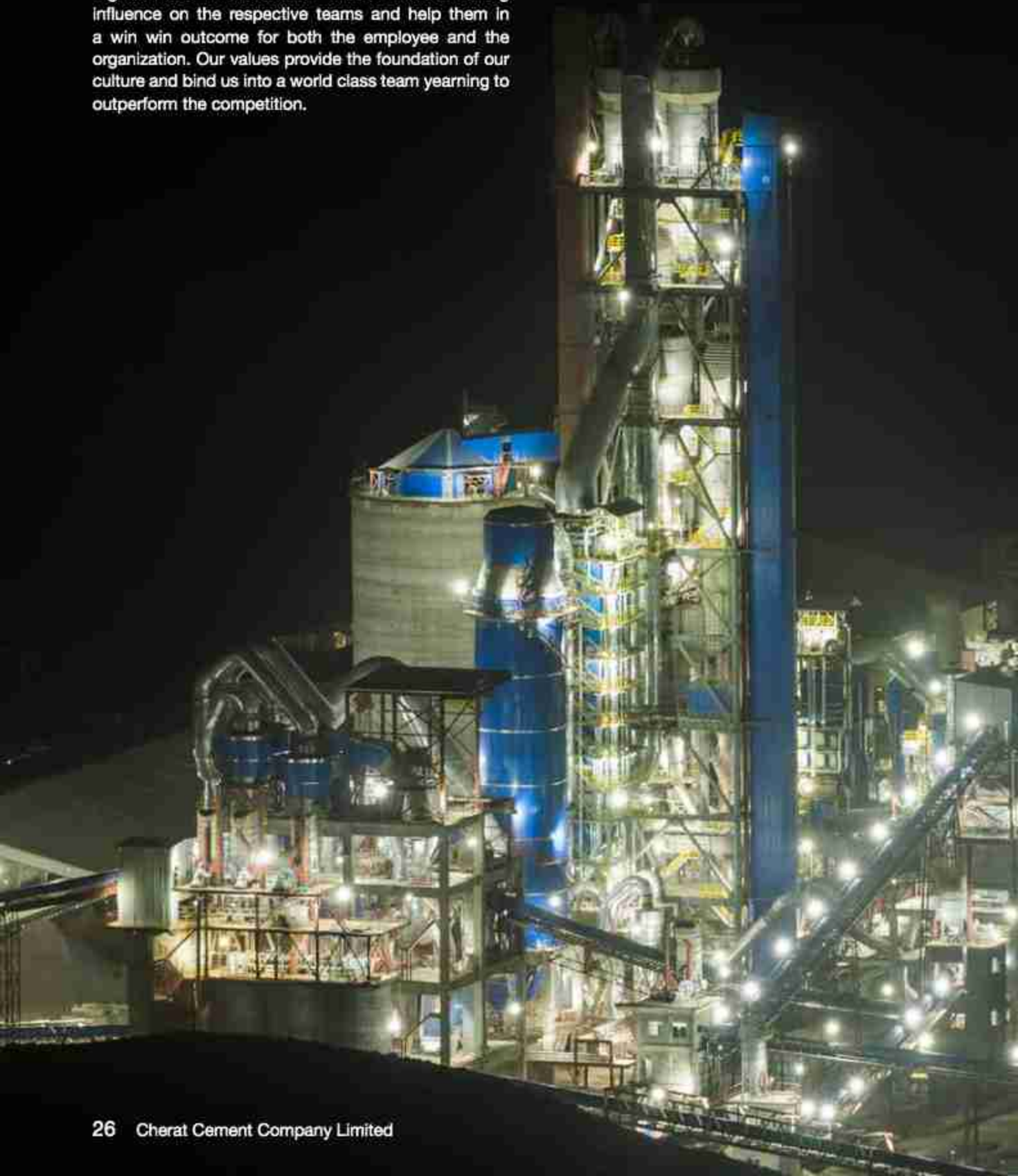
**QUALITY**  
is our legacy



**FAIRNESS**  
is our way of work

## CULTURE

Organizational culture in the Company is a manifestation of shared values and beliefs, which we practice every day to move towards a better and more successful organization. These shared values have a strong influence on the respective teams and help them in a win win outcome for both the employee and the organization. Our values provide the foundation of our culture and bind us into a world class team yearning to outperform the competition.



# ETHICS

Our Code of Conduct reflects our commitment to meet the expectations of our stakeholders and contains the fundamental principles and rules concerning ethical business conduct. Cherat Cement Company Limited (CCCL) is committed to conducting its business with honesty and integrity and we expect all our employees to maintain high standards in accordance with this Code.

CCCL Code of Conduct forms an integral part of the terms of employment of all employees. The Company insists on full compliance and does not tolerate any misconduct. Unlawful behaviour is

not tolerated under any circumstances. A breach of the CCCL's Code of Conduct can lead to disciplinary action upto and including termination of employment.

It is the obligation of every employee to be responsible, honest, trustworthy, conscientious, and dedicated to the highest standards of ethical business practices. The employees have a legal, moral and ethical responsibility to report to their Line Managers or Compliance Committee, any known or suspected violations of law, regulations and / or corporate policies.



# CODE OF CONDUCT



This Code of Conduct of the Company is based on the principles of, including but not limited to, Personal Conduct, Conduct in business dealing, Integrity & Honesty.

## **Scope**

This Code of Conduct is applicable to Directors, Senior Management and all regular and direct contract staff in the Company and its locations.

## **Compliance with the Law and Reporting of Violations**

We firmly believe in good corporate governance and in providing advice concerning compliance with the Code of Conduct. All employees are encouraged to report any suspected violation of this Code of Conduct to their Line Managers (Functional Heads) who will report to the Chief Executive / Chief Operating Officer and/or as provided under the Whistle Blowing Policy of the Company.

The observance of the laws and regulations of the legal systems in which we operate, along with policies of the Company, is mandatory for all employees in all their dealings, be it with customers, suppliers, competitors, other employees, government bodies or others.

## **Competition and Anti-trust Law**

We obligate employees to strict compliance with Competition and Anti-trust Laws wherever the Company operates.

## **Bribery and Corruption**

We are committed to conducting our business

in an open, honest and ethical manner in all the jurisdictions in which we operate and will not allow its employees to engage in any form of bribery or corruption in order to secure any kind of business advantage.

## **Money Laundering**

It is our policy to refrain from conducting business with persons or entities who are involved in criminal or illegal activities. All employees have to adhere to applicable anti-money laundering laws and regulations.

## **Product Quality**

We develop and manufacture high-quality products that meet all regulatory requirements and pursue quality beyond compliance in both our products and processes. We focus on regularly updating ourselves with technological advancements to produce under the highest standards and maintain all relevant technical and professional standards.

## **Books, Records and Financial Reporting**

The accuracy and completeness of our books, records and financial reporting is of critical importance for the Company. We fulfill all applicable legal obligations with regard to public filings and reporting.

## **Ensure Confidentiality**

It is our policy that no employee entrusted with confidential information about the Company, its suppliers, customers or other business partners may disclose such information to any third party or use such information for his or her personal benefit

while employed with the Company or thereafter, unless prior written approval is obtained from a duly authorized person, unless it is public knowledge at the time of disclosure or the disclosure is required by law.

### **Protection and Information Security**

We have a policy that sets out rules on data protection and the legal conditions that must be satisfied in relation to the obtaining, handling, processing, storage, transportation and destruction of personal information. We comply with all applicable laws & regulations regarding the collection, processing and use of personal data. Any illegal collection, processing or use of personal data of our employees, suppliers, customers and third parties are strictly prohibited. All personal data must be safeguarded with appropriate care and protected against unauthorized access by third parties at all times.

### **Handling and Safeguarding of the Company's Property**

Employees must handle the Company's assets, property, proprietary information and intellectual rights for business purposes and not for personal benefits or gains and to make utmost efforts for the protection and efficient use of the Company's assets.

### **Equal Treatment and Fair Working Conditions**

We are committed to promoting equality of opportunity for all staff and job applicants. We aim to create a working environment in which all individuals are able to make best use of their skills and abilities, free from discrimination or harassment, and in which all decisions or promotions are objectively based on merit. We do not tolerate any form of discrimination, harassment or bullying in the workplace.

### **Social and Corporate Governance**

We are committed to maintaining ethical leadership, advocating best practices, establishing comprehensive policies, implementing robust internal controls and engaging with shareholders and other stakeholders in a transparent and a fair manner. We encourage employees to participate in philanthropic activities, including contributing to charities of their choice.

### **Personal Conduct and Legal Duties**

We encourage employees to improve competence and skills in their respective roles through continuing professional education, exercising due diligence, objectivity and sound judgement while performing their duties.

We also encourage employees to exhibit a high standard of personal conduct both inside and outside the Company.

### **Insider Trading**

The employees of the Company may not partake in practices like insider trading, concealment of facts, misusing of privileged information and must ensure compliance with all relevant laws and Company policies.

### **Diversity and Inclusion**

We are committed to promoting a diverse and inclusive staff composition and providing equal opportunities to all employees for employment in the Company irrespective of their culture, race, gender, caste, and religion. We do not tolerate intimidation and harassment in the workplace.

### **External Activities and Public Comments**

We do not permit employees to undertake external activities during the working hours or at the expense of their duties and commitments to the Company.

### **Health, Safety and Environmental Protection**

We are committed to complying with environmental laws and will strive to use eco-friendly technologies and practices to minimize our environmental footprint wherever reasonably possible. This includes making efficient use of natural resources and aiming to minimize the environmental impact of our activities and products.

We focus on all aspects of occupational health, safety and environmental protection. We identify and manage health, safety and environmental risks in our activities and over the entire value chain of our products and services.

We focus on customer satisfaction, employee well-being, ethical business conduct, community engagement and collaboration with government and regulatory authorities.

### **Avoiding Conflicts of Interest**

Employees may not engage in any activities, on or off the job that conflict with the Company's business interests, nor they may use their position with the Company for their personal gain or for the improper benefit of others. As a policy, conflicts of interest must be reported to Management.

## COMPANY INFORMATION



# WEL CHERAT CEMENT

#### Board of Directors

Mr. Omar Faruque  
Mr. Azam Faruque  
Mr. Akbarali Pesnani  
Mr. Arif Faruque  
Mr. Asif Qadir  
Mr. Abrar Hasan  
Mrs. Zeeba Ansar  
Mr. Yasir Masood

#### Audit Committee

Mr. Asif Qadir  
Mr. Akbarali Pesnani  
Mr. Arif Faruque

#### Human Resource & Remuneration Committee

Mr. Abrar Hasan  
Mr. Azam Faruque  
Mr. Omar Faruque

#### Director & Chief Operating Officer

Mr. Yasir Masood

#### Chief Financial Officer

Mr. Ijaz Ahmed

#### Company Secretary

Mr. Asim H. Akhund

#### Head of Internal Audit

Mr. Aamir Saleem

Chairman  
Chief Executive  
Director  
Director  
Director  
Director  
Director  
Director

Chairman  
Member  
Member

Chairman  
Member  
Member

#### External Auditors

EY Ford Rhodes  
Chartered Accountants

#### Cost Auditors

UHY Hassan Naeem & Co.  
Chartered Accountants

#### Shariah Advisor

Alhamd Shariah Advisory Services (Pvt.) Limited

#### Legal Advisor

K.M.S. Law Associates

#### Bankers

Allied Bank Limited  
Bank Al Habib Limited  
Habib Bank Limited  
Habib Metropolitan Bank Limited  
Industrial & Commercial Bank of China  
MCB Bank Limited  
National Bank of Pakistan  
Samba Bank Limited  
Soneri Bank Limited  
The Bank of Punjab  
United Bank Limited

#### Non-Banking Financial Institution

Pakistan Kuwait Investment Co. (Pvt) Limited



# WELCOME TO T COMPANY LIMITED

## Islamic Bankers

Bank Alfalah Limited  
Bank-Islami Pakistan Limited  
Dubai Islamic Bank Pakistan Limited  
Faysal Bank Limited  
MCB Islamic Bank Limited  
Meezan Bank Limited  
The Bank of Khyber

## Credit Rating

Long-term rating: A+  
Short-term rating: A1  
Outlook: Stable  
by The Pakistan Credit Rating  
Agency Limited (PACRA)

## Share Registrar

CDC Share Registrar Services Limited  
CDC House, 99-B, Block 'B'  
S.M.C.H.S., Main Shahrah-e-Faisal  
Karachi-74400  
Tel: 0800-23275  
UAN: 111-111-500  
Email: info@cdcsrsl.com

## Contact Information

UAN: 111-000-009  
Email: info@gfg.com.pk  
Web: www.gfg.com.pk

## Registered Office / Factory

Village Lakral, P.O. Box 28,  
Nowshera  
Tel: +9291 5270531-4  
Fax: +9291 5270536

## Head Office

Modern Motors House,  
Beaumont Road  
Karachi-75530  
Tel: +9221 35683566-7, 35689538  
Fax: +9221 35683425

## Sales Offices

Peshawar:  
1st Floor, Betani Arcade,  
University Road  
Tel: +9291 5842285, 5842272  
Fax: +9291 5840447

Lahore:  
3, Sunder Das Road  
Tel: +9242 36286249-50, 36308259  
Fax: +9242 36286204

Islamabad:  
1st Floor, Razia Sharif Plaza  
Jinnah Avenue, Blue Area  
Tel: +9251 2344531-33  
Fax: +9251 2344534, 2344550

## NATURE OF BUSINESS

Cherat Cement Company Limited is a Ghulam Faruque Group (GFG) Company, having its principle business activity of manufacturing, marketing, and sale of Cement. The Company is a pioneer in Pakistan's Cement industry and commands a leading market position in its region, placing an unwavering emphasis on quality.

Cherat's main product is ordinary Portland Cement, branded as Cherat, with introduction of composite Cement named Cherat Khyber.

### Local and International Market

The Company's manufacturing plant is strategically located in Village Lakral, District Nowshera, Khyber Pakhtunkhwa (KPK) Province, catering primarily to the local market of KPK, FATA, Azad Kashmir and Punjab. Though, the Company actively export its product to the Afghanistan market as well.

## OUR PRODUCTS



## OUR CERTIFICATIONS





# GROUP STRUCTURE

Since its inception, the Ghulam Faruque Group has continuously strengthened and diversified its lines of operations. Faruque (Private) Ltd is the Parent Company; details and brief profile of other leading group companies / ventures are as follows:



## Faruque (Private) Limited Parent Company

Established in 1964 as a Parent Company of the Group, it primarily serves as an investment arm of the Group.



## Mirpurkhas Sugar Mills Limited

Manufacturer and seller of Sugar and corrugated Paper

Established in 1964, its principal activity is manufacturing and selling of sugar and paper. It is located about 230 km from the port city of Karachi in Mirpurkhas and is listed on the Pakistan Stock Exchange Limited. The Company has a cane crushing capacity of 12,500 tons per day and is one of the most efficient sugar mills in Pakistan. Moreover, it is involved in development of higher yield sugar cane varieties on its experimental farms.

In order to further diversify its operations, the Company has setup a Paper and Board Project with the installed capacity 250 tons per day (TPD) at its existing location. The plant successfully started commercial production from May 2023 and is selling its products to leading corrugators of Pakistan.



## Cherat Packaging Limited

Manufacturer of Kraft Paper, Polypropylene Bags and Flexible Packaging Products

Established in 1991, it is one of the largest producer and supplier of paper sack and polypropylene (PP) bags to the cement industry in Pakistan. CPL also produces and provides bags to other industries such as sugar, rice and chemical etc. It also produces flexible packing material through its state-of-the-art facilities. CPL is listed on Pakistan Stock Exchange. The Company has a production capacity of 160 million paper bags, 260 million PP bags and 19.8 million kgs flexible packaging products per annum. CPL successfully installed Flexo printing line II in May 2024. This will enable CPL to meet the demand of its prospective customers in an effective manner and optimize the utilization of its available resources.

CPL caters to the domestic as well as export markets and is also a recipient of the prestigious Pakistan Stock Exchange "Top Companies" Award and Management Association of Pakistan's Best Company Award several times.

## ZENSOFT

### Zensoft (Private) Limited

Information Systems Services Provider Specializing in Business Software Solutions It was established in 1998 and is engaged in development of computer softwares. The Company specializes in providing high quality business solutions.



### Greaves Pakistan (Private) Limited

Providing Specialized Engineering Sales and Services

It was established in 1859 to provide specialized engineering equipment sales and services. However in 1964, the Group acquired a controlling interest in the shares of the Company and by 1981 Greaves became a wholly owned subsidiary of Faruque (Private) Limited. Greaves has the following divisions namely i) Power Generation, ii) CNG Equipment, iii) Industrial Machinery, iv) Solar Energy, v) LED, vi) Elevator, vii) Earth Moving & Construction Machinery, viii) Air Compressor ix) Fuel Dispenser and x) UPS.

**Greaves Airconditioning (Private) Limited**  
Equipment Suppliers and HVAC Solution Provider

Greaves Airconditioning (Private) Limited Equipment Suppliers and HVAC Solution Provider Commenced operations in 1975, this is the only HVAC Company in Pakistan which is providing the complete one window HVAC solution to its customer including designing, supply, installation and maintenance of complete HVAC products range. Greaves Airconditioning is the sole distributor of Jhonson Controls International (York) products in Pakistan.

**Greaves Engineering Services (Private) Limited**  
HVAC Contractors

Established in 2003, its principal activity is to provide services associated with airconditioning, installation and maintenance of central and packaged units.

**Greaves CNG (Private) Limited**  
Retail Sales of CNG to end consumers

Greaves CNG was established in 2001 with a prime motive to install CNG facilities at the retail outlets of Petroleum Companies. It is a preferred third party investor for all major petroleum companies in Pakistan.



### Unicol Limited

Joint Venture Distillery Producing Ethanol and Liquid Carbon Dioxide (CO2)

Unicol was incorporated in 2003 as a Public Unlisted Company as a joint venture with equal shareholdings between Faran Sugar Mills Limited, Mehran Sugar Mills Limited and Mirpurkhas Sugar Mills Limited. All three sponsor companies are listed at the Pakistan Stock Exchange. Unicol is engaged in the production and marketing of the industrial ethanol, sugar and Liquid CO2. Unicol produces various grades of ethanol being produced from molasses including super fine ENA Anhydrous (99.9%), ENA (>96%), and B Grade (>92%). Unicol also produces refined sugar and also engaged in the production and marketing of food-grade liquid carbon dioxide (LCO2).

Unicol has an installed ethanol production capacity of 56,000 MT per annum while sugar division has a cane crushing capacity of 8,000 TCD and LCO2 installed production capacity of 18,000 MT per annum.

Unicol exports its complete production of ethanol to various regions across the globe whereas Sugar and LCO2 are sold locally.

Unicol is the proud recipient of the FPCCI Best Export Performance Award for 2022-23.



### UniEnergy Limited

Joint Venture for Renewable Wind Energy.

# JOURNEY OF SUCCESS

Implementation of Conveyor Belt System for material Transportation

Implementation of 'Recruitment' and 'Onboarding' modules in SAP



Upgraded from SAP ECC to SAP S/4 HANA

Success Factor implemented  
BMR on Line-I completed



Commissioned Solar Power Project



Acquisition of Land and other assets at D.I Khan for Green Field Project

Work started on Line - I upgradation



Capacity Expansion to 3,300 t/day



LVT Cement Press installed



03 Roto Packers Haver & Boecker commissioned with packing capacity of 270 t/hour



Installed SAP (ERP)



Commissioning of Coal Grinding Mill to replace primary fuel, i.e. Furnace oil



Cherat Electric Merger in Cherat Cement Co. Ltd.  
Cooler E.P. Multicyclones converted to Electrostatic Precipitators



HMI Manual operating panels converted to HMI



IKN System at Cooler capacity increased to 2,500 t/day



5 MMCFD Gas Pipeline project completed  
 Solar project initiated



Commercial production of Line-III with a clinker capacity of more than 6,700 tons per day along with WHR  
 Installation of 3 Wartsila dual fuel generators of 9.7 MW each



L/C opened for 3 Wartsila dual fuel generators having production capacity of 9.7 MW each



Commercial production of Line-II with the capacity of 4,200 clinker t/day started  
 L/C opened for Line-III having clinker production capacity of more than 6,700 t/day



Waste Heat Recovery for Power Generation commissioned



Tyre Derived Fuel Processing Plant installed



Refuse Derived Fuel Processing Plant installed



Work started on Line-II having clinker production capacity of 4,200 t/day



Wartsila Diesel commissioned 04 Wartsila Diesel plants (20 MW)



Doubling capacity expansion to 2,300 t/day  
 Installed Roller Press at Raw Mill & Cement Grinding areas  
 Caterpillar commissioned 04 CAT power generators (6 MW)



Optimization capacity expansion to 1,400 t/day



The Company started production with 1,100 t/day capacity



# HALL OF FAME

These achievements show that the Company is a responsible corporate entity and believes in transparency in the process of data gathering and timely dissemination of factual information to our valuable stakeholders.

## Forbes: Asia's Best Under a Billion Company

In 2006, Cherat Cement Company Limited was recognized by Forbes Asia Magazine as one of Asia's 200 "Best Under a Billion". The award recognizes 200 Asia-Pacific public companies with less than \$1 billion in revenue and consistent top-and bottom-line growth.



## Corporate Excellence Award by MAP

Management Association of Pakistan (MAP) recognizes and honours Companies showing outstanding performance and demonstrating progress and enlightened management practices As Cherat Cement Company Limited believes in transparent reporting, information symmetry and culture of adopting best management practices. As a result, the Company's outstanding performance was also recognized by the Management Association of Pakistan on account of Best Management practices. The Company was awarded Corporate Excellence Certificates in "Cement" category for the years 2022 and 2021.

## Pakistan Stock Exchange Top Companies Award

The Company's outstanding performance was also recognized by the Pakistan Stock Exchange and the Company was awarded the Top Companies Award for the financial years 2022, 2020 and 2014.







### South Asian Federation of Accountants (SAFA) Award

The Company's commitment to transparency in corporate reporting was recognized with a nomination in the SAARC Anniversary Awards for Corporate Governance Disclosures for its 2022 and 2019 annual report. At the event in Colombo, Sri Lanka, in December 2020, the Company secured Joint Second Runner-up for its improvements in Transparency, Accountability, and Governance in Corporate Governance Disclosures. Previous certificates of merit were also awarded for the fiscal years 2014 and 2017.

### Business Excellence Award

The Company was awarded with Business Excellence Award in Financial year 2022 presented by the resident of Sarhad Chamber of Commerce and Industry for being the winner for its exports to Afghanistan since 2003.



### Fire & Safety Award by NFEH, FPIP & IFE

Cherat Cement Company Limited was recognized with the prestigious Annual Fire Safety Award on November 02, 2023, organized by National Forum for Environment & Health (NFEH) in collaboration with the Fire Protection Industry of Pakistan (FPIP) & The Institution of Fire Engineers (IFE).

### Best Corporate and Sustainability Report Award by ICAP & ICMAP

The Company achieved for last three consecutive years the Best Corporate and Sustainability Report Award in the Cement sector for the financial years 2022, 2021, and 2020, jointly organized by the Institute of Chartered Accountants of Pakistan and the Institute of Cost and Management Accountants of Pakistan. Previously, the Company also secured first place in consecutive financial years 2016 and 2017. Additionally, the Company achieved second place in the Best Corporate and Sustainability Report Award for the financial years 2014, 2015, and 2019 and third place in Financial year 2018.



# COMPETITIVE LANDSCAPE AND MARKET POSITIONING



Cherat Cement Company Limited (CCCL) boasts an expansive distribution network that serves customers through its active market place. This extensive web of cement dealers not only enhances logistical and working capital efficiencies but also ensures prompt delivery of products to end consumers.

The Company's primary focus remains on implementing business strategies tailored for the local market, ensuring sustainability and augmenting market share. By harnessing its resources and efforts, the Company strives to tap into new markets and regions, aiming to enhance its accessibility "through cross borders" construction industry and effectively meet the needs of customers in both local and international arenas.

With a cutting-edge production facility in place, CCCL has consistently advanced its market share within the cement industry it operates in. During the year, Company has successfully moved towards local coal with the blend of imported coal with an objective of cost optimization. Additionally, the Company exercised cost control over power expenditures by optimizing a combination of waste heat recovery, self-generation, national grid sourcing, and efficient utilization of energy sources.

The competitive landscape and market positioning is explained below:

## **Power of Suppliers**

Our relationship with suppliers is defined by transparency, unwavering continuity, and the creation of shared value. The trajectory of our persistent growth can be traced back to our strategic partnerships with esteemed and dependable suppliers who stand as our trusted collaborators in the industry. We have diligently established a diverse array of supply sources for pivotal components and materials, safeguarding against any disruptions. Over the course of the year, the Company has been the beneficiary of a seamless inflow of vital input materials crucial to the production process. It is our robust and symbiotic bond with suppliers, coupled with our sterling reputation within the cement sector, that serves as the cornerstone of our effective management of supplier dynamics.

## **Power of Customers**

Guided by a commitment to prioritize our customers, a fundamental core value, we employ forward-thinking strategies to secure the loyalty of both our customers and stakeholders. We adeptly adapt to evolving expectations showcasing our business's nimbleness. Our attentiveness to our customers requisites remains unwavering, as we continually innovate to provide top-notch cement that precisely aligns with their needs. Placing customers at the epicenter of our choices empowers us to effectively cater to their influence.

### Competition and Rivalry

The cement sector experiences fierce competition, a factor that has historically proven advantageous for both the industry and its clientele. All participants diligently strive to augment their market presence. The expansion of the industry frequently aligns with economic progress and construction undertakings, giving rise to predictable cycles of demand. Cherat Cement stands out with its proficient production capabilities, well structured distribution networks and formidable brand reputation, affording it a competitive edge. Cement manufacturers located in the northern regions of Pakistan enjoy the added benefit of exporting their products to Afghanistan.

### Threat of New Entrants

The likelihood of a new participant entering the market is minimal. The cement sector usually demands substantial financial outlay for constructing manufacturing plants, acquiring necessary permissions, and forming efficient distribution systems. This considerable initial investment functions as a formidable obstacle deterring potential entrants from joining the market. Furthermore, the well-established cement companies frequently enjoy advantages stemming from economies of scale and robust distribution networks. These factors create challenges for new entrants, impeding their ability to match cost competitiveness and infiltrate established distribution avenues. Hence, the potential for new players to enter the cement industry remains relatively limited.

### Threat of Substitute Products

Due to the unique nature of the product, the market faces no risk from substitute products.



# GEOGRAPHICAL PRESENCE



**HEAD OFFICE**



**SALES OFFICES**



**FACTORY**

## MAIN DISTRIBUTIONS | LOCAL

- Abbotabad
- Arifwala
- Attock
- Bagh
- Bahawalnagar
- Bahawalpur
- Bajaur
- Bannu
- Bhakkar
- Bhimber
- Bunair
- Chakwal
- Chaman
- Charsadda
- Chilas
- Chitral
- Dera Allah Yaar
- Dera Ghazi Khan
- Dera Ismail Khan
- Dir
- Faisalabad
- Gambat
- Gilgit
- Gujranwala
- Gujrat
- Hafizabad
- Hunza
- Hyderabad
- Islamabad
- Jhang
- Jhelum

- Karachi
- Karak
- Kasur
- Khairpur
- Khyber
- Khuchlak
- Khushab
- Kohat
- Kotli
- Kurram
- Khuzdar
- Lahore
- Larkana
- Layyah
- Lodhran
- Malakand
- Mansehra
- Mardan
- Mianwali
- Mirpur
- Mirpurkhas
- Mohmand
- Multan
- Muzaffarabad
- Muzaffargarh
- Muslim Bagh
- Nankana
- Narowal
- Nawabshah
- Nowshera
- Oghi

- Okara
- Orakzai
- Pabbi
- Parachinar
- Peshawar
- Quetta
- Rahim Yar Khan
- Rajanpur
- Ranipur
- Rawalakot
- Rawalpindi
- Sahiwal
- Sakrand
- Sanghar
- Sargodha
- Shangla
- Sheikhpura
- Shikarpur
- Sialkot
- Sibbi
- Skardu
- Sukkur
- Swabi
- Swat
- Talagang
- Tank
- Topi
- Vehari
- Waziristan

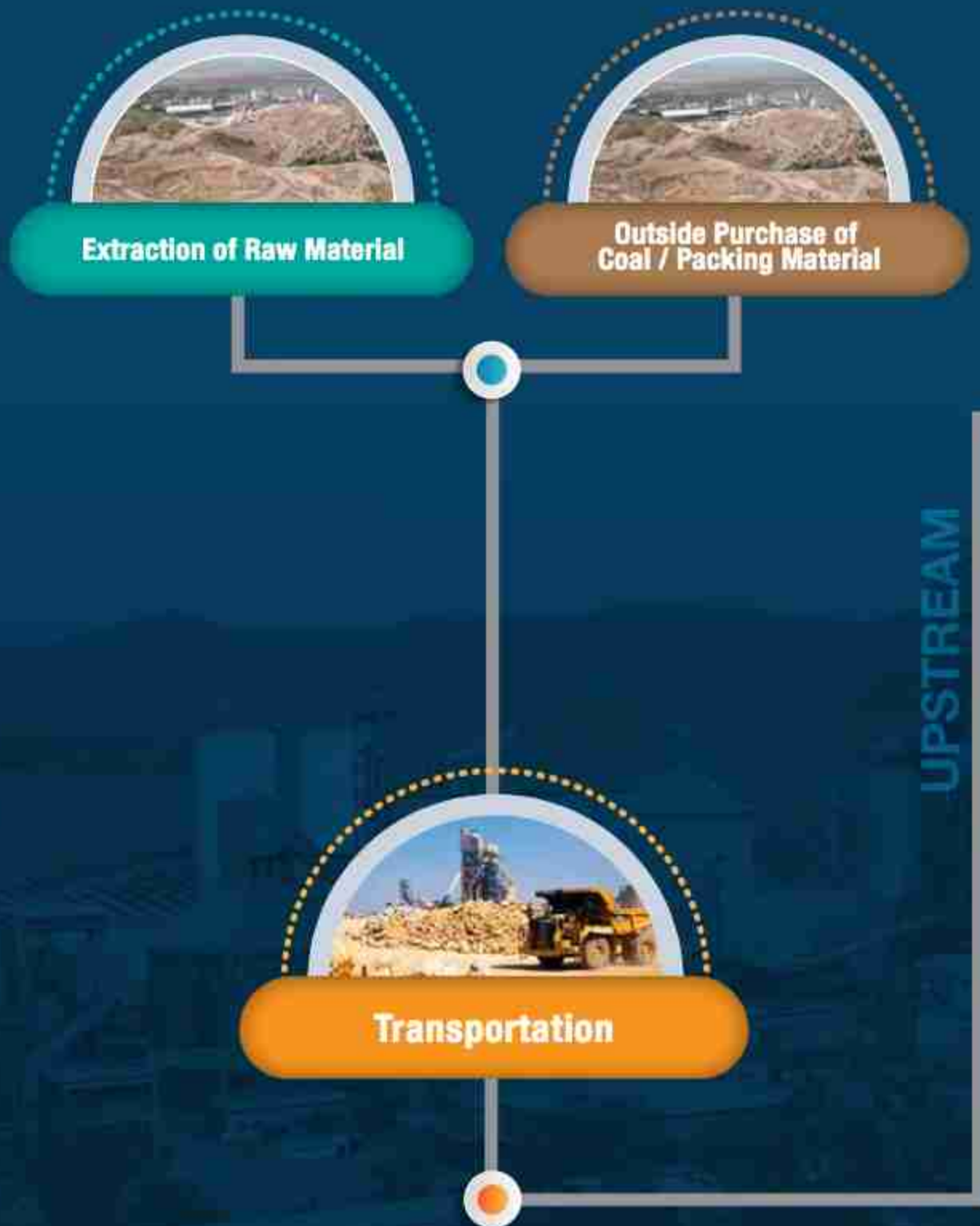
## MAIN DISTRIBUTIONS | EXPORT

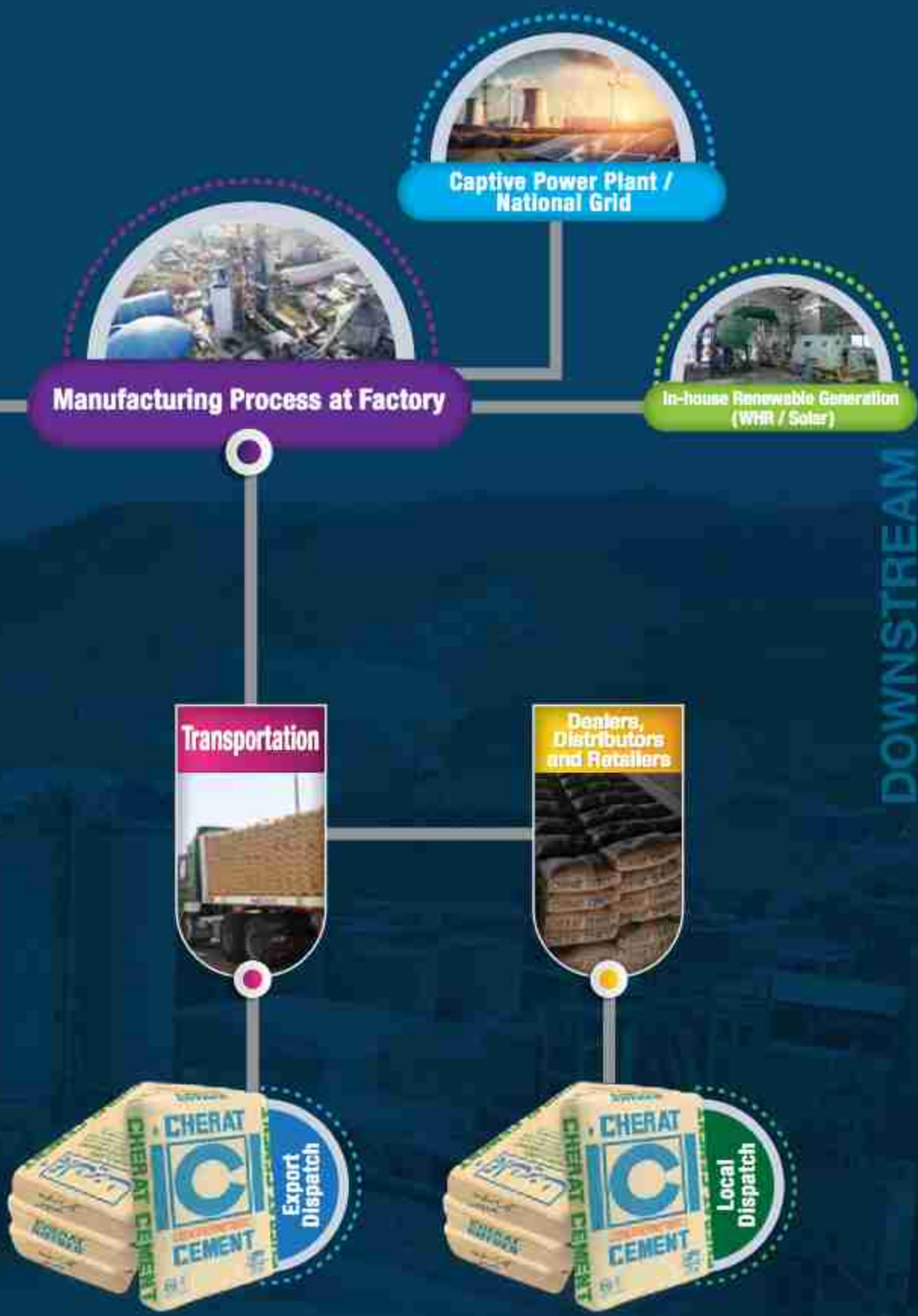
• Kabul

• Jalalabad

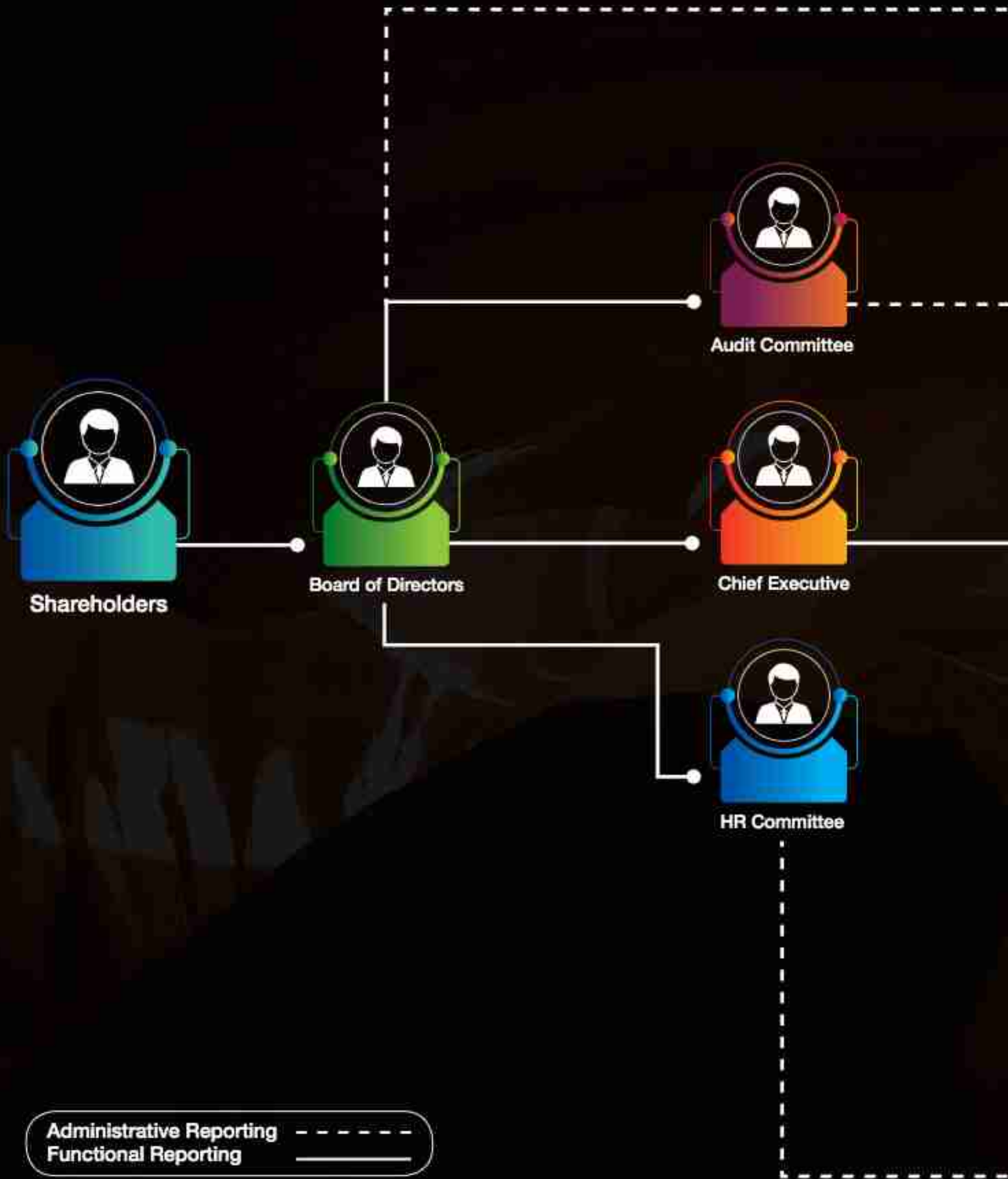
• Khost

## POSITION WITHIN THE VALUE CHAIN

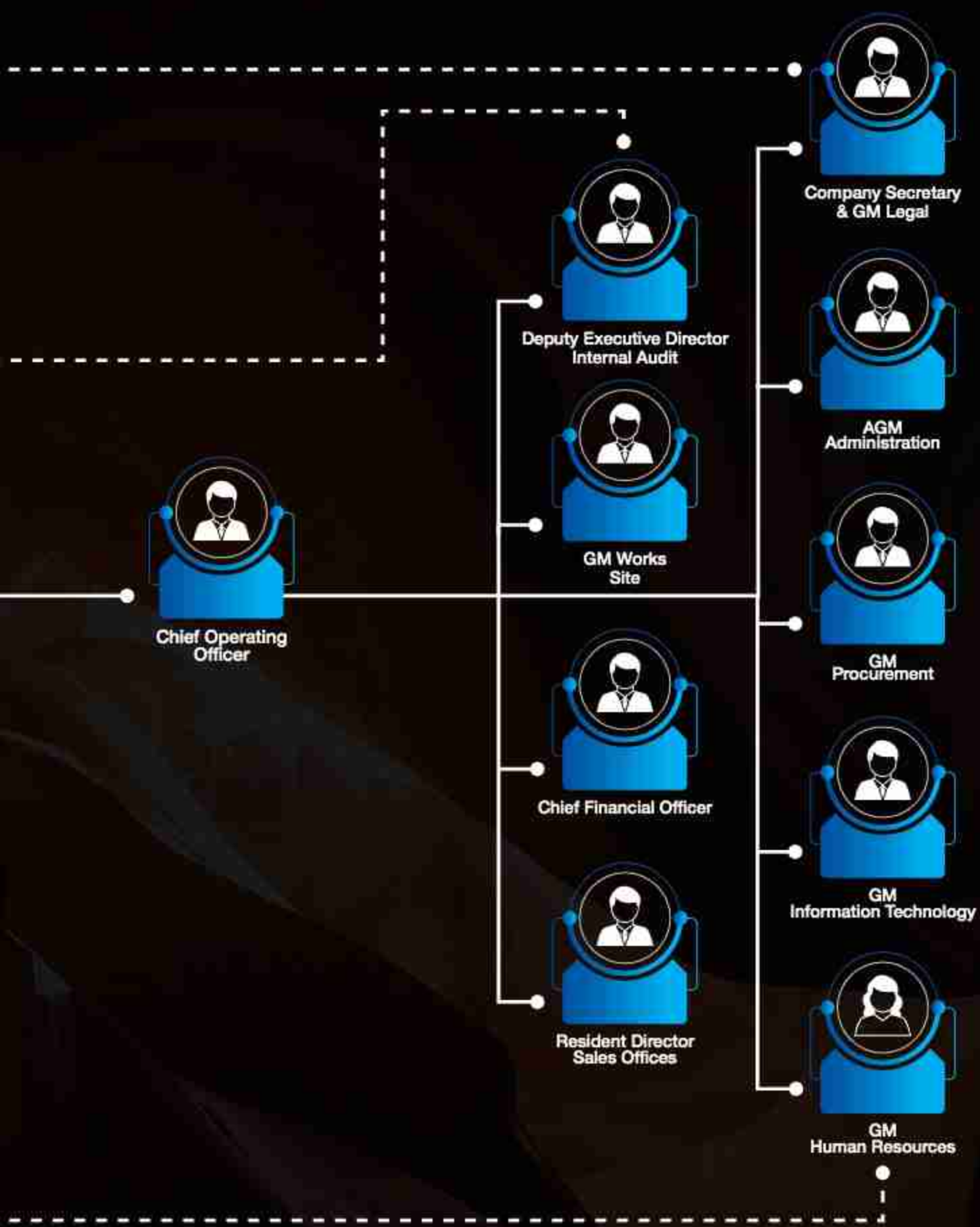




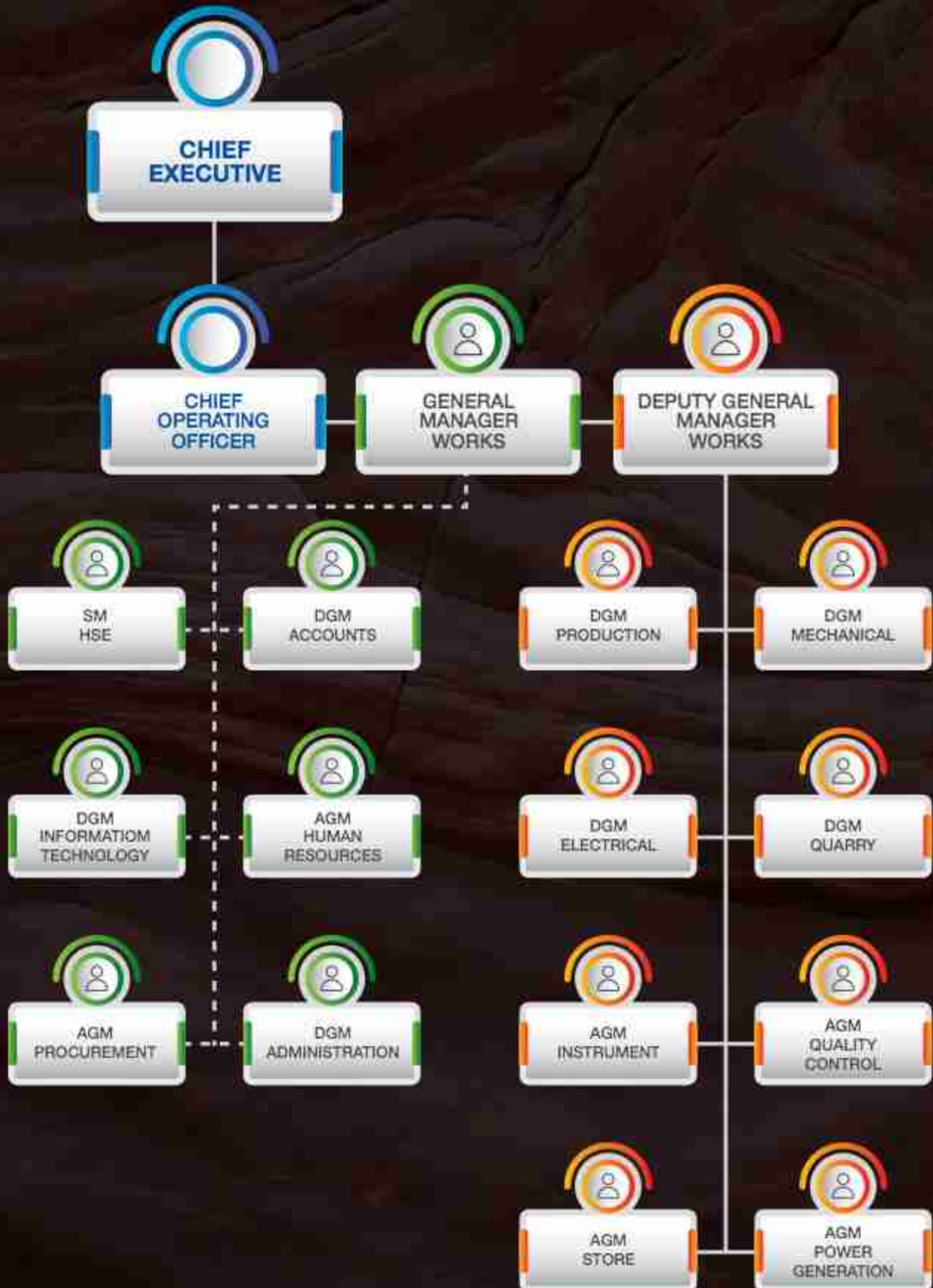
# ORGANIZATIONAL STRUCTURE



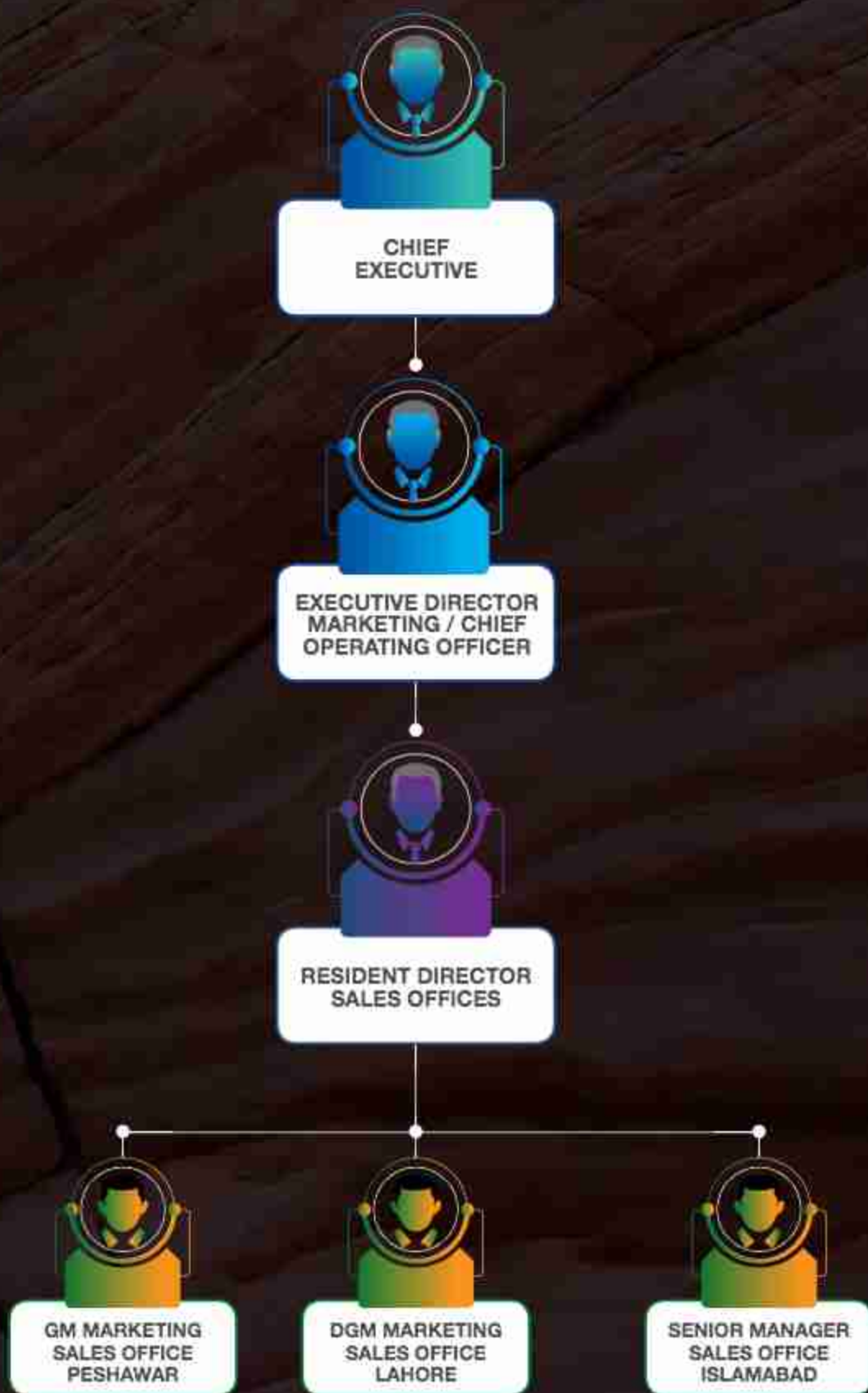




# FACTORY SITE ORGANIZATIONAL STRUCTURE



# SALES OFFICES ORGANIZATIONAL STRUCTURE



# FACTORS AFFECTING THE EXTERNAL ENVIRONMENT AND THE ORGANIZATION'S RESPONSE

## FACTORS

**P**

### Political

Political factors influence how much a government can impact the economy or a specific industry. Political uncertainty can destabilize the business environment

**E**

### Economic

Economic factors pertain to the country's financial condition. A robust economy stimulates business growth, while a weak economy can hinder it

**S**

### Social

A company's social responsibility cannot be overlooked. It must contribute to the improvement of the society in which it operates, addressing issues such as health and education challenges

## SIGNIFICANT CHANGE FROM LAST YEAR

- Political uncertainties,
- General Election & formation of a new Government
- Global political scenario

- Reduced Government's spending
- Lower economic growth
- Higher Inflation

- Focusing CSR activities
- Investment in society and Health

## ORGANIZATIONAL RESPONSE

The Company continuously monitors and analyzes the political situation within the country, paying close attention to changes in duty structures, taxes, and other financial levies. This proactive approach helps the Company anticipate and mitigate potential risks or disruptions that could affect its operations and financial performance. By staying informed about political developments and regulatory changes, the Company aims to adapt quickly and minimize any negative impact on its business

The Company continuously works to enhance efficiencies in its manufacturing processes and energy use to offset rising production costs. It regularly implements cost reduction initiatives to manage both production and non-production fixed expenses. With its extensive national presence, international reach, and involvement in diverse businesses, the Company is well-positioned to handle economic disruptions in specific regions or sectors

Corporate Social Responsibility (CSR) is a core aspect of the Company's ethics and policy, pursued with dedication. We lead in voluntary CSR efforts, guided by SECP's CSR guidelines and the Companies Act of 2017. Our initiatives focus on education, health, water, and women empowerment, including donations to top NGOs and running a model school and a health unit in collaboration with local organizations. We support women's development projects, provide transportation for students, install tube wells for drinking water, conserve animal species, and distribute rations. All CSR activities, including financial allocations and strategic decisions, are overseen and approved by the Board

## T Technological

Technology is crucial to the success of any company. Businesses that lag behind in adopting modern technology often face the risk of closure

- Technology innovation
- Continuous development of Information Technology infrastructure

Company continuously invests in the robust software and hardware for upgradation and recently upgraded SAP and also implemented SAP Success Factor. System is equipped with Sophos Endpoint protection product that combines anti-malware, web and application control, device control, Barracuda Email Security Gateway and much more

## L Legal

Companies are obligated to comply with various laws and regulations. Every responsible company must adhere to the rules and guidelines set by the government

- Income and Sales tax Law
- SECP Act, Rules & Regulation
- IFRS and its Amendment
- Labour and Environmental Laws & Regulation

The Company has a dedicated team of professionals committed to ensuring full compliance with all regulatory requirements. To benchmark itself against the best in corporate Pakistan, the Company participates in various award programs, such as the PSX Top 25 Awards, MAP Corporate Excellence Awards, and Best Corporate Report Awards

## E Environmental

Nearly every manufacturing company affects the environment, with climate change and water scarcity being major concerns

- Environmental Footprint, Recycling, Climatic Conditions, Global warming
- Renewable energy including solar and hydel power

The Company complies with ISO 14001 and NEQ Standards and has installed WHR plants to protect the environment. The plant uses Electrostatic Precipitators and bag filters to control dust and gas emissions, reducing the impact of global warming. Large-scale tree plantations have been conducted to further improve the environment. Additionally, the Company receives clean hydro energy from Pakhtunkhwa Energy Development Organization (PEDO) and has installed a solar power project at its Nowshera plant, contributing to environmental sustainability and cost savings

During the year, the Company has successfully increased Solar power generation capacity by 0.517 MW and is in the process of installing another 9 MW, in addition to the existing 13.517 MW

**Seasonality of Business:**  
Cement demand is normally on higher side during summer.

## DESCRIPTION OF PERFORMANCE OF ACTIVITIES, PRODUCT AND SERVICES

The performance of various activities and cement products within a cement company in Pakistan is shaped by a complex interaction of market dynamics, economic conditions, and strategic initiatives. Below is a detailed overview of the performance of the company's cement products and activities:

**Sales Volume and Revenue:** The company's cement dispatches decreased by 8.5%, yet sales revenue rose by 2.8% due to favorable price variances as an adjustment to the higher input costs. Locally, the cement price went up by Rs. 1,947 per ton, while the export price increased by Rs. 41 per ton, resulting in an average price increase of Rs. 1,608 per ton.

**Market Demand:** Demand for cement products declined over the year, driven by high inflation, reduced customer purchasing power, elevated KIBOR rates, and minimal PSDP allocations.

**Operational Efficiency:** The company substituted imported coal with local coal and utilized the solar power plant of 13.5 MW to optimize the power mix, which resulted in reduction of cost. By effectively managing high input costs, the company successfully mitigated the impact of rising costs and improved profitability. The company also plans to introduce Electric Vehicle dumper trucks to reduce fuel expenses.

**Profit Margins:** Profitability for each product improved as the company successfully raised prices in a timely manner and efficiently managed high input costs, such as fuel and power, while optimizing the use of renewable energy.

**Quality and Innovation:** With a market share of around 7%, Cherat is the preferred choice in many markets due to its superior quality. The recently developed composite cement has gained market share both locally and in export markets, thanks to its environmental benefits that meet market demands and regulatory standards.

**Customer Feedback and Satisfaction:** We regularly assess customer feedback on various cement products to gauge satisfaction, identify areas for improvement, and understand the reasons behind customer preferences or complaints. Notably, no complaints were filed this year, reflecting our commitment to quality.

**Environmental Impact and Sustainability:** We are actively addressing the environmental impact of our cement production by enhancing sustainability through reduced carbon footprints, the use of recycled materials, and alternative production methods. These efforts positively influence market perception and regulatory compliance.

**Market Positioning:** Cherat has strengthened its brand recognition and reputation in both existing and new markets through corporate social responsibility initiatives, sustainability efforts, and engagement in community development projects.

**Challenges and Opportunities:** The company faced significant challenges due to macroeconomic factors such as rising gas prices & utility cost, economic and political instability, government fiscal limitations in spending on PSDP, and higher taxation which led to a general slowdown in the construction sector. In response of which the Company has improved sales mix, utilization of local coal as kiln fuel, efficient use of WHRS, solar energy with an objective of maximum cost optimization.

# SWOT ANALYSIS

# S



## STRENGTHS

- The Company utilizes modern and efficient state-of-the-art machinery and equipment, which includes Production lines, Solar, Waste heat recovery system on kiln and captive power plant.
- Our plant is in an ideal location, close to the Afghanistan border, which makes our exports and coal input cheaper due to freight costs.
- The Company employs a skilled workforce having low employee turnover, which makes our production process efficient.
- Company along with its group companies is well diversified in various sectors, i.e. packaging, sugar, ethanol, air conditioning and generators, thus making a strong and well-established portfolio of the group.
- Our well-established relationship and trust levels with customers, vendors and transporters are reflected in the form of enhanced sales and strong operating performance throughout the years.
- The Company has successfully implemented SAP S/4 HANA, SAP Success Factor & SAP on-boarding and recruitment modules in order to maintain effective controls in system.

# W



## WEAKNESSES

- The Company has not fully explored the international market yet. However, with the announcement of new Greenfield production line (Line-A), the Company plans to target new markets to achieve its optimum level.
- High transportation cost due to remote location as transportation of imported input needs to be transport to factory premises. In this regard, the Company intend to implement effective procurement strategy to mitigate the impact.
- Far from largest market of the country, i.e. Punjab hence, unable to attain maximum retention. Though the Company has improved sales mix during the year.

# O



## OPPORTUNITIES

- The positive demographic trends like growing population, increasing urbanization and rising income levels are the key demand drivers in the country.
- Government's recent initiative of increasing spending on account of PSDP and infrastructure project including highway, dams and affordable Housing scheme is a key potential for the Company's future orders.
- The company unveiled Cherat Khyber cement as a new variant of cement particularly for the export market which will be a game changer to gain export market share in Afghanistan.

# T



## THREATS

- Growing pressure on prices due to rising input costs on account of increase in gas, coal and utility cost coupled with the devaluation of PKR currency puts pressure on the growth of local sales volumes in the short-term. However, growing export demand on the back of favorable market dynamics and PKR devaluation is expected to substitute such a slow-down in the growth of local sales with growing export volumes, there by mitigating such risk.
- Recent difficulties for the cement business in Pakistan include a drop in demand due to rise in cement prices, political instability, and surged in policy rate in the country may affect the Company.
- Announcements of new production lines by competitors, can affect our market share. However, our high-quality cement and strong reputation in the north zone can reduce the threat.
- Recent change in tax regime for exports may exert pressure on competitiveness in export market. Furthermore, government enactment of multiple levies, taxes for dealer and retailer may also impact the local sales volume.



## **LEGITIMATE NEEDS, INTEREST OF KEY STAKEHOLDERS, INDUSTRY TRENDS**

The company take into consideration concerns of all major stakeholders while planning and implementing new policies/procedures, expansions or significant events keeping in view past trends of major players in cement industry. In addition to it, all the needs / decisions are made within boundaries of applicable rules and regulations of different authorities.

## **POLITICAL ENVIRONMENT WHERE ORGANIZATION OPERATES**

Pakistan's economic performance showed a blend of positive and negative indicators, reflecting an evolving situation. On the positive side, government efforts to counter smuggling and illegal currency practices have played a vital role in stabilizing the currency. However, challenges include high inflation, high interest rates, undocumented economy, low foreign exchange reserves and reliance on external debt which hamper economic recovery. Global inflationary pressures, and oil price volatility due to geopolitical tensions in the Middle East, have further complicated the economic landscape. Moreover, our economic long-standing structural weaknesses and political uncertainty also contributed to increasing the challenges.

While there have been slight indications of recovery in exports to Afghanistan, significant advancements remain improbable given the persisting political and economic circumstances. Any favourable progress in this realm, however, holds the potential to elevate exports, directly benefiting the Company.

Our advantageous factory location in Nowshera, proximate to the Afghan border, coupled with Cherat's esteemed brand recognition within Afghanistan, has been instrumental in maintaining our premier position as a leading cement exporter to Afghanistan.



## LEGISLATIVE AND REGULATORY ENVIRONMENT IN WHICH THE COMPANY OPERATES

The legislative and regulatory environment in which Cherat Cement Company Limited operates is shaped by a combination of national laws, industry-specific regulations, and standards enforced by both federal and provincial authorities. Key elements include:

- 1. Corporate Governance and Compliance:** Companies in Pakistan must comply with corporate laws such as the Companies Act, 2017, which governs company incorporation, financial reporting, auditing standards, and corporate governance practices. They are also subject to the Securities and Exchange Commission of Pakistan (SECP) regulations, which ensure transparency and protect investors' interests.
- 2. Environmental Regulations:** Companies face stringent environmental regulations enforced by the Pakistan Environmental Protection Agency (Pak-EPA) and provincial environmental protection departments. These regulations focus on limiting air pollution, managing waste, conserving energy, and ensuring sustainable resource usage. Companies must obtain environmental clearances and comply with standards such as the National Environmental Quality Standards (NEQS).
- 3. Taxation and Fiscal Policies:** The Federal Board of Revenue (FBR) oversees taxation, including income tax, sales tax, and duties. The government may offer incentives, rebates, or impose additional levies depending on fiscal policies. Cement companies also deal with import duties on raw materials and machinery, which can affect their operational costs.
- 4. Labour Laws:** Companies must adhere to Pakistan's Labour laws, which cover worker rights, wages, health and safety standards, working hours, and conditions. The main statutes include the Employment of Labour (Standing Orders) Act, 1968, and the Factories Act, 1934. These regulations ensure that companies provide safe working conditions and fair wages to their employees.
- 5. Construction and Building Codes:** Companies must align with construction and building codes set by the Pakistan Engineering Council (PEC) and other relevant bodies. These codes dictate the quality standards for cement production and construction practices to ensure safety and durability.
- 6. Trade Regulations:** Companies involved in exports must adhere to trade policies and regulations set by the Trade Development Authority of Pakistan (TDAP) and the Ministry of Commerce. This includes compliance with export tariffs, quality certifications, and adherence to international trade agreements.
- 7. Competition Law:** The Competition Commission of Pakistan (CCP) monitors anti-competitive practices, ensuring fair competition within industry. Companies are prohibited from forming cartels, price-fixing, or engaging in monopolistic behavior that can distort market dynamics.

This regulatory framework is designed to balance corporate profitability with environmental sustainability, consumer protection, and Labour rights.

## NOTABLE EVENTS DURING THE YEAR

### AUG

**11th:**  
Celebration of  
Independence day

### SEP

**5th:**  
Board of Directors Meeting -  
Annual 2023

**28th:**  
Company's Corporate Briefing

### OCT

**4th:** Secured Corporate Excellence  
Award in the 'Industrial Category'  
at 38th Corporate Excellence  
Awards

**10th:** Won Pakistan Stock Exchange Top  
25 Companies Award

**12th:** Achieved 1st place in the Best  
Corporate and Sustainability  
Report Award 2022, organized by  
ICAP and ICMAP

**23rd:** Board of Directors Meeting  
- 1st Quarter 2023-24

**25th:** 42nd AGM at Registered Office

### NOV

**2nd:**  
Achieved Certificate of Appreci-  
ation at Fire safety Awards 2023  
organized by National Forum  
Environment & Health(NFEH)

### DEC

**3rd:**  
Annual Picnic

**22nd:**  
Won the Silver Award in the SAFA  
Best Presented Annual Report  
Awards 2022 in the 'Infrastructure  
& Construction' category.

### FEB

**16th:**  
Board of Directors Meeting -  
- 2nd Quarter 2023-24

**16th:**  
DPG Cricket & Family Golf

**21st:**  
Dinner with Dealers - Peshawar

### MAR

**8th:**  
Women's day

**21st:**  
EOGM for approval of  
Rs. 75 Million investment in  
Mirpurkhas Sugar Mill

### APR

**19th:**  
Dinner with Dealers - Islamabad

**25th:**  
Board of Directors Meeting - 3rd  
Quarter 2023-24

### JUN

**14th:**  
Board meeting other than financial  
results- (Budget FY 2024-25)

**14th:**  
Mango Day Celebration

**14th:**  
Dinner with Dealers - Lahore





# **STRATEGY AND RESOURCE ALLOCATION**

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# STRATEGIC OBJECTIVES AND STRATEGIES IN PLACE

Cherat Cement has a dynamic business environment and designed strategic objectives being developed and implemented professionally. Everyone at Cherat Cement has a role in delivering set strategic priorities. There is no significant change in the corporate strategic objectives of the Company, however, certain new strategic initiatives related to the strategic objectives have been included in corporate strategic Plan. Over the years, the Company has revalidated its vision and mission statement, tailoring them to meet modern evolving business environment requirement, ensuring the long-term sustainability.

For the value creation for its stakeholders, the Company primarily focuses on the strategic objectives and set priorities which develop with the aims of sustainable development, growing local and international markets and cost efficiencies. The Company has constantly been striving for improving efficiency through continuous innovations, process modernization, optimizing its capacity utilization and better use of available resources. To help achieve these goals, the management carefully sets up strategies and plans.

The Company has optimized its business processes, exploring new markets, cheaper energy alternatives, plant modernization, achieve customer satisfaction and market penetration. We strive to continuously improve efficiency and to bring down our energy consumption and costs by optimally utilizing all available resources. Further, the Company also in planning of continuous striving to improve its efficiencies with innovations and endeavors maximize shareholder's wealth.

The Company also aims to create long-term sustainability through grooming its human capital through a congenial work environment and motivation to result high standards output and being remain complied with national and international standards on quality and integrity. Systems are designed in order to ensure fairness at every level with defined objectives aligning with the vision and mission statement of the Company.

## SHORT, MEDIUM & LONG-TERM OBJECTIVES

Following are the main strategic objectives of the Company:

### Short-Term Objectives:

- Optimum utilization of capacity and production facilities
- Optimum cost efficiencies and cheaper energy alternatives and cost saving strategies
- Effective and efficient use of available resources to reduce combustion and energy cost

### Medium-Term Objectives:

- Optimize the management processes
- Adoption of latest technologies and modernization of production process
- Formulation of market-specific business strategies aimed at preserving and expanding our market share
- Ongoing evaluation and upgradation of IT infrastructure for identifying gaps and areas of improvement

### Long-Term Objectives:

- Adoption of green technology and increase power share from renewable energy and WHR
- Increase in local and international market share
- Social and environmental considerations in all aspects of business strategies, policies and practices
- Organizational development and talent management to enhance effectiveness and performance



## MANAGEMENT STRATEGIES AND RESOURCE ALLOCATION PLANS

We strive to be at the forefront of sustainable performance. Our mission involves a continuous drive to enhance the effectiveness of our operations, with a focus on prioritizing customer-centric decisions through strategic cost and investment management. Additionally, we adeptly handle capital allocation and expenditure. To realize our strategic objectives, the Company strategically deploys its available resources. Our model for value generation is geared towards delivering optimal value to all stakeholders, employing a range of methods and formats.

### Stakeholders' Values

To achieve our long-term sustainable objectives, the management is strategically striving to enhance the stakeholders' value and greater customer satisfaction. The stakeholders' value is maximized through returns on investments, revenue maximization and cost control measures.

### Financial Capital

The Company maintains cordial relationship with all the reputable banks and financial institutions of the Country. The Company has access to sufficient unused short-term financing facilities. Moreover, the Company had financed Line-III through syndicated Diminishing Musharakah and term finance is obtained for Captive Power Plant at reduce rates. Moreover, the Company obtained the finance for Balancing, Modernization

and Replacement (BMR) of Line-I under SBP's Temporary Economic Refinance Facility (TERF) and Solar Power Plant under SBP's Islamic Financing Facility for Renewable Energy (IFRE) at subsidized rates.

### Human Capital

Developing our employees is a top priority for the company. Human capital is a crucial asset and significantly contributes to our success. Our Core Values, Code of Conduct, and HR policies provide a framework that guides our organization. We place a high emphasis on Human Resource Management, with a comprehensive HR department established and overseen by the HR & RC of the Board of Directors.

### HR Excellence

We have implemented approved HR policies, integrating all HR functions to evaluate employee performance based on SMART goals. Additionally, we conduct effective Training Needs Assessments (TNA) and arrange both in-house and external training for all management levels. Eligible employees are also recognized with Service Awards for their performance and length of service. Our management aims to acknowledge and reward employee contributions to the business. Furthermore, we have a robust succession planning system in place, ensuring the availability of a high-quality workforce that is essential for meeting day-





to-day, tactical, and long-term strategic goals.

#### Manufactured Capital

Throughout the years, the Company has undertaken numerous initiatives to conserve energy. This began with the conversion of all our power generation units from furnace oil to natural gas, a strategic move that not only reduced the Company's carbon footprint but also lowered the cost of energy production. Additionally, we made significant strides in reducing CO2 emissions by implementing Waste Heat Recovery (WHR) systems. These systems capture excess heat, previously released into the atmosphere, from production lines and power generators to generate electricity. The Company has further reduced the dependence from national grid and uses the combination of local and imported coal in order to achieve cost efficiency for combustion cost.

#### Intellectual Capital

We take pride in being pioneers in Pakistan's Cement Industry for establishing the world's largest ERP, 'SAP' in place. The use of SAP helps management to implement better internal controls and in best business practices. The Company is keen to update itself by keeping an eye on latest technological advancements. As a result, the Company has successfully upgraded from its existing SAP ECC system to SAP S/4 HANA. The company has established a comprehensive training

initiative encompassing all management levels including introduction of SAP Success Factor and SAP on-boarding and recruitment modules.

#### Social and Relationship Capital

Another prime objective of the Company's management is the greater customer satisfaction for which management takes every step to ensure high quality customer care and standard of product quality. For this purposes the Company has obtained certification of Quality Management System (QMS) systems ISO 9001: 2015 and Management System ISO 14001: 2015. Being a responsible corporate citizen, the Company is committed to continuous improvements in safety, health and environment protection measures. The Company has earned great respect and appreciation through continuous and generous donations to social and charitable causes including health, education and social sectors.

#### Natural Capital

The Company has the benefit of lease of limestone mountain chains near plant location which has enough reserves for an extensive number of years. The Company remains committed to responsible and conscientious utilization of its natural capital, and will persist in its endeavors for sustainable operations.

## COMPETITIVE EDGE

### **Ideal Location**

Our Plant is located very close to the Afghan border which reduces freight cost of our exports and also lowers the cost of imported coal from Afghanistan. Furthermore, raw materials i.e. Limestone are easily accessible at our site, which minimizes our costs, thereby giving us a competitive edge. Due to its location, the Company can access to cheap local darra coal on low freight cost.

### **Energy Efficient**

The Company utilises modern state-of-the-art technology and machineries including Waste Heat Recovery on gensets, Captive power plant which are pivotal in achieving Company's strategic objectives and in utilization its resources in a cost-efficient manner. Furthermore, the Company also installed Solar power panels at its Site to enable effective cost savings.

### **Cost Minimisation**

Despite others benefiting from the higher installed capacities and thus having better utilization of fixed costs, the Company has managed to achieve progress towards cost leadership in the domestic market by capitalizing on technological advancements that have led to enhanced production efficiencies and reduced costs. This has been facilitated by the implementation of the latest cost-efficient plant.

### **Diversified Business**

The Company alongwith its group companies is widely diversified in various businesses, including Packaging, Sugar, Ethanol, Airconditioning, Engineering and Generators. Thus making a strong diverse business portfolio, thereby enabling the Company to make best use of resources within the group, providing healthy returns to the parent company and being able to face off business risks with diversified group.

### **Supply Chain Management**

Boasting a remarkable network of business partners across diverse sectors, our seamlessly integrated supply chain management stands as a pivotal driver of our competitive edge. Moreover, a tight coordinated logistics system not only fortifies the Company's overall capabilities but also presents a significant cost advantage in this fiercely competitive industry. Additionally, our integrated sales approach ensures the swift delivery of top-notch Cement, enhances further our market position. Moreover, a collaborative and mutually beneficial relationship between the Company and its vendors is a key to a resilient and efficient supply chain.

### **SAP Enterprise System**

Being the pioneer in establishing SAP system in the Cement industry, the Company functions as the foremost in the digital world with efficient process and controls. Business processes are fully integrated in the system throughout the Company at all locations. The Company undertakes various initiatives on a regular basis, including reviews by external consultants to ensure that the SAP functionalities are configured on an optimal basis, to allow its users to derive maximum benefits. The Company regularly generate customised reports as required by departmental personnel from time-to-time, making the best use of technology and modern systems. In order to keep updated with the efficient system and controls, the Company has upgraded from ECC 6.0 to S/4 HANA database, as well as implemented HR Success Factor Module.

# VALUE CREATED BY THE BUSINESS USING THESE RESOURCES AND CAPABILITIES

By using these resources and capabilities, Cherat Cement creates value for its stakeholders in the following manner

## VALUES



# COMPANY'S STRATEGY ON MARKET PRODUCT AND SERVICE DEVELOPMENT

Cherat Cement Company Limited (CCCL) often adopt various strategies for market development, product development, and service development to remain competitive, drive growth, and adapt to market demands.

## Market Development Strategies

1. **Geographic Expansion:** CCCL is exploring opportunities to enter new regional and international markets with growing cement demand due to infrastructure development, urbanization, and construction activities. This may involve establishing additional production facilities or acquiring existing companies.
2. **Targeting New Customer Segments:** The company is developing targeted marketing strategies to reach diverse customer groups, such as large construction firms, ready-mix companies, and concrete block manufacturers. This could entail creating specialized products or offering loose cement options.
3. **Brand Positioning and Awareness:** To enhance brand recognition and reputation in existing and new markets through advertising, corporate social responsibility initiatives, and engagement in community development projects.

## Product Development Strategies

1. **Innovative and Sustainable Cement Products:** The company is developing new cement types tailored to specific needs, such as quick-setting cement, low-carbon or eco-friendly cement, high-strength cement, or specialty cement for particular applications (e.g., composite cement).
2. **Enhancing Product Quality:** Investing in research and development (R&D) to improve cement quality, enhance durability, reduce environmental impact, and lower production costs.

## Service Development Strategies

1. **Digital Solutions and Customer Portals:** The company intent to create digital platforms that enable customers to make digital payments, manage accounts, and access product information.
2. **Logistic Management:** The company is developing mechanisms to facilitate smooth customer deliveries by efficiently managing logistics and maintaining truck records.

By implementing these strategic initiatives, CCCL aims to strengthen its market position, drive growth, and adapt to evolving market demands while providing high-quality products and services to its customer.

# LINKAGE OF STRATEGIC OBJECTIVES WITH THE COMPANY'S OVERALL VISION, MISSION AND OBJECTIVES

The strategic objectives of the company are closely aligned with its overall mission and vision of "Building a Better Future." The vision emphasizes a commitment to innovation, community care, leadership, sustainability, and excellence. To achieve this, the company has set specific strategic objectives, here's how they connect:

### Mission:

The mission defines the fundamental purpose of the company. Strategic objectives are specific, measurable goals that guide the company in fulfilling its mission. By aligning with the mission, these objectives help ensure that the company's actions and decisions consistently support its core purpose.

### Vision:

The vision i.e. Building a Better Future describes the future state that the company aspires to achieve. Strategic objectives serve as milestones that outline

the steps needed to reach this envisioned future. By linking to the vision, strategic objectives provide a roadmap that translates the company's long-term aspirations into actionable plans.

### Overall Objectives:

The overall objectives are broad goals that the company aims to achieve. Strategic objectives break these down into more specific, time-bound targets that can be pursued and measured. This connection helps ensure that all organizational efforts are directed toward the same overarching goals, promoting synergy and focused effort across departments.

Together, these strategic objectives guide the company in achieving its mission and realizing its vision, ensuring sustainable growth, operational excellence, and a positive impact on society and the environment toward long-term success.

## EFFECT OF TECHNOLOGICAL CHANGES, SUSTAINABILITY REPORTING CHALLENGES, INNOVATIONS AND RESOURCES ON COMPANY STRATEGY

The Company's management is confident in its strategic approach and resource allocation plan for progressive success within the industry. However, there are still several factors that might affect the plan either directly or indirectly. Following are some factors and their possible effect on the strategic approach and resource allocation plan.

Factors	Effect on Strategic Approach	Effect on Resource Allocation Plan
<b>Technological Changes</b>	The change in technology and innovation opens the door to progress. To stay competitive, the company must integrate these technologies into its strategic planning. This could mean shifting focus towards more technology-driven operations, investing in modernizing existing plants, or developing new, state-of-the-art facilities. The strategy would likely emphasize digital transformation to optimize production processes and reduce costs.	The company allocates financial resources towards purchasing new equipment, upgrading existing systems, and training employees to operate advanced machinery. Additionally, a portion of the budget is also dedicated to research and development (R&D) to stay ahead in technological advancements. The Company incurred various projects for cost-saving optimization.
<b>Environmental challenges</b>	Environmental challenges such as climatic changes, shortage of resources and the loss of ecosystem is inevitable, however, through implementation of a potential sustainable strategy we can ensure the safety of the environment and alternative renewable use of natural resources.	Meeting ESG goals often requires significant resource allocation towards sustainable practices. Where by the Company invest in cleaner technologies, waste management systems, renewable energy sources. Financial resources also incurred for training staff on ESG compliance and enhancing community and stakeholder engagement.
<b>Initiatives in Promoting and Enabling Innovation</b>	Promoting innovation becomes a strategic priority, as it allows the company to differentiate itself from competitors, improve operational efficiency, and respond to market changes more effectively. The strategy would focus on creating an ecosystem that supports R&D, cross-functional collaboration, and partnerships with technology providers.	To support innovation, the company allocates resources towards R&D activities, potentially establishing dedicated innovation teams. Budget allocation would also be directed towards acquiring new technologies, software, and tools that facilitate innovation.
<b>Resource Shortage</b>	To mitigate the risks associated with resource shortages, the company's strategy may focus on diversifying suppliers, exploring alternative raw materials, and investing in recycling technologies. The strategy could also include developing strategic partnerships or vertical integration to secure a stable supply of critical resources.	To address resource shortages, the Company invest in inventory management systems, expanding storage capacities, or developing alternative material sourcing strategies. Financial resources also be allocated to R&D for discovering alternative materials or more efficient production processes that use fewer resources.

## KEY PERFORMANCE INDICATORS



Net Sales  
**38,434**  
(Rs. In Million)

increased by  
**3%**



Cost of Sales  
**26,593**  
(Rs. In Million)

decreased by  
**2%**



Gross Profit  
**11,840**  
(Rs. In Million)

increased by  
**17%**



Operating Profit  
**10,609**  
(Rs. In Million)

increased by  
**15%**



Profit After Tax  
**5,500**  
(Rs. In Million)

increased by  
**25%**



Return On Capital Employed  
**18%**

increased by  
**28%**



Total Assets  
**41,034**  
(Rs. In Million)

increased by  
**4%**



Debt to Equity  
**16%**

decreased by  
**68%**



Current Ratio  
**1.56**  
(In Times)

increased by  
**29%**



Earnings Per Share  
Rs. **28.31**

increased by  
**25%**



Breakup Value Per Share  
Rs. **131.46**

increased by  
**22%**



Wealth Distributed  
**51,245**  
(Rs. In Million)

increased by  
**3%**

## METHODS AND ASSUMPTIONS IN COMPILING INDICATORS

A Key Performance Indicator (KPI) is a measurable metric that reflects how well a company is achieving its core business objectives. Organizations use KPIs at various levels to evaluate progress toward their goals. Higher-level KPIs often focus on overall business performance, while lower-level KPIs might target specific departmental processes such as sales, marketing, human resources, or support. Cheraf Cement Company Limited has identified and refined KPIs crucial to its operations. In selecting these KPIs, the company carefully examined different indicators, their meanings, and their effectiveness in clearly and accurately representing the company's performance.

For financial indicators, the Company analyzes net sales, gross profit, profit after tax, EPS, return on capital employed, Break value on a regular basis to gauge its performance. The comparison of profit after tax to sales depicts how much the Company is able to retain the distributable profit for the provider of equity in comparison to its sales.

Return on Capital Employed (ROCE) is a financial ratio that measures a company's profitability and efficiency in using its capital. It is commonly used to assess how well a company is generating profits from its available capital.

## SIGNIFICANT PLANS AND DECISIONS

Following are some of the significant events held during the year:

### **Solar Power Generation:**

Over the past year, the Company has successfully expanded its Solar power generation capacity by 0.517 MW and is currently in the process of installing an additional 9 MW, in addition to existing 13.567 MW. This initiative highlights our dedication to renewable energy and efforts to reduce reliance on the national grid and gas generators.

### **HR Modules for Recruitment & Onboarding**

The implementation of 'Recruitment' and 'Onboarding' modules in SAP has been successfully completed. This phase marks a significant advancement in our HR processes, enhancing our ability to attract, hire, and integrate new talent more efficiently. The new module streamlines the recruitment workflow and improve the onboarding experiences, contributing to a more effective and responsive HR system.

### **Different Projects for Cost Saving**

The Company is actively looking to invest in various projects which will have impacts on cost savings and decrease on dependence on imported fuel. The Company has also successfully implement conveyor belt system for transportation of raw material which would significantly reduce our transportation cost.

## BUSINESS RATIONALE FOR MAJOR CAPITAL EXPENDITURE

The Board of Directors of the Company continuously evaluate and analyze new business opportunities and projects and pursue them aggressively. The Board is authorized to incur capital expenditure in line with the business requirements of the Company.

### **Growth**

Cherat Cement is always in a continuous phase of growth, and it grew multifold over the years, when it installed World's largest ERP i.e. SAP. Over the years, the Company has also invested in state-of-the-art machinery like Solar Power Project, Waste Heat Recovery plants, Refused Derived fuel, Bio-Mass, and Wartsila Generators. Furthermore, the Company also invested substantially in upgradation of Line-I.

### **Current Year Project**

In continuation with the past year's growth, the commissioning of the further, Solar Renewal Energy Project has been completed in line with cost controlling measures. This is not only helping in lowering our power cost but also saving precious foreign exchange by replacing imported fuel.

### **Future Project**

Keeping in view of macro-economic changes and emerging of ESG concept in upcoming years, the Company aims to invest in different cost-efficient techniques, which will substitute imported coal in line with optimization of shareholder's wealth.



## LIQUIDITY AND FINANCIAL CAPITAL STRUCTURE

The Company strategically designs its capital structure to capitalize opportunities and adapts it to respond to the rapidly changing economic conditions. To maintain or adjust the capital structure, the Company may modify dividend payments to shareholders, repurchase shares, or issue new shares. Long-term debt is exclusively used to finance capital expenditures, while short-term borrowings utilized to address the working capital requirements, ensuring a balanced debt-to-equity ratio throughout the year. Robust sales growth has significantly bolstered the Company's liquidity position. Healthy cash flows and prudent liquidity management has enabled the Company to achieve current ratio of 1.56, reflecting its strong financial health and ability to meet short-term obligations.

### Liquidity Strategy

The Company maintains a prudent liquidity management policy, funding all capital expenditures through long-term financing arrangements. The Company continues to benefit from the competitive rates offered by the Temporary Economic Refinance Facility (TERF) for Balancing, Modernization and Replacement (BMR) for Line-I and Solar power project obtained under Islamic and Islamic Financing Facility for Renewable Energy (IFRE) by State Bank of Pakistan (SBP) at competitive rates and will continue to obtain benefit for future years. The Company closely monitors its liquidity position and strategically utilizes surplus funds by repaying commercial higher-cost long term debts. During the year, the Company has fully made repayment of expensive commercial loans. Management has a practice of continuous monitoring of cash flows on daily basis and ensure optimum utilization of Export Refinance Facility (ERF). In order to meet the working capital requirements, the Company has an arrangements with commercial banks in form of short-term financing facilities of amounting to Rs. 10.65 billion. Out of these facilities, Rs. 4.5 billion are against Islamic mode of financing, which includes Running Musharakah, Murabaha and Istisna.

### Financing Arrangements

The Company's robust financial standing and sound financial management have fostered strong business relationships with reputable banks and financial institutions in Pakistan. During the year, the Company mostly rely on ERF facility in the form of short term borrowing to fulfill its need to meet working capital requirement. Moreover, the Company has ample unutilized short-term borrowing facilities, both conventional and Islamic, to meet its short-term working capital needs.





## **RISKS AND OPPORTUNITIES**

Embracing risk fuels innovation.  
We turn uncertainty into opportunities  
that drive growth for our stakeholders

# **CHAPTER 3**

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# RISKS AND OPPORTUNITIES

The Board of Cherat Cement Company Limited (CCCL) takes primary responsibility for mitigating potential risks and identifying opportunities that may impact the Company. This approach ensures that CCCL operates within its risk appetite while achieving its corporate objectives.

While CCCL is exposed to various risks, the Company actively identifies and mitigates actual, potential, and perceived risks through comprehensive planning and deep business insight from its management team. The Company maintains a robust control framework with clear structures, authority limits, and accountabilities, supported by well-established policies, procedures, and regular review processes.

The following are the key risks and opportunities impacting the availability, quality, and affordability of capital:

Key Risk	Key Opportunities	Form of Capital	Time Horizon
Rising coal Cost Currency / Exchange Rate Fluctuation Information System and Cyber security Risk Risk of demand supply gap	Identification of alternate source Future contracts / hedging Secure connections, firewalls, data backups Exploring new Markets	Financial capital	Short to Medium
Loss of qualified and Competent staff	Rewarding and succession planning	Human Capital	Medium to long term
Technology Obsolescence	Investments in technology upgrades and capacity expansions	Manufactured Capital	Medium to long term
Legal charges	Cases are handled through reputable law firms	Social and Relationship Capital	Medium to long term
Depletion/ Stoppage or interruption	Sustainable utilization of raw materials and other inputs	Natural capital	Medium to long term

## Statement from the board Determining:

### a. Level of risk tolerance and establishing risk management policies

The Board of Directors of Cherat Cement acknowledges that effective risk management is essential to the Company's commitment to long-term success and sound governance. In an ever-changing business environment, understanding and managing risks is crucial for protecting our business, stakeholders, and the trust they place in us.

# KEY RISKS AND OPPORTUNITIES OF CAPITALS

We firmly believe that risk-taking is integral to business growth, innovation, and value creation. However, it must be managed with a clear understanding of our risk appetite and tolerance. We recognize that risks vary in significance and require careful evaluation to differentiate between those that support our strategic goals and those that could compromise our integrity and stability. To navigate risks effectively, the Board has implemented a comprehensive risk management policy that provides a framework for identifying, assessing, mitigating, and monitoring risks across all areas of our operations. The Board regularly reviews business risks to ensure that management maintains a robust system of risk identification, management, and internal controls to protect the Company's assets, resources, reputation, and shareholder interests. Additionally, the Board reviews report from third-party service providers, auditors, and consultants to stay informed about key operational and financial matters.

## b. Robust Assessment of the principal risks

As outlined in the Directors' Report, the Board of Directors of the Company sets the corporate strategy and business objectives. The Audit Committee of the Board is responsible for overseeing the Company's internal control framework. Reports from both Internal and External Auditors are presented to the Audit Committee for review, and following thorough deliberations and recommendations for improvements, these reports are submitted to the Board of Directors.

Following are the major risks which may affect our business operations and mitigating strategies for controlling these risks.

### Risk and Mitigating Strategies of the Company

Assessment of Risk	Risk	Area of Impact	Source of Risk	Mitigating strategy
Assessment: Medium Likelihood: Medium Impact: High	<ul style="list-style-type: none"> <li>Rising Cost of Coal</li> <li>Rising cost of Energy</li> <li>Rising cost of commodities</li> </ul>	Financial capital	<p><b>Source: External</b></p> <p>Coal price could heavily impact cost of sales and therefore, income statement. Considering huge size of coal consumption its monetary effect would be large.</p> <p>Energy with rising cost (either Electricity or Gas) availability from Governmental sources are in serious situation and not guaranteed. Energy is the lifeline of plant and its non-availability could stop plant operations.</p>	<p>The Company analyses Coal prices of various suppliers on a regular basis to compare and control its purchasing cost. Moreover, it has strategic relationships with key suppliers which benefit the company in price negotiation and prompt material delivery.</p> <p>Availability of Gas supply, captive power plant built on dual fuel basis i.e. gas and furnace oil, WHR, enhancing capacity of commissioned Solar plant to mitigate the risk of availability and rising cost factors.</p>

Assessment of Risk	Risk	Area of Impact	Source of Risk	Mitigating strategy
Assessment: Likelihood: High  Impact: Medium	Risk Of Inconsistent/ Arbitrary Changes In Government Policies	Financial capital	<b>Source: External</b>  Adverse impact on Company's earnings due to changes in Government policies with respect to taxation measures, Power tariff and Regulatory matters.	Advocacy through different forums, like APCMA, Pakistan Business Council etc. to timely apprise the relevant Government departments and Regulators of all issues that may have an adverse impact on the industry or competitive environment. Management regularly monitors the changing regulatory and competitive environment and assesses the impact of any change in Government policy, so as to take timely action.
Assessment: Likelihood: Medium Impact: High	Information System and Cyber security Risk	Financial capital	<b>Source: Internal/External</b>  Technology risks having potential impact due to technology disruption, cyber-attack, hacking or failure to disrupt business process posing adverse impact on Confidentiality, Integrity and availability of organization environment.	Information is transmitted through secure connections and firewalls such as Sophos Endpoint protection product that combines anti-malware, web and application control, device control, Barracuda Email Security Gateway and much more to prevent malicious activities. Appropriate data back-up mechanism is in place. Moreover, alternative data processing sites are also available. Periodic systems audit is performed to identify any weaknesses / non-compliances and any areas for further improvements.
Assessment: Likelihood: Medium Impact: Medium	Political Risk	Financial capital	<b>Source: External</b>  These include taxes, spending, regulation, currency valuation, trade tariffs, Labour laws such as the minimum wage, and environmental regulations.	We continue to closely monitor political and macroeconomic developments. Accordingly, we maintain a balanced sales profile across key sales regions. Further, in order to avoid the risk of disruption, we operate three production facilities and have a diversified customer base.
Assessment: Likelihood: Medium Impact: Medium	Exchange Rate Fluctuation	Financial capital	<b>Source: External</b>  It becomes challenging for the Company to compete in the market due to frequent fluctuation of PKR parity against USD.	The Company regularly scrutinizes the parity fluctuations and whenever needed, enters into hedging arrangements.
Assessment: Likelihood: Medium Impact: Low	Interest Rate Risk	Financial capital	<b>Source: External</b>  Risk of Return's rate fluctuation affecting value of interest-bearing assets	Economic indicators are carefully monitored on a regular basis and a diversified portfolio of short term investment.

Assessment of Risk	Risk	Area of Impact	Source of Risk	Mitigating strategy
Assessment: Likelihood: Medium Impact: Low	Risk of demand supply gap	Financial capital	<b>Source: External</b>  Any decline in cement's demand may create an over-supply situation in the industry	CCCL matches its capacity expansion plans keeping in view the anticipated supply /demand growth pattern.  The Company continues to identify and develop new markets.
Assessment: Likelihood: Low Impact: Low	Credit Risk	Financial capital	<b>Source: External</b>  The Company extends credit to its customers. There lies a risk factor that the customers may fail to discharge their obligations and cause a financial loss to the Company.	The Company regularly analyses the credit position and credit worthiness of its Customers and extends credits based on minimum risk of financial loss.
Assessment: Likelihood: High Impact: Medium	Gas Supply Shortfall	Natural capital	<b>Source: External</b>  Stoppage / interruption in gas supply at plant due to curtailment, gas reserve depletion or revision in gas supply policy.	The Company has installed dual fuel captive power plant capable to operate with furnace oil in absence of unavailability of gas supply. Moreover, the Company has supply of power from national grid as well along with solar power generation.
Assessment: Likelihood: Medium Impact: Low	Employee turnover	Human Capital	<b>Source: Internal</b>  Key employees and workers leave the company causing lack of competent workforce.	The Company values its worker and employees and worker as essential capital therefore, it provides congenial environment and growth opportunities. Further Company has robust succession plan in place.
Assessment: Likelihood: Medium Impact: Medium	Technology Obsolescence	Manufactured Capital/ Intellectual Capital	<b>Source: External</b>  Technological shift rendering the Company's production process inefficient.	Major investments are made regularly to continuously improve product quality and process efficiency. Addition of efficient cement grinding mills to produce finer quality of cement is one such example. The Company has always led by bringing innovative technologies to its processes.
Assessment: Likelihood: High Impact: Medium	Risk of litigation	Social and Relationship Capital	<b>Source: External</b>  Risk of having major legal cases initiated against the company	Significant litigation cases are handled through reputable law firms engaged by the Company which specialize in particular areas. Additionally, in house legal affairs team supports operations by effective SOPs and additional review steps for significant contractual and regulatory obligations of the Company.

Assessment of Risk	Risk	Area of Impact	Source of Risk	Mitigating strategy
Assessment: Likelihood: Low Impact: Medium	Natural Catastrophe	Manu- factured Capital	<b>Source: External</b>  Destruction of production facility due to natural disaster	The Company has comprehensive insurance cover in case of any catastrophic event. Further, the Company has taken into every possible aspect of safety measures during construction and erection of building and plant. Further, the Company has well-established disaster recovery plan and data backup to coup-up any unwarranted event.
Assessment: Likelihood: Medium Impact: Medium	Environmental Risks	Natural Capital	<b>Source: Internal</b>  Actual or potential threat of adverse effects on environment arising out of the Company's activities	Various environmental friendly projects such as Solar Project, Waste Heat Recovery units, Tyre Derived Fuel and Refuse Derived Fuel units and implemented, thus reducing environmental de-generation. The company focuses on energy conversation, operational efficiencies and carbon footprint reduction.  Our plant is equipped with Electrostatic Precipitators and bag filter which controls dust and gas emissions which ultimately a shield against global warming. Further, to improve the environment, natural tree plantation on large scale has been done. Company's effluent emissions are regularly monitored. Regular environmental audits are also promoted.
Assessment: Likelihood: Low Impact: Medium	Health & Safety Risks	Social / Human Capital	<b>Source: Internal</b>  <ul style="list-style-type: none"> <li>Personal health and safety risks at operating sites.</li> <li>Risk of pandemic related issues</li> </ul>	HSE issues are addressed by focusing on safety measures such as conducting appropriate trainings, use of prescribed safety gadgets, equipment and safe practices. There is a dedicated HSE function at plants. Periodic review of safety related incidents and internal audits ensure process effectiveness.  Gherat Cement has invested in providing awareness to its employees for precautionary measures regarding Covid-19 and about protecting their families and communities.



## OPPORTUNITIES

Opportunity	Impact area	Key source opportunity	Strategy to materialize
Production Capacity	Financial capital	Higher capacity utilization	The Company actively pursues local and international markets to fully utilize its potential capacity and earn higher return for its shareholders.
Shariah Compliant Company	Financial capital	Offering investors an avenue to invest in Shariah Compliant Companies.	Being the Shariah Compliant company, COCL continues to comply with the applicable Shariah Governance Regulations.  COCL has also continued to maintain its position on KMI-30 index of the PSX.
Modern Equipment	Manufactured capital	Most modern and state-of-the-art machinery including WHR and captive power plant.	Efficient machinery enables the company to operate with the minimum cost of production, thereby offering its customers high quality Portland cement. This in turn results not only in customer retention but also attracts new customers.
Efficient and congenial work environment	Human capital	Provide congenial work environment where employee feels motivated for work	Provide effective environment without excessive work pressure. Continuous training and development of employees. Benefit aligned with efficient and effective work and team management
Growth of Cement industry	Relationship capital, Manufactured capital	Expected growth in Cement industry owing to CPEC, PSDP and low housing projects announced by the Government	The company has regularly invested in its production facilities to furnish the production/supply demand to materialize potential growth.

# COMPREHENSIVE FRAMEWORK: ADDRESSING PRINCIPAL RISKS, METHODOLOGY, RISK APPETITE AND REPORTING

Cherat Cement Company Limited (CCCL) has established a comprehensive framework to address key risks, methodologies, risk appetite, and reporting. This framework is designed to strengthen our risk management practices, improve strategic decision-making, and ensure the sustainable growth of the organization while safeguarding shareholder value.

## 1. Identification of Key Risks

Our framework begins with the identification of key risks. We conduct a comprehensive assessment of various risks that could impact the organization, including financial, operational, strategic, compliance, reputational, and technological risks. These risks are categorized and prioritized based on their potential impact and likelihood.

## 2. Methodology for Risk Assessment

We have established a rigorous methodology for risk assessment, combining both qualitative and quantitative analyses. This methodology employs tools such as risk matrices, risk heat maps, and scenario analysis to evaluate and prioritize risks. We are committed to regularly reviewing and updating this methodology to maintain its relevance and effectiveness.

## 3. Risk Appetite and Tolerance

CCCL has clearly defined its risk appetite and tolerance levels. Our risk appetite reflects the level of risk we are prepared to accept in pursuit of our strategic objectives, while our risk tolerance establishes specific thresholds for acceptable risk levels. These parameters are aligned with our strategic goals and stakeholder expectations.

## 4. Risk Mitigation and Control Measures

We have developed and implemented targeted risk mitigation and control measures for each identified risk. These measures are designed to minimize both the likelihood and impact of adverse events. Clear ownership and accountability have been assigned to each risk mitigation measure to ensure effective execution.

## 5. Risk Monitoring and Reporting

Our framework includes a comprehensive system for risk monitoring and reporting. Key Risk Indicators (KRIs) have been established to provide early warning signals of potential risks. We regularly monitor changes in risk profiles

and assess the effectiveness of risk mitigation measures. Reporting structures are in place to communicate risk information to relevant stakeholders, promoting transparency and informed decision-making.

## 6. Risk Governance and Framework Oversight

Our risk management policies and procedures are thoroughly documented and consistently applied across the organization. The framework undergoes regular reviews and updates to adapt to evolving business conditions and emerging risks.

## 7. Integration with Strategic Planning

Risk management is embedded in our strategic planning process, ensuring that risk considerations are a fundamental part of decision-making. Our risk management objectives are aligned with our strategic goals to strengthen overall resilience.

## 8. Training and Communication

We offer training and awareness programs to ensure all employees understand their roles and responsibilities in risk management. Open communication channels are established to promote the reporting of risks and near misses, fostering a culture of risk awareness and accountability.

## 9. Testing and Simulation

We regularly conduct stress tests, scenario analyses, and simulations to evaluate our capacity to withstand various risk scenarios. The outcomes of these tests are used to refine our risk mitigation strategies and enhance organizational preparedness.

## 10. Continuous Improvement:

We are committed to continuous improvement by regularly reviewing and assessing the effectiveness of our risk management framework. Stakeholder feedback is actively sought to implement necessary enhancements, ensuring our framework remains adaptable to evolving circumstances.

In conclusion, CCCL is committed to a proactive and comprehensive approach to risk management. This framework will help us navigate the complex risk landscape while enabling us to capitalize on strategic opportunities. We believe that by implementing and continually refining this framework, we will strengthen our resilience, safeguard shareholder value, and achieve sustainable growth.

## Specific steps being taken to mitigate or manage key risks

A brief but comprehensive overview of the specific steps a cement manufacturing company could undertake to effectively mitigate key risks and capitalize on key opportunities, while also delving into the associated components:

### KEY RISK MITIGATION:

#### (i) Market Demand Volatility

Strategic Objective	Strategies	Plans/ Policies	Targets	KPIs
Diversify product portfolio and markets	Explore new customer segments and expand geographical reach.	Develop flexible production schedules, align inventory levels.	Increase sales to new markets by a certain percentage.	Monitor market share in new segments, track sales growth in new markets.

#### (ii) Raw Material Availability

Strategic Objective	Strategies	Plans/ Policies	Targets	KPIs
Ensure a stable supply of raw materials.	Forge long-term supplier partnerships and invest in alternative materials.	Maintain buffer stock of critical raw materials.	Reduce dependence on a specific material source by a certain percentage.	Inventory turnover rate of raw materials. Metrics gauging the reliability of suppliers.

### KEY OPPORTUNITY LEVERAGING:

#### (i) Infrastructure Development Boom

Strategic Objective	Strategies	Plans/ Policies	Targets	KPIs
Capitalize on increased construction demand.	Ramp up production capacity, optimize supply chain.	Fast-track permit processes for expansion projects.	Increase annual production output by a specific volume.	Production capacity utilization. Project completion timelines.

#### (ii) Sustainability Emphasis

Strategic Objective	Strategies	Plans/ Policies	Targets	KPIs
Become a sustainable industry leader.	Invest in eco-friendly technologies, promote circular economy.	Establish carbon reduction targets, adopt waste recycling practices.	Decrease carbon emissions per ton of cement produced.	Carbon footprint per unit of cement, percentage of recycled materials used.

Above steps involve aligning strategic objectives, developing actionable strategies, formulating plans and policies, setting measurable targets, and monitoring progress using Key Performance Indicators (KPIs). By addressing risks and seizing opportunities, the company enhances its ability to manage challenges and create value in the competitive cement manufacturing industry.

## RISK OF SUPPLY CHAIN DISRUPTION DUE TO AN ENVIRONMENTAL, SOCIAL OR GOVERNANCE INCIDENT AND COMPANY'S STRATEGY FOR MONITORING AND MITIGATING THESE RISKS

The company recognizes the potential risk of supply chain disruptions due to environmental, social, or governance incidents, which could adversely affect our operations and interrupt the supply of essential goods and services. To mitigate these risks, we have implemented a comprehensive strategy focused on monitoring and managing potential disruptions.

Particulars	Environmental	Social	Governance
<b>Risk</b>	In a period marked by the evident effects of climate change, we understand the threats it can pose. Climate change can lead to extreme weather, resource scarcity, and disrupted logistics. These may impact the availability of raw materials and transportation infrastructure, accordingly, disrupting our supply chain. Further, shortages of critical resources including energy can disrupt the supply chain by increasing costs and reducing availability.	Labor strikes, worker exploitation or human rights abuses in the supply chain can result in production delays. Further, if our operations or suppliers are involved in conflicts with local communities it may lead to protests or legal actions.	Governance incidents, such as regulatory non-compliance by our suppliers can result in legal actions, fines, or sanctions. These legal repercussions can cause disruption as resources and attention are diverted to address legal issues. Further, governance incidents involving unethical behaviour by suppliers can strain our relationships with them, potentially resulting in the termination of contracts and disrupting the supply chain.
<b>Monitoring the risk and mitigating Strategy</b>	<p>- We aim to diversify supplier base to reduce the concentration risk in areas prone to environmental hazards.</p> <p>- We promote the use of green energy, such as solar and Waste Heat Recovery plants to reduce our carbon footprint and lower costs.</p> <p>Also, we maintain and update contingency plans for supply chain disruptions to address emerging risks.</p>	<p>- We prioritize suppliers who uphold fair Labour practices and human rights standards while engaging with local communities to build positive relationships and minimize conflicts.</p> <p>- We maintain and regularly update contingency plans for supply chain disruptions to address emerging risks.</p>	<p>- We evaluate suppliers' governance frameworks to ensure transparency and ethics, preferring those with strong corporate governance to mitigate risks related to fraud, corruption, and compliance breaches.</p> <p>- We keep and regularly update contingency plans for supply chain disruptions to address emerging risks.</p>

The Company remains steadfast in its commitment to addressing ESG-related supply chain disruption risks. We proactively review and enhance our supply chain monitoring and mitigation strategies in response to emerging risks, industry best practices, and stakeholder feedback. By addressing environmental, social, and governance risks, we are dedicated to maintaining a resilient supply chain capable of withstanding potential disruptions. This commitment supports our long-term success and ensures that our supply chain remains robust and adaptable.

## MATERIALITY APPROACH

The Board of Directors of Cherat Cement Company Limited delegates authority and responsibility to the Company's management for making day-to-day decisions. Management, however, adheres to the principle of materiality when exercising this authority. Materiality is assessed based on judgment, with the Company considering a matter material if, individually or collectively, it is expected to significantly impact the Company's performance and profitability. To facilitate daily operations and transactions, the delegation of powers is clearly defined, and formalized procedures are followed to ensure effective execution.

## INITIATIVES TAKEN BY MANAGEMENT TO PROMOTE AND ENABLE INNOVATION

The management takes pride in fostering a culture that promotes innovation and entrepreneurial thinking. We have established various platforms for innovation and enhanced our employee engagement initiatives to support these goals. Over the past year, management has implemented several key initiatives to advance this culture and drive our strategic objectives:

- During the year, the Company has successfully expanded its solar power generation capacity by 0.517 MW and is currently installing an additional 9 MW, bringing the total to 22.567 MW. This initiative highlights our dedication to renewable energy and our efforts to reduce reliance on the national grid and gas generators.
- Captive power plant installed which are dual fuel basis i.e. gas and furnace oil including WHR plants for renewable energy.
- To stay ahead in technology and strengthen operations, the Company has upgraded its SAP ECC system to S/4 HANA and implemented the HR Success Factor module.
- The plant is equipped with Electrostatic Precipitators which controls dust and gas emissions.
- The Company has installed bag filters to maintain air quality and comply with Environmental Protection Agency standards by preventing dust emissions.
- The implementation of 'Recruitment' and 'Onboarding' modules in SAP has been successfully completed. This phase marks a significant advancement in our HR processes, enhancing our ability to attract, hire, and integrate new talent more efficiently. The new modules streamline recruitment workflows and improve onboarding experiences, contributing to a more effective and responsive HR system.





**SUSTAINABILITY  
REPORTING &  
CORPORATE SOCIAL  
RESPONSIBILITY (CSR)**

# CHAPTER 4

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# ENVIRONMENTAL, SOCIAL, GOVERNANCE & SUSTAINABILITY HIGHLIGHTS



ESG (Environmental, Social, and Governance) provides a comprehensive framework for assessing a company's sustainability and ethical impact. It evaluates performance across three crucial dimensions: environmental stewardship, social responsibility, and governance practices. By focusing on these areas, ESG ensures that a company not only minimizes its negative impact on the environment and society but also adheres to strong governance standards. This holistic approach helps balance the needs of current stakeholders with the long-term well-being of future generations, reflecting a commitment to sustainable development that aligns with global standards and expectations.

A robust ESG strategy outlines a company's commitment to integrating sustainable practices into its operations and decision-making processes. For instance, Cherat Cement demonstrates this commitment by continuously improving its environmental and social practices to ensure a positive impact on society, the environment, and the economy. This includes initiatives such as reducing carbon emissions, promoting resource efficiency, and engaging in ethical sourcing. By aligning with ESG principles, Cherat Cement not only meets regulatory requirements but also contributes to the long-term health and prosperity of Pakistan, benefiting current and future generations.



## SUSTAINABLE GOALS IN ESG

Sustainable Development Goals (SDGs) offer a global framework to deal with critical challenges and promote a optimistic, more sustainable future. Here are the 17 SDGs.



## STATEMENT ON STRATEGIC OBJECTIVE AND IMPACT ON STAKEHOLDERS

The Board of Cherat Cement is pleased to present Cherat Cement’s strategic objectives concerning our Environmental, Social, and Governance (ESG) commitments and their anticipated impact on stakeholders. Our strategy is meticulously designed to integrate sustainability into every facet of our operations, reflecting our dedication to responsible business practices and long-term value creation.



Strategic Objectives	Impact on Shareholders
Promoting Eco-Friendly Practices	<ul style="list-style-type: none"> <li>Enhanced Financial Stability through reduction in Operational risks &amp; Long term costs</li> <li>Risk Mitigation through avoidance of regulatory fines &amp; operational disruptions</li> </ul>
Encouraging Social Accountability	<ul style="list-style-type: none"> <li>Strengthened Reputation</li> </ul>
Promoting Sound Governance Practices	<ul style="list-style-type: none"> <li>Increased confidence and credibility of Shareholders</li> <li>Risk mitigation for governance-related risks</li> </ul>
Reducing Carbon Footprint	<ul style="list-style-type: none"> <li>Cost savings and improved energy efficiency</li> </ul>
Promoting Regular Community Engagement	<ul style="list-style-type: none"> <li>Enhanced company's image and can attract more investment</li> </ul>
Promoting Diversity in Workforce	<ul style="list-style-type: none"> <li>Drives innovation in work culture and improves Business Performance</li> </ul>

## SUSTAINABILITY RELATED RISKS & OPPORTUNITIES UNDER IFRS S1

Under IFRS S1, companies are required to integrate sustainability-related risks and opportunities into their business strategies. This involves identifying and assessing the potential impacts of ESG factors on financial performance and incorporating this understanding into strategic decision-making. By doing so, companies can enhance their resilience to adverse sustainability-related events and capitalize on opportunities that drive long-term value creation. This strategic approach helps align financial performance with sustainable development goals, contributing to overall corporate success and stability.



The 17 SD Goals by UN, along with specific disclosures in compliance with IFRS S1, have been bifurcated in three categories of ESG which are as below:

## ENVIRONMENT

The "E" in ESG refers to the Environment, and describes the impact of Company's operation on the natural world. This includes addressing climate change by managing carbon footprints and greenhouse gas emissions, using resources efficiently while minimizing waste, controlling pollution, protecting biodiversity, and adopting sustainable practices. It also includes regulatory compliance and proactive environmental stewardship. Cherat Cement follows these principles by adhering to environmental laws, enhancing its management systems, and embracing global reporting standards.

The company is committed to integrating eco-friendly practices into its operations to support long-term sustainability.



Description	Environmental Risks	Opportunities
Air Pollution - Carbon Emissions	Cement production emits pollutants like particulate matter, Carbon dioxide, Nitrogen Oxide, and Sulphur dioxide, which degrade air quality and can harm community health.	Investing in advanced filtration and emission control technologies can not only reduce pollution but also position the company as a leader in environmental stewardship.
Water Resource Scarcity	Water being a scarce resource, may result in high operational cost if not managed efficiently, as it serves a primary resource in Power Generation Turbine.	Recycling water used in cooling down the Hot Gases, for WHR, serves as an efficient water management tool, which then leads to reduced operational cost.
Noise Pollution	The machinery and equipment used in cement production can generate significant noise, impacting local communities and wildlife.	Developing and deploying advanced noise reduction technologies can improve community relations and potentially open up new business opportunities in noise-sensitive areas.
Dust Pollution	Dust from cement production and transportation can affect air quality and settle on nearby vegetation, potentially harming local flora and fauna.	Implementing effective dust suppression methods can improve environmental performance and demonstrate a commitment to sustainability, potentially attracting eco-conscious clients and investors.

## CERTIFICATIONS AND INTERNATIONAL STANDARDS ADOPTED BY CHERAT CEMENT

Cherat Cement's production facility adheres to stringent industry standards and safety requirements. We have obtained certification for our Quality Management System (QMS) under ISO 9001:2015 and our Environmental Management System (EMS) under ISO 14001:2015. Additionally, we comply fully with the National Environmental Quality Standards (NEQS). Our product is in compliance with National Quality Standards. To ensure ongoing regulatory compliance, we conduct regular environmental testing through an EPA-approved laboratory. We also actively participate in meetings with the KP-Environment Protection Agency to stay informed about updates to standards and specifications.

## SOCIAL

The Social component in ESG explains the social aspects of a company's operations, focusing on its relations with employees, communities, and other stakeholders. For employees, this includes prioritizing health, wellness, and education while promoting work-life balance. It also includes fair labor practices, such as providing equitable wages, ensuring safe working conditions, and fostering diversity and inclusion. A major social impact covering the human rights division is discouraging practices like forced or child labor, and engaging in community initiatives such as philanthropy and local development.



Description	Social Risks	Opportunities
Employee Well-being	Inadequate attention to employee well-being can result in short-term increased costs from workplace accidents and legal liabilities, medium-term expenses for health and safety improvements, and long-term impacts on productivity and employee retention.	By investing in comprehensive wellness programs, mental health support, and safe working conditions, the company can boost employee morale, reduce turnover rates, and increase overall productivity.
Community Relations	Poor community relations can lead to short-term operational disruptions and increased costs from local opposition, medium-term expenses related to community engagement and remediation efforts, and long-term impacts on the company's reputation and operational stability.	Positive community relations can enhance the company's reputation, leading to increased local support, reduced opposition to operations, and potentially favorable regulatory conditions.



## GOVERNANCE

The "G" in ESG represents Governance, which includes the frameworks and practices which directs company's leadership and operations. This contains board structure and diversity, performance-linked compensation, adherence to ethical standards, risk management, safeguarding shareholder rights, regulatory compliance, and transparency in reporting. Strong governance promotes integrity and aligns with both stakeholder expectations and legal standards. For example, the Company's dedication to transparency earned it a Joint Second Runner-up position at the SAARC Anniversary Awards for Corporate Governance Disclosures in 2020, underscoring its progress in accountability.

Description	Governance Risks	Opportunities
Regulatory & Compliance Risk	Continuous changes in regulations may require frequent adjustments in operations, leading to increased legal and compliance costs, as well as potential operational inefficiencies.	Embracing continuous changes in regulations presents an opportunity to streamline operations and enhance compliance processes, potentially leading to improved operational efficiency, reduced legal risks, and a stronger reputation for regulatory foresight and adaptability.
Transparency & Reporting Risk	Failure to provide comprehensive and accurate disclosures on environmental impact, financial performance, and operational practices can lead to regulatory penalties, legal liabilities, and a loss of stakeholder trust.	By providing comprehensive and accurate disclosures, the company can strengthen stakeholder trust, avoid regulatory penalties, and enhance its reputation for transparency, ultimately leading to better stakeholder relationships and improved investor confidence.

## IMPACT OF SUSTAINABILITY RELATED RISK ON FINANCIAL PERFORMANCE

### ● Short Term Impact

High operational costs & increased regulatory fines can significantly affect financial performance in short term. Additional expenses affecting the financial performance may arise from noise and dust control measures, workplace accidents and health related costs.

### ● Medium Term Impact

Medium-term financial impacts may include rising energy costs due to carbon pricing, and potential expenses for community compensation or noise pollution mitigation. Additional costs could arise from health and safety improvements, ongoing support systems, community engagement, and remediation efforts.

### ● Long Term Impact

Long-term financial impacts may include significant costs associated with sustained regulatory compliance and increased capital expenditures for cleaner technologies. Ongoing environmental and community concerns could damage the company's reputation and market position, leading to sustained loss of stakeholder trust.

## COMPREHENSIVE GOVERNANCE & STRATEGY FOR SUSTAINABLE DEVELOPMENT AND RISK MANAGEMENT

The Company's management approach is built on four core pillars: Governance, Strategy, Risk Management, and Metrics/Targets. Each pillar is detailed with specific metrics to showcase the Company's performance and advancement.

Core Pillars	Overview	Metrics
Governance	Develop structured policies and processes to oversee compliance with regulatory requirements related to sustainability and ESG practices.	<ul style="list-style-type: none"> <li>- Sustainability Goals to be defined, monitored, and integrated in operations</li> <li>- Comprehensive and transparent reporting of all related Risk &amp; Opportunities</li> </ul>
Strategy	Focus on minimizing environmental impact by optimizing resource use, enhancing energy practices, and reducing emissions.	Frequency of sustainability initiatives to be overlooked, including: <ul style="list-style-type: none"> <li>- Energy efficiency goals,</li> <li>- Water conservation efforts,</li> <li>- Waste management practices, and</li> <li>- Sustainable sourcing strategies</li> </ul>
Risk Management	A comprehensive risk management framework to identify, assess, and address sustainability-related risks, including those associated with supply chain disruptions, and evolving regulations.	<ul style="list-style-type: none"> <li>- Monitor number of identified risks addressed</li> <li>- Check incident response times</li> <li>- Continuously assess Sustainability risk</li> </ul>
Metrics and Targets	Specific metrics to measure our progress towards sustainability goals, including enhancing energy efficiency, increasing the use of alternative fuels and raw materials, improvements in employee diversification, and maintaining robust governance standards.	<ul style="list-style-type: none"> <li>- Environmental goals (e.g., reducing carbon footprint)</li> <li>- Social objectives (e.g., community engagement initiatives)</li> <li>- Governance (e.g., adherence to strong governance protocols)</li> </ul>

## SUSTAINABILITY-RELATED RISKS AND OPPORTUNITIES THROUGHOUT THE VALUE CHAIN

Cherat Cement places a strong emphasis on transparency in managing sustainability risks and opportunities across throughout its value chain. Ranging from Raw material, moving through production, and ending on distribution, we intend to address all consideration of ESG, to minimize risks and maximize positive impacts. Through thorough analysis of each component of value chain, our aim is to identify sustainability risks at an earlier stage, work closely with suppliers to ensure responsible sourcing and ethical practices; and implement rigorous standards for resource efficiency and waste management during production.



Value Chain Stage	Risk	Opportunities	Initiatives
Raw Material Extraction	<ul style="list-style-type: none"> <li>- Damage to Ecosystems</li> <li>- Legal issues from stricter regulations</li> <li>- Resource depletion</li> <li>- Health and safety hazards to workers</li> </ul>	Sustainable practices and regulatory compliance enhance reputation and efficiency, while community engagement and technological innovation promote sustainability and reduce resource dependence.	<ul style="list-style-type: none"> <li>- Use of environment friendly extraction techniques</li> <li>- Establish robust health and safety protocols and training programs, for employees and locals residing</li> <li>- Explore and implement alternative materials and methods</li> </ul>
Operations	<ul style="list-style-type: none"> <li>- High energy &amp; resource consumption</li> <li>- Community impact from environmental harm</li> <li>- Inefficient waste management</li> </ul>	The company can enhance sustainability by adopting energy-efficient technologies, using alternative materials, improving waste management, investing in renewable energy, and implementing eco-friendly innovations.	<ul style="list-style-type: none"> <li>- Utilization of Waste Heat Recovery System</li> <li>- Investment in Solar Power Plant</li> <li>- Effective Management of Energy System</li> <li>- Regular community engagement initiatives</li> </ul>
Distribution & Logistics	<ul style="list-style-type: none"> <li>- High carbon emissions due to transportation,</li> <li>- Potential inefficiencies in supply chain management</li> <li>- Environmental impacts from fuel use and packaging waste.</li> </ul>	Cherat Cement can be a market leader in sustainable logistics and supply chain management by optimizing logistics to reduce carbon footprint, investing in fuel-efficient or alternative energy vehicles, improving packaging sustainability, and enhancing supply chain efficiency to lower overall environmental impact.	<ul style="list-style-type: none"> <li>- Implementation of route optimization</li> <li>- Use of recyclable or biodegradable packaging materials</li> <li>- Fuel efficient transportation</li> </ul>







## CLIMATE-RELATED RISKS & OPPORTUNITIES UNDER IFRS S2

Cherat Cement is dedicated to sustainability and transparency, while recognizing the importance of managing climate-related risks and opportunities. We are in the process of adopting a framework aligned with IFRS S2 standards to identify, assess, and address these risks and opportunities. Our approach involves specific methodologies and tools to ensure our strategy is resilient and adaptive to the evolving climate landscape.

### Climate-Related Risks:

- Direct impacts of extreme weather may physically damage the assets and cause operational disruptions.
- Transition to a lower carbon mechanism, due to change in policies and technologies may cause financial and operational challenges.
- Long term climate shifts, such as rising sea, and increased temperatures may affect infrastructure stability, resource availability, and operational sustainability.

### Climate-Related Opportunities:

- Implementing energy-efficient processes and utilizing renewable energy sources can reduce operational expenses and increase profit margins.
- Improving water management practices can mitigate the risks of water scarcity and decrease associated operational costs.
- Utilization of eco-friendly packaging can increase brand reputation and ensure compliance with regulatory standards.
- Utilization of diversified sources and partnering with sustainable suppliers can help decrease the effects of climate-related disruptions.

## **GREENING CEMENT PRODUCTION - EFFECTIVE MEASURES FOR CARBON EMISSION**

Cement production process is no doubt, one of the most carbon intensive industrial process. With our aim to reduce our carbon footprint, we have carried out extensive research and development in this area. There are two main stages of carbon emissions, one is during the calcination process (which is converting lime stone into lime), contributing around 60-65% of the total CO<sub>2</sub> produced. The other one is comes from use of non renewable conventional sources for energy production, which contributes the remaining portion.

To reduce the emission of carbon dioxide, currently we are in practice of the following:

- Using Solar Generation Plant (13.56 MW) which replaces conventional energy fuels
- Waste Heat Recovery System for power generation, which uses the existing heat produced during the production process as fuel, indeed replacing the need for fuel
- Cherat Composite Cement, uses supplementary material, which reduces the usage of limestone upto a certain percentage, causing lesser emissions

These steps collectively help us reducing the Carbon dioxide emission up to some extent.

Future plans to further reduce carbon emissions %age, include extension of Solar Power Plant, use of Refused Drive Fuel, and substitution of clinker up to the allowable limit in line with PSQCA standard, which will help in reducing carbon emissions.

Moreover, knowing the conventional importance of tree plantation in reducing carbon foot print, we are continuously expanding our planting activities, around our plant, to support our aim.

### **Methodologies and Tools Used**

- Identify short, medium, and long-term risks and opportunities.
- Use quantitative and qualitative risk assessment tools to prioritize climate risks based on their likelihood and impact.
- Engage third-party auditors to provide assurance on climate-related disclosures, enhancing credibility and reliability.
- Conduct regular engagement with stakeholders, including investors, customers, and suppliers, to gather insights and feedback on climate-related issues.



## ENVIRONMENTAL INITIATIVES BY FOCUSING ON 3R'S

At Cherat Cement, our environmental strategy is deeply rooted in mitigating climate change and adhering to the principles of the 3Rs: Reduce, Reuse, and Recycle. These principles guide our efforts to minimize pollution, conserve resources, and combat environmental degradation.



Reduce	Reuse	Recycle
Our goal of minimizing Environmental footprint, is achieved through implementing Energy efficient technologies such as Waste Heat Recovery System (replacing the need of conventional fuel) and Electrostatic Precipitators (reducing the pollution in the air)	By substituting traditional fossil fuel with Refused Derived Fuel, we intend to recycle waste materials, which reduces waste, eventually leading to less reliance on non-renewable resources.	These include recycling and repurposing for various waste materials, such as used oils, furnace oil sludge, waste from quality control, empty drums, and paper bags.



## **CHAIRMAN'S OVERVIEW**

### **The Financial Impact of the Company's Sustainable Practices**

I am pleased to provide you with an overview of company's commitment to sustainable practices which can profoundly affect our financial performance. At Cherat Cement, our commitment to sustainability is a strategic cornerstone that drives our financial performance and long-term value creation. Integrating sustainable practices not only aligns with global standards but also yields significant financial benefits.

#### **Cost Efficiency and Resource Optimization**

Our 13.56 MW Solar Panel Plant is step forward towards investing in energy-efficient technologies and optimizing resource use. Through this rewarding investment, we have lowered operational costs, improved water management, and have further curtailed expenses related to raw material and waste disposal.

#### **Regulatory Compliance and Risk Mitigation**

We are keen to mitigate the risk of non-compliance penalties and operational disruptions, accordingly we have adopted a proactive approach towards environmental regulations and clean technologies. Using scenario analysis and regulatory tracking tools ensures we stay ahead of evolving standards, minimizing the potential for costly fines.

#### **Enhanced Brand Reputation and Market Position**

Our dedication to sustainability enhances our market position and brand reputation. Initiatives like tree planting and wildlife conservation attract customers and investors who value environmental responsibility, fostering increased loyalty and support.

#### **Access to Capital and Investment Opportunities**

We have consistently prioritized cultivating strong, enduring relationships with financial institutions and investors, recognizing their critical role in our success. Meeting high Environmental, Social, and Governance (ESG) standards potentially secure favorable financing terms and open doors to new investment opportunities.

#### **Long-Term Resilience and Competitive Advantage**

Our focus on reducing emissions and adopting alternative materials positions us as a leader in the industry, providing a competitive edge and securing long-term contracts. Sustainability strengthens our long-term resilience by addressing climate-related risks and opportunities.

In summary, Cherat Cement's sustainable practices are integral to our financial success. While initial investments in sustainability may impact short-term results, they are essential for fostering future growth, enhancing operational efficiencies, and ensuring long-term profitability and competitive advantage. Our ongoing commitment to these practices will continue to drive significant value and support our position as a forward-thinking leader in the cement industry.

## TECHNOLOGICAL INNOVATIONS CONTRIBUTING TOWARDS SUSTAINABILITY

At Cherat Cement, technological innovation plays a crucial role in advancing our sustainability goals. By focusing on energy-efficient processes and eco-friendly product designs, we are driving significant progress towards reducing our environmental footprint. Our commitment to integrating cutting-edge technologies not only enhances operational efficiency but also supports our broader mission to promote environmental stewardship and sustainable development. Through these innovations, we aim to lead the industry in creating more sustainable and responsible cement production practices.

### a. Energy Management

Electricity is critical for various stages of cement production, including machinery operation and facility management. At Cherat Cement, we focus on energy efficiency to conserve resources and maintain competitiveness amid rising energy costs.

- #### Waste Heat Recovery Plant

High energy consumption and fuel expenses can affect both financial performance and sustainability. To address this, we have implemented Waste Heat Recovery (WHR) systems across our cement production lines. These systems capture excess heat that would otherwise be lost and convert it into usable energy. The same technology is also implemented in our Wartsila Dual Fuel Power generation engines, whose heat is being used to power a comparatively smaller turbine, for more energy generation. This process helps reduce fuel consumption as it makes us less dependent on fuel for power generation, lower energy costs, and cut greenhouse gas emissions, thereby minimizing our carbon footprint.



- #### Solar Panel Installation:

We have a 13.56 MW Solar Plant in operation, which reduces our reliance on non-renewable energy sources, leading to reduction in costs. This Solar Power Plant promotes sustainability by cutting energy costs and reducing air pollution. This solar installation has lowered our dependence on grid electricity, leading to both financial savings and a positive environmental impact by lessening our contribution to global warming and climate change. Considering the potential benefits, we intend to enhance the capacity of Solar Power Plant by extending the project.



- #### Captive Power Plant:

High CO<sub>2</sub> emissions from conventional energy sources can attract greater regulatory scrutiny and incur higher costs. To address this, our dual-fuel captive power plants predominantly use gas, significantly reducing furnace oil consumption and cutting CO<sub>2</sub> emissions. This shift not only ensures compliance with regulations but also lessens our environmental impact.



- **Variable Frequency Drives (VFDs):**

Installing VFDs optimizes motor speed based on actual load requirements, resulting in significant energy savings and reduced operational costs. VFDs have led to noticeable reductions in energy consumption and maintenance costs by improving motor efficiency.

- **Energy Conservation Drive:**

Installing LED lighting and implementing energy conservation training have resulted in considerable electricity savings, enhancing both economic and environmental performance. The adoption of LED lighting has reduced our energy use, leading to lower operational costs and a smaller environmental footprint.



## b. Emissions, Effluents & Acoustic Pollution

Cherat Cement is committed to minimizing our carbon footprint and environmental impact through the following measures:

- **Electrostatic Precipitators**

Cherat Cement addresses the risk of inadequate dust and gas emission control by employing electrostatic precipitators to manage emissions effectively. This initiative ensures compliance with environmental standards, maintains air quality within regulatory limits, and enhances our overall environmental performance.

- **Bag Filters**

Cherat Cement tackles the issue of dust emissions from production processes by installing bag filters, which capture particulate matter and dust, ensuring compliance with air quality regulations. This initiative has significantly improved air quality, met regulatory requirements, and supports our sustainability objectives.

- **Noise Pollution**

High noise levels can affect worker safety and community well-being. Our plant design minimizes noise levels, ensures compliance with NEQS limits, and includes regular monitoring and training to safeguard worker health. Noise reduction measures and regular training have improved workplace safety and community relations.

### Health, Safety, and Environment (HSE)

Health, Safety, and Environment (HSE) are integral to Cherat Cement's operations. We have implemented a comprehensive HSE framework to ensure employee well-being, environmental protection, and ethical conduct. Our HSE department, which reports directly

to the Management, is dedicated to maintaining safe, hygienic, and sustainable workplaces.



### Key aspects of our HSE program include

- **HSE Environment**

Developing safe and environmentally friendly processes and practices. We identify potential hazards, assess risks, and provide training to mitigate these risks. Safety signboards are used to promote caution, and work areas are maintained to prevent hazards.

- **HSE Management Systems**

Implementing a structured HSE framework that integrates health, safety, and environmental considerations into operations. The Company's top management is committed to safety, and we have established a comprehensive HSE policy.

The Company has been recognized with the prestigious Annual Fire Safety Award in November 2023, organized by National Forum Environment & Health (NFEH) in collaboration with the Fire Protection Industry of Pakistan (FPIP) & The Institute of Fire Engineers (IFE). This award shows our commitment to prioritize safety in everything we do.

Safety is a collective responsibility at Cherat Cement, with each functional head overseeing safety practices. Various committees support HSE awareness and continuous improvement.



## EFFICIENT CONSUMPTION & MANAGEMENT OF RESOURCES

Cherat Cement is committed to responsible consumption and production by adopting eco-friendly practices that minimize our environmental impact and promote resource efficiency through reducing, reusing, and recycling. Through rigorous quality management, including raw material analysis, precise production, and comprehensive control, the company ensures superior product standards. We employ advanced laboratory equipment and independent testing to ensure our cement products consistently meet high standards of quality and regulatory compliance.

### Water Resources Management

Cherat Cement has implemented an innovative water recycling initiative to enhance its sustainability and energy efficiency. The company reuses water in turbines for energy generation, saving water cost. This approach not only conserves valuable water resources but also reduces the need for external water supplies and minimizes waste. The recycled water significantly contributes to the operation of turbines, optimizing energy use and decreasing operational costs. This initiative underscores Cherat Cement's commitment to environmental stewardship and resource efficiency, aligning with its broader sustainability goals.

### Recycling Initiatives

Cherat Cement is committed to sustainability through the recycling and repurposing of various waste materials, including:

- Solid Waste
- Used Oils, Lubricants, and Greases
- Furnace Oil Sludge
- Paper and Brick Waste
- Waste from Quality Control
- Empty Drums and Containers
- Grinding Media and Miscellaneous Waste

At Cherat Cement, sustainability is a prime component of our operations, steering our commitment to environmental stewardship, social responsibility, and robust governance. By integrating innovative technologies, enhancing energy efficiency, and adopting eco-friendly practices, we strive to minimize our carbon footprint and contribute positively to the communities we serve. Our dedication to transparency, ethical practices, and continuous improvement reflects our goal to lead the industry in sustainable development. We remain steadfast in our pursuit of a greener, more responsible future, ensuring that our actions today lay the foundation for long-term success and environmental resilience.

# CORPORATE SOCIAL RESPONSIBILITY HIGHLIGHTS

## Corporate Social Responsibility

Corporate Social Responsibility (CSR) is a core element of our company's values and practices. We have been consistently engaged in CSR activities, demonstrating a proactive approach to integrate these efforts into our routine.

Our CSR strategy aims to improve the quality of life in surrounding communities by enhancing living standards and promoting sustainability. Through targeted initiatives, we support marginalized and underprivileged groups, transforming their quality of life in areas near our operations. This reinforces our belief that profitability and societal impact should be interconnected for long-term success.

## Board Statement on CSR Best Practices and Commitment to Continuous Improvement

The Board of Cherat Cement is committed to integrate Corporate Social Responsibility (CSR) into the Company's core business strategy rather than treating it as a standalone initiative. We strive to ensure that these practices are effectively aligned with our business strategies. By embedding CSR into our operations, we aim to deliver long-term value to stakeholders, drive positive social impact, and promote sustainability.

"Our commitment to CSR reflects our core values of integrity, transparency, and accountability. These values guide our decision-making processes and influence how we conduct business. Through the adoption of CSR best practices, we strive to create lasting value for our business, society, and the environment. We recognize that our success is closely linked with the well-being of our stakeholders, and we are dedicated to continuous improvement in our CSR initiatives for a sustainable and equitable future."



In alignment with the SECP's 2013 guidelines and the Companies Act of 2017, we have established a comprehensive sustainability and CSR policy. This policy formalizes our commitment and ensures that CSR activities are systematically pursued. The Board oversees and approves all CSR initiatives, ensuring they effectively address community needs and foster sustainable development. We are committed to adopting and continually improving CSR best practices through regular evaluations.

Management directs and executes CSR initiatives, monitors progress, sets priorities, and plan future projects. Our CSR strategy focuses on enhancing the quality of life in surrounding communities, supporting marginalized groups, and promoting sustainability. We believe that aligning profitability with societal impact is essential for achieving long-term success and fostering positive change in the communities we serve.



## Highlights of CSR through the Year

Cherat Cement Company Limited undertook various activities during last several years in line with our CSR policy which are reflected below in detail:

### 4 QUALITY EDUCATION



## 1 EDUCATION

Providing quality education is essential for improving lives and building a prosperous society. Our organization recognizes that education not only helps reduce poverty and crime but also creates opportunities for higher incomes and better living standards. We are committed to investing in education as a key aspect of our corporate social responsibility, supporting numerous educational institutions through donations. This focus on educational empowerment is central to our long-term growth strategy and social investment efforts. The company has extended its support through donations to numerous educational institutions, which includes:

#### a). The Citizens Foundation

The Company operates a model school in Shaidu village, Nowshera, in partnership with The Citizens Foundation. This donation aims to provide high-quality education and support to local children by investing and this initiative enhances the educational opportunities and uplift the local community.



#### b). Institute of Behavioral Psychology

With the aim of realm special education, the Company has provided financial support to the Institute of Behavioral Psychology School in Karachi. This institution aids children and adolescents facing educational and developmental challenges by addressing their needs in education, psychology, vocational

training, and therapy.



#### c). CALPAK Education Services

The Company also paid donation to support girl's rights, and women's empowerment through education and advocacy, to CALPAK Education Services to stimulate economic growth in these underserved communities and empowers the entire community and the generations to come.

#### d). Ghulam Ishaq Khan Institute of Engineering Sciences and Technology

The Company also sponsored to deserving students on request of Ghulam Ishaq Khan Institute of Engineering Sciences and Technology for achieving their life goals.



#### e). Agha Khan Medical College

The Company also donated Agha Khan Medical College to support quality education as its consistent practice.



**f). Anjuman Kashana-e-Atfal-o-Naunihal**

The Company is honored to support Anjuman Kashana-e-Atfal-o-Naunihal, a distinguished trust dedicated to the welfare and education of young children. Our contribution is vital in nurturing and guiding the next generation. Our commitment also underscores our belief in empowering future leaders and fostering community development.



run in collaboration with the Health, Education & Development Society (HEADS). Gynecology Ward in rural areas is vital for providing essential reproductive health services and improving women's health outcomes where access to primary care is otherwise limited. This crucial support ensures that women residing locally are not deprived of essential rights of health and safety.



**g). Noor Foundation**

The Company takes pride to support this organization with our dedication to end the poverty and fostering community that upholds the dignity of every individual. Our donation also contributes to their vision of a new era where both children and adults can thrive. We are committed to backing initiatives that drive profound and positive change in our society.

**b). Medical Dispensary for Local residing and Surrounding Communities**

The Company is dedicated to support local healthcare by donating funds specifically for wages of staff working at the Medical Dispensary facility. This contribution ensures that dedicated personnel are compensated fairly, enabling them to provide essential medical services to the surrounding community.

**h). Ghulam Faruque Welfare Trust**

The Company always assists educational needs, and vocational training within or outside Pakistan by donating to the Ghulam Faruque Welfare Trust to support the needy, irrespective of any province religion, caste or creed.



**i). Approved Religious Institutions**

The Company is deeply proud of its unwavering dedication to promote religious education and knowledge through its ongoing support for approved religious institutions.

**c). The Kidney Centre**

The Company recognizes the specific challenges associated with kidney disease and has responded by making donations to "The Kidney Centre's Postgraduate Training Institute", supporting the well-being of society.

**3 GOOD HEALTH AND WELL-BEING 2 HEALTH**



The Company seeks to support its key initiatives that bolster the healthcare sector of Pakistan. Our extended

support to health-related initiatives includes funding for hospitals and other key medical related centres, which includes:

**a). Women Gynae Ward**

The Company is resolutely committed to advancing women's health by funding staff wages in the Gynecology Ward. This ward forms a part of FMD building and is being also



**d). Patients' Aid Foundation**

The Company has generously donated to Patients' Aid Foundation in order to facilitate and cater to the needs of cardio vascular and paediatric patients and grant them access to quality healthcare.



**e). SHINE Humanity**

The Company is deeply committed to addressing healthcare needs and delivering compassionate, sustainable preventive and primary care to underserved communities. By donating to 'SHINE Humanity', we are resolutely strengthening and enhancing the primary healthcare system to make a profound and lasting impact.



**f). Layton Rahmatulla Benevolent Trust**

Our donation to Layton Rahmatulla Benevolent Trust (LRBT) significantly supports their mission to provide Eye care to those in need. This contribution helps fund critical vision-saving treatments. We are proud to support LRBT's efforts in improving vision health and making a positive impact on countless lives.



**g). Nowshera Dialysis Centre**

Nowshera Dialysis Centre is providing free dialysis to needy people. The Company became a part of this good cause in the form of donations to the centre. Our donation also forms a major portion for Surgical Parts and medicines supply to the Dispensary. Our this contribution underscores our commitment to enhancing local healthcare access and quality. Villages which are being facilitated through our this free medical dispensary (FMD) includes: Lakrai, Shaikhal, Khasaray, Spinkana & Jabba.

**h). Agha Khan University Hospital**

The Agha Khan University Hospital is always immensely grateful to Cherat Cement Co. Limited for its support to deliver high-quality care, this is depicted through our donations made to The Agha Khan Hospital.



**i). Shaukat Khanum Memorial Trust**

Shaukat Khanum Memorial Trust believes that healthcare is a fundamental human right and gives new hope for cancer patient to save their lives. The Company appreciates the efforts of Shaukat Khanum Memorial Trust, and contribute to their cause by handsome donations.





### 3 FLOOD RELIEF

The Company is committed to support flood victims through our generous donation, which provides essential relief such as meals, staple foods, and medicine. Our aid also includes efforts to rebuild and restore livelihoods in the affected areas, through donation of Cement Bags. We have mobilized employees and vehicles to help evacuate families and ensure their safe relocation. This support reflects our solidarity with the effected communities and our dedication to their recovery and rebuilding.



the spirit of Ramadan by addressing hunger and fostering a sense of togetherness.

#### d). Support for Protectors

Providing financial assistance to local law enforcement responsible units is crucial for enhancing their capacity to maintain safety and order within the community. This support helps ensure they have the necessary resources and equipment to effectively perform their duties.

#### e). Ummah Welfare Trust

The Company always assists institutions which are on a mission to safeguard the rights of the neglected and oppressed through sustainable solutions in shelter, education, health, and spiritual well-being.

#### f). Women Development Centre

The Women Development Centre, located near the factory, offers handcraft classes to local girls, fostering skill development and economic independence. This donation into the community, provides valuable opportunities for creative expression and financial stability. This effort is not only enriches the lives of young women but also strengthens the local economy.



### 4 DEVELOPMENT AND COMMUNITY SUPPORT

#### a). Extension and Fabrication of Mosque

This is a meaningful investment in creating a spiritual and communal space for the factory staff/workers. This contribution will help enhance the mosque where more people can gather for worship, reflection, and fellowship. We are honored to support this cause for workers' spiritual foundation.

#### b). Extra Care for Low Earning Employees

This assistance alleviates financial stress and helps to ensure a joyous and memorable celebration for the basic events in the families (basic dowry / marriage expenses).

#### c). Provision of Rations during Ramadan

Providing rations during holy month of Ramadan is a vital way to support those in need by ensuring they have access to essential food items throughout the holy month. Our contribution helps families observe the fast with dignity and ease, reflecting our commitment to compassion and community welfare. This gesture enhances



#### g). Tubewells in nearby Villages

The installation of tubewells in nearby villages ensures a reliable and safe source of drinking water, significantly improving the health and well-being of local residents. This initiative addresses water scarcity and reduces the time spent on fetching water, enhancing overall quality of life.



# 1 NO POVERTY



## 5 TRANSPORT FOR STUDENTS

Our contribution helps to make more accessible and efficient for students residing in the nearby areas to go to their respective schools and colleges, ensuring they have a reliable means to pursue their education without burden of long or difficult travel.

# 7 AFFORDABLE AND CLEAN ENERGY



## 6 ENERGY

The Company has taken many initiatives including the replacement of conventional lights with LEDs, installation of Solar energy generation and building the infrastructure that enhances the utilization of Sun

light. The Company has installed state-of-the-art technology such as Waste Heat Recovery in order to reduce grid power utilization and reduce carbon emissions.

# 13 CLIMATE ACTION



## 7 TREE PLANTATION ACTIVITY

We actively support activities focused on environmental preservation, with tree planting drives being a key aspect of our eco-friendly initiatives. Regular plantation efforts are carried out at our production sites to advance afforestation and reforestation goals, as well as to enhance the carbon sequestration benefits that trees provides to our ecosystem.



In conclusion, our commitment to Corporate Social Responsibility is central to our values and operations. By prioritizing education, healthcare, community support, and environmental sustainability, we strive to create a lasting impact.

Our initiatives address immediate needs while promoting long-term development in our communities. With the Board's focus on integrating CSR into our core strategy, we ensure accountability and transparency. Together, we aim to align profitability with positive social impact, building a thriving, sustainable society for all.



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# NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 43rd Annual General Meeting of Cherat Cement Company Limited will be held on Wednesday, October 16, 2024 at 12:30 p.m. at the Registered Office of the Company at Factory premises, Village Lakral, Nowshera, Khyber Pakhtunkhwa, as well as through video link conferencing facility to transact the following businesses:

## ORDINARY BUSINESS

1. To confirm the minutes of the Annual General Meeting held on October 25, 2023.
2. To receive, consider and adopt the Audited Accounts of the Company for the year ended June 30, 2024 with the Directors' and the Auditors' Reports thereon.
3. To consider and approve the payment of final cash dividend @ 40% (Rs. 4.00/- per share). This is in addition to an interim cash dividend @15% (Rs. 1.50 per share) already paid to the shareholders for the financial year ended June 30, 2024 as recommended by the Board of Directors.
4. To appoint Auditors M/s. Grant Thornton Anjum Rahman - Chartered Accountants for the year ended June 30, 2025 and to fix their remuneration.
5. To elect eight (8) Directors of the Company as fixed by the Board of Directors u/s 159(1) of the Companies Act, 2017. The names of retiring Directors are (1) Mr. Omar Faruque (2) Mr. Azam Faruque (3) Mr. Akbarali Pesnani (4) Mr. Arif Faruque (5) Mr. Asif Qadir (6) Mr. Abrar Hasan (7) Mrs. Zeeba Ansar and (8) Mr. Yasir Masood.
6. To transact any other business with the permission of the chairman.

## SPECIAL BUSINESS

7. To consider and approve the following resolution as Special Resolution:
  - a) "RESOLVED that the transactions carried out in the normal course of business with related parties and associated companies as disclosed in Note 43 of the Financial Statements during the year ended June 30, 2024, be and are hereby ratified and approved."
  - b) "FURTHER RESOLVED that the Board of Directors of the Company be and is hereby authorized to enter and approve all transactions to be carried out in the normal course of business with related parties and associated companies during the ensuing year ending June 30, 2025."

The statement under section 134 of the Companies Act, 2017, pertaining to the above-mentioned Special Business, is attached with the notice.

By Order of the Board of Directors



**Asim H. Akhund**  
Company Secretary

Karachi: August 22, 2024

The Annual Audited Financial Statements of the Company together with the report and documents required under Companies Act, 2017 have been uploaded on the website of the Company which can be downloaded from the following link and/or QR enabled code:

Weblink	QR Code
<a href="https://gfg.com.pk/cccl/financial-information/">https://gfg.com.pk/cccl/financial-information/</a>	



**NOTES:**

1. The register of members of the Company will be closed from Wednesday, October 9, 2024 to Wednesday, October 16, 2024 (both days inclusive) and no transfers will be registered during that time. Shares received in order at the Office of the Share Registrar of the Company, M/s. CDC Share Registrar Services Limited (CDCSRSL), CDC House, 99-B, Block 'B', S.M.C.H.S., Main Shahrah-e-Faisal, Karachi-74400 at the close of business on Tuesday, October 8, 2024 will be treated in time for the above entitlement.
2. A member of the Company eligible to attend, speak and vote at the Annual General Meeting may appoint another member as his/her proxy to attend, speak and vote in his/her stead. Proxies to be effective must be in writing and must be received by at the Company's Head Office 48 hours before the meeting.
3. The AGM proceedings will also be held via video through ZOOM application (a video link conferencing facility). Shareholders interested to participate in the meeting are requested to email required information with subject "Registration for Cherat Cement Company Limited AGM" along with a valid copy of both sides of Computerized National Identity Card (CNIC) at [cdcsr@cdcsrsl.com](mailto:cdcsr@cdcsrsl.com). Shareholders are advised to mention their full details in the following manner:

Full Name of Shareholder / Proxy Holder	Company	CNIC Number	Folio / CDC A/c No.	Email Address	Mobile Phone No.
	Cherat Cement Co. Ltd.				

4. Video link details and login credentials will be sent to members at their provided email addresses enabling them to attend the meeting on the given date and time.
5. Members will be able to login and participate in the AGM proceedings through their devices after completing all the formalities required for the identification and verification of the shareholders. Video link and login credentials will be shared with only those members whose emails, containing all the required particulars, are received at least 48 hours before the time of AGM.
6. Members of the Company whose shares are registered in their account/sub-account with Central Depository System (CDS) are requested to bring original Computerized National Identity Card along with their account number in CDS and participant's ID number for verification.
7. Members of physical shares are requested to notify any change in their addresses to the Company's Share Registrar. Whereas, shareholders of CDC Accounts are requested to immediately notify any change in their addresses to their respective CDC Participant / Broker / CDC Investor Account Services.
8. According to Section 119 of the Companies Act, 2017, and Regulation 47 of the Companies (General Provisions and Forms) Regulations, 2024, all physical shareholders are advised to provide their mandatory information such as CNIC number, address, email address, contact mobile / telephone numbers, occupation, etc. to CDC Share Registrar Services Limited immediately to avoid any non-compliance of law or any inconvenience in future.
9. Members of physical shares who have not yet submitted photocopy of their valid Computerized National Identity Card (CNIC) are requested to send the same to the Share Registrar of the Company.
10. As per Section 72 of the Companies Act, 2017 every listed 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 the SECP. Shareholders having physical shareholding are accordingly required to open their account with investors account services of CDC or sub account with any of the brokers and convert their physical shares in book entry form. This will facilitate the shareholder 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 Pakistan Stock Exchange Limited.
11. Shareholders are hereby reminded that Section 242 of the Companies Act, 2017 provides that in case of a listed company, any cash dividend declared by the company must be paid electronically directly into

the bank accounts of the shareholders. In order to receive dividends directly into their bank account, shareholders are requested to fill in E-Dividend Mandate Form available on the Company's website i.e. [www.gfg.com.pk](http://www.gfg.com.pk) and send it duly signed along with a copy of CNIC to the Registrar of the Company M/s. CDC Share Registrar Services Limited in case of physical shares. In case shares are held in CDC, then E-Dividend Mandate Form must be submitted directly to shareholder's broker/participant/CDC investor account services. In case of non-submission of IBAN, the Company will withhold the payment of dividends under the Companies (Distribution of Dividends) Regulations, 2017. Further, the information regarding gross dividend, tax/zakat deduction and net amount of dividend will be provided through the Centralized Cash Dividend Register (CCDR), therefore, shareholders should register themselves to CDC's eServices Portal at <https://eservices.cdcaccess.com.pk>.

12. In compliance of Section 244 of the Companies Act 2017, once the Company has completed stipulated formalities, any unclaimed dividend and /or shares that have remained outstanding for a period of three years from the date of becoming due and payable or more shall be credited to the Federal Government (in case of dividend) or delivered to the SECP (in case of physical shares). Shareholders who by any reason could not collect their remaining unclaimed dividend/shares are advised to contact the Share Registrar of the Company to collect/inquire about their unclaimed dividend or shares, if any.
13. Shareholders have option to receive Annual Audited Financial Statements and Notice of General Meeting through email. Shareholders of the Company are requested to give their consent to our Share Registrar to update the record if they wish to receive Annual Audited Financial Statements and Notice of General Meeting through email. However, if shareholders, in addition, request for hard copy of Audited Financial Statements, the same shall be provided free of cost within seven (7) days of receipt of such written request.
14. All shareholders are advised to check their status on Active Taxpayers List (ATL) available on FBR website and, if required, take necessary actions for inclusion of their name in the ATL. In case a person's name does not appear in the ATL the applicable tax rate will be increased by the hundred percent.
15. In case of joint account, please intimate proportion of shareholding of each account holder along with their individual status on the ATL.
16. Corporate shareholders having CDC accounts are required to have their National Tax Number (NTN) updated with their respective participant, whereas corporate physical shareholders should send a copy of their NTN certificate to CDC Share Registrar Services Limited. The Shareholders while sending NTN or NTN Certificate, as the case may be, must quote the Company name and their respective folio number.
17. Withholding tax exemption from the dividend income shall only be allowed if copy of valid tax exemption certificate is made available to CDC Share Registrar Services Limited by the first day of Book Closure.
18. To claim exemption from compulsory deduction of Zakat, shareholders are requested to submit Zakat Declaration (Form CZ-50) or its attested photocopy to CDC Share Registrar Services Limited, in order to avoid deduction of Zakat on all future dividends, at the earliest.

#### **Postal Ballot / E- Voting**

19. The members are hereby notified that pursuant to Companies (Postal Ballot) Regulations, 2018, the SECP has directed all listed companies to provide the right to vote through electronic voting facility and voting by post to the members on all businesses classified as special business and in case of election of directors, if the number of persons who offer themselves to be elected is more than the number of directors fixed under section 159 of the Companies Act, 2017. Accordingly, members of the Company will be allowed to exercise their right to vote through e-voting facility or voting by post for special business and for election of directors, if required, in the forthcoming Annual General Meeting in accordance with the requirements and subject to the conditions contained in the aforesaid Regulations. The schedule and procedure of postal ballot/electronic voting along with Postal Ballot shall be circulated in due course and also placed on the Company's website i.e. [www.gfg.com.pk](http://www.gfg.com.pk) seven (7) days before the meeting.
20. Any member who intends to contest the election for the office of the Directors or otherwise, shall file with the Company at its Head Office not later than fourteen (14) days before the date of the Annual General Meeting following documents:

- a) Notice of his/her intention to offer himself/herself for election of Director as an Independent Directors, Female Directors and Other Directors in terms of Section 159(3) of the Companies Act, 2017;
- b) Consent to act as director on signed appendix to Form 9, duly completed and signed by the candidate along with copy of valid CNIC;
- c) Detailed profile (including other directorship, if any) along with office address for placement on the Company's website seven (7) days prior to the date of the AGM; and
- d) Declaration / undertaking in respect of being compliant with the requirements of the Listed Companies (Code of Corporate Governance) Regulations, 2019 and the eligibility criteria as set out in the Companies Act, 2017.

21. For the purpose of election of Directors, voting shall be held in the following three (3) categories:

- i) Female Director
- ii) Independent Directors
- iii) Other Directors

If the number of members who offer themselves in each category is not more than the number of Directors to be elected in such category, such members will be elected unopposed without the voting process.

The final list of contesting Directors will be published in newspaper not later than seven (7) days before the date of the AGM, in terms of section 159 (4) of the Companies Act, 2017. Further, the website of the Company will also be updated with the required information.

#### **Statement Under Section 166 of the Companies Act, 2017 - Regarding Independent Directors**

Independent Directors shall be selected in accordance with the applicable criteria set out for independence under section 166 of the Companies Act, 2017 and the Companies (Manners and Selection of Independent Directors) Regulations, 2018. Further, the Regulations issued there under and their names should be listed on the databank of independent directors maintained by Pakistan Institute of Corporate Governance. However, the candidate shall be elected in the same manner as other directors are elected in terms of Section 159 of the Companies Act, 2017.

#### **Status of Investment in the Equity of Mirpurkhas Sugar Mills Limited by way of Subscription of Right Shares.**

The Company in its Extraordinary General Meeting held on March 21, 2024, had obtained the approval of its shareholders for an investment of up to an aggregate amount of Rs. 75 million in Mirpurkhas Sugar Mills Limited by way of subscription of Right Shares. The Company subscribed right shares to the extent of its entitlement worth Rs.10,698,350 and further unsubscribed right shares for Rs. 54,257,875. The Company has subscribed right shares total amounting to Rs. 64,956,225.

#### **Statements Under Section 134 of the Companies Act, 2017**

##### **Related Party Transactions**

The statement sets out material facts concerning "Special Business" to be transacted at the Annual General Meeting of the Company to be held on Wednesday, October 16, 2024. The approval of the Members of the Company will be sought for:

During the financial year ended June 30, 2024, the Company carried out transactions with its associated companies and related parties in accordance with its policies and applicable laws and regulation. Related party transactions require shareholders' approval under sections 207 and 208 of the Companies Act, 2017. Such transactions are being placed before the shareholders for their approval through special resolution proposed to be passed in the Annual General Meeting.

The shareholders are requested to ratify the transactions which have been disclosed in Note no. 43 of the Financial Statements for the year ended June 30, 2024 and further to authorize the Board of Directors to conduct transactions with related parties or associated companies for the year ending June 30, 2025.

Party wise breakup of transactions as disclosed in Note no. 43 of the Financial Statements for the year ended June 30, 2024 is given below:

Name of Related Party	Nature of Transaction	Amount (Rs. in '000)
Cherat Packaging Limited	Purchase of Packing Material	2,464,884
	Dividend Received	10,820
	Dividend Paid	23,975
	Sale of Goods	56
Mirpurkhas Sugar Mills Limited	Dividend Paid	12,363
Directors, CEO & their spouse	Dividend Paid	32,220
Faruque (Private) Limited	Purchase of Raw Material	279,840
	Payment of Royalty	407,970
	Payment of Excise Duty	9,601
	Dividend Paid	189,434
Greaves Airconditioning (Private) Limited	Purchase of Fixed Assets	19,835
	Services Received	119
	Purchase of Goods	159
Greaves Pakistan (Private) Limited	Purchase of Fixed Assets	844,209
	Services Received	2,671
	Purchase of Goods	1,667
	Dividend Paid	10,886
Zensoft (Private) Limited	Services Received	30,011
	Dividend Paid	111
Pakistan Cables Limited	Purchase of Goods	30,385
Jubilee General Insurance Company Limited	Insurance Premium	97,297
Key Management Personnel	Remuneration	1,185,883
Employees Provident & Gratuity Funds	Contribution to Funds	178,741

The Directors are interested only to the extent of their shareholding and / or common directorship in such related parties. The name of common Directors are mentioned in the aforesaid Note no. 43 of the Financial Statements.



## DIRECTORS' PROFILES

### MR. OMAR FARUQUE - CHAIRMAN

Mr. Omar Faruque studied from the City of London, Polytechnic London, and got a Honours degree in B.A. Finance. Currently, he is the Chief Executive of Zensoft (Pvt.) Limited and a Director of Greaves CNG (Pvt.) Limited. He is a 'Certified Director' from the Pakistan Institute of Corporate Governance.

### MR. AZAM FARUQUE - CHIEF EXECUTIVE

Mr. Azam Faruque is the Chief Executive of Cherat Cement Co. Ltd. He is an Electrical Engineering and Computer Science graduate from Princeton University, USA. He completed his MBA with high honors from the University of Chicago, Booth School of Business. Apart from the time he has spent in the cement industry, he has also served as a member on the Boards of State Bank of Pakistan, National Bank of Pakistan, and Oil and Gas Development Corporation Ltd. He was a Member of the Board of Governors of GIK Institute, Member of the National Commission of Science & Technology and also a Member of the National Committee of the Aga Khan Foundation. Mr. Azam Faruque has served on the Board of the Privatization Commission of the Government of Pakistan, Madian Hydro Power Ltd., Atlas Asset Management Ltd., International Industries Ltd., Atlas Battery Ltd., Indus Motor Company Ltd. and was the Chairman KPK Oil & Gas Development Company Ltd.

At present, he is a member of the Board of Directors of Faruque (Pvt.) Ltd., Greaves Pakistan (Pvt.) Ltd., Unicol Ltd., Habib University Foundation and Atlas Honda Ltd. He is a 'Certified Director' from the Pakistan Institute of Corporate Governance.

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## **MR. AKBARALI PESNANI - DIRECTOR**

Mr. Akbarali Pesnani is an MBA and fellow member of both the Institute of Chartered Accountants and Institute of Cost and Management Accountants of Pakistan. He has served as Chairman Gwadar Port and Gwadar Port Implementation Authority from 2004 to 2006. Mr. Pesnani has been associated with the Aga Khan Development Network at senior levels for over 48 years. Presently he is the Chairman of Cherat Packaging Ltd., Aga Khan Cultural Service Pakistan, Jubilee General Insurance Co. Ltd. and a Director on the Board of Pakistan Cables Ltd. His association with the Ghulam Faruque Group dates back almost 43 years.

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## **MR. ARIF FARUQUE - DIRECTOR**

Mr. Arif Faruque is a Swiss - qualified Attorney-at-Law and also holds Masters degrees in both Law and Business Administration from the United States of America. He recently completed the Owner President Management Program at Harvard Business School. He is the Chief Executive of Faruque (Pvt.) Ltd. He is on the Board of Directors of Mirpurkhas Sugar Mills Ltd., Cherat Packaging Ltd. and UniEnergy Ltd. Besides the above, he is also a member of the Board of Governors of Lahore University of Management Sciences (LUMS).

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## **MR. ASIF QADIR - DIRECTOR**

Mr. Asif Qadir holds a degree in Chemical Engineering from Columbia University, New York. He joined Exxon Chemical Pakistan Limited in 1978 as a Process Engineer and held various assignments in manufacturing and marketing of fertilizers.

Mr. Qadir has served as President and Chief Executive Officer of Engro Polymer & Chemicals Ltd. He has also served on the Board of Engro Corporation Ltd., Engro Fertilizer Ltd., Engro Polymer & Chemical Ltd., Engro Powergen Ltd., Sindh Engro Coal Mining Company Ltd., Karachi Stock Exchange, Pakistan Poverty Alleviation Fund and Inbox Business Technologies (Pvt.) Ltd.

He is currently serving as Director in Unicol Ltd. and is also on the Boards of Tripack Films Ltd., Descon Oxychem Ltd., Liaquat National Hospital & Medical College, Century Paper & Board Mills Ltd. and Indus Motor Company Ltd.

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## **MR. ABRAR HASAN - DIRECTOR**

Mr. Abrar Hasan serves as the Chief Executive Officer and as a Director on Board of National Foods since 2000. National Foods is the leading multi-category food company in Pakistan producing over 250 different products, marketed both in Pakistan and exported to 40 countries worldwide. Under his leadership, the company has delivered steady sales growth year on year and tremendous success. Mr. Hasan is providing direction and leadership to the company by setting a clear vision for future growth and has actively pursued new market opportunities and delivered successful strategies to drive the company's vision, focusing on continuous innovation, highest standards of quality and superior consumer value.

He graduated with a BS in Industrial Management and a minor in Industrial Engineering from Purdue University, Indiana, USA. He was elected on the Board of Cherat Cement Company Ltd. as an independent director on October 16, 2018. Mr. Abrar Hasan is also the Chairman of Board for Naymat Collateral Management Company, which is Pakistan's first Collateral Management Company, that facilitates and empowers farmers by making formal credit accessible to them through financial institutions. Besides this, he is also a Director of Associated Textile Consultants Holdings (Pvt.) Ltd., Pakistan Business Council. He is a Certified Director from the Pakistan Institute of Corporate Governance.

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## MRS. ZEEBA ANSAR - FEMALE DIRECTOR

Mrs. Zeeba Ansar has over 27 years of private and corporate banking experience. She did her Bachelors in Economics and Statistics from the University of Punjab and then completed her MBA in Marketing and Finance from the Institute of Business Administration. In her career as a banker she has worked with Deutsche Bank AG as Manager Corporate Banking Department and Faysal Bank as Senior Vice President and Corporate Head-South. She then joined UBL as Executive Vice President and Regional Corporate Head-South and retained the position for 10 years. Her most recent professional engagement was with NIB Bank as Group Head-Corporate and Investment Banking where she worked till 2017.

She is currently serving as Director in Gul Ahmed Textile Mills Ltd. and Samba Bank Ltd. She is also a 'Certified Director' from the Pakistan Institute of Corporate Governance.

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## MR. YASIR MASOOD - DIRECTOR

Mr. Yasir Masood is a fellow member of the Institute of Chartered Accountants of Pakistan. He is a Certified Internal Auditor (CIA) and qualified Certified Information Systems Auditor (CISA). He is also a certified Director from Pakistan Institute of Corporate Governance. He is serving as the Director and Chief Operating Officer of Cherat Cement Company Ltd., and also serving on the Boards of Greaves Airconditioning (Pvt.) Ltd., Greaves CNG (Pvt.) Ltd., and Greaves Engineering Services (Pvt.) Ltd.

Mr. Yasir is also serving as Chief Financial Officer of Faruque (Pvt.) Ltd. He has been working and contributing in various committees of different Business forums. He is currently serving as Industry Expert and member of Arbitration panel of Pakistan Stock Exchange Limited (PSX).

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# CHAIRMAN'S REVIEW

The financial year 2023-24 was marked by numerous economic challenges. High inflation, increased taxation, political instability, and geopolitical tensions in Middle East had an adverse impact on the economy. Despite these hurdles, your Company has remained unwavering in its dedication to innovation, operational efficiency, and stringent financial oversight. Throughout the year, we have effectively managed to navigate these tough conditions, sustaining profitability and maximising shareholders value. Our performance has shown a steady improvement, despite the prevailing economic difficulties.

Cement industry in Pakistan faces many headwinds. Rising cost of inputs, economic & political instability, high inflation, fiscal limitations and restricted foreign aid have led to general slowdown in the construction sector. However, exports have risen substantially and have alleviated the problem to some extent.

On an aggregate basis, the overall sales volume of the Company decreased by 8% in which local sales declined by 13% while exports increased by 22% in comparison with last year. Despite lower volumes, the Company has managed profit after tax of PKR 5,500 million for the year ended June 30, 2024, as compared to PKR 4,404 million for the same period last year.

The Company has successfully increased solar power generation capacity and has plans to expand it further, reflecting our commitment to renewable energy and reducing our reliance on traditional power sources. We also continue to explore ways of reducing our dependence on imported fuel. Furthermore, the company is looking to invest in a range of high-potential projects in line with our long-term strategy.

The Board is committed to sustainability and recognises that it not only benefits society but also translates into substantial financial benefits for the Company. We continue our efforts to replace fossil fuels with renewable energy. Furthermore, the Company has undertaken extensive tree plantation to enhance air quality and contribute to an overall ecological balance.

Strategically, the Company focuses on market presence and optimizing operational efficiency, setting the stage for sustained growth. In terms of Corporate Social Responsibility (CSR), the Company has deepened our engagement with local communities through enhanced support programs and initiatives aimed at creating meaningful social impact. Moreover, commitment to Environmental, Social, and Governance (ESG) principles has also intensified, with new policies and practices implemented to further reduce our carbon footprint and enhanced transparency.

I am pleased to report that the Board of Directors has performed its duties and responsibilities meticulously and has contributed towards guiding the Company in its strategic affairs. It focused on major risk areas and remained actively involved in the strategic planning process of the Company. A strategy meeting was held during the year. The Board recognises that well defined corporate governance processes are important to preserve and enhance stakeholders' value. All Directors including Independent Directors, fully participated and contributed to the decision-making process of the Board. The Board carried out its annual self-evaluation in line with the requirements of Code of Corporate Governance.

I would like to take this opportunity to extend my appreciation to the staff, customers, suppliers, bankers, Board of Directors, and shareholders for their continued support, commitment and hard work.

August 22, 2024

  
Omar Faruque  
Chairman

# DIRECTORS' REPORT TO THE MEMBERS

## For the year ended June 30, 2024

The Board of Directors is pleased to present this report, accompanied by the audited financial statements of the Company for the year ended June 30, 2024.

### Overview

During the year under review, Pakistan's economic performance showed a blend of positive and negative indicators, reflecting an evolving situation. On the positive side, government efforts to counter smuggling and illegal currency practices have played a vital role in stabilizing the currency. However, challenges high inflation, high interest rates, low foreign exchange reserves, and reliance on external debt hampered economic recovery. Global inflationary pressures, and oil price volatility due to geopolitical tensions in the Middle East, further complicated the economic landscape. Moreover, our economic long-standing structural weaknesses and political uncertainty also contributed the challenges faced by businesses. However, economic indicators have started improving, with inflation trending downward from the third quarter of the current financial year. Both the current account balance and the foreign exchange reserves have also improved. The successful completion of the Stand-By Arrangement (SBA) and the negotiations for a new program with the IMF have also contributed significantly to economic stability. As a consequence, the Central Bank has reduced the key policy rate to a 16-months low of 19.5%, reflecting efforts to start stimulating growth and responding to easing inflation.

The cement industry in Pakistan has faced numerous challenges. Rising input costs, economic and political instability, government fiscal limitations in spending on PSDP, and higher taxation have led to a general slowdown in the construction sector. The growth in FY 24 was largely driven by a surge in export volumes, which offset a decline in domestic sales which was at a seven-years low level. Despite these adverse conditions, your Company has been successful in mitigating these conditions by increasing efficiencies and deleveraging to ensure long-term growth and stability.

During the year, domestic demand for cement decreased by 5%. However, exports surged by 56%, driven mainly by a 62% rise in sea exports. Furthermore, exports to Afghanistan saw notable improvement by 36%. As a result, the overall industry grew marginally by 2% during the financial year ended June 30, 2024.

### Production and Sales Review

Comparative production and sales statistics are provided as under:

Description	2024 (in tons)	2023 (in tons)
Clinker production	2,354,836	2,643,785
Cement production	2,616,907	2,882,790
Domestic sales	2,221,187	2,539,391
Export sales	405,700	331,347
<b>Total sales</b>	<b>2,626,887</b>	<b>2,870,738</b>

On an aggregate basis, the overall sales volume of the Company decreased by 8%, in which local sales declined by 13% while exports increased by 22% in comparison with last year.

### Financial Performance & Business Overview

Overall sales revenue has increased by 3% compared to last year mainly due to adjustment in cement prices on account of higher input costs. The cost of sales decreased marginally by 2% mainly due to lower

production volume. However, input costs are on a rising trend due to increase in power and fixed costs on account of increase in electricity and gas tariffs and higher inflation. Despite numerous challenges and cost pressures, the Company has managed to optimize operations and implemented effective cost management strategies to yield good results. Furthermore, the Company made early repayments of long-term loans due to which finance cost has decreased by 28%. In light of the change in taxation on exports from final tax to normal tax regime, a higher deferred tax provision has been recorded in these financial statements.

Despite the above factors, the Company has managed profit after tax of PKR 5,500 million for the year ended June 30, 2024 as compared to PKR 4,404 million for the last year.

Summarized performance of the Company for the current year as compared to last year is as follows:

Description	2024 (Rs in million)	2023 (Rs in million)
Net sales	38,433.75	37,386.19
Cost of sales	26,593.36	27,249.37
Gross Profit	11,840.39	10,136.82
Expenses & taxes	6,340.64	5,732.89
Net Profit	5,499.75	4,403.93

### Earnings per share

Earnings per share for the year ended was Rs. 28.31 in comparison to Rs. 22.67 reported last year.

### Dividend Payout

The Company has always strived to be consistent in its approach towards distribution of profits. The decision on dividend payout is made after taking into consideration various factors like Company's financial performance, its business needs, growth prospects and expansion plans. The Board of Directors is pleased to recommend a final cash dividend of Rs. 4.00 per share i.e. 40% for the year ended June 30, 2024. This is in addition to an interim cash dividend of Rs. 1.5 per share i.e. 15% announced during the year.

### Development and Initiatives

During the year, the Company has successfully increased solar power generation capacity by 0.517 MW and is in the process of installing another 9 MW, in addition to the existing 13.517 MW. This initiative underscores our commitment to renewable energy and reducing dependence on the national grid and gas generators. Additionally, the company is actively looking to invest in various projects which will have an impact on cost savings and decrease the dependence on imported fuel.

### Corporate Social Responsibility

Corporate Social Responsibility (CSR) is a fundamental aspect of the Company's ethics and policy, pursued consistently and with dedication. The Company has consistently led the way in voluntary CSR activities. To further institutionalize these efforts, we have developed an effective policy for sustainability and corporate social responsibility, in line with the SECP's CSR guidelines of 2013 and the Companies Act of 2017.



The Company has shown a strong commitment to social responsibility through various initiatives. Company's CSR activities are mainly focused on education, health, water and women empowerment. We are making regular donations to leading NGOs of the country. The Company is running a model school in Shaidu village, Nowshera in collaboration with The Citizens Foundation. We are running a Basic Health Unit adjacent to our factory in collaboration with an NGO which also has a gynaecologist to cater for the needs of women in the locality. The Women Development Project that we initiated last year has given very encouraging results, and we plan to expand it further. The Company provides school transportation services to local students and provides drinking water to nearby villages through tube wells. We also have an ongoing animal conservation programme. The Board oversees and approves all CSR activities, including financial allocations and strategic initiatives.

### **Strategic Objectives on ESG**

The Board is dedicated to fostering a sustainable and ethical business. Our strategic objectives encompass environmental stewardship, social responsibility, and effective governance. We are committed to reducing our carbon footprints, conserving resources, and preserving biodiversity. We prioritize diversity, employee well-being, and community engagement. Ethical conduct, transparency, and prudent risk management guide our decision-making. Our board stands behind these objectives, aligning with our commitment to create enduring value for all stakeholders. The Board has also approved a comprehensive policy in this regard.

### **Sustainability-Related Risks**

The sustainability-related risks include climate change, the depletion of non-renewable resources and environmental degradation in general. By embracing operational practices, adopting renewable energy policies, and green initiatives, the Company aims to contribute to a sustainable future. The management has set specific and measurable ESG targets that align with the Company's strategic objectives to achieve greater sustainable resilience and positive social impact. We are trying to achieve these targets by embracing the three "C"s of Conservation, Community and Circular Economy.

The Company has channelled significant capital into cutting-edge, eco-friendly technologies that embody the principles of responsible consumption and production. The Company performs a thorough analysis of current and potential risks, highlighting specific areas of concern by following recognized frameworks.

### **Diversity, Equity, and Inclusion (DE&I)**

With its diverse workforce and communities, the Company stands as an advocate for diversity, equity, and inclusion (DE&I). Promoting DE&I is a key priority for the Company and is integral to its sustainable and ethical business practices. As part of this commitment, the Company has established a comprehensive DE&I policy, which guides its efforts to increase gender and ethnic diversity throughout the organization. This includes implementing inclusive recruitment practices, such as utilizing diverse job boards and ensuring diverse interview panels.

### **Health, Safety and Environment**

Health, Safety, and Environmental (HSE) standards are integral to our operations. The Company diligently follows HSE guidelines to ensure a safe working environment for all employees, contractors, and stakeholders. We uphold the highest health and safety standards both on our premises and within the communities where we operate. The production facility of the Company is fully compliant with the



applicable standards for the environment and safety in the country. The Company has a dedicated HSE department to oversee the implementation of the HSE objectives. The department not only ensures compliance with the best HSE practices but carries out regular fire and safety training for the staff.

The Company is dedicated to environmental conservation by utilizing the Waste Heat Recovery (WHR) process to generate electricity from exhaust heat produced during the manufacturing process. We are continuously increasing our solar generation capacity. Furthermore, tree plantation drives in and around our plant facilities are a key part of our sustainable and eco-friendly practices.

### Contribution to National Exchequer

The Company has contributed around Rs. 16 billion to the government treasury in the form of income tax, sales tax, royalty and other government levies during the year.

### UniEnergy Limited

UniEnergy – a joint venture wind power project, has been granted Letter of Intent and formally allotted land for setting up the project at Jhimpir, district Thatta. The JV partners have made an initial equity investment in the Company to meet the ongoing financial requirements for the project. In this regard, Cherat Cement has made an equity investment of Rs. 7.69 million following the approval of the shareholders. The Company has, so far, not yet commenced the operations as the management is evaluating the renewable energy policy of the Government.



### Statement of Compliance with Code of Corporate Governance

The Company has fully complied with the requirements of the Listed Companies (Code of Corporate Governance) Regulations, 2019. A Statement of Compliance is provided under the relevant section of the report.

### Board of Directors' Commitment to Ethics and Compliance

The Board of Directors of the Company is dedicated to maintaining the highest standards of ethics and compliance. It fosters a culture of integrity and accountability, upholds our code of conduct, supports ethical decision-making, ensures robust compliance programs, and responds appropriately and promptly to any violations.

### Statement on Corporate and Financial Reporting Framework

- The financial statements prepared by the management of the Company present its state of affairs fairly, the result of its operations, cash flows and changes in equity.
- Proper books of account of the Company have been maintained.
- Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
- International Financial Reporting Standards, as applicable in Pakistan, have been followed in preparation of financial statements and any discrepancy therefrom has been adequately disclosed and explained.
- Chief Executive, Director and Chief Financial Officer duly endorsed the financial statements before approval of the Board.
- The system of internal controls is sound in design and has been effectively implemented and monitored.
- There are no significant doubts upon the Company's ability to continue as a going concern.
- There has been no non-compliance from the best practices of Corporate Governance.

- Key operating and financial data for the last six (6) years in summarized form is annexed.
- There is nothing outstanding against your Company on account of taxes, duties, levies and charges except for those which occur in normal course of business.
- Statement of shares held by associated undertakings and related persons have also been disclosed separately.
- The Company maintains Provident and Gratuity Fund accounts for its employees. Stated below are the values of the investments of the funds as on June 30, 2024.

<b>Provident Fund</b>	<b>Rs. 1,815 million</b>
<b>Gratuity Fund</b>	<b>Rs. 1,093 million</b>

#### Board of Directors

In line with the requirements of the Listed Companies (Code of Corporate Governance) Regulations, 2019, the Company ensures representation of Independent and Non-Executive Directors, as well as gender diversity, on its Board.

Total number of Directors on the board is 8 and its composition is as follows:

- Male Directors 7
- Female Director 1

The composition of Board is as follows for the remainder term:

Particulars	No.	Name of Directors
Independent Directors	3	Mr. Asif Qadir Mr. Abrar Hasan Mrs. Zeeba Ansar
Non-Executive Directors	3	Mr. Omar Faruque Mr. Akbarali Pesnani Mr. Arif Faruque
Executive Directors	2	Mr. Azam Faruque Mr. Yasir Masood
Female Director	1	Mrs. Zeeba Ansar

- During the year, six meetings of the Board of Directors were held. The attendance record of each director is as follows:

Name of Director	Meetings Attended
Mr. Omar Faruque	6
Mr. Azam Faruque	6
Mr. Akbarali pesnani	6
Mr. Arif Faruque	6
Mr. Asif Qadir	5
Mr. Abrar Hasan	4
Mrs. Zeeba Ansar	6
Mr. Yasir Masood	6

- During the year, four meetings of the Audit Committee were held. The attendance record of each director is as follows:

Name of Director	Meetings Attended
Mr. Asif Qadir	3
Mr. Akbarali Pesnani	4
Mr. Arif Faruque	4

- During the year, one meeting of the Human Resource and Remuneration Committee was held. The attendance record of each director is as follows:

Name of Director	Meeting Attended
Mr. Abrar Hasan	1
Mr. Azam Faruque	1
Mr. Omar Faruque	1

\*A leave of absence was granted to the Directors who could not attend the meeting due to their preoccupation.

#### Directors' Remuneration

Through the Articles of the Company, the Board of Directors is authorized to fix remuneration of Non-Executive and Independent Directors from time to time. In this regard, the Board of Directors has developed a Remuneration policy for Non-executive and Independent Directors of the Company. The details of Directors' remuneration are disclosed in Note 41 of the Financial Statements for the year ended June 30, 2024.

#### Performance Evaluation of the Board of Directors and Board Committees

The Company carries out an annual evaluation of the Board of Directors, its Committees and Individual Directors as part of the Code of Corporate Governance. Priorities include fostering diversity, upholding integrity and active participation, regularly reviewing management targets, providing strategic guidance, identifying performance improvements, assessing risks, reviewing succession plans, enhancing health and safety practices, and safeguarding against litigation and reputational risks.

A strict level of confidentiality is exercised by the Company Secretary upon receipt of completed questionnaires. To ensure transparency of the process, the Company has engaged M/s. Grant Thornton Anjum Rahman, Chartered Accountants to compile results and prepare a report for the Board of Directors. The contents of the report are evaluated and areas that require improvement are identified.

#### Directors' responsibility in respect to adequacy of internal financial controls

The efficient framework of internal financial controls has been put in place by the Board of Directors to guarantee the smooth and effective execution of operations, protection of company assets, adherence to relevant laws and rules, and dependable financial reporting. The independent Internal Audit function consistently evaluates and oversees the execution of these financial controls, while the Audit Committee assesses the efficiency of the internal controls structure and financial statements on a quarterly basis.

### Principle Risks and Uncertainty

#### Risk Assessment

The Board of Directors kept a close watch on the socio-economic environment and consequential internal and external risks that might impact the safe and smooth operations and performance of the Company. As caretakers of the interest of all the stakeholders, the Directors remained vigilant in identifying and mitigating risks throughout the year. The Board of Directors identified potential risks, assessed their impact on the Company and provided guidance in formulation of strategies to mitigate foreseeable risks to the

business. A strategy meeting was conducted during the year. Audit Committee is actively involved in this process.

### **Risk Management**

Effective risk management is crucial for sustainable growth at Cherat Cement. The Board oversees risk management processes and internal controls, formulated strategies ensuring assets are safeguarded and potential risks, including impacts on business continuity, are addressed. These strategies were enforced throughout the hierarchy of the Company under the supervision of the Audit Committee to ensure that all possible steps are taken for risk mitigation. Risks that may affect strategic, operational, financial, or compliance objectives are promptly reported to the Board. The Board has also approved a business continuity plan including a disaster recovery plan which is properly in place.

The Company maintains a clear organizational structure, with senior management responsible for implementing procedures, monitoring risks, and assessing control effectiveness. Main risks affecting our business are inflation, higher interest rates, adverse exchange rate fluctuations, economic and political instability and increasing input costs. Management continuously monitors these risks and takes timely actions. Daily cash flows are monitored. Deleveraging has been done to the extent possible. Cost saving initiatives are introduced where possible like WHR, solar panels and use of local coal.

The Board recognizes the importance of cybersecurity, keeping in view the evolving information security threats, which can directly affect our business operations. The Company has an in-house IT department, which has dedicated resources of IT related security. During last year, on the advice of the Board, a cybersecurity audit was conducted by an external consultant and their recommendations were properly implemented. There was no such breach during the year.

### **Debt Repayment**

The Company has a practice of settling obligations on a timely basis. Considering the healthy cashflows, the Company has made early and schedule principal repayments of expensive long term commercial loans and restricting running finance facilities to the extent of export refinance facilities. This has resulted in substantial savings in financial charges.

### **Capital Structure**

The Company's current debt to equity ratio has improved from last year and stands at 14:86 at year end. The gearing ratio is also improving as the Company is making regular profits.

### **Appointment of Auditors**

We would like to thank our present auditors M/s. EY Ford Rhodes, Chartered Accountants, who have retired and have not offered themselves for reappointment. Following their retirement, M/s. Grant Thornton Anjum Rahman - Chartered Accountants have offered themselves for appointment.

### **Pattern of Shareholding**

The pattern of shareholding of the Company in accordance with Section 227 (2) (f) of the Companies Act, 2017 as of June 30, 2024, is annexed to this report.

### **Related Parties Transactions**

All transactions with related parties have been executed at arm's length and have been properly disclosed in the financial statements of the Company.

### **Subsequent events**

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

### **No Change in the Nature of Business**

No significant changes have occurred during the financial year concerning the nature of the business of the Company.

### **Future Prospects**

In the fiscal year 2024-2025, Pakistan may face a daunting task of addressing numerous socio-economic



challenges that have significantly impacted the economy. With a cumulative cut of 250 basis points in the policy rate, monetary easing is expected to continue, driven by a high base effect, improved supply, and the expectation of a stable exchange rate in the short term. However, to alleviate pressure on circular debt and comply with IMF conditions regarding subsidy removal, electricity and gas tariffs have significantly been increased and are likely to increase further. Moreover, the recent budget measures may cause short-term inflationary pressures but are essential for long-term economic stability. The government is negotiating a \$7-8 billion IMF program to bolster foreign exchange reserves, which is expected to stabilise the economy. This stability, along with the anticipated fiscal and monetary adjustments, positions the economy for a more sustainable growth trajectory in the coming year. Certain measures in the recent budget such as a significant increase in the tax incidence and abolishment of the final tax regime for exports have adversely affected the cement industry. We hope that with the monetary easing continuing with reduction in inflation, and the government will increase spending on infrastructure to spur growth which will boost cement demand as well. The expected growth for the cement industry in FY 25 is anticipated to be bolstered primarily by an uptick in exports. While the demand for cement in Afghanistan remains strong, our exports are affected from time to time due to administrative and political issues.

The management proactively monitors the company's operating environment and continues to adopt measures to keep the rising costs under control. We take this opportunity to request the Government to reduce the extremely intolerable high incidence of taxation on the cement industry and take measures to spur growth.

**Acknowledgment**

We would like to thank all the financial institutions having a business relationship with us, our dealers and customers for their continued support, cooperation and trust they have reposed in us. We would also like to share our deepest appreciation for all our staff for their dedication, loyalty and hard work.

On behalf of the Board of Directors

  
**Omar Faruque**  
 Chairman

  
**Azam Faruque**  
 Chief Executive

Karachi: August 22, 2024

## **ANNUAL EVALUATION OF BOARD, CHIEF EXECUTIVE OFFICER (CEO), COMMITTEES AND INDIVIDUAL MEMBERS**

Board evaluation mechanisms facilitate the Board of Directors in evaluating and assessing its performance and ability to provide strategic leadership and oversight to the senior management of the Company. Accordingly appropriate procedures have been developed based on emerging and leading practices to assist in the assessment of the Board, its committees and the individual directors themselves.

Questionnaires have been developed based on relevant criteria such as effectiveness, accountability, planning, leadership and strategy formulation by the Board and also its committees. Directors are also asked to fill out a self-evaluation questionnaire that focuses on their participation and satisfaction with the different proceedings of the Board and their individual role as a member.

In addition, a separate evaluation questionnaire for Chief Executive has also been developed for his performance. The performance evaluation of the CEO is carried out by all the Directors.

These questionnaires are circulated annually and are filled out by the Directors anonymously. The collected answers are then compiled by an independent chartered accountant firm.

The Company has engaged M/s. Grant Thornton Anjum Rahman, Chartered Accountants to ensure transparency in the process.

## **DIRECTORS' ORIENTATION AND TRAINING**

All the Directors of the Company are well experienced and have diverse backgrounds. At the time of the induction of any new director, he or she is given proper orientation about the operations of the Company and his or her fiduciary responsibilities. The Company had also arranged an in-house Directors' training programme to apprise the directors of their authorities and responsibilities. Six Directors of the Company namely Mr. Azam Faruque, Mr. Omar Faruque, Mr. Abrar Hasan, Mr. Akbarali Pesnani, Mrs. Zeeba Ansar and Mr. Yasir Masood are also certified under the Board Development Series Programme offered by the Pakistan Institute of Corporate Governance (PICG).

Our all directors and executives are either exempt or have attended / completed Certified Directors Training Program from the reputable recognized local and international institutions.

## **EXTERNAL OVERSIGHT OF FUNCTIONS AND MEASURES TAKEN TO ENHANCE THE CREDIBILITY OF INTERNAL CONTROLS AND SYSTEMS**

Cherat Cement ensures efficiency, effectiveness, accuracy and the credibility of all its functions through regular monitoring, making benchmarks and assessing the targets and goals of their respective functions. Following are the summary of the measures taken to attain the benchmarks through oversight:

- All processes and functions of the Company are subject to review by the Internal Audit function;
- The Manufacturing processes are reviewed on the basis and guidelines of industry best practices, industry norms, and standards setting authorities;
- The Information Systems and network security are periodically reviewed by Information Systems auditors. Cybersecurity audit was conducted by an external consultant.
- Surveys conducted by third parties or otherwise to ensure the credibility and control hallmarks.

## DECISIONS AND MATTERS TAKEN BY THE BOARD AND DELEGATED TO MANAGEMENT FOR EXECUTION

The Board of Directors exercise all powers on behalf of the Company and fulfill their duties and responsibilities in accordance with the applicable laws. The primary responsibility of the Directors is to ensure that the key management is achieving the objects of the Company as delegated to them in such manner as to benefit the Company and its shareholders.

Management is primarily responsible for implementing the strategies as approved by the Board of Directors. It is the responsibility of management to conduct the routine business operations of the Company, including but not limited to short term investments, sale/purchase contracts, implementation of policies, treasury, taxation, litigations, and stock management etc., in an effective and ethical manner in accordance with the strategies and goals as approved by the Board and to identify and administer the key risks and opportunities that could impact the Company in the ordinary course of execution of its business.

Management is also concerned in keeping the Board members updated regarding any changes in the operating environment. It is also the responsibility of management, with the oversight of the Board and its Audit Committee, to prepare financial statements that fairly present the financial position of the Company in accordance with applicable accounting standards and legal requirements.

## UNDERSTANDING SHAREHOLDERS VIEW

The Company's shareholders comprise of investors including mutual funds, investment companies, brokerage houses, insurance companies, foreign shareholders, pension funds, individuals, professionals, high profile individuals to housewives. The Company regularly interacts with all categories of shareholders, through Annual General Meeting, Extraordinary General Meeting, regular corporate / investor briefings etc. The Company has also been arranging annual corporate briefing sessions regularly. The Chief Operating Officer, Chief Financial Officer and the Company Secretary remain available to respond to any shareholder / investor's query. The non-executive Members of the Board are also kept informed about the views of the major shareholders about the Company.

## GOVERNANCE OF RISK AND INTERNAL CONTROL

The Company has various policies in connection with Governance of Risk and Internal Control that have been approved by the Board of Directors and covered in Director's Report and other different policies and disclosures. These include but are not limited to Health Safety Environment (HSE) policy, Information Technology (IT) Governance policy, Information System Security policy, Environmental, Social and Governance Policy, Disaster Recovery policy etc. The implementation of such policies is in accordance with law to assure smooth operations of the business at all levels.

## **GOVERNANCE PRACTICES EXCEEDING LEGAL REQUIREMENTS**

The Company has always believed in going the extra mile and staying ahead of the curve. In line with this strategy, not only have we complied with all mandatory legal compliances under the Code of Corporate Governance, the Companies Act 2017 and other applicable rules, regulations and standards, we have also carried out the following activities in addition to the legal requirements;

- a. Implementations of HSE: The Company has developed and implemented aggressive HSE strategies at its Plants to ensure the proper safety of its people and equipment.
- b. Dissemination of the information: The Company has always ensured that all material information is communicated to the PSX, the SECP and the Company's shareholders as soon as it becomes available. At all times we have ensured that such information is sent out much before the deadlines are set out in the laws.
- c. Integrated Reporting Framework: The management reports various other essential information in this annual report, which is not required by law.

## **EXECUTIVE DIRECTOR(S) SERVING AS NON-EXECUTIVE AND INDEPENDENT DIRECTOR IN OTHER COMPANIES / BODY CORPORATE**

Our Chief Executive Mr. Azam Faruque, and Director and Chief Operating Officer Mr. Yasir Masood are also serving as a Non-Executive and Independent Directors in other companies / body corporate, details of which are available in the Directors' Profiles section.

There is no restriction/bar in the law to earn the remuneration as non-executive directors in other companies.

## **INDEPENDENT DIRECTORS**

The Company has ensured that the composition of its Board of Directors is compliant with all prevailing legal and governance requirements with respect to independent directors. All independent Directors have submitted along with their consent to act as Director, the declaration as required under the Code of Corporate Governance and Companies Act, 2017, to the Company that they meet the criteria of independent director.

## **FEMALE DIRECTOR**

Mrs. Zeeba Ansar was elected as an Independent female Director on the Board and the requirement for a female director on the board of a listed company has been complied.

## **BOARD MEETINGS HELD OUTSIDE PAKISTAN**

During the year, 6 meetings of the Board of Directors were held. As recommended by SECP Guidelines and to keep the costs in control, the management has conducted all meetings in Pakistan.

## **EXTERNAL SEARCH CONSULTANCY**

To ensure good corporate governance the Company undertakes a formal process of external consultancy for the performance evaluation of the Board.

## RELATED PARTIES

As required under the fourth schedule of the Companies Act, 2017, detailed disclosures regarding related party transactions they have been presented in note 43 to the financial statements presented afterwards in this annual report. Such disclosure is in line with the requirements of the 4th Schedule to the Companies Act, 2017 and applicable International Financial Reporting Standards. Approval of the transactions from the shareholders will be obtained at the Annual General Meeting.

## STATEMENT OF MANAGEMENT'S RESPONSIBILITY TOWARDS PREPARATION AND PRESENTATION OF FINANCIAL STATEMENTS AND DIRECTORS' COMPLIANCE STATEMENTS

The Company, its Board of Directors and the management have always been keen to follow the standards set down by governing institutions. In light of the same strict compliance with all standards set out by ICAP, the Companies Act, and the International Accounting Reporting Standards have been adhered to, and otherwise good and responsible reporting has been our general practice.

## DISCLOSURE OF DIRECTORS' INTEREST

Details of all related party transactions based on common directorship is placed before the Board and subsequently placed before the shareholders in the Annual General meeting for their approval. The said disclosure mentioned in the notice of AGM as well as in the relevant note of the financial statements. The percentage of shareholding is also mentioned in the pattern of shareholding. All directors disclose their interest in all contract or arrangements with other companies like Other Directorship.

## IT GOVERNANCE POLICY

The Company has a well-conceived and implemented Information Technology (IT) Governance Policy which seeks to ensure that IT is aligned with Cherat's organizational goals and strategies and delivers value to the organization. The policy is designed to promote effective, efficient, timely, and informed decision-making concerning Cherat's IT investments and operations. Specifically the policy aims to establish the IT governance structure and its associated procedures, roles, and responsibilities, as a critical component of the overall IT Management (ITM) Framework, which guides the management, implementation, and monitoring of IT investments for Cherat.

The Company's IT Governance Policy is mainly charged with:

- Establishing a shared vision of how information technology can add value to the organization;
- Establishing information technology goals, and the strategies for achieving those goals;
- Establishing principles and guidelines for making information technology decisions and managing initiatives;
- Overseeing the management of institutional information technology initiatives;
- Establishing and communicating organizational information technology priorities;
- Determining information technology priorities in resource allocation;
- Establishing, amending and retiring, as necessary, organizational information technology and other technology related policies, and
- Determining the distribution of responsibilities between the IT Department and end users.

# INFORMATION SYSTEM SECURITY POLICY

## Objective

The objective of Information Security is to ensure continuity of business of the company and to minimize business damage by preventing and limiting the impact of security incidents.

## Policy

1. The purpose of the Policy is to protect Company information assets from all threats, whether internal or external, deliberate or accidental. These assets relate to information stored and processed electronically.
2. It is the Policy of the Company to ensure that:
  - a. Information will be protected against unauthorized access.
  - b. Confidentiality of information will be assured by protection from unauthorized disclosure or intelligible interruption.
  - c. Integrity of information (its accuracy and completeness) will be maintained by protecting against unauthorized modification.
  - d. Regulatory and legislative requirements will be met, including record keeping, according to Information Security Management System standard.
  - e. Disaster Recovery Plans will be produced, maintained and tested, to ensure that information and vital services are available to Company when needed.
- f. Information on security matters will be made available to all staff.
- g. All breaches of information security, actual or suspected, will be reported to and investigated by the Information Security Officer / Internal Audit.
3. Standards will be produced to support the policy. These standards will include regulations, guidelines and procedures covering matters such as (not limited to) data security, backup, virus control and passwords.
4. Business requirements for the available of information and information system will be met.
5. The role and responsibility for managing information security will be assigned to a designated Information Security Officer/Internal Audit.
6. The information Security Officer/Internal Audit will be responsible for maintaining the Policy and providing advice and guidance on its implementation.
7. All managers are responsible for implementing the Policy within their business areas, and for adherence by their staff.
8. It is responsibility of each employee to adhere to the Policy.



# ENVIRONMENTAL, SOCIAL AND GOVERNANCE POLICY

## Introduction

Cherat Cement Company Limited is committed to integrating Environmental, Social, and Governance (ESG) considerations into its business strategies and operations; it has been taking numerous initiatives at both the plants, regional offices and head office. It recognizes that responsible management of these factors is essential for the long-term success of the company and for creating sustainable value for all its stakeholders.

## Purpose

The purpose of this statement is to outline and map our continuing commitments towards sustainability, social responsibility, and good governance. It provides a framework for incorporating ESG considerations into our decision-making processes, risk management, and reporting.

This policy supersedes the previously approved Social and Environmental Responsibility Policy of the Company as it extensively addresses the Environment, Social & Governance guidelines.

## Scope

This statement applies to all employees, officers, and directors of Cherat Cement Company Limited. We also expect our business partners, suppliers, and contractors to adhere to similar principles.

### 1. Environmental Responsibility

Our commitment towards minimizing our environmental footprint and promoting environmental stewardship includes:

- Climate Change:** Assessing and mitigating the risks and opportunities associated with climate change.
- Energy and Emissions:** Reducing greenhouse gas emissions through energy efficiency, renewable energy, and other measures.
- Sustainable Resource Management:** Efficiently using natural resources and reducing waste.
- Pollution Prevention:** Preventing pollution and minimizing environmental impacts from our operations.

- Biodiversity and Land Use:** Protecting biodiversity and responsibly managing land use.

### 2. Social Responsibility

Our commitment towards making a positive impact on society by promoting social equity, diversity, and community well-being includes:

- Diversity and Inclusion:** Fostering a diverse and inclusive workplace where all employees are treated with respect and have equal opportunities.
- Employee Well-being:** Ensuring a safe, healthy, and supportive work environment for our employees.
- Community Engagement:** Actively engaging with and supporting the communities where we operate.

### 3. Governance

Our commitment towards maintaining strong governance practices that promote transparency, accountability, and ethical behavior includes:

- Risk Management:** Integrating ESG risks into our risk management framework.
- Board Oversight:** Ensuring effective oversight of ESG matters by our Board of Directors.
- Reporting:** Providing transparent and accurate reporting on our ESG performance.
- Compliance:** Adhering to all applicable laws, regulations, and industry standards.
- Ethical Business Practices:** Conducting our business with the highest ethical standards and integrity.





# HUMAN RESOURCE POLICY

At Cherat Cement Company Limited we attribute our continued success to our people. Our employees are our enduring advantage and it is our ability to create high performance teams in a culture of inclusiveness, professionalism and excellence that drives our growth. To maintain our HR competitiveness, we remain focused on areas of talent management, learning & development; succession planning, and the development of a robust Management Trainee Program.

## Attracting the Best Talent

To support the Company's objective of acquiring the best talent, we have recalibrated our Trainee Engineer Program as "Future Leaders Program" to make it dynamic in its offerings to students allowing them to challenge their potential. By providing graduating students with an exhilarating route to enter our Graduate Trainee Engineering programs, we undertook several campus recruitment drives at leading Engineering educational institutions with an aim to find the best talent that would build the Company-wide pipeline of emerging leaders and also to be part of our enterprising organizational culture.

## Industrial Relations

We maintain excellent relations with our employees and labour. There is a formal labour union in place which represents all classes of workers and independently takes care of all labour related issues. The Company takes every reasonable step for swift and amicable resolution of all their issues.

## Core Values

Values are what support the vision, shape the culture and reflect what an organization values. They are the essence of the organization's identity the principles, beliefs or philosophy of values. Our Core Values (Respect, Fairness, Quality, Ownership) are embedded in our recruitment process, performance appraisals and recognition initiatives.

## Preparation of Succession Plan

At Cherat Cement Company Limited (CCCL), preparing a robust Succession Plan is integral to ensuring sustained leadership and business continuity. We view succession planning not as a reactive measure but as a forward-thinking strategy that identifies and develops individuals who can fill key positions in the future. This process starts by recognizing critical roles across the company that are pivotal to our business operations and long-term growth.

We conduct a comprehensive Talent Assessment to evaluate potential successors within the organization. This assessment takes into account not only the employee's current performance but also their competencies, leadership potential, and alignment with CCCL's core values. A Gap Analysis is then performed to understand the areas where development is needed, enabling us to customize learning and development programs that focus on bridging these gaps.

At CCCL, our succession planning is not limited to top leadership roles. We believe in building a talent pipeline for all critical talent of the organization. By investing in continuous learning, leadership development, and on-the-job coaching, we ensure that high-potential employees are ready for future leadership roles. This ongoing process enables us to nurture a workforce that is capable, agile, and ready to take on future challenges.

### Merit-Based Recruitment

At CCCL, we are committed to a Merit-Based Recruitment process that ensures fairness, transparency, and the hiring of the most qualified candidates. Our approach is driven by a strict adherence to equal opportunity principles, ensuring that every candidate is evaluated solely on their skills, knowledge, experience, and alignment with our organizational values.



To streamline and enhance the recruitment process, CPL leverages advanced technological tools like SAP SuccessFactors Recruitment Management (RCM). Through Recruitment Management, we efficiently manage job requisitions, job postings, candidate applications, and the selection process, ensuring a smooth and transparent hiring journey. The system allows us to track candidates progress, conduct interviews, and make data-driven decisions on selecting the best talent. SF RCM is also integrated with our onboarding processes, making transitions in to the company seamless for both employees and HR.

The Onboarding process at CCCL is designed to welcome new hires and integrate them into our organizational culture effectively. Through the structured programs, we provide them with the resources, training, and support they need to succeed.

By adopting merit-based recruitment practices and integrating the latest HR technologies, CCCL ensures that we consistently attract and retain top talent, contributing to the company's growth and operational excellence.

### Performance-Based Appraisal

At Cherat Cement Company Limited, our Performance-Based Appraisal system is a key driver of employee engagement, development, motivation and organizational success. We believe that performance should be the foundation for both individual and organizational growth, which is why we place such a strong emphasis on recognizing and rewarding employees based on their achievements and contributions.

CCCL utilizes SAP SuccessFactors Performance Management and Goals Management (PMGM) to standardize and automate our performance

management processes. SF PMGM allows us to set clear and measurable goals for employees at the beginning of each performance cycle, aligning their objectives with the broader business goals of the organization. Throughout the year, managers can track progress, provide candid and regular feedback hence fostering a culture of continuous improvement.

At the end of the performance cycle, employees are appraised based on their achievements against their set goals, and their competencies in relation to CCCL's core values. SF PMGM provides comprehensive insights, ensuring that our appraisals are fair, transparent, and cover both qualitative and quantitative data. High-performing employees are recognized and rewarded, while development plans are created for those needing additional support, ensuring that every individual has the opportunity to grow and excel.

Our performance-based appraisal system not only helps us recognize and reward top talent but also motivates employees to reach their full potential, driving CPL's continued success.

### Promotion, Reward, and Motivation

At CCCL, we understand that recognizing and rewarding employee contributions is fundamental to maintaining a motivated, engaged and high-performing workforce. Our Promotion, Reward, and Motivation strategy is built on principles of fairness, transparency, and alignment of individual performance with organizational performance. We firmly believe that career advancement should be based on merit, and as such, promotions at CPL are awarded to employees who consistently demonstrate strong performance, leadership qualities, and alignment with our core values.

In addition to promotions, CCCL offers a variety of reward programs to celebrate exceptional achievements. These rewards can take the form of bonuses, public recognition, or special awards for outstanding contributions. Our rewards system is designed to create a culture of appreciation, where employees feel valued for their hard work and dedication.

Motivation is fostered not just through financial rewards but also by creating an environment where employees are given opportunities for growth and development. By providing challenging projects, leadership opportunities, and continuous feedback, we ensure that every employee at CCCL feels empowered and motivated to contribute towards the company's success.



### Training and Development

At Cherat Cement Company Limited, we view Training and Development as key to both organizational success and employee satisfaction. Our philosophy is that continuous learning and development are essential to maintaining a workforce that is skilled, innovative, and prepared for future challenges.

CCCL offers a range of training programs tailored to meet the diverse needs of our employees. These include technical training for operational staff, leadership development programs for emerging leaders, and skills enhancement workshops for all employees. We also offer e-learning opportunities that enable employees to learn at their own pace, ensuring that they can continuously improve and stay updated with industry trends.

Additionally, CCCL promotes mentorship and coaching, where senior employees mentor junior staff, sharing their expertise and guiding them in their career development. This not only helps with knowledge transfer but also fosters a collaborative and supportive work environment. Our comprehensive approach to training and development ensures that CCCL remains a learning organization, where employees are equipped with the skills and knowledge to drive our company forward.



### Gender and Race Diversity

Our company is committed to fostering an inclusive and equitable workplace where all employees are treated with equality, fairness and respect. Employee's compensation

is determined solely based on the seniority, experience, roles, responsibilities, and performance, regardless of gender.

We continually strive to maintain that there should be no gender pay gap within our organization, ensuring that every team member is valued and rewarded equitably for their contributions.

### Employee Engagement and Feedback

At Cherat Cement Company Limited, Employee Engagement is a top priority, as we believe that an engaged workforce is a productive workforce. We strive to create an environment where employees feel connected to the Company's mission, empowered in their roles, and motivated to contribute to the company's success.

Our approach to employee engagement involves regular communication, feedback mechanisms, and involvement in decision-making processes. CCCL regularly conducts pulse surveys to gather feedback on various aspects of the workplace, from job satisfaction to leadership effectiveness. This feedback is carefully analyzed and used to make improvements in policies, practices, and the work environment.

In addition to surveys, we encourage open channels of communication between employees and management. Whether through one-on-one meetings, town halls, or suggestion boxes, we value employee input and believe in taking action on their feedback. This two-way communication fosters a culture of trust, transparency, and collaboration.

By prioritizing employee engagement and feedback, CCCL ensures that we maintain a motivated and committed workforce which is driving the company's overall success and growth.



# HR TRANSFORMATION JOURNEY AT GHULAM FARUQUE GROUP (SAP SUCCESSFACTORS IMPLEMENTATION)

The goal of HR Digital Transformation with SAP SuccessFactors is to enhance the employee experience and boost efficiency and competitiveness by optimizing people, data, and processes in a digital environment. We are pleased to announce that the Recruitment, Onboarding, and Offboarding modules have successfully gone live and been implemented at Cherat Cement.

Attracting and onboarding the right talent is crucial for a business's continued growth and success. By implementing SAP SuccessFactors Recruiting, Cherat Cement Company Ltd has equipped to draw in and engage top talent, choose the best candidates according to their needs, and assess business outcomes. This system will focus primarily on streamlining the hiring process and ensuring the selection of the most qualified candidates.

The SAP SuccessFactors 'Onboarding' module will enable us to effectively manage a range of programs and employee transitions, including Pre Day-One, Onboarding, Crossboarding, Offboarding, and rehire, all through a single solution.



## SAFETY OF RECORDS POLICY

The Company is effectively implementing the policy to ensure the safety of records. All records must be retained for as long as they are required to meet legal, administrative, operational, and other requirements of the Company. The main purposes of the Company policy are:

- To ensure that the Company's records are created, managed, retained, and disposed off in an effective and efficient manner;
- To facilitate the efficient management of the Company's records through the development of a coordinated Records Management Program;
- To ensure preservation of the Company's records of permanent value to support both protection of privacy and freedom of information services throughout the Company to promote collegiality and knowledge sharing;
- Information will be held only as long as required and disposed off in accordance with the record retention policy and retention schedules; and
- Records and information are owned by the Company, not by the individual or team

## CONFLICT OF INTEREST POLICY

A Conflicts of Interest Policy has been developed by the Company to provide a framework for all directors of the Company ("Directors") to disclose actual, potential or perceived conflicts of interest.

The policy provides guidance on what constitutes a conflict of interest and how it will be managed and monitored by the Company.

The policy is applicable to Directors as the Company strongly believes that a Director owes certain fiduciary duties, including the duties of loyalty, diligence and confidentiality to the Company which requires that the Directors act in good faith on behalf of the Company and to exercise his or her powers for stakeholders' interests and not for their own or others interest.

### Management of Conflict of Interest

The Company stands fully committed to the transparent disclosures, management and monitoring of actual potential or perceived conflicts of interest. All Directors under the policy are obligated and have a duty to avoid actual, potential or perceived conflicts of interest.

Any Director with personal interest, relationship or responsibility which conflicts with the interest of the Company or its shareholders shall excuse himself or herself from any discussions on the matter that would give rise to the conflict of interest and, if necessary, from the Board meeting, or applicable part thereof.

# WHISTLE BLOWER POLICY

## Objective

The objective of this policy is to provide a platform and mechanism for directors, employees and suppliers to properly address bonafide concerns within the organization without fear of reprisal.

It encourages directors, employees and suppliers about their duty to report any suspected activity that violates any law applicable to the Company, its Core Values or Code of Conduct.

This policy is intended to assist only those individuals who believe they have discovered malpractice or impropriety. It is not designed to question financial or business decisions taken by the organization nor should it be used to reconsider any matters which have been investigated under the harassment, grievance or disciplinary policies and procedures.

## Policy Statement

Cherat Cement Company Limited is committed to adhere to the highest standards of ethical, moral and legal conduct of business operations. To maintain these standards, Cherat Cement Company Limited has developed a Whistle Blowing Policy to lodge complaint or to bring in the knowledge of the competent authority any unfair treatment, fraudulent, immoral, unethical or malicious activities or discrimination or some other type of adverse occurrence that violates a law, regulation, policy, morals and/or ethics and especially those matters that jeopardize the credibility and reputation of the company. The whistle can be blown by any director, employee or supplier without fear of punishment/ unfair treatment.

## Scope/Applicability

This policy is applicable to directors, all permanent and third party employees and suppliers of Cherat Cement Company Limited.

The whistleblower may report or raise any concern which he/ she believes is unethical or contradictory to the code of conduct of the organization, which may include the following acts:

- Fraud
- Financial malpractice
- Failure to comply with applicable legal requirements or company policy;

- Improper conduct or unethical behavior, including breach of the company's code of conduct, business integrity or ethics;
- Attempts to conceal any material facts or misrepresentation;
- Negligence causing substantial and specific danger to employees' health, safety or environment;
- Any unlawful act whether criminal/civil;
- Colluding with third parties/associates to exploit or cause harm to the company;
- Manipulation of company data/ records;
- Unauthorized use, employees' system password acquisition, access or disclosure of confidential/proprietary information;
- Abuse of authority; and
- Misappropriation or unauthorized use of company funds/assets

All complainants are protected from victimization, harassment or disciplinary action as a result of any disclosure, where the disclosure is made in good faith and not maliciously or for personal gain. All disclosures are required to be made in writing. Disclosures made anonymously will not be entertained.

Disclosures made will be investigated fully including interviews with all the witnesses and other parties involved. All whistle blowing disclosures made are treated as confidential and the identity of the whistleblower is protected at all stages in any internal matter or investigation.

Disciplinary action (up to and including dismissal) may be taken against the wrongdoer depending on the results of the investigation.

During the year no whistle blowing incidence was reported under the mentioned procedure.

## INSIDER TRADING POLICY

The Company has taken definitive steps in ensuring that all employees, officers, members of the Board and all such relevant persons follow strict guidelines while trading in the shares of the Company. The Insider Trading Policy codifies the Company's standards on trading and enables the trading of securities of the Company or other publicly-traded companies while in possession of material non-public information.

### The General Guidelines within the Policy State that:

1. No trading in the securities of the Company is permitted for directors and all employees who are "Executives" as defined in the relevant laws within the Closed Periods announced by the Company.
2. No Insider may purchase or sell any Company's security while in possession of material non public information about the Company, its customers, suppliers, consultants or other companies with which the Company has contractual relationships or may be negotiating transactions.
3. No Insider who knows any material non-public information about the Company may communicate that information to any other person, including family and friends.
4. In addition, no insider may purchase or sell any security of any other involvement with the Company in the way of conducting official business. No Insider who knows of any such material non-public information may communicate that information to any other person, including family and friends.

### The Company's Responsibility to Disclose Inside Information

The Company's responsibility, in the case of inside information made known to a third party, shall be to ensure that on in such cases the knowledge is given full public disclosure or if such information still needs to be kept non-public then the Company must ensure that the third party, is placed under legal obligation to maintain confidentiality.

Trading Policy

# RELATED PARTY TRANSACTIONS POLICY

## Preamble

The Board of Directors (the "Board") of Cherat Cement Company Limited (the "Company") has adopted this policy pursuant to the provisions of Section 208 of the Companies Act 2017 read with Regulation No. 15 of the Listed Companies (Code of Corporate Governance) Regulations, 2019 and the Companies (Related Party Transactions and Maintenance of Related Records) Regulations, 2018 issued by the Securities & Exchange Commission of Pakistan.

## Scope of the Policy

This Policy applies to transactions between the Company and one or more of its related parties. It provides a framework for governance and reporting of related party transactions. It is intended to ensure due and timely identification, approval, disclosure and reporting of transactions between the Company and any of its related parties. Amendments, from time to time, to the Policy, if any, shall be considered and approved by the Board.

The policy covers all related party transactions of Cherat Cement Company Limited as defined under Section 208 of the Companies Act 2017. The policy is applicable on all individuals responsible to initiating, authorize, record and report related party transactions.

The Policy is applicable to all related party transactions irrespective of their value and size. This Policy is intended to work in conjunction with regulatory provisions and other Company policies.

## Definitions

**(i) Arm's length transaction** means a transaction which is subject to such terms and conditions and is carried out in a way, as if:

- a) the parties to the transaction were unrelated in any way;
- b) the parties were free from any undue influence, control or pressure;
- c) through its relevant decision-makers, each party was sufficiently knowledgeable about the circumstances of the transaction, sufficiently experienced in business and sufficiently well advised to be able to form a sound business judgment as to what was in its interests; and
- d) each party was concerned only to achieve the best available commercial result for itself in all the circumstances.

## **(ii) Office of profit**

means any office:

- a) where such office is held by a director, if the director holding it receives from the Company thing by way of remuneration over and above the remuneration to which he is entitled as director, by way of salary, fee, commission, perquisites, any rent-free accommodation, or otherwise.
- b) where such office is held by an individual other than a director or by any firm, private company or other body corporate, if the individual, firm, private company or body corporate holding it receives from the Company anything by way of remuneration, salary, fee, commission, perquisites, any rent-free accommodation or otherwise.

## **(iii) Related party includes:**

- a) a director or his relative;
- b) a key managerial personnel or his relative; a key managerial person shall mean the following;
  - the Chief Executive Officer of the Company;
  - the Company Secretary of the Company;
  - the whole time Directors on the Board of the Company; and
  - the Chief Financial Officer of the Company.
- c) a firm, in which a director, manager or his relative is a partner;
- d) a private company in which a director or manager is a member or director;
- e) a public company in which a director or manager is a director or holds along with his relatives, any shares of its paid up share capital;



- f) any body corporate whose chief executive or manager is accustomed to act in accordance with the advice, directions or instructions of a director or manager;
- g) any person on whose advice, directions or instructions a director or manager is accustomed to act;
- h) any company which is:
  - a holding, subsidiary or an associated company of such company; or
  - a subsidiary of a holding company to which it is also a subsidiary
- i) such other person as may be specified;
- j) Relative means spouse, siblings and lineal ascendants and descendants of a person.

Provided that nothing in sub-clauses (f) and (g) shall apply to the advice, directions or instructions given in a professional capacity.

\*All other terms will be construed as per the Companies Act 2017 and all other relevant laws.

### **Types of Related Party Transactions**

Any contract or arrangement with respect to the following, but not limited to:

- (i) sale, purchase or supply of any goods or materials;
- (ii) selling or otherwise disposing of, or buying, property of any kind;
- (iii) leasing of property of any kind;
- (iv) availing or rendering of any services;
- (v) appointment of any agent for purchase or sale of goods, materials, services or property; and
- (vi) such related party's appointment to any office or place associated company, provided:
  - a) where majority of the directors are interested in any of the above transactions, the matter shall be placed before the general meeting for approval as special resolution;
  - b) also that nothing in this sub-section shall apply to any transactions entered into by the company in its ordinary course of business on an arm's length basis.

### **Disclosure and Approval of Related Party Transactions**

The board shall approve related party transactions that require its approval and the following minimum information shall be circulated and disclosed to the directors along with agenda for board's meeting called for approval of related party transactions:

- i. name of related party;
- ii. names of the interested or concerned persons or directors;
- iii. nature of relationship, interest or concern along with complete information of financial or other interest or concern of directors, managers or key managerial personnel in the related party;
- iv. detail, description, terms and conditions of transactions;
- v. amount of transactions;
- vi. timeframe or duration of the transactions or contracts or arrangements;
- vii. pricing policy;
- viii. recommendations of the Audit Committee, where applicable; and
- ix. any other relevant and material information that is necessary for the board to make a well informed decision regarding the approval of related party transactions.

### **Identification of Related Party Transaction**

Every Director will be responsible for providing a notice containing the following information to the Board of Directors on an annual basis:

- i. a firm, in which the director, manager or his relative is a partner;
- ii. a private company in which the director or manager is a member or director;
- iii. a public company in which the director or manager is a director or holds along with his relatives, any shares of its paid up share capital;
- iv. any body corporate whose chief executive or manager is accustomed to act in accordance with the advice, directions or instructions of the director or manager;
- v. any person on whose advice, directions or instructions the director or manager is accustomed to act.

### **Terms of the policy**

The terms of reference for the Policy are as follows;

- i. The management shall obtain approval of the policy by the Board of Directors ("Board");
- ii. The management may enter into any contract or arrangement with a related party only in accordance with the policy approved by the Board, subject to such conditions as may be specified;
- iii. The management shall obtain approval of the Board for contracts that are not on arm's length basis or not in the ordinary course of business;
- iv. The management shall present all related party transactions to the Audit Committee for their recommendation to the Board for approval;
- v. Every contract or arrangement entered into with a related party shall be referred to in the Board's report to the shareholders along with justifications;
- vi. Management shall maintain records of the transactions undertaken with related parties;
- vii. If a director or any other employee enters into any contract or arrangement with a related party without obtaining the consent of the Board or approval by a special resolution in the general meeting, and if it is not ratified by the Board or, as the case may be, by the shareholders at a meeting within 90 days from the date of the contract, such contract or arrangement shall be voidable at the discretion of the Board;

### **Maintenance of Record**

The Company shall maintain one or more registers with regards to transactions undertaken with related parties and contracts or arrangements in which directors are interested, in the manner prescribed, and shall enter therein the particulars of:

- i. contracts or arrangements, in which any director is, directly or indirectly, concerned or interested; and
- ii. contracts or arrangements with a related party with respect to transactions to which section 208 of the Companies Act, applies.

### **Pricing Methodology**

Any related party transactions carried out on arm's length basis shall use one of the following pricing methodologies:

- i. Comparable Uncontrolled Price method;
- ii. Resale Price method;
- iii. Cost Plus method; and
- iv. Profit Split method

### **Scope of Limitation**

In the event of any conflict between the provisions of this Policy and the Companies Act, 2017 or any other statutory enactments, rules, the provisions of the Companies Act, 2017 or statutory enactments, rules shall prevail over this policy.

## BUSINESS CONTINUITY AND DISASTER RECOVERY POLICY

The Board of Directors has approved and continuously reviews the IT Policy and Business Continuity Plan of the Company. The management has arranged offsite data storage facilities. All the key records are being maintained at different locations. Employees are aware of the steps required to be taken in case of any emergency.

## BUSINESS CONTINUITY AND DISASTER RECOVERY PLAN

### Introduction

The concept of Business Continuity Planning has become a major business management requirement over the past few years.

Business Continuity Planning is a process used to develop a practical plan for how a business can recover or partially restore critical business activities within a predetermined timeframe after a crisis or disaster. The resulting plan is called a Business Continuity Plan.

### Business Continuity Plan

#### Manufacturing Facilities

The Company's manufacturing facility is in Nowshera, Khyber Pakhtunkhwa and is a state of the art construction with its structure being earthquake proof. The building is fire resilient and fully equipped with modern firefighting equipment. It also meets HSE requirements at all levels. Despite all these arrangements, insurance coverage is made at the maximum level. Therefore, in case of any natural disaster, the Company would be able to recover its financial loss through insurance coverage. Hence, partial loss would not affect the Company's operations. Moreover, other locations of the Ghulam Faruque Group are available as alternate locations therefore; interruptions, if any, can be managed.

#### Identification of Potential Issues and the Plan Update

Potential issues are identified and updated from time to time to have an up to the mark solution for the anticipated problems. For the purposes of such identification, independent studies are conducted and drills are carried out. Based on the results obtained from these studies and drills, plans are updated.

#### Disaster Recovery Plan and IT Infrastructure

The Company utilizes cloud solutions provided by SAP for both its production and disaster recovery sites. This setup ensures uninterrupted IT functions even if there is infrastructural damage at one site. For data not related to SAP, the company's production site is co-located, with a disaster recovery site at the Karachi head office. This setup ensures that the company can continue its operations smoothly in the event of a disaster. The company operates multiple locations across Pakistan, allowing seamless continuation of operations from any of these sites. The Company's manufacturing facility is in Nowshera, Khyber Pakhtunkhwa and is a state-of-the-art construction with its structure being earthquake proof. The building is fire resilient and fully equipped with modern firefighting equipment. It also meets HSE requirements at all levels. Hence, partial loss would not affect the Company's operations. Moreover, other locations of the Ghulam Faruque Group are available as alternate locations therefore; interruptions, if any, can be managed.

#### Marketing and Other Staff

The Company's senior management, as a part of the Ghulam Faruque Group, is present across Pakistan and not restricted to one location. In case of any mishap, operations can be taken over and continued from any other location.

## **POLICY ON NON-EXECUTIVE AND INDEPENDENT DIRECTORS' REMUNERATION**

### **Preamble**

The Board of Directors (the "Board") of Cherat Cement Company Limited (the "Company") has adopted this Policy upon the implementation of Section 170 of the Companies Act, 2017 read with Regulation No. 17 of the Code of Corporate Governance.

Amendments, from time to time, to the policy, if any, shall be considered by the Board in light of changes in applicable laws and/or such external circumstances that directly apply to the scope of this policy.

### **Scope and Applicability**

The policy shall apply to all Non-Executive and Independent Directors who attend Board meetings, Audit Committee meetings, Human Resources and Remuneration Committee meetings and any other meetings called by the Board.

### **Terms of the Policy**

Through the Articles of the Company, the Board is authorized to fix remuneration of Non-Executive and Independent Directors from time to time. The fee for the Non-Executive and Independent Directors for attending the Board and Committee meetings of the Company shall be as determined by the Board of Directors from time to time.

## **INVESTOR'S GRIEVANCE POLICY**

The Company has an Investors' Grievance Policy in place. Any complaint or observation received either directly by the Corporate Department or during General Meetings are addressed by the Company Secretary. The Shareholders are given the information as desired by them as per the law well in time. All the written complaints are replied to in writing. Our share registrar is GDC Share Registrar Services Limited (GDCSRSLL) which is leading name in the field. The Company has many old and loyal shareholders, which shows the trust of the shareholders in the management of the Company.

## **POLICY ON GENDER PAY-GAP**

### **Background**

As per SECP's Circular No. 10 of 2024 dated April 17, 2024, the Board is directed to include a statement in the Annual Report on gender pay gap and make it available on company's website.

### **Policy Statement**

Our company is committed to fostering an inclusive and equitable workplace where all employees are treated with equality, fairness and respect. Employee's compensation is determined solely based on the seniority, experience, roles, responsibilities, and performance, regardless of gender.

We continually strive to maintain that there should be no gender pay gap within our organization, ensuring that every team member is valued and rewarded equitably for their contributions.



# DIVERSITY, EQUALITY & INCLUSION POLICY

## Introduction

Cherat Cement Company Limited is committed to fostering, cultivating and preserving a culture of diversity, equality and inclusion. Our human capital is the most valuable asset we have. The collective sum of the individual differences, life experiences, knowledge, inventiveness, innovation, self-expression, unique capabilities and talent that our employees invest in their work represents a significant part of not only our culture, but also our reputation and the company's achievements as well.

## Purpose

### Definitions:

- **Diversity:** Embracing and valuing the diverse backgrounds, experiences, and perspectives of our employees. We believe that diversity enhances our creativity, innovation, and decision-making.
- **Equality:** Ensuring equal opportunities for all employees in recruitment, development, and advancement. We are dedicated to eliminating barriers and biases that may hinder the full participation of any individual.
- **Inclusion:** Creating a supportive and respectful environment where every employee feels included and can thrive. We promote a culture of open dialogue and collaboration, where differences are celebrated and everyone's contributions are recognized.

We aim to foster a diverse, equitable and inclusive workplace where our employees feel valued, respected, and empowered to contribute their unique perspectives and talents irrespective of their age, color, disability, ethnicity, family or marital status, gender identity or expression, language, national origin, physical and mental ability, political affiliation, race, religion, socio-economic status, veteran status, and other characteristics that make our employees unique.

All employees of Cherat Cement Company Limited have a responsibility to treat others with dignity and respect at all times. Any employee found to have exhibited any inappropriate conduct or behavior against others may be subject to disciplinary action.

Cherat Cement Company Limited's diversity, equality and inclusion initiatives are applicable but not limited to our practices and policies on recruitment and selection; compensation and benefits; professional development and training; promotions; transfers; social and recreational programmes; layoffs; terminations; and the ongoing development of a work environment that encourages and enforces:

- Respectful communication and cooperation between all employees.
- Teamwork and employee participation, permitting the representation of all groups and employee perspectives.
- Work/life balance through flexible work schedules to accommodate employees' varying needs.
- Employer and employee contributions to the communities we serve to a greater understanding and respect for diversity.

This policy supersedes the previously approved Diversity Policy of the Company as it distinctively addresses equality and inclusion in addition to diversity aspects.

## Scope

This policy applies to all employees, officers, and directors of the Company and it covers recruitment, promotions, training, compensation, and daily operations to ensure a diverse, equal, and inclusive workplace.



# DIVIDENDS

## DIVIDEND POLICY

### 1. Introduction

This policy outlines Cherat Cement Company Limited's approach to declaring and distributing dividends, balancing shareholder returns with company growth needs.

### 2. Objectives

- Provide consistent shareholder returns.
- Maintain financial flexibility for growth.
- Balance shareholder rewards with retained earnings for future growth.

### 3. Dividend Declaration

Dividends are declared at the Board's discretion, considering:

- Profitability and financial condition.
- Cash flow and capital needs.
- Legal and regulatory requirements.
- Contractual obligations.

### 4. Types of Dividends

Dividends may be:

- **Cash Dividends:** Regular cash payments.
- **Stock Dividends:** Additional shares.

### 5. Payment Frequency

Dividends are typically paid quarterly, bi-annually or annually as appropriate.

### 6. Retained Earnings

Earnings are retained to:

- Fund growth and capital expenditures.
- Maintain financial stability.
- Comply with legal requirements.

# ERP UPGRADATION TO MEET MODERN BUSINESS ESSENTIALS

Cherat Cement always make sure to match the pace of technological advancement. It can be seen in its production facilities and implementation of world renowned ERP, SAP. The SAP was implemented in the year 2009. It was upgraded and reconfigured from time to time as per the changing needs of the Company. The Company had taken this inevitable decision after viewing the promising potential of SAP S/4 HANA, the converted its existing system to SAP S/4 HANA. In this connection, the Company has engaged a renowned SAP consultant for the project. It is the first such upgradation project on cloud in Pakistan. The major benefits of this conversion are detailed below:

- **Simplification:** Simplicity is one of the key features of SAP S/4 HANA application. It brings about great simplification to the management and administration of the IT landscape. It allows the centralizing of hardware and network resources, and serves as the digital core for business processes.
- **Efficient Decision Making:** It brings together all the analytical and transactional capabilities of a variety of systems at locations. This enhances the decision making process immensely. It also enables to provide better service for customer-centric applications.
- **Innovation:** The company wants to stay ahead of the curve and make decisions that are future ready. SAP S/4 HANA sets the stage for innovation as the technology is evolving rapidly, which means merely 'keeping up' doesn't connect it anymore.



# REPORT OF THE AUDIT COMMITTEE

## Audit Committee

Mr. Asif Qadir - Chairman
Mr. Arif Faruque - Member
Mr. Akbarali Peshani - Member

The Audit Committee of the Company comprises of two Non-Executive Directors and one Independent Non-Executive Director who is the Chairman of the Committee. The Head of Internal Audit attends Audit Committee meetings. The Chief Executive Officer and Chief Financial Officer attend Audit Committee meetings by invitation. The Audit Committee also separately meets the external auditors at least once in a year without the presence of the Management.

Meetings of the Audit Committee are held at least once every quarter. Four meetings of the Audit Committee were held during the year 2023-2024. Based on reviews and discussions in these meetings, the Audit Committee reports that:

1. The Company has issued a Statement of Compliance with the Code of Corporate Governance which has also been reviewed and certified by the auditors of the Company.
2. The Audit Committee reviewed and approved the quarterly, half yearly and annual financial statements of the Company and recommended them for approval of the Board of Directors. Further, the financial statements comply with the requirements of the Fourth Schedule to the Companies Act, 2017, and applicable International Accounting Standards and International Financial Reporting Standards notified by SECP.
3. The Audit Committee has reviewed and approved all related party transactions.
4. The Audit Committee takes into account any feedback from the Board of Directors and incorporates for improvement.

## INTERNAL AUDIT AND RISK MANAGEMENT

1. For appraisal of internal controls and monitoring compliance, the Company has in place an appropriately staffed, Internal Audit department. The Audit Committee reviewed the resources and performance of the Internal Audit department to ensure that they were adequate for the planned scope of the Internal Audit function. Head of Internal Audit Department has direct access to the Audit Committee.
2. An Internal Audit Risk Assessment document is submitted to the Audit Committee and based on

that an Audit Plan is prepared to mitigate the risks involved in the Company's operations. Further, on the basis of this plan, audits are conducted and reports are submitted. The Committee on the basis of the said reports reviews the adequacy of controls and compliance shortcomings in areas audited and discuss corrective actions in the light of management responses. Regular follow ups of these reports are also taken. This ensures the continual evaluation of controls and improved compliance. Minutes of Audit Committee meetings are timely circulated to the Board of Directors.

3. For continuous improvement of internal controls, the Committee also discussed the internal controls and the management letter with the external auditors.

## EXTERNAL AUDIT

1. The external auditors M/s. EY Ford Rhodes, Chartered Accountants were allowed direct access to the Audit Committee and necessary coordination with internal auditors was ensured. Major findings arising from audits and any matters that the external auditors wished to highlight were freely discussed with them.
2. The Audit Committee has reviewed and discussed with the external auditors and management, all the Key Audit Matters and other issues identified during the external audit along with the methods used to address the same.
3. Our present auditors M/s. EY Ford Rhodes, Chartered Accountants, who have retired and have not offered themselves for reappointment. Following their retirement, the Audit Committee has recommended, M/s. Grant Thornton Anjum Rahman, Chartered Accountants, who have offered themselves for appointment as External Auditor of the company for the year ending June 30, 2025.
4. The Company obtains taxation related services from M/s. EY Ford Rhodes, Chartered Accountants as it is one of the reputed firm in provision of said services and has sound professional policies and procedure to ensure compliance of independence.

By Order of the Audit Committee



Asif Qadir  
Chairman

August 21, 2024



# STATEMENT OF COMPLIANCE

## with Listed Companies (Code of Corporate Governance) Regulations, 2019 For the year ended June 30, 2024

The company has complied with the requirements of the Regulations in the following manner:

- The total number of Directors are 8 (eight) as per the following,-
  - Male: 7
  - Female: 1
- The composition of Board is as follows:

Category	Names
Independent Directors	Mr. Asif Qadir Mr. Abrar Hasan Mrs. Zeeba Ansar
Non - Executive Directors	Mr. Omar Faruque Mr. Arif Faruque Mr. Akbarali Pesnari
Executive Directors	Mr. Azam Faruque Mr. Yasir Masood
Female Director	Mrs. Zeeba Ansar

- 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 the 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 the 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 and, in his absence, by a director elected by the Board for this purpose. The Board has complied with the requirements of Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of the Board;
- The Board have a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations;
- Following Directors and Executives are either exempt or have attended Directors' Training program till June 30, 2024:

Name of Directors & Executives :	
Mr. Omar Faruque	Chairman
Mr. Azam Faruque	Chief Executive
Mr. Akbar Ali Pesnari	Director
Mr. Arif Faruque	Director
Mr. Asif Qadir	Director
Mr. Abrar Hasan	Director
Mr. Yasir Masood	Director & Chief Operating Officer
Mrs. Zeeba Ansar	Director

10. The Board has approved appointment of chief financial officer, company secretary and head of internal audit, including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations;
11. Chief financial officer and chief executive officer duly endorsed the financial statements before approval of the Board;
12. The Board has formed committees comprising of members given below:
- a) Audit Committee
- |                      |          |
|----------------------|----------|
| Mr. Asif Qadir       | Chairman |
| Mr. Akbarail Pesnani | Member   |
| Mr. Arif Faruque     | Member   |
- b) HR and Remuneration Committee
- |                  |          |
|------------------|----------|
| Mr. Abrar Hasan  | Chairman |
| Mr. Azam Faruque | Member   |
| Mr. Omar Faruque | Member   |
13. The terms of reference of the aforesaid committees have been formed, documented and advised to the committee for compliance;
14. The frequency of meetings (quarterly/half yearly/ yearly) of the committee were as per following:
- a) Audit Committee. Quarterly
- b) HR and Remuneration Committee. Yearly
15. The Board has set up an effective internal audit function supervised by a head of internal audit who is considered suitably qualified and experienced for the purpose and is conversant with the policies and procedures of the company;
16. The statutory auditors of the company have confirmed that they have been given a satisfactory rating under the Quality Control Review Program of the Institute of Chartered Accountants of Pakistan and registered with Audit Oversight Board of Pakistan, that they and all their partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the 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; and
18. We confirm that all requirements of regulations 3, 6, 7, 8, 27, 32, 33 and 36 have been complied with.

On behalf of the Board of Directors



**OMAR FARUQUE**  
Chairman



**AZAM FARUQUE**  
Chief Executive

Karachi, August 22, 2024



EY Ford Rhodes  
Chartered Accountants  
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## **INDEPENDENT AUDITOR'S REVIEW REPORT**

**To the members of Cherat Cement Company Limited (The Company)  
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 Cherat Cement Company Limited (the Company) for the year ended 30 June 2024 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 2024.

**Chartered Accountants**

Place: Karachi

Date: 6 September 2024

UDIN: CR202410120f6UzicPDF



## ALHAMD SHARIAH ADVISORY SERVICES

(PVT) LIMITED

### *Shari'ah Review Report*

*For the Year ended on June 2024*

We have conducted the *Shari'ah* review of **Cherat Cement Co. Limited** (the company) for the year ended on 30<sup>th</sup> June 2024 in accordance with the provisions of *Shariah Governance Regulations, 2023*.

#### **Our Opinion:**

- The trading and manufacturing transactions and relevant procedures reviewed by the Shariah advisor during the year were in line with the principles of Shariah. Review of relevant documents is in process. We recommend a few suggestions in documents, and we are hopeful that the company will implement our recommendations;
- The business affairs have been carried out in accordance with rules and principles of Shariah;
- Further, the Shariah non-compliant income earned by the company during the year has been identified and treated in accordance with the provisions of Shariah Governance Regulations 2023.

The company has obtained loans under conventional financing modes. We recommend that the company seek to convert these conventional financing facilities to Islamic modes of financing.

Furthermore, the company has some non-compliant investments in conventional mutual funds. To comply with Clause 4 of the Shariah Governance Regulation 2023, we recommend the company to dispose off these investments as soon as possible.

#### **Conclusion:**

Based on the Review of Company's operations, transactions, related documentation, and management's representation, in our opinion, the affairs of CHCC have been carried out in accordance with the rules and principles of Shariah, and therefore, we are of the view that Cherat Cement Co. Limited is a Shariah Compliant Company.

In the end, we pray to Allah Almighty to grant us success and help us at every step, keep us away from every hindrance and difficulty, and give financial success to Cherat Cement Co. Limited.

**Mufti Ibrahim Essa**

*Chief Executive Officer*

Dated: 22<sup>th</sup> Aug 2024



**Mufti Uzair Bilwani**

*Head-Research & Development*

# ROLE AND RESPONSIBILITIES OF CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Being a corporate governance compliant company, Cherat Cement Company Limited designates separate persons for the position of the Chairman of the Board of Directors and the office of the Chief Executive with clear division of roles and responsibility,

Pursuant to the provisions of Section 192(2) of the Companies Act 2017, the Board of Directors of Cherat Cement Company Limited has outlined the roles and responsibilities of the Chairman as well as the Chief Executive Officer (CEO) of the Company, which are detailed here in below;

## Role of Chairman

The principal role of the Chairman of the Board is to manage and to provide leadership to the Board of of the Company. The Chairman is accountable to the Board. The Chairman acts as the communicator for Board decisions where appropriate.

More specifically, the duties and responsibilities of the Chairman are as follows:

- acting as a liaison between management and the Board, through the CEO;
- keeping abreast generally of the activities of the Company and its management;
- ensuring that the Directors are properly informed and that sufficient information is provided to enable the Directors to form appropriate judgements and make informed decisions;
- preparing the review report (to be included with the annual financial statements) on the overall performance of the Board of Directors and effectiveness of the role played by the Board of Directors in achieving the Company's objectives;
- developing and setting the agendas for meetings of the Board;
- acting as Chair at meetings of the Board;
- ensuring that the minutes of Board meetings are appropriately recorded and reviewing and signing minutes of Board meetings;
- presiding over the Board meetings and ensuring that all relevant information has been made available to the Board;
- confirming the quorum of the meeting;

- ensuring that the agenda, notice of meeting alongwith all relevant material were circulated within stipulated time;
- ensuring that the minutes of the Board meetings are kept in accordance with applicable laws;
- ensuring that the appropriate recording and circulation of the minutes of the Board meeting to the Directors and officers entitled to attend the Board meetings;
- safeguarding shareholders' interest in the Company;
- issuing the letter to the directors at the commencement of each three year term of the Directors setting out their role, obligations, powers and responsibilities;
- ensuring that the Board is playing an effective role in fulfilling its responsibilities;
- determining the date, time and location of the annual or extraordinary general meetings of share holders and to develop the agenda for the meeting;
- presiding as chairman at every General Meeting of the Company;
- recommending to the Board, after consultation with the Directors and management, the appointment of members of the Committees of the Board;
- assessing and making recommendations to the Board annually regarding the effectiveness of the Board.

## Role of Chief Executive Officer

The CEO is, subject to control and directions of the Board, entrusted with the powers of management of affairs of the Company. In such capacity the CEO's role and responsibilities include:

- planning, formulating and implementing strategic policies;
- ensuring the achievement of productivity and profitability targets and efficient Company operations;
- ensuring that necessary coordination exists

between various departments of the Company to achieve smooth and effective operations;

- maintaining an ongoing dialogue with the Directors in regard to changes in and implementation of Company's policies and the performance and development of the Company's business;
  - ensuring that the Company's interests and assets are properly protected and maintained and all the required Government obligations are complied with in a timely manner;
  - maintaining a close liaison with them Government, customers, suppliers and sales offices;
  - chalking out human resource policies for achieving high professional standards, overall progress betterment of the Company as a whole;
  - ensuring that proper succession planning for all levels of hierarchy exists in the Company and the same is constantly updated;
  - ensuring proper functioning of the Management Committees of the Company of which he is the chairman;
- preparing and presenting personally to the Board of Directors following reports/details:
    - annual business plan, cash flow projections and long-term plans.
    - budgets including capital, manpower and overhead budgets along with variance analysis.
    - quarterly operating results of the Company in terms of its operating divisions and segments.
  - promulgation or amendment of the law, rules or regulations, accounting standards and such other matters as may affect the Company.
  - reviewing performance against budgets / targets, revenue and capital expenditure, profits, other administration, commercial, personal and other matters of importance to the Company.
  - ensuring that open and progressive atmosphere is created among employees giving them a sense of participation and providing them with an opportunity to give their best.

# SALIENT FEATURES OF TERMS OF REFERENCE OF THE AUDIT COMMITTEE AND THE HUMAN RESOURCE & REMUNERATION COMMITTEE

The Board is assisted by two Committees, namely the Audit Committee and the Human Resource & Remuneration Committee, to support its decision making in their respective domains:

## Audit Committee

<b>Mr. Asif Qadir</b>	<b>Chairman</b>
<b>Mr. Akbarali Pesnani</b>	<b>Member</b>
<b>Mr. Arif Faruque</b>	<b>Member</b>

The Audit Committee comprises of three Non-Executive Directors one of whom is Independent. The Chairman of the Committee is an Independent Director.

Meetings of the Audit Committee are held at least once every quarter. The Committee reviews the annual financial statements in the presence of external auditors. The recommendations of the Audit Committee are then submitted for approval of financial results of the Company by the Board. During the year 2023-24, the Audit Committee held Four [4] meetings. The minutes of the meetings of the Audit Committee are provided to all the members, Directors and the Chief Financial Officer. The Head of Internal Auditor attends the Audit Committee meetings regularly and meets the Audit Committee without the presence of the Management, at least once a year, to point out various risks, their intensity and suggestions for mitigating risks and improvement areas. The business risks identified are then referred to the respective departments and mitigating actions are then implemented.

## Terms of Reference of Audit Committee

The Code of Corporate Governance mandates that the Board of Directors of the Company shall determine the Terms of Reference of the Audit Committee. In light of the mandate the Board of Directors of Cherat Cement Company Limited has drafted and approved the following terms of Reference for its Audit Committee. This is a non-exhaustive list and only outlines the most important guidelines for the

Committee. Amendments to these shall be made from time to time in line with change in laws, and internal and external relevant factors.

### The Committee shall;

- a) determine appropriate measures to safeguard the company's assets;
- b) review annual and Interim financial statements of the company, prior to their approval by the Board of Directors, focusing on:
  - (i) major judgmental areas;
  - (ii) significant adjustments resulting from the audit;
  - (iii) going concern assumption;
  - (iv) any changes in accounting policies and practices;
  - (v) compliance with applicable accounting standards;
  - (vi) compliance with these regulations and other statutory and regulatory requirements; and
  - (vii) all related party transactions.
- c) review preliminary announcements of results prior to external communication and publication;
- d) facilitate the external audit and discussion with external auditors of major observations arising from interim and final audits and any matter that the auditors may wish to highlight (in the absence of management, where necessary);
- e) review management letter issued by external auditors and management's response thereto;
- f) ensure coordination between the internal and external auditors of the company;
- g) review the scope and extent of internal audit, audit plan, reporting framework and procedures

and ensure that the internal audit function has adequate resources and is appropriately placed within the company;

- h) consider major findings of internal investigations of activities characterized by fraud, corruption and abuse of power and management's response thereto;
- i) ascertain that the internal control systems including financial and operational controls, accounting systems for timely and appropriate recording of purchases and sales, receipts and payments, assets and liabilities and the reporting structure are adequate and effective;
- j) review the company's statement on internal control systems prior to endorsement by the Board of Directors and internal audit reports;
- k) institute special projects, value for money studies or other investigations on any matter specified by the board of directors, in consultation with the Chief Executive Officer and consider remittance of any matter to the external auditors or to any other external body;
- l) determine compliance with relevant statutory requirements;
- m) monitor compliance with these regulations and identify significant violations thereof;
- n) review arrangement for staff and management to report to audit committee in confidence, concerns, if any, about actual or potential improprieties in financial and other matters and recommend instituting remedial and mitigating measures;
- o) recommend to the board of directors the appointment of external auditors, their removal, audit fees, the provision of any service permissible to be rendered to the company by the external auditors in addition to audit of its financial statements. The board of directors shall give due consideration to the recommendations of the audit committee and where it acts otherwise it shall record the reasons thereof.
- p) consider any other issue or matter as may be assigned by the Board of Directors.

## **HUMAN RESOURCE & REMUNERATION COMMITTEE**

<b>Mr. Abrar Hasan</b>	<b>Chairman</b>
<b>Mr. Azam Faruque</b>	<b>Member</b>
<b>Mr. Omar Faruque</b>	<b>Member</b>

The Human Resource & Remuneration Committee (HR & RC) comprises of three members. The Chairman is an Independent Director whereas the other two members are the Chief Executive Officer and a Non-Executive Director. Meetings are conducted at least annually or at such other frequency as the Chairman may determine. The minutes of the meetings of the HR & RC meeting are provided to all members and Directors. The Committee held one [1] meetings during the year.

### **Terms of Reference of the Human Resource and Remuneration Committee**

The Code of Corporate Governance mandates that the Board of Directors of the Company shall determine the Terms of Reference of the Human Resource and Remuneration Committee.

In light of the mandate the Board of Directors of Cherat Cement Company Limited has drafted and approved the following terms of Reference for its HR&R Committee. This is a non-exhaustive list and only outlines the most important guidelines for the Committee. Amendments to these shall be made from time to time in line with change in laws, and internal and external relevant factors.

### **The Committee shall;**

- i) recommend to the Board for consideration and approval a policy framework for determining remuneration of directors (both executive and non-executive directors and members of senior management). The definition of senior management will be determined by the Board which shall normally include the first layer of management below the Chief Executive Officer level;
- ii) undertake annually a formal process of evaluation of performance of the Board as a whole and its committees either directly or by engaging external independent consultants and if so appointed, a statement to that effect shall be made in the



directors' report disclosing name, qualifications and major terms of appointment;

- iii) recommend human resource management policies to the Board;
- iv) recommend to the Board the selection, evaluation, development, compensation (including retirement benefits) of Chief Operating Officer, Chief Financial Officer, Company Secretary and Head of Internal Audit;
- v) carry out consideration and approval on recommendations of Chief Executive Officer on such matters for key management positions who report directly to Chief Executive Officer or Chief Operating Officer;
- vi) where human resource and remuneration consultants are appointed, their credentials shall be known by the committee and a statement shall be made by them as to whether they have any other connection with the company; and

- vi) carry out all actions in addition to those stated above, in order to ensure that the Company's risks are mitigated and growth in the right direction is taking place.

**Records:** All documentation related to the holding, proceedings and recommendations of the HR & R Committee shall be ensured by and stored with the Secretary (HR & RC).

### **Strategy and Performance**

The Board reviews the implementation of organization's strategic & financial plans. Board meeting agendas and supporting documents provide sufficient information and time to explore & resolve key issues. Board members demonstrate preparation for meetings through active participation in decision making.



# **ANALYSIS OF THE FINANCIAL INFORMATION**

# **CHAPTER 6**

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# ANALYSIS OF THE FINANCIAL AND NON-FINANCIAL PERFORMANCE

## Financial Indicators:

### Actual Results:

Pakistan has achieved GDP growth at 2.38 % in the fiscal year 2024 while the cement industry witnessed a growth of 1.6% during the year. The local cement industry declined by 4.5%. However the export cement grew by 55.6% during the financial year 2024. In line with this, cement dispatches of the Company decreased by 8.5% whereas sales revenue increased by 2.8%% due to favorable sales price variance. Our local cement price increased significantly by Rs. 1,947 per ton whereas the export price increased by Rs. 41 per ton. Hence, our average sales price increased by Rs. 1,608 per ton. Additionally, the Cost of sales increased by Rs. 632 per ton. In line with this, our Gross profit increased significantly from Rs. 3,531 per ton to Rs. 4,507 per ton (increased by Rs. 976 per ton). Finance costs decreased from Rs. 1,914 million to Rs. 1,381 million as compared to the corresponding year. During the year, the Company posted an after-tax profit of Rs. 5,500 million as compared to after tax profit of Rs. 4,404 million in the corresponding year.

Summarized operating performance of the Company for the current year as compared to last year is as follows:

	2024	2023
	(Rupees in million)	
Net sales	38,434	37,386
Cost of sales	26,593	27,249
Gross profit	11,841	10,137
Expenses and taxes	6,340	5,733
Net profit	5,500	4,404

In quantitative terms, total dispatches showed decline from 2,870,738 tons to 2,626,887 (i.e. by 243,851 tons) which is 8.5%. Further, cement export increased by 22.4%.

	2024	2023
	(in tons)	
Domestic sales	2,221,187	2,539,391
Export sales	405,700	331,347
Total sales	2,626,887	2,870,738

### Budgeted Results:

After incorporating all factors i.e. updating budget assumptions, reviewing bottlenecks, available funding, obtaining department budgets, obtaining capital budget requests, manufacturing capacities etc. the budget for 2023-24 was made, whereby the Company has set sales volume, which was challenging considering the slowdown in the economy due to inflation and lower allocation of PSDP. The company met all its targets except for a few.

	2024 Actual	2024 Budget
	(in tons)	
Total sales volume	2,626,887	2,850,000

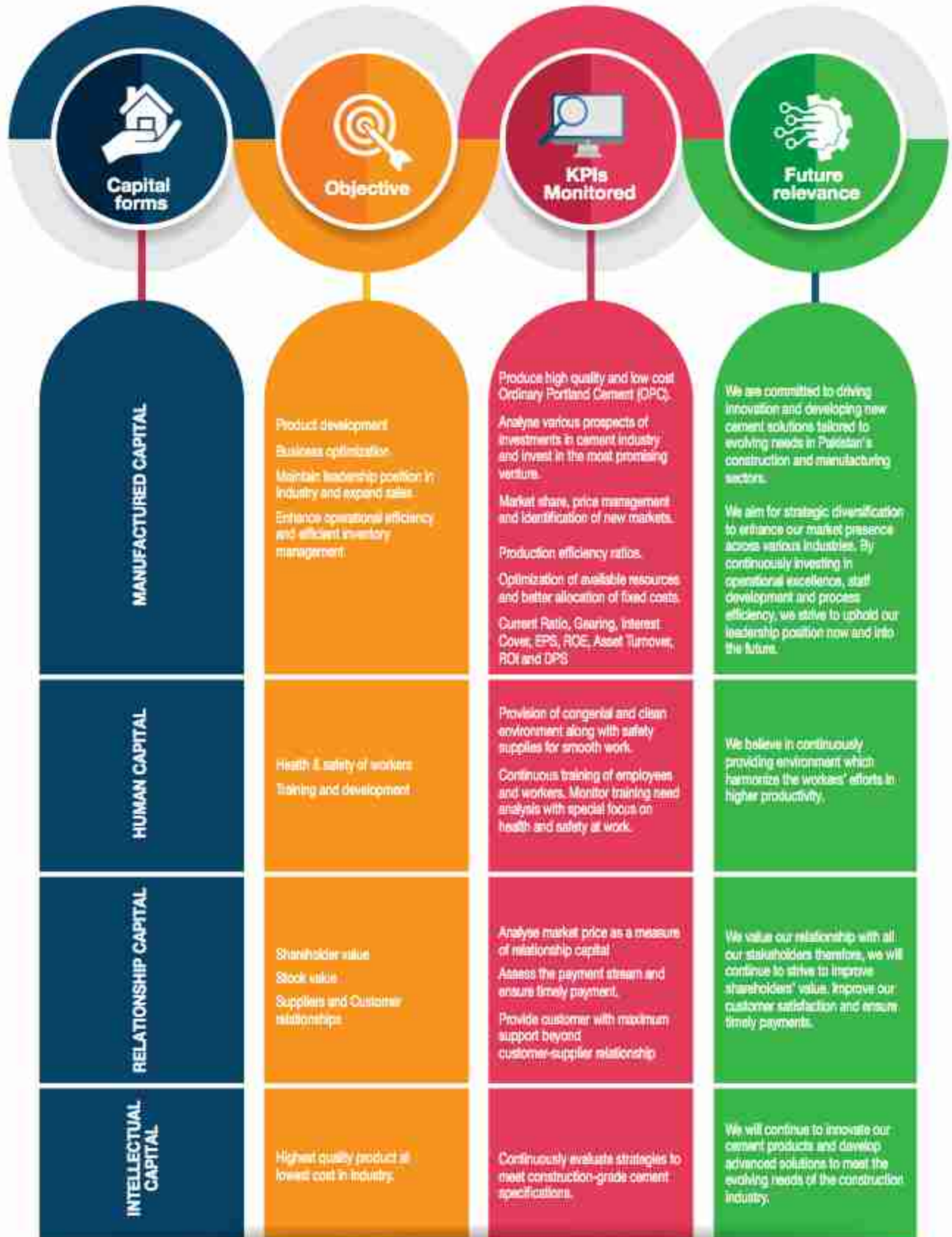
Actual vs budget figures under respective heads are as follows:

	2024 Actual	2024 Budget
	(Rupees in million)	
Net sales	38,434	39,620
Cost of sales	26,593	29,447
Gross profit	11,841	10,173
Expenses and taxes	6,340	5,809
Net profit	5,500	4,364

The Company has healthy dividend payout history. The Board of directors has recommended a dividend of Rs. 4.00 per share which will be approved by shareholders in the upcoming AGM. This is in addition to an interim cash dividend @ 15% (Rs 1.50 per share) already paid to the shareholders for the the financial year ended June 30,2024.

The Company has duly paid taxes, duties and other levies on a timely basis without any overdue or outstanding of such payments and complied with applicable laws and regulations.

# NON-FINANCIAL INDICATORS



# ANALYSIS OF FINANCIAL RATIOS

For the year ended June 30, 2024

	2024	2023	2022	2021	2020	2019
<b>Profitability Ratios:</b>						
Gross Profit Ratio (percentage)	30.81	27.11	27.90	26.69	2.26	18.18
Net Profit to Sales (percentage)	14.31	11.78	13.89	12.72	(11.08)	11.11
EBITDA Margin to Sales (percentage)	32.37	28.91	30.61	29.93	9.14	22.59
Operating Leverage Ratio	5.53	0.74	1.45	(65.16)	(14.06)	(1.22)
Return on Equity (average in percentage)	23.69	23.06	28.84	27.11	(17.36)	15.38
Return on Capital Employed (percentage)	18.58	14.14	14.26	11.07	(6.90)	5.98
Shareholders' Funds (percentage)	62.25	53.12	44.86	39.74	30.54	33.32
Return on Shareholders' Funds (percentage)	21.53	21.09	25.71	23.62	(18.86)	15.00
Total Shareholder Return	40.2	34.1	(45.9)	106.1	181.6	(56.8)
<b>Liquidity Ratios:</b>						
Current Ratio	1.56	1.21	1.06	1.08	1.14	1.31
Quick / Acid Test Ratio	1.32	0.93	0.97	0.88	0.92	1.05
Cash to Current Liabilities	0.06	0.02	0.11	0.02	0.01	0.00
Cash flow from Operations to Sales	0.34	0.26	0.19	0.27	0.21	0.09
Cash flow capital expenditure	7.44	3.52	1.72	3.58	11.23	0.36
Cash flow coverage ratio	3.23	0.96	0.44	0.45	0.20	0.08
<b>Investment / Market Ratios:</b>						
Earning per Share - Basic & Diluted	28.31	22.67	22.93	16.50	(9.74)	9.07
Price Earnings Ratio	5.78	5.31	4.06	10.75	(6.95)	3.41
Price to Book Ratio	1.24	1.12	1.04	2.54	1.68	0.47
*Dividend Yield Ratio	0.03	0.04	0.03	0.01	-	0.03
*Dividend Payout Ratio	0.19	0.20	0.13	0.14	-	0.11
*Dividend Cover Ratio	5.15	5.04	7.64	7.33	-	9.07
Cash Dividend per Share	5.50	4.50	3.00	2.25	-	1.00
Stock Dividend per Share (percentage)	-	-	-	-	-	10.00
Market value per share at end of the year	163.13	120.28	93.04	177.38	87.17	30.96
- Highest market value per share	169.25	130.51	181.06	192.32	95.91	97.64
- Lowest market value per share	122.77	76.32	89.96	91.88	24.83	29.70
Break-up Value per Share	131.46	107.46	89.12	69.94	51.74	66.56
Break-up Value per Share including Investment in Related Party at Market Value	134.30	109.56	91.60	73.34	53.76	68.00
<b>Capital Structure Ratios:</b>						
Financial Leverage Ratio	0.23	0.57	0.99	1.26	1.99	1.75
Weighted Average Cost of Debt Ratio	0.15	0.14	0.08	0.06	0.13	0.06
Debts to Equity Ratio (percentage)	16	49	80	113	173	151
Interest Cover Ratio (Times)	7.68	4.80	6.03	3.85	(0.08)	1.92
Net Asset Per share	131.46	107.46	89.12	69.94	51.74	66.56
<b>Activity / Turnover Ratios:</b>						
Total Assets Turnover Ratio	0.94	0.95	0.83	0.74	0.52	0.45
Fixed Asset Turnover Ratio	1.33	1.29	1.16	0.98	0.67	0.59
Inventory Turnover (Days)	28	21	15	19	24	28
Debtor Turnover (Days)	19	13	10	12	10	11
Creditor Turnover (Days)	11	9	11	14	17	25
Operating Cycle	36	25	14	17	16	14
<b>Employee Productivity ratios</b>						
Production per Employee (tons)	2,676	2,821	3,501	4,105	3,480	2,479
Revenue per Employee (Rs. In thousand)	36,434	36,833	32,250	26,203	17,655	15,780
Staff turnover ratio (percentage)	7.05	4.47	2.69	3.09	4.84	4.97
<b>Non-Financial Ratios</b>						
% of Plant Availability (percentage)	83.56	82.19	80.82	78.08	79.45	84.17
Customer Satisfaction Index (percentage)	99.7	99.6	98.6	99.5	99.2	98.1
Customer Retention Ratio (percentage)	99.4	98.7	99.5	99.1	98.0	97.9
<b>Others</b>						
Spare Inventory as % of Assets Cost	9.22	9.04	7.22	5.89	5.70	3.60
Maintenance Cost as % of Operating Expenses	6.28	3.06	4.35	3.95	2.44	4.10

\*Includes dividend recommended by Board of Directors

# COMMENTS ON FINANCIAL RATIOS



## Profitability Ratios:

The company's profitability ratios have experienced a significant optimization of sales mix improvement, primarily driven by increased retention prices and effective cost management. Despite the challenges posed by change in regime of export sales, which impact the deferred tax charge significantly, the company has successfully maintained its financial ratios through a strategic combination of price adjustments and cost-cutting measures. By streamlining processes, optimizing supply chains, and transitioning to local coal as kWh fuel and solar power generation, the company has achieved significant cost efficiencies. As a result of these strategic initiatives, the return on equity has increase compared to previous years, reflecting sustained growth, strong operational performance, and sound decision-making.

## Liquidity Ratios:

The company's strong liquidity ratios demonstrate its effective financial management. This robust position enables the company to meet its short-term obligations and implement sustainable strategies for maintaining liquidity levels. By enhancing working capital management and strategically allocating cash to high-yielding assets or reducing high-cost liabilities, the company is demonstrating a proactive approach to financial planning. The company's liquidity position has shown a positive trajectory in the current year, as the Company has made early and scheduled repayment of long-term loans reflecting its prudent financial practices.

## Investment / Market Ratios:

The company's firm commitment to shareholder value has resulted in improved investment and market ratios, even amidst challenging market conditions. By strategically allocating resources, the company has improved the earnings per share from the previous years. Additionally, the company's consistent dividend payments have strengthened investor confidence. This ability to effectively allocate capital, assets, and human resources to high-return projects is a key driver of the company's financial success.

## Capital Structure Ratios:

By leveraging subsidized financing options, the company has significantly reduced its financing costs, achieving a lower weighted average cost of capital than market rates. This demonstrates the company's financial acumen and highlights the positive impact of lower financing costs on profitability and stability. The company has maintained a balanced capital structure through the effective use of subsidized long-term and short-term debt provided by the State Bank of Pakistan along with repayment of higher rate loans. As a result, financing expenses have been minimized, leading to an improved debt-to-equity ratio and interest coverage ratio. These positive outcomes are a direct result of increased earnings and responsible debt management.

## Activity / Turnover Ratios:

These ratios cover the entire timeline from inventory procurement to final receipts, showcasing our unwavering commitment to efficient capital management. These metrics demonstrate our commitment to optimizing the use of our resources by efficiently allocating capital throughout the entire supply chain. The operating cycle of 36 days indicates that the company takes estimated one-month to convert inventory into cash, reflecting efficient turnover. An inventory turnover of 28 days suggests the company avoids excess stock, minimizing capital tied up and storage costs. With a debtor turnover of 18 days, the company is collecting receivables promptly, supporting liquidity. Meanwhile, a creditor turnover of 11 days shows timely payments to suppliers, which can strengthen relationships and potentially lead to better terms.

## Employee Productivity Ratios:

A positive work environment enhances employee satisfaction and motivation, driving strong productivity and financial success. Our impressive revenue per employee, Rs. 38.4 million, is a testament to this approach. Our commitment to employee well-being has resulted in a stable workforce and exceptional performance. This is evident in our low turnover rate of 7.05%, which further supports high productivity and revenue generation.

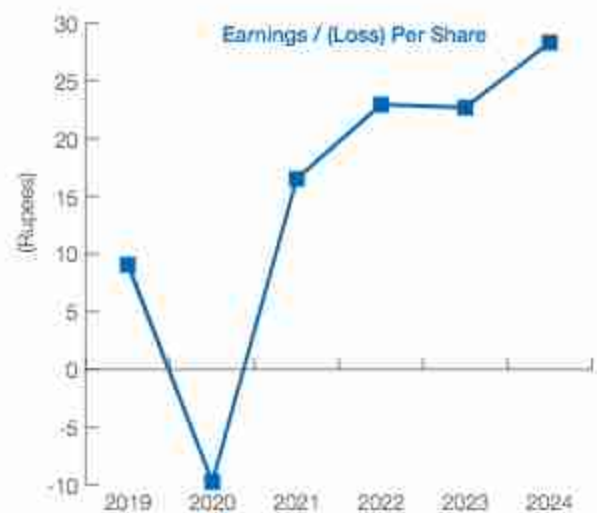
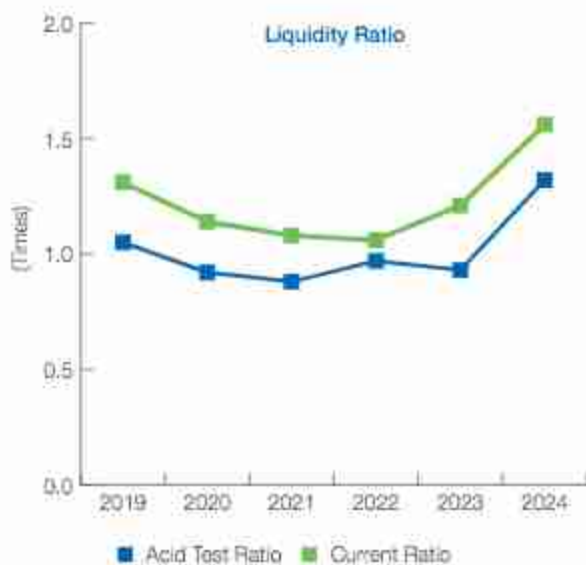
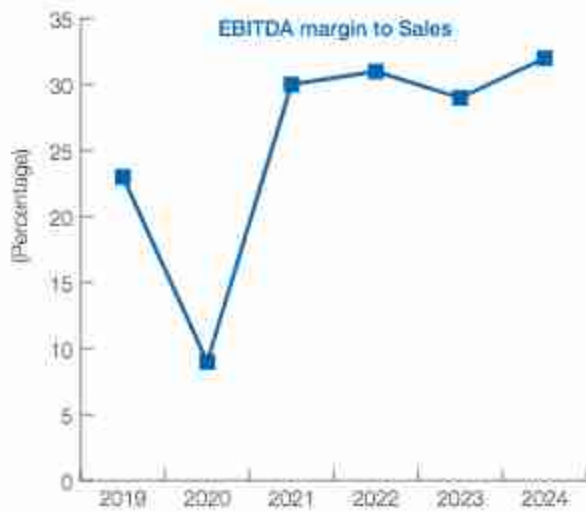
## Non-Financial Ratios:

Our non-financial ratios offer key insights into the efficiency of our plant operations and ability to meet market demands, highlighting our commitment to operational excellence and customer satisfaction. The continued strong reception of our new brand 'K-YBCR' also reflecting our success in delivering high-quality products, fostering customer loyalty, and maintaining an environmentally sustainable approach. These indicators underscore our focus on meeting customer expectations and building long-term relationships.

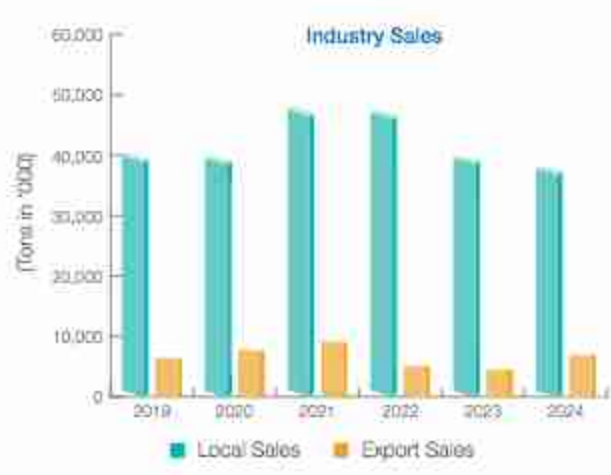
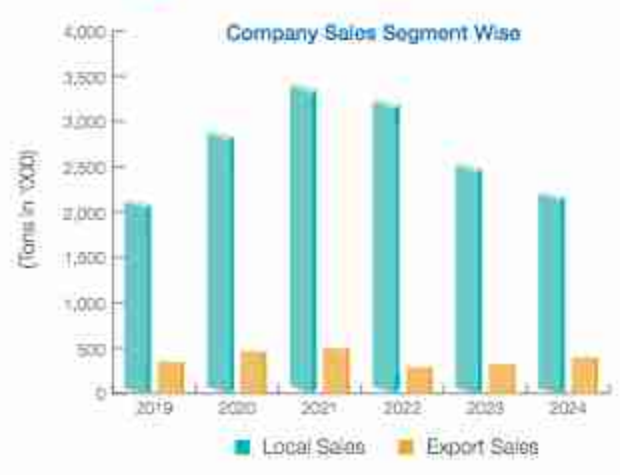
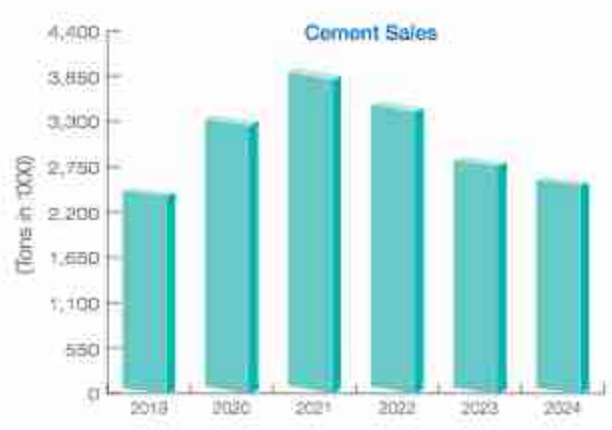
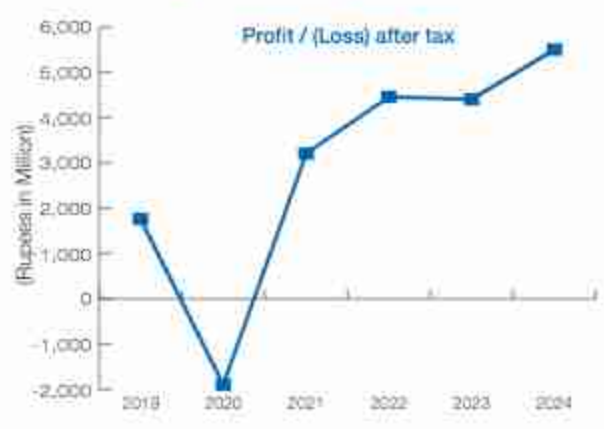
## Others:

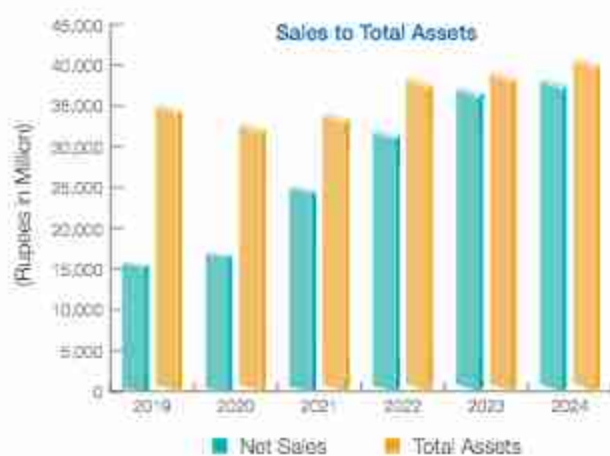
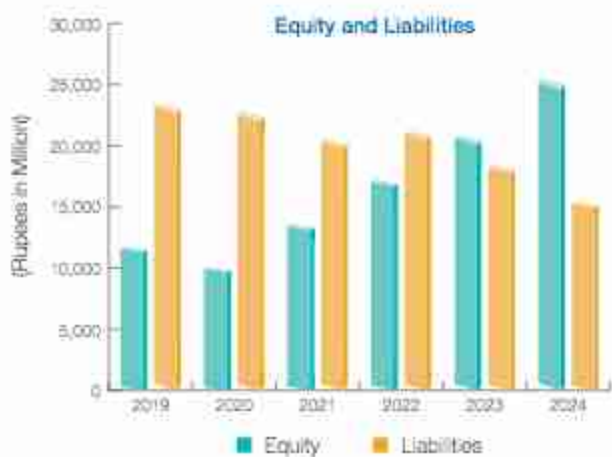
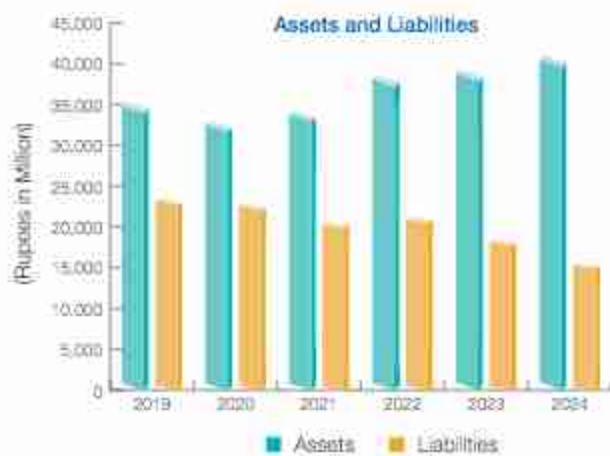
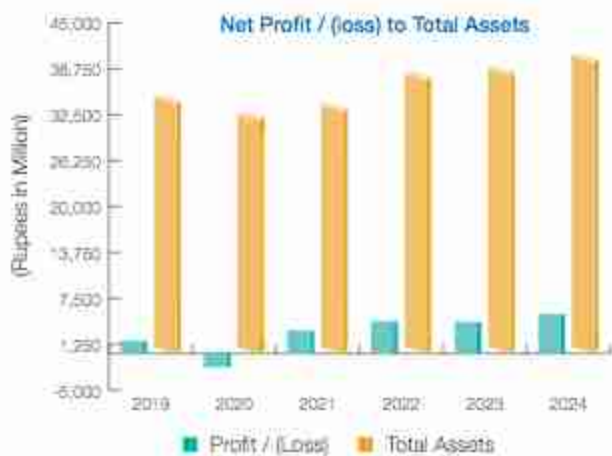
The company has systematically implemented Balancing, Modernization, and Replacement (BMR) upgrades to enhance its existing plants with cutting-edge technology. Furthermore, the Company is continuously shifting towards renewable energy amid rising power cost. However, due to inflationary impact, is planned Wartala maintenance the maintenance cost has been increased.

# GRAPHICAL PRESENTATION OF ANALYSIS OF FINANCIAL STATEMENTS









# ECONOMIC VALUE ADDED

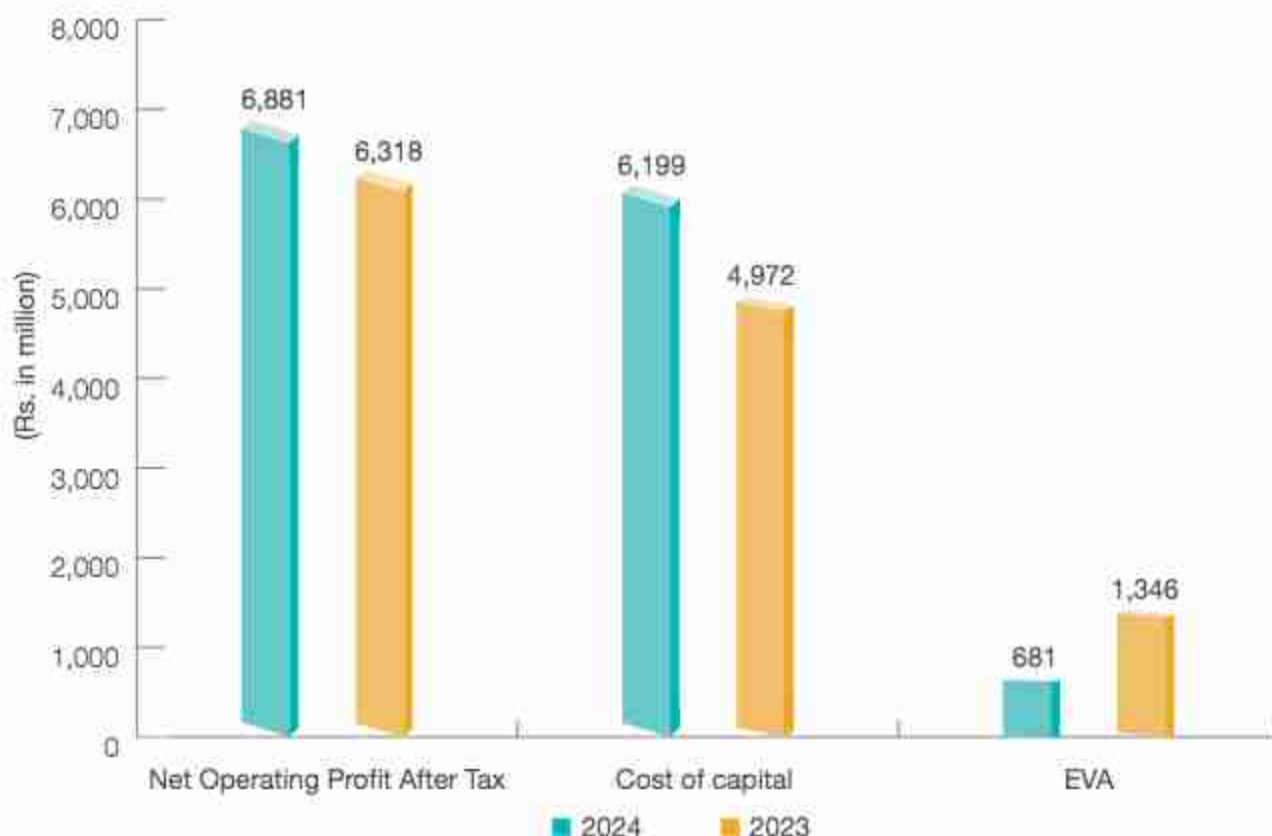
Net Operating Profit After Tax  
 Cost of capital  
 Economic Value Added

	2024	2023
	-----Rs. in 000-----	
	6,880,833	6,318,102
	(6,199,436)	(4,971,928)
	<u>681,397</u>	<u>1,346,174</u>

## COMMENTS ON ECONOMIC VALUE ADDED

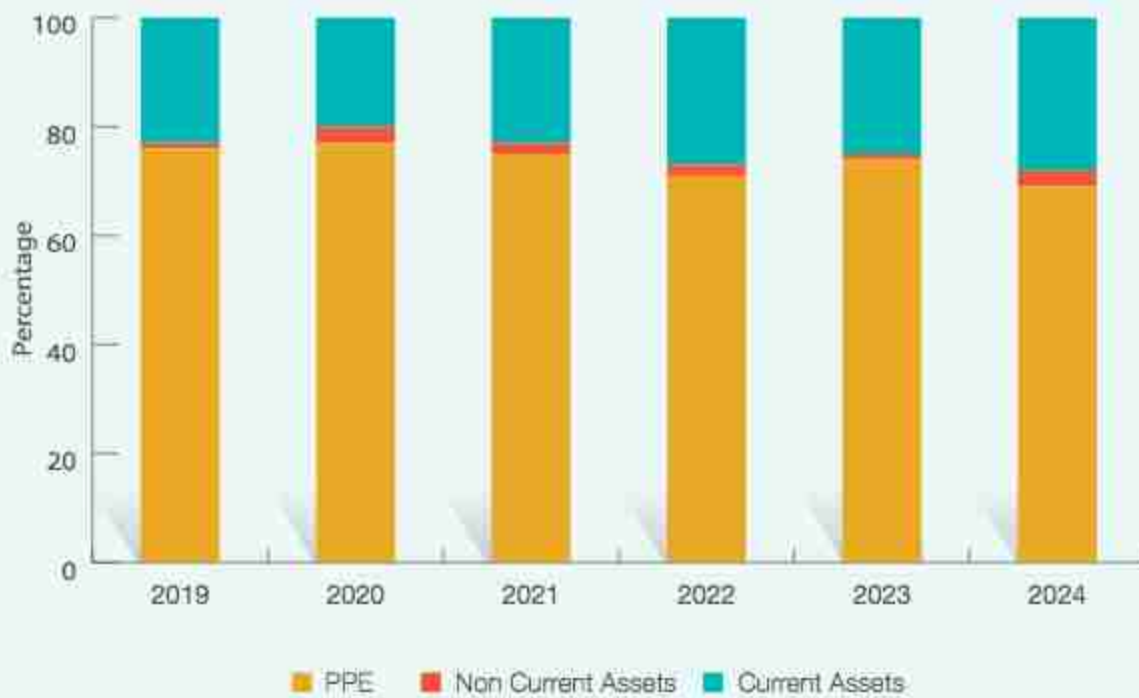
Economic Value Added (EVA) assesses the performance of the company and its management. The company has managed to increase its NOPAT. However, the cost of capital also increased in line with the increase in cost of equity, which significantly affected the value of EVA. The company has been able to maintain its performance by efficiently control the cost and increase the selling price timely in result of rising input costs; resulting in the creation of wealth and returns for its shareholders.

## GRAPHICAL PRESENTATION OF ECONOMIC VALUE ADDED

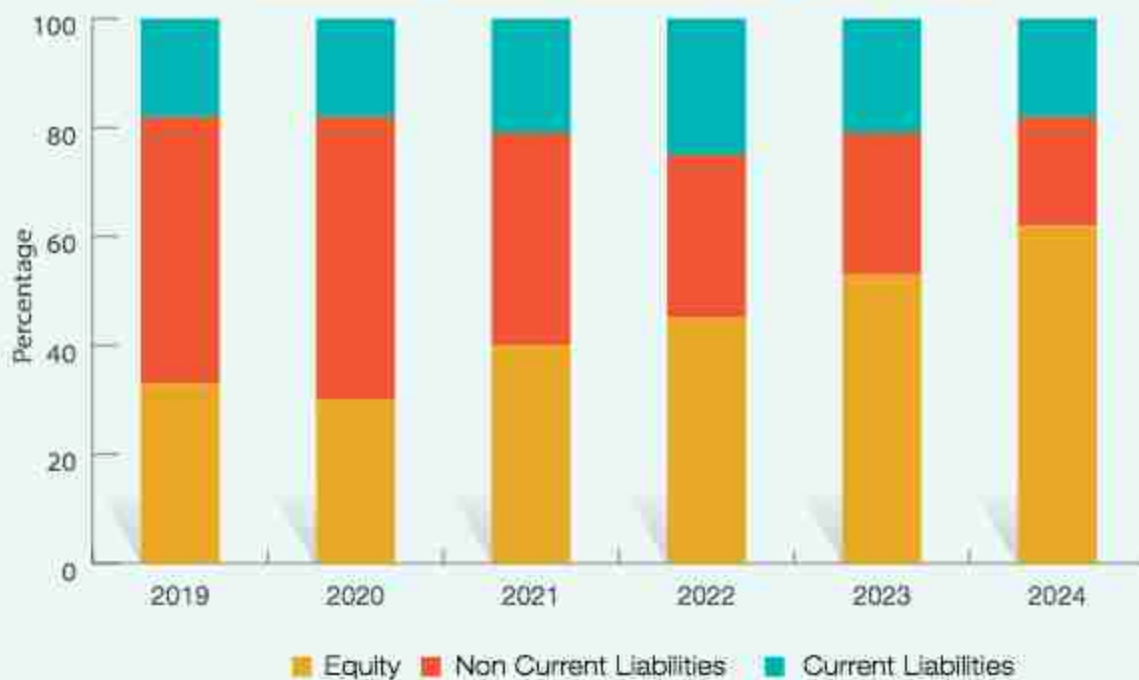


# GRAPHICAL PRESENTATION OF STATEMENT OF FINANCIAL POSITION & STATEMENT OF PROFIT OR LOSS

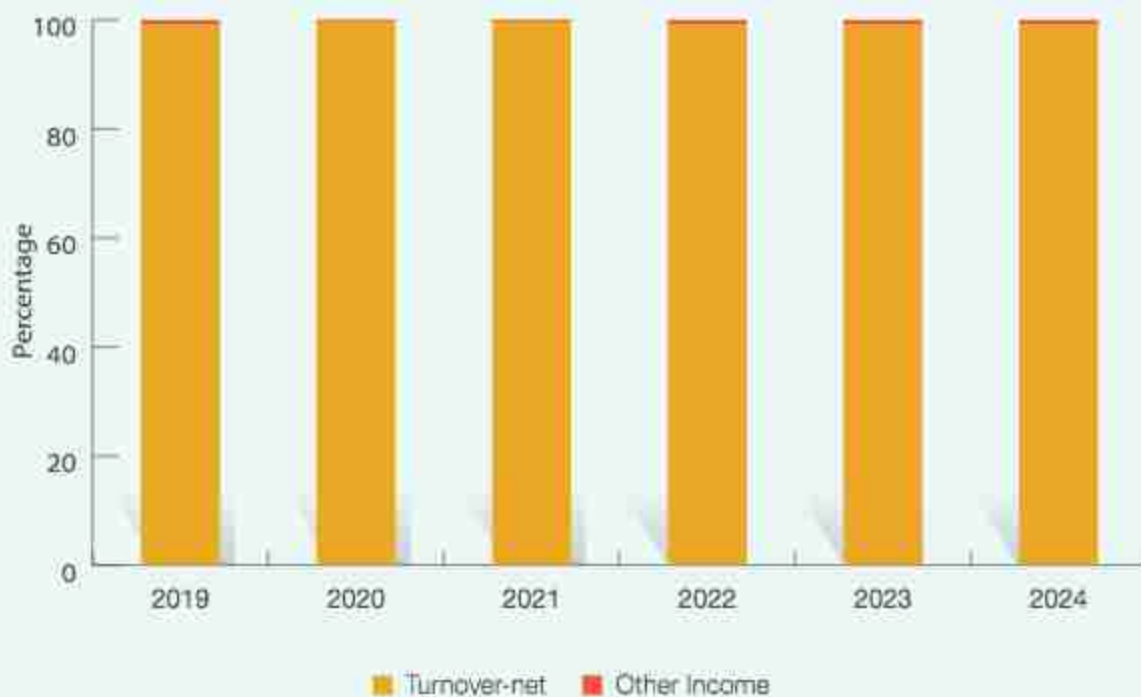
Statement of Financial Position Analysis - Assets



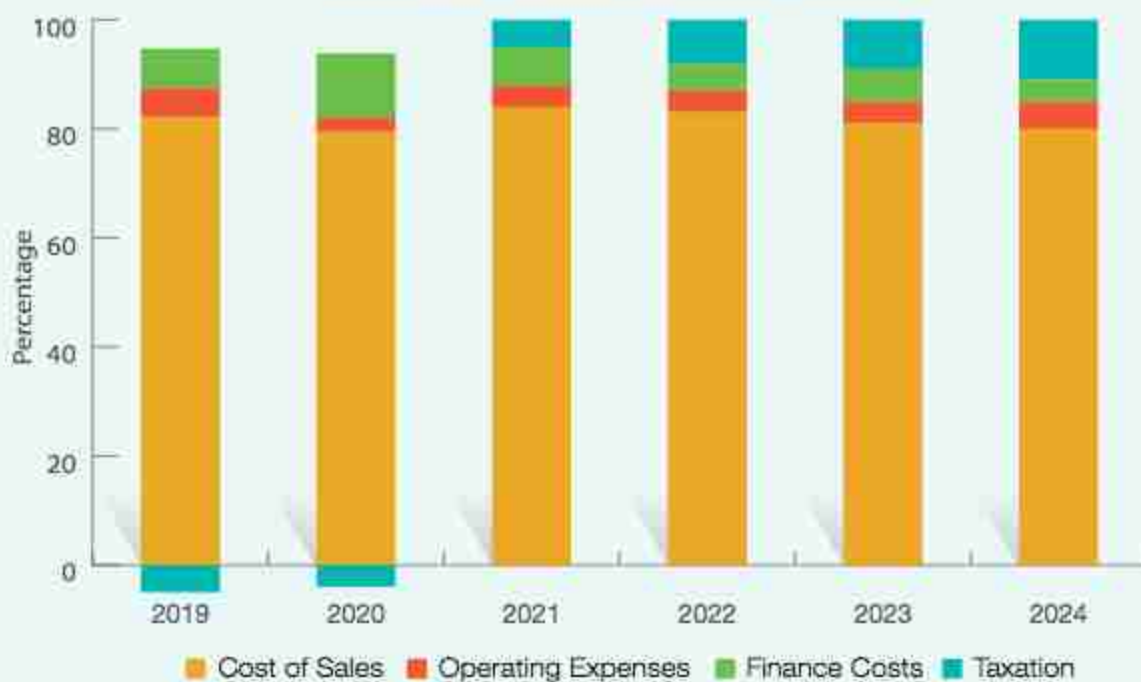
Statement of Financial Position Analysis - Equity & Liability



Statement of Profit or Loss Analysis - Income



Statement of Profit or Loss Analysis - Expenses



# HORIZONTAL ANALYSIS - SIX YEARS

	2024		2023	
	(Rupees in Million)	24 Vs. 23 %	(Rupees in Million)	23 Vs. 22 %
<b>Statement of Financial Position</b>				
<b>Assets</b>				
Non-Current Assets	29,533	0	29,437	5
Current Assets	11,501	17	9,865	(6)
<b>Total Assets</b>	<b>41,034</b>	<b>4</b>	<b>39,302</b>	<b>2</b>
<b>Equity &amp; Liabilities</b>				
Shareholders' equity	25,543	22	20,879	21
Non-Current Liabilities	8,133	(21)	10,254	(10)
Current Liabilities	7,358	(10)	8,169	(17)
<b>Equity &amp; Liabilities</b>	<b>41,034</b>	<b>4</b>	<b>39,302</b>	<b>2</b>
<b>Statement of Profit or Loss</b>				
Turnover - net	38,434	3	37,386	17
Gross Profit	11,840	17	10,137	13
Operating Profit / (Loss)	10,609	15	9,186	12
Profit / (Loss) Before Income Tax	9,131	26	7,272	6
<b>Profit / (Loss) After Taxation</b>	<b>5,500</b>	<b>25</b>	<b>4,404</b>	<b>(1)</b>

## COMMENTS ON HORIZONTAL ANALYSIS

### Statement of Financial Position

The Company has undergone expansion in its non-current assets, primarily attributed to the enhancement of production capabilities and investments in upgrading Line-I, the Captive Power Plant, and a Solar project during the years. However, FY 2024, growth in non-current assets has not increased due to fact that no major expansion/ capitalization incurred during the year.

The Company's current assets and current liabilities have been strategically managed to align with operational capacity, ensuring adequate working capital to support operational needs. Over the past five years, the Company has seen a significant increase in equity, largely driven by higher post-tax profits due to increased retention price on account of higher input cost and operational efficiency. An exception to this positive trend occurred in FY 2020, when the Company faced financial losses due to the economic impact of the pandemic.

Prior to FY 2020, the Company's non-current liabilities rose as a result of long-term financing secured for new cement lines, Waste Heat Recovery projects, and the Captive Power Plant at subsidized rates. However, from FY 2020 onwards, these liabilities have been decreasing on account of scheduled and early repayments of long-term financing.

2022		2021		2020		2019	
(Rupees in Million)	22 Vs. 21 %	(Rupees in Million)	21 Vs. 20 %	(Rupees in Million)	20 Vs. 19 %	(Rupees in Million)	19 Vs. 18 %
28,140	7	26,348	1	26,237	(3)	27,187	12
10,465	33	7,846	17	6,685	(17)	8,093	29
38,605	13	34,194	4	32,922	(7)	35,280	16
17,317	27	13,590	35	10,054	(14)	11,756	5
11,441	(14)	13,331	(21)	16,980	(2)	17,328	10
9,847	36	7,273	24	5,888	(5)	6,196	70
38,605	13	34,194	4	32,922	(7)	35,280	16
32,085	27	25,207	47	17,090	8	15,863	10
8,951	33	6,728	1643	386	(87)	2,883	(8)
8,188	40	5,861	-3090	(196)	(109)	2,190	(13)
6,829	57	4,337	-259	(2,723)	(360)	1,048	(51)
4,456	39	3,205	(269)	(1,893)	(207)	1,763	(17)

### Statement of Profit or Loss

The Company has experienced impressive turnover growth, largely driven by expanded production capacities designed to meet strong demand in both domestic and export markets. This revenue increase has been supported by higher cement prices due to rising input costs, as well as a boost in export revenue resulting from increased export quantity and Pakistani Rupee devaluation.

From FY 2019 to FY 2024, the Company achieved substantial growth in gross profits, attributed to higher sales prices and effective cost-saving strategies. However, both gross and operating profits contracted during FY 2019 and FY 2020. This downturn was due to several factors, including low cement retention prices, elevated production costs, the impact of the COVID-19 pandemic.

The Company saw significant net profit growth in FY 2021 and FY 2022, driven by economies of scale and successful cost-control measures. Despite recording a record-breaking profit before tax in FY 2024, net profits has been decreased in the year primarily due to increased taxation charge on account of deferred tax impact of change in export regime.

# VERTICAL ANALYSIS - SIX YEARS

	2024 (Rupees in Million)	%	2023 (Rupees in Million)	%
<b>Statement of Financial Position</b>				
<b>Assets</b>				
Non-Current Assets	29,533	72	29,437	75
Current Assets	11,501	28	9,865	25
<b>Total Assets</b>	<b>41,034</b>	<b>100</b>	<b>39,302</b>	<b>100</b>
<b>Equity &amp; Liability</b>				
Shareholders Equity	25,543	62	20,879	53
Non-Current Liabilities	8,133	20	10,254	26
Current Liabilities	7,358	18	8,169	21
<b>Equity &amp; Liability</b>	<b>41,034</b>	<b>100</b>	<b>39,302</b>	<b>100</b>
<b>Statement of Profit or Loss</b>				
Turnover - net	38,434	100	37,386	100
Gross Profit	11,840	31	10,137	27
Operating Profit / (Loss)	10,609	28	9,186	25
Profit / (Loss) Before Income Tax	9,131	24	7,272	19
Profit / (Loss) After Taxation	5,500	14	4,404	12

## COMMENTS ON VERTICAL ANALYSIS

### Statement of Financial Position

As a capital-intensive industry, the Company maintains a substantial proportion of non-current assets, driven by ongoing expansion and upgradation, including the expansion of capacity through Line-III, Waste Heat Recovery (WHR) systems, Captive Power Plants, Solar Power projects & BMR for Line-I.

The ratio of current assets to current liabilities indicates a consistent and favorable position, reflecting the Company's effective management of its operational and financial commitments while pursuing expansion and stability.

The Company's shareholders' equity has consistently strengthened, thanks to improved profitability, with the exception of FY 2020. This growth in equity underscores the Company's financial health and its ability to leverage profitability for shareholder value. Additionally, non-current liabilities have been decreasing due to the principal repayments on syndicated long-term financing, including early repayments.



2022		2021		2020		2019	
(Rupees in Million)	%	(Rupees in Million)	%	(Rupees in Million)	%	(Rupees in Million)	%
28,140	73	26,348	77	26,237	80	27,187	77
10,466	27	7,846	23	6,685	20	8,093	23
<b>38,605</b>	<b>100</b>	<b>34,194</b>	<b>100</b>	<b>32,922</b>	<b>100</b>	<b>35,280</b>	<b>100</b>
17,317	45	13,590	40	10,054	30	11,756	33
11,441	29	13,331	39	16,980	52	17,328	49
9,847	26	7,273	21	5,888	18	6,196	18
<b>38,605</b>	<b>100</b>	<b>34,194</b>	<b>100</b>	<b>32,922</b>	<b>100</b>	<b>35,280</b>	<b>100</b>
32,085	100	25,207	100	17,090	100	15,863	100
8,951	28	6,728	27	386	2	2,883	18
8,188	26	5,861	23	(196)	(1)	2,190	14
6,829	21	4,337	17	(2,723)	(16)	1,048	7
<b>4,456</b>	<b>14</b>	<b>3,205</b>	<b>13</b>	<b>(1,893)</b>	<b>(11)</b>	<b>1,763</b>	<b>11</b>

### Statement of Profit or Loss

The Company has demonstrated consistent revenue growth, largely fueled by capacity expansion and improved retention rates. Revenue increases have been driven by increased cement prices, which reflect elevated input costs, as well as a rise in export revenue.

During FY 2020, the Company faced challenges with lower gross and operating profits, primarily due to lower dispatches due to Pandemic impact and rising production costs that were not fully mitigated by sales prices. Despite these challenges, the Company saw a strong recovery in profits from FY 2021 to FY 2024. This rebound is attributed to increased local cement sale prices, driven by robust market demand, along with significant cost reductions achieved through operational efficiencies and growth in export sales.

# STATEMENT OF SUMMARY OF CASH FLOWS - SIX YEARS

	2024	2023	2022	2021	2020	2019
			(Rupees in million)			
<b>Summary of Cash Flows</b>						
Net cash generated from operating activities	13,101	9,901	6,106	6,886	3,522	1,416
Net cash used in investing activities	(1,797)	(2,706)	(3,506)	(1,872)	(294)	(3,881)
Net cash (used in) / generated from financing activities	(8,828)	(8,598)	(3,008)	(3,989)	(2,981)	519
Change in cash and cash equivalents	2,476	598	(408)	1,025	247	(1,956)
Cash and cash equivalents - at year end	1,063	(1,413)	(2,009)	(1,604)	(2,629)	(2,878)

## COMMENTS ON STATEMENT OF CASH FLOWS

The Company has consistently demonstrated strong cash generation from its operational activities over the past six years, largely driven by increased turnover and effective working capital management. This solid cash performance supports its decision to optimize the capital structure through repayments of loan and become a leading player in the industry through ongoing expansion initiatives.

Company's expansion includes operation of Line-III, Waste Heat Recovery (WHR) plant, and a Captive Power Plant, with cash outflows in FY 2019 dedicated to these projects. Additionally, the Company has invested in the BMR of Line-I, a Solar Power Project, and the acquisition of land and mining leases at D.I. Khan.

From FY 2019 onwards, the Company has secured long-term financing to support these capital-intensive projects. This financing has been used for expanding Production Line-III, WHR-III, and the Captive Power Plant. Further financing was obtained between FY 2020 to FY 2024 to fund the BMR of Line-I and the installation of Solar panels. Despite the positive cash flows from financing activities, significant outflows have been directed towards loan repayments and substantial finance costs associated with these facilities.

Overall, the Company has successfully enhanced its cash position by FY 2024, due to improved financial resource management and a stable investment approach in non-current assets. This improvement highlights the Company's adaptability to challenging economic conditions and underscores its resilience and strategic financial planning. Due to healthy cashflows, the Company has managed to make pay off entire expensive financing till FY 2024.

# FREE CASH FLOW

	2024	2023	2022	2021	2020	2019
	Rs. in 000					
Profit / (loss) before taxation	9,228,080	7,272,029	6,828,725	4,337,218	(2,722,727)	1,047,768
<b>Adjustment for non-cash items</b>						
Depreciation	1,763,274	1,618,954	1,630,968	1,660,349	1,765,687	1,399,284
Amortisation	67,486	2,739	2,509	2,694	3,756	4,278
Gain on disposal of operating property, plant and equipment	(17,847)	(5,452)	(7,546)	(5,065)	(2,719)	(7,335)
Finance costs	1,381,082	1,914,170	1,358,874	1,524,177	2,526,997	1,142,559
Interest income on financial asset	(7,709)	(8,716)	(9,629)	(9,280)	(11,184)	-
Reversal of impairment loss	-	-	(76,000)	-	-	-
Exchange (gain) / loss	(119)	(112)	(27)	5,925	(2,295)	35,635
Share of (profit) / loss from joint venture	(264)	(7,060)	(26)	(31)	(90)	(32)
Dividend income	(10,820)	(8,119)	(26,352)	(34,833)	(7,097)	(19,832)
	3,175,083	3,506,104	2,872,671	3,163,896	4,273,061	2,544,537
Working capital changes	688,251	(877,265)	(3,595,181)	(614,924)	1,971,479	(2,176,808)
<b>Net cash generated from operating activities</b>	<b>13,101,414</b>	<b>9,930,868</b>	<b>6,106,235</b>	<b>6,886,130</b>	<b>3,521,816</b>	<b>1,415,499</b>
Capital expenditure	(1,778,356)	(2,813,956)	(3,551,131)	(1,924,518)	(313,679)	(3,931,779)
<b>Free cash flows to the firm</b>	<b>11,323,058</b>	<b>7,086,912</b>	<b>2,555,104</b>	<b>4,961,612</b>	<b>3,208,137</b>	<b>(2,516,280)</b>
Net borrowing (repaid) / raised	(6,188,246)	(3,679,899)	(1,467,907)	(2,944,396)	(570,049)	4,538,580
Interest payment	(1,738,588)	(2,060,276)	(1,295,126)	(1,771,487)	(2,476,255)	(1,392,398)
<b>Free Cash Flows to Equity holders</b>	<b>3,396,225</b>	<b>1,346,738</b>	<b>(207,929)</b>	<b>245,729</b>	<b>161,833</b>	<b>629,914</b>

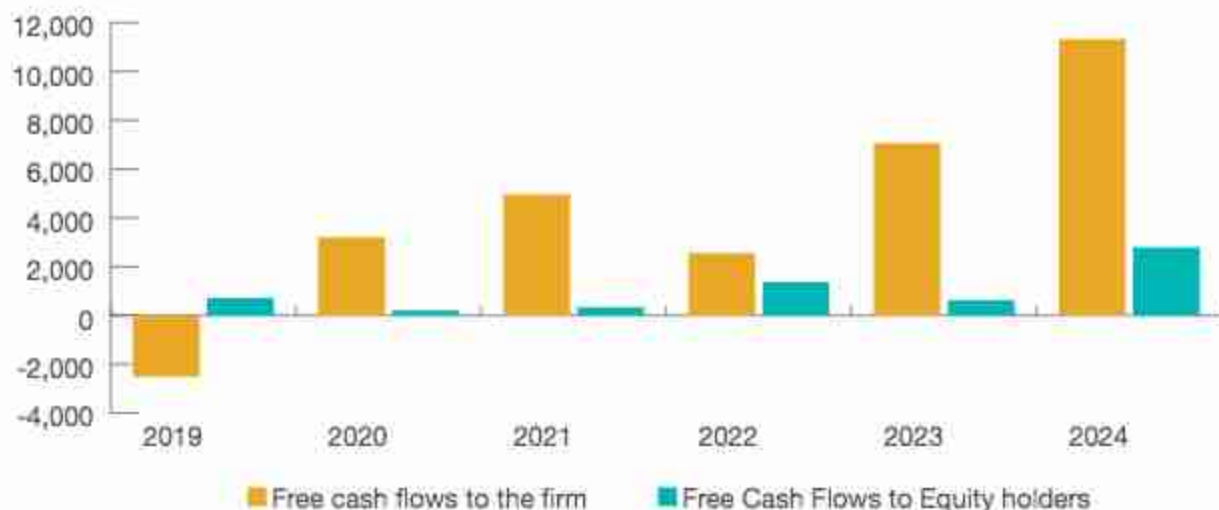
## Comments on Free Cash Flow to the Firm

Free Cash Flow to the Firm (FCFF) is a measure of a company's operational performance, reflecting the cash flows generated from its operations that are available for distribution. A positive FCFF indicates that the company is generating sufficient revenue to cover its operating costs. During the year, the company's FCFF has increased due to a reduction in capital expenditures, better working capital management, improved profitability.

## Comments on Free Cash Flow to the Equity Holders

Free Cash Flow to Equity holders (FCFE) represents the amount of cash available to the company's equity investors. With the company's growth, FCFE has increased significantly due to the improved profitability and reduction in capital expenditure and the early repayment of a long-term loan, in view of higher KIBOR rate.

## Graphical Presentation of Free Cash Flow to the Firm and Equity Holder



# STATEMENT OF CASH FLOWS - DIRECT METHOD

	2024	2023
	----- (Rupees in '000) -----	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash receipts from customers	50,345,461	49,072,060
Cash paid to suppliers and employees	23,958,055	26,664,424
<b>Cash generated from operations</b>	<b>26,387,406</b>	<b>22,407,636</b>
Income tax and final taxes paid	(895,906)	(655,153)
Indirect Taxes	(12,318,207)	(11,787,398)
Long-term loans and deposits - net	20,321	20,203
Gratuity paid	(92,200)	(84,420)
<b>Net cash generated from operating activities</b>	<b>13,101,414</b>	<b>9,900,868</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Additions to property, plant and equipment	(1,778,356)	(2,795,819)
Additions to intangible assets	-	(18,137)
Disposal of investment in joint venture - Madian Hydro Power Limited	-	82,800
Proceeds from disposals of operating property, plant and equipment	35,259	16,740
Dividend received	10,820	8,119
Long-term investment made	(64,957)	-
<b>Net cash used in investing activities</b>	<b>(1,797,234)</b>	<b>(2,706,297)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Long-term financings - net	(6,203,698)	(3,659,394)
Lease rentals paid	(20,455)	(20,505)
Dividend paid	(865,336)	(858,178)
Finance costs paid	(1,738,588)	(2,060,275)
<b>Net cash used in financing activities</b>	<b>(8,828,077)</b>	<b>(6,598,352)</b>
<b>Net increase in cash and cash equivalents</b>	<b>2,476,104</b>	<b>596,219</b>
<b>Cash and cash equivalents as at the beginning of the year</b>	<b>(1,413,232)</b>	<b>(2,009,451)</b>
<b>Cash and cash equivalents as at the end of the year</b>	<b>1,062,872</b>	<b>(1,413,232)</b>

# KEY FINANCIAL INFORMATION - SIX YEARS

	2024	2023	2022	2021	2020	2019
			(Tons in '000')			
Clinker Production	2,355	2,644	3,109	3,573	2,988	2,338
Cement Production	2,617	2,863	3,525	3,965	3,382	2,509
Cement Dispatches	2,627	2,871	3,552	3,950	3,377	2,493

## Summary of Statement of Financial Position

	2024	2023	2022	2021	2020	2019
			(Rupees in Million)			
<b>Assets</b>						
Non-Current Assets	29,533	29,437	28,140	26,348	26,237	27,187
Current Assets	11,501	9,865	10,465	7,846	6,685	8,093
<b>Total Assets</b>	<b>41,034</b>	<b>39,302</b>	<b>38,605</b>	<b>34,194</b>	<b>32,922</b>	<b>35,280</b>

## Equity & Liabilities

Shareholders' Equity	25,543	20,879	17,316	13,590	10,054	11,756
Non-Current Liabilities	8,133	10,254	11,442	13,331	16,980	17,328
Current Liabilities	7,358	8,169	9,847	7,273	5,888	6,196
<b>Equity &amp; Liabilities</b>	<b>41,034</b>	<b>39,302</b>	<b>38,605</b>	<b>34,194</b>	<b>32,922</b>	<b>35,280</b>

## Summary of Statement of profit or loss

	2024	2023	2022	2021	2020	2019
			(Rupees in Million)			
<b>Turnover &amp; Profit / (Loss)</b>						
Turnover - net	38,434	37,386	32,085	25,207	17,090	15,863
Gross Profit	11,840	10,137	8,951	6,728	386	2,883
Operating Profit / (Loss)	10,609	9,186	8,188	5,861	(196)	2,190
Profit / (Loss) Before Taxation	9,228	7,272	6,829	4,337	(2,723)	1,048
Profit / (Loss) After Taxation	5,500	4,404	4,456	3,205	(1,893)	1,763
Earnings / (Loss) Per Share (Rs.)	28.31	22.67	22.93	16.50	(9.74)	9.07

# DUPONT ANALYSIS

Year	Net Profit Margin (Net profit / Sales)	Asset Turnover (Sales / Total Assets)	Financial Leverage (Total Assets / Total Equity)	ROE
	A (%)	B (Times)	C (Ratio)	A X B X C
2019	11.11%	0.45	3.00	15.00%
2020	-11.08%	0.52	3.27	-18.83%
2021	12.71%	0.74	2.52	23.58%
2022	13.89%	0.83	2.23	25.73%
2023	11.78%	0.95	1.88	21.09%
2024	14.31%	0.94	1.61	21.53%

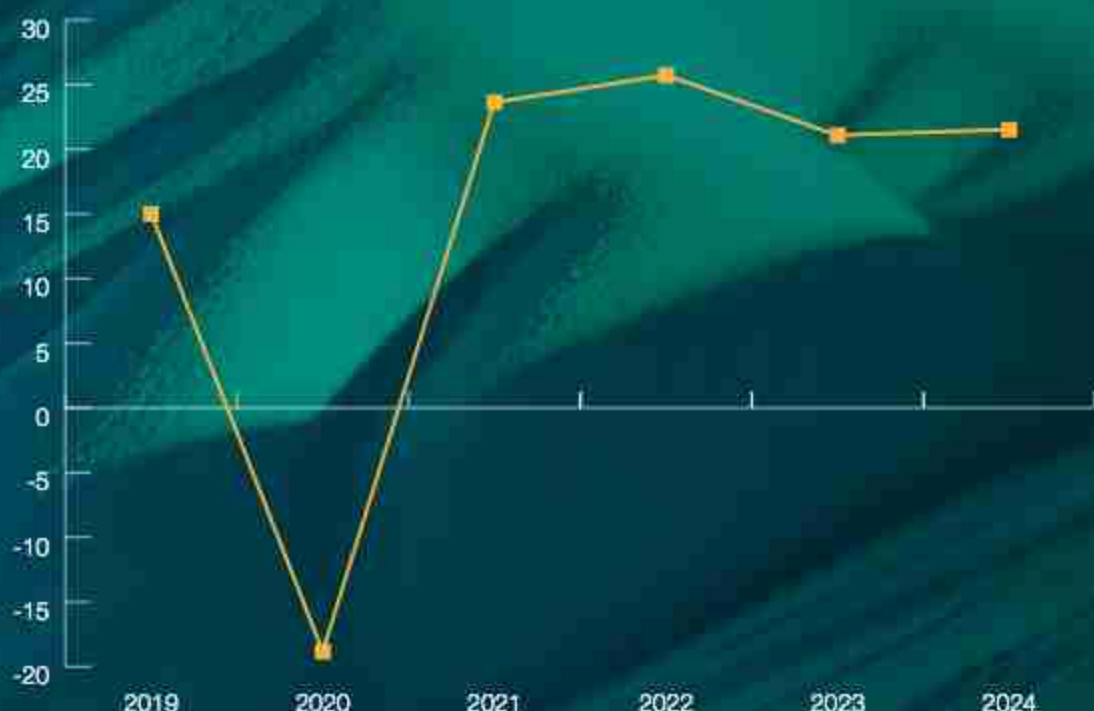
## COMMENTS ON DUPONT ANALYSIS

The main highlights of DuPont analysis for the company in 2024 are as follows:

- Net Margin Improvement:** The net margin rose to 14.31% from 11.78% last year, which is primarily due to efficient utilization of fuel and power mix which lead to reduction in cost, increase in retention price & decrease in finance cost resulting in improvement in net margins.
- Asset Turnover Ratio:** The asset turnover ratio remains consistent in comparison to prior year as a result of no major capital expenditure during the year.
- Financial Leverage Ratio:** The financial leverage ratio showed a decreasing trend due to early and schedule payments of long term commercial loans.

### Conclusion:

In 2024, the company's ROE demonstrates a well-balanced mix of profitability, efficiency, and leverage which is despite of challenges from higher tax rates and input costs. Further, the company has demonstrated resilience and effectiveness in maintaining and managing its financial metrics, resulting in a robust ROE performance for 2024.



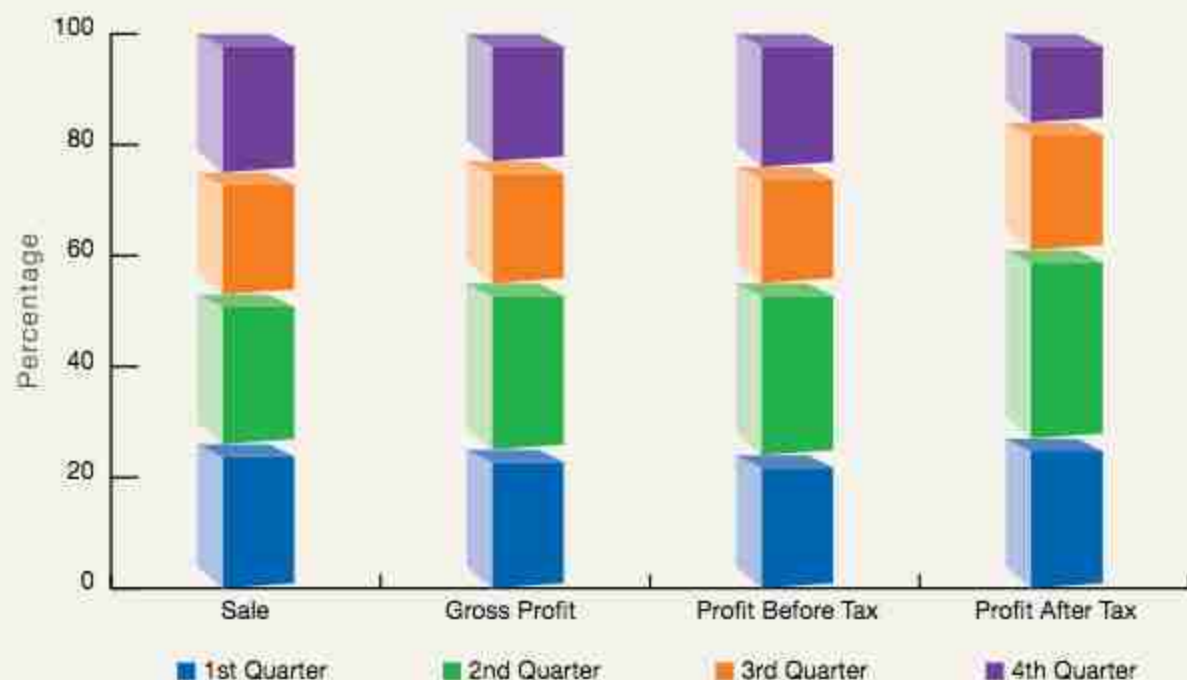
# DUPONT CHART



# QUARTERLY PERFORMANCE ANALYSIS

Particulars	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Total
	(Rupees in '000)				
Turnover - net	10,071,489	10,219,561	8,639,594	9,503,103	38,433,747
Cost of sales	(6,999,807)	(6,684,522)	(6,080,784)	(6,828,248)	(26,593,361)
<b>Gross profit</b>	<b>3,071,682</b>	<b>3,535,039</b>	<b>2,558,810</b>	<b>2,674,855</b>	<b>11,840,386</b>
Distribution cost	(163,661)	(174,801)	(208,508)	(213,608)	(760,578)
Administrative expenses	(128,174)	(129,826)	(112,216)	(130,225)	(500,441)
Other expenses	(122,869)	(153,231)	(111,628)	(75,903)	(463,631)
	<b>(414,704)</b>	<b>(457,858)</b>	<b>(432,352)</b>	<b>(419,736)</b>	<b>(1,724,650)</b>
<b>Other income</b>	<b>48,120</b>	<b>141,526</b>	<b>139,497</b>	<b>164,283</b>	<b>493,426</b>
<b>Operating profit</b>	<b>2,705,098</b>	<b>3,218,707</b>	<b>2,265,955</b>	<b>2,419,402</b>	<b>10,609,162</b>
Finance cost	(424,534)	(386,013)	(321,472)	(249,063)	(1,381,082)
<b>Profit before income tax and final taxes</b>	<b>2,280,564</b>	<b>2,832,694</b>	<b>1,944,483</b>	<b>2,170,339</b>	<b>9,228,080</b>
Final taxes	(21,002)	(20,440)	(22,300)	(33,648)	(97,390)
<b>Profit before income tax</b>	<b>2,259,562</b>	<b>2,812,254</b>	<b>1,922,183</b>	<b>2,136,691</b>	<b>9,130,690</b>
Taxation	(726,501)	(943,943)	(678,151)	(1,282,344)	(3,630,939)
<b>Net profit for the year</b>	<b>1,533,061</b>	<b>1,868,311</b>	<b>1,244,032</b>	<b>854,347</b>	<b>5,499,751</b>

## GRAPHICAL PRESENTATION OF QUARTERLY PERFORMANCE ANALYSIS & COMMENTS





## QUARTER 1

**Sales:** Revenue for the first quarter of the financial year 2024 increased compared to the June quarter of the financial year 2023 due to a rise in average retention price and an increase in cement dispatch quantity, driven by high demand during the quarter.

**Cost of Sales:** Cost of sales rose in line with the increased quantity of cement and the optimal utilization of fixed costs.

**Operating Profit:** The Company's operating profit increased compared to the last quarter due to higher sales prices and quantities, along with a better absorption of fixed costs due to improved quantity.

**Net Profit:** In addition to the reasons mentioned above, the company's net profit also increased compared to the previous quarter.

## QUARTER 2

**Sales:** Revenue primarily increased due to a rise in average retention prices, although there was a slight decline in dispatch quantity.

**Cost of Sales:** Cost of sales decreased mainly due to substitution of local coal during the quarter.

**Operating Profit:** The Company's operating profit increased due to higher sales and higher other income.

**Net Profit:** The Company's net profit increased due to the reasons mentioned above, with an additional benefit from reduced finance costs, thanks to the repayment of commercial loans.

## QUARTER 3

**Sales:** In the third quarter, revenue decreased as average sales prices dropped, and cement dispatches declined significantly, primarily due to the winter season.

**Cost of Sales:** Cost of sales decreased mainly due to higher fixed cost due to lower production.

**Operating Profit:** The Company's operating profit decreased significantly due to the lower sales revenue and higher cost of sales.

**Net Profit:** The decrease in net profit aligns with the reduction in operating profit.

## QUARTER 4

**Sales:** In the fourth quarter, revenue increased due to a rise in sales quantity, though average sales prices decreased in line with market demand.

**Cost of Sales:** Cost of sales increased mainly due to higher fuel and due to rise in power tariff.

**Operating Profit:** As discussed above, operating profit increased in the last quarter due to higher cement dispatches and additional income generated from investments in mutual funds, resulting from improved liquidity.

**Net Profit:** The Company's net profit declined due to the reclassification of exports from FTR to MTR brought by Finance Act 2024, which significantly impacted deferred tax expenses.

## CHANGE IN INDICATORS AND PERFORMANCE MEASURES

Cherat Cement Company Limited has established key indicators, which pertain to its key performing areas. Such indicators are subject to change with the Internal and external environment associated with the organization. Cherat Cement Company Limited has identified KPI's that are critical to its business. While identifying KPI's, the Company analysed various indicators, their interpretations and accordingly their extent to which they may correctly and clearly communicate the Company's performance. Some important indicators are as under:

### Financial Leverage:

The company maintains a dynamic process for assessing its financial leverage, ensuring alignment with its capital structure policies. It actively seeks to capitalize on cost-effective opportunities through negotiations with financial institutions. After the recent expansion projects and the installation of solar panels and Wartsila gensets, the company's financial leverage increased significantly in few year back. However, in the current year, the long-term debt-to-equity ratio improved to 16%, marking a 49% decrease compared to the previous year. This improvement was primarily due to the early repayment of long-term loans ahead of schedule. Leverage is neither inherently good nor

bad. Its resultant effect is based on the investment options selected by the company to amplify its shareholders' return on investment by investing in projects whose returns exceed the cost of debts uses it. Nonetheless, uncontrolled debt levels can lead to credit downgrades or worse. On the other hand, too few debts can also raise questions on the Company's ability to capitalize the opportunities. However, it is linked to the capital structure policy of a company.

### Variable Cost per unit:

The company has installed green energy projects, such as solar, WHRS and replaced imported coal with local coal. Through these initiatives, the company has successfully lowered its controllable variable costs.

### Fixed Cost per unit:

Higher production capacities of an entity help in bringing down the cost per unit of the item manufactured. Post production of Line-III fixed cost per unit reduce. Company is keen to bring its fixed cost per unit down in order to enhance its profitability.

## EXPLANATION OF NEGATIVE CHANGES IN PERFORMANCE OVER THE PERIOD

Pakistan's economic performance showed a mix of positive and negative indicators, reflecting a complex situation. On the positive side, government efforts to combat smuggling and illegal currency practices have helped stabilize the currency. Global inflation, oil price volatility, geopolitical tensions in the Middle East, structural weaknesses, and political uncertainty have further complicated the economic landscape. Despite these challenges, there are signs of gradual improvement, with inflation easing and a stronger current account balance supported by higher foreign exchange reserves. During the year, local dispatches of the Company decreased by 12.5% and export sales to Afghanistan increased by 22.4%. On aggregate basis, the cement dispatches of the Company reduced by 8.5% from last year. There has been a 2.8% increase in the sales revenue over the preceding year. This was mainly due to upward adjustment in cement prices due to cost inflation in inputs. During

the year, cost of sale decreased by 2.4% in line with the decrease in dispatch quantity. However, there was significant increase in gas and electricity prices. However, the Company mitigated the total impact of these cost through operational efficiencies. There was decreased in finance cost as compared to last year mainly due to early repayment of commercial loans. Despite these challenges, the company posted the after-tax profit of Rs. 5,500 million for the year ended June 30, 2024.

The detailed explanation pertaining to the negative changes in performance against prior year is provided in the relevant sections of the analysis of financial statements and the vertical and horizontal analysis of Statement of Financial Position, Statement of Profit or Loss, Quarterly performance and Statement of Cash Flows.

## DEBT REPAYMENT

The Company has the history of timely debt repayments and even settled its debts obligation early in order to improve its capital structure position as well as reducing its finance costs. During the year, the Company has made scheduled and early full repayments relating to Cement Line III loan and Captive Power Plant loan amounting to Rs. 6,250 million and Rs. 440 million respectively. Further the Company has also made repayments with respect to IFRE and TERF amounting to Rs. 329 million and 250 million respectively. Given the present economic situation, the Company has successfully generated healthy cash flows, demonstrating its solid financial standing.

## SEGMENTAL VIEW OF BUSINESS PERFORMANCE

The activities of the Company are organized into one operating segment based on its manufacturing, marketing and sale of cement. However, the Company has been maintaining its books of accounts line wise. Analysis of local and export sales is given in the Director's Report.

## MARKET SHARE

Market share is a critical key indicator for scaling market competitiveness with respect to size and capacity of the Company. Cherat is a premium brand of Ordinary Portland Cement in Pakistan and Afghanistan. Our main markets in Pakistan are KPK, FATA, Azad Kashmir and Punjab and small market in Sindh.

In alignment with our commitment to transparency and providing stakeholders with a comprehensive view of our market position, we apprise you on the market share of Cherat Cement Company Limited. This information is intended to offer insights into our competitive positioning and performance relative to industry peers.

Cherat Cement Company Limited holds an estimated market share of around 7% within the north zone, while around 6% overall in the cement industry because of our superior quality. This market share figure is based on data provided by cement companies in their financials. Variations in the data may arise from market fluctuations, changes in competitive dynamics, and evolving consumer preferences and reflects our competitive footprint in cement industry.

Looking ahead, we are optimistic about our prospects for further market share growth. Our strategic initiatives include market development, product development and service development, which we believe will strengthen our market position and drive sustainable growth.

# SHARE PRICE SENSITIVITY ANALYSIS

Share prices in the Pakistan stock market move due to various internal and external factors such as the company's performance, general market sentiments, economic events, interest rates, exchange rate, commodity prices etc. Being a responsible and law-compliant company, Cherat Cement circulates price-sensitive information to the Pakistan Stock Exchange (PSX) promptly according to the requirements of the PSX Rulebook. During the current year, Cherat's share price peaked at Rs 169.87 while the lowest recorded price was Rs 122.08 with a closing price of Rs. 163.13 at the end of the year.

## Government Policies and Regulations

The policies adopted and regulations promulgated by the Government have a direct association with share prices. Any policy that will result in increased demand, improved tax rates, reduced production costs, and a better economic environment may positively influence the share price. Whereas the policies that create hindrances for the cement industry and for the overall business environment will adversely impact the share price.

## Economic Conditions

The Company's performance has a direct relationship with economic conditions so as the share price. The factors that contribute to economic conditions include the discount rate, currency devaluation, and inflation. Based on different assessment parameters, the State Bank of Pakistan can change the monetary policy rate. Any volatility in the interest rates might impact the revenue and profitability of the Company. During the year 2024, the interest rates observed stable as SBP adopted various measures to support the economy during the year, affecting the Company's profitability and eventually affecting the share price positively. CHCC imports and exports are subject to foreign exchange volatility. Higher inflation has an impact on the demand for commodities and consequently adverse impact on the performance of the Company. However, all these factors will improve the performance of the company if contributes positively to the economic conditions.

## Law and Order

Political stability and controlled law & order situation is a pre-requisite for any economic development. This in turn reposes investor confidence in the soils of Pakistan, making our corporates a potential investment opportunity. However, any act of terrorism or political instability can negatively affect the equity market and share prices of traded stocks.

## Exchange Rate

Changes in exchange rates can greatly influence a company's share price, particularly for those with considerable international exposure. Fluctuations in exchange rates can alter the value of foreign earnings and shape investor sentiment, further affecting stock prices. Therefore, exchange rate movements can directly and substantially impact a company's financial performance and valuation.

## Company's performance

The company reported an operating profit for the year of PKR 10,609 million that 15% profit increase from last year with a slight growth in overall demand of cement mainly due to rise in export. Domestic demand decreases due to instability in the political environment and discontinue of the Government of Pakistan incentive scheme and rise in interest rates. The financial performance improved massively due to improved EX-factory price and cost efficiencies, which improved the operating results of the company to an unsurpassed level despite constant cost pressures and an uncertain economic environment.

## Selling Price

The profitability in the cement industry is highly sensitive to the selling prices of cement bag which eventually has a strong effect on the share price of the company.

### Energy Costs

The Company's operations are energy sensitive and the energy cost constitutes a sizable proportion of the overall manufacturing costs, therefore any increase in coal and power prices impacts product pricing directly. During the year 2024, the Company replaced imported coal with local coal, combined with full utilization of solar plant with a capacity of 13.56 MW to optimize the power mix which resulted in reduction of cost.

### Investor Sentiments

The share price of the Company is also open to the volatility of investor sentiments or confidence in the stock market and macroeconomic conditions. In a strong stock market, the investors' confidence is growing and so as the share prices. Whereas in a weak stock market investors' sentiments are negative so do the share prices. The stock market's strength is closely associated with economic conditions.

### Sensitivity Analysis of Change in Market Capitalization

Share Price as of 30.06.2024	Rs. 163.13
Market Capitalization as of 30.06.2024	Rs. 31,695,349,549

#### Change in Share Price by

+10%  
- 10%

#### Change in Market Capitalization:

Rs. 3,169,534,955  
Rs. (3,169,534,955)

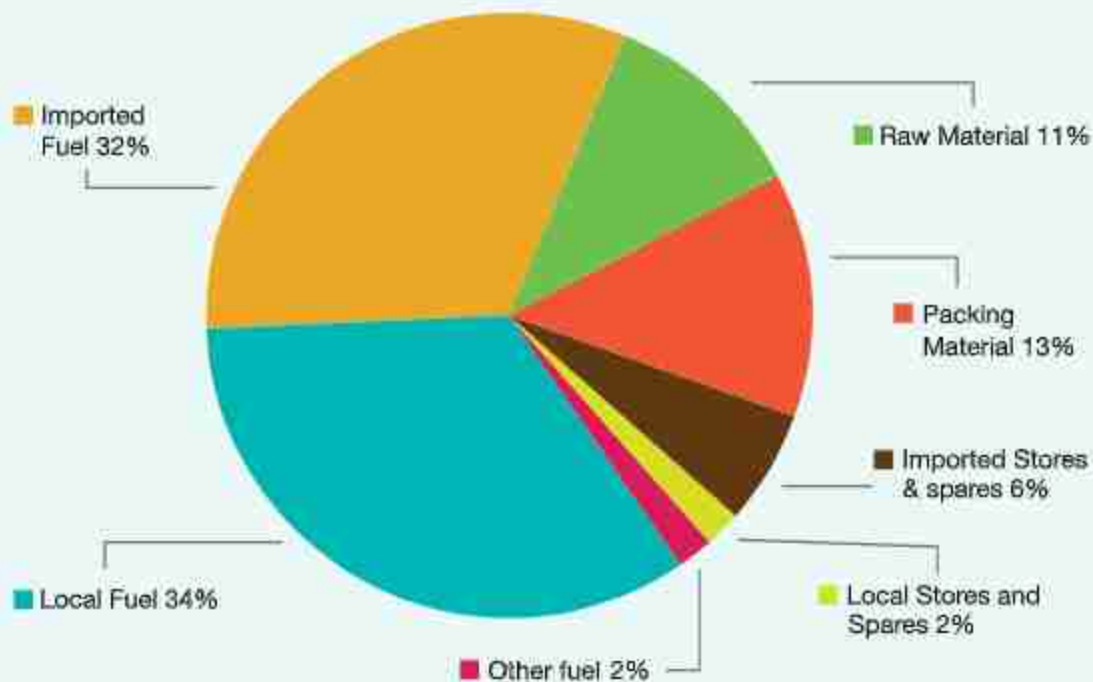
Share Prices - Trend v/s Volume Traded  
Source: Pakistan



# COMPOSITION OF LOCAL AND IMPORTED MATERIAL AND SENSITIVITY ANALYSIS DUE TO FOREIGN CURRENCY FLUCTUATIONS

For the year ended June 30, 2024

The Company produces Cement and Clinker using the mix of local and imported inputs.



## Sensitivity Analysis

Management of the Company closely monitors international coal prices and exchange rate fluctuations and takes necessary actions to mitigate the risks associated with such fluctuations.

	Fluctuation in Exchange rate by 10%	Fluctuation in Exchange rate by 20%
<b>Increase / decrease in cost of sales (%)</b>	<b>3.8</b>	<b>7.6</b>

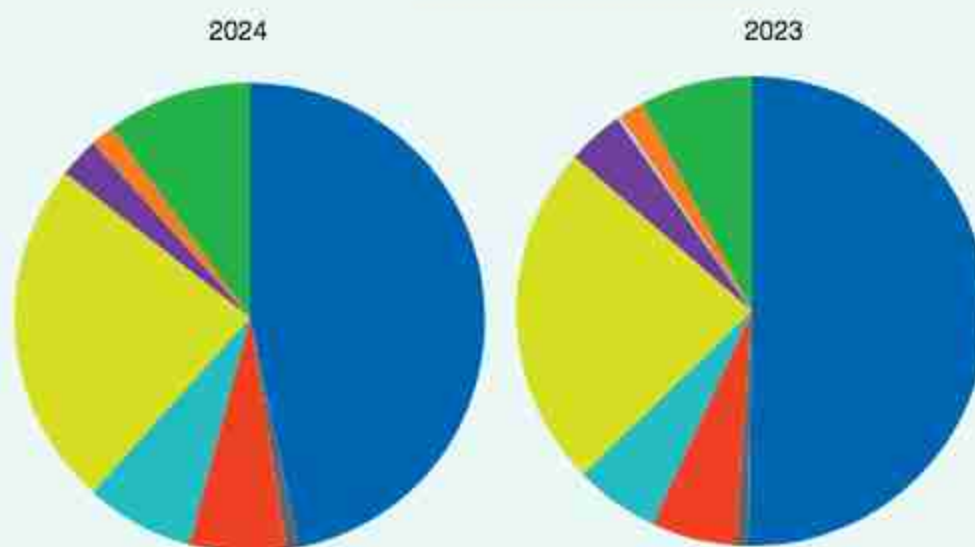
Cherat Cement uses a combination of local and imported Coal for the production of Cement. The largest cost component is consumption of local Coal.

The cost of sales of the Company will increase / decrease by 3.8% and 7.6% in case of foreign currency fluctuation by 10% and 20% respectively.

The Company's sensitivity to foreign currency movement is moderate. To reduce the impact of currency, the management proactively manages the procurement of Coal & store items while keeping an eye on exchange rate.

# STATEMENT OF VALUE ADDITION AND DISTRIBUTION OF WEALTH

	2024		2023	
	(Rupees in '000)	%	(Rupees in '000)	%
<b>Wealth Generated</b>				
Turnover (including sales tax & FED)	50,751,954	99.04	49,173,584	99.09
Other operating income	493,426	0.96	453,965	0.91
	<b>51,245,380</b>	<b>100.00</b>	<b>49,627,549</b>	<b>100.00</b>
<b>Distribution of Wealth</b>				
Cost of sales (excluding employees' remuneration)	24,041,142	46.90	25,027,537	50.44
Selling & Administrative expenses (excluding employees' remuneration)	434,899	1.40	344,834	1.16
Employees' as remuneration	3,378,339	6.59	2,919,555	5.88
Government as direct taxes (including workers' welfare fund)	3,771,306	7.55	2,908,702	5.95
Government as indirect taxes & FED	12,318,207	24.04	11,787,398	23.75
Providers of finance as financial charges	1,381,082	2.70	1,914,170	3.86
Society as donations	41,807	0.08	44,938	0.09
Shareholders as dividend	874,328	1.71	874,328	1.76
Retained / (absorbed) within the business	5,004,270	9.03	3,806,087	7.11
	<b>51,245,380</b>	<b>100.00</b>	<b>49,627,548</b>	<b>100.00</b>



	2024	2023
Cost of sales (excluding employees' remuneration)	46.90	50.44
Selling & Administrative expenses ((excluding employees' remuneration)	1.40	1.16
Employees' as remuneration	6.59	5.88
Government as direct taxes (including workers' welfare fund)	7.55	5.95
Government as indirect taxes & FED	24.04	23.75
Providers of finance as financial charges	2.70	3.86
Society as donations	0.08	0.09
Shareholders as dividend	1.71	1.76
Retained / (absorbed) within the business	9.03	7.11



# **BUSINESS MODEL**





# **CHAPTER 7**

**192 Our Business Model**

# OUR BUSINESS MODEL

INPUTS → PROCESS

**HUMAN CAPITAL** 

- 1000 employees
- Efficient Employee Wellness Programs

**MANUFACTURED CAPITAL** 

- Modern & efficient low-cost production
- Proximity to key resources

**FINANCIAL CAPITAL** 

- Net assets of Rs. 25,542 billion
- Strong credit rating A+ (PACRA)

**INTELLECTUAL CAPITAL** 

- Advance SAP system & solutions
- Explore innovation challenge
- Competent technical team

**SOCIAL AND RELATIONSHIP CAPITAL** 

- Involved in various CSR activities
- Efficient supply chain management
- Cordial relationship with financial institutions

**NATURAL CAPITAL** 

- Standards are adhered to stay responsible for the consumption of natural resources

Anchored to our core values and aligned with our vision, our business model is designed to reflect our integrated approach to create values for all stakeholders and ensures our continued progress towards co-creating a sustainable future.



## Our Business Model



Our approach to converting resources through operational activities into results and impacts is focused on achieving the organization's strategic objectives and delivering value in the short, medium, and long term.

## OUTPUTS

## OUTCOMES



Contribution towards Government Treasury



Turnover-net  
Rs. 38.43 billion



Net profit  
Rs. 5.50 billion  
EBITDA  
Rs. 12.43 billion



Dividend @ 55%

### Renewable Power Projects:



- Solar power project of  
**13.567 MW** capacity

- Waste Heat Recovery System on Kiln & Gensets

### HUMAN CAPITAL

- Training and development
- Safe, diverse and inclusive working environment
- Attracting and retaining talent

### MANUFACTURED CAPITAL

- Reducing environmental footprints through advanced machinery
- Investment in renewable energy for sustainable growth

### FINANCIAL CAPITAL

- Rs. 18 billion contributions to Govt. treasury
- Investment towards growth and expansion

### INTELLECTUAL CAPITAL

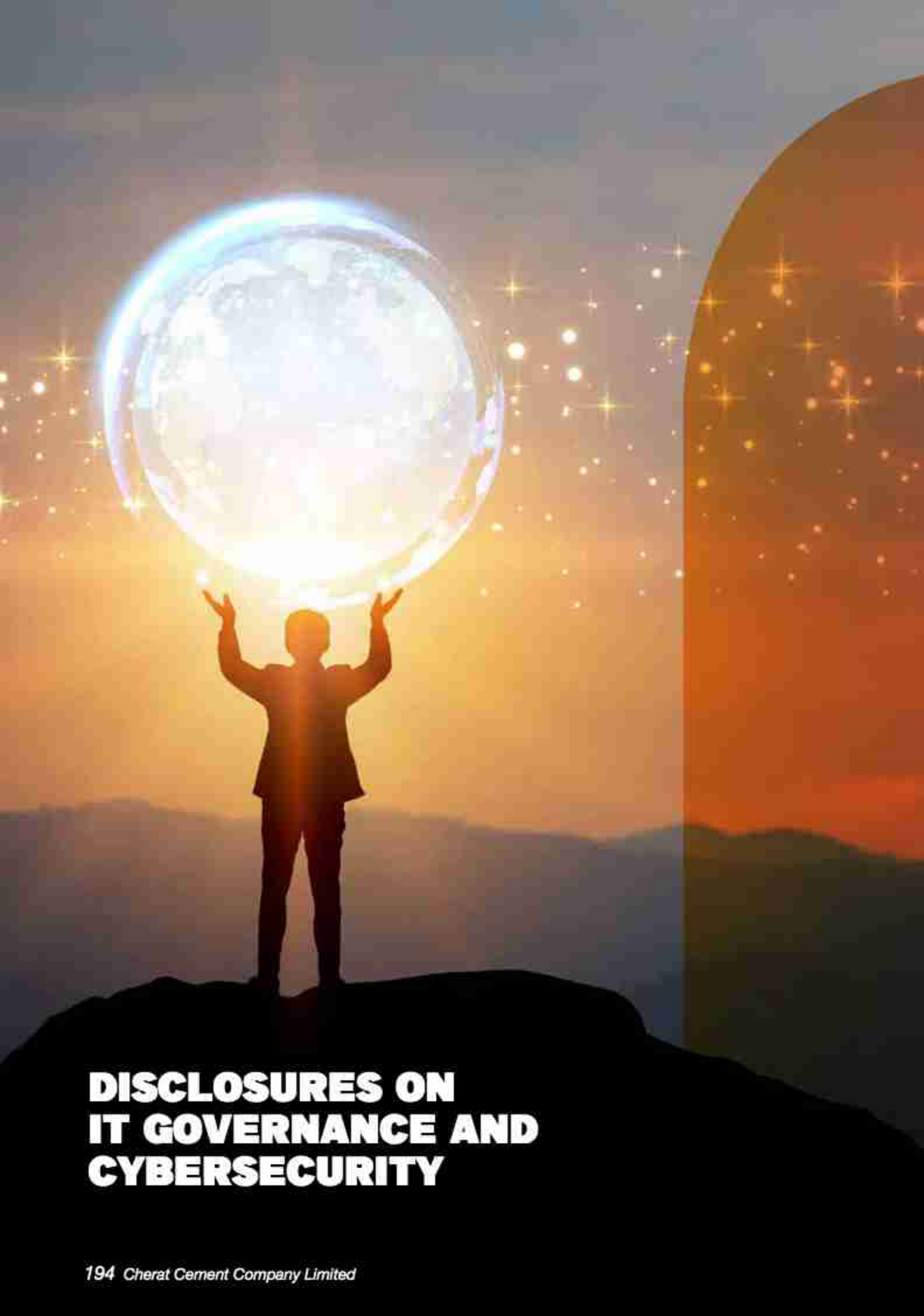
- Improvement in network security
- Secured remote working facility
- Upgrading ERP

### SOCIAL AND RELATIONSHIP CAPITAL

- Better relationship with clients
- Customer satisfaction
- Product stewardship
- Secure financing to meet operational and CAPEX requirement

### NATURAL CAPITAL

- Better use of natural capital
- Uplifting society with CSR



# **DISCLOSURES ON IT GOVERNANCE AND CYBERSECURITY**

# **CHAPTER 8**

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## IT GOVERNANCE AND CYBERSECURITY

IT governance and cybersecurity are essential for manufacturing organizations in Pakistan to protect against cyber threats, comply with regulations, and ensure operational resilience, supporting both local and international business success. Here's why they are important:

- Manufacturers in Pakistan face significant cyber risks, including hacking, ransomware, and industrial espionage. Strong cybersecurity measures protect digital assets, intellectual property, and ensure operational integrity.
- Compliance with local laws like the Pakistani Electronic Crimes Act (PECA) and international standards is essential to avoid legal risks and penalties.
- Manufacturing sectors like textiles, cement, and pharmaceuticals are crucial to the economy. Cybersecurity protects these from disruptions that could have national economic or security impacts.
- Given the region's complex geopolitical landscape, robust cybersecurity practices help protect against state-sponsored cyberattacks and maintain stability.
- Effective cybersecurity measures protect global supply chain operations from attacks, ensuring reliability and integrity.
- As Pakistani manufacturers adopt digital technologies, IT governance ensures these are implemented securely, fostering innovation while minimizing risks.
- Strong cybersecurity builds trust with international clients and partners, supporting business growth and maintaining competitive edge.
- Cyber incidents can lead to financial losses and reputational damage. Effective IT governance reduces these risks, protecting the organization's stability and reputation.

## THE BOARD RESPONSIBILITY STATEMENT ON CYBERSECURITY RISK AND BREACH MANAGEMENT

The Board of Directors of the Company recognizes the critical importance of managing cybersecurity risks in today's digital landscape. As stewards of the company's long-term success and stakeholder trust, the Board is committed to effectively evaluating, managing, and enforcing compliance with legal and regulatory requirements related to cyber risks. This statement outlines the Board's commitment to addressing cyber risks and responding to breaches in line with best practices and applicable laws. The Board is committed to:



- **Cyber Risk Evaluation and Management**

Understanding Cherat Cement Company Limited's cyber risk environment through ongoing assessments of potential threats, vulnerabilities, and impacts on operations, assets, reputation, and stakeholders. The Board oversees a comprehensive cyber risk management framework, including asset identification, threat assessment, safeguard implementation, and regular strategy updates.

- **Legal and Regulatory Compliance**

Ensuring Cherat Cement Company Limited's adherence to all applicable laws and regulations related to data protection, privacy, information security, and cybersecurity. The Board works closely with management to align the company's practices with the evolving legal and regulatory landscape.

- **Oversight of Cybersecurity Policies and Procedures**

Overseeing the development, implementation, and monitoring of robust cybersecurity policies and procedures tailored to Cherat Cement Company Limited's specific risk profile. These policies cover data protection, access controls, incident response, employee training, third-party vendor management, and ongoing risk assessments.

- **Breach Response and Communication**

Actively overseeing the response strategy in the event of a breach, ensuring swift action, containment, and communication with stakeholders, including customers, shareholders, regulatory authorities, and law enforcement as necessary.

- **Continual Improvement and Reporting**

Committing to continuous improvement in cybersecurity practices through regular reviews of cyber risk management efforts, incident response plans, and breach communication protocols. Providing regular updates to shareholders and stakeholders about Cherat Cement Company Limited's cyber risk posture and actions taken.

## IT GOVERNANCE POLICY

Cherat Cement Company Limited's IT Governance Policy ensures that IT is used effectively and efficiently to support the company's objectives. This policy is designed to maximize IT value by balancing benefit realization with risk management and resource optimization.

The framework establishes principles and objectives for initiating, implementing, maintaining, monitoring, and enhancing IT governance controls within the organization. It specifies IT governance control requirements applicable to Cherat Cement Company Limited's information assets. Additionally, the framework provides guidance on IT governance requirements for Cherat Cement Company Limited, including its staff, third parties, and customers. The Company's IT Governance Policy is mainly charged with:

- Ensuring IT strategies support Cherat Cement Company Limited's business goals, enhancing operational efficiency and competitiveness.
- Managing IT resources—hardware, software, personnel, and budgets—to maximize productivity and reduce costs.
- Identifying and mitigating IT-related risks such as cybersecurity threats and data breaches to protect critical operations.
- Ensuring IT practices adhere to industry regulations, legal requirements, and internal policies. This involves staying up-to-date with regulatory requirements, conducting regular annual SAP third-party audits, and implementing controls to ensure compliance.
- Regularly assessing IT performance, including system uptime, data integrity, and service delivery.
- Facilitating the adoption of new technologies and innovations to drive growth and efficiency.



- **Policy Implementation**

- Establishing principles for initiating, implementing, maintaining, monitoring, and enhancing IT governance controls.
- Providing guidance on IT governance requirements for staff, third parties, and customers.

## **IT SECURITY POLICY**

The IT Security Policy aims to ensure business continuity and minimize damage by preventing and limiting the impact of security incidents.

### **Policy**

The purpose of the Policy is to protect Company information assets from all types of threats including cybersecurity threats, whether internal or external, deliberate or accidental. These assets relate to information stored and processed electronically. IT Security policy ensures that:

- Safeguarding information from unauthorized access.
- Preventing unauthorized disclosure or interruption.
- Protecting against unauthorized modification to maintain information accuracy and completeness.
- Meeting regulatory and legislative requirements, including record-keeping standards.
- Producing, maintaining, and testing Disaster Recovery Plans to ensure availability of information and services.
- Making information on security matters available to all staff.
- Reporting and investigating all breaches of information security, actual or suspected.

### **Standards**

Standards have been produced to support the policy. These standards include regulations, guidelines and procedures covering matters such as (not limited to) cybersecurity threats, data security, backup, endpoints users control and password.

- Meeting business requirements for information availability and system functionality.
- Assigning responsibility for information security to a designated officer.



- Ensuring all managers implement the policy within their areas and ensure adherence by their staff.
- Requiring each employee to adhere to the policy.

## INDUSTRY SPECIFIC REQUIREMENTS FOR CYBERSECURITY AND STRATEGY

The Cherat Cement Company Limited's IT team has successfully implemented several advanced security measures, including next-generation edge network firewalls, a cloud-based web application firewall, a cloud-based endpoint Extended Detection and Response (XDR) solution, an email security gateway, and comprehensive user access policies and procedures aligned with industry best practices. These controls are designed to create a secure environment and defend against a variety of cybersecurity threats.

These solutions have been implemented to enhance threat detection and response capabilities through improved data visibility, utilization of threat intelligence, and advanced data analytics.

## BOARD'S RISK OVERSIGHT FUNCTION FOR CYBERSECURITY

The Board of Directors of the Cherat Cement Company Limited has delegated oversight of cybersecurity risk management to the Group IT Steering Committee. This delegation ensures alignment with management on the appropriate risk appetite related to cybersecurity, recognizing it as an enterprise-wide issue affecting all divisions and functions.

### Formation of Group IT Steering Committee

- Group IT Steering Committee, composed of directors from each company including Cherat Cement Company Limited. This committee plays a pivotal role in promoting broader accountability for cybersecurity risks at the management level. Its responsibilities include discussing strategic initiatives, prioritizing risks, and reviewing IT security policies and recommendations from third-party audits.
- The IT Steering Committee has actively endorsed and directed the IT teams to implement a variety of cybersecurity controls aimed at mitigating the risks associated with cyberattacks.

### Management Engagement with the board

- Ensuring that cybersecurity is understood and managed across all divisions, with clear communication about controls, employee training, and incident response protocols.

## CONTROL AND PROCEDURES FOR CYBERSECURITY EARLY WARNING SYSTEM AND ASSOCIATED RISKS

As networks and systems continuously evolve due to emerging threats, organizational growth, and new regulatory or business requirements, traditional analysis tools primarily focus on recording and identifying threats through logging, analysis, and reporting over time.

The IT Steering Committee regularly reviews security policies, controls, and third-party audit findings. In response, the IT team has deployed a variety of security solutions and monitoring tools.



### **Current Measures:**

- Security system including network monitoring, next-generation firewalls, web application firewalls, email security gateways, and endpoint extended detection and response (XDR) solutions.
- A powerful firewall log management and analytics platform that centralizes configurations, events, and alerts, offering advanced threat visualization and actionable insights.

### **Implementation of Recommendations:**

- Third-Party Audits ensuring that recommendations from third-party security audits are implemented to address identified vulnerabilities.

## **COMPREHENSIVE SECURITY ASSESSMENT OF TECHNOLOGY ENVIRONMENT**

Information Security Policies and assessment of IT objects serve as the backbone of any mature information security program. IT steering committee has implemented information security policies that support its organizations' business objectives while also adhering to industry standards and regulations.

The IT Steering Committee supports and participates in comprehensive security assessments, including Vulnerability Assessment and Penetration Testing (VAPT).

### **Assessment Process**

According to the directives of the IT Steering Committee, the IT teams conduct Vulnerability Assessment and Penetration Testing (VAPT) of IT assets every two years through a third-party provider. The third party submits a report to the company, which is then reviewed by the IT Steering Committee members. Based on their review, the committee instructs the IT security teams to address any identified gaps. The IT team implements the recommended patches and submits the system for revalidation. During the fiscal year 2022-23, the third-party provider conducted the revalidation process and submitted the final revalidation VAPT report in January 2023. This process offers a comprehensive view of potential threats to applications, allowing the IT security team to concentrate on mitigating critical vulnerabilities.

## **CONTINGENCY AND DISASTER RECOVERY PLAN**

The Board of Directors of Cherat Cement Company Limited has approved and continually reviews the company's IT Policy and Business Continuity Plan. Management has arranged for offsite data storage facilities, and key records are maintained at multiple locations. Employees are trained on the procedures to follow in case of an emergency. Business Continuity Planning has become a crucial aspect of our management strategy in recent years.

### **Business Continuity Plan**

Business Continuity Planning is a process used to develop a practical plan for how a business can recover or partially restore critical business activities within a predetermined timeframe after a crisis or disaster.

### **Disaster Recovery Plan and IT Infrastructure**

- The company utilizes cloud solutions provided by SAP for both its production and disaster recovery sites. This setup ensures uninterrupted IT functions even if there is infrastructural damage at one site.
- For data not related to SAP, the company's production site is co-located, with a disaster recovery site at the Karachi head office. This setup ensures that the company can continue its operations smoothly in the event of a disaster.
- The company operates multiple locations across Pakistan, allowing seamless continuation of operations from any of these sites.

- The Company's manufacturing facility is in Nowshera, Khyber Pakhtunkhwa and is a state-of-the-art construction with its structure being earthquake proof. The building is fire resilient and fully equipped with modern firefighting equipment. It also meets HSE requirements at all levels. Hence, partial loss would not affect the Company's operations. Moreover, other locations of the Ghulam Faruque Group are available as alternate locations therefore; interruptions, if any, can be managed.

## CYBER INSURANCE

Cybersecurity insurance is an evolving field, with organizations securing such coverage often seen as early adopters. Due to the dynamic nature of cyber risks, cybersecurity policies frequently change, and underwriters have limited historical data to develop risk models for coverage, rates, and premiums.

Cherat Cement Company Limited has an IT and related equipment insurance policy in place that provides coverage for various technology-related risks. In addition to this insurance, we have implemented a comprehensive Disaster Recovery (DR) and Business Continuity (BC) plan. This plan is designed to address potential incidents such as theft, disasters, and cyberattacks by ensuring that resources are available to restore both data and hardware.

Our IT and related equipment insurance, combined with our proactive DR and BC strategies, ensures that we are well-prepared to manage and recover from potential disruptions. This integrated approach supports our ability to maintain business operations and swiftly address any IT-related challenges that may arise.



## ADVANCEMENT IN DIGITAL TRANSFORMATION

Cherat Cement Company Limited is investing in Industry 4.0 technologies to enhance its business process management and reporting capabilities. The IT Steering Committee, under the guidance of the Board of Directors, has chosen to invest in ERP and cloud computing to advance our business process management tools and reporting systems across the organization.



Following the IT steering Committee's directives, we have transitioned our on-premises SAP ERP solution to the S/4HANA cloud platform. Additionally, we have deployed SAP SuccessFactors for cloud-based human capital management using a Software as a Service (SaaS) model. SAP Analytics Cloud (SAC) has also been implemented, allowing for seamless integration of various data sources and providing a unified view of business activities. SAC offers a comprehensive suite of tools and features for creating interactive and customizable dashboards, enabling professionals at all levels—from analysts to executives—to generate valuable insights through data visualization, thus supporting informed decision-making.

Furthermore, we have introduced a cloud-based endpoint Extended Detection and Response (XDR) solution and a cloud-based Web Application Firewall. These technologies are designed to provide automated threat detection and response, leveraging data visibility, threat intelligence, and advanced data analytics to enhance our cybersecurity posture.

## **DISCLOSURE ABOUT EDUCATION AND TRAINING EFFORTS TO MITIGATE CYBERSECURITY RISKS**

Cherat Cement Company Limited prioritizes cybersecurity education and training to mitigate risks through

- **Employee Training**  
Regular cybersecurity training sessions are provided to all employees. These sessions cover best practices, threat awareness, and safe online behavior to empower our workforce to identify and respond to potential risks.
- **Specialized Workshops**  
We conduct specialized workshops for IT personnel and other relevant teams. These workshops delve into more advanced topics such as network security, data encryption, and incident response.
- **Security Policies Communication**  
We ensure that all employees are well-informed about our cybersecurity policies and procedures. This communication helps create a shared understanding of security measures across the organization.
- **Simulated Phishing Exercises**  
To enhance vigilance, we conduct simulated phishing exercises. These exercises test employees' ability to recognize phishing attempts and reinforce the importance of cautious email interactions.
- **Regular Updates**  
Our team continually provides updates on emerging threats and evolving best practices. This keeps employees informed about the ever-changing cybersecurity landscape.
- **Collaboration with Experts**  
We collaborate with external experts and consultants to provide specialized insights. This external perspective enriches our training efforts and helps us stay ahead of emerging threats.
- **Reporting Channels**  
We emphasize the importance of reporting any security concerns promptly. Our transparent reporting channels ensure that potential threats are addressed swiftly.
- **Continuous Improvement**  
Our education and training efforts are regularly evaluated and refined to align with new threats and technologies. This ensures that our workforce is well-equipped to mitigate evolving cybersecurity risks.

Through these education and training initiatives, we foster a culture of cybersecurity awareness and responsibility across our organization, reducing vulnerabilities and enhancing our overall cybersecurity posture.





## **FUTURE OUTLOOK**

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## FORWARD LOOKING STATEMENT

During the year, Pakistan's economic performance was marked by a mix of positive developments and ongoing challenges, reflecting the dynamic nature of the situation. On the positive side, government initiatives to combat smuggling and curb illegal currency activities have played a crucial role in stabilizing the currency. However, the economy continues to face significant hurdles, including high inflation, elevated interest rates, a substantial undocumented economy, low foreign exchange reserves, and a dependence on external debt, all of which impede economic recovery. Additionally, global inflationary pressures and oil price volatility, driven by geopolitical tensions in the Middle East, have further complicated the economic environment.

Despite these obstacles, there has been a gradual improvement in economic activity, with inflation trending downward and an improved current account balance supported by increased foreign exchange reserves. The successful completion of the Stand-By Arrangement (SBA) and progress toward formalizing a new program with the IMF have also contributed to enhancing economic stability. Furthermore, the central bank's decision to reduce the key policy rate to a 16-month low of 19.5% reflects efforts to stimulate growth amid easing inflation.

In line with the economic dynamics, the cement industry in Pakistan has encountered similar challenges, including rising input costs, fiscal constraints limiting government spending on the Public Sector Development Program (PSDP), and increased taxation, which have collectively led to a slowdown in the construction sector. However, cement industry in Pakistan witnessed growth in export volume which helped to offset upto some extent decline in domestic sales, reaching a seven-year low.

### ANALYSIS OF FORWARD-LOOKING DISCLOSURES MADE IN THE PREVIOUS YEAR

The Company successfully exceeded its key objectives, including production and revenue targets, despite facing economic uncertainties, slowdown in economic activities, inflationary pressures. However, management remained committed for cost optimization and enhanced operational efficiency throughout the year.

Looking ahead, the company acknowledges the challenges faced in the previous year, where local cement demand fell short of expectations due to cut in PSDP and limited progress of CPEC projects. The sector also experienced negative growth, largely driven by high inflation, elevated interest rates, and ongoing economic and political instability. In response of which the Company has managed to offset the impact by optimizing sales mix. As reported in last year, the Company has made repayments for expensive commercial loans owing to the highest interest rates during the year which improved the leverage ratio. In view of the foreign exchange fluctuation, the Company has shifted from relying on imported coal to local coal as kiln fuel. Additionally, efforts were also made to maximize the use of Waste Heat Recovery (WHR) and renewable energy sources, helping to offset the impact of rising power tariffs.

#### Status ongoing projects

The company is in the process to install improvement in production process, which will reduce the transportation cost. During the year, the Company have successfully increased solar power generation capacity of 0.517 MW and have ambitious plans to expand it further to 22.56 MW. Furthermore, the Company is also evaluating to undertake projects i.e. low/ high pressure boilers to recycle and make efficient use of excess hot gases from kiln to generate electricity. This initiative underscores our commitment to renewable energy and reducing dependence on the national grid and gas generator. Moreover, the Company's endeavors to invest in various projects to substitute expensive imported fuel with alternate fuels including biomass and RDF which will have a significant impact on cost savings and decrease the dependence on imported fuel.

The implementation of 'Recruitment' and 'Onboarding' modules in SAP has been successfully completed. This phase marks a significant advancement in our HR processes, enhancing our ability to attract, hire, and integrate new talent more efficiently. The new modules streamline recruitment workflows and improve onboarding experiences, contributing to a more effective and responsive HR system. This upgrade is expected to optimize our talent acquisition and management processes, supporting overall organizational growth and efficiency.



## Financial Projections

Future revenue projections based on management's best judgment and estimates are as follows:

Year	2025	2026	2027
Revenue – net (Rs. in million)	44,665	48,238	52,097

Moreover, the Company anticipate several trends and uncertainties that could influence the Company's resources, revenues, and operations over the short, medium, and long term. These include potential fluctuations in energy costs, changes in regulatory policies, interest rate, exchange rates and evolving market dynamics. The Company remains focused on leveraging its strengths to navigate these challenges, optimize operational efficiency, and sustain growth in both domestic and export markets. While the cement industry outlook remains positive, we will continue to adapt our strategies to mitigate risks and capitalize on emerging opportunities.

### Sources of Information used for Projections of Future Revenue:

The Company's strategies and business objectives are closely aligned with its corporate vision by considering historical trends, anticipated market changes, economic outlooks, and other relevant factors. Projections are informed by external sources such as government regulatory and taxation authorities, market analysts, and forecasts of interest rates and foreign currency exchange rates. Industry reports, competitor actions, market trends, as well as both micro and macroeconomic indicators, including supply and demand conditions, are also vital in shaping projections.

Internally, data from various departments, including sales, finance, production & IT are used to refine the forecasts. This internal information is cross-referenced with external data to ensure accuracy before it is included in formal planning.

### Future Research & Development Initiatives

Cement industry intends to shift its focus on future research and development (R&D) initiatives to enhance sustainability, efficiency, and innovation. Key areas of R&D for the Company include development of low-carbon cement and alternative eco-friendly binders to reduce the industry's carbon footprint. A key focus will be on integrating renewable energy sources into cement production processes to reduce reliance on fossil fuels and lower carbon emissions. Investments in renewable energy technologies will not only contribute to cleaner production but also enhance energy security and reduce operational costs. Additionally, the Company may seek to develop energy-efficient systems and explore alternative fuels to further support environmental goals and meet the growing demands of the cement sector.

## FUTURE OUTLOOK

In the fiscal year 2024-2025, Pakistan confronts significant socio-economic challenges, including high inflation, soaring prices, stagnant incomes, and escalating taxes and utility costs. Moreover, with recent increases in taxes and federal excise duties (FED) poised to further dampen domestic demand. These parameters may create significant hurdles in growth for cement sector and business community as a whole in short term.

Despite these hurdles, there is a positive outlook in long term as the government works towards securing an extended IMF program, which is expected to stabilize economic conditions. Promising indicators suggest that inflation may ease and interest rates could decline, potentially creating a more favorable economic environment. The government's increased in PSDP budget which is through recent budget is also a key source of optimism for the sector's growth potential.

For the cement industry, domestic sales are expected to remain relatively weak, but the sector is likely to see significant growth from exports. Moreover, industry is optimistic about the future outlook, supported by robust international demand, solid profit margins, and favorable monetary policies.

Given the rise in coal and energy tariffs, the Company plans to adopt an optimal fuel mix, including alternative energy sources, to mitigate the impact of escalating fuel and utility costs. Additionally, the Company is committed to investing in cost-efficient production techniques to enhance shareholder value and optimize working capital.

In a nutshell, low developmental spending and overall slowdown in economy and political fiasco is likely to keep cement demand in check in short-run. Any improvement in the macroeconomic backdrop will result in increased demand in both Pakistan and Afghanistan making CHCC a direct beneficiary on account of its perfect location and the availability of excess capacity.

A dramatic photograph of two mountaineers in red gear climbing a dark, craggy rock face. The scene is backlit by a bright, low sun, creating a golden glow and long shadows. A large, semi-circular red graphic element is on the right side of the image. The overall mood is one of challenge and achievement.

# **STAKEHOLDERS' RELATIONSHIP AND ENGAGEMENT**

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# STAKEHOLDER ENGAGEMENT

Our stakeholders extend valuable contribution towards our growth and existence. Procedure for stakeholders' engagement includes effective communication, good harmony and compliance with laws & regulations. We cannot truly execute our purpose without input from our stakeholders.



## Shareholders

Safeguarding our shareholders' interest is our prime responsibility. Our shareholders' interest revolves around good returns, profitability, growth and regulatory compliances. We respond to our shareholders' expectations through improvement in business mechanics, effective governance and corporate reporting framework. Annual General Meetings and statutory reporting are the most effective means of our engagement with our shareholders. Support of shareholders is critical in achieving the Company objectives. All grievance of the shareholders may be addressed in smooth manner and resolve the issue at the time of General Meetings or wherever received in other mode.



## Minority Shareholders

The management of the Company firmly believes in encouraging and ensuring the equitable treatment of all shareholders including minority shareholders to attend, speak and vote at the Annual General Meeting and appoint another member as his / her proxy instead. The Notice of the AGM is published in Urdu and English language in one issue of a daily newspaper of respective language having a nationwide circulation. Such notice is also placed on the Company's website.



## Dealers, Customers and Transporters

Sustaining and developing long-term relationships with our dealers, customers and transporters forms the key of our business' success. Their expectations are focused on product quality, pricing and service delivery. Our sales and marketing teams remain in close contact to this segment of our stakeholders to resolve issues on a priority basis. We continue to engage with our dealers, customers and transporters through meetings and market visits and communications. We derive success from the brand loyalty of Cherat and the cooperation from our transporters.



## Suppliers and Vendors

Efficient supplier network is a key for effective working capital management. To achieve this objective, we conduct market surveys to strengthen our bond with our suppliers and vendors. Our supply chain management team is in continuous contact with suppliers and vendors through meetings and correspondence to resolve all queries for on time deliveries. Cooperation of our suppliers gives us an extra edge over our competitors.



## Banks and Other Lenders

We value our relationship with our financial partners and lenders. Financial risk management and business sustainability are few of the interests of this segment of stakeholders. Periodic briefings, Quarterly financial reporting, Head Office and Site visits are the main means for our engagement with this category of stakeholders. Bank and other institutes help us in obtaining loans at attractive rates and advice on strategic issues whenever needed.



## Government and Regulatory Bodies

Our commitment to compliance with laws and regulations is evident from our Corporate and Legal team's continued efforts for efficient and effective legal and regulatory obedience. The engagement includes submission of periodic reports, responding to enquiries and meetings as and when required. Active engagement with regulators improves level of compliance.



## Employees

Our company has extensive employee engagement schemes in place. The employees' issues revolve around work life balance, training and development and rewards. We have educational loan schemes, in-house and outside training programs and long-term employment reward schemes in place to value our employees as Human Capital. Employee meetings are on regular intervals in form of Annual get-togethers, celebrating sports day and team building activities. Employees engagement improves the level of dedication and hard work.



## Media

Ads and campaigns are launched in media based on marketing requirements. Interaction with media improves the Company's brand image.



## Investors Section

To keep transparency in the relationship between the Company and its shareholders, the website of Cherat Cement (<https://ggc.com.pk/coc/>) contains all the major financial information needed for investors' decision making in a separate tab of "Investor Relations".



## AGM Proceedings

The last AGM was conducted at registered office of the Company on Wednesday, October 25, 2023 at 11:00 a.m. The meeting was properly organized and attended by the Shareholders.

The shareholders raised different questions and appreciated the efforts of the Company for expansion. The management consistently kept our shareholders informed about the latest developments of a new cement production line in Dera Ismail Khan. To facilitate this expansion, we acquired essential resources such as land, limestone lease, and similar assets.

Shareholders approved the Financial Statements and also gave approval for appointment of M/s. EY Ford Rhodes, Chartered Accountants as external auditors and distribution of cash dividend.

# ANALYST BRIEFING

In compliance with the listing regulations of the Pakistan Stock Exchange (PSX), Cherat Cement Company Limited consistently holds corporate and analyst briefings on an annual basis for its esteemed stakeholders and investors. These briefings provide the Company with the opportunity to inform investors about its financial performance, business outlook, competitive landscape, and to offer an accurate perspective on the Company's operations and investments. The Company maintains strong relationships with institutional investors and analysts, who regularly seek business updates and industry insights from the Company.

On September 28, 2023, the Company held a corporate briefing session at its PSX Auditorium Karachi, where it presented stakeholders with a detailed overview of its operational and financial performance for the year 2023. The management team provided a comprehensive summary of the Company's progress, highlighting its growth, expansions, opportunities, and challenges within the cement sector. A dedicated Question & Answer session was also successfully conducted, further demonstrating the Company's commitment to transparency and its continued pursuit of goals and achievements:





**STRIVING FOR EXCELLENCE  
IN CORPORATE REPORTING**

# CHAPTER 11

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# **STATEMENT OF UNRESERVED COMPLIANCE OF INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS) ISSUED BY INTERNATIONAL ACCOUNTING STANDARDS BOARD (IASB)**

Cherat Cement Company Limited preparing statutory financial statements in accordance with the IFRS issued by IASB as notified under the Companies Act 2017 including the disclosure requirements of fourth schedule.

However, SECP has not notified adoption of following IFRS:

<b>Standards</b>	<b>IASB effective date (annual periods beginning on or after)</b>
IFRS 1 – First time adoption of IFRSs	01 January 2004

In addition to this, note 2.3.2 to the financial statement specify few standards and interpretations, which are yet to be effective in Pakistan. The Company believes that the impact of the above standards and those referred in note 2.3.2 does not have any material impact on the financial statements.



# GLOSSARY OF TERMS

**Activity / Turnover Ratios:** Activity ratios measure the efficiency of the company in using its resources / assets. These ratios indicate the efficiency with which the assets of the company are managed/utilized. **Borrowing Cost:** Finance costs that are directly attributable to the construction/ acquisition of a qualifying asset and included in the cost of such asset.

**BCRA: Best Corporate Report Awards CCG:**  
Code of Corporate Governance

## **Capital Structure Ratios:**

The capital structure ratios measure how a company finances its overall operations and growth by using different sources of funds. **Captive Power Plant:** An electricity generation facility used and managed by an industrial or commercial energy user for their own energy consumption.

## **Consortium Financing:**

Is a solution usually entails several banks or financial institutions joining hands to finance large projects through a common appraisal, common documentation and joint supervision.

## **Corporate Social Responsibility (CSR):**

A self-regulating business model that helps a company be socially accountable - to itself, its stakeholders, and the public. **Diminishing Musharakah:** Refers to joint ownership of asset by financier and borrower. The share of financier in the asset is divided into number of units and borrower will purchase those units periodically, thus increasing his own share till complete ownership.

## **Dividend Cover Ratio:**

It measures the number of times that a company could pay dividends to its shareholders.

## **Dividend Mandate:**

An authorization by a shareholder to the company, to pay his or her dividends directly into a bank account.

## **EBITDA:**

Earnings Before Interest, Taxes, Depreciation and Amortization.

## **HR & RC:**

Human Resource and Remuneration Committee. **HSE:** Health, Safety and Environment **Government Grants:** are assistance by government in the form of transfers of resources to an entity in return for past or future compliance with certain conditions relating to the operating activities of the entity.

## **Human Capital:**

Intangible collective resources, like knowledge, talents, skills, abilities, experience, intelligence, training, judgment, and wisdom possessed by individuals and groups within an organization. It is a form of wealth available to organizations to accomplish its goals.

**IAS:** International Accounting Standards.

**IASB:** International Accounting Standards Board.

**IFRIC:** International Financial Reporting Issues Committee.

**IFRS:** International Financial Reporting Standard. **Interest Cover Ratio:** It measures how many times a company can cover its current interest payment with its available earnings.

## **Investment / Market Ratios:**

Investor ratios are used to measure the ability of a business

to earn an adequate return for the owners of the business. **ISO 9001:2015:** A standard that specifies requirements for a quality management system (QMS). Organizations use the standard to demonstrate the ability to consistently provide products and services that meet customer and regulatory requirements.

**ISO 14001:2015:** A standard for the management of environmental matters that is widely used in various parts of the world.

## **Joint Venture (JV):**

A business arrangement in which two or more parties agree to pool their resources for the purpose of accomplishing a specific task.

## **KIBOR:**

Karachi Inter Bank Offer Rate.

## **Liquidity Ratios:**

A liquidity ratio is a financial ratio that indicates whether a company's current assets will be sufficient to meet the company's obligations when they become due.

## **Long-Term Debt-to-Equity Ratio:**

The ratio found by dividing long-term debt by the equity (all assets minus debts) held in stock (This is a measure of financial risk). **Manufactured Capital:** It is the collection of physical, material and technological objects that are available to a company for use in the production process.

## **Market Ratio:**

It helps to determine the market value of a company relative to its actual worth. **Operating Cycle:** The average time between purchasing or acquiring inventory and receiving cash proceeds from its sale.

## **Price-Earnings Ratio (P/E):**

The ratio found by dividing market price per share by earnings per share (This ratio indicates what investors think of the firm's earnings' growth and risk prospects).

## **Profitability Ratios:**

The Profitability Ratios measure the overall performance of the company in terms of the total revenue generated from its operations.

## **Relationship Capital:**

It is the company's relationships with customers, partners, suppliers, shareholders. It is an important business asset.

## **ROUA:**

**Right-of-use-asset Running Musharakah:** is Shariah compliant alternative of Running Finance Facility available in conventional banking system.

## **Security:**

A pledge made to secure the performance of a contract or the fulfillment of an obligation.

**Shariah-Compliant Finance / Banking:** Facility which meets all of the requirements of Shariah law and the principles articulated for "Islamic Finance".

**Solar Power:** is the conversion of energy from sunlight into electricity, either directly using photovoltaics, indirectly using concentrated solar power, or a combination.

**Spread:** Rate charged by the bank over KIBOR.

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	Within 40 days - 6 marks	

	Within 50 days - 6 marks (in case of holding company who has listed subsidiary / subsidiaries) Within 60 days - 3 marks	
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A photograph of a person wearing glasses and a blue shirt, sitting at a desk and working on a laptop. The scene is dimly lit with a strong blue light source, possibly a window or a large lamp, creating a circular glow in the background. The person's face is partially visible on the laptop screen. The overall mood is professional and focused.

# **FINANCIAL STATEMENTS**

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## INDEPENDENT AUDITOR'S REPORT

To the members of Cherat Cement Company Limited

Report on the Audit of the Financial Statements

### Opinion

We have audited the annexed financial statements of Cherat Cement Company Limited (the Company), which comprise the statement of financial position as at 30 June 2024, and the statement of profit or loss, the statement of comprehensive income, the statement of cash flows and the statement of changes in equity for the year then ended, and notes to the financial statements, including material accounting policy information and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, the statement of profit or loss, the statement of comprehensive income, the statement of cash flows and the statement of changes in equity 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 2024 and of the profit and other comprehensive income, the changes in equity and its cash flows for the year then ended.

### Basis for Opinion

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

### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Following are the Key audit matters:

Key audit matters	How the matter was addressed in our audit
<p><b>1. Existence and valuation of stock in trade, stores and spare parts</b></p> <p>(Refer note 9 and 10 to the accompanying financial statements)</p> <p>The balance of stock in trade, stores and spare parts as at 30 June 2024 is Rs. 1,790 million and Rs. 5,254 million respectively.</p>	<p>Our procedures, amongst others, included the following:</p> <ul style="list-style-type: none"> <li>• Obtained an understanding of the Company's processes in place for stock in trade, stores and spare parts.</li> </ul>

<p>The above items are stored in purpose-built sheds, stockpiles and silos. As the weighing of these items is not practicable, the management assesses the quantities on hand through a complex process involving various estimates.</p> <p>Further, these are valued at lower of cost and net realisable value. The assessment of net realisable value requires management's judgement of the appropriate level of provisioning including assessment of available facts and circumstances, it's physical conditions, the market selling prices and estimated selling costs of the stock in trade.</p> <p>Due to the significance of stock in trade, stores and spare parts balance and related estimations involved, this is considered as a key audit matter.</p>	<ul style="list-style-type: none"> <li>• Attended physical count of stock in trade, stores and spare parts to observe the management's process of measurement of stockpiles and silos and the determination of quantities using conversion of volumes and density to total weight, and performed recalculations.</li> <li>• Performed tests over the prices of raw materials and verified items in the product costing of work in progress.</li> <li>• Performed tests over the NRV calculations and the assumptions used.</li> <li>• Assessed the adequacy of the obsolescence provision and the management judgement used.</li> <li>• Assessed the adequacy of the Company's disclosures in accordance with the applicable financial reporting standards.</li> </ul>
<p><b>2. Revenue Recognition</b></p>	
<p>(Refer note 29 to the accompanying financial statements)</p> <p>The Company generates revenue from local and export sale of cement.</p> <p>We identified revenue recognition and its reporting in the financial statements as a key audit matter primarily due it being a key performance indicator, inherent risk of material misstatement and the amount of audit efforts in relation to this area.</p>	<p>Our procedures, amongst others, included the following:</p> <ul style="list-style-type: none"> <li>• Obtained an understanding of the Company's processes in place for revenue recognition and tested key controls.</li> <li>• Performed analytical review procedures and other test of details over revenue including cut-off procedures to check that revenue has been recognised in the appropriate accounting period.</li> <li>• Assessed the adequacy of the Company's disclosures in accordance with the applicable financial reporting standards.</li> </ul>

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

Management is responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the financial statements and our auditor's report thereon.

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

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

## Responsibilities of Management and Board of Directors for the Financial Statements

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

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

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

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

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

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



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

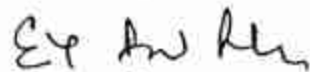
From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes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

### Report on Other Legal and Regulatory Requirements

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

- a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);
- b) the statement of financial position, the statement of profit or loss, the statement of comprehensive income, the statement of cash flows and the statement of changes in equity together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;
- c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and
- d) zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the Company and deposited in the Central Zakat Fund established under section 7 of that Ordinance.

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



**Chartered Accountants**

**Place:** Karachi

**Date:** 8 September 2024

**UDIN Number:** AR2024101200gn7KzT9Q

# STATEMENT OF FINANCIAL POSITION

AS AT JUNE 30, 2024

	Note	2024	2023
		(Rupees in '000)	
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Fixed assets			
Property, plant and equipment	4	28,332,117	28,934,966
Intangible assets	5	595,196	30,153
		<u>28,927,313</u>	<u>28,965,119</u>
Long-term investments	6	550,412	408,134
Long-term loans	7	49,932	59,364
Long-term deposits	8	4,931	4,676
		<u>605,275</u>	<u>472,174</u>
		<u>29,532,588</u>	<u>29,437,293</u>
<b>CURRENT ASSETS</b>			
Stores, spare parts and loose tools	9	5,253,535	6,219,768
Stock-in-trade	10	1,790,431	2,279,774
Trade debts	11	1,373,131	903,240
Loans and advances	12	107,495	72,695
Trade deposits and short-term prepayments	13	12,227	5,267
Other receivables	14	12,778	6,196
Short-term investments	15	2,522,353	-
Taxation – net		-	217,940
Cash and bank balances	16	429,514	160,113
		<u>11,501,464</u>	<u>9,864,993</u>
<b>TOTAL ASSETS</b>		<u>41,034,052</u>	<u>39,302,286</u>
<b>EQUITY AND LIABILITIES</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
Share capital	17	1,942,950	1,942,950
Reserves	18	23,599,979	18,936,068
		<u>25,542,929</u>	<u>20,879,018</u>
<b>NON-CURRENT LIABILITIES</b>			
Long-term financings	19	2,714,802	6,374,690
Lease liabilities	20	25,334	39,214
Long-term security deposits	21	32,460	29,025
Government grant	22	1,173,478	935,890
Deferred taxation	23	4,187,445	2,875,087
		<u>8,133,519</u>	<u>10,253,906</u>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	24	3,653,411	2,879,035
Contract liabilities		128,911	208,393
Accrued mark-up	25	105,799	438,173
Short-term borrowings	26	1,888,995	1,573,345
Current maturity of long-term financings	19	108,966	2,943,476
Current portion of lease liabilities	20	13,852	13,549
Current portion of Government grant	22	64,372	11,260
Taxation-net		1,282,175	-
Unclaimed dividend	27	76,439	74,984
Unpaid dividend		34,684	27,147
		<u>7,357,604</u>	<u>8,169,362</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u>41,034,052</u>	<u>39,302,286</u>
<b>CONTINGENCIES AND COMMITMENTS</b>			
	28		

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

CHIEF EXECUTIVE OFFICER

DIRECTOR

CHIEF FINANCIAL OFFICER

## STATEMENT OF PROFIT OR LOSS

FOR THE YEAR ENDED JUNE 30, 2024

	Note	2024 ----- (Rupees Int '000) -----	2023 (Restated)
<b>Turnover – net</b>	29	<b>38,433,747</b>	37,386,186
Cost of sales	30	<b>(26,593,361)</b>	(27,249,373)
<b>Gross profit</b>		<b>11,840,386</b>	10,136,813
Distribution costs	31	<b>(760,578)</b>	(806,436)
Administrative expenses	32	<b>(500,441)</b>	(436,116)
Other expenses	33	<b>(463,631)</b>	(362,027)
		<b>(1,724,650)</b>	(1,404,579)
Other income	34	<b>493,426</b>	453,965
<b>Operating profit</b>		<b>10,609,162</b>	9,186,199
Finance costs	35	<b>(1,381,082)</b>	(1,914,170)
<b>Profit before income tax and final taxes</b>		<b>9,228,080</b>	7,272,029
Final taxes	36	<b>(97,390)</b>	(44,316)
<b>Profit before income tax</b>		<b>9,130,690</b>	7,227,713
Income tax			
Current		<b>(2,329,018)</b>	(478,049)
Prior		<b>30,387</b>	(8,981)
Deferred		<b>(1,332,308)</b>	(2,336,751)
	37	<b>(3,630,939)</b>	(2,823,781)
<b>Profit after tax</b>		<b>5,499,751</b>	4,403,932
<b>Earnings per share - basic and diluted</b>	38	<b>Rs. 28.31</b>	Rs. 22.67

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

CHIEF EXECUTIVE OFFICER

DIRECTOR

CHIEF FINANCIAL OFFICER

## STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED JUNE 30, 2024

	2024	2023
	----- (Rupees in '000) -----	
<b>Profit after tax</b>	<b>5,499,751</b>	4,403,932
<b>Other comprehensive income / (loss)</b>		
<b>Items that will not be reclassified subsequently to statement of profit or loss</b>		
Unrealized gain on remeasurement of equity investments at fair value through other comprehensive income - net of deferred tax	74,185	2,315
Actuarial (loss) / gain on defined benefit plan - net of deferred tax	(35,697)	30,777
	38,488	33,092
<b>Total comprehensive income</b>	<b>5,538,239</b>	4,437,024

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



**CHIEF EXECUTIVE OFFICER**



**DIRECTOR**



**CHIEF FINANCIAL OFFICER**

# STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED JUNE 30, 2024

	Note	2024	2023
----- (Rupees in '000) -----			
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>Profit before income tax and final taxes</b>		<b>9,228,080</b>	<b>7,272,029</b>
<b>Adjustments for:</b>			
Depreciation on operating property, plant and equipment	4.1.4	1,744,287	1,601,838
Depreciation on right-of-use assets	4.3.1	18,987	16,816
Amortisation	5.2	67,486	2,739
Gain on disposals of operating property, plant and equipment - net	4.1.5	(17,847)	(5,452)
Interest income on financial asset at amortised cost	34	(7,709)	(8,716)
Gratuity expense		95,310	86,492
Amortisation of government grant	22	(35,907)	(21,487)
Finance costs		1,416,989	1,935,657
Exchange gain	34	(119)	(112)
Share of profit from joint ventures	34	(264)	(7,060)
Dividend income	34	(10,820)	(8,119)
		<b>3,270,393</b>	<b>3,592,596</b>
		<b>12,498,473</b>	<b>10,864,625</b>
<b>(Increase) / decrease in current assets</b>			
Stores, spare parts and loose tools		966,233	1,252,248
Stock-in-trade		489,343	(1,353,699)
Trade debts		(469,891)	(369,267)
Loans and advances		(34,800)	219,996
Trade deposits and short-term prepayments		(6,960)	10,202
Other receivables		(6,582)	(1,709)
		<b>937,343</b>	<b>(242,229)</b>
		<b>13,435,816</b>	<b>10,622,396</b>
<b>Increase / (decrease) in current liabilities</b>			
Trade and other payables		712,865	33,370
Contract liabilities		(79,482)	(35,528)
<b>Cash generated from operations</b>		<b>14,069,199</b>	<b>10,620,238</b>
Income tax and final taxes paid		(895,906)	(655,153)
Long-term loans and deposits - net		20,321	20,203
Gratuity paid		(92,200)	(84,420)
<b>Net cash generated from operating activities</b>		<b>13,101,414</b>	<b>9,900,868</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Additions to property, plant and equipment		(1,760,806)	(2,795,819)
Additions to right-of-use assets	4.3	(17,550)	-
Additions to intangible assets	5	-	(18,137)
Disposal of investment in joint venture - Madian Hydro Power Limited		-	82,800
Proceeds from disposals of operating property, plant and equipment	4.1.5	35,259	16,740
Dividend received		10,820	8,119
Long-term investment made		(64,957)	-
<b>Net cash used in investing activities</b>		<b>(1,797,234)</b>	<b>(2,706,297)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Long-term financings - net		(6,203,698)	(3,659,394)
Lease rentals paid	20	(20,455)	(20,505)
Dividend paid		(865,336)	(858,178)
Finance costs paid		(1,738,588)	(2,060,275)
<b>Net cash used in financing activities</b>		<b>(8,828,077)</b>	<b>(6,598,352)</b>
<b>Net increase in cash and cash equivalents</b>		<b>2,476,104</b>	<b>596,219</b>
<b>Cash and cash equivalents as at the beginning of the year</b>		<b>(1,413,232)</b>	<b>(2,009,451)</b>
<b>Cash and cash equivalents as at the end of the year</b>	41	<b>1,062,872</b>	<b>(1,413,232)</b>

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



CHIEF EXECUTIVE OFFICER



DIRECTOR



CHIEF FINANCIAL OFFICER

## STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED JUNE 30, 2024

	Reserves							Total Reserves	Total
	Capital Reserves		Revenue Reserves						
	Share premium	Other	General reserves	Unappropriated profit	Actuarial (loss) / gain on defined benefit plan - net of deferred tax	Unrealised gain on equity investments - net of deferred tax			
	(Rupees in '000)								
Balance as at July 01, 2022	1,942,960	1,047,658	50,900	420,000	13,762,994	(68,004)	159,824	15,373,372	17,316,322
Final cash dividend for the year ended June 30, 2022 @ Rs. 3.00/- per share	-	-	-	-	(582,885)	-	-	(582,885)	(582,885)
Interim cash dividend for the year ended June 30, 2023 @ Rs. 1.50/- per share	-	-	-	-	(291,443)	-	-	(291,443)	(291,443)
Profit after tax	-	-	-	-	4,403,932	-	-	4,403,932	4,403,932
Other comprehensive income	-	-	-	-	-	30,777	2,915	33,692	33,692
Total comprehensive income	-	-	-	-	4,403,932	30,777	2,915	4,437,624	4,437,624
Balance as at June 30, 2023	1,942,960	1,047,658	50,900	420,000	17,292,598	(37,227)	162,139	18,936,068	20,879,016
Balance as at July 1, 2023	1,942,950	1,047,658	50,900	420,000	17,292,598	(37,227)	162,139	18,938,068	20,879,016
Final cash dividend for the year ended June 30, 2023 @ Rs. 3.00/- per share	-	-	-	-	(582,885)	-	-	(582,885)	(582,885)
Interim cash dividend for the year ended June 30, 2024 @ Rs. 1.50/- per share	-	-	-	-	(291,443)	-	-	(291,443)	(291,443)
Profit after tax	-	-	-	-	5,499,751	-	-	5,499,751	5,499,751
Other comprehensive income / (loss)	-	-	-	-	-	(35,097)	74,185	38,488	38,488
Total comprehensive income	-	-	-	-	5,499,751	(35,097)	74,185	5,538,239	5,538,239
Balance as at June 30, 2024	1,942,950	1,047,655	50,900	420,000	21,918,021	(72,904)	236,324	23,699,979	25,542,929

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



CHIEF EXECUTIVE OFFICER



DIRECTOR



CHIEF FINANCIAL OFFICER

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

## 1 THE COMPANY AND ITS OPERATIONS

- 1.1 Cherat Cement Company Limited (the Company) was incorporated in Pakistan as a public company limited by shares in the year 1981. The Company is listed on Pakistan Stock Exchange Limited. Its main business activity is manufacturing, marketing and sale of cement. The geographical location and addresses of the Company's business units / immovable assets are as under:

Business Unit	Address
Head Office	Modern Motors House, Beaumont Road, Karachi
Registered Office / Factory (immovable assets)	Village Lakrai, P.O Box 28, District Nowshera (Land measuring area - 360 acres)
Sales Office Peshawar	First Floor, Betani Arcade, University Road, Peshawar
Sales Office Lahore	3, Sunder Das Road, Lahore
Sales Office Islamabad	First Floor, Razia Sharif Plaza, Jinnah Avenue, Blue Area, Islamabad
Land (immovable asset)	Mouza Saiduwalli, Tehsil Paharpur, District, D.I. Khan (Land measuring area - 586 acres)

- 1.2 Summary of significant transactions and events that have affected Company's financial position and performance during the year are as follows:

- 1.2.1 During the year, the Company has made early repayments of various long-term financings on account of improved liquidity.

## 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 as 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 (the Act); and
- Provisions of and directives issued under the Act.

Where the provisions of and directives issued under the Act differ from the Accounting standards, the provisions of and directives issued under the Act have been followed.

### 2.2 Accounting Convention

These financial statements have been prepared on the basis of historical cost convention except for certain items as disclosed in the relevant accounting policies below.

### 2.3 New standards and amendments to approved accounting standards

#### 2.3.1 Adoption of amendments to approved accounting standards effective during the year

The accounting policies adopted in the preparation of these financial statements are consistent with those of the previous financial year, except as described below:

## **Amendments to approved accounting standards**

### **IAS 8 Definition of Accounting Estimates (Amendments)**

The amendments to IAS 8 clarify the distinction between changes in accounting estimates, changes in accounting policies and the correction of errors. They also clarify how entities use measurement techniques and inputs to develop accounting estimates.

The amendments had no impact on the Company's financial statements.

### **IAS 1 and IFRS Practice Statement 2 Disclosure of Accounting Policies (Amendments)**

The amendments to IAS 1 and IFRS Practice Statement 2 Making Materiality Judgements provide guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

The amendments have had an impact on the Company's disclosures of accounting policies, but not on the measurement, recognition or presentation of any items in the Company's financial statements.

### **IAS 12 Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments)**

The amendments to IAS 12 Income Tax narrow the scope of the initial recognition exception so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences i.e. leases and decommissioning liabilities.

The amendments had no impact on the Company's financial statements.

### **IAS 12 International Tax Reform – Pillar Two Model Rules (Amendments)**

The amendments to IAS 12 have been introduced in response to the OECD's BEPS Pillar Two rules and include:

- A mandatory temporary exception to the recognition and disclosure of deferred taxes arising from the jurisdictional implementation of the Pillar Two model rules; and
- Disclosure requirements for affected entities to help users of the financial statements better understand an entity's exposure to Pillar Two income taxes arising from that legislation, particularly before its effective date.

The mandatory temporary exception – the use of which is required to be disclosed – applies immediately. The remaining disclosure requirements apply for annual reporting periods beginning on or after 1 January 2023, but not for any interim periods ending on or before 31 December 2023.

The above amendments do not have any significant impact on the Company's financial statements.

## **2.3.2 Standards, amendments and improvements to IFRSs that are not yet effective**

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



Standards / Amendments		Effective dates (annual periods beginning on or after)
IAS 1	Classification of Liabilities as Current or Non-current and Non-current Liabilities with Covenants - Amendments to IAS 1	1-Jan-2024
IAS 7 and IFRS 7	Disclosures: Supplier Finance Arrangements - Amendments to IAS 7 and IFRS 7	1-Jan-2024
IFRS 16	Lease Liability in a Sale and Leaseback - Amendments to IFRS 16	1-Jan-2024
IAS 21	Lack of exchangeability - Amendments to IAS 21	1-Jan-2025
IFRS 9 and IFRS 7	Classification and Measurement of Financial Instruments - Amendments to IFRS 9 and IFRS 7	1-Jan-2026
IFRS 17	Insurance Contracts	1-Jan-2026
IFRS 18	Presentation and Disclosure in Financial Statements	1-Jan-2027
IFRS 19	Subsidiaries without Public Accountability: Disclosures	1-Jan-2027
IFRS 10 / IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture - Amendment to IFRS 10 and IAS 28	Not yet finalised

Further, following new standards have been issued by IASB which are yet to be notified by the SECP for the purpose of applicability in Pakistan:

Standard	IASB effective date (annual periods beginning on or after)
IFRS 1 First-time Adoption of International Financial Reporting Standards	1-Jan-2004

The Company expects that above standards and amendments to the approved accounting standards will not have any material impact on the Company's financial statements in the period of initial application.

## 2.4 Significant accounting judgments, estimates and assumptions

The preparation of these financial statements in conformity with approved accounting standards as applicable in Pakistan requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities and assets, at the end of the reporting period. However, uncertainty about these estimates and judgments could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods. The management continually evaluates judgments, estimates and assumptions which are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under current circumstances. Revisions to accounting estimates are recognised prospectively.

In the process of applying the accounting policies, management has made the following estimates and judgments which are significant to the financial statements:

#### **2.4.1 Property, plant and equipment**

The Company reviews appropriateness of the rate of depreciation, useful life and residual value used in the calculation of depreciation. Further, where applicable, an estimate of the recoverable amount of assets is made for possible impairment on an annual basis. Any change in the estimates in future might affect the carrying amount of respective item of operating property, plant and equipment, with corresponding effects on the depreciation charge and impairment.

#### **2.4.2 Taxation**

##### **Current**

In applying the estimate for income tax payable, the Company takes into account the applicable tax laws and the decision by appellate authorities on certain issues in the past. Instances where the Company's view differ from the view 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 contingency.

##### **Deferred**

Deferred tax is provided in full using the liability method on temporary differences arising at the statement of financial position between the tax bases of the assets, the liabilities and their carrying amounts.

Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised for all deductible temporary differences including unused tax losses and unused tax credits to the extent that it is probable that sufficient future taxable profits will be available against which these can be utilized.

Deferred tax is calculated at the rates that are expected to apply to the period when the differences reverse, based on tax rates that have been enacted or substantively enacted by the statement of financial position date. Deferred tax is charged or credited to statement of profit or loss.

The Company reclassified the final taxes fall under the levy within the scope of IFRIC 21/IAS37 in the statement of profit or loss account. Consequently, there is no change in profit after tax due to this reclassification, the three column impact in the context of restatement in the Company's financial statements, is not material.

#### **2.4.3 Stock-in-trade, stores, spare parts and loose tools**

The Company reviews the Net Realizable Value (NRV) of stock-in-trade and stores, spare parts and loose tools to assess any diminution in the respective carrying values. NRV is estimated with reference to the estimated selling price in the ordinary course of business less the estimated costs of completion and estimated costs necessary to make the sale.

#### **2.4.4 Staff retirement benefits**

Certain actuarial assumptions have been adopted for valuation of present value of defined benefit obligations and fair value of plan assets. Any change in these assumptions in future years might affect gains and losses in those years. The actuarial valuation involves making assumptions about discount rates, expected rates of return on assets, future salary increases and mortality rates.

#### **2.4.5 Contingencies**

The assessment of the contingencies inherently involves the exercise of significant judgment as the outcome of the future events cannot be predicted with certainty. The Company, based on the availability

of the latest information, estimates the value of contingent assets and liabilities which may differ on the occurrence / non-occurrence of the uncertain future events.

### **3 MATERIAL ACCOUNTING POLICY INFORMATION**

The material accounting policies adopted by the Company in the preparation of these financial statements are as follows:

#### **3.1.1 Property, plant and equipment**

Property, plant and equipment except for land and capital work-in-progress are stated at cost less accumulated depreciation and impairment loss, if any. Land and capital work-in-progress are stated at cost less impairment, if any. Capital work-in progress consists of expenditure incurred and advances made in the course of an assets construction and installation. Depreciation is charged to statement of profit or loss applying the reducing balance method except for computers, which are depreciated using the straight-line method at the rates mentioned in the note 4.1.1 to the financial statements. Depreciation is charged from the month in which an asset is available for use, while no depreciation is charged in the month in which an asset is disposed off.

Maintenance and repairs are charged to statement of profit or loss as and when incurred. Major renewals and improvements which increase the asset's remaining useful economic life or the performance beyond the current estimated levels are capitalized and the assets so replaced, if any, are retired.

Gains or losses on disposal of operating property, plant and equipment, if any, are recognised in the statement of profit or loss.

#### **3.1.2 Right-of-use assets**

The Company recognises right-of-use assets at the commencement date of the lease i.e., the date the underlying asset is available for use. Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received.

Right-of-use assets are depreciated on a straight-line basis over the lower of the lease term or the useful life of the assets, as follows:

Sales offices - 1 to 4 years

Head office - 5 to 8 years

If ownership of the leased asset transfers to the Company at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of an asset.

#### **3.1.3 Intangible assets**

An intangible asset is recognised if it is probable that the future economic benefits that are attributable to the asset will flow to the Company and the cost of such assets can also be measured reliably.

Computer software and implementation costs that are directly associated with the computer and computer controlled machines which cannot operate without the related specific software, are included in the cost of respective assets. Software which is not an integral part of the related hardware is classified as intangible assets. It also includes cost for feasibility studies etc.

Intangible assets are stated at cost less accumulated amortisation and impairment loss, if any. Intangible

assets are amortised on a straight-line method when assets are available for use. Amortisation is charged from the month of the year in which addition / capitalisation occurs while no amortisation is charged in the month in which an asset is disposed off.

## **3.2 Investments**

### **3.2.1 At fair value through other comprehensive income**

Equity investments are initially recognised at cost, being the fair value of the consideration paid including transaction cost. Subsequent to initial recognition, these investments are re-measured at fair value (quoted market price). All gains or losses from change in the fair value of equity investments are recognised directly in other comprehensive income.

### **3.2.2 At fair value through profit or loss**

Financial assets that are acquired principally for the purpose of generating profit from short-term fluctuation in prices are classified as financial assets at fair value through profit or loss category.

These investments are initially recognised at fair value, relevant transaction costs are taken directly to statement of profit or loss account and subsequently measured at fair value. Net gains and losses arising on changes in fair value of these financial assets are taken to the statement of profit or loss in the period in which they arise.

## **3.3 Stores, spare parts and loose tools**

These are valued at lower of weighted average cost or NRV except items-in-transit which are stated at invoice value plus other charges incurred thereon upto the date of statement of financial position.

Provision / write-off, if required, is made in the financial statements for slow moving, obsolete and unusable items to bring their carrying value down to NRV.

## **3.4 Stock-in-trade**

Raw materials and finished goods are valued at lower of average cost or NRV, except items in-transit, if any, are valued at cost comprising invoice values plus other charges incurred thereon up to the statement of financial position date.

Cost signifies in relation to:

- |                                    |   |
|------------------------------------|---|
| Raw and packing material           | - Purchase cost on average basis  |
| Finished goods and work-in-process | - Cost of direct material, labour and proportion of manufacturing overheads |

Work-in-process is valued at average cost of raw-materials including a proportion of manufacturing overheads.

Provision, if required is made in the financial statements for slow moving, obsolete and unusable items to bring their carrying value down to Net Realisable Value (NRV).

## **3.5 Trade debts, loans, deposits and other receivables**

Trade debts, loans, deposits and other receivables are stated initially at fair value and subsequently measured at amortised cost using the effective interest rate method. Provision is made on the basis of lifetime ECLs that result from all possible default events over the expected life of the trade debts, loans, deposits and other receivables. Bad debts are written off when considered irrecoverable.

### 3.6 Cash and cash equivalents

Cash and cash equivalents are stated at cost. For the purpose of statement of cash flows, cash and cash equivalents comprise cash and cheques-in-hand, current and saving accounts with banks, short-term investments (including term deposits and mutual funds) receipts and short-term borrowings.

### 3.7 Share Capital and reserves

Ordinary shares are classified as equity and recognised at their face value. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Reserves comprise of capital and revenue reserves. Capital reserves represent share premium while revenue reserves comprise of general reserves and unappropriated profit. The purpose of general reserves includes, but not limited to, fulfilling various business needs like meeting contingencies, offsetting future losses, enhancing the working capital, etc.

### 3.8 Financial Instruments

A financial instrument is any contract that gives rise to a financial asset for one entity and a financial liability or equity instrument for other entity.

#### 3.8.1 Financial asset

##### a) Initial recognition and measurement

Financial assets are classified at initial recognition and subsequently measured at amortized cost, fair value through other comprehensive income or fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. With the exception of trade receivables, the Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables are measured at the transaction price determined under IFRS 15.

In order for a financial asset to be classified and measured at amortized cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. The Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e. the date that the Company commits to purchase or sell the asset.

##### b) Subsequent measurement

For purposes of subsequent measurement, the Company classifies its financial assets into following categories:

- Financial assets at amortized cost (debt instruments);
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments) (FVOCI); and

- Financial assets at fair value through profit or loss (FVPL)

#### **Financial assets at amortized cost (debt instruments)**

The Company measures financial assets at amortized cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and ;
- The contractual terms of the financial asset give rise on specified dates to cash flows that are SPPI on the principal amount outstanding.

Financial assets at amortized cost are subsequently measured using the effective interest rate (EIR) method and are subject to impairment. Gains and losses are recognised in the statement of profit or loss when the asset is derecognised, modified or impaired.

#### **Financial assets designated at FVOCI (equity instruments)**

Upon initial recognition, the Company can elect to classify irrevocably its equity investments as equity instruments designated at FVOCI when they meet the definition of equity under IAS 32 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income in profit or loss when the right of payment has been established, except when the Company benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

#### **Financial assets at FVPL**

Financial assets at FVPL include financial assets held for trading, financial assets designated upon initial recognition at FVPL, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortized cost or at FVOCI, as described above, debt instruments may be designated at FVPL on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at FVPL are carried in the statement of financial position at fair value with net changes in fair value recognised in statement of profit or loss.

This category also includes derivative instruments and listed equity investments which the Company had not irrevocably elected to classify at FVOCI. Dividends from listed equity investments are also recognised as other income in profit or loss when the right of payment has been established.

The Company has designated the investments in mutual funds at FVPL.

#### **Derecognition**

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e. removed from the Company's statement of financial position) when;

- The rights to receive cash flows from the asset have expired, or
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either:
  - (a) the Company has transferred substantially all the risks and rewards of the asset, or
  - (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a passthrough arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership.

When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

### 3.8.2 Financial liabilities

#### Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings or payables, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

For purposes of subsequent measurement, financial liabilities are classified in two categories:

- Financial liabilities at fair value through profit or loss; and
- Financial liabilities at amortised cost

#### Financial liabilities at amortised cost

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss.

This category generally applies to interest-bearing loans and borrowings.

The Company has not designated any financial liability as at fair value through profit or loss.

#### Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially

different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

### **3.9 Government grant**

Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with.

When the grant relates to expense, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed out. When the grant relates to an asset, it is recognised as income in equal amounts over the expected useful life of the related asset.

### **3.10 Leases**

The Company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Company recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. In calculating the present value of lease payments at the lease commencement date, the Company uses the interest rate implicit in the lease. In case where the interest rate implicit in the lease is not readily determinable, the Company uses its incremental borrowing rate. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments or a change in the assessment of an option to purchase the underlying asset.

The Company applies the short-term lease recognition exemption towards short-term leases (i.e. those lease that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). Lease payments on such leases are recognised as expense on straight line basis over the lease term.

### **3.11 Trade and other payables**

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

### **3.12 Contract liabilities**

A contract liability is the obligation to transfer goods or services to a customer for which the Company has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Company transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Company performs under the contract.

### **3.13 Contingent liabilities**

A contingent liability is disclosed when the Company has a possible obligation as a result of past



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

### **3.14 Foreign currency transactions and translations**

Transactions in foreign currencies are translated into Pak Rupees at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the date of statement of financial position are translated into Pak Rupees at the foreign exchange rate prevailing at that date. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translations at the year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of profit or loss. Derivative financial instruments are translated at the fair market rates as at the reporting date.

### **3.15 Revenue from contract with customers**

#### **3.15.1 Sale of goods**

Revenue from sale of goods is recognised when or as control of goods have been transferred to a customer either over time or at a point in time, when the performance obligations are met. It is recorded at net of trade discounts, commission and rebates. Revenue is measured at fair value of the consideration received or to be received.

#### **3.15.2 Other income**

- (a) Profit on bank accounts is recognised on accrual basis using an effective interest rate method.
- (b) Dividend income is recognised when the right to receive such payment is established.
- (c) Scrap sales and miscellaneous income are recognised on receipt basis.
- (d) Other revenues are accounted when performance obligations are met.

### **3.16 Staff Retirement Benefits**

#### **3.16.1 Gratuity Fund**

The Company operates an approved defined benefit gratuity fund scheme for all eligible employees who have completed the minimum qualifying period of service. The scheme is administered by the trustees nominated under the trust deed. The contributions to the scheme are made in accordance with actuarial valuation using Projected Unit Credit method. Actuarial gains and losses are recognised in full in the period in which they occur in the other comprehensive income. All the past service costs are recognised at the earlier of when the amendments or curtailment occurs and when the Company has recognised related restructuring or terminations benefits.

#### **3.16.2 Provident Fund**

The Company operates an approved defined contributory provident fund scheme for all permanent employees who have completed the minimum qualifying period of service. Equal monthly contributions are made by the Company and the employees to the Fund at the rate of 8.33 percent of basic salary.

### **3.17 Provisions**

Provisions are recognised when the Company has a present (legal or constructive) obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will

be required to settle the obligation and a reliable estimate of the obligation can be made. Provisions are reviewed at each statement of financial position date and adjusted to reflect the current best estimate.

### **3.18 Taxation**

#### **3.18.1 Current**

The charge for current taxation is based on taxable income at the current rates in accordance with Income Tax Ordinance, 2001.

#### **3.18.2 Deferred**

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date. Deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognized for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that future taxable profits will be available against which these can be utilized.

The carrying amount of deferred tax assets is reviewed at each statement of financial position date and adjusted to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax assets to be utilized.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantially enacted by the statement of financial position date.

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

Pursuant to the release of circular 7/2024 by the Institute of Chartered Accountants of Pakistan, the Company has elected to change the method of accounting for minimum taxes and final taxes.

The Company has elected to designate the amount calculated on taxable income using the enacted tax rate as an income tax within the scope of IAS 12 'Income Taxes' and recognise it as current income tax expense. Any excess over the amount designated as income tax, will then be recognised as a levy falling under the scope of IFRIC 21 / IAS 37.

As computation of final taxes under provisions of ITO, 2001 is not based on taxable income, therefore, final taxes fall under levy within the scope of IFRIC 21/IAS 37 and not income tax in the statement of profit or loss.

### **3.19 Sales Tax**

Revenues, expenses and assets are recognised, net off amount of sales tax except:

- Where sales tax incurred on a purchase of asset or service is not recoverable from the taxation authorities, in these case the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable;
- Receivables or payables that are stated with the amount of sales tax; and
- The net amount of sales tax recoverable from, or payable to, the taxation authorities is included as part of receivables or payables in the statement of financial position.

### **3.20 Earnings per share**

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

### **3.21 Borrowing costs**

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective assets. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

### **3.22 Dividend and appropriation to reserves**

Dividend and appropriation to reserves are recognised in the financial statements in which these are approved. Transfer between reserves made subsequent to the statement of financial position date is considered as a non-adjusting event and is recognized in the financial statements in the period in which such transfers are made.

### **3.23 Functional and presentation currency**

These financial statements are presented in Pak Rupees, which is the Company's functional and presentation currency.

4	PROPERTY, PLANT AND EQUIPMENT	Note	2024	2023
			(Rupees in '000)	
	Operating property, plant and equipment	4.1	25,974,002	26,566,937
	Capital work-in-progress	4.2	2,311,885	2,320,362
	Right-of-use assets	4.3	46,230	47,667
			<u>28,332,117</u>	<u>28,934,966</u>

#### 4.1 Operating property, plant and equipment

##### 4.1.1 Following are the schedules of operating property, plant and equipment:

Description	2024								
	COST			ACCUMULATED DEPRECIATION				Net book value as at June 30, 2024	Depreciation rate % per annum
	As at July 01, 2023	Additions / (disposals)	As at June 30, 2024	As at July 01, 2023	Disposals	Charge for the year	As at June 30, 2024		
(Rupees in 000)									
Freshhold land	946,084	-	946,084	-	-	-	-	946,084	-
Leasehold land	7,065	-	7,065	-	-	-	-	7,065	-
Building on leasehold land	5,985,432	389,461	6,374,893	2,169,601	-	296,728	2,466,329	3,908,564	7.5
Plant and machinery	28,387,833	521,723	28,909,556	9,123,594	-	1,105,849	10,229,443	18,680,213	5-7.5
Power and other installations	3,229,187	2,083 (75)	3,231,185	1,501,603	-	172,898 (40)	1,674,461	1,556,734	10-20
Furniture and fittings	101,181	12,644	113,825	44,118	-	5,999	50,117	63,708	10-20
Quarry, factory and laboratory equipment	973,551	22,883	996,434	679,626	-	45,738	725,365	271,069	10-20
Motor vehicles	635,295	158,863 (51,997)	742,161	266,096	(35,441)	91,983	322,638	419,523	20
Office equipment	95,771	36,501 (185)	132,087	42,509	(103)	7,264	49,670	82,417	10-20
Computers	184,623	24,606 (3,883)	205,366	152,038	(3,124)	17,827	166,741	38,625	33.33
	<u>40,546,122</u>	<u>1,168,764 (56,120)</u>	<u>41,658,766</u>	<u>13,979,185</u>	<u>(38,708)</u>	<u>1,744,287</u>	<u>15,684,764</u>	<u>25,974,002</u>	

Description	2023								
	COST			ACCUMULATED DEPRECIATION				Net book value as at June 30, 2023	Depreciation Rate % per annum
	As at July 01, 2022	Additions / (disposals)	As at June 30, 2023	As at July 01, 2022	Disposals	Charge for the Year	As at June 30, 2023		
	(Rupees in '000)								
Freehold land	172,039	774,045	946,084	-	-	-	-	946,084	-
Leasehold land	7,065	-	7,065	-	-	-	-	7,065	-
Building on leasehold land	5,745,867	239,665	5,985,432	1,877,488	-	292,113	2,169,601	3,815,831	7.5
Plant and machinery	25,766,120	2,831,813	29,387,933	8,138,157	-	985,437	9,123,594	19,264,339	5-7.5
Power and other installations	3,150,805	78,652 (271)	3,229,187	1,317,573	-	184,204	1,501,603	1,727,584	10-20
Furniture and fittings	85,768	15,415	101,181	38,976	-	5,143	44,118	57,063	10-20
Quarry, factory and laboratory equipment	912,256	61,295	973,551	635,708	-	43,918	679,626	293,925	10-20
Motor vehicles	497,992	176,310 (39,007)	635,295	221,562	-	72,782	265,096	369,199	20
Office equipment	87,032	9,516 (777)	95,771	37,370	-	5,743	42,509	53,262	10-20
Computers	158,816	29,306 (3,499)	184,623	142,780	-	12,498	152,038	32,585	33-33
	36,573,759	4,015,917 (43,554)	40,546,122	12,409,613	-	1,601,838	13,979,185	26,566,937	

**4.1.2** Significant operating fixed assets of cement production lines and power generation units, other than disclosed in note 1.1 inter alia include the following:

Crusher  
Raw mill / press  
Coal mill  
Cooler  
Preheater  
Klin  
Cement mill / press  
Packing machine  
Boilers  
Waste heat recovery plant  
Generators (Wartsila and Caterpillar)  
Solar panels  
Turbine

**4.1.3 Reconciliation of net book value:**

	2024	2023
	----- (Rupees in '000) -----	
Net book value at the beginning of the year	<b>26,566,937</b>	24,164,146
Additions during the year - at cost	<b>1,168,764</b>	4,015,917
Depreciation for the year	<b>(1,744,287)</b>	(1,601,838)
Disposals during the year - at net book value	<b>(17,412)</b>	(11,288)
Net book value at the end of the year	<b><u>25,974,002</u></b>	<u>26,566,937</u>

Note	2024	2023
	----- (Rupees in '000) -----	

#### 4.1.4 The depreciation for the year has been allocated as follows:

Cost of sales	30	1,685,152	1,554,101
Distribution costs	31	31,522	23,812
Administrative expenses	32	27,613	23,925
		<u>1,744,287</u>	<u>1,601,838</u>

#### 4.1.5 Disposal of operating property, plant and equipment:

Description	Cost	Net Book Value	Sale Proceeds	Gain / (loss)	Mode of disposal	Particulars of buyers and relationship
	----- (Rupees in '000) -----					
<b>Motors Vehicles</b>						
Toyota Fortuner AT V, Reg. No. ALX-96	9,994	6,718	8,000	1,282	Employee car scheme	Mr. Muhammad Riaz - Employee
Toyota Corolla GLI AT, Reg. No. AND-607	2,334	847	847	-	Employee car scheme	Mr. Ishtiaq - Employee
Toyota Corolla GLI, Reg. No. AHL-228	1,975	522	522	-	Employee car scheme	Mr. Syed Saah Bukhari - Employee
Items having book value less than PKR 500,000 each	37,604	8,469	24,804	16,336		
	<u>51,997</u>	<u>16,556</u>	<u>34,173</u>	<u>17,617</u>		
<b>Power and other installations</b>	75	35	-	(35)	Write-off	
<b>Office equipment</b>	185	82	41	(41)	Tender	M/s. Ahsan Scrap
<b>Computers</b>	3,863	739	1,045	306	Tender / write-off / insurance claim	
<b>2024</b>	<u>56,120</u>	<u>17,412</u>	<u>35,259</u>	<u>17,847</u>		
2023	<u>43,554</u>	<u>11,288</u>	<u>16,740</u>	<u>5,452</u>		

#### 4.1.6 Details of immovable property (land and building) in the name of the Company:

Location	Usage	Area
Village Lakral, P.O. Box 28, District Nowshera.	Manufacturing plant	360 acres
Mouza Saiduwalli, Tehsil Panarour, District, D.I. Khan.	For planned expansion of manufacturing plant	588 acres

#### 4.1.7 Fair value of property, plant and equipment

The market value of property, plant and equipment based on an independent valuer's report as of December 2021 updated by adding subsequent additions at cost amounts to Rs. 54,812 million (2023: Rs. 53,644 million). However, the same has not been incorporated in these financial statements.

## 4.2 Capital work-in-progress

Description	Freehold land	Building on leasehold land	Plant and machinery	Power and other installations	Furniture and fittings	Quarry, factory and lab equipment	Motor vehicles	Office equipment	Computers	Intangible assets	Total
Rupees in '000											
Balance as at June 30, 2022	-	36,500	3,178,140	8,252	5,472	51,426	31,802	5,275	3,183	-	3,385,370
Capital expenditure incurred / advances made during the year	835,521	287,135	845,546	81,457	15,547	46,729	172,252	10,223	26,306	630,000	2,950,909
Transferred to operating property, plant and equipment	(774,048)	(228,565)	(2,601,813)	(78,352)	(5,433)	(51,245)	(172,210)	(5,318)	(26,306)	-	(4,015,813)
<b>Balance as at June 30, 2023</b>	<b>56,455</b>	<b>147,435</b>	<b>1,091,651</b>	<b>12,057</b>	<b>6,804</b>	<b>66,651</b>	<b>660</b>	<b>5,982</b>	<b>213</b>	<b>630,000</b>	<b>2,325,362</b>
Capital expenditure incurred / advances made during the year	24,729	305,504	1,194,257	3,052	6,040	31,294	172,918	30,719	35,107	5,155	1,792,816
Transferred to operating property, plant and equipment / intangible assets	-	(389,461)	(521,723)	(2,033)	(12,644)	(32,883)	(158,862)	(26,501)	(24,028)	(532,529)	(1,801,233)
<b>Balance as at June 30, 2024</b>	<b>81,185</b>	<b>58,481</b>	<b>2,064,455</b>	<b>13,026</b>	<b>-</b>	<b>75,252</b>	<b>14,905</b>	<b>200</b>	<b>714</b>	<b>2,526</b>	<b>2,311,355</b>

4.2.1 During the year, borrowing costs have been capitalised amounting to Rs. 32.01 million (2023: Rs. 155.09 million) using capitalization rate of 8.09% (2023: 7.55%) on account of long-term financing obtained specifically for this purpose as fully as disclosed in note 19.4.

## 4.3 Right-of-use assets

	Note	2024	2023
(Rupees in '000)			
As at July 01		47,667	18,786
Additions		17,550	45,697
Depreciation for the year	4.3.1	(18,987)	(16,816)
As at June 30		46,230	47,667

### 4.3.1 The depreciation for the year has been allocated as follows:

		2024	2023
Distribution costs	31	15,676	13,848
Administrative expenses	32	3,311	2,968
		18,987	16,816

4.3.2 The depreciation charge for the year on right-of-use assets pertains to rental payments on account of head office and sales offices.

## 5 INTANGIBLE ASSETS

Description	COST			ACCUMULATED AMORTISATION			Net book value as at June 30	Amortisation rate % per annum
	As at July 01	Additions during the year	As at June 30	As at July 01	Charge for the Year	As at June 30		
(Rupees in '000)								
<b>2024</b>								
Computer software	68,665	2,529	71,194	38,512	4,485	42,999	28,196	10
Feasibility studies	-	630,000	630,000	-	63,000	63,000	567,000	10
	<b>68,665</b>	<b>632,529</b>	<b>701,194</b>	<b>38,512</b>	<b>67,485</b>	<b>105,999</b>	<b>595,196</b>	
<b>2023</b>								
Computer software	50,528	18,137	68,665	35,773	2,739	38,512	30,153	10
	<b>50,528</b>	<b>18,137</b>	<b>68,665</b>	<b>35,773</b>	<b>2,739</b>	<b>38,512</b>	<b>30,153</b>	

5.1 Addition to intangible assets includes pre-commencement expenditures for Line IV, including costs for feasibility studies etc. which are eligible for deduction under Section 25 of the Income Tax Ordinance, 2001.

	Note	2024	2023
		----- (Rupees in '000) -----	
<b>5.2 The amortisation for the year has been allocated as follows:</b>			
Cost of sales	30	64,178	1,293
Distribution costs	31	42	111
Administrative expenses	32	3,266	1,335
		<u>67,486</u>	<u>2,739</u>

## 6 LONG-TERM INVESTMENTS

### Investment in associated companies

At fair value through other comprehensive income	6.1	542,066	400,052
Joint Ventures:			
- UniEnergy Limited	6.2	8,346	8,082
		<u>550,412</u>	<u>408,134</u>

### 6.1 At fair value through other comprehensive income

Cherat Packaging Limited	6.1.1	425,714	351,239
Mirpurkhas Sugar Mills Limited	6.1.2	116,352	48,813
		<u>542,066</u>	<u>400,052</u>

**6.1.1** Represents 3,606,524 shares (2023: 3,606,524 shares) of Rs. 10 each representing 7.35% (2023: 7.35%) interest in Cherat Packaging Limited.

**6.1.2** Represents 3,594,435 shares (2023: 996,186 shares) of Rs. 10 each, corresponding to a 5.4% interest (2023: 2.14% interest) in Mirpurkhas Sugar Mills Limited (MIRKS). During the year, MIRKS issued 42.957% right shares of the existing paid-up capital at a face value of Rs. 10 each, offered at a price of Rs. 25 each. Cherat Cement Company Limited acquired 427,934 shares through the rights entitlement and 2,170,315 shares through additional subscriptions in right issue as duly approved through Extra Ordinary General Meeting.

	Note	2024	2023
		----- (Rupees in '000) -----	
<b>6.2 Interest in a joint venture – UniEnergy Limited</b>			

As at July 01		8,082	7,822
Share of profits	34	264	260
As at June 30	6.2.1	<u>8,346</u>	<u>8,082</u>

**6.2.1** Represents 768,999 (2023: 768,999) shares of Rs. 10 each representing 7.69% interest in M/s. UniEnergy Limited (UEL), a public unlisted company. UEL is formed for the generation and transmission of wind power, however, the company has not yet commenced its commercial operations.

**6.3** Investments in associated companies have been made in accordance with the requirements of section 199 of the Act.

	Note	2024	2023
		----- (Rupees in '000) -----	
<b>7 LONG-TERM LOANS – secured, considered good</b>			

Employees	7.1	1,307	1,483
Current maturity	12	(327)	(484)
		<u>980</u>	<u>999</u>
Loan to SNGPL	7.2	58,365	66,900
Current maturity	12	(9,413)	(8,535)
		<u>48,952</u>	<u>58,365</u>
		<u>49,932</u>	<u>59,364</u>

**7.1** Represent loans given to employees as per the Company's policy. These loans carry mark-up at 22% per annum (2023: 22% per annum) and are repayable within 4 to 5 years. These loans are secured against the provident fund balances of the respective employees. These loans do not exceed



Rs. 1 million to any employee. Management considers that the impact of recognising loans and advances at present value of future cash flows would be immaterial, in context of overall financial statements.

- 7.2** The Company has an outstanding long-term loan amounting to Rs. 75.05 million (2023: Rs. 90.06 million) to Sui Northern Gas Pipelines Limited (SNGPL) against allocation of gas for cement plant. It carries mark-up at the rate of 1.5% and is repayable in 10 equal annual installments. During the year, Rs. 15.01 million has been received. The Company recognised the long-term loan as a financial asset at amortised cost. The effective interest rate was calculated at 13%.

	Note	2024	2023
		----- (Rupees in '000) -----	
<b>6 LONG-TERM DEPOSITS</b>			
Non-interest bearing deposits		<u>4,931</u>	<u>4,676</u>
<b>9 STORES, SPARE PARTS AND LOOSE TOOLS</b>			
Stores		1,977,111	3,389,102
Spare parts		2,986,149	2,636,422
Loose tools		11,486	11,164
		<u>4,974,746</u>	<u>6,036,688</u>
In transit		278,789	183,080
		<u>5,253,535</u>	<u>6,219,768</u>
<b>10 STOCK-IN-TRADE</b>			
Raw and packing material	30	461,711	779,965
Work-in-process	30	919,377	929,815
Finished goods	30	409,343	569,994
		<u>1,790,431</u>	<u>2,279,774</u>
<b>11 TRADE DEBTS – secured, considered good</b>			
Neither past due nor impaired	11.1	<u>1,373,131</u>	<u>903,240</u>
<b>11.1</b> These are secured by way of post-dated cheques and promissory notes and do not include any receivables in respect of export sales.			
<b>12 LOANS AND ADVANCES – considered good</b>	Note	2024	2023
		----- (Rupees in '000) -----	
Advances to suppliers	12.1 & 12.2	92,772	59,299
Advances to employees		4,983	4,377
Current portion of long-term loans to employees	7	327	484
Current portion of loan to SNGPL	7	9,413	8,535
		<u>107,495</u>	<u>72,695</u>
<b>12.1 Sector wise analysis is as follows:</b>			
Government sector – secured		-	424
Other sectors – unsecured		92,772	58,875
		<u>92,772</u>	<u>59,299</u>
<b>12.2</b> These advances do not carry any interest.			

	Note	2024	2023
		----- (Rupees in '000) -----	
<b>13 TRADE DEPOSITS AND SHORT-TERM PREPAYMENTS</b>			
Trade deposits - considered good	13.1	50	300
Short-term prepayments		12,177	4,967
		<u>12,227</u>	<u>5,267</u>
<b>13.1</b> These deposits do not carry any interest.			
<b>14 OTHER RECEIVABLES - considered good</b>			
Insurance claims receivable		1,972	2,706
Duty drawback receivable		7,564	2,010
Others		3,242	1,480
		<u>12,778</u>	<u>6,196</u>
<b>15 SHORT-TERM INVESTMENTS</b>			
<b>Investments at fair value through profit or loss</b>			
Conventional investments		1,666,953	-
Shariah compliant investments		795,305	-
	15.1	<u>2,462,258</u>	-
<b>Investment at amortised cost</b>			
Conventional investment	15.2	60,095	-
		<u>2,522,353</u>	-
<b>15.1 Designated at fair value through profit or loss - Mutual Funds</b>			
Atlas Liquid Fund		311,569	-
Atlas Income Fund		101,260	-
Atlas Money Market Fund		50,621	-
Alfalah GHP Money Market Fund		487,787	-
Faysal Islamic Cash Fund		535,902	-
HBL Cash Fund		101,267	-
HBL Financial Sector Income Fund Plan - I		101,194	-
NBP Cash Plan - II		208,571	-
NBP Islamic Savings Fund		259,309	-
NIT - Money Market Fund		304,106	-
Others		672	-
		<u>2,462,258</u>	-
<b>15.2 Designated at amortised cost - Term Deposit Receipt</b>			
United Bank Limited	15.2.1	<u>60,095</u>	-
<b>15.2.1</b> This represent investment in term deposit receipt with commercial bank carrying profit at the rate of 19.3% (2023: Nil) per annum and having maturity of less than 15 days.			

	Note	2024	2023
		----- (Rupees in '000) -----	
<b>16 CASH AND BANK BALANCES</b>			
Cash in hand		4,313	4,736
<b>Bank balances</b>			
<b>Islamic banks</b>			
Current accounts		134,918	4,164
Saving accounts	16.1	130,628	105,188
		<u>265,546</u>	<u>109,352</u>
<b>Conventional banks</b>			
Current accounts		136,938	19,152
Saving accounts	16.1	22,717	26,873
		<u>159,655</u>	<u>46,025</u>
		<u>429,514</u>	<u>160,113</u>

16.1 These carry profit rates ranging from 11% to 20.5% (2023: 12.25% to 19.50%) per annum.

16.2 At year end, the Company has restricted bank balance amounting to Rs. 210 million against cash margin temporarily held in order to complete security requirements to avail SBP's subsidized financing facility for renewable energy.

## 17 SHARE CAPITAL

### 17.1 Authorised Capital

2024	2023		2024	2023
----- Number of shares -----			----- (Rupees in '000) -----	
<u>225,000,000</u>	<u>225,000,000</u>	Ordinary shares of Rs. 10/- each	<u>2,250,000</u>	<u>2,250,000</u>

### 17.2 Issued, Subscribed and Paid-Up Capital

2024	2023	Fully paid ordinary shares of Rs. 10/- each	2024	2023
----- Number of shares -----				
91,335,845	91,335,845	- Issued for cash	913,358	913,358
97,899,193	97,899,193	- Issued as bonus shares	978,992	978,992
5,060,000	5,060,000	- Issued for consideration other than cash on amalgamation	50,600	50,600
<u>194,295,038</u>	<u>194,295,038</u>		<u>1,942,950</u>	<u>1,942,950</u>

17.3 Following are the detail of shares held by the associated companies: ---- (Number of shares) ----

	2024	2023
Faruque (Private) Limited	42,096,353	42,096,353
Cherat Packaging Limited	5,327,698	5,327,698
Mirpurkhas Sugar Mills Limited	2,747,277	2,747,277
Greaves Pakistan (Private) Limited	2,419,002	2,419,002
Zensoft (Private) Limited	9,750	24,750
	<u>52,600,080</u>	<u>52,615,080</u>

17.4 Voting rights, board selection, right of first refusal and block voting are in proportion to the shareholding.

18 RESERVES	Note	2024	2023
		----- (Rupees in '000) -----	
<b>Capital reserves</b>			
Share premium		1,047,658	1,047,658
Others	18.1	50,900	50,900
		<u>1,098,558</u>	<u>1,098,558</u>
<b>Revenue reserves</b>			
General reserves		420,000	420,000
Unappropriated profit		21,918,021	17,292,598
Actuarial loss on gratuity fund		(72,924)	(37,227)
Unrealized gain on equity investments		236,324	162,139
		<u>22,501,421</u>	<u>17,837,510</u>
		<u>23,599,979</u>	<u>18,936,068</u>

18.1 This reserve was created due to amalgamation of Cherat Electric Limited with the Company.

19 LONG-TERM FINANCING – secured	Note	2024	2023
		----- (Rupees in '000) -----	
<b>Islamic banks</b>			
Syndicated Long-Term Finance Loan – Line - III	19.1	-	6,250,000
Finance Facility for Renewable Energy	19.2	1,039,327	1,108,614
		<u>1,039,327</u>	<u>7,358,614</u>
<b>Conventional banks</b>			
Captive Power Plant Loan	19.3	-	440,000
Temporary Economic Refinance Facility	19.4	1,444,589	1,519,552
Finance Scheme for Renewable Energy	19.5	139,852	-
Term Finance Facility	19.6	200,000	-
		<u>2,823,768</u>	<u>9,318,166</u>
Current maturities		<u>(108,966)</u>	<u>(2,943,476)</u>
		<u>2,714,802</u>	<u>6,374,690</u>

19.1 Represents a syndicated long-term financing obtained from Islamic banks under Diminishing Musharaka. It carries a profit at the rate of 6 month's KIBOR or 20% (whichever is less) + 0.45% per annum. The financing is repayable in 10 equal semi-annual installments commencing after 42 months from the date of first drawdown i.e. April 2021. It is secured against first pari-passu hypothecation charge of Rs. 17,334 million on all present and future plant and machinery and immovable fixed assets of the Company. In view of healthy cash flows, during the year, the Company has made an early full repayment of said loan.

19.2 Represents three long-term financings obtained from two Islamic banks under State Bank of Pakistan's Islamic Financing Facility for Renewable Energy (IFRE) to setup 13.05 MW and 9 MW Solar Power Projects. It carries a flat SBP's profit rate of 3% plus banks' spreads of 1.75% to 3% per annum. The financings are recognised at the present value using the effective interest rates applicable at the dates of the drawdown. The differential of present value and the drawn amounts has been recognised as government grant (as mentioned in note 22) and is being amortised.

19.2.1 The first financing is repayable in 20 equal semi-annual installments commencing after 30 months from the date of first drawdown i.e. March 2023. It is secured against first pari-passu hypothecation charge of Rs. 1,607 million on all present and future plant and machinery of the Company. During the year, the Company has made early partial repayment of the said IFRE amounting to Rs. 197.45 million.

19.2.2 The second financing is repayable in 20 equal semi-annual installments commencing after 30 months from the date of first drawdown i.e. December 2026. It is secured against first pari-passu hypothecation

charge of Rs. 280 million on all present and future plant and machinery of the Company. This financing is obtained during the year amounting to Rs. 195 million.

- 19.2.3** The third financing is repayable in 20 equal quarterly-annual installments commencing after 27 months from the date of first drawdown i.e. September 2026. It is secured against first pari-passu hypothecation charge of Rs. 280 million on all present and future plant and machinery of the Company. This financing is obtained during the year amounting to Rs. 210 million.
- 19.3** Represents a long-term financing obtained from a conventional bank. It carries mark-up at the rate of 6 months KIBOR + 0.15% per annum. The financing is repayable in 10 equal semi-annual installments commencing after 30 months from the date of first drawdown i.e. September, 2020. The financing is secured against first pari-passu hypothecation charge of Rs. 1,467 million on all present and future plant and machinery of the Company. During the year, in view of healthy cash flows, the Company has made an early full repayment of this loan.
- 19.4** Represents long-term financings obtained from three conventional banks under SBP's Temporary Economic Refinance Facility (TERF) for Balancing, Modernization, and Replacement (BMR). The financings carry flat markup rates of SBP's 1% plus banks' spreads of 0.7% to 1.50%. The financings are recognized at the present value using the effective interest rates applicable at the dates of the drawdown. The differential of present value and the drawn amounts has been recognized as government grant (as mentioned in note 22) and is being amortised
- 19.4.1** The first financing is repayable in 16 equal semi-annual installments commencing after 30 months from the date of the first drawdown i.e. November 2023 and is secured against hypothecation charge of Rs. 1,334 million over fixed assets (excluding land and buildings). During the year, Rs. 87.33 million were obtained under this facility.
- 19.4.2** The second financing is repayable in 32 equal quarterly installments commencing after 27 months from the date of first drawdown i.e. September 2023 and is secured against hypothecation charge of Rs. 1,334 million on plant and machinery of the Company.
- 19.4.3** The third financing is repayable in 16 equal semi-annual installments commencing after 30 months from the date of 1st drawdown i.e. May 2024 and is secured against hypothecation charge of 733 million on plant and machinery of the Company.
- 19.5** Represents long-term financings obtained from conventional banks under the SBP's Finance Scheme for Renewable Energy to setup 0.517 MW and 9 MW Solar Power Project. It carries flat mark-up at the rate of 2% to 3% per annum plus banks' spreads of 3% per annum. The financings are recognized at the present value using the effective interest rates applicable at the dates of the drawdown. The differential of present value and the drawn amounts has been recognised as government grant (as mentioned in note 22) and is being amortised.
- 19.5.1** The first financing is repayable in 19 equal quarterly installments commencing after 6 months from the date of first drawdown i.e. October 2024. It is secured against first pari-passu hypothecation charge of Rs. 66.67 million on all Fixed Assets of the Company.
- 19.5.2** The second financing is repayable in 40 equal quarterly installments commencing after 27 months from the date of first drawdown i.e. September 2026. It is initially secured against ranking charge upgradeable to pari-passu hypothecation charge of Rs. 267 million on all present and future fixed assets (Plant & Machinery) of the Company.
- 19.6** Represents a long-term financing obtained from a conventional bank. It carries mark-up at the rate of 3 month's KIBOR + 4.5% per annum. The financing is repayable in 40 equal quarterly installments commencing after 27 months from first drawdown i.e. September 2026. The financing is initially secured against ranking charge upgradeable to pari-passu hypothecation charge of Rs. 267 million on all present and future fixed assets (Plant and Machinery) of the Company.

## 20 LEASE LIABILITIES

The Company has lease contracts for rental of head office and sales offices used in its operations. These leases generally have lease terms between 1 to 8 years. In general, the Company is restricted from assigning and subleasing the leased assets. These lease contracts include extension and termination options subject to the mutual consent of the Company and the Lessors. The Company is bound by certain covenants, which includes but are not limited to payment of certain taxes and to exercise reasonable care.

	Note	2024 ----- (Rupees in '000) -----	2023 ----- (Rupees in '000) -----
As at July 01		52,763	21,409
Additions		-	45,697
Accretions of interest	35	6,878	6,162
Payments		(20,455)	(20,505)
As at June 30		39,186	52,763
Current portion of lease liabilities		(13,852)	(13,549)
Long-term portion of lease liabilities		25,334	39,214

## 21 LONG-TERM SECURITY DEPOSITS

Represents amount received from the dealers and contractors of the Company, which is utilised for the purpose of the business in accordance with the related agreements.

		2024 ----- (Rupees in '000) -----	2023 ----- (Rupees in '000) -----
As at July 01		947,150	968,637
Recognised during the year		326,607	-
Released to the statement of profit or loss		(35,907)	(21,487)
As at June 30		1,237,850	947,150
Current portion of Government grant		(64,372)	(11,260)
Long-term portion of Government grant		1,173,478	935,890

As aforementioned in note 19.2, 19.4 and 19.5, the Government grant has been recorded as per the provisions of IAS-20 'Accounting for Government Grants and Disclosure of Government Assistance' due to the difference between the coupon and effective interest rates of the aforementioned financial liabilities.

	Note	2024 ----- (Rupees in '000) -----	2023 ----- (Rupees in '000) -----
<b>23 DEFERRED TAXATION</b>			
<b>Temporary taxable differences</b>			
Accelerated tax depreciation and amortisation		4,251,297	3,321,574
Equity investments	23.1	2,872	-
<b>Temporary deductible differences</b>			
Defined benefit plan	23.2	(66,724)	(43,901)
Alternate corporate tax		-	(402,586)
		4,187,445	2,875,087

**23.1** This represents deferred tax on temporary differences arising on the remeasurement of equity investments, recognised to other comprehensive income.

- 23.2 This includes deferred tax amounting to Rs. 22.82 million (2023: Rs. 15.53 million) on temporary differences arising from the actuarial remeasurement of defined benefit obligation, recognised to other comprehensive income.

	Note	2024 ----- (Rupees in '000) -----	2023 -----
<b>24 TRADE AND OTHER PAYABLES</b>			
Creditors		<b>979,870</b>	613,956
Bills payable		<b>3,662</b>	3,184
Accrued liabilities	24.1	<b>890,221</b>	680,844
Provident fund	24.2	-	-
Gratuity fund	24.3	<b>192,522</b>	130,892
Retention money		<b>78,952</b>	251,440
Workers' Profits Participation Fund	24.4	<b>275,155</b>	226,741
Workers' Welfare Fund	24.5	<b>140,397</b>	76,460
Excise duty, sales tax and royalty payable		<b>677,526</b>	642,280
Others		<b>415,106</b>	253,238
		<b>3,653,411</b>	2,879,035

- 24.1 Includes Gas Infrastructure Development Cess (GIDC) levied under GIDC Act 2015, and Infrastructure Development Cess amounting to Rs. 170.23 million and Rs. 311.06 million respectively (2023: Rs. 140.07 million and Rs. 269.95 million respectively),

The Honorable Supreme Court, in its judgment dated November 03, 2020, upheld the validity of the GIDC Act, 2015, and dismissed all review petitions filed against its earlier judgment dated August 13, 2020. The Apex Court ruled that all sections of the Act should be applied accordingly. Subsequently, the Company filed a writ petition before the Peshawar High Court, challenging Section 8(2) of the GIDC Act, 2015. The plea was based on the argument that the Company had not transferred the burden to its end consumer. However, the Peshawar High Court deemed the petition non-maintainable and directed the Company to approach the appropriate forum. Accordingly, the Company filed a writ petition at Civil Court Peshawar which allowed a stay order restraining SNGPL from collection of GIDC and any adverse action against the Company. Though, the Company has duly provided the liability as a matter of prudence in these financial statements.

Companies have challenged the levy known as infrastructure fee/cess imposed by the province through Sindh Development and Maintenance of Infrastructure Cess Act, 2017 at the rate of 1.25% of the import value on the ground that it is ultra vires to the constitution and beyond the competence of the provincial legislature.

Though, the Honorable Sindh High Court (SHC) has granted an interim relief in May 2011, whereby the goods will be cleared by the Excise and Taxation Department subject to the payment of 50% of the disputed amount and on furnishing of bank guarantee for the remaining balance of 50% amount. The Company became a party to the arrangement and issued bank guarantees in favour of the Department.

Afterwards, the SHC has upheld the infrastructure levy under Sindh Finance Act, 2017 on import of goods valid by declaring it within competence of provincial legislature vide order dated June 4, 2021. Against the decision of SHC, Company has filed Civil Petition for Leave to Appeal (CPLA) before the Honorable Supreme Court of Pakistan (the SCP) to challenge the said order by SHC. The SCP vide order dated September 01, 2021 has suspended the order of SHC till further order and asked the petitioners to furnish the 100% bank guarantee in respect of all future consignments. The amount of guarantee issued up to June 30, 2024 for infrastructure cess is Rs. 290 million. The management has made full provision of this amount in these financial statements.

## 24.2 Provident fund

	2024 (Unaudited)	2023 (Audited)
	----- (Rupees in '000) -----	
Size of the trust	1,814,916	1,531,205
Cost of investments	1,448,078	1,282,203
Fair value of investments	1,814,916	1,531,205
	----- (Percentage) -----	
Percentage of investments made	79.79	83.74

Major categories of investment of provident fund are as follows:

	2024		2023	
	Investment	Investment as size of the fund	Investment	Investment as size of the fund
	(Rupees in '000)	%	(Rupees in '000)	%
Government securities	232,314	16	207,635	16
Mutual Funds	1,069,700	74	953,016	75
Listed shares	67,748	5	66,197	5
TFC & others	30,554	2	37,029	3
Bank balances	47,762	3	18,126	1
	<u>1,448,078</u>	<u>100</u>	<u>1,282,203</u>	<u>100</u>

24.2.1 Investments out of provident fund have been made in accordance with the provisions of section 218 of the Act and the regulations formulated for this purpose.

## 24.3 Gratuity fund

The Company operates an approved funded gratuity scheme for all eligible employees. Actuarial valuation of the scheme is carried out every year and the latest actuarial valuation was carried out as at June 30, 2024.

	2024	2023
	----- (Rupees in '000) -----	
<b>Gratuity fund (liability) / asset:</b>		
Present value of defined benefit obligations / payables	(1,285,890)	(996,840)
Fair value of plan assets	1,093,368	865,948
Asset / (liability) recognised in the statement of financial position	<u>(192,522)</u>	<u>(130,892)</u>
Current service cost	81,979	70,679
Interest cost	154,178	109,035
Expected return on plan assets	(140,847)	(93,222)
Expense recognized	<u>95,310</u>	<u>86,492</u>

**Movement in net (liability) / asset recognised in the statement of financial position:**

Balance as at July 01	(130,892)	(162,888)
Net charge for the year	(95,310)	(86,492)
Re-measurements routed through other comprehensive income	(58,520)	34,068
Contribution to the fund	92,200	84,420
Balance as at June 30	<u>(192,522)</u>	<u>(130,892)</u>



	2024	2023
	----- (Rupees in '000) -----	
<b>Movement in the present value of defined benefit obligation / payables:</b>		
Balance as at July 01	(996,840)	(865,736)
Current service cost	(81,979)	(70,679)
Interest cost	(154,178)	(109,035)
Benefits paid during the year	90,594	82,992
Actuarial loss	(143,487)	(34,382)
Balance as at June 30	<u>(1,285,890)</u>	<u>(996,840)</u>

**Movement in the fair value of plan assets:**

Balance as at July 01	865,948	702,848
Expected return	140,847	93,222
Contributions	92,200	84,420
Benefits paid during the year	(90,594)	(82,992)
Actuarial gain / (loss)	84,967	68,450
Balance as at June 30	<u>1,093,368</u>	<u>865,948</u>

	2024	2023
	----- (Percentage) -----	

**Principal actuarial assumptions used are as follows:**

Expected rate of increase in salary level – long term	14.75	14.25
Valuation discount rate – long-term Government bonds	14.75	16.25
Rate of return on plan assets	14.75	16.25
Mortality rates	SLIC 2001-2005	SLIC 2001-2005

**24.3.1** The discount rate of 14.75% is representative of yields on long-term Government Bonds.

**24.3.2** Expected gratuity expense to the plan for the year ending June 30, 2025 is Rs. 122.92 million.

**24.3.3** The weighted average duration of defined benefit obligation is 3.59 years (2023: 4.06 years).

<b>Comparisons for past years:</b>	2024	2023	2022	2021	2020
<b>As at June 30</b>	----- (Rupees in '000) -----				
Present value of defined benefit obligations	(1,285,890)	(996,840)	(863,067)	(751,115)	(685,070)
Payables	-	-	(2,689)	(3,744)	(14,597)
Fair value of plan assets	1,093,368	865,948	702,848	939,244	561,708
Surplus / (deficit)	<u>(192,522)</u>	<u>(130,892)</u>	<u>(162,888)</u>	<u>184,385</u>	<u>(137,959)</u>
Experience adjustment on plan liabilities	(143,487)	(34,382)	(2,198)	17,236	29,928
Experience adjustment on plan assets	84,967	68,450	(342,442)	304,481	201,388
	<u>(58,520)</u>	<u>34,068</u>	<u>(344,640)</u>	<u>321,716</u>	<u>231,316</u>

**Sensitivity Analysis**

	Discount Rate		Salary Increase	
	+100 bps	-100 bps	+100 bps	-100 bps
	----- (Rupees in '000) -----			
Present value of obligations	<u>1,242,120</u>	<u>1,334,355</u>	<u>1,339,566</u>	<u>1,236,472</u>

**Composition of plan assets is as follows:**

	2024	2023
	----- (Rupees in '000) -----	
Defence Savings Certificates/ PIBs / T-bills	222,969	176,581
Mutual funds / Shares / TFCs	850,175	688,327
Bank balances	20,224	1,040
	<u>1,093,368</u>	<u>865,948</u>

The expected return on plan assets is based on the market expectations and depends upon the asset portfolio of the Company, at the beginning of the year, for returns over the entire life of related obligation. The return on plan assets was assumed to be equal to the discount rate. Actual return on plan assets during the year amounts to Rs. 225.82 million (2023: Actual return Rs. 161.67 million)

	Note	2024	2023
		----- (Rupees in '000) -----	
<b>24.4 Workers' Profit Participation Fund</b>			
Opening balance		226,741	218,500
Interest thereon	35	1,196	-
		<u>227,937</u>	<u>218,500</u>
Payment made during the year		(227,937)	(218,500)
		-	-
Charge for the year	33	275,155	226,741
Closing balance		<u>275,155</u>	<u>226,741</u>

**24.5 Workers' Welfare Fund**

Opening balance		76,460	37,497
Payment made during the year		(76,430)	(45,958)
		30	(8,461)
Charge for the year	33	140,367	84,921
Closing balance		<u>140,397</u>	<u>76,460</u>

**25 ACCRUED MARK-UP****Islamic banks**

Long-term financings		2,299	292,090
Short-term borrowings		49,842	50,797
		<u>52,141</u>	<u>342,887</u>

**Conventional banks**

Long-term financings		14,624	36,332
Short-term borrowings		39,034	58,964
		<u>53,658</u>	<u>95,296</u>
		<u>105,799</u>	<u>438,173</u>

**26 SHORT-TERM BORROWINGS – secured****Islamic banks**

Short-term running finance	26.1	1,045	21,995
Export refinance facility	26.2	915,000	600,550
		<u>916,045</u>	<u>622,545</u>

**Conventional banks**

Short-term running finance	26.1	-	572,850
Export refinance facility	26.2	972,950	377,950
		<u>972,950</u>	<u>950,800</u>
		<u>1,888,995</u>	<u>1,573,345</u>

- 26.1** Represents facilities obtained from various conventional banks amounting to Rs. 6,150 million (2023: Rs. 5,950 million) out of which Rs. 5,177 million (2023: Rs. 4,999.20 million) remains unutilized at the year end. These facilities carry mark-up ranging from 3 months KIBOR + 0.50% per annum to 3 months KIBOR + 0.65% per annum and 1 month KIBOR + 0.40% per annum to 1 month KIBOR + 0.75% per annum. These facilities are secured against joint pari-passu hypothecation charge over stocks and book debts for Rs. 7,938 million (2023: Rs. 7,938 million) and ranking hypothecation charge over stocks and book debts of Rs. 267 million. Further, the Company has obtained credit facilities from various Islamic banks amounting to Rs. 4,500 million (2023: Rs. 4,200 million) out of which Rs. 3,583.55 million (2023: Rs. 3,583.95 million) remain unutilized at the year end. These facilities carry profit ranging 3 month KIBOR + 0.25% per annum to 3 month KIBOR + 0.75% per annum and 1 month KIBOR + 0.40% per annum to 1 month KIBOR + 0.60% per annum. These facilities are secured against joint pari-passu hypothecation charge over stocks and book debts for Rs. 5,602 million (2023: Rs. 5,602 million) and ranking hypothecation charge over stocks and book debts of Rs. 400 million.
- 26.2** Above financing facilities represent Export Refinance Facility (ERF) amounting to Rs. 1,887.95 million (2023: Rs. 978.50 million) from five different Islamic and Conventional banks. It carries mark-up at the range 14% to 19% per annum (2023: 11% to 18% per annum) during the year.

## **27 UNCLAIMED DIVIDEND**

In accordance with section 244 of the Act, a separate bank account has been opened and the amount has been transferred accordingly.

## **28 CONTINGENCIES AND COMMITMENTS**

### **28.1 Contingencies**

- During the period from 1994 to 1999, excise duty was wrongly collected from the Company by the Federal Board of Revenue (FBR) based on retail price inclusive of excise duty which has resulted in a refund claim of Rs. 882 million. The Company challenged this matter in the Peshawar High Court (PHC). The PHC and subsequently the Honorable Supreme Court of Pakistan (SCP) have agreed with the Company's point of view that excise duty shall not be included as component for determining the value i.e. retail price for levying excise duty. While verifying the refund claim, the Collector of Excise and Sales Tax - Peshawar issued a show cause notice to the Company raising certain objections against the release of said refund including an objection that the burden of this levy has been passed on to the end customers. The Company challenged this objection in the PHC which directed to appoint an independent firm of Chartered Accountants for verification of this refund claim. However, based on an out of court settlement, the Regional Tax Office (RTO) Peshawar carried out the verification of this refund claim based on the terms of reference advised by the Federal Tax Ombudsman (FTO). RTO Peshawar finalized the report which was not in line with the parameters given by the FTO, therefore, the FTO made a ruling for verification of the adverse observations of the RTO Peshawar through an independent firm of Chartered Accountants. This ruling of FTO was challenged by the FBR to the President of Pakistan who rejected representation of the FBR and approved the recommendations of FTO with modification that the verification be carried out by two reputed audit firms. The FBR filed writ petition in the PHC against the authority of FTO to pass such an order. PHC has dismissed the above petition and directed FBR to appoint two independent firms of Chartered Accountants to get the single point audit for verification of the refund claim. The FBR filed review petition before the PHC and has also filed appeal before SCP. PHC has dismissed the review petition of FBR. During the year 2023, the SCP dismissed the petition filed by the FBR and decided the case in favor of the Company. The SCP in line with the President's order directed to appoint two independent chartered accountant firms for verification of refund claim. The Company is in process for the appointment of audit firm in consultation with FBR. Keeping in view the inherent uncertainties involved in such matters, the management as a matter of prudence, has not recognised this amount as refund in these annual financial statements.

- During the year ended June 30, 2013, the High Court of Sindh (HCS) has decided the case in favor of the Company against special excise duty levied by the FBR for the period from July 2007 to June 2011 which resulted in a refund claim of Rs. 100.08 million. However, the FBR has challenged this decision in the SCP and subsequent to the year end, SCP has ruled on a similar case against the decision of High Court of Sindh on July 25, 2024.
- The Company has also filed various refund cases amounting to Rs. 46 million at different appellate forums which are pending adjudication.
- Keeping in view the inherent uncertainties involved in the above matters, the management as a matter of prudence, has not recognised the above listed refunds in the financial statements.
- The Competition Commission of Pakistan (CCP) passed an order in 2009 imposing a penalty of Rs. 6,312 million on the cement industry including a penalty of Rs. 226 million on the Company on the alleged grounds of increase in prices of cement across the country. This was challenged in the Honorable Lahore High Court where the judgement was made against the Company on October 26, 2022. Subsequently, the Company filed the Civil Petition in the Honorable Supreme Court of Pakistan (SCP) on the basis of several strong grounds against the aforesaid impugned Judgement. In the above judgement, few points were decided in favour of the Company against which the CCP has also filed an appeal in the SCP. Additionally, the Company has challenged the constitution of the Tribunal before the Sindh High Court. A stay has been granted in favor of the company. Based on the advice of legal counsel, the management of the Company believes that the Company has sound grounds for favourable decision and no provision for the above matters have been made in these financial statements.

<b>28.2 Commitments</b>	Note	<b>2024</b>	<b>2023</b>
		----- (Rupees in '000) -----	
- Letters of credit – conventional and islamic banks		<b>106,260</b>	644,540
- Letters of guarantee – conventional and islamic banks		<b>1,209,995</b>	1,147,601
- Capital commitments	28.2.1	<b>305,000</b>	-

**28.2.1** This capital commitment have been extended to a related party.

## **29 TURNOVER - net**

Local sales – gross	<b>47,058,175</b>	46,409,091
Rebates and discount	<b>(1,194,685)</b>	(1,214,628)
	<b>45,863,490</b>	45,194,463
Sales tax	<b>(7,875,833)</b>	(7,580,713)
Federal excise duty	<b>(4,442,374)</b>	(4,206,685)
	<b>(12,318,207)</b>	(11,787,398)
Local sales – net	<b>33,545,283</b>	33,407,065
Export sales – gross	<b>5,257,110</b>	4,136,899
Rebates, discount and commission	<b>(368,646)</b>	(157,778)
Export sales – net	<b>4,888,464</b>	3,979,121
	<b>38,433,747</b>	37,386,186

**29.1** Revenue recognised during the year from contract liabilities at the beginning of the year amounted to Rs. 151.76 million (2023: Rs. 243.92 million).

**29.2** All revenue earned by the Company is Shariah Compliant.

**30 COST OF SALES**

	Note	2024	2023
		----- (Rupees in '000) -----	
Raw and packing material consumed			
Opening stock		779,965	257,300
Purchases		4,161,256	4,766,436
		<u>4,941,221</u>	<u>5,023,736</u>
Closing stock	10	(461,711)	(779,965)
		<u>4,479,510</u>	<u>4,243,771</u>
Duty drawback on exports		(10,271)	(7,679)
		<u>4,469,239</u>	<u>4,236,092</u>
Manufacturing overheads			
Salaries, wages and benefits	30.1 & 30.3	2,552,219	2,221,836
Stores and spare parts consumed		1,486,438	723,208
Fuel and power		14,819,322	18,281,744
Rent, rates and taxes	30.2	538,892	490,598
Insurance		130,599	102,443
Vehicle running expenses		316,139	262,509
Travelling and conveyance		60,813	35,747
Printing and stationery		6,632	9,100
Legal and professional charges		14,734	12,297
Repairs and maintenance		225,331	117,492
Depreciation	4.1,4	1,685,152	1,554,101
Amortisation	5.2	64,178	1,293
Communication		6,996	4,172
Others		45,588	27,775
		<u>26,422,272</u>	<u>28,080,407</u>
Work-in-process			
Opening		929,815	331,337
Closing	10	(919,377)	(929,815)
Cost of goods manufactured		<u>26,432,710</u>	<u>27,481,929</u>
Finished goods			
Opening		569,994	337,438
Closing	10	(409,343)	(569,994)
		<u>26,593,361</u>	<u>27,249,373</u>

**30.1** Includes expenditure in respect of provident fund and gratuity fund amounting to Rs. 61.74 million and Rs. 70.12 million respectively (2023: Rs. 56.57 million and Rs. 60.03 million respectively).

**30.2** Includes royalty and excise duty paid / provided amounting to Rs. 420.40 million and Rs 9.60 million respectively (2023: Rs. 425.70 million and 10.57 million respectively) to Government of Khyber Pakhtunkhwa on behalf of an associated company (Faruque Private Limited) on account of extraction of raw materials, directly consumed by the Company. The mining leases for raw materials are owned by Faruque (Private) Limited.

**30.3** Includes an amount of Rs. 14.42 million (2023: Rs. 13.11 million) in respect of staff recruitment, selection, hiring, rewarding, utilising, human safety, training and development of the human assets by the Human Resources department of the Company.

31 DISTRIBUTION COSTS	Note	2024	2023
		----- (Rupees in '000) -----	
Salaries, wages and benefits	31.1	521,944	422,977
Export expenses		3,585	1,550
Travelling and conveyance		15,619	14,705
Staff training expenses		942	2,298
Vehicle running expenses		45,986	37,915
Communication		10,694	9,782
Printing and stationery		2,662	2,543
Rent, rates and taxes		6,095	7,083
Utilities		17,128	13,916
Repairs and maintenance		22,700	14,400
Insurance		6,324	4,696
Advertisement		49,370	26,518
Entertainment		3,093	5,207
Depreciation	4.1.4	31,522	23,812
Depreciation on right-of-use assets	4.3.1	15,676	13,848
Amortisation	5.2	42	111
License and subscription		1,844	1,682
Others		5,352	3,393
		<u>760,578</u>	<u>606,436</u>

**31.1** Includes expenditure in respect of provident fund and gratuity fund amounting to Rs. 12.68 million and Rs. 14.68 million, respectively (2023: Rs. 10.88 million and Rs. 14.11 million, respectively).

32 ADMINISTRATIVE EXPENSES	Note	2024	2023
		----- (Rupees in '000) -----	
Salaries, wages and benefits	32.1	304,176	274,742
Travelling and conveyance		7,718	7,214
Staff training expenses		1,505	1,907
Vehicle running expenses		31,220	27,908
Communication		8,692	7,465
Printing and stationery		8,970	7,371
Rent, rates and taxes		9,489	8,304
Utilities		7,054	4,337
Repairs and maintenance		14,616	11,844
Legal and professional charges		39,446	30,893
Insurance		9,048	7,739
License and subscription		8,099	6,974
Advertisement		4,909	2,955
Depreciation	4.1.4	27,613	23,925
Depreciation on right-of-use assets	4.3.1	3,311	2,968
Amortisation	5.2	3,266	1,335
Entertainment		5,328	3,816
Others		5,981	4,419
		<u>500,441</u>	<u>436,116</u>

**32.1** Include expenditure in respect of provident fund and gratuity fund amounting to Rs. 12.12 million and Rs. 10.51 million respectively (2023: Rs. 10.45 million and Rs. 12.36 million respectively).

33 OTHER EXPENSES	Note	2024 ----- (Rupees in '000) -----	2023
Workers' Profits Participation Fund	24.4	275,155	226,741
Workers' Welfare Fund	24.5	140,367	84,921
Auditor's remuneration	33.1	6,302	5,427
Donations	33.2 & 33.3	41,807	44,938
		<u>463,631</u>	<u>362,027</u>

#### 33.1 Auditors' remuneration

Audit fee	2,412	2,010
Half-yearly review and CCG certification	1,020	850
Tax and other corporate services	2,466	2,220
Out of pocket expenses	404	347
	<u>6,302</u>	<u>5,427</u>

33.2 Recipients of donations do not include any donee in which any director or his spouse had any interest except for donation paid to Ghulam Faruque Trust amounting to Rs. 1 million during the preceding year. Following directors of the Company are also trustees of the said trust:

- Mr. Omar Faruque
- Mr. Azam Faruque

33.3 Donation amounting to Rs. 11.84 million (2023: 4.73 million) was paid to Health Education and Development Society.

34 OTHER INCOME	Note	2024 ----- (Rupees in '000) -----	2023
<b>Income from financial assets</b>			
Profit on bank accounts - conventional		75,070	24,458
Profit on bank accounts - shariah		2,870	108,472
Dividend from mutual funds and other investments - conventional		142,083	18,843
Dividend from mutual funds and other investments - shariah		170,466	3,202
Interest income on financial asset at amortised cost		7,709	8,716
Dividend income	34.1	10,820	8,119
		<u>409,018</u>	<u>171,810</u>
<b>Income from non-financial assets</b>			
Gain on disposal of property, plant and equipment - net	4.1,5	17,847	5,452
Scrap sales		63,398	267,743
Exchange gain		119	112
Share of profit from joint venture	6.2	264	7,060
Others		2,780	1,788
		<u>84,408</u>	<u>282,155</u>
		<u>493,426</u>	<u>453,965</u>

34.1 Represents dividend income from Cherat Packaging Limited, a related party, listed as Shariah compliant company at Pakistan Stock Exchange under KMIALLSHR.

35 FINANCE COSTS	Note	2024 ----- (Rupees in '000) -----	2023
<b>Islamic banks</b>			
Mark-up on long-term financings	35.1	923,853	1,302,816
Mark-up on short-term borrowings		152,127	132,090
Bank charges and commission		15,867	483
		<u>1,091,847</u>	<u>1,435,389</u>
<b>Conventional banks</b>			
Mark-up on long-term financings	35.1	129,213	162,250
Mark-up on short-term borrowings		117,161	278,538
Bank charges and commission		34,787	31,831
		<u>281,161</u>	<u>472,619</u>
Mark-up on lease liabilities	20	6,878	6,162
Interest on workers' profits participation fund	24.4	1,196	-
		<u>1,381,082</u>	<u>1,914,170</u>

**35.1** Includes the effect of amortisation of Government grant amounting to Rs. 35.91 million (2023: Rs. 21.49 million)

## 36 FINAL TAX

This represents final taxes paid under various sections of Income Tax Ordinance, 2001, representing levies in terms of requirements of IFRIC 21 / IAS 37. Prior year figures has been reclassified accordingly.

## 37 INCOME TAX

**37.1** Provision for current tax during the year is based on Normal Tax Regime at the current rates of taxation after taking into account unadjusted brought forward alternate corporate tax. The provision for the prior year ended June 30, 2023 was based on normal tax regime.

	2024 ----- (Rupees in '000) -----	2023 (Restated) ----- (Rupees in '000) -----
<b>Reconciliation between tax expense and accounting profit</b>		
Accounting profit for the year before taxation	<u>9,228,080</u>	<u>7,272,029</u>
Tax at applicable rates	2,676,143	2,108,888
<b>Tax effects of:</b>		
Tax effect of income taxable at lower rates	(391,866)	(211,398)
Super tax	736,991	478,049
Impact of rate change in deferred tax	-	511,011
Tax effect of change in ratio due to finishing FTR regime	595,181	(32,987)
Change in prior years' tax	(30,387)	8,981
Others	44,877	(38,763)
	<u>3,630,939</u>	<u>2,823,781</u>
Effective %	39%	39%

**37.2** The return of Income for the Tax year 2023 has been filed by the Company which is deemed to be an assessment under the provisions of Section 120 of the Income Tax Ordinance, 2001.

During the year ended June 30, 2017, the Company made investment in plant and machinery of Line - II which was eligible for a tax credit under section 65B of the Income Tax Ordinance, 2001 (the tax credit). The tax credit is in addition to tax exemption on profit and gains derived from Line - II under clause 126L



of Part I of the Second Schedule of the Income Tax Ordinance, 2001. The management believes that the Company is eligible for both the above benefits for Line-II, and therefore, has taken both the benefits in the income tax returns filed for the tax years 2017 and 2018. However, in view of anticipated challenge by the tax department of claiming both the benefits simultaneously, the management as a matter of prudence had earlier recognized the benefit under clause 126L only but had not recognized the tax credit u/s 65B of the Income Tax Ordinance 2001.

During the year ended June 30, 2019, the Deputy Commissioner Inland Revenue has finalised the assessment for the Tax Year 2017 and rejected the Company's claim under clause 126L of the Second Schedule to the ITO 2001 but allowed claim u/s 65B of the ITO 2001. The management filed first appeal before the Commissioner (Appeals) to claim both the above benefits simultaneously. The Commissioner (Appeals), while disposing off the appeal also rejected claim under clause 126L and allowed claim under section 65B of the ITO 2001. The management filed a second appeal before Appellate Tribunal Inland Revenue to contest for simultaneous acceptance of claim under clause 126L which is pending for adjudication. However, as a matter of prudence and other inherent uncertainties and delays involved, the management has revised its tax provisions in accordance with the order of the DCIT, based on the allowance of the claim under section 65B of the ITO 2001.

- 37.3** During the year ended June 30, 2019, the Company has recorded tax credit under section 65B of ITO, 2001 @ 10% on commissioning and installation of Line-III as per law. Through Finance Act, 2019, the government has reduced tax credit under section 65B of ITO, 2001 from 10% to 5% retrospectively for the tax year 2019 and abolished the same for subsequent years. However, the management believed that retrospective change may not be maintainable in the eyes of law and has challenged this amendment and got stay from the PHC. However, as a matter of prudence, the Company has reduced tax credit from 10% to 5% in prior year financial statements. In order to file petition in the PHC, the Company however, claimed full tax credit in income tax return. During the year ended 2022, the case has been decided against the Company by PHC in respect of reduced tax credit under section 65B of ITO, 2001 from 10% to 5% retrospectively. However, review petition has been filed against the judgement of PHC where the Court has set aside the earlier judgement dated March 8, 2022 and accepted the writ petition for hearing on merit. Thereafter, the Honorable Peshawar High Court (PHC) has decided the case in favor of the Company vide order dated September 07, 2023 whereby the PHC has allowed the Company to claim tax credit @ 10% with certain conditions. However, the department has filed CPLA against the judgement of PHC before the Honorable Supreme Court of Pakistan pending for adjudication. Keeping in view the inherent uncertainties involved in such matters, the management, as a matter of prudence, has not recognized this amount as tax income in these financial statements.
- 37.4** The Finance Act, 2022 had introduced super tax on high earning persons for the tax year 2022 and onwards for certain sectors exceeding Rs. 300 million. The Company has challenged the applicability of the super tax imposed under section 4C of the Income Tax Ordinance (ITO) and an interim stay has been granted by the Honorable Peshawar High Court (PHC) to file income tax return for the tax year 2022 by excluding the amount of the super tax of Rs. 373.81 million (being 10% of taxable income). The PHC later on issued an order in direction with SCP to deposit tax at the rate of 4%. The Company has duly deposited the same with the government treasury. Keeping in view the inherent uncertainties involved in such matters, the management, as a matter of prudence, has recognized the amount as a tax expense in the financial statements for the year ended June 30, 2022.
- 37.5** In accordance with Finance Act, 2023, FBR has enacted progressive rates of Super tax for all sectors exceeding PKR 150 million for tax year 2023 and onward in addition to the corporate tax of 29%. During the year, the Company has challenged the levy of super tax under section 4C of the Income Tax Ordinance, 2001 as amended vide Finance Act, 2023, and an interim stay has been granted by the Honorable Peshawar High Court (PHC) to file income tax return for the tax year 2023 by excluding super tax amounting to Rs. 470.26 million subject to deposit of post-dated cheque. Keeping in view the inherent uncertainties involved in such matters, the management, as a matter of prudence, has maintained a provision for this amount in these financial statements.

**37.6** Prior year tax represents the difference between the tax expense booked and the tax expense computed while filing the income tax return.

**37.7** In accordance with the Finance Act, 2024, the final tax regime for exporters of goods has been converted into a minimum tax regime. Consequently, the impact on deferred tax has been duly recorded in these financial statements.

<b>38 EARNINGS PER SHARE</b>	<b>2024</b>	<b>2023</b>
Net profit for the year (Rupees in '000)	<u>5,499,751</u>	<u>4,403,932</u>
Weighted average number of ordinary shares in issue	<u>194,295,038</u>	<u>194,295,038</u>
Earnings per share - basic and diluted	<u>Rs. 28.31</u>	<u>Rs. 22.67</u>

**38.1** No shares were issued during the year, therefore, calculation of weighted average number of ordinary shares has not been presented.

**38.2** There is no dilutive effect on basic earnings per share of the Company.

### **39 LINE - WISE RESULTS**

As fully explained in note 37.2 to the financial statements, in view of the tax exemption on investment in Khyber Pakhtunkhwa and Baluchistan provinces under clause 126L of Part I of the Second Schedule to the Income Tax Ordinance, 2001, profits and gains are exempted on Line - II till tax year 2022. For this purpose, separate books of accounts had been maintained for Line - II.

### **40 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES**

The Company's activities expose it to a variety of financial risks i.e. market risk (including currency risk, interest rate risk and price risk), credit risk and liquidity risk. The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial performance.

The Company's senior management oversees the management of these risks and provides policies for overall risk management, as well as policies covering specific areas such as foreign exchange risk, interest rate risk and credit risk, use of financial derivatives, financial instruments and investment of excess liquidity. It is the Company's policy that no trading in derivatives for speculative purposes shall be undertaken. The Board of Directors review and agree policies for managing each of these risks which are summarized below:

#### **40.1 Market risk**

Market risk is the risk that fair value of future cash flows will fluctuate because of changes in market prices. Market prices comprise three types of risk: interest rate risk, currency risk and equity price risk, such as equity risk.

##### **40.1.1 Interest rate risk**

Interest rate risk is the risk that the fair value or future cash flows of the financial instruments will fluctuate because of changes in the market interest rates. The Company's interest rate risk arises from long-term and short-term borrowings obtained with floating rates. All the borrowings of the Company are obtained in the functional currency. The following figures demonstrate the sensitivity to a reasonably possible change in interest rate, with all other variables held constant, of the Company's profit before tax:

	Increase / decrease in basis points	Effect on profit before tax (Rupees in '000)
<b>2024</b>		
<b>KIBOR</b>	<b>+ / - 100</b>	<b><u>47,128</u></b>
<b>2023</b>		
<b>KIBOR</b>	<b>+ / - 100</b>	<b><u>108,915</u></b>

#### 40.1.2 Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of the changes in foreign exchange rates. The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's operating activities (when revenue or expenses are denominated in a different currency from the Company's functional currency).

	2024 ----- ('000) -----	2023 ----- ('000) -----
Bills payable - US Dollars	<u>13</u>	<u>11</u>
The following exchange rate have been applied at reporting dates:	----- (Rupees) -----	
Exchange Rate - US Dollars	<u>278.80</u>	<u>287.10</u>

The management keeps on evaluating different options available for hedging purposes. The following table demonstrates the sensitivity to a reasonably possible change in the US dollar exchange rate, with all other variables held constant, of the Company's equity.

	Change in rate (%)	(Rupees in '000)
<b>30 June 2024 - US Dollars</b>	<b>+ / - 10</b>	<b><u>366</u></b>
<b>30 June 2023 - US Dollars</b>	<b>+ / - 10</b>	<b><u>318</u></b>

#### 40.1.3 Equity price risk

The Company's listed equity securities are susceptible to market price risk arising from uncertainties about future values of the investment securities.

At the date of statement of financial position, the exposure to listed equity securities is Rs. 542.07 million. An increase / decrease of 10% in the share price of these securities would have an impact of approximately Rs. 54 million on the statement of other comprehensive income.

	Credit rating	2024 ----- (Rupees in '000) -----	2023 ----- (Rupees in '000) -----
<b>Long-term investments</b>			
Cherat Packaging Limited	A	<u>425,714</u>	351,239
Mirpurkhas Sugar Mills Limited	A-	<u>116,352</u>	48,813
		<u>542,066</u>	<u>400,052</u>

## 40.2 Credit risk

Credit risk is the risk which arises with the possibility that one party to a financial instrument will fail to discharge its obligation and cause the other party to incur a financial loss. Concentrations of credit risk arise when a number of counterparties are engaged in similar business activities or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations of credit risk indicate the relative sensitivity of the Company's performance to developments affecting a particular industry.

The Company seeks to minimize the credit risk exposure through having exposures only to customers considered credit worthy and obtaining securities where applicable. The maximum exposure to credit risk at the reporting date with no defaults in the past year is:

	Note	2024	2023
		----- (Rupees in '000) -----	
Long-term investments	6	542,066	400,052
Long-term loans (including current portion)	7 & 12	59,672	68,383
Long-term deposits		4,931	4,676
Trade debts	11	1,373,131	903,240
Trade deposits	13	50	300
Other receivables	14	5,214	6,196
Bank balances	16	425,201	155,377
		<u>2,410,265</u>	<u>1,538,224</u>

### 40.2.1 Credit quality of financial assets

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings or to historical information about counterparty default rates:

	2024	2023
	----- (Rupees in '000) -----	
<b>Bank balances</b>		
<b>Credit rating</b>		
A1+	423,658	155,045
A1	<u>1,543</u>	<u>332</u>
<b>Short-term investments - Mutual funds</b>		
<b>Credit ratings</b>		
AM1	975,102	-
AM2+	463,450	-
AM2++	1,023,706	-
	<u>2,462,258</u>	<u>-</u>

All other financial assets are not exposed to any material credit risk.

## 40.3 Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company applies prudent liquidity risk management by maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities.

The table below summarizes the maturity profile of the Company's financial liabilities based on contractual payments.

	2024					2023				
	INTEREST / MARKUP / PROFIT BEARING			NON-INTEREST BEARING	TOTAL	INTEREST / MARKUP / PROFIT BEARING			NON-INTEREST BEARING	TOTAL
	Less than one year	One to ten years	Total			Less than one year	One to ten years	Total		
	(Rupees in '000)									
Long-term financings	173,338	3,888,280	4,061,618	-	4,061,618	2,904,736	7,310,160	10,265,316	-	10,265,316
Lease liabilities	13,852	25,334	39,186	-	39,186	19,546	92,214	111,760	-	111,760
Long-term security deposits	-	-	-	32,460	32,460	-	-	-	29,025	29,025
Trade and other payables	-	-	-	2,079,039	2,079,039	-	-	-	1,523,534	1,523,534
Accrued mark-up	-	-	-	105,799	105,799	-	-	-	438,173	438,173
Short-term borrowings	1,888,995	-	1,888,995	-	1,888,995	1,573,345	-	1,573,345	-	1,573,345
Unclaimed dividend	-	-	-	76,439	76,439	-	-	-	74,984	74,984
Unpaid dividend	-	-	-	34,884	34,884	-	-	-	27,147	27,147
	<u>2,076,186</u>	<u>3,913,614</u>	<u>5,989,799</u>	<u>2,329,421</u>	<u>8,318,220</u>	<u>4,541,630</u>	<u>7,345,794</u>	<u>11,891,424</u>	<u>2,082,863</u>	<u>13,994,287</u>

Effective interest / yield rates for the financial liabilities are mentioned in the respective notes to the financial statements.

#### 40.4 Capital risk management

The primary objective of the Company's capital management is to maintain healthy capital ratios, strong credit rating and optimal capital structures in order to ensure ample availability of finance for its existing and potential investment projects, to maximize shareholders value and reduce the cost of capital.

The Company manages its capital structure and makes adjustment to it, in light of changes in economic conditions. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividend paid to shareholders, return capital to shareholders or issue new shares.

The Company monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. Net debt is calculated as total loans and borrowings including any finance cost thereon, less cash and cash equivalents.

The gearing ratios as at June 30, 2024 and 2023 are as follows:

	2024	2023
	----- (Rupees in '000) -----	
Long-term financings	4,061,618	10,265,316
Accrued mark-up	105,799	438,173
Short-term borrowings	1,888,995	1,573,345
Total debt	<u>6,056,412</u>	<u>12,276,834</u>
Cash and bank balances	(429,514)	(160,113)
<b>Net debt</b>	<u>5,626,898</u>	<u>12,116,721</u>
Share capital	1,942,950	1,942,950
Reserves	23,599,979	18,936,068
<b>Total capital</b>	<u>25,542,929</u>	<u>20,879,018</u>
<b>Capital and net debt</b>	<u>31,169,827</u>	<u>32,995,739</u>
<b>Gearing ratio</b>	<u>18.05%</u>	<u>36.72%</u>

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

## 40.5 Fair value measurement

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.

The carrying values of all financial assets and liabilities reflected in the financial statements approximate fair values.

The following table shows assets recognised at fair value, analysed between those whose fair value is based on:

Level 1: Quoted prices in active markets for identical assets or liabilities,

Level 2: Those involving inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices); and

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

The table below categorised fair value measurement of financial instruments by the level in the fair value hierarchy into which the fair value measurement is categorized:

	Note	2024					
		Carrying amount			Fair value		
		Fair value through statement of profit or loss	Fair value through OCI	Total	Level 1	Level 2	Level 3
(Rupees in '000)							
Long-term investments	6	-	542,066	542,066	542,066	-	-
Short-term investments	15	2,522,353	-	2,522,353	2,522,353	-	-
		<u>2,522,353</u>	<u>542,066</u>	<u>3,064,419</u>	<u>3,064,419</u>	<u>-</u>	<u>-</u>
2023							
		Carrying amount			Fair value		
		Fair value through statement of profit or loss	Fair value through OCI	Total	Level 1	Level 2	Level 3
(Rupees in '000)							
Long-term investments	6	-	400,052	400,052	400,062	-	-
Short-term investments	15	-	-	-	-	-	-
		<u>-</u>	<u>400,052</u>	<u>400,052</u>	<u>400,062</u>	<u>-</u>	<u>-</u>

During the year, there were no transfers between level 1 and level 2 fair value measurements, and no transfers into and out of level 3 fair value measurement.

### 40.5.1 Financial instruments which are tradable in an open market are revalued at the market prices prevailing on the statement of financial position date.

#### 40.6 Reconciliation of movement of liabilities to cash flows arising from financing activities:

	Long-term financings	Lease liabilities	Government grant	Unclaimed and unpaid dividend	Total
<b>Balance as at July 01, 2023</b>	9,318,166	52,763	947,150	102,131	10,420,210
<b>Changes from financing cash flows</b>					
Draw-downs	615,728	-	326,607	-	942,335
Repayments	(7,110,126)	-	-	-	(7,110,126)
Repayment of lease liabilities - net	-	(20,455)	-	-	(20,455)
Dividend paid	-	-	-	(865,336)	(865,336)
	(6,494,398)	(20,455)	326,607	(865,336)	(7,053,582)
<b>Other changes</b>					
Dividend declared	-	-	-	874,328	874,328
Interest expense on lease liabilities	-	6,878	-	-	6,878
Amortisation of Government grants	-	-	(35,907)	-	(35,907)
	-	6,878	(35,907)	874,328	845,299
<b>Balance as at June 30, 2024</b>	<b>2,823,768</b>	<b>39,186</b>	<b>1,237,850</b>	<b>111,123</b>	<b>4,211,927</b>
	Long-term financings	Lease liabilities	Government grant	Unclaimed and unpaid dividend	Total
<b>Balance as at July 01, 2022</b>	12,956,073	21,409	966,637	85,981	14,032,100
<b>Changes from financing cash flows</b>					
Draw-downs	-	-	-	-	-
Repayments	(3,637,907)	-	-	-	(3,637,907)
Repayment of lease liabilities - net	-	25,192	-	-	25,192
Dividend paid	-	-	-	(858,178)	(858,178)
	(3,637,907)	25,192	-	(858,178)	(4,470,893)
<b>Other changes</b>					
Dividend declared	-	-	-	874,328	874,328
Interest expense on lease liabilities	-	6,162	-	-	6,162
Amortisation of Government grants	-	-	(21,487)	-	(21,487)
	-	6,162	(21,487)	874,328	859,003
<b>Balance as at June 30, 2023</b>	<b>9,318,166</b>	<b>52,763</b>	<b>947,150</b>	<b>102,131</b>	<b>10,420,210</b>

41 CASH AND CASH EQUIVALENTS	Note	2024	2023
		----- (Rupees in '000) -----	
Cash and bank balances	16	429,514	160,113
Short-term borrowings	26	(1,888,995)	(1,573,345)
Short-term investments	16	2,522,353	-
		<u>1,062,872</u>	<u>(1,413,232)</u>

## 42 REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

	2024			2023		
	Chief Executive	Director	Executives	Chief Executive	Director	Executives
	----- (Rupees in '000) -----					
Managerial remuneration	49,034	20,436	503,122	41,984	17,805	461,707
Bonus	24,267	9,720	228,227	20,742	8,272	207,295
Housing allowance	1,452	8,748	180,708	1,452	7,445	152,166
Retirement benefits	6,089	3,240	72,044	6,914	2,757	68,232
Utilities	2,064	1,942	39,003	1,955	1,653	32,372
Leave fare assistance	4,044	1,379	28,364	3,457	1,220	28,705
	<b>88,950</b>	<b>45,465</b>	<b>1,051,468</b>	<b>76,504</b>	<b>39,152</b>	<b>950,477</b>
Number	<b>1</b>	<b>1</b>	<b>140</b>	<b>1</b>	<b>1</b>	<b>108</b>

42.1 The Chief Executive and an executive have been provided with furnished accommodation. Further, the Chief Executive, Director and certain executives are provided with the use of company maintained cars, telephone facility, utilities and some other facilities, which are reimbursed at actual to the extent of their entitlements.

42.2 The aggregate amount charged in the financial statements for meeting fee to 6 non-executive directors amounted to Rs. 4.60 million (2023: Rs. 2.94 million).

## 43 TRANSACTIONS WITH RELATED PARTIES

The related parties of the Company comprises of associated companies, directors, retirement funds, companies with common directorship and key management personnel of the Company. Amounts due from / to related parties are disclosed in respective notes to these financial statements. The Company enters into transactions with related parties on agreed terms as approved by the Board of Directors. Transactions with related parties other than those disclosed elsewhere in the financial statements, are as follows:

Relationship	Nature of transactions	2024	2023
		----- (Rupees in '000) -----	
Associated companies	Purchases	2,744,724	3,501,722
	Sale of goods	56	-
	Purchase of fixed assets	896,255	23,264
	Royalty and excise duty	417,571	436,261
	Services received	2,790	667
	IT support charges	30,011	24,311
	Dividend received	10,820	8,119
	Dividend paid	268,989	272,004
	Insurance premium paid	97,297	88,848
	Contribution to staff provident and gratuity funds	178,741	161,315

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



- 43.1** Following are the related parties with whom the Company had entered into transactions or have arrangement / agreement in place.

Name of Related Party	Relationship	Aggregate % of Shareholding
Cherat Packaging Limited	Common directorship	2.74
Faruque (Private) Limited	Common directorship	21.67
Greaves Pakistan (Private) Limited	Common directorship	1.25
Mirpurkhas Sugar Mills Limited	Common directorship	1.41
Zensoft (Private) Limited	Common directorship	0.01
UniEnergy Limited	Common directorship	Nil
Greaves Airconditioning (Private) Limited	Common directorship	Nil
Jubilee General Insurance Company Limited	Common directorship	0.03
Pakistan Cables Limited	Common directorship	Nil
Cherat Cement Company Limited – Employees' Provident Fund	Retirement benefit fund	0.27
Cherat Cement Company Limited – Employees' Gratuity Fund	Retirement benefit fund	1.66

Name of Related Party	Relationship	Aggregate % of Shareholding
Mr. Omar Faruque	Director	1.0900
Mrs. Shamain Akbar Faruque	Spouse of director	0.2038
Mr. Azam Faruque	Director	1.4200
Mrs. Samia Faruque	Spouse of director	0.0298
Mr. Akbarali Peshari	Director	0.0470
Mrs. Sakina Peshari	Spouse of director	0.0374
Mr. Arif Dino Faruque	Director	0.7600
Mr. Abrar Hasan	Director	0.0003
Mrs. Zeeba Ansar	Director	0.0001
Mr. Asif Qadir	Director	0.0003
Mr. Yasir Masood	Director	0.0006

- 43.1.1** None of the key management personnel had any arrangements with the Company other than the employment contract.

#### **44 NUMBER OF EMPLOYEES**

The total number of employees and average number of employees at year end and during the year respectively are as follows:

	2024		2023	
	Total	Factory	Total	Factory
Total number of employees	978	826	1022	867
Average number of employees during the year	1000	846	1015	859

	2024	2023
	----- (Tons) -----	
<b>45 PRODUCTION CAPACITY</b>		
Annual installed capacity – Clinker	<b>4,320,000</b>	4,320,000
Annual installed capacity – Cement	<b>4,536,000</b>	4,536,000
Actual production – Clinker	<b>2,354,836</b>	2,643,785
Actual production – Cement	<b>2,616,907</b>	2,882,790

Plant operational capacity utilisation is in line with industry demand.

#### 46 OPERATING SEGMENTS

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

All sales of the Company comprise of cement.

Total sales of the Company relating to customers in Pakistan were 87% during the year ended June 30, 2024 (2023: 89%). All non-current assets of the Company at the end of the current and preceding year were located in Pakistan.

Sales to twenty major customers of the Company are around 47% of the Company's total sales during the year (2023: 48%).

#### 47 DISCLOSURE REQUIREMENT FOR SHARIAH COMPLIANT COMPANIES

As per the requirements of the fourth schedule to the Companies Act, 2017, Shariah compliant companies and companies listed on the Islamic Index shall disclose the following:

	Note	2024	2023
		----- (Rupees in '000) -----	
Shariah compliant bank balances	16	<b>265,546</b>	109,352
Long-term financings as per Islamic mode	19	<b>1,039,327</b>	7,358,614
Short-term borrowings as per Islamic mode	26	<b>916,045</b>	622,545
Revenue earned from shariah compliant business	29	<b>38,433,747</b>	37,386,186
Profit earned from shariah compliant bank deposits	34	<b>2,870</b>	108,472
Profit earned from conventional loan or advances	34	<b>75,070</b>	24,458
Dividend from mutual funds and other investments - conventional	34	<b>142,083</b>	-
Dividend from mutual funds and other investments - shariah	34	<b>170,466</b>	-
Dividend earned from shariah compliant long-term investment	34	<b>10,820</b>	8,119
Finance costs on Islamic mode of long-term financings	35	<b>1,091,847</b>	1,435,389
Finance costs on conventional mode of financings	35	<b>281,161</b>	472,619

The Company has relationship with Meezan Bank Limited, Bank Alfalah Limited, Faysal Bank Limited, MCB Islamic Bank Limited Dubai Islamic Bank Pakistan Limited and Bank of Khyber Limited being our Islamic banks which are fully disclosed in note 19 and note 26 to these financial statements.

#### 48 DATE OF AUTHORISATION

These financial statements were authorised for issue on August 22, 2024 by the Board of Directors of the Company.

## 49 DIVIDEND AND APPROPRIATIONS

Subsequent to year ended June 30, 2024, the Board of Directors in its meeting held on August 22, 2024 has proposed final cash dividend @ 4.00 per share amounting to Rs. 777.18 million (2023: Rs. 3.00 per share amounting to Rs. 562.88 million) for approval of the members at the Annual General Meeting. This is in addition to the interim cash dividend @ Rs. 1.50/- per share amounting to Rs. 291.44 million (2023: Rs. 1.50 per share amounting to Rs. 291.44 million) approved by the Board of Directors for the year ended June 30, 2024.

## 50 GENERAL

- 50.1 Certain corresponding figures have been rearranged and reclassified, wherever considered necessary. However, there are no material reclassifications to report in these financial statements.
- 50.2 Figures have been rounded off to the nearest thousand of Rupees unless otherwise stated.



CHIEF EXECUTIVE OFFICER



DIRECTOR



CHIEF FINANCIAL OFFICER

## PATTERN OF SHAREHOLDING

AS OF JUNE 30, 2024

No of Shareholders		Shareholdings' Slab	Total Shares Held
1039	1	to 100	36,090
893	101	to 500	244,311
774	501	to 1000	513,694
1040	1001	to 5000	2,300,872
378	5001	to 10000	2,625,561
170	10001	to 15000	2,002,496
79	15001	to 20000	1,364,829
59	20001	to 25000	1,314,650
59	25001	to 30000	1,596,875
16	30001	to 35000	527,609
21	35001	to 40000	791,613
20	40001	to 45000	859,835
14	45001	to 50000	677,235
23	50001	to 55000	1,222,702
13	55001	to 60000	760,575
3	60001	to 65000	190,860
5	65001	to 70000	335,559
7	70001	to 75000	502,746
7	75001	to 80000	541,729
2	80001	to 85000	165,747
5	85001	to 90000	444,380
3	90001	to 95000	275,728
1	95001	to 100000	99,842
4	100001	to 105000	413,407
3	105001	to 110000	326,279
4	110001	to 115000	449,913
1	115001	to 120000	116,886
4	120001	to 125000	496,000
2	125001	to 130000	253,113
1	130001	to 135000	134,542
2	135001	to 140000	276,199
2	140001	to 145000	286,370
1	150001	to 155000	154,927
3	155001	to 160000	476,032
1	160001	to 165000	163,991
4	170001	to 175000	692,242
3	175001	to 180000	535,600
1	180001	to 185000	185,000
1	185001	to 190000	186,000
1	195001	to 200000	200,000
1	210001	to 215000	212,371
1	215001	to 220000	218,700
1	220001	to 225000	221,034
2	225001	to 230000	458,451
2	235001	to 240000	473,776
1	240001	to 245000	240,794
1	260001	to 265000	263,699
1	265001	to 270000	268,262
1	270001	to 275000	272,500
1	295001	to 300000	296,750
1	300001	to 305000	301,937
2	305001	to 310000	613,888
1	315001	to 320000	315,816
1	330001	to 335000	334,970
1	345001	to 350000	347,845
2	395001	to 400000	795,610

No of Shareholders	Shareholdings'Slab	Total Shares Held
1	420001 to 425000	422,486
1	425001 to 430000	427,663
1	430001 to 435000	434,865
1	435001 to 440000	439,820
1	440001 to 445000	445,147
1	445001 to 450000	450,147
1	450001 to 455000	455,000
1	455001 to 460000	460,000
1	460001 to 465000	465,000
1	465001 to 470000	470,000
1	470001 to 475000	475,000
1	475001 to 480000	480,000
1	480001 to 485000	485,000
1	485001 to 490000	488,923
1	490001 to 495000	493,878
1	495001 to 500000	498,823
1	500001 to 505000	503,768
1	505001 to 510000	508,713
1	510001 to 515000	513,658
1	515001 to 520000	518,603
1	520001 to 525000	523,548
1	525001 to 530000	528,493
1	530001 to 535000	533,438
1	535001 to 540000	538,383
1	540001 to 545000	543,328
1	545001 to 550000	548,273
1	550001 to 555000	553,218
1	555001 to 560000	558,163
1	560001 to 565000	563,108
1	565001 to 570000	568,053
1	570001 to 575000	572,998
1	575001 to 580000	577,943
1	580001 to 585000	582,888
1	585001 to 590000	587,833
1	590001 to 595000	592,778
1	595001 to 600000	597,723
1	600001 to 605000	602,668
1	605001 to 610000	607,613
1	610001 to 615000	612,558
1	615001 to 620000	617,503
1	620001 to 625000	622,448
1	625001 to 630000	627,393
1	630001 to 635000	632,338
1	635001 to 640000	637,283
1	640001 to 645000	642,228
1	645001 to 650000	647,173
1	650001 to 655000	652,118
1	655001 to 660000	657,063
1	660001 to 665000	662,008
1	665001 to 670000	666,953
1	670001 to 675000	671,898
1	675001 to 680000	676,843
1	680001 to 685000	681,788
1	685001 to 690000	686,733
1	690001 to 695000	691,678
1	695001 to 700000	696,623
1	700001 to 705000	701,568
1	705001 to 710000	706,513
1	710001 to 715000	711,458
1	715001 to 720000	716,403
1	720001 to 725000	721,348
1	725001 to 730000	726,293
1	730001 to 735000	731,238
1	735001 to 740000	736,183
1	740001 to 745000	741,128
1	745001 to 750000	746,073
1	750001 to 755000	751,018
1	755001 to 760000	755,963
1	760001 to 765000	760,908
1	765001 to 770000	765,853
1	770001 to 775000	770,798
1	775001 to 780000	775,743
1	780001 to 785000	780,688
1	785001 to 790000	785,633
1	790001 to 795000	790,578
1	795001 to 800000	795,523
1	800001 to 805000	800,468
1	805001 to 810000	805,413
1	810001 to 815000	810,358
1	815001 to 820000	815,303
1	820001 to 825000	820,248
1	825001 to 830000	825,193
1	830001 to 835000	830,138
1	835001 to 840000	835,083
1	840001 to 845000	840,028
1	845001 to 850000	844,973
1	850001 to 855000	849,918
1	855001 to 860000	854,863
1	860001 to 865000	859,808
1	865001 to 870000	864,753
1	870001 to 875000	869,698
1	875001 to 880000	874,643
1	880001 to 885000	879,588
1	885001 to 890000	884,533
1	890001 to 895000	889,478
1	895001 to 900000	894,423
1	900001 to 905000	899,368
1	905001 to 910000	904,313
1	910001 to 915000	909,258
1	915001 to 920000	914,203
1	920001 to 925000	919,148
1	925001 to 930000	924,093
1	930001 to 935000	929,038
1	935001 to 940000	933,983
1	940001 to 945000	938,928
1	945001 to 950000	943,873
1	950001 to 955000	948,818
1	955001 to 960000	953,763
1	960001 to 965000	958,708
1	965001 to 970000	963,653
1	970001 to 975000	968,598
1	975001 to 980000	973,543
1	980001 to 985000	978,488
1	985001 to 990000	983,433
1	990001 to 995000	988,378
1	995001 to 1000000	993,323
4740		194,295,038

## PATTERN OF SHAREHOLDING

AS OF JUNE 30, 2024

Categories of Shareholders	No. of Shareholders	Shares Held	Percentage
<b>Directors, Chief Executive Officer and their spouse(s) and minor children</b>			
MR. OMAR FARUQUE	1	2,118,833	1.09
MRS. SHAMAIN AKBAR FARUQUE W/O. MR. OMAR FARUQUE	1	396,000	0.20
MR. AZAM FARUQUE	1	2,755,940	1.42
MRS. SAMIA FARUQUE W/O. MR. AZAM FARUQUE	1	57,981	0.03
MR. AKBARALI PESNANI	1	91,300	0.05
MRS. SAKINA PESNANI W/O. MR. AKBARALI PESNANI	1	72,600	0.04
MR. ARIF DINO FARUQUE	1	1,485,194	0.76
MR. ABRAR HASAN	1	550	0.00
MRS. ZEEBA ANSAR	1	110	0.00
MR. ASIF QADIR	1	550	0.00
MR. YASIR MASOOD	1	1,100	0.00
<b>Associated Companies, undertakings and related parties</b>			
FARUQUE (PRIVATE) LIMITED	1	42,096,353	21.67
CHERAT PACKAGING LIMITED	1	5,327,698	2.74
MIRPURKHAS SUGAR MILLS LIMITED	1	2,747,277	1.41
ZENSOFT (PRIVATE) LIMITED	1	9,750	0.01
GREAVES PAKISTAN (PRIVATE) LIMITED	1	2,419,002	1.25
JUBILEE GENERAL INSURANCE COMPANY LIMITED	1	52,000	0.03
<b>NIT &amp; ICP</b>	<b>3</b>	<b>4,653,148</b>	<b>2.39</b>
<b>Banks, Development Financial Institutions, Non Banking Financial Institutions.</b>	<b>11</b>	<b>11,650,424</b>	<b>6.00</b>
<b>Insurance Companies</b>	<b>15</b>	<b>15,289,948</b>	<b>7.87</b>
<b>Modarabas and Mutual Funds</b>	<b>44</b>	<b>9,155,836</b>	<b>4.71</b>
<b>General Public</b>			
a. Local	4,381	53,010,196	27.28
b. Foreign	120	2,026,208	1.04
<b>Foreign Companies</b>	<b>9</b>	<b>6,309,822</b>	<b>3.25</b>
<b>Others</b>	<b>140</b>	<b>32,567,419</b>	<b>16.76</b>
<b>Total</b>	<b>4,740</b>	<b>194,295,038</b>	<b>100.00</b>

Shareholders holding 10% or more	Shares Held	Percentage
<b>FARUQUE (PRIVATE) LIMITED</b>	<b>42,096,353</b>	<b>21.67</b>

رقم (000 روپے میں)	ٹرانزیکشن کی نوعیت	حلقہ کمپنی کا نام
2,464,884	ہیکنگ میٹریل کی خریداری	چراٹ ہیکنگ لینڈ
10,820	ڈیونڈ کی وصولی	
23,975	ڈیونڈ کی ادائیگی	
56	اشیا کی فروخت	
12,363	ڈیونڈ کی ادائیگی	میرپور خاص شوگر ملز لینڈ
32,220	ڈیونڈ کی ادائیگی	ڈائریکٹرز سی ای او اور ان کی شریک حیات
279,840	خام مال کی خریداری	فاروق (پرائیویٹ) لینڈ
407,970	راکھی کی ادائیگی	
9,601	ایکسٹریٹیوٹی کی ادائیگی	
189,434	ڈیونڈ کی ادائیگی	
19,835	گنڈ اینٹس کی خریداری	گریوز ایئر کنڈیشننگ (پرائیویٹ) لینڈ
119	خدمات کی وصولی	
159	اشیا کی خریداری	
844,209	گنڈ اینٹس کی خریداری	گریوز پاکستان (پرائیویٹ) لینڈ
2,671	خدمات کی وصولی	
1,667	اشیا کی خریداری	
10,886	ڈیونڈ کی ادائیگی	
30,011	خدمات کی وصولی	زین سوفٹ (پرائیویٹ) لینڈ
111	ڈیونڈ کی ادائیگی	
30,385	اشیا کی خریداری	پاکستان کیبلز لینڈ
97,297	انسورنس پرییم	جوبلی جزل انسورنس کمپنی لینڈ
1,185,883	مشاہرہ	منجھت کے اہم افراد
178,741	فنانس میں کٹری بیوشن	سی سی سی ڈیل - ایسٹریٹس پراویڈنٹ اینڈ گریجویٹ فنڈ

ڈائریکٹرز صرف اپنی شیئر ہولڈنگ اور / یا اپنی متعلقہ پارٹنرز میں مشترکہ ڈائریکٹرشپ کی حد تک اس میں دلچسپی رکھتے ہیں۔ عام ڈائریکٹرز کے ناموں کا تذکرہ فائنل انٹرنیشنل کے مذکورہ نوٹ نمبر 43 میں کیا گیا ہے۔

- b. امیدوار کی طرف سے درست شناختی کارڈ کی کاپی کے ساتھ ہاتھوں پر مکمل اور دستخط شدہ فارم 9 کے دستخط شدہ ضمیمہ پر ڈائریکٹر کی حیثیت سے کام کرنے کی رضامندی؛
- c. کمپنی کی وب سائٹ پر اسے جی ایم کی تاریخ سے سات یوم قبل فراہم کرنے کے لیے تصدیقی پروفائل (بشمول دیگر ڈائریکٹر شپ، اگر کوئی ہو) ہمہ دفتر کا پتہ
- d. لسٹڈ کمپنیز (کوڈ آف کارپورٹ گورننس) ریگولیشنز، 2019 کی ضروریات اور کمپنیز ایکٹ، 2017 میں طے کردہ اہلیت کے معیار کی کھپائیں کے حوالے سے ڈکٹریشن انڈر ٹیکنگ

21. ڈائریکٹرز کے انتخاب کے مقصد کے لئے، ووٹنگ مندرجہ ذیل تین (3) کیٹیگریز میں منعقد کی جائے گی:

(i) خواتین ڈائریکٹرز (ii) آزاد ڈائریکٹرز (iii) دیگر ڈائریکٹرز

اگر ہر کیٹیگری میں اپنے آپ کو پیش کرنے والے ارکان کی تعداد اس کیٹیگری میں منتخب ہونے والے ڈائریکٹرز کی تعداد سے زیادہ نہیں ہے تو، ایسے ارکان ووٹنگ کے عمل کے بغیر منتخب ہو جائیں گے۔

کمپنیز ایکٹ 2017 کی دفعہ 159 (4) کے مطابق مقابلہ کرنے والے ڈائریکٹرز کی حتمی فہرست اسے جی ایم کی تاریخ سے سات (7) دن قبل انتخابات میں شائع کی جائے گی۔ مزید برآں، کمپنی کی وب سائٹ کو بھی مطلوبہ معلومات کے ساتھ اپ ڈیٹ کیا جائے گا۔

### انڈیپنڈنٹ ڈائریکٹرز کے حوالے سے کمپنیز ایکٹ 2017 کی دفعہ 166 کے تحت اسٹیٹمنٹ

انڈیپنڈنٹ ڈائریکٹرز کا انتخاب کمپنیز ایکٹ 2017 کی دفعہ 166 اور کمپنیز ریگولیشنز 2018 (آزاد ڈائریکٹرز کا انتخاب اور طریقہ کار) کے تحت خود بخود کیلئے مقرر کردہ قابل اطلاق معیار کے مطابق کیا جائے گا۔ مزید برآں، اس کے تحت جاری کردہ قواعد و ضوابط اور ان کے ہم پاکستان انسٹی ٹیوٹ آف کارپورٹ گورننس کے زیر انتظام انڈیپنڈنٹ ڈائریکٹرز کے لٹا بیٹک میں درج کیے جانے چاہئیں۔ تاہم امیدوار کا انتخاب اسی طرح کیا جائے گا جس طرح کمپنیز ایکٹ 2017 کی دفعہ 159 کے تحت دیگر ڈائریکٹرز کا انتخاب کیا جاتا ہے۔

### میرپور خاص شوگر ملز لمیٹڈ کی ریگولیشن میں رائٹ شیئرز کی سبکدوشی کی مد میں سرمایہ کاری کا اسٹیٹمنٹ

کمپنی نے 21 مارچ 2024 کو منعقد اپنے غیر معمولی جنرل اجلاس میں میرپور خاص شوگر ملز لمیٹڈ میں رائٹ شیئرز کی سبکدوشی کے ذریعے مجموعی طور پر 75 ملین روپے تک کی سرمایہ کاری کے لئے اپنے شیئر ہولڈرز سے منظوری حاصل کی تھی۔ کمپنی نے اپنے اسٹیٹمنٹ کے مطابق 10,698,350 روپے مالیت کے رائٹ شیئرز کو سبکدوش کیا اور 54,257,875 روپے میں غیر سبکدوش شدہ رائٹ شیئرز کو سبکدوش کیا۔ کمپنی نے کل 64,956,225 روپے مالیت کے رائٹ شیئرز سبکدوش کیے ہیں۔

### کمپنیز ایکٹ 2017 کے سیکشن 134 کے تحت اسٹیٹمنٹ

#### متعلقہ پارٹی ٹرانزیکشنز

اسٹیٹمنٹ میں جو 16 اکتوبر 2024 کو ہونے والی کمپنی کے سالانہ اجلاس عام میں ”خصوصی کاروبار“ سے متعلق مادی حقائق بیان کیے گئے ہیں۔ کمپنی کے ممبران سے درج ذیل کے حوالے سے منظوری حاصل کی جائے گی:

30 جون 2024 کو ختم ہونے والے مالی سال کے دوران کمپنی نے اپنی منسلک کمپنیز اور متعلقہ پارٹیز کے ساتھ اپنی پالیسیوں اور قابل اطلاق قوانین و ضوابط کے مطابق ٹرانزیکشنز انجام دیں۔ متعلقہ پارٹی ٹرانزیکشنز کو کمپنیز ایکٹ 2017 کی دفعہ 207 اور 208 کے تحت شیئر ہولڈرز کی منظوری درکار ہے۔ اس طرح کی ٹرانزیکشنز کو سالانہ جنرل میٹنگ میں منظوری کے لیے تجویز کردہ خصوصی قرارداد کے ذریعے شیئر ہولڈرز کی منظوری کے لیے ان کے سامنے رکھا جا رہا ہے۔

شیئر ہولڈرز سے درخواست کی جاتی ہے کہ وہ 30 جون 2024 کو ختم ہونے والے مالی سال کی فائنل اسٹیٹمنٹس کے نوٹ نمبر 43 میں ظاہر کردہ ٹرانزیکشنز کی توثیق کریں اور بورڈ آف ڈائریکٹرز کو 30 جون 2025 کو ختم ہونے والے سال کے لئے متعلقہ پارٹیز اور منسلک کمپنیز کے ساتھ ٹرانزیکشنز کرنے کا اختیار دیں۔

30 جون 2024 کو ختم ہونے والے مالی سال کی فائنل اسٹیٹمنٹس کے نوٹ نمبر 43 میں ظاہر کردہ ٹرانزیکشنز کی پارٹیز کے لحاظ سے تفصیلات درج ذیل ہیں:



کرنے کے لئے، شیئر ہولڈرز سے درخواست کی جاتی ہے کہ وہ کمپنی کی ویب سائٹ یعنی [www.gfg.com.pk](http://www.gfg.com.pk) پر دستیاب ای-ڈیوڈنڈ مینڈیٹ فارم پر کریں اور فزیکل شیئرز کی صورت میں اسے شناختی کارڈ کی کاپی کے ہمراہ ہاتھ دیا جائے گا، کمپنی کے رجسٹرڈ ممبرز سی ڈی سی شیئر رجسٹرڈ سروسز لمیٹڈ کو ارسال کریں۔ اگر شیئر سی ڈی سی کے پاس ہیں، تو، ای ڈیوڈنڈ مینڈیٹ فارم براہ راست شیئر ہولڈر کے بروکر / شرکت کنندہ / سی ڈی سی انویسٹر اکاؤنٹ سروسز میں جمع کرانا ہوگا۔ آئی بی اے میں جمع نہ کرانے کی صورت میں کمپنی (ڈیوڈنڈ کی تقسیم) ریگولیشنز، 2017 کے تحت ڈیوڈنڈ کی لائیکٹی روک دے گی۔ مزید برآں مجموعی منافع، ٹیکس / ذکوۃ کٹوتی اور منافع کی خالص رقم کے بارے میں معلومات سینٹرل کیس ڈیوڈنڈ رجسٹر (سی ڈی آئی آر) کے ذریعے فراہم کی جائیں گی لہذا شیئر ہولڈرز کو اپنے آپ کو سی ڈی سی، ای سروسز پورٹل <http://eservices.edcaccess.com.pk> پر رجسٹر کرنا چاہیے۔

12. کمپنیز ایکٹ 2017ء کے سیکشن 244 کمپلائنس میں ایک ہر جب کمپنی مقررہ رسمی کارروائیاں مکمل کر لے تو کوئی بھی غیر کلیم شدہ ڈیوڈنڈ اور/یا شیئرز جو واجب الادا ہونے یا اس سے زائد کی تاریخ سے تین سال کی مدت تک آؤٹ اسٹینڈنگ رہے ہوں گے انہیں وفاقی حکومت (ڈیوڈنڈ ہونے کی صورت میں) یا ایس ای سی پی (فزیکل شیئرز ہونے کی صورت میں) میں جمع کرایا جائے گا۔ وہ شیئر ہولڈرز جو کسی بھی وجہ سے اپنے قبضے غیر کلیم شدہ ڈیوڈنڈ / شیئرز حاصل نہیں کر سکے ہیں، انہیں مشورہ دیا جاتا ہے کہ وہ اپنے غیر کلیم شدہ ڈیوڈنڈ یا شیئرز، اگر کوئی ہوں، کے حصول / معلومات کے لیے کمپنی کے شیئر رجسٹر سے رابطہ کریں

13. شیئر ہولڈرز کے پاس ای میل کے ذریعے سالانہ آؤٹ شدہ فنانس اور جرنل میٹنگ کا نوٹس حاصل کرنے کا اختیار ہے۔ کمپنی کے شیئر ہولڈرز سے درخواست کی جاتی ہے کہ اگر وہ ای میل کے ذریعے سالانہ آؤٹ شدہ فنانس اور جرنل میٹنگ کا نوٹس حاصل کرنا چاہتے ہیں تو ریکارڈ کو اپ ڈیٹ کرنے کے لئے ہمارے شیئر رجسٹر کو اپنی رضامندی ظاہر کریں۔ تاہم، اگر شیئر ہولڈرز، اس کے علاوہ، آؤٹ شدہ فنانس اور جرنل میٹنگ کی ہر ڈیوڈنڈ کی درخواست کرتے ہیں تو، انہیں اپنی تحریری درخواست کی وصولی کے سات (7) دنوں کے اندر اسے مفت فراہم کر دی جائیں گی۔

14. تمام شیئر ہولڈرز کو مشورہ دیا جاتا ہے کہ وہ ایف بی آر کی ویب سائٹ پر دستیاب ایکٹیو ٹیکس وینڈنگ کی فہرست (ایس ٹی ایل) پر اپنا اسٹیمپ چیک کریں اور اگر ضروری ہو تو اسے ٹی ایل میں اپنا نام شامل کرنے کے لئے ضروری اقدامات کریں۔ اگر کسی شخص کا نام اسے ٹی ایل میں نہیں آتا ہے تو قابل اطلاق ٹیکس کی شرح میں سو فیصد اضافہ ہو جائے گا۔

15. جو انٹ اکاؤنٹ کی صورت میں، ہر اکاؤنٹ ہولڈر کی شیئر ہولڈنگ کے تناسب بعد ان کے انفرمی سے ٹی ایل اسٹیمپ کے حوالے سے آگاہ کریں

16. سی ڈی سی اکاؤنٹس رکھنے والے کارپورٹ شیئر ہولڈرز کو اپنے متعلقہ شرکت کنندہ کے ساتھ اپنے نیٹیل ٹیکس نمبر (این ٹی این) کو اپ ڈیٹ کرنا ضروری ہے، جبکہ کارپورٹ فزیکل شیئر ہولڈرز کو اپنے این ٹی این سرٹیفکیٹ کی ایک کاپی ہمارے سی ڈی سی شیئر رجسٹرڈ سروسز لمیٹڈ کو ارسال کرنا ہوگی۔ شیئر ہولڈرز کو این ٹی این یا این ٹی این سرٹیفکیٹ ارسال کرتے وقت، جیسا بھی معاملہ ہو، کمپنی کا نام اور ان کے متعلقہ فولیو نمبر کا حوالہ دینا ہوگا۔

17. ڈیوڈنڈ ادائیگی پر وہ ہولڈنگ ٹیکس سے اسٹیمپ کی اجازت صرف اسی صورت میں دی جائے گی جب موٹو ٹیکس اسٹیمپ سرٹیفکیٹ کی کاپی سی ڈی سی شیئر رجسٹرڈ سروسز لمیٹڈ کو یک بند ہونے کے پہلے دن تک دستیاب ہو۔

18. ذکوۃ کی لازمی کٹوتی سے اسٹیمپ کلیم کرنے کے لیے شیئر ہولڈرز سے درخواست کی جاتی ہے کہ وہ ذکوۃ ڈیکلریشن (فارم سی ڈی-50) یا اس کی تصدیق شدہ فوٹو کاپی سی ڈی سی شیئر رجسٹرڈ سروسز لمیٹڈ کو جلد از جلد جمع کرائیں تاکہ مستقبل کے تمام ڈیوڈنڈ پر ذکوۃ کی کٹوتی سے بچا جاسکے۔

پوسٹل بیٹ ای ووٹنگ

19. ممبران کو مطلع کیا جاتا ہے کہ کمپنیز (پوسٹل بیٹ) ریگولیشنز، 2018 کے مطابق سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان نے تمام اسٹاک ہولڈرز کو ہدایت کی ہے کہ وہ خصوصی کاروبار کے طور پر طے کردہ تمام کاروباری امور اور ڈائریکٹرز کے انتخاب کی صورت میں اراکین کو الیکٹرانک ووٹنگ کی سہولت اور ڈاک کے ذریعے ووٹنگ کا حق فراہم کریں۔ اس کے مطابق کمپنی کے ممبران کو، متذکرہ بالا ریگولیشنز میں بیان کردہ شرائط اور ضرورت کے مطابق تازہ منصف ہونے والی ایس جی ایم میں الیکٹرانک ووٹنگ کی سہولت یا ڈاک کے ذریعے ووٹنگ کا حق استعمال کرنے کی اجازت ہوگی۔ پوسٹل بیٹ کے ساتھ پوسٹل بیٹ / الیکٹرانک ووٹنگ کا شیڈول اور طریقہ کار مقررہ مدت میں جاری کیا جائے گا اور اجلاس سے سات (7) دن پہلے کمپنی کی ویب سائٹ یعنی [www.gfg.com.pk](http://www.gfg.com.pk) پر بھی دکھا جائے گا۔

20. کوئی بھی ممبر جو ڈائریکٹرز کے عہدے کے لئے یا کسی اور صورت میں انتخاب لڑنے کا ارادہ رکھتا ہے، کمپنی کے ہیڈ آفس میں سالانہ عام اجلاس کی تاریخ سے چودہ (14) دن قبل درج ذیل دستاویزات جمع کرائے گا:

a. کمپنیز ایکٹ 2017 کی دفعہ 159 (3) کے تحت آزاد ڈائریکٹرز، خواہ تین ڈائریکٹرز اور دیگر ڈائریکٹرز کے طور پر ڈائریکٹرز کے انتخاب کے لئے خود کو پیش کرنے کے ارادے کا نوٹس:

## نوٹس

1. کمپنی کے ممبران کا رجسٹر بدھ، 9 اکتوبر، 2024 سے بدھ، 16 اکتوبر، 2024 (بشمول دونوں دن) تک بند رہے گا اور اس دوران کوئی ٹرانسفر رجسٹر نہیں کیا جائے گا۔ کمپنی کے شیئرز رجسٹرار کے دفتر سی ڈی سی شیئر رجسٹرار سروسز لمیٹڈ (سی ڈی سی ایس آر ایس ایل)، سی ڈی سی ہاؤس، 99 بی، بلاک بی، ایس ایم سی ایچ ایس، مین شارع فیصل، کراچی 74400- میں منگل 8 اکتوبر 2024 کو کاروبار کے اختتام تک آرڈر میں موصول ہونے والے شیئرز کو بروقت تصور کیا جائے گا۔
2. کمپنی کا کوئی ممبر جو سالانہ اجلاس عام میں شرکت، اظہار خیال اور ووٹ دینے کا اہل ہے وہ کسی دوسرے رکن کو اپنی جگہ شرکت، اظہار خیال اور ووٹ دینے کے لئے اپنے پراکسی کے طور پر مقرر کر سکتا ہے۔ پراکسی کے موثر ہونے کے لئے تحریری ہونا ضروری ہے اور میٹنگ سے 48 گھنٹے پہلے لازمی طور پر کمپنی کے ہیڈ آفس میں وصول کیا جانا چاہئے۔
3. اے جی ایم کی کارروائی زوم اپیلی کیشن (ویڈیو لنک کانفرنسنگ کی سہولت) کے ذریعے ویڈیو کے ذریعے بھی انجام دی جائے گی۔ اجلاس میں شرکت کے خواہشمند شیئرز ہولڈرز سے درخواست کی جاتی ہے کہ وہ مطلوبہ معلومات کمپیوٹرائزڈ قومی شناختی کارڈ (سی این آئی سی) کے دونوں اطراف کی موٹر کاپی کے ساتھ [cdcsr@cdcsrsl.com](mailto:cdcsr@cdcsrsl.com) پر ای میل کریں جس کا عنوان "رجسٹریشن فار چیرٹ سینٹ کمپنی لمیٹڈ اے جی ایم" ہو۔ شیئرز ہولڈرز کو مشورہ دیا جاتا ہے کہ وہ اپنی تمام تر تفصیلات درج ذیل طریقے سے بیان کریں

شیئرز ہولڈرز/پراکسی کا مکمل نام	کمپنی	کمپیوٹرائزڈ قومی شناختی کارڈ نمبر	فولیو/سی ڈی سی اکاؤنٹ نمبر	ای میل ایڈریس	موبائل فون نمبر
	چیرٹ سینٹ کمپنی لمیٹڈ				

4. ویڈیو لنک کی تفصیلات اور لاگ ان کریڈنٹیلز ممبرز کو ان کے فراہم کردہ ای میل ایڈریسز پر ارسال کی جائیں گی تاکہ وہ مقررہ تاریخ اور وقت پر اجلاس میں شرکت کر سکیں۔
5. ممبران، شیئرز ہولڈرز کی شناخت اور تصدیق کے لئے درکار تمام رسمی کارروائیوں کو مکمل کرنے کے بعد اپنی ڈیوائسز کے ذریعے لاگ ان کر سکیں گے اور اے جی ایم کی کارروائی میں حصہ لے سکیں گے۔ ویڈیو لنک اور لاگ ان کریڈنٹیلز صرف ان ممبرز کے ساتھ شیئر کی جائیں گی جن کی ای میلز، جن میں تمام مطلوبہ تفصیلات شامل ہیں، اے جی ایم کے وقت سے کم از کم 48 گھنٹے پہلے موصول ہو چکی ہوں۔
6. کمپنی کے ممبران جن کے شیئرز سینٹرل ڈپازٹری سسٹم (سی ڈی ایس) کے ساتھ ان کے اکاؤنٹ / ذیلی اکاؤنٹ میں رجسٹرڈ ہیں ان سے درخواست کی جاتی ہے کہ وہ تصدیق کے لئے سی ڈی ایس میں اپنے اکاؤنٹ نمبر اور شرکت کنندہ کے شناختی نمبر کے ساتھ اصل کمپیوٹرائزڈ قومی شناختی کارڈ ہمراہ لائیں۔
7. فزیکل شیئرز کے حامل ممبران سے درخواست کی جاتی ہے کہ وہ اپنے پتے میں کسی بھی تبدیلی کے حوالے سے کمپنی کے شیئرز رجسٹرار کو مطلع کریں۔ جبکہ، سی ڈی سی اکاؤنٹس کے شیئرز ہولڈرز سے درخواست کی جاتی ہے کہ وہ اپنے پتوں میں کسی بھی تبدیلی کے حوالے سے فوری طور پر اپنے متعلقہ سی ڈی سی شرکت دار / بروکر / سی ڈی سی انویسٹر اکاؤنٹ سروسز کو مطلع کریں۔
8. کمپنیز ایکٹ 2017 کے سیکشن 119 اور کمپنیز (جنرل پروویژن ریلینڈ فارمز) ریگولیشنز 2024 کے ریگولیشن 47 کے مطابق تمام فزیکل شیئرز ہولڈرز کو مشورہ دیا جاتا ہے کہ وہ اپنی لازمی معلومات جیسے شناختی کارڈ نمبر، ایڈریس، ای میل ایڈریس، رابطہ موبائل / ٹیلی فون نمبر، پتہ وغیرہ فوری طور پر سی ڈی سی شیئرز رجسٹرار سروسز لمیٹڈ کو فراہم کریں تاکہ قانون کی عدم تعمیل یا مستقبل میں کسی قسم کی ذمہ داری سے بچا جاسکے۔
9. فزیکل شیئرز کے حامل ممبران جنہوں نے ابھی تک اپنے موٹر کمپیوٹرائزڈ قومی شناختی کارڈ (سی این آئی سی) کی فوٹو کاپی جمع نہیں کرائی ہے، ان سے درخواست کی جاتی ہے کہ وہ اسے کمپنی کے شیئرز رجسٹرار کو ارسال کریں۔
10. کمپنیز ایکٹ 2017 کے سیکشن 72 کے مطابق ہر موجودہ لسٹڈ کمپنی کو اپنے فزیکل شیئرز بک انٹری فارم ایس ای سی پی کی طرف سے بیان کردہ طریقے اور نوٹیفکیشنز سے، تبدیل کرنا ہوں گے۔ اسی طرح فزیکل شیئرز ہولڈنگ رکھنے والے شیئرز ہولڈرز کو اس کے مطابق سی ڈی سی کی انویسٹر اکاؤنٹ سروسز کے ساتھ اپنا اکاؤنٹ کھولنے یا کسی بھی بروکر کے ساتھ ذیلی اکاؤنٹ کھولنے اور اپنے فزیکل شیئرز بک انٹری فارم میں تبدیل کرنا ہوگا۔ اس سے شیئرز ہولڈر کو کئی طریقوں سے سہولت حاصل ہوگی، بشمول سیف گنڈی اور شیئرز کی فروخت، جس وقت وہ چاہیں، کیونکہ پاکستان اسٹاک ایکسچینج لمیٹڈ کے موجودہ ضوابط کے مطابق فزیکل شیئرز کی ٹریڈنگ کی اجازت نہیں ہے۔
11. شیئرز ہولڈرز کو یاد دہانی کرائی جاتی ہے کہ کمپنیز ایکٹ 2017 کی دفعہ 242 کے مطابق لسٹڈ کمپنی کے معاملے میں کمپنی کی جانب سے اعلان کردہ کسی بھی کیس ڈیویڈنڈ کو براہ راست شیئرز ہولڈرز کے بینک اکاؤنٹس میں الیکٹرانک طور پر ادا کیا جانا چاہیے۔ اپنے بینک اکاؤنٹ میں براہ راست ڈیویڈنڈ وصول

## اطلاع برائے سالانہ عام اجلاس

مطلع کیا جاتا ہے کہ چرائٹ سینٹ کمپنی لینڈ کا 43 واں سالانہ اجلاس عام بدھ 16 اکتوبر 2024 کو دوپہر 12:30 بجے، بلوچ کرائی، نوشہرہ، خیبر پختونخوا میں کمپنی کے رجسٹرڈ دفتر میں فیکٹری کے احاطے میں، اور اس کے ساتھ ساتھ ویڈیو لنک کانفرنسنگ کی سہولت کے ذریعے مندرجہ ذیل کاروباری امور کی انجام دہی کے لیے منعقد کیا جائے گا۔

### عمومی برٹس

1. 25 اکتوبر 2023 کو منعقد ہونے والے سالانہ اجلاس عام کے منٹس کی تصدیق
2. 30 جون 2024 کو ختم ہونے والے سال کے لئے کمپنی کے آؤٹ شدہ اکاؤنٹس کی وصولی اور ان پر ڈائریکٹرز اور مینجمنٹ رپورٹس کے ساتھ غور و خاص
3. 40 لیصد (4.00 روپے فی حصص) کی شرح سے فائنل کیش ڈیویڈنڈ کی ادائیگی پر غور اور اس کی منظوری۔ یہ بورڈ آف ڈائریکٹرز کی سفارش کے مطابق 30 جون 2024 کو ختم ہونے والے مالی سال کے لیے شیئر ہولڈرز کو پہلے ہی ادا کی جانے والی 15 لیصد (1.50 روپے فی شیئر) کی شرح سے تقسیم کیے گئے عبوری کیش ڈیویڈنڈ کے علاوہ ہے
4. سال 2024-25 کے لیے گرانٹ تھورنٹن انجمن رٹن، چارٹرڈ اکاؤنٹنٹس کی بطور آڈیٹر تقرری اور ان کے معاوضہ کا تعین
5. کمپنیز ایکٹ 2017 کی دفعہ 159(1) کے تحت بورڈ آف ڈائریکٹرز کی جانب سے مقرر کردہ کمپنی کے آڈیٹر (8) ڈائریکٹرز کا انتخاب۔ رہنما ہونے والے ڈائریکٹرز کے نام (1) جناب عمر فاروق (2)، جناب اعظم فاروق (3) جناب اکبر علی پستانی (4) جناب عارف فاروق (5) جناب آصف قادر (6)، جناب ابرار حسن (7) محترمہ زبا نسا اور (8) جناب یاسر مسعود ہیں۔
6. چیئرمین کی اجازت سے کسی بھی دوسرے برٹس پر کارروائی

### خصوصی کارروائی

7. درج ذیل قرارداد پر بطور خصوصی قرارداد غور و خاص اور اس کی منظوری
    - a) قرار دیا جاتا ہے کہ 30 جون 2024 کو ختم ہونے والے مالی سال کے دوران متعلقہ پانچ اور منسلک کمپنیز کے ساتھ معمول کے مطابق کیے گئے لین دین، جسے فنانسئل اسٹیٹمنٹس کے نوٹ 43 میں ظاہر کیا گیا ہے، کی توثیق کی جاتی ہے اور منظوری دی جاتی ہے
    - b) مزید قرار دیا جاتا ہے کہ کمپنی کے بورڈ آف ڈائریکٹرز 30 جون 2025 کو ختم ہونے والے سال کے دوران متعلقہ پانچ اور منسلک کمپنیز کے ساتھ معمول کے مطابق کیے جانے والے تمام لین دین کی منظوری دینے کے مجاز ہیں۔
- مذکورہ اجلاس برٹس سے متعلق کمپنیز ایکٹ 2017 کی دفعہ 134 کے تحت اسٹیٹمنٹ نوٹس کے ساتھ منسلک ہے۔

حکم بورڈ آف ڈائریکٹرز  
عام حیدر آہوند  
کمپنی سیکرٹری

کراچی: 22 اگست، 2024

کمپنی کی آؤٹ شدہ فنانسئل اسٹیٹمنٹس، کمپنیز ایکٹ 2017 کے تحت درکار رپورٹ اور دستاویزات کے ساتھ کمپنی کی ویب سائٹ پر اپ لوڈ کر دی گئی ہیں جنہیں مندرجہ ذیل لنک اور / یا کیو آر ایچ کوڈ سے ڈاؤن لوڈ کیا جاسکتا ہے

کیو آر کوڈ	ویب لنک
	<a href="https://gfg.com.pk/cccl/financial-information/">https://gfg.com.pk/cccl/financial-information/</a>

آسانی کی توقع ہے۔ تاہم گروشی قرضے سے دہاؤ کم کرنے اور سبسڈی ختم کرنے اور آئی ایم ایف کی شرائط پر عمل درآمد کے لیے سبسڈی کا خاتمہ، اور بجلی اور گیس کے ٹیرف میں خاطر خواہ اضافہ ہوا ہے جس میں مزید اضافے کا محذوہ ہے۔ مزید یہ کہ، حالیہ بجٹ کے حوالے سے اقدامات سے قلیل مدتی اطرار زر کا دہاؤ پیدا ہو سکتا ہے مگر طویل مدتی معاشی استحکام کے لیے ایسا کرنا ضروری ہے۔ حکومت پاکستان آئی ایم ایف سے 7 سے 8 بلین ڈالر کے پروگرام کے حوالے سے معاملات طے کر رہی ہے، جس سے معیشت میں استحکام کی توقع ہے۔ یہ استحکام، متوقع فیکل اور مالیاتی ایڈجسٹمنٹ کے ساتھ آنے والے سال میں معیشت کو زیادہ پائیدار ترقی کی راہ پر گھمزن کرتا ہے۔ حالیہ بجٹ میں کچھ اقدامات جیسے ٹیکس کی شرح میں نمایاں اضافہ اور برآمدات کے لئے حتمی ٹیکس نظام نے سینٹ کی صنعت کو بری طرح متاثر کیا ہے۔ ہم امید کرتے ہیں کہ اطرار زر میں کمی کے ساتھ مالیاتی نرمی کا سلسلہ جاری رہے گا۔ اور حکومت ترقی کو فروغ دینے کے لئے بنیادی ڈھانچے پر اخراجات میں اضافہ کرے گی جس سے سینٹ کی طلب میں بھی اضافہ ہوگا۔ مالی سال 25 میں سینٹ کی صنعت کی ترقی کو بنیادی طور پر برآمدات میں اضافے سے تقویت ملنے کی توقع ہے۔ اگرچہ افغانستان میں سینٹ کی طلب مضبوط ہے لیکن انتظامی اور سیاسی مسائل کی وجہ سے وقتاً فوقتاً ہماری برآمدات متاثر ہوتی رہتی ہیں۔


انتظامیہ فعال طور پر کمپنی کے آپریشننگ ماحول کی گھرائی کرتی ہے اور بڑھتی ہوئی لاگت کو قابو میں رکھنے کے لئے اقدامات کے سلسلے کو جاری رکھتی ہے۔ ہم اس موقع پر حکومت سے درخواست کرتے ہیں کہ وہ سینٹ کی صنعت پر انتہائی ناقابل برداشت ٹیکسز کو ختم کرے اور ترقی کو فروغ دینے کے لئے ضروری اقدامات کرے۔

تالش

ہم شکریہ ادا کرنا چاہتے ہیں ان تمام مالیاتی اداروں کا جن کے ساتھ ہمارے کاروباری تعلقات ہیں، اپنے ڈیپازٹرز اور سٹاک ہولڈرز کا جن کی مسلسل حمایت، تعاون اور بھرپور اہتمام حاصل ہے۔ ہم اپنے تمام عملے کو ان کی لگن، وقار اور سخت محنت پر سراہتے ہیں۔

  
اعظم فاروق  
چیف ایگزیکٹو

منجانب بورڈ آف ڈائریکٹرز

  
میر فاروق  
چیف مین

کراچی، 22 اگست 2024

جاتی ہے۔ جس حد تک ممکن ہو ڈیلیوریج کی گئی ہے۔ جس جگہ بھی ممکن ہے، وہاں وہاں لاگت کی بچت کے اقدامات متعارف کرائے جاتے ہیں جیسے ڈبیر ایچ آر، سولر پینل اور مقامی کوئٹے کا استعمال۔

بورڈ بڑھتے ہوئے انفارمیشن سیکورٹی سے متعلق خطرات کو مد نظر رکھتے ہوئے سائبر سیکورٹی کی اہمیت کو تسلیم کرتا ہے، جو براہ راست ہمارے کاروباری آپریشنز کو متاثر کر سکتا ہے۔ کمپنی ایک ان-ہاؤس آئی ٹی عملہ رکھتی ہے، جس کے پاس آئی ٹی سے متعلق سیکورٹی کے لیے باقاعدہ وسائل موجود ہیں۔ گذشتہ سال کے دوران بورڈ کے مشورے پر ایک بیرونی کنسلٹنٹ کے ذریعے سائبر سیکورٹی آڈٹ کیا گیا اور ان کی سفارشات پر پوری طرح سے عمل درآمد کیا گیا۔ سال بھر کے دوران ایسی کوئی خلاف ورزی دیکھنے میں نہیں آئی۔

### قرضوں کی واپسی

کمپنی اپنی ذمہ داریوں کو بروقت پورا کرنے کی روایت کی حامل ہے۔ بہتر کیش فلو کو مد نظر رکھتے ہوئے، کمپنی نے مہنگے طویل مدتی کمرشل قرضوں کی جلد اور شیڈول واپسی کی ہے اور رنگ فائننس کی سہولیات کو لیکچورٹ ری فنانس سہولیات کی حد تک محدود کر دیا ہے۔ اس کے نتیجے میں فائننس چارجز کی مد میں خاطر خواہ بچت ہوئی ہے۔

### کمپنل اسٹریکچر

کمپنی کا موجودہ ڈیٹ ٹولیکوئی تناسب گذشتہ سال کے مقابلے میں بہتر ہوا ہے اور سال کے اختتام پر 14:86 ہے۔ جیسا کہ کمپنی ہاؤسنگ سے منافع حاصل کر رہی ہے اس لیے اس کا گیزٹنگ کا تناسب بھی بہتر ہو رہا ہے۔

### گڈورڈ کا تقرر

ہم اپنے موجودہ گڈورڈ میسرز ای وائی فورڈ رھوڈز، چارٹرڈ اکاؤنٹنٹس کا شکریہ ادا کرتے ہیں جو سبکدوش ہو رہے ہیں اور انہوں نے اپنے آپ کو دوبارہ تقرری کے لیے پیش نہیں کیا ہے۔ ان کی ریٹائرمنٹ کے پیش نظر میسرز گرانت تھورنٹن انجمن رٹن، چارٹرڈ اکاؤنٹنٹس نے خود کو تقرری کے لیے پیش کیا ہے۔

### شیر ہولڈنگ کا پیٹرن

30 جون 2024 کو کمپنی کی شیر ہولڈنگ کا پیٹرن کمپنیز ایکٹ 2017 کے سیکشن 227(2)(ایف) کے مطابق ہے، جسے اس رپورٹ کے ساتھ منسلک کیا گیا ہے۔

### حلقہ پائیز کی ٹرانزیکشنز

متعلقہ پارٹیز سے کی جانے والی تمام ٹرانزیکشنز کو شفافیت کے ساتھ انجام دیا گیا ہے، اور کمپنی کی فائننس اسٹیٹمنٹس میں اس کا اظہار کیا گیا ہے۔

### بعد میں وقوع پذیر ہوئیں

کمپنی کے مالی سال کے اختتام سے اس رپورٹ کی تاریخ تک کے عرصے میں کمپنی کی مالی حالت میں کوئی بڑی تبدیلی واقع نہیں ہوئی اور نہ ہی اس حوالے سے کوئی کنٹیننٹس کی گئی ہیں

### کاروبار کی نوعیت میں کوئی تبدیلی نہیں

اس مالی سال کے دوران کمپنی کے کاروبار کی نوعیت کے حوالے سے کوئی اہم تبدیلی واقع نہیں ہوئی ہے۔

### مستقبل کا منظر نامہ

مالی سال 2024-2025 کے دوران پاکستان کو لاقاعدہ سماجی معاشی چینلرز کا سامنا کرنا پڑ سکتا ہے جن کے معیشت پر براہ راست اثرات ہوں گے۔ ہائی بین لائٹ، بہتر سپلائی، اور مختصر مدت میں منگولیا ریسٹ کی توقع کی بنا پر پالیسی ریسٹ میں 250 بیس پوائنٹس کی مجموعی کمی کے ساتھ، مالیاتی امور میں

ان ڈائریکٹرز کو حاضری سے رخصت دی گئی جو اپنی پہلے سے طے مصروفیات کی بنا پر میٹنگز میں شرکت نہ کر سکے

### ڈائریکٹرز کا مشاہرہ

کمپنی کے آرٹیکلز کے تحت بورڈ آف ڈائریکٹرز وقتاً فوقتاً نان ایگزیکٹو اور انڈیپنڈنٹ ڈائریکٹرز کا معاوضہ طے کرنے کا مجاز ہے۔ اس سلسلے میں بورڈ آف ڈائریکٹرز نے کمپنی کے نان ایگزیکٹو اور انڈیپنڈنٹ ڈائریکٹرز کے لیے معاوضے کی پالیسی تیار کی ہے۔ ڈائریکٹرز کے معاوضے کی تفصیلات 30 جون 2024 کو ختم ہونے والے مالی سال کی فائنل اسٹیٹمنٹس کے نوٹ 41 میں ظاہر کی گئی ہیں۔

### بورڈ آف ڈائریکٹرز اور بورڈ کمیٹیز کی کارکردگی کا جائزہ

کمپنی کوڈ آف کارپورٹ گورننس کے حصے کے طور پر بورڈ آف ڈائریکٹرز، اس کی کمیٹیوں اور انفرادی ڈائریکٹرز کا سالانہ جائزہ لیتی ہے۔ ترجیحات میں توجہ کو فروغ دینا، سالمیت اور فعال انداز میں شرکت کو برقرار رکھنا، انتظامی اہداف کا باقاعدگی سے جائزہ لینا، اسٹریٹجک رہنمائی فراہم کرنا، کارکردگی میں بہتری کی نگرانی کرنا، خطرات کا اندازہ لگانا، سٹیک ہولڈرز کا جائزہ لینا، صحت اور حفاظت کے طریقوں کو بہتر بنانا، قانونی لحاظ سے اور سماج سے متعلق خطرات سے تحفظ کرنا شامل ہیں۔

مکمل سوالنامے کی وصولی پر کمپنی سکرٹری کی طرف سے رازداری کے لیول کو انتہائی سختی سے برقرار رکھا جاتا ہے۔ اس عمل کی شفافیت کو یقینی بنانے کے لئے کمپنی نے گرانٹ تھورمنٹن ایچ آر مین، چارٹرڈ اکاؤنٹنٹس کو نتائج مرتب کرنے اور بورڈ آف ڈائریکٹرز کے لئے رپورٹ تیار کرنے کی ذمہ داری سونپی ہے۔ رپورٹ کے مندرجات کا جائزہ لیا جاتا ہے اور ان جگہوں کی کی نگرانی کی جاتی ہے جن میں بہتری کی ضرورت ہو۔

### اندرونی داخلی کنٹرول کی مصالحت سے ڈائریکٹرز کی ذمہ داری

بورڈ آف ڈائریکٹرز کی طرف سے اندرونی مالیاتی کنٹرول کا موثر فریم ورک قائم کیا گیا ہے تاکہ آپریٹنگ کے ہموار اور موثر نفاذ، کمپنی کے اثاثوں کے تحفظ، متعلقہ قوانین اور قواعد کی تعمیل اور قابل اعتماد مالی رپورٹنگ کی ضمانت دی جاسکے۔ آزاد انٹرنل آڈٹ فنکشن مستقل طور پر ان مالیاتی کنٹرولز کے نفاذ کا جائزہ لیتا ہے اور اس کی نگرانی کرتا ہے، جبکہ آڈٹ کمیٹی یہ بات بنیاد پر انٹرنل کنٹرول اسٹریٹجی اور فائنل اسٹیٹمنٹس کی کارکردگی کا جائزہ لیتی ہے۔

### بہبودی خدشات اور بے یقینی

#### خدشات کا اندازہ

بورڈ آف ڈائریکٹرز نے ان سماجی و اقتصادی ماحول اور اس کے نتیجے میں پیدا ہونے والے اندرونی اور بیرونی خطرات پر گہری نظر رکھی جو کمپنی کے محفوظ اور ہموار آپریٹنگ اور کارکردگی کو متاثر کر سکتے ہیں۔ تمام اسٹیک ہولڈرز کے مفادات کے گمراہ کی حیثیت سے ڈائریکٹرز سال بھر خطرات کی نگرانی اور انہیں کم کرنے میں ہمہ وقت تیار رہے۔ بورڈ آف ڈائریکٹرز نے ممکن خطرات کی نگرانی کی، کمپنی پر ان کے اثرات کا جائزہ لیا اور کاروبار کو متوقع خطرات کو کم کرنے کے لئے حکمت عملی کی تشکیل میں رہنمائی فراہم کی۔ سال کے دوران ایک اسٹریٹجک اجلاس منعقد کیا گیا۔ آڈٹ کمیٹی اس عمل میں فعال طور پر تمام تر عمل کا حصہ ہے۔

#### رиск مینجمنٹ

موثر ریسک مینجمنٹ چرائ سیمینٹ کی پائیدار گروتھ کے لیے بے حد اہمیت کی حامل ہے۔ بورڈ ریسک مینجمنٹ کے عمل اور اندرونی کنٹرول کی نگرانی کرتا ہے، اثاثوں کی حفاظت کو یقینی بنانے کے لئے حکمت عملی تیار کرتا ہے اور کاروباری تسلسل پر اثرات سمیت ممکن خطرات کا تدارک کیا جاتا ہے۔ ان حکمت عملیوں کو آڈٹ کمیٹی کی نگرانی میں کمپنی کی درجہ بندی کے لحاظ سے نافذ کیا گیا تھا تاکہ اس بات کو یقینی بنایا جاسکے کہ خطرے کو کم کرنے کے لئے تمام ممکن اقدامات اٹھائے جائیں۔ اسٹریٹجک، آپریٹنگ، م فائنل اسٹیٹمنٹ یا کپلائنس کے مقاصد کو متاثر کرنے والے خطرات کو فوری طور پر بورڈ کو رپورٹ کیا جاتا ہے۔ بورڈ نے ایک کاروباری تسلسل کے منصوبے کی بھی منظوری دی ہے جس میں ڈیزاسٹر ریکوری پلان بھی شامل ہے جس پر باقاعدگی سے عمل کیا جا رہا ہے

کمپنی ایک واضح تنظیمی ڈھانچہ برقرار رکھتی ہے، جس میں سینئر مینجمنٹ طریقہ کار کو نافذ کرنے، خطرات کی نگرانی کرنے اور کنٹرول گسٹری افادیت کا اندازہ لگانے کا ذمہ دار ہے۔ ہمارے کاروبار کو متاثر کرنے والے اہم خطرات میں اثر لہذا ذریعہ بلند شرح سود، شرح مبادلہ میں متغی اثر پڑھاؤ، معاشی اور سیاسی عدم استحکام اور بڑھتی ہوئی ان پٹ لاگت شامل ہیں۔ انتظامیہ مسلسل ان خطرات کی نگرانی کرتی ہے اور بروقت اقدامات کرتی ہے۔ روزمرہ کیش فلو پر نظر رکھی

مرد ڈائریکٹرز 7  
 خاتون ڈائریکٹر 1  
 ہائی مینجمنٹ کے لئے بورڈ کی کمپوزیشن درج ذیل ہے:

تفصیلات	نمبر	ڈائریکٹرز کے نام
آزاد ڈائریکٹرز	3	جناب آصف قادر جناب ابرار حسن محترمہ زریبا انصار
نان ایگزیکٹو ڈائریکٹرز	3	جناب عمر فاروق جناب اکبر علی پستانانی جناب عارف فاروق
ایگزیکٹو ڈائریکٹرز	2	جناب اعظم فاروق جناب یاسر مسعود
خاتون ڈائریکٹر	1	محترمہ زریبا انصار

اس سال کے دوران بورڈ آف ڈائریکٹرز کی چھ میٹنگز کا انعقاد ہوا۔ ان میٹنگز میں ڈائریکٹرز کی حاضری درج ذیل ہے

ڈائریکٹر کا نام	میٹنگز میں شرکت کی تعداد
جناب عمر فاروق	6
جناب اعظم فاروق	6
جناب اکبر علی پستانانی	6
جناب عارف فاروق	6
جناب آصف قادر	5
جناب ابرار حسن	4
محترمہ زریبا انصار	6
جناب یاسر مسعود	6

سال کے دوران آڈٹ کمیٹی کی چار میٹنگز کا انعقاد ہوا۔ ان میٹنگز میں ہر ڈائریکٹر کی حاضری کا ریکارڈ درج ذیل ہے

ڈائریکٹر کا نام	میٹنگز میں شرکت کی تعداد
جناب آصف قادر	3
جناب اکبر علی پستانانی	4
جناب عارف فاروق	4

سال کے دوران نیومن ریسورس اینڈ ریمیوٹریشن کمیٹی کی ایک میٹنگ کا انعقاد ہوا۔ اس میٹنگ میں ہر ڈائریکٹر کی حاضری کا ریکارڈ درج ذیل ہے

ڈائریکٹر کا نام	میٹنگز میں شرکت کی تعداد
جناب ابرار حسن	1
جناب اعظم فاروق	1
جناب عمر فاروق	1

کمپنی نے لسٹڈ کمپنیز (کوڈ آف کارپورٹ گورننس) ریگولیشنز 2019 کی شرائط پر مکمل طور پر عمل درآمد کیا ہے۔ اسٹیٹمنٹ آف کیپلائٹس رپورٹ کے متعلقہ سیکشن کے تحت پیش کیا گیا ہے

### اخلاقیات اور کیپلائٹس کے حوالے سے بورڈ آف ڈائریکٹرز کا عزم

کمپنی کا بورڈ آف ڈائریکٹرز اخلاقیات اور کیپلائٹس کے اعلیٰ ترین معیارات کو برقرار رکھنے کے لئے وقف ہے۔ یہ دیانت داری اور احتساب کی ثقافت کو فروغ دیتا ہے، ہمارے ضابطہ اخلاق کو برقرار رکھتا ہے، اخلاقی فیصلہ سازی کی حمایت کرتا ہے، بہترین نمونے سے کیپلائٹس پروگرامز کو یقینی بناتا ہے، اور اس ہدف سے ہونے والی کسی بھی خلاف ورزی کا مناسب اور فوری جواب دیتا ہے۔



### کارپورٹ اور فنانس نیشنل رپورٹنگ فریم ورک کی اسٹیٹمنٹ

- کمپنی کی انتظامیہ کی طرف سے تیار کردہ فنانس نیشنل اسٹیٹمنٹس اس کے مالی معاملات، آپریشنز کے نتائج، کیش فلو اور لیکویٹی میں آنے والی تبدیلیوں سے متعلق صورتحال کو منصفانہ طور پر پیش کرتے ہیں۔
- کمپنی کی بکس آف اکاؤنٹس باقاعدہ طور پر تیار کی گئی ہیں
- فنانس نیشنل اسٹیٹمنٹس کی تیار ی میں موزوں اکاؤنٹنگ پالیسیوں کو مستقل طور پر لاگو کیا گیا ہے اور اکاؤنٹنگ کے تخمینے معقول اور دانشمندانہ فیصلے پر مبنی ہیں۔

- فنانس نیشنل اسٹیٹمنٹس کی تیار ی میں پاکستان میں نافذ عمل، رپورٹنگ کے بین الاقوامی معیارات پر عمل کیا گیا ہے اور اس سے کسی بھی قسم کے انحراف واضح طور پر بیان کرتے ہوئے اس کی وضاحت کی گئی ہے۔
- بورڈ کی منظوری سے قلم چیف ایگزیکٹو، ڈائریکٹر اور چیف فنانس آفیسر نے فنانس نیشنل اسٹیٹمنٹس کی باقاعدہ طور پر توثیق کی
- اندرونی کنٹرول کا نظام اپنی بنیاد میں مضبوط ہے اور اسے مؤثر انداز سے نافذ کرتے ہوئے اس کی نگرانی کی گئی ہے۔
- کمپنی کے ایک گورننگ کنسرن کے طور پر اپنی سرگرمیاں جاری رکھنے کی صلاحیت کے حوالے سے کوئی اہم غدشات نہیں پائے جاتے
- کارپورٹ گورننس کی بہترین پریکٹسز کے حوالے سے کسی بھی قسم کی عدم تعمیل دیکھنے میں نہیں آئی
- گذشتہ 6 سال کے اہم آپرٹنگ اور فنانس نیشنل ڈیٹا کا خلاصہ کی صورت میں ساتھ منسلک کیا گیا ہے۔
- ٹیکسز، ڈیویڈنڈ، لیویز اور چارجز کی مد میں آپ کی کمپنی پر کچھ بھی واجب الادا نہیں، سوائے بزنس میں عمومی طور پر ہونے والی ادائیگیوں کے
- وابستہ حلف نامے اور ان سے متعلق اہلراء کے حوالے سے اسٹیٹمنٹ آف ڈائریکٹرز کو بھی علیحدہ سے واضح طور پر دکھایا گیا ہے۔
- کمپنی اپنے ملازمین کے لیے پراویڈنٹ اور گریجویٹ فنڈز رکھتی ہے۔ درج ذیل میں 30 جون 2024 تک، ان فنڈز کی مد میں ہونے والی سرمایہ کاری کی قدر بیان کی گئی ہے

1,815 ملین روپے  
1,093 ملین روپے

پراویڈنٹ فنڈ  
گریجویٹ فنڈ

### بورڈ آف ڈائریکٹرز:

لسٹڈ کمپنیز (کوڈ آف کارپورٹ گورننس) ریگولیشنز 2019 کی ضروریات کے مطابق، کمپنی اپنے بورڈ میں آزاد اور غیر ایگزیکٹو ڈائریکٹرز کی نمائندگی کے ساتھ ساتھ صنفی تنوع کو یقینی بناتی ہے۔

ڈائریکٹرز کی کل تعداد 8 ہے، اور بورڈ کی ساخت درج ذیل ہے:



### حورج، مساوات اور شمولیت (ڈی ای اینڈ آئی)

لہذا کثیر الجہتی البرادی قوت اور کیونٹیز کے ساتھ، کھپنی حورج، مساوات اور شمولیت (ڈی ای اینڈ آئی) کے اصولوں کی حمایت/ادکالت کرتی ہے۔ ڈی ای اینڈ آئی کو فروغ دینا کھپنی کے لئے خاص توجہ اور اس کے پائیدار اور اخلاقی اصولوں پر استوار کاروباری طریقوں کے لئے بنیادی اہمیت کا حامل ہے۔ اس عزم کے تحت، کھپنی نے ایک جامع ڈی ای اینڈ آئی پالیسی وضع کی ہے جو اپوری آرگنائزیشن میں صنعتی اور نسلی حورج برہانے کی کاوشوں کے حوالے سے رہنمائی کرتی ہے۔ اس میں ریکورمنٹ کا ہمہ گیر طریقہ کار شامل ہے جیسا کہ جاب بورڈ کو کام میں لانا اور متنوع انٹرویو پینلز تشکیل دینا شامل ہیں۔

### صحت، حفاظت اور ماحول

صحت، حفاظت، اور ماحولیاتی (انجی ایس ای) معیارات ہمارے آپریشنز کا لازمی حصہ ہیں۔ کھپنی تمام ملازمین، ٹھیکیداروں اور اسٹیک ہولڈرز کے لئے کام کے لیے محفوظ ماحول کو یقینی بنانے کے لئے انجی ایس ای کی رہنما ہدایات پر پوری توجہ کے ساتھ عمل کرتی ہے۔ ہم اپنے احاطے میں اور ان کیونٹیز میں جن کے ساتھ ہم کام کرتے ہیں، صحت اور حفاظت کے اعلیٰ ترین معیارات کو برقرار رکھتے ہیں۔ کھپنی کی پروڈکشن کیسٹری، ماحول اور تحفظ کے حوالے سے ملک میں لاہ معیارات پر پوری طرح عمل درآمد کرتی ہے۔ کھپنی ایک باقاعدہ انجی ایس ای ڈیپارٹمنٹ رکھتی ہے جو انجی ایس ای کے مقاصد کے مقاصد پر عمل پیرا ہونے کی نگرانی پر مامور ہے۔ یہ ڈیپارٹمنٹ نہ صرف بہترین ایس ای طریقہ کار پر عمل درآمد کو یقینی بناتا ہے بلکہ باقاعدگی سے اسٹاف کے لیے فائر اینڈ سیفٹی کی تربیت کا بھی اہتمام کرتا ہے۔

کھپنی مینوفیکچرنگ کے عمل کے دوران پیدا ہونے والی حرارت سے بجلی پیدا کرنے کے لئے ویسٹ ہیٹ ریکوری (ڈبلیو ایچ آر) کے عمل کا استعمال کرتے ہوئے ماحولیاتی تحفظ کے لیے پرعزم ہے۔ ہم اپنی شمسی توانائی کی پیداواری صلاحیت میں مسلسل اضافہ کر رہے ہیں۔ مزید برآں ہمارے پائنت کے اندر اور باہر شجر کاری کے حوالے سے سرگرمیاں ہمارے پائیدار اور ماحول دوست طرز عمل کا اہم حصہ ہیں۔



### بیشل ایکس چینج میں حصہ

اس سال کھپنی نے تقریباً 16 بلین روپے سرکاری خزانے میں انکم ٹیکس، سیلز ٹیکس، رائٹنی اور دیگر گورنمنٹ لیویز کی صورت میں جمع کرائے۔

### یوٹی اری لینڈ

جوائنٹ ونڈر ونڈ پاور پراجیکٹ یوٹی اری کو لیٹز آف انٹنٹ دیا گیا ہے اور ضلع ٹھٹھہ کے علاقے جھمبیر میں منصوبے کے قیام کے لیے ہاضابطہ طور پر زمین الاٹ کی گئی ہے۔ بے وی پلانٹرز نے منصوبے کے لئے جلدی مالی ضروریات کو پورا کرنے کے لئے کھپنی میں ابتدائی لیکوئٹی کی مدد میں سرمایہ کاری کی ہے۔ اس سلسلے میں چرات سینٹ نے شیئر ہولڈرز کی منظوری کے بعد 7.69 بلین روپے کی لیکوئٹی سرمایہ کاری کی ہے۔ کھپنی نے ابھی تک آپریشنز کا آغاز نہیں کیا ہے کیونکہ انتظامیہ قابل تجدید توانائی کے حوالے سے حکومت کی پالیسی کا جائزہ لے رہی ہے۔

کوڈک کارپورٹ گورننس کی کھپنی کی اسٹیٹمنٹ

## ترقی اور نئے اقدامات

اس سال کے دوران کمپنی نے کامیابی کے ساتھ شہسی توانائی کی پیداواری صلاحیت میں 0.517 میگاواٹ کا اضافہ کیا ہے اور موجودہ 13.517 میگاواٹ کے علاوہ مزید 9 میگاواٹ سسٹم کی تنصیب پر عمل جاری ہے۔ یہ اقدام قابل تجدید توانائی کو لہانے اور اور قومی گریڈ اور گیس جزیرے پر انحصار کم کرنے کے ہمارے عزم کی عکاسی کرتا ہے۔ مزید برآں، کمپنی بھرپور انداز سے رپ مختلف منصوبوں میں سرمایہ کاری کرنا چاہتی ہے جس سے آگت میں کمی واقع ہوگی اور درآمدی لینڈ میں پر انحصار کم ہوگا۔

## کارپورٹ سہمی ذمہ داری

کارپورٹ سہمی ذمہ داری (سی ایس آر) کمپنی کی اخلاقیات اور پالیسی کا ایک بنیادی پہلو ہے، جس پر مستقل مزاجی اور لگن کے ساتھ عمل کیا جاتا ہے۔ کمپنی نے رضاکارانہ سی ایس آر سرگرمیوں میں ہمیشہ بڑھ چڑھ کر حصہ لیا ہے۔ ان کوششوں کو مزید ادارہ جاتی شکل دینے کے لیے ہم نے ایس ای سی پی کے 2013 کے سی ایس آر گائیڈ لائنز اور کمپنیز ایکٹ 2017 کے مطابق پائیداری اور کارپورٹ سہمی ذمہ داری کے لیے ایک موثر پالیسی تیار کی ہے۔ اپنی کوششوں کو مزید منظم شکل دینے کے لیے، ہم نے ایس ای سی پی کی 2013ء کی سی ایس آر گائیڈ لائنز اور کمپنیز ایکٹ 2017ء کے مطابق پائیداری اور کارپورٹ سہمی ذمہ داری کے حوالے سے ایک موثر پالیسی تیار کی ہے۔

## کارپورٹ سہمی ذمہ داری

کمپنی نے مختلف اقدامات کے ذریعے سہمی ذمہ داری کے لئے اپنے مضبوط عزم و ارادے کا مظاہرہ کیا ہے۔ کمپنی کی سی ایس آر سرگرمیاں بنیادی طور پر تعلیم، صحت، پانی اور خواتین کو بااختیار بنانے پر مرکوز ہیں۔ ہم ملک کی معروف این جی او کو باقاعدگی سے عطیات دیتے ہیں۔ کمپنی سٹرین فائونڈیشن کے تعاون سے نوشہرہ کے شیدو گاؤں میں ایک ماڈل اسکول چلا رہی ہے۔ ہم ایک این جی او کے تعاون سے اپنی لیکچری سے متعلق خدمات میں ایک بنیادی صحت یونٹ چلا رہے ہیں جس میں علاقے کی خواتین کی ضروریات کو پورا کرنے کے لئے گائنا کالوجسٹ کی خدمات بھی فراہم کی جاتی ہیں۔ گزشتہ سال ہم نے جو وین ڈیولپمنٹ پروجیکٹ شروع کیا تھا اس کے بہت حوصلہ افزا نتائج سامنے آئے ہیں اور ہم اسے مزید وسعت دینے کا ارادہ رکھتے ہیں۔ کمپنی مقامی طالب علموں کو اسکول کے لیے ٹرانسپورٹ کی خدمات فراہم کرتی ہے اور ٹیوب ویلوں کے ذریعے آس پاس کے گاؤں میں پینے کا صاف پانی فراہم کرتی ہے۔ ہم جانوروں کے محفوظ کے حوالے سے بھی ایک پروگرام کو عملی جامہ پہنا رہے۔ بورڈ تمام سی ایس آر سرگرمیوں، بشمول ان سے متعلق مالیاتی معاملات اور اسٹریٹجک اقدامات کی نگرانی کرتا ہے، اور منظوری دیتا ہے۔

## ای ایس جی کے اسٹریٹجک مقاصد

بورڈ ایک پائیدار اور اخلاقی قدروں پر استوار ارادہ کو فروغ دینے کے لئے پر عزم ہے۔ ہمارے اسٹریٹجک مقاصد میں ماحولیاتی تحفظ، سہمی ذمہ داری اور موثر گورننس شامل ہے۔ ہم اپنے کاربن فٹ پر نئس کو کم کرنے، وسائل کے تحفظ اور حیاتیاتی تنوع کے تحفظ کے لئے پر عزم ہیں۔ ہم تنوع، ملازمین کی فلاح و بہبود اور کیونٹی ک سے متعلق مصروفیات کو ترجیحی بنیادوں پر رکھتے ہیں۔ اخلاقی طرز عمل، شفافیت، اور دانشمندانہ رسک مینجمنٹ ہماری فیصلہ سازی میں کمی کی سمت کا تعین کرتے ہیں۔ ہمارا بورڈ ان مقاصد کی بھرپور حمایت کرتا ہے، اور تمام اسٹیک ہولڈرز کے لئے پائیدار قدر پیدا کرنے کے ہمارے عزم کے ساتھ پوری طرح ہم آہنگ ہے۔ بورڈ نے اس حوالے سے ایک اعلیٰ پالیسی کی بھی منظوری دے دی ہے۔

## پائیداری سے متعلق عدالت

پائیداری سے متعلق خطرات میں آب و ہوا کی تبدیلی، ناقابل تجدید وسائل کی کمی اور عمومی طور پر ماحولیاتی زبوں حالی شامل ہیں۔ آپریشن طریقوں کو لہانے، قابل تجدید توانائی کی پالیسیوں پر عمل پیرا ہونے، اور سبز اقدامات کو لہانے کے عمل کے ساتھ کمپنی ایک پائیدار مستقبل کے لیے اپنا کردار ادا کرنے کے لیے پر عزم ہے۔ کمپنی کا مقصد پائیدار مستقبل میں حصہ ڈالنا ہے۔ انتظامیہ نے مخصوص اور ایس ای سی جی اہداف مقرر کیے ہیں جن کی افادیت کے حوالے سے جانچ کی جاسکتی ہے، اور جو زیادہ سے زیادہ پائیداری اور خود کو ضرورت کے مطابق ڈھالنے کی صلاحیت اور مثبت سہمی اثرات کے حصول کے لیے کمپنی کے اسٹریٹجک مقاصد سے مطابقت رکھتے ہیں۔ ہم تحفظ، کیونٹی اور سرگرمیوں کے تین ”سی“ کو لہانے ہونے اپنے اہداف کو حاصل کرنے کے لیے کوشاں ہیں۔

کمپنی نے جدید ترین اور سبھی ماحول دوست ٹیکنالوجیز میں کافی وسائل کی سرمایہ کاری کی ہے جو ذمہ دارانہ کھپت اور پیداوار کے اصولوں کی عکاسی کرتے ہیں، قائم شدہ فریم ورک کے مطابق توجہ طلب معاملات کی نشاندہی کرتے ہوئے، موجودہ اور ممکنہ خطرات کا تفصیلی جائزہ لیا جاتا ہے۔

کمپنی نے سرمایے کا بڑا حصہ جدید ترین، ماحول دوست ٹیکنالوجیز کی مد میں صرف کیا ہے جو ذمہ دارانہ انداز سے پروڈکشن اور کھپت کے اصولوں پر کاربند ہونے کی عکاسی کرتا ہے۔ کمپنی موجودہ اور ممکنہ خطرات کا مکمل تجزیہ کرتی ہے، تسلیم شدہ فریم ورک پر عمل کرتے ہوئے توجہ طلب معاملات کو پوری طرح اجاگر کرتی ہے۔

مجموعی طور پر کمپنی کی مجموعی فروخت کے حجم میں 8 فیصد کمی ہوئی جس میں مقامی فروخت میں 13 فیصد کمی واقع ہوئی جبکہ برآمدات میں گزشتہ سال کے مقابلے میں 22 فیصد اضافہ ہوا۔

### مالیاتی کارکردگی اور کاروباری جائزہ

بحیثیت مجموعی ریونیو میں گزشتہ سال کے مقابلے میں 3 فیصد اضافہ ہوا، جس کی بنیادی وجہ زیادہ ان پٹ لاگت کی وجہ سے سہمنٹ کی قیمت میں کمی جانے والی ایڈجسٹمنٹس ہیں۔ سیلز کی لاگت میں 2 فیصد کمی ہوئی جس کی بڑی وجہ پروڈکشن کے حجم میں کمی ہے۔ جہم، بجلی کی قیمتوں، گیس میٹرو اور زیادہ افرات زر کی وجہ سے ہونے والے پاور اور کنسٹ لاگت میں اضافے کی بنا پر ان پٹ لاگت میں اضافے کا رجحان دکھائی دے رہا ہے۔ متعدد چیلنجز اور لاگت کے دباؤ کے باوجود، بہتر نتائج کے حصول کے لیے کمپنی آپریشنز میں بہتری لانے کا سٹریٹجی کی موثر حکمت عملی اپنانے میں کامیاب رہی۔ مزید برآں، کمپنی نے طویل مدتی قرضوں کی جلد ادائیگی کی جس کی وجہ سے فنانس کاسٹ میں 28 فیصد کمی واقع ہوئی ہے۔ برآمدات پر ٹیکس میں تہدیلی کی روشنی میں حتمی ٹیکس سے عام ٹیکس نظام میں تہدیلی کی روشنی میں، ان فائنانشل اسٹیٹمنٹس میں مؤخر کیے گئے ٹیکسز کے پروویژن میں اضافہ ریکارڈ کیا گیا ہے۔

مندرجہ بالا عوامل کے باوجود، کمپنی 30 جون 2024 کو ختم ہونے والے سال کے دوران، گزشتہ سال کے 4,404 ملین روپے کے مقابلے میں 5,500 ملین روپے کا بعد از ٹیکس منافع حاصل کرنے میں کامیاب رہی۔

دو سال کے دوران، گزشتہ سال کے مقابلے میں کمپنی کی کارکردگی کا جائزہ درج ذیل ہے

2023	2024	تفصیلات
(ملین روپے میں)	(ملین روپے میں)	
37,386.19	38,433.75	خالص سیلز
27,249.37	26,593.36	لاگت
10,136.82	11,840.39	مجموعی منافع
5,732.89	6,340.64	اخراجات اور ٹیکسز
4,403.93	5,499.75	خالص منافع

### نی شیئر منافع

ختم ہونے والے سال کے لیے منافع 28.31 روپے فی شیئر رہا جبکہ گزشتہ سال 22.67 روپے فی شیئر تھا

### ڈیویڈنڈ کی ادائیگی

کمپنی نے ہمیشہ منافع کی تقسیم کے بارے میں اپنے نقطہ نظر کے حوالے سے یکساں رہنے کی کوشش کی ہے۔ ڈیویڈنڈ کی ادائیگی کا فیصلہ کمپنی کی مالی کارکردگی، اس کی کاروباری ضروریات، ترقی کے امکانات اور توسیع کے منصوبوں جیسے مختلف عوامل کو مد نظر رکھنے کے بعد کیا جاتا ہے۔ بورڈ آف ڈائریکٹرز 30 جون 2024 کو ختم ہونے والے سال کے لیے 4.00 روپے فی شیئر یعنی 40 فیصد کے حتمی نقد منافع کی سفارش کرتے ہوئے خوشی محسوس کرتا ہے۔ یہ منافع 1.5 روپے فی شیئر یعنی 15 فیصد عبوری کیش ڈیویڈنڈ کے علاوہ ہے جس کا اعلان سال کے دوران پہلے ہی کیا جا چکا ہے۔



# ڈائریکٹرز رپورٹ برائے ممبران برائے سال ختمہ 30 جون 2024

بورڈ آف ڈائریکٹرز آف شدہ فائنانشل اسٹیٹمنٹس کے ساتھ یہ رپورٹ برائے سال ختمہ 30 جون 2024 پیش کرتے ہوئے خوشی محسوس کرتا ہے

## ہائیکہ

زیر جائزہ سال کے دوران پاکستان کی معاشی کارکردگی میں مثبت اور منفی اشاریوں کا امتزاج دیکھا گیا جو بدلتی ہوئی صورتحال کی عکاسی کرتا ہے۔ مثبت پہلو یہ ہے کہ اسٹاکنگ اور غیر قانونی کرنسی کے استعمال کی روک تھام کے لئے حکومتی کوششوں نے کرنسی کو مستحکم کرنے میں اہم کردار ادا کیا ہے۔ تاہم افراط زر میں اضافے، بلند شرح سود، زرمبادلہ کے کم ذخائر اور بیرونی قرضوں پر انحصار نے معاشی بحالی میں رکاوٹیں کھڑی کیں۔ مشرق وسطیٰ میں جغرافیائی سیاسی تناؤ کی وجہ سے عالمی افراط زر کے دہاؤ اور تیل کی قیمتوں میں اتر چڑھاؤ نے معاشی منظر نامے کو مزید پیچیدہ بنا دیا۔ تاہم رواں مالی سال کی تیسری سہ ماہی کے مقابلے میں افراط زر میں کمی کا رجحان دیکھنے میں آیا جس کے باعث معاشی اشاریوں میں بہتری آنا شروع ہوئی ہے۔ کرنٹ اکاؤنٹ، بیلنس اور زرمبادلہ کے ذخائر دونوں میں بھی بہتری آئی ہے۔ اسٹینڈ ہالڈ انٹھالٹ (ایس بی اے) کی کامیاب تکمیل اور آئی ایم ایف کے ساتھ نئے پروگرام کے حوالے سے مذاکرات نے بھی معاشی استحکام میں اہم کردار ادا کیا ہے۔ جس کے نتیجے میں، مرکزی بینک نے کلیدی پالیسی ریت کو 16 ماہ کی کم ترین سطح 19.5 فیصد تک کم کر دیا ہے، جو ترقی کی رفتار میں تیزی لانے اور افراط زر میں کمی کے تدارک کے لیے کی جانے والی کوششوں کی عکاسی کرتا ہے۔

پاکستان میں سینٹ کی صنعت کو متعدد چیلنجز کا سامنا ہے۔ ان پٹ اخراجات میں اضافہ، معاشی اور سیاسی عدم استحکام، پی ایس ڈی پی پر اخراجات میں حکومتی کی مالیاتی حدود اور زیادہ ٹیکسوں کی وجہ سے تعمیراتی شعبہ سست روی کا شکار ہوا ہے۔ مالی سال 24 میں یہ اضافہ بڑی حد تک برآمدی حجم میں اضافے کی وجہ سے ہوا جس نے مقامی فروخت میں کم کے اثرات کا مقابلہ کیا جو سات سال کی کم ترین سطح پر تھی۔ ان منفی حالات کے باوجود آپ کی کمپنی طویل مدتی ترقی اور استحکام کو یقینی بنانے کے لئے کارکردگی میں اضافہ اور قرضوں میں کمی لانے کے ذریعہ ان حالات کا مقابلہ کرنے میں کامیاب رہی ہے۔ اس سال کے دوران سینٹ کی مقامی طلب میں 5 فیصد کمی واقع ہوئی۔ تاہم برآمدات میں 56 فیصد اضافہ ہوا جس کی بنیادی وجہ سمندری برآمدات میں 62 فیصد اضافہ ہے۔ مزید برآں، افغانستان کو برآمدات میں 36 فیصد نمایاں بہتری دیکھی گئی۔ اس کے نتیجے میں 30 جون 2024 کو ختم ہونے والے مالی سال کے دوران مجموعی طور پر صنعت میں 2 فیصد کا اضافہ ہوا۔

## پروڈکشن اور سیلز کا جائزہ

پروڈکشن اور سیلز کا تقابلی جائزہ درج ذیل ہے:

تفصیلات		2023	2024
		(نن میں)	(نن میں)
کل پروڈکشن		2,643,785	2,354,836
سینٹ پروڈکشن		2,882,790	2,616,907
مقامی سیلز		2,539,391	2,221,187
برآمدی سیلز		331,347	405,700
کل سیلز		2,870,738	2,626,887



# پراکسی فارم

43 واں سالانہ اجلاس عام

چراٹ سیمنٹ کمپنی لمیٹڈ



میں مسماة / مسکنہ

بجائیت ممبر چراٹ سیمنٹ کمپنی لمیٹڈ، مسماة / مسکنہ

ضلع

سکنہ کو بطور مختار (پراکسی) مقرر کرتا کرتی ہوں تاکہ وہ میری جگہ اور

میری طرف سے کمپنی کے سالانہ اجلاس عام (یا جو بھی صورت حال ہو)، جو مورخہ 16 اکتوبر 2024 بروز بدھ 12:30 بجے بہ مقام فیکٹری کی حدود، گاؤں لکرائی، نوشہرہ، خیبر پختونخوا میں منعقد ہوگا، اس میں اور اس کے کسی ملتی شدہ اجلاس میں شرکت کرے، بولے اور ووٹ ڈالے۔

گواہان



دستخط شہیر ہولڈرز

1 دستخط

نام

پتہ

CNIC / پاسپورٹ نمبر

(دستخط کمپنی میں درج نمونہ کے مطابق ہونے چاہئے)

2 دستخط

نام

پتہ

CNIC / پاسپورٹ نمبر

اہم نوٹ

۱- پراکسی فارم اس وقت تک قابل قبول نہ ہوگا جب تک کہ یہ سالانہ اجلاس عام کے وقت سے 48 گھنٹے پہلے کمپنی کے ہیڈ آفس میں موصول نہ ہو جائے اور پراکسی فارم لازمی طور پر مہر شدہ دستخط شدہ ہو اور اس پر گواہان کے دستخط و کوائف موجود ہوں۔

۲- سی ڈی سی حصص داران جو اجلاس ہذا میں شرکت کرنے، بولنے اور ووٹ دینے کے اہل ہیں، وہ اپنی شناخت ثابت کرنے کے لئے اپنے ساتھ اصل کمپیوٹر انڈز قومی شناختی کارڈ (CNIC) / پاسپورٹ لائیں اور پراکسی کی صورت میں لازمی طور پر اپنے CNIC یا پاسپورٹ کی مصدقہ نقل منسلک کریں۔

۳- کارپوریٹ ادارے کی صورت میں بورڈ آف ڈائریکٹرز کی قرارداد / اختیار نامہ بمع نامزد فرد کے نمونہ دستخط لازمی طور پر پراکسی فارم کے ساتھ منسلک ہونے چاہئیں۔

مجموعی شہیر

سمانیاتی اکاؤنٹ نمبر		رجسٹرڈ فیلو نمبر	
شراکتی نمبر	اکاؤنٹ نمبر		
		CNIC نمبر	

## E - Dividend Mandate Form

I hereby communicate to receive my future dividends directly in my bank account as detailed below:

Shareholder's Detail	
Name of Company	Cherat Cement Company Limited
Name of shareholder	
Folio No./CDC Participants ID A/c No.	
CNIC No	
Passport No. (in case of foreign shareholder)	
Cell Number & Land Line Number	
Email Address (Mandatory)	

Shareholder's Bank Detail	
Title of Bank Account (Mandatory)	
International Bank Account Number (IBAN) - Mandatory (24 Digits)	

P	K																		

Bank's Name	
Branch Name and Address	

It is stated that the above-mentioned information is correct and in case of any change therein, I will immediately intimate Participant / Share Registrar accordingly.

\_\_\_\_\_  
 (Signature of shareholder)  
 (Please affix company stamp in case of corporate entity)

### Notes:

COMPANY WITHHOLD THE PAYMENT OF DIVIDEND OF A MEMBER WHERE THE MEMBER HAS NOT PROVIDED THE COMPLETE INFORMATION OR DOCUMENTS AS SPECIFIED.

The shareholders who hold shares in Central Depository Company are requested to submit the above-mentioned Dividend Mandate Form, duly filled-in, to the relevant Broker/Participants/Investor Account Services of the Central Depository Company of Pakistan Limited where Member's CDC account is being dealt.

The shareholders who hold shares in physical form are requested to submit the above-mentioned Dividend Mandate Form, duly filled-in, to the share Registrar of the Company, as mentioned below:

**M/s CDC Share Registrar Services Limited**  
**CDC House, 99-B, Block 'B', S.M.C.H.S. Main Shahrah-e-Faisal Karachi-74400, Pakistan**  
**Tel: 0800-23275 UAN: 111-111-500 Email: info@cdcsrcsl.com**







GHULAM FARUQUE  
GROUP

**Cherat Cement Company Limited**

**Head Office:**

Modern Motors House, Beaumont Road,  
Karachi 75530, Pakistan.

UAN: (9221) 111-000-009 Fax: (9221) 35683425

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