



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

Knowing our Strength



UN-AUDITED ACCOUNTS

MARCH 31, 2023

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Company Information

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

Chairman
Chief Executive
Director
Director
Director
Director
Director
Director

Audit Committee

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

Chairman
Member
Member

Human Resource & Remuneration Committee

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

Chairman
Member
Member

Director & Chief Operating Officer

Mr. Yasir Masood

Chief Financial Officer

Mr. Ijaz Ahmed

Company Secretary

Ms. Hina Mir

Head of Internal Audit

Mr. Aamir Saleem

External Auditors

EY Ford Rhodes
Chartered Accountants

Cost Auditors

UHY Hassan Naeem & Co.
Chartered Accountants

Shariah Advisor

M/s. Alhamd Shariah Advisory Services (Pvt.) Ltd

Legal Advisor

K.M.S. Law Associates

Bankers

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

Non-Banking Financial Institution

Pakistan Kuwait Investment Co. (Pvt) Ltd

Islamic Bankers

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

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
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UAN: 111-111-500
Email: info@cdcsrsl.com

Contact Information

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Registered Office / Factory

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Head Office

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Sales Offices

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

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Fax: +9242 36286204

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Jinnah Avenue, Blue Area
Tel: +9251 2344531-33
Fax: +9251 2344534 2344550

Directors' Review

The Board of Directors is pleased to present the un-audited financial results of the Company for the nine months period ended March 31, 2023.

Overview

Global economy is facing the challenge of recession after COVID-19 due to commodity super cycle and higher energy prices. There is still high volatility in international commodity prices. Like any other developing country, Pakistan's economy is badly affected by this. Delay in IMF deal and continuing political uncertainty have worsened the conditions. During the period under review, exorbitant inflation, widening current account deficit and depleting forex reserves couple with massive pressure of external debt servicing payments compelled government to impose restrictions on imports and to take stringent monetary and fiscal measures. State Bank of Pakistan has raised the Discount rate to an all-time high level. FED and sales tax have been increased on cement industry which already has the highest incidence of taxation after tobacco. Devastating floods and slowdown in housing projects due to high project and borrowing costs adversely affected the local offtake of cement. The government has also reduced development spending. All this has resulted in an aggregate volumetric decline of 18% for the industry. Local demand for cement went down by 15% while export volumes declined by 35% primarily due to a reduction of 43% in sea exports. However, there is some improvement in exports to Afghanistan which increased by 15%. Sea exports have also recently started showing some signs of recovery after massive devaluation.

Dispatches

Comparative dispatch figures of the Company for the current period and that of the corresponding period last year are as follow:

March 2023	March 2022
(in tons)	
1,988,513	2,475,149
232,188	211,662
<u>2,220,701</u>	<u>2,686,811</u>

- Domestic Sales
- Export Sales

During the nine-months period under review, the overall sales volume of the Company decreased by 17% out of which local sales declined by 20% while export has increased by 10% from the corresponding period last year.

Operating Performance

While there was a decline in quantity dispatched but in monetary terms sales revenues were higher by about 27% compared to the corresponding period last year. This increase was mainly on account of adjustment in cement prices which was necessitated due to surge in higher fuel and power costs. During the period under review, our production cost increased massively due to steep rise in coal and electricity prices on the back of significant rise in international commodity prices and Pak rupee devaluation. There was 56% rise in finance cost mainly due to significant increase in discount rate. As a result, the Company posted an after tax profit of Rs. 4,310 million for the nine months period ended March 31, 2023.

Dividend

The Board of Directors in its meeting held on April 27, 2023 has declared an interim cash dividend of Rs.1.50 per share i.e. 15%. Share transfer books will remain closed from May 11, 2023 to May 15, 2023

Ongoing Projects

Works on BMR for cement Line 1 were affected due to manufacturing disruptions, delay in import payments and clearance of goods from port. The Company now expects them to be completed in last quarter of this financial year. The commissioning of WHR on Wartsila Dual Fuel (WDF) engines has been completed after installation of a new turbine during the period. These projects will positively contribute towards the achievement of the management's long-term vision i.e. growth through the best value creation.

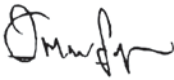
Future Outlook

Given the continuing economic slowdown, high inflation, depleting forex reserves, devaluation of currency and high interest rates, it is expected that cement demand will remain low in the foreseeable future. These challenges have been further aggravated due to massive political uncertainty in the country. Restriction on imports is obstructing the ability to operate for many industries including steel sector which may also have a negative impact on the construction activities. Cement demand may increase to some extent if the Government starts spending in flood affected areas if donor pledges materialize. The recent round of monetary and fiscal tightening measures by the Government are likely to further erode the confidence and buying power of consumers. However, the situation will improve once the Government manages to successfully conclude the IMF deal and it would give confidence to other bilateral and multilateral lenders to follow the suit. There is uncertainty on future of Afghanistan but any positive development on that front may lead to an increase in exports and the Company will be the direct beneficiary. The Company is well positioned to benefit from increase in demand for cement both in Pakistan and Afghanistan due to its ideal location and availability of higher production capacity.

Acknowledgment

The management would like to thank all customers, financial institutions, suppliers and staff members who have been associated with the Company for their support and cooperation.

On behalf of the Board of Directors



Omar Faruque
Chairman



Azam Faruque
Chief Executive

Karachi: April 27, 2023

Condensed Interim Statement of Financial Position

As at March 31, 2023

	Note	March 31, 2023 (Unaudited)	June 30, 2022 (Audited)
(Rupees in '000)			
ASSETS			
NON-CURRENT ASSETS			
Fixed assets			
Property, plant & equipment	4	27,820,795	27,568,302
Intangible assets		12,813	14,755
		<u>27,833,608</u>	<u>27,583,057</u>
Long-term investments	5	424,290	481,559
Long-term loans		56,737	67,811
Long-term deposits		4,676	7,141
		<u>485,703</u>	<u>556,511</u>
		<u>28,319,311</u>	<u>28,139,568</u>
CURRENT ASSETS			
Stores, spare parts and loose tools		7,743,479	7,472,016
Stock-in-trade		1,860,821	926,075
Trade debts		785,202	533,973
Loans and advances		158,620	292,691
Trade deposits and short-term prepayments		43,375	15,469
Other receivables		38,372	4,487
Short-term investments	6	511,661	-
Taxation-net		164,915	94,133
Cash and bank balances		<u>1,558,350</u>	<u>1,126,474</u>
		<u>12,864,795</u>	<u>10,465,318</u>
TOTAL ASSETS		<u>41,184,106</u>	<u>38,604,886</u>
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorised capital			
225,000,000 (June 30, 2022: 225,000,000)			
ordinary shares of Rs. 10/- each		<u>2,250,000</u>	<u>2,250,000</u>
Share capital		1,942,950	1,942,950
Reserves		<u>19,038,024</u>	<u>15,373,372</u>
		<u>20,980,974</u>	<u>17,316,322</u>
NON-CURRENT LIABILITIES			
Long-term financings	7	7,696,682	9,918,167
Lease liabilities		42,346	10,971
Long-term security deposits		33,575	28,450
Government grant		938,705	948,684
Deferred taxation		<u>2,182,496</u>	<u>535,045</u>
		<u>10,893,804</u>	<u>11,441,317</u>
CURRENT LIABILITIES			
Trade and other payables		3,578,015	2,877,773
Contract liabilities		241,127	243,921
Accrued mark-up		630,166	435,350
Short-term borrowings		1,904,246	3,135,925
Current maturity of long-term financings	7	2,834,706	3,037,906
Current portion of lease liabilities		13,838	10,438
Current portion of government grant		11,260	19,953
Unclaimed dividend		77,239	74,441
Unpaid dividend		<u>18,731</u>	<u>11,540</u>
		<u>9,309,328</u>	<u>9,847,247</u>
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TOTAL EQUITY AND LIABILITIES		<u>41,184,106</u>	<u>38,604,886</u>

The annexed notes from 1 to 17 form an integral part of these condensed interim financial statements.


Azam Faruque
 Chief Executive


Yasir Masood
 Director


Ijaz Ahmed
 Chief Financial Officer

Condensed Interim Statement of Profit or Loss (Unaudited)

For the Period Ended March 31, 2023

Note	Period ended		Quarter ended		
	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022	
(Rupees in '000)					
Turnover - net	9	28,756,440	22,581,450	9,299,028	7,802,735
Cost of sales		(20,462,984)	(16,343,799)	(6,892,023)	(5,723,083)
Gross profit		8,293,456	6,237,651	2,407,005	2,079,652
Distribution costs		(436,692)	(385,562)	(162,102)	(142,884)
Administrative expenses		(323,614)	(245,881)	(114,777)	(78,013)
Other expenses		(335,778)	(298,520)	(105,373)	(93,738)
		(1,096,084)	(929,963)	(382,252)	(314,635)
Other income		359,932	303,740	235,712	15,095
Operating profit		7,557,304	5,611,428	2,260,465	1,780,112
Finance costs	10	(1,415,590)	(905,322)	(414,837)	(304,992)
Profit before taxation		6,141,714	4,706,106	1,845,628	1,475,120
Taxation	11	(1,831,233)	(1,270,801)	(573,494)	(409,777)
Net profit		4,310,481	3,435,305	1,272,134	1,065,343
Earnings per share - basic and diluted		Rs. 22.19	Rs. 17.68	Rs. 6.55	Rs. 5.48

The annexed notes from 1 to 17 form an integral part of these condensed interim financial statements.



Azam Faruque
Chief Executive



Yasir Masood
Director



Ijaz Ahmed
Chief Financial Officer

Condensed Interim Statement of Comprehensive Income (Unaudited)

For the Period Ended March 31, 2023

	Period ended		Quarter ended	
	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022
	(Rupees in '000)			
Net profit	4,310,481	3,435,305	1,272,134	1,065,343
Other comprehensive (loss) / income				
Items that will not be reclassified subsequently to statement of profit or loss				
Unrealised (loss) / gain on remeasurement of equity investments at fair value through other comprehensive income	(62,944)	(160,565)	(44,754)	22,926
Total comprehensive income	<u>4,274,537</u>	<u>3,274,740</u>	<u>1,227,380</u>	<u>1,088,269</u>

The annexed notes from 1 to 17 form an integral part of these condensed interim financial statements.


Azam Faruque
 Chief Executive


Yasir Masood
 Director


Ijaz Ahmed
 Chief Financial Officer

Condensed Interim Statement of Cash Flows (Unaudited)

For the Period Ended March 31, 2023

	Note	March 31, 2023	March 31, 2022
(Rupees in '000)			
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		6,141,714	4,706,106
Adjustments for:			
Depreciation on operating property, plant and equipment	4	1,183,215	1,201,568
Depreciation on right-of-use assets	4.3	12,861	10,564
Amortisation		1,942	1,336
Gain on disposals of operating property, plant and equipment		(5,260)	(5,450)
Gain on short-term investments at fair value through profit or loss	6	(11,661)	(10,739)
Share of profits from joint venture - MHPL	5.2	(5,675)	-
Interest income on financial asset at amortised cost		(4,704)	(5,157)
Finance costs		1,415,590	905,322
Exchange gain		(97)	(15,056)
Dividend income		(4,684)	(15,613)
		<u>2,581,527</u>	<u>2,066,775</u>
		8,723,241	6,772,881
(Increase) / decrease in current assets			
Stores, spare parts and loose tools		(271,463)	(856,570)
Stock-in-trade		(934,746)	(92,918)
Trade debts		(251,229)	(243,661)
Loans and advances		134,071	(171,634)
Trade deposits and short-term prepayments		(27,906)	(18,731)
Other receivables		(33,885)	6,183
		<u>(1,385,158)</u>	<u>(1,377,331)</u>
		7,338,083	5,395,550
Increase / (decrease) in current liabilities			
Trade and other payables		700,339	561,942
Contract liabilities		(2,794)	85,954
		<u>697,545</u>	<u>647,896</u>
Cash generated from operations		8,035,628	6,043,446
Income tax paid		(254,564)	(466,955)
Long-term loans and deposits - net		23,368	13,300
Net cash generated from operating activities		<u>7,804,432</u>	<u>5,589,791</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Additions to operating property, plant and equipment		(1,298,347)	(3,631,232)
Restricted bank balance		(379,968)	-
Proceed from disposals of operating property, plant and equipment		15,846	12,888
Dividend received		4,684	15,613
Short-term investments - net		(500,000)	10,739
Net cash used in investing activities		<u>(2,157,785)</u>	<u>(3,591,992)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Long-term financings		2,443,357	(469,307)
Lease rentals paid		(15,419)	(13,002)
Dividend paid		(572,896)	(244,444)
Finance costs paid - net		(1,331,388)	(755,305)
Net cash used in financing activities		<u>(4,363,060)</u>	<u>(1,482,058)</u>
Net increase in cash and cash equivalents		1,283,587	515,741
Cash and cash equivalents as at the beginning of the period		(3,004,721)	(1,601,365)
Cash and cash equivalents as at the end of the period	12	<u>(1,721,134)</u>	<u>(1,085,624)</u>

The annexed notes from 1 to 17 form an integral part of these condensed interim financial statements.


Azam Faruque
Chief Executive


Yasir Masood
Director


Ijaz Ahmed
Chief Financial Officer

Condensed Interim Statement of Changes in Equity (Unaudited)

For the Period Ended March 31, 2023

	Reserves							Total	
	Capital Reserves		Revenue Reserves		Other Components of Equity		Total Reserves		
	Share premium	Other	General reserves	Unappropriated profit	Actuarial gain (loss) on defined benefit plan - net of deferred tax	Unrealised gain / (loss) on equity investments at fair value through other comprehensive Income			
(Rupees in '000)									
Balance as at July 01, 2021	1,942,950	1,047,658	50,900	420,000	9,549,898	162,905	415,241	11,646,602	13,589,552
Final cash dividend for the year ended June 30, 2021 @ Rs. 1.25/- per share	-	-	-	-	(242,869)	-	-	(242,869)	(242,869)
Net profit	-	-	-	-	3,435,305	-	-	3,435,305	3,435,305
Other comprehensive loss	-	-	-	-	-	-	(160,565)	(160,565)	(160,565)
Total comprehensive income / (loss)	-	-	-	-	3,435,305	-	(160,565)	3,274,740	3,274,740
Balance as at March 31, 2022	1,942,950	1,047,658	50,900	420,000	12,742,334	162,905	254,676	14,678,473	16,621,423
Balance as at July 01, 2022	1,942,950	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)
Net profit	-	-	-	-	4,310,481	-	-	4,310,481	4,310,481
Other comprehensive loss	-	-	-	-	-	-	(62,944)	(62,944)	(62,944)
Total comprehensive income / (loss)	-	-	-	-	4,310,481	-	(62,944)	4,247,537	4,247,537
Balance as at March 31, 2023	1,942,950	1,047,658	50,900	420,000	17,490,590	(68,004)	96,880	19,038,024	20,980,974

The annexed notes from 1 to 17 form an integral part of these condensed interim financial statements.


Azam Faruque
Chief Executive


Yasir Masood
Director


Ijaz Ahmed
Chief Financial Officer

Notes to the Condensed Interim Financial Statements (Unaudited)

For the Period Ended March 31, 2023

1. CORPORATE INFORMATION

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 activities are manufacturing, marketing and sale of cement. The registered office of the Company is situated at Village Lakrai, District Nowshera, Khyber Pakhtunkhwa province.

2. BASIS OF PREPARATION

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

- International Accounting Standard (IAS) 34, Interim Financial Reporting, issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017; and
- Provisions of and directives issued under the Companies Act, 2017.

Where the provisions of and directives issued under the Companies Act, 2017 differ with the requirements of IAS 34, the provisions of and directives issued under the Companies Act, 2017 have been followed.

2.2 These condensed interim financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Company's annual financial statements for the year ended June 30, 2022.

3. ACCOUNTING POLICIES

3.1 The accounting policies and methods of computation adopted for the preparation of these condensed interim financial statements are the same as those applied in the preparation of the annual financial statements for the year ended June 30, 2022, except for the adoption of amendments and improvements to approved accounting standards which became effective for the current period as disclosed in note 3.2 to these condensed interim financial statements.

3.2 Amendments to approved accounting standards adopted during the period

The Company has adopted the following amendments to International Financial Reporting Standards (IFRSs) which became effective for the current period:

- | | |
|--------|--------------------------------------------------------------------------|
| IFRS 3 | Reference to the Conceptual Framework (Amendments) |
| IAS 16 | Property, Plant and Equipment: Proceeds before Intended Use (Amendments) |
| IAS 37 | Onerous Contracts – Costs of Fulfilling a Contract (Amendments) |

Improvements to Accounting Standards Issued by the IASB (2018-2020 cycle)

IFRS 9	Financial Instruments – Fees in the '10 percent' test for derecognition of financial liabilities
IAS 41	Agriculture – Taxation in fair value measurements
IFRS 16	Leases: Lease incentives

The adoption of above amendments to IFRSs did not have any material impact on the Company's condensed interim financial statements.

	Note	March 31, 2023 (Unaudited)	June 30, 2022 (Audited)
(Rupees in '000)			
4. PROPERTY, PLANT AND EQUIPMENT			
Opening Net Book Value (NBV)		24,164,146	23,755,863
Additions during the period / year - at cost	4.1	423,051	2,035,866
		24,587,197	25,791,729
Depreciation charged during the period / year		(1,183,215)	(1,616,884)
Disposals for the period / year - at NBV		(10,586)	(10,699)
Closing NBV		23,393,396	24,164,146
Capital work-in-progress	4.2	4,375,777	3,385,370
Right-of-use assets	4.3	51,622	18,786
		<u>27,820,795</u>	<u>27,568,302</u>

4.1 Additions in and depreciation on property, plant and equipment during the period ended March 31, 2022 were Rs. 1,717.03 million and Rs. 1,201.57 million respectively.

	Note	March 31, 2023 (Unaudited)	June 30, 2022 (Audited)
(Rupees in '000)			
4.2 Capital work-in-progress			
Opening balance		3,385,370	1,802,106
Capital expenditure incurred / advances made during the period / year	4.2.1	1,413,458	3,620,181
		4,798,828	5,422,287
Transferred to operating fixed assets		(423,051)	(2,036,917)
Closing balance		<u>4,375,777</u>	<u>3,385,370</u>

4.2.1 During the period, borrowing costs have been capitalised amounting to Rs. 115.11 million (June 30, 2022: Rs. 69.05 million) using capitalization rate of 7.46% (June 30, 2022: 7.03%) on account of long-term financing obtained specifically for this purpose as fully mentioned in note 17.7 to the annual financial statements for the year ended June 30, 2022.

	March 31, 2023 (Unaudited)	June 30, 2022 (Audited)
	(Rupees in '000)	
Opening balance	18,786	32,870
Additions during the period / year	45,697	-
Depreciation for the period / year	(12,861)	(14,084)
Closing balance	51,622	18,786

4.3.1 The Company has recognised right-of-use assets in respect of sales offices and head offices under rental agreements.

	Note	March 31, 2023 (Unaudited)	June 30, 2022 (Audited)
(Rupees in '000)			
5. LONG-TERM INVESTMENTS			
Investment in related parties			
At fair value through other comprehensive income	5.1	334,793	397,737
Joint ventures:			
- Madian Hydro Power Limited	5.2	81,675	76,000
- UniEnergy Limited		7,822	7,822
		89,497	83,822
		424,290	481,559
5.1 At fair value through other comprehensive income			
Cherat Packaging Limited			
3,434,785 (June 30, 2022: 3,122,532) fully paid ordinary shares of Rs. 10/- each.		291,957	352,597
Mirpurkhas Sugar Mills Limited			
332,062 (June 30, 2022: 288,750) fully paid ordinary shares of Rs. 10/- each.		42,836	45,140
		334,793	397,737
5.2 Joint Venture – Madian Hydro Power Limited			
Opening balance		76,000	-
Reversal of impairment loss		-	76,000
Share of profits during the period / year		5,675	-
Closing balance		81,675	76,000

5.2.1 During the period, the Board of Directors of Madian Hydro Power Limited approved the winding up of the company through Members' Voluntarily Winding up scheme.

Note	March 31, 2023 (Unaudited)	June 30, 2022 (Audited)
	(Rupees in '000)	
6. SHORT-TERM INVESTMENTS		
Investments at fair value through profit or loss at cost mutual funds	500,000	-
Unrealised fair value gain		
At the beginning of the period / year	-	-
Fair value gain for the period / year	11,661	-
	11,661	-
Fair value at the end of the period / year	511,661	-
7. LONG-TERM FINANCINGS – secured		
Islamic banks		
Syndicated Long-Term Finance Loan – Line - III	7,500,000	8,750,000
Islamic Finance Facility for Renewable Energy	1,102,022	1,147,365
	8,602,022	9,897,365
Conventional banks		
Captive Power Plant Loan	440,000	660,000
Waste Heat Recovery Loan – Line - III	7.1	840,000
Refinance Scheme for Payment of Wages and Salaries	-	154,911
Temporary Economic Refinance Facility	1,489,366	1,403,797
	10,531,388	12,956,073
Current maturities	(2,834,706)	(3,037,906)
	7,696,682	9,918,167

7.1 In view of healthy cash inflows during the period, the Company has made an early full repayment of Waste Heat Recovery - Line - III loan.

7.2 There is no material change in the terms and conditions of the long-term loans as disclosed in the Company's annual financial statements for the year ended June 30, 2022.

8. CONTINGENCIES AND COMMITMENTS

8.1 Contingencies

There are no material changes in the status of contingencies as reported in the annual financial statements for the year ended June 30, 2022.

8.2 Commitments

Letters of credit - Islamic and Conventional banks
Letters of guarantee - Islamic and Conventional banks

March 31, 2023 (Unaudited)	June 30, 2022 (Audited)
(Rupees in '000)	
363,456	682,972
1,147,601	1,137,601

9. TURNOVER - NET

Includes export sales amounting to Rs. 2,680.69 million (March 31, 2022: Rs. 1,290.84 million).

10. FINANCE COSTS

Includes mark-up on long-term financings amounting to Rs. 1,109.11 million (March 31, 2022: Rs. 792.01 million), mark-up on short-term borrowings and bank charges amounting to Rs. 306.48 million (March 31, 2022: Rs. 113.31 million).

11. TAXATION

Period ended		Quarter ended	
March 31, 2023 (Unaudited)	March 31, 2022 (Unaudited)	March 31, 2023 (Unaudited)	March 31, 2022 (Unaudited)
(Rupees in '000)			
Current	(222,415)	(770,067)	(67,374)
Prior	38,633	(774,049)	-
Deferred	(1,647,451)	273,315	(506,120)
	<u>(1,831,233)</u>	<u>(1,270,801)</u>	<u>(573,494)</u>
			<u>(409,777)</u>

11.1 Provision for current taxation is based on taxable income at the current rates of taxation. Income subject to final tax has been taxed accordingly.

11.2 The Finance Act, 2022 had introduced super tax on high earning persons for the tax year 2022 and onwards. 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 Rs. 373.81 million (being 10%) under section 4C of the ITO. The PHC later on issued an order to deposit tax at the rate of 4%. The funds have been deposited with 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.

12. CASH AND CASH EQUIVALENTS

Cash and bank balances
Less: restricted bank balance
Short-term borrowings

March 31, 2023 (Unaudited)	June 30, 2022 (Audited)
(Rupees in '000)	
1,558,350	124,794
(1,375,238)	-
<u>(1,904,246)</u>	<u>(1,210,418)</u>
<u>(1,721,134)</u>	<u>(1,085,624)</u>

12.1 The Company has purchased factory land, mining leases, technical feasibilities and certain NOCs from M/s. Saif Cement Limited in order to install a new cement line in D.I. Khan at a total cost of Rs. 1,300 million which has been fully transferred to an Escrow account. The Company is in the process of transferring all the assets and NOCs in its name under an agreement. Upon the completion of this process and fulfillment of all conditions, the amount in escrow account will be transferred to the Seller. Being a party to an escrow account, the Company can withdraw the amount only if the conditions laid down in the purchase agreement are not fulfilled. The Company is entitled to receive all profits upon finalisation of this agreement.

13. FINANCIAL RISK MANAGEMENT AND FAIR VALUE DISCLOSURES

These condensed interim financial statements do not include all financial risk management information and disclosures which are required in the annual financial statements and should be read in conjunction with the Company's annual financial statements for the year ended June 30, 2022. There have been no changes in any risk management policies since the year end.

13.1 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).

March 31, 2023 (Unaudited)						
Carrying amount			Fair value			
Fair value through statement of profit or loss	Fair value through OCI	Total	Level 1	Level 2	Level 3	
Note		(Rupees in '000)				

Financial assets measured at fair value

Long-term investments	5.1	-	334,793	334,793	334,793	-	-
		-	334,793	334,793	334,793	-	-

June 30, 2022 (Audited)						
Carrying amount			Fair value			
Fair value through statement of profit or loss	Fair value through OCI	Total	Level 1	Level 2	Level 3	
Note		(Rupees in '000)				

Financial assets measured at fair value

Long-term investments	5.1	-	397,737	397,737	397,737	-	-
		-	397,737	397,737	397,737	-	-

13.1.1 Financial instruments which are tradable in an open market are revalued at the market prices prevailing on the statement of financial position date.

14. TRANSACTIONS WITH RELATED PARTIES

Related parties of the Company comprise of associated companies, directors, retirement funds, 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	Period ended		Quarter ended	
		March 31, 2023 (Unaudited)	March 31, 2022 (Unaudited)	March 31, 2023 (Unaudited)	March 31, 2022 (Unaudited)
(Rupees in '000)					
Associated companies	Purchases	2,594,494	2,213,030	1,124,869	786,281
	Sale of goods	-	6,247	-	160
	Royalty and excise duty	332,860	442,094	100,103	113,554
	Purchase of fixed assets	13,741	115,713	3,197	74,894
	IT support charges	18,233	18,233	6,078	6,078
	Dividend received	4,684	15,613	-	3,123
	Dividend paid	157,845	64,125	-	-
	Insurance premium paid	70,000	53,000	34,000	18,000
Key management personnel	Remuneration	867,938	724,735	286,740	333,978
Other related parties	Contribution to staff provident and gratuity funds	106,842	71,039	33,743	37,086

14.1 In addition, certain administrative expenses are being shared amongst the group companies.

15. OPERATING SEGMENTS

These condensed interim financial statements have been prepared on the basis of a single reportable segment.

16. INTERIM DIVIDEND AND DATE OF AUTHORISATION

16.1 Interim Dividend

Subsequent to the period ended March 31, 2023, the Board of Directors in its meeting held on April 27, 2023, declared an interim cash dividend of 15% i.e. Rs. 1.50 (March 31, 2022: Nil) per share.

16.2 Date of Authorisation

These condensed interim financial statements were authorised for issue on April 27, 2023 by the Board of Directors of the Company.

17. GENERAL

Figures have been rounded off to the nearest thousand Rupees, unless otherwise stated.



Azam Faruque
Chief Executive



Yasir Masood
Director



Ijaz Ahmed
Chief Financial Officer



GHULAM FARUQUE
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