



2023

1st Quarter Report
SEPTEMBER 30

Shaping the Future



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CORPORATE INFORMATION

Board of Directors

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

Audit Committee

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

HR&R Committee

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

Company Secretary

Mr. Muhammad Asadullah Khan

Legal Advisor

Imtiaz Siddiqui & Associates

Auditors

KPMG Taseer Hadi & Co.
Chartered Accountants

Share Registrar

Hameed Majeed Associates (PVT) Limited
H.M. House,
7-Bank Square, Lahore
Tel: 042 - 37235081-82
Fax: 042 - 37258817

Registered Office and Works

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

Head Office

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

Bankers of the Company

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



DIRECTORS' REVIEW

The Directors of your Company are pleased to present the un-audited condensed Interim Financial Statements of the Company for the 1st quarter ended September 30, 2023.

Industry Review

Cement Industry has witnessed a surge in total dispatches by 23.5% during the first quarter of the FY 2024 as compared with the same quarter of the prior year. In the domestic market the increase in dispatches is mainly due to low base effect whereas rationalization of profit margins due to depreciation of PKR lead to growth in export volumes.

Below is the summary of dispatches of the cement sector:

| | Sep. 30, 2023 | Sep. 30, 2022 | Change (%) |
|-------------------|---------------|---------------|------------|
| | Metric Tons | | |
| Local Dispatches | 10,128,632 | 8,601,830 | 17.75% |
| Export Dispatches | 1,751,239 | 1,019,054 | 71.85% |
| Total Dispatches | 11,879,871 | 9,620,884 | 23.48% |

Operational Performance

Operational performance of your Company, is summarized as under:

| | Sep. 30, 2023 | Sep. 30, 2022 | Change (%) |
|--------------------|---------------|---------------|------------|
| | Metric Tons | | |
| Clinker Production | 606,348 | 589,626 | 2.84% |
| Cement Production | 749,386 | 692,904 | 8.15% |
| Local Sales | 745,397 | 688,437 | 8.27% |
| Export Sales | 16,226 | 518 | 3,032.43% |
| Total Sales | 761,623 | 688,955 | 10.55% |

Financial Performance

Financial Performance of your Company for the quarter is as below;

Rupees in Million

| | Sep. 30, 2023 | Sep. 30, 2022 | Change (%) |
|--------------------------|---------------|---------------|------------|
| Net Sales | 11,064 | 8,853 | 24.97% |
| Gross Profit | 3,229 | 2,771 | 16.53% |
| GP Ratio | 29.19% | 31.30% | |
| Operating Profit | 3,701 | 2,823 | 31.10% |
| OP Ratio | 33.45% | 31.9% | |
| EBITDA | 4,011 | 3,102 | 29.30% |
| Profit after tax | 2,229 | 1,785 | 24.87% |
| Profit after tax Ratio | 20.15% | 20.20% | |
| Earnings per share (Rs.) | 11.25 | 8.89 | 26.55% |

Better sales retention prices effectively absorbed the impact of increase in fuel, electricity, packing/raw material and coal costs of the Company resulting in maintaining the profit margins as compared to comparable period.

The Company is current on its all debt obligations.

Greenfield Cement Production Line in Khushab, Punjab

The infrastructure development is in process at Company's greenfield cement plant project in Khushab, Punjab, whereas import of plant and machinery is on hold due to current economic conditions.

Installation of Solar Power Plant

The Company has commissioned a 10MW Solar Power Project at its Kohat site in the month of August 2023 and is in the process of installation of another 15MW Solar Power Project to reduce its dependence on National Grid, which shall not only play a significant role in cost saving but is a step towards Green Pakistan.

Future Prospects

Although during the quarter under review the regulators have been able to harness the unbridled rise of USD against PKR; however, amid the twin deficits and unprecedented inflation, there shall be a huge challenge for the authorities to manage the exchange as well as interest rates. However, expected political stability after elections may boost investors' confidence resulting in improved economic and construction activities which shall also positively affect the operational and financial position of your Company.

Acknowledgments

Our growth and success is the result of untiring efforts of our stakeholders, business partners including our employees and we appreciate their support and hard work all the time.

For and on behalf of the Board



Aizaz Mansoor Sheikh
Director



Talha Saeed Ahmed
Director

Lahore: October 28, 2023

ڈائریکٹرز جائزہ رپورٹ

ہم بعد صدمہ 30 ستمبر، 2023 کو ختم ہونے والی پہلی سرہماہی سے متعلقہ کمپنی کے ختم شدہ شہدہ عبوری مالیاتی کوٹوارے پیش کرتے ہیں۔

صنعتی جائزہ:

سینٹ انڈسٹری کی مالی سال 2024 کی پہلی سرہماہی کے دوران مجموعی ترسیلات میں گزشتہ مالی سال کی پہلی سرہماہی کے مقابلے میں 23.5% اضافہ ہوا ہے۔ مقامی ترسیلات میں اضافے کی اہم وجہ گزشتہ مالی سال کی اسی مدت کے دوران ترسیلات کے حجم میں کمی ہے جبکہ روپے کی قدر میں کمی کی وجہ سے برآمدات میں اضافہ ہوا جس سے شرح منافع میں بہتری ہوئی ہے۔

زیر جائزہ سرہماہی کے دوران انڈسٹری کی سینٹ کی ترسیلات کا خلاصہ درج ذیل ہے:

| شرح تبدیلی % | 30 ستمبر 2022ء | 30 ستمبر 2023ء |
|---------------|----------------|----------------|
| | میزوکٹن | |
| مقامی ترسیلات | 8,601,830 | 10,128,632 |
| برآمدات | 1,019,054 | 1,751,239 |
| کل فروخت | 9,620,884 | 11,879,871 |

کاروباری جائزہ:

زیر جائزہ سرہماہی کے دوران پیداوار اور ترسیلات کا خلاصہ درج ذیل ہے:

| شرح تبدیلی (%) | 30 ستمبر 2022ء | 30 ستمبر 2023ء |
|-----------------|----------------|----------------|
| | میزوکٹن | |
| کلنگری پیداوار | 589,626 | 606,348 |
| سینٹ کی پیداوار | 692,904 | 749,386 |
| مقامی ترسیلات | 688,437 | 745,397 |
| برآمدات | 518 | 16,226 |
| کل فروخت | 688,955 | 761,623 |

مالیاتی کارکردگی:

کمپنی کی مالیاتی کارکردگی درج ذیل ہے:

| شرح تبدیلی (%) | 30 ستمبر 2022ء | 30 ستمبر 2023ء |
|--|----------------|----------------|
| | روپے (ملین) | |
| کل فروخت | 8,853 | 11,064 |
| خام منافع | 2,771 | 3,229 |
| شرح خام منافع | 31.30% | 29.19% |
| آپریٹنگ منافع | 2,823 | 3,701 |
| شرح آپریٹنگ منافع | 31.9% | 33.45% |
| منافع قبل از مالی خرابی، ٹیکس، ڈیپریسیشن اور ایمرٹائزیشن | 3,102 | 4,011 |
| خاص منافع بعد از ٹیکس | 1,785 | 2,229 |
| شرح خالص منافع بعد از ٹیکس | 20.20% | 20.15% |
| ٹی شیئر آمدنی (روپے) | 8.89 | 11.25 |

زیر جائزہ سرہماہی کے دوران سینٹ کی بہتر قیمت فروخت نے ایندھن، بجلی، پیکنگ، خام مال اور کوئلے کی قیمت میں اضافے کے اثر کو بہت موثر انداز میں زائل کیا، جس کی بدولت گزشتہ سال کی اسی مدت کے مقابلے میں شرح منافع کو برقرار رکھنا ممکن ہوا۔

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

خوشاب، پنجاب میں نئے سینٹ پلانٹ کی تحصیل کا منصوبہ:

خوشاب، پنجاب میں نئے سینٹ پلانٹ کا منصوبہ تکمیلی مراحل میں ہے جبکہ پلانٹ اور مشینری کی درآمد موجودہ معاشی حالات کی وجہ سے تاخیر کا شکار ہو گئی ہے۔

سلر پار اور پلانٹ کی تحصیل:

کمپنی نے آگست 2023 میں کوہاٹ میں ٹیکسری سائٹ پر 10 میگا واٹ کا سولر پار پلانٹ نصب کر لیا ہے، جبکہ نیشنل گرڈ پر انحصار کو کم کرنے کے لئے 15 میگا واٹ سولر پار پلانٹ کا ایک اور منصوبہ زیر تکمیل ہے۔ ان منصوبہ چارجت سے زبردستی لاگت میں کمی ہوگی بلکہ ماحولیاتی بہتری میں بھی مدد ملے گی۔

مستقبل کے امکانات:

اگرچہ زیر جائزہ سرہماہی کے دوران معاشی ذمہ داران ڈالر کی روپے کے مقابلے میں بڑھتی ہوئی بے لگام قدر کو روکنے میں کامیاب ہوئے ہیں، تاہم وہ ہرے خسارے اور بڑھتے ہوئے افراط زر کی موجودگی میں حکام کے لئے زرمبادلہ اور شرح سود میں توازن برقرار رکھنا ایک بڑا چیلنج ہوگا۔ انکشاف کے نتیجے میں متوقع سیاسی استحکام سے سرمایہ کاروں کا اعتماد بحال ہوگا، جس سے معاشی تعمیراتی سرگرمیوں میں اضافے کے ساتھ کمپنی کی کاروباری اور معاشی حالت بھی بہتر ہوگی۔

اظہار تشکر:

ہماری ترقی اور کامیابی ہمارے کاروباری ساتھیوں، شرکاء، اداروں اور ہمارے ملازمین کی انتھک محنت کا نتیجہ ہے، ہم ان کے تعاون اور محنت کو سراہتے ہیں۔

برائے دستخط پنجاب پورڈ آف ڈائریکٹرز



علیہ سعید احمد
ڈائریکٹر



اعزاز منصور شیخ
ڈائریکٹر

لاہور: 28 اکتوبر 2023ء

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION (UN-AUDITED)

As at September 30, 2023

| | Note | (Un-audited) September 30 2023 Rupees | (Audited) June 30 2023 Rupees |
|--|------|--|--|
| EQUITY AND LIABILITIES | | | |
| Authorized share capital | | 3,000,000,000 | 3,000,000,000 |
| Issued, subscribed and paid-up capital | | 1,958,612,970 | 2,008,612,970 |
| Reserves | | 117,044,951 | 117,280,665 |
| Accumulated profit | | 32,350,304,238 | 30,484,151,337 |
| | | 34,425,962,159 | 32,610,044,972 |
| Non-current liabilities | | | |
| Long term financing - secured | 5 | 1,891,423,650 | 2,149,017,375 |
| Long term deposits | | 3,536,100 | 3,536,100 |
| Deferred liabilities | | | |
| - deferred taxation | | 5,199,405,963 | 4,823,158,446 |
| - compensated absences | | 32,583,584 | 31,847,241 |
| | | 7,126,949,297 | 7,007,559,162 |
| Current liabilities | | | |
| Current portion of long term financing | 5 | 1,034,355,873 | 1,034,355,873 |
| Trade and other payables | 6 | 6,417,417,638 | 5,171,144,705 |
| Contract liability | 7 | 156,041,957 | 253,135,945 |
| Unclaimed dividend | | 8,522,373 | 8,535,358 |
| Dividend payable | | 36,835,021 | 36,939,862 |
| Provision for taxation - net | | 3,761,048,458 | 3,215,684,878 |
| Mark-up accrued on borrowings | | 185,267,885 | 192,674,790 |
| | | 11,599,489,205 | 9,912,471,411 |
| Contingencies and commitments | 8 | | |
| | | 53,152,400,661 | 49,530,075,545 |
| ASSETS | | | |
| Non current assets | | | |
| Property, plant and equipment | 9 | 22,219,030,541 | 22,229,434,463 |
| Intangibles | | 1,300,964 | 1,567,709 |
| Long term loans and advances | | 15,742,384 | 17,429,341 |
| Long term deposits | | 43,356,640 | 43,356,640 |
| Investment property | | 4,325,050,743 | 4,324,910,743 |
| | | 26,604,481,272 | 26,616,698,896 |
| Current assets | | | |
| Stores, spares and loose tools | | 4,302,894,146 | 4,713,129,764 |
| Stock-in-trade | | 2,279,930,779 | 2,942,861,554 |
| Trade debts - unsecured, considered good | | 1,470,347,937 | 1,205,553,375 |
| Short term investments | 10 | 16,798,292,047 | 12,335,073,816 |
| Loans, advances, deposits, prepayments and other receivables | | 990,970,651 | 783,220,947 |
| Cash and bank balances | 11 | 705,483,829 | 933,537,193 |
| | | 26,547,919,389 | 22,913,376,649 |
| | | 53,152,400,661 | 49,530,075,545 |

The annexed notes from 1 to 18 form an integral part of these condensed interim financial statements.



Chief Financial Officer



Director



Director

CONDENSED INTERIM STATEMENT OF PROFIT AND LOSS (UN-AUDITED)

For the three months ended 30 September 2023

| | Note | 01 July to 30 September 2023 Rupees | 01 July to 30 September 2022 Rupees |
|--|------|--|--|
| Sales - net | 12 | 11,064,117,813 | 8,852,817,319 |
| Cost of sales | 13 | (7,834,894,725) | (6,082,021,852) |
| Gross profit | | 3,229,223,088 | 2,770,795,467 |
| Selling and distribution expenses | | (36,102,823) | (32,601,866) |
| Administrative and general expenses | | (111,126,545) | (92,874,077) |
| Other income | | 864,505,921 | 366,968,685 |
| Other expenses | | (245,037,407) | (189,178,460) |
| | | 472,239,146 | 52,314,282 |
| Operating profit | | 3,701,462,234 | 2,823,109,749 |
| Finance cost | | (203,054,071) | (172,638,170) |
| Profit before taxation | | 3,498,408,163 | 2,650,471,579 |
| Taxation | | (1,269,010,090) | (865,409,495) |
| Profit after taxation | | 2,229,398,073 | 1,785,062,084 |
| Earning per share (basic and diluted) | 14 | 11.25 | 8.89 |

The annexed notes from 1 to 18 form an integral part of these condensed interim financial statements.



Chief Financial Officer



Director



Director

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)

For the three months ended 30 September 2023

| | 01 July to 30 September 2023 Rupees | 01 July to 30 September 2022 Rupees |
|--|--|--|
| Profit after taxation | 2,229,398,073 | 1,785,062,084 |
| Other comprehensive income/(loss) for the period | | |
| <i>Items that will not be reclassified to statement of profit or loss:</i> | | |
| Equity investment at FVOCI - net changes in fair value | (220,714) | 30,000 |
| <i>Items that are or may be reclassified to statement of profit or loss:</i> | | |
| Debt investment at FVOCI - net changes in fair value | (15,000) | - |
| Total comprehensive income for the period | 2,229,162,359 | 1,785,092,084 |

The annexed notes from 1 to 18 form an integral part of these condensed interim financial statements.



Chief Financial Officer



Director



Director

CONDENSED INTERIM STATEMENT OF CASH FLOWS (UN-AUDITED)

For the three months ended 30 September 2023

| | 01 July to 30 September 2023 Rupees | 01 July to 30 September 2022 Rupees |
|--|--|--|
| Cash flows from operating activities | | |
| Profit before taxation | 3,498,408,163 | 2,650,471,579 |
| <i>Adjustments for:</i> | | |
| Depreciation on property, plant and equipment | 309,043,345 | 278,148,359 |
| Amortization on intangible assets | 266,745 | 316,746 |
| Gain on disposal of property, plant and equipment | - | (387,448) |
| Profit on bank deposits and loans-Conventional | (25,613,681) | (11,220,470) |
| Profit on bank deposits-Shariah compliant | (13,364,465) | (14,001,362) |
| Realized gain on investment at fair value through profit and loss | (5,788,928) | (5,705,145) |
| Net change in fair value of financial assets at FVTPL | (151,242,110) | (65,372,841) |
| Dividend income | (661,429,252) | - |
| Foreign currency exchange loss | 212,028 | - |
| Provision for loss allowance against trade debts | 20,274,294 | - |
| Provision for compensated absences | 4,396,961 | 507,153 |
| Provision for Workers' Welfare Fund | 37,833,122 | 45,970,458 |
| Provision for Workers' Profit Participation Fund | 186,117,963 | 141,918,002 |
| Finance cost | 203,054,071 | 172,638,170 |
| | (96,239,907) | 542,811,622 |
| Cash generated from operations before working capital changes | 3,402,168,256 | 3,193,283,201 |
| <i>(Increase) / decrease in current assets:</i> | | |
| Stores, spares and loose tools | 410,235,618 | (1,191,018,871) |
| Stock-in-trade | 662,930,775 | (129,377,167) |
| Trade debts | (285,068,856) | 243,259,525 |
| Advances, deposits, prepayments and other receivables | (211,740,054) | (252,623,888) |
| <i>(Decrease) / increase in current liabilities:</i> | | |
| Trade and other payables | 1,022,109,821 | 187,971,899 |
| Contract liability | (97,093,988) | (61,200,062) |
| | 1,501,373,316 | (1,202,988,564) |
| Cash generated from operations | 4,903,541,572 | 1,990,294,637 |
| Compensated absences paid | (3,660,619) | (3,467,802) |
| Finance cost paid | (209,465,733) | (144,034,168) |
| Income tax paid | (347,398,993) | (334,550,162) |
| Net cash generated from operating activities | 4,343,016,227 | 1,508,242,505 |
| Cash flow from investing activities | | |
| Acquisition of property, plant and equipment | (298,639,424) | (43,723,122) |
| Proceeds from disposal of property, plant and equipment | - | 1,281,885 |
| Acquisition of investment property | (140,000) | - |
| Short term investments - net | (4,306,422,908) | 311,573,187 |
| Dividend received on short term investments | 661,429,252 | - |
| Long term loans and advances - net | 1,686,957 | (35,802,536) |
| Long term deposits | - | 500,000 |
| Profit on bank deposits and loans | 42,968,498 | 20,875,774 |
| Net cash (used in)/generated from investing activities | (3,899,117,625) | 254,705,188 |
| Cash flow from financing activities | | |
| Repayment of long term finances | (258,588,968) | (296,143,766) |
| Own shares purchased for cancellation | (413,245,172) | - |
| Dividend paid | (117,826) | (12,169) |
| Net cash used in financing activities | (671,951,966) | (296,155,935) |
| Net (decrease)/increase in cash and cash equivalents | (228,053,364) | 1,466,791,758 |
| Cash and cash equivalents at beginning of the period | 933,537,193 | 480,765,632 |
| Cash and cash equivalents at end of the period | 705,483,829 | 1,947,557,390 |

The annexed notes from 1 to 18 form an integral part of these condensed interim financial statements.


Chief Financial Officer


Director


Director

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)

For the three months ended 30 September 2023

| | Reserves | | | | | | |
|---|------------------|---------------|--------------------|------------------|--------------------|----------------|----------------|
| | Capital reserves | | | Revenue reserves | | | Total |
| | Share capital | Share premium | Fair value reserve | General reserve | Accumulated profit | Total reserves | |
| | Rupees | | | | | | |
| Balance as at 01 July 2022 | 2,008,612,970 | 49,704,951 | (2,199,286) | 70,000,000 | 25,120,101,596 | 25,237,607,261 | 27,246,220,231 |
| Total comprehensive income for the period | | | | | | | |
| Profit for the three months ended 30 September 2022 | - | - | - | - | 1,785,062,084 | 1,785,062,084 | 1,785,062,084 |
| Other comprehensive income for the three months ended 30 September 2022 | - | - | 30,000 | - | - | 30,000 | 30,000 |
| | - | - | 30,000 | - | 1,785,062,084 | 1,785,092,084 | 1,785,092,084 |
| Balance as at 30 September 2022 - unaudited | 2,008,612,970 | 49,704,951 | (2,169,286) | 70,000,000 | 26,905,163,680 | 27,022,699,345 | 29,031,312,315 |
| Balance as at 01 July 2023 | 2,008,612,970 | 49,704,951 | (2,424,286) | 70,000,000 | 30,484,151,337 | 30,601,432,002 | 32,610,044,972 |
| Total comprehensive income for the period | | | | | | | |
| Profit for the three months ended 30 September 2023 | - | - | - | - | 2,229,398,073 | 2,229,398,073 | 2,229,398,073 |
| Other comprehensive loss for the three months ended 30 September 2023 | - | - | (235,714) | - | - | (235,714) | (235,714) |
| | - | - | (235,714) | - | 2,229,398,073 | 2,229,162,359 | 2,229,162,359 |
| Own shares purchased and cancelled | (50,000,000) | - | - | - | (363,245,172) | (363,245,172) | (413,245,172) |
| Balance as at 30 September 2023 - unaudited | 1,958,612,970 | 49,704,951 | (2,660,000) | 70,000,000 | 32,350,304,238 | 32,467,349,189 | 34,425,962,159 |

The annexed notes from 1 to 18 form an integral part of these condensed interim financial statements.



Chief Financial Officer



Director



Director

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)

For the three months ended 30 September 2023

1 Reporting entity

- 1.1** Kohat Cement Company Limited ("the Company") is a public limited company incorporated in Pakistan under the Companies Act, 1913 (now "Companies Act, 2017") and is listed on Pakistan Stock Exchange. The Company is engaged in production and sale of cement. Head Office of the Company is situated at 37-P, Gulberg-II, Lahore, further the registered office and production facility is situated at Rawalpindi Road, Kohat, Pakistan. The Company is in the process of acquiring further land in District Khushab for installation of an additional grey cement line.
- 1.2** ANS Capital (Private) Limited is the holding company of the Company and holds 110,482,320 ordinary shares of the Company comprising 56.41% of its total paid up share capital.
- 1.3** In accordance with the provisions of section 88 of the Companies Act, 2017 read with Listed Companies (Buy-Back of Shares) Regulations, 2019, the members of Kohat Cement Company Limited (the Company) in their EOGM dated 21 February 2023, approved purchase/buy-back of 5 million own ordinary shares at spot price during the period from 1st March 2023 to 19th August 2023 or till such date the purchase is complete, whichever is earlier for cancellation. During the said purchase period, the Company has completed the purchase of its 5 million ordinary shares for an aggregate consideration of Rs.869.95 million. The said shares have been cancelled by CDC on 11th August 2023.

2 Basis of preparation

- 2.1** These condensed interim financial statements comprise the condensed interim statement of financial position of the Company, as at 30 September 2023 and the related condensed interim statement of profit and loss, condensed interim statement of comprehensive income, condensed interim statement of cash flows and condensed interim statement of changes in equity together with the notes forming part thereof.
- 2.2** 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 applicable in Pakistan for interim financial reporting comprise of:
- International Accounting Standard (IAS) 34, 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.

- 2.3** These condensed interim financial statements do not include all of the information required for full annual financial statements and should be read in conjunction with the annual audited financial statements for the year ended 30 June 2023. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the company's financial position and performance since the last annual audited financial statements.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)

For the three months ended 30 September 2023

- 2.4** Comparative statement of financial position numbers are extracted from the annual audited financial statements of the Company for the year ended 30 June 2023, whereas comparatives of condensed interim statement of profit or loss, statement of comprehensive income, statement of cash flow and statement of changes in equity are stated from unaudited condensed interim financial statements of the Company for the three months period ended 30 September 2022.
- 2.5** These condensed interim financial statements are unaudited and being submitted to the shareholders as required under Section 237 of the Companies Act, 2017.

3 Judgments and estimates

The preparation of the condensed interim financial statements require management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

The significant judgments made by the management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those applied to the annual audited financial statements for the year ended 30 June 2023.

4 Statement of consistency in accounting policies

- 4.1** The accounting policies and the methods of computation adopted in the preparation of these condensed interim financial statements are same as those applied in the preparation of the annual audited financial statements for the year ended 30 June 2023.

| | (Un-audited) September 30 2023 Rupees | (Audited) June 30 2023 Rupees |
|---|--|--|
| 5 Long term finances - secured | | |
| Term finance - Line-4 (Conventional) | | |
| Opening | 3,192,388,854 | 4,226,754,822 |
| Repaid during the period / year | (258,588,968) | (1,034,365,968) |
| | 2,933,799,886 | 3,192,388,854 |
| Less: Current maturity | (1,034,355,873) | (1,034,355,873) |
| Less: Transaction cost | (8,020,363) | (9,015,606) |
| | 1,891,423,650 | 2,149,017,375 |
| Term finance - RFWS Scheme | | |
| Opening | - | 37,554,236 |
| Repaid during the period/year | - | (37,554,236) |
| | - | - |
| | 1,891,423,650 | 2,149,017,375 |

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)

For the three months ended 30 September 2023

| | (Un-audited) September 30 2023 Rupees | (Audited) June 30 2023 Rupees |
|---|--|--|
| 6 Trade and other payables | | |
| Trade creditors - Local | 900,155,063 | 647,949,685 |
| Trade creditors - imports | 773,003,214 | 26,724,599 |
| Contractors' bills payable | 51,072,771 | 38,593,713 |
| Accrued liabilities | 787,543,353 | 628,451,562 |
| Payable to Workers' Profit Participation Fund | 2,428,225,664 | 2,242,107,702 |
| Payable to Workers' Welfare Fund | 205,813,499 | 167,980,377 |
| Payable to Provident Fund Trust | 6,740,784 | 4,987,873 |
| | 5,152,554,348 | 3,756,795,511 |
| <i>Payable to Government on account of:</i> | | |
| Income tax deducted at source | 27,268,889 | 31,220,036 |
| Federal excise duty | 426,327,804 | 491,248,104 |
| Sales tax payable | 279,984,466 | 392,294,069 |
| Royalty and excise duty | 135,787,271 | 109,127,379 |
| | 869,368,430 | 1,023,889,588 |
| Retention money payable | 6,799,313 | 13,460,295 |
| Other payables | 388,695,547 | 376,999,311 |
| | 395,494,860 | 390,459,606 |
| | 6,417,417,638 | 5,171,144,705 |

7 Contract liability

This represents advances received from customers for future sale of goods.

8 Contingencies and commitments

8.1 Contingencies

There is no significant change in the status of contingencies as reported in the preceding published annual financial statements of the Company for the year ended 30 June 2023.

| | (Un-audited) September 30 2023 Rupees | (Audited) June 30 2023 Rupees |
|---|--|--|
| 8.2 Commitments | | |
| In respect of letters of credit for:- | | |
| - Stores and spares | 1,117,364,089 | 1,836,329,686 |
| Others: | | |
| - Guarantee issued by Company in favor of bank on behalf of an associated company | 390,000,000 | 390,000,000 |
| | 1,507,364,089 | 2,226,329,686 |

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)

For the three months ended 30 September 2023

| | Note | (Un-audited) September 30 2023 Rupees | (Audited) June 30 2023 Rupees |
|--|------|--|--|
| 9 Property, plant and equipment | | | |
| Operating fixed assets | 9.1 | 20,985,781,827 | 20,286,414,882 |
| Capital work in progress | 9.2 | 1,233,248,714 | 1,943,019,581 |
| | | 22,219,030,541 | 22,229,434,463 |
| 9.1 Operating fixed assets | | | |
| Opening written down value | | 20,286,414,882 | 21,200,398,415 |
| <i>Add: Additions during the period / year (cost)</i> | | | |
| Freehold Land | | 4,818,900 | 109,610,386 |
| Factory buildings | | 26,400,583 | 4,998,613 |
| Housing colony | | - | 2,166,961 |
| Plant, machinery and equipment | | 974,602,756 | 41,951,601 |
| Furniture, fixtures and office equipment | | 1,290,802 | 7,342,236 |
| Computers and printers | | 1,297,248 | 8,527,111 |
| Light vehicles | | - | 25,763,373 |
| Laboratory equipment | | - | 3,415,123 |
| | | 1,008,410,290 | 203,775,404 |
| <i>Less: Disposals during the period / year (written down value)</i> | | | |
| Housing colony | | - | (1,067,038) |
| Furniture, fixtures and office equipment | | - | (83,409) |
| Computers and printers | | - | (349,337) |
| Light vehicles | | - | (1,379,411) |
| | | - | (2,879,195) |
| <i>Less: Depreciation charge for the period / year</i> | | (309,043,345) | (1,114,879,742) |
| Closing written down value | | 20,985,781,827 | 20,286,414,882 |
| 9.2 Capital work in progress | | | |
| Balance at beginning of the period / year | | 1,943,019,581 | 130,897,947 |
| Add: Additions during the period / year | | 291,232,473 | 1,849,036,990 |
| Less: Transfers to fixed assets during the period / year | | (1,001,003,340) | (36,915,356) |
| | | 1,233,248,714 | 1,943,019,581 |

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)

For the three months ended 30 September 2023

| | (Un-audited) September 30 2023 Rupees | (Audited) June 30 2023 Rupees |
|---|--|--|
| 10 Short term investments | | |
| FVOCI - listed equity securities | | |
| Cost | - | 89,286 |
| Accumulated fair value gain | - | 220,714 |
| | - | 310,000 |
| FVOCI - debt instrument | | |
| Term Finance Certificates | 100,000,000 | 100,000,000 |
| Accumulated fair value (loss) | (2,660,000) | (2,645,000) |
| | 97,340,000 | 97,355,000 |
| FVTPL | | |
| Investments in Mutual Funds | | |
| Money Market Mutual Funds - Shariah Compliant | 12,170,252,269 | 11,277,549,351 |
| Money Market Mutual Funds - Conventional | 3,760,551,144 | 307,208,518 |
| Accumulated fair value gain | 98,686,851 | 8,891,484 |
| | 16,029,490,264 | 11,593,649,353 |
| Listed equity securities | | |
| Cost | 608,236,332 | 641,980,755 |
| Accumulated fair value gain | 63,225,451 | 1,778,708 |
| | 671,461,783 | 643,759,463 |
| | 16,700,952,047 | 12,237,408,816 |
| | 16,798,292,047 | 12,335,073,816 |

11 Cash and bank balances

These include Rs.257.63 million (30 June 2023: Rs.238.88 million) placed under Shariah permissible arrangement. Remaining deposits are placed with conventional financial institutions.

| | (Un-audited) 01 July to 30 September 2023 Rupees | (Un-Audited) 01 July to 30 September 2022 Rupees |
|--------------------------------|--|--|
| 12 Sales - net | | |
| Local sales - gross | 15,038,249,050 | 11,994,127,237 |
| Export sales | 209,549,648 | 6,225,511 |
| | 15,247,798,698 | 12,000,352,748 |
| Less: Sales tax | (2,571,477,396) | (1,992,796,577) |
| Federal excise duty | (1,490,794,300) | (1,032,654,945) |
| Discounts/rebates / commission | (121,409,189) | (122,083,907) |
| | (4,183,680,885) | (3,147,535,429) |
| | 11,064,117,813 | 8,852,817,319 |

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)

For the three months ended 30 September 2023

| | (Un-audited) 01 July to 30 September 2023 Rupees | (Un-Audited) 01 July to 30 September 2022 Rupees | |
|--|--|--|---------------|
| 13 Cost of sales | | | |
| Raw materials consumed | 336,766,578 | 351,507,468 | |
| Packing materials consumed | 690,957,555 | 453,465,895 | |
| Fuel and power | 1,604,816,125 | 1,427,366,256 | |
| Coal and gas | 3,612,767,887 | 3,188,274,275 | |
| Stores, spares and loose tools consumed | 239,893,126 | 182,026,820 | |
| Salaries, wages and other benefits | 196,083,191 | 158,485,892 | |
| Royalty and excise duty | 122,749,796 | 112,823,718 | |
| Rent, rates and taxes | 16,278,552 | 14,037,997 | |
| Repairs and maintenance | 68,835,112 | 40,437,682 | |
| Insurance | 12,500,711 | 13,464,446 | |
| Depreciation | 306,172,320 | 275,182,349 | |
| Loading and freight charges | 29,543,657 | 37,106,104 | |
| Other expenses | 45,559,321 | 38,216,236 | |
| | 7,282,923,931 | 6,292,395,138 | |
| <i>Work-in-process:</i> | | | |
| At beginning of the period | 1,563,113,179 | 737,992,650 | |
| At end of the period | (1,044,683,832) | (777,107,186) | |
| Cost of goods manufactured | 7,801,353,278 | 6,253,280,602 | |
| <i>Finished goods:</i> | | | |
| At beginning of the period | 825,190,561 | 359,946,311 | |
| At end of the period | (789,988,927) | (528,599,426) | |
| | 7,836,554,912 | 6,084,627,487 | |
| Less: Cost attributable to own cement consumption and others | (1,660,187) | (2,605,635) | |
| | 7,834,894,725 | 6,082,021,852 | |
| 14 Earnings per share - basic and diluted | Unit | | |
| Profit for the year after taxation | Rupees | 2,229,398,073 | 1,785,062,084 |
| Weighted average number of ordinary shares | Numbers | 198,143,906 | 200,861,297 |
| Earnings per share | Rupees | 11.25 | 8.89 |

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)

For the three months ended 30 September 2023

15 Financial instruments-fair values

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

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

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

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

IFRS 13, 'Fair Value Measurements' requires the Company to classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

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

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

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)

For the three months ended 30 September 2023

| | Note | Fair value | | | Carrying Amount | | | Fair value | | | | |
|---|------|---|------------------------------------|------------------------------------|---|---------|----------------|------------|---------|---------|---------|--------|
| | | Fair value through comprehensive income | Fair value through profit and loss | Financial assets at amortised cost | Financial liabilities at amortized cost | Level 1 | Level 2 | Level 3 | Level 1 | Level 2 | Level 3 | |
| | | | | | | | | | | | | Rupees |
| On-Balance sheet financial instruments | | | | | | | | | | | | |
| 30 September 2023 (Un-Audited) | | | | | | | | | | | | |
| Financial assets measured at fair value | | | | | | | | | | | | |
| Investments | | 97,340,000 | 16,700,952,047 | - | - | - | 16,798,292,047 | - | - | - | - | - |
| Financial assets at amortised cost | | | | | | | | | | | | |
| Long term deposits | | - | - | 43,356,640 | - | - | - | - | - | - | - | - |
| Trade debts - unsecured, considered good | | - | - | 1,470,347,937 | - | - | - | - | - | - | - | - |
| Deposits, and other receivables | | - | - | 593,619,819 | - | - | - | - | - | - | - | - |
| Cash and bank balances | | - | - | 705,483,829 | - | - | - | - | - | - | - | - |
| | 15.1 | - | - | 2,812,808,225 | - | - | - | - | - | - | - | - |
| Financial liabilities measured at fair value | | | | | | | | | | | | |
| Financial liabilities measured at amortised cost | | | | | | | | | | | | |
| Long term financing | | - | - | - | 2,925,779,523 | - | - | - | - | - | - | - |
| Long term deposits | | - | - | - | 3,536,100 | - | - | - | - | - | - | - |
| Trade and other payables | | - | - | - | 2,540,658,168 | - | - | - | - | - | - | - |
| Mark-up accrued on borrowings | | - | - | - | 185,267,885 | - | - | - | - | - | - | - |
| Dividend payable | | - | - | - | 36,835,021 | - | - | - | - | - | - | - |
| Unclaimed Dividend | | - | - | - | 8,522,373 | - | - | - | - | - | - | - |
| | 15.1 | - | - | - | 5,700,597,068 | - | - | - | - | - | - | - |

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)

For the three months ended 30 September 2023

| | Note | Fair value through other comprehensive income | Fair value through profit and loss | Carrying Amount | | Fair value | | |
|---|------|---|------------------------------------|------------------------------------|---|----------------|---------|---------|
| | | | | Financial assets at amortised cost | Financial liabilities at amortized cost | Level 1 | Level 2 | Level 3 |
| Rupees | | | | | | | | |
| On-Balance sheet financial instruments | | | | | | | | |
| 30 June 2023 (Audited) | | | | | | | | |
| Financial assets measured at fair value | | | | | | | | |
| Investments | | 97,665,000 | 12,237,408,816 | - | - | 12,335,073,816 | - | - |
| Financial assets at amortised cost | | | | | | | | |
| Long term deposits | | - | - | 43,356,640 | - | - | - | - |
| Trade debts - unsecured, considered good | | - | - | 1,205,553,375 | - | - | - | - |
| Deposits, and other receivables | | - | - | 377,254,213 | - | - | - | - |
| Cash and bank balances | | - | - | 933,537,193 | - | - | - | - |
| | 15.1 | - | - | 2,559,701,421 | - | - | - | - |
| Financial liabilities measured at fair value | | | | | | | | |
| Financial liabilities measured at amortised cost | | | | | | | | |
| Long term financing | | - | - | - | 3,183,373,248 | - | - | - |
| Long term deposits | | - | - | - | 3,536,100 | - | - | - |
| Trade and other payables | | - | - | - | 1,446,833,989 | - | - | - |
| Mark-up accrued on borrowings | | - | - | - | 192,674,790 | - | - | - |
| Dividend payable | | - | - | - | 36,939,862 | - | - | - |
| Unclaimed Dividend | | - | - | - | 8,535,358 | - | - | - |
| | 15.1 | - | - | - | 4,871,893,347 | - | - | - |

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

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)

For the three months ended 30 September 2023

16 Reconciliation of movement of liabilities to cash flows arising from financing activities.

| | For the three months ended 30 September 2023 | | | |
|--|--|------------------------------------|------------------|---------------|
| | Liabilities | | | Total |
| | Long term finances | Own shares purchased and cancelled | Dividend payable | |
| Rupees | | | | |
| Balance as at 01 July 2023 | 3,183,373,248 | (456,701,404) | 45,475,220 | 2,772,147,064 |
| Changes from financing activities | | | | |
| Repayment of long term finances - secured | (258,588,968) | - | - | (258,588,968) |
| Dividend paid | - | - | (117,826) | (117,826) |
| Own shares purchased for cancellation | - | (413,245,172) | - | (413,245,172) |
| Total changes from financing cash flows | (258,588,968) | (413,245,172) | (117,826) | (671,951,966) |
| Other changes | | | | |
| Own shares cancelled | - | 869,946,576 | - | 869,946,576 |
| Amortization of transaction cost | 995,243 | - | - | 995,243 |
| Total liability related other changes | 995,243 | 869,946,576 | - | 870,941,819 |
| Closing as at 30 September 2023 | 2,925,779,523 | - | 45,357,394 | 2,971,136,917 |
| | For the three months ended 30 September 2022 | | | |
| | Liabilities | | | |
| | Long term finances | Own shares purchased and cancelled | Dividend payable | Total |
| Rupees | | | | |
| Balance as at 01 July 2022 | 4,251,312,474 | - | 45,648,049 | 4,296,960,523 |
| Changes from financing activities | | | | |
| Repayment of long term finances - secured | (296,143,766) | - | - | (296,143,766) |
| Dividend paid | - | - | (12,169) | (12,169) |
| Total changes from financing cash flows | (296,143,766) | - | (12,169) | (296,155,935) |
| Other changes | | | | |
| Amortization of transaction cost | 995,243 | - | - | 995,243 |
| Total liability related other changes | 995,243 | - | - | 995,243 |
| Closing as at 30 September 2022 | 3,956,163,951 | - | 45,635,880 | 4,001,799,831 |

17 Transactions with related parties

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

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)

For the three months ended 30 September 2023

| Transactions with related parties | Relationship | Nature of transactions | Note | (Un-audited) | (Un-audited) |
|-------------------------------------|------------------------------|---|------|------------------------------|------------------------------|
| | | | | 01 July to 30 September 2023 | 01 July to 30 September 2022 |
| | | | | Rupees | Rupees |
| Employees' Provident Fund Trust | Post employment benefit plan | Contribution | | 6,347,724 | 5,512,527 |
| Kohat Cement Educational Trust | Common Directorship/ Trustee | Contribution | | 1,050,000 | 1,200,000 |
| Ultra Pack (Private) Limited | Common Control | Purchase of packing material | | 460,169,627 | 282,420,000 |
| Ultra Kraft (Private) Limited | Common Control | Purchase of packing material | | 130,888,366 | - |
| Ultra Kraft (Private) Limited | Common Control | Disbursement of short term working capital loan | 17.3 | 82,000,000 | - |
| Ultra Kraft (Private) Limited | Common Control | Commission/markup | 17.3 | 12,067,097 | - |
| Chief Executive | Key Management Personnel | Remuneration paid | | 28,428,683 | 30,136,362 |
| Other executives | Key Management Personnel | Remuneration paid | | 26,282,483 | 29,635,838 |
| | | | | (Un-audited) | (Audited) |
| | | | | September 30 2023 | June 30 2023 |
| Balances with other related parties | Relationship | Nature of transactions | Note | Rupees | Rupees |
| Employees' Provident Fund Trust | Post employment benefit plan | Payable | | 6,740,784 | 4,987,873 |
| Ultra Pack (Private) Limited | Common Control | Trade creditors | | 71,131,610 | 43,542,000 |
| Ultra Kraft (Private) Limited | Common Control | Loan/commission/markup receivable | 17.3 | 254,067,088 | 169,834,269 |

17.1 The Company has paid Rs. 28.60 million (30 Sep.2022: Rs. 22.65 million) to the Chairman on account of his remuneration and also paid Rs.0.445 million (30 Sep. 2022: Rs. 0.705 million) to the six non-executive directors being the fee for attending Board and Committee meetings.

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

17.3 In terms of section 199 of the Companies Act, 2017 the Company in its AGM held on October 16, 2023 has approved investment by way of short-term running finance up to Rs. 600 million in Ultra Kraft (Private) Limited, an associated company, to meet its working capital requirements. As of 30 Sep. 2023, the Company has disbursed Rs. 242 million to Ultra Kraft (Private) Limited, the loan is for one year period starting from 29 October 2023 and carry mark up rate of 3 MK plus 1.5% per annum. The Company has also issued a Corporate Guarantee for an amount of Rs. 390 million for a period of 7 years in favour of National Bank of Pakistan (NBP) by mortgaging its immovable property to secure long term financial assistance to be extended by NBP to Ultra Kraft (Private) Limited. Commission shall be charged at the rate of 0.12% per quarter payable quarterly in arrears. As at 30 Sep.2023, Rs.12.067 million pertains to accrued markup/commission on these financing facilities.

18 General

18.1 Figures have been rounded off to the nearest rupee.


18.2 These condensed interim financial statements have been approved by the Board of Directors of the Company and authorized for issue on October 28, 2023.



Chief Financial Officer



Director



Director



kohatcement.com

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