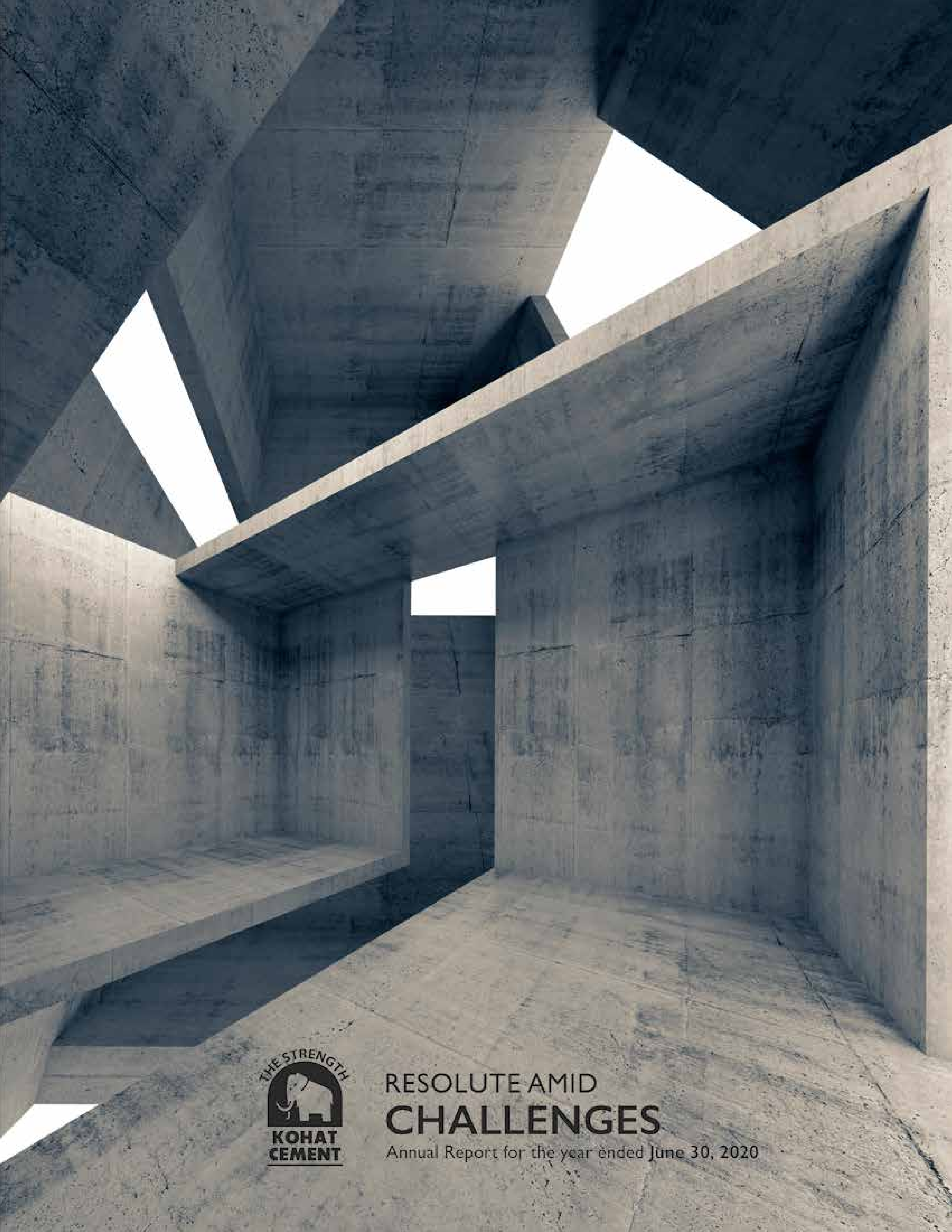


THE STRENGTH
KOHAT CEMENT

RESOLUTE AMID CHALLENGES

Annual Report for the year ended June 30, 2020

FINANCIAL HIGHLIGHTS 2020

			2019
Shareholders' Equity	18,726	Rs. in Million	**19,672**
Sales Revenue	11,300	Rs. in Million	**15,645**
Return on Equity	(2.37)	Percentage	**12.55**
Current Ratio	0.86	Ratio	**1.01**
(Loss) / Earnings per Share	(2.21)	Rupees	**12.29**
EBIDTA to Sales	5.77	Percentage	**27.56**
Price Earning Ratio	(62.22)	Ratio	**4.27**
Interest Cover Ratio	(0.36)	Ratio	**80.80**

CONTENTS

VISION, MISSION AND CORPORATE STRATEGY

Our Vision

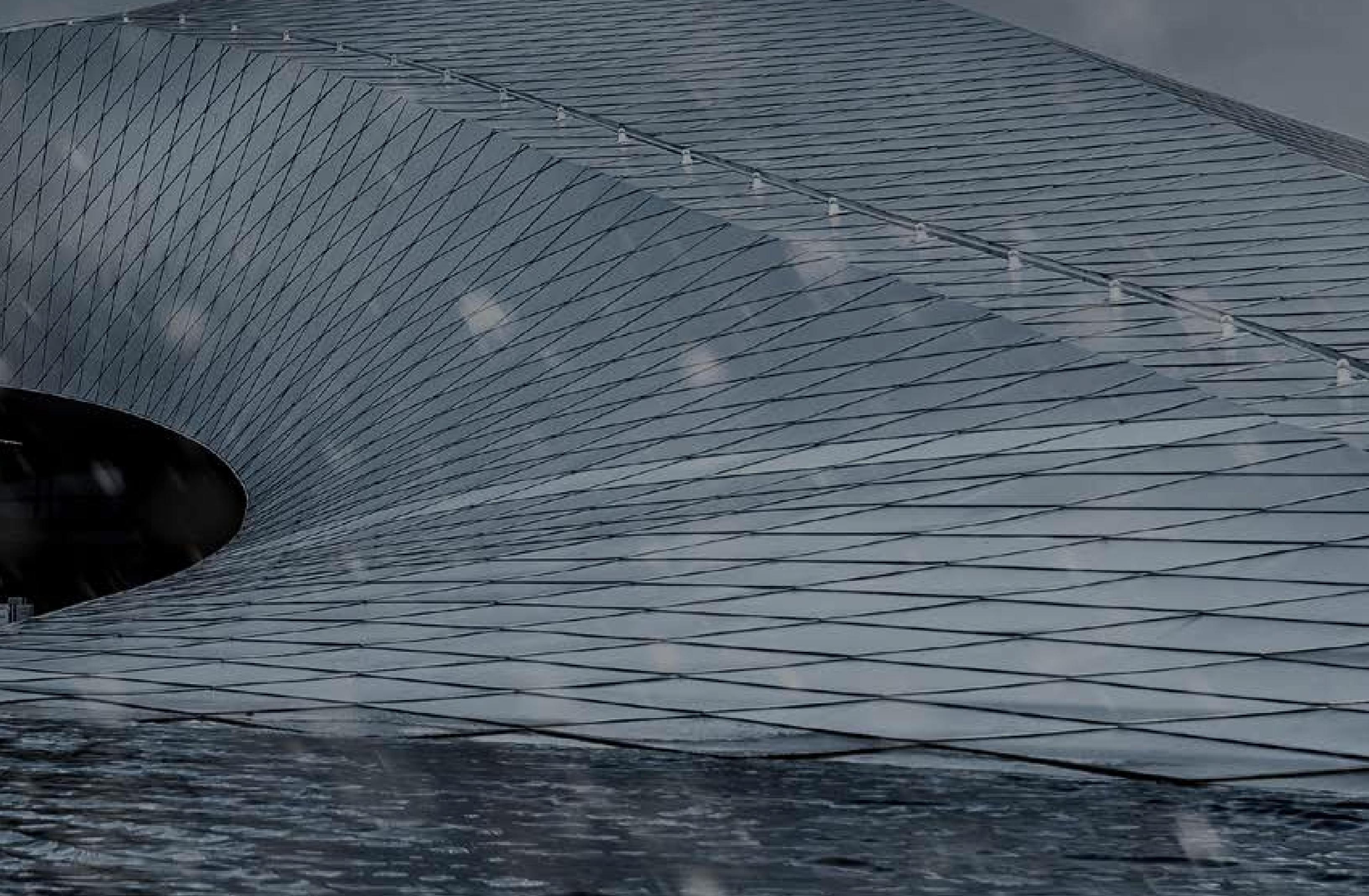
Be the best in the eyes of all stakeholders

Our Mission is to Provide

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

Our Corporate Strategy

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



ABOUT THE COMPANY

Company Information

Kohat Cement Company Limited was incorporated in 1980 and is one of the leading cement manufacturing companies of Pakistan. It is an ISO 9001-2015 certified company, with an annual capacity of 4.78 Million tons of Grey Clinker and 135 thousand tons of White Clinker. The Registered office and the Factory are located at Kohat, whereas the Head Office is located in Lahore.

Our Culture

Open communication, transparency and good ethical behavior form the basis of our corporate values.

Our executive management has a very ‘hands on’ approach and thus is involved in the day-to-day activity of the company.

No person in the management hierarchy is unapproachable; our carefully designed communication procedures ensure that any complaint or feedback is brought to the notice of the management.

Our employees experience a healthy work life balance and a constant growth in both their professional and personal life.

To help achieve our employee’s full potential and foster their learning, we frequently nominate our employees for trainings, workshops and seminars.

CORPORATE INFORMATION

Board of Directors

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

Audit Committee

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

HR&R Committee

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

Company Secretary

Mr. Muhammad Asadullah Khan

Legal Advisor

Imtiaz Siddiqui & Associates

Auditors

KPMG Taseer Hadi & Co.
Chartered Accountants

Share Registrar

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

Registered Office and Works

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

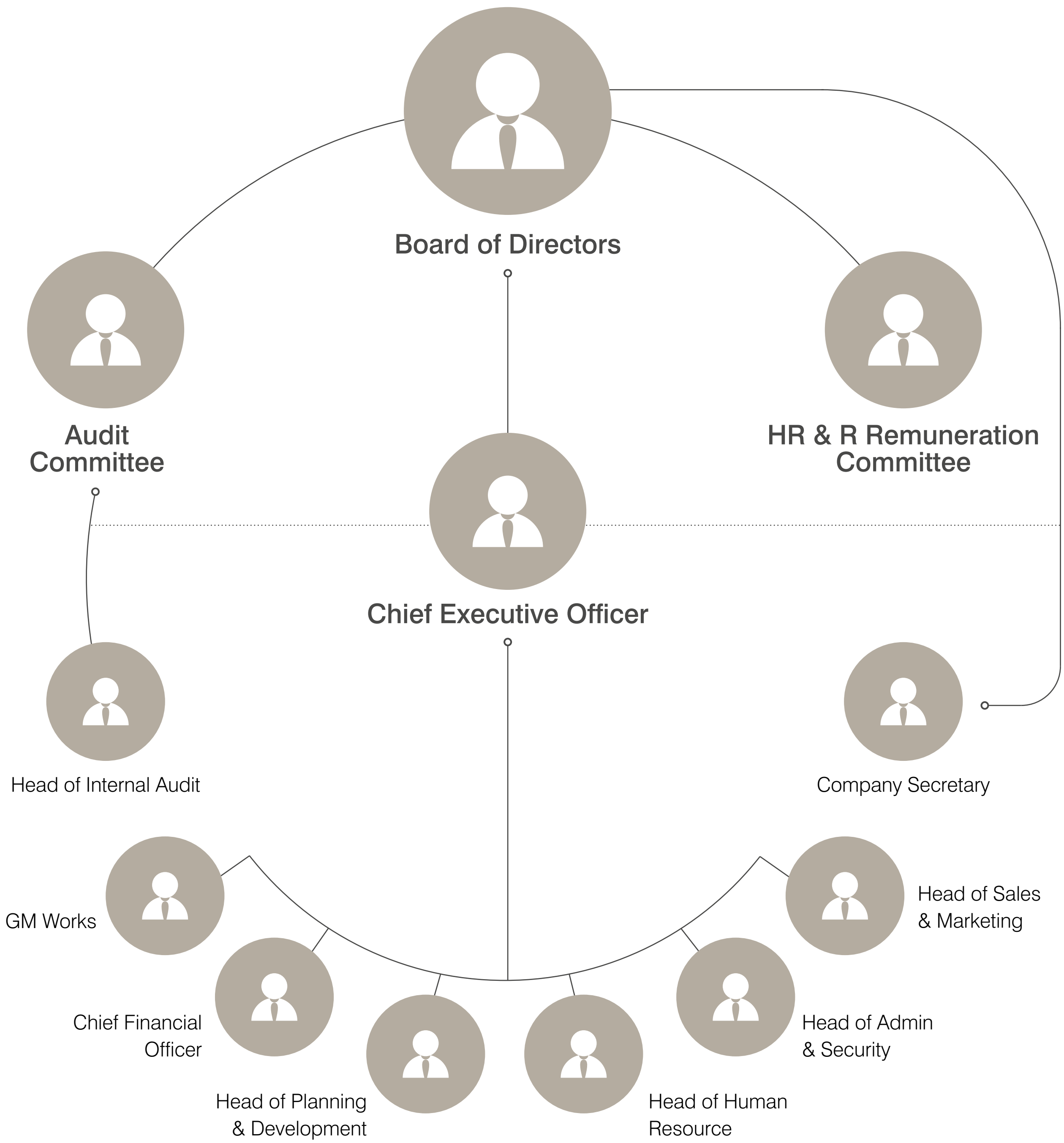
Head Office

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

Bankers of the Company

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

ORGANOGRAM


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

NOTICE OF ANNUAL GENERAL MEETING

NOTICE is hereby given that 41st Annual General Meeting (AGM) of the shareholders of Kohat Cement Company Limited (the "Company") will be held on Wednesday, October 28, 2020 at 11:00 A.M., at its registered office, Kohat Cement Factory, Rawalpindi Road, Kohat, to transact the following business:

Ordinary Business

1. To receive, consider and adopt the audited financial statements of the Company for the year ended June 30, 2020 together with Auditors' and Directors' Reports and Chairman's Review.

2. To appoint Auditors and to fix their remuneration.

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

Special Business

3. To ratify and approve transactions carried out with Related Parties in the ordinary course of business during the financial year ended June 30, 2020, under the authority of the members as given in the last annual general meeting held on October 28, 2019.

4. To authorize the Chief Executive of the Company to approve all transactions with Related Parties carried out and to be carried out in the ordinary course of business during the financial year ending June 30, 2021 and till the date of next Annual General Meeting, and to further authorize him to take any and all necessary steps and to sign/ execute any and all such documents/annexures on behalf of the Company as may be required.

By order of the Board:

Muhammad Asadullah Khan
Company Secretary

Lahore: October 7, 2020

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

This statement sets out the material facts concerning special business to be transacted at the Annual General Meeting of the Company to be held on October 28, 2020.

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

The Company carried out following transactions with its related parties in the ordinary course of business at arms' length basis in accordance with the Policy of related party transaction approved by the Board of Directors and under the authority of special resolution of the members as approved by them in the last annual general meeting held on October 28, 2019. All these transactions were presented before the Board of Directors for their review and consideration as recommended by the Audit Committee on quarterly basis pursuant to Clause 15 of Listed Companies (Code of Corporate Governance) Regulations, 2019.

Name of Related Party	Interested Directors	Nature of Relationship	Description of Transaction	Pricing Policy	Amount (Rs.)
Palace Enterprises (Private) Limited (PEL)	Mr. Aizaz Mansoor Sheikh	Shareholders and Directors of PEL	Hospitality Services received from PEL in ordinary course of business on Arm's length basis.	Open market price	154,813
	Mr. Nadeem Atta Sheikh				
	Mrs. Hafsa Nadeem	Shareholder of PEL and spouse of Mr. Nadeem Atta Sheikh			
	Mrs. Shahnaz Aizaz	Shareholder of PEL and spouse of Mr. Aizaz Mansoor Sheikh			
	Mrs. Hijab Tariq	Spouse of deceased Mr. Tariq Atta who is shareholder of PEL			
Kohat Cement Educational Trust (KCET)	Mr. Aizaz Mansoor Sheikh	Trustees of KCET	Contribution made to KCET (which runs school within the vicinity of KCCL factory)	n/a	6,130,061
	Mr. Nadeem Atta Sheikh				
	Mrs. Shahnaz Aizaz	Spouse of Mr. Aizaz Mansoor Sheikh			
	Mrs. Hafsa Nadeem	Spouse of Mr. Nadeem Atta Sheikh			
	Mr. Muhammad Atta Tanseer Sheikh	Brother of one of the trustees of KCET			
Ultra Pack (Private) Limited (UPPL)	Mr. Aizaz Mansoor Sheikh	Substantial shareholders and directors of ANS Capital which is holding Company of KCCL and UPPL	Purchase of poly propylene bags for packing of cement	Open market price	969,701,365
	Mr. Nadeem Atta Sheikh				
	Mrs. Hafsa Nadeem	Shareholders of ANS Capital which is holding Company of KCCL and UPPL			
	Mr. M. Atta Tanseer Sheikh				
	Mrs. Shahnaz Aizaz				
Nutribel (Private) Limited (NPL)	Mr. Nadeem Atta Sheikh	Shareholder and Director of NPL	Sale of Cement	Open Market Price	407,621
	Mrs. Hafsa Nadeem	Spouse of Mr. Nadeem Atta Sheikh			

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

"Resolved that following transactions carried out in the ordinary course of business at arm's length basis with the related parties, in accordance with the Policy of related party transactions approved by the Board of Directors, during the financial year ended June 30, 2020 be and are hereby ratified, approved and confirmed.

Name of Related Party	Description of Transaction	Amount (Rs.)
Palace Enterprises (Pvt.) Ltd.	Hospitality Services received	154,813
Kohat Cement Educational Trust (KCET)	Contribution made to KCET (which runs a school within the vicinity of KCCL factory)	6,130,061
Ultra Pack (Pvt.) Limited	Purchase of poly propylene bags for packing of cement	969,701,365
Nutribel (Private) Limited	Sale of Cement	407,621

Item No. 4: Authorization to the Company to Transact with Certain Related Parties

The Company shall continue to carry out transactions with its Related Parties (detailed as under) in its ordinary course of business at arm's length basis during the financial year ending June 30, 2021 and till the date of next annual general meeting. The majority of directors are interested in these transactions due to the reasons mentioned below, therefore, these related party transactions have to be approved by the members of the Company in terms of Sections 207 and 208 of the Companies Act, 2017.

Name of Related Party	Interested Directors	Nature of Relationship	Description of Transaction	Pricing Policy
Ultra Pack (Private) Limited (UPPL)	Mr. Aizaz Mansoor Sheikh	Substantial shareholders and directors of ANS Capital which is holding Company of KCCL and UPPL	Purchase of poly propylene bags for packing of cement	Open market price
	Mr. Nadeem Atta Sheikh			
	Mrs. Hafsa Nadeem	Shareholders of ANS Capital which is holding Company of KCCL and UPPL		
	Mr. M. Atta Tanseer Sheikh			
	Mrs. Shahnaz Aizaz			
Palace Enterprises (Private) Limited (PEL)	Mr. Aizaz Mansoor Sheikh	Shareholders and Directors of PEL	Availing Hospitality Services	Open market price
	Mr. Nadeem Atta Sheikh			
	Mrs. Hafsa Nadeem	Shareholder of PEL and spouse of Mr. Nadeem Atta Sheikh		
	Mrs. Shahnaz Aizaz	Shareholder of PEL and spouse of Mr. Aizaz Mansoor Sheikh		
	Mrs. Hijab Tariq	Spouse of deceased Mr. Tariq Atta who is a shareholder of PEL		
Kohat Cement Educational Trust (KCET)	Mr. Aizaz Mansoor Sheikh	Trustees of KCET	Contribution towards operational costs of a school within the vicinity of Kohat Cement Factory being run by KCET	n/a
	Mr. Nadeem Atta Sheikh			
	Mrs. Shahnaz Aizaz	Spouse of Mr. Aizaz Mansoor Sheikh		
	Mrs. Hafsa Nadeem	Spouse of Mr. Nadeem Atta Sheikh		
	Mr. M. Atta Tanseer Sheikh	Brother of one of the trustees of KCET		
Nutribel (Private) Limited (NPL)	Mr. Nadeem Atta Sheikh	Shareholder and Director of NPL	Sale of Cement	Open Market Price
	Mrs. Hafsa Nadeem	Spouse of Mr. Nadeem Atta Sheikh		

These transactions shall be placed before the shareholders in the next AGM for their formal approval/ratification.

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

"Resolved that the Company be and is hereby authorized to carry out the transactions with its Related Parties (detailed as under) as and when required in the ordinary course of business at arm's length basis during the year ending June 30, 2021 and till the next Annual General Meeting, without any limitation on the amounts of the transactions.

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

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

Notes:

1. Closure of Share Transfer Books

The register of members and the share transfer books of the Company will be closed from Wednesday, **October 21, 2020** to Wednesday, **October 28, 2020** (both days inclusive). Physical transfers / CDS transactions IDs received in order at the Company's Independent Share Registrar Office, **M/s Hameed Majeed Associates (Pvt.) Limited, HM House, 7-Bank Square, Lahore,** up to the close of business on Tuesday, **October 20, 2020** will be treated in time for the purpose of attending the meeting.

2. Right to Appoint Proxy

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

3. Attendance through Video-Conference

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

4 Attendance through Electronic Medium

The members may attend the AGM online through ZOOM, by following the below guidelines:

a The member shall get himself registered for Zoom meeting by filling and submitting the request on proforma available on Company's website **(www.kohatcement.com)** along with legible copy of CNIC, not later than October 21, 2020 to the Company Secretary through courier at 37P Gulberg 2, Lahore or by e-mail: **mis@kohatcement.com**.

b Zoom Link shall be sent by the Company only on email ID/Phone Number registered with the CDC (in case of book entry securities) or with the Share Registrar (in case of physical shares).

c Members my send their comments / suggestions on any of the agenda item to Company Secretary on its email ID; **mis@kohatcement.com** or **whatsapp no. 0300-4513435.**

5. Intimation of Change in Address

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

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

The Annual Report containing financial statements of the Company for the year ended 30 June 2020 along with Auditors and Directors Report thereon, the Chairman's Review and notice of AGM etc. have been circulated through CDs and have also been placed on the company's website: **www.kohatcement.com.**

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

7. Transmission of Annual Report through Email

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

8. Attendance at AGM

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

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

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

For attending the meeting

i) In case of individuals, the account holder or sub account holder and/ or the person whose securities are in group account and their registration details are uploaded as per the Regulations, shall authenticate his/her identity by showing his/ her original computerized national identity card (CNIC) or original passport at the time of attending the meeting.

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

For appointing proxies

i) In case of individuals, the account holder or sub account holder and/ or the person whose securities are in group account and their registration details are uploaded as per the Regulations, shall submit the proxy form as per the requirements stated above.

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

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

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

9. Deposit of Physical Shares in to CDC Account

As per Section 72 of the Companies Act, 2017, the 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 Commission. The Shareholders having physical shareholding are encouraged to open CDC sub - account with any of the brokers or Investor Account directly with CDC to place their physical shares into scrip less form, this will facilitate them in many ways, including safe custody and sale of shares, any time they want, as the trading of physical shares is not permitted as per existing regulations of the Pakistan Stock Exchange.

10. Postal Ballot Facility

In case the Poll is demanded by the shareholders under section 143 of the Companies Act, 2017, the Company shall consider Postal Balloting facility for voting, under the Companies (Postal Ballot) Regulations, 2018.

CHAIRMAN'S REVIEW REPORT

I am pleased to place before you the annual report of Kohat Cement Company Limited for the year ended 30th June 2020.

During the year the Company successfully commissioned its new production line of 7,428 TPD lifting its aggregate production capacity to 4.78 million tons of clinker per annum. We continue to invest in projects that are sustainable and efficient.

2020 was an unprecedented year for the World and Pakistan Economy. The lockdowns to combat the outspread of COVID 19 lead to negative GDP growth of the National economy after 68 years. Cement sector of the country witnessed a trivial growth of 1.98%.

The low growth in demand of cement for the year along with commissioning of new cement lines with a capacity of 9 million tons reduced the capacity utilization of the plants by 14%. This resulted in downward spiraling of cement prices in the domestic market and Kohat Cement faced 28% reduction in sales revenue resulting in losses for your Company.

Hopefully the worst is behind us now and solid recovery can be expected in the coming years. Announcement of government stimulus packages for the construction industry are expected to lead the growth and recovery of Pakistan Economy.

The Board members have been vigilant in assessing their individual and collective performance while working in the Board or in its Committees. They are well equipped with skills, qualification, competence and exposure required to bring the Company at par with its competitors.

Pursuant to Code of Corporate Governance and Listed Company Regulations the performance of the Board and its Committees is evaluated yearly for improved management of the Company. The Board has completed its annual self-evaluation for the year 2020 and I am pleased to report that the overall performance of the board was satisfactory based on the standards set in line with best corporate governance practices.

I am glad that the Company is making progress in its CSR activities and is playing its due role in the society. A number of initiatives have been completed and various are in progress involving provision of clean water, green environment and upkeep of socio-economic wellbeing of the local community.

Health and safety is one of our most important values. The Company set a target of zero occupational accidents. I am confident that all the concerned are determined to put efforts to completely eliminate fatal accidents.

I would like to thank all stakeholders of the company for their contribution to the continuing success of Kohat Cement.

Aizaz Mansoor Sheikh
Chairman

Lahore: September 30, 2020

چیئرمین کی جائزہ رپورٹ

میں کوہاٹ سیمنٹ کمپنی لمیٹڈ کے 30 جون، 2020ء کو ختم ہونے والے مالی سال کے مالیاتی گوشوارے پیش کرتے ہوئے خوشی محسوس کر رہا ہوں۔

زیرِ جائزہ مالی سال کے دوران کمپنی نے 7,428 ٹن کلنکر یومیہ پیداواری صلاحیت کی حامل اپنی نئی سیمنٹ پروڈکشن لائن سے کامیاب پیداوار کا آغاز کردیا ہے، جس سے کمپنی کی مجموعی سالانہ پیداواری صلاحیت 4.78 ملین ٹن ہوگئی ہے۔ ہم پائیدار اور مؤثر منصوبہ جات میں سرمایہ کاری کو جاری رکھیں گے۔

سال 2020ء پوری دنیا اور پاکستان کی معیشت کے لئے غیر معمولی سال تھا۔ COVID-19 کے پھیلاؤ کے روک تھام کے لئے نافذ کئے جانے والے لاک ڈاؤن کی وجہ سے ملکی GDP گذشتہ 68 سالہ تاریخ میں پہلی بار منفی رہا جبکہ سیمنٹ کی صنعت میں صرف 1.98% کی نمو ہوئی۔

زیر جائزہ سال کے دوران سیمنٹ کی طلب میں نمو کی کمی کے علاوہ نو (9) ملین ٹن کی سیمنٹ لائنز سے پیداوار کی وجہ سے سیمنٹ سیکٹر کی پیداواری استعداد کے استعمال میں 14% کمی ہوئی، نتیجتاً مقامی مارکیٹ میں سیمنٹ کی قیمت میں کمی کا رجحان رہا اور کمپنی کو سیمنٹ کی فروخت سے ہونے والے ریوینیو میں 28% کمی کے نتیجے میں نقصان کا سامنا کرنا پڑا۔

امید کی جاسکتی ہے کہ نقصان کا وقت گزر چکا اور آنے والا وقت کاروباری بحالی کا ہوگا۔ تعمیراتی صنعت کے حوالے سے پاکستانی حکومت کے حوصلہ افزاء پیکج کے اعلانات سے پاکستان کی خوشحالی اور بحالی متوقع ہے۔

بورڈ کا ہر رکن دیگر ارکان کی انفرادی اور بورڈ اور اس کی کمیٹیوں کی مجموعی کارکردگی کو نظر میں رکھتا ہے۔ وہ سب ان تمام صلاحیتوں، اہلیت، قابلیت اور تجربے کے حامل ہیں، جو کمپنی کو کاروباری مسابقت کے لئے درکار ہیں۔

کوڈ آف کارپوریٹ گورنینس اور لسٹڈ کمپنیز کے ضوابط کے مطابق بورڈ اور اس کی کمیٹیوں کی سالانہ کارکردگی کی جانچ کی جاتی ہے، تاکہ کمپنی کے انتظامی معاملات کو بہتر کیا جاسکے۔ بورڈ نے مالی سال 2020ء کے لئے یہ جانچ مکمل کر لی ہے، اور مجھے یہ بتاتے ہوئے خوشی محسوس ہو رہی ہے کہ کارپوریٹ گورنینس کے بہترین طریقہ کار کے تحت وضع کئے گئے معیارات کے مطابق بورڈ کی مجموعی کارکردگی حوصلہ افزاء رہی۔

مجھے فخر ہے کہ کمپنی نے کاروباری سماجی ذمہ داری (CSR) کی سرگرمیوں میں اضافہ کیا ہے اور معاشرے میں اپنی ذمہ داریوں کو ادا کر رہی ہے۔ بہت سے منصوبہ جات مکمل ہو چکے ہیں، جبکہ مقامی آبادی کے لئے سماجی ومعاشی ترقی، صاف پانی اور سرسبز ماحول کی فراہمی سمیت کئی منصوبہ جات زیرِ تکمیل ہیں۔

صحت اور تحفظ ہماری بنیادی ترجیحات ہیں۔ کمپنی چاہتی ہے کہ دوران کام کوئی حادثہ پیش نہ آئے۔ مجھے یقین ہے کہ تمام متعلقہ افراد سنگین حادثات سے مکمل بچاؤ کیلئے اپنا کردار ادا کرنے میں کوشاں ہیں۔

میں کمپنی کی مستقل کامیابی میں ساتھ دینے پر تمام شرکت داروں کا شکر گزار ہوں۔

اعزاز منصور شیخ

چیئرمین

30 ستمبر، 2020ء

DIRECTORS' REPORT
to the Shareholders

The Directors of Kohat Cement Company Limited (the Company) are pleased to present the Annual Report together with audited financial statements and Auditors' report thereon for the year ended June 30, 2020.

Business Review

The Company dispatched 2.32 million metric tons (2019: 2.35 million MT) of cement during the year depicting a decline of 1.3% in sales volume. Cement prices were down 24% during the period due to new capacity addition of 9 million tons in the Cement Sector. Hence sales revenue of the company suffered a decline of 28%.

Increase in capacity coupled with sluggish demand resulted in low capacity utilization and negative growth of 0.51% in local dispatches as compared to last year.

However, decrease in coal price during last quarter along with reduction in markup rates has reduced the extent of the losses in the last quarter.

The production and sales data of the company for the year is summarized below:

	FY 2020	FY 2019
	Metric Tons	
Clinker Production	2,167,139	2,184,211
Cement Production	2,369,769	2,390,025
Local Dispatches	2,224,409	2,235,832
Export Dispatches	97,741	117,203
Total Dispatches	2,322,150	2,353,035

* Total dispatches includes 110,797 M Tons from new plant (Line 4) during the test runs.

Financial performance

Operating results of your Company are summarized hereunder:

	FY 2020	FY 2019
	Rupees	
Net Sales	11,300,240,540	15,645,648,712
Gross (Loss)/Profit	(24,320,312)	4,173,146,333
Gross Profit Ratio	(0.21)%	26.67%
Operating (Loss)/Profit	(147,612,766)	3,722,136,542
Operating Profit Ratio	(1.30)%	23.79%
EBITDA	651,467,518	4,311,504,604
(Loss)/Profit after tax	(443,735,698)	2,468,655,890
Profit after tax Ratio	(3.93)%	15.78%
Earnings/(Loss) per share (Rs.)	(2.21)	12.29

Due to uncertainty of economic impact of COVID-19 the Company has availed the deferment facility in principal repayments for one year as per SBP Circular No: BPRD Circular Letter No. 13 dated March 26, 2020. However, at present the Company is current on all its debt obligations.

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

Appropriations

Considering the losses for the year and cash requirements for future projects; the Board of Directors has not recommended any dividend for the year.

Future Prospects

In light of stimulus construction packages announced by the Government and construction of projects under CPEC, it can be expected that FY 2021 shall turn out to be a good profitable year for Pakistan's economy as well as for our company.

Successful Completion of Brownfield Expansion Project (Line 4)

The additional Grey Production Line of 7,428 tons clinker per day, at the existing site has successfully commenced Commercial Operations with effect from January 27, 2020, enhancing the total installed clinker production capacity of the Company from 2.55 million Tons per annum to 4.78 million Tons per annum.

Risk Management framework

Pursuant to Companies Act, 2017 and Listed Companies (Code of Corporate Governance) Regulation 2019, the Company has developed and implemented a Risk Management Policy and prepared a risk register. The Policy envisages identification of risks and procedures for assessment and mitigation thereof on a timely basis. Risk management policies and systems are reviewed periodically to meet with changes in market conditions and other external environment including changes in legal framework of the country applicable to Company's activities.

Key Business Risks identified by your Company

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

COVID-19 – Safety is our deepest commitment to employees, to those who purchase our products, and to the communities where we live and work. Our constant attention to safety has enabled us to steadily remove risks from our business, during the past years. As the COVID-19 crises emerged and the Government of Pakistan imposed smart lockdowns, we adapted our pandemic response plan and leaned on our integrated operating approach to quickly deploy robust preparations. We set up a corporate crises action team, suspended travel and partially closed and encouraged work from home to stay ahead of the curve, and put extensive measures in place to protect plant employees. After implementing all the necessary standard operating procedures (SOPs) to ensure safety of employees, the company continued to carry out its operations and has taken all necessary steps to ensure smooth and adequate continuation of its business. Although, there is no significant adverse impact of the effects of COVID-19 on the operations of the company, however, risk shall remain there till the availability of vaccine.

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

Regulatory and Compliance – With the ever evolving regulatory framework in the country the risk of non-compliance looms large and carry reputational risks. Your Company has taken steps to automate the compliance procedures and has deployed adequate measures for periodic review mechanisms of the regulatory framework to ensure complete compliance with all statutes. The steps taken by the Company includes outsourcing of experts' opinions and their representation wherever required by the Company.

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

Financial Risks – Your Company's exposure to credit risk, liquidity risk and market risk (interest rate risk, foreign exchange risk and price risk) is subject to market dynamics. Please refer note no. 39 of the audited financial statements highlighting Company's exposure to these risks and control procedures to mitigate them.

The Company and the Environment

The Company believes in health and safety practices for its employees and the environment. Environmental protection is an integral element of the Company's business strategy, which is defined by the management in consultation with the environmental experts. The Company is using the latest technology aiming to eliminate pollution and hazardous emissions from its production and other business operations. The Company is using state of the art technologies including Bag Filter Systems, Waste Heat Recovery Systems (WHR) and Waste Water Recycling Plants etc. to keep the environment safe.

Bag Filter System with all its modest technologies collects dust to keep the environment even dust free from all packing operations of the Company.

WHR not only reduces the carbon footprint on the environment to a minimum but also harnesses the excess heat to produce electricity thus reducing the burden on national grid. Going ahead, the Company will install WHR into its design for all its future cement manufacturing facilities.

Water conservation is a key element for the company. In order to conserve water, the Company has set up a waste water recycling plant at works whereby 20% of present annual water requirement of Plant shall be fulfilled with the recycled water.

Our commitment to protect the planet has not wavered, and we continue to take action in planting trees twice a year. KCCL is committed to contributing to an overall positive impact on the environment and reducing reliance on non-renewable resources. KCCL contributes in the Tree Plantation Campaign in line with the Prime Minister's initiative of "Plant for Pakistan" at different areas of Kohat. KCCL inaugurated the drive by planting different sapling in different areas of Kohat. The campaign is also the part of the Company's Corporate Social Responsibility (CSR) program.

Employee Safety

Employees' care is considered as key to success by your Company. To fight the widespread coronavirus in its peak days, the company, in accordance with government's SOPs, devised various safety plans to handle the outbreak among the employees and stakeholders. These safety plans (which are being followed currently) include maintaining good sanitary conditions and hygiene, spreading awareness for safety of employees and their families, frequent hands washing with soap and water, use of sanitizers, avoiding touching eyes, mouth and nose and maintaining social distancing at work places.

In the peak days of COVID 19 outbreak, limited staff was called on work by the Company (online working from home by employees was preferred) whereas temperature screening and disinfecting on their entering the office buildings and masks wearing at all times is still compulsory.

Compliance with Code of Corporate Governance

The Company believes in creating and sustaining relationship of trust, integrity, accountability and transparency with all its stakeholders. The Company is committed to good Corporate Governance practices and all the Directors and employees are bound by the Code of Conduct setting out the fundamental standards to be followed in all actions carried out on behalf of the Company. The Company is in compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 (the CCG Regulations). Specific statements are given below:

- The financial statements present fairly, the Company's state of affairs, the result of its operations, cash flows and changes in equity.
- The Company has maintained proper books of account.
- Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgments.
- International Financial Reporting Standards, as applicable in Pakistan, have been followed in preparation of the financial statements to ensure the true and fair view of the Company's financial position.
- The system of internal control is sound in design and has been effectively implemented and is being monitored continuously. The Company has prepared and adopted a comprehensive policy on risk management and internal controls. This policy plays a vital role and acts as a tool in risk management of the Company including financial risks.
- There are no significant doubts upon the Company's ability to continue as a going concern.
- There has been no material departure from the Best Practices of Corporate Governance, as detailed in the CCG Regulations wherever applicable to the Company for the year ended June 30, 2020; statement of compliance with the Best Practices of Corporate Governance is attached and forms part of this report.

Composition of Board of Directors

As at 30th June 2020, the Board of Directors of the Company comprises eight directors, composition of which is as under:

Male	5
Female	3
Total Number of Directors	8

Independent Non-Executive Directors

Mr. Ahmad Sajjad Khan
Mr. Talha Saeed Ahmed

Other Non-Executive Directors - Female

Mrs. Shahnaz Aizaz
Mrs. Hafsa Nadeem
Mrs. Hijab Tariq

Other Non-Executive Directors - Male

Mr. Aizaz Mansoor Sheikh
Mr. Muhammad Atta Tanseer Sheikh

Executive Director

Mr. Nadeem Atta Sheikh

Composition of Committees of the Board

Following were the committees of the Board as on 30th June 2020:

a) Audit Committee

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

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

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

Board and its Committee Meetings

Board of Directors

The Board of Directors held Five (5) meetings during the financial year ended June 30, 2020, which were attended by the directors detailed as under:

Name of Director	No. of meetings attended
Mr. Aizaz Mansoor Sheikh	5
Mr. Nadeem Atta Sheikh	5
Mrs. Shahnaz Aizaz	4
Mrs. Hafsa Nadeem	3
Mrs. Hijab Tariq	5
Mr. Muhammad Atta Tanseer Sheikh	5
Mr. Ahmad Sajjad Khan	5
Mr. Talha Saeed Ahmed	5

Board Audit Committee

The Board Audit Committee met Four (4) times during the financial year ended June 30, 2020; detail of attendance by members is as under:

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

Human Resource & Remuneration (HR&R) Committee

The Board HR&R held two (2) meetings during the financial year ended June 30, 2020, detail of attendance by members is as under:

Name of Member	No. of meetings attended
Mr. Ahmad Sajjad Khan – Chairman	1
Mr. Nadeem Atta Sheikh	1
Mr. Muhammad Atta Tanseer Sheikh	2
Mr. Aizaz Mansoor Sheikh – ex member	1
Mr. Muhammad Rehman Sheikh – ex member	0

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

Directors' Training Program

Detailed as below; four directors have completed their Directors' Training Certification (DTC), two directors are exempt from this due to 14 years of education and 15 years of experience on the Board and two directors shall comply with the Regulations within prescribed time period:

Directors exempt from DTC

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

Directors who have completed their DTC

- Mrs. Hafsa Nadeem
- Mr. Muhammad Atta Tanseer Sheikh
- Mrs. Hijab Tariq
- Mr. Talha Saeed Ahmad

Directors yet to acquire DTC

- Mrs. Shahnaz Aizaz
- Mr. Ahmad Sajjad Khan

Trading in Company's shares

Trading in Company's shares by a Director and Executives during the financial year ended June 30, 2020 is given as under:

			Shares Purchased	Shares Sold
i)	Mr. Nadeem Atta Sheikh	Director	114,000	–
ii)	Mr. Faisal Atta Sheikh	Executive	35,000	35,000
iv)	Mr. Muhammad Irfan	Executive	–	7,500

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

Directors' remuneration and its policy

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

Remuneration package of Directors including the Chief Executive

Below is the remuneration package of the Directors:

	Chief Executive	Independent Directors	Chairman - Non - Executive Director	Other Non-Executive Directors
No. of persons	1	2	1	4
Chairman Remuneration	–	–	54,672,379	–
Managerial Remuneration	54,672,379	–	–	–
Bonus	6,364,531	–	6,364,531	–
Medical Expenses reimbursed	1,113,614	–	7,899,333	–
Meeting fee	–	750,000	–	550,000
Reimbursement of travelling expenses	–	250,000	–	–

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

Corporate Social Responsibility

KCCL believes that business is a priority, but social welfare is a responsibility. Thus, the Company has undertaken wide ranging CSR activities around its plant at Kohat. Whether it is through responsible business operations and environmental management or through community development initiatives in the area of education, healthcare, employment and infrastructure development, KCCL is committed to ensure sustainable development of the economy, community and environment. A detailed report highlighting the major CSR activities undertaken during the year is annexed.

Holding Company

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

Financial highlights

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

Outstanding statutory dues

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

Statement on value of staff retirement funds

The value of investments of provident fund based on its unaudited accounts as at June 30, 2020 is Rs. 226.891 million (2019: Rs. 180.424 million).

Pattern of shareholding

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

External auditors

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

Subsequent Events

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

Acknowledgments

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

For and on behalf of the Board

Nadeem Atta Sheikh
Chief Executive

Aizaz Mansoor Sheikh
Chairman

Lahore: September 30, 2020

سٹاف ریٹائرمنٹ فنڈز کی مالیت:

30 جون، 2020ءتک پراویڈنٹ فنڈز کے غیرآڈٹ شدہ کھاتہ جات کے مطابق پراویڈنٹ فنڈز کی سرمایہ کاری کی مالیت 226.891 ملین روپے ہے جو کہ گزشتہ مالی سال 30 جون، 2019ء میں 180.424 ملین روپے تھی۔

شیئر ہولڈنگ کی تفصیل:

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

آڈیٹرز کی تقرری:

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

مالی سال کے بعد کے معاملات:

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

اظہار تشکر:

ہم کمپنی سے منسلک دیگر افراد بشمول کمپنی کے ملازمین کی بہترین خدمات ،تعاون، کاوشوں ، محنت اور اعتماد کے لئے شکر گزار ہیں۔

برائے ومنجانب بورڈ آف ڈائریکٹرز

ندیم عطاء شیخ
چیف ایگزیکٹو

اعزاز منصور شیخ
چیئرمین

لاہور:30 ستمبر، 2020ء

تربیتی پروگرام برائے ڈائریکٹرز :

کمپنی کے آٹھ (8) ڈائریکٹرز میں سے چار ڈائریکٹرز گذشتہ سالوں میں ''ڈائریکٹرز تربیتی پروگرام'' کے تحت سند حاصل کر چکے ہیں، دو (2) ڈائریکٹرز کو 14 سال تعلیم اور بورڈ آف ڈائریکٹرز کے پندرہ (15) سالہ تجربے کے باعث استثناء حاصل ہے جبکہ بقیہ دو (2) ڈائریکٹرز بھی متعلقہ ضوابط کی تعمیل مقررہ وقت میں کر لیں گے۔

''ڈائریکٹرز تربیتی پروگرام'' سے مستثنیٰ ڈائریکٹرز :

جناب اعزاز منصور شیخ

جناب ندیم عطاء شیخ

''ڈائریکٹرز تربیتی سرٹیفکیٹ'' کے حامل ڈائریکٹرز :

محترمہ حفصہ ندیم

جناب عطاء تنصیر شیخ

محترمہ حجاب طارق

جناب طلحہ سعید احمد

جن ڈائریکٹرز کو ''ڈائریکٹرز تربیتی سرٹیفکیٹ'' درکار ہے:

محترمہ شہناز اعزاز

جناب احمد سجاد خان

کمپنی کے شیئرز کی خرید وفروخت:

30 جون 2020ء کے اختتام شدہ مالی سال کے دوران کمپنی کے ایک ڈائریکٹر اور ایگزیکٹوز کی کمپنی کے شیئرز سے متعلقہ خرید وفروخت کی معلومات درج ذیل ہیں۔

			خرید	فروخت
ا۔	جناب ندیم عطاء شیخ	ڈائریکٹر	114,000	-
۲۔	جناب فیصل عطاء شیخ	ایگزیکٹو	35,000	35,000
۳۔	جناب محمد عرفان	ایگزیکٹو	-	7,500

بورڈ آف ڈائریکٹرز کے مطابق '' ایگزیکٹوز'' میں چیف فائنینشل آفیسر، سربراہ سیلز اینڈ مارکیٹنگ، جنرل مینیجر ورکس اور کمپنی کے تمام ڈائریکٹرز شامل ہیں۔

ڈائریکٹرز کے معاوضہ کے تعین کا نظام:

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

ڈائریکٹرز بشمول چیف ایگزیکٹو کے معاوضہ کی تفصیل:

ڈائریکٹرز کے معاوضے کی تفصیلات درج ذیل ہیں۔

	چیف ایگزیکٹو	انڈیپینڈنٹ ڈائریکٹرز	چیئرمین نان۔ایگزیکٹو ڈائریکٹر	دیگر نان۔ایگزیکٹو ڈائریکٹرز
کل تعداد	1	2	1	4
چیئرمین کا معاوضہ	-	-	54,672,379	-
چیف ایگزیکٹو کا معاوضہ	54,672,379	-	-	-
بونس	6,364,531	-	6,364,531	-
طبی اخراجات کی ادائیگی	1,113,614	-	7,899,333	-
اجلاس میں شرکت کی فیس	-	750,000	-	550,000
سفری اخراجات کی ادائیگی	-	250,000	-	-

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

کاروباری سماجی ذمہ داری:

کمپنی کاروباری ترجیحات کے ساتھ سماجی بہبود کو بھی اپنی ذمہ داری سمجھتی ہے۔اس لئے کمپنی نے کوہاٹ میں اپنے پلانٹ کے گردونواح میں کاروباری سماجی ذمہ داری پروگرام کے تحت کئی سرگرمیوں کو جاری رکھا ہوا ہے، چاہے وہ ذمہ دارانہ کاروباری اور ماحولیاتی تحفظ کی سرگرمیاں ہوں یا مقامی آبادی کے لئے تعلیم، صحت، روزگار اور بنیادی ڈھانچے کی ترقی کے اقدامات ہوں۔ کمپنی معیشت، سماج اور ماحول کی پائدار ترقی کے لئے پرعزم ہے۔ زیرِ جائزہ سال کے دوران جاری رہنے والی کاروباری سماجی ذمہ داریوں کی تفصیل منسلک کر دی گئی ہے۔

ہولڈنگ کمپنی:

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

اہم مالیاتی جھلکیاں:

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

واجب الادا قانونی محاصل:

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

۴۔ کمپنی کے مالیاتی کھاتہ جات کی تیاری میں پاکستان میں قابل اطلاق انٹرنیشنل فنانشل رپورٹنگ سٹینڈرڈز پر عمل درآمد کیا گیا ہے تاکہ کمپنی کی درست اور شفاف مالی حالت کو بیان کیا جا سکے۔
۵۔ انٹرنل کنٹرول کے نظام کو بہترین انداز میں تشکیل دیا گیا ہے جس پر موثر طریقے سے عمل درآمد اور نگرانی کی جاتی ہے۔ خطرات سے بچاؤ اور انٹرنل کنٹرول کے حوالے سے کمپنی نے ایک مربوط پالیسی وضع کی ہے، جو کہ کمپنی کو ممکنہ طور پر لاحق خطرات بشمول مالی خطرات سے محفوظ رکھنے میں اہم کردار ادا کر رہی ہے۔
۶۔ کمپنی کے کاروبار کو جاری رکھنے کی صلاحیت کے حوالے سے کسی قسم کے قابلِ ذکر شکوک نہیں پائے جاتے ہیں۔
۷۔ 30 جون، 2020ء کو اختتام شدہ مالی سال میں کارپوریٹ گورنینس کے ضوابط سے کسی قسم کا قابل ذکر انحراف نہیں کیا گیا ہے۔ ان ضوابط کی تعمیل کی تفصیل اس رپورٹ کے ساتھ منسلک کر دی گئی ہے۔

بورڈ آف ڈائریکٹرز کی تفصیل:

30 جون، 2020ء کو آٹھ (8) ارکان پر مشتمل بورڈ آف ڈائریکٹرز کی تفصیل درج ذیل ہے۔

مرد ڈائریکٹرز	5
خاتون ڈائریکٹرز	3
کل ڈائریکٹرز	8

انڈیپینڈنٹ نان۔ ایگزیکٹو ڈائریکٹرز:

جناب احمد سجاد خان

جناب طلحہ سعید احمد

دیگر نان۔ ایگزیکٹو ڈائریکٹرز (خواتین):

محترمہ شہناز اعزاز

محترمہ حفصہ ندیم

محترمہ حجاب طارق

دیگر نان۔ ایگزیکٹو ڈائریکٹرز (مرد):

جناب اعزاز منصور شیخ

جناب محمد عطاء تنصیر شیخ

ایگزیکٹو ڈائریکٹرز:

جناب ندیم عطاء شیخ

بورڈ کی کمیٹیوں کی ترتیب و تفصیل:

30 جون، 2020ء کو موجودہ بورڈ کی کمیٹیز کی تفصیل درج ذیل ہے۔

۱۔ آڈٹ کمیٹی

جناب طلحہ سعید احمد (چیئرمین)

جناب اعزاز منصور شیخ (رکن)

جناب محمد عطاء تنصیر شیخ (رکن)

۲۔ ہیومن ریسورس اینڈ ریمونریشن کمیٹی

جناب احمد سجاد خان (چیئرمین)

جناب ندیم عطاء شیخ (رکن)

جناب محمد عطاء تنصیر شیخ (رکن)

بورڈ اور اسکی کمیٹیوں کے اجلاس:

بورڈ آف ڈائریکٹرز کے اجلاس:

30 جون، 2020ء کو اختتام ہونے والے مالی سال کے دوران بورڈ آف ڈائریکٹرز کے 5 اجلاس ہوئے، اراکین کی اجلاس میں حاضری کی تفصیل درج ذیل ہے۔

اراکین کے نام	اجلاس میں شرکت کی تعداد
جناب اعزاز منصور شیخ	5
جناب ندیم عطاء شیخ	5
محترمہ شہناز اعزاز شیخ	4
محترمہ حفصہ ندیم	3
محترمہ حجاب طارق	5
جناب محمد عطاء تنصیر شیخ	5
جناب احمد سجاد خان	5
جناب طلحہ سعید احمد	5

بورڈ آڈٹ کمیٹی کے اجلاس:

30 جون، 2020ء کو اختتام ہونے والے مالی سال کے دوران بورڈ آڈٹ کمیٹی کے چار (4) اجلاس ہوئے، اراکین کی اجلاس میں حاضری کی تفصیل درج ذیل ہے۔

اراکین کے نام	اجلاس میں شرکت کی تعداد
جناب طلحہ سعید احمد (چیئرمین)	4
جناب اعزاز منصور شیخ	4
جناب محمد عطاء تنصیر شیخ	4

ہیومن ریسورس اینڈ ریمونریشن کمیٹی کے اجلاس:

30 جون، 2020ء کو اختتام ہونے والے مالی سال کے دوران ہیومن ریسورس اینڈ ریمونریشن کمیٹی کے دو (2) اجلاس ہوئے، اراکین کی اجلاس میں حاضری کی تفصیل درج ذیل ہے۔

اراکین کے نام	اجلاس میں شرکت کی تعداد
جناب احمد سجاد خان (چیئرمین)	1
جناب ندیم عطاء شیخ	1
جناب محمد عطاء تنصیر شیخ	2
جناب اعزاز منصور شیخ (سابقہ رکن)	1
جناب محمد رحمان شیخ (سابقہ رکن)	0

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

COVID-19: کوہاٹ سیمنٹ کمپنی اپنے ملازمین، صارفین اور معاشرے جہاں ہم رہتے اور کام کرتے ہیں کے تحفظ کے لئے پُرعزم ہے اور اس تحفظ کو یقینی بنانے کے لئے ہماری مسلسل کاوشوں نے گذشتہ سالوں میں خطرات کو ہمارے کاروبار سے دور کردیا ہے۔ COVID-19 کے بحران کا سامنا ہونے پر حکومت پاکستان نے سمارٹ لاک ڈاؤنز کا نفاذ کیا۔ لہٰذا ہم نے بھی وبائی ردِعمل کے طور پر مربوط کاروباری نقطہ نظر سے کارآمد تدابیر کا تیز تر نفاذ کیا، جس میں کاروباری بحران سے نمٹنے کے لئے ٹیم کی تشکیل، سفری آمدورفت کی معطلی، جزوی بندش اور گھر پر رہ کر کام کی ترغیب اور پلانٹ کے ملازمین کے تحفظ کے لئے ضروری اقدامات شامل ہیں۔ ملازمین کے تحفظ کے لئے ضروری معیاری حفاظتی تدابیر کے نفاذ کے ساتھ کمپنی نے اپنے کاروبار کو جاری رکھا اور اپنے کاروبار کے ہموار اور مناسب تسلسل کو جاری رکھنے کے لئے تمام ضروری اقدامات کئے۔ اگرچہ COVID-19 کے اثرات کا کمپنی کے کاروباری معاملات پر زیادہ اثر نہیں ہوا۔ تاہم ویکسین کی دستیابی تک خطرہ موجود رہے گا۔

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

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

مسابقتی خطرات: سیمنٹ کی صنعت کی پیداواری گنجائش میں ہر نئے اضافے سے فروخت کے حجم، مارکیٹ شیئر اور منافع کو خطرات کا سامنا کرنا پڑتا ہے۔ کمپنی کاروباری سرگرمیوں اور صارفین کی رائے کو مدنظر رکھتے ہوئے اپنی مصنوعات میں بہتری کو جاری رکھے ہوئے ہے۔

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

کمپنی اور ماحولیاتی تحفظ:

کمپنی اپنے ملازمین اور ماحول کی صحت کے لئے حفاظتی تدابیر پر عمل پیرا ہے اور ماحولیاتی تحفظ کمپنی کی کاروباری حکمت عملی کا کلیدی حصہ ہے، جس کا نظام کمپنی کی انتظامیہ نے ماحولیاتی ماہرین کے اشتراک سے تشکیل دیا ہے۔ کمپنی اپنی پیداوار اور کاروباری معاملات کے نتیجے میں پیدا ہونے والی آلودگی اور مضرِ صحت اخراج کو روکنے کے لئے جدید ٹیکنالوجی کا استعمال کر رہی ہے۔ کمپنی ماحولیاتی تحفظ کے لئے بیگ فلٹر سسٹم، ویسٹ ہیٹ ریکوری (WHR) اور واٹر ریسائیکلنگ جیسی سٹیٹ آف دی آرٹ ٹیکنالوجی کا استعمال کر رہی ہے۔

بیگ فلٹر سسٹم سیمنٹ کی پیکنگ کے دوران پیدا ہونے والے گرد و غبار کو اپنے جدید سسٹم کے ذریعے اکٹھا کر کے ماحول کو صاف رکھتا ہے۔

WHR نہ صرف ماحول پر کاربن کے اثرات کو کم کرتا ہے، بلکہ پلانٹ کی فاضل حرارت کو استعمال کر کے بجلی پیدا کرتا ہے، جس کی بدولت نیشنل گرڈ پر بوجھ کم ہو جاتا ہے۔ کمپنی مستقبل کے تمام پیداواری منصوبہ جات میں WHR کی تنصیب کا ارادہ رکھتی ہے۔

پانی کا تحفظ کمپنی کی بنیادی ترجیحات میں شامل ہے۔ پانی کے تحفظ کیلئے کمپنی کی انتظامیہ فیکٹری میں پانی کی ریسائیکلنگ پلانٹ کی تنصیب کر رہی ہے، جس سے فیکٹری میں پانی کی ضرورت کا 20% پورا کیا جائے گا۔
کرہ ارض کا تحفظ ہماری ترجیح ہے جس پر کوئی سمجھوتہ نہیں کیا جا سکتا لہٰذا ہر سال دو بار شجر کاری کی مہم جاری ہے۔ کوہاٹ سیمنٹ کمپنی ماحول پر مجموعی طور پر مثبت اثرات اور قابلِ تجدید توانائی کے ذرائع پر کم انحصاری کے لئے پرعزم ہے۔ کمپنی ماحول پر منفی اثرات میں کمی کے لئے وزیراعظم کے سرسبز پاکستان منصوبے کو مدنظر رکھتے ہوئے کوہاٹ کے مختلف علاقوں میں ایک فعال شجرکاری مہم چلا رہی ہے۔ کمپنی کی جانب سے کوہاٹ کے مختلف علاقوں میں پودے لگا کر اس مہم کا آغاز کیا گیا۔ یہ مہم کمپنی کی کاروباری سماجی ذمہ داری پروگرام کا حصہ بھی ہے۔

ملازمین کا تحفظ:

آپ کی کمپنی ملازمین کے تحفظ کو کامیابی کے لئے اہم سمجھتی ہے۔ کورونا وائرس کے پھیلاؤ کے عروج کے دنوں میں اس سے بچاؤ کے لئے حکومت کی جانب سے جاری کردہ معیاری حفاظتی طریقہ کار کو مدنظر رکھتے ہوئے اپنے ملازمین اور شراکت داروں میں اس کے پھیلاؤ کو روکنے کے لئے کمپنی نے مختلف حفاظتی تدابیر اختیار کیں۔ یہ حفاظتی تدابیر (جن پر آج بھی عمل جاری ہے) میں صفائی کے انتظامات اور حفظانِ صحت، ملازمین اور ان کے اہلِ خانہ کی حفاظت کے لئے آگاہی دینا، صابن اور پانی سے بار بار ہاتھ دھونا، سینیٹائزر کا استعمال، آنکھوں، منہ اور ناک کو بار بار چھونے سے گریز کرنا اور کام کی جگہوں پر سماجی دوری برقرار رکھنا شامل ہیں۔

COVID-19 کے پھیلاؤ کے عروج کے دنوں میں کمپنی میں محدود ملازمین کو کام پر طلب کیا گیا (ملازمین کے گھر سے آن لائن کام کو ترجیح دی گئی)، جبکہ فی الوقت عمارت میں داخلے کے وقت درجہ حرارت کی جانچ، جراثیم سے بچاؤ کے لئے سپرے اور تمام وقت ماسک پہنے رکھنا لازمی قرار دیا گیا ہے۔

کارپوریٹ گورننس کے ضوابط کی تعمیل:

کمپنی کی انتظامیہ اپنے تمام شراکت داروں کے ساتھ اعتماد، دیانت داری، احتساب اور شفافیت کی بنیاد پر پائیدار تعلقات قائم رکھنے پر یقین رکھتی ہے، اور کارپوریٹ گورننس کے بہترین طریقوں پر موثر انداز میں عمل درآمد کے لئے پرعزم ہے اور کمپنی کے تمام ڈائریکٹرز اور ملازمین ایک ضابطہ اخلاق کے تحت وضع کئے گئے اصولوں کے تحت اپنی ذمہ داریوں کو ادا کرنے کے پابند ہیں۔ کمپنی کی جانب سے کارپوریٹ گورننس 2019ء (The CCG Regulations) کے ضابطہ اخلاق پر عمل درآمد کیا جا رہا ہے۔

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

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

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

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

ڈائریکٹرز رپورٹ برائے حصص داران

کوہاٹ سیمنٹ کمپنی لمیٹڈ (کمپنی) کے ڈائریکٹرز 30 جون، 2020ء کو ختم ہونے والے مالی سال سے متعلقہ کمپنی کی سالانہ رپورٹ مع آڈٹ شدہ اکاؤنٹس اور آڈیٹرز رپورٹ پیش کرنے پر مسرت محسوس کرتے ہیں۔

کاروباری جائزہ:

زیر جائزہ سال کے دوران کمپنی کی ترسیلات کا حجم 1.3% کمی کے ساتھ 2.32 (2019:2.35) ملین میٹرک ٹن رہا۔ سیمنٹ سیکٹر میں 9 ملین میٹرک ٹن کی پیداواری صلاحیت کے اضافے کے باعث سیمنٹ کی قیمتوں میں 24% کی کمی واقع ہوئی، جسکی بدولت کمپنی کے ریونیو میں 28% کمی ہوئی۔

کم پیداواری صلاحیت کا استعمال اور مقامی ترسیلات میں 0.51% کمی کی وجہ مقامی منڈی میں سیمنٹ کی طلب میں کمی اور ملکی مجموعی پیداواری صلاحیت میں اضافہ ہے۔ تاہم آخری سہ ماہی کے دوران کمپنی کے نقصان میں کمی کی وجہ کوئلے کی قیمتوں اور شرح سود میں کمی ہے۔

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

	2020	2019
	میٹرک ٹن	
کلنکر کی پیداوار	2,167,139	2,184,211
سیمنٹ کی پیداوار	2,369,769	2,390,025
اندرون ملک فروخت	2,224,409	2,235,832
برآمدات	97,741	117,203
کل فروخت	**2,322,150**	**2,353,035**

زیر جائزہ مالی سال میں تنصیب کردہ نئے پلانٹ کے ٹرائل کے دوران 110,797 میٹرک ٹن کی پیداوار ہوئی جو کہ درج بالا ترسیلات میں شامل ہے۔

مالیاتی کارکردگی:

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

	2020	2019
	روپے	
کل فروخت	11,300,240,540	15,645,648,712
خام منافع/نقصان	(24,320,312)	4,173,146,333
شرح خام منافع	(0.21)%	26.67%
آپریٹنگ منافع/نقصان	(147,612,766)	3,722,136,542
شرح آپریٹنگ منافع	(1.30)%	23.79%
منافع قبل از مالی اخراجات، ٹیکس، ڈیپریسیشن اور اموراٹائزیشن	651,467,518	4,311,504,604
نفع/نقصان بعد از ٹیکس	(443,735,698)	2,468,655,890
بعد از ٹیکس نفع کی شرح	(3.93)%	15.78%
فی شیئر آمدنی/نقصان (روپے/شیئر)	**(2.21)**	**12.29**

معیشت پر COVID-19 کے اثرات کے بارے میں کوئی پیش گوئی نہیں کی جاسکتی، لہذا کمپنی نے ایک سال کی مدت کے لئے سٹیٹ بینک آف پاکستان کے سرکلر لیٹر نمبر 13، مورخہ 26 مارچ، 2020ء کے تحت قرض کی اصل رقم کی ادائیگیوں کے التواء کی سہولت حاصل کر لی ہے۔ تاہم کمپنی اپنی مالی ذمہ داریوں کو بروقت ادا کرنے کی اہلیت رکھتی ہے۔

PACRA نے کمپنی کی طویل وقلیل المدتی انفرادی کریڈٹ ریٹنگ کو بلترتیب "A" اور "A1" درجہ میں رکھا ہے اور مستقبل میں بھی اسی درجہ کی امید ظاہر کی ہے۔ یہ درجہ بندیاں کمپنی کی جانب سے متوقع کم کریڈٹ رسک اور مالیاتی ذمہ داریوں کو بروقت ادا کرنے کی قوی صلاحیت کو ظاہر کرتی ہیں۔

منافع کی تقسیم:

زیرِ جائزہ مالی سال کے دوران نقصانات اور مستقبل کے منصوبہ جات کے لئے مالی ضروریات کو مدنظر رکھتے ہوئے بورڈ آف ڈائریکٹرز نے ڈیویڈنڈ تجویز نہیں کیا۔

مستقبل کے امکانات:

حکومت پاکستان کے تعمیراتی پیکج اور CPEC کے تعمیراتی منصوبہ جات کی وجہ سے امید ہے کہ مالی سال 2021ء پاکستانی معیشت کے ساتھ ساتھ آپکی کمپنی کے لئے بھی اچھا منافع بخش سال ثابت ہوگا۔

سیمنٹ پلانٹ کے توسیعی منصوبے کی کامیاب تکمیل (Line-4):

موجودہ فیکٹری میں 7,428 میٹرک ٹن یومیہ کلنکر کی حامل اضافی گرے سیمنٹ پروڈکشن لائن نے 27 جنوری، 2020ء سے تجارتی بنیادوں پر پیداوار کا آغاز کر دیا ہے۔ اس اضافی پلانٹ کی بدولت کمپنی کی کلنکر کی سالانہ پیداواری صلاحیت 2.55 ملین میٹرک ٹن سے 4.78 ملین میٹرک ٹن ہوگئی ہے۔

کاروباری خطرات سے بچاؤ کی حکمت عملی:

کمپنیز ایکٹ 2017ء اور لسٹڈ کمپنیز (کوڈ آف کارپوریٹ گورننس) ریگولیشنز 2017ء کی روشنی میں کمپنی کی انتظامیہ کی جانب سے کاروباری خطرات سے بچاؤ کی پالیسی اور ایک رسک رجسٹر تشکیل دیا ہے۔ یہ پالیسیاں کمپنی کو لاحق خطرات کی نشان دہی اور ان کا جائزہ لینے اور ان کے بروقت خاتمہ کے طریقہ کار کی رہنمائی کرتی ہیں۔ کاروباری حالات و دیگر بیرونی عوامل بشمول کمپنی سے متعلقہ ملکی قانونی ڈھانچے میں تبدیلی کو مدنظر رکھتے ہوئے ان پالیسیوں اور نظام کا باقاعدگی سے جائزہ لیا جاتا ہے۔

کمپنی کو ممکنہ لاحق کلیدی خطرات:

زیرِ جائزہ مالی سال کے دوران کمپنی کو ممکنہ طور پر درپیش کاروباری خطرات کی تفصیل درج ذیل ہے، جس میں گذشتہ سال کی نسبت کوئی واضح تبدیلی نہ ہے؛

CORPORATE SOCIAL RESPONSIBILITY

The Board of Directors of the Company has put great emphasis in extending the areas of CSR activities and annually allocates budgets towards such initiatives it is the responsibility of CSR personnel to explore more areas for CSR activities and recommend to the management to place the same before Board of Directors for approval. KCCL's desire is to help those less fortunate than others by supporting charities and empowering communities in Kohat and other areas of Pakistan.

We strongly believe that companies should embody highest standards of corporate social responsibility by supporting local communities and stakeholders that have contributed towards the success of the businesses. The emphasis on giving back to the community is part and parcel of the Board of Directors' well-articulated corporate strategy, by focusing on the key sectors independently as well as in partnership with specialist organizations.

Broadly speaking, the Company is endeavoring the best to set its CSR targets in the following areas:

- Community Welfare
- Health and Safety
- Educational Assistance
- Ethics, Transparency and compliance of statutory framework
- Market sustainability though selling reliable products
- Employee safety
- Sustaining Environment to ensure long-term growth

Brief description of CSR activities undertaken by the Company during the year under reference are as under:

a) Community Welfare

i. Free Micro Finance (Economic Development/employment generation)

A couple of years ago, the Company signed an agreement with "Akhuwat", a non profit organization well known for its generous activities for the betterment of society. After signing the agreement, a revolving limit of Rs.10 million was agreed and payment of the same was made to Akhuwat with the aim to pay interest free loans to skilled and unskilled deserving people of Kohat enabling them to earn their respectful livelihood. Company also makes periodic payments to Akhuwat to meet its various administrative expenditures relating to project assigned to it by the Company. During the year, the Company has paid Rs.1.44 million on account of administration costs of operating the Akhuwat Branch in Kohat. As of today, more than three thousand families have benefited from the micro finance facility under this scheme.

ii. Street Pavement, Drainage and Water supply

Street roads have been constructed and drainage pipes have been built/improved by the Company in nearby village at a cost of Rs.8.86 million. Company also spent Rs. 0.14 million for improving water supply in the locality.

iii. Installation of Solar Panels and Lights

The Company spent Rs.1.85 million in provision of solar system in Masajids and solar lights in hospitals situated in Kohat.

iv. Ration Distribution

In the days of widespread outbreak of COVID 19, when the country was facing strict lockdown situation and unemployment was at its peak, the Company spent Rs. 1.35 million to distribute ration bags/food items to local communities and further a sum of Rs. 1 million was paid to deserving families during these days.

v. Financial Assistance of widows and others

Kohat Cement has paid widow allowance to certain families and also financially assisted to various other individuals by paying Rs 0.86 million and Rs. 0.22 million respectively.

b) Health & Safety

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

i. Basic Health Unit

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

ii. Ghurki Trust Hospital

An amount of Rs. 0.5 million has been paid as donation to Ghurki Trust Hospital.

iii. Medicare Health Foundation

The Company paid an amount of Rs. 0.36 million to Medicare Health Foundation, a health care provider.

iv. Al-Khidmat Foundation Pakistan

The Company made partnership with Al-Khidmat Foundation Pakistan (Naseem Khan Memorial Hospital Kohat) to provide healthcare facilities in Kohat. An amount of Rs. 4.36 million has been spent during the year towards this noble cause.

c) Educational Assistance

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

i) Kohat Cement Educational Trust (KCET)

KCET is mainly sponsored by the Company in providing educational services to students belonging to Kohat in general and children of employees of the Company in particular. KCET joined hands with The Country School with the sole purpose to bring maximum quality in its educational services. As part of Company's CSR, an amount of Rs. 6.13 million has been paid to KCET to help paying expenses of the School.

ii) Educational Scholarships

Hardworking and capable students are being encouraged with Scholarship programs as introduced by the Company. The Company's "Kohat Cement Scholarship Program" (KCSP) is successfully working in various institutes including Quaid Institute of Technology Kohat, Government College of Technology Kohat, UET Peshawar, UOP Peshawar, Cadet College Kohat. Total of 85 students received full time scholarships during their study in university.

The Company contributed Rs.1.74 million during the year towards various educational scholarships.

iii) Namal Education Foundation

Kohat Cement as part of its CSR program paid an amount of Rs. 1.05 million to Namal Education Foundation as a scholarship payment.

iv) Parho Likho Pakistan

As part of CSR program KCCL paid an amount of Rs. 0.660 million to Parho Likho Pakistan as tuition fee of deserving children.

d) Ethics, Transparency and compliance of statutory framework

The Company is enthusiastic in developing ethical values in its employees, promoting a culture of team work, adoption of best ethical practices, performance encouragement, transparency and compliance of all applicable statutory framework. HR Department of Company pays major attention towards achieving aforesaid CSR targets by planning various indoor and outdoor activities. Employee are encouraged to participate in different workshops held by well-known professionals for better learning and understanding of various laws and team building attitude.

e) Market sustainability though selling reliable products

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

f) Employee safety

Employees' care is considered as key to success by your Company. To fight the widespread coronavirus in its peak days, the company, in accordance with government's SOPs, devised various safety plans to handle the outbreak among the employees and stakeholders. In the peak days of COVID 19 outbreak, limited staff was called on work by the Company (online working from home by employees was preferred) whereas temperature screening and disinfecting on their entering the office buildings and masks wearing at all times is still compulsory.

g) Environment

Plantation Drive

The Company continued tree plantation inside and around the factory in Kohat. Its employees and local communities have joined hands in promoting "GO GREEN Plantation Drive" to maximize plantation. 75,000 trees were planted by the Company during the year and spent an amount of Rs. 2.02 million towards this initiative.

Contribution to National Exchequer

The Company contributed Rs. 7,841 million (2019: Rs. 8,751 million) to the National Exchequer in the form of duties and taxes and further deposited Rs. 311.7 million (2019: 517 million) into National Treasury being income tax deducted on payments made to various persons in terms of income tax laws. Company also earned Foreign Exchange of USD 3.81 million (2019: USD 5.3 million) equivalent to Rs. 597.76 million (2019: 724 million) for the country by exporting cement during the year.

Nadeem Atta Sheikh
Chief Executive

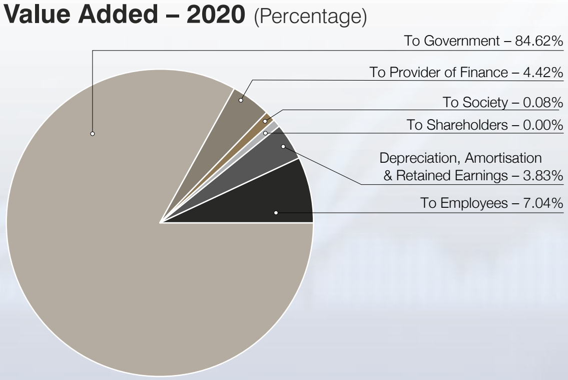
Aizaz Mansoor Sheikh
Chairman

Lahore: September 30, 2020

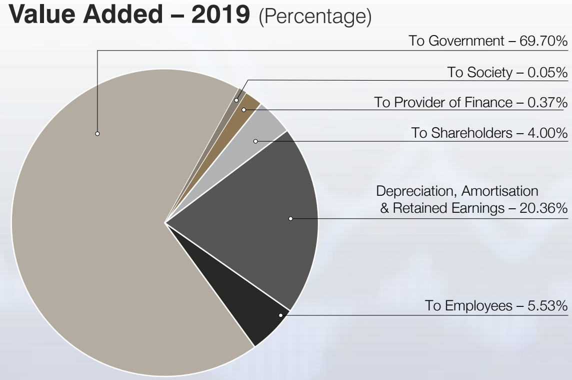
STATEMENT OF VALUE ADDED

	2020		2019	
	Rs.	%	Rs.	%
Value Added				
Gross Revenue Generated	19,515,550,181		23,230,703,740	
Materials & Services	(10,249,217,503)		(10,675,223,123)	
	9,266,332,678		12,555,480,617	
To Employees as Remuneration	**652,631,142**	**7.04%**	**694,207,302**	**5.53%**
To Government as Taxes (Income tax, Sales tax, Excise Duty and Others)	**7,841,367,523**	**84.62%**	**8,751,184,261**	**69.70%**
To Provider of Finance as Finance Cost	**409,702,183**	**4.42%**	**46,065,101**	**0.37%**
To Society as Donation	**7,287,250**	**0.08%**	**6,000,000**	**0.05%**
To Shareholders as Dividend	**–**	**0.00%**	**502,153,242**	**4.00%**
Depreciation, Amortisation & Retained Earnings	**355,344,580**	**3.83%**	**2,555,870,711**	**20.36%**
	9,266,332,678	**100%**	**12,555,480,617**	**100%**

Value Added – 2020 (Percentage)



Value Added – 2019 (Percentage)

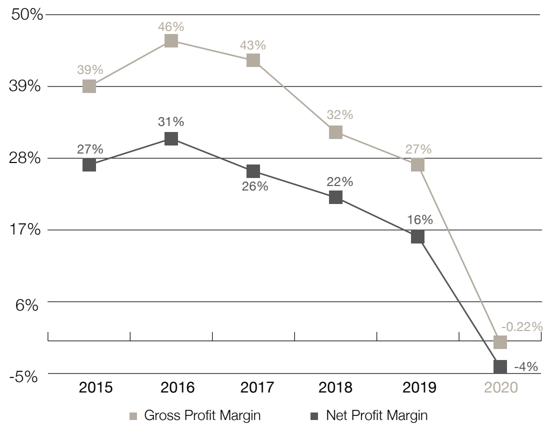


KEY FINANCIAL DATA
for the Last Six Years

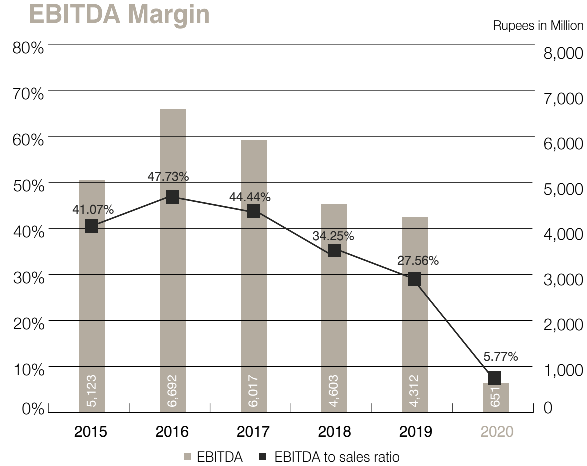
	2020	2019	2018	2017	2016	2015
Balance Sheet (Rs. 000)						
Shareholders equity	18,726,673	19,672,639	17,976,738	15,306,258	13,770,090	10,797,254
Non-current liabilities	6,923,751	6,118,326	1,660,565	2,102,230	2,313,269	2,141,344
Current liabilities	6,226,675	5,523,905	3,679,030	2,783,703	3,261,783	4,122,870
Non-current assets	26,519,044	25,708,607	12,909,271	11,263,417	10,126,766	8,687,831
Current assets	5,358,056	5,606,262	10,407,062	8,928,774	9,218,376	8,373,637
Profit & Loss account (Rs. 000):						
Sales - net	11,300,241	15,645,649	13,438,843	13,540,305	14,019,843	12,472,197
Gross profit	(24,320)	4,173,146	4,325,361	5,827,368	6,496,565	4,814,921
EBITDA	651,468	4,311,505	4,603,050	6,017,066	6,691,965	5,122,656
EBIT	(147,613)	3,722,137	4,076,883	5,519,886	6,252,183	4,731,182
Profit/(loss) before tax	(557,315)	3,676,071	3,970,352	5,434,924	6,174,067	4,637,441
Profit/(loss) after tax	(443,736)	2,468,656	2,979,995	3,544,815	4,408,075	3,322,268
Cash Flows (Rs. 000):						
Cash flows from Operations	246,219	6,012,465	4,628,024	5,417,049	5,859,322	4,724,799
Operating activities	(502,396)	4,745,271	3,026,005	3,565,091	2,979,188	2,554,144
Investing activities	(18,793)	(13,089,733)	(3,271,934)	(1,305,493)	(1,350,292)	1,776,178
Financing activities	838,909	4,453,920	(790,815)	(2,684,888)	(1,816,880)	38,783
Cash and cash equivalents at the beginning of the year	683,886	4,574,428	5,611,172	6,036,461	6,224,446	1,855,340
Cash and cash equivalents at the end of the year	1,001,606	683,886	4,574,428	5,611,172	6,036,461	6,224,446
Profitability Ratios						
Gross profit ratio	-0.22%	26.67%	32.19%	43.04%	46.34%	38.61%
Net profit to sales ratio	-3.93%	15.78%	22.17%	26.18%	31.44%	26.64%
EBITDA to sales ratio	5.77%	27.56%	34.25%	44.44%	47.73%	41.07%
Return on equity	-2.37%	12.55%	16.58%	23.16%	32.01%	30.77%
Return on capital employeed	-0.58%	14.43%	20.76%	31.71%	38.87%	36.57%
Liquidity Ratios						
Current ratio	0.86	1.01	2.83	3.21	2.83	2.03
Quick ratio	0.34	0.63	2.07	2.39	2.19	1.69
Cash flow from operations to sales ratio	2.18%	38.43%	34.44%	40.01%	41.79%	37.88%
Activity/Turnover Ratios						
Inventory turnover ratio	3.46	7.38	4.84	5.93	6.74	8.99
No. of days in inventory	105.50	49.46	75.46	61.52	54.34	40.60
Debtor turnover ratio	22.86	21.91	20.82	39.39	54.17	56.53
No. of days in receivables	15.97	16.66	17.53	9.27	6.76	6.46
Total assets turnover ratio	0.35	0.50	0.58	0.67	0.72	0.73
Fixed assets turnover ratio	0.50	1.95	1.69	1.84	1.82	1.92
Investment/Market Ratios						
Earnings per share	(2.21)	12.29	14.84	17.65	21.95	16.54
Price Earning Ratio	(62.22)	4.27	8.29	12.99	11.93	12.08
Dividend Yield Ratio	0.00%	4.76%	4.06%	6.11%	2.29%	4.50%
Dividend Payout Ratio	0.00%	20.34%	33.70%	79.33%	27.34%	54.41%
Dividend Cover Ratio	–	4.92	2.97	1.26	3.66	1.84
Cash Dividend	0%	25%	50%	140%	60%	90%
Stock Dividend	0%	0%	30%	0%	0%	0%
Market Value per Share						
- Closing	137.45	52.53	123.07	229.26	261.92	199.85
- High	152.00	134.43	225.01	311.00	283.00	220.00
- Low	40.12	47.55	112.50	216.00	181.54	106.72
Breakup value per share of Rs. 10 each	93.23	97.94	89.50	76.20	68.56	53.75
Capital Structure Ratios						
Debt to equity ratio	27 : 73	22 : 78	2 : 98	6 : 94	10 : 90	16 : 84
Interest cover ratio	(0.36)	80.80	38.27	64.97	80.04	50.47

GRAPHICAL ANALYSIS

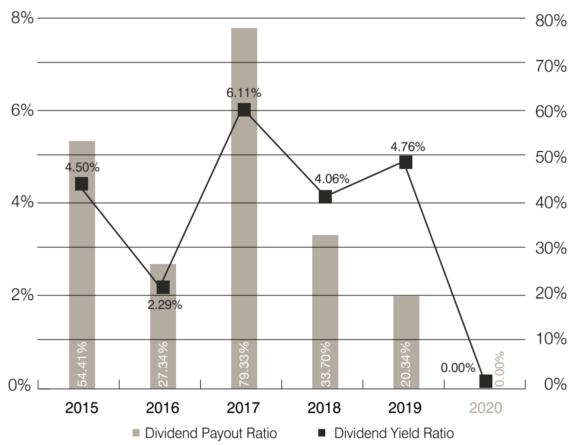
Profitability Ratios



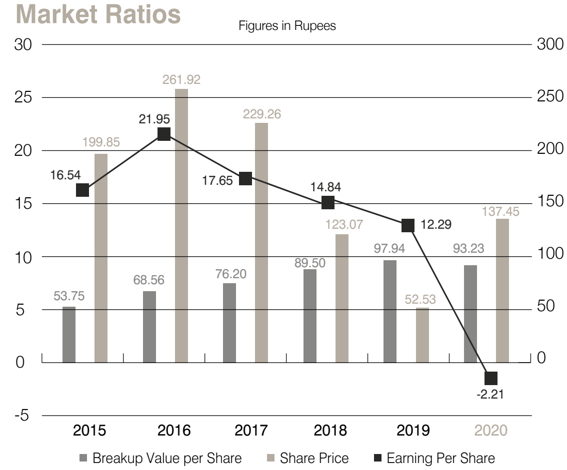
EBITDA Margin



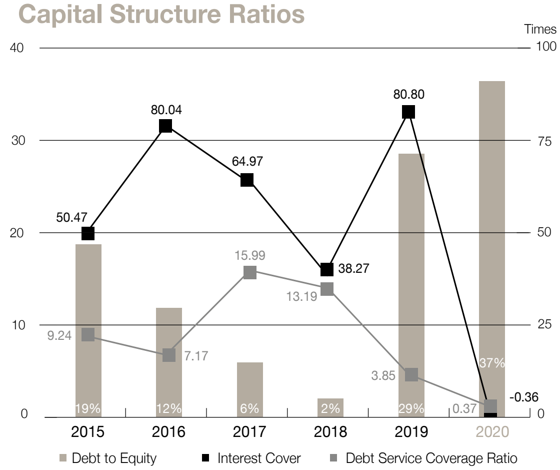
Market Ratios



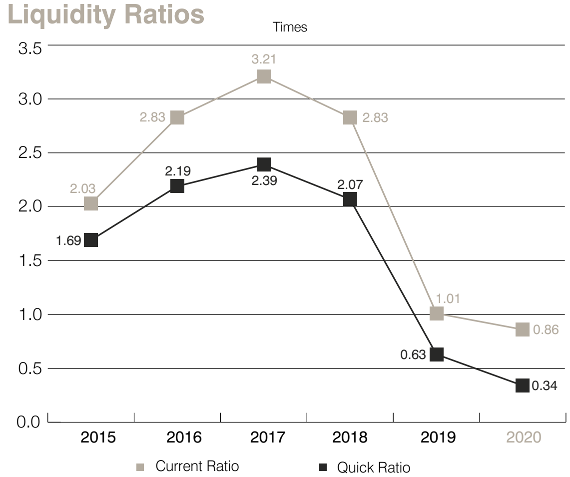
Market Ratios



Capital Structure Ratios



Liquidity Ratios



HORIZONTAL & VERTICAL ANALYSIS

Of Balance Sheet

	2020		2019		2018		2017		2016		2015	
	Rs. 000	%	Rs. 000	%	Rs. 000	%	Rs. 000	%	Rs. 000	%	Rs. 000	%
Horizontal Analysis												
Equity & Liabilities												
Shareholders equity	18,726,673	(4.81)	19,672,639	9.43	17,976,738	17.45	15,306,258	11.16	13,770,090	27.53	10,797,254	25.73
Non-current liabilities	6,923,751	13.16	6,118,326	268.45	1,660,565	(21.01)	2,102,230	(9.12)	2,313,269	8.03	2,141,344	14.61
Current liabilities	6,226,675	12.72	5,523,905	50.15	3,679,030	32.16	2,783,703	(14.66)	3,261,783	(20.89)	4,122,870	11.56
	31,877,099	1.80	31,314,869	34.30	23,316,333	15.47	20,192,191	4.38	19,345,142	13.38	17,061,468	20.56
Assets												
Non-current assets	26,519,044	3.15	25,708,607	99.15	12,909,271	14.61	11,263,417	11.22	10,126,766	16.56	8,687,831	21.31
Current assets	5,358,056	(4.43)	5,606,262	(46.13)	10,407,062	16.56	8,928,774	(3.14)	9,218,376	10.09	8,373,637	19.80
	31,877,099	1.80	31,314,869	34.30	23,316,333	15.47	20,192,191	4.38	19,345,142	13.38	17,061,468	20.56
Vertical Analysis												
Equity & Liabilities												
Shareholders equity	18,726,673	58.75	19,672,639	62.82	17,976,738	77.10	15,306,258	75.80	13,770,090	71.18	10,797,254	63.28
Non-current liabilities	6,923,751	21.72	6,118,326	19.54	1,660,565	7.12	2,102,230	10.41	2,313,269	11.96	2,141,344	12.55
Current liabilities	6,226,675	19.53	5,523,905	17.64	3,679,030	15.78	2,783,703	13.79	3,261,783	16.86	4,122,870	24.16
	31,877,099	100.00	31,314,869	100.00	23,316,333	100.00	20,192,191	100.00	19,345,142	100.00	17,061,468	100.00
Assets												
Non-current assets	26,519,044	83.19	25,708,607	82.10	12,909,271	55.37	11,263,417	55.78	10,126,766	52.35	8,687,831	50.92
Current assets	5,358,056	16.81	5,606,262	17.90	10,407,062	44.63	8,928,774	44.22	9,218,376	47.65	8,373,637	49.08
	31,877,099	100.00	31,314,869	100.00	23,316,333	100.00	20,192,191	100.00	19,345,142	100.00	17,061,468	100.00

Of Profit and Loss Account

	2020		2019		2018		2017		2016		2015	
	Rs. 000	%	Rs. 000	%	Rs. 000	%	Rs. 000	%	Rs. 000	%	Rs. 000	%
Horizontal Analysis												
Sales - Net	11,300,241	(27.77)	15,645,649	16.42	13,438,843	(0.75)	13,540,305	(3.42)	14,019,843	12.41	12,472,197	(2.30)
Cost of sales	(11,324,561)	(1.29)	(11,472,502)	25.88	(9,113,482)	18.16	(7,712,937)	2.52	(7,523,278)	(1.75)	(7,657,276)	(3.79)
Gross profit	(24,320)	(100.58)	4,173,146	(3.52)	4,325,361	(25.78)	5,827,368	(10.30)	6,496,565	34.93	4,814,921	0.17
Selling and distribution expenses	(64,260)	(24.70)	(85,342)	(11.91)	(96,879)	(25.29)	(129,666)	(16.12)	(154,584)	64.17	(94,163)	13.97
Administrative and general expenses	(238,728)	(6.07)	(254,164)	25.11	(203,150)	24.62	(163,009)	22.48	(133,092)	17.03	(113,725)	(22.19)
Other expenses	(16,457)	(96.42)	(460,125)	48.36	(310,146)	(23.97)	(407,911)	(6.44)	(436,010)	29.04	(337,886)	8.33
Other income	196,152	(43.73)	348,620	(3.62)	361,697	(7.99)	393,104	(17.98)	479,305	3.74	462,035	74.19
Operating profit	(147,613)	(103.97)	3,722,137	(8.70)	4,076,883	(26.14)	5,519,886	(11.71)	6,252,183	32.15	4,731,182	4.41
Finance cost	(409,702)	789.40	(46,065)	(56.76)	(106,531)	25.39	(84,962)	8.76	(78,117)	(16.67)	(93,741)	(39.39)
Profit before tax	(557,315)	(115.16)	3,676,071	(7.41)	3,970,352	(26.95)	5,434,924	(11.97)	6,174,067	33.14	4,637,441	5.96
Taxation	113,579	(109.41)	(1,207,416)	21.92	(990,357)	(47.60)	(1,890,109)	7.03	(1,765,991)	34.28	(1,315,173)	7.64
Profit after tax	(443,736)	(117.97)	2,468,656	(17.16)	2,979,995	(15.93)	3,544,815	(19.58)	4,408,076	32.68	3,322,268	5.31
Vertical Analysis												
Sales - Net	11,300,241	100.00	15,645,649	100.00	13,438,843	100.00	13,540,305	100.00	14,019,843	100.00	12,472,197	100.00
Cost of sales	(11,324,561)	(100.22)	(11,472,502)	(73.33)	(9,113,482)	(67.81)	(7,712,937)	(56.96)	(7,523,278)	(53.66)	(7,657,276)	(61.39)
Gross profit	(24,320)	(0.22)	4,173,146	26.67	4,325,361	32.19	5,827,368	43.04	6,496,565	46.34	4,814,921	38.61
Selling and distribution expenses	(64,260)	(0.57)	(85,342)	(0.55)	(96,879)	(0.72)	(129,666)	(0.96)	(154,584)	(1.10)	(94,163)	(0.75)
Administrative and general expenses	(238,728)	(2.11)	(254,164)	(1.62)	(203,150)	(1.51)	(163,009)	(1.20)	(133,092)	(0.95)	(113,725)	(0.91)
Other expenses	(16,457)	(0.15)	(460,125)	(2.94)	(310,146)	(2.31)	(407,911)	(3.01)	(436,010)	(3.11)	(337,886)	(2.71)
Other income	196,152	1.74	348,620	2.23	361,697	2.69	393,104	2.90	479,305	3.42	462,035	3.70
Operating (loss)/profit	(147,613)	(1.31)	3,722,137	23.79	4,076,883	30.34	5,519,886	40.77	6,252,183	44.60	4,731,182	37.93
Finance cost	(409,702)	(3.63)	(46,065)	(0.29)	(106,531)	(0.79)	(84,962)	(0.63)	(78,117)	(0.56)	(93,741)	(0.75)
(Loss)/Profit before tax	(557,315)	(4.93)	3,676,071	23.50	3,970,352	29.54	5,434,924	40.14	6,174,067	44.04	4,637,441	37.18
Taxation	113,579	1.01	(1,207,416)	(7.72)	(990,357)	(7.37)	(1,890,109)	(13.96)	(1,765,991)	(12.60)	(1,315,173)	(10.54)
(Loss)/Profit after tax	(443,736)	(3.93)	2,468,656	15.78	2,979,995	22.17	3,544,815	26.18	4,408,076	31.44	3,322,268	26.64

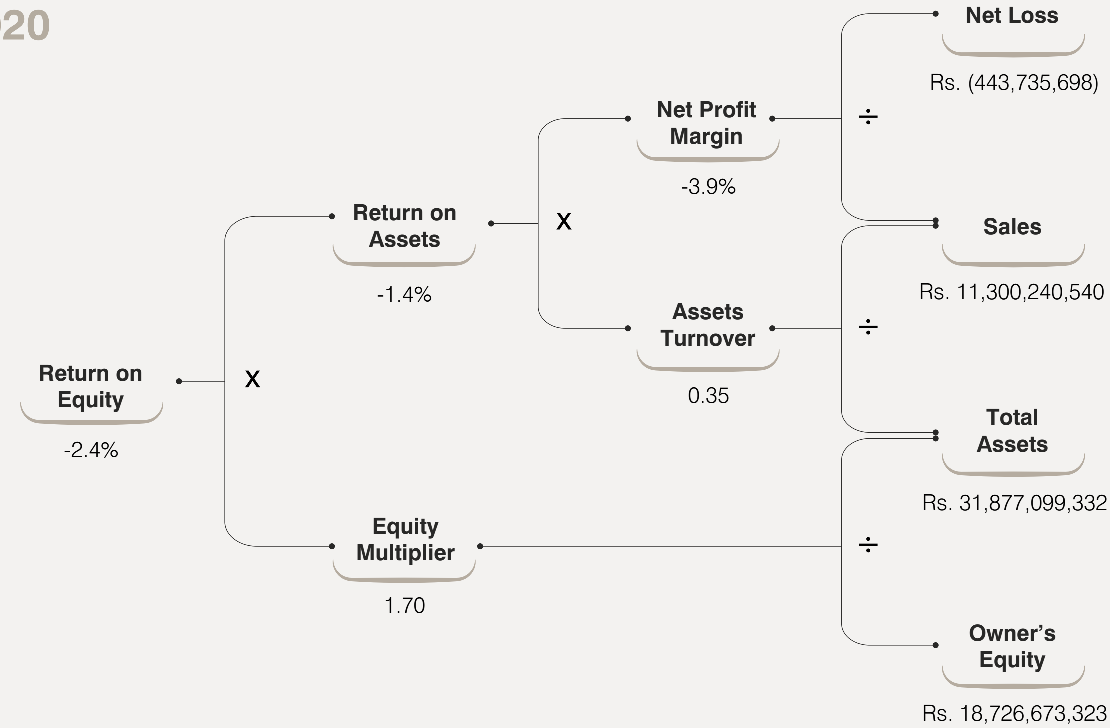
ANALYSIS OF QUARTERLY RESULTS

	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	FY 2019-20
Dispatches - Tons	529,540	566,867	551,044	563,902	2,211,353
- Local	489,221	544,900	518,539	560,952	2,113,612
- Export	40,319	21,967	32,505	2,950	97,741
					000 PKR except EPS
Sales Revenue - Net	2,993,547	3,027,562	2,551,985	2,727,147	11,300,241
Cost of sales	2,877,736	2,987,401	2,769,702	2,689,722	11,324,561
Gross Profit / (Loss)	115,811	40,160	(217,717)	37,425	(24,320)
Gross Profit Margin	4%	1%	-9%	1%	0%
- Selling and Distribution Cost	16,143	13,859	15,383	18,876	64,260
- Administration and General Expenses	59,715	56,532	62,838	59,644	238,728
- Other Income	(102,253)	(51,096)	(27,555)	(15,248)	(196,152)
- Other Expenses	16,277	6,106	(8,176)	2,249	16,457
	(10,118)	25,401	42,489	65,520	123,292
Operating Profit / (Loss)	125,929	14,760	(260,206)	(28,095)	(147,613)
Operating Profit Margin	4%	0%	-10%	-1%	-1%
Finance Cost	7,797	11,660	175,758	214,487	409,702
Profit/(Loss) Before Tax	118,132	3,100	(435,964)	(242,582)	(557,315)
Profit/(Loss) Before Tax Margin	4%	0%	-17%	-9%	-5%
Taxation	29,967	(6,500)	(54,884)	(82,162)	(113,579)
Effective Tax Rate	25%	-210%	13%	34%	20%
Profit/ (Loss) After Tax	88,165	9,600	(381,080)	(160,420)	(443,736)
Profit/(Loss) After Tax Margin	3%	0%	-15%	-6%	-4%
Earnings/(Loss) per Share	0.44	0.05	(1.90)	(0.80)	(2.21)
EBITDA	263,629	173,393	(34,142)	248,588	651,468
EBITDA Margin	9%	6%	-1%	9%	6%
Average net Sales Rate Rs/Mt	5,653	5,341	4,631	4,836	5,110
Average of COS Rate Rs/Mt	5,434	5,270	5,026	4,770	5,121

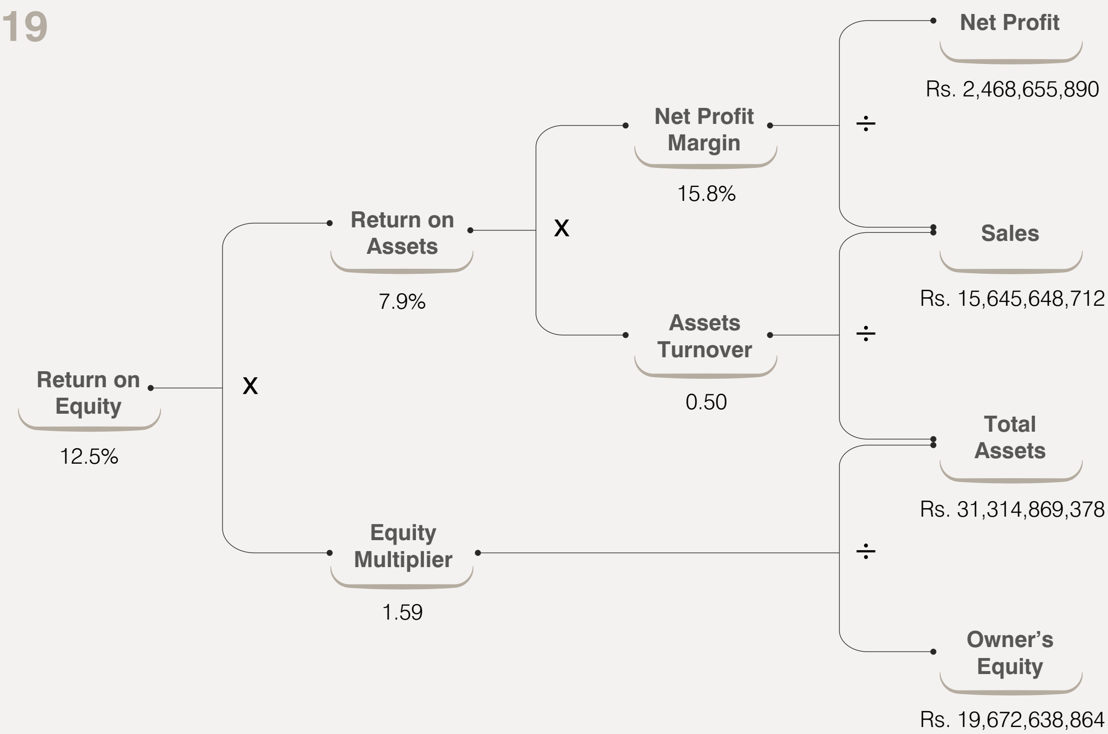
Sales prices follow the declining trend since last year, average sale price for the year falls by 24% as compared to last year. On other hand Cost increases due to hike in electricity rates and other input cost, resultantly third quarter shows Gross loss of 9%. Higher Finance Cost impact due to Line-4 financing further added to loss and resulted in average 13% Loss before tax in last two quarters.

DUPONT ANALYSIS

2020



2019



STATEMENT OF COMPLIANCE

with Listed Companies (Code of Corporate Governance) Regulations, 2019 For the year ended June 30, 2020

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

1. The total number of directors as at June 30, 2020 are eight (8) as per the following:

	Category	As at 30th June 2020
a)	Male	5
b)	Female	3

2. The composition of Board as at June 30, 2020 is as follows:

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

The current Board of Directors of the Company was elected on June 29, 2019 and has appropriate skills, experience, independence and knowledge of the Company to discharge its duties and responsibilities effectively. Therefore the Board considers that it is adequately composed with two independent directors and hence, the fractional number of independent directors has not been rounded up.

3. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this Company

4. The Company has prepared a Code of Conduct and has ensured that appropriate steps have been taken to disseminate it throughout the Company along with its supporting policies and procedures.

5. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the Company. The Board has ensured that complete record of particulars of significant policies along with their date of approval or updating is maintained by the Company.

6. All the powers of the Board have been duly exercised and decisions on relevant matters have been taken by Board/ shareholders as empowered by the relevant provisions of the Act and these Regulations.

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

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

9. Detailed as below; four directors have completed their Directors' Training Certification (DTC), two directors are exempt from this due to 14 years of education and 15 years of experience on the Board and two directors shall comply with the Regulations within prescribed time period:

   Directors exempt from DTC
   - Mr. Aizaz Mansoor Sheikh
   - Mr. Nadeem Atta Sheikh

   Directors who have completed their DTC
   - Mrs. Hafsa Nadeem
   - Mr. Muhammad Atta Tanseer Sheikh
   - Mrs. Hijab Tariq
   - Mr. Talha Saeed Ahmad

   Directors yet to acquire DTC
   - Mrs. Shahnaz Aizaz
   - Mr. Ahmad Sajjad Kan

10. The Board has approved appointment of Chief Financial Officer (CFO), Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations.

11. CFO and CEO duly endorsed the financial statements before approval of the Board.

12. The Board has formed committees comprising of members given below:

a) Audit Committee as at June 30, 2020

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

b) Human Resource and Remuneration (HR&R) Committee as at June 30, 2020

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

c) Nomination Committee

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

d) Risk Management Committee

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

13. The terms of reference of the aforesaid committees have been formed, documented and advised to the committees for compliance.

14. The frequency of meetings of the committees were as per following:

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

15. The Board has set-up an effective internal audit function and personnel involved are suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the Company.

16. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the quality control review program of the Institute of Chartered Accountants of Pakistan and registered with Audit Oversight Board of Pakistan, that they and all their partners are in compliance with International Federation of Accountants (IFAC) guidelines on Code of Ethics as adopted by Institute of Chartered Accountants of Pakistan and that they and the partners of the firm involved in the audit are not a close relative (spouse, parent, dependent and non-dependent children) of the chief executive officer, chief financial officer, head of internal audit, company secretary or director of the Company.

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

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

Nadeem Atta Sheikh
Chief Executive

Aizaz Mansoor Sheikh
Chairman

Lahore: September 30, 2020

FINANCIAL STATEMENTS

For the year ended June 30, 2020

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Kohat Cement Company Limited

Review report on the Statement of Compliance contained in Listed Companies (Code of Corporate Governance) Regulations, 2019

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 ("the Regulations") prepared by the Board of Directors of Kohat Cement Company Limited ("the Company") for the year ended 30 June 2020 to comply 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 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 2020.

KPMG Taseer Hadi & Co.

KPMG Taseer Hadi & Co.
Chartered Accountants
(Bilal Ali)

Lahore
Date: 30 September 2020

INDEPENDENT AUDITOR'S REPORT

To the members of Kohat Cement Company Limited

Report on the audit of the Financial Statements

We have audited the annexed financial statements of Kohat Cement Company Limited ("the Company"), which comprise the statement of financial position as at 30 June 2020, and the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, statement of profit or loss, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at 30 June 2020 and of the loss, and other comprehensive loss, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

INDEPENDENT AUDITOR'S REPORT

Following are the Key audit matters.

<table>
<tr><th>Sr. No</th><th>Key audit matters</th><th>How the matters were addressed in our audit</th></tr>
<tr><td>1.</td><td>Revenue

Refer to notes 3.10 and 26 to the financial statements

The Company generates revenue from sale of cement to domestic as well as foreign customers.

The Company recognizes revenue when the control is transferred to the customers which is normally the time of dispatch of goods from Company's manufacturing facility to the customers or delivered at customers' premises.

We identified recognition of revenue as a key audit matter because non-compliance with the revenue recognition policy may lead to misstatement of operating results of the Company.</td><td>Our audit procedures to assess the recognition of revenue, amongst others, included the following:

• obtaining an understanding of the process relating to recognition of revenue and testing the design, implementation and operating effectiveness of key internal controls over recording of revenue;

• assessing the appropriateness of the Company's accounting policies for revenue recognition and compliance of those policies with applicable accounting standards;

• comparing a sample of revenue transactions recorded during the year with sales orders, sales invoices, delivery challans and other relevant underlying documents;

• comparing, on a sample basis, specific revenue transactions recorded just before and just after the financial year end date to determine whether the revenue had been recognized in the appropriate financial period; and

• scanning for any manual journal entries relating to revenue raised during the year which were considered to be material or met other specific risk based criteria for inspecting underlying documentation</td></tr>
<tr><td>2.</td><td>Capitalization of Property, Plant and Equipment

Refer notes 3.2 and 15 to the financial statements.

The Company has made significant capital expenditure on expansion of manufacturing facilities.

We identified capitalization of property, plant and equipment as a key audit matter because there is a risk that amounts being capitalized may not meet the capitalization criteria with related implications on depreciation charge for the year.</td><td>Our audit procedures to assess the capitalization of property, plant and equipment, amongst others, included the following:

• understanding the design and implementation of management controls over capitalization and testing control over authorization of capital expenditure and accuracy of its recording in the system;

• testing, on sample basis, the costs incurred on projects with supporting documentation and contracts; and</td></tr>
</table>

INDEPENDENT AUDITOR'S REPORT

Sr. No	Key audit matters	How the matters were addressed in our audit
		• assessing the nature of costs incurred for the capital projects through testing, on sample basis, of amounts recorded and considering whether the expenditure meets the criteria for capitalization as per the applicable accounting and reporting standards; and • inspecting supporting documents for the date of capitalization when project was ready for its intended use to assess whether depreciation commenced, and further capitalization of costs ceased from that date and assessing the useful life assigned by management including testing the calculation of related depreciation.
3.	**Recoverability of deferred tax asset** Refer to notes 3.12 and 8.1 to the financial statements. The Company has recognized deferred tax asset, amounting to Rs 1,802.84 million on unused tax losses as at 30 June 2020. The recoverability of recognized deferred tax asset is dependent on the Company's ability to generate future taxable profits sufficient to utilize tax losses. We have determined this to be a key audit matter, due to uncertainty in forecasting the amount and timing of future taxable profits and related recoverability of recognized deferred tax asset.	Our audit procedures to assess the recoverability of deferred tax asset, amongst others, included the following: • assessing the appropriateness of the Company's accounting policy for recognition of deferred tax asset and compliance of the policy with applicable accounting and reporting standards; • involving KPMG specialist to assist us in evaluating the reasonableness of significant assumptions used in developing future taxable profits by evaluating historical forecasting accuracy and expected growth rates, future selling prices and production volumes; • assessing recoverability of recognized deferred tax asset on unused tax losses on the basis of future taxable profits developed by the management; and reviewing the adequacy of disclosure made in the financial statements in accordance with the requirements of the applicable accounting and reporting standards.

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

Management is responsible for the other information. Other information comprises the information included in the annual report for the year ended 30 June 2020 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.

INDEPENDENT AUDITOR'S REPORT

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Board of Directors for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the accounting and reporting standards as applicable in Pakistan and the requirements of Companies Act, 2017(XIX of 2017) and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Board of directors are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

INDEPENDENT AUDITOR'S REPORT

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the board of directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the board of directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the board of directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

Based on our audit, we further report that in our opinion:

a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);

b) the statement of financial position, the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;

c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and

d) zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the Company and deposited in the Central Zakat Fund established under section 7 of that Ordinance.

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

KPMG Taseer Hadi & Co.

Lahore
Date: 30 September 2020

KPMG Taseer Hadi & Co.
Chartered Accountants

STATEMENT OF FINANCIAL POSITION

As at 30 June 2020

	Note	2020 Rupees	2019 Rupees
EQUITY AND LIABILITIES			
Authorized share capital	4	3,000,000,000	3,000,000,000
Issued, subscribed and paid-up capital	4	2,008,612,970	2,008,612,970
Reserves	5	119,746,265	119,822,865
Accumulated profits		16,598,314,088	17,544,203,029
		18,726,673,323	19,672,638,864
Non-current liabilities			
Long term financing - secured	6	5,439,226,142	4,399,930,462
Long term deposits and retention money	7	2,036,100	106,893,805
Deferred liabilities			
- deferred taxation	8.1	1,461,247,800	1,596,244,399
- compensated absences	8.2	21,241,356	15,256,864
		6,923,751,398	6,118,325,530
Current liabilities			
Current portion of long term financing	6	248,496,322	1,004,220,652
Trade and other payables	9	4,293,205,395	3,800,459,447
Contract liability	10	126,582,689	99,319,101
Unclaimed dividend		9,416,974	9,416,974
Dividend payable	11	38,597,374	35,734,335
Short term borrowings - secured	12	1,301,609,100	243,000,000
Provision for taxation - net		–	228,925,097
Mark-up accrued on borrowings	13	208,766,756	102,829,378
		6,226,674,610	5,523,904,984
Contingencies and commitments	14		
		31,877,099,332	31,314,869,378

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

Chief Executive

	Note	2020 Rupees	2019 Rupees
ASSETS			
Non current assets			
Property, plant and equipment	15	22,777,666,271	21,873,958,579
Intangibles	16	11,210,982	13,878,685
Long term loans and advances	17	-	90,603,485
Long term deposits	18	38,326,640	38,326,640
Investment property	19	3,691,839,635	3,691,839,635
		26,519,043,528	25,708,607,024
Current assets			
Stores, spares and loose tools	20	2,250,156,437	1,410,927,789
Stock-in-trade	21	1,016,024,223	709,231,912
Trade debts - unsecured, considered good	22	494,315,206	714,060,503
Short term investments	23	160,130,600	1,947,138,780
Advances, deposits, prepayments and other receivables	24	425,391,226	391,017,347
Advance income tax - net		120,432,026	–
Cash and bank balances	25	891,606,087	433,886,023
		5,358,055,804	5,606,262,354
		31,877,099,332	31,314,869,378

Chief Financial Officer

Director

STATEMENT OF PROFIT OR LOSS

For the year ended 30 June 2020

	Note	2020 Rupees	2019 Rupees
Sales-net	26	11,300,240,540	15,645,648,712
Cost of sales	27	(11,324,560,852)	(11,472,502,379)
Gross (loss) / profit		(24,320,312)	4,173,146,333
Selling and distribution expenses	28	(64,260,434)	(85,341,553)
Administrative and general expenses	29	(238,727,603)	(254,163,790)
Other income	30	196,152,112	348,620,307
Other expenses	31	(16,456,530)	(460,124,755)
		(123,292,455)	(451,009,791)
Operating (loss) / profit		(147,612,766)	3,722,136,542
Finance cost	32	(409,702,183)	(46,065,101)
(Loss) / Profit before taxation		(557,314,949)	3,676,071,441
Taxation	33	113,579,251	(1,207,415,551)
(Loss) / Profit after taxation		(443,735,698)	2,468,655,890
(Loss) / Earnings per share - basic and diluted	34	(2.21)	12.29

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

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

STATEMENT OF COMPREHENSIVE INCOME

For the year ended 30 June 2020

	2020 Rupees	2019 Rupees
(Loss) / Profit after taxation	(443,735,698)	2,468,655,890
Other comprehensive (loss) / income		
Items that will not be reclassified to statement of profit or loss		
Equity investments at FVOCI		
- net changes in fair value	118,400	(211,200)
Items that are or may be reclassified to statement of profit or loss		
Debt investments at FVOCI		
- net changes in fair value	(195,000)	–
Total comprehensive (loss) / income for the year	(443,812,298)	2,468,444,690

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

Chief Executive | Chief Financial Officer | Director

STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2020

	Share capital	Capital reserves: Share premium	Capital reserves: Fair value reserve	Revenue reserves: General reserve	Revenue reserves: Accumulated profits	Total reserves	Total
				Rupees			
As at 01 July 2018	1,545,086,900	49,704,951	329,114	70,000,000	16,311,616,659	16,431,650,724	17,976,737,624
Total comprehensive income for the year							
Profit after tax for the year	–	–	–	–	2,468,655,890	2,468,655,890	2,468,655,890
Other comprehensive loss for the year	–	–	(211,200)	–	–	(211,200)	(211,200)
	–	–	(211,200)	–	2,468,655,890	2,468,444,690	2,468,444,690
Transactions with the owners of the Company							
Final cash dividend at Rs. 5.00 per share for the year ended 30 June 2018	–	–	–	–	(772,543,450)	(772,543,450)	(772,543,450)
Bonus share at 30% (3 bonus shares for every 10- ordinary shares) issued during the year	463,526,070	–	–	–	(463,526,070)	(463,526,070)	–
As at 30 June 2019	2,008,612,970	49,704,951	117,914	70,000,000	17,544,203,029	17,664,025,894	19,672,638,864
Total comprehensive loss for the year							
Loss after tax for the year	–	–	–	–	(443,735,698)	(443,735,698)	(443,735,698)
Other comprehensive loss for the year	–	–	(76,600)	–	–	(76,600)	(76,600)
	–	–	(76,600)	–	(443,735,698)	(443,812,298)	(443,812,298)
Transactions with owners of the Company							
Final cash dividend at Rs. 2.50 per share for the year ended 30 June 2019	–	–	–	–	(502,153,242)	(502,153,242)	(502,153,242)
As at 30 June 2020	2,008,612,970	49,704,951	41,314	70,000,000	16,598,314,088	16,718,060,353	18,726,673,323

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

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

CASH FLOW STATEMENT
For the year ended 30 June 2020

	Note	2020 Rupees	2019 Rupees
Cash flows from operating activities			
Cash generated from operations	35	246,219,051	6,012,464,680
Finance cost paid		(302,106,064)	(339,201,880)
Compensated absences paid	8.2	(2,910,615)	(2,136,622)
Income tax paid		(370,774,471)	(770,952,781)
Payment made to Workers' Welfare Fund		(72,823,762)	(74,902,288)
Payment made to Workers' Profit Participation Fund		–	(80,000,000)
		(748,614,912)	(1,267,193,571)
Net cash (used in) / generated from operating activities		(502,395,860)	4,745,271,109
Cash flows from investing activities			
Acquisition of property, plant and equipment		(1,704,778,944)	(13,002,354,534)
Proceeds from disposal of property, plant and equipment		7,903,360	3,985,264
Acquisition of intangibles		(2,140,000)	(2,806,242)
Purchase of investment property		–	(36,216,950)
Short term investments - net		1,646,931,580	(326,126,067)
Interest on bank deposits and loan		47,544,878	259,545,748
Long term loans and advances - net		90,603,485	(90,617,954)
Long term retention money - net		(104,857,705)	104,857,705
Net cash used in investing activities		(18,793,346)	(13,089,733,030)
Cash flows from financing activities			
Short term borrowing - net		1,058,609,100	243,000,000
Repayment of long term finances		(953,588,131)	(779,387,626)
Disbursement of long term finances - net off transaction cost		1,233,178,505	5,757,222,956
Dividend paid		(499,290,203)	(766,915,076)
Net cash generated from financing activities		838,909,270	4,453,920,254
Net increase / (decrease) in cash and cash equivalents		317,720,064	(3,890,541,667)
Cash and cash equivalents at beginning of the year		683,886,023	4,574,427,690
Cash and cash equivalents at end of the year	36	1,001,606,087	683,886,023

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

Chief Executive | Chief Financial Officer | Director

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2020

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.

1.2 ANS Capital (Private) Limited is the holding company of the Company and holds 110,482,320 (2019: 110,482,320) ordinary shares of the Company comprising 55% of its paid up share capital.

2 Basis of preparation

2.1 Statement of compliance

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

- International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act 2017; and

- Provision of and directives issued under the Companies Act, 2017.

Where provisions of and directives issued under the Companies Act, 2017 differ from the IFRS, the provisions of and directives issued under the Companies Act, 2017 have been followed.

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

The following International Financial Reporting Standards (IFRS Standards) as notified under the Companies Act, 2017 and the amendments and interpretations thereto will be effective for accounting periods beginning on or after 01 July 2020:

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

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

- On 29 March 2018, the International Accounting Standards Board (the IASB) has issued a revised Conceptual Framework for Financial Reporting which is applicable immediately contains changes that will set a new direction for IFRS in the future. The Conceptual

Framework primarily serves as a tool for the IASB to develop standards and to assist the IFRS Interpretations Committee in interpreting them. It does not override the requirements of individual IFRSs and any inconsistencies with the revised Framework will be subject to the usual due process – this means that the overall impact on standard setting may take some time to crystallize. The companies may use the Framework as a reference for selecting their accounting policies in the absence of specific IFRS requirements. In these cases, companies should review those policies and apply the new guidance retrospectively as of 1 January 2020, unless the new guidance contains specific scope outs.

- Interest Rate Benchmark Reform which amended IFRS 9, IAS 39 and IFRS 7 is applicable for annual financial periods beginning on or after 1 January 2020. The G20 asked the Financial Stability Board (FSB) to undertake a fundamental review of major interest rate benchmarks. Following the review, the FSB published a report setting out its recommended reforms of some major interest rate benchmarks such as IBORs. Public authorities in many jurisdictions have since taken steps to implement those recommendations. This has in turn led to uncertainty about the long-term viability of some interest rate benchmarks. In these amendments, the term 'interest rate benchmark reform' refers to the market-wide reform of an interest rate benchmark including its replacement with an alternative benchmark rate, such as that resulting from the FSB's recommendations set out in its July 2014 report 'Reforming Major Interest Rate Benchmarks' (the reform). The amendments made provide relief from the potential effects of the uncertainty caused by the reform. A company shall apply the exceptions to all hedging relationships directly affected by interest rate benchmark reform. The amendments are not likely to affect the financial statements of the Company.

- Amendments to IFRS-16- IASB has issued amendments to IFRS 16 (the amendments) to provide practical relief for lessees in accounting for rent concessions. The amendments are effective for periods beginning on or after 1 June 2020, with earlier application permitted. Under the standard's previous requirements, lessees assess whether rent concessions are lease modifications and, if so, apply the specific guidance on accounting for lease modifications. This generally involves remeasuring the lease liability using the revised lease payments and a revised discount rate. In light of the effects of the COVID-19 pandemic, and the fact that many lessees are applying the standard for the first time in their financial statements, the Board has provided an optional practical expedient for lessees. Under the practical expedient, lessees are not required to assess whether eligible rent concessions are lease modifications, and instead are permitted to account for them as if they were not lease modifications. Rent concessions are eligible for the practical expedient if they occur as a direct consequence of the COVID-19 pandemic and if all the following criteria are met:
  - the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
  - any reduction in lease payments affects only payments originally due on or before 30 June 2021; and
  - there is no substantive change to the other terms and conditions of the lease.

- Classification of liabilities as current or non-current (Amendments to IAS 1) effective for the annual period beginning on or after 1 January 2022. These amendments in the standards have been added to further clarify when a liability is classified as current. The standard also amends the aspect of classification of liability as non-current by requiring the assessment of the entity's right at the end of the reporting period to defer the settlement of liability for at least twelve months after the reporting period. An entity shall apply those amendments retrospectively in accordance with IAS 8.

- Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37) effective for the annual period beginning on or after 1 January 2022 amends IAS 1 by mainly adding paragraphs which clarifies what comprise the cost of fulfilling a contract, Cost of fulfilling a contract is relevant when determining whether a contract is onerous. An entity is required to apply the amendments to contracts for which it has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments (the date of initial application). Restatement of comparative information is not required, instead the amendments require an entity to recognize the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings or other component of equity, as appropriate, at the date of initial application.

- Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16) effective for the annual period beginning on or after 1 January 2022. Clarifies that sales proceeds and cost of items produced while bringing an item of property, plant and equipment to the location and condition necessary for it to be capable of operating in the manner intended by management e.g. when testing etc, are recognized in profit or loss in accordance with applicable Standards. The entity measures the cost of those items applying the measurement requirements of IAS 2. The standard also removes the requirement of deducting the net sales proceeds from cost of testing. An entity shall apply those amendments retrospectively, but only to items of property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after the beginning of the earliest period presented in the financial statements in which the entity first applies the amendments. The entity shall recognize the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at the beginning of that earliest period presented.

The following annual improvements to IFRS standards 2018-2020 are effective for annual reporting periods beginning on or after 1 January 2022.

- IFRS 9 – The amendment clarifies that an entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf, when it applies the '10 per cent' test in paragraph B3.3.6 of IFRS 9 in assessing whether to derecognize a financial liability.

- IFRS 16 – The amendment partially amends Illustrative Example 13 accompanying IFRS 16 by excluding the illustration of reimbursement of leasehold improvements by the lessor. The objective of the amendment is to resolve any potential confusion that might arise in lease incentives.

- IAS 41 – The amendment removes the requirement in paragraph 22 of IAS 41 for entities to exclude taxation cash flows when measuring the fair value of a biological asset using a present value technique

2.3 Basis of measurement

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

2.4 Functional and presentation currency

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

2.5 Use of judgments, estimates and assumptions

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

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

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

2.5.2 Recoverable amount of assets / cash generating units and impairment

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

2.5.3 Taxation

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

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

2.5.4 Provisions

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

2.5.5 Stores, spares and loose tools

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

2.5.6 Stock-in-trade

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

2.5.7 Expected credit loss

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

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

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

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

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

2.5.8 Contingencies

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

3 Significant accounting policies

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

3.1 Change in significant accounting policy

The Company has adopted IFRS 16 'Leases' from 01 July 2019 which is effective from the annual periods beginning on or after 01 January 2019 respectively. IFRS 16 replaces existing guidance on accounting for leases, including IAS 17, Leases, IFRIC 4, Determining whether an Arrangement contains a Lease, SIC-15, Operating Leases- Incentive, and SIC-27, Evaluating the Substance of Transactions Involving the Legal Form of a Lease. The details of new significant accounting policy adopted and the nature and effect of the changes from previous accounting policiy is set out below:

3.1.1 IFRS 16 - Leases

The Company has initially applied IFRS 16 from 01 July 2019. IFRS 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognizes a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard i.e. lessors continue to classify leases as finance or operating leases.

Under IFRS 16, a contract is, or contains, a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration.

On transition to IFRS 16, the Company elected to apply practical expedient to assess which transactions are leases. The Company applied IFRS 16 only to contracts that were previously identified as leases. Contracts that were not identified as leases under IAS 17 and IFRIC 4 were not reassessed for whether there is a lease under IFRS 16. Therefore, the definition of a lease under IFRS 16 was applied only to contracts entered into or changed on or after 01 January 2019.

As a lessee

As a lessee, the Company previously classified leases as operating or finance leases based on its assessment of whether the lease transferred substantially all of the risks and rewards of ownership. Under IFRS 16, the Company recognizes right of use assets and lease liabilities for material leases i.e. these leases are on statement of financial position.

The Company presents right-of-use assets in ‘property, plant and equipment’, the same line item as it presents underlying assets of the same nature that it owns.

The Company presents non-current and current portion of related lease liabilities in the statement of financial position considering their due dates for payment.

At commencement or on modification of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of its relative value.

Transition

The Company used the following practical expedients when applying IFRS 16 to leases previously classified as operating leases under IAS 17.

- did not recognize right-of-use assets and liabilities for leases for which the lease term ends within 12 months of the date of initial application;
- did not recognize right-of-use assets and liabilities for leases of low value items;
- Excluded initial direct costs from measuring the right-of-use asset at the date of initial application; and
- Used hindsight when determining the lease term.

Impact of financial statements

The Company has applied IFRS 16 using the modified retrospective approach. On transition to IFRS 16, none of the leases prior to 01 July 2019 have been considered as significant for purpose of application of IFRS 16 and accordingly the application of IFRS 16 has no impact on the opening retained earnings.

3.2 Property, plant and equipment

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses if any with the exception of freehold land and capital work in progress, which are stated at cost less accumulated impairment losses. Cost comprises purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates, and includes other costs directly attributable to the acquisition or construction, erection and installation. Cost in relation to certain property, plant and equipment signifies historical cost and borrowing costs as referred to in note 3.11.

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

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

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

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

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

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

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

Capital work in progress

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

3.3 Intangible assets

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

3.4 Stores, spares and loose tools

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

3.5 Stock-in-trade

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

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

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

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

3.6 Employees benefits

Defined contributions plan

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

Compensated absences

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

3.7 Financial instruments

3.7.1 Recognition and initial measurement

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

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

3.7.2 Classification and subsequent measurement

Financial assets

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

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

Amortized cost

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

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

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

Debt Instrument - FVOCI

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

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

Equity Instrument - FVOCI

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

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

Fair value through profit or loss (FVTPL)

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

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

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss. Investments in mutual funds had been classified as financial assets measured at FVTPL. At reporting date, the Company does not have any investment classified as FVTPL.

Financial assets – Business model assessment:

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

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

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

Financial liabilities

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

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

3.7.3 Derecognition

Financial assets

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

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

Financial liabilities

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

3.7.4 Trade Debts, deposits and other receivables

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

3.7.5 Offsetting

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

3.7.6 Impairment

Financial assets

The Company recognizes loss allowances for ECLs on:

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

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

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

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

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

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

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

Loss allowances for financial assets measured at amortised cost are deducted from the Gross carrying amount of the assets.

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

Non-financial assets

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

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

3.8 Loans and borrowings

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

3.9 Provisions and contingencies

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

3.10 Revenue

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

3.10.1 Sale of goods

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

3.10.2 Dividends

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

3.10.3 Interest income

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

3.10.4 Contract liabilities

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

3.11 Borrowing costs

Borrowing costs those are directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying asset is deducted from the borrowing costs eligible for capitalization. All other borrowing costs are recognized in statement of profit or loss as incurred.

3.12 Taxation

Income tax

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

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

Deferred taxation

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

3.13 Earnings per share (“EPS”)

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

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

3.14 Cash and cash equivalents

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

3.15 Foreign currency transactions and balances

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

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

Foreign currency differences arising on retranslation are generally recognized in statement of profit or loss.

3.16 Dividend to ordinary shareholders

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

3.17 Investment property

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

– use in production or supply of goods or services or for administrative purposes; and

– sale in the ordinary course of business.

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

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

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

		Note	2020 Number of shares	2019 Number of shares	2020 Rupees	2019 Rupees
4	**Share capital**					
	Authorized share capital					
	Ordinary shares of Rs. 10 each		300,000,000	300,000,000	3,000,000,000	3,000,000,000
	Issued, subscribed and paid-up capital					
	Ordinary shares of Rs. 10 each, fully paid-up in cash		20,749,585	20,749,585	207,495,850	207,495,850
	Shares issued for consideration other than cash	4.2	11,230,000	11,230,000	112,300,000	112,300,000
	Fully paid bonus shares		168,881,712	168,881,712	1,688,817,120	1,688,817,120
			200,861,297	200,861,297	2,008,612,970	2,008,612,970

4.1 ANS Capital (Private) Limited, holding company, holds 110,482,320 (2019: 110,482,320) ordinary shares comprising 55% of total paid up share capital of the Company. Kohat Cement Educational Trust, an associated undertaking, holds 152,045 (2019: 152,045), ordinary shares of Rs. 10 each of the Company, Directors and Executives hold 34,387,316 (2019: 34,268,316) and 35,837 (2019: 42,557) respectively, ordinary shares of Rs. 10 each of the Company.

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

4.3 Reconciliation of ordinary shares

	2020 Number of shares	2019 Number of shares	2020 Rupees	2019 Rupees
Balance at 01 July	200,861,297	154,508,690	2,008,612,970	1,545,086,900
Bonus shares issued during the year	–	46,352,607	–	463,526,070
Balance at 30 June	200,861,297	200,861,297	2,008,612,970	2,008,612,970

		Note	2020 Rupees	2019 Rupees
5	**Reserves**			
	Capital reserves			
	- share premium	5.1	49,704,951	49,704,951
	- fair value reserve	5.2	41,314	117,914
	Revenue reserve			
	- general reserves		70,000,000	70,000,000
			119,746,265	119,822,865

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

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

		Note	2020 Rupees	2019 Rupees
6	**Long term financing - secured**			
	Syndicated term finance - WHR (Conventional)			
	Askari Bank Limited	6.1	–	71,052,628
	The Bank of Punjab	6.1	–	71,052,628
			–	142,105,256
	Less: Current maturity		–	(142,105,256)
			–	–
	Term finance - Line-4 (Conventional)			
	The Bank of Punjab	6.2	2,289,949,713	2,106,215,582
	Habib Bank Limited	6.3	1,160,980,816	1,304,867,135
	The Bank of Khyber	6.4	785,714,284	928,571,427
	Askari Bank Limited	6.5	833,837,592	942,598,984
	Samba Bank Limited	6.6	535,714,287	-
			5,606,196,692	5,282,253,128
	Less: Current maturity		(222,875,244)	(862,115,396)
	Less: Transaction cost	6.7	(20,958,540)	(20,207,270)
			5,362,362,908	4,399,930,462
	Term finance - RFWS Scheme			
	Habib Bank Limited	6.8	102,484,312	-
	Less: Current maturity		(25,621,078)	-
			76,863,234	-
			5,439,226,142	4,399,930,462

6.1 This facility was obtained for Waste Heat Recovery Power Plant ("STF WHR") of Rs. 1,600 million by way of Syndicated Term Finance Agreement entered on 20 November 2014 from a consortium of Askari Bank Limited and The Bank of Punjab. Askari Bank Limited was the lead arranger and agent of this facility. Out of total facility, only Rs. 1,350 million were drawn. This facility carried mark-up at three month KIBOR plus a spread of 1.75% per annum, payable quarterly in arrears. This facility has been fully repaid during the year.

6.2 This represents long term finance facility, having approved limit of Rs. 2,850 million, obtained from the Bank of Punjab to finance the construction of cement plant having capacity of 7800 TPD. This facility carries markup at the rate of 3 months KIBOR plus 0.6% per annum and payable quarterly in arrears. This facility is secured by way of first parri passu charge of Rs. 7,600 million over all present and future fixed assets of the Company and personal guarantees of sponsoring directors of the Company. This facility was repayable in 28 equal quarterly installments starting from 24 December 2018. During the year, the Company availed deferment of principal amount under BPRD Circular Letter No. 13 of 2020, dated 26 March 2020, of the State Bank of Pakistan. As per the revised terms, the outstanding principal of Rs. 2,289.95 million is now repayable in 22 equal quarterly installments starting from 24 June 2021 and ending on 24 September 2026.

6.3 This represents long term finance facility, having approved limit of Rs. 1,500 million, obtained from Habib Bank Limited to finance the construction of cement plant having capacity of 7800 TPD. This facility carries markup at the rate of 3 months KIBOR plus 0.65% per annum and payable quarterly in arrears. This facility is secured by way of first pari passu charge of Rs 2,000 million over all present and future fixed assets of the Company and personal guarantees of sponsoring directors of the Company. This facility was repayable in 24 equal quarterly installments starting from 31 March 2019. During the year, the Company availed deferment of principal amount under BPRD Circular Letter No. 13 of 2020, dated 26 March 2020, of the State Bank of Pakistan. As per the revised terms, the outstanding principal of Rs. 1,160.99 million is now repayable in 19 equal quarterly installments starting from 30 June 2021 and ending on 31 December 2025.

6.4 This represents long term finance facility, having approved limit of Rs. 1,000 million, obtained from The Bank of Khyber to finance the construction of cement plant having capacity of 7800 TPD. This facility carries markup at the rate of 3 months KIBOR plus 0.6% per annum and payable quarterly in arrears. This facility is secured by way of first parri passu charge of Rs. 1,334 million over all present and future fixed assets of the Company and personal guarantees of sopnsoring directors of the Company. This facility was repayable in 28 equal quarterly installments starting from 10 January 2019. During the year, the Company availed deferment of principal amount under BPRD Circular Letter No. 13 of 2020, dated 26 March 2020, of the State Bank of Pakistan. As per the revised terms, the outstanding principal of Rs. 785.72 million is now repayable in 22 equal quarterly installments starting from 10 July 2021 and ending on 10 October 2026.

6.5 This represents long term finance facility, having approved limit of Rs. 1,000 million, obtained from Askari Bank Limited to finance the construction of cement plant having capacity of 7800 TPD. This facility carries mark-up at the rate of 3 months KIBOR plus 0.65% per annum and payable quarterly in arrears. This facility is secured by way of first parri passu charge of Rs. 1,334 million over all present and future fixed assets of the Company and personal guarantees of sponsoring directors of the Company. This facility was repayable in 28 equal quarterly installments starting from 22 February 2019. During the year, the Company availed deferment of principal amount under BPRD Circular Letter No. 13 of 2020, dated 26 March 2020, of the State Bank of Pakistan. As per the revised terms, the outstanding principal of Rs. 833.84 million is now repayable in 23 equal quarterly installments starting from 23 May 2021 and ending on 23 November 2026.

6.6 This represents long term finance facility, having approved limit of Rs. 600 million obtained from Samba Bank Limited during the period to finance the construction of cement plant having capacity of 7800 TPD. This facility carries mark up at the rate of 3 months KIBOR plus 1.05% per annum which is payable quarterly in arrears. This facility is secured by way of first parri passu charge of Rs. 800 million over all present and future fixed assets of the Company and personal guarantees of sponsoring directors of the Company. The principal was repayable in 28 equal quarterly installments starting from 30 September 2019. During the year, the Company availed deferment of principal amount under BPRD Circular Letter No. 13 of 2020, dated 26 March 2020, of the State Bank of Pakistan. As per the revised terms, the outstanding principal of Rs. 535.72 million is now repayable in 25 equal quarterly installments starting from 30 June 2021 and ending on 30 June 2027.

		2020 Rupees	2019 Rupees
6.7	**Transaction cost**		
	At the beginning of the year	20,207,270	–
	Incurred during the year	4,732,248	22,525,046
	Amortized during the year	(3,980,978)	(2,317,776)
	At the end of the year	20,958,540	20,207,270

6.8 This represents the long term finance facility obtained by the Company from Habib Bank Limited, having approved limit of Rs. 195 million. This facility has been offered by State Bank of Pakistan to support businesses to continue payment of wages and salaries to their workers and employees in the aftermath of the COVID-19 outbreak called the Refinance Scheme for the Payment of Wages and Salaries (RFWS). This facility carries markup at the rate of SBP rate + 3% and is repayable in 8 equal quarterly installments starting from 01 January 2021. This facility is secured against first parri passu charge over all present and future fixed assets of the Company with 25% margin.

6.9 Pursuant to deferment of term finance loans from various commercial banks as explained in notes from 6.2 to 6.6 above, the Company is required to comply with certain conditions imposed by the providers of finance to make dividend payment.

		Note	2020 Rupees	2019 Rupees
7	**Long term deposits and retention money**			
	Long term deposits	7.1	2,036,100	2,036,100
	Retention money - at amortised cost	7.2	–	104,857,705
			2,036,100	106,893,805

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

		2020 Rupees	2019 Rupees
7.2	**Retention money - at amortised cost**		
	Retention money	128,657,206	128,657,206
	Present value adjustment	(8,479,790)	(23,799,501)
		120,177,416	104,857,705
	Less: Current portion of liability	(120,177,416)	–
		–	104,857,705

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

	Note	2020 Opening balance	2020 Charge / (reversal) in statement of profit or loss	2020 Closing balance
		Rupees		
8 Deferred liabilities				
8.1 Deferred taxation				
Taxable / (deductible) temporary difference				
Accelerated tax depreciation		1,599,959,654	1,670,519,869	3,270,479,523
Unrealized loss on investments in mutual funds		236,231	(236,231)	–
Unused tax losses	8.1.1	–	(1,802,837,608)	(1,802,837,608)
Provision for loss allowance for trade debts		(3,951,486)	(2,442,629)	(6,394,115)
		1,596,244,399	(134,996,599)	1,461,247,800

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

8.1.1 This represents deferred tax asset on unused tax losses amounting to Rs. 6,217 million (2019: Rs. nil) recognised on the basis of future expected taxable profits. This relates to depreciation losses that are available for adjustment for indefinite period in accordance with the provisions of Income Tax Ordinance, 2001.

	2020 Rupees	2019 Rupees
8.2 Compensated absences		
At beginning of the year	15,256,864	16,495,508
Charge for the year	8,895,107	897,978
Less: Payments made during the year	(2,910,615)	(2,136,622)
Closing balance	21,241,356	15,256,864

		Note	2020 Rupees	2019 Rupees
9	**Trade and other payables**			
	Trade creditors - local		724,716,328	257,486,897
	Trade creditors - imports		366,584,643	26,502,151
	Contractors' bills payable		187,147,806	344,779,736
	Accrued liabilities		235,383,171	304,745,017
	Payable to Workers' Profit Participation Fund	9.1	1,349,151,588	1,349,151,588
	Payable to Workers' Welfare Fund	9.2	–	73,661,979
	Payable to Provident Fund Trust		3,627,351	2,987,471
			2,866,610,886	2,359,314,839
	Payable to Government on account of:			
	Income Tax deducted at source		11,177,272	8,293,619
	Federal Excise Duty		512,098,004	246,230,224
	Sales Tax Payable		193,450,230	–
	Royalty and Excise Duty		80,530,131	68,758,783
			797,255,637	323,282,626
	Retention money payable	9.3	361,728,116	857,470,136
	Security deposits		4,629,192	4,549,192
	Other payables		262,981,564	255,842,654
			629,338,872	1,117,861,982
			4,293,205,395	3,800,459,447

		Note	2020 Rupees	2019 Rupees
9.1	**Workers' Profit Participation Fund ("WPPF")**			
	At beginning of the year		1,349,151,588	1,231,797,198
	Allocation for the year	31	–	197,354,390
	Less: Paid during the year		–	(80,000,000)
	At end of the year	9.1.1	1,349,151,588	1,349,151,588

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

		Note	2020 Rupees	2019 Rupees
9.2	**Workers' Welfare Fund**			
	At beginning of the year		73,661,979	74,902,288
	(Reversal) / allocation for the year	31	(838,217)	73,661,979
	Less: Paid during the year		(72,823,762)	(74,902,288)
	At end of the year		–	73,661,979

9.3 This represents retention money withheld from contractors and are repayable after satisfactory completion of contracts. It includes Rs. 91.79 million (2019: 742.44 million) equivalent to USD 0.54 million (2019: USD 4.51 million).

		Note	2020 Rupees	2019 Rupees
10	**Contract liability**			
	Advance from customers	10.1	126,582,689	99,319,101

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

		Note	2020 Rupees	2019 Rupees
11	**Dividend payable**			
	Dividend withheld on account of:			
	- court order	11.1	20,972,124	20,972,124
	- non provision of CNIC		8,597,453	8,597,454
	- non provision of Bank details		9,027,797	6,164,757
			38,597,374	35,734,335

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

		Note	Limit (Rupees in million)	2020 Rupees	2019 Rupees
12	**Short term borrowings - secured**				
	Mark-up based borrowings from conventional banks:				
	Export refinances	12.1	598	308,000,000	243,000,000
	Finance against trust receipts	12.2	2,050	993,609,100	–
				1,301,609,100	243,000,000

12.1 These facilities are available from different commercial banks, under mark-up arrangement carrying mark-up at SBP export refinance rate plus 1.00% (2019: SBP export refinance rate plus 0.25% - 0.50%) per annum and are available for a period of 180 days and can be rolled over for a further period of 180 days.

12.2 These facilities are available as sub limit of letters of credit from different commercial banks amounting to Rs. 2,050 million (2019: Rs. 2,250 million) and carry mark up at 3 months KIBOR plus 0.75% ~ 1.5% (2019: 3 months KIBOR plus 1%) per annum.

12.3 The Company has aggregate facilities of Rs. 3,800 million (2019: Rs. 2,940 million) for opening of letters of credit and Rs. 238.73 million (2019: Rs. 128.73 million) for bank guarantees. The amount utilized as at 30 June 2020 amount to Rs. 377.59 million (2019: Rs. 153.74 million) and Rs. 235.63 million (2019: Rs. 125.61 million) respectively.

12.4 All the above short term finance facilities are secured by way of first pari passu hypothecation charge of Rs. 4152 million (2019: Rs. 2,935.67 million) on present and future current assets of the Company.

		2020 Rupees	2019 Rupees
13	**Mark-up accrued on borrowings**		
	Mark-up based borrowings:		
	Long term financing - secured	177,894,903	101,586,083
	Short term borrowings - secured	30,871,853	1,243,295
		208,766,756	102,829,378

14 Contingencies and commitments

14.1 Contingencies

14.1.1 The State Cement Corporation of Pakistan (Private) Limited, previous sole owner of the Company, raised a claim of Rs. 5.64 million (2019: Rs. 5.64 million) against the Company on account of interim dividend pertaining to year ended 30 June 1993 declared by previous Board of Directors. The subsequent Board of Directors rescinded the declaration of interim dividend on various grounds. The matter is pending before Honorable Lahore High Court.

14.1.2 Current management of the Company filed a claim before Secretary Finance, Government of Pakistan for recovery of Rs. 14.10 million (2019: Rs. 14.10 million) being interim dividend pertaining to year ended 30 June 1992 paid by previous management of the Company to State Cement Corporation of Pakistan (Private) Limited ("SCCPL") and misuse of plant by previous management. Later, Board of Directors of the Company rescinded the aforesaid dividend which was ratified and confirmed by members of the Company at Annual General Meeting. Consequently, the Company withheld aforesaid interim dividend amounting to Rs. 14.10 million (2019: Rs. 14.10 million) from the interim dividend payable to SCCPL declared by the Company pertaining to period ended 31 December 1994. Intimations had been made to SCCPL and Securities and Exchange Commission of Pakistan ("SECP"). This amount has been withheld on legal advice obtained from corporate lawyers. Currently the matter is pending for arbitration with Secretary of Finance, Government of Pakistan.

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

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

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

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

14.1.5 The Tax Department, after conducting Sales Tax and Federal Excise Duty audit of the Company for tax year 2009 passed an order dated 20 April 2012 disallowing zero rating on exports and input tax claims, levying additional tax and penalty amounting to Rs. 12.72 million and Rs. 14.02 million under provisions of Sales Tax and Federal Excise Laws respectively. The Company filed appeal before CIR(A) along with a Writ Petition (WP) before the Honourable Lahore High Court (LHC) against the above mentioned order. The aforesaid appeal and WP were decided in favour of the Company and thus assailed by the tax department at respective forums i.e. through filing of appeal before the ATIR on 04 April 2013 and through filing of an Intra Court Appeal (ICA) before the the Honourable LHC. The ICA has been decided in favour of the Department and hence the matter was left to be decided by ATIR. Before the decision of matter, an amount of Rs. 14.80 million was deposited by the Company under Amnesty Scheme announced vide SRO 548(I)/2012 dated 22 May 2012. During the year, the matter has been decided in favour of the Company by ATIR and the Company has not received any notice of appeal by the department at any forum.

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

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

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

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

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

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

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

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

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

14.1.15 The Deputy Commissioner Inland Revenue (DCIR) passed an order U/S 11(2) of the Sales Tax Act, 1990 (STA, 1990), dated November 13, 2015, whereby Input Sales Tax claim of the Company for the months of February 2012 to June 2012, to the tune of Rs. 1.66 million was disallowed and default surcharge of Rs. 0.08 million was imposed. The DCIR was of the view that the aforesaid Input Sales Tax remained unpaid by the suppliers of the Company and hence the Input Claim of the same can't be admissible. The order passed by DCIR has been challenged by the Company on various legal and factual grounds before the Commissioner Inland Revenue (Appeals) who decided the case in favour of the Company which is contested by Inland Revenue Department before the Appellate Tribunal Inland Revenue on 18 June 2019 which is pending adjudication.

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

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

14.1.18 The Tax Department, while disposing off contravention report of senior auditor created a sales tax demand of Rs. 9.18 million along with default surcharge of Rs. 3.72 million on account of alleged inadmissible adjustment of input sales tax of Rs. 9.18 million in contravention of SRO 389(I)/2006 dated 27 April 2006. CIR(A) turned down appeal filed by the Company against the impugned order regarding which the Company filed an appeal before ATIR which was decided in favour of the Company. However, against the said order, Tax Department filed an appeal before the Honourable Peshawar High Court (PHC). PHC remanded the case back to ATIR which is decided by the ATIR in favour of Company. However, the said favourable decision of ATIR has been called by it on a miscellaneous application filed by the Department before ATIR on 15 June 2017. During the year, the matter has been decided in favour of the Company by ATIR and the Company has not received any notice of appeal by the department at any forum. Nevertheless, the Company has deposited the principal amount of Rs. 9.18 million under protest.

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

14.1.20 The Additional Commissioner Inland Revenue (Addl. CIR) amended the assessment of Company twice for the Tax Year 2016 under the provisions of Section 122(5A) of the Income Tax Ordinance, 2001 (ITO, 2001). The amendments of assessment was made by the Additional CIR vide two separate orders which resulted into an aggregate tax demand of Rs. 210.69 million. The orders of the Additional CIR have been agitated by Company before the Commissioner Inland Revenue (Appeals) [CIR(A)] through filing two separate appeals, one of which involving tax demand of Rs. 5.96 million has been decided against the Company by the CIR(A) and the Appellate Tribunal Inland Revenue for which a reference application is filed before the the Honourable Lahore High Court which is pending adjudication. Demand to the tune of Rs. 204.73 million created vide the other order of the Additional CIR has been curtailed to Rs. 100.31 million by the CIR(A) for which Company has filed an appeal before the ATIR on 27 December 2018 which is pending adjudication; however the said demand has been stayed by the Honourable Lahore High Court.

14.1.21 During the year, the Deputy Commissioner Inland Revenue (DCIR) raised a demand of Rs. 11.08 million (including penalty of Rs. 0.528 million) under section 11(2) of the Sales Tax Act 1990 alleging that input sales tax to the tune of Rs. 10.55 million (for the months falling in June 2015 to December 2017) was claimed violating the provisions of section 8(1)(b) of the Sales Tax Act 1990. The Company has challenged disallowance of input tax before Commissioner Inland Revenue (Appeals) [CIR(A)] pleading that the input sales tax belongs to goods used by the Company for making taxable supplies. The appeal is pending adjudication.

14.1.22 During the year, the Additional Commissioner Inland Revenue (ACIR) amended the assessments for Tax Years 2014, 2016 and 2018 whereby claim of depreciation and initial allowance was curtailed by reducing the cost of depreciable assets for the purposes of depreciation to the extent of tax credits claimed under section 65B of the Income Tax Ordinance, 2001 on such assets and created a tax demand of Rs. 20.71 million, Rs. 64.9 million and Rs. 10.09 million respectively. The treatment meted out by the ACIR for the aforesaid Tax Years has been agitated by the Company before CIR (A) which is pending adjudication.

14.1.23 In 2019, the Mines and Minerals Department, Khyber Pakhtunkhwa has issued notices to the Company for recovery of Annual Rent from the Year 2009 to 2019 under the Mineral Sector Governance Act, 2017 amounting to Rs. 10.42 million. The aforesaid notices have been challenged by Company before the Honourable Peshawar High Court on 06 August 2019 through filing a Writ Petition on various grounds, which is pending adjudication.

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

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

14.1.25 Guarantees issued by Commercial Banks on behalf of the Company amounting to Rs. 118.730 million, Rs. 110 million, Rs. 6 million and Rs. 0.9 million (2019: Rs. 118.730 million, Rs. nil, Rs. 6 million and Rs. 0.9 million) in favour of SNGPL, PESCO, Frontier Works Organisation and CSF railway respectively in accordance with the terms of agreement.

		Note	2020 Rupees	2019 Rupees
14.2	**Commitments**			
	In respect of letters of credit for:			
	- stores and spares		331,251,083	47,138,291
15	**Property, plant and equipment**			
	Operating fixed assets	15.1	22,613,088,249	8,008,186,210
	Capital work in progress	15.5	164,578,022	13,865,772,369
			22,777,666,271	21,873,958,579

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2020

15.1 Operating fixed assets

		Cost					Depreciation				
		As at 01 July 2019	Additions/ transfers	Disposals	As at 30 June 2020	Depreciation Rate	As at 01 July 2019	For the year	Disposals	As at 30 June 2020	Net book value as at 30 June 2020
		Rupees							Rupees		
Freehold land	*	42,509,358	154,688,800	–	197,198,158	–	–	–	–	–	197,198,158
Factory buildings	*	1,028,703,404	334,942,746	–	1,363,646,150	4% - 5%	429,034,092	43,193,175	–	472,227,267	891,418,883
Office and other building	*	56,651,884	–	–	56,651,884	5%	25,051,099	1,580,039	–	26,631,138	30,020,746
Housing colony	*	225,928,334	–	–	225,928,334	5%	46,375,084	8,977,666	–	55,352,750	170,575,584
Plant - Civil structures	*	2,377,479,072	3,962,475,970	–	6,339,955,042	4% - 5%	1,038,513,812	213,458,027	–	1,251,971,839	5,087,983,203
Plant - Machinery and equipment	*	9,187,159,397	10,874,270,582	(8,599,123)	20,052,830,856	2.5% - 5% / units of production	3,681,650,012	468,557,499	(3,009,318)	4,147,198,193	15,905,632,663
		–	–	–	–		–	–	–	–	–
		–	–	–	–		–	–	–	–	–
Storage tanks and pipelines	*	30,148,252	-	–	30,148,252	10%	24,344,672	580,358	–	24,925,030	5,223,222
Power installations	*	134,459,339	–	–	134,459,339	10%	98,028,080	3,643,126	–	101,671,206	32,788,133
Furniture, fixtures and other office equipment		124,697,189	14,831,224	–	139,528,413	10%	46,294,732	8,874,650	–	55,169,382	84,359,031
Computer and printers		42,855,615	3,214,965	(1,716,438)	44,354,142	30%	31,222,231	3,906,594	(1,624,344)	33,504,481	10,849,661
Weighing scale	*	9,510,727	20,188,599	–	29,699,326	10%	4,346,075	1,505,119	–	5,851,194	23,848,132
Light vehicles		293,046,652	40,632,370	(8,429,674)	325,249,348	20%	146,549,745	36,636,294	(4,990,665)	178,195,374	147,053,974
Heavy vehicles		18,824,516	–	–	18,824,516	20%	12,515,854	1,261,733	–	13,777,587	5,046,929
Railway sidings	*	9,853,476	–	–	9,853,476	5%	8,292,254	78,061	–	8,370,315	1,483,161
Laboratory equipment	*	47,433,876	3,050,272	–	50,484,148	10%	28,863,349	2,019,619	–	30,882,968	19,601,180
Library books		94,217	–	–	94,217	10%	88,007	621	–	88,628	5,589
2020		13,629,355,308	15,408,295,528	(18,745,235)	29,018,905,601		5,621,169,098	794,272,581	(9,624,327)	6,405,817,352	22,613,088,249

		Cost					Depreciation				
		As at 01 July 2018	Additions/ transfers	Disposals/ Adjustment/ transfer	As at 30 June 2019	Depreciation Rate	As at 01 July 2018	For the year	Disposals/ Adjustment/ transfer	As at 30 June 2019	Net book value as at 30 June 2019
		Rupees							Rupees		
Freehold land	*	42,509,358	–	–	42,509,358	–	–	–	–	–	42,509,358
Factory buildings	*	979,482,294	49,221,110	–	1,028,703,404	4% - 5%	395,974,297	33,059,795	–	429,034,092	599,669,312
Office and other building	*	53,174,329	3,477,555	–	56,651,884	5%	23,494,667	1,556,432	–	25,051,099	31,600,785
Housing colony	*	164,709,546	61,218,788	–	225,928,334	5%	39,440,986	6,934,098	–	46,375,084	179,553,250
Plant - Civil structures	*	2,222,893,057	154,586,015	–	2,377,479,072	4% - 5%	931,289,147	107,224,665	–	1,038,513,812	1,338,965,260
Plant - Machinery and equipment	*	8,886,205,914	354,296,646	(12,558,546)	9,187,159,397	2.5% - 5% / units of production	3,305,739,017	382,765,023	(6,125,453)	3,681,650,012	5,505,509,385
		–	–	(20,632,629)	–		–	–	(728,575)	–	–
		–	–	(20,151,988)	–		–	–	–	–	–
Storage tanks and pipelines	*	30,148,252	–	–	30,148,252	10%	23,699,829	644,843	–	24,344,672	5,803,580
Power installations	*	132,359,339	2,100,000	–	134,459,339	10%	94,194,051	3,834,029	–	98,028,080	36,431,259
Furniture, fixtures and other office equipment		98,734,127	25,963,062	–	124,697,189	10%	39,725,719	6,569,013	–	46,294,732	78,402,457
Computer and printers		36,836,421	6,019,194	–	42,855,615	30%	27,460,286	3,761,945	–	31,222,231	11,633,384
Weighing scale	*	5,860,727	3,650,000	–	9,510,727	10%	4,143,984	202,091	–	4,346,075	5,164,652
Light vehicles		280,020,948	17,275,759	(4,250,055)	293,046,652	20%	114,276,429	35,027,207	(2,753,891)	146,549,745	146,496,907
Heavy vehicles		14,916,910	3,907,606	–	18,824,516	20%	11,101,505	1,414,349	–	12,515,854	6,308,662
Railway sidings	*	9,853,476	–	–	9,853,476	5%	8,210,085	82,169	–	8,292,254	1,561,222
Laboratory equipment	*	53,993,450	42,988	(6,602,562)	47,433,876	10%	32,933,957	2,104,763	(6,175,371)	28,863,349	18,570,527
Library books		94,217	–	–	94,217	10%	87,319	688	–	88,007	6,210
2019		13,011,792,365	681,758,723	(64,195,780)	13,629,355,308		5,051,771,278	585,181,110	(15,783,290)	5,621,169,098	8,008,186,210

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2020

15.2 * Factory buildings, plant civil structure, housing colony, plant, machinery and equipment, storage tanks and pipelines, power installations, weighing scale, railway sidings and laboratory equipments are located at freehold land measuring 1,775 kanals and 6 marlas located at Mouza Togh Bala Babri Banda, District Kohat. Office land and building is located at land measuring 2 kanal and 8 marlas located at 36-37 P, Gulberg II, Lahore.

		Note	2020 Rupees	2019 Rupees
15.3	Depreciation charge for the year has been allocated as follows:			
	Cost of goods sold	27	787,645,309	577,977,792
	Selling and distribution expenses	28	1,966,023	2,309,594
	Administrative and general expenses	29	4,661,249	4,893,724
			794,272,581	585,181,110

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

Particulars of assets	Cost	Accumulated depreciation	Net book value	Sale value	Gain/(loss) on disposal	Mode of disposal	Particulars of buyers	Relationship with buyer
	2020							
	Rupees							
Plant and Machinery	8,599,123	3,009,318	5,589,805	–	(5,589,805)	Retired from use	N/A	N/A
Computer and Printers	1,716,438	1,624,344	92,094	43,360	(48,734)	Negotiation	Muhammad Sohail	Third party
Light vehicles								
Toyota Fortuner	5,270,352	3,389,853	1,880,499	4,500,000	2,619,501	Negotiation	Toyota Walton Motors	Third party
Suzuki Cultus	641,422	590,854	50,568	500,000	449,432	Insurance claim	EFU General Insurance	Third party
Honda Civic	2,517,900	1,009,957	1,507,942	2,860,000	1,352,058	Negotiation	Everest Ag (Private) Ltd	Third party
	8,429,674	4,990,664	3,439,009	7,860,000	4,420,991			
2020	18,745,235	9,624,327	9,120,908	7,903,360	(1,217,548)			
2019	23,411,163	15,054,715	8,356,448	3,985,264	(4,371,184)			

		Note	2020 Rupees	2019 Rupees
15.5	**Capital work in progress**			
	Opening balance		13,865,772,369	1,153,040,980
	Additions during the year		1,449,873,688	13,264,278,060
	Transfers to property, plant and equipment	15.6	(15,151,068,035)	(551,546,671)
	Closing balance	15.7	164,578,022	13,865,772,369

15.6 This includes loss amounting to Rs. 55.79 million (2019: Rs. Nil) on sales made during test run period relating to Line IV project capitalized during the year. Sales and cost of sales related to test run period have been disclosed in note 26 and 27 of these financial statements respectively. Further, this also includes finance cost amounting to Rs. 888.49 million (2019: Rs. Nil) relating to borrowing acquired for Line IV project.

	Note	2020 Rupees	2019 Rupees
15.7 The breakup of closing balance is as follows			
Plant and machinery		21,150,816	9,474,873,924
Civil works		143,427,206	3,962,955,388
Borrowing cost		–	392,135,578
Advances to contractors / suppliers		–	35,807,479
		164,578,022	13,865,772,369
16 Intangible assets			
Opening balance		13,878,685	15,259,395
Additions during the year		2,140,000	2,806,242
Less: Amortization for the year	29	(4,807,703)	(4,186,952)
Closing balance		11,210,982	13,878,685
Cost		29,042,040	26,902,035
Less: Accumulated amortization		(17,831,058)	(13,023,350)
		11,210,982	13,878,685

	2020 (Percentage)	2019 (Percentage)
Amortization rate	20%	20%

	Note	2020 Rupees	2019 Rupees
17 Long term loans and advances			
Loans to employees - secured, considered good		–	245,654
Less: Receivable within one year	24.1	–	(54,769)
		–	190,885
Advance against purchase of land		–	90,412,600
		–	90,603,485

18 Long term deposits

This mainly represents security deposit with Peshawar Electric Supply Company.

	Note	2020 Rupees	2019 Rupees
19 Investment property			
Balance at the beginning of the year		3,691,839,635	3,655,622,685
Additions during the year		–	36,216,950
	19.1	3,691,839,635	3,691,839,635

19.1 Investment property comprises of land that are held for capital appreciation. The approximate market value of investment property is Rs. 5,733.54 million (2019: Rs. 5,420.92 million) and aggregate forced sale value of Rs. 4,864.23 million (2019: Rs. 4,607.78 million) based on valuation conducted by a professional valuer. The Company owns investment properties measuring 1011.72 kanals (2019: 1011.72 kanals) located at different locations in District Lahore.

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

		Note	2020 Rupees	2019 Rupees
20	**Stores, spares and loose tools**			
	Stores	20.1	992,974,383	299,623,915
	Spares		1,215,887,012	1,077,087,821
	Loose tools		41,295,042	34,216,053
			2,250,156,437	1,410,927,789

20.1 These include stores in transit amounting to Rs. 519.4 million (2019: Rs. 50.03 million).

		Note	2020 Rupees	2019 Rupees
21	**Stock-in-trade**			
	Raw materials		6,980,341	4,820,140
	Packing materials		98,172,432	30,961,693
	Work in process		664,762,089	592,673,300
	Finished goods		246,109,361	80,776,779
			1,016,024,223	709,231,912
22	**Trade debts**			
	Trade debts - unsecured, considered good		517,295,077	728,250,425
	Provision for loss allowance against trade debts	22.1	(22,979,871)	(14,189,922)
			494,315,206	714,060,503
	22.1 Movement in provision for loss allowance against trade debts:			
	Balance as of July 01		14,189,922	–
	Provision during the year		8,789,949	14,189,922
	Closing balance as at 30 June		22,979,871	14,189,922

		Note	2020 Rupees	2019 Rupees
23	**Short term investments**			
	FVOCI - listed equity securities			
	Gharibwal Cement Limited			
	Cost		89,286	89,286
	Accumulated fair value gain	23.1	236,314	117,914
			325,600	207,200
	FVOCI - debt instrument			
	Term Finance Certificates	23.2	49,805,000	50,000,000
	FVTPL			
	Income Mutual Funds - Shariah compliant		–	575,426,241
	Money Market Mutual Funds		–	1,071,505,339
			–	1,646,931,580
	Amortised cost - debt instrument			
	Investment in term deposit receipts			
	- Shariah compliant	23.3	110,000,000	250,000,000
			160,130,600	1,947,138,780

		Note	2020 Rupees	2019 Rupees
23.1	**Gharibwal Cement Limited**			
	20,000 (2019: 20,000) fully paid ordinary shares of Rs. 10 each			
	Fair value changes			
	At beginning of the year		117,914	329,114
	Fair value gain / (loss) for the year		118,400	(211,200)
			236,314	117,914
23.2	**Habib Bank Limited**			
	Term Finance Certificates	23.2.1	50,000,000	50,000,000
	Fair value changes			
	At beginning of the year		–	–
	Fair value loss for the year		(195,000)	–
			49,805,000	50,000,000

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

23.3 This carries mark-up at rate of 6.5% per annum and have a maturity date till 4 July 2020.

		Note	2020 Rupees	2019 Rupees
24	**Advances, deposits, prepayments and other receivables**			
	Advances - unsecured, considered good			
	- to employees	24.1	3,991,689	2,931,078
	- to suppliers		105,048,222	77,075,726
	- to contractors		5,399,265	9,847,611
			114,439,176	89,854,415
	Income tax paid under protest	14.1.6	5,000,000	5,000,000
	Sales tax, Federal Excise Duty and Customs Duty paid under protest	24.2	105,851,454	105,851,454
	Sales tax - net (including advance sales tax)		–	32,312,947
	Letter of credit / guarantee margin		6,411,500	13,304,300
	Prepayments		17,787,103	13,728,244
	Security deposits		93,937,112	95,362,112
	Accrued interest on bank deposits		614,082	481,233
	Duty drawback claims receivable on export sales		3,963,410	13,938,478
	Other advances and receivables		77,387,389	21,184,164
			425,391,226	391,017,347

24.1 Advances to Company's employees

	Note	2020 Rupees	2019 Rupees
Current maturity of long term loans to employees	17	–	54,769
Advances to employees against salary		2,434,481	2,444,609
Advances to employees against expenses		1,557,208	431,700
		3,991,689	2,931,078

24.2 This includes sales tax, federal excise duty and custom duty paid to the relevant departments under protest, as referred to in notes 14.1.5, 14.1.18, 14.1.10, 14.1.16 and 14.1.8.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2020

		Note	2020 Rupees	2019 Rupees
25	**Cash and bank balances**			
	Cash in hand		592,380	647,296
	Cash at bank			
	- current accounts			
	Deposits with conventional banks		311,079,575	160,242,501
	Deposits with Islamic banks		2,152,763	7,153,018
			313,232,338	167,395,519
	- saving accounts	25.1		
	Deposits with conventional banks		358,893,640	200,819,766
	Deposits with Islamic banks		218,887,729	65,023,442
			577,781,369	265,843,208
			891,606,087	433,886,023

25.1 These carry return at 4.5% to 12% (2019: 4.42% to 11.78%) per annum.

		Note	2020 Rupees	2019 Rupees
26	**Sales - net**			
	Gross Sales			
	Local		19,307,319,411	22,175,710,169
	Export		600,406,978	706,373,183
			19,907,726,389	22,882,083,352
	Less: Sales tax		(3,304,788,672)	(3,702,082,792)
	Federal Excise Duty		(4,448,818,260)	(3,353,748,705)
	Discount / rebate / commission		(296,636,409)	(180,603,143)
			(8,050,243,341)	(7,236,434,640)
			11,857,483,048	15,645,648,712
	Less: Sales during test runs - capitalised during the period - net	15.6	(557,242,508)	–
			11,300,240,540	15,645,648,712

26.1 Disaggregation of revenue

26.1.1 Type of customers - Gross sales

		2020 Rupees	2019 Rupees
	Contracts with government customers	469,132,911	797,978,879
	Contracts with non government customers	19,438,593,478	22,084,104,473
		19,907,726,389	22,882,083,352

26.1.2 During the year the Company has recognised revenue amounting to Rs. 99.32 million out of contract liability as at 01 July 2019.

26.1.3 All export sales are made to Afghanistan.

		Note	2020 Rupees	2019 Rupees
27	**Cost of sales**			
	Raw materials consumed		744,257,713	736,418,010
	Packing materials consumed		1,145,245,744	1,132,282,259
	Power and fuel		2,893,882,670	2,237,257,542
	Coal and gas		5,225,358,510	5,562,535,847
	Stores and spares consumed		408,616,138	463,284,528
	Salaries, wages and other benefits	27.1	424,875,014	453,634,581
	Royalty and excise duty	27.2	202,178,059	216,920,844
	Rent, rates and taxes		20,117,534	25,151,494
	Repairs and maintenance		99,521,010	118,681,388
	Insurance		39,283,711	38,020,686
	Depreciation	15.3	787,645,309	577,977,792
	Loading and freight charges		65,722,065	32,934,863
	Other expenses		144,704,718	156,681,201
			12,201,408,195	11,751,781,035
	Work in process			
	At beginning of the year		592,673,300	491,773,853
	At end of the year		(664,762,089)	(592,673,300)
			12,129,319,406	11,650,881,588
	Finished goods			
	At beginning of the year		80,776,779	92,067,529
	At end of the year		(246,109,361)	(80,776,779)
			11,963,986,824	11,662,172,338
	Less: Cost attributable to own cement consumption		(26,397,160)	(189,669,959)
	Less: Cost pertaining to test run sales - capitalised during the period	15.6	(613,028,812)	–
			11,324,560,852	11,472,502,379

27.1 Salaries, wages and other benefits include Rs. 12.28 million (2019: Rs. 9.34 million) and Rs. 6.19 million (2019: Rs. 0.63 million) in respect of provident fund contributions and compensated absences, respectively.

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2020

		Note	2020 Rupees	2019 Rupees
28	**Selling and distribution expenses**			
	Salaries, wages and other benefits	28.1	44,871,216	55,229,708
	Vehicle running		2,078,526	2,530,970
	Travelling and conveyance		1,603,158	1,689,792
	Printing and Stationary		364,134	369,218
	Postage, telephone and telegrams		1,433,938	1,225,180
	Entertainment		2,292,812	1,941,584
	Rent, rates and taxes		4,825,886	3,468,483
	Electricity, water and gas		444,210	463,092
	Sales promotion		3,348,596	14,406,917
	Depreciation	15.3	1,966,023	2,309,594
	Miscellaneous		1,031,935	1,707,015
			64,260,434	85,341,553

28.1 Salaries, wages and other benefits include Rs. 1.49 million (2019: Rs. 1.36 million) and Rs. 0.77 million (2019: Rs. 0.079 million) in respect of provident fund contributions and compensated absences, respectively.

		Note	2020 Rupees	2019 Rupees
29	**Administrative and general expenses**			
	Salaries, wages and other benefits	29.1	182,884,912	185,343,013
	Vehicle running		2,773,768	2,901,360
	Travelling and conveyance		1,582,020	1,458,891
	Printing and stationary		3,712,724	2,757,952
	Legal and professional		14,023,187	15,829,769
	Postage, telephone and telegrams		5,034,688	4,730,754
	Repairs and maintenance		2,735,372	15,223,573
	Rent, rates and taxes		5,327,842	4,762,296
	Electricity, water and gas		4,462,100	4,413,243
	Entertainment		2,776,688	3,070,619
	Auditors' remuneration and fee for other services	29.2	2,367,500	1,645,000
	Depreciation	15.3	4,661,249	4,893,724
	Amortization		4,807,703	4,186,952
	Advertisement		196,603	1,021,439
	Miscellaneous		1,381,247	1,925,205
			238,727,603	254,163,790

29.1 Salaries, wages and other benefits include Rs. 5.28 million (2019: Rs. 4.51 million) and Rs. 1.94 million (2019: Rs. 0.187 million) in respect of provident fund contributions and compensated absences, respectively.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2020

		Note	2020 Rupees	2019 Rupees
29.2	**Auditors' remuneration and fee for other services**			
	Statutory audit		1,417,500	1,225,000
	Half year review		157,500	157,500
	Tax consultancy		792,500	262,500
			2,367,500	1,645,000
30	**Other income**			
	Income from financial assets - Conventional:			
	Interest on bank deposits and investments		6,861,920	6,288,353
	Realized gain on investments at FVTPL		7,232,384	22,094
	Foreign currency exchange gain - net		31,085,812	–
	Interest on employees' loans		8,577	3,565
	Income from financial assets - Shariah compliant:			
	Profit on bank deposits and investments		33,583,423	244,900,419
	Net change in fair value of financial assets at FVTPL		–	(38,568,137)
	Realized gain on investment at FVTPL		43,812,866	27,566,803
	Dividend received from investment in mutual funds		59,118,446	77,141,994
			181,703,428	317,355,091
	Income from non-financial assets			
	Income from sale of scrap		13,707,412	5,753,108
	Miscellaneous income		741,272	998,163
	Liabilities no longer payable written back		–	24,513,945
			14,448,684	31,265,216
			196,152,112	348,620,307
31	**Other expenses**			
	Workers' Profit Participation Fund	9.1	–	197,354,390
	Workers' Welfare Fund	9.2	(838,217)	73,661,979
	Donations	31.1	7,287,250	6,000,000
	Exchange loss - net		–	164,547,280
	Provision for loss allowance against trade debts		8,789,949	14,189,922
	Loss on disposal / retirement of property, plant and equipment	15.4	1,217,548	4,371,184
			16,456,530	460,124,755

31.1 It includes donations paid to Al-Khidmat Foundation Pakistan, Akhuwat Foundation and Namal Education Foundation of Rs. 4.36 million, Rs. 1.44 million and Rs. 1.05 million respectively. None of the Directors of the Company or any of their spouse have any interest in donee's fund.

		Note	2020 Rupees	2019 Rupees
32	**Finance cost**			
	Mark-up on conventional finances:			
	Short term borrowings- secured		67,406,429	4,051,889
	Long term finances-secured	32.1	325,804,346	30,116,827
			393,210,775	34,168,716
	Bank charges, commission and others		10,027,749	11,896,385
	Unwinding of long term retention money		6,463,659	–
			409,702,183	46,065,101

32.1 Finance cost amounting to Rs. 496.36 million (2019: Rs. 392.13 million) relating to Line IV project has been capitalized.

		2020 Rupees	2019 Rupees
33	**Taxation**		
	for the year		
	- Current	21,417,348	1,111,099,479
	- Deferred	(134,996,599)	96,316,072
		(113,579,251)	1,207,415,551

33.1 Since there is no taxable income during the year, therefore, the Company is liable to pay minimum tax of Rs. 173.31 million under section 113 of Income Tax Ordinance, 2001. This minimum tax is in the nature of advance tax and the Company expects sufficient taxable profits to be available in future for adjustment against future tax liability in terms of section 113 (1) (c) of the Income Tax Ordinance 2001.

		2020 Rupees	2019 Rupees
33.2	**Relationship between tax expense and accounting profit**		
	(Loss) / profit before taxation	(557,314,949)	3,676,071,441
	Tax calculated at the rate of 29.00%	(161,621,335)	1,066,060,718
	Tax effect of:		
	- income under Final Tax Regime / separate block of income	21,832,341	(30,608,235)
	- super tax	–	74,310,406
	- change in proportion of local and export sales	1,276,900	(59,389,042)
	- minimum tax	–	–
	- tax rate adjustment	–	189,495,643
	- tax credits	–	(27,019,437)
	- others	24,932,843	(5,434,502)
		(113,579,251)	1,207,415,551

		Unit	2020 Rupees	2019 Rupees
34	**(Loss) / earnings per share - basic and diluted**			
34.1	**Basic (loss) / earnings per share**			
	(Loss) / Profit for the year after taxation	Rupees	(443,735,698)	2,468,655,890
	Weighted average number of ordinary shares	Numbers	200,861,297	200,861,297
	(Loss) / Earnings per share	Rupees	(2.21)	12.29

34.2 Diluted (loss) / earnings per share

There is no dilutive effect on the basic (loss) / earnings per share as the Company does not have any convertible instruments in issue as at 30 June 2020 and 30 June 2019.

		Note	2020 Rupees	2019 Rupees
35	**Cash generated from operations**			
	(Loss) / Profit before taxation		(557,314,949)	3,676,071,441
	Adjustments for non-cash and other items:			
	Depreciation on property, plant and equipment	15.3	794,272,581	585,181,110
	Amortization on intangibles	29	4,807,703	4,186,952
	Loss / (gain) on disposal of property, plant and equipment	15.4	1,217,548	4,371,184
	Liabilities no longer payable written back	30	–	(24,513,945)
	Net change in fair value of financial assets at FVTPL		–	38,568,137
	Provision for compensated absences	8.2	8,895,107	897,978
	Interest on bank deposits	30	(14,094,304)	(6,288,353)
	Profit on bank deposits - arrangements permissible under Shariah	30	(33,583,423)	(244,900,419)
	(Reversal) / provision for Workers' Welfare Fund	31	(838,217)	73,661,979
	Provision for Workers' Profit Participation Fund	31	–	197,354,390
	Finance cost	32	409,702,183	46,065,101
	Provision for loss allowance against trade debts		8,789,949	14,189,922
			1,179,169,126	688,774,036
	Operating profit before working capital changes		621,854,177	4,364,845,477
	Changes in working capital			
	(Increase) / decrease in current assets:			
	Stores, spares and loose tools		(839,228,648)	728,755,348
	Stock in trade		(306,792,311)	(50,503,388)
	Trade debts		210,955,348	(82,726,286)
	Advances, deposits, prepayments and other receivables		(34,241,030)	575,477,309
			(969,306,641)	1,171,002,983
	Increase / (decrease) in current liabilities:			
	Trade and other payables		593,671,515	476,616,220
	Cash generated from operations		246,219,051	6,012,464,680
36	**Cash and cash equivalents**			
	Term deposit receipts	23	110,000,000	250,000,000
	Cash and bank balances	25	891,606,087	433,886,023
			1,001,606,087	683,886,023

37 Transactions with related parties

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

	Percentage of Holding	Relationship	Nature of transactions	Note	2020 Rupees	2019 Rupees
Transactions with related parties						
ANS Capital (Private) Limited.	55.00%	Holding Company	Dividend paid		276,205,800	424,932,000
Contribution to Provident Fund Trust		Post employment benefit plan	Contribution		19,083,961	16,232,720
Kohat Cement Educational Trust		Common Directorship / Trustee	Contribution		6,130,061	4,363,164
	0.08%		Dividend paid		380,114	584,790
Ultra Pack (Private) Limited		Common Control	Purchase of packing material		969,701,365	800,611,529
Nutribel (Private) Limited		Common Directorship	Sale of cement		407,621	–
Palace Enterprises (Private) Limited		Common Directorship	Accomodation services		154,813	291,252
Mrs. Hijab Tariq	16.74%	Major Share Holder	Dividend paid		84,079,180	129,352,585
Executive Director		Key Management Personnel	Remuneration paid		–	48,107,387
Chief Executive		Key Management Personnel	Remuneration paid	38	64,064,057	48,833,652
Directors		Key Management Personnel	Dividend paid		1,889,110	298,445
Other executive		Key Management Personnel	Remuneration paid		76,954,033	72,178,762
Other executive		Key Management Personnel	Dividend paid		95,575	50,885
Balances with related parties						
Provident Fund Trust		Post employment benefit plan	Payable	9	3,627,351	2,987,471
Ultra Pack (Private) Limited		Common Control	Trade creditors		426,129,879	–
Nutribel (Private) Limited		Common Directorship	Trade debtors		316,800	–

37.1 The Company has paid Rs. 70.85 million (2019: Rs. Nil) to the Chairman on account of his remuneration and has also paid Rs. 1.55 million (2019: Rs. 0.47 million) to the six non-executive directors being the fee for attending Board and Committee meetings.

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2020

38 Remuneration of Chief Executive, Directors and Executives

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

	2020			
	Directors			Executives
	Chief Executive	Chairman-Non-Executive	Executive	
	Rupees			
Short term employee benefits				
Chairman remuneration	–	54,672,379	–	–
Managerial remuneration	54,672,379	–	–	110,003,268
Bonus	6,364,531	6,364,531	–	14,274,331
Medical expenses reimbursed	1,113,614	7,899,333	–	–
Other benefits	–	–	–	663,810
	62,150,524	68,936,243	–	124,941,409
Post employment benefits				
Contribution to provident fund	1,913,533	1,913,533	–	3,599,514
	64,064,057	70,849,776	–	128,540,923
Number of persons	1	1	–	14

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

38.1 The Company has paid Rs. 1.55 million (2019: Rs. 0.47 million) to the six non-executive directors as fee for attending Board and Committee meetings.

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

39 Financial risk management

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

- credit risk
- liquidity risk
- market risk

Risk management framework

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

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

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

39.1 Credit risk

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

39.1.1 Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. Trade debts include Rs. 127.85 million (2019: Rs. 313.514 million) receivables from Frontier Work Organization (FWO) where credit risk is minimal. The maximum exposure to credit risk as at the end of the reporting period was as follows:

	Note	2020 Rupees	2019 Rupees
Loans and receivables			
Long term loans to employees	17	–	190,885
Long term deposits	18	38,326,640	38,326,640
Trade debts - unsecured, considered good		494,315,206	714,060,503
Short term investments	23	159,805,000	300,000,000
Deposits, and other receivables		154,325,757	131,625,224
Cash at banks		891,013,707	433,238,727
		1,737,786,310	1,617,441,979

39.1.2 Concentration of credit risk

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

	2020 Rupees	2019 Rupees
Customers	494,315,206	714,060,503
Banking companies	1,057,844,289	747,024,260
Others	185,626,815	156,357,216
	1,737,786,310	1,617,441,979

39.1.3 Credit quality and impairment

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

39.1.3(a) Counterparties with external credit ratings

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

	Rating				
Bank	Short term	Long term	Rating agency	2020 Rupees	2019 Rupees
Albaraka Bank (Pakistan) Limited	A1	A	PACRA	6,231	5,978
Allied Bank Limited	A1+	AAA	PACRA	135,961,874	89,654,006
Askari Bank Limited	A1+	AA+	PACRA	729,416	52,424,699
Bank Alfalah Limited	A1+	AA+	PACRA	313,268	188,026
Dubai Islamic Bank Pakistan Limited	A-1+	AA	JCR-VIS	9,961,942	5,139,135
Habib Bank Limited	A1+	AAA	JCR-VIS	421,257,539	63,840,510
Habib Metropolitan Bank Limited	A1+	AA+	PACRA	1,205,063	269,139
MCB Bank Limited	A1+	AAA	PACRA	76,970,360	8,435,607
National Bank of Pakistan	A1+	AAA	PACRA	2,727,099	153,145,270
MCB Islamic Bank Limited	A1	A	PACRA	63,555	63,590
Soneri Bank Limited	A1+	AA-	PACRA	323,127	1,263,179
Standard Chartered Bank (Pakistan) Limited	A1+	AAA	PACRA	8,682,862	13,355,227
The Bank of Punjab	A1+	AA	PACRA	2,311,113	1,759,402
The Bank of Khyber	A-1	A	PACRA	6,382,904	10,088,661
United Bank Limited	A1+	AAA	JCR-VIS	118,153,206	9,073,596
Meezan Bank Limited	A-1+	AA+	JCR-VIS	52,795,703	511,182
Samba Bank Limited	A-1	AA	JCR-VIS	3,109,562	3,856,240
JS Bank Limited	A1+	AA-	PACRA	50,039,726	20,096,510
Bank Islami Pakistan Limited	A1	A+	PACRA	19,066	18,565
Bank Al Habib Limited	A1+	AA+	PACRA	91	50,206
				891,013,707	433,238,728

Bank	Rating Short term	Rating Long term	Rating agency	2020 Rupees	2019 Rupees
Term Deposit Receipts					
Dubai Islamic Bank Pakistan Limited	A-1+	AA	JCR-VIS	110,000,000	250,361,644
Term Finance Certificates					
Habib Bank Limited	A1+	AAA	JCR-VIS	49,805,000	50,000,000
LC / guarantee margins					
Askari Bank Limited	A1+	AA+	PACRA	475,000	6,971,960
Habib Bank Limited	A1+	AAA	JCR-VIS	–	353,840
Standard Chartered Bank (Pakistan) Limited	A1+	AAA	PACRA	5,936,500	5,978,500
				6,411,500	13,304,300

39.1.3(b) Counterparties without external credit ratings

These include customers which are counter parties to trade debts. The Company is exposed to credit risk in respect of trade debts. However, trade debts includes an amount of Rs. 127.85 million (2019: Rs. 313.51 million) in respect of FWO and Rs. 6.73 million (2019: Rs. 11.78 million) in respect of Pakistan Railways which are Government backed organizations. The analysis of ages of trade debts of the Company as at the reporting date is as follows:

	Gross carrying amount 2020 Rupees	Gross carrying amount 2019 Rupees
Not yet due	326,788,317	521,098,306
Past due 0 - 90 days	28,364,642	124,530,540
Past due 91 - 180 days	60,277,649	8,699,780
Past due 181 - 270 days	81,088,608	51,233,973
Past due 271 - 360 days	4,423,190	4,709,037
Past due above one year	16,352,671	17,978,789
	517,295,077	728,250,425

39.2 Liquidity risk

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

39.2.1 Exposure to liquidity risk

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

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

		2020					
	Note	Carrying amount	Contractual cash flows	One year or less	One to three years	Three to five years	More than five years
				Rupees			
Non-derivative financial liabilities							
Long term financing	6	5,687,722,464	7,322,589,526	706,474,779	4,121,415,766	2,153,699,766	340,999,215
Long term deposits and retention money	7	2,036,100	2,036,100	–	–	2,036,100	–
Trade and other payables	9	2,138,541,627	2,138,541,627	2,138,541,627	–	–	–
Short term borrowings	12	1,301,609,100	1,301,609,100	1,301,609,100	–	–	–
Mark-up accrued on borrowings	13	208,766,756	208,766,756	208,766,756	–	–	–
		9,338,676,047	10,973,543,109	4,355,392,262	4,121,415,766	2,155,735,866	340,999,215

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

39.3 Market risk

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

39.3.1 Currency risk

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

39.3.1(a) Exposure to currency risk

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

	2020					
	JPY	GBP	CNY	EURO	USD	Rupees
Liabilities						
Trade creditors	–	–	–	(242)	(2,103,556)	(355,126,219)
Retention money payable	–	–	–	–	(543,918)	(91,813,358)
Net balance sheet exposure	–	–	–	(242)	(2,647,474)	(446,939,577)
Off balance sheet exposure - Letters of credit	–	–	(431,026)	(123,779)	(1,762,500)	(331,251,083)
Total Exposure	–	–	(431,026)	(124,021)	(4,409,974)	(778,190,660)

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

39.3.1(b) Exchange rates applied during the year

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

	JPY		GBP		CNY		EURO		USD	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
	Rupees									
Reporting date spot rate - buying	1.57	1.52	207.68	207.79	23.65	23.85	189.73	186.37	168.75	164.00
- selling	1.56	1.53	207.05	208.45	23.77	24.19	189.83	186.99	168.80	164.50
Average rate for the year	1.46	1.23	199.63	176.32	23.71	19.97	175.06	155.34	158.26	136.27

39.3.1(c) Sensitivity analysis

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

	Effect on profit before taxation	
	2020 Rupees	2019 Rupees
Weakening of Pak Rupee		
EURO	(459)	(24,462)
USD	(4,468,936)	(7,517,191)
JPY	–	(4,295)
GBP	–	(3,644)
CNY	–	(104,380)
	(4,469,396)	(7,653,972)

Amount of off-balance sheet letters of credit will increase by Rs. 3.30 million (2019: Rs. 0.47 million) if Pak Rupee weakens 1% against other currencies.

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

39.3.1(d) Currency risk management

Since the maximum amount exposed to currency risk is only 1.40% (2019: 2.44%) of the Company's total assets, any adverse / favorable movement in functional currency with respect to US dollar, Chinese Yuan and Euro will not have any material impact on the operational results.

39.3.2 Interest rate risk

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

39.3.2(a) Mark-up bearing financial instruments

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

	2020		2019	
	Financial asset	Financial liability	Financial asset	Financial liability
	Rupees			
Non-derivative financial instruments				
Fixed rate instruments	110,000,000	308,000,000	250,245,654	243,000,000
Variable rate instruments	627,586,369	6,702,290,104	315,843,208	5,424,358,384
	737,586,369	7,010,290,104	566,088,862	5,667,358,384

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

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

	Effect on profit before taxation	
	2020 Rupees	2019 Rupees
Increase of 100 basis points	(60,747,037)	(51,085,152)
Decrease of 100 basis points	60,747,037	51,085,152

39.3.2(c) Interest rate risk management

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

39.3.3 Price risk

Price risk represents the risk that the fair value or future cash flows of financial instrument will fluctuate because of changes in market prices, other than those arising from interest rate risk or currency risk, whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments trading in market.

39.3.3(a) Investments exposed to price risk

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

	2020 Rupees	2019 Rupees
Investment in equity securities	325,600	207,200
Investment in units of mutual funds	–	1,646,931,580
	325,600	1,647,138,780

39.3.3(b) Sensitivity analysis

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

	Equity	
	2020 Rupees	2019 Rupees
FVOCI		
Effect of increase	16,280	10,360
Effect of decrease	(16,280)	(10,360)

	Profit and loss account	
	2020 Rupees	2019 Rupees
FVTPL		
Effect of increase	–	82,346,579
Effect of decrease	–	(82,346,579)

39.3.3(c) Price risk management

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

39.4 Fair value of financial instruments

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

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

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

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

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

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

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

	Note	Carrying amount					Fair Value		
		Fair value through other comprehensive income	Fair value through profit and loss	Financial assets at amortised cost	Other financial liabilities	Total	Level 1	Level 2	Level 3
		Rupees							
On-Balance sheet financial instruments									
30 June 2020									
Financial assets measured at fair value									
Investments	23	50,130,600	–	–	–	–	50,130,600	–	–
		50,130,600	–	–	–	–	50,130,600	–	–
Financial assets at amortised cost									
Long term loans to employees	17	–	–	–	–	–	–	–	–
Long term deposits	18	–	–	38,326,640	–	38,326,640	–	–	–
Trade debts - unsecured, considered good	22	–	–	494,315,206	–	494,315,206	–	–	–
Short term investments	23	–	–	110,000,000	–	110,000,000	–	–	–
Deposits, and other receivables	24	–	–	154,325,757	–	154,325,757	–	–	–
Cash and Bank balances	25	–	–	891,606,087	–	891,606,087	–	–	–
	39.4.2	–	–	1,688,573,690	–	1,688,573,690	–	–	–
Financial liabilities measured at fair value		–	–	–	–	–	–	–	–
		–	–	–	–	–	–	–	–
Financial liabilities measured at amortised cost									
Long term financing	6	–	–	–	5,687,722,464	5,687,722,464	–	–	–
Long term deposits	7	–	–	–	2,036,100	2,036,100	–	–	–
Trade and other payables	9	–	–	–	2,138,541,627	2,138,541,627	–	–	–
Short term borrowings	12	–	–	–	1,301,609,100	1,301,609,100	–	–	–
Mark-up accrued on borrowings	13	–	–	–	208,766,756	208,766,756	–	–	–
	39.4.2	–	–	–	9,338,676,047	9,338,676,047	–	–	–

	Note	Fair value through other comprehensive income	Fair value through profit and loss	Financial assets at amortised cost	Other financial liabilities	Total	Level 1	Level 2	Level 3
		Carrying amount					Fair Value		
		Rupees							
On-Balance sheet financial instruments									
30 June 2019									
Financial assets measured at fair value									
Investments	23	50,207,200	1,646,931,580	–	–	–	1,697,138,780	–	–
		50,207,200	1,646,931,580	–	–	–	1,697,138,780	–	–
Financial assets at amortised cost									
Long term loans to employees	17	–	–	190,885	–	190,885	–	–	–
Long term deposits	18	–	–	38,326,640	–	38,326,640	–	–	–
Trade debts - unsecured, considered good	22	–	–	714,060,503	–	714,060,503	–	–	–
Short term investment	23	–	–	250,000,000	–	250,000,000			
Deposits, and other receivables	24	–	–	131,625,224	–	131,625,224	–	–	–
Cash and Bank balances	25	–	–	433,886,023	–	433,886,023	–	–	–
	39.4.2	–	–	1,568,089,275	–	1,568,089,275	–	–	–
Financial liabilities measured at fair value		–	–	–	–	–	–	–	–
		–	–	–	–	–	–	–	–
Financial liabilities measured at amortised cost									
Long term financing	6	–	–	–	5,404,151,114	5,404,151,114	–	–	–
Long term deposits	7	–	–	–	106,893,805	106,893,805	–	–	–
Trade and other payables	9	–	–	–	2,046,826,591	2,046,826,591	–	–	–
Short term borrowings	12	–	–	–	243,000,000	243,000,000	–	–	–
Mark-up accrued on borrowings	13	–	–	–	102,829,378	102,829,378	–	–	–
	39.4.2	–	–	–	7,903,700,888	7,903,700,888	–	–	–

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

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2020

40 Capital management

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

The Company's objectives when managing capital are:

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

ii. to provide an adequate return to shareholders.

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

	Unit	2020	2019
Total debt	Rupees	7,198,098,320	5,749,980,492
Less: Cash and bank balances	Rupees	(891,606,087)	(433,886,023)
Net debt	Rupees	6,306,492,233	5,316,094,469
Total equity	Rupees	18,726,673,323	19,672,638,864
Total capital employed	Rupees	25,033,165,556	24,988,733,333
Gearing (debt to capital employed)	Percentage	25.19%	21.27%

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

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

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

41 Operating segments

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

41.2 Revenue from sale of cement represents 100.00% (2019: 100.00%) of gross sales of the Company.

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

	2020	2019
Pakistan	95.44%	95.87%
Afghanistan	4.56%	4.13%
	100.00%	100.00%

41.4 All assets of the Company as at 30 June 2020 are located in Pakistan.

		Plant capacity		Actual production	
		2020	2019	2020	2019
		Metric tons		Metric tons	
42	**Capacity and production - Clinker**				
	Grey	3,515,640	2,550,000	2,158,655	2,171,949
	White	135,000	135,000	8,484	12,262

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

42.2 The capacity of plant has been determined on the basis of 300 production days. New cement Line IV became operational on 27 January 2020 and accordingly the capacity for the period from 27 January 2020 to 30 June 2020 has been included in plant capacity for the current year.

43 Provident fund trust

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

	Unit	2020 Un-audited	2019 Un-audited
Size of fund - total assets	Rupees	237,678,062	187,219,888
Cost of investments made	Rupees	225,724,958	177,609,932
Percentage of investments made	Percentage	94.97%	94.87%
Fair value of investment	Rupees	226,890,777	180,424,498

The breakup of fair value of investments is as follows:

	2020 (Un-audited)		2019 (Un-audited)	
	Rupees	Percentage	Rupees	Percentage
Fixed deposits	94,178,182	41.51%	80,923,503	44.85%
Mutual funds	51,064,888	22.51%	43,807,258	24.28%
T-Bills	61,654,320	27.17%	49,232,800	27.29%
TFCs	2,000,000	0.88%	2,000,000	1.11%
Cash at bank	17,993,387	7.93%	4,460,937	2.47%
	226,890,777	100.00%	180,424,498	100.00%

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

44 Impact of COVID-19 (CORONA VIRUS)

The pandemic of COVID-19 that has rapidly spread all across the world has not only endangered human lives but has also adversely impacted the global economy. On March 23, 2020, the Government of Pakistan announced a temporary lock down as a measure to reduce the spread of the COVID–19. However, after implementing all the necessary Standard Operating Procedures (SOPs) to ensure safety of employees, the Company continued to carry out its operations and has taken all necessary steps to ensure smooth and adequate continuation of its business. Management believes that there is no significant adverse impact of the effects of COVID-19 on the operations of the Company and on these financial statements. However, pursuant to relaxation announced by the State Bank of Pakistan in view of this pandemic, the Company has availed deferments of principal amount of certain long term financing which is fully explained in note 6 to these financial statements.

45 Number of employees

The total average number of employees during the year end as at 30 June 2020 are as follows:

	2020	2019
	Number of employees	
Number of employees as at 30 June	683	626
Average number of employees during the year	655	613

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

	30 June 2020			
	Liabilities			
	Long and short term finances	Short term borrowings	Unclaimed and dividend payable	Total
	Rupees			
Balance as at 01 July 2019	5,404,151,114	243,000,000	45,151,309	5,692,302,423
Changes from financing activities				
Repayment of long term finances	(953,588,131)	-	-	(953,588,131)
Disbursement of long term finances - net off transaction cost	1,237,159,483	-	-	1,237,159,483
Short term borrowings	-	1,058,609,100	-	1,058,609,100
Dividend paid	-	-	(499,290,203)	(499,290,203)
Total changes from financing cash flows	283,571,351	1,058,609,100	(499,290,203)	842,890,248
Other changes				
Dividend declared	-	-	502,153,242	502,153,242
Total liability related other changes	-	-	502,153,242	502,153,242
Closing as at 30 June 2020	5,687,722,465	1,301,609,100	48,014,348	7,037,345,913

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

47 Non adjusting events after the balance sheet date

The Board of Directors in their meeting held on 30 September 2020 has proposed 'nil' (2019: 25%) final cash dividend of Rs.nil (2019: Rs. 2.5) per ordinary share for approval of members at annual general meeting to be held on 28 October 2020.

48 Date of authorization for issue

These financial statements were authorized for issue by the Board of Directors of the Company in their meeting held on 30 September 2020.

49 General

49.1 Figures have been rounded off to the nearest rupee.

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

Chief Executive | Chief Financial Officer | Director

PATTERN OF SHAREHOLDING

As at 30 June 2020

Number of Shareholders	Shareholdings From		Shareholdings To	Total Number of Shares Held	Percentage of Total Capital
365	1	-	100	13,304	0.01
813	101	-	500	256,385	0.13
435	501	-	1000	342,506	0.17
985	1001	-	5000	2,139,124	1.06
191	5001	-	10000	1,415,220	0.70
90	10001	-	15000	1,155,171	0.58
37	15001	-	20000	644,953	0.32
24	20001	-	25000	561,416	0.28
23	25001	-	30000	635,908	0.32
17	30001	-	35000	549,109	0.27
7	35001	-	40000	263,614	0.13
5	40001	-	45000	214,000	0.11
11	45001	-	50000	531,050	0.26
8	50001	-	55000	422,500	0.21
5	55001	-	60000	295,190	0.15
6	60001	-	65000	381,511	0.19
8	65001	-	70000	544,296	0.27
9	70001	-	75000	662,137	0.33
4	75001	-	80000	314,090	0.16
5	80001	-	85000	415,010	0.21
2	90001	-	95000	186,900	0.09
4	95001	-	100000	394,460	0.20
4	100001	-	105000	410,181	0.20
2	105001	-	110000	213,950	0.11
1	110001	-	115000	114,700	0.06
3	115001	-	120000	352,000	0.18
2	120001	-	125000	248,300	0.12
2	125001	-	130000	254,450	0.13
3	130001	-	135000	393,400	0.20
1	140001	-	145000	141,450	0.07
2	145001	-	150000	298,590	0.15
2	150001	-	155000	302,765	0.15
1	155001	-	160000	160,000	0.08
1	165001	-	170000	170,000	0.08
1	175001	-	180000	180,000	0.09
1	185001	-	190000	189,000	0.09
3	190001	-	195000	582,660	0.29
2	200001	-	205000	402,720	0.20
1	210001	-	215000	215,000	0.11
1	220001	-	225000	223,000	0.11
1	235001	-	240000	238,000	0.12
1	240001	-	245000	243,360	0.12
3	255001	-	260000	776,276	0.39
1	265001	-	270000	265,980	0.13
1	275001	-	280000	276,496	0.14
1	300001	-	305000	300,100	0.15
1	305001	-	310000	307,550	0.15
2	330001	-	335000	665,280	0.33
1	340001	-	345000	342,940	0.17
1	355001	-	360000	355,160	0.18
1	365001	-	370000	367,810	0.18
1	405001	-	410000	405,500	0.20
1	420001	-	425000	423,780	0.21
1	430001	-	435000	434,670	0.22
1	440001	-	445000	443,586	0.22
1	450001	-	455000	451,790	0.22
1	455001	-	460000	455,520	0.23
1	535001	-	540000	535,160	0.27
1	550001	-	555000	551,500	0.27
1	585001	-	590000	587,116	0.29
1	595001	-	600000	600,000	0.30
1	615001	-	620000	615,272	0.31
1	670001	-	675000	673,020	0.34
1	695001	-	700000	699,623	0.35
1	715001	-	720000	718,820	0.36
1	785001	-	790000	786,500	0.39
1	940001	-	945000	941,000	0.47
1	970001	-	975000	971,851	0.48
1	1005001	-	1010000	1,005,400	0.50
1	1425001	-	1430000	1,425,210	0.71
1	1625001	-	1630000	1,625,482	0.81
1	1655001	-	1660000	1,657,490	0.83
1	1720001	-	1725000	1,723,320	0.86
1	1965001	-	1970000	1,967,191	0.98
1	2050001	-	2055000	2,052,681	1.02
1	3035001	-	3040000	3,037,001	1.51
1	4485001	-	4490000	4,488,850	2.23
1	6140001	-	6145000	6,141,000	3.06
1	33630001	-	33635000	33,631,672	16.74
1	110480001	-	110485000	110,482,320	55.00
3,130				200,861,297	100.00

CATEGORIES OF SHAREHOLDING

As at 30 June 2020

	Categories of Shareholders	Shares Held	Percentage
I	**Directors, Chief Executive Officer, their Spouse & Minor Children**	**34,387,316**	**17.12%**
	Directors		
	Mr. Aizaz Mansoor Sheikh	73,587	0.04%
	Mr. Nadeem Atta Sheikh	615,272	0.31%
	Mrs. Shahnaz Aizaz	780	0.00%
	Mrs. Hafsa Nadeem	63,705	0.03%
	Mrs. Hijab Tariq	33,631,672	16.74%
	Mr. Muhammad Atta Tanseer Sheikh	750	0.00%
	Mr. Ahmad Sajjad Khan	550	0.00%
	Mr. Talha Saeed Ahmed	1,000	0.00%
II	**Associated Companies, Undertakings & Related Parties**	**110,634,365**	**55.08%**
	ANS Capital (Pvt) Limited	110,482,320	55.00%
	Kohat Cement Educational Trust	152,045	0.08%
III	**NIT & ICP**	**231,374**	**0.12%**
	FUNDS UNDER NATIONAL INVESTMENT TRUST LIMITED	230,750	0.11%
	INVESTMENT CORPORATION OF PAKISTAN	624	0.00%
IV	**Banks, Development Finance Institutions and Non-Banking Financial Institutions**	**726,792**	**0.36%**
V	**Insurance/ Takaful Companies**	**1,250,626**	**0.62%**
VI	**Modarbas**	**13,000**	**0.01%**
VII	**Mutual Funds**	**21,259,699**	**10.58%**
VIII	**Shareholder holding 10% and more (other than above)**	**Nil**	**0.00%**
IX	**General Public**	**24,954,319**	**12.42%**
	a) Local	23,184,549	11.54%
	b) Foreign	1,769,770	0.88%
X	**Others**	**7,403,806**	**3.69%**
	Joint Stock Companies	4,197,860	2.09%
	Gratuity/Pension/Provident Funds	2,798,274	1.39%
	Charitable Trusts / Non-Profit Organizations / Wakfs	329,855	0.16%
	Executives	35,837	0.02%
	Investment Companies	41,980	0.02%
	Total	**200,861,297**	**100%**

FINANCIAL CALENDAR

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

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

Annual General Meeting	October 28, 2020
First Quarter ending September 30, 2020	Third week of October 2020
Second Quarter ending December 31, 2020	Third week of February 2021
Third Quarter ending March 31, 2021	Fourth week of April 2021
Year ending June 30, 2021	Second week of September 2021

FORM OF PROXY
41st Annual General Meeting

I/We____ of

____ being a member of Kohat Cement Company Limited (the Company) and holder of ______________ (No.) Ordinary shares as per Share Register Folio No. ______________ and/or CDC Participant I.D. No. ____________________ and Sub Account No. ___________ hereby appoint ___________________of ____________________________, another member of the Company having Folio No. ______________ and/or CDC Participant I.D. No. ___________________ and Sub Account No. __________ (or failing him __________________________ of _________________ having Folio No. ____________________ and/or CDC Participant I.D. No. __________ and Sub Account No. ______________________) as my/our proxy to attend and vote for me/us and on my/our behalf at the Annual General Meeting of the Company to be held on Wednesday, October 28, 2020 at 11:00 A.M. at the registered office of the Company, Kohat Cement Factory, Rawalpindi Road, Kohat and at any adjourned meeting thereof.

Signed this _______________day of______________2020.

Signature:

Please affix
Rupees Ten
revenue stamp

Witnesses:

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

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

Note:

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

AFFIX
CORRECT
POSTAGE

The Company Secretary,

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

کوہاٹ سیمنٹ کمپنی لمیٹڈ

پراکسی فارم

اکتالیسواں سالانہ اجلاسِ عام

میں مسمّی / مسمّاۃ ____________________

ساکن/نمائندہ ____________________

ضلع __________ بحیثیت ممبر کوہاٹ سیمنٹ کمپنی لمیٹڈ (سی ڈی سی/ فولیو نمبر __________) مسمّی/مسمّاۃ __________

ساکن __________ (سی ڈی سی/ فولیو نمبر __________) کو بطورِ مختار (پراکسی) مقرر کرتا ہوں، تا کہ وہ میری جگہ اور میری طرف سے کمپنی کے سالانہ اجلاسِ عام جو بتاریخ 28 اکتوبر 2020ء بروز بدھ صبح 11:00 بجے کمپنی کے رجسٹرڈ آفس کوہاٹ سیمنٹ فیکٹری، راولپنڈی روڈ، کوہاٹ میں منعقد ہو رہا ہے میں یا اس کے کسی ملتوی شدہ اجلاس میں ووٹ ڈالے۔

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

دستخط شیئر ہولڈر:

برائے مہربانی ۱۰ روپے مالیت کی ریونیو سٹیمپ چسپاں کریں۔

گواہان

1۔

دستخط: ____________________

نام: ____________________

پتہ: ____________________

____

کمپیوٹرائزڈ قومی شناختی کارڈ نمبر: ____________________

یا

پاسپورٹ نمبر: ____________________

2۔

دستخط: ____________________

نام: ____________________

پتہ: ____________________

____

کمپیوٹرائزڈ قومی شناختی کارڈ نمبر: ____________________

یا

پاسپورٹ نمبر: ____________________

نوٹ:

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

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

AFFIX
CORRECT
POSTAGE

The Company Secretary,

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

THE STRENGTH
KOHAT CEMENT

kohatcement.com

37-P, Gulberg II, Lahore, Pakistan
Tel: +92 -42-11-111-KCCL (5225) Fax: +92-423-5754084, 5874990
Email: mis@kohatcement.com