



Building a Foundation for

INNOVATION and GROWTH

3rd Quarter Report March 31, 2022

CONTENTS

02

Corporate
Information

03

Directors' Review

05

ڈائریکٹرز جائزہ رپورٹ

06

Statement of
Financial Position

07

Statement of Profit
and Loss

08

Statement of
Comprehensive
Income

09

Statement of
Changes in Equity

10

Statement of
Cash Flows

11

Notes to the
Financial Statements

CORPORATE INFORMATION

Board of Directors

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

Audit Committee

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

HR&R Committee

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

Company Secretary

Mr. Muhammad Asadullah Khan

Legal Advisor

Imtiaz Siddiqui & Associates

Auditors

KPMG Taseer Hadi & Co.
Chartered Accountants

Share Registrar

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

Registered Office and Works

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

Head Office

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

Bankers of the Company

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

DIRECTORS' REVIEW

Dear Shareholders,

It is with great pleasure that the directors of your company present the unaudited interim financial statements of your Company for 3rd Quarter and Nine Months ended March 31, 2022.

Industry Review

Cement sales volume of the sector declined by 5.81% for nine months ended March 31st, 2022, as compared with the prior year.

This decline is mainly attributable to a 35.04% decrease in exports for the period.

	9-Months (July-Mar)		M. Tons
	2022	2021	Change %
Export sales	4,642,833	7,147,697	(35.04%)
Local Sales	36,172,452	36,183,933	(0.03%)
Total sales	40,815,285	43,331,630	(5.81%)

Company's financial and operational performance

Operational Performance

Operational performance (M Tons) of your Company, is summarized as under:

	3 rd Quarter		Change (%)	9-Months		Change (%)
	(Jan - Mar)			(Jul - Mar)		
	2022	2021	2022	2021		
Clinker Production	806,791	820,840	(2%)	2,432,667	2,534,175	(4%)
Cement Production	910,126	991,895	(8%)	2,710,546	2,876,050	(6%)
Domestic Sales	925,866	941,191	(2%)	2,723,090	2,700,603	1%
Export Sales	2,150	45,144	(95%)	4,630	152,357	(97%)
Total Sales	928,016	986,335		2,727,720	2,852,960	

Financial Performance

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

	3 rd Quarter		Change (%)	9-Months		Change (%)
	(Jan - Mar)			(Jul - Mar)		
	2022	2021	2022	2021		
Net Sales	8,569.77	6,711.96	28%	23,584.58	17,819.98	32%
Gross Profit	2,505.06	1,739.84	44%	7,248.02	4,336.38	67%
GP Ratio	29.2%	25.9%		30.7%	24.3%	
Operating Profit	2,440.74	1,603.05	52%	6,897.67	3,922.87	76%
OP Ratio	28.5%	23.9%		29.2%	22.0%	
EBITDA	2,721.90	1,885.17	44%	7,733.81	4,860.98	59%
Net Profit after tax	1,645.76	1,059.30	55%	4,629.79	2,531.72	83%
Net Profit after tax Ratio	19.2%	15.8%		19.6%	14.2%	
Earnings per share (Rs.)	8.19	5.27		23.05	12.60	

Unprecedented surge in international coal prices along with inflationary trend in other inputs costs, increased the cost of production during the period under review, resulting in a lower G.P margin of 29.2% for the quarter ended 31st March, 2022 as compared with a G.P margin of 31.6% for the first 6 months ended 31st December 2021.

However, sustained cement prices and increase in usage of Afghan coal helped in offsetting the steep increase in cost of goods sold.

The Company is current on its all debt obligations.

Future outlook

Cement demand in country is expected to remain stable in view of construction projects under CPEC and availability of housing finance from banks.

Maintaining a steady supply of coal at sustainable prices, shall remain a huge challenge for the cement sector in the foreseeable future.

Greenfield Cement Production Line in Khushab, Punjab

The expansion project of the Company is progressing as scheduled. Land procurement process is at its full pace and negotiation with the suppliers of plant & machinery is in process.

Acknowledgments

We are much grateful to our employees including all other stakeholders who endeavored their best to make the company stand out amongst its peers.

زیر جائزہ مدت کے دوران عالمی سطح پر کونکے کی قیمتوں میں بے انتہا اضافے کے علاوہ دیگر پیداواری عوامل کی لاگت میں اضافے کے رجحان نے پیداواری لاگت میں اضافہ کیا جس کی وجہ سے 31 دسمبر، 2021ء کو ختم ہونے والے 6 ماہ کی 31.6% شرح خام منافع کے مقابلے میں 31 مارچ، 2022ء کو ختم ہونے والی سہ ماہی کی شرح خام منافع 29.2% رہی۔ سینٹ کی مستحکم قیمتوں اور افغان کونکے کے استعمال نے پیداواری لاگت میں اضافہ کو روکا ہے۔

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

مستقبل کے امکانات:

CPEC کے تحت جاری تعمیراتی منصوبہ جات اور بینکوں سے گھروں کی تعمیر کے لئے قرضہ جات کی سہولت کو مد نظر رکھتے ہوئے ملک میں سینٹ کی طلب میں استحکام کی توقع کی جاسکتی ہے۔

مستقبل قریب میں کونکے کی مستحکم قیمتوں پر دستیابی کو برقرار رکھنا سینٹ انڈسٹری کے لئے بڑا چیلنج ہوگا۔

نئے سینٹ پلانٹ کا تعمیری منصوبہ:

کمپنی کا توسیعی پروگرام طے شدہ منصوبے کے مطابق تکمیل کی جانب گامزن ہے۔ جس کے لئے زمین کا حصول تیزی سے جاری ہے، جبکہ پلانٹ اور مشینری کی خریداری کے لئے فیئر گلی سیٹلائز سے بات کی جارہی ہے۔

اظہارِ تشکر:

ہم کمپنی کے تمام ملازمین اور شرکاء داروں کے شکر گزار ہیں جنہوں نے کمپنی کو اپنی مدد و معاونت کے مقابلے میں اپنی کاوشوں سے امتیازی مقام دلوانے میں مدد کی۔

For and on behalf of the Board

برائے و خانبیاء پروڈکٹس ڈائریکٹرز



Nadeem Atta Sheikh
Chief Executive



Talha Saeed Ahmed
Director



طلحہ سعید احمد
ڈائریکٹر



نعم عطاء شیخ
چیف ایگزیکٹو

Lahore: April 26, 2022

لاہور: 26 اپریل، 2022

ڈائریکٹرز جائزہ رپورٹ

معزز ممبران

کواہٹ سینٹ کینیڈین کے ڈائریکٹرز بعد سرت مالی سال 2021-22 کی 31 مارچ، 2022 کو ختم ہونے والی تیسری سہ ماہی اور نو ماہی سے متعلقہ غیر آڈٹ شدہ گوشوارے پیش کرتے ہیں۔

صنعتی کارکردگی:

31 مارچ، 2022 کو ختم ہونے والے نو ماہ کے دوران گزشتہ سال کے مقابلے میں سینٹ کی فروخت کے حجم میں 5.81% کی واقع ہوئی ہے۔

جس کی اہم وجہ سینٹ کی برآمدات میں 5.04% کی کمی ہے۔

شرح تبدیلی (%)	نو ماہ (جولائی تا مارچ)	
	2021ء	2022ء
	میٹرک ٹن	
	7,147,697	4,642,833
(35.04%)		
	36,183,933	36,172,452
(0.03%)		
	43,331,630	40,815,285
(5.81%)		

کینیڈا کی مالیاتی و پیداواری کارکردگی:

پیداواری کارکردگی:

ذیل میں کینیڈا کے پیداواری اور ترسیلاتی نتائج (میٹرک ٹن) کا خلاصہ دیا گیا ہے:

شرح اضافہ / کمی (%)	نو ماہ (جولائی تا مارچ)		شرح اضافہ / کمی (%)	تیسری سہ ماہی (جنوری تا مارچ)	
	2021ء	2022ء		2021ء	2022ء
	میٹرک ٹن		میٹرک ٹن		
	2,534,175	2,432,667		820,840	806,791
(4%)					
	2,876,050	2,710,546		991,895	910,126
(6%)					
	2,700,603	2,723,090		941,191	925,866
1%					
	152,357	4,630		45,144	2,150
(97%)					
	2,852,960	2,727,720		986,335	928,016

مالیاتی کارکردگی:

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

شرح اضافہ / کمی (%)	نو ماہی (جولائی تا مارچ)		شرح اضافہ / کمی (%)	تیسری سہ ماہی (جنوری تا مارچ)	
	2021ء	2022ء		2021ء	2022ء
	ملین (روپے)		ملین (روپے)		
	17,819.98	23,584.58		6,711.96	8,569.77
32%					
	4,336.38	7,248.02		1,739.84	2,505.06
67%					
	24.3%	30.7%		25.9%	29.2%
	3,922.87	6,897.67		1,603.05	2,440.74
76%					
	22.0%	29.2%		23.9%	28.5%
	4,860.98	7,733.81		1,885.17	2,721.90
59%					
	2,531.72	4,629.79		1,059.30	1,645.76
83%					
	14.2%	19.6%		15.8%	19.2%
	12.60	23.05		5.27	8.19

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION (UN-AUDITED)

As at 31 March 2022

	Note	(Un-audited) 31 March 2022 Rupees	(Audited) 30 June 2021 Rupees
EQUITY AND LIABILITIES			
Authorized share capital		3,000,000,000	3,000,000,000
Issued, subscribed and paid-up capital		2,008,612,970	2,008,612,970
Reserves		117,628,665	119,105,065
Accumulated profit		24,725,610,498	20,095,821,336
		26,851,852,133	22,223,539,371
Non-current liabilities			
Long term financing - secured	5	3,436,994,402	4,405,765,306
Deferred grant		-	1,328,937
Long term deposits		2,036,100	2,036,100
Deferred liabilities			
- deferred taxation		2,657,417,407	1,857,649,347
- compensated absences		26,985,502	24,358,436
		6,123,433,411	6,291,138,126
Current liabilities			
Current portion of long term financing	5	1,147,020,838	1,147,020,843
Trade and other payables	6	5,303,827,094	4,985,385,529
Contract liability	7	144,474,476	137,091,500
Unclaimed dividend		8,535,358	8,559,447
Dividend payable		37,375,825	37,638,105
Short term borrowings - secured	8	398,000,000	498,000,000
Provision for taxation - net		1,398,442,249	635,934,543
Mark-up accrued on borrowings		136,485,911	122,613,973
		8,574,161,751	7,572,243,940
Contingencies and commitments	9		
		41,549,447,295	36,086,921,437
ASSETS			
Non current assets			
Property, plant and equipment	10	21,378,932,184	22,051,984,013
Intangibles		3,887,978	6,725,911
Long term deposits and advances		201,591,595	43,326,640
Investment property		4,134,255,209	4,136,086,159
		25,718,666,966	26,238,122,723
Current assets			
Stores, spares and loose tools		2,949,588,513	3,070,769,101
Stock-in-trade		1,185,738,777	1,112,776,266
Trade debts - unsecured, considered good		1,369,028,091	983,568,223
Short term investments	11	8,522,267,398	2,999,496,423
Advances, deposits, prepayments and other receivables		728,713,751	484,459,350
Cash and bank balances	12	1,075,443,799	1,197,729,351
		15,830,780,329	9,848,798,714
		41,549,447,295	36,086,921,437

The annexed notes from 1 to 20 form an integral part of these condensed interim financial statements.



Chief Executive



Chief Financial Officer



Director

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

For nine months and quarter ended 31 March 2022

	Note	01 July to 31 March 2022 Rupees	01 July to 31 March 2021 Rupees	01 Jan to 31 March 2022 Rupees	01 Jan to 31 March 2021 Rupees
Sales - net	13	23,584,583,666	17,819,980,071	8,569,771,226	6,711,964,139
Cost of sales	14	(16,336,568,338)	(13,483,605,069)	(6,064,709,716)	(4,972,126,098)
Gross profit		7,248,015,328	4,336,375,002	2,505,061,510	1,739,838,041
Selling and distribution expenses		(85,337,445)	(57,566,251)	(33,264,273)	(18,557,612)
Administrative and general expenses		(257,215,243)	(232,928,189)	(82,622,335)	(75,883,598)
Other income		401,334,906	109,536,658	193,413,261	53,151,126
Other expenses		(409,129,000)	(232,548,080)	(141,845,360)	(95,500,285)
		(350,346,782)	(413,505,862)	(64,318,707)	(136,790,369)
Operating profit		6,897,668,546	3,922,869,140	2,440,742,803	1,603,047,672
Finance cost		(380,217,271)	(393,350,150)	(143,862,918)	(119,275,627)
Profit before taxation		6,517,451,275	3,529,518,990	2,296,879,885	1,483,772,045
Taxation	15	(1,887,662,113)	(997,806,454)	(651,118,469)	(424,473,819)
Profit after taxation		4,629,789,162	2,531,712,536	1,645,761,416	1,059,298,226
Earning per share (basic and diluted)		23.05	12.60	8.19	5.27

The annexed notes from 1 to 20 form an integral part of these condensed interim financial statements.



Chief Executive



Chief Financial Officer



Director

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)

For nine months and quarter ended 31 March 2022

	01 July to 31 March 2022 Rupees	01 July to 31 March 2021 Rupees	01 Jan to 31 March 2022 Rupees	01 Jan to 31 March 2021 Rupees
Profit after taxation	4,629,789,162	2,531,712,536	1,645,761,416	1,059,298,226
Other comprehensive income for the period				
<i>Items that will not be reclassified to statement of profit or loss:</i>				
Equity investment at FVOCI - net changes in fair value	(266,400)	499,200	24,600	74,400
<i>Items that are or may be reclassified to statement of profit or loss:</i>				
Debt investment at FVOCI - net changes in fair value	(1,210,000)	(1,095,000)	(1,210,000)	-
Total comprehensive income for the period	4,628,312,762	2,531,116,736	1,644,576,016	1,059,372,626

The annexed notes from 1 to 20 form an integral part of these condensed interim financial statements.



Chief Executive



Chief Financial Officer



Director

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

For nine months ended 31 March 2022

	Reserves						Total
	Capital reserves			Revenue reserves			
	Share capital	Share premium	Fair value reserve	General reserve	Accumulated profit	Total reserves	
	Rupees						
Balance as at 01 July 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
Total comprehensive income for the period							
Profit for the nine months ended 31 March 2021	-	-	-	-	2,531,712,536	2,531,712,536	2,531,712,536
Other comprehensive income for the nine months ended 31 March 2021	-	-	(595,800)	-		(595,800)	(595,800)
	-	-	(595,800)	-	2,531,712,536	2,531,116,736	2,531,116,736
Balance as at 31 March 2021 - unaudited	2,008,612,970	49,704,951	(554,486)	70,000,000	19,130,026,624	19,249,177,089	21,257,790,059
Balance as at 01 July 2021	2,008,612,970	49,704,951	(599,886)	70,000,000	20,095,821,336	20,214,926,401	22,223,539,371
Total comprehensive income for the period							
Profit for the nine months ended 31 March 2022	-	-	-	-	4,629,789,162	4,629,789,162	4,629,789,162
Other comprehensive income for the nine months ended 31 March 2022	-	-	(1,476,400)	-	-	(1,476,400)	(1,476,400)
	-	-	(1,476,400)	-	4,629,789,162	4,628,312,762	4,628,312,762
Balance as at 31 March 2022 - unaudited	2,008,612,970	49,704,951	(2,076,286)	70,000,000	24,725,610,498	24,843,239,163	26,851,852,133

The annexed notes from 1 to 20 form an integral part of these condensed interim financial statements.



Chief Executive



Chief Financial Officer



Director

CONDENSED INTERIM STATEMENT OF CASH FLOWS (UN-AUDITED)

For nine months ended 31 March 2022

01 July 2021 to
31 March
2022
Rupees

01 July 2020 to
31 March
2021
Rupees

Note	01 July 2021 to 31 March 2022 Rupees	01 July 2020 to 31 March 2021 Rupees
Cash flow from operating activities		
Profit before taxation	6,517,451,275	3,529,518,990
Adjustments for:		
Depreciation on property, plant and equipment	832,363,696	934,463,708
Amortization on intangible assets	3,777,853	3,651,447
Gain on disposal of property, plant and equipment	(9,206,718)	(9,148,299)
Profit on bank deposits and investments-Conventional	(160,367,463)	(6,396,544)
Profit on bank deposits and investments-Shariah compliant	(40,729,795)	(27,666,025)
Realized gain on investment at fair value through profit and loss	(4,072,792)	(735,499)
Net change in fair value of financial assets at FVTPL	(54,822,457)	(539,440)
Dividend income	(127,700,850)	(52,149,562)
Foreign currency exchange loss / (gain)	41,947	(5,604,190)
Provision for loss allowance against trade debts	(597,966)	9,806,081
Provision for compensated absences	6,321,354	6,378,732
Provision for Workers' Welfare Fund	60,195,136	32,329,085
Provision for Workers' Profit Participation Fund	346,191,917	187,465,689
Finance cost	380,217,271	393,350,150
	1,231,611,133	1,465,205,333
Cash generated from operations before working capital changes	7,749,062,408	4,994,724,323
(Increase) / decrease in current assets:		
Stores, spares and loose tools	121,180,588	(796,216,773)
Stock-in-trade	(72,962,512)	31,562,510
Trade debts	(384,861,902)	(509,828,940)
Advances, deposits, prepayments and other receivables	(239,646,638)	(188,858,016)
Increase in current liabilities:		
Trade and other payables	(7,200,158)	1,277,727,887
Contract liability	7,382,976	4,119,974
	(576,107,646)	(181,493,358)
Cash generated from operations	7,172,954,762	4,813,230,965
Compensated absences paid	(3,694,288)	(3,502,079)
Finance cost paid	(363,359,601)	(482,162,295)
Payment made to Workers' Welfare Fund	(44,441,426)	-
Income tax paid	(325,386,347)	(162,609,500)
Net cash generated from operating activities	6,436,073,100	4,164,957,091
Cash flow from investing activities		
Acquisition of property, plant and equipment	(199,847,560)	(325,373,923)
Proceeds from disposal of property, plant and equipment	13,396,560	11,863,403
Acquisition of intangible assets	(939,920)	(400,000)
Acquisition of investment property	(169,050)	-
Short term investments - net	(5,465,352,126)	(2,700,366,918)
Dividend received on short term investments	127,700,850	52,149,562
Long term deposits and advances - net	(156,264,955)	(160,983,500)
Profit on bank deposits	196,489,496	30,609,452
Net cash used in investing activities	(5,484,986,705)	(3,092,501,924)
Cash flow from financing activities		
Repayment of long term finances	(973,085,578)	(40,291,285)
Disbursement of long term finances	-	200,686,655
Disbursement of short term borrowings	398,000,000	236,467,000
Repayment of short term borrowing	(498,000,000)	(1,301,609,100)
Dividend paid	(286,369)	(1,423,946)
Net cash used in financing activities	(1,073,371,947)	(906,170,675)
Net (decrease) / increase in cash and cash equivalents	(122,285,552)	166,284,492
Cash and cash equivalents at beginning of the period	1,197,729,351	1,001,606,087
Cash and cash equivalents at end of the period	16	1,167,890,578

The annexed notes from 1 to 20 form an integral part of these condensed interim financial statements.



Chief Executive



Chief Financial Officer



Director

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

For nine months ended 31 March 2022

1 Reporting entity

- 1.1 Kohat Cement Company Limited ("the Company") is a public limited company incorporated in Pakistan under the Companies Act, 1913 (now "Companies Act, 2017") and is listed on Pakistan Stock Exchange. The Company is engaged in production and sale of cement. Head Office of the Company is situated at 37-P, Gulberg-II, Lahore, further the registered office and production facility is situated at Rawalpindi Road, Kohat, Pakistan. The Company is in the process of acquiring further land in District Khushab for installation of its new grey cement line.
- 1.2 ANS Capital (Private) Limited is the holding company of the Company and holds 110,482,320 ordinary shares of the Company comprising 55% of its total paid up share capital.

2 Basis of preparation

- 2.1 These condensed interim financial statements comprise the condensed interim statement of financial position of the Company, as at 31 March 2022 and the related condensed interim statement of profit and loss, condensed interim statement of comprehensive income, condensed interim statement of cash flows and condensed interim statement of changes in equity together with the notes forming part thereof.
- 2.2 These condensed interim financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards applicable in Pakistan for interim financial reporting comprise of:
 - International Accounting Standard (IAS) 34, issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017; and
 - Provisions of and directives issued under the Companies Act, 2017.

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

- 2.3 These condensed interim financial statements do not include all of the information required for full annual financial statements and should be read in conjunction with the annual audited financial statements for the year ended 30 June 2021. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the company's financial position and performance since the last annual audited financial statements.
- 2.4 Comparative statement of financial position numbers are extracted from the annual audited financial statements of the Company for the year ended 30 June 2021, whereas comparatives of condensed interim statement of profit or loss, statement of comprehensive income, statement of cash flow and statement of changes in equity are stated from unaudited condensed interim financial statements of the Company for the nine months period ended 31 March 2021.
- 2.5 These condensed interim financial statements are unaudited and being submitted to the shareholders as required under Section 237 of the Companies Act, 2017.

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

For nine months ended 31 March 2022

3 Judgments and estimates

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

The significant judgments made by the management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those applied to the annual audited financial statements for the year ended 30 June 2021.

4 Statement of consistency in accounting policies

4.1 The accounting policies and the methods of computation adopted in the preparation of these condensed interim financial statements are same as those applied in the preparation of the annual audited financial statements for the year ended 30 June 2021.

4.1.1 The following amendments and interpretations of approved accounting standards will be effective for accounting periods as detailed below:

Amendments and interpretations of approved accounting standards

– Amendment to IAS 37 - Onerous Contracts - Cost of fulfilling a contract	01 January 2021
– Amendment to IAS 41 - Exclusion of taxation cash flows when measuring the fair value of a biological asset using a present value technique	01 January 2022
– Amendment to IFRS 16 - Exclusion of illustration of reimbursement of leasehold improvements by the lessor	01 January 2022
– Amendment to IFRS 9 - Assessment of derecognition of a financial liability	01 January 2022
– Amendments to IAS 16 - Property, Plant and Equipment - Proceeds before intended use	01 January 2022
– Amendment to IFRS 3 - Reference to the Conceptual Framework	01 January 2022
– Amendments to IAS 1 - Classification of liabilities as current or non-current	01 January 2023
– Amendments to IAS 8 - Definition of Accounting Estimates	01 January 2023
– Amendments to IAS 12 - Deferred Tax related to Assets and Liabilities arising from a Single Transaction	01 January 2023
– Amendments to IAS 1 and IFRS Practice Statement 2 - Disclosure of Accounting Policies	01 January 2023

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

For nine months ended 31 March 2022

	Note	(Un-audited) March 31 2022 Rupees	(Audited) June 30 2021 Rupees
5 Long term finances - secured			
Term finance - Line-4 (Conventional)			
Opening		5,383,321,448	5,606,196,692
Repaid during the period / year		(897,977,096)	(222,875,244)
		4,485,344,352	5,383,321,448
Less: Current maturity		(1,034,358,120)	(1,034,358,120)
Less: Transaction cost		(13,991,830)	(16,977,562)
		3,436,994,402	4,331,985,766
Term finance - RFWS Scheme			
Opening		187,771,200	102,484,312
Disbursements during the period/year		–	197,949,611
Repaid during the period/year		(75,108,482)	(112,662,723)
		112,662,718	187,771,200
Less: Unamortized Government Grant	5.1	–	(1,328,937)
Less: Current maturity		(112,662,718)	(112,662,723)
		–	73,779,540
		3,436,994,402	4,405,765,306
5.1 Unamortized Government Grant			
Opening		6,599,474	–
Transactions during the period /year		–	17,185,972
Amortization during the period /year		(5,270,537)	(10,586,498)
		1,328,937	6,599,474
Less: Current maturity		(1,328,937)	(5,270,537)
Unamortized balance of deferred grant		–	1,328,937

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

For nine months ended 31 March 2022

	(Un-audited) March 31 2022 Rupees	(Audited) June 30 2021 Rupees
6 Trade and other payables		
Trade creditors - Local	955,035,699	927,496,291
Trade creditors - imports	102,695,919	627,661,254
Contractors' bills payable	41,530,486	117,088,053
Accrued liabilities	817,527,322	532,063,547
Payable to Workers' Profit Participation Fund	1,870,837,512	1,524,645,595
Payable to Workers' Welfare Fund	60,185,242	44,431,532
Payable to Provident Fund Trust	4,365,983	2,585,757
	3,852,178,163	3,775,972,029
<i>Payable to Government on account of:</i>		
Income tax deducted at source	20,099,956	13,690,463
Federal excise duty	581,433,979	526,685,449
Sales tax payable	390,304,191	176,335,503
Royalty and excise duty	144,344,152	95,205,340
	1,136,182,278	811,916,755
Retention money payable	9,812,009	124,079,153
Securities deposits	5,073,527	4,779,192
Other payables	300,581,117	268,638,400
	5,303,827,094	4,985,385,529

7 Contract liability

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

	(Un-audited) March 31 2022 Rupees	(Audited) June 30 2021 Rupees
8 Short term borrowings - secured		
Mark-up based borrowings from conventional banks:		
Export refinances	-	498,000,000
Short term loan	398,000,000	-
	398,000,000	498,000,000

9 Contingencies and commitments

9.1 Contingencies

There is no significant change in the status of contingencies as reported in the preceding published annual financial statements of the Company for the year ended 30 June 2021 except the following:

- 9.1.1 The Additional Commissioner Inland Revenue (ACIR) amended the assessments for Tax Years 2014, 2016 and 2018 whereby the claim of depreciation and initial allowance was curtailed by reducing the cost of depreciable assets for the purposes of depreciation to the extent of tax credits claimed U/S 65B of the Income Tax Ordinance, 2001 on such assets and created

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

For nine months ended 31 March 2022

a tax demand of Rs. 20.71 million, 64.90 million and 10.09 million respectively. The treatment meted out by the ACIR was agitated by the Company before CIR (A). CIR (A) decided the cases pertaining to Tax Year 2018 against the Company, whereas rest of the years have been decided in favour of the Company. The Company has challenged CIR (A)'s order for Tax Year 2018 and the Tax Department has challenged CIR (A)'s orders for Tax Years 2014 and 2016 before Appellate Tribunal Inland Revenue which is pending adjudication.

- 9.1.2 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. 13.587 million. The aforesaid notices have been challenged by Company before the Honourable Peshawar High Court (PHC) on 06 August 2019 through filing a Writ Petition on various grounds. The case has been decided against the Company by PHC and the same is upheld by the honourable Supreme Court of Pakistan (SC). A review was filed by the Company against decision of SC requesting to adjudicate all the grounds raised by the Company in CPLA, which was also dismissed directing the Company to present its case before the Mines and Minerals Department KP. Therefore, considering the statutory provisions relating to determination of Annual Rent, the Company has deposited the annual rent for the aforesaid period to mining department and has expensed off the same in current period.
- 9.1.3 The DCIR, vide order dated 26 October 2020 raised a tax demand pertaining to tax year 2012 amounting to Rs 677.30 million under section 122(1)/122(5) of the Income Tax Ordinance 2001 on account of suppressed sales and disallowing various profit and loss expenses / deductible allowance and curtailing available tax credits. The Company filed an appeal before CIR (A) which was decided vide order dated 31st December 2021 leaving a tax demand of Rs. 28.5 million whereas the rest of demand has been deleted. The order of CIR(A) has been challenged by the Company and the Tax Department before ATIR to the extent of treatment meted out by CIR(A) not favourable to them.
- 9.1.4 The Additional Commissioner Inland Revenue created a tax demand of Rs. 97.7 million for the Tax Year 2017 under section 122(5A) of the Income Tax Ordinance, 2001 by disallowing various profit and loss expenses / deductible allowance. The Company filed an appeal before CIR (A) wherein the entire case has been decided in favour of the Company resulting in deletion of entire tax demand. The order of CIR(A) has been challenged by the Tax Department before ATIR.
- 9.1.5 The Sui Northern Gas Pipelines Limited (SNGPL) charged an amount of Rs. 12.19 million being Non-Metred Volume Adjustment for the period from June 16, 2013 to June 25, 2013 in the Sui Gas Bill of the Company for the Month of August 2014. On appeal before OGRA, the said levy was set aside to its Designated Officer, who partially decided the case in favour of the Company which is thus challenged by the Company and Designated Officer in appeal before the OGRA. OGRA has decided the case against the Company which was agitated by the Company in Writ Petition before the honourable Islamabad High Court which is pending adjudication.
- 9.1.6 The Deputy Commissioner Inland Revenue (DCIR) vide his order dated 19 February 2021 has raised a demand of Rs. 497 million by disallowing input sales tax amounting to Rs. 474 million claimed by the Company during the periods from July 2018 to June 2019 and imposed a penalty of Rs. 22.7 million alleging that aforesaid input sales tax belongs to purchase of building material etc. which is thus, not allowed under section 8(1)(h) of the Sales Tax Act, 1990 (STA, 1990). The Company's appeal before Commissioner Inland Revenue (Appeals) CIR(A) against order of DCIR has been adversely decided which is intended to be challenged through filing an appeal before the Appellate Tribunal Inland Revenue. Moreover, the Company has also deposited 10% of the impugned demand under protest amounting to Rs.49.71 million aiming to bar the DCIR to initiate any coercive recovery proceedings till the decision of CIR(A).

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

For nine months ended 31 March 2022

		(Un-audited) March 31 2022 Rupees	(Audited) June 30 2021 Rupees
9.2 Commitments			
In respect of letters of credit for :			
- Capital Expenditures		299,394,144	-
- Stores and Spares		255,381,464	218,217,598
		554,775,608	218,217,598
10 Property, plant and equipment			
Operating fixed assets	10.1	21,308,318,003	21,753,605,354
Capital work in progress		70,614,181	298,378,659
		21,378,932,184	22,051,984,013
10.1 Operating fixed assets			
Opening written down value		21,753,605,354	22,613,088,249
Add: Additions / (adjustments) during the period / year (cost)			
Freehold Land		16,001,641	6,290,580
Factory buildings		89,373,221	374,702,372
Housing colony		4,629,139	21,706,969
Plant - Civil structures			
- additions		253,622,026	-
- adjustmens	10.2	(26,620,192)	-
Plant, machinery and equipment			
- additions		21,910,395	100,713,713
- adjustmens	10.2	(9,725,659)	(188,795,984)
Furniture, fixtures and office equipment		7,962,815	9,389,315
Computers and printers		3,995,890	3,789,134
Weighing Scale		-	(295,576)
Light vehicles		29,861,910	38,597,559
Laboratory equipment		255,000	4,970,329
		391,266,186	371,068,411
Less: Disposals during the period / year (written down value)			
Power Installations		-	(10,781)
Furniture, fixtures and office equipment		(33,084)	-
Computers and printers		(166,217)	-
Light vehicles		(3,990,541)	(4,732,895)
		(4,189,842)	(4,743,676)
Less: Depreciation charge for the period / year		(832,363,695)	(1,225,807,630)
Closing written down value		21,308,318,003	21,753,605,354

10.2 Adjustments in plant and machinery and plant civil structures represents settlement of suppliers balances on account of claims under the contracts.

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

For nine months ended 31 March 2022

	(Un-audited) March 31 2022 Rupees	(Audited) June 30 2021 Rupees
11 Short term investments		
FVOCI - listed equity securities		
Gharibwal Cement Limited	513,000	779,400
FVOCI - debt instrument		
Term Finance Certificates	97,500,000	48,710,000
FVTPL		
<i>Investments in Mutual Funds</i>		
Money Market Mutual Funds - Shariah Compliant	461,075,220	2,849,902,666
Money Market Mutual Funds - Conventional	886,642,678	-
Income Mutual Funds - Shariah Compliant	-	100,104,357
	1,347,717,898	2,950,007,023
Government of Pakistan Market Treasury Bills	7,076,536,500	-
	8,522,267,398	2,999,496,423

12 Cash and bank balances

These include Rs.234.220 million (30 June 2021: Rs. 345.917 million) placed under Shariah permissible arrangement. Remaining deposits are placed with conventional financial institutions.

	(Un-audited) 01 July 2021 to 31 March 2022 Rupees	(Un-audited) 01 July 2020 to 31 March 2021 Rupees
13 Sales - net		
Local sales - gross	33,373,547,430	25,623,960,037
Less: Sales tax	(5,470,244,864)	(4,267,700,706)
Federal excise duty	(4,084,634,775)	(4,050,904,410)
	(9,554,879,639)	(8,318,605,116)
	23,818,667,791	17,305,354,921
Export sales	31,829,352	899,718,554
	23,850,497,143	18,205,073,475
Less: Discount / rebate / commission	(265,913,477)	(385,093,404)
	23,584,583,666	17,819,980,071

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

For nine months ended 31 March 2022

	(Un-audited) 01 July 2021 to 31 March 2022 Rupees	(Un-audited) 01 July 2020 to 31 December 2021 Rupees
14 Cost of sales		
Raw materials consumed	918,507,673	925,630,736
Packing materials consumed	1,603,664,973	1,340,866,346
Fuel and power	3,704,451,292	3,038,880,774
Coal and gas	7,561,308,803	5,493,480,972
Stores, spares and loose tools consumed	519,484,336	606,694,308
Salaries, wages and other benefits	459,901,568	442,658,130
Royalty and excise duty	452,948,277	363,630,058
Rent, rates and taxes	30,336,585	25,589,675
Repairs and maintenance	105,651,744	96,813,319
Insurance	40,470,194	33,987,203
Depreciation	823,750,720	929,871,701
Loading and freight charges	78,780,706	63,721,386
Other expenses	106,050,122	106,718,249
	16,405,306,993	13,468,542,857
<i>Work-in-process:</i>		
At beginning of the period	565,970,726	664,762,090
At end of the period	(646,272,557)	(550,444,170)
Cost of goods manufactured	16,325,005,162	13,582,860,777
<i>Finished goods:</i>		
At beginning of the period	373,218,642	246,109,360
At end of the period	(346,544,789)	(313,426,504)
	16,351,679,015	13,515,543,633
Less: Cost attributable to own cement consumption	(15,110,677)	(31,938,564)
	16,336,568,338	13,483,605,069
15 Taxation		
Current		
- for the year	1,087,894,050	593,047,920
- for prior years	-	173,305,687
	1,087,894,050	766,353,607
Deferred		
- for the year	799,768,062	404,758,534
- for prior years	-	(173,305,687)
	799,768,062	231,452,847
	1,887,662,113	997,806,454

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

For nine months ended 31 March 2022

	(Un-audited) March 31 2022 Rupees	(Un-audited) March 31 2021 Rupees
16 Cash and cash equivalents		
Cash and bank balances	1,075,443,799	1,057,890,578
Term deposit receipts	–	110,000,000
	1,075,443,799	1,167,890,578

17 Financial instruments-fair values

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

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

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

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

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

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

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

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

For nine months ended 31 March 2022

	Note	Carrying Amount				Fair value		
		Fair value through other comprehensive income	Fair value through profit and loss	Financial assets at amortized cost	Other financial liabilities	Total	Level 1	Level 2
Rupees								
On-Balance sheet financial instruments								
31 March 2022 (Un-Audited)								
Financial assets measured at fair value								
Investments		98,013,000	8,424,254,398	-	-	8,522,267,398	1,445,730,898	7,076,536,500
Financial assets at amortised cost								
Long term deposits		-	-	201,591,595	-	201,591,595	-	-
Trade debts - unsecured, considered good		-	-	1,369,028,091	-	1,369,028,091	-	-
Deposits, and other receivables		-	-	131,437,755	-	131,437,755	-	-
Cash and bank balances		-	-	1,075,443,799	-	1,075,443,799	-	-
	17.1	-	-	2,777,501,240	-	2,777,501,240	-	-
Financial liabilities measured at fair value								
Financial liabilities measured at amortised cost								
Long term financing		-	-	-	4,584,015,240	4,584,015,240	-	-
Long term deposits		-	-	-	2,036,100	2,036,100	-	-
Trade and other payables		-	-	-	2,227,182,551	2,227,182,551	-	-
Short term borrowings		-	-	-	398,000,000	398,000,000	-	-
Mark-up accrued on borrowings		-	-	-	136,485,911	136,485,911	-	-
Dividend payable		-	-	-	37,375,825	37,375,825	-	-
Unclaimed Dividend		-	-	-	8,535,358	8,535,358	-	-
	17.1	-	-	-	7,393,630,985	7,393,630,985	-	-

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

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

For nine months ended 31 March 2022

	Note	Carrying Amount			Fair value				
		Fair value through other comprehensive income	Fair value through profit and loss	Financial assets at amortized cost	Other financial liabilities	Total	Level 1	Level 2	Level 3
		Rupees							
On-Balance sheet financial instruments									
30 June 2021 (Audited)									
Financial assets measured at fair value									
Investments		49,489,400	2,950,007,023	-	-	2,999,496,423	2,999,496,423	-	-
Financial assets at amortised cost									
Long term deposits		-	-	43,326,640	-	43,326,640	-	-	-
Trade debts - unsecured, considered good		-	-	983,568,223	-	983,568,223	-	-	-
Deposits, and other receivables		-	-	150,166,872	-	150,166,872	-	-	-
Cash and bank balances		-	-	1,197,729,351	-	1,197,729,351	-	-	-
	17.1	-	-	2,374,791,086	-	2,374,791,086	-	-	-
Financial liabilities measured at fair value									
Financial liabilities measured at amortised cost									
Long term financing		-	-	-	5,552,786,149	5,552,786,149	-	-	-
Long term deposits		-	-	-	2,036,100	2,036,100	-	-	-
Trade and other payables		-	-	-	2,344,544,794	2,344,544,794	-	-	-
Short term borrowings		-	-	-	498,000,000	498,000,000	-	-	-
Mark-up accrued on borrowings		-	-	-	122,613,973	122,613,973	-	-	-
Dividend payable		-	-	-	37,638,105	37,638,105	-	-	-
Unclaimed Dividend		-	-	-	8,559,447	8,559,447	-	-	-
	17.1	-	-	-	8,566,178,568	8,566,178,568	-	-	-

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

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

For nine months ended 31 March 2022

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

	For the nine months ended 31 March 2022			
	Liabilities			Total
	Long term finances	Short term borrowings	Dividend payable	
Rupees				
Balance as at 01 July 2021	5,552,786,149	498,000,000	46,197,552	6,096,983,701
Changes from financing activities				
Repayment of long term finances - secured	(973,085,578)	-	-	(973,085,578)
Disbursement of short term borrowings - net	-	398,000,000	-	398,000,000
Repayment of short term borrowings - net	-	(498,000,000)	-	(498,000,000)
Dividend paid	-	-	(286,369)	(286,369)
Total changes from financing cash flows	(973,085,578)	(100,000,000)	(286,369)	(1,073,371,947)
Other changes				
Amortization of government grant and transaction cost	4,314,669	-	-	4,314,669
Total liability related other changes	4,314,669	-	-	4,314,669
Closing as at 31 March 2022	4,584,015,240	398,000,000	45,911,183	5,027,926,423

	For the nine months ended 31 March 2021			
	Liabilities			Total
	Long term finances	Short term borrowings	Dividend payable	
Rupees				
Balance as at 01 July 2020	5,687,722,464	1,301,609,100	48,014,349	7,037,345,913
Changes from financing activities				
Disbursement of long term finances - secured	200,686,655	-	-	200,686,655
Repayment of long term borrowings	(40,291,285)	-	-	(40,291,285)
Disbursement of short term borrowings	-	236,467,000	-	236,467,000
Repayment of short term borrowings	-	(1,301,609,100)	-	(1,301,609,100)
Dividend paid	-	-	(1,423,946)	(1,423,946)
Total changes from financing cash flows	160,395,370	(1,065,142,100)	(1,423,946)	(906,170,676)
Other changes				
Amortization of government grant and transaction cost	1,656,809	-	-	1,656,809
Total liability related other changes	1,656,809	-	-	1,656,809
Closing as at 31 March 2021	5,849,774,643	236,467,000	46,590,403	6,132,832,046

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

For nine months ended 31 March 2022

19 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:

			(Un-audited) 01 July to 31 March 2022 Rupees	(Un-audited) 01 July to 31 March 2021 Rupees
	Relationship	Nature of transactions		
Transactions with related parties				
Employees' Provident Fund Trust	Post employment benefit plan	Contribution	17,716,831	14,528,270
Kohat Cement Educational Trust	Common Directorship / Trustee	Contribution	4,386,578	3,467,582
Ultra Pack (Private) Limited	Common Control	Purchase of packing material	1,118,835,848	1,011,231,741
Ultra Kraft (Private) Limited	Common Control	Sale of cement	8,605,958	-
Nutribel (Private) Limited	Common directorship	Sale of cement	-	1,510,767
Palace Enterprises (Private) Limited	Common directorship	Purchase of Power Generator	3,500,000	-
Chief Executive	Key Management Personnel	Remuneration paid	62,324,210	60,122,805
Other executives	Key Management Personnel	Remuneration paid	72,586,661	70,870,789
			(Un-audited) 31 March 2022 Rupees	(Audited) 30 June 2021 Rupees
Balances with other related parties				
Employees' Provident Fund Trust	Post employment benefit plan	Payable	4,365,983	2,585,757
Ultra Pack (Private) Limited	Common Control	Trade creditors	159,755,273	343,820,942
Nutribel (Private) Limited	Common directorship	Trade debtors	-	2,034

19.1 The Company has paid Rs. 56.95 million (31 Mar.2021: Rs. 56.33 million) to the Chairman on account of his remuneration and also paid Rs. 1 million (31 Mar. 2021: Rs. 1.375 million) to the non-executive directors being the fee for attending Board and Committee meetings.

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.

20 General

20.1 Figures have been rounded off to the nearest rupee.

20.2 Corresponding figures have been rearranged and reclassified for better presentation, wherever considered necessary.

20.3 These condensed interim financial statements have been approved by the Board of Directors of the Company and authorized for issue on 26-April-2022.



Chief Executive



Chief Financial Officer



Director

kohatcement.com

37-P, Gulberg II, Lahore, Pakistan

Tel: +92 -42-11-111-KCCL (5225) Fax: +92-423-5754084, 5874990

Email: mis@kohatcement.com