

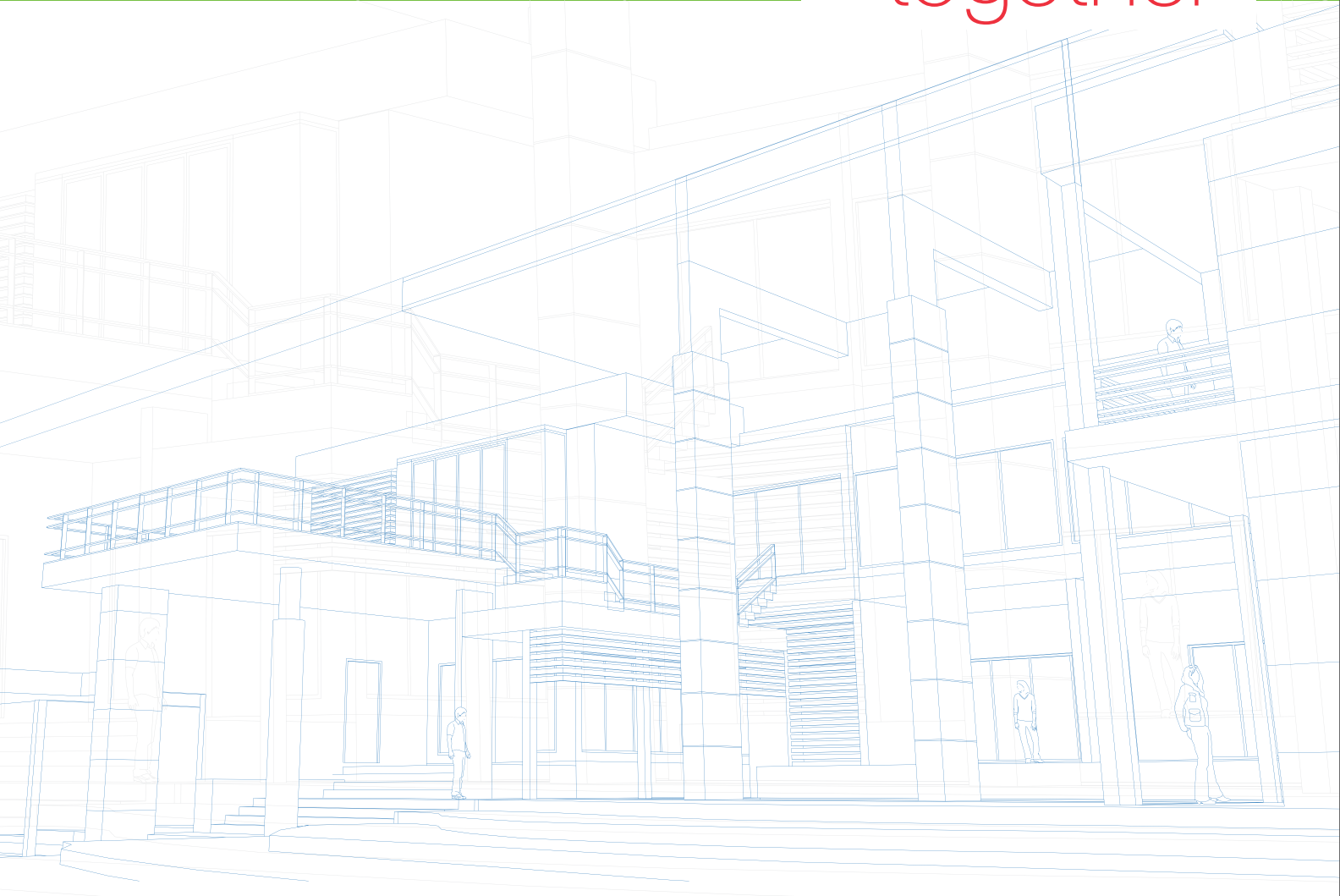


**Cherat Cement
Company Limited**
A Ghulam Faruque Group Company

Annual Report 2021



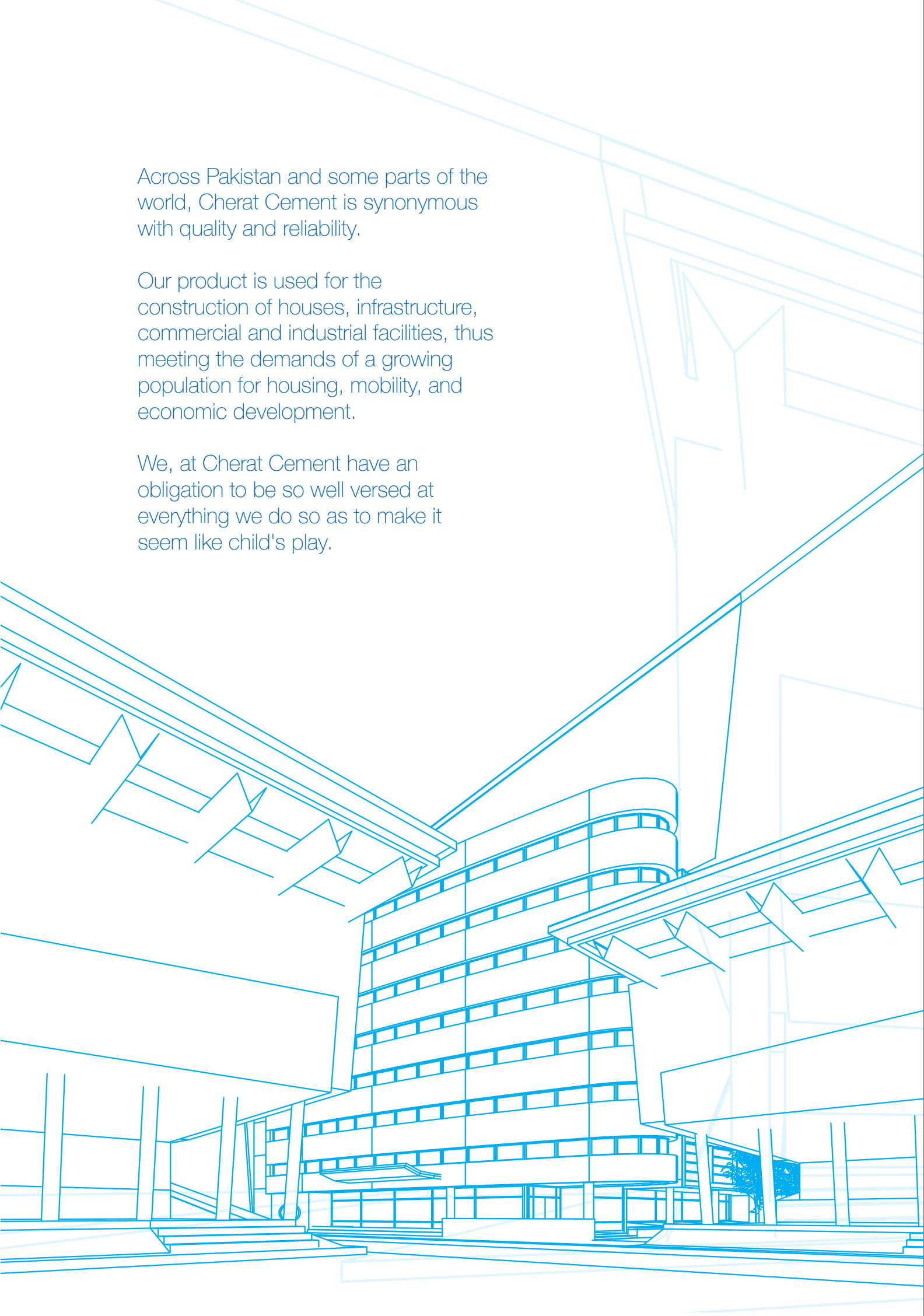
building
our future
together



Across Pakistan and some parts of the world, Cherat Cement is synonymous with quality and reliability.

Our product is used for the construction of houses, infrastructure, commercial and industrial facilities, thus meeting the demands of a growing population for housing, mobility, and economic development.

We, at Cherat Cement have an obligation to be so well versed at everything we do so as to make it seem like child's play.



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About the Report

We are pleased to present the Corporate Annual Report (the Report) of the Cherat Cement Company Limited (the Company) for the period covering from July 01, 2020 to June 30, 2021. The Company was incorporated in Pakistan as a public company limited by shares in the year 1981. The Company is listed on Pakistan Stock Exchange Limited. Its main business activity is manufacturing, marketing and sale of cement.

This Report is structured in way that the shareholders of the Company can get an insight of the affairs as well as financial and business information of the Company. We always believe on the transparent disclosure of information and practices of the Company.

The Report covers the substantial aspects of the Company's' Business and underlines the risk management framework, governance structure, corporate performance, future strategies, Directors' Report, Chairman's Review and other governance and policies. The Report also covers the Company's aim of aligning its business processes and activities with the United Nations Sustainability Development Goals (SDGs) and highlights its contributions towards each goal. The Company also explains its corporate social responsibility and its efforts towards it.

An integrated report is a concise communication about how an organization's strategy, governance, performance and prospects in context of its external environment leads to creation of value. Since the Company has adopted the International Integrated Reporting Framework therefore, the Report has also been prepared in accordance with the International Integrated (IR) Framework and Global Reporting Initiative (GRI) in order to provide the stakeholders a transparent reflection of value creation ability, contributions and quality information of the Company. We are in continue to evaluate our processes and approach in order to meeting with best practices in order to create sustainable value. The principal objective of the Report is adherence with the principles of inclusivity, materiality, responsiveness and evaluation against the elements of IR. The material presented in this report is such a way that it enables the stakeholders to understand better. The Company also considers the importance and strengthening of this report in terms of information, connectivity and demonstration of results.

The Report also includes audited financial statements of the Company along with the Auditor's Report thereon. The Report consists the compliances, provisions and directives of the Companies Act, 2017, Code of Corporate Governance Regulations, 2019, Auditor's review report on compliance of such Regulations and International Financial Reporting Standards.

This Annual Report is available in both print and online form at www.gfg.com.pk/cccl

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Building the future seems like child's play

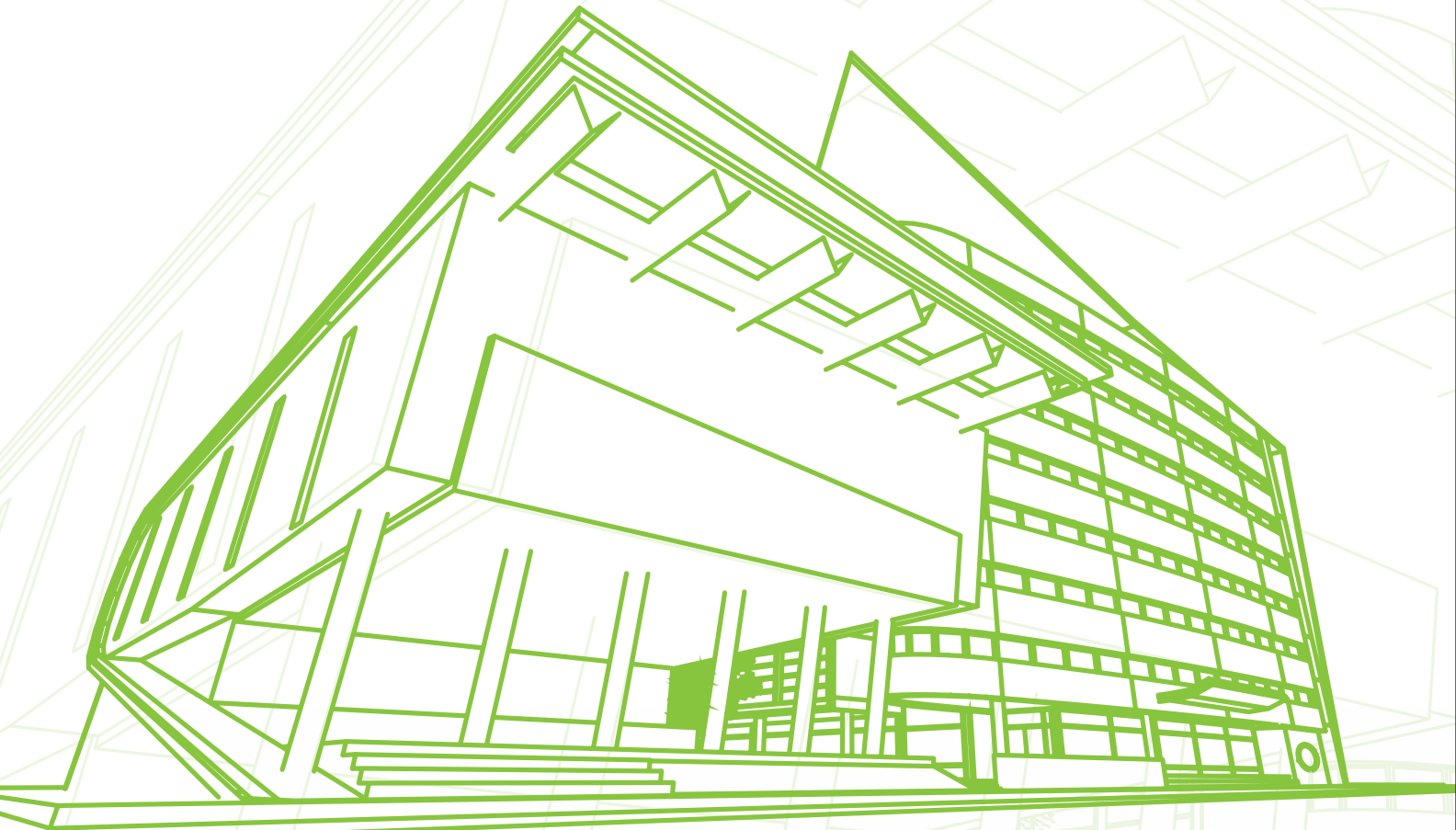
“For young children, there is no distinction between play and learning; they are one and the same. Playing is a priority in early childhood, yet not all play is the same” (Butler, 2008, p. 1).

Since the beginning of mankind children have imitated adults and learned to survive through play.

At Cherat Cement we have learnt to manufacture cement of such high quality that we make building the future seems like child's play.



Promise of the future



A young child is like a tree, when given nourishment and a safe environment to grow in, they will become strong physically and mentally.

The vision to establish a cement factory here in the limestone rich Cherat Hills was shaped long before the plans to establish a cement factory took hold.

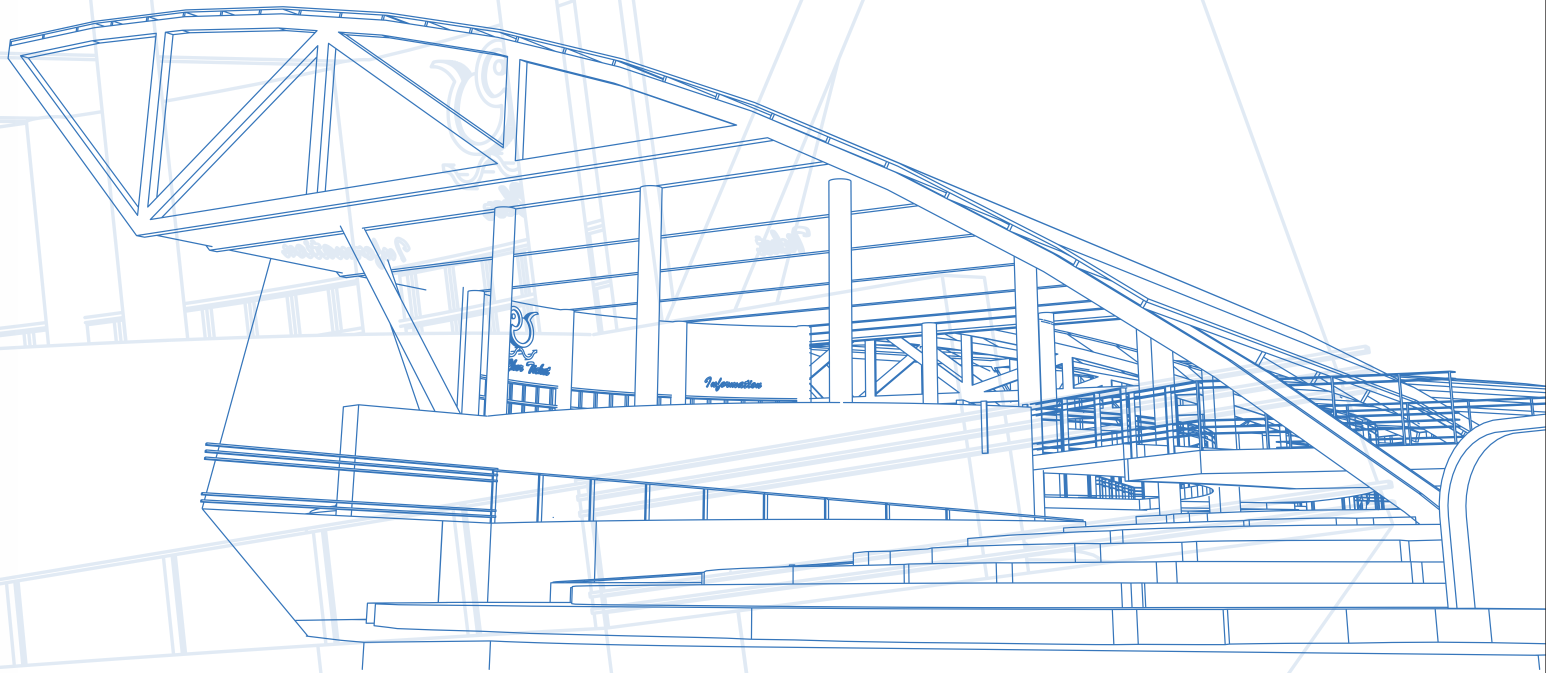
Our founder, Ghulam Faruque, almost 4 decades earlier, had foreseen the advantages for the region and believed that it would bring prosperity for its people in all facets of life.







Support system



Children should be allowed to explore and learn on their own at their own pace and should be accorded a support system to enhance their skills.

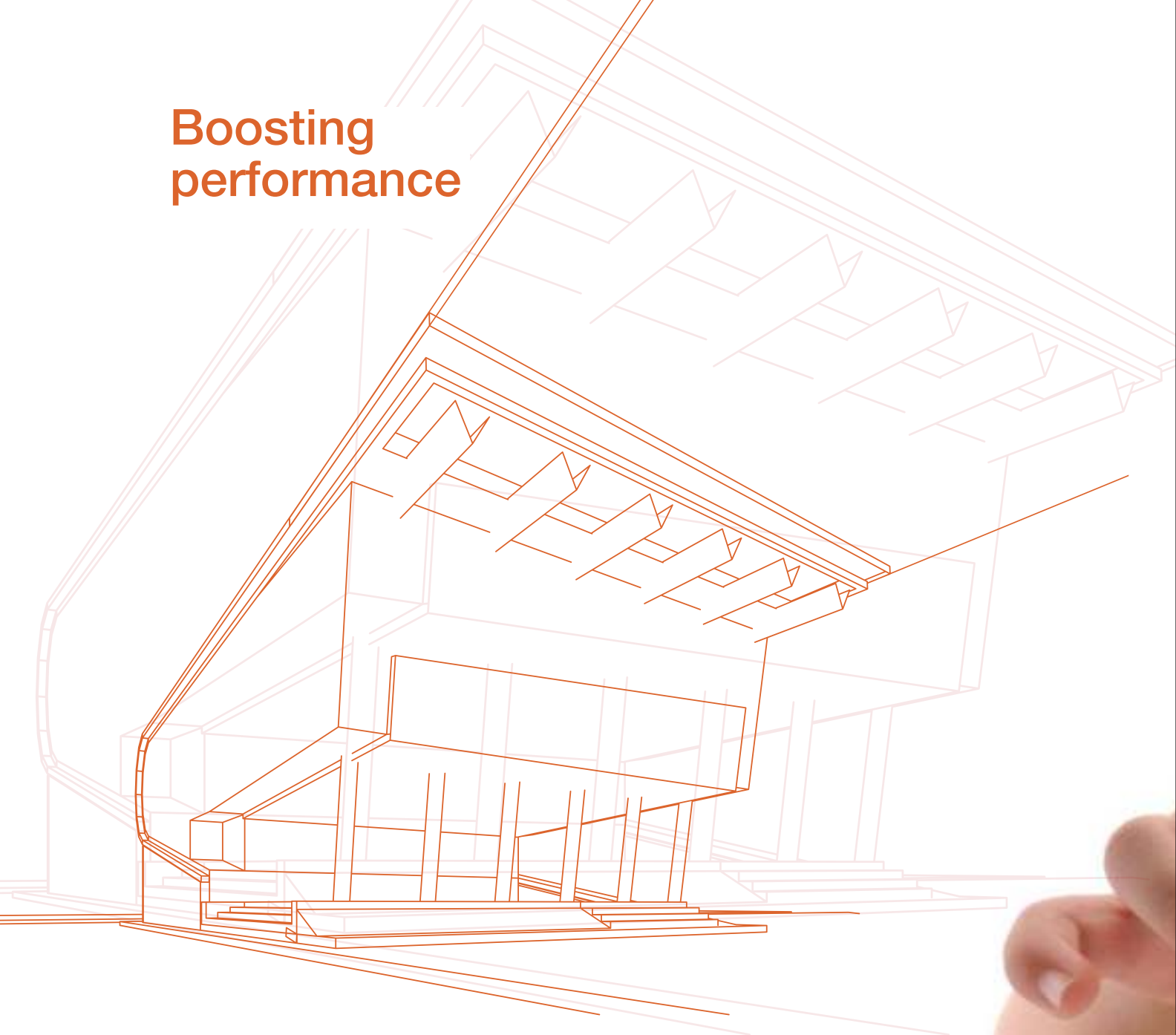
Over the past years the Company has actively encouraged reforestation, re-established herds of the majestic Urial Sheep, the Hog Deer, the Chinkara Gazelle and by repopulated flocks of partridge and peacock, all victims of over hunting.

We have developed a support system including medical and education facilities and, more importantly, through expansion, generated continuous opportunities for local employment.

We recognize our on-going commitment to the people and localities which support our businesses.



Boosting performance



It is believed that children also learn important tasks through repetition. Young toddlers may repeat tasks dozens of times. The same toddlers are able to easily repeat the task days or weeks after the initial learning. Children should be allowed to explore and learn on their own at their own pace.

We at, Cherat Cement, believe that all our work force should be so well trained so as to accomplish each task to perfection. Hence, it is our fundamental belief that each employee should be so adept at performing the task assigned to reach excellence.









Vision

Growth through the best value creation for the benefit of all stakeholders.

Mission

- Invest in projects that will optimize the risk-return profile of the Company.
- Achieve excellence in business.
- Maintain competitiveness by leveraging technology.
- Continuously develop our human resource.
- To be regarded by investors as amongst the best blue-chip stocks in the country.



Our Values



RESPECT
is our way of life



OWNERSHIP
is our way to success



QUALITY
is our legacy



FAIRNESS
is our way of work

Culture

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



Ethics

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

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

tolerated under any circumstances. Breach of the CCCL's Code of Conduct can lead to disciplinary action upto and including termination of employment.

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

Code of Conduct

The Code of Conduct of the Company is based on the principles of honesty, integrity and professionalism at every stage.

Scope

The code of conduct policy is applicable to all regular and direct contract staff in the company and its locations.

Compliance Committee and Reporting of Violations

The Company has established a Compliance Committee to provide advice concerning compliance with the code of conduct. All employees are encouraged to report any suspected violation of this Code of Conduct to their Line Managers (Functional Heads) or Compliance Committee or their respective Executive Director.

Compliance with the Law

The observance of the laws and regulations of the legal systems in which we operate is mandatory for all employees in their dealings with customers, suppliers, competitors, other employees, government bodies and officials.

Competition and Anti-trust Law

The Company obligates its employees for strict compliance with Competition and Anti-trust Laws wherever it operates.

Bribery and Corruption

The Company is committed to conducting its business in an open, honest and ethical manner in all the jurisdictions in which it operates and will not engage in any form of bribery or corruption in order to secure any kind of business advantage.

Money Laundering

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

Product Quality

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

Books, Records and Financial Reporting

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

Confidentiality

It is our policy that no employee entrusted with

confidential information about the Company, its suppliers, customers or other business partners may disclose such information to any third party or use such information for his or her personal benefit while employed with the Company or thereafter, unless prior written approval is obtained from a duly authorized person or the disclosure of confidential information is required by law, any governmental agency, court or other quasi-judicial or regulatory body.

Protection and Information Security

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

Handling and Safeguarding of the Company's Property

Employees must handle the Company's property (including both tangible & intangible) with due care and in a responsible manner. The Company does not tolerate any unauthorized use or misappropriation of its property or services.

Equal Treatment and Fair Working Conditions

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

Health, Safety and Environmental Protection

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

We make efficient use of natural resources and minimize the environmental impact of our activities and products over their life cycle.

Conflict of Interest

Employees may not engage in any activities, on or off the job, that conflict with the Company's business interest, nor they may use their position with the Company for their personal gains, or for the improper benefit to others.

As a policy, conflicts of interest or the mere appearance of such a conflict must be avoided.

Nature of Business

Cherat Cement Company Limited is a Ghulam Faruque Group (GFG) Company. Its main business activity is manufacturing, marketing and sale of Ordinary Portland Cement with the brand name of 'Cherat'. The Company is amongst the pioneers of cement industry in Pakistan and is the number 1 cement in its region. Quality is our business; therefore, there are no compromises on Quality Management. The plant is located at Village Lakrai, District Nowshera, Khyber Pakhtunkhwa (KPK) Province.

Due to plant's geographical position, it is ideally located to export cement to Afghanistan as well as to cater the local market needs in KPK, FATA, Punjab and Azad Kashmir. The Company is registered on Pakistan Stock Exchange and is also ISO 9001 and 14001 certified.

Our Certifications



Key Elements of Business Model

The key elements of Business Model of the Company includes:

- Key inputs
- Our Value Chain
- Key Outputs
- Outcomes

All these elements are fully explained alongwith diagram in the Chapter "Business Model"



Company Information

Board of Directors

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

Audit Committee

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

Human Resource & Remuneration Committee

Mr. Abrar Hasan	Chairman
Mr. Azam Faruque	Member
Mr. Omar Faruque	Member

Director &

Chief Financial Officer

Mr. Yasir Masood

Executive Director & Company Secretary

Mr. Abid Vazir

Head of Internal Audit

Mr. Aamir Saleem

External Auditors

EY Ford Rhodes
Chartered Accountants

Cost Auditors

UHY Hassan Naeem & Co.
Chartered Accountants

Legal Advisor

K.M.S. Law Associates

Bankers

Allied Bank Ltd
Bank Al Habib Ltd
Faysal Bank Ltd
Habib Bank Ltd
Habib Metropolitan Bank Ltd
Industrial & Commercial Bank of China
MCB Bank Ltd
National Bank of Pakistan
Samba Bank Ltd
Soneri Bank Ltd
Standard Chartered Bank (Pakistan) Ltd
The Bank of Punjab
United Bank Ltd

Islamic Bankers

Bank Alfalah Ltd
Dubai Islamic Bank Pakistan Ltd
MCB Islamic Bank Ltd
Meezan Bank Ltd

Credit Rating

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

Share Registrar

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

Contact Information

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



Registered Office / Factory

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

Head Office

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

Sales Offices

Peshawar:

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

Lahore:

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

Islamabad:

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

Group Structure

Introduction

Since its inception, the Ghulam Faruque Group has continuously strengthened and diversified its lines of operation and all group companies are working under common directorship / management. Faruque (Private) Limited is the Parent Company. Details and brief profile of other leading group companies / ventures are as follows:

Faruque (Pvt.) Ltd Parent Company

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



Mirpurkhas Sugar Mills Ltd Manufacturer of Cane Sugar

Established in 1964, its principal activity is manufacturing and selling of sugar. It is located about 230 km from the port city of Karachi in Mirpurkhas and is listed on the Pakistan Stock Exchange Limited. The Company has a crushing capacity of 12,500 tons per day and is one of the most efficient sugar mills in Pakistan. Moreover, it is involved in development of higher yield sugar cane varieties on its experimental farm. In order to further diversify its operations, the Company has decided to set up a Paper and Board project. The project will serve to enhance the business prospects of the Company and will allow the company to leverage synergies and enhance its revenues from avenues other than sugar.



Cherat Packaging Ltd Manufacturer of Kraft Paper, Polypropylene Bags and Flexible Packaging Products.

Established in 1991, it is the largest producer and supplier of paper sack and polypropylene ("PP") bags to the cement industry in Pakistan. CPL also produces and provides bags to other industries such as sugar, rice and chemical etc. It also produces flexible packing material as its state-of-the-art facilities. CPL is listed on Pakistan Stock Exchange. The Company has a production capacity of 400 million paper bags, 195 million PP bags and 12.6 million kg flexible packaging products per annum. The Company is in process of expanding its PP line which will enhance its PP bags capacity to 260 million bags per annum. It caters to the domestic as well as export markets and is also a recipient of the prestigious Pakistan Stock Exchange "Top Companies" Award and Management Association of Pakistan's Best Company Award several times.



MADIAN

Madian Hydro Power Ltd
Joint Venture for establishing
148 MW hydro power plant.

ZENSOFT

Zensoft (Pvt.) Ltd
Information Systems Services
provider specializing in
business software solutions

It was established in 1998 and is engaged in development of computer softwares. The company specializes in providing high quality business solutions.



GREAVES

Greaves Pakistan (Pvt.) Ltd

Providing Specialized Engineering
Sales and Services

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

Greaves Airconditioning (Pvt.) Ltd

Equipment Suppliers and HVAC Solution Provider

Commencing operations in 1975, this Company is the only HVAC solution provider of its kind and is the sole distributor of York (JCI) products in Pakistan. It is involved in providing a wide array of services related to HVAC equipments that includes designing, installation and maintenance of central and packaged units. Moreover, it also launched residential light air conditioning units under the brand name of Euro Aire.

Greaves CNG (Pvt.) Ltd

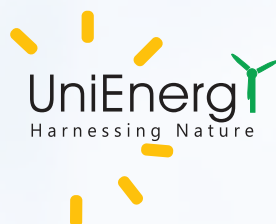
Retail Sale of CNG to end consumers

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

Greaves Engineering Services (Pvt.) Ltd

HVAC Contractors

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



UniEnergy Ltd

Joint Venture for Renewable
Wind Energy



Unicol Ltd

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

Unicol was incorporated in 2003 as a public unlisted company having a joint venture with equal shareholding between Faran Sugar Mills Limited, Mehran Sugar Mills Limited, and Mirpurkhas Sugar Mills Limited. All three sponsor companies are listed at the Pakistan Stock Exchange Limited. It is engaged in the production and marketing of the finest quality superfine ethanol being produced from molasses. Unicol produces various grades of ethanol including super fine ENA Anhydrous (99.9%), ENA (>96%), and B Grade (>92%). It is also engaged in the production and marketing of food-grade liquid carbon dioxide (LCO₂). Unicol has an installed ethanol capacity of 56,000 MT per annum while LCO₂ installed capacity of 18,000MT per annum. Unicol exports its complete production of ethanol to various regions across the globe. Unicol is the proud recipient of the FPCCI Prime Minister of Pakistan Award and the FPCCI Best Export Performance Award for 2017-18.

Our Journey at a Glance

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

1985

Optimization capacity expansion to 1,400 t/day

1988

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

1998

HMI Manual operating panels converted to HMI

2001

Capacity Expansion to 3,300 t/day

2005

LVT Cement Press installed

2006

1994

Doubling capacity expansion to 2,300 t/day

Installed Roller Press at Raw Mill & Cement Grinding areas

Caterpillar commissioned 04 CAT power generators (6 MW)

1996

WARTSILA Diesel commissioned 04 Wartsilla Diesel plants (20 MW)

2002

Cherat Electric Merger in Cherat Cement Company Ltd

Cooler E.P. Multicyclones converted to Electrostatic Precipitators

2003

Coal Mill Incorporated Coal Grinding Mill which replaced primary fuel Furnace Oil

2008

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

2009

Installed SAP (ERP)

Waste Heat Recovery
for Power Generation
commissioned

2010

Tyre Derived Fuel
Processing Plant
installed

2012

Commercial
production of Line-II
with the capacity of
4,200 clinker t/day
started

L/C opened for
Line-III having clinker
production capacity
of more than 6,700
t/day

2017

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

2018

2021

Green field project
Line-IV initiated

Work started on
Line-I
upgradation

2013

Refuse
Derived Fuel
Processing
Plant installed

2014

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

2019

Commercial
production of Line-III
with a clinker
capacity of more
than 6,700 tons per
day alongwith WHR

Installation of 3
Wartsila dual fuel
generators of 9.7
MW each

2020

5 MMCFD Gas
Pipeline project
completed

Solar project
initiated

Our National & International Recognition

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

Best Corporate and Sustainability Report Award by ICAP & ICMAP

The Company secured first position in Best Corporate and Sustainability Report Award in the Cement sector for the financial year 2020, jointly organized by Institute of Chartered Accountants of Pakistan and Institute of Cost and Management Accountants of Pakistan. Previously, the Company also secured first position in two consecutive years i.e. 2016 and 2017.



The Company secured 2nd position in Best Corporate and Sustainability Report Award in the Cement sector for the financial 2019, jointly organized by Institute of Chartered Accountants of Pakistan and Institute of Cost and Management Accountants of Pakistan. Previously, the Company also secured second position in two consecutive years i.e. 2014 and 2015. In addition to it, the Company secured 3rd position in cement sector for 2018



South Asian Federation of Accountants (SAFA) Award

In recognition of the Company's endeavour for transparency in corporate reporting, the annual report of the Company for the year 2019 was nominated in the SAARC Anniversary Awards for Corporate Governance Disclosures Award 2019. Latest event was held in Colombo, Srilanka in December, 2020. The Company secured Joint Second Runner-up position for Improvement in Transparency, Accountability & Governance in Corporate Governance Disclosures for the Annual Report of 2019. Previously, the Company also secured certificate of merit for the FY 2014 and 2017.

Pakistan Stock Exchange Top Companies Award

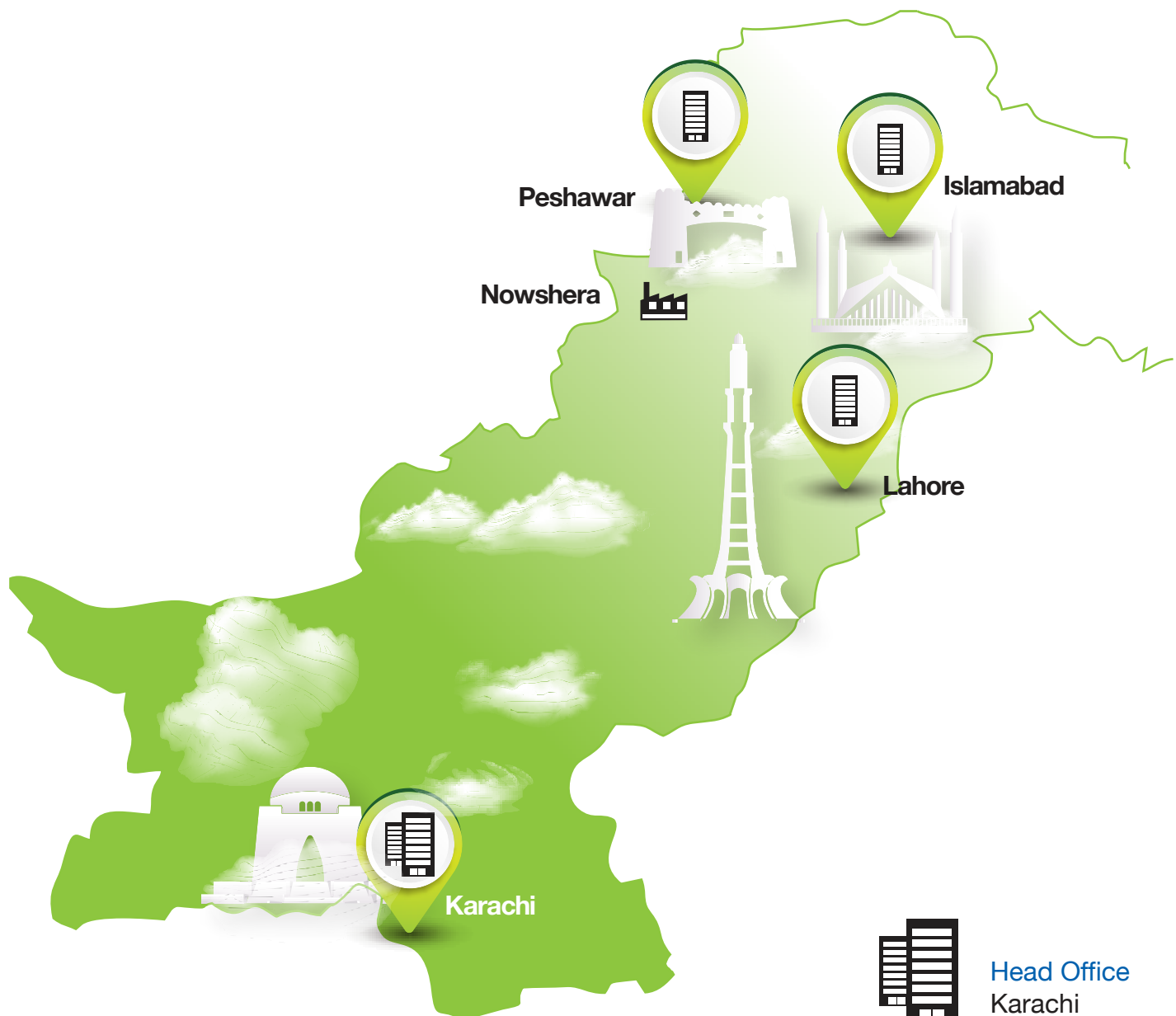
The Company's outstanding performance was also recognized by the Pakistan Stock Exchange and the Company was awarded the Top Companies Award for the year 2014. The ceremony was held in Karachi in September 2016.



Business Excellence Award

The Company was awarded with Business Excellence Award in FY 2018 presented by the resident of Sarhad Chamber of Commerce and Industry for being the winner for its exports to Afghanistan since FY 2003.

Geographical Presence



Main Distribution



Local

- Abbotabad
- Attock
- Bagh
- Bahawalnagar
- Bahawalpur
- Bajaur
- Bannu
- Bhimber
- Bunair
- Chakwal
- Charsadda
- Chilas
- Chitral
- Dera Allah Yaar
- Dera Ghazi Khan
- Dera Ismail Khan
- Dir
- Faisalabad
- Gambat
- Gilgit
- Gujranwala
- Gujrat
- Hunza
- Hyderabad
- Islamabad
- Jhelum
- Karachi
- Karak
- Kasur
- Khairpur
- Khyber
- Kohat
- Kotli
- Kurram
- Khuzdar
- Lahore
- Larkana
- Lodhran
- Malakand
- Mardan
- Mianwali
- Mirpur
- Mirpurkhas
- Mohmand
- Multan
- Muzaffarabad
- Muslim Bagh
- Narowal
- Nawabshah
- Nowshera
- Okara
- Orakzai
- Parachinar
- Peshawar
- Quetta
- Rahim Yar Khan
- Ranipur
- Rawalakot
- Rawalpindi
- Sahiwal



Export

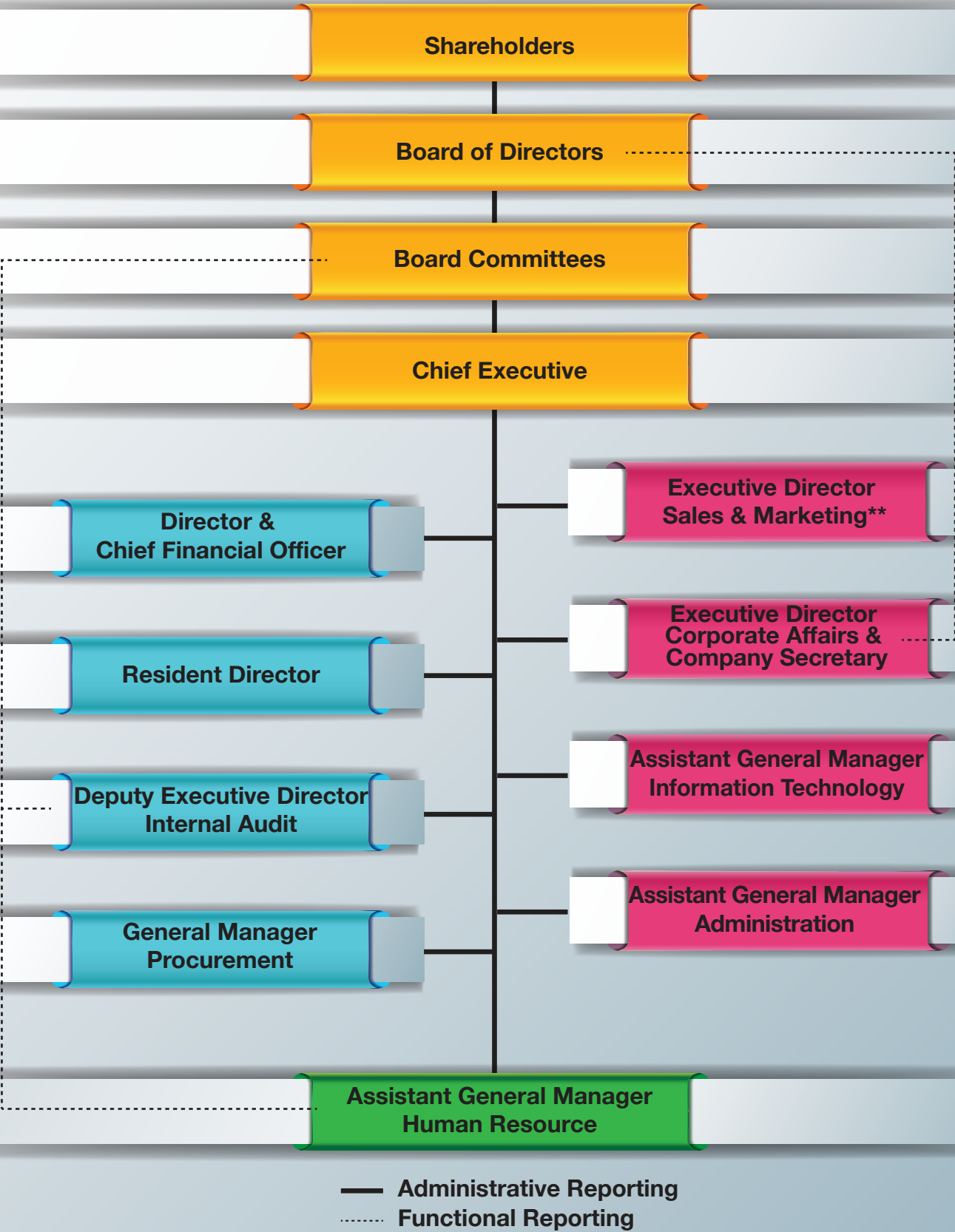
Afghanistan

Main Distribution

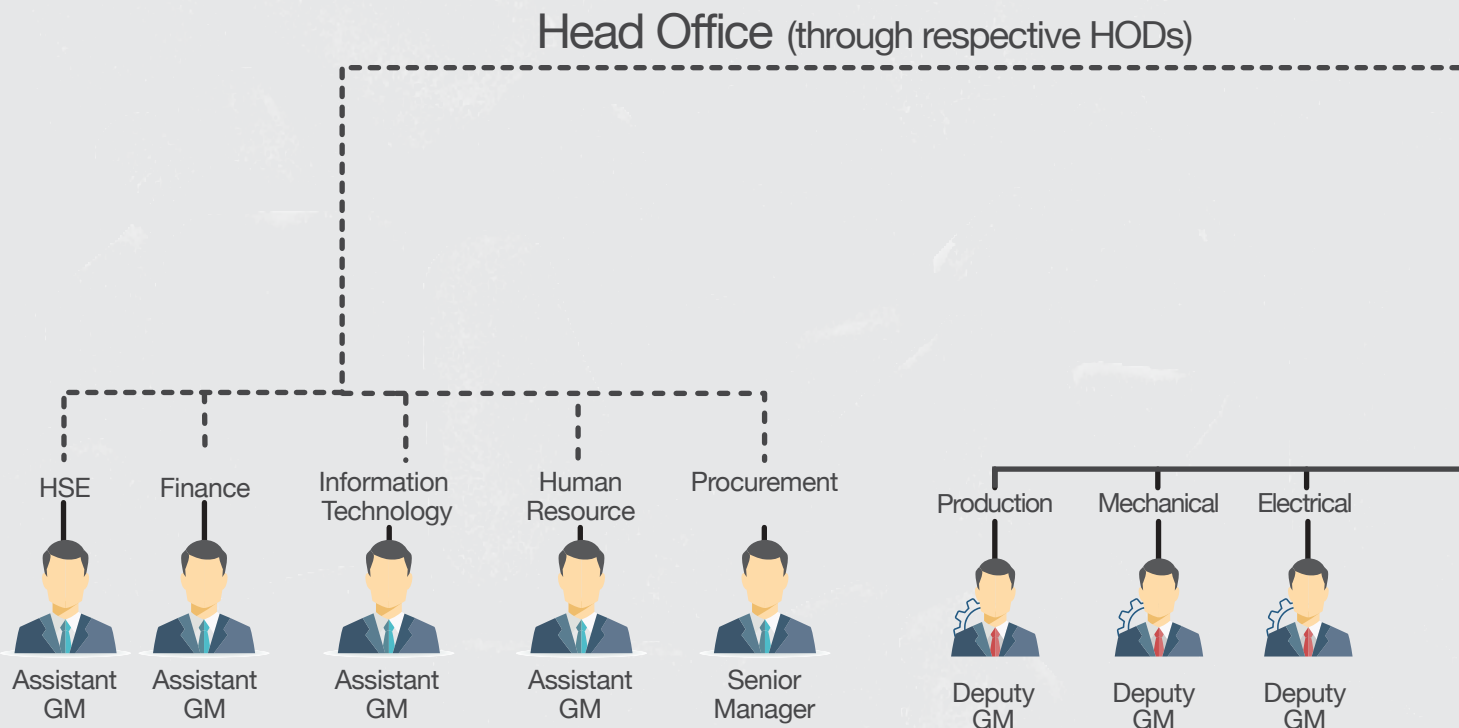
- Jalalabad
- Kandhar
- Kunduz
- Kabul
- Khost
- Mazar-i-Sharif



Organizational Structure

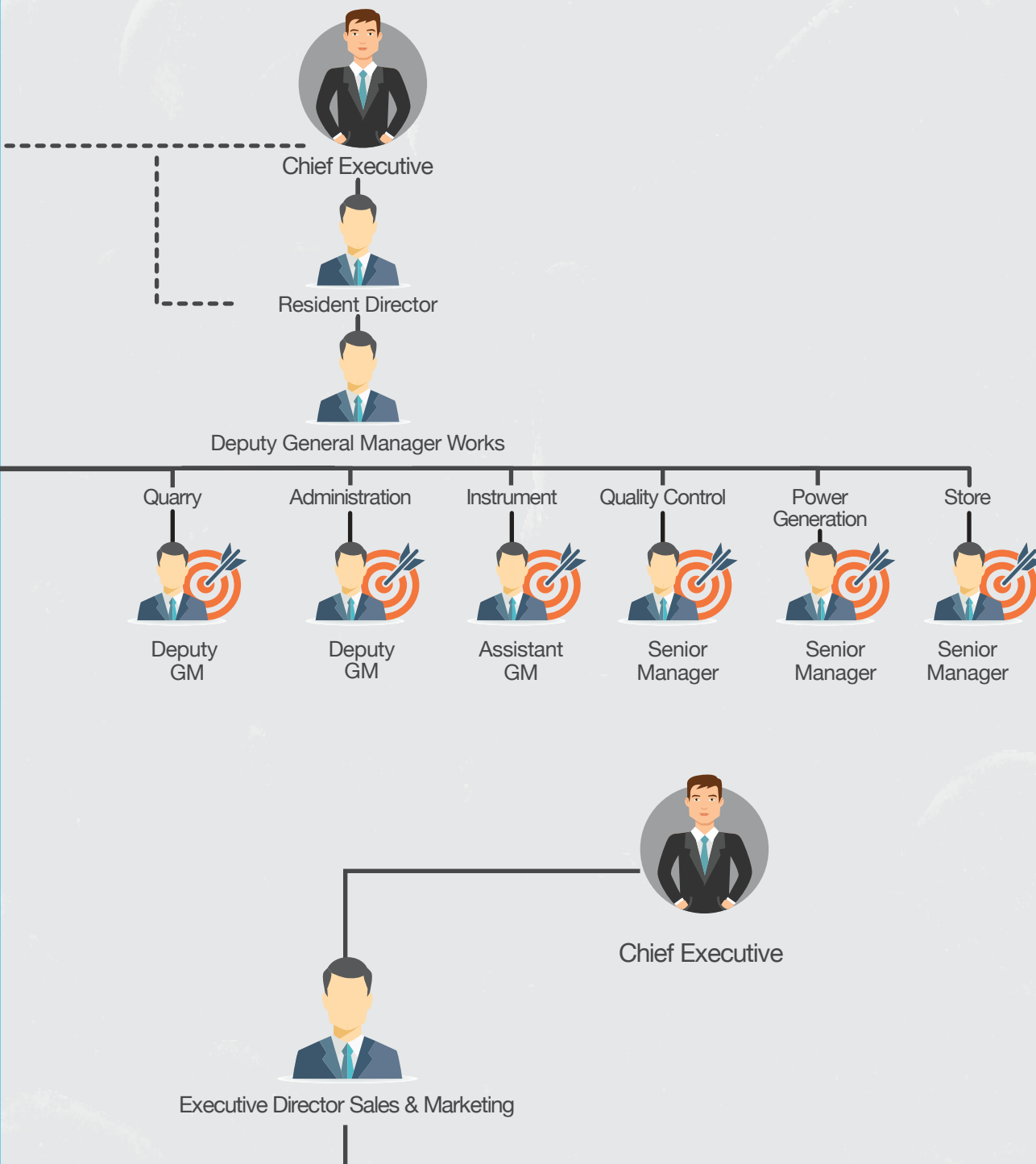


* Factory Site Organizational Structure



**Sales Offices Organizational Structure





Position within the Value Chain

Limestone, Laterite
Gypsum, Slate Stone



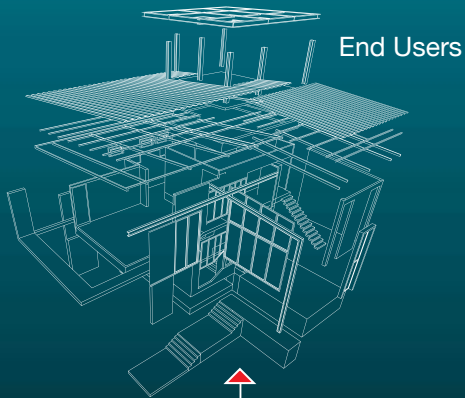
Coal



Furnace Oil

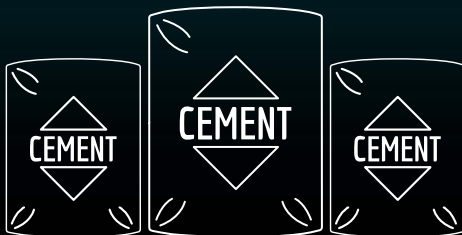


Natural Gas



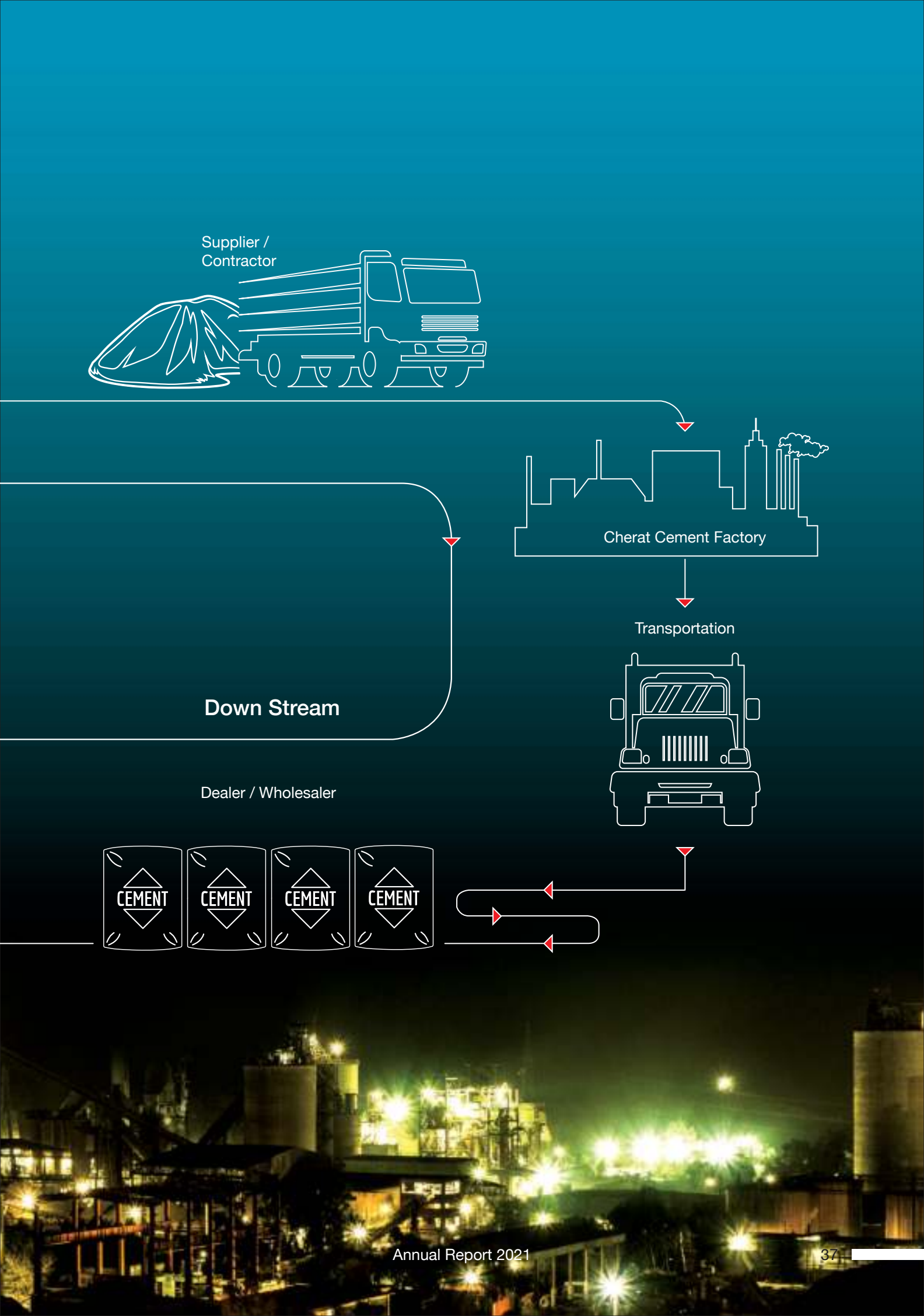
End Users

Retailer



Up Stream





Competitive Landscape and Market Positioning

Cherat Cement Company Limited (CCCL) has a large distribution network serving customers throughout the Country. The vast network of cement dealers provide logistical and working capital efficiencies, while providing products to the end consumer in a timely manner.

The Company focus remains on instigating business strategies for the local market that ensure sustainability and increase in market share. The Company utilizes its resources and energies towards development of new markets and territories with the aim of being more accessible to the global construction industry and to cater to the demands of customers in local and international markets.

With a state-of-the-art production facility, it has continued to gain market share across the cement industry it operates in. CCCL have competitive edge over cost of production during the year through strict controls and effective management. We managed to restrict the impact of increased fuel / coal prices at international market through efficient mixing of imported coal with local and Afghan coal. Further, power cost was also controlled by using right mix of WHR, self-generation and National Grid.

The competitive landscape and market positioning is explained below:

Power of Suppliers

Suppliers hold a key position in our entire value chain due to scarcity of resources which are critical to our business. The Company has invested considerably in building resilient business relationship with our key suppliers. Our continuous growth is attributable to engaging dependable and reputed suppliers as our business partners for supply of raw material, industrial inputs, equipment and machinery in addition to supply of debt for meeting working capital and other financial requirements. Other procurements, both local and international, were made in line with the Company's approved budget.

Power of Customers

The Company prioritizes its relationship with its customers and the trust they have in the company. CCCL has played a major role in shaping the cement sector of Pakistan. The Company's success and performance depend upon the loyalty of our customers, their preference of the brand and our supply chain management. CCCL has invested significantly over the years in customer relationship management going beyond extending credit facilities and rebate and commission. Focus is on customer service standards being continuously

augmented, innovative solutions are being devised to make customer experiences more enjoyable, convenient and hassle-free and market competitive rates are being offered to effectively increase switching costs for customer.

Competition and Rivalry

Intensity of competition within the domestic cement sector has grown significantly over the years. All major players have focused on expansion plans in order to increase market share in existing and potential market.

The Company believe in a healthy competition for maintaining market share and continuously improve the high quality standards of Cement. Most of the cement manufacturers have high fixed cost structures in terms of land, capital equipment and significant personnel related costs. This gives existing competitors a strong economic incentive to strive for market share more aggressively than if they had low fixed costs. Each additional percent of the market allows them to spread their fixed costs and brings a better net margin.

Cement players in south area of Pakistan have an edge due to availability of sea route to export oriented countries whereas cement plants in KPK have an edge to export Afghanistan through land route.

Threat of New Entrants

There is low risk of a new entrant in domestic cement industry due to the fact that it is highly capital intensive industry, scarcity of raw material, limited access to delivery channels and markets saturation resulting in the market as unattractive.

The length of time consumed to establish a significant brand loyalty and the need to adhere to strict regulatory stipulations along with access and ability to extract basic Raw Material i.e. Limestone and to set-up factory nearby is detrimental for new entrants.

Threat of Substitute Products

The nature of product is such that the risk of substitute products in the market is minimal.

Factors Affecting the External Environment and the Organization's Response

FACTORS	  		
	POLITICAL	ECONOMIC	SOCIAL
DESCRIPTION	- Government funding, subsidies and support for specific industries - Change in trade due to COVID – 19 Pandemic - Political turbulence generally impacts economy negatively	- Increasing labour cost - Exchange rates - Price fluctuation - Extra financial burden due to COVID – 19 - The 'exogenous' economic disruption caused by the pandemic	- CSR responsibilities factors. - Increasing attention in health care - Charity and donation - Providing education facility - Safe and healthy environment - social impacts of COVID – 19 in Pakistan - Demographic changes
ORGANIZATIONAL RESPONSE	- Industry issues are dealt through APCMA - Management keep an eye on the supply chain market and related cost impact throughout COVID – 19 situation - Management keeps a close eye border issues	Strong domestic demand, better retention and availability of enhanced production capacity have increased revenue and dissolve the impact of various factors on profitability of the Company such as devaluation of currency, increase fuel prices variable costs and COVID – 19 related expenses. The Company keeps on applying cost effective measures to manage the impact of these factors. The 'exogenous' economic disruption caused by the pandemic suspended supply chains, halted global transportation and logistics links, interrupted flow of goods, people, investment and capital.	Company donates generously to various social and charitable causes including health, education and social sectors. The Company actively participates in various social work initiatives as part of its corporate social Responsibility. In Pakistan, pandemic could push millions more into poverty. Constant spiking of COVID-19 overwhelming Pakistan's health system, derailing recovery, and pushing the country's most vulnerable further into poverty.

				
TECHNOLOGICAL	ENVIRONMENTAL	LEGAL		
• Technical obsolescence of production facility • Continuous development of information technology infrastructure • Communication infrastructure • New software and machinery • Improved production process or business model	• Adverse weather condition • Growing attention to environmental protection • Climatic conditions • Global warming • Natural Disasters • Air pollution and deforestation	• Companies Act 2017 • Income Tax Ordinance • Sales Tax Act and provincial sales tax on services • Pakistan Stock Exchange listing regulations • SECP Acts • Law and order		
Company has the most novel production plant from TCDRI to avoid any risk of technical obsolescence. Company continuously invests in the robust software and hardware for upgradation. The Company is running world renowned SAP (ERP system), equipped with Sophos Endpoint protection product that combines anti-malware, web and application control, device control, Barracuda Email Security Gateway and much more. Company also uses Voice over Internet Protocol (VoIP) technology that allows making voice calls using a broadband Internet connection instead of a regular or analog phone line. Steps taken to ensure that Company asset remain protected while employee doing Work From Home during pandemic.	The Company has complied with ISO 14001 and NEQ standards. The installation of WHR plants has also helped to protect the environment. The plant is equipped with Electrostatic Precipitators and bag filter which controls dust and gas emissions which is ultimately a shield against global warming. Further, to improve the environment, natural tree plantation on large scale has been conducted.	The Company has strongly abides all acts, listing, rules and regulations applicable on it. In this connection consistent endeavors put by the management to fulfill every legal aspect.		

Seasonality of Business:

Cement demand is normally on higher side during summer.

SWOT Analysis

Cherat Cement Company Limited has been continuously growing with utmost satisfaction of all its stakeholders. The Company seizes every potential opportunities from its core strengths, overcome its weaknesses to prevent possible threats. Keeping this in perspective, our pursuits consist of diverse strategies having external and internal origins.

The Board of Directors aims to minimize all possible risks by adopting a Risk Management Framework, as fully covered in an other section of this report. Furthermore, the BOD takes advantage of potential opportunities with the objective of improving the value of the Company for all stakeholders.



STRENGTHS



- ◆ The Company utilises modern and efficient state-of-the art machinery, which includes WHR and gensets.
- ◆ Our plant is at an ideal location, close to Afghanistan border, which makes our cement exports and coal imports cheaper in relation to freight costs.
- ◆ The Company employs a skilled workforce having very low employee turnover, which makes our production process efficient.
- ◆ Cherat Cement along with its group companies is well diversified in various sectors, i.e. Packaging, Sugar, Ethanol, Airconditioning and Generators, thus making a strong and well established portfolio of the group.
- ◆ Our Company is rich in High quality natural reserves which are easily available at our Plant location.
- ◆ Our well-established relations and trust levels with customers, vendors, banks, financial institutions and transporters is reflected in the form of enhanced Sales and strong operating performance throughout the years.
- ◆ The Company is pioneer in establishing world's renowned SAP system in the Cement industry, which makes our systems, process and controls highly efficient and readily available.

WEAKNESSES



- ◆ The Company have not fully explored the international market yet. However, with the recent announcement of new Greenfield production line (Line IV), the Company plans to target new markets to achieve its optimum level.

OPPORTUNITIES



- ◆ The China-Pakistan Economic Corridor initiative remains a great opportunity for long-term growth of the industry.
- ◆ With the focus of government on the revival and improvement of Cement Industry in the form of several tax relief, the company expects further improvement in profit margins in the future.
- ◆ Government's recent initiative regarding construction activities, including Dams and NAYA Pakistan Housing scheme are key potentials for the Company's future growth.

THREATS



- ◆ Growing pressure on prices due to rising input costs on account of increase in gas, coal and other fuel prices coupled with devaluation of PKR versus other foreign currencies will continue to put pressure on the growth of local sales volumes in the short-term. However, growing export demand on the back of favorable market dynamics and PKR devaluation is expected to substitute such slow-down in growth of local sales with growing export volumes, thereby mitigating such risk.
- ◆ The COVID-19 has significantly affected the macro economic conditions globally which put immense pressure on the local and export sales. While the pandemic has receded significantly in the country, any resurgence of it within the country or globally will further hamper the cement demand.
- ◆ Recent events in Afghanistan has led to political instability which may affect our export sales.

Competitive Edge

Sap Enterprise System

Being the pioneer in establishing SAP system in the Cement industry, the Company functions as the foremost in the digital world with efficient process and controls. Business processes are fully integrated in the system throughout the company at all locations. The Company undertakes various initiatives on a regular basis, including reviews by external consultants to ensure that the SAP functionalities are configured on an optimal basis, to allow its users to derive maximum benefits. The Company regularly generate customised reports as required by departmental personnel from time-to-time, making the best use of technology and modern systems.

During the COVID-19 lockdown period, the Company employed innovative measures with the help of strong systems and highly skilled technicians to promote remote working by employees. Real-time information remained available in SAP for decision-making through remote access all over Pakistan.

Diversified Business

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

Energy Efficient And Cost Minimisation

The Company utilises modern state-of-the-art technology and machineries including WHR gensets, Captive Power Plant which assists in achieving the Company's objectives to utilise its scarce resources in cost-efficient.

Ideal Location

Our Plant is located very close to Afghan border, which makes our cement exports and coal imports cheaper in relation to freight costs. Furthermore, our high quality raw materials i.e. Limestone are easily accessible at our Site, which minimises our costs, thereby giving us a competitive edge.



Significant Development and Changes from Prior Year

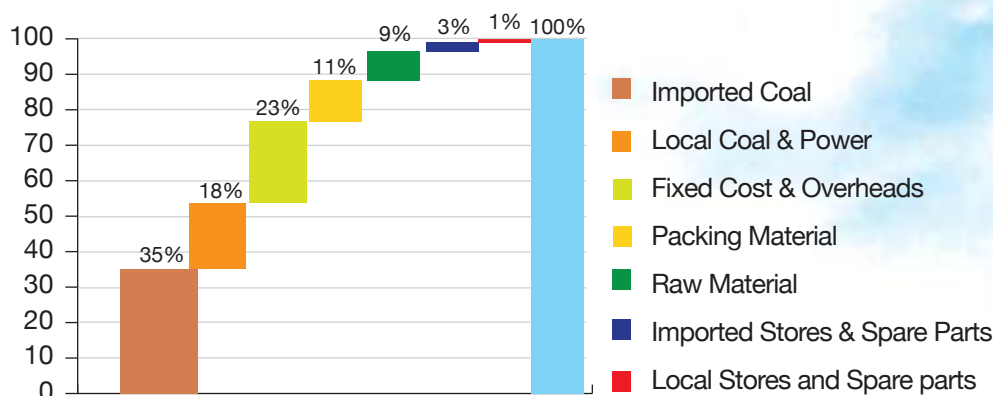
The following significant developments took place during the year:

- The Company has decided to establish its fourth cement production line (Line-IV) at Dera Ismail Khan, Khyber Pakhtunkhwa Province, having a production capacity of 11,000 tons per day of clinker.
- Being an environmentally friendly corporate citizen, the Company has contracted to install a 13 MW Solar project at its existing plant, thereby minimizing its costs and conserving the renewable natural resources. Solar panels have been delivered at SITE.
- Opening of Letter of Credit (LC) of Line-I Balancing, Modernization and Replacement (BMR) & installation of new crusher at subsidized rate of State Bank of Pakistan.

Composition of local and imported material and sensitivity analysis due to foreign currency fluctuations

For the year ended June 30, 2021

The Company produces Cement and Clinker using mix of local and imported inputs. Imported Fuel (coal) represents significant part of Cost of Sales i.e. 35%.



Sensitivity Analysis:

Management of the Company closely monitors international coal prices and exchange rate fluctuations and takes necessary action to mitigate the risks associated with such fluctuations.

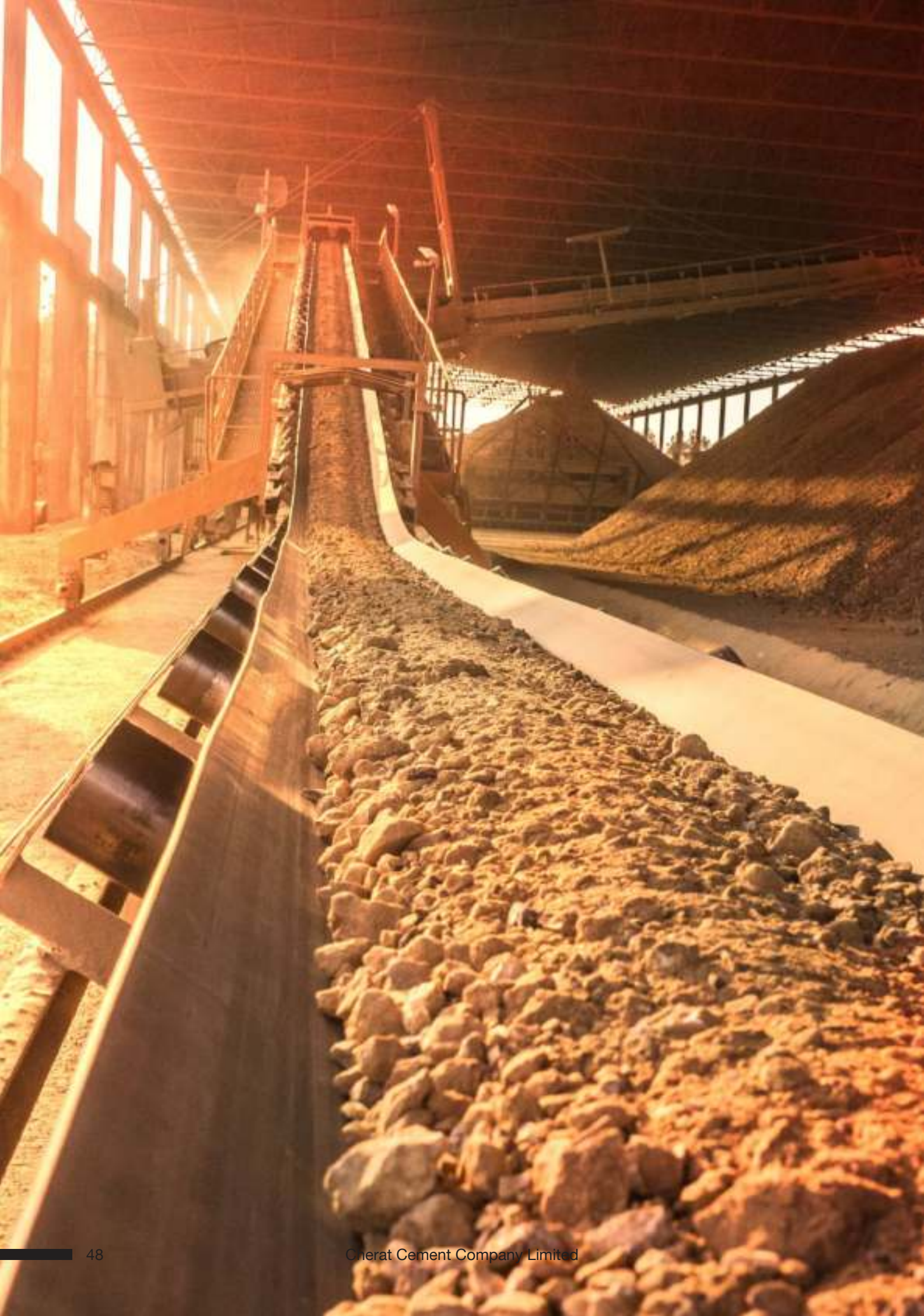
	Fluctuation in Exchange rate by 10%	Fluctuation in Exchange rate by 20%
Increase in Cost of Sales (%)	3.80	7.60
Decrease in Cost of Sales (%)	(3.80)	(7.60)





Strategy and Resource Allocation

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Strategic Objectives and Strategies in Place

Cherat Cement Company Limited has been constantly striving to improve efficiency through continuous innovations, process modernization, optimizing its capacity utilization and better use of available resources in short-term. The Company also intends to grow optimization of management process, exploring of new markets, cheaper energy options and plant modernization. Further, the Company also planned for business expansion through green field projects, increased market penetration, continuous sustainability development and being remain complied with international standards on quality and manufacturing.

In order to create value creation for all stakeholders, the Company primarily focused on the delivery of strategic priorities, which aims to continuous sustainable growth and cost efficiency. The Company endeavors to maximize the shareholders wealth by maximizing profits. The Company also intends to achieve higher-level customer satisfaction by way of deliver quality product. The Company also aims to create long-term sustainability through grooming its employees through a congenial work environment and motivation to result high standards output.

Short, Medium & Long-Term Objectives

Following are the main strategic objectives of the Company:

Short-Term Objectives:

- Effective capacity utilization of production lines
- Efficient use of available resources
- Effective and efficient use of Captive Power Gensets through gas

Medium-Term Objectives:

- Increase Company's market and distribution avenues
- Optimization of management processes and policies
- Modernization of production lines to assure maximum production.
- Installation and operational of Solar power plant
- Implementation of effective HR solutions through personnel development and environment for professional growth

Long-Term Objectives:

- Increased production capacity of the Company
- Increase product market of the Company and market capturing
- Implementation of sustainability goals and community development
- Explore further energy alternative resources, cost reduction planning and increase productivity
- Ensure compliance with local and international environmental and quality standards

Management Strategies and Resource Allocation Plans



Business Strategies

The core objective of our management is to achieve excellence in business where our venture may be regarded as amongst the best blue-chip stocks in the country.

Stakeholders' Values

To achieve our objectives, the management strategically strives to enhance stakeholders' value and customer satisfaction. The stakeholders' value is maximized through returns on investments, which management believes can be achieved through revenue maximization and cost control measures.

Marketing Targets

The tone of our business is set by the marketing targets and budgets, which are aggressively designed by the management to achieve highest possible returns. The management has constantly been working for growth of the Company. Keeping in view of the increasing market demand, the Company has planned to commission its fourth production line at Dera Ismail Khan, KPK province.

Cost Controls

Cost is effectively managed by following energy conservation measures through use of Waste Heat Recovery plants, alternate fuels. Moreover, the Company has already installed 3 Wartsila dual-fuel Generators of 9.7 MW each having capacity to run on gas, diesel and furnace oil. Following the availability of Gas, we have successfully reduced our power cost during the year. We have also installed Descon boilers for generation of electricity by using gas emitted from Wartsila generators. Our new plant Line-III is state of the art technology and most economical in terms of energy consumption. Our reliance on national grid has reduced drastically as we have generated 94% of required electricity from our own sources this year (2020:80%). In addition, the Company uses a combination of both imported and local coal in order to keep the fuel costs low.

Efficiencies

We are successful in reducing our cost moderately during the year through strict controls and effective management. Economies of scale helped us in bringing down our fixed cost per unit of production. During the

year, coal prices significantly increased which is the key component of our cost. However, the Company successfully managed to control its cost by efficient mix of imported and local coal. Further, power cost was also controlled by using right mix of WHR, self-generation and National Grid.

Financing Facilities

Cherat Cement Company Limited maintains cordial relationship with all the reputable banks and financial institutions of the Country. Adequate unutilized short-term financing facilities are available at the Company's disposal. Moreover, the Company has financed Line-II and Line-III through syndicated long-term finance and term finances are obtained to finance WHR Plant for Line-III and Captive Power Plant. Whereas Company also took benefit from the State Bank of Pakistan's (SBP) refinance schemes and has obtained the finance for Balancing, Modernization and Replacement (BMR) of Line-I under SBP's Temporary Economic Refinance Facility (TERF).

Human Capital

Developing our people is important to us. Human capital is an asset and plays an important role in our success. Our Core Values, Code of Conduct and HR policies provide an outline which serves as a guiding force for the whole organization. The Company gives key consideration to Human Resource Management. A full fledged HR department is established which is supervised by HR & RC of the Board of Directors.

HR Excellence

Approved HR policies are in place. All the HR functions are integrated where the employees' performances are evaluated based on SMART goals. Moreover, Training Need Assessment (TNA) is effectively in place where in-house and external trainings are arranged at all management levels. Further, eligible employees receive Service Awards based on their performance and length of service. The Management's objective is to recognize and reward employee's contribution to the business. Moreover, the Company has effective succession planning system in place. These processes help the availability of high quality workforce which plays a vital role in achieving day-to-day targets and tactical and strategic objectives of the Company.

SAP

We take pride in being Pakistan's first cement Company having the world's largest ERP, 'SAP' in place. The Company carried out one of the fastest implementation of SAP in Pakistan. The use of SAP helps management implement better internal controls and employ best business practices.

Effectiveness

Effectiveness of internal controls is ensured through active Internal Audit Department, which independently recommends its suggestions to the Board's Audit Committee. On all constructive suggestions, the Management takes corrective actions immediately.

Raw Material

The Company has the benefit of lease of limestone mountain chains near plant location which has enough reserves for an extensive number of years.

Customer Satisfaction

Another prime objective of the management is customer satisfaction for which management takes every step to ensure high quality customer care and product quality. For this purpose the Company has obtained certification of Quality Management System (QMS) system ISO 9001: 2015 and Environment Management System ISO 14001: 2015.

Social Responsibilities

Being a responsible corporate citizen, the Company is committed to continuous improvements in safety, health and environment protection measures. The Company has earned great respect and appreciation through continuous and generous donations to social and charitable causes including towards health, education and social sectors.

Key Performance Indicators



Turnover
25,207
(Rs. in Million)
Increased by 47%



Wealth Distributed
35,988
(Rs. in Million)
Increased by 32%



Dispatches
3,949,677
(Tons)
Increased by 17%



Break-up Value Per Share
69.94
(Rs.)
Increased by 35%



Earnings Per Share
16.50
(Rs.)
Increased by n/m



Generation of Own Electricity
93.84%
Increased by 17%



Net Cash Generated from Operating Activities
6,886 (Rs. in Million)
Increased by 96%



Fixed Assets Turnover Ratio
0.98 (Times)
Increased by 46%

Methods and Assumptions in Compiling Indicators

A Key Performance Indicator (KPI) is a measurable value that demonstrates how effectively a company is achieving key business objectives. Organizations use KPIs at multiple levels to evaluate their success at reaching targets. High-level KPIs may focus on the overall performance of the business, while low-level KPIs may focus on processes in departments such as sales, marketing, HR, support and others. Cherat Cement Company Limited has identified and updated KPIs that are critical to its business. While identifying KPIs, the Company analyzed various indicators, their interpretations and accordingly their extent to which they may correctly and clearly communicate the Company's performance.

Effect of technological changes, societal issues and environmental challenges

Technological changes:

Cherat Cement has strategically taken several initiatives for digitalizing its various processes so as to bring efficiencies and avoid redundancies. The Company not only ensures that it acquires latest technologies and tools for its expansion projects, it also implement/replicate the newer technologies for its earlier plants as well. These investments in technology allows the Company to reap benefits in terms of efficiencies and lower costs.

Societal issues:

Cherat Cement believes in giving back to the society and accordingly the societal issues relating to education, health and poverty alleviation are part of its strategic plans. While for the employees, the Company has adequate health, safety and environment related policies and procedures; for the society at large, Company takes part in various philanthropic activities, capacity building programs, vocational training programs, sponsorship of schools, scholarships, special clinics and other health related initiative.

Environmental challenges:

Cherat Cement acknowledges that our environment faces several problems, and many of these seem to be worsening with time. The issues which arise because of environmental challenges pose various threats to our planet and impact every individual. It is therefore increasingly important to raise awareness of the existence of these issues, as well as taking practical steps to reduce their negative impact. The environmental challenges; such as climate change, poor air quality, deforestation, waste disposal, carbon emissions and water scarcity remain a cornerstone of Cherat Cement's strategic framework.

Specific Processes Used to Make Strategic Decisions and to Establish and Monitor the Culture of the Organization Including its Attitude to Risk and Mechanisms for Addressing Integrity and Ethical Issues

Cherat Cement has a structured process for strategic decisions, where typically the higher level of management is involved. The Board is involved in the strategic decision making process, assess the risks and reviews the steps to mitigate or manage the risks and then approve for implementation.

Management Committee is involved in the strategic decision making process with the assistance of key team members. For any strategic decision making the very first step is to identify problem or an opportunity and information is gathered to further evaluate it. Different options are evaluated and best option is identified based on set of criteria. Finally, based on all above steps, decision is implemented and monitored.

Cherat Cement promotes a culture of high values with unambiguous work environment. The Company rewards its employees on the basis of their performance, innovation, excellence, customer focus and ethical behavior.

The Company has implemented a transparent system of performance evaluation, where the employees' performance is appraised on the basis of achievement of their annual goals and display of behavioral traits. The employees are given feedback and their training needs are identified.

To inculcate the organizational culture in the employees, Cherat Cement has established Core Values and a Code of Conduct for its employees at all levels. The Code of Conduct caters to a wide variety of matters pertaining to employees' conduct which is discussed in detail under the heading Code of Conduct.

The Company has developed a detailed simple whistle blowing policy for addressing integrity and ethical issues which is explained in whistle blowing policy section.

Significant Changes in Objectives and Strategies from Prior Year

There is no material change in Company's objectives and strategies from the prior years. However, due to current economic situation and competition in the market, the Company is focusing on increasing its market share and to take competitive edge through minimizing costs by taking effective cost saving measures as described under the heading 'Forward Looking Statement'.

Liquidity and Financial Capital Structure

The Company designs its capital structure to take advantage of the opportunities and makes adjustment to it in light with changes in economic conditions. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividend paid to shareholders, return capital to shareholders or issue new shares. Long-term debts are only utilized to finance the capital expenditures. For working capital requirements short-term financings are availed to adequately maintain the debt and equity ratio throughout the year. Enhanced sales have considerably supported the liquidity position of the Company. Healthy cash flows and prudent liquidity management aids the Company to achieve a current ratio 1.08, which reflects its strong liquidity position.

Liquidity Strategy

The Company has prudent liquidity management policy in place. Under this policy the Company finances all of its capital expenditures through long-term financing facilities. The Company monitors its liquidity position vigilantly and utilizes any excess liquidity in the most optimized manner by paying off relatively expensive financings. In order to meet the working capital requirements, the Company has arrangements with commercial banks in form of short-term financing facilities of Rs. 5.8 billion. Out of these facilities, Rs. 1.1 billion are against Islamic mode of financing, which includes Running Musharakah, Murabaha and Istisna. Management has a practice of continuous monitoring of cash flows on daily basis and has planned to gradually enhance its short-term financing facilities to cater its future working capital requirements. The Company has taken advantage of the cost effective opportunity provided by the SBP in the form of Temporary Economic Refinance Facility (TERF) for the Balancing, Modernization, and Replacement (BMR) of its Line I.

Financing Arrangements

Due to strong financing standing and sound financial management, the Company enjoys good business relationship with all reputable banks and financial institutions of the Country. The Company has abundant unutilized short-term financing facilities, under conventional and Islamic modes, to meet its short-term working capital requirements.

Significant Plans and Decisions

Green field Cement Plant

- Keeping in view of the increase in Cement demand, the Company has planned to commission its fourth production line (Line-IV) at Dera Ismail Khan, Khyber Pakhtunkhwa Province, having a production capacity of 11,000 tons per day of clinker having an estimated project cost of Rs.34 billion approximately, with completion of the project expected in 3 years.

Line-I Balancing, Modernization and Replacement (BMR)

- The Company has availed SBPs Temporary Economic Refinance Facility (TERF) for Balancing, Modernization and Replacement (BMR) of Line-I.

Installation of New Crusher

- The Company has also availed SBPs Temporary Economic Refinance Facility (TERF) for installation of new crusher to achieve cost effectiveness.



Risks and Opportunities

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Risks and Opportunities

The board of Cherat Cement Company Limited (CCCL) principally assumes the responsibility to mitigate all possible risks and to identify and utilize potential events that may affect the Company. This principle keeps the Company within its risk appetite and helps to achieve its corporate objectives.

Risks

CCCL is susceptible to various risks, however, through comprehensive planning and an acute business understanding of the management, the Company continues to identify and mitigate actual, potential and perceived risks. The Company maintains an established control framework comprising clear structures, authority limits and accountabilities, well implemented policies and procedures and budgeting for review processes.

The Board of Directors of the Company establishes corporate strategy and business objectives. Moreover, the Board's Audit Committee is responsible for Internal Control in the Company. The Internal and External Auditors' reports are submitted to the Audit Committee for its review, which after detailed deliberations and with improvements, suggestions are submitted to the Board of Directors.

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

Risk level	Risk	Area of impact	Key source of Risk	Mitigating strategy
High	Rising Cost of Coal Rising cost of Energy	Financial capital	Coal price could heavily impact cost of sales Considering huge size of coal consumption its monetary effect would be large. Energy with rising cost (either Electricity or Gas) availability from Governmental sources are in serious situation and not guaranteed. Energy is the lifeline of plant and its non-availability could stop plant operations.	The Company analyses Coal prices of various suppliers on a regular basis to compare and control its purchasing cost. Moreover, it has strategic relationships with key suppliers which benefit the company in price negotiation and prompt material delivery. The Company has availability of alternative electricity options i.e. PESCO and generators to cater its power requirements to operate plant. Availability of Gas supply and captive power plant built on dual fuel basis i.e. gas and furnace oil, WHR installed to mitigate the risk of availability and rising cost factors.
High	Risk Of Inconsistent /Arbitrary Changes In Government Policies	Financial capital	Adverse impact on Company's earnings due to changes in Government policies with respect to taxation measures, Power tariff and Regulatory matters.	Advocacy through different forums, like APCMA, Pakistan Business Council etc. to timely apprise the relevant Government departments and Regulators of all issues that may have an adverse impact on the Industry or competitive environment. Management regularly monitors the changing regulatory and competitive environment and assesses the impact of any change in Government policy, to take timely action.

Risk level	Risk	Area of impact	Key source of Risk	Mitigating strategy
High	Information System Risk	Financial capital	Technology risks having potential impact due to technology disruption or failure to disrupt business process posing adverse impact on Confidentiality, Integrity and Availability of organization environment..	Information is transmitted through secure connections and firewalls such as Sophos Endpoint protection product that combines anti-malware, web and application control, device control, Barracuda Email Security Gateway and much more to prevent malicious activities. Appropriate data back-up mechanism is in place. Moreover, alternative data processing sites are also available. Periodic systems audit is performed to identify any weaknesses / non-compliances and any areas for further improvements.
High	Exchange Rate Fluctuation	Financial capital	It becomes challenging for the Company to compete in the market due to frequent fluctuation of PKR parity against USD.	The Company regularly scrutinizes the parity fluctuations and whenever needed, enters into hedging arrangements.
High	Interest Rate Risk	Financial capital	Risk of Return's rate fluctuation affecting value of interest-bearing assets	Economic indicators are carefully monitored on a regular basis and a diversified portfolio of short-term investment of funds in Islamic products is maintained
Moderate	Risk to Exports And Decline in Cement Prices	Financial capital	Anti-Dumping duties being imposed on Pakistani Cement manufacturers. Falling exports to Afghanistan, due to political instability & competition from low-priced Iranian Cement. Increasing competition and capacity building of local production in our export markets.	The Company continues to identify and develop new markets for its cement exports. With the improved USD/PKR parity, the Company is better able to compete with different regional cement manufacturers.
Moderate	Technology Obsolescence	Manufactured Capital	Technological shift rendering the Company's production process inefficient.	Major investments are made regularly to continuously improve product quality and process efficiency. State-of-the-art newly installed cement production line and wartsila gensets engines are examples. The Company has always led by bringing innovative technologies to its processes.
Moderate / Low	Credit Risk	Financial capital	The Company extends credit to its customers. There lies a risk factor that the customers may fail to discharge their obligations and cause a financial loss to the Company.	The Company regularly analyses the credit position and credit worthiness of its Customers and extends credits based on minimum risk of financial loss.

Risks and Opportunities

Risk level	Risk	Area of impact	Key source of Risk	Mitigating strategy
Moderate	High leverage	Financial capital	There is pressure on Leverage after commissioning of new production Lines.	The Company tries to manage its leverage on a regular basis. Leverage has increased due to expansion loans but the loans are at very attractive rates. The Company tries to mitigate the risk via timely payments and early repayment of loans too. Our credit rating of A1+ and A1 denotes high credit worthiness of the Company.
Moderate	Inflation	Financial capital	Prices of goods and services increase more than expected or inversely	The Company keeps an eye on increasing trend on stock/ commodities and give buying call when rates are better negotiated with appropriate quantity.
Low	Employee turnover	Human Capital	Key employees and workers leave the company causing lack of competent workforce.	The Company values its worker and employees and worker as essential capital therefore, it provides congenial environment and growth opportunities. Further Company has robust succession plan in place.
Low	Natural Catastrophe	Manufactured Capital	Destruction of production facility due to natural disaster	The Company has comprehensive insurance cover in case of any catastrophic event. Further, the Company has taken into every possible aspect of safety measures during construction and erection of building and plant. Further, the Company has well-established disaster recovery plan, Business Continuity Plan and data backup to coup-up any unwarranted event.
Moderate	Environmental Risks	Natural Capital	Actual or potential threat of adverse effects on environment arising out of the Company's activities	Various environmental friendly projects such as Waste Heat Recovery units, Tyre Derived Fuel and Refuse Derived Fuel units have been commissioned, thus reducing environmental de-generation. The company focuses on energy conversation, operational efficiencies and carbon footprint reduction.

Risk level	Risk	Area of impact	Key source of Risk	Mitigating strategy
				The plant is equipped with Electrostatic Precipitators and bag filter which controls dust and gas emissions which ultimately a shield against global warming. Further, to improve the environment, natural tree plantation on large scale has been done. Company's effluent emissions are regularly monitored. Regular environmental audits are also promoted.
Moderate	Health & Safety Risks	Social / Human Capital	Personal health and safety risks at operating sites. Risk of pandemic related issues being ineffectively managed	HSE issues are addressed by focusing on safety measures such as conducting appropriate trainings, use of prescribed safety gadgets, equipment and safe practices. There is a dedicated HSE function at plants. Periodic review of safety related incidents and internal audits ensure process effectiveness. Cherat Cement has invested in providing awareness to its employees for precautionary measures regarding COVID-19.

Opportunities

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

Assessment of Risks of Liquidity, Debt Repayments, Capital Structure Adequacy, Business Model and Future Prospects

In connection with the risk and opportunities pertaining to the Cherat Cement Company Limited, the Board's efforts for determining level of risks, the Board's statement regarding robust assessment of risks, information about liquidity, debt repayments, default in payment of any debt, inadequacy in capital structure and future prospects have been covered in the Directors' Report. However, the Business Model have been covered in a separate section of this report.

Materiality Approach

The Board of Directors of Cherat Cement Company Limited has given authority and power to the Company's management for taking day to day decisions. The management, however, observes the approach of materiality in applying power and authority.

Materiality is a matter of judgment and the Company thinks that a matter is material if, individually or in aggregate, they are expected to significantly affect the performance and profitability of the Company. In order to execute day to day operations / transactions delegation of powers has also been defined clearly and formalized procedures are followed for their execution.

All the matters as required by the Companies Act 2017 are referred to the Board of Directors for its approval.







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Notice of Annual General Meeting

Notice is hereby given that the



of Cherat Cement Company Limited will be held on Saturday, October 16, 2021 at 11:30 a.m. at the Registered Office of the Company at Factory premises, Village Lakrai, Nowshera, Khyber Pakhtunkhwa to transact the following businesses:

ORDINARY BUSINESS

1. To receive and consider the Audited Accounts of the Company for the year ended June 30, 2021 with the Directors' and the Auditors' Reports thereon.
2. To consider and approve the payment of final cash dividend @12.50% (Rs. 1.25 per share). This is in addition to interim cash dividend @10% (Re. 1.00 per share) already paid to the shareholders for the financial year ended June 30, 2021 as recommended by the Board of Directors.
3. To appoint Auditors for the year 2021/22 and to fix their remuneration.
4. To elect eight (8) Directors of the Company as fixed by the Board of Directors u/s 159 (1) of the Companies Act, 2017. The names of retiring Directors are (1) Mr. Omar Faruque (2) Mr. Azam Faruque (3) Mr. Akbarali Pesnani (4) Mr. Arif Dino Faruque (5) Mr. Asif Qadir (6) Mr. Abrar Hasan (7) Mrs. Zeeba Ansar (8) Mr. Yasir Masood.

5. To transact any other business with the permission of the chair.

SPECIAL BUSINESS

6. To consider and approve the following resolution as Special Resolution:
 - a) "RESOLVED that the transactions carried out in the normal course of business with related parties and associated companies as disclosed in Note 39 of the Financial Statements during the year ended June 30, 2021, be and are hereby ratified and approved."
 - b) "FURTHER RESOLVED that the Board of Directors of the Company be and is hereby authorized to approve all transactions to be carried out in the normal course of business with related parties and associated companies during the ensuing year ending June 30, 2022."

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

By Order of
the Board of Directors

A handwritten signature in black ink, appearing to read 'Abid Vazir'.

Abid Vazir

Executive Director &
Company Secretary

Karachi: August 26, 2021

Notes:

1. The register of members of the Company will be closed from Friday, October 8, 2021 to Saturday, October 16, 2021 (both days inclusive) and no transfers will be registered during that time. Shares received in order at the Office of the Share Registrar of the Company, M/s. CDC Share Registrar Services Limited (CDCSRSL), CDC House, 99-B, Block 'B', S.M.C.H.S., Main Shahrah-e-Faisal, Karachi-74400 at the close of business on Thursday, October 7, 2021 will be treated in time for the above entitlement.
2. A member of the Company eligible to attend, speak and vote at the Annual General Meeting may appoint another member as his/her proxy to attend, speak and vote in his/her stead. Proxies to be effective must be in writing and must be received by the Company's Head Office 48 hours before the Meeting.
3. Shareholders of the Company whose shares are registered in their account/sub-account with Central Depository System (CDS) are requested to bring original Computerized National Identity Card along with their account number in CDS and participant's ID number for verification.
4. Shareholders of the Company are requested to immediately notify any change in their addresses to the Share Registrar of the Company.
5. Shareholders who have not yet submitted photocopy of their valid Computerized National Identity Card (CNIC) are requested to send the same to the Share Registrar of the Company.
6. As per Section 72 of the Companies Act, 2017 every existing listed company shall be required to replace its physical shares with book-entry form in a manner as may be specified and from the date notified by the SECP. The shareholders having physical shareholding are therefore requested 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.
7. Shareholders are hereby reminded that Section 242 of the Companies Act, 2017 provides that in case of a listed company, any cash dividend declared by the company must be paid electronically directly into the bank accounts of the shareholders. In order to receive dividends directly into their bank account, shareholders are requested to fill in E-Dividend Mandate Form available on the Company's website i.e. www.gfg.com.pk and send it duly signed along with a copy of CNIC to the Registrar of the Company M/s. CDC Share Registrar Services Limited in case of physical shares. In case shares are held in CDC, then E-Dividend Mandate Form must be submitted directly to shareholder's broker/participant/CDC investor account services. In-case of non-submission of IBAN, the Company will withhold the payment of dividends under the Companies (Distribution of Dividends) Regulations, 2017. Further, the information regarding gross dividend, tax/zakat deduction and net amount of dividend will be provided through the Centralized Cash Dividend Register (CCDR), therefore, shareholders should register themselves to CDC's eServices Portal at <https://eservices.cdcaccess.com.pk>.
8. In compliance of Section 244 of the Companies Act 2017, once the Company has completed stipulated formalities, any unclaimed dividend and /or shares that have remained outstanding for a period of three years from the date of becoming due and payable or more shall be credited to the Federal Government (in case of dividend) or delivered to the SECP (in case of physical shares). Shareholders who by any reason could not collect their dividend/shares are advised to contact our Share Registrar of the Company, M/s. CDC Share Registrar Services Limited (CDCSRSL), CDC House, 99-B, Block 'B', S.M.C.H.S., Main Shahrah-e-Faisal, Karachi - 74400 to collect/inquire about their unclaimed dividend or shares, if any.

9. All Shareholders are advised to check their status on Active Taxpayers List (ATL) available on FBR Website and if required take necessary actions for inclusion of their name in ATL. In case a person's name does not appear in the ATL, the applicable tax rate will be increased by hundred percent.
10. In case of joint account, please intimate proportion of shareholding of each account holder along with their individual status on the ATL.
11. Withholding Tax exemption from the dividend income shall only be allowed if copy of valid tax exemption certificate is made available to CDC Share Registrar Services Limited by first day of Book Closure.
12. With reference to S.R.O. 787(I)/2014 dated September 8, 2014 issued by SECP; shareholders have option to receive Annual Audited Financial Statements and Notice of General Meeting through email. Shareholders of the Company are requested to give their consent to the Company's Head Office to update our record if they wish to receive Annual Audited Financial Statements and Notice of General Meeting through email. However, if shareholder, in addition, request for hard copy of Audited Financial Statements, the same shall be provided free of cost within seven [7] days of receipt of such written request.
13. Members may exercise their right to vote by means of postal ballot i.e. by post or through electronic mode subject to the requirements of section 143 and 144 of the Companies Act, 2017 and applicable clauses of Companies (Postal Ballot) Regulations, 2018.
14. Members can also avail video conference facility, in this regard, please fill the following and submit to the Head Office of the Company seven (7) days before holding of the Annual General Meeting. If the Company receives consent from members holding in aggregate 10% or more shareholding residing at a geographical location, to participate in the meeting through video conference at least seven (7) days prior to date of the meeting, the Company will arrange video conference facility in the city subject to availability of such facility in that city.

"I/We, _____ of _____, being a member of Cherat Cement Company Limited, holder of _____ ordinary share(s) as per Registered Folio No. _____ hereby opt for video conference facility at _____".

15. Any person who intends to contest the election for the office of the Directors or otherwise, shall file with the Company at its Head Office not later than fourteen (14) days before the date of the Annual General Meeting, a notice of his/her intention to offer himself/herself for election as Director in terms of Section 159(3) of the Companies Act, 2017 along with (a) consent to act as director on Form 28, duly completed and signed by the candidate; (b) a detailed profile along with office address for placement on the Company's website seven days prior to the date of the AGM, in terms of SRO 1196(I) of October 3, 2019; and (c) declarations in respect of being compliant with the requirements of the Listed Companies (Code of Corporate Governance) Regulations, 2019 and the eligibility criteria as set out in the Companies Act, 2017.

Statement Under Section 166 of the Companies Act, 2017 - Regarding Independent Director

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

Statement Under Section 134 of the Companies Act, 2017

The statement sets out material facts concerning "Special Business" to be transacted at the Annual General Meeting of the Company to be held on October 16, 2021. The approval of the Members of the Company will be sought for:

During the financial year ended June 30, 2021 the Company carried out transactions with its associated companies and related parties in accordance with its policies and applicable laws and regulation. Related party transactions require

shareholders' approval under sections 207 and 208 of the Companies Act, 2017. Such transactions are being placed before the shareholders for their approval through special resolution proposed to be passed in the Annual General Meeting.

The shareholders are requested to ratify the transactions which have been disclosed in Note

no. 39 of the Financial Statements for the year ended June 30, 2021 and further to authorize the Board of Directors to conduct transactions with related parties or associated companies for the year ending June 30, 2022.

Party wise breakup of transactions as disclosed in Note no. 39 of the Financial Statements for the year ended June 30, 2021 is given below:

Name of Related Party	Nature of Transaction	(Rupees in '000)
Cherat Packaging Limited	Purchase of packing material	2,442,229
Cherat Packaging Limited	Sale of goods	2,819
Cherat Packaging Limited	Dividend received	6,245
Cherat Packaging Limited	Dividend paid	5,328
Faruque (Private) Limited	Purchase of raw material	405,907
Faruque (Private) Limited	Dividend paid	42,096
Mirpurkhas Sugar Mills Limited	Dividend paid	3,847
Greaves Pakistan (Private) Limited	Purchase of fixed assets	1,316,302
Greaves Pakistan (Private) Limited	Dividend paid	2,419
Greaves Airconditioning (Private) Limited	Purchase of fixed assets	256
Zensoft (Private) Limited	I.T support charges	22,798
Zensoft (Private) Limited	Dividend paid	25
Jubilee General Insurance Company Limited	Insurance premium paid	52,314
CCCL - Employees Provident & Gratuity Fund	Contribution to fund	122,711



Directors' Profiles

Mr. Omar Faruque - Chairman

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



Mr. Azam Faruque - Chief Executive

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

At present, he is a member of the Board of Directors of Faruque (Pvt.) Ltd., Greaves Pakistan (Pvt.) Ltd., Unicol Ltd., International Industries Ltd., Indus Motor Company Ltd., Atlas Battery Ltd., Habib University Foundation and State Bank of Pakistan. He is a 'Certified Director' from the Pakistan Institute of Corporate Governance.

Mr. Akbarali Pesnani - Director

Mr. Akbarali Pesnani is an MBA and fellow member of both the Institute of Chartered Accountants and Institute of Cost and Management Accountants of Pakistan. He has served as Chairman Gwadar Port and Gwadar Port Implementation Authority from 2004 to 2006. Mr. Pesnani has been associated with the Aga Khan Development Network at senior levels for over 44 years. Presently he is the Chairman of Cherat Packaging Ltd., Aga Khan Cultural Service Pakistan and a Director on the Board of Jubilee General Insurance Co. Ltd., Agha Steel Ltd. and Pakistan Cables Ltd. His association with the Ghulam Faruque Group dates back almost 40 years.

Mr. Arif Faruque - Director

Mr. Arif Faruque is a Swiss - qualified Attorney-at-Law and also holds Masters degrees in both Law and Business Administration from the USA. He is the Chief Executive of Faruque (Pvt.) Ltd. as well as Madian Hydro Power Ltd. He is on the Board of Directors of Mirpurkhas Sugar Mills Ltd., Cherat Packaging Ltd. and UniEnergy Ltd. Besides the above, he is also a member of the Board of Governors of Lahore University of Management Sciences (LUMS).

Mr. Asif Qadir - Director

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

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

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

Mr. Abrar Hasan - Director

Mr. Abrar Hasan serves as the Chief Executive Officer and as a Director on the Board of National Foods since 2000. He graduated with a BS in Industrial Management and a minor in Industrial Engineering from Purdue University, Indiana, USA. Mr. Hasan has used his proficiency in Operations Management, Marketing and Finance with diligence to make National Foods one of the largest, most successful and innovative food industries in Pakistan. He was elected on the Board of Cherat Cement Company Ltd. as an independent director on October 16, 2018. Besides this, he is also a Director of Associated Textile Consultants (Pvt.) Ltd., Pakistan Business Council, The Health Foundation and Engro Foods Friesland Campina. He is a 'Certified Director' from the Pakistan Institute of Corporate Governance.

Mrs. Zeeba Ansar - Director

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

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

Mr. Yasir Masood - Director

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

He is the Chief Operating Officer and Chief Financial Officer of Cherat Packaging Ltd. Mr. Yasir Masood is also serving as Chief Financial Officer of Cherat Cement Company Ltd., Madian Hydro Power Ltd. and Faruque (Pvt.) Ltd. He has been working and contributing in various committees of different Business forums.

Chairman's Review

The COVID – 19 pandemic created a global crisis of unparalleled proportion and caused major disruptions to the economic activities worldwide. Unlike other major global economies, which have till date remain under severe economic pressure, Pakistan's economy has regained momentum due to well thought out and supportive policies of the government. Economic policy measures like reduction in discount rates, introduction of financing schemes like wage financing, principal repayment deferrals, and TERF facilities created impetus for the resumption of economic activities in the country. Furthermore, introduction of construction package and Naya Pakistan Housing Scheme along with State Bank of Pakistan's regulatory push to banks to provide housing loans is also contributing towards enhanced economic activities. All these measures have led to an economic growth of 3.9% for the country for the year.

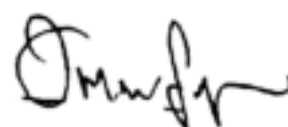
Launch of several construction projects in the country led to a historic 21% growth in cement dispatches of the industry. Enhanced utilization of funds under Public Sector Development Programme (PSDP) and announcement of construction package contributed to a higher sales volume of cement. While cement exports rose by 18.7%, local dispatches increased by an impressive 21% during the year 2020/21.

In a period of economic recovery following the outbreak of COVID – 19 pandemic, the Company continued to focus on its long-term objective of sustainable growth and value creation. During the year under review, aggregate cement dispatches of the Company increased by 17%. While local sales of the Company increased by 18% and export sales to Afghanistan rose by 8%.

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

Despite significant impact of COVID – 19 pandemic on national as well as global economy, the prospects for the cement industry look bright. Ongoing construction works on major dams and other infrastructure projects including low-cost housing scheme is expected to keep the demand for cement high. Considering the positive scenario for cement, the Company has decided to establish a greenfield cement plant at D.I. Khan at a cost of approximately Rs. 34 billion. The Company is ideally placed to benefit from higher demand for cement both domestically and exports to Afghanistan. As the economic activities gain further momentum and the effects of pandemic decline, the country is projected to make a broad based economic recovery, which will generate the commercial activities required to keep the cement demand going.

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



Omar Faruque
Chairman

Karachi: August 26, 2021





Directors' Report to the Members

For the Year Ended June 30, 2021

The Board of Directors is pleased to present to you the annual report of the Company along with the audited financial statements for the year ended June 30, 2021.

Overview:

The COVID – 19 pandemic has had a significant impact on the domestic as well as global economy. The country has dealt well with the economic shock caused by the pandemic by steering the national economy out of the crisis and thereafter maintaining a positive growth momentum. The economic recovery was mainly achieved through a robust growth recorded by large scale manufacturing industry, services sector, higher agriculture output, greater exports and increased remittances from overseas Pakistanis.

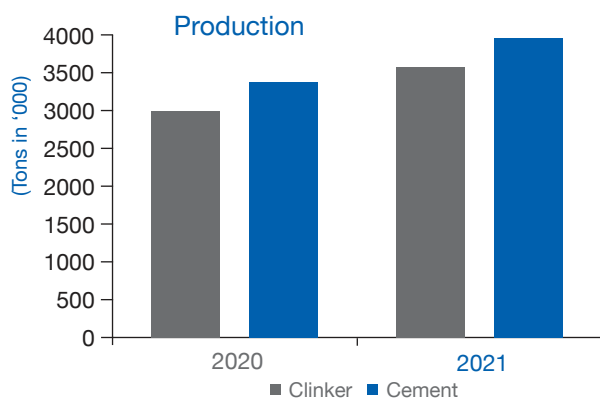
Business Review:

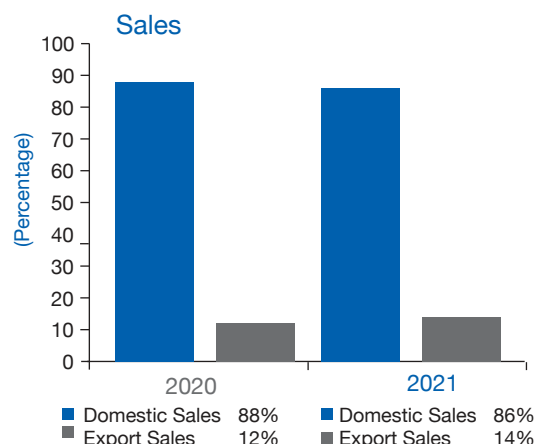
The cement industry displayed an encouraging trend during FY 2021 recording a volumetric growth of historic 21% over last year. Enhanced construction activities in the country led to increase in cement dispatches during the year. Higher allocation of funds under Public Sector Development Programme (PSDP) and announcement of construction package contributed to higher sales volume as total sales volume of cement came in at 57.74 million tons during the year 2020/21 against 47.81 million tons in fiscal year 2019/20. While cement exports rose by 18.70% i.e. from 7.85 million tons in FY20 to 9.31 million tons in FY21, local dispatches increased by 21% i.e. from 39.96 million tons in FY 20 to 48.43 million tons in FY21.

Production and Sales Review:

Comparative production and sales figures are provided as under:

	2021	2020
	(in tons)	
• Clinker production	3,573,307	2,988,489
• Cement production	3,965,217	3,382,277
• Domestic sales	3,438,944	2,903,768
• Export sales	510,733	473,711
Total sales	3,949,677	3,377,479





On the back of greater demand for cement, the local dispatches of the Company increased by 18% and export sales to Afghanistan rose by 8%. On aggregate basis, the cement dispatches of the Company rose by 17% from last year.

Financial Performance:

There has been a 47% increase in the sales revenue over last year. During the year, there was a surge in input costs as coal and electricity prices increased significantly. However, the Company controlled costs through efficient operational management. Other expenses increased during the period on account of provision of WPPF due to higher profitability. There was also a significant decline in finance cost from last year due to reduction in discount rate by State Bank of Pakistan and utilization of wage financing scheme. Taking into consideration above, for the year ended June 30, 2021 the Company made an after-tax profit of Rs. 3.2 billion.

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

	2021	2020
	(Rs. in million)	
Net sales	25,206.81	17,090.15
Cost of sales	18,478.51	16,703.67
Gross Profit	6,728.30	386.48
Expenses & taxes	3,523.24	2,279.59
Net Profit / (Loss)	3,205.06	(1,893.11)

Dividend Payout:

The Company has always strived to be consistent in its approach towards distribution of profits. The decision on dividend payout is made after taking into consideration various parameters like Company's financial performance, its business needs, growth prospects and expansion plans. For the year under review, the Board of Directors is pleased to recommend a final cash dividend of Rs. 1.25 per share. This is in addition to an interim cash dividend of Re. 1 per share.

New initiatives:

Works on BMR for Cement Line 1 and installation of a new Crusher at the quarry face is progressing as planned and are expected to be completed by June 2022. Furthermore, work on installation of 13 MW

solar panels at the plant is also in progress. These initiatives will not only enable the Company to improve its operational efficiencies and reduce costs.

Greenfield Cement Plant:

The Board of Directors of the Company has decided to install a greenfield cement plant at D.I. Khan, Khyber Pakhtunkhwa Province. The plant will have an installed production capacity of 11,000 tons per day of clinker. The total cost of the project is expected to be approximately Rs. 34 billion and it is likely to be completed in 36 months. The project will be financed through internal cash generation and long-term loans. Establishment of a greenfield cement plant will enable the Company to meet the growing demand for cement in the country and further improve its operational efficiencies.



Corporate Social Responsibility:

The Company is committed to play its due role in the society in the interest of all stakeholders particularly towards its people and environment. In line with its corporate social responsibility policies, the Company has always endeavored to improve the overall conditions of the people living around the manufacturing plants and the surrounding areas. Following the outbreak of Covid – 19, the Company reached out to those who required help and provided necessary support. The Company continues to contribute to various reputable charitable institutes and social causes as it envisions a better environment, a better economy, and a better Pakistan.

Safety, Health and Environment:

The Company strongly believes in maintaining high standards in health and safety of its people. Several measures have been taken by the Company to respond to the changing business needs due to outbreak of COVID – 19 through implementation of protocols on health and employee safety to ensure all staff members are protected as best possible from this virus. In this regard, the Company has encouraged its staff to get vaccinated and almost the entire staff has received at least first dose of the vaccine. Personal protection equipment was provided to all levels of staff and measures like social distancing, contact tracing, random testing etc. were introduced by the Company to ensure wellbeing of employees and continuity of business. Whenever the need arose, the Company conducted COVID tests of its staff, at its cost, and also allowed them to work from home.

The production facility of the Company is compliant with the prevailing standards of safety in the industry. The Company has a dedicated HSE department to oversee the implementation of HSE

objectives. The department not only ensures compliance with the best HSE practices but also carries out regular fire and safety training of the staff. Due to the strong commitment of the company on strict compliance with HSE standards, no major accident was reported during the year.



Contribution to National Exchequer:

The Company contributed over Rs. 11 billion to the government treasury in form of taxes, excise duty, income tax and sales tax during the year.

STATEMENT ON CORPORATE AND FINANCIAL REPORTING FRAMEWORK

- The financial statements prepared by the management of the Company present its state of affairs fairly, the result of its operations, cash flows and changes in equity.
- Proper books of account of the Company have been maintained.
- Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
- International Financial Reporting Standards, as applicable in Pakistan, have been followed in preparation of financial statements and any departure therefrom has been adequately disclosed and explained.
- The system of internal controls is sound in design and has been effectively implemented and monitored.
- There are no significant doubts upon the Company's ability to continue as a going concern.
- There has been no material departure from the best practices of Corporate Governance.
- Key operating and financial data for the last six (6) years in summarized form is annexed.
- There is nothing outstanding against your Company on account of taxes, duties, levies and charges except for those which occur in normal course of business.
- The Company maintains Provident and Gratuity Fund accounts for its employees. Stated below are the values of the investments of the funds as on June 30, 2021.

Provident Fund	Rs. 1,202.64 million
Gratuity Fund	Rs. 939.24 million

BOARD OF DIRECTORS

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

- Male Directors 7
- Female Director 1
- a. Independent Directors 3
 - i. Mr. Asif Qadir
 - ii. Mr. Abrar Hasan
 - iii. Mrs. Zeeba Ansar
- b. Non-Executive Directors 3
 - i. Mr. Omar Faruque
 - ii. Mr. Akbarali Pesnani
 - iii. Mr. Arif Faruque
- c. Executive Directors 2
 - i. Mr. Azam Faruque
 - ii. Mr. Yasir Masood
- d. Female Director 1
 - i. Mrs. Zeeba Ansar

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

Name of Directors	Meetings Attended
• Mr. Omar Faruque	7
• Mr. Azam Faruque	7
• Mr. Akbarali Pesnani	7
• Mr. Arif Faruque	6
• Mr. Asif Qadir	5
• Mr. Abrar Hasan	6
• Mrs. Zeeba Ansar	7
• Mr. Yasir Masood	7

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

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

- During the year, three meetings of the Human Resource and Remuneration Committee were held. The attendance record of each director is as follows:

Name of Directors	Meetings Attended
Mr. Abrar Hasan	3
Mr. Azam Faruque	3
Mr. Omar Faruque	3

- Pattern of shareholding is annexed with the report.

- Earnings per share during the year was Rs. 16.50 compared to loss per share of (Rs. 9.74) last year.

DIRECTORS' REMUNERATION

Through the Articles of the Company, the Board of Directors is authorized to fix remuneration of Non-Executive and Independent Directors from time to time. In this regard, the Board of Directors has developed a Remuneration policy for Non-executive and Independent Directors of the company. The detail of Directors' remuneration is disclosed in Note 38 of the Financial Statements for the year ended June 30, 2021.

PERFORMANCE EVALUATION OF BOARD OF DIRECTORS AND BOARD COMMITTEES:

The Company carries out annual evaluation of the Board of Directors, its Committees and Individual Directors as part of Code of Corporate Governance. Strict level of confidentiality is exercised by the Company Secretary upon receipt of completed questionnaires. In order to ensure transparency of the process, the Company has engaged M/s. Grant Thornton Anjum Rahman, Chartered Accountants to compile results and prepare a report for the Board of Directors. The contents of the report are evaluated and areas that require improvement are identified.



RELATED PARTIES TRANSACTIONS

All transactions with related parties have been executed at agreed terms and have been properly disclosed in the financial statements of the Company.

STATEMENT OF COMPLIANCE WITH CODE OF CORPORATE GOVERNANCE

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

UNIENERGY LIMITED

UniEnergy – a joint venture wind power project, has been granted Letter of Intent and formally allotted land for setting up the project at Jhimpir, district Thatta. The JV partners have made an initial equity investment in the Company to meet the ongoing financial requirements for the project. In this regard, Cherat Cement has made an equity investment of Rs. 7.77 million following the approval of the shareholders. The government has, so far, not notified the tariff for the project.



RISK AND OPPORTUNITIES

• Risk Management

The Board of Directors kept a close watch on the socio-economic environment and consequential internal and external risks that might impact the safe and smooth operations and performance of the Company. As caretakers of the interest of all the stakeholders, the Directors remained vigilant in identifying and mitigating risks through the year. The Board of Directors identified potential risks, assessed their impact on the Company and formulated strategies to mitigate foreseeable risks to the business. These strategies were enforced throughout the hierarchy of the Company under the supervision of the Audit Committee to ensure that no gaps remained in risk mitigation.

• Risk Assessment

The Board of Directors has carried out thorough assessments of both internal and external risks that the Company might face. Businesses face numerous uncertainties that might pose threats to its objectives and if not addressed may cause preventable losses. Energy costs makes up a major portion of the overall cost of production. Any variation in prices of coal and/or electricity tariffs poses a constant risk to the company. The Company has installed Waste Heat Recovery plant to reduce its cost of power and has obtained a gas connection for the plant. Furthermore, it is also installing solar power project. Another economic risk facing the Company is the decline in exports to its main export market Afghanistan due to the political uncertainties. However, the strategic placement of its factory in Nowshera, which is close to the Afghan border and the brand value of Cherat within Afghanistan has helped us retain our position as top exporter of cement to Afghanistan.

• Debt Repayment

The Company has always paid of all its due debts on time. The State Bank of Pakistan had allowed companies the defer principal payment of their long-term loans falling due within a year to help them overcome the financial impact of COVID – 19. Although the Company had applied for the principal deferment facility for the syndicated long-term finance for line - II and syndicated long-term finance for line - III offered by the State Bank of Pakistan, it did not avail the facility and repaid the same during the year 2020/21. In addition to this, the Company has made early repayments of loans pertaining to

Cement Line II and III amounting to Rs. 800 million and Rs. 600 million respectively. Furthermore, the Company has also obtained wage financing scheme offered by State Bank of Pakistan at extremely competitive interest rates.

• Capital Structure

Following the establishment of Cement Line III, the current debt to equity ratio of the Company is currently 48:52. The Board of Directors and the management are confident that the capital structure of the Company will improve in the future. The ratio may get affected due to Line IV project but it will eventually improve over the years.

FUTURE PROSPECTS

The pace of economic recovery that picked up momentum during the year 2020/21 is expected to strengthen further going forward. The national economy is expected to get a boost from capital investments made under TERF schemes and increase in scale of construction projects. In the recent Federal Budget, the government has increased the PSDP allocation. It has also mentioned of its intention to utilize the same during the year. All these factors are expected to contribute to a higher growth volume next year.



The outlook for the cement industry looks promising in the backdrop of initiation of works on mega infrastructure projects like dams and Naya Pakistan housing scheme by the government. Increase in private construction activities in the country following the announcement of construction package, reduction in discount rates, and enhanced focus on housing finance by the government through commercial banks is also expected to have a positive impact on cement demand. However, the ongoing fourth wave of COVID – 19 remains a major risk for the country, which has the potential to undo the hard work done by the government. In this scenario, we are confident that the measures undertaken by the government will soon bring the situation under control.

A sharp rise has been witnessed in major commodity prices such as coal recently, which is having an adverse impact on the cement sector.

Increase in fuel prices has resulted in a surge in inland transportation costs. Furthermore, the government has increased the power tariff, which is having a direct impact on production costs. Being energy intensive, cement industry is hard hit by these inflationary trends and is finding it difficult to control production costs. There are also certain macroeconomic risks, which will become clearer in due course of time.



APPOINTMENT OF AUDITORS

The present auditors – M/s. EY Ford Rhodes, Chartered Accountants, retire and being eligible, offer themselves for re-appointment.

ACKNOWLEDGMENT

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

On behalf of the Board of Directors

Omar Faruque
Chairman

Azam Faruque
Chief Executive

Karachi: August 26, 2021

Annual Evaluation of Board, Chief Executive Officer (CEO), Committees and Individual Members

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

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

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

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

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

Directors' Orientation and Training

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

External Oversight of Functions and Measures Taken to Enhance The Credibility of Internal Controls and Systems

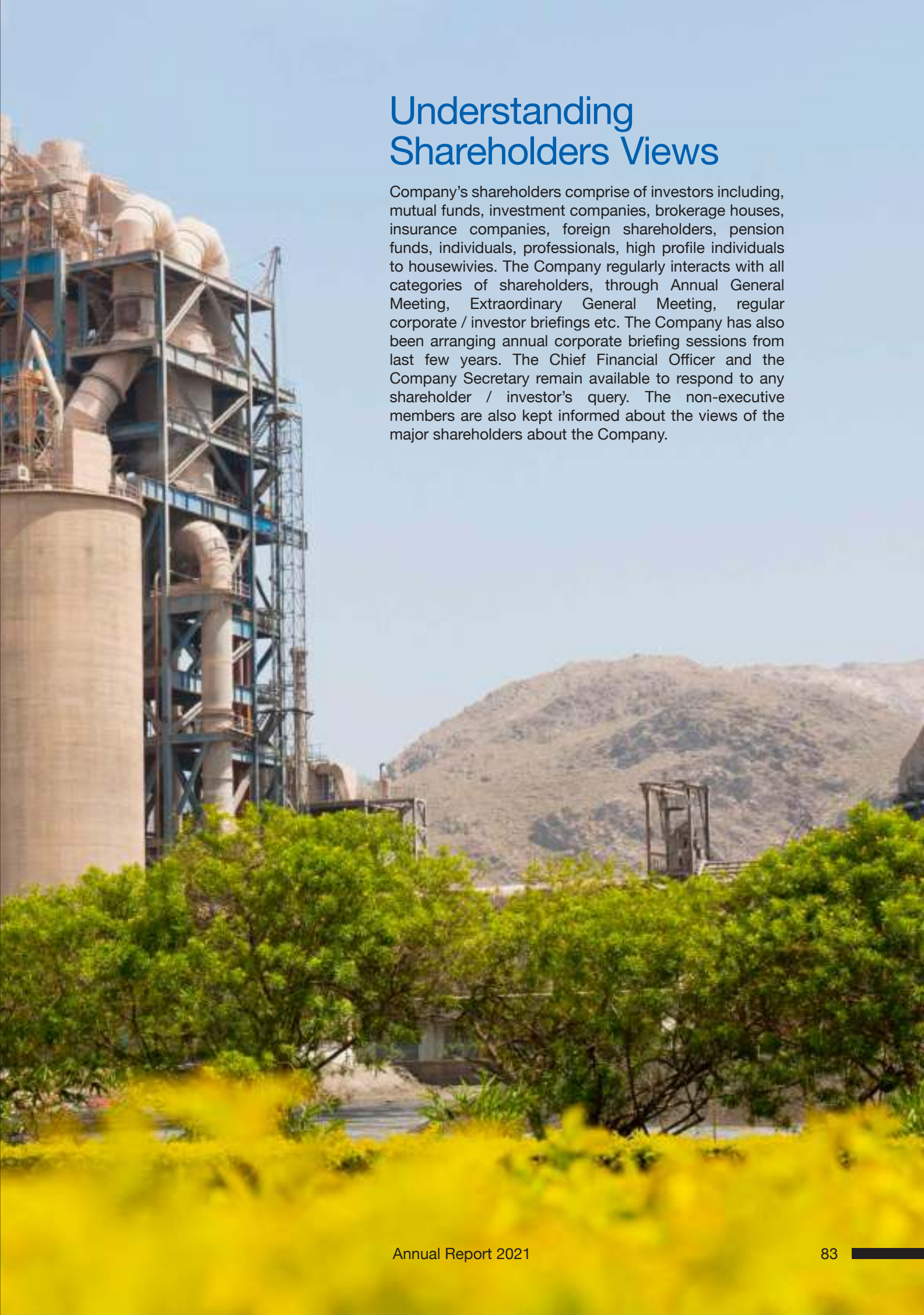
Cherat Cement ensures the efficiency, effectiveness, accuracy and the credibility of all its functions by regular monitoring, making benchmarks and assesses the targets and goals of respective functions. Following are the summary of measures taken to attain the benchmarks through oversight:

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

Matters Delegated to the Management

Management is primarily responsible for implementing the strategies as approved by the Board of Directors. It is the responsibility of management to conduct the routine business operations of the Company in an effective and ethical manner in accordance with the strategies and goals as approved by the Board and to identify and administer the key risks and opportunities which could impact the Company in the ordinary course of execution of its business. Management is also concerned in keeping the Board members updated regarding any changes in the operating environment. It is also the responsibility of management, with the oversight of the Board and its Audit Committee, to prepare financial statements that fairly present the financial position of the Company in accordance with applicable accounting standards and legal requirements.





Understanding Shareholders Views

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

Governance Practices Exceeding Legal Requirements

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

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

Executive Director(s) serving as Non-Executive and Independent Director in other companies / body corporate

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

Independent Directors

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

Female Director

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

Board Meetings Held Outside Pakistan

During the year, 7 meetings of the Board of Directors were held. As recommended by SECP Guidelines and to keep the costs in control, the management has conducted all meetings in Pakistan.

Keeping in view of the COVID-19 pandemic, all Board meetings were conducted through video conference.

External Search Consultancy

Being a good corporate governance the company believes and undertakes a formal process of external consultancy for the performance of the Board.

Related Parties

As required under fourth schedule of the Companies Act, 2017, detailed disclosures regarding related party transactions have been presented in note 39 to the financial statements presented afterwards in this annual report. Such disclosure is in line with the requirements of the 4th Schedule to the Companies Act, 2017 and applicable International Financial Reporting Standards.

Approval of the transactions from the shareholders is obtained at the Annual General Meeting.

Statement of Management's Responsibility towards Preparation and Presentation of Financial Statements and Directors' Compliance Statements

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

Directors are kept informed and updated

To keep update to the Directors with major amendments and changes in applicable relevant laws.





IT Governance Policy

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

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

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

Information Systems Security Policy



OBJECTIVE

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

POLICY

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



Social and Environmental Responsibility Policy

The Company's Social and Environmental Responsibility Policy envisages an active commitment and participation on the part of the Company in various social work initiatives as part of its corporate social responsibility. Being a conscientious member of the corporate community, the Company contributes generously to various social and charitable causes including towards health and education sectors. In this regard, it has worked with many reputable organizations and NGOs in Pakistan.

The Company also participated in flood relief activities and helped IDP's (Internally Displaced Persons). The Company has always stood by the people of Pakistan in their hour of need and shall always continue to do so.

The Company is fully committed to acting in an environmentally responsible manner. To achieve this result, we:

1. Ensure our product and operations comply with relevant environmental legislation and regulations.
2. Maintain and continually improve our environmental management systems to conform to the ISO-14001 Standard or more stringent requirements as dictated by specific markets or local regulations.
3. Operate in a manner that is committed to continuous improvement in environmental sustainability through recycling, conservation of resources, prevention of pollution, product development, and promotion of environmental responsibility amongst our employees.
4. Ensure that no emission of hazardous materials emits from the company factory.
5. Inform suppliers, including contractors, of our environmental expectations and require them to adopt environmental management practices aligned with these expectations.

Human Resource Policy



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

Attracting the Best Talent

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

Industrial Relations

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

Succession Planning

Our Succession Planning policy is aimed at building a pipeline for future leadership and creating backups for critical roles.

The salient features of this policy are detailed as under:

- Talent Assessment is conducted based on achievements, Competencies and Group Values.
- Gap Analysis is done to determine time period and tools needed to groom / develop them as possible successors.
- Put through an outbound Leadership Course to determine areas of development vis-a-vis leadership.
- On-going coaching / rotation / training and developmental plans are in place to bring out best in class talent for succession.
- To deep reach successors at all levels, upward mobility is a pre-requisite in the hiring programme.

Core Values

Values are what support the vision, shape the culture and reflect what an organization values. They are the essence of the organization's identity the principles, beliefs or philosophy of values.

Our Core Values (Respect, Fairness, Quality, Ownership) are embedded in our recruitment process, performance appraisals and recognition initiatives.



Safety of Records Policy

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

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

Conflict of Interest Policy



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

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

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

Management of Conflict of Interest

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

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



Whistle Blower Policy

An important aspect of accountability and transparency is a mechanism to enable all individuals to voice concerns internally in a responsible and effective manner when they discover information which they believe shows serious malpractice.

Our whistle blowing policy is therefore fundamental to the organization's professional integrity. In addition, it reinforces the value of the organization places on staff to be honest and respected members of their individual professions. It provides a method of properly addressing bona fide concerns that individuals within the organization might have, while also offering whistle blowers protection from victimization, harassment or disciplinary proceedings.

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

Fundamental elements of our Whistle Blower Policy are highlighted below:

- All staff are protected from victimization, harassment or disciplinary action as a result of any disclosure, where the disclosure is made in good faith and is not made maliciously or for personal gain.
- All disclosures are required to be made in writing.
- Disclosures made anonymously are not entertained.
- Disclosures made are investigated fully including interviews with all the witnesses and other parties involved.
- All whistle blowing disclosures made are treated as confidential and the identity of the whistle blower is protected at all stages in any internal matter or investigation.
- Disciplinary action (up to and including dismissal) may be taken against the wrongdoer dependant on the results of the investigation.
- There are no adverse consequences for anyone who reports a whistle blowing concern in good faith. However, any individual found responsible for making allegations maliciously or in bad faith may be subject to disciplinary action.

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

Insider Trading Policy



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

The general guidelines within the policy state that:

1. No trading in the securities of the Company is permitted for directors and all employees who are "Executives" as defined in the relevant laws within the Closed Periods announced by the Company.
2. No insider may purchase or sell any Company's security while in possession of material non-public information about the Company, its customers, suppliers, consultants or other companies with which the Company has contractual relationships or may be negotiating transactions.
3. No insider who knows of any material non-public information about the Company may communicate that information to any other person, including family and friends.
4. In addition, no insider may purchase or sell any security of any other company, whether or not issued by the Company, while in possession of material non-public information about that company that was obtained in the course of his or her involvement with the Company in the way of conducting official business. No insider who knows of any such material non-public information may communicate that information to any other person, including family and friends.

The Company's Responsibility to Disclose Inside Information

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

Related Party Transactions Policy

Preamble

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

Scope of the Policy

This Policy applies to transactions between the Company and one or more of its related parties. It provides a framework for governance and reporting of related party transactions. It is intended to ensure due and timely identification, approval, disclosure and reporting of transactions between the Company and any of its related parties. Amendments, from time to time, to the Policy, if any, shall be considered and approved by the Board. The policy covers all related party transactions of Cherat Cement Company Limited as defined under Section 208 of Companies Act 2017. The policy is applicable on all individuals responsible to initiate, authorize, record and report related party transactions.

The Policy is applicable to all related party transactions irrespective of their value and size.

This Policy is intended to work in conjunction with regulatory provisions and other Company policies.

Definitions

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

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

(ii) Office of profit means any office:

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

company or body corporate holding it receives from the company anything by way of remuneration, salary, fee, commission, perquisites, any rent-free accommodation, or otherwise.

(iii) Related party includes:

- a) a director or his relative;
- b) a key managerial personnel or his relative;
a key managerial person shall mean the following:
 - the Chief Executive Officer of the Company;
 - the Company Secretary of the Company;
 - the whole time Directors on the Board of the Company; and
 - the Chief Financial Officer of the Company.
- c) a firm, in which a director, manager or his relative is a partner;
- d) a private company in which a director or manager is a member or director;
- e) a public company in which a director or manager is a director or holds along with his relatives, any shares of its paid up share capital;
- f) any body corporate whose chief executive or manager is accustomed to act in accordance with the advice, directions or instructions of a director or manager;
- g) any person on whose advice, directions or instructions a director or manager is accustomed to act;
- h) any company which is:
 - a holding, subsidiary or an associated company of such company; or
 - a subsidiary of a holding company to which it is also a subsidiary
- i) such other person as may be specified.
- j) Relative means spouse, siblings and lineal ascendants and descendants of a person.

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

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

Types of related party transactions

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

- (i) sale, purchase or supply of any goods or materials;
- (ii) selling or otherwise disposing of, or buying, property of any kind;
- (iii) leasing of property of any kind;
- (iv) availing or rendering of any services;
- (v) appointment of any agent for purchase or sale of goods, materials, services or property; and

(vi) such related party's appointment to any office or place of profit in the company, its or associated company, provided:

a) where majority of the directors are interested in any of the above transactions, the matter shall be placed before the general meeting for approval as special resolution;

b) also that nothing in this sub-section shall apply to any transactions entered into by the company in its ordinary course of business on an arm's length basis.

Disclosure and Approval of Related Party Transactions

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

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

Identification of Related Party Transaction

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

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

Terms of the policy

The terms of reference for the Policy are as follows;

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

Maintenance of Record

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

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

Pricing Methodology

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

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

Scope of Limitation

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

Business Continuity and Disaster Recovery Policy

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

Business Continuity and Disaster Recovery Plan

Introduction

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

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

Business Continuity Plan

Manufacturing Facilities

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

Identification of Potential Issues and the Plan Update

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

Disaster Recovery Plan and IT Infrastructure

The Company's production server facility is at PTCL Karachi with backup server facility at Lahore. In case of any disaster, the Company would be able to continue its operations smoothly. Availability of servers at such distant locations enables the Company to perform its IT functions without glitches in the event of an infrastructural damage at any particular location. Moreover, the Company is situated at various locations across Pakistan and operations may be carried out through all such locations. Also, at the time of imposition of lockdowns by the government due to COVID-19 pandemic, the employees of the Company were able to work from home smoothly via VPN clients.

Marketing and Other Staff

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

Risk Management Framework

Risk is an inherent part of business activities of the Company. The Company executes its risk strategy and undertakes controlled risk-taking activities within its risk management framework. The Company actively drives the risk management framework. The Board of Directors of the Company remain watchful in identifying potential risks to which the Company is exposed, the related uncertainties and their impact on the Company, and how such risks and uncertainties can be managed by formulating strategies to mitigate and counter the same. All this is done with the aim of maximizing shareholder's value by achieving an appropriate trade-off between risk and returns.

The Company constantly endeavors to improve its risk management framework in light of international best practices and regulatory guidelines. Accordingly, all policies and procedures that form part of the Company's risk management framework are regularly reviewed, followed by undertaking steps for its improvement, in order to keep them aligned with changing market dynamics/practices, regulatory environment and international standards. An effective risk management framework along with a robust risk governance structure, policies and procedures remain the cornerstone of the Company's risk management goals.

Policy on Non-Executive and Independent Directors' Remuneration

Preamble

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

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

Scope and Applicability

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

Terms of The Policy

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

Investor's Grievance Policy

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

Diversity Policy

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

We embrace and encourage our employees' differences in age, color, disability, ethnicity, family or marital status, gender identity or expression, language, national origin, physical and mental ability, political affiliation, race, religion, socio-economic status, veteran status, and other characteristics that make our employees unique. Cherat Cement Company Limited's 'diversity initiatives are applicable but not limited to our practices and policies on recruitment and selection; compensation and benefits; professional development and training; promotions; transfers; social and recreational programs; layoffs; terminations; and the ongoing development of a work environment built on the premise of gender and diversity equity that encourages and enforces:

- Respectful communication and cooperation between all employees.
- Teamwork and employee participation, permitting the representation of all groups and employee perspectives.
- Employer and employee contributions to the communities we serve to promote a greater understanding and respect for the diversity.

All employees of Cherat Cement Company Limited have a responsibility to treat others with dignity and respect at all times. All employees are expected to exhibit conduct that reflects inclusion during work, at work functions on or off the work site, and at all other company-sponsored and participative events. Any employee found to have exhibited any inappropriate conduct or behavior against others may be subject to disciplinary action.

Report of the Audit Committee

AUDIT COMMITTEE

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

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

Meetings of the Audit Committee are held at least once every quarter. Four meetings of the Audit Committee were held during the year 2020-2021. Based on reviews and discussions in these meetings, the Audit Committee reports that:

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

INTERNAL AUDIT AND RISK MANAGEMENT

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

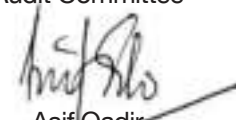
involved in the Company's operations. Further, on the basis of this plan, audits are conducted and reports are submitted. The Committee on the basis of the said reports reviews the adequacy of controls and compliance shortcomings in areas audited and discuss corrective actions in the light of management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

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

EXTERNAL AUDIT

1. The external auditors M/s. EY Ford Rhodes, Chartered Accountants were allowed direct access to the Audit Committee and necessary coordination with internal auditors was ensured. Major findings arising from audits and any matters that the external auditors wished to highlight were freely discussed with them.
2. The Audit Committee has reviewed and discussed with the external auditors and management, all the Key Audit Matters and other issues identified during the external audit along with the methods used to address the same.
3. Being eligible for reappointment as Auditors of the Company, the Audit Committee has recommended the appointment of M/s EY Ford Rhodes, Chartered Accountants as External Auditors of the Company for the year ending June 30, 2022 as it is one of the Big Four audit firm and has thorough knowledge of the Company's business and industry due to long association with the Company.
4. The Company also obtains taxation related services from M/s. EY Ford Rhodes, Chartered Accountants as it is one of the reputed firm in provision of said services and has sound professional policies and procedure to ensure compliance of independence.

By order of the
Audit Committee


Asif Qadir
Chairman

August 24, 2021

Independent Auditors' Review Report

To the members of Cherat Cement Company Limited (the Company)
Review Report on the Statement of Compliance contained in Listed
Companies (Code of Corporate Governance) Regulations, 2019



EY Ford Rhodes
Chartered Accountants
Progressive Plaza, Beaumont Road
P.O. Box 15541, Karachi 75530
Pakistan

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ey.khi@pk.ey.com
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We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Regulations) prepared by the Board of Directors of Cherat Cement Company Limited for the year ended 30 June 2021 in accordance with the requirements of regulation 36 of the Regulations.

The responsibility for compliance with the Regulations is that of the Board of Directors of the Company. Our responsibility is to review whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Regulations and report if it does not and to highlight any non-compliance with the requirements of the Regulations. A review is limited primarily to inquiries of the Company's personnel and review of various documents prepared by the Company to comply with the Regulations.

As a part of our audit of the financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board of Directors' statement on internal control covers all risks and controls or to form an opinion on the effectiveness of such internal controls, the Company's corporate governance procedures and risks.

The Regulations require the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval, its related party transactions. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the requirements contained in the Regulations as applicable to the Company for the year ended 30 June 2021.

A handwritten signature in black ink that reads 'EY Ford Rhodes'.

Chartered Accountants

Date:

Place: Karachi

02 September, 2021

Statement of Compliance

with Listed Companies (Code of Corporate Governance) Regulations, 2019

For the year ended June 30, 2021

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

1. The total number of Directors are 8 (eight) as per the following:

- a. Male: 7
- b. Female: 1

2. The Composition of board is as follows:

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

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 the 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 the 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 and, in his absence, by a director elected by the Board for this purpose. The Board has complied with the requirements of Act and the

Regulations with respect to frequency, recording and circulating minutes of meeting of the Board;

8. The Board have a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations;
9. Following Directors and Executives attended Directors' Training program till June 30, 2021:

Name of Directors

Mr. Omar Faruque	Chairman
Mr. Azam Faruque	Chief Executive
Mr. Akbar Ali Pesnani	Director
Mr. Abrar Hasan	Director
Mr. Yasir Masood	Director & Chief Financial Officer
Mrs. Zeeba Amber	Director

Name of Executive & Designation:

Mr. Abid Vazir	Company Secretary
----------------	-------------------

10. The Board has approved appointment of Chief Financial Officer, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations;
11. Chief Financial Officer and Chief Executive Officer duly endorsed the financial statements before approval of the Board;
12. The Board has formed committees comprising of members given below:
 - a) **Audit Committee**

Mr. Asif Qadir	Chairman
Mr. Akbarali Pesnani	Member
Mr. Arif Faruque	Member
 - b) **HR and Remuneration Committee**

Mr. Abrar Hasan	Chairman
Mr. Azam Faruque	Member
Mr. Omar Faruque	Member
13. The terms of reference of the aforesaid committees have been formed, documented and advised to the committee for compliance;

14. The frequency of meetings (quarterly / half yearly / yearly) of the committee were as per following:

- a) Audit Committee. - Quarterly
- b) HR and Remuneration Committee. - Half Yearly

15. The Board has set up an effective internal audit function supervised by a Head of Internal Audit who is considered suitably qualified and experienced for the purpose and is conversant with the policies and procedures of the company;

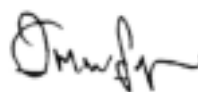
16. The statutory auditors of the company have confirmed that they have been given a satisfactory rating under the Quality Control Review Program of the Institute of Chartered Accountants of Pakistan and registered with Audit Oversight Board of Pakistan, that they and all their partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the Institute of Chartered Accountants of Pakistan and that they and the partners of the firm involved in the audit are not a close relative (spouse, parent, dependent and non-dependent

children) of the chief executive officer, chief financial officer, head of internal audit, company secretary or director of the company;

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

18. We confirm that all requirements of regulations 3, 6, 7, 8, 27, 32, 33 and 36 have been complied with.

On behalf of the Board of Directors



Omar Faruque
Chairman



Azam Faruque
Chief Executive

Karachi: August 26, 2021

Chairman and Chief Executive

Offices of the Chairman and Chief Executive

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

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

Role of Chairman

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

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

- acting as a liaison between management and the Board, through the CEO;
- keeping abreast generally of the activities of the Company and its management;
- ensuring that the Directors are properly informed and that sufficient information is provided to enable the Directors to form appropriate judgements and make informed decisions;
- preparing the review report (to be included with the annual financial statements) on the overall performance of the Board of Directors and effectiveness of the role played by the Board of Directors in achieving the Company's objectives;
- developing and setting the agendas for meetings of the Board;
- acting as Chair at meetings of the Board;
- ensuring that the minutes of Board meetings are appropriately recorded and reviewing and signing minutes of Board meetings;
- presiding over the Board meetings and ensuring that all relevant information has been made available to the Board;
- confirming the quorum of the meeting;
- ensuring that the agenda, notice of meeting alongwith all relevant material were circulated within stipulated time;
- ensuring that the minutes of the Board meetings are kept in accordance with applicable laws;
- ensuring that the appropriate recording and circulation of the minutes of the Board meeting to the Directors and officers entitled to attend the Board meetings;
- safeguarding shareholders' interest in the Company;
- issuing the letter to the directors at the commencement of each three year term of the Directors setting out their role, obligations, powers and responsibilities;
- ensuring that the Board is playing an effective role in fulfilling its responsibilities;
- determining the date, time and location of the annual or extraordinary general meetings of shareholders and to develop the agenda for the meeting;
- presiding as chairman at every General Meeting of the Company;
- recommending to the Board, after consultation with the Directors and management, the appointment of members of the Committees of the Board;
- assessing and making recommendations to the Board annually regarding the effectiveness of the Board.

Role of Chief Executive

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

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

Salient Features of Terms of Reference of the Audit Committee and the Human Resource & Remuneration Committee

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

AUDIT COMMITTEE

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

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

Meetings of the Audit Committee are held at least once every quarter. The Committee reviews the annual financial statements in the presence of external auditors. The recommendations of the Audit Committee are then submitted for approval of financial results of the Company by the Board. During the year 2020-21, the Audit Committee held Four [4] meetings. The minutes of the meetings of the Audit Committee are provided to all the members, Directors and the Chief Financial Officer. The Head of Internal Auditor attends the Audit Committee meetings regularly and meets the Audit Committee without the presence of the Management, at least once a year, to point out various risks, their intensity and suggestions for mitigating risks and improvement areas. The business risks identified are then referred to the respective departments and mitigating actions are then implemented.

Terms of Reference of Audit Committee

The Code of Corporate Governance mandates that the Board of Directors of the Company shall determine the Terms of Reference of the Audit Committee.

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

The Committee shall;

- a) determine appropriate measures to safeguard the company's assets;

- b) review annual and interim financial statements of the company, prior to their approval by the Board of Directors, focusing on:
 - (i) major judgmental areas;
 - (ii) significant adjustments resulting from the audit;
 - (iii) going concern assumption;
 - (iv) any changes in accounting policies and practices;
 - (v) compliance with applicable accounting standards;
 - (vi) compliance with these regulations and other statutory and regulatory requirements; and
 - (vii) all related party transactions.
- c) review preliminary announcements of results prior to external communication and publication;
- d) facilitate the external audit and discussion with external auditors of major observations arising from interim and final audits and any matter that the auditors may wish to highlight (in the absence of management, where necessary);
- e) review management letter issued by external auditors and management's response thereto;
- f) ensure coordination between the internal and external auditors of the company;
- g) review the scope and extent of internal audit, audit plan, reporting framework and procedures and ensure that the internal audit function has adequate resources and is appropriately placed within the company;
- h) consider major findings of internal investigations of activities characterized by fraud, corruption and abuse of power and management's response thereto;
- i) ascertain that the internal control systems including financial and operational controls, accounting systems for timely and appropriate recording of purchases and sales, receipts and payments, assets and liabilities and the reporting structure are adequate and effective;
- j) review the company's statement on internal control systems prior to endorsement by the Board of Directors and internal audit reports;

- k) institute special projects, value for money studies or other investigations on any matter specified by the board of directors, in consultation with the Chief Executive Officer and consider remittance of any matter to the external auditors or to any other external body;
- l) determine compliance with relevant statutory requirements;
- m) monitor compliance with these regulations and identify significant violations thereof;
- n) review arrangement for staff and management to report to audit committee in confidence, concerns, if any, about actual or potential improprieties in financial and other matters and recommend instituting remedial and mitigating measures;
- o) recommend to the board of directors the appointment of external auditors, their removal, audit fees, the provision of any service permissible to be rendered to the company by the external auditors in addition to audit of its financial statements. The board of directors shall give due consideration to the recommendations of the audit committee and where it acts otherwise it shall record the reasons thereof.
- p) consider any other issue or matter as may be assigned by the Board of Directors.

HUMAN RESOURCE & REMUNERATION COMMITTEE

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

Human Resource & Remuneration Committee

Mr. Abrar Hasan	Chairman
Mr. Azam Faruque	Member
Mr. Omar Faruque	Member

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

The Committee shall;

- i. recommend to the Board for consideration and

approval a policy framework for determining remuneration of directors (both executive and non-executive directors and members of senior management). The definition of senior management will be determined by the Board which shall normally include the first layer of management below the Chief Executive Officer level;

- ii. undertake annually a formal process of evaluation of performance of the Board as a whole and its committees either directly or by engaging external independent consultants and if so appointed, a statement to that effect shall be made in the directors' report disclosing name, qualifications and major terms of appointment;
- iii. recommend human resource management policies to the Board;
- iv. recommend to the Board the selection, evaluation, development, compensation (including retirement benefits) of Chief Operating Officer, Chief Financial Officer, Company Secretary and Head of Internal Audit;
- v. carry out consideration and approval on recommendations of Chief Executive Officer on such matters for key management positions who report directly to Chief Executive Officer or Chief Operating Officer;
- vi. where human resource and remuneration consultants are appointed, their credentials shall be known by the committee and a statement shall be made by them as to whether they have any other connection with the company; and
- vii. carry out all actions in addition to those stated above, in order to ensure that the Company's risks are mitigated and growth in the right direction is taking place.

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

Strategy and Performance

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

PANDEMIC RECOVERY PLAN

Pandemic in Global Context

The pandemic is the most defining global crisis in living memory. The virus was declared a global pandemic by the World Health Organisation in 2020. The government implemented a national lockdown several times, which covered the comprehensive closure of offices, factories and public places.

Pandemic in Pakistan Context

The Pakistan government's measure to contain people rendered the daily wagers and labour class at the brink of starvation as they were unable to sustain even the basic necessities of life because the entire economic activities were shut down. The COVID-19 outbreak hit very hard to most of the population of Pakistan, particularly those who live below the poverty line. In the given scenario, it is heartening to witness that as country remained under a lockdown to battle a daunting coronavirus outbreak, local charities including individuals, corporates, industrialists, public sector employees, law and enforcement agencies, medical associations, trade unions and philanthropic organizations have responded actively and came to the forefront to shoulder the government efforts to provide relief to the low-income groups in the form of food commodities and medical assistance. Further, Ehsaas Emergency Cash program had been designed in the context of economic hardships due to the Coronavirus crisis. Amid the COVID-19 pandemic, Pakistanis have bonded together to assist the less fortunate in a unique and inspiring way, offering charity and philanthropy for daily wage earners in the time of distress who have no paid leave, health insurance or financial safety net.

Pandemic in Company Context

From the beginning of the COVID-19 pandemic, we activated our business continuity management processes in line with the Group policy.

A multidisciplinary COVID Response Team (CRT) has been overseeing plans and precautions to reduce the risks of COVID-19 in the work environment while maintaining business continuity based on the most current recommendations by government and public health agencies. The CRT has implemented a variety of health and safety measures including enhanced cleaning procedures and modified work practices such as travel restrictions, health screenings and remote working arrangements for office employees.

All employees at the Cherat Cement offices and factories implemented workplace control measures to protect against the spread of COVID-19. These measures include the use of hand sanitisers, temperature checks, COVID tunnel gate, social distancing, smart working and so-on.

The Company shut its offices and manufacturing facilities in line with the government directive. The Company's management team responded with modern digital communication technologies, and infrastructure disinfection. The Company resumed manufacturing operations at different dates as per approvals received from the respective Provincial Administrative authorities.

Pandemic Recovery Plan

As our economy started to recover from the pandemic, our leadership put together a plan to ensure CCCL's smooth journey through the recovery. Some of the plan highlights are:

Non-financial

- Establishing rota system at site and Head Office to ensure stringent implementation and monitoring of SOPs
- Conducting vaccination drive at Factory SITE to streamline Government objective
- Enhancing customer engagement activities to reinforce relationships
- Normalizing the sourcing of raw material through contract management
- Obtaining financing facilities at subsidized rate
- Departmental task force formation to continuously monitor the situation
- Taken deliberate steps to deploy resources to help our communities overcome hardships in this crisis. Cherat Cement has spent Rs. 6.18 million.



In response to COVID-19 to ensure the safety and protection of its people, customers and communities.

Financial

- Maintaining liquidity

We proactively monitored key dimensions of our operations to prevent and mitigate the adverse effects of the pandemic on the workforce as well as prevent negative financial impacts. We closely controlled our capital expenses, working capital needs and fixed costs to maintain strong and resilient cash positions.

- Maintaining a strong business

Whilst most of our businesses remained fully operational and continued to supply customers with their needs, in a limited number of markets, we were required to close our operations in order to comply with Government regulations. In such circumstances, we deployed every effort to work with customers in order to ensure business continuity while ensuring full compliance with local regulations.





Performance and Position

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Analysis of the Financial and Non-Financial Performance

Financial Indicators:

Actual Results:

The Government with its various relief projects has been very successful in revitalizing economic growth and achieved GDP growth rate of 3.94% amid COVID-19 pandemic. In line with this, cement industry witnessed a massive growth of 21% during the year. While, local cement industry posted a growth of 21%, whereas export cement has shown a growth of around 19% during the financial year 2021. Cement dispatches of the Company increased by 17% whereas sales revenue increased by 47%. Our local cement price increased significantly by Rs.1,556 per ton whereas export price decreased by Rs.176 per ton. Hence, our average sales price increased by Rs.1,322 per ton. Additionally, cost of sales decreased by Rs.268 per ton. In line with this, our gross profit increased significantly from Rs. 114 per ton to Rs.1,704 per ton (increased by Rs.1,590 per ton). Finance cost decreased to Rs.1,524 million from Rs. 2,527 million as compared to corresponding year. During the year, the Company posted after tax profit of Rs.3,205 million as compared to after tax loss of Rs. 1,893 million in corresponding year.

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

	2021	2020
	(Rupees in million)	
Net sales	25,207	17,090
Cost of sales	18,479	16,704
Gross profit	6,728	386
Expenses and taxes	3,523	2,279
Net profit / (loss)	3,205	(1,893)

In quantitative terms, total dispatches showed hefty growth from 3,377,479 to 3,949,677 tons (i.e. by 572,198 tons) which is 17%. Further, cement export has shown a growth of around 8%.

	2021	2020
	(in tons)	
Domestic sales (tons)	3,438,944	2,903,768
Export sales (tons)	510,733	473,711
Total sales (tons)	3,949,677	3,377,479

Budgeted Results:

After incorporating all factors i.e. update budget assumptions, review bottlenecks, available funding, step costing points, obtain department budgets, obtain capital budget requests, manufacturing capacities etc. the budget of 2020-21 has been made. In this year, the Company has set sales volume, which was challenging amid COVID-19 pandemic. Company met all its targets due to excellent growth in terms of dispatches and sales price.

	2021	2021
	Actual	Budget
	(in tons)	
Total sales volume	3,949,677	3,335,000

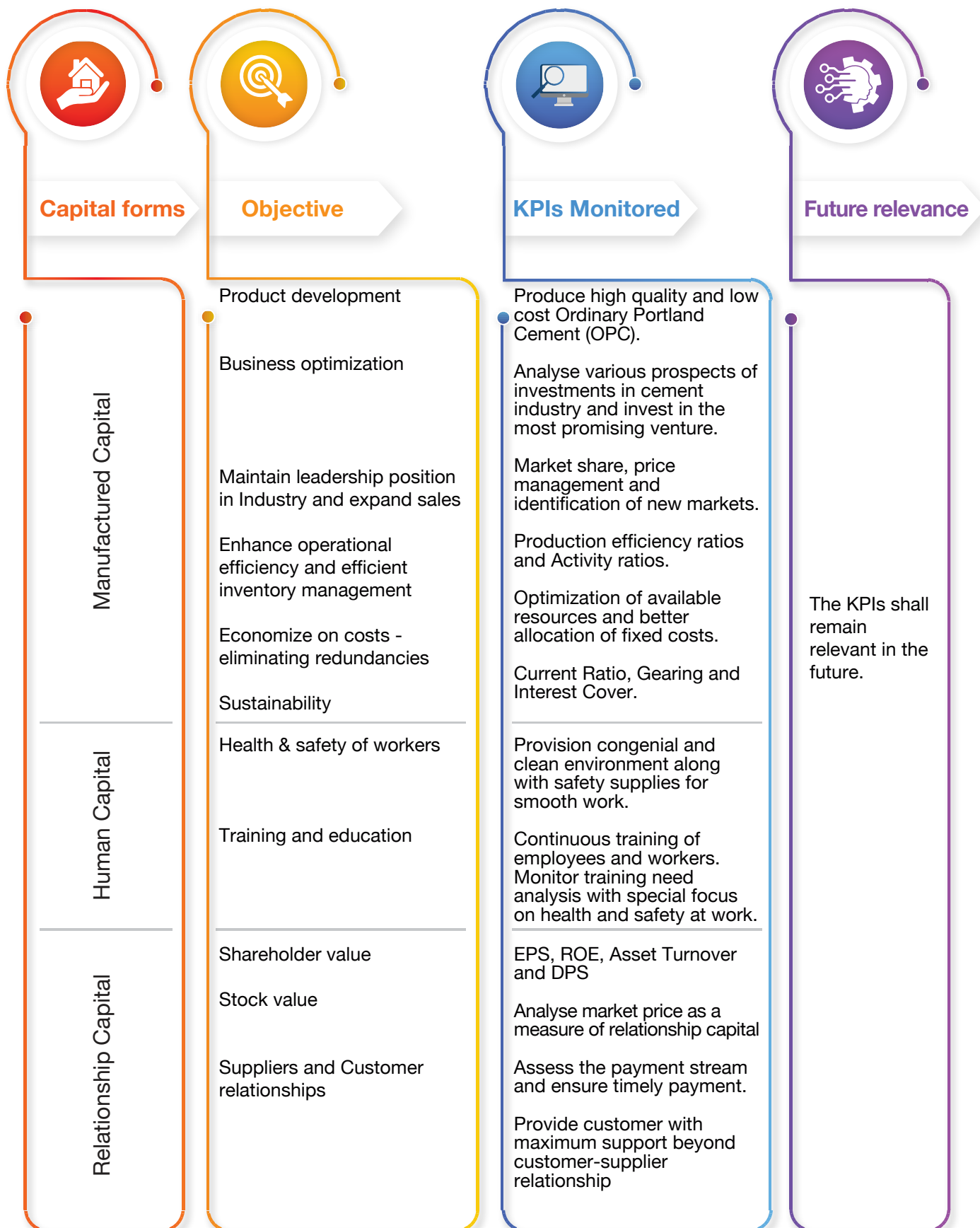
Actual vs budget figures under respective heads are as follows:

	2021	2021
	(Rupees in million)	
Net sales	25,207	19,389
Cost of sales	18,479	15,665
Gross profit	6,728	3,724
Expenses and taxes	3,523	2,631
Net profit	3,205	1,093

The Company has a healthy dividend payout history. Company announced dividend of Rs.1.25 per share in addition to interim dividend of Re. 1 per share in 2nd Quarter Financial year 2021.

The Company has duly paid taxes, duties and other levies on timely basis without any overdues and complied with all applicable laws and regulations.

Non-Financial Indicators:



Change in Indicators and Performance Measures

Cherat Cement Company Limited has established key indicators, which pertain to its key performing areas. Such indicators are subject to change with the Internal and external environment associated with the organization.

Cherat Cement Company Limited has identified KPIs that are critical to its business. While identifying KPIs, the Company analysed various indicators, their interpretations and accordingly their extent to which they may correctly and clearly communicate the Company's performance. Some important indicators are as under:

Market Share:

Market share is a critical key indicator for scaling market competitiveness with respect to size and capacity of the Company. Cherat is a premium brand of Ordinary Portland Cement in Pakistan and Afghanistan. Our main markets in Pakistan are KPK, FATA, Azad Kashmir, Punjab and some areas of Sindh and Balochistan. As per the basic data available on the website of All Pakistan Cement Manufacturers Association our market share is more than 7% because of our superior quality and capacity enhancements. Cherat is the first choice of customers in most of the markets.

Financial Leverage:

Financial leverage has shown a positive impact in the current year as the Company's financial leverage ratio clocked in at 1.25 times, a decrease of 37.19% as compared to the year 2020 when the ratio stood at 1.99 times due to repayment of loans. Leverage is neither inherently good nor bad. Its resultant effect is based on the investment options selected by the company. A company to amplify its shareholders' return on investment by investing in projects whose returns exceed the cost of debts uses it. Nonetheless, uncontrolled debt levels can lead to credit downgrades or worse. On the other hand, too few debts can also raise questions on the company's ability to capitalize the opportunities. However, it is linked to the capital structure policy of a company.

The Company has a dynamic process of evaluating its financial leverage and keep it aligned to its capital structure policies. The Company focuses to take advantage of the opportunities at lower cost through effective negotiations with financial institutions. The back-to-back expansions has bring the Company to a position where it has ample liquidity to early repay its expensive long-term loans and resultantly managed to significantly decrease its financial leverage on one hand and on the other hand, the Company has reached among the top 5 Cement producers in the Country.

Fixed Cost per unit:

Higher production capacities of an entity help in bringing down the cost per unit of the item manufactured. In our company, fixed cost per unit reduce after start of production activities from line III along with Line II. Production units inversely proportion to the fixed cost per unit, higher production means low per unit cost or vice versa. The Company is keen to bring its fixed cost per unit down in order to enhance its profitability.

Explanation of Negative Changes in Performance over the Period

The COVID – 19 pandemic has had a significant impact on the domestic as well as global economy. The country has dealt well with the economic shock caused by the pandemic by steering the national economy out of the crisis and thereafter maintaining a positive growth momentum. The economic recovery was mainly achieved through a robust growth recorded by large scale manufacturing industry, services sector, higher agriculture output, greater exports and increased remittances from overseas Pakistanis. During the year, Cherat cement

has witnessed a 47% increase in the sales revenue over last year, there was a surge in input costs as coal and electricity prices increased significantly. However, the Company controlled costs through efficient operational management. Other expenses increased during the period on account of provision of WPPF due to higher profitability. There was also a significant decline in finance cost from last year due to reduction in discount rate by State Bank of Pakistan and utilization of wage financing scheme. The appropriate explanation pertaining to the negative changes in performance against prior year is provided in the relevant sections of the analysis of financial statements and the vertical and horizontal analysis of Statement of Financial Position, Statement of Profit or Loss, Quarterly performance and Statement of Cash Flows.

Debt Repayment

The Company has no history of default in debt repayment. Instead, it has the practice to early settle its debts in order to improve capital structure and reduce costs. During the year, with the revival of economic activities, the Company generated healthy cash flows that aid the Company to revoke the principal deferment facility and made early principal repayments of Rs. 1,400 million along with the regular principal repayments of Rs. 2,500 million. This is a sign of sound financial position and commitment of the Company.

Segment Results

The activities of the Company are organized into one operating segment based on its manufacturing, marketing and sale of cement. However, the Company has been maintaining its books of accounts line wise. Analysis of local and export sales is given in the Director's Report.

Market Share

'Cherat' brand is widely acknowledged as the best quality cement brand of Pakistan. The Company is a leading brand having vast customer base with the presence in almost all over in Pakistan and Afghanistan, where it exported. Presently, due to the effective marketing efforts and superior quality of our brand, we have more than 7% market share of cement sales in Pakistan, as evident from the basic data of All Pakistan Cement Manufacturing Association website.

Shariah Governance

Cherat Cement Company Limited monitors the compliance given in the Shariah Governance Regulations, 2018. Following tabulations depicts the ratios as assessed on the reporting date:

	Benchmark	2021	2020
Loan on interest to market capitalization	≤30%	12%	31%
Total interest-taking deposits to market capitalization of Total Equity	≤30%	1%	1%
Income generated from prohibited component to Total Income	≤5%	0%	0%
Net liquid assets per share to market value per share	≥1	(0.01)	(0.01)

Ratio Analysis

For the year ended June 30, 2021

	2021	2020	2019	2018	2017	2016
Profitability Ratios:						
Gross Profit Ratio (percentage)	26.69	2.26	18.18	21.82	33.31	37.21
Net Profit Before Tax to Sales (percentage)	17.21	(15.93)	6.61	14.92	26.02	28.98
Net Profit to Sales (percentage)	12.72	(11.08)	11.11	14.82	20.28	19.85
EBITDA Margin to Sales (percentage)	29.88	9.14	22.59	24.98	35.16	33.55
Operating Leverage Ratio	(65.16)	(14.08)	(1.22)	(0.15)	0.79	2.89
Return on Equity (average in percentage)	27.11	(17.36)	15.38	19.71	19.96	16.37
Return on Capital Employed (percentage)	11.11	(6.91)	5.98	8.12	12.74	10.68
Shareholders' Funds (percentage)	39.74	30.54	33.32	36.61	55.63	59.11
Return on Shareholders' Funds (percentage)	23.62	(18.86)	15.00	19.01	18.70	15.37
Liquidity Ratios:						
Current Ratio	1.08	1.14	1.31	1.72	1.78	1.11
Quick / Acid Test Ratio	0.88	0.92	1.05	1.46	1.40	0.94
Cash to Current Liabilities	0.02	0.01	0.00	0.01	0.02	0.01
Cash flow from Operations to Sales	0.27	0.21	0.09	0.18	0.02	0.33
Investment / Market Ratios:						
Earnings per Share (Before Tax) - Basic & Diluted	22.32	(14.01)	5.39	11.05	12.92	10.56
Earnings per Share (After Tax) - Basic & Diluted	16.50	(9.74)	9.07	10.97	10.07	7.23
Price Earnings Ratio	10.75	(8.95)	3.41	8.86	17.75	16.53
Price to Book Ratio	2.54	1.68	0.47	1.54	3.02	2.31
Dividend Yield Ratio	0.01	-	0.03	0.05	0.03	0.03
Dividend Payout Ratio	0.14	-	0.11	0.46	0.45	0.45
Dividend Cover Ratio	7.33	-	9.07	2.19	2.24	2.23
Cash Dividend per Share	2.25	-	1.00	5.00	4.50	3.25
Stock Dividend per Share (percentage)	-	-	10.00	-	-	-
Market Value per Share	- Closing	177.38	87.17	30.96	97.23	178.78
	- High	192.32	95.91	97.64	174.53	212.00
	- Low	91.88	24.63	29.70	88.50	118.31
Break-up Value per Share		69.94	51.74	66.56	63.26	59.23
Break-up Value per Share including the effect of all Investments		73.34	53.76	68.00	65.51	62.43
Break-up Value per Share including Investment in Related Party at Market Value		73.34	53.76	68.00	65.51	62.43
Capital Structure Ratios:						
Financial Leverage Ratio	1.25	1.99	1.75	1.44	0.61	0.46
Weighted Average Cost of Debt	0.08	0.13	0.09	0.06	0.07	0.06
Debts to Equity Ratio (percentage)	48.16	62.74	58.98	56.81	31.63	30.35
Interest Cover Ratio (Times)	3.85	(0.08)	1.92	7.02	14.33	47.93
Activity / Turnover Ratios:						
Total Assets Turnover Ratio	0.74	0.52	0.45	0.47	0.51	0.46
Fixed Assets Turnover Ratio	0.98	0.67	0.59	0.60	0.71	0.56
Inventory Turnover (Days)	19	24	28	26	33	30
Inventory Turnover (Times)	19	15	13	14	11	12
Debtor Turnover (Days)	31	38	34	31	17	-
Debtor Turnover (Times)	12	10	11	12	21	-
Creditor Turnover (Days)	20	17	11	12	18	18
Creditor Turnover (Times)	18	22	33	29	21	21
Operating Cycle	30	45	51	44	32	14
Employee Productivity ratios						
Production per Employee	4,105	3,480	2,479	2,760	2,027	1,545
Revenue per Employee (Rs in thousand)	26,203	17,655	15,780	16,350	13,056	12,259
Staff turnover ratio (percentage)	3.10	4.94	4.64	4.77	8.72	6.79
Non-Financial Ratios						
% of Plant Availability	98	96	84	101	89	90
Customer Satisfaction Index	99.5	99.2	98.1	98.00	99.10	99.00
Others						
Spares Inventory as % of Assets Cost	5.89	5.70	3.60	3.08	4.72	3.55
Maintenance Cost as % of Operating Expenses	4.33	3.13	5.11	5.01	5.58	8.50

Comments on Ratios



Profitability Ratios:

The profitability of the Company has been significantly improved as compared to the past two years which was affected by higher finance cost, lower prices and adverse economic conditions due to COVID-19. However during the year, the factors that positively contributed in the higher profitability ratios are higher sales price along with highest ever sales volume and decline in the finance cost. Efficient operations management aid the Company in coping up with increased input costs. ROE has surged to highest levels in comparison to past six year, which is in line with the strategic objectives of value creation and sustainable growth.



Liquidity Ratios:

Liquidity Ratios depicts the Company's strong financial position and better working capital management. The increase in installed capacity and production urged the Company to maintain higher levels of inventory, as compared to previous years, which is reflected through its quick ratio. However, the operations of the Company has generated a substantial amount of liquidity which is sufficient enough to meet its working capital and debt servicing needs. The Company has prudent policy to divert its cash to high yielding assets or repaying high-cost liabilities.



Investment / Market Ratios:

The Company is committed to value creation for its shareholders and this is evident from its investment/market ratios. The Company has managed to post a highest EPS along with breakup value per share as compared to previous years. Further, the Company's policy and ability to pay dividends to its shareholders also contributed towards strengthening their confidence in the Company. This is depicted from the market price ratios of the Company.



Capital Structure Ratios:

Capital structure depicts how a company funds its overall operations and growth. The Company has the policy to maintain its Capital Structure to optimum level resulting in better return for its equity holders and to keep the weighted average cost of capital to lowest. During the year, the Company has effectively utilized its liquidity for the early principal repayments of long-term debts which are at higher cost. These early repayments are in addition to regular installments, which results in improved debt to equity ratio and reduced weighted average cost of debt of the Company.



Activity / Turnover Ratios:

These ratios are also a reflection of Company's philosophy of wealth maximization for its shareholders. Effective utilization of its assets for generating elevated levels of sales revenue is illustrated from assets turnover ratios. While the activity ratios and the swift operating cycle substantiate the Company's effective management of inventories, debtors, and creditors.



Employee Productivity ratios:

The Company attribute its continued success to its people and always strive hard to provide better working environment to its employees. This resulted in motivated employees which eventually work for better productivity and performance of the Company. The market reputation for being a good employer has enabled the Company to attract and retain competent staff. These are evident from constantly decreasing staff turnover and continually improving production and revenues per employees.



Non-Financial Ratios:

These ratios depicts that the Company is efficiently managing and maintaining its plant and effectively catering the demands of its customer on time by providing a premium quality product.

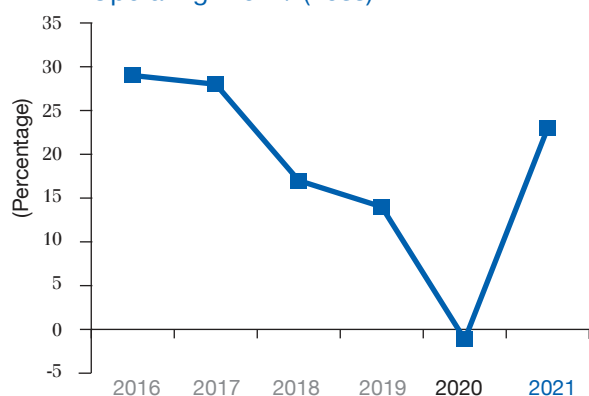


Others:

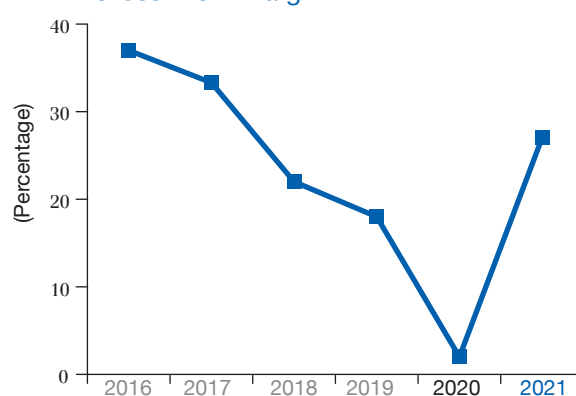
With installation of Line III the Company's requirement of the spares inventory has been increased which is depicted from the ratio, however, this increase is in acceptable ranges. The maintenance cost of the Company is following a reducing trend, which is a result to installation of state of the art machinery, efficient plant management, and BMR of the P&M on right time.

Graphical Presentation of Analysis of Financial Statements

Operating Profit / (Loss)



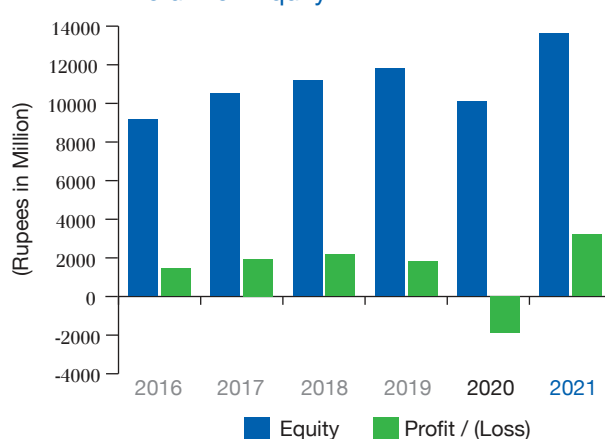
Gross Profit Margin



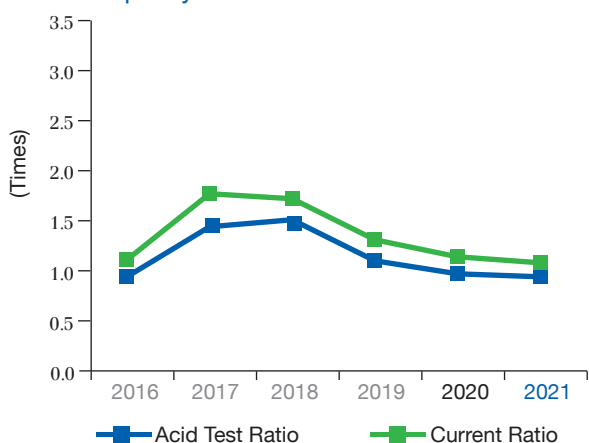
EBITDA Margin to Sales



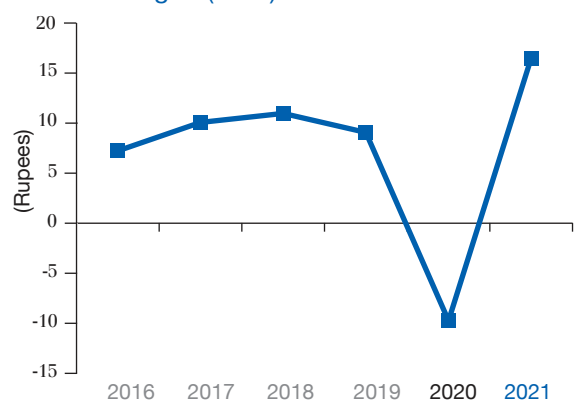
Return on Equity

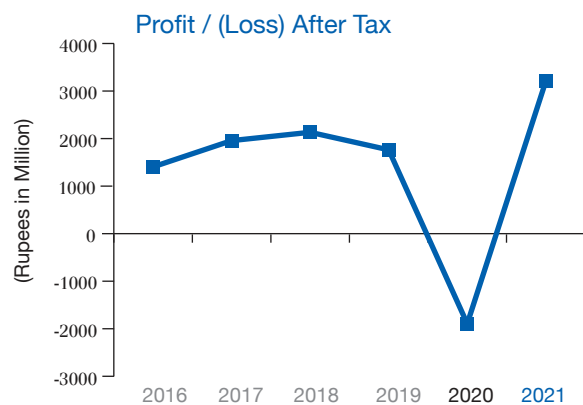
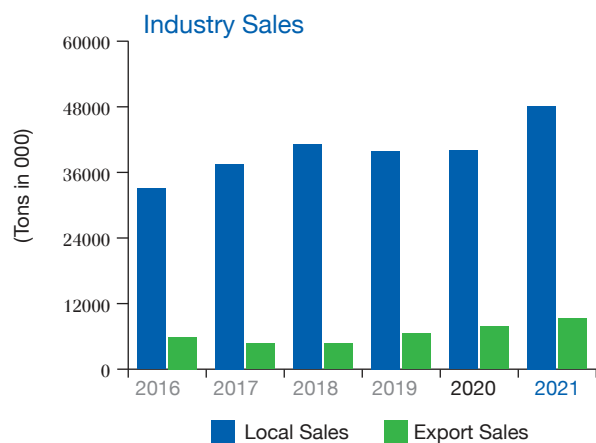
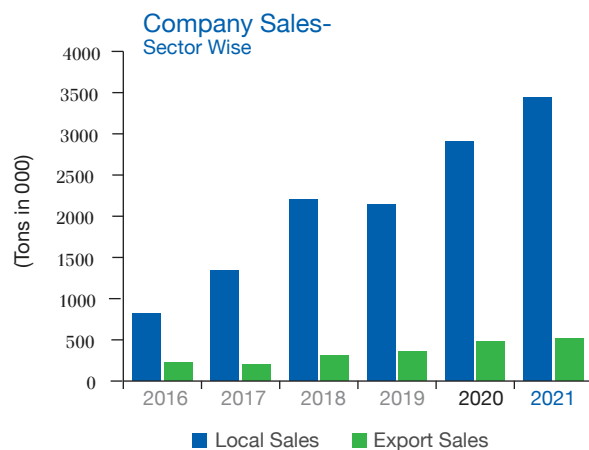
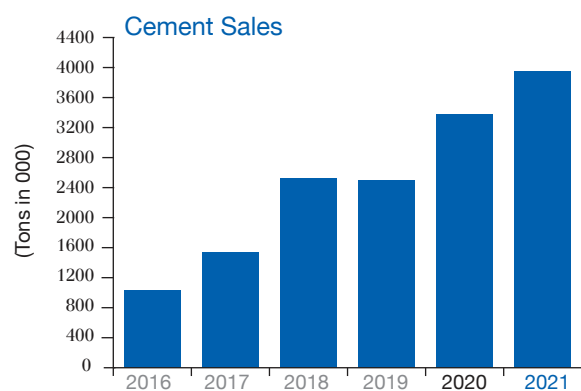
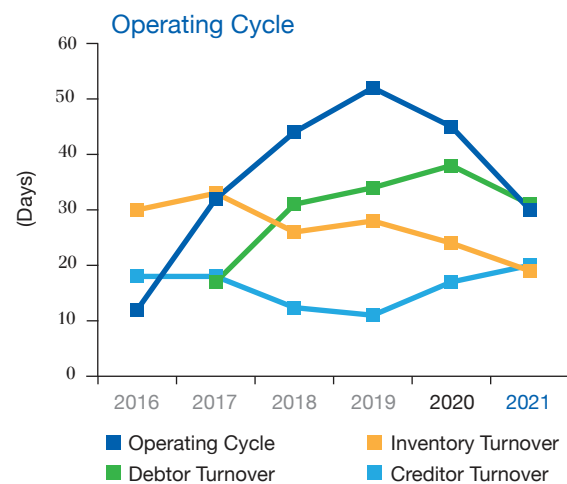
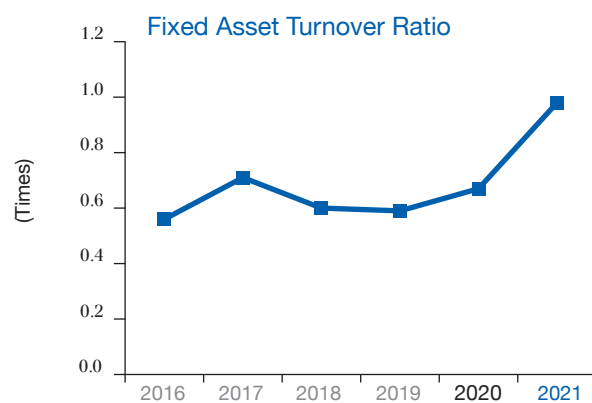
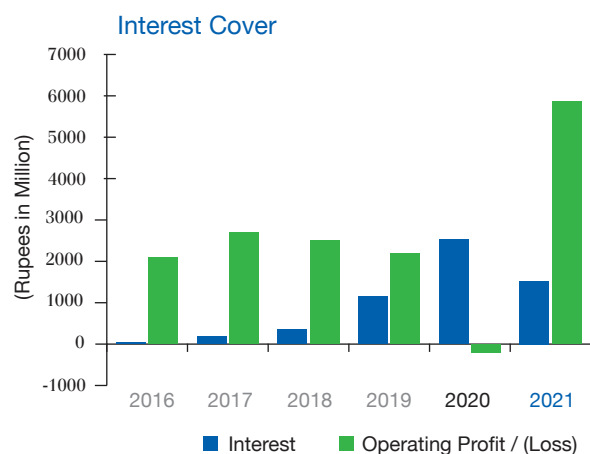
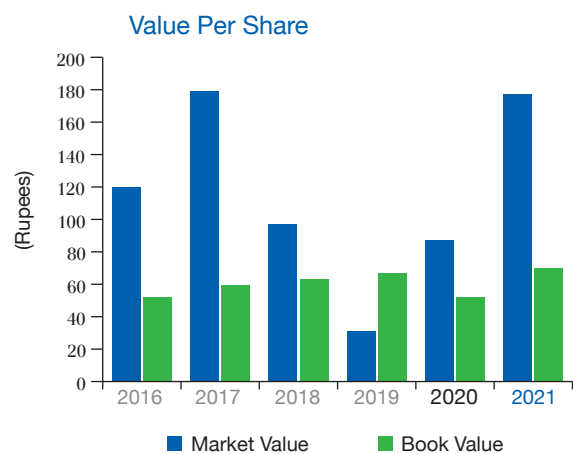


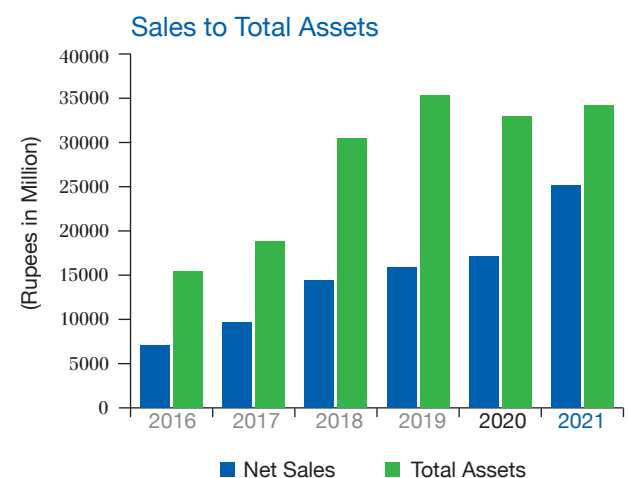
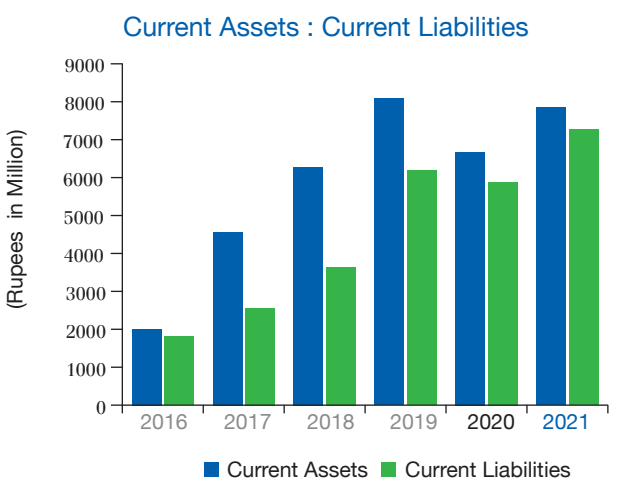
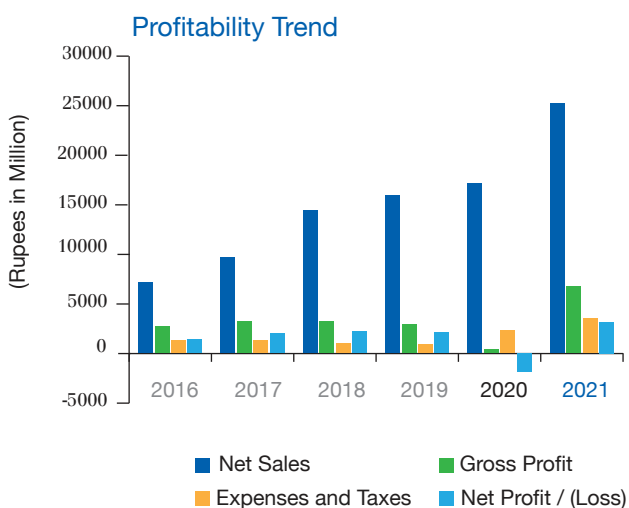
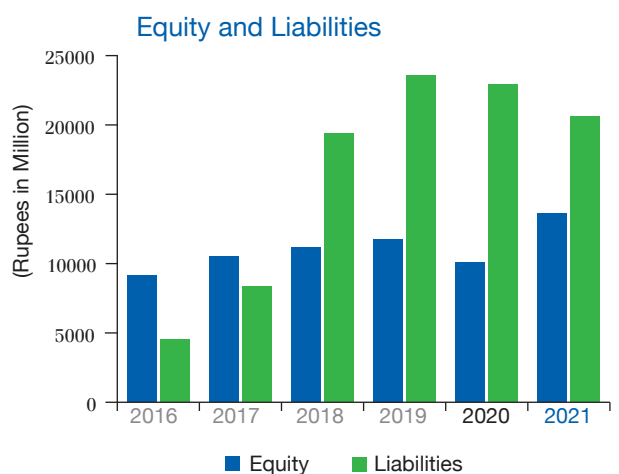
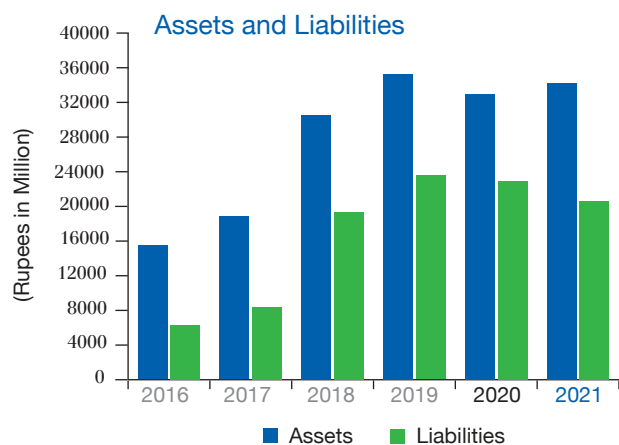
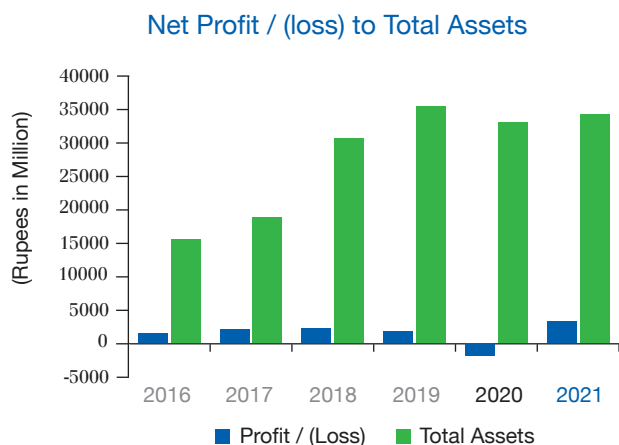
Liquidity Ratios



Earnings / (Loss) Per Share







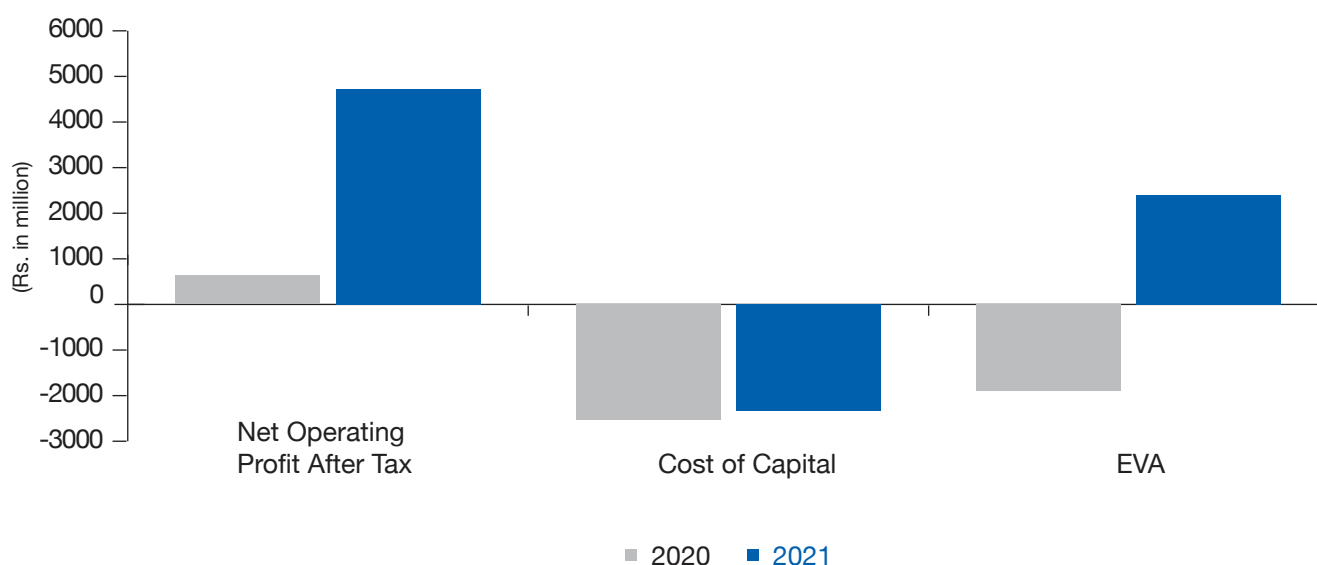
Economic Value Added

	2021	2020
	(Rupees in '000)	
Net Operating Profit After Tax	4,729,233	633,889
Cost of capital	(2,234,402)	(2,533,031)
Economic Value Added	2,494,831	(1,899,142)
Cost of Capital		
Total Assets	34,193,522	32,921,845
Current Liabilities	(7,273,010)	(5,888,431)
Invested Capital	26,920,512	27,033,414
Weighted Average Cost of Capital (rate)	8.30%	9.37%
Cost of capital	2,234,402	2,533,031

Comments on Economic Value Added

Economic Value Added (EVA) is a measure of the value created by the Company in excess of the required return by its shareholders. During the year, the Company has significantly enhanced its EVA due to improved revenues, effective financial management, efficient utilization of economic resources and reduction in discount rates by SBP.

Graphical Presentation of Economic Value Added



DuPont Analysis

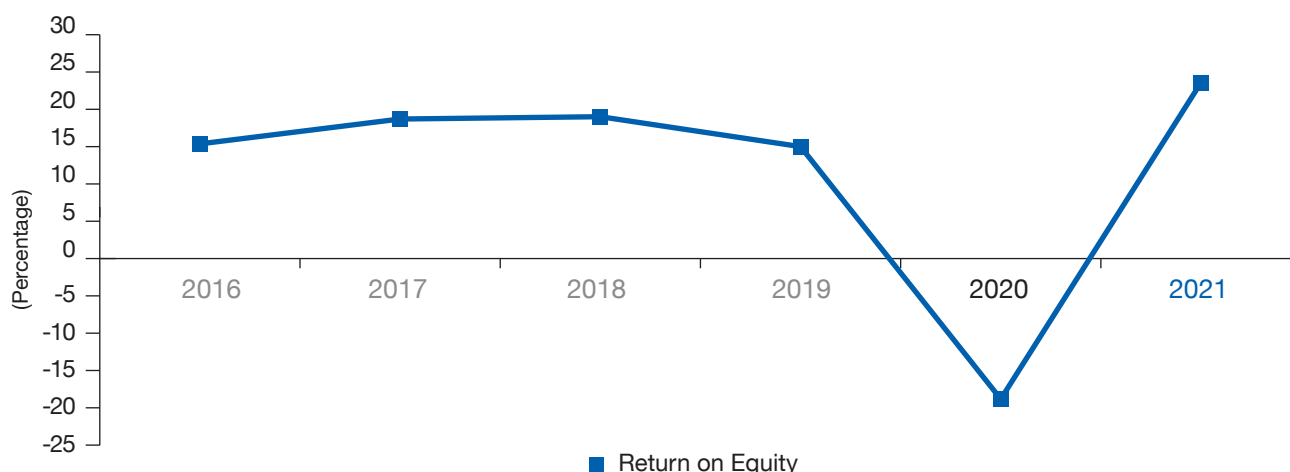
	2021	2020	2019	2018	2017	2016
Operating margin (%)	23.25	(1.15)	13.81	17.40	27.97	29.59
Asset turnover (times)	0.74	0.52	0.45	0.47	0.51	0.46
Interest burden / efficiency (%)	74.00	1,391.06	47.84	85.76	93.02	97.91
Tax burden / efficiency (%)	73.90	69.53	168.24	99.29	77.96	68.50
Leverage (times)	2.51	3.26	3.00	2.73	1.80	1.69
Return on Equity (%)	23.62	(18.86)	15.00	19.01	18.70	15.37

Comments on DuPont Analysis

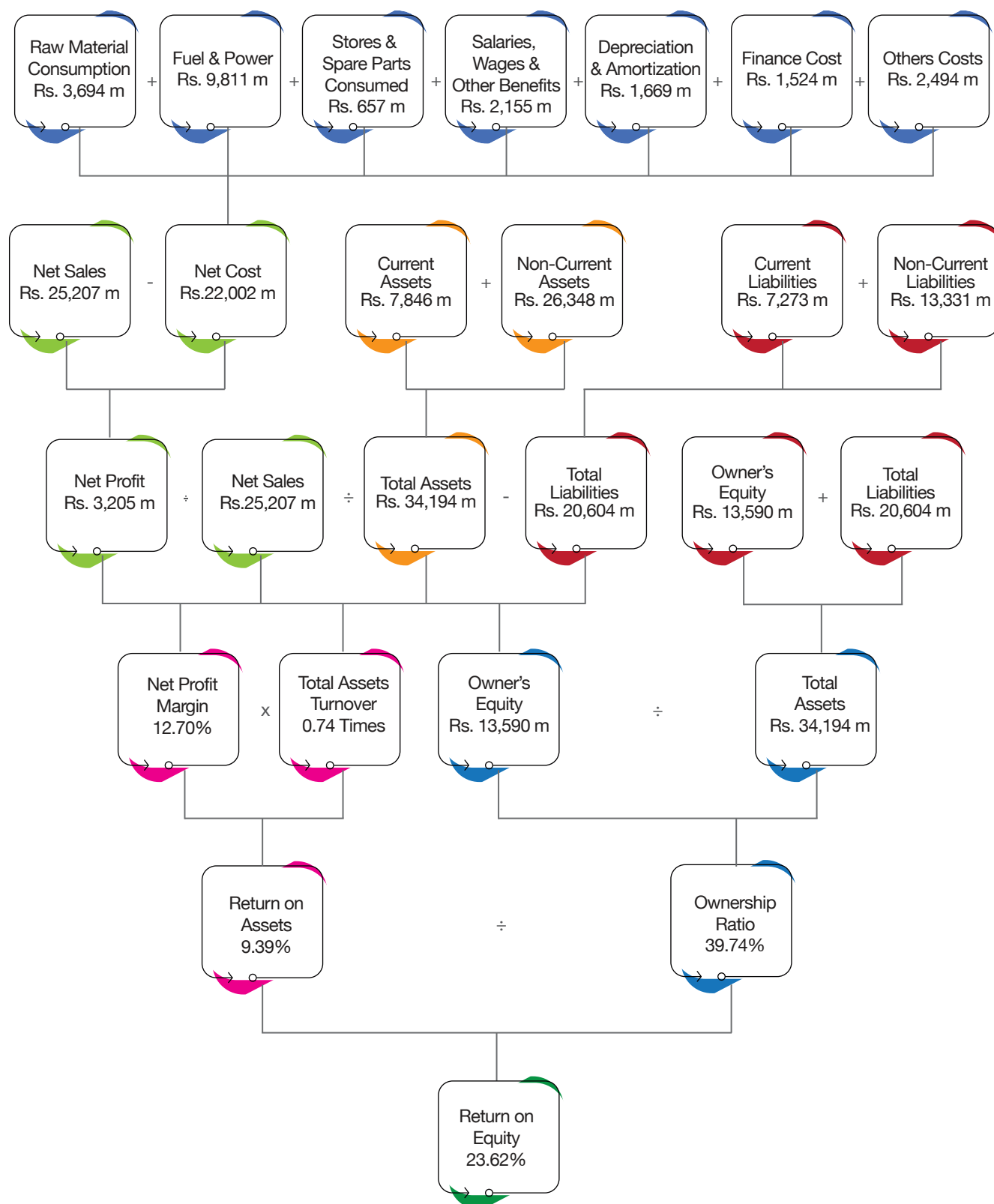
DuPont analysis is comprehensive evaluation of Return on Equity (ROE), which comprehend the individual performance indicators that drive a company's ROE.

The Company's has started to reap the benefit of its on-time back to back expansions in production lines which resulted in a V-shaped recovery in ROE. This robust increase in the ROE is an outcome of volumetric growth in the Sales, increased sales price, and efficient controlling of input costs. Along with these factors, the Company's better financial management tactics facilitated the Company to reduce its interest burden and reduce its financial leverage.

Graphical Presentation of DuPont Analysis



DuPont Chart



Free Cash Flows

	2021	2020	2019	2018	2017	2016
	(Rupees in '000)					
Profit / (loss) before taxation	4,337,218	(2,722,727)	1,047,768	2,147,367	2,509,791	2,051,397
Adjustment for non-cash items						
Depreciation	1,680,349	1,765,687	1,389,264	1,086,046	689,913	277,202
Amortisation	2,594	3,756	4,278	3,804	2,987	2,711
Gain on disposal of operating property, plant and equipment	(5,065)	(2,719)	(7,335)	(4,977)	(19,101)	(815)
Gain on redemption of short-term investments	(27,963)	-	-	-	(2,186)	(10,986)
Unrealized loss on derivative instrument	7,731	-	-	-	-	-
Finance costs	1,524,177	2,526,997	1,142,559	356,585	188,215	43,708
Interest income on financial asset	(9,280)	(11,184)	-	-	-	-
Exchange (gain) / loss	(1,806)	(2,296)	35,635	9,890	1,540	1,054
Share of (profit) / loss from joint venture	(31)	(80)	(32)	37	-	-
Dividend income	(6,870)	(7,097)	(19,832)	(20,160)	(21,973)	(14,578)
	3,163,836	4,273,064	2,544,537	1,431,225	839,395	298,296
Working capital changes	(614,924)	1,971,479	(2,176,806)	(918,379)	(3,144,694)	(43,582)
Net cash generated from operating activities	6,886,130	3,521,816	1,415,499	2,660,213	204,492	2,306,111
Capital expenditure	(1,924,518)	(313,679)	(3,931,779)	(11,171,332)	(1,547,620)	(6,112,136)
Free cash flows to the firm	4,961,612	3,208,137	(2,516,280)	(8,511,119)	(1,343,128)	(3,806,025)
Net borrowing (repaid) / raised	(2,944,396)	(570,049)	4,538,580	9,662,971	2,170,223	3,980,148
Interest payment & other adjustments	(1,682,871)	(2,426,811)	(1,304,215)	(326,348)	(215,968)	542,976
Free Cash Flows to Equity holders	334,345	211,277	718,085	825,504	611,127	717,099

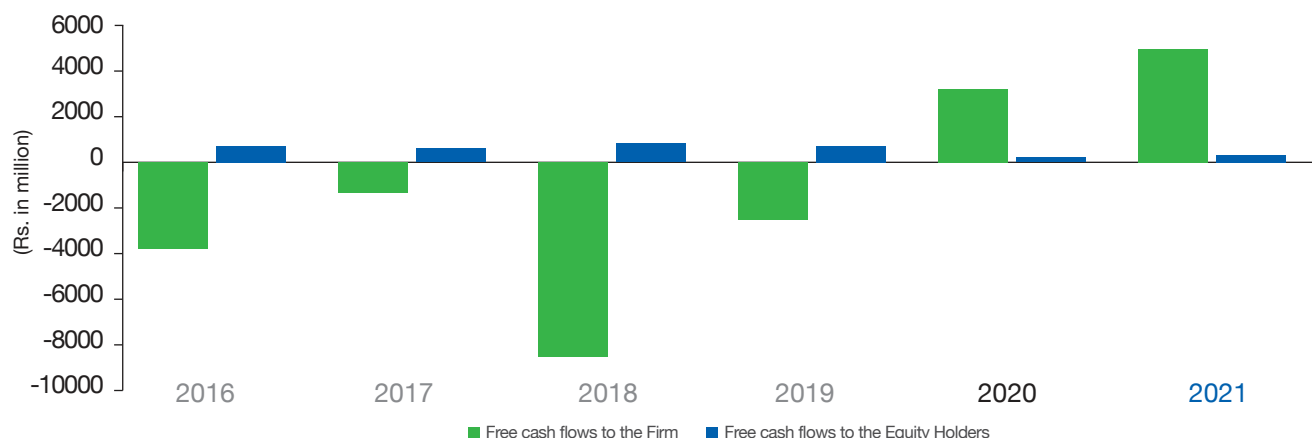
Comments on Free Cash Flows to the Firm

Free cash flow to the firm (FCFF) denotes the investment ability of the Company; surplus cash after meeting its capital expenditure requirements. In recent years, the Company's FCF improved significantly due to healthy profitability which resulted from capacity enhancement from 2016 to 2019.

Comments on Free Cash Flow to the Equity Holders

Free cash flow to equity holders (FCFE) represents the amount of cash available to Company's equity investors. The Company has managed to improve its FCFE from last year due to improved profitability and favourable economic conditions.

Graphical Presentation of Free Cash Flows to the Firm & Equity Holders



Key Financial Information - Six Years

	2021	2020	2019	2018	2017	2016
	(Tons in '000)					
Clinker Production	3,573	2,988	2,338	2,234	1,519	897
Cement Production	3,965	3,382	2,509	2,443	1,489	1,042
Cement Dispatched	3,950	3,377	2,493	2,519	1,544	1,037
	(Rupees in Million)					
Summary of Statement of Financial Position						
Assets						
Non-Current Assets	26,348	26,237	27,187	24,238	14,238	13,457
Current Assets	7,846	6,685	8,093	6,282	4,569	2,005
Total Assets	34,194	32,922	35,280	30,520	18,807	15,462
Equity & Liabilities						
Shareholders' Equity	13,590	10,054	11,756	11,174	10,462	9,140
Non-Current Liabilities	13,331	16,980	17,328	15,693	5,774	4,511
Current Liabilities	7,273	5,888	6,196	3,653	2,571	1,811
Equity & Liabilities	34,194	32,922	35,280	30,520	18,807	15,462
Summary of Statement of Profit or Loss						
Turnover & Profit / (Loss)						
Turnover - net	25,207	17,090	15,863	14,388	9,645	7,079
Gross Profit	6,728	386	2,883	3,139	3,213	2,634
Operating Profit / (Loss)	5,861	(196)	2,190	2,504	2,698	2,095
Profit / (Loss) Before Taxation	4,337	(2,723)	1,048	2,147	2,510	2,051
Profit / (Loss) After Taxation	3,205	(1,893)	1,763	2,132	1,957	1,405
Earnings / (Loss) Per Share (Rs.)	16.50	(9.74)	9.07	10.97	10.07	7.23

Horizontal Analysis - Six Years

2021		2020	
(Rupees in Million)	21 Vs. 20 %	(Rupees in Million)	20 Vs. 19 %

Statement of Financial Position

Assets

Non-Current Assets	26,348	1	26,237	(3)
Current Assets	7,846	17	6,685	(17)
Total Assets	34,194	4	32,922	(7)

Equity & Liabilities

Shareholders' equity	13,590	35	10,054	(14)
Non-Current Liabilities	13,331	(21)	16,980	(2)
Current Liabilities	7,273	24	5,888	(5)
Equity & Liabilities	34,194	4	32,922	(7)

Statement of Profit or Loss

Turnover - net	25,207	47	17,090	8
Gross Profit	6,728	1,643	386	(87)
Operating Profit / (Loss)	5,861	n/m	(196)	(109)
Profit / (Loss) Before Taxation	4,337	n/m	(2,723)	(360)
Profit / (Loss) After Taxation	3,205	269	(1,893)	(207)

Comments on Horizontal Analysis

Statement of Financial Position

The growth in the Total Assets was mainly attributable to the growth in fixed assets of the Company. This growth is backed by capacity expansion through installation of Line II and Line III along with their WHR plants and a captive power plant. Current assets, over the period, followed suit mainly due to increase in working capital requirements owing to capacity expansion.

Non-Current liabilities followed the upward trajectory from 2016 to 2019, mainly due to the increase in the long-term financings availed for the capacity expansion. However, since 2020, it has started to decrease at a rapid pace due to the early principal repayments. Current liabilities also followed suit mainly due to post expansion working capital requirements.

Growth in equity is primarily attributable to increase in the retained earnings of the Company.

During the year 2020, the Company witnessed negative growths due to the adverse economic conditions imposed by the pandemic.

2019		2018		2017		2016	
(Rupees in Million)	19 Vs. 18 %	(Rupees in Million)	18 Vs. 17 %	(Rupees in Million)	17 Vs. 16 %	(Rupees in Million)	16 Vs. 15 %
27,187	12	24,238	70	14,238	6	13,457	87
8,093	29	6,282	37	4,569	128	2,005	(12)
35,280	16	30,520	62	18,807	22	15,462	63
11,756	5	11,174	7	10,462	14	9,140	14
17,328	10	15,693	172	5,774	28	4,511	638
6,196	70	3,653	42	2,571	42	1,811	119
35,280	16	30,520	62	18,807	22	15,462	63
15,863	10	14,388	49	9,645	36	7,079	8
2,883	(8)	3,139	(2)	3,213	22	2,634	33
2,190	(13)	2,504	(7)	2,698	29	2,095	23
1,048	(51)	2,147	(14)	2,510	22	2,051	23
1,763	(17)	2,132	9	1,957	39	1,405	9

Statement of Profit or Loss

Massive growth of 256% is witnessed in the Turnover of the Company, which supports the Company's decision of consecutive expansions to meet the rising demand in the Country.

Gross Profits of the Company witnessed a range-bound movement from 2016 to 2019 and drastically decreased in 2020 due to higher fuel prices, higher transportation costs, and adverse economic conditions due to the pandemic. However, 2021 is the year of tremendous performance, where the Company earned the ever highest GP of Rs. 6.7 billion. Besides volumetric growth, the surge is primarily attributable to cost reduction measures like use of gas for power generation and combination of local and imported coal.

Profit after tax witnessed growth from 2016 to 2018, however, with rising inflation and increase in discount rate by the SBP resulted in decrease in net profitability in 2019 and the year 2020 witnessed a loss after tax mainly due to above stated factors and adverse economic conditions due to the COVID-19. While during the current year under review, tremendous growth in GP was translated to an ever high profit after tax of Rs. 3.2 billion largely due to achieving economies of scale, synergy effect, cost controlling, and decrease in finance cost owing to better financial management.

Vertical Analysis - Six Years

	2021		2020	
	(Rupees in Million)	%	(Rupees in Million)	%
Statement of Financial Position				
Assets				
Non-Current Assets	26,348	77	26,237	80
Current Assets	7,846	23	6,685	20
Total Assets	34,194	100	32,922	100
Equity & Liabilities				
Shareholders' equity	13,590	40	10,054	30
Non-Current Liabilities	13,331	39	16,980	52
Current Liabilities	7,273	21	5,888	18
Equity & Liabilities	34,194	100	32,922	100
Statement of Profit or Loss				
Turnover - net	25,207	100	17,090	100
Gross Profit	6,728	27	386	2
Operating Profit / (Loss)	5,861	23	(196)	(1)
Profit / (Loss) Before Taxation	4,337	17	(2,723)	(16)
Profit / (Loss) After Taxation	3,205	13	(1,893)	(11)

Comments on Vertical Analysis

Statement of Financial Position

Non-current assets of the Company observed a decline due to depreciation, however, increase in the value of long-term investments diluted this decline to just 3%. Relatively, current assets of the Company has been increased due to increase in the working capital requirement.

Shareholders' equity of the Company witnessed growth of 10% mainly due to retained earnings. Comparatively, non-current liabilities illustrated a decline of 13% primarily because of hefty principal repayments which also includes early repayments. On the other hand, current liabilities surge of 3% due to working capital requirements and current maturity of long-term financings.

Overall, the Company's financial position has been fortified as depicted by its non-current liabilities and equity position.

2019		2018		2017		2016	
(Rupees in Million)	%	(Rupees in Million)	%	(Rupees in Million)	%	(Rupees in Million)	%
27,187	77	24,238	79	14,238	76	13,457	87
8,093	23	6,282	21	4,569	24	2,005	13
35,280	100	30,520	100	18,807	100	15,462	100
11,756	33	11,174	37	10,462	55	9,140	59
17,328	49	15,693	51	5,774	31	4,511	29
6,196	18	3,653	12	2,571	14	1,811	12
35,280	100	30,520	100	18,807	100	15,462	100
15,863	100	14,388	100	9,645	100	7,079	100
2,883	18	3,139	22	3,213	33	2,634	37
2,190	14	2,504	17	2,698	28	2,095	30
1,048	7	2,147	15	2,510	26	2,051	29
1,763	11	2,132	15	1,957	20	1,405	20

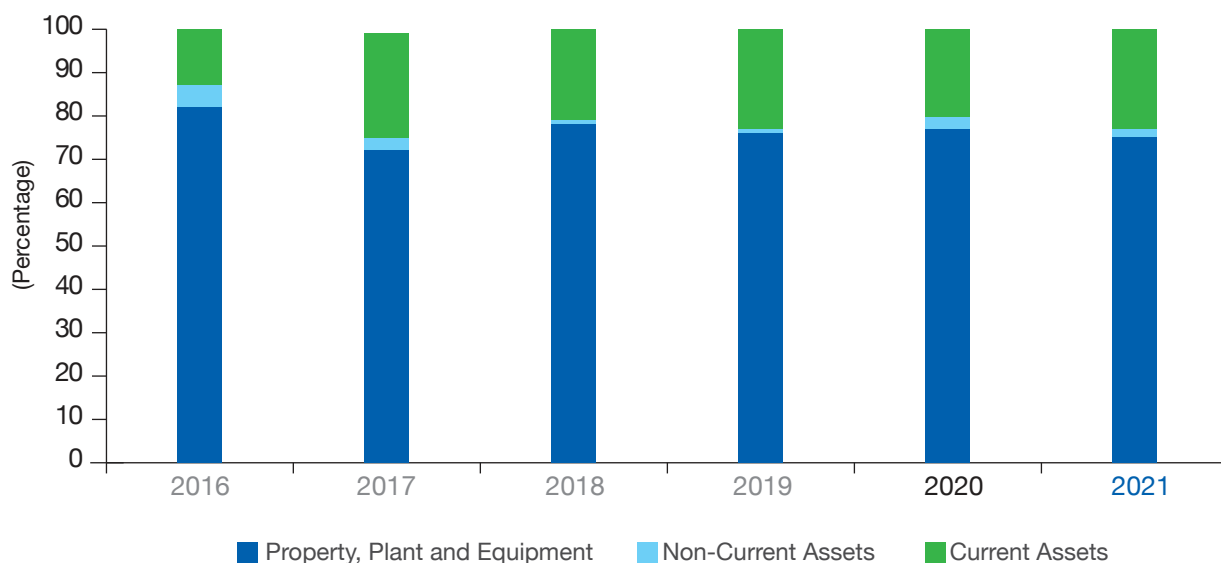
Statement of Profit or Loss

Gross profitability of the Company witnessed a substantial growth which is attributed to volumetric growth and increase in the sales price. The Company prevented the Cost of Sales to increase with same margin by taking cost reduction measures like opting for optimal combination of fuel for the generation of electricity and optimum mix of local and imported coals. Whereas operating efficiencies helped the Operating profit follow the growth trajectory. The Company also managed to keep its finance cost at minimum levels by diverting its liquidity toward paying high-cost financings, resultantly the achieved highest profit after tax.

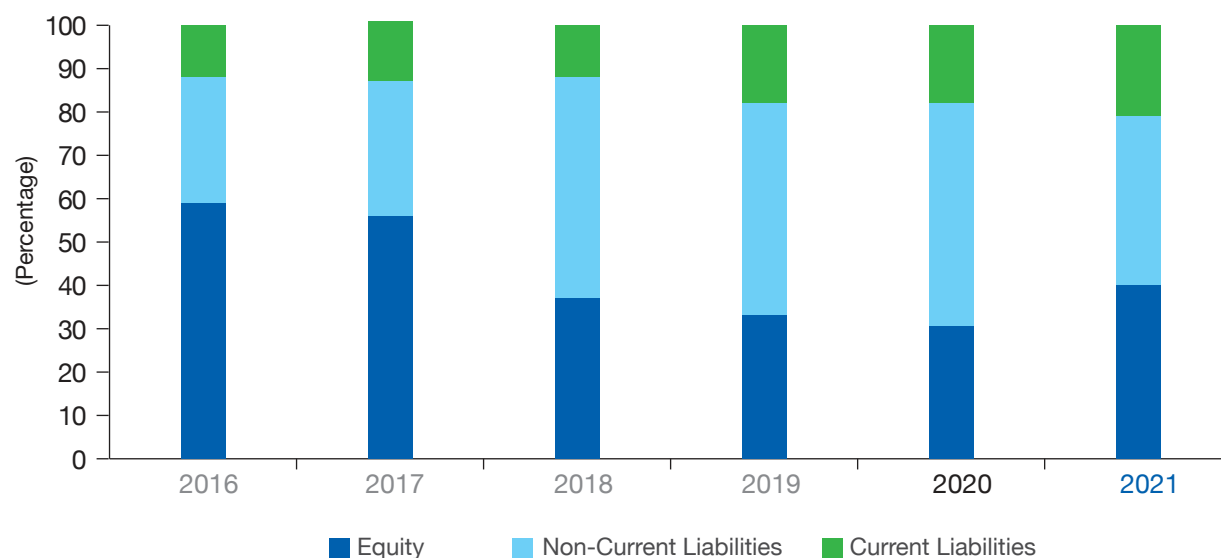
Conclusively, the financial position and performance of the Company illustrated its strong commitment towards value creation and wealth maximization of its shareholders.

Graphical Presentation of Statement of Financial Position & Statement of Profit or Loss

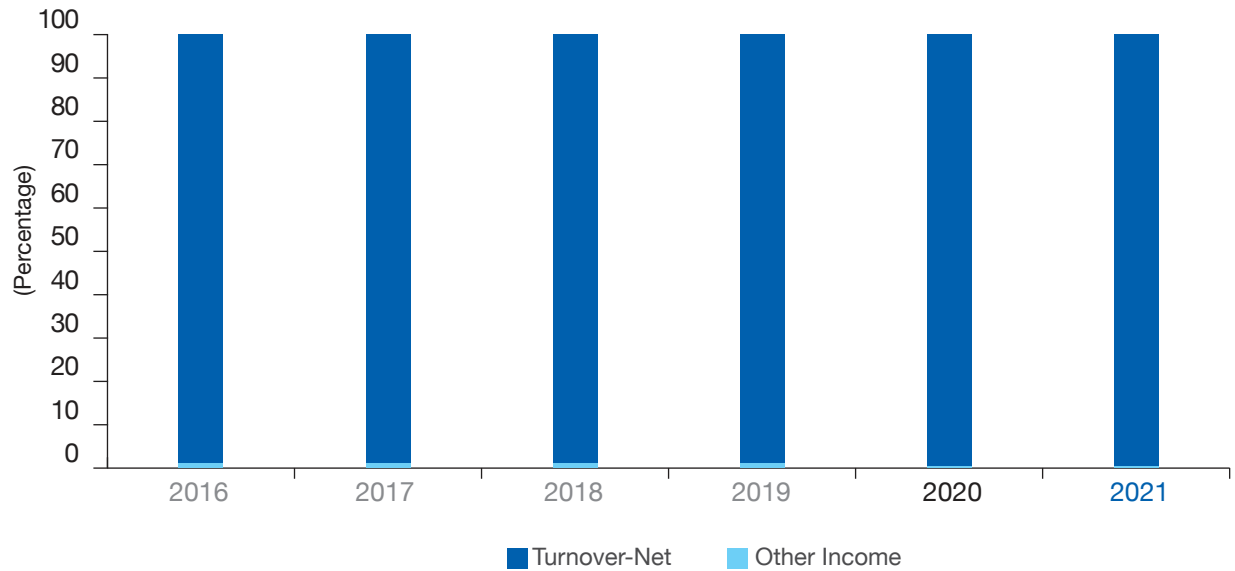
Statement of Financial Position Analysis - Assets



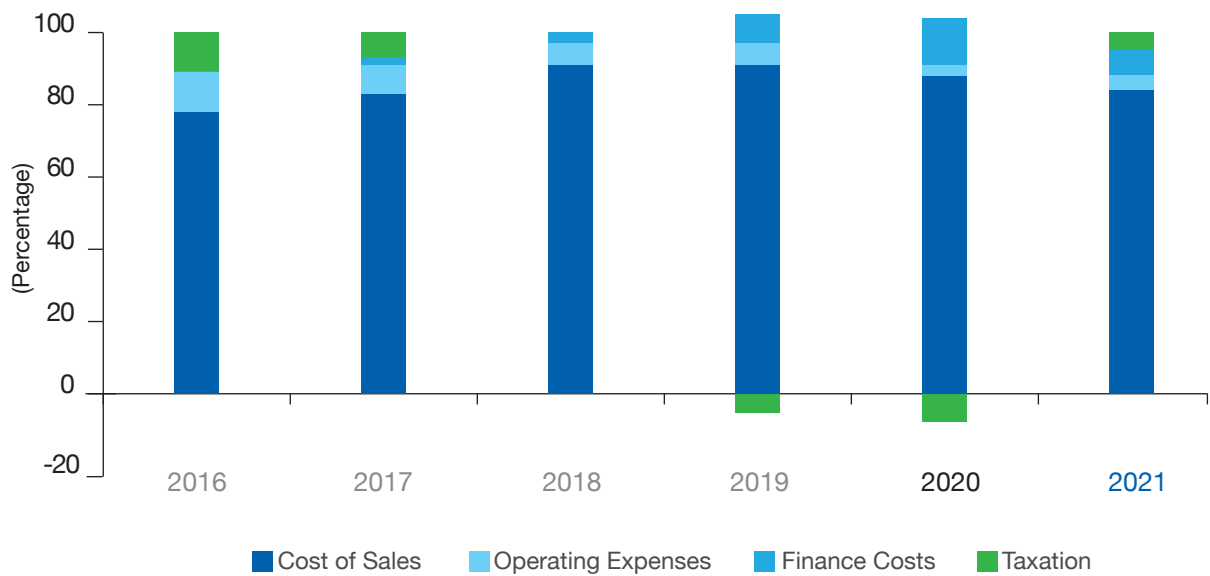
Statement of Financial Position Analysis - Equity and Liabilities



Statement of Profit or Loss Analysis - Income



Statement of Profit or Loss Analysis - Expenses



Statement of Summary of Cash Flows

- Six Years

	2021	2020	2019	2018	2017	2016
(Rupees in million)						
Summary of Cash Flows						
Net cash generated from						
operating activities	6,886	3,522	1,416	2,660	204	2,306
Net cash used in investing						
activities	(1,872)	(294)	(3,891)	(11,170)	(1,555)	(5,557)
Net cash (used in) / generated						
from financing activities	(4,910)	(3,221)	2,458	8,511	1,373	3,256
Change in cash and cash						
equivalents	103	7	(18)	1	23	5
Cash and cash equivalents -						
year end	140	37	30	47	46	23

Comments on Statement of Cash Flows

The Company's cash generation from operations has been healthy throughout the past six years except for FY 2017. The Company have shown tremendous growth in the current and prior year cash generation from operation owing to increase in dispatches / turnover and effective working capital management.

Throughout the past six years the Company is in continuous phase of growth by expansion of its production lines, which is evident from significant cash utilised for investment activities, this portrays the Company's desire to grow and become the top players in the industry. The significant cash outflows in FY 2016 and 2018 represents investments for the installation of the production Line-II and Line-III respectively, alongwith Waste Heat Recovery (WHR) Plant and Captive Power Plant. In the current year, the Company's only investments were in Property, Plant and Equipment (PPE) for the regular operations of company.

The Company experienced a positive cash flow from financing activities since FY 2016 to FY 2019, where it obtained long-term financing facilities to fund its production Line-II, production Line-III, WHR-II, WHR-III and Captive power plant. In the FY 2020 and 2021, the Company was in the process of repayment of its long-term loan installments, as well as significant finance cost arising from these facilities which led to substantial cash utilised in financing activities.

Statement of Cash Flows

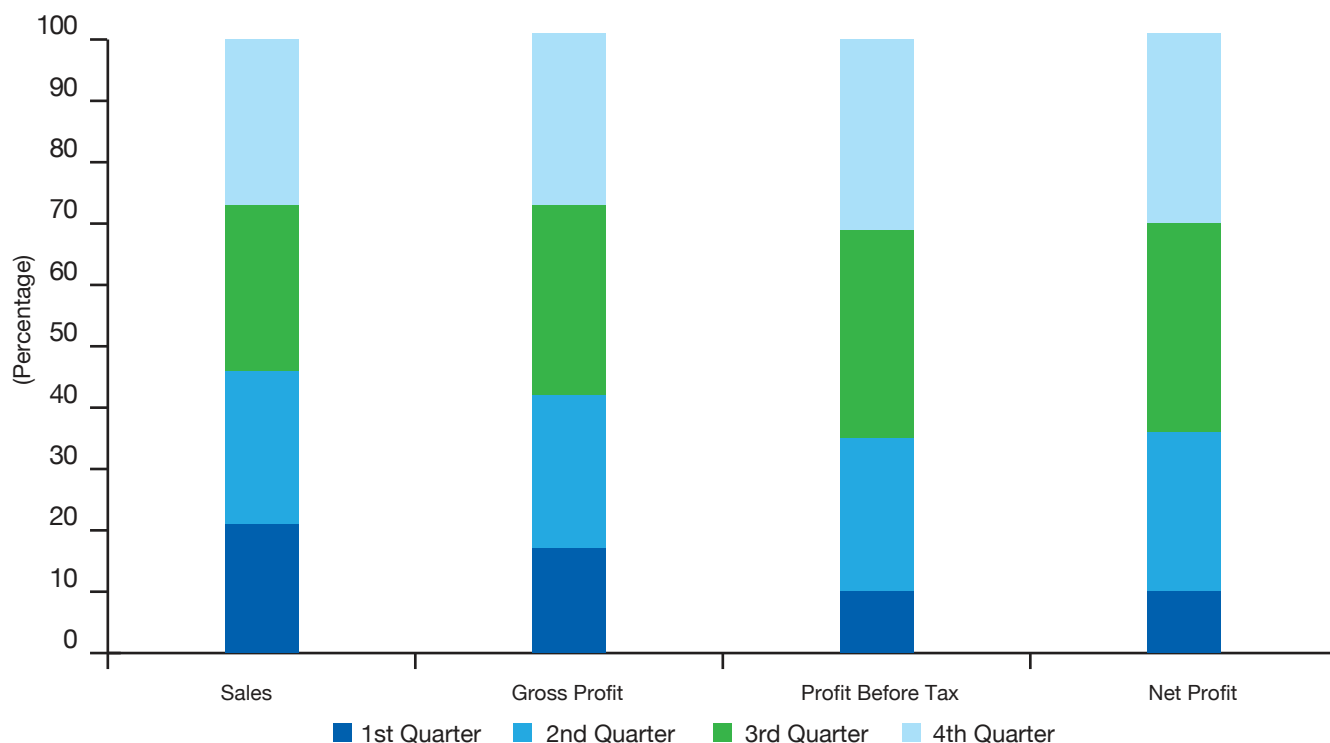
- Direct Method

	2021	2020
	(Rupees in '000)	
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash receipts from customers - net	25,141,185	17,143,931
Cash paid to suppliers and employees	(17,926,680)	(13,385,496)
Cash generated from operations	7,214,505	3,758,435
Income tax paid	(357,100)	(259,168)
Long-term loans and deposits - net	28,725	22,549
Net cash generated from operating activities	6,886,130	3,521,816
CASH FLOWS FROM INVESTING ACTIVITIES		
Additions to property, plant and equipment	(1,923,082)	(311,014)
Additions to intangible assets	(1,436)	(2,665)
Proceeds from disposal of operating property, plant and equipment	12,327	10,560
Dividend received	6,870	7,097
Proceed from short-term investments - net	27,963	-
Interest received on financial asset	4,898	2,252
Net cash used in investing activities	(1,872,460)	(293,770)
CASH FLOWS FROM FINANCING ACTIVITIES		
Long-term financings - net	(2,007,727)	(317,170)
Short-term borrowings - net	(920,854)	(240,286)
Lease rentals paid	(15,815)	(12,593)
Dividend paid	(194,323)	(174,719)
Finance cost paid - net	(1,771,487)	(2,476,255)
Net cash used in financing activities	(4,910,206)	(3,221,023)
Net increase in cash and cash equivalents	103,464	7,023
Cash and cash equivalents as at the beginning of the year	36,558	29,535
Cash and cash equivalents as at the end of the year	140,022	36,558

Quarterly Performance Analysis

	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Total
Particulars	(Rupees in '000)				
Turnover – net	5,217,144	6,371,470	6,832,159	6,786,038	25,206,811
Cost of sales	(4,105,793)	(4,721,333)	(4,748,497)	(4,902,885)	(18,478,508)
Gross profit	1,111,351	1,650,137	2,083,662	1,883,153	6,728,303
Distribution costs	(90,436)	(102,575)	(123,450)	(112,803)	(429,264)
Administrative expenses	(62,242)	(70,205)	(80,389)	(78,384)	(291,220)
Other expenses	(24,822)	(61,389)	(83,157)	(81,956)	(251,324)
	(177,500)	(234,169)	(286,996)	(273,143)	(971,808)
Other income	8,004	40,448	16,558	39,890	104,900
Operating profit	941,855	1,456,416	1,813,224	1,649,900	5,861,395
Finance costs	(522,008)	(362,685)	(320,935)	(318,549)	(1,524,177)
Profit before taxation	419,847	1,093,731	1,492,289	1,331,351	4,337,218
Taxation	(110,729)	(274,191)	(398,669)	(348,573)	(1,132,162)
Net profit after taxation	309,118	819,540	1,093,620	982,778	3,205,056

Graphical Presentation of Quarterly Performance Analysis & Comments



The Company has significantly recovered its operating performance with steady growths in the 2nd and 3rd quarter and maintained growth levels in the 4th quarter of FY 2021. This excellent performance of the Company is due to its volumetric growth, improved margins and efficient cost control measures which is also supported by increase in demand and retention prices due to overall growth in Cement industry. Furthermore, the substantial decline in interest rates as compared to prior year generated significant savings which led to the overall growth in Profitability levels.

Share Price Sensitivity Analysis

Share price in the Pakistan stock market moves due to various internal and external factors such as company's performance, general market sentiments, economic events and interest rates, etc. Being a responsible and law-compliant Company, Cherat Cement circulates price sensitive information to the Pakistan Stock Exchange (PSX) in accordance with the requirements of the PSX Rulebook in a timely manner. During the current year, Cherat's share price touched the peak of Rs 192.32 while the lowest recorded price was Rs 91.88 with a closing price of Rs. 177.38 at the end of the year.

Selling Price:

The profitability in the cement industry is highly sensitive to the selling prices of cement bag which eventually has strong effect on the share price of the company.

Company's performance:

Company reported operating profit for the year of PKR 5,861 million that turn to net profit of PKR 3,205 million due to notable growth in cement industry by the Government of Pakistan incentive schemes. The financial performance improved massively due to improved sales price and sales volume and cost efficiencies, which improved operating results of the Company to an unsurpassed level despite of COVID-19 impact, constant cost pressures and uncertain economic environment.

Energy Costs:

The Company's operations are energy sensitive and the energy cost constitutes a sizable proportion of the overall manufacturing costs, therefore any increase in coal and power prices impact product pricing directly. During the year 2021, the Company experienced change in coal and power price, while significant change in cost was observed in 4th quarter.

Government Policies and Regulations:

The policies adopted and regulations promulgated by the Government have a direct association with share prices. Any policy that will result in increased demand, improved tax rates, reducing production costs, the better economic environment may positively influence the share price. Whereas the policies that create hindrances for the cement industry and for the overall business environment will adversely impact the share price.

During the pandemic year, the Government initiated several schemes and policies to boost construction industries in Pakistan which have positively impacted share price of Cherat.

Law and Order:

Political stability and controlled law & order situation is a pre-requisite for any economic development. This in turn reposes investor confidence in the soils of Pakistan, making our corporates a potential investment opportunity. However, any act of terrorism or political instability can negatively affect the equity market and share prices of traded stocks.

Economic Conditions:

The Company's performance has a direct relationship with economic conditions so as the share price. The factors that contribute to economic conditions include the discount rate, currency devaluation, and inflation. Based on different assessment parameters, the State Bank of Pakistan (SBP) can change the monetary policy rate. Any volatility in the interest rates might impact revenue and profitability of the Company. The Company funded its Line III from external borrowing, which carry financial cost, which is benchmarked against prevailing interest rates. During the year 2021, the lower interest rates remain consistent as SBP adopted various measures to support the economy during COVID-19 crises, affecting Company's profitability and eventually affecting share price positively. The Company's revenues, import, and export are subject to foreign exchange volatility. Higher inflation has an impact on the demand for the commodities and resultantly adverse impact on the performance of the Company. However, all these factors will improve the performance of the Company, if contributes positively to the economic conditions.

Investor Sentiments:

The share price of the Company is also open to the volatility of investor sentiments or confidence in the stock market and macro-economic conditions. In a strong stock market, the investors' confidence is growing and so as the share prices. Whereas in weak stock market investors' sentiments are negative so do the share prices. Stock market's strength is closely associated with economic conditions.

Sensitivity Analysis of Change in Market Capitalization

Share Price as of 30.06.2021

Rs. 177.38

Market Capitalization as of 30.06.2021

Rs. 34,464,047,100

Change in Share Price by

+ 10%

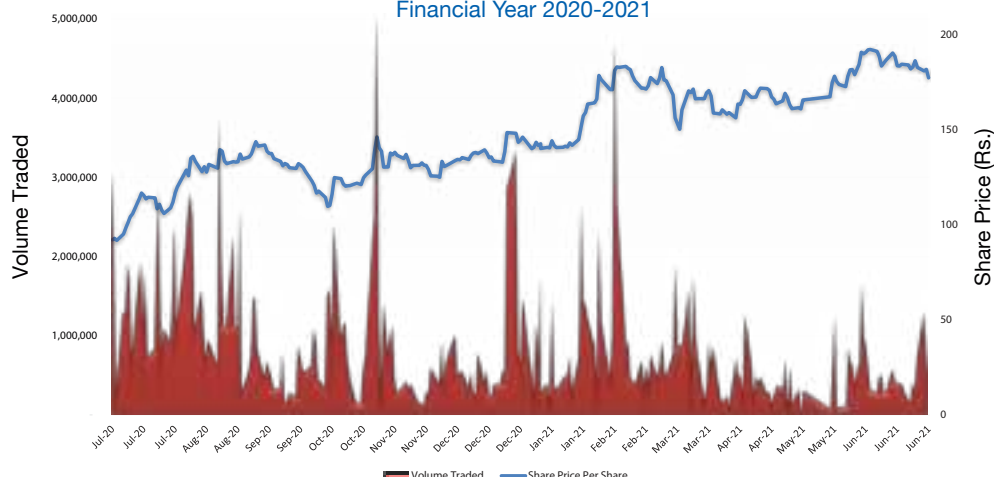
- 10%

Change in Market Capitalization

Rs. 3,446,404,710

Rs. (3,446,404,710)

Share Prices - Trend v/s Volume Traded
Financial Year 2020-2021



Calendar of Notable Events

July 2020 - June 2021

AUGUST 2020

- 14th: Independence Day Celebration with COVID -19 SOPs
- 18th: Tree Plantation Day
- 26th: Board of Directors Meeting - Annual 2020

OCTOBER 2020

- 16th: Honored with 2nd position in the Best Corporate and Sustainability Report Award 2019 organized by ICAP & ICMAP
- 23rd: Board of Directors Meeting - 1st Quarter 2021
- 27th: 39th AGM at Registered Office

NOVEMBER 2020

- 4th: Corporate Briefing Session held at our head office via Zoom
- 27th: Dinner with Dealers - Lahore

JANUARY 2021

- 24th: Dinner with Dealers - Islamabad

FEBRUARY 2021

- 10th: Board of Directors Meeting - 2nd Quarter 2021
- 27th: Dinner with Dealers - Peshawar

MARCH 2021

- 8th: International Women's day 2021 with COVID -19 SOPs

APRIL 2021

- 7th: World Health Day
- 9th: Most dispatches recorded by the Company in a Single day
- 29th: Board of Directors Meeting - 3rd Quarter 2021

MAY 2021

- 1st: Labour Day Celebration

JUNE 2021

- 5th: World Environment Day
- 24th: Board of Directors Meeting - Budget 2021
- 30th: Year end closing



Business Rationale for Major Capital Expenditure

Growth

Cherat Cement Company Limited is a growth oriented Company. It grew multifold over the years, especially during the last decay where Company installed World largest ERP i.e. SAP. Company invested in state of the art machineries like Tyre Derived Fuel, Refused Derived fuel, Wartsila Generators and Waste Heat Recovery (WHR) plants. The Company also enhanced production capacity from 3,500 tons/day clinker to 14,400 tons/day clinker by installing production line II and production line III.

Current Year Expansion

In continuation with the past year growth, the Company installed Environmental Protection Bags Filter, Installed WHR for electricity generators, completed Gas pipeline project for power generation. During the current year, the Company also signed Wheeling Regime Energy Purchase Agreement with Pakhtunkhwa Energy Development Organization (PEDO) for the supply of electricity at a cheaper tariff.

Future Expansion

The Company is studying other cost saving measures and is planning to invest in a Solar Renewal Energy Project of more than 13 MW capacity, in this connection land for Solar project has been acquired.

Benefits to the Company and Shareholders

By utilizing its available financial and operational leverage, the Company will be able to gain the market share and establish itself in the market. This will provide an edge to the Company over its competitors. Additionally, the Company will be able to further diversify its operations and better allocate its fixed costs.





Outlook

138 Forward Looking Statement

Forward Looking Statement

The Government with its various relief projects and schemes has been quite successful in revitalizing economic growth hence achieved GDP growth rate of 3.94% amid COVID-19 pandemic. This is witnessed by Cement Industry as well which showed robust growth of 21%. The contributing factor in such a remarkable growth in Sales volume mainly pertains to pent up demand and Construction package announced by Government includes Naya Pakistan Housing Scheme, housing loan at subsidized rates, Amnesty scheme and Construction of dams. Local and export cement dispatches increased significantly during the year and it is anticipated that it will further grow in the next year. However, due to increase in input cost pressure, prices may be affected in future.

In line with industry growth, Company's dispatches also increased significantly. On the back of this strong demand and increase in input cost, cement prices also increased. On the other hand, we managed to restrict the impact of increase in coal prices through efficient mixing of Afghan, local and imported coal. Our power cost decreased due to power generation from gas and availability of cheaper electricity from PEDO under wheeling arrangement. Company also managed to save significant amount on account of finance cost due to reduction in policy rate. In light of these factors, overall profitability of the Company increased significantly.

Following the enhancement of production capacity by commissioning back to back two product Lines, the Company is perfectly placed to take maximum benefit from additional industry demand. This enhancement has not only increased the domestic market share but also allow it to achieve economies of scale. Availability of power at competitive rates is a critical factor. Generation of electricity via WHR helped the company in reducing power cost drastically. Further, electricity via PEDO under wheeling arrangement has helped us in diluting our power cost further. In order to ensure energy conservation and cost efficiency, the Company is in the process of installing Solar Panel plant of around 13 MW which will be operational by 3rd quarter of FY 2022.

The announcement of low cost Housing Scheme and other projects by Prime Minister have been playing vital role in accelerating cement demand in future. Keeping in view growing demand of cement and uplift in construction activities the company has announced installation of greenfield Line-IV project at D.I Khan, KPK province.

On the human resource side, based on the last year's Training Need Analysis (TNA) and performance appraisal of the company personnel, adequate technical trainings were conducted for the identified employees. The same process is followed on yearly basis. The company has developed extensive training program for all levels of management. The company will be conducting these trainings in future also which would equip the employees with required technical and management skills in the years to come.

PKR witnessed revaluation against USD during the current year, we expect PKR to devalue in upcoming year as current account deficit gap is widening due to expected increase in import of plant and machinery under Temporary Economic Refinance Facility (TERF). We expect cement demand will post positive growth in coming years as economy has surpassed its recession phase. Export via land is expected to remain flat in coming years.

We hope that the Company and the industry as a whole will play a key role in the economic development of the country in the years to come.

Update on Last year's targets

The Company on an annual basis sets marketing, production and other targets in the form of a budget exercise which is duly approved by the Board of Directors. During the year, our project team successfully completed all of its targets. Profitability targets for the year have been met successfully and actual performance was way ahead of our targets. Similarly, production and dispatch targets are met over and above. For liquidity and gearing, cash flows are monitored on a daily basis to achieve the targets.

Sources of Information used for Projections of Future Revenue:

For the preparation of budget/projections of future revenue, internal meetings amongst Head Office, Site and Sales offices have been carried out for sharing/gathering of information and assumptions to be used for budget/projections. Based on the information and assumptions used by the management for the preparation of budget/forecast, detail budget exercise has been carried out and approved by the Board of Directors.

Future revenue projections based on management's best estimates and judgements are as follows:

Financial Projections

The Company is expecting increase in turnover due to increase in dispatches in upcoming years because of the aforesaid factors.

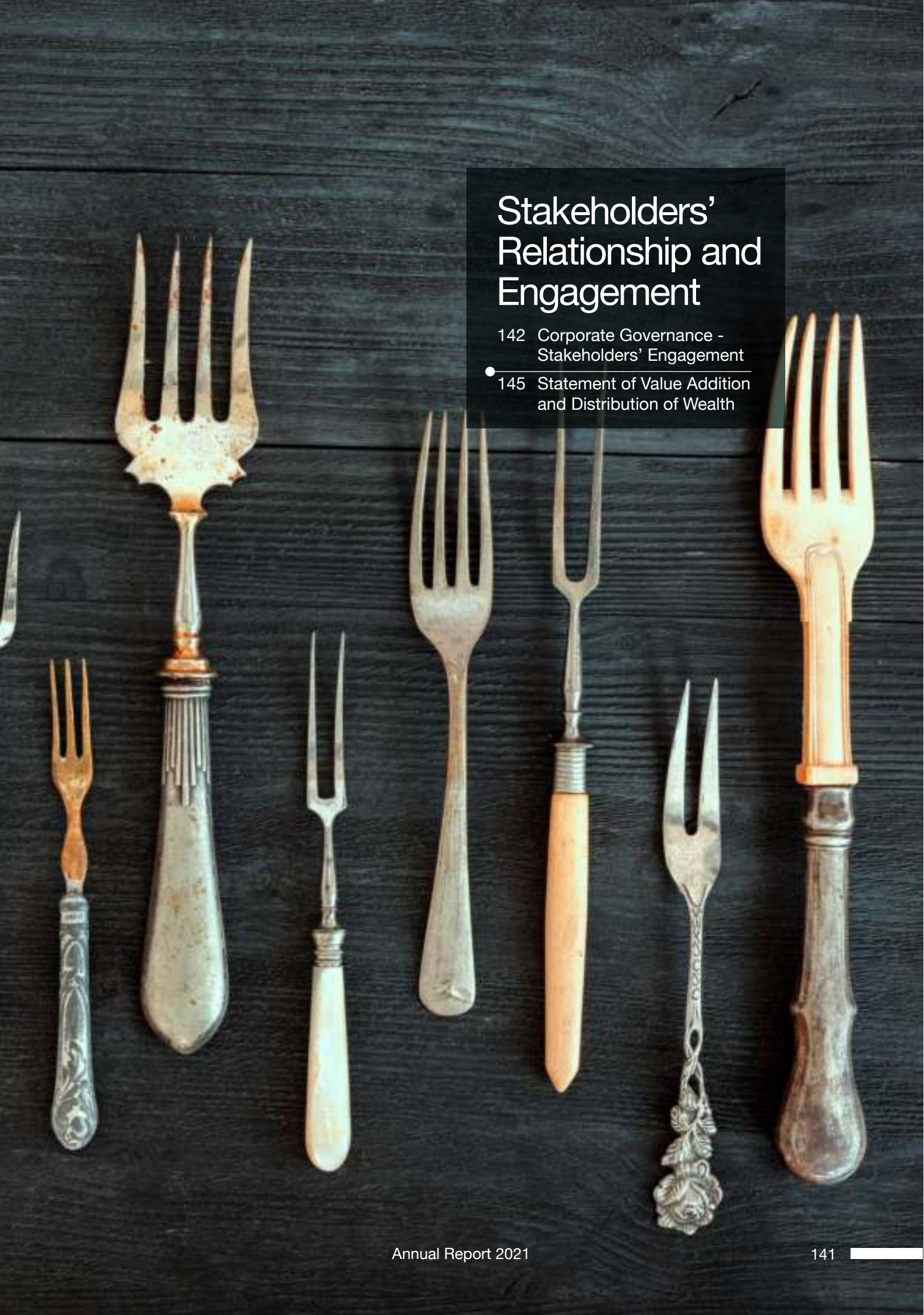
Future revenue projections based on management's best judgment and estimates are as follows:

Year	2022	2023	2024
Revenue – net (Rs. in million)	30,310	32,109	39,073

Company Performance Against Last Year Projections

The sales revenue of the Company witnessed staggering growth of around 47%. Company has actively strived to minimize its cost by using alternative fuel efficient mix of local and imported coal, optimum mix of WHR, National Grid and self-power generations. All financial and non-financial targets established during last year were met to a greater extent except mentioned otherwise.





Stakeholders' Relationship and Engagement

142 Corporate Governance - Stakeholders' Engagement

• 145 Statement of Value Addition and Distribution of Wealth

Corporate Governance - Stakeholders' Engagement



Our stakeholders extend valuable contribution towards our growth and existence. Procedure for stakeholders' engagement includes effective communication, good harmony and compliance with laws & regulations. We cannot truly execute our purpose without input from our stakeholders.



SHAREHOLDERS

Safeguarding our shareholders' interest is our prime responsibility. Our shareholders' interest revolves around good returns, profitability, growth and regulatory compliances. We respond to our shareholders' expectations through improvement in business mechanics, effective governance and corporate reporting framework. Annual General

Meetings and statutory reporting are the most effective means of our engagement with our shareholders. Support of shareholders is critical in achieving the Company objectives.



MINORITY SHAREHOLDERS

The management of the Company firmly believes in encouraging and ensuring the equitable treatment of all shareholders including minority shareholders to attend, speak and vote at the Annual General Meeting and appoint another member as his / her proxy instead. The Notice of the AGM is published in Urdu and English language in one issue of a daily newspaper of respective language having a nationwide circulation. Such notice is also placed on the Company's website.



DEALERS, CUSTOMERS AND TRANSPORTERS

Sustaining and developing long-term relationships with our dealers, customers and transporters forms the key of our business' success. Their expectations are focused on product quality, pricing and service delivery. Our sales and marketing teams remain in close contact to this segment of our stakeholders to resolve issues on a priority basis. We continue to engage with our dealers, customers and transporters through meetings and market visits and communications. We derive success from the brand loyalty of Cherat and the cooperation from our transporters.



SUPPLIERS AND VENDORS

Efficient supplier network is a key for effective working capital management. To achieve this objective, we conduct market surveys to strengthen our bond with our suppliers and vendors.

Our supply chain management team is in continuous contact with suppliers and vendors through meetings and correspondence to resolve all queries for on time deliveries. Cooperation of our suppliers gives us an extra edge over our competitors.



BANKS AND OTHER LENDERS

We value our relationship with our financial partners and lenders. Financial risk management and business sustainability are few of the interests of this segment of stakeholders. Periodic briefings, Quarterly financial reporting, Head Office and Site visits are the main means for our engagement with this category of stakeholders. Bank and other institutes help us in obtaining loans at attractive rates and advise on strategic issues whenever needed.



GOVERNMENT AND REGULATORY BODIES

Our commitment to compliance with laws and regulations is evident from our Corporate and Legal team's continued efforts for efficient and effective legal and regulatory obedience. The engagement includes submission of periodic reports, responding to enquiries and meetings as and when required. Active engagement with regulators improves level of compliance.



EMPLOYEES

Our company has extensive employee engagement schemes in place. The employees' issues revolve around work life balance, training and development and rewards. We have educational loan schemes, in-house and outside training programs and long-term employment reward schemes in place to value our employees as Human Capital. Employee meetings are on regular intervals in form of Annual get-togethers, celebrating sports day and team building activities. Employees engagement improves the level of dedication and hard work.



MEDIA

Ads and campaigns are launched in media based on marketing requirements. Interaction with media improves the Company's brand image.



INVESTORS SECTION

To keep transparency in the relationship between the Company and its shareholders, the website of Cherat Cement (<https://gfg.com.pk/ccl>) contains all the major financial information needed for investors' decision making in a separate tab of "Investor Relations".



AGM PROCEEDINGS

The last AGM was conducted at registered office of the company on Wednesday, October 27, 2020 at 11:30 a.m. The meeting was properly organized and attended by the Shareholders. Briefing shareholders on the company has successfully installed and commissioned cement Line III along with Waste Heat Recovery plant.

The Chief Executive answered the questions of Shareholders. The Shareholders appreciated the management for making tireless efforts to achieve another noteworthy year in terms of production, sales and profitability. Shareholders asked different questions regarding Company's increase in market share.

Shareholders approved the Financial Statements and also gave approval for appointment of M/s. EY Ford Rhodes. Chartered Accountants as external auditors and distribution of cash dividend and bonus shares.



ANALYST BRIEFING

Corporate / analyst briefings are the interactive sessions between the management of Cherat Cement Company Limited and the investors where the Company takes the opportunity to apprise investors about the Company in explaining its financial performance, business outlook, competitive environment and right perspective of affairs of the Company in which it operates and invests. The Company has strong connections with the institutional investors and analysts. Institutional investors regularly obtain Company's business briefings and financial

(Via Zoom)

Date: Wednesday November 4, 2020
Time 5:00 p.m - 5:50 p.m

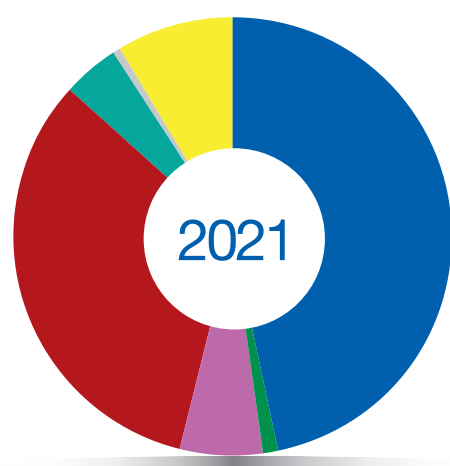
Apart from these regular meetings, the Company also conducted a formal corporate briefing in Pakistan Stock Exchange (PSX) auditorium on November 4, 2020 to apprise the stakeholders about the Company's operational and financial performance during the year 2020. The management of the Company summarized the Company's performance and progress highlighted the growth, expansions and opportunities and challenges regarding the cement sector. A Question & Answer session was also held in order to provide further explanation that shown the commitment of the Company towards continuous evolving stakeholders' engagement.



Statement of Value Addition and Distribution of Wealth

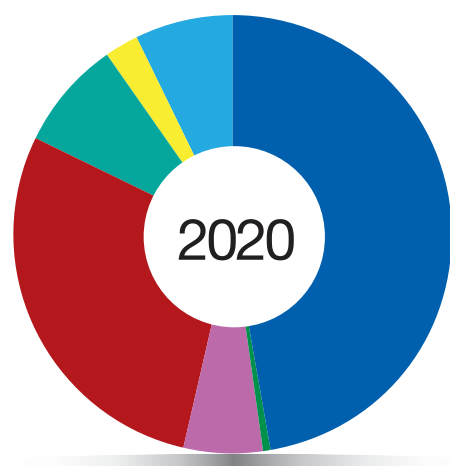
	2021		2020	
	(Rupees in '000)	%	(Rupees in '000)	%
Wealth Generated				
Turnover (including taxes)	35,883,184	99.71	27,160,051	99.74
Other operating income	104,900	0.29	70,561	0.26
	<u>35,988,084</u>	<u>100.00</u>	<u>27,230,612</u>	<u>100.00</u>
Distribution of Wealth				
Cost of sales (excluding employees' remuneration)	16,836,118	46.77	15,282,386	56.12
Marketing, selling and administrative expenses	448,965	1.25	193,919	0.71
To employees as remuneration	2,154,558	5.99	1,865,009	6.85
To government as taxes	11,808,535	32.81	9,240,277	33.93
To providers of finance as financial charges	1,524,177	4.24	2,526,997	9.28
To society as donations	10,675	0.03	15,132	0.06
To shareholders as dividend*	194,295	0.54	353,264	1.30
Retained / (absorbed) within the business	<u>3,010,761</u>	<u>8.37</u>	<u>(2,246,372)</u>	<u>(8.25)</u>
	<u>35,988,084</u>	<u>100.00</u>	<u>27,230,612</u>	<u>100.00</u>

*Subsequent to the year ended June 30, 2021, the Board of Directors in its meeting held on August 26, 2021 has approved final cash dividend @ Rs. 1.25 per share (2020: Re. Nil) amounting to Rs. 242.87 million.



Distribution of Wealth 2021

■	Cost of Sales (Excluding Employees' Remuneration)	46.77 %
■	Marketing, Selling and Administrative Expenses	1.25 %
■	To Employees as Remuneration	5.99 %
■	To Government as Taxes	32.81 %
■	To Providers of Finances as Financial Charges	4.24 %
■	To Society as Donations	0.03 %
■	To Shareholders as Dividend	0.54 %
■	Retained within the Business	8.37 %



Distribution of Wealth 2020

■	Cost of Sales (Excluding Employees' Remuneration)	56.12 %
■	Marketing, Selling and Administrative Expenses	0.71 %
■	To Employees as Remuneration	6.85 %
■	To Government as Taxes	33.93 %
■	To Providers of Finances as Financial Charges	9.28 %
■	To Society as Donations	0.06 %
■	To Shareholders as Dividend	1.30 %
■	Absorbed within the Business	(8.25) %





Sustainability & Corporate Social Responsibility

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• 160 Corporate Social Responsibility Highlights

Sustainability Highlights

The most often quoted definition comes from the UN World Commission on Environment and Development: “sustainable development is development that meets the needs of the present without compromising the ability of future generations to meet their own needs.”

Cherat Cement continues to meet these necessities through our expanded business and production capacities, to drive positive economic, social and environmental impact making sure that the work we do helps people live healthier and better both today and for generations to come.

Sustainability is defined through the following interconnected domains or pillars: environmental,

economic and social. Sustainability presumes that resources are finite, and should be used conservatively and wisely with a view to long-term priorities and consequences of the ways in which resources are used. At Cherat Cement, we ensure our commitment to constant improvement and always been very aware of its responsibility towards the people, environment and climate of Pakistan and has strived to ensure the wellbeing of all. Our commitment to Health, Safety and Environment (HSE) also continues with initiative to contribute in UN Sustainable Development Goals (SDGs) during the year. The Company has used its resourcefulness to add up to these goals as responsible part of the society.

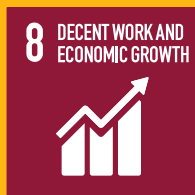


Certifications acquired and international standards adopted

Our production facility remained fully compliant with industry standards and safety requirements. For this purpose the Company has fully adopted and has obtained certification of Quality Management System (QMS) ISO 9001:2015 and Environment Management System ISO 14001:2015. Moreover, the Company fully complies with regulatory requirements of National Environmental Standards (NEQS). In addition, to further ensure regulatory compliances, environmental testing is performed regularly from EPA approved laboratory. The

company is regularly participating in KP-Environment protection agency meetings to remain updated for their subsequent standards & specification revisions and their compliances. Moreover, company is regularly participating in KP-Environment Protection Agency meetings to remain updated for their subsequent standards & specification revisions and their compliances.

Further highlights of the Company’s performance, policies, initiatives and plans in place relating to various aspects of sustainability are as follows:



1. ECONOMIC

The economic dimension of sustainability concerns the Company's impact on the economic conditions of its stakeholders.

a. Economic Performance

Economic Performance directly relates to our Company's best value creation agenda as embodied by our vision. Cherat Cement is committed to provide enduring growth and value for all stakeholders. This growth and value can be quantified and assessed accurately through complete audited financial statements of the Company and the statement of value addition and distribution of wealth, which are part of this report. In addition, economic performance carries implications for all other material topics reported upon.

b. Market Presence

Our Company's presence in the market has significant impacts in terms of employment and business opportunities provided. The Company encourages hiring of workforce from local community at each area of business operations from entry level to the senior management. The Company also gives business opportunities to local transporters, suppliers, contractors and wide scattered cement dealers all over the Pakistan and certain areas of Afghanistan and India.



c. Indirect Economic Impacts

This illustrates our Company's economic impacts on a wider socioeconomic front than if we just take our customers and suppliers into consideration. Our growth and development means the growth and development of our homeland Pakistan. Additionally, we consider ourselves responsible corporate citizens, therefore it is important we monitor and measure our ongoing indirect economic

impacts in the wider context. The Company supports in development of infrastructure and other facilities of the country in general and of our factory vicinity Nowshera in particular.

7 AFFORDABLE AND CLEAN ENERGY



9 INDUSTRY, INNOVATION AND INFRASTRUCTURE



2. ENVIRONMENTAL

The Company's aim in respect of environment is to reduce all adverse environmental aspects arising out of our operations. Regardless of our growth and plant expansion and consequently energy needs and environmental outputs, we ensure that we manage these impacts in line with regulatory compliance requirements such as National Environmental Standards (NEQS) and international standard of environmental management system ISO 14001:2015. Safe and healthy environment has always been the priority of the management of the Company. Management is fully aware of its responsibilities in this regards and environment protection policy is already in place. At an operational level, significantly improving energy efficiency with the increasing use of renewable energy such as Solar power generation helping our organization to achieve climate change goals by going green and driving down CO2 footprints.



a. Energy

Energy efficiency has proven to be a lucrative and proficient way to guarantee a sustainable future. The efficient energy usage is not only vital in terms of the environment, but it can also provide the Company a competitive edge in terms of cost factors. Energy is a significant component of our cement production process and further due to the national energy crisis, this topic has become of significant importance to the Company. The Company has taken numerous initiatives to save energy which also decrease the cost of production. In order to reduce reliance on conventional fuels, the Company continuously seeks to undertake significant measures to conserve

energy by creating awareness at Head Office and Plant site on efficient energy usage through regular sessions.

- **Waste Heat Recovery Plant**

The company has installed Waste Heat Recovery (WHR) systems to all three cement lines and power generators at its plant. The WHR system does not need any external fuel to operate but encapsulates all the wasted heat (which otherwise would have been released in the atmosphere) from the production line and power generators and utilizes it to generate electricity, which not only conserves energy, but also helps in reduction of Carbon dioxide in the environment.



- **Tyre Derived Fuel & Refused Derived Fuel**

The Company has also invested in implementing projects that reduce energy consumption and address issues of environmental degradation like Tyre Derived Fuel (TDF) and Refused Derived Fuel (RDF). They replace conventional fossil fuels like coal and furnace oil. TDF generates energy by burning shredded scrap tires. Tires are mixed with coal and other fuels to be burned. RDF uses municipal solid waste to generate energy. Investment in these projects emphasizes Cherat Cement's initiative for sustainable operations through transforming from a fossil-fuel based energy to alternative-energy structure.

- **Captive Power Plant**

The company has also installed three dual-fuel captive power plant of 9.7 MW each which can run on gas, furnace oil and diesel. Currently, these captive power plants are running on 5 MMCFD gas from SNGPL. Consequently, this has further reduce the environmental impact on our society by decreasing the emission of Carbon dioxide gas generated from using furnace oil.



- **Variable Frequency Drives**

The Company has also installed Variable Frequency Drives (VFD) at various parts of the plant to conserve energy.

- **Energy Conservation Drive**

The Company has installed Light Emitting Diode (LED) lights. Further, trainings and awareness on energy conservation measures have also been conducted. These measures have resulted in considerable savings in electricity consumption.

- **Solar Panel Installation**

The Company is also in the process of installing Solar Panel plant of around 13 MW to avail the cost effectiveness and efficiency. These solar panels will directly reduce the cost of energy utilization hence efficient use of available resources. It will help to reduce air pollution and greenhouse gases which results in favorable impact on the environment.



15 LIFE ON LAND



b. Emissions and Effluents

Emissions control relates directly to climate change and the impact of gaseous emissions on the ozone layer. As a manufacturing concern, this is of vital importance. As stated above the Company is in full

compliance with national and governmental regulations. All of our emission parameters monitored from power generation and cement manufacturing process are well below their respective limits as specified in the National Environmental Quality Standards (NEQS).

- **Mitigating efforts to control emission and effluents**

Our air quality measurement program identifies the limit of pollution parameters in the ambient air in and around our factory. The stack emissions monitoring is done on monthly basis for the priority parameters in compliance with the requirements of NEQS (Self-Monitoring and Reporting) Rules, 2001.

- **Electrostatic Precipitators**

Our plant is equipped with Electrostatic Precipitators which controls dust and gas emissions.

- **Bag filters**

The Company has also installed bag houses (bag filters) for raw mill and cement mill complying the requirements of Environment Protection Authority, which more effectively controls emission and increase air flow and productivity. These are installed in entire production system and dropping distances during material transfers are kept minimum thereby reducing emissions of particulate matters.



Limestone is the major raw material used in cement production. Limestone has high moisture content and is hard in nature. Due to these properties, emission of fine limestone during the blasting at the quarry is very low. Additionally, splinters generated during blasting are quite large and resultantly they do not fly over longer distances.

- **Noise Pollution**

Our plant has been designed in such a way to minimize the noise levels and to comply with acceptable limits of the NEQS. Moreover, noise levels are regularly monitored. Furthermore, periodic repair and maintenance of the plants guarantees compliance of noise levels with the NEQS. Furthermore, periodic repair and maintenance of the plants guarantees compliance of noise levels with the NEQS.

- **Recycling**

Cherat Cement recycles or sale all the available waste and scrap in order to comply its sustainable operations agenda. Most of these items are subsequently recycled and include:

- **Solid waste**

- Solid waste
- Used oil, lubricants and greases
- Furnace oil sludge
- Bursted paper bags
- Brick waste
- Waste from Quality Control i.e. cement cubes, cement, pieces of cement pellets, analyzed samples of limestone, shale, iron ore, sand, gypsum, raw mix, kiln feed and clinker
- Empty drums and containers
- Grinding media, and
- Miscellaneous waste



- **d. Water Resources**

Ensure availability and sustainable management of water and sanitation for all. The Company is committed for the improvement in quality and sustainability of water resources. In order to provide clean water to employees & workforce associated with its operations tube wells are installed to fulfil the requirements of clean drinking water. Distribution network is available to supply the clean drinking water to all plant areas, parking and waiting areas. Clean drinking water is also supplied to the nearby villages free of cost.

The quality parameters of drinking water are well within the limits of National Environmental Quality Standards (NEQS). Water quality parameters are monitored and tested at regular intervals from

well-reputed accredited laboratories. Plant water returned from various process stages is not wasted and used to suppress the dust formation by sprinkling at roads. Plant returned water is also used in ornamental gardening & vegetation.



e. Sanitation & Hygiene

The Company has invested considerable resources in providing Sanitation and hygiene (wash) facilities to all employees and relevant labour force. Hygiene facilities are available and well maintained at various essential areas of plant, hostels, parking & waiting areas. Trained workforce is engaged in maintenance of sanitation and hygiene facilities.



f. Products

Our cement does not have any harmful impact on environment. We use two types of packaging

material i.e. paper bags and PP bags. Paper bags are reusable and recyclable and they do not have any harmful environmental impact. PP bags also have resale value and can be recycled or reused.



g. Quality Management

The Company is committed to the manufacturing of high quality cement. At each stage in the cement production process controlling the chemical composition is a priority. All our manufacturing facilities are accredited to Quality Management System ISO 9001:2015. The consistency of performance of the cement is vital for our customers so the raw materials, intermediate and final products are regularly tested as part of the whole cement production process.

Our Quality Management procedures include:

- Careful and accurate analysis of the chemical composition of the raw materials.
- Fine grinding and mixing to produce a homogenous mixture known as “Raw Meal”.
- High temperature (>1450°C) to ‘melt’ the raw materials and formation of new “Clinker compounds”.
- Quality Control testing of the clinker.
- Milling of the clinker with gypsum and grinding aids.
- Continuous sampling and testing at each stage.
- Independent testing of the cement product by Regulatory Authorities.

The key to comprehensive quality control is the use of an in-house laboratory. Having an in-house, state-of-the-art laboratory is absolutely necessary to manufacture superior quality cement. Our Quality Control laboratory is a primary component to achieve our mission of maintaining strict control over every aspect of manufacture and quality and is an integral piece of our ISO 9001:2015 certification.

Our in-house laboratory allows for timely, accurate, cost-effective testing that ensures every product, from raw material to finished goods, meets all quality requirements. Cement is tested before being released for sale. Such stringent attention to quality control is extremely difficult to accomplish without a state-of-the-art, in-house laboratory.



Cherat Cement's State-of-the Art Quality Control Equipment includes:

- Cross Belt On-line Analyzers, Controlled Neutron Analyzer (CAN) of SODERN, France and Prompt Gamma Neutron Activation Analyzer (PGNAA) of SCANTECH, Australia
- X-Ray Spectrometer, ARL (Switzerland)
- X' Pert Powder XRD PANalytical (Netherland)
- TGA-701, (Thermo Gravimetric Analyzer), Leco (USA) & Carbon Sulphur Analyzer CS-2000 of Eltra GmbH, Germany
- Sulphur Carbon Analyzer 144-DR, Leco (USA)
- Bomb Calorimeter 6200 of Parr Instrument Company USA & AC-600, Leco (USA)
- Heating Furnaces, Carbolite (UK)
- Weighing Balances, Sartorius (Germany)
- Physical Testing Equipment, Controls Italy, ELE (England)



h. Transport

Our cement is transported to dealers and institutions through heavy trucks. The Company is cognizant of the fact that these trucks could have impact on surroundings as small mishaps can lead to heavy accidents. In order to mitigate this risk the Company has adopted measures for safe transportation. Company has invested huge funds on roads and drainage development work. Also, we work only with the approved transporters. Further, quantity-wise trucks are being used in order to avoid over or under loading. Truck's capacity is effectively utilized due to which risk of accidents resulting from overloading is avoided. For bulk cement, the Company allows only 'specialized bulk trailers' to dispatch cement.



Coal transport from supply point to the factory and handling at the Plant are a big source of particulate matter emissions all along the roads used for transport and at the plant. Imported coal from Karachi Port is transported by trucks. In order to minimize fugitive coal dust on the way, these trucks have special covers. This drastically cuts the fugitive coal dust on the way to the plant site.



i. Tree Plantation Drive and Zoo

Companywide tree plantation drives were continued through the year surrounding the factory along with

the Head Office and Sales Offices. The Company has planted a large number of trees in and around the factory premises. The Company is managing a nursery to grow different species of seasonal flowers, every year to collect seeds for the next year and by using these seeds plant numerous in quantity. Moreover, the Company has maintained a large Zoo for wild life protection at factory location where different kinds of birds and animals redecorate the environment.



3. SOCIAL

a. Employment

Cherat Cement has given tremendous employment opportunities through expansion of business and production lines. With the introduction of Line II and Line III of the Company new employment opportunities have been created especially for the locals. At year-end total number of employees were 966 including 814 factory employees.

Cherat Cement is recognized among top employers due to its excellent employee benefits. Following benefits are provided to full-time employees that are not provided to temporary or contracted employees:



- Health care
- Life insurance
- Education assistance
- Furniture facility
- Leave fare assistance
- Provident fund
- Gratuity
- Earned leaves
- Company maintained vehicle, and
- Others



b. Employee Engagement Activities

The Company has always focused on employee development and motivation. To keep them motivated various recreational activities has been arranged by the Company. Recreational activities always plays a vital role in development of employee motivation & engagement therefore the Company has ensured engagement of employees from all levels of the organization to participate in them. Recreational activities include:





- Independence Day Celebration
- International Women Day Celebration
- Employee Loyalty Awards Distribution Ceremony
 - Wrist Watches & Gold medals for completion of 10 years & 20 years of service with the Company
- Annual Dinner at Factory.



c. Labor / Management Relations

The Company supports right to exercise freedom of association and collective bargaining. For this purpose, two unions are registered from which one is elected as CBA which represents all classes of workers. Provision for consultation and negotiation with collective bargaining agreements (CBA) are specified in collective agreements. Sufficient time is given by the Company to employees and their elected representatives for any significant operational changes which affect them. Furthermore, CBA tables 'charter of demand' every second year which is amicably negotiated.



d. Occupational Health and Safety

We manage and utilize resources and operations in such a way that the safety and health of our people is ensured. We believe our safety and health responsibilities extend beyond protection and enhancement of our own facilities. We have a highly trained safety team, emergency response team, a qualified doctor and paramedical staff at our plant. In addition, the factory is provided with dedicated safety van, fully equipped ambulance and an in-house dispensary. Moreover, safety sign boards are in place at all important visible places.



Our workers are sufficiently trained through fire & safety trainings and are also adequately equipped with Personal Protection Equipment which is monitored at regular intervals. Workers are also trained by theoretical explanations and practical drills to handle unforeseen emergencies. Regular mock drills are also carried out to familiarize everyone with the steps and procedure to follow in emergency situations. Mock drills of chemical spillage, fire fighting, evacuation, casualty handling and security are also conducted. Moreover, safety audits are also conducted on regular basis.

The Company now has Heavy Duty Fire Tender fully equipped with all the necessary and advanced gadgets to encounter all types of fire emergencies at site as well as in local communities for CSR.

At Cherat Cement Company Limited, Health and Safety is the first and foremost agenda topic for our each in-house and higher management meetings.

At Cherat Cement, Health and Safety is the first and foremost agenda topic for our each in-house and higher management meetings.

The Company has made safety manual containing policies and procedures. Moreover, contractors' safety measures and mechanism are also in place, which are in full compliance. Furthermore, certifications have been obtained for all construction related equipments like cranes etc. In addition, Health and Safety concerns are explicitly included in SMART goals of head of departments and senior management of plant.

Hundred percent compliance with policy programmes resulted in the conclusion of the year with no reportable occupational illness. These programmes include the regular testing of plant equipment and sites from a health perspective, as well as monitoring of employee health. Additionally, health awareness sessions on basic lifesaving techniques, medical emergency handling and first aid were conducted at our factory, sales offices and head office. Basic Life Support is a first-aid resuscitation that educates and equips individuals to recognize various life-threatening emergencies. In addition, we have Cardiopulmonary Resuscitation (CPR) equipment. CPR is an emergency procedure that combines chest compressions often with artificial ventilation in an effort to manually preserve intact brain function until further measures are taken to restore spontaneous blood circulation and breathing in a person who is in cardiac arrest. By educating our employees basic life support and medical practices we are maintaining a safe and healthy workplace.

Our production lines achieved the whole year without any major injury. Reported injury case if happens, is thoroughly investigated by trained personnel and findings are subsequently circulated to higher ups. Once investigations are completed, actions and recommendations are assigned to individuals with a strict follow-up system put in place to avoid any recurrence.



e. Training and Education

The training, education and development of our people is a topic of critical importance to us as reiterated in our mission statement 'continuously develop our human resource'. We have the long-standing ambition to be an employer of choice

and to be known as a "Talent factory", recruiting and retaining the best and the brightest. We work towards this goal on a continuous basis, with formal training, development and growth opportunities, effective and timely performance appraisal and feedback systems, and by creating an open culture that encourages feedback and discussion. An extensive program Training Need Assessment (TNA) in this regard is in place. Following training programs executed at required levels:

- Programme On Advanced Corporate Finance
- Training on Business Writing & Email
- Core Value / Roll Out Sessions
- Leadership Voyage Training Programs
- Advance Ms Excel Trainings



The Company has always worked in the best interest of its employee and for that, the Company has provided the facility of education funding to employees who desire to excel their talent by acquiring additional qualification. Moreover, Apprenticeship and Management Trainee Programs are also in place.

f. Diversity and Equal Opportunity

As part of our HR policy, we strive to be an equal opportunity employer. Cherat Cement is committed to encourage greater diversity and ensuring equal opportunities for individuals based on merit. Policies, objectives and progress in this regard is elaborated in detail under the governance policies section presented earlier in this report.



g. Female Employees

The Company encourage female in the work force

and ensure more women-friendly congenial environment.



h. Non-discrimination

Cherat Cement is committed to ensure equal treatment and fair working conditions for employees.

This belief is driven by our core values 'maintain the highest level of integrity, honesty and ethics' and our Code of Conduct.



i. Child Labour

Despite of manufacturing concern near rural area of KPK, the Company has strict policy over prohibition of child labour. No child has ever been employed by the Company and the same policy will go in future.

j. Forced or Compulsory Labor

The Company believes in free working environment; no employed worker is a forced or compulsory.

k. Consumer Protection Measures

The Company ensures that the cement is packed and dispatched to its consumers in a safe manner. It also complies with all safety standards and industrial requirements. The Company ensures that the customers get best value for money.

l. Business Ethics and Anti-Corruption Measures

The Company is fully committed to promoting the highest standards of ethical behavior throughout its

business. The management condemns corrupt and fraudulent practices and ensures transparency, integrity and honesty in all aspects of work. The Company expects all its employees to perform services with integrity and professionalism. Fundamental to this is the adoption of a 'zero tolerance' approach to all forms of corruption and misrepresentation.

m. Local Communities

We strive for the development of communities surrounding us. Investment in the communities we operate in, and near, is a strong focus for Cherat Cement. Further details on this topic are presented under the next section of Corporate Social Responsibility.

n. Health, Safety and Environment (HSE):

A legal and professional responsibility to provide employees with a workplace that is free from recognized hazards that cause or are likely to cause serious physical injury or death, and to maintain working conditions that are safe and healthful for their employees. To cater this needs we have a dedicated HSE department to ensure effective systems of measuring, monitoring and reporting of necessary compliance with HSE matters. It is adequately staffed and Head of HSE directly reports to the Chief Executive. HSE aims to prevent and reduce accidents, overcome emergencies and health issues at work and to protect the environment. The HSE key performance indicators are as follows:



• HSE Environment:

Workplace injuries and unsafe working environments are bad for employee morale. Employers who maintain a safe and healthy work environment and conduct employee training on safety build a stronger relationship with employees. At Cherat Cement, we have developed safe, high quality, and environmentally friendly processes, working practices and systemic activities that prevent or reduce the risk of harm to people in general, operators, or patients. Work areas are kept neat and orderly, maintaining work areas and substations free of slip and trip hazards, and removing of waste materials (e.g., paper, cardboard) and other potential hazards from work areas.

Reduction in energy consumption by upgrading lighting to latest energy efficient LED lights. The old fluorescence lights are being replaced by new energy efficient LED lights. Up gradation resulted in and power saving and equivalent reduction in CO2 emissions.

We also strive to save the environment by recycling exhaust heat from production process to generate electricity through WHR (Waste Heat Recovery) process. We plant trees for maintaining the green belt in and surrounding areas of the plant sites and offices.

• HSE Management Systems:

Tools that help an organization continually improve its health, safety and environmental performance contain organizational elements that follow a

continuous cycle of planning, implementing, checking, and improving. Our workforce is routinely updated about occupational health, safety and environment concerns through a continuous process of training and coaching at different levels. To enhance safety awareness and to build a culture of continuous improvement in personal and process safety, a comprehensive communication structure has been established such as daily, weekly and monthly safety reviews.



Safety measures at Cherat Cement have been taken according to the work environment (by conducting risk assessment) at our plants and the corporate offices. At all offices of Cherat Cement, safety is everybody's responsibility therefore every area/functional head is the owner of safety practices under the umbrella of HSE principles. The operation teams at all locations collaborate in implementation of HSE policies and procedures. To sustain HSE awareness and to build a culture of continuous



improvement in personal and process safety, different committees at appropriate levels are formed and periodic reviews are regularly carried out.



Promoting highest standards of health and safety, encouraging employees to take personal and collective responsibility for creating a safe working environment. Implementing operational, safety and protection interlocks for sustainable process in our DCS system (Simatic S7 400 PLC and PCS7 control system) that reduces the risk of human error and accidents in production.

Response to COVID-19:

Recent COVID-19 pandemic has unwrapped exceptional challenges and tested the vigilance required to deal with unpredicted emergencies. Cherat Cement took initiatives through several means to ensure the safety of its employees and stakeholders, securing environment to continue the operations without hindrance. In house vaccination against COVID-19 was carried out for all employees (Permanent, Contract, Third party and Daily wagers).



During pandemic, the Company has made all necessary initiatives to protect its employees. Introduced lockdown, ensure health of employees

through remote working using digital technology and social distancing. Real-Time information remained available in SAP for decision-making through remote access from all over Pakistan. The Company took initiative and formed the COVID Response



Team to ensure all aspects of the Company adequately respond to the pandemic, by providing guidance to stakeholders, and monitor pandemic response implementation.



A separate section, 'Pandemic Recovery Plan' of this report provides the detailed efforts made by the Company to contribute and make a difference in this worldwide health crisis.



A photograph of five children in school uniforms running across a green lawn. The children are of various ages, mostly boys, and are all smiling and looking towards the camera. They are wearing light-colored, long-sleeved shirts and matching trousers or skirts. The background features a brick wall and some trees and bushes. A dark green rectangular box is overlaid in the top right corner, containing the text 'Corporate Social Responsibility Highlights' in white.

Corporate Social Responsibility Highlights

Corporate Social Responsibility Highlights

Corporate Social Responsibility (CSR) Corporate Social Responsibility is an integral part of the Company's ethos and policy and it has been pursuing this on a sustained basis. The Company has always been at the forefront of voluntary CSR. The Company's CSR policy made it imperative to institutionalize the CSR activities.

CCCL's social responsibility policy focuses on using the capabilities of neighbouring communities by improving quality and standard of lives and sustainable living, through contributions to local communities and society at large. With focus on creating thriving conditions for the marginalised and underprivileged sections, the Company's CSR activities have transformed the standard of living, quality of life of the communities residing in the plant's functional and nearby areas. These goals have become achievable under the aegis of your Company and its affiliates.

During the period under report, the Company undertook various activities e.g. Art, Culture, Community Welfare, Drinking Water, Sanitation, Education, Health, Rural Development, Eradicating Hunger/Poverty, COVID care.



CCCL undertook various activities during the year 2020-21 under review in line with its CSR Policy.

1. EDUCATION

Because of the overarching role education plays in socioeconomic and human capital advancement, the Company have prioritised educational empowerment as a key corporate social responsibility and social investment objective. Donations have been extended to many educational institutes, which includes:

a) IBP School of Special Education

Company in area of special child education development has financed to IBP School in Karachi. The School caters for the educational, psychological, vocational and therapeutic needs of children and youth with educational and developmental delays and disabilities.

b) Pakistan Centre for Philanthropy

The company has donated significantly to support Women Empowerment through Skill Development Trainings resulting in recognition by Pakistan Centre for Philanthropy (PCP), an organization working to promote and record philanthropy.



c) Ghulam Ishaq Khan Institute of Engineering Sciences and Technology

CCCL have sponsored deserving students on request of Ghulam Ishaq Khan Institute of Engineering Sciences and Technology for achieving life goals.

d) Aga Khan Medical College

The company history to donate Agha Khan Medical College to support quality education is viewed as consistent practice.

e) Ghulam Faruque Welfare Trust

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

f) Approved Religious Institutions

The Company take pride in recurrently supporting religious education and knowledge by supporting local Madarsas & Masjids.



2. HEALTH

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

Support extended to health related initiatives includes funding for hospitals and different medical centres which mainly includes:

a) The Kidney Center

The Company observe more specific challenges related to kidney disease therefore; it has donated to The Kidney Center and its postgraduate training institute for well-being of society in this respect.



b) The Aga Khan University and Hospital

AKU is always immensely grateful to Cherat Cement Company Limited for the support of high-quality care, this is depicted through our donations made to The Agha Khan Hospital.

c) Treatment Supports

For those people who lacks facility of medical treatments or could not afford, the company have made efforts by donating a reasonable amount.



d) Nowshera Dialysis Centre

Nowshera Dialysis center is providing free dialysis to needy people. The Company became a part of this good cause in the form of donations to the Centre.



- e) **Shaukat Khanum Memorial Trust**
Shaukat Khanum Memorial Trust believes that healthcare is a fundamental human right and gives new hopes for cancer patient to save their life, Cherat Cement Company appreciate the efforts of Shaukat Khanum, and contribute in their cause by handsome donations.

3. SPECIAL PERSON EDUCATION AND EMPLOYMENT

Special / disabled people are given less privileged in our society but the Company always care and consider them as integral part of our society. In this regard the Company has made various donations to special trusts and schools for their education and vocational training including:

- IBP School of Special Education
- The Society of Rehabilitation of Special Children
- Karwan-e-Hayat for mental health

4. DEVELOPMENT AND COMMUNITY SUPPORT

Our operations are supported by our communities, both directly and indirectly. It is the fact that bolstering them to develop simply makes good sense in the long run for both of us. In this regard, company have made donations to:

- a) **D.C Nowshehra**
Company supported through donations to DC Nowshehra on Independence day ceremony



- b) **Relief Packages to needy persons under COVID-19**
CHCC is cognizant of the challenges being faced not only in its workplace but also in society due to the COVID-19 pandemic. Ghulum Faruque Welfare Trust (GFWT) is one of the welfare institutions in Nowshehra, which caters the basic need of the people during this pandemic.

c) **Anjuman Kashana-e-Atfal-o-Naunihal**

Donation for development of children means donation for development of future of the country. Upholding this faith, the Company has donated to Anjuman Kashana e Atfal-o-Naunihal for development of orphan children.



d) **Ummah Welfare Trust**

The Company has supported through donations to Ummah Welfare, a trust established to support the impoverished and neglected people all across the Pakistan, Kashmir and Afghanistan.

e) **Welfare Hospital In Lakarai, Nowshehra**

Purpose

As company focuses on well-being of society and its people, in this regard a welfare hospital is established in the vicinity of Nowshehra in order to provide medical facilities free of cost to the people living nearby. Under-privileged patients were provided with quality healthcare facilities to improve their living standard. Record number of patient visit has demonstrated its true value to the community.

Facilities Available

All basic medical facilities are available at the hospital including:

- Separate male/female consultation
- Dispensary with almost all types of medicines
- All emergency equipments
- Basic lab tests

Areas Covered

Four villages in the vicinity of Nowshehra are being facilitated through this hospital including:

- Lakrai
- Shaikhai
- Khattak
- Lokhat

5. ENVIRONMENT

Tree Plantation Activity

Along with education and health, environment also contributes in development of societies and communities. The aim is to promote afforestation and reforestation, and trigger the carbon sequestration role that trees play in our ecosystem. As aiming to play a part in making a better community, the Company also contributed in Tree Plantation Activity of WWF through donations and funding.

Corporate Social Responsibility



Charity Account

During the year the Company made a donation of Rs. 10.950M to Ghulam Faruque Welfare Trust, The Citizen Foundation, Kidney Centre, Nowshera Lions Club, Ummah Welfare Trust, D.C Nowshera, IBP School of Special Education and Others.

Health

- The Kidney Center
- Personal Treatments
- Nowshera Dialysis Center
- The Aga Khan University Hospital
- Shaukat Khanam Memorial Trust



Special Persons Education & Employment

- IBP school of special education

Development & Community

- D.C Nowshera
- Ummah Welfare Trust
- Anjuman Kashan e Atfal o Naunihal
- SOS Childrens Village Park



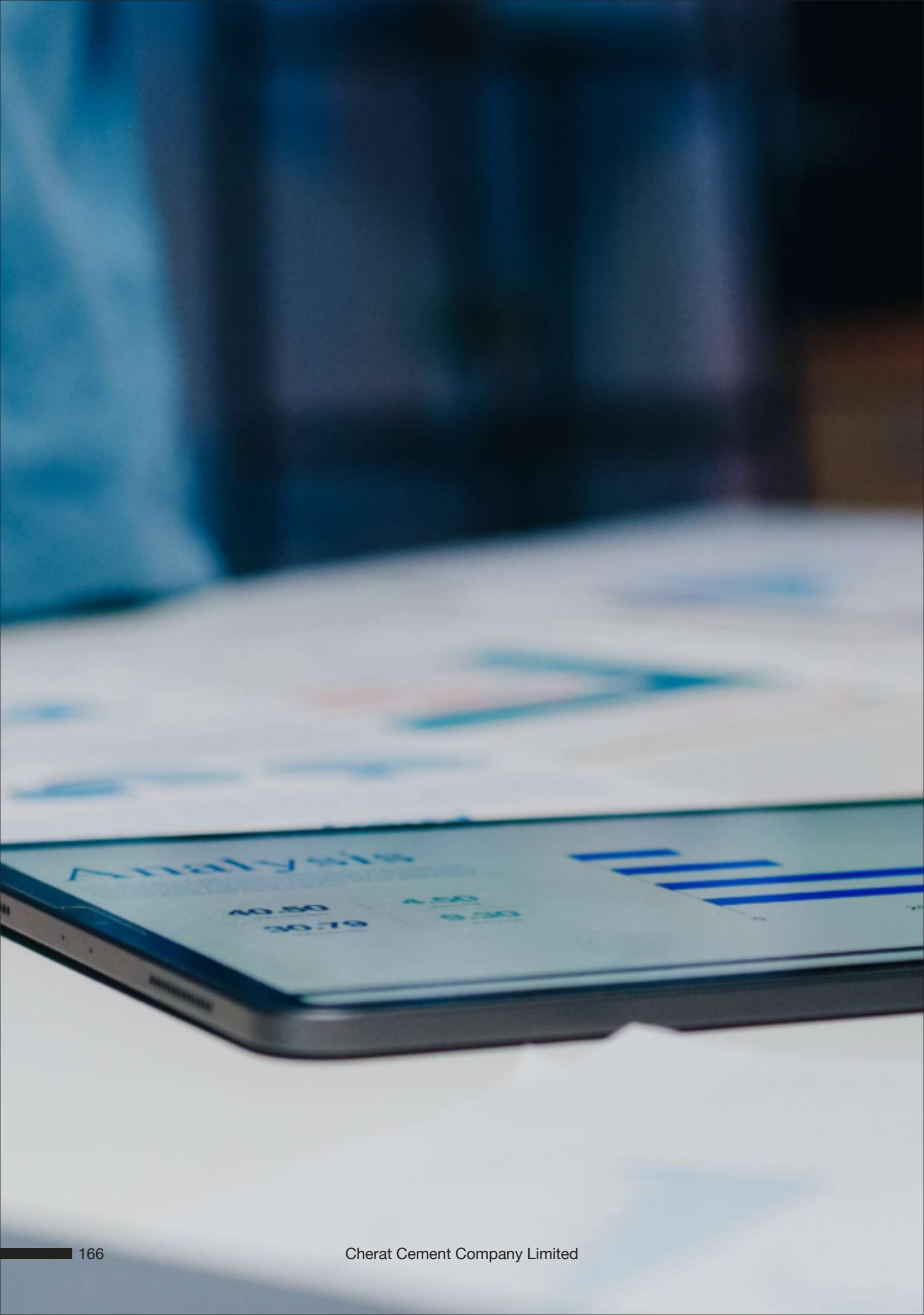
National Cause Donations

The Company has always stood by the people of Pakistan in their hour of need and shall always. In the recent, the Company has given generous donations during pandemic of COVID-19.

Education

- School in shaidu village
- The Citizen Foundation
- IBP School of Special Education Anjuman Kashana-E-Atfal-o-Naunihal
- Approved Religious Institutions







Business Model

168 Our Business Model

Our Business Model

An integrated approach to value-creation

Anchored to our core values and aligned with our vision, our business model is designed to reflect our integrated approach to creating value for all stakeholders and ensures our continued progress towards co-creating a sustainable future.

Key Inputs → Our Value Chain → Key Outputs



Our People

Strong commitment to staff development through extensive training programme on timely basis, to create the talent and managers we need to sustain our business.



Our Investors

Around 194 million issued shares outstanding with a diverse mix of institutional (local and foreign) and retail investors.



Our Communities

With operations in Pakistan and Afghanistan, we have a commitment to working with local communities to create jobs, procure local products and services while providing other essential benefits such as roads, water and healthcare.



Our Assets

We have modern, efficient and low-cost production plants with proximity to key natural resources.



Our Suppliers

Long-term and constructive partnerships with key suppliers in each market.



Our Customers

We focus on quality and superior products for all our customers.

Our Values



Integrity



Trust



Care



People



Quality

Strategic objectives

Strategic objectives

Widen visibility

Capacity expansion

Launch of value-added products

Optimise operational efficiency

Customer centricity

Consolidate market position

Sustainable operations



UPSTREAM

Quarrying raw materials

Preparation of raw materials



MIDSTREAM

Drying and grinding of raw meal

Clinkerisation

Blending, grinding and storage



DOWNSTREAM

Packing and dispatch

After sales



Increase in shareholder return by Rs. 7.5 billion EBITDA (Over Rs. 3.95 billion paid to shareholders in the form of dividends in last 9 years)



PAT : PKR 3,205 Million
Market Capitalisation: PKR 34.5 billion.
Dividend per share: Rs. 2.25/share



Rs. 10.9 million spend on social investment beneficiaries



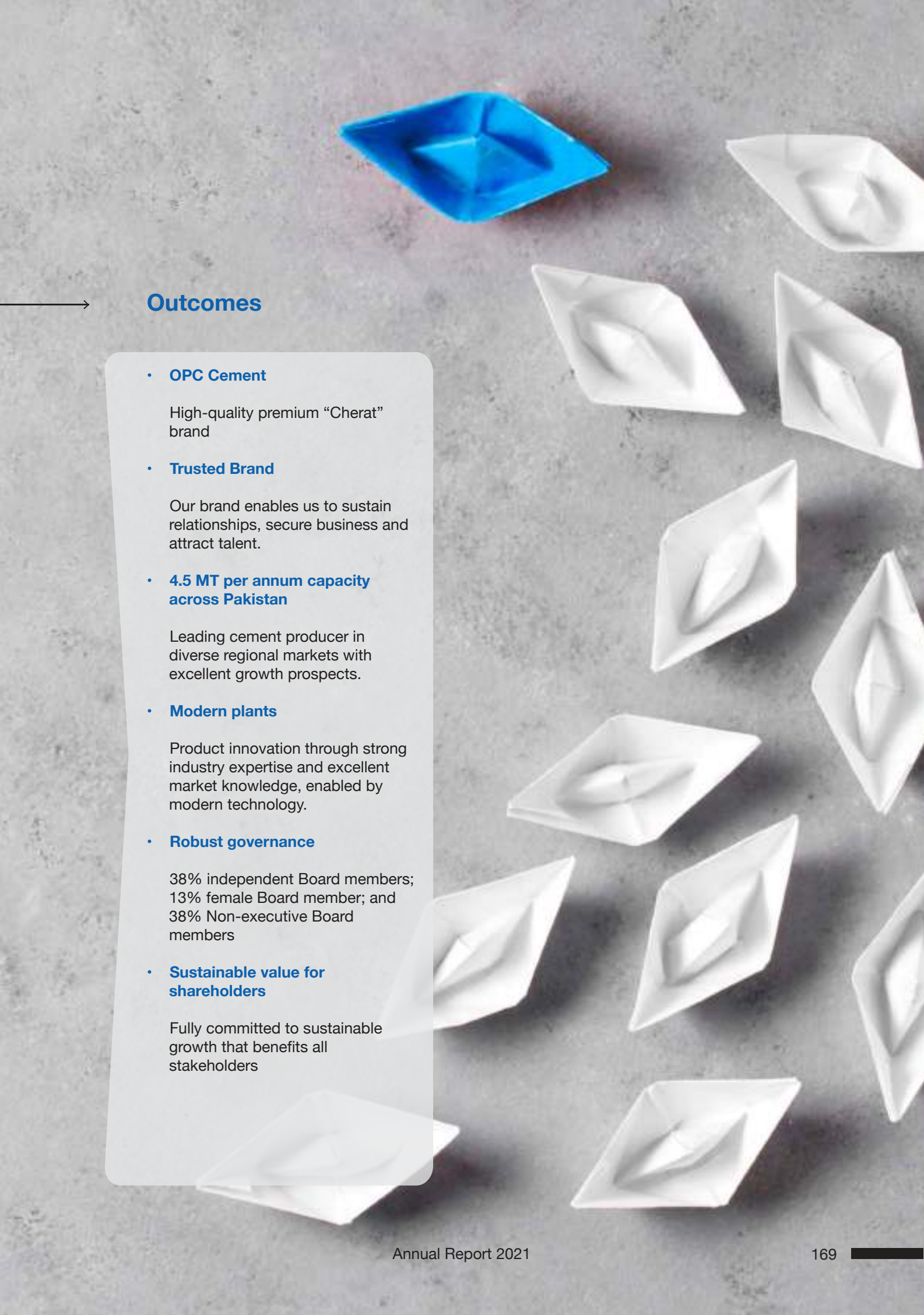
Commissioned more than 2.1 MT per annum Line III in previous years



Capacity utilisation of installed capacity: 87%



Spend Rs. 8.27 billion on local procurements.

A decorative background featuring several white paper boats floating on a grey, textured surface that resembles water. One boat in the upper left is colored blue. The boats are scattered across the page, with some in the foreground and others in the background.

Outcomes

- **OPC Cement**

High-quality premium “Cherat” brand

- **Trusted Brand**

Our brand enables us to sustain relationships, secure business and attract talent.

- **4.5 MT per annum capacity across Pakistan**

Leading cement producer in diverse regional markets with excellent growth prospects.

- **Modern plants**

Product innovation through strong industry expertise and excellent market knowledge, enabled by modern technology.

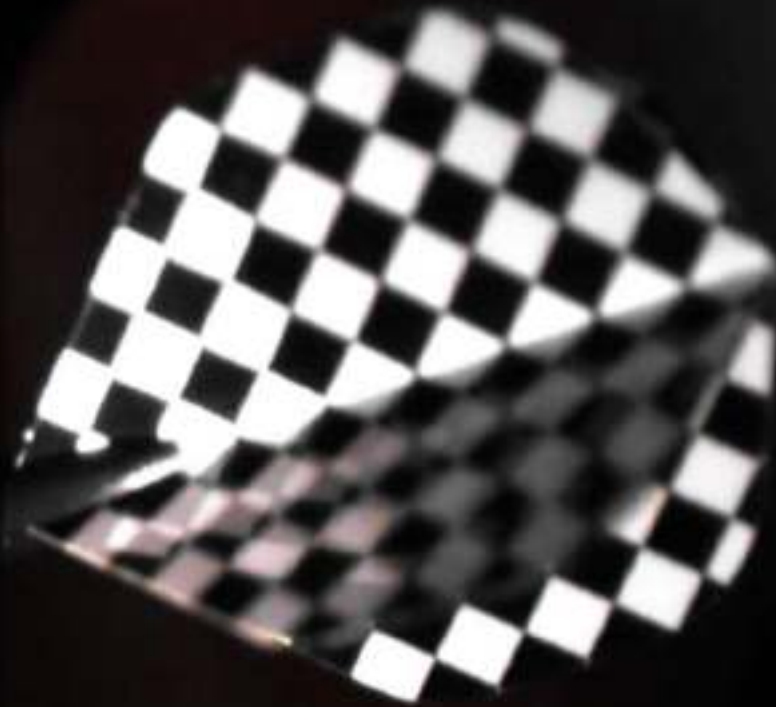
- **Robust governance**

38% independent Board members; 13% female Board member; and 38% Non-executive Board members

- **Sustainable value for shareholders**

Fully committed to sustainable growth that benefits all stakeholders





Striving for Excellence in Corporate Reporting

172 Statement of Unreserved
Compliance of International
Financial Reporting Standards
(IFRSs) Issued by International
Accounting Standard Board
(IASB)

172 Adoption of Islamic Financial
Accounting Standards (IFAS)

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175 Glossary of Terms and
Definitions

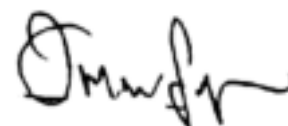
Statement of Unreserved Compliance of International Financial Reporting Standards (IFRSs) Issued by International Accounting Standards Board (IASB)

Cherat Cement Company Limited preparing statutory financial statements in accordance with the IFRS issued by IASB as notified under the Companies Act 2017 including the disclosure requirements of fourth schedule.

However, SECP has not notified adoption of following IFRS:

Standards	IASB effective date (annual periods beginning on or after)
IFRS 1 – First time adoption of IFRSs	01 January 2004
IFRS 17 - Insurance Contracts	01 January 2023

In addition to this, note 2.4 to the financial statement specify few standards and interpretations, which are yet to be effective in Pakistan. The Company believes that the impact of the above standards and those referred in note 2.4 does not have any material impact on the financial statements.



Omar Faruque
Chairman

Karachi: August 26, 2021

Adoption of Islamic Financial Accounting Standards (IFAS)

The Company fully complied with Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan as notified under the Companies Act, 2017

Statement and Adoption of Adherence with the International Integrated Reporting Framework (IR)

Overview of Report:

Cherat Cement Company Limited (The Company) is engaged in manufacturing, marketing and sale of Cement. The Company always believes on the transparent disclosure of information and following spirit of adhering to the best corporate practices, standards and thereafter reporting and committed to create greater value towards its stakeholders. In global business scenario and expectations of stakeholders, the Company published this annual report (The Report) in integration of corporate briefings, social and environmental information as well as financial information, which is vital to organizational position and performance reporting.

An integrated report is a concise communication about an organization's strategy, governance, performance and prospects in context of its external environment leads to create value. This Report has been prepared in accordance with the International Integrated Reporting (IR) Framework and Global Reporting Initiative (GRI) in order to provide its stakeholders a transparent reflection of value creation ability. This Report is a part of annual reporting process, structured to assist readers in assessing the Company's business.

Since, then the Company has adapted its structure in response to global changes and development, the Company has further advanced its management processes. This Report is aim to provide stakeholders a quality, concise and transparent briefing of the Company's ability, position and expertise to create sustainable value, performance and reporting capabilities. The Report itself offers linkages of the Company's performance with underlying strategy.

Operations:

The Company is engaged in manufacturing, marketing and sale of cement since 40 years.

Objectives:

The objective of this Report is to adherence with principles of inclusivity, materiality, responsiveness as well as evaluation against elements of IR Framework. Contents of this Report is based on the Company's engagement with its stakeholders, IR framework and GRI as well as to provide quality information. This Report also offers an insight in important advancements. The material presented in this Report is such a way that it enables the stakeholders to understand better. The Company also considers importance and strengthening of this report in terms of information, connectivity and demonstration of results that impacts on various capital employed to the Company.

Contents:

This Integrated Report presented by those charged

with governance with acknowledging the integrity and compliance with IR and GRI framework, including following content:

- Organizational overview and external environment
- Strategy and resource allocation
- Risks and opportunities
- Governance
- Performance and position
- Outlook and forward looking
- Stakeholder's relationship and engagement
- Sustainability and corporate social responsibility
- Business model
- Striving for excellence in corporate and financial reporting

Abovementioned contents disclosed under various sections of this integrated Report with relevant materials in interest of various stakeholders.

Approach and Principles:

The Company continually review its reporting approach to ensure meeting with best practices to meet with expectations of stakeholders and provide visibility on how the Company creates sustainable value for communities. To win customers and stakeholders, the Company use proactive approach. The Company's commitment is to maintain highest level of transparency and accountability. IR Framework follows a principle-based approach, including guiding principles such as strategic focus, future orientation, information connectivity, stakeholder's relationships, materiality, conciseness, reliability, completeness, consistency and comparability. The Company also achieved good stage of compliance.

Methodologies used in Report:

In this Report, compilation of data has done based on basic scientific measurements, mathematical calculative methods, accounting principles and other various financial management study techniques and methodologies. The Company makes every effort to ensure the accuracy of the information being presented including the principles of inclusiveness, materiality, responsiveness and use of the concept of six capitals.

Period:

The Report of the Company is produced and published annually and covers period beginning from July 01, 2020 till June 30, 2021. There has not been any significant changes to the scope, boundary and reporting basis since the last reporting date as of June 30, 2020.

Target Users and Readers:

This Report is primarily intend to address the information need of users, investors, stakeholders,

suppliers, employee, regulators and society to provide them a true and fair view of Company's value creation potential taking into account risks and opportunities. The Company shall continue to improve the information produced to make it even easier to understand. The Company believes to provide better understanding of its business strategies, risks & opportunities, business model, governance, ability to creates value for its shareholders.

Role of the Board of Directors:

The Board of Directors (the Board) has crucial role and directors of the Company elected by shareholders. The IR framework is a mechanism of ensuring long-term value creation and increasing transparency and requires involvement and support of the Board and Chief Executive. Henceforth, the Management of the Company guided to achieve Company's objectives by advising, assessing and monitoring the business strategies and ensuring the execution and modification of these activities.

Role of the Management:

The Management of the Company has laid the business foundation built on principles of ethics and corporate professionalism, which is being developed by devising and disseminating procedural steps and policies highlighting need of good governance and resource allocation in achieving desired objectives. The Management of the Company is following the spirit of adhering to best corporate and governance practices and committed to achieve excellence in all aspects including transparent reporting.

Financial and Non-Financial Reporting:

This Report includes both financial and non-financial information about the Company's brand, financial structure, operations, performance, insight, risks & opportunities and outcomes attributable to activities and value creation ability. This Report is in compliance of International Financial Reporting Standards, Islamic Financial Accounting Standards, Companies Act, Code of Corporate Governance and core guidelines of IR Framework.

The Company has adopted the IR framework to give an overview of the Company's business affairs and philosophy by connecting and presenting the financial and non-financial information considering the varied interest and wide range of stakeholders. The business strategy information has been linked directly to business activities. Operational analyses, financial analyses and others reviews has been carried out through extracting financial information from the audited financial statements of the Company for the year ended June 30, 2020 with relevant comparative information. Other relevant financial

information are available in this Report.

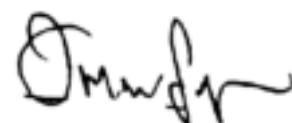
This Report also includes 'Forward Looking Statement', which addresses expected future businesses, financial performance, projections and assumptions used for future course of actions to manage the risks and capitalization the opportunities. The Company's 'Sustainability Highlights' aims to provide its various stakeholders a concise and transparent assessment of value creation ability and contribution towards Sustainable Development Goals (SDGs). Our value creating 'Business Model' supported by the outputs, outcomes and impact of various forms of capitals associated with business and how it look forward towards opportunities has also been explained.

Connectivity, Monitoring and Control:

The Company's corporate reporting continually monitored and always ensure that relevant information is shared in most suited way to stakeholders. Connectivity of the information is an aspect that needs to be address properly. Being a Company with national and international recognition, we always adaptive in response to global changes and advancements. Thus, the stakeholders made aware of the Company's philosophy and attitude towards achieving the enhanced stakeholders' value and customer satisfaction. The stakeholders' value is maximized through returns on investment, which management believes can be achieved through revenue maximization and cost control measures. Achieving sustainable corporate value by focusing economic, societal, technological and environmental factors and their impacts is the Company's core strength. There is certain degree of challenges in the wake of disruption of cause by COVID19 pandemic.

Other qualitative factors:

This report also account for other factors that challenged the economic performance of the Company and offers well designed Health, Safety and Environment to its stakeholders. The analysis and conclusions presents in this report demonstrates various factors that have been taken into account and the management is taking measures to increase the resiliency of the business and its operations. In Overall, this Report considered all provisions of contents elements, offering users an insight that how the Company creates and shares value through its business activities and delivering a business model that states inputs, outputs and outcomes of these activities.



Omar Faruque

Karachi: August 26, 2020 Chairman

Glossary of Terms and Definitions

Activity / Turnover Ratios: Activity ratios measure the efficiency of the company in using its resources / assets. These ratios indicate the efficiency with which the assets of the company are managed/utilized.

Borrowing Cost: Finance costs that are directly attributable to the construction/acquisition of a qualifying asset and included in the cost of such asset.

BCRA: Best Corporate Report Awards

CCG: Code of Corporate Governance

Capital Structure Ratios: The capital structure ratios measure how a company finances its overall operations and growth by using different sources of funds.

Captive Power Plant: An electricity generation facility used and managed by an industrial or commercial energy user for their own energy consumption.

Consortium Financing: Is a solution usually entails several banks or financial institutions joining hands to finance large projects through a common appraisal, common documentation and joint supervision.

Corporate Social Responsibility (CSR): A self-regulating business model that helps a company be socially accountable - to itself, its stakeholders, and the public.

Diminishing Musharakah: Refers to joint ownership of asset by financier and borrower. The share of financier in the asset is divided into number of units and borrower will purchase those units periodically, thus increasing his own share till complete ownership.

Dividend Cover Ratio: It measures the number of times that a company could pay dividends to its shareholders.

Dividend Mandate: An authorization by a shareholder to the company, to pay his or her dividends directly into a bank account.

EBITDA: Earnings Before Interest, Taxes, Depreciation and Amortization.

HR & RC: Human Resource and Remuneration Committee.

HSE: Health, Safety and Environment

Government Grants: are assistance by government in the form of transfers of resources to an entity in return for past or future compliance with certain conditions relating to the operating activities of the entity.

Human Capital: Intangible collective resources, like knowledge, talents, skills, abilities, experience, intelligence, training, judgment, and wisdom possessed by individuals and groups within an organization. It is a form of wealth available to organizations to accomplish its goals.

IAS: International Accounting Standards.

IASB: International Accounting Standards Board.

IFRIC: International Financial Reporting Issues Committee.

IFRS: International Financial Reporting Standard.

Interest Cover Ratio: It measures how many times a company can cover its current interest payment with its available earnings.

Investment / Market Ratios: Investor ratios are used to measure the ability of a business to earn an adequate return for the owners of the business.

ISO 9001:2015: A standard that specifies requirements for a quality management system (QMS). Organizations use the standard to demonstrate the ability to consistently provide products and services that meet customer and regulatory requirements.

ISO 14001:2015: A standard for the management of environmental matters that is widely used in various parts of the world.

Joint Venture (JV): A business arrangement in which two or more parties agree to pool their resources for the purpose of accomplishing a specific task.

KIBOR: Karachi Inter Bank Offer Rate.

Liquidity Ratios: A liquidity ratio is a financial ratio that indicates whether a company's current assets will be sufficient to meet the company's obligations when they become due.

Long-Term Debt-to-Equity Ratio: The ratio found by dividing long-term debt by the equity (all assets minus debts) held in stock (This is a measure of financial risk).

Manufactured Capital: It is the collection of physical, material and technological objects that are available to a company for use in the production process.

Market Ratio: It helps to determine the market value of a company relative to its actual worth.

Operating Cycle: The average time between purchasing or acquiring inventory and receiving cash proceeds from its sale.

Price-Earnings Ratio (P/E): The ratio found by dividing market price per share by earnings per share (This ratio indicates what investors think of the firm's earnings' growth and risk prospects).

Profitability Ratios: The Profitability Ratios measure the overall performance of the company in terms of the total revenue generated from its operations.

Relationship Capital: It is the company's relationships with customers, partners, suppliers, shareholders. It is an important business asset.

Return on Equity (ROE): The value found by dividing the company's net income by its net assets (ROE measures the amount a company earns on investments).

Running Musharakah: is Shariah compliant alternative of Running Finance Facility available in conventional banking system.

Security: A pledge made to secure the performance of a contract or the fulfillment of an obligation.

Shariah-Compliant Finance / Banking: Facility which meets all of the requirements of Shariah law and the principles articulated for "Islamic Finance".

Solar Power: is the conversion of energy from sunlight into electricity, either directly using photovoltaics, indirectly using concentrated solar power, or a combination.

Spread: Rate charged by the bank over KIBOR.

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15	Accounts Receivable in respect of Export Sales - Name of company or undertaking in case of related party and in case of default brief description of any legal action taken against the defaulting parties.	204
16	Treasury shares in respect of issued share capital of a company.	N/A
17	In describing legal proceedings, under any court, agency or government authority, whether local or foreign, include name of the court, agency or authority in which the proceedings are pending, the date instituted, the principal parties thereto, a description of the factual basis of the proceeding and the relief sought.	211-212
18	Management assessment of sufficiency of tax provision made in the company's financial statements shall be stated along with comparisons of tax provision as per accounts vis a vis tax assessment for last three years. financial statements shall be stated along with comparisons of tax provision as per accounts vis a vis tax assessment for last three years.	216
19	Income tax reconciliation as required by IFRS and applicable tax regime for the year.	215
20	In respect of loans and advances, other than those to the suppliers of goods or services, the name of the borrower and terms of repayment if the loan or advance exceeds rupees one million, together with the collateral security, if any. services, the name of the borrower and terms of repayment if the loan or advance exceeds rupees one million, together with the collateral security, if any.	204
21	Disclosure about Human Resource Accounting (includes the disclosure of process of identifying and measuring the cost incurred by the company to recruit, select, hire, train, develop, allocate, conserve, reward and utilize human assets). identifying and measuring the cost incurred by the company to recruit, select, hire, train, develop, allocate, conserve, reward and utilize human assets).	213
22	In financial statements issued after initial or secondary public offering(s) of securities or issuance of debt instrument(s) implementation of plans as disclosed in the prospectus/offering document with regards to utilization of proceeds raised till full implementation of such plans.	N/A
23	Where any property or asset acquired with the funds of the company and is not held in the name of the company or is not in the possession and control of the company, this fact along with reasons for the property or asset not being in the name of or possession or control of the company shall be stated; and the description and value of the property or asset, the person in whose name and possession or control it is held shall be disclosed.	N/A
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Following disclosures are required under clause 10 of the Fourth Schedule of the Companies Act, 2017 for Sharia complaint companies and the companies listed on Islamic index:

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Independent Auditors' Report



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To the members of **Cherat Cement Company Limited**

Report on the Audit of the Financial Statements

Opinion

We have audited the annexed financial statements of Cherat Cement Company Limited (the Company), which comprise the statement of financial position as at 30 June 2021, and the statement of profit or loss, the statement of comprehensive income, the statement of cash flows and the statement of changes in equity for the year then ended, and notes to the financial statements, including 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, the statement of profit or loss, the statement of comprehensive income, the statement of cash flows and the statement of changes in equity together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at 30 June 2021 and of the profit and other comprehensive income, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

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

Key Audit Matters

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

Following are the Key audit matters:

Key audit matters	How the matter was addressed in our audit
1. Capital expenditure and related financing for capacity enhancement	
As disclosed in note 4.2 to the accompanying financial statements, the Company has incurred significant amount of capital expenditure for BMR of Cement line 1 and solar panels which amounted to Rs. 1,942 million. To finance the above capital expenditures, the Company has obtained long-term borrowings as disclosed in note 17 to the accompanying financial statements.	Our procedures, amongst others, included obtaining an understanding of the Company's process with respect to capital expenditure including determination of useful lives and testing the Company's controls in this area relevant to our audit.

Key audit matters	How the matter was addressed in our audit
Capital expenditures incurred during the year represents a significant transaction and involves significant judgments in respect of capitalisation of elements of eligible components of costs, including borrowing costs, as per the applicable reporting standards in determining, when the assets are available for use and estimation of their useful lives and residual value. Further, financing agreements entail financial and non-financial covenants that the Company is subject to compliance. Accordingly, we have identified the capital expenditure and related financing as a key audit matter.	We considered whether the items of cost capitalised, including borrowing cost, meet the recognition criteria of an assets in accordance with the applicable financial reporting standards. We reviewed the timing of capitalisation by examining, on a sample basis, the completion certificates from the Company's technical departments. We also evaluated the basis used by the management for determining the useful lives of the new assets and the depreciation charged in relation thereto, by considering factors such as the current depreciation, estimates for similar or comparable assets, expected utilization of the assets and the estimated residual value at the end of the useful lives. We reviewed the relevant contracts and documents, including but not limited to, suppliers' invoices, delivery notes, international LC and shipping documentation supporting various components of the capitalised cost. We obtained and reviewed the financing agreements executed and inquired from the management with respect to the compliance of the covenants and circularized confirmations to the financing banks to confirm outstanding loan balances and other related terms at year end. We also reviewed the maturity analysis of the financing to ascertain the classification of loans as per their remaining maturities. We assessed the adequacy of the disclosures as per the requirements set out in the applicable financial reporting framework.
2. Estimates and assumptions involved in staff retirement benefits As disclosed in note 13.3 to the accompanying financial statements, the Company operates a funded gratuity scheme for all its permanent employees with net gratuity fund asset amounting to Rs. 184.385 million. In determining the obligation in respect of staff retirement benefits, the Company engaged an actuarial expert to perform the actuarial valuation of the present value of the defined benefit obligation, which involves use of key assumptions including discount rate and expected rates of increase in future salaries. Changes in any of these key assumptions can have a material impact on the calculation of the liability. Accordingly, we have identified this area as a key audit matter.	
	We obtained an understanding of the process for recognition of defined benefit plan relevant to our audit. We evaluated the competence and objectivity of the qualified actuary engaged by the Company to value the defined benefit obligation under International Accounting Standard 19 'Employee Benefits'. We engaged our expert to assess the appropriateness of the methodology and assumptions used to determine the obligation in respect of defined benefit plan. We inspected the data provided by the Company to the actuarial expert for the purpose of valuation. We have also assessed the adequacy of the Company's disclosures in accordance with the applicable financial reporting standards.

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

Management is responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

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

Responsibilities of Management and Board of Directors for the Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

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

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

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

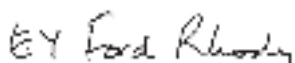
From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes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

Report on Other Legal and Regulatory Requirements

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

- a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);
- b) the statement of financial position, the statement of profit or loss, the statement of comprehensive income, the statement of cash flows and the statement of changes in equity together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;
- c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and
- d) zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the Company and deposited in the Central Zakat Fund established under section 7 of that Ordinance.

The engagement partner on the audit resulting in this independent auditor's report is Tariq Feroz Khan.



Chartered Accountants

Place: Karachi

Date: 02 September 2021

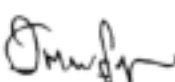
Statement of Financial Position

as at June 30, 2021

	Note	2021	2020
(Rupees in '000)			
ASSETS			
NON-CURRENT ASSETS			
Fixed assets			
Property, plant and equipment	4	25,590,839	25,306,834
Intangible assets	5	16,213	17,371
		<u>25,607,052</u>	<u>25,324,205</u>
Long-term investments	6	660,950	390,863
Long-term loans	7	75,446	83,580
Long-term deposits		3,841	19,606
Deferred taxation	21	-	418,912
		<u>740,237</u>	<u>912,961</u>
		<u>26,347,289</u>	<u>26,237,166</u>
CURRENT ASSETS			
Stores, spare parts and loose tools	8	4,184,247	3,766,674
Stock-in-trade	9	1,005,590	962,470
Trade debts	10	407,548	300,648
Loans and advances	11	189,899	46,855
Trade deposits and short-term prepayments	12	25,174	16,309
Other receivables	13	198,060	10,376
Taxation-net		1,695,693	1,544,789
Cash and bank balances	14	140,022	36,558
		<u>7,846,233</u>	<u>6,684,679</u>
		<u>34,193,522</u>	<u>32,921,845</u>
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Share capital	15	1,942,950	1,942,950
Reserves	16	11,646,602	8,110,608
		<u>13,589,552</u>	<u>10,053,558</u>
NON-CURRENT LIABILITIES			
Long-term financings	17	12,624,315	16,928,044
Lease liabilities	18	21,408	10,393
Long-term security deposits	19	28,105	27,661
Government grant	20	83,539	13,758
Deferred taxation	21	573,593	-
		<u>13,330,960</u>	<u>16,979,856</u>
CURRENT LIABILITIES			
Trade and other payables	22	2,264,938	1,953,972
Contract liabilities		191,403	197,523
Accrued mark-up	23	305,412	536,744
Short-term borrowings	24	1,741,387	2,662,241
Current maturity of long-term financings	17	2,646,955	430,016
Current portion of lease liabilities	18	14,655	8,929
Current portion of Government grant	20	20,294	11,012
Unclaimed dividend	25	87,966	87,994
		<u>7,273,010</u>	<u>5,888,431</u>
CONTINGENCIES AND COMMITMENTS			
	26		
TOTAL EQUITY AND LIABILITIES		<u>34,193,522</u>	<u>32,921,845</u>

The annexed notes from 1 to 46 form an integral part of these financial statements.


Azam Faruque
Chief Executive


Omar Faruque
Director


Yasir Masood
Director &
Chief Financial Officer

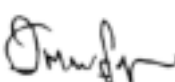
Statement of Profit or Loss

for the year ended June 30, 2021

	Note	2021	2020
		(Rupees in '000)	
Turnover - net	27	25,206,811	17,090,155
Cost of sales	28	(18,478,508)	(16,703,668)
Gross profit		6,728,303	386,487
Distribution costs	29	(429,264)	(362,003)
Administrative expenses	30	(291,220)	(271,750)
Other expenses	31	(251,324)	(19,025)
		(971,808)	(652,778)
Other income	32	104,900	70,561
Operating profit / (loss)		5,861,395	(195,730)
Finance costs	33	(1,524,177)	(2,526,997)
Profit / (loss) before taxation		4,337,218	(2,722,727)
Taxation			
Current		(206,196)	-
Prior		-	5,048
Deferred		(925,966)	824,571
	34	(1,132,162)	829,619
Net profit / (loss) for the year		3,205,056	(1,893,108)
Earnings / (loss) per share - basic and diluted	35	Rs. 16.50	(Rs. 9.74)

The annexed notes from 1 to 46 form an integral part of these financial statements.


Azam Faruque
Chief Executive


Omar Faruque
Director


Yasir Masood
Director &
Chief Financial Officer

Statement of Comprehensive Income

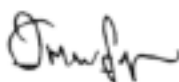
for the year ended June 30, 2021

	2021	2020
	(Rupees in '000)	
Net profit / (loss) for the year	3,205,056	(1,893,108)
Other comprehensive income		
Items that will not be reclassified subsequently to statement of profit or loss		
Unrealized gain on remeasurement of equity investments at fair value through other comprehensive income	270,056	135,813
Actuarial gain on defined benefit plan - net of deferred tax	255,177	231,316
	525,233	367,129
Total comprehensive income / (loss) for the year	<u>3,730,289</u>	<u>(1,525,979)</u>

The annexed notes from 1 to 46 form an integral part of these financial statements.



Azam Faruque
Chief Executive



Omar Faruque
Director



Yasir Masood
Director &
Chief Financial Officer

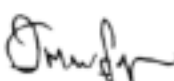
Statement of Cash Flows

for the year ended June 30, 2021

Note	2021	2020
	(Rupees in '000)	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit / (loss) before taxation	4,337,218	(2,722,727)
Adjustments for:		
Depreciation	4.1.4 1,666,835	1,754,452
Amortisation	5.1 2,594	3,756
Depreciation - right-of-use assets	4.3 13,514	11,235
Gain on disposals of operating property, plant and equipment	4.1.5 (5,065)	(2,719)
Gain on redemption of short-term investments	32 (27,963)	-
Loss on derivative instrument	31 7,731	-
Finance costs	33 1,524,177	2,526,997
Interest income on financial asset	32 (9,280)	(11,184)
Exchange gain	32 (1,806)	(2,296)
Share of profit from joint venture	32 (31)	(80)
Dividend income	32 (6,870)	(7,097)
	3,163,836	4,273,064
	7,501,054	1,550,337
(Increase) / decrease in current assets		
Stores, spare parts and loose tools	(417,573)	(282,054)
Stock-in-trade	(43,120)	305,724
Trade debts	(106,900)	10,840
Loans and advances	(143,044)	103,533
Trade deposits and short-term prepayments	(8,865)	7,450
Other receivables	(3,299)	1,540,932
	(722,801)	1,686,425
	6,778,253	3,236,762
Increase / (decrease) in current liabilities		
Trade and other payables	442,372	517,538
Contract liabilities	(6,120)	4,135
Cash generated from operations	7,214,505	3,758,435
Income tax paid	(357,100)	(259,168)
Long-term loans and deposits - net	28,725	22,549
Net cash generated from operating activities	6,886,130	3,521,816
CASH FLOWS FROM INVESTING ACTIVITIES		
Additions to property, plant and equipment	(1,923,082)	(311,014)
Additions to intangible assets	5 (1,436)	(2,665)
Proceed from disposals of operating property, plant and equipment	4.1.5 12,327	10,560
Dividend received	6,870	7,097
Proceed from short-term investments - net	27,963	-
Interest received on financial asset	4,898	2,252
Net cash used in investing activities	(1,872,460)	(293,770)
CASH FLOWS FROM FINANCING ACTIVITIES		
Long-term financings - net	(2,007,727)	(317,170)
Short-term borrowings - net	(920,854)	(240,286)
Lease rentals paid	18 (15,815)	(12,593)
Dividend paid	(194,323)	(174,719)
Finance costs paid - net	(1,771,487)	(2,476,255)
Net cash used in financing activities	(4,910,206)	(3,221,023)
Net increase in cash and cash equivalents	103,464	7,023
Cash and cash equivalents as at the beginning of the year	36,558	29,535
Cash and cash equivalents as at the end of the year	14 140,022	36,558

The annexed notes from 1 to 46 form an integral part of these financial statements.


Azam Faruque
Chief Executive


Omar Faruque
Director


Yasir Masood
Director &
Chief Financial Officer

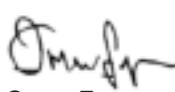
Statement of Changes in Equity

for the year ended June 30, 2021

	Issued, Subscribed and Paid-up Capital	Reserves							Total
		Capital Reserves		Revenue Reserves		Other Components of Equity		Total Reserves	
		Share premium	Other	General reserves	Unappro- priated profit	Actuarial (loss) / gain on defined benefit plan - net of deferred tax	Unrealised gain on equity investments		
(Rupees in '000)									
Balance as at July 01, 2019	1,766,318	1,047,658	50,900	420,000	8,785,509	(323,588)	9,372	9,989,851	11,756,169
Final cash dividend for the year ended June 30, 2019 @ Re. 1.00/- per share	-	-	-	-	(176,632)	-	-	(176,632)	(176,632)
Bonus shares issued in the ratio of 1 share for every 10 shares held	176,632	-	-	-	(176,632)	-	-	(176,632)	-
Net loss for the year	-	-	-	-	(1,893,108)	-	-	(1,893,108)	(1,893,108)
Other comprehensive income for the year	-	-	-	-	-	231,316	135,813	367,129	367,129
Total comprehensive (loss) / income for the year	-	-	-	-	(1,893,108)	231,316	135,813	(1,525,979)	(1,525,979)
Balance as at June 30, 2020	1,942,950	1,047,658	50,900	420,000	6,539,137	(92,272)	145,185	8,110,608	10,053,558
Balance as at July 1, 2020	1,942,950	1,047,658	50,900	420,000	6,539,137	(92,272)	145,185	8,110,608	10,053,558
Interim cash dividend for the year ended June 30, 2021 @ Re. 1.00/- per share	-	-	-	-	(194,295)	-	-	(194,295)	(194,295)
Net profit for the year	-	-	-	-	3,205,056	-	-	3,205,056	3,205,056
Other comprehensive income for the year	-	-	-	-	-	255,177	270,056	525,233	525,233
Total comprehensive income for the year	-	-	-	-	3,205,056	255,177	270,056	3,730,289	3,730,289
Balance as at June 30, 2021	1,942,950	1,047,658	50,900	420,000	9,549,898	162,905	415,241	11,646,602	13,589,552

The annexed notes from 1 to 46 form an integral part of these financial statements.


Azam Faruque
Chief Executive


Omar Faruque
Director


Yasir Masood
Director &
Chief Financial Officer

Notes to and Forming Part of the Financial Statements

for the year ended June 30, 2021

1. THE COMPANY AND ITS OPERATIONS

- 1.1 Cherat Cement Company Limited (the Company) was incorporated in Pakistan as a public company limited by shares in the year 1981. The Company is listed on Pakistan Stock Exchange Limited. Its main business activity is manufacturing, marketing and sale of cement. The geographical location and addresses of the Company's business units / immovable assets are as under:

Business Unit	Address
Head Office Registered Office / Factory (immovable assets)	Modern Motors House, Beaumont Road, Karachi Village Lakrai, P.O Box 28, District Nowshera (Land measuring area - 360 acres)
Sales Office Peshawar Sales Office Lahore Sales Office Islamabad	First Floor, Betani Arcade, University Road, Peshawar 3, Sunder Das Road, Lahore First Floor, Razia Sharif Plaza, Jinnah Avenue, Blue Area, Islamabad

- 1.2 Summary of significant transactions and events that have affected Company's financial position and performance during the year are as follows:

Impact of COVID-19 on these Financial statements

- 1.2.1 The world is going through COVID-19 alarming situation which has created many challenges. We have seen lockdowns and challenging conditions during current year, however as a policy, government has not shut the industries and cement industry on the contrary has seen exceptional growth figures. Cement and Construction sector was fortunate to be moderately affected in this situation. Introduction of Naya Pakistan affordable housing scheme, prior year refinancing salary scheme and deferment of loan principal repayment reflect Government's priority to support economy in general and to boost construction sector specially. The Company's management is fully cognisant of the business challenges posed by the COVID-19 outbreak and closely monitoring the possible impacts on the Company's operations and liquidity position and believes that its current policies for managing human safety, credit, liquidity and market risk are adequate in response to the current situation. Almost all our staff will be vaccinated by the end of August 2021. Management believes that due to COVID-19 pandemic, the Company's operations and financial position has not been affected in a major way, and there is no significant accounting impact of the effects of COVID-19 in these financial statements.
- 1.2.2 Finance cost of the Company significantly decreased mainly due to decrease in SBP discount rate, various initiatives taken by the Government (including subsidized salaries loan) to bolster the economy and improve the liquidity of the Company.

2. BASIS OF PREPARATION

2.1 Statement of Compliance

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

- International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017 (the Act);
- Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan (ICAP) as are notified under the Companies Act, 2017 (the Act); and
- Provisions of and directives issued under the Act.

Where the provisions of and directives issued under the Act differ from the Accounting standards, the provisions of and directives issued under the Act have been followed.

2.2 Accounting Convention

These financial statements have been prepared on the basis of historical cost convention except for certain items as disclosed in the relevant accounting policies below.

2.3 Standards, interpretations and amendments applicable to financial statements

New standards, amendments and improvements effective during the year

The Company has adopted the following standards, amendments and improvements to IFRS and the framework for financial reporting which became effective for the current year:

Amendment or Framework

IFRS 3	- Business Combinations - Definition of a Business (Amendments)
IFRS 9 / IAS 39 /	
IFRS 7	- Interest rate Benchmark Reform (Amendments)
IAS 1 / IAS 8	- Definition of Material (Amendments)

Conceptual Framework for Financial Reporting

The adoption of above amendments to the approved accounting standards and the framework for financial reporting did not have any material impact on the Company's financial statements.

2.4 Standards, amendments and improvements to IFRSs that are not yet effective

The following amendments and improvements to the approved accounting standards as applicable in Pakistan would be effective from the dates mentioned below against the respective amendment or improvements:

Amendment or Improvement		Effective date (annual periods beginning on or after)
IFRS 9 / IAS 39 /		
IFRS 7 / IFRS 4 /		
IFRS 16	Interest Rate Benchmark Reform - Phase 2 (Amendment)	1-Jan-2021
IFRS 16	COVID-19 Related Rent Concessions beyond 30 June 2021 (Amendments)	1-Apr-2021
IFRS 3	Reference to the Conceptual Framework (Amendments)	1-Jan-2022
IAS 16	Property, Plant and Equipment: Proceeds before Intended Use (Amendments)	1-Jan-2022
IAS 37	Onerous Contracts – Costs of Fulfilling a Contract (Amendments)	1-Jan-2022
IAS 1	Classification of Liabilities as Current or Non-current (Amendments)	1-Jan-2023
IAS 1	Disclosure of Accounting Policies (Amendments)	1-Jan-2023
IAS 8	Definition of Accounting Estimates (Amendments)	1-Jan-2023
IAS 12	Deferred tax related to Assets and Liabilities arising from a single transaction (Amendments)	1-Jan-2023
IFRS 10 / IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments)	Not yet finalised

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

IFRS 9	Financial Instruments – Fees in the ‘10 percent’ test for derecognition of financial liabilities	1-Jan-2022
IAS 41	Agriculture – Taxation in fair value measurements	1-Jan-2022
IFRS 16	Leases: Lease incentives	1-Jan-2022

The above amendments and improvements are not expected to have any material impact on the Company's financial statements in the period of initial application.

Further, the following new standards have been issued by IASB which are yet to be notified by the SECP for the purpose of applicability in Pakistan and are not expected to have any material impact on the Company's financial statements in the period of initial application.

IFRS 1 First-time Adoption of International Financial Reporting Standards

1-Jan-2004

IFRS 17 Insurance Contracts

1-Jan-2023

2.5 Significant accounting judgments and estimates

The preparation of the Company's financial statements requires management to make judgments and estimates that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities and assets, at the end of the reporting period. However, uncertainty about these estimates and judgments could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods. The management continually evaluates estimates and judgments which are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under current circumstances. Revisions to accounting estimates are recognised prospectively.

In the process of applying the accounting policies, management has made the following estimates and judgments which are significant to the financial statements:

2.5.1 Property, plant and equipment

The Company reviews appropriateness of the rate of depreciation, useful life and residual value used in the calculation of depreciation. Further, where applicable, an estimate of the recoverable amount of assets is made for possible impairment on an annual basis. In making these estimates, the Company uses the technical resources available to the Company. Any change in the estimates in future might affect the carrying amount of respective item of operating property, plant and equipment, with corresponding effects on the depreciation charge and impairment.

2.5.2 Taxation**Current**

In applying the estimate for income tax payable, the Company takes into account the applicable tax laws and the decision by appellate authorities on certain issues in the past. Instances where the Company's view differ from the view taken by the income tax department at the assessment stage and where the Company considers that its view on items of material nature is in accordance with law, the amounts are shown as contingency.

Deferred

Deferred tax is provided in full using the balance sheet liability method on all temporary differences arising at the statement of financial position between the tax bases of the assets, the liabilities and their carrying amounts.

Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised for all deductible temporary differences including unused tax losses and unused tax credits to the extent that it is probable that sufficient future taxable profits will be available against which these can be utilized.

Deferred tax is calculated at the rates that are expected to apply to the period when the differences reverse, based on tax rates that have been enacted or substantively enacted by the statement of financial position date. In this regard, the effects on deferred taxation of the portion of income expected to be subject to final tax regime is adjusted. Deferred tax is charged or credited to statement of profit or loss.

2.5.3 Stock-in-trade, stores, spare parts and loose tools

The Company reviews the Net Realizable Value (NRV) of stock-in-trade and stores, spare parts and loose tools to assess any diminution in the respective carrying values. NRV is estimated with reference to the estimated selling price in the ordinary course of business less the estimated costs of completion and estimated costs necessary to make the sale.

2.5.4 Staff retirement benefits

Certain actuarial assumptions have been adopted for valuation of present value of defined benefit obligations and fair value of plan assets. Any change in these assumptions in future years might affect gains and losses in those years. The actuarial valuation involves making assumptions about discount rates, expected rates of return on assets, future salary increases and mortality rates.

2.5.5 Contingencies

The assessment of the contingencies inherently involves the exercise of significant judgment as the outcome of the future events cannot be predicted with certainty. The Company, based on the availability of the latest information, estimates the value of contingent assets and liabilities which may differ on the occurrence / non-occurrence of the uncertain future events.

2.5.6 Leases

The Company cannot readily determine the interest rate implicit in the lease, therefore, it uses its Incremental Borrowing Rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Company would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The Company estimates the IBR using observable inputs (such as market interest rates) and incorporate applicable spread.

2.5.7 Allowance for Expected Credit Losses (ECL) on financial assets

The Company has applied the standard's simplified approach and has calculated ECLs based on lifetime expected credit losses. 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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 Property, plant and equipment

Property, plant and equipment except for land and capital work-in-progress are stated at cost less accumulated depreciation and impairment loss, if any. Land and capital work-in-progress are stated at cost less impairment, if any. Capital work-in progress consists of expenditure incurred and advances made in the course of an assets construction and installation. Depreciation is charged to statement of profit or loss applying the reducing balance method except for computers, which are depreciated using the straight-line method at the rates mentioned in the note 4.1.1 to the financial statements. Depreciation is charged from the month in which an asset is available for use, while no depreciation is charged in the month in which an asset is disposed off.

Maintenance and repairs are charged to statement of profit or loss as and when incurred. Major renewals and improvements which increase the asset's remaining useful economic life or the performance beyond the current estimated levels are capitalized and the assets so replaced, if any, are retired.

Gains or losses on disposal of operating property, plant and equipment, if any, are recognised in the statement of profit or loss.

3.1.1 Right-of-use assets

The Company recognises right-of-use assets at the commencement date of the lease i.e., the date the underlying asset is available for use. Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received.

Right-of-use assets are depreciated on a straight-line basis over the lower of the lease term and the estimated useful lives of the assets, as follows:

Sales offices - 1 to 3 years
Head office - 5 years

If ownership of the leased asset transfers to the Company at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of an asset.

3.1.2 Intangible assets

An intangible asset is recognised if it is probable that the future economic benefits that are attributable to the asset will flow to the Company and the cost of such assets can also be measured reliably.

Computer software and implementation costs that are directly associated with the computer and computer controlled machines which cannot operate without the related specific software, are included in the cost of respective assets. Software which is not an integral part of the related hardware is classified as intangible assets.

Intangible assets are stated at cost less accumulated amortisation and impairment loss, if any. Intangible assets are amortised on a straight-line method when assets are available for use. Amortisation is charged from the month of the year in which addition / capitalization occurs while no amortisation is charged in the month in which an asset is disposed off.

3.2 Investments

3.2.1 Joint ventures

The Company has interest in joint ventures which are jointly controlled entities. The Company combines its share and recognises its interest in the joint ventures using the equity method. Under equity method, the investment in joint ventures is carried in the statement of financial position at cost plus post acquisition changes in the Company's share of net assets of the joint ventures. Statement of profit or loss reflects the share of the results of operations of joint ventures.

After application of the equity method, the Company determines whether it is necessary to recognise an additional impairment loss on the Company's investment in joint ventures. The Company determines at each reporting date whether there is any objective evidence that the investment in joint ventures is impaired. If this is the case, the Company calculates the amount of impairment loss as the difference between the recoverable amount of joint ventures and their carrying value and recognises the amount in the statement of profit or loss.

Financial statements of joint ventures are prepared for same reporting period as that of the Company, using consistent accounting policies in line with that of the Company.

3.2.2 At fair value through other comprehensive income

Equity investments are initially recognised at cost, being the fair value of the consideration paid including transaction cost. Subsequent to initial recognition, these investments are re-measured at fair value (quoted market price).

All gains or losses from change in the fair value of equity investments are recognised directly in other comprehensive income.

3.2.3 At fair value through profit or loss

Financial assets that are acquired principally for the purpose of generating profit from short-term fluctuation in prices are classified as financial assets at fair value through profit or loss' category.

These investments are initially recognized at fair value, relevant transaction costs are taken directly to the statement of profit and loss account and subsequently measured at fair value. Net gains and losses arising on changes in fair value of these financial assets are taken to the statement of profit or loss in the period in which they arise.

3.3 Stores, spare parts and loose tools

These are valued at lower of weighted average cost and NRV except items-in-transit which are stated at invoice value plus other charges paid thereon upto the date of statement of financial position.

Provision / write-off, if required, is made in the financial statements for slow moving, obsolete and unusable items to bring their carrying value down to NRV.

3.4 Stock-in-trade

Raw materials and finished goods are valued at lower of average cost and NRV, except items in-transit, if any, are valued at cost comprising invoice values plus other charges incurred thereon up to the statement of financial position date.

Cost signifies in relation to:

Raw and packing material	- Purchase cost on average basis
Finished goods and work-in-process	- Cost of direct material, labour and proportion of manufacturing overheads

Work-in-process is valued at average cost of raw-materials including a proportionate of manufacturing overheads.

Provision, if required is made in the financial statements for slow moving, obsolete and unusable items to bring their carrying value down to Net Realisable Value (NRV).

3.5 Trade debts, loans, deposits and other receivables

Trade debts, loans, deposits and other receivables are stated initially at fair value and subsequently measured at amortised cost using the effective interest rate method. Provision is made on the basis of lifetime ECLs that result from all possible default events over the expected life of the trade debts, loans, deposits and other receivables. Bad debts are written off when considered irrecoverable.

3.6 Cash and cash equivalents

These are stated at cost. For the purpose of cash flow statement, cash and cash equivalents comprise of cash in hand and bank balances.

3.7 Share Capital

Ordinary shares are classified as equity and recognized at their face value. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

3.8 Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

3.8.1 Financial asset

a) Initial recognition and measurement

On initial recognition, a financial asset is classified as measured at amortised cost, Fair Value through Other Comprehensive Income (FVOCI) – debt investment, FVOCI – equity investment, or Fair Value through Profit or Loss (FVTPL).

The classification of financial assets under IFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics.

A financial asset is measured at amortised cost if it meets both of the following conditions:

- 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.

b) Subsequent measurement

Financial assets at amortised cost - these are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses, if any. Interest income, foreign exchange gains and losses and impairment are recognised in statement of profit or loss. Any gain or loss on derecognition is recognised in statement of profit or loss.

3.8.2 Financial liability - loans and borrowings

Financial liabilities are initially recognized at fair value, net of transaction costs incurred and subsequently carried at amortized cost using the effective interest method.

Financial liabilities are classified as current liabilities unless the Company has an unconditional / contractual right to defer settlement of the liability for at least twelve months after the statement of financial position date.

3.9 Offsetting of financial assets and liabilities

Financial assets and liabilities are offset and the net amount reported in the statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis or to realize the assets and settle liabilities simultaneously. Incomes and expenses arising from such assets and liabilities are also offset accordingly.

3.10 Government grant

Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with.

When the grant relates to expense, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed out. When the grant relates to an asset, it is recognized as income in equal amounts over the expected useful life of the related asset.

3.11 Leases

The Company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Company recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. In calculating the present value of lease payments at the lease commencement date, the Company uses the interest rate implicit in the lease. In case where the interest rate implicit in the lease is not readily determinable, the Company uses its incremental borrowing rate. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying

amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments or a change in the assessment of an option to purchase the underlying asset.

The Company applies the short-term lease recognition exemption towards short-term leases (i.e. those lease that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). Lease payments on such leases are recognised as expense on straight line basis over the lease term.

3.12 Trade and Other Payables

Liabilities for trade and other payables are carried at cost which is the fair value of the consideration to be paid in future for goods and services received, whether or not billed to the Company.

3.13 Contract liabilities

A contract liability is the obligation to transfer goods or services to a customer for which the Company has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Company transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Company performs under the contract.

3.14 Contingent liabilities

A contingent liability is disclosed when the Company has a possible obligation as a result of past events, whose existence will be confirmed only by the occurrence or non-occurrence, of one or more uncertain future events not wholly within the control of the Company; or the Company has a present legal or constructive obligation that arises from past events, but it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation, or the amount of obligation cannot be measured with sufficient reliability.

3.15 Foreign currency transactions

Transactions in foreign currencies are translated into Pak Rupees at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the date of statement of financial position are translated into Pak Rupees at the foreign exchange rate prevailing at that date. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translations at the year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of profit or loss. Derivative financial instruments are translated at the fair market rates as at the reporting date.

3.16 Revenue from contract with customers

Revenue is recognised at the point in time when control of the asset is transferred to the customer. The Company has concluded that it is acting as a Principal in its revenue arrangements. Revenue is measured at fair value of the consideration received or receivable and is recognised on the following basis:

3.16.1 Sale of Goods

Revenue from sale of goods is recognised when or as control of goods have been transferred to a customer either over time or at a point in time, when the performance obligations are met. It is recorded at net of trade discounts and rebates.

3.16.2 Other Income

Profit on bank accounts is recognised on accrual basis using an effective interest rate method.

Dividend income is recognised when the right to receive such payment is established.

Other revenues are accounted when performance obligations are met.

3.17 Staff Retirement Benefits

3.17.1 Gratuity Fund

The Company operates an approved defined benefit gratuity fund scheme for all eligible employees who have completed the minimum qualifying period of service. The scheme is administered by the trustees nominated under the trust deed. The contributions to the scheme are made in accordance with actuarial valuation using Projected Unit Credit method. Actuarial gains and losses are recognized in full in the period in which they occur in the other comprehensive income. All the past service costs are recognised at the earlier of when the amendments or curtailment occurs and when the Company has recognised related restructuring or terminations benefits.

3.17.2 Provident Fund

The Company operates an approved defined contributory provident fund scheme for all permanent employees who have completed the minimum qualifying period of service. Equal monthly contributions are made by the Company and the employees to the Fund at the rate of 8.33 percent of basic salary.

3.18 Provisions

Provisions are recognised when the Company has a present (legal or constructive) obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the obligation can be made. Provisions are reviewed at each statement of financial position date and adjusted to reflect the current best estimate.

3.19 Taxation

3.19.1 Current

Provision for current tax is based in accordance with Income Tax Ordinance, 2001.

3.19.2 Deferred

Deferred tax is recognised using the balance sheet liability method on all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts appearing in the financial statements. Deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised for all deductible temporary differences to the extent that it is probable that the temporary differences will reverse in the future and taxable income will be available against which the temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at each statement of financial position date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax assets to be utilized.

As the provision for taxation has been made partially under the normal basis and partially under the final tax regime, therefore, the deferred tax liability has been recognised on a proportionate basis in accordance with TR 27 issued by the Institute of Chartered Accountants of Pakistan.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantially enacted by the statement of financial position date.

Deferred tax assets and liabilities are offset only if there is a legally enforceable right to offset current tax assets and liabilities and they relate to the income tax levied by the same tax authority.

3.20 Sales Tax

Revenues, expenses and assets are recognized, net off amount of sales tax except:

- where sales tax incurred on a purchase of asset or service is not recoverable from the taxation authorities, in which case the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable;
- receivables or payables that are stated with the amount of sales tax; and
- the net amount of sales tax recoverable from, or payable to, the taxation authorities is included as part of Receivables or payables in the statement of financial position.

3.21 Earnings per share

The Company presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

3.22 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective assets. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

3.23 Impairment of non-financial assets

The carrying amount of non-financial assets other than inventories are assessed at each reporting date to ascertain whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated. An impairment loss is recognised, as an expense in the statement of profit or loss, for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less cost to sell and value in use. Value in use is ascertained through discounting of the estimated future cash flows using a discount rate that reflects the current market assessments of the time value of money and the risk specific to the assets. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units).

3.24 Impairment of financial assets

The Company recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or 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, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

For trade debts, the Company applies a simplified approach in calculating ECLs. Therefore, the Company does not track changes in credit risk but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Company considers a financial asset in default when contractual payments are 180 days past due.

Further, the Company may consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

3.25 Dividend and appropriation to reserves

Dividend and appropriation to reserves are recognized in the financial statements in which these are approved. Transfer between reserves made subsequent to the statement of financial position date is considered as a non-adjusting event and is recognized in the financial statements in the period in which such transfers are made.

3.26 Functional and presentation currency

These financial statements are presented in Pak Rupees, which is the Company's functional and presentation currency.

3.27 Operating segments

For management purposes, the activities of the Company are organized into one operating segment i.e., manufacturing, marketing and sale of cement. The Company operates in the said reportable operating segment based on the nature of the products, risks and returns, organizational and management structure, and internal financial reporting systems. Accordingly, the figures reported in the financial statements are related to the Company's only reportable segment.

3.28 Derivative financial instruments

The Company uses derivative financial instruments to hedge its exposure to foreign exchange arising from operational activities. Any gain or loss from re-measuring the hedging instruments at fair value is recognised in the statement of profit or loss.

4. PROPERTY, PLANT AND EQUIPMENT

Operating property, plant and equipment
Capital Work-in-Progress
Right-of-use asset

Note	2021	2020
	(Rupees in '000)	
4.1	23,755,863	25,129,951
4.2	1,802,106	159,633
4.3	32,870	17,250
	<u>25,590,839</u>	<u>25,306,834</u>

4.1 Operating property, plant and equipment

4.1.1 Following is a statement of operating property, plant and equipment:

2021 Description	COST			ACCUMULATED DEPRECIATION				Net Book value as at June 30, 2021	Depreciation rate % per annum
	As at July 01, 2020	Additions / (disposals)	As at June 30, 2021	As at July 01, 2020	Disposals	Charge for the year	As at June 30, 2021		
	(Rupees in '000)								
Freehold land	1,605	-	1,605	-	-	-	-	1,605	-
Leasehold land	7,065	-	7,065	-	-	-	-	7,065	-
Building on leasehold land	5,576,465	67,304	5,643,769	1,242,807	-	326,720	1,569,527	4,074,242	7.5
Plant and machinery	24,086,524	68,174	24,154,698	6,175,045	-	983,743	7,158,788	16,995,910	5-7.5
Power and other installations	3,135,250	2,852 (43)	3,138,059	890,182	(25)	224,646	1,114,803	2,023,256	10-20
Furniture and fittings	69,542	7,961	77,503	30,022	-	4,375	34,397	43,106	10-20
Quarry, factory and laboratory equipment	895,437	19,593	915,030	545,956	-	55,101	601,057	313,973	10-20
Motor vehicles	326,256	123,299 (26,061)	423,494	163,812	(19,073)	47,665	192,404	231,090	20
Office equipment	77,275	2,589	79,864	26,581	-	5,466	32,047	47,817	10-20
Computers	139,082	8,237 (378)	146,941	110,145	(122)	19,119	129,142	17,799	33.33
	34,314,501	300,009 (26,482)	34,588,028	9,184,550	(19,220)	1,666,835	10,832,165	23,755,863	

2020 Description	COST			ACCUMULATED DEPRECIATION				Net Book value as at June 30, 2020	Depreciation rate % per annum
	As at July 01, 2019	Additions / (disposals)	As at June 30, 2020	As at July 01, 2019	Disposals	Charge for the year	As at June 30, 2020		
	(Rupees in ‘000)								
Freehold land	1,605	-	1,605	-	-	-	-	1,605	-
Leasehold land	7,065	-	7,065	-	-	-	-	7,065	-
Building on leasehold land	5,365,801	210,664	5,576,465	898,549	-	344,258	1,242,807	4,333,658	7.5
Plant and machinery	23,794,627	291,897	24,086,524	5,141,345	-	1,033,700	6,175,045	17,911,479	5-7.5
Power and other installations	3,096,582	38,735 (67)	3,135,250	640,754	(27)	249,455	890,182	2,245,068	10-20
Furniture and fittings	68,606	1,014 (78)	69,542	25,754	(59)	4,327	30,022	39,520	10-20
Quarry, factory and laboratory equipment	861,912	33,525	895,437	486,067	-	59,889	545,956	349,481	10-20
Motor vehicles	313,900	31,665 (19,309)	326,256	138,605	(11,581)	36,788	163,812	162,444	20
Office equipment	72,039	5,320 (84)	77,275	20,908	(65)	5,738	26,581	50,694	10-20
Computers	124,739	14,627 (284)	139,082	90,097	(249)	20,297	110,145	28,937	33.33
	33,706,876	627,447 (19,822)	34,314,501	7,442,079	(11,981)	1,754,452	9,184,550	25,129,951	

4.1.2 Significant operating fixed assets of Cement production lines and power generation units, other than disclosed in note 1.1, inter alia, also includes following:

Crusher
Raw mill / press
Coal mill
Cooler
Preheater
Kiln
Cement mill / press
Packing machine
Boilers
Waste heat recovery plant
Generators (Wartsila and Caterpillar)

4.1.3 Reconciliation of book value:

Note	2021	2020
	(Rupees in '000)	
Net book value at the beginning of the year	25,129,951	26,264,797
Additions during the year - at cost	300,009	627,447
Depreciation for the year	(1,666,835)	(1,754,452)
Disposals during the year at net book value	(7,262)	(7,841)
Net book value as at the end of the year	23,755,863	25,129,951

4.1.4 The depreciation for the year has been allocated as follows:

Cost of sales	28	1,634,935	1,722,341
Distribution costs	29	14,599	15,691
Administrative expenses	30	17,301	16,420
		1,666,835	1,754,452

4.1.5 Disposal of operating property, plant and equipment:

Description	Cost	Net Book value	Sale proceeds	Gain / (loss)	Mode of disposal	Particulars of buyers and relationship (4.1.5.1)
(Rupees in '000)						
Suzuki Wagon-R VX Reg. No. BEQ-861	879	313	313	-	Employee car scheme	Mr. Javed Gul - Employee
Toyota Corolla AT Reg. No. BD-6860	1,810	850	850	-	Employee car scheme	Mr. Mustamer Khan - Employee
Suzuki Wagon-R VX Reg. No. BCE-876	934	243	243	-	Employee car scheme	Mr. Muhammad Hashim Vohra - Employee
Suzuki Wagon-R VX Reg. No. BCE-556	934	243	243	-	Employee car scheme	Mr. Kamil Tahir - Employee
Suzuki Wagon-R VX Reg. No. BCF-288	934	243	243	-	Employee car scheme	Mr. Akhtar Qureshi - Employee
Suzuki Mehran VXR Reg. No. BC-8669	726	157	473	316	Tender	Mr. Shahzad Asghar - Peshawar
Honda City MT Reg. No. BD-2272	1,578	427	427	-	Employee car scheme	Mr. Muhammad Riaz - Employee
Suzuki Wagon-R VXR Reg. No. BHK-836	994	428	863	435	Tender	Mr. Faisal Habib - Karachi
Suzuki Wagon-R VXR Reg. No. AKH-654	1,059	648	1,074	426	Insurance claim	EFU General Insurance Limited
Honda Accord 2400CC Reg. No. ARF-050	3,616	228	2,400	2,172	Tender	Mr. Abdullah - Karachi
Suzuki Wagon-R VX Reg. No. BCR-279	937	245	245	-	Employee car scheme	Mr. Zaheer Ahmed - Employee
Suzuki Mehran VXR Reg. No. BD-1789	734	191	191	-	Employee car scheme	Mr. Ahmed Zeb - Employee
Suzuki Mehran VXR Reg. No. LE-13-1873	637	104	626	522	Tender	Mr. Safdar Malik - Lahore
Toyota Hi-lux Double Cabin Reg. No. CU-8826	3,674	957	957	-	Employee car scheme	Mr. Muhammad Riaz - Employee
Honda City Prosmatec Reg. No. BD-1877	1,578	404	1,560	1,156	Tender	Mr. Azam Khan - Peshawar
Suzuki Wagon-R VX Reg. No. BD-2578	957	240	240	-	Employee car scheme	Mr. Miraj Gul - Employee
Suzuki Wagon-R VX Reg. No. BD-2635	954	240	240	-	Employee car scheme	Mr. Shabbir Hussain - Employee
Suzuki Wagon-R VX Reg. No. BD-3387	954	248	248	-	Employee car scheme	Mr. Mazhar Shabbir Malik - Employee
Suzuki Wagon-R VX Reg. No. BD-1746	1,029	276	276	-	Employee car scheme	Mr. Manzoor-ul-Hassan - Employee
Suzuki Wagon-R VX Reg. No. BD-1747	1,029	276	276	-	Employee car scheme	Mr. Khaleeq Qureshi - Employee
Unique UD-70 Reg. No. KHT-1156	44	12	14	2	Tender	Mr. Abdul Aleem - Karachi
Honda CD-70 Dream Motorcycle Reg. No. LEM-14-8542	70	15	30	15	Tender	Mr. Fiyaz Ahmed - Lahore
	26,061	6,988	12,032	5,044		

Description	Cost	Net Book value	Sale proceeds	Gain / (loss)	Mode of disposal	Particulars of buyers and relationship (4.1.5.1)
(Rupees in '000)						
Power & other installations	43	18	-	(18)	Write-off	
Computers	378	256	295	39	Insurance claim	EFU General Insurance Limited
2021	26,482	7,262	12,327	5,065		
2020	19,822	7,841	10,560	2,719		

4.1.5.1 None of the buyers had any relationship with the directors of the Company.

4.1.6 The market value of property, plant and equipment based on an independent valuer's report as of August 2020 updated by adding subsequent additions at cost amounts to Rs. 40,250 million (2020: Rs. 38,307 million). However, the same has not been incorporated in these financial statements.

4.2 Capital work-in-progress

Description	Freehold land	Building on leasehold land	Plant and machinery	Power and other installations	Furniture and fittings	Quarry, factory and laboratory equipment	Motor vehicles	Office equipment	Computers	Advances	Total
(Rupees in '000)											
Balance as at June 30, 2019	-	199,551	246,641	-	3,612	25,149	-	1,113	-	150,100	626,166
Capital expenditure incurred / advances made during the year	55,048	60,740	74,520	38,735	1,057	26,555	34,067	4,980	15,312	-	11,014
Transferred to operating property, plant and equipment	-	(210,664)	(291,897)	(38,735)	(1,014)	(33,525)	(31,665)	(5,320)	(14,627)	-	(627,447)
Transferred to long-term loan	-	-	-	-	-	-	-	-	-	(150,100)	(150,100)
Balance as at June 30, 2020	55,048	49,627	29,264	-	3,655	18,179	2,402	773	685	-	159,633
Capital expenditure incurred / advances made during the year	20,177	24,002	1,687,736	2,852	6,899	65,515	125,933	1,816	7,552	-	1,942,482
Transferred to operating property, plant and equipment	-	(67,304)	(68,174)	(2,852)	(7,961)	(19,593)	(123,299)	(2,589)	(8,237)	-	(300,009)
Balance as at June 30, 2021	75,225	6,325	1,648,826	-	2,593	64,101	5,036	-	-	-	1,802,106

4.2.1 During the year, borrowing costs have been capitalised amounting to Rs. 19.40 million (2020: Rs. Nil) using capitalization rate of 5.70% on account of long-term financing obtained specifically for this purpose as fully mentioned in note 17.3 and 17.7.

4.3 Right-of-use assets

Note	2021	2020
(Rupees in '000)		
As at July 01	17,250	-
Impact of initial application of IFRS-16	-	28,485
Additions	29,134	-
Depreciation for the year	(13,514)	(11,235)
As at June 30	32,870	17,250

4.3.1 The depreciation for the year has been allocated as follows:

Distribution costs	29	11,766	11,235
Administrative expenses	30	1,748	-
		13,514	11,235

4.3.2 The depreciation charge for the year on right-of-use assets pertains to rental payments of head office and sales offices.

5. INTANGIBLE ASSETS

Description

Computer software

2021

2020

COST			ACCUMULATED AMORTISATION			Net Book value as at June 30,	Amortisation Rate % per annum
As at July 01,	Additions during the year	As at June 30	As at July 01	Charge for the year	As at June 30		
(Rupees in '000)							
48,041	1,436	49,477	30,670	2,594	33,264	16,213	10
45,376	2,665	48,041	26,914	3,756	30,670	17,371	10

5.1 The amortisation for the year has been allocated as follows:

Note	2021	2020
	(Rupees in '000)	
Cost of sales	28	1,151
Distribution costs	29	110
Administrative expenses	30	1,333
	2,594	3,756

6. LONG-TERM INVESTMENTS

Investment in related parties

At fair value through other comprehensive income

Joint venture - Madian Hydro Power Limited

Joint venture - UniEnergy Limited

6.1	653,154	383,098
6.2	-	-
6.3	7,796	7,765
	660,950	390,863

6.1 At fair value through other comprehensive income

Cherat Packaging Limited

3,122,532 (2020: 3,122,532) fully paid ordinary shares of Rs. 10/- each

621,103 365,805

Mirpurkhas Sugar Mills Limited

288,750 (2020: 288,750) fully paid ordinary shares of Rs. 10/- each

32,051 17,293
653,154 383,098

6.2 Interest in a joint venture - Madian Hydro Power Limited

Company's share in net assets

Less: Impairment loss

106,705 106,705
(106,705) (106,705)

6.2.1 Represents 10,744,997 shares (2020: 10,744,997 shares) representing 50% (2020: 50%) interest in MHPL, a public unlisted company, which is a joint venture of the Company and Shirazi Investments (Private) Limited. MHPL is formed to build, operate and maintain hydro power generation plant at Madian over River Swat for the generation and supply of electric power. Technical feasibility of MHPL was completed in 2009, which was approved by the Private Power and Infrastructure Board (PPIB). However, due to deteriorated law and order situation in Swat and adjoining areas, the project has been delayed.

6.3 Interest in a joint venture - UniEnergy Limited

Note	2021	2020
	(Rupees in '000)	
As at July 01	6.3.1	7,765
Share of profits	32	31
As at June 30	7,796	7,765

6.3.1 Represents 768,999 (2020: 768,999) shares of Rs. 10 each representing 7.69% interest in UniEnergy Limited (UEL), a public unlisted company. UEL is formed for the generation and transmission of wind power, however, the company has not yet commenced its commercial operations.

6.4 Investments in associated companies have been made in accordance with the requirements of the Act.

7. LONG-TERM LOANS - secured, considered good	Note	2021	2020
		(Rupees in '000)	
Employees	7.1	1,051	983
Current maturity	11	(263)	(245)
		788	738
Loan to SNGPL	7.2	81,728	89,368
Current maturity	11	(7,070)	(6,526)
		74,658	82,842
		75,446	83,580

7.1 Represent loans given to employees as per the Company's policy. These loans carry mark-up at 15% per annum (2020: 15% per annum) and are repayable within 4 to 5 years. These loans are secured against the provident fund balances of the respective employees. These loans do not exceed Rs. 1 million to any employee.

7.2 The Company has an outstanding long-term loan amounting to Rs. 120.08 million (2020: Rs. 135.09 million) to Sui Northern Gas Pipelines Limited (SNGPL) against allocation of gas for cement plant. It carries mark-up at the rate of 1.5% per annum and is repayable in 10 equal annual installments. The effective interest rate is calculated at 13%. During the year, Rs. 15.01 million has been received. The Company has recognised the long-term loan as financial asset at amortized cost.

8. STORES, SPARE PARTS AND LOOSE TOOLS	Note	2021	2020
		(Rupees in '000)	
Stores		1,865,571	1,656,613
Spare parts		2,012,297	1,876,631
Loose tools		4,417	4,332
		3,882,285	3,537,576
In transit		301,962	229,098
		4,184,247	3,766,674

9. STOCK-IN-TRADE

Raw and packing material	28	183,685	181,018
Work-in-process	28	474,649	527,009
Finished goods	28	347,256	254,443
		1,005,590	962,470

10. TRADE DEBTS – secured, considered good

Neither past due nor impaired	10.1	407,548	300,648
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10.1 These are secured by way of postdated cheques and promissory notes and do not include any receivables in respect of export sales.

11. LOANS AND ADVANCES – considered good	Note	2021	2020
		(Rupees in '000)	
Advances to suppliers	11.1&11.2	179,035	37,319
Advances to employees		3,531	2,765
Current portion of long-term loans to employees	7	263	245
Current portion of loan to SNGPL	7	7,070	6,526
		189,899	46,855

	Note	2021	2020
		(Rupees in '000)	
11.1 Sector wise analysis is as follows:			
Government sector – secured		482	1,138
Other sectors – unsecured		178,553	36,181
		179,035	37,319

11.2 These advances do not carry any interest.

12. TRADE DEPOSITS AND SHORT-TERM PREPAYMENTS

Trade deposits	12.1	1,450	5,230
Short-term prepayments		23,724	11,079
		25,174	16,309

12.1 These deposits do not carry any interest.

13. OTHER RECEIVABLES

Provident fund	13.1	-	-
Gratuity fund	13.3	184,385	-
Insurance claims receivable		2,058	2,594
Duty drawback receivable		9,508	6,171
Others		2,109	1,611
		198,060	10,376

	2021	2020
	Un-audited	Audited
	(Rupees in '000)	
Size of the trust	1,032,542	906,928
Cost of investments	1,016,634	893,276
Fair value of investments	1,202,643	992,175
	(Percentage)	
Percentage of investments made	98.46	98.50

Major categories of investment of provident fund are as follows:

	2021		2020	
	Investment	Investment as size of the fund	Investment	Investment as size of the fund
	(Rupees in '000)	%	(Rupees in '000)	%
Government securities	399,766	39	549,741	62
Mutual Funds	537,458	53	250,138	28
Listed shares	52,488	5	74,035	8
TFC	10,000	1	10,000	1
Bank balances	16,922	2	9,362	1
	1,016,634	100	893,276	100

13.2 Investments out of provident fund have been made in accordance with the provisions of section 218 of the Act and the regulations formulated for this purpose.

13.3 Gratuity fund

The Company operates an approved funded gratuity scheme for all eligible employees. Actuarial valuation of the scheme is carried out every year and the latest actuarial valuation was carried out as at June 30, 2021.

Gratuity fund asset / (liability):

	2021	2020
	(Rupees in '000)	
Present value of defined benefit obligations / payables	(754,859)	(699,667)
Fair value of plan assets	939,244	561,708
Asset / (liability) recognised in the statement of financial position	184,385	(137,959)
Current service cost	56,180	53,218
Interest cost	56,519	86,101
Expected return on plan assets	(48,777)	(44,271)
Expense recognized	63,922	95,048

Movement in net asset / (liability) recognised in the statement of financial position:

	2021	2020
	(Rupees in '000)	
Balance as at July 01	(137,959)	(329,227)
Net charge for the year	(63,922)	(95,048)
Re-measurements routed through other comprehensive income	321,716	231,316
Contribution to the fund	64,550	55,000
Balance as at June 30	184,385	(137,959)

Movement in the present value of defined benefit obligation / payables:

Balance as at July 01	(699,667)	(634,528)
Current service cost	(56,180)	(53,218)
Interest cost	(56,519)	(86,101)
Benefits paid during the year	40,272	44,252
Actuarial gain	17,235	29,928
Balance as at June 30	(754,859)	(699,667)

Movement in the fair value of plan assets:

Balance as at July 01	561,708	305,301
Expected return	48,777	44,271
Contributions	64,550	55,000
Benefits paid during the year	(40,272)	(44,252)
Actuarial gain	304,481	201,388
Balance as at June 30	939,244	561,708

Principal actuarial assumptions used are as follows:

	2021	2020
	(Percentage)	
Expected rate of increase in salary level – long term	9.50	7.50
Valuation discount rate – long-term Government bonds	10.00	8.50
Rate of return on plan assets	10.00	8.50
Mortality rates	SLIC 2001-2005	SLIC 2001-2005

13.3.1 The discount rate 10% is representative of yields on long-term Government Bonds.

13.3.2 Expected gratuity expense to the plan for the year ending June 30, 2022 is Rs. 40.67 million.

**Comparisons of past years:
As at June 30**

	2021	2020	2019	2018	2017
	(Rupees in '000)				
Present value of defined benefit obligations	(751,115)	(685,070)	(626,343)	(540,225)	(470,716)
Payables	(3,744)	(14,597)	(8,185)	-	-
Fair value of plan assets	939,244	561,708	305,301	545,951	887,662
Surplus / (deficit)	184,385	(137,959)	(329,227)	5,726	416,946
Experience adjustment on plan liabilities	17,235	29,928	(18,351)	(18,268)	(39,229)
Experience adjustment on plan assets	304,481	201,388	(313,608)	(400,823)	220,174
	321,716	231,316	(331,959)	(419,091)	180,945

Sensitivity analysis

	2021			
	Discount rate		Salary increase	
	+100 bps	-100 bps	+100 bps	-100 bps
	(Rupees in '000)			
Present value of obligations	717,982	788,808	792,218	714,269

Composition of plan assets is as follows:

	2021	2020
	(Rupees in '000)	
Defence Savings Certificates / PIBs / T-bills	163,450	160,514
Special Savings Certificates	36,383	32,514
Mutual funds / Shares / TFC	738,488	350,791
Bank balances	923	17,889
	<u>939,244</u>	<u>561,708</u>

The expected return on plan assets is based on the market expectations and depends upon the asset portfolio of the Company, at the beginning of the year, for returns over the entire life of related obligation. The return on plan assets was assumed to equal the discount rate. Actual return on plan assets during the year amounts to Rs. 353.26 million (2020: Rs. 245.66 million).

14. CASH AND BANK BALANCES

	Note	2021	2020
		(Rupees in '000)	
Cash in hand			
Foreign currency		-	14
Local currency		<u>2,143</u>	<u>2,455</u>
		2,143	2,469
Bank balances			
Islamic banks			
Current accounts		1,718	433
Conventional banks			
Current accounts		36,284	25,766
Saving accounts	14.1	<u>99,877</u>	<u>7,890</u>
		136,161	33,656
		<u>140,022</u>	<u>36,558</u>

14.1 These carry profit rates ranging from 5.5% to 5.75% (2020: 9.50% to 11.25%) per annum.

15. SHARE CAPITAL**15.1 Authorised Capital**

2021	2020		2021	2020
(Number of shares)			(Rupees in '000)	
<u>225,000,000</u>	<u>225,000,000</u>	Ordinary shares of Rs. 10/- each	<u>2,250,000</u>	<u>2,250,000</u>

15.2 Issued, Subscribed and Paid-Up Capital

		Fully paid ordinary shares of Rs. 10/- each		
91,335,845	91,335,845	- Issued for cash	913,358	913,358
97,899,193	97,899,193	- Issued as bonus shares	978,992	978,992
		- Issued for consideration other than cash on amalgamation	50,600	50,600
<u>5,060,000</u>	<u>5,060,000</u>		<u>1,942,950</u>	<u>1,942,950</u>
<u>194,295,038</u>	<u>194,295,038</u>			

15.3 Following is the detail of shares held by the related parties

	2021	2020
	(Number of shares)	
Faruque (Private) Limited	42,096,353	42,596,353
Cherat Packaging Limited	5,327,698	5,327,698
Mirpurkhas Sugar Mills Limited	3,847,277	6,347,277
Greaves Pakistan (Private) Limited	2,419,002	2,419,002
Zensoft (Private) Limited	24,750	24,750
	<u>53,715,080</u>	<u>56,715,080</u>

15.4 Voting rights, board selection, right of first refusal and block voting are in proportion to the shareholding.

16. RESERVES

Note	2021	2020
	(Rupees in '000)	
Capital reserves		
Share premium	1,047,658	1,047,658
Others	50,900	50,900
	<u>1,098,558</u>	<u>1,098,558</u>
Revenue reserves		
General reserves	420,000	420,000
Unappropriated profit	9,549,898	6,539,137
	<u>9,969,898</u>	<u>6,959,137</u>
Other components of equity		
Actuarial gain / (loss) on defined benefit plan	162,905	(92,272)
Unrealized gain on equity investments	415,241	145,185
	<u>578,146</u>	<u>52,913</u>
	<u>11,646,602</u>	<u>8,110,608</u>

16.1 This reserve was created due to amalgamation of Cherat Electric Limited with the Company.

17. LONG-TERM FINANCINGS – secured

Islamic banks

Syndicated Long-Term Finance Loan – Line - II	17.1	574,737	1,888,421
Syndicated Long-Term Finance Loan – Line - III	17.2	10,650,000	12,500,000
Islamic Finance Facility for Renewable Energy	17.3	1,316,302	-
		<u>12,541,039</u>	<u>14,388,421</u>

Conventional banks

Syndicated Long-Term Finance Loan – Line - II	17.1	125,263	411,579
Captive Power Plant Loan	17.4	880,000	1,100,000
Waste Heat Recovery Loan – Line III	17.5	1,080,000	1,200,000
Refinance Scheme for Payment of Wages and Salaries	17.6	451,007	258,060
Temporary Economic Refinance Facility	17.7	193,961	-
		<u>15,271,270</u>	<u>17,358,060</u>
Current maturities		<u>(2,646,955)</u>	<u>(430,016)</u>
		<u>12,624,315</u>	<u>16,928,044</u>

17.1 Represents syndicated long-term financing obtained from Islamic banks under Diminishing Musharaka Scheme and a term loan from a conventional bank. It carries mark-up at the rate of 6 month's KIBOR + 0.7% per annum. The financing is repayable in 10 equal semi-annual installments commencing after 42 months from the date of first draw down i.e. March 2019. The financing is secured against first pari-passu hypothecation charge of Rs. 5,333 million on plant and machinery and immovable fixed assets of the Company. During the year, the Company has revoked the principal deferment facility and paid the installments as per the regular repayment schedule. Besides this, the Company also made two early principal repayments, of Rs. 400 million each, falling due in the impending financial year i.e. 2021-22, resultantly reducing the current maturity.

17.2 Represents a syndicated long-term financing obtained from Islamic banks under Diminishing Musharaka. It carries a profit at the rate of 6 month's KIBOR + 0.45% per annum. The financing is repayable in 10 equal semi-annual installments commencing after 42 months from the date of first drawdown i.e. April 2021. It is secured against first pari-passu hypothecation charge of Rs. 17,334 million on plant and machinery and immovable fixed assets of the Company. During the year, the Company has revoked the principal deferment facility and paid the installment as per the regular repayment schedule. Besides this, the Company also made an early partial principal repayment of Rs. 600 million out of the installment falling due in October 2021, resultantly reducing the current maturity.

17.3 Represents a long-term financing obtained from an Islamic bank under State Bank of Pakistan's Islamic Financing Facility for Renewable Energy (IFRE) to setup a 13 MW Solar Power Project. It carries a flat SBP's profit rate of 3% + 1.75% per annum. The financing is repayable in 20 equal semi-annual installments commencing after 30 months from the date of first draw down i.e. March 2023. It is secured against first pari-passu hypothecation charge of Rs. 1,867 million on plant and machinery of the Company.

- 17.4** Represents a long-term financing obtained from a conventional bank. It carries mark-up at the rate of 6 month's KIBOR + 0.15% per annum. The financing is repayable in 10 equal semi-annual installments commencing after 30 months from the date of first draw down i.e. September, 2020. The financing is secured against first pari-passu hypothecation charge of Rs. 1,467 million on plant and machinery of the Company.
- 17.5** Represents a long-term financing obtained from a conventional bank. It carries mark-up at the rate of 6 month's KIBOR + 0.2% per annum. The financing is repayable in 10 equal semi-annual installments commencing after 30 months from first draw down i.e. February 2021. The financing is secured against first pari-passu hypothecation charge of Rs. 1,600 million on plant and machinery.
- 17.6** It represents a long-term financing obtained from a conventional bank under the Refinance Scheme for Payment of Wages and Salaries by State Bank of Pakistan (SBP). It carries flat mark-up at the rate of 0.5% to 1% per annum. The SBP allowed spread under this scheme is up to 3% per annum. The financings are recognized at the present value using the effective interest rates applicable at the dates of the drawdown. The differential of present value and the drawn amounts has been recognized as Government grant (as mentioned in note 20). The loan is repayable in 8 equal quarterly installments commencing from April 2021 discounted at the effective rate of interest. The differential markup has been recognised as Government grant (as mentioned in note 20) which will be amortised to interest income over the period of facility. The financing is secured against first pari-passu hypothecation charge of Rs. 561.33 million over the fixed assets.
- 17.7** It represents long-term financings obtained from two conventional banks under SBP's Temporary Economic Refinance Facility (TERF) for Balancing, Modernization, and Replacement (BMR). The financings carry flat markup rates of SBP's 1% plus banks' spreads of 1% and 1.50%. The financings are recognized at the present value using the effective interest rates applicable at the dates of the drawdown. The differential of present value and the drawn amounts has been recognized as Government grant (as mentioned in note 20) and will be amortized. The first financing is repayable in 16 equal semi-annual installments commencing after 30 months from the date of the first drawdown i.e. November 2023 and is secured against hypothecation charge of Rs. 1,334 million on plant and machinery of the Company. Whereas, the second financing is repayable in 40 equal quarterly installments commencing after 27 months from the date of first drawdown i.e. September 2023 and is secured against hypothecation charge of Rs. 1,334 million on specific plant and machinery of the Company.

18. LEASE LIABILITIES

The Company has lease contracts for rental of head office and sales offices used in its operations. These leases generally have lease terms between 1 to 5 years. In general, the Company is restricted from assigning and subleasing the leased assets. These lease contracts include extension and termination options subject to the mutual consent of the Company and the Lessors. The Company is bound by certain covenants, which includes but are not limited to payment of certain taxes and to exercise reasonable care.

	Note	2021	2020
		(Rupees in '000)	
As at July 01		19,322	-
Impact of initial application of IFRS-16		-	28,485
Additions		29,134	-
Accretions of interest	33	3,422	3,430
Payments		(15,815)	(12,593)
As at June 30		36,063	19,322
Current portion of lease liabilities		(14,655)	(8,929)
Long-term portion of lease liabilities		21,408	10,393

19. LONG-TERM SECURITY DEPOSITS

Represent amount received from the dealers and contractors of the Company, which is utilised for the purpose of the business without mark-up in accordance with the related agreements.

20. GOVERNMENT GRANT

	2021	2020
	(Rupees in '000)	
As at July 01	24,770	-
Recognised during the year	98,889	26,007
Released to the statement of profit or loss	(19,826)	(1,237)
As at June 30	103,833	24,770
Current portion of Government grant	(20,294)	(11,012)
Long-term portion of Government grant	83,539	13,758

As aforementioned in note 17.6 and 17.7, the Government grant has been recorded as per the provisions of IAS-20 due to the difference between coupon and effective interest rates of the aforementioned financial liabilities.

21. DEFERRED TAXATION

	Note	2021	2020
		(Rupees in '000)	
Temporary taxable differences			
Accelerated tax depreciation		2,054,032	3,109,977
Defined benefit plan		66,539	-
Temporary deductible differences			
Unused tax losses		(392,822)	(2,197,404)
Tax credits		-	(434,585)
Minimum tax		(215,472)	(215,472)
Alternate corporate tax		(938,684)	(681,428)
		573,593	(418,912)

22. TRADE AND OTHER PAYABLES

Creditors		149,138	171,120
Bills payable		590,343	408,927
Accrued liabilities	22.1	511,074	245,837
Gratuity fund	13.3	-	137,959
Retention money		6,686	16,073
Workers' Profits Participation Fund	22.2	228,274	-
Excise duty, sales tax and royalty payable		672,049	910,217
Others		107,374	63,839
		2,264,938	1,953,972

22.1 Includes Gas Infrastructure Development Cess (GIDC) levied under GIDC Act 2015, and Infrastructure Development Cess (also refer note 26.1) amounting to Rs. 99.62 million and 197.46 million respectively (2020: Rs. 72.55 million and 34.42 million respectively). The Company is in litigation in both the cases.

	Note	2021	2020
		(Rupees in '000)	
22.2 Workers' Profit Participation Fund			
Opening balance		-	55,146
Interest thereon	33	-	349
		-	55,495
Payment made during the year		-	(55,495)
		-	-
Charge for the year	31	228,274	-
Closing balance		228,274	-

23. ACCRUED MARK-UP

Islamic banks			
Long-term financing		239,573	387,147
Short-term borrowings		2,468	10,268
		242,041	397,415
Conventional banks			
Long-term financing		53,312	103,514
Short-term borrowings		10,059	35,815
		63,371	139,329
		305,412	536,744

24. SHORT-TERM BORROWINGS – secured

Note	2021	2020
	(Rupees in '000)	
Short-term running finance – Islamic banks	24.1	320,000
Short-term running finance – Conventional banks	24.1	1,421,387
		<u>1,741,387</u>
		<u>2,662,241</u>

- 24.1** Represents facilities obtained from various conventional banks amounting to Rs. 4,700 million (2020: Rs. 4,100 million) out of which Rs. 3,279 million (2020: Rs. 1,867 million) remains unutilized at the year end. These facilities carry mark-up ranging from 3 month's KIBOR + 0.30% per annum to 3 months' KIBOR + 0.75% per annum and 1 month KIBOR + 0.50% per annum to 1 month KIBOR + 0.75% per annum. These facilities are secured against joint pari-passu hypothecation charge over stocks and book debts for Rs. 5,467 million (2020: Rs. 5,467 million) and ranking hypothecation charge over stocks and book debts of Rs. 800 million. Further, the Company has obtained credit facilities from various Islamic banks amounting to Rs. 1,100 million (2020: Rs. 1,100 million) out of which Rs. 780 million (2020: Rs. 671 million) remain unutilized at the year end. These facilities carry profit ranging 1 month KIBOR + 0.6% to 1 month KIBOR + 0.75%. These facilities are secured against joint pari-passu hypothecation charge over stocks and book debts for Rs.1,467 million (2020: Rs. 1,467 million).

25. UNCLAIMED DIVIDEND

During the year, in accordance with section 244 of the Act, a separate bank account has been opened and the amount has been transferred.

26. CONTINGENCIES AND COMMITMENTS**26.1 Contingencies**

- During the period from 1994 to 1999, excise duty was wrongly collected from the Company by the Federal Board of Revenue (FBR) based on retail price inclusive of excise duty which has resulted in a refund claim of Rs. 882 million. The Company challenged this matter in the Peshawar High Court (PHC). The PHC and subsequently the Honorable Supreme Court of Pakistan (SCP) have agreed with the Company's point of view that excise duty shall not be included as component for determining the value i.e. retail price for levying excise duty. While verifying the refund claim, the Collector of Excise and Sales Tax - Peshawar issued a show cause notice to the Company raising certain objections against the release of said refund including an objection that the burden of this levy has been passed on to the end customers. The Company challenged this objection in the PHC which directed to appoint an independent firm of Chartered Accountants for verification of this refund claim. However, based on an out of court settlement, the Regional Tax Office (RTO) Peshawar carried out the verification of this refund claim based on the terms of reference advised by the Federal Tax Ombudsman (FTO). RTO Peshawar finalized the report which was not in line with the parameters given by the FTO, therefore, the FTO made a ruling for verification of the adverse observations of the RTO Peshawar through an independent firm of Chartered Accountants. This ruling of FTO was challenged by the FBR to the President of Pakistan who rejected representation of the FBR and approved the recommendations of FTO with modification that the verification be carried out by two reputed audit firms. The FBR filed writ petition in the PHC against the authority of FTO to pass such an order. PHC has dismissed the above petition and directed FBR to appoint two independent firms of Chartered Accountants to get the single point audit for verification of the refund claim. The FBR filed review petition before the PHC and has also filed appeal before SCP. PHC has dismissed the review petition of FBR during the year. FBR appeal in SCP is still pending for the adjudication.
- During the year ended June 30, 2013, the Company won a petition in the High Court of Sindh (HCS) against special excise duty levied by the FBR for the period from July 2007 to June 2011 which resulted in a refund claim of Rs. 100.08 million. However, the FBR has challenged this decision in the SCP where it is pending for adjudication.
- The Company has also filed various refund cases of Rs. 63 million (2018: Rs. 57 million) at different appellate forums which are pending adjudication.

Keeping in view the inherent uncertainties involved in the above matters, the management as a matter of prudence, has not recognized the above listed refunds in the financial statements.

- The Competition Commission of Pakistan (CCP) passed an order in 2009 imposing a penalty of Rs. 6,312 million on the cement industry including a penalty of Rs. 226 million on the Company on the alleged grounds of increase in prices of cement across the country. This was challenged in the Honorable Lahore High Court where the judgement was made against the Company on October 26, 2020. Subsequently, the Company filed the Civil Petition in the Honorable Supreme Court of Pakistan (SCP) on the basis of several strong grounds against the aforesaid impugned Judgement. In the above judgement, few points were decided in favour of the Company against which the CCP has also filed an appeal in the SCP. Based on the advice of legal counsel, the management of the Company believes that the Company has sound grounds for favorable decision and no provision for the above matters have been made in these financial statements.
- Government of Sindh imposed an infrastructure fee on the goods entering or leaving the province through the Sindh Finance (Amendment) Ordinance, 2007 which was challenged in the Honorable Sindh High Court which granted an interim relief in May 2011, whereby the goods of petitioners will be cleared by the Excise and Taxation Department on payment of 50% of the disputed amount and on furnishing bank guarantee for the balance 50% amount till the final outcome of the case. The Company became a party to the arrangement in February 2014 and issued bank guarantees in favor of the Department. In the month of June 2021, Honorable Sindh High Court has decided the case in favor of Excise Department putting the implementation of the decision in abeyance for 90 days, during which the decision can be challenged in Supreme Court of Pakistan. The amount of guarantee issued up to June 30, 2021 for infrastructure fee is Rs. 159 million. The management has made full provision of this amount in these financial statements. However, subsequent to the year end, the Company has challenged the decision in the SCP.
- During the year ended 30 June 2018, the Mines and Mineral Department (the department) of Khyber Pakhtunkhwa (KPK) raised a demand order of Rs. 252 million on account of under reporting of production by the Company. The Company filed an appeal against the demand order before the Secretary of the department who rejected the appeal without addressing the issue. The Company being aggrieved challenged the said decision and filed a writ petition before the PHC which granted stay on this matter and the case is pending adjudication. Based on the legal advices, the management believes that there are strong legal grounds for a favorable outcome, accordingly, no provision for the above matters have been made in these financial statements.

26.2 Commitments

- Letters of credit – Conventional and Islamic bank
- Letters of guarantee – Conventional and Islamic bank

2021	2020
(Rupees in '000)	
2,267,501	1,415,350
1,056,154	978,434

27. TURNOVER - net

Local sales – gross	34,240,238	25,433,566
Rebates and discount	(1,251,844)	(1,041,829)
	32,988,394	24,391,737
Sales tax	(5,517,958)	(4,262,361)
Federal excise duty	(5,158,415)	(5,807,535)
	(10,676,373)	(10,069,896)
Local sales – net	22,312,021	14,321,841
Export sales – gross	3,128,335	2,987,380
Rebates, discount and commission	(233,545)	(219,066)
Export sales– net	2,894,790	2,768,314
	25,206,811	17,090,155

27.1 Revenue recognised during the year from contract liabilities at the beginning of the year amounted to Rs. 197.52 million (2020: Rs. 193.39 million).

27.2 All revenue earned by the Company is Shariah Compliant.

28. COST OF SALES

	Note	2021	2020
(Rupees in '000)			
Raw and packing material consumed			
Opening stock		181,018	200,060
Purchases		3,696,684	3,335,993
		3,877,702	3,536,053
Closing stock	9	(183,685)	(181,018)
		3,694,017	3,355,035
Duty drawback on exports		(8,989)	(19,745)
		3,685,028	3,335,290
Manufacturing overheads			
Salaries, wages and benefits	28.1	1,642,390	1,421,282
Stores and spare parts consumed		656,920	382,106
Fuel and power		9,811,257	8,911,909
Rent, rates and taxes	28.2	696,736	300,089
Insurance		64,303	111,835
Vehicle running expenses		158,911	148,984
Travelling and conveyance		5,758	14,609
Printing and stationery		3,454	2,576
Legal and professional charges		35,750	19,054
Repairs and maintenance		89,464	26,728
Depreciation	4.1.4	1,634,935	1,722,341
Amortisation	5.1	1,151	2,389
Communication		3,781	2,790
Stores written-off		968	419
Others	28.3	28,155	14,585
		18,518,961	16,416,986
Work-in-process			
Opening		527,009	811,030
Closing	9	(474,649)	(527,009)
Cost of goods manufactured		18,571,321	16,701,007
Finished goods			
Opening		254,443	257,104
Closing	9	(347,256)	(254,443)
		18,478,508	16,703,668

28.1 Include expenditure in respect of provident fund and gratuity fund amounting to Rs. 33.42 million and Rs. 43.50 million, respectively (2020: Rs. 41.80 million and Rs. 69.41 million, respectively).

28.2 Includes royalty paid to Government of Khyber Pakhtunkhwa on extraction of raw materials.

28.3 Includes an amount of Rs. 10.63 million (2020: Rs. 6.40 million) in respect of staff recruitment, selection, hiring, rewarding, utilising, human safety, training and development of the human assets by the Human Resources department of the Company.

29.	DISTRIBUTION COSTS	Note	2021	2020
			(Rupees in '000)	
	Salaries, wages and benefits	29.1	322,810	274,066
	Export expenses		2,853	2,144
	Travelling and conveyance		7,399	6,690
	Staff training expenses		153	315
	Vehicle running expenses		15,866	16,177
	Communication		6,215	5,732
	Printing and stationery		2,289	2,028
	Rent, rates and taxes		6,401	5,213
	Utilities		6,649	6,765
	Repairs and maintenance		6,855	4,755
	Insurance		3,704	3,588
	Advertisement		18,636	4,957
	Entertainment		894	840
	Depreciation	4.1.4	14,599	15,691
	Depreciation - right-of-use asset	4.3	11,766	11,235
	Amortisation	5.1	110	178
	License and subscription		1,240	1,321
	Others		825	308
			429,264	362,003
29.1	Includes expenditure in respect of provident fund and gratuity fund amounting to Rs. 9.45 million and Rs. 11.84 million, respectively (2020: Rs. 9.57 million and Rs. 13.80 million, respectively).			
30.	ADMINISTRATIVE EXPENSES	Note	2021	2020
			(Rupees in '000)	
	Salaries, wages and benefits	30.1	189,358	169,661
	Travelling and conveyance		2,189	5,712
	Staff training expenses		61	483
	Vehicle running expenses		9,215	8,905
	Communication		4,781	5,029
	Printing and stationery		3,759	3,838
	Rent, rates and taxes		4,590	6,066
	Utilities		2,052	1,974
	Repairs and maintenance		4,713	9,725
	Legal and professional charges		28,242	26,692
	Insurance		5,454	4,363
	License and subscription		6,303	6,088
	Advertisement		5,249	1,441
	Depreciation	4.1.4	17,301	16,420
	Depreciation - right-of-use asset	4.3	1,748	-
	Amortisation	5.1	1,333	1,189
	Entertainment		2,117	1,808
	Others		2,755	2,356
			291,220	271,750
30.1	Include expenditure in respect of provident fund and gratuity fund amounting to Rs. 6.83 million and Rs. 8.58 million respectively (2020: Rs. 7.52 million and Rs. 11.84 million respectively).			
31.	OTHER EXPENSES	Note	2021	2020
			(Rupees in '000)	
	Workers' Profits Participation Fund	22.2	228,274	-
	Auditors' remuneration	31.1	4,644	3,893
	Donations	31.2	10,675	15,132
	Loss on derivative instrument	31.3	7,731	-
			251,324	19,025
31.1	Auditors' remuneration			
	Audit fee		1,500	1,375
	Half-yearly review and CCG certification		635	580
	Tax and other services		2,330	1,685
	Out of pocket expenses		179	253
			4,644	3,893

31.2	Donations	Note	2021	2020
			(Rupees in '000)	
	Ghulam Faruque Welfare Trust	31.2.1	1,000	4,030
	The Citizens Foundation		-	2,300
	Noor Foundation (Formerly Lions Club)		1,200	1,200
	Others		8,475	7,602
			<u>10,675</u>	<u>15,132</u>
31.2.1	Recipients of donations do not include any donee in which any director or his spouse had any interest except for donation paid to Ghulam Faruque Trust. Following directors of the Company are also trustees of the said trust:			
	- Mr. Omar Faruque			
	- Mr. Azam Faruque			
31.3	Represents net loss on derivative instrument at fair value through profit or loss relates to foreign exchange forward contracts that did not qualify for hedge accounting.			
32.	OTHER INCOME	Note	2021	2020
			(Rupees in '000)	
Income from financial assets				
	Profit on bank accounts – conventional banks		10,952	3,708
	Gain on redemption of short-term investments		27,963	-
	Interest income on financial asset		9,280	11,184
	Dividend income	32.1	<u>6,870</u>	<u>7,097</u>
			55,065	21,989
Income from non-financial assets				
	Gain on disposal of property, plant and equipment	4.1.5	5,065	2,719
	Scrap sales		41,275	42,936
	Exchange gain		1,806	2,296
	Share of profit from joint venture		31	80
	Others		<u>1,658</u>	<u>541</u>
			49,835	48,572
			<u>104,900</u>	<u>70,561</u>
32.1	Includes dividend income from Cherat Packaging Limited, listed as Shariah compliant company at Pakistan Stock Exchange under KMIALLSHR index and KMI-30 index.			
33.	FINANCE COSTS	Note	2021	2020
			(Rupees in '000)	
Islamic banks				
	Mark-up on long-term financings		1,202,209	1,911,485
	Mark-up on short-term borrowings		11,692	15,087
	Bank charges and commission		<u>112</u>	<u>5,665</u>
			1,214,013	1,932,237
Conventional banks				
	Mark-up on long-term financings	33.1	<u>223,854</u>	<u>367,384</u>
	Mark-up on short-term borrowings		53,860	152,690
	Bank charges and commission		<u>29,028</u>	<u>16,253</u>
			306,742	536,327
	Interest expense on financial asset		-	54,654
	Mark-up on lease liabilities	18	3,422	3,430
	Interest on workers' profits participation fund	22.2	<u>-</u>	<u>349</u>
			<u>1,524,177</u>	<u>2,526,997</u>
33.1	Includes the effect of amortization of Government grant amounting to Rs. 19.82 million (2020: Rs. 1.23 million).			
34.	TAXATION			
34.1	Provision for current taxation is based on Alternate Corporate Tax at the current rates of taxation after taking into account tax credits. Income subject to final tax has been taxed accordingly. Accordingly the reconciliation between accounting profit before tax and tax expense has not been presented in these financial statements.			

34.2 Provision for taxation as per accounts is the aggregate of current tax expense and prior tax expense recorded in subsequent year.

34.3 The Company computes tax based on the generally accepted interpretations of the tax laws to ensure that the sufficient provision for the purpose of taxation is available which can be analysed as follows:

Tax year	Provision for taxation as per accounts (note 34.2)	Tax assessed as per return	Excess / (under) (note 34.2)
(Rupees in '000)			
2020	-	-	-
2019	-	-	-
2018	-	-	-

34.4 The return of income for the Tax year 2020 has been filed by the Company which is deemed to be an assessment under the provisions of Section 120 of the Income Tax Ordinance, 2001.

During the year ended June 30, 2017, the Company made investment in plant and machinery of Line - II which was eligible for a tax credit under section 65B of the Income Tax Ordinance, 2001 (the tax credit). The tax credit is in addition to tax exemption on profit and gains derived from Line - II under clause 126L of Part I of the Second Schedule of the Income Tax Ordinance, 2001. The management believes that the Company is eligible for both the above benefits for Line-II, and therefore, has taken both the benefits in the income tax returns filed for the tax years 2017 and 2018. However, in view of anticipated challenge by the tax department of claiming both the benefits simultaneously, the management as a matter of prudence had earlier recognized the benefit under clause 126L only but had not recognized the tax credit u/s 65B of the Income Tax Ordinance 2001.

During the year ended June 30, 2019, the Deputy Commissioner Inland Revenue has finalized the assessment for the Tax Year 2017 and rejected the Company's claim under clause 126L of the Second Schedule to the ITO 2001 but allowed claim u/s 65B of the ITO 2001. The management filed first Appeal before the Commissioner (Appeals) to claim both the above benefits simultaneously. The Commissioner (Appeals), while disposing off the appeal also rejected claim under clause 126L and allowed claim under section 65B of the ITO 2001. The management has intention to prefer second appeal before Appellate Tribunal Inland Revenue to contest for simultaneous acceptance of claim under clause 126L of the Second Schedule to the ITO 2001. However, as a matter of prudence and other inherent uncertainties and delays involved, the management has revised the current and deferred tax provisions based on the allowance of claim u/s 65B of the ITO 2001.

34.5 During the year ended June 30, 2019, the Company has recorded tax credit under section 65B of ITO, 2001 @ 10% on commissioning and installation of Line-III as per law. Through Finance Act, 2019, the government has reduced tax credit under section 65B of ITO, 2001 from 10% to 5% retrospectively for the tax year 2019 and abolished the same for subsequent years. However, the management is hopeful that retrospective change may not be maintainable in the eyes of law and has challenged this amendment and got stay from the PHC. However, as a matter of prudence, the Company has reduced tax credit from 10% to 5% in prior year financial statements. Based on PHC order, the Company however, claimed full tax credit in income tax return.

34.6 During the year ended June 30, 2020, the Deputy Commissioner Inland Revenue, Regional Tax Office, Peshawar issued Order under section 161/205 of the Income Tax Ordinance 2001 raising the demand of Rs. 20 million with respect to the Tax Year 2014 without given opportunity of being heard to the Company. The management has filed Appeal before the Commissioner (Appeals). During the year, the CIR (A) has remanded back the impugned order with specific directions to the tax department to verify the facts and pass speaking order. Therefore, the Company has not provided any provision in these financial statements.

35. EARNINGS / (LOSS) PER SHARE

	2021	2020
Net profit / (loss) for the year (Rupees in '000)	3,205,056	(1,893,108)
Weighted average number of ordinary shares in issue	194,295,038	194,295,038
Earnings / (loss) per share - basic and diluted	Rs. 16.50	(Rs. 9.74)

35.1 No shares were issued during the year, therefore, calculation of weighted average number of ordinary shares has not been presented.

35.2 There is no dilutive effect on basic earnings per share of the Company.

36. LINE - WISE RESULTS

As fully explained in note 34.4 to the financial statements, in view of the tax exemption on investment in Khyber Pakhtunkhwa and Baluchistan provinces under clause 126L of Part I of the Second Schedule to the Income Tax Ordinance, 2001, profits and gains are exempted on Line – II. For this purpose, separate books of accounts have been maintained for Line – II.

37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company's activities expose it to a variety of financial risks i.e. market risk (including currency risk, interest rate risk and price risk), credit risk and liquidity risk. The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial performance.

The Company's senior management oversees the management of these risks. The Company's senior management provides policies for overall risk management, as well as policies covering specific areas such as foreign exchange risk, interest rate risk and credit risk, use of financial derivatives, financial instruments and investment of excess liquidity. It is the Company's policy that no trading in derivatives for speculative purposes shall be undertaken. The Board of Directors review and agree policies for managing each of these risks which are summarized below:

37.1 Market risk

Market risk is the risk that fair value of future cash flows will fluctuate because of changes in market prices. Market prices comprise three types of risk: interest rate risk, currency risk and equity price risk, such as equity risk.

37.1.1 Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the financial instruments will fluctuate because of changes in the market interest rates. The Company's interest rate risk arises from long-term and short-term borrowings obtained with floating rates. All the borrowings of the Company are obtained in the functional currency. The following figures demonstrate the sensitivity to a reasonably possible change in interest rate, with all other variables held constant, of the Company's profit before tax:

	Increase / decrease in basis points	Effect on profit before tax (Rupees in '000)
2021		
KIBOR	+100	(170,127)
KIBOR	-100	170,127
2020		
KIBOR	+100	(200,203)
KIBOR	-100	200,203

37.1.2 Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of the changes in foreign exchange rates. The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's operating activities (when revenue or expenses are denominated in a different currency from the Company's functional currency).

	2021	2020
	('000')	
Trade & other payables - US Dollars	935	1,002

The following exchange rate have been applied at reporting dates:

	(Rupees)	
Exchange Rate - US Dollars	158.30	168.75

The management keeps on evaluating different options available for hedging purposes. The following table demonstrates the sensitivity to a reasonably possible change in the US dollar exchange rate, with all other variables held constant, of the Company's equity.

	Change in rate (%)	(Rupees in '000)
30 June 2021 - US Dollar	+10	(14,801)
	- 10	14,801
30 June 2020 - US Dollar	+10	(16,904)
	- 10	16,904

37.1.3 Equity price risk

The Company's listed equity securities are susceptible to market price risk arising from uncertainties about future values of the investment securities.

At the date of statement of financial position, the exposure to listed equity securities was Rs. 653.15 million. A decrease of 10% in the share price of these securities would have an impact of approximately Rs. 65.32 million on the statement of other comprehensive income or statement of profit or loss depending whether or not the decline is below the cost of investment. An increase of 10% in the share price of the listed security would impact statement of other comprehensive income with the similar amount.

	Credit rating	2021	2020
		(Rupees in '000)	
Long-term investments			
Cherat Packaging Limited	A	621,103	365,805
Mirpurkhas Sugar Mills Limited	A-	32,051	17,293
		653,154	383,098

37.2 Credit risk

Credit risk is the risk which arises with the possibility that one party to a financial instrument will fail to discharge its obligation and cause the other party to incur a financial loss. Concentrations of credit risk arise when a number of counterparties are engaged in similar business activities or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations of credit risk indicate the relative sensitivity of the Company's performance to developments affecting a particular industry.

The Company seeks to minimize the credit risk exposure through having exposures only to customers considered credit worthy and obtaining securities where applicable. The maximum exposure to credit risk at the reporting date with no defaults in the past year is:

	Note	2021	2020
		(Rupees in '000)	
Long-term investments	6	653,154	383,098
Long-term loans (including current portion)	7	82,779	90,351
Long-term deposits		3,841	19,606
Trade debts	10	407,548	300,648
Trade deposits	12	1,450	5,230
Other receivables	13	198,060	10,376
Bank balances	14	137,879	34,089
		1,484,711	843,398

37.2.1 Credit quality of financial assets

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings or to historical information about counterparty default rates:

Bank balances

Credit rating

A1+

A1

2021	2020
(Rupees in '000)	
137,544	34,089
335	-

All other financial assets are not exposed to any material credit risk.

37.3 Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company applies prudent liquidity risk management by maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities.

The table below summarizes the maturity profile of the Company's financial liabilities based on contractual payments.

	2021					2020				
	INTEREST / MARKUP / PROFIT BEARING			NON-INTEREST BEARING	Total	INTEREST / MARKUP / PROFIT BEARING			NON-INTEREST BEARING	Total
	Less than one year	One to five years	Total			Less than one year	One to five years	Total		
(Rupees in '000)										
Long-term financing	2,646,955	12,624,315	15,271,270	-	15,271,270	430,016	16,928,044	17,358,060	-	17,358,060
Lease liabilities	14,655	21,408	36,063	-	36,063	8,929	10,393	19,322	-	19,322
Long-term security deposits	-	-	-	28,105	28,105	-	-	-	27,661	27,661
Trade and other payables	-	-	-	1,067,541	1,067,541	-	-	-	1,168,530	1,168,530
Accrued mark-up	-	-	-	305,412	305,412	-	-	-	536,744	536,744
Short-term borrowings	1,741,387	-	1,741,387	-	1,741,387	2,662,241	-	2,662,241	-	2,662,241
Unclaimed dividend	-	-	-	87,966	87,966	-	-	-	87,994	87,994
	4,402,997	12,645,723	17,048,720	1,489,024	18,537,744	3,101,186	16,938,437	20,039,623	1,820,929	21,860,552

Effective interest / yield rates for the financial liabilities are mentioned in the respective notes to the financial statements.

37.4 Capital risk management

The primary objective of the Company's capital management is to maintain healthy capital ratios, strong credit rating and optimal capital structures in order to ensure ample availability of finance for its existing and potential investment projects, to maximize shareholders value and reduce the cost of capital.

The Company manages its capital structure and makes adjustment to it, in light of changes in economic conditions. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividend paid to shareholders, return capital to shareholders or issue new shares.

The Company monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. Net debt is calculated as total loans and borrowings including any finance cost thereon, less cash and cash equivalents.

The gearing ratios as at June 30, 2021 and 2020 are as follows:

	2021	2020
	(Rupees in '000)	
Long-term financing	15,375,103	17,358,060
Accrued mark-up	305,412	536,744
Short-term borrowings	1,741,387	2,662,241
Total debt	17,421,902	20,557,045
Cash and cash equivalents	(140,022)	(36,558)
Net debt	17,281,880	20,520,487
Share capital	1,942,950	1,942,950
Reserves	11,646,602	8,110,608
Total capital	13,589,552	10,053,558
Capital and net debt	30,871,432	30,574,045
Gearing ratio	55.98%	67.12%

The Company finances its expansion projects through equity, borrowings and management of its working capital with a view to maintain an appropriate mix between various sources of finance to minimize risk.

37.5 Fair value measurement

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

The carrying values of all financial assets and liabilities reflected in the financial statements approximate fair values.

The following table shows assets recognised at fair value, analysed between those whose fair value is based on:

Level 1: Quoted prices in active markets for identical assets or liabilities;

Level 2: Those involving inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices); and

Level 3: Those whose inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The table below categorised fair value measurement of financial instruments by the level in the fair value hierarchy into which the fair value measurement is categorized:

Note	2021					
	Carrying amount			Fair value		
	Fair value through statement of profit or loss	Fair value through OCI	Total	Level 1	Level 2	Level 3
	(Rupees in '000)					
Long-term investments	37.5.1	-	653,154	653,154	-	-
Derivative instrument	31	7,731	-	7,731	-	-
		7,731	653,154	660,885	653,154	7,731

Note	2020					
	Carrying amount			Fair value		
	Fair value through statement of profit or loss	Fair value through OCI	Total	Level 1	Level 2	Level 3
	(Rupees in '000)					
Long-term investments	37.5.1	-	383,098	383,098	-	-
Derivative instrument	31	-	-	-	-	-
		-	383,098	383,098	-	-

During the year, there were no transfers between level 1 and level 2 fair value measurements, and no transfers into and out of level 3 fair value measurement.

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

37.6 Changes in liabilities to cash flows arising from financing activities:

	2021				
	Long-term financings*	Short-term borrowings	Lease liabilities	Un-claimed dividend	Accrued mark-up
	(Rupees in '000)				
At the beginning of the year	17,382,830	2,662,241	19,322	87,994	536,744
Changes from financing cash flows					
Borrowings - net	(1,928,664)	(920,854)	-	-	-
Lease rentals paid	-	-	(15,815)	-	-
Dividend paid	-	-	-	(194,323)	-
Finance cost paid	-	-	-	-	(1,771,487)
Other changes					
Recognition of lease liability	-	-	29,134	-	-
Recognition of Government grant - net	(79,063)	-	-	-	-
Finance cost - net	-	-	3,422	-	1,520,755
Borrowing costs	-	-	-	-	19,400
Dividend declared	-	-	-	194,295	-
At the end of the year	15,375,103	1,741,387	36,063	87,966	305,412
	2020				
	Long-term financings*	Short-term borrowings	Lease liabilities	Un-claimed dividend	Accrued mark-up
	(Rupees in '000)				
At the beginning of the year	17,700,000	2,902,527	-	86,081	544,086
Changes from financing cash flows					
Borrowings - net	(292,400)	(240,286)	-	-	-
Lease rentals paid	-	-	(12,593)	-	-
Dividend paid	-	-	-	(174,719)	-
Finance cost paid	-	-	-	-	(2,476,255)
Other changes					
Recognition of lease liability	-	-	28,485	-	-
Recognition of Government grant - net	(24,770)	-	-	-	-
Finance cost - net	-	-	3,430	-	2,468,913
Dividend declared	-	-	-	176,632	-
At the end of the year	17,382,830	2,662,241	19,322	87,994	536,744

* Includes the effect of Government grant.

38. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

	2021			2020		
	Chief Executive	Director	Executives	Chief Executive	Director	Executives
	(Rupees in '000)					
Managerial remuneration	32,041	13,533	308,169	32,041	13,436	235,384
Bonus	15,769	6,230	142,153	2,628	1,038	18,450
Housing allowance	1,452	5,607	97,861	1,452	5,607	101,729
Retirement benefits	5,257	2,077	48,317	5,257	2,077	36,027
Utilities	1,551	1,245	20,425	1,300	1,245	22,317
Leave fare assistance	2,628	1,038	20,803	2,628	944	16,159
	58,698	29,730	637,728	45,306	24,347	430,066
Number	1	1	77	1	1	82

38.1 The Chief Executive and an executive have been provided with furnished accommodation. Further, the Chief Executive, Director and certain executives are provided with the use of company maintained cars, telephone facility and utilities, which are reimbursed at actual to the extent of their entitlements.

38.2 The aggregate amount charged in the financial statements for meeting fee to 6 non-executive directors amounted to Rs. 2.28 million (2020: Rs. 1.72 million).

39. TRANSACTIONS WITH RELATED PARTIES

The related parties of the Company comprises of associated companies, directors, retirement funds, and key management personnel of the Company. Amounts due from / to related parties are disclosed in respective notes to these financial statements. The Company enters into transactions with related parties on agreed terms as approved by the Board of Directors. Transactions with related parties other than those disclosed elsewhere in the financial statements, are as follows:

Relationship	Nature of transactions	2021	2020
		(Rupees in '000)	
Associated companies	Purchases	2,848,136	2,307,252
	Sale of goods	2,819	356
	Purchase of fixed assets	1,316,558	6,304
	IT support charges	22,798	20,898
	Dividend received	6,245	7,097
	Dividend paid	53,715	51,102
	Insurance premium paid	52,314	60,387

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

- 39.1** Following are the related parties with whom the Company had entered into transactions or have arrangement / agreement in place.

Name	Basis of association	Aggregate % of Shareholding
Cherat Packaging Limited	Common directorship	2.74
Faruque (Private) Limited	Common directorship	21.67
Greaves Pakistan (Private) Limited	Common directorship	1.25
Mirpurkhas Sugar Mills Limited	Common directorship	1.98
Zensoft (Private) Limited	Common directorship	0.01
Madian Hydro Power Limited	Common directorship	Nil
UniEnergy Limited	Common directorship	Nil
Greaves Airconditioning (Private) Limited	Common directorship	Nil
Jubilee General Insurance Company Limited	Common directorship	Nil
International Industries Limited	Common directorship	Nil
Indus Motors Company Limited	Common directorship	Nil
Cherat Cement Company Limited – Employees’ Provident Fund	Retirement benefit fund	0.27
Cherat Cement Company Limited – Employees’ Gratuity Fund	Retirement benefit fund	1.66

- 39.1.1** None of the key management personnel had any arrangements with the Company other than the employment contract.

40. NUMBER OF EMPLOYEES

The total number of employees and average number of employees at year end and during the year respectively are as follows:

	2021		2020	
	(Number)			
	Total	Factory	Total	Factory
Total number of employees	966	814	972	820
Average number of employees during the year	969	817	992	838

41. PRODUCTION CAPACITY

	2021	2020
	(Tons)	
Annual installed capacity – Clinker	4,320,000	4,320,000
Annual installed capacity – Cement	4,536,000	4,536,000
Actual production – Clinker	3,573,307	2,988,489
Actual production – Cement	3,965,217	3,382,277

Plant operational capacity utilisation is in line with industry demand.

42. OPERATING SEGMENTS

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

All sales of the Company comprise of cement.

Total sales of the Company relating to customers in Pakistan were 89% during the year ended June 30, 2021 (2020: 84%). All non-current assets of the Company at the end of the current and preceding year were located in Pakistan.

Sales to twenty major customers of the Company are around 38% of the Company's total sales during the year (2020: 37%).

43. DISCLOSURE REQUIREMENT FOR SHARIAH COMPLIANT COMPANIES

As per the requirements of the fourth schedule to the Companies Act, 2017, Shariah compliant companies and companies listed on the Islamic Index shall disclose the following:

	Note	2021	2020
		(Rupees in '000)	
Long-term financings as per Islamic mode	17	12,541,039	14,388,421
Short-term borrowings as per Islamic mode	24	320,000	429,471
Shariah compliant bank balances	14	1,718	433
Revenue earned from shariah compliant business	27	25,206,811	17,090,155
Dividend earned from shariah compliant investment		6,245	7,097
Finance costs on Islamic mode of financings	33	1,214,013	1,932,237
Profit earned from any conventional loan or advances	32	10,952	3,708
Finance costs on conventional mode of financing	33	306,742	536,327

The Company has relationship with Meezan Bank Limited, Bank Alfalah Limited, MCB Islamic Bank Limited and Dubai Islamic Bank Pakistan Limited being our Islamic banks which are fully disclosed in note 17 and note 24 to these financial statements.

44. DATE OF AUTHORISATION

These financial statements were authorised for issue on August 26, 2021 by the Board of Directors of the Company.

45. DIVIDEND AND APPROPRIATIONS

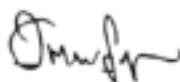
Subsequent to year ended June 30, 2021, the Board of Directors in its meeting held on August 26, 2021 has proposed final cash dividend @ Rs. 1.25 per share amounting to Rs. 242.87 million (2020: Re. Nil per share) for approval of the members at the Annual General Meeting. This is in addition to the interim cash dividend @ Re. 1/- per share amounting to Rs. 194.29 million (2020: Re. Nil per share) approved by the Board of Directors for the year ended June 30, 2021.

46. GENERAL

- 46.1** Certain corresponding figures have been rearranged and reclassified, wherever considered necessary. However, there are no material reclassifications to report in these financial statements.
- 46.2** Figures have been rounded off to the nearest thousand of Rupees unless otherwise stated.



Azam Faruque
Chief Executive



Omar Faruque
Director



Yasir Masood
Director &
Chief Financial Officer

Pattern of Shareholding

as at June 30, 2021

No. of Shareholders	From	Shareholding	To	Shares Held
797	1	to	100	33,892
954	101	to	500	269,272
871	501	to	1000	590,106
1245	1001	to	5000	2,876,464
440	5001	to	10000	3,057,748
204	10001	to	15000	2,399,085
93	15001	to	20000	1,620,665
68	20001	to	25000	1,516,426
63	25001	to	30000	1,700,503
28	30001	to	35000	915,043
29	35001	to	40000	1,090,299
24	40001	to	45000	1,031,635
20	45001	to	50000	957,642
26	50001	to	55000	1,374,239
13	55001	to	60000	754,284
8	60001	to	65000	500,189
10	65001	to	70000	671,945
10	70001	to	75000	723,363
6	75001	to	80000	463,284
4	80001	to	85000	328,959
4	85001	to	90000	354,346
4	90001	to	95000	365,694
5	95001	to	100000	497,412
7	100001	to	105000	729,240
4	105001	to	110000	431,755
1	110001	to	115000	112,231
1	115001	to	120000	116,886
3	120001	to	125000	368,300
3	125001	to	130000	381,711
1	130001	to	135000	132,000
4	135001	to	140000	552,299
3	140001	to	145000	425,470
2	155001	to	160000	316,600
1	165001	to	170000	169,000
1	170001	to	175000	172,500
4	175001	to	180000	711,100
1	180001	to	185000	181,500
1	185001	to	190000	188,000
4	195001	to	200000	792,500
3	200001	to	205000	613,738
2	210001	to	215000	425,571
1	215001	to	220000	219,600
1	220001	to	225000	221,500
2	225001	to	230000	455,951
2	235001	to	240000	477,100
2	240001	to	245000	485,794
1	245001	to	250000	248,200
1	260001	to	265000	263,699
1	265001	to	270000	266,000
2	270001	to	275000	543,400
1	280001	to	285000	284,700
2	285001	to	290000	577,200
1	295001	to	300000	296,750
2	325001	to	330000	658,201

No. of Shareholders	Shareholding			Shares Held
	From		To	
2	330001	to	335000	669,970
1	365001	to	370000	368,262
1	390001	to	395000	391,700
1	395001	to	400000	396,000
1	420001	to	425000	422,700
1	445001	to	450000	447,400
1	455001	to	460000	456,300
1	490001	to	495000	494,500
2	495001	to	500000	996,530
1	500001	to	505000	500,800
1	520001	to	525000	524,619
1	525001	to	530000	526,300
1	530001	to	535000	530,400
1	555001	to	560000	555,176
1	575001	to	580000	578,000
1	615001	to	620000	619,583
1	655001	to	660000	660,000
1	675001	to	680000	678,957
1	695001	to	700000	699,820
1	705001	to	710000	705,600
1	725001	to	730000	729,100
2	745001	to	750000	1,496,285
1	770001	to	775000	772,900
1	790001	to	795000	791,111
1	795001	to	800000	798,362
1	885001	to	890000	885,877
1	1030001	to	1035000	1,031,757
2	1070001	to	1075000	2,143,876
1	1180001	to	1185000	1,183,257
1	1230001	to	1235000	1,230,345
1	1275001	to	1280000	1,279,575
1	1325001	to	1330000	1,329,079
1	1360001	to	1365000	1,364,900
1	1365001	to	1370000	1,365,710
1	1405001	to	1410000	1,409,900
1	1410001	to	1415000	1,411,082
1	1580001	to	1585000	1,584,796
1	1600001	to	1605000	1,603,301
1	1770001	to	1775000	1,770,788
1	1885001	to	1890000	1,888,256
1	2075001	to	2080000	2,077,930
1	2185001	to	2190000	2,189,500
1	2205001	to	2210000	2,206,900
1	2275001	to	2280000	2,277,703
1	2415001	to	2420000	2,419,002
1	2815001	to	2820000	2,818,600
1	2880001	to	2885000	2,883,100
1	3050001	to	3055000	3,052,130
1	3145001	to	3150000	3,147,497
1	3220001	to	3225000	3,220,783
1	3330001	to	3335000	3,335,000
1	3535001	to	3540000	3,535,580
1	3845001	to	3850000	3,847,277
1	4600001	to	4605000	4,601,100
1	4665001	to	4670000	4,667,698
1	5575001	to	5580000	5,575,891
1	6395001	to	6400000	6,395,693
1	7205001	to	7210000	7,206,500
1	13535001	to	13540000	13,536,936
1	42095001	to	42100000	42,096,353
5055				194,295,038

Categories of Shareholding

as at June 30, 2021

Shareholders' Category	No. of Shareholders	Shares Held	Percentage
Directors, Chief Executive Officer and their spouse(s) and minor children			
MR. OMAR FARUQUE	1	2,358,632	1.21
MRS. SHAMAIN AKBAR FARUQUE W/O. MR. OMAR FARUQUE	1	396,000	0.20
MR. AZAM FARUQUE	1	2,755,940	1.42
MRS. SAMIA FARUQUE W/O. MR. AZAM FARUQUE	1	57,981	0.03
MR. AKBARALI PESNANI	1	91,300	0.05
MRS. SAKINA PESNANI W/O. MR. AKBARALI PESNANI	1	72,600	0.04
MR. ARIF DINO FARUQUE	1	2,255,194	1.16
MR. ABRAR HASAN	1	550	0.00
MR. ASIF QADIR	1	550	0.00
MRS. ZEEBA ANSAR	1	110	0.00
MR. YASIR MASOOD	1	1,100	0.00
Associated Companies, undertakings and related parties			
FARUQUE (PRIVATE) LIMITED	1	42,096,353	21.67
CHERAT PACKAGING LIMITED	1	5,327,698	2.74
MIRPURKHAS SUGAR MILLS LIMITED	1	3,847,277	1.98
GREAVES PAKISTAN (PRIVATE) LIMITED	1	2,419,002	1.25
ZENSOFT (PRIVATE) LIMITED	1	24,750	0.01
Executives		1,584,796	0.82
NIT & ICP	3	6,448,841	3.32
Banks, Development Financial Institutions, Non Banking Financial Institutions	16	7,828,474	4.03
Insurance Companies	15	5,918,867	3.05
Modarabas and Mutual Funds			
M/S. FIRST INTERFUND MODARABA	1	112	0.00
M/S. FIRST GENERAL LEASING MODARABA	1	4,235	0.00
M/S. THIRD PRUDENTIAL MODARABA	1	215	0.00
FIRST EQUITY MODARABA	1	4,400	0.00
CDC - TRUSTEE MCB PAKISTAN STOCK MARKET FUND	1	48,000	0.02
MCBFSL - TRUSTEE JS VALUE FUND	1	198,500	0.10
CDC - TRUSTEE PICIC INVESTMENT FUND	1	57,000	0.03
CDC - TRUSTEE JS LARGE CAP. FUND	1	160,000	0.08
CDC - TRUSTEE PICIC GROWTH FUND	1	76,000	0.04
CDC - TRUSTEE ALHAMRA ISLAMIC STOCK FUND	1	15,900	0.01
CDC - TRUSTEE ATLAS STOCK MARKET FUND	1	772,900	0.40
CDC - TRUSTEE MEEZAN BALANCED FUND	1	122,300	0.06
CDC - TRUSTEE JS ISLAMIC FUND	1	213,200	0.11
CDC - TRUSTEE FAYSAL STOCK FUND	1	1,230,345	0.63
CDC - TRUSTEE ALFALAH GHP VALUE FUND	1	29,500	0.02
CDC - TRUSTEE UNIT TRUST OF PAKISTAN	1	219,600	0.11
CDC - TRUSTEE AKD INDEX TRACKER FUND	1	27,805	0.01
CDC-TRUSTEE ALHAMRA ISLAMIC ASSET ALLOCATION FUND	1	15,000	0.01
CDC - TRUSTEE AL MEEZAN MUTUAL FUND	1	422,700	0.22
CDC - TRUSTEE MEEZAN ISLAMIC FUND	1	3,335,000	1.72
CDC - TRUSTEE FAYSAL ASSET ALLOCATION FUND	1	103,600	0.05
CDC - TRUSTEE UBL STOCK ADVANTAGE FUND	1	46	0.00
CDC - TRUSTEE ATLAS ISLAMIC STOCK FUND	1	188,000	0.10
CDC - TRUSTEE AL-AMEEN SHARIAH STOCK FUND	1	890	0.00
CDC - TRUSTEE NBP STOCK FUND	1	287,700	0.15
CDC - TRUSTEE NBP BALANCED FUND	1	68,700	0.04
CDC - TRUSTEE ALFALAH GHP INCOME FUND	1	4,000	0.00
CDC - TRUSTEE MEEZAN TAHAFUZZ PENSION FUND - EQUITY SUB FUND	1	494,500	0.25
CDC - TRUSTEE APF-EQUITY SUB FUND	1	42,000	0.02
CDC - TRUSTEE JS PENSION SAVINGS FUND - EQUITY ACCOUNT	1	67,000	0.03
CDC - TRUSTEE ALFALAH GHP ISLAMIC STOCK FUND	1	289,500	0.15

Shareholders' Category	No. of Shareholders	Shares Held	Percentage
CDC - TRUSTEE HBL - STOCK FUND	1	60,500	0.03
CDC - TRUSTEE NBP ISLAMIC SARMAYA IZAFI FUND	1	126,900	0.07
CDC - TRUSTEE APIF - EQUITY SUB FUND	1	45,250	0.02
MC FSL - TRUSTEE JS GROWTH FUND	1	530,400	0.27
CDC - TRUSTEE JS ISLAMIC PENSION SAVINGS FUND-EQUITY ACCOUNT	1	56,100	0.03
CDC - TRUSTEE ALFALAH GHP STOCK FUND	1	181,500	0.09
CDC - TRUSTEE ALFALAH GHP ALPHA FUND	1	51,600	0.03
CDC - TRUSTEE NIT-EQUITY MARKET OPPORTUNITY FUND	1	619,583	0.32
CDC - TRUSTEE ABL STOCK FUND	1	729,100	0.38
CDC - TRUSTEE FIRST HABIB STOCK FUND	1	33,000	0.02
CDC - TRUSTEE LAKSON EQUITY FUND	1	141,700	0.07
CDC - TRUSTEE NBP SARMAYA IZAFI FUND	1	38,300	0.02
CDC - TRUSTEE NBP MAHANA AMDANI FUND - MT	1	266,000	0.14
CDC-TRUSTEE HBL ISLAMIC STOCK FUND	1	52,000	0.03
CDC - TRUSTEE NBP FINANCIAL SECTOR INCOME FUND	1	1,900	0.00
CDC - TRUSTEE HBL IPF EQUITY SUB FUND	1	13,100	0.01
CDC - TRUSTEE HBL PF EQUITY SUB FUND	1	6,000	0.00
CDC - TRUSTEE KSE MEEZAN INDEX FUND	1	328,201	0.17
CDC-TRUSTEE FIRST HABIB ISLAMIC STOCK FUND	1	8,000	0.00
MCBFSL - TRUSTEE ABL ISLAMIC STOCK FUND	1	391,700	0.20
CDC - TRUSTEE NAFA PENSION FUND EQUITY SUB-FUND ACCOUNT	1	49,700	0.03
CDC - TRUSTEE NAFA ISLAMIC PENSION FUND EQUITY ACCOUNT	1	91,400	0.05
CDC - TRUSTEE FIRST CAPITAL MUTUAL FUND	1	5,000	0.00
CDC - TRUSTEE NIT INCOME FUND - MT	1	37,000	0.02
CDC - TRUSTEE HBL ISLAMIC EQUITY FUND	1	52,900	0.03
CDC - TRUSTEE ABL ISLAMIC PENSION FUND - EQUITY SUB FUND	1	11,000	0.01
CDC - TRUSTEE ABL PENSION FUND - EQUITY SUB FUND	1	16,000	0.01
CDC-TRUSTEE ALHAMRA ISLAMIC PENSION FUND - EQUITY SUB FUND	1	58,000	0.03
CDC - TRUSTEE NBP ISLAMIC STOCK FUND	1	156,600	0.08
CDC - TRUSTEE NIT ISLAMIC EQUITY FUND	1	84,490	0.04
CDC - TRUSTEE NBP SAVINGS FUND - MT	1	19,100	0.01
CDC - TRUSTEE AL AMEEN ISLAMIC DEDICATED EQUITY FUND	1	33	0.00
CDC - TRUSTEE HBL ISLAMIC ASSET ALLOCATION FUND	1	8,500	0.00
CDC - TRUSTEE FAYSAL MTS FUND - MT	1	1,000	0.00
CDC - TRUSTEE MEEZAN ASSET ALLOCATION FUND	1	284,700	0.15
CDC - TRUSTEE LAKSON TACTICAL FUND	1	18,350	0.01
CDC - TRUSTEE LAKSON ISLAMIC TACTICAL FUND	1	24,200	0.01
MCBFSL TRUSTEE ABL ISLAMIC DEDICATED STOCK FUND	1	32,000	0.02
CDC - TRUSTEE AGIPF EQUITY SUB-FUND	1	9,000	0.00
CDC - TRUSTEE AGPF EQUITY SUB-FUND	1	4,000	0.00
CDC - TRUSTEE ALFALAH GHP ISLAMIC DEDICATED EQUITY FUND	1	62,000	0.03
CDC TRUSTEE - MEEZAN DEDICATED EQUITY FUND	1	141,100	0.07
CDC - TRUSTEE FIRST HABIB ASSET ALLOCATION FUND	1	6,000	0.00
CDC - TRUSTEE JS ISLAMIC DEDICATED EQUITY FUND (JSIDEF)	1	10,174	0.01
CDC - TRUSTEE ATLAS ISLAMIC DEDICATED STOCK FUND	1	17,950	0.01
CDC - TRUSTEE FAYSAL ISLAMIC DEDICATED EQUITY FUND	1	2,883,100	1.48
CDC - TRUSTEE FAYSAL ISLAMIC STOCK FUND	1	447,400	0.23
CDC - TRUSTEE HBL INCOME FUND - MT	1	1,000	0.00
General Public			
a. Local	4,680	54,587,820	28.09
b. Foreign	81	3,365,808	1.73
Foreign Companies	22	7,818,797	4.03
OTHERS	142	28,325,419	14.58
Total	5,055	194,295,038	100.00
			Shares Held Percentage
Shareholders holding 10% or more			
FARUQUE (PRIVATE) LIMITED		42,096,353	21.67

اسٹیٹمنٹس برائے سال مختتمہ 30 جون 2021 کے نوٹ نمبر 39 میں واضح کی گئی ہے نیز بورڈ آف ڈائریکٹرز کو متعلقہ پارٹیز یا ایسوسی ایٹڈ کمپنیز کے ساتھ سال مختتمہ 2022 کے لئے لین دین کی انجام دہی کا مجاز قرار دیں۔

لین دین کے لئے پارٹی کی لحاظ سے بریک اپ مالیاتی اسٹیٹمنٹس برائے سال مختتمہ 30 جون 2021 کے نوٹ نمبر 39 میں واضح کیا گیا ہے جو درج ذیل ہے:

مالی سال مختتمہ 30 جون 2021 کے دوران میں کمپنی نے اپنی ایسوسی ایٹڈ کمپنیز اور متعلقہ پارٹیز کے ساتھ اپنی پالیسیز اور لاگو قوانین اور ضوابط کے مطابق لین دین کیا۔ متعلقہ پارٹیز کے ساتھ لین دین کے لئے کمپنیز ایکٹ 2017 کے سیکشنز 207 اور 208 کے تحت شیئر ہولڈرز کی منظوری حاصل کرنا لازمی ہے۔ ایسے لین دین کو شیئر ہولڈرز کی منظوری کے لئے خصوصی قرارداد کے ذریعے ان کے سامنے پیش کیا جا رہا ہے جو سالانہ اجلاس عام میں پاس کرنے کے لئے تجویز کی گئی ہے۔

شیئر ہولڈرز سے درخواست ہے کہ لین دین کی توثیق کریں جو مالیاتی

متعلقہ پارٹی کا نام	لین دین کی نوعیت	(روپے '000)
چیراٹ پکیجنگ لمیٹڈ	پکیجنگ میٹریل کی خریداری	2,442,229
چیراٹ پکیجنگ لمیٹڈ	مال فروخت کیا گیا	2,819
چیراٹ پکیجنگ لمیٹڈ	ڈیویڈنڈ کی آمدنی وصول ہوئی	6,245
چیراٹ پکیجنگ لمیٹڈ	ڈیویڈنڈ کی ادائیگی	5,328
فاروق (پرائیویٹ) لمیٹڈ	خام مال کی خریداری	405,907
فاروق (پرائیویٹ) لمیٹڈ	ڈیویڈنڈ کی ادائیگی	42,096
میرپور خاص شوگر ملز لمیٹڈ	ڈیویڈنڈ کی ادائیگی	3,847
گریوز پاکستان (پرائیویٹ) لمیٹڈ	فلسڈ اسٹیٹس کی خریداری	1,316,302
گریوز پاکستان (پرائیویٹ) لمیٹڈ	ڈیویڈنڈ کی ادائیگی	2,419
گریوز لبر کونڈیشننگ (پرائیویٹ) لمیٹڈ	فلسڈ اسٹیٹس کی خریداری	256
زین سافٹ (پرائیویٹ) لمیٹڈ	آئی ٹی سپورٹ چارجز	22,798
زین سافٹ (پرائیویٹ) لمیٹڈ	ڈیویڈنڈ کی ادائیگی	25
جوبلی جزل انشورنس کمپنی لمیٹڈ	انشورنس پریمیم کی ادائیگی	52,314
چیراٹ سینٹ ایمپلائز پراویڈنٹ فنڈ اور گریجویٹ فنڈ	فنڈ کی ادائیگی	122,711

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نوٹس:

فزیکل شیئرز ایک مقررہ طریقے سے ایس ای سی پی کی مقرر کردہ تاریخ سے بک انٹری کی شکل میں تبدیل کرنا ہوں گے۔ اس لئے ان شیئرز ہولڈرز سے جن کے پاس فزیکل شیئرز ہیں، درخواست ہے کہ اپنے فزیکل شیئرز کو بنارسید (اسکرپ لیس) شکل میں تبدیل کرنے کے لئے کسی بھی بروکر کے ساتھ سی ڈی سی سب اکاؤنٹ یا براہ راست سی ڈی سی کے ساتھ انویسٹر اکاؤنٹ کھولیں۔

7۔ شیئرز ہولڈرز کو یاد دہائی کرائی جاتی ہے کہ کمپنیز ایکٹ 2017 کے سیکشن 242 کے مطابق لسٹڈ کمپنی ہونے کی صورت میں کمپنی کی جانب سے اعلان کردہ نقد منافع منقسمہ کی رقم لازمی طور پر الیکٹرونک ذریعے سے براہ راست شیئرز ہولڈرز کے بینک اکاؤنٹ میں جمع کرائی جائے۔ شیئرز ہولڈرز سے درخواست ہے کہ اپنا منافع منقسمہ براہ راست اپنے بینک اکاؤنٹ میں وصول کرنے کے لئے ای ڈیویڈنڈ مینڈیٹ فارم پر کریں جو کمپنی کی ویب پر دستیاب ہے اور اس پر دستخط کر کے سی این آئی سی کی کاپی کے www.gfg.com.pk سائٹ ساتھ، فزیکل شیئرز ہونے کی صورت میں کمپنی کے رجسٹرار میسرز سی ڈی سی شیئرز رجسٹرار سروسز لمیٹڈ کو بھجوادیں۔ اگر شیئرز سی ڈی سی میں ہیں تو ای ڈیویڈنڈ مینڈیٹ فارم براہ راست شیئرز ہولڈرز کے بروکر / شریک / سی ڈی سی انویسٹر اکاؤنٹ سروسز کے پاس جمع کرایا جائے۔ آئی بی اے این جمع نہ کرانے کی صورت میں کمپنیز (ڈسٹری بیوشن آف ڈیویڈنڈز) ریگولیشنز 2017 کے تحت کمپنی ڈیویڈنڈ کی ادائیگی روک لے گی۔ نیز مجموعی ڈیویڈنڈ، ٹیکس / زکوٰۃ کی کٹوتی اور ڈیویڈنڈ کی خالص رقم کے بارے میں معلومات سینٹرلائزڈ کیش ڈیویڈنڈ رجسٹر (سی ڈی آر) کے ذریعے فراہم کی جائے گی۔ لہذا شیئرز ہولڈرز کے لئے لازمی ہے کہ وہ خود کو سی ڈی سی کے ای سروسز پورٹل پر رجسٹر کرالیں <https://eservices.cdcaccess.com.pk>

8۔ کمپنیز ایکٹ 2017 کے سیکشن 244 کی پیروی میں جب کمپنی ایک مرتبہ مقررہ کارروائی مکمل کر لے گی تو کسی غیر کلیم شدہ ڈیویڈنڈ اور / یا شیئرز جو واجب الادا تاریخ سے تین سال یا اس سے زیادہ کی مدت گزرنے کے بعد بھی واجب الادا ہوں، اور قابل ادائیگی ہوں، تو وہ وفاقی حکومت کے پاس (ڈیویڈنڈ ہونے کی صورت میں) جمع کرا دیئے جائیں گے یا ایس ای

1۔ کمپنی کے ممبران کا رجسٹر جمعہ 8 اکتوبر 2021 تا ہفتہ 16 اکتوبر 2021 (بشمول دونوں ایام) بند رہے گا اور اس وقت کے دوران کوئی ٹرانسفر رجسٹر نہیں کیا جائے گا۔ کمپنی کے شیئرز رجسٹرار میسرز سی ڈی سی شیئرز رجسٹرار سروسز لمیٹڈ (سی ڈی سی ایس آر ایس لیل) کے دفتر، سی ڈی سی ہائوس، 99 بی، بلاک بی، ایس ایم سی ایچ ایس مین شارع فیصل کراچی 74400 میں جمعرات 7 اکتوبر 2021 کو کاروباری اوقات کے اختتام تک درست صورت میں موصول ہونے والے شیئرز درج بالا اہلیت کے لئے بروقت تصور ہوں گے۔

2۔ کمپنی کا کوئی ممبر، جو سالانہ اجلاس عام میں شرکت کرنے، بولنے اور ووٹ دینے کا اہل ہے اپنی جگہ کسی دوسرے ممبر کو شرکت کرنے، بولنے اور ووٹ دینے کے لئے اپنا پراسی مقرر کر سکتا / سکتی ہے۔ پراسیز کے موثر ہونے کے لئے لازمی ہے وہ تحریری ہو اور کمپنی کے صدر دفتر کو اجلاس شروع ہونے سے 48 گھنٹے پہلے موصول ہو جائے۔

3۔ کمپنی کے شیئرز ہولڈرز، جن کے شیئرز سینٹرل ڈپازٹری سسٹم (سی ڈی ایس) کے ساتھ ان کے اکاؤنٹ / سب اکاؤنٹ میں رجسٹرڈ ہیں، ان سے درخواست ہے کہ وہ تصدیق کے لئے اصل کمپنیز ٹرانزڈ قومی شناختی کارڈ مع سی ڈی ایس میں اپنا اکاؤنٹ نمبر اور شرکا کا آئی ڈی نمبر ساتھ لائیں۔

4۔ کمپنی کے شیئرز ہولڈرز سے درخواست ہے کہ اپنے پتے میں کسی تبدیلی کی اطلاع فوری طور پر کمپنی کے شیئرز رجسٹرار کو فراہم کریں

5۔ جن شیئرز ہولڈرز نے اپنے کارآمد کمپیوٹرلائزڈ قومی شناختی کارڈ کی فوٹو کاپی ابھی تک جمع نہیں کرائی ہے، ان سے درخواست ہے کہ وہ یہ کاپی کمپنی کے شیئرز رجسٹرار کو بھیج دیں۔

6۔ کمپنیز ایکٹ 2017 کے سیکشن 72 کے مطابق ہر موجود لسٹڈ کمپنی کو اپنے



اطلاع برائے سالانہ اجلاس عام

خصوصی امور

بذریعہ ہذا مطلع کیا جاتا ہے کہ چیراٹ سیمنٹ کمپنی لمیٹڈ کا



6- درج ذیل قرارداد پر بطور خصوصی قرارداد غور کرنا اور منظوری دینا۔

(الف) "طے پایا کہ متعلقہ پارٹیز اور ایسوسی ایٹڈ کمپنیز کے ساتھ سالانہ مقررہ 30 جون 2021 کے دوران میں کاروبار کے معمولات میں کئے گئے لین دین کی، جیسا کہ مالیاتی اسٹیٹمنٹس کے نوٹ 39 میں ظاہر کیا گیا ہے، توثیق کی جاتی ہے اور منظور کیا جاتا ہے۔"

(ب) "مزید طے پایا کہ کمپنی کا بورڈ آف ڈائریکٹرز 30 جون 2022 کو ختم ہونے والے آئندہ سال کے دوران میں متعلقہ پارٹیز اور ایسوسی ایٹڈ کمپنیز کے ساتھ کاروبار کے معمولات میں کئے جانے والے لین دین کی منظوری کے لئے مجاز ہے اور ہوگا"

درج بالا خصوصی قرارداد سے متعلق کمپنی ایکٹ 2017 کے سیکشن 134 کے تحت ایک اسٹیٹمنٹ اس نوٹس کے ساتھ منسلک ہے۔

بحکم بورڈ آف ڈائریکٹرز

عسب دوزیر
ایگزیکٹو ڈائریکٹر اور
کمپنی سیکرٹری

کراچی 26 اگست 2021

بروز ہفتہ 16 اکتوبر 2021 دن 30-11 بجے کمپنی کے رجسٹرڈ دفتر واقع فیکٹری کی حدود، ولیج لکرنی، نوشہرہ، خیبر پختونخوا میں درج ذیل امور کی انجام دہی کے لئے منعقد ہوگا

عمومی امور

1- کمپنی کے آڈٹ شدہ حسابات برائے سال مقررہ 30 جون 2021 مع ڈائریکٹرز اور آڈیٹرز کی رپورٹ وصول کرنا اور ان پر غور کرنا۔

2- حتمی نقد منافع منقسمہ کی بحساب 12.5% (1.25 روپیہ فی شیئر) کی ادائیگی پر غور کرنا اور اس کی منظوری دینا۔ یہ عبوری نقد منافع منقسمہ بحساب 10% (1.00 روپیہ فی شیئر) کے علاوہ ہے جو بورڈ آف ڈائریکٹرز کی سفارشات پر پہلے ہی شیئر ہولڈرز کو برائے مالی سال مقررہ 30 جون 2021 ادا کیا جا چکا ہے۔

3- سال 2021/22 کے لئے آڈیٹرز کا تقرر کرنا اور ان کے مشاہرے کا تعین کرنا۔

4- کمپنی کے آٹھ (8) ڈائریکٹرز کا انتخاب کرنا جیسا بورڈ آف ڈائریکٹرز نے کمپنی ایکٹ 2017 کے سیکشن (1) 159 کے تحت تعداد مقرر کی ہے۔ ریٹائر ہونے والے ڈائریکٹرز ہیں (1) جناب عمر فاروق (2) جناب اعظم فاروق (3) جناب اکبر علی پسانا (4) جناب عارف ڈینو فاروق (5) جناب آصف قادر (6) جناب ابرار حسن (7) مسز زینبا انصار (8) جناب یاسر مسعود۔

5- چیئرمین کی اجازت سے کسی اور امور کی انجام دہی۔

کیپٹل اسٹرکچر

☆ سینٹ لائن 3 کے قیام کے بعد کمپنی کے ایکویٹی کے موجودہ قرضہ جات کا تناسب 48:52 ہے۔ بورڈ آف ڈائریکٹرز اور انتظامیہ کو بھروسہ ہے کہ مستقبل میں کمپنی کا کیپٹل اسٹرکچر بہتر ہو جائے گا۔ اس کے تناسب میں لائن 4 کی وجہ سے فرق پڑ سکتا ہے لیکن بہر حال سال گزرنے کے ساتھ ساتھ اس میں بہتری آجائے گی۔

مستقبل کے امکانات

معاشی بحالی کی جس رفتار میں سال 2020/21 کے دوران میں جو تیزی آئی تھی، توقع ہے کہ وہ آگے چل کر اور بڑھے گی۔ امید ہے کہ ٹی ای آر ایف اسکیمز کے تحت کی گئی کیپٹل انویسٹمنٹ اور تعمیراتی پروجیکٹس کے پیمانے میں اضافے سے قومی معیشت تیزی سے ترقی کرے گی۔ حالیہ وفاقی بجٹ میں حکومت نے پی ایس ڈی پی کی تفویض میں اضافہ کر دیا ہے۔ اس نے سال کے دوران میں اسی کو استعمال کرنے کے عندیہ دیا۔ توقع ہے کہ ان تمام عناصر سے اگلے سال نمو کے حجم میں اضافہ ہوگا۔

آڈیٹرز کا تقرر

موجودہ آڈیٹرز میسرز ای وائی فورڈر ہوڈس، چارٹرڈ اکاؤنٹنٹس رینڈز ہو گئے ہیں اور اہل ہونے کی بنیاد پر انہوں نے خود کو دوبارہ تقرر کے لئے پیش کیا ہے۔

اعتراف

ہم تمام مالیاتی اداروں کے، ہمارے ساتھ کاروباری تعلقات قائم رکھنے پر، اپنے ڈیلرز اور صارفین کے، ان کے مستقل تعاون، کوآرڈینیشن اور ہم پر اعتماد کے لئے دلی شکریہ ادا کرتے ہیں۔ ہم اپنے تمام اسٹاف کے خلوص، وفاداری اور سخت محنت کا بھی دل سے اعتراف کرتے ہیں۔

بورڈ آف ڈائریکٹرز کی جانب سے

اعظم فاروق
چیف ایگزیکٹو

عمرفاروق
چیئر مین

کراچی: 26 اگست 2021



حکومت کی جانب سے میگا انفراسٹرکچر پروجیکٹس جیسے ڈیمز اور نیا پاکستان ہائوسنگ اسکیم کے کاموں کے آغاز سے سینٹ کی صنعت کا منظر نامہ خاصہ امید افزا ہوا ہے۔ ملک میں نجی طور پر تعمیراتی سرگرمیوں میں اضافے اور تعمیراتی پیکج کے اعلان، ڈسکاونٹ ریٹ میں کمی اور حکومت کی جانب سے کمرشل بینکوں کے ذریعے ہائوسنگ فنانس کی بناء پر سینٹ کی طلب میں مثبت اثرات پڑنے کی توقع ہے۔ تاہم کووڈ-19 کی جاری چوتھی لہر ملک کے لئے ایک بڑا خدشہ ہے، جس میں حکومت کی سخت کاوشوں کو ناکام بنانے کی قوت موجود ہے۔ اس منظر نامے میں، ہم کو بھروسہ ہے کہ حکومت کی جانب سے کئے گئے اقدامات سے جلد ہی صورتحال قابو میں آجائے گی۔

بڑی اشیاء جیسے کونکے کی قیمتوں میں اضافہ دیکھنے میں آیا جس سے سینٹ کے شعبے پر منفی اثر مرتب ہوا۔ فیول کی قیمتوں میں اضافے کے نتیجے میں اندرون ملک ٹرانسپورٹیشن کی لاگت بہت زیادہ بڑھ گئی۔ مزید یہ کہ حکومت نے پاور کے نرخ بڑھادیے جس کا پروڈکشن کی لاگت پر براہ راست اثر پڑا۔ یہ چند میکرو اکنامک خدشات ہیں، جو وقت گزرنے کے ساتھ واضح ہوں گے۔



خداشات اور مواقع

- خداشات اور ان کا سدباب

بورڈ آف ڈائریکٹرز نے سماجی معاشی ماحولیات اور اس کے نتیجے میں ممکنہ اندرونی اور بیرونی خداشات پر گہری نظر رکھی جو کمپنی کے محفوظ اور رواں آپریشنز اور کارکردگی پر اثر انداز ہو سکتے تھے۔ اسٹیک ہولڈرز کے مفادات کے نگہبان کے طور پر ڈائریکٹرز نے سال بھر خداشات کی نشاندہی کرنے اور ان کو ختم کرنے کے لئے چوکنا ہو کر کام کیا۔ بورڈ آف ڈائریکٹرز نے ممکنہ خداشات کی نشاندہی کی اور کمپنی پر ان کے اثرات کی جانچ کر کے کاروبار کے لئے خداشات کو ختم کرنے کی حکمت عملی تشکیل دی۔ اس حکمت عملی کو آٹھ کمیٹی کی زیر نگرانی کمپنی کے تمام مقامات پر نافذ کیا گیا اور اس بات کو یقینی بنایا گیا کہ خداشات کے خاتمے میں کوئی خلا نہ رہ جائے۔

☆ خداشات کی جانچ

بورڈ آف ڈائریکٹرز نے اندرونی اور بیرونی دونوں طرح کے خداشات کی جانچ کی جو کمپنی کو درپیش ہو سکتے ہیں۔ کاروبار کو کئی طرح کی غیر یقینی صورتحال کا سامنا کرنا پڑتا ہے جو اس کے مقاصد کے لئے خطرہ ہو سکتے ہیں اور اگر ان کا سدباب نہ کیا جائے تو ایسے نقصانات ہو سکتے ہیں جن سے بچا جاسکتا تھا۔ انرجی کی قیمتیں پروڈکشن کی مجموعی لاگت کا سب سے بڑا حصہ ہوتی ہیں۔ کونسل اور بجلی کے نرخوں میں اتار چڑھاؤ کمپنی کے لئے ایک مستقل خدشہ ہیں۔ کمپنی نے بجلی کی لاگت کو کم کرنے کے لئے ویسٹ ہیٹ ریکوری پلانٹ نصب کیا ہے اور پلانٹ کے لئے گیس کنکشن بھی حاصل کر لیا ہے۔ اس کے علاوہ ہم سولر پاور پروجیکٹ بھی نصب کر رہے ہیں۔ کمپنی کو درپیش ایک اور بڑا خدشہ سیاسی غیر یقینی کی کیفیت کے باعث اس کی مین ایکسپورٹ مارکیٹ افغانستان کو برآمدات میں کمی ہونے کا ہے۔ تاہم نوشہرہ فیکٹری میں، جو افغان سرحد سے قریب ہے اس کی حکمت عملی بنائی گئی ہے اور افغانستان میں چرٹ کی برانڈ ویلیو سے ہمیں افغانستان کو سینٹ کے سب سے بڑے برآمد کنندہ ہونے کی پوزیشن برقرار رکھنے میں مدد ملے گی۔

☆ فترضوں کی واپس ادائیگی

کمپنی نے ہمیشہ اپنے تمام واجبات بروقت ادا کئے ہیں۔ اسٹیٹ بینک آف پاکستان نے کمپنیز کو اجازت دی ہے کہ وہ ایک سال کے اندر واجب الادا اپنے طویل المدت قرضہ جات کی اصل رقم کی ادائیگی کو موخر کر دیں تاکہ ان کو کووڈ - 19 کے معاشی صورتحال کے اثر پر قابو پانے میں مدد ملے۔ اگرچہ کمپنی نے اسٹیٹ بینک آف پاکستان کی آفر کے مطابق اپنی لائن 2 کے لئے مخصوص طویل المدت قرضہ فنانس اور لائن 3 کے لئے مخصوص طویل المدت قرضہ جات کی اصل رقم کی ادائیگی موخر کرنے کے لئے درخواست دی تھی، مگر یہ سہولت حاصل نہیں کی اور سال 2020/21 کے دوران میں اس کی واپس ادائیگی کر دی۔ اس کے علاوہ کمپنی نے سینٹ لائن 2 اور 3 سے متعلق قرضہ جات کی رقم، جو بالترتیب 800 ملین روپے اور 600 ملین روپے تھی، وہ بھی مقررہ وقت سے پہلے ہی واپس ادا کر دیے۔ نیز کمپنی نے اسٹیٹ بینک آف پاکستان کی انتہائی مسابقتی شرح سود پر پیش کردہ وٹج فنانسنگ اسکیم کی سہولت بھی حاصل کی۔

سال کے دوران میں فی شیئر آمدنی 16.50 روپے ہوئی جبکہ گزشتہ سال فی شیئر (9.74) روپے نقصان ہوا تھا

ڈائریکٹرز کا مشاہرہ

کمپنی کے آرٹیکلز کے ذریعے بورڈ آف ڈائریکٹرز وقتاً فوقتاً نان ایگزیکٹو اور خود مختار ڈائریکٹرز کا مشاہرہ مقرر کرنے کا مجاز ہے۔ اس سلسلے میں بورڈ آف ڈائریکٹرز نے کمپنی کے نان ایگزیکٹو اور خود مختار ڈائریکٹرز کے لئے ایک مشاہرہ پالیسی تشکیل دی ہے۔ ڈائریکٹرز کے مشاہرے کی تفصیلات مالیاتی اسٹیٹمنٹ برائے سال محنت 30 جون 2021 کے نوٹ 38 میں ظاہر کی گئی ہیں۔

بورڈ آف ڈائریکٹرز اور بورڈ کمیٹیز کی کارکردگی کی جانچ

کمپنی کوڈ آف کارپوریٹ گورننس کے حصے کے طور پر بورڈ آف ڈائریکٹرز، اس کی کمیٹیز اور انفرادی طور پر ڈائریکٹرز کی سالانہ جانچ کا اہتمام کرتی ہے۔ پُرشدہ سوالنامہ موصول ہونے پر کمپنی سیکرٹری انتہائی رازداری سے کام لیتا ہے۔ طریقہ کار کی شفافیت کو یقینی بنانے کے لئے کمپنی نے میسرز گرانٹ ٹرنمن انجم رحمن، چارٹرڈ اکاؤنٹنٹس کی خدمات حاصل کی ہیں جو نتائج مرتب کرنے اور بورڈ آف ڈائریکٹرز کے لئے رپورٹ تیار کرنے کے ذمہ دار ہیں۔ رپورٹ کے مواد کی جانچ کی جاتی ہے اور ان ایریاز کی نشاندہی کی جاتی ہے جہاں بہتری کی ضرورت ہو۔



متعلقہ پارٹیز کے ساتھ لین دین

متعلقہ پارٹیز کے ساتھ متعلقہ شرائط پر تمام لین دین انجام دیئے گئے ہیں اور کمپنی کے مالیاتی اسٹیٹمنٹس میں مناسب طور سے ظاہر کئے گئے ہیں۔

کوڈ آف کارپوریٹ گورننس پر عمل درآمد کا اسٹیٹمنٹ

کمپنی کو لسٹڈ کمپنیز (کوڈ آف کارپوریٹ گورننس) ریگولیشنز، 2019 سے مکمل آگہی ہے۔ عمل درآمد کا اسٹیٹمنٹ رپورٹ کے متعلقہ سیکشن میں فراہم کیا گیا ہے۔

یونی انرجی لمیٹڈ

یونی انرجی - ونڈ پاور پروجیکٹ کا ایک جوائنٹ وینچر ہے، جس کو لیٹر آف انٹنٹ عطا کیا گیا ہے اور پروجیکٹ کے سیٹ اپ کے لئے جھمپیر، ضلع ٹھٹھہ میں باقاعدہ زمین الاٹ کی گئی ہے۔ بے وی پارٹنرز نے پروجیکٹ کی جاری مالیاتی ضروریات پورا کرنے کے لئے کمپنی میں ابتدائی ایکویٹی سرمایہ کاری کی ہے۔ اس سلسلے میں چیراٹ سینٹ نے شیئر ہولڈرز کی منظوری حاصل کر کے 7.77 ملین روپے کی ایکویٹی سرمایہ کاری کی۔ حکومت نے پروجیکٹ کے لئے اب تک کسی نرخ نامے کا اعلان نہیں کیا ہے۔

متعارف کروائے تاکہ ملازمین کی صحت اور کاروبار کے تسلسل کو یقینی بنایا جاسکے۔ کمپنی نے ضرورت کے مطابق اپنے خرچ پر پورے اسٹاف کے کووڈ ٹیسٹ کروائے اور ان کو گھر سے کام کرنے کی اجازت دی۔

کمپنی کی پروڈکشن فیسیلیٹیز میں انڈسٹری کے جاری معیارات کے مطابق تحفظ کے اقدامات کئے گئے ہیں۔

کمپنی کا ایک مخصوص ایچ ایچ ایس ای ڈیپارٹمنٹ ہے جو ایچ ایچ ایس ای کے مقاصد کے نفاذ کی نگرانی کرتا ہے۔ ڈیپارٹمنٹ نہ صرف ایچ ایچ ای کے بہترین معمولات پر عمل درآمد کو یقینی بناتا ہے بلکہ اسٹاف کی باقاعدہ فائر اور سیفٹی ٹریننگ کا اہتمام بھی کرتا ہے۔ کمپنی کے ایچ ایچ ای کے معیارات پر سختی سے عمل درآمد کے باعث سال کے دوران میں کوئی بڑا حادثہ رونما نہیں ہوا

قومی خزانے میں حصہ

سال کے دوران میں کمپنی نے ٹیکسز، ایکسائز ڈیوٹی، انکم ٹیکس اور سیلز ٹیکس کی شکل میں حکومت کے خزانے میں 11 بلین روپے سے زیادہ رقم جمع کرائی۔

اجتماعی اور مالیاتی رپورٹنگ فریم ورک

☆ مالیاتی اسٹیٹمنٹ کمپنی کی انتظامیہ نے تیار کئے ہیں جن میں اس کے شفاف کاروباری امور اور معاملات، اس کے آپریشنز کے نتائج، نقد کا بہاؤ اور ایجوٹیٹی میں تبدیلیوں کو ظاہر کیا گیا ہے۔

☆ کمپنی کے کھاتے کی باقاعدہ کتابوں کو مناسب طریقے سے رکھا گیا ہے۔

☆ مالیاتی اسٹیٹمنٹ کی تیاری میں درست اکاؤنٹ پالیسیاں مستقل طور پر لاگو کی گئی ہیں اور اکاؤنٹس کے تخمینے موزوں اور دانشمندانہ فیصلوں پر مبنی ہیں۔

☆ مالیاتی اسٹیٹمنٹ پاکستان میں لاگو انٹرنیشنل فنانشل رپورٹنگ اسٹینڈرڈ کے مطابق تیار کئے گئے ہیں اور کسی انحراف کو مناسب طریقے سے ظاہر اور واضح کیا گیا ہے۔

☆ اندرونی کنٹرول کے نظام کا ڈیزائن مستحکم ہے اور موثر طور پر نافذ العمل اور زیر نگرانی رہتا ہے۔

☆ کاروبار جاری رکھنے میں کمپنی کی صلاحیت پر کوئی نمایاں شبہ نہیں ہے۔

☆ کارپوریٹ گورننس کے بہترین معمولات سے کوئی مادی اعراض نہیں کیا گیا ہے۔

☆ گزشتہ چھ (6) سال کا کلیدی آپریشننگ اور فنانشل ڈیٹا مختصر صورت میں منسلک ہے۔

☆ آپ کی کمپنی کے ذمے ٹیکسز، ڈیوٹیز، لیویز اور چارجز کی مد میں کوئی واجبات نہیں ہیں، سوائے اس کے جو عام کاروباری معمولات میں جاری رہتے ہیں۔

☆ کمپنی اپنے ملازمین کے لئے پراویڈنٹ اور گریجویٹ فنڈز کا حساب رکھتی ہے۔ فنڈز کی سرمایہ کاری کی قدر بمطابق 30 جون 2021 درج ذیل ہے:

پراویڈنٹ فنڈ	1202.64 ملین روپے
گریجویٹ فنڈ	939.24 ملین روپے

بورڈ آف ڈائریکٹرز

بورڈ کے ڈائریکٹرز کی کل تعداد 8 ہے اور ان کی تفصیل درج ذیل ہے:

7	مرد ڈائریکٹرز
1	خاتون ڈائریکٹر
3	خود مختار ڈائریکٹرز
	جناب آصف قادر
	جناب ابرار حسن
	مسز زینبا انصار
3	نان ایگزیکٹو ڈائریکٹرز
	جناب عمر فاروق
	جناب اکبر علی پستانی
	جناب عارف فاروق
2	ایگزیکٹو ڈائریکٹرز
	جناب اعظم فاروق
	جناب یاسر مسعود
1	خاتون ڈائریکٹر
	مسز زینبا انصار

☆ سال کے دوران میں بورڈ آف ڈائریکٹرز کی سات میٹنگز ہوئیں۔ ہر ڈائریکٹر کی حاضری کا ریکارڈ درج ذیل ہے

ڈائریکٹر کا نام	میٹنگ میں حاضری کی تعداد
جناب عمر فاروق	7
جناب اعظم فاروق	7
جناب اکبر علی پستانی	7
جناب عارف فاروق	6
جناب آصف قادر	5
جناب ابرار حسن	6
مسز زینبا انصار	7
جناب یاسر مسعود	7

☆ سال کے دوران میں آڈٹ کمیٹی کی چار میٹنگز ہوئیں۔ ہر ڈائریکٹر کی حاضری کا ریکارڈ درج ذیل ہے۔

ڈائریکٹر کا نام	میٹنگ میں حاضری کی تعداد
جناب آصف قادر	4
جناب اکبر علی پستانی	4
جناب عارف فاروق	4

☆ سال کے دوران میں ہیومن ریسورس اینڈ ریہنڈریشن کمیٹی کی تین میٹنگز ہوئیں۔ ہر ڈائریکٹر کی حاضری کا ریکارڈ درج ذیل ہے:

ڈائریکٹر کا نام	میٹنگ میں حاضری کی تعداد
جناب ابرار حسن	3
جناب اعظم فاروق	3
جناب عمر فاروق	3

شیئر ہولڈنگ کا طرز اس رپورٹ کے ساتھ منسلک ہے۔

پر 13 میگا واٹ کے سولر پینل کی تنصیب کا کام بھی مکمل کے مرحلے میں ہے۔ ان اقدامات سے کمپنی کو نہ صرف اپنی آپریشنل استعداد میں بہتری لانے میں مدد ملے گی بلکہ اخراجات میں بھی کمی آئے گی۔

گرین فیلڈ سیمنٹ پلانٹ

بورڈ آف ڈائریکٹرز نے ڈی آئی خان، صوبہ خیبر پختونخوا میں ایک گرین فیلڈ سیمنٹ پلانٹ کی تنصیب کا فیصلہ کیا ہے۔ اس پلانٹ کی کلنر کی روزانہ پیداواری گنجائش 11,000 ٹن ہوگی۔ اس پروجیکٹ پر تقریباً 34 ملین روپے لاگت آنے کی توقع ہے اور 36 ماہ میں مکمل ہونے کا امکان ہے۔ اس پروجیکٹ کی فنانسنگ اندرونی نقد رقم کی فراہمی اور طویل المدت قرضہ جات سے کی جائے گی۔ گرین فیلڈ سیمنٹ پلانٹ کے قیام سے کمپنی کو ملک میں سیمنٹ کی بڑھتی ہوئی مانگ پوری کرنے اور اپنی آپریشنل استعداد کو بہتر بنانے میں مدد ملے گی۔



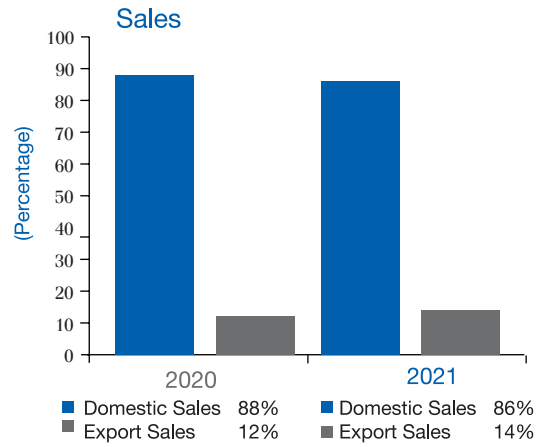
اجتماعی سماجی ذمہ داری

کمپنی معاشرے میں تمام اسٹیک ہولڈرز خاص طور پر عام لوگوں اور ماحولیات کے مفاد کے لئے اپنا کردار ادا کرنے میں پرعزم ہے۔ اپنی اجتماعی سماجی ذمہ داری کی پالیسیز کے مطابق، کمپنی ہمیشہ اپنے مینوفیکچرنگ پلانٹس اور اس کے گردنواح کے علاقوں میں رہنے والے لوگوں کی مجموعی صورتحال کو بہتر بنانے کے لئے کوشاں ہے۔ کووڈ-19 کے پھوٹ پڑنے کے بعد کمپنی نے مستحق افراد کی مدد اور ان تک جاکر ضروری تعاون فراہم کیا۔ کمپنی مختلف فلاحی اداروں کو اور سماجی مقاصد کے لئے تعاون پیش کرتی رہتی ہے جو اس کا وژن ہے، یعنی بہتر ماحول، بہتر معیشت اور بہتر پاکستان



تحفظ، صحت اور ماحولیات

کمپنی اپنے لوگوں کی صحت اور تحفظ کے لئے اعلیٰ معیار برقرار رکھنے پر پختہ یقین رکھتی ہے۔ کمپنی نے کاروبار کی بدلتی ضروریات کے مطابق صحت اور ملازمین کے تحفظ کے لئے احتیاطی -19 کووڈ ہدایات جاری کیں تاکہ تمام عملے کو وائرس سے ہر ممکنہ حد تک حفاظت کو یقینی بنایا جاسکے۔ اس سلسلے میں کمپنی نے اپنے تمام عملے کو ویکسینیشن کروانے کی حوصلہ افزائی کی اور اب تک تقریباً تمام اسٹاف نے ویکسین کی کم از کم پہلی خوراک لگوائی ہے۔ ہر سطح کے اسٹاف کو ذاتی تحفظ کا سامان فراہم کیا گیا اور کمپنی نے سماجی فاصلے، اپناک تقنیں وغیرہ کے اقدامات



سیمنٹ کی بڑھتی ہوئی طلب کے پس منظر میں کمپنی کی مقامی ترسیلات میں 18% جب کہ افغانستان کو برآمدات میں 8% اضافہ ہوا۔ مجموعی طور پر کمپنی کی سیمنٹ کی ترسیلات گزشتہ سال سے 17% زیادہ ہوئیں۔

مالیاتی کارکردگی

سیلز کی آمدنی گزشتہ سال سے 47% زیادہ ہوئی۔ سال کے دوران میں کوئلے اور بجلی کی قیمتوں میں نمایاں اضافے سے لاگت کی مد میں خاصہ اضافہ ہوا۔ تاہم کمپنی نے مستعد آپریشنل مینیجمنٹ کے ذریعے اخراجات پر قابو پایا۔ اس مدت میں زیادہ منفعت کے سبب ڈیلیوپی پی ایف کے پروویژن سے دیگر اخراجات بڑھ گئے۔ گزشتہ سال کے مقابلے میں مالیاتی لاگت میں نمایاں کمی دیکھنے میں آئی جس کی وجہ اسٹیٹ بینک آف پاکستان کی جانب سے ڈسکاونٹ ریٹ میں کمی اور وٹج فنانسنگ اسکیم کا استعمال تھی۔ درج بالا صورتحال کے پیش نظر کمپنی نے سال محترمہ 30 جون 2021 کے لئے 3.2 بلین روپے کا بعد از ٹیکس منافع حاصل کیا۔

کمپنی کی گزشتہ سال اور اس کے مقابلے میں موجودہ سال کی کارکردگی کا خلاصہ درج ذیل ہے:

2020	2021
(ملین روپے)	
17,090.15	25,206.81
16,703.67	18,478.51
386.48	6,728.30
2,279.59	3,523.24
(1,893.11)	3,205.06

خالص سیلز

سیلز کی لاگت

مجموعی منافع

اخراجات اور ٹیکسز

خالص منافع / نقصان

ڈیویڈنڈ کی ادائیگی

کمپنی نے ہمیشہ منافع کی تقسیم کے تسلسل کو برقرار رکھنے کی کوشش کی ہے۔ منافع منقسمہ کی ادائیگی کے لئے مختلف پیمانوں کا خیال رکھا جاتا ہے جیسے کمپنی کی مالیاتی کارکردگی، اس کی کاروباری ضروریات، ترقی کے امکانات اور توسیعی منصوبے وغیرہ۔ زیر جائزہ سال میں بورڈ آف ڈائریکٹرز نے ہمسرت حتمی نقد منافع بحساب 1.25 روپے فی شیئر کی سفارش کی ہے۔ یہ عبوری نقد منافع بحساب ایک روپیہ فی شیئر کے علاوہ ہے۔

نئے اقدامات

سیمنٹ لائن 1 کے لئے بی ایم آر اور کوئری فیس پر نئے کرشر کی تنصیب کے کام پلان کے مطابق آگے بڑھ رہے ہیں اور جون 2022 تک مکمل ہونے کی توقع ہے۔ اس کے علاوہ پلانٹ



ڈائریکٹرز کی رپورٹ برائے ممبران

برائے سال مختتمہ 30 جون 2021ء

پروڈکشن اور سیلز کا جائزہ
پروڈکشن اور سیلز کی تقابلی تعداد درج ذیل ہے:

بورڈ آف ڈائریکٹرز بمسرت کمپنی کی سالانہ رپورٹ مع آڈٹ شدہ مالیاتی اسٹیٹمنٹس برائے سال مختتمہ 30 جون 2021ء پیش کرتا ہے۔

2020	2021
(ٹن میں)	

2,988,489 3,573,307
3,382,277 3,965,217

کلنکر پروڈکشن
سیمنٹ پروڈکشن

2,903,768 3,438,944
473,711 510,733
3,377,479 3,949,677

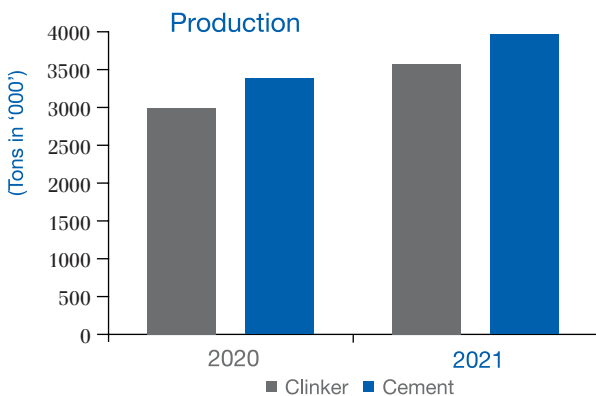
ملکی سیلز
برآمدی سیلز
کل سیلز

عمومی جائزہ

کووڈ-19 کی وبا نے ملکی اور عالمی معیشت پر نمایاں اثر ڈالا ہے۔ ملک کو وبا کے باعث پہنچنے والے معاشی دھچکے کے اثر سے قومی معیشت کو درپیش بحران سے نکلنے اور اس کے بعد مثبت نمو کی رفتار برقرار رکھنے کی کوششیں کی گئیں۔ معیشت کی بحالی کا ہدف بڑے پیمانے کی مینوفیکچرنگ انڈسٹری، خدمات کے شعبے، زیادہ زرعی پیداوار، زیادہ برآمدات اور سمندر پار پاکستانیوں کی جانب سے ترسیل زر میں اضافہ سے حاصل ہوا۔

کاروباری جائزہ

مالی سال 2021 کے دوران میں سیمنٹ کی صنعت نے حوصلہ افزا رجحان پیدا کیا جبکہ گزشتہ سال کے مقابلے میں اس کے حجم میں تاریخی 21% اضافہ ریکارڈ کیا گیا۔ سال کے دوران میں ملک میں تعمیراتی سرگرمیوں کے بڑھنے سے سیمنٹ کی ترسیل میں نمایاں اضافہ ہوا۔ پبلک سیکٹر ڈیولپمنٹ پروگرام (پی ایس ڈی پی) کے تحت فنڈز کی بھاری تفویض اور تعمیراتی پیکج کے اعلان سے فروخت کے حجم میں اضافہ ہوا اور مالی سال 20/2019 کے 47.81 ملین ٹن کے مقابلے میں سال 2020/21 میں سیمنٹ کی پیداوار کا حجم 57.74 ملین ٹن رہا۔ اس کے ساتھ سیمنٹ کی برآمدات 18.70% بڑھ گئیں یعنی مالی سال 20 کے 7.85 ملین ٹن سے مالی سال 21 میں 9.31 ملین ٹن ہو گئیں۔ مقامی ترسیلات مالی سال 20 کے 39.96 ملین ٹن سے 21% بڑھ کر مالی سال 21 میں 48.43 ملین ٹن ہو گئیں۔



40th Annual General Meeting



I / We _____

of _____

being a member of CHERAT CEMENT COMPANY LIMITED, hereby appoint _____

_____ of _____ another member of the Company as my / our proxy to attend, speak & vote for me / us and on my / our behalf at the 40th Annual General Meeting of the Company to be held Saturday, October 16, 2021 at 11:30 a.m at the Registered Office of the Company at Factory premises, Village Lakrai, Nowshera, Khyber Pakhtunkhwa and at any adjournment thereof.

WITNESSES

1. Signature: _____

Name: _____

Address: _____

CNIC or _____

Passport No. _____

Signature of
Shareholder

Revenue Stamp

2. Signature: _____

Name: _____

Address: _____

CNIC or _____

Passport No. _____

(Signature should agree with the specimen signature registered with the Company)

Important

1. Instruments of Proxy will not be considered as valid unless deposited or received at the Company's Head Office at Modern Motors House, Beaumont Road, Karachi - 75530 not later than 48 hours before the time of holding the meeting.

2. CDC Shareholders, entitled to attend, speak and vote at this meeting, must bring with them their Computerized National Identity Card (CNIC) / Passports in original to prove his/her identity, and in case of Proxy, must enclose an attested copy of his / her CNIC or Passport.

3. In case of corporate entity, the Board of Directors' resolution / power of attorney with specimen signature of the nominee should be attached with the proxy form.

Shares Held: _____

Folio No.	CDC Account No.	
	Participant I.D.	Account No.

CNIC No.					-							-	
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میں مسیحی / مسماة

سکینه

بحیثیت ممبر چرائٹ سیمنٹ کمپنی لمیٹڈ، مسمی / مسماة

ضلع

سکنہ _____

سکنہ _____ کو بطور مختار (پراکسی) مقرر کرتا / کرتی ہوں تاکہ وہ میری جگہ اور میری طرف سے کمپنی کے سالانہ اجلاس عام (یا جو بھی صورت حال ہو)، جو مورخہ 16 اکتوبر 2021 بروز ہفتہ صبح 11:30 بجے بمقام فیکٹری کی حدود، گاؤں لکرائی، نوشہرہ، خیبر پختونخوا میں منعقد ہوگا، اس میں اور اس کے کسی ماتوی شدہ اجلاس میں شرکت کرے، بولے اور ووٹ ڈالے۔

گواہان

1 دستخط

نام

CNIC/پاسپورٹ نمبر۔

ریونیو
اسٹیمپ

دستخط شیر ہولڈر

(دستخط کمپنی میں درج نمونہ کے مطابق ہونے چاہئے)

2 دستخط

نام

CNIC/ پاسپورٹ نمبر _____

اہم نوٹ

۱۔ پراکسی فارم اس وقت تک قابل قبول نہیں ہوگا جب تک یہ جنرل میننگ کے وقت سے 48 گھنٹے پہلے کمپنی کے ہیڈ آفس میں وصول نہ ہو جائے۔

۲۔ سی ڈی سی حصص داران اجلاس ہذا میں شرکت کرنے، بولنے اور ووٹ دینے کیلئے اہل ہیں اور اپنی شناخت ثابت کرنے کے لیے اپنے اصلی کمپیوٹرائزڈ قومی شناختی کارڈ / پاسپورٹ ساتھ لائیں اور پراسی کی صورت میں اپنے کمپیوٹرائزڈ قومی شناختی کارڈ / پاسپورٹ کی تصدیق شدہ کاپی ساتھ لائیں۔

۳۔ کارپوریٹ ادارے کی صورت میں بورڈ آف ڈائریکٹرز کی قرارداد / پاور آف اٹارنی بمعہ نمائندہ کے دستخط پر کسی فارم کے ساتھ لف کرنے ہوں گے۔

مجموعی شیرز

سی ڈی سی اکاؤنٹ نمبر		رجسٹرڈ فوئیو نمبر
اکاؤنٹ نمبر	شرافی نمبر	

کمپیوٹر انزڈ شنختی کارڈ نمبر

	-							-					
--	---	--	--	--	--	--	--	---	--	--	--	--	--

Cherat Cement Company Limited
A Ghulam Faruque Group Company

CHERAT

CEMENT

Date: _____

Shareholder's Detail	
Name of Company	Cherat Cement Company Limited
Name of shareholder	
Folio No./CDC Participants ID A/c No.	
CNIC No	
Passport No. (in case of foreign shareholder)	
Cell Number & Land Line Number	
Email Address (Mandatory)	

Shareholder's Bank Detail	
Title of Bank Account (Mandatory)	

[illegible]

Branch Name and Address	
-------------------------	--

Yours sincerely

(Please affix company stamp in case of corporate entity)

The shareholders who hold shares in Central Depository Company are requested to submit the above-mentioned Dividend Mandate Form, duly filled-in, to the relevant Broker/Participants/Investor Account Services of the Central Depository Company of Pakistan Limited where Member's CDC account is being dealt. The shareholders who hold shares in physical form are requested to submit the above-mentioned Dividend Mandate Form, duly filled in, to the share Registrar of the Company, as mentioned below:

Tel: 0800-23275, 111-111-500, Fax: 021-34326053



GHULAM FARUQUE
GROUP

**Cherat Cement
Company Limited**

Head Office:

Modern Motors House,
Beaumont Road,
Karachi 75530, Pakistan.

UAN: (9221) 111-000-009

Fax: (9221) 35683425

Email: info@gfg.com.pk

Web: www.gfg.com.pk

