

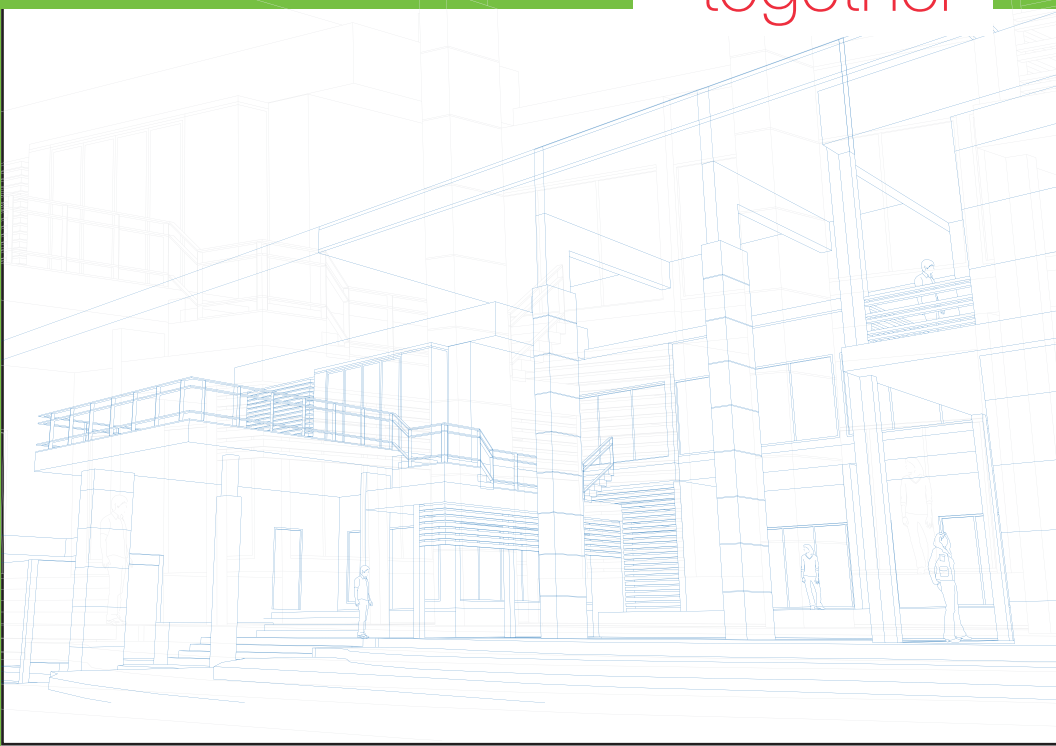


**Cherat Cement
Company Limited**
A Ghulam Faruque Group Company

**Un-Audited Accounts
March 31, 2022**



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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 Operating Officer

Mr. Yasir Masood

Chief Financial Officer

Mr. Ijaz Ahmed

Company Secretary

Ms. Hina Mir

Head of Internal Audit

Mr. Aamir Saleem

Auditors

EY Ford Rhodes
Chartered Accountants

Legal Advisor

K.M.S. Law Associates

Bankers

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

Non-Banking Financial Institution

Pakistan Kuwait Investment Co. (Pvt) Ltd

Islamic Bankers

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

Credit Rating

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

Share Registrar

CDC Share Registrar Services Limited
CDC House, 99-B, Block 'B'
S.M.C.H.S., Main Shahrah-e-Faisal
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,
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Head Office

Modern Motors House,
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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
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Islamabad:

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

Directors' Review

The Board of Directors is pleased to present the un-audited financial results of the Company for the nine months period ended March 31, 2022.

Overview

After recovering from the COVID-19 pandemic, the world economy is now facing challenges of soaring international commodity prices, especially oil and coal. Pakistan's economy is also being directly affected by this. On aggregate, cement demand declined by 6% during the nine months period under review. While domestic uptake of the commodity reduced only by 0.13%, exports declined by 35%. Low export prices and higher ocean freight made exporting overseas via sea unviable. Exports to Afghanistan were affected by the uncertain political and economic situation in the country as well as problems of clearance of goods at the border and declined by 64.5% during this period.

Dispatches

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

- Domestic Sales
- Export Sales

March 2022	March 2021
(in tons)	
2,475,149	2,621,906
211,662	336,596
<u>2,686,811</u>	<u>2,958,502</u>

During the nine months period under review, on aggregate basis, the sales volume of the Company decreased by 9% in which local sales declined by 5% while export has decreased by 37% from the corresponding period last year.

Operating Performance

During the current period sales revenue increased by 23% over the corresponding period last year. This increase was mainly due to adjustment in cement prices to account for higher input costs. During the period under review, cost of sales increased by 20% due to steep rise in coal and electricity prices. There was a decline in finance cost from the corresponding period last year due to favorable discount rates, utilization of wage financing scheme and repayments of long-term loans. As a result, the Company posted an after tax profit of Rs. 3,435 million for the nine months period ended March 31, 2022.

Ongoing Projects

Work on BMR for Cement Line 1 and installation of a new Crusher at the quarry face was affected due to manufacturing disruptions and international shipment delays but we are expecting that it will be completed by September 2022. On Solar Panels Project, 11.35 MW solar power plant has been commissioned in March 2022 and remaining 1.7 MW is expected to be operational in next two

months' time. These initiatives will not only enable the Company to improve its operational efficiencies but will also reduce costs. Land and mining lease for Line 4 Project have been transferred in our name. Initial ground work is also under way on this Project.

Future Outlook

Significant rise in international commodity prices, especially oil and coal pose a major challenge to the industry. Coal prices have reached levels never seen before and show no sign of decreasing in the near future. The war in Ukraine has further exacerbated the problem. Furthermore, currency devaluation effects have added to the rise in these costs. Higher inflation and distribution costs may negatively impact the demand for cement in the short term. Due to inflationary pressures and a rising current account deficit, the State Bank of Pakistan increased the discount rate by another 250 bps, taking the total increase of the discount rate to 525 bps in the nine month period. This will impact the finance cost of the Company in the coming months. On the positive side, exports to Afghanistan have again started picking up, and the impact of COVID has significantly reduced in Pakistan.

The management is putting all its efforts to manage these challenging conditions in the best possible manner. We expect the new Government, which has a business friendly record, will bring some policy changes and will create stimulus for construction industry. The Government can support the industry by reducing the FED and the tax burden on cement, which is already very high.

Acknowledgment

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

On behalf of the Board of Directors



Omar Faruque
Chairman



Azam Faruque
Chief Executive

Karachi: April 25, 2022

Condensed Interim Statement of Financial Position

As at March 31, 2022

	Note	March 31, 2022 (Unaudited)	June 30, 2021 (Audited)
ASSETS			
NON-CURRENT ASSETS			
(Rupees in '000)			
Fixed assets			
Property, plant & equipment	4	28,028,336	25,590,839
Intangible assets		14,877	16,213
		28,043,213	25,607,052
Long-term investments	5	500,385	660,950
Long-term loans		64,568	75,446
Long-term deposits		6,841	3,841
		571,794	740,237
		28,615,007	26,347,289
CURRENT ASSETS			
Stores, spare parts and loose tools		5,040,817	4,184,247
Stock-in-trade		1,098,508	1,005,590
Trade debts		651,209	407,548
Loans and advances		361,533	189,899
Trade deposits and short-term prepayments		43,905	25,174
Other receivables		206,933	198,060
Taxation-net		618,532	1,695,693
Cash and bank balances		124,794	140,022
		8,146,231	7,846,233
		36,761,238	34,193,522
TOTAL ASSETS			
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorised capital			
225,000,000 (June 30, 2021: 225,000,000)			
ordinary shares of Rs. 10/- each		2,250,000	2,250,000
Share capital		1,942,950	1,942,950
Reserves		14,678,473	11,646,602
		16,621,423	13,589,552
NON-CURRENT LIABILITIES			
Long-term financings	6	10,874,747	12,624,315
Lease liabilities		13,064	21,408
Long-term security deposits		28,370	28,105
Government grants		862,461	83,539
Deferred taxation		300,278	573,593
		12,078,920	13,330,960
CURRENT LIABILITIES			
Trade and other payables		2,826,880	2,264,938
Contract liabilities		277,357	191,403
Accrued mark-up		478,970	305,412
Short-term borrowings		1,210,418	1,741,387
Current maturity of long-term financings	6	3,148,294	2,646,955
Current portion of lease liabilities		12,291	14,655
Current portion of government grants		20,294	20,294
Unclaimed dividend		86,391	87,966
		8,060,895	7,273,010
CONTINGENCIES AND COMMITMENTS			
	7		
TOTAL EQUITY AND LIABILITIES		36,761,238	34,193,522

The annexed notes from 1 to 16 form an integral part of these condensed interim financial statements.



Azam Faruque
Chief Executive



Yasir Masood
Director



Ijaz Ahmed
Chief Financial Officer

Condensed Interim Statement of Profit or Loss (Unaudited)

For the Period Ended March 31, 2022

Note	Period ended		Quarter ended	
	March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021
(Rupees in '000)				
Turnover - net	22,581,450	18,420,773	7,802,735	6,832,159
Cost of sales	(16,343,799)	(13,575,623)	(5,723,083)	(4,748,497)
Gross profit	6,237,651	4,845,150	2,079,652	2,083,662
Distribution costs	(385,562)	(316,461)	(142,884)	(123,450)
Administrative expenses	(245,881)	(212,836)	(78,013)	(80,389)
Other expenses	(298,520)	(169,368)	(93,738)	(83,157)
	(929,963)	(698,665)	(314,635)	(286,996)
Other income	303,740	65,010	15,095	16,558
Operating profit	5,611,428	4,211,495	1,780,112	1,813,224
Finance costs	(905,322)	(1,205,628)	(304,992)	(320,935)
Profit before taxation	4,706,106	3,005,867	1,475,120	1,492,289
Taxation	(1,270,801)	(783,589)	(409,777)	(398,669)
Net profit	3,435,305	2,222,278	1,065,343	1,093,620
Earnings per share - basic and diluted	Rs. 17.68	Rs. 11.44	Rs. 5.48	Rs. 5.63

The annexed notes from 1 to 16 form an integral part of these condensed interim financial statements.



Azam Faruque
Chief Executive



Yasir Masood
Director



Ijaz Ahmed
Chief Financial Officer

Condensed Interim Statement of Comprehensive Income (Unaudited)

For the Period Ended March 31, 2022

	Period ended		Quarter ended	
	March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021
	(Rupees in '000)			
Net profit	3,435,305	2,222,278	1,065,343	1,093,620
Other comprehensive (loss) / income				
Items that will not be reclassified subsequently to statement of profit or loss				
Unrealized (loss) / gain on remeasurement of equity investments at fair value through other comprehensive income	(160,565)	270,617	22,926	(111,041)
Total comprehensive income	3,274,740	2,492,895	1,088,269	982,579

The annexed notes from 1 to 16 form an integral part of these condensed interim financial statements.



Azam Faruque
Chief Executive



Yasir Masood
Director



Ijaz Ahmed
Chief Financial Officer

Condensed Interim Statement of Cash Flows (Unaudited)

For the Period Ended March 31, 2022

	Note	March 31, 2022	March 31, 2021
CASH FLOWS FROM OPERATING ACTIVITIES			
(Rupees in '000)			
Profit before taxation		4,706,106	3,005,867
Adjustments for:			
Depreciation on operating property, plant and equipment	4	1,201,568	1,247,418
Depreciation on right-of-use assets	4.3	10,564	8,641
Amortisation		1,336	1,964
Gain on disposals of operating property, plant and equipment		(5,450)	(3,894)
Gain on short-term investments at fair value through profit or loss		(10,739)	(12,135)
Interest income on financial asset at amortised cost		(5,157)	(4,382)
Finance costs		905,322	1,205,628
Unrealised exchange gain		(15,056)	(1,808)
Dividend income		(15,613)	(6,870)
		2,066,775	2,434,562
		6,772,881	5,440,429
(Increase) / decrease in current assets			
Stores, spare parts and loose tools		(856,570)	419,979
Stock-in-trade		(92,918)	193,587
Trade debts		(243,661)	(72,547)
Loans and advances		(171,634)	(28,037)
Trade deposits and short-term prepayments		(18,731)	(33,581)
Other receivables		6,183	(1,091)
		(1,377,331)	478,310
		5,395,550	5,918,739
Increase / (decrease) in current liabilities			
Trade and other payables		561,942	577,994
Contract liabilities		85,954	(19,367)
		647,896	558,627
Cash generated from operations		6,043,446	6,477,366
Income tax paid		(466,955)	(289,076)
Long-term loans and deposits - net		13,300	16,476
Net cash generated from operating activities		5,589,791	6,204,766
CASH FLOWS FROM INVESTING ACTIVITIES			
Additions to property, plant and equipment		(3,631,232)	(577,859)
Additions to intangible assets		-	(1,436)
Proceed from disposals of operating property, plant and equipment		12,888	10,009
Dividend received		15,613	6,870
Short-term investments - net		10,739	(1,750,000)
Net cash used in investing activities		(3,591,992)	(2,312,416)
CASH FLOWS FROM FINANCING ACTIVITIES			
Long-term financings obtained		1,578,424	541,343
Repayments of long-term financings		(2,047,731)	(1,629,164)
Short-term borrowings - net		(530,969)	(1,256,941)
Lease rentals paid		(13,002)	(10,307)
Dividend paid		(244,444)	(164,509)
Finance costs paid - net		(755,305)	(1,262,446)
Net cash used in financing activities		(2,013,027)	(3,782,024)
Net (decrease) / increase in cash and cash equivalents		(15,228)	110,326
Cash and cash equivalents as at the beginning of the period		140,022	36,558
Cash and cash equivalents as at the end of the period		124,794	146,884

The annexed notes from 1 to 16 form an integral part of these condensed interim financial statements.



Azam Faruque
Chief Executive



Yasir Masood
Director



Ijaz Ahmed
Chief Financial Officer

Condensed Interim Statement of Changes in Equity (Unaudited)

For the Period Ended March 31, 2022

Issued, Subscribed and Paid-up Capital	Reserves							TOTAL	
	Capital Reserves		Revenue Reserves		Other Components of Equity		Total Reserves		
	Share premium	Other	General reserve	Unappropriated profit	Actuarial (loss) / gain on defined benefit plan - net of deferred tax	Unrealised gain / (loss) on equity investments at fair value through other comprehensive income			
(Rupees in '000)									
Balance as at July 01, 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 period ended December 31, 2020 @ Re. 1.00/- per share	-	-	-	-	(194,295)	-	-	(194,295)	(194,295)
Net profit	-	-	-	-	2,222,278	-	-	2,222,278	2,222,278
Other comprehensive income	-	-	-	-	-	-	270,617	270,617	270,617
Total comprehensive income	-	-	-	-	2,222,278	-	270,617	2,492,895	2,492,895
Balance as at March 31, 2021	1,942,950	1,047,658	50,900	420,000	8,567,120	(92,272)	415,802	10,409,208	12,352,158
Balance as at July 01, 2021	1,942,950	1,047,658	50,900	420,000	9,549,898	162,905	415,241	11,646,602	13,589,552
Final cash dividend for the year ended June 30, 2021 @ Rs. 1.25/- per share	-	-	-	-	(242,869)	-	-	(242,869)	(242,869)
Net profit	-	-	-	-	3,435,305	-	-	3,435,305	3,435,305
Other comprehensive loss	-	-	-	-	-	-	(160,565)	(160,565)	(160,565)
Total comprehensive income / (loss)	-	-	-	-	3,435,305	-	(160,565)	3,274,740	3,274,740
Balance as at March 31, 2022	1,942,950	1,047,658	50,900	420,000	12,742,334	162,905	254,676	14,678,473	16,621,423

The annexed notes from 1 to 16 form an integral part of these condensed interim financial statements.



Azam Faruque
Chief Executive



Yasir Masood
Director



Ijaz Ahmed
Chief Financial Officer

Notes to the Condensed Interim Financial Statements (Unaudited)

For the Period Ended March 31, 2022

1. CORPORATE INFORMATION

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

1.2 Impact of COVID-19 on the condensed interim financial statements

COVID-19 is a global pandemic which has affected the whole world and Pakistan is not an exception. Businesses are badly affected due to lockdowns to fight COVID-19 since March 2020. COVID-19 affected almost every individual across the globe. Construction sector in Pakistan was moderately affected due to various incentives including construction package announced by the Government to boost economy. The intensity of pandemic is now fading away due to large scale vaccination drive, booster doses and effective strategies adopted by the NCOC. All the allied restrictions have been lifted as per the guidelines of the Government. All of our staff are fully vaccinated and in the process of getting booster doses. However, we are encouraging employees to voluntarily follow the COVID-19 SOPs. The management has assessed accounting impact of COVID-19 in these condensed interim financial statements and has concluded that there is no significant accounting impact.

2. BASIS OF PREPARATION

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

- International Accounting Standard (IAS) 34, Interim Financial Reporting, issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;
- Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan (ICAP) as are notified under the Companies Act, 2017; and
- Provisions of and directives issued under the Companies Act, 2017.

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

- 2.2 These condensed interim financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Company's annual financial statements for the year ended June 30, 2021.

3. ACCOUNTING POLICIES

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

3.2 Amendments to approved accounting standards adopted during the period

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

IFRS 9, IAS 39, IFRS 7, IFRS 4 & IFRS 16	Interest Rate Benchmark Reform - Phase 2 (Amendments)
IFRS 16	COVID-19 - Related Rent Concessions beyond 30 June 2021 (Amendments)

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

4. PROPERTY, PLANT AND EQUIPMENT

	Note	March 31, 2022 (Unaudited)	June 30, 2021 (Audited)
(Rupees in '000)			
Opening Net Book Value (NBV)		23,755,863	25,129,951
Additions during the period / year - at cost	4.1	1,717,026	300,009
		25,472,889	25,429,960
Depreciation charged during the period / year		(1,201,568)	(1,666,835)
Disposals for the period / year - at NBV		(7,438)	(7,262)
Closing NBV		24,263,883	23,755,863
Capital work-in-progress	4.2	3,742,147	1,802,106
Right-of-use assets	4.3	22,306	32,870
		<u>28,028,336</u>	<u>25,590,839</u>

	March 31, 2022 (Unaudited)	June 30, 2021 (Audited)
4.1 Additions during the period / year - at cost	(Rupees in '000)	
Freehold land	170,434	-
Building on leasehold land	66,106	67,304
Plant and machinery	1,373,547	68,174
Power and other installations	12,228	2,852
Furniture and fittings	1,660	7,961
Quarry, factory and laboratory equipment	1,415	19,593
Motor vehicles	78,296	123,299
Office equipment	3,162	2,589
Computers	10,178	8,237
	<u>1,717,026</u>	<u>300,009</u>
4.2 Capital work-in-progress		
Freehold land	1,052,479	75,225
Building on leasehold land	76,766	6,325
Plant and machinery	2,497,485	1,648,826
Furniture and fittings	3,657	2,593
Quarry, factory and laboratory equipment	74,985	64,101
Motor vehicles	31,528	5,036
Office equipment	5,055	-
Computers	192	-
	<u>3,742,147</u>	<u>1,802,106</u>
4.3 Right-of-use assets		
Opening balance	32,870	17,250
Additions during the period / year	-	29,134
Depreciation for the period / year	(10,564)	(13,514)
Closing balance	<u>22,306</u>	<u>32,870</u>
4.3.1 The Company has recognised right-of-use assets in respect of head office and sales offices under rental agreements.		
	Note	
5. LONG-TERM INVESTMENTS		(Rupees in '000)
Investment in related parties		
At fair value through other comprehensive income	5.1	492,589
Joint ventures:		653,154
- Madian Hydro Power Limited	5.2	-
- UniEnergy Limited		7,796
		<u>7,796</u>
		<u>500,385</u>
		<u>660,950</u>

	Note	March 31, 2022 (Unaudited)	June 30, 2021 (Audited)
(Rupees in '000)			
5.1 At fair value through other comprehensive income			
Cherat Packaging Limited			
3,122,532 (June 30, 2021: 3,122,532) fully paid ordinary shares of Rs. 10/- each.		446,522	621,103
Mirpurkhas Sugar Mills Limited			
288,750 (June 30, 2021: 288,750) fully paid ordinary shares of Rs. 10/- each.		46,067	32,051
		<u>492,589</u>	<u>653,154</u>
5.2 Joint Venture – Madian Hydro Power Limited			
Company's share in net assets		106,705	106,705
Impairment loss		(106,705)	(106,705)
		-	-
6. LONG-TERM FINANCINGS – secured			
Islamic banks			
Syndicated Long-Term Finance Loan – Line - II	6.1	-	574,737
Syndicated Long-Term Finance Loan – Line - III		10,000,000	10,650,000
Islamic Finance Facility for Renewable Energy		1,140,801	1,316,302
		<u>11,140,801</u>	<u>12,541,039</u>
Conventional banks			
Syndicated Long-Term Finance Loan – Line - II	6.1	-	125,263
Captive Power Plant Loan		660,000	880,000
Waste Heat Recovery Loan – Line - III		840,000	1,080,000
Refinance Scheme for Payment of Wages and Salaries		230,620	451,007
Temporary Economic Refinance Facility		1,151,620	193,961
		<u>14,023,041</u>	<u>15,271,270</u>
Current maturities		(3,148,294)	(2,646,955)
		<u>10,874,747</u>	<u>12,624,315</u>

6.1 In view of healthy cash inflows during the period, the Company has made an early full repayment of syndicated long-term finance loan – Line - II.

7. CONTINGENCIES AND COMMITMENTS

7.1 Contingencies

There are no material changes in the status of contingencies as reported in the annual financial statements for the year ended June 30, 2021 except as disclosed below:

- As fully explained in note 26.1 to the annual financial statements, during the period, the Company challenged the earlier decision of the Honorable High Court of Sindh, in respect

of infrastructure cess, in the Honorable Supreme Court of Pakistan which provided relief to the petitioners by giving a stay order and allowing submission of bank guarantee of 100% of the amount till the time the case is finally decided.

- As fully explained in note 26.1 to the annual financial statements, the FBR filed appeal before the Supreme Court of Pakistan (SCP) with respect to excise duty which was wrongly collected from the Company by FBR based on retail price inclusive of excise duty which resulted in a refund claim of Rs. 882 million. During the period, SCP dismissed the petition filed by the FBR and decided the case in favor of the Company. The Company will now coordinate with FBR for verification process. Keeping in view the inherent uncertainties involved in such matters, the management as a matter of prudence, has not recognised this amount as refund in these condensed interim financial statements.
- Further, as fully explained in note 26.1 to the annual financial statements, the Company being aggrieved challenged the decision of Secretary of the Mines and Mineral Department (the Department) of Khyber Pakhtunkhwa creating a demand amounting to Rs. 252 million and filed a writ petition before the Peshawar High Court (PHC). During the period, the PHC decided the case in favour of the Company and remanded back to the department to reassess on rational basis in consultation with the cement factories of Khyber Pakhtunkhwa.

	March 31, 2022 (Unaudited)	June 30, 2021 (Audited)
	(Rupees in '000)	
Capital commitments	1,045,855	2,206,424
Letters of credit - Islamic and Conventional banks	155,639	61,077
Letters of guarantee - Islamic and Conventional banks	1,137,801	1,056,154

7.2 Commitments

Capital commitments

Letters of credit - Islamic and Conventional banks

Letters of guarantee - Islamic and Conventional banks

8. OTHER EXPENSES

Includes mainly provision related to Workers' Profits Participation Fund amounting to Rs. 249.64 million (March 31, 2021: Rs. 158.20 million).

9. OTHER INCOME

Includes mainly exchange gains amounting to Rs. 227 million (March 31, 2021: Nil) on derivative financial instruments at fair value through profit or loss relating to foreign exchange forward contracts that did not qualify for hedge accounting.

10. FINANCE COSTS

Includes mark-up on long-term financings amounting to Rs. 792.01 million (March 31, 2021: Rs. 1,129.98 million), mark-up on short-term borrowings and bank charges amounting to Rs. 113.32 million (March 31, 2021: Rs. 75.65 million).

	Period ended		Quarter ended	
	March 31, 2022 (Unaudited)	March 31, 2021 (Unaudited)	March 31, 2022 (Unaudited)	March 31, 2021 (Unaudited)
	(Rupees in '000)			
Current	(770,067)	-	(246,794)	-
Prior	(774,049)	-	-	-
Deferred	273,315	(783,589)	(162,983)	(398,669)
	<u>(1,270,801)</u>	<u>(783,589)</u>	<u>(409,777)</u>	<u>(398,669)</u>

11. TAXATION

11.1 Provision for current taxation is based on Alternate Corporate Tax at the current rates of taxation. Income subject to final tax has been taxed accordingly. During the period, the Company reassessed and revised its certain estimates in line with taxation rules.

11.2 As fully explained in note 34.6 to the annual financial statements, the Commissioner Inland Revenue (Appeals) has remanded back the impugned order with specific directions to the tax department to verify the facts and pass speaking order. During the period, the tax authority passed an order wherein demand was reduced from Rs. 20 million to Rs. 0.48 million and duly deposited into the Government treasury.

11.3 As fully explained in note 34.5 to the annual financial statements, during the period, the case has been decided against the Company by Peshawar High Court (PHC) in respect of reduced tax credit under section 65B of ITO, 2001 from 10% to 5% retrospectively. However, review petition has been filed against the judgement in PHC which is pending adjudication. Therefore, same accounting treatment has been maintained in these condensed interim financial statements.

12. FINANCIAL RISK MANAGEMENT AND FAIR VALUE DISCLOSURES

These condensed interim financial statements do not include all financial risk management information and disclosures which are required in the annual financial statements and should be read in conjunction with the Company's annual financial statements for the year ended June 30, 2021. There have been no changes in any risk management policies since the year end.

The carrying value of all financial and non-financial assets and liabilities measured at other than amortised cost in these condensed interim financial statements approximate their fair values.

13. TRANSACTIONS WITH RELATED PARTIES

Related parties of the Company comprise of associated companies, directors, retirement funds and key management personnel of the Company. Transactions with related parties other than those disclosed elsewhere in these condensed interim financial statements are as follows:

Relationship	Nature of transactions	Period ended		Quarter ended	
		March 31, 2022 (Unaudited)	March 31, 2021 (Unaudited)	March 31, 2022 (Unaudited)	March 31, 2021 (Unaudited)
(Rupees in '000)					
Associated companies	Purchases	2,213,030	2,077,139	786,281	780,885
	Sale of goods	6,247	205	160	-
	Sale of fixed assets	-	222	-	222
	Purchase of fixed assets	115,713	256	74,894	256
	IT support charges	18,233	17,099	6,078	5,700
	Dividend received	15,613	6,245	3,123	2,498
	Dividend paid	64,125	53,715	-	53,715
	Insurance premium paid	53,000	44,000	18,000	6,000
Key management personnel	Remuneration	724,735	454,346	333,978	158,209
Other related parties	Contribution to staff provident and gratuity funds	71,039	75,641	37,086	46,910

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

14. OPERATING SEGMENTS

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

15. DATE OF AUTHORISATION

These condensed interim financial statements were authorised for issue on April 25, 2022 by the Board of Directors of the Company.

16. GENERAL

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



Azam Faruque
Chief Executive



Yasir Masood
Director



Ijaz Ahmed
Chief Financial Officer



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GROUP

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