



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

Half-Yearly Report  
December 31, 2023

An aerial view of a city skyline, including a prominent white skyscraper with a grid-like facade, seen through a large window with blue shutters. The scene is set against a blue sky with white clouds. The text "BUILDING A BETTER FUTURE" is overlaid on the right side of the image.

# **BUILDING A BETTER FUTURE**

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# Company Information

## Board of Directors

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

Chairman  
Chief Executive  
Director  
Director  
Director  
Director  
Director  
Director

## Audit Committee

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

Chairman  
Member  
Member

## Human Resource & Remuneration Committee

Mr. Abrar Hasan  
Mr. Azam Faruque  
Mr. Omar Faruque

Chairman  
Member  
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

## External Auditors

EY Ford Rhodes  
Chartered Accountants

## Cost Auditors

UHY Hassan Naeem & Co.  
Chartered Accountants

## Shariah Advisor

M/s. Alhamd Shariah Advisory Services (Pvt.) Limited

## Legal Advisor

K.M.S. Law Associates

## Bankers

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

## Non-Banking Financial Institution

Pakistan Kuwait Investment Company (Private) Limited

## Islamic Bankers

Bank Alfalah Limited  
Bank Islami Pakistan Limited  
Dubai Islamic Bank Pakistan Limited  
Faysal Bank Limited  
MCB Islamic Bank Limited  
Meezan Bank Limited  
The Bank of Khyber Limited

## Credit Rating

Long-term rating: A+  
Short-term rating: A1  
Outlook: Stable  
by 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

# Directors' Review

The Board of Directors is pleased to present the financial results of the Company, duly reviewed by the auditors, for the half-year ended December 31, 2023.

## Overview

The global economy is facing numerous challenges including geopolitical tensions and supply chain disruptions. Despite the downward adjustments in commodity prices, these factors continue to threaten Pakistan's import-dependent economy. Following the signing of the IMF Stand-By Arrangement (SBA) facility Pakistan's economic outlook has improved. Obtaining disbursements was critical in securing rollovers from friendly countries and ensuring multilateral inflows to maintain stable macroeconomic conditions. Government's actions in curbing smuggling and illegal currency outflow have helped in stabilizing the currency and improving business confidence. However, the prevailing high interest rate environment, high inflation, and significant increase in power and gas tariffs have adversely affected growth of the economy and impacted all businesses in the country. Despite these adverse conditions, your company has been successful in mitigating these conditions by increasing efficiencies and deleveraging to ensure long-term growth and stability.

Domestic demand for cement increased by meagre 1%. However, exports increased by 111%, driven primarily by a 149% increase in sea exports. Furthermore, exports to Afghanistan improved by 33%. As a result, the overall industry grew by 10% during the period under review.

## Dispatches

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

- Domestic Sales
- Export Sales

December 2023	December 2022
(in tons)	
1,180,496	1,333,434
204,243	180,475
<u>1,384,739</u>	<u>1,513,909</u>

In quantitative terms, the Company's total sales volume dropped by 9%, with domestic sales declining by 11% and exports rising by 13% from the corresponding period last year.

## Operating Performance

Sales revenue of the Company rose by 4% over the corresponding period last year. This was mainly due to upward adjustment in cement prices on account of higher input costs. During the period, cost of sales increased by 1% despite reduction in quantity produced, which is mainly attributable to higher power and other input costs. During the period under review, the Company managed to bring operational efficiencies in process through optimising coal and power mix to mitigate the upward price variance and exchange rate risk. Moreover, finance costs decreased by 19% compared to the corresponding period, primarily due to lowering working capital requirement with better inventory management and principal repayment of long-term loans. Tax expense has increased due to high rate of super tax. Overall, the Company posted an after-tax profit of Rs. 3,401 million for the half-year ended December 31, 2023.

## Future Outlook

The short to medium term outlook is extremely uncertain as both the economic and political landscape shift continuously. The outcome of the upcoming general elections will have a significant influence on economic growth and investor confidence. With Inflation expected to soften going forward, we expect interest rates to decline over the course of the year. This should provide some relief and stimulate the economy. Nevertheless, high inflation and interest rates, and seasonal factors will continue to pose challenges for the domestic demand for cement for the latter part of the fiscal year. However, post-election stability may divert resources toward development projects, potentially boosting overall demand. While the demand of cement in Afghanistan remains strong, exports are affected by administrative issues and political tension at the borders. We hope that the new Government will focus on reforms, but at the same time try to spur growth. Given this outlook, we continue to focus on increasing efficiencies to manage these challenging times.

## 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: February 16, 2024

# Independent Auditor's Review Report

To the members of Cherat Cement Company Limited (the Company)  
Report on review of Condensed Interim Financial Statements

## Introduction

We have reviewed the accompanying condensed interim statement of financial position of **Cherat Cement Company Limited** (the Company) as at **31 December 2023** and the related condensed interim statement of profit or loss, condensed interim statement of comprehensive income, condensed interim statement of cash flows, and condensed interim statement of changes in equity and notes to the condensed interim financial statements for the six months period then ended (here-in-after referred to as the "interim financial statements"). Management is responsible for the preparation and fair presentation of these interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these interim financial statements based on our review.

The figures of the condensed interim statement of profit or loss and condensed interim statement of comprehensive income for the three months ended 31 December 2023 and 2022 have not been reviewed, as we are required to review only the cumulative figures for the six months period ended 31 December 2023.

## Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

## Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial statements are not prepared, in all material respects, in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting.

The engagement partner on the review resulting in this independent auditor's report is **Omer Chughtai**.

*E. T. Ford Rhodes*

Chartered Accountants

Place: Karachi

Date: 20 February 2024

UDIN: RR202310120hfoM9ebpE

# Condensed Interim Statement of Financial Position

As at December 31, 2023

	Note	December 31, 2023 (Unaudited)	June 30, 2023 (Audited)
(Rupees in '000)			
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Fixed assets			
Property, plant & equipment	4	28,587,473	28,934,966
Intangible assets		27,951	30,153
		<u>28,615,424</u>	<u>28,965,119</u>
Long-term investments	5	465,335	408,134
Long-term loans		47,279	59,364
Long-term deposits		4,631	4,676
		<u>517,245</u>	<u>472,174</u>
		<u>29,132,669</u>	<u>29,437,293</u>
<b>CURRENT ASSETS</b>			
Stores, spare parts and loose tools		7,008,750	6,219,768
Stock-in-trade		2,020,420	2,279,774
Trade debts		1,187,001	903,240
Loans and advances		188,462	72,695
Trade deposits and short-term prepayments		59,563	5,267
Other receivables		40,618	6,196
Short-term investments	6	2,122,902	-
Taxation-net		-	217,940
Cash and bank balances		332,112	160,113
		<u>12,959,828</u>	<u>9,864,993</u>
<b>TOTAL ASSETS</b>		<u>42,092,497</u>	<u>39,302,286</u>
<b>EQUITY AND LIABILITIES</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
Authorised capital			
225,000,000 (June 30, 2023: 225,000,000)			
ordinary shares of Rs. 10/- each		2,250,000	2,250,000
Share capital		1,942,950	1,942,950
Reserves		21,811,756	18,936,068
		<u>23,754,706</u>	<u>20,879,018</u>
<b>NON-CURRENT LIABILITIES</b>			
Long-term financings	7	4,789,382	6,374,690
Lease liabilities		44,992	39,214
Long-term security deposits		29,010	29,025
Government grant		927,771	935,890
Deferred taxation		3,398,044	2,875,087
		<u>9,189,199</u>	<u>10,253,906</u>
<b>CURRENT LIABILITIES</b>			
Trade and other payables		3,610,640	2,879,035
Contract liabilities		96,626	208,393
Accrued mark-up		309,830	438,173
Short-term borrowings		2,038,761	1,573,345
Current maturity of long-term financings	7	2,178,613	2,943,476
Current portion of lease liabilities		17,677	13,549
Current portion of government grant		36,323	11,260
Taxation-net		750,274	-
Unclaimed dividend		72,877	74,984
Unpaid dividend		36,971	27,147
		<u>9,148,592</u>	<u>8,169,362</u>
<b>CONTINGENCIES AND COMMITMENTS</b>	8		
<b>TOTAL EQUITY AND LIABILITIES</b>		<u>42,092,497</u>	<u>39,302,286</u>

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 Half-year ended December 31, 2023

Note	Half-year ended		Quarter ended		
	December 31, 2023	December 31, 2022	December 31, 2023	December 31, 2022	
(Rupees in '000)					
<b>Turnover - net</b>	9	20,291,050	19,457,412	10,219,561	10,407,696
Cost of sales		(13,684,329)	(13,570,961)	(6,684,522)	(7,416,353)
<b>Gross profit</b>		6,606,721	5,886,451	3,535,039	2,991,343
Distribution costs		(338,462)	(274,590)	(174,801)	(143,915)
Administrative expenses		(258,000)	(208,837)	(129,826)	(103,195)
Other expenses		(276,100)	(230,405)	(153,231)	(127,808)
		(872,562)	(713,832)	(457,858)	(374,918)
Other income		189,646	124,220	141,526	69,148
<b>Operating profit</b>		5,923,805	5,296,839	3,218,707	2,685,573
Finance costs		(810,547)	(1,000,753)	(386,013)	(520,587)
<b>Profit before taxation</b>		5,113,258	4,296,086	2,832,694	2,164,986
Taxation	10	(1,711,886)	(1,257,739)	(964,383)	(609,397)
<b>Net profit</b>		3,401,372	3,038,347	1,868,311	1,555,589
<b>Earnings per share - basic and diluted</b>		Rs. 17.51	Rs. 15.64	Rs. 9.62	Rs. 8.01

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 Half-year ended December 31, 2023

	Half-year ended		Quarter ended	
	December 31, 2023	December 31, 2022	December 31, 2023	December 31, 2022
	(Rupees in '000)			
<b>Net profit</b>	3,401,372	3,038,347	1,868,311	1,555,589
<b>Other comprehensive income / (loss)</b>				
<b>Items that will not be reclassified subsequently to statement of profit or loss</b>				
Unrealised gain / (loss) on remeasurement of equity investments at fair value through other comprehensive income	57,201	(18,190)	98,418	6,638
<b>Total comprehensive income</b>	<u>3,458,573</u>	<u>3,020,157</u>	<u>1,966,729</u>	<u>1,562,227</u>

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 Half-year ended December 31, 2023

	Note	December 31, 2023	December 31, 2022
(Rupees in '000)			
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>Profit before taxation</b>		5,113,258	4,296,086
<b>Adjustments for:</b>			
Depreciation on operating property, plant and equipment	4	859,634	784,630
Depreciation on right-of-use assets	4.3	9,064	8,330
Amortisation		2,202	1,295
Gain on disposals of operating property, plant and equipment		(17,352)	(2,753)
Gain on short-term investments at fair value through profit or loss	6	(98,891)	-
Interest income on financial asset at amortised cost		(4,216)	(4,704)
Gratuity expense		68,313	36,167
Finance costs - net		810,547	1,000,753
Share of profits from joint venture - Madian Hydro Power Limited		-	(3,347)
Exchange gain		(121)	(27)
Dividend income		(7,213)	(4,684)
		1,621,967	1,815,660
		6,735,225	6,111,746
<b>(Increase) / decrease in current assets</b>			
Stores, spare parts and loose tools		(788,982)	683,037
Stock-in-trade		259,354	(1,476,479)
Trade debts		(283,761)	(401,872)
Loans and advances		(115,767)	73,805
Trade deposits and short-term prepayments		(54,296)	(40,052)
Other receivables		(34,422)	(35,113)
		(1,017,874)	(1,196,674)
		5,717,351	4,915,072
<b>Increase / (decrease) in current liabilities</b>			
Trade and other payables		724,913	124,333
Contract liabilities		(111,767)	(38,485)
		613,146	85,848
<b>Cash generated from operations</b>		6,330,497	5,000,920
Income tax paid		(220,715)	(121,255)
Long-term loans and deposits - net		16,331	20,410
Gratuity paid		(61,500)	(35,000)
<b>Net cash generated from operating activities</b>		6,064,613	4,865,075
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Additions to operating property, plant and equipment		(484,226)	(643,440)
Restricted bank balance		-	(358,004)
Proceed from disposals of operating property, plant and equipment		29,738	10,135
Dividend received		7,213	4,684
Short-term investments - net	6	(2,024,011)	-
<b>Net cash used in investing activities</b>		(2,471,286)	(986,625)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Long-term financings - net		(2,333,227)	(1,581,021)
Lease rentals paid		(11,120)	(10,064)
Dividend paid		(575,168)	(570,352)
Finance costs paid - net		(967,229)	(1,041,483)
<b>Net cash used in financing activities</b>		(3,886,744)	(3,202,920)
<b>Net (decrease) / increase in cash and cash equivalents</b>		(293,417)	675,530
<b>Cash and cash equivalents as at the beginning of the period</b>		(1,413,232)	(3,004,721)
<b>Cash and cash equivalents as at the end of the period</b>	11	(1,706,649)	(2,329,191)

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 Half-year ended December 31, 2023

Issued, Subscribed and Paid-up Capital	Reserves						Total Reserves	Total	
	Capital Reserves		Revenue Reserves		Other Components of Equity				
	Share premium	Other	General reserves	Unappropriated profit	Actuarial loss on defined benefit plan - net of deferred tax	Unrealized gain / (loss) on equity investments			
(Rupees in '000)									
Balance as at July 01, 2022	1,942,950	1,047,658	50,900	420,000	13,762,994	(68,004)	159,824	15,373,372	17,316,322
Final cash dividend for the year ended June 30, 2022 @ Rs. 3.00/- per share	-	-	-	-	(582,885)	-	-	(582,885)	(582,885)
Net profit	-	-	-	-	3,038,347	-	-	3,038,347	3,038,347
Other comprehensive loss	-	-	-	-	-	-	(18,190)	(18,190)	(18,190)
Total comprehensive income / (loss)	-	-	-	-	3,038,347	-	(18,190)	3,020,157	3,020,157
<b>Balance as at December 31, 2022</b>	<b>1,942,950</b>	<b>1,047,658</b>	<b>50,900</b>	<b>420,000</b>	<b>16,218,456</b>	<b>(68,004)</b>	<b>141,634</b>	<b>17,810,644</b>	<b>19,753,594</b>
Balance as at July 01, 2023	1,942,950	1,047,658	50,900	420,000	17,292,598	(37,227)	162,139	18,936,068	20,879,018
Final cash dividend for the year ended June 30, 2023 @ Rs. 3.00/- per share	-	-	-	-	(582,885)	-	-	(582,885)	(582,885)
Net profit	-	-	-	-	3,401,372	-	-	3,401,372	3,401,372
Other comprehensive income	-	-	-	-	-	-	57,201	57,201	57,201
Total comprehensive income / (loss)	-	-	-	-	3,401,372	-	57,201	3,458,573	3,458,573
<b>Balance as at December 31, 2023</b>	<b>1,942,950</b>	<b>1,047,658</b>	<b>50,900</b>	<b>420,000</b>	<b>20,111,085</b>	<b>(37,227)</b>	<b>219,340</b>	<b>21,811,756</b>	<b>23,754,706</b>

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 Half-year ended December 31, 2023

## 1. CORPORATE INFORMATION

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 the 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.

## 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 (the Act); and
- Provisions of and directives issued under the Act.

Where the provisions of and directives issued under the Act differ with the requirements of IAS 34, the provisions of and directives issued under the Act 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, 2023. These condensed interim financial statements are unaudited, however, have been subject to limited scope review by the auditors and are being submitted to the shareholders as required by the listing regulations of Pakistan Stock Exchange Limited and Section 237 of the Act.

2.3 The figures of the condensed interim statement of profit or loss and condensed interim statement of comprehensive income for the quarters ended December 31, 2023 and December 31, 2022 and notes forming part thereof have not been reviewed by the auditors of the Company, as they have reviewed the cumulative figures for the half-years ended December 31, 2023 and December 31, 2022.

## 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, 2023, except for the adoption of amendments to approved accounting standards which became effective for the current period as disclosed in note 3.2 to these condensed interim financial statements.

### 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:

IAS 8	Definition of Accounting Estimates (Amendments)
IAS 1 and IFRS Practice Statement 2	Disclosure of Accounting Policies (Amendments)
IAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments)
IAS 12	International Tax Reform—Pillar Two Model Rules (Amendments)

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

		December 31, 2023 (Unaudited)	June 30, 2023 (Audited)
		(Rupees in '000)	
<b>4. PROPERTY, PLANT AND EQUIPMENT</b>	<b>Note</b>		
Opening Net Book Value (NBV)		26,566,937	24,164,146
Additions during the period / year - at cost	4.1	382,693	4,015,917
		26,949,630	28,180,063
Depreciation charged during the period / year		(859,634)	(1,601,838)
Disposals for the period / year - at NBV		(12,386)	(11,288)
Closing NBV		26,077,610	26,566,937
Capital work-in-progress	4.2	2,453,906	2,320,362
Right-of-use assets	4.3	55,957	47,667
		<u>28,587,473</u>	<u>28,934,966</u>
<b>4.1 Addition during the period / year</b>			
Freehold land		-	774,045
Building on leasehold land		184,639	239,565
Plant and machinery		91,495	2,631,813
Power and other installations		1,648	78,652
Furniture and fittings		2,129	15,415
Quarry, factory and laboratory equipment		9,866	61,295
Motor vehicles		75,841	176,310
Office equipment		10,287	9,516
Computer		6,788	29,306
		<u>382,693</u>	<u>4,015,917</u>

**4.1.1** Additions in and depreciation on property, plant and equipment during the period ended December 31, 2022 were Rs. 344.72 million and Rs. 784.63 million respectively.

	Note	December 31, 2023 (Unaudited)	June 30, 2023 (Audited)
(Rupees in '000)			
<b>4.2 Capital work-in-progress</b>			
Opening balance		2,320,362	3,385,370
Capital expenditure incurred / advances made during the period / year		516,237	2,950,909
		2,836,599	6,336,279
Transferred to operating fixed assets		(382,693)	(4,015,917)
Closing balance	4.2.1	2,453,906	2,320,362
<b>4.2.1 Capital work-in-progress</b>			
Freehold land		58,503	56,456
Building on leasehold land		96,951	147,438
Plant and machinery		1,562,863	1,391,881
Power and other installations		8,134	12,087
Furniture and fittings		19,625	6,604
Quarry, factory and laboratory equipment		70,174	68,851
Motor vehicles		3,034	850
Office equipment		464	5,982
Computer		34	213
Intangibles		634,124	630,000
		2,453,906	2,320,362

**4.2.2** During the period, borrowing costs have been capitalised amounting to Rs. 32.01 million (June 30, 2023: Rs. 155.09 million) using capitalization rate 8.13% (June 30, 2023: 7.55%) on account of long-term financing obtained.

	December 31, 2023 (Unaudited)	June 30, 2023 (Audited)
(Rupees in '000)		
<b>4.3 Right-of-use assets</b>		
Opening balance	47,667	18,786
Additions during the period	17,354	45,697
Depreciation for the period / year	(9,064)	(16,816)
Closing balance	55,957	47,667

**4.3.1** The Company has recognised right-of-use assets in respect of sales offices and head offices under rental agreements.

	Note	December 31, 2023 (Unaudited)	June 30, 2023 (Audited)
(Rupees in '000)			
<b>5. LONG-TERM INVESTMENTS</b>			
<b>Investment in related parties</b>			
At fair value through other comprehensive income	5.1	457,253	400,052
Interest in Joint Venture - UniEnergy Limited		8,082	8,082
		465,335	408,134

	Note	December 31, 2023 (Unaudited)	June 30, 2023 (Audited)
<b>5.1 At fair value through other comprehensive income</b>		(Rupees in '000)	
<b>Cherat Packaging Limited</b>			
3,606,524 (June 30, 2023: 3,606,524) fully paid ordinary shares of Rs. 10/- each.		405,661	351,239
<b>Mirpurkhas Sugar Mills Limited</b>			
996,186 (June 30, 2023: 996,186) fully paid ordinary shares of Rs. 10/- each.		51,592	48,813
		<u>457,253</u>	<u>400,052</u>
<b>6. SHORT-TERM INVESTMENTS</b>			
<b>Investments at fair value through profit or loss - mutual funds</b>			
ABL Islamic Cash Fund		200,286	-
Alfalah Islamic Rozana Amdani Fund		596,809	-
Al Habib Money Market Fund		200,264	-
Alfalah GHP Money Market Fund		70,095	-
Atlas Liquid Fund		293,261	-
Faysal Islamic Cash Fund		202,583	-
HBL Islamic Money Market Fund		102,640	-
NBP Cash Plan - II		456,606	-
Others		358	-
		<u>2,122,902</u>	<u>-</u>
<b>6.1</b> These carry profit rates ranging from 20.21% to 23.85% (June 30, 2023: Nil).			
<b>7. LONG-TERM FINANCINGS – secured</b>			
<b>Islamic banks</b>			
Syndicated Long-Term Finance Loan – Line - III	7.1	4,400,000	6,250,000
Islamic Finance Facility for Renewable Energy		1,055,874	1,108,614
		<u>5,455,874</u>	<u>7,358,614</u>
<b>Conventional banks</b>			
Captive Power Plant Loan	7.1	-	440,000
Temporary Economic Refinance Facility		1,512,121	1,519,552
		<u>6,967,995</u>	<u>9,318,166</u>
Current maturities		<u>(2,178,613)</u>	<u>(2,943,476)</u>
		<u>4,789,382</u>	<u>6,374,690</u>
<b>7.1</b> In view of positive cash flows during the period, the Company has made an early full repayment of Captive Power Plant loan and partial early repayment of Syndicated Long-Term Finance loan Line - III.			

## 8. CONTINGENCIES AND COMMITMENTS

### 8.1 Contingencies

There are no material changes in the status of contingencies as reported in the annual financial statements for the year ended June 30, 2023.

### 8.2 Commitments

Letters of credit - Islamic and Conventional banks  
Letters of guarantee - Islamic and Conventional banks

December 31, 2023 (Unaudited)	June 30, 2023 (Audited)
(Rupees in '000)	
847,366	644,540
<u>1,070,121</u>	<u>1,147,601</u>

## 9. TURNOVER - NET

Includes export sales amounting to Rs. 2,552.58 million (December 31, 2022: Rs. 2,046.59 million).

## 10. TAXATION

Current  
Prior  
Deferred

Half-year ended		Quarter ended	
December 31, 2023 (Unaudited)	December 31, 2022 (Unaudited)	December 31, 2023 (Unaudited)	December 31, 2022 (Unaudited)
(Rupees in '000)			
(601,965)	(155,041)	(320,858)	247,048
30,387	38,633	30,387	38,633
<u>(1,140,308)</u>	<u>(1,141,331)</u>	<u>(673,912)</u>	<u>(895,078)</u>
<u>(1,711,886)</u>	<u>(1,257,739)</u>	<u>(964,383)</u>	<u>(609,397)</u>

**10.1** Provision for current taxation is based on taxable income at the current rates of taxation. Income subject to final tax has been taxed accordingly.

**10.2** As reported in note 34.3 to the annual audited financial statements of the Company for the year ended June 30, 2023 pertaining to the Company's tax credit U/S 65B, thereafter, the Honorable Peshawar High Court (PHC) has decided the case in favor of the Company vide order dated September 07, 2023 whereby the PHC has allowed the Company to claim tax credit @ 10% with certain conditions. However, the department has filed CPLA against the judgement of PHC before the Honorable Supreme Court of Pakistan. Keeping in view the inherent uncertainties involved in such matters, the management, as a matter of prudence, has not recognized this amount as tax income in these condensed interim financial statements.

**10.3** As fully explained in note 34.6 to the annual financial statements, during the year, the Company has challenged the levy of super tax under section 4C of the Income Tax Ordinance, 2001 as amended vide Finance Act, 2023, and an interim stay has been granted by the Honorable Peshawar High Court (PHC) to file income tax return for the tax year 2023 by excluding super tax amounting to Rs. 470.26 million subject to deposit of post-dated cheque. Keeping in view the inherent uncertainties involved in such matters, the management, as a matter of prudence, has maintained a provision for this amount in these condensed interim financial statements.



## 11. CASH AND CASH EQUIVALENTS

	December 31, 2023 (Unaudited)	June 30, 2023 (Audited)
	(Rupees in '000)	
Cash and bank balances	332,112	1,545,224
Less: restricted bank balance	-	(1,353,274)
Short-term borrowings	(2,038,761)	(2,521,141)
	<u>(1,706,649)</u>	<u>(2,329,191)</u>

## 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, 2023. There have been no changes in any risk management policies since the year end.

### 12.1 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).

December 31, 2023 (Unaudited)						
Carrying amount			Fair value			
Fair value through statement of profit or loss	Fair value through OCI	Total	Level 1	Level 2	Level 3	
Note (Rupees in '000)						

**Financial assets measured at fair value**

Long-term investments	5.1	-	457,253	457,253	457,253	-	-
Short-term investments	6	2,122,902	-	2,122,902	2,122,902	-	-
		<u>2,122,902</u>	<u>457,253</u>	<u>2,580,155</u>	<u>2,580,155</u>	<u>-</u>	<u>-</u>

June 30, 2023 (Audited)							
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	5.1	-	400,052	400,052	400,052	-	-
Short-term investments	6	-	-	-	-	-	-
		<u>-</u>	<u>400,052</u>	<u>400,052</u>	<u>400,052</u>	<u>-</u>	<u>-</u>

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.

Financial instruments which are tradeable in an open market are revalued at the market prices prevailing on the statement of financial position date.

**13. TRANSACTIONS WITH RELATED PARTIES**

Related parties of the Company comprise 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	December 31, 2023	December 31, 2022
		(Unaudited)	(Unaudited)
(Rupees in '000)			
Associates / related parties	Purchases	1,449,712	1,469,625
	Sale of goods	56	-
	Royalty and excise duty	229,531	232,757
	Purchase of fixed assets	19,383	79,823
	Services received	179	130
	IT support charges	15,005	12,155
	Dividend received	7,213	4,684
	Dividend paid	179,475	181,455
	Insurance premium paid	47,267	36,000
	Remuneration to key management personnel	681,942	581,198
	Contribution to staff provident and gratuity funds	105,225	73,099

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 AND INTERIM DIVIDEND

##### 15.1 Date of authorisation

These condensed interim financial statements were authorised for issue on February 16, 2024 by the Board of Directors of the Company.

##### 15.2 Interim dividend

The Board of Directors in its meeting held on February 16, 2024 has proposed an interim cash dividend of Rs. 1.50 per share (March 31, 2023: Rs. 1.50 per share) amounting to Rs. 291.44 million (March 31, 2023: Rs. 291.44 million) for the half-year ended December 31, 2023.

#### 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



GHULAM FARUQUE  
GROUP

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