



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

Un-Audited Report
March 31, 2024

An aerial view of a city skyline, including a prominent white skyscraper and a highway interchange, framed by a blue window frame. The sky is blue with some clouds.

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. Natasha Percy Bharucha

Head of Internal Audit

Mr. Aamir Saleem

External Auditors

EY Ford Rhodes
Chartered Accountants

Cost Auditors

UHY Hassan Naeem & Co.
Chartered Accountants

Shariah Advisor

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

Development 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

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
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Web: www.gfg.com.pk



Registered Office / Factory

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Tel: +9291 5270531-4
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Head Office

Modern Motors House,
Beaumont Road
Karachi-75530
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Sales Offices

Peshawar:
1st Floor, Betani Arcade,
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Fax: +9291 5840447

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Tel: +9242 36286249-50, 36308259
Fax: +9242 36286204

Islamabad:

1st Floor, Razia Sharif Plaza
Jinnah Avenue, Blue Area
Tel: +9251 2344531-33
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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, 2024.

Overview

Pakistan's economy has shown some signs of stability recently. Additionally, the government's stringent measures against smuggling and illegal currency outflows have yielded positive outcomes, contributing to exchange rate stability. Formation of the federal and provincial governments, engagement with IMF to conclude the Stand-By Arrangement (SBA) facility, and discussions for a new program have improved the confidence of the business community. Nevertheless, persistent challenges, including elevated inflation, high interest rates, and continuously rising power costs, are adversely affecting economic activities. The State Bank of Pakistan has maintained a policy rate of 22%, with any future reductions contingent upon inflationary trends. However, escalation in tensions in the Middle East may further impact supply chains, and result in increased oil and commodity prices. Pakistan is especially vulnerable to these supply side shocks.

Third quarter cement dispatches were affected by unexpected heavy rains, the holding of general elections, and Eid holidays. 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.

During the period under review, domestic demand for cement decreased by 4%. However, exports surged by 68%, driven mainly due to 80% rise in sea exports. Furthermore, exports to Afghanistan saw notable improvement by 34%. As a result, the overall industry grew by 3% during the nine months period.

Dispatches

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

	March 2024	March 2023
	(in tons)	
• Domestic Sales	1,700,935	1,988,513
• Export Sales	273,259	232,188
	<u>1,974,194</u>	<u>2,220,701</u>

In quantitative terms, the company's total sales volume dropped by 11%, with domestic sales declining by 14% and exports rising by 18% from the corresponding period last year.

Operating Performance

Sales revenue of the Company increased by a modest 1% despite reduction in cement dispatches mainly due to increase in sales price as an adjustment to higher input costs. Furthermore, the cost of sales decreased by 3%, despite a 15% decline in clinker production. The Company has implemented measures to enhance operational efficiency by optimising the coal and power mix, to offset the increasing production costs. There was 20% decrease in finance cost mainly due to scheduled and early repayments of long-term loans made during the period and lower working capital requirement. Tax expense during the period increased mainly due to enactment of higher rate of super tax charge. As a result, the Company posted an after-tax profit of Rs. 4,645 million for the nine months' period ended March 31, 2024.

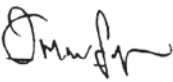
Future Outlook

Pakistan economy is showing signs of gradual improvement, but challenges such as elevated inflation and high interest rates are impeding the growth. Holding of general elections and formation of new government has improved investor confidence. Successful completion of IMF SBA facility and talks for a new program will also help in improving economic stability and ensuring continuity of reforms process. With inflation expected to soften going forward, we expect interest rates to decline in the coming months. This should provide some relief and stimulate the economy. Nonetheless, high inflation and interest rates will continue to pose challenges for the domestic demand of cement in the short-term. We hope that once monetary easing begins with reduction in inflation, government will increase spending on infrastructure development projects to spur growth which will boost cement demand also. While the demand of cement in Afghanistan remains strong, exports are affected from time to time due to administrative and political issues. Potential disruptions in the Middle East if escalated can adversely affect the world economy and Pakistan in a big way.

Management is proactive in monitoring the situation regularly and adopting the measures to keep the rising costs under control through initiating cost saving measures in day-to-day operations. After the period end, we have added 0.54 MW in our solar generation capacity and are working to further increase it.

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.



Omar Faruque
Chairman

On behalf of the Board of Directors



Azam Faruque
Chief Executive

Karachi: April 25, 2024

Condensed Interim Statement of Financial Position

As at March 31, 2024

	Note	March 31, 2024 (Unaudited)	June 30, 2023 (Audited)
(Rupees in '000)			
ASSETS			
NON-CURRENT ASSETS			
Fixed assets			
Property, plant & equipment	4	28,521,891	28,934,966
Intangible assets		29,359	30,153
		28,551,250	28,965,119
Long-term investments	5	490,232	408,134
Long-term loans		47,588	59,364
Long-term deposits		4,631	4,676
		542,451	472,174
		29,093,701	29,437,293
CURRENT ASSETS			
Stores, spare parts and loose tools		7,034,116	6,219,768
Stock-in-trade		1,506,211	2,279,774
Trade debts		1,214,064	903,240
Loans and advances		104,355	72,695
Trade deposits and short-term prepayments		69,323	5,267
Other receivables		46,680	6,196
Short-term investments	6	1,413,697	-
Taxation-net		-	217,940
Cash and bank balances		225,108	160,113
		11,613,554	9,864,993
TOTAL ASSETS		40,707,255	39,302,286
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
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		22,789,242	18,936,068
		24,732,192	20,879,018
NON-CURRENT LIABILITIES			
Long-term financings	7	4,510,758	6,374,690
Lease liabilities		37,076	39,214
Long-term security deposits		32,235	29,025
Government grant		923,288	935,890
Deferred taxation		3,471,535	2,875,087
		8,974,892	10,253,906
CURRENT LIABILITIES			
Trade and other payables		3,235,706	2,879,035
Contract liabilities		221,395	208,393
Accrued mark-up		492,863	438,173
Short-term borrowings		1,559,895	1,573,345
Current maturity of long-term financings	7	262,006	2,943,476
Current portion of lease liabilities		17,242	13,549
Current portion of government grant		36,722	11,260
Taxation-net		1,059,449	-
Unclaimed dividend		71,970	74,984
Unpaid dividend		42,923	27,147
		7,000,171	8,169,362
CONTINGENCIES AND COMMITMENTS	8		
TOTAL EQUITY AND LIABILITIES		40,707,255	39,302,286

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, 2024

Note	Period ended		Quarter ended		
	March 31, 2024	March 31, 2023	March 31, 2024	March 31, 2023	
(Rupees in '000)					
Turnover - net	9	28,930,644	28,756,440	8,639,594	9,299,028
Cost of sales		(19,765,113)	(20,462,984)	(6,080,784)	(6,892,023)
Gross profit		9,165,531	8,293,456	2,558,810	2,407,005
Distribution costs		(546,970)	(436,692)	(208,508)	(162,102)
Administrative expenses		(370,216)	(323,614)	(112,216)	(114,777)
Other expenses		(387,728)	(335,778)	(111,628)	(105,373)
		(1,304,914)	(1,096,084)	(432,352)	(382,252)
Other income		329,143	359,932	139,497	235,712
Operating profit		8,189,760	7,557,304	2,265,955	2,260,465
Finance costs		(1,132,019)	(1,415,590)	(321,472)	(414,837)
Profit before taxation		7,057,741	6,141,714	1,944,483	1,845,628
Taxation	10	(2,412,337)	(1,831,233)	(700,451)	(573,494)
Net profit		4,645,404	4,310,481	1,244,032	1,272,134
Earnings per share - basic and diluted		Rs. 23.91	Rs. 22.19	Rs. 6.40	Rs. 6.55

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, 2024

	Period ended		Quarter ended	
	March 31, 2024	March 31, 2023	March 31, 2024	March 31, 2023
	(Rupees in '000)			
Net profit	4,645,404	4,310,481	1,244,032	1,272,134
Other comprehensive income / (loss)				
Items that will not be reclassified subsequently to statement of profit or loss				
Unrealised gain / (loss) on remeasurement of equity investments at fair value through other comprehensive income	82,098	(62,944)	24,897	(44,754)
Total comprehensive income	<u>4,727,502</u>	<u>4,247,537</u>	<u>1,268,929</u>	<u>1,227,380</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 Period ended March 31, 2024

	Note	March 31, 2024	March 31, 2023
(Rupees in '000)			
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		7,057,741	6,141,714
Adjustments for:			
Depreciation on operating property, plant and equipment	4	1,299,543	1,183,215
Depreciation on right-of-use assets	4.3	13,626	12,861
Amortisation		794	1,942
Gain on disposals of operating property, plant and equipment		(17,828)	(5,260)
Unrealised gain on short-term investments at fair value through profit or loss	6	(43,697)	(11,661)
Interest income on financial asset at amortised cost		(4,216)	(4,704)
Gratuity expense		87,971	-
Finance costs - net		1,132,019	1,415,590
Share of profits from joint venture - Madian Hydro Power Limited		-	(5,675)
Exchange gain		(115)	(97)
Dividend income		(10,820)	(4,684)
		<u>2,457,277</u>	<u>2,581,527</u>
(Increase) / decrease in current assets		<u>9,515,018</u>	<u>8,723,241</u>
Stores, spare parts and loose tools		(814,348)	(271,463)
Stock-in-trade		773,563	(934,746)
Trade debts		(310,824)	(251,229)
Loans and advances		(31,660)	134,071
Trade deposits and short-term prepayments		(64,056)	(27,906)
Other receivables		(40,484)	(33,885)
		<u>(487,809)</u>	<u>(1,385,158)</u>
Increase / (decrease) in current liabilities		<u>9,027,209</u>	<u>7,338,083</u>
Trade and other payables		338,015	700,339
Contract liabilities		13,002	(2,794)
		<u>351,017</u>	<u>697,545</u>
Cash generated from operations		<u>9,378,226</u>	<u>8,035,628</u>
Income tax paid		(538,500)	(254,564)
Long-term loans and deposits - net		19,247	23,368
Gratuity paid		(69,200)	-
Net cash generated from operating activities		<u>8,789,773</u>	<u>7,804,432</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Additions to operating property, plant and equipment		(854,869)	(1,298,347)
Restricted bank balance		-	(379,968)
Proceed from disposals of operating property, plant and equipment		32,722	15,846
Dividend received		10,820	4,684
Short-term investments - net	6	(1,370,000)	(500,000)
Net cash used in investing activities		<u>(2,181,327)</u>	<u>(2,157,785)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Long-term financings - net		(4,532,542)	(2,443,357)
Lease rentals paid		(17,218)	(15,419)
Dividend paid		(861,566)	(572,896)
Finance costs paid - net		(1,118,675)	(1,331,388)
Net cash used in financing activities		<u>(6,530,001)</u>	<u>(4,363,060)</u>
Net increase in cash and cash equivalents		<u>78,445</u>	<u>1,283,587</u>
Cash and cash equivalents as at the beginning of the period		<u>(1,413,232)</u>	<u>(3,004,721)</u>
Cash and cash equivalents as at the end of the period	11	<u>(1,334,787)</u>	<u>(1,721,134)</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 Changes in Equity (Unaudited)

For the Period ended March 31, 2024

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	Unrealised gain / (loss) on equity investments	Total Reserves		

(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	-	-	-	-	4,310,481	-	-	4,310,481	4,310,481
Other comprehensive loss	-	-	-	-	-	-	(62,944)	(62,944)	(62,944)
Total comprehensive income / (loss)	-	-	-	-	4,310,481	-	(62,944)	4,247,537	4,247,537

Balance as at March 31, 2023 1,942,950 1,047,658 50,900 420,000 17,490,590 (68,004) 96,880 19,038,024 20,980,974

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)

Interim cash dividend for the period ended December 31, 2023 @ Rs. 1.50/- per share - - - - (291,443) - - (291,443) (291,443)

Net profit	-	-	-	-	4,645,404	-	-	4,645,404	4,645,404
Other comprehensive income	-	-	-	-	-	-	82,098	82,098	82,098
Total comprehensive income / (loss)	-	-	-	-	4,645,404	-	82,098	4,727,502	4,727,502

Balance as at March 31, 2024 1,942,950 1,047,658 50,900 420,000 21,063,674 (37,227) 244,237 22,789,242 24,732,192

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, 2024

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.

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.

	Note	March 31, 2024 (Unaudited)	June 30, 2023 (Audited)
(Rupees in '000)			
4. PROPERTY, PLANT AND EQUIPMENT			
Opening Net Book Value (NBV)		26,566,937	24,164,146
Additions during the period / year - at cost	4.1	658,416	4,015,917
		27,225,353	28,180,063
Depreciation charged during the period / year		(1,299,543)	(1,601,838)
Disposals for the period / year - at NBV		(14,894)	(11,288)
Closing NBV		25,910,916	26,566,937
Capital work-in-progress	4.2	2,564,173	2,320,362
Right-of-use assets	4.3	46,802	47,667
		28,521,891	28,934,966

4.1 Additions during the period / year

Freehold land	-	774,045
Building on leasehold land	205,152	239,565
Plant and machinery	232,745	2,631,813
Power and other installations	1,648	78,652
Furniture and fittings	6,282	15,415
Quarry, factory and laboratory equipment	18,620	61,295
Motor vehicles	155,869	176,310
Office equipment	23,858	9,516
Computers	14,242	29,306
	658,416	4,015,917

4.1.1 Additions and depreciation on property, plant and equipment during the period ended March 31, 2023 were Rs. 423.05 million and Rs. 1,183.22 million respectively.

	Note	March 31, 2024 (Unaudited)	June 30, 2023 (Audited)
(Rupees in '000)			
4.2 Capital work-in-progress			
Opening balance		2,320,362	3,385,370
Capital expenditure incurred / advances made during the period / year		902,227	2,950,909
		3,222,589	6,336,279
Transferred to operating fixed assets		(658,416)	(4,015,917)
Closing balance	4.2.1	2,564,173	2,320,362

	Note	March 31, 2024 (Unaudited)	June 30, 2023 (Audited)
		(Rupees in '000)	
6. SHORT-TERM INVESTMENTS			
Investments at fair value through profit or loss - mutual funds		1,370,000	-
Unrealised fair value gain for the period / year		43,697	-
Fair value at the end of the period / year		<u>1,413,697</u>	<u>-</u>
7. LONG-TERM FINANCINGS – secured			
Islamic banks			
Syndicated Long-Term Finance Loan – Line - III Islamic Finance Facility for Renewable Energy	7.1	2,250,000 996,536	6,250,000 1,108,614
		<u>3,246,536</u>	<u>7,358,614</u>
Conventional banks			
Captive Power Plant Loan Temporary Economic Refinance Facility	7.1	- 1,526,228	440,000 1,519,552
		<u>4,772,764</u>	<u>9,318,166</u>
Current maturities		(262,006)	(2,943,476)
		<u>4,510,758</u>	<u>6,374,690</u>

7.1 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 repayments 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.

	March 31, 2024 (Unaudited)	June 30, 2023 (Audited)
	(Rupees in '000)	
8.2 Commitments		
Letters of credit - Islamic and Conventional banks	281,898	644,540
Letters of guarantee - Islamic and Conventional banks	<u>1,204,995</u>	<u>1,147,601</u>

9. TURNOVER - NET

Includes export sales amounting to Rs. 3,350.86 million (March 31, 2023: Rs. 2,680.69 million).

10. TAXATION

	Period ended		Quarter ended	
	March 31, 2024 (Unaudited)	March 31, 2023 (Unaudited)	March 31, 2024 (Unaudited)	March 31, 2023 (Unaudited)
	(Rupees in '000)			
Current	(1,846,276)	(222,415)	(1,244,311)	(67,374)
Prior	30,387	38,633	-	-
Deferred	(596,448)	(1,647,451)	543,860	(506,120)
	<u>(2,412,337)</u>	<u>(1,831,233)</u>	<u>(700,451)</u>	<u>(573,494)</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 of the Ordinance, 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 which is pending for adjudication. 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 audited 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 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

	March 31, 2024 (Unaudited)	March 31, 2023 (Unaudited)
	(Rupees in '000)	
Cash and bank balances	225,108	1,558,350
Less: restricted bank balance	-	(1,375,238)
Short-term borrowings	(1,559,895)	(1,904,246)
	<u>(1,334,787)</u>	<u>(1,721,134)</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).

March 31, 2024 (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	-	482,150	482,150	482,150	-	-
Short-term investments	6	1,413,697	-	1,413,697	1,413,697	-	-
		1,413,697	482,150	1,895,847	1,895,847	-	-

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)				

Financial assets measured at fair value

Long-term investments	5.1	-	400,052	400,052	400,052	-	-
Short-term investments	6	-	-	-	-	-	-
		-	400,052	400,052	400,052	-	-

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	Period ended	
		March 31, 2024 (Unaudited)	March 31, 2023 (Unaudited)
		(Rupees in '000)	
Associates / related parties	Purchases	2,033,376	2,594,494
	Sale of goods	56	-
	Royalty and excise duty	302,021	332,860
	Purchase of fixed assets	20,323	13,741
	Services received	214	10,587
	IT support charges	22,508	18,233
	Dividend received	10,820	4,684
	Dividend paid	268,989	181,455
	Insurance premium paid	72,713	70,000
	Remuneration to key management personnel	978,111	867,938
Contribution to staff provident and gratuity funds	134,603	106,842	

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, 2024 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



GHULAM FARUQUE
GROUP

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