ANNUAL REPORT 2018

Sustainable Commitments

THE STRENGTH
KOHAT CEMENT

www.kohatcement.com

Financial Highlights

Shareholders Equity
2018: 17,977
2017: 15,306
Rs. in Million

Sales Revenue
2018: 13,439
2017: 13,540
Rs. in Million

Return on Equity
2018: 16.58
2017: 23.16
Percentage

Current Ratio
2018: 2.83
2017: 3.21
Ratio

Earnings Per Share
2018: 19.29
2017: 22.94
Rupees

EBITDA to Margin
2018: 34.25
2017: 44.44
Percentage

Price Earning Ratio
2018: 6.38
2017: 9.99
Ratio

Interest Cover Ratio
2018: 38.27
2017: 64.97
Ratio

Contents

Management Information

Financial Statements

Vision, Mission and Corporate Strategy

Vision

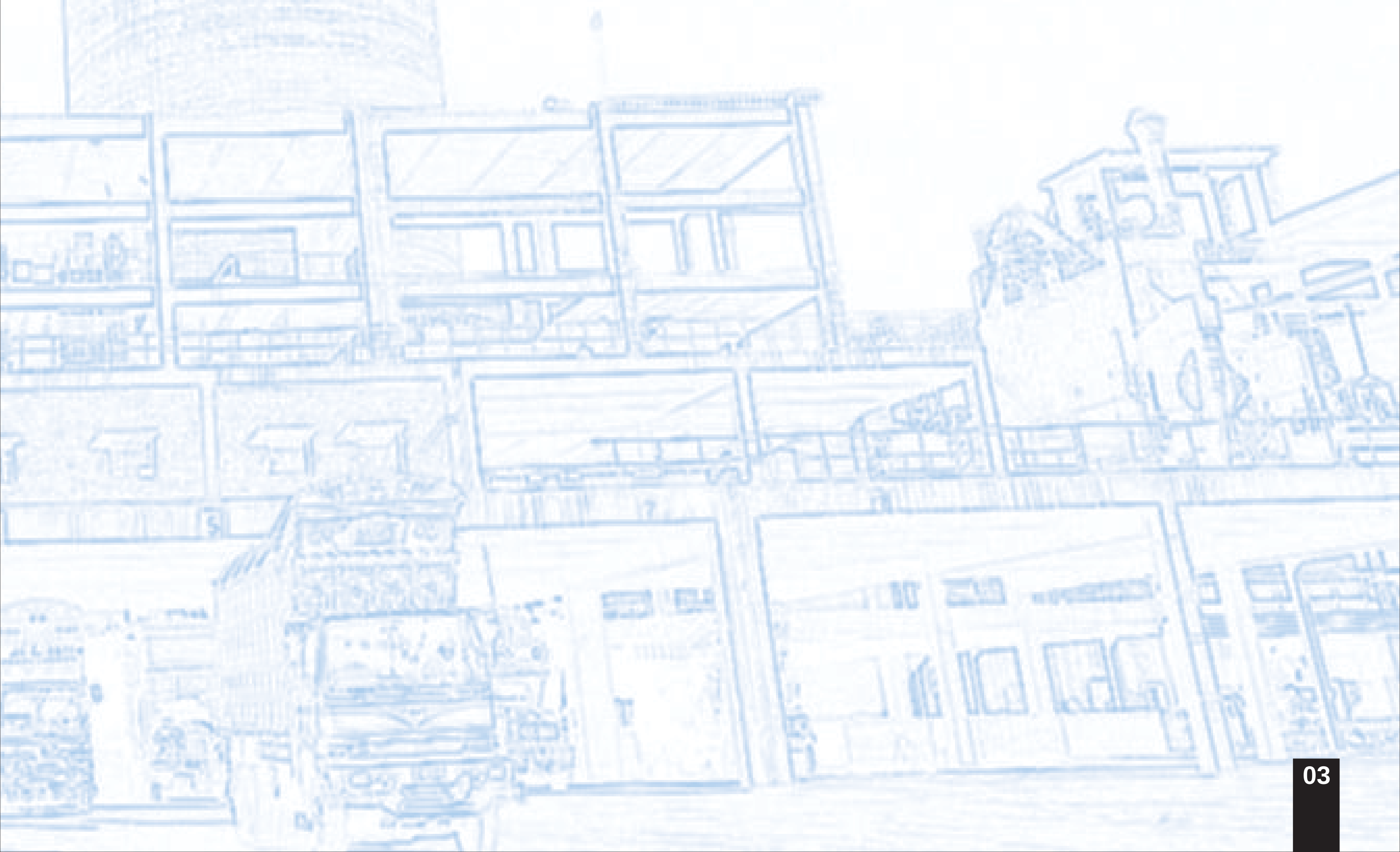
Be the best in the eyes of all stakholders

Our Mission is to Provide

- Our Customers with quality cement at competitive pricing
- Our Shareholders with good returns and sustainable growth
- Our Employees with care and career development opportunities

Corporate Strategy

Stay ahead of competition by adopting latest technology with efficient and progressive teamwork in an environment of good governance and professionalism.



About The Company

COMPANY INFORMATION

Kohat Cement Company Limited was incorporated in 1980 and is one of the leading cement manufacturing companies of Pakistan. It is an ISO 9001-2008 certified company, with an annual capacity of 2.8 Million tons of Grey Cement and 150 thousand tons of White cement. The Registered office and the Factory are located at Kohat, whereas the Head Office is located in Lahore.

OUR CULTURE

- Open communication, transparency and good ethical behavior form the basis of our corporate values.
- Our executive management has a very 'hands on' approach and thus is involved in the day-to-day activity of the company.
- No person in the management hierarchy is unapproachable; our carefully designed communication procedures ensure that any complaint or feedback is brought to the notice of the management.
- Our employees experience a healthy work life balance and a constant growth in both their professional and personal life.
- To help achieve our employee's full potential and foster their learning, we frequently nominate our employees for trainings, workshops and seminars.

Corporate Information

Board of Directors

Mrs. Hafsa Nadeem	Chairperson/Non-Executive Director
Mr. Aizaz Mansoor Sheikh	Chief Executive
Mr. Nadeem Atta Sheikh	Executive Director
Mr. M. Atta Tanseer Sheikh	Independent Director
Ms. Aminah Aizaz Sheikh	Non-Executive Director
Mr. Muhammad Rehman Sheikh	Non-Executive Director
Mr. Hasan Tariq Atta	Non-Executive Director

Audit Committee

Mr. M. Atta Tanseer Sheikh	Chairman
Ms. Aminah Aizaz Sheikh	
Mr. Muhammad Rehman Sheikh	

HR&R Committee

Mr. M. Atta Tanseer Sheikh	Chairman
Mr. Aizaz Mansoor Sheikh	
Mr. Muhammad Rehman Sheikh	

Company Secretary

Mr. Muhammad Asadullah Khan

Legal Advisor

Imtiaz Siddiqui & Associates

Auditors

KPMG Taseer Hadi & Co.
Chartered Accountants

Share Registrar

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

Registered Office and Works

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

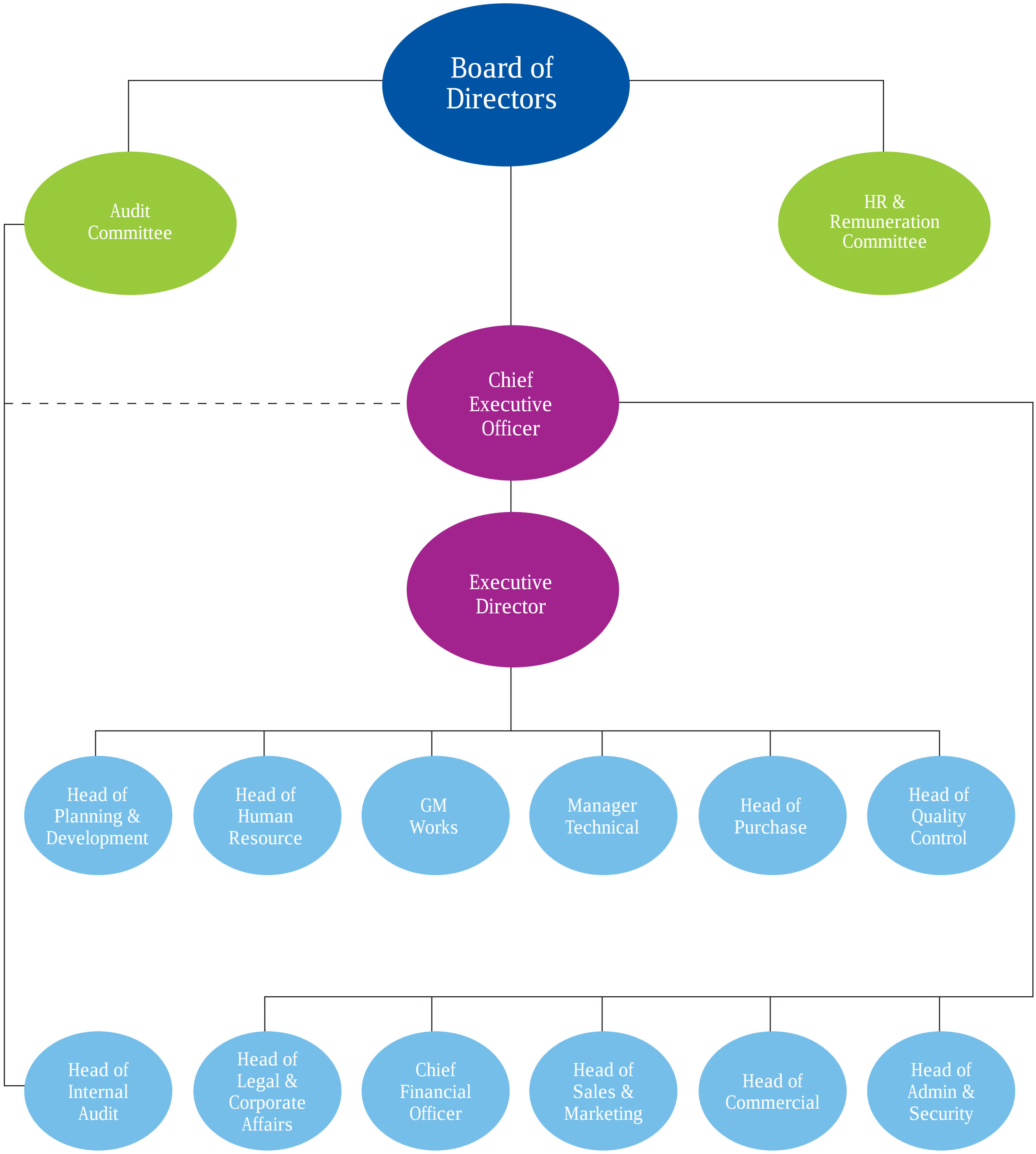
Head Office

37-P, Gulberg-II, Lahore.
Tel: 042 -11 - 111 - 5225
Fax: 042 - 35754990
Email: mis@kohatcement.com

Bankers of the Company

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

Organogram


Board of Directors
Audit Committee
HR & Remuneration Committee
Chief Executive Officer
Executive Director
Head of Planning & Development
Head of Human Resource
GM Works
Manager Technical
Head of Purchase
Head of Quality Control
Head of Internal Audit
Head of Legal & Corporate Affairs
Chief Financial Officer
Head of Sales & Marketing
Head of Commercial
Head of Admin & Security

Notice of Annual General Meeting

NOTICE is hereby given that 39th Annual General Meeting of the shareholders of Kohat Cement Company Limited (the "Company") will be held on Thursday, October 25, 2018 at 10:00 A.M., at its registered office, Kohat Cement Factory, Rawalpindi Road, Kohat, to transact the following business:

Ordinary Business

1. To receive, consider and adopt the audited financial statements of the Company for the year ended June 30, 2018 together with Auditors' and Directors' Reports and Chairperson's Review.
2. To consider and approve, as recommended by the Board of Directors, payment of final cash dividend @ 50%i.e. Rs. 5/-per ordinary share for the year ended June 30, 2018.
3. To appoint Auditors and to fix their remuneration.

   The present Auditors M/s. KPMG Taseer Hadi & Co. Chartered Accountants, retire and being eligible, offer themselves for reappointment. The Audit Committee and the Board of Directors have recommended their reappointment.

Special Business

4. To consider and approve, as recommended by the Board of Directors, issue of fully paid bonus shares @ 30% i.e. in proportion to three (3) ordinary shares for every ten (10) ordinary shares of Rs. 10 each held by the members by capitalizing a sum of Rs. 463,526,070 out of the profits of the Company for the year ended June 30, 2018.
5. To ratify and approve transactions carried out with Related Parties in the ordinary course of business during the financial year ended June 30, 2018,under the authority of the members as given in the last annual general meeting held on October 23, 2017.
6. To authorize the Company to purchase packing materials (empty cement bags) from M/s Ultra Pack (Pvt.) Limited, an associated company, in the ordinary course of business at arm's length basis.
7. To authorize the Chief Executive of the Company to approve all transactions with Related Parties carried out and to be carried out in ordinary course of business during the financial year ending June 30, 2019 and till the date of next annual general meeting, and to authorize the Chief Executive to take any and all necessary steps and to sign/execute any and all such documents/annexures on behalf of the Company as may be required.

By Order of the Board:

Muhammad Asadullah Khan
Company Secretary

Lahore: October 4, 2018

Statement under Section 134(3) of the Companies Act, 2017

This statement sets out the material facts concerning special business to be transacted at the Annual General Meeting of the Company to be held on October 25, 2018.

Item No. 4: Issuance of Bonus Shares

The Directors are of the view that the Company's financial position and its reserves justify the capitalization of free reserves up to Rs. 463,526,070. Therefore, the directors have recommended the issue of 46,352,607 bonus shares by capitalization of a part of free reserves of the Company. After the issue of bonus shares, the total paid up capital of the Company will increase to Rs. 2,008,612,970 divided into 200,861,297ordinary shares of Rs. 10 each.

The directors have also proposed that the fractional entitlements shall be combined with Company Secretary (as Trustee) and the same be sold in the stock market and proceeds be donated to Prime Minister and Chief Justice of Pakistan Fund for Diamer Bhasha and Mohmand Dam.

The new ordinary shares when issued shall rank *pari passu* with the existing ordinary shares in all respects.

No Director or Chief Executive of the Company or their relatives has any interest in the proposed alteration, except to the extent of their entitlement to bonus shares as members of the Company.

The following resolution is proposed to be passed with or without modification(s) as an ordinary resolution:

"Resolved that a sum of Rs. 463,526,070 out of the profits of the Company for the year ended June 30, 2018 be capitalized and applied to issue of 46,352,607 ordinary shares of Rs. 10 each and allotted as fully paid bonus shares to the members of the Company whose names appear on the register of the members of the Company as at the close of business on October 17, 2018 in the proportion of three (3) such new shares for every ten (10) existing ordinary shares held and that such new shares shall rank *pari passu* with the existing ordinary shares of the Company.

Further Resolved that fraction shares to be allotted as a result of distribution of Bonus Shares be consolidated with the Company Secretary (as Trustee) for sale in open market in due course and proceeds be donated to Prime Minister and Chief Justice of Pakistan Fund for Diamer Bhasha and Mohmand Dam.

Further Resolved that for the purpose of giving effect to the foregoing, the Chief Executive and the Company Secretary be and are hereby authorized *singly* to take all necessary actions under the law and to settle any questions or difficulties that may arise in the distribution of the said Bonus Shares or in disposal of fractions and payment of proceeds thereof".

Item No. 5: Ratification / approval of Related Party Transactions

The Company carried out transactions as detailed in the below draft resolution with its related parties in the ordinary course of business under the authority of the special resolution of the members as approved by them during the last annual general meeting held on October 23, 2017. All these transactions were presented before the Board of Directors for their review and consideration as recommended by the Audit Committee on quarterly basis pursuant to Clause 15 of Listed Companies (Code of Corporate Governance) Regulations, 2017.

Since, the majority of the Company Directors were interested in the related party transactions carried out during the financial year ended June 30, 2018 with the related parties as mentioned in the below draft resolution, due to their common directorship and shareholding in these associated undertakings, therefore, these transactions have been placed before the members of the Company for their approval in the General Meeting. The transactions with all related parties are entered on arms' length basis.

The following resolution is proposed to be passed as Special Resolution with or without any modification:

"Resolved that following transactions carried out in the ordinary course of business at arm's length basis with the Related Parties during the financial year ended June 30, 2018 be and hereby ratified, approved and confirmed.

Related Party	Nature of Transaction	Amount (Rs.)
Ultra Pack (Pvt.) Limited	Purchase of packing material	585,480,400
Ultra Pack (Pvt.) Limited	Purchase of light vehicle	2,412,500
Palace Enterprises (Pvt.) Ltd.	Accommodation services received	407,131
Kohat Cement Educational Trust	Contributions made	1,904,961
Art Vision (Pvt.) Limited	Sale of light vehicle	1,957,000
Mrs. Hijab Tariq, substantial shareholder	Sale of light vehicle	2,000,000

The Directors and excutives are interesetd in this business to the extent of their respective directorships and/or shareholdings/trusteeships/ remuneration.

Item No. 6: Authorization to the Company to purchase Packing Materials from Ultra Pack (Pvt.) Limited.

The Company in its ordinary course of business, uses polypropylene bags for packing of its cement which are procured from local market. M/s Ultra Pack (Pvt.) Limited, an associated company, is in the business of manufacturing and supply of these kinds of bags to cement industry. The management is of the view that procurement of these bags from Ultra Pack (Pvt.) Limited shall secure the in time and quality delivery of bags to the Company and is thus proposing to keep purchasing this packing material from this associated company during ordinary course of business at arm's length basis.

All the directors of the Company except Mr. Hasan Tariq Atta, are interested in this business to the extent that they are substantial shareholders of M/s ANS Capital (Pvt.) Limited which is the holding company of both Kohat Cement Company Limited and Ultra Pack (Pvt.) Limited.

The following resolution is proposed to be passed as Special Resolution with or without modification:

"Resolved that the Company be and is hereby authorized to purchase polypropylene empty bags (packing material) from M/s Ultra Pack (Pvt.) Limited, an associated company in the ordinary course of its business at arm's length basis.

Resolved further that Chief Executive of the Company is hereby authorized to take any and all necessary steps and to sign/execute any purchase order / document on behalf of the Company as may be required and to authorize any other officer of the company to do so."

Item No. 7: Authorization to CEO for approving Related Party Transactions

The Company shall continue to carry out transactions with the related parties in its ordinary course of business till next annual general meeting. The majority of the Directors are interested in these transactions due to their common directorships and / or shareholdings / trusteeship / remuneration in the related parties. Therefore, these transactions with related parties have to be approved by the shareholders in terms of Section 208 of the Companies Act, 2017 and Clause 15 of Listed Companies (Code of Corporate Governance) Regulations, 2017.

In order to ensure smooth business operations, the shareholders may authorize the Chief Executive to approve transactions to be carried out in normal course of business with related parties as mentioned in the following draft resolution till next annual general meeting. However, these transactions shall be placed before the shareholders in the next AGM for their approval/ratification.

The following resolution is proposed to be passed as Special Resolution with or without modification:

"Resolved that the Chief Executive of the Company be and is hereby authorized to approve transactions to be conducted with the Related Parties in the ordinary course of its business at arm's length basis during the year ending June 30, 2019.

Resolved further that these transactions shall be placed before the shareholders in the next annual general meeting for their ratification/approval."

The Directors are not interested directly or indirectly in this business except to the extent of their common directorships and/or shareholdings/ trusteeship/remuneration.

Notes:

1. Closure of Share Transfer Books

   The register of members and the share transfer books of the Company will be closed from Thursday October18, 2018 to Thursday, October 25, 2018 (both days inclusive). Physical transfers / CDS transactions IDs received in order at the Company's Independent Share Registrar Office, M/s Hameed Majeed Associates (Pvt.) Limited, HM House, 7-Bank Square, Lahore,up to the close of business on Wednesday October 17, 2018 will be treated in time for the purpose of entitlement of dividend, bonus shares, if approved by the shareholders, and to attend the meeting.

2. Right to appoint Proxy

   A member is entitled to appoint proxy in his/her place to attend and vote instead of him/her. The instrument appointing a proxy, duly stamped and signed, and the power of attorney or other authority (if any) under which it is signed or a notarially certified copy of the power of attorney or authority must be deposited at the Head Office of the Company, 37-P, Gulberg-II, Lahore not later than 48 hours (excluding non-working days) before the time of the meeting. A proxy must be a member of the Company. Form of proxy is enclosed herewith.

3. Attendance through Video-Conference

   The Company shall facilitate its members to attend the annual general meeting through video-link by providing video-conference facility, if available, in the city where 10% or more shareholders of the Company reside, provided the Company receives their demand to participate in the annual general meeting through video-link at least 7 days prior to the date of meeting.

4. Intimation of Change in Address

   The members are requested to notify the change of their registered addresses, if any, duly accompanied with its valid certificates, immediately to Company's Independent Share Registrar.

5. Electronic Payment of Dividend

   The provisions of Section 242 of the Companies Act, 2017 (the Act) read with Companies (Distribution of Dividends) Regulations, 2017 provide that any cash dividend declared by a listed company must be paid through electronic mode directly into the bank account designated by the entitled shareholder. In order to receive dividend directly into their bank account, shareholders are requested to communicate, if not already provided, below detailed information by filling in Electronic Credit Mandate Form available on Company's website (www.kohatcement.com) and send it duly signed along with a copy of CNIC to the Share Registrar of the Company, in case of physical shares. In case shares are held in CDC, then Electronic Credit Mandate Form must be submitted directly to shareholder's broker / participant / CDC account services. In the absence of valid bank account details and CNIC, dividend amount will be withheld in compliance with the aforesaid provisions of the Act and Regulations. Electronic Credit Mandate Form shall authorize the Company to credit their current and future cash dividends directly to their designated bank accounts.

a) International Bank Account Number (IBAN)
b) Name of Bank
c) Branch name and address
d) Valid copy of CNIC

6. Income Tax Deduction from Dividend Payment

The current withholding tax rates on dividend payments as prescribed by the Income Tax Ordinance, 2001 (the Ordinance) are 15% for Filers and 20% for Non-Filers. To enable the Company to make tax deduction on the amount of Cash Dividend @ 15% instead of 20%, all the shareholders whose names are not entered into the Active Tax-payers List (ATL) available on the website of the Federal Board of Revenue, are advised to make sure that their names are entered into ATL before the date of dividend payment, otherwise they shall be treated as Non-Filers (despite the fact that they are filers of income tax return) and tax on their Cash Dividend will be deducted @ 20%.

The Corporate Shareholders having CDC account are required to have their National Tax Number (NTN) updated with their respective participants, whereas corporate physical shareholders should send a copy of their NTN certificates to the Company or Company's Independent Share Registrar.

The FBR has clarified that shareholders' accounts jointly held by Filers and Non-Filers shall be dealt with separately and in such particular situation, each account holder is to be treated as either a Filer or a Non-Filer and tax will be deducted according to his shareholding. If the share is not ascertainable then each account holder will be assumed to hold equal proportion of shares and the deduction will be made accordingly. Therefore, in order to avoid deduction of tax at a higher rate, the joint account holders are requested to provide the below details of their shareholding to the Share Registrar of the Company.

Folio / CDC Account No.	Total Share	Principal Shareholder		Joint Shareholder	
		Name & CNIC	Shareholding Proportion (No. of shares)	Name & CNIC	Shareholding Proportion (No. of shares)

In case the required information is not provided to our Share Registrar by October 17, 2018, it will be assumed that the shares are held in equal proportion by the principal shareholder and joint holder(s).

7. Exemption from Deduction of Income Tax / Zakat

Members seeking exemption from deduction of income tax or are eligible for deduction at reduced rate, are requested to submit a valid exemption certificate or necessary documentary evidence as the case may be. Members desiring non-deduction of Zakat are also required to submit a valid declaration for non-deduction of Zakat.

Moreover, as per FBR's clarification, the valid Exemption Certificate under Section 159 of the Ordinance is mandatory to claim exemption of withholding tax under Clause 47B of Part-IV of Second Schedule to the Ordinance. Those who fall in the category mentioned in above clause must provide valid Tax Exemption Certificate to our Company's Independent Shares Registrar; otherwise tax will be deducted on dividend amount as per prescribed rates.

8. Placement of Annual Report on Web-site & its Circulation through DVD

The Annual Report of the Company containing financial statements of the Company for the year ended 30 June 2018 along with Auditors and Directors Report thereon, the Chairperson Review and notice of AGM etc. have been circulated through CDs and have also been placed on the company's website:

The shareholders who wish to receive hard copy of the Annual Report may send to the Company Secretary / Share Registrar, the Standard Request Form available on the website of the Company and the Company will supply hard copies of the aforesaid document to the shareholders on demand, free of cost, within one week of such demand.

In pursuance of the directions given by SECP vide SRO 787 (1)/2014 dated September 8, 2014, those shareholders who desire to receive Annual Financial Statements in future through email instead of receiving the same by post are advised to give their formal consent along with their valid email address on a standard request form available on the Company's website: (www.kohatcement.com) and send the said form duly filled in and signed along with copy of his/her CNIC/Passport to the Company's Share Registrar.

9. Attendance at AGM

A corporation or company being a member of the Company may appoint any of its officials or any other person through a resolution of its board of directors to attend and vote at the meeting.

The members should quote their folio number/ CDS IDs in all correspondence with the Company and should bring original document at the time of attending the Annual General Meeting.

CDC account holders will further have to follow the following guidelines as laid down in Circular No. 1 dated 26th January 2000 issued by the Securities & Exchange Commission of Pakistan.

For attending the meeting

i) In case of individuals, the account holder or sub account holder and/ or the person whose securities are in group account and their registration details are uploaded as per the Regulations, shall authenticate his/her identity by showing his/ her original computerized national identity card (CNIC) or original passport at the time of attending the meeting.

ii) In case of corporate entity, the Board of Directors' resolution/ power of attorney with specimen signature of the nominee along with his original CNIC or original passport shall be produced (unless it has been provided earlier) at the time of the meeting.

For appointing proxies

i) In case of individuals, the account holder or sub account holder and/ or the person whose securities are in group account and their registration details are uploaded as per the Regulations, shall submit the proxy form as per the requirements stated above.

ii) Attested copies of CNIC or the passport of the beneficial owners and the proxy shall be furnished with the Proxy Form.

iii) The proxy shall produce his/ her original CNIC or original passport at the time of the meeting.

iv) In case of corporate entity, the Board of Directors' resolution/ power of attorney with specimen signature along with his original CNIC or original passport shall be submitted (unless it has been provided earlier) along with proxy form to the Company.

10. Unclaimed dividend and bonus/right shares

Shareholders, who by any reason, could not claim their dividend or bonus shares or did not collect their physical shares, if any, are advised to contact our Share Registrar to collect/enquire about their unclaimed dividend or pending shares, if any. In compliance with Section 244 of the Companies Act, 2017, after having completed the stipulated procedure, all such dividend and shares outstanding for a period of 3 years or more from the date due and payable shall be deposited to the credit of Federal Government in case of unclaimed dividend and in case of shares, shall be delivered to the SECP.

Chairperson's Review Report

This report is being presented in terms of Section 192(4) of Companies Act, 2017 on overall performance of the board and effectiveness of the role played by the board in achieving the company's objectives. As required under the Listed Companies (Code of Corporate Governance) Regulations, 2017 (the Regulations),an annual evaluation of the board of Kohat Cement Company Limited (the Company) is carried out through a formal process of evaluating their performance. The purpose of this evaluation is to ensure that the Board's overall performance and effectiveness is measured against expectations in the context of objectives set for the Company. For the financial year ended June 30, 2018, the overall performance of the Board measured on the basis of approved criteria was satisfactory. However, improvement is an ongoing process leading to action plans.

The Company, under the supervision of Board, has initiated project for installation of an additional Grey Cement Production Line (the "expansion project"), having cement production capacity of 7,800 tons per day. The work on expansion project, at the existing site is progressing at fast pace. Civil works are at full swing whereas shipments of imported plant and machinery are arriving as per schedule.

Cement Mill with capacity of producing 105 tons of cement per hour commenced its commercial operations during the 4th quarter of the year under reference.

The Company's dispatches increased; however profits were declined due to pressure on prices during a major portion of the year under reference.

The Board is well assisted by its Committees. The Audit Committee reviews the financial statements and ensures that the accounts fairly represent the financial position of the Company. It also ensures effectiveness of internal controls. The HR Committee overviews HR policy framework and recommends selection and compensation of senior management team.

On behalf of the Board, I would like to acknowledge the continued sincere efforts and cooperation of all our employees in maintaining high standards of excellence. I take this opportunity to thank our stakeholders for the trust and continued support being reposed on us.

Hafsa

Hafsa Nadeem
Chairperson

Lahore: September 19, 2018

چیئرپرسن کی جائزہ رپورٹ

یہ رپورٹ کمپنیز ایکٹ 2017ء کی شق نمبر (4)192 کی شرائط کوملحوظ خاطر رکھتے ہوئے تیار کی گئی ہے، جس میں بورڈ آف ڈائریکٹرز (بورڈ) کی مجموعی کارکردگی اور کمپنی کے مقاصد کے حصول میں کامیابی کیلئے ان کے کردار کا جائزہ لیا گیا ہے۔ لِسٹڈ کمپنیز (کوڈ آف کارپوریٹ گورنینس) 2017ء کے ضوابط کے مطابق کوہاٹ سیمنٹ کمپنی لمیٹڈ (کمپنی) کے بورڈ کی سالانہ کارکردگی کی ایک منظّم طریقے سے پڑتال کی گئی ہے۔ کمپنی کے مقاصد کے حصول کی تکمیل میں بورڈ کے کردار کی جانچ کرنا اس پڑتال کا بنیادی مقصد ہے، جس کے مطابق 30 جون، 2018ء کو مکمل ہونے والے مالی سال کے دوران بورڈ کی کارکردگی تسلی بخش رہی۔ تاہم بہتری ایک جاری رہنے والا اور لائحہ عمل طے کرنے والا فعل ہے۔

بورڈ کی زیرِ نگرانی کمپنی میں اضافی گرے (Grey) سیمنٹ پروڈکشن لائن (توسیعی منصوبہ) کی تنصیب جاری ہے، جس کی پیداواری صلاحیت 7800 ٹن یومیہ ہے۔

اس توسیعی منصوبہ کے لئے فیکٹری کی موجودہ جگہ پر تیزی سے کام جاری ہے، تعمیری کام تیزی سے مکمل کیا جا رہا ہے۔ جبکہ پلانٹ اور مشینری بھی منصوبے کے مطابق درآمد کئے جا رہے ہیں۔

زیرِ جائزہ مالی سال کی چوتھی سہ ماہی کے دوران 105 ٹن فی گھنٹہ کی پیداواری صلاحیت کی حامل سیمنٹ مل نے تجارتی بنیادوں پر پیداوار کا آغاز کر دیا ہے۔

کمپنی کی ترسیلات میں اضافہ ہوا مگر زیرِ جائزہ مالی سال کے ایک بڑے حصے کے دوران قیمتوں پر دباؤ کی وجہ سے منافع میں کمی واقع ہوئی ہے۔

بورڈ کو اپنی کمیٹیوں کی بھرپور معاونت حاصل رہی۔ آڈٹ کمیٹی نے مالیاتی گوشواروں کا جائزہ لیا، تاکہ اس بات کو یقینی بنایا جا سکے کہ کمپنی کے حسابات کمپنی کی صحیح مالی حیثیت کو ظاہر کرتے ہیں۔ انٹرنل کنٹرول کے نظام کی بہتری میں بھی آڈٹ کمیٹی کا بھرپور کردار رہا۔ ہیومن ریسورس کمیٹی نے انسانی وسائل کی پالیسی کا جائزہ لیا اور اعلیٰ افسران کے چناؤ اور معاوضے تجویز کئے۔

میں بورڈ کی جانب سے کامیابی کے اعلیٰ درجے کو برقرار رکھنے پر تمام ملازمین کی مخلصانہ کاوشوں اور تعاون کو تسلیم کرتی ہوں۔ اس موقع پر میں اپنے تمام کاروباری شراکت داروں کے اعتماد اور مستقل حمایت کی شکرگزار ہوں۔

Hafsa

حفصہ ندیم
چیئرپرسن

لاہور: 19 ستمبر، 2018

Directors' Report to the Shareholders

The Directors of Kohat Cement Company Limited (the Company) are pleased to present the Annual Report together with audited financial statements and Auditors' report thereon for the year ended June 30, 2018.

Business Review

The cement industryof Pakistan witnessed an overall growthof 13.84% (2017: 3.71%)in terms of dispatch volumes during financial year ended 30th June 2018. Domestic consumption increased by 15.42% to 41.15million metric tons (2017: 35.65million MT)while exports after an increase of 1.77% closed at 4.75 million metric tons. (2017: 4.7 million MT).

The Company dispatched 2.25million metric tons(2017: 2.08million MT) of cement during the year including exports of 0.10 million metric tons (2017: 0.12million MT).Grey cement lines operated at 78.9% (2017: 73.3%)in terms of cement production during the year under review. Below is the summary of production and sales of the company during the year:

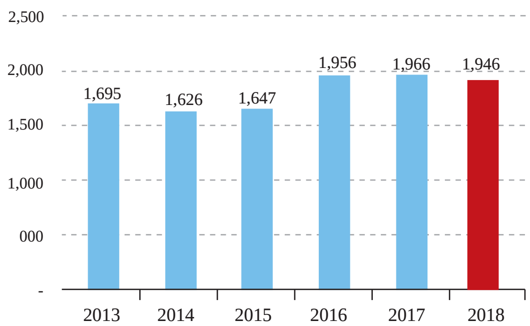
	FY 2018	FY 2017
	Metric Tons	
Clinker Production	1,945,632	1,966,031
Cement Production	2,237,331	2,087,734
Local Dispatches	2,147,900	1,956,555
Export Dispatches	100,035	118,822
Total Dispatches	2,247,935	2,075,377

Although, overall exports of cement industry have been increased slightly; the Company's exports dwindled due to transit issues between Afghanistan/Pakistan border and penetration of cheaper Iranian cement into Afghanistan.

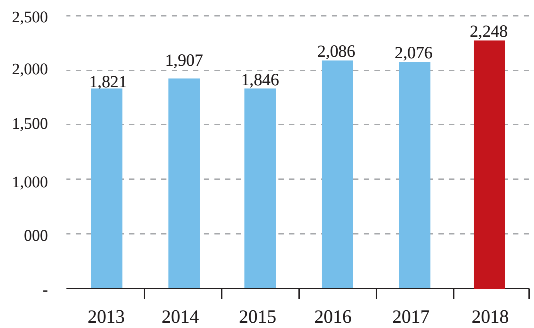
The cement industry is likely to get a boost from the implementation of multibillion dollar construction projects under CPEC. Government's spending on infrastructure and road network will play two-fold part in development of cement industry in future. Where such projects will consume cement themselves, they will reduce delivery time and broaden the market as well.

Private Housing projects and other construction activities of the Government shall also play a vital role in the uplift of the industry.

Clinker Production ('000 tons)



Cement Dispatches ('000 tons)



Principal Activities and Financial Performance

Principal activities of your Company during the year remained unchanged i.e. manufacture and sale of ordinary Portland cement. Operating results of your Company are summarized hereunder:

	FY 2018	FY 2017
	(Rupees in Million)	
Net sales	13,439	13,540
Cost of sales	9,086	7,713
Gross profit	4,353	5,827
Selling, distribution & admin expenses	328	292
Other expenses	310	408
Other income	362	393
Finance cost	107	85
Profit before taxation	3,970	5,435
Taxation	990	1,890
Profit after taxation	2980	3,545
Earnings per share (Rs./ share)	19.29	22.94

In the international market, fall in value of Pak rupee against USD coupled with rise in coal prices during the year under reference has increased cost of cement production. Cement sale prices improved during March 2018; however, the continuous decline during the months prior to March 2018 caused negative impact on profitability of the Company.

Credit Rating

Credit rating is an assessment of the credit standing of entities in Pakistan. PACRA, during the year, has initially assigned and maintained long-term and short-term entity rating at A and A1 respectively for the Company with Stable outlook. These ratings denote a low expectation of credit risk and indicate a strong capacity for timely payment of financial commitments.

The Company is current on all its debt obligations.

On Going Projects

The work on additional Grey Cement Production Line of 7,800 tons per day, at the existing site is swiftly in progress. Civil works are at full swing whereas shipments of imported plant and machinery are arriving as per schedule.

Cement Mill with capacity of producing 105 tons of cement per hour commenced its commercial operations during the 4th quarter of the year under reference.

Appropriations

The Board of Directors of your company is pleased to propose a 50% final cash dividend of Re. 5 per ordinary share for Financial Year ended June 30, 2018 and issuance of fully paid bonus shares @ 30% in proportion to three(3) shares for every ten (10) shares of Rs. 10 each held by the members.

Appropriations approved by directors are as under:

		Rupees
Profit after taxation		2,979,994,793
Un-appropriated profits from prior years		13,401,621,866
Available for appropriation		16,381,616,659
Final cash dividend proposed at Rs. 5 per share for the year ended June 30, 2018	772,543,450	
Transfer to reserve for issuance of bonus share @ 30% (3 bonus shares for every 10 shares held)	463,526,070	
		1,236,069,520
Un-appropriated profit carried forward		15,145,547,139

Risk Management

The Company's Board of Directors (the Board) has overall responsibility for establishment and oversight of the Company's risk management framework. The Board is responsible for developing and monitoring the Company's risk management policies. The risk management policies are established to identify and analyze the risk faced by the Company, to set up appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities.

Key Business Risks identified by your Company

Securing primary raw material – Limestone is the primary raw material required for production of cement. Its continuous and long term supplyis critical, particularly under the dynamic regulatory environment. The limestone reserves available with the Company are sufficient to meet its current as well as future demand.

Demand - Supply Gap – Presently the cement industry is operating at 95.2% capacity; and it is estimated that the incremental demand in the coming years will absorb current gap as well as incremental future new capacities of the industry.

Fuel costs – Cement manufacturing process is very energy intensive. Fuel prices kept rising continuously during the year driven by the global demand supply scenario. The Company continues to explore alternative sources.

Regulatory and Compliance – With the ever evolving regulatory framework in the country the risk of non-compliance looms large and carry reputational risks. Your Company has taken steps to automate the compliance procedures and has deployed adequate measures for periodic review mechanisms of the regulatory framework to ensure complete compliance with all statutes.

Competition Risks – With every new capacity additionin the cement industry sale volume, market share and profitability stands challenged. The Company continues to enhance brand equity through enhanced marketing activities and customer centricity.

Financial Risks – Your Company's exposure to credit risk, liquidity risk and market risk (interest rate risk, foreign exchange risk and price risk) is subject to market dynamics. Please refer note 36 of the audited financial statements highlighting Company's exposure to these risks and control procedures to mitigate them.

Compliance with Code of Corporate Governance

The Company believes in creating and sustaining relationship of trust, integrity,accountability and transparency with all its stakeholders. The Company is committed to good Corporate Governance practices and all the Directors and employees are bound by the Code of Conduct setting out the fundamental standards to be followed in all actions carried out on behalf of the Company. The Company is in compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2017 (the CCG Regulations). Specific statements are given below:

- The financial statements present fairly, the Company's state of affairs, the result of its operations, cash flows and changes in equity.
- The Company has maintained proper books of account.
- Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgments.
- International Financial Reporting Standards, as applicable in Pakistan, have been followed in preparation of the financial statements to ensure the true and fair view of the Company's financial position.
- The system of internal control is sound in design and has been effectively implemented and is being monitored continuously.
- There are no significant doubts upon the Company's ability to continue as a going concern.
- There has been no material departure from the Best Practices of Corporate Governance, as detailed in the CCG Regulations wherever applicable to the Company for the year ended June 30, 2018; statement of compliance with the Best Practices of Corporate Governance is attached and forms part of this report.

Composition of Board of Directors

The Board of Directors (the Board) of your Company comprises seven (7) members. Composition of the Board is as under:

Total Number of Directors:	7
Male	5
Female	2

Composition of Board of Directors

Independent Director

Mr. Muhammad Atta Tanseer Sheikh

Other Non-Executive Directors

Mrs. Hafsa Nadeem
Ms. Aminah Aizaz Sheikh
Mr. Muhammad Rehman Sheikh
Mr. Hasan Tariq Atta

Executive Directors

Mr. Aizaz Mansoor Sheikh
Mr. Nadeem Atta Sheikh

Composition of Committees of the Board

a) Audit Committee
Mr. Muhammad Atta Tanseer Sheikh - Chairman
Ms. Aminah Aizaz Sheikh - Member
Mr. Muhammad Rehman Sheikh - Member

b) Human Resource and Remuneration (HR&R) Committee
Mr. Muhammad Atta Tanseer Sheikh - Chairman
Mr. Aizaz Mansoor Sheikh - Member
Mr. Muhammad Rehman Sheikh - Member

Board and its Committee Meetings Board of Director

The Directors of your Company held 4 meetings during the year, which were attended by the directors detailed as under:

Name of Director	No. of meetings attended
Mrs. Hafsa Nadeem (Chairperson)	4
Mr. Aizaz Mansoor Sheikh (Chief Executive Officer)	4
Mr. Nadeem Atta Sheikh	4
Ms. Aminah Aizaz Sheikh	3
Mr. Muhammad Atta Tanseer Sheikh	4
Mr. Muhammad Rehman Sheikh	1
Mr. Hasan Tariq Atta	3

Board Auit Committee

The Audit Committee met five times during the year; details of attendance by members is as under:

Name of Member	No. of meetings attended
Mr. Muhammad Atta Tanseer Sheikh (Chairman)	5
Ms. Aminah Aizaz Sheikh	3
Mr. Muhammad Rehman Sheikh	2

Human Resource & Remuneration (HR&R) Committee

The Committee held one meeting during the year, details of attendance by members is an under:

Name of Member	No. of meetings attended
Mr. Muhammad Atta Tanseer Sheikh (Chairman)	1
Mr. Aizaz Mansoor Sheikh	1
Mr. Muhammad Rehman Sheikh	1

The Directors who could not attend the Board & Committee Meetings were duly granted leave of absence at their request from attending the meeting by the Board/Committees in accordance with the law.

Directors' Orientation Program

The company has made appropriate arrangements for professional development of its directors by providing them orientations to acquaint them with corporate laws including the CCG Regulations enabling them to understand their duties and responsibilities to effectively govern the affairs of the company.

Directors' Training Program

Five (5), out of seven (7) directors of the Company have already obtained certification under approved Directors' Training Program Certification in earlier years, whereas the remaining two (2) directors shall comply with the requirements of the CCG Regulations within the prescribed time framework.

Trading in Company's shares

Trading in Company's shares by the Directors, CEO and the Executives and by their spouses during the financial year ended June 30, 2018 is given as under:

		Share Sold	Share purchased
i)	M. Atta Tanseer Sheikh (Director)	137,000	300
ii)	Ibrahim Tanseer Sheikh (Executive)	5,000	
iii)	Sardar Shahbaz Ali Khan Khosa (Director's spouse)	17,000	

The term"executive" as determined by the Board of Directors, means the Chief Executive Officer, Chief Financial Officer, Head of Internal Audit, Company Secretary, Head of Sales and Marketing, General Manager Works and all directors of the Company.

The Company and the Environment

Environmental protection is an integral element of the Company's business strategy, which is defined by the management in consultation with the environment professionals. As a company, we accept our share of the global responsibility to limit the rise in worldwide temperature to acceptable limits.

In accordance with our obligation towards reduction of carbon emissions, the Company embraced the waste heat recovery system (WHRS). WHRS not only reduces the carbon footprints on environment to minimum but also harness the excess heat to produce electricity thus reducing the burden on national grid. Going ahead, the Company will install WHRS into its design for all its future cement manufacturing facilities.

In order to preserve water, the Company is currently setting up a water recycling plant at works whereby 20% of present annual water requirement of the Plant shall be fulfilled with the recycled water.

In addition to WHRS; the Company has taken following initiatives to improve its environmental performance related to dust and gases emissions;

a) Process optimization and
b) Replacement of old dust collections system with advanced dust controlled bag filter systems.

Company installed the latest dust collection system at Line 1 in 2013 whereas replacement of advanced dust collection system at Line 3 was completed during financial year 2017-18.

Directors' remuneration and its policy

The Company has formal policy and transparent procedure for determining remuneration of non-executive directors whereby all the non-executive directors are entitled to a fixed fee for attending Board and Committee meetings and they are not entitled to any other remuneration.

Corporate Social Responsibility

The Company continued to contribute to the economic and social development of the local communities and committed to make the world a better place. Disclosure as required by the Companies Act, 2017 read with Companies (Corporate Social Responsibility) General Order, 2009 is annexed and forms part of this report.

Holding Company

ANS Capital (Private) Limited, incorporated under the laws of Pakistan having its registered office at Lahore, is the holding company of the Company and owns and controls 84,986,400 ordinary shares of the Company constituting 55% of the total paid up share capital of the Company.

Financial highlights

Key operating & financial data of last six years is included in this report.

Outstanding statutory dues

The outstanding statutory dues on account of taxes, duties, levies and charges are disclosed in Note No. 9 to the audited financial statements. There is no overdue amount on account of taxes and duties.

Statement on value of staff retirement funds

The value of investments of provident fund based on its unaudited accounts as at June 30, 2018 is Rs. 149.143 million (2017: Rs. 128.586 million).

Pattern of shareholding

The Pattern of Shareholding along with categories of shareholding is included in this report.

External auditors

The present auditors, M/s. KPMG Taseer Hadi and Co., Chartered Accountants, retire and being eligible, offer themselves for re-appointment. As recommended by the Audit Committee, the Board of Directors has recommended the re-appointment and remuneration of present auditors of the Company for the ensuing year.

Management and employees' relations

Qualified and motivated employees are an important prerequisite for the sustainable success of the Company. Identifying our employees' talents, developing them and retaining those employees are therefore at the core of the Company's personnel policy.

The Board of Directors of your company expresses its gratitude to all stakeholders of the Company who participated in the Company's business for its advancement and growth.

For and on behalf of the Board

Aizaz Mansoor Sheikh
Chief Executive

Nadeem Atta Sheikh
Director

Lahore: September 19, 2018

اہم مالیاتی جھلکیاں:

اس رپورٹ میں گذشتہ 6 سال کی اہم کاروباری اور مالی معلومات فراہم کی گئیں ہیں۔

واجب الادا قانونی محاصل:

قانونی طور پر واجب الادا ٹیکسیز اور ڈیوٹیز کی تفصیل مالی کھاتہ جات کے نوٹ نمبر 9 میں بیان کردی گئی ہے۔ کسی قسم کے ٹیکسیز یا ڈیوٹیز کی ادائیگی زائدالمیعاد نہیں ہے۔

سٹاف ریٹائرمنٹ فنڈز کی مالیت:

30 جون، 2018ء تک پراویڈنٹ فنڈز کے غیر آڈٹ شدہ کھاتہ جات کے مطابق پراویڈنٹ فنڈز کی سرمایہ کاری کی مالیت 149.143 ملین روپے ہے جو کہ گزشتہ مالی سال 30 جون، 2017ء میں 128.586 ملین روپے تھی۔

شیئر ہولڈنگ کی تفصیل:

کمپنی کے حصص کے مالکان کی معلومات بمع درجہ بندی اس رپورٹ میں فراہم کردی گئی ہیں۔

آڈیٹرز کی تقرری:

موجودہ آڈیٹرز میسرز کے پی ایم جی تاثیر ہادی اینڈ کمپنی چارٹرڈ اکاؤنٹنٹس ریٹائر ہوگئے ہیں، انہوں نے اہل ہونے کی حیثیت سے خود کو دوبارہ تقرری کیلئے پیش کیا ہے۔ آڈٹ کمیٹی کی تجویز پر بورڈ آف ڈائریکٹرز نے موجودہ آڈیٹرز کی آئندہ سال کیلئے دوبارہ تقرری کی سفارش کی ہے۔

انتظامیہ اور ملازمین کے تعلقات:

قابل ملازمین کمپنی کی پائیدار ترقی کیلئے اہم ضرورت ہوتے ہیں، ایسے افراد کی تلاش کرنا، ان میں پیشہ ورانہ بہتری پیدا کرنا اور ایسے افراد کی کمپنی کیلئے خدمات کو برقرار رکھنے کی کوشش کرنا کمپنی کی پالیسی کا بنیادی حصہ ہے۔

کمپنی کے ڈائریکٹرز تمام شراکت داروں اور کمپنی سے منسلک دیگر کاروباری افراد کے شکر گزار ہیں، جنہوں نے کمپنی کے کاروبار کی کامیابی اور بڑھوتری میں اہم کردار ادا کیا ہے۔

برائے ومنجانب بورڈ آف ڈائریکٹرز

اعزاز منصور شیخ
چیف ایگزیکٹو

ندیم عطاء شیخ
ڈائریکٹر

لاہور: 19 ستمبر، 2018

بورڈ آڈٹ کمیٹی کے اجلاس:

زیرِ جائزہ مالی سال کے دوران آڈٹ کمیٹی کے 5 اجلاس ہوئے، اراکین کی اجلاس میں حاضری کی تفصیل درج ذیل ہے۔

اراکین کے نام	اجلاس میں شرکت
جناب محمد عطاء تصیر شیخ (چیئرمین)	5
محترمہ آمنہ اعزاز شیخ	3
جناب محمد رحمان شیخ	2

ہیومن ریسورس اینڈ ریمونریشن کمیٹی کے اجلاس:

زیرِ جائزہ مالی سال کے دوران ہیومن ریسورس اینڈ ریمونریشن کمیٹی کا 1 جلسہ ہوا، اراکین کی جلسہ میں حاضری کی تفصیل درج ذیل ہے۔

اراکین کے نام	اجلاس میں شرکت
جناب محمد عطاء تصیر شیخ (چیئرمین)	1
جناب اعزاز منصور شیخ	1
جناب محمد رحمان شیخ	1

وہ ڈائریکٹرز جو بورڈ اور کمیٹی کے اجلاس میں حاضر نہ ہوسکے اور انہوں نے اجلاس سے رخصت کی درخواست کی، انہیں بورڈ اور کمیٹی کی جانب سے قانون کے مطابق رخصت دی گئی۔

ڈائریکٹرز کی آگاہی کے پروگرام:

کمپنی کی جانب سے اپنے ڈائریکٹرز کو کارپوریٹ گورننس اور دیگر متعلقہ قوانین وضوابط سے آگاہی کا مناسب انتظام کیا گیا ہے تاکہ وہ کمپنی کے معاملات کو موثر انداز میں چلانے کیلئے اپنے فرائض اور ذمہ داریوں کو سمجھ سکیں۔

تربیتی پروگرام برائے ڈائریکٹرز:

کمپنی کے سات ڈائریکٹرز میں سے پانچ ڈائریکٹرز گذشتہ سالوں میں ''ڈائریکٹرز تربیتی پروگرام'' کے تحت سند حاصل کرچکے ہیں، جبکہ بقیہ دو ڈائریکٹران متعلقہ قانون کی پاسداری مقررہ وقت میں کرلیں گے۔

کمپنی شیئرز کی خریدوفروخت:

30 جون 2018ء کے اختتام شدہ مالی سال کے دوران کمپنی کے چیف ایگزیکٹو، ایگزیکٹوز، ڈائریکٹرز اور ان کے شریکِ حیات کی کمپنی کے شیئرز سے متعلقہ خریدوفروخت کی معلومات درج ذیل ہیں۔

			فروخت	خرید
ا۔	جناب محمد عطاء تصیر شیخ	ڈائریکٹر	137,000	300
۲۔	جناب ابراہیم تصیر شیخ	ایگزیکٹو	5,000	
۳۔	سردار شہباز علی خان کھوسہ	ڈائریکٹر کے شریکِ حیات	17,000	

بورڈ آف ڈائریکٹرز کے مطابق ''ایگزیکٹوز'' میں چیف ایگزیکٹو آفیسر، چیف فائنینشل آفیسر، سربراہ انٹرنل آڈٹ، کمپنی سیکرٹری، سربراہ سیلز اینڈ مارکیٹنگ، جنرل مینیجر ورکس اور کمپنی کے تمام ڈائریکٹرز شامل ہیں۔

ماحولیات کا تحفظ:

ماحولیاتی تحفظ کمپنی کی کاروباری حکمت عملی کا کلیدی حصہ ہے، جس کا نظام کمپنی کی انتظامیہ نے ماحولیاتی ماہرین کے اشتراک سے تشکیل دیا ہے۔ بطور کمپنی عالمی درجہ حرارت کو مناسب سطح تک محدود رکھنے کی ذمہ داری ہماری بھی ہے۔

صنعتی آلودگی میں کمی کو اپنی ذمہ داری سمجھتے ہوئے کمپنی نے ویسٹ ہیٹ ریکوری سسٹم نصب کردیا ہے۔ جو ماحول میں دھوئیں کے اثرات میں کمی کے ساتھ فاضل حرارت سے بجلی بھی پیدا کررہا ہے، جس سے بجلی کے بیرونی ذرائع پر انحصار کم ہوگیا ہے۔ مستقبل میں کمپنی اپنی نئی پروڈکشن لائن میں ویسٹ ہیٹ ریکوری سسٹم کی تنصیب کا ارادہ کرچکی ہے۔

پانی کے تحفظ کیلئے کمپنی کی انتظامیہ فیکٹری میں پانی کے ریسائکلنگ پلانٹ کی تنصیب کررہی ہے، جس سے فیکٹری کی پانی کی ضرورت کا 20% پورا کیا جائے گا۔

ویسٹ ہیٹ ریکوری سسٹم کے علاوہ کمپنی نے ماحول میں بہتری، گردوغبار اور گیسز کے اخراج میں کمی کیلئے درج ذیل اقدامات کئے ہیں۔

ا۔ پراسیس آپٹائزیشن (پیداواری نظام اور مراحل میں بہتری)

۲۔ گردوغبار سے تحفظ کے پرانے نظام کی جگہ بہتر اور جدید بیگ فلٹر سسٹم کی تنصیب

کمپنی کی جانب سے گردوغبار سے تحفظ کا جدید نظام پروڈکشن لائن۔1 پر 2013 میں اور پروڈکشن لائن۔3 پر مالی سال 2017-18 میں تنصیب کیا گیا۔

ڈائریکٹرز کے معاوضہ کے تعین کا نظام:

نان۔ایگزیکٹو ڈائریکٹرز کے معاوضے کے تعین کیلئے کمپنی کی باقاعدہ پالیسی اور شفاف طریقہ کار موجود ہے، جس کے تحت تمام نان ایگزیکٹو ڈائریکٹرز کو بورڈ آف ڈائریکٹرز اور کمیٹی کے اجلاس میں شرکت کی مد میں مقررہ فیس کے علاوہ کسی قسم کا معاوضہ ادا نہیں کیا جاتا ہے۔

کاروباری سماجی ذمہ داری:

کمپنی کی انتظامیہ مقامی افراد کی معاشی اور سماجی ترقی میں مسلسل اپنا کردار ادا کررہی ہے تاکہ ان کے معیارِ زندگی کو بہتر بنایا جاسکے۔ کاروباری سماجی ذمہ داری کے حوالے سے جاری کردہ کمپنیز ایکٹ 2017ء اور جنرل آرڈر 2009ء کے مطابق درکار کمپنی کی سماجی ذمہ داریوں کی ادائیگی کی بابت معلومات لف ہیں۔

ہولڈنگ کمپنی:

اے این ایس (ANS) کیپٹل پرائیویٹ لمیٹڈ حکومت پاکستان کی جانب سے نافذ متعلقہ قوانین کے تحت قائم شدہ کمپنی ہے جو کہ کوہاٹ سیمنٹ کمپنی کی ہولڈنگ کمپنی ہے۔ یہ ادارہ کمپنی کے 84,986,400 عام حصص کا مالک ہے جو کہ کمپنی کے کل عام حصص کا 55% ہے۔

ایندھن کی لاگت: سیمنٹ کی پیداوار کے لئے بہت زیادہ توانائی درکار ہوتی ہے۔ بین الاقوامی سطح پر بڑھتی ہوئی ایندھن کی طلب کی وجہ سے اس کی قیمتوں میں مسلسل اضافہ ہورہا ہے۔اس مسئلے کے پیشِ نظر آ پکی کمپنی ایندھن کے متبادل ذرائع کی مسلسل تلاش میں ہے۔

قوانین اور ان کی تعمیل: مسلسل بدلتے ہوئے ملکی قوانین کی موجودگی میں عدم تعمیل کا احتمال ہے جس سے دیگر کاروباری نقصانات کے ساتھ کمپنی کی ساکھ کو بھی نقصان پہنچنے کا خطرہ ہے۔اس لئے کمپنی نے ان قوانین کی تعمیل کا نظام تشکیل دیا ہے اوراس بات کا بھی اہتمام کیا گیا ہے کہ ملکی قانونی ڈھانچہ میں تبدیلی کا متواتر جائزہ لیا جائے تا کہ تمام قوانین پر عمل درآمد کو یقینی بنایا جاسکے۔

مسابقتی خطرات: سیمنٹ کی صنعت کی پیداواری گنجائش میں ہر نئے اضافے سے فروخت کے حجم، مارکیٹ شئیر اور منافع کو خطرات کا سامنا کرنا پڑتا ہے۔کمپنی کی جانب سے اپنی پراڈکٹ اوراس سے متعلقہ اپنی خدمات کے معیار میں مسلسل بہتری کے لئے کوشش کی جارہی ہے۔

مالیاتی خطرات: کاروباری حالات میں اتار چڑھاؤ (شرح سود، زرمبادلہ اور قیمتوں میں تبدیلی کے خطرات) کی بدولت کمپنی کو کریڈٹ، لیکویڈٹی اور دیگر خطرات کا سامنا کرنا پڑسکتا ہے۔ان خطرات کی تفصیل کے لئے آڈٹ شدہ مالیاتی حسابات کے نوٹ نمبر 36 کو ملاحظہ کریں، جس میں ان خطرات کے حوالے سے کنٹرولز اور نمٹنے کے طریقہ کار کو بیان کردیا گیا ہے۔

کارپوریٹ گورننس کے ضوابط کی تعمیل:

کمپنی کی انتظامیہ اپنے تمام شراکت داروں کے ساتھ اعتماد، دیانت داری، احتساب اور شفافیت کی بنیاد پر پائیدار تعلقات قائم رکھنے پر یقین رکھتی ہے، اور کارپوریٹ گورنینس کے بہترین طریقوں پر موثر انداز میں عمل درآمد کے لئے پرعزم ہے اور کمپنی کے تمام ڈائریکٹرز اور ملازمین ایک ضابطہ اخلاق کے تحت وضع کئے گئے اصولوں کے تحت اپنی ذمہ داریوں کو ادا کرنے کے پابند ہیں۔کمپنی کی جانب سے کارپوریٹ گورنینس 2017ء کے ضابطہ اخلاق پر عمل درآمد کیا جارہا ہے۔

کارپوریٹ گورنینس کے ضابطہ کے تحت مختلف تفصیلات درج ذیل ہیں۔

۱۔ مالیاتی کھاتہ جات واضح طور پر کمپنی کے کاروباری حالات وواقعات، کاروباری نتائج، کیش فلو اور مالکان کے سرمایہ کی تبدیلی کو پیش کرتے ہیں۔

۲۔کمپنی نے اپنے کھاتہ جات کی تمام کتب کو بہترین انداز میں مرتب کیا ہے۔

۳۔مالیاتی کھاتہ جات کی تیاری میں موزوں اکاؤنٹنگ پالیسیوں کے استعمال کے تسلسل کو برقرار رکھا گیا ہے، جبکہ اکاؤنٹنگ تخمینوں کی بنیاد معقول اور دانشمندانہ ہے۔

۴۔کمپنی کے مالیاتی کھاتہ جات کی تیاری میں پاکستان میں قابل اطلاق انٹرنیشنل فنانشل رپورٹنگ سٹینڈرڈز کے قوانین پر عمل درآمد کیا گیا ہے تا کہ کمپنی کی درست اور شفاف مالی حالت کو بیان کیا جاسکے۔

۵۔انٹرنل کنٹرول نظام کو بہترین انداز میں تشکیل دیا گیا ہے جس پر موثر طریقے سے عمل درآمد اور نگرانی کی جاتی ہے۔

۶۔کمپنی کے کاروبار کو جاری رکھنے کی صلاحیت کے حوالے سے کسی قسم کے قابلِ ذکر شکوک نہیں پائے جاتے ہیں۔

۷۔30 جون، 2018ء کو اختتام شدہ مالی سال میں کارپوریٹ گورنینس کے ضوابط سے کسی قسم کا قابل ذکر انحراف نہیں کیا گیا ہے۔ان ضوابط کی تعمیل کی تفصیل اس رپورٹ کے ساتھ منسلک کردی گئی ہے۔

بورڈ آف ڈائریکٹرز کی تفصیل:

کمپنی کا بورڈ آف ڈائریکٹرز 7 اراکین پر مشتمل ہے جس کی تفصیل درج ذیل ہے:

کل ڈائریکٹرز : 7

مرد ڈائریکٹرز : 5

خاتون ڈائریکٹرز: 2

انڈیپنڈنٹ ڈائریکٹر:

جناب محمد عطاء تنصیر شیخ

دیگر نان۔ایگزیکٹو ڈائریکٹرز:

محترمہ حفصہ ندیم (چیئرپرسن)

محترمہ آمنہ اعزاز شیخ

جناب محمد رحمان شیخ

جناب حسن طارق عطاء

ایگزیکٹو ڈائریکٹرز:

جناب اعزاز منصور شیخ

جناب ندیم عطاء شیخ

بورڈ کی کمیٹیز کی تفصیل:

۱۔آڈٹ کمیٹی

جناب محمد عطاء تنصیر شیخ (چیئرمین)

محترمہ آمنہ اعزاز شیخ (رکن)

جناب محمد رحمان شیخ (رکن)

۲۔ہیومن ریسورس اینڈ ریمونریشن کمیٹی

جناب محمد عطاء تنصیر شیخ (چیئرمین)

جناب اعزاز منصور شیخ (رکن)

جناب محمد رحمان شیخ (رکن)

بورڈ اور اسکی کمیٹیوں کے اجلاس:

زیرِ جائزہ مالی سال کے دوران بورڈ آف ڈائریکٹرز کے 4 اجلاس ہوئے، اراکین کی اجلاس میں حاضری کی تفصیل درج ذیل ہے۔

اراکین کے نام	اجلاس میں شرکت
محترمہ حفصہ ندیم (چیئرپرسن)	4
جناب اعزاز منصور شیخ (چیف ایگزیکٹو)	4
جناب ندیم عطاء شیخ	4
محترمہ آمنہ اعزاز شیخ	3
جناب محمد عطاء تنصیر شیخ	4
جناب محمد رحمان شیخ	1
جناب حسن طارق عطاء	3

ڈائریکٹرز رپورٹ برائے حصص داران

کوہاٹ سیمنٹ کمپنی لمیٹڈ (کمپنی) کے ڈائریکٹرز 30 جون، 2018ء کوختم ہونے والے مالی سال سے متعلقہ کمپنی کی سالانہ رپورٹ مع آڈٹ شدہ اکاؤنٹس اورآڈیٹرز رپورٹ پیش کرنے پرمسرت محسوس کرتے ہیں۔

کاروباری جائزہ:

30 جون، 2018ءکوختم ہونے والے مالی سال کے دوران پاکستانی سیمنٹ سیکٹر میں سیمنٹ کی فروخت کے حجم میں مجموعی طور پر %13.84 (2017: 3.71%) کا اضافہ ہواہے۔ملکی کھپت میں %15.42 کا اضافہ ہوا ،جس کا حجم 41.15 (2017: 35.65)ملین میٹرک ٹن رہا. جبکہ برآمدات کا حجم %1.77 اضافہ کے ساتھ 4.75(2017:4.7)ملین میٹرک ٹن رہا۔

کمپنی کی جانب سے مجموعی طور پر سیمنٹ کی فروخت کا حجم2.25(2017:2.08)ملین میٹرک ٹن رہا،جس میں برآمدات کا حجم 0.10 (2017:0.12)ملین میٹرک ٹن تھا۔

کمپنی کی گرے(Grey) سیمنٹ پروڈکشن لائن کی پیداواری کارکردگی %78.9 (2017:73.3%) رہی۔ ذیل میں پیداواراورترسیلات کے نتائج کا خلاصہ دیا گیا ہے:

	2018	2017
	میٹرک ٹن	
کلنکر کی پیداوار	1,945,632	1,966,031
سیمنٹ کی پیداوار	2,237,331	2,087,734
اندرون ملک فروخت	2,147,900	1,956,555
برآمدات	100,035	118,822
کل فروخت	2,247,935	2,075,377

اگرچہ مجموعی طور پر پاکستانی سیمنٹ انڈسٹری کی برآمدات میں اضافہ ہوا ہے،تاہم کمپنی کی برآمدات پاک ۔افغان سرحد پرآمدورفت کی بندش اورافغانستان میں سستے ایرانی سیمنٹ کی مانگ میں اضافے کی وجہ سے متاثر ہوئی ہیں۔

چین پاکستان اقتصادی راہداری (سی پیک) کے تحت کثیر لاگت کے تعمیراتی منصوبوں پرعمل درآمد بشمول حکومتی تعمیراتی منصوبہ جات مستقبل میں سیمنٹ انڈسٹری کی ترقی میں دوہرا کردارادا کریں گے۔ یہ منصوبہ جات نہ صرف سیمنٹ کی کھپت میں اضافہ کا باعث ہوں گے بلکہ آمدورفت میں آسانی کا باعث بن کر مارکیٹ کی بڑھوتری میں کردارادا کریں گے۔

گھروں کی تعمیر کے نجی منصوبہ جات اور حکومتی تعمیراتی سرگرمیاں انڈسٹری کی ترقی میں اہم کردار ادا کریں گی۔

بنیادی کاروباری سرگرمیاں اور مالیاتی کارکردگی:

زیرِ جائزہ مالی سال کے دوران بھی کمپنی بنیادی طور پرگرے سیمنٹ کی پیداواروترسیل کے کاروبار سے منسلک رہی۔ کمپنی کی مالیاتی کارکردگی کا سرسری جائزہ ذیل میں دیا گیا ہے:

	2018	2017
	(ملین روپے)	
کل فروخت	13,439	13,540
کل لاگت	9,086	7,713
خام منافع	4,353	5,827
سیلز،ڈسٹریبوشن اور ایڈمنسٹریشن اخراجات	328	292
دیگر اخراجات	310	408
دیگر آمدنی	362	393
مالیاتی لاگت	107	85
منافع قبل از ٹیکس	3,970	5,435
ٹیکس	990	1,890
منافع بعد از ٹیکس	2,980	3,545
فی شیئر آمدنی (روپے/شیئر)	19.29	22.94

زیرِ جائزہ مالی سال کے دوران بین الاقوامی منڈی میں ڈالر کے مقابلے میں روپے کی قدر میں کمی کے علاوہ کوئلے کی قیمتوں میں اضافے سے سیمنٹ کی پیداواری لاگت میں بھی اضافہ ہوا ہے۔

سیمنٹ کی قیمت فروخت میں مارچ 2018ء کے دوران بہتری آئی ہے تاہم مارچ 2018ء سے قبل قیمتوں میں مسلسل کمی نے کمپنی کے منافع پرمنفی اثرات ڈالے ہیں۔

کریڈٹ ریٹنگ:

پاکستانی اداروں کی قرض چکانے کی صلاحیت کے مدنگاہ درجہ بندی کوکریڈٹ ریٹنگ کہا جاتا ہے،اس ضمن میں PACRA نے کمپنی کی طویل وقلیل مدتی صلاحیت کوبلترتیب "A" اور "A1" درجہ میں رکھا ہے۔ یہ درجہ بندیاں کمپنی کی جانب سے بروقت مالیاتی ذمہ داری ادا کرنے کی قوی صلاحیت کوظاہر کرتی ہیں۔ کمپنی اپنی مالی ذمہ داریوں کو بروقت ادا کرنے کی اہلیت رکھتی ہے۔

زیرِتعمیر منصوبہ جات:

موجودہ فیکٹری میں 7800 ٹن یومیہ پیداواری صلاحیت کی حامل نئی گرے (Grey) سیمنٹ پروڈکشن لائن کی تنصیب کا کام تیزی سے جاری ہے, جس کیلئے درکار مشینری کی درآمد منصوبے کے مطابق جاری ہے۔ 105 ٹن فی گھنٹہ کی پیداواری صلاحیت کی حامل سیمنٹ مل نے زیرِ جائزہ مالی سال کی چوتھی سہ ماہی کے دوران تجارتی بنیادوں پر پیداوار کا آغاز کردیا ہے۔

منافع کی تقسیم:

کمپنی کے ڈائریکٹرز 30 جون، 2018ءکوختم ہونے والے مالی سال کے لئے %50 حتمی نقد ڈیویڈنڈ مالیتی 5 روپے فی عام شیئر کی ادائیگی اور %30 بونس شیئرز کا اجراء بحساب 3 شیئرز برائے ہر 10 شیئرز کے مالکان کے لئے تجویز کرتے ہیں۔ ڈائریکٹرز کی منظورشدہ منافع کی تقسیم کی تفصیل درج ذیل ہے۔

	روپے
منافع بعد از ٹیکس	2,979,994,793
سابقہ سالوں کا غیر منقسم منافع	13,401,621,866
تقسیم کیلئے دستیاب منافع	16,381,616,659
30 جون، 2018ءکوختم ہونے والے مالی سال کیلئے تجویز کیا گیا حتمی نقد ڈیویڈنڈ بمطابق 5 روپے فی شیئر	(772,543,450)
%30 بونس شیئرز کے اجراء کیلئے ریزرو میں منتقلی	(463,526,070)
(3 بونس شیئرز برائے ہر 10 عام شیئرز کے)	1,236,069,520
دستیاب غیر منقسم منافع	15,145,547,139

کاروباری خطرات سے بچاؤ کی حکمت عملی:

کاروباری خطرات سے بچاؤ کے نظام کی تشکیل اورمتعلقہ پالیسیوں کووضع کرنااوران کی نگرانی کمپنی کے بورڈ آف ڈائریکٹرز (بورڈ) کی بنیادی ذمہ داری ہے۔ان پالیسیوں کووضع کرنے کا مقصد کمپنی کولاحق خطرات کی نشان دہی اوران کا جائزہ لینا ہے،تاکہ خطرات ایک مقررہ حد سے نہ بڑھ سکیں۔کاروباری حالات اور کمپنی کی سرگرمیوں کومدِنظر رکھتے ہوئے ان پالیسیوں میں تبدیلی کے لئے باقاعدگی سے جائزہ لیا جاتا ہے۔

کمپنی کوممکنہ لاحق کلیدی خطرات:

بنیادی خام مال کی فراہمی: چونے کا پتھر سیمنٹ کی پیداوار کے لئے درکار بنیادی خام مال ہے۔ بدلتے ہوئے ماحولیاتی قوانین کے باعث اس کی مستقل اورطویل عرصے کے لئے فراہمی خدشات کا شکار ہوسکتی ہے کمپنی کے ملکیتی چونے کے پتھر کے ذخائر موجودہ اور مستقبل کی ضروریات کو پورا کرنے کی اہلیت رکھتے ہیں۔

طلب و رسد میں فرق: سیمنٹ کی صنعت اپنی پیداواری صلاحیت کا %95.2 استعمال کررہی ہے اور مستقبل میں یہ پیداواری صلاحیت مزید بڑھنے کا احتمال ہے لیکن اندازہ ہے کہ مستقبل میں سیمنٹ کی طلب میں قابلِ قدر اضافہ ہوگا ،جسکہ نتیجے میں یہ صنعت %100 پیداواری صلاحیت استعمال کرے گی۔

Corporate Social Responsibility

As a responsible corporate citizen, we believe that sustained economic growth is only possible with social progress and wellbeing of local communities in particular and overall society in general. To continue to earn the trust and understanding of local communities and contribute to the sustainable development of society, Kohat Cement Company Limited (the Company) is promoting a variety of corporate social activities in all its operating areas. In addition, we are preparing systems to heighten the awareness among our employees toward social issues and encourage them to actively participate in volunteer activities.

In FY17-18, we refreshed our CSR materiality assessment, bringing our teams across the business together to evaluate the key CSR issues identified with input from external stakeholders. We used this assessment to help prioritize our investments and re-allocate resources in the context of the changing business environment and finalized the following areas to work on:

- Health Care
- Education
- Community Development
- Environment
- Sports Activities
- Religious Activities
- Volunteer Work

HEALTH CARE

- Lahore Businessman Association for Rehabilitation of the Disabled (LABARD):-LABARD is Pakistan's foremost Disabled Rehabilitation organization. The Company donated Rs.200,000/-for sponsorship of trust.
- Gulab Devi Hospital:-Gulab Devi Hospital is a chest care hospital situated in Lahore. Company donated Rs.2,020,300 to the Hospital. This amount pertains to staff's salary and renovation.
- Naseem Khan Memorial Hospital:-Kohat Cement donated an X-ray machine, ambulance and dialysis Machine to Al-khidmat Naseem Khan Memorial Hospital Babri Banda, KPK under its CSR program. Rs.6,000,000 were spent for this noble cause. Moreover, the Company contributed Rs.2,700,000 to this hospital for medicines, operations and other operational costs.
- Cancer Patient Irnum Hospital Peshawar:- Kohat Cement disbursed amount of Rs.700,000/- for the treatment of Cancer patient in Irnum Hospital Peshawar KPK.

EDUCATION

- Kohat Cement Educational Trust (KCET):-A school partnership was established between KCET & "The Country School".Under the partnership, whole syllabus was restructured with an aim to provide an environment, which

is progressive to encourage an attitude of critical enquiry amongst its pupils.This year the Company contributed RS.1,904,961/-to KCET.

- Scholarships-Kohat Cement Company encourages students to reach their maximum potential by recognizing those who show outstanding performance in their academics. Company supports their achievements and rewards scholarships whose performance merits special attention to enable them to complete education in the field and institution of their choice.

  An aggregate of Rs.991,400/- were paid during the FY 2017-2018 to the students in the following institutions:

- NUST Islamabad
- Parho Likho Pakistan Al School
- Cadet College Kohat

- Management Trainee/ Apprentice Program:-
  The Company also rolled out Management Trainee & Apprenticeship Program 2017-18 to provide employment opportunities to Fresh Graduates and diploma holders from the disciplines of Finance, HR, IT, Mechanical, Chemical, and Electrical. Both programs are running successfully in Kohat as well as in Lahore Head Office.

COMMUNITY DEVELOPMENT

- Infrastructure Development of Local areas of Kohat:-Kohat Cement Company and local communities of Kohat signed an agreement for infrastructure development of nearby localities i.e. Babri Banda, Razgir Banda, Ghulam Banda, and other surrounding areas of Factory. The Company paid Rs.7,380,000 for this purpose during the year under reference.

- Sarhad Rural Support Program (SRSP):-Kohat Cement Company and SRSP shared a common goal of infrastructure development in marginalized segments of Kohat district to improve living standards of local people by donating Rs.181,800 to SRSP.

- Solar Lights Installation:-The company donated Rs.2,661,496/-for installation and maintenance of solar lamps in the surrounding villages of Factory

- Drainage Project:-Kohat Cement Company with the association of Al-khidmat Foundation spent Rs.4,000,000 to reconstruct streets and drainage line in Babri Banda, a village adjacent to plant.

- Micro Economic Development:- Company started partnership with Akhuwat in the year 2014 with a revolving fund of Rs. 10 Million. This year the Company contributed Rs.1,440,000 (as operational cost) to promoting economic development with the cooperation of Akhuwat in the marginalized segments of society, including women. The Micro Finance facilitates to micro –entrepreneurs scale up business, enhance production and increase their income.

- Financial Assistance of Widows:- Kohat Cement aims to support Widows and their family by providing monthly cash payments as widow allowance to deserving families. Company supported around 25 families with Rs.906,500/- in financial year 2017-2018.

ENVIRONMENT

- GO Green Plantation Drive:-Kohat Cement Company is promoting a variety of environmental conservation activities in collaboration with local communities. Company started "GO GREEN Plantation Drive" to renew awareness and the importance of environment in employees and performed following activities and incurred Rs. 135,670:
- Kohat Cement with the collaboration of KUST University Kohat completed a Plantation drive of (05) Days in University during which about 1500 saplings were planted.
- In collaboration with Go Green Welfare Society and Hailey College Punjab university, the Company Completed a Plantation drive of (03) Days and 2500 saplings were planted in university.
- 3,000/- Olive plants distributed in surrounding villages of Kohat Cement Factory.
- Plantation of 3600 different plants in/outside factory and employee colonies.
- Installation of Bag filters: Kohat Cement Company has successfully completed dust collection system in Line 3 from old system to state of the art new bag filter technology with total cost of Rs. 140 million.

SPORTS ACTIVITIES

- Annual Cricket Tournament:-Kohat Cement, being a caring employer, arranged Sports Gala 2018 at Aleem Dar Academy, Lahore, in which employees participated with immense enthusiasm. The winning team of cricket was given prizes and trophies in the Grand Finale. This year Kohat Cement Company spent Rs.366,530/-.
- Local Community Tournament:- Company sponsored several sports events under Kohat Cement corporate social Responsibility Program to promote and support sports activities. Company disbursed Rs.182,340/-for the cause.

RELIGIOUS ACTIVITIES

- Hajj Sponsorship:- The Company sponsored its one employee for performing Hajj during the year and incurred Rs. 600,000.
- Ramadan Dastarkhwan:- During the month of Ramadan, the Company arranged free meals for its employees and local community in Kohat and Lahore for which Rs. 1,251,000 were contributed.

VOLUNTEER WORK

The involvement of volunteers plays a vital role in carrying out Kohat Cement activities and maintaining strong links and regular interaction with the communities. Volunteering provides opportunities for personal development and fulfillment. Whether you help in daily life of a single or serve in tree plantation, you will have a chance to experience responsibility and job satisfaction.

A total of (185) Employees completed 1480 voluntary hours this year in the following places:

- Turning Point Center
- Foukuka Special School
- Ansar-ul-ilm Foundation
- Happy Homes (Old Age)
- Plantation Drive in Hailey College Lahore
- Plantation drive in KUST University Kohat
- Visit of Quaid Institute Students

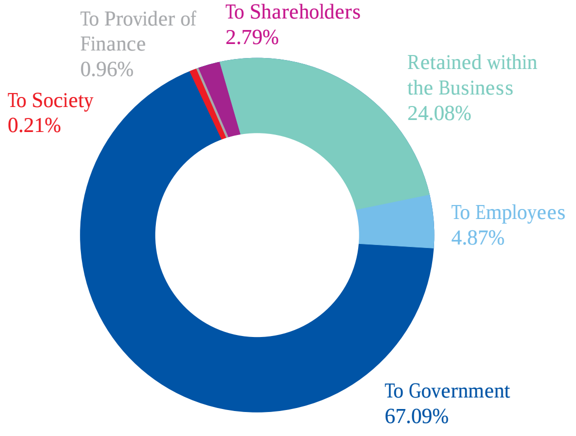
CONTRIBUTION TO NATIONAL EXCHEQUER

The Company contributed Rs. 7,688 Million (2017: Rs. 7,151 Million) to the National Exchequer in the form of duties and taxes and further deposited Rs. 226/- Million (2017: 264 Million) into National Treasury being income tax deducted on payments made to various persons in terms of income tax laws. Company also earned Foreign Exchange of USD 4.7/- Million (2017: USD 6.1 Million) equivalent to Rs. 513/- Million (2017: 638 Million) for the country by exporting cement during the year.

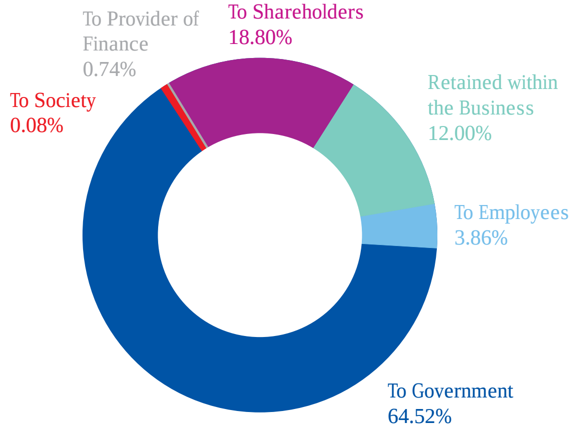
Statement of Value Added

	2018 Rs.	2018 %	2017 Rs.	2017 %
VALUE ADDED				
Gross Revenue Generated	19,940,547,870		18,980,637,752	
Materials & Services	(8,848,583,921)		(7,473,005,057)	
	11,091,963,949		11,507,632,695	
To Employees as Remuneration	540,078,024	4.87%	443,748,770	3.86%
To Government as Taxes	7,442,008,156	67.09%	7,424,482,349	64.52%
Income Tax	990,357,268	8.93%	1,890,109,541	16.42%
Sales Tax	3,248,835,985	29.29%	2,976,535,619	25.87%
Federal excise duty	2,723,644,623	24.56%	1,956,554,700	17.00%
Royalty and excise duty	192,376,359	1.73%	202,996,647	1.76%
Workers welfare fund	73,936,622	0.67%	106,625,330	0.93%
Workers profit participation fund	212,857,299	1.92%	291,660,512	2.53%
To Provider of Finance as Finance Cost	106,531,176	0.96%	84,961,726	0.74%
To Society as Donation	23,351,800	0.21%	9,625,000	0.08%
To Shareholders as Dividend	309,017,380	2.79%	2,163,121,660	18.80%
Retained within the Business	2,670,977,413	24.08%	1,381,693,190	12.00%
	11,091,963,949	100%	11,507,632,695	100%

Value Added - 2018



Value Added - 2017



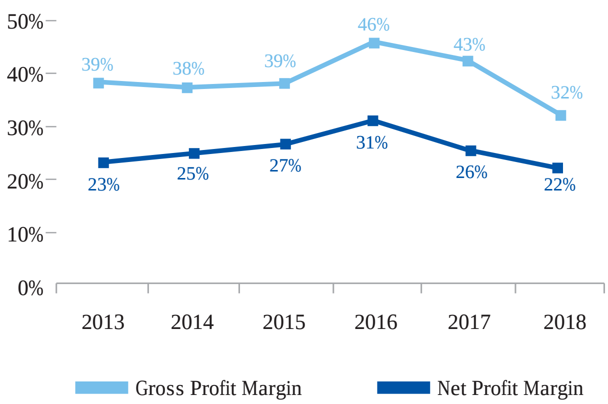
Key Financial Data

For the last six years

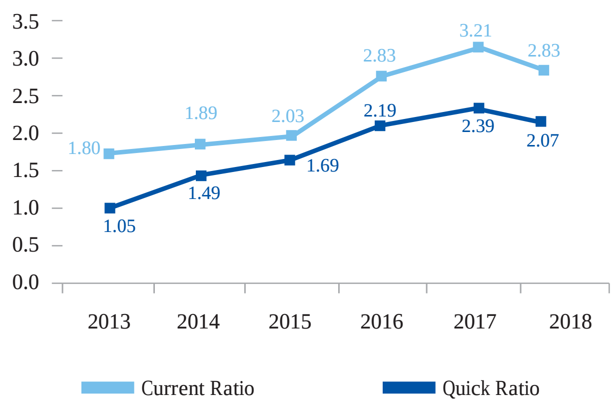
	2018	2017	2016	2015	2014	2013
Statement of Financial Position (Rs. 000)						
Shareholders equity	17,976,738	15,306,258	13,770,090	10,797,254	8,587,467	6,041,048
Non-current liabilities	1,660,565	2,102,230	2,313,269	2,141,344	1,868,454	2,459,315
Current liabilities	3,679,030	2,783,703	3,261,783	4,122,870	3,695,537	2,294,227
Non-current assets	12,909,271	11,263,417	10,126,766	8,687,831	7,161,708	6,668,425
Current assets	10,407,062	8,928,774	9,218,376	8,373,637	6,989,750	4,126,166
Profit & loss account (Rs. 000)						
Sales - net	13,438,843	13,540,305	14,019,843	12,472,197	12,765,670	11,297,213
Gross profit	4,353,227	5,827,368	6,496,565	4,814,921	4,806,700	4,360,867
EBITDA	4,603,050	6,017,066	6,691,965	5,122,656	4,903,322	4,393,399
EBIT	4,076,883	5,519,886	6,252,183	4,731,182	4,531,275	4,018,513
Profit before tax	3,970,352	5,434,924	6,174,067	4,637,441	4,376,599	3,769,540
Profit after tax	2,979,995	3,544,815	4,408,075	3,322,268	3,154,827	2,632,633
Cash flows (Rs. 000)						
Cash flows from operations	4,515,810	5,417,049	5,859,322	4,724,799	5,544,291	4,167,750
Operating activities	2,913,791	3,565,091	2,979,188	2,554,144	4,836,154	3,633,928
Investing activities	(3,159,720)	(1,305,493)	(1,350,292)	1,776,178	(2,804,122)	(1,021,019)
Financing activities	(790,815)	(2,684,888)	(1,816,880)	38,783	(1,197,388)	(1,157,461)
Cash and cash equvalents at the beginning of the year	5,611,172	6,036,461	6,224,446	1,855,340	1,020,697	(434,752)
Cash and cash equvalents at the end of the year	4,574,428	5,611,172	6,036,461	6,224,446	1,855,340	1,020,697
RATIO ANALYSIS						
Profitability Ratios						
Gross profit ratio	32.39%	43.04%	46.34%	38.61%	37.65%	38.60%
Net profit to sales ratio	22.17%	26.18%	31.44%	26.64%	24.71%	23.30%
EBITDA to sales ratio	34.25%	44.44%	47.73%	41.07%	38.41%	38.89%
Return on equity	16.58%	23.16%	32.01%	30.77%	36.74%	43.58%
Return on capital employeed	20.76%	31.71%	38.87%	36.57%	43.34%	47.27%
Liquidity Ratios						
Current ratio	2.83	3.21	2.83	2.03	1.89	1.80
Quick ratio	2.07	2.39	2.19	1.69	1.49	1.05
Cash flow from operations to sales ratio	33.60%	40.01%	41.79%	37.88%	43.43%	36.89%
Activity/Turnover Ratios						
Inventory turnover ratio	4.84	5.93	6.74	8.99	8.62	6.58
No. of days in inventory	75.46	61.52	54.34	40.60	42.33	55.49
Debtor turnover ratio	20.82	39.39	54.17	56.53	155.37	896.17
No. of days in receivables	17.53	9.27	6.76	6.46	2.35	0.41
Total assets turnover ratio	0.58	0.67	0.72	0.73	0.90	1.05
Fixed assets turnover ratio	1.69	1.84	1.82	1.92	1.87	1.73
Investment/market ratios						
Earnings per share	19.29	22.94	28.53	21.50	20.42	17.04
Price Earning ratio	6.38	9.99	9.18	9.29	6.26	5.04
Dividend Yield ratio	4.06%	6.11%	2.29%	4.50%	1.56%	5.83%
Dividend payout ratio	25.92%	61.02%	21.03%	41.81%	9.81%	29.34%
Dividend cover ratio	3.86	1.64	4.75	2.39	10.21	3.41
Cash Dividend	50%	140%	60%	90%	20%	50%
Stock Dividend	30%	-	-	-	-	20%
Market value per share						
- Closing	123.07	229.26	261.92	199.85	127.82	85.83
- High	225.01	311.00	283.00	220.00	132.40	88.84
- Low	112.50	216.00	181.54	106.72	66.05	39.22
Breakup value per share of Rs. 10 each	116.35	99.06	89.12	69.88	55.58	46.92
Capital Structure Ratios						
Debt to equity ratio	2:98	6:94	10:90	16:84	09:91	20:80
Interest cover ratio	38.27	64.97	80.04	50.47	29.30	16.14

Graphical Analysis

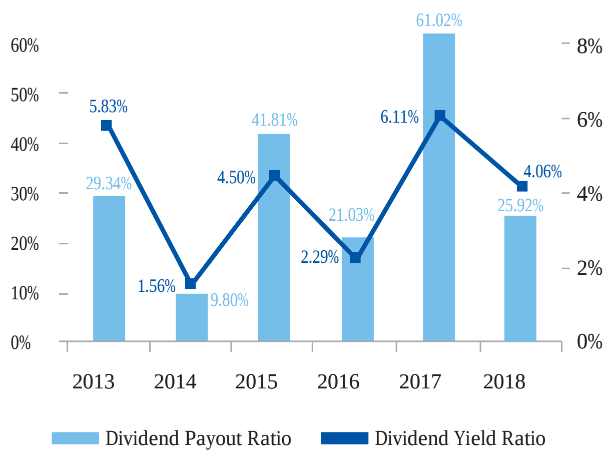
Profitability Ratios



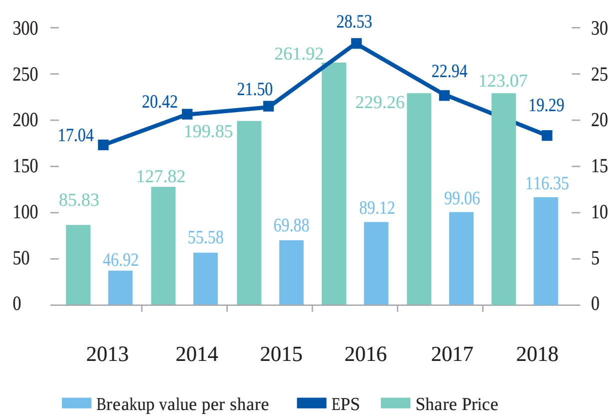
Liquidity Ratios



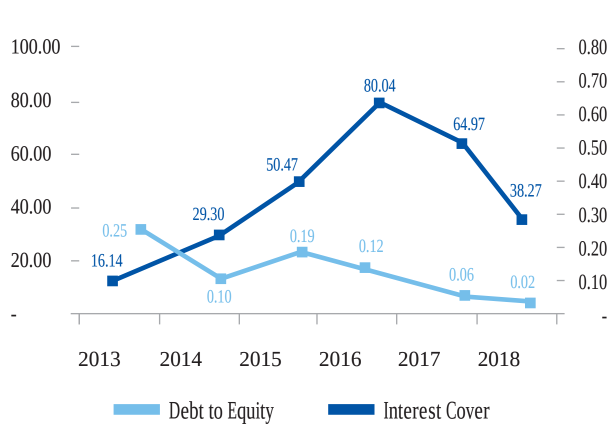
Market Ratios



Market Ratios



Capital Structure Ratios



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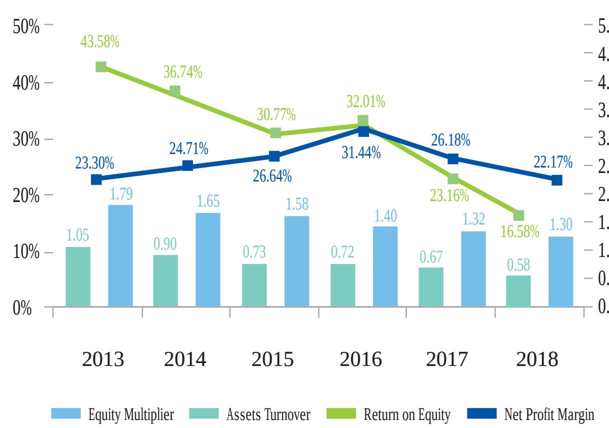


Horizontal & Vertical Analysis

of Statement of Financial Position

	2018		2017		2016		2015		2014		2013	
	Rs. 000	%	Rs. 000	%	Rs. 000	%	Rs. 000	%	Rs. 000	%	Rs. 000	%
Horizontal Analysis												
Equity & Liabilities												
Shareholders equity	17,976,738	17.45	15,306,258	11.16	13,770,090	27.53	10,797,254	25.73	8,587,467	42.15	6,041,048	60.82
Non-current liabilities	1,660,565	(21.01)	2,102,230	(9.12)	2,313,269	8.03	2,141,344	14.61	1,868,454	(24.03)	2,459,315	(3.83)
Current liabilities	3,679,030	32.16	2,783,703	(14.66)	3,261,783	(20.89)	4,122,870	11.56	3,695,537	61.08	2,294,227	(20.87)
	23,316,333	15.47	20,192,191	4.38	19,345,142	13.38	17,061,468	20.56	14,151,457	31.10	10,794,590	17.17
Assets												
Non-current assets	12,909,271	14.61	11,263,417	11.22	10,126,766	16.56	8,687,831	21.31	7,161,708	7.40	6,668,425	(3.28)
Current assets	10,407,062	16.56	8,928,774	(3.14)	9,218,376	10.09	8,373,637	19.80	6,989,750	69.40	4,126,166	77.98
	23,316,333	15.47	20,192,191	4.38	19,345,142	13.38	17,061,468	20.56	14,151,457	31.10	10,794,590	17.17
Vertical Analysis												
Equity & Liabilities												
Shareholders equity	17,976,738	77.10	15,306,258	75.80	13,770,090	71.18	10,797,254	63.28	8,587,467	60.68	6,041,048	55.96
Non-current liabilities	1,660,565	7.12	2,102,230	10.41	2,313,269	11.96	2,141,344	12.55	1,868,454	13.20	2,459,315	22.78
Current liabilities	3,679,030	15.78	2,783,703	13.79	3,261,783	16.86	4,122,870	24.16	3,695,537	26.11	2,294,227	21.25
	23,316,333	100.00	20,192,191	100.00	19,345,142	100.00	17,061,468	100.00	14,151,457	100.00	10,794,590	100.00
Assets												
Non-current assets	12,909,271	55.37	11,263,417	55.78	10,126,766	52.35	8,687,831	50.92	7,161,708	50.61	6,668,425	61.78
Current assets	10,407,062	44.63	8,928,774	44.22	9,218,376	47.65	8,373,637	49.08	6,989,750	49.39	4,126,166	38.22
	23,316,333	100.00	20,192,191	100.00	19,345,142	100.00	17,061,468	100.00	14,151,457	100.00	10,794,590	100.00

Horizontal & Vertical Analysis

of Profit and Loss Account

	2018		2017		2016		2015		2014		2013	
	Rs. 000	%	Rs. 000	%	Rs. 000	%	Rs. 000	%	Rs. 000	%	Rs. 000	%
Horizontal Analysis												
Sales - Net	13,438,843	(0.75)	13,540,305	(3.42)	14,019,843	12.41	12,472,197	(2.30)	12,765,670	13.00	11,297,213	21.26
Cost of goods sold	(9,085,616)	17.80	(7,712,937)	2.52	(7,523,278)	(1.75)	(7,657,276)	(3.79)	(7,958,970)	14.74	(6,936,346)	7.31
Gross profit	4,353,227	(25.30)	5,827,368	(10.30)	6,496,565	34.93	4,814,921	0.17	4,806,700	10.22	4,360,867	52.88
Selling & distribution expenses	(124,745)	(3.80)	(129,666)	(16.12)	(154,584)	64.17	(94,163)	13.97	(82,622)	41.48	(58,400)	26.29
Administrative & general expenses	(203,150)	24.62	(163,009)	22.48	(133,092)	17.03	(113,725)	(22.19)	(146,151)	69.11	(86,423)	29.54
Other operating expenses	(310,146)	(23.97)	(407,911)	(6.44)	(436,010)	29.04	(337,886)	8.33	(311,907)	33.43	(233,754)	116.11
Other operating income	361,697	(7.99)	393,104	(17.98)	479,305	3.74	462,035	74.19	265,255	632.28	36,223	17.75
Operating profit	4,076,883	(26.14)	5,519,886	(11.71)	6,252,183	32.15	4,731,182	4.41	4,531,275	12.76	4,018,513	50.96
Finance cost	(106,531)	25.39	(84,962)	8.76	(78,117)	(16.67)	(93,741)	(39.39)	(154,676)	(37.87)	(248,973)	(60.23)
Profit before tax	3,970,352	(26.95)	5,434,924	(11.97)	6,174,067	33.14	4,637,441	5.96	4,376,599	16.10	3,769,540	85.15
Taxation	(990,357)	(47.60)	(1,890,109)	7.03	(1,765,991)	34.28	(1,315,173)	7.64	(1,221,772)	7.46	(1,136,907)	202.79
Profit after tax	2,979,995	(15.93)	3,544,815	(19.58)	4,408,076	32.68	3,322,268	5.31	3,154,827	19.84	2,632,633	58.54
Vertical Analysis												
Sales - Net	13,438,843	100.00	13,540,305	100.00	14,019,843	100.00	12,472,197	100.00	12,765,670	100.00	11,297,213	100.00
Cost of goods sold	(9,085,616)	(67.61)	(7,712,937)	(56.96)	(7,523,278)	(53.66)	(7,657,276)	(61.39)	(7,958,970)	(62.35)	(6,936,346)	(61.40)
Gross profit	4,353,227	32.39	5,827,368	43.04	6,496,565	46.34	4,814,921	38.61	4,806,700	37.65	4,360,867	38.60
Selling and distribution expenses	(124,745)	(0.93)	(129,666)	(0.96)	(154,584)	(1.10)	(94,163)	(0.75)	(82,622)	(0.65)	(58,400)	(0.52)
Administrative & general expenses	(203,150)	(1.51)	(163,009)	(1.20)	(133,092)	(0.95)	(113,725)	(0.91)	(146,151)	(1.14)	(86,423)	(0.76)
Other operating expenses	(310,146)	(2.31)	(407,911)	(3.01)	(436,010)	(3.11)	(337,886)	(2.71)	(311,907)	(2.44)	(233,754)	(2.07)
Other operating income	361,697	2.69	393,104	2.90	479,305	3.42	462,035	3.70	265,255	2.08	36,223	0.32
Operating profit	4,076,883	30.34	5,519,886	40.77	6,252,183	44.60	4,731,182	37.93	4,531,275	35.50	4,018,513	35.57
Finance cost	(106,531)	(0.79)	(84,962)	(0.63)	(78,117)	(0.56)	(93,741)	(0.75)	(154,676)	(1.21)	(248,973)	(2.20)
Profit before tax	3,970,352	29.54	5,434,924	40.14	6,174,067	44.04	4,637,441	37.18	4,376,599	34.28	3,769,540	33.37
Taxation	(990,357)	(7.37)	(1,890,109)	(13.96)	(1,765,991)	(12.60)	(1,315,173)	(10.54)	(1,221,772)	(9.57)	(1,136,907)	(10.06)
Profit after tax	2,979,995	22.17	3,544,815	26.18	4,408,076	31.44	3,322,268	26.64	3,154,827	24.71	2,632,633	23.30

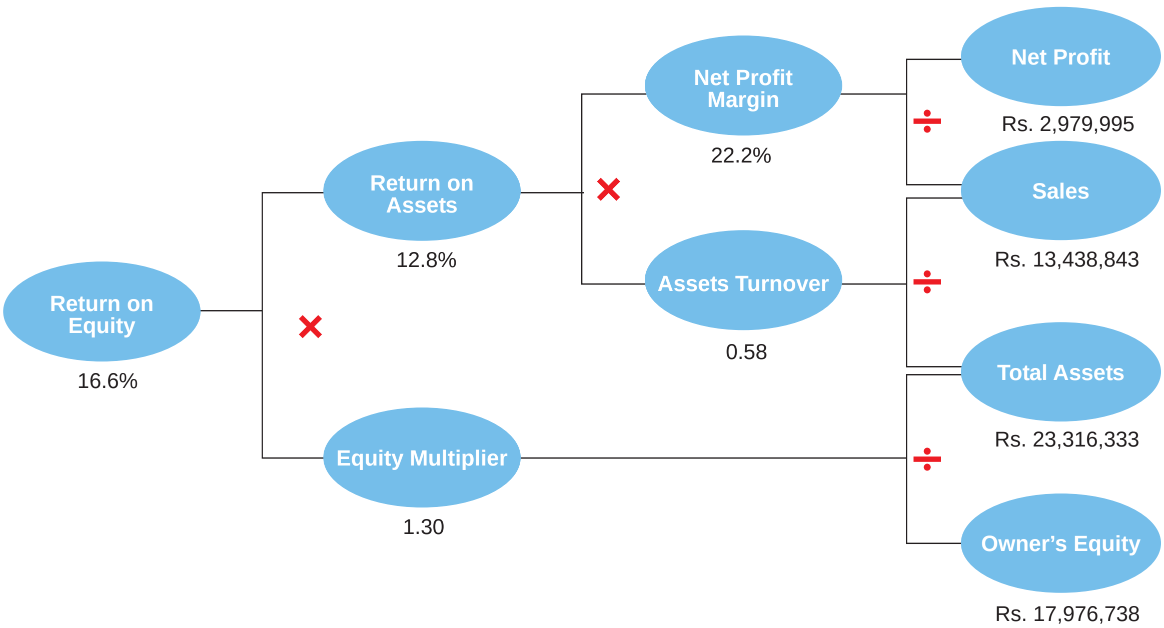
Analysis of Quarterly Results

	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	FY 2017-18
Dispatches - Tons	537,525	577,159	628,773	504,479	2,247,936
- Local	504,611	551,369	608,042	483,879	2,147,901
- Export	32,914	25,790	20,731	20,600	100,035
					000 PKR except EPS
Sales Revenue - Net	3,417,430	3,450,191	3,517,027	3,054,194	13,438,843
Cost of Goods Sold	2,065,370	2,273,731	2,530,732	2,215,783	9,085,616
Gross Profit	1,352,060	1,176,460	986,295	838,412	4,353,227
Gross Profit Margin	40%	34%	28%	27%	32%
- Selling and Distribution Cost	30,439	37,564	26,696	30,046	124,745
- Administration and General Expenses	42,550	58,913	49,283	52,403	203,150
- Other Operating Income	(88,324)	(87,440)	(91,646)	(94,286)	(361,697)
- Other Operating Expenses	101,828	79,054	73,800	55,463	310,146
	86,493	88,090	58,134	43,626	276,344
Operating Profit	1,265,567	1,088,370	928,161	794,786	4,076,883
Operating Profit Margin	37%	32%	26%	26%	30%
Finance Cost	16,869	20,331	12,728	56,603	106,531
Profit Before Tax (PBT)	1,248,698	1,068,039	915,432	738,183	3,970,352
PBT Margin	37%	31%	26%	24%	30%
Taxation	345,565	326,985	263,601	54,205	990,357
Effective Tax Rate	28%	31%	29%	7%	25%
Profit After Tax	903,133	741,054	651,831	683,978	2,979,995
Profit After Tax Margin	26%	21%	19%	22%	22%
Earning per Share	5.85	4.80	4.22	4.43	19.29
EBITDA	1,389,391	1,229,495	1,059,206	924,958	4,603,050
EBITDA Margin	41%	36%	30%	30%	34%
Average net Sales Rate Rs/Mt	6,358	5,978	5,593	6,054	5,978
Average of COGS Rate Rs/Mt	3,842	3,940	4,025	4,392	4,042

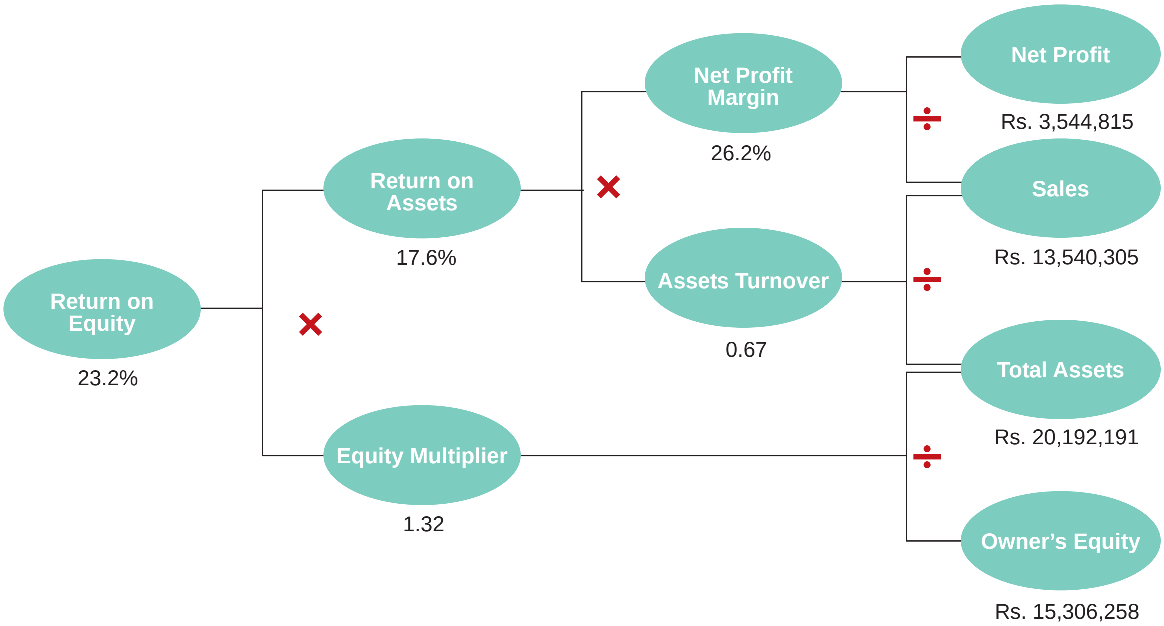
Decrease in profit margin is mainly due to reduction in cement prices and increase in fuel cost which was mainly triggered by both devaluation of Pak Rupee and hike in coal prices in international market. Reduced tax expense in fourth quarter is due to the tax credit availed (against installation of new cement mill) and adjustment of deferred tax.

DuPont Analysis

2018



2017



Statement of Compliance

with Listed Companies (Code of Corporate Governance) Regulations, 2017 for the Year ended June 30, 2018

Kohat Cement Company Limited ("the Company") has complied with the requirements of the Listed Companies (Code of Corporate Governance) Regulations, 2017 (the Regulations) in the following manner:

1. The total number of directors are seven (7) as per the following:

   a) Male 5
   b) Female 2

2. The composition of Board is as follows:

   a) Independent Director

   Mr. Muhammad Atta Tanseer Sheikh

   b) Other Non-Executive Directors

   Mrs. Hafsa Nadeem, Chairperson

   Ms. Aminah Aizaz Sheikh

   Mr. Muhammad Rehman Sheikh

   Mr. Hasan Tariq Atta

   c) Executive Directors

   Mr. Aizaz Mansoor Sheikh, Chief Executive

   Mr. Nadeem Atta Sheikh

3. The directors have confirmed that none of them is serving as a director on more than five listed companies, including this Company.

4. The Company has prepared a Code of Conduct and has ensured that appropriate steps have been taken to disseminate it throughout the Company along with its supporting policies and procedures.

5. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the Company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.

6. All the powers of the Board have been duly exercised and decisions on relevant matters have been taken by Board/ shareholders as empowered by the relevant provisions of the Companies Act, 2017 (the Act) and the Regulations.

7. All the meetings of the Board were presided over by the Chairperson. The Board has complied with the requirements of Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of Board. The Board of directors has a formal policy and transparent procedures for remuneration of directors in accordance with the Act and the Regulations.

8. Five out of seven directors have already completed their directors' training certification in earlier years whereas the remaining two directors shall comply with the Regulations within the prescribed time period.

9. The Board has approved appointment of CFO, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations.

10. CFO and CEO duly endorsed the financial statements before approval of the Board.

11. The Board has formed committees comprising of members given below:

    a) Audit Committee

    Mr. Muhammad Atta Tanseer Sheikh - Chairman
    Ms. Aminah Aizaz Sheikh - Member
    Mr. Muhammad Rehman Sheikh - Member

Statement of Compliance

with Listed Companies (Code of Corporate Governance) Regulations, 2017 for the Year ended June 30, 2018

b) Human Resource and Remuneration (HR&R) Committee

Mr. Muhammad Atta Tanseer Sheikh - Chairman
Mr. Aizaz Mansoor Sheikh - Member
Mr. Muhammad Rehman Sheikh - Member

12. The terms of reference of the aforesaid committees have been formed, documented and advised to the committees for compliance.

13. The frequency of meetings of the committees were as per following:

Audit Committee	Quarterly
HR&R Committee	Annually

14. The Board has set-up an effective internal audit function and personnel involved are suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the Company.

15. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the quality control review program of the Institute of Chartered Accountants of Pakistan (ICAP) and are registered with Audit Oversight Board of Pakistan, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on Code of Ethics as adopted by ICAP.

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

17. We confirm that all other requirements of the Regulations have been complied with.

Hafsa Nadeem
Chairperson

Aziz Mansoor Sheikh
Chief Executive

Lahore: September 19, 2018

Financial Statments

For the year ended 30 June 2018

Independent Auditor's Review Report

To the members of Kohat Cement Company Limited

Review Report on the Statement of Compliance contained in Listed Companies (Code of Corporate Governance) Regulations,2017

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2017 (the Regulations) prepared by the Board of Directors of Kohat Cement Company Limited for the year ended 30 June 2018 in accordance with the requirements of regulation 40 of the Regulations.

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

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

The Regulations require the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval, its related party transactions and also ensure compliance with the requirements of section 208 of the Companies Act, 2017. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee. We have not carried out procedures to assess and determine the Company's process for identification of related parties and that whether the related party transactions were under taken at arm's length price or not.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the requirements contained in the Regulations as applicable to the Company for the year ended 30 June 2018.

KPMG Taseer Hadi & Co.
Chartered Accountants
(M.Rehan Chughtai)

Lahore: September 19, 2018

Independent Auditor's Report

To the members of Kohat Cement Company Limited

Report on the audit of the Financial Statements

We have audited the annexed financial statements of Kohat Cement Company Limited ("the Company"), which comprise the statement of financial position as at 30 June 2018, and the statement of profit or loss,the statement of comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, statement of profit or loss, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at 30 June 2018 and of the profit, the comprehensive income, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

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

Key Audit Matters

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

Independent Auditor's Report

Following are the Key audit matters.

Key audit matters	How the matters were addressed in our audit
1. Revenue Refer to profit and loss account and note 3.12 to the financial statements. The Company generates revenue from sale of cement to domestic as well as foreign customers. The Company recognized revenue when the significant risks and rewards of ownership are transferred to the customers which is normally the time of dispatch of goods from Company's manufacturing facility to the customers. We identified recognition of revenue as a key audit matter because non-compliance with the revenue recognition policy may lead to misstatement of operating results of the Company.	Our audit procedures to assess the recognition of revenue, amongst others, included the following: • Obtaining an understanding of the process relating to recognition of revenue and testing the design, implementation and operating effectiveness of key internal controls over recording of revenue; • assessing the appropriateness of the Company's accounting policies for revenue recognition and compliance of those policies with applicable accounting standards; • comparing a sample of revenue transactions recorded during the year with sales orders, sales invoices, delivery challans and other relevant underlying documents.; • comparing a sample of revenue transactions recorded around the year end with the sales orders, sales invoices, delivery challans and other relevant underlying documentation to assess if the revenue was recorded in the appropriate accounting period; and • comparing, on a sample basis, specific revenue transactions recorded just before and just after the financial year end date to determine whether the revenue had been recognized in the appropriate financial period; • scanning for any manual journal entries relating to revenue raised during the year which were considered to be material or met other specific risk based criteria for inspecting underlying documentation.
2. Capitalization of Property, Plant and Equipment Refer notes 3.1, 14.1, 14.5, 14.6 and14.7 to the financial statements. The Company has made significant capital expenditure on expansion of manufacturing facilities. We identified capitalization of property, plant and equipment as a key audit matter because there is a risk that amounts being capitalized may not meet the capitalization criteria with related implications on depreciation charge for the year.	Our audit procedures to assess the capitalization of property, plant and equipment, amongst others, included the following: • understanding the design and implementation of management controls over capitalization and performing tests of control over authorization of capital expenditure and accuracy of its recording in the system; • testing, on sample basis, the costs incurred on projects with supporting documentation and contracts; • assessing the nature of costs incurred for the capital projects through testing, on sample basis, of amounts recorded and considering whether the expenditure meets the criteria for capitalization as per the applicable accounting standards; and • inspecting supporting documents for the date of capitalization when project was ready for its intended use to assess whether depreciation commenced and further capitalization of costs ceased from that date and assessing the useful life assigned by management including testing the calculation of related depreciation.

Independent Auditor's Report

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

Management is responsible for the other information. Other information comprises the information included in the annual report for the year ended 30 June 2018, but does not include the financial statements and our auditor's report thereon.

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

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

Responsibilities of Management and Board of Directors for the Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

Independent Auditor's Report

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

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

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

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

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

Independent Auditor's Report

Report on Other Legal and Regulatory Requirements

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

a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);

b) the statement of financial position, the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;

c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and

d) zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the Company and deposited in the Central Zakat Fund established under section 7 of that Ordinance.

The engagement partner on the audit resulting in this independent auditor's report is M. Rehan Chughtai.

KPMG Taseer Hadi & Co.
Chartered Accountants
(M.Rehan Chughtai)

Lahore: September 19, 2018

Statement of Financial Position
As at 30 June 2018

	Note	2018 Rupees	2017 Rupees
EQUITY AND LIABILITIES			
Authorized share capital	4	3,000,000,000	3,000,000,000
Issued, subscribed and paid-up capital	4	1,545,086,900	1,545,086,900
Reserves	5	120,034,065	120,531,465
Accumulated profits		16,311,616,659	13,640,639,246
		17,976,737,624	15,306,257,611
Non-current liabilities			
Long term financing - secured	6	142,105,256	426,315,784
Long term deposits	7	2,036,100	2,036,100
Deferred liabilities			
- deferred taxation	8.1	1,499,928,327	1,660,261,314
- compensated absences	8.2	16,495,508	13,616,897
		1,660,565,191	2,102,230,095
Current liabilities			
Current portion of long term financing	6	284,210,528	284,210,528
Trade and other payables	9	3,351,466,246	2,177,574,482
Unclaimed dividend		9,919,087	8,027,340
Dividend payable	10	29,603,848	29,082,559
Short term borrowings - secured	11	-	200,000,000
Provision for taxation - net		-	78,470,775
Mark-up accrued on borrowings	12	3,830,579	6,337,389
		3,679,030,288	2,783,703,073
Contingencies and commitments	13	-	-
		23,316,333,103	20,192,190,779

The annexed notes from 1 to 45 form an integral part of these financial statements.

Statement of Financial Position

As at 30 June 2018

	Note	2018 Rupees	2017 Rupees
ASSETS			
Non current assets			
Property, plant and equipment	14	9,113,062,067	8,060,484,714
Intangibles	15	15,259,395	14,741,587
Long term loans to employees	16	446	39,827
Long term deposits	17	125,326,640	125,326,640
Investment property	18	3,655,622,685	3,062,824,000
		12,909,271,233	11,263,416,768
Current assets			
Stores, spares and loose tools	19	2,119,531,149	1,333,176,562
Stock in trade	20	658,728,524	949,142,281
Trade debts - unsecured, considered good		645,524,139	343,775,970
Short term investments	21	5,159,792,050	5,219,113,317
Advances, deposits, prepayments and other receivables	22	887,836,716	587,907,314
Advance income tax-net		111,221,602	-
Cash and bank balances	23	824,427,690	495,658,567
		10,407,061,870	8,928,774,011
		23,316,333,103	20,192,190,779

Chief Executive

Chief Financial Officer

Director

Profit and Loss Account
For the year ended 30 June 2018

	Note	2018 Rupees	2017 Rupees
Sales			
Local		19,060,000,817	17,937,745,206
Export		518,850,429	649,788,158
		19,578,851,246	18,587,533,364
Less: Sales tax		(3,248,835,985)	(2,976,535,619)
Federal Excise Duty		(2,723,644,623)	(1,956,554,700)
Commission on cement sales		(167,527,612)	(114,138,445)
		(6,140,008,220)	(5,047,228,764)
Net Sales		13,438,843,026	13,540,304,600
Cost of goods sold	24	(9,085,616,172)	(7,712,936,683)
Gross profit		4,353,226,854	5,827,367,917
Selling and distribution expenses	25	(124,744,932)	(129,666,117)
Administrative and general expenses	26	(203,149,588)	(163,009,229)
Other operating income	27	361,696,624	393,104,388
Other operating expenses	28	(310,145,721)	(407,910,842)
		(276,343,617)	(307,481,800)
Operating profit		4,076,883,237	5,519,886,117
Finance cost	29	(106,531,176)	(84,961,726)
Profit before taxation		3,970,352,061	5,434,924,391
Taxation	30	(990,357,268)	(1,890,109,541)
Profit after taxation		2,979,994,793	3,544,814,850
Earnings per share - basic and diluted	31	19.29	22.94

The annexed notes from 1 to 45 form an integral part of these financial statements.

Chief Executive

Chief Financial Officer

Director

Statement of Comprehensive Income

For the year ended 30 June 2018

	2018 Rupees	2017 Rupees
Profit after taxation	2,979,994,793	3,544,814,850
Other comprehensive income		
Items that are or may be reclassified to profit and loss account:		
Available-for-sale financial assets - net changes in fair value	(497,400)	(34,200)
Total comprehensive income for the year	2,979,497,393	3,544,780,650

The annexed notes from 1 to 45 form an integral part of these financial statements.

Chief Executive

Chief Financial Officer

Director

Cash Flow Statement

For the year ended 30 June 2018

	Note	2018 Rupees	2017 Rupees
Cash flows from operating activities			
Cash generated from operations	32	4,515,810,062	5,417,048,879
Finance cost paid		(64,802,876)	(92,018,921)
Compensated absences paid	8.2	(1,685,294)	(2,397,932)
Income tax paid		(1,340,382,640)	(1,594,477,544)
Payment made to Workers' Welfare Fund		(106,603,797)	(86,003,351)
Payment made to Workers' Profit Participation Fund		(88,544,500)	(50,000,000)
Long term deposits paid		-	(27,060,000)
		(1,602,019,107)	(1,851,957,748)
Net cash generated from operating activities		2,913,790,955	3,565,091,131
Cash flows from investing activities			
Acquisition of property, plant and equipment		(1,591,577,714)	(690,845,861)
Proceeds from disposal of property, plant and equipment		17,164,321	8,074,000
Acquisition of intangibles		(4,273,754)	(14,452,480)
Purchase of investment property		(592,798,685)	(906,812,102)
Short term investments - net		(1,153,649,344)	201,899,364
Interest on bank deposits and loan		165,375,838	96,546,023
Long term loans and advances received		39,381	98,110
Net cash used in investing activities		(3,159,719,957)	(1,305,492,946)
Cash flows from financing activities			
Export refinance paid		(200,000,000)	(398,000,000)
Repayment of long term finance		(284,210,528)	(284,210,528)
Dividend paid		(306,604,344)	(2,002,677,414)
Net cash used in financing activities		(790,814,872)	(2,684,887,942)
Net decrease in cash and cash equivalents		(1,036,743,874)	(425,289,757)
Cash and cash equivalents at beginning of the year		5,611,171,564	6,036,461,321
Cash and cash equivalents at end of the year	33	4,574,427,690	5,611,171,564

The annexed notes from 1 to 45 form an integral part of these financial statements.

Chief Executive

Chief Financial Officer

Director

Statement of Changes in Equity

For the year ended 30 June 2018

		Reserves					
		Capital reserves		Revenue reserves			
	Share capital	Share premium	Fair value reserve	General reserve	Accumulated profit	Total reserves	Total
	Rupees						
As at 01 July 2016	1,545,086,900	49,704,951	860,714	70,000,000	12,104,437,366	12,225,003,031	13,770,089,931
Total comprehensive income for the year							
Profit for the year ended 30 June 2017	-	-	-	-	3,544,814,850	3,544,814,850	3,544,814,850
Other comprehensive income for the year ended 30 June 2017	-	-	(34,200)	-	-	(34,200)	(34,200)
	-	-	(34,200)	-	3,544,814,850	3,544,780,650	3,544,780,650
Transactions with owners of the Company							
Final cash dividend at Rs. 1.00 per share for the year ended 30 June 2016	-	-	-	-	(154,508,690)	(154,508,690)	(154,508,690)
First interim cash dividend at Rs. 4.00 per share for the year ended 30 June 2017	-	-	-	-	(618,034,760)	(618,034,760)	(618,034,760)
Second interim cash dividend at Rs. 8.00 per share for the year ended 30 June 2017	-	-	-	-	(1,236,069,520)	(1,236,069,520)	(1,236,069,520)
As at 30 June 2017	1,545,086,900	49,704,951	826,514	70,000,000	13,640,639,246	13,761,170,711	15,306,257,611
Total comprehensive income for the year							
Profit for the year ended 30 June 2018	-	-	-	-	2,979,994,793	2,979,994,793	2,979,994,793
Other comprehensive income for the year ended 30 June 2017	-	-	(497,400)	-	-	(497,400)	(497,400)
	-	-	(497,400)	-	2,979,994,793	2,979,497,393	2,979,497,393
Transactions with owners of the Company							
Final cash dividend at Rs. 2.00 per share for the year ended 30 June 2017	-	-	-	-	(309,017,380)	(309,017,380)	(309,017,380)
As at 30 June 2018	1,545,086,900	49,704,951	329,114	70,000,000	16,311,616,659	16,431,650,724	17,976,737,624

The annexed notes from 1 to 45 form an integral part of these financial statements.

Chief Executive

Chief Financial Officer

Director

Notes to the Financial Statements
For the year ended 30 June 2018

1. Reporting entity

1.1 Kohat Cement Company Limited ("the Company") is a public limited company incorporated in Pakistan under the Companies Act, 1913 (now the Companies Act, 2017) and is listed on Pakistan Stock Exchange. The Company is engaged in production and sale of cement. Head Office of the Company is situated at 37-P, Gulberg-II, Lahore, further the registered office and production facility is situated at Rawalpindi Road, Kohat, Pakistan.

1.2 ANS Capital (Private) Limited is the holding company of the Company and holds 84,986,400 ordinary shares of the Company comprising 55% of its paid up share capital.

1.3 Summery of the significant events and transactions in the current reporting period.

The Company's financial position and performance were particularly affected by the following events and transactions during the reporting period:

- The Company is in the process of installation of an additional Cement Line having cement manufacturing capacity of 7,800/- tons per day at its existing manufacturing premises, which will significantly affect the business volume and profitability of the Company. Refer note 14.5 for expenditures incurred till 30 June 2018. In this regard, the Company has arranged long term finance facilities aggregating Rs. 6,950 million as referred to in note 6.2.
- Cement mill with grinding capacity of 105 tons per hour started it's commercial operation during the year.

2. Basis of preparation

2.1 Statement of compliance

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

- International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act 2017; and
- Provision of and directives issued under the Companies Act, 2017.

Where provisions of and directives issued under the Companies Act, 2017 differ from the IFRS, the provisions of and directives issued under the Companies Act, 2017 have been followed.

2.2 New Companies Act, 2017 and new and revised approved accounting standards, interpretations and amendments thereto

2.2.1 With effect from 1 January 2018, Companies Act, 2017 has become applicable. The new Act specified certain additional disclosures to be included in the financial statements. Accordingly, the Company has presented the required disclosures in these financial statements and represented certain comparatives. However there was no change in the reported amounts of statement of profit or loss and other comprehensive income or the amounts presented in the statement of financial position due to these re-presentations. Significant reclassifications / representations are as follows:

- Unclaimed dividend and dividend payable which were previously classified under trade and other payables have been presented separately in statement of financial position.

2.2.2 The following International Financial Reporting Standards (IFRS Standards) as notified under the Companies Act, 2017 and the amendments and interpretations thereto will be effective for accounting periods beginning on or after 01 July 2018:

- Classification and Measurement of Share-based Payment Transactions - amendments to IFRS 2 clarify the accounting for certain types of arrangements and are effective for annual periods beginning on or after 1 January 2018. The amendments cover three accounting areas (a) measurement of cash-settled share-based payments; (b) classification of share-based payments settled net of tax withholdings; and (c) accounting for a modification of a share-based payment from cash-settled to equity-settled. The new requirements could affect the classification and/or measurement of these arrangements and potentially the timing and amount of expense recognized for new and outstanding awards. The amendments are not likely to have an impact on the Company's financial statements.
- Transfers of Investment Property (Amendments to IAS 40 'Investment Property', effective for annual periods beginning on or after 1 January 2018) clarifies that an entity shall transfer a property to, or from, investment property when, and only when there is a change in use. A change in use occurs when the property meets, or ceases to meet, the definition of investment property and there is evidence of the change in use. In isolation, a change in management's intentions for the use of a property does not provide evidence of a change in use. The amendments are not likely to have an impact on the Company's financial statements.

Notes to the Financial Statements

For the year ended 30 June 2018

- Annual Improvements to IFRSs 2014-2016 Cycle [Amendments to IAS 28 'Investments in Associates and Joint Ventures'] (effective for annual periods beginning on or after 1 January 2018) clarifies that a venture capital organization and other similar entities may elect to measure investments in associates and joint ventures at fair value through profit or loss, for each associate or joint venture separately at the time of initial recognition of investment. Furthermore, similar election is available to non-investment entity that has an interest in an associate or joint venture that is an investment entity, when applying the equity method, to retain the fair value measurement applied by that investment entity associate or joint venture to the investment entity associate's or joint venture's interests in subsidiaries. This election is made separately for each investment entity associate or joint venture. The amendments are not likely to have an impact on the Company's financial statements.

- IFRIC 22 'Foreign Currency Transactions and Advance Consideration' (effective for annual periods beginning on or after 1 January 2018) clarifies which date should be used for translation when a foreign currency transaction involves payment or receipt in advance of the item it relates to. The related item is translated using the exchange rate on the date the advance foreign currency is received or paid and the prepayment or deferred income is recognized. The date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income (or part of it) would remain the date on which receipt of payment from advance consideration was recognized. If there are multiple payments or receipts in advance, the entity shall determine a date of the transaction for each payment or receipt of advance consideration. The application of interpretation is not likely to have an impact on the Company's financial statements.

- IFRIC 23 'Uncertainty over Income Tax Treatments' (effective for annual periods beginning on or after 1 January 2019) clarifies the accounting for income tax when there is uncertainty over income tax treatments under IAS 12. The interpretation requires the uncertainty over tax treatment be reflected in the measurement of current and deferred tax. The application of interpretation is not likely to have an impact on the Company's financial statements.

- IFRS 15 'Revenue from contracts with customers' (effective for annual periods beginning on or after 1 July 2018). IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognized. It replaces existing revenue recognition guidance, including IAS 18 'Revenue', IAS 11 'Construction Contracts' and IFRIC 13 'Customer Loyalty Programmes'. The Company is currently in the process of analyzing the potential impact of changes required in revenue recognition policies on adoption of the standard.

- IFRS 9 'Financial Instruments' and amendment – Prepayment Features with Negative Compensation (effective for annual periods beginning on or after 1 July 2018 and 1 January 2019 respectively). IFRS 9 replaces the existing guidance in IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 includes revised guidance on the classification and measurement of financial instruments, a new expected credit loss model for calculating impairment on financial assets, and new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from IAS 39. The Company is currently in the process of analyzing the potential impact of changes required in classification and measurement of financial instruments and the impact of expected loss model on adoption of the standard.

- IFRS 16 'Leases' (effective for annual period beginning on or after 1 January 2019). IFRS 16 replaces existing leasing guidance, including IAS 17 'Leases', IFRIC 4 'Determining whether an Arrangement contains a Lease', SIC-15 'Operating Leases- Incentives' and SIC-27 'Evaluating the Substance of Transactions Involving the Legal Form of a Lease'. IFRS 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognizes a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard i.e. lessors continue to classify leases as finance or operating leases. The amendments are not likely to have an impact on the Company's financial statements.

- Amendment to IAS 28 'Investments in Associates and Joint Ventures' - Long Term Interests in Associates and Joint Ventures (effective for annual period beginning on or after 1 January 2019). The amendment will affect companies that finance such entities with preference shares or with loans for which repayment is not expected in the foreseeable future (referred to as long-term interests or 'LTI'). The amendment and accompanying example state that LTI are in the scope of both IFRS 9 and IAS 28 and explain the annual sequence in which both standards are to be applied. The amendments are not likely to have an impact on the Company's financial statements.

- Amendments to IAS 19 'Employee Benefits'- Plan Amendment, Curtailment or Settlement (effective for annual periods beginning on or after 1 January 2019). The amendments clarify that on amendment, curtailment or settlement of a defined benefit plan, a company now uses updated actuarial assumptions to determine its current service cost and net interest for the period; and the effect of the asset ceiling is disregarded when calculating the gain or loss on any settlement of the plan and is dealt with separately in other comprehensive income. The application of amendments is not likely to have an impact on the Company's financial statements.

Notes to the Financial Statements
For the year ended 30 June 2018

2.2.3 Annual Improvements to IFRS Standards 2015–2017 Cycle - the improvements address amendments to following approved accounting standards:

- IFRS 3 Business Combinations and IFRS 11 Joint Arrangement - the amendment aims to clarify the accounting treatment when a company increases its interest in a joint operation that meets the definition of a business. The amendment, is not likely to have an impact on the Company's financial statements.
- IAS 12 Income Taxes - the amendment clarifies that all income tax consequences of dividends (including payments on financial instruments classified as equity) are recognized consistently with the transaction that generates the distributable profits.
- IAS 23 Borrowing Costs - the amendment clarifies that a company treats as part of general borrowings any borrowing originally made to develop an asset when the asset is ready for its intended use or sale.
- IFRIC 23 'Uncertainty over Income Tax Treatments' (effective for annual periods beginning on or after 1 January 2019) clarifies the accounting for income tax when there is uncertainty over income tax treatments under IAS 12. The interpretation requires the uncertainty over tax treatment be reflected in the measurement of current and deferred tax.

The above amendments are effective from annual period beginning on or after 1 January 2019 and are not likely to have an impact on the Company's financial statements.

2.3 Basis of measurement

These financial statements have been prepared under the historical cost convention except for certain held for trading and available for sale investments at fair value as referred in note 3.7.1 and 3.7.2.

2.4 Functional and presentation currency

These financial statements are presented in Pakistani Rupees ("Rs.") which is the Company's functional currency. All financial information presented in Rupees has been rounded off to the nearest rupee, unless otherwise stated.

2.5 Use of judgements, estimates and assumptions

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions and judgments are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the result of which forms the basis of making judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected. Judgments made by management in the application of approved accounting standards that have significant effect on the financial statements and estimates with a risk of material adjustment in subsequent years are as follows:

2.5.1 Depreciation method, rates and useful lives of property, plant and equipment

The management of the Company reassesses useful lives, depreciation method and rates for each item of property, plant and equipment annually by considering expected pattern of economic benefits that the Company expects to derive from that item and the maximum period up to which such benefits are expected to be available. Any change in estimate may affect the depreciation charge or impairment. The rates of depreciation are specified in note 14.1.

2.5.2 Recoverable amount of assets / cash generating units and impairment

The management of the Company reviews carrying amounts of its assets and cash generating units for possible impairment and makes formal estimates of recoverable amount if there is any such indication.

2.5.3 Fair values based on inputs from other than active market

Fair values of financial instruments, which are based on inputs from other than active market are determined using valuation techniques which incorporate all factors that market participants would consider in setting a price and use inputs that reasonably represent market expectations and measures the risk-return factors inherent in the financial instrument.

Notes to the Financial Statements
For the year ended 30 June 2018

2.5.4 Taxation

The Company takes into account the current income tax law and decisions taken by appellate authorities while estimating its tax liabilities. Instances where the Company's views differ from the views taken by the income tax department at the assessment stage and where the Company considers that its view on items of material nature is in accordance with law, the amounts are shown as contingent liabilities.

The Company also regularly reviews the trend of proportion of incomes between Presumptive Tax Regime income and Normal Tax Regime income and the change in proportions, if significant, is accounted for in the year of change.

2.5.5 Provisions

Provisions are based on best estimate of the expenditure required to settle the present obligation at the reporting date, that is, the amount that the Company would rationally pay to settle the obligation at the reporting date or to transfer it to a third party.

2.5.6 Stores, spare and loose tools

The Company reviews the stores, spare and loose tools for possible impairment on an annual basis. Any change in estimates in future years might affect the carrying amounts of the respective items of stores and spare and loose tools with a corresponding effect on the provision.

2.5.7 Stock in trade

The Company reviews the carrying amount of stock-in-trade on a regular basis. Carrying amount of stock-in-trade is adjusted where the net realizable value is below the cost.

2.5.8 Provision against trade debts, advances deposits and other receivables

The Company reviews the recoverability of its trade debts, advances, deposits and other receivables to assess amount of bad debts provision required there against on an annual basis.

2.5.9 Contingencies

The Company reviews the status of all pending litigations and claims against the Company. Based on its judgment and the advice of the legal advisors for the estimated financial outcome, appropriate disclosure or provision is made. The actual outcome of these litigations and claims can have an effect on the carrying amounts of the liabilities recognized at the balance sheet date.

3. Significant accounting policies

The significant accounting policies have been applied consistently to all periods presented in these financial statements except that pursuant to the requirements of IAS 7 "Statement of cash flows", a disclosure of reconciliation of movements of liabilities to cash flows arising from financing activities has been given in note 42 to the financial statements. This change does not have any impact on the figures reported in these financial statements.

3.1 Property, plant and equipment

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses if any with the exception of freehold land and capital work in progress, which are stated at cost less accumulated impairment losses. Cost comprises purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates, and includes other costs directly attributable to the acquisition or construction, erection and installation. Cost in relation to certain property, plant and equipment signifies historical cost and borrowing costs as referred to in note 3.13.

Major renewals and improvements to an item of property, plant and equipment are recognized in the carrying amount of the item if it is probable that the embodied future economic benefits will flow to the Company and the cost of renewal or improvement can be measured reliably. The cost of the day-to-day servicing of property, plant and equipment are recognized in profit and loss account as incurred.

The Company recognizes depreciation in profit and loss account by applying reducing balance method over the useful life of each item of property, plant and equipment except for the following:

- building of white cement and new grey cement line is charged by applying straight line method;
- Plant and machinery of white and new grey cement line including waste heat recovery power plant is charged by applying unit of production method; and
- power plant building and machinery is charged by applying straight line method.

Notes to the Financial Statements
For the year ended 30 June 2018

Depreciation rates on items of property, plant and equipment are specified in note 14.1 to the financial statements. Depreciation on additions to property, plant and equipment is charged from the month in which the item becomes available for use and is discontinued from the month in which it is disposed or classified as held for disposal.

An item of property, plant and equipment is de-recognized when permanently retired from use. Any gain or loss on disposal of property, plant and equipment is recognized in profit and loss account.

Capital work in progress

Capital work in progress is stated at cost less any identified impairment losses and includes the expenditures on material, labour, borrowing cost and appropriate overheads directly relating to the project. These costs are transferred to property, plant and equipment as and when assets are available for intended use.

3.2 Intangible assets

The cost of acquisition, development and installation of identifiable software products having finite useful lives of more than one year is recognized as an intangible asset at cost and are amortized on a straight line basis. Subsequent to initial recognition, it is measured at cost less accumulated amortization and accumulated impairment losses, if any. The rate of amortization is specified in note 15.

3.3 Stores, Spares and loose tools

These are stated at lower of cost and net realizable value. Cost is determined using the weighted average method. Items in transit are valued at cost comprising invoice value plus other charges paid thereon. The Company reviews the stores, spares and loose tools for possible impairment on an annual basis. Any change in estimates in future years might affect the carrying amounts of the respective items of stores and spare parts and loose tools with a corresponding effect on the provision.

3.4 Stock in trade

These are valued at lower of cost and net realizable value, with the exception of stock of waste which is valued at net realizable value. Cost is determined using the following basis:

Raw materials	Moving average
Work in process	Average manufacturing cost
Finished goods	Average manufacturing cost
Stock in transit	Invoice price plus related expense incurred up to the reporting date
Packing material	Moving average

Average manufacturing cost in relation to work in process and finished goods consists of direct material, labour and a proportion of appropriate manufacturing overheads.

Net realizable value signifies the estimated selling price in the ordinary course of business less estimated costs of completion and estimated costs necessary to make the sale.

3.5 Employees benefits

Defined contributions plan

The Company operates an approved defined contributory provident fund for its employees. Equal contributions are made by the Company and employees at 10% of basic salary. The Company's contribution is charged to profit and loss account currently.

Compensated absences

Provisions are made annually to cover the obligation for accumulating compensated absences and are charged to profit and loss account.

3.6 Financial instruments

Financial assets and liabilities are recognized when the Company becomes party to the contractual provisions of the instruments. Financial assets are de-recognized when the Company looses control of the contractual rights that comprise the financial assets. Financial liabilities are de-recognized when they are extinguished, that is, when the obligation specified in the contract is extinguished, cancelled, or expired. Any gain or loss on de-recognition of the financial assets and financial liabilities is taken to profit and loss account.

The particular measurement methods adopted for various financial instruments are disclosed in the individual policy statements associated with each item.

Notes to the Financial Statements

For the year ended 30 June 2018

3.7 Investments

3.7.1 Available for sale

Investments which are intended to be held for an indefinite period of time but may be sold in response to the need for liquidity are classified as available for sale. Available for sale investments are recognized initially at fair value plus any directly attributable transaction costs. After initial recognition, these are stated at fair values unless fair values can not be measured reliably, with any resulting gains and losses being charged to other comprehensive income until the investment is disposed off or impaired. At each reporting date, these investments are remeasured at fair value, unless fair value cannot be reliably measured. At the time of disposal, the respective surplus or deficit is transferred to profit and loss account. Fair value of quoted investments is their bid price on Pakistan Stock Exchange at the balance sheet date.

Investments intended to be held for less than twelve months from the balance sheet date or to be sold to raise operating capital, are included in current assets, all other investments are classified as non-current. Management determines the appropriate classification of its investments at the time of the purchase and re-evaluates such designation on a regular basis.

All purchases and sales of investments are recognized on the trade date which is the date that the Company commits to purchase or sell the investment.

At subsequent reporting dates, the Company reviews the carrying amounts of the investments to assess whether there is any indication that such investments have suffered an impairment loss. If any such indication exists, the recoverable amount is estimated in order to determine the extent of the impairment loss, if any. Impairment losses are recognized as expense. Where an impairment loss subsequently reverses, the carrying amount of the investment is increased to the revised recoverable amount.

3.7.2 At fair value through profit or loss - held for trading

An investment is classified as at fair value through profit or loss if it is classified as held-for-trading or is designated as such on initial recognition. Financial instruments are classified as held for trading if they are acquired for the purpose of selling and repurchasing in near term. These assets are acquired principally for the purpose of generating a profit from short-term fluctuation in price. Financial instruments are designated at fair value through profit or loss if the Company manages such investments and makes sales and purchase decision based on their fair value in accordance with the Company’s investment strategy.

All investments classified as investments at fair value through profit or loss are initially measured at cost being fair value of consideration given. Attributable transaction costs are recognized directly in profit and loss account. Subsequent to initial recognition, these investments are measured at fair value with any resulting gain or loss recognized directly in the profit and loss account.

3.7.3 Loans and receivables

Loans and receivables are recognized initially at fair value, plus attributable transaction costs. Subsequent to initial recognition, loans and receivables are stated at amortized cost with any difference between cost and redemption value being recognized in the profit and loss account over the period of the investments on an effective yield method.

3.7.4 Off-setting

A financial asset and a financial liability is offset and the net amount reported in the statement of financial position if the Company has legally enforceable right to set-off the recognized amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

3.7.5 Regular way purchases and sales of financial assets

Regular way purchases and sales of financial assets are recognized on trade dates.

3.8 Loans and borrowings

Loans and borrowings are classified as 'financial liabilities at amortized cost'. On initial recognition, these are measured at cost, being fair value at the date the liability is incurred, less attributable transaction costs. Subsequent to initial recognition, these are measured at amortized cost with any difference between cost and value at maturity recognized in profit and loss account over the period of the borrowings on an effective interest basis.

3.9 Trade and other payables

Trade and other payables are initially recognized at fair value and subsequently at amortized cost using effective interest rate method.

Notes to the Financial Statements
For the year ended 30 June 2018

3.10 Provisions and contingencies

Provisions are recognized when the Company has a legal and constructive obligation as a result of past events and it is probable that outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of obligation. Provision is recognized at an amount that is the best estimate of the expenditure required to settle the present obligation at the reporting date. Where outflow of resources embodying economic benefits is not probable, or where a reliable estimate of the amount of obligation cannot be made, a contingent liability is disclosed, unless the possibility of outflow is remote.

3.11 Trade and other receivables

On initial recognition, these are measured at invoice value. Subsequent to initial recognition, these are measured at amortized cost using the effective interest method, with interest recognized in profit and loss account. Provision is recognised for those that are considered doubtful for recovery. Bad debts are written off when there is no prospect of recovery.

3.12 Revnue

Revenue is recognised when the significant risks and rewards of ownership have been transferred to the customer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods and the amount of revenue can be measured reliably. Revenue is measured net of returns, trade discounts and volume rebates. The timing of transfer of risk and rewards occurs on the dispatch of goods;

'Interest income is recognized as and when accrued on effective interest method; and

'Dividend income is recognized when the Company's right to receive payment is established.

3.13 Borrowing Costs

Borrowing costs those are directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying asset is deducted from the borrowing costs eligible for capitalization. All other borrowing costs are recognized in profit and loss account as incurred.

3.14 Taxation

Income Tax

Income tax expense comprises current tax and deferred tax. Income tax expense is recognized in profit and loss account except to the extent that it relates to items recognized directly in other comprehensive income, in which case it is recognized in other comprehensive income.

Current tax is the amount of tax payable on taxable income for the year, using tax rates enacted or substantively enacted by the reporting date, and any adjustment to the tax payable in respect of previous years. Provision for current tax is based on current rates of taxation in Pakistan after taking into account tax credits, rebates and exemptions available, if any. The amount of unpaid income tax in respect of the current or prior periods is recognized as a liability.

Deferred taxation

Deferred tax is accounted for using the balance sheet approach providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for tax purposes. In this regard, the effects on deferred taxation of the portion of income that is subject to final tax regime is also considered in accordance with the treatment prescribed by the Institute of Chartered Accountants of Pakistan. Deferred tax is measured at rates that are expected to be applied to the temporary differences when they reverse, based on laws that have been enacted or substantively enacted by the reporting date. A deferred tax liability is recognized for all taxable temporary differences. A deferred tax asset is recognized for deductible temporary differences to the extent that future taxable profits will be available against which temporary differences can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

3.15 Earnings per share (”EPS”)

Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year.

Notes to the Financial Statements

For the year ended 30 June 2018

Diluted EPS is calculated by adjusting basic EPS by the weighted average number of ordinary shares that would be issued on conversion of all dilutive potential ordinary shares into ordinary shares and post-tax effect of changes in profit and loss attributable to ordinary shareholders of the Company that would result from conversion of all dilutive potential ordinary shares into ordinary shares.

3.16 Cash and cash equivalents

Cash and cash equivalents comprise running finances, cash balances and call deposits with maturities of three months or less from the acquisition date that are subject to an insignificant risk of changes in their fair value, and are used by the Company in the management of its short-term commitments.

3.17 Foreign currency transactions and balances

Transactions in foreign currencies are translated to the respective functional currencies of the Company at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortized cost in the functional currency at the beginning of the year, adjusted for effective interest and payments during the year, and the amortized cost in foreign currency translated at the exchange rate at the end of the year.

Non-monetary assets and liabilities that are measured at fair value in a foreign currency are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items that are measured based on historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

Foreign currency differences arising on retranslation are generally recognized in profit and loss account.

3.18 Impairment

3.18.1 Financial assets

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of the asset.

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate. Impairment loss in respect of a financial asset measured at fair value is determined by reference to that fair value. All impairment losses are recognized in profit and loss account. An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognized. An impairment loss is reversed only to the extent that the financial asset's carrying amount after the reversal does not exceed the carrying amount that would have been determined, net of amortization, if no impairment loss had been recognized.

3.18.2 Non-financial assets

The carrying amount of the Company's non-financial assets, other than inventories and deferred tax assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. The recoverable amount of an asset or cash generating unit is the greater of its value in use and its fair value less cost to sell. In assessing value in use, the estimated future cash flows are discounted to their present values using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash generating unit.

An impairment loss is recognized if the carrying amount of the assets or its cash generating unit exceeds its estimated recoverable amount. Impairment losses are recognized in profit and loss account. Impairment losses recognized in respect of cash generating units are allocated to reduce the carrying amounts of the assets in a unit on a pro rata basis. Impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to that extent that the asset's carrying amount after the reversal does not exceed the carrying amount that would have been determined, net of depreciation and amortization, if no impairment loss had been recognized.

3.19 Dividend to ordinary shareholders

Dividend to ordinary shareholders is recognized as a deduction from accumulated profit in statement of changes in equity and as a liability in the Company's financial statements in the year in which the dividends are approved by the Board of Directors or the Company's shareholders as the case may be.

Notes to the Financial Statements
For the year ended 30 June 2018

3.20 Investment property

Investment property is property held either to earn rental income or for capital appreciation or for both, but not for:

- use in production or supply of goods or services or for administrative purposes; and
- sale in the ordinary course of business.

Investment property comprises of land only and it is initially measured at cost, being the fair value of the consideration given. Subsequent to the initial recognition, the investment property is measured using the cost model as provided in International Accounting Standard 40 – Investment Property. The cost model requires to measure the investment property at each balance sheet date at its cost less any accumulated impairment losses.

The Company assesses at each balance sheet date whether there is any indication that investment property may be impaired. If such indication exists, the carrying amount of such assets are reviewed to assess whether they are recorded in excess of their recoverable amount. Where carrying value exceeds the respective recoverable amount, assets are written down to their recoverable amounts and the resulting impairment loss is recognized in the profit and loss account. The recoverable amount is the higher of an asset's fair value less costs to sell and value-in-use.

Any gain or loss on disposal of an investment property calculated as the difference between the net proceeds from disposal and the carrying amount of the investment property is recognized in profit or loss account.

	Note	2018 Number of shares	2017 Number of shares	2018 Rupees	2017 Rupees
4 Share capital					
Authorized share capital					
Ordinary shares of Rs. 10 each		3,000,000,000	3,000,000,000	3,000,000,000	3,000,000,000
Issued, subscribed and paid-up capital					
Ordinary shares of Rs. 10 each Fully paid-up in cash		20,749,585	20,749,585	207,495,850	207,495,850
Shares issued for consideration other than cash	4.2	11,230,000	11,230,000	112,300,000	112,300,000
Fully paid bonus shares		122,529,105	122,529,105	1,225,291,050	1,225,291,050
		154,508,690	154,508,690	1,545,086,900	1,545,086,900

4.1 ANS Capital (Private) Limited, holding company, holds 84,986,400 (2017: 84,986,400) ordinary shares comprising 55% of total paid up share capital of the Company. Kohat Cement Educational Trust, an associated undertaking, holds 116,958 (2017: 116,958), ordinary shares of Rs. 10 each of the Company, Directors and Executives hold 247,772 (2017: 402,072) and 10,177 (2017: 15,777) respectively, ordinary shares of Rs. 10 each of the Company.

4.2 These shares were initially issued to State Cement Corporation of Pakistan against transfer of all the assets and liabilities comprising Kohat Cement Project to Kohat Cement Company Limited.

	Note	2018 Rupees	2017 Rupees
5 Reserves			
Capital reserves			
- share premium	5.1	49,704,951	49,704,951
- fair value reserve	5.2	329,114	826,514
		50,034,065	50,531,465
Revenue reserve			
- general reserves		70,000,000	70,000,000
		120,034,065	120,531,465

Notes to the Financial Statements

For the year ended 30 June 2018

5.1 This reserve can be utilized by the Company only for the purpose specified in section 81(2) of the Companies Act, 2017.

5.2 This represents fair value adjustment on revaluation of investment classified as 'available for sale'.

	Note	2018 Rupees	2017 Rupees
6 Long term financing - secured			
Mark-up based financing from conventional banks:			
Syndicated term finance - ("STF WHR")	6.1	426,315,784	710,526,312
Less: Current portion presented under current liabilities		(284,210,528)	(284,210,528)
		142,105,256	426,315,784

6.1 This facility was obtained for Waste Heat Recovery Power Plant ("STF WHR") of Rs. 1,600 million by way of Syndicated Term Finance Agreement entered on 20 November 2014 from a consortium of banking companies. Askari Bank Limited is the lead arranger and agent of this facility. Out of total facility, only Rs. 1,350 million were drawn. This facility carries mark-up at three month KIBOR plus a spread of 1.75% per annum, payable quarterly. The principal is repayable in nineteen equal quarterly instalments which started after a grace period of three months from the date of first drawdown. This facility is secured by way of first pari passu charge over all present and future fixed assets of the Company amounting to Rs. 2,134 million and personal guarantees of sponsoring directors of the Company.

6.2 Long term finance facilities available from different commercial banks are Rs. 6,950 million to finance the installation and civil works of Line 4 having capacity of 7800 TPD. The amount utilized as at 30 June 2018 was nil. These facilities carry rate of mark-up ranges from 3MK + 0.60% - 0.65%. which is secured by way of first pari passu charge over all present and future fixed assets of the Company amounting to Rs. 13,068 million and personal guarantees of sponsoring directors of the Company.

7. Long term deposits

These represent security deposits received from dealers and transporters against goods and services. These deposits are repayable / adjustable on the termination of the relationship. These are kept in a separate bank account.

	2018 Rupees	2017 Rupees
8 Deferred liabilities		
8.1 Deferred taxation		
Accelerated tax depreciation and others	1,499,928,327	1,660,261,314
8.2 Compensated absences		
At beginning of the year	13,616,897	10,859,150
Charge for the year	4,563,905	5,155,679
Less: Payments made during the year	(1,685,294)	(2,397,932)
Closing balance	16,495,508	13,616,897

Notes to the Financial Statements
For the year ended 30 June 2018

		Note	2018 Rupees	2017 Rupees
9	Trade and other payables			
	Trade creditors		263,481,667	94,370,965
	Trade creditors - imports		869,647,071	139,285,860
	Contractors' bills payable		89,014,057	12,006,222
	Accrued liabilities		228,261,229	140,009,609
	Advances from customers		53,355,028	82,688,697
	Payable to Workers' Profit Participation Fund	9.1	1,231,797,198	1,107,484,399
	Payable to Workers' Welfare Fund	9.2	74,902,288	107,569,463
	Payable to Provident Fund Trust		2,437,236	1,857,673
			2,812,895,774	1,685,272,888
	Payable to Government on account of:			
	Income Tax deducted at source		13,082,980	691
	Federal Excise Duty		-	79,815,400
	Royalty and Excise Duty		58,891,160	57,851,549
			71,974,140	137,667,640
	Retention money payable	9.3	225,503,889	178,399,701
	Securities deposits		12,413,926	4,324,192
	Other payables		228,678,517	171,910,061
			466,596,332	354,633,954
			3,351,466,246	2,177,574,482

		Note	2018 Rupees	2017 Rupees
9.1	Workers' Profit Participation Fund ("WPPF")			
	At beginning of the year		1,107,484,399	865,823,887
	Allocation for the year	28	212,857,299	291,660,512
	Less: Paid during the year		(88,544,500)	(50,000,000)
	At end of the year	9.1.1	1,231,797,198	1,107,484,399

9.1.1 The WPPF liability represents leftover amount payable to Workers Welfare Fund in terms of Companies Profits Worker's Participation Act, 1968. According to the 18th amendment to the Constitution of Pakistan in 2010, all labour / labour welfare laws have become provincial subject, and accordingly the left over amount is no more payable to the Federal Treasury. Major strength of Company's employees eligible for benefit of WPPF are working in the Province of KPK and accordingly potential amount of left over amount of WPPF is required to be paid to the relevant provincial authority as held by the Honourable Sindh High Court in its judgment in C.P. No. D-1313 of 2013 announced on February 12, 2018. However, no provincial authority has been constituted so far in the Province of KPK to collect the left over amount.

		Note	2018 Rupees	2017 Rupees
9.2	Workers' Welfare Fund			
	At beginning of the year		107,569,463	86,947,484
	Allocation for the year	28	73,936,622	106,625,330
	Less: Paid during the year		(106,603,797)	(86,003,351)
	At end of the year		74,902,288	107,569,463

Notes to the Financial Statements

For the year ended 30 June 2018

9.3 This represents security deposits and retention money withheld from contractors and are repayable after satisfactory completion of contracts. It includes Rs. 200.80 million (2017: Rs. 172.65 million) equivalent to USD 1.24 million (2017: USD 1.24 million) and Euro 0.35 million (2017: Euro 0.35 million) retained from invoices of Sinoma Technical Services Company Limited (previously TCDRI) for supply of grey cement plant. The management expects the matter to be resolved in next twelve months. Also refer to note 22.3.

10 Out of final cash dividend amounting to Rs. 386.27 million for the year ended 30 June 2012, dividend related to certain shareholders amounting to Rs. 20.97 million was withheld based on the order dated 25 October 2012 of the Honourable Lahore High Court and Securities and Exchange Commission of Pakistan approval vide letter number EMD/233/380/02-676 dated 23 November 2012 in response to application made by the Company under section 243(2) of the Companies Act, 2017. Whereas, the balance amount of Rs. 8.634 million represents dividend withheld of those shareholders who have not presented copies of their CNIC to the Company as directed by SECP.

		Limit (Rupees in million)	Note	2018 Rupees	2017 Rupees
11	Short term borrowings - secured				
	Mark-up based borrowings from conventional banks:				
	Export refinances	598	11 .1	-	200,000,000
				-	200,000,000

11.1 These facilities are under mark-up arrangement carrying mark-up at SBP export refinance rate plus 0.25% - 0.50% (2017: SBP export refinance rate plus 0.25% - 1.00%) per annum and are available for a period of 180 days and can be rolled over for a further period of 180 days.

11.2 Short term running finances available from different commercial banks amount to Rs. 615 million (2017: Rs. 615 million). The amount utilized as at 30 June 2018 was nil (2017: nil). The rate of mark-up is 3MK + 1% (2017: 3MK + 1% - 2%).

11.3 The Company has aggregate facilities of Rs. 2,600 million (2017: Rs. 2,490 million) for opening of letters of credit and Rs. 128.73 million (2017: Rs. 128.73 million) for bank guarantees; the amount utilized as at 30 June 2018 was Rs. 422.47 million (2017: Rs. 569.36 million) and Rs. 124.13 million (2017: Rs. 122.63 million) respectively.

11.4 All the above short term finance facilities are secured by hypothecation charge of Rs. 2,001 million (2017: Rs. 2,262 million) on existing and future current assets of the Company.

		2018 Rupees	2017 Rupees
12	Mark-up accrued on borrowings		
	Mark-up based borrowings:		
	Long term financing - secured	3,830,579	5,215,455
	Short term borrowings - secured	-	1,121,934
		3,830,579	6,337,389

Notes to the Financial Statements
For the year ended 30 June 2018

13. Contingencies and commitments

13.1 Contingencies

13.1.1 The State Cement Corporation of Pakistan (Private) Limited, previous sole owner of the Company, raised a claim of Rs. 5.64 million (2017: Rs. 5.64 million) against the Company on account of interim dividend pertaining to year ended 30 June 1993 declared by previous Board of Directors. The subsequent Board of Directors rescinded the declaration of interim dividend on various grounds. The matter is pending before Honourable Lahore High Court.

13.1.2 Current management of the Company filed a claim before Secretary Finance, Government of Pakistan for recovery of Rs. 14.10 million (2017: Rs. 14.10 million) being interim dividend pertaining to year ended 30 June 1992 paid by previous management of the Company to State Cement Corporation of Pakistan (Private) Limited ("SCCPL") and misuse of plant by previous management. Later, Board of Directors of the Company rescinded the aforesaid dividend which was ratified and confirmed by members of the Company at Annual General Meeting. Consequently, the Company withheld aforesaid interim dividend amounting to Rs. 14.10 million (2017: Rs. 14.10 million) from the interim dividend payable to SCCPL declared by the Company pertaining to period ended 31 December 1994. Intimations had been made to SCCPL and Securities and Exchange Commission of Pakistan ("SECP"). This amount has been withheld on legal advice obtained from corporate lawyers. Currently the matter is pending for arbitration with Secretary of Finance, Government of Pakistan.

13.1.3 The Competition Commission of Pakistan ("CCP") took suo moto action under Competition Ordinance, 2007, (subsequently enacted as Competition Act, 2010 - the "Law") and issued show cause notice on 28 October 2008 inquiring for increase in cement prices across the country. Similar notices were also issued to All Pakistan Cement Manufacturer Association ("APCMA") and its member cement manufacturers. The Company filed writ petition in Honorable Lahore High Court ("LHC") challenging the vires of the law along with filing of appeal before the Honourable Supreme Court of Pakistan (SCP) because at that time, no appeallate forum except Supreme Court was available to the Company. The LHC, vide its order dated 24 August 2009, allowed CCP to issue its final order. Consequently, CCP passed an order dated 28 August 2009 imposing a penalty of Rs. 103.00 million on the Company. The said levy of penalty has also been agitated by Company before LHC, and LHC vide its order dated 31 August 2009 restrained CCP from enforcing its order against the Company for the time being.

Meanwhile the CCP Tribunal was constituted under the law to hear appeals against levy of penalty by CCP and the SCP set aside all the appeals to the Tribunal for its adjudication. However, the constitution of Tribunal has also been challenged by the Company along with other stakeholders before the Honorable Sindh High Court ("SHC") on various legal grounds, and the SHC very kindly has granted a stay order in favour of the Company against constitution of the CCP Tribunal.

13.1.4 An application was filed by certain shareholders of the Company including one ex-director of the Company before SECP praying for investigation into affairs of the Company. Consequently, SECP issued a show cause notice dated 27 July 2011 to the Company and the then Directors. Responding to the notice, management strongly denied all the baseless, false and frivolous allegations leveled in the application and further challenged the said notice before LHC through filing of writ petition which is dismissed on legal grounds; however the judgment of LHC has been agitated by the Company through filing of CPLA before the honourable Supreme Court of Pakistan which is pending adjudication.

Further, in July 2012, the aforementioned shareholders have also filed a petition before Honorable Peshawar High Court ("PHC") against management of the Company under sections 290, 291, 292 read with section 265 of the Companies Ordinance, 1984 (now the Companies Act, 2017) which is pending adjudication.

Notes to the Financial Statements
For the year ended 30 June 2018

13.1.5 The tax department, after conducting Sales Tax and Federal Excise Duty audit of the Company for tax year 2009 passed an order dated 23 May 2012 disallowing zero rating on exports and input tax claims, levying additional tax and penalty amounting to Rs. 12.72 million and Rs. 14.02 million under provisions of Sales Tax and Federal Excise Laws respectively. The Company filed appeal before CIR(A) along with a writ petition before the Honorable Lahore High Court ("LHC") against the above mentioned order. Both litigations have been decided in favor of the Company. However, both these appellate decisions have been assailed by the tax department at respective forums i.e. through filing of appeal before the ATIR and through filing of an Intra Court Appeal (ICA) before the the Honourable LHC. The ICA has been decided in favour of the Tax Department whereas appeal before the ATIR is pending adjudication. Before the decision of matter, an amount of Rs. 14.80 million was deposited by the Company under Amnesty Scheme announced vide SRO 548(I)/2012 dated 22 May 2012.

13.1.6 The Additional Commissioner Inland Revenue ("ACIR") amended the assessment under section 122(5A) of the Income Tax Ordinance, 2001 for tax year 2007 to create a demand of Rs. 33.60 million after making various profit and loss additions to the income of the Company and changing apportionment basis of expenses between local and export sales. Out of the said demand, the Company has deposited Rs. 5.00 million under protest and has challenged the treatment meted out by ACIR through filing of appeal before the CIR(A), which has been partially decided in favour of the Company culminating into a disputed tax liability on part of the Company amounting to Rs. 22.80 million. The said decision of the CIR(A) has been contested both by the Company and the Inland Revenue Department before the ATIR through cross appeals which are pending adjudication.

13.1.7 The Deputy Commissioner Inland Revenue ("DCIR") has imposed and the Company has paid a penalty of Rs. 36.90 million under section 33(17) of the Sales Tax Act, 1990 ("the Act") for alleged violation of section 3(2) of the Act, which requires the Company to print retail price on cement bags. The Company has deposited Rs. 33 million against penalty under protest. In the immediate case, DCIR ignored the facts of legal compliance by the Company including due discharge of its Sales Tax liability and arbitrarily imposed the penalty presuming that entire Sales Tax liability for the period from July 2013 to January 2014 is unpaid. Hence, the Company filed an appeal before CIR(A), which was decided by CIR(A) against the Company through a non speaking order which is contested by the Company before the Honourable Appellate Tribunal Inland Revenue, Lahore which is pending adjudication.

13.1.8 The Deputy Commissioner Inland Revenue ("DCIR"), while rectifying deemed assessment of the Company for Tax Year 2013 disallowed claim of prior years' available refunds of Rs. 29.80 million without considering the facts and submissions of the Company. The arbitrary treatment meted out by the DCIR was contested by the Company before Commissioner Inland Revenue (Appeals) [CIR(A)], who has set aside the order of DCIR to consider the case of the Company afresh. The Company has challenged the decision of CIR(A) before the Appellate Tribunal Inland Revenue, Lahore, which is pending adjudication.

13.1.9 The Company was selected for Sales Tax Audit for Tax Year 2013 by the FBR. Audit was conducted and finalized by the Inland Revenue Department resulting into a levy of Federal Excise Duty of Rs. 2.93 million along with a penalty of Rs. 0.15 million and disallowance of input Sales Tax/levy of Sales Tax of Rs. 27.20 million along with imposition of a penalty of Rs. 0.88 million. This aggregate demand of Rs. 31.20 million has been paid under protest and contested by the Company through filing of appeal before the Commissioner Inland Revenue (Appeals) CIR(A), who upheld disallowance of input sales tax to the tune of Rs. 6.4 million whereas rest of the disallowances were deleted. Both, the Company and the Tax Department have contested the order of CIR (A) to the extent not favourable to them.

13.1.10 The Deputy Commissioner Inland Revenue (DCIR) issued a show cause notice U/S 205(1B) of the Income Tax Ordinance, 2001 (ITO, 2001) to the Company showing intention to impose default surcharge of Rs. 71.50 million for non payment of advance income tax liability for tax year 2014 under section 147 of the ITO, 2001 by the due date by working out the amount of default surcharge for the period from 01 April 2014 to the date of filing of income tax return. The Company is of the view that the default period for the purpose of default surcharge should commence from the due date of advance tax i.e. 15 June 2014 uptil the date of payment. Accordingly, the Company has challenged the basis of calculation of default surcharge before the Honourable Lahore High Court (LHC) seeking its intervention to declare such provisions as ultra vires the Constitution of Pakistan. The LHC, has decided the matter against the Company, which is contested by the Company through filing of an Intra Court Appeal before the LHC.

Notes to the Financial Statements
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13.1.11 The Sui Northern Gas Pipelines Limited (SNGPL) charged an amount of Rs. 12.19 million being Non-Metered Volume Adjustment for the period from 16 June 2013 to 25 June 2013 in the Sui gas bill of the Company for the Month of August 2014. On appeal before the Oil and Gas Regulatory Authority (OGRA), the said levy was set aside by the OGRA to its Designated Officer, who partially decided the case in favour of the Company which, thus, is agitated again by the Company on filing an appeal before OGRA, which is pending adjudication.

13.1.12 The Additional Commissioner Inland Revenue (ACIR) amended the assessment under section 122(5A) of the Income Tax Ordinance, 2001 for tax year 2010, whereby the ACIR created an Income Tax Demand of Rs 24.36 million by making various profit and loss additions to the income of the Company and changing apportionment basis of expenses between local and export sales. The order of the ACIR has been impugned by the Company before the Commissioner Inland Revenue (Appeals) [CIR(A)] which was suceeded leaving a tax demand of Rs. 12.8 million against the Company and deleting the entire additions and disallowances. The order of the CIR(A) resulted in filing of appeal by the Company and the Department before the Appeallate Tribunal Inland Revenue, which is pending adjudication.

13.1.13 The Additional Commissioner Inland Revenue, while proceeding U/S 122(5A) of the Income Tax Ordinance, 2001 created income tax demands of Rs. 900 million and Rs. 502 million for the Tax Years 2013 & 2014 respectively vide two separate orders. On an appeal by the Company before the Commissioner Inland Revenue (Appeals) [CIR(A)], the aforesaid demands have now been curtailed to Rs. 24.4 million and Rs. 16.7 million respectively for the Tax Year 2013 and Tax Year 2014 by passing two independent appeal orders for each year. The orders of CIR(A) for the Tax Years 2013 & 2014 have been challenged both by the Company and the Inland Revenue Department (IRD) before the Honourable Appellate Tribunal Inland Revenue, Lahore (ATIR) which are pending adjudication.

13.1.14 The Deputy Commissioner Inland Revenue (DCIR) issued a show cause notice U/S 205(1B) of the Income Tax Ordinance, 2001 (ITO, 2001) to the Company showing intention to impose default surcharge of Rs. 60.23 million (may be reduced to Rs. 41.8 million on acceptance of rectification) for non-payment of advance Income Tax Liability for tax year 2015 U/S 147 of the ITO, 2001 by the due date by working out the amount of Default Surcharge for the period from 01 April 2015 to the date of filing of Income tax return. The Company is of the view that default period for the purpose of default surcharge should be reckoned from the due date of advance tax i.e. 15 June 2015 uptil the date of payment. Accordingly, the Company has challenged the basis of calculation of default surcharge before the Honourable Lahore High Court (LHC) seeking its intervention to declare such provisions as ultra vires the Constitution of Pakistan. The LHC, has decided the matter against the Company, which is contested by the Company through filing of an Intra Court Appeal before the LHC.

13.1.15 The Deputy Commissioner Inland Revenue ("DCIR") passed an ex-parte order for tax year 2007 treating the Company as in default for alleged violation of withholding of income tax provisions of the Income Tax Ordinance, 2001 (ITO, 2001) to create a tax demand of Rs. 67.00 million while finalizing set aside proceedings under section 161/205 of the ITO, 2001 set aside by the Appellate Tribunal Inland Revenue(ATIR). The order was impugned by Company before Commissioner Inland Revenue (Appeals) who deleted entire demand of Rs. 67.00 million, which is also upheld by ATIR on appeal by Income Tax Department (Department). The Department has challenged the aforesaid decision of ATIR before the Honourable Lahore High Court, which is pending adjudication.

13.1.16 The Additional Commissioner Inland Revenue (Additional CIR) amended the assessment of Company twice for the Tax Year 2016 under the provisions of Section 122(5A) of the Income Tax Ordinance, 2001 (ITO, 2001). The amendments of assessment was made by the Additional CIR vide two separate orders which resulted into an aggregate tax demand of Rs. 210.68 million. The orders of the Additional CIR have been agitated by Company before the Commissioner Inland Revenue (Appeals) [CIR(A)] through filing two separate appeals, one of which involving tax demand of Rs. 5.95 million has been decided by the CIR(A) against the Company which is agitated before the Appellate Tribunal Inland Revenue (ATIR) who has also granted stay against recovery of tax, whereas the appeal is still to be adjudicated by the ATIR . Demand to the tune of Rs. 204.73 million created vide the other order of the Additional CIR has been stayed by the Honourable Lahore High Court, whereas the appeal is yet to be decided by the CIR(A).

Notes to the Financial Statements

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13.1.17 Income tax affairs of the Company for Tax Year 2015 were selected for audit by the Commissioner Inland Revenue (CIR) under the provisions of Section 177 of the Income Tax Ordinance, 2001 (ITO, 2001). The audit proceedings were finalized by Deputy Commissioner Inland Revenue (DCIR) resulting in change in allocation of expenses between local and export income of the Company and disallowance of certain expenses and allowance culminating into a further tax liability of Rs. 172.60 million. The aforesaid treatment meted out by the DCIR has been agitated by the Company before Commissioner Inland Revenue (Appeals) through filing of appeal which is pending adjudication. However the recovery of the aforesaid demand has been stayed by the Honourable Appellate Tribunal Inland Revenue Lahore.

13.1.18 The Tax Department, while disposing off contravention report of senior auditor created a sales tax demand of Rs. 9.18 million along with default surcharge of Rs. 3.72 million on account of alleged inadmissible adjustment of input sales tax of Rs. 9.18 million in contravention of SRO 389(I)/2006 dated 27 April 2006. CIR(A) turned down appeal filed by the Company against the impugned order regarding which the Company filed an appeal before ATIR which was decided in favour of the Company. However, against the said order, tax department filed an appeal before the Honourable Peshawar High Court (PHC). PHC remanded the case back to ATIR which is decided by the ATIR in favour of Company. However, the said favourable decision of ATIR has been called by it on a miscellaneous application filed by the department before ATIR, which is pending adjudication. Nevertheless, the Company has deposited the principal amount of Rs. 9.18 million under protest.

Based on the opinion of the Company's legal counsels, management is confident of favourable outcome in all aforementioned matters, hence no provision is being recognized in respect of these matters in the financial statements.

13.1.19 Guarantees issued by Commercial Banks on behalf of the Company are of Rs. 118.730 million, 4.5 million and 0.9 million (2017: Rs. 118.730 million, 3 million and 0.9 million) in favour of SNGPL, FWO and CSF Railway in accordance with the terms of agreement.

		Note	2018 Rupees	2017 Rupees
13.2	Commitments			
	In respect of letters of credit for:			
	- capital expenditure	13.2.1	7,165,007,534	70,344,785
	- stores and spares		185,628,376	499,021,201
			7,350,635,910	569,365,986

13.2.1 This includes Rs. 6,928.17 million (2017: nil) related to new cement Line.

	Note	2018 Rupees	2017 Rupees
14 Property, plant and equipment			
Operating fixed assets	14.1	7,960,021,087	7,378,863,363
Capital work in progress	14.5	1,153,040,980	681,621,351
		9,113,062,067	8,060,484,714

Notes to the Financial Statements

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14.1 Operating fixed assets

		Cost				Depreciation Rate	Depreciation				Net Book value as at 30 June 2018
		As at 01 July 2017	Additions/ transfer	Disposals	As at 30 June 2018		As at 01 July 2017	For the year	Disposals	As at 30 June 2018	
		Rupees					Rupees				
Freehold land	*	42,509,358	-	-	42,509,358	-	-	-	-	-	42,509,358
Factory buildings and plant civil structure	*	3,032,411,342	169,964,009	-	3,202,375,351	4% - 5%	1,192,987,722	134,275,722	-	1,327,263,444	1,875,111,907
Office and other building	*	52,029,829	1,144,500	-	53,174,329	5%	21,987,797	1,506,870	-	23,494,667	29,679,662
Housing colony	*	80,367,775	84,341,771	-	164,709,546	5%	36,361,737	3,079,249	-	39,440,986	125,268,560
Plant, machinery and equipment	*	8,126,409,619	791,022,976	(31,226,681)	8,886,205,914	4%-5% /units of production	2,997,863,628	329,620,754	(21,745,365)	3,305,739,017	5,580,466,897
Storage tanks and pipelines	*	30,148,252	-	-	30,148,252	10%	22,983,337	716,492	-	23,699,829	6,448,423
Power installations	*	132,359,339	-	-	132,359,339	10%	89,953,464	4,240,587	-	94,194,051	38,165,288
Furniture, fixtures and other office equipment		74,723,612	24,010,515	-	98,734,127	10%	35,069,508	4,656,211	-	39,725,719	59,008,408
Computer and printers		33,791,732	3,044,689	-	36,836,421	30%	24,029,611	3,430,675	-	27,460,286	9,376,135
Weighing scale		5,860,727	-	-	5,860,727	10%	3,953,235	190,749	-	4,143,984	1,716,743
Light vehicles		266,041,358	41,912,465	(27,932,875)	280,020,948	20%	97,605,182	37,495,786	(20,824,539)	114,276,429	165,744,519
Heavy vehicles		13,407,710	1,509,200	-	14,916,910	20%	10,241,979	859,526	-	11,101,505	3,815,405
Railway sidings	*	9,853,476	-	-	9,853,476	5%	8,123,591	86,494	-	8,210,085	1,643,391
Laboratory equipment		50,785,483	3,207,967	-	53,993,450	10%	30,683,123	2,250,834	-	32,933,957	21,059,493
Library books		94,217	-	-	94,217	10%	86,552	767	-	87,319	6,898
2018		11,950,793,829	1,120,158,092	(59,159,556)	13,011,792,365		4,571,930,466	522,410,716	(42,569,904)	5,051,771,278	7,960,021,087

		Cost				Depreciation Rate	Depreciation				Net Book value as at 30 June 2017
		As at 01 July 2016	Additions/ transfer	Disposals	As at 30 June 2017		As at 01 July 2016	For the year	Disposals	As at 30 June 2017	
		Rupees					Rupees				
Freehold land	*	42,509,358	-	-	42,509,358	-	-	-	-	-	42,509,358
Factory buildings & plant civil structure	*	3,039,621,369	-	(7,210,027)	3,032,411,342	4% - 5%	1,066,178,678	129,519,071	(2,710,027)	1,192,987,722	1,839,423,620
Office and other building	*	52,029,829	-	-	52,029,829	5%	20,406,637	1,581,160	-	21,987,797	30,042,032
Housing colony	*	80,367,775	-	-	80,367,775	5%	34,045,630	2,316,107	-	36,361,737	44,006,038
Plant, machinery and equipment	*	8,084,758,186	43,835,811	(2,184,378)	8,126,409,619	4% - 5% / units of production	2,675,256,167	324,453,564	(1,846,103)	2,997,863,628	5,128,545,991
Storage tanks and pipelines	*	30,148,252	-	-	30,148,252	10%	22,187,235	796,102	-	22,983,337	7,164,915
Power installations	*	97,336,071	35,023,268	-	132,359,339	10%	87,519,597	2,433,867	-	89,953,464	42,405,875
Furniture, fixtures and other office equipment		70,211,877	4,717,593	(205,858)	74,723,612	10%	30,969,794	4,146,834	(47,120)	35,069,508	39,654,104
Computer and printers		30,322,395	3,469,337	-	33,791,732	30%	20,460,120	3,569,491	-	24,029,611	9,762,121
Weighing scale		5,860,727	-	-	5,860,727	10%	3,741,291	211,944	-	3,953,235	1,907,492
Light vehicles		173,298,448	95,172,996	(2,430,086)	266,041,358	20%	75,177,753	24,724,749	(2,297,320)	97,605,182	168,436,176
Heavy vehicles		18,893,210	-	(5,485,500)	13,407,710	20%	14,807,238	808,608	(5,373,867)	10,241,979	3,165,731
Railway sidings	*	9,853,476	-	-	9,853,476	5%	8,032,545	91,046	-	8,123,591	1,729,885
Laboratory equipment		50,480,601	304,882	-	50,785,483	10%	28,460,820	2,222,303	-	30,683,123	20,102,360
Library books		94,217	-	-	94,217	10%	85,700	852	-	86,552	7,665
2017		11,785,785,791	182,523,887	(17,515,849)	11,950,793,829		4,087,329,205	496,875,698	(12,274,437)	4,571,930,466	7,378,863,363

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14.2 *Factory buildings and plant civil structure, housing colony, plant, machinery and equipment, storage tanks and piplines, power installations, weighing scale and railway sidings are located at freehold land measuring 1,775 kanals and 6 marlas located at Mouza Togha Bala Babri Banda District Kohat. Office building is lcoated at land measuring 1 kanal and 8 marlas located at 37-P, Gulberg II, Lahore.

	Note	2018 Rupees	2017 Rupees
14.3 Depreciation charge for the year has been allocated as follows:			
Cost of goods sold	24	516,552,808	491,064,240
Selling and distribution expenses	25	1,487,695	1,132,532
Administrative and general expenses	26	4,370,213	4,678,926
		522,410,716	496,875,698

14.4 Disposal of property, plant & equipment

Particulars of assets	Cost	Accumulated depreciation	Net Book value	Sales value	Gain /(loss) on disposal	Model of disposal	Relationship with the company	Particulars of Purchaser
	2018							
	Rupees							
Light vehicles								
Toyota Corolla	1,258,666	1,058,055	200,611	975,000	774,389	Negotiation	Open Market	Mr. Rabnawaz Khan
Corolla Altas	1,325,341	1,181,452	143,889	830,000	686,111	Negotiation	Open Market	Mr. Umair Nasar
Toyota Land Crouser	3,300,000	3,002,654	297,346	2,000,000	1,702,654	Negotiation	Share Holder	Mrs. Hijab Tariq
Rang Rover	9,500,000	8,450,194	1,049,806	4,000,000	2,950,194	Negotiation	Open Market	Mr. Sumair Sattar
Toyota Corolla	1,957,000	-	1,957,000	1,957,000	-	Negotiation	Related Party	Art Vision (Pvt) Limited
Honda City	1,498,000	1,012,249	485,751	1,048,560	562,809	Company Policy	Employee	Mr. Ashiq Ali
Mercedes	6,800,000	4,288,412	2,511,588	3,700,000	1,188,412	Negotiation	Open Market	Mr. Jawad Ur Rehman
Suzuki Cultus	912,180	707,996	204,184	950,000	745,816	Causality	Open Market	EFU General Insurance
Suzuki Alto	712,136	555,323	156,813	500,000	343,187	Negotiation	Ex. Employee	Mr. Obedullah Khan
Suzuki Alto	669,552	568,204	101,348	520,000	418,652	Negotiation	Open Market	Mr. Haji Asad Ali
	27,932,875	20,824,539	7,108,336	16,480,560	9,372,224			
Plant and Machinery								
Roller for roller press	31,226,681	21,745,365	9,481,316	683,761	(8,797,555)	Negotiation	Scrap Dealer	Mr. Malik Saifullah
2018	59,159,556	42,569,904	16,589,652	17,164,321	574,669			
2017	17,515,849	12,274,437	5,241,412	8,074,000	2,832,588			

Notes to the Financial Statements

For the year ended 30 June 2018

		Note	2018 Rupees	2017 Rupees
14.5	Capital work in progress			
	Opening balance		681,621,351	173,299,377
	Additions during the year		1,534,080,391	526,463,141
	Transfers to property, plant and equipment		(1,062,660,762)	(18,141,167)
	Closing balance	14.6	1,153,040,980	681,621,351
14.6	The breakup is as follows:			
	Plant and machinery		53,842,264	109,493,574
	Civil works		851,297,254	203,264,912
	Advances to contractors / suppliers		247,901,462	368,862,865
			1,153,040,980	681,621,351

14.7 Balance in capital work in progress at year end significantly represent new cement line and transfers during the year of Rs. 1,063 million to operating fixed assets include expenditure incurred on new cement mill.

		Note	2018 Rupees	2017 Rupees
15	Intangibles assets			
	Cost		24,095,793	19,822,039
	Less: Accumulated amortization		(8,836,398)	(5,080,452)
			15,259,395	14,741,587

	2018	2017
	(Percentage)	
Amortization rate	20%	20%

		Note	2018 Rupees	2017 Rupees
16	Long term loans and advances			
	Loans to employees - secured, considered good		40,300	116,808
	Less: Receivable within one year	22.1	(39,854)	(76,981)
			446	39,827

17 Long term depoits

These mainly include security deposits with Pakistan State Oil and Water and Power Development Authority.

		Note	2018 Rupees	2017 Rupees
18	Investment property			
	Balance at the beginning of the year		3,062,824,000	2,156,011,898
	Additions during the year	18.1	592,798,685	906,812,102
			3,655,622,685	3,062,824,000

18.1 Investment property comprises of land that are held for capital appreciation. The approximate market value of investment property is Rs. 5,088.63 million (2017: Rs. 3,815.43 million) and aggregate forced sale value of Rs. 4,325.33 million (2017: Rs. 3,231.50 million) conducted by an Independent Valuer. During the year, the Company has purchased land measuring 309.40 kanals located in Lahore. The Company owns investment properties measuring 1050.36 kanals (2017: 740.96 kanals) located at different locations in District Lahore.

18.2 Fair value of investment property is determined by professional valuers (level 3 measurement) based on their assessment of the market values as disclosed. The valuations are conducted by the valuation experts appointed by the Company. The valuation experts used a market based approach to arrive at the fair value of the Company's investment properties. The effect of changes in the unobservable inputs used in the valuations cannot be determined with certainty, accordingly a qualitative disclosure of sensitivity has not been presented in these financial statements.

Notes to the Financial Statements

For the year ended 30 June 2018

		Note	2018 Rupees	2017 Rupees
19	Stores, spares and loose tools			
	Stores	19.1	1,219,139,487	543,164,194
	Spares		867,667,692	764,131,793
	Loose tools		32,723,970	25,880,575
			2,119,531,149	1,333,176,562

19.1 These include stores in transit valuing Rs. 802.68 million (2017: Rs. 196.51 million).

		Note	2018 Rupees	2017 Rupees
20	Stock in trade			
	Raw materials		5,762,269	12,211,580
	Packing materials		69,124,873	65,631,791
	Work in process		491,773,853	703,875,589
	Finished goods		92,067,529	167,423,321
			658,728,524	949,142,281
21	Short term investments			
	Available for sale - quoted investments			
	Gharibwal Cement Limited:			
	Cost		89,286	89,286
	Accumulated fair value gain	21.1	329,114	826,514
			418,400	915,800
	Held for trading			
	Money Market Mutual Funds		-	102,684,520
	Income Mutual Funds - Sariah compliant		1,409,373,650	-
	Market Treasury Bills		-	5,115,512,997
			1,409,373,650	5,218,197,517
	Loans and receivables			
	Investment in term deposit receipt - Shariah Complaint	21.2	3,750,000,000	-
			5,159,792,050	5,219,113,317

21.1 Gharibwal Cement Limited

20,000 (2017: 20,000) fully paid ordinary shares of Rs. 10 each

	2018 Rupees	2017 Rupees
Fair value changes		
At beginning of the year	826,514	860,714
Loss for the year	(497,400)	(34,200)
	329,114	826,514

21.2 These carry mark-up rates ranging between 5.80% to 6.20% per annum and have different maturity dates up till 18 August 2018.

Notes to the Financial Statements

For the year ended 30 June 2018

	Note	2018 Rupees	2017 Rupees
22 Advances, deposits, prepayments and other receivables			
Advances - unsecured, considered good			
- to employees	22.1	3,623,104	4,772,443
- to suppliers		83,791,936	112,502,131
- to contractors		41,290,162	60,833,299
		128,705,202	178,107,873
Income tax paid under protest	13.1.6	5,000,000	5,000,000
Sales tax, Federal Excise Duty and Customs Duty paid under protest	22.2	105,851,454	105,851,454
Sales tax - net (including advance sales tax)		142,392,651	17,866,504
Federal Excise Duty - net		172,452,256	-
Letter of credit / guarantee margin		16,419,960	9,635,624
Prepayments		14,804,512	1,536,255
Security deposits		7,355,406	6,962,112
Accrued interest on bank deposits		8,838,209	273,551
Duty drawback claims receivable on export sales		20,183,018	20,920,566
Other advances and receivables	22.3	265,834,048	241,753,375
		887,836,716	587,907,314

	Note	2018 Rupees	2017 Rupees
22.1 Advances to Company's employees			
Current maturity of long term loans to employees	16	39,854	76,981
Advances to employees against salary		2,401,320	3,112,223
Advances to employees against expenses		1,181,930	1,583,239
		3,623,104	4,772,443

22.2 This includes sales tax, federal excise duty and custom duty paid to the relevant departments under protest, as referred to in notes 13.1.5, 13.1.7, 13.1.9 and 13.1.18.

22.3 This includes an amount of Rs. 200.80 million (2017: Rs. 172.65 million) equivalent to 1.654 USD million (2017: USD 1.647 million) receivable on account of the Company's claim for non performance of the contract by the foreign supplier of plant and equipment of 6,700 TPD cement plant (the aforesaid amount is net off Rs. 89.36 million being provision for doubtful receivables). The Company also withheld retention money of Rs. 200.80 million (2017: Rs. 172.65 million) of supplier till the resolution of this matter as referred in note 9.3. The management believes that there is no adverse exposure on the Company.

Notes to the Financial Statements

For the year ended 30 June 2018

		Note	2018 Rupees	2017 Rupees
23	Cash and bank balances			
	Cash in hand		648,894	863,944
	Cash at bank			
	- current accounts			
	Deposits with conventional banks		278,834,864	114,181,042
	Deposits with islamic banks		6,883,183	-
			285,718,047	114,181,042
	- saving accounts	23.1		
	Deposits with conventional banks		382,214,076	157,379,132
	Deposits with islamic banks		155,846,673	8,008,449
			538,060,749	165,387,581
	Banker's Cheques'		-	215,226,000
			824,427,690	495,658,567

23.1 These carry return at 2.60% to 5.90% (2017: 3.75% to 5.3%) per annum.

		Note	2018 Rupees	2017 Rupees
24	Cost of goods sold			
	Raw materials consumed		622,532,602	634,199,345
	Packing materials consumed		780,619,889	694,095,986
	Power and fuel		1,723,119,107	1,592,911,187
	Coal, gas and furnace oil		4,010,046,317	3,561,965,869
	Stores and spares consumed		394,381,228	360,165,551
	Salaries, wages and other benefits	24.1	347,303,655	298,575,042
	Royalty and excise duty	24.2	192,376,359	202,996,647
	Rent, rates and taxes		29,124,734	27,029,749
	Repairs and maintenance		118,743,172	86,947,369
	Insurance		40,669,982	31,901,016
	Depreciation	14.3	516,552,808	491,064,240
	Other expenses		83,554,081	81,098,676
			8,859,023,934	8,062,950,677
	Work in process			
	At beginning of the year		703,875,589	405,860,370
	At end of the year		(491,773,853)	(703,875,589)
			9,071,125,670	7,764,935,458
	Finished goods			
	At beginning of the year		167,423,321	124,546,558
	At end of the year		(92,067,529)	(167,423,321)
			9,146,481,462	7,722,058,695
	Less: Cost attributable to own cement consumption		(60,865,290)	(9,122,012)
			9,085,616,172	7,712,936,683

Notes to the Financial Statements
For the year ended 30 June 2018

24.1 Salaries, wages and other benefits include Rs. 7.76 million (2017: Rs. 5.98 million) and Rs. 3.37 million (2017: Rs. 3.80 million) in respect of provident fund contributions and compensated absences, respectively.

24.2 This represents royalty and excise duty paid to Government of Khyber Pakhtunkhwa on account of quarry lease for extraction of raw materials.

		Note	2018 Rupees	2017 Rupees
25	Selling and distribution expenses			
	Salaries, wages and other benefits	25.1	45,100,723	34,954,773
	Vehicle running		1,842,469	2,157,564
	Travelling and conveyance		1,646,403	1,725,713
	Printing and stationery		439,826	634,312
	Postage, telephone and telegrams		1,197,096	1,016,125
	Entertainment		1,495,559	1,458,952
	Rent, rates and taxes		2,874,565	2,312,714
	Electricity, water and gas		452,248	397,180
	Sales promotion		7,047,219	10,207,003
	Depreciation	14.3	1,487,695	1,132,532
	Cement loading charges		31,879,318	29,531,133
	Freight and handling charges on sales		27,866,009	43,111,000
	Miscellaneous		1,415,802	1,027,116
			124,744,932	129,666,117

25.1 Salaries, wages and other benefits include Rs. 1.20 million (2017: Rs. 0.88 million) and Rs. 0.43 million (2017: Rs. 0.50 million) in respect of provident fund contributions and compensated absences, respectively.

		Note	2018 Rupees	2017 Rupees
26.	Administrative and general expenses			
	Salaries, wages and other benefits	26.1	147,673,646	110,218,955
	Vehicle running		2,863,941	2,059,394
	Traveling and conveyance		1,105,957	1,209,844
	Printing and stationery		2,231,094	3,372,591
	Legal and professional	26.2	9,913,841	12,035,026
	Postage, telephone and telegrams		3,983,329	3,569,154
	Repairs and maintenance		14,184,455	13,290,869
	Rent, rates and taxes		1,665,724	1,482,306
	Electricity, water and gas		3,131,023	3,314,239
	Entertainment		2,677,949	2,832,361
	Auditors' remuneration and fee for other services	26.3	3,032,500	2,095,500
	Depreciation	14.3	4,370,213	4,678,926
	Amortization		3,755,946	304,668
	Advertisement		477,706	613,111
	Miscellaneous		2,082,264	1,932,285
			203,149,588	163,009,229

26.1 Salaries, wages and other benefits include Rs. 3.87 million (2017: Rs. 2.86 million) and Rs. 0.76 million (2017: Rs. 0.86 million) in respect of provident fund contributions and compensated absences, respectively.

26.2 Legal and professional charges include remuneration to cost auditor amounting to Rs. nil (2017: Rs. 0.15 million).

Notes to the Financial Statements

For the year ended 30 June 2018

		Note	2018 Rupees	2017 Rupees
26.3	Auditors' remuneration and fee for other services			
	Statutory audit		1,232,000	1,100,000
	Half year review		115,500	115,500
	Tax consultancy		1,310,000	330,000
	Other services		375,000	550,000
			3,032,500	2,095,500
27	Other operating income			
	Income from financial assets - Conventional			
	Interest on bank deposits and investments		39,017,481	79,613,672
	Profit on SNGPL loan		-	52,733
	Unrealized gain on held for trading investments		-	45,638,225
	Realized gain on held for trading investments		112,214,152	258,945,659
	Interest on Employees' loans		7,263	21,665
	Income from financial assets assets - Sariah complaint:			
	Interest on bank deposits and investments		134,923,015	361,167
	Unrealized gain on held for trading investments		40,143,008	-
	Realized gain on held for trading investments		25,054,544	-
	Bonus units received from investment in mutual funds		682,626	-
	Dividend received from investment in mutal funds		30,000	30,000
			352,072,089	384,663,121
	Income from non-financial asset			
	Income from sale of scrap		8,650,165	2,385,920
	Gain on disposal of property, plant and equipment	14.4	574,669	2,832,588
	Miscellaneous income		399,701	3,222,759
			9,624,535	8,441,267
			361,696,624	393,104,388
28	Other operating expenses			
	Workers' Profit Participation Fund	9.1	212,857,299	291,660,512
	Worker's Welfare Fund	9.2	73,936,622	106,625,330
	Donations	28.1	23,351,800	9,625,000
			310,145,721	407,910,842

28.1 It includes donations paid to Al-Khidmat Foundation Pakistan, Akhuwat Foundation and Ghulab Devi Hospital of Rs. 20,780,000, Rs. 1,440,000 and Rs. 750,000 respectively. None of the Directors of the Company or any of their spouse have any interest in donee's fund.

Notes to the Financial Statements
For the year ended 30 June 2018

		Note	2018 Rupees	2017 Rupees
29	Finance cost			
	Mark-up on conventional finances:			
	Short term borrowings- secured		6,337,052	8,326,649
	Long term finances-secured		46,199,844	67,381,272
			52,536,896	75,707,921
	Bank charges, commission and others		53,994,280	9,253,805
			106,531,176	84,961,726
30.	Taxation			
	Current			
	- for the year		1,150,690,263	1,821,543,146
	- prior		-	(1,847,465)
			1,150,690,263	1,819,695,681
	Deferred - for the year		(160,332,995)	70,413,860
			990,357,268	1,890,109,541
30.1	Relationship between tax expense and accounting profit			
	Profit before taxation		3,970,352,061	5,434,924,391
	Tax calculated at the rate of 30.00% / 31.00%		1,191,105,618	1,684,826,561
	Tax effect of:			
	- income under Final Tax Regime		(46,172,860)	(76,268,974)
	- super tax		116,204,051	167,529,258
	- effect of permanent differences		5,025,288	29,274,250
	- change in proportion of local and export sales		73,028,588	105,505,966
	- tax rate adjustment		(255,647,353)	(624,404)
	- tax credits		(92,178,468)	(10,869,658)
	- prior year adjustment		-	(1,847,465)
	- others		(1,007,596)	(7,415,993)
			990,357,268	1,890,109,541

30.2 The provision for current year tax represents tax on taxable income at the rate of 30%, net of tax credits. As per management's assessment, the provision for tax made in the financial statements is sufficient. A comparison of last three years' of income tax provisions with tax assessment is presented below:

Tax Years	Tax provision as per financial statements	Tax as per asessment / return
2015	1,464,128,374	1,463,185,034
2016	1,311,323,773	1,309,476,306
2017	1,821,543,146	1,818,810,905

30.3 The Board of Directors in their meeting held on 19 September 2018 has proposed a 50% (2017: 20%) final cash dividend of Rs. 5 (2017: Rs. 2) per ordinary share amounting to Rs. 772,543,450 (2017: Rs. 309,017,380) and has further proposed issuance of 30% (2017: nil) Bonus Shares i.e. issuance of 3 ordinary shares for every 10 ordinary shares held. Hence the provisions of sesction 5A of the Income Tax Ordinance, 2001 are not attracted in the Company's case. Accordingly, no provision for tax in this respect has been made in these financial statements.

Notes to the Financial Statements

For the year ended 30 June 2018

		Unit	2018 Rupees	2017 Rupees
31.	Earnings per share - basic and diluted			
31.1	Basic and diluted earnings per share			
	Earnings for the year after taxation	Rupees	2,979,994,793	3,544,814,850
	Weighted average number of ordinary shares	Numbers	154,508,690	154,508,690
	Earnings per share	Rupees	19.29	22.94

31.2 There is no dilutive effect on the basic earnings per share as the Company does not have any convertible instruments in issue as at 30 June 2018 and 30 June 2017.

		Note	2018 Rupees	2017 Rupees
32	Cash generated from operations			
	Profit before taxation		3.970,352,061	5,434,924,391
	Adjustments for non-cash items:			
	Depreciation on property, plant and equipment	14.3	522,410,716	496,875,698
	Amortization on intangibles	26	3,755,946	304,668
	Gain on disposal of property, plant and equipment	14.4	(574,669)	(2,832,588)
	Unrealized gain on held for trading investments	27	(40,143,008)	(45,638,225)
	Provision for compensated absences	8.2	4,563,905	5,155,679
	Interest on bank deposits	27	(39,017,481)	(79,666,405)
	Realized gain on held for trading investments	27	(112,214,152)	(258,945,659)
	Profit on bank deposits - arrangements permissible under Shariah	27	(134,923,015)	(361,167)
	Provision for Workers' Welfare Fund	28	73,936,622	106,625,330
	Provision for Workers' Profit Participation Fund	28	212,857,299	291,660,512
	Finance cost	29	106,531,176	84,961,726
	Gain on bonus unit issued by income fund - arrangement permissible under Sariah	27	(682,626)	-
			596,500,713	598,139,569
	Operating profit before working capital changes		4,566,852,774	6,033,063,960
	Changes in working capital			
	(Increase) / decrease in current assets:			
	Stores, spares and loose tools		(786,354,587)	119,472,683
	Stock in trade		290,413,757	(320,235,933)
	Trade debts		(301,748,169)	(84,965,381)
	Advances, deposits, prepayments and other receivables		(291,364,744)	89,425,575
			(1,089,053,743)	(196,303,056)
	Increase / (decrease) in current liabilities:			
	Trade and other payables		1,038,011,031	(419,712,025)
	Cash generated from operations		4,515,810,062	5,417,048,879

		Note	2018 Rupees	2017 Rupees
33	Cash and cash equivalents			
	Term deposit receipts	21	3,750,000,000	-
	Market treasury bills	21	-	5,115,512,997
	Cash and bank balances	23	824,427,690	495,658,567
			4,574,427,690	5,611,171,564

Notes to the Financial Statements
For the year ended 30 June 2018

34. Transactions with relaetd parties

The related parties comprise holding company, associated companies/undertakings, Directors of the Company, key management personnel and staff retirement funds. Transactions and balances with related parties are as follows:

	Percentage of Holding	Relationship	Nature of Transaction	Note	2018 Rupees	2017 Rupees
Transactions with related parties						
ANS Capital (Private) Limited.	55.00%	Holding Company	Dividend paid		169,972,800	1,104,823,200
Contribution to Provident Fund Trust		Post employment benefit plan	Contribution		13,263,856	9,722,315
Kohat Cement Educational Trust*		Common Trusteeship/Director	Contribution		1,904,961	640,400
	0.08%		Dividend paid		233,916	1,520,454
Art Vision (Private) Limited		Common Directorship	Sale of Light Vehicle		1,957,000	-
Ultra Pack (Private) Limited		Comman Management	Sale of Cement		-	3,302,348
Ultra Pack (Private) Limited		Common Management	Purchase of Packing materials		585,480,400	255,458,000
Ultra Pack (Private) Limited		Common Management	Purchase of Light Vehicle		2,412,500	-
Palace Enterprisee (Private) Limited		Common Directorship	Accommodation Services		407,131	392,788
Mrs. Hijab Tariq	16.74%	Major Share Holder	Dividend paid		51,741,034	336,316,721
Mrs. Hijab Tariq		Major Share Holder	Sale of Light Vehicle		2,000,000	-
Key Management Personnel		Directors	Remuneration paid	35	83,665,000	71,147,027
Key Management Personnel		Directors	Dividend paid		768,944	5,078,136
Key Management Personnel		Other Executives	Remuneration paid	35	78,370,426	49,351,990
Key Management Personnel		Other Executives	Dividend paid		30,354	267,301
Balance with related parties						
Provident Fund Trust		Post employment benefit plan	Payable	9	2,437,236	1,857,673
Ultra Pack (Private) Limited		Common Management	Trade debts		-	3,915
			Trade creditors		35,781,525	5,978,701
Palace Enterprises (Private) Limietd		Common Directorship	Trade creditors		-	15,347

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity. The Company considers all members of their management team, including the Chief Executive Officer and Directors to be its key management personnel.

Notes to the Financial Statements
For the year ended 30 June 2018

35. Remuneration of Chief Executive, Directors and Executives

The aggregate amount charged in the financial statements for the year in respect of remuneration, including benefits to the Chief Executive, Directors and Executives of the Company is as follows:

	2018			
	Directors			Executives
	Chief Executive	Non-Executive	Executive	
	------------------------- Rupees -------------------------			
Short term employee benefits				
Managerial remuneration	34,500,000	-	34,500,000	69,386,655
Bonus	6,125,000	-	6,125,000	6,392,164
Medical expenses reimbursed	-	-	-	-
Other benefits	-	-	-	344,743
	40,625,000	-	40,625,000	76,123,562
Post employment benefits				
Contribution to provident fund	1,207,500	-	1,207,500	2,246,864
	41,832,500	-	41,832,500	78,370,426
Number of persons	1	5	1	8

	2017			
	Directors			Executives
	Chief Executive	Non-Executive	Executive	
	------------------------- Rupees -------------------------			
Short term employee benefits				
Managerial remuneration	30,000,000	-	30,000,000	39.445,041
Bonus	4,073,300	-	4,073,300	8,186,903
Medical expenses reimbursed	900,427	-	-	-
Other benefits	-	-	-	385,670
	34,973,727	-	34,073,300	48,017,614
Post employment benefits				
Contribution to provident fund	1,050,000	-	1,050,000	1,334,376
	36,023,727	-	35,123,300	49,351,990
Number of persons	1	5	1	8

35.1 The Company also provides the Chief Executive, Directors and Executives with free use of Company maintained cars.

35.2 No meeting fee has been paid during the year to any director (2017: Nil)

Notes to the Financial Statements
For the year ended 30 June 2018

36 Financial risk management

The Company has exposure to the following risks arising from financial instruments:

- credit risk
- liquidity risk
- market risk

Risk management framework

The Company's Board of Directors ("the Board") has overall responsibility for establishment and oversight of the Company's risk management framework. The Board is responsible for developing and monitoring the Company’s risk management policies.

'The Company’s risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations. The Board of Directors reviews and agrees upon the policies for managing each of these risks.

The Company's audit committee oversees how management monitors compliance with the Company’s risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. Audit committee is assisted in its oversight role by internal audit department. Internal audit department undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the audit committee.

36.1 Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. To manage credit risk the Company maintains procedures covering the application for credit approvals, granting and renewal of counterparty limits and monitoring of exposures against these limits. As part of these processes the financial viability of all counterparties is regularly monitored and assessed.

36.1.1 Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. Trade debts include Rs. 257.17 million (2017: Rs. 78.36 million) receivables from Frontier Work Organization (FWO) where credit risk is minimal. The maximum exposure to credit risk as at the end of the reporting period was as follows:

	Note	2018 Rupees	2017 Rupees
Loans and receivables			
Long term loans to employees	16	446	39,827
Long term deposits	17	125,326,640	125,326,640
Trade debts - unsecured, considered good		645,524,139	343,775,970
Short term investments	21	3,750,000,000	-
Deposits and other receivables		274,784,367	217,286,789
Cash at banks		823,778,796	494,794,623
		5,619,414,388	1,181,223,849

Notes to the Financial Statements
For the year ended 30 June 2018

36.1.2 Concentration of credit risk

The Company identifies concentrations of credit risk by reference to type of counter party. Maximum exposure to credit risk by type of counterparty is as follows:

	Note	2018 Rupees	2017 Rupees
Customers		645,524,139	343,775,970
Banking companies		4,599,036,965	504,703,798
Others		374,853,284	332,744,081
		5,619,414,388	1,181,223,849

36.1.3 Credit quality and impairment

Credit quality of financial assets is assessed by reference to external credit ratings, where available, or to historical information about counterparty default rates. All counterparties, with the exception of customers, have external credit ratings determined by various credit rating agencies. Credit quality of customers is assessed by reference to historical defaults rates and present ages.

36.1.3 (a) Counterparties with external credit ratings

These include banking companies and financial institutions, which are counterparties to bank balances and short term investments. These counterparties have reasonably high credit ratings as determined by various credit rating agencies. Due to long standing business relationships with these counterparties and considering their strong financial standing, management does not expect non-performance by these counterparties on their obligations to the Company. Following are the credit ratings of counterparties with external credit ratings:

	Rating			2018	2017
	Short term	Long term	Rating agency	Rupees	Rupees
Bank					
Albaraka Bank (Pakistan) Limited	A1	A	PACRA	1,885,349	1,902
Allied Bank Limited	A1+	AAA	PACRA	110,808,890	216,825,181
Askari Bank Limited	A1+	AA+	PACRA	135,822,249	992,982
Bank Alfalah Limited	A1+	AA+	PACRA	1,294,983	2,281,800
Dubai Islamic Bank Pakistan Limited	A-1	AA-	JCR-VIS	137,715	29,665
Habib Bank Limited	A-1+	AAA	JCR-VIS	87,192,776	75,477,642
Habib Metropolitan Bank Limited	A1+	AA+	PACRA	608,519	1,698,131
MCB Bank Limited	A1+	AAA	PACRA	116,887,129	82,093,834
National Bank of Pakistan	A1+	AAA	PACRA	3,890,590	53,759,563
NIB Bank Limited	A1+	AAA	PACRA	63,590	3,979,233
Soneri Bank Limited	A1+	AA-	PACRA	591,353	1,806,346
Standard Chartered Bank (Pakistan) Ltd.	A1+	AAA	PACRA	6,210,688	5,990,963
The Bank of Punjab	A1+	AA	PACRA	160,372,987	6,285,584
The Bank of Khyber	A1	A	PACRA	36,650,762	8,127,793
United Bank Limited	A-1+	AAA	JCR-VIS	100,495,780	32,083,255
Meezan Bank Limited	A-1+	AA+	JCR-VIS	1,798,698	2,023
Samba Bank Limited	A-1	AA	JCR-VIS	8,035,583	2,859,472
JS Bank Limited	A1+	AA-	PACRA	50,816,636	499,254
Bnk Islami Pakistan Limited	A1	A+	PACRA	214,520	-
				823,778,796	494,794,623

Notes to the Financial Statements
For the year ended 30 June 2018

	Rating		Rating agency	2018	2017
	Short term	Long term		Rupees	Rupees
Term Deposit Receipts					
Albaraka Bank (Pak) Limited	A1	A	PACRA	100,000,000	-
Dubai Islamic Bank Pakistan Ltd.	A-1	AA-	JCR-VIS	150,000,000	-
Habib Bank Limited	A-1+	AAA	JCR-VIS	1,550,000,000	-
Meezan Bank Limited	A-1+	AA+	JCR-VIS	1,750,000,000	-
Bank Islami Pakistan Limited	A1	A+	PACRA	200,000,000	-
				3,750,000,000	-

36.1.3(b) Counterparties without external credit ratings

These include customers which are counter parties to trade debts. The Company is exposed to credit risk in respect of trade debts. However, trade debts includes an amount of Rs. 257.17 million (2017: Rs. 78.36 million) in respect of FWO and Rs. 1.06 million (2017: Rs. 1.06 million) in respect of Pakistan Railways which are Government backed organizations. The analysis of ages of trade debts of the Company as at the reporting date is as follows:

	Gross carrying amount	
	2018 Rupees	2017 Rupees
Past due 0 - 1 Months	367,124,179	254,331,359
Past due 1 - 6 Months	245,724,306	84,192,150
Past due 6 - 12 Months	19,023,441	2,304,751
Past due above one year	13,652,213	2,947,710
	645,524,139	343,775,970

Based on past experience the management believes that no impairment allowance is necessary in respect of trade debts past due as some receivables have been recovered subsequent to the year end and for other receivables there are reasonable grounds to believe that the amounts will be recovered in short course of time.

36.2. Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset, or that such obligations will have to be settled in a manner unfavourable to the Company. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and availability of adequate funds through committed credit facilities. The Company finances its operations through equity, borrowings and working capital with a view to maintaining an appropriate mix between various sources of finance to minimize risk. The management aims to maintain flexibility in funding by keeping regular committed credit lines.

Notes to the Financial Statements

For the year ended 30 June 2018

36.2.1 Exposure to liquidity risk

36.2.1(a) Contractual maturities of financial liabilities, including estimated interest payments

The following are the remaining contractual maturities at the reporting date. The amounts are grossed and undiscounted, and include estimated interest payments and exclude the impact of netting agreements.

	Note	2018 Carrying amount	Contractual cash flows	One year or less	One to three years	Three to five years
		Rupees				
Non-derivative financial liabilities						
Long term financing	6	426,315,784	457,086,564	310,564,902	146,521,662	-
Long term deposits	7	2,036,100	2,036,100	-	-	2,036,100
Trade and other payables	9	1,034,939,359	1,034,939,359	1,034,939,359	-	-
Mark-up accrued on borrowings	12	3,830,579	3,830,579	3,830,579	-	-
		1,467,121,822	1,497,892,602	1,349,334,840	146,521,662	2,036,100

	Note	2017 Carrying amount	Contractual cash flows	One year or less	One to three years	Three to five years
		Rupees				
Non-derivative financial liabilities						
Long term financing	6	710,526,312	787,684,416	331,870,609	455,813,807	-
Long term deposits	7	2,036,100	2,036,100	-	-	2,036,100
Trade and other payables	9	596,696,558	740,306,610	740,306,610	-	-
Short term borrowings		200,000,000	200,000,000	200,000,000	-	-
Mark-up accrued on borrowings	12	6,337,389	6,337,389	6,337,389	-	-
		1,515,596,359	1,736,364,515	1,278,514,608	455,813,807	2,036,100

36.3 Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing return.

36.3.1 Currency risk

The Company is exposed to currency risk to the extent that there is a mismatch between the currencies in which advances, sales and purchases and bank balances are denominated and the respective functional currency of the Company. The functional currency of the Company is Pak Rupee. The currencies in which these transactions are primarily denominated are Euros and US dollars.

36.3.1(a) Exposure to currency risk

The summary quantitative data about the Company's exposure to currency risk as reported to the management of the Company is as follows:

Notes to the Financial Statements

For the year ended 30 June 2018

	2018			
	CNY	EURO	USD	Rupees
Assets				
Deposits and other receivables	-	-	1,654,042	200,800,692
Liabilities				
Trade creditors	-	-	(1,438,311)	(174,898,618)
Retention money payable to Sinoma	-	(353,300)	(1,240,000)	(200,800,692)
Net balance sheet exposure	-	(353,300)	(1,024,269)	(174,898,618)
Off balance sheet exposure - *Letters of credit*	(531,215)	(1,779,989)	(58,295,043)	(7,350,635,910)
Total Exposure	(531,215)	(2,133,289)	(59,319,312)	(7,525,534,528)

	2017			
	CNY	EURO	USD	Rupees
Assets				
Deposits and other receivables	-	-	1,647,380	172,645,424
Liabilities				
Trade creditors	-	-	(1,326,532)	(139,285,860)
Retention money payable to Sinoma	-	(353,300)	(1,240,000)	(172,645,424)
Net balance sheet exposure	-	(353,300)	(919,152)	(139,285,860)
Off balance sheet exposure - *Letters of credit*	-	(26,957)	(5,391,689)	(569,365,986)
Total Exposure	-	(380,257)	(6,310,841)	(708,651,846)

36.3.1(b) Exchange rates applied during the year

The following significant exchange rates have been applied during the year

	CNY		EURO		USD	
	2018	2017	2018	2017	2018	2017
	Rupees					
Reporting date spot rate						
- *buying*	18.73	15.70	141.33	119.91	121.40	104.80
- *selling*	18.76	15.73	141.57	120.14	121.60	105.00
Average rate for the year	17.00	15.53	131.82	119.66	110.42	104.58

36.3.1(c) Sensitivity analysis

A reasonably possible strengthening / (weakening) of 1% in Pak Rupee against the following currencies would have affected the measurement of on balance sheet financial instruments denominated in foreign currency and affected profit and loss by the amounts shown below. The analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecast sales and purchases.

Weakening of Pak Rupee

	Effect on profit before taxation	
	2018	2017
	Rupees	Rupees
EURO	(500,167)	(424,455)
USD	(1,248,819)	(968,404)
	(1,748,986)	(1,392,859)

Amount of off-balance sheet letters of credit will increase by Rs. 73.51 million (2017: Rs. 5.69 million) if Pak Rupee weakens 1% against other currencies.

All above will have opposite effect on 1% strength in Pak Rupee against other currencies.

Notes to the Financial Statements
For the year ended 30 June 2018

36.3.1(d) Currency risk management

Since the maximum amount exposed to currency risk is only 0.75% (2017: 0.69%) of the Company's total assets, any adverse / favorable movement in functional currency with respect to US dollar and Euro will not have any material impact on the operational results.

36.3.2 Interest rate risk

Interest rate risk is the risk that fair values or future cash flows of a financial instrument will fluctuate because of changes in interest rates. Sensitivity to interest rate risk arises from mismatch of financial assets and financial liabilities that mature or re-price in a given period.

36.3.2(a) Mark-up bearing financial instruments

The effective interest / mark-up rates for interest / mark-up bearing financial instruments are mentioned in relevant notes to the financial statements. The Company's interest / mark-up bearing financial instruments as at the reporting date are as follows:

	2018		2017	
	Financial asset	Financial liability	Financial asset	Financial liability
	Rupees			
Non-derivative financial instruments				
Fixed raet instruments	3,750,040,300	-	116,808	200,000,000
Variable rate instruments	538,060,749	426,315,784	165,387,581	710,526,312
	4,288,101,049	426,315,784	165,504,389	910,526,312

36.3.2(b) Cash flow sensitivity analysis for variable rate instruments

A reasonably possible change of 100 basis points in interest rates at the reporting date would have increased/ (decreased) equity and profit by amounts shown below. The analysis assumes that all other variables, in particular foreign exchange rates, remain constant.

	Effect on profit before taxation	
	2018 Rupees	2017 Rupees
Increase of 100 basis points	1,117,450	(5,451,387)
Decrease of 100 basis points	(1,117,450)	5,451,387

36.3.2(c) Interest raet risk management

The Company manages these mismatches through risk management strategies where significant changes in gap position can be adjusted. The Company's borrowings are based on variable rate pricing that is mostly dependent on Karachi Inter Bank Offer Rate ("KIBOR") as indicated in respective notes.

36.3.3 Price risk

Price risk represents the risk that the fair value or future cash flows of financial instrument will fluctuate because of changes in market prices, other than those arising from interest rate risk or currency risk, whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments trading in market.

36.3.3(a) Investments exposed to price risk

At the balance sheet date, the Company's investment in quoted equity securities, investments in money market/income mutual funds and market treasury bills is as follows:

Notes to the Financial Statements
For the year ended 30 June 2018

	2018 Rupees	2017 Rupees
Investment in equity securities	418,00	915,800
Investment in units of mutual funds	1,409,373,650	102,684,520
Investment in market treasury bills	-	5,115,512,997
	1,409,792,050	5,219,113,317

36.3.3(b) Sensitivity analysis

A 5% increase / decrease in redemption and share prices at year end would have increased / decreased the Company's surplus on re-measurement of available for sale investments and profit and loss account respectively as follows:

	Equity	
	2018 Rupees	2017 Rupees
Available for sale financial assets		
Effect of increase	20,920	45,790
Effect of decrease	(20,920)	(45,790)
	Profit and loss account	
Held for trading		
Effect of increase	70,468,683	5,134,226
Effect of decrease	(70,468,683)	(5,134,226)

36.3.3(c) Price risk management

The Company manages price risk by monitoring exposure in quoted equity securities and units in mutual funds and implementing the strict discipline in internal risk management and investment policies. The carrying value of investments subject to equity price risk are based on quoted market prices as at reporting date. Market prices are subject to fluctuation and consequently the amount realized in the subsequent sale of an investment may significantly differ from reported market value. Fluctuations in the market price of a security may result from perceived changes in the underlying economic characteristics of the investee, the relative price of alternative investments and general market conditions. Furthermore, amount realized in the sale of a particular security may be affected by the relative quantity of the security being sold.

36.4 Fair value of financial instruments

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

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

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

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

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

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

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

Notes to the Financial Statements

For the year ended 30 June 2018

		Carrying Amount					Fair Value		
		Fair value through other comprehensive income	Fair value through profit and loss	Loans and receivables	Other fianncial liabilities	Total	Level 1	Level 2	Level 3
On-Balance sheet financial instruments	Note	Rupees							
30 June 2018									
Financial assets measured at fair value		418,400	1,409,373,650	-	-	-	1,409,792,050	-	-
		418,400	1,409,373,650	-	-	-	1,409,792,050	-	-
Financial assets not measured at fair value									
Long term loans to employees		-	-	446	-	446	-	-	-
Long term deposits		-	-	125,326,640	-	125,326,640	-	-	-
Trade debts - unsecured, considered good		-	-	645,524,139	-	645,524,139	-	-	-
Short term investments		-	-	3,750,000,000	-	3,750,000,000	-	-	-
Deposits and other receivables		-	-	274,784,367	-	274,784,367	-	-	-
Cash and bank balances		-	-	824,427,690	-	824,427,690	-	-	-
	36.4.2	-	-	5,620,063,282	-	5,620,063,282	-	-	-
Financial liabilities measured at fair value		-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-
Financial liabilities not measured at fair value									
Long term financing		-	-	-	426,315,784	426,315,784	-	-	-
Long term deposits		-	-	-	2,036,100	2,036,100	-	-	-
Trade and other payables		-	-	-	1,034,939,359	1,034,939,359	-	-	-
Mark-up accrued on borrowings		-	-	-	3,830,579	3,830,579	-	-	-
	36.4.2	-	-	-	1,467,121,822	1,467,121,822	-	-	-

		Carrying Amount					Fair Value		
		Fair value through other comprehensive income	Fair value through profit and loss	Loans and receivables	Other fianncial liabilities	Total	Level 1	Level 2	Level 3
On-Balance sheet financial instruments	Note	Rupees							
30 June 2017									
Financial assets measured at fair value		915,800	5,218,197,517	-	-	-	5,219,113,317	-	-
		915,800	5,218,197,517	-	-	-	5,219,113,317	-	-
Financial assets not measured at fair value									
Long term loans to employees		-	-	39,827	-	39,827	-	-	-
Long term deposits		-	-	125,326,640	-	125,326,640	-	-	-
Trade debts - unsecured, considered good		-	-	343,775,970	-	343,775,970	-	-	-
Deposits and other receivables		-	-	217,286,789	-	217,286,789	-	-	-
Cash and bank balances		-	-	495,658,567	-	495,658,567	-	-	-
	36.4.2	-	-	1,182,087,793	-	1,182,087,793	-	-	-
Financial liabilities measured at fair value		-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-
Financial liabilities not measured at fair value									
Long term financing		-	-	-	710,526,312	710,526,312	-	-	-
Long term deposits		-	-	-	2,036,100	2,036,100	-	-	-
Trade and other payables		-	-	-	596,696,558	596,696,558	-	-	-
Short term borrowings		-	-	-	200,000,000	200,000,000	-	-	-
Mark-up accrued on borrowings		-	-	-	6,337,389	6,337,389	-	-	-
	36.4.2	-	-	-	1,515,596,359	1,515,596,359	-	-	-

36.4.2 Fair value versus carrying amounts

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

37 Capital management

The Board's policy is to maintain an efficient capital base so as to maintain investor, creditor and market confidence and to sustain the future development of its business. The Board of Directors monitors the return on capital employed, which the Company defines as operating income divided by total capital employed. The Board of Directors also monitors the level of dividends to ordinary shareholders.

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The Company's objectives when management capital are:

i. to safeguard the entity's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders; and

ii. to provide an adequate return to shareholders.

The Company manages the capital structure in the context of economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may, for example, adjust the amount of dividends paid to shareholders, issue new shares, or sell assets to reduce debt.

There were no changes in the Company's approach to capital management during the year. The Company is not subject to externally imposed capital requirements.

38 Operating segments

38.1 These financial statements have been prepaerd on the basis of single reportable segment.

38.2 Revenue from sale of cement represents 100.00% (2017: 100.00%) of gross sales of the Comapny.

38.3 The net sales percentaeg by geographic region is as follows:

	2018	2017
Pakistan	96.46%	95.77%
Afghanistan	3.54%	4.23%
	100.00%	100.00%

38.4 All assets of the Company as at 30 June 2018 are located in Pakistan

	Plant capacity		Actual production	
	2018	2017	2018	2017
	Metric tons		Metric tons	
39 Capacity and production				
Clinker:				
Grey	2,550,000	2,550,000	1,927,628	1,944,347
White	135,000	135,000	18,004	21,684
Cement:				
Grey	2,805,000	2,805,000	2,214,265	2,055,248
White	148,500	148,500	23,066	32,486

Difference is due to supply demand situation of the market.

40 Provident Fund Trust

The following information is based on latest un-audited financial statements of Provident Fund Trust

	Unit	2018 Un-Audited	2017 Audited
Size of fund - total assets	Rupees	155,090,320	135,438,981
Cost of investments made	Rupees	149,883,506	125,909,368
Percentage of investments made	Percentage	96.64%	92.96%
Fair value of investment	Rupees	149,143,434	128,585,902

The breakup of fair value of investments is as follows:

	2018 (Un-Audited)		2017 (Audited)	
	Rupees	Percentage	Rupees	Percentage
Fixed deposits	74,274,816	49.80%	67,094,934	52.18%
Mutual funds	68,866,708	46.18%	60,896,996	47.36%
Cash at bank	6,001,910	4.02%	593,972	0.46%
	149,143,434	100.00%	128,585,902	100.00%

Notes to the Financial Statements

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The investments out of Provident Fund Trust have been made in accordance with the provision of section 218 of the Companies Act, 2017 and the rules formulated for the purpose.

41. Number of empoyees

The total average number of employees during the year and as at 30 June 2018 and 2017 respectively are as follows:

	2018 Number of employees		2017 Number of employees	
	Plant	Other Location	Plant	Other Location
Number of employees as at 30 June:	523	76	440	78
Average number of employees during the year	474	74	424	75

42. Reconciliation of movements of liabilities to cash flows arising from financing activities.

	30 June 3018			
	Liabilities			
	Long term finance	Short term borrowings	Dividend payable	Total
	Rupees			
Balance as at 01 July 2017	710,526,312	200,000,000	37,109,899	947,636,211
Changes from financing activities				
Repayment of long term finances-secured	(284,210,528)	-	-	(284,210,528)
Repayment of short term borrowings	-	(200,000,000)	-	(200,000,000)
Dividend paid	-	-	(306,604,344)	(306,604,344)
Total changes from financing cash flow	(284,210,528)	(200,000,000)	(306,604,344)	(790,814,872)
Other changes				
Dividend declared	-	-	309,017,380	309,017,380
Total liability related other changes			309,017,380	309,017,380
Closing as at 30 June 2018	426,315,784	-	39,522,935	465,838,719

43. Non adjusting events after the reporting date

The Board of Directors in their meeting held on 19 September 2018 has proposed a 50% (2017: 20%) final cash dividend of Rs. 5 (2017: Rs. 2) per ordinary share amounting to Rs. 772,543,450 (2017: Rs. 309,017,380) and has further proposed issuance of 30% Bonus Shares i.e. issuance of 3 ordinary shares for every 10 ordinary shares held. All these recommendations are subject to approval of members at annual general meeting to be held on 25 October 2018. These financial statements do not reflect this appropriation as explained in note 3.19.

44. Date of authorization for issue

These financial statements were authorized for issue by the Board of Directors of the Company in their meeting held on 19 September 2018.

45. General

Figures have been rounded off to the nearest rupee.

Chief Executive

Chief Financial Officer

Director

Pattern of Shareholding

As at 30 June 2018

Number of Shareholders	Shareholdings From		Shareholdings To	Total Number of Shares Held	Percentage of Total Capital
485	1	-	100	28,242	0.02
793	101	-	500	257,731	0.17
409	501	-	1000	337,427	0.22
823	1001	-	5000	1,682,032	1.09
160	5001	-	10000	1,259,940	0.82
65	10001	-	15000	828,755	0.54
35	15001	-	20000	616,667	0.40
25	20001	-	25000	576,118	0.37
17	25001	-	30000	478,110	0.31
6	30001	-	35000	196,300	0.13
12	35001	-	40000	457,650	0.30
3	40001	-	45000	129,300	0.08
7	45001	-	50000	336,500	0.22
9	50001	-	55000	470,802	0.30
2	55001	-	60000	116,606	0.08
7	60001	-	65000	434,200	0.28
5	65001	-	70000	338,100	0.22
2	70001	-	75000	148,522	0.10
5	80001	-	85000	415,700	0.27
4	95001	-	100000	392,700	0.25
1	105001	-	110000	106,900	0.07
2	110001	-	115000	226,700	0.15
2	115001	-	120000	236,958	0.15
1	120001	-	125000	123,000	0.08
2	130001	-	135000	269,200	0.17
1	135001	-	140000	139,000	0.09
2	145001	-	150000	298,200	0.19
2	150001	-	155000	303,172	0.20
2	175001	-	180000	356,600	0.23
1	185001	-	190000	187,200	0.12
1	195001	-	200000	200,000	0.13
1	200001	-	205000	203,200	0.13
1	220001	-	225000	222,300	0.14
1	225001	-	230000	227,900	0.15
1	245001	-	250000	248,972	0.16
1	255001	-	260000	257,067	0.17
1	260001	-	265000	263,800	0.17
1	265001	-	270000	268,000	0.17
1	270001	-	275000	275,000	0.18
1	290001	-	295000	293,100	0.19
1	320001	-	325000	321,400	0.21
1	340001	-	345000	341,220	0.22
1	400001	-	405000	400,100	0.26
1	420001	-	425000	422,300	0.27
1	425001	-	430000	425,900	0.28
1	450001	-	455000	451,628	0.29
1	460001	-	465000	462,500	0.30
1	465001	-	470000	465,400	0.30
1	470001	-	475000	472,300	0.31
1	555001	-	560000	555,528	0.36
1	570001	-	575000	574,600	0.37
1	585001	-	590000	586,400	0.38
1	610001	-	615000	610,400	0.40
1	640001	-	645000	641,500	0.42
1	730001	-	735000	731,200	0.47
1	855001	-	860000	858,300	0.56
1	1000001	-	1005000	1,001,424	0.65
1	1135001	-	1140000	1,138,172	0.74
1	1300001	-	1305000	1,303,600	0.84
1	1510001	-	1515000	1,513,224	0.98
1	1615001	-	1620000	1,618,600	1.05
2	1890001	-	1895000	3,787,107	2.45
1	2925001	-	2930000	2,928,693	1.90
1	3350001	-	3355000	3,352,500	2.17
1	4480001	-	4485000	4,480,106	2.90
1	25870001	-	25875000	25,870,517	16.74
1	84985001	-	84990000	84,986,400	55.00
2,928				154,508,690	100.00

Categories of Shareholding

As at 30 June 2018

Categories of Shareholders		Shares Held	Percentage
I	Directors, Chief Executive Officer, their Spouses and Minor Children	248,372	0.16%
	Directors		
	Mr. Aizaz Mansoor Sheikh	56,606	0.04%
	Mr. Nadeem Atta Sheikh	979	0.00%
	Mrs. Hafsa Nadeem	927	0.00%
	Ms. Aminah Aizaz Sheikh	883	0.00%
	Mr. Muhammad Rehman Sheikh	600	0.00%
	Mr. Hasan Tariq Atta	187,200	0.12%
	Mr. Muhammad Atta Tanseer Sheikh	577	0.00%
	Director's Spouse		
	Mrs. Shahnaz Aizaz	600	0.00%
II	Associated Companies, Undertakings & Related Parties	85,103,358	55.08%
	ANS Capital (Pvt.) Limited	84,986,400	55.00%
	Kohat Cement Educational Trust	116,958	0.08%
III	NIT & ICP	177,980	0.12%
	FUNDS UNDER NATIONAL INVESTMENT TRUST LIMITED	177,500	0.11%
	INVESTMENT CORPORATION OF PAKISTAN	480	0.00%
IV	Banks, Development Finance Institutions, and Non-Banking Finance Companies	3,116,738	2.02%
V	Insurance/ Takaful Companies	361,530	0.23%
VI	Modarbas	11,500	0.01%
VII	Mutual Funds	18,489,393	11.97%
	ABL ISLAMIC DEDICATED STOCK FUND	134,200	0.09%
	ALFALAH GHP ISLAMIC DEDICATED EQUITY FUND	14,700	0.01%
	ALFALAH GHP ISLAMIC VALUE FUND	13,300	0.01%
	NAFA ISLAMIC PRINCIPAL PROTECTED FUND - II	4,100	0.00%
	AL AMEEN ISLAMIC DEDICATED EQUITY FUND	2,928,693	1.90%
	NAFA ISLAMIC ACTIVE ALLOCATION EQUITY FUND	106,900	0.07%
	AL-AMEEN ISLAMIC ASSET ALLOCATION FUND	858,300	0.56%
	AL-AMEEN ISLAMIC RET. SAV. FUND-EQUITY SUB FUND	400,100	0.56%
	UBL RETIREMENT SAVINGS FUND - EQUITY SUB FUND	321,400	0.26%
	PAK OMAN ADVANTAGE ASSET ALLOCATION FUND	5,000	0.21%
	HBL IPF EQUITY SUB FUND	5,900	0.00%
	FIRST HABIB ISLAMIC STOCK FUND	7,500	0.00%
	ALFALAH GHP VALUE FUND	11,600	0.00%
	GLOBAL X FUNDS-GLOBAL X MSCI PAKISTAN ETF	50,500	0.01%
	NAFA ISLAMIC ASSET ALLOCATION FUND	574,600	0.03%
	HBL MULTI - ASSET FUND	5,000	0.37%
	AKD INDEX TRACKER FUND	9,500	0.00%
	ALFALAH GHP ISLAMIC STOCK FUND	30,100	0.01%
	LAKSON EQUITY FUND	248,972	0.02%
	ALFALAH GHP STOCK FUND	20,200	0.16%
	APIF - EQUITY SUB FUND	26,000	0.01%
	ABL ISLAMIC STOCK FUND	120,000	0.02%
	PAKISTAN CAPITAL MARKET FUND	85,000	0.08%
	ABL STOCK FUND	422,300	0.06%
	ALHAMRA ISLAMIC ASSET ALLOCATION FUND	62,600	0.27%
	ASKARI ISLAMIC ASSET ALLOCATION FUND	10,000	0.04%
	AL MEEZAN MUTUAL FUND	610,400	0.01%
	MCB PAKISTAN STOCK MARKET FUND	425,900	0.40%
	ALFALAH GHP ALPHA FUND	12,400	0.28%
	ASKARI EQUITY FUND	12,000	0.01%

Categories of Shareholding

As at 30 June 2018

Categories of Shareholders		Share Held	Percentage
	APF-EQUITY SUB FUND	10,000	0.01%
	NAFA ASSET ALLOCATION FUND	36,500	0.01%
	HBL ISLAMIC STOCK FUND	293,100	0.02%
	MEEZAN ISLAMIC FUND	3,352,500	0.19%
	HBL EQUITY FUND	11,900	2.17%
	HBL ISLAMIC ASSET ALLOCATION FUND	123,000	0.01%
	PAK OMAN ISLAMIC ASSET ALLOCATION FUND	16,500	0.08%
	NAFA STOCK FUND	641,500	0.01%
	LAKSON TACTICAL FUND	45,500	0.42%
	UBL ASSET ALLOCATION FUND	227,900	0.03%
	HBL ISLAMIC EQUITY FUND	177,200	0.15%
	MEEZAN TAHAFFUZ PENSION FUND - EQUITY SUB FUND	586,400	0.11%
	MEEZAN DEDICATED EQUITY FUND	29,900	0.38%
	FIRST CAPITAL MUTUAL FUND	10,000	0.02%
	NAFA ISLAMIC STOCK FUND	462,500	0.01%
	MEEZAN ASSET ALLOCATION FUND	150,000	0.30%
	LAKSON ISLAMIC TACTICAL FUND	8,621	0.10%
	HBL - STOCK FUND	222,300	0.01%
	UBL DEDICATED EQUITY FUND	16,000	0.14%
	NAFA MULTI ASSET FUND	17,500	0.01%
	ALHAMRA ISLAMIC STOCK FUND	472,300	0.01%
	UBL STOCK ADVANTAGE FUND	1,618,600	0.01%
	MEEZAN BALANCED FUND	465,400	0.31%
	ATLAS ISLAMIC STOCK FUND	65,000	1.05%
	AL-AMEEN SHARIAH STOCK FUND	1,892,107	0.30%
VIII	Shareholder holding 5% and more (other than above)	25,870,517	16.74%
	Mrs. Hijab Tariq	25,870,517	16.74%
IX	General Public	18,278,537	11.83%
	a) Local	18,278,537	11.83%
	b) Foreign	-	0.00%
X	Others	2,850,765	1.85%
	Joint Stock Companies	1,918,027	1.24%
	Gratuity/Pension/Provident Funds	739,711	0.48%
	Charitable Trusts / Non-Profit Organizations / Wakfs	156,850	0.10%
	Executives	10,177	0.01%
	Investment Companies	26,000	0.02%
		154,508,690	100%

Financial Calendar

The Company follows the period of July 01 to June 30 as the financial year.

Financial results will be announced as per the following tentative schedule:

First Quarter ending September 30, 2018	Third week of October 2018
Second Quarter ending December 31, 2018	Third week of February 2019
Third Quarter ending March 31, 2019	Last week of April 2019
Year ending June 30, 2019	First week of September 2019

Form of Proxy
39th Annual General Meeting

I/We____

of____ being a member of

Kohat Cement Company Limited and holder of ______________________________(No. of shares) Ordinary shares as per

Share Register Folio No. ____________________________ and/or CDC Participant I.D. No. __________________ and

Sub Account No. ________________________ hereby appoint ____

of ____another member of the Company having Folio

No.__________________________ and/or CDC Participant I.D. No.__________________and Sub

Account No.__________________________(or failing him____________________of_________________________

having Folio No._________________and/or CDC Participant I.D. No. ___________and Sub Account No._____________)

as my/our proxy to attend and vote for me/us and on my/our behalf at the Annual General Meeting of the Company to be held on Thursday, October 25th, 2018 at 10 A.M. at the registered office of the Company Kohat Cement Factory, Rawalipindi Road, Kohat and at any adjournment thereof.

Signed this __________________day of________________2018.

Signature:

Please affix Rupees Ten revenue stamp

Witnesses:

1. Signature:______________________

   Name: ______________________

   Address:______________________

   ____

   CNIC or CNIC or

   Passport No.__________________

2. Signature:______________________

   Name: ______________________

   Address:______________________

   ____

   CNIC or CNIC or

   Passport No.__________________

Note:

1. Proxies in order to be effective must be received by the Company not later than 48 hours (excluding non-working days) before the time of holding the meeting. No person shall be appointed as a proxy who is not a member of the Company qualified to vote except that a Company / Corporation being a member may appoint as proxy a person who is not a member.

2. CDC account holders and their proxies are requested to attach an attested photocopy of their Computerized National Identity Card or Passport with this proxy form before submission to the Company.

AFFIX
CORRECT
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The Company Secretary,

Kohat Cement Company Limited
37-P, Gulberg II, Lahore.
Te : +92 - 42 - 11 111 5225
Fax : +92 - 42 - 35874990

پراکسی فارم
انتالیسواں سالانہ اجلاسِ عام

میں مسمّٰی / مسمّاۃ ____________________ ساکن/نمائندہ ____________________

ضلع ________ بحیثیت ممبر کوہاٹ سیمنٹ کمپنی لمیٹڈ (سی ڈی سی/ فولیونمبر ________) مسمّٰی/ مسمّاۃ ____________________

ساکن ____________________ (سی ڈی سی/ فولیونمبر ________) کو بطورِ مختار (پراکسی) مقرر کرتا ہوں، تا کہ وہ میری جگہ اور میری طرف سے کمپنی کے سالانہ اجلاسِ عام جو بتاریخ 25 اکتوبر 2018ء بروز جمعرات صبح 10:00 بجے کمپنی کے رجسٹرڈ آفس کوہاٹ سیمنٹ فیکٹری، راولپنڈی روڈ، کوہاٹ میں منعقد ہو رہا ہے میں یا اس کے کسی ملتوی شدہ اجلاس میں ووٹ ڈالے۔

یہ پراکسی فارم آج مورخہ ____________ کو درج ذیل گواہان کی موجودگی میں دستخط ہوا۔

دستخط شیئر ہولڈر:

برائے مہربانی ۱۰ روپے مالیت کی ریونیو سٹیمپ چسپاں کریں۔

گواہان:

۱۔	۲۔
دستخط ____________________	دستخط ____________________
نام ____________________	نام ____________________
پتہ ____________________	پتہ ____________________
____________________	____________________
کمپیوٹرائزڈ قومی شناختی کارڈ نمبر: ____________	کمپیوٹرائزڈ قومی شناختی کارڈ نمبر: ____________
پاسپورٹ نمبر: ____________	پاسپورٹ نمبر: ____________

نوٹ:

۱۔ پراکسی (نمائندے) کو فعال بنانے کے لئے نامزدگی کا فارم (پراکسی) میٹنگ سے کم از کم 48 گھنٹے (علاوہ ہفتہ وار سرکاری تعطیلات) قبل کمپنی کو موصول ہو جانا چاہیے، کوئی بھی شخص پراکسی (نمائندہ) مقرر نہیں کیا جا سکتا اور نہ وہ ووٹ دینے کا اہل ہو سکتا ہے جو کمپنی کا ممبر نہ ہو، ماسوائے کہ کمپنی/کارپوریشن ایسے شخص کو غیر معمولی اجلاس میں شرکت اور ووٹ دینے کیلئے نامزد کر سکتی ہے جو ممبر نہ ہو۔

۲۔ سی ڈی سی اکاؤنٹ ہولڈرز اور ان کے نمائندوں سے درخواست ہے کہ وہ پراکسی فارم کے ہمراہ شناختی کارڈ یا پاسپورٹ کی تصدیق شدہ نقول جمع کروائیں۔

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The Company Secretary,

Kohat Cement Company Limited
37-P, Gulberg II, Lahore.
Te : +92 - 42 - 11 111 5225
Fax : +92 - 42 - 35874990

Head Office:
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Te : +92 - 42 - 11 - 111 - KCCL (5225)
Fax : +92 - 42 - 35754084, 35874990