

Directors' Review

The Directors of Kohat Cement Company Limited take pleasure in presenting the quarterly report together with the un-audited condensed interim financial statements of the Company for the 1st quarter ended September 30, 2014.

Market Review

During the first quarter of FY 2014-15 local dispatches of cement sector have increased by 9.85% while exports have declined by 8.13% compared to the corresponding period of last year. Overall growth in sales volume for the period has been recorded at 4.68%.

Production and Sales Volumes

By the grace of Almighty Allah, your Company has shown an overall increase of 23.65% in clinker production and 5.27% in sales volume as detailed below:

	M Tons	
	Sep. 30, 2014	Sep. 30, 2013
Clinker Production	406,669	328,874
Cement Dispatches	430,684	409,121

Clinker was produced through new grey cement line as the old grey cement line remained non-operational due to overcapacity in the cement sector.

Financial performance

Comparison of un-audited results for the quarter ended September 30, 2014 against September 30, 2013 is as follows:

	Sep. 30, 2014 (Rupees)	Sep. 30, 2013 (Rupees)
Net sales revenue	2,925,089,593	2,643,559,506
Gross Profit	1,038,346,303	1,007,115,246
Admin & selling expenses	(44,847,150)	(38,613,388)
Other expenses	(68,592,997)	(62,866,527)
Other income	39,228,625	16,496,096
Finance costs	(26,289,106)	(43,727,174)
Taxation	(254,979,560)	(262,623,372)
Profit after taxation	682,866,115	615,780,881
Earnings per share	4.42	3.99

Increase in cost of sales of your Company is mainly due to revised electricity tariff in April 2014 whereby the electricity price has been increased by more than 50%. However, your Company is in the process of installation of 15MW Waste Heat Recovery Power Plant (WHRPP) which shall mitigate the said decline in the profitability of your Company. WHRPP is expected to be completed by 30 June 2015.

Company is current on its all debt obligations.

Future outlook

Stable cement prices, Government spending on infrastructure and development projects and cost effective production methods are expected to enhance future profitability of the Company.

Acknowledgments

The Board wishes to thank all its stakeholders for their continuous support and appreciates the efforts, devotion and contribution of all its employees in optimizing the operations of the company.

For and on behalf of the Board



Aizaz Mansoor Sheikh
Chief Executive

Lahore: October 27, 2014