Build Your Future with...

2017 Annual Report

Gharibwal Cement Limited

CONTENTS

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that 57th Annual General Meeting of Gharibwal Cement Limited will be held on Wednesday, October 25, 2017 at 12:00 p.m at Registered Office of the company (28-B/III, Gulberg-III, Lahore) to transact the following businesses:

Ordinary Business

1. To confirm minutes of last Annual General Meeting (AGM) held on September 28, 2016.
2. To receive, consider and adopt the Audited Financial Statements of the company for the year ended June 30, 2017 together with Auditor's and Director's report thereon.
3. To consider and approve the payment of final cash dividend @ 15% (Rs. 1.5/- per share) in addition to interim cash dividend @ 15% (Re. 1.50 per share) already paid to the shareholders for the financial year ended June 30, 2017 as recommended by the Board of Directors.
4. To appoint Auditors' of the Company for the year ending June 30, 2018 and to fix their remuneration. The present auditors Kreston Hyder Bhimji & Co, Chartered Accountants, retire and being eligible, have offered themselves for reappointment

Special Business

Investments in Associates U/S 199 of Companies Act, 2017

5. To approve short term loan/advance facility up to of Rs. 250 million to Balochistan Glass Limited (Associated Company) for a period of one year, by passing the following resolution, either with or without modification, as required under section 199 of Companies Act, 2017:

   "Resolved that Consent and approval of members of the company be and is hereby accorded under section 199 of Companies Act, 2017 for short term loan/advance facility up to of Rs. 250 million for a period of one year from December 23, 2017 to December 22, 2018 at a markup rate of minimum 1% p.a. above the average borrowing rate of company. Company in last AGM has extend this facility for a further period of one year from its expiry i.e. till December 22, 2017 and now resolved to extend/renew it further for one year."

   Further resolved that CEO and/or Company Secretary be and are hereby authorized, singly, to complete all financial, legal and corporate formalities in connection with the above resolution.

Other Business

6. To transact any other business with the permission of chair

By Order of the Board

Muhammad Shamail Javed
Company Secretary

Date: September 26, 2017
Place: Lahore

NOTES:

1. The share transfer books of the company will remain close from October 18 to October 25, 2017 both days inclusive. Transfer received by the Share Registrar of the Company, M/s Corplink (Private) Ltd, 1-K Commercial, Model Town Lahore up to October 17, 2017 will be considered in time for the purpose of attendance at AGM and dividend entitlement.

2. A member who has deposited his/her shares into Central Depository Company of Pakistan Limited, must bring his/her participant's ID number and account /sub account number along with original Computerized National Identity Card (CNIC) or original Passport at the time of attending the meeting.

3. A member entitled to attend and vote at the Annual General Meeting may appoint another member as his/ her proxy to attend, speak and vote instead of him/her.

4. Forms of proxy to be valid must be properly filled in/executed and received at the Company's head office situated at 28/B-III, Gulberg-III, Lahore not later than 48- hours before the time of meeting.

5. Members are requested to notify the Shares Registrar of the Company promptly of any change in their addresses and also provide Copy of their CNIC for updating record.

Circulate Audited Financial Statements along with Notice of AGM through e-mail:

6. The Securities and Exchange Commission of Pakistan (SECP) through its Notification S.R.O. 787(I)/2014 dated 8th September 2014 has permitted companies to circulate Audited Financial Statements along with Notice of Annual General Meeting to its members through e-mail. Accordingly, members are hereby requested to convey their consent and e-mail address for receiving Audited Financial Statements and Notice through e-mail. However, if shareholder, in addition, request for hard copy of Audited Financial Statements the same shall be provided free of cost within seven (7) days of receipt of such request.

In order to avail this facility a Standard Request Form is available at the Company's website and in annual report of 2017.

CNIC of Members/Shareholders & Dividend Payment

7. It has already been notified that the Securities and Exchange Commission of Pakistan (SECP) vide Notification S.R.O. 275(I)/2016 dated 31st March 2016 read with Notification S.R.O. 19(I)/2014 dated 10th January 2014 and Notification S.R.O. 831(1)/2012 dated July 5, 2012 required that the Dividend Warrant(s) should also bear the Computerized National Identity Card (CNIC) Number of the registered shareholder or the authorized person, except in case of minor(s) and corporate shareholder(s). Henceforth, issuance of dividend warrant(s) will be subject to submission of CNIC (individuals) / NTN (corporate entities) by shareholders.

Members are requested to submit a copy of the Computerized National Identity Card (CNIC) to update our records. In case of non-submission of CNIC (copy), all future dividend warrants may be withheld.

Declaration as per Zakat & Ushr Ordinance 1980

8. Members are requested to submit declaration as per Zakat & Ushr Ordinance 1980 for zakat exemption and to advise change in address, if any.

Information Submission to Share Registrar or CDS participants

9. Shareholders are requested to notify/submit the following information & documents, in case of book entry securities in CDS, to their respective CDS participants and in case of physical shares to our Share Register, if not earlier provided/notified.

i. Change in their address.

ii. Dividend mandate information i.e. Title of Bank Account, Bank Account No. , Bank's Name, Branch Address and Cell/ Landline No(s), of the Transferee(s) towards direct dispatch of cash dividend cheque(s) to their bankers;

iii. Valid and legible copies of CNIC for printing of CNIC number(s) on their Dividend Warrant(s) as required vide SRO 831 (1)2012 date July 05, 2012. In case of non-submission of valid & legible copy of CNIC, the company will be constrained to withheld the dividend warrant(s) under section 251(2) of the Companies Ordinance, 1984;

iv. Valid and legible copies of National Tax Number (NTN) or NTN Certificate(s) of corporate entities and must quote the company name and their respective folio numbers thereon while sending the copies;

v. Pursuant to requirement of the Finance Act, 2017 effective July 01, 2017 the "Filer" & "Non-Filer" shareholders will pay tax on dividend income @15% and 20% respectively. Therefore, please ensure that their name(s) have been entered into Active Taxpayers list (ATL) provided on website www.fbr.gov.pk of the Federal Board of Revenue (FBR), despite the fact that the shareholder is a filer, before the payment date of final cash dividend, otherwise tax on cash dividend will be deducted @20% instead of 15%;

vi. As per clarification of FBR, each joint holder is to be treated individually as either a "Filer" or "Non-Filer" and tax will be deducted on the basis of shareholding notified by each joint holder. Accordingly, such shareholder(s) may notify in writing as under to our Share Registrar. If no notification is received then each joint holder will be assumed to have an equal number of shares.

Folio/CDC A/C. No.	Total Shares	Principal shareholder		Joint Shareholder		Signature(s)
		Name & CNIC No.	Shareholding proportion No. of Share	Name & CNIC No.	Shareholding proportion No. of Share	

vii. Related reference from law or valid tax exemption certificate issued by the concerned Commissioner of Inland Revenue is to be furnished to the Company / Share Register in order to avail tax exemption otherwise tax will be deducted under the provision of laws.

viii. For any query / information, the shareholders may contact with our share registrar M/S Corplink (Private) Limited, 1-K Commercial, Model Town, Lahore (Ph. No. 04235916719).

Transmitting Of Annual Audited Accounts on CD/DVD/USB instead Of Transmitting in Printed Copy

The Securities and Exchange Commission of Pakistan by their SRO No. 470(I)/2016 dated May 31, 2016 allowed to transmit annual audited financial statements, auditor's report and directors report etc. to the Company's shareholders/members at their registered addresses in the form of soft copies in CD/DVD/USB instead of transmitting the annual audited accounts in printed copy, provided consent of shareholders has been obtained in a general meeting and an option of hard copy of the same information is offered to any interested shareholder.

To proceed towards paperless environment and to fulfill the responsibility towards environment, Company has already passed resolution with the consent of its shareholder in last Annual General Meeting held on September 28, 2016, therefore, accounts are circulated in soft copies instead of printed copy. If any shareholder wants to receive hard copy then he can fill the form which is available on our website and company will provide the same.

E-DIVIDEND

As per Section 242 of the Companies Act, 2017, in case of a Public listed company, any dividend payable in cash shall only be paid through electronic mode directly into the bank account designated by the entitled shareholders. Therefore, through this notice, all shareholders are requested to update their bank account details in the Central Depository System through respective participants/stock brokers. In case of physical shares, please provide bank account details (IBAN account no.) directly to our Share Registrar, M/S Corplink (Private) Limited, 1-K Commercial, Model Town, Lahore. E-Dividend mandate form is enclosed and available at our website as well.

Please note that after October 31, 2017 all cash dividends, declared by the Company, will only be remitted to designated bank accounts and not otherwise, so please ensure an early update of your particulars to avoid any inconvenience in future.

UNCLAIMED DIVIDENDS & BONUS SHARES

Shareholders, who by any reason, could not claim their dividend or bonus shares or did not collect their physical shares, are advised to contact our Share Registrar M/S Corplink (Private) Limited, 1-K Commercial, Model Town, Lahore to collect/enquire about their unclaimed dividend or pending shares, if any.

Please note that in compliance with Section 244 of the Companies Act, 2017, after having completed the stipulated procedure, all dividends unclaimed for a period of three years from the date due and payable shall be deposited to the credit of the Federal Government /SECP and in case of shares, shall be delivered to the Securities & Exchange Commission of Pakistan (SECP).

The statement Under Sub Section 3 of Section 134 of The Companies Act, 2017, Pertaining to the Special Business is annexed with this notice to the Members

This statement sets out the material facts pertaining to special business proposed to be transacted under section 199 of Companies Act, 2017 at AGM.

Balochistan Glass Limited (BGL) was incorporated in Pakistan as a public company in 1980 under the Companies Act, 1913 (now the Companies Ordinance, 1984). Its shares are listed on the Karachi and Lahore Stock Exchanges. The Company is engaged in manufacturing and sale of glass containers, Tableware glass products and plastic shells for beverage companies. The registered office of the Company is situated at Hub, Balochistan whereas head office of the Company is situated at Kot Abdul Malik, Lahore. Balochistan Glass has three glass plants one is located in Hub-Balochistan whereas other two plants are located at Lahore Sheikhpura road. BGL is selling its products under the brand name of "Marimax".

Board of Directors of GCL in their meeting held on September 26, 2017 has approved facility up to of Rs. 250 million as short term loan / advance for further period of one year i.e. from December 23, 2017 to December 22, 2018. GCL shall extend the facility of loan / advance from time to time for working capital requirements to BGL in accordance with an agreement in writing including all relevant terms and conditions as prescribed in the Companies (Investment in Associated Companies or Associated Undertakings) Regulations, 2012 and as required under section 199 of Companies Act, 2017.

Directors of the Company have also provided their duly signed undertaking / due diligence report with recommendations that they have carried out necessary due diligence for the proposed investment in BGL and it has been kept at Registered Office of the Company for inspection of the members along with audited/un-audited accounts of BGL as required under the Regulations.

Sr.#	Requirement	Information
1	Name of Company	Balochistan Glass Limited (BGL) - an Associated Company of GCL
2	Amount of loan/advance	Up to Rs. 250 million (Rupees Two hundred and fifty million)
3	Purpose of loan/advance etc. & benefits	Purpose: To earn income on the loan/advance to be provided to BGL from time to time for working capital requirements of BGL. Benefits: The Company will receive mark up at the rate of one percent above of its average borrowing cost, so, company will earn profit on surplus funds. Period: For a period of one year i.e. from December 23, 2017 to December 22, 2018. Company in last AGM has already extended this Loan till December 22, 2017
4	Outstanding Loan Amount as at June 30, 2017 In case any loan has already been granted to the said associated company or associated undertaking, the complete details thereof.	Rs. 250 million Company has already extended this facility to BGL by passing special resolution in last AGM for a period of one year i.e. till December 22, 2017
5	Rate of Markup & Average Borrowing cost of GCL	Mark up rate: Minimum 1% above the rate charged to GCL by banks & financial institutions. Mark up will be paid by BGL on quarterly Basis. Average borrowing rate of GCL is 3-Kibor + 2.5% approx.)
6	Financial Position of BGL	Based on the latest unaudited quarterly financial statements (Third Quarter FY2017) for the period ended March 30, 2017,brief financial position of BGL is as under: Rs. Million (Approx.) Paid up Capital 1,716 Accumulated Losses 4,788 Revaluation Surplus 291 Subordinated Loan 482 Share deposit money 367 Long term Loans 1,687 Deferred Liabilities 1,185 Short term borrowings 377 Current Liabilities 1,684 Current Assets 686 Current Ratio 0.41 Fixed Assets 1,298 Long term investment 126 Loss after tax (349) EPS - (Rs.) (2.03)
7	Sources of funds from where loans or advances will be given	From internal cash availability of GCL (These are not from borrowed funds)

Sr.#	Requirement	Information
8	Personal Interest of Directors of GCL	Mr. Muhammad Tousif Paracha, Tabassum Tousif Peracha, Muhammad Niaz Peracha and Mian Nazir Ahmed Peracha are common directors in both Companies. Shareholding of Common directors is as under: Name / BGL / GCL M Tousif Peracha 50.66% 56% Mian Nazir Peracha 0.0003% 0.0003% M Niaz Peracha 0.0003% 0.0003% Tabassum Tousif Peracha 1.19% 0.05%
9	Repayment Schedule	Repayable within one year. However, company can call full or partial repayment of outstanding loan any time during the year.
10	Salient features of agreements entered Or to be entered with BGL	Terms of agreement will be in accordance with The terms approved by members in AGM
11	Particulars of collateral security to be obtained against loan to the borrowing company or undertaking, if any	No collateral is considered.
12	Loan conversion option	No such option is extended to BGL
13	Salient features of agreements entered or to be entered with its associated company or associated undertaking with regards to proposed investment	Amount of Loan Up to Rs. 250 million Nature: Short term loan for working capital Purpose: To earn income on the loan/advance to be provided to BGL from time to time for working capital requirements of BGL. Benefits: The Company will receive mark up at the rate of one percent above of its average borrowing cost, so, company will earn profit on surplus funds. Period: For a period of one year i.e. from December 23, 2017 to December 22, 2018. Mark up rate: Min. 1% p.a. above average borrowing rate of GCL. (Rate will be 3-Kibor+3.5% p.a.) Principal Repayment: Principal to repay on or before December 22, 2018 or within 30-days on demand by GCL Mark up repayment: Mark up to be paid on quarterly basis within 30-days of end of each quarter. If mark up is delayed then delay payment charges @1% p.a. Will be charged over normal mark up rate.

COMPANY INFORMATION

BOARD OF DIRECTORS

Mr. Muhammad Tousif Peracha
Chief Executive Officer - Executive Director

Mr. Abdur Rafique Khan
Executive Director

Mrs. Tabassum Tousif Peracha
Non - Executive Director

Mr. Ali Rashid Khan
Non - Executive Director

Ms. Amna Khan
Non - Executive Director

Mian Nazir Ahmed Peracha
Independent Director

Mr. Daniyal Jawaid Paracha
Independent Director

Mr. Muhammad Niaz Paracha
Non - Executive Director

KEY EXECUTIVE MANAGEMENT

Mr. Abdul Shoeb Piracha
Director Commercial

Mr. Qaseem Nametullah Siddiqi
Executive Director Operation

Syed Firasat Abbas
General Manager Plant

Mr. Muhammad Shamail Javed FCA
Chief Financial Officer & Company Secretary

Mr. Iqbal Ahmed Rizvi FCA
General Manager Taxation

Rana Muhammad Ijaz
General Manager Marketing

Lt. Col (R) Syed Iftikhar Ali
General Manager Administration

Mr. Farukh Naveed ACA
Financial Controller

Mr. Muhammad Tahir
Costing, Budgeting and Planning

Mr. Hassan Mahdi ACA CIA
Chief Internal Auditor

AUDITORS & LEGAL ADVISORS

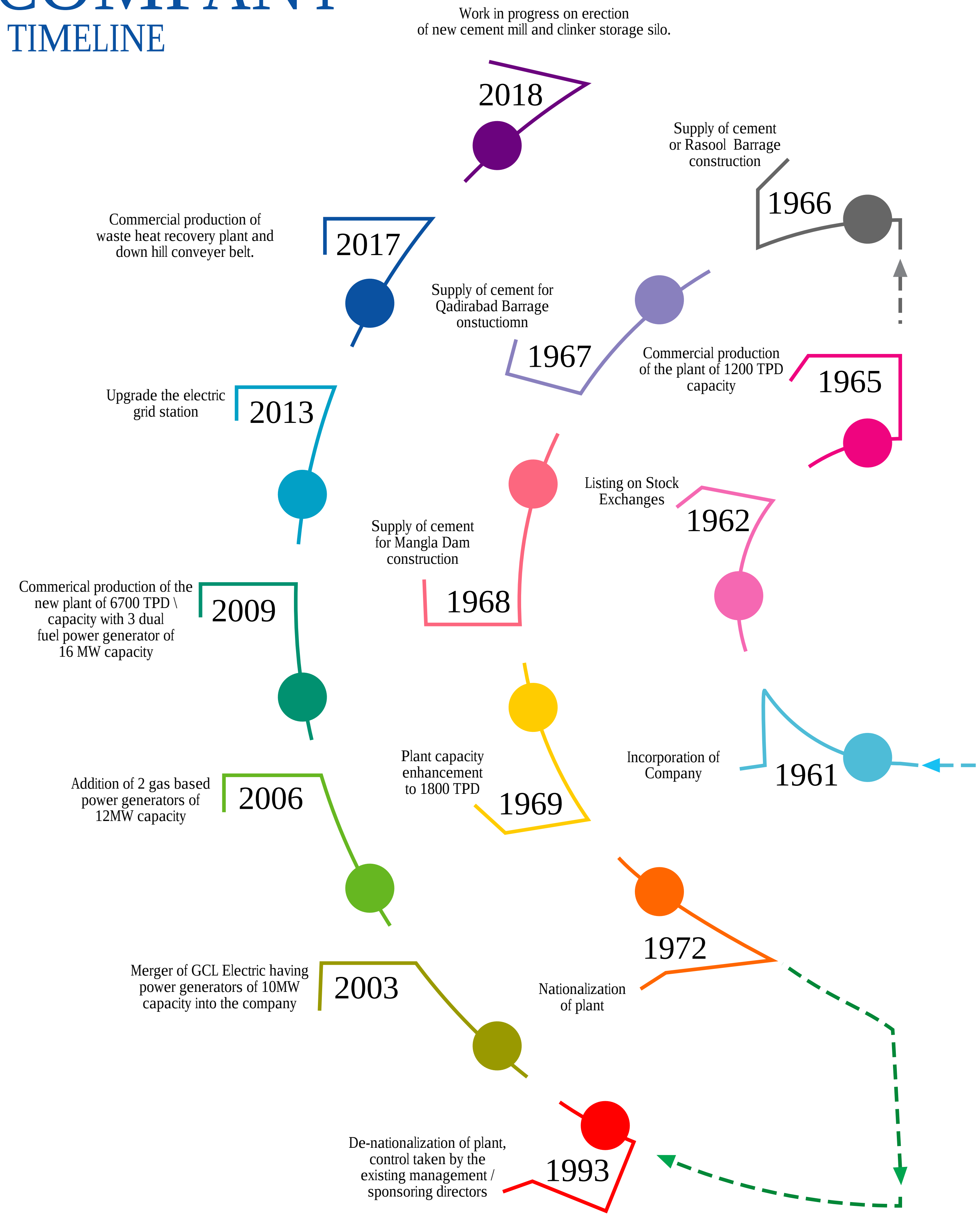
Kreston Hyder Bhimji & Co
Chartered Accountants
Statutory Auditors

Raja Muhammad Akram
Legal Advisors

BANKERS

The Bank of Punjab
National Bank of Pakistan
NIB Bank Limited
Summit Bank Limited
Pak China Investment Company
Bank Islami Pakistan Limited
Saudi Pak Industrial & Agricultural Investment Company
The Bank of Khyber
Faisal Bank Limited
Silk Bank Limited
First Credit and Investment Bank
Askari Bank Limited
Meezan Bank Limited
Allied Bank Limited
Habib Bank Limited
MCB Bank Limited
United Bank Limited
Bank Al Habib Limited

COMPANY
TIMELINE



VISION

To be a leading partner in nation-building, and the most preferred cement brand by maintain our reputation as 'symbol of quality'.

MISSION

To be a profitable company by providing high quality products and services to our customers through a competent, efficient and motivated team supported by the latest technology in an eco-friendly manner, thereby achieving the financial objectives of our shareholders, whilst adding value to community.

CORE VALUE

These are our Core Values:

- Integrity
- Quality
- HSE
- Reliability
- Teamwork
- Transparency
- Technology
- Profitability

ORGANIZATION CHART

DIRECTORS' PROFILE

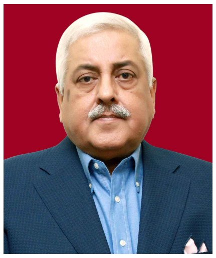
Muhammad Tousif Peracha
(Executive Director &
Chief Executive Officer)

He is a seasoned industrialist. He has vast geographically spread business experience of more than 30 years in the field of international shipping, petroleum products, textile, real estate development, glass, cement, auto mobile manufacturing. He is also chief executive officer of Balochistan Glass Limited, and director of National Truck Manufacturing Company, Nigeria, Ship & Shore Services Limited Nigeria, Pak Hy-Oils Limited and Orion Shipping (Pvt) Limited.

محمد توصیف پراچہ

(ڈائریکٹر اور چیف ایگزیکٹو آفیسر)

آپ ایک تجربہ کار صنعت کار ہیں۔ آپ بین الاقوامی شپنگ، پٹرولیم مصنوعات، ٹیکسٹائل، رئیل اسٹیٹ، شیشہ سازی، سیمنٹ، آٹوموبائل مینوفیکچرنگ کے شعبوں میں وسیع پیمانے پر پھیلے ہوئے کاروبار کا 30 سال سے زیادہ کا تجربہ رکھتے ہیں۔ آپ بلوچستان گلاس لمیٹڈ کے چیف ایگزیکٹو آفیسر، اور نیشنل ٹرک مینوفیکچرنگ کمپنی نائجیریا، شِپ اینڈ شور سروسز لمیٹڈ نائجیریا، پاک ہائی آئلز لمیٹڈ اور اورین شپنگ (پرائیویٹ) لمیٹڈ کے ڈائریکٹر بھی ہیں۔



Abdur Rafique Khan
(Executive Director)

He holds degree of MBA from IBA Karachi. He started his career as banker in Citi Bank N.A. He has vast geographically spread business experience of more than 40 years in the field of international shipping, trading, hotel, and cement.

عبدالرفیق خان

(ایگزیکٹو ڈائریکٹر)

آپ نے آئی۔بی۔اے کراچی سے ایم۔بی۔اے کی ڈگری حاصل کی اور سٹی بنک سے ایک بینکر کے طور پر اپنے کیریئر کا آغاز کی۔ آپ بین الاقوامی شپنگ، ٹریڈنگ، ہوٹل اور سیمنٹ کے شعبوں میں وسیع پیمانے پر پھیلے ہوئے کاروبار کا 40 سال سے زیادہ کا تجربہ رکھتے ہیں۔

Daniyal Jawaid Paracha
(Independent Director)

He is an Associate member of Institute of Chartered Accountants in England and Wales, Institute of Chartered Accountants of Pakistan, Association of Chartered Certified Accountants (UK). He has hands on experience working with Price Water House Cooper for more than 3 years in the Audit and Business Assurance Services as well as Taxation and Legal Service department.

دانیال جاوید پراچہ

(آزاد ڈائریکٹر)

آپ انسٹیٹیوٹ آف چارٹرڈ اکاؤنٹینٹس اِنگلینڈ اینڈ ویلز انسٹیٹیوٹ آف چارٹرڈ اکاؤنٹینٹس آف پاکستان اور ایسوسی ایشن آف چارٹرڈ سرٹیفائیڈ اکاؤنٹینٹس (یو۔کے) کے ایسوسی ایٹ رکن ہیں۔ آپ کے پاس پرائس واٹر ہاؤس کوپرز (PWC) کے ساتھ آڈٹ اور بزنس اشورنس، ٹیکس اور لیگل سروسز ڈیپارٹمنٹ میں کام کرنے کا 3 سال سے زیادہ کا تجربہ ہے۔

Mian Nazir Ahmed Peracha

(Independent Director)

He is a versatile, well known seasoned business man having geographically spread industry experience in cement, fertilizer, textile, jute, rice, shipping, sugar, and trading. He performed activities of Honorary Consul General of Tajikistan in Lahore. He also severed as director of the Bank of Punjab.

میاں نزیر احمد پراچہ

(آزاد ڈائریکٹر)

آپ ایک ورسٹائل، معروف اور منجھے ہوئے کاروباری آدمی ہیں۔ آپ کے پاس سیمنٹ، کھاد، کپڑا سازی، پٹ سن، چاول، شپنگ چینی اور ٹریڈنگ کی صنعتوں کا وسیع پیانے پر کاروباری تجربہ ہے۔ آپ نے لاہور میں تاجکستان کے اعتزازی کونسل جنرل اور بنک آف پنجاب کے ڈائریکٹر کے طور پر بھی خدمات سرانجام دیں۔

Muhammad Niaz Paracha

(Non-Executive Director)

He holds degree of BE (Mechanical Engineering) from UET Karachi and MSc (Advance Manufacturing) from the University of Uxbridge, London UK. He has 22 years technical experience in the field of engineering and plant management. He is the technical advisor to CEO and the Board.

محمد نیاز پرچہ

(غیر ایگزیکٹو ڈائریکٹر)

آپ نے یو۔ای۔ٹی کراچی سے بی۔ای (مکینکل انجینئرنگ) اوراکس بریج یونیورسٹی لندن یو۔کے سے ایم۔ایس۔سی (ایڈوانس مینوفیکچرنگ) کی ڈگری حاصل کی ہے۔ آپ کے پاس انجینئرنگ اور پلانٹ مینجمنٹ کے شعبوں میں 22 سالہ ٹیکنکل تجربہ ہے۔ آپ سی۔ای۔او اور بورڈ کے تکنیکی مشیر ہیں۔

CHAIRPERSON'S REPORT

BY THE CHAIRPERSON ON BOARD'S OVERALL PERFORMANCE U/S 192 OF THE COMPANIES ACT 2017

As required under the Code of Corporate Governance, an annual evaluation of the Board of Directors of (the "Board") of Gharibwal Cement Limited (the "Company") is carried out. The purpose of this evaluation is to ensure that the Board's overall performance and effectiveness is measured and benchmarked against expectations in the context of objectives set for the Company. Areas where improvements are required are duly considered and action plans are framed.

This was the third year that the board carried out its self-evaluation and found its performance during the year to be most satisfactory. The Board also identified areas of improvement in line with the global best practices.

The Board received comprehensive agendas and supporting papers in a timely manner for its Board meetings.

The Board was fully involved the strategic planning process and in developing the vision for the Company.

All Directors, including Independent Directors, fully participated in and made contributions to the decision-making process of the Board.

The Board has in place comprehensive policies for all relevant areas of the Company's operations and these policies are reviewed and updated from time to time

The Board Audit Committee (BAC) and Human Resources & Remuneration committee met regularly to strengthen the functions of the board.

The company has an independent Internal Audit department, which leads the Internal Audit function and follows a risk based Audit methodology. Audit reports are presented to the Board for review and actions where necessary.

Looking ahead, with improved regulatory climate the company will continue to strengthen its position in the market.

In the closing on behalf of the Board I wish to acknowledge the contribution of all our employees in the success of the Company. I wish to thank our shareholders, customers, suppliers, bankers and other business partners for their confidence and support.

MRS. TABBASUM TOUSIF PERACHA
Chairperson

September 26, 2017

DIRECTORS' REPORT TO THE MEMBERS

Dear Members

We are pleased to present the annual performance review of the Company together with the audited financial statements for the year ended June 30, 2017 and auditors reports thereon.

Pakistan Cement Industry

Pakistan Cement Industry registered meager growth of 3.7 % YoY by despatching 40.32 million ton during the financial year 2017. Domestic market volume grew by 8.0 % to 35.65 million ton; whereas export volume declined by 20.6 % to 4.66 million ton during the year under review.

Company Performance

During the year under review, cement despatch posted a growth of 4.6% to 1.66 million ton which is in line with the industry growth. On the other hand, average selling prices are on downward trend mainly due to imposition of taxes and duties along with other market factors. The impact of this volume growth was mitigated by the reduction in selling prices which resulted in meager increase of Rs. 13.7 million in cement sales value. The Company also sold clinker during the year under review which lead the growth in net sales value by 6.7%. Gross profit reduced by 7.6% to Rs. 3.8 billion for the current year mainly because of incresing fuel prices and decreasing selling prices.

		FY 2017	FY 2016	Increase/ Decrease	% Change
Cement despatch	Ton	1,606,410	1,535,631	70,779	4.6%
Clinker despatch	Ton	162,033	-	162,033	100.0%
Net Sales	Rs. Million	11,223	10,522	700	6.7%
Gross Profit (GP)	Rs. Million	3,854	4,172	(318)	-7.6%
Earning before interest and tax (EBIT)	Rs. Million	3,290	3,620	(330)	-9.1%
Earning before tax (EBT)	Rs. Million	3,045	3,695	(650)	-17.6%
Earning after tax (EAT)	Rs. Million	2,284	2,681	(397)	-14.8%
Earnings per share	Rs.	5.71	6.70	(0.99)	-14.8%

Profit before taxation reduced by 17.6% to Rs. 3.0 billion for the year mainly because of remission of markup amounting to Rs. 384 million on repayment/settlement of loans with BOP and NBP during the last year 2016 which reduced the other income for the year by 82.2%. Accordingly, the Company earned profit after tax of Rs. 2.3 billion during the current year which is down by 14.8% primarly due to decline in profit before taxation as explained earlier. Earning per share recorded at Rs. 5.71 for the current year as against Rs. 6.70 for the previous year.

Dividend

The Company paid an interim dividend of 15% (i.e. Rs. 1.50 per share) during the year. In addition to this, the Board of Directors has recommended a final cash dividend of 15% (i.e. Rs. 1.50 per share) for the year 2017. Thus the aggregated dividend for the year 2017 is 30% (i.e. Rs. 3.00 per share).

Balancing, Modernization and Rehabilitation (BMR) and Expansion

It is your Company's policy to constantly invest and explore options for strategical expansion, technological advancement, and/or environment safety. Cutting edge technologies in key areas of cement plant to enhace overall efficicncies and reduction in overall cost of production are being adopted.

During the year, conveyor belt project has been put into operation during February 2017 which will reduce the transportation cost of raw material. Waste Heat Recovery plant has also come into operation during June 2017, this will help to reduce energy cost. Overhauling/ upgradation of power generators are also under progress which will be synchronized with national grid, and this will enhance the power consumption efficiency.

A new vertical cement grinding mill of 250TPH is under installation which will increase the cement grinding capacity substantial and reduce the energy consumption on cement grinding. It is expected to be in operation during 2nd quarter of FY2018.

Capital Structure and key performance indicators

The Company obtained new borrowings amounting to Rs. 950 million during the year under review to finance the cost of new cement mill and building for head office. Previous loans are being paid as per repayment schedule. Total debt (long term interest bearing and non-interest bearing debts) to capital employed ratio was 28% as compared with 25% for the last year. Current ratio slightly slipped to 0.66 from 0.84 temporarily and expected to be improved in FY2018.

6 years summary, graphical presentation of key performance indicators, horizontal and verticle analysis of financial position and financial performance are also presented which will help you to assess the Company's performance.

Future Outlook

Cement demand in domestic market is expected to increase from development projects under the public sector development programme, China-Pakistan Economic Corridor and other housing schemes. Lower interest rate for house construction are also likely to support domestic cement demand in the longer term.

Corporate Governance

The Company has complied with the Code of Corporate Governance. Statement on Compliance with the Code of Corporate Governance along with the auditors' review report thereupon is provided which form an integral part of this report. Following information is also provided in this report as required by the Code of Corporate Governance:

a- Statement of pattern of shareholding

b- Statement of trading in shares of the Company, if any, carried out by the directors, CEO, CFO, and Company Secretary and their spouses and minor children

c- Key operating and financial data for last six years

Composition of Audit Committee

The Board has constituted a well-qualified Audit Committee. All the members of the Committee are Non-Executive Directors. They possess sound knowledge on accounts, audit, finance, taxation, internal controls, manufacturing process and management. Mr. Hassan Mehdi acts as secretary to the committee.

During the year four meeting of the Audit Committee were held. Attendance by each directors is given below:

Mian Nazir Ahmed Peracha - Chairman	4
Mr. Daniyal Jawaid Paracha ACA - Member	4
Mr. Muhammad Niaz Paracha - Member	4

The Board of Directors, unless they have strong grounds otherwise, acts in accordance with the recommendations of the Audit Committee.

Scope of work of the Audit Committee includes the following matters:

1) Review of quarterly, half yearly and annual financial statements of the Company, prior to their approval by the Board of Directors, focusing on:
   - Major judgmental areas,
   - Significant adjustments resulting from the audit,
   - The going concern assumption,
   - Any change in accounting policies and practices,
   - Compliance with applicable accounting standards, and
   - Compliance with listing regulations and other statutory and regulatory requirements.
2) Review of preliminary announcements of results prior to publication.
3) Facilitating the external audit and discussion with external auditors of major observations arising from interim and final audits and any matter that the auditors may wish to highlight (in the absence of Management, where necessary).
4) Review of Management Letter issued by external auditors and Management's response thereto.
5) Ensuring coordination between the internal and external auditors of the Company.
6) Appointment and remuneration of external auditors;
7) Review of the scope and extent of internal audit and ensuring that the internal audit function has adequate resources and is effectively working within the Company.
8) Consideration of major findings of internal auditors and Management's response thereto.
9) Ascertaining that the internal control system including financial and operational controls, accounting system and reporting structure are adequate and effective.
10) Determination of compliance with relevant statutory requirements.
11) Monitoring compliance with the best practices of corporate governance and identification of significant violations thereof.
12) Review of Related Party transactions entered into during the year.
13) Determination of appropriate measures to safeguard the Company's assets.

Internal Control System

A strong internal control culture is prevailing in the company. The company has documented a robust and comprehensive internal audit control system for all the major processes to ensure reliability of financial reporting, timely feedback on achievement of operational and strategic goals, compliance with policies, procedures, laws, and regulations, safeguarding of assets and economical and efficient use of resources. The company also has well documented Standard Operating Procedures (SOPs) for various processes which is periodically reviewed for changes warranted due to business needs. The Internal Audit Function continuously monitors the efficacy of internal control and compliance with SOPs with the objective of providing to the Audit Committee and the Board of Directors, an independent, objective and reasonable assurance on the adequacy and effectiveness of the organization's risk management, control and governance processes.

The scope and authority of the Internal Audit Function are well defined in the Term of Reference approved by the Audit Committee. Chief Internal Auditor is a Certified Internal Auditor and qualified Chartered Accountant with adequate auditing experience.

Managing the Risk of Fraud, Corruption and Unethical Business Practices

The Board has constituted a Risk Management Committee to oversee the risk management process in the company. The Company has framed a Risk Management Policy covering the risk mapping and trend analysis, risk exposure, potential impact and risk mitigation process, and report compliance and effectiveness of the policy and procedure, A detailed exercise is being carried out to identify, evaluate, manage and monitoring of both business and non-business risks. The Borad periodically reviews the risks and suggests steps to be taken to control and mitigate the same through a properly defined framework.

Whistle Blowing Policy

Fraud-free and corruption-free culture has been core to the Company. In view of the potential risk of fraud and corruption due to rapid growth of operations, the company has put an even greater emphasis to address this risk.

The Audit Committee has laid down a Fraud Risk Management Policy (akin to the Whistle Blower Policy) providing a platform to all the employee, vendors and customers to report any suspected or confirmed incident of fraud/misconduct.

Adequate safeguards have been provided in the FRM Policy to prevent victimization of anyone who is using this platform and direct access to the Chairman of the Audit Committee is also available in exceptional cases. Every effort will be made to treat the complainant's identity with appropriate regard for confidentiality.

For the effective implementation of the policy, the Audit Committee has constituted a Fraud Risk Management Committee (FRMC) of very senior executives which is responsible for the following:

a. Implementation of the policy and spreading wareness amongst employees;
b. Review all reported cases of suspected fraud / misconduct;
c. Order investigation of any case either through internal audit department or through external investigating agencies or experts;
d. Recommend to the management for taking appropriate actions such as disciplinary action, termination of service, changes in policies & procedure and review of internal control systems;
e. annual review of the policy.

No whistle blowing incidence was highlighted and reported under the above said procedures during the year.

Anti Bribery and Corruption Directives

As a company, we take a zero-tolerance approach to bribery and corruption and are committed to act professionally and fairly in all our business dealings. The Board has laid down Anti Bribery and Corruption Directives as a part of the company's Code of Business Conduct and Ethics.

The above policies and its implementation are closely monitored by the Audit Committee and periodically reviewed by the Board.

Human Resource & Remuneration (HRR) Committee

The Committee meets on as required basis or when directed by the Board of Directors. The General Manager Administration acts as Secretary of the Committee. The Committee during the year had 2 meetings. The attendance of the members was as under:-

Mr. Daniyal Jawaid Paracha - Chairman	2
Mr. Muhammad Tousif Peracha - Member	2
Mr. Ali Rashid Khan - Member	2

The role of the Human Resources & Remuneration Committee is to assist the Board of Director in its oversight of the evaluation and approval of the employee benefit plans, welfare projects and retirement benefits. The Committee recommends any adjustments, which are fair and required to attract / retain high caliber staff, for consideration and approval. The Committee has the following responsibilities, powers, authorities and discretion:

1) Formulate and review human resource management policies and plan for consideration of the Board;
2) Conduct periodic reviews of the Employees Appraisal, Bonuses, 10 C Bonuses, Long Term Service Award Policy, housing / welfare schemes, scholarship and incentives for outstanding performance and paid study leave.
3) Periodic reviews of the amount and form of reimbursement for terminal benefits in case of retirement and death of any employee in relation to current norms.
4) Consider any changes to the Company's retirement benefit plans including gratuity, leaves encashment based on the actuarial reports, assumptions and funding recommendations.

5) Recommend financial package for CBA agreement to the Board of Directors.
6) Ensure that succession plans are in place and review such plans at regular intervals for those executives, whose appointment requires Board approval (under Code of Corporate Governance), namely, the Chief Financial Officer, the Company Secretary and the Head of Internal Audit, including their terms of appointment and remuneration package in accordance with market positioning.
7) Conduct periodic reviews of the amount and form of Directors' compensation for Board and Committee services in relation to current norms. Recommend any adjustments for Board consideration and approval.

Investors' Relationship Committee

The Board has constituted Investors' Relationship Committee. This Committee is responsible for the satisfactory redressal of investors' complaints and recommends measures for overall improvement in the quality of investor services.

The Committee is headed by Mr. Muhammad Tousif Peracha (CEO). Mr. Muhammad Shamail Javed, Company Secretary, is designated as the "Compliance Officer" who oversees the satisfactory clearance of the investors' grievances.

The company has appointed Share Registrar for all Share related matters like transfer, transmission, Dividend, etc. Investors are requested to get in touch with the Share Registrar.

For any unresolved matters or further queries / clarification, investors may contact the Compliance officer of the company.

Corporate Social Responsibility

Your Company is a responsible corporate citizen and always strives to discharge its social responsibilities towards the society. The Company promotes and facilitates welfare of the local communities in the town where the Company operates. Statement on Corporate Social Responsibility is given separately in this report.

Equal Opportunity Employer

The company has always provided a congenial atmosphere for work to all employees that is free from discrimination and harassment. It has provided equal opportunities of employeement to all without regard to their caste, religion, colour, material status and sex.

The Human Resource Strategy at Gharibwal Cement is aimed at integrating HR processess to result in overall organizational effectiveness, which consequently affects the business growth. HR in line with the business clarifies the business direction, performance, expectations, and actively contributes to decide what tacts are required for managing talent to achieve business goals.

Related Parties Transactions

All related parties transactions entered into are at arm's length basis and were reviewed and approved by the Board Audit Committee as well as the Board of Directors of the Company in compliance with the PSE Regulations of the Pakistan Stock Exchange Limited. The detail of transactions with the related parties are provided in the financial statements.

Board of Directors' Meetings

During the year under report, four Board (BOD) meetings were held. Attendance by each director is as under:

Mr. Muhammad Tousif Peracha	3
Mr. Abdur Rafique Khan	3
Mrs. Tabassum Tousif Peracha	4
Mr. Ali Rashid Khan	3
Ms. Amna Khan	2
Mr. Daniyal Jawaid Paracha	4
Mian Nazir Ahmed Peracha	3
Mr. Muhammad Niaz Piracha	4
Mr. Khalid Siddique Tirmzi (Resigned on 17-07-2017)	4

Directors' Responsibilities

Pursuant to the requirements of the Code of Corporate Governance, the Directors confirm that:

1- The financial statements, prepared by the management of the Company, present fairly its state of affairs, the results of its operations, cash flows and changes in equity.
2- Appropriate accounting policies have been consistently applied in preparation of financial statements, except changes fully disclosed in financial statements, and accounting estimates are based on reasonable and prudent judgment.
3- International Accounting Standards, as applicable in Pakistan, have been followed in preparation of financial statements and any departure, if any, there from has been adequately disclosed.
4- Proper books of account of the Company have been maintained.
5- There is no significant doubt on the Company's ability to continue as going concern and the financial statements have been prepared on goin concern basis.
6- There has been no material departure from the best practices of corporate governance, as detailed in the listing regulations.
7- No material changes and commitments affecting the financial position of the Company have occurred between the end of the financial year to which these financial statements relate and the date of Directors' report.

8- The Company has fulfilled its major statutory and financial obligations, except as disclosed in the Financial Statements in detail.
9- Value of investment of Provident Fund Trust and Gratuity Fund Trust are disclosed in the financial statements.

Formal Orientation Training Program for Directors

The Board had arranged Orientation Courses for its two directors from recognized institutions of Pakistan approved by SECP whereas three directors having the requisite experience on the Board(s) of listed companies are exempt from Directors' Training Program. Further, the Directors have also provided declarations that they are aware of their duties, powers and responsibilities under the Companies Act 2017 (Repealed Companies Ordinance, 1984) and the Listing Regulations of the Stock Exchange.

Annual Evaluation of Board of Directors

The Board performs three major roles in a company - it provides direction (i.e. sets the strategic direction of the company), it controls (i.e. monitors the management) and provides support and advice (advisory role). The Board has set an inhouse Board performance evaluation mechanism which typically examines these roles of the Board and the entailing responsibilities, and assesses how effectively these are fulfilled by the Board.

The evaluation of the performance of the Boards is essentially an assessment of how the Board has performed on all of the following parameters:

a - Board Structure: its composition, constitution and diversity and that of its Committees, competencies of the members, Board and Committee charters, frequency of meetings, procedures;
b - Dynamics and Functioning of the Board: annual Board calendar, information availability, interactions and communication with CEO and senior executives, Board agenda, cohesiveness and the quality of participation in Board meetings;
c - Business Strategy Governance: Board's role in company strategy;
d - Financial Reporting Process, Internal Audit and Internal Controls: The integrity and the robustness of the financial and other controls regarding abusive related party transactions, vigil mechanism and risk management;
e - Monitoring Role: Monitoring of policies, strategy implementation and systems; and f - Supporting and Advisory Role.

Auditors

Kreston Hyder Bhimji & Co., Chartered Accountants being the retiring auditors are eligible for reappointment and Board has also endorsed their re-appointment for another term as per recommendation of the Audit Committee.

Acknowledgement

Your Directors take this opportunity to express their deep sense of gratitute to the banks and the financial institutions for their continued guidance and support.

We would also like to place on record our sincere appreciation for the committment, dedication and hard work put in every memeber of the Gharibwal Cement family. To them goes the credit for the company's achievements.

We are deeply grateful to you, our shareholders, for the confidence and faith that you have always responsed in us.

For and on behalf of Board of Directors

MUHAMMAD TOUSIF PERACHA
Chief Executive Officer

Lahore: September 26, 2017

ڈائریکٹرز کی رپورٹ

محترم اراکین

ہم مالی سال **2017** ء کے اختتام پر کمپنی کی سالانہ کارکردگی کا جائزہ، آڈٹ شدہ مالی اکاؤنٹس اور اُن پر آڈیٹرز کی رپورٹ بخوشی پیش کرتے ہیں۔

پاکستان کی سیمنٹ انڈسٹری:

مالی سال **2017** ء کے دوران سیمنٹ کی ترسیل میں پچھلے سال کی نسبت **3.7** فیصد معمولی اضافہ ہوا ہے جو بڑھ کر **40.32** ملین ٹن ہوگئی ہے۔ ملکی منڈیوں میں سیمنٹ کی ترسیل **8.0** فیصد کے اضافے سے **35.65** ملین ٹن رہی، جبکہ برآمدات **20.6** فیصد کی کمی سے **4.66** ملین ٹن تک ہوگئی۔

کمپنی کی مالی کارکردگی

مالی سال **2017** ء میں کُل سیمنٹ کی ترسیل کا حجم **4.6** فیصد اضافے کے ساتھ **1.6** ملین ٹن رہا، جو کہ پاکستان کی سیمنٹ انڈسٹری کی پیداواری اضافے سے ہم آہنگ ہے۔ دوسری جانب ٹیکس اور ڈیوٹیز میں اضافے اور مارکیٹ کے دوسرے عوامل کی وجہ سے سیمنٹ کی فروخت کی اوسط قیمتیں کمی کے رجحان پر ہیں۔

کمپنی کے کُل سیمنٹ کی ترسیل کے حجم میں اضافے کے اثرات قیمتوں میں کمی کی وجہ سے کم ہوگئے اور سیمنٹ کی فروخت کی قدر میں پچھلے سال کی نسبت **13.7** ملین روپے کا معمولی اضافہ ہوا۔ مالی سال **2017** ء میں کمپنی نے کلنکر بھی فروخت کیا جس کی وجہ سے خالص فروخت کی قدر میں کل **6.7** فیصد اضافہ ہوا۔ مجموعی منافع **7.6** فیصد کی کمی سے **3.8** ارب روپے رہا جس کی بنیادی وجہ ایندھن کی بڑھتی ہوئی قیمتیں اور سیمنٹ کی فروخت کی گرتی ہوئی قیمتیں رہی۔

ٹیکس سے پہلے منافع **17.6** فیصد کی کمی سے **3.0** ارب روپے رہا جس کی بنیادی وجہ پچھلے مالی سال میں نیشنل بینک آف پاکستان اور بینک آف پنجاب کی طرف سے قرضوں کی واپسی / تصفیہ پر **0.38** ارب روپے کے مارک اپ معافی رہی اور اس لیے اس مالی سال میں دوسری آمدن میں **82.2** فیصد کمی ہوئی۔ کمپنی نے اس مالی سال میں **2.3** ارب روپے ٹیکس کے بعد کا منافع کمایا جو کہ پچھلے مالی سال سے **14.8** فیصد کم ہے۔ اس کمی کی وجہ اوپر بیان کی جا چکی ہے۔ فی حصص منافع **5.71** روپے رہا جو کہ پچھلے مالی سال میں **6.70** روپے تھا۔

		2017	2016	اضافہ	اضافہ فیصد میں
سیمنٹ کی ترسیل	ٹن	**1,606,410**	1,535,631	70,779	4.6%
کلنکر کی ترسیل	ٹن	**162,033**	-	162,033	100.0%
خالص فروخت	رقم ملین روپوں میں	**11,223**	10,522	700	6.7%
مجموعی منافع	رقم ملین روپوں میں	**3,854**	4,172	(318)	-7.6%
ٹیکس اور انٹرسٹ سے قبل منافع	رقم ملین روپوں میں	**3,290**	3,620	(330)	-9.1%
ٹیکس سے قبل منافع	رقم ملین روپوں میں	**3,045**	3,695	(650)	-17.6%
ٹیکس کے بعد منافع	رقم ملین روپوں میں	**2,284**	2,681	(397)	-14.8%
فی شئیر منافع	رقم روپوں میں	**5.71**	6.70	(0.99)	-14.8%

مقسوم/ڈیویڈنڈ/منافع منقسم:

کمپنی نے اِس مالی سال **15** فیصد کا عبوری ڈیویڈنڈ (یعنی **1.5** روپے فی شیئر) ادا کیا ہے۔ اِس کے علاوہ بورڈ آف ڈائریکٹرز نے سال **2017** کے لیے **15** فیصد کے حتمی ڈیویڈنڈ (یعنی **1.5** روپے فی شیئر) کی شفارش کی ہے۔ اس طرح مجموعی منافع منقسم **30** فیصد ہے (یعنی **3.0** روپے فی شیئر)۔

توازن، جدت اور بحالی کا منصوبہ (BMR):

مسلسل سرمایہ کاری، سامری توسیع، تکنیکی ترقی اور ماحولیاتی حفاظت آپ کی کمپنی کا اصول ہے۔ مجموعی طور پر استعداد کار کو بڑھانے اور مجموعی لاگت میں کمی کے لیے سیمنٹ پلانٹ کے مختلف حصوں میں جدید اقدامات (ٹیکنالوجی) کو اپنایا جارہا ہے۔ ڈاؤن ہل کنویئر بیلٹ نے فروری **2017**ء میں اپنی پیداوار شروع کردی ہے جس کہ وجہ سے خام مال کی نقل وحمل کے خرچہ میں کمی ہوگی۔ ویسٹ ہیٹ ریکوری پلانٹ نے جون **2017**ء سے اپنی پیداوار شروع کردی ہے جس کی وجہ سے انرجی کے خرچے میں کمی کرنے میں مدد حاصل ہوگی۔ بجلی کے جنریٹرز کی مرمت/اپ گریڈیشن پر بھی کام جاری ہے جنہیں نیشنل گرڈ کے ساتھ ہم آہنگ کیا جائے گا اور اس سے بجلی کے استعمال کی کارکردگی بہتر ہوگی۔ **250** ٹن فی گھنٹہ پیداوار کی صلاحیت کی حامل ایک نئی عمودی سیمنٹ مل پلانٹ پر نصب کی جارہی ہے۔ جو سیمنٹ پیسنے کی صلاحیت میں اضافے اور اس پر توانائی کی کھپت کو کم کرنے کا باعث بنے گی۔

سرمایہ کی ساخت اور کلیدی کارکردگی کے عکس:

اس مالی سال میں کمپنی نے **0.95** ارب روپے کا نیا قرضہ لیا ہے جس سے نئی سیمنٹ مل اور ہیڈ آفس کے لیے نئی عمارت کی قیمت ادا کی گئی۔ تمام قرضہ جات اپنے ادائیگی کے شیڈول کے مطابق ادا کئے جارہے ہیں۔ سرمایہ میں کُل قرضہ جات (طویل مدتی سودی اور غیر سودی) کا تناسب **28** فیصد ہے جو گزشتہ سال **25** فیصد تھا۔ کرنٹ تناسب **0.84** سے عارضی طور پر تھوڑا کم ہوکر **0.66** ہوگیا ہے، جو کہ اگلے مالی سال میں پھر سے بہتر ہوجائے گا۔

چھ سالہ سمری میں، کلیدی کارکردگی کے اشارے، مالی پوزیشن اور مالی کارکردگی کا افقی اور عمودی تجزیہ بھی پیش کیا گیا ہے۔ جو آپ کے لیے کمپنی کی کارکردگی کو جانچنے میں مدد دے گا۔

مستقبل کے اندازے اور نقطہ نظر:

مقامی مارکیٹ میں سیمنٹ کی مانگ میں سرکاری شعبہ جات کے ترقیاتی پروگرام کے تحت ترقیاتی منصوبوں، پاک چین اقتصادی راہداری اور دیگر ہاؤسنگ سکیموں کی وجہ سے اضافہ متوقع ہے۔ گھروں کی تعمیرات کے لیے کم شرح سود بھی طویل مدت میں مقامی مارکیٹ کی مانگ میں اضافے کا امکان رکھتی ہے۔

کارپوریٹ گورننس:

کمپنی کوڈ آف کارپوریٹ گورننس پر عمل پیرا ہے۔ کوڈ آف کارپوریٹ گورننس پر عمل پیرا ہونے کا بیان اور اس پر آڈیٹر کی جائزہ رپورٹ جو کہ اس بیان کا لازمی حصہ ہے بھی مہیا کی گئی ہے۔ کوڈ کی ضروریات کے پیشِ نظر درج ذیل معلومات بھی فراہم کی گئی ہیں۔

(ا) شیئر ہولڈنگ کا نمونہ

(ب) کمپنی کے شیئرز/حصّص میں ٹریڈنگ کا بیان جو ڈائریکٹرز، چیف ایگزیکٹو آفیسر (CEO)، چیف فنانشل آفیسر (CFO)، کمپنی سیکرٹری اور انکی بیویوں اور نابالغ بچوں نے کیا ہو۔

(پ) پچھلے چھ سالوں کا کلیدی آپریٹنگ اور فنانشل ڈیٹا۔

آڈٹ کمیٹی کی تشکیل:

بورڈ نے ایک اہل آڈٹ کمپنی تشکیل دی ہے جس کے تمام ممبرز غیر ایگزیکٹو ڈائیرکٹرز ہیں کمیٹی کے تمام ممبران اکاؤنٹس، آڈٹ، فنانس، ٹیکس، اندرونی کنٹرول اور مینوفیکچرنگ کے عمل پر گہرا علم رکھتے ہیں۔ مسٹر حسن مہدی کمیٹی کے سیکرٹری ہیں۔

سال کے دوران کمیٹی کی چار میٹنگز ہوئیں جن میں ممبران کی حاضری درج ذیل رہی:۔

میاں نذیر احمد پراچہ	چیرمین	4
دانیال جاوید پراچہ	ممبر	4
محمد نیاز پراچہ	ممبر	4

ڈائریکٹر بورڈ آڈٹ کمیٹی کی سفارشات کے مطابق عمل کرتا ہے جب تک اُس کے پاس اس کے علاوہ مضبوط دلیل نہ ہو۔ آڈٹ کمیٹی کے ذمیداری میں درج ذیل کام ہیں۔

۱۔ ڈائریکٹر بورڈ کی منظوری سے پہلے کمپنی کے سہ ماہی، نصف سالانہ اور سالانہ مالی گوشواروں کا جائزہ لینا، خاص طور پر
- بڑے فیصلوں کے علاقوں
- آڈٹ کے نتیجے میں اہم ایڈجسٹمنٹ
- گوئینگ کنسرن کا مفروضہ
- اکاؤنٹنگ پالیسیوں اور طریقوں میں کوئی تبدیلی
- قابلِ اطلاق اکاؤنٹنگ سٹینڈرز کے ساتھ تعمیل
- لسٹنگ اور دوسرے قانونی قواعد وضوابط کے ساتھ تعمیل

۲۔ اشاعت سے پہلے نتائج کے ابتدائی اعلانات کا جائزہ

۳۔ بیرونی آڈیٹروں کو سہولت فراہم کرنا اور عبوری اور حتمی آڈٹ کے نتیجے میں پیدا ہونے والے بڑے مشاہدوں کی بیرونی آڈیٹروں کے ساتھ گفتگو کرنا۔

۴۔ خارجہ آڈیٹر کی طرف سے جاری کردہ انتظامی خط اور اس پر انتظامیہ کا جواب کا جائزہ لینا۔

۵۔ کمپنی کے اندرونی اور بیرونی آڈیٹر کے درمیان تعاون کو یقینی بنانا۔

۶۔ بیرونی آڈیٹرز کی تقرری اور معاوضہ۔

۷۔ اندرونی آڈٹ کے طریقہ کار اور حدود کا جائزہ اور اس بات کو یقینی بنانا کہ اندرونی آڈٹ فنکشن کے پاس خاطر خواہ وسائل ہیں اور مئوثر طریقے سے کام کر رہا ہے۔

۸۔ اندرونی آڈیٹرز کی اہم تحقیقات اور اس پر انتظامیہ کے جواب کا جائزہ لینا۔

۹۔ اس بات کو یقینی بنانا کہ اندرونی کنٹرول سسٹم اور رپورٹنگ کی ساخت کافی اور مئوثر ہیں۔

۱۰۔ متعلقہ قانونی ضروریات کے مطابق تعمیل کا تعین کرنا۔

۱۱۔ کارپوریٹ گورننس کے بہترین طریقوں کی تعمیل کی نگرانی اور اِس کی اہم خلاف ورزیوں کی شناخت۔

۱۲۔ سال کے دوران متعلقہ پارٹی لین دین کا جائزہ۔

۱۳۔ کمپنی کے اثاثوں کی حفاظت کے لیے اقدامات کا تعین۔

اندرونی کنٹرول کا نظام:

ایک مضبوط اندرونی کنٹرول کا نظام کمپنی کی ثقافت کا حصہ ہے۔ تمام بڑے معاملات کے لیے ایک مضبوط اور جامع اندرونی آڈٹ کنٹرول سسٹم دستاویزی شکل میں موجود ہے تا کہ مالیاتی رپورٹنگ کو قابلِ اعتماد، آپریشنل اور سٹریٹجک مقاصد کے حصول پر بروقت رائے، پالیسیوں، طریقہ کار، قوانین اور قوائد وضوابط پر عمل، اثاثوں کی حفاظت اور وسائل کو بہتر اور موثر طریقے سے استعمال کو یقینی بنایا جا سکے۔ کمپنی نے مختلف کاموں کے لیے آپریٹنگ طریقہ کار کے معیار **(SOPs)** بھی دستاویز کیے ہیں۔ جن میں وقتاً فوقتاً کاروبار کی ضروریات کے پیشِ نظر لازمی تبدیلیوں کا جائزہ لیا جاتا ہے۔ اندرونی آڈٹ فنکشن اندرونی کنٹرول کی افادیت اور آپریٹنگ طریقہ کار کے معیاروں کی مقاصد کے ساتھ ہم آہنگی پر مسلسل نظر رکھے ہوئے ہے۔

مزید براں یہ آڈٹ کمیٹی اور بورڈ کو کمپنی کے رِسک مینجمنٹ (خطرات سے نپٹنے)، کنٹرول اور گورننس کے عمل پر ایک غیر جانبدار، با مقصد اور معقول یقین دہانی سے آگاہ کرتا ہے۔ اندرونی آڈٹ فنکشن کے دائرہ کار اور اختیارات کی اُس کی ٹرم آف ریفرنس میں اچھی طرح وضاحت کی گئی ہے۔ جو آڈٹ کمیٹی سے منظور شدہ ہیں۔ چیف انٹرنل آڈیٹر ایک سند یافتہ انٹرنل آڈیٹر ہے جس کے پاس آڈیٹنگ کا کافی تجربہ ہے۔

فراڈ، کرپشن (بدعنوانی) اور غیر اخلاقی کاروبار کے طریقوں کے خطروں کا انتظام

بورڈ نے رِسک مینجمنٹ کے عمل کی نگرانی کے لیے ایک رِسک مینجمنٹ کمیٹی تشکیل دی ہے۔ کمپنی نے ایک رسک مینجمنٹ پالیسی مرتب کی ہے جس میں خطرے کی تعریف، رجحان کا تجزیہ، خطرہ کا منکشف ہونا، اس کے ممکنہ اثرات اور تخفیف کا عمل، پالیسی اور طریقہ کار کی تعمیل اور افادیت پر رپورٹ شامل ہیں۔ کاروباری اور غیر کاروباری خطرات کی شناخت، اندازے، انتظام اور نگرانی کے لیے ایک تفصیلی مشق کی جارہی

ہے۔ بورڈ گاہے بگاہے خطرات کا جائزہ لیتا رہتا ہے اور اِن کے کنٹرول اور تخفیف کے لیے ایک مناسب فریم ورک کے ذریعے اقدامات بھی تجویز کرتا رہتا ہے۔

غیر قانونی کاموں کی مخبری کا طریقہ کار

دھوکہ دہی (فراڈ) اور بدعنوانی سے پاک کلچر کو کمپنی میں بنیادی حیثیت حاصل ہے۔ آپریشن کی تیز رفتار ترقی کی وجہ سے دھوکہ دہی اور بدعنوانی کے ممکنہ خطرے کے پیشِ نظر کمپنی اِن خطرات سے نمٹنے پر زیادہ زور دے رہی ہے۔

آڈٹ کمیٹی نے فراڈ کے خطرہ سے نمٹنے کے لیے فراڈ رسک مینجمنٹ پالیسی **(FRM)** جاری کی ہوئی ہے، جس کے تحت تمام ملازمین، گاہک، سپلائرز کو دھوکہ یا بدعنوانی کے کسی بھی مشتبہ یا تصدیق شدہ واقعہ کی اطلاع دینے کے لیے کو ایک مناسب پلیٹ فارم فراہم کیا گیا ہے۔ غیر معمولی مقدمات کی صورت میں آڈٹ کمپنی کے چیئرمین تک براہ راست رسائی کی فراہم کی گئ ہے۔ شکایت کنندہ کی شناخت کو مناسب طریقے سے خفیہ رکھنے کی ہر ممکن کوشش کی جائے گی۔

پالیسی پر مناسب عمل درامد کے لیے آڈٹ کمپنی نے "فراڈ رسک مینجمنٹ کمیٹی" تشکیل دی ہے جو کہ سینئر ایگزیکٹوز پر مشتمل ہے اور اس کی ذمہ داریاں مندرج ذیل ہیں۔

۱۔ پالیسی پر عمل درامد اور ملازمین کے درمیان شعور کا فروغ۔

۲۔ مشتبہ فراڈ/دھوکہ دہی کے تمام واقعات کا جائزہ لینا

۳۔ اندرونی آڈٹ پارٹمنٹ یا بیرونی ماہرین یا ایجنسیوں کے ذریعے کسی بھی کیس کی تحقیقات کا حکم دینا۔

۴۔ نظم وضبط کی کاروائی، ملازمت کی برخواست، پالیسیوں میں تبدیلی اور اندرونی کنٹرول کے نظام کا جائزہ، جیسے اقدامات کے لیے مینجمنٹ کو سفارشات پیش کرنا۔

۵۔ اس پالیسی کا ہر سال نئے سرے سے جائزہ لینا۔

اس سال اوپر دیے گئے طریقہ کار کے تحت کسی بھی واقعہ کی کوئی اطلاع نہیں دی گئی۔

انسدادِ رشوت ستانی اور بدعنوانی کی ہدایات

ایک کمپنی کی حیثیت سے رشوت ستانی اور بدعنوانی کے لیے ہمارا نقطہ نظر عدم برداشت ہے اور ہم تمام کاروباری لین دین میں پیشہ وارانہ اور منصفانہ کام کرنے کے پابند ہیں۔ کمپنی کے کاروبار کرنے کی اخلاقیات کے حصّے کے طور پر بورڈ نے عدم رشوت اور بدعنوانی کی ہدایات بنا رکھی ہیں۔ مندرجہ بالا پالیسیوں اور اُن کے نفاذ کو آڈٹ کمیٹی بڑی باریک بینی سے نگرانی کرتی ہے اور وقتاً فوقتاً بورڈ کی طرف سے اِس کا جائزہ لیا جاتا ہے۔

انسانی وسائل اور معاوضے کی کمیٹی

یہ کمیٹی ضرورت کے طور پر یا ڈائریکٹرز کی ہدایات کی صورت میں میٹنگ کرتی ہے۔ جنرل مینیجر ایڈمنسٹریشن کمیٹی کے سیکرٹری کے طور پر کام کرتا ہے ۔ اس سال کمیٹی نے دو اجلاس کیے جس میں ممبرز کی حاضری مندرجہ ذیل تھی۔

دانیال جاوید پراچہ	چیئرمین	2
محمد توصیف پراچہ	ممبر	2
علی راشد خان	ممبر	2

انسانی وسائل اور معاوضے کی کمیٹی کا کردار ملازمین کے فائدے کے منصوبوں، ان کی فلاح و بہبود کے منصوبوں اور ریٹائرمینٹ فوائد کی تشخیص اور منظوری کے لیے بورڈ آف ڈائریکٹرز کی مدد کرنا ہے۔ کمیٹی کسی بھی تبدیلی (ایڈجسٹمنٹ) جو کہ اعلیٰ سطحی عملے کو اپنی طرف مائل کرنے اور اسے برقرار رکھنے کے لیے ضروری ہوگی سفارش کرتی ہے۔ کمیٹی کی ذمہ داریاں، اختیارات، احکامات، صوابدید مندرجہ ذیل ہیں۔

سرمایہ کاروں سے تعلقات عامہ کی کمیٹی:

بورڈ کے سرمایہ کاروں سے تعلقات کی کمیٹی تشکیل دی ہے۔ یہ کمیٹی سرمایہ کاروں کی شکایات کے اطمینان بخش حل کی ذمہ دار ہے اور سرمایہ کاروں کی خدمات کے معیار میں

مجموعی طور پر بہتری کے لیے اقدامات کی سفارش کرتی ہے۔

محمد توصیف پراچہ (سی ای او) کمیٹی کے سربراہ ہیں۔ کمپنی سیکرٹری محمد شمائل جاوید کو تعمیلی آفیسر نامزد کیا گیا ہے جو کہ سرمایہ کاروں کی شکایتوں کے اطمینان بخش حل کی نگرانی کرتے ہیں۔

کمپنی نے حصص سے متعلق معاملات مثلاً منتقلی، ٹرانسمیشن منافع وغیرہ کے لیے شیئر رجسٹرار مقرر کیا ہے۔ سرمایہ کاروں سے درخواست ہے کہ وہ شیئر رجسٹرار سے رابطے میں رہیں۔ کسی بھی غیر حل شدہ معاملے یا مزید سوالات اور وضاحت کے لیے کمپنی کے تعمیلی آفیسر سے رابطہ کر سکتے ہیں۔

کارپوریٹ سماجی ذمہ داری (CSR)

آپ کی کمپنی ایک ذمہ دار ادارہ ہے اور ہمیشہ معاشرے کی طرف اپنی سماجی ذمہ داریوں کو ادا کرنے کی کوشش کرتی ہے۔ کمپنی اپنے گردونواح میں مقامی آبادی کو بہبود کی سہولیات فراہم کرتی ہے اور اسے فروغ بھی دیتی ہے۔ کارپوریٹ سماجی ذمہ داری پر بیان اِس رپورٹ میں الگ سے دیا گیا ہے۔

بلا امتیاز آجر

کمپنی نے ہمیشہ اپنے تمام ملازمین کو بلا امتیاز کام کرنے کے لیے سازگار ماحول فراہم کیا ہے۔ اِس نے ہمیشہ ذات، مذہب، رنگ، سماجی حیثیت اور جنس کے حوالے کے بغیر سب کے لیے روزگار کے مساوی مواقع فراہم کیے ہیں۔

غریب وال سیمنٹ میں انسانی وسائل کی حکمتِ عملی کا مقصد انسانی وسائل کے طریقہ کار کو کمپنی کے مجموعی مقاصد میں ضم کرنا ہے۔ جو نتیجتاً کمپنی کے کاروبار کی ترقی پر اثر انداز ہوتی ہے۔ انسانی وسائل کاروبار کے ساتھ ہم آہنگ ہو کر کاروبار کی سمت، کارکردگی اور توقعات کو واضح کرنے میں ایک فعال کردار ادا کرتے ہیں۔

متعلقہ پارٹیز کے ساتھ معاملات

متعلقہ پارٹیوں کے ساتھ لین دین برابری کی سطح پر کیا جاتا ہے اور پاکستان سٹاک ایکسچینج کے قوائد وضوابط کی تعمیل کے لیے آڈٹ کمیٹی اور بورڈ اِس پر نظر ثانی کے بعد منظوری دیتے ہیں۔ متعلقہ فریقوں کے ساتھ معاملات کی تفصیل مالی گوشوارں (اکاؤنٹس) میں فراہم کی گئی ہے۔

بورڈ کے اجلاس

سال کے دوران بورڈ کے چار اجلاس منعقد ہوئے ہیں۔ جن میں ہر ڈائرکٹر کی حاضری حسبِ ذیل ہے۔

جناب محمد توصیف پراچہ	3
جناب عبدالرفیق خان	3
محترمہ تبسّم توصیف پراچہ	4
جناب علی راشد خان	3
محترمہ آمنہ خان	2
جناب دانیال جاوید پراچہ	4
جناب میاں نزیر احمد پراچہ	3
جناب محمد نیاز پراچہ	4
جناب خالد صدیق ترمذی (مستعفی تاریخ 17-07-2017)	4

ڈائرکٹرز کی ذمہ داریاں

کوڈ آف کارپوریٹ گورننس کی ضروریات کے مطابق ڈائرکٹرز تصدیق کرتے ہیں کہ

(ا) کمپنی کی انتظامیہ کے تیار کردہ مالی گوشواروں میں اس کے امور، عملدرآمد کے نتائج، نقدی بہاؤ اور ایکیوٹی میں تبدیلیاں واضح اور منصفانہ طور پر پیش کی گئی ہیں۔

(ب) مالی گوشوارں کی تیاری میں مناسب اکاؤنٹنگ پالیسیاں تسلسل کے ساتھ بروئے کار لائی گئی ہیں ماسوائے اُن تبدیلیوں کے جو مالی گوشواروں میں منکشف ہیں اور حساب کتاب کے اندازے معقول اور دانشمندانہ فیصلوں پر مبنی ہیں۔

(پ) بین الاقوامی حساب کتاب کے معیارات (IFRS) جیسے پاکستان میں نافذ عمل ہیں کو ان گوشواروں کی تیاری میں اپنایا گیا ہے اور کسی بھی انحراف کو باقاعدہ منکشف کیا گیا ہے۔

(ت) کمپنی کے حساب کی کتابوں کو باقاعدگی سے تیاری کیا گیا ہے۔

(ٹ) کمپنی کے مستقبل میں کام کرنے کی صلاحیت پر کوئی قابلِ ذکر تشویش نہیں ہے اور مالی گوشواروں کو اِسی بنیاد پر تیار کیا گیا ہے۔

(ث) لِسٹنگ کے ضابطوں میں موجود کارپوریٹ گورننس کے بہترین طریقہ کار سے کوئی بڑا انحراف نہیں کیا گیا۔

(ج) مالی گوشواروں سے متعلقہ سال کے اختتام اور ڈائرکٹرز رپورٹ کی تاریخ کے درمیانی عرصہ میں کوئی بڑی تبدیلی اور عہد و پیماں نہیں کیے گئے جن کا اثر کمپنی کی مالی حالت پر ہو۔

(چ) کمپنی نے تمام بڑی قانونی اور مالی ذمہ داریوں کو بخوبی ادا کیا ہے ماسوائے ان کے جن کا ذکر مالی گوشواروں میں ہے۔

(ح) پروویڈنٹ فنڈ ٹرسٹ اور گریجوٹی فنڈ ٹرسٹ کی مد میں رقم کو بھی مالی گوشواروں میں دکھایا گیا ہے۔

ڈائریکٹرز کی رسمی واقفیت اور تربیتی پروگرام:

بورڈ نے دو ڈائریکٹرز کے لیے **SECP** سے منظور شدہ پاکستان کے (تسلیم شدہ) مشہور اداروں سے واقفیتی کورسز کا اہتمام کیا تھا۔ جبکہ کچھ ڈائریکٹرز جو لسٹڈ کمپنیوں کے بورڈ میں شامل ہیں اور مطلوبہ تجربہ بھی رکھتے ہیں وہ تربیتی پروگرام سے مستثنیٰ ہیں۔ مزید براں ڈائریکٹرز نے یہ اعلامیے بھی دیے ہیں کہ وہ کمپنیز ایکٹ **2017**ء اور سٹاک ایکسچینج کی لِسٹنگ کے قوائد وضوابط کے تحت اپنے فرائض، اختیارات اور ذمہ داریوں سے آگاہ ہیں۔

بورڈ آف ڈائریکٹرز کی سالانہ تشخیص:

بورڈ کمپنی میں تین اہم امور سرانجام دیتا ہے۔ یہ سمت فراہم کرتا ہے۔ (یعنی کمپنی کی اسٹریٹجک سمت کا تعین کرتا ہے)۔ یہ کنٹرول کرتا ہے (یعنی انتظام پر نظر رکھتا ہے) اور یہ مدد اور مشورہ (مشاورتی کردار) فراہم کرتا ہے۔ بورڈ نے ایک اندرونی کارکردگی کی تشخیص کا طریقہ کار وضع کیا ہے جو عام طور پر ان کرداروں اور ان کے نتیجے میں آنے والی لازمی ذمہ داریوں کا جائزہ لیتا ہے اور نظر رکھتا ہے کہ کتنے موئثر طریقے سے ان ذمہ داریوں کو ادا کیا گیا ہے۔

بورڈ کی کارکردگی کے جائزے میں بنیادی طور پر یہ دیکھا جاتا ہے کہ اِس نے درج ذیل امور کو کیسے سرانجام دیا ہے۔

(ا) بورڈ کی ساخت: اِس کی تشکیل، اس کا آئین، تنوع اور کمیٹیاں، اراکین کی مہارت، بورڈ اور کمیٹی کے چارٹر (قوانین) اور اجلاسوں کا تعداد اور طریقہ کار

(ب) بورڈ کے محرکات اور کام کاج: بورڈ کا سالانہ کیلنڈر، معلومات کی دستیابی، سی ای او اور سینئر افسروں کے ساتھ گفت وشنید اور مواصلات، بورڈ کا ایجنڈا، بورڈ کے اجلاس میں میل جول اور شرکت کے معیار۔

(پ) کاروباری حکمتِ عملی کا نظم وظبط: کمپنی کی حکمتِ عملی میں بورڈ کا کردار

(ت) مالیاتی رپورٹنگ کا عمل، اندرونی جانچ پڑتال اور کنٹرول: متعلقہ پارٹیوں کے ساتھ غیر منصفانہ لین دین کے پیشِ نظر مالی اور دیگر کنٹرول کے نظام کی سالمیت، متحرک طریقہ کار اور خطرات سے نپٹنا۔

(ٹ) نگرانی کا کردار: پالیسیوں، حکمتِ عملی کا نفاذ اور نظام کی نگرانی

(ث) امدادی اور مشاورتی کردار

آڈیٹرز:

کریسٹن حیدر بھیم جی اینڈ کمپنی چارٹرڈ اکاؤنٹنٹس جو ریٹائرڈ ہو گئے ہیں دوبارہ تقرری کے اہل ہیں اور آڈٹ کمیٹی کی تجاویز پر بورڈ نے ایک اور مدت کے لیے ان کی تقرری کی توصیق کی ہے۔

خدمات کا اعتراف /بشکریہ:

ڈائریکٹرز اس موقع پر بنکوں اور دیگر مالیاتی اداروں کا دل کی گہرائیوں سے شکریہ ادا کرتے ہیں جنہوں نے ہماری مسلسل رہنمائی اور حمایت کی۔

ہم اس امر کو بھی دائرہ تحریر میں لانا پسند کرتے ہیں کہ غریب وال سیمنٹ خاندان کے ہر رکن کی وابستگی، لگن اور محنت دِلی تعریف کے لائق ہے۔ ہماری کامیابیوں کا ثمر انہی کی بدولت ہے۔

معزز اراکین ہم آپ کو اُس اعتماد اور یقین کے دِل کی گہرایوں سے ممنون ہیں جو آپ نے ہمیشہ سے ہم پر کیا۔

منجانب: بورڈ آف ڈائریکٹر

محمد توصیف پراچہ

چیف ایگزیکٹو آفیسر

لاہور 26 ستمبر 2017ء

CODE OF CONDUCT AND BUSINESS ETHICS

The Company's Code of Business Ethics and Code of Conduct is enforced at all levels fairly and without prejudice. This code is obligatory, both morally as well as legally and is equally applicable to all the directors and employees of the Company.

Policy Statement

- We act with integrity at all times; we are honest and trustworthy.
- We demonstrate respect for our fellow employees, customers and business partners; we listen and seek solutions.
- We are open-minded team players; we foster collaboration while maintaining individual accountability.
- We value new ideas that serve our customers, the business and communities.
- We are dedicated, committed and deliver on our promises.
- We obey the law and comply with this Code.

Code of Conduct

- We shall conduct our employment activities with the highest principles of honesty, integrity, truthfulness and honour.

- We shall not make, recommend, or cause to be taken any action, contract, agreement, investment, expenditure or transaction known or believed to be in violation of any law, regulation or corporate policy.

- We shall not use our respective positions in employment to force, induce, coerce, harass, intimidate, or in any manner influence any person, including subordinates, to provide any favor, gift or benefit, whether financial or otherwise, to ourselves or others.

- In business dealings with suppliers, contractors, consultants, customers and government entities, we shall not provide or offer to provide any gratuity, favour or other benefit and all such activities shall be conducted strictly on an arm's length business basis.

- While representing the Company in dealings with third parties we shall not allow ourselves to be placed in a position in which an actual or apparent conflict of interest exists. All such activities shall be conducted strictly on an arm's length business basis.

- All of us shall exercise great care in situations in which a personal relationship exists between an individual and any third party or Government employee or official of an agency with whom the Company has an existing or potential business relationship. Where there is any doubt as to the propriety of the relationship, the individual shall report the relationship to management so as to avoid even the appearance of impropriety.

- We shall not engage in outside business activities, either directly or indirectly, with a customer, vendor, supplier or agent of the Company, or engage in business activities which are inconsistent with, or contrary to, the business activities of the Company.

- We shall not use or disclose the Company's trade secret, proprietary or confidential information, or any other confidential information gained in the performance of Company duties as a means of making private profit, gain or benefit.

CORPORATE SOCIAL RESPONSIBILITY

We take our corporate responsibilities (CSR) seriously and are committed to advancing our policies and systems across the company to ensure we address and monitor all aspects of CSR that are relevant to our business. We expresses our desire to give back to our communities, embrace diversity, sustain the environment and practice sound ethics. We recognize the impacts our decisions have on our stakeholders and work with them to determine mutually beneficial. The Board takes ultimate responsibility for CSR and is committed to developing and implementing appropriate policies while adhering to a fundamental commitment to create and sustain long term value for shareholders and all stakeholders.

ENVIRONMENT

GCL Operates with consideration for the environment at the core of its activities. It is committed to continual improvement and to creating as sustainable an organization as possible. We have identified our environmental impacts and have created solutions to reduce them.

- We raise awareness of energy consumption.
- We reduce energy use through behavioral change and using new efficient technologies.
- We install waste heat recovery plant which absorbs the hot gasses of plant and generate electricity using these hot gasses.
- We provide various recycling bins in the office.
- We encourage staff to recycle as much as possible.

COMMUNITY

GCL facilitates co-operation between our business and a number of community organizations, helping to address business and community needs for mutual benefit.

- We create jobs and promote the economy of the region in which we operate.
- We support public development program undertaken in close proximity to our manufacturing site.
- We support schools and hospitals in surrounding of factory.
- We organize madni dastarkhan for general public in the holly month of Ramazan.
- We obey laws and strive to act with integrity in all that we do.

WORKPLACE

We recognize that our staff are our most valuable asset. These initiatives make it easier for them to manage their health and work life balance.

- The diversity of our employees is highly valued and we provide equal opportunities for all.
- We give opportunities for employees to raise their view and be engaged in issues that affect the company.
- We support staff with an extensive learning and development program.
- Individuals are recognized and rewarded on the basis of their own performance and that of GCL.
- We provide a safe and secure workplace.
- We recognize long service through long service award.

MARKETPLACE

This area involves our products, services and supply chain and the costs they impose on society and the environment.

- We conduct business ethically.
- We consider the environmental credentials and life-cycle of all products, services and suppliers.
- Our office supplies are environmentally friendly and sustainable.
- We source from local businesses wherever possible.
- We sell substantial part of our product in domestic market.
- Substantial part of the money we spent to procure material and services flows directly into the domestic economy.

KRESTON
HYDER BHIMJI & CO
CHARTERED ACCOUNTANTS

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Fax: 042-37248113
E-mail: krestonhb@gmail.com

Review Report to the Members
On Statement of Compliance with Best Practices of Code of Corporate Governance

We have reviewed the enclosed Statement of Compliance with the best practices contained in the Code of Corporate Governance (the code) prepared by the Board of Directors of Gharibwal Cement Limited (the company) for the year ended June 30, 2017 to comply with the requirements of Rule 5.19 of the Rule Book of Pakistan Stock Exchange Limited, where the Company is listed.

The responsibility for compliance with the Code of Corporate Governance is that of the Board of Directors of the Company. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement of Compliance reflects the status of the company's compliance with the provisions of the Code and report if it does not and to highlight any non-compliance with the requirements of the Code. A review is limited primarily to inquiries of the Company personnel and review of various documents prepared by the company to comply with the Code.

As part of our audit of the financial statements we are required to obtain an understanding 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's 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 Code requires 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 distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price and recording proper justification for using such alternate pricing mechanism. 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 any procedures to determine whether the related party transactions were undertaken 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 best practices contained in the Code, as applicable to the company for the year ended June 30, 2017.

Kreston Hyder Bhimji & Co.

KRESTON HYDER BHIMJI & CO.
CHARTERED ACCOUNTANTS
Engagement Partner – Shabir Ahmad, FCA

Lahore: September 26, 2017

Other Offices at: **Karachi - Faislabad - Islamabad**
Website: www.krestonhb.com

STATEMENT ON COMPLIANCE WITH CODE OF CORPORATE GOVERNANCE

This statement is being presented to comply with the Code of Corporate Governance (CCG) contained in Rule No. 5.19 of Rule Book of Pakistan Stock Exchange for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance.

The company has applied the principles contained in the CCG in the following manner:

1. The company encourages representation of independent non-executive directors and directors representing minority interests on its board of directors. At present the board includes:

Independent Director	
Mian Nazir Ahmed Peracha	
Mr. Daniyal Jawaid Paracha	
Executive Director	
Mr. Muhammad Tousif Peracha	
Mr. Abdur Rafique Khan	
Non- Executive Director	
Mrs. Tabbasum Tousif Peracha	
Mr. Ali Rashid Khan	
Ms. Amna Khan	
Mr. Muhammad Niaz Peracha	

   The independent directors meet crieteria of independence under clause 5.19.1 (b) of the CCG.

2. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this company.

3. All the resident directors of the company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBFI or, being a member of a stock exchange, has been declared as a defaulter by that stock exchange.

4. No casual vacancy occurred in the board during the year ended June 30, 2017.

5. 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.

6. 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.

7. All the powers of the board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the CEO, other executive and non-executive directors, have been taken by the board/shareholders.

8. The meetings of the board were presided over by the Chairman and, in his absence, by a director elected by the board for this purpose and the board met at least once in everyquarter. Written notices of the board meetings, along with agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.

9. The board arranged three in house training programs for its directors during the year.

10. The board has approved appointment of CFO, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment.

11. The directors' report for this year has been prepared in compliance with the requirements of the CCG and fully describes the salient matters required to be disclosed.

12. The financial statements of the company were duly endorsed by CEO and CFO before approval of the board.

13. The directors, CEO and executives do not hold any interest in the shares of the company other than that disclosed in the pattern of shareholding.

14. The company has complied with all the corporate and financial reporting requirements of the CCG.

15. The board has formed an Audit Committee. It comprises three members, of whom all are non-executive directors and the chairman of the committee is an independent director.

16. The meetings of the audit committee were held at least once every quarter prior to approval of interim and final results of the company and as required by the CCG. The terms of reference of the committee have been formed and advised to the committee for compliance.

17. The board has formed an HR and Remuneration Committee. It comprises three members, of whom two are non-executive directors and the chairman of the committee is an independent director.

18. The board has set up an effective internal audit function and Chief Internal Auditor is considered suitably qualified and experienced for the purpose and is conversant with the policies and procedures of the Company. The Chief Internal Auditor reports to the Audit Committee.

19. The statutory auditors of the company have confirmed that they have been given a satisfactory rating under the quality control review program of the ICAP, 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 the ICAP.

20. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.

21. The 'closed period', prior to the announcement of interim/final results, and business decisions, which may materially affect the market price of company's securities, was determined and intimated to directors, employees and stock exchange.

22. Material/price sensitive information has been disseminated among all market participants at once through stock exchange.

23. The Company has complied with the requirements relating to maintenance of register of persons having access to inside information by designated senior management officer in a timely manner and maintained proper record including basis for inclusion or exclusion of names of persons from the said list.

24. We confirm that all other material principles enshrined in the CCG have been complied.

MUHAMMAD TOUSIF PERACHA
Chief Executive Officer

Lahore: September 26, 2017

PATTERN OF SHAREHOLDINGS

Sr. No	Number of Shareholding	Shareholdings From	Shareholdings To	Total Share Held	Percentage
1	926	1	100	33,299	0.0083%
2	741	101	500	261,389	0.0653%
3	548	501	1,000	479,632	0.1198%
4	821	1,001	5,000	2,267,577	0.5665%
5	221	5,001	10,000	1,737,391	0.4341%
6	74	10,001	15,000	967,124	0.2416%
7	53	15,001	20,000	953,989	0.2383%
8	28	20,001	25,000	664,653	0.1660%
9	15	25,001	30,000	427,497	0.1068%
10	9	30,001	35,000	297,209	0.0743%
11	8	35,001	40,000	309,690	0.0774%
12	14	40,001	45,000	609,056	0.1522%
13	10	45,001	50,000	494,747	0.1236%
14	2	50,001	55,000	107,000	0.0267%
15	4	55,001	60,000	231,000	0.0577%
16	5	60,001	65,000	318,000	0.0794%
17	5	65,001	70,000	346,700	0.0866%
18	1	70,001	75,000	75,000	0.0187%
19	3	75,001	80,000	237,000	0.0592%
20	2	80,001	85,000	166,205	0.0415%
21	8	95,001	100,000	800,000	0.1999%
22	3	100,001	105,000	306,000	0.0764%
23	2	105,001	110,000	219,500	0.0548%
24	3	110,001	115,000	341,000	0.0852%
25	2	115,001	120,000	233,443	0.0583%
26	2	125,001	130,000	257,000	0.0642%
27	1	130,001	135,000	134,500	0.0336%
28	2	145,001	150,000	299,000	0.0747%
29	1	150,001	155,000	153,747	0.0384%
30	1	165,001	170,000	170,000	0.0425%
31	3	190,001	195,000	583,525	0.1458%
32	6	195,001	200,000	1,200,000	0.2998%
33	1	210,001	215,000	210,500	0.0526%
34	1	270,001	275,000	273,000	0.0682%
35	1	300,001	305,000	304,000	0.0759%
36	1	340,001	345,000	342,500	0.0856%
37	1	385,001	390,000	387,500	0.0968%
38	1	395,001	400,000	400,000	0.0999%
39	2	445,001	450,000	900,000	0.2248%
40	2	470,001	475,000	942,500	0.2355%
41	2	490,001	495,000	989,000	0.2471%
42	1	495,001	500,000	500,000	0.1249%
43	2	520,001	525,000	1,045,074	0.2611%
44	1	540,001	545,000	543,333	0.1357%
45	1	595,001	600,000	596,765	0.1491%
46	1	745,001	750,000	750,000	0.1874%
47	1	995,001	1,000,000	999,000	0.2496%
48	1	1,355,001	1,360,000	1,357,500	0.3391%
49	1	2,935,001	2,940,000	2,938,584	0.7341%
50	2	2,995,001	3,000,000	6,000,000	1.4990%
51	1	4,080,001	4,085,000	4,082,112	1.0198%
52	1	4,280,001	4,285,000	4,282,112	1.0698%
53	1	5,945,001	5,950,000	5,950,000	1.4865%
54	1	16,060,001	16,065,000	16,062,541	4.0129%
55	1	22,725,001	22,730,000	22,728,035	5.6781%
56	1	90,175,001	90,180,000	90,179,285	22.5294%
57	1	221,825,001	221,830,000	221,828,746	55.4192%
	3,554			400,273,960	100.0000%

PATTERN OF SHAREHOLDINGS

Categories of shareholders	Share Held	Percentage
Directors, Chief Executive Officers, and their spouse and minor childern	355,459,542	88.80%
Associated Companies, undertakings and related parties	0	0.00%
NIT and ICP	630	0.00%
Banks Development Financial Institutions, Non Banking Financial Institutions.	5,959,747	1.49%
Insurance Companies	80,418	0.02%
Modarabas and Mutual Funds	3,162,000	0.79%
General Public	23,405,697	5.85%
Joint Stock Companies	1,910,867	0.48%
Foreign Companies	8,889,224	2.22%
Associations	43,637	0.01%
Others	1,362,198	0.34%
	400,273,960	100%

Associated Companies, Undertakings and Related Parties:	-	-
Mutual Funds		
Pak Asian Fund Limited	2,000	0.00%
CDC- Trustee Al-ameen Islamic Asset Allocation Fund	115,000	0.03%
CDC- Trustee First Capital Mutual Fund	30,000	0.01%
Tundra Pakistan Fund	3,000,000	0.75%
Directors and their Spouse and Minor Chidren:		
Mr. Abdur Rafique Khan	90,929,285	22.72%
Mr. Muhammad Tousif Peracha	225,372,079	56.30%
Mr. Nazir Ahmed Peracha	500	0.00%
Mr. Muhammad Niaz Peracha	2,330	0.00%
Mr. Ali Rashid Khan	16,062,541	4.01%
Mr. Daniyal Jawaid Parcha	17,000	0.00%
Mrs. Tabassum Tousif Peracha	194,025	0.05%
Mrs. Amna Khan	22,728,035	5.68%
Mrs. Salma Khan W/O A. Rafique Khan	153,747	0.04%
Executives:	-	-
Public Sector Companies & Corporations:	-	-
Banks, Development Finance Institutions, Non Banking Finance Companies,		
Insurance Companies, Takaful, Modarabas and Pension Funds:	5,959,747	1.49%
Shareholders holding five percent or more voting intrest in the listed company		
Mr. Muhammad Tousif Peracha	225,372,079	56.30%
Mr. Abdur Rafique Khan	90,929,285	22.72%
Mrs. Amna Khan	22,728,035	5.68%
Trades in the shares of the Company, carried out by its Directors, Executives		
and their spouses and minor children:		
	SALE	PURCHASE
Mr. Abdur Rafique Khan	1,571,000	-
Mr. Muhammad Tousif Peracha	5,500,000	-

SIX YEARS AT A GLANCE

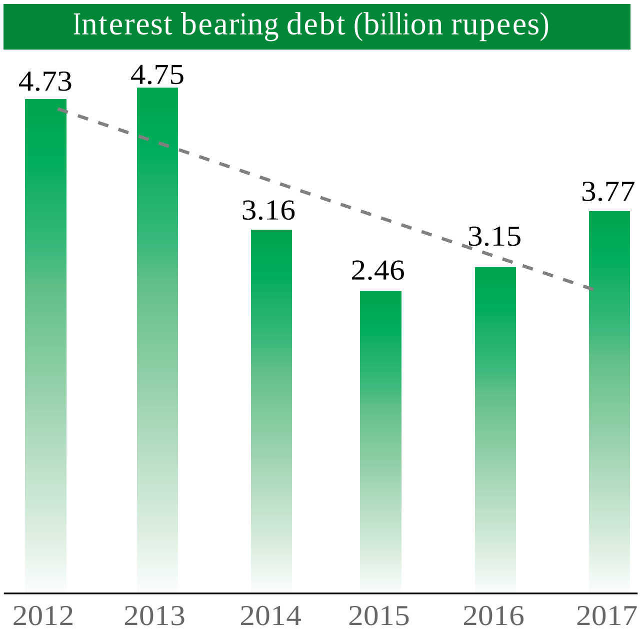
	2017	2016	2015	2014	2013	2012
Summary of Balance Sheet (Rs. '000)						
Equity without revaluation surplus	8,007,136	6,562,120	4,301,797	2,907,221	1,937,593	761,642
Equity with revaluation surplus	11,381,045	10,071,067	7,737,654	6,634,784	4,223,514	2,976,996
Interest bearing long term debt	3,765,786	3,150,382	2,455,810	3,162,753	4,745,083	4,726,144
Non-interest bearing long term debt	740,422	742,082	1,080,120	990,612	903,451	765,880
Capital employeed	15,887,253	13,963,531	11,273,584	10,788,149	9,872,048	8,469,020
Interest bearing short term debt	-	-	137,847	167,017	179,008	184,967
Net debt	4,382,576	3,403,368	3,495,078	4,287,418	5,826,850	5,660,214
Property, plant and equipment	18,677,798	15,397,173	13,722,670	13,102,850	11,527,658	11,547,891
Current assets	2,847,464	2,560,928	2,070,404	1,968,973	1,209,835	977,091
Current liabilities	4,282,706	3,050,080	4,708,994	3,958,333	3,159,136	4,007,806
Total assets	21,615,065	18,052,290	15,883,604	15,179,894	12,952,710	12,579,175
Summary of Profit and Loss Account (Rs. '000)						
Net sale	11,222,789	10,522,318	9,601,246	8,547,263	6,230,216	4,976,032
Gross profit	3,853,946	4,172,254	2,968,611	2,350,239	1,696,111	984,780
Operating profit	3,289,856	3,619,819	2,581,876	2,042,608	1,455,699	778,367
EBITDA	4,003,963	4,288,572	3,262,498	2,636,220	1,799,158	1,104,456
Profit before taxation	3,044,676	3,694,629	2,010,295	1,406,507	1,091,970	(269,420)
Profit after taxation	2,283,696	2,681,056	1,202,397	845,256	1,076,495	(319,180)
Summary of Cash Flow Statement (Rs. '000)						
Net cash flow from operating activities	3,491,166	3,353,684	2,237,310	1,827,204	313759	319,495
Net cash flow from investing activities	(3,795,935)	(2,543,922)	(1,299,159)	(175,436)	(323,226)	(257,027)
Net cash flow from financing activities	(60,695)	(499,365)	(792,416)	(1,619,496)	(6,618)	(57,952)
Change in cash and cash equivalents	(365,464)	310,397	145,735	32,272	(16,085)	4,516
Cash and cash equivalent at year end	123,632	489,096	178,699	32,964	692	16,777
Profitability Ratios						
Gross Profit ratio	34.34%	39.65%	30.92%	27.50%	27.22%	19.79%
Net Profit to Sales Ratio	20.35%	25.48%	12.52%	9.89%	17.28%	-6.41%
EBITDA Margin to Sales ratio	35.68%	40.76%	33.98%	30.84%	28.88%	22.20%
Operating leverage ratio	-136.93%	419.06%	214.10%	108.41%	345.25%	-1029.34%
Return on Equity	21.29%	30.11%	16.73%	15.57%	29.90%	-10.70%
Return on Capital Employeed	15.30%	21.25%	10.90%	8.18%	11.74%	-3.80%
Return on total assets	11.51%	15.80%	7.74%	6.01%	8.43%	-2.54%
Liquidity Ratios						
Current Ratio	0.66	0.84	0.44	0.50	0.38	0.24
Quick Ratio	0.46	0.46	0.13	0.12	0.13	0.12
Cash to Current Liabilities	0.13	0.13	0.04	0.01	0.01	0.00
Cash flow from operations to Sales	0.31	0.28	0.23	0.21	0.05	0.06
Activity / Turnover Ratios						
Inventory turnover ratio	23.59	13.88	8.77	11.75	32.49	35.12
No. of days in inventory	15	26	42	31	11	10
Debtors turnover ratio	25.17	43.03	46.85	46.42	45.15	62.50
No. of days in receivables	15	8	8	8	8	6
Creditor turnover ratio	14.67	14.74	9.34	8.82	7.40	8.25
No. of days in payables	25	25	39	41	49	44
Total assets turnover ratio	0.52	0.58	0.60	0.56	0.48	0.40
Fixed assets turnover ratio	0.60	0.68	0.70	0.65	0.54	0.43
Operating cycle	5	10	10	(2)	(30)	(28)

SIX YEARS AT A GLANCE

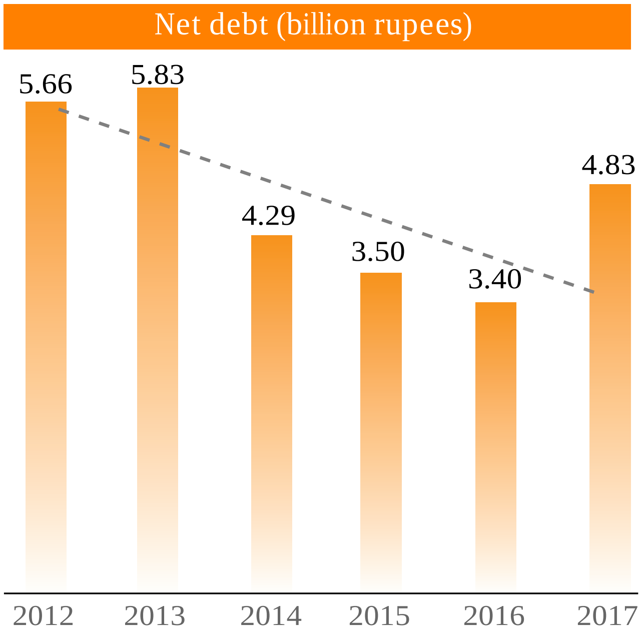
	2017	2016	2015	2014	2013	2012
Investment / Market Ratios						
Earning per share (Rs.)	5.71	6.70	3.00	2.11	2.69	(0.80)
Price Earning ratio (Rs.)	7.98	7.09	8.99	8.35	4.07	(6.27)
Break-up Value of Share (Rs.)						
excluding Surplus on Revaluation	20.00	16.39	10.75	7.26	4.84	1.90
including Surplus on Revaluation	28.43	25.16	19.33	16.58	10.55	7.44
Market Value of Share (Rs.)						
Year End	45.54	47.50	27.00	17.63	10.95	5.00
Highest	67.48	49.99	33.42	21.25	14.86	8.42
Lowest	45.54	25.65	15.60	9.35	4.33	3.22
Average	56.00	36.89	22.23	15.75	9.04	5.35
	18,228,476	19,013,013	10,807,397	7,056,830	4,383,000	2,001,370
Market Capitalization (Rs. '000)						
Capital Structure Ratio						
Financial leverage ratio	40%	39%	46%	63%	134%	184%
Weighted average cost of debt	7.72%	6.91%	13.04%	11.02%	10.01%	14.18%
Capitalization rate	13%	14%	11%	12%	25%	-16%
Interest cover ratio	10.68	12.98	4.50	3.20	1.96	0.73
Debt to equity ratio	0.40	0.39	0.46	0.63	1.34	1.84
Leverage (times)	1.33	0.79	1.07	1.63	3.24	5.12

Non-interest bearing long term debt = Markup deferred banks as per rescheduling agreements
Capital employed = Equity with revaluation surplus + Interest bearing long term debt + Non-interest bearing long term debt
Net debt = Interest bearing long term debt + Non-interest bearing long term debt + Interest bearing short term debt - Cash and cash equivalent
Gross profit ratio = Gross profit / Net sale
Operating leverage ratio = % change in operating profit / % change in net sales
Return on equity = Profit after tax / Average equity with revaluation surplus
Return on capital employee = Profit after tax / Average capital employed
Return on total assets = Profit after tax / Average total assets
Current ratio = Current assets / Current liabilities
Quick ratio = (Currant assets - Stock-in-trade - Stores, spares & loose tools) / Current liabilities
Inventory turn over ratio = Cost of sales / Average stock-in-trade
Debtors turn over ratio = Local gross sales / Average trade debtors
Creditors turn over ratio = Purchases / Average trade creditors
Operating cycle = Inventory days + Debtors days - Creditors days
Market capitalization = No. of issued shares x share price at year end
Financial leverage ratio = (Interest bearing long term debt + Non-interest bearing long turn debt) / Equity with revolution surplus
Weighted cost of debt = Interest on long term debt / Interest bearing long term debt
Interest cover ratio = EBIT / Finance cost
Debt equity ratio = (Interest bearing long term debt + Non-interest bearing long term debt) / Equity with revolution surplus
Leverage = Net debt / EBITDA

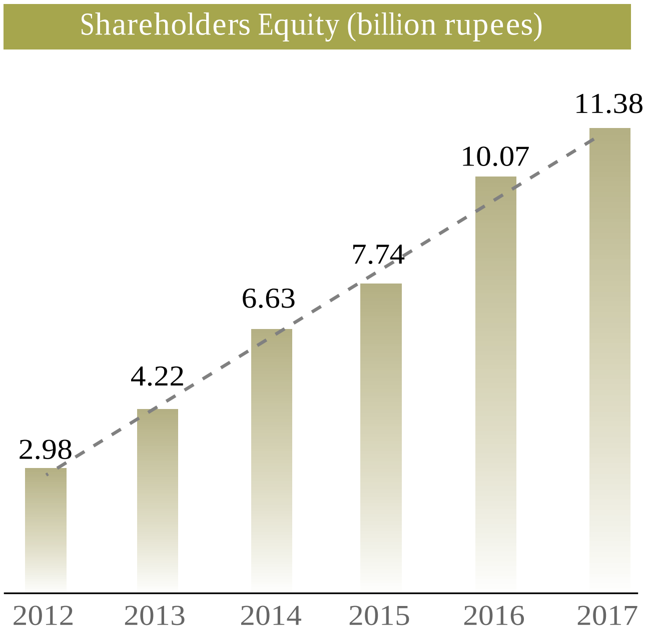
KPI GRAPHICAL PRESENTATION



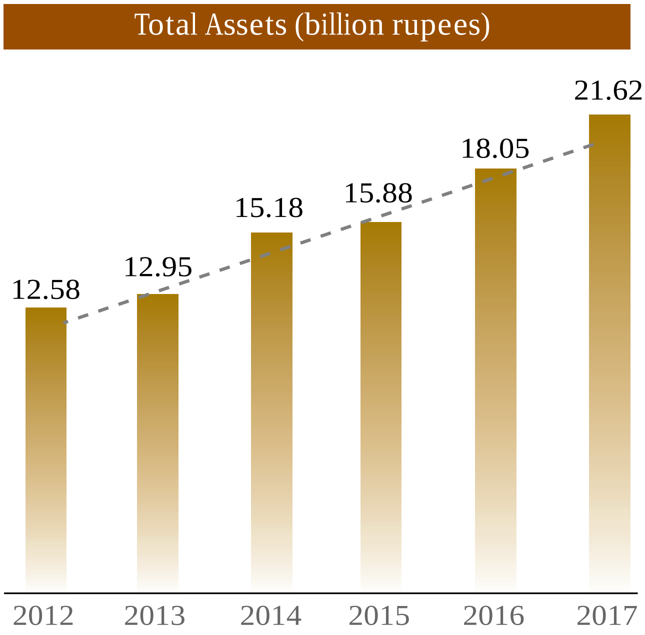
Interest bearing long term are on downward trend. During the year 2017, Company obtained fresh debt amounting to Rs. 0.960 billion for BMR projects, therefore, debts increased to Rs. 3.77 billion from Rs. 3.15 billion.



Net debt includes interest bearing long term and short term debts and non-interest bearing long term debts less cash and cash equivalent. Net debts are on downward trejectory and reduced to Rs. 4.83 billion in 2017 compared to Rs. 5.66 billion in 2012 posting a reduction of 15% over the timeline.

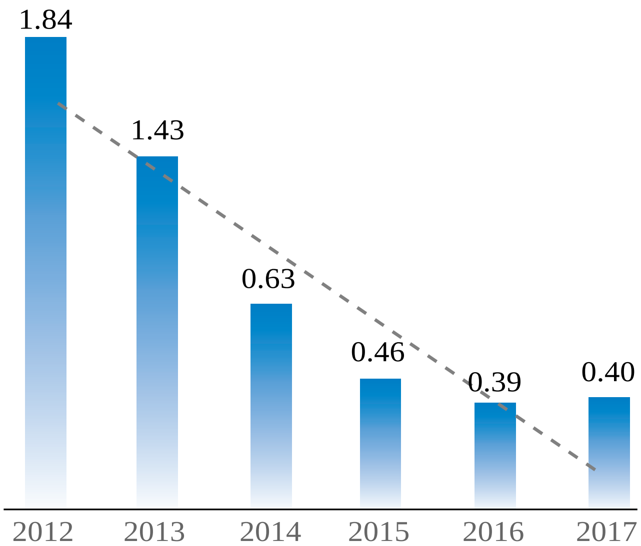


Ordinary shareholders equity includes paid capital, retained earning and surplus on revaluation of PPE. Equity is on upward trajectory due to retained earnings and increased to Rs. 11.38 billion in 2017 against Rs. 2.98 billion in 2012.



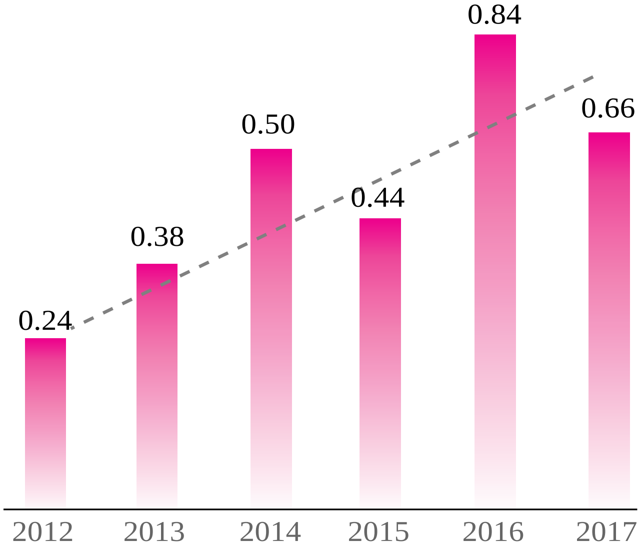
Total assets increased to Rs. 21.62 billion in 2017 against Rs. 12.58 billion in 2012 posting a growth of ~72% over the timeline.

Debt : Equity Ratio



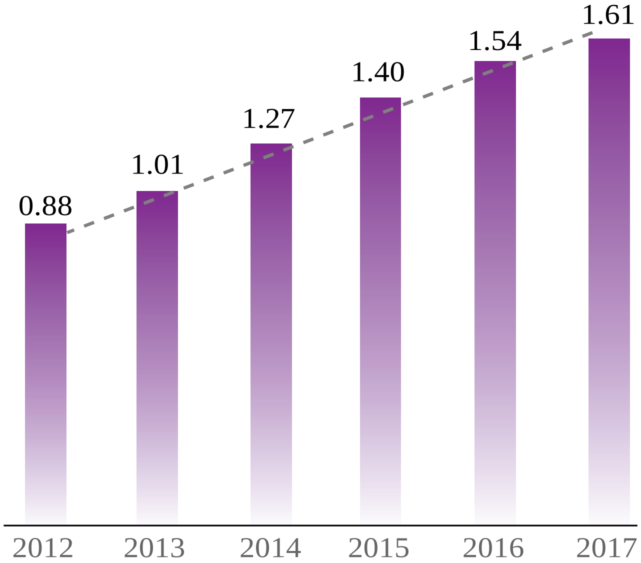
This represents debts against shareholders equity of Re 1. Debts include long term interest bearing and non-interest bearing debts and equity includes revaluation surplus. This ratio is on downword trajectory due to repayment of debts and retention of earnings within the Company. This ratio decreased to Re. 0.40 in 2017 compared to Rs. 1.84 in 2012 posting a reduction of ~78% over the timeline.

Current Ratio



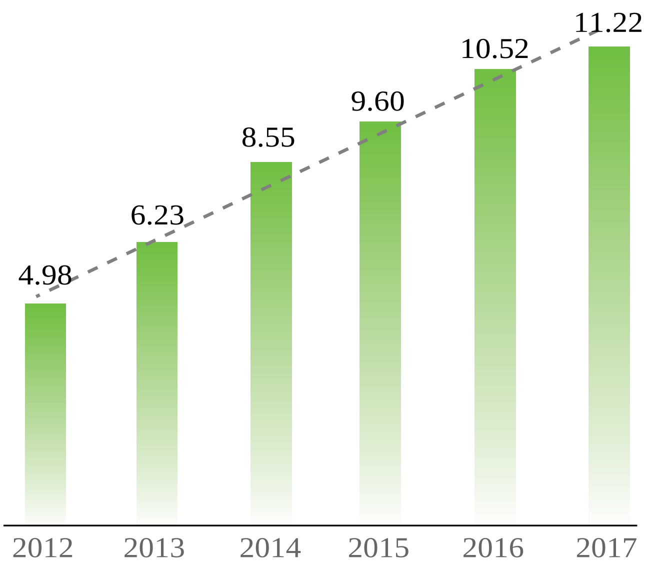
This represents current assets against current liability of Re 1. Current ratio temporarly sliped to 0.66 in 2017 from 0.84 in 2018. Over the timeline, the company has strengthen its current ratio.

Sales Volume (million ton)



Cement sales volume is consistantly on upward trend and stood at 1.61 million ton cement despatch in addition to 2017 compared to 0.88 million tonnes in 2012 posting a growth of ~83% over timeline. During 2017, 0.16 million ton clinker was also sold in addition to cement sale.

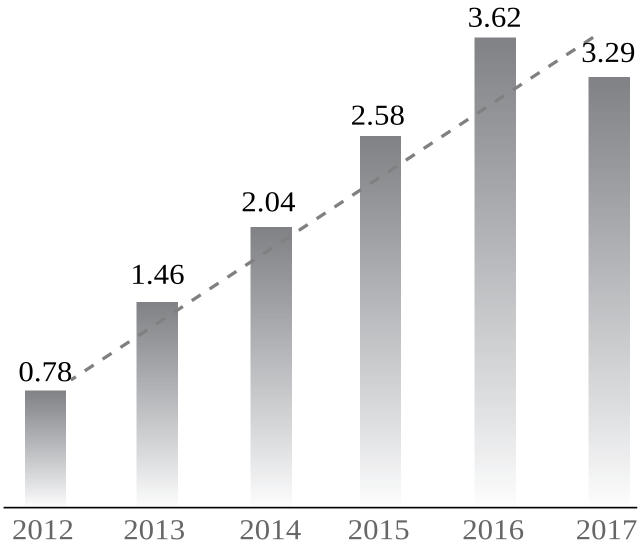
Net sales (billion rupees)



Net Sales continued its upward trajectory mainly due to sales volume growth and stood at 11.22 billion in 2017 compared to Rs. 4.98 billion in 2012 posting a growth of ~125% over timeline.

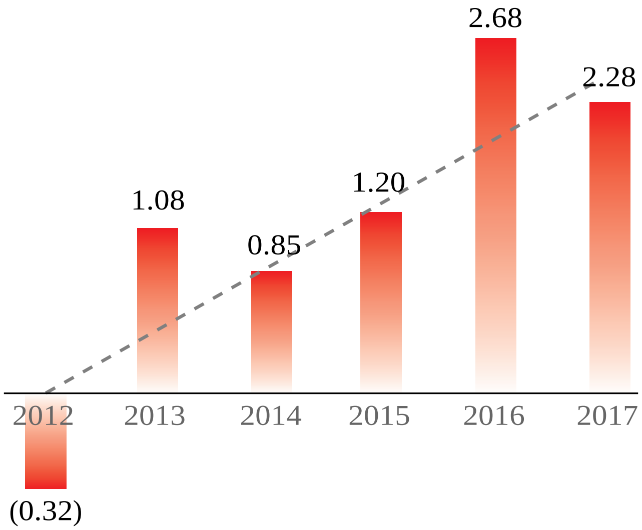
KPI GRAPHICAL PRESENTATION

EBIT (billion rupees)



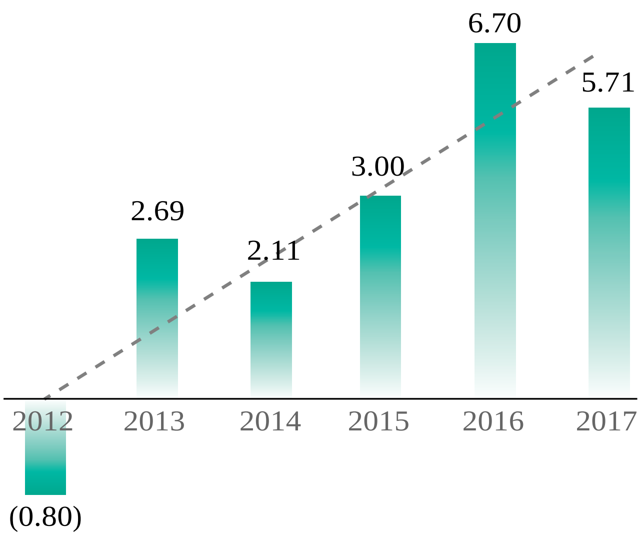
Earnings before interest and tax is on its upward trajectory and stood at 3.29 billion in 2017 and has been increased by more than 4 times since 2012.

Net profit (billion rupees)



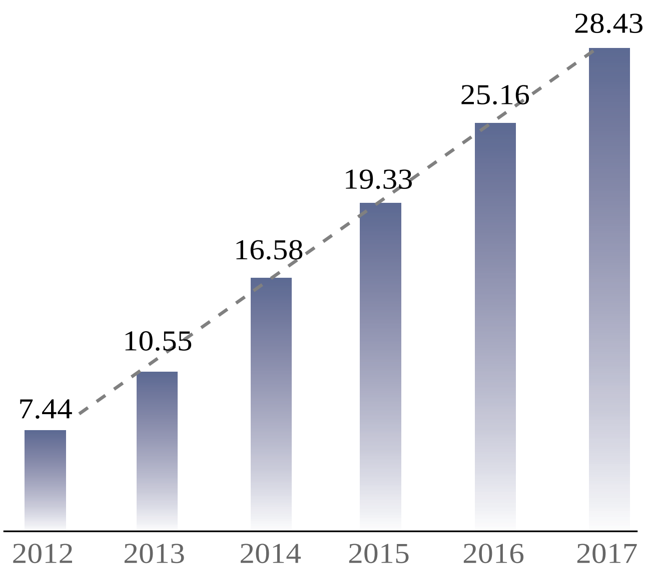
Profit after taxation is also on its upward trend and stood at Rs. 2.28 billion in 2017 compared to loss of Rs. 0.32 billion in 2012

Earnings per share (rupees)



EPS displayed upward trajectory and stood at Rs. 5.71 in 2017 compared to (Re. 0.80) in 2012.

Book value per share (rupees)

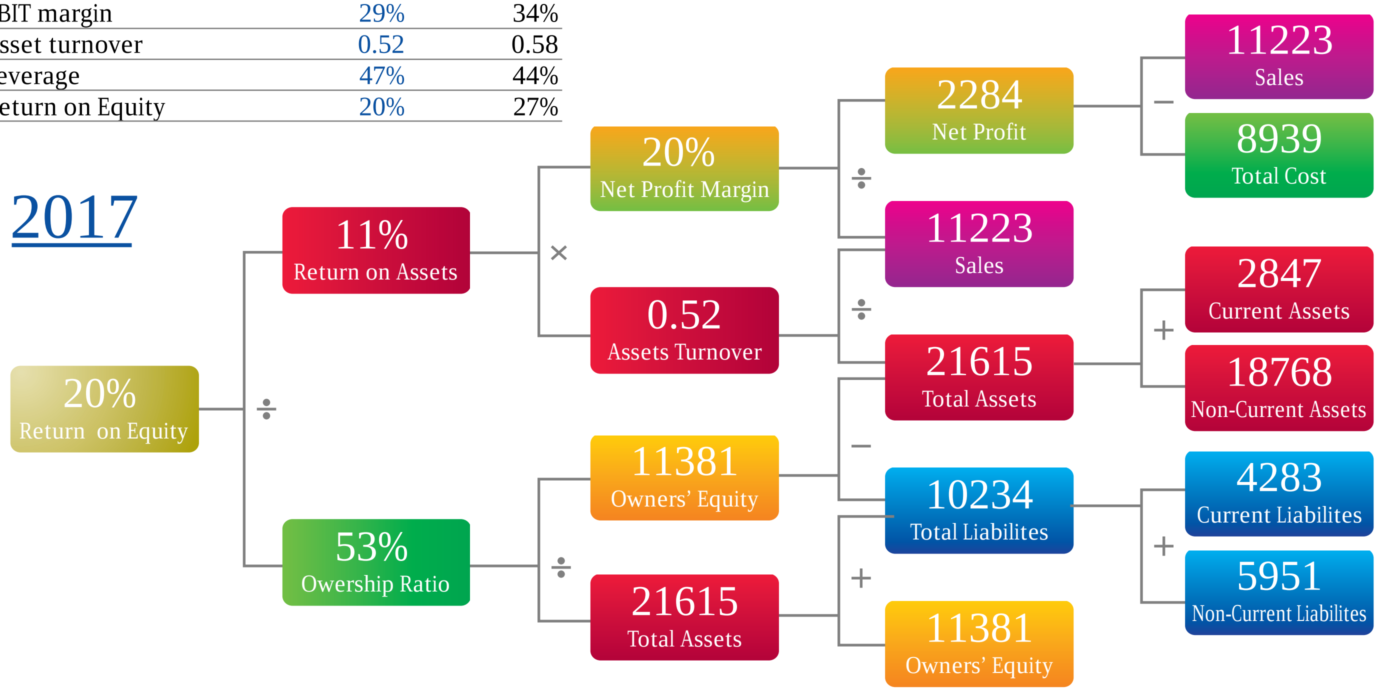


Book value per share including revaluatio surplus displayed upward trajectory and stood at Rs. 28.43 in 2017 which has been increased by more than 4 times since 2012.

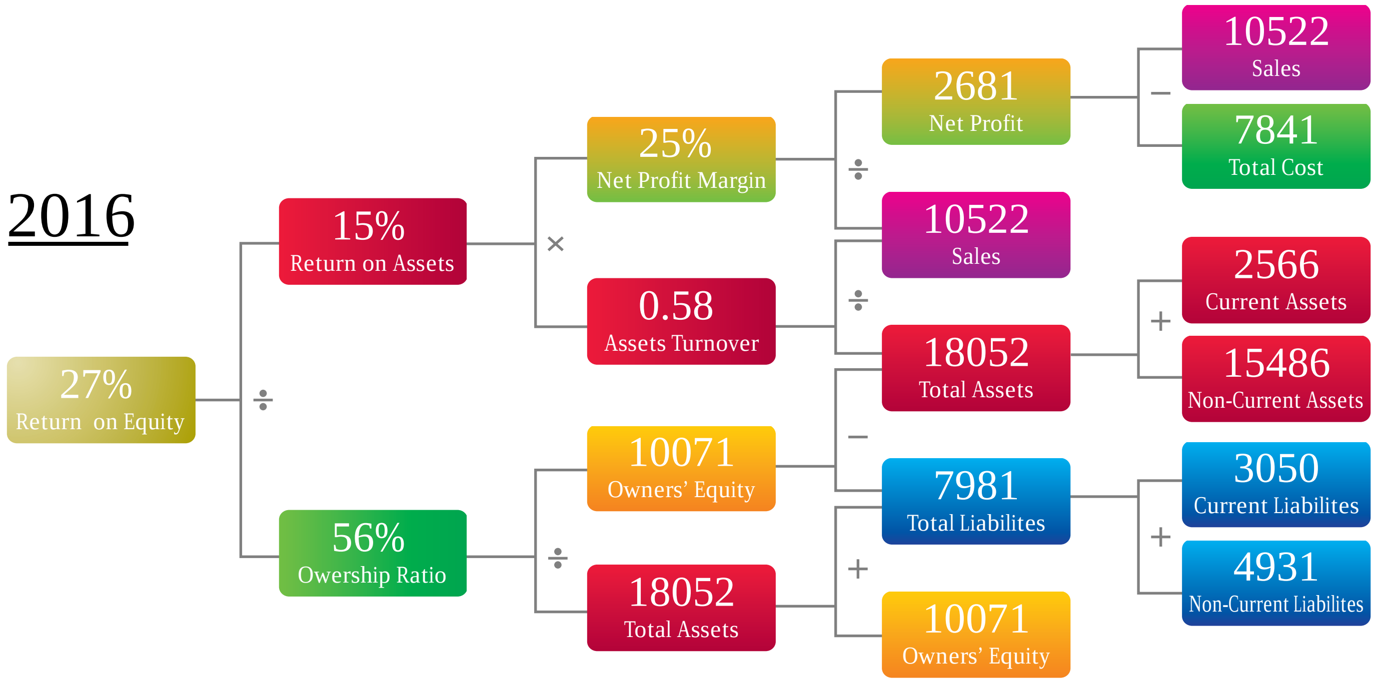
DuPONT ANALYSIS

	2017	2016
Tax burden	23%	38%
Interest burden	7%	-2%
EBIT margin	29%	34%
Asset turnover	0.52	0.58
Leverage	47%	44%
Return on Equity	20%	27%

2017



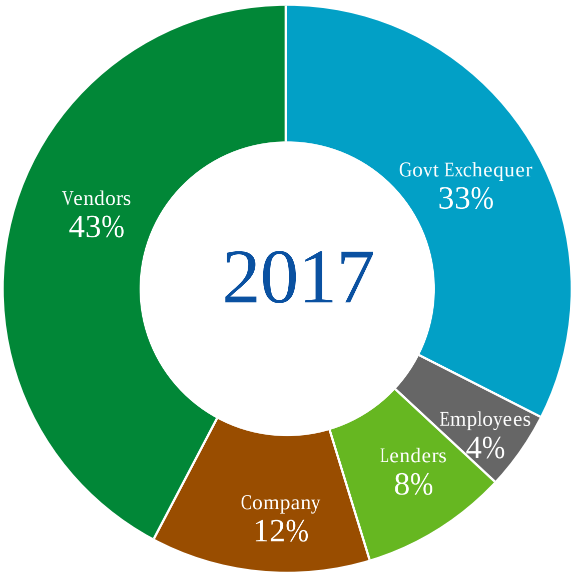
2016

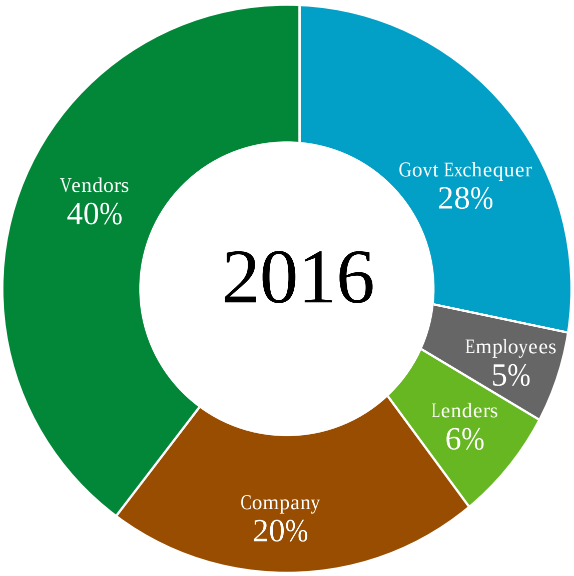


Leverage = (Non-current Liabilities + Current Liabilities) / Total Assets
Interest Burden = (Finance Cost - Other Income) / EBIT
Figures in million rupees.

WEALTH DISTRIBUTION EXPENSES & PROFIT BREAKUP

	2017 (Rs. in '000s)	2017 (%)	2016 (Rs. in '000s)	2016 (%)
GROSS WEALTH				
Gross Sales	15,526,926	100%	13,382,415	97%
Other Income	62,879	0%	353,672	3%
	15,589,805	100%	13,736,087	100%
DISTRIBUTION				
Goods and services providers				
Fuel and energy	4,474,353	29%	3,457,191	25%
Materials consumed	1,052,690	7%	1,098,178	8%
Other expenses	1,057,466	7%	907,893	7%
	6,584,509	43%	5,463,262	40%
Employees				
Salaries and benefits	484,753	3%	472,178	3%
Workers' Profit Participation Fund	162,003	1%	196,607	1%
Workers' Welfare Fund	33,374	0%	26,959	0%
	680,130	4%	695,744	5%
Government				
Income Tax	760,980	5%	1,013,573	7%
Sales Tax	2,449,580	16%	2,125,489	15%
Federal Excise duty	1,720,102	11%	653,958	5%
Royalty and Excise duty	129,990	1%	113,974	1%
	5,060,652	33%	3,906,994	28%
Provider of Finances				
To debt provider as finance cost	308,059	2%	278,862	2%
To equity provider as dividend	1,000,685	6%	600,411	4%
	1,308,744	8%	879,273	6%
Retained in Business				
Depreciation and amortization	510,754	3%	530,491	4%
Retained earning	1,445,016	9%	2,260,323	16%
	1,955,770	12%	2,790,814	20%
	15,589,805	100%	13,736,087	100%





BALANCE SHEET HORIZONTAL & VERTICAL ANALYSIS

	2017	2016	2015	2014	2013	2012
						Figures in Thousand Rupees
NON CURRENT ASSETS	18,767,601	15,491,362	13,813,200	13,210,921	11,742,875	11,602,084
% of total assets	87%	86%	87%	87%	91%	92%
% change from preceeding year	21%	12%	5%	13%	1%	0%
Property, plant and equipment	18,677,798	15,397,173	13,722,670	13,102,850	11,527,658	11,547,891
% of total assets	86%	85%	86%	86%	89%	92%
% change from preceeding year	21%	12%	5%	14%	0%	-1%
Intangible asset	2,268	3,551	4,834	6,117	-	-
% of total assets	0%	0%	0%	0%	0%	0%
% change from preceeding year	-36%	-27%	-21%	100%	0%	0%
Long term loans and deposits	87,535	90,638	85,696	101,954	72,456	54,193
% of total assets	0%	1%	1%	1%	1%	0%
% change from preceeding year	-3%	6%	-16%	41%	34%	505%
Deferred tax assets	-	-	-	-	142,761	-
% of total assets	0%	0%	0%	0%	1%	0%
% change from preceeding year	0%	0%	0%	-100%	100%	0%
CURRENT ASSETS	2,847,464	2,560,928	2,070,404	1,968,973	1,209,835	977,091
% of total assets	13%	14%	13%	13%	9%	8%
% change from preceeding year	11%	24%	5%	63%	24%	3%
Stores, spares and loose tools	1,133,278	878,719	812,526	619,954	647,243	383,978
% of total assets	5%	5%	5%	4%	5%	3%
% change from preceeding year	29%	8%	31%	-4%	69%	17%
Stock in trade	624,850	290,099	624,954	887,682	167,020	112,122
% of total assets	3%	2%	4%	6%	1%	1%
% change from preceeding year	115%	-54%	-30%	431%	49%	-3%
Trade debts	509,006	360,210	240,255	252,013	188,929	129,592
% of total assets	2%	2%	2%	2%	1%	1%
% change from preceeding year	41%	50%	-5%	33%	46%	109%
Advances, deposits and other receivables	456,698	542,804	176,066	138,456	170,113	320,810
% of total assets	2%	3%	1%	1%	1%	3%
% change from preceeding year	-16%	208%	27%	-19%	-47%	-23%
Short term investments	20,000	104,172	-	-	-	-
% of total assets	0%	1%	0%	0%	0%	0%
% change from preceeding year	-81%	100%	0%	0%	0%	0%
Cash and bank balances	103,632	384,924	178,699	32,964	22,718	16,777
% of total assets	0%	2%	1%	0%	0%	0%
% change from preceeding year	-73%	115%	442%	45%	35%	37%
Non current assets held for sale	-	-	37,904	37,904	13,812	13,812
% of total assets	0%	0%	0%	0%	0%	0%
% change from preceeding year	0%	-100%	0%	174%	0%	0%
TOTAL ASSETS	21,615,065	18,052,290	15,883,604	15,179,894	12,952,710	12,579,175
% of total assets	100%	100%	100%	100%	100%	100%
% change from preceeding year	20%	14%	5%	17%	3%	0%

BALANCE SHEET HORIZONTAL & VERTICAL ANALYSIS

	2017	2016	2015	2014	2013	2012
						Figures in Thousand Rupees
SHAREHOLDERS' EQUITY	8,007,136	6,562,120	4,301,797	2,907,221	1,937,593	761,642
% of total assets	37%	36%	27%	19%	15%	6%
% change from preceeding year	22%	53%	48%	50%	154%	8%
Issued, subscribed and paid up capital	4,002,739	4,002,739	4,002,739	4,002,739	4,002,739	4,002,739
% of total assets	19%	22%	25%	26%	31%	32%
% change from preceeding year	0%	0%	0%	0%	0%	0%
Retained earnings	4,004,397	2,559,381	299,058	(1,095,518)	(2,065,146)	(3,241,097)
% of total assets	19%	14%	2%	-7%	-16%	-26%
% change from preceeding year	56%	756%	127%	47%	36%	2%
Surplus on revaluation of fixed assets	3,373,909	3,508,947	3,435,857	3,727,563	2,285,921	2,215,354
% of total assets	16%	19%	22%	25%	18%	18%
% change from preceeding year	-4%	2%	-8%	63%	3%	-3%
NON CURRENT LIABILITIES	5,951,314	4,931,143	3,436,956	4,586,777	5,570,060	5,594,373
% of total assets	28%	27%	22%	30%	43%	44%
% change from preceeding year	21%	43%	-25%	-18%	-	21%
Long term borrowings	3,674,294	3,362,293	1,907,388	3,126,486	4,775,854	4,302,687
% of total assets	17%	19%	12%	21%	37%	34%
% change from preceeding year	9%	76%	-39%	-35%	11%	17%
Liabilities against assets subject to finance lease	1,539	2,433	3,297	-	-	-
% of total assets	0%	0%	0%	-	-	-
% change from preceeding year	100%	100%	100%	-	-	-
Deferred taxation	2,190,311	1,474,257	1,409,499	904,660	-	-
% of total assets	10%	8%	9%	6%	-	-
% change from preceeding year	49%	5%	56%	100%	-	-
Employees' retirement benefits	85,170	92,160	116,772	91,948	87,516	85,714
% of total assets	0%	1%	1%	1%	1%	1%
% change from preceeding year	-8%	-21%	27%	5%	2%	9%
Deferred liabilities	-	-	-	463,683	706,690	1,205,972
% of total assets	-	-	-	3%	5%	10%
% change from preceeding year	-	-	-100%	-34%	-41%	7365%
CURRENT LIABILITIES	4,282,706	3,050,080	4,708,994	3,958,333	3,159,136	4,007,806
% of total assets	20%	17%	27%	26%	24%	32%
% change from preceeding year	40%	-35%	19%	25%	-21%	-19%
Trade and other payables	2,676,233	1,310,092	1,466,913	1,682,612	1,294,077	1,314,993
% of total assets	12%	7%	9%	11%	10%	10%
% change from preceeding year	104%	-11%	-13%	30%	-2%	-25%
Markup and profit payable	61,048	45,246	419,919	437,741	507,061	813,106
% of total assets	0%	0%	3%	3%	4%	6%
% change from preceeding year	35%	-89%	-4%	14%	-38%	11%
Short term borrowings	-	-	137,847	167,017	179,008	184,967
% of total assets	-	0%	1%	1%	1%	1%
% change from preceeding year	-	100%	-17%	-7%	-3%	107%
Current portion of non-current liabilities	830,375	527,738	1,625,245	1,026,879	872,680	1,189,337
% of total assets	4%	3%	10%	7%	7%	9%
% change from preceeding year	57%	-68%	58%	18%	-27%	26%
Taxes and duties payable	715,050	1,167,004	1,059,070	644,084	306,310	505,403
% of total assets	3%	6%	7%	4%	2%	4%
% change from preceeding year	-39%	10%	64%	110%	-39%	-64%
EQUITY AND LIABILITIES	21,615,065	18,052,290	15,883,604	15,179,894	12,952,710	12,579,175
% of total assets	100%	100%	100%	100%	100%	100%
% change from preceeding year	20%	14%	5%	17%	3%	0%

PROFIT & LOSS ACCOUNT HORIZONTAL & VERTICAL ANALYSIS

	2017	2016	2015	2014	2013	2012
						Figures in Thousand Rupees
Net Sales	11,222,789	10,522,318	9,601,246	8,547,263	6,230,216	4,976,032
% of net sales	100%	100%	100%	100%	100%	100%
% change from preceeding year	7%	10%	12%	37%	25%	50%
Cost of sales	(7,368,843)	(6,350,064)	(6,632,635)	(6,197,024)	(4,534,105)	(3,991,252)
% of net sales	-66%	-60%	-69%	-73%	-73%	-80%
% change from preceeding year	16%	-4%	7%	37%	14%	26%
Gross Profit	3,853,946	4,172,254	2,968,611	2,350,239	1,696,111	984,780
% of net sales	34%	40%	31%	27%	27%	20%
% change from preceeding year	-8%	41%	26%	39%	72%	494%
General and administrative expenses	(320,295)	(307,069)	(255,594)	(155,894)	(140,518)	(161,123)
% of net sales	-3%	-3%	-3%	-2%	-2%	-3%
% change from preceeding year	4%	20%	64%	11%	-13%	-16%
Selling and distribution expenses	(27,530)	(20,703)	(20,633)	(17,408)	(17,140)	(25,383)
% of net sales	0%	0%	0%	0%	0%	-1%
% change from preceeding year	33%	0%	19%	2%	32%	47%
Other expenses	(216,265)	(224,663)	(110,508)	(134,329)	(82,754)	(19,907)
% of net sales	-2%	-2%	-1%	-2%	-1%	0%
% change from preceeding year	-4%	103%	-18%	62%	316%	-86%
Profit from operations	3,289,856	3,619,819	2,581,876	2,042,608	1,455,699	778,367
% of net sales	29%	34%	27%	24%	23%	16%
% change from preceeding year	-9%	40%	26%	40%	87%	-510%
Other Income	62,879	353,672	1,890	2,135	378,153	14,833
% of net sales	1%	3%	0%	0%	6%	0%
% change from preceeding year	-82%	18613%	-11%	-99%	2449%	-21%
Finance cost	(308,059)	(278,862)	(573,471)	(638,236)	(741,882)	(1,062,620)
% of net sales	-3%	-3%	-6%	-7%	-12%	-21%
% change from preceeding year	10%	-51%	-10%	-14%	-30%	37%
Profit before taxation	3,044,676	3,694,629	2,010,295	1,406,507	1,091,970	(269,420)
% of net sales	27%	35%	22%	16%	17%	-4%
% change from preceeding year	-18%	84%	43%	29%	-505%	-72%
Current taxation	(53,330)	(697,161)	(413,214)	(231,774)	(15,475)	(49,760)
% of net sales	0%	-7%	-4%	-3%	0%	-1%
% change from preceeding year	-92%	69%	78%	1398%	-69%	39%
Deferred taxation	(707,650)	(316,412)	(394,684)	(329,477)	-	-
% of net sales	-6%	-3%	-4%	-4%	-	-
% change from preceeding year	124%	-20%	20%	100%	-	-
Profit after taxation	2,283,696	2,681,056	1,202,397	845,256	1,076,495	(319,180)
% of net sales	20%	25%	13%	10%	17%	-6%
% change from preceeding year	-15%	123%	42%	-21%	437%	68%

FINANCIAL
STATEMENTS


FEDERAL RESERVE NOTE
THIS NOTE IS LEGAL TENDER FOR ALL DEBTS, PUBLIC AND PRIVATE

KRESTON
HYDER BHIMJI & CO
CHARTERED ACCOUNTANTS

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Auditors' Report to the Members

We have audited the annexed balance sheet of Gharibwal Cement Limited as at June 30, 2017 and the related profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof, for the year then ended 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 purpose of our audit.

It is the responsibility of the company's management to establish and maintain a system of internal control, and prepare and present the above said statements in conformity with the approved accounting standards and the requirements of the Companies Ordinance 1984. Our responsibility is to express an opinion on these statements based on our audit.

We conducted our audit in accordance with the auditing standards as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the above said statements are free of any material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the above said statements. An audit also includes assessing the accounting policies and significant estimates made by management, as well as, evaluating the overall presentation of the above said statements. We believe that our audit provides a reasonable basis for our opinion and, after due verification, we report that:

a) in our opinion, proper books of account have been kept by the company as required by the Companies Ordinance, 1984;

b) in our opinion:

   i. The balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of accounts and further in accordance with accounting policies consistently applied;

   ii. The expenditure incurred during the year was for the purpose of the company's business; and

   iii. The business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the company.

c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the company's affairs as at June 30, 2017 and of the profit, its comprehensive income, cash flows and changes in equity for the year then ended; and

d) in our opinion, 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.

Kreston Hyder Bhimji & Co.

KRESTON HYDER BHIMJI & CO.
CHARTERED ACCOUNTANTS
Engagement Partner – Shabir Ahmad, FCA

Lahore: September 26, 2017

Other Offices at: **Karachi - Faislabad - Islamabad**
Website: www.krestonhb.com

BALANCE SHEET
AS AT JUNE 30, 2017

	Note	2017	2016	2015
			Restated	Restated
			(Rupees in '000s)	
ASSETS				
NON CURRENT ASSETS				
Property, plant and equipment	4	18,677,798	15,397,173	13,722,670
Intangible asset	5	2,268	3,551	4,834
Long term loans and deposits	6	87,535	85,696	85,696
		18,767,601	15,486,420	13,813,200
CURRENT ASSETS				
Stores, spares and loose tools	7	1,133,278	878,719	812,526
Stock in trade	8	624,850	290,099	624,954
Trade debts	9	509,006	360,210	240,255
Advances, deposits, and other receivables	10	456,698	547,746	176,066
Short Term Investments	11	20,000	104,172	-
Cash and bank balances	12	103,632	384,924	178,699
		2,847,464	2,565,870	2,032,500
Non current assets held for sales				37,904
Total current assets		2,847,464	2,565,870	2,070,404
TOTAL ASSETS		21,615,065	18,052,290	15,883,604
EQUITY AND LIABILITIES				
SHARE CAPITAL AND RESERVES				
Authorized capital				
470,000,000 ordinary shares of Rs. 10 each		4,700,000	4,700,000	4,700,000
Issued, subscribed and paid up capital	13	4,002,739	4,002,739	4,002,739
Retained earnings		4,004,397	2,559,381	299,058
		8,007,136	6,562,120	4,301,797
SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT	14	3,373,909	3,508,947	3,435,857
		11,381,045	10,071,067	7,737,654
NON CURRENT LIABILITIES				
Long term borrowings	15	3,674,294	3,362,293	1,907,388
Liabilities against assets subject to finance lease	16	1,539	2,433	3,297
Deferred taxation	17	2,190,311	1,474,257	1,409,499
Employees' retirement benefits	18	85,170	92,160	116,772
		5,951,314	4,931,143	3,436,956
CURRENT LIABILITIES				
Trade and other payables	19	2,676,233	1,310,092	1,466,913
Short term borrowings		-	-	137,847
Markup and profit payable	20	61,048	45,246	419,919
Current portion of non-current liabilities	21	830,375	527,738	1,625,245
Taxes and duties payable	22	715,050	1,167,004	1,059,070
		4,282,706	3,050,080	4,708,994
CONTINGENCIES AND COMMITMENTS	23			
TOTAL EQUITY AND LIABILITIES		21,615,065	18,052,290	15,883,604

The annexed notes 1 to 42 form an integral part of these financial statements.

CHIEF EXECUTIVE OFFICER

Chief Financial Officer

DIRECTOR

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED JUNE 30, 2017

	Note	2017	2016 Restated
		(Rupees in '000s)	
Net Sales	24	11,222,789	10,522,318
Cost of sales	25	(7,368,843)	(6,350,064)
Gross Profit		3,853,946	4,172,254
General and administrative expenses	26	(320,295)	(307,069)
Selling and distribution expenses	27	(27,530)	(20,703)
Other expenses	28	(216,265)	(224,663)
Profit from operations		3,289,856	3,619,819
Other Income	29	62,879	353,672
Finance cost	30	(308,059)	(278,862)
Profit before taxation		3,044,676	3,694,629
Taxation	31	(760,980)	(1,013,573)
Profit after taxation		2,283,696	2,681,056
		Rupees	
Earnings per share (basic & diluted)	32	5.71	6.70

The annexed notes 1 to 42 form an integral part of these financial statements.

CHIEF EXECUTIVE OFFICER

Chief Financial Officer

DIRECTOR

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2017

	2017	2016 Restated
	(Rupees in '000s)	
Profit after taxation for the year	2,283,696	2,681,056
Other Comprehensive Income		
Items that will not be reclassified to profit or loss:		
Actuarial (loss)/gain on remeasurement of defined benefit plan	(14,356)	1,114
Deferred tax attributed to actuarial (loss)/gain	4,450	(334)
	(9,906)	780
Total comprehensive income for the year	2,273,790	2,681,836

Surplus arising on revaluation of property, plant and equipment is presented under a separate head below equity as 'Surplus on Revaluation of Property, Plant and Equipment' in accordance with the requirements specified by the section 235 of the Companies Ordinance, 1984 and the Securities and Exchange Commission of Pakistan (SECP) vide its SRO 45(I)/2003 dated January 13, 2003.

The annexed notes 1 to 42 form an integral part of these financial statements.

CHIEF EXECUTIVE OFFICER

Chief Financial Officer

DIRECTOR

CASH FLOW STATEMENT
FOR THE YEAR ENDED JUNE 30, 2017

	Note	2017	2016 Restated
		(Rupees in '000s)	
CASH FLOW FROM OPERATING ACTIVITIES			
Net profit before taxation		3,044,676	3,694,629
Adjustment for non-cash and other items:			
Depreciation and amortization		714,107	668,753
Finance cost		308,059	278,862
Provision for retirement benefits		6,305	5,801
Provision for impairment of store items		20,000	-
Provision for markup receivable		(23,764)	(8,764)
Remission of markup on repayment/settlement of loans		(25,778)	(333,302)
Gain on disposal of vehicle		(914)	(60)
Provision for balances doubtful for recovery		888	1,014
		998,903	612,304
Operating profit before working capital changes		4,043,579	4,306,933
Changes in working capital:			
Stores, spares and loose tools		(274,559)	(66,193)
Stock in trade		(334,751)	334,855
Trade debts		(148,796)	(120,969)
Advance, deposits and other receivables		87,067	(122,582)
Trade and other payables		959,225	(211,551)
Long term deposits		(1,839)	(4,942)
Taxes & duties		88,796	(363,021)
		375,143	(554,403)
Cash inflow from operation		4,418,722	3,752,530
Finance cost paid		(575,954)	(168,893)
Retirement benefits paid		(10,522)	(29,239)
Income tax paid		(341,080)	(200,714)
Net cash inflow from operating activities		3,491,166	3,353,684
CASH FLOW FROM INVESTING ACTIVITIES			
Fixed capital expenditure		(3,819,550)	(2,304,069)
Proceed from disposal of vehicle		1,200	-
Markup received from Balochistan Glass Limited (related party)		22,415	-
Advance to Balochistan Glass Limited (related party)		-	(239,853)
Net cash outflow from investing activities		(3,795,935)	(2,543,922)
CASH FLOW FROM FINANCING ACTIVITIES			
Repayment of long term borrowings		(383,460)	(1,000,308)
Proceeds of long term borrowings		982,669	1,163,966
Repayment of directors' loans		-	(62,998)
Payment of finance lease		(754)	(690)
Dividend paid		(659,150)	(599,335)
Net cash outflow from financing activities		(60,695)	(499,365)
Net (decreased)/increase in cash and cash equivalents		(365,464)	310,397
Cash and cash equivalents at beginning of the year		489,096	178,699
Cash and cash equivalents at end of the year	33	123,632	489,096

The annexed notes 1 to 42 form an integral part of these financial statements.

CHIEF EXECUTIVE OFFICER | Chief Financial Officer | DIRECTOR

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2017

	Share Capital	Retained Earnings	Total
	(Rupees in 000s)		
Balance as at June 30, 2015 - Reported	4,002,739	43,127	4,045,866
Impact of restatement (Note 15.2.9)	-	255,931	255,931
Balance as at June 30, 2015 - Restated	4,002,739	299,058	4,301,797
Total Comprehensive income for the year ended June 30, 2016			
Profit after taxation	-	2,681,056	2,681,056
Other comprehensive income	-	780	780
	-	2,681,836	2,681,836
Interim cash dividend @ Rs. 1.50 per share for the year ending June 30, 2016	-	(600,411)	(600,411)
Realization of revaluation surplus on PPE through depreciation (net of deferred tax)	-	178,898	178,898
Balance as at June 30, 2016 - Restated	4,002,739	2,559,381	6,562,120
Final cash dividend @ Re. 1.00 per share for the year ended June 30, 2016	-	(400,274)	(400,274)
Total Comprehensive income for the year ended June 30, 2017			
Profit after taxation	-	2,283,696	2,283,696
Other comprehensive income	-	(9,906)	(9,906)
	-	2,273,790	2,273,790
Interim cash dividend @ Rs. 1.50 per share for the year ending June 30, 2017	-	(600,411)	(600,411)
Realization of revaluation surplus on PPE through depreciation (net of deferred tax)	-	171,911	171,911
Balance as at June 30, 2017	4,002,739	4,004,397	8,007,136

The annexed notes 1 to 42 form an integral part of these financial statements.

CHIEF EXECUTIVE OFFICER

Chief Financial Officer

DIRECTOR

1 LEGAL STATUS AND OPERATIONS

The Company was incorporated in Pakistan on December 29, 1960 as a Public Limited Company; its shares are quoted on Pakistan Stock Exchange. It is principally engaged in production and sale of cement. The registered office of the Company is situated at 28-B/III, Gulberg III, Lahore. Factory of the Company is situated at Ismailwal, Tehsil Pind Dadan Khan, District Chakwal.

2 BASIS OF PREPARATION

2.1 Statement of compliance

These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. As per the requirements of circular No. CLD/CCD/PR(11)/2017 dated July 20, 2017 issued by the Securities & Exchange Commission of Pakistan (SECP), companies the financial year of which close on or before June 30, 2017 shall prepare their financial statements in accordance with the provisions of the repealed Companies Ordinance, 1984. Accordingly, approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board as are notified under the Companies Ordinance, 1984, provisions of and directives issued under the Companies Ordinance, 1984. In case requirements differ, the provisions of or directives under the Companies Ordinance, 1984 prevail.

2.2 Changes in accounting standards, interpretations and pronouncements and its impact on these financial statements

a Amendments to approved accounting standards effective during the year ended June 30, 2017

There were certain new amendments to the approved accounting standards which became effective during the year ended June 30, 2017 but are considered not to be relevant or have any significant effect on the Company's financial reporting and are, therefore, not disclosed in these financial statements.

b Standards and amendments to approved accounting standards that are effective for the Company's accounting periods beginning on or after July 1, 2017

There are certain new standards and amendments to the approved accounting standards that will become effective for the Company's annual accounting periods beginning on or after July 1, 2017. However, these amendments will not have a significant impact on the financial reporting of the Company and, therefore, have not been disclosed in these financial statements. Further, the new standards are yet to be adopted by the SECP. In addition to the foregoing, the Companies Act 2017 which is not effective on these financial statements, has added certain disclosure requirements which will be applicable in future.

2.3 Basis of measurement

These financial statements have been prepared under the historical cost convention except for the followings:

- certain financial instruments at fair value; and
- certain property, plant and equipment at fair value.

2.4 Functional and presentation currency

The financial statements are presented in Pakistani Rupee (Rs.) which is the Company’s functional and presentation currency.

Figures in these financial statements have been rounded off to the nearest thousands Rupees, unless otherwise stated.

2.5 Use of estimates and judgments

The preparation of financial statements in conformity with approved accounting standards requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under circumstances, and the results of which form the basis for making judgment about carrying value of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which estimates are revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The areas where assumptions and estimates are significant to the Company's financial statements or where judgment was exercised in application of accounting policies are as follows:

2.5.1 Useful life and residual values of property, plant and equipment

The Company reviews the useful life and residual value of property, plant and equipment on regular basis to determine that expectations are not significantly changed from the previous estimates. Further, where applicable, an estimate of the recoverable amount of assets is made for possible impairment on an annual basis. In making these estimates, the Company uses the technical resources available with the Company. Any change in the estimates in the future might affect the carrying amount of respective item of property, plant and equipment, with corresponding effects on the depreciation / amortization charge and impairment, if any.

2.5.2 Stock in trade and stores and spare parts

The company reviews the net realizable value of items of stores, spare parts and loose tools and stock–in–trade to assess any possible impairment on annual basis. Net realizable value is estimated with reference to the estimated selling price in the ordinary course of business less the estimated cost necessary to make the sale. Any change in the estimates in the future might affect the carrying amount of respective item of store, spare parts and loose tools and stock in trade, with corresponding effects on the provision for impairment, if any.

2.5.3 Provision for doubtful debts, advances and other receivables

The Company reviews recoverability of its trade debts, advances and other receivables on annual basis to assess amount of bad debts and provision there against. In particular, judgment by management is required in the estimation of the amount and timing of future cash flows when determining the level of provision required.

2.5.4 Provision for income taxes

The Company takes into account, in making the estimates for income taxes, the current income tax law and decisions taken by appellate authorities on certain issues in the past . Instances where the Company's view differs with the view taken by the income tax department at the assessment stage and where the Company considers that its view on items of a material nature is in accordance with the 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 Contingencies

The assessment of the contingencies inherently involves the exercise of significant judgment as the outcome of the future events cannot be predicted with certainty. The company, based on the availability of the latest information, estimates the value of contingent assets and liabilities which may differ on the occurrence / non-occurrence of the uncertain future events not wholly within the control of the Company.

The Company has disclosed significant contingent liabilities for the pending litigations and claims against the Company based on its judgment and the advice of the legal advisors for the estimated financial outcome. The actual outcome of these litigations and claims can have an effect on the carrying amounts of the liabilities recognised at the balance sheet date. However, based on the best judgment of the Company and its legal advisors, the likely outcome of these litigations and claims is remote and there is no need to recognise any liability at the balance sheet date.

2.5.6 Employees' retirement benefits

The calculation of the benefit requires assumptions to be made of future outcomes, the principal ones being in respect of increase in remuneration and the discount rate used to convert future cash flows to current values. The assumptions used for the plan are determined by independent actuary on annual basis.

The amount of the expected return on plan assets is calculated using the expected rate of return for the year and the market-related value at the beginning of the year. Gratuity cost primarily represents the increase in actuarial present value of the obligation for benefits earned on employee service during the year and the interest on the obligation in respect of employee service in previous years, net of the expected return on plan assets. Calculations are sensitive to changes in the underlying assumptions.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 Property, plant & equipment

Owned operating fixed assets except for freehold land, building and foundation, building on leasehold land, heavy earth moving machinery, plant and machinery and capital work in progress are stated at cost less accumulated depreciation / amortization and impairment in value, if any.

Building and foundation, building on leasehold land, heavy earth moving machinery, and plant and machinery are stated at revalued amount being the fair value at the date of revaluation, less accumulated depreciation / amortization and impairment in value, if any. Freehold land is stated at revalued amount being the fair value at the date of revaluation, less any subsequent impairment losses, if any. The accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of these assets; and thereafter the carrying amount of these assets are adjusted to the revalued amount.

Any revaluation increase arising on the revaluation of such assets is credited to 'Surplus on revaluation of property, plant and equipment'. A decrease in the carrying amount arising on revaluation is charged to profit or loss to the extent that it exceeds the balance, if any, held in the surplus on revaluation account relating to a previous revaluation of that asset.

Assets held under finance lease arrangements are initially recorded at the lower of present value of minimum lease payments under the lease agreements and the fair value of the leased assets in view of certainty of ownership of assets at the end of the lease term.

Capital work-in-progress is stated at cost less identified impairment losses, if any. All expenditure including applicable borrowing costs, if any, connected with specific assets incurred during installation and construction period are carried under capital work-in-progress. These are transferred to specific assets as and when these are available for use.

Depreciation is charged on operating fixed assets except freehold land at the rates stated in note 4.1 by applying reducing balance method. Depreciation is charged to profit and loss account from the month when an asset becomes available for its indented use, whereas no depreciation is charged in the month of disposal. The useful lives and residual values of major components of operating fixed assets are reviewed and adjusted, if appropriate, at each balance sheet date.

Normal repair and maintenance costs are charged to profit and loss account during the period in which these are incurred. Expenditures on major improvements and modifications to the operating fixed assets are capitalized. Gain/loss on disposal of a property, plant and equipment is charged to profit and loss account. Finance cost of leased assets accrued for the period is charged to profit and loss account.

3.2 Intangible assets

Expenditure incurred to acquire computer software is capitalized as intangible asset and stated at cost less accumulated amortization and any identified impairment loss. The estimated useful life and amortization method are reviewed at the end of each annual reporting period, with effect of any changes in estimate being accounted for on a prospective basis.

Intangible assets are amortized using straight-line method over a period of five years. Amortization on additions to intangible assets is charged from the month in which an asset is put to use and on disposal up to the month of disposal.

3.3 Impairment of assets

The Company assesses at each balance sheet date whether there is any indication that an asset may be impaired. If any such indication exists, the carrying amounts of such assets are reviewed to assess whether these are recorded in excess of their recoverable amount. Where carrying values exceed the respective recoverable amounts, assets are written down to their recoverable amounts and the resulting impairment loss is recognized in profit and loss account.

The recoverable amount is the higher of an asset’s fair value less costs to sell and value in use.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised recoverable amount but limited to the extent of carrying amount that would have been determined had no impairment loss been recognized for that asset. Reversal of impairment loss is recognized as income.

3.4 Stores, spares and loose tools

These are valued at moving average cost less allowance for obsolete and slow moving items. Items in transit are valued at invoice values plus other charges incurred thereon. Stores, spares and loose tools are regularly reviewed by the management to assess the indication for impairment in the value. Provision is made for slow moving and obsolete store items when so identified.

3.5 Stock in trade

These are stated at the lower of cost and net realizable value. Cost is determined as follows:

Raw materials	:	Annual average cost
Work in process and finished goods	:	Annual average manufacturing cost
Packing materials	:	Moving average cost

Annual average cost of raw material consists of quarrying cost, transportation, government levies, direct cost of raw material, labour, crushing cost and a proportion of appropriate overheads. Whereas 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 necessarily to be incurred in order to make a sale.

3.6 Trade debts

Trade debts are carried at original invoice amount less any estimate made for doubtful receivables based on review of outstanding amounts at the year end. Known bad debts are written off as and when identified.

3.7 Cash and cash equivalents

Cash in hand and at banks and short term deposit receipts, which are held to maturity are carried at cost. For the purposes of cash flow statement, cash equivalents are short term highly liquid instruments, which are readily convertible to known amounts of cash and which are subject to insignificant risk of changes in values.

3.8 Equity, reserves and dividend payments

Share capital represents the face value of shares that have been issued. Any transaction costs associated with the issuing of shares are deducted from share capital, net of any related income tax benefits, if any.

Retained earnings include all current and prior period retained profits/(loss).

Dividend distributions payable to equity shareholders are included in other liabilities when the dividends have been approved in a general meeting prior to the reporting date.

3.9 Surplus on revaluation of property, plant and equipment

The Company follows the requirement of section 235 of the Companies Ordinance, 1984 and accordingly the surplus arising on revaluation of property, plant and equipment is credited to the “Surplus on revaluation of property, plant and equipment"' account shown below equity in the balance sheet and deferred tax, if any, attributed to the surplus is credited to deferred tax liability. Following amounts are transferred from “ Surplus on Revaluation of Fixed Assets account" to Retained Earnings through Statement of Changes in Equity to record realization of surplus:

- an amount equal to incremental depreciation on revaluation surplus on property, plant and equipment for the year net of deferred taxation, if any; or
- an amount equal to carrying amount of revaluation surplus on property, plant and equipment net of deferred taxation, if any, on its disposal;

All transfers to / from surplus on revaluation of fixed assets account are net of applicable deferred income tax.

3.10 Borrowings

All borrowings are recorded at the proceeds received. Borrowing costs 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 are added to the cost of those assets, until such time as the assets are substantially ready for their intended use. All other borrowing costs are charged to income in the period in which these are incurred.

3.11 Leases

Leases are classified as finance lease whenever the terms of the lease transfer substantially all risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The liability to the lessor is included in the balance sheet as liabilities against assets subject to finance lease. The liabilities are classified as current and long-term depending upon the timing of payment. Lease payments are apportioned between finance charges and reduction of the liabilities against assets subject to finance lease so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to profit and loss account, unless they are directly attributable to qualifying assets, in which case these are capitalized in accordance with the company's general policy on borrowing costs.

Rentals payable under operating leases are charged to profit and loss account on a straight-line basis over the term of the relevant lease. Benefits received and receivable as an incentive to enter into an operating lease are also spread on a straight line basis over the lease term.

3.12 Employees retirement benefits

(a) Defined benefit plan

The Company operates approved funded gratuity scheme for all its employees of worker cadre who have completed the minimum qualifying period of service as defined under the respective scheme.

The liability recognised in the balance sheet is the present value of the Defined Benefit Obligation ('DBO') at the reporting date plus frozen gratuity less the fair value of plan assets. Management estimates the DBO annually with the assistance of independent actuaries. This is based on standard rates of inflation, salary growth, expected service lifetime, interest rate and mortality. Key assumptions used in actuarial valuation are provided in the relevant note to these financial statements. Due to long term nature of these plans, such estimates are subject to significant uncertainty.

Provision for service cost and interest expenses on the net defined benefit liability is made annually to cover obligations under the scheme on the basis of actuarial valuation and is charged to profit and loss account under the head salaries and benefits. Re-measurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised directly in other comprehensive income.

Gratuity scheme for permanent employees of management cadre was discontinued w.e.f. June 30, 2014 and gratuity payable as of that date has been frozen. 50% of the frozen gratuity was paid during the year and the remaining will be paid when these employees leave service with the Company or as per discretion of the management of the Company.

The Company pays the liability to the fund when the employee leaves the service with the Company, therefore, the whole liability is classified as non current liability as it is not expected to be paid off within 12 months from the balance sheet date.

(b) Defined contribution plan

The Company operates a funded contributory provident fund schemes for its permanent employees. The Company has no legal or constructive obligations to pay contributions in addition to its fixed contributions, which are recognised as an expense in the period in which the employees' services are received.

(c) Accumulated compensation absences

The Company discontinued annual leave scheme for all its permanent employees of worker cadre; and all leaves accumulated as at June 30, 2016 shall be paid during the financial year ended June 30, 2018 as per Peace Agreement with CBA.

The Company discontinued annual leave scheme for its employees of management cadre w.e.f. June 30, 2014 and amount payable to them under the scheme has been frozen and will be paid when these employees leave service with the Company or as per discretion of the management of the Company.

Provision is made to cover the obligation for accumulated compensated absences on actual basis and are charged to profit and loss account under the head salaries and benefits.

3.13 Trade and other payables

Creditors relating to trade and other payables are carried at cost which is the fair value of consideration to be paid in the future for goods and services received, whether or not billed to the Company.

3.14 Provisions

Provisions are recognized in the balance sheet when the Company has a present legal or constructive obligation as a result of past events; and it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate of the amount can be made.

Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources embodying economic benefits will be required to settle the obligation, the provisions are reversed.

3.15 Taxation

Current

Provision for current taxation is calculated as payable tax after taking into account tax credits, rebates and exemptions available, if any, plus tax deducted to be treated as full and final discharge. Payable tax is higher of normal tax at corporate tax rate applied to taxable income; or minimum taxation at the rate of 1% of the turnover; or alternative corporate tax at the rate of 17% of accounting profit adjustable as per income tax laws. For income covered under Final Taxation Regime (FTR), taxation is based on the applicable tax rates under such Regime.

Deferred

Deferred tax is recognized using the balance sheet liability method on all temporary differences between the carrying amounts of assets and liabilities for the financial reporting purposes and the amounts used for taxation purposes.

Deferred tax liability is recognized for all the taxable temporary differences. Deferred tax asset is recognized for all the deductible temporary differences only to the extent that it is probable that future taxable profits will be available against which the asset may be utilized. Significant management judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on the tax rates that have been enacted or substantively enacted by the balance sheet date. Impact of future income subject to final taxation is also considered in accordance with the requirements of Accounting Technical Release – 27 of the Institute of Chartered Accountants of Pakistan, if considered material. The Company recognizes deferred tax liability on surplus on revaluation of property, plant and equipment which is adjusted against the related surplus.

Changes in deferred tax assets or liabilities are recognised as a component of tax income or expense in profit or loss, except where they relate to items that are recognised in other comprehensive income (such as the revaluation of property, plant and equipment) or directly in equity, in which case the related deferred tax is also recognised in other comprehensive income or equity, respectively.

3.16 Foreign currency translation

Transactions in foreign currencies are initially recorded at the rates of exchange ruling on the dates of transactions. Monetary assets and liabilities denominated in foreign currencies are retranslated into Pakistan Rupees at the exchange rates prevailing on the balance sheet date. All exchange differences are charged to profit and loss account.

3.17 Financial instruments

Financial assets and liabilities are initially measured at cost, which is the fair value of the consideration given and received respectively. These financial assets and liabilities are subsequently remeasured to fair value, amortized cost or cost as the case may be. Any gain or loss on the recognition and de-recognition of the financial assets and liabilities is included in the profit and loss account for the period in which it arises.

Financial assets and financial liabilities are recognised at the time when the Company becomes a party to the contractual provisions of the instrument. Financial assets are derecognized when the Company loses control of the contractual rights that comprise the financial asset. Financial liabilities are removed from the balance sheet when the obligation is extinguished, discharged, cancelled or expired.

Assets or liabilities that are not contractual in nature and that are created as a result of statutory requirements imposed by the Government are not the financial instruments of the Company.

3.18 Impairment

Financial Assets

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. 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 that asset.

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.

All impairment losses are recognised in the profit and loss account. An impairment loss is reversed if the reversal can be related objectively to an event accruing after the impairment loss was recognised.

Non-Financial Assets

The carrying amounts of non-financial assets are assessed at each reporting date to ascertain whether there is any indication of impairment. If such an indication exists, the asset's recoverable amount is estimated to determine the extent of impairment loss, if any. An impairment loss is recognized as an expense in the profit and loss account. The recoverable amount is the higher of an asset's fair value less cost of disposal and value-in-use. Value-in-use is ascertained through discounting of the estimated future cash flows using a discount rate that reflects current market assessments of the time value of money and the risk specific to the assets. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

An impairment loss is reversed if there is a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

3.19 Offsetting of financial assets and liabilities

Financial assets and financial liabilities are set off and the net amount is reported in the financial statements when there is a legally enforceable right to set off and the company intends either to settle on a net basis, or to realize the assets and to settle the liabilities simultaneously.

3.20 Related party transactions

All transactions with related parties are executed at arm's length prices, determined in accordance with the pricing method as approved by the Board of Directors.

3.21 Revenue recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be measured reliably. Revenue is measured at the fair value of consideration received or receivable on the following basis:

- Sales are recorded when significant risks and rewards of ownership of the goods have passed to the customers which coincides with dispatch of goods to customers.
- Dividend income is recognized when the Company's right to receive the dividend is established.
- Interest income is recognised as and when accrued on effective interest rate method.

3.22 Earning 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.

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 or loss attributable to ordinary shareholders of the Company that would result from conversion of all dilutive potential ordinary shares into ordinary shares.

	Note	2017	2016
		(Rupees in '000s)	
4 PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets - Tangible	4.1	16,978,605	12,410,236
Capital work in progress	4.2	1,699,193	2,986,937
		18,677,798	15,397,173

4.1 PERATING FIXED ASSETS - TANGIBLE

	COST / REVALUED AMOUNT							ACCUMULATED DEPRECIATION						Book Value
	Balance as at 01-07-2016	Additions	Disposal	Transfer from CWIP	Revaluation Surplus	Adjustment	Balance as at 30-06-2017	Rate	Balance as at 01-07-2016	For the Year	Disposal	Adjustment	Balance as at 30-06-2017	Revaluation Model as at 30-06-2017
Owned assets														
Freehold land	162,249	653	-	-	6,880	-	169,782		-	-	-	-	-	169,782
Building and foundation	3,561,654	298,511	-	151,212	154,538	(1,349,100)	2,816,815	5%	1,226,860	122,240	-	(1,349,100)	-	2,816,815
Building on Leasehold land	39,291	-	-	-	5,887	(22,367)	22,811	10%	20,486	1,881	-	(22,367)	-	22,811
Heavy earth moving machinery	182,067	6,249	-	-	25,686	(152,906)	61,096	20%	144,683	8,223	-	(152,906)	-	61,096
Plant and machinery	11,957,596	38,243	-	4,596,292	(141,823)	(2,805,197)	13,645,111	5%	2,277,044	528,153	-	(2,805,197)	-	13,645,111
Infrastructure	195,927	102,562	-	3,462	(1,441)	(7,898)	292,612	20%	87,109	36,473	-	(7,898)	115,684	176,928
Tools and equipment	6,129	324	-	-	-	-	6,453	10%	1,778	448	-	-	2,226	4,227
Furniture, fixtures and office equipment	61,398	13,590	-	-	-	-	74,988	20%	42,629	5,071	-	-	47,700	27,288
Transport assets	102,546	20,654	(1,859)	-	-	-	121,341	20%	61,621	9,617	(1,573)	-	69,665	51,676
	16,268,857	480,786	(1,859)	4,750,966	49,727	(4,337,468)	17,211,009		3,862,210	712,106	(1,573)	(4,337,468)	235,275	16,975,734
Assets subject to finance lease														
Vehicles	5,079	-	-	-	-	-	5,079	20%	1,490	718	-	-	2,208	2,871
Rupees in 000s - 2017	16,273,936	480,786	(1,859)	4,750,966	49,727	(4,337,468)	17,216,088		3,863,700	712,824	(1,573)	(4,337,468)	237,483	16,978,605

	COST / REVALUED AMOUNT							ACCUMULATED DEPRECIATION						Book Value
	Balance as at 01-07-2015	Additions	Disposal	Transfer from CWIP	Revaluation Surplus	Adjustment	Balance as at 30-06-2016	Rate	Balance as at 01-07-2016	For the Year	Disposal	Adjustment	Balance as at 30-06-2017	Revaluation Model as at 30-06-2017
Owned Assets														
Freehold land	108,972	15,373	-	37,904	-	-	162,249		-	-	-	-	-	162,249
Building and foundation	3,559,905	1,749	-	-	-	-	3,561,654	5%	1,104,020	122,840	-	-	1,226,860	2,334,794
Building on Leasehold land	39,291	-	-	-	-	-	39,291	10%	18,396	2,090	-	-	20,486	18,805
Heavy earth moving machinery	182,067	-	-	-	-	-	182,067	20%	135,337	9,346	-	-	144,683	37,384
Plant and machinery	11,510,791	123,266	-	323,539	-	-	11,957,596	5%	1,784,729	492,315	-	-	2,277,044	9,680,552
Infrastructure	189,680	3,317	-	2,930	-	-	195,927	7%-20%	61,170	25,939	-	-	87,109	108,818
Tools and equipment	2,397	3,732	-	-	-	-	6,129	10%	1,461	317	-	-	1,778	4,351
Furniture, fixtures and office equipment	57,125	4,273	-	-	-	-	61,398	20%	38,469	4,160	-	-	42,629	18,769
Transport assets	101,268	5,042	(3,764)	-	-	-	102,546	20%	53,426	9,566	(1,371)	-	61,621	40,925
	15,751,496	156,752	(3,764)	364,373	-	-	16,268,857		3,197,008	666,573	(1,371)	-	3,862,210	12,406,647
Assets subject to finance lease														
Vehicles	5,079	-	-	-	-	-	5,079	20%	593	897	-	-	1,490	3,589
Rupees in 000s - 2016	15,756,575	156,752	(3,764)	364,373			16,273,936		3,197,601	667,470	(1,371)	-	3,863,700	12,410,236

4.1.1 Freehold land, building and foundation, building on leasehold land, heavy earth moving machinery, and plant and machinery have been carried at revalued amounts determined by professional valuers (level 3 measurement under IFRS-13 'Fair Value Measurements'). The valuations are conducted by an independent valuer Indus Surveyor (Pvt) Limited who are approved by Pakistan Banks' Association (PBA) in any amount category. Whereas a piece of land and 1st floor in Pace Tower situated in Lahore were revalued by another independent valuers Al Wazzan Associates (Pvt) Limited. Fresh valuation exercises were carried out on June 30, 2017 (Previous was done on April 30, 2014). The valuation experts used a market based approach to arrive at the fair value of the Company's properties. The basis used for revaluation were as follows:

Freehold land

Fair market value of freehold land was assessed through inquiries to real estate agents and property dealers in near vicinity of freehold land. Different valuation methods and exercises were adopted according to experience, location and other usage of freehold land. Valuer had also considered all relevant factors as well.

Building and foundation

Construction specifications were noted for each building and structure and new construction rates are applied according to construction specifications for current replacement values. After determining current replacement values, depreciation was calculated to determine the current assessed market value.

Plant and machinery, and Heavy earth moving machinery

Current replacement cost was determined by collecting information regarding current prices of comparable cement plant from suppliers and different cement plant consultants in Pakistan and abroad. Fair depreciation factor for each item is applied according to their physical condition, usage and maintenance.

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.

4.1.2 Had the revaluations of these assets not been made, the carrying value of these assets as at June 30, 2017 would have been as under:

	Note	2017	2016
		(Rupees in '000s)	
Freehold land		71,547	70,895
Building and foundation		1,625,580	1,243,534
Building and foundation on leasehold land		69	77
Heavy earth moving machinery		15,950	13,059
Plant and machinery		10,224,693	5,930,825
		11,937,839	7,258,390

4.1.3 Depreciation charge for the year has been allocated as under :

	Note	2017	2016
Cost of sales	25	704,444	659,466
General and administrative expenses	26	7,646	7,318
Selling and distribution expenses	27	734	686
		712,824	667,470

4.1.4 The carrying amount of temporarily idle property, plant and equipment, as included in note 4.1, is as under:

	2017	2016
Building and foundations	98,778	103,815
Railway sidings	-	1,801
	98,778	105,616

4.1.5 Heavy earth moving machinery includes used dumpers having book value of Rs. 18.000 million (FY2016: Rs. 12.288 million) which had been purchased with the funds of the Company. These are in the possession of the Company and are being used for transportation of raw material within the factory premises; but these are not yet registered in the name of the Company.

4.1.6 Vehicles include 7 cars having book value of Rs. 14.365 million (FY2016: Nil) which had been purchased under Musharika arrangement with financial institutions. These are in the possession and use of the Company, but these are registered in the name of the financial institutions and will be registered in the name of the Company at termination of Musharika arrangement.

4.1.7 Following vehicles were disposed off during the year:

	Cost	Book Value	Sale Value	Mode of disposal & Buyer
Honda Civic (Rupees in '000s)	1,859	286	1,200	As is where is basis - DigRock (Pvt) Limited

4.2 CAPITAL WORK-IN-PROGRESS

	Opening Balance	Additions / Adjustment	Transfer to operating fixed assets	Closing Balance
Civil work and buildings	164,888	224,480	(154,674)	234,694
Plant and machinery	2,728,915	3,182,278	(4,596,292)	1,314,901
Advances for capital expenditure - plant and machinery	93,134	56,464	-	149,597
	2,986,937	3,463,222	(4,750,966)	1,699,193

Borrowing cost amounting to Rs. 124.458 million (FY2016: Rs. 21.514 million) has been capitalized during the year as a part of cost of plant and machinery. Borrowing cost capitalized related to borrowings specifically obtained for this purpose as mentioned in Notes 15.1.2, 15.1.4, 15.1.6, 15.1.12.

	Note	2017	2016
		(Rupees in '000s)	
5 INTANGIBLE ASSETS			
Cost			
Balance at the beginning of the year		6,414	6,414
Amortization			
Opening balance		(2,863)	(1,580)
Amortized during the year @ 20%	26	(1,283)	(1,283)
		(4,146)	(2,863)
		2,268	3,551

	Note	2017	2016
		(Rupees in '000s)	
6 LONG TERM LOANS AND DEPOSITS			
Long term loans			
Executive employees - unsecured and interest free			
Mr. Abdul Aziz		4,688	5,239
Mr. Numan Basharat		10,826	1,975
	6.1	15,514	7,214
Less: current portion shown under advance, deposit and prepayments	10	(15,514)	(7,214)
		-	-
Long term deposits			
Rented premises		800	800
Utilities and supplies		86,735	84,896
		87,535	85,696
		87,535	85,696

6.1 Long term loans to executive employees

These loans were given to employees for house building, and will be recovered from their salary in unequal 12 to 100 instalments. These loans are carried at cost due to practicality and materiality of the amounts involved. The maximum aggregate balance due from executives at the end of any month during the year was Rs. 15.663 million (FY2016: Rs. 7.240 million).

	2017	2016
Reconciliation of loans amount:		
Opening Balance	7,214	-
Disbursement	10,000	7,240
Repayments	(1,700)	(26)
Closing balance	15,514	7,214

	2017	2016
7 STORES, SPARES AND LOOSE TOOLS		
General stores	922,059	652,702
Spares	221,554	168,653
Loose tools	4,065	1,609
Store in transit	76,697	126,852
	1,224,375	949,816
Less: Provision for slow moving and obsolete items		
General stores	(67,939)	(47,939)
Store in transit	(23,158)	(23,158)
	(91,097)	(71,097)
	1,133,278	878,719

		Note	2017	2016
			(Rupees in '000s)	
8	STOCK IN TRADE			
	Raw material		49,502	59,980
	Work in process		463,734	212,808
	Finished goods		97,283	3,952
	Packing material		14,331	13,359
			624,850	290,099
9	TRADE DEBTS - unsecured			
	Considered good		509,006	360,210
	Considered doubtful		6,432	6,432
			515,438	366,642
	Less: provision for doubtful debts		(6,432)	(6,432)
			509,006	360,210
10	ADVANCES, DEPOSITS AND OTHER RECEIVABLES			
	Considered good and secured			
	Advances to staff	10.1	12,808	9,863
	Considered good but unsecured			
	Loans to employees	6	15,514	7,214
	Advances to suppliers		104,664	215,370
	Deposits with SNGPL		464	464
	Bank guarantees cash margin		31,960	31,960
	Letters of credit cash margin		36,546	25,437
	Prepayments and other receivables		4,776	8,821
	Balochistan Glass Limited - associated company	10.2	249,966	248,617
			456,698	547,746
	Considered doubtful			
	Advances to suppliers		20,828	19,940
	Other receivables		-	10,000
			20,828	29,940
			477,526	577,686
	Less: provision for balances doubtful of recovery		(20,828)	(29,940)
			456,698	547,746

10.1 This includes advances amounting to Rs. 8.881 million (FY2016: Rs. 8.517 million) given for the company's business. No advances against salary were given to Chief Executive, Directors and Executives of the company during the year (FY2016: Nil). These are secured against staff retirement benefits.

10.2 The Company has approved a short term advance facility up to Rs. 250 million to its associated company Balochistan Glass Limited under the authority of a special resolution u/s 208 of the Companies Ordinance, 1984. This facility carries markup at average borrowing cost of the Company plus 1% p.a. Outstanding balance includes markup receivable amounting to Nil (FY2016: Rs. 8.287 million) as at balance sheet date. Maximum balance at any month-end during the year was Rs. 249.986 million (FY2016: Rs. 248.617 million).

	Note	2017	2016
		(Rupees in '000s)	
11 SHORT TERM INVESTMENTS			
Mutual funds		-	4,172
Term deposit receipt with bank	11.1	20,000	100,000
		20,000	104,172

11.1 These are cash deposits on one month roll-over basis and carry markup @ 6.0% p.a. (FY2016: @ 5.5% p.a.) which were matured subsequent to balance sheet date.

	Note	2017	2016
12 CASH AND BANK BALANCES			
Cash in hand		5,989	3,761
Cash at banks in local currency			
Current accounts		65,080	270,872
Saving accounts	12.1	20,218	109,082
Dividend account		4,148	1,077
		89,446	381,031
Cash at banks in foreign currency			
US$ Account		8,197	132
		103,632	384,924

12.1 These accounts bear profit ranging from 3% to 5% p.a. (FY2016: 4% to 5% p.a.).

13 ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL

	2017	2016	2017	2016
	(Numbers)		(Rupees in '000s)	
Ordinary shares of Rs. 10 each:				
Fully paid in cash	386,842,543	386,842,543	3,868,425	3,868,425
Fully paid as bonus shares	13,431,417	13,431,417	134,314	134,314
	400,273,960	400,273,960	4,002,739	4,002,739

	Note	2017	2016
			Restated
		(Rupees in '000s)	

14 SURPLUS ON REVALUATION OF PROPERTY, PLANT & EQUIPMENT

	Note	2017	2016
Gross Surplus			
Opening balance		4,977,188	5,240,274
Surplus arose during the year		49,727	-
Incremental depreciation for the year		(249,147)	(263,086)
		4,777,768	4,977,188
Deferred Tax attributed to Surplus			
Opening balance		(1,468,241)	(1,804,417)
Surplus arose during the year		(12,854)	-
Incremental depreciation for the year		77,236	84,188
Tax rate adjustment	17.1	-	251,988
		(1,403,859)	(1,468,241)
		3,373,909	3,508,947

15 LONG TERM BORROWINGS

	Note	2017	2016
Banks and financial institutions - Secured			
Interest bearing borrowings	15.1	3,079,633	2,721,685
Non-Interest bearing borrowings	15.2	594,661	640,608
		3,674,294	3,362,293

15.1 Interest bearing borrowings

	Note	2017	2016
Finance under interest/markup basis:			
Bank of Punjab	15.1.1	839,816	914,816
Bank of Punjab	15.1.2	615,156	685,156
National Bank of Pakistan	15.1.3	478,755	516,129
Summit Bank Limited	15.1.4	343,120	343,120
MCB Bank Limited (Formally: NIB Bank Limited)	15.1.5	182,590	217,313
Pak China Investment Company Limited	15.1.6	128,573	135,690
Saudi Pak Industrial & Agricultural Investment Co. Ltd	15.1.7	79,840	95,546
Bank of Khyber	15.1.8	46,312	67,687
Faysal Bank Limited	15.1.9	40,659	55,359
Silk Bank Limited	15.1.10	21,250	35,417
First Credit Investment Corporation	15.1.11	21,280	25,840
		2,797,351	3,092,073
Musharika under Islamic Mode			
Al Baraka Bank Limited	15.1.12	950,000	-
First Punjab Modaraba	15.1.13	11,970	-
First Habib Modaraba	15.1.14	3,884	-
Bank Islami Pakistan Limited		-	44,375
Askari Bank Limited		-	10,600
		965,854	54,975
		3,763,205	3,147,048
Less: current and overdue portion shown under current liabilities	21	(683,572)	(425,363)
		3,079,633	2,721,685

15.1.1 The term finance facility is to be repaid in 115 unequal monthly instalments starting from January 2013 to July 2022. Markup is charged @ 3 months KIBOR plus 1.4% per annum with floor of the bank's cost of fund payable quarterly in arrear.

15.1.2 The Company has obtained a demand finance facility to finance the import value of plant and machinery for waste heat recovery project. Principal amount is to be repaid in 10 bi-annual equal instalments starting from March 2017. This facility carries markup @ 3 months KIBOR + 2.5% p.a. which is to be paid quarterly. This facility is secured by way of first specific joint pari passu charge over waste heat recovery plant to the extent of Rs. 700.000 million which is in addition to securities as mentions in note 15.1.5.

15.1.3 The demand finance is to be repaid in 40 unequal quarterly instalments from October 2015 to June 2025. This facility carries markup @ 3 months KIBOR + 1% p.a. w.e.f. October 01, 2015 which is to be paid quarterly.

15.1.4 The Company has obtained a term finance facility to finance the import value of plant and machinery for waste heat recovery project. Principal amount is to be repaid in 16 equal quarterly instalments starting from June 2017. This facility carries markup @ 3 months KIBOR + 2.5% p.a. which is to be paid quarterly. This facility is secured by way of first specific joint pari passu charge over waste heat recovery plant to the extent of Rs. 350.000 million along with 25% margin to be covered through first pari passu charge over all present and future fixed assets of the Company, and personal guarantees of sponsoring directors.

15.1.5 The term finance facility is to be repaid in 35 unequal quarterly instalments starting from March 2012 to December 2020. Markup is charged @ 3 months KIBOR plus 0% and is being deferred as mentioned in Note 15.2.2.

15.1.6 The Company has obtained a term finance facility to finance the import value of plant and machinery for conveyor belt project . Principal amount is to be repaid in 8 equal quarterly instalments starting from May 2017. This facility carries markup @ 3 months KIBOR + 2.5% p.a. which is to be paid quarterly. This facility is secured by way of first pari passu hypothecation charge over all present and future assets of the Company with 25% margin, mortgage over personal properties of sponsoring directors, and personal guarantees of sponsoring directors.

15.1.7 This term finance facility is to be repaid in 96 equal monthly instalments starting from July 2014 to June 2022. Markup is charged @ 3 months KIBOR plus 2.5% p.a. payable quarterly in arrear.

15.1.8 The term finance facility is to be repaid in 84 unequal monthly instalments starting from January 2013 to December 2019. Markup is charged @ 3 month KIBOR plus 0% and is being deferred as mentioned in Note 15.2.4.

15.1.9 This term finance facility is to be repaid in 14 unequal semi annual instalments starting from June 2013 to December 2019. Markup is charged @ 6 month KIBOR plus 0% and is being deferred as mentioned in Note 15.2.5.

15.1.10 The term finance facility is to be repaid in 24 equal quarterly instalments starting from December 2012 to September 2018. Markup is charged @ 3 month KIBOR plus 0% and is being deferred as mentioned in Note 15.2.6.

15.1.11 This term finance facility is to be repaid in 108 equal monthly instalments starting from March 2013 to February 2022. Markup is charged @ 3 month KIBOR plus 0% and is being deferred as mentioned in Note 15.2.7.

15.1.12 This facility was obtained under Musharika arrangement. Rs. 200 million was obtained for purchase of Company's Head Office in Lahore which is repayable in 16 equal quarterly instalments from September 2018 to June 2022, this facility is secured against mortgage charge on this property. Whereas Rs. 750 million was obtained to finance the import value of new cement mill which is repayable in 20 equal quarterly instalments from June 2018 to March 2023, this facility is secured against exclusive charge on this cement mill up to Rs. 1 billion . Profit is to be paid on both facilities @ 3 month KIBOR plus 2% on quarterly basis in arrear. Both facilities are also secured by way of personal guarantees of the sponsoring directors.

15.1.13 This facility of Rs. 30 million was obtained under Musharika arrangement to purchase vehicles and is repayable in 60 unequal monthly instalments. Profit is to be paid @ KIBOR + 3% with defined floor rate. Vehicles purchased under this facility are registered in the name of financial institution as security which shall be transferred in the name of the Company on repayment of whole amount.

15.1.14 This facility of Rs. 15 million was obtained under Musharika arrangement to purchase vehicles and is repayable in 60 equal monthly instalments. Profit is to be paid @ KIBOR + 2.75% with floor rate of 8.75% p.a. Vehicles purchased under this facility are registered in the name of financial institution as security which shall be transferred in the name of the Company on repayment of whole amount.

15.1.15 The Company has entered into a First Joint Pari Passu Hypothecation Agreement with the banks and financial institutions mentioned in note 15.1.1 to 15.1.11 excluding loans mentioned in Note 15.1.2, 15.1.4 and 15.1.6. As a result of this agreement, the long term borrowings along with deferred markup/profit obtained from these banks or financial institutions are secured by way of first pari passu charge over the fixed assets of the Company to the extent of Rs. 10,019.157 million (FY2016: Rs. 10,019.157 million). In addition to this, Bank of Punjab has exclusive charge to the extent of Rs. 600.000 million on three dual fuel Wartsila Generators. Sponsoring directors also give personal guarantees along with mortgage of their personal assets to secure these borrowings.

This agreement also includes first pari passu charge over the fixed assets of the Company amounting to Rs. 770.908 million to the Trustee of Term finance Certificates which is being vacated as the whole TFCs had been fully redeemed.

	Note	2017	2016
			Restated
		(Rupees in '000s)	
15.2 Non-interest bearing borrowings			
Finance under interest/markup basis:			
National Bank of Pakistan	15.2.1	286,304	312,833
MCB Bank Limited (Formally: NIB Bank Limited)	15.2.2	159,219	147,147
Saudi Pak Industrial & Agricultural Investment Co. Ltd	15.2.3	116,568	116,568
Bank of Khyber	15.2.4	116,231	120,484
Faysal Bank Limited	15.2.5	74,391	71,401
Silk Bank Limited	15.2.6	43,950	45,041
First Credit Investment Corporation	15.2.7	39,137	39,702
		835,800	853,176
Musharika under Islamic Mode			
Bank Islami Pakistan Limited	15.2.8	88,967	121,619
Bank Islami Pakistan Limited (Formally: KASB Bank Limited)		-	10,370
		88,967	131,989
Gross value of non-interest bearing borrowings		924,767	985,165
Less: Winding up of discount under IAS 39	15.2.9		
Opening balance		(243,083)	(255,931)
Unwinding up of discount and catch up adjustments	30	58,738	12,848
		(184,345)	(243,083)
Present value of non-interest bearing borrowings		740,422	742,082
Less: current and overdue portion shown under current liabilities		(145,761)	(101,474)
		594,661	640,608

15.2.1 It represents markup accrued till September 30, 2015 which is to be paid in unequal quarterly instalment till June 2025 as per restructuring arrangement. As a result of the restructuring arrangement provision for accrued markup amounting to Rs. 72 million was reversed in FY2016 and reported during FY2016 as remission of markup on repayment/settlement of loans under other income in Note 29.

15.2.2 It represents markup accruing up to date and is payable in unequal quarterly instalments starting from March 2016 to December 2021.

15.2.3 It represents markup accrued till November 30, 2013 amounting to Rs. 116.568 million which is payable as a bullet payment on June 30, 2022.

15.2.4 It includes markup accrued till December 31, 2012 amounting to Rs. 95.243 million which is payable during calendar year 2019, whereas markup accrued from January 01, 2013 onward is being deferred and to be paid in unequal monthly instalments starting from January 2015 to December 2019.

15.2.5 It represents markup accruing up to date and is payable in unequal quarterly instalments starting from March 2019 to December 2020.

15.2.6 It includes markup accrued till September 30, 2011 amounting to Rs. 4.092 million (FY2016: Rs. 6.822 million) which is being paid in equal quarterly instalments ended by September 2018, whereas markup accrued from October 01, 2011 is being deferred and is payable in equal quarterly instalments starting from December 2018 to September 2020.

15.2.7 It includes markup accrued till February 28, 2013 amounting to Rs. 30.736 million which is payable in unequal monthly instalments starting from March 2017 to February 2023; whereas markup accrued from March 01, 2013 is being deferred and is to be paid in equal monthly instalments starting from March 2015 to February 2022.

15.2.8 It represents accrued markup which is payable in equal monthly instalments starting from April 2017 to March 2019.

15.2.9 In accordance with the requirement of IAS-39, these non-interest bearing borrowings have been carried at amortised cost and the relevant difference is being charged to the profit and loss account. During the year, imputed markup has been calculated and accounted for. This accounting treatment has been accounted for with retrospective effect that has decreased the profit for the year ended June 30, 2016 and retained earning as of that date by Rs. 12.848 million, and has increased the opening balance of retained earnings as at July 01, 2015 by Rs. 255.931 million. Further earning per share (basic & diluted) for the year ended June 30, 2016 has been reduced by Re. 0.03.

These are also reclassified as ‘Non-interest bearing borrowings’ and shown under ‘Long Term Borrowings’, previously these were disclosed under the heading ‘Markup and profit payable’ and portion payable after twelve months was disclosed as ‘disclosed as ‘Deferred markup and profit’.

16 LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE

The Company has obtained a vehicle under a finance lease arrangement. This finance lease facility carries markup at the rate 6 month KIBOR + 2% p.a. Facility is secured through exclusive ownership of leased assets in the name of the Bank. Taxes, repair and insurance costs are borne by the Company. The Company intends to exercise its option to purchase the above assets upon completion of the lease period. The amount of future minimum lease payments (MLP), the present value of MLP and the period in which they will become due are as follows: Minimum lease payments (MLP) and present value of MLP is given below:

	Minimum lease payments 2017	Minimum lease payments 2016	Present value of MLP 2017	Present value of MLP 2016
	------- (Rupees in '000s) -------			
Not later than one year	1,272	1,216	1,042	901
Later than one year but not later than five years	2,170	3,300	2,017	2,911
	3,442	4,516	3,059	3,812
Less: finance cost allocated to future periods	(383)	(704)	-	-
	3,059	3,812	3,059	3,812
Less: security deposits adjustable on expiry of lease term	(478)	(478)	(478)	(478)
	2,581	3,334	2,581	3,334
Less: current portion grouped under current liabilities	(1,042)	(901)	(1,042)	(901)
	1,539	2,433	1,539	2,433

		Note	2017	2016
			(Rupees in '000s)	
17	DEFERRED TAXATION			
	Difference in tax and accounting bases of fixed assets		3,410,220	2,990,332
	Provisions		(228,388)	(250,071)
	Tax credits		(991,521)	(1,266,004)
	Net deferred tax liability		2,190,311	1,474,257
17.1	Deferred tax expense for the year			
	Closing balance of deferred tax liability		2,190,311	1,474,257
	Opening balance of deferred tax liability		(1,474,257)	(1,409,499)
	Deferred tax attributed to:			
	Revaluation surplus arose during the year		(12,854)	-
	Revaluation surplus due to change in tax rates	14	-	251,988
	Remeasurement of defined benefit plan		4,450	(334)
	Net deferred tax expense recognized for the year	31	707,650	316,412
18	EMPLOYEES' RETIREMENT BENEFITS			
	Accumulated Compensation Absences	18.1	15,180	33,218
	Gratuity Fund	18.2	77,883	62,229
			93,063	95,447
	Less: loan to employees on behalf of gratuity fund		(7,893)	(3,287)
			85,170	92,160

		Note	2017	2016
			(Rupees in '000s)	
18.1	Accumulated Compensation Absences			
	Opening Balance		33,218	33,883
	Expense for the year	3.13(c)	3,751	933
	Payments for the year		(3,866)	(1,598)
			33,103	33,218
	Less: Payable within 12 months included in accrued liabilities under 'Trade and Other payable'		(17,923)	-
			15,180	33,218
	Allocation of expense to head 'Salaries and benefits':			
	Cost of sales		3,215	728
	General and administrative expenses		536	168
	Selling and distribution expenses		-	37
			3,751	933
18.2	Gratuity Fund			
	Net liability - opening balance		62,229	87,666
	Expense charged to profit and loss account		2,554	4,868
	Expense charged to other comprehensive income		14,356	(1,114)
	Payments made by the company		(6,656)	(30,837)
	Adjustment		5,400	1,181
	Assets written off		-	465
	Net liability - closing balance		77,883	62,229
	Statement of financial position at balance sheet date			
	Present value of defined benefit obligations		55,657	34,045
	Frozen Gratuity Amounts		22,226	28,184
	Fair value of plan assets		-	-
			77,883	62,229
	Expense recognized in profit and loss account			
	Current service cost		519	2,074
	Interest cost		2,035	2,794
			2,554	4,868
	Expense allocated to salaries and benefits head under the following group:			
	Cost of sales		2,172	3,797
	General and Administrative expenses		382	876
	Selling and distribution expenses		-	195
			2,554	4,868
	Amount chargeable to Other Comprehensive Income			
	Actuarial losses / (gains) due to experience adjustment		5,675	(1,114)
	Actuarial losses due to financial assumption		3,225	-
	Actuarial losses due to demographic assumption		5,456	-
			14,356	(1,114)

	Note	2017	2016
		(Rupees in '000s)	
Reconciliation of fair value of plan assets			
Fair value of plan assets at opening of period		-	-
Contribution to the fund by the company		6,656	30,837
Benefits paid		(6,656)	(30,837)
Fair value of plan assets at close of period		-	-
Reconciliation of the present value of defined benefit obligation			
Present value of defined benefit obligations at opening of period		34,045	31,039
Frozen Gratuity Amount at opening of period		28,184	57,092
Current service cost		519	2,074
Interest cost		2,035	2,794
Adjustments		5,400	1,181
Benefits paid		(6,656)	(30,837)
Actuarial loss / (gain)		14,356	(1,114)
Frozen Gratuity Amount at close of period		(22,226)	(28,184)
Present value of defined benefit obligations at close of period		55,657	34,045
Sensitivity Analysis			
Change in present value of defined benefit obligation due to			
1% increase in discount rate		55,151	31,186
1% decrease in discount rate		56,169	37,377
1% increase in future salary		56,164	37,377
1% decrease in future salary		55,147	31,136

Principal actuarial assumptions

The latest actuarial valuation was carried out as at June 30, 2017 under the 'Projected Unit Credit Method'. The main assumptions used for actuarial valuation are as follows:

	2017	2016
Discount rate	7.75% p.a.	7.25% p.a.
Expected rate of future salary increase	7.75% p.a.	6.25% p.a.
Average remaining working life time of employees	1 year	9 years
Expected maturity of defined benefit obligation	1 year	9 years

19 TRADE AND OTHER PAYABLES

	Note	2017	2016
Trade creditors	19.1	1,166,823	372,944
Accrued liabilities		547,054	477,647
Advances from customers		42,527	40,740
Workers' Profit Participation Fund (related party)	19.2	540,125	389,303
Employees' Provident Fund Trust (related party)		3,087	1,423
Workers' Welfare Fund		34,006	26,959
Unclaimed dividend		342,611	1,076
		2,676,233	1,310,092

19.1 These include balances payable to foreign creditors under letters of credit arrangement for purchase of coal and store items. Total letter of credit facilities aggregated to Rs. 939.000 million (FY2016: Rs. 739.000 million) were available from commercial banks at balance sheet date out of which Rs. 18.029 million (FY2016: Rs. 379.569 million) were remained unutilized at balance sheet date. These letters of credit are due in 90-120 days and are secured against lien on import/local L/C documents, accepted draft/bill of exchange, 1st pari passu charge over all present and future fixed assets, to some extent, and personal guarantees of the sponsoring directors.

These also include retention money amounting to Rs. 60.871million (FY2016: Rs. 32.858 million) withheld from contractors' bills and will be paid on completion of contract to satisfaction of the Company.

		Note	2017	2016 Restated
			(Rupees in '000s)	
19.2	Due to workers' profit participation fund (WPPF)			
	Opening balance		389,303	209,743
	Allocation for the year	28	162,003	196,607
			551,306	406,350
	Payment made during the year		(11,181)	(17,047)
	Closing balance		540,125	389,303
20	MARKUP AND PROFIT PAYABLE			
	Long term borrowings from Banks and Financial Institutions			
	Under markup/interest basis		46,394	45,033
	Under Islamic mode		14,654	213
			61,048	45,246
21	CURRENT PORTION OF NON-CURRENT LIABILITIES			
	Interest bearing borrowings	15.1	683,572	425,363
	Non-interest bearing borrowings	15.2	145,761	101,474
	Liability against asset subject to finance lease	16	1,042	901
			830,375	527,738
22	TAXES AND DUTIES PAYABLE			
	Excise duty payable		69,298	-
	Sales tax payable		39,630	-
	Provision for default surcharge		-	253,000
	Current income tax		488,023	775,773
	Withholding tax payable		23,229	68,207
	Excise duties		57,547	49,737
	Royalty on raw material		29,789	12,753
	Other local taxes		7,534	7,534
			715,050	1,167,004

23 CONTINGENCIES AND COMMITMENTS

23.1 The Competition Commission of Pakistan (the CCP) took suo moto action under the Competition Ordinance, 2007 and issued Show Cause Notice on 28 October 2008 for increase in the prices of cement across the country. The similar notices were also issued to All Pakistan Cement Manufacturers Association (APCMA) and its member cement manufacturers. The Company has filed a Writ Petition in the Lahore High Court. The Lahore High Court, vide its order dated August 24, 2009 allowed the CCP to issue the final order. The CCP accordingly passed an order on August 28, 2009 and imposed a penalty amounting to Rs 39.126 million which has been challenged in the Court of law.

The Company's legal counsel is confident that the Company has a good case and there are reasonable chances of success to avoid the penalty, Hence, no provision for the above has been made in these financial statements.

23.2 The Pakistan Standards and Quality Control Authority (PSQCA) charged a marking fee @ 0.15% of the total production of cement to manufacturer for the renewal of license and imposed liability amounting to Rs. 24.000 million but management disagreed with this amount of liability. Based on the legal opinion, the management is confident that the Company has good case and there are reasonable chances of success in the pending Petition in the court.

23.3 Lahore High Court has granted stay order against the impugned order of the Member (Colonies), Board of Revenue, Government of Punjab for cancelling registered sales deed in respect of 400 kanals land purchased by the Company from the Government of Punjab to set up its new plant and converting this into long term lease. Adjudication in this appeal is pending. Based on the legal opinion, the management is confident that the Company has good case and there are reasonable chances of success in the Petition pending before the Lahore High Court.

23.4 The Income Tax Department passed amended assessment order u/s 122(5A) for the Tax Year 2008 by adding back expenses amounting to Rs. 1,231.921 million and creating tax demand of Rs. 84.292 million. This order was annulled by the Commissioner (Appeals) being barred by time limitation. The department has filed appeal before the Appellate Tribunal against the order of the Commissioner (Appeals), and the Company has also filed an appeal before the Appellate Tribunal against the order of the Commissioner (Appeals) for not deciding the case on merit.

The Income Tax Department passed amended assessment order u/s 122(1)/122(5) for the Tax Year 2009 by adding back expenses amounting to Rs. 1,069.990 million. The Commissioner (Appeals) allowed partial relief to the Company. The Company as well as the department has filed appeal before the Appellate Tribunal against the order of the Commissioner (Appeals).

The Income Tax Department passed amended assessment order u/s 122(5A) for the Tax Year 2010 by adding back expenses amounting to Rs. 547.104 million. The Company has filed appeal before the Commissioner Inland Revenue (Appeal-I) against this order.

All of these appeals are pending for adjudication at the balance sheet date. The management and the tax advisor of the Company firmly believe that these appeals will be decided in favour of the Company.

The Sind High Court in its order has disallowed tax credit u/s 113 of the Income Tax Ordinance, 2001 to companies which has Nil normal tax due to tax losses. The order has been challenged in the Supreme Court of Pakistan which is pending for adjudication as at balance sheet date. The same point of law has also been brought before the Lahore High Court who has order the petitioner to first refer to the matter before the forums below where remedy can be sought. Further no adverse orders have been passed by the tax department against those petitioners. The Company has accounted for tax credit u/s 113 amounting to Rs. 204.186 (FY2016: Rs. 251.362 million) in these financial statements. The tax Advisor of the Company is confident that these tax credits will be allowed to the Company in accordance with the provision of section 113 and its past history; and of the firm opinion that the interpretation of this provision shall be decided in favour of the taxpayers by apex court.

23.5 Punjab Government has not so far legislated any law to regulate the payment of WPPF required to be deposited in the WWF created by the Provincial Government through legislation as consequence of the 18th amendment to the Constitution of Pakistan in 2010. Therefore the Company stands handicapped to deposit the leftover amount of WPPF to WWF to be created by the Provincial Government. As the delay in depositing WPPF is not due to the Company so interest on WPPF amounting to Rs. 34 million (FY2016: Rs. 17 million) is not provided in these financial statements.

23.6 The sponsoring directors of the Company had a sum of Rs. 250 million receivable from Dandot Cement Company Limited (DCCL) and as a security of that an equal amount was payable by the Company to DCCL. As per duly executed agreement between the sponsoring directors of the Company and the management of DCCL, the sponsoring directors of the Company has right to demand in writing the repayment of their balances receivable from DCCL; and thereafter the Company is required to release the counter amount held as security to DCCL.

During the financial year 2014, the sponsoring directors of the Company required DCCL in writing, as per mutually agreed agreement, to settle their advances receivable from DCCL against the counter advance receivable from the Company by DCCL. After intimation to the management of DCCL and the auditors of DCCL, the Company had transferred the said advance of Rs. 250 million payable to DCCL in the name of the sponsoring directors of the Company.

However DCCL had not yet adjusted the balances in its books of accounts although their auditors had modified its report on these advances being unconfirmed and unverified despite our intimation to them. The sponsoring directors of the Company has undertaken to compensate the loss, if any, materialized to the Company due to this transaction.

23.7 Commercial banks have issued the following bank guarantees on behalf of the Company in favour of:

	Note	2017	2016
		(Rupees in '000s)	
Sui Northern Gas Pipeline Limited		185,000	185,000
Islamabad Electricity Supply Corporation		92,560	92,560
		277,560	277,560

In addition to above bank guarantees, a commercial bank has issued performance guarantee against export sales on behalf of the Company amounting to USD 10,000 (FY2016: USD 10,000).

23.8 Commitments

	2017	2016
Against supply of plant and machinery	356,346	18,644
Against supply of stores and spares under LC	370,925	359,431
	727,272	378,075

24 NET SALES

	2017	2016
Local sales	15,289,075	13,174,275
Export sales	237,851	208,140
	15,526,926	13,382,415
Less:		
Sales Tax	(2,449,580)	(2,125,489)
Federal Excise Duty	(1,720,102)	(653,958)
Discount to dealers	(134,455)	(80,650)
	(4,304,137)	(2,860,097)
	11,222,789	10,522,318

	Note	2017	2016
		(Rupees in '000s)	

25 COST OF SALES

	Note	2017	2016
Raw materials consumed		781,160	737,955
Packing materials consumed		617,148	645,023
Stores and spares consumed		392,105	290,193
Salaries and benefits		237,146	217,572
Fuel and power consumed		4,680,768	3,185,183
Rent, rates and taxes		53,843	59,648
Repair and maintenance		178,308	137,767
Insurance		13,476	9,941
Vehicle running and travelling		5,603	4,642
Other expenses		49,099	34,103
Depreciation	4.1.3	704,444	659,466
		7,713,100	5,981,493
Adjustment of work-in-process inventory			
Opening balance		212,808	551,919
Closing balance		(463,734)	(212,808)
		(250,926)	339,111
Cost of goods manufactured		7,462,174	6,320,604
Adjustment of finished goods inventory			
Opening balance		3,952	33,412
Closing balance		(97,283)	(3,952)
		(93,331)	29,460
		7,368,843	6,350,064

26 GENERAL AND ADMINISTRATION EXPENSES

	Note	2017	2016
Salaries and benefits		212,804	197,862
Vehicle running and travelling		32,198	22,742
Legal and professional charges		23,041	41,951
Auditors' remuneration	26.1	1,650	1,580
Communication expenses		10,002	9,190
Rent, rates and taxes		4,236	4,187
Fee and subscription		974	3,214
Utilities		2,521	2,199
Miscellaneous		23,940	15,543
Amortization	5	1,283	1,283
Depreciation	4.1.3	7,646	7,318
		320,295	307,069

26.1 Auditors' remuneration

	2017	2016
Kreston Hyder Bhimji & Co.		
Audit fee	1,000	1,000
Half year review fee	500	500
Certification fee	100	-
Out-of-pocket expenses	50	80
	1,650	1,580

		Note	2017	2016
				Restated
			(Rupees in '000s)	
27	SELLING AND DISTRIBUTION EXPENSES			
	Salaries and benefits		14,928	12,242
	Vehicle running and travelling		1,468	1,143
	Advertisement and sale promotion		5,064	4,070
	Others		5,336	2,562
	Depreciation	4.1.3	734	686
			27,530	20,703
28	OTHER EXPENSES			
	Workers' Profit Participation Fund	19.2	162,003	196,607
	Workers' Welfare Fund		33,374	26,959
	Provision for slow moving stores items		20,000	-
	Provision for doubtful debts		-	1,014
	Provision for balances doubtful of recovery		888	-
	Zakat		-	83
			216,265	224,663
29	OTHER INCOME			
	Income from financial assets under interest/markup basis			
	Profit on bank deposits		12,423	9,493
	Markup on advance to Balochistan Glass Limited		23,764	8,764
	Default surcharge provision no more required		-	25,492
	Remission of markup on repayment/settlement of loans		25,778	307,810
	Recovery of doubtful debts		-	2,053
	Income from non-financial assets			
	Profit on disposal of fixed asset		914	60
			62,879	353,672
30	FINANCE COST			
	Banks and financial institutions under markup/interest basis			
	Redeemable capital		-	563
	Long term borrowings		153,144	165,027
	Un-winding up of discount and catch up adjustments	15.2	58,738	12,848
	Lease finance charges		307	398
	under Islamic mode			
	Long term borrowings		1,484	6,410
			213,673	185,246
	Related parties:			
	Mr. Daniyal Jawaid Paracha (director)		-	3,881
	Workers' Profit Participation Fund Trust		-	824
			-	4,705
	Letters of credit financing cost		22,718	23,815
	Bank guarantees commission		5,236	4,461
	Provision for default surcharge		10,258	-
	Late payment surcharge on utilities bills		47,459	52,829
	Bank charges and others		8,715	7,806
			308,059	278,862

		Note	2017	2016
			(Rupees in '000s)	
31	TAXATION			
	Current tax			
	Current period	31.1	51,008	697,161
	Prior period		2,322	-
			53,330	697,161
	Deferred taxation	17.1	707,650	316,412
			760,980	1,013,573

31.1 This represents provision for Corporate Tax @ 31% as well as final tax on export sales, net off tax credits available under the Income Tax Ordinance, 2001. In comparative year, provision was made for Alternative corporate Tax @ 17% as well as final tax on export sales, net off tax credits u/s 65B of the Income Tax Ordinance, 2001.

31.2 Numerical reconciliation between average effective tax rate and the applicable tax rate

	2017	2016
Accounting profit before taxation	3,044,676	3,694,629
Tax at applicable rate of 31% (FY2016: 32%)	943,849	1,182,281
Effect of:		
Super Tax @ 3%	51,008	121,803
Alternative Corporate Tax @ 17%	-	(541,094)
Taxable Temporarily differences	(398,161)	-
Deferred tax	707,650	316,412
Items under lower tax rate	(17,505)	(21,149)
Tax credits	(528,184)	(44,681)
Prior year tax adjustments	2,322	-
Tax charge for the year	760,980	1,013,573
Effective tax rate	25%	27%

32 EARNINGS PER SHARE - Basic and diluted

	2017	2016
Weighted average number of ordinary shares	400,273,960	400,273,960
Profit after tax (Rupees in thousands)	2,283,696	2,681,056
Earnings per share - after tax (Rupees)	5.71	6.70

There is no dilutive effect on the basic earnings per share of the company as the Company has no such commitments at the balance sheet date.

33 CASH AND CASH EQUIVALENT

	2017	2016
Short term investment	20,000	104,172
Cash and bank balance	103,632	384,924
	123,632	489,096

34 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Board of Directors of the Company has overall responsibility for the establishment and oversight of the Company's risk management framework. The accounts department of the Company assist the Board in developing and monitoring the Company's risk management policies. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities.

The risk management policies of the Company are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits, and focuses on actively securing the Company's short to medium-term cash flows by minimizing the exposure to financial markets.

All derivative activities for risk management purposes are carried out by specialist teams that have the appropriate skills, experience and supervision. The Company does not engaged in the trading of financial assets for speculative purposes nor does it write options.

The Company's Board 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. The Audit Committee is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Board Audit Committee.

The Company is exposed to various risks in relation to financial instruments. The main types of risks are credit risk, liquidity risk and market risk.

34.1 Credit risk and concentration of 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. The Company is exposed to credit risk from its operating activities primarily for local trade debts, advances, deposits and other receivables, and other financial assets.

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk as at the end of the reporting period was as follows:

	Note	2017	2016
		(Rupees in '000s)	
FINANCIAL ASSETS			
Long term loans and deposits	6	87,535	85,696
Trade debts	9	509,006	360,210
Advances, deposits and other receivables	10	347,258	323,555
Short term investments	11	20,000	104,172
Cash and bank balances	12	103,632	384,924
		1,067,431	1,258,557

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:

	2017	2016
Customers	509,006	360,210
Suppliers	87,535	85,696
Banks and financial institutions	192,138	452,321
Balochistan Glass Limited (related party)	249,966	248,617
Others	28,786	111,713
	1,067,431	1,258,557

Credit quality of financial assets is assessed by reference to external credit ratings, where available, or to historical information about counterparty default rates. Banks and financial institutions have external credit ratings determined by various credit rating agencies. Credit quality of customers and other receivables are assessed by reference to historical defaults rates and present ages.

Customers are counterparties to local and foreign trade debts against sale of cement. New customer is analysed individually for creditworthiness before the Company's standard payment and delivery terms and conditions are offered. Sales limits are established for each customer based on internal rating criteria and reviewed regularly. Any sales exceeding these limits require special approval. Outstanding customer receivables are regularly monitored. The analysis of ages of trade debts of the Company as at the reporting date is as follows:

	Note	2017	2016
		(Rupees in '000s)	
Past due but not impaired			
1 - 30 days		474,916	351,451
31 - 90 days		31,463	7,081
91 - 180 days		478	574
More than 180 days		2,149	1,105
		509,006	360,211
Past due and impaired		6,432	6,432
	9	515,438	366,643

Management believes that the unimpaired amounts that are past due more than 30 days are still collectable in full based on historical payment behaviour and extensive analysis of customer credit risk.

The credit risk on liquid funds is limited because the counter parties are banks with reasonably high credit ratings. 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.

The movement in the provision for balances doubtful of recovery in respect of advances, deposits and other receivable during the year was as below:

	Note	2017	2016
Opening Balance		29,940	34,611
Provision for impairment	28	888	-
Amounts written off		(10,000)	(4,671)
Closing balance	10	20,828	29,940

34.2 Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial assets, or that such obligations will have to be settled in a manner unfavourable to the Company. Management closely monitors the Company's liquidity and cash flow position. This includes maintenance of balance sheet liquidity ratios, debtors and creditors concentration both in terms of the overall funding mix and avoidance of undue reliance on large individual customers.

The Board of Directors has built an appropriate liquidity risk management framework for the management of the Company's short, medium and long-term funding and liquidity management requirements. The Company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. Included in note 19.1 to these financial statements is a listing of additional undrawn facilities that the Company has at its disposal to further reduce liquidity risk.

The table below summaries the maturity profiles of company's financial liabilities as on June 30, 2017 based on contractual undiscounted payments date and present market interest rates.

	Overdue	Within 6 months	More than 6 months and up to 12 months	More than 1 year and up to 5 years	More than 5 years and up to 10 years	Total
	---------- (Rupees in '000s) ----------					
June 30, 2017						
Interest bearing borrowings	68,723	281,708	333,141	2,744,606	335,027	3,763,205
Non interest bearing borrowings	23,908	58,234	63,620	529,706	64,955	740,422
Finance leases	152	435	454	1,540	-	2,581
Employees' retirement benefits	-	17,923	-	69,989	15,181	103,093
Trade and other payables	378,122	2,280,188	-	-	-	2,658,310
Markup and profits payable	61,048	-	-	-	-	61,048
	531,953	2,656,411	397,215	3,345,841	415,163	7,346,582
June 30, 2016						
Interest bearing borrowings	16,588	151,079	257,695	2,123,185	598,501	3,147,048
Non interest bearing borrowings	15,659	34,689	51,126	474,900	165,707	742,082
Finance leases	58	352	381	2,543	-	3,334
Employees' retirement benefits	-	-	-	-	92,160	92,160
Trade and other payables	40,740	1,269,352	-	-	-	1,310,092
Markup and profits payable	45,246	-	-	-	-	45,246
	118,291	1,455,472	309,202	2,600,628	856,368	5,339,962

34.3 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.

34.3.1 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. The Company manages these mismatches through risk management strategies where significant changes in gap position can be adjusted. The short term borrowing and loans and advances by the Company has variable rate pricing that is mostly dependent on Karachi Inter Bank Offer Rate ("KIBOR") as indicated in respective notes.

The Company's interest / mark-up bearing financial instruments as at the reporting date are as follows:

	2017	2016
	(Rupees in '000s)	
Fixed interest rate financial assets		
Bank balances at PLS accounts	20,218	109,082
Variable interest rate financial liabilities		
Long term borrowings	3,765,786	3,150,382

The effective interest / mark-up rates for interest / mark-up bearing financial instruments are mentioned in relevant notes to the financial statements.

A reasonably possible change of 100 basis points in interest rates of variable interest rate financial liabilities at the reporting date would have (decreased) / increased profit by amounts shown below. The analysis assumes that all other variables, in particular foreign exchange rates, remain constant. The analysis is performed on the same basis for the year 2017.

	2017	2016
	(Rupees in '000s)	
Increase of 100 basis points	37,658	31,504
Decrease of 100 basis points	(37,658)	(31,504)

The sensitivity analysis prepared is not necessarily indicative of the effects on profit for the year and the outstanding liabilities of the Company at the year end.

34.3.2 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 i.e. Pakistan Rupee. The currency in which these transactions are primarily denominated is US dollars. Payables exposed to foreign currency are not covered through any forward foreign exchange contracts or through hedging.

Since the maximum amount exposed to currency risk is only advances against export sales amounting to USD 55,834 at Balance Sheet date, any adverse / favourable movement in functional currency with respect to US dollar will not have any material impact on the operational results.

34.3.3 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.

There was no financial instrument at balance sheet date therefore the Company is not exposed to price risk.

34.4 Fair value of financial instruments:

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.

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:

- i Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date (level 1).
- ii Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly (level 2).
- iii Inputs for the asset or liability that are not based on observable market date (unobservable inputs) (level 3).

The Company has not disclosed the fair values of the financial assets disclosed in Note 34.1 and financial liabilities disclosed in Note 34.2 as these are for short term or reprice over short term. Therefore, their carrying amounts are reasonable approximation of fair value.

During the year, there were no transfers between level 1 and level 2 fair value measurements, and no transfers into and out of level 3 fair value measurement.

34.5 Capital risk 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. The Company's objectives when managing capital are:

a) 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
b) 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.

The Company monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. Net debt is calculated as total loans and borrowings including any finance cost thereon, less cash and cash equivalents.

	Note	2017	2016
		(Rupees in '000s)	
The gearing ratio as at June 30, 2017 is as follows:			
Long term borrowings	15	3,674,294	3,362,293
Liabilities against assets subject to finance lease	16	1,539	2,433
Current portion of non-current liabilities	21	830,375	527,738
Total debts		4,506,208	3,892,464
Short term investment	11	(20,000)	(104,172)
Cash and bank balances	12	(103,632)	(384,924)
Net Debts		4,382,576	3,403,368
Issued, subscribed and paid up capital		4,002,739	4,002,739
Retained earnings		4,004,397	2,559,381
Surplus on revaluation of PPE		3,373,909	3,508,947
Total Capital		11,381,045	10,071,067
Capital employed		15,763,621	13,474,435
Gearing Ratio		28%	25%

Gearing ratio showed that 28% (FY2016: 25%) of the capital employed is financed through borrowings; whereas gearing ratio increased due to fresh debt of Rs. 950 million as mentioned for Note 15.1.12 and utilization of cash and bank balances in capital expenditures.

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 except those related to maintenance of debt covenants including restriction on dividend declaration without obtaining NOC commonly imposed by the providers of debt finance with which the Company has complied.

35 PROVIDENT FUND DISCLOSURE AND COMPLIANCE

GCL Officers' Provident Fund

As per unaudited accounts for the year ended June 30, 2017, required information is given below:

	2017	2016
	(Rupees in '000s)	
Fund Size	61,331	37,878
Cost of investments	55,819	36,206
Percentage of investment at cost	91%	96%
Fair value of investments	59,501	37,161

	2017		2016	
	Rs. '000	%age	Rs. '000	%age
Breakup of fair value of investments:				
Mutual funds	23,003	38%	15,288	41%
Term deposit receipts	22,500	38%	17,000	46%
Bank balances	13,998	24%	4,873	13%
	59,501	100%	37,161	100%

The investments out of Provident Fund Trust have been made in accordance with the provisions of Section 227 of the Companies Ordinance, 1984 and Rules formulated for this purpose. The investment shall be brought in conformity with the provisions of the Employees' Provident Fund (Investment in Listed Securities) Rules 2016 within two years as allowed under Rule 1(3) of these new rules.

GCL Workers' Provident Fund

This fund is wholly managed by CBA. As per latest available unaudited accounts for the year ended June 30, 2014, the total size of the of the Employees' Provident Fund Trust was Rs. 70.336 million out of which Rs. 42.585 million (60.55%) was invested. Cost and fair value of investments was Rs. 20.000 million (28.43%) invested as term deposit in a bank, Rs. 14.263 million (20.28%) invested in another fund, and Rs. 8.322 million (11.83%) kept in bank accounts. The Trust is in process of completing its accounts and audit to comply with the provisions of section 227 of the Companies Ordinance, 1984.

36 NUMBER OF EMPLOYEES

	2017	2016
	(Number)	
Number of employees at year end	420	389
Average number of employees during the year	401	391

37 REMUNERATION TO CHIEF EXECUTIVE OFFICER, DIRECTORS & EXECUTIVES

The aggregated amounts charged in the financial statements as regard to the above stated remunerations:

	Chief Executive		Executive Directors		Non Executive Directors		Executives	
	2017	2016	2017	2016	2017	2016	2017	2016
	------------------ Rupees in '000 ------------------							
Managerial Remuneration	64,800	65,455	32,400	32,728	1,930	1,737	40,760	29,247
Misc. allowances	7,200	6,545	3,600	3,272	2,359	2,126	49,904	35,536
Bonus and other benefits	24,263	27,134	17,531	8167	957	726	14,821	13,586
Retirement benefits	-	-	-	-	201	178	4,434	3,260
	96,263	99,134	53,531	44,167	5,447	4,767	109,919	81,629
No. of persons	1	1	1	1	1	1	47	3 3

The Company also provides the chief executive, a director and some of the executives with Company maintained cars and travelling for business purpose only.

38 TRANSACTIONS WITH RELATED PARTIES

The related parties comprise associated companies/undertakings, directors of the Company, key management staff and staff retirement funds. There were no transactions with related parties during the year other than those which have been disclosed elsewhere in these financial statements.

	2017	2016
	(Tons)	
39 CAPACITY AND PRODUCTION - CLINKER		
Listed capacity	2,010,000	2,010,000
Production	1,701,200	1,300,121

Lower capacity utilization of cement plant is due to gap between demand and supply of cement in local market. The capacity figure of the plant is based on 300 days.

40 CORRESPONDING FIGURES

Correspondence figures have been rearranged and reclassified, wherever necessary, for the purpose of comparison.

41 NON ADJUSTING EVENTS AFTER THE BALANCE SHEET DATE

The Board of Directors of the Company in its meeting held on September 26, 2017 has proposed a final cash dividend of Rs. 1.50 per share for the year ended June 30, 2017, for approval of the members in the Annual General Meeting.

42 AUTHORIZATION FOR ISSUE

These financial statements have been authorized for issue by the Board of Directors of the Company in its meeting held on September 26, 2017.

CHIEF EXECUTIVE OFFICER | Chief Financial Officer | DIRECTOR

FORM OF PROXY

The Secretary
Gharibwal Cement Limited
28-B/III, Gulberg III,
LAHORE

I/We .... of .... being a member of

Gharibwal Cement Limited, and holder of .... Ordinary Shares as per Shares Register

Folio No. .... hereby appoint Mr./Mrs./Ms. ....

of ....

Folio No. .... who is also a member of Gharibwal Cement Limited as my/our proxy to attend and vote for and on my / our behalf at the 57th Annual General Meeting of the Company to be held on Wednesday, October 25, 2017 at 12:00 noon at the registeraed office of the Company (Gharibwal Cement Limited 28-B/III,Gulberg III, Lahore.) and at any adjournment thereof.

As witnessed given under my / our hand (s) .... day of .... , 2017.

Signature

On Five
Rupees
Revenue
Stamp

Witness:

Signature ....

Name ....

Address ....

Note:

1. The Proxy in order to be valid must be signed across a Five Rupees Revenue Stamp and should be deposited in the Registered Office of the Company not later than 48 hours before the time of holding the meeting.

2. No person shall act as proxy unless he is a member of the Company.

3. Signature should agree with the specimen signature registered with the Company.

Consent Required From Shareholder(s) For Annual Reports Through E-mail

Dear Shareholder(s)

The securities & Exchange Commission of Pakistan (SECP) through its Notification (SRO 787(I) 2014) dated 8 September 2014 has allowed the circulation of Company's annual balance sheet and profit and loss account, auditor's report and directors' report etc. (Audited Annual Financial Statements) to shareholders along with notice of Annual General Meeting (AGM) through e-mail.

Therefore, if you wish to receive company's (Audited Annual Financial Statements) along with notice of (AGM) via - email, you are requested to provide this letter duly filled and signed to us or our Share Registrar (M/S Corplink (Private) Limited, 1-K Commercial, Model Town, Lahore) at their below address:

E - MAIL ADDRESS: ____

NAME: ____

CNIC/NTN/PASSPORT COPY:____ (Please attach copy)

FOLIO/CDS ACCOUNT # ____

____
SIGNATURE OF SHAREHOLDER

Share Registrar:
Corplink (Pvt.) Limited
Share Registrars & Corporate Consultants
Wings Arcade, 1-K Commercial,
Model Town, Lahore.
Tel: 042-35839182, 35916714, 5916719
Fax: 042-35869037
Email: corplink786@gmail.com

Gharibwal Cement Address:
Company Secretary
Gharibwal Cement Limited
28-B-III, Gulberg-III, Lahore
UAN 042 - 111 210 310
Email: shamail@gharibwalcement.com

E-Dividend Mandate Letter

Mandatory Bank account details for payment of Dividend through electronic mode

Dear Sir,

I/We/Messrs.,____, being a/the shareholder(s) of Gharibwal Cement Limited (the "Company"), hereby, authorize the Company, to directly credit cash dividends declared by it, in my bank account as detailed below:

Shareholder's Details	
Name of the Shareholder(s)	
Folio No. CDC Participant ID & Sub-Account No. /CDC IAS	
CNIC/NICOP/Passport/NTN No. (please attach copy) - Mandatory	
Contact Number (Landline & Cell Nos.)	
Shareholder's Address	
Zakat Status (Payable or not payable) (submit declaration as per Zakat & Ushr Ordinance 1980, if zakat not payable)	

Shareholder's Bank Account Details	
Title of Bank Account	
IBAN **	
Bank's Name	
Branch Name	
Branch Code No	
Branch Address	

** Please provide complete IBAN, after checking with your concerned branch to enable electronic credit directly into your bank account.

It is stated that the above particulars given by me are correct and I shall keep the Company, informed in case of any changes in the said particulars in future.

Yours truly,

____
Signature of Shareholder (Please affix company stamp in case of corporate entity)

Note:
This letter must be sent by shareholders to his Stock broker or to CDC in case of Investor Account with CDC which maintains his/her CDC account for incorporation of bank account details for direct credit of cash dividend declared by the Company from time to time.
In case of physical shares, please send directly to our share registrar (M/S Corplink (Private) Limited, 1-K Commercial, Model Town, Lahore).

Head Office:
28-B/III, Gulberg III, P.O. Box: 1285,
Lahore (54000) - Pakistan
UAN: 042-111-210-310 | Fax: 042-35871059
E-mail: info@gharibwalcement.com
www.gharibwalcement.com

Factory:
Ismailwal, Tehsil Pind Dadan Khan,
District Chakwal, Pakistan.