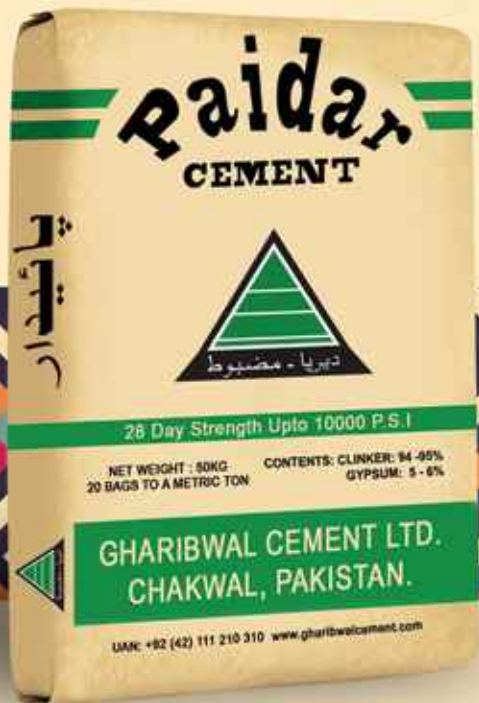


Growing
Everyday



ANNUAL REPORT
2016



GHARIBWAL CEMENT LIMITED

CONTENTS

Notice of Annual General Meeting	02
Company Information	
Company Information	09
Company Timeline	10
Vision & Mission	11
Core Value	12
Corporate Governance	
Corporate Governance	15
Organization Chart	16
Directors' Profile	17
Audit Committee	18
Human Resource and Remuneration Committee	19
Investors' Relationship Committee	20
Code of Conduct and Business Ethics	21
Corporate Social Responsibility	22
The Whistle Blower Policy	23
Directors' Report to the Members	24
Directors' Report to the Members (Urdu)	29
Review Report to the Members	34
Statement on Compliance with Code of Corporate Governance	35
Pattern of Shareholdings	37
Financial Analysis	
Performance Summary	41
Key Performance Indicator for the Year	42
Six Years at a Glance	43
KPI Graphical Presentation	45
DUPONT Analysis	49
Wealth Distribution and Expenses & Profit Breakup	50
Balance Sheet Analysis	51
Profit & Loss Account Analysis	53
Financial Statements	
Auditors' Report to the Members	57
Balance Sheet	58
Profit and Loss Account	59
Statement of Comprehensive Income	60
Cash Flow Statement	61
Statement of Changes in Equity	62
Notes to the Financial Statements	63
Form of Proxy	103

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that 56th Annual General Meeting of Gharibwal Cement Limited will be held on Wednesday, September 28, 2016 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 Extra Ordinary General Meeting (EOGM) held on December 23, 2015.
2. To receive, consider and adopt the Audited Financial Statements of the company for the year ended June 30, 2016 together with Auditor's and Director's report thereon.
3. To approve final cash dividend of Rs. 1 per share (@ 10%) for the year ended June 30, 2016, as recommended by Board of Directors. This is in addition to interim cash dividend already paid @ Rs. 1.5 per share i.e. 15%. This will make total cash dividend of Rs. 2.5 per share (@ 25%) during the year.
4. To appoint Auditors' of the Company for the year ending June 30, 2017 and to fix their remuneration.

Special Business

Investments in Associates U/S 208 of Companies Ordinance, 1984

5. To approve short term loan/advance facility up to 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 208 of Companies Ordinance, 1984:

Resolved that Consent and approval of members of the company be and is hereby accorded under Section 208 of the Companies Ordinance, 1984 for short term loan/advance facility up to of Rs. 250 million for a period of one year from December 23, 2016 to December 22, 2017 at a markup rate of minimum 1% p.a. above the average borrowing rate of company. Company in EOGM held on December 23, 2015 has extend this facility for one year i.e. till December 22, 2016 and now resolved to extend it further for a period of one year.

Further resolved that CEO and 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

Date: September 05, 2016
Place: Lahore

Muhammad Shamail Javed
Company Secretary

NOTES:

1. The share transfer books of the company will remain close from September 21, 2016 to September 28, 2016 both days inclusive. Transfer received by the Share Registrar of the Company, M/s Corplink (Private) Limited, 1-K Commercial, Model Town Lahore up to September 20, 2016 will be considered in time for the purpose of attendance at AGM.
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.

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. In order to avail this facility a Standard Request Form is available at the Company's website.
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.
8. 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, 2015 effective July 01, 2015 the "Filer" & "Non-Filer" shareholders will pay tax on dividend income @12.50% and 17.50% 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 @17.50% instead of 12.50%;
- 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 within 10 days from entitlement date 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.
- 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).

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	

The statement Under Section 160(1)(b) of The Companies Ordinance, 1984, 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 208 of the Ordinance 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 Pakistan Stock Exchange. 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 August 18, 2016 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, 2016 to December 22, 2017 subject to approval by members in AGM. 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.

Directors of the Company, present in the meeting, 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	<p>Purpose: To earn income on the loan/advance to be provided to BGL from time to time for working capital requirements of BGL.</p> <p>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.</p> <p>Period: For a period of one year i.e. from December 23, 2016 to December 22, 2017. Company in EOGM has already extended this Loan till December 22, 2016</p>																										
4	Outstanding Loan Amount as at June 30, 2016 In case any loan has already been granted to the said associated company or associated undertaking, the complete details thereof.	<p>Rs. 242 million</p> <p>Company has already extended similar facility to BGL by passing special resolution in EOGM held on December 23, 2016 for a period of one year i.e. till December 22, 2016</p>																										
5	Rate of Markup & Average Borrowing cost of GCL	<p>Mark up rate: Minimum 1% above the rate charged to GCL by banks & financial institutions.</p> <p>Mark up will be paid by BGL on quarterly Basis. Average borrowing rate of GCL is 3-Kibor + 2.5% approx.)</p>																										
6	Financial Position of BGL	<p>Based on the latest unaudited quarterly financial statements (Third Quarter FY2016) for the period ended March 30, 2016, brief Financial position of BGL is as under:</p> <p>Rs. Million (Approx.)</p> <table> <tbody> <tr> <td>Paid up Capital</td> <td>1,716</td> </tr> <tr> <td>Accumulated Losses</td> <td>4,375</td> </tr> <tr> <td>Revaluation Surplus</td> <td>300</td> </tr> <tr> <td>Subordinated Loan</td> <td>482</td> </tr> <tr> <td>Long term Loans</td> <td>1,311</td> </tr> <tr> <td>Deferred Liabilities</td> <td>1,329</td> </tr> <tr> <td>Short term borrowings</td> <td>461</td> </tr> <tr> <td>Current Liabilities</td> <td>1,878</td> </tr> <tr> <td>Current Assets</td> <td>731</td> </tr> <tr> <td>Current Ratio</td> <td>0.39</td> </tr> <tr> <td>Fixed Assets</td> <td>1,397</td> </tr> <tr> <td>Loss after tax</td> <td>(456)</td> </tr> <tr> <td>EPS - (Rs.)</td> <td>(2.66)</td> </tr> </tbody> </table>	Paid up Capital	1,716	Accumulated Losses	4,375	Revaluation Surplus	300	Subordinated Loan	482	Long term Loans	1,311	Deferred Liabilities	1,329	Short term borrowings	461	Current Liabilities	1,878	Current Assets	731	Current Ratio	0.39	Fixed Assets	1,397	Loss after tax	(456)	EPS - (Rs.)	(2.66)
Paid up Capital	1,716																											
Accumulated Losses	4,375																											
Revaluation Surplus	300																											
Subordinated Loan	482																											
Long term Loans	1,311																											
Deferred Liabilities	1,329																											
Short term borrowings	461																											
Current Liabilities	1,878																											
Current Assets	731																											
Current Ratio	0.39																											
Fixed Assets	1,397																											
Loss after tax	(456)																											
EPS - (Rs.)	(2.66)																											
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 and Mian Nazir Ahmed Peracha are common directors in both Companies. i) Shareholding of Mr. M. Tousif Peracha in GCL is 59.6% and that of Mian Nazir Peracha is 0.001%. ii) Shareholding of Mr. M. Tousif Peracha in BGL is 50.66% of Mian Nazir Peracha is 0.001%.
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 into 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, 2016 to December 22, 2017. 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, 2017 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 extra mark up @1% p.a. will be charged over normal mark up rate.



COMPANY INFORMATION

“Give the managers
order and they will do the task
reasonably well.

But let them set their own targets,
give them the freedom and
the authority,
and their tasks become
PERSONAL MISSION”

COMPANY INFORMATION

BOARD OF DIRECTORS

Mr. Muhammad Tousif Peracha
Chief Executive Officer - Executive Director

Mrs. Tabassum Tousif Peracha
Non - Executive Director

Mr. Daniyal Jawaid Paracha
Independent Director

Mian Nazir Ahmed Peracha
Independent Director

Mr. Khalid Siddiq Tirmizey
Nominee Director

Mr. Abdur Rafique Khan
Executive Director

Mr. Ali Rashid Khan
Non - Executive Director

Ms. Amna Khan
Non - Executive Director

Mr. Muhammad Niaz Paracha
Non - Executive Director

AUDITORS AND LEGAL ADVISORS

Kreston Hyder Bhimji & Co
Chartered Accountants
Statutory Auditors

F.R.A.N.T.S.
Chartered Accountants
Cost Auditors

Raja Muhammad Akram
Legal Advisors

KEY EXECUTIVE MANAGEMENT

Mr. Abdul Shoeb Piracha
Director Commercial

Syed Firasat Abbas
General Manager Plant

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

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

Mr. Muhammad Tahir
Costing, Budgeting and Planning

Mr. Hassan Mahdi CIA
Chief Internal Auditor

Mr. Qaseem Nametullah Siddiqi
Executive Director Operation

Mr. Iqbal Ahmed Rizvi FCA
General Manager Taxation

Mr. Farukh Naveed ACA
Chief Accountant

Rana Muhammad Ijaz
General Manager Marketing

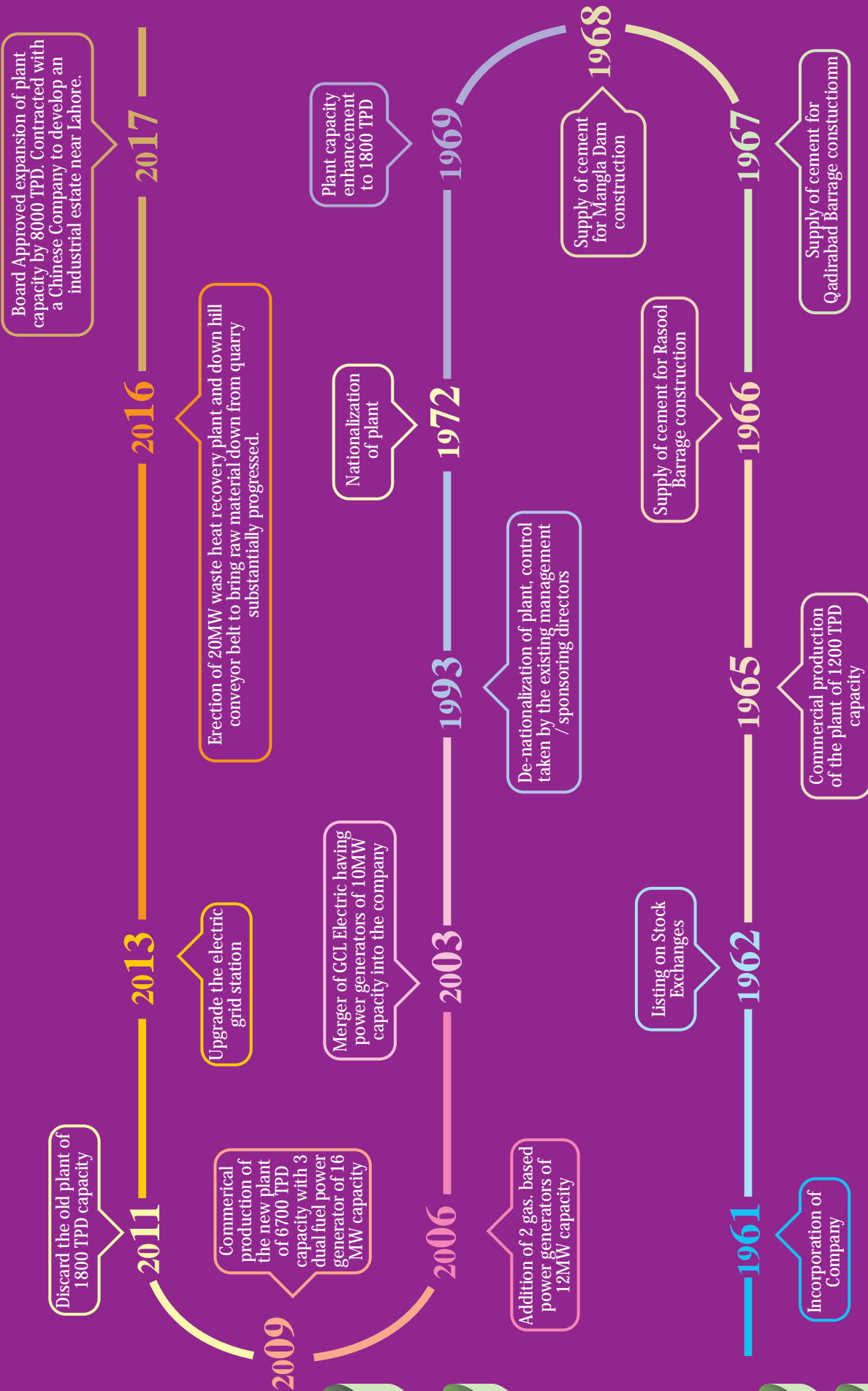
Mr. Mohsin Baig
Manager Purchase

BANKERS

The Bank of Punjab
National Bank of Pakistan
NIB Bank Limited
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
Summit Bank Limited
Pak China Investment Company
Meezan Bank Limited
Allied Bank Limited
Habib Bank Limited
MCB Bank Limited
United Bank Limited
Bank Al Habib Limited

COMPANY TIMELINE



VISION

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



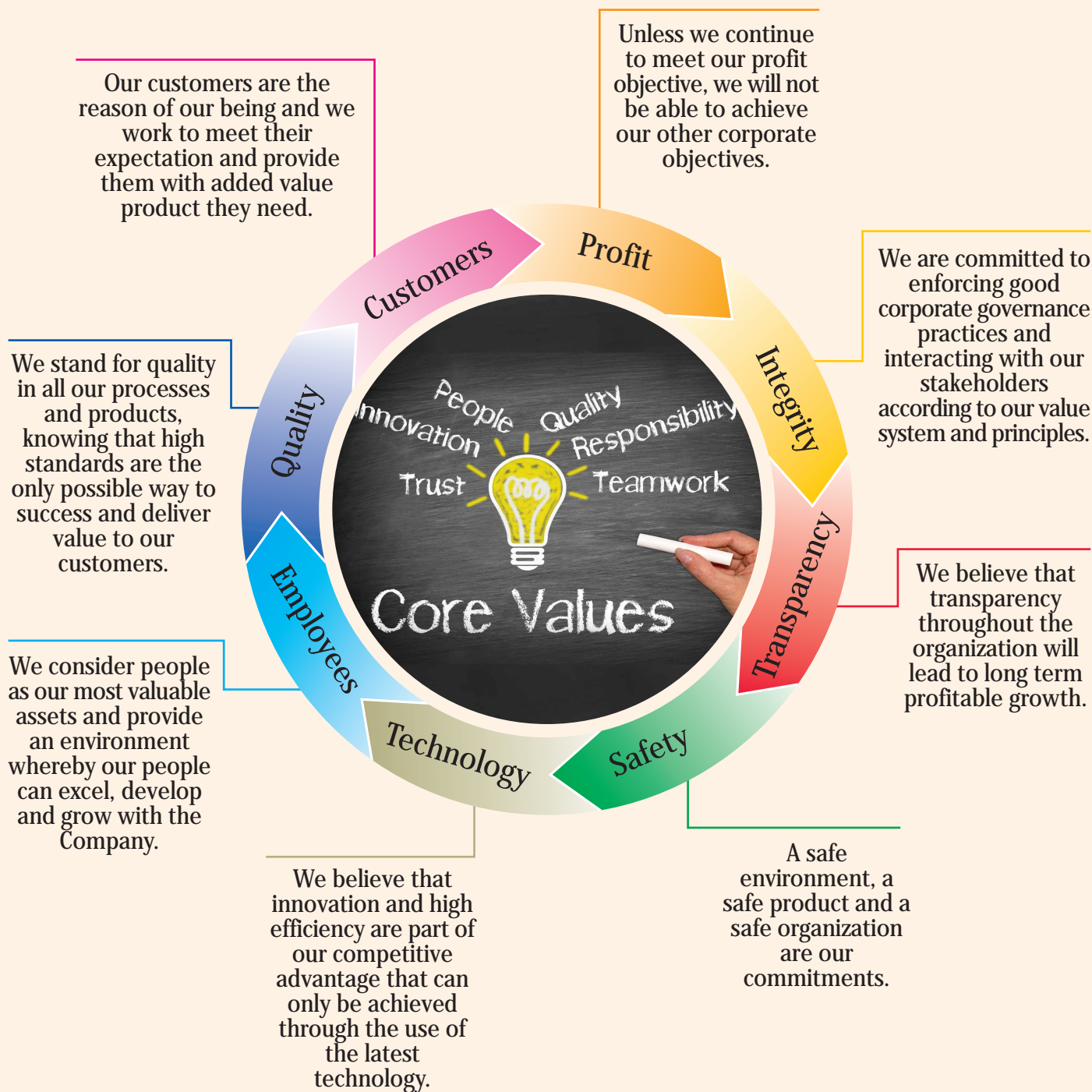
MISSION

We are committed 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

We execute our mission standing firm around our core values and the beliefs that reflect what is truly important to us as an organization. These are not values that change from time to time but rather these are the foundations of our company culture.



CORPORATE GOVERNANCE

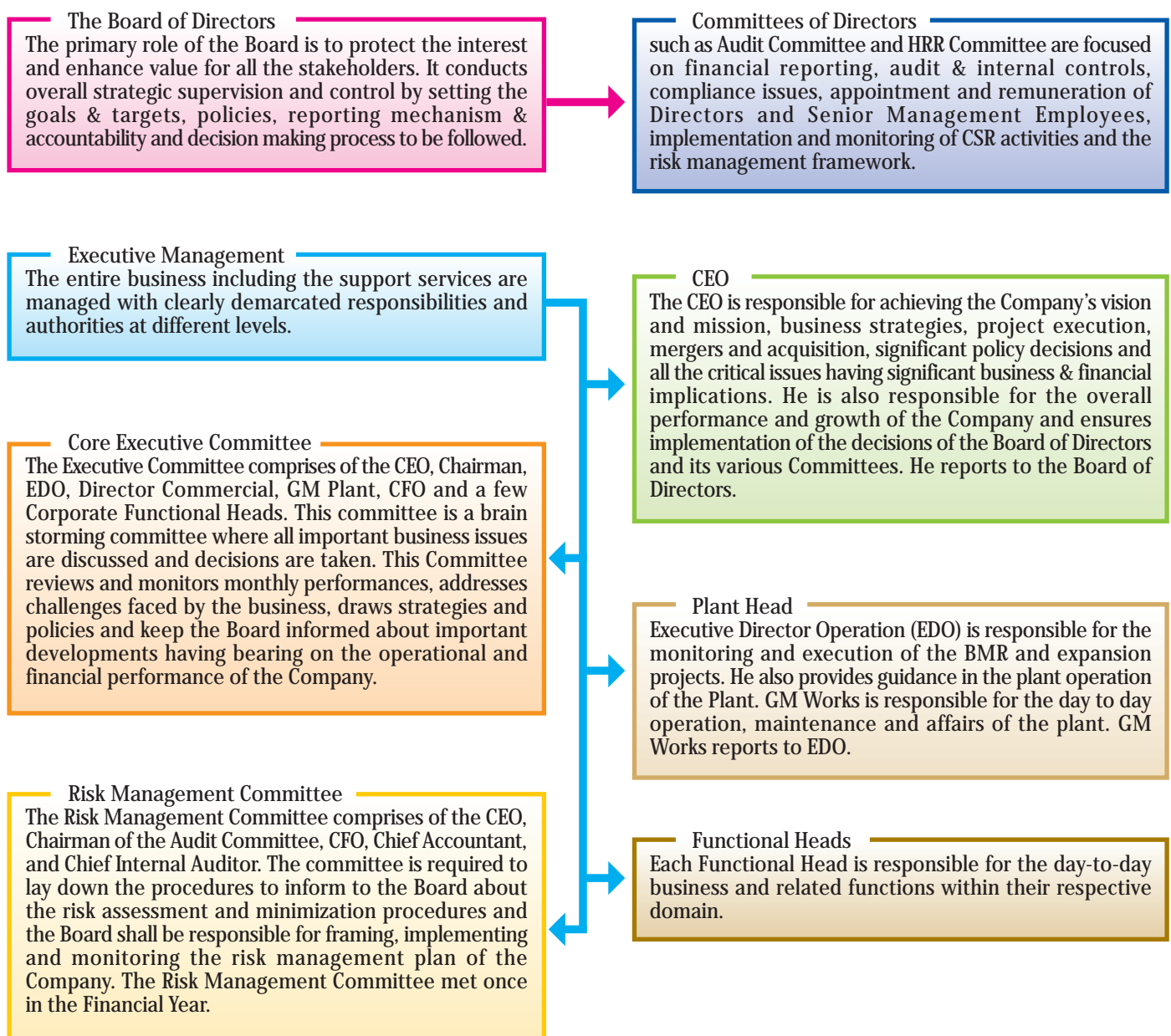
“Providing employment is
the best form
of social service,
as it serves you,
others, your country,
your world
- the entire society.”

CORPORATE GOVERNANCE

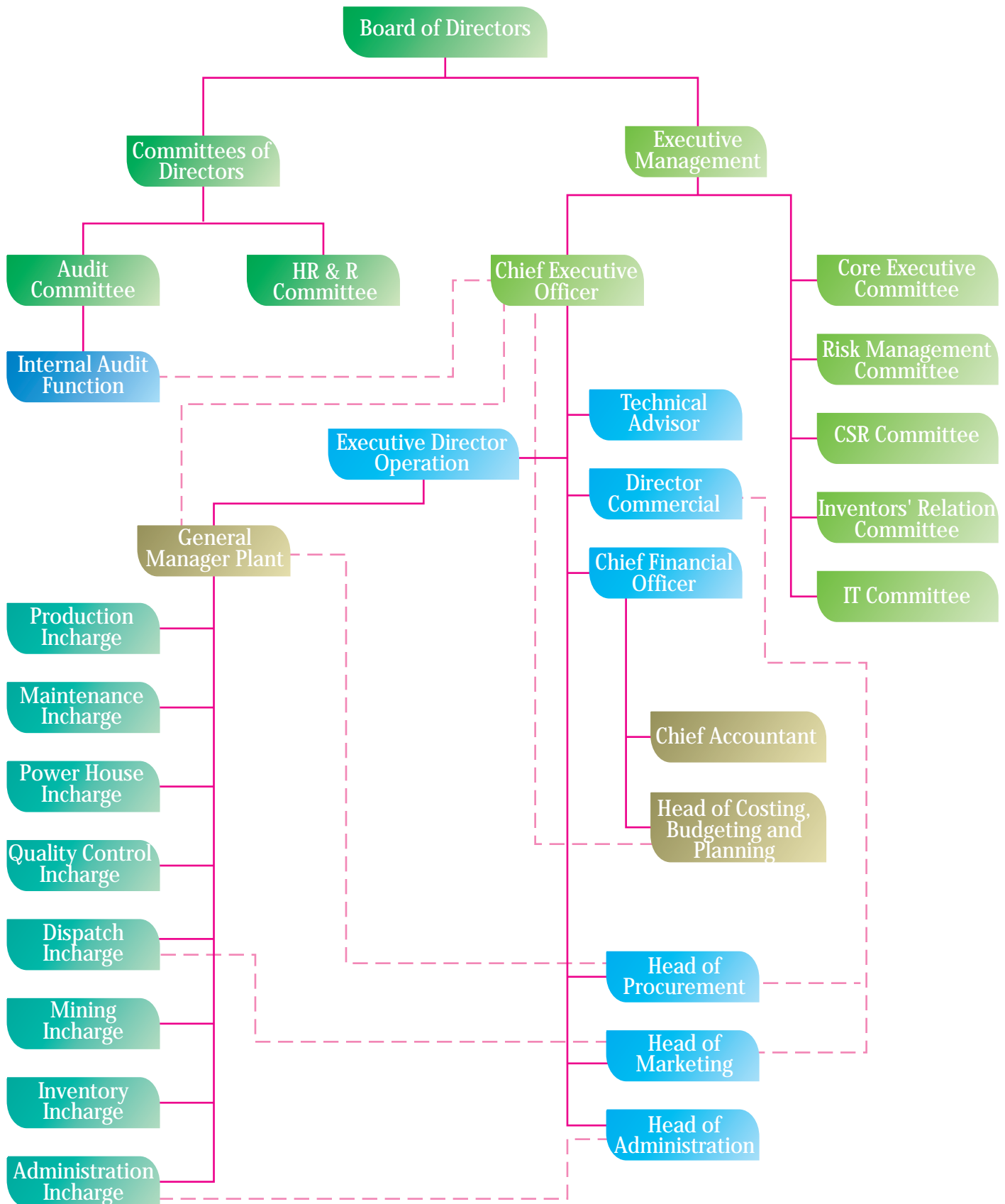
The Company places great emphasis on values such as empowerment and integrity of its employees, safety of the employees & communities surrounding our plants, transparency in decision making process, fair & ethical dealings with all, pollution free clean environment and last but not the least, accountability to all the stakeholders.

CORPORATE STRUCTURE

Our governance structure is based on the principles of freedom to the executive management within a given framework to ensure that the powers vested in the executive management are exercised with due care and responsibility so as to meet the expectation of all the stakeholders. In line with these principles, the Company has formed three tiers of Corporate Governance structure, viz.:



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.



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.



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.



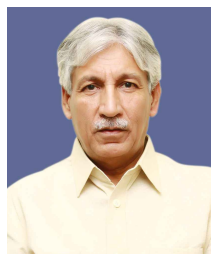
Mian Nazir Ahmed Peracha
(Independent Director)

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 served as director of the Bank of Punjab.



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.



Khalid Siddiq Tirmizey
(Nominee Director)

He holds degrees of MBA from IBA Karachi and Masters in Economics from University of the Punjab. He has over 41 years of experience working at several leading commercial banks in the country where he ascended through a series of increasingly responsible positions including heading bank's investment banking, retail banking, credit and marketing businesses, country head, MD, Deputy CEO, and acting CEO.

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	1 of 2
Mr. Daniyal Jawaid Paracha ACA - Member	4 of 4
Mr. Muhammad Niaz Paracha - Member	4 of 4
Ex-members	
Mrs. Tabassum Tousif Peracha - Memeber	1 of 2

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

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 and submits the minutes of the meeting duly signed by its Chairman to the Company Secretary. These minutes are then circulated to the Board of Directors.

The HRR Committee comprises of the members as stated below. The Committee during the year had 2 meetings. The attendance of the members was as under:-

Mr. Daniyal Jawaid Paracha - Chairman	2 of 2
Mr. Muhammad Tousif Peracha - Member	2 of 2
Mr. Ali Rashid Khan - Member	2 of 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 also looks into allotment of shares kept in abeyance, allotment of shares on exercise of the stock options by the employees and allotment of privately placed preference shares, debentures and bonds, if any.

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.

Corplink (Pvt) Limited, Shares Registrar,
Wings Arcade, 1-K, Commercial,
Model Town, Lahore
Tel : (042) 35916714

For any unresolved matters or further queries / clarification, investors may contact the officials from the company.

Mr. Muhammad Shamail Javed
Company secretary
Tel: (042) 111 210 310 Ext. 242
shamail@gharibwalcement.com



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.
- 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.

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.
- 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 express 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 are installing 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 Ramadan.
- 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 you to manage your 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.

THE WHISTLE BLOWER POLICY

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 awareness 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.

**BLOW
THE
WHISTLE**



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, 2016 and auditors reports thereon.

Pakistan Cement Industry

Cement despatches to domestic markets during FY2016 increased by 17.00% to 33.00 million tonnes compared with 28.21 million tonnes during the last year. The exports dropped by double digits in the this fiscal year and registered a decline of 18.38% during FY2016 as the quantity decreased to 5.87 million tonnes compared to 7.19 million tonnes during FY2015. Total despatches during FY2016 were 38.87 million tonnes compared to 35.40 million tonnes during the last year showing an increase of 9.81% YOY.

It is therefore just as well that although exports have dwindled, there has been an upsurge in local demand. The announcement of the China-Pakistan Economic Corridor (CPEC) which will include infrastructure development projects across Pakistan and the initiation of several new housing projects are the two major reasons for increased local demand.

Finance Result 2016

Total despatches during FY2016 increased to 1,535,631 tonnes posting a growth rate of 9.53%; whereas domestic despatches showed a healthy increase of 12.67%. This growth in sales volume lead the net sales to increase to Rs. 10.5 billion.

		FY 2016	FY 2015	Increase	% Increase
Net Sales	Rs. Million	10,522	9,601	921	9.6%
Gross Profit (GP)	Rs. Million	4,172	2,969	1,204	40.5%
Earning before interest and tax (EBIT)	Rs. Million	3,620	2,582	1,038	40.2%
Earning before tax (EBT)	Rs. Million	3,707	2,092	1,616	77.2%
Earning after tax (EAT)	Rs. Million	2,694	1,284	1,410	109.8%
Earnings per share	Rs.	6.73	3.21	3.52	109.8%

During the year prices of coal and furnace oil showed downward trend. Certain modifications were made in the plant which resulted in fuel consumption efficiency. Cost cutting measures were also taken during the year along with sound control over these. All of these have had positive impact on the gross profit which increased to Rs. 4.17 billion (up by 40.5%). Gross profit ratio also improved to 39.7% from 30.9%.

Finance cost decreased substantially (by 47%) during the year due to repayment of interest bearing debts and reduction in interest rate. Reduction in corporate tax rate decreased the effective tax rate for the year. At bottom end, Company earned net profit of Rs. 2.69 billion which is around two times higher than the last year net profit.

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 10% (i.e. Rs. 1 per share) for the year 2016. Thus the aggregated dividend for the year 2016 is 25% (i.e. Rs. 2.50 per share).

Balancing, Modernization and Rehabilitation (BMR) and Expansion

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

During the year, new cement packer has been put into operation which has increased the packing capacity of the plant. Waste heat recovery and down hill conveyor belt projects have substantially been progressing and these are expected to come into operation during 2nd quarter of the on-going Financial year 2017. These two projects would reduce the energy cost and raw material 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 has been ordered which will increase the cement grinding capacity substantially and reduce the energy consumption on cement grinding. Subsequent to the balance sheet date, letter of credit for import of this mill has been opened and it is expected to be in operation by June 2017.

Foreseeing the substantial growth in domestic market in coming years, the Board has approved the expansion of clinker production capacity of the plant by 8000 TPD along with an additional waste heat recovery plant. Work on this will be started during the current financial year 2017.

An agreement has also been signed with a Chinese Company for development of state of the art Industrial Park near Lahore. The Board has approved to conduct the feasibility study and to obtain necessary government approvals so that the Company can start work on this project.

Capital Structure and key performance indicators

During this year, your Company also performed well in its financial management. National Bank of Pakistan has restructured its debts. Non-interest bearing debt of Bank of Punjab was paid. Term Finance Certificates were permanently redeemed. Sales Tax and Excise Duty arrears were fully repaid. Trade credit was reduced. On the other hand equity increased by 35% due to good financial performance in terms of retained earnings.

Total debt (long term interest bearing and non-interest bearing debts) to capital employed ratio was 29.62% as compared with 33.53% for the last year. Current ratio improved sharply to 0.84 from 0.48. Market value of your Company's share increased to Rs. 47.50 from Rs. 27.00.

Further ratio analysis are provided in the 6 years summary; and key performance indicators are also presented in graphical form for your ready reference. Horizontal and vertical 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 the Audit Committee detail of which is provided in this report which form an integral part of this report.

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 are 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 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 Board 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. To meet this objective, a comprehensive Fraud Risk Management (FRM) Policy akin to the whistleblower policy has been laid down. More detail is provided in this report.

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.

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 employment 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 processes 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:

	BOD
Mr. Muhammad Tousif Peracha	4
Mr. Abdur Rafique Khan	3
Mrs. Tabassum Tousif Peracha	3
Mr. Ali Rashid Khan	4
Ms. Amna Khan	2
Mr. Daniyal Jawaid Paracha	4
Mian Nazir Ahmed Peracha (appointed on 15-12-15)	1
Mr. Muhammad Niaz Piracha	4
Mr. Khalid Siddique Tirmizey	2

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 going 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 some 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 Ordinance, 1984 and the Listing Regulations of the Stock Exchange.

Annual Evaluation of Board of Directors

The Board performs three major roles in the 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 Board 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 gratitude to the banks especially the

Bank of Punjab and the financial institutions for their continued guidance and support.

We would also like to place on record our sincere appreciation for the commitment, dedication and hard work put in every member 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 responded in us.

For and on behalf of Board of Directors



MUHAMMAD TOUSIF PERACHA
Chief Executive Officer

Lahore: August 18, 2016

ڈائریکٹرز کی رپورٹ

محترم اراکین

ہم مالی سال 2016ء کے اختتام پر کمپنی کی سالانہ کارکردگی کا جائزہ واڈٹ شدہ مالی اکاؤنٹس اور ان پرائیڈیٹرز کی رپورٹ بخوشی پیش کرتے ہیں۔

پاکستان کی سیمنٹ انڈسٹری

مالی سال 2016ء کے دوران ملکی منڈیوں میں سیمنٹ کی ترسیل میں پچھلے سال کی نسبت 17 فیصد اضافہ ہوا ہے جو 28.21 ملین ٹن سے بڑھ کر 33 ملین ٹن ہو گئی ہے۔ برآمدات میں ڈگنے ہند سے یعنی 18.38 فیصد کمی واقع ہوئی ہے جو 7.19 ملین ٹن سے 5.87 ملین ٹن تک کم ہو گئی ہے۔ حالیہ مالی سال کے دوران کل ترسیل 38.87 ملین ٹن ہے جبکہ پچھلے سال یہ 35.40 ملین ٹن تھی۔ اس میں 9.81 فیصد اضافہ ہوا ہے۔

اگرچہ برآمدات کم ہیں لیکن مقامی طلب میں اضافہ ہوا ہے۔ جس کی اہم وجوہات میں پاک چین اقتصادی راہداری (CPEC) کے تحت پاکستان بھر میں بنیادی

ڈھانچے کی ترقی کے منصوبے اور کئی نئے ہاؤسنگ منصوبوں کا آغاز شامل ہیں۔

مالی نتائج 2016ء

مالی سال 2016ء میں گل ترسیل کا حجم 1,535,631 ٹن ہے۔ جس میں 9.53 کی شرح سے اضافہ ہوا ہے جبکہ ملکی ترسیل میں 12.67 فیصد کا خاطر خواہ اضافہ ہے۔ مقدار کے حجم میں یہ اضافہ سیمنٹ سیکڑ کی رقم کو 10.5 ارب روپے تک لے گیا ہے۔

سال کے دوران کونسل اور فرنس آئل کی قیمتوں میں کمی کا رجحان دیکھا گیا ہے۔ پلانٹ میں کچھ تبدیلیاں کی گئی ہیں جس کی وجہ سے ایندھن کی کھپت کی کارکردگی میں اضافہ ہوا ہے۔ اخراجات میں کمی کے اقدامات اور ان کے اوپر کنٹرول بھی مزید سخت کیے گئے ہیں۔ مندرجہ بالا اقدامات سے مجموعی منافع پر مثبت اثر پڑا ہے جو 4.17 روپے تک پہنچ گیا ہے۔ (جو پچھلے سال سے 40.5 فیصد زیادہ ہے) مجموعی نفع کا تناسب بھی 30.9 فیصد سے 39.7 فیصد تک بہتر ہوا ہے۔

اضافہ فیصد میں	اضافہ	2015	2016	
9.6%	921	9,601	10,522	خالص فروخت رقم ملین روپوں میں
40.5%	1,204	2,969	4,172	مجموعی منافع رقم ملین روپوں میں
40.2%	1,038	2,582	3,620	ٹیکس اور انٹرسٹ سے قبل منافع رقم ملین روپوں میں
77.2%	1,616	2,092	3,707	ٹیکس سے قبل منافع رقم ملین روپوں میں
109.8%	1,410	1,284	2,694	ٹیکس کے بعد منافع رقم ملین روپوں میں
109.8%	3.52	3.21	6.73	فی شیئر منافع رقم روپوں میں

اور اضافی ویسٹ ہیٹ ریکوری کے منصوبے کی منظوری دی ہے۔ مالی سال 2017ء میں اس منصوبے پر کام شروع ہو جائے گا۔

لاہور کے قریب ایک جدید صنعتی پارک بنانے کے لیے بھی ایک چینی کمپنی کے ساتھ معاہدہ ہوا ہے۔ بورڈ نے منظوری دی ہے کہ اس منصوبے کے امکانات کی جانچ پڑتال اور ضروری حکومتی منظوری لی جائے تاکہ کمپنی اس منصوبے پر کام شروع کر سکے۔

سرمایہ کی ساخت اور کلیدی کارکردگی کے عکس:

مالی انتظام میں بھی آپکی کمپنی نے اس سال بہتر کارکردگی کا مظاہرہ کیا ہے۔ نیشنل بینک آف پاکستان نے قرضہ جات کو دوبارہ مرتب کیا ہے۔ بینک آف پنجاب کے عدم سودی قرضے ادا کر دیئے گئے ہیں۔ ٹرم فنانس سرٹیفیکیشن کو چھڑا لیا ہے۔ سیلر ٹیکس اور ایکسائز ڈیوٹی کے بقایا جات مکمل طور پر ادا کر دیئے گئے ہیں۔ کاروباری قرضے کم ہو گئے ہیں۔ دوسری جانب اچھی مالیاتی کارکردگی کی وجہ سے کیپٹل میں کاروبار میں رکھی جانے والی آمدنی کی شکل میں 35 فیصد کا اضافہ ہوا ہے۔ سرمایہ میں کل قرضہ جات (طویل مدتی سودی اور غیر سودی) کا تناسب 29.62 فیصد ہے جو گزشتہ سال 33.53 فیصد تھا۔ کرنٹ تناسب 0.48 سے بڑھ کر 0.84 ہو گیا ہے۔ آپکی کمپنی کی فی شیئر مارکیٹ قیمت بھی 27 روپے سے بڑھ کر 47.50 روپے تک ہو گئی ہے۔ مزید تناسب کا تجزیہ چھ سالہ سہری میں اور کلیدی کارکردگی کے اشارے آپ کے ریفرنس کے لیے تصویری شکل میں پیش کیے گئے ہیں۔ 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 سیمینٹ 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

انٹرسٹ بیئرنگ قرضہ جات کی ادائیگی اور شرح سود میں کمی خزانہ لاگت میں کمی کی باعث بنا ہے۔ کارپوریٹ ٹیکس کی شرح میں کمی کے باعث موخر ٹیکس کی شرح میں کمی ہوئی ہے۔ نتیجہً کمپنی نے 2.69 ارب روپے کا خالص منافع کمایا ہے جو پچھلے سال کے مقابلے میں دو گنا زیادہ ہے۔

ڈیویڈنڈ:

کمپنی نے اس سال 15 فیصد کارپوریٹ ڈیویڈنڈ (یعنی 1.5 روپے فی شیئر) ادا کیا ہے۔ اس کے علاوہ بورڈ آف ڈائریکٹرز نے سال 2016 کے لیے 10 فیصد کے حتمی ڈیویڈنڈ (یعنی اروپپیہ فی شیئر) کی سفارش کی ہے۔ اس طرح مجموعی منافع منقسم 25 فیصد ہے (یعنی 2.5 روپے فی شیئر)۔

توازن، جدت، بحالی (BMR) اور توسیع کا منصوبہ

مسلسل سرمایہ کاری، سامری توسیع، تکنیکی ترقی اور ماحولیاتی حفاظت آپ کی کمپنی کا اصول ہے۔ مجموعی طور پر استعداد کو بڑھانے اور مجموعی لاگت میں کمی کے لیے سیمینٹ پلانٹ کے مختلف حصوں میں جدید ٹیکنالوجی کو اپنایا جا رہا ہے۔ سال کے دوران نئے سیمینٹ پیکر کا اضافہ کیا گیا ہے جس سے پیکنگ کی صلاحیت بڑھی ہے۔ ویسٹ ہیٹ ریکوری اور ڈاؤن ہل کنویئر بیلٹ کے منصوبہ جات کافی حد تک مکمل ہو گئے ہیں اور توقع ہے کہ مالی سال 2017ء کی دوسری سہ ماہی میں یہ اپنا کام شروع کر دیں گے۔ بجلی کے جزیرے 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 کی ایک نئی عمودی سیمینٹ مل پلانٹ پر نصب کی جا رہی ہے۔ جو سیمینٹ پینے کی صلاحیت میں اضافے اور اس پر توانائی کی کھپت کو کم کرنے کا باعث بنے گی۔ بعد از تاریخ بیلنس شیٹ سیمینٹ مل کی درآمد کرنے کے لیے لیٹر آف کریڈٹ (LC) کھولا گیا ہے اور توقع ہے کہ جون 2017ء تک یہ اپنا کام شروع کر دے گی۔

بورڈ نے آنے والے سالوں میں مقامی منڈی میں نمایاں ترقی کی توقع کی ہے اور کلنکر (Clinker) کی پیداواری صلاحیت کو 8000 ٹن یومیہ سے مزید بڑھانے

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 پیش نظر درج ذیل معلومات بھی فراہم کی گئی ہیں۔

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 رسک مینجمنٹ کے عمل کی نگرانی کے لیے ایک رسک مینجمنٹ کمیٹی تشکیل دی ہے۔ کمپنی نے ایک رسک مینجمنٹ پالیسی مرتب کی ہے جس میں رسک کی تعریف، رجحان کا تجزیہ، رسک 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 رسک کی شناخت، اندازے، انتظام اور نگرانی کے لیے ایک تفصیلی مشق کی جا رہی ہے۔ بورڈ کا بگا ہے خطرات کا جائزہ لیتا رہتا ہے اور ان 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 رسک کے پیش نظر کمپنی ان خطرات سے نمٹنے پر زیادہ زور دے رہی ہے۔ اس مقصد کے حصول کے لیے ایک جامع فراڈ رسک مینجمنٹ (FRM) پالیسی بنائی ہے جس میں Whistleblowing Policy بھی شامل ہے۔ مزید تفصیل اس رپورٹ میں موجود ہے۔

انسداد 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 حصے کے طور پر بورڈ نے عدم رشوت اور بدعنوانی کی ہدایات بنا رکھی ہیں۔ مندرجہ بالا پالیسیوں اور ان کے نفاذ کو آڈٹ کمیٹی بڑی باریک بینی سے نگرانی کرتی ہے اور وقتاً فوقتاً بورڈ کی طرف سے اس کی افادیت کا جائزہ لیا جاتا ہے۔

(ا) شیئر ہولڈنگ کا نمونہ

(ب) کمپنی کے شیئرز/حصص میں ٹریڈنگ کا بیان جو ڈائریکٹرز، چیف

ایگزیکٹو آفیسر (CEO)، چیف فنانشل آفیسر (CFO)، کمپنی سیکرٹری

اور ان کی بیویوں اور نابالغ بچوں نے کیا ہو۔

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

آڈٹ کمیٹی کی تشکیل:

بورڈ نے آڈٹ کمیٹی تشکیل دی ہے جس کی تفصیل اس رپورٹ میں فراہم کی گئی ہے۔

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 تاکہ مالیاتی رپورٹنگ کو قابل اعتماد، آپریشنل اور سٹریٹجک مقاصد کے حصول پر بروقت رائے، پالیسیوں، طریقہ کار، قوانین اور قواعد و ضوابط پر عمل، اثاثوں کی حفاظت اور وسائل کو بہتر اور موثر طریقے سے استعمال کو یقینی بنایا جاسکے۔ کمپنی نے مختلف کاموں کے لیے آپریٹنگ طریقہ کار کے معیار (SOPs) بھی دستاویز کیے ہیں۔ جن میں وقتاً فوقتاً کاروبار کی ضروریات کے پیش 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 برآں یہ آڈٹ کمیٹی اور بورڈ کو کمپنی کے رسک مینجمنٹ، 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 اس کی ٹرم آف ریفرنس میں اچھی طرح وضاحت کی گئی ہے۔ جو آڈٹ کمیٹی سے منظور شدہ ہیں۔ چیف

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 گرد و نواح میں مقامی آبادی کو بہبود کی سہولیات فراہم کرتی ہے اور اسے فروغ بھی دیتی ہے۔ کارپوریٹ سماجی ذمہ داری پر بیان اس 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۔ اس 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 سیمینٹ میں انسانی وسائل کی حکمت عملی کا مقصد انسانی وسائل کے طریقہ کار کو کمپنی کے مجموعی مقاصد میں ضم کرنا ہے۔ جو نتیجہ 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 پارٹنرز کے ساتھ معاملات:

متعلقہ پارٹنرز کے ساتھ لین دین برابری کی سطح پر کیا جاتا ہے اور پاکستان سٹاک ایکسچینج کے قواعد و ضوابط کی تعمیل کے لیے آڈٹ کمیٹی اور بورڈ اس پر نظر ثانی کے بعد منظوری دیتے ہیں۔ متعلقہ فریقوں کے ساتھ معاملات کی تفصیل مالی گوشواروں (اکاؤنٹس) میں فراہم کی گئی ہے۔

بورڈ کے اجلاس:

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

نام	حاضری
جناب محمد توصیف پراچہ	4
جناب عبدالرفیق خان	3
محترمہ تبسم توصیف پراچہ	3
جناب علی راشد خان	4
محترمہ آمنہ خان	2
جناب دانیال جاوید پراچہ	4
جناب میاں نذیر احمد پراچہ (مقررہ تاریخ 15 دسمبر 2015)	1
جناب محمد نیاز پراچہ	4
جناب خالد صدیق ترمذی	2

ڈائریکٹرز کی ذمہ داریاں:

کوڈ آف کارپوریٹ گورننس کی ضروریات کے مطابق ڈائریکٹرز تصدیق کرتے ہیں کہ (ا) کمپنی کی انتظامیہ کے تیار کردہ مالی گوشواروں میں اس کے امور، عملدرآمد کے نتائج، نقدی بہاؤ اور ایکٹیوٹی میں تبدیلیاں واضح اور منصفانہ طور پر پیش کی گئی ہیں۔

(ب) مالی گوشواروں کی تیاری میں مناسب اکاؤنٹنگ پالیسیاں تسلسل کے ساتھ بروئے کار لائی گئی ہیں ماسوائے ان 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 قابل ذکر تشویش

نہیں ہے اور مالی گوشواروں کو اسی بنیاد پر تیار کیا گیا ہے۔

(ث) لسٹنگ 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 ڈائریکٹرز رپورٹ کی تاریخ کے درمیانی عرصہ میں کوئی بڑی تبدیلی اور عہد و پیمانہ 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 گریجویٹ فنڈ ٹرسٹ کی مد میں رقم کو بھی مالی گوشواروں میں دکھایا گیا ہے۔

ڈائریکٹرز کی رسمی واقعیت اور ترقی پر 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 ترقی پر پروگرام سے مستثنیٰ ہیں۔ مزید برآں ڈائریکٹرز نے یہ اعلا میے بھی دیے ہیں کہ وہ کمپنیز آرڈیننس 1984ء اور سٹاک ایکسچینج کی لسٹنگ کے قواعد و ضوابط 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 موثر طریقے سے ان ذمہ داریوں کو ادا کیا گیا ہے۔

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

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

(ب) **بورڈ کے محرکات اور کام کا ج:** بورڈ کا سالانہ کیلنڈر، معلومات کی دستیابی،

- سی ای او اور سینئر افسروں کے ساتھ گفت و شنید اور مواصلات، بورڈ کا ایجنڈا، بورڈ کے اجلاس میں میل جول اور شرکت کے معیار۔
- (پ) **کاروباری حکمت عملی کا نظم و ضبط:** کمپنی کی حکمت عملی میں بورڈ کا کردار
- (ت) **مالیاتی رپورٹنگ کا عمل، اندرونی جانچ پڑتال اور کنٹرول:** متعلقہ پارٹیوں کے ساتھ غیر منصفانہ لین دین کے پیش نظر مالی اور دیگر کنٹرول کے نظام کی سالمیت، متحرک طریقہ کار اور خطرات سے نپٹنا۔
- (ث) **نگرانی کا کردار:** پالیسیوں، حکمت عملی کا نفاذ اور نظام کی نگرانی
- (ش) **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 خصوصاً آف پنجاب 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 سینٹ خاندان کے ہر رکن کی وابستگی، لگن اور محنت دلی تعریف کے لائق ہے۔ ہماری کامیابیوں کا ثمر انہی کی بدولت ہے۔

معزز اراکین ہم آپ کو اس اعتماد اور یقین کے دل کی گہرائیوں سے ممنون ہیں جو آپ نے ہمیشہ سے ہم پر کیا۔

منجانب: بورڈ آف ڈائریکٹرز



محمد توفیق پراچہ

چیف ایگزیکٹو آفیسر

لاہور 18 اگست 2016ء

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, 2016 to comply with the requirements of Listing Regulations 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, 2016.



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

Lahore: August 18, 2016

STATEMENT ON COMPLIANCE WITH CODE OF CORPORATE GOVERNANCE

This statement is being presented to comply with the Code of Corporate Governance (CCG) contained in Regulation No. 5.19 of listing regulations 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
Mr. Khalid Siddiq Tirmizey (Nominee)

The independent directors meet criteria 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 (excluding the listed subsidiaries of listed holding companies where applicable).
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 NBFIs or, being a member of a stock exchange, has been declared as a defaulter by that stock exchange.

4. A casual vacancy occurring on the board on December 10, 2015 was filled up by the directors within 5-days.
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 every quarter. 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. Two Directors attended training programs from recognized bodies.

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



MUHAMMAD TOUSIF PERACHA
Chief Executive Officer

Lahore: August 18, 2016

PATTERN OF SHAREHOLDINGS

Sr. No	Number of Shareholding	From	Shareholdings To	Total Share Held	Percentage
1	900	1	100	33,745	0.01%
2	510	101	500	145,893	0.04%
3	280	501	1,000	211,120	0.05%
4	338	1,001	5,000	789,601	0.20%
5	70	5,001	10,000	485,186	0.12%
6	25	10,001	15,000	316,059	0.08%
7	13	15,001	20,000	221,989	0.06%
8	5	20,001	25,000	119,951	0.03%
9	3	25,001	30,000	85,497	0.02%
10	3	30,001	35,000	97,709	0.02%
11	2	35,001	40,000	76,890	0.02%
12	2	40,001	45,000	84,454	0.02%
13	4	45,001	50,000	190,299	0.05%
14	2	50,001	55,000	104,550	0.03%
15	1	65,001	70,000	68,500	0.02%
16	1	70,001	75,000	72,000	0.02%
17	1	75,001	80,000	76,000	0.02%
18	1	80,001	85,000	82,205	0.02%
19	1	85,001	90,000	87,500	0.02%
20	2	100,001	105,000	206,000	0.05%
21	1	115,001	120,000	116,943	0.03%
22	1	135,001	140,000	136,500	0.03%
23	1	150,001	155,000	153,747	0.04%
24	1	190,001	195,000	194,025	0.05%
25	1	210,001	215,000	212,760	0.05%
26	1	235,001	240,000	240,000	0.06%
27	1	400,001	405,000	402,500	0.10%
28	1	445,001	450,000	450,000	0.11%
29	1	505,001	510,000	510,000	0.13%
30	1	520,001	525,000	520,074	0.13%
31	1	540,001	545,000	543,333	0.14%
32	1	595,001	600,000	596,765	0.15%
33	1	770,001	775,000	770,500	0.19%
34	1	825,001	830,000	825,417	0.21%
35	1	1,110,001	1,115,000	1,111,000	0.28%
36	1	1,155,001	1,160,000	1,156,000	0.29%
37	1	2,935,001	2,940,000	2,938,584	0.73%
38	1	2,995,001	3,000,000	3,000,000	0.75%
39	1	3,355,001	3,360,000	3,357,500	0.84%
40	1	4,080,001	4,085,000	4,082,112	1.02%
41	1	4,280,001	4,285,000	4,282,112	1.07%
42	1	12,495,001	12,500,000	12,500,000	3.12%
43	1	16,060,001	16,065,000	16,062,541	4.01%
44	1	22,725,001	22,730,000	22,728,035	5.68%
45	1	92,495,001	92,500,000	92,499,618	23.11%
46	1	227,325,001	227,330,000	227,328,746	56.79%
	2,190			400,273,960	100.00%

PATTERN OF SHAREHOLDINGS

Categories of shareholders	Share Held	Percentage
Directors, Chief Executive Officers, and their spouse and minor children	362,531,042	90.57%
Associated Companies, undertakings and related parties	0	0.00%
NIT and ICP	630	0.00%
Banks Development Financial Institutions, Non Banking Financial Institutions.	12,509,747	3.13%
Insurance Companies	418	0.00%
Modarabas and Mutual Funds	87,718	0.02%
General Public	15,706,778	3.92%
Joint Stock Companies	1,013,568	0.25%
Foreign Companies	8,364,224	2.09%
Associations	43,637	0.01%
Others	16,198	0.00%
	400,273,960	100%

Associated Companies, Undertakings and Related Parties:

Mutual Funds (Name Wise Detail)

1	Prudential Stock Fund Ltd.	218	0.00%
2	Mcbfsl - Trustee JS Value Fund	87,500	0.02%

Directors and their Spouse and Minor Children:

1	Mr. Abdur Rafique Khan	92,500,285	23.11%
2	Mr. Muhammad Tousif Peracha	230,872,079	57.68%
3	Mr. Muhammad Niaz Peracha	2,330	0.00%
4	Mian Nazir Ahmed Peracha	500	0.00%
5	Mr. Daniyal Jawaid Paracha	17,000	0.00%
6	Mr. Ali Rashid Khan	16,062,541	4.01%
7	Mrs Amna Khan	22,728,035	5.68%
8	Mrs. Tabassum Tousif Peracha	194,025	0.05%
9	Mr. Khalid Siddiq Tirmizey	500	0.00%
10	Mrs. Salma Khan W/O A. Rafique Khan	153,747	0.04%

Executives:

Public Sector Companies & Corporations:

		-	-
		-	-
	Banks, Development Finance Institutions, Non Banking Finance	15,706,778	3.8749

Companies, Insurance Companies, Takaful, Modarabas and Pension Funds:

Shareholders holding five percent or more voting interest in the listed company (Name Wise Detail)

1	Mr. Muhammad Tousif Peracha	230,872,079	57.68%
2	Mr. Abdur Rafique Khan	92,500,285	23.11%
3	Mrs. Amna Khan	22,728,035	5.68%

All trades in the shares of the listed company, carried out by its Directors, Executives and their spouses and minor children shall also be disclosed:

Sr.	NAME	SALE	PURCHASE
1	Mr. Abdur Rafique Khan	4,166,000	-
2	Mr. Abdur Rafique Khan (Transferred back)	-	2,666,667
3	Mr. Muhammad Tousif Peracha	7,790,000	2,304,500
4	Mr. Muhammad Tousif Peracha (Shares gifted/trasferred)	2,304,500	-

FINANCIAL ANALYSIS

“The most dangerous
poison is the feeling
of achievement.
The antidote is to
every evening think
what can be
done better tomorrow.”

PROFITABLE GROWTH INCREASE IN RESULTS SIGNIFICANTLY HIGHER THAN INCREASE IN NET SALES

	2016	2015	Variance in %
Net sales (MRs.)	10,522	9,601	10%
Gross Profit (MRs.)	4,172	2,969	41%
EBITDA (MRs.)	4,288	3,262	31%
as a % of net sales	40.76%	33.98%	
EAT (MRs.)	2,694	1,284	110%
as a % of net sales	25.60%	13.37%	
EPS (Rs.)	6.73	3.21	110%
Price per share (Rs.)	47.50	27.00	76%
Equity (MRs.)	9,828	7,482	31%
Net debt (MRs.)	3,646	3,733	-2%
Leverage	0.85	1.14	-25%

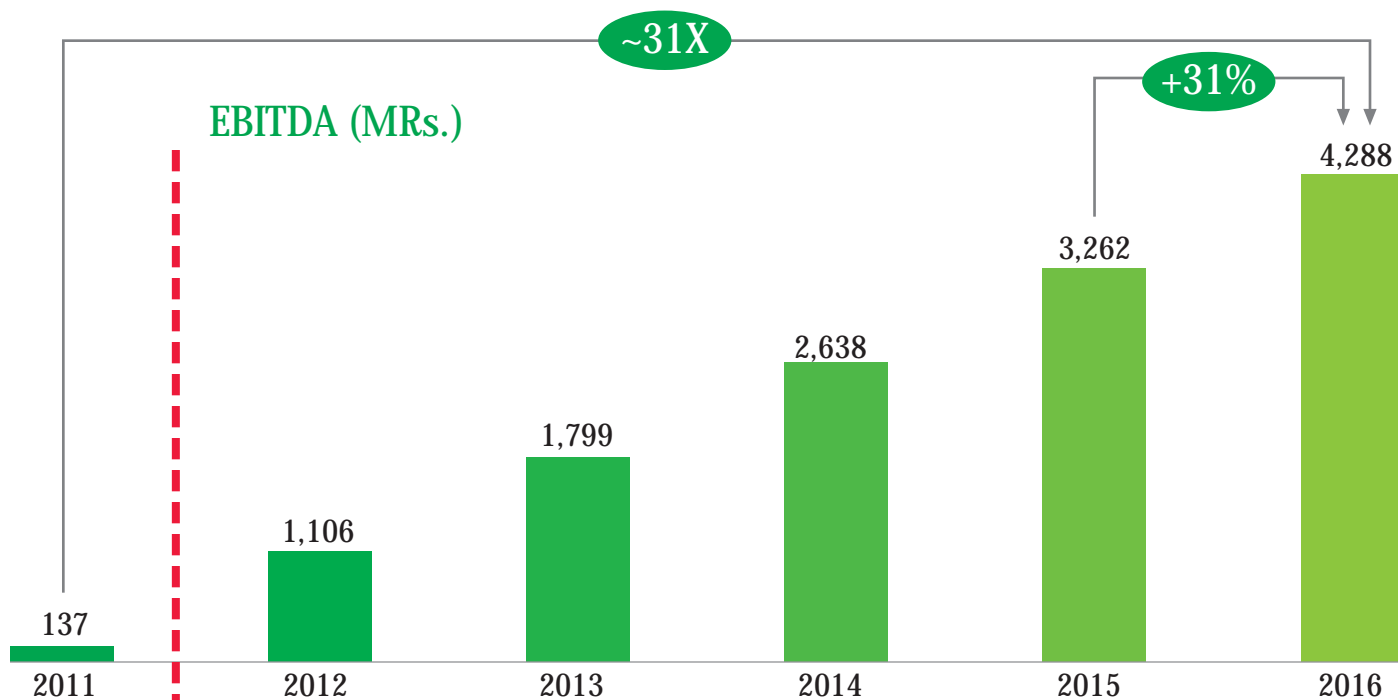
Total debt = Long-term interest bearing debt + Long-term non-interest bearing debt + Short-term interest bearing debt

Net debt = Total debt - cash and cash equivalent

Leverage = Net debt / EBITDA

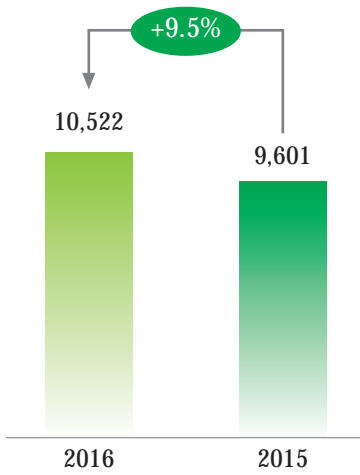
Equity = Share capital + Retained earnings + Revaluation surplus on PPE

STRONG ORGANIC GROWTH DRIVEN BY SOLID OPERATIONAL PERFORMANCE

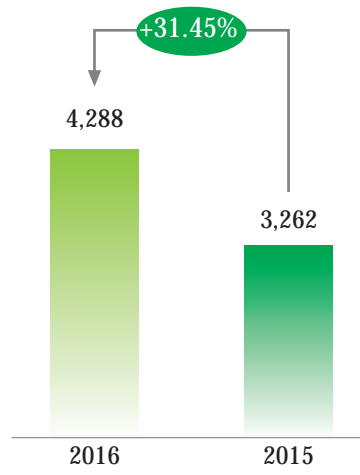


KEY PERFORMANCE INDICATOR FOR THE YEAR

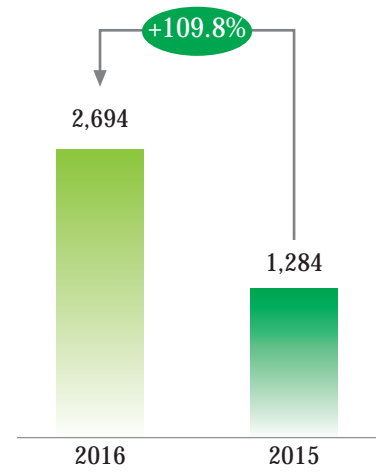
Net Sales (MRs.)



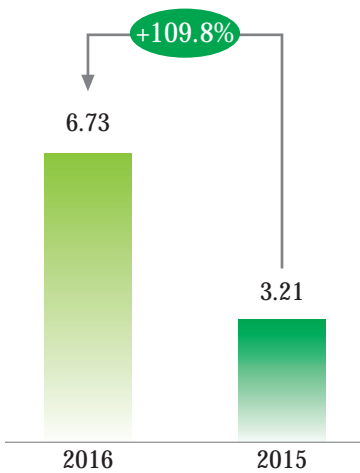
EBITDA (MRs.)



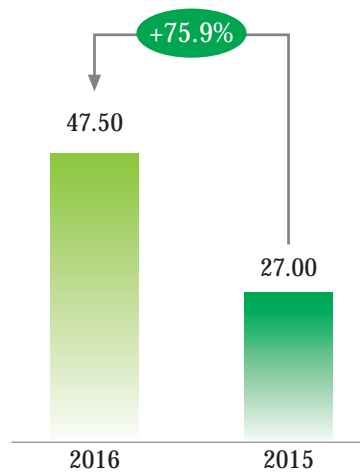
EAT (MRs.)



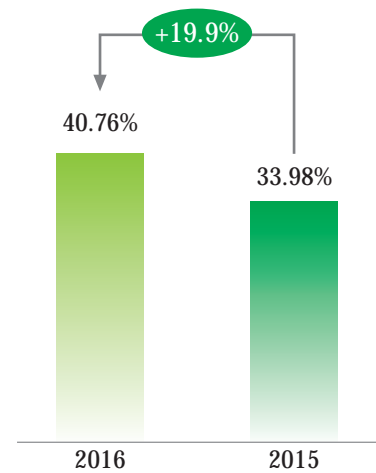
EPS (Rs.)



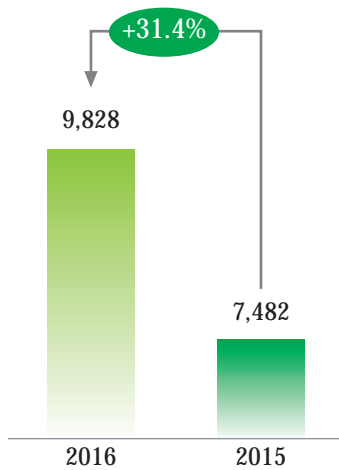
Share Price (Rs.)



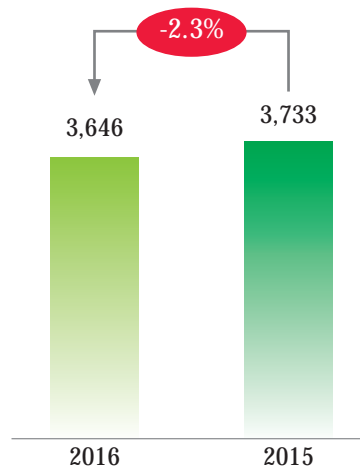
EBITDA Ratio (%)



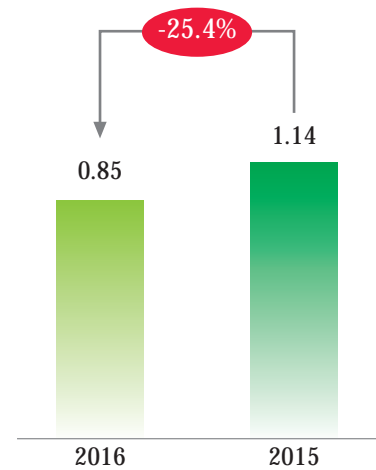
Equity (MRs.)



Net Debt (MRs.)



Leverage (times)



SIX YEARS AT A GLANCE

	2016	2015	2014	2013	2012	2011
Summary of Balance Sheet (Rs. '000)						
Equity without revaluation surplus	6,319,037	4,045,866	2,582,555	1,609,501	448,992	702,976
Equity with revaluation surplus	9,827,984	7,481,723	6,310,118	3,895,422	2,664,346	2,988,796
Interest bearing long term debt	3,150,382	2,455,809	3,162,753	4,745,083	4,726,143	4,637,704
Non-interest bearing long term debt	985,158	1,318,400	1,297,630	1,131,479	1,216,238	1,091,890
Capital employed	13,963,524	11,255,932	10,770,501	9,771,984	8,606,727	8,718,390
Interest bearing short term debt	-	137,847	167,017	179,008	184,967	89,226
Net debt	3,646,444	3,733,357	4,594,436	6,054,878	6,110,571	5,806,559
Property, plant and equipment	15,397,173	13,722,670	13,102,850	11,527,658	11,547,891	11,616,953
Current assets	2,560,928	2,070,404	1,968,973	1,209,835	977,091	951,541
Current liabilities	3,054,820	4,283,740	3,941,691	3,104,600	4,004,811	4,946,122
Total assets	18,052,290	15,883,604	15,179,894	12,952,710	12,579,175	12,577,449

Summary of Profit and Loss Account (Rs. '000)						
Net sale	10,522,318	9,601,246	8,547,263	6,230,216	4,976,032	3,327,031
Gross profit	4,172,254	2,968,611	2,350,239	1,696,111	984,780	165,735
Operating profit	3,619,819	2,581,876	2,042,608	1,455,699	779,704	(187,483)
EBITDA	4,288,572	3,262,498	2,636,220	1,799,158	1,105,793	137,151
Profit before taxation	3,707,477	2,079,029	1,409,933	1,076,529	(204,248)	(948,857)
Profit after taxation	2,693,904	1,283,869	848,682	1,061,054	(254,008)	(984,542)

Summary of Cash Flow Statement (Rs. '000)						
Net cash flow from operating activities	2,900,809	2,237,310	1,827,204	313,759	319,495	(104,609)
Net cash flow from investing activities	(2,543,922)	(1,299,159)	(175,436)	(323,226)	(257,027)	52,226
Net cash flow from financing activities	(46,490)	(792,416)	(1,619,496)	(6,618)	(57,952)	53,504
Change in cash and cash equivalents	310,397	145,735	32,272	(16,085)	4,516	1,121
Cash and cash equivalenty at year end	489,096	178,699	32,964	692	16,777	12,261

Profitability Ratios						
Gross Profit ratio	39.65%	30.92%	27.50%	27.22%	19.79%	4.98%
Net Profit to Sales Ratio	25.60%	13.37%	9.93%	17.03%	-5.10%	-29.59%
EBITDA Margin to Sales ratio	40.76%	33.98%	30.84%	28.88%	22.22%	4.12%
Operating leverage ratio	419.06%	214.10%	108.41%	343.98%	-1040.84%	-139.65%
Return on Equity	31.13%	18.62%	16.63%	32.35%	-8.99%	-28.28%
Return on Capital Employed	21.36%	11.66%	8.26%	11.55%	-2.93%	-10.76%
Return on total assets	15.88%	8.27%	6.03%	8.31%	-2.02%	-7.75%

Liquidity Ratios						
Current Ratio	0.84	0.48	0.50	0.39	0.24	0.19
Quick Ratio	0.46	0.15	0.12	0.13	0.12	0.10
Cash to Current Liabilities	0.13	0.04	0.01	0.01	0.00	0.00
Cash flow from operations to Sales	0.28	0.23	0.21	0.05	0.06	(0.03)

Activity / Turnover Ratios						
Inventory turnover ratio	13.88	8.77	11.75	32.49	35.12	28.14
No. of days in inventory	26	42	31	11	10	13
Debtors turnover ratio	43.03	46.85	46.42	45.15	62.50	94.76
No. of days in receivables	8	8	8	8	6	4
Creditor turnover ratio	14.72	9.33	8.82	7.39	8.24	11.22
No. of days in payables	25	39	41	49	44	33
Total assets turnover ratio	0.58	0.60	0.56	0.48	0.40	0.26
Fixed assets turnover ratio	0.68	0.70	0.65	0.54	0.43	0.29
Operating cycle	10	10	(2)	(30)	(28)	(16)

SIX YEARS AT A GLANCE

	2016	2015	2014	2013	2012	2011
Investment / Market Ratios						
Earning per share (Rs.)	6.73	3.21	2.12	2.65	(0.60)	(3.08)
Price Earning ratio (Rs.)	7.06	8.42	8.32	4.13	(8.33)	(2.55)
Break-up Value of Share (Rs.)						
excluding Surplus on Revaluation	15.79	10.11	6.45	4.02	1.11	2.23
including Surplus on Revaluation	24.55	18.69	15.76	9.73	6.66	7.47
Market Value of Share (Rs.)						
Year End	47.50	27.00	17.63	10.95	5.00	7.86
Highest	49.99	33.42	21.25	14.86	8.42	13.50
Lowest	25.65	15.60	9.35	4.33	3.22	2.11
Average	36.89	22.23	15.75	9.04	5.35	6.21
Market Capitalization (Rs. '000)	19,013,013	10,807,397	7,056,830	4,383,000	2,001,370	3,146,153
Capital Structure Ratio						
Financial leverage ratio	42%	50%	71%	151%	223%	192%
Weighted average cost of debt	6.30%	13.04%	11.02%	10.01%	14.18%	11.06%
Capitalization rate	14%	12%	12%	24%	-13%	-31%
Interest cover ratio	13.62	5.14	3.22	1.92	0.78	(0.24)
Debt to equity ratio	0.42	0.50	0.71	1.51	2.23	1.92
Leverage (times)	0.85	1.14	1.74	3.37	5.53	42.34

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 employed = Profit after tax / Average capital employed

Return on total assets = Profit after tax / Average total assets

Current ratio = Current assets / Current liabilities

Quick ratio = (Current 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 term debt) / Equity with revaluation surplus

Weighted cost of debt = Interest on long term debt / Interest bearing long term debt

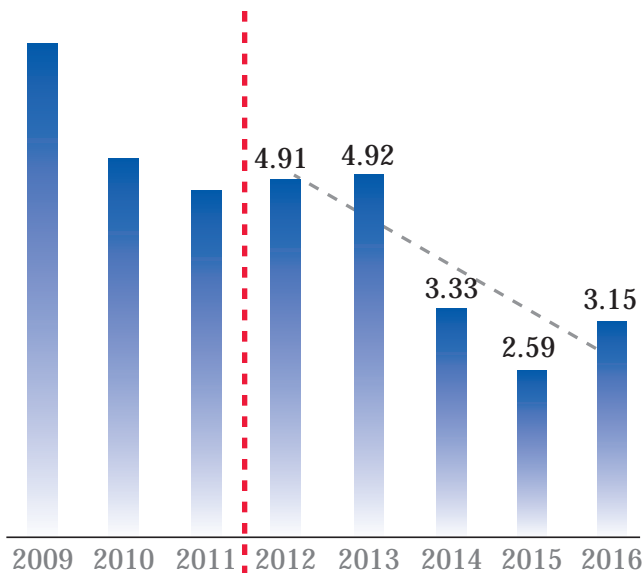
Interest cover ratio = EBIT / Finance cost

Debt equity ratio = (Interest bearing long term debt + Non-interest bearing long term debt) / Equity with revaluation surplus

Leverage = Net debt / EBITDA

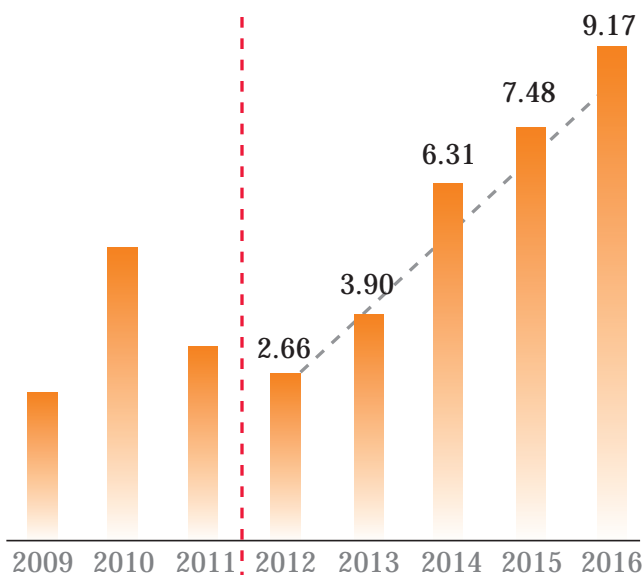
KPI GRAPHICAL PRESENTATION

Interest bearing debt (billion rupees)



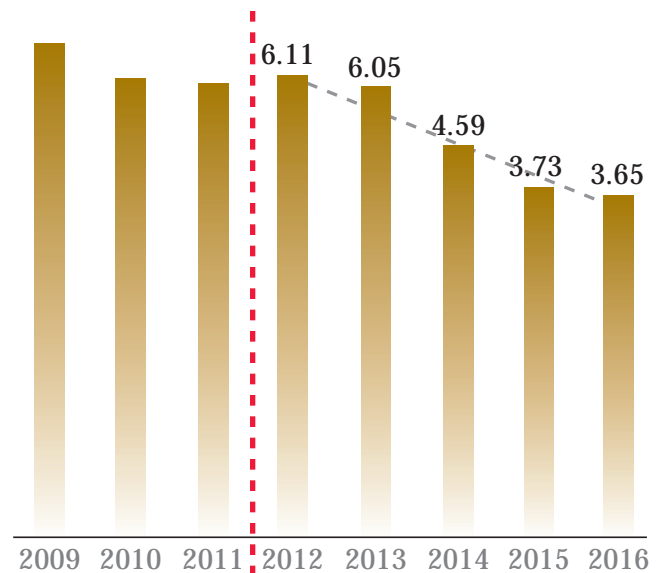
Interest bearing long term and short term debts are on downward trend and reduced to Rs. 3.15 billion in 2016 compared to Rs. 4.9 billion in 2012 posting a reduction of 36% over the timeline, despite the fact that the Company obtained fresh debt amounting to Rs.1.16 billion for BMR projects during the year 2016.

Shareholders Equity (billion rupees)



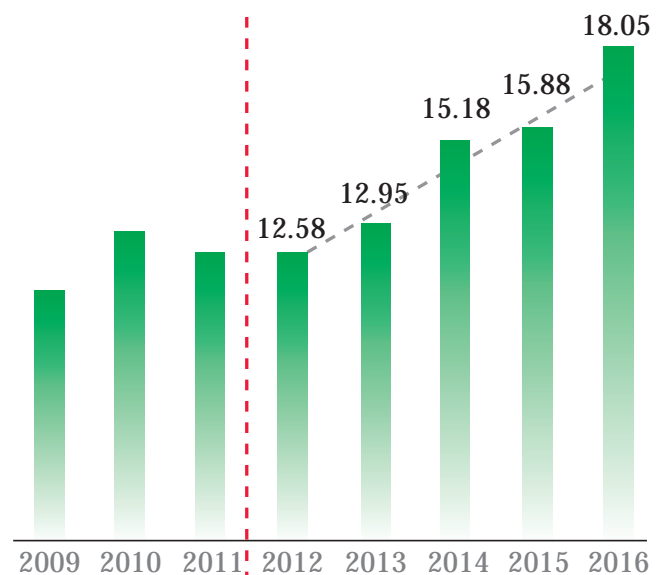
Shareholders equity include paid up capital, retained earnings, share deposit money and surplus on revaluation of PPE. Equity is on upward trajectory due to recent profits and increased to Rs. 9.17 billion in 2016 against Rs. 1.66 billion in 2012 posting a growth of ~3.5 times over the timeline.

Net debt (billion rupees)



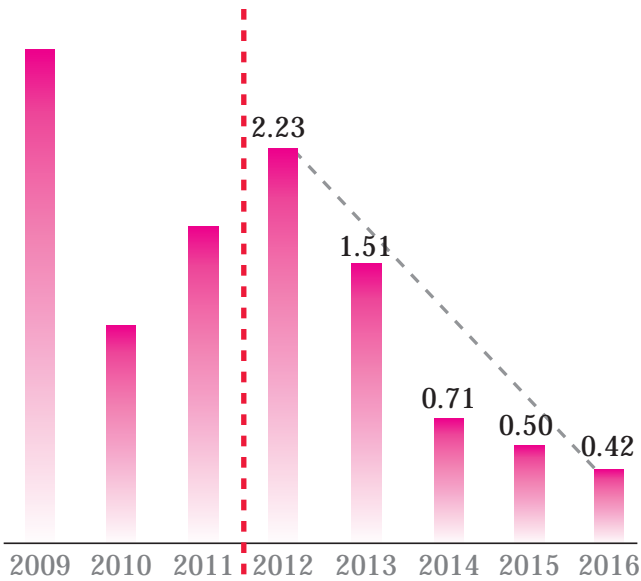
Net debt includes interest bearing long term and short term debts and non-interest bearing long term debts less cash and cash equivalent. Net debts are on downward trajectory and reduced to Rs. 3.65 billion in 2016 compared to Rs. 6.11 billion in 2012 posting a reduction of ~40% over the timeline, despite the fact that the Company obtained fresh debt of Rs.1.16 billion during the year 2016.

Total Assets (billion rupees)



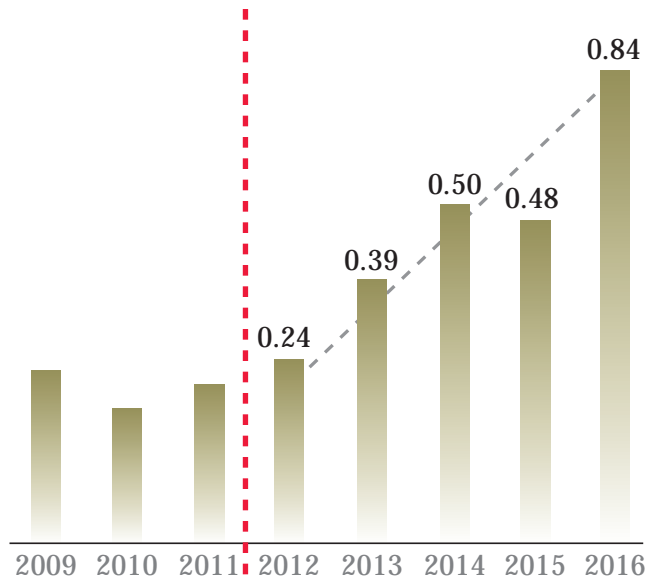
Total assets increased to Rs. 18.05 billion in 2016 against Rs. 12.58 billion in 2012 posting a growth of ~43% over the timeline.

Debt : Equity Ratio



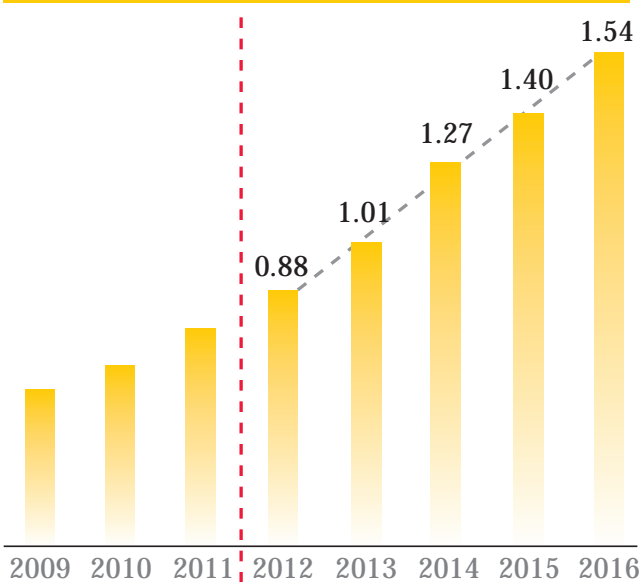
This represents debts against shareholders equity of Re 1. Debts include long term interest bearing and non-interest bearing debts and equity includes revaluation surplus. This ratio is on downward trajectory due to repayment of debts and retention of earnings within the Company. This ratio decreased to Re. 0.42 in 2016 compared to Rs. 2.23 in 2012 posting a reduction of ~81% over the timeline.

Current Ratio



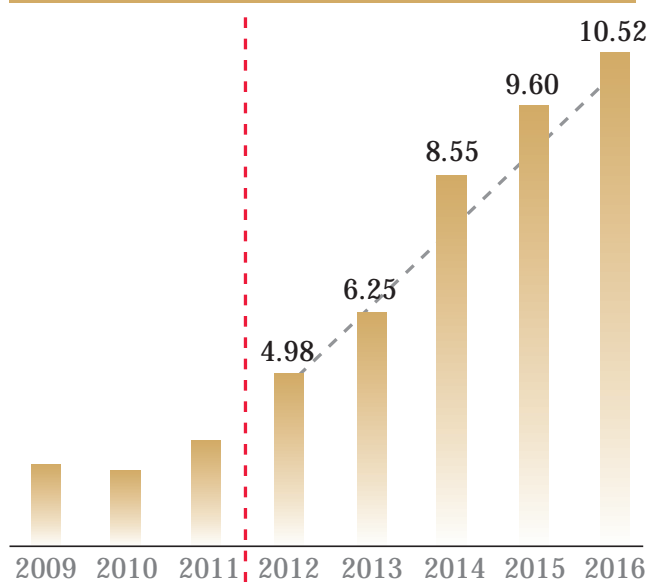
This represents current assets against current liability of Re 1. Current ratio jumped to 0.84 in 2016 mainly due to restructuring of debt by NBP and repayment of tax arrears. Current ratio improved by ~3.5 times over the timeline.

Sales Volume (million ton)



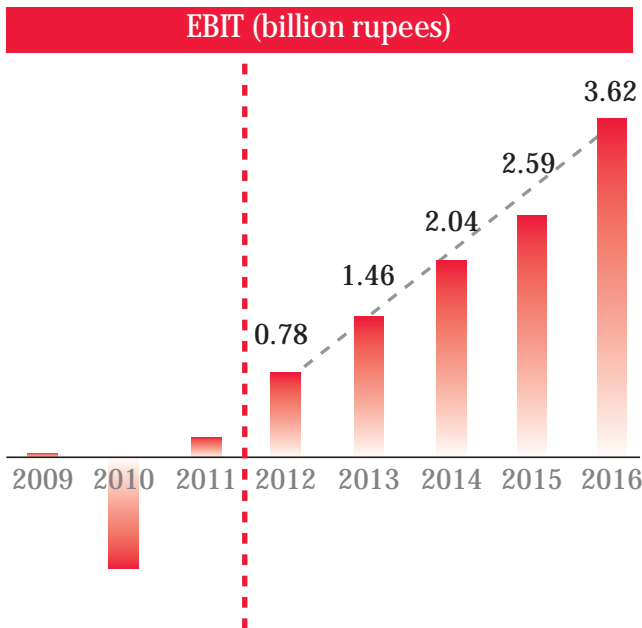
Sales volume is consistently on upward trend and stood at 1.54 million tonnes despatches in 2016 compared to 0.88 million tonnes in 2012 posting a growth of ~1.75 times over timeline.

Net sales (billion rupees)

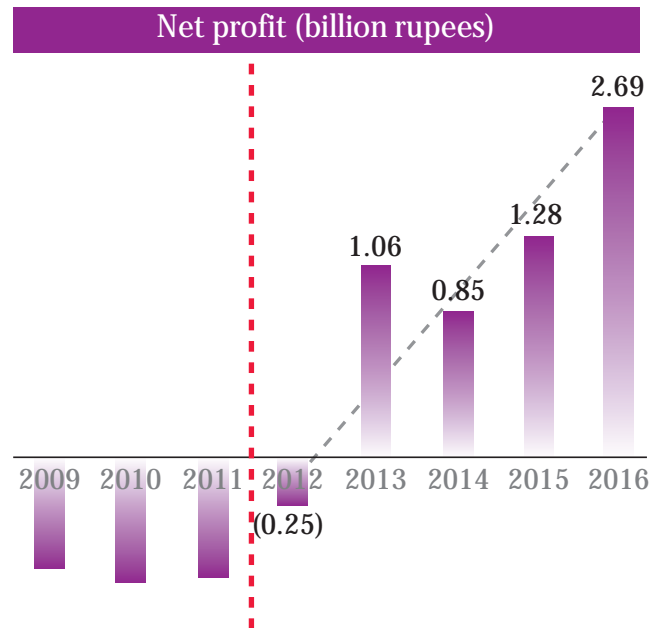


Net Sales continued its upward trajectory mainly due to sales volume growth and stood at 10.52 billion in 2016 compared to Rs. 4.98 billion in 2012 posting a growth of ~2 times over timeline.

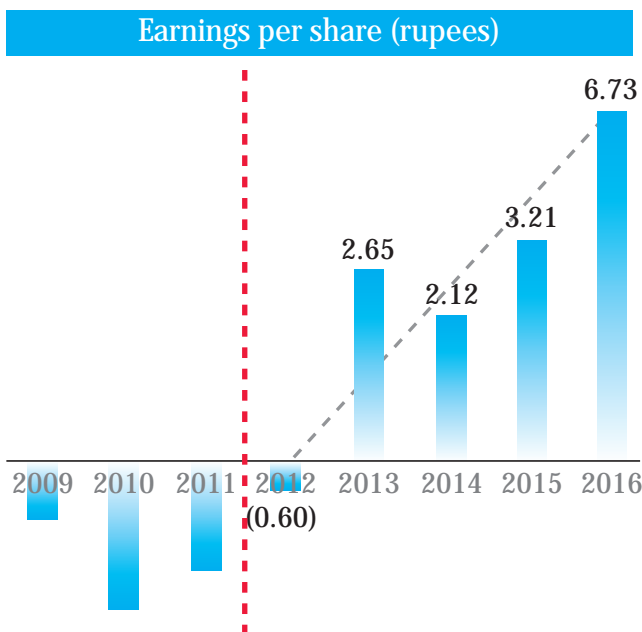
KPI GRAPHICAL PRESENTATION



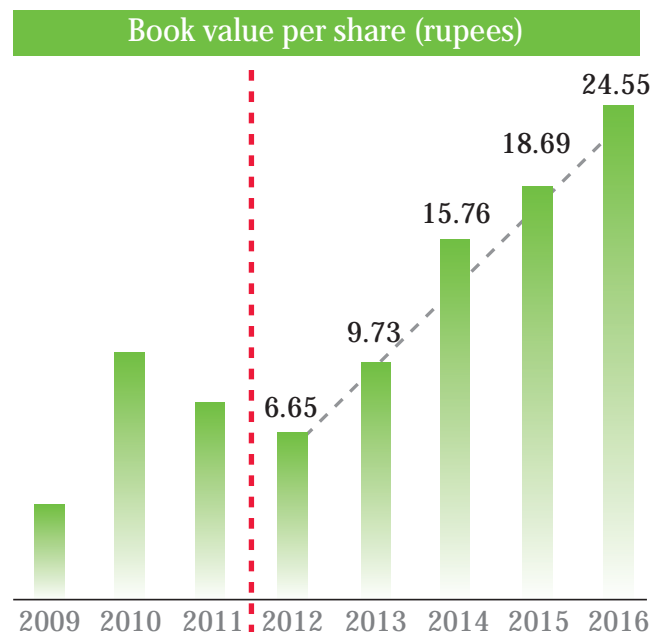
Earnings before interest and tax is on its upward trajectory and stood at 3.62 billion in 2016 compared to Rs. 0.78 billion in 2012. Since crises, EBIT posted steady growth. EBIT posted a growth of ~40% YoY for the year 2016.



Profit after taxation is also on its upward trend and stood at Rs. 2.69 billion in 2016 compared to loss of Rs. 0.25 billion in 2012 showing a growth of ~1176% over timeline. It posted a growth of ~2 times for the year 2016.

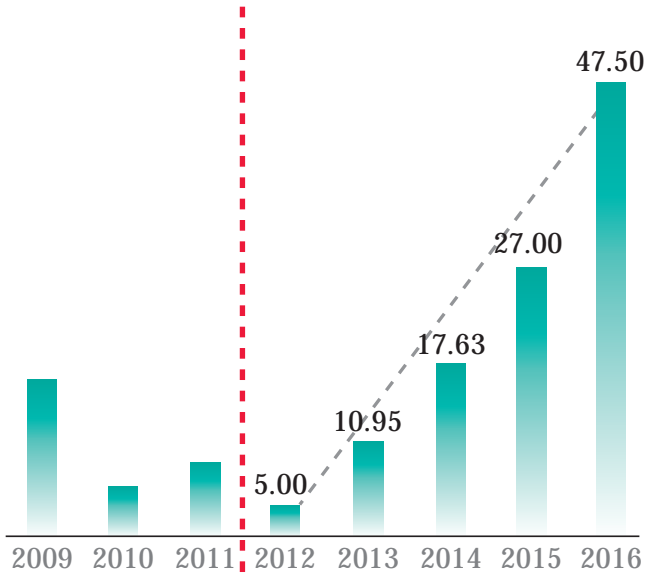


EPS displayed upward trajectory and stood at Rs. 6.73 in 2016 compared to (Rs. 0.60) in 2012 showing a growth of ~1222% over timeline. It posted a growth of ~110% YoY for the year 2016.



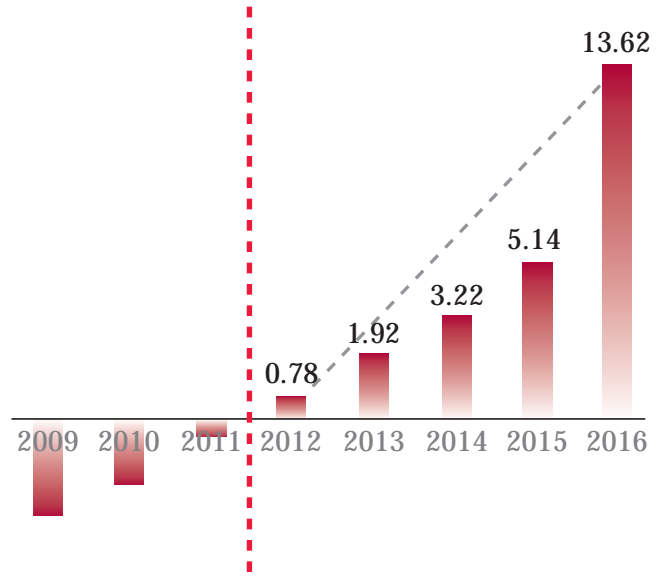
Book value per share including revaluation surplus displayed upward trajectory and stood at Rs. 24.55 in 2016 compared to Rs. 6.65 in 2012 showing a growth of ~3.7 times over timeline. It posted a growth of ~31% YoY for the year 2016.

Market value per share (rupees)



Market value per share increased to Rs. 47.50 at the close of FY2016 compared to Rs. 27.00 at the close of FY2015 posting a growth of ~76% YoY. It went up by ~9.5 times over the timeline and moved within Rs. 2.22 and Rs. 49.99.

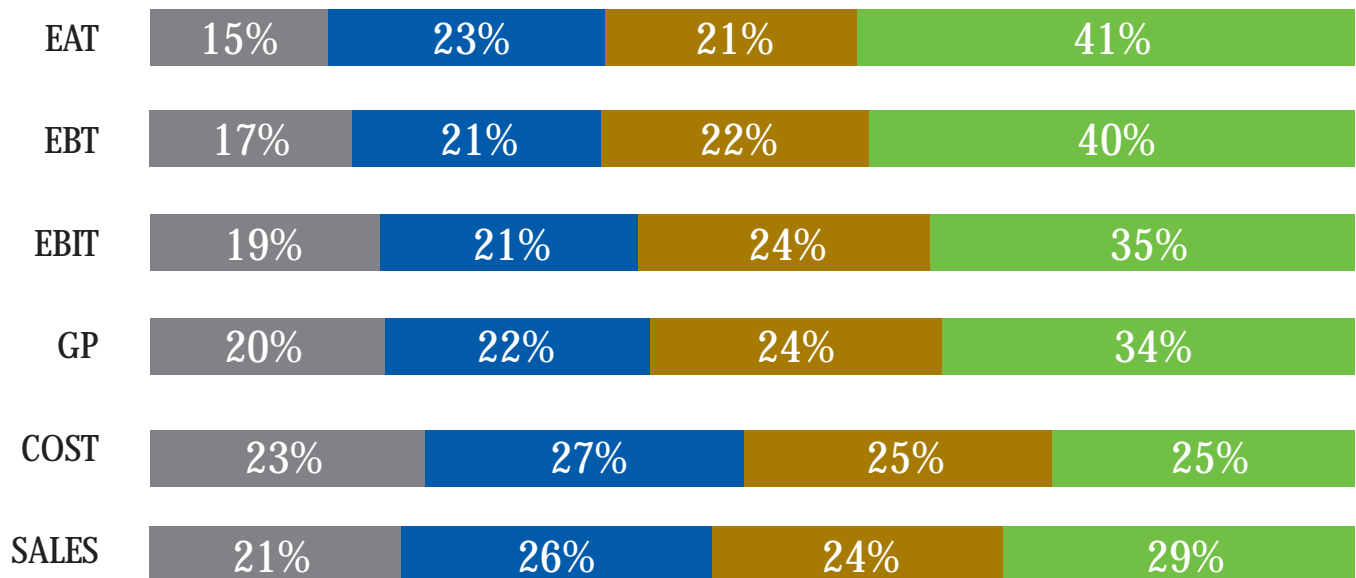
Interest Cover Ratio (rupees)



This represents EBIT against finance cost of Re 1. Interest cover ratio increased to Rs. 13.62 corresponding to increase rate of ~165% YoY.

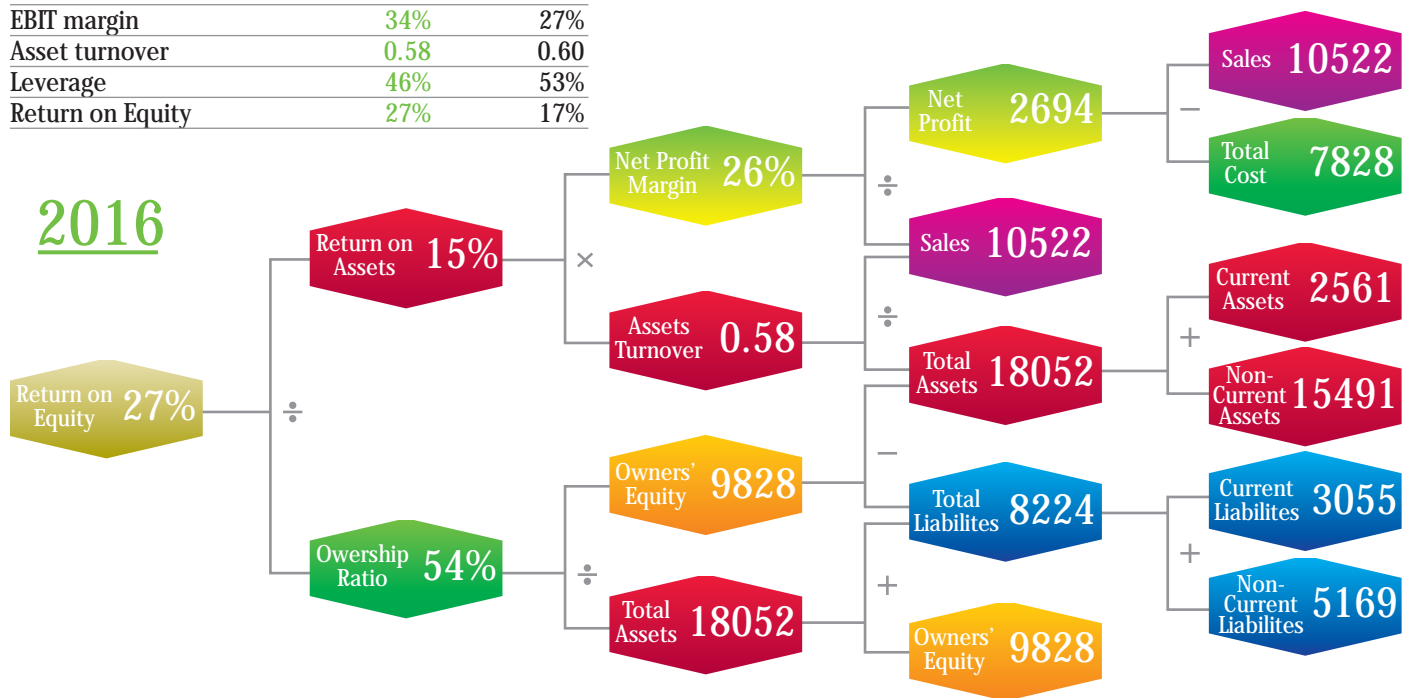
QUARTER-WISE BREAKUP

■ 1Q ■ 2Q ■ 3Q ■ 4Q

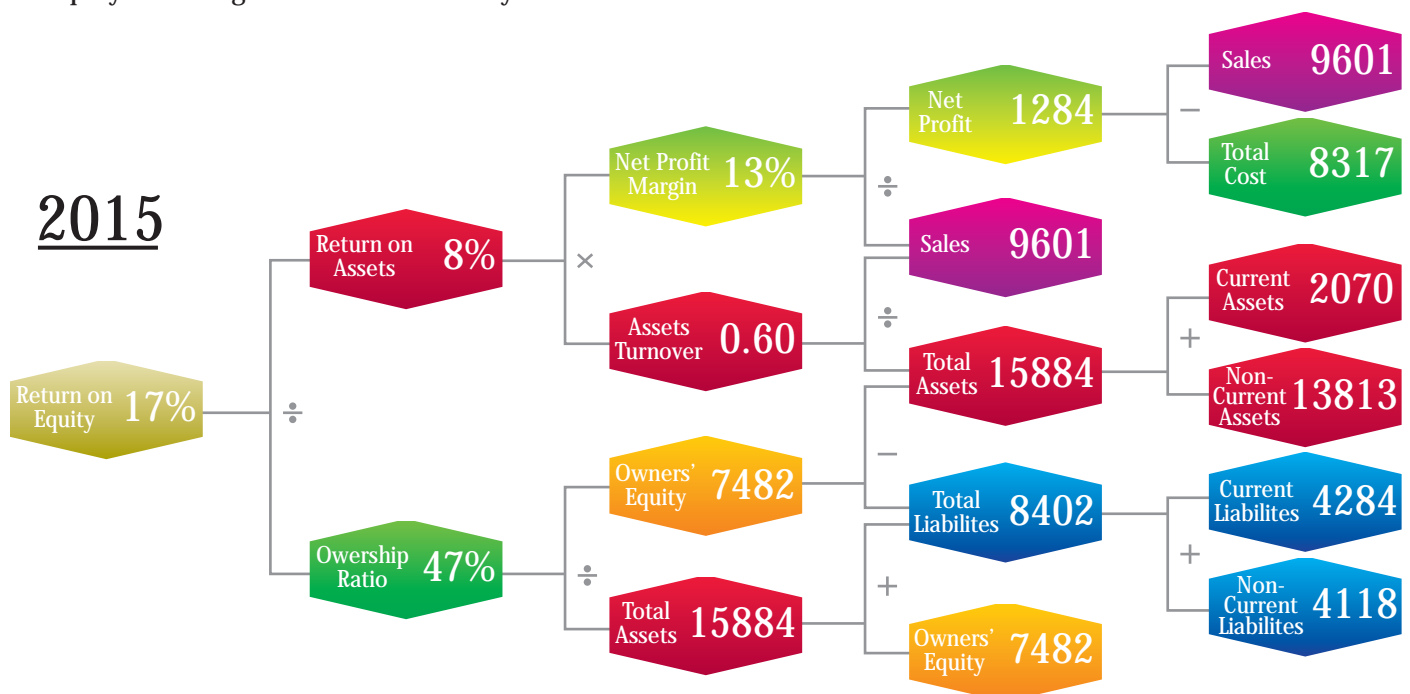


DuPONT ANALYSIS

	2016	2015
Tax burden	28%	31%
Interest burden	-2%	19%
EBIT margin	34%	27%
Asset turnover	0.58	0.60
Leverage	46%	53%
Return on Equity	27%	17%



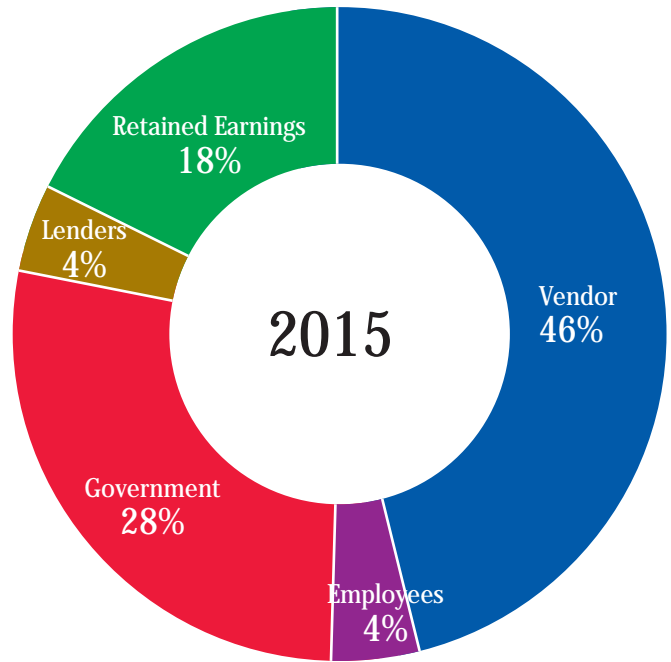
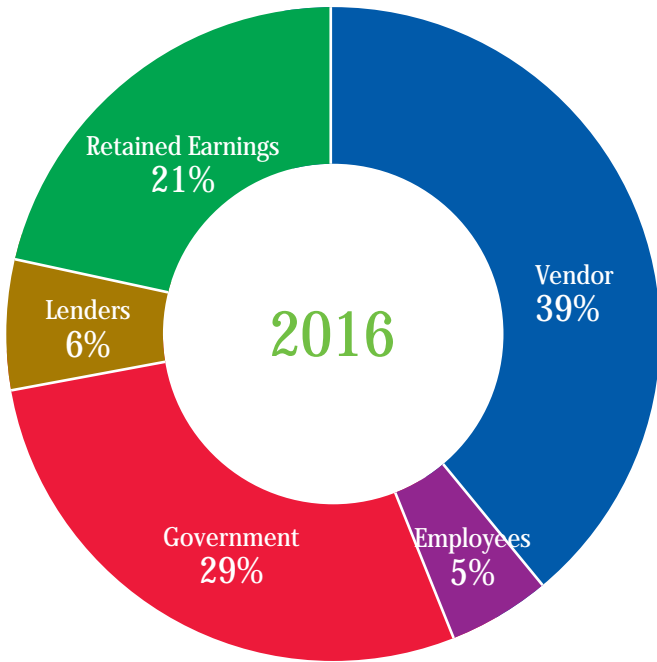
EBIT margin increased from 27% to 34%. Interest burden decreased to -2% from 19% due to lower interest rate and repayment of interest bearing debts as well as remission of markup provisions; on the other hand tax burden decreased to 28% from 31% due to lowering of corporate tax rates. The accumulated effect of these increased the net profit margin to 26%. 22.29% of the net profit was distributed as dividend where as 77.71% of the net profit was retained within the Company which resulted in 15% increase in ownership ratio. Consequently, the Company reported a return on equity of 28% against 17% for the last year.



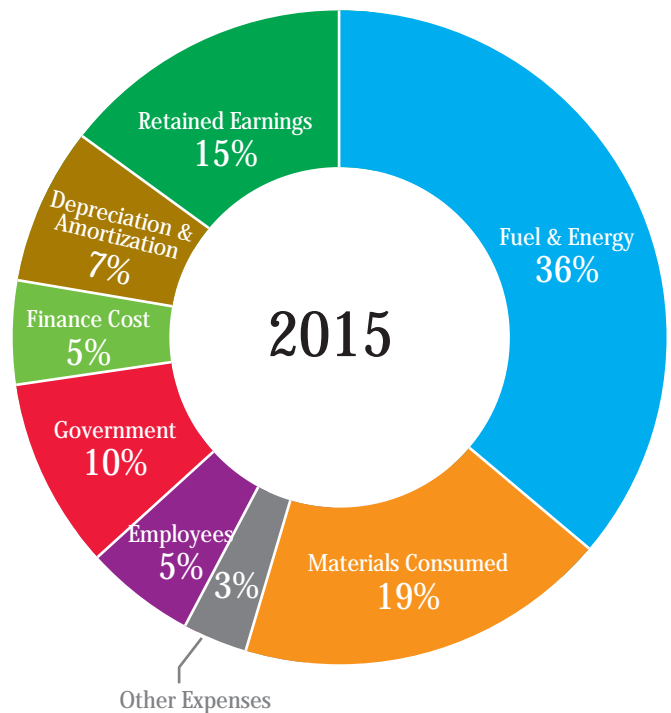
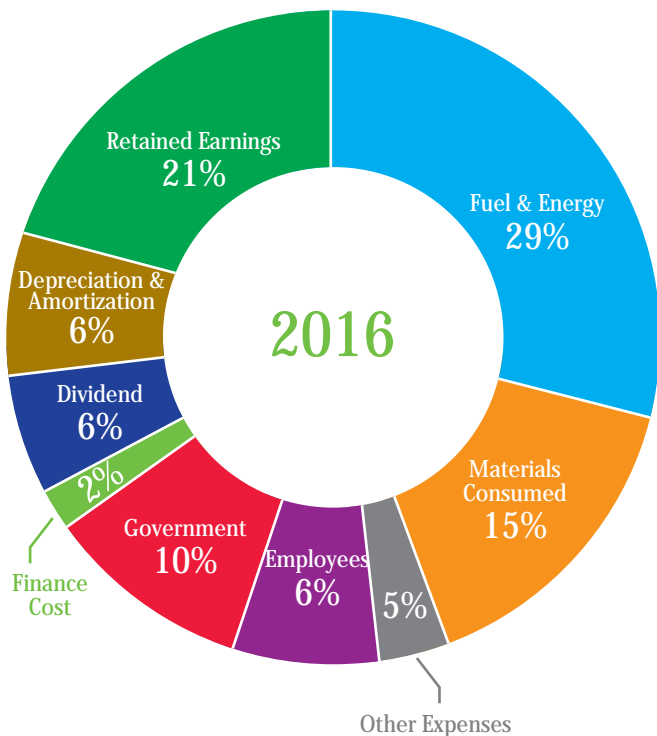
Leverage = (Non-current Liabilities + Current Liabilities) / Total Assets
 Interest Burden = (Finance Cost - Other Income) / EBIT

WEALTH DISTRIBUTION EXPENSES & PROFIT BREAKUP

Wealth Distribution



Expenses and Profit Breakup



BALANCE SHEET HORIZONTAL & VERTICAL ANALYSIS

	2016	2015	2014	2013	2012	2011
	Figures in Thousand Rupees					
NON CURRENT ASSETS	15,491,362	13,813,200	13,210,921	11,742,875	11,602,084	11,625,908
% of total assets	86%	87%	87%	91%	92%	92%
% change from preceeding year	12%	5%	13%	1%	0%	-4%
Property, plant and equipment	15,397,173	13,722,670	13,102,850	11,527,658	11,547,891	11,616,953
% of total assets	85%	86%	86%	89%	92%	92%
% change from preceeding year	12%	5%	14%	0%	-1%	-4%
Intangible asset	3,551	4,834	6,117	-	-	-
% of total assets	0%	0%	0%	0%	0%	0%
% change from preceeding year	-27%	-21%	100%	0%	0%	0%
Long term loans and deposits	90,638	85,696	101,954	72,456	54,193	8,955
% of total assets	1%	1%	1%	1%	0%	0%
% change from preceeding year	6%	-16%	41%	34%	505%	-85%
Deferred tax assets	-	-	-	142,761	-	-
% of total assets	0%	0%	0%	1%	0%	0%
% change from preceeding year	0%	0%	-100%	100%	0%	0%
CURRENT ASSETS	2,560,928	2,070,404	1,968,973	1,209,835	977,091	951,541
% of total assets	14%	13%	13%	9%	8%	8%
% change from preceeding year	24%	5%	63%	24%	3%	28%
Stores, spares and loose tools	878,719	812,526	619,954	647,243	383,978	329,537
% of total assets	5%	5%	4%	5%	3%	3%
% change from preceeding year	8%	31%	-4%	69%	17%	-6%
Stock in trade	290,099	624,954	887,682	167,020	112,122	115,180
% of total assets	2%	4%	6%	1%	1%	1%
% change from preceeding year	-54%	-30%	431%	49%	-3%	5%
Trade debts	360,210	240,255	252,013	188,929	129,592	61,964
% of total assets	2%	2%	2%	1%	1%	0%
% change from preceeding year	50%	-5%	33%	46%	109%	84%
Advances, deposits and other receivables	542,804	176,066	138,456	170,113	320,810	418,787
% of total assets	3%	1%	1%	1%	3%	3%
% change from preceeding year	208%	27%	-19%	-47%	-23%	77%
Short term investments	104,172	-	-	-	-	-
% of total assets	1%	0%	0%	0%	0%	0%
% change from preceeding year	100%	0%	0%	0%	0%	0%
Cash and bank balances	384,924	178,699	32,964	22,718	16,777	12,261
% of total assets	2%	1%	0%	0%	0%	0%
% change from preceeding year	115%	442%	45%	35%	37%	10%
Non current assets held for sale	-	37,904	37,904	13,812	13,812	13,812
% of total assets	0%	0%	0%	0%	0%	0%
% change from preceeding year	-100%	0%	174%	0%	0%	100%
TOTAL ASSETS	18,052,290	15,883,604	15,179,894	12,952,710	12,579,175	12,577,449
% of total assets	100%	100%	100%	100%	100%	100%
% change from preceeding year	14%	5%	17%	3%	0%	-2%

BALANCE SHEET HORIZONTAL & VERTICAL ANALYSIS

	2016	2015	2014	2013	2012	2011
Figures in Thousand Rupees						
SHAREHOLDERS' EQUITY	6,319,037	4,045,866	2,582,555	1,609,501	448,992	702,976
% of total assets	35%	25%	17%	12%	4%	6%
% change from preceeding year	56%	57%	60%	258%	-36%	-56%
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	22%	25%	26%	31%	32%	32%
% change from preceeding year	0%	0%	0%	0%	0%	73%
Retained earnings	2,316,298	43,127	(1,420,184)	(2,393,238)	(3,553,747)	(3,299,763)
% of total assets	13%	0%	-9%	-18%	-28%	-26%
% change from preceeding year	5271%	103%	41%	33%	-8%	-38%
Surplus on revaluation of fixed assets	3,508,947	3,435,857	3,727,563	2,285,921	2,215,354	2,285,820
% of total assets	19%	22%	25%	18%	18%	18%
% change from preceeding year	2%	-8%	63%	3%	-3%	-3%
NON CURRENT LIABILITIES	5,169,416	4,118,141	4,928,085	5,952,688	5,910,018	4,642,531
% of total assets	29%	26%	32%	46%	47%	37%
% change from preceeding year	26%	-16%	-17%	1%	27%	6%
Long term borrowings	2,721,685	1,486,323	2,323,642	4,007,163	3,691,144	3,690,314
% of total assets	15%	9%	15%	31%	29%	29%
% change from preceeding year	83%	-36%	-42%	9%	0%	2%
Liabilities against assets subject to finance lease	2,433	3,297	-	-	-	2,345
% of total assets	0%	0%	0%	0%	0%	0%
% change from preceeding year	100%	100%	0%	0%	-100%	-80%
Deferred taxation	1,474,257	1,409,499	904,660	-	-	-
% of total assets	8%	9%	6%	0%	0%	0%
% change from preceeding year	5%	56%	100%	0%	0%	0%
Employees' retirement benefits	92,160	116,772	91,948	87,516	85,714	78,979
% of total assets	1%	1%	1%	1%	1%	1%
% change from preceeding year	-21%	27%	5%	2%	9%	11%
Deferred markup and profit	878,951	1,102,250	1,144,152	1,151,319	927,188	854,737
% of total assets	5%	7%	8%	9%	7%	7%
% change from preceeding year	-20%	-4%	-1%	24%	8%	22%
Deferred liabilities	-	-	463,683	706,690	1,205,972	16,156
% of total assets	0%	0%	3%	5%	10%	0%
% change from preceeding year	0%	-100%	-34%	-41%	7365%	100%
CURRENT LIABILITIES	3,054,820	4,283,740	3,941,691	3,104,600	4,004,811	4,946,122
% of total assets	17%	27%	26%	24%	32%	39%
% change from preceeding year	-29%	9%	27%	-22%	-19%	10%
Trade and other payables	1,310,092	1,466,913	1,682,612	1,294,077	1,314,993	1,762,515
% of total assets	7%	9%	11%	10%	10%	14%
% change from preceeding year	-11%	-13%	30%	-2%	-25%	9%
Markup and profit payable	151,460	653,721	608,867	587,285	964,449	735,266
% of total assets	1%	4%	4%	5%	8%	6%
% change from preceeding year	-77%	7%	4%	-39%	31%	87%
Short term borrowings	-	137,847	167,017	179,008	184,967	89,226
% of total assets	0%	1%	1%	1%	1%	1%
% change from preceeding year	-100%	-17%	-7%	-3%	107%	-65%
Current portion of non-current liabilities	426,264	966,189	839,111	737,920	1,034,999	945,045
% of total assets	2%	6%	6%	6%	8%	8%
% change from preceeding year	-56%	15%	14%	-29%	10%	-25%
Taxes and duties payable	1,167,004	1,059,070	644,084	306,310	505,403	1,414,070
% of total assets	6%	7%	4%	2%	4%	11%
% change from preceeding year	10%	64%	110%	-39%	-64%	47%
EQUITY AND LIABILITIES	18,052,290	15,883,604	15,179,894	12,952,710	12,579,175	12,577,449
% of total assets	100%	100%	100%	100%	100%	100%
% change from preceeding year	14%	5%	17%	3%	0%	-2%

PROFIT & LOSS ACCOUNT HORIZONTAL & VERTICAL ANALYSIS

	2016	2015	2014	2013	2012	2011
	Figures in Thousand Rupees					
Net Sales	10,522,318	9,601,246	8,547,263	6,230,216	4,976,032	3,327,031
% of net sales	100%	100%	100%	100%	100%	100%
% change from preceeding year	10%	12%	37%	25%	50%	57%
Cost of sales	(6,350,064)	(6,632,635)	(6,197,024)	(4,534,105)	(3,991,252)	(3,161,296)
% of net sales	-60%	-69%	-73%	-73%	-80%	-95%
% change from preceeding year	-4%	7%	37%	14%	26%	25%
Gross Profit	4,172,254	2,968,611	2,350,239	1,696,111	984,780	165,735
% of net sales	40%	31%	27%	27%	20%	5%
% change from preceeding year	41%	26%	39%	72%	494%	140%
General and administrative expenses	(307,069)	(255,594)	(155,894)	(140,518)	(161,123)	(192,803)
% of net sales	-3%	-3%	-2%	-2%	-3%	-6%
% change from preceeding year	20%	64%	11%	-13%	-16%	29%
Selling and distribution expenses	(20,703)	(20,633)	(17,408)	(17,140)	(25,383)	(17,311)
% of net sales	0%	0%	0%	0%	-1%	-1%
% change from preceeding year	0%	19%	2%	32%	47%	-94%
Other expenses	(224,663)	(110,508)	(134,329)	(82,754)	(19,907)	(145,383)
% of net sales	-2%	-1%	-2%	-1%	0%	-4%
% change from preceeding year	103%	-18%	62%	316%	-86%	38%
Profit from operations	3,619,819	2,581,876	2,042,608	1,455,699	778,367	(189,762)
% of net sales	34%	27%	24%	23%	16%	-6%
% change from preceeding year	40%	26%	40%	87%	510%	80%
Other Income	353,672	1,890	2,135	378,153	14,833	18,736
% of net sales	3%	0%	0%	6%	0%	1%
% change from preceeding year	18613%	-11%	-99%	2449%	-21%	-51%
Finance cost	(266,014)	(504,737)	(634,810)	(757,323)	(997,448)	(777,831)
% of net sales	-3%	-5%	-7%	-12%	-20%	-23%
% change from preceeding year	-47%	-20%	-16%	-24%	28%	-34%
Profit before taxation	3,707,477	2,079,029	1,409,933	1,076,529	(204,248)	(948,857)
% of net sales	35%	22%	16%	17%	-4%	-29%
% change from preceeding year	77%	47%	31%	627%	78%	55%
Current taxation	(697,161)	(413,214)	(231,774)	(15,475)	(49,760)	(35,685)
% of net sales	-7%	-4%	-3%	0%	-1%	-1%
% change from preceeding year	69%	78%	1398%	-69%	39%	449%
Deferred taxation	(316,412)	(394,684)	(329,477)	-	-	-
% of net sales	-3%	-4%	-4%	0%	0%	0%
% change from preceeding year	-20%	20%	100%	0%	0%	-100%
Profit after taxation	2,693,904	1,283,869	848,682	1,061,054	(254,008)	(984,542)
% of net sales	26%	13%	10%	17%	-5%	-30%
% change from preceeding year	110%	51%	-20%	518%	74%	1%



Coming together is a beginning.
Keeping together is progress.
Working together is success.
Teamwork makes the dream work.

FINANCIAL STATEMENTS

Auditors' Report to the Members


We have audited the annexed balance sheet of Gharibwal Cement Limited as at June 30, 2016 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, 2016 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.

Lahore: August 18, 2016


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

BALANCE SHEET

AS AT JUNE 30, 2016

	Note	2016	2015
(Rupees in '000s)			
ASSETS			
NON CURRENT ASSETS			
Property, plant and equipment	4	15,397,173	13,722,670
Intangible asset	5	3,551	4,834
Long term loans and deposits	6	90,638	85,696
		<u>15,491,362</u>	<u>13,813,200</u>
CURRENT ASSETS			
Stores, spares and loose tools	7	878,719	812,526
Stock in trade	8	290,099	624,954
Trade debts	9	360,210	240,255
Advances, deposits, prepayments and other receivables	10	542,804	176,066
Short Term Investments	11	104,172	-
Cash and bank balances	12	384,924	178,699
		<u>2,560,928</u>	<u>2,032,500</u>
Non current assets held for sale	13	-	37,904
Total current assets		<u>2,560,928</u>	<u>2,070,404</u>
TOTAL ASSETS		<u><u>18,052,290</u></u>	<u><u>15,883,604</u></u>
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized capital			
470,000,000 ordinary shares of Rs. 10 each		4,700,000	4,700,000
Issued, subscribed and paid up capital	14	4,002,739	4,002,739
Retained earnings		2,316,298	43,127
		<u>6,319,037</u>	<u>4,045,866</u>
SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT	15	3,508,947	3,435,857
NON CURRENT LIABILITIES			
Long term borrowings	16	2,721,685	1,486,323
Liabilities against assets subject to finance lease	17	2,433	3,297
Deferred taxation	18	1,474,257	1,409,499
Employees' retirement benefits	19	92,160	116,772
Deferred markup and profit	21	878,951	1,102,250
		<u>5,169,486</u>	<u>4,118,141</u>
CURRENT LIABILITIES			
Trade and other payables	20	1,310,092	1,466,913
Markup and profit payable	21	151,460	653,721
Short term borrowings	22	-	137,847
Current portion of non-current liabilities	23	426,264	966,189
Taxes and duties payable	24	1,167,004	1,059,070
		<u>3,054,820</u>	<u>4,283,740</u>
CONTINGENCIES AND COMMITMENTS	25		
TOTAL EQUITY AND LIABILITIES		<u><u>18,052,290</u></u>	<u><u>15,883,604</u></u>

The annexed notes 1 to 44 form an integral part of these financial statements.


CHIEF EXECUTIVE OFFICER


DIRECTOR

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED JUNE 30, 2016

	Note	2016	2015
(Rupees in '000s)			
Net Sales	26	10,522,318	9,601,246
Cost of sales	27	(6,350,064)	(6,632,635)
Gross Profit		4,172,254	2,968,611
General and administrative expenses	28	(307,069)	(255,594)
Selling and distribution expenses	29	(20,703)	(20,633)
Other expenses	30	(224,663)	(110,508)
Profit from operations		3,619,819	2,581,876
Other income	31	353,672	14,628
Finance cost	32	(266,014)	(504,737)
Profit before taxation		3,707,477	2,091,767
Taxation	33	(1,013,573)	(807,898)
Profit after taxation		2,693,904	1,283,869

Rupees

Earnings per share (basic & diluted)	34	6.73	3.21
---	----	-------------	-------------

The annexed notes 1 to 44 form an integral part of these financial statements.



CHIEF EXECUTIVE OFFICER



DIRECTOR

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED JUNE 30, 2016

	Note	2016	2015
		(Rupees in '000s)	
Profit after taxation for the year		2,693,904	1,283,869
Other Comprehensive Income			
Items that will not be reclassified to profit or loss:			
Actuarial gain/(loss) on remeasurement of defined benefit plan		1,114	(2,193)
Deferred tax attributed to actuarial gain/(loss)		(334)	768
		780	(1,425)
Total comprehensive income for the year		2,694,684	1,282,444

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 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 44 form an integral part of these financial statements.



CHIEF EXECUTIVE OFFICER



DIRECTOR

CASH FLOW STATEMENT

FOR THE YEAR ENDED JUNE 30, 2016

Note	2016	2015
	(Rupees in '000s)	
CASH FLOW FROM OPERATING ACTIVITIES		
Net profit before taxation	3,707,477	2,091,767
Adjustment for non-cash and other items:		
Depreciation and amortization	668,753	680,622
Finance cost	266,014	504,737
Provision for retirement benefits	5,801	45,667
Provision for markup receivable	(8,764)	-
Remission of markup on repayment/settlement of loans	(333,302)	-
Provision for doubtful debts	1,014	-
Accounting gain on disposal of fixed assets	(60)	-
Balances written off	-	(12,738)
Provision for balances doubtful for recovery	-	1,043
	<u>599,456</u>	<u>1,219,331</u>
Operating profit before working capital changes	4,306,933	3,311,098
Changes in working capital:		
Stores, spares and loose tools	(66,193)	(192,572)
Stock in trade	334,855	262,728
Trade debts	(120,969)	11,758
Advance, deposits, prepayments and other receivables	(122,582)	(38,653)
Trade and other payables	(211,551)	(186,623)
Long term deposits	(4,942)	16,258
Taxes & duties	(363,021)	(371,011)
	<u>(554,403)</u>	<u>498,115</u>
Cash inflow from operation	3,752,530	2,812,983
Finance cost paid	(621,768)	(427,924)
Retirement benefits paid	(29,239)	(20,934)
Income tax paid	(200,714)	(126,815)
Net cash inflow from operating activities	<u>2,900,809</u>	<u>2,237,310</u>
CASH FLOW FROM INVESTING ACTIVITIES		
Fixed capital expenditure	(2,304,069)	(1,299,159)
Advance to Balochistan Glass Limited (related party)	(239,853)	-
Net cash outflow from investing activities	<u>(2,543,922)</u>	<u>(1,299,159)</u>
CASH FLOW FROM FINANCING ACTIVITIES		
Repayment of long term borrowings	(547,433)	(457,068)
Proceeds of long term borrowings	1,163,966	-
Repayment of directors' loans	(62,998)	(310,202)
Net proceeds from finance lease	(690)	4,024
Repayment of short term borrowings	-	(29,170)
Dividend paid	(599,335)	-
Net cash outflow from financing activities	<u>(46,490)</u>	<u>(792,416)</u>
Net increase in cash and cash equivalents	310,397	145,735
Cash and cash equivalents at beginning of the year	178,699	32,964
Cash and cash equivalents at end of the year	<u>35</u> <u>489,096</u>	<u>178,699</u>

The annexed notes 1 to 44 form an integral part of these financial statements.



CHIEF EXECUTIVE OFFICER



DIRECTOR

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED JUNE 30, 2016

	Share Capital	General Reserves	Retained Earnings	Total
	----- (Rupees in 000s) -----			
Balance as at June 30, 2014	4,002,739	332,000	(1,752,184)	2,582,555
Total Comprehensive income for the year				
Profit after taxation	-	-	1,283,869	1,283,869
Other comprehensive income	-	-	(1,425)	(1,425)
	-	-	1,282,444	1,282,444
General reserves transferred to retained earnings	-	(332,000)	332,000	-
Incremental depreciation on revaluation of property, plant & equipment	-	-	278,257	278,257
Deferred tax attributed to incremental depreciation	-	-	(97,390)	(97,390)
	-	-	180,867	180,867
Balance as at June 30, 2015	4,002,739	-	43,127	4,045,866
Total Comprehensive income for the year				
Profit after taxation	-	-	2,693,904	2,693,904
Other comprehensive income	-	-	780	780
	-	-	2,694,684	2,694,684
Interim dividend at Rs. 1.5 per share for the year ended June 30, 2016	-	-	(600,411)	(600,411)
Incremental depreciation on revaluation of property, plant & equipment	-	-	263,086	263,086
Deferred tax attributed to incremental depreciation	-	-	(84,188)	(84,188)
	-	-	178,898	178,898
Balance as at June 30, 2016	4,002,739	-	2,316,298	6,319,037

The annexed notes 1 to 44 form an integral part of these financial statements.



CHIEF EXECUTIVE OFFICER



DIRECTOR

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2016

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.

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. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board and Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan as are notified under the Companies Ordinance, 1984, provisions of and directives issued under the Companies Ordinance, 1984. In case requirements differ, the provisions or directives of the Companies Ordinance, 1984 prevail.

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

a Standards, interpretations and amendments to published approved accounting standards that are effective and relevant

There were certain amendments to the approved accounting standards and a new interpretation issue by International Financial Reporting Interpretations Committee (IFRIC) which became effective during the year but are considered not to be relevant or have any significant effect on the company's operations and are, therefore, not disclosed in these financial statements.

b Standards, interpretations and amendments to published approved accounting standards that are effective but not relevant

There are certain new standards and amendments to the approved accounting standards which will be effective for the company for annual periods beginning on or after July 1, 2015 but are considered not to be relevant or are expected to have any significant effect on the company's operations and are, therefore, not disclosed in these financial statements.

c Standards, interpretations and amendments to published approved accounting standards that are not yet effective but relevant

Following new standards, although not yet effective, but that would be expected to have a material impact on the financial statements of the Company:

IFRS 16 - Leases (Effective for annual periods beginning on or after January 01, 2019)
A lessee may elect to account for lease payments as an expense on a straight-line basis over the lease term or another systematic basis for the following two types of leases:

1 leases with a lease term of 12 months or less and containing no purchase options – this election is made by class of underlying asset; and

2 leases where the underlying asset has a low value when new (such as personal computers or small items of office furniture) – this election can be made on a lease-by-lease basis.

IFRS 15 - Revenue from Contracts with Customers (Effective for an entity's first annual IFRS financial statements for periods beginning on or after January 01, 2018).

Revenue is recognised as control is passed, either over time or at a point in time. Control of an asset is defined as the ability to direct the use of and obtain substantially all of the remaining

benefits from the asset. This includes the ability to prevent others from directing the use of and obtaining the benefits from the asset. The benefits related to the asset are the potential cash flows that may be obtained directly or indirectly.

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 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.

2.5.5 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.

2.5.6 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.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 Property, plant & equipment

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

Building and foundation, building on leasedhold land, heavy earth moving machinery, plant and machinery, and railway siding 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. 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 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	Moveing 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 deposits, 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 Non current assets classified as held for sale

When the Company intends to sell a non-current asset, and if sale within twelve (12) months is highly probable, the asset is classified as 'held for sale' and presented separately in the balance sheet.

Assets classified as 'held for sale' are measured at the lower of their carrying amounts immediately prior to their classification as held for sale and their fair value less costs to sell. Once classified as 'held for sale', the assets are not subject to depreciation or amortisation.

3.9 Equity, reserves and dividend payments

Share capital represents the fair 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.

3.10 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;

3.11 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.

3.12 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.

3.13 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. 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 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.

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.

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.

(b) **Defined contribution plan**

The Company operates two schemes of funded contributory provident fund separately for permanent managerial staff and other employees / workers. The Company has no legal or constructive obligations to pay contributions other than its fixed monthly contributions range from 10% - 18% of the basic salary of the respective employees, which are recognised as an expense in the period in which the employees' services are received.

(c) **Accumulated compensation absences**

The Company operates annual leave scheme for all its permanent employees which can be accumulated upto a certain balance encashable at the rate of basic pay at the time when employee leaves the service with the Company. 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.

The liability recognised in the balance sheet is the present value of the Defined Benefit Obligation ('DBO') at the reporting date plus frozen benefits 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, experience of employee departures and periods of service. 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 is made to cover the obligation for accumulated compensated absences on the basis of actuarial valuation and are charged to profit and loss account under the head salaries and benefits. Any re-measurements arising from experience adjustments and changes in actuarial assumptions are recognised in profit or loss in the periods in which the changes occur.

3.14 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.

3.15 Ijarah arrangement

Rents payable under Ijarah arrangement are recognized as an expense in the profit and loss account on a straight-line basis over the Ijarah term.

3.16 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.

3.17 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 in case there is gross profit; 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.

3.18 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.

3.19 Financial instruments

Financial assets are long term deposits, trade debts, advances & other receivables, short term investment and cash and bank balances. These are initially recognized at fair value plus transaction costs except for financial assets at fair value through profit or loss, which are initially recognized at fair value and transaction costs are expensed in the profit and loss account. Financial assets

are derecognized when the rights to receive cash flows from the assets have expired or have been transferred; and the company has transferred substantially all the risks and rewards of ownership.

Financial liabilities are recognized according to the substance of the contractual arrangements entered into. Significant financial liabilities are long term borrowings, short term borrowings, markup and profit payable, trade and other payables. A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expired.

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.

3.20 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.

3.21 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.

3.22 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.

3.23 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	2016	2015
	(Rupees in '000s)	

4 PROPERTY, PLANT AND EQUIPMENT

Operating fixed assets - Tangible	4.1	12,410,236	12,558,974
Capital work in progress	4.2	2,986,937	1,163,696
		15,397,173	13,722,670

4.1 OPERATING FIXED ASSETS - TANGIBLE

	COST / REVALUED AMOUNT			ACCUMULATED DEPRECIATION			Book Value Revaluation Model as at 30-06-2016				
	Balance as at 01-07-2015	Additions	Deletion	Transfer	Balance as at 30-06-2016	Rate		Balance as at 01-07-2015	For the Year	Transfer/Deletion	Balance as at 30-06-2016
Owned assets	108,972	15,373	-	37,904	162,249	-	-	-	-	-	162,249
Freehold land	3,559,905	1,749	-	-	3,561,654	5%	1,104,020	122,840	-	1,226,860	2,334,794
Building and foundation	39,291	-	-	-	39,291	10%	18,396	2,090	-	20,486	18,805
Building on Leasehold land	182,067	-	-	-	182,067	20%	135,337	9,346	-	144,683	37,384
Heavy earth moving machinery	11,510,791	123,266	-	323,539	11,957,596	5%	1,784,729	492,315	-	2,277,044	9,680,552
Plant and machinery	189,680	3,317	-	2,930	195,927	7%-20%	61,170	25,939	-	87,109	108,818
Infrastructure	2,397	3,732	-	-	6,129	10%	1,461	317	-	1,778	4,351
Tools and equipment	57,125	4,273	-	-	61,398	20%	38,469	4,160	-	42,629	18,769
Furniture, fixtures and office equipment	101,268	5,042	(3,764)	-	102,546	20%	53,426	9,566	(1,371)	61,621	40,925
Transport assets	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	5,079	-	-	-	5,079	20%	593	897	-	1,490	3,589
Vehicles	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

	COST / REVALUED AMOUNT			ACCUMULATED DEPRECIATION			Book Value Revaluation Model as at 30-06-2015				
	Balance as at 01-07-2014	Additions	Deletion	Transfer	Balance as at 30-06-2015	Rate		Balance as at 01-07-2014	For the Year	Transfer/Deletion	Balance as at 30-06-2015
Owned Assets	108,972	-	-	-	108,972	-	-	-	-	-	108,972
Freehold land	3,549,334	10,571	-	-	3,559,905	5%	975,170	128,850	-	1,104,020	2,455,885
Building and foundation	39,291	-	-	-	39,291	10%	16,074	2,322	-	18,396	20,895
Building on Leasehold land	181,598	469	-	-	182,067	20%	123,762	11,575	-	135,337	46,730
Heavy earth moving machinery	11,410,198	100,593	-	-	11,510,791	5%	1,276,100	508,629	-	1,784,729	9,726,062
Plant and machinery	116,779	72,901	-	-	189,680	7%-20%	42,252	18,918	-	61,170	128,510
Infrastructure	1,718	679	-	-	2,397	10%	1,401	60	-	1,461	936
Tools and equipment	50,763	6,362	-	-	57,125	10%-30%	36,535	1,934	-	38,469	18,656
Furniture, fixtures and office equipment	67,547	33,721	-	-	101,268	20%	46,968	6,458	-	53,426	47,842
Transport assets	15,526,200	225,296	-	-	15,751,496	-	2,518,262	678,746	-	3,197,008	12,554,488
Assets subject to finance lease	-	5,079	-	-	5,079	20%	-	593	-	593	4,486
Vehicles	15,526,200	230,375	-	-	15,756,575	-	2,518,262	679,339	-	3,197,601	12,558,974

4.1.1 The Company had its freehold land, building and foundation, building on leasehold land, heavy earth moving machinery, plant and machinery, and railway siding situated at its plant site revaluated by Indus Surveyor (Pvt) Limited, an independent valuer approved by Pakistan Banks' Association (PBA) in any amount category. Whereas a piece of land situated in Lahore was revalued by Al Wazzan Associates (Pvt) Limited. Fresh revaluation exercise was carried out on April 30, 2014. 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, and railway siding

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.

4.1.2 Had the revaluations of these assets not been made, the carrying value of these assets as at June 30, 2016 would have been as under.

	Note	2016	2015
		(Rupees in '000s)	
Freehold land		70,895	19,914
Building and foundation		1,243,534	1,307,189
Building and foundation on leasehold land		77	85
Heavy earth moving machinery		13,059	16,324
Plant and machinery		5,930,825	5,778,982
		<u>7,258,390</u>	<u>7,122,494</u>

4.1.3 Depreciation charge for the year has been allocated as under

Cost of sales	27	659,466	674,406
General and administrative expenses	28	7,318	4,513
Selling and distribution expenses	29	686	420
		<u>667,470</u>	<u>679,339</u>

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

Building and foundations		93,772	98,707
Railway sidings		1,801	1,936
		<u>95,573</u>	<u>100,643</u>

4.1.5 Heavy earth moving machinery includes used dumpers having book value of Rs. 12.288 million (FY2015: Rs. 15.360 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 Following vehicles were disposed off during the year:

	Cost	Book Value	Sale Value	Mode of disposal & Buyer
Honda Citi (2015 Model)	1,653	1,653	1,653	Balochistan Glass Limited (related party) at cost
Honda Civic (2011 Model)	2,111	740	800	Major accidental sold as is where is basis

4.1.7 During the year, depreciation rate of furniture, fixtures and office equipment has been changed from 10% and 30% to 20%. This change in depreciation rate marginally increased depreciation of these assets by Rs. 1.792 million.

4.2 CAPITAL WORK-IN-PROGRESS

	Opening Balance	Additions / Adjustment	Transfer to operating fixed assets	Closing Balance
Civil work and buildings	304,920	140,718	(2,930)	442,708
Plant and machinery	445,151	2,329,483	(323,539)	2,451,095
Advances for capital expenditure - plant and machinery	413,625	(320,491)	-	93,134
	<u>1,163,696</u>	<u>2,149,710</u>	<u>(326,469)</u>	<u>2,986,937</u>

Borrowing cost amounting to Rs. 21.514 million (FY2015: NIL) 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 16.2.3, 16.2.11 and 16.2.12.

	Note	2016	2015
		(Rupees in '000s)	
5 INTANGIBLE ASSETS			
Cost			
Balance at the beginning of the year		6,414	6,414
Amortization			
Opening balance		(1,580)	(297)
Amortized during the year @ 20%	28	(1,283)	(1,283)
		(2,863)	(1,580)
		<u>3,551</u>	<u>4,834</u>

	Note	2016	2015
		(Rupees in '000s)	
6			
LONG TERM LOANS AND DEPOSITS			
Long term loans - unsecured and interest free			
Executive employees			
Mr. Abdul Aziz		5,239	-
Mr. Numan Basharat		1,975	-
		<hr/>	<hr/>
	6.1	7,214	-
Less: current portion included in advances to staff	10	(2,272)	-
		<hr/>	<hr/>
		4,942	-
Long term deposits			
Rented premises		800	800
Utilities and supplies		84,896	84,896
		<hr/>	<hr/>
		85,696	85,696
		<hr/>	<hr/>
		90,638	85,696
		<hr/>	<hr/>
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 installments.			
Reconciliation of loans amount:			
Disbursement		7,240	-
Repayments		(26)	-
		<hr/>	<hr/>
Closing balance		7,214	-
		<hr/>	<hr/>
7			
STORES, SPARES AND LOOSE TOOLS			
General stores		652,702	709,082
Spares		168,653	124,042
Loose tools		1,609	1,197
Store in transit		126,852	49,302
		<hr/>	<hr/>
		949,816	883,623
Less: Provision for slow moving and obsolete items			
General stores		(47,939)	(47,939)
Store in transit		(23,158)	(23,158)
		<hr/>	<hr/>
		(71,097)	(71,097)
		<hr/>	<hr/>
		878,719	812,526
		<hr/>	<hr/>

	Note	2016	2015
(Rupees in '000s)			
8			
STOCK IN TRADE			
Raw material		59,980	25,674
Work in process		212,808	551,919
Finished goods		3,952	33,412
Packing material		13,359	13,949
		<u>290,099</u>	<u>624,954</u>
9			
TRADE DEBTS - unsecured			
Considered good		360,210	240,255
Considered doubtful		6,432	5,419
		<u>366,642</u>	<u>245,674</u>
Less: provision for doubtful debts		(6,432)	(5,419)
		<u>360,210</u>	<u>240,255</u>
10			
ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES			
Considered good			
Secured			
Advances to staff	10.1	12,135	7,164
Unsecured			
Advances to suppliers		215,370	75,017
Deposits with SNGPL		464	32,483
Bank guarantees cash margin		31,960	31,960
Letters of credit cash margin		25,437	24,099
Prepayments and other receivables		8,821	5,343
Balochistan Glass Limited - related party	10.2	248,617	-
		<u>542,804</u>	<u>176,066</u>
Considered doubtful			
Advances to suppliers		19,940	24,611
Other receivables	10.3	10,000	10,000
		<u>29,940</u>	<u>34,611</u>
		<u>572,744</u>	<u>210,677</u>
Less: provision for balances doubtful of recovery		(29,940)	(34,611)
		<u>542,804</u>	<u>176,066</u>

10.1 This includes advances amounting to Rs. 8.517 million (FY2015: Rs. 4.263 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 (2015: Nil). These are secured against staff retirement benefits. These also include current portion of long term loans to employees as mentioned in Note 6.

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 Rs. 8.287 million as at balance sheet date. Maximum balance at any month-end during the year was Rs. 248.617 million.

10.3 This represents fixed deposit of Rs. 10 million with First Dawood Investment Bank under lien against Privately Placed Term Finance Certificate (PPTFC) as mentioned in Note 16.1.1. The Bank is not confirming this balance. Although this amount could be recovered from the debts of the Company's associate payable to the said bank, yet this deposit is classified as doubtful of recovery on prudence basis and has been provided for.

Note	2016	2015
	(Rupees in '000s)	

11 SHORT TERM INVESTMENTS

Mutual funds	11.1	4,172	-
Term deposit receipt with bank	11.2	100,000	-
		<u>104,172</u>	<u>-</u>

11.1 These were divested subsequent to the balance sheet date.

11.2 This carries markup @ 5.5% p.a. and encashed subsequent to the balance sheet date.

12 CASH AND BANK BALANCES

Cash in hand	12.1	3,761	1,068
Cash at banks in local currency			
Current accounts		270,872	113,762
Saving accounts	12.2	109,082	63,791
Dividend account		1,077	-
		<u>381,031</u>	<u>177,553</u>
Cash at banks in foreign currency			
US\$ Account		132	78
		<u>384,924</u>	<u>178,699</u>

12.1 This includes PKR NIL million (FY2015: 1.068 million) which was presented in foreign currency of USD.

12.2 These accounts bear profit ranging from 4% to 5% p.a. FY2015: 5% to 8% p.a.).

13 NON-CURRENT ASSETS HELD FOR SALE

Opening balance		37,904	37,904
Transferred to owned assets	13.1	(37,904)	-
		<u>-</u>	<u>37,904</u>

13.1 This represented a piece of land situated at Lahore which was classified as non current asset held for sale. During the year, the management of the Company decided to use this piece of land internally and accordingly it was transferred to land grouped under operating fixed assets.

14 ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL

	2016	2015	2016	2015
	(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
	<u>400,273,960</u>	<u>400,273,960</u>	<u>4,002,739</u>	<u>4,002,739</u>

Note

2016	2015
(Rupees in '000s)	

15 SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT

Gross Surplus				
Opening balance			5,240,274	5,518,531
Incremental depreciation for the year			(263,086)	(278,257)
			<u>4,977,188</u>	<u>5,240,274</u>
Deferred Tax attributed to Surplus				
Opening balance			(1,804,417)	(1,790,968)
Incremental depreciation for the year			84,188	97,390
Tax rate adjustment	18.2		251,988	(110,839)
			<u>(1,468,241)</u>	<u>(1,804,417)</u>
			<u>3,508,947</u>	<u>3,435,857</u>

16 LONG TERM BORROWINGS

Redeemable capital	16.1	-	-
Banks and financial institutions	16.2	2,721,685	1,486,323
Related parties	16.3	-	-
		<u>2,721,685</u>	<u>1,486,323</u>

16.1 Redeemable Capital - Secured

Privately placed term finance certificates (PPTFC)	16.1.1	-	27,434
Less: current maturity shown under current liabilities	23	-	(27,434)
		<u>-</u>	<u>-</u>

16.1.1 These 80,000 certificates of Rs 5,000 each were fully redeemed during the year after paying/settling the outstanding principal as well as accrued profit thereupon. NOC has been obtained from the Trust of the consortium for vacation of charge over the fixed assets of the Company.

	Note	2016	2015
(Rupees in '000s)			
16.2	Borrowings from banks and financial institutions - Secured		
Under markup basis:			
National Bank of Pakistan	16.2.1	516,129	657,066
The Bank of Punjab	16.2.2	914,816	964,316
The Bank of Punjab	16.2.3	685,156	-
NIB Bank Limited	16.2.4	217,313	266,746
Bank of Khyber	16.2.5	67,687	89,062
Saudi Pak Industrial & Agricultural Investment Co. Limited	16.2.6	95,546	109,943
Silk Bank Limited	16.2.7	35,417	46,042
First Credit Investment Corporation	16.2.8	25,840	30,400
Faysal Bank Limited	16.2.9	55,359	70,951
Summit Bank Limited	16.2.10	343,120	-
Pak China Investment Company Limited	16.2.11	135,690	-
		3,092,073	2,234,526
Musharikhah under Islamic Mode			
Bank Islami Pakistan Limited	16.2.12	44,375	98,375
Bank Islami Pakistan Limited (formally KASB Bank Limited)	16.2.13	-	8,482
Askari Bank Limited	16.2.14	10,600	23,851
		54,975	130,708
		3,147,048	2,365,234
Less: current and overdue portion shown under current liabilities	23	(425,363)	(878,911)
		2,721,685	1,486,323

16.2.1 National Bank of Pakistan has restructured its debts w.e.f. October 01, 2015. As per restructuring arrangement, principal is to be repaid in 40 unequal quarterly installments from October 2015 to June 2025. Markup rate has also been revised from 3 months KIBOR + 0% p.a. to 3 months KIBOR + 1% p.a. w.e.f. October 01, 2015 which is to be paid quarterly.

16.2.2 The term finance facility is to be repaid in 115 unequal monthly installments 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.

16.2.3 During the year, 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 installments 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 16.2.15.

- 16.2.4 The term finance facility is to be repaid in 35 unequal quarterly installments starting from March 2012 to December 2020. Markup is charged @ 3 months KIBOR plus 0% and is being deferred as mentioned in Note 22.1.4.
- 16.2.5 The term finance facility is to be repaid in 84 unequal monthly installments starting from January 2013 to December 2019. Markup is charged @ 3 month KIBOR plus 0% and is being deferred as mentioned in Note 22.1.5.
- 16.2.6 This term finance facility is to be repaid in 96 equal monthly installments starting from July 2014 to June 2022. Markup is charged @ 3 months KIBOR plus 2.5% p.a. payable quarterly in arrear.
- 16.2.7 The term finance facility is to be repaid in 24 equal quarterly installments starting from December 2012 to September 2018. Markup is charged @ 3 month KIBOR plus 0% and is being deferred as mentioned in Note 22.1.7.
- 16.2.8 This term finance facility is to be repaid in 108 equal monthly installments starting from March 2013 to February 2022. Markup is charged @ 3 month KIBOR plus 0% and is being deferred as mentioned in Note 22.1.8.
- 16.2.9 This term finance facility is to be repaid in 14 unequal semi annual installments starting from June 2013 to December 2019. Markup is charged @ 6 month KIBOR plus 0% and is being deferred as mentioned in Note 22.1.10.
- 16.2.10 During the year, 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 installments 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 gurantees of sponsoring directors.
- 16.2.11 During the year, 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 installments 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 parri passu hypothecation charge over all present and future assets of the Company with 25% margin, mortgage over personal properties of sponsoring directors, and personal gurantees of sponsoring directors.
- 16.2.12 This Musharikah finance facility is to be redeemed on monthly basis in 55 unequal monthly installments starting from September 2012 to March 2017 . Profit is charged @ 3 months KIBOR plus 0% and is being deferred as mentioned in Note 22.1.11.
- 16.2.13 This facility was fully repaid during the year.
- 16.2.14 This Musharikah finance facility is to be redeemed on quarterly basis in 16 equal quarterly installments starting from October 2013 to July 2017 . Profit is charged @ 3 months KIBOR plus 1.5% and is payable on quarterly basis. This facility is secured against first pari passu charge to the extent of Rs. 120 million over all present and future movable and operating fixed assets.
- 16.2.15 The Company has entered into a First Joint Pari Passu Hypothecation Agreement with the trustees of TFC holders mentioned in Note 16.1, and with the banks and financial institutions mentioned in note 16.2.1 to 16.2.12 excluding loans mentioned in Note 16.1.3, 16.1.10 and 16.1.11. As a result of this agreement, the term finance certificates, long term borrowings and short term

borrowings, and deferred markup/profit obtained from these TFC holders, 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 (FY2015: 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.

	Note	2016	2015
(Rupees in '000s)			
16.3 Borrowings from related parties - Unsecured			
Mr. Daniyal Jawaid Paracha - Director	16.3.3	-	59,117
		-	59,117
Less: Payable within 12 months shown under current liabilities	23	-	(59,117)
		-	-

16.3.3 This loan was repaid during the year.

17 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		Present value of MLP		
	2016	2015	2016	2015	
		(Numbers)		(Rupees in '000s)	
Not later than one year	1,216	1,309	901	727	
Later than one year but not later than five years	3,300	4,547	2,911	3,775	
	4,516	5,856	3,812	4,502	
Less: finance cost allocated to future periods	(704)	(1,354)	-	-	
	3,812	4,502	3,812	4,502	
Less: security deposits adjustable on expiry of lease term	(478)	(478)	(478)	(478)	
	3,334	4,024	3,334	4,024	
Less: current portion grouped under current liabilities	(901)	(727)	(901)	(727)	
	2,433	3,297	2,433	3,297	

	Note	2016	2015
(Rupees in '000s)			
18			
DEFERRED TAXATION			
Difference in tax and accounting bases of fixed assets		2,990,332	3,469,357
Provisions		(250,071)	(255,312)
Unused tax losses		-	(1,127,326)
Tax credits u/s 113(2) & 113C(5)		(1,266,004)	(677,220)
Net deferred tax liability		<u>1,474,257</u>	<u>1,409,499</u>
18.1			
Tax losses on account of unabsorbed depreciation amounting to Rs. NIL million (FY2015: Rs. 3,221 million) are available to the Company's credit.			
18.2			
Deferred tax expense for the year			
Closing balance of deferred tax liability		1,474,257	1,409,499
Opening balance of deferred tax (liability)/asset		(1,409,499)	(904,660)
Deferred tax attributed to revaluation surplus due to change in tax rates	15	251,988	(110,839)
Deferred tax attributed to remeasurement of defined benefit plan		(334)	684
Net deferred tax expense recognized for the year	33	<u>316,412</u>	<u>394,684</u>
19			
EMPLOYEES' RETIREMENT BENEFITS			
Accumulated Compensation Absences	19.1	33,218	33,883
Gratuity Fund	19.2	62,229	87,666
		<u>95,447</u>	<u>121,549</u>
Less: loan to employees on behalf of gratuity fund		(3,287)	(4,777)
		<u>92,160</u>	<u>116,772</u>
19.1			
Accumulated compensation absences			
Net liability - opening balance		33,883	20,211
Expense for the year		933	14,693
Payments made during the year		(1,598)	(1,021)
Net liability - closing balance		<u>33,218</u>	<u>33,883</u>
Statement of financial position at balance sheet date			
Present value of defined benefit obligations		14,024	13,307
Frozen accumulated compensation absences		19,194	20,576
		<u>33,218</u>	<u>33,883</u>

	Note	2016	2015
		(Rupees in '000s)	
Expense recognized in Profit and Loss account			
Current service cost		700	12,026
Interest cost		1,064	2,425
Actuarial (gain)/loss		(831)	242
		933	14,693
Expense allocated to salaries and benefits head under the following group:			
Cost of sales	27	728	11,460
General and Administrative expenses	28	168	2,645
Selling and distribution expenses	29	37	588
		933	14,693
Reconciliation of the present value of defined benefit obligation			
Present value of defined benefit obligations-opening balance		13,307	20,211
Frozen accumulated compensation absences - opening balance		20,576	-
Current service cost		700	12,026
Interest cost		1,064	2,425
Benefits paid		(1,598)	(1,021)
Actuarial (gain)/loss		(831)	242
Frozen accumulated compensation absences - closing balance		(19,194)	(20,576)
Present value of defined benefit obligations-closing		14,024	13,307
Sensitivity Analysis			
Change in present value of defined benefit obligation due to			
1% increase in discount rate		12,770	12,103
1% decrease in discount rate		15,493	14,713
1% increase in future salary		15,493	14,713
1% decrease in future salary		12,748	12,083
Principal actuarial assumptions			
The latest actuarial valuation was carried out as at June 30, 2016 under the 'Projected Unit Credit Method'. The main assumptions used for actuarial valuation are as follows:			
		2016	2015
Discount rate		7.25% p.a.	9% p.a.
Expected rate of future salary increase		6.25% p.a.	8% p.a.
Average number of leaves accumulated per annum by the employees		7 days	7 days
Expected remaining working lifetime of members		9 years	11 years
Expected maturity of defined benefit obligation		9 years	9 years

	Note	2016	2015
(Rupees in '000s)			
19.2			
Gratuity Fund			
Net liability - opening balance		87,666	71,161
Expense charged to profit and loss account		4,868	19,056
Amounts charged to other comprehensive income		(1,114)	2,193
Payments made by the company		(30,837)	(4,744)
Adjustment		1,181	-
Assets written off		465	-
Net liability - closing balance		<u>62,229</u>	<u>87,666</u>
Statement of financial position at balance sheet date			
Present value of defined benefit obligations		34,045	31,039
Frozen Gratuity Amounts		28,184	57,092
Fair value of plan assets		-	(465)
		<u>62,229</u>	<u>87,666</u>
Expense recognized in profit and loss account			
Current service cost		2,074	17,368
Interest cost		2,794	1,688
		<u>4,868</u>	<u>19,056</u>
Expense allocated to salaries and benefits head under the following group:			
Cost of sales	27	3,797	14,864
General and Administrative expenses	28	876	3,430
Selling and distribution expenses	29	195	762
		<u>4,868</u>	<u>19,056</u>
Amount chargeable to Other Comprehensive Income			
Actuarial (gains)/losses due to experience adjustment		(1,114)	2,137
Return on plan assets		-	56
		<u>(1,114)</u>	<u>2,193</u>
Reconciliation of fair value of plan assets			
Fair value of plan assets at opening of period		465	465
Contribution to the fund by the company		30,837	4,744
Benefits paid		(30,837)	(4,744)
Assets written off		(465)	-
Expected return on plan assets		-	56
Actuarial loss		-	(56)
Fair value of plan assets at close of period		<u>-</u>	<u>465</u>

	Note	2016	2015
		(Rupees in '000s)	
Plan assets comprise of :			
Debt instrument		-	465
Actual return on plan assets		-	56
Expected return on plan assets		-	(56)
Actuarial loss		-	-
Reconciliation of the present value of defined benefit obligation			
Present value of defined benefit obligations at opening of period		31,039	71,626
Frozen Gratuity Amount at opening of period		57,092	-
Current service cost		2,074	17,368
Interest cost		2,794	1,744
Adjustments		1,181	-
Benefits paid		(30,837)	(4,744)
Actuarial loss / (gain)		(1,114)	2,137
Frozen Gratuity Amount at close of period		(28,184)	(57,092)
Present value of defined benefit obligations at close of period		34,045	31,039
Sensitivity Analysis			
Change in present value of defined benefit obligation due to			
1% increase in discount rate		31,186	28,228
1% decrease in discount rate		37,377	34,316
1% increase in future salary		37,377	34,316
1% decrease in future salary		31,136	28,180
Principal actuarial assumptions			
The latest actuarial valuation was carried out as at June 30, 2016 under the 'Projected Unit Credit Method'. The main assumptions used for actuarial valuation are as follows:			
Discount rate		7.25% p.a.	9% p.a.
Expected rate of future salary increase		6.25% p.a.	8% p.a.
Average remaining working life time of employees		9 years	11 years
Expected maturity of defined benefit obligation		9 years	9 years

20 TRADE AND OTHER PAYABLES

Trade creditors		372,876	467,625
Bills payable	20.1	68	340,945
Accrued liabilities		477,647	413,374
Advances from customers		40,740	32,771
Workers' Profit Participation Fund (related party)	20.2	389,303	209,743
Employees' Provident Fund Trust (related party)		1,423	2,435
Workers' Welfare Fund		26,959	-
Unclaimed dividend		1,076	-
Other payables		-	20
		1,310,092	1,466,913

20.1 These represent bills of exchange in relation to inland letters of credit under vendor financing arrangement for purchase of coal and due in 90-120 days. Total letter of credit facilities aggregated to Rs. 739.000 million (FY2015: Rs. 539.000 million) were available from commercial banks at balance sheet date out of which Rs. 379.569 million (FY2015: Rs. 198.055 million) were remained unutilized at balance sheet date. These letter of credit facilities 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.

	Note	2016	2015
(Rupees in '000s)			
20.2			
Due to workers' profit participation fund (WPPF)			
Opening balance		209,743	116,160
Allocation for the year	30	196,607	109,425
		406,350	225,585
Payment made during the year		(17,047)	(15,842)
Closing balance		389,303	209,743
21			
MARKUP AND PROFIT PAYABLE			
Long term borrowings	21.1	151,460	583,832
Short term borrowings		-	69,889
		151,460	653,721
21.1			
Long term borrowings			
Under markup basis:			
Redeemable Capital	21.1.1	-	44,814
National Bank of Pakistan	21.1.2	322,265	468,509
The Bank of Punjab	21.1.3	28,344	538,537
NIB Bank Limited	21.1.4	147,147	131,183
Bank of Khyber	21.1.5	120,484	120,844
Saudi Pak Industrial & Agricultural Investment Co. Ltd	21.1.6	117,262	100,623
Silk Bank Limited	21.1.7	45,041	44,371
First Credit Investment Corporation	21.1.8	39,702	38,612
Faysal Bank Limited	21.1.9	71,401	67,008
Summit Bank Limited		5,382	-
Pak China Investment Company Limited		1,181	-
		898,209	1,554,501
Under Islamic Mode			
Bank Islami Pakistan Limited (formally KASB Bank Limited)	21.1.10	10,370	14,455
Bank Islami Pakistan Limited	21.1.11	121,619	116,557
Askari Bank Limited		213	569
		132,202	131,581
		1,030,411	1,686,082
Less: payable after 12 months shown as deferred markup and profit under non current liabilities		(878,951)	(1,102,250)
		151,460	583,832

- 21.1.1** This was fully repaid/settled during the year and as a final settlement provision of profit amounting to Rs. 24 million was reversed shown as remission of markup on repayment/settlement of loans under other income in Note 31.
- 21.1.2** This includes markup amounting to Rs. 312.839 million accrued till September 30, 2015 which is to be paid in 40 unequal quarterly installment from October 2015 to June 2025 as per restructuring arrangement as mentioned in Note 16.2.1. As a result of this restructuring arrangement provision for accrued markup amounting to Rs. 72 million has been reversed; and this has been reported as remission of markup on repayment/settlement of loans under other income in note 31.
- 21.1.3** Outstanding amount of markup accrued till December 31, 2012 of Rs. 238.191 million was paid during the year and as a result of this accrued markup amounting to Rs. 212.004 million had been reversed as early payment bonus by the bank; and this has been reported as remission of markup on repayment/settlement of loans under other income in Note 31.
- 21.1.4** This markup is being deferred and is payable in unequal quarterly installments starting from March 2016 to December 2021.
- 21.1.5** 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 is being deferred and to be paid in unequal monthly installments starting from January 2015 to December 2019.
- 21.1.6** It includes markup accrued till November 30, 2013 amounting to Rs. 116.568 million which is payable as a bullet payment on June 30, 2022.
- 21.1.7** It includes markup accrued till September 30, 2011 amounting to Rs. 6.822 million (FY2015: Rs. 8.869 million) which is being paid in equal quarterly installments ended by September 2018, whereas markup accrued from October 01, 2011 is being deferred and is payable in equal quarterly installments starting from December 2018 to September 2020.
- 21.1.8** It includes markup accrued till February 28, 2013 amounting to Rs. 30.736 million which is payable in unequal monthly installments 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 installments starting from March 2015 to February 2022.
- 21.1.9** This markup is being deferred and is payable in unequal quarterly installments starting from March 2019 to December 2020.
- 21.1.10** This profit is being deferred and is payable in equal monthly installments starting from October 2015 to September 2017.
- 21.1.11** This markup is being deferred and is payable in equal monthly installments starting from April 2017 to March 2019.

Note	2016	2015
	(Rupees in '000s)	

22 SHORT TERM BORROWINGS

National Bank of Pakistan	22.1	-	137,847
		-	137,847

22.1 This was converted into long term facility under restructuring arrangement with the bank as mentioned in Note 16.2.1.

Note	2016	2015
------	------	------

(Rupees in '000s)

23 CURRENT PORTION OF NON-CURRENT LIABILITIES

Redeemable Capital	16.1	-	27,434
Borrowings from banks and financial institutions	16.2	425,363	878,911
Borrowings from related parties	16.3	-	59,117
Liability against asset subject to finance lease	17	901	727
		<u>426,264</u>	<u>966,189</u>

24 TAXES AND DUTIES PAYABLE

Excise duty payable		-	164,949
Sales tax payable		-	141,817
Provision for default surcharge		253,000	324,087
Current income tax		775,773	279,326
Withholding tax payable		68,207	82,313
Excise duties		49,737	41,824
Royalty on raw material		12,753	17,220
Other local taxes		7,534	7,534
		<u>1,167,004</u>	<u>1,059,070</u>

25 CONTINGENCIES AND COMMITMENTS

25.1 The Competition Commission of Pakistan (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.

25.2 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.

25.3 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.

25.4 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.

The Income Tax Department passed assessment orders u/s 161/205 for Tax Year 2009 and Tax Year 2010 whereby assessing the withholding tax liabilities u/s 161 at Rs. 19.280 million and Rs. 44.044 million respectively. Further to this default surcharge amounting to Rs. 20.702 million and Rs. 29.723 million was also assessed for the said tax years respectively. The Company has filed an appeal before the Commissioner Inland Revenue (Appeal I) against these orders.

The Sales Tax Department passed an order for the Tax Periods from July 2013 to June 2014 by disallowing input credit amounting to Rs. 55.611 million. The Company has filed an 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.

25.5 Through Finance Act, 2008 certain amendments were made in the Workers Welfare Fund Ordinance 1971 which required WWF is to be calculated on accounting profits rather than on the taxable income computed after incorporating the brought forward losses. WWF based on accounting profit is aggregated to Rs. 139.294 million (FY2015: Rs. 91.565 million) as at balance sheet date which has not been provided in the books of accounts of the Company.

The Lahore High Court had already declared the above amendments in WWF Ordinance unconstitutional via the case reported as 2011 PLD 2643. Whereas the Sindh High Court through its order dated March 01, 2013 declared these amendments applicable. However, these financial statements does not include any adjustment to this effect since the Company is of the opinion that it does not come under the purview of the order of the Sindh High Court and that the Lahore High Court had already declared these amendments unconstitutional.

25.6 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 for the financial year 2015 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.

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

	Note	2016	2015
		(Rupees in '000s)	
Sui Northern Gas Pipeline Limited		185,000	185,000
Islamabad Electricity Supply Corporation		92,560	92,560
		<u>277,560</u>	<u>277,560</u>

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.

5.8 Commitments

Against supply of plant and machinery	18,644	1,653,099
Against supply of stores, spares and loose tools under letters of credit	359,431	190,885
	<u>378,075</u>	<u>1,843,984</u>

26 NET SALES

Local sales	13,174,275	11,786,474
Export sales	208,140	365,770
	<u>13,382,415</u>	<u>12,152,244</u>
Less:		
Sales Tax	(2,125,489)	(1,919,579)
Federal Excise Duty	(653,958)	(537,700)
Discount to dealers	(80,650)	(93,719)
	<u>(2,860,097)</u>	<u>(2,550,998)</u>
	<u>10,522,318</u>	<u>9,601,246</u>

	Note	2016	2015
27		(Rupees in '000s)	
COST OF SALES			
Raw materials consumed		738,829	747,598
Packing materials consumed		645,023	607,428
Stores and spares consumed		289,319	446,002
Salaries and benefits	19 & 37	217,572	201,905
Fuel and power consumed		3,185,183	3,512,117
Rent, rates and taxes		59,648	37,116
Repair and maintenance		137,767	128,037
Insurance		9,941	9,120
Vehicle running and travelling		4,642	5,064
Other expenses		34,103	30,686
Depreciation	4.1.3	659,466	674,406
		<u>5,981,493</u>	<u>6,399,479</u>
Adjustment of work-in-process inventory			
Opening balance		551,919	744,525
Closing balance		(212,808)	(551,919)
		<u>339,111</u>	<u>192,606</u>
Cost of goods manufactured		6,320,604	6,592,085
Adjustment of finished goods inventory			
Opening balance		33,412	73,962
Closing balance		(3,952)	(33,412)
		<u>29,460</u>	<u>40,550</u>
		<u>6,350,064</u>	<u>6,632,635</u>
28		GENERAL AND ADMINISTRATION EXPENSES	
Salaries and benefits	19 & 37	197,862	171,635
Vehicle running and travelling		22,742	20,854
Legal and professional charges		41,951	20,516
Auditors' remuneration	28.1	1,580	1,887
Communication expenses		9,190	12,487
Rent, rates and taxes		4,187	4,096
Fee and subscription		3,214	742
Utilities		2,199	1,654
Miscellaneous		15,543	15,927
Amortization	5	1,283	1,283
Depreciation	4.1.3	7,318	4,513
		<u>307,069</u>	<u>255,594</u>

	Note	2016	2015
(Rupees in '000s)			
28.1			
Auditors' remuneration			
Kreston Hyder Bhimji & Co.			
Audit fee		1,000	1,000
Half year review fee		500	500
Certification fee		-	287
Out-of-pocket expenses		80	100
		<u>1,580</u>	<u>1,887</u>
29			
SELLING AND DISTRIBUTION EXPENSES			
Salaries and benefits	19 & 37	12,242	13,040
Vehicle running and travelling		1,143	944
Advertisement and sale promotion		4,070	5,498
Others		2,562	731
Depreciation	4.1.3	686	420
		<u>20,703</u>	<u>20,633</u>
30			
OTHER EXPENSES			
Workers' Profit Participation Fund	20.2	196,607	109,425
Workers' Welfare Fund		26,959	-
Provision for doubtful debts		1,014	-
Provision for balances doubtful of recovery		-	1,043
Zakat		83	40
		<u>224,663</u>	<u>110,508</u>
31			
OTHER INCOME			
Income from financial assets under interest/markup basis			
Profit on bank deposits		9,493	1,890
Markup on advance to Balochistan Glass Limited		8,764	-
Default surcharge provision no more required		25,492	-
Balances written back		-	12,738
Remission of markup on repayment/settlement of loans	31.1	307,810	-
Recovery of doubtful debts		2,053	-
Income from non-financial assets			
Profit on disposal of fixed asset		60	-
		<u>353,672</u>	<u>14,628</u>
31.1			
This represents reversal of markup provisions as result of arrangements with banks as mentioned in Note 21.1.1 , Note 21.1.2 and Note 21.1.3.			

	Note	2016	2015
(Rupees in '000s)			
32			
FINANCE COST			
Redeemable capital		563	9,755
Banks and financial institutions under markup basis			
Long term borrowings		165,027	239,556
Short term borrowings		23,815	108,954
Lease finance charges		398	228
		189,240	348,738
Banks and financial institutions under Islamic mode			
Long term borrowings		6,410	20,918
Ijarah rentals		-	2,428
		6,410	23,346
Related parties			
Mr. Muhammad Tousif Peracha (director)		-	1,312
Mr. Abdur Rafique Khan (director)		-	1,312
Mr. Daniyal Jawaid Paracha (director)		3,881	54,220
Mian Nazir Ahmed Peracha (director)		-	6,024
Workers' Profit Participation Fund Trust		824	518
GCL Employees' Gratuity Fund Trust		-	2,082
		4,705	65,468
Bank guarantees commission		4,461	4,786
Provision for default surcharge		-	48,653
Late payment surcharge on utilities bills		52,830	-
Foreign exchange loss		-	(28)
Bank charges and others		7,805	4,019
		266,014	504,737
33			
TAXATION			
Current tax			
Current period	33.1	575,358	335,768
Super Tax		121,803	77,446
		697,161	413,214
Deferred taxation	18.2	316,412	394,684
		1,013,573	807,898

33.1 This represents provision for Alternative Corporate Tax (ACT) @ 17% on accounting profit net off tax credits u/s 65B of the Income Tax Ordinance, 2001, if any, as well as final tax on export sales.

The Company has filed an appeal against levy of ACT before the Lahore High Court which is pending for adjudication at the balance sheet date. Consequently, the Company had paid minimum tax @ 1% of turnover tax for the Tax Year 2014 and Tax Year 2015. The provision for ACT would be reversed if the appeal is decided in the favour of the Company.

	Note	2016	2015
		(Rupees in '000s)	
33.2			
Numerical reconciliation between average effective tax rate and the applicable tax rate.			
Accounting profit before taxation		3,707,477	2,091,767
Tax at applicable rate of 32% (FY2015: 33%)		1,186,393	690,283
Impact of deferred tax		316,412	394,684
Impact of super tax		121,803	77,446
Impact of ACT		(589,886)	(332,115)
Tax effective under lower tax rate		(21,149)	(22,400)
Tax charge for the year		1,013,573	807,898
Effective tax rate		27%	39%

34 EARNINGS PER SHARE - Basic and diluted

Weighted average number of ordinary shares		400,273,960	400,273,960
Profit after tax (Rupees in thousands)		2,693,904	1,283,869
Earnings per share - after tax (Rupees)		6.73	3.21

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.

35 CASH AND CASH EQUIVALENT

Short term investment	11	104,172	-
Cash and bank balance	12	384,924	178,699
		489,096	178,699

36 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 analyze 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.

36.1 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	2016	2015
		(Rupees in '000s)	
FINANCIAL ASSETS			
Long term deposits	6	90,638	85,696
Trade debts	9	360,210	240,255
Advances, deposits and other receivables	10	318,613	95,706
Short term investments	11	104,172	-
Cash and bank balances	12	384,924	178,699
		<u>1,258,557</u>	<u>600,356</u>

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:

Customers	360,210	240,255
Suppliers	90,638	85,696
Banks and financial institutions	546,493	244,758
Balochistan Glass Limited (related party)	248,617	-
Others	12,599	29,647
	<u>1,258,557</u>	<u>600,356</u>

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 analyzed 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	2016	2015
(Rupees in '000s)			
Past due but not impaired			
1 - 30 days		351,451	237,410
31 - 90 days		7,080	907
91 - 180 days		574	492
More than 180 days		1,105	1,446
		360,210	240,255
Past due and impaired		6,432	5,419
	9	366,642	245,674

Management believes that the unimpaired amounts that are past due more than 30 days are still collectable in full based on historical payment behavior 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	2016	2015
(Rupees in '000s)			
Opening Balance		34,611	33,568
Provision for impairment	30	-	1,043
Amounts written off		(4,671)	-
Closing balance	10	29,940	34,611

36.2 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 unfavorable 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 20.1 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, 2016 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
June 30, 2016						
Redeemable capital	-	-	-	-	-	-
Long term borrowings	16,588	151,079	257,695	2,123,185	598,501	3,147,048
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	58,738	37,834	54,888	600,109	278,842	1,030,411
Short term borrowings	-	-	-	-	-	-
	<u>116,124</u>	<u>1,458,617</u>	<u>312,964</u>	<u>2,725,837</u>	<u>969,503</u>	<u>5,583,045</u>
June 30, 2015						
Redeemable capital	27,434	-	-	-	-	27,434
Long term borrowings	533,446	202,711	201,871	1,004,356	481,967	2,424,351
Finance leases	58	317	352	3,297	-	4,024
Employees' retirement benefits	-	-	-	-	116,772	116,772
Trade and other payables	32,791	1,434,122	-	-	-	1,466,913
Markup and profits payable	568,821	35,761	49,139	596,828	505,422	1,755,971
Short term borrowings	137,847	-	-	-	-	137,847
	<u>1,300,397</u>	<u>1,672,911</u>	<u>251,362</u>	<u>1,604,481</u>	<u>1,104,161</u>	<u>5,933,312</u>

36.3 Market risk

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

36.3.1 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:

Note	2016	2015
	(Rupees in '000s)	
Fixed interest rate financial assets		
Bank balances at PLS accounts	109,082	63,791
Variable interest rate financial liabilities		
Short term borrowings	-	137,847
Long term borrowings	3,150,382	2,396,692
	<u>3,150,382</u>	<u>2,534,539</u>

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

36.3.2 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 208,824/-, any adverse / favorable movement in functional currency with respect to US dollar will not have any material impact on the operational results.

36.3.3 Price risk

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

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

36.4 Fair value of financial instruments:

Fair value is the amount for which an asset could be exchanged or a liability settled between knowledgeable willing parties in an arm's length transaction. The carrying value of all financial assets and liabilities reflected in the financial statements approximate their fair values.

36.5 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.

	Note	2016	2015
		(Rupees in '000s)	
Total debts (interest bearing long-term and short-term debts)		3,150,382	2,593,656
Total equity (without revaluation surplus)		6,319,037	4,045,866
Capital employed		9,469,419	6,639,522
Debt-To-Capital Ratio		33%	39%
Total debts	36.5.1	4,135,540	3,912,056
Total equity (with revaluation surplus)		9,827,984	7,481,723
Capital employed		13,963,524	11,393,779
Debt-To-Capital Ratio		30%	34%

36.5.1 Total debts include interest bearing long term and short term debts and non-interest bearing long term debts i.e. deferred markup restructured as demand finance.

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. Decrease in gearing ratio is mainly due to repayments of debts.

37 PROVIDENT FUND DISCLOSURE AND COMPLIANCE

Contributions made to provident funds during the year are included in salaries and benefits, as below:

	Note	2016	2015
		(Rupees in '000s)	
Cost of sales	27	2,325	4,260
General and administration expenses	28	7,403	7,228
Selling and distribution expenses	29	493	430
		10,221	11,918

	2016	2015
	(Rupees in '000s)	
GCL Officers' Provident Fund		
As per unaudited accounts for the year ended June 30, 2016, the required information is given below:		
Fund Size	37,878	18,844
Cost of investments	36,206	18,844
Percentage of investment	96%	100%
Fair value of investments	37,161	18,844

The breakup of fair value of investments is as under:

	2016		2015	
	Rs. '000	%age	Rs. '000	%age
Mutual funds	15,288	41%	6,400	34%
Term deposit receipts	17,000	46%	-	0%
Bank balances	4,873	13%	12,444	66%
	<u>37,161</u>	<u>100%</u>	<u>18,844</u>	<u>100%</u>

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.

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 the process of completing its accounts and audit to comply with the provisions of section 227 of the Companies Ordinance, 1984.

	2016	2015
	(Numbers)	
38 NUMBER OF EMPLOYEES		
Number of employees at year end	389	394
Average number of employees during the year	391	403

39 REMUNERATION TO CHIEF EXECUTIVE OFFICER, DIRECTORS & EXECUTIVES

The aggregated amounts charged in the financial statements as regard to the remunerations of above stated personalle are tabulated below:

	Chief Executive		Directors		Executives	
	2016	2015	2016	2015	2016	2015
	----- Rupees in '000 -----					
Managerial Remuneration	65,455	43,636	34,465	21,818	29,247	28,494
House rent allowance	-	-	1,352	-	20,473	14,008
Utilities and others allowances	-	-	599	-	12,138	12,965
Medical allowance	6,545	4,364	3,447	2,182	2,925	2,804
Bonus and LFA	27,134	15,454	8,893	7,728	13,586	9,201
Contribution to:						
Retirement benefits	-	-	178	-	3,260	2,158
	<u>99,134</u>	<u>63,454</u>	<u>48,934</u>	<u>31,728</u>	<u>81,629</u>	<u>69,630</u>
No. of employees	<u>1</u>	<u>1</u>	<u>2</u>	<u>1</u>	<u>33</u>	<u>36</u>

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

40 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 material transactions with related parties during the year other than those which have been disclosed in notes - 10.2, 16.3 & 37 of these financial statements.

2016	2015
(Rupees in '000s)	

41 CAPACITY AND PRODUCTION - CLINKER

Listed capacity	2,010,000	2,010,000
Production	1,300,121	1,215,110

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.

42 CORRESPONDING FIGURES

Correspondence figures have been rearranged and reclassified, wherever necessary, for the purpose of comparison. However, no major rearrangement or reclassification has been made.

43 NON ADJUSTING EVENTS AFTER THE BALANCE SHEET DATE

The Board of Directors of the Company in its meeting held on August 18, 2016 has proposed a final cash dividend of Re. 1 per share for the year ended June 30, 2016, for approval of the members in the forthcoming Annual General Meeting of the company.

44 AUTHORIZATION FOR ISSUE

These financial statements have been authorized for issue by the Board of Directors of the Company in its meeting held on August 18, 2016.



CHIEF EXECUTIVE OFFICER



DIRECTOR

FORM OF PROXY

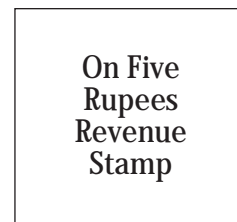
The Secretary
Gharibwal Cement Limited
28-B/III, Gulberg III,
LAHORE

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 56th Annual General Meeting of the Company to be held on
Tuesday, September 28, 2016 at 12:00 noon at the registered 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, 2016.

Signature



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.



AFFIX
CORRECT
POSTAGE

The Company Secretary

Gharibwal Cement Limited
28-B/III, Gulberg III,
Lahore.
UAN: +92 42 111 210 310



Head Office:

28-B/III, Gulberg III, P.O. Box: 1285, Lahore.
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.