

*Third Quarter Report  
March 2007*



**GHARIBWAL CEMENT LIMITED**



# Company Profile

## BOARD OF DIRECTORS

Mr. Mohammad Tousif Peracha  
Chairman & Chief Executive

Mr. A. Rafique Khan  
Director

Mrs. Tabassum Tousif Peracha  
Director

Mr. A. Shoeb Piracha  
Director

Mr. M. Saleem Peracha  
Director

Mr. M. Ishaque Khokhar  
Director

Mr. Aameen Taqi Butt  
Director

## BANKERS

Saudi Pak Commercial Bank Ltd.  
The Bank of Punjab  
National Bank of Pakistan  
United Bank Limited  
MCB Bank Limited.  
Citibank N.A  
Bolan Bank Limited  
Habib Bank Limited  
PICIC Commercial Bank Limited  
Prime Commercial Bank Limited  
The Bank of Khyber  
KASB Bank Ltd.  
Faysal Bank Ltd.

## REGISTERED OFFICE

3-A/3, Gulberg III, Lahore  
Tel: 042-5871057-58  
Fax: 042-5871056  
E-mail: info@gharibwalcement.com

## WORKS

Ismailwal, Distt. Chakwal

## COMPANY WEBSITE

[www.gharibwalcement.com](http://www.gharibwalcement.com)

## AUDIT COMMITTEE

Mrs. Tabassum Tousif Peracha  
Chairperson and Member

Mr. Aameen Taqi Butt  
Member

Mr. M. Saleem Peracha  
Member

## CHIEF FINANCIAL OFFICER

Mr. Iqbal Ahmad Rizvi

## COMPANY SECRETARY

Mr. Abbas Rashid Siddiqi

## AUDITORS

M/s. Viqar A. Khan  
Chartered Accountants

## INTERNAL AUDITORS

M/s. Aftab Nabi & Co.  
Chartered Accountants

## LEGAL ADVISOR

M/s. Bandial & Associates, Lahore

## SHARES REGISTRAR

M/s. Corplink (Pvt.) Ltd.  
Wings Arcade,  
1-K, Commercial,  
Model Town, Lahore.  
Tel: 042-5887262, 5839182  
Fax: 042-5869037

## Directors' Report to the Members

On behalf of the Board of Directors, I am pleased to present the financial results of Gharibwal Cement Limited for the 3rd Quarter ended on March 31, 2007.

The 3rd Quarter and first nine months data for production and despatches is compiled as under :-

	3rd Quarter ended March		Nine Months ended March	
	2007	2006	2007	2006
	( I n T o n n e s )			
Clinker Production	-	94,670	133,420	312,595
Clinker Purchased from Zaman Cement	3,237	-	5,233	-
Cement;				
- Production	16,345 *	107,460	157,080	331,820
- Despatches	19,298	102,459	175,263	323,892

\* *This production figure is based on both Company's own clinker produced and clinker purchased.*

Your Company has suffered Loss Before Tax of Rs. 151.92 million for 3rd Quarter under review (Rs. 40.15 million profit before tax – 3rd quarter ended March 2006) and Loss After Tax of Rs. 152.13 million for 3rd Quarter under review (Rs. 58.53 million profit after tax – 3rd quarter ended March 2006).

In terms of results for the period from July 2006 to March 2007 (nine months), your Company has suffered Loss Before Tax of Rs. 325.49 million for Jul-Mar. 31, 2007, as against Profit Before Tax of Rs. 142.48 million for Jul-Mar. 31, 2006 period. Further, the Loss After Tax suffered by the Company for the nine months period ended Mar. 31, 2007, stood at Rs. 353.01 million as compared to Profit After Tax of Rs. 156.71 million posted by the Company for the preceding nine months period ended Mar. 31, 2006.

The Company's loss for the period under review is due to closure of the old cement plant resulting in substantial fixed costs absorption for the period such as salaries, wages and other costs related to the permanent workers at works and the head office personnel.

We had reported in our last Directors' Report that due to low retention price of cement & high costs (associated with operating an energy inefficient, wet-process cement plant) the management had closed 2 out of 3 kilns during October & November 2006 and from December 2006 till April 2007 all 3 kilns remained closed, resulting in no production of clinker by the Company ; however, the Company posted cement despatches of 19,298 tonnes based on our own clinker produced and clinker purchased from Zaman Cement Company.

We would like to present the following up-date to the stakeholders on the Company's new cement plant of 6,700 tonnes per day (clinker capacity) :-

1. About 90% of the entire new plant & equipment has arrived at works. Balance is under final stage of shipment ;
2. About 80% of the Civil Works of the total project has been completed. Balance work shall be mainly completed by end of June 2007 ;

3. Around 30% of the Mechanical Work has been completed and the balance work is scheduled to be completed upto 60% by end of June 2007 and 100% by end of September 2007 while the Electrical Work is in process of completion side by side ;

M/s. CBMC, a reputed company of China in Mechanical & Electrical Works are the contractors for these jobs at our new cement plant and they have already successfully completed a similar size new cement plant in Pakistan last year ;

4. Tentative date of completion of the project and commencement of commercial production is October 2007.

We would like to inform that in order to meet the cost over-run/additional equipment costs for the new cement plant, management has finalized the following scheme of action : -

- A syndication of banks & financial institutions is being arranged by the management for term loan finance to be availed by the Company to meet the cost over-run/additional costs ;
- A Right Shares Issue (R-3) of 34.908% (60 million right shares at Rs. 10/- per share i.e. at par) has been announced by the Board of Directors of the Company in their meeting held on 02 April 2007 and the formalities in this regard are in-process. Once completed, this right issue will lead to an equity injection of Rs. 600 million into the Company to meet the cost over-run/additional equipment costs & working capital requirements.

Finally, the Board of Directors take this opportunity to thank our customers, dealers, suppliers, executives, staff and workers for their valued co-operation and efforts towards the well-being of the Company. A mark of gratitude is registered for the financial institutions.

For and on behalf of the Board of Directors.



M. TOUSIF PERACHA  
(Chief Executive)

Lahore: April 30, 2007

## Balance Sheet

	March 31 2007	June 30 2006
	(Rupees in thousand)	
<b>SHARE CAPITAL AND RESERVES</b>		
Authorised 250,000,000 Ordinary Shares of Rs.10 each	2,500,000	2,500,000
Issued, subscribed & paid up	1,718,764	1,718,764
General reserve	332,000	332,000
Accumulated loss	(351,350)	(15,298)
<b>NET EQUITY</b>	<b>1,699,414</b>	<b>2,035,466</b>
TERM FINANCE CERTIFICATE	271,560	-
SURPLUS ON REVALUATION OF FIXED ASSETS	1,091,572	1,108,540
LONG TERM LOANS, FINANCES & OTHER PAYABLES	1,564,111	87,077
LONG TERM LOANS, FINANCES & OTHER PAYABLES	186,742	178,578
LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE	148,894	183,754
DEFERRED LIABILITIES		
Accumulated compensated absences	3,858	16,586
Deferred Dues - Ex-Staff	1,944	1,944
	5,802	18,530
LONG TERM DEPOSITS FROM CUSTOMERS	1,300	1,310
CURRENT LIABILITIES		
Trade and other payables	1,212,282	341,265
Accrued interest / markup	144,506	14,886
Short term loans and finances	112,650	218,117
Current portion of non-current liabilities	93,381	75,452
Taxes and duties	29,662	39,119
	1592,481	688,839
CONTINGENCIES AND COMMITMENTS	-	-
<b>TOTAL LIABILITIES</b>	<b>6,561,877</b>	<b>4,302,094</b>

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



**A. SHOEB PIRACHA**  
Director

as at March 31, 2007 (Un-audited)

	March 31 2007	June 30 2006
	(Rupees in thousand)	
NON CURRENT ASSETS		
PROPERTY, PLANT AND EQUIPMENT		
Operating fixed assets	2,443,643	2,520,975
Capital work in progress	3,315,976	848,601
Store held for capital expenditure	74,663	74,663
	5,834,282	3,444,239
INVESTMENTS	963	963
LONG TERM LOANS AND ADVANCES	2,597	6,673
LONG TERM DEPOSITS AND PREPAYMENTS	7,597	1,366
DEFERRED COST	39,192	54,192
CURRENT ASSETS		
Store, spare and loose tools	149,081	209,505
Stock in trade	37,790	135,723
Loans, advances, deposits, prepayments	261,137	101,304
Trade deposits and short term prepayments	24,714	25,136
Accrued interest	3,733	4,036
Other receivables	15,217	471
Short term investment	161,524	161,524
Cash and bank balances	24,049	156,962
	677,246	794,661
TOTAL ASSETS	6,561,877	4,302,094



M. TOUSIF PERACHA  
Chief Executive

**Profit and Loss Account**  
For The Period Ended March 31, 2007 (Un-audited)

	JANUARY - MARCH 2007	MARCH 2006	JULY - 2007	MARCH 2006
	(Rupees in thousands)			
SALES - NET	42,386	382,730	479,453	1,203,642
COST OF SALES	156,353	332,577	681,827	1,002,300
GROSS PROFIT / (LOSS)	(113,967)	50,153	(202,374)	201,342
OPERATING EXPENSES				
GENERAL & ADMINISTRATIVE	10,451	14,139	36,060	65,775
SELLING & DISTRIBUTION	872	1,927	2,008	5,756
OTHER CHARGES	37	3,094	7,969	11,117
	11,360	19,160	46,037	82,648
OPERATING PROFIT/(LOSS)	(125,328)	30,993	(248,412)	118,694
OTHER OPERATING INCOME	1,553	16,488	7,931	45,359
FINANCE COST	(123,774)	47,481	(240,480)	164,053
	28,143	7,334	85,006	21,575
PROFIT/(LOSS) - BEFORE TAXATION	(151,918)	40,147	(325,487)	142,478
CURRENT	212	1,938	2,397	6,088
PRIOR YEARS	-	(20,320)	-	(20,320)
	212	(18,382)	2,397	(14,232)
PRIOR YEAR ADJUSTMENT				
- WORKERS BONUS	-	-	11,252	-
DIVIDEND PAID	-	-	13,878	-
PROFIT/(LOSS)	(152,130)	58,529	(353,014)	156,710
- AFTER TAXATION				
- Accumulated Loss B/F	-	(343,525)	(15,305)	(445,549)
- Incremental depreciation charged during the year	-	1,922	16,969	5,765
PROFIT/(LOSS) - AFTER TAXATION	(152,130)	(283,074)	(351,350)	(283,074)
EARNING/(LOSS) PER SHARE	(0.89)	0.34	(2.04)	1.07

  
A. SHOEB PIRACHA  
Director

  
M. TOUSIF PERACHA  
Chief Executive



# Cash Flow Statement

For The Period Ended March 31, 2007 (Un-audited)

	Note	March 31 2007 (Rupees in thousand)	March 31 2006
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
Cash generated from operations	6	706,585	16,116
Financial charges paid		(39,350)	(25,714)
Gratuity payments & vacation benefits		-	4,739
Taxes and duties paid		(143,302)	(9,278)
Provision for compensated absences (net)		(12,729)	-
Net decrease in long term loans and advances to staff		4,076	3,900
Net increase in long term deposits and prepayments		(6,230)	(68)
Net decrease in long term deposits from customers		10	(75)
<b>Net cash inflow/(outflow) from operating activities</b>		<b>509,061</b>	<b>(10,380)</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
Fixed capital expenditure		(2,302,068)	(655,848)
Proceeds from sale of certificate of investments		-	300
Proceeds from sale of investment		-	9,166
Short term investments		-	100,000
Interest received		8,234	18,790
<b>Net cash outflow from investing activities</b>		<b>(2,293,834)</b>	<b>(527,592)</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
Repayment of long term loans and finances		1,485,197	-
Increase in paid up capital		-	490,472
Proceeds from long term loans and finances		-	(27,454)
Repayment of finance lease liabilities		(16,931)	-
Proceeds from lease finance		-	117,942
Proceeds of short term finances - net		(87,967)	(8,623)
Proceeds from TFCs		271,560	-
<b>Net cash inflow from financing activities</b>		<b>1,651,859</b>	<b>572,337</b>
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>		<b>(132,913)</b>	<b>34,365</b>
<b>CASH AND CASH EQUIVALENTS - at the beginning of the year</b>		<b>156,962</b>	<b>317,161</b>
<b>CASH AND CASH EQUIVALENTS - at the end of the year</b>		<b>24,049</b>	<b>351,526</b>



A. SHOEB PIRACHA  
Director



M. TOUSIF PERACHA  
Chief Executive

## Statement of Changes in Equity

### For The Period Ended March 31, 2007 (Un-audited)

Particulars	Share Capital	Shares Subscription Money	General Reserve	Accumulated Profit/(Loss)	Total
(Rupees in thousand)					
Balance as at June 30, 2005	368,764	859,528	332,000	(445,549)	1,114,743
Profit for the period (July 01, 2005 to March 31, 2006)	-	-	-	156,710	156,710
Share subscription money	-	490,472	-	-	490,472
Issue of shares	1,350,000	(1,350,000)	-	-	-
Surplus on revaluation of fixed assets transferred to retained earning depreciated in: - Current period	-	-	-	5,765	5,765
Balance as at March 31, 2006	1,718,764	-	332,000	(283,074)	1,767,690
Profit for the period (Apr 01, 2006 to June 30, 2006)	-	-	-	10,445	10,445
Surplus on revaluation of fixed assets transferred to retained earning depreciated in: - Current period	-	-	-	1,922	1,922
Deferred Tax on incremental surplus	-	-	-	255,409	255,409
Balance as at June 30, 2006	1,718,764	-	332,000	(15,298)	2,035,466
Profit for the period (July 01, 2006 to March 31, 2007)	-	-	-	(327,891)	(327,891)
Prior year adjustment-Bonus	-	-	-	(11,252)	(11,252)
Dividend paid-approved for year ended 30 June, 2006	-	-	-	(13,878)	(13,878)
Surplus on revaluation of fixed assets transferred to retained earning depreciated in: - Current period	-	-	-	16,969	16,969
Balance as at March 31, 2007	1,718,764	-	332,000	(351,350)	1,699,414

  
**A. SHOEB PIRACHA**  
 Director

  
**M. TOUSIF PERACHA**  
 Chief Executive

# Notes to the Accounts

For The Quarter Ended September 30, 2006 (Un-audited)

## 1. STATEMENT OF CONSISTENCY IN ACCOUNTING POLICIES

The accounting policies and methods of computation followed in preparation of these interim financial statements are the same as those followed in the preparation of the annual financial statements for the preceding financial year ended June 30, 2006.

	March 31 2007	March 31 2006
	(Rupees in thousand)	
<b>2 CAPITAL WORK-IN-PROCESS</b>		
Civil works & buildings	4,956	1,663
Dry Cement Plant	3,178,524	781,399
Dual Fuel Electric Power Generation Plant	102,853	52,887
Other BMR/ Expansion Costs	29,643	12,652
	3,315,976	848,601

## 3. CONTINGENCIES AND COMMITMENTS

There is no significant change in the contingent liabilities and capital commitments of the Company are under review.

4. Figures have been rounded off to the nearest thousand rupees and figures of previous year have been arranged wherever necessary to facilitate the comparison.

## 5. COST OF SALES

	Third Quarter Ended			
	Jan-March 2007	Jan-March 2006	July-March 2007	July-March 2006
	(Rupees in thousands)			
Raw materials consumed	3,973	27,152	27,634	89,206
Packing material consumed	3,913	17,493	36,216	57,599
Stores and spares consumed	1,274	20,878	8,981	39,685
Salaries, wages and benefits	26,402	19,729	91,969	65,808
Fuel & lubricants consumed	28,905	207,656	298,367	688,145
Rent, rates and taxes	730	1,380	1,952	4,475
Repair and maintenance	3,175	16,537	26,695	33,053
Insurance	578	622	1,737	2,365
Clinker purchased	4,352	6,917	4,352	6,917
Vehicle running & travelling	679	-	1,949	-
Other expenses	977	869	2,296	3,740
Depreciation	28,353	13,609	85,060	38,945
	103,311	332,842	587,208	1,029,938
Adjustment of work-in-process				
Opening	64,729	30,785	102,991	13,595
Closing	(18,743)	(15,746)	(18,743)	(15,746)
	45,986	15,039	84,248	(2,151)
Cost of goods manufactured	149,297	347,881	671,456	1,027,787
Adjustment of finished goods				
Opening stock	22,865	15,673	26,180	5,490
Closing stock	(15,809)	(30,977)	(15,809)	(30,977)
	7,056	(15,304)	10,371	(25,487)
	156,353	332,577	681,828	1,002,300

	Note	March 31, 2007	March 31, 2006
<b>6. CASH GENERATED FROM OPERATIONS</b>			
Net profit/(loss) before taxation		(325,487)	142,478
Adjustments for non cash charges and others:			
Depreciation on operating fixed assets		87,978	41,345
Interest on bank deposits		(7,931)	(18,759)
Gain on sale of fixed assets		-	(142)
(Reversal)/provision for diminution in value of investments		-	(721)
(Gain)/loss due to exchange fluctuation		7,832	(2,532)
Taxes and duties		2,397	-
Loss/(Profit) on sale of investment		-	2,282
Amortization of discount on issue of shares		15,000	15,014
Financial charges		85,006	21,575
		190,282	58,062
		(135,205)	200,540
Effect on cash flows due to working capital changes	6.1	841,790	(184,424)
		706,585	16,116
<b>6.1 Working capital changes</b>			
(Increase)/decrease in current assets			
Stores, spares and loose tools		60,424	(60,430)
Stock in trade		97,934	(26,706)
Loan and advances		4,076	-
Trade deposits and short term prepayments		(159,410)	(31,310)
Other receivables		(14,747)	-
		(11,723)	(118,446)
Increase/(decrease) in current liabilities			
Trade and other payables		853,513	(65,978)
Cash generated from operations		841,790	(184,424)

**7. GENERAL**

These financial statements have been authorized for issue by the Board of Directors of the Company in its meeting held on April 30, 2007.



**A. SHOEB PIRACHA**  
Director



**M. TOUSIF PERACHA**  
Chief Executive