ANNUAL REPORT 2018

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NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that 58th Annual General Meeting of Gharibwal Cement Limited will be held on Saturday, October 27, 2018 at 12:00 p.m at Registered Office of the company (First Floor, PACE Tower, 27-H, College Road, Gulberg-II, Lahore) to transact the following businesses:

Ordinary Business

- To confirm minutes of last Extra Ordinary General Meeting (EOGM) held on February 28, 2018.
- To receive, consider and adopt the Audited Financial Statements of the company for the year ended June 30, 2018 together with Auditor's and Director's report thereon.
- To consider and approve the payment of final cash dividend @ 15% (Rs. 1.5 per share) for the financial year ended June 30, 2018 as recommended by the Board of Directors.
- To appoint Auditors' of the Company for the year ending June 30, 2019 and to fix their remuneration. The present auditors Kreston Hyder Bhimji & Co, Chartered Accountants, retire and being eligible, have offered themselves for reappointment.

Special Business

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

- To approve short term loan/advance up to Rs. 350 million and to use Letter of Credit facility up to of Rs. 150 million (Total Rs. 500 Million) to Balochistan Glass Limited *(Associated Company)* for a period of one year, by passing the following resolutions, either with or without modification, as required under section 199 of Companies Act, 2017:

  "Resolved that Consent and approval of members of the company be and is hereby accorded under section 199 of Companies Act, 2017 for short term loan/advance facility up to of Rs. 350 million for a period of one year from the date of passing of this resolution i.e. Till October 26, 2019 at a markup rate of minimum 1% p.a. above the average borrowing rate of company. Company in last AGM had extend this facility up to Rs. 250 for a period of one year from its expiry i.e. till December 22, 2018 and now proposed to extend/renew this facility further for one year (i.e. till October 26, 2019) and to enhance its amount from Rs. 250 million to Rs. 350 million."

  "Resolved that Consent and approval of members of the company be and is hereby accorded under section 199 of Companies Act, 2017 to allow to avail un-utilized non-fund based Letter of Credit Facility (Sight/Usance up to 180-days) (Import/inland) of the company by Balochistan Glass Ltd (BGL) for procurement of raw material and stores and spares including moulds up to of Rs. 150 million for a period of one year from the date of passing of this resolution i.e. Till October 26, 2019 at a commission rate of minimum 0.1% p.q. above the average commission rates of Letter of Credit approved by banks in favour of Gharibwal Cement Ltd. All charges relating to Letter of Credits established by BGL will be paid by BGL along with due payment to respective banks on due dates. This facility is over and above of above facility of Rs. 350 million. BGL can only utilize, un-utilized Letter of Credit (LC) facility (Non fund based facility) approved by banks to company.

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

Other Business

- To transact any other business with the permission of chair

By Order of the Board

Muhammad Shamail Javed
Company Secretary

Date: October 01, 2018
Place: Lahore

NOTES:

- The share transfer books of the company will remain close from October 21 to October 27, 2018 both days inclusive. Transfer received by the Share Registrar of the Company, M/s Corplink (Private) Ltd, 1-K Commercial, Model Town Lahore up to October 20, 2018 will be considered in time for the purpose of attendance at AGM and dividend entitlement.

- 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.

- 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.

- Forms of proxy to be valid must be properly filled in/executed and received at the Company's head office situated at First Floor, PACE Tower, 27-H, College Road, Gulberg-II, Lahore not later than 48-hours before the time of meeting.

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

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

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

  In order to avail this facility a Standard Request Form is available at the Company's website and in annual report of 2018.

CNIC of Members/Shareholders & Dividend Payment

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

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

Declaration as per Zakat & Ushr Ordinance 1980

- Members are requested to submit declaration (CZ 50) as per Zakat & Ushr Ordinance 1980 for zakat exemption and to advise change in address, if any.

Information Submission to Share Registrar or CDS participants

- 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.

- Change in their address.

- 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;

- 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);

- 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;

- Pursuant to requirement of the Finance Act, 2018 effective July 01, 2018 the "Filer" & "Non-Filer" shareholders will pay tax on dividend income @15% and 20% respectively. Therefore, please ensure that their name(s) have been entered into Active Taxpayers list (ATL) provided on website www.fbr.gov.pk of the Federal Board of Revenue (FBR), despite the fact that the shareholder is a filer, before the payment date of final cash dividend, otherwise tax on cash dividend will be deducted @20% instead of 15%;

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

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

- 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.

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

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

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

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

E-DIVIDEND

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

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

UNCLAIMED DIVIDENDS & BONUS SHARES

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

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

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

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

Balochistan Glass Limited (BGL) was incorporated in Pakistan as a public company in 1980 under the Companies Act, 1913 (now the Companies Ordinance, 1984). Its shares are listed on the Karachi and Lahore Stock Exchanges. The Company is engaged in manufacturing and sale of glass containers, Tableware glass products and plastic shells for beverage companies. The registered office of the Company is situated at Hub, Balochistan whereas head office of the Company is situated at 12-KM, 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 tableware products under the brand name of "Marimax".

Board of Directors of GCL in their meeting held on October 01, 2018 has approved total facilities of Rs. 500 million including Rs. 350 million as short term loan / advance for a period of one year i.e. October 26, 2019 and Letter of Credit Facility (Sight/Usance up to 180-days) of the GCL for procurement of raw material and stores and spares including moulds up to of Rs. 150 million for a period of one year i.e. Till October 26, 2019 (Total Rs. 500 million). Company in last AGM had extend this facility up to Rs. 250 for a period of one year from its expiry i.e. till December 22, 2018 and now proposed to extend/renew this facility further for one year (i.e. till October 26, 2018) and to enhance its amount from Rs. 250 million to Rs. 350 million along with permission to use LC facility of GCL up to Rs. 150 million. GCL shall extend/allow the facility of loan / advance & use of LC facility from time to time for working capital requirements to BGL in accordance with an agreement in writing including all relevant terms and conditions as prescribed in the Companies (Investment in Associated Companies or Associated Undertakings) Regulations, 2012 and as required under section 199 of Companies Act, 2017.

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

Sr.#	Requirement	Information
1	Name of Company	Balochistan Glass Limited (BGL) - an Associated Company of GCL
2	Amount of loan/advance	Up to Rs. 350 million (Rupees Two hundred and fifty million); & Allow to use unfunded and un-utilized LC facility of the company up to of Rs. 150 million
3	Purpose of loan/advance etc. & benefits	Purpose: To earn income on the loan/advance to be provided to BGL from time to time for working capital requirements of BGL. Benefits: The Company will receive mark up at the rate of one percent above of its average borrowing cost and will also earn commission income, so, company will earn profit on surplus funds and will earn income on surplus LC facilities as well. Period: For a period of one year i.e. till October 26, 2019
4	Outstanding Loan Amount as at June 30, 2018 In case any loan has already been granted to the said associated company or associated undertaking, the complete details thereof.	Rs. 250 million Company has already extended this facility up to Rs. 250 million to BGL by passing special Company has already extended this facility up to Rs. 250 million to BGL by passing special resolution in last AGM for a period of one year i.e. till December 22, 2018
5	Rate of Markup & Average Borrowing cost of GCL	Mark up rate: Minimum 1% above the rate charged to GCL by banks & financial institutions. Mark up will be paid by BGL on quarterly Basis. Average borrowing rate of GCL is 3-Kibor + 2.5% approx.). For Use of LC facility: 0.1% p.q. above the commission rates of Letter of Credits for GCL
6	Financial Position of BGL	Based on the latest unaudited quarterly financial statements (Third Quarter FY2017) for the period ended March 30, 2018, brief financial position of BGL is as under: Rs. Million (Approx.) Paid up Capital- Current: 2,616 Accumulated Losses: 5,164 Revaluation Surplus: 283 Subordinated Loan: 482 Sponsors Loan: 3,550 Long term Loans: 155 Deferred Liabilities: 241 Short term borrowings: 516 Current Liabilities: 1,615 Current Assets: 688 Current Ratio: 0.41 Fixed Assets: 1,567 Long term investment: 126 Loss after tax: (241) EPS - (Rs.): (1.41)
7	Sources of funds from where loans or advances will be given	- From internal cash availability of GCL (These are not from borrowed funds) - Allow to use excess un-utilized LC facility of Company by BGL for its operations

Sr.#	Requirement	Information
8	Personal Interest of Directors of GCL	Mr. Muhammad Tousif Paracha, Muhammad Niaz Peracha and Mian Nazir Ahmed Peracha are common Directors in both Companies. Shareholding of Common directors is as under: Name / BGL / GCL M Tousif Peracha 67.25% 56.3% Mian Nazir Peracha 0.00% 0.00% M Niaz Peracha 0.00% 0.00% Spouse of Mr. Muhammad Tousif Paracha: Tabassum Tousif Peracha 0.78% 0.05%
9	Repayment Schedule	Repayable within one year. However, company can call full or partial repayment of outstanding loan any time during the period of one year.
10	Salient features of agreements entered Or to be entered with BGL	Terms of agreement will be in accordance with The terms approved by members in AGM
11	Particulars of collateral security to be obtained against loan to the borrowing company or undertaking, if any	No collateral is considered.
12	Loan conversion option	No such option is extended to BGL
13	Salient features of agreements entered or to be entered with its associated company or associated undertaking with regards to proposed investment	Amount of Loan Up to Rs. 350 million- Short term Advance Up to Rs. 150 Million- LC facility Nature: Short term loan for working capital; & Excess Un-utilized Facility of Company to be offered to BGL for its use for operations Purpose: To earn income on the facilities 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. For Use of LC facility: 0.1% p.q. above the commission rates of Letter of Credit for company Period: For a period of one year i.e. Till October 26, 2019. Mark up rate: Min. 1% p.a. above average borrowing rate of GCL. (Rate will be 3-Kibor+3.5% p.a. approx.) For Use of LC facility: 0.1% p.q. above the commission rates of Letter of Credit for company Principal Repayment: Principal to repay on or before October 26, 2019 or within 30-days on demand by GCL Mark up repayment: Mark up to be paid on quarterly basis If markup is delayed by more than 45-days then delay payment charges @1% p.a. Will be charged over normal markup rate. For Use of LC facility: Charges to paid by BGL On LC maturity or as claimed by bank Other special Condition: BGL may undertake to any of its financial institution that company will not withdraw this facility till July 30, 2019 to ensure it's working capital management and continuity of the BGL

COMPANY INFORMATION

BOARD OF DIRECTORS

Mian Nazir Ahmed Peracha
Independent Director - Chairman

Muhammad Tousif Peracha
Chief Executive Officer - Executive Director

Abdur Rafique Khan
Executive Director

Ali Rashid Khan
Non - Executive Director

Amna Khan
Non - Executive Director

Daniyal Jawaid Paracha
Independent Director

Muhammad Niaz Paracha
Non - Executive Director

KEY EXECUTIVE MANAGEMENT

Abdul Shoeb Piracha
Director Commercial

Qaseem Nametullah Siddiqi
Executive Director Operation

Syed Firasat Abbas
General Manager Plant

Muhammad Shamail Javed FCA
Chief Financial Officer & Company Secretary

Iqbal Ahmed Rizvi FCA
General Manager Taxation

Rana Muhammad Ijaz
General Manager Marketing

Farukh Naveed ACA
Financial Controller

Muhammad Tahir
Costing, Budgeting and Planning

AUDITORS & LEGAL ADVISORS

Kreston Hyder Bhimji & Co
Chartered Accountants
Statutory Auditors

Raja Muhammad Akram
Legal Advisors

BANKERS & FINANCIAL INSTITUTION

The Bank of Punjab
National Bank of Pakistan
Al Baraka Bank Limited
Summit Bank Limited
Pak China Investment Company
Bank Islami Pakistan Limited
The Bank of Khyber
Faisal Bank Limited
Saudi Pak Industrial & Agricultural Investment Company

Silk Bank Limited
First Credit and Investment Bank
Meezan Bank Limited
Allied Bank Limited
Habib Bank Limited
MCB Bank Limited
United Bank Limited
Bank Al Habib Limited

COMPANY TIMELINE

2018 — Commercial Production of new Cement Mill.

2017 — Commercial production of waste heat recovery plant and down hill conveyer belt.

2013 — Upgrade the electric grid station

2009 — Commerical production of the new plant of 6700 TPD \ capacity with 3 dual fuel power generator of 16 MW capacity

2006 — Addition of 2 gas based power generators of 12MW capacity

2003 — Merger of GCL Electric having power generators of 10MW capacity into the company

1993 — De-nationalization of plant, control taken by the existing management / sponsoring directors

1972 — Nationalization of plant

1969 — Plant capacity enhancement to 1800 TPD

1968 — Supply of cement for Mangla Dam construction

1967 — Supply of cement for Qadirabad Barrage onstuctiomn

1966 — Supply of cement or Rasool Barrage construction

1965 — Commercial production of the plant of 1200 TPD capacity

1962 — Listing on Stock Exchanges

1961 — Incorporation of Company

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 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.

Mian Nazir Ahmed Peracha
(Independent Director)

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

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.

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.

GOVERNANCE

THE BOARD IS THE DECISION MAKING BODY OF THE COMPANY. IT IS RESPONSIBLE FOR SETTING THE COMPANIES STRATEGIC DIRECTION AND FOR INSURING THAT THE COMPANY MANAGE RISK EFFECTIVELY.

CHAIRMAN
The Chairman is responsible for leadership of the Board and ensure that the board plays an effective role in fulfilling its responsiblities.

The Board are accountable to shareholders for the Company's performance and governance. The Board has delegated to the CEO and, through the CEO to other senior executives, responsibility for the day-to-day management of the Company's affairs and implementation of the Company's strategy and policy initatives. All executives are to operate in accordance with Board apporved policies and delegated limits of authority.

The diagram below summaries GCL's governance framework and the functions reserved for the Board.

Leadership

BOARD OF DIRECTORS
The Board's responsibilitie include:

- Oversight of the Company including its control and accountability systems;
- appointing, rewarding and determining the duration of the appointment of the CEO and ratifying the appointment of senior executives including the Chief Financial Officer and the Company Secretary;
- rewieving and approving overall financial goals for the Company;
- guiding the development of the Company's strategy and monitoring its implementation;
- monitoring business performance and ensuring that appropriate resources are available;
- approving the Company's financial statements and annual budget, and monitoring financial performance against the approved budget;
- reviewing, ratifying and monitoring systems of risk management and internal control, codes of conduct and legal compliance (including in respect of matters of sustainability, safety, health and environment);
- considering and making decisions about key management recommendations (such as major capital expenditure, acquisitions divestments, restructuring and funding);
- determining dividend policy and the amount, nature and timing of dividends to be paid;
- monitoring Board composition, processes and performance; and
- monitoring the effectiveness of systems in place for keeping the market informed, including shareholder and community relations.

COMPANY SECRETARY
The Company Secretary plays an important role in supporting the effectiveness of the Board and its Committees

Delegation and oversight

Accountability and reporting

CEO
CEO has day to day responibility for running the Company's operations. He recommends to the board, implements Company strategy, applies Company policies, and promotes the company's culture and standards.

Delegation and oversight

Accountability and reporting

BAORD COMMITTEE

Audit Committee	HR & Remuneration Committee

Committees review matters on behalf of the Board and, as determined by the relevent Charter refer matters to the Board for decision, with a recommendation from the Committees.

Delegation and Oversight

Accountability and reporting

EXECUTIVE MANAGEMENT

Management Committees	Plant Head	Functional Heads
Review and refer the matters, as determined by their relevant charter, to CEO for decision with their recommendation.	Responsible for day to day opertion and afairs of the plant along with monitering and execution of BMR and expansion projects at plant	Responsible for day to day business and related functions with in their respective domain.

INTERNAL AUDIT FUNCTION
IAF plays an important role in supporting the effectiveness of the Audit Committee.

EXECUTIVE COMMITTEES

Membership

Exrcutive Director Commercial, Executive Director Operations, General Manager Plant, Chief Financial Officer, Financial Controller and Manager Costing, Budgeting & Planning.

Core Executive Committee	Risk Management Committee	Investor Relationship Committee	Finance and Policy Committee
Role Responsible for smooth operations of the plant by setting and reviewing production and sales targets, and assisting in operational strategy development.	Role Responsible for identifying and assessing risks and opportunities, and developing strategies in this regard.	Role Responsible for the satisfactory redressal of investor's complaints and recomend measures for overall improvment in the quality of investor service .	Role Responsibility for over viewing and setting the company finance function, selecting and implementing ERP solution, and setting a policy framework and SOPs.

Composition of the Board

GCL Constitution provides that there will be a minimum of seven directors and a maximum of ten directos on the Board. The composition of the Board will be as follow:

Independand Director	2 or 1/3 of total member whichever is higher
Executive Directors	1/3 of total members at maximum
Female Directors	At least one member

The Board of Directos compnises five non-executive Directors (including the Chairman) and two executive Directors including the CEO. The following Table illustrates the current composition of the Board.

Independand Director	Mian Nazir Ahmed Peracha
	Daniyal Jawaid Paracha
Non Executive Directors	Amna Khan
	Ali Rashid Khan
	Muhammad Niaz Paracha
Executive Directors	Muhammad Tousif Peracha
	Abdur Rafique Khan

The roles of the Chairman and the CEO are not exercised by the same individual.

The Board reduced the number of directors from eight to seven for the election of directors which was held in EOGM dated Febraury 28, 2018. Following seven directors were elected:

1. Muhammad Tousif Peracha
2. Abdur Rafique Khan
3. Tabassum Tousif Peracha
4. Ali Rashid Khan
5. Amna Khan
6. Daniyal Jawaid Paracha
7. Muhammad Niaz Paracha

Tabassum Tousif Peracha resigned during May 2018. Mian Nazir Ahmed Paracha is appointed as director to fill this casual vacancy and he is also selected as the Chariman of the board.

Meeting of Board

The Board meets at least once during a quarter. The chairman sets the agenda of the meeting of the board and ensures that reasonable time is available for discussion of the same. All written notices and relevant material, including the agenda, of meetings are circulated at least seven days prior to the meetings, except in the case of emergency meetings, where the notice period may be reduced or waived.

The chairman ensures that the minutes of meetings of the board of directors are kept in accordance with the requirements of Section 178 and 179 of the Act. The company secretary acts as secretary to the board.

The chief financial officer / company secretary and the financial controller of the Company attend all meetings of the board of directors.

During the year 2018, four board meetings were held. The attendance of the directors in these meeting is given below:

Muhammad Tousif Peracha	4/4
Abdur Rafique Khan	4/4
Tabassum Tousif Peracha	4/4
Amna Khan	4/4
Ali Rashid Khan	3/4
Muhammad Niaz Paracha	4/4
Daniyal Jawaid Peracha	4/4
Mian Nazir Ahmed Peracha (retire on 28-02-2018)	3/3

Issues to be placed for decision of Board of Directors

The chief executive officer of the Company places significant issues for the information, consideration and decision, as the case may be, of the board of directors or its committees that include but are not limited to the following:

- risk of default concerning obligations on any loans (including penalties and other dues to a creditor, bank or financial institution), or any other debt instrument;
- annual business plan, cash flow projections, forecasts and strategic plan;
- budgets including capital, manpower and overhead budgets, along with variance analysis; matters recommended and/or reported by the audit committee and other committees of the board;
- quarterly operating results of the company;

- internal audit reports, including cases of fraud, bribery, corruption, or irregularities of material nature;
- management letter issued by the external auditors;
- promulgation of or amendment to a law, rule or regulation, applicability of financial reporting standard and such other matters as may affect the company and the status of compliance therewith;
- status and implications of any law suit or proceedings (show cause notice, demand or prosecution notice) of material nature, filed by or against the company;
- failure to recover material amounts of loans, advances, and deposits made by the company, including trade debts and inter corporate finance;
- any significant accidents, fatalities, dangerous occurrences and instances of pollution and environmental problems involving the company;
- report on governance, risk management and compliance issues;
- disputes with labor and their proposed solutions, any agreement with the labor union or collective bargaining agent and any charter of demands on the company;
- reports on /synopsis of issues and information pursued under the whistle blowing policy,
- implementation of environmental, social and governmental and health and safety business practices including report on corporate social responsibility activities; and
- quarterly details of foreign exchange exposures and the safeguards taken by management against adverse exchange rate movement, if material.

Directors' Training Program

The company makes appropriate arrangements inhouse to carry out orientation courses for their directors to acquaint them with these Regulations, applicable laws, their duties and responsibilities to enable them to effectively govern the affairs of the listed company for and on behalf of shareholders.

A newly appointed director on the board is acquire, unless exempted or already in possession of the required certification, the directors training program certification within a period of one year from the date of appointment as a director on the board.

Two directors of the Company have already possessed the directors training program certification. Three directors of the company qualify for the exemption from the directors training program based on their education and experience on the board of a listed company. One director will acquire the training under the Directors' Training program during the year 2019. In this way, 85% of the directors will have acquired the prescribed certification by end of the financial year 2019.

Skills and Diversity of Board

The Board actively seeks to ensure that it has an appropriate mix of diversity (including gender diversity), silks, experience and expertise to enable it to discharge its responsibilities effectively and to be well equipped to assist our Company to navigate the range of opportunities and challenges we face.

To assist in identifying areas of focus and maintaining an appropriate and diverse mix in its membership, the Board utilizes a skills matrix which is reviewed by the Board on a regular basis. It is an important, but not the only, basis of criteria applying to Board appointments.

Board skills matrix - skills and experience across the Board as a whole support GCL's strategy to "Fix, Execute and Transform"

Element	Skills
Leadership	Executive Leadership
	Health, Safety & Environment
Portfolio	Strategy
	Financial Acumen
	Risk Management
	Global Experience
	Market and Customer Knowlege
	Innovation
	Change and Transition
	Information technology
People	Organisational Sustainability
	Remuneration and rewards
Governance	Governance and regulation
	Board Experience

Non-Executive Director

Five non-executive directors are required on the board of seven directors. The Board considers the extent of the involvement of the directors in managing the affairs of the company rather than their pecuniary interests as guiding factor in distinguishing between executive and non-executive directors of a company.

A non-executive director is considered to meet with the following criteria:

- He is not from among the executive management team and may or may not be independent;
- He is expected to lend an outside viewpoint to the board of a company;
- He does not undertake to devote his whole working time to the company and not involve in managing the affairs of the company;
- He is not a beneficial owner of the company or any of its associated companies or undertakings;
- He does not draw any remuneration from the company except the meeting fee.

Director Independence

Minimum two independent directors are the required on the board. The Board assesses the independence of the non-executive directors in light of their interests, positions, associations and relationships with the Company or its associated companies / undertakings; and his ability to reasonably exercise independent business judgement with being subservient to any form of conflict of interest.

The criteria considered in assessing the independence of non-executive directors include that:

- He has not been an employee of the company within the last three years;
- He has not been the chief executive officer of associated company/undertaking in the last three years;
- He has not, within the last three years, a material business relationship with the company either directly, or indirectly as a partner, major shareholder or director of a body that has such a relationship with the company.
- He is not a close relative of the company's promoters, directors or major shareholders:
- He does not hold cross-directorships or has significant links with other directors through involvement in other companies or bodies not being the associations licensed u/s 42;
- He has not served on the board for more than three consecutive terms from the date of his first appointment,
- He is not a nominated director:

Chairman's appointment and responsibilities

The Board selects the Chairman form the non-executive Directors. The Chairman leads the Board and is responsible for the efficient organisation and effective functioning of the Board. He ensures that Directors have the opportunity to contribute to Board deliberations. The Chairman regularty communicates with the CEO to review key issues and performance trends. He also represents the Company in the wider community.

Chief Executive Officer appointment

The Board appoints any person, including an elected director, to be the chief executive officer for the a term of three years within fourteen days from the date of Directors' elections. The terms and condition of appointment of the CEO is detrained by board of the Company.

Continuous Disclosure

The Company appreciates the importance of timely and adequate disclosure to the market. It is committed to making timely and balanced disclosure of all material matters, and maintaining effective communication with its shareholders and investors so as to give them ready access to balanced and understandable info-rmation.

The Company has in place mechanisms designed to ensure compliance with all relevant disclosure laws and PSX Rule requirements under the Continous Disclosure Policy adopted by the Board. These mechanisms also ensure accountability at a senior executive level for that compliance.

The CEO, the Chief Financial Officer / Company Secretary are responsible for determining whether or not information is required to be disclosed to the PSX. Announcements relating to significant matters, such as results or other corporate matters which involve signigicant financial or requtational risk, are referred to the Board for Approval. The Company Secretary will endevour to notify all other directors of the possible disclosure considerations and invite them to particiapate in any discussions and disclosure decisions where possible.

Materiality approach adopted by the Management

Information and events are considered to be material if, individually or in aggregate, they have significant impact on the Company's performance or profitability which in turn can influence the economic decisions of the Company's Stakeholders.

Assessment of materiality levels other than those provided under the regulations is matter of professional judgment and is organization specific. The management has defined procedures, assumptions and factual base for identifying and categorizing the materiality base in order to discharge its responsibility to identify, control and reduce business risks that may affect the entity's ability to achieve its objectives.

The specific materiality thresholds are defined and approved by the Board. As part of the Company's policy, the management discloses the transaction and events falling in this materiality threshold to the Board of Directors. In addition to it, the management is also responsible for apprising the board members with all unusual items or events.

As a rule of thumb, the Company uses the following matrix to determine the materiality level:

- 5% of profit before tax
- 1/2 % of total assets
- 1% of equity
- ½% of net sales
- Unusual Transaction exceeding Rs. 100,000/-

Communications with Shareholders

The Company's policy is to promote effective two-way communication with shareholders and other they undersdtand GCL's business, governance, financial performance and prospects, as well as how to access relevant information about GCL and its corporate activities.

▷ Annual Reporting

Shareholders may elect to receive annual reports electronically or to receive notifications via email when reports are available online. Hard copy annual reports are provided to those shareholders who elect to receive them. While companies are not required to send annual reports to shareholders other than those who have elected to receive then.

▷ Company announcements

All formal reporting and Company announcements made to the PSX are published on GCL's website after confirmation of lodgment has been received from the PSX. Furthermore, announcements are also sent to major newspaper for broader dissemination when required.

▷ General meetings

GCL encourages shareholders to attend and participate in all general meetings including annual general meetings. Shareholders are entitled to ask questins about the management of the Company and of the auditor as to its conduct of the audit and preparation of its reports.

Notices of Meeting are accoumpanied by explanatory notes to provide shareholders with information to enable them to decide where to attend and how to vote upon the business of the meeting. Full copies of Notices of meeting and explanatory notes are posted on GCL's website. If shareholders are unable to attend general meetings, they may vote by appointing a proxy using the form attached to the Notice of Meeting or an online facility.

At the Annual General Meeting, shareholders have a reasonable opportunity to ask the external auditor questions in relation to the conduct of the audit, the preparation and content of the Auditor's Report, the accounting policies adopted by the Company in relation to the preparation of the financial statments of the Company, and the independence of the external auditor in relation to the conduct of the audit.

INVESTOR RELATIONSHIP COMMITTEE

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

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

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

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) 36060600 Ext. 604
Email: 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.

Code of Conduct

- We shall conduct our employment activities with the highest principles of honesty, integrity, truthfulness and honour.
- We shall not make, recommend, or cause to be taken any action, contract, agreement, investment, expenditure or transaction known or believed to be in violation of any law, regulation or corporate policy.
- We shall not use our respective positions in employment to force, induce, coerce, harass, intimidate, or in any manner influence any person, including subordinates, to provide any favor, gift or benefit, whether financial or otherwise, to ourselves or others.
- In business dealings with suppliers, contractors, consultants, customers and government entities, we shall not provide or offer to provide any gratuity, favour or other benefit and all such activities shall be conducted strictly on an arm's length business basis.
- While representing the Company in dealings with third parties we shall not allow ourselves to be placed in a position in which an actual or apparent conflict of interest exists. All such activities shall be conducted strictly on an arm's length business basis.
- All of us shall exercise great care in situations in which a personal relationship exists between an individual and any third party or Government employee or official of an agency with whom the Company has an existing or potential business relationship. Where there is any doubt as to the propriety of the relationship, the individual shall report the relationship to management so as to avoid even the appearance of impropriety.

- We shall not engage in outside business activities, either directly or indirectly, with a customer, vendor, supplier or agent of the Company, or engage in business activities which are inconsistent with, or contrary to, the business activities of the Company.
- We shall not use or disclose the Company's trade secret, proprietary or confidential information, or any other confidential information gained in the performance of Company duties as a means of making private profit, gain or benefit.

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.

HUMAN RESOURCE AND REMUNERATION COMMITTEE

The committee comprises of two non-executive directors and the Chief Executive Officer. All the members attended the only meeting held during the year 2018. Composition along with attendance is given below:

Daniyal Jawaid Paracha	Independent	1/1
Ali Rashid Khan	Non-Executive	1/1
Muhammad Tousif Peracha	CEO	1/1

The chairman of the Committee is an independent director. The Committee meets at least once a year and may meet more often if requested by a member of the board, or committee itself or the Chief Executive Officer. The Company Secretary acts as the secretary of the Committee. Head of human resource or any other advisor or person may attend the meeting by invitation.

Role and responsibilities

- recommend to the board for consideration and approval a policy framework for determining remuneration of directors (both executive and non-executive directors and members of senior management).
- undertaking annually a formal process of evaluation of performance of the board as a whole and its committees;
- recommending human resource management policies to the board;
- recommending to the board the selection, evaluation, development, compensation (including retirement benefits) of chief operating officer, chief financial officer, company secretary and head of internal audit;
- consideration and approval on recommendations of chief executive officer on such matters for key management positions who report directly to chief executive officer or chief operating officer; and
- where human resource and remuneration consultants are appointed, their credentials shall be known by the committee and a statement shall be made by them as to whether they have any other connection with the company

PERFORMANCE EVALUATION PROCESS

The following table explains the Company's performance evaluation processes for the Board, Committees, individual Directors and senior exevutives.

Board, Committees & Directors	CEO	Senior Executive
The Board undertakes an evaluation of the performance of the Board, its Committees, individual Directors and the Chairman at least annually. The evaluation encompasses a review of the structure and operation of the Board, the skills and characteristics required by the Board to maximise its effectiveness and whether the blending of skills, experience and expertise and the Board's practices and procedures are appropriate for the present and future needs of the Company. Steps involved in the evaluation include the completion of a questionnaire by each Director, review of responses to the questionnaire at a Board Meeting, and a private discussion between the Chairman and each other Director.	On an annual basis, the Remuneration Committee and subsequently the Board formally review the performance of the CEO. The criteria assessed are both qualitative and quantitative, and include profit performance, other financial measures, safety performance and strategic actions.	The CEO annually reviews the performance of each of Company's senior executives, being members of the Executive Committee, using criteria consistent with those used for reviewing the CEO. The performance of senior executives is reviewed annually against appropriate measures as part of Company's performance management system, which is in place for all managers and staff. The system includes processes for the setting of objectives and the annual assessment of performance against objectives and workplace style and effectiveness. The CEO reports to the Board through the Remuneration Committee on the outcome of those reviews.
An evaluation of the performance of the Board, its Committees and individual Directors took place in FY2018 in accordance with the process described above.	An evaluation of the performance of the CEO took place in FY2018 in accordance with the process described above.	An evaluation of the performance of senior executives of GCL took place in FY2018 in accordance with the process described above.

Remuneration of independent

The independent Directors do not receive any remuneration or other performance related incentives, nor are there any schemes for retirement benefits for non-executive Directors.

However the independent director are paid meeting fee as follow:

- Rs. 50,000 per board meeting
- Rs. 10,000 per board committee meeting

Remuneration of senior executives

GCL's remuneration policy and practices for senior executives are designed to attract, motivate and retain high quality people. The policy is built around principles that:

- executive rewards be competitive in the markets in which GCL operates;
- executive remuneration has an appropriate balance of fixed and at risk reward;
- remuneration be linked to GCL's performance and the creation of shareholder value;
- at risk remuneration for executives has both short and long-term components; and
- a significant proportion of executive reward be dependent upon performance assessed against key business measures.

These principles ensure that the level and composition of remuneration is sufficient and reasonable and that its relationship to corporate and individual performance is defined.

AUDIT COMMITTEE

Role and Responsibilities

- determination of appropriate measures to safeguard the company's assets;
- review of annual and interim 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;
  - going concern assumption;
  - any changes in accounting policies and practices;
  - compliance with applicable accounting standards;
  - compliance with the regulations and other statutory and regulatoryrequirements; and
  - all related party transactions.
- review of preliminary announcements of results prior to external communication and publication;
- 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);
- review of management letter issued by external auditors and management's response thereto;
- ensuring coordination between the internal and external auditors of the company;
- review of the scope and extent of internal audit, audit plan, reporting framework and procedures and ensuring that the internal audit function has adequate resources and is appropriately placed within the company;
- consideration of major findings of internal investigations of activities characterized by fraud, corruption and abuse of power and management's response thereto;
- ascertaining that the internal control systems including financial and operational controls, accounting systems for timely and appropriate recording of purchases and sales, receipts and payments, assets and liabilities and the reporting structure are adequate and effective;
- review of the company's statement on internal control systems prior to endorsement by the board of directors and internal audit reports;
- instituting special projects, value for money studies or other investigations on any matter specified by the board of directors, in consultation with the chief executive officer and to consider remittance of any matter to the external auditors or to any other external body;
- determination of compliance with relevant statutory requirements;
- monitoring compliance with the these regulations and identification of significant violations thereof;
- review of arrangement for staff and management to report to audit committee in confidence, concerns, if any, about actual or potential improprieties in financial and other matters and recommend instituting remedial and mitigating measures;
- recommend to the board of directors the appointment of external auditors, their removal, audit fees, the provision of any service permissible to be rendered to the company by the external auditors in addition to audit of its financial statements. The board of directors shall give due consideration to the recommendations of the audit committee and where it acts otherwise it shall record the reasons thereof.
- consideration of any other issue or matter as may be assigned by the board of directors.

Composition

The Audit Committee comprises of three members from non-executive directors including at least one independent director.

The Chairman of the Committee is an independent director who is not the Chairman of the Board. At least one member of the Committee is to be financial literate. The Chief Internal Auditor acts as Committee Secretary.

		Attendance
Daniyal Jawaid Paracha	Independent	4/4
Muhammad Niaz Paracha	Non-Executive	4/4
Mian Nazir Ahmed Peracha	Non-Executive	3/3

Daniyal Jawaid Paracha has recent and relevant financial experience for the purposes of the Code, being a chartered accountant. The other Committee members have significant executive experience in the finance, internal control, management and manufacturing.

The range and depth of financial, commercial and technical experience in the Committee enable its members to deal effectively with the matters the Committee is required to address.

Meetings

The audit committee of a company meets at least once every quarter of the financial year. These meetings are held prior to the approval of interim results of the company by its Board and after completion of external audit. A meeting of the Committee is also to be held, if requested by the external auditors or the Chief internal Auditor.

The Chief Internal Auditor and external auditors attend meetings of the audit committee at which issues, if any, relating to accounts and audit are discussed.

The Chairman, the Chief Executive Officer, the Chief Financial Officer/ Company Secretary, the Chief Accounting Officer, and other directors are normally invited to attend Committee meetings.

The Committee meets, at least once a year and without management being present, separately with the external auditor and also separately with the Chief Internal Auditor and/or other members of the internal audit function, to discuss any matters relating to their remit and any matters arising from external and internal audits. These discussions help shape thought processes and decision making, and promote a more rounded view of the Company.

The secretary of audit committee circulates minutes of meetings of the audit committee to all members, directors, and where required to the Chief Financial Officer and the Chief Accounting Officer prior to the next meeting of the board.

SUMMARY OF COMMITTEE ACTIVITIES DURING THE YEAR

	Aug 2017	Oct 2017	Feb 2018	Apr 2018
Financial Reporting				
reviewed the GCL's final and interim results, considered the significant accounting policies, principal estimates and accounting judgements used in their preparation, the transparency and clarity of disclosures within them, and compliance with financial reporting standards and governance	●	●	●	●
reviewed the matters which informed the Board's assessment that it was appropriate to prepare accounts on a going concern basis	●		●	
reviewed the process for assessing the long term viability of the Company	●			
received reports from management and the external auditor on accounting, financial reporting regulation and taxation issues	●		●	
reviewed reports from external auditor on its audit / review in respect of the final and half-yearly results prior to them being approved by the Board	●		●	
reviewed and assessed the process by which the Annual Report and Accounts, taken as a whole, was fair, balanced and understandable and provided the information necessary for shareholders to assess the Company's position and performance, business model and strategy	●			
Internal control, risk management and internal audit				
reviewed the structure and effectiveness of the GCL's system of risk management and internal control and the disclosures made in the Annual Report and Accounts on this matter	●		●	
reviewed the GCL's risk management activities undertaken by GCL in order to identify, measure and assess the Company's principal risks and review the risk appetite statement, developed by management, for recommendation to the Board	●		●	
reviewed the effectiveness of the Company's risk management framework, and reports arising from the risk management process	●		●	
approved the annual internal audit plan and reviewed reports from the internal audit department relating to control matters, monitored progress against the internal audit plan and any deviations to the plan were agreed	●	●	●	●
monitored and assessed the GCL's insurance arrangements		●		●
considered reports from the Legal Counsel & Company Secretary on litigation matters		●		●
External audit				
approved the terms of engagement of the external auditor, the fees paid to it and the scope of work carried out by it	●		●	
performed an annual review of the policies on the independence and objectivity of the external auditor, the use of the external auditor for non-audit services and the employment of former employees of the external auditor	●			
reviewed the performance and effectiveness of the external auditor in respect of the previous financial year			●	
assessed the objectivity and independence of the external auditor	●			
received reports on the findings of the external auditor during the half-yearly review and annual audit, and reviewed the recommendations made to management by the external auditor and management's responses	●		●	
reviewed the external audit plan			●	
reviewed letters of representation to the external auditor	●			
recommended the re-appointment of the external auditor	●			
Other matters				
reviewed its terms of reference and the results of its performance evaluation, including effectiveness			●	
received reports from functional management on a range of financial, operational, risk management, legal and corporate governance matters	●	●	●	●
received reports from the IT Incharge on implimentation of Dynamics 365 and cyber security			●	●
received reports on matters raised on the confidential whistleblowing system and the process for the investigation of such matters, ensuring that the arrangements in place were appropriate for employees to confidentially raise concerns about possible legal, regulatory or other improprieties	●	●	●	●

INTERNAL AUDIT FUNCTION

The Company has an independent and effective Internal Audit Function which assists the Company in accomplishing its objectives by bringing a systematic and disciplined approach to evaluate and improve the efficiency and effectiveness of the organization's risk management, control, and governance processes. All the Company's activities fall within the remit of the Internal Audit Function. This does not imply that all areas will be subject to review, but that all will be included in the audit risk assessment. The Internal Audit Function has right for full and unrestricted access to all the Company records, physical properties, and staff relevant to any area under review without disturbing the working environment of employees.

The Chief Internal Auditor of the Company is a qualified Chartered Accountant as well as a Certified Internal Auditor. The Chief Internal Auditor functionally reports to the Audit Committee and administratively reports to the Chief Executive Officer. His performance appraisal is done jointly by the Chairman of the Audit Committee and the Chief Executive Officer.

IAF's scope encompasses the examination and evaluation of the adequacy and effectiveness of the Company's governance, risk management process, system of internal control, and the quality of performance in carrying out assigned responsibilities to achieve the Company's stated goals and objectives. It includes:

1) Auditing internal control procedures and risk assessment procedures (i.e. SOPs) in order to obtain assurance that these procedures are appropriately designed and effectively implemented

    a) to deduct and prevent fraud or errors;
    b) to comply with policies, plans, laws, and regulations;
    c) to safeguard assets of the Company; or
    d) to promote the economic, efficient and effective use of resources

2) Reviewing the reliability and integrity of financial and operating information and the means used to identify, measure, classify, and report such information.

3) Identifying the areas of risk where SOPs are not designed/ implemented; along with advising on objectives of these SOPs.

4) Conducting specific reviews or tasks requested by the Board, the Audit Committee or the CEO, provided such reviews and tasks do not compromise IAF's independence or objectivity.

Findings of the IAF are discussed and reviewed by Audit Committee along with the management response thereupon, the Audit committee then report the matters of significant importance to the Board. Final reports of the Internal Audit Function are also

The Committee concluded that the external audit process was effective. Having reviewed the independence, objectivity and performance of the external auditor, the Audit Committee has recommended to the Board that Kreston Hyder Bhimji & Co. be re.appointed. Ordinary resolutions re.appointing Kreston Hyder Bhimji & Co. as auditor and authorising the Directors toset their remuneration will be proposed at the 2018 AGM.

EXTERNAL AUDITOR, THEIR INDEPENDENCE AND OBJECTIVITY

The independence of the external auditor is essential to the provision of an objective opinion on the true and fair view presented in the financial statements. The external auditors' independence and objectivity are safeguarded by a number of control measures:

- limiting the nature of non-audit services performed by the external auditor to ensure that the external auditors don't perform management functions or make management decisions
- placing restrictions on the employment by the Company of certain employees of the external auditor
- selecting the external auditors who is not a close relative (spouse, parents, dependents and non-dependent children) of the chief executive officer, the chief financial officer, the chief internal auditor, the company secretary or a director of the company
- monitoring the changes in legislation related to auditor objectivity and independence to help ensure the Companyremains compliant
- providing a confidential helpline that employees can use to report any concerns, including those relating to the relationship between the company's employees and the external auditor
- the rotation of the audit engagement partner after five years
- independent reporting lines from the external auditor to the Committee and the opportunity to meet the Committee independently
- an annual review by the Committee of the policy in place to ensure the objectivity and independence of the external auditor is maintained
- Satisfactory rating of the external auditor under the quality control review programme of the Institute of the Chartered Accountants of Pakistan, and registration with Audit Oversight Board of Pakistan.

During FY2018, the effectiveness of the external audit process was reviewed by the Audit Committee. The Committee concluded that the external audit process was effective. Having reviewed the independence, objectivity and performance of the external auditor, the Audit Committee has recommended to the Board that Kreston Hyder Bhimji & Co. be reappointed as auditor and authorising the Directors to set their remuneration will be proposed at the 2018 AGM.

OUR VISION AND VALUE CREATION MODEL

WHY
our reason for being

VISION

become a leading partner in nation-building, and the most preferred cement brand.

MISSION

become 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.

VALUES

- ▷ Ensure safety
- ▷ Focus on customers
- ▷ Maintain Quality
- ▷ Pursue excellence
- ▷ Act with integrity
- ▷ Value employees
- ▷ Preserve environment

+

WHERE
we play

STRATEGY

- N°1 PEOPLE AS N°1 ASSET
- CUSTOMER CENTRICITY
- PROFITABLE MARKETS
- SUSTAINABILITY

+

HOW
we succeed

OPERATING MODEL

- GCL NETWORKS
- SUPPORT FUNCTIONS
- TRANSACTIONAL FUNCTIONS

GOVERNANCE

- GOVERNANCE

=

WHO
benefits

STAKEHOLDERS

- EMPLOYEES
- CUSTOMERS
- SHAREHOLDERS
- COMMUNITY AND SUPPLIERS

VALUE
how we create value

STAKEHOLDERS

- Provide a great workplace that helps employees grow
- Build skills and expertise
- Enable a strong sense of purpose

- Tailor our offerings to solve our customers' construction needs
- Make it easy to work with us
- Provide enhanced performanceand reliability

- Grow revenue
- Reduce costs
- Optimize assets
- Keep a tight rein on risks

- Be a relevant engine of economic growth
- Build more capable, inclusive and resilient communities
- Reduce local air, water and waste impacts and conserve biodiversity

KEY INPUTS
> Mineral Reserves > Energy

PRODUCTS
> Cement

DISTRIBUTION CHANNELS

MARKETS
> Residential > Commercial / Industrial > Infrastructure > Roads

At its core, our business strategy has four main elements:

OUR PEOPLE

Value our people as our main competitive advantage.

Our people are our competitive advantage and the reason for our success. That is why we hire the best and work hard to develop and support each and every one of them—so that we all grow successfully. Our approach to talent management is founded on three pillars:

EMPLOY THE RIGHT PEOPLE, IN THE RIGHT PLACE, AT THE RIGHT TIME to perform the right job to achieve our strategy

ENABLE A DIGITAL, HIGH-PERFORMING, AND REWARDING CULTURE to deliver sustainable business value in a safe, ethical workplace

BUILD, DEVELOP, AND ENABLE OUR WORKFORCE CAPABILITIES to confront challenes and pursue excellence.

PLACING HEALTH AND SAFETY FIRST

Health and safety is our top priority. To ensure we are meeting our goals, four core principles guide every decision we make and action we take:

- Ensure nothing comes before the health and safety of our people, contractors, and communities
- Make health and safety a personal responsibility by looking after ourselves and each other
- Strive to create a workplace with zero harm
- Maintain accountability for health and safety practices.

We are constantly working towards our ultimate target of zero injuries —our Zero4Life commitment

OUR CUSTOMERS

Help our customers succeed

WE WANT OUR CUSTOMERS TO VIEW US AS RELIABLE, EASY TO WORK WITH, INNOVATIVE, EXPERT AND PROFESSIONAL; IN SHORT, AN EXCELLENT PARTNER THAT ENABLES OUR CUSTOMERS TO SUCCEED

DELIVERING A SUPERIOR CUSTOMER EXPERIENCE

Today, our operating environment and our customers' expectations are changing rapidly and dramatically. Consequently, we are embarking on a bold path of transformation to enable us to meet those expectations.

Fostering customer centricity

We are putting our customers at the center of every action we take and every decision we make. We have organized our company and redesigned our processes to ensure that we create the best possible experience for them.

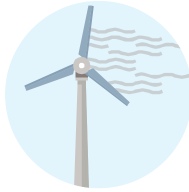
Already, our customer centricity initiatives focused on pricing policies, sales management, customer segmentation, and the value proposition we offer to our customers, are integrated into our ongoing operations. While we still have work to do, we have made tremendous progress in these areas

MARKETS WHERE WE OPERATE

Pursue markets that offer long-term profitability

Our geographically location provides us with the opportunity for significant value creation through profitable organic growth over the medium to long term. Consequently, we are selective and strategic about where we do business. We will not chase growth simply for the sake of growth. We also will continue to optimize so that we are in the businesses and markets where we can generate significant returns.

FOCUS ON SUSTAINABILITY



Ensure sustainability is fully embedded in our business.

We focus our sustainability efforts on those areas which are deemed to be of greatest significance and value to the Company's continued growth, performance and success; have significant impacts on the economy, environment and society; and that are potentially of significant interest to the most vital stakeholder groups.

Material topics for sustainability performance are identified based on several factors, including alignment with the Company's strategy, objectives, vision, values and brand promise; the past practice of the Company; and internal analysis, debate and discussion on issues raised by our senior management.

Material topics are also chosen based on stakeholders' concerns and feedback, general relevance and likely impact in broader social, economic and environmental contexts, such as the markets in which we operate, energy availability, environmental issues and climate change.

INDIVIDUALLY, EACH ELEMENT ENGAGES AND IMPACTS OUR BUSINESS IN VERY DISTINCT WAYS. COLLECTIVELY, THEY HELP US ACHIEVE OUR MISSION OF BECOMING PROFITABLE COMPANY BY ACHIEVING THE FINANCIAL OBJECTIVES OF OUR SHAREHOLDERS WHILST ADDING VALUE TO COMMUNITY.

CORPORATE SOCIAL RESPONSIBILITY

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

CL 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 fo general public in the holly month of Ramazan.
- We obey laws and strive to act with integrity in all that we do.

WORKPLACE

We recognize that our staff are our most valuable asset. These initiatives make it easier for 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.

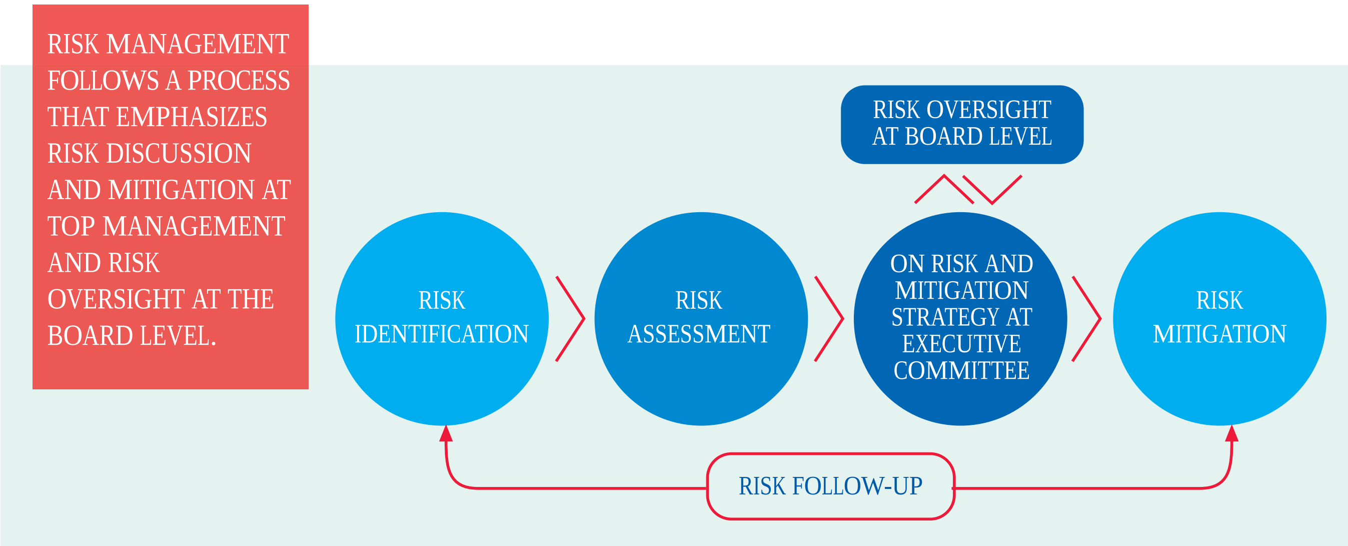
MARKETPLACE

his 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.

RISK MANAGEMENT

GCL has an Enterprise Risk Management (ERM) function to manage all risks and opportunities that could impact the company's business and objectives. ERM has become fundamental to supporting top management in the decision-making process, reducing the impact of adverse events, and capitalizing on opportunities resulting from a more complex and uncertain environment.



Risk agendas are developed on a annual basis, considering all types of risks and emerging concerns that could impact the company in the short, medium, and long term.

Risks are identified considering a combination of a bottom-up and a top-down approach, which also considers identification of potential opportunities.

After the corresponding analysis and assessment, risks are prioritized by estimated impact and probability of materialization, and a mitigation strategy and monitoring plan are defined for their treatment and follow-up.

Other risk management processes within the company, such as internal audits, internal controls, compliance, and financial risk management, complement the ERM function.

1 ECONOMIC CONDITIONS

The economic conditions have an effect on our business, financial condition, results, and prospects.

The business cycle tends to heavily affect overall construction activity. Under economic expansion, construction activity rises sharply, but an economic downturn tends to bring a marked decrease in construction activity—thus affecting the demand for our products and financial results.

Mitigation Actions
We have implemented several initiatives intended to counter the challenging economic environment:

- VALUE-BEFORE-VOLUME STRATEGY: Our strategy focuses on value enhancement, optimizing gains in customer relationships, and generating sufficient returns that allow us to reinvest in our business.
- COST CONTAINMENT: Over the past years, we have identified and begun implementing cost-reduction initiatives intended to reduce our annual cost structure to a level consistent with our product demand, as well as our own companywide program to enhance competitiveness.
- ASSET OPTIMIZATION: We manage our asset base by divesting noncore assets and optimizing working capital.

2 POLITICAL UNCERTAINTY IN THE COUNTRIES IN WHICH WE OPERATE

Political uncertainty and its potential economic and social consequences could adversely impact our operations and profitability. Any political result that significantly affects a country's economic development or its business environment has the potential to impact our operations.

Mitigation Actions
We have implemented several initiatives intended to counter the effects of political risks:

- MONITORING AND SCENARIO PLANNING: We monitor important political developments in the country to anticipate any event that could have an impact on our operations. This monitoring helps us to take proactive steps to identify alternative scenarios, assess risks and opportunities, and define preventive mitigation strategies and contingency plans to maintain a successful business operation in each particular scenario.
- BUSINESS CONTINUITY PLANS: We have business continuity plans to minimize business disruption in situations where the social or political environment in which we operate presents risks to the continuation of operations.

3 MORE COMPLEX COMPETITIVE DYNAMICS

The markets in which we operate are highly competitive and are served by numerous established companies with recognized brand names. These companies compete based on several factors, often employing aggressive commercial strategies to increase market share.

If we are not able to compete effectively, we may lose substantial market share, our net sales could decline or grow at a slower rate, and our business and operations' results would be affected.

Mitigation Actions
We expect to maintain and grow our market positions in cement by being one of the most customer-centric competitors in the construction materials industry. We also continue with our value-before- volume strategy to reflect the high value-creating capability of our products and services.

4 DEBT LEVEL AND FINANCIAL RESTRICTIONS

We have debt and other financial obligations maturing during the next years. Our ability to comply with our principal debt maturities depends on EBITDA generation, and other indicators that could be affected by external factors.

Additionally, we have credit and debt agreements that contain several restrictions and covenants. Our ability to comply may be affected by economic conditions and volatility in foreign exchange rates, as well as by overall conditions in the financial and capital markets and the construction sector.

Mitigation Actions

Our financial strategy is designed to reduce our debt level mainly through:

- DEBT PREPAYMENTS THROUGH FOCUS ON EBITDA GENERATION
- REDUCTION OF FINANCIAL COSTS
- ADEQUATE MANAGEMENT OF OUR DEBT PROFILE AND WORKING CAPITAL.

5 REGULATORY CHARGES AND INCREASED SCRUTINY

We are subjected to the laws and regulations of the country and any material changes in such laws and regulations and/or any delay in assessing the impact and/or adapting to such changes may have an adverse effect on our business.

These laws and regulations expose us to the risk of potential costs and liabilities, including fines and other sanctions, compensation payments to third parties, remediation costs, and reputational damage.

Mitigation Actions

We continuously work to comply with changes in laws and regulations. We devote significant time and resources to assess and, if required, adjust our operations to any such changes.

Our employees abide by our Code of Ethics and Business Conduct. The Code addresses anti-bribery, related- person transactions, health and safety, environmental responsibility, confidentiality, conflicts of interest, financial controls, and preservation of assets.

6 VOLATILITY IN ENERGY MARKETS

Our operations consume significant amounts of power and fuel. Power and fuel prices generally reflect certain volatility. Energy and fuel cost increases may have an adverse material effect on our business.

Mitigation Actions

We have developed processes that allow us to reduce heat consumption in our kiln, which also reduce energy costs.

Furthermore, we have installed a waste heat recovery plant that not only provide low-cost energy, but also provide certainty in future energy costs. The use of variable frequency drives and synchonisation of various power modes reduced the power consumsion.

7 PRICE VOLATILITY AND UNCERTAIN AVAILABILITY OF MATERIALS REQUIRED TO RUN OUR BUSINESS

Should existing suppliers cease operations, reduce or eliminate production of these materials, sourcing costs could increase significantly or require us to find alternatives, which could have a material adverse effect on our business. Additionally, scarcity of natural resources, such as water and raw material reserves could have a material adverse effect on our costs and results of operations.

Mitigation Actions

We are not dependent on our suppliers, and we aim to secure the supply of required materials through longterm renewable contracts and framework agreements, which we believe ensures better supply management.

8 CYBER AND INFORMATION SECURITY

We rely on several information technologies and automated operating systems to manage or support our finance operations and sales. To maintain business efficiencies, it is critical that these systems function properly. In addition, our systems may be vulnerable to damage, disruption or intrusion, caused by circumstances beyond our control, such as physical or electronic break-ins, catastrophic events, power outages, natural disasters, computer system or network failures, viruses or malware, unauthorized access, and cyber-attacks.

In addition, our insurance coverage may not cover cyber security risks we may be exposed to.

Mitigation Actions

We take proactive measures to secure our IT systems and electronic information and have business continuity plans in place if any business disruption occurs.

9 ADVERSE WEATHER CONDITIONS

Construction activity, and thus demand for our products, decreases substantially during periods of cold weather, or when heavy or sustained rainfalls occur. Consequently, demand for our products is significantly lower during the winter and during the rainy season. Such adverse weather conditions can negatively affect our business results if they occur with unusual intensity or last longer than usual in our major markets, especially during peak construction periods.

Additionally, severe adverse weather conditions (e.g., floods, typhoons) have the potential to damage our assets and disrupt our operations.

Mitigation Actions

We have business continuity plans in place at our main operations designed to avoid major disruptions to our business. In addition, our main operations and assets are insured against such events. However, in most cases, the insurance policy does not cover the total impact that an adverse event could have, which limits its effect.

10 HEALTH AND SAFTY RELATED RISK

Activities in our business can be hazardous and can cause injury to people or damage to property in certain circumstances. Our production facilities require individuals to work with chemicals, equipment, and other materials that may potentially cause harm, injury or fatalities when used without due care. Accidents or injuries that occur at our facilities could result in disruptions to our business and may have legal, regulatory, economic, and reputational consequences.

Mitigation Actions

Health and safety (H&S) is our top priority. We strive to have zero incidents by improving how we reinforce safe behaviors with our employees and contractors, strengthening the accountability of management for ensuring safe behavior, implementing workplace improvements on a regular basis and promoting a safety culture in our every day activities.

CHAIRMAN'S REPORT

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

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

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

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

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

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

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

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

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

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

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

MIAN NAZIR AHMED PERACHA
Chairman

October 01, 2018

DIRECTORS' REPORT TO THE MEMBERS

It is our pleasure to present annual report along with audited annual financial statements of Gharibwal Cement Limited (the company) for the year ended June 30, 2018 and auditors' report thereupon to our shareholders.

OPERATIONAL AND FINANCIAL PERFORMANCE

		FY 2018	FY 2017	Increase/ (Decrease)	% Change
Cement dispatch	(Ton)	1,891,808	1,606,410	285,397	18%
Clinker dispatch	(Ton)	-	162,033	(162,033)	(100%)
Net sales	(Rs. mn)	11,484	11,223	261	2%
Gross profit	(Rs. mn)	2,712	3,854	(1,142)	(30%)
EBITDA	(Rs. mn)	3,139	4,005	(866)	(22%)
Finance cost	(Rs. mn)	430	308	122	40%
Profit before taxation	(Rs. mn)	1,784	3,045	(1,261)	(41%)
Profit after taxation	(Rs. mn)	1,510	2,284	(774)	(34%)
EPS	(Rs.)	3.77	5.71	(1.94)	(34%)

Local sales volume in the north region of Pakistan cement industry posted a growth of 16.6% from 29.141 million ton during the last year; whereas export sales volume dropped by 2.2% from 3.150 million ton during the last year.

The Company dispatched 1.863 million ton cement in local market during the year and registered a growth of 19.5% YoY in line with the industry north region growth rate. Export sales volume representing just 1.5% of the total dispatches, declined sharply by 39.8% .

The growth in local sales volume increased the net local sales revenue by 10.0% despite reduction in average net local selling price by 8.0%.

Last year, the Company also sold 0.162 million ton of clinker locally and generated extra net sales revenue of Rs. 686.759 million. However the Company did not sold clinker during the year under review. This along with reduction in export sales restricted the total net sales revenue of the Company to increase by 2.3% only from Rs. 11.223 billion during the last year.

On the cost front, the company witnessed significant pressure over the course of the year due to increments in various input costs. These increments were caused largely due to external factors and even ended up affecting many other industries.

The exchange rate of USD to PKR increased to Rs. 121.60 as at June 30, 2018 from Rs. 105.00 as at June 30, 2017. The weakening of PKR against USD made the import of coal and consumable store and spare more expensive in comparison with the last year.

Coal prices in the international market increased which increased the per ton cost of clinker by 22% in comparison to FY2017. Further prices of ingredients (i.e. sui gas and furnace oil) of captive power plant along with electricity price from national grid also hiked significantly during the year 2018 in comparison to the last year 2017. However, the Company managed to mitigate the effect of these price hike by generating 43% of the total electricity at significantly lower cost during the year 2018 against 10% electricity generation during the last year 2017 through the waste heat recovery system which was put into use during the 4th quarter of the previous year 2017. The increased use of the waste heat recovery system helped in limiting the power and fuel cost (which constituted approximately 57% of the total manufacturing expenses) increase to just 6% over the previous year, otherwise, this impact would have been significantly higher.

Repair and maintenance of the plant was overdue which was done during the year 2018 by replacing the old plant spare parts and bricks. In doing so, many plant spares and consumables were used which were lying for many years and against which provision for impairment being slow moving items had been accounted for in prior years. This provision was reversed during the year 2018 as disclosed in note 28.1. These increased the expenses under the head of consumable spare and store, and repair and maintenance by 86% in comparison with the last year. Packing material expense also increased by 10% on per ton cost basis due to increase in prices of packing material.

New vertical cement mill of 250tph along with ancillary plant and machinery started its commercial production and accordingly capitalized during the year 2018. Two mega BMR projects of waste heat recovery plant and down-hill conveyor belt were capitalized during the 2nd half of previous year 2017. These BMR capitalization increased the depreciation and insurance cost significantly in comparison with the last year.

The Company gross profit declined by 30% for the year from Rs. 3.854 billion for the last year 2017 due to the aforementioned factors which also decreased operational EBITDA by 22% from Rs. 4.005 billion for the last year 2017.

Finance cost increased by 40% mainly due to markup on borrowing obtained in recent years for BMR projects charged to profit or loss during the year which was previously capitalized as borrowing cost.

Effective tax rate decreased to 15% from 25% because of reduction in corporate tax rate by 1% every year till it reaches to 25%.

The Company earned net profit of Rs. 1.510 billion with earning per share of Rs. 3.77 for the year which was reduced by 34% YoY.

DIVIDEND

The Board of Directors has recommended final cash dividend of 15% (i.e. Rs. 1.50 per share) for the year 2018.

BALANCING, MODRENIZATION, AND REHABILIATION (BMR)

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

New vertical cement mill of 250tph capacity along with ancillary plant and machinery started its commercial production during the year 2018 which enhanced the cement grinding capacity of the Company. Work on new clinker storage silo of 150,000 ton capacity is also under progress which is expected to complete by end of next year 2019. It will enhanced the clinker storage capacity and reduced the handling and transportation cost of clinker stock.

CAPITAL STRUCTURE

Net debt of the company decreased by 3% from Rs. 4.382 billion as reported in note 40.5. Whereas equity increased by 10% in comparison with the last year due to retention of profit within the Company. This dropped the gearing ratio from 28% to 25% year on year basis. The Company managed to pay the due installment of borrowings as per agreement at broader prospect. Current ratio of the Company improved to 0.71 from 0.66.

KEY PERFORMANCE INDICATORS

6 years summary, key performance indicators along with their graphical presentation, horizontal and vertical analysis of financial position and financial performance are presented in this annual report which will help you to assess the Company's performance.

FUTURE OUTLOOK

It is expected that cement demand for cement in north region of local market will remain intact due to construction activities including CPEC projects and construction of 5 million houses as announced by the new government. On the other hand, ongoing capacity expansion by cement manufacturer may lead to reduction in cement prices in future years. Weakening Pakistani rupees against US Doller, increase in regulatory duty on import, increasing interest rate, and inflationary impact on the prices of fuel and power will further increase the cost of doing business in Pakistan and resulting in cut in profit margin in coming year.

COMPOSITION OF BOARD COMMITTEES

The Board has constituted the Audit Committee and HR & Remuneration Committee. Detail of these board committee is provided in this annual 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 is periodically reviewed for changes warranted due to business needs. The Internal Audit Function continuously monitors the efficacy of internal control and compliance with SOPs with the objective of providing to the Audit Committee and the Board of Directors, an independent, objective and reasonable assurance on the adequacy and effectiveness of the organization's risk management, control and governance processes.

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

MANAGING THE RISK OF FRAUD, CORRUPTION ANS UNETHICAL BUSINESS PRACTICE

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

CODE OF CONDUCT

The company has laid down a robust Code of Business Conduct and Ethics, which is based on the principles of ethics, integrity and transparency. More details about the Code are given in this Report.

WHISTLE BLOWER POLICY

Fraud-free and corruption-free culture has been core to the Company. In view of the potential risk of fraud, corruption and unethical behaviour that could adversely impact the company's business operation, performance and reputation, the Company has put an even greater emphasis to address these risks. To meet this objective, a comprehensive Fraud Risk Management (FRM) Policy akin to the whistle-blower policy has been laid down. More detail is provided in this annual report.

ANTI-BRIBERY AND CORRUPTION DIRECTIVE

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.

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 Code of Corporate Governance, 2017 and the Companies Act, 2017. The detail of transactions with the related parties are provided in the financial statements.

BOARD OF DIRECTOS

Election of the directors were held during the year 2018 and seven directors were elected on the Board. Detail of composition of the Board, Board meetings, annual evaluation and orientation training program for directors is provided in this annual report.

DIRECTORS' RESPONSIBILITIES

The directors of your Company are aware of their responsibilities under the Listed Companies (Code of Corporate Governance) Regulations, 2017 and the Companies Act, 2017. Your Company has taken all necessary steps to ensure good Corporate Governance and full compliance of the Code and the Act. The Directors confirm that:

- The financial statements, prepared by the management of the Company, present fairly its state of affairs, the result of its operations, cash ?ows and changes in equity.
- Proper books of account of the Company have been maintained.
- Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment except for a change in accounting policy reported in note 4.9.
- International Financial Reporting Standards, as applicable in Pakistan, have been followed in preparation of financial statements and any departure there from has been adequately disclosed and explained.
- The system of internal control is sound in design and has been effectively implemented and monitored.
- There are no significant doubts upon the Company's ability to continue as a going concern.

We have also included the following information in this annual report:

- Statement of pattern of shareholding.
- Statement of shares held by associated undertakings and related persons.
- Statement of the Board meetings held during the year and attendance by each director.

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 reposed in us.

For and on behalf of Board of Directors

CHIEF EXECUTIVE OFFICER

DIRECTOR

Lahore: October 01, 2018

ڈائریکٹرز کی رپورٹ

محترم اراکین

ہم مالی سال **2018**ء کے اختتام پر کمپنی کی سالانہ کارکردگی کا جائزہ, آڈٹ شدہ مالی اکاؤنٹس اور اُن پر آڈیٹرز کی رپورٹ بخوشی پیش کرتے ہیں۔

کمپنی کی مالی کارکردگی

پاکستان سیمنٹ انڈسٹری کے شمالی ریجن میں مقامی سیلز حجم نے **16.6%** سے ترقی کی جو کے پچھلے سال **29.141** ملین ٹن تھا جبکہ برآمدی حجم میں **2.2%** کمی آئی جو کہ پچھلے سال **3.150** ملین ٹن تھا۔

کمپنی نے مالی سال **2018** میں **1.863** ملین ٹن سیمنٹ مقامی منڈی میں بیچا جس میں پچھلے سال کی نسبت **19.5%** کا اضافہ ہوا۔ برآمدی حجم جو کہ ٹوٹل حجم کا صرف **1.5%** ہے میں **39.8%** کی نمایاں کمی ہوئی۔ لوکل سیلز کی قیمت میں کمی کے باوجود کمپنی کے مقامی فروخت کے حجم میں اضافہ کی وجہ سے لوکل سیلز ریونیو میں **10%** کا اضافہ ہوا۔

پچھلے سال کمپنی نے **0.162** ملین ٹن کلنکر بھی بیچا تھا جسکی وجہ **686.759** ملین روپے کا اضافی ریونیو حاصل ہوا۔ مگر مالی سال **2018** میں کمپنی نے کلنکر نہیں بیچا۔ اسکی اور درآمدی حجم میں کمی کی وجہ سے کمپنی کے سیلز ریونیو میں پچھلے سال کے **11.223** بلین روپے کے مقابلے میں صرف **2.3%** کا اضافہ ہوا۔ کمپنی کے پیداواری خرچوں میں نمایاں اضافہ ہوا جو زیادہ تر بیرونی عوامل کی وجہ سے تھا اور جس نے دوسری انڈسٹریز کو بھی متاثر کیا۔ ڈالر کا ایکسچینج ریٹ **105** روپے سے بڑھ کر **121.60** روپے ہو گیا۔ جسکی وجہ سے کوئلہ اور دوسرے درآمدی اشیاء پچھلے سال کی نسبت مزید مہنگی ہو گئی۔

انٹرنیشنل مارکیٹ میں کوئلہ کی قیمت میں اضافہ کی وجہ سے کلنکر کی فی ٹن پیداواری لاگت میں **22%** کا اضافہ ہوا۔ بجلی، سوئی گیس اور فرنس آئل کی قیمتوں میں بھی نمایاں اضافہ ہوا مگر مالی سال **2018** میں کمپنی نے اپنے ویسٹ ہیٹ ریکوری پلانٹ سے بہت کم لاگت پر **43%** بجلی پیدا کی۔ جبکہ پچھلے مالی سال **2017** کے آخری سہ ماہی میں ویسٹ ہی ریکوری پلانٹ نے اپنی پیداوار شروع کرتے ہوئے پچھلے سال **10%** بجلی بنائی تھی۔ ویسٹ ریکوری پلانٹ کے زیادہ استعمال کی وجہ سے فیول اور پاور کا خرچہ صرف **6%** بڑھا اگر ویسٹ ہیٹ ریکوری پلانٹ نہ ہوتا تو فیول اور پاور کا خرچہ بہت زیادہ ہوتا۔
مالی سال **2018** میں پلانٹ کی جامعہ مرمت اور بحالی کی گئی بہت سارے سٹور اور سپیئر پارٹس، جو عرصہ دراز سے پڑے تھے اور جن پر پچھلے سالوں میں امپیئر منٹ کی پروژن کی گئی تھی، بھی استعمال ہوئے اسکی وجہ سے سٹور، سپیئر پارٹس اور ریپئر اور مینٹینس کے خرچے میں پچھلے سال کی نسبت **86%** اضافہ ہوا۔ پیکنگ میٹریل کا خرچہ بھی **10%** بڑھ گیا۔

نئی **250tph** کی سیمنٹ مل نے اپنی پیداوار شروع کر دی پچھلے سال بھی دو بڑے پروجیکٹ وجہ سے ڈیپریسیئشن اور انشورنس کے خرچے بڑھ گئے۔

ان عوامل کی وجہ سے کمپنی کا خالص منافع میں **30%** کی کمی واقع ہوئی جبکہ **EBITDA** بھی **22%** کم ہوا۔ فنانس کوسٹ **40%** سے بڑھی جبکہ اوسط ٹیکس ریٹ **25%** سے کم ہو کر **15%** ہوا۔

کمپنی نے **1.51** بلین روپے کا نیٹ پروفٹ کمایا جو کہ **3.77** روپے فی شئیر بنتا ہے، اس میں **34%** کی کمی ہوئی۔

		2018	2017	اضافہ	اضافہ فیصد میں
سیمنٹ کی ترسیل	ٹن	1,891,808	1,606,410	285,397	18%
کلنکر کی ترسیل	ٹن	-	162,033	(162,033)	(100%)
خالص فروخت	رقم ملین روپے میں	11,484	11,223	261	2%
مجموعی منافع	رقم ملین روپے میں	2,712	3,854	(1,142)	(30%)
ٹیکس اور انٹرسٹ سے قبل منافع	رقم ملین روپے میں	3,139	4,005	(866)	(22%)
انٹرسٹ	رقم ملین روپے میں	430	308	122	40%
ٹیکس سے قبل منافع	رقم ملین روپے میں	1,784	3,045	(1,261)	(41%)
ٹیکس کے بعد منافع		1,510	2,284	(774)	(34%)
فی شئیر منافع	رقم روپوں میں	3.77	5.71	(1.94)	(34%)

مقسوم/ڈیویڈنڈ/منافع منقسم:

بورڈ آف ڈائریکٹرز نے سال **2018** کے لیے **15** فیصد کے حتمی ڈیویڈنڈ (یعنی **1.5** روپے فی شیئر) کی شفارش کی ہے۔

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

مسلسل سرمایہ کاری، سامری توسیع، تکنیکی ترقی اور ماحولیاتی حفاظت آپ کی کمپنی کا اصول ہے۔ مجموعی طور پر استعداد کار کو بڑھانے اور مجموعی لاگت میں کمی کے لیے سیمنٹ پلانٹ کے مختلف حصول میں جدید اقدامات (ٹیکنالوجی) کو اپنایا جارہا ہے **250tph** کی سیمنٹ مل نے اس مالی سال میں اپنی پیداوار شروع کردی جسکی وجہ سے کمپنی کی سیمنٹ پیسنے کی صلاحیت میں اضافہ ہوگیا ہے۔ کلنکر ذخیرہ کرنے کی صلاحیت میں اضافہ کیا جارہا ہے۔ جسکی وجہ سے ٹرانسپورٹ اور ہینڈلنگ کے خرچے کم ہوجائیں گے۔

سرمایہ کی ساخت اور کلیدی کارکردگی کے عکس:

نیٹ قرضہ **3%** سے کم ہوا جبکہ ایکیوٹی میں **10%** کا اضافہ ہوا جسکی وجہ سے گیئرنگ ریشو **28%** سے **25%** پر آ گئی۔ تمام قرضہ جات اپنے ادائیگی کے شیڈول کے مطابق ادا کئے جارہے ہیں۔ کرنٹ تناسب **0.66** سے بڑھ کر **0.71** ہوگیا ہے۔

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

مستقبل کے اندازے اور نقطہ نظر:

مقامی مارکیٹ میں سیمنٹ کی مانگ میں سرکاری شعبہ جات کے ترقیاتی پروگرام کے تحت ترقیاتی منصوبوں، پاک چین اقتصادی راہداری اور نئی حکومت کے **5** ملین گھر کے منصوبے کی وجہ سے اضافہ متوقع ہے۔ دوسری طرف نئے سیمنٹ کارخانوں کی وجہ سے مستقبل میں سیمنٹ کی قیمت فروخت میں کمی آسکتی ہے۔ روپے کی بے قدری، مارک اپ ریٹ میں اضافہ، مہنگائی، فیول اور پاور کی بڑھتی ہوئی قیمتوں اور نئے سخت رولز اور ریگولیشن کی وجہ سے مستقبل میں پیداواری لاگت میں اضافہ ہوگا جسکی وجہ سے آنے والے سالوں میں کمپنی کے پروفٹ میں کمی واقع ہوسکتی ہے۔

بورڈ کمیٹی کی تشکیل:

بورڈ نے ایک اہل آڈٹ کمیٹی اور انسانی وسائل اور معاوضے کی کمیٹی تشکیل دی ہے۔ ان کمیٹیوں کی مذید تفصیل اس سالانہ رپورٹ میں بیان 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 قابلِ اعتماد، آپریشنل اور سٹریٹجک مقاصد کے حصول پر بروقت رائے، پالیسیوں، طریقہ کار، قوانین اور قوائدوضوابط 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 پیشِ نظر لازمی تبدیلیوں کا جائزہ لیا جاتا ہے۔ اندرونی آڈٹ فنکشن اندرونی کنٹرول کی افادیت اور آپریٹنگ طریقہ کار کے معیاروں کی مقاصد کے ساتھ ہم آہنگی پر مسلسل نظر رکھے ہوئے ہے۔

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

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

بورڈ نے رِسک مینجمنٹ کے عمل کی نگرانی کے لیے ایک رِسک مینجمنٹ کمیٹی تشکیل دی ہے۔ کمپنی نے ایک رسک مینجمنٹ پالیسی مرتب کی ہے جس میں خطرے کی تعریف، رجحان کا تجزیہ، خطرہ کا منکشف ہونا، اس کے ممکنہ اثرات اور تخفیف کا عمل، پالیسی اور طریقہ کار کی تعمیل اور افادیت پر رپورٹ شامل ہیں۔ کاروباری اور غیر کاروباری خطرات کی شناخت، اندازے، انتظام اور نگرانی کے لیے ایک تفصیلی مشق کی جارہی ہے۔ بورڈ گاہے بگاہے خطرات کا جائزہ لیتا رہتا ہے اور اِن کے کنٹرول اور تخفیف کے لیے ایک مناسب فریم ورک کے ذریعے اقدامات بھی تجویز کرتا رہتا ہے۔

غیر قانونی کاموں کی مخبری کا طریقہ کار:

دھوکہ دہی (فراڈ) اور بدعنوانی سے پاک کلچر کو کمپنی میں بنیادی حیثیت حاصل ہے۔ آپریشن کی تیز رفتار ترقی کی وجہ سے دھوکہ دہی اور بدعنوانی کے ممکنہ خطرے کے پیشِ نظر کمپنی ان خطرات سے نمٹنے پر زیادہ زور دے رہی ہے۔ اس مقصد کے حصول کے لیے ایک جامع فراڈ رِسک مینجمنٹ **(FRM)** پالیسی جو **Whistleblower Policy** سے ماخوذ ہے، بنائی گئی ہے۔

آڈٹ کمیٹی نے فراڈ کے خطرہ سے نمٹنے کے لیے فراڈ رسک مینجمنٹ پالیسی **(FRM)** جاری کی ہوئی ہے جس کے تحت تمام ملازمین، گاہک، سپلائرز کو دھوکہ یا بدعنوانی کے کسی بھی مشتبہ یا تصدیق شدہ وقعہ کی اطلاع دہندہ کو جو اس پلیٹ فارم کو استعمال کرنے کو مناسب تحفظات فراہم کئے گئے ہیں غیر معمولی مقدمات کی صورت میں آڈٹ کمپنی کے چیئرمین تک براہ راست رسائی کی حامل ہے۔ شکایت کنندہ کی شناخت کو مناسب طریقے سے خفیہ رکھنے کی ہر ممکن کوشش کی جائے گی۔

انسدادِرشوت ستانی اور بدعنوانی کی ہدایات:

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

کارپوریٹ سماجی ذمہ داری (CSR):

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

متعلقہ پارٹیز کے ساتھ معاملات:

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

بورڈ آف ڈائریکٹرز کے اجلاس:

مالی سال 2018 میں ڈائریکٹرز کا انتخاب منقد ہوا اور سات نیے ڈائریکٹرز چُنے گئے۔ بورڈ کے ڈائریکٹرز، اُن کی تربیتی پروگرام اور ان کے اجلاس کی مزید تفصیل اس سالانہ رپورٹ میں دی گئی ہے۔

ڈائرکٹرز کی ذمہ داریاں

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

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

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

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

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

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

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

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

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

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

اس سالانہ رپورٹ میں درج ذیل معلومات بھی فراہم کی گئی ہیں۔

(ا) شیئر ہولڈنگ کا نمونہ

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

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

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۔

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 بنک 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 سیمنٹ خاندان کے ہر رکن کی وابستگی، لگن اور محنت دِلی تعریف کے لائق ہے۔ ہماری کامیابیوں کا ثمر انہی کی بدولت ہے۔

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

منجانب: بورڈ آف ڈائریکٹر

چیف ایگزیکٹیو آفیسر	ڈائریکٹر

لاہور **01** اکتوبر **2018**ء

KRESTON
HYDER BHIMJI & CO
CHARTERED ACCOUNTANTS

Amin Building,
65-The Mall, Lahore.
Phone: 042-37352661, 37321043
Fax: 042-37248113
E-mail: krestonhb@gmail.com

INDEPENDENT AUDITOR'S REVIEW REPORT

To the Members of Gharibwal Cement Limited

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

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

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

As a 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 of Directors' statement on internal control covers all risks and controls or to form an opinion on the effectiveness of such internal controls, the Company's corporate governance procedures and risks.

The Regulations require the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval, its related party transactions and also ensure compliance with the requirements of section 208 of the Companies Act, 2017. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee. We have not carried out procedures to assess and determine the Company's process for identification of related parties and that whether the related party transactions were 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 requirements contained in the Regulations as applicable to the Company for the year ended June 30, 2018.

Kreston Hyder Bhimji & Co.

KRESTON HYDER BHIMJI & CO.
CHARTERED ACCOUNTANTS

Lahore: October 01, 2017

STATEMENT ON COMPLIANCE WITH CODE OF CORPORATE GOVERNANCE

For the year ended June 30, 2018

This statement is being presented to comply with the Listed Companies (Code of Corporate Governance) Regulations 2017 (Regulations) 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 complied with the requirements of the Regulations in the following manner:

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

   a. Male: Five (5)
   b. Female: Two (2)

1. The composition of board is as follows:

Category	Names
Independent Directors	Mian Nazir Ahmed Peracha (Chairman) Mr. Daniyal Jawaid Paracha
Other Non-executive Director	Mr. Muhammad Niaz Peracha Mr. Ali Rashid Khan Ms. Amna Khan
Executive Directors	Mr. Muhammad Tousif Paracha (CEO) Mr. Abdur Rafique Khan

2. The directors have confirmed that none of them is serving as a director on more than five listed companies including Gharibwal Cement Limited.

3. 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.

4. 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.

5. All the powers of the board have been duly exercised and decisions on relevant matters have been taken by board/ shareholders as empowered by the relevant provisions of the Companies Act, 2017 and these Regulations.

6. 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. The board has complied with the requirements of the Companies Act, 2017 and the Regulations with respect to frequency, recording and circulating minutes of meeting of board.

7. The board of directors have a formal policy and transparent procedures for remuneration of directors in accordance with the Companies Act, 2017 and these Regulations.

8. The Company is fully compliant with the requirement of directors' training under rule 20 of the Code of Corporate Governance, 2017. Two (2) directors are already certified under the Directors Training Program, and three (3) directors meet the criteria of exemption. None of the directors have attended any director's training program during the year.

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

10. Chief Financial Officer and Chief Executive Officer duly endorsed the financial statements before approval of the board.

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

a) Audit Committee

1.	Mr. Daniyal Jawaid Paracha	(Chairman)
2.	Mr. Ali Rashid Khan (appointed on 28.2.2018)	(Member)
3.	Mr. Muhammad Niaz Peracha	(Member)
4.	Mian Nazir Ahmed Peracha (retired on 28.2.2018)	(Member)

b) HR and Remuneration Committee

1.	Mr. Danyial Jawaid Peracha	(Chairman)
2.	Mr. Muhammad Tousif Paracha	(Member)
3.	Mr. Ali Rashid Khan	(Member)

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

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

a)	Audit Committee:	Quarterly
b)	HR and Remuneration Committee	Yearly

14. The board has set up an effective internal audit function, comprising of personnel who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the company. The internal audit function is involved in Internal Audit on full time basis relating to the business and other affairs of the Company

15. The statutory auditors of the company have confirmed that they have been given a satisfactory rating under the quality control review program of the ICAP and registered with

Audit Oversight Board of Pakistan, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the ICAP

16. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Companies Act, 2017, and these regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard.

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

Chief Executive Officer

Director

Lahore
October 01, 2018

PATTERN OF SHAREHOLDINGS

Sr. No	Number of Shareholding	Shareholdings From	Shareholdings To	Total Share Held	Percentage
1	927	1	100	32,734	0.008%
2	758	101	500	268,285	0.067%
3	595	501	1,000	528,211	0.132%
4	1,011	1,001	5,000	2,765,255	0.691%
5	269	5,001	10,000	2,129,863	0.532%
6	67	10,001	15,000	867,364	0.217%
7	55	15,001	20,000	989,253	0.247%
8	33	20,001	25,000	777,153	0.194%
9	25	25,001	30,000	720,497	0.180%
10	18	30,001	35,000	589,945	0.147%
11	15	35,001	40,000	574,390	0.143%
12	5	40,001	45,000	210,556	0.053%
13	16	45,001	50,000	778,747	0.195%
14	6	50,001	55,000	326,500	0.082%
15	5	55,001	60,000	294,500	0.074%
16	4	60,001	65,000	259,500	0.065%
17	3	65,001	70,000	204,700	0.051%
18	2	70,001	75,000	148,500	0.037%
19	2	75,001	80,000	155,500	0.039%
20	2	80,001	85,000	167,205	0.042%
21	3	85,001	90,000	267,500	0.067%
22	3	90,001	95,000	278,000	0.069%
23	5	95,001	100,000	500,000	0.125%
24	1	110,001	115,000	111,000	0.028%
25	1	115,001	120,000	116,943	0.029%
26	4	120,001	125,000	496,500	0.124%
27	2	125,001	130,000	257,000	0.064%
28	2	130,001	135,000	265,500	0.066%
29	1	140,001	145,000	145,000	0.036%
30	3	145,001	150,000	447,500	0.112%
31	1	150,001	155,000	153,747	0.038%
32	1	160,001	165,000	164,000	0.041%
33	2	165,001	170,000	336,500	0.084%
34	2	170,001	175,000	348,000	0.087%
35	1	175,001	180,000	180,000	0.045%
36	2	190,001	195,000	388,525	0.097%
37	4	195,001	200,000	800,000	0.200%
38	1	215,001	220,000	217,000	0.054%
39	2	245,001	250,000	493,500	0.123%
40	1	275,001	280,000	278,000	0.069%
41	1	285,001	290,000	287,500	0.072%
42	1	355,001	360,000	357,500	0.089%
43	1	385,001	390,000	389,000	0.097%
44	1	405,001	410,000	410,000	0.102%
45	1	410,001	415,000	413,500	0.103%
46	2	445,001	450,000	900,000	0.225%
47	1	470,001	475,000	470,500	0.118%
48	1	490,001	495,000	494,000	0.123%
49	1	510,001	515,000	515,000	0.129%
50	1	520,001	525,000	520,074	0.130%
51	1	540,001	545,000	543,333	0.136%
52	1	595,001	600,000	596,765	0.149%
53	1	740,001	745,000	742,500	0.185%
54	1	745,001	750,000	750,000	0.187%
55	1	2,795,001	2,800,000	2,800,000	0.700%
56	1	2,935,001	2,940,000	2,938,584	0.734%
57	1	2,995,001	3,000,000	3,000,000	0.749%
58	1	4,080,001	4,085,000	4,082,112	1.020%
59	1	4,280,001	4,285,000	4,282,112	1.070%
60	1	5,945,001	5,950,000	5,950,000	1.486%
61	1	16,060,001	16,065,000	16,062,541	4.013%
	1	22,725,001	22,730,000	22,728,035	5.678%
	1	90,175,001	90,180,000	90,179,285	22.529%
	1	221,825,001	221,830,000	221,828,746	55.419%
	3,885			400,273,960	100.000%

PATTERN OF SHAREHOLDINGS

Categories of shareholders	Share Held	Percentage
Directors, Chief Executive Officers, and their spouse and minor childern	355,459,542	88.80%
Associated Companies, undertakings and related parties	0	0.00%
NIT and ICP	630	0.00%
Banks Development Financial Institutions, Non Banking Financial Institutions.	5,960,395	1.49%
Insurance Companies	418	0.00%
Modarabas and Mutual Funds	63,000	0.02%
General Public	24,781,136	6.19%
Joint Stock Companies	1,492,780	0.37%
Foreign Companies	11,614,224	2.90%
Associations	43,637	0.01%
Others	858,198	0.21%
	400,273,960	100%
Associated Companies, Undertakings and Related Parties:	-	-
Mutual Funds		
CDC - TRUSTEE ASKARI EQUITY FUND	28,000	0.01%
Directors and their Spouse and Minor Chidren:		
MR. ABDUR RAFIQUE KHAN	90,929,285	22.72%
MR. MUHAMMAD TOUSIF PERACHA	225,372,079	56.30%
MIAN NAZIR AHMED PERACHA	500	0.000%
MR. MUHAMMAD NIAZ PERACHA	2,330	0.00%
MR. ALI RASHID KHAN	16,062,541	4.01%
MR. DANIYAL JAWAID PARCHA	17,000	0.00%
MRS. TABASSUM TOUSIF PERACHA	194,025	0.05%
MRS.AMNA KHAN	22,728,035	5.68%
MRS. SALMA KHAN W/O A. RAFIQUE KHAN	153,747	0.04%
Executives:	-	0.00%
Public Sector Companies & Corporations:	-	0.00%
Banks, Development Finance Institutions, Non Banking Finance Companies, Insurance Companies, Takaful, Modarabas and Pension Funds:	6,023,813	1.50%
Shareholders holding five percent or more voting intrest in the listed company		
MR. MUHAMMAD TOUSIF PERACHA	225,372,079	56.30%
MR. ABDUR RAFIQUE KHAN	90,929,285	22.72%
MRS. AMNA KHAN	22,728,035	5.68%
Trades in the shares of the Company, carried out by its Directors, Executives and their spouses and minor children:		
	SALE	PURCHASE
Nil	Nil	Nil

SIX YEARS AT A GLANCE

	2018	2017	2016	2015	2014	2013
Summary of Balance Sheet (Rs. '000)						
Equity	12,490,557	11,381,045	10,071,067	7,737,654	6,634,784	4,223,514
Interest bearing long term debt	3,365,050	3,765,786	3,150,382	2,455,810	3,162,753	4,745,083
Non-interest bearing long term debt	673,337	740,422	742,082	1,080,120	990,612	903,451
Capital employeed	16,528,944	15,887,253	13,963,531	11,273,584	10,788,149	9,872,048
Interest bearing short term debt	300,000	-	-	137,847	167,017	179,008
Net debt	4,230,518	4,382,637	3,403,368	3,495,078	4,287,418	5,826,850
Property, plant and equipment	19,251,030	18,677,798	15,397,173	13,722,670	13,102,850	11,527,658
Current assets	3,591,975	2,847,464	2,560,928	2,070,404	1,968,973	1,209,835
Current liabilities	5,044,568	4,282,706	3,050,080	4,708,994	3,958,333	3,159,136
Total assets	22,843,005	21,615,065	18,052,290	15,883,604	15,179,894	12,952,710
Summary of Profit and Loss Account (Rs. '000)						
Net sale	11,484,392	11,222,789	10,522,318	9,601,246	8,547,263	6,230,216
Gross profit	2,712,435	3,853,946	4,172,254	2,968,611	2,350,239	1,696,111
Operating profit	2,186,777	3,289,856	3,619,819	2,581,876	2,042,608	1,455,699
EBITDA	3,138,932	4,003,963	4,288,572	3,262,498	2,636,220	1,799,158
Profit before taxation	1,783,549	3,044,676	3,694,629	2,010,295	1,406,507	1,091,970
Profit after taxation	1,509,654	2,283,696	2,681,056	1,202,397	845,256	1,076,495
Summary of Cash Flow Statement (Rs. '000)						
Net cash flow from operating activities	2,490,330	3,491,105	2,900,809	2,237,310	1,827,204	313759
Net cash flow from investing activities	(1,336,824)	(3,795,935)	(2,543,922)	(1,299,159)	(175,436)	(323,226)
Net cash flow from financing activities	(1,169,208)	(60,695)	(46,490)	(792,416)	(1,619,496)	(6,618)
Change in cash and cash equivalents	(15,702)	(365,525)	310,397	145,735	32,272	(16,085)
Cash and cash equivalent at year end	107,869	123,571	489,096	178,699	32,964	692
Profitability Ratios						
Gross Profit ratio	23.62%	34.34%	39.65%	30.92%	27.50%	27.22%
Net Profit to Sales Ratio	13.15%	20.35%	25.48%	12.52%	9.89%	17.28%
EBITDA Margin to Sales ratio	27.33%	35.68%	40.76%	33.98%	30.84%	28.88%
Return on Equity	12.65%	21.29%	30.11%	16.73%	15.57%	29.90%
Return on Capital Employeed	9.31%	15.30%	21.25%	10.90%	8.18%	11.74%
Return on total assets	6.79%	11.51%	15.80%	7.74%	6.01%	8.43%
Liquidity Ratios						
Current Ratio (times)	0.71	0.66	0.84	0.44	0.50	0.38
Quick Ratio (times)	0.28	0.25	0.46	0.13	0.12	0.13
Cash flow from operations to Sales (times)	0.22	0.31	0.28	0.23	0.21	0.05
Activity / Turnover Ratios						
Inventory turnover ratio	13.96	16.11	13.88	8.77	11.75	32.49
No. of days in inventory	26	23	26	42	31	11
Debtors turnover ratio	31.47	34.92	43.03	46.85	46.42	45.15
No. of days in receivables	12	10	8	8	8	8
Creditor turnover ratio	3.43	5.11	4.72	3.96	4.71	4.07
No. of days in payables	107	71	77	92	78	90
Total assets turnover ratio	0.50	0.52	0.58	0.60	0.56	0.48
Fixed assets turnover ratio	0.60	0.60	0.68	0.70	0.65	0.54
Operating cycl	(69)	(38)	(43)	(43)	(39)	(70)

SIX YEARS AT A GLANCE

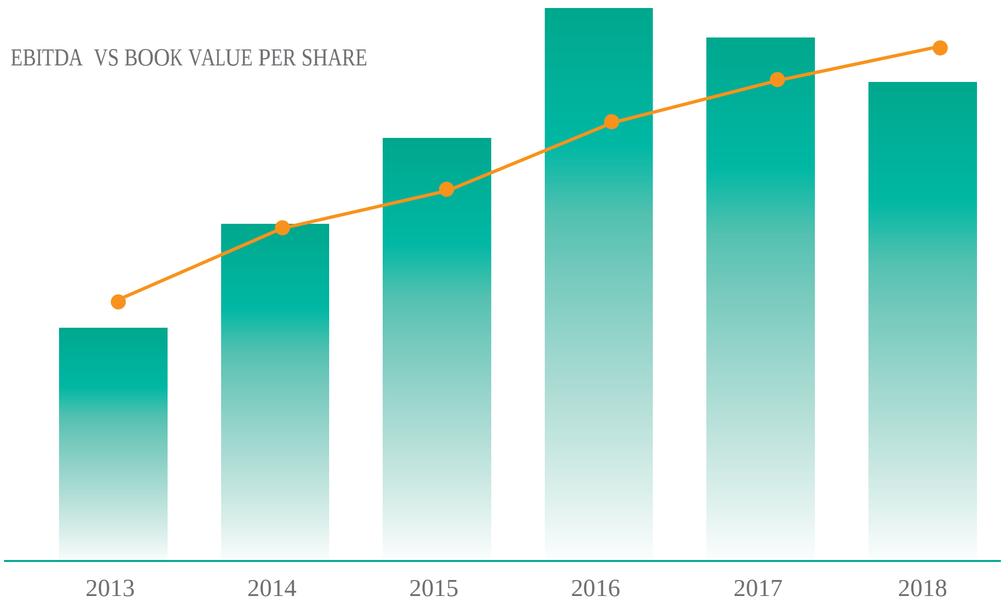
	2018	2017	2016	2015	2014	2013
Investment / Market Ratios						
Earning per share (Rs.)	3.77	5.71	6.70	3.00	2.11	2.69
Price Earning ratio (Rs.)	12.07	7.98	7.09	8.99	8.35	4.07
Break-up Value of Share (Rs.)	31.21	28.43	25.16	19.33	16.58	10.55
Market Value of Share (Rs.)						
Year End	20.92	45.54	47.50	27.00	17.63	10.95
Highest	47.50	67.48	49.99	33.42	21.25	14.86
Lowest	19.79	45.54	25.65	15.60	9.35	4.33
Average	29.08	56.00	36.89	22.23	15.75	9.04
Market Capitalization (Rs. '000)	8,373,371	18,228,476	19,013,013	10,807,397	7,056,830	4,383,000
Capital Structure Ratio						
Financial leverage ratio	32%	40%	39%	46%	63%	134%
Weighted average cost of debt	8.49%	8.08%	6.91%	13.04%	11.02%	10.01%
Capitalization rate	18%	13%	14%	11%	12%	25%
Interest cover ratio (times)	5.09	10.68	12.99	4.50	3.20	1.96
Debt to equity ratio (times)	0.32	0.40	0.39	0.46	0.63	1.34
Leverage (times)	1.35	1.09	0.79	1.07	1.63	3.24

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

PERFORMANCE SUMMARY

	2018	2017	Variance in %
Cement sales volume (MT)	1.892	1.606	18%
Clinker sales volume (MT)	0	0.162	-100%
Net sales (MRs.)	11,484	11,223	2%
Gross Profit (MRs.)	2,712	3,854	-30%
as a % of net sales	23.62%	34.34%	
EBITDA (MRs.)	3,139	4,004	-22%
as a % of net sales	27.33%	35.68%	
EAT (MRs.)	1,510	2,284	-34%
as a % of net sales	13.15%	20.35%	
EPS (Rs.)	3.77	5.71	-34%
Market value (Rs.)	20.92	45.54	-54%
Equity (MRs.)	12,491	11,381	10%
Total debt (MRs.)	4,338	4,506	-4%
Net debt (MRs.)	4,230	4,383	-3%
Leverage	1.35	1.09	23%

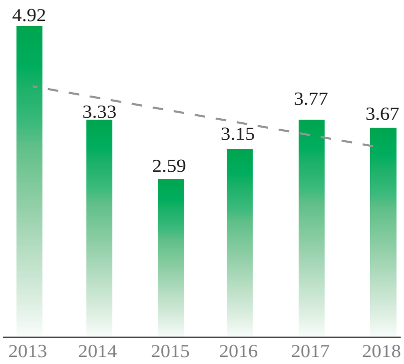
Total debt = Long-term interest bearing debt + Long-term non-interest bearing debt + Short-term interest bearing debt
Net debt = Total debt - cash and cash equivalent
Leverage = Net debt / EBITDA
Equity = Share capital + Retained earnings + Revaluation surplus on PPE



Continuous organic growth driven by operational performance leads to enhancement of waelth of the shareholders due to increase in breakup value per share and distribution of dividends.

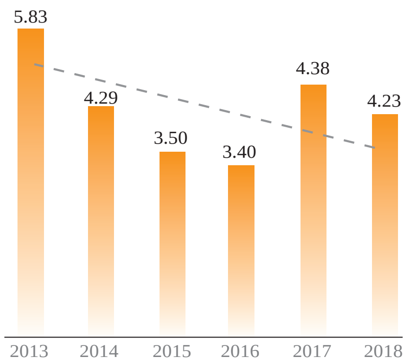
KPI GRAPHICAL PRESENTATION

Interest bearing debt (billion rupees)



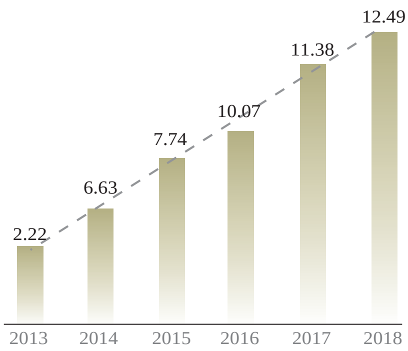
Interest bearing long term and short term debts are on downward trend even after proceeds of new debts. During the year 2017, Company obtained fresh debt amounting to Rs. 0.96bn for BMR projects, a one time short term debt of Rs. 0.30bn was obtained during the year 2018.

Net debt (billion rupees)



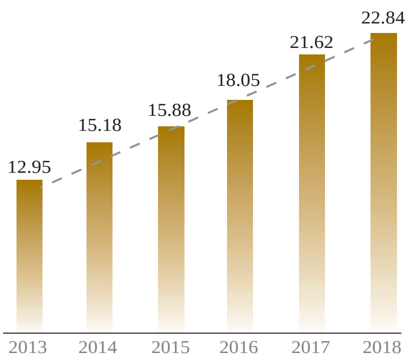
Net debt includes interest bearing long term and short term debts and non-interest bearing long term debts i.e. deferred markup/profits less cash and cash equivalent. Net debts are on downward trejectory and reduced to Rs. 4.23 billion in 2018 compared to Rs. 5.83 billion in 2013 despite of th efact that new debts of 1.26bn were obtained in recent years.

Shareholders Equity (billion rupees)



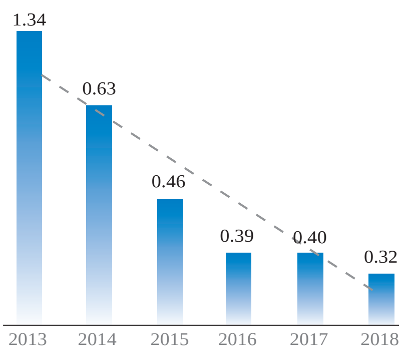
Ordinary shareholders equity includes paid capital, retained earning and surplus on revaluation of PPE. Equity is on upward trajectory due to retained earnings and increased to Rs. 12.49bn in 2018 against Rs. 4.22bn in 2013 posting a growth of ~3 times over the timeline.

Total Assets (billion rupees)



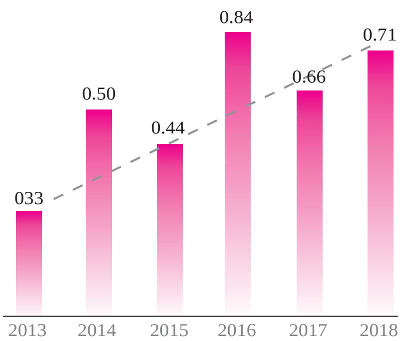
Total assets increased to Rs. 22.84bn in 2018 against Rs. 12.95bn in 2013 posting a growth of ~76% over the timeline.

Debt : Equity Ratio



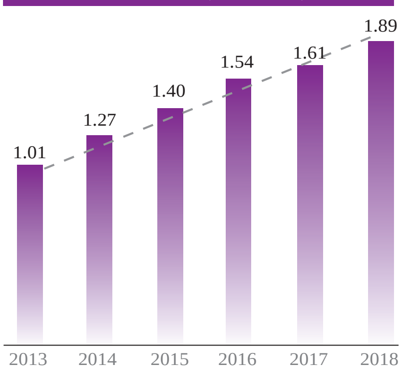
This represents debts against shareholders equity of Re 1. Debts include long term interest bearing and non-interest bearing debts and equity includes revaluation surplus. This ratio is on downword trajectory due to repayment of debts and retention of earnings within the Company. This ratio decreased to Re. 0.32 in 2018 compared to Rs. 1.34 in 2013 posting a reduction of ~76% over the timeline.

Current Ratio



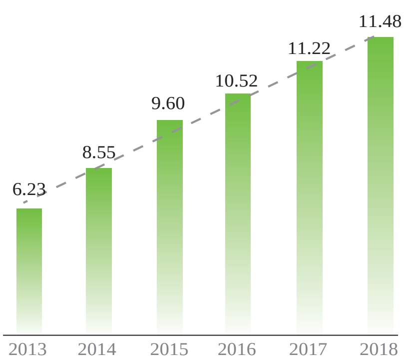
This represents current assets against current liability of Re 1. Current ratio improved to 0.71 in the year 2018 from 0.66 in the year 2017.

Sales Volume (million ton)



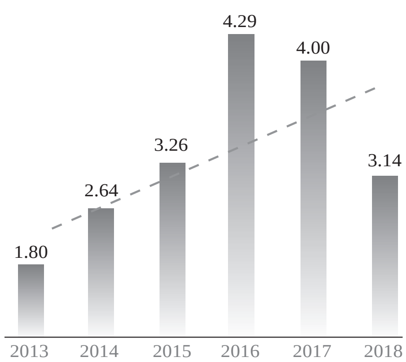
Sales volume is consistantly on upward trend and stood at 1.89 million ton cement dispatch in 2018 compared to 1.01 million tonnes in 2013 posting a growth of ~87% over timeline.

Net sales (billion rupees)

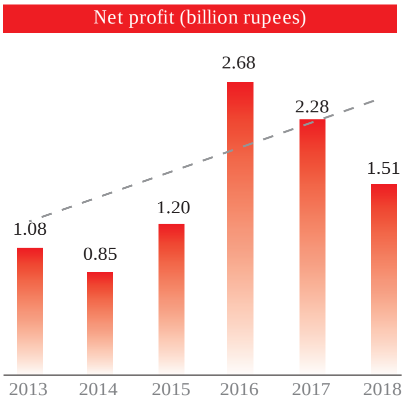


Net Sales continued its upward trajectory mainly due to sales volume growth and stood at 11.48bn in 2018 compared to Rs. 6.23 billion in 2013 posting a growth of almost double times over timeline.

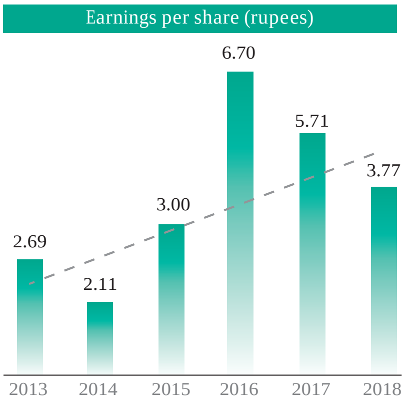
EBITDA (billion rupees)



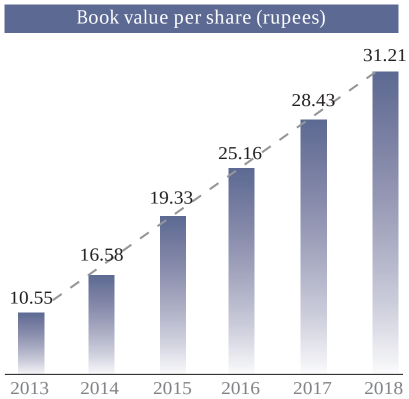
Earnings before interest, tax and depreciation is on its upward trajectory and stood at Rs. 3.14bn in 2018, has been increased by 75% since 2013, and aggregated to Rs. 19.13bn during 6 years.



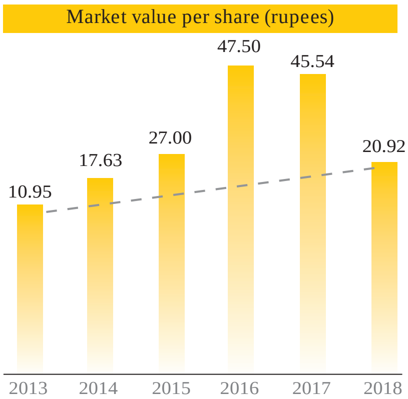
Profit after taxation stood at Rs. 1.51bn in 2018 compared to Rs. 1.08bn in 2013, and aggregated to Rs. 9.6bn during 6 years.



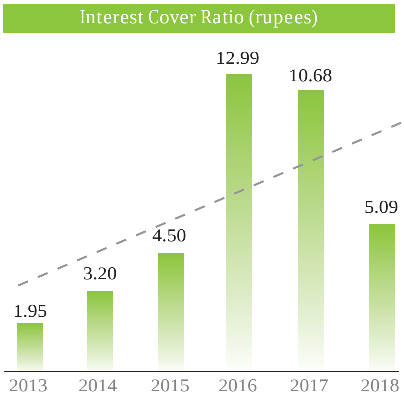
EPS stood at Rs. 3.77 in 2018 compared to Rs. 2.69 in 2013.



Book value per share displayed upward trajectory and stood at Rs. 31.21 in 2018 which has been increased by more than 3 times since 2013.



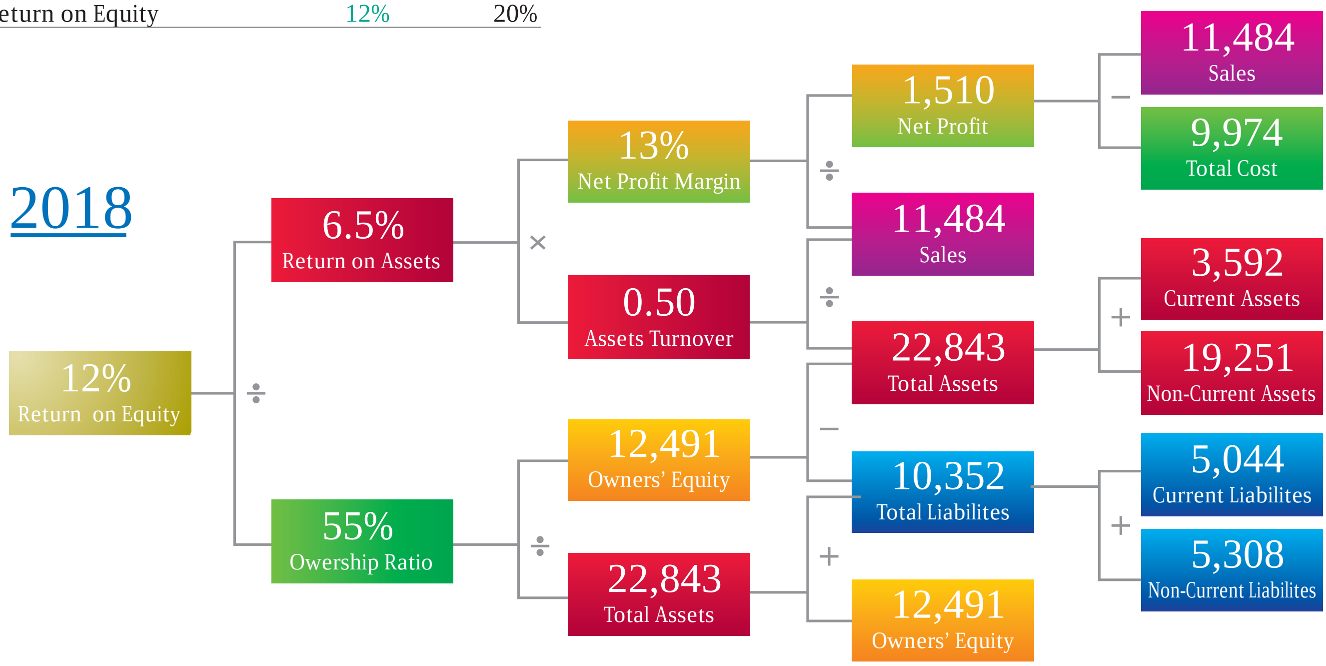
Market value per share reduced to Rs. 20.92 at the close of 2018 due to ongoing overall downfall of equity market on the Pakistan Stock Exchange.

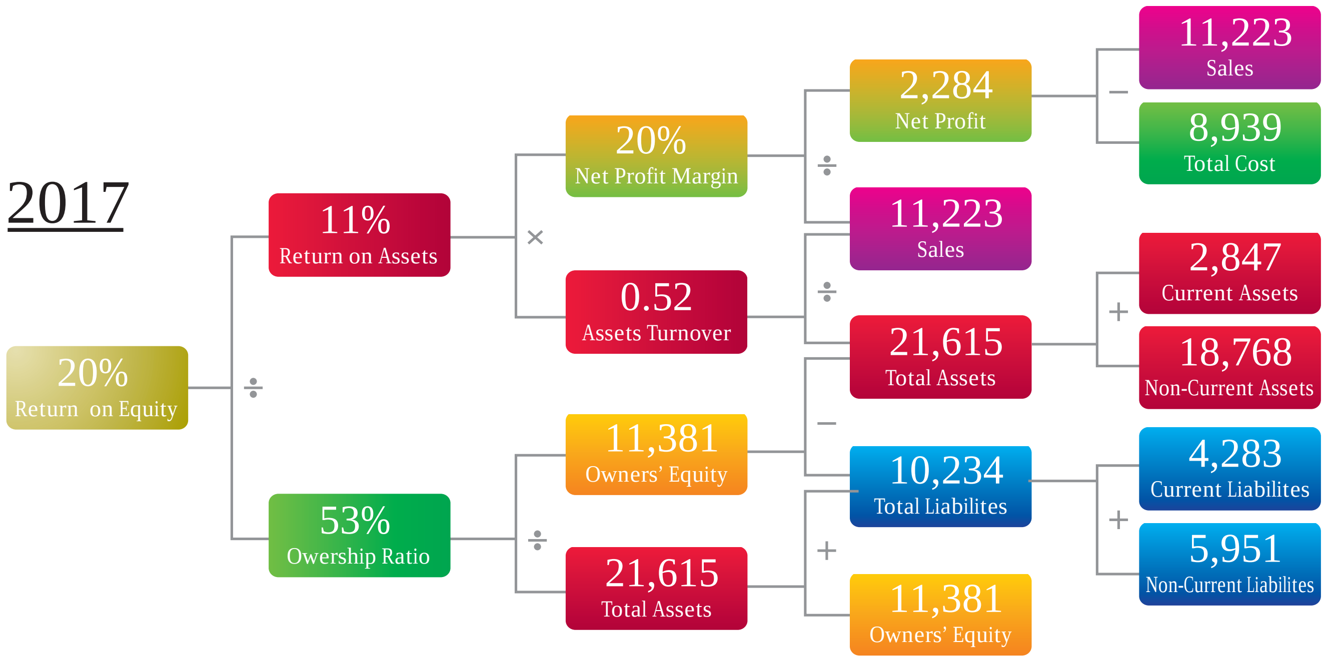


This represents EBIT against finance cost of Re 1. Interest cover ratio increased to Rs. 5.09 from Rs. 1.96 over the timeline of 6 years.

DuPONT ANALYSIS

	2018	2017
Tax burden	13%	23%
Interest burden	18%	7%
EBIT margin	19%	29%
Asset turnover	0.50	0.52
Leverage	45%	47%
Return on Equity	12%	20%

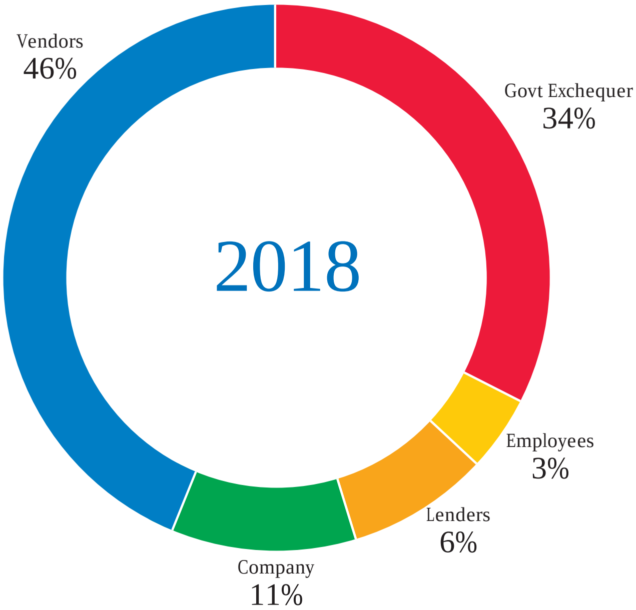


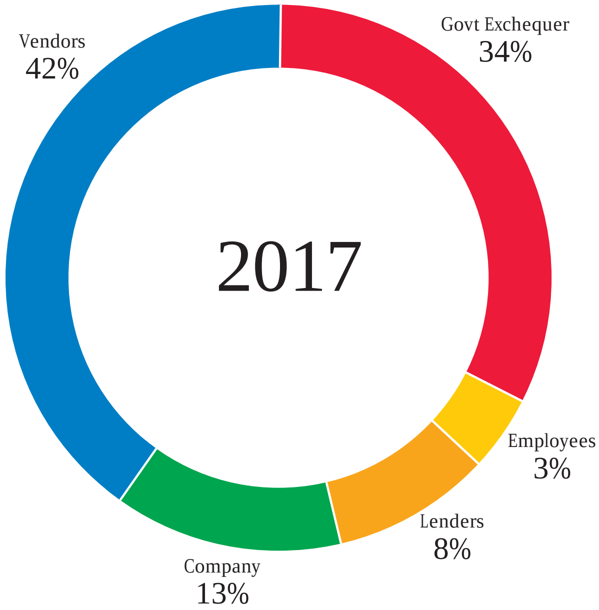


Leverage = (Non-current Liabilities + Current Liabilities) / Total Assets
Interest Burden = (Finance Cost - Other Income) / EBIT
Figures in million rupees.

DISTRIBUTION OF WEALTH

The Company continues to play its role in economic development of the country and contributed 89% (FY2017: 87%) of the gross wealth generated during the year to various stackholers within the society.





46% (FY2017: 42%) of the Company's gross wealth was contributed to suppliers of fuel, energy, materials, servies etc.. 34% (FY2017: 34%) of the gross wealth was contributed to the government exchequer on account of income tax, sales tax, federal excise duty, royalty and excise duty on mineral, workers welfare fund and workers profit participation fund. 6% (FY2017: 8%) of the gross wealth went to the provider of finance in the shape of markup, profit and dividend. 3% (FY2017: 3%) of the gross wealth went to employees. Whereas the Company retained 11% (FY2017: 13%) of the gross wealth in the form of depreciation, amortisation and retained earnings.

VERTICAL & HORIZONTAL ANALYSIS

	2018	2017	2016	2015	2014	2013
						Figures in Thousand Rupees
STATEMENT OF FINANCIAL POSITION						
ASSETS						
Property, plant and equipment	**19,136,955**	18,677,798	15,397,173	13,722,670	13,102,850	11,527,658
% change from preceeding year	*2%*	*21%*	*12%*	*5%*	*14%*	*0%*
% change from base year 2013	*166%*	*162%*	*134%*	*119%*	*114%*	*100%*
% of total assets	*84%*	*86%*	*85%*	*86%*	*86%*	*89%*
Non-current assets	**19,251,030**	18,767,601	15,491,362	13,813,200	13,210,921	11,742,875
% change from preceeding year	*3%*	*21%*	*12%*	*5%*	*13%*	*1%*
% change from base year 2013	*164%*	*160%*	*132%*	*118%*	*113%*	*100%*
% of total assets	*84%*	*87%*	*86%*	*87%*	*87%*	*91%*
Current assets	**3,591,975**	2,847,464	2,560,928	2,070,404	1,968,973	1,209,835
% change from preceeding year	*26%*	*11%*	*24%*	*5%*	*63%*	*24%*
% change from base year 2013	*297%*	*235%*	*212%*	*171%*	*163%*	*100%*
% of total assets	*16%*	*13%*	*14%*	*13%*	*13%*	*9%*
Total assets	**22,843,005**	21,615,065	18,052,290	15,883,604	15,179,894	12,952,710
% change from preceeding year	*6%*	*20%*	*14%*	*5%*	*17%*	*3%*
% change from base year 2013	*176%*	*167%*	*139%*	*123%*	*117%*	*100%*
% of total assets	*100%*	*100%*	*100%*	*100%*	*100%*	*100%*
EQUITY AND LIABILITIES						
Equity	**12,490,557**	11,381,045	10,071,067	7,737,654	6,634,784	4,223,514
% change from preceeding year	*10%*	*13%*	*30%*	*17%*	*57%*	*42%*
% change from base year 2013	*296%*	*269%*	*238%*	*183%*	*157%*	*100%*
% of total assets	*55%*	*53%*	*56%*	*49%*	*44%*	*33%*
Interest bearing long term borrowings	**3,365,050**	3,765,786	3,150,382	2,455,810	3,162,753	4,745,083
% change from preceeding year	*-11%*	*20%*	*28%*	*-22%*	*-33%*	*0%*
% change from base year 2013	*71%*	*79%*	*66%*	*52%*	*67%*	*100%*
% of total assets	*15%*	*17%*	*17%*	*15%*	*21%*	*37%*
Non-Interest bearing long term borrowings	**673,337**	740,422	742,082	1,080,120	990,612	903,451
% change from preceeding year	*-9%*	*0%*	*-31%*	*9%*	*10%*	*18%*
% change from base year 2013	*75%*	*82%*	*82%*	*120%*	*110%*	*100%*
% of total assets	*3%*	*3%*	*4%*	*7%*	*7%*	*7%*
Capital employeed	**16,528,944**	15,887,253	13,963,531	11,273,584	10,788,149	9,872,048
% change from preceeding year	*4%*	*14%*	*24%*	*4%*	*9%*	*17%*
% change from base year 2013	*167%*	*161%*	*141%*	*114%*	*109%*	*100%*
% of total assets	*72%*	*74%*	*77%*	*71%*	*71%*	*76%*
Non-current liabilities	**5,307,880**	5,951,314	4,931,143	3,436,956	4,586,777	5,570,060
% change from preceeding year	*-11%*	*21%*	*43%*	*-25%*	*-18%*	*0%*
% change from base year 2013	*95%*	*107%*	*89%*	*62%*	*82%*	*100%*
% of total assets	*23%*	*28%*	*27%*	*22%*	*30%*	*43%*
Current liabilities	**5,044,568**	4,282,706	3,050,080	4,708,994	3,958,333	3,159,136
% change from preceeding year	*18%*	*40%*	*-35%*	*19%*	*25%*	*-21%*
% change from base year 2013	*160%*	*136%*	*97%*	*149%*	*125%*	*100%*
% of total assets	*22%*	*20%*	*17%*	*30%*	*26%*	*24%*

STATEMENT OF FINANCIAL POSITION

	2018	2017	2016	2015	2014	2013
						Figures in Thousand Rupees
STATEMENT OF PROFIT OR LOSS						
Net sales	11,484,392	11,222,789	10,522,318	9,601,246	8,547,263	6,230,216
% change from preceeding year	*2%*	*7%*	*10%*	*12%*	*37%*	*25%*
% change from base year 2013	*184%*	*180%*	*169%*	*154%*	*137%*	*100%*
% of net sales	*100%*	*100%*	*100%*	*100%*	*100%*	*100%*
Gross profit	2,712,435	3,853,946	4,172,254	2,968,611	2,350,239	1,696,111
% change from preceeding year	*-30%*	*-8%*	*41%*	*26%*	*39%*	*72%*
% change from base year 2013	*160%*	*227%*	*246%*	*175%*	*139%*	*100%*
% of net sales	*24%*	*34%*	*40%*	*31%*	*27%*	*27%*
EBITDA	3,138,932	4,003,962	4,288,572	3,262,498	2636220	1,799,158
% change from preceeding year	*-22%*	*-7%*	*31%*	*24%*	*47%*	*63%*
% change from base year 2013	*174%*	*223%*	*238%*	*181%*	*147%*	*100%*
% of net sales	*27%*	*36%*	*41%*	*34%*	*31%*	*29%*
Profit before taxation	1,783,549	3,044,676	3,694,629	2,010,295	1,406,507	1,091,970
% change from preceeding year	*-41%*	*-18%*	*84%*	*43%*	*29%*	*-505%*
% change from base year 2013	*163%*	*279%*	*338%*	*184%*	*129%*	*100%*
% of net sales	*16%*	*27%*	*35%*	*21%*	*16%*	*18%*
Profit after taxation	1,509,654	2,283,696	2,681,056	1,202,397	845,256	1,076,495
% change from preceeding year	*-34%*	*-15%*	*123%*	*42%*	*-21%*	*-437%*
% change from base year 2013	*140%*	*212%*	*249%*	*112%*	*79%*	*100%*
% of net sales	*13%*	*20%*	*25%*	*13%*	*10%*	*17%*

FINANCIAL

STATEMENTS

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HYDER BHIMJI & CO
CHARTERED ACCOUNTANTS

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INDEPENDENT AUDITORS' REPORT

To the members of Gharibwal Cement Limited

Report on the Audit of the Financial Statements

Opinion

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

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

Basis for Opinion

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

Key Audit Matters

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

Key Audit Matter(s)	How the Matter was addressed in audit
1. Capitalization of Property, Plant and Equipment:	
The Company has made significant capital expenditure on expansion of manufacturing facilities as explained in notes - 5 to the annexed financial statements. We identified capitalization of property, plant and equipment as a key audit mater because there is a risk that amounts being capitalized may not meet the capitalization criteria with related implications on capitalization of borrowing costs and depreciation charge for the year.	Our audit procedures to assess the capitalization of property, plant and equipment, amongst others, included the following: • Understanding the design and implementation of management controls over capitalization and performing tests of control over authorization of capital expenditure and accuracy of its recording in the system; • testing on a sample basis, the costs incurred on projects with supporting documentation and contracts; • assessing the nature of costs incurred including borrowing costs for the capital projects through testing, on sample basis, of amounts recorded and considering whether the expenditure meets the criteria for capitalization as per the accounting policy and applicable accounting standards; and • verify supporting documents for the date of capitalization when project was ready for its intended use to assess whether depreciation commenced and further capitalization of costs including borrowing cost ceased from that date and assessing the useful life assigned by management including testing the calculation of related depreciation.

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Key Audit Matter(s)	How the Matter was addressed in audit

2. Consumable Stores and Spares & Stock in Trade

As at June 30, 2018 consumable stores and spares, as disclosed in note - 8 to the annexed financial statements include coal and other consumable store items.

There is a risk in estimating the eventual NRV of items held, as well as assessing which items may be slow-moving obsolete.

The Company's principal accounting policy on consumable stores and spare is disclosed in note – 4.3 to the annexed financial statements and the critical accounting estimates and judgements are disclosed in note – 3.5.2 to the financial statements.
Further, stock in trade in financial statements as disclosed in note - 9 includes:

- raw materials comprising limestone, clay, gypsum and laterite;
- work-in-progress mainly comprising clinker; and
- finished goods in the shape of cement.

The above items are stored in purpose built sheds, stockpiles and silos. As the weighing of these inventories of stock in trade is not practicable, management assesses the reasonableness of the quantities on hand by obtaining measurements of stockpiles and converting these measurements to unit of volumes by using angle of repose and bulk density.

Due to the significance of inventory balances of consumable stores and spares & stock in trade and related estimations involved, this is considered as a key audit matter.

Our audit focused on whether the valuation of year-end inventory was in line with IAS 2. This included challenging judgements taken regarding obsolescence and net realizable value provisions.

We obtained assurance over the appropriateness of management's assumptions applied in calculating the value of inventory by:

- checking the effectiveness of controls associated with the existence and condition of inventories by attending inventory counts at year end with sample/ verification test;
- critically assessing the Company's provisioning policy, with specific consideration given to aged / slow-moving inventory;
- re-computing provision recorded to verify that they are in line with Company's policy;
- reviewing historical accuracy of consumable stores and spare provisioning with reference to inventory write-offs during the year in relation to stock loss or other inventory adjustments.
- Attended physical inventory counts performed by the Company;
- Assessed the management's process of measurement of stockpiles and the determination of values using conversion of volumes and density to total weight and the related yield and;
- Obtained and reviewed the inventory count report of the management's internal surveyor and assessed its accuracy on a sample basis.

We further tested the NRV of the inventories held by preforming a review of sales close to and subsequent to the year.

3. Revenue recognition:

As per ISA 240, there is a presumed risk of material misstatement due to inappropriate revenue recognition. This may either result from an overstatement of revenues through premature revenue recognition or recording fictitious revenues or understatement of revenues through improperly shifting revenues to a later period.

These revenue may also be manipulated through the use of inappropriate rates for the overstatement / understatement of revenue to achieve desired financial results.

In view of significant value of transactions and presumed risk of material misstatement involved, we have considered this as a key audit matter.

The disclosures related to recognition of revenue by the company are provided in note – 4.20 to the annexed financial statements.

In this regard, our audit procedures included:

- Understanding the policies and procedures applied to revenue recognition, as well as compliance therewith, including an analysis of the effectiveness of controls related to revenue recognition processes employed by the company.
- Performing cut-off procedures for a sample of revenue transactions at year end in order to conclude on whether they were recognized at the moment the related goods or services actually took place.
- Analyzing other adjustments and credit notes issued after the reporting date.
- Performing analytical procedures on entries in the daily ledger related to revenue made by the Company. These procedures were carried out paying special attention to accounting entries recorded close to the year end closing or subsequently, as well as those deemed unusual due, among other reasons, to their nature, amount, date of occurrence.
- Reviewing disclosures included in the notes to the annexed financial statements.

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E-mail: krestonhb@gmail.com

Key Audit Matter(s)	How the Matter was addressed in audit
4. Taxation:	
As described in Summary of Significant Accounting Policies in note - 4.14 and note - 3.5.4 to the annexed financial statements 'Use of Judgments, Estimates and assumptions', significant judgment is required in determining the provision for income tax, both current and deferred, as well assessment of provision for uncertain tax positions including estimates of penalties / default surcharge, where appropriate. The effective tax rate of the company has decreased from 25% in 2017 to 15% in 2018 due to change in tax rates. The statement of financial position includes advance income tax net of provision of Rs. 308.801 million together with net deferred tax liability of Rs. 2,222.277 million. The tax expense recognized in the statement of profit or loss of Rs. 273.895 million represents 15% of company's profit before taxes. Detail of deferred taxation and taxation expense is disclosed in note - 20 and 35 to the annexed financial statements respectively. Due to their significance to the financial statements as a whole, combine with the judgement and estimation required to determine their values, the evaluation of current and deferred tax balances is considered to be a key audit matter.	We evaluated the design and implementation of controls in respect of provisions for current tax and the recognition of deferred tax. We discussed with management the adequate implementation of company policies and controls regarding current and deferred tax as well as the reporting of uncertain tax positions. We examined the procedures in place for the current and deferred tax calculations for completeness and valuation and audited the related tax computations and estimates in the light of our knowledge of the circumstances. Our work was conducted with our firm's tax department. We considered management assessment of the validity and adequacy of provision for uncertain tax provision, evaluating the basis of assessment and reviewing relevant correspondence and legal advice where available including any information regarding similar cases with the relevant tax authorities. In respect of deferred tax assets and liabilities, we assessed the appropriateness of management assumptions and estimates. We Reviewed disclosures included in the notes 20 and 35 to the annexed financial statements.
5. Contingencies:	
The Company is subject to a number of legal, regulatory, tax and competition matters, many of which are beyond its control. Consequently, the management make judgements about the incidence and quantum of such liabilities arising from litigation, tax and regulatory or competition claims which are subject to the future outcome of legal or regulatory processes. There are a number of legal and regulatory matters for which no provision has been established, as discussed in notes – 26 and 35.4 to the to the annexed financial statements. There is an inherent risk that legal exposures are not identified and considered for financial reporting purposes on a timely basis, therefor, considered to be a key audit matter. Importantly, the decision to recognize a provision and the basis of measurement are judgmental.	We assessed and tested the design and operating effectiveness of the controls over the identification, evaluation, provisioning and reporting of legal, tax, regulatory and competition matters. We determined that we could rely on these controls for the purposes of our audit. In view of the significant judgements required, we evaluated the Company's assessment of the nature and status of litigation, claims and provision assessments, if any, and discussed with management to understand the legal position and the basis of material risk positions. We received legal letters from the Company's external counsel setting out their views in major cases. Specifically, we challenged the timing of recognition for cases where there was potential exposure but it was not clear that a provision should be raised e.g. where obtaining reliable estimates are not considered possible. As set out in the financial statements, the outcome of litigation and regulatory claims are dependent on the future outcome of continuing legal and regulatory processes and consequently the calculations of the provisions are subject to inherent uncertainty.

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Key Audit Matter(s)	How the Matter was addressed in audit
6. First time application of third and fourth schedules to the Companies Act, 2017 As referred to in note 3.2 (a) to the annexed financial statements, the Companies Act, 2017 (Act) became applicable for the first time for the preparation of the Company's annual financial statements for the year ended June 30, 2018. The Companies Act, 2017 (including third and fourth schedules) forms an integral part of the statutory financial reporting framework as applicable to the Company and amongst others, prescribes the nature and content of disclosures in relation to various elements of the financial statements. As part of this transition to the requirements of the said third and fourth schedules, the management performed a gap analysis to identify differences between the previous reporting framework and the current reporting framework and as a result assessed the amendments (as specified in the notes 1, 2, 3.1, 4.8, 5.1.1, 5.1.6, 5.1.7, 10, 16, 35, 44 and 46 to the annexed financial statements relating to disclosures required in the Company's financial statements Further, the Company has also changed its accounting policy relating to preparation and measurement of surplus on revaluation of fixed assets as a consequence of the application of the Act with retrospective effect. The impact of the said change in accounting policy has been disclosed in note 4.8 to the annexed financial statements. The above changes and enhancements in the financial statements are considered as a key audit matter in view of the extensive impacts in the financial statements due to the Companies Act, 2017.	Our audit procedures included the following: • Considering the management's process to identify the necessary amendments required in the Company's financial statements. • Evaluating the results of management's analysis and key decisions taken in respect of the transition, using our knowledge of the relevant requirements of the third and fourth schedules to the Companies Act, 2017 and our understanding of the Company's operations and business. • Assessing the adequacy and appropriateness of the additional disclosures and changes to the previous disclosures made in the annexed financial statements based on the new requirements.

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

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and auditor's report thereon. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

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

Responsibilities of Management and the Board of Directors for the Financial Statements

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

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

The Board of directors is responsible for overseeing the company's financial reporting process.

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Auditors' Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Compnay's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

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Report on Other Legal and Regulatory Requirements:

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

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

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

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

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

The engagement partner on the audit resulting in this independent auditor's report is Shabir Ahmad, FCA.

Kreston Hyder Bhimji & Co.

KRESTON HYDER BHIMJI & CO.
CHARTERED ACCOUNTANTS

Lahore: October 01, 2018

STATEMENT OF FINANCIAL POSITION

AS AT JUNE 30, 2018

	Note	2018	Restated 2017	Restated 2016
ASSETS		(Rupees in 000s)		
NON CURRENT ASSETS				
Property, plant and equipment	5	19,136,955	18,677,798	15,397,173
Intangible assets	6	4,185	2,268	3,551
Deposits	7	109,890	88,000	86,160
		19,251,030	18,768,066	15,486,884
CURRENT ASSETS				
Consumable stores and spares	8	1,570,322	1,133,278	878,719
Stock in trade	9	632,241	624,850	290,099
Trade and other receivables	10	557,366	509,068	368,553
Loan and advances	11	274,001	278,287	257,407
Deposits	12	46,010	68,506	57,397
Prepayments	13	95,365	109,440	224,191
Advance income tax - net		308,801	-	-
Short term Investments	14	-	20,000	104,172
Cash and bank balances	15	107,869	103,571	384,868
		3,591,975	2,847,000	2,565,406
TOTAL ASSETS		22,843,005	21,615,066	18,052,290
EQUITY AND LIABILITIES				
SHARE CAPITAL AND RESERVES				
Share capital	16	4,002,739	4,002,739	4,002,739
Revaluation surplus on property, plant and equipment	17	3,404,857	3,373,909	3,508,947
Retained earnings		5,082,961	4,004,398	2,559,381
		12,490,557	11,381,046	10,071,067
NON CURRENT LIABILITIES				
Long term borrowings	18	2,994,244	3,674,294	3,362,293
Liabilities against assets subject to finance lease	19	519	1,539	2,433
Deferred taxation	20	2,222,277	2,190,311	1,474,257
Employees' retirement benefits	21	90,840	85,170	92,160
		5,307,880	5,951,314	4,931,143
CURRENT LIABILITIES				
Trade and other payables	22	3,655,564	2,560,649	1,700,247
Unclaimed dividend		4,098	342,611	1,076
Markup and profit payable	23	41,282	61,048	45,246
Short term borrowings	24	300,000	-	-
Current portion of non-current liabilities	25	1,043,624	830,375	527,738
Current income tax		-	488,023	775,773
		5,044,568	4,282,706	3,050,080
CONTINGENCIES AND COMMITMENTS	26			
TOTAL EQUITY AND LIABILITIES		22,843,005	21,615,066	18,052,290

The annexed notes 1 to 48 form an integral part of these financial statements.

CHIEF EXECUTIVE OFFICER | CHIEF FINANCIAL OFFICER | DIRECTOR

STATEMENT OF PROFIT OR LOSS

FOR THE YEAR ENDED JUNE 30, 2018

	Note	2018	2017
		(Rupees in 000s)	
Net Sales	27	11,484,392	11,222,789
Cost of sales	28	(8,771,957)	(7,368,843)
Gross Profit		2,712,435	3,853,946
General and administrative expenses	29	(383,201)	(320,294)
Selling and distribution expenses	30	(26,328)	(27,530)
Other expenses	31	(127,482)	(216,265)
Other income	32	11,353	914
Profit from operations		2,186,777	3,290,771
Finance income	33	26,307	61,965
Finance cost	34	(429,535)	(308,059)
Profit before taxation		1,783,549	3,044,677
Taxation	35	(273,895)	(760,980)
Profit after taxation		1,509,654	2,283,697
		Rupees	
Earnings per share (basic & diluted)	36	3.77	5.71

The annexed notes 1 to 48 form an integral part of these financial statements.

CHIEF EXECUTIVE OFFICER

CHIEF FINANCIAL OFFICER

DIRECTOR

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED JUNE 30, 2018

	Note	2018	Restated 2017
		(Rupees in 000s)	
Profit after taxation for the year		1,509,654	2,283,697
Other Comprehensive Income			
Items that will not be reclassified to profit or loss:			
Actuarial loss on remeasurement of defined benefit plan		-	(14,356)
Deferred tax relating to actuarial loss		-	4,450
Gain on revaluation of property, plant and equipment	4.8	-	49,727
Deferred tax relating to gain on revaluation of PPE	4.8	-	(12,854)
		-	26,967
Total comprehensive income for the year		1,509,654	2,310,664

The annexed notes 1 to 48 form an integral part of these financial statements.

CHIEF EXECUTIVE OFFICER

CHIEF FINANCIAL OFFICER

DIRECTOR

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED JUNE 30, 2018

	Share Capital	Revaluation Surplus on PPE	Retained Earnings	Total
	(Rupees in 000s)			
Balance as at June 30, 2016 (as reported)	4,002,739	-	2,559,381	6,562,120
Revaluation surplus on PPE (change in accounting policy Note 4.9)	-	3,508,947	-	3,508,947
Balance as at June 30, 2016 (restated)	4,002,739	3,508,947	2,559,381	10,071,067
Final cash dividend @ Re. 1.00 per share for the year ended June 30, 2016	-	-	(400,274)	(400,274)
Total Comprehensive income for the year ended June 30, 2017	-	36,873	2,273,791	2,310,663
Interim cash dividend @ Rs. 1.50 per share for the year ending June 30, 2017	-	-	(600,411)	(600,411)
Realization of revaluation surplus on PPE through depreciation	-	(171,911)	171,911	-
Balance as at June 30, 2017 (restated)	4,002,739	3,373,909	4,004,398	11,381,045
Balance as at June 30, 2017 (as reported)	4,002,739	-	4,004,398	8,007,137
Revaluation surplus on PPE (change in accounting policy note - 4.8)	-	3,373,909	-	3,373,909
Balance as at June 30, 2017 (restated)	4,002,739	3,373,909	4,004,398	11,381,046
Final cash dividend @ Re. 1.50 per share for the year ended June 30, 2017	-	-	(600,411)	(600,411)
Total Comprehensive income for the year ended June 30, 2018	-	-	1,509,654	1,509,654
Deferred tax impact due to change in tax rate	-	200,268	-	200,268
Realization of revaluation surplus on PPE through depreciation	-	(169,320)	169,320	-
Balance as at June 30, 2018	4,002,739	3,404,857	5,082,961	12,490,557

The annexed notes 1 to 48 form an integral part of these financial statements.

CHIEF EXECUTIVE OFFICER | CHIEF FINANCIAL OFFICER | DIRECTOR

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED JUNE 30, 2018

	Note	2018	2017
		(Rupees in 000s)	
CASH FLOW FROM OPERATING ACTIVITIES			
Profit before taxation		1,783,549	3,044,677
Adjustment for non-cash and other items	37	1,350,975	986,480
Operating profit before working capital changes		3,134,524	4,031,157
Net changes in working capital	38	576,927	375,081
Cash inflow from operation		3,711,451	4,406,238
Finance cost paid		(371,662)	(575,954)
Markup received on bank deposits		1,972	12,423
Retirement benefits paid		(12,947)	(10,522)
Income tax paid		(838,484)	(341,080)
Net cash inflow from operating activities		2,490,330	3,491,105
CASH FLOW FROM INVESTING ACTIVITIES			
Fixed capital expenditure		(1,351,746)	(3,819,550)
Addition in Intangible assets		(3,200)	-
Proceed from disposal of vehicle		-	1,200
Markup received from Balochistan Glass Limited (related party)		18,122	22,415
Net cash outflow from investing activities		(1,336,824)	(3,795,935)
CASH FLOW FROM FINANCING ACTIVITIES			
Repayment of long term borrowings		(663,597)	(383,460)
Proceeds of long term borrowings		134,344	982,669
Proceeds of short term borrowings		300,000	-
Repayment of finance lease		(1,032)	(754)
Dividend paid - directors		(883,406)	(589,565)
Dividend paid - others		(55,518)	(69,585)
Net cash outflow from financing activities		(1,169,208)	(60,695)
Net decrease in cash and cash equivalents		(15,702)	(365,525)
Cash and cash equivalents at beginning of the year		123,571	489,096
Cash and cash equivalents at end of the year	39	107,869	123,571

The annexed notes 1 to 48 form an integral part of these financial statements.

CHIEF EXECUTIVE OFFICER | CHIEF FINANCIAL OFFICER | DIRECTOR

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2018

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 1st Floor, Pace Tower, 27-H, College Road, Gulberg-II, Lahore. Factory of the Company is situated at Ismailwal, Tehsil Pind Dadan Khan, District Chakwal.

2. SIGNIFICANT TRANSACTIONS AND EVENTS AFFECTING THE COMPANY'S FINANCIAL POSITION AND PERFORMANCE

a) New vertical cement mill of 250tph capacity has started its commercial production.
b) Final dividend for FY2017 @ Rs. 1.5 per share amounting to Rs. 600.411 million was paid during the year.
c) The amounts of surplus on revaluation of property, plant and equipment for the previous years have been restated due to change in accounting policy resulting from applicability of the Companies Act, 2017 as detailed in note 4.8.
d) Due to the first time application of disclosure and presentation requirements of the Companies Act 2017, some of the amounts reported for the previous period have been reclassified as mentioned in note 46.
e) Short term cash finance of Rs. 300 million (one time facility) has been obtained during the year as mentioned in note 24.
f) The average sales price of cement sold locally decreased to Rs. 6,103 per ton during FY2018 from Rs. 6,632 per ton during FY2017.
g) The average net cost of imported coal increased by 11% YoY, whereas average net price of sui gas also increased by 33% YoY.
h) The exchange rate of USD to PKR increased to Rs. 121.60 as at June 30, 2018 from Rs. 105.00 as at June 30, 2017.
i) Through Finance Act 2018, corporate tax rate has been reduced by 1% every tax year till it reaches 25% for the tax year 2023 and onward as mentioned in note 35.3.
j) Analysis of financial performance and financial position is provided in directors' report, and through graphical presentation.

3 BASIS OF PREPARATION

3.1 Statement of compliance

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

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

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

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

a) New and amended standards and interpretations to published approved accounting standards that are effective in the current year.

There were certain new amendments to the approved accounting standards which became effective during the year ended June 30, 2018 but are considered not to be relevant or have any significant effect on the Company's financial reporting and are, therefore, not detailed in these financial statements.

The Companies Act, 2017 (the Act) has also brought certain changes with regard to preparation and presentation of annual and interim financial statements of the Company. These changes also include change in respect of recognition criteria of revaluation surplus of property, plant and equipment as more fully explained in note 4.8, change in nomenclature of primary statements, etc.

Further, the disclosure requirements contained in the fourth schedule to the Act have been revised, resulting in the:

- elimination of duplicative disclosures with the IFRS disclosure requirements; and
- incorporation of significant additional disclosures.

b) Standards and amendments to approved accounting standards that are effective for the Company's accounting periods beginning on or after July 1, 2018:

There are certain new standards and amendments to the approved accounting standards that will become effective for the Company's annual accounting periods beginning on or after July 1, 2018. However, these amendments will not have a significant impact on the financial reporting of the Company and, therefore, have not been detailed in these financial statements. Further, the new standards are yet to be adopted by the SECP.

3.3 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.
- certain consumeable stores and spares at lower of cost and net realizable value.
- non-interest bearing borrowings at amortised cost.

3.4 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.

3.5 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:

3.5.1 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.

3.5.2 Impairment of stock in trade and consumable stores and spare parts

The company reviews the net realizable value of items of consumeable stores and spare parts 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 lose tools and stock in trade, with corresponding effects on the provision for impairment, if any.

3.5.3 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.

3.5.4 Provision for income taxes

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

The Company also regularly reviews the trend of proportion of incomes between Presumptive Tax Regime income and Normal Tax Regime income and the change in proportions, if significant, is accounted for in the year of change. Further, deferred tax calculation is based on estimate of future ratio of export and local sales.

3.5.5 Contingencies

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

The Company has disclosed significant contingent liabilities for the pending litigations and claims against the Company based on its judgment and the advice of the legal advisors for the estimated financial outcome. The actual outcome of these litigations and claims can have an effect on the carrying amounts of the liabilities recognised at the reporting 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 reporting date.

3.5.6 Revaluation of property, plant and equipment

Revaluation of property, plant and equipment is carried out by an independent professional valuer. Revalued amounts of non-depreciable items are determined by reference to local market values and that of depreciable items are determined by reference to present depreciated replacement values. The frequency of revaluations depends upon the changes in fair values of the items of property, plant and equipment being revalued. When the fair value of a revalued asset differs materially from its carrying amount, a further revaluation is required. Such frequent revaluations are unnecessary for items of property, plant and equipment with only insignificant changes in fair value. Instead, it may be necessary to revalue the item only every three or five years.

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

4.1 Property, plant & equipment

Owned operating fixed assets Building and foundation, building on leasehold land, heavy earth moving machinery, and plant and machinery are stated at revalued amount being the fair value at the date of revaluation, less accumulated depreciation / amortization and impairment in value, if any. Freehold land is stated at revalued amount being the fair value at the date of revaluation, less any subsequent impairment losses, if any. All other owned operating fixed assets i.e. infrastructure, loose tools, furniture, fixture and office equipment, and transport vehicles are stated at cost less accumulated depreciation / amortization and impairment in value, if any.

Subsequent costs are included in the asset's carrying amounts or recognised as a separate asset, as appropriate, only when it is probable that future benefits associated with the item will flow to the Company and the cost of the item can be measured reliably.

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 its intended use.

Depreciation is charged on operating fixed assets except freehold land at the rates stated in note 5.1 by applying reducing balance method. Depreciation is charged to statement of profit or loss from the month when an asset becomes available for its intended 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 reporting date.

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 statement of profit or loss. Finance cost of leased assets accrued for the period is charged to profit and loss account.

4.2 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.

4.3 Consumable stores and spares

Consumable stores and spares are valued cost less provision, if any. The cost is determined using the moving average method. Cost comprises invoice value plus other charges incurred thereon. Provision is made in the financial statements for slow moving and obsolete stores and spares based on management's best estimate regarding their future usability whenever necessary and is recognised in the statement of profit or loss.

4.4 Stock in trade

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

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

Annual average cost of raw material consists of quarrying cost, transportation, government levies, direct cost of raw material, labour, crushing cost and a proportion of appropriate overheads. Whereas average manufacturing cost in relation to work in process and finished goods consists of direct material, labour and a proportion of appropriate manufacturing overheads.

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

4.5 Trade other receivables

Trade and other recievables 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.

4.6 Cash and cash equivalents

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

4.7 Equity, reserves and dividend payments

Share capital represents the face value of shares that have been issued. Any transaction costs associated with the issuing of shares are deducted from share capital, net of any related income tax benefits, if any. Retained earnings include all current and prior period retained profits / (loss).

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

4.8 Revaluation surplus on property, plant and equipment

IIncreases in the carrying amounts arising on revaluation of property, plant and equipment are recognised, net of tax, in other comprehensive income and accumulated in equity under the heading 'Revaluation Surplus on Property, Plant and Equipment'. However the increase is recognised in statement of profit or loss to the extent that it reverses a revaluation decrease of the same asset previously recognised in statement of profit or loss.

Decreases in the carrying amounts arising on revaluation of property, plant and equipment are recognised, net of tax, in profit or loss. However revaluation decrease that reverse previous increases of the same asset is recognised in other comprehensive income to the extent of the remaining surplus attributable to that asset. The decrease recognised in other comprehensive income reduces the amount accumulated in equity under the heading 'Revaluation Surplus on Property, Plant and Equipment'.

Following amounts are transferred directly to retained earnings from equity under the heading 'Revaluation surplus on property, plant and equipment' through the Statement of Changes in Equity:

- an amount equal to the difference between depreciation based on the revalued carrying amount of the asset and depreciation based on the original cost of that asset; or
- an amount equal to carrying amount of revaluation surplus of the asset on its disposal.

All transfers to / from the account of 'surplus on revaluation of property, plant and equipment' are net of applicable deferred income tax. Revaluation surplus on property, plant and equipment reported under equity is not available for distribution of dividend.

Previously, accounting policy for surplus on revaluation of property, plant and equipment was based on the requirement of section 235 of the repealed Companies Ordinance, 1984 which specified the accounting treatment and presentation of the revaluation surplus and which was not in accordance with the IFRS requirements. However, the Companies Act, 2017 does not carry these requirement of the repealed Companies Ordinance, 1984. Accordingly, accounting policy has been changed in accordance with the requirements of International Accounting Standard (IAS) 16, Property, Plant and Equipment as provided above.

This change in accounting policy has been accounted for retrospectively in accordance with the requirements of IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' and comparative figures have been restated.

	30-06-2017		30-06-2016	
	As Reported	Restated	As Reported	Restated
	(Rupees in 000s)			
Effect on Statement of Financial Position				
Revaluation surplus on PPE (separate heading)	3,373,909	-	3,508,947	-
Revaluation surplus on PPE (under heading of equity)	-	3,373,909	-	3,508,947
Effect on Statement of Changes in Equity				
Revaluation surplus on PPE	-	3,373,909	-	3,508,947
Effect on Statement of Comprehensive Income				
Gain on revaluation of PPE	-	49,727	-	-
Deferred tax relating to items that will not be reclassified	-	(12,854)	-	-

4.9 Borrowings

All borrowings, except non-interest bearing 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.

Non-interest bearing borrowings are recognised at fair value using amortised cost method. Fair value of these borrowings is determined by discounting the contractual payments in term of the loan agreement using the market related interest rate. The difference between the proceeds of the non-interest bearing loan and the present value of the contractual payments in terms of the loan agreement, discounted using the market related rate of interest, is recognised as winding-up of discount and charged to statement of profit or loss. Changes occurred in fair value of these borrowings due to repayment and/or change in market interest rate is charged to profit and loss account.

4.10 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 statement of financial position 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 statement of profit or 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 statement of profit or loss 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.

4.11 Employees retirement benefits

(a) Defined benefit plan

The Company operated approved funded gratuity scheme for all its permanent employees 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 FY2015 and the remaining will be paid when these employees leave service with the Company or as per discretion of the management of the Company.

Whereas gratuity scheme for permanent employees of worker cadre will be discontinued w.e.f. June 30, 2018 and its payment schedule will be decided with Collective Bargaining Agent of the workers while reviewing the peace agreement with CBA the process of which not yet completed by the date of authorization of these accounts.

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 reporting date.

(b) Defined contribution plan

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

(c) Accumulated compensation absences

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

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

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

4.12 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.

4.13 Provisions

Provisions are recognized in the statement of financial position 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 reporting 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.

4.14 Taxation

(a) 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 1.25% of the turnover; or alternative corporate tax at the rate of 17% of accounting profit adjustable as per income tax laws. For income covered under Final Taxation Regime (FTR), taxation is based on the applicable tax rates under such Regime.

(b) Deferred Tax

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 reporting 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.

4.15 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 reporting date. All exchange differences are charged to statement of profit or loss.

4.16 Financial instruments

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

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

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

4.17 Impairment

Financial Assets

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

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

Non-Financial Assets

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

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

4.18 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.

4.19 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.

4.20 Revenue recognition

Sales are stated net of sales tax and discounts and are recognised when persuasive evidence of sale exists. The key area of judgment in recognising revenue is the timing of recognition, which re?ects the point or period when the Company has transferred significant risks and rewards of ownership to third parties. Revenue from sale of goods is measured at fair value of the consideration received or receivable and is recognised as revenue on dispatch of goods to customers.

Scrap sales are stated net of sales tax and are recognised in the year in which scrap sales are made.

Mark-up income on deposit accounts with banks and other income is recognised as revenue on accrual basis.

4.21 Proposed dividends and transfers between reserves

Dividends declared and transfers between reserves made subsequent to the statement of financial position date are considered as non-adjusting events and are recognised in the financial statements in the period in which such dividends are declared / transfers are made.

4.22 Contingent liabilities

Contingent liability is disclosed when there is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non occurrence of one or more uncertain future events not wholly within the control of the Company.

A contingent liability is also disclosed when there is present obligation that arises from past events but it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability.

4.23 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	2018	2017
		(Rupees in 000s)	
5 PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets - Tangible	5.1	18,481,048	16,978,605
Capital work in progress	5.2	655,907	1,699,193
		19,136,955	18,677,798

5.1 PERATING FIXED ASSETS - TANGIBLE

	COST / REVALUED AMOUNT							ACCUMULATED DEPRECIATION						Book Value
	Balance as at 01-07-2017	Additions	Transfer from CWIP	Deletion	Revaluation Surplus	Depreciation Adjustment	Balance as at 30-06-2018	Rate	Balance as at 01-07-2017	For the Year	Deletion	Depreciation Adjustment	Balance as at 30-06-2018	Revaluation Model as at 30-06-2018
Owned assets														
Freehold land	169,782	-	-	-	-	-	169,782		-	-	-	-	-	169,782
Building and foundation	2,816,815	17,759	119,904	-	-	-	2,954,478	5%	-	144,095	-	-	144,095	2,810,383
Building on Leasehold land	22,811	-	-	-	-	-	22,811	10%	-	2,281	-	-	2,281	20,530
Heavy earth moving machinery	61,096	129,092	-	-	-	-	190,188	20%	-	25,173	-	-	25,173	165,015
Plant and machinery	13,645,111	363,792	1,713,454	-	-	-	15,722,357	5%	-	718,172	-	-	718,172	15,004,185
Infrastructure	292,612	65,412	1,650	-	-	-	359,674	20%	115,684	40,467	-	-	156,151	203,523
Tools and equipment	6,453	3,567	-	-	-	-	10,020	10%	2,226	685	-	-	2,911	7,109
Furniture, fixtures and office equipment	74,988	23,697	-	(2,153)	-	-	96,532	20%	47,700	7,793	(1,471)	-	54,022	42,510
Transport assets	121,341	15,669	-	-	-	-	137,010	20%	69,665	11,631	-	-	81,296	55,714
	17,211,009	618,988	1,835,008	(2,153)	-	-	19,662,852		235,275	950,297	(1,471)	-	1,184,101	18,478,751
Assets subject to finance lease														
Vehicles	5,079	-	-	-	-	-	5,079	20%	2,208	574	-	-	2,782	2,297
Rupees in 000s - 2018	17,216,088	618,988	1,835,008	(2,153)	-	-	19,667,931		237,483	950,871	(1,471)	-	1,186,883	18,481,048

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

5.1.1 Freehold land, building and foundation, building on leasehold land, heavy earth moving machinery, and plant and machinery have been carried at revalued amounts determined by professional valuers (level 2 measurement under IFRS-13 'Fair Value Measurements'). The valuations are conducted by an independent valuer Indus Surveyor (Pvt) Limited who are approved by Pakistan Banks' Association (PBA) in any amount category. Whereas a piece of land and 1st floor in Pace Tower situated in Lahore were revalued by another independent valuers Al Wazzan Associates (Pvt) Limited. Fresh valuation exercises were carried out on June 30, 2017 (Previous was done on April 30, 2014). The valuation experts used a market based approach to arrive at the fair value of the Company's properties. The basis used for revaluation were as follows:

Freehold land

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

Building and foundation

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

Plant and machinery and Heavy earth moving machinery

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

The effect of changes in the unobservable inputs used in the valuations cannot be determined with certainty, accordingly a qualitative disclosure of sensitivity has not been presented in these financial statements.

Assessed value and forced sales value of these fixed assets as at the date of revaluation i.e. June 30, 2017 was as under:

	Assessed Value	Forced Sales Value
	(Rupees in 000s)	
Freehold land	169,782	144,314
Building and foundation	2,816,815	2,424,193
Building and foundation on leasehold land	22,811	19,389
Heavy earth moving machinery	61,096	51,932
Plant and machinery	13,645,111	11,598,344
	16,715,615	14,238,172

5.1.2 Had the revaluations of these assets not been made, the carrying value of these assets as at June 30, 2018 would have been as under:

	Note	2018	2017
		(Rupees in 000s)	
Freehold land		71,547	71,547
Building and foundation		1,678,325	1,625,580
Building and foundation on leasehold land		62	69
Heavy earth moving machinery		128,898	15,950
Plant and machinery		11,754,787	10,224,693
		13,634,004	11,937,839
5.1.3 Depreciation charge for the year has been allocated as under :			
Cost of sales	28	923,547	704,444
General and administrative expenses	29	26,353	7,646
Selling and distribution expenses	30	971	734
		950,871	712,824

	2018	2017
	(Rupees in 000s)	
5.1.4 The carrying amount of temporarily idle property, plant and equipment, as included in note 5.1, is as under:		
Building and foundations	100,215	105,490

5.1.5 Heavy earth moving machinery includes used dumpers having book value of Rs. 14.400 million (FY2017: Rs. 18.000 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.

5.1.6 The Company shifted its head office from rented premises to owned premises during the year. Certain furniture and fixtures having book value of Rs. 0.683 million could not be moved due to their condition hence these were left over at old office and written off from the books.

5.1.7 Particulars of immovable property (i.e. land and building) in the name of the Company are as follows:

Location	Usgae of immovable property	Area
Ismailwal, Tehsil Pind Dadan Khan	Manufacturing factory	2,951 Kanal & 7 marla
1st Floor, Pace Tower, 27-H, College Road, Gulberg-II, Lahore	Head office	18,000 square feet
Plot # 388, Block A-I, Gurumangat Road, Gulberg-III, Lahore	Vacated plot	1 Kanal, 5 marla & 85 Square feet

5.2 CAPITAL WORK-IN-PROGRESS

	Opening Balance	Additions / Adjustments	Transfer to operating fixed assets	Closing Balance
	(Rupees in 000s)			
Civil work and buildings	234,694	509,118	(122,527)	621,286
Plant and machinery	1,314,901	414,250	(1,712,481)	16,670
Advances for CAPEX - plant and machinery	149,598	(131,647)	-	17,951
	1,699,193	791,721	(1,835,008)	655,907

Borrowing cost amounting to Rs. 58.966 million (FY2017: Rs. 124.458 million) has been capitalized during the year as a part of cost of plant and machinery.

	Note	2018	2017
		(Rupees in 000s)	
6 INTANGIBLE ASSETS			
Cost			
Balance at the beginning of the year		6,414	6,414
ERP purchased during the year	6.1	3,200	-
		9,614	6,414
Amortization			
Opening balance		(4,146)	(2,863)
Amortized during the year @ 20%	29	(1,283)	(1,283)
		(5,429)	(4,146)
		4,185	2,268

6.1 New ERP is being implemented in the Company which will be available for intended use during next financial year 2019; therefore no amortization has been charged on this for the year.

		Note	2018	2017
			(Rupees in 000s)	
7	DEPOSITS			
	Rented premises		-	800
	Utilities and supplies		86,750	87,200
	Margin against letters of guarantee from bank		23,140	-
			109,890	88,000
8	CONSUMABLE STORES AND SPARES			
	General stores		996,289	922,059
	Spares		225,398	221,554
	Loose tools		9,083	4,065
	Store in transit		374,187	76,697
			1,604,957	1,224,375
	Less: Provision for slow moving and obsolete items			
	General stores		(34,635)	(47,939)
	Store in transit		-	(23,158)
			(34,635)	(91,097)
			1,570,322	1,133,278
9	STOCK IN TRADE			
	Raw material		56,287	49,502
	Work in process		506,902	463,734
	Finished goods		50,131	97,283
	Packing material		18,921	14,331
			632,241	624,850
10	TRADE AND OTHER RECEIVABLES			
	Trade customers	10.1	549,899	509,006
	Markup receivable from Balochistan Glass Limited (related party)		6,213	-
	Rent receivable from Balochistan Glass Limited (related party)		1,192	-
	Other receivables		62	62
			557,366	509,068
10.1	Trade customers			
	Unsecured			
	Considered good - local	10.1.1	549,899	509,006
	Considered doubtful - local		-	6,432
			549,899	515,438
	Less: provision for doubtful debts		-	(6,432)
			549,899	509,006

10.1.1 These include Rs. 2.763 million (FY2017: Nil) receivable from Balochistan Glass Limited (associated company) on account of supply of cement which is the maximum outstanding amount during the year and falls into 0-30 days aging bracket.

		Note	2018	2017
			(Rupees in 000s)	
11	LOAN AND ADVANCES			
	Considered good			
	Secured			
	Loans to employees	11.1	1,442	452
	Advances to employees against salaries		3,184	2,806
	Advances to employees for expenses		5,006	9,545
			9,632	12,803
	Unsecured			
	Loans to employees	11.2	14,383	15,518
	Balochistan Glass Limited (related party)	11.3	249,986	249,966
			264,369	265,484
			274,001	278,287

11.1 These are interest free loans given to employees for house building, house repairing, marriage or emergency and recoverable in up to 60 monthly instalments from salaries. These are secured against the retirement benefits.

11.2 These are interest free loans given to following employees for house building and repayable within 12 months:

	2018	2017
Numan Basharat	10,045	10,826
Abdul Aziz	4,338	4,692
	14,383	15,518

11.3 The Company has approved a short term advance facility up to Rs. 250 million (FY2017: Rs. 250 million) to its associated company Balochistan Glass Limited (Mr. Muhammad Tousif Peracha is the CEO of the both companies and he also holds more than 50% shares of the both companies) under the authority of a special resolution u/s 208 of the repealed Companies Ordinance, 1984, which is also in line with provisions of the Companies Act, 2017. This facility carries markup @ 3 months KIBOR + 3.5% p.a. Maximum balance at any month-end during the year was Rs. 249.986 million (FY2017: Rs. 249.986 million).

		Note	2018	2017
12	DEPOSITS			
	Considered good but unsecured			
	Margin against letters of guaranttee from banks		8,820	31,960
	Margin against letters of credit from banks		37,190	36,546
			46,010	68,506
13	PREPAYMENTS			
	Considered good but unsecured			
	Advances to suppliers		88,945	104,664
	Prepaid expenses		6,420	4,776
	Considered doubtful			
	Advances to suppliers		-	20,828
			95,365	130,268
	Less: provision for balances doubtful of recovery		-	(20,828)
			95,365	109,440
14	SHORT TERM INVESTMENTS			
	Term deposit receipt with bank - held to maturity	14.1	-	20,000
			-	20,000

	Note	2018	2017
		(Rupees in 000s)	

14.1 These were cash deposits on one month roll-over basis and carry markup NIL (FY2016: @ 6.0% p.a.).

15 CASH AND BANK BALANCES

	Note	2018	2017
Cash in hand		1,167	5,989
Cash at banks in local currency			
Current accounts		65,514	65,033
PLS accounts	15.1	26,108	20,204
Dividend account		2,035	4,148
		93,657	89,385
Cash at banks in foreign currency			
USD accounts		13,045	8,197
		107,869	103,571

15.1 These accounts bear profit ranging from 3% to 5% p.a. (FY2017: 3% to 5% p.a.).

16 SHARE CAPITAL

	2018	2017	2018	2017
	(Numbers)		(Rupees in 000s)	
Authorized share capital				
Ordinary shares of Rs. 10 each	470,000,000	470,000,000	4,700,000	4,700,000
Issued, subscribed and paid up capital				
Ordinary shares of Rs. 10 each:				
fully paid in cash	386,842,543	386,842,543	3,868,425	3,868,425
fully paid as bonus shares	13,431,417	13,431,417	134,314	134,314
	400,273,960	400,273,960	4,002,739	4,002,739
Shares held by associates:				
Mr. Muhammad Tousif Peracha	225,372,079	225,372,079		
Mr. Abdur Rafique Khan	90,929,285	90,929,285		

17 SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT

	2018	2017
	(Rupees in 000s)	
Gross Surplus		
Opening balance	4,777,768	4,977,188
Surplus arose during the year	-	49,727
Incremental depreciation for the year	(241,886)	(249,147)
	4,535,882	4,777,768
Deferred Tax attributed to Surplus		
Opening balance	(1,403,859)	(1,468,241)
Surplus arose during the year	-	(12,854)
Incremental depreciation for the year	72,566	77,236
Impact of tax rate change	200,268	-
	(1,131,025)	(1,403,859)
	3,404,857	3,373,909

		Note	2018	2017
			(Rupees in 000s)	
18	LONG TERM BORROWINGS			
	Banks and financial institutions - Secured			
	Interest bearing borrowings	18.1	2,543,000	3,079,633
	Non-Interest bearing borrowings	18.2	451,244	594,661
			2,994,244	3,674,294
18.1	Interest bearing borrowings			
	Finance under conventional mode			
	Bank of Punjab	18.1.1	723,816	839,816
	Bank of Punjab	18.1.2	475,156	615,156
	National Bank of Pakistan	18.1.3	415,115	478,755
	MCB Bank Limited (Formally: NIB Bank Limited)	18.1.4	137,081	182,590
	Pak China Investment Company Limited	18.1.5	108,843	128,573
	Saudi Pak Industrial & Agricultural Investment Co. Ltd.	18.1.6	64,134	79,840
	Bank of Khyber	18.1.7	24,937	46,312
	Faysal Bank Limited	18.1.8	21,345	40,659
	Silk Bank Limited	18.1.9	3,542	21,250
	First Credit Investment Corporation	18.1.10	16,720	21,280
			1,990,689	2,454,231
	Finance under islamic mode			
	Al Baraka Bank Limited	18.1.11	950,000	950,000
	Summit Bank Limited	18.1.12	343,120	343,120
	First Punjab Modaraba	18.1.13	9,244	11,970
	First Habib Modaraba	18.1.14	70,448	3,884
			1,372,812	1,308,974
			3,363,501	3,763,205
	Less: current portion shown under current liabilities	25	(820,501)	(683,572)
			2,543,000	3,079,633

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

18.1.14 This facility was obtained under Musharika arrangement to purchase vehicles and heavy earth moving machinery. It is repayable in 24 to 60 monthly instalments. Profit is to be paid @ 6 months KIBOR + 2.75% with floor rate of 8.75% p.a to 9.00% p.a. Vehicles purchased under this facility are registered in the name of financial institution as security which shall be transferred in the name of the Company on repayment of whole amount.

18.1.2 This demand finance facility is to be repaid in 10 bi-annual equal instalments starting from March 2017 to September 2021. 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 18.1.15.

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

18.1.4 The term finance facility is to be repaid in 35 unequal quarterly instalments starting from March 2012 to December 2020. Markup is charged @ 3 months KIBOR + 0% and is to be paid in instalments as mentioned in Note 18.2.2.

18.1.5 This term finance facility to finance is to be repaid in 8 equal quarterly instalments starting from May 2017 to February 2019. This facility carries markup @ 3 months KIBOR + 2.5% p.a. which is to be paid quarterly. This facility is secured by way of first pari passu hypothecation charge / equitable mortgage over all present and future fixed assets of the Company with 25% margin, pledge of clinker stock with 25% margin, mortgage over personal properties of sponsoring directors, and personal guarantees of sponsoring directors.

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

18.1.7 The term finance facility is to be repaid in 84 unequal monthly instalments starting from January 2013 to December 2019. Markup is charged @ 3 months KIBOR + 0% and is to be paid in instalments as mentioned in Note 18.2.4.

18.1.8 This term finance facility is to be repaid in 14 unequal semi annual instalments starting from June 2013 to December 2019. Markup is charged @ 6 months KIBOR + 0% and is to be paid in instalments as mentioned in Note 18.2.5.

18.1.9 The term finance facility is to be repaid in 24 equal quarterly instalments starting from December 2012 to September 2018. Markup is charged @ 3 months KIBOR + 0% and is to be paid in instalments as mentioned in Note 18.2.6.

18.1.10 This term finance facility is to be repaid in 108 equal monthly instalments starting from March 2013 to February 2022. Markup is charged @ 3 months KIBOR + 0% and is to be paid in instalments as mentioned in Note 18.2.7.

18.1.11 This facility was obtained under Musharika arrangement to finance the import value of new cement mill which is repayable in 20 equal quarterly instalments from September 2018 to June 2023, this facility is secured against exclusive charge on this cement mill up to Rs. 1 billion and personal guarantees of the sponsoring directors. Profit is to be paid @ 3 months KIBOR + 2% on quarterly basis in arrear.

18.1.12 The Company has obtained a term finance facility to finance the import value of plant and machinery for waste heat recovery project. Principal amount is to be repaid in 16 equal quarterly instalments starting from November 2018 to August 2022. This facility carries markup @ 3 months KIBOR + 2.5% p.a. which is to be paid quarterly. This facility is secured by way of first specific joint pari passu charge over waste heat recovery plant to the extent of Rs. 350.000 million along with 25% margin to be covered through first pari passu charge over all present and future fixed assets of the Company, and personal guarantees of sponsoring directors.

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

18.1.15 The Company has entered into a First Joint Pari Passu Hypothecation Agreement with the banks and financial institutions mentioned in note 18.1.1 to 18.1.10 and note 18.2 excluding loans mentioned in Note 18.1.2 and 18.1.5. As a result of this agreement, the long term borrowings along with deferred markup/profit obtained from these banks or financial institutions are secured by way of first pari passu charge over the fixed assets of the Company to the extent of Rs. 10,019.157 million (FY2017: Rs. 10,019.157 million). In addition to this, Bank of Punjab has exclusive charge to the extent of Rs. 600.000 million (FY2017: Rs. 600 million) on three dual fuel Wartsila Generators. Sponsoring directors also give personal guarantees along with mortgage of their personal assets to secure these borrowings.

This agreement also includes first pari passu charge over the fixed assets of the Company amounting to Rs. 770.908 million to the Trustee of Term Finance Certificates which is being vacated as the whole TFCs had been fully redeemed and Trustee has issued NOC in this regard.

		Note	2018	2017
			(Rupees in 000s)	
18.2	Non-interest bearing borrowings			
	Finance under conventional mode			
	National Bank of Pakistan	18.2.1	251,601	286,304
	MCB Bank Limited (Formally: NIB Bank Limited)	18.2.2	146,709	159,219
	Saudi Pak Industrial & Agricultural Investment Co. Ltd.	18.2.3	116,568	116,568
	Bank of Khyber	18.2.4	108,506	116,231
	Faysal Bank Limited	18.2.5	76,523	74,391
	Silk Bank Limited	18.2.6	41,366	43,950
	First Credit Investment Corporation	18.2.7	36,048	39,137
			777,321	835,800
	Finance under islamic mode			
	Bank Islami Pakistan Limited	18.2.8	40,463	88,967
	Gross value of non-interest bearing borrowings		817,784	924,767
	Less: Winding up of discount under IAS 39			
	Opening balance		(234,083)	(234,083)
	Unwinding up of discount and catch up adjustments	33	89,636	58,738
			(144,447)	(184,345)
	Present value of non-interest bearing borrowings		673,337	740,422
	Less: current and overdue portion shown under current liabilities	24	(222,093)	(145,761)
			451,244	594,661

18.2.1 Markup accrued on term finance facility mentioned in Note 18.1.3 till September 30, 2015 has been converted into demand finance facility which is to be paid in unequal quarterly instalment till June 2025 as per restructuring arrangement.

18.2.2 Markup accrued on term finance facility mentioned in Note 18.1.4 is being treated as non interest bearing demand finance as per term of restructuring agreement and is payable in unequal quarterly instalments starting from March 2016 to December 2021.

18.2.3 Markup accrued on term finance facility mentioned in Note 18.1.6 till November 30, 2013 has been converted into demand finance facility which is payable as a bullet payment on June 30, 2022.

18.2.4 Markup accrued till December 31, 2012 amounting to Rs. 95.243 million has been treated as demand finance which is payable during calendar year 2019, whereas markup accrued from January 01, 2013 onward on term finance facility mentioned in note 18.1.7 is treated as another demand finance facility which is payable in unequal monthly instalments starting from January 2015 to December 2019.

18.2.5 Markup accrued on term finance facility mentioned in Note 18.1.8 is being treated as demand finance facility and is payable in unequal quarterly instalments starting from March 2019 to December 2020.

18.2.6 Markup accrued till September 30, 2011 amounting to Rs. 4.092 million has been converted into demand finance facility which is being paid in equal quarterly instalments ended by September 2018, whereas markup accrued from October 01, 2011 onward on finance facility mentioned in Note 18.1.9 is treated as another demand finance facility which will be payable in equal quarterly instalments starting from December 2018 to September 2020.

18.2.7 Markup accrued on term finance facility mentioned in Note 18.1.10 till February 28, 2013 amounting to Rs. 30.736 million has been converted into demand finance which is payable in unequal monthly instalments starting from March 2017 to February 2023; whereas markup accrued from March 01, 2013 onward on the said term finance facility is also treated as another demand finance facility which is to be paid in equal monthly instalments starting from March 2015 to February 2022.

18.2.8 Profit accrued on term finance facility has been converted into demand finance facility which is payable in equal monthly instalments starting from April 2017 to March 2019.

19 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 months KIBOR + 2% p.a. Facility is secured through exclusive ownership of leased asset 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 asset 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		Present value of MLP	
	2018	2017	2018	2017
	(Rupees in 000s)			
Not later than one year	1,126	1,272	1,030	1,042
Later than 1 year but not later than 5 years	1,011	2,170	997	2,017
	2,137	3,442	2,027	3,059
Less: finance cost allocated to future periods	(110)	(383)	-	-
	2,027	3,059	2,027	3,059
Less: security deposits adjustable on expiry of lease term	(478)	(478)	(478)	(478)
	1,549	2,581	1,549	2,581
Less: current portion grouped under current liabilities	(1,030)	(1,042)	(1,030)	(1,042)
	519	1,539	519	1,539

	Note	2018	2017
		(Rupees in 000s)	
20 DEFERRED TAXATION			
Deferred tax liability			
due to accelerated depreciation rate for tax purpose		3,009,851	3,410,220
Deferred tax assets			
due to provisions allowed on payment basis in tax computation		(215,794)	(228,388)
Tax credits		(571,780)	(991,521)
Net deferred tax liability		2,222,277	2,190,311
21 EMPLOYEES' RETIREMENT BENEFITS			
Frozen Encashable Leaves	21.1	14,597	15,181
Frozen Gratuity Fund	21.2	78,904	77,882
		93,501	93,063
Less: loan to employees on behalf of gratuity fund		(2,661)	(7,893)
		90,840	85,170
21.1 Frozed Encashable Leaves			
Opening Balance		33,103	33,218
Expense for the year		464	3,751
Payments for the year		(13,402)	(3,866)
		20,165	33,103
Less: Payable within 12 months included in accrued liabilities under 'Trade and Other payable'		(5,568)	(17,922)
		14,597	15,181
Allocation of expense to head 'Salaries and benefits':			
Cost of sales		464	3,215
General and administrative expenses		-	536
		464	3,751

		Note	2018	2017
			(Rupees in 000s)	
21.2	Gratuity Fund			
	Opening Balance		77,883	62,229
	Expense for the year		5,798	2,554
	Expense charged to OCI		-	14,356
	Adjustment		-	5,400
	Payments for the year		(4,777)	(6,656)
			78,904	77,883
	Allocation of expense to head 'Salaries and benefits':			
	Cost of sales		5,798	2,172
	General and administrative expenses		-	382
			5,798	2,554
22	TRADE AND OTHER PAYABLES			
	Trade creditors	22.1	1,959,937	1,166,823
	Accrued liabilities		682,596	547,054
	Advances from customers		28,818	42,527
	Sales Tax		-	39,630
	Federal Excise Duty		43,222	69,298
	Royalty and Excise Duty		91,239	87,336
	Withholding tax		195,919	23,229
	Other payabes		-	7,534
	Workers' Profit Participation Fund (related party)	22.2	627,870	540,125
	Employees' Provident Fund Trust (related party)		2,412	3,087
	Workers' Welfare Fund		23,551	34,006
			3,655,564	2,560,649

22.1 These include balances payable to foreign creditors under letters of credit arrangement for purchase of coal, consumables and heavy earth moving machinery. Total letters of credit facilities aggregated to Rs. 2,089.000 million (FY2017: Rs. 939.000 million) were available from commercial banks at Statement of Financial Position date out of which Rs. 758.972 million (FY2017: Rs. 18.029 million) were remained unutilized at Statement of Financial Position date. These letters of credit are due in 0-120 days and are secured against lien on import 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	2018	2017
22.2	Due to workers' profit participation fund (WPPF)			
	Opening balance		540,125	389,303
	Allocation for the year	31	95,492	162,003
			635,617	551,306
	Payment made during the year		(7,747)	(11,181)
	Closing balance		627,870	540,125

The Company has created a Trust to manage the Fund as required under WPPF Laws; and the management of the Company is indented to pay the whole amount to the Trust on priority basis keeping in view the cash flows position of the Company.

		Note	2018	2017
23	MARKUP AND PROFIT PAYABLE			
	Banks and Financial Institutions			
	Under conventional mode		35,403	46,394
	Under Islamic mode		5,879	14,654
			41,282	61,048

24 SHORT TERM BORROWINGS

This represents one time running finance facility obtained from Bank of Punjab which has been repaid subsequent to the Statement of Financial Position date. It carried markup @ 3 months KIBOR + 3% p.a.

	Note	2018	2017
		(Rupees in 000s)	
25 CURRENT PORTION OF NON-CURRENT LIABILITIES			
Interest bearing borrowings	18.1	820,501	683,572
Non-interest bearing borrowings	18.2	222,093	145,761
Liability against asset subject to finance lease	19	1,030	1,042
		1,043,624	830,375

26 CONTINGENCIES AND COMMITMENTS

26.1 The Competition Commission of Pakistan (the CCP) took suo moto action and issued Show Cause Notice on October 28, 2008 under section 30 of the Competition Ordinance, 2007 to almost all cement companies (including this Company) for alleged increase in the prices of cement across the country. The CCP passed a single order on August 27, 2009 against all the cement companies and imposed a penalty amounting to Rs. 39.126 million on the Company. The cement manufacturers (including the Company) have challenged the CCP order in the Lahore High Court and seeks the declaration of the Competition Ordinance 2007 and Regulation 22 of the Competition (General Enforcement) Regulations 2007 to be ultra-vires the Constitution, and, further, that the show cause notice dated October 28, 2008 and order dated August 27, 2009 be declared illegal.

Appeals against the CCP's orders were also led as an abundant precaution in the Honourable Supreme Court of Pakistan under Section 42 of the Competition Ordinance, 2007 as at the time of filing it was unclear where appeal against the CCP order lay. However, after the enactment of the Competition Act, 2010 in which the Competition Appellate Tribunal ("CAT") had been constituted, the Honourable Supreme Court of Pakistan vide its Order dated June 01, 2017 sent the above appeals to CAT to decide the same in accordance with law. Accordingly, the appeal is pending before CAT in which a next date of hearing has not been fixed as yet. The cement manufacturers (including the Company) has also fled petition in the Sindh High Court in relation to the constitution mechanism of the tribunal, wherein the Sindh High Court granted stay against the notice. The Sindh High Court (SHC) has ordered CAT not to pass a final order, till the case is decided.

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.

26.2 The Company has filed a writ petition before the Lahore High Court challenging the legality and validity of all the proceedings taken pursuant to the show cause notice no 408-SC-2010/1579/CS.III dated July 01, 2010 culminating in order dated July 23, 2010 passed by the Member (Colonies), Board of Revenue, Government of Punjab whereby sales of state land measuring 400 kanals in favour of the Company was cancelled being violated of policy, law and Article 173 of the Constitution of the Islamic Republic of Pakistan, 1973. 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.

26.3 The Company distributed the WPPF to its eligible workers along with markup accrued on distributable amount of WPPF. Markup on remaining amount of WPPF amounting to Rs. 190.513 million (FY2017: Rs. 130.949 million) has not been accounted for in these financial statements as the management belief that Company stands handicapped to deposit this amount due to delay in legislation of relevant law by the Government of Punjab.

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

	2018	2017
	(Rupees in 000s)	
Sui Northern Gas Pipeline Limited	185,000	185,000
Islamabad Electricity Supply Corporation	92,560	92,560
	277,560	277,560

IIn 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 (FY2017: USD 10,000).

26.5 Commitments

	2018	2017
Against supply of property plant and equipment	189,787	356,346
Against supply of consumable stores and spares under L/C	335,775	370,925
	525,562	727,271

27 NET SALES

	2018	2017
Local sales	16,660,151	15,289,075
Export sales	142,557	237,851
	16,802,708	15,526,926
Less:		
Sales Tax	(2,725,168)	(2,449,580)
Federal Excise Duty	(2,372,933)	(1,720,102)
Discount to dealers	(220,215)	(134,455)
	(5,318,316)	(4,304,137)
	11,484,392	11,222,789

28 COST OF SALES

	Note	2018	2017
Raw materials		761,674	781,160
Packing materials		801,881	617,148
Consumable stores and spares	28.1	679,106	392,105
Salaries and benefits		270,922	237,146
Fuel and power		4,967,836	4,680,768
Rent, rates and taxes		91,473	53,843
Repair and maintenance		200,384	178,308
Insurance		15,631	13,476
Vehicle running and travelling		6,113	5,603
Other expenses		49,406	49,099
Depreciation	5.1.3	923,547	704,444
		8,767,973	7,713,100
Adjustment of work-in-process inventory			
Opening balance		463,734	212,808
Closing balance		(506,902)	(463,734)
		(43,168)	(250,926)
Cost of goods manufactured		8,724,805	7,462,174
Adjustment of finished goods inventory			
Opening balance		97,283	3,952
Closing balance		(50,131)	(97,283)
		47,152	(93,331)
		8,771,957	7,368,843

28.1 This includes reversal of provision for impairment of slow moving stores items amounting to Rs. 52.732 million (FY2017: NIL) as these consumable items were consumed/adjusted out during the year; this further includes reversal of provision for advances to vendors doubtful of recovery as these were reconciled and adjusting/settlement entries made during the year.

		Note	2018	2017
			(Rupees in 000s)	
29	GENERAL AND ADMINISTRATION EXPENSES			
	Salaries and benefits		247,643	212,804
	Vehicle running and travelling		36,753	32,198
	Legal and professional charges		23,444	23,041
	Auditors' remuneration	29.1	1,675	1,650
	Communication expenses		8,899	10,002
	Rent, rates and taxes		3,253	4,236
	Fee and subscription		3,859	974
	Utilities		3,820	2,521
	Miscellaneous		26,219	23,939
	Amortization	6	1,283	1,283
	Depreciation	5.1.3	26,353	7,646
			383,201	320,294
29.1	Auditors' remuneration			
	Kreston Hyder Bhimji & Co.			
	Audit fee		1,000	1,000
	Half year review fee		500	500
	Certification fee		100	100
	Out-of-pocket expenses		75	50
			1,675	1,650
30	SELLING AND DISTRIBUTION EXPENSES			
	Salaries and benefits		16,607	14,928
	Vehicle running and travelling		1,350	1,468
	Advertisement and sale promotion		4,569	5,064
	Others		2,831	5,336
	Depreciation	5.1.3	971	734
			26,328	27,530
31	OTHER EXPENSES			
	Workers' Profit Participation Fund	22.2	95,492	162,003
	Workers' Welfare Fund		30,807	33,374
	Provision for slow moving stores items		-	20,000
	Loss on disposal of fixed assets		683	-
	Provision for balances doubtful of recovery		-	888
	Zakat		500	-
			127,482	216,265
32	OTHER INCOME			
	Provision for doubtful debts		6,432	-
	Provision for slow moving stores items		3,729	-
	Rental income from Balochistan Glass Limited (related party)		1,192	-
	Profit on disposal of fixed assets		-	914
			11,353	914
33	FINANCE INCOME			
	Income from financial assets under interest/markup basis			
	Profit on bank deposits		1,972	12,423
	Markup on advance to Balochistan Glass Limited (related party)		24,335	23,764
	Remission of markup on repayment/settlement of loans		-	25,778
			26,307	61,965

	Note	2018	2017
		(Rupees in 000s)	
34 FINANCE COST			
Banks and financial institutions			
Under markup/interest basis			
Long term borrowings		185,395	151,946
Un-winding up of discount and catch up adjustments	18.2	39,897	58,738
Lease finance charges		29	307
		225,321	210,991
Under Islamic mode			
Long term borrowings		60,385	2,682
Others			
Letters of credit financing cost		31,103	22,718
Bank guarantees commission		4,946	5,236
Bank charges		9,946	8,716
		45,995	36,670
Provision for default surcharge		2,468	10,258
Late payment surcharge on utilities bills		74,144	47,458
Foreign currency exchange loss		21,222	-
		429,535	308,059
35 TAXATION			
Current tax			
Current period	35.1	35,043	51,008
Prior period		6,617	2,322
		41,665	53,330
Deferred taxation		232,235	707,650
		273,895	760,980

35.1 The Company computes tax based on the generally accepted interpretations of the tax laws to ensure that sufficient provision for the purpose of taxation is available. Provision for current tax is made @ 30% (FY2017: 31%) of the taxable income and 1% of export sales, net off tax credit u/s 65B and 113C as per provision of the Income tax Ordinance 2001. Provision for super tax @ 3% is also made in these accounts.

35.2 Comparison of tax provision as per the financial statements vis - a - viz tax assessment for last three year is as follow:

Tax Year	Reported	Assessed	Remarks
	(Rupees in 000s)		
2015	413,214	162,907	ACT of Rs. 248.893 million not taken in tax assessment based on stay order by LHC.
2016	697,161	591,182	ACT of Rs. 104.557 million not taken in tax assessment based on stay order by LHC.
2017	51,008	68,377	Tax credit of Rs. 75.574 million u/s 113C and super tax of Rs. 53.504 taken in accounts and not in tax assessment.

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

	Note	2018	2017
		(Rupees in 000s)	
Accounting profit before taxation		1,783,549	3,044,676
Tax at applicable rate of 30% (FY2017: 31%)		535,065	943,850
Effect of:			
Depreciation due to accelerated depreciation rates in tax		(64,464)	(3,761)
Provisions to be claimed on actual/payment basis		482	(2,567)
Permanent taxable differences		11,969	18,209
Income attributed to final tax regime		6,715	11,762
Tax credits		65,017	(253,701)
Tax under final tax regime		1,462	2,262
Super tax		35,043	51,008
Prior years adjustment		6,617	2,322
Tax rate change *		(324,012)	-
Items that will not be reclassified to profit or loss in OCI		-	(8,404)
Tax charge for the year		273,895	760,980
Effective tax rate		15%	25%

* Through Finance Act 2018, corporate tax rate has been reduced by 1% every tax year till it reaches 25% for the tax year 2023 and onward.

35.4 Current income tax appeals pending for adjudication:

Tax Year	Order in origional	Appeal Order	Appeal pending before	Appealant	Note	Taxable income subject of appeal	Tax amount subject of appeal
2009	u/s 122 dt 06-09-11	u/s 129 dt 09-07-14	ITAT	GCL/ Deptt	35.4.1	659,815	-
2010	u/s 122(5A) dt 23-06-16	u/s 129 dt 12-04-17	ITAT	GCL	35.4.1	254,912	-
2011	u/s 122(5A) dt 29-06-17		CIR(A),	GCL	35.4.1	620,199	-
2012	u/s 122(5A) dt 30-06-18		CIR(A),	GCL	35.4.1	155,596	-
2014			LHC	GCL	35.4.2	-	145,767
2015			LHC	GCL	35.4.2	-	248,893
2016			LHC	GCL	35.4.2	-	104,557

35.4.1 Expenses added back under certain heads of accounts in amended assessment order. Appeals effect are not taken in these accounts on prudence basis though management is confident that the appeal will be decided in favour of the Company and these additions will be deleted at appellant forum.

35.4.2 The Company has challenged before the Lahore high Court, the levy of ACT @ 17% in the presence of depreciation losses which are admissible allowances. LHC has allowed interim relief in the form of stay order for not paying ACT and accordingly income tax assessment for these tax years were made without ACT. Management as well as the tax advisor is confident that these appeals will be decided in favour of the company. However, provision for ACT has been accrued in these accounts on prudence basis which is being reversed as tax credit u/s 113C against normal corporate tax from tax year 2017 and onward in these accounts.

		2018	2017
36	EARNINGS PER SHARE - Basic and diluted		
	Weighted average number of ordinary shares	400,273,960	400,273,960
	Profit after tax (Rupees in thousands)	1,509,654	2,283,697
	Earnings per share - after tax (Rupees)	3.77	5.71

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

		2018	2017
		(Rupees in 000s)	
37	ADJUSTMENT FOR NON-CASH AND OTHER ITEMS		
	Depreciation	950,872	712,824
	Amortization	1,283	1,283
	Finance cost	429,535	308,059
	Provision for retirement benefits	6,262	6,305
	Provision for doubtful debts	(6,432)	-
	Provision for balances doubtful of recovery	-	888
	Provision for slow moving stores items	(3,729)	20,000
	Rental income from Balochistan Glass Limited (related party)	(1,192)	-
	Loss/(Profit) on disposal of fixed assets	683	(914)
	Profit on bank deposits	(1,972)	(12,423)
	Markup on advance to Balochistan Glass Limited (related party)	(24,335)	(23,764)
	Remission of markup on repayment/settlement of loans	-	(25,778)
		1,350,975	986,480
38	NET CHANGES IN WORKING CAPITAL		
	Consumable stores and spears	(433,315)	(274,559)
	Stock in trade	(7,391)	(334,751)
	Trade and other receivables	(34,461)	(148,585)
	Loan and advances	4,286	(12,594)
	Deposits	(644)	(11,109)
	Prepayments	14,075	110,770
	Long term deposits	1,250	(1,839)
	Trade and other payables	1,033,127	1,048,021
		576,927	375,081
39	CASH AND CASH EQUIVALENT		
	Short term investment	-	20,000
	Cash and bank balance	107,869	103,571
		107,869	123,571

40 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 Risk Management Committee of the Company assist the Board in developing and monitoring the Company's risk management policies. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities.

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

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

The Company's 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.

40.1 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 receivables, prepayments, loans and 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	2018	2017
		(Rupees in 000s)	
FINANCIAL ASSETS			
Deposits	7	109,890	88,000
Trade and other receivables	10	557,366	509,068
Loan and advances	11	274,001	278,287
Deposits	12	46,010	68,506
Short term investments	14	-	20,000
Cash and bank balances	15	107,869	103,571
		1,095,136	1,067,432

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:

	2018	2017
Customers	549,899	509,006
Utility companies	109,890	88,000
Banks and financial institutions	153,879	192,077
Employees	24,015	28,321
Balochistan Glass Limited (related party)	257,391	249,966
Others	62	62
	1,095,136	1,067,432

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

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

	Note	2018	2017
		(Rupees in 000s)	
Past due but not impaired			
1 - 30 days		546,778	474,916
31 - 90 days		339	31,463
91 - 180 days		64	478
More than 180 days		2,718	2,149
		549,899	509,006
Past due and impaired		-	6,432
	10	549,899	515,438

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

The credit risk on liquid funds is limited because the counter parties are banks with reasonably high credit ratings. Due to long standing business relationships with these counterparties and considering their strong financial standing, management does not expect non-performance by these counterparties on their obligations to the Company.

Credit quality of bank balances is as follow:

	2018	2017
A1+	101,596	88,718
A1	1,139	4,397
A-2	202	4,467
A-	3,733	-
A+	32	-
	106,702	97,582

The movement in the provision for balances doubtful of recovery in respect of prepayments during the year was as below:

	Note	2018	2017
Opening Balance		20,828	29,940
Provision for impairment	32	(20,828)	888
Amounts written off		-	(10,000)
Closing balance	13	-	20,828

Provision is reversed during the year as the balances are reconciled/settled and appropriate adjusting entries are made in these financial statements.

40.2 Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial assets, or that such obligations will have to be settled in a manner unfavourable to the Company. Management closely monitors the Company’s liquidity and cash flow position. This includes maintenance of 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 22.1 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, 2018 based on contractual undiscounted payments date and present market interest rates.

	Overdue	Within 6 months	More than 6 months and up to 12 months	More than 1 year and up to 5 years	More than 5 years and up to 10 years	Total
			(Rupees in 000s)			
June 30, 2018						
Interest bearing borrowings	45,885	392,539	382,077	2,395,795	147,205	3,363,501
Non interest bearing borrowings	22,370	70,033	129,691	410,091	41,153	673,337
Employees' retirement benefits	-	5,568	-	90,840	-	96,408
Trade and other payables	852,198	296,375	1,988,148	513,275	-	3,649,996
Markup and profits payable	41,282	-	-	-	-	41,282
Short term borrowings	-	300,000	-	-	-	300,000
	961,735	1,064,515	2,499,916	3,410,001	188,358	8,124,524
June 30, 2017						
Interest bearing borrowings	68,723	281,708	333,141	2,744,606	335,027	3,763,205
Non interest bearing borrowings	23,908	58,234	63,620	529,706	64,955	740,422
Employees' retirement benefits	-	17,923	-	69,989	15,181	103,093
Trade and other payables	378,122	2,280,188	-	-	-	2,658,310
Markup and profits payable	61,048	-	-	-	-	61,048
	531,801	2,638,053	396,761	3,344,301	415,163	7,326,078

40.3 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.

40.3.1 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 borrowing 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 bearing financial instruments as at the reporting date are as follows:

	2018	2017
	(Rupees in 000s)	
Fixed interest rate financial assets		
Bank balances at PLS accounts	26,108	20,204
Variable interest rate financial liabilities		
Long term borrowings	3,363,501	3,763,205
Short term borrowings	300,000	-
	3,663,501	3,763,205

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

A reasonably possible change of 100 basis points in interest rates at the reporting date would have (decreased) / increased profit by amounts shown below. The analysis assumes that all other variables, in particular foreign exchange rates, remain constant. The analysis is performed on the same basis for the year 2018.

	Markup/Profit 2018	2017
	(Rupees in 000s)	
Variable interest rate financial liabilities		
Increase of 100 basis points	36,635	37,632
Decrease of 100 basis points	(36,635)	(37,632)

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

40.3.2 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 and Euro. Payables exposed to foreign currency are not covered through any forward foreign exchange contracts or through hedging.

	2018	2017	2018	2017
	(FC in '000s)		(Rupees in 000s)	
Trade and other payables - Trade creditors				
USD	9,264	5,433	1,126,462	570,413
EUR	168	-	23,784	-
CNY	7,263	-	136,255	-
Trade and other payables - Advances from customers				
USD	82	56	9,915	5,863
			1,296,415	576,275

Sensitivity analysis:		
Increase in foreign currency exchange rate by 1%	12,964	5,763
Decrease in foreign currency exchange rate by 1%	(12,964)	(5,763)

40.3.3 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 the date of statement of financial position, therefore, the Company is not exposed to price risk.

40.4 Fair value of financial instruments:

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Underlying the definition of fair value is the presumption that the Company is a going concern without any intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

IFRS 13, ‘Fair Value Measurements’ requires the Company to classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements.

The fair value hierarchy has the following levels:

I Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date (level 1).

ii Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly (level 2).

iii Inputs for the asset or liability that are not based on observable market date (unobservable inputs) (level 3).

The Company has not disclosed the fair values of the financial assets disclosed in Note 40.1 and financial liabilities disclosed in Note 40.2 as these are for short term or reprice over short term. Therefore, their carrying amounts are reasonable approximation of fair value.

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

40.5 Capital risk Management:

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

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

b) to provide an adequate return to shareholders.

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

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

The gearing ratio as at June 30, 2018 is as follows:

	Note	2018	2017
		(Rupees in 000s)	
Long term borrowings	18	2,994,244	3,674,294
Liabilities against assets subject to finance lease	19	519	1,539
Short term borrowing	24	300,000	-
Current portion of non-current liabilities	25	1,043,624	830,375
Total debts		4,338,387	4,506,208
Short term investment	14	-	(20,000)
Cash and bank balances	15	(107,869)	(103,571)
Net Debts		4,230,518	4,382,637
Issued, subscribed and paid up capital	16	4,002,739	4,002,739
Retained earnings		5,082,961	4,004,397
Surplus on revaluation of PPE	17	3,404,857	3,373,909
Total Capital		12,490,557	11,381,046
Capital employed		16,721,075	15,763,683
Gearing Ratio		25%	28%

Gearing ratio showed that 25% (FY2017: 28%) of the capital employed is financed through borrowings; whereas gearing ratio reduced due to repayment of debts and retention of earnings within the company.

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. The Company has obtained NOC from the banks and financial institution for payment of dividend.

41 PROVIDENT FUND DISCLOSURE AND COMPLIANCE GCL

Officers' Provident Fund

As per unaudited accounts for the year ended June 30, 2018, required information is given below:

Fund Size - Total assets	83,383	621,331
Investments	80,321	59,501
Percentage of investment at cost	96%	91%

	2018		2017	
	Rs. '000	%age	Rs. '000	%age
Breakup of fair value of investments:				
Mutual funds	18,568	22%	23,003	38%
Term deposit receipts	50,000	62%	22,500	38%
Bank balances	11,753	15%	13,998	24%
	80,321	100%	59,501	100%

The investments out of Provident Fund Trust have been made in accordance with the provisions of Section 218 of the Companies Act, 2017 and Rules formulated for this purpose. The investment shall be brought in conformity with the provisions of the Employees Contributory Funds (Investment in Listed Securities) Regulations, 2018 within one year as allowed under Rule 1(5) of these new rules.

GCL Workers' Provident Fund

This fund is wholly managed by CBA. As per latest available unaudited accounts for the year ended June 30, 2014, the total size of the of the Employees' Provident Fund Trust was Rs. 70.336 million out of which Rs. 42.585 million (60.55%) was invested. Cost and fair value of investments was Rs. 20.000 million (28.43%) invested as term deposit in a bank, Rs. 14.263 million (20.28%) invested in another fund, and Rs. 8.322 million (11.83%) kept in bank accounts. The Trust is in process of completing its accounts and audit to comply with the provisions of section 218 of the Companies Act, 2017.

42 NUMBER OF EMPLOYEES (AT THE COMPANY'S PAYABLE)

	2018	2017
	(Number)	
Number of employees at year end		
Factory	371	369
Head Office	49	51
Average number of employees during the year		
Factory	373	351
Head Office	51	50

43 REMUNERATION TO CHIEF EXECUTIVE OFFICER, DIRECTORS & EXECUTIVES

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

	Chief Executive		Directors		Executives	
	2018	2017	2018	2017	2018	2017
Managerial Remuneration	64,800	64,800	34,543	34,330	21,857	40,760
Misc. allowances	7,200	7,200	6,218	5,959	26,715	49,904
Bonus and other benefits	38,159	24,263	18,433	18,488	7,356	14,821
Contribution to:						
Retirement benefits	-	-	222	201	2,390	4,434
	110,159	96,263	59,416	58,978	58,318	109,919
No. of employees	1	1	2	2	13	47

Exceutive means an employee, other than the chief executive and directors, whose basic salary exceeds Rs. 1,200,000 (FY2017: Rs. 500,000) in a financial year. The Company also provides the chief executive, a director and some of the executives with Company maintained cars and travelling for business purpose.

44 TRANSACTIONS WITH RELATED PARTIES

Related parties comprise of the associated company, staff retirement funds, directors and key management personnel. The Company in the normal course of business carries out transactions with various related parties. Detail of related parties (with whom the Company has transacted during the year) along with relationship and transactions with related parties, other than those which has already been disclosed else where in these financial statements, is given below:

Key Management Personnel	Direct Shareholding	Directors and their spouse	Direct Shareholding
Abdul Shoeb Piracha	0.008%	Muhammad Tousif Peracha	56.305%
Qaseem Nametulla Siddiqi	0.000%	Tabassum Tousif Peracha	0.048%
Syed Firasat Abbas	0.000%	Abdur Rafique Khan	22.717%
Iqbal Ahmed Rizvi	0.000%	Amna Khan	5.678%
Muhammad Shamail Javed	0.000%	Ali Rashid Khan	4.013%
Farukh Naveed	0.000%	Daniyal Jawaid Paracha	0.004%
Muhammad Tahir	0.000%	Muhammad Niaz Paracha	0.001%
Rana Muhammad Ijaz	0.000%	Salma Khan w/o Abdur Rafique Khan	0.038%

	2018	2017
	(Rupees in 000s)	
Balochistan Glass Limited		
Sales of goods	2,654	547
Key Management Personnel		
Salaries and benefits	27,570	22,749
Consultancy Fee	19,313	17,235
Retirement Benefits	2,391	2,154
Provident Fund Trusts		
Contributions by the Company	29,919	26,796

45 CAPACITY AND PRODUCTION - CLINKER

	2018	2017
	M Tons	
Listed capacity	2,010,000	2,010,000
Production	1,656,004	1,701,200

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.

46 CORRESPONDING FIGURES

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

Line Item	Transfer from head	Transfer to head	2017	2016
			(Rupees in 000s)	
Deposits with SNGPL	Advances, deposits and other receivables	Deposits (long term)	464	464
Long term loans to employees	Advances, deposits and other receivables	Loan and advances	15,518	7,214
Balochistan Glass Limited	Advances, deposits and other receivables	Loan and advances	249,966	240,330
Markup receivable from BGL	Advances, deposits and other receivables	Trade and other receivables	-	8,287
Advances to staff	Advances, deposits and other receivables	Loan and advances	12,803	9,863
Bank guarantees cash margin	Advances, deposits and other receivables	Deposits (short term)	31,960	31,960
Letters of credit cash margin	Advances, deposits and other receivables	Deposits (short term)	36,546	25,437
Advances to suppliers	Advances, deposits and other receivables	Prepayments	104,664	-
Prepayments and other receivables	Advances, deposits and other receivables	Prepayments	4,776	-
Unclaimed dividend	Trade and other payables	Unclaimed dividend	342,611	1,076
Excise duty payable	Taxes and duties payable	Trade and other payables	69,298	-
Sales tax payable	Taxes and duties payable	Trade and other payables	39,630	-
Provision for default surcharge	Taxes and duties payable	Trade and other payables	-	253,000
Withholding tax payable	Taxes and duties payable	Trade and other payables	23,229	68,207
Royalty and excise duties	Taxes and duties payable	Trade and other payables	87,336	62,490
Other local taxes	Taxes and duties payable	Trade and other payables	7,534	7,534
Current income tax	Taxes and duties payable	Current income tax	488,023	775,773

47 NON ADJUSTING EVENTS AFTER THE DATE OF FINANCIAL POSITION

The Board of Directors of the Company in its meeting held on October 01, 2018 has proposed a final cash dividend of Rs. 1.50 per share for the year ended June 30, 2018, for approval of the members in the Annual General Meeting. The financial statements for the year ended June 30, 2018 do not include the effect of the proposed appropriation, which will be accounted for in the financial statements for year ending June 30, 2019.

48 AUTHORIZATION FOR ISSUE

These financial statements have been authorized for issue by the Board of Directors of the Company in its meeting held on October 01, 2018.

CHIEF EXECUTIVE OFFICER	CHIEF FINANCIAL OFFICER	DIRECTOR

FORM OF PROXY

The Secretary
Gharibwal Cement Limited
Pace Tower, 1st Floor, 27-H,
College Road, Gulberg II, Lahore.
LAHORE

I/We .... of .... being a membe 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 58th Annual General Meeting of the Company to be held on Saturday, October 27, 2018 at 12:00 noon at the registeraed office of the Company (Gharibwal Cement Pace Tower, 1st Floor, 27-H, College Road, Gulberg II, Lahore.) and at any adjournment thereof.

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

2018.

Signature

On Five
Rupees
Revenue
Stamp

Witness:

Signature ....

Name ....

Address ....

Note:

1. The Proxy in order to be valid must be signed across a Five Rupees Revenue Stamp and should be deposited in the Registered Office of the Company not later than 48 hours before the time of holding the meeting.
2. No person shall act as proxy unless he is a member of the Company.
3. Signature should agree with the specimen signature registered with the Company.

Standard Request Form Circulation of Annual Audited Accounts

The Share Registrar,
Corplink (Pvt) Limited,
Wings Arcade, 1-K Commercial, Model Town, Lahore.
Tel: 0423 591 6714; Email: corplink786@gmail.com

Subject: Circulation of Annual Audited Accounts via Email/CD/USB/DVD or Any Other Electronic Media

The Securities and Exchange Commission of Pakistan through its SRO 787(1)/2014 dated 08-09-2014 and SRO 470(1)/2016 dated 31-05-2016, allowed the companies to circulate their annual audited accounts (i.e. Annual Statement of Financial Position, Statement of Profit or Loss, Statements of Comprehensive Income, Statement of Cash Flows, Notes to the Financial Statements, Auditor's and Director's Report) along with notice of general meeting to its members in the form of soft copy through email/DVD/CD/USB.

Gharibwal Cement Limited has already passed resolution with the consent of its shareholders in Annual General Meeting held on September 28, 2016 to circulate its Annual Reports and notice of AGM through CD/DVD.

Shareholders who wish to receive the softcopy through email OR hardcopy of Annual Report shall have to fill the below form and send us to Company's address.

I/We wish and hereby consent to receive Annual Report along with notice of AGM as per below selected option instead of delivery these to me through CD/DVD:

Option 1: via email at email address ______________________________ ;

OR

Option 2: hard copy at mailing address ______________________________

____

____

I/We hereby confirm that the information provided in this form is correct and in case of any change therein, I/we will immediately intimate to the Company's Shares Registrar. I/we further confirm that the transmission of Company's Annual Audited Financial Statements and Notice of General Meeting(s) through my/our above address would be taken as compliance with the Companies Act, 2017.

____
Shareholder's signature

Name of the Members/ Shareholders : ______________________________

CNIC /SNIC # : ______________________________

Folio / CDC Account Number : ______________________________

E-DIVIDEND MANDATE LETTER

Mandatory Bank account details for payment of Dividend through electronic mode

Dear Sir,

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

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

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

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

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

Yours truly,

____

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

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

Head Office:
Pace Tower, 1st Floor, 27-H, College Road,
Gulberg-II, Lahore - Pakistan.
Telephone: +92 42 36060600 Fax: +92 42 36060666
E-mail: info@gharibwalcement.com
www.gharibwalcement.com

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