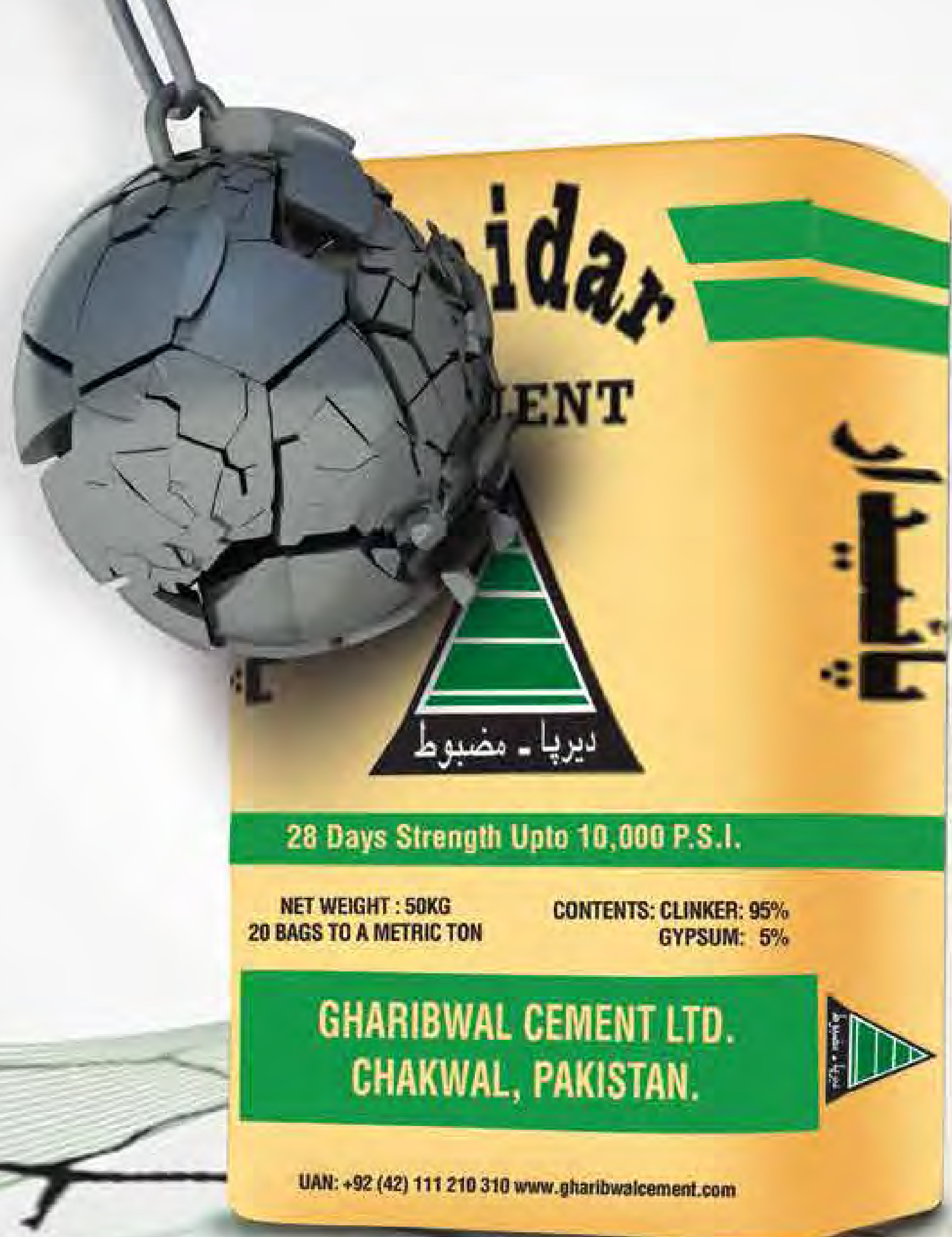
دیرپا ۔ مضبوط
PAIDAR CEMENT

Gharibwal Cement Limited



Strength Redefined

Annual Report 2015

Contents

Key Performance Indicators for the year

KPI

Sales increased by **12%**
Rs. 9.6 billion
(2014: Rs. 8.5 billion)

Gross Profit increased by **26%**
Rs. 3.0 billion
(2014: Rs. 2.3 billion)

Operating Profit increased by **27%**
Rs. 2.6 billion
(2014: Rs. 2.0 billion)

Profit before tax increased by **48%**
Rs. 2.0 billion
(2014: Rs. 1.4 billion)

Profit after tax increased by **51%**
Rs. 1.3 billion
(2014: Rs. 0.8 billion)

EPS increased to **Rs. 3.21**
(2014: Rs. 2.12)

Market Value increased by **53%**
Rs. 27 (2014: Rs. 17.63)

Equity increased by **19%**
Rs. 7.5 billion
(2014: Rs. 6.3 billion)

Return on Capital Employeed increased by **41%**
12% (2014: 8%)

Interest bearing Liabilities reduced by **-22%**
Rs. 2.6 billion
(2014: 3.3 billion)

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that 55th Annual General Meeting of Gharibwal Cement Limited will be held on Tuesday, October 20, 2015 at 12:00 p.m. at Registered Office of the company (28-B/III, Gulberg-III, Lahore) to transact the following businesses:

Ordinary Business

1. To confirm minutes of last Annual general Meeting (AGM) held on October 16, 2014.
2. To receive, consider and adopt the Audited Financial Statements of the company for the year ended June 30, 2015 together with Auditor's and Director's report thereon.
3. To appoint Auditors' of the Company for the year ending June 30, 2016 and to fix their remuneration.

Other Business

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

By Order of the Board

Date: September 02, 2015
Place: Lahore

Muhammad Shamail Javed
Company Secretary

NOTES:

1. The share transfer books of the company will remain close from October 14 to October 20, 2015 both days inclusive. Transfer received by the Share Registrar of the Company, M/s Corplink (Private) Limited, 1-K Commercial, Model Town Lahore up to October 13, 2015 will be considered in time for the purpose of attendance at AGM.

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

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

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

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

Statement u/s 218 of the Companies Ordinance, 1984

The Board of Directors in its meeting revised the remuneration of Mr. Abdur Rafique Khan (Director) to Rs. 2 million per month for FY2015; and no remuneration was paid to Mr. Ali Rashid Khan (Director) during the FY2015. Furthermore, BoD has approved the remuneration of Rs. 287,500 per month of Mr. Muhammad Niaz Paracha in respect of his advisory services to CEO and BoD on technical matters of the plant. Remuneration of the Directors shall be subject to such increments (not more than 25% p.a.), other allowances and applicable benefits, bonuses and other entitlements/perquisites as may be granted at any time and from time to time by BoD in accordance with the policies of the Company. Directors interested in the business have not taken part in this decision.

Investors' Relationship Committee

During the year under review, the Board has constituted Investors' Relationship Committee. This Committee is responsible for the satisfactory redressal of investors' complaints and recommends measures for overall improvement in the quality of investor services. The Committee also looks into allotment of shares kept in abeyance, allotment of shares on exercise of the stock options by the employees and allotment of privately placed preference shares, debentures and bonds, if any.

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

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

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

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

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

Vision

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

Mission

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

Core Value

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

Profit:
Unless we continue to meet our profit objective, we will not be able to achieve our other corporate objectives.

Customers:
Our customers are the reason of our being and we work to meet their expectation and provide them with added value product they need.

Quality:
We stand for quality in all our processes and products, knowing that high standards are the only possible way to success and deliver value to our customers.

Employees:
We consider people as our most valuable assets and provide an environment whereby our people can excel, develop and grow with the Company.

Technology:
We believe that innovation and high efficiency are part of our competitive advantage that can only be achieved through the use of the latest technology.

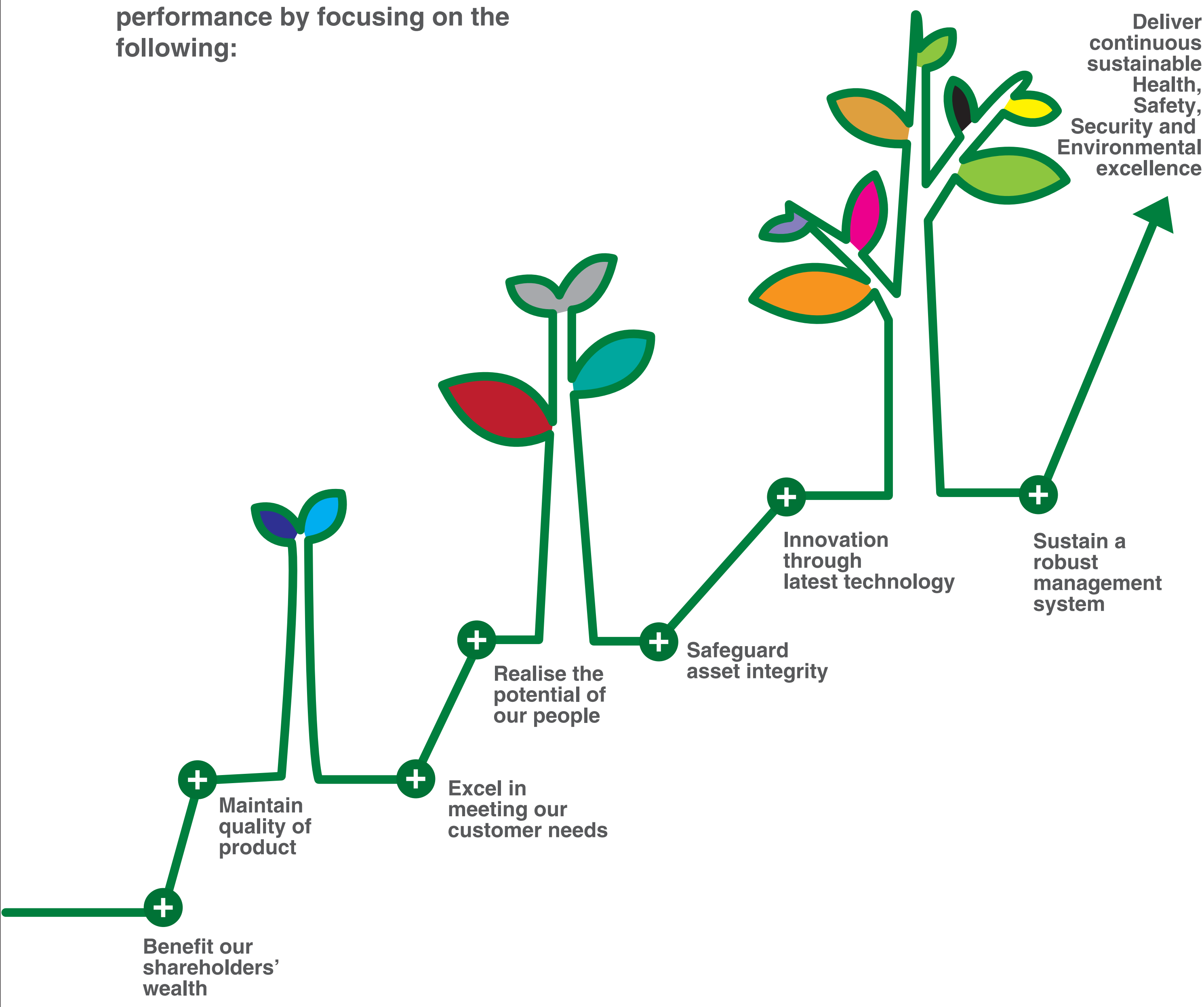
Safety:
A safe environment, a safe product and a safe organization are our commitments.

Transparency:
We believe that transparency throughout the organization will lead to long term profitable growth.

Integrity:
We are committed to enforcing good corporate governance practices and interacting with our stakeholders according to our value system and principles.

Corporate Objective

We are committed to deliver sustainable excellence in business performance by focusing on the following:



Company Information

Board of Directors

Mr. Muhammad Tousif Peracha
Chief Executive Officer - Executive Director

Mr. Abdur Rafique Khan
Chairman - Executive Director

Mrs. Tabassum Tousif Peracha
Non-Executive Director

Mr. Ali Rashid Khan
Non-Executive Director

Mr. Daniyal Jawaid Paracha
Non-Executive Director

Ms. Amna Khan
Non-Executive Director

Mr. Muhammad Niaz Paracha
Non-Executive Director

Mr. Khalid Siddiq Tirmizey
Independent Director

Auditors and Legal Advisors

Kreston Hyder Bhimji & Co
Chartered Accountants
Statutory Auditors

Raja Muhammad Akram
Legal Advisors

Key Executive Management

Mr. Abdul Shoeb Piracha
Director Commercial

Mr. Qaseem Nametullah Siddiqi
Executive Director Operation

Syed Firasat Abbas
General Manager Plant

Mr. Iqbal Ahmed Rizvi FCA
Chief Internal Auditor

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

Rana Muhammad Ijaz
General Manager Marketing

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

Mr. Farukh Naveed
Chief Accountant

Mr. Muhammad Tahir
Costing, Budgeting and Planning

Mr. Mohsin Baig
Manager Purchase

Bankers

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

Addresses

Head Office

28-B/III, Gulberg-III, Lahore, Pakistan
UAN (0092 42) 111 210 310
Fax (0092 42) 35871039, 35871059
Email: info@gharibwalcement.com
Website: www.gharibwalcement.com

Factory

Ismailwal, Tehsil Pind Dadan Khan,
District Chakwal, Pakistan

Company Timeline

1961
Incorporation of Company

1962
Listing on Stock Exchanges

1965
Commercial production of the plant of 1200 TPD capacity

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

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

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

2011
Discard the old plant of 1800 TPD capacity

2013
Upgrade the electric grid station

2014
Attained the highest clinker production in a year

1966
Supply of cement for Rasool Barrage construction

1967
Supply of cement for Qadirabad Barrage constuctiomn

1968
Supply of cement for Mangla Dam construction

1969
Plant capacity enhancement to 1800 TPD

1972
Nationalization of plant

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

2015
Contracted for erection of 20MW waste heat recovery plant

2015
Contracted for erection of downn hill conveyor belt to bring raw material down from quarry to material yard

2015
Earned highest profit of Company life

Corporate Governance

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

Corporate Structure

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

(i) **The Board of Directors** - The primary role of the Board is to protect the interest and enhance value for all the stakeholders. It conducts overall strategic supervision and control by setting the goals & targets, policies, reporting mechanism & accountability and decision making process to be followed.

(ii) **Committees of Directors** - such as Audit Committee and HRR Committee are focused on financial reporting, audit & internal controls, compliance issues, appointment and remuneration of Directors and Senior Management Employees, implementation and monitoring of CSR activities and the risk management framework.

(iii) **Executive Management** – The entire business including the support services are managed with clearly demarcated responsibilities and authorities at different levels.

(a) Core Executive Committee - The Executive Committee comprises of the CEO, Chairman, EDO, Director Commercial, GM Plant, CFO and a few Corporate Functional Heads. This committee is a brain storming committee where all important business issues are discussed and decisions are taken. This Committee reviews and monitors monthly performances, addresses challenges faced by the business, draws strategies and policies and keep the Board informed about important developments having bearing on the operational and financial performance of the Company.

(b) CEO - The CEO is responsible for achieving the Company's vision and mission, business strategies, project execution, mergers and acquisition, significant policy decisions and all the critical issues having significant business & financial implications. He is also responsible for the overall performance and growth of the Company and ensures implementation of the decisions of the Board of Directors and its various Committees. He reports to the Board of Directors.

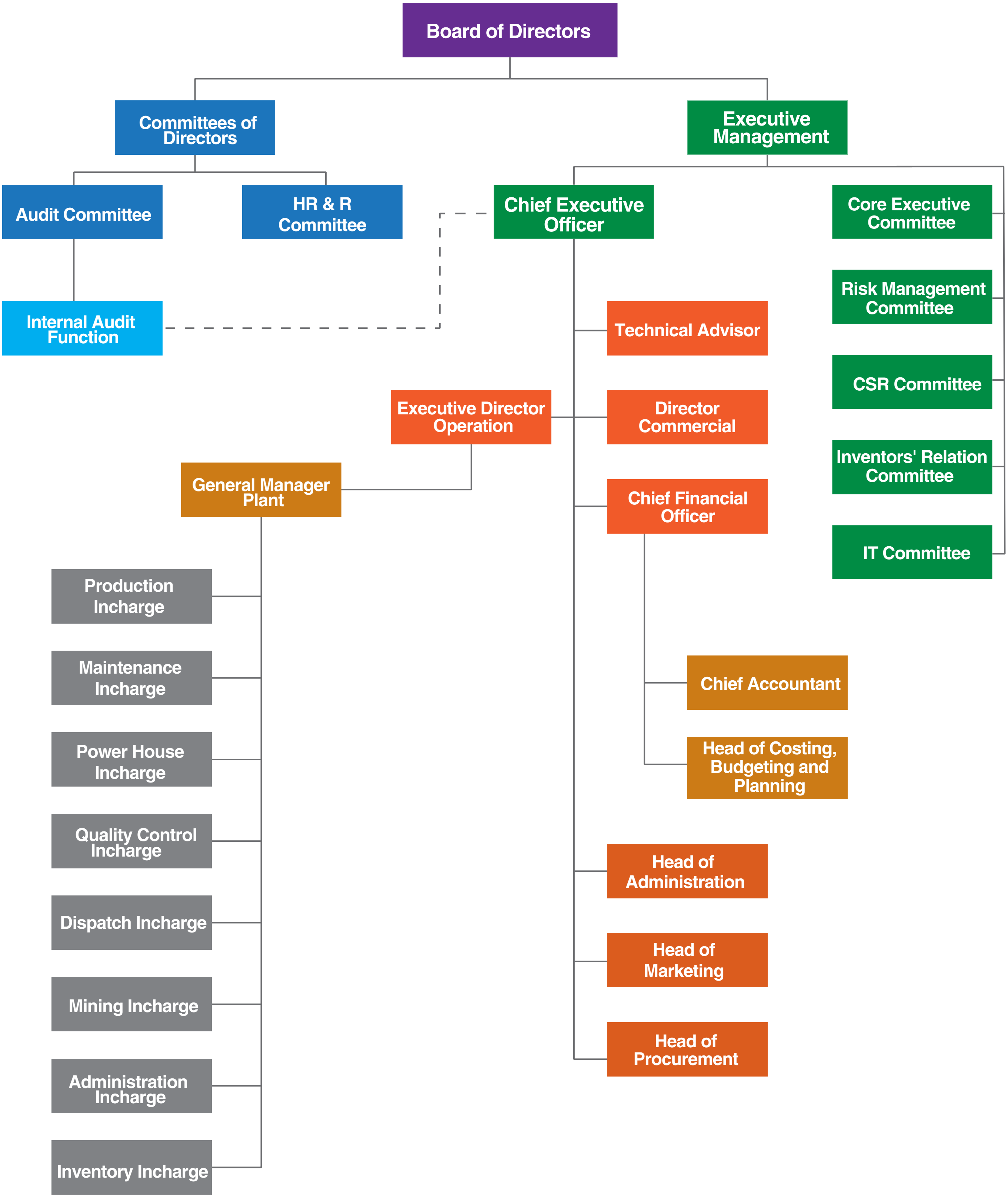
(c) Risk Management Committee - The Risk Management Committee comprises of the CEO, Chairman of the Audit Committee, CFO, Chief Accountant, and Chief Internal Auditor. The committee is required to lay down the procedures to inform to the Board about the risk assessment and minimization procedures and the Board shall be responsible for framing, implementing and monitoring the risk management plan of the Company. The Risk Management Committee met once in the Financial Year.

(d) Corporate Social Responsibility (CSR) Committee - The Company has constituted a CSR Committee headed by the Board Chairman, Mr. Abdur Rafique Khan. This committee is responsible to frame the CSR Policy, review it from time-to-time, and ensure effective implementation and monitoring of the CSR activities as per the approved policy, plans budget.

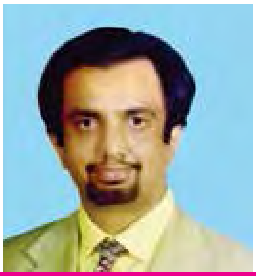
(e) Plant Head – Executive Director Operation (EDO) is responsible for operation and maintenance of the plant as well as for all the other functions at the respective plant locations, including all local issues and compliances as may be applicable. EDO reports to the CEO.

(f) Functional Heads – Each Functional Head is responsible for the day-to-day business and related functions within their respective domain.

Organization Chart



Directors' Profile



Muhammad Tousif Peracha
(Executive Director and Chief Executive Officer)

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

Abdur Rafique Khan
(Executive Director)

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

Daniyal Jawaid Paracha
(Non-Executive 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 PriceWaterHouseCooper for more than 3 years in the Audit and Business Assurance Services as well as Taxation and Legal Service department.

Khalid Siddiq Tirmizey
(Independent Director)

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

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.

Audit Committee

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

This Committee is responsible to review financial reporting processes, risk management, internal control and governance processes including standard operating procedures, approve annual internal audit plan and monitor the effectiveness of the internal audit function, compliance with law, rules and regulations, monitor the whistle blower policy and anti-bribery and corruption directives, code of conduct & business ethics and recommend the appointment and remuneration of auditors. Detailed terms of reference of the Audit Committee is available at the Company's website.

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

Mr. Daniyal Jawaid Paracha - Chairman (elected on 28-02-2015)	1 of 1
Mrs. Tabassum Tousif Peracha - Memeber	4 of 4
Mr. Muhammad Niaz Paracha – Member (elected on 28-02-205)	1 of 1
Ex-members	
Mr. Ali Rashid Khan – Member	3 of 3
Mr. Abdul Rafique Khan till 28-02-2015	2 of 3

Mrs. Tabassum Tousif Peracha was the chairperson to the Committee upto February 28, 2015. Mr. Daniyal Jawaid Paracha ACA was elected as chairman to the Committee w.e.f. February 28, 2015. Mr. Abdur Rafique Khan, the member of the Audit Committee was present at the last Annual General Meeting to answer the shareholders queries.

Chief Internal Auditor, Chief Financial Officer and Chief Executive Officer are the permanent invitees to provide input on the related issues being discussed and answers the Audit Committee queries. Representative of the statutory auditors also attends the meeting in which their report is discussed.

In order to get the inputs and opinions of the Statutory Auditors and the Internal Auditors, the Committee also held one separate one-to-one meeting during the year with the Statutory Auditor and Chief Internal Auditor but without the presence of the CEO and the management representatives.

Human Resource and Remuneration (HRR) Committee

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

Mr. Daniyal Jawaid Paracha - Chairman (elected on 28-02-2015)	1 of 1
Mr. Muhammad Tousif Peracha – (elected on 28-02-2015)	1 of 1
Mr. Ali Rashid Khan – Member	2 of 2
Ex-members	
Mr. Mustafa Tousif Ahmed Paracha till 28-02-2015	1 of 1
Mr. Muhammad Rehman till 28-02-2015	0 of 1

The Committee is responsible for -

1. Formulating human resource management policies and recommending the same to the Board;
2. Recommending to the Board the selection, evaluation, compensation (including retirement benefits) and succession planning of CEO;
3. Recommending to the Board the selection, evaluation, compensation (including retirement benefits) of COO, CFO, Company Secretary and Chief Internal Auditor;
4. Consideration and approval on recommendations of CEO on such matters for key management positions who report directly to CEO or COO.

Chairman Review

Pakistan cement industry performed better this year on local front as local dispatches increased by 7.89% whereas export dispatches decreased by 11.58% and average Capacity utilization of industry remained at 77.6%.

Government has announced various projects and increased the allocation on infrastructure development projects like metro at Multan, Lahore orange train, Lahore Karachi motorway, various projects of roads and dams as well as execution of work on Pak China economic corridor. I feel these projects will boost local dispatches in next couple of years and decline in crude oil and coal prices will also impact positively on cement industry.

However, on export front Pakistan cement industry has to face challenges because of dumping of Irani cement in Afghanistan & boarder area of Pakistan as well as dip in demand in Afghanistan after withdrawal of NATO forces. These factors have contributed to push the export downward.

I feel that aggressive cost reduction measures, product branding, consistent quality as well as strong regulatory check of illegal import of cement can counter these challenges. Furthermore, inflation rate and interest rate directly impact cement demand because low borrowing cost increases investment in real estate and housing sector which is a major contributor to enhance cement consumption, therefore, declining interest rate and low inflation rate has created hope for increase in cement demand.

Operational Performance

I am also pleased to apprise you that FY 2014-15 was a landmark year for Gharibwal Cement Limited. Our cement dispatches crossed the figure of 1.4 million ton and we met our target of double digit growth for continuous period of five years. Our company outperformed the average growth of industry cement dispatches and our journey is still going on. Company management had worked hard and was able to penetrate in the market and also strengthen its brand image. Company profitability has increased and its profit after tax was at Rs. 1.28 billion as compared to Rs. 0.84 billion i.e. 51% growth despite imposition of super tax @ 3%. Similarly, company has achieved better results in all financial indicators which are explained in this report for our stakeholders and these further underscore the management's focus on strong financial management and operating discipline.

Our Focus

In order to achieve better results in future our focus is on operational excellence, better customer service and BMR projects execution for reduction in cost of production. In order to reduce cost of production, our company has already started work on Waste Heat Recovery Power Plant, as well as construction of belt conveyor for transportation of raw material from lime stone quarry to plant site. The Company's strategy for long term growth is to continue to attain cost leadership through efficiency improvements and innovations.

We are gearing up to ensure that we have the right talent at the right time and at the right place for each of our business areas. I believe, it is our people, who underpin everything else. They are the ultimate reason why we meet with success, in the face of all odds, year after year. Their commitment and dedication is beyond words.

Abdur Rafique Khan
Chairman

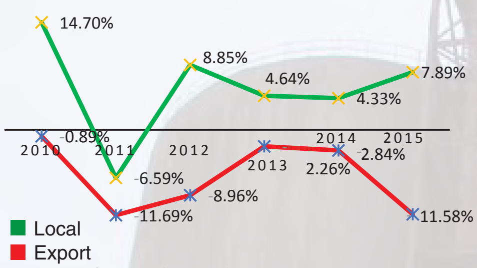
Directors' Report to the Members

The Directors of your Company take immense pleasure in presenting before you the performance review together with the audited financial statements for the year ended June 30, 2015 and auditors reports thereon.

Pakistan Cement Industry

The cement sector posted a growth of 3.27% YoY during FY2015 and the total cement dispatches stood at 35.40 million ton compared to 34.28 million ton during the last year. Domestic cement dispatches posted a growth of 7.89% YoY to 28.21 million tons from 26.14 million ton in FY2014. Growth in domestic cement sales was mainly driven by:

- better PSDP (Public Sector Development Programme) utilization,
- higher infrastructure spending, and
- attraction in construction of new housing projects due to low interest rate environment



Dispatch Growth (YoY %)

On the export front, the slowdown in the developing economies and Afghanistan, impact of anti-dumping duty by South African authorities, and new capacity additions in Middle Eastern countries (especially in UAE) resulted in sluggish cement demand. Additionally, a strategic shift in focus by manufacturers towards the domestic market can be observed due to the firm trend in cement prices amid demand improvement. Export cement dispatches continued with their downward trajectory, posting a decline of 11.58% YoY during FY2015.

Your Company Operational Performance and Financial Results

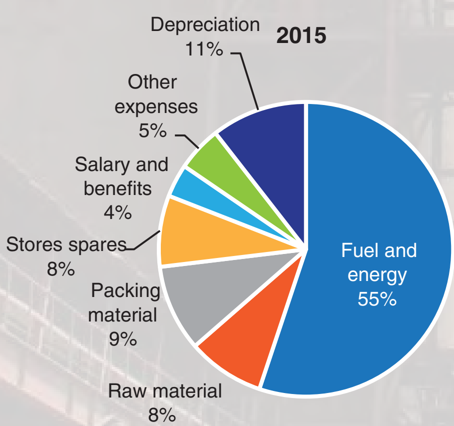
Financial year ended June 30, 2015 (FY2015) was another good year for your Company which witnessed the improvement in all key performance indicators.

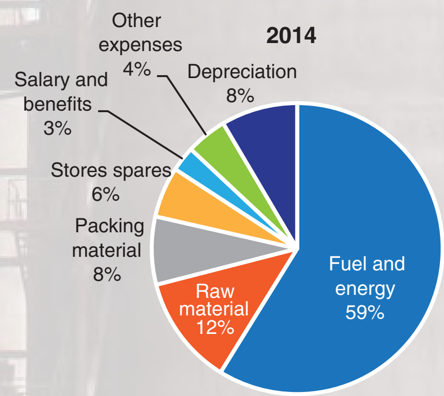
Your Company continued its upward trend in dispatches which posted a growth of 10.80% YoY during the FY2015 (FY2014: 25.65%). Net sales revenue stood at Rs. 9.60 billion for the FY2015 compared to 8.55 billion for the last FY2014 posting a growth of 12.33% YoY for FY2015 (FY2014: 37.19%) which was mainly attributed to growth in sales volume.

		FY2015	FY2014	Change	%change
Net Sales	Rs. Million	**9,601**	8,547	↑ 1,054	12%
Gross Profit (GP)	Rs. Million	**2,969**	2,350	↑ 618	26%
Earning before interest and tax (EBIT)	Rs. Million	**2,595**	2,043	↑ 552	27%
Earning before tax (EBT)	Rs. Million	**2,092**	1,410	↑ 682	48%
Earning after tax (EAT)	Rs. Million	**1,284**	849	↑ 435	51%
Earnings per share	Rs.	**3.21**	2.12	↑ 1.09	51%

Drop in the prices of coal, furnace oil, electricity charges and cut down of the new quarry development expenditures together with tight monitory control during the year restricted the cost of sales to increase by 7% YoY against 12% YoY increase in net sales revenue. This enabled the Company to earn Gross Profit of Rs. 2.97 billion for FY2015 (up by 26% YoY) compared to Rs. 2.35 billion for FY2014.

Expense wise proportion of cost of goods manufactured is given below:





Repayments of the principal amount of the borrowings and drop in KIBOR base rate reduced the finance cost of the Company during the year by 21% YoY. This resulted EBT stood at 2.10 billion for FY2015 compared to Rs. 1.41 billion for FY2014 showing an increase of 48%.

Imposition of Alternative Corporate Tax @ 17% of accounting profit and one time levy of Super Tax @ 3% of the income for FY2015 increased the effective tax rate of the Company to 38%. At bottom end, your Company earned profit after taxation amounting to Rs. 1.29 billion for FY2015 (up by 51% YoY) compared to Rs. 0.85 billion for FY2014. Earning per share stood at Rs. 3.21.

Balancing, Modernization and Replacement (BMR)

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

Increase in gas tarrif by the Governmnet along with levy of Gas Infrastructure Development Cess and ever increasing electricity crises from national grid are the real challenge for your Company. In order to counter these challenge, the Company has enterred into agreements with the foreign and local suppliers for installation of 20MW Waste Heat Recovery Plant to generate elcetricty from the escaped hot gases. This project will reduce the energy cost of the Company and is expected to be completed in the 2nd quarter of FY2017.

Contract for another major project of Down Hill Coveyor Belt has also be made with foreign supplier. This project will enable the Company to bring down the crushed raw material from quarry directly to the material yard resulting in substantial reduction in the transportation cost of raw material. This project is expected to be completed by 1st quarter of FY2017.

Dividend

The Board has decided to finance the BMR projects stated above through the retention of earnings within the company and hence no dividend or bonus share is declared.

Capital Structure and key performance indicators

Due to repayment of debts during the year and retention of earnings within the Company for BMR, your Company's debt:equity ratio reduced to 0.50 from 0.71. Current ratio was 0.48 (2014: 0.50) which is expected to improved to about 0.70 after restructuring of debts by National Bank of Pakistan and repayment of GST and FED arrears in the next FY2016. Market value of your Company's share increased to Rs. 27.00 from Rs. 17.63. Further ratio analysis are provided in the 6 years summary and key performance indicators are also presented in graphical form for your ready reference. Horizontal and verticle analysis of financial position and financial performance are also presented which help you to assess the Company's performance.

Future Outlook

We expect demand for cement will grow on back of 29% YoY increase in Public Sector Development Program to Rs. 700 billion supporting the cement industry. Development projects under the China Pakistan Economic Coridor, construction of Dams, Motorway and Metro bus projects, lower interest rate for house construction are also likely to support cement demand in the longer term. Cement dispatches may also increase on account of rehabilitation of TDP and reconstruction of infrastructure damaged due to the flood.

Corporate Governance

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

- a - Statement of pattern of shareholding
- b - Statement of trading in shares of the Company, if any, carried out by the directors, CEO, CFO, and Company Secretary and their spouses and minor children
- c - Key operating and financial data for last six years

Composition of Audit Committee

The Board has constituted the Audit Committee detail of which is provided as an integral part of this report.

Internal Control System

A sound 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 and which is provided in this report.

Managing the Risk of Fraud, Corruption and Unethical Business Practices

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

Whistle Blower Policy

Fraud-free and corruption-free culture has been core to the Company. In view of the potential risk of fraud and corruption due to rapid growth of operations, the company has put an even greater emphasis to address this risk. To meet this objective, a comprehensive Fraud Risk Management (FRM) Policy akin to the whistle blower policy has been laid down. More detail is provided in this report.

Anti Bribery and Corruption Directives

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

The above policies and its implementation are closely monitored by the Audit Committee and periodically reviewed by the Board. No incidence of bribery or corruption was reported during the year.

Corporate Social Responsibility

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

Equal Opportunity Employer

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

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

Related Parties Transactions

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

Board of Director Meetings

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

	BOD
Mr. Muhammad Tousif Peracha	3
Mr. Abdur Rafique Khan	3
Mrs. Tabassum Tousif Peracha	4
Mr. Ali Rashid Khan	4
Ms. Amna Khan (elected on 28-02-2015)	1
Mr. Daniyal Jawaid Paracha (elected on 28-02-2015)	1
Mr. Muhammad Rehman (retired on 28-02-2015)	1
Mr. Muhammad Niaz Paracha (elected on 28-02-2015)	1
Mr. Mustafa Tousif Ahmed Paracha (retired on 28-02-2015)	2
Mr. Khalid Siddique Tirmzey	2

Directors' Responsibilities

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

1- The financial statements, prepared by the management of the Company, present fairly its state of affairs, the results of its operations, cash flows and changes in equity.

2- Appropriate accounting policies have been consistently applied in preparation of financial statements, except changes fully disclosed in financial statements, and accounting estimates are based on reasonable and prudent judgment.

3- International Accounting Standards, as applicable in Pakistan, have been followed in preparation of financial statements and any departure, if any, there from has been adequately disclosed.

4- Proper books of account of the Company have been maintained.

5- There is no significant doubt on the Company's ability to continue as going concern and the financial statements have been prepared on goin concern basis.

6- There has been no material departure from the best practices of corporate governance, as detailed in the listing regulations.

7- No material changes and commitments affecting the financial position of the Company have occurred between the end of the financial year to which these financial statements relate and the date of Directors' report.

8- The Company has fulfilled its major statutory and financial obligations, except as disclosed in the Financial Statements in detail.

9- Value of investment of Provident Fund Trust and Gratuity Fund Trust are disclosed in the financial statements.

10- The Board of Directors has adopted a mission statement and statement of overall corporate strategy.

11- We have prepared and circulated a statement of ethics and business strategy among directors and employees.

12- Company has arranged in house training program for its directors, however, most of directors meet criteria as laid down in code of corporate governance

Board performance evaluation

An evaluation to assess the performance of the board as a whole, its committees and that of the individual directors is conducted annually, with the aim of improving the effectiveness of the board and its members and the performance of the company. For the financial year ending June 30, 2015, the Board evaluation was facilitated internally by the Company Secretary and head on internal audit.

The evaluation was carried out using questionnaires and the key areas of focus were risk management and governance, board efficiency and effectiveness, board committees.

The following actions were taken as part of evaluation process:

- a questionnaire was sent to each Director;
- questionnaires were used to perform reviews of the Committees;
- the questionnaire responses from the Board members and the Committees were shared with the Independent
- Non-Executive Director (ID);
- the ID subsequently met with Directors to discuss and review their questionnaire responses;
- a paper discussing the key issues raised during the evaluation process was prepared and submitted for Board consideration;
- following consideration of the Board paper, an action plan for FY2016 was set by the Board.

The evaluation concluded that the Board continued to display a commitment to good governance and to adopting board best practice, with a focus on continuing to improve its processes and procedures during the year.

The action points arising from the evaluation have been incorporated into a Board action plan for FY2016. The principal actions reflect the Board's continued focus on:

- the strategic direction of the Company;
- improving Board debate and challenge by improving reporting between Board and management; and
- enhancing the skills and competencies of Board members through a formally documented professional development framework for Directors.

Auditors

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

Acknowledgement

Your Directors take this opportunity to express their deep sense of gratitute to the banks 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 committment, dedicication and hard work put in every memeber of the Gharibwal Cement family. To them goes the credit for the company's achievements.

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

For and on behalf of Board of Directors

MUHAMMAD TOUSIF PERACHA

Chief Executive Officer
Lahore: September 02, 2015


MANAGEMENT
MORAL
EES
CO
LEGAL
PHILOSOPHY
BUSINES
ILITY
ETHICS
BEHAVIOR
COMMUNICATION
CAL
PRINCIPLES
CORPORATE

Code of Conduct and Business Ethics

We provides the Code of Conduct and Business Ethics for the guidance of our stakeholders in recognizing and resolving properly the ethical and legal issues they may encounter in conducting the Company's business. Our Code of Business Conduct applies across the Company including directors, employees, customers, contractors and suppliers; and all of these are expected to comply with all applicable laws and regulations and complying with this Code of Business Conduct and other policies of the Company; and communicate any suspected violations promptly. Violations of law or this Code or other policies of the Company are subject to disciplinary action.

- 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 are committed to supply of goods of world-class quality standards consistent with the requirements of our customers striving for their total satisfaction.
- We are committed to respecting and protecting human rights wherever we conduct business; we avoid child labour, physical punishment or forced labour.
- We are all required to make business decisions in the best interests of the Company and not based on personal interests.
- GCL sells products and services based on quality, reliability and many other things, but never bribes or make facilitation payments.
- We will not be influenced by gifts or favour of any kind from any stakeholder neither we will make improper political contributions.
- We establish and manage a safe and heathy work environment so as we protect company's property and business information from being damaged, stolen, misused or wasted.
- We obey the law and comply with this Code.
- We maintain accurate books and records; we commit ourselves to open, transparent, impartial and timely information to its shareholders, employees and other stakeholders.
- Providing a safe and healthy workplace for all employees is the first priority for GCL. Nobody should get injured while working with or for us. Our goal is zero harm to people.
- We do not trade in securities of GCL on the basis of insider information obtained while working for GCL, neither we share such inside information with the third parties.
- We don't smoke at work place or use alcohol at any place of GCL.

Corporate Calendar

September 03, 2014	Audit Committee Meeting	recommend audited financial statements for the year ended June 30, 2014 together with directors' report and auditors' report thereon for approval of the Board
September 16, 2014	Board Meeting	to approve the audited accounts for the year ended June 30, 2014 together with directors' report and auditors' report thereon
October 16, 2014	AGM	to adopt the audited financial statements for the year ended June 30, 2014 together with directors' report and auditors' report thereon
October 31, 2014	Board Meeting Audit Committee meeting	to approve the unaudited financial information for the 1st quarter ended September 30, 2014
February 04, 2015	Board Meeting Audit Committee meeting	to approve the unaudited financial information for the half year ended December 31, 2014
February 28, 2015	EOGM	election of director
April 21, 2015	Board Meeting Audit Committee meeting	to approve the unaudited financial information for the 3rd quarter ended March 31, 2015

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

Corporate Social Responsibility

Together with local stakeholders we strive to ensure that our business activities have positive benefits for people in the regions in which we operate. Thus, our manufacturing plant work closely with domestic suppliers and subcontractors. Some 60% of our sales is made to the customers of the local division and about 25% of the money we spend to procure materials and services flows directly into the local economy. This helps to create jobs as well as promote the economic health of the regions in which we operate.

We are particularly eager to support endeavors that are related to our own business, such as construction or infrastructure projects, as well as initiatives undertaken in close proximity to our manufacturing sites. The support we provide can take many forms – from financial aid and the donation of materials to the sharing of our expertise. In providing support, we aim to promote local education, culture, and business, and we are particularly willing to assist with projects that deal with the effects of our activities on the environment or biodiversity.

We take our corporate responsibilities (CSR) seriously and are committed to advancing our policies and systems across the company to ensure we address and monitor all aspects of CSR that are relevant to our business. We expresses our desire to give back to our communities, embrace diversity, sustain the environment and practice sound ethics. We recognize the impacts our decisions have on our stakeholders and work with them to determine mutually beneficial

The Board takes ultimate responsibility for CSR and is committed to developing and implementing appropriate policies while adhering to a fundamental commitment to create and sustain long term value for shareholders and all stakeholders.

This is achieved by:

- Implementing sound corporate governance practices
- Operating in a responsible manner towards employees through fair and equitable practices
- Minimizing environmental impacts through implementation of international standards
- Transparent reporting on operations and activities
- Developing personnel and providing resources to meet our targets
- Caring for the environment and cultural heritage
- Monitoring potential risks and applying mitigating policies
- Reducing negative impacts through community development and local programs
- Preventing and reducing health related impacts relating to the company's activities by managing environmental risks at source
- Implementing distinct and separate Environmental, Health and Safety, Human Resources, Community Development and Security systems
- Working and cooperating with local authorities on all Health, Safety, Environmental and Community issues

Our CSR is structured around four key pillars – community, diversity, environment, and ethics – Staples Soul

Ethics

We strive to act with integrity in all that we do and strictly adhere to our Code of Ethics and corporate governance practices which sets standards of professionalism and integrity for all employees and operations. We seek to work with authorities, employees, suppliers, contractors and other stakeholders who share our values and expect them to follow our ethical sourcing requirements.

Environment

We work to make it easy for our customers and associates to make a difference by offering more sustainable products and services, operating our business in an environmentally efficient way, and helping our customers and associates take action to protect the environment.

Community

We support the communities in which our customers and associates live and work. We do this by creating jobs (both through direct employment and indirectly through our supply chain), being a good neighbor, financial giving and in-kind donations.

Diversity

We seek to develop a workforce that reflects the diversity of the communities and customers we serve all over the world by embracing diversity in all its forms – race, gender, thought, and experience. We promote a culture of inclusion within our workforce and source products and services from diversity suppliers.

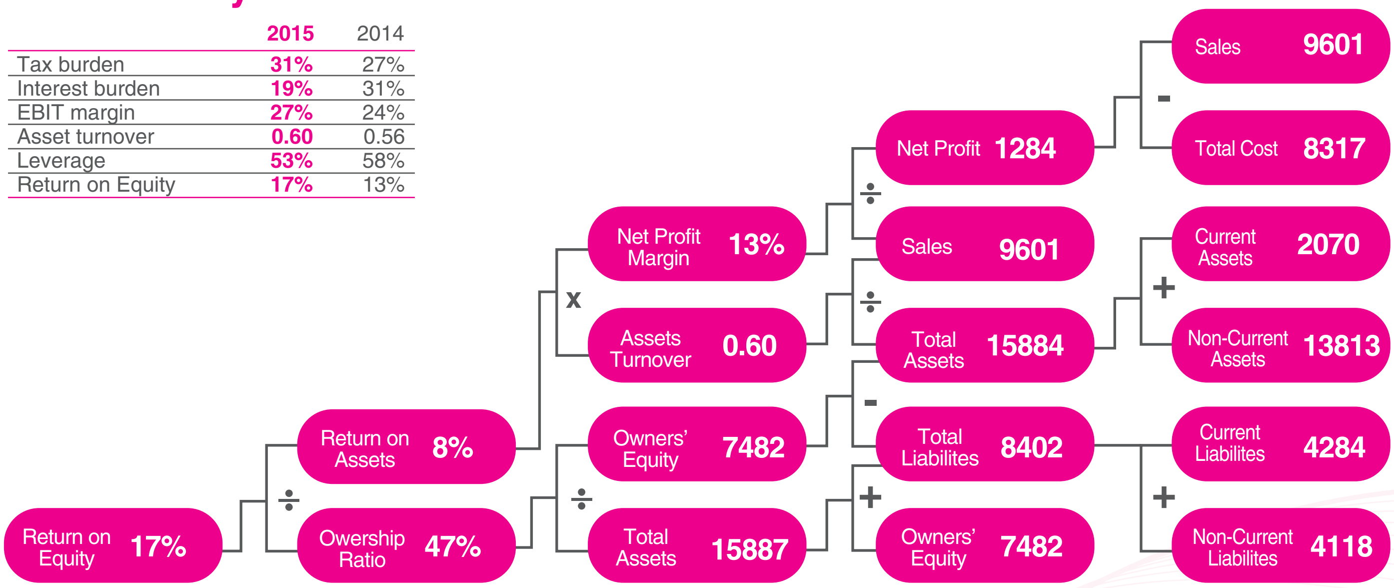
Six Years at a Glance

	2015	2014	2013	2012	2011	2010
Summary of Balance Sheet (Rs. '000)						
Equity without revaluation surplus	**4,045,866**	2,582,555	1,609,501	445,701	699,320	1,609,518
Equity with revaluation surplus	**7,481,723**	6,310,118	3,895,422	2,661,055	2,985,140	3,969,682
Interest bearing long term debts	**2,455,809**	3,162,753	4,745,083	4,726,143	4,637,704	4,878,565
Non-interest bearing long term debts	**1,318,400**	1,297,630	1,131,479	1,216,238	1,091,890	735,089
Capital employeed	**11,255,932**	10,770,501	9,771,984	8,603,436	8,714,734	9,583,336
Interest bearing short term debts	**137,847**	167,017	179,008	184,967	89,591	252,517
Property, plant and equipment	**13,722,670**	13,102,850	11,527,658	11,547,891	11,616,953	12,044,869
Current assets	**2,070,404**	1,968,973	1,209,835	977,091	951,541	743,208
Current liabilities	**4,283,740**	3,941,691	3,104,600	4,004,811	4,946,487	4,480,031
Total assets	**15,883,604**	15,179,894	12,952,710	12,579,175	12,577,449	12,845,992
Summary of Profit and Loss Account (Rs. '000)						
Net sale	**9,601,246**	8,547,263	6,230,216	4,976,032	3,327,031	2,113,818
Gross profit	**2,968,611**	2,350,239	1,696,111	984,780	165,735	(418,905)
Operating profit	**2,594,614**	2,042,608	1,455,699	779,704	(187,483)	(944,672)
EBITDA	**3,277,129**	2,638,354	1,799,158	1,105,793	137,151	(704,065)
Profit before taxation	**2,091,767**	1,409,933	1,076,529	(204,248)	(948,857)	(2,112,763)
Profit after taxation	**1,283,869**	848,682	1,061,054	(254,008)	(984,542)	(998,022)
Summary of Cash Flow Statement (Rs. '000)						
Net cash flow from operating activities	**2,237,310**	1,827,204	313759	319,495	(104,609)	(137,747)
Net cash flow from investing activities	**(1,299,159)**	(175,436)	(323,226)	(257,027)	52,226	(169,479)
Net cash flow from financing activities	**(792,416)**	(1,619,496)	(6,618)	(57,952)	53,504	260,385
Change in cash and cash equivalents	**145,735**	32,272	(16,085)	4,516	1,121	(46,841)
Cash and cash equivalenty at year end	**178,699**	32,964	692	16,777	12,261	21,140
Profitability Ratios						
Gross Profit ratio	**30.92%**	27.50%	27.22%	19.79%	4.98%	-19.82%
Net Profit to Sales Ratio	**13.37%**	9.93%	17.03%	-5.10%	-29.59%	-47.21%
EBITDA Margin to Sales ratio	**34.13%**	30.87%	28.88%	22.22%	4.12%	-33.31%
Operating leverage ratio	**52.37%**	25.33%	53.90%	58.65%	62.41%	294.58%
Return on Equity	**18.62%**	16.63%	32.37%	-9.00%	-28.31%	-33.80%
Return on Capital Employeed	**11.66%**	8.26%	11.55%	-2.93%	-10.76%	-11.39%
Return on total assets	**8.27%**	6.03%	8.31%	-2.02%	-7.75%	-8.38%
Liquidity Ratios						
Current Ratio	**0.48**	0.50	0.39	0.24	0.19	0.17
Quick Ratio	**0.15**	0.12	0.13	0.12	0.10	0.06
Cash to Current Liabilities	**0.04**	0.01	0.01	0.00	0.00	0.00
Cash flow from operations to Sales	**0.23**	0.21	0.05	0.06	(0.03)	(0.07)
Activity / Turnover Ratios						
Inventory turnover ratio	**8.77**	11.75	32.49	35.12	28.14	9.91
No. of days in inventory	**41.62**	31.06	11.24	10.42	12.97	36.83
Debtors turnover ratio	**46.85**	46.42	45.15	62.50	94.76	49.12
No. of days in receivables	**7.79**	7.86	8.08	5.86	3.85	7.43
Creditor turnover ratio	**4.88**	7.25	12.19	5.28	2.78	2.60
No. of days in payables	**74.78**	50.38	29.93	69.35	131.43	140.32
Total assets turnover ratio	**0.60**	0.56	0.48	0.40	0.26	0.16
Fixed assets turnover ratio	**0.70**	0.65	0.54	0.43	0.29	0.18
Operating cycle	**(25.37)**	(11.45)	(10.61)	(53.07)	(114.60)	(96.06)

	2015	2014	2013	2012	2011	2010
Investment / Market Ratios						
Earning per share (Rs.)	**3.21**	2.12	2.65	(0.60)	(3.08)	(4.30)
Price Earning ratio (Rs.)	**8.42**	8.32	4.13	(8.33)	(2.55)	(1.40)
Break-up Value of Share (Rs.)						
excluding Surplus on Revaluation	**10.11**	6.45	4.02	1.11	2.21	6.94
including Surplus on Revaluation	**18.69**	15.76	9.73	6.65	7.46	9.92
Market Value of Share (Rs.)						
Year End	**27.00**	17.63	10.95	5.00	7.86	6.03
Highest	**33.42**	21.25	14.86	8.42	13.50	16.85
Lowest	**15.60**	9.35	4.33	3.22	2.11	6.02
Average	**22.23**	15.75	9.04	5.35	6.21	12.96
Market Capitalization (Rs. '000)	**10,807,397**	7,056,830	4,383,000	2,001,370	3,146,153	2,413,652
Capital Structure Ratio						
Finnacial leverage ratio	**52%**	73%	155%	230%	195%	148%
Weighted average cost of debt	**7.93%**	9.22%	12.90%	17.24%	13.66%	21.50%
Capitalization rate	**12%**	12%	24%	-13%	-31%	-41%
Interest cover ratio	**5.14**	3.22	1.92	0.78	(0.24)	(0.78)
Debt to equity ratio	**0.50**	0.71	1.51	2.23	1.92	1.41

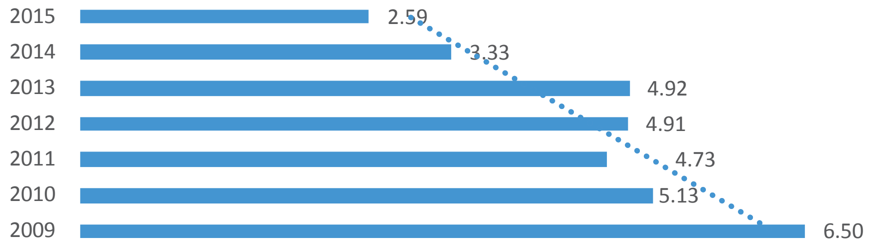
DuPont Analysis

	2015	2014
Tax burden	**31%**	27%
Interest burden	**19%**	31%
EBIT margin	**27%**	24%
Asset turnover	**0.60**	0.56
Leverage	**53%**	58%
Return on Equity	**17%**	13%



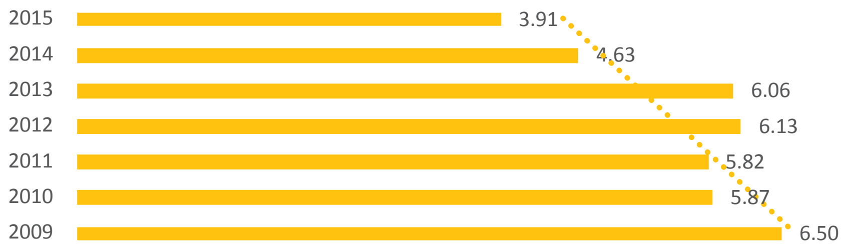
EBIT margin increased to 27% for the year as compared 24% for 2014 due to increase in sales. Interest burden decreased to 19% from 31% due to lower interest rate and repayment of interest bearing debts; on the other hand tax burden increased to 31% from 27% due to levy of one time super tax. The accumulated effect of these increased the net profit margin to 13% during the year as compared to 10% for 2014. The net profit was retained within the Company to finance the BMR projects which resulted in 5% increase in asset base and ownership ratio. Consequently, the Company reported a return on equity of 17% in 2015 compared to 13% last year.

KPI Graphical Presentation



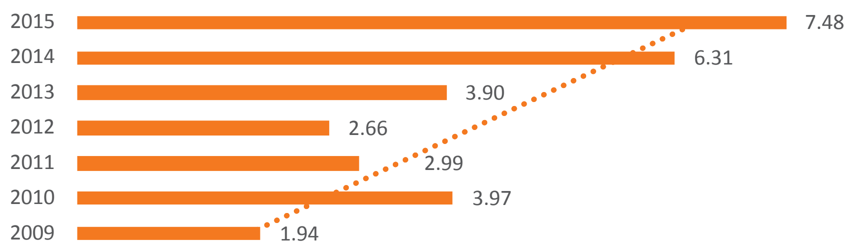
Interest bearing debts (billion rupees)

Interest bearing long term and short term debts are on downward trend and reduced to Rs. 2.59 billion in FY2015 compared to Rs. 6.5 billion in FY2009 posting a reduction of 60% over the timeline of 6 years.



Total debts (billion rupees)

Total debts include interest bearing long term and short term debts and non-interest bearing long term debts i.e. deferred markup and profits. Total debts are on downward trend and reduced to Rs. 3.91 billion in FY2015 compared to Rs. 6.50 billion in FY2009 posting a reduction of 43% over the timeline of 6 years.

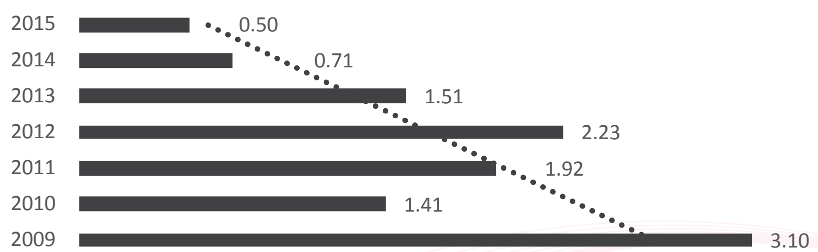


Shareholders Equity (billion rupees)

Ordinary shareholders equity include paid capital, general reserves, retained earning, share deposit money and surplus on revaluation of property, plant and equipment. Equity is on upward trajectory due to recent retained earnings and increased to Rs. 7.48 billion in FY2015 against Rs. 1.94 billion in FY2009 posting a growth of 287% over the timeline.

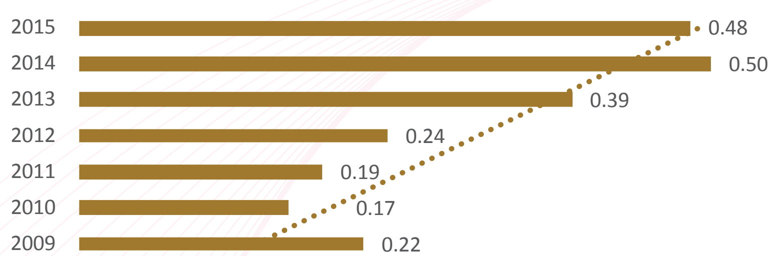
Total Assets (billion rupees)

Total assets increased to Rs. 15.88 billion in FY2015 against Rs. 10.94 billion in FY2009 posting a growth of 45% over the timeline of 6 years.



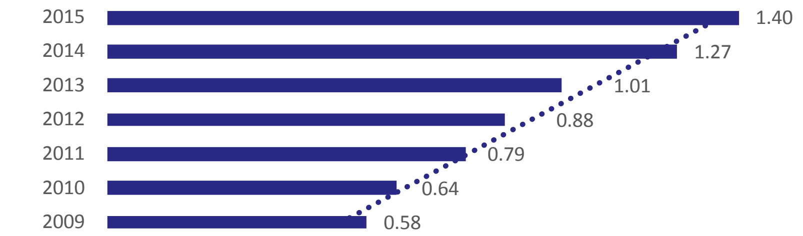
Debt : Equity Ratio (debts against equity of Rs. 1)

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. 0.50 in FY2015 compared to Rs. 3.10 in FY2009 posting a reduction of 85% over the timeline of 6 years.



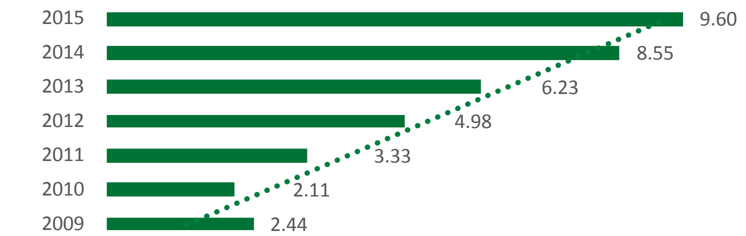
Current Ratio (current assets against current liability of Rs. 1)

Current ratio stood at Re. 0.48. This ratio is expected to improve to ~ Re. 0.70 on restructuring of debts by National Bank of Pakistan and repayment of GST and FED arrears during the next FY2016.



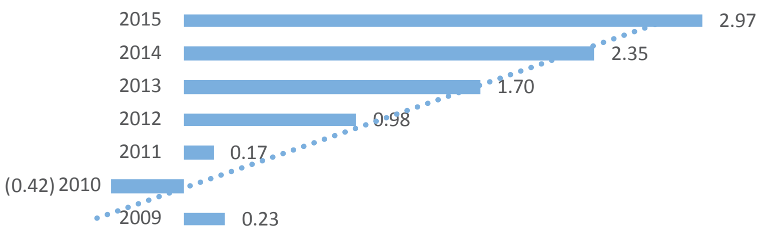
Sales Volume (million ton)

Sales volume is consistantly on upward trend and stood at 1.40 million ton dispatches in FY2015 compared to 0.58 million ton in FY2009 posting a growth of 143% over timeline of 6 years.



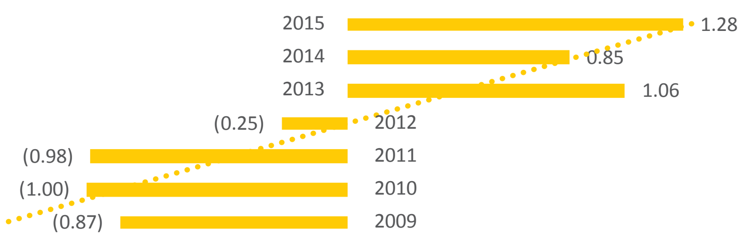
Net sales (billion rupees)

Net Sales continued its upward trajectory mainly due to sales volume growth and stood at 9.60 billion in FY2015 compared to Rs. 2.44 billion in FY2009 posting a growth of 294% over timeline of 6 years. It displayed a growth of 12% YoY for FY2015.



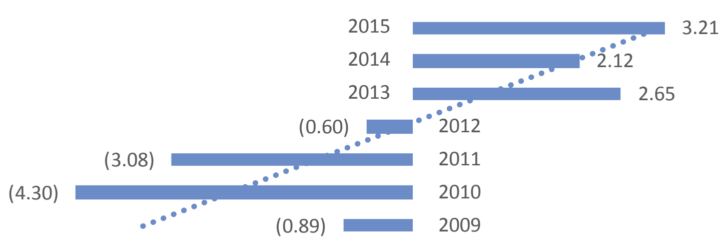
Gross profit (billion rupees)

Gross profit is on its upward trajectory and stood at 2.97 billion in FY2015 compared to Rs. 0.23 billion in FY2009. It posted a growth of 26% YoY for FY2015.



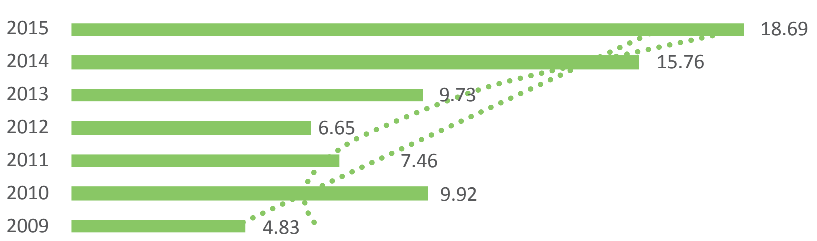
Profit after taxation (billion rupees)

Profit after taxation is also on its upward trend and stood at Rs. 1.28 billion in FY2015 compared to loss of Rs. 0.87 billion in FY2009 showing a growth of 248% over timeline of 6 years. It posted a growth of 51% YoY for FY2015.



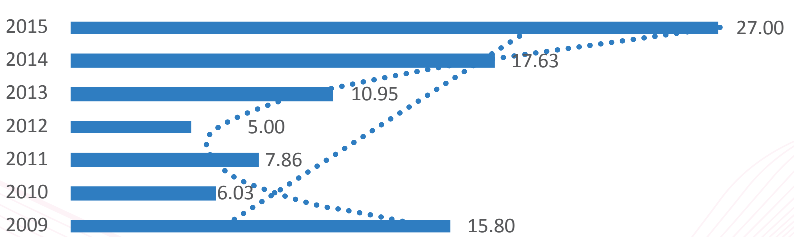
Earnings per share (rupees)

EPS displayed upward trajectory and stood at Rs. 3.21 in FY2015 compared to (Re. 0.89) in FY2009 showing a growth of 459% over timeline of 6 years. It posted a growth of 51% YoY for FY2015.



Book value per share (rupees)

Book value per share including revaluatio surplus displayed upward trajectory and stood at Rs. 18.69 in FY2015 compared to Rs. 8.35 in FY2009 showing a growth of 124% over timeline of 6 years. It posted a growth of 51% YoY for FY2015.



Market value per share (rupees)

Market value per share increased to Rs. 27.00 at the close of FY2015 compared to Rs. 17.63 at the close of FY2014 posting a growth of 53% YoY. It went up by 71% over timeline of 6 years and moved within Rs. 2.11 and Rs. 33.42.

Balance Sheet Analysis

	2015	2014	2013	2012	2011	2010
						Figures in Thousand Rupees
NON CURRENT ASSETS	**13,813,200**	13,210,921	11,742,875	11,602,084	11,625,908	12,102,784
Property, plant and equipment	**13,722,670**	13,102,850	11,527,658	11,547,891	11,616,953	12,044,869
Intangible asset	**4,834**	6,117	-	-	-	-
Long term deposits	**85,696**	101,954	72,456	54,193	8,955	57,915
Deferred tax assets	**-**	-	142,761	-	-	
CURRENT ASSETS	**2,070,404**	1,968,973	1,209,835	977,091	951,541	743,208
Stores, spares and loose tools	**812,526**	619,954	647,243	383,978	329,537	351,604
Stock in trade	**624,954**	887,682	167,020	112,122	115,180	109,483
Trade debts	**240,255**	252,013	188,929	129,592	61,964	33,762
Advances, deposits and other receivables	**176,066**	138,456	170,113	320,810	418,787	237,219
Cash and bank balances	**178,699**	32,964	22,718	16,777	12,261	11,140
Non current assets held for sale	**37,904**	37,904	13,812	13,812	13,812	-
TOTAL ASSETS	**15,883,604**	15,179,894	12,952,710	12,579,175	12,577,449	12,845,992
SHAREHOLDERS' EQUITY	**4,045,866**	2,582,555	1,609,501	445,701	699,320	1,609,518
Issued, subscribed and paid up capital	**4,002,739**	4,002,739	4,002,739	4,002,739	4,002,739	2,318,764
Retained earnings	**43,127**	(1,420,184)	(2,393,238)	(3,557,038)	(3,303,419)	(2,393,221)
Share deposit money	**-**	-	-	-	-	1,683,975
Surplus on revaluation of fixed assets	**3,435,857**	3,727,563	2,285,921	2,215,354	2,285,820	2,360,164
NON CURRENT LIABILITIES	**4,118,141**	4,928,085	5,952,688	5,913,309	4,645,822	4,396,279
Long term borrowings	**1,486,323**	2,323,642	4,007,163	3,691,144	3,690,314	3,609,647
Liabilities against assets subject to finance lease	**3,297**	-	-	-	2,345	11,916
Deferred taxation	**1,409,499**	904,660	-	-	-	-
Employees' retirement benefits	**116,772**	91,948	87,516	89,005	82,270	74,660
Deferred markup and profit	**1,102,250**	1,144,152	1,151,319	927,188	854,737	700,056
Deferred liabilities	**-**	463,683	706,690	1,205,972	16,156	-
CURRENT LIABILITIES	**4,283,740**	3,941,691	3,104,600	4,004,811	4,946,487	4,480,031
Trade and other payables	**1,466,913**	1,682,612	1,294,077	1,314,993	1,762,515	1,617,577
Markup and profit payable	**653,721**	608,867	587,285	964,449	735,266	393,976
Short term borrowings	**137,847**	167,017	179,008	184,967	89,591	252,517
Current portion of non-current liabilities	**966,189**	839,111	737,920	1,034,999	945,045	1,257,002
Taxes and duties payable	**1,059,070**	644,084	306,310	505,403	1,414,070	958,959
EQUITY AND LIABILITIES	**15,883,604**	15,179,894	12,952,710	12,579,175	12,577,449	12,845,992

Balance Sheet (Vertical and horizontal) Analysis

2015	2014	2013	2012	2011	2010	2015	2014	2013	2012	2011	2010
Verticle Analysis						Horizontal Analysis (year v/s preceeding year)					
87%	87%	91%	92%	92%	94%	5%	13%	1%	0%	-4%	24%
86%	86%	89%	92%	92%	94%	5%	14%	0%	-1%	-4%	24%
0%	0%	0%	0%	0%	0%	-21%	100%	0%	0%	0%	0%
1%	1%	1%	0%	0%	0%	-16%	41%	34%	505%	-85%	-7%
0%	0%	1%	0%	0%	0%	0%	-100%	100%	0%	0%	0%
13%	13%	9%	8%	8%	6%	5%	63%	24%	3%	28%	-37%
5%	4%	5%	3%	3%	3%	31%	-4%	69%	17%	-6%	26%
4%	6%	1%	1%	1%	1%	-30%	431%	49%	-3%	5%	-73%
2%	2%	1%	1%	0%	0%	-5%	33%	46%	109%	84%	-36%
1%	1%	1%	3%	3%	2%	27%	-19%	-47%	-23%	77%	-39%
1%	0%	0%	0%	0%	0%	442%	45%	35%	37%	10%	-81%
0%	0%	0%	0%	0%	0%	0%	174%	0%	0%	100%	0%
100%	100%	100%	100%	100%	100%	5%	17%	3%	0%	-2%	17%
25%	17%	12%	4%	6%	13%	57%	60%	261%	-36%	-57%	74%
25%	26%	31%	32%	32%	18%	0%	0%	0%	0%	73%	0%
0%	-9%	-18%	-28%	-26%	-19%	103%	41%	33%	-8%	-38%	-72%
0%	0%	0%	0%	0%	13%	0%	0%	0%	0%	0%	100%
22%	25%	18%	18%	18%	18%	-8%	63%	3%	-3%	-3%	133%
26%	32%	46%	47%	37%	34%	-16%	-17%	1%	27%	6%	16%
9%	15%	31%	29%	29%	28%	-36%	-42%	9%	0%	2%	6%
0%	0%	0%	0%	0%	0%	100%	0%	0%	-100%	-80%	-77%
9%	6%	0%	0%	0%	0%	56%	100%	0%	0%	0%	-100%
1%	1%	1%	1%	1%	1%	27%	5%	-2%	8%	10%	12%
7%	8%	9%	7%	7%	5%	-4%	-1%	24%	8%	22%	100%
0%	3%	5%	10%	0%	0%	-100%	-34%	-41%	7365%	100%	-100%
27%	26%	24%	32%	39%	35%	9%	27%	-22%	-19%	10%	-14%
9%	11%	10%	10%	14%	13%	-13%	30%	-2%	-25%	9%	35%
4%	4%	5%	8%	6%	3%	7%	4%	-39%	31%	87%	-21%
1%	1%	1%	1%	1%	2%	-17%	-7%	-3%	106%	-65%	-49%
6%	6%	6%	8%	8%	10%	15%	14%	-29%	10%	-25%	-51%
7%	4%	2%	4%	11%	7%	64%	110%	-39%	-64%	47%	95%
100%	100%	100%	100%	100%	100%	5%	17%	3%	0%	-2%	17%

Income Statement Analysis

	2015	2014	2013	2012	2011	2010
						Figures in Thousand Rupees
Net Sales	**9,601,246**	8,547,263	6,230,216	4,976,032	3,327,031	2,113,818
Cost of sales	**(6,632,635)**	(6,197,024)	(4,534,105)	(3,991,252)	(3,161,296)	(2,532,723)
Gross Profit	**2,968,611**	2,350,239	1,696,111	984,780	165,735	(418,905)
General and administrative expenses	**(255,594)**	(155,894)	(17,140)	(25,383)	(17,311)	(292,689)
Selling and distribution expenses	**(20,633)**	(17,408)	(140,518)	(161,123)	(192,803)	(149,378)
Other expenses	**(97,770)**	(134,329)	(82,754)	(19,907)	(145,383)	(105,049)
Other Income	**-**	-	-	1,337	2,279	21,349
Profit from operations	**2,594,614**	2,042,608	1,455,699	779,704	(187,483)	944,672)
Finance Income	**1,890**	2,135	378,153	(997,448)	(777,831)	(1,184,656)
Finance cost	**(504,737)**	(634,810)	(757,323)	13,496	16,457	16,565
Profit before taxation	**2,091,767**	1,409,933	1,076,529	(204,218)	(948,857)	(2,112,763)
Current Taxation	**(413,214)**	(231,774)	(15,475)	(49,760)	(35,685)	(6,497)
Deferred Taxation	**(394,684)**	(329,477)	-	-	-	1,121,238
Profit after taxation	**1,283,869**	848,682	1,061,054	(254,008)	(984,542)	998,022)

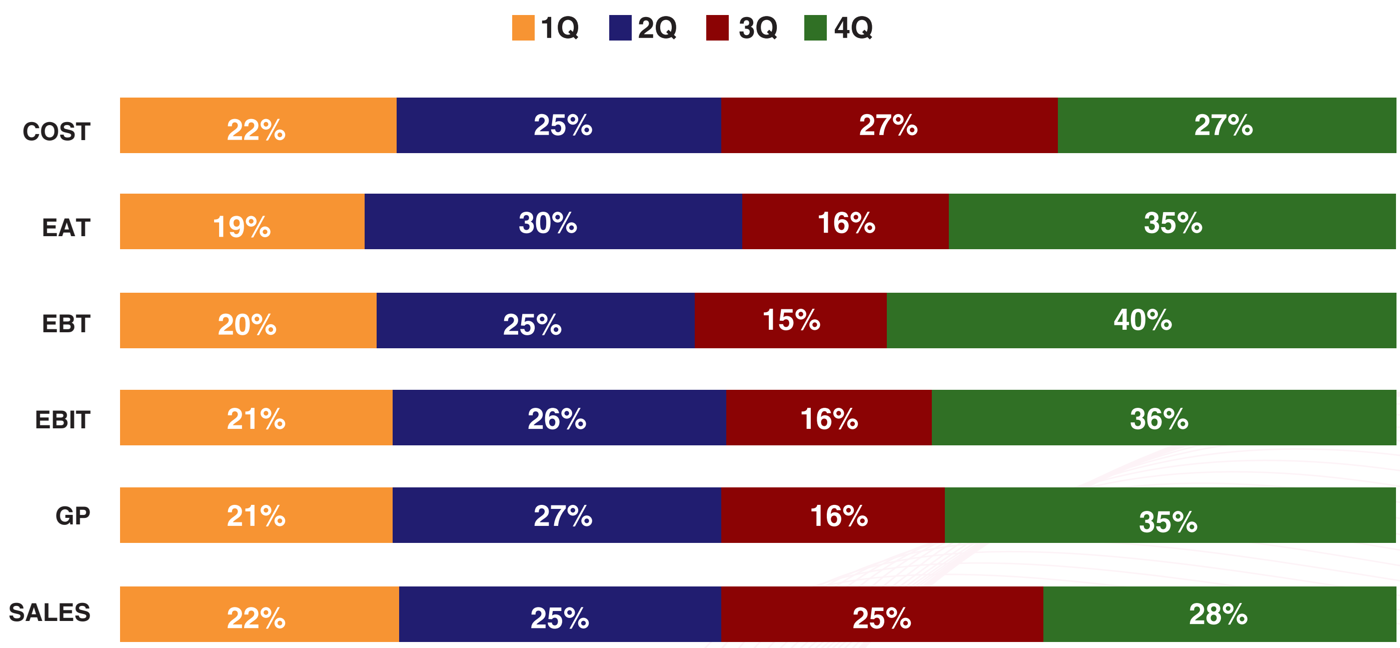
Quarterly Analysis for the year ended June 30, 2015

	1Q	2Q	3Q	4Q
				Figures in Thousand Rupees
Net Sales	2,101,019	2,431,117	2,415,072	2,654,038
Cost of sales	(1,465,675)	(1,635,741)	(1,928,629)	(1,602,589)
Gross Profit	**635,344**	**795,376**	**486,443**	**1,051,449**
General and administrative expenses	(56,524)	(76,268)	(51,318)	(71,483)
Selling and distribution expenses	(5,606)	(6,055)	(4,501)	(4,471)
Other expenses	(22,047)	(26,445)	(18,874)	(30,403)
Profit from operations	**551,168**	**686,608**	**411,750**	**945,091**
Finance Income	523	13	838	516
Finance cost	(133,097)	(160,664)	(97,028)	(113,948)
Profit before taxation	**418,593**	**525,957**	**315,560**	**831,660**
Current Taxation	(67,602)	(86,622)	(53,979)	(205,012)
Defer Taxation	(105,000)	(56,371)	(55,970)	(177,344)
Profit after taxation	**245,991**	**382,964**	**205,611**	**449,305**

Income Statement (Vertical & Horizontal) Analysis

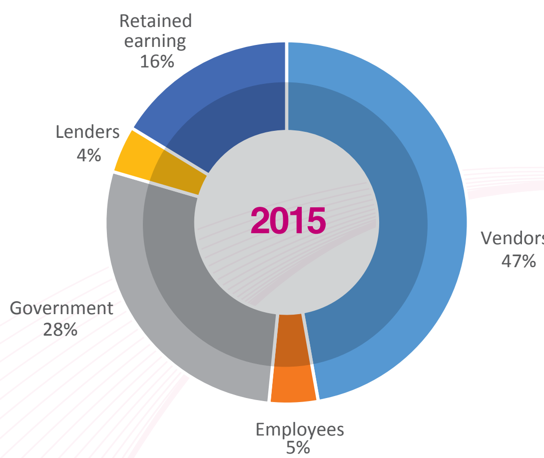
2015	2014	2013	2012	2011	2010	2015	2014	2013	2012	2011	2010
Verticle Analysis						Horizontal Analysis (year v/s preceeding year)					
100%	100%	100%	100%	100%	100%	**12%**	37%	25%	50%	57%	-13%
-69%	-73%	-73%	-80%	-95%	-120%	**7%**	37%	14%	26%	25%	15%
31%	27%	27%	20%	5%	-20%	**26%**	39%	72%	494%	140%	-280%
-3%	-2%	0%	-1%	-1%	-14%	**64%**	810%	-32%	47%	-94%	210%
0%	0%	-2%	-3%	-6%	-7%	**19%**	-88%	-13%	-16%	29%	88%
-1%	-2%	-1%	0%	-4%	-5%	**-27%**	62%	316%	-86%	38%	118%
0%	0%	0%	0%	0%	1%	**0%**	0%	-100%	-41%	-89%	2592%
27%	24%	23%	16%	-6%	-45%	**27%**	40%	87%	516%	80%	-7974%
0%	0%	6%	-20%	-23%	-56%	**-20%**	-16%	-24%	28%	-34%	34%
-5%	-7%	-12%	0%	0%	1%	**-11%**	-99%	2702%	-18%	-1%	67%
22%	16%	17%	-4%	-29%	-100%	**48%**	31%	627%	78%	55%	-146%
-4%	-3%	0%	-1%	-1%	0%	**78%**	1398%	-69%	39%	449%	-40%
-4%	-4%	0%	0%	0%	53%	**20%**	100%	0%	0%	-100%	100%
13%	10%	17%	-5%	-30%	-47%	**51%**	-20%	518%	74%	1%	-15%

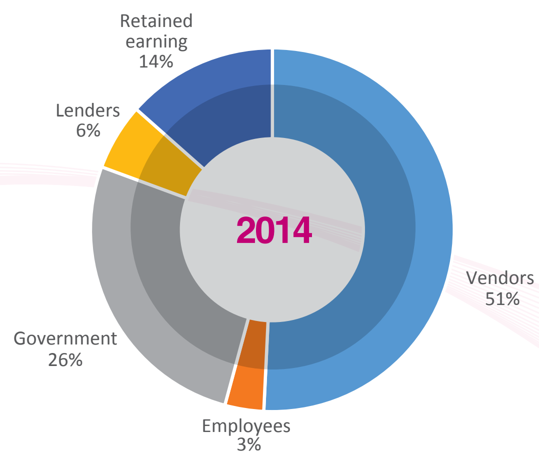
QUARTER-WISE BREAKUP



Statement of Wealth Distribution

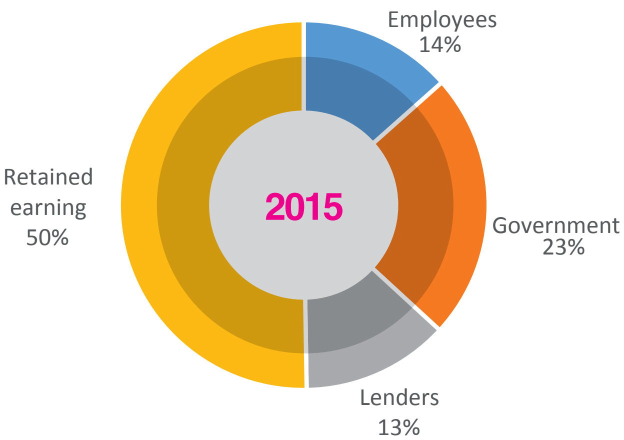
	2015	2014
	(Rupees in '000s)	
WEALTH		
Gross Sales	12,058,525	10,712,383
Other Income	1,890	2,135
	12,060,415	10,714,518
DISTRIBUTION		
Goods and services providers		
Fuel and energy	3,528,144	4,090,094
Raw material	541,847	846,546
Packing material	607,428	525,491
Stores and spares	500,787	391,399
Other expenses	515,858	(415,214)
	5,694,064	5,438,316
Employees		
Salaries and benefits	415,975	296,012
Workers' Profit Participation Fund	109,425	74,207
	525,400	370,219
Government		
Income Tax	807,900	561,251
Sales Tax	1,919,579	1,692,312
Federal Excise duty	537,700	472,808
Royalty and Excise duty	106,545	102,508
	3,371,723	2,828,879
Provider of Finances		
To debt provider as finance cost	504,737	634,810
To equity provider as dividend	-	-
	504,737	634,810
Retained in Business		
Depreciation and amortization	680,622	593,612
Retained earning	1,283,869	848,682
	1,964,491	1,442,294
	12,060,415	10,714,518

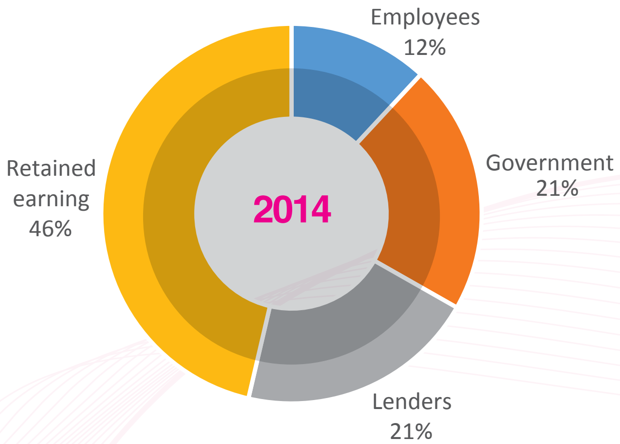




Statement of Value Addition

	2015	2014
	(Rupees in '000s)	
VALUE ADDED		
Net sales	9,601,246	8,547,263
Other Income	1,890	2,135
Material and Services	(5,694,064)	(5,438,316)
	3,909,072	3,111,082
DISTRIBUTION		
Employees		
Salaries and benefits	415,975	296,012
Workers' Profit Participation Fund	109,425	74,207
	525,400	370,219
Government		
Income Tax	807,900	561,251
Royalty and Excise duty	106,545	102,508
	914,444	663,759
Provider of Finances		
To debt provider as finance cost	504,737	634,810
To equity provider as dividend	-	-
	504,737	634,810
Retained in Business		
Depreciation and amortization	680,622	593,612
Retained earning	1,283,869	848,682
	1,964,491	1,442,294
	3,909,072	3,111,082





Pattern of Shareholdings

As at 30 June 2015

Sr. No	Number of Shareholding	Shareholdings From	To	Total Shares Held	Percentage
1	908	1	100	34,324	0.0086%
2	531	101	500	153,954	0.0385%
3	303	501	1,000	231,126	0.0577%
4	360	1,001	5,000	857,903	0.2143%
5	91	5,001	10,000	652,184	0.1629%
6	24	10,001	15,000	307,552	0.0768%
7	14	15,001	20,000	247,350	0.0618%
8	11	20,001	25,000	260,953	0.0652%
9	4	25,001	30,000	115,497	0.0289%
10	3	30,001	35,000	100,209	0.0250%
11	2	35,001	40,000	77,390	0.0193%
12	1	40,001	45,000	42,454	0.0106%
13	5	45,001	50,000	244,747	0.0611%
14	2	50,001	55,000	104,550	0.0261%
15	1	75,001	80,000	80,000	0.0200%
16	1	80,001	85,000	82,205	0.0205%
17	1	90,001	95,000	92,204	0.0230%
18	2	95,001	100,000	200,000	0.0500%
19	1	100,001	105,000	102,500	0.0256%
20	1	110,001	115,000	113,500	0.0284%
21	1	115,001	120,000	116,943	0.0292%
22	1	120,001	125,000	122,500	0.0306%
23	1	135,001	140,000	140,000	0.0350%
24	1	150,001	155,000	153,747	0.0384%
25	1	180,001	185,000	182,760	0.0457%
26	1	190,001	195,000	194,025	0.0485%
27	1	195,001	200,000	197,500	0.0493%
28	1	275,001	280,000	279,000	0.0697%
29	1	335,001	340,000	337,000	0.0842%
30	1	420,001	425,000	425,000	0.1062%
31	1	445,001	450,000	450,000	0.1124%
32	1	505,001	510,000	510,000	0.1274%
33	1	520,001	525,000	520,074	0.1299%
34	1	590,001	595,000	592,145	0.1479%
35	1	770,001	775,000	770,500	0.1925%
36	1	1,095,001	1,100,000	1,100,000	0.2748%
37	1	1,155,001	1,160,000	1,156,000	0.2888%
38	1	2,015,001	2,020,000	2,020,000	0.5047%
39	1	2,665,001	2,670,000	2,666,667	0.6662%
40	1	2,995,001	3,000,000	3,000,000	0.7495%
41	1	4,080,001	4,085,000	4,082,112	1.0198%
42	1	4,280,001	4,285,000	4,282,112	1.0698%
43	1	4,755,001	4,760,000	4,760,000	1.1892%
44	1	16,060,001	16,065,000	16,062,541	4.0129%
45	1	22,725,001	22,730,000	22,728,035	5.6781%
46	1	93,995,001	94,000,000	93,999,618	23.4838%
47	1	235,325,001	235,330,000	235,325,079	58.7910%
	2,293			**400,273,960**	**100.0000%**

Pattern of Shareholdings

As at 30 June 2015

Categories of shareholders	Share Held	Percentage
Directors, Chief Executive Officers, and their spouse and minor childern	371,819,875	92.89%
Associated Companies, undertakings and related parties.	0	0.00%
NIT and ICP	630	0.00%
Banks Development Financial Institutions, Non Banking Financial Institutions.	132,247	0.03%
Insurance Companies	418	0.00%
Modarabas and Mutual Funds	218	0.00%
General Public	15,099,932	3.77%
Investment Companies	2,666,667	0.67%
Joint Stock Companies	2,145,414	0.54%
Foreign Companies	8,364,224	2.09%
Associations	43,637	0.01%
Others	698	0.00%
	400,273,960	**100%**

Categories of shareholdings required under code of corporate goverance

Associated Companies, Undertakings and Related Parties:		**-**	**-**
Mutual Funds (Name Wise Detail)			
1	Prudential Stock Fund Ltd.	218	0.0%
Directors and their Spouse and Minor Chidren:			
1	Mr. Abdur Rafique Khan	93,999,618	23.5%
2	Mr. Muhammad Tousif Peracha	238,662,079	59.6%
3	Mr. Muhammad Niaz Paracha	2,330	0.0%
4	Mrs. Tabassum Tousif Peracha	194,025	0.0%
5	Ms. Amna Khan	22,728,035	5.7%
6	Mr. Ali Rashid Khan	16,062,541	4.0%
7	Mr. Khalid Siddiq Tirmizey	500	0.0%
8	Mr. Daniyal Jawaid Paracha	17,000	0.0%
9	Mrs. Salma Khan W/o A. Rafique Khan	153,747	0.0%
Executives:		**-**	**-**
Public Sector Companies & Corporations:		-	-
Banks, Development Finance Institutions, Non Banking Finance Companies, Insurance Companies, Takaful, Modarabas and Pension Funds:		132,247	0.0%

Shareholders holding five percent or more voting interest in the company

1	Mr. Muhammad Tousif Peracha	238,662,079	59.6%
2	Mr. Abdur Rafique Khan	93,999,618	23.5%
3	Ms. Amna Khan	22,728,035	5.7%

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

S.No	Name	Sale	Purchase
1	Mr. Abdur Rafique Khan	--	22,833,000
2	Mr. Muhammad Tousif Peracha	--	27,478,574
3	Mrs. Tabassum Tousif Peracha	--	188,000

KRESTON
HYDER BHIMJI & CO
CHARTERED ACCOUNTANTS

Review Report to the Members

On Statement of Compliance with Best Practices of Code of Corporate Governance

We have reviewed the enclosed Statement of Compliance with the best practices contained in the Code of Corporate Governance (the code) prepared by the Board of Directors of Gharibwal Cement Limited (the company) for the year ended June 30, 2015 to comply with the requirements of Listing Regulation No.35 of Karachi Stock Exchange Limited and Listing Regulation No.35 of Lahore Stock Exchange Limited, where the company is listed.

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

As part of our audit of the financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board's statement on internal control covers all risks and controls, or to form an opinion on the effectiveness of such internal controls, the company's corporate governance procedures and risks.

The Code requires the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval its related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price and recording proper justification for using such alternate pricing mechanism. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length price or not.

Based on our review, nothing has come to our attention, which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Code, as applicable to the company for the year ended June 30, 2015.

Kreston Hyder Bhimji & Co.

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

Lahore: September 02, 2015

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Karachi Office:
Suit no.1601, Kashif Center, Main Shahra e Faisal , Karachi . Phone: 92-21-35640050-1-2 Fax: 92-21-35640053, E-mail: bhimji@cyber.net.pk, info-khi@hyderbhimji.com
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206. 1st Floor, Business Center, New Civil Line, Faislabad. Phone: 92-41-2615632-2615650 Fax: 92-41-2617902, Email: hyderbhimjifsd@gmail.com, info-fsd@hyderbhimji.com
www.krestonhb.com

Statement on Compliance with Code of Corporate Governance

This statement is being presented to comply with the Code of Corporate Governance contained in Regulation No. 34 of listing regulations of Karachi and Lahore Stock Exchange for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance.

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

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

Category	Names
Independent Director	Mr. Khalid Siddiq Tirmizey
Non-Executive Director	Mrs. Tabassum Tousif Peracha
	Mr. Ali Rashid Khan
	Ms. Amna Khan
	Mr. Muhammad Niaz Paracha
	Mr. Daniyal Jawaid Paracha
Executive Director	Mr. Muhammad Tousif Peracha
	Mr. Abdul Rafique Khan

Mr. Daniyal Jawaid Paracha & Mr. Muhammad Niaz Paracha also meet the criteria of independent director.

2. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this company (excluding the listed subsidiaries of listed holding companies where applicable).

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

4. Casual vacancies, if any, occurred on the board during the year has filled within 30-days

5. The company has prepared a "Code of Conduct and Business Ethics" has ensured that appropriate steps have been taken to disseminate it throughout the company along with its supporting policies and procedures.

6. The board has developed a vision/mission statement, overall corporate strategy and significant policies of the company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.

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

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

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

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

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

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

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

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

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

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

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

18. The board has set up an effective internal audit function and head of internal audit function is suitably qualified and experienced for the purpose and conversant with the policies and is procedures of the company.

19. The statutory auditors of the company have confirmed that they have been given a satisfactory rating under the quality control review program of the ICAP, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the ICAP.

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

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

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

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

Muhammad Tousif Peracha
Chief Executive Officer
Lahore: September 02, 2015

Financial Statements

KRESTON
HYDER BHIMJI & CO
CHARTERED ACCOUNTANTS

Auditors' Report to the Members

We have audited the annexed balance sheet of Gharibwal Cement Limited as at June 30, 2015 and the related profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purpose of our audit.

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

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

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

b) in our opinion:

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

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

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

c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the company's affairs as at June 30, 2015 and of the profit, its comprehensive income, cash flows and changes in equity for the year then ended; and

d) in our opinion, no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980.

Kreston Hyder Bhimji & Co.

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

Lahore: September 02, 2015

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Balance Sheet

AS AT JUNE 30, 2015

	Note	2015	2014
		Rupees in '000s	
ASSETS			
NON CURRENT ASSETS			
Property, plant and equipment	4	13,722,670	13,102,850
Intangible asset	5	4,834	6,117
Long term deposits	6	85,696	101,954
		13,813,200	13,210,921
CURRENT ASSETS			
Stores, spares and loose tools	7	812,526	619,954
Stock in trade	8	624,954	887,682
Trade debts	9	240,255	252,013
Advances, deposits and other receivables	10	176,066	138,456
Cash and bank balances	11	178,699	32,964
		2,032,500	1,931,069
Non current assets held for sale	12	37,904	37,904
Total current assets		2,070,404	1,968,973
TOTAL ASSETS		15,883,604	15,179,894
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized capital			
470,000,000 ordinary shares of Rs. 10 each		4,700,000	4,700,000
Issued, subscribed and paid up capital	13	4,002,739	4,002,739
General reserve	14	-	332,000
Retained earnings		43,127	(1,752,184)
		4,045,866	2,582,555
SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT	15	3,435,857	3,727,563
NON CURRENT LIABILITIES			
Long term borrowings	16	1,486,323	2,323,642
Liabilities against assets subject to finance lease	17	3,297	-
Deferred taxation	18	1,409,499	904,660
Employees' retirement benefits	19	116,772	91,948
Deferred markup and profit	21	1,102,250	1,144,152
Deferred taxes and duties	24	-	463,683
		4,118,141	4,928,085
CURRENT LIABILITIES			
Trade and other payables	20	1,466,913	1,682,612
Markup and profit payable	21	653,721	608,867
Short term borrowings	22	137,847	167,017
Current portion of non-current liabilities	23	966,189	839,111
Taxes and duties payable	24	1,059,070	644,084
		4,283,740	3,941,691
CONTINGENCIES AND COMMITMENTS	25		
TOTAL EQUITY AND LIABILITIES		15,883,604	15,179,894

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

CHIEF EXECUTIVE OFFICER | **Director**

Profit and Loss Account
FOR THE YEAR ENDED JUNE 30, 2015

	Note	2015	2014
		Rupees in '000s	
Net Sales	26	9,601,246	8,547,263
Cost of sales	27	(6,632,635)	(6,197,024)
Gross Profit		2,968,611	2,350,239
General and administrative expenses	28	(255,594)	(155,894)
Selling and distribution expenses	29	(20,633)	(17,408)
Other expenses	30	(97,770)	(134,329)
Profit from operations		2,594,614	2,042,608
Finance Income	31	1,890	2,135
Finance cost	32	(504,737)	(634,810)
Profit before taxation		2,091,767	1,409,933
Taxation	33	(807,898)	(561,251)
Profit after taxation		1,283,869	848,682
		Rupees	
Earnings per share (basic & diluted)	34	3.21	2.12

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

CHIEF EXECUTIVE OFFICER

Director

Statement of Comprehensive Income
FOR THE YEAR ENDED JUNE 30, 2015

	2015	2014
	Rupees in '000s	
Profit after taxation for the year	**1,283,869**	848,682
Other Comprehensive Income		
Items that will not be reclassified to profit or loss:		
Actuarial (loss)/gain on remeasurement of defined benefit plan	**(2,193)**	240
Deferred tax	**768**	(84)
	(1,425)	156
Total comprehensive income for the year	**1,282,444**	848,838

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

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

CHIEF EXECUTIVE OFFICER

Director

Cash Flow Statement

FOR THE YEAR ENDED JUNE 30, 2015

	2015	2014
	Rupees in '000s	
CASH FLOW FROM OPERATING ACTIVITIES		
Net profit before taxation	2,091,767	1,409,933
Adjustment for non-cash and other items:		
Depreciation and amortization	680,622	593,612
Finance cost	504,737	634,810
Provision for retirement benefits	45,667	3,515
Provision for impairment of store items	-	35,127
Provision for doubtful debts	-	(2,584)
Balances written off	(12,738)	-
Provision for balances doubtful for recovery	1,043	27,579
	1,219,331	1,292,059
Operating profit before working capital changes	3,311,098	2,701,992
Changes in working capital:		
Stores, spares and loose tools	(192,572)	45,265
Stock in trade	262,728	(720,662)
Trade debts	11,758	(60,500)
Advances, deposits and other receivables	(38,653)	4,078
Trade and other payables	(186,623)	630,135
Long term deposits	16,258	(12,498)
Taxes & duties	(371,011)	33,658
	(498,115)	(80,524)
Cash inflow from operation	2,812,983	2,621,468
Finance cost paid	(427,924)	(550,873)
Retirement benefits paid	(20,934)	(4,198)
Income tax paid	(126,815)	(239,193)
Net cash inflow from operating activities	2,237,310	1,827,204
CASH FLOW FROM INVESTING ACTIVITIES		
Fixed capital expenditure	(1,299,159)	(173,659)
Intangible assets	-	(1,777)
Net cash outflow from investing activities	(1,299,159)	(175,436)
CASH FLOW FROM FINANCING ACTIVITIES		
Repayment of long term borrowings	(457,068)	(677,611)
Repayment of short term borrowings	(29,170)	(11,991)
Net proceeds from finance lease	4,024	-
Repayment of directors' loan	(310,202)	(929,894)
Net cash outflow from financing activities	(792,416)	(1,619,496)
Net increase in cash and cash equivalents	145,735	32,272
Cash and cash equivalents at beginning of the year	32,964	692
Cash and cash equivalents at end of the year	178,699	32,964

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

CHIEF EXECUTIVE OFFICER

Director

Statement of Changes in Equity

FOR THE YEAR ENDED JUNE 30, 2015

	Share Capital	General Reserves	Retained Earnings	Total
	Rupees in '000s			
Balance as at June 30, 2013	4,002,739	332,000	(2,725,238)	1,609,501
Total Comprehensive income for the year ended June 30, 2014				
Profit after taxation	-	-	848,682	848,682
Other comprehensive income	-	-	156	156
	-	-	848,838	848,838
Incremental depreciation on revaluation of property, plant & equipment	-	-	191,102	191,102
Deferred tax attributed to incremental depreciation	-	-	(66,886)	(66,886)
	-	-	124,216	124,216
Balance as at June 30, 2014	4,002,739	332,000	(1,752,184)	2,582,555
Total Comprehensive income for the year ended June 30, 2015				
Profit after taxation	-	-	1,283,869	1,283,869
Other comprehensive income	-	-	(1,425)	(1,425)
	-	-	1,282,444	1,282,444
General reserves transferred to retained earnings	-	(332,000)	332,000	-
Incremental depreciation on revaluation of property, plant & equipment	-	-	278,257	278,257
Deferred tax attributed to incremental depreciation	-	-	(97,390)	(97,390)
	-	-	180,867	180,867
Balance as at June 30, 2015	**4,002,739**	**-**	**43,127**	**4,045,866**

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

CHIEF EXECUTIVE OFFICER

Director

1 LEGAL STATUS AND OPERATIONS

The Company was incorporated in Pakistan on December 29, 1960 as a Public Limited Company; its shares are quoted on Karachi and Lahore Stock Exchanges. It is principally engaged in production and sale of cement. The registered office of the Company is situated at 28-B/III, Gulberg III, Lahore.

2 BASIS OF PREPARATION

2.1 Statement of compliance

These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board and Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan as are notified under the Companies Ordinance, 1984, provisions of and directives issued under the Companies Ordinance, 1984. In case requirements differ, the provisions or directives of the Companies Ordinance, 1984 prevail.

2.2 New standards, amendments to approved accounting standards and new interpretations

a Amendments to approved accounting standards and an interpretation which became effective during the year ended June 30, 2015.

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

b New standards and amendments to approved accounting standards that are not yet effective and have not been early adopted by the company

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

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

There are no new standards, amendments to existing approved accounting standards and new interpretations, not yet effective, that would be expected to have a material impact on the financial statements of the Company.

2.3 Basis of measurement

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

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

2.4 Functional and presentation currency

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

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

2.5 Use of estimates and judgments

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

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

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

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

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

2.5.2 Stock in trade and stores and spare parts

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

2.5.3 Provision for doubtful debts, advances and other receivables

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

2.5.4 Employees' retirement benefits

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

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

2.5.5 Provision for income taxes

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

The Company also regularly reviews the trend of proportion of incomes between Presumptive Tax Regime income and Normal Tax Regime income and the change in proportions, if significant, is accounted for in the year of change.

2.5.6 Contingencies

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

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

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 Property, plant & equipment

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

Building and foundation, building on leasedhold land, heavy earth moving machinery, plant and machinery, and railway siding are stated at revalued amount being the fair value at the date of revaluation, less accumulated depreciation / amortization and impairment in value, if any. Freehold land is stated at revalued amount being the fair value at the date of revaluation, less any subsequent impairment losses, if any. Any revaluation increase arising on the revaluation of such assets is credited to 'Surplus on revaluation of property, plant and equipment'. A decrease in the carrying amount arising on revaluation is charged to profit or loss to the extent that it exceeds the balance, if any, held in the surplus on revaluation account relating to a previous revaluation of that asset.

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

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

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

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

3.2 Intangible assets

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

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

3.3 Impairment of assets

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

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

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

3.4 Stores, spares and loose tools

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

3.5 Stock in trade

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

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

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

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

3.6 Trade debts

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

3.7 Cash and cash equivalents

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

3.8 Non current assets classified as held for sale

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

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

3.9 Equity, reserves and dividend payments

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

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

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

3.10 Surplus on revaluation of property, plant and equipment

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

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

3.11 Borrowings

All borrowings are recorded at the proceeds received. Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use are added to the cost of those assets, until such time as the assets are substantially ready for their intended use. All other borrowing costs are charged to income in the period in which these are incurred.

3.12 Leases

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

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

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

3.13 Employees retirement benefits

(a) Defined benefit plan

The Company operates approved funded gratuity scheme for all its employees who have completed the minimum qualifying period of service as defined under the respective scheme. During the year, the Company has discontinued the gratuity scheme for its employees of management cadre and gratuity payable to them is calculated based on service length and pay rate as on June 30, 2014 which is frozen and will be paid when these employees leave service with the Company or as per discretion of the management of the Company.

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

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

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

(b) Defined contribution plan

The Company operates a funded contributory provident fund scheme for its non-management cadre employees. During the year, the Company introduces a new separate funded contributory provident fund scheme for its management cadre employees effective from July 01, 2014.

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 operates annual leave scheme for all its permanent employees which can be accumulated upto a certain balance encashable at the rate of basic pay at the time when employee leaves the service with the Company. During the year, the Company has discontinued this annual leave scheme for its employees of management cadre and amount payable to them under the scheme is calculated based on the accumulated balance and basic pay as at June 30, 2014 which is frozen and will be paid when these employees leave service with the Company or as per discretion of the management of the Company.

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

Provision is made to cover the obligation for accumulated compensated absences on the basis of actuarial valuation and are charged to profit and loss account under the head salaries and benefits. Any re-measurements arising from experience adjustments and changes in actuarial assumptions are recognised in profit or loss in the periods in which the changes occur.

3.14 Trade and other payables

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

3.15 Ijarah arrangement

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

3.16 Provisions

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

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

3.17 Taxation

Current Taxation

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

Deferred Taxation

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

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

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

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

3.18 Foreign currency translation

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

3.19 Financial instruments

Financial assets are long term deposits, trade debts, advances & other receivables and cash and bank balances. These are initially recognized at fair value plus transaction costs except for financial assets at fair value through profit or loss, which are initially recognized at fair value and transaction costs are expensed in the profit and loss account. Financial assets are derecognized when the rights to receive cash flows from the assets have expired or have been transferred; and the company has transferred substantially all the risks and rewards of ownership.

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

Any gain or loss on the recognition and de-recognition of the financial assets and liabilities is included in the profit and loss account for the period in which it arises.

3.20 Offsetting of financial assets and liabilities

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

3.21 Revenue recognition

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

- Sales are recorded when significant risks and rewards of ownership of the goods have passed to the customers which coincides with dispatch of goods to customers.

- Dividend income is recognized when the Company's right to receive the dividend is established.

- Interest income is recognised as and when accrued on effective interest rate method.

3.22 Earning per share (EPS)

Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year.

Diluted EPS is calculated by adjusting basic EPS by the weighted average number of ordinary shares that would be issued on conversion of all dilutive potential ordinary shares into ordinary shares and post-tax effect of changes in profit or loss attributable to ordinary shareholders of the Company that would result from conversion of all dilutive potential ordinary shares into ordinary shares.

3.23 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.

	Note	2015	2014
		Rupees in '000s	
4 PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets - Tangible	4.1	**12,558,974**	13,007,938
Capital work in progress	4.2	**1,163,696**	94,912
		13,722,670	13,102,850

4.1 OPERATING FIXED ASSETS - TANGIBLE

	COST / REVALUED AMOUNT						ACCUMULATED DEPRECIATION				Book Value
	Balance as at 01-07-2014	Incremental surplus	Additions	Transfer	Balance as at 30-06-2015	Rate	Balance as at 01-07-2014	For the Year	Transfer	Balance as at 30-06-2015	Revaluation Model as at 30-06-2015
Owned assets											
Freehold land	108,972	-	-	-	108,972		-	-	-	-	**108,972**
Building and foundation	3,549,334	-	10,571	-	3,559,905	5%	975,170	128,850	-	1,104,020	**2,455,885**
Building on Leasehold land	39,291	-	-	-	39,291	10%	16,074	2,322	-	18,396	**20,895**
Heavy earth moving machinery	181,598	-	469	-	182,067	20%	123,762	11,575	-	135,337	**46,730**
Plant and machinery	11,410,198	-	100,593	-	11,510,791	5%	1,276,100	508,629	-	1,784,729	**9,726,062**
Infrastructure	116,779	-	72,901	-	189,680	7%-20%	42,252	18,918	-	61,170	**128,510**
Tools and equipment	1,718	-	679	-	2,397	10%	1,401	60	-	1,461	**936**
Furniture, fixtures and office equipment	50,763	-	6,362	-	57,125	10%-30%	36,535	1,934	-	38,469	**18,656**
Transport assets	67,547	-	33,721	-	101,268	20%	46,968	6,458	-	53,426	**47,842**
	15,526,200	-	225,296	-	15,751,496		2,518,262	678,746	-	3,197,008	**12,554,488**
Assets subject to finance lease											
Vehicles	-	-	5,079	-	5,079	20%	-	593	-	593	4,486
Rupees in 000s - 2015	**15,526,200**	**-**	**230,375**	**-**	**15,756,575**		**2,518,262**	**679,339**	**-**	**3,197,601**	**12,558,974**

	COST / REVALUED AMOUNT						ACCUMULATED DEPRECIATION				Book Value
	Balance as at 01-07-2013	Incremental surplus	Additions	Transfer	Balance as at 30-06-2014	Rate	Balance as at 01-07-2013	For the Year	Transfer	Balance as at 30-06-2014	Revaluation Model as at 30-06-2014
Owned Assets											
Freehold land	134,137	12,739	-	(37,904)	108,972		-	-	-	-	108,972
Building and foundation	3,019,962	528,665	707	-	3,549,334	5%	862,906	112,264	-	975,170	2,574,164
Building on Leasehold land	19,796	19,495	-	-	39,291	10%	15,299	775	-	16,074	23,217
Heavy earth moving machinery	122,452	35,146	24,000	-	181,598	20%	116,626	7,136	-	123,762	57,836
Plant and machinery	9,201,711	1,687,674	237,327	283,486	11,410,198	5%	740,031	448,943	87,126	1,276,100	10,134,098
Infrastructure	116,779	-	-	-	116,779	7%-20%	23,982	18,270	-	42,252	74,527
Tools and equipment	1,718	-	-	-	1,718	10%	1,366	35	-	1,401	317
Furniture, fixtures and office equipment	48,919	-	1,844	-	50,763	10%	35,088	1,447	-	36,535	14,228
Transport assets	60,984	-	4,704	1,859	67,547	20%	41,362	4,305	1,301	46,968	20,579
	12,726,458	2,283,719	268,582	247,441	15,526,200		1,836,660	593,175	88,427	2,518,262	13,007,938
Assets subject to finance lease											
Plant and machinery	283,486	-	-	(283,486)	-	5%	87,126	-	(87,126)	-	-
Vehicles	1,859	-	-	(1,859)	-	20%	1,161	140	(1,301)	-	-
	285,345	-	-	(285,345)	-		88,287	140	(88,427)	-	-
Rupees in 000s - 2014	13,011,803	2,283,719	268,582	(37,904)	15,526,200		1,924,947	593,315	-	2,518,262	13,007,938

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

Freehold land

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

Building and foundation, and railway siding

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

Plant and machinery, and Heavy earth moving machinery

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

4.1.2 Had the revaluations of these assets not been made, the carrying value of these assets as at June 30, 2015 would have been as under:

	Note	2015	2014
		Rupees in '000s	
Freehold land		**19,914**	19,914
Building and foundation		**1,307,189**	1,365,011
Building and foundation on leasehold land		**85**	95
Heavy earth moving machinery		**16,324**	19,829
Plant and machinery		**5,778,982**	5,979,278
		7,122,494	7,384,127

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

	Note	2015	2014
Cost of sales	27	**674,406**	590,217
Selling and distribution expenses	29	**420**	427
General and administrative expenses	28	**4,513**	2,671
		679,339	593,315

4.1.4 The carrying amount of temporarily idle operating fixed assets, as included in note 4.1, is as under:

	2015	2014
	Rupees in '000s	
Building and foundations	**98,707**	103,209
Railway sidings	**1,936**	2,082
	100,643	105,291

4.1.5 Heavy earth moving machinery includes used dumpers having book value of Rs. 15.821 million (FY2014: Rs. 19.333 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. In addition to these, vehicles repurchased on maturity of ijarah facility during the year except for three vehicles having book value of Rs. 0.130 million, were registered in the name of the Company subsequent to the balance sheet date.

4.2 CAPITAL WORK-IN-PROGRESS

	Opening Balance	Additions / Adjustment	Transfer to operating fixed assets	Closing Balance
	Rupees in '000s			
Civil work and buildings	80,812	231,169	(7,061)	**304,920**
Plant and machinery	14,100	459,413	(28,362)	**445,151**
Advances for capital expenditure - plant and machinery	-	413,625	-	**413,625**
	94,912	1,104,207	(35,423)	**1,163,696**

5 INTANGIBLE ASSETS

	Note	2015	2014
		Rupees in '000s	
Cost			
Opening Balance		**6,414**	-
Transfer from capital work in progress		**-**	5,138
Additions during the year		**-**	1,276
		6,414	6,414
Amortization			
Opening balance		**(297)**	-
Amortized during the year @ 20%	28	**(1,283)**	(297)
		(1,580)	(297)
		4,834	6,117

		Note	2015	2014
			Rupees in '000s	
6	**LONG TERM DEPOSITS**			
	Ijarah facility		-	10,148
	Rented premises		800	800
	Utilities and supplies		84,896	99,006
			85,696	109,954
	Less: Current portion shown under current assets			
	Ijarah facility	10	-	(8,000)
			85,696	101,954
7	**STORES, SPARES AND LOOSE TOOLS**			
	General stores		719,780	487,392
	Spares		113,344	92,833
	Loose tools		1,197	1,833
	Store in transit		49,302	108,993
			883,623	691,051
	Less: Provision for slow moving and obsolete items			
	General stores		(47,939)	(47,939)
	Store in transit		(23,158)	(23,158)
			(71,097)	(71,097)
			812,526	619,954
8	**STOCK IN TRADE**			
	Raw material		25,674	55,053
	Work in process		551,919	744,525
	Finished goods		33,412	73,962
	Packing material		13,949	14,142
			624,954	887,682
9	**TRADE DEBTS - unsecured**			
	Considered good		240,255	252,013
	Considered doubtful		5,419	5,419
			245,674	257,432
	Less: provision for doubtful debts		(5,419)	(5,419)
			240,255	252,013

		Note	2015	2014
			Rupees in '000s	
10	**ADVANCES, DEPOSITS AND OTHER RECEIVABLES**			
	Considered good			
	Secured			
	Advances to staff	10.1	7,164	18,904
	Unsecured			
	Advances to suppliers		75,017	75,763
	Deposits with SNGPL		32,483	32,483
	Bank guarantees cash margin		31,960	1,320
	Letters of credit cash margin		24,099	-
	Current portion of Ijarah Deposits	6	-	8,000
	Prepayments and other receivables		5,343	1,996
			176,066	138,466
	Considered doubtful			
	Advances to suppliers		24,611	23,557
	Other receivables	10.2	10,000	10,000
			34,611	33,557
			210,677	172,023
	Less: provision for balances doubtful of recovery		(34,611)	(33,567)
			176,066	138,456

10.1 This includes advances amounting to Rs. 4.263 million (FY2014: Rs. 6.562 million) given for the company's business. No advances were given to Chief Executive, Directors and Executives of the company during the year (2014: Nil). These are secured against staff retirement benefits.

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

		Note	2015	2014
			Rupees in '000s	
11	**CASH AND BANK BALANCES**			
	Cash in hand	11.1	1,068	29
	Cash at bank			
	In local currency			
	Current accounts		113,762	23,940
	Saving accounts	11.2	63,791	7,606
	In foreign currency			
	US$ Account		78	1,389
			177,631	32,935
			178,699	32,964

11.1 This includes PKR 1.068 million (FY2014: NIL) which was presented in foreign currency of USD.

11.2 These accounts bear profit ranging from 5% to 8% p.a. (FY2014: 5% to 8% p.a.).

12 NON-CURRENT ASSETS HELD FOR SALE

	Note	2015	2014
		Rupees in '000s	
Opening balance		37,904	13,812
Piece of land classified as held for sale	12.1	-	37,904
Parts of plant classified as store items to be consumed in house		-	(13,812)
		37,904	37,904

12.1 The management of the Company decided to sell a piece of land situated in Lahore and accordingly it was classified as non current asset held for sale. This piece of land is in the possession of the Company and transfer of its title in the name of the Company is under process at the balance sheet date. Active buyers are available to purchase this piece of land. The management expect that the sale will be materialized in near future.

13 ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL

	2015	2014	2015	2014
	Number		Rupees in '000s	
Ordinary shares of Rs. 10 each:				
fully paid in cash	386,842,543	386,842,543	3,868,425	3,868,425
fully paid as bonus shares	13,431,417	13,431,417	134,314	134,314
	400,273,960	400,273,960	4,002,739	4,002,739

14 GENERAL RESERVES

	Note	2015	2014
		Rupees in '000s	
Opening balance		332,000	332,000
Transferred to retained earnings		(332,000)	-
Closing balance		-	332,000

		Note	2015	2014
			Rupees in '000s	
15	**SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT**			
	Gross Surplus			
	Opening balance		5,518,531	3,423,018
	Incremental surplus on fresh revaluation arose during the year	4.1	-	2,283,719
	Incremental depreciation for the year		(278,257)	(188,206)
			5,240,274	5,518,531
	Deferred Tax attributed to Surplus			
	Opening balance		(1,790,968)	(1,137,097)
	Fresh revaluation arose during the year	18.2	-	(772,133)
	Incremental depreciation for the year		97,390	63,990
	Due to change in tax rate	18.2	(110,839)	54,272
			(1,804,417)	(1,790,968)
			3,435,857	3,727,563
16	**LONG TERM BORROWINGS**			
	Redeemable capital	16.1	-	104,916
	Banks and financial institutions	16.2	1,486,323	1,890,900
	Related parties	16.3	-	327,826
			1,486,323	2,323,642
16.1	**Redeemable Capital - Secured**			
	Privately placed term finance certificates (PPTFC)	16.1.1	27,434	222,769
	Less: current maturity shown under current liabilities	23	(27,434)	(117,853)
			-	104,916

16.1.1 This represents redeemable capital in the form of PPTFC (80,000 certificates of Rs 5,000 each) issued on January 18, 2008 to the financial institutions aggregating to Rs. 400.000 million, registered with Central Depository Company. Proceeds from these TFC were used to swap higher markup bearing debts.

TheseTFCs carry profit @ 3 months KIBOR plus 0% and is secured under ' First Joint Pari Passu Hypothecation Agreement' as mentioned in note 16.2.1.

During the year, the Company has exercised the call option as per Trust Deed and has paid full and final principal amount along with accrued profit to majority TFC holders. NOC has been obtained from these TFC holders for permanent redemption of 72,731 certificates. The Company has also offered the full and final payment to the remaining TFC holders of 7,269 number of certificates; and acceptance from them is awaited till balance sheet date.

The Company has also entered into an agreement with a TFC holder whereby the Company made payment of full amount of principal and profit except profit amounting to Rs. 17.648 million which is to be paid by June 30, 2022 (Note 21.1.1).

	Note	2015	2014
		Rupees in '000s	

16.2 Borrowings from banks and financial institutions - Secured

	Note	2015	2014
National Bank of Pakistan	16.2.2	**657,066**	657,066
Bank of Punjab	16.2.3	**964,316**	993,816
NIB Bank Limited	16.2.4	**266,746**	326,307
Bank of Khyber	16.2.5	**89,062**	110,437
Saudi Pak Industrial & Agricultural Investment Co. Ltd	16.2.6	**109,943**	125,649
Silk Bank Limited	16.2.7	**46,042**	60,208
First Credit Investment Corporation	16.2.8	**30,400**	34,960
Bank Islami Pakistan Limited (formally KASB Bank Limited)	16.2.9	**8,482**	39,538
Faysal Bank Limited	16.2.10	**70,951**	83,351
Bank Islami Pakistan Limited	16.2.11	**98,375**	146,375
Askari Bank Limited	16.2.12	**23,851**	34,451
		2,365,234	2,612,158
Less: current and overdue portion shown under current liabilities	23	**(878,911)**	(721,258)
		1,486,323	1,890,900

16.2.1 The Company has entered into a First Joint Pari Passu Hypothecation Agreement with the trustees of TFC holders mentioned in Note 16.1, and with the banks and financial institutions mentioned in note 16.2.2 to 16.2.11. As a result of this agreement, the term finance certificates, long term borrowings and short term borrowings, and deferred markup/profit obtained from these TFC holders, banks or financial institutions are secured by way of first pari passu charge over the fixed assets of the Company to the extent of Rs. 10,019.157 million. In addition to this, Bank of Punjab has exclusive charge to the extent of Rs. 600.000 million on three dual fuel Wartsila Generators. Sponsoring directors also give personal guarantees along with mortgage of their personal assets to secure these borrowings.

16.2.2 This term finance facility is to be repaid in 24 unequal quarterly installments starting from December 2010 to September 2016. Markup is charged @ 3 months KIBOR plus 0%.

The management of the Company has approached the bank for rescheduling/restructuring of the facility and various proposals for rescheduling/restructuring are under consideration by the bank positively. The management of the Company is confident that this facility will be rescheduled/ restructured in due course of time; and in anticipation of this, the Company did not make payments of past due installments of principal amounting to Rs. 470.576 million (FY2014: Rs. 301.849 million), and past due installments of deferred markup as well as accrued current markup amounting to Rs. 441.732 million (2014 : Rs. 301.106 million) as mentioned in Note 21.1.2.

16.2.3 The term finance facility is to be repaid in 115 unequal monthly installments starting from January 2013 to July 2022. Markup rate is revised during the year at 3 months KIBOR plus 1.4% per annum effective from July 01, 2014 (FY2014: 3 months KIBOR plus 0% per annum) with floor of the bank's cost of fund payable quarterly in arrear.

16.2.4 The term finance facility is to be repaid in 35 unequal quarterly installments starting from March 2012 to December 2020. Markup is charged @ 3 months KIBOR plus 0% and is being deferred as mentioned in Note 21.1.4.

16.2.5 The term finance facility is to be repaid in 84 unequal monthly installments starting from January 2013 to December 2019. Markup is charged @ 3 month KIBOR plus 0% and is being deferred as mentioned in Note 21.1.5.

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

16.2.7 The term finance facility is to be repaid in 24 equal quarterly installments starting from December 2012 to September 2018. Markup is charged @ 3 month KIBOR plus 0% and is being deferred as mentioned in Note 21.1.7.

16.2.8 This term finance facility is to be repaid in 108 equal monthly installments starting from March 2013 to February 2022. Markup is charged @ 3 month KIBOR plus 0% and is being deferred as mentioned in Note 21.1.8.

16.2.9 The term finance facility is converted into Musharikah finance and is to be repaid in 40 equal monthly installments starting from May 2012 to September 2015. Profit is charged @ 1 month KIBOR plus 0% and is being deferred as mentioned in Note 21.1.9.

16.2.10 This term finance facility is to be repaid in 14 unequal semi annual installments starting from June 2013 to December 2019. Markup is charged @ 6 month KIBOR plus 0% and is being deferred as mentioned in Note 21.1.10.

16.2.11 This Musharikah finance facility is to be redeemed on monthly basis in 55 unequal monthly installments starting from September 2012 to March 2017 . Profit is charged @ 3 months KIBOR plus 0% and is being deferred as mentioned in Note 21.1.11.

16.2.12 This Musharikah finance facility is to be redeemed on quarterly basis in 16 equal quarterly installments starting from October 2013 to July 2017. Profit is charged @ 3 months KIBOR plus 1.5% and is payable on quarterly basis. This facility is secured against first pari passu charge to the extent of Rs. 120 million over all present and future movable and operating fixed assets.

16.3 Borrowings from related parties - Unsecured

	Note	2015	2014
		Rupees in '000s	
Mr. Muhammad Tousif Peracha - Sponsoring Director	16.3.1	-	125,000
Mr. Abdur Rafique Khan - Sponsoring Director	16.3.1	-	125,000
GCL Employees' Gratuity Fund Trust	16.3.2	-	12,727
Mr. Daniyal Jawaid Paracha - Director	16.3.3	59,117	65,099
		59,117	327,826
Less: Payable within 12 months shown under current liabilities	23	(59,117)	-
		-	327,826

16.3.1 These amounts were repaid during the year along with markup @ 5.18%.

16.3.2 This loan carrying markup @ 13% p.a. compounded quarterly was repaid during the year.

16.3.3 This loan was obtained in the form of the shares of the listed companies for payment of Excise Duty and Sales Tax arrears under Amnesty Scheme. Balance of Rs. 59.117 million at the balance sheet date (FY2014: Rs. 46.802 million) represents the fair market value of shares of listed companies which will be returned in kind by June 2016. Subsequent to the balance sheet date, the entire outstanding amount of this loan has been repaid.

17 LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE

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

	Minimum lease payments		Present value of MLP	
	2015	2014	2015	2014
	(Rupees in '000s)		(Rupees in '000s)	
Not later than one year	1,309	-	727	-
Later than one year but not later than five years	4,547	-	3,775	-
	5,856	-	4,502	-
Less: finance cost allocated to future periods	(1,354)	-	-	-
	4,502	-	4,502	-
Less: security deposits adjustable on expiry of lease term	(478)	-	(478)	-
	4,024	-	4,024	-
Less: current portion grouped under current liabilities	(727)	-	(727)	-
	3,297	-	3,297	-

	2015	2014
	Rupees in '000s	

18 DEFERRED TAXATION

	2015	2014
Deferred tax liability on taxable temporary differences arising in respect of:		
Accelerated tax depreciation on property, plant and equipment	1,761,686	1,572,695
Surplus on revaluation of property, plant and equipment	1,706,069	1,588,241
Intangible assets	1,602	-
	3,469,357	3,160,936
Deferred tax asset on deductible temporary differences arising in respect of:		
Employees' compensatory absences	(40,275)	(5,915)
Liability against asset subject to finance lease	(1,333)	-
Workers' Profit Participation Fund	(69,497)	-
Stores, spares and loose tools	(23,558)	-
Trade debts	(1,796)	-
Advances, deposits and other receivables	(11,468)	-
Taxes and duties payable	(107,385)	-
Unused tax losses	(1,127,326)	(1,915,326)
Tax credits recoverable against normal tax charge in future years	(677,220)	(335,035)
	(2,059,857)	(2,256,276)
Net deferred tax liability	1,409,499	904,660

18.1 Tax losses on account of unabsorbed depreciation amounting to Rs. 3,221 million (FY2014: Rs. 5,648 million) are available to the Company's credit. Deferred tax asset in respect thereof has been recognized as availability of sufficient taxable profits in future tax years to absorb such losses is expected.

18.2 Deferred tax expense for the year

	Note	2015	2014
		Rupees in '000s	
Closing balance of deferred tax liability		1,409,499	904,660
Opening balance of deferred tax (liability)/asset		(904,660)	142,761
Adjustment to opening balance relating to increase in tax rate		(54,828)	-
Deferred tax attributed to incremental revaluation surplus	15	-	(772,133)
Deferred tax attributed to revaluation surplus due to change in tax rates	15	(110,839)	54,272
Deferred tax attributed to remeasurement of defined benefit plan		684	(83)
Expense relating to origination and reversal of temporary differences		339,856	329,477
Deferred tax expense resulting from increase in tax rate		54,828	-
Net deferred tax expense recognized for the year	33	394,684	329,477

	Note	2015	2014
		Rupees in '000s	

19 EMPLOYEES' RETIREMENT BENEFITS

	Note	2015	2014
Accumulated Compensation Absences	19.1	33,883	20,211
Gratuity Fund	19.2	87,666	71,161
Frozen retirement benefits		-	576
		121,549	91,948
Less: retirement benefits paid in advance		(4,777)	-
		116,772	91,948

19.1 Accumulated compensation absences

	2015	2014
Net liability - opening balance	20,211	20,894
Expense for the year	14,693	3,515
Payments made during the year	(1,021)	(4,198)
Net liability - closing balance	33,883	20,211

Statement of financial position at balance sheet date

	2015	2014
Present value of defined benefit obligations	13,307	20,211
Benefits for management cadre employees frozen as at June 30, 2014	20,576	-
Fair value of plan assets	-	-
	33,883	20,211

Expense recognized in Profit and Loss account

	2015	2014
Current service cost	12,026	3,034
Interest cost	2,425	2,089
Actuarial loss/(gain)	242	(1,608)
	14,693	3,515

Expense allocated to salaries and benefits head under the following group:

	2015	2014
Cost of sales	11,460	2,742
General and Administrative expenses	2,645	633
Selling and distribution expenses	588	141
	14,693	3,515

Reconciliation of the present value of define benefit obligation

	2015	2014
Present value of defined benefit obligations-opening	20,211	20,894
Current service cost	12,026	3,034
Interest cost	2,425	2,089
Benefits paid	(1,021)	(4,198)
Benefits for management cadre employees frozen as at June 30, 2014	(20,576)	-
Actuarial loss/(gain)	242	(1,608)
Present value of defined benefit obligations-closing	13,307	20,211

	Note	2015	2014
		Rupees in '000s	

Sensitivity Analysis

Change in present value of defined benefit obligation due to		
1% increase in discount rate	**12,103**	18,214
1% decrease in discount rate	**14,713**	22,571
1% increase in future salary	**14,713**	22,571
1% decrease in future salary	**12,083**	18,181

Principal actuarial assumptions

The latest actuarial valuation was carried out as at June 30, 2015 under the 'Projected Unit Credit Method'. The main assumptions used for actuarial valuation are as follows:

Discount rate	**9% p.a.**	12% p.a.
Expected rate of future salary increase	**8% p.a.**	11% p.a.
Average number of leaves accumulated per annum by the employees	**7 days**	13 days
Expected remaining working lifetime of members	**11 years**	10 years
Expected maturity of defined benefit obligation	**9 years**	9 years

19.2 Gratuity Fund

Net liability - opening balance	**71,161**	66,046
Expense charged to profit and loss account	**19,056**	18,266
Expense charged to other comprehensive income	**2,193**	(240)
Payments made by the company	**(4,744)**	(12,911)
Net liability - closing balance	**87,666**	71,161

Statement of financial position at balance sheet date

Present value of defined benefit obligations	**31,039**	71,626
Benefits for management cadre employees frozen as at June 30, 2014	**57,092**	-
Fair value of plan assets	**(465)**	(465)
	87,666	71,161

Expense recognized in profit and loss account

Current service cost	**17,368**	11,661
Interest cost	**1,688**	6,605
	19,056	18,266

Expense allocated to salaries and benefits head under the following group:

Cost of sales	**14,864**	14,247
General and Administrative expenses	**3,430**	3,288
Selling and distribution expenses	**762**	731
	19,056	18,266

	Note	2015	2014
		Rupees in '000s	
Amount chargeable to Other Comprehensive Income			
Actuarial losses / (gains) due to experience adjustment		2,137	(286)
Return on plan assets		56	46
Effect of changes in assets ceiling		-	-
		2,193	(240)
Reconciliation of fair value of plan assets			
Fair value of plan assets at opening of period		465	465
Contribution to the fund by the company		4,744	12,911
Benefits paid		(4,744)	(12,911)
Expected return on plan assets		56	46
Actuarial loss		(56)	(46)
Fair value of plan assets at close of period		465	465
Plan assets comprise of :			
Debt instrument		465	465
Cash and bank		-	-
		465	465
Actual return on plan assets			
Expected return on plan assets		56	61
Actuarial loss		(56)	(61)
		-	-
Reconciliation of the present value of defined benefit obligation			
Present value of defined benefit obligations at opening of period		71,626	66,511
Benefits for management cadre employees frozen as at June 30, 2014		(57,092)	-
Current service cost		17,368	11,661
Interest cost		1,744	6,651
Benefits paid		(4,744)	(12,911)
Actuarial loss / (gain)		2,137	(286)
Present value of defined benefit obligations at close of period		31,039	71,626
Sensitivity Analysis			
Change in present value of defined benefit obligation due to			
1% increase in discount rate		28,228	65,093
1% decrease in discount rate		34,316	79,273
1% increase in future salary		34,316	79,273
1% decrease in future salary		28,180	64,983

Principal actuarial assumptions

The latest actuarial valuation was carried out as at June 30, 2015 under the 'Projected Unit Credit Method'. The main assumptions used for actuarial valuation are as follows:

	2015	2014
Discount rate	**9% p.a.**	12% p.a.
Expected rate of future salary increase	**8% p.a.**	11% p.a.
Average remaining working life time of employees	**11 years**	10 years
Expected maturity of defined benefit obligation	**9 years**	9 years

20 TRADE AND OTHER PAYABLES

	Note	2015 Rupees in '000s	2014
Trade creditors	20.1	**467,625**	682,769
Bills payable	20.2	**340,945**	517,977
Accrued liabilities		**413,374**	289,086
Ijarah payable	20.3	**-**	30,576
Advances from customers		**32,771**	45,587
Workers' Profit Participation Fund - related party	20.4	**209,743**	116,160
Employees' Provident Fund Trust - related party		**2,435**	437
Other payables		**20**	20
		1,466,913	1,682,612

20.1 These include a balance payable to Pak Hy-Oils Limited (an associated company) for NILL (FY2014: Rs. 4.947 million).

20.2 These are bills of exchange in relation to inland letters of credit under vendor financing arrangement for purchase of coal and due in 90-120 days. Total facilities aggregated to Rs. 539.000 million (FY2014: Rs. 579.000 million) were available from commercial banks at balance sheet date out of which Rs. 198.055 million (FY2014: Rs. 61.023 million) were remained unutilized at balance sheet date. These facilities are secured against lien on import/local L/C documents, accepted draft/bill of exchange, 1st pari passu charge over all present and future fixed assets, to some extent, and personal guarantees of the sponsoring directors.

20.3 Ijarah rentals payable

	Note	2015 Rupees in '000s	2014
Askari Bank Limited	20.3.1	**-**	5,863
Meezan Bank Limited	20.3.2	**-**	24,713
		-	30,576

20.3.1 This ijarah facility was matured and fully settled during the year. Subsequent to the balance sheet date, the Company has purchased the cement packing (stationery machine), wagon loading machines, belt conveyors and associated equipment from the bank.

20.3.2 This overdue facility was paid during the year. Subsequent to the balance sheet date, NOC has been obtained for vacation of charge on the assets of the Company.

20.4 Due to workers' profit participation fund (WPPF)

	Note	2015	2014
		Rupees in '000s	
Opening balance		**116,160**	56,106
Allocation for the year	30	**109,425**	74,207
		225,585	130,313
Payment made during the year		**(15,842)**	(14,153)
Closing balance		**209,743**	116,160

The outstanding WPPF liability includes Rs. 101.790 million (FY2014: Rs. 41.953 million) being the left over amount to be transferred to the Workers Welfare Fund (WWF) according to the Companies Profits (Workers' Participation) Act, 1968.

After the 18th amendment to the Constitution of Pakistan in 2010, all labor / labor welfare laws have become provincial subject, and accordingly the aforesaid left over amount is now payable to provincial government. However the Provincial Government has not so far legislated any law to regulate the payment of WPPF required to be deposited in the WWF created by the Provincial Government through legislation. Therefore the Company stands handicapped to deposit the leftover amount of WPPF to WWF to be created by the Provincial Government.

The Company will deposit this left over amount to WWF once WWF is created by Punjab Government through legislation.

21 MARKUP AND PROFIT PAYABLE

	Note	2015	2014
		Rupees in '000s	
Long term borrowings	21.1	**583,832**	554,506
Short term borrowings		**69,889**	53,822
		653,721	608,328
Mian Nazeer Ahmed Peracha - related party		**-**	539
		653,721	608,867

21.1 Long term borrowings

	Note	2015	2014
		Rupees in '000s	
Redeemable Capital	21.1.1	44,814	135,328
National Bank of Pakistan	21.1.2	468,509	406,117
Bank of Punjab	21.1.3	538,537	586,465
NIB Bank Limited	21.1.4	131,183	102,351
Bank of Khyber	21.1.5	120,844	113,478
Saudi Pak Industrial & Agricultural Investment Co. Ltd	21.1.6	100,623	100,827
Silk Bank Limited	21.1.7	44,371	41,853
First Credit Investment Corporation	21.1.8	38,612	35,735
Bank Islami Pakistan Limited (formally KASB Bank Limited)	21.1.9	14,455	11,858
Faysal Bank Limited	21.1.10	67,008	59,178
Bank Islami Pakistan Limited	21.1.11	116,557	104,411
Askari Bank Limited		569	1,057
		1,686,082	1,698,658
Less: payable after 12 months shown as deferred markup and profit under non current liabilities		(1,102,250)	(1,144,152)
		583,832	554,506

21.1.1 During the year, the Company has exercised call option under Trust Deed for early redemption of TFCs and has paid full and final principal amount along with accrued profit. However Rs. 27.165 million is payable to TFC holders whose acceptance was not received as at balance sheet date as explained in Note 16.1.1. As a result of agreement with a TFC holder, profit amounting to Rs. 17.648 million is to be paid by June 30, 2022 (refer to Note 16.1.1) and accordingly classified as deferred profit.

21.1.2 It includes markup accrued till March 31, 2010 amounting to Rs. 83.551 million and markup accrued from April 01, 2010 to March 31, 2011 amounting to Rs. 87.027 million the payments of which are deferred. The former is payable in unequal quarterly installments till September 2016; whereas the latter is payable in unequal quarterly installments till June 2015. The Company is not paying the accrued markup and past due installments of deferred markup in anticipation of expected restructuring and rescheduling of borrowing from the bank as mentioned in Note 16.2.2.

21.1.3 It includes markup accrued till December 31, 2012 amounting to Rs. 303.886 million (FY2014: Rs. 347.285 million) which is being paid in equal monthly installments ended by December 2022. It also includes accrued markup amounting to Rs. 212.004 million which will be waived off at tail end after successful payments of all the installments as per terms of agreement.

21.1.4 This markup is being deferred and is payable in unequal quarterly installments starting from March 2016 to December 2021.

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

21.1.6 It includes markup accrued till November 30, 2013 amounting to Rs. 98.920 million which is payable as a bullet payment on June 30, 2022.

21.1.7 It includes markup accrued till September 30, 2011 amounting to Rs. 8.869 million (FY2014: Rs. 11.598 million) which is being paid in equal quarterly installments ended by September 2018, whereas markup accrued from October 01, 2011 is being deferred and is payable in equal quarterly installments starting from December 2018 to September 2020.

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

21.1.9 This profit is being deferred and is payable in equal monthly installments starting from October 2015 to September 2017.

21.1.10 This markup is being deferred and is payable in unequal quarterly installments starting from March 2019 to December 2020.

21.1.11 This markup is being deferred and is payable in equal monthly installments starting from April 2017 to March 2019.

		Note	2015	2014
			Rupees in '000s	
22	**SHORT TERM BORROWINGS**			
	National Bank of Pakistan	22.1	**137,847**	137,847
	Mian Nazeer Ahmed Peracha - related party	22.2	**-**	29,170
			137,847	167,017

22.1 This is the overdue portion of PDA facility which shall be considered in rescheduling/restructuring proposal as mentioned in Note 16.2.2.

22.2 This loan carrying mark-up at the rate of 22.5% p.a. was repaid during the year.

		Note	2015	2014
23	**CURRENT PORTION OF NON-CURRENT LIABILITIES**			
	Redeemable Capital	16.1	**27,434**	117,853
	Borrowings from banks and financial institutions	16.2	**878,911**	721,258
	Borrowings from related parties	16.3	**59,117**	-
	Liability against asset subject to finance lease	17	**727**	-
			966,189	839,111

	Note	2015	2014
		Rupees in '000s	
24 TAXES AND DUTIES PAYABLE			
Excise duty payable		164,949	321,221
Sales tax payable		141,817	320,903
Provision for default surcharge		324,087	282,383
		630,853	924,507
Less: Payable after 12 months shown as deferred taxes and duties shown under non current liabilities		-	(463,683)
		630,853	460,824
Current income tax		279,326	(7,073)
Withholding tax payable		82,313	103,753
Excise duties		41,824	36,213
Royalty on raw material		17,220	30,114
Import tax payable	24.1	-	12,719
Other local taxes		7,534	7,534
		1,059,070	644,084

24.1 This being the provision for import tax payable accounted for during the past financial years. This provision was reversed by writing back during the year as the management believes that this amount would not be payable anymore.

25 CONTINGENCIES AND COMMITMENTS

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

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

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

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

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

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

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

25.5 Through Finance Act, 2008 certain amendments were made in the Workers Welfare Fund Ordinance 1971 which required WWF is to be calculated on accounting profits rather than on the taxable income computed after incorporating the brought forward losses. WWF based on accounting profit is aggregated to Rs. 81.181 million (FY2014: Rs. 38.195 million) as at balance sheet date.

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

25.6 The sponsoring directors of the Company had a sum of Rs. 250 million receivable from Dandot Cement Company Limited (DCCL) and as a security of that an equal amount was payable by the Company to DCCL. As per duly executed agreement between the sponsoring directors of the Company and the management of DCCL, the sponsoring directors of the Company has right to demand in writing the repayment of their balances receivable from DCCL and then the Company is required to release the counter amount held as security to DCCL. During the financial year 2014, the sponsoring directors of the Company required DCCL, in writing as per mutually agreed agreement, to settle their advances receivable from DCCL against the counter advance receivable from the Company by DCCL. After intimation to the management of DCCL and the auditors of DCCL, the Company had transferred the said advance of Rs. 250 million payable to DCCL in the name of the sponsoring directors of the Company. However DCCL had not yet adjusted the balances in its books of accounts although their auditors had modified its report on these advances being unconfirmed and unverified for the financial year 2014 despite our intimation to them. The sponsoring directors of the Company has undertaken to compensate the loss, if any, materialized to the Company due to this transaction.

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

	2015	2014
	Rupees in '000s	
Sui Northern Gas Pipeline Limited	185,000	155,000
Islamabad Electricity Supply Corporation	92,560	-
	277,560	155,000

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

25.8 Commitments

	2015	2014
Against supply of plant and machinery	1,653,099	97,004
Against supply of stores, spares and loose tools under letters of credit	190,885	76,129

26 NET SALES

	2015	2014
Local sales	11,786,474	10,360,290
Export sales	365,770	419,861
	12,152,244	10,780,151
Less:		
Sales tax	(1,919,579)	(1,692,312)
Federal Excise Duty	(537,700)	(472,808)
Discount to dealers	(93,719)	(67,768)
	(2,550,998)	(2,232,888)
	9,601,246	8,547,263

		Note	2015	2014
			Rupees in '000s	
27	**COST OF SALES**			
	Raw materials consumed		541,847	846,546
	Packing materials consumed		607,428	525,491
	Stores and spares consumed		500,787	391,399
	Salaries and benefits	27.1	231,300	193,075
	Fuel and power consumed		3,528,144	4,090,094
	Rent, rates and taxes		136,058	123,942
	Repair and maintenance		134,259	160,157
	Insurance		9,500	9,108
	Vehicle running and travelling		5,064	8,311
	Other expenses		30,686	14,373
	Depreciation	4.1.3	674,406	590,217
			6,399,479	6,952,713
	Adjustment of work-in-process inventory			
	Opening balance		744,525	48,100
	Closing balance		(551,919)	(744,525)
			192,606	(696,425)
	Cost of goods manufactured		6,592,085	6,256,288
	Adjustment of finished goods inventory			
	Opening balance		73,962	14,698
	Closing balance		(33,412)	(73,962)
			40,550	(59,264)
			6,632,635	6,197,024

27.1 Salaries and benefits include contribution to provident fund under the following groups as below:

	2015	2014
Cost of sales	4,260	2,099
Selling and distribution expenses	430	-
General and administration expenses	7,228	-
	11,918	2,099

28 GENERAL AND ADMINISTRATION EXPENSES

	Note	2015	2014
Directors' remuneration		95,182	27,000
Salaries and benefits	27.1	76,453	65,069
Vehicle running and travelling		20,854	13,767
Legal and professional charges		20,516	17,814
Auditors' remuneration	28.1	1,887	1,725
Communication expenses		12,487	9,203
Rent, rates and taxes		4,096	4,070
Fee and subscription		742	3,192
Utilities		1,654	1,513
Miscellaneous		15,927	9,573
Amortization	5	1,283	297
Depreciation	4.1.3	4,513	2,671
		255,594	155,894

		Note	2015	2014
			Rupees in '000s	
28.1	**Auditors' remuneration**			
	Kreston Hyder Bhimji & Co.			
	Audit fee		**1,000**	1,000
	Half year review fee		**500**	500
	Certification fee		**287**	75
	Out-of-pocket expenses		**100**	150
			1,887	1,725
29	**SELLING AND DISTRIBUTION EXPENSES**			
	Salaries and benefits	27.1	**13,040**	10,868
	Vehicle running and travelling		**944**	1,872
	Advertisement and sale promotion		**5,498**	3,761
	Others		**731**	480
	Depreciation	4.1.3	**420**	427
			20,633	17,408
30	**OTHER EXPENSES**			
	Workers' Profit Participation Fund	20.4	**109,425**	74,207
	Provision for slow moving stores items		**-**	35,127
	Provision for doubtful debts		**-**	(2,584)
	Balances written back	24.1	**(12,738)**	-
	Provision for balances doubtful of recovery		**1,043**	27,579
	Zakat		**40**	-
			97,770	134,329
31	**FINANCIAL INCOME**			
	Income from financial assets			
	Profit on bank deposits		**1,890**	2,135

		Note	2015	2014
			Rupees in '000s	
32	**FINANCE COST**			
	Redeemable capital		9,755	36,932
	Banks and financial institutions:			
	Long term borrowings		260,474	298,998
	Short term borrowings		108,954	82,466
	Lease finance charges		228	-
	Ijarah rentals		2,428	43,170
			381,839	461,566
	Related parties:			
	Mr. Muhammad Tousif Peracha - sponsoring director		1,312	54,600
	Mr. Abdur Rafique Khan - sponsoring director		1,312	4,402
	Mr. Daniyal Jawaid Paracha - director		54,220	21,378
	Mian Nazir Ahmed Peracha - ex-director		6,024	7,481
	Workers' Profit Participation Fund Trust		518	247
	GCL Employees' Gratuity Fund Trust		2,082	3,797
			65,468	91,905
	Bank guarantees commission		4,786	2,035
	Provision for default surcharge		48,653	68,528
	Foreign exchange (gain) / loss		(28)	423
	Bank charges and others		4,019	10,353
			504,737	634,810
33	**TAXATION**			
	Current tax			
	Current period	33.1	335,768	232,120
	Super Tax	33.2	77,446	-
	Prior period		-	(346)
			413,214	231,774
	Deferred taxation	18.2	394,684	329,477
			807,898	561,251

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

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

As the Company is not being charged under normal tax regime and paying minimum tax, therefore, no numerical tax reconciliation is required.

33.2 Provision was made on prudence basis for the one time levy super tax @ 3% of the total income levied through the Finance Act 2015 for tax year 2015 only although the Company believes that super tax would not be payable in the presence of heavy depreciation losses allowed as deduction for the tax year 2005 u/s 59A(5) of the Income Tax Ordinance, 2001.

		2015	2014
34	**EARNINGS PER SHARE - Basic and diluted**		
	Weighted average number of ordinary shares	**400,273,960**	400,273,960
	Profit after tax (Rupees in thousands)	**1,283,869**	848,682
	Earnings per share - after tax (Rupees)	**3.21**	2.12

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

35 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

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

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

The Company's Board Audit Committee oversees how management monitors compliance with the Company's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. The Audit Committee is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Board Audit Committee.

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

35.1 Credit risk and concentration of credit risk:

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. To manage credit risk the Company maintains procedures covering the application for credit approvals, granting and renewal of counterparty limits and monitoring of exposures against these limits. As part of these processes the financial viability of all counterparties is regularly monitored and assessed. The Company is exposed to credit risk from its operating activities primarily for local trade debts, advances, deposits and other receivables, and other financial assets.

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

	Note	2015	2014
		Rupees in '000s	
FINANCIAL ASSETS			
Long term deposits	6	85,696	109,954
Trade debts	9	245,674	257,432
Advances, deposits and other receivables	10	101,049	62,693
Cash and bank balances	11	178,699	32,964
		611,118	463,043

The Company identifies concentrations of credit risk by reference to type of counter party. Maximum exposure to credit risk by type of counter party is as follows:

	2015	2014
Customers	245,674	257,432
Banks and financial institutions	244,758	62,432
Others	120,686	143,179
	611,118	463,043

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

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

	Note	2015	2014
		Rupees in '000s	
Past due but not impaired			
1 - 30 days		237,410	248,872
31 - 90 days		907	951
91 - 180 days		492	402
More than 180 days		1,446	1,788
		240,255	252,013
Past due and impaired		5,419	5,419
	9	245,674	257,432

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

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

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

	Note	2015	2014
		Rupees in '000s	
Opening Balance		33,568	32,886
Provision for impairment	30	1,043	27,579
Amounts written off		-	(26,897)
Closing balance	10	34,611	33,568

35.2 Liquidity risk

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

The Board of Directors has built an appropriate liquidity risk management framework for the management of the Company's short, medium and long-term funding and liquidity management requirements. The Company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. Included in note 20.2 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, 2015 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, 2015						
Redeemable capital	27,434	-	-	-	-	27,434
Long term borrowings	533,446	202,711	201,871	1,004,356	481,967	2,424,351
Finance leases	58	317	352	3,297	-	4,024
Deferred liabilities	-	-	-	-	116,772	116,772
Trade and other payables	32,791	1,434,122	-	-	-	1,466,913
Markup and profits payable	568,821	35,761	49,139	596,828	505,422	1,755,971
Short term borrowings	137,847	-	-	-	-	137,847
	1,300,397	1,672,911	251,362	1,604,481	1,104,161	5,933,312
June 30, 2014						
Redeemable capital	22,929	44,964	49,960	104,916	-	222,769
Long term borrowings	304,866	197,755	218,635	1,497,632	721,091	2,939,979
Deferred liabilities	-	-	-	-	91,948	91,948
Trade and other payables	162,618	1,445,908	9,542	-	-	1,618,068
Markup and profits payable	440,367	83,676	84,825	1,110,905	561,473	2,281,246
Short term borrowings	137,847	-	29,170	-	-	167,017
	1,068,627	1,772,303	392,132	2,713,453	1,374,512	7,321,027

35.3 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.

35.3.1 Interest rate risk

Interest rate risk is the risk that fair values or future cash flows of a financial instrument will fluctuate because of changes in interest rates. Sensitivity to interest rate risk arises from mismatch of financial assets and financial liabilities that mature or re-price in a given period. The Company manages these mismatches through risk management strategies where significant changes in gap position can be adjusted. The short term borrowing and loans and advances by the Company has variable rate pricing that is mostly dependent on Karachi Inter Bank Offer Rate ("KIBOR") as indicated in respective notes.

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

	2015	2014
	Rupees in '000s	
Fixed interest rate financial assets		
Bank balances at PLS accounts	63,791	7,606
Fixed interest rate financial liabilities		
Short term borrowings	-	29,170
Long term borrowings	-	12,727
	-	41,897
Variable interest rate financial liabilities		
Short term borrowings	137,847	137,847
Long term borrowings	2,396,692	3,084,927
	2,534,539	3,222,774

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

35.3.2 Currency risk

The Company is exposed to currency risk to the extent that there is a mismatch between the currencies in which advances, sales and purchases and bank balances are denominated and the respective functional currency of the Company i.e. Pakistan Rupee. The currency in which these transactions are primarily denominated is US dollars. Payables exposed to foreign currency are not covered through any forward foreign exchange contracts or through hedging.

Since the maximum amount exposed to currency risk is only bank balance in a USD account, any adverse / favorable movement in functional currency with respect to US dollar will not have any material impact on the operational results.

35.3.3 Price risk

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

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

35.4 Fair value of financial instruments:

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

35.5 Capital risk Management:

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

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

b) to provide an adequate return to shareholders.

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

	Note	2015	2014
		Rupees in '000s	
Total debts (interest bearing long term and short term debts)		**2,593,656**	3,329,770
Total equity (without revaluation surplus)		**4,045,866**	2,582,555
Total capital (equity + debt)		**6,639,522**	5,912,325
Debt to equity ratio		**39%**	56%
Total debts	35.5.1	**3,912,056**	4,627,400
Total equity (without revaluation surplus)		**7,481,723**	6,310,118
Total capital (equity + debt)		**11,393,779**	10,937,518
Debt to equity ratio		**34%**	42%

35.5.1 Total debts include interest bearing long term and short term debts and non-interest bearing long term debts i.e. deferred markup.

There were no changes in the Company's approach to capital management during the year. The Company is not subject to externally imposed capital requirements, except those, related to maintenance of debt covenants including restriction on dividend declaration without obtaining NOC, commonly imposed by the providers of debt finance with which the Company has complied. Decrease in gearing ratio is mainly due to repayments of debts.

36 PROVIDENT FUND DISCLOSURE AND COMPLIANCE

GCL Officers' Provident Fund

During the year, the Company introduced a separate provident fund scheme for its permanent employees of management cadre. A separate registered fund trust was constituted during the year. As per unaudited accounts of this fund for the year ended June 30, 2015, required information is given below:

		2015	2014
		Rupees in '000s	
Fund Size		18,844	-
The fund is composed off:	% age		
Investment in mutual funds	34%	6,400	-
Bank balances	66%	12,444	-
	100%	18,844	-

The investments out of Provident Fund Trust have been made in accordance with the provisions of Section 227 of the Companies Ordinance, 1984 and Rules formulated for this purpose.

GCL Workers' Provident Fund

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

	2015	2014
	Number	
37 NUMBER OF EMPLOYEES		
Number of employees at year end	394	408
Avaeage number of employees during the year	403	408

38 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	
	2015	2014	2015	2014	2015	2014
	Rupees in '000s					
Managerial Remuneration	43,636	16,364	21,818	8,182	28,494	30,100
House rent allowance	-	-	-	-	14,008	9,444
Utilities and others allowances	-	-	-	-	12,965	9,676
Medical allowance	4,364	1,636	2,182	818	2,804	3,010
Bonus and LFA	15,454	-	7,728	-	9,201	-
Contribution to:						
Retirement benefits	-	-	-	-	2,158	-
	63,454	18,000	31,728	9,000	69,630	52,230
No. of employees	1	1	1	1	36	34

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

39 TRANSACTIONS WITH RELATED PARTIES

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

40 CAPACITY AND PRODUCTION - CLINKER

	2015	2014
	Tons	
Listed capacity	2,010,000	2,010,000
Production	1,215,110	1,317,608

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.

41 CORRESPONDING FIGURES

Correspondence figures have been rearranged and reclassified, wherever necessary, for the purpose of comparison. Major reclassification made in the corresponding figures for better presentation are as under:

	Rs. '000	Reclassification	
		From	To
Diesel consumed on mining	53,999	Raw material consumed - COS	Fuel and power consumed - COS
Store consumed on mining	7,435	Raw material consumed - COS	Stores and spares consumed - COS
Diesel consumed on Kiln	21,606	Stores and spares consumed	Fuel and power consumed - COS
Gratuity Fund	71,161	Trade and other payable	Employees' retirement benefits
Stores held for consumptions	39,291	Stores held for capital extenpenditure	General Stores
Expenditure on 132KV CWIP project classified as security	17,000	Capital Working in Progress	Long term deposit
Retention money	135,705	Deferred liabilities	Trade creditors

42 AUTHORIZATION FOR ISSUE

These financial statements have been authorized for issue by the Board of Directors of the Company in its meeting held on September 02, 2015.

CHIEF EXECUTIVE OFFICER

Director

Notes

Form of Proxy

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

I/We ______________________ of ______________________ being a member of Gharibwal Cement Limited, and holder of ______________ Ordinary Shares as per Shares Register Folio No. ______________ hereby appoint Mr./Mrs./Ms. ______________________
of ____

Folio No. __________ who is also a member of Gharibwal Cement Limited as my/our proxy to attend and vote for and on my / our behalf at the 55th Annual General Meeting of the Company to be held on Tuesday, October 20, 2015 at 12:00 noon at the registeraed office of the Company (Gharibwal Cement Limited 28-B/III, Gulberg III, Lahore.) and at any adjournment thereof.

As witnessed given under my / our hand (s) ______________ day of ______________ , 2015.

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.

AFFIX
CORRECT
POSTAGE

The Company Secretary

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