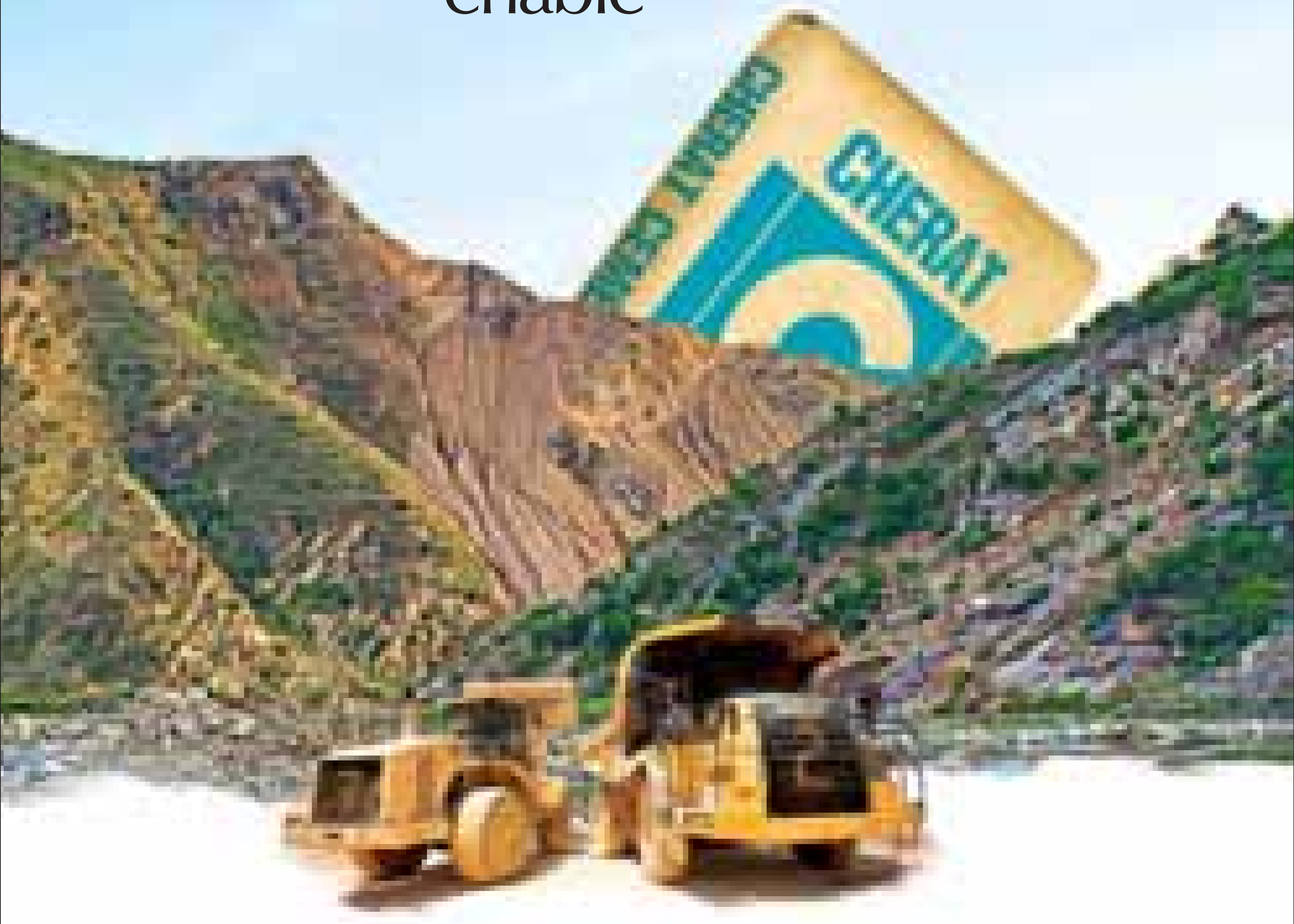
Annual Report
2017

envision
enhance
enable



CHERAT CEMENT

Cherat Cement Company Limited

A Ghulam Faruque Group Company

Contents

envision

The vision to establish a cement factory here in the limestone rich Cherat Hills was shaped long before the plans to establish a cement factory took hold. Our founder, Late Mr. Ghulam Faruque, almost 3 decades earlier, had foreseen the advantages for the region and believed that it would bring prosperity for its people.

In 1985 Cherat Cement's first production line of 1,100 t/day was commissioned.


CHERAT

enhance

The success of the first production line established Cherat's reputation for unsurpassed quality.

Our founder's vision for Cherat's location was further validated when demand for Cherat Cement exceeded national borders. The cement plant was enhanced and doubled to 2,300 t/day. This line was eventually enhanced to 3,300 t/day clinker. During the current year Line II of 4,200 t/day clinker was commissioned and work on Line III of more than 6,700 t/day clinker was initiated. Extensive sales networks, strong dealer relations and a quality that exceeded required local standards cemented your Company's position.

enabled

For the land that has enabled your Company's growth and your prosperity, it is befitting that we have in return been able to give back to the region. Your Company has expressed its gratitude by making sure the Cherat area and its people also develop.

We have developed medical and education facilities and, more importantly, through expansion, generated continuous opportunities for local employment.

We recognize our on-going commitment to the people and localities which support our businesses.

Vision

Growth through the best value creation for the benefit of all stakeholders.

Mission

- Invest in projects that will optimize the risk-return profile of the Company.
- Achieve excellence in business.
- Maintain competitiveness by leveraging technology.
- Continuously develop our human resource.
- To be regarded by investors as amongst the best blue-chip stocks in the country.

Code of Conduct

The Code of Conduct of the Company is based on the principles of honesty, integrity and professionalism at every stage.

Scope

The code of conduct policy is applicable to all regular and direct contract staff in the company and its locations.

Compliance Committee and Reporting of Violations

Cherat Cement has established a Compliance Committee to provide advice concerning compliance with the code of conduct. All employees are encouraged to report any suspected violation of this Code of Conduct to their Line Managers (Functional Heads) or Compliance Committee or their respective Executive Director.

Compliance with the Law

The observance of the laws and regulations of the legal systems in which we operate is mandatory for all employees in their dealings with customers, suppliers, competitors, other employees, government bodies and officials.

Competition and Anti-trust Law

Cherat Cement obligates its employees for strict compliance with Competition and Anti-trust Laws wherever it operates.

Bribery and Corruption

Cherat Cement is committed to conducting its business in an open, honest and ethical manner in all the jurisdictions in which it operates and will not engage in any form of bribery or corruption in order to secure any kind of business advantage.

Money Laundering

It is Cherat Cement's policy to refrain from conducting business with persons or entities who are involved in criminal or illegal activities. All employees have to adhere to applicable anti-money laundering laws and regulations.

Product Quality

We discover, develop and manufacture high-quality products that meet all regulatory requirements, and pursue quality beyond compliance in both our products and processes. We focus on regularly updating ourselves with technological advancements to produce under the highest standards and maintain all relevant technical and professional standards.

Books, Records and Financial Reporting

The accuracy and completeness of our books, records and financial reporting is of critical importance for Cherat Cement. We fulfill all applicable legal obligations with regard to public filings and reporting.

Confidentiality

It is our policy that no employee entrusted with confidential information about the Company, its suppliers, customers or other business partners may disclose such information to any third party or use such information for his or her personal benefit while employed with the Company or thereafter, unless prior written approval is obtained from a duly authorized person, or the disclosure of confidential information is required by mandatory law, any governmental agency, court or other quasi-judicial or regulatory body.

Protection and Information Security

Cherat Cement has a policy that sets out rules on data protection and the legal conditions that must be satisfied in relation to the obtaining, handling, processing, storage, transportation and destruction of personal information. We comply with all applicable laws & regulations regarding the collection, processing and use of personal data. Any illegal collection, processing or use of personal data of our employees, suppliers, customers and third parties is strictly prohibited. All personal data must be safeguarded with appropriate care and protected against unauthorized access by third parties at all time.

Handling and Safeguarding of Cherat Cement's Property

Employees must handle Cherat Cement's property (including both tangible & intangible) with due care and in a responsible manner. Cherat Cement does not tolerate any unauthorized use or misappropriation of its property or services.

Equal Treatment and Fair Working Conditions

Cherat Cement is committed to promoting equality of opportunity for all staff and job applicants. We aim to create a working environment in which all individuals are able to make best use of their skills and abilities, free from discrimination or harassment, and in which all decisions or promotions are objectively based on merit. We do not tolerate any form of discrimination, harassment or bullying in the workplace.

Health, Safety and Environmental Protection

We focus on all aspects of occupational health, safety and environmental protection. We identify and manage health, safety and environmental risks in our activities and over the entire value chain of our products and services.

We make efficient use of natural resources and minimize the environmental impact of our activities and products over their life cycle.

Conflict of Interest

Employees may not engage in any activities, on or off the job, that conflict with the Company's business interest, nor they may use their position with the Company for their personal gains, or for the improper benefit to others.

As a policy, conflicts of interest or the mere appearance of such a conflict must be avoided.

Strategic Objectives

We strive to improve the efficiency of our operations through continuous innovation. We intend to grow through expansion of our core business and through opportunities for diversification. It is our endeavour to create value for our shareholders by maximizing the risk adjusted return on our investments. We intend to achieve customer satisfaction by way of providing our clients a cost effective, quality product.

We aim to develop the long-term sustainability of the organization by grooming and training our employees and providing a congenial work environment, where they are motivated to perform at the highest standards. We remain committed to the highest ethical and moral business values and to the true spirit of the Code of Corporate Governance.

Core Values

- Always deliver the best quality product to our customers.
- Maintain the highest level of integrity, honesty and ethics.
- Use technology to continuously improve our processes.
- Develop the capability of our workforce on an ongoing basis.
- Safeguard the interests of all our stakeholders.

Nature of Business

Cherat Cement Company Limited is a Ghulam Faruque Group (GFG) Company. Its main business activity is manufacturing, marketing and sale of Ordinary Portland Cement. The Company is amongst the pioneers of cement industry in Pakistan and is the number 1 cement in its region. Quality is our business; therefore, there are no compromises on Quality Management. The plant is located at Village Lakrai, District Nowshera, Khyber Pakhtunkhwa (KPK) Province.

Due to plant's geographical position, it is ideally located to export cement to Afghanistan as well as to cater the local market needs in the KPK, FATA, Punjab and Azad Kashmir. The Company is registered on Pakistan Stock Exchange and is also ISO 9001 and 14001 certified. The Company's 2nd production line of cement has already become operational in January 2017. The Company's annual installed capacity has now reached around 2.4 million tons of cement. The Company is in the process of installing cement line III at the same location with an installed annual cement capacity of more than 2.1 million tons, which is expected to be commissioned by June 2019.

Group Structure

Introduction

Since its inception, the Ghulam Faruque Group has continuously strengthened and diversified its lines of operations; details and brief profile of other leading group companies / ventures are as follows:

Faruque (Private) Limited
Parent Company

Established in 1964 as a Parent Company of the group, it primarily serves as an investment arm of the Group.

Mirpurkhas Sugar Mills Ltd
Manufacturer of Cane Sugar

Established in 1964, its principal activity is manufacturing and selling of sugar. It is located about 300 km from the port city of Karachi, in Mirpurkhas and is listed on the Pakistan Stock Exchange Limited. The Company has a crushing capacity of 7,500 tons per day and is one of the most efficient sugar mills in Pakistan.

Moreover, it is involved in development of higher yield sugar cane varieties on its 1,700 acre experimental farm.

Cherat Packaging Ltd
Manufacturer of Kraft Paper and Polypropylene Bags

Established in 1991, it is the largest producer and supplier of paper sack and polypropylene ("PP") bags to the cement industry in Pakistan. CPL also produce and provide bags to other industries such as sugar, rice and chemical etc. CPL is listed on Pakistan Stock Exchange. The Company has a production capacity of 265 million paper bags, which will increase to 400 million bags by September 2017, and 195 million PP bags per annum. It caters to the domestic as well as export markets and is also a recipient of the prestigious Pakistan Stock Exchange "Top Companies" Award and Management Association of Pakistan's Best Company Award several times.

By July 2018, the Company will also bring into operation its Flexible Packaging Division.

Mirpurkhas Energy Ltd
Wholy owned subsidiary of Mirpurkhas Sugar Mills Ltd

Mirpurkhas Energy Ltd., incorporated in 2016 as a public (unlisted) Company, is a fully owned subsidiary of Mirpurkhas Sugar Mills Limited. It is 26 MW Bagasse based Cogeneration Project. The principal activity of the company is to generate and supply electricity.

Zensoft (Pvt.) Ltd
Information Systems Services provider specializing in business software solutions

It was established in 1998 and is engaged in development and sale of computer softwares. The company specializes in providing high quality business solutions.

Greaves Pakistan (Pvt.) Ltd
Providing Specialized Engineering Sales and Services

It was established in 1859 to provide specialized engineering equipment sales and services. However in 1964, the Group acquired a controlling interest in the shares of the Company and by 1981 Greaves became a wholly owned subsidiary of the Group. Greaves has the following divisions namely i) Power Generation, ii) CNG Equipment, iii) Industrial Machinery, iv) Solar Energy, v) LED, vi) Elevator, vii) Earth Moving & Construction Machinery, viii) Air Compressor ix) Fuel Dispenser and x) UPS.

Greaves Airconditioning (Pvt.) Ltd
Equipment Suppliers and HVAC Solution Provider

Commencing operations in 1975, this Company is the only HVAC solution provider of its kind and is the sole distributor of York (JCI) products in Pakistan. It is involved in providing a wide array of services related to HVAC equipments that includes designing, installation and maintenance of central and packaged units. Moreover, it also launched residential light air conditioning units under the brand name of Euro Aire.

Greaves CNG (Pvt.) Ltd
Retail Sale of CNG to end consumers

Greaves CNG was established in 2001 with a prime motive to install CNG facilities at the retail outlets of Petroleum Companies. It is a preferred third party investor for all major petroleum companies in Pakistan.

Greaves Engineering Services (Pvt.) Ltd
HVAC Contractors

Established in 2003, its principal activity is to provide services associated with Airconditioning, installation and maintenance of central and packaged units.

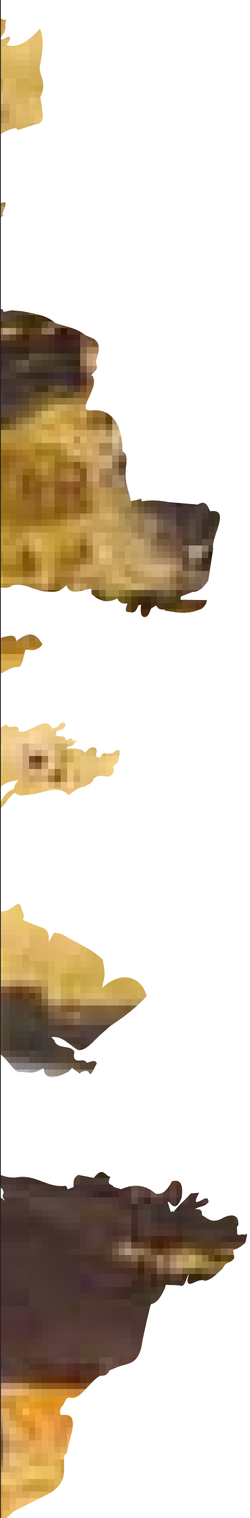
UniEnergy Ltd
Joint Venture for Renewable Wind Energy

Unicol Ltd
Joint Venture Distillery producing Ethanol and Liquid Carbon Dioxide (CO_2)

Incorporated in 2003, Unicol is a joint venture distillery project among Mirpurkhas Sugar Mills, Faran Sugar and Mehran Sugar. It is engaged in the production and marketing of ethanol from molasses and CO_2. Its current production capacity is 200,000 litres per day. It is involved in producing various varieties of ethanol.

Madian Hydropower Ltd
Joint Venture for establishing 148 MW hydropower plant

Company Information



Board of Directors

Mr. Omar Faruque	Chairman
Mr. Azam Faruque	Chief Executive
Mr. Akbarali Pesnani	Director
Mr. Shehryar Faruque	Director
Mr. Arif Faruque	Director
Mr. Saquib H. Shirazi	Director
Mr. Shamshad Nabi (NIT)	Director
Mr. Asif Qadir	Director

Audit Committee

Mr. Akbarali Pesnani	Chairman
Mr. Arif Faruque	Member
Mr. Asif Qadir	Member

Human Resource & Remuneration Committee

Mr. Saquib H. Shirazi	Chairman
Mr. Azam Faruque	Member
Mr. Shehryar Faruque	Member

Executive Director & Chief Financial Officer

Mr. Yasir Masood

Executive Director & Company Secretary

Mr. Abid Vazir

Chief Internal Auditor

Mr. Omer Nabeel

Auditors

EY Ford Rhodes
Chartered Accountants

Legal Advisor

K.M.S. Law Associates

Bankers

Allied Bank Ltd
Bank Al Habib Ltd
Faysal Bank Ltd
Habib Bank Ltd
MCB Bank Ltd
National Bank of Pakistan
Samba Bank Ltd
Soneri Bank Ltd
Standard Chartered Bank (Pakistan) Ltd
The Bank of Punjab
United Bank Ltd

Islamic Bankers

Bank Alfalah Ltd
Dubai Islamic Bank Pakistan Ltd
Meezan Bank Ltd

Share Registrar

Central Depository Company
of Pakistan Limited (CDC)
CDC House, 99-B, Block 'B'
S.M.C.H.S., Main Shahrah-e-Faisal
Karachi-74400
Tel: 0800-23275

Contact Information

UAN: 111-000-009
Email: info@gfg.com.pk
Web: www.gfg.com.pk

Registered Office / Factory

Village Lakrai, P.O. Box 28,
Nowshera
Tel: +9291 5270531-4
Fax: +9291 5270536

Head Office

Modern Motors House,
Beaumont Road
Karachi-75530
Tel: +9221 35683566-7, 35689538
Fax: +9221 35683425

Sales Offices

Peshawar:
1st Floor, Betani Arcade,
Jamrud Road
Tel: +9291 5842285, 5842272
Fax: +9291 5840447

Lahore:
3, Sunder Das Road
Tel: +9242 36286249-50, 36308259
Fax: +9242 36286204

Islamabad:
1st Floor, Razia Sharif Plaza
Jinnah Avenue, Blue Area
Tel: +9251 2344531-33
Fax: +9251 2344534, 2344550

Milestones

1985
Cherat Cement started production with 1,100 t/day capacity

1988
Optimization capacity expansion to 1,400 t/day

1994
Doubling capacity expansion to 2,300 t/day

Installed Roller Press at Raw Mill & Cement Grinding areas

1994
Caterpillar commissioned 04 CAT power generators (6 MW)

1996
WARTSILA Diesel commissioned 04 Wartsilla Diesel plants (20 MW)

1998
IKN System at Cooler capacity increased to 2,500 t/day

2001
HMI Manual operating panels converted to HMI

2002
Cherat Electric Merger in Cherat Cement Company Ltd

Cooler E.P. Multicyclones converted to Electrostatic Precipitators

2003
Coal Mill Incorporated Coal Grinding Mill which replaced primary fuel Furnace Oil

2005
Capacity Expansion to 3,300 t/day

2006
LVT Cement Press installed

2008
03 Roto Packers Haver & Boecker commissioned with packing capacity of 270 t/hour

2009
Installed SAP (ERP)

2010
Waste Heat Recovery for Power Generation commissioned

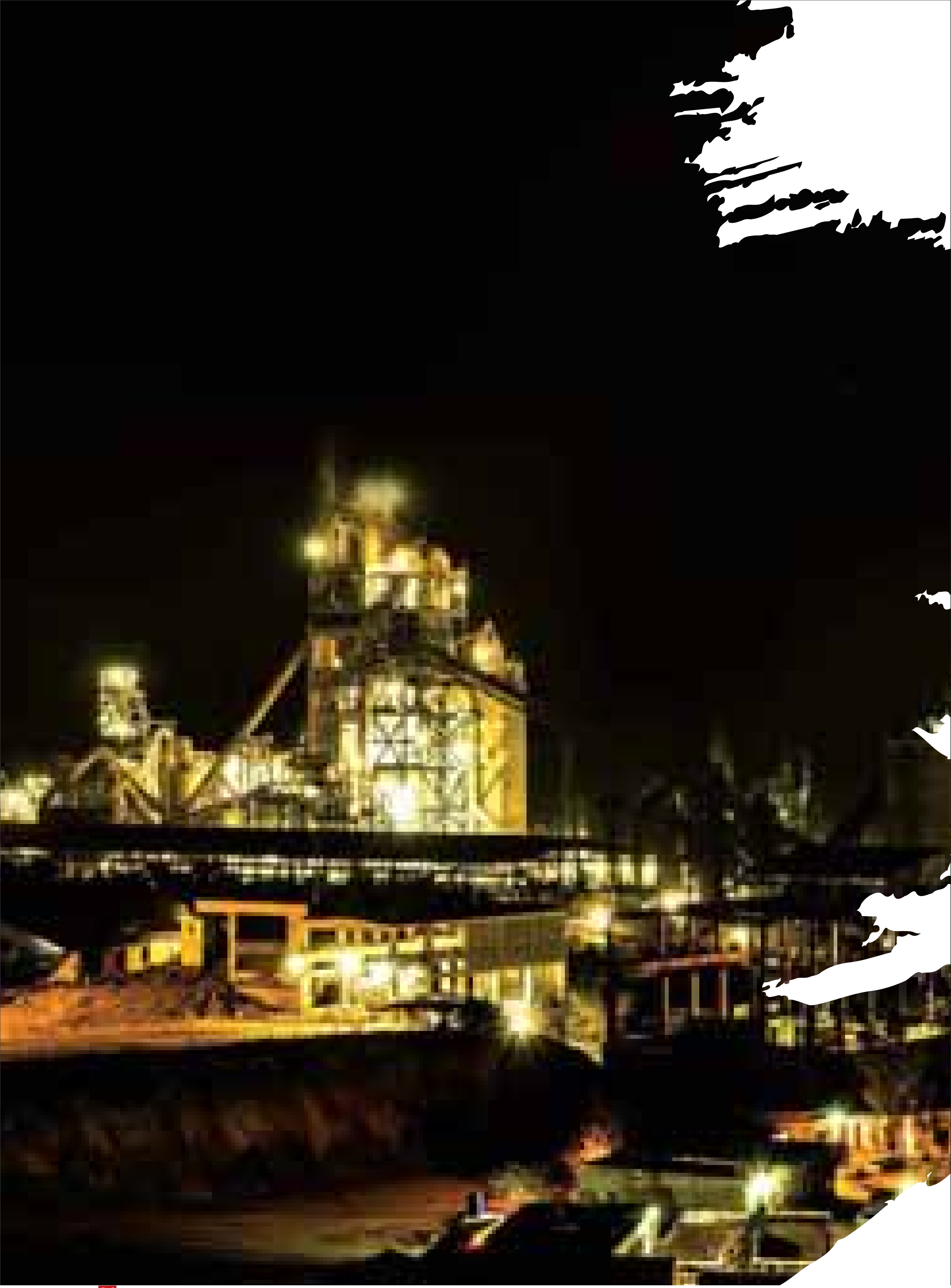
2012
Tyre Derived Fuel Processing Plant installed

2013
Refuse Derived Fuel Processing Plant installed

2014
Work started on Line II having clinker production capacity of 4,200 t/day

2017
Commercial production of Line-II with the capacity of 4,200 clinker t/day started

L/C opened for Line III having clinker production capacity of more than 6,700 t/day

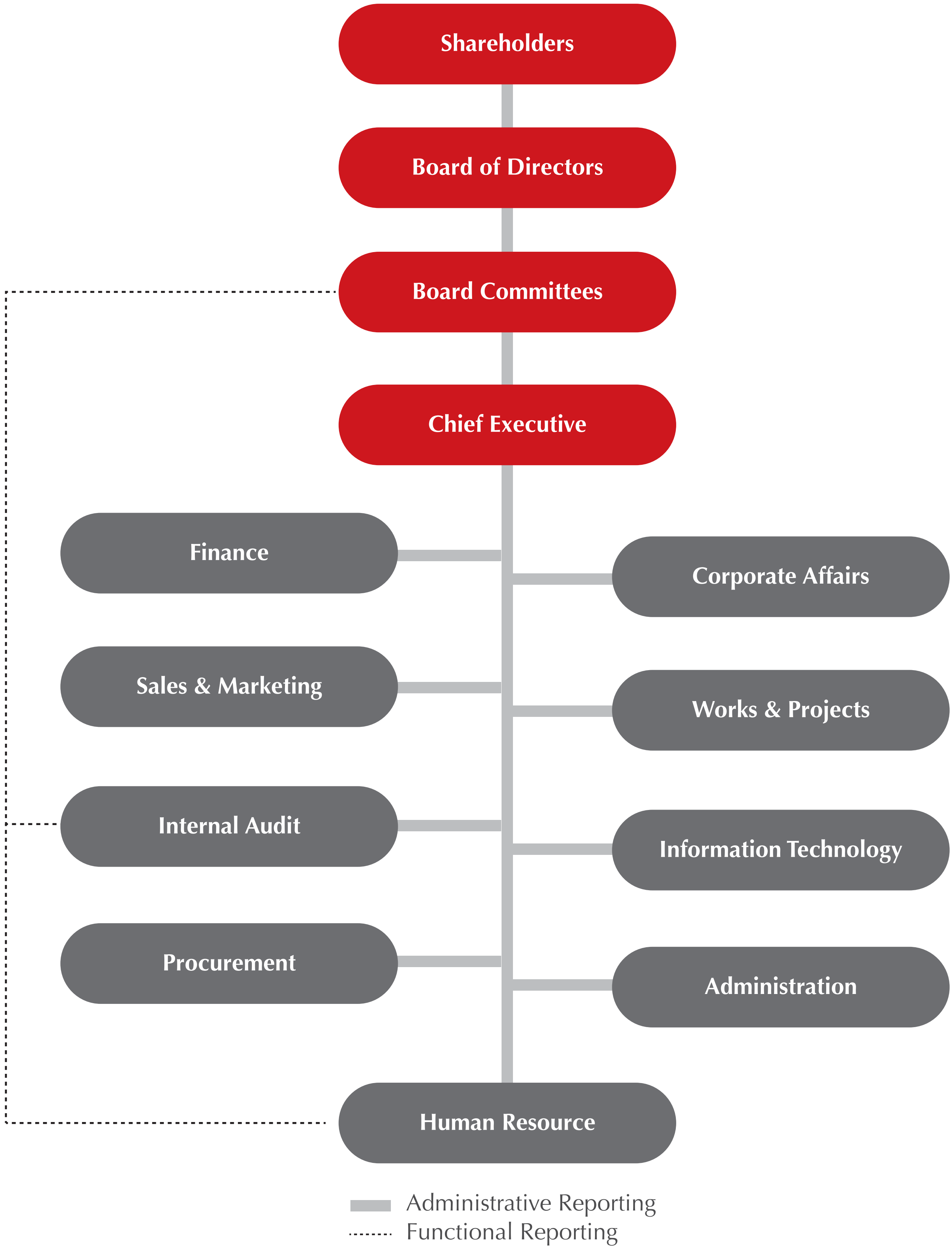


Plant Expansion

During the year, the company successfully commissioned its second cement line alongwith Waste Heat Recovery Plant. With this expansion, the cement production capacity of the company has increased to around 2.4 million tons per annum.

In view of encouraging growth in the domestic demand for cement, the company has decided to install a third cement line having a capacity of more than 2.1 million tons per annum of cement which is expected to be commissioned by June 2019.

Organizational Structure



Calendar of Notable Events

July 2016 - June 2017

July 09	Eid Milan Party
August 14	Independence Day Celebration
August 18	National Tree Plantation Day
October 07	Received 2nd prize in Best Corporate and sustainablity Report Award 2015 organized by ICAP & ICMAP
October 31	35th AGM at Registered Office
November 12	Inter-Group Companies Cricket Tournament 2016, Lahore
December 18	Inter-Group Companies Cricket Tournament 2016, Islamabad
January 16	Dinner with Dealers - Islamabad
April 07	Employees Annual Dinner & Award Ceremony, Lahore
April 14-15	Group Table Tennis Tournament
April 28-29	Inter-Group Companies Cricket Tournament, Karachi
May 01	Labour Day Celebration
May 20	HO Staff Picnic
June 30	Year End Closing

Geographical Presence

Offices
Karachi (Head Office)
Peshawar (Sales Office)
Lahore (Sales Office)
Islamabad (Sales Office)

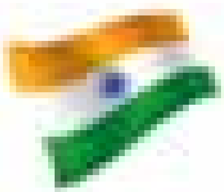
Factory
Nowshera

Cement International

Afghanistan - Cement Export

Main Distribution

- Kabul
- Jalalabad
- Ghost
- Mazar-i-Sharif
- Kunduz
- Kandhar



India - Clinker Export

Main Distribution

- Indian Punjab Region

Main Distribution

- Peshawar
- Mardan
- Nowshera
- Charsadda
- Swabi
- Swat
- Dir
- Buneir
- Malakand
- FATA
- Attock
- Islamabad
- Rawalpindi
- Chakwal
- Kashmir
- Jhelum
- Lahore
- Sheikhupura
- Kasur
- Gujrat
- Sialkot
- Gujranwala
- Okara
- Sargodha
- Narowal
- Faisalabad
- Kohat
- Karak
- Bannu
- Tank
- Parachinar
- Sahiwal
- Karachi
- Multan
- Bahawalpur
- Rahim Yar Khan
- Dera Ghazi Khan
- Khairpur
- Larkana
- Sukkur
- Mirpurkhas
- Hyderabad

Notice of Annual General Meeting

Notice is hereby given that the 36th Annual General Meeting of the Company will be held on Monday, October 16, 2017 at 11:30 a.m. at the Registered Office of the Company at Factory premises, Village Lakrai, Nowshera, Khyber Pakhtunkhwa to transact the following businesses:

ORDINARY BUSINESS

1. To receive and consider the Audited Accounts of the Company for the year ended June 30, 2017 with the Directors' and the Auditors' Reports thereon.
2. To consider and approve the payment of final cash dividend @ 35% (Rs. 3.50 per share) in addition to interim cash dividend @ 10% (Re. 1.00 per share) already paid to the shareholders for the financial year ended June 30, 2017 as recommended by the Board of Directors.
3. To appoint Auditors for the year 2017/18 and to fix their remuneration.
4. To transact any other business with the permission of the chair.

SPECIAL BUSINESS

5. To consider and approve investment of up to Rs. 75 million in its associated company Cherat Packaging Limited (CPL) in compliance with the provision of section 199 of the Companies Act 2017. It is therefore proposed that the following resolution be passed as and by way of a Special Resolution

   "Resolved that pursuant to section 199 of the Companies Act 2017, and subject to the consent and approval of the shareholders; the Board of Directors of the Company be and is hereby authorized to make an investment of up to Rs. 75 million in the equity of Cherat Packaging Limited by way of subscription of right shares; that the Board of Directors of the Company and the Company Secretary be and are hereby authorized to do all acts, deeds and things that may be necessary or required to give effect to this resolution".

By Order of
the Board of Directors

Abid Vazir
Executive Director &
Company Secretary

Karachi: August 23, 2017

Notes:

1. The register of members of the Company will be closed from Tuesday October 3, 2017 to Monday, October 16, 2017 (both days inclusive) and no transfers will be registered during that time. Shares received in order at the Office of the Registrar of the Company, M/s. Central Depository Company of Pakistan Limited (CDC), CDC House, 99-B, Block 'B', S.M.C.H.S., Main Shahrah-e-Faisal, Karachi-74400 at the close of business on Monday, October 2, 2017 will be treated in time for the entitlement of final cash dividend.
2. A member of the Company eligible to attend and vote at the Annual General Meeting may appoint another member as his/her proxy to attend and vote in his/her stead. Proxies to be effective must be in writing and must be received by the Company's Head Office 48 hours before the Meeting.
3. Shareholders of the Company whose shares are registered in their account/sub-account with Central Depository System (CDS) are requested to bring original Computerized National Identity Card along with their account number in CDS and participant's ID number for verification. In case of appointment of proxy by such account holders and sub-account holders, the guidelines as contained in the SECP's circular of 26th January 2000 are to be followed.
4. Shareholders of the Company are requested to immediately notify any change in their addresses to the Share Registrar of the Company.
5. Shareholders who have not yet submitted photocopy of their valid Computerized National Identity Card (CNIC) are requested to send the same to the Share Registrar of the Company.

6. Section 242 of the Companies Act 2017 provides that in case of a listed company, any cash dividend declared by the company must be paid electronically directly into the accounts of the shareholders. In compliance of the same shareholders of the Company are requested to provide their bank mandate to the Company's Share Registrar at the earliest.
7. With reference to S.R.O. 787(I)/2014 dated September 8, 2014 issued by SECP; shareholders have option to receive Annual Audited Financial Statements and Notice of General Meeting through email. Shareholders of the Company are requested to give their consent to the Company's Head Office to update our record if they wish to receive Annual Audited Financial Statements and Notice of General Meeting through email. However, if shareholder, in addition, request for hard copy of Audited Financial Statements the same shall be provided free of cost within seven [7] days of receipt of such request.

STATUS OF INVESTMENT IN UNIENERGY LIMITED

The Company in its Annual General Meeting held on October 16, 2015 had obtained the approval of its shareholders for investment of up to Rs. 250 million in the equity of UniEnergy Limited. Keeping in view the status of the project and its financial requirements, the Company has so far invested Rs. 7.69 million only. The remaining amount will be invested by Cherat Cement Company Limited as and when required by UniEnergy Limited.

STATUS OF INVESTMENT IN MIRPURKHAS SUGAR MILLS LIMITED

The Company in its Annual General Meeting held on October 31, 2016 had obtained the approval of its shareholders for an investment of up to Rs. 100 million by acquiring shares of Mirpurkhas Sugar Mills Limited from the market. During the year, the Company has purchased shares worth Rs. 55.12 million approximately. No further shares will be acquired by the Company.

STATUS OF INVESTMENT IN MADIAN HYDRO POWER LIMITED

In 2005, the Company took approval from its shareholders to invest up to Rs. 2.5 billion in Madian Hydro Power Limited, a joint venture hydro project with Shirazi Investments. The technical feasibility of the project was completed in 2009 which was approved by the Private Power and Infrastructure Board (PPIB). However, due to the deteriorating security situation in Swat, not much progress could be achieved thereafter. The sponsors had requested for an indefinite extension from PPIB for post feasibility study deadlines applicable to the project. During the year, PPIB has revoked the LOI issued to MHPL. Although the Company has taken up the matter with PPIB, in view of the uncertain situation, it impaired the carrying value of the investment in the year 2012/2013.

Statement Under Section 134 of the Companies Act, 2017

The statement sets out material facts concerning "Special Business" to be transacted at the Annual General Meeting of the Company to be held on October 16, 2017. The approval of the Members of the Company will be sought for:

INFORMATION REGARDING THE INVESTMENT

Item No: 5

Cherat Cement Co. Ltd. (CCCL) is a shareholder of Cherat Packaging Ltd. (CPL) and has been receiving regular dividend income on its investment for past many years. CPL is the leading manufacturer and supplier of sack kraft paper and polypropylene (PP) bags. CPL, which started commercial operations in 1991 and is listed on Pakistan Stock Exchange, is the largest producer and supplier of paper and polypropylene bags to the cement industry in Pakistan.

CPL has a history of consistent growth over the years. As part of its diversification strategy, it has now decided to enter into Flexible Packaging, which is a growing field of business worldwide and offers a great future potential to further grow its business. With an eye on this fast evolving consumer market, it has decided to invest in a top-end equipment to ensure it can keep pace with the best of the established players and in this regard, has placed the order to acquire the plant from leading European suppliers with main equipment being procured from M/s. Windmoller & Holscher, which is a leading machine supplier of this industry. CPL will be the first company in Pakistan to come up with the roto, flexo, extrusion and cylinder making machines all at the same time. The plant will be installed at Gadoon Amazai, Khyber Pakhtunkhwa Province for which the company has already acquired 8 acre land close to the existing factory. The total cost of the project is around Rs. 1.7 billion and it is expected to be completed by July 2018. By virtue of this project, the company will be able to further diversify its operations and better allocate its fixed costs, which will increase its profitability.

In order to finance this project, CPL has announced issuance of 13.50% right shares on the existing paid-up capital of the Company in the ratio 13.50 shares for every 100 shares held. The right shares will be issued at an issue price of Rs. 125/- per share including a premium of Rs. 115/- per share. By virtue of existing shareholding in CPL, CCCL will be entitled to subscribe 293,599 shares. However, it may acquire additional 306,401 shares by subscribing any available right shares. The details of the investment are stated below:

(i)	Name of the associated company or associated undertaking along with criteria based on which the associated relationship is established;	Cherat Packaging Limited (CPL). Mr. Akbarali Pesnani, Mr. Arif Faruque and Mr. Shehryar Faruque are also directors of CPL.
(ii)	Purpose, benefits and period of investment;	CCCL intends to make an equity investment of up to Rs. 75 million by subscribing the right shares offered by CPL. Dividend from CPL will benefit CCCL as it will enhance its Other Income, which will benefit the shareholders of the Company. Furthermore, addition of a good asset will also strengthen the financial statements of the company and will diversify its risk. This will be a long term investment by CCCL.
(iii)	Maximum amount of investment;	CCCL intends to make equity investment of up to Rs. 75 million by subscribing the right shares offered by CPL.
(iv)	Maximum price at which securities will be acquired;	Rs. 125/- per share including a premium of Rs. 115/- per share.
(v)	Maximum number of securities to be acquired;	Up to 600,000 shares will be acquired
(vi)	Number of securities and percentage thereof held before and after the proposed investment;	Before : 2,174,808 shares 7.35% After (max up to): 2,774,808 shares 8.25%
(vii)	In case of investment in listed securities, average of the preceding twelve weekly average price of the security intend to be acquired;	Rs. 253.35
(viii)	In case of investment in unlisted securities, fair market value of such securities determined in terms of regulation 6 (1)	Not applicable.
(ix)	Break-up value of securities intended to be acquired on the basis of the latest audited financial statements;	Rs. 135.68

(x)	Earning per share of the Associated Company or Associated Undertaking for the last three years;	June 2015 : Rs. 22.89 June 2016 : Rs. 31.02 June 2017 : Rs. 23.71
(xi)	Sources of fund from which securities will be acquired;	The investment will be made by CCCL from its own resources
(xii)	Where the securities are intended to be acquired using borrowed funds,- (I) Justification for investment through borrowings; and (II) Detail of guarantees and assets pledge for obtaining such funds	Not Applicable
(xiii)	Salient features of the agreement(s), if any, entered into with its Associated Company or Associated Undertaking with regards to the proposed investment;	Not Applicable
(xiv)	Direct or indirect interest of directors, sponsor, majority shareholders and their relatives, if any, in the associated company or associated undertaking or the transaction under consideration;	Mr. Akbarali Pesnani, Mr. Shehryar Faruque, and Mr. Arif Faruque are directors of Cherat Packaging Limited. However, they have no direct or indirect interest except to the extent of shareholding in the investing company.
(xv)	Any other important details necessary for the members to understand the transaction.	Nil

Undertaking pursuant to Regulation 3 (3) of the Companies (Investment in Associated Companies or Associated Undertaking) Regulations, 2012.

The directors submit that they have carried out necessary due diligence for the proposed transaction particularly the investment in Cherat Packaging Limited.

Chairman's Review

The year 2016/17 proved to be a historical year for the Company not only in terms of achieving highest ever sales revenues along with profitability but also because of the commissioning of Cement Line II in the month of January 2017. Following this expansion, the production capacity of the Company has increased to approximately 2.4 million tons per annum, the full impact of which will be realized in the next financial year.

On the back of greater spending of PSDP by the government for the construction of infrastructure projects in the country and higher spending by the private sector on housing and commercial projects, there was 8% increase in the domestic demand for cement during the year. We anticipate further appreciation in the domestic demand in the coming days as construction activities are on the rise especially after the initiation of projects pertaining to CPEC. Due to strong brand reputation and ideal location, your Company stands to benefit from growth in cement demand both in Pakistan and Afghanistan.

You will be pleased to know that next expansion project for Cement Line III, that will nearly double the existing capacity, is progressing on schedule and we are confident of commissioning the Cement Line III by June 2019. With this expansion, the production capacity of the Company will increase to around 4.5 million tons. Just like second line, we are confident of completing the expansion within the estimated project costs. The expansion will allow the Company to meet the additional demand for cement in the country and further improve its allocation of costs.

Cherat remains a brand of choice for its loyal customers and is considered one of the most efficient plants in Pakistan. It is our commitment to all our stakeholders to remain on path to success through hard work and ensure sustainable growth.

Omar Faruque
Chairman

Karachi: August 23, 2017

Directors' Profile

Mr. Omar Faruque, Chairman

Mr. Omar Faruque studied from the City of London, Polytechnic London and got a degree in B.A. Finance. Currently, he is the Chief Executive of Zensoft (Pvt.) Ltd. He is also a director of Greaves CNG (Pvt.) Ltd. He is a 'Certified Director' from the Pakistan Institute of Corporate Governance.

Mr. Azam Faruque, Chief Executive

Mr. Azam Faruque is the Chief Executive of Cherat Cement Co. Ltd. He is an Electrical Engineering and Computer Science graduate from Princeton University, USA. He completed his MBA with high honors from the University of Chicago, Booth School of Business. Apart from the time he has spent in the cement industry, he has also served as a member on the Boards of State Bank of Pakistan, National Bank of Pakistan and Oil and Gas Development Corporation Ltd. He was a Member of the Board of Governors of GIK Institute, Member of the National Commission of Science and Technology and also a Member of the National Committee of the Aga Khan Foundation. Mr. Azam Faruque has served on the Board of the Privatization Commission of the Government of Pakistan, Cherat Packaging Ltd, Atlas Asset Management Ltd and was Chairman KPK Oil & Gas Development Company Ltd. At present, he is a member of the Board of Directors of Faruque (Pvt.) Ltd, Greaves Pakistan (Pvt) Ltd, Madian Hydro Power Ltd, International Industries Ltd, Indus Motor Company Ltd and Atlas Battery Ltd. He is a 'Certified Director' from the Pakistan Institute of Corporate Governance.

Mr. Akbarali Pesnani, Director

Mr. Akbarali Pesnani is an MBA and fellow member of both the Institute of Chartered Accountants and Institute of Cost and Management Accountants of Pakistan. He has served as Chairman Gwadar Port and Gwadar Port Implementation Authority from 2004 to 2006. Mr. Pesnani has been associated with the Aga Khan Development Network at senior levels for over 42 years. Presently he is the Chairman of Cherat Packaging Ltd, Aga Khan Cultural Service Pakistan and a Director on the Board of Jubilee General Insurance Co. Ltd, Air Safira Ltd, and Air Asia Ltd. His association with the Ghulam Faruque Group dates back almost 35 years.

Mr. Shehryar Faruque, Director

Mr. Shehryar Faruque is a graduate from Davis & Elkins College, Elkins, WV, USA. He serves on the Boards of Directors of Cherat Packaging Ltd, Mirpurkhas Sugar Mills Ltd, Faruque (Pvt.) Ltd, Greaves CNG (Pvt.) Ltd, Zensoft (Pvt.) Ltd and Mirpurkhas Energy Ltd. Mr. Shehryar Faruque is also serving as Director of NBP Fullerton Asset Management Ltd (NAFA) and Summit Bank Ltd.

Mr. Arif Faruque, Director

Mr. Arif Faruque is a Swiss - qualified Attorney-at-Law and also holds Masters degrees in both Law and Business Administration from the USA. He is the Chief Executive of Faruque (Pvt.) Ltd as well as Madian Hydro Power Ltd. He is on the Board of Directors of Mirpurkhas Sugar Mills Ltd, Cherat Packaging Ltd, Zensoft (Pvt.) Ltd, UniEnergy Ltd and IGI Investment Bank Ltd. Besides the above, he is also a member of the Board of Governors of Lahore University of Management Sciences (LUMS).

Mr. Saquib H. Shirazi, Director

Mr. Saquib H. Shirazi has been the Chief Executive Officer of Atlas Honda Ltd for the last fifteen years. He graduated from the Wharton School of Finance, before completing his Masters from the Harvard Business School.

He has previously worked with the Bank of Tokyo and is also the former CEO of Atlas BOT Investment Bank Ltd. At present, he is serving as a member on the Boards of Pakistan Cables Ltd, Atlas Hitech Ltd, Atlas Power Ltd, Shirazi Trading Company (Pvt.) Ltd, Shirazi Investments (Pvt.) Ltd, Shirazi Capital (Pvt.) Ltd and Cherat Cement Company Ltd. Previously, he has served on the Boards of Pakistan Petroleum Ltd, National Refinery Ltd, Sui Southern Gas Company Ltd, Cherat Papersack Ltd and the Privatization Commission of Pakistan. He has also served on Harvard Business School's Global Alumni Board and was its President for the years 2006-2008. He is currently a member of Harvard Business School's Advisory Board.

Mr. Asif Qadir, Director

Mr. Asif Qadir holds a degree in Chemical Engineering from Columbia University, New York. He joined Exxon Chemical Pakistan Ltd in 1978 as a Process Engineer and held various assignments in manufacturing and marketing of fertilizers.

Mr. Qadir has served as President and Chief Executive Officer of Engro Polymer & Chemicals Ltd. He has also served on the Board of Engro Corporation Ltd, Engro Fertilizer Ltd, Engro Polymer & Chemical Ltd, Engro Powergen Ltd, Sindh Engro Coal Mining Company Ltd, Karachi Stock Exchange, Pakistan Poverty Alleviation Fund and Inbox Business Technologies (Pvt.) Ltd.

He is currently serving as Director in Unicol Ltd and is also on the Boards of Tripack Films Ltd, Thal Ltd, Descon Oxychem Ltd and Liaquat National Hospital and Medical College.

Mr. Shamshad Nabi, Director (NIT)

Mr. Shamshad Nabi is a Chartered Accountant - a Fellow of the Institute of Chartered Accountants in England & Wales. He has also completed his MBA from the University of Wales. He has 53 years professional experience in the UK, Pakistan and Saudi Arabia mostly in asset management and development banking. He had also worked for 4 years for The Citizens Foundation (TCF) as a whole time volunteer as TCFs Financial Adviser. He has had long experience with the mutual fund industry in Pakistan having served NIT from 1966 to 1980 with the last four years as the NITs Deputy Managing Director. He worked for 22 years for the Islamic Development Bank in Jeddah until January, 2002. He was the first Chief Executive Officer of the Mutual Funds Association of Pakistan - the Trade Body for the mutual fund industry in Pakistan until July, 2012. While in the service of NIT he served on the Boards of Directors of a large number of listed companies in Pakistan and was on the Board of Directors of the Karachi Stock Exchange for four years until January, 1980. He was also on the Board of Directors of companies in member countries of IDB.

CEO's Message

Cherat Cement has come out stronger and better at the end of the financial year 2016/2017. Your Company has grown and has proven that it has potential to sustain growth and profitability.

The most significant milestone for your Company this year is the setting up and beginning of production from Cement Line II. Line II began production in January 2017 and has increased the production capacity of the Company to 2.4 million tons per year.

The cement industry saw a growth of 3.71% through the year with an 8% increase in domestic demand. Introduction of CPEC and initiation of projects under the program along with increase in spending by the private sector on construction projects has given a major boost to the market and has in turn raised the domestic dispatches of Cherat Cement by 64% in this year. Production from Line II has helped achieve healthier sales figures and a greater share of the market as well.

We at Cherat believe in consistent growth and expansion. The Company envisions growth and hence growth for its stakeholders. Our goal is to stay on the track of sustainability that we have set for ourselves and accomplish even greater heights.

Azam Faruque
Chief Executive

Karachi: August 23, 2017

Directors' Report to the Members

For The Year Ended June 30, 2017

The Board of Directors presents the annual report of the company along with the audited financial statements for the year ended June 30, 2017.

OVERVIEW

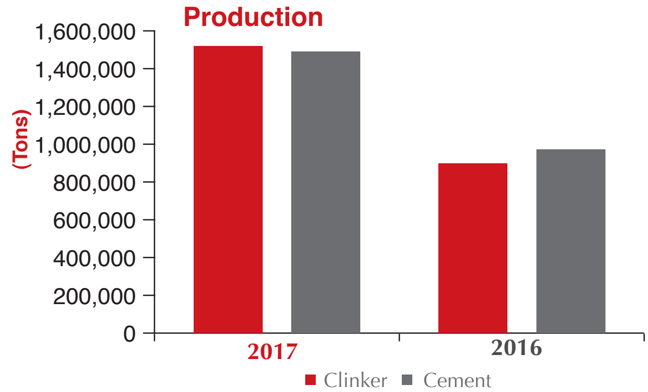
A noticeable economic turnaround has been witnessed by Pakistan over the last few years following the implementation of a growth oriented agenda. The economic policies being pursued by the present government is having a positive impact on all major industrial sectors including cement, which remains one of the top performers in the country. Greater PSDP spending by the government for development of infrastructure network and initiation of work on CPEC projects has resulted in a growth in the cement demand in the country. Furthermore, rise in private sector spending on construction of housing and commercial projects has also boosted the demand for cement. While domestic demand was strong and increased by nearly 8%, exports declined by 21% mainly due to drop in exports via sea and to Afghanistan. During the year, the Pakistani cement industry grew by 3.71% over last year.

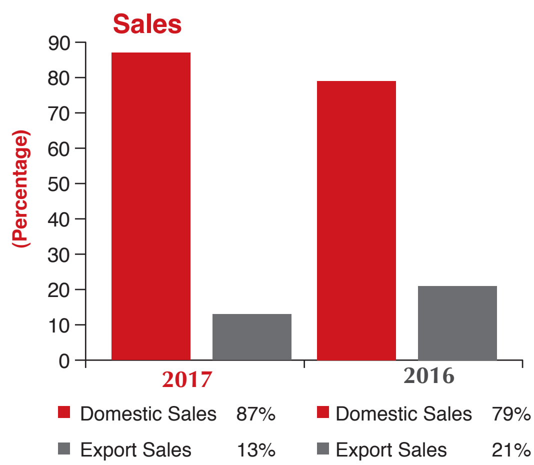
PRODUCTION & SEGMENT WISE SALES REVIEW OF YOUR COMPANY

Comparative production and sales figures are provided under:

	2016-17	2015-16
	(in tons)	
• Clinker production	1,518,520	897,440
• Cement production	1,489,489	1,042,450
• Domestic sales (cement and clinker)	1,340,226	818,617
• Export sales	204,226	218,528
	1,544,452	1,037,145

There was a 49% increase in the overall dispatches of the company from last year. Commencement of dispatches from Cement Line II from January 2017 coupled with increased construction activities in the country has resulted in a 64% rise in the local cement sales of the Company. However, closure of Torkham border during the year for over a month, badly affected the exports of cement to Afghanistan, which declined by 7% during the year.





FINANCIAL PERFORMANCE

Following an increase in cement dispatches, the sales revenue of the company also rose by around 36% i.e. Rs. 2.57 billion over last year. During the year, there was an increase in costs of production due to rise in international prices of coal and oil, which led to increase in variable costs. Furthermore, the company has also recorded depreciation expense and finance cost pertaining to Cement Line II, which were capitalized during the year. The company has started to realize the benefits of economies of scale following the expansion of cement line II. There was an increase in the other income from last year on account of receipt of dividend income on investments made by the company, sale of scrap material, and reversal of provision made against Workers Welfare Fund made in previous years following the decision of the Honorable Supreme Court in favor of the taxpayers. The company has availed the benefit of tax exemption announced by the government for investment in Khyber Pakhtunkhwa and Baluchistan provinces for the Cement Line II and the tax provision has been made accordingly. For the year ended June 30, 2017 the company has posted a historical after tax profit of Rs. 1.95 billion.

Summarized operating performance of the company for the current year and that of last year is as follows:

	2016-17	2015-16
	(Rs. in million)	
Net sales	9,645.40	7,079.37
Cost of sales	6,432.28	4,445.31
Gross Profit	3,213.12	2,634.06
Expenses & taxes	1,256.56	1,228.87
Net Profit	1,956.56	1,405.19

EXPANSION PROJECT – CEMENT LINE II

During the year, the company successfully commissioned the second line of cement manufacturing along with Waste Heat Recovery Plant at its existing location in Nowshera, Khyber Pakhtunkhwa Province. With this expansion, the production capacity of the company has increased to around 2.4 million tons per annum. The expansion project, which was completed in a record time within the budgeted costs, benefitted greatly from decline in discount rates and stable foreign currency exchange rates. The management would like to express its appreciation for all those who were involved in the smooth execution of this project.

EXPANSION PROJECT - CEMENT LINE III

Work on the installation of Cement Line III is progressing on schedule. The company has established the letter of credit for the imported equipment, and has few awarded contracts for local works. On the financing front, the company has finalized the long term loan for the project with leading banks on competitive terms. The management is confident of completing the project by June 2019. Furthermore, the company has also placed the order for 3 new Wartsila Diesel 34 DF engines with an ISO rating of about 10mW each, which will help in efficiently meeting the energy requirements of the plant.

DIVIDEND

The Board of Directors at its meeting held on August 23, 2017 has proposed a cash dividend @ 35% for the year ended June 30, 2017. This is in addition to interim cash dividend @ 10% declared during the year. The approval of members for the dividend will be obtained at the Annual General Meeting to be held on October 16, 2017.

CORPORATE SOCIAL RESPONSIBILTY

Being an active and socially aware member of the corporate community, the Company contributes

generously to various social and charitable causes including towards health, education and social sectors. The Company actively participates in various social work initiatives as part of its corporate social responsibility especially towards the betterment of the people living in the areas around the factory. The company works with many reputable organizations and NGOs in Pakistan like The Aga Khan University and The Citizens Foundation. The Company has always stood by the people of Pakistan in their hour of need and shall always continue to do so.

SAFETY, HEALTH AND ENVIRONMENT

The company remains committed to continuous improvement in Health and Safety aspects of its business, being a responsible corporate citizen. The production facility remained fully compliant with industry standards and safety requirements. The

installation of WHR plants has also helped improve the environment in the areas surrounding the factory. The company has an ISO 14001 certification.

CONTRIBUTION TO NATIONAL EXCHEQUER

The company contributed around Rs. 4.50 billion to the government treasury in shape of taxes, excise duty, income tax and sales tax.

STATEMENT ON CORPORATE AND FINANCIAL REPORTING FRAMEWORK

- The financial statements prepared by the management of the company present its state of affairs fairly, the result of its operations, cash flows and changes in equity.
- Proper books of account of the company have been maintained.
- Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
- International Financial Reporting Standards, as applicable in Pakistan, have been followed in preparation of financial statements and any departure therefrom has been adequately disclosed and explained.
- The system of internal controls is sound in design and has been effectively implemented and monitored.
- There are no significant doubts upon the company's ability to continue as a going concern.
- There has been no material departure from the best practices of corporate governance, as detailed in the listing regulations.
- Key operating and financial data for last six (6) years in summarized form is annexed.
- There is nothing outstanding against your company on account of taxes, duties, levies and charges except for those which are being made in normal course of business.
- The Company maintains Provident and Gratuity Fund accounts for its employees. Stated below are the values of the investments of the fund as on June 30, 2017.

Provident Fund	**Rs. 938 million**
Gratuity Fund	**Rs. 888 million**

- During the year, six meetings of the Board of Directors were held. The attendance record of each director is as follows:

Name of Directors	Meetings Attended
Mr. Omar Faruque	6
Mr. Azam Faruque	6
Mr. Akbarali Pesnani	5
Mr. Shehryar Faruque	6
Mr. Arif Faruque	6
Mr. Saquib H. Shirazi	6
Mr. Shamshad Nabi	4
Mr. Asif Qadir	5

- During the year, four meetings of the Audit Committee were held. The attendance record of each director is as follows:

Name of Directors	Meetings Attended
Mr. Akbarali Pesnani	4
Mr. Asif Qadir	3
Mr. Arif Faruque	3

- During the year, two meetings of the Human Resource and Remuneration Committee were held. The attendance record of each director is as follows:

Name of Directors	Meetings Attended
Mr. Saquib H. Shirazi	2
Mr. Shehryar Faruque	2
Mr. Azam Faruque	2

- Pattern of shareholding is annexed with the report
- No trading in the shares of the Company was made by the Chief Executive, Directors, Chief Financial Officer and Company Secretary and their spouses and minor children during the year except for purchase of shares by Mr. Omar Faruque.
- Earnings per share (EPS) during the year was Rs. 11.08 as against Rs. 7.96 last year.

UNIENERGY LIMITED

UniEnergy – a joint venture wind power project, has been granted Letter of Intent and formally allotted land for setting up the project at Jhimpir, district Thatta. The JV partners have made initial equity investment in the company to meet the ongoing financial requirements for the project. In this regard, Cherat Cement has made an equity investment of Rs. 7.69 million following the approval of the shareholders. At present, work on technical studies is taking place on the project. Furthermore, the management of the company is in the process of getting approvals from various governmental agencies and is also in touch with financial institutions for funding of the project.

MADIAN HYDRO POWER LIMITED

Established in 2005/06, Madian Hydro Power Limited is a joint venture hydro project with Shirazi Investments. The technical feasibility of the project was completed in 2009, which was approved by the Private Power and Infrastructure Board (PPIB). However, due to deteriorating security situation in Swat, not much progress could be achieved thereafter. The sponsors had requested for an indefinite extension from PPIB for post feasibility study deadlines applicable to the project. During the year, PPIB has revoked the LOI issued to MHPL. Although, the management has taken up the matter with the PPIB, in view of the uncertain situation, it impaired the carrying value of the investment in the year 2012/13.

FUTURE PROSPECTS

There has been a significant improvement in the investors' confidence in the country, which is reflected from the performance of the industrial sector. This has also been acknowledged by leading rating agencies and international financial institutions. The cement industry is benefiting from stable economic outlook, low interest rates and greater outlay of PSDP by the government for constructing highways, dams, energy and housing projects. The demand for cement is also getting a major boost from projects under Pak China Economic Corridor. Increase in spending by private sector particularly in construction of housing projects and shopping malls are also fueling the demand for cement. It is, therefore, expected that the domestic demand shall increase considerably and play a vital role in higher cement dispatches in both the medium and long-term. In such a scenario, addition of new cement line at existing location by the company will not only enhance its domestic market share but will also allow it to achieve greater efficiencies and better allocation of fixed costs.

APPOINTMENT OF AUDITORS

The present auditors M/s. EY Ford Rhodes, Chartered Accountants, retire and being eligible, offer themselves for re-appointment.

ACKNOWLEDGMENT

We would like to thank all the financial institutions having business relationship with us, our dealers and customers for their continued support, cooperation and trust they have reposed in us. We would also like to share our deepest appreciation for all our staff for their dedication, loyalty and hard work.

On behalf of the
Board of Directors

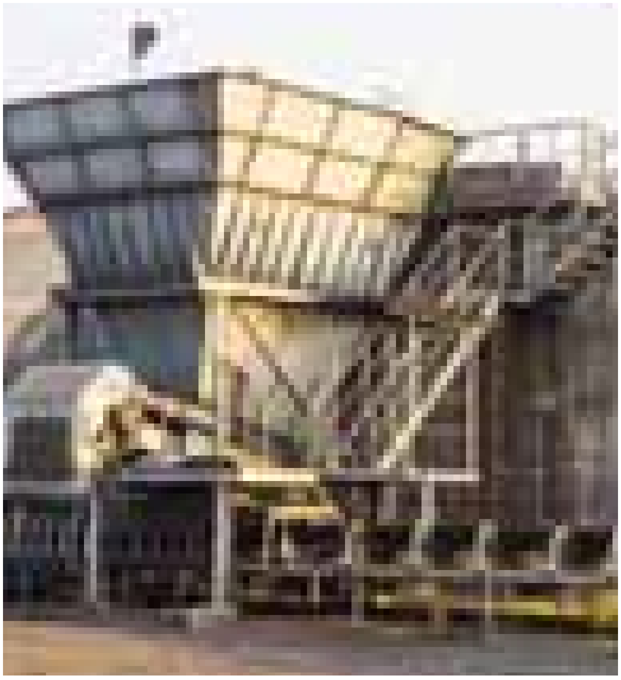
Azam Faruque
Chief Executive

Karachi: August 23, 2017

Additional Information

MANAGEMENT OBJECTIVES & STRATEGIES

The core objective of our management is to achieve excellence in business where our venture may be regarded as amongst the best blue-chip stocks in the country.



To achieve our objectives, the management strategically strives to enhance stakeholders' value and customer satisfaction. The stakeholders' value is maximized through returns on investments, which management believes can be achieved through revenue maximization and cost control measures.

On the revenue side, we are confident that our investment on production lines II and III will reap positive results and help in maximizing returns for all stakeholders. The tone of our business is set by the marketing targets and budgets, which are aggressively designed by the management to achieve highest possible returns. The management is working for growth of the Company. Line II started operations during the year as per plan while work on line III has started.

Cost is effectively controlled by following energy conservation measures through use of Waste Heat Recovery plant, alternate fuels, like Refuse Derived Fuel, Tyre Derived Fuel and LED lights. In addition, the Company uses combination of both imported and local coal in order to keep the fuel costs low.

In spite of volatility in cost of major inputs, the company managed to effectively deal with it through strict controls and effective management. During the year, there is volatility in international coal and fuel prices which is the key component of our cost. The Company successfully managed to control its cost by efficient mix of imported and local coal. Further, power cost was also controlled by using right mix of WHR, National Grid and self generation through Furnace oil.

Effectiveness of internal controls is ensured through active Internal Audit Department, which independently recommends its suggestions to the Board's Audit Committee. On all constructive suggestions, the Management takes corrective actions immediately.

Cherat Cement gives key consideration to Human Resource Management. A full fledge HR department is established which is supervised by HR & RC of the Board of Directors. Approved policies are in place. All the HR functions are integrated where the employees' performances are evaluated based on SMART goals. Moreover, Training Need Assessment (TNA) is effectively in place where in-house and external trainings are arranged at all management levels. Further, eligible employees receive Service Awards based on their performance and length of service. The Management's objective is to recognize and reward employee's contribution to the business. This process helps the availability of high quality workforce which plays a vital role in achieving day-to-day targets and tactical and strategic objectives of the Company.

We take pride in being Pakistan's first cement company having the world's largest ERP 'SAP' in place. The Company carried out one of the fastest implementation of SAP in Pakistan. The use of SAP helps management implement better internal controls and employ best business practices.

Another prime objective of the management is customer satisfaction for which management takes every step to ensure high quality customer care and product quality. For this purpose the Company has adopted Total Quality Management (TQM) system ISO 9001:2008 and also obtained certification of Environment Management System ISO 14001:2004.

The result of these steps can be seen in our increased revenue, controlled costs and satisfied customer base with no major complaints.

There is no material change in Company's objectives and strategies from the previous year.

HUMAN RESOURCE POLICIES

The Company hires energetic, talented, and motivated human resources and provides them a congenial and healthy working environment to utilize their capabilities efficiently. The Company believes that its core strength is its people, who strive every day to meet individual challenges and help the Company achieve its collective targets. The Company has in place a Performance Review Process in order to recognize employees' contribution and reward them according to their performances. The Company also inducts apprentices in its Apprenticeship Program through which graduates from reputable institutions are regularly inducted. A management trainee program is also in place to meet the future requirements. A large number of recruitment has been done in view of expansion in a systematic way.

Industrial Relations

We maintain excellent relations with our employees and labour. There is a formal labour union in place which represents all classes of workers and independently takes care of all labour related issues. The Company takes every reasonable step for swift and amicable resolution of all their issues.

Succession Planning

The Company has a process for identifying and developing internal people with the potential to fill key business leadership positions. This process increases the availability of experienced and capable employees that are prepared to assume these roles as they get to that level.

ENERGY CONSERVATION

Energy efficiency has proven to be a lucrative and proficient way to guarantee a sustainable future. The company has taken numerous initiatives to save energy which eventually decreased the cost of production. In order to reduce reliance on conventional fuels, the Company continuously seeks to undertake significant measures to conserve energy by creating awareness at Head Office and Plant site on efficient energy usage through regular sessions.

Energy Savings Measures at Plant

As a cost cutting strategy, the company has introduced Waste Heat Recovery (WHR) systems at its plants. The WHR system encapsulates all the wasted heat (which was previously being released in the atmosphere) from the production line and power generators and utilizes it to generate electricity, which not only conserves energy, but also helps in reduction of Carbon dioxide in the environment. Cherat Cement has set up 2 WHR Plants in both Line I and Line II. Further, the Company has also installed Variable Frequency Drives (VFD) at various parts of the plant to conserve energy.

Energy Conservation Drive at Head Office

During the year, installation of Light Emitting Diode (LED) lights and through trainings and awareness on energy conservation measures has resulted in considerable savings in electricity consumption at Head Office as compared to last year.

LIQUIDITY AND CAPITAL STRUCTURE

Profits earned in recent years have significantly improved the liquidity position of the Company contributing to a better operating cycle of the business. The Company managed to earn healthy cash flows during the year, which are being monitored on a daily basis. Adequate debt and equity ratio is being maintained throughout the year. The Company made draw-down of Rs. 878 million (aggregate Rs. 4.9 billion) on account of long-term loan to finance cement line II project. However, the balance amount was funded through self generated cash. The Company had planned and arranged the syndicated long-term loan facilities amounting to Rs. 9.5 billion. For line III project, a long-term loan of Rs. 13 billion has been arranged at very competitive rates. Strong liquidity of the Company is evidenced by current ratio of 1.78.

Through continuous monitoring the company maintained its current ratio at 1.78. The company managed to earn healthy cash flows during the year, which are being monitored on a daily basis. Adequate debt and equity ratio is being maintained throughout the year.

Liquidity Strategy

The Company made draw-down of total Rs. 4 billion from its total facility of Rs. 9.5 billion to finance cement line II project. In view of strong liquidity position and available unutilized short-term financing facilities, the management is confident that there will be no liquidity issue in future. Besides management has a practice of continuous monitoring of cash flows on daily basis and has planned to gradually increase its short-term financing facilities in line with the future working capital requirements. The Company has also arranged Rs. 13 billion long-term loan for line III project considering all project requirements.

Financing Arrangements

The Company has good business relationship with all the reputable banks and financial institutions of the Country. Adequate unutilized short-term financing facilities are available at the Company's disposal. During the year, the Company has also obtained a syndicated term-finance facility of Rs. 13 billion at an attractive rate to finance the cement line III project.

Significant Changes in Financial Position, Liquidity and Performance

Profit after tax has significantly increased by 39.24% as compared to last year, which helped in improving the financial position of the Company. Company's liquidity was affected mainly in view of the fact that all the resources are being invested in the new line project which has started improving after commissioning of the new line. The mark up rates were renegotiated and lowered during the year in view of strong financial position of the Company.

Analysis of Financial and Non-Financial Targets

Targets are set for both financial and non-financial indicators. Financial indicators are set for revenue, costs, profitability, gearing and liquidity etc. while non-financial targets are set for company and brand image, human resource development and growth / expansion etc. Line II started in January 2017and all the targets in this regard were met. This has improved our performance significantly.

The Company on an annual basis sets marketing, production and other targets in the form of a budget which is duly approved by the Board of Directors. We have surpassed most of the key targets set in our last year's budget specially pertaining to production, revenue and profitability. For liquidity and gearing, cash flows are monitored on a daily basis to achieve the targets. The Company has also met its non-financial targets in the areas of marketing and human resource to a greater extent. For revenue maximization, marketing targets are set with respect to quantity and retention. The Company managed to capture the market share after expansion. In line with its expansion, the management will try to improve the image of the Company and the brand. Specific marketing budgets are kept for advertisements. In addition, excess liquidity is utilized in financing the expansion project. These achievements are in line with the expectations as depicted in last year's Directors' report.

MARKET SHARE

Cherat is a premium brand of Ordinary Portland Cement in Pakistan and Afghanistan. Our main markets in Pakistan are KPK, FATA, and Punjab. As per the data available on the website of All Pakistan Cement Manufacturers Association our market share is around 4% because of our superior quality, Cherat is the first choice of customers in most of the markets. Our market share is expected to increase after the commissioning of line II. We managed to increase market share after expansion. Next year after full utilization of line II our market share will be more than 5%.

SEGMENT RESULTS

Segment result for Line I and Line II is given in note 32 to the financial statements. Analysis of local and export sales is given in Director's Report.

Segment analysis of gross income and profit before tax of Line I and Line II has been referred in note 32 to the financial statements.

CONSUMER PROTECTION MEASURES

The Company ensures that the cement is packed and dispatched to its consumers in a safe manner. It also complies with all safety standards and industrial requirements. The Company ensures that the customers get best value for money.

BUSINESS ETHICS AND ANTI-CORRUPTION MEASURES

The Company is fully committed to promoting the highest standards of ethical behavior throughout its business. The management condemns corrupt and fraudulent practices and ensures transparency, integrity and honesty in all aspects of work. The

Company expects all its employees to perform services with integrity and professionalism. Fundamental to this is the adoption of a 'zero tolerance' approach to all forms of corruption and misrepresentation.

CORPORATE SOCIAL RESPONSIBILTY

The Company actively participates in various social work initiatives as part of its corporate social responsibility. Being a conscientious member of the corporate community, the Company contributes generously to various social and charitable causes including towards health, education and social sectors. In the past, the Company has worked for the rehabilitation of flood affectees and IDPs. The Company has worked with many reputable organizations and NGOs.

The Company invests in community and welfare schemes through generous donations to education system and free medical dispensary for neighboring community. In this regard, the Company has financed a school in Shaidu village in collaboration with The Citizens Foundation.

National Cause Donations

The Company has always stood by the people of Pakistan in their hour of need and shall always continue to do so. In the past, the Company has given generous donations for the rehabilitation of flood affectees and IDPs.

Details of Charity Account

During the year the Company made a donation of Rs. 8.7 million. The main focus of the Company was on education and health. The major recipients of the donations include Aga Khan University Hospital, Edulji Dinshaw Road Project Trust, Ummah Welfare trust, The Kidney Centre, Nowshera Lions Club, The Lahore Hospital Welfare Society, WWF Pakistan, IBP School of Special Education and various local NGO's.

Rural Development Programs & Employment of Special Persons

The Company takes care of people living in its vicinity through regular donations for development of household, education and medical facilities. Being an equal opportunity employer the management encourages hiring workforce from local vicinity and employment of less privileged and special persons are also considered.

BUSINESS CONTINUITY AND DISASTER RECOVERY POLICY

The Board of Directors has approved and continuously reviews the IT Policy and Business Continuity Plan of the Company. The management has arranged offsite data storage facilities. All the key records are being maintained at different locations. Employees are aware of the steps required to be taken in case of any emergency.

SAFETY, HEALTH AND ENVIRONMENT

Being a responsible corporate citizen, the Company remained committed to continuous improvement in Health and Safety aspects. The production facility remained fully compliant with industry standards and safety requirements. The Company has also obtained the certification of ISO 14001 : 2004.

Occupational Safety and Health

We manage and utilize resources and operations in such a way that the safety and health of our people in ensured. We believe our safety and health responsibilities extend beyond protection and enhancement of our own facilities. We have a highly trained safety team, emergency response team, a qualified doctor and paramedical staff at our plant. Our workers are sufficiently trained through fire & safety trainings and are also adequately equipped with Personal Protection Equipment. In addition, the factory is provided with dedicated safety van, fully equipped ambulance and an in-house dispensary.

Environment Protection Measures

The Company's aim in respect of environment is to reduce all adverse environmental aspects arising out of our operations. For this purpose we have complied with the international standard of environmental management system ISO 14001 and NEQ standards. The installation of WHR plant has also helped improve the environment in the areas surrounding the factory.

In order to meet the purpose, our plant is equipped with Electrostatic Precipitators which controls dust and gas emissions. Further, to improve the environment, natural tree plantation on large scale has been done in and around the factory premises.

Steps to Mitigate Effects of Industrial Effluents

Safe and healthy environment has always been the priority of the management of the Company. This mainly includes a healthy environment for employees and surrounding communities. In addition, the Company is in compliance of NEQ standards and also has acquired international certification of ISO 14001 : 2004. Management is fully aware of its responsibilities in this regards and environment protection policy is already in place. Employees are given proper training and measures like EP and WHR have already been implemented.

FORWARD LOOKING STATEMENT

There has been an improvement in the business climate in the country, mainly due to the improved law and order condition, which is reflected from the performance of the industrial sector. This has also been acknowledged by leading rating agencies and international financial institutions. The cement industry is benefiting from stable economic outlook, low interest rates and greater outlay of PSDP by the government for constructing highways, dams, energy and housing projects. During the year, the local cement demand grew by an impressive 8%. The demand for cement is also expected to get a major boost from projects under China-Pakistan Economic Corridor. Greater spending by the private sector is also witnessed particularly in construction, which is fueling the demand for cement. This Government is mainly focussing on infrastructure projects. Next year being an election year we expect this momentum to continue especially in view of improved law and order. It is, therefore, expected that the domestic demand shall increase considerably and play a vital role in higher cement dispatches in both the medium and long-term. Following the enhancement of production capacity, the Company is very well positioned to take maximum benefit from additional industry demand. The Company has also decided to further increase its capacity by installing another line at existing location. For this an LC has already been established during the year. This enhancement will not only increase the domestic market share but will also allow it to achieve greater efficiencies and better allocation of fixed costs.

Certain capacities are expected to come in second half of next financial year but in view of the strong local demand and the fact that they will operate partially, we hope that there will not be any major issue next year. However, keeping in view the announced capacities which will come subsequent to next year, it is critical that demand also remains strong to avoid any big mismatch between demand and supply.

Cement industry exports declined by 21%. We are expecting some stability in next year in this area.

The Company on an annual basis sets marketing, production and other targets in the form of a budget which is duly approved by the Board of Directors. We have met almost all the key targets set in our last year's budget especially pertaining to revenue and profitability. This is also in line with our expectations given in the future prospects section of last year's Directors' Report.

For liquidity and gearing, cash flows are monitored on a daily basis to achieve the targets. On the other side, the Company is in process of installing another line of cement at its existing location. Due consideration has been given to leverage and gearing by using adequate mix of debt and equity for this project. All project related targets and timelines were met during the year pertaining to Line II.

On the human resource side, based on the last year's Training Need Analysis (TNA) and performance appraisal of the company personnel, adequate technical trainings were conducted for the identified employees. The same process is followed on yearly basis. The company has developed extensive training program for all levels of management. The company will be conducting these trainings in future also which would equip the employees with required technical and management skills in the years to come.

Availability of power at competitive rates is a critical factor. We always try to manage this through alternate energy options including WHR, RDF and TDF. In order to ensure energy conservation and cost efficiency, for new cement line, the Company has also installed WHR plant along with the new cement line. We expect the mark up and exchange rates to remain stable in the next year.

Overall we are positive about the future and hope that the Company and the industry as a whole will play a key role in the economic development of the Country in the years to come.

Financial Projections

The company expects to enhance its revenue and profit base through expansion to fulfil the expected increase in local cement industry demand on the back of improved economic and law and order situation coupled with construction of various infrastructural projects initiated by the Government. Till the commissioning of plant, the management will try to optimize the existing resources.

Future revenue projections based on management's best judgment and estimates are as follows:

Year	2017-18	2018-19	2019-20
Revenue - net (Rs. in Million)	14,318	14,545	20,079

Company Performance Against Last Year Projections

Cement industry witnessed a growth of 8% in local market. However, export sales declined by 21%. The overall cement demand increased by 3.71%. The Company witnessed a phenominal growth of around 49%. The same trend was also anticipated in last year's future outlook statement. Our last year anticipation of stable mark up and exchange rates all proved to be true. Our expectation of stable fuel prices was also correct to the extent of Furnace oil however, coal prices increased more than our expectation. Company has actively strived to minimize its cost by using alternative fuel efficient mix of local and imported coal, optimum mix of WHR, National Grid and self power generations. All financial and non-financial targets established during last year were met to a greater extent.

ADDITIONAL DISCLOSURES

Fair Value of Property, Plant and Equipment

Total Assessed Present Market value of existing plant, machinery and building is more than Rs. 17 billion. However, the same has not been incorporated in financial statements.

Significant Material Assets

Significant material assets of the Company are building, complete cement line (Kiln, cooler, preheater, cement and raw mills etc), WHR systems, RDF and generators.

Plant Capacity

The Company has annual production capacity of 2.4 million ton cement, which is determined on the basis of 300 days operation.

Awards and Recognition

Best Corporate and Sustainability Report Award ICAP, ICMAP

The Company received 1st position in Best Corporate and Sustainability Report Award in Cement and Sugar sector for the year ended June 2016.

The contest is jointly conducted by Institute of Chartered Accountants of Pakistan (ICAP) and Institute of Cost and Management Accountants of Pakistan (ICMAP).

For the financial years 2014 and 2015, the Company secured 2nd position in Cement and Sugar sector.

South Asian Federation of Accountants (SAFA) Award

In recognition of the Cherat Cement's endeavour for transparency in corporate reporting, the annual report of the Company was nominated in the SAARC Anniversary Awards for Corporate Governance Disclosures Award 2014. The event was held in Lahore in February 2016 and the Company was awarded certificate of merit for Improvement in Transparency, Accountability & Governance in Corporate Governance Disclosures in the Annual Report of June 2014.

Pakistan Stock Exchange Top Companies Award

Cherat Cement's outstanding performance was also recognized by the Pakistan Stock Exchange (Formerly Karachi Stock Exchange) and the Company was awarded the Top Companies Award for the year 2014. The ceremony was held in Karachi in September 2016 and the award was presented by the Honourable Prime Minister of Pakistan, Mian Muhammad Nawaz Sharif.

These achievements show that Cherat Cement is a responsible corporate citizen and believes in transparency in the process of data gathering and timely dissemination of factual information to our valuable stakeholders.

Critical Performance Indicators

Sales
9,645 (Rs. in Million)
Increase by 36.25%

Gross Profit
3,213 (Rs. in Million)
Increase by 21.98%

Profit before Tax
2,510 (Rs. in Million)
Increase by 22.35%

Profit after Tax
1,957 (Rs. in Million)
Increase by 39.24%

Earnings Per Share
11.08 (Rs.)
Increase by 39.20%

Market Price Per Share
178.78 (Rs.)
Increase by 49.52%

Breakup Value Per Share
59.23 (Rs.)
Increase by 14.45%

Cash Generated from Operating Activities
204 (Rs. in Million)
Decrease by 91.13%

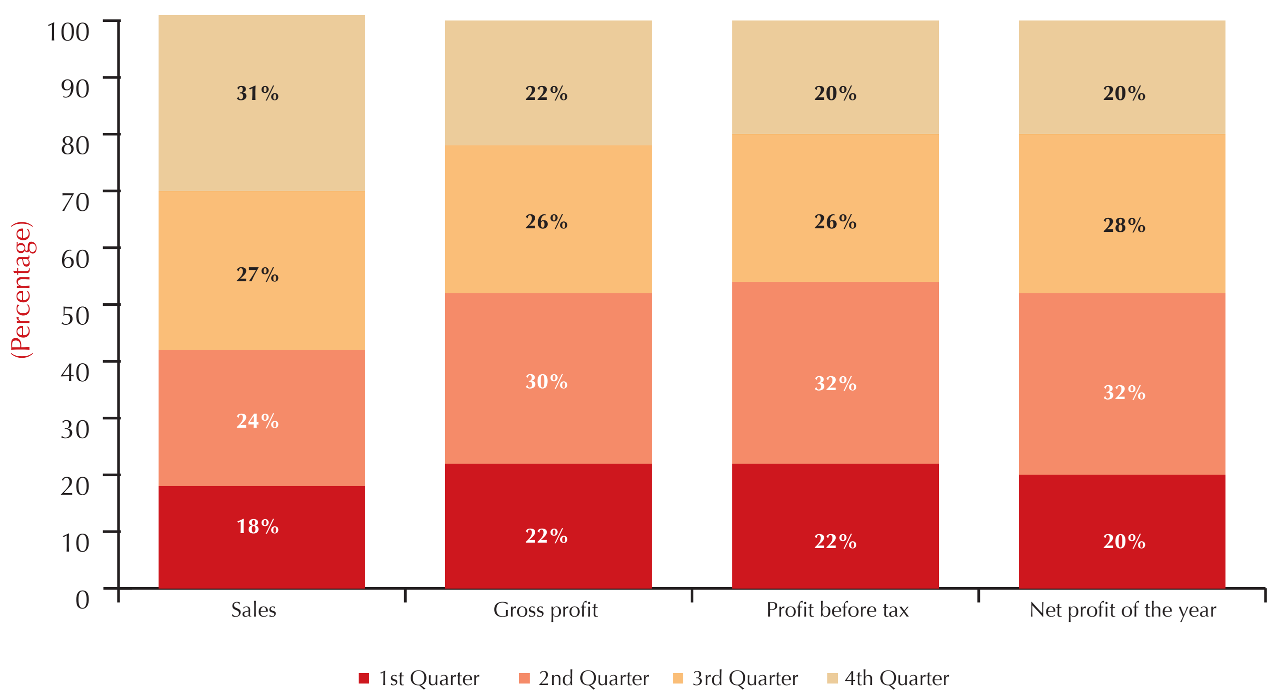
Interim & Final Cash Dividend
795 (Rs. in Million)
Increase by 38.46%

Wealth Distributed
13,045 (Rs. in Million)
Increase by 51.60%

The above are the Critical Performance Indicators being used by the management and are expected to remain valid in future. The negative variances are primarily due to Line-II cement expansion and are in line with our budgets.

Quarterly Performance Analysis

Particulars	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Total
	(Rupees in '000)				
Turnover - net	1,771,482	2,311,163	2,631,538	2,931,216	9,645,399
Cost of sales	(1,074,529)	(1,331,689)	(1,792,823)	(2,233,240)	(6,432,281)
Gross profit	696,953	979,474	838,715	697,976	3,213,118
Distribution costs	(63,130)	(71,805)	(74,340)	(70,723)	(279,998)
Administrative expenses	(49,994)	(71,400)	(44,632)	(59,083)	(225,109)
Other expenses	(42,752)	(59,497)	(12,494)	(28,646)	(143,389)
	(155,876)	(202,702)	(131,466)	(158,452)	(648,496)
Other income	18,554	41,825	18,523	54,482	133,384
Operating profit	559,631	818,597	725,772	594,006	2,698,006
Finance costs	(6,502)	(6,825)	(85,090)	(89,798)	(188,215)
Profit before taxation	553,129	811,772	640,682	504,208	2,509,791
Taxation	(148,801)	(190,944)	(99,137)	(114,347)	(553,229)
Net profit for the year	404,328	620,828	541,545	389,861	1,956,562



Quarterly Results Analysis

Quarter 1

- Turnover decreased mainly due to monsoon rains and holy month of Ramadan. Net dispatches were the lowest of all quarters of financial year 2016-17 but cement export was the highest.
- Cost of production per ton of cement reduced due to reduced coal & oil prices and cost efficiency measures taken by the Company which enabled it to post 39.34% gross profit as compared to 29.75% gross profit of 1st Quarter of 2015-16.
- Operating and net profit rose to the margin of 31.6% and 22.8% respectively as compared to the 1st Quarter of 2015-16 mainly due to increase in gross profit margin.

Quarter 2

- Cement demand boosted due to launch of various mega projects by the government and increase of private sector spending on construction activities resulting in increased turnover as compared to the 1st Quarter.
- Low coal and furnace oil prices along with efficient power management enabled the Company to post 42.38% gross profit as compared to 39.34% gross profit of the 1st Quarter of 2016-17.
- Operating and net profit increased to the margin of 35.4% and 26.9% respectively, mainly due to increase in gross profit margin.

Quarter 3

- Production activities of Line II started in January 2017 and increase cement demand led to increase in turnover as compared to previous quarters.
- Inflated fuel prices and deprecation pertaining to Line II became the main reason for increase in cost of production which affected the gross profit margin.
- Net profit margin decreased mainly due to high production cost along with finance cost pertaining to newly commissioned Line II.

Quarter 4

- Turnover was the highest in this quarter mainly due to increase in cement demand.
- Increased fuel and power cost along with depreciation expense ofLine II adversely affected gross profit margin which remained at the lowest as compared to previous quarters for the financial year 2016-17.
- Net profit margin also remained low due to decrease in gross profit margin and increase in finance cost.

Analysis of Variation in Interim Results with Final Accounts

During the first and second quarter fuel and power prices remained on the lower side which led to gross profit margin of 39.34% and 42.38% respectively. In January 2017 Line II has successfully commissioned which led the production activities of the Company. On the other hand inflated fuel and power cost upset the profit margins of the Company jointly with the heavy depreciation and other operational cost of Line II that have been capitalized earlier. The Company export also remained low due to disturbance on Pak Afghan border during the year. However, this effect was nullified due to significant increase in local cement demand; resulting in a 49% increase in total dispatches during the year.

Risks and Opportunities

The Board of Cherat Cement is principally committed to minimize all possible risks and identification and utilization of potential events that may affect the Company. This principle keeps the Company within its risk appetite and helps to achieve its corporate objectives.

RISKS

As with any business scenario, the Company is susceptible to various risks; however, through comprehensive planning and an acute business understanding of the management, the Company continues to identify and mitigate risks. The Company maintains an established control framework comprising clear structures, authority limits and accountabilities, well implemented policies and procedures and budgeting for review processes.

The Board of Director's of the Company establishes corporate strategy and business objectives. Moreover, the Board's Audit Committee is responsible for Internal Controls in the Company. The Internal and External Auditors' reports are submitted to the Audit Committee for its review, which after detailed deliberations and with improvement suggestions are submitted to the Board of Directors.

Following are the major risks which may affect our business operations and mitigating strategies for controlling these risks:

Rise in Energy Costs

The energy cost component is a substantial part of the overall cost of production in our Company i.e. above 50% on average. Hence any change/rise in coal prices or upward movement in electricity tariff would hurt margins of the Company as a whole. The coal prices have significantly increased in recent past.

Mitigant: The company is using a mix of South African and Afghan coal to manage the risk of higher coal prices. In case of further increase in coal prices, company has the option to use Refused Derived Fuel (RDF) and Tyre Derived Fuel (TDF). With respect to power, the Company is already benefiting significantly from its 'Waste Heat Recovery' project and almost one third of its electricity is generated free of cost. The Company is also using its furnace oil based generators in view of lower fuel prices. Company is in process of getting a Gas connection and has ordered tri-fuel generators to ensure not only back up arrangements but also cost saving especially in peak hours.

Announcement of New Capacities

In view of increased demand announcement of new capacities of more than 25 million tons have been made. In case of a downward trend in demand, there can be mismatch of demand and supply.

Mitigant: The Company has used adequate leverage in expansion project and is working on efficiencies to manage any unforeseen situation.

Strong Reliance on Government Development Programs

The main growth engine for the sector is the allocation made towards Public Social Development Program ("PSDP") funds by the Government of Pakistan in its annual budget. The funds are primarily used towards the development of infrastructure projects.

Mitigant: The trend in previous years has been to allocate a substantial amount towards PSDP at the time of budget announcement which is not consumed fully as the year progresses to absorb the growing government expenditures in other areas. With increased infrastructure spending in the last three years, local cement production has also witnessed an improvement while the Government has announced PKR 2,113 billion towards PSDP for the year 2017-18. Out of this, PKR 1,112 billion has been allocated to provinces and PKR 1,001 billion for the Federal Government. The current government is focusing on infrastructure development projects and its positive impact has already started to reflect in the local cement markets. Next year, being an election year, we expect maximum utilization of PSDP fund.

Instability in Export Market

Due to political uncertainty and the availability of low cost Iranian cement in Pakistan's biggest export market Afghanistan, the sustainability of Pakistani cement has become more challenging due to which export sales of the Company have declined.

Mitigant: The Company enjoys the benefit of the strategic location of its production plant near Nowshera, about 52 kilometers away from Peshawar (KPK), near the Pak Afghan border. Due to its proximity to the border, the Company incurs considerably lower distribution costs than our competitors. Reduction in distribution costs allows the Company with a margin available to reduce its selling prices in order to make the Company further competitive to export cement to Afghanistan at lower prices in order to compete with the low cost Iranian cement. Further, Cherat is a premium brand in Afghanistan which helps us to get better margins.

Credit Risk

Credit risk represents the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

Mitigant: The Company's exposure to credit risk is minimal as the Company receives advance against sales. In most of the cases where credit is given, proper security has been taken.

Working Capital Management

Risk of increase in the cost of borrowing may limit the avenues for availability of sufficient working capital.

Mitigant: Management has addressed the risk of shortage of working capital by availing the sufficient lines from the diversified financial institutions in order to meet the short term finance requirements of the Company.

(Additional details of financial risk management and objectives are provided in the notes to the financial statements).

OPPORTUNITIES

The management of the Company always focuses to capitalize on its experience and strategy to keep the direction and pace of the Company in line with the Company's stated vision. It also concentrates to utilize existing and potential opportunities confronted by the Company. Considering the prevailing growth of cement industry, greater allocation of PSDP and launch of China-Pakistan Economic Corridor, local demand of the cement is likely to increase in short-run as well as in long-term. This has resulted in the decision of expanding the capacity of the Company through installation and commissioning of line II during the year. Further, Company has also initiated to install another line having production capacity of more than 7,100 t/day of cement at the same location.

The Company is committed to use existing products and new solutions in order to systematically enhance our growth and strengthen our position in global markets. Investing in new projects and increasing the productivity of existing ones are key elements for future organic growth. In the year under review, the Company more than doubled its capacity by installing another production line and now well placed to get maximum benefit from potential opportunity.

IT Governance Policy

Cherat Cement has a well conceived and implemented IT Governance Policy which seeks to ensure that IT is aligned with Cherat's organizational goals and strategies and delivers value to the organization. The policy is designed to promote effective, efficient, timely, and informed decision-making concerning Cherat's IT investments and operations. Specifically the policy aims to establish the IT governance structure and its associated procedures, roles, and responsibilities, as a critical component of the overall IT Management (ITM) Framework, which guides the management, implementation, and monitoring of IT investments for Cherat.

Cherat Cement’s IT Governance Policy is mainly charged with:

- Establishing a shared vision of how information technology can add value to the organization;
- Establishing information technology goals, and the strategies for achieving those goals;
- Establishing principles and guidelines for making information technology decisions and managing initiatives;
- Overseeing the management of institutional information technology initiatives;
- Establishing and communicating organizational information technology priorities;
- Determining information technology priorities in resource allocation;
- Establishing, amending and retiring, as necessary, organizational information technology and other technology related policies, and
- Determining the distribution of responsibility between the IT Department and end users.

Whistle Blower Policy

An important aspect of accountability and transparency is a mechanism to enable all individuals to voice concerns internally in a responsible and effective manner when they discover information which they believe shows serious malpractice.

Our whistle blowing policy is therefore fundamental to the organization's professional integrity. In addition, it reinforces the value the organization places on staff to be honest and respected members of their individual professions. It provides a method of properly addressing bona fide concerns that individuals within the organization might have, while also offering whistle blowers protection from victimization, harassment or disciplinary proceedings.

It should be emphasized that the policy is intended to assist only those individuals who believe they have discovered malpractice or impropriety. It is not designed to question financial or business decisions taken by the organization nor should it be used to reconsider any matters which have been investigated under the harassment, grievance or disciplinary policies and procedures.

Fundamental elements of our Whistle Blower Policy are highlighted below:

- All staff are protected from victimization, harassment or disciplinary action as a result of any disclosure, where the disclosure is made in good faith and is not made maliciously or for personal gain.
- All disclosures are required to be made in writing.
- Disclosures made anonymously are not entertained.
- Disclosures made are investigated fully including interviews with all the witnesses and other parties involved.
- All whistle blowing disclosures made are treated as confidential and the identity of the whistle blower is protected at all stages in any internal matter or investigation.
- Disciplinary action (up to and including dismissal) may be taken against the wrongdoer dependant on the results of the investigation.
- There are no adverse consequences for anyone who reports a whistle blowing concern in good faith. However, any individual found responsible for making allegations maliciously or in bad faith may be subject to disciplinary action.

During the year no whistle blowing incidence was reported under the mentioned procedure.

Safety of Records Policy

Cheerat Cement is effectively implementing the policy to ensure the safety of records. All records must be retained for as long as they are required to meet legal, administrative, operational, and other requirements of the Company. The main purposes of the Company Policy are:

- To ensure that the Company's records are created, managed, retained, and disposed off in an effective and efficient manner;
- To facilitate the efficient management of the Company's records through the development of a coordinated Records Management Program;
- To ensure preservation of the Company's records of permanent value to support both protection of privacy and freedom of information services throughout the Company to promote collegiality and knowledge sharing;
- Information will be held only as long as required and disposed off in accordance with the record retention policy and retention schedules; and
- Records and information are owned by the Company, not by the individual or team.

Conflict of Interest Policy

A Conflicts of Interest Policy has been developed by Cherat Cement to provide a framework for all directors of the Company ("Directors") to disclose actual, potential or perceived conflicts of interest.

The policy provides guidance on what constitutes a conflict of interest and how it will be managed and monitored by the Company.

The policy is applicable to Directors as the Company strongly believes that a Director owes certain fiduciary duties, including the duties of loyalty, diligence and confidentially to the Company which requires that the Directors act in good faith on behalf of the Company and to exercise his or her powers for stakeholders' interests and not for their own or others interest.

Management of Conflict of Interest

The Company stands fully committed to the transparent disclosures, management and monitoring of actual potential or perceived conflicts of interest. All Directors under the policy are obligated and have a duty to avoid actual, potential or perceived conflicts of interest.

Any Director with personal interest, relationship or responsibility which conflicts with the interest of the Company or its shareholders shall excuse himself or herself from any discussions on the matter that would give rise to the conflict of interest and, if necessary, from the Board meeting, or applicable part thereof.


20200
57918
18775
20.15
3.92
2.77
10.97
21.72
12.59
10580
12734
22.67
2.18
15.76
2.63

Insider Trading Policy

Cherat Cement has taken definitive steps in ensuring that all employees, officers, members of the Board and all such relevant persons follow strict guidelines while trading in the shares of the Company. The Insider Trading Policy codifies the Company's standards on trading and enabling the trading of securities of the Company or other publicly-traded companies while in possession of material non-public information.

The general guidelines within the policy state that:

i. No trading in the securities of the Company is permitted for directors and all employees who are "Executives" as defined in the Code of Corporate Governance, within the Closed Periods announced by the Company.

ii. No insider may purchase or sell any Company's security while in possession of material non-public information about the Company, its customers, suppliers, consultants or other companies with which the Company has contractual relationships or may be negotiating transactions.

iii. No insider who knows of any material non-public information about the Company may communicate that information to any other person, including family and friends.

iv. In addition, no insider may purchase or sell any security of any other company, whether or not issued by the Company, while in possession of material non-public information about that company that was obtained in the course of his or her involvement with the Company in the way of conducting official business. No insider who knows of any such material non-public information may communicate that information to any other person, including family and friends.

The Company's Responsibility to Disclose Inside Information

The Company's responsibility, in case of inside information made known to a third party, shall be to ensure that in such case the knowledge is given full public disclosure or if such information still needs to be kept non-public then the Company must ensure that the third party, is placed under legal obligation to maintain confidentiality.

Social and Environmental Responsibility Policy

Cherat Cement's Social and Environmental Responsibility Policy envisages an active commitment and participation on the part of the Company in various social work initiatives as part of its corporate social responsibility. Being a conscientious member of the corporate community, the Company contributes generously to various social and charitable causes including towards health and education sectors. In this regard, it has worked with many reputable organizations and NGOs in Pakistan.

The Company also participated in flood relief activities and helped IDP’s (Internally Displaced Persons). Cherat Cement has always stood by the people of Pakistan in their hour of need and shall always continue to do so.

Cherat Cement is fully committed to acting in an environmentally responsible manner. To achieve this result, we:

1. Ensure our product and operations comply with relevant environmental legislation and regulations.

2. Maintain and continually improve our environmental management systems to conform to the ISO-14001 Standard or more stringent requirements as dictated by specific markets or local regulations.

3. Operate in a manner that is committed to continuous improvement in environmental sustainability through recycling, conservation of resources, prevention of pollution, product development, and promotion of environmental responsibility amongst our employees.

4. There is no emmision of hazardous materials from Cherat Cement Factory.

5. Inform suppliers, including contractors, of our environmental expectations and require them to adopt environmental management practices aligned with these expectations.

Quality Management

The Company is committed to the manufacturing of high quality cement. At each stage in the cement production process controlling the chemical composition is a priority. All our manufacturing facilities are accredited to Quality Management System ISO 9001:2008.

The consistency of performance of the cement is vital for our customers so the raw materials, intermediate and final products are regularly tested as part of the whole cement production process.

Our Quality Management procedures includes:

- Careful and accurate analysis of the chemical composition of the raw materials.
- Fine grinding and mixing to produce a homogenous mixture known as "Raw Meal".
- High temperature (>1450°C) to 'melt' the raw materials and formation of new "Clinker compounds".
- Quality Control testing of the clinker.
- Milling of the clinker with gypsum and grinding aids.
- Continuous sampling and testing at each stage.
- Independent testing of the cement product by Regulatory Authorities.

In-House Laboratory Testing

The key to comprehensive quality control is the use of an in-house laboratory. Having an in-house, state-of-the-art laboratory is absolutely necessary to manufacture superior quality cement.

Our Quality Control laboratory is a primary component to achieve our mission of maintaining strict control over every aspect of manufacture and quality and is an integral piece of our ISO 9001:2008 certification.

Our in-house laboratory allows for timely, accurate, cost-effective testing that ensures every product, from raw material to finished goods, meets all quality requirements. Cement is tested before being released for sale. Such stringent attention to quality control is extremely difficult to accomplish without a state-of-the-art, in-house laboratory.

Cherat Cement's State-of-the Art Quality Control Equipment includes:

- Cross Belt Analyzer Sodern CNA from PANalytical provide real-time elemental analysis
- X-Ray Spectrometer, ARL (Switzerland)
- X' Pert Powder XRD PANalytical (Netherland)
- TGA-701, (Thermo Gravimetric Analyzer), Leco (USA)
- Sulphur Carbon Analyzer 144-DR, Leco (USA)
- Bomb Calorimeter AC-350 & AC-600, Leco (USA)
- Heating Furnaces, Carbolite (UK)
- Weighing Balances, Sartorius (Germany)
- Physical Testing Equipment, Controls Italy, ELE (England)

Corporate Governance - Stakeholders' Engagement

Our stakeholders extend valuable contribution towards our growth and existence. Procedure for stakeholders' engagement includes effective communication, good harmony and compliance with laws & regulations. We cannot truly execute our purpose without input from our stakeholders.

SHAREHOLDERS

Safeguarding our shareholders' interest is our prime responsibility. Our shareholders' interest revolves around good returns, profitability, growth and regulatory compliances. We respond to our shareholders' expectations through improvement in business mechanics, effective governance and corporate reporting framework. Annual General Meetings and statutory reporting are the most effective means of our engagement with our shareholders. Support of shareholders is critical in achieving the Company objectives.

Investors' Grievance Policy

The Company has an Investors' Grievance Policy in place. Any complaint or observation received either directly by the Corporate Department or during General Meetings are addressed by the Company Secretary. The Shareholders are given the information as desired by them as per the law well in time. All the written complaints are replied in writing. Our share registrar is Central Depository Company of Pakistan Limited (CDC) which is leading name in the field. The Company has many old and loyal shareholders, which shows the trust of the shareholders in the management of the Company.

Investors Section

To keep transparency in the relation between the Company and its shareholders, the website of Cherat Cement (http://gfg.com.pk/ccl) contains all the major financial information needed for investors' decision making in a separate tab of "Investor Relations".

AGM Proceedings

The last AGM was conducted at Cherat Cement Site on Monday, October 31, 2016 at 12:30 p.m. The meeting was properly organized and well attended by the Shareholders. The Shareholders appreciated the management for making untiring efforts to achieve another remarkable year in terms of production, sales and profitability.

Shareholders asked different questions regarding company performance with respect to competitive environment of the business, the Financial Statements and future outlook of the Company. Shareholders also raised questions on the Company's cost saving strategy. The shareholders were informed that the Company optimized the mix of South African and Afghan coal.

Shareholders inquired about the progress work on cement line II for which they were given a detailed briefing that all work is going as per schedule.

Shareholders approved the Financial Statements and also gave approval for appointment of M/s. EY Ford Rhodes, Chartered Accountants as external auditors and distribution of cash dividend, and approval of investments were also taken.

DEALERS, CUSTOMERS AND TRANSPORTERS

Sustaining and developing long term relationship with our dealers, customers and transporters forms the key of our business' success. Their expectations are focused on product quality, pricing and service delivery. Our sales and marketing team remain in close contact to this segment of our stakeholders to resolve issues on a priority basis. We continue to engage with our dealers, customers and transporters through meetings and market visits and communications. We derive success from the brand loyalty of Cherat and the cooperation from our transporters.

SUPPLIERS AND VENDORS

Efficient supplier network is a key for effective working capital management. To achieve this objective, we conduct market surveys to strengthen our bond with our suppliers and vendors.

Our supply chain management team is in continuous contact with suppliers and vendors through meetings and correspondence to resolve all queries for on time deliveries. Cooperation of our suppliers gives us an extra edge over our competitors.

BANKS AND OTHER LENDERS

We value our relationship with our financial partners and lenders. Financial risk management and business sustainability are few of the interests of this segment of stakeholders. Periodic briefings, Quarterly financial reporting, Head Office and Site visits are the main means for our engagement with this category of stakeholders. Bank and other institutes help us in obtaining loans at attractive rates and advise on strategic issues whenever needed.

REGULATORS

Our commitment to compliance with laws and regulations is evident from our Corporate and Legal team's continued efforts for efficient and effective legal and regulatory obedience. The engagement includes submission of periodic reports, responding to enquiries and meetings as and when required. Active engagement with regulators improves level of compliance.

EMPLOYEES

Our company has extensive employee engagement schemes in place. The employees' issues revolve around work life balance, training and development and rewards. We have educational loan schemes, in-house and outside training programs and long-term employment reward schemes in place to value our employees as Human Capital. Employee meetings are on regular intervals in form of Annual get-togethers, celebrating sports day and team building activities. Employees engagement improves the level of dedication and hard work.

INSTITUTIONAL INVESTORS AND ANALYSTS

Institutional investors regularly obtain general business briefings and financial reports from management. Formal meetings are also arranged whenever needed.

Without compromising the confidentiality, business analysts are provided with information and briefings as and when they require. The strong connection with institutional investors and analysts facilitates in avoiding any misconception / rumours in the market.

MEDIA

Ads and campaigns are launched in media based on marketing requirements. Interaction with media improves the Company brand image.

Corporate Governance - Additional Information

The Board is assisted by two Committees, namely the Audit Committee and the Human Resource & Remuneration Committee, to support its decision-making in their respective domains:

AUDIT COMMITTEE

Mr. Akbarali Pesnani	Chairman
Mr. Arif Faruque	Member
Mr. Asif Qadir	Member

The Audit Committee comprises of three Non-Executive including an Independent Non-Executive Director. Chairman Audit Committee Mr. Akbarali Pesnani, is an MBA and Fellow Member of both the Institute of Chartered Accountants of Pakistan (ICAP) and Institute of Management Accountants of Pakistan (ICMAP). The Chief Internal Auditor (CIA) and the external auditors attend Audit Committee meetings. The Chief Executive Officer (CEO) and the Chief Financial Officer (CFO) attend the Audit Committee meeting by invitation when ever required by Audit Committee. The Audit Committee also separately meets the Chief Internal Auditor (CIA) and external auditors at least once a year without the presence of the Management.

Meetings of the Audit Committee are held at least once every quarter. The Committee reviews the annual financial statements in the presence of external auditors. The recommendations of the Audit Committee are then submitted for approval of financial results of the Company by the Board. During the year 2016-17, the Audit Committee held Four [4] meetings. The minutes of the meetings of the Audit Committee are provided to all the members, Directors and the Chief Financial Officer. The Chief Internal Auditor attends the Audit Committee meetings regularly and meets the Audit Committee without the presence of the Management, at least once a year, to point out various risks, their intensity and suggestions for mitigating risks and improvement areas. The business risks identified are then referred to the respective departments and mitigating actions are then implemented.

Terms of Reference of Audit Committee

The Board shall provide adequate resources and authority to enable the Audit Committee to carry out its responsibilities effectively. The Audit Committee shall, inter alia, recommend to the Board of Directors the appointment of external auditors, their removal, audit fees, the provision by the external auditors of any service to the listed company in addition to audit of its financial statements. The Board of Directors shall give due consideration to the recommendations of the Audit Committee in all these matters and where it acts otherwise; it shall record the reasons thereof.

The terms of reference of the Audit Committee shall also include the following:

a. determination of appropriate measures to safeguard the listed company's assets;

b. review of quarterly, half yearly and annual financial statements of the listed company, prior to their approval by the Board of Directors, focusing on:

- major judgmental areas;
- significant adjustments resulting from the audit;
- the going-concern assumption;
- any changes in accounting policies and practices;
- compliance with applicable accounting standards;
- compliance with listing regulations and other statutory and regulatory requirements; and
- significant related party transaction.

c. review of preliminary announcement of results prior to publication;

d. facilitating the external audit and discussion with external auditors of major observations arising from interim and final audits and any matter that the auditors may wish to highlight (in the absence of management, where necessary);

e. review of management letter issued by external auditors and management's response thereto;

f. ensuring coordination between the internal and external auditors of the listed company;

g. review of the scope and extent of internal audit and ensuring that the internal audit function has adequate resources and is appropriately placed within the listed company;

h. consideration of major findings of internal investigations of activities characterized by fraud, corruption and abuse of power and management's response thereto;

i. ascertaining that the internal control system including financial and operational controls, accounting systems for timely and appropriate recording of purchases and sales, receipts and payments, assets and liabilities and the reporting structure are adequate and effective;

j. review of the listed company's statement on internal control systems prior to endorsement by the Board of Directors and internal audit reports;

k. instituting special projects, value for money studies or other investigations on any matter specified by the Board of Directors, in consultation with the Chief Executive Officer and to consider remittance of any matter to the external auditors or to any other external body;

l. determination of compliance with relevant statutory requirements;

m. monitoring compliance with the best practices of corporate governance and identification of significant violations thereof; and consideration of any other issue or matter as may be signed by the Board of Directors; and

n. consideration of any other issue or matter as may be assigned by the Board of Directors.

HUMAN RESOURCE & REMUNERATION COMMITTEE

Mr. Saquib H. Shirazi	Chairman
Mr. Azam Faruque	Member
Mr. Shehryar Faruque	Member

The Human Resource & Remuneration Committee (HR & RC) comprises of three members. The Chairman is a Non-Executive Director whereas the other two members are the Chief Executive Officer and a Non-Executive Director. Meetings are conducted at least annually or at such other frequency as the Chairman may determine. The minutes of the meetings of the HR & HC meeting are provided to all members and Directors. The Committee held Two [2] meetings during the year.

Terms of Reference of Human Resources and Remuneration Committee

Objectives: The Human Resources & Remuneration Committee (HR & RC) shall consider and make recommendations to the Board of Directors (BOD) on Cherat Cement Company Limited major human resource management policies, strategies and plans.

Composition: The HR & RC shall comprise of at least three directors majority of whom shall be Non-Executive Directors. The Chief Executive Officer (CEO) shall be included as a member of the HR & RC. One of the three members shall be appointed as Chairman of HR & RC by the BOD.

Tenure: The tenure of HR & RC shall be for a period of 3 years.

Duties & Responsibilities: The HR & RC shall review the following areas and make its recommendations:

a) Major HR Policy frame work, including compensation structure;

b) Overall organizational structure;

c) Succession planning for key positions, including that of the CEO; and

d) Examine the management strategy for Training Needs Assessment for the overall growth of the organization.

Quorum: The quorum of HR & RC meeting shall be two members.

Frequency of meetings: The HR & RC shall meet at least twice in a year or as required for a proper functioning of the Committee.

Notice and Agenda: The Notice of the meeting shall be circulated by the Secretary (HR & RC) one week prior to the date of the meeting. The agenda for the meeting shall be developed by the management in consultation with Chairman (HR & RC).

Minutes: Minutes of the meeting shall be prepared by the Secretary (HR & RC) and circulated to the Members (HR & RC) within fourteen days of the HR & RC meeting.

Attendance: HR & RC may invite any employee / independent expert to attend its meeting. The Secretary shall maintain an attendance record of all those attending the meetings.

Reports to the BOD: HR & RC shall present the minutes including findings and recommendations of the HR & RC meeting to the BOD. HR & RC shall provide all and any related information required by the BOD.

Amendments: The BOD may at any time amend these regulations or revoke any powers granted by it to the HR & RC.

Records: All documentation related to the holding, proceedings and recommendations of the HR & RC shall be ensured by and stored with the Secretary (HR & RC).

OFFICES OF THE CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Being a corporate governance compliant company, Cherat Cement designates separate persons for the position of the Chairman of the Board of Directors and the office of the Chief Executive with clear division of roles and resposibility.

ROLES OF CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Roles of Chairman and Chief Executive Officer (CEO) are clearly established in the Company.

The post of Chairman is held by a Non-Executive Director. The Chairman is not involved in the day-to-day activities. The Chairman heads the Board meetings is responsible for avoidance of conflicts of interests. The Chairman is authorized to set agenda for Board meetings and to sign the minutes of the meetings. The Chairman ensures effective role of the Board in fulfilling all its responsibilities.

CEO is the Head of the Company's management. CEO is an Executive Director responsible for the overall operation and performance of the Company.

He is primarily responsible for:

- Safeguarding of Company's assets;
- Creation of shareholder value;
- Identification of potential diversification / investment projects;
- Implementation of projects approved by the Board;
- Ensuring effective functioning of internal control system;
- Identifying risks and designing mitigation strategies;
- Preservation of the Company's image;
- Development of human capital and good investor's relation; and
- Compliance with regulations and best practices.

Directors' Orientation and Training

All the Directors of the Company are well experienced and have diverse backgrounds. At the time of induction of any new director, he or she is given proper orientation about the operations of the Company and his or her fiduciary responsibilities. The Company had also arranged an in-house Directors' training program to appraise the directors of their authorities and responsibilities. Two Directors of the Company namely Mr. Azam Faruque and Mr. Omar Faruque are also certified under the Board Development Series Program offered by Pakistan Institute of Corporate Governance (PICG).

ANNUAL EVALUATION OF BOARD PERFORMANCE

Board Evaluation Mechanism facilitates the Board of Directors to evaluate and assess its performance for providing strategic leadership and oversight to the management. Accordingly, following procedures have been developed based on emerging and leading practices to assist in the self-assessment of individual director and the full Board's performance.

On an annual basis questionnaire is circulated to all directors which is formally filled by the directors and is submitted anonymously to the Board. The result is compiled by an independent Chartered Accountant firm.

The main criteria for the Board's evaluation is as follows:

Board Composition

The Board is fully aware of its role & responsibilities, demonstrates integrity, credibility, trustworthiness and active participation in its affairs. The Board has the right mix of skills, knowledge and experience and all Non-Executive / Independent Directors are equally involved in important board decisions.

Leadership and Planning

The Board gives ample time to the strategy formulation based on Company's vision and mission and revisits the mission and vision statements from time to time. The Board provides guidance and direction, discusses the adequacy of resources, receives management reports and has a system in place to ensure smooth and effective succession planning.

Board Effectiveness

All Board members understand and fulfill their responsibilities and comply with all relevant laws. Significant issues are placed in front of the Board for consideration. Board ensures a healthy relationship with the stakeholders through adequate disclosures.

Board Accountability

The Board reviews adequacy on internal controls, potential risks and risk management procedure. The Board is cognizant of its fiduciary responsibilities.

Strategy and Performance

The Board reviews the implementation of organization's strategic & financial plans, Board meeting agendas and supporting documents provide sufficient information and time to explore & resolve key issues. Board members demonstrate preparation for meetings through active participation in decision making.

Board Committees

The Board of Directors formed adequate number of Board Committees to streamline delegation of certain key responsibilities. Sub Committees meetings are held regularly and their decisions / recommendations are placed before the Board. The Board has approved and implemented Human Resource policies which imply equitable treatment to all employees irrespective of gender, religion, ethnic background etc.

The evaluation of the performance of the Board is essentially an assessment of how the Board has performed on all these parameters.

CEO REMUNERATION

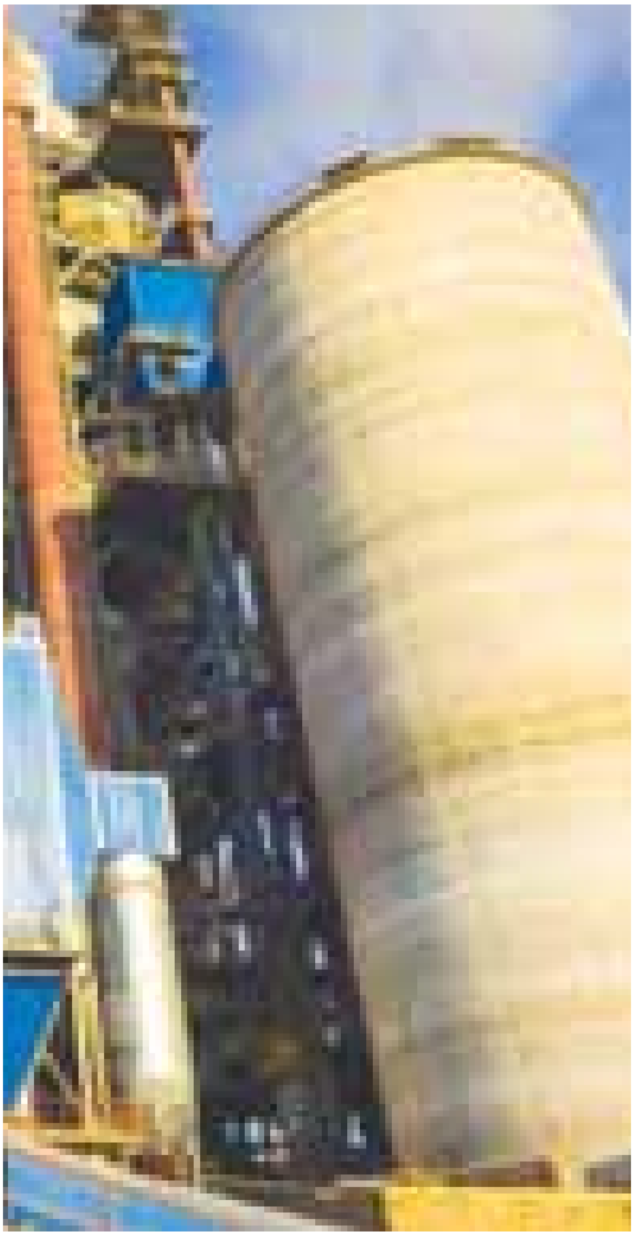
CEO annual performance review and remuneration is discussed and approved by the Board on the recommendation of the HR committee, which is done in the absence of the CEO.

MATERIALITY APPROACH

The Board of Directors of Cherat Cement has given authority and power to the Company management for taking day-to-day decisions. The management however, observes the approach of materiality in applying power and authority. Materiality is a matter of judgment and the Company thinks that a matter is material if, individually or in aggregate, they are expected to significantly affect the performance and profitability of the Company. In order to execute day-to-day operations / transactions delegation of powers has also been defined clearly and formalized procedures are followed for their execution. All the matters required by the Companies Ordinance, 1984 are referred to the Board of Directors for their approval.

Board Meetings held outside Pakistan

During the year, 6 meetings of the Board of Directors were held. As recommended by SECP Guidelines and to keep the costs in control, the management has conducted all meetings in Pakistan.



Report of the Audit Committee

AUDIT COMMITTEE

Mr. Akbarali Pesnani	Chairman
Mr. Arif Faruque	Member
Mr. Asif Qadir	Member

The Audit Committee of the Company comprises of two non-executive directors and one independent non-executive director. The Head of Internal Audit and the external auditors attend Audit Committee meetings. The Chief Financial Officer (CFO) attends the Audit Committee meeting by invitation. The Audit Committee also separately meets the external auditors at least once a year without the presence of the Management.

Meetings of the Audit Committee are held at least once every quarter. Four meetings of the Audit Committee were held during the year 2016-2017. Based on reviews and discussions in these meetings, the Audit Committee reports that:

1. The Company has adhered, without any material departure, with both the mandatory and voluntary provisions of the Pakistan Stock Exchange, Code of Corporate Governance, Company's code of conduct and values and the best practices of governance throughout the year.

2. The Company has issued a Statement of Compliance with the Code of Corporate Governance which has also been reviewed and certified by the auditors of the Company.

3. The Audit Committee reviewed and approved the quarterly, half yearly and annual financial statements of the Company and recommended them for approval of the Board of Directors.

4. Appropriate accounting policies have been consistently applied. Applicable International Accounting Standards were followed in preparation of financial statements of the Company on a going concern basis, which present fairly the state of affairs, results of operations, cash flows and changes in equity of the Company.

5. Accounting estimates are based on reasonable and prudent judgment. Proper and adequate accounting records have been maintained by the Company in accordance with the Companies Ordinance, 1984 and the external reporting is consistent with management processes and adequate for shareholder needs.

6. The financial statements comply with the requirements of the Fourth Schedule to the Companies Ordinance, 1984, and applicable International Accounting Standards and International Financial Reporting Standards notified by SECP.

7. The Chief Executive Officer and the Chief Financial Officer have signed the financial statements of the Company. They acknowledge their responsibility for the true and fair presentation of the financial statements, accuracy of reporting, compliance with regulations and applicable accounting standards and establishment and maintenance of sound internal control system of the Company.

8. The Audit Committee has reviewed and approved all related party transactions.

9. The Company's system of internal control is sound in design and is continually evaluated for effectiveness and adequacy.

INTERNAL AUDIT

1. For appraisal of internal controls and monitoring compliance, the Company has in place an appropriately staffed, Internal Audit department. The Audit Committee reviewed the resources of the Internal Audit department to ensure that they were adequate for the planned scope of the Internal Audit function.

2. The Audit Committee on the basis of the internal audit reports reviewed the adequacy of controls and compliance shortcomings in areas audited and discussed corrective actions in the light of management responses. This has ensured the continual evaluation of controls and improved compliance.

3. Head of Internal Audit Department has direct access to the Audit Committee. The Internal Audit function has carried out its duties under the charter defined by the Committee. The Committee has reviewed material Internal Audit findings, taking appropriate action or bringing the matters to the Board's attention where required.

EXTERNAL AUDIT

1. The external auditors M/s. EY Ford Rhodes, Chartered Accountants were allowed direct access to the Audit Committee and necessary coordination with internal auditors was ensured. Major findings arising from audits and any matters that the external auditors wished to highlight were freely discussed with them.

2. The Audit Committee has reviewed and discussed Audit observations and Draft Management Letter with the External Auditors. Final Management Letter is required to be submitted within 45 days of the date of the Auditors' Report on financial statements under the listing regulations and shall accordingly be discussed in the next Audit Committee Meeting.

3. Being eligible for reappointment as Auditors of the Company, the Audit Committee has recommended the appointment of M/s EY Ford Rhodes, Chartered Accountants as External Auditors of the Company for the year ending June 30, 2018.

By order of the
Audit Committee

Akbarali Pesnani
Chairman,
Audit Committee
August 17, 2017

Horizontal Analysis - Last Six Years

	2017		2016	
	(Rupees in Million)	17 Vs. 16 %	(Rupees in Million)	16 Vs. 15 %
Balance Sheet				
Assets				
Non-Current Assets	14,238	6	13,457	87
Current Assets	4,569	128	2,005	(12)
Total Assets	18,807	22	15,462	63
Equity & Liabilities				
Shareholders' Equity	10,462	14	9,140	14
Non-Current Liabilities	5,774	28	4,511	638
Current Liabilities	2,571	42	1,811	119
Equity & Liabilities	18,807	22	15,462	63
Turnover & Profit				
Turnover - net	9,645	36	7,079	8
Gross Profit	3,213	22	2,634	33
Operating Profit	2,698	29	2,095	23
Profit Before Taxation	2,510	22	2,051	23
Net Profit for the Year	1,957	39	1,405	9

Comments on Horizontal Analysis

Balance Sheet

Current assets increased as compared to year 2016 due to increase in closing stock of stores, spares & loose tools, stock in trade and induction of credit sales. Shareholders' equity increased mainly due to enhanced profits of the Company.

Profit and Loss Account

Turnover has been increased over the years from 2012 to 2017 due to increase in sale price and dispatches. Current year Turnover significantly increased due to commissioning of Line II.

2015		2014		2013 (Restated)		2012	
(Rupees in Million)	15 Vs. 14 %	(Rupees in Million)	14 Vs. 13 %	(Rupees in Million)	13 Vs. 12 %	(Rupees in Million)	12 Vs. 11 %
7,197	104	3,526	-	3,531	3	3,422	(6)
2,267	(22)	2,905	89	1,534	19	1,289	(25)
9,464	47	6,431	27	5,065	8	4,711	(12)
8,026	65	4,864	31	3,709	35	2,748	18
611	(11)	686	20	574	(38)	923	(25)
827	(6)	881	13	782	(25)	1,040	(42)
9,464	47	6,431	27	5,065	8	4,711	(12)
6,565	2	6,451	2	6,294	15	5,457	29
1,984	(6)	2,103	(4)	2,190	90	1,152	103
1,709	-	1,716	1	1,694	92	882	158
1,671	(1)	1,688	7	1,585	177	572	936
1,288	(2)	1,316	7	1,228	180	437	537

Gross profit increased from 2012 mainly due to increased sales turnover and dispatches. Further, Company also applied various measures i.e. alternative fuels, TDF and RDF to cut fuel cost. However, during the year gross profit is decreased to 22% from 33% mainly due to increase in Coal prices and sales of low margin clinker.

Operating profit showing increasing trend from 2012 to 2017 mainly due to improved GP margins and other income.

Finance costs has significantly increased due to Line – II, which was previously charged to borrowing costs.

Vertical Analysis - Last Six Years

	2017		2016	
	(Rupees in Million)	%	(Rupees in Million)	%
Balance Sheet				
Assets				
Non-Current Assets	14,238	76	13,457	87
Current Assets	4,569	24	2,005	13
Total Assets	18,807	100	15,462	100
Equity & Liabilities				
Shareholders' Equity	10,462	56	9,140	59
Non-Current Liabilities	5,774	31	4,511	29
Current Liabilities	2,571	14	1,811	12
Equity & Liabilities	18,807	100	15,462	100
Turnover & Profit				
Turnover - net	9,645	100	7,079	100
Gross Profit	3,213	33	2,634	37
Operating Profit	2,698	28	2,095	30
Profit Before Taxation	2,510	26	2,051	29
Net Profit for the Year	1,957	20	1,405	20

Comments on Vertical Analysis

Balance Sheet
Debt equity ratio showed continuous improvement from 2012 to 2015 as the Company's shareholder's equity increased over the years due to issuance of right shares, improved profits and repayment of debts. However, during the years 2016 and 2017, Debt equity ratio depicts downward trend because Company have taken syndicated loan to finance its Line II project.

Current assets were 24% of total assets of the Company in the current year as compared to 13% in year 2016, mainly due to increase in stores, spare parts and loose tools, stock-in-trade and trade debts.

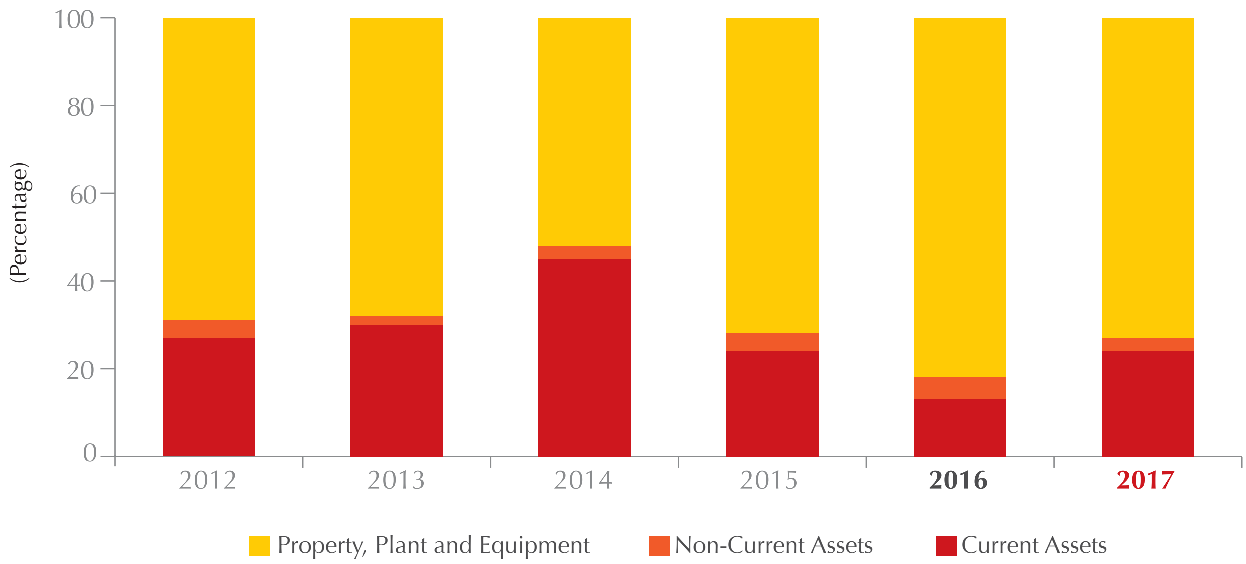
2015		2014		2013 (Restated)		2012	
(Rupees in Million)	%	(Rupees in Million)	%	(Rupees in Million)	%	(Rupees in Million)	%
7,197	76	3,526	55	3,531	70	3,422	73
2,267	24	2,905	45	1,534	30	1,289	27
9,464	100	6,431	100	5,065	100	4,711	100
8,026	85	4,864	75	3,709	73	2,748	58
611	6	686	11	574	11	923	20
827	9	881	14	782	16	1,040	22
9,464	100	6,431	100	5,065	100	4,711	100
6,565	100	6,451	100	6,294	100	5,457	100
1,984	30	2,103	33	2,190	35	1,152	21
1,709	26	1,716	27	1,694	27	882	16
1,671	25	1,688	26	1,585	25	572	10
1,288	19	1,316	20	1,228	20	437	8

Profit and Loss Account

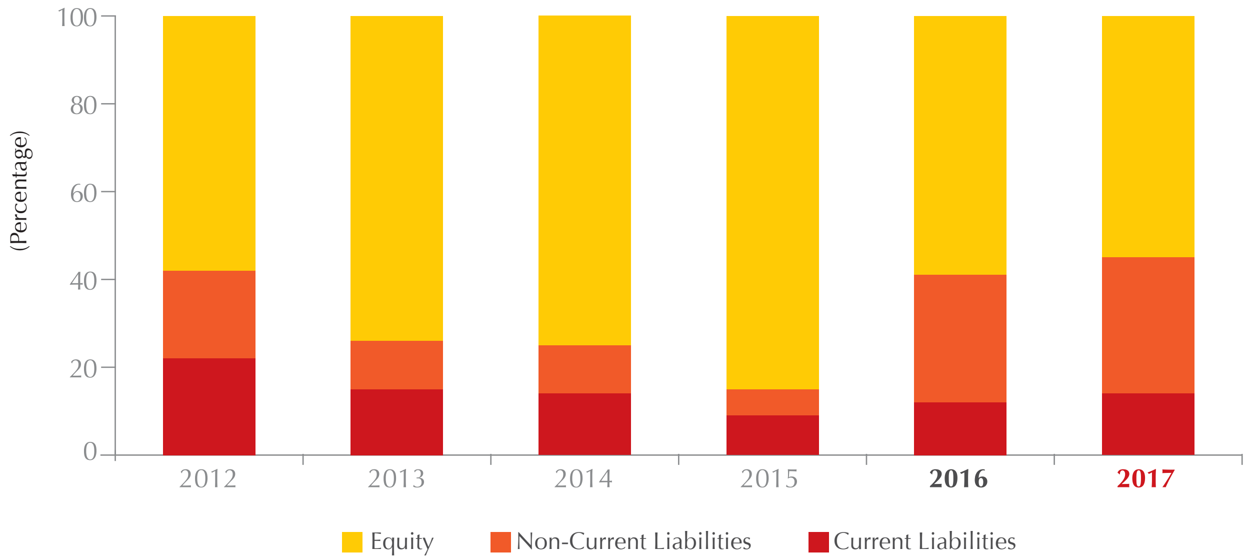
Gross profit increased from 21% to 33% from years 2012 to 2017 mainly due to increased sales turnover. Operating profit was 16% of turnover in year 2012 which has increased to 28% in year 2017 mainly due to improved gross profit margin.

Graphical Presentation of Balance Sheet & Profit and Loss Account

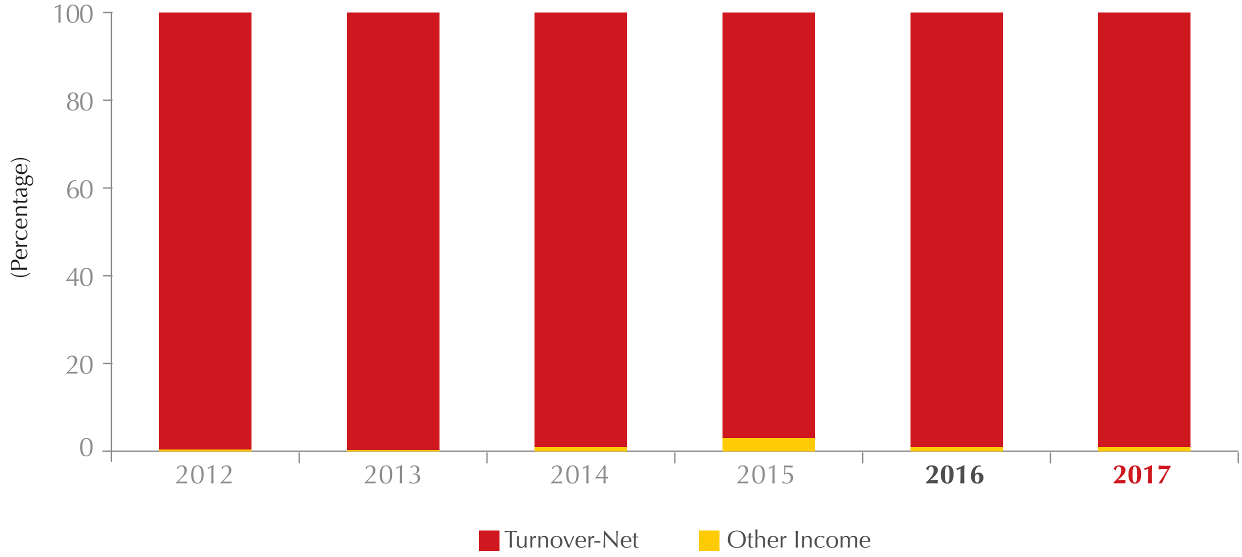
Balance Sheet - Assets



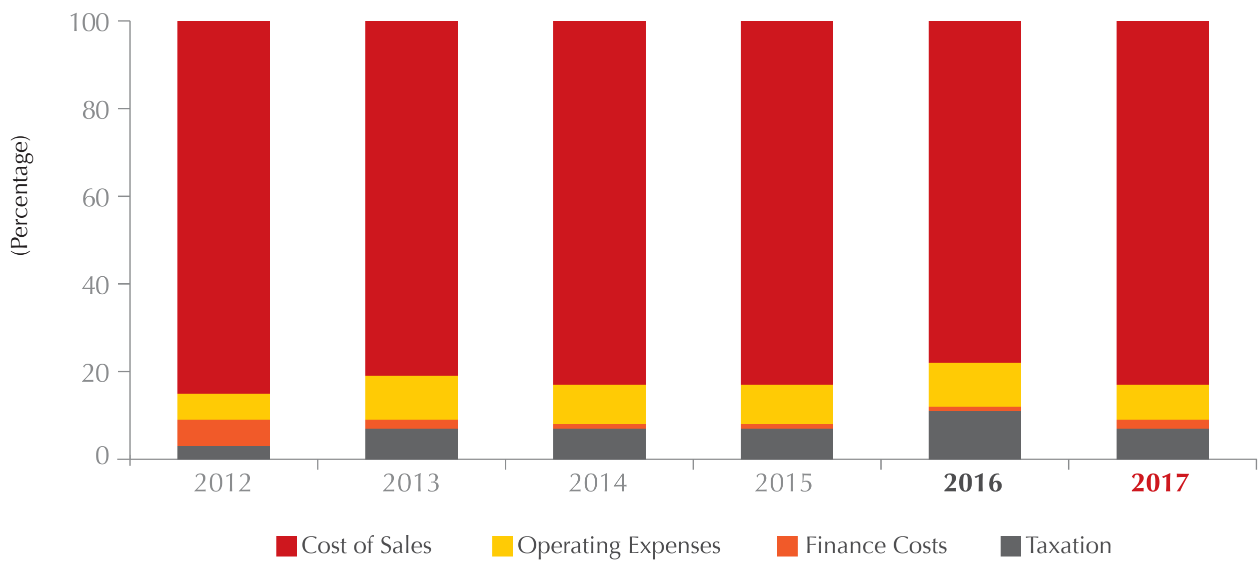
Balance Sheet - Equity And Liabilities



Profit and Loss Account - Income



Profit and Loss Account - Expenses



Ratios

	2017	2016	2015	2014	2013 (Restated)	2012
Profitability Ratios:						
Gross Profit (percentage)	33.31	37.21	30.21	32.59	34.79	21.12
Net Profit Before Tax (percentage)	26.02	28.98	25.45	26.16	25.18	10.47
Net Profit After Tax (percentage)	20.28	19.85	19.62	20.40	19.50	8.00
EBITDA Margin to Sales (percentage)	35.16	33.55	30.23	30.65	30.91	20.90
Operating Leverage Ratio	0.79	2.89	(0.25)	0.53	5.97	5.54
Return on Equity after tax (Average in percentage)	19.96	16.37	19.99	30.70	38.38	17.19
Return on Capital employed (percentage)	12.74	10.68	15.73	25.97	31.37	11.43
Liquidity Ratios:						
Current Ratio	1.78	1.11	2.74	3.30	1.96	1.24
Acid Test Ratio	1.45	0.94	2.18	2.88	1.41	0.93
Cash to Current Liabilities	0.02	0.01	0.02	0.02	0.03	0.04
Cash flow from Operations to Sales	0.02	0.33	0.25	0.27	0.31	0.26
Activity / Turnover Ratios:						
Inventory Turnover (Days)	33	30	33	34	33	30
Inventory Turnover (Times)	11	12	11	11	11	12
Debtor Turnover (Days)	17	-	-	-	-	-
Debtor Turnover (Times)	21	-	-	-	-	-
Creditor Turnover (Days)	18	18	19	19	17	19
Creditor Turnover (Times)	21	21	19	19	22	19
Total Assets Turnover Ratio	0.51	0.46	0.69	1.00	1.24	1.16
Fixed Assets Turnover Ratio	0.68	0.56	0.96	1.91	1.83	1.67
Operating Cycle (Days)	32	14	14	15	16	11
Investment / Market Ratios:						
E.P.S (Before Tax)	14.21	11.61	10.40	12.31	15.08	5.98
E.P.S (After Tax)	11.08	7.96	8.01	9.60	11.68	4.57
Price Earnings Ratio	16.14	15.03	10.86	6.82	4.99	6.48
Dividend Yield Ratio	0.03	0.03	0.03	0.05	0.04	0.07
Dividend Payout Ratio	0.41	0.41	0.37	0.31	0.21	0.44
Dividend Cover Ratio	2.46	2.45	2.67	3.20	4.67	2.29
Cash Dividend per share	4.50	3.25	3.00	3.00	2.50	2.00
Stock Dividend per share	-	-	-	0.10	-	-
Market Value per share - Closing	178.78	119.57	87.03	65.46	58.19	29.62
- High	212.00	125.22	89.81	84.47	62.94	30.40
- Low	118.31	80.30	50.22	44.82	29.81	6.55
Break-up Value per share	59.23	51.75	45.44	46.27	38.80	28.75
Capital structure Ratios:						
Financial Leverage Ratio	0.61	0.46	0.03	0.06	0.12	0.56
Weighted average cost of debt	0.07	0.06	0.10	0.09	0.12	0.14
Long Term Debts to Equity Ratio (percentage)	31.63	30.35	1.99	3.54	5.57	24.73
Interest Cover Ratio (Times)	14.33	47.93	45.15	59.71	15.54	2.84

Comments on Ratios

Profitability Ratios:

Profitability ratios of the Company are enhanced due to increase in dispatches. The increase in sales is mainly due to start of commercial operations of another line during the year and increase in cost of sales was mainly due to increase in depreciation pertaining to Line II. Resultantly the Company has managed to improve its profitability during the year 2017.

Liquidity Ratios:

The positivity reflected in the liquidity of the Company owing to healthy profitability and improved cash flows. In view of expansion, Company's liquidity position improved to cater the growing needs of working capital requirements.

Activity / Turnover Ratios:

The Company managed to substantiate its financial position by enhanced inventory management and improved operating cycle.

Investment / Market Ratios:

A considerable increase was witnessed in the earnings per share due to increased profitability of the Company on account of increased capacity. The investor's confidence has been further strengthened due to stable and improved growth in the financial position of the Company.

Capital Structure:

Capital structure of the Company was significantly improved due to increase in Shareholders' Equity. The Company managed to obtain financing facilities at very competitive rates to finance expansion project, hence managed its gearing at desirable level.

Summary - Last Six Years

	2017	2016	2015	2014	2013 (Restated)	2012
	(Tons in '000)					
Clinker Production	1,519	897	937	847	958	894
Cement Production	1,489	1,042	971	945	994	1,004
Cement Dispatched	1,544	1,037	972	949	990	1,001
Summary of Balance Sheet						
	(Rupees in Million)					
Assets						
Non-Current Assets	14,238	13,457	7,197	3,526	3,531	3,422
Current Assets	4,569	2,005	2,267	2,905	1,534	1,289
Total Assets	18,807	15,462	9,464	6,431	5,065	4,711
Equity & Liabilities						
Shareholders' equity	10,462	9,140	8,026	4,864	3,709	2,748
Non-Current Liabilities	5,774	4,511	611	686	574	923
Current Liabilities	2,571	1,811	827	881	782	1,040
Equity & Liabilities	18,807	15,462	9,464	6,431	5,065	4,711
Summary of Profit & Loss						
Turnover & Profit						
Turnover (net)	9,645	7,079	6,565	6,451	6,294	5,457
Gross Profit	3,213	2,634	1,984	2,103	2,190	1,152
Operating Profit	2,698	2,095	1,709	1,716	1,694	882
Profit Before Taxation	2,510	2,051	1,671	1,688	1,585	572
Profit After Taxation	1,957	1,405	1,288	1,316	1,228	437

Cash Flow Statement - Direct Method

	2017	2016
	(Rs. in '000)	
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash receipts from customers	9,568,490	8,561,477
Cash paid to suppliers and employees	(8,909,223)	(5,639,467)
Cash generated from operations	659,267	2,922,010
Income tax paid	(455,537)	(615,365)
Long-term loans and security deposits - net	762	(534)
Net cash generated from operating activities	204,492	2,306,111
CASH FLOWS FROM INVESTING ACTIVITIES		
Additions to operating property, plant and equipment	(1,536,710)	(6,112,136)
Additions to intangible assets	(10,910)	-
Proceeds from disposal of operating property, plant and equipment	66,890	5,702
Investments (made) / redeemed during the year	(95,890)	534,544
Dividend received	21,973	14,578
Net cash used in investing activities	(1,554,647)	(5,557,312)
CASH FLOWS FROM FINANCING ACTIVITIES		
Long-term financing - net	877,688	3,859,795
Short-term borrowings - net	1,292,535	120,353
Dividend paid	(565,313)	(694,097)
Finance costs paid	(231,943)	(30,202)
Net cash generated from financing activities	1,372,967	3,255,849
Net increase in cash and cash equivalents	22,812	4,648
Cash and cash equivalents as at the beginning of the year	23,002	18,354
Cash and cash equivalents as at the end of the year	45,814	23,002

Summary of Cash Flow Statement - Last Six Years

	2017	2016	2015	2014	2013 (Restated)	2012
	(Rupees in million)					
Summary of Cash Flows						
Net cash generated from operating activities	204	2,306	1,671	1,757	1,931	1,395
Net cash used in investing activities	(1,555)	(5,557)	(3,102)	(1,373)	(426)	(102)
Net cash generated / (used in) from financing activities	1,373	3,256	1,432	(392)	(1,517)	(1,326)
Change in cash and cash equivalents	23	5	1	(8)	(12)	(33)
Cash & cash equivalents - Year end	46	23	18	17	26	38

Comments on Cash Flow Statement

A stable increase in cash flow from operating activities continued from 2012 to 2016 while in 2017 it remains relatively on lower side but still remained in positive zone. Operating Cash flows in 2017 are lowest mainly due to additional working capital requirements in view of enhanced production capacity of the Company.

Cash used in investing activities remained in red zone due to investments made by the Company. During 2014, the Company made significant investments and earned healthy revenues. In 2015 and 2016, installation of line II was in full swing which results in increased cash outflows from investing activities. However, in the year 2017, investing activities showed a decline as capital work in progress of line II was completed in January 2017.

During the year 2013, the financing activity was negative due to repayment of long-term financing. In 2015, the Company issued right shares which brought the cash flows from financing activities in positive zone. Whereas in 2016, the Company made drawdown to finance its installation of line II project. However, in the 2017, the cash flows from financing activities were down due to completion of installation of line II project and debt servicing.

DuPont Analysis

2017

Operating Margin
27.97%

Asset Turnover
0.51

Interest Burden / Efficiency
93.02%

Tax Burden / Efficiency
77.96%

Leverage
1.80%

RoE
18.70%

2016

Operating Margin
29.59%

Asset Turnover
0.46

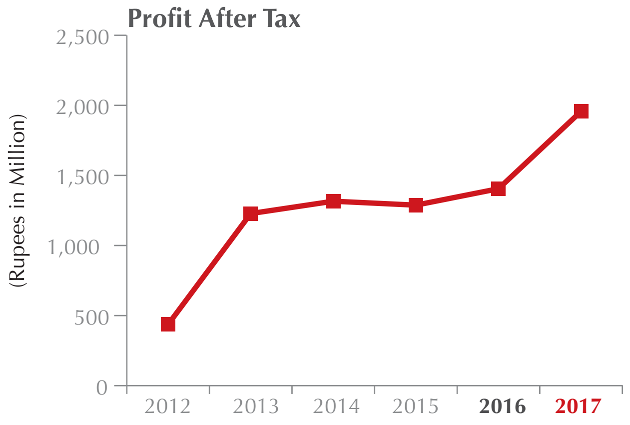
Interest Burden / Efficiency
97.91%

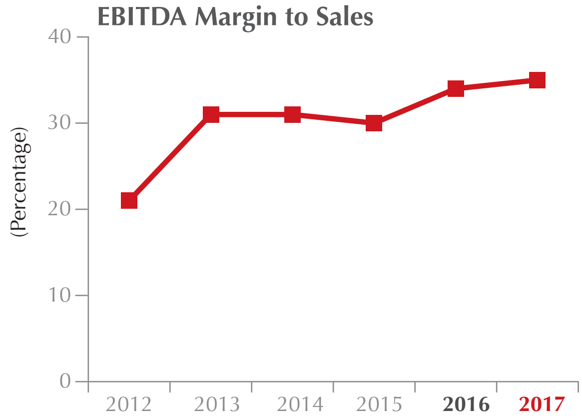
Tax Burden / Efficiency
68.50%

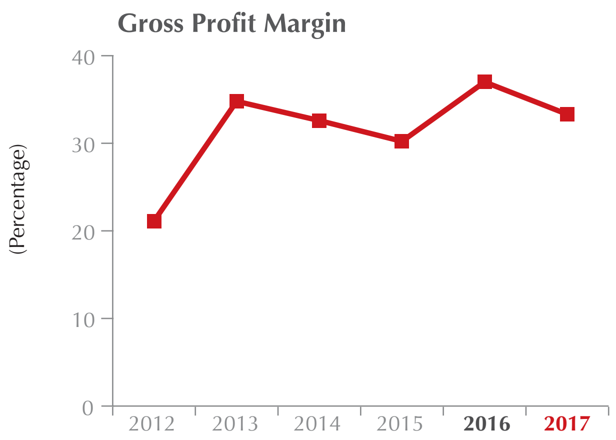
Leverage
1.69%

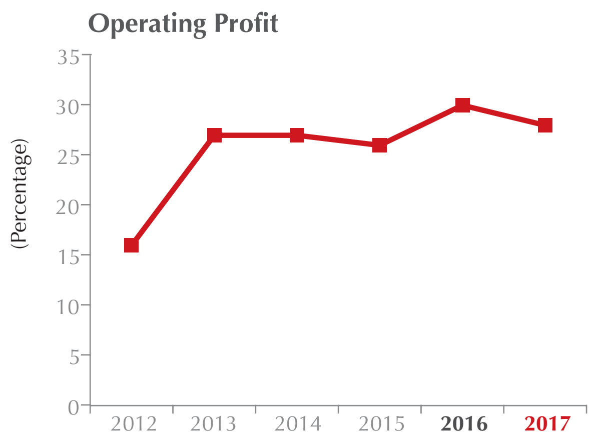
RoE
15.37%

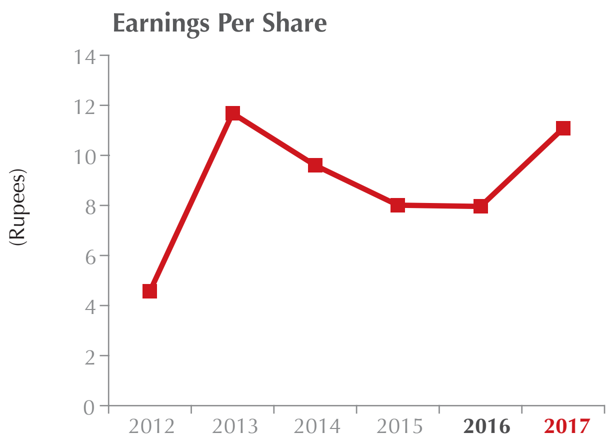
Key Operating Highlights

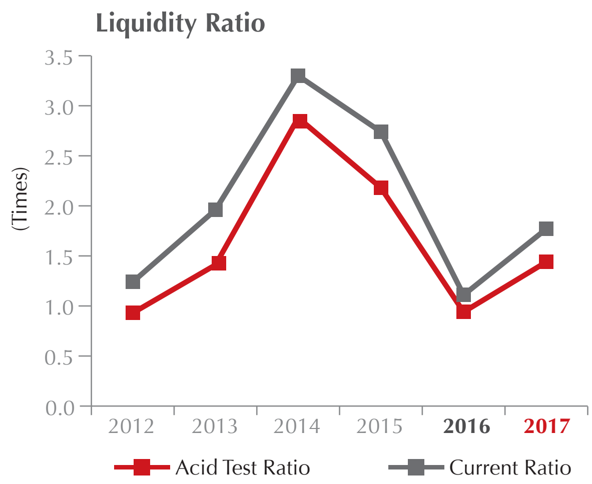




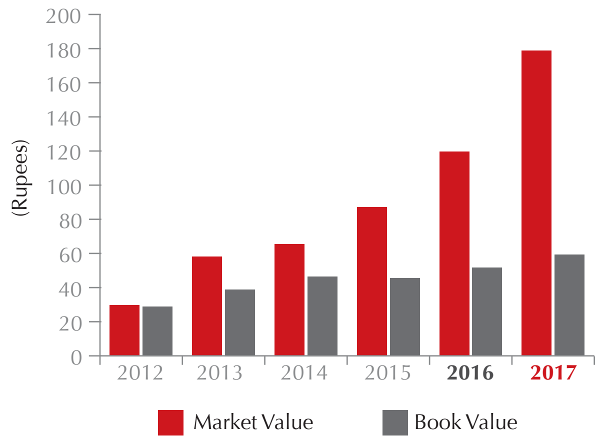




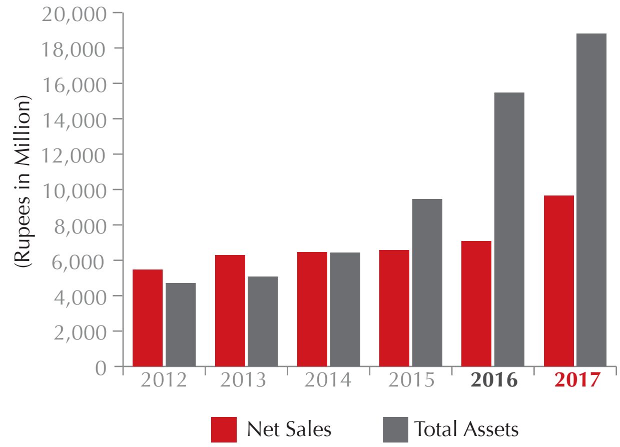




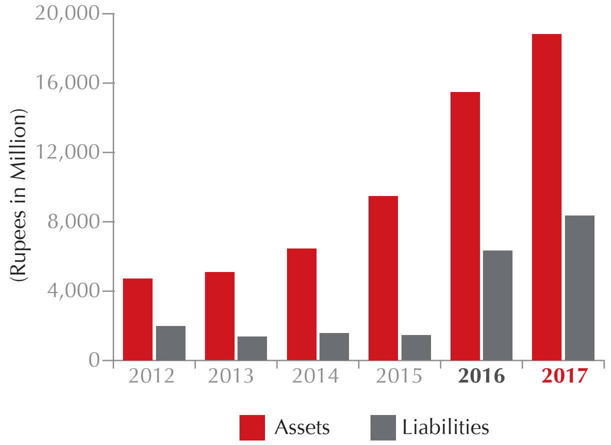
Value Per Share



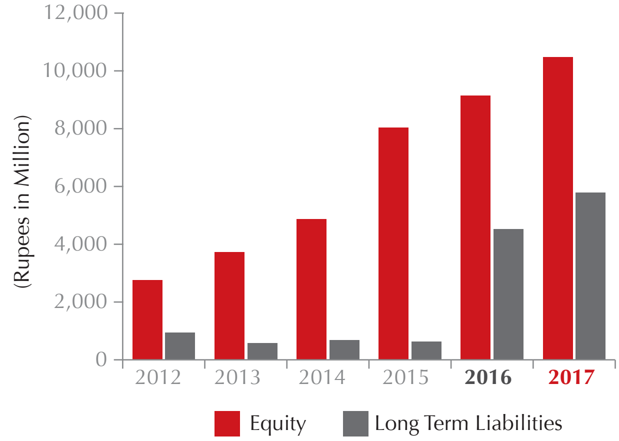
Sales to Total Assets



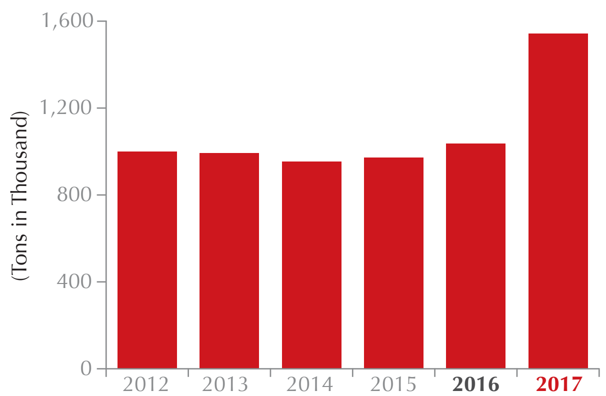
Assets and Liabilities



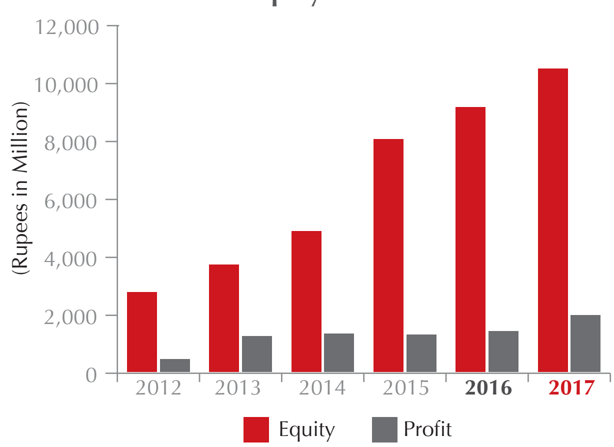
Equity and Long-Term Liabilities



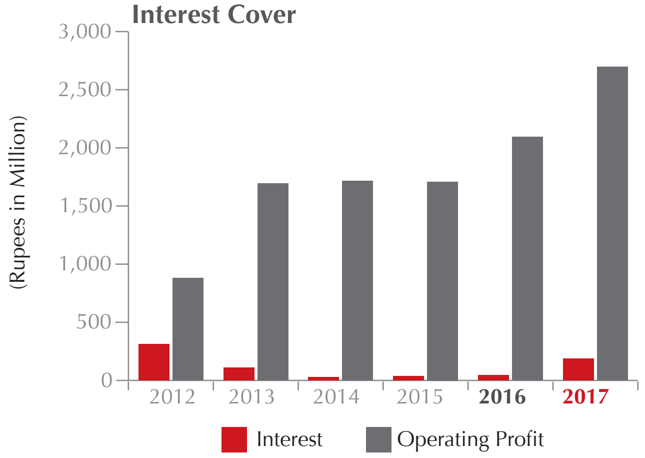
Cement Sales



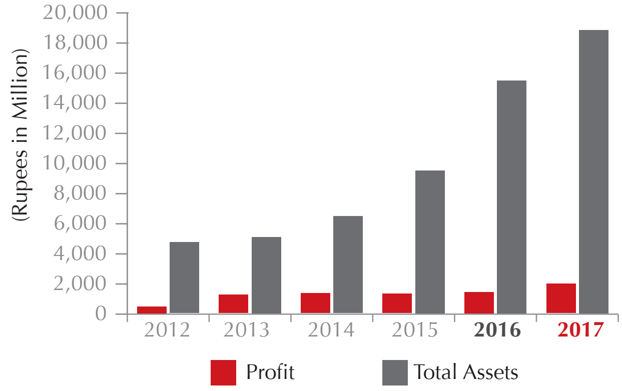
Return on Equity



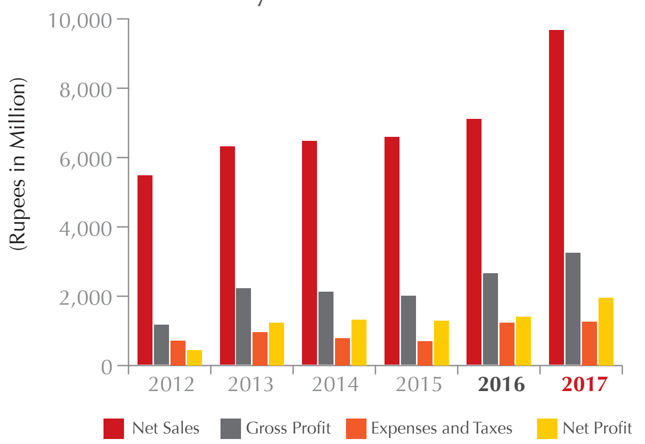
Interest Cover



Net Profit to Total Assets



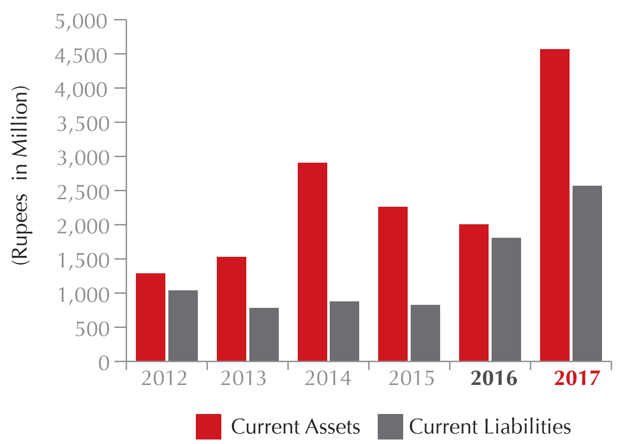
Profitability Trend



Company Sales Sector Wise

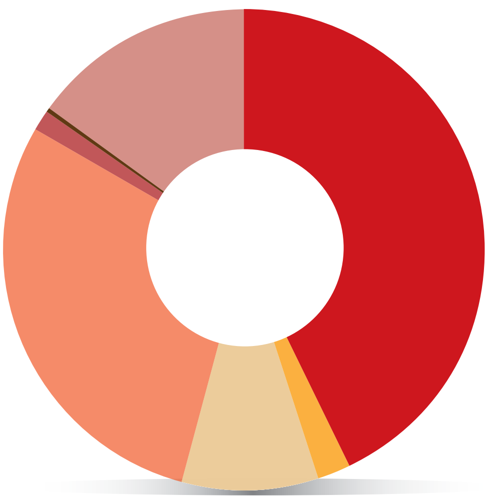
Industry Sales

Current Assets : Current Liabilities



Statement of Value Addition and Distribution of Wealth

	2017		2016	
	(Rupees in '000)	%	(Rupees in '000)	%
Wealth Generated				
Turnover (including taxes)	12,911,225	98.98	8,561,477	99.50
Other operating income	133,384	1.02	43,352	0.50
	13,044,609	100.00	8,604,829	100.00
Distribution of Wealth				
Cost of sales (excluding employees' remuneration)	5,593,044	42.87	3,826,776	44.48
Marketing, selling and administrative expenses	291,782	2.24	284,630	3.31
To employees as remuneration	1,187,273	9.10	908,942	10.56
To government as taxes	3,819,055	29.28	2,128,314	24.73
To providers of finance as financial charges	188,215	1.44	43,708	0.51
To society / donations	8,678	0.07	7,267	0.08
Retained within the business	1,956,562	15.00	1,405,192	16.33
	13,044,609	100.00	8,604,829	100.00

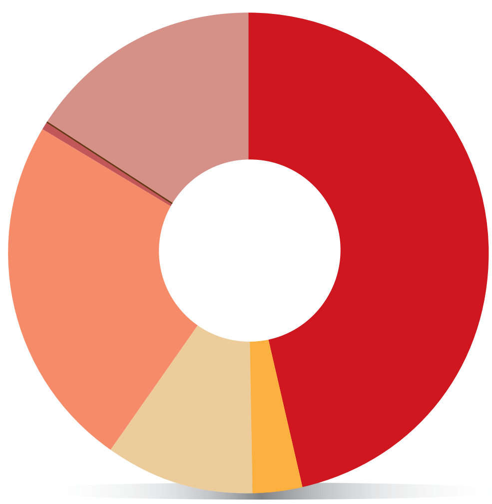


Distribution of Wealth 2017

Cost of Sales (Excluding Employees' Remuneration)	42.87 %
Marketing, Selling and Administrative Expenses	2.24 %
To Employees as Remuneration	9.10 %
To Government as Taxes	29.28 %
To Providers of Finances as Financial Charges	1.44 %
To Society / Donations	0.07%
Retained within the Business	15.00 %

Distribution of Wealth 2016

Cost of Sales (Excluding Employees' Remuneration)	44.48%
Marketing, Selling and Administrative Expenses	3.31%
To Employees as Remuneration	10.56%
To Government as Taxes	24.73%
To Providers of Finances as Financial Charges	0.51%
To Society / Donations	0.08%
Retained within the Business	16.33%



Statement of Compliance
with the Code of Corporate Governance

This statement is being presented to comply with the Code of Corporate Governance contained in listing regulations No. 5.19.23 of Pakistan Stock Exchange for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance.

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

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

Category	Names
Independent Director	Mr. Asif Qadir
Executive Director	Mr. Azam Faruque
Non-Executive Directors	Mr. Omar Faruque Mr. Akbarali Pesnani Mr. Shehryar Faruque Mr. Arif Faruque Mr. Shamshad Nabi (NIT) Mr. Saquib H. Shirazi

The independent director meets the criteria of independence under clause 5.19.1. (b) of the CCG.

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

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

4. No casual vacancy occurred on the Board during the year.

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

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

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

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 atleast once every quarter. Written notices of the board meetings, along with agenda and working papers, were circulated atleast seven days before the meetings, except one emergent meeting. The minutes of the meetings were appropriately recorded and circulated.

9. The Directors are well aware of their duties and responsibilities under the Code. The executive director and non-executive directors of the Company meet the criteria of exemption under clause 5.19.7 of the Code, and accordingly are exempted from attending the directors' training program. Further, two directors have been certified under the directors training program as required by SECP.

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 Code of Corporate Governance 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 of three members, out of whom two are non-executive directors and one is an independent director. The chairman of the Audit committee is a non-executive director.

16. The meetings of the audit committee were held atleast 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 of three members, of whom two are non-executive directors and the chairman of the committee is a non-executive director.

18. The board has set up an effective internal audit function.

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

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

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

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

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

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

On behalf of the Board of Directors

Omar Faruque
Chairman

Karachi: August 23, 2017

Statement of Compliance

With the Best Practices of Transfer Pricing

The Company has fully complied with the best practices of Transfer Pricing as contained in the Listing Regulations of the Stock Exchange.

On behalf of the Board of Directors

Omar Faruque
Chairman

Karachi: August 23, 2017

Review Report to the Members

on Statement of Compliance with the Code of Corporate Governance

EY Ford Rhodes
Chartered Accountants
Progressive Plaza, Beaumont Road
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Pakistan

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Tel: +9221 3565 0007-11
Fax: +9221 3568 1965
ey.khi@pk.ey.com
ey.com/pk

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 Cherat Cement Company Limited (the Company) for the year ended 30 June 2017 to comply with the requirements of Listing Regulation of Pakistan Stock Exchange Limited.

The responsibility for compliance with the Code 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's personnel and review of various documents prepared by the Company to comply with the Code.

As a part of our audit of the financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board of Directors' statement on internal controls 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 30 June 2017.

Chartered Accountants
Date: 23 August 2017
Place: Karachi

Share Price Sensitivity Analysis

Following are the major factors which might affect the share price of the Company in the stock exchange:

Fuel and Oil Prices

Due to the on-going energy crises, supply of gas and electricity is often disrupted to industrial undertakings. Accordingly, the entire manufacturing industry is facing operational difficulties. This forces the Company to resort the expensive alternatives to run operations which directly affects the Company's financial performance. Volatility in international oil prices especially coal also affect the share price.

Law and Order Situation

Unstable law and order situation often results in disruption of business activities and hindrance in supply chain that negatively impacts on the Company's performance.

Change in Government Policies

Any change in government policies related to cement sector may effect the share price of the Company. If policy change is positive than share price will increase, otherwise vice versa.

Plant Operations

Stable plant operations lead of higher production and better production efficiencies. Issues at production negatively affect the financial performance of the Company and therefore, many also affect the share price. Share price is also affected by the addition of new plant.

Consumer Demand

Increase in demand of cement may result in increase in market price of bag which will contribute towards better profitability and Earning Per Share (EPS), which will ultimately increase the share price.

Variation in Variable Cost

Any Increase in variable cost (mainly includes Coal, Power and Raw Material cost) may badly effect the gross margins and will resultantly fall in the profitability and fall in EPS. This may badly effect the market price of the share downward.

Variation in Fixed Cost

Fixed cost which mainly consists of Financial Charges, Exchange losses, and other overheads. If SBP discount rate goes up, rupee devaluation occurs and increase in inflation happens than net profitability of the Company will be effected and will have negative effect on the EPS which results into fall in share prices. If the said factors happen on the positive sides than share price will improve.

Glossary of Terms

AGM: A mandatory, public yearly gathering of a publicly traded company's executives, directors and interested shareholders.

HSE: Health, Safety and Environment.

EBITDA: Earnings before Interest, Taxes, Depreciation and Amortization.

Return on Equity (ROE): The value found by dividing the company's net income by its net assets (ROE measures the amount a company earns on investments).

Current Ratio: The current ratio indicates a company's ability to meet short-term debt obligations.

Acid Test Ratio: The ratio of liquid assets to current liabilities.

Operating Cycle: The average time between purchasing or acquiring inventory and receiving cash proceeds from its sale.

Earnings Per Share: Earnings found by dividing the net income of the company by the number of shares of common outstanding stock.

Price-Earnings Ratio (P/E): The ratio found by dividing market price per share by earnings per share (This ratio indicates what investors think of the firm's earnings' growth and risk prospects).

Dividend Payout Ratio: The ratio found by dividing the annual dividends per share by the annual earnings per share.

Long Term Debt-to-Equity Ratio: The ratio found by dividing long-term debt by the equity (all assets minus debts) held in stock (This is a measure of financial risk).

IASB: International Accounting Standards Board.

IAS: International Accounting Standards.

IFRS: International Financial Reporting Standard.

IFRIC: International Financial Reporting Issues Committee.

HR & RC: Human Resource and Remuneration Committee.

Amortization: To charge a regular portion of an expenditure over a fixed period of time.

Joint Venture (JV): A business arrangement in which two or more parties agree to pool their resources for the purpose of accomplishing a specific task.

KIBOR: Karachi Inter Bank Offer Rate.

Spread: Rate charged by the bank over KIBOR.

ISO 14001:2004: A standard for the management of environmental matters that is widely used in various parts of the world.

Security: A pledge made to secure the performance of a contract or the fulfillment of an obligation.

Term: The maturity or length of time until final repayment on a loan, bond, sale or other contractual obligation.

Principal: In commercial law, the principal is the amount that is received, in the case of a loan, or the amount from which flows the interest.

Borrowing Cost: Finance costs that are directly attributable to the construction/acquisition of a qualifying assets and included in the cost of such asset.

Qualifying Asset: An asset that takes substantial period of time to get ready for its intended use/sale.

Consortium Financing: Is a solution usually entails several banks or financial institutions joining hands to finance large projects through a common appraisal, common documentation and joint supervision.

Diminishing Musharakah: Refers to joint ownership of asset by financier and borrower. The share of financier in the asset is divided into number of units and borrower will purchase those units periodically, thus increasing his own share till complete ownership.

Shariah-Compliant Finance / Banking: Facility which meets all of the requirements of Shariah law and the principles articulated for "Islamic Finance".

Financial Statements

Auditors' Report to the Members

EY
Building a better working world

EY Ford Rhodes
Chartered Accountants
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Pakistan

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ey.khi@pk.ey.com
ey.com/pk

We have audited the annexed balance sheet of Cherat Cement Company Limited (the Company) as at 30 June 2017 and the related profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes 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 repealed 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 repealed 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 repealed Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with accounting policies consistently applied, except for the changes as stated in note 2.3 to the financial statements with which we concur;

   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 repealed 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 30 June 2017 and of the profit, its comprehensive income, cash flows and changes in equity for the year then ended; and

d) in our opinion, Zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the Company and deposited in the Central Zakat Fund established under Section 7 of that Ordinance.

Chartered Accountants
Audit Engagement Partner: Khurram Jameel
Date: 23 August, 2017
Place: Karachi

Balance Sheet

as at June 30, 2017

	Note	2017	2016
		(Rupees in '000)	
ASSETS			
NON-CURRENT ASSETS			
Fixed assets			
Property, plant and equipment	4	13,632,864	12,716,955
Intangible assets	5	19,210	11,287
		13,652,074	12,728,242
Long-term investments	6	566,275	710,133
Long-term loans	7	625	646
Long-term security deposits		19,008	18,129
		585,908	728,908
		14,237,982	13,457,150
CURRENT ASSETS			
Stores, spare parts and loose tools	8	2,210,312	993,623
Stock-in-trade	9	843,820	304,530
Trade debts	10	130,767	-
Loans and advances	11	37,323	13,586
Trade deposits and short-term prepayments	12	12,140	7,704
Other receivables	13	985,030	662,377
Taxation – net		303,562	-
Cash and bank balances	14	45,814	23,002
		4,568,768	2,004,822
TOTAL ASSETS		18,806,750	15,461,972
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Share capital	15	1,766,318	1,766,318
Reserves	16	8,695,389	7,373,870
		10,461,707	9,140,188
NON-CURRENT LIABILITIES			
Long-term financing	17	4,840,508	3,982,107
Long-term security deposits		15,741	14,121
Deferred taxation	18	917,306	514,795
		5,773,555	4,511,023
CURRENT LIABILITIES			
Trade and other payables	19	812,964	1,444,716
Unclaimed dividend		51,713	42,972
Accrued mark-up	20	146,343	73,170
Short-term borrowings	21	1,500,411	207,876
Current maturity of long-term financing	17	60,057	40,770
Taxation – net		-	1,257
		2,571,488	1,810,761
CONTINGENCIES AND COMMITMENTS	22		
TOTAL EQUITY AND LIABILITIES		18,806,750	15,461,972

The annexed notes from 1 to 41 form an integral part of these financial statements.

Omar Faruque	Azam Faruque	Yasir Masood
Chairman	Chief Executive	Chief Financial Officer

Profit and Loss Account

for the year ended June 30, 2017

	Note	2017	2016
		(Rupees in '000)	
Turnover - net	23	9,645,399	7,079,368
Cost of sales	24	(6,432,281)	(4,445,307)
Gross profit		3,213,118	2,634,061
Distribution costs	25	(279,998)	(234,241)
Administrative expenses	26	(225,109)	(192,278)
Other expenses	27	(143,389)	(155,789)
		(648,496)	(582,308)
Other income	28	133,384	43,352
Operating profit		2,698,006	2,095,105
Finance costs	29	(188,215)	(43,708)
Profit before taxation		2,509,791	2,051,397
Taxation			
Current - for the year		(187,883)	(600,101)
- prior year		37,165	(5,943)
Deferred		(402,511)	(40,161)
	30	(553,229)	(646,205)
Net profit for the year		1,956,562	1,405,192
Earnings per share – basic and diluted	31	Rs. 11.08	Rs. 7.96

The annexed notes from 1 to 41 form an integral part of these financial statements.

Omar Faruque	Azam Faruque	Yasir Masood
Chairman	Chief Executive	Chief Financial Officer

Statement of Comprehensive Income

for the year ended June 30, 2017

	2017	2016
	(Rupees in '000)	
Net profit for the year	1,956,562	1,405,192
Other comprehensive income		
Items that may be reclassified subsequently to profit and loss account		
Unrealized (loss) / gain on available-for-sale securities	(241,934)	299,196
Items that may not be reclassified subsequently to profit and loss account		
Actuarial gain on defined benefit plan	180,945	116,287
	(60,989)	415,483
Total comprehensive income for the year	1,895,573	1,820,675

The annexed notes from 1 to 41 form an integral part of these financial statements.

Omar Faruque
Chairman

Azam Faruque
Chief Executive

Yasir Masood
Chief Financial Officer

Cash Flow Statement

for the year ended June 30, 2017

	Note	2017	2016
		(Rupees in '000)	
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		2,509,791	2,051,397
Adjustment for:			
Depreciation	4.1.3	689,913	277,202
Amortisation	5.1	2,987	2,711
Gain on redemption of short-term investments		(2,186)	(10,986)
Gain on disposal of operating property, plant and equipment	4.1.4	(19,101)	(815)
Finance costs	29	188,215	43,708
Exchange loss	27	1,540	1,054
Dividend income	28	(21,973)	(14,578)
		839,395	298,296
		3,349,186	2,349,693
(Increase) / decrease in current assets			
Stores, spare parts and loose tools		(1,216,689)	(10,238)
Stock-in-trade		(539,290)	158,926
Trade debts		(130,767)	-
Loans and advances		(23,737)	3,843
Trade deposits and short-term prepayments		(4,436)	8,749
Other receivables		(141,708)	(378,685)
		(2,056,627)	(217,405)
		1,292,559	2,132,288
(Decrease) / Increase in current liabilities			
Trade and other payables		(633,292)	789,722
Cash generated from operations		659,267	2,922,010
Income tax paid		(455,537)	(615,365)
Long-term loans and security deposits – net		762	(534)
Net cash generated from operating activities		204,492	2,306,111
CASH FLOWS FROM INVESTING ACTIVITIES			
Additions to property, plant and equipment		(1,536,710)	(6,112,136)
Additions to intangible assets		(10,910)	-
Proceeds from disposal of operating property, plant and equipment	4.1.4	66,890	5,702
Investments (made) / redeemed during the year		(95,890)	534,544
Dividend received		21,973	14,578
Net cash used in investing activities		(1,554,647)	(5,557,312)
CASH FLOWS FROM FINANCING ACTIVITIES			
Long-term financing – net		877,688	3,859,795
Short-term borrowings – net		1,292,535	120,353
Dividend paid		(565,313)	(694,097)
Finance costs paid		(231,943)	(30,202)
Net cash generated from financing activities		1,372,967	3,255,849
Net increase in cash and cash equivalents		22,812	4,648
Cash and cash equivalents as at the beginning of the year		23,002	18,354
Cash and cash equivalents as at the end of the year	14	45,814	23,002

The annexed notes from 1 to 41 form an integral part of these financial statements.

Omar Faruque
Chairman

Azam Faruque
Chief Executive

Yasir Masood
Chief Financial Officer

Statement of Changes in Equity

for the year ended June 30, 2017

	Issued, Subscribed and Paid-up Capital	Reserves							Total
		Capital Reserves		Revenue Reserves					
		Share premium	Others	General Reserve	Unappropriated profit	Actuarial gain on gratuity fund	Unrealised gain/ (loss) on available-for-sale securities	Sub-total	
	(Rupees in '000)								
Balance as at July 01, 2015	1,766,318	1,047,658	50,900	420,000	4,310,825	130,230	300,110	6,259,723	8,026,041
Final cash dividend for the year ended June 30, 2015 @ Rs. 3.00/- per share	-	-	-	-	(529,896)	-	-	(529,896)	(529,896)
Interim cash dividend for the year ended June 30, 2016 @ Re. 1.00/- per share	-	-	-	-	(176,632)	-	-	(176,632)	(176,632)
Net profit for the year	-	-	-	-	1,405,192	-	-	1,405,192	1,405,192
Other comprehensive income	-	-	-	-	-	116,287	299,196	415,483	415,483
Total comprehensive income for the year	-	-	-	-	1,405,192	116,287	299,196	1,820,675	1,820,675
Balance as at June 30, 2016	1,766,318	1,047,658	50,900	420,000	5,009,489	246,517	599,306	7,373,870	9,140,188
Balance as at July 01, 2016	1,766,318	1,047,658	50,900	420,000	5,009,489	246,517	599,306	7,373,870	9,140,188
Final cash dividend for the year ended June 30, 2016 @ Rs. 2.25/- per share	-	-	-	-	(397,422)	-	-	(397,422)	(397,422)
Interim cash dividend for the year ended June 30, 2017 @ Re. 1.00/- per share	-	-	-	-	(176,632)	-	-	(176,632)	(176,632)
Net profit for the year	-	-	-	-	1,956,562	-	-	1,956,562	1,956,562
Other comprehensive income	-	-	-	-	-	180,945	(241,934)	(60,989)	(60,989)
Total comprehensive income for the year	-	-	-	-	1,956,562	180,945	(241,934)	1,895,573	1,895,573
Balance as at June 30, 2017	1,766,318	1,047,658	50,900	420,000	6,391,997	427,462	357,372	8,695,389	10,461,707

The annexed notes from 1 to 41 form an integral part of these financial statements.

Omar Faruque
Chairman

Azam Faruque
Chief Executive

Yasir Masood
Chief Financial Officer

Notes to the Financial Statements

for the year ended June 30, 2017

1. THE COMPANY AND ITS OPERATIONS

Cherat Cement Company Limited (the Company) was incorporated in Pakistan as a public company limited in the year 1981. Its main business activity is manufacturing, marketing and sale of cement. The Company is listed on Pakistan Stock Exchange Limited. The registered office of the Company is situated at Village Lakrai, District Nowshera, Khyber Pakhtunkhwa province.

2. BASIS OF PREPARATION

2.1 Statement of compliance

During the year, the Companies Act, 2017 has been promulgated, however, Securities and Exchange Commission of Pakistan (SECP) vide its circular No. 17 of 2017 dated July 20, 2017 communicated its decision that companies whose financial year closes on or before June 30, 2017 shall prepare their financial statements in accordance with the provisions of the repealed Companies Ordinance, 1984. Accordingly, the Company's financial statements for the year ended June 30, 2017 have been prepared in accordance with the requirements of the repealed Companies Ordinance, 1984 and approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB), as are notified under the repealed Companies Ordinance, 1984, provisions of and directives issued under the repealed Companies Ordinance, 1984. In case requirements differ, the provisions or directives of the repealed Companies Ordinance, 1984 shall prevail.

2.2 Accounting convention

These financial statements have been prepared on the basis of historical cost convention except for certain investments that have been measured at fair value.

2.3 New standards, interpretation and amendments

The accounting policies adopted in the preparation of these financial statements are consistent with those of the previous financial year except that the Company has adopted the following accounting standards and the amendments and interpretation of IFRSs which became effective for the current year:

IFRS 10 - Consolidated Financial Statements, IFRS 12 Disclosure of Interests in Other Entities and IAS 27 Separate Financial Statements – Investment Entities: Applying the Consolidation Exception (Amendment)

IFRS 11 - Joint Arrangements - Accounting for Acquisition of Interest in Joint Operation (Amendment)

IAS 1 - Presentation of Financial Statements - Disclosure Initiative (Amendment)

IAS 16 - Property, Plant and Equipment and IAS 38 Intangible Assets - Clarification of Acceptable Method of Depreciation and Amortization (Amendment)

IAS 16 - Property, Plant and Equipment and IAS 41 Agriculture - Agriculture: Bearer Plants (Amendment)

IAS 27 - Separate Financial Statements – Equity Method in Separate Financial Statements (Amendment)

Improvements to Accounting Standards Issued by the IASB in September 2014

IFRS 5	-	Non-current Assets Held for Sale and Discontinued Operations - Changes in methods of disposal
IFRS 7	-	Financial Instruments: Disclosures - Servicing contracts
IFRS 7	-	Financial Instruments: Disclosures - Applicability of the offsetting disclosures to condensed interim financial statements
IAS 19	-	Employee Benefits - Discount rate: Regional market issue
IAS 34	-	Interim Financial Reporting

The adoption of the above amendments, improvements to accounting standards and interpretation did not have any material effect on the financial statements.

2.4 Standards not yet effective

The following standards, amendments and interpretations with respect to the approved accounting standards as applicable in Pakistan would be effective from the dates mentioned below against the respective standard or interpretation.

			Effective date (annual periods beginning on or after)
IFRS 2	-	Share-based Payments – Classification and Measurement of Share-based Payments Transactions (Amendments)	01 January 2018
IFRS 10	-	Consolidated Financial Statements and IAS 28 Investment in Associates and Joint Ventures - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendment)	Not yet finalized
IAS 7	-	Statement of Cash flows	01 January 2017
IAS 12	-	Income Taxes – Recognition of Deferred Tax Assets for Unrealized Losses (Amendments)	01 January 2017
IFRS 4	-	Insurance Contracts: Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts – (Amendments)	01 January 2018
IAS 40	-	Investment Property: Transfers of Investment Property (Amendments)	01 January 2018
IFRIC 22	-	Foreign Currency Transactions and Advance Consideration	01 January 2018
IFRIC 23	-	Uncertainty over Income Tax Treatments	01 January 2019

The above standards and amendments are not expected to have any material impact on the Company's financial statements in the period of initial application.

In addition to the above standards and amendments, improvements to various accounting standards have also been issued by the IASB in December 2016. Such improvements are generally effective for accounting periods beginning on or after 01 January 2018. The Company expects that such improvements to the standards will not have any material impact on the Company's financial statements in the period of initial application.

Further, following new standards have been issued by IASB which are yet to be notified by the SECP for the purpose of applicability in Pakistan.

			IASB effective date (annual periods beginning on or after)
IFRS 9	–	Financial Instruments: Classification and Measurement	01 January 2018
IFRS 14	–	Regulatory Deferral Accounts	01 January 2016
IFRS 15	–	Revenue from Contracts with Customers	01 January 2018
IFRS 16	–	Leases	01 January 2019
IFRS 17	–	Insurance Contracts	01 January 2021

2.5 Significant accounting judgments, estimates and assumptions

The preparation of the Company's financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities and assets, at the end of the reporting period. However, uncertainty about these estimates and judgments could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods. The management continually evaluates estimates and judgments which are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under current circumstances. Revisions to accounting estimates are recognised prospectively.

In the process of applying the accounting policies, management has made the following estimates and judgments which are significant to the financial statements:

2.5.1 Property, plant and equipment

The Company reviews appropriateness of the rate of depreciation, useful life and residual value used in the calculation of depreciation. 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 to the Company. Any change in the estimates in the future might affect the carrying amount of respective item of operating property, plant and equipment, with corresponding effects on the depreciation charge and impairment.

2.5.2 Taxation

Current

In applying the estimate for income tax payable, the Company takes into account the applicable tax laws and the decision by appellate authorities on certain issues in the past. Instance where the Company's view differs from the view taken by the income tax department at the assessment stage and where the Company considers that its view on items of material nature is in accordance with law, the amounts are shown as contingency.

Deferred

Deferred tax is provided in full using the balance sheet liability method on all temporary differences arising at the balance sheet date, between the tax bases of the assets and the liabilities and their carrying amounts. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that sufficient future taxable profits will be available against which these can be utilized.

Deferred tax is calculated at the rates that are expected to apply to the period when the differences reverse, based on tax rates that have been enacted or substantively enacted by the balance sheet date. In this regard, the effects on deferred taxation of the portion of income expected to be subject to final tax regime is adjusted. Deferred tax is charged or credited to profit and loss account.

2.5.3 Stock-in-trade, stores, spare parts and loose tools

The Company reviews the net realizable value (NRV) of stock-in-trade and stores, spare parts and loose tools to assess any diminution in the respective carrying values. NRV is estimated with reference to the estimated selling price in the ordinary course of business less the estimated costs of completion and estimated costs necessary to make the sale.

2.5.4 Staff retirement benefits

Certain actuarial assumptions have been adopted for valuation of present value of defined benefit obligations and fair value of plan assets. Any change in these assumptions in future years might affect gains and losses in those years. The actuarial valuation involves making assumptions about discount rates, expected rates of return on assets, future salary increases and mortality rates.

2.5.5 Contingencies

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 Property, plant and equipment

Property, plant and equipment except for land and capital work-in-progress are stated at cost less accumulated depreciation and impairment loss, if any. Land and capital work-in-progress are stated at cost less impairment, if any. Depreciation is charged to profit and loss account applying the reducing balance method except for computers, which are depreciated using the straight-line method at the rates mentioned in the note 4.1.1 to the financial statements. Depreciation is charged from the month in which an asset is available for use, while no depreciation is charged in the month in which an asset is disposed off.

Maintenance and repairs are charged to profit and loss account as and when incurred. Major renewals and improvements which increase the asset's remaining useful economic life or the performance beyond the current estimated levels are capitalized and the assets so replaced, if any, are retired.

Gains or losses on disposal of operating property, plant and equipment, if any, are recognised in the profit and loss account.

The carrying values of operating property, plant and equipment are reviewed for impairment annually when events or changes in circumstances indicate that the carrying values may not be recoverable. If such indications exist and where the carrying values exceed the estimated recoverable amounts, the assets are written down to the recoverable amounts.

3.1.1 Intangible assets

An intangible asset is recognised if it is probable that the future economic benefits that are attributable to the asset will flow to the enterprise and the cost of such assets can also be measured reliably.

Computer software and implementation costs that are directly associated with the computer and computer controlled machines which cannot operate without the related specific software, are included in the cost of respective assets. Software which is not an integral part of the related hardware is classified as intangible assets.

Intangible assets are stated at cost less accumulated amortisation and impairment loss, if any. Intangible assets are amortised on a straight-line method when assets are available for use. Amortisation is charged from the month of the year in which addition / capitalization occurs while no amortisation is charged in the month in which an asset is disposed off.

3.2 Investments

3.2.1 Joint Ventures

The Company has interest in joint ventures which are jointly controlled entities. The Company combines its share and recognises its interest in the joint ventures using the equity method. Under equity method, the investment in joint ventures is carried in the balance sheet at cost plus post acquisition changes in the Company's share of net assets of the joint ventures. Profit and loss account reflects the share of the results of operations of joint ventures.

After application of the equity method, the Company determines whether it is necessary to recognise an additional impairment loss on the Company's investment in joint ventures. The Company determines at each reporting date whether there is any objective evidence that the investment in joint ventures is impaired. If this is the case the Company calculates the amount of impairment loss as the difference between the recoverable amount of joint ventures and their carrying value and recognises the amount in the profit and loss account.

Financial statements of joint ventures are prepared for same reporting period as that of the Company, using consistent accounting policies in line with that of the Company.

3.2.2 Available-for-sale securities

These are non-derivative financial assets which are intended to be held for an indefinite period of time, but may be sold in response to the need for liquidity or changes in interest rates.

These investments are initially measured at fair value plus transaction costs and subsequently measured at fair value with unrealised gains or losses recognised as other comprehensive income in the available-for-sale reserve until the investment is derecognised, at which time the cumulative gain or loss is recognised in other income and removed from the available-for-sale reserve.

3.2.3 Designated through profit or loss

Financial assets that are acquired principally for the purpose of generating profit from short-term fluctuation in prices are classified as 'financial assets at fair value through profit or loss' category.

These investments are initially recognized at fair value, relevant transaction costs are taken directly to profit and loss account and subsequently measured at fair value. Net gains and losses arising on changes in fair value of these financial assets are taken to the profit and loss account in the period in which they arise.

3.3 Stores, spare parts and loose tools

These are valued at lower of weighted average cost and estimated net realizable value (NRV) except items-in-transit which are stated at invoice value plus other charges paid thereon upto the balance sheet date.

Provision / write-off, if required, is made in the financial statements for slow moving, obsolete and unusable items to bring their carrying value down to NRV.

NRV represents estimated selling prices in the ordinary course of business less the estimated cost of completion and the estimated cost necessary to make the sale.

3.4 Stock-in-trade

Stock-in-trade is valued at lower of weighted average cost and estimated NRV except for goods-in-transit which are stated at cost comprising invoice values plus other charges incurred thereon upto the balance sheet date.

Cost signifies in relation to:

Raw and packing material	-	Purchase cost on average basis
Finished goods and work-in-process	-	Cost of direct material, labour and proportion of manufacturing overheads
Stock-in-transit	-	Invoice value plus other charges paid thereon up to the balance sheet date

3.5 Trade debts

Trade debts are recognised at invoice value less provision for uncollectible amounts. Provision for doubtful debts is based on management's assessment of customer's credit worthiness. Bad debts are written-off when there is no realistic prospect of recovery.

3.6 Trade and other payables

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

3.7 Financial instruments

All financial assets and liabilities are recognised at the time when the Company becomes party to the contractual provisions of the instrument and are de-recognised in case of assets, when the contractual rights under the instrument are realised, expired or surrendered and in case of a liability, when the obligation is discharged, cancelled or expired. Any gain / (loss) on the recognition and de-recognition of the financial assets and liabilities is included in the profit / (loss) for the period in which it arises.

3.8 Offsetting of financial assets and liabilities

Financial assets and liabilities are offset and the net amount reported in balance sheet if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis or to realize the assets and settle liabilities simultaneously. Incomes and expenses arising from such assets and liabilities are also offset accordingly.

3.9 Foreign currency translations

Transactions in foreign currencies are translated into Pak Rupees at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated into Pak Rupees at the foreign exchange rate prevailing at that date. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translations at the year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit and loss account.

3.10 Cash and cash equivalents

These are stated at cost. For the purpose of cash flow statement, cash and cash equivalents comprise of cash in hand and bank balances.

3.11 Revenue recognition

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

3.11.1 Sale of goods

Revenue from sales is recognised upon passage of title to the customers that generally coincides with physical delivery. It is recorded at net of trade discounts and volume rebates.

3.11.2 Other income

Profit on bank accounts is recognised on effective interest method.

Dividend income is recognised when the right to receive such payment is established.

Other revenues are accounted for on accrual basis.

3.12 Staff retirement benefits

3.12.1 Gratuity fund

The Company operates an approved and funded gratuity scheme for all eligible employees who have completed the minimum qualifying period of service. The scheme is administered by the trustees nominated under the trust deed. The contributions to the scheme are made in accordance with actuarial valuation using Projected Unit Credit method. Actuarial gains and losses are recognized in full in the period in which they occur in the other comprehensive income. All the past service costs are recognised at the earlier of when the amendments or curtailment occurs and when the Company has recognised related restructuring or terminations benefits.

3.12.2 Provident fund

The Company operates an approved defined contributory provident fund scheme for all permanent employees who have completed the minimum qualifying period of service. Equal monthly contributions are made by the Company and the employees to the Fund at the rate of 8.33 percent of basic salary.

3.13 Provisions

Provisions are recognised when the Company has a present (legal or constructive) obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the obligation can be made. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate.

3.14 Taxation

3.14.1 Current

Provision for current taxation is based on taxable income at the current rates of taxation after taking into account tax credits and rebates available, if any, or minimum tax on turnover or Alternate Corporate Tax whichever is higher and tax paid on final tax regime basis. Alternate Corporate Tax is calculated in accordance with the provisions of Section 113C of Income Tax Ordinance.

3.14.2 Deferred

Deferred tax is provided in full using the balance sheet liability method on all temporary differences arising at the balance sheet date, between the tax bases of the assets and the liabilities and their carrying amounts. Deferred tax liabilities are recognized for all taxable temporary differences and deferred tax assets are recognized for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that future taxable profits will be available against which these can be utilized.

Deferred tax is calculated at the rates that are expected to apply to the period when the differences reverse, based on tax rates that have been enacted or substantively enacted by the balance sheet date. In this regard, the effects on deferred taxation of the portion of income expected to be subject to final tax regime is adjusted in accordance with the requirement of Accounting Technical Release - 27 of the Institute of Chartered Accountants of Pakistan.

3.15 Sales tax

Revenues, expenses and assets are recognized, net off amount of sales tax except:

- Where sales tax incurred on a purchase of asset or service is not recoverable from the taxation authorities, in which case the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable;
- Receivables or payables that are stated with the amount of sales tax included; and
- The net amount of sales tax recoverable from, or payable to, the taxation authorities is included as part of receivables or payables in the balance sheet.

3.16 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective assets. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

3.17 Impairment

The carrying value of the Company's assets except for inventories and deferred tax assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists the asset's recoverable amount is estimated and impairment losses are recognised in the profit and loss account.

3.18 Dividend and appropriation to reserves

Dividend and appropriation to reserves are recognised in the financial statements in the period in which these are approved.

3.19 Functional and presentation currency

These financial statements are presented in Pak Rupees, which is the Company's functional and presentation currency.

3.20 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the management. Management monitors the operating results of its business segments separately for the purpose of making decisions about resource allocation and performance assessment.

4. PROPERTY, PLANT AND EQUIPMENT

	Note	2017	2016
		(Rupees in '000)	
Operating property, plant and equipment	4.1	12,909,284	3,144,601
Capital work-in-progress – Line – I	4.2	300,594	73,723
Capital work-in-progress – Line – II	4.3	156,372	9,498,631
Capital work-in-progress – Line – III	4.4	266,614	-
		13,632,864	12,716,955

4.1 Operating property, plant and equipment

4.1.1 Following is a statement of operating property, plant and equipment:

2017 Description	COST			DEPRECIATION				Book value as at June 30, 2017	Depreciation rate % per annum
	As at July 01, 2016	Additions/ (disposals)	As at June 30, 2017	As at June 30, 2016	Disposals	Charged for the year	As at June 30, 2017		
	(Rupees in '000)								
Freehold land	1,605	-	1,605	-	-	-	-	1,605	-
Leasehold land	7,065	-	7,065	-	-	-	-	7,065	-
Building on leasehold land	630,166	1,979,909	2,610,075	385,814	-	91,904	477,718	2,132,357	7.5
Plant and machinery	5,864,491	6,222,598	12,010,573	3,396,945		409,652	3,769,858	8,240,715	5-7.5
		(76,516)			(36,739)				
Power and other installations	169,225	2,085,192	2,254,194	90,960		111,482	202,319	2,051,875	10-20
		(223)			(123)				
Furniture and fittings	26,507	20,177	46,648	17,874		1,771	19,613	27,035	10-20
		(36)			(32)				
Quarry, factory and laboratory equipment	562,883	103,142	666,025	363,257	-	36,024	399,281	266,744	10-20
Motor vehicles	222,365	53,737	246,834	101,384		29,285	109,098	137,736	20
		(29,268)			(21,571)				
Office equipment	19,501	17,866	36,732	11,475		1,870	12,918	23,814	10-20
		(635)			(427)				
Computers	63,750	19,764	82,824	55,248		7,925	62,486	20,338	33.33
		(690)			(687)				
	7,567,558	10,502,385	17,962,575	4,422,957		689,913	5,053,291	12,909,284	
		(107,368)			(59,579)				

2016 Description	COST			DEPRECIATION				Book value as at June 30, 2016	Depreciation rate % per annum
	As at July 01, 2015	Additions/ (disposals) (transfer)*/ (write-off)**	As at June 30, 2016	As at June 30, 2015	Disposals/ (transfer)*/ (write-off)**	Charged for the year	As at June 30, 2016		
	(Rupees in '000)								
Freehold land	1,605	-	1,605	-	-	-	-	1,605	-
Leasehold land	7,065	-	7,065	-	-	-	-	7,065	-
Building on leasehold land	629,238	928	630,166	366,048	-	19,766	385,814	244,352	7.5
Plant and machinery	5,770,450	94,041	5,864,491	3,217,308	-	179,637	3,396,945	2,467,546	5-7.5
Power and other installations	166,550	2,783	169,225	81,872		9,159	90,960	78,265	10-20
		(60)			(23)				
		(48)**			(48)**				
Furniture and fittings	42,401	2,654	26,507	29,217		3,713	17,874	8,633	10-20
		(7,865)*			(4,373)*				
		(10,683)**			(10,683)**				
Quarry, factory and laboratory equipment	532,395	30,488	562,883	330,543	-	32,714	363,257	199,626	10-20
Motor vehicles	195,584	44,311	222,365	87,956		26,108	101,384	120,981	20
		(17,120)			(12,270)				
		(410)**			(410)**				
Office equipment	13,479	1,793	19,501	9,112		1,626	11,475	8,026	10-20
		7,865*			4,373*				
		(3,636)**			(3,636)**				
Computers	79,274	5,514	63,750	71,807		4,479	55,248	8,502	33.33
		(221)			(221)				
		(20,817)**			(20,817)**				
	7,438,041	182,512	7,567,558	4,193,863		277,202	4,422,957	3,144,601	
		(17,401)			(12,514)				
		(35,594)**			(35,594)**				

4.1.2 Reconciliation of book value:

	Note	2017	2016
		(Rupees in '000)	
Book value as at the beginning of the year		3,144,601	3,244,178
Additions during the year		10,502,385	182,512
Depreciation for the year		(689,913)	(277,202)
Disposals during the year at book value		(47,789)	(4,887)
Book value as at the end of the year		12,909,284	3,144,601

4.1.3 The depreciation for the year has been allocated as follows:

	Note	2017	2016
Cost of sales	24	669,667	259,591
Distribution costs	25	10,070	8,663
Administrative expenses	26	10,176	8,948
		689,913	277,202

4.1.4 Disposal of operating property, plant and equipment:

Description	Cost	Book value	Sales proceeds	Gain / (loss)	Mode of disposal	Particulars of buyer
	(Rupees in '000)					
Motors Vehicles						
Honda Civic VTI 1800cc Reg. No. BA-9863	1,279	299	320	21	Employee car scheme	Mr. Naeem Akhter - Employee
Honda Civic VTI 1800cc Reg. No. AUU-623	1,673	503	1,303	800	Tender	Mr. Wasim Mirza - Karachi
Honda Civic VTI 1800cc Reg. No. AUD-075	1,935	502	502	-	Employee car scheme	Mr. Yasir Masood - Employee
Honda Civic VTI 1800cc Reg. No. AUE-070	1,935	502	502	-	Employee car scheme	Mr. Abid Vazir - Employee
Honda Civic VTI 1800cc Reg. No. SE –753	1,928	501	501	-	Employee car scheme	Mr. Ahmed Shoaib Khan - Employee
Suzuki Mehran VXR CNG 800cc Reg. No. LEB –11-6243	569	171	430	259	Tender	Mr. Zulfiqar - Lahore
Suzuki Mehran VXR CNG 800cc Reg. No. LEF –13-6729	673	348	520	172	Tender	Mr. Zulfiqar - Lahore
Suzuki Mehran VXR CNG 800cc Reg. No. AX-184	688	377	688	311	Insurance claim	EFU General Insurance Limited
Toyota Single Cabin Pickup 2400cc Reg. No. B-1703	800	17	800	783	Insurance claim	EFU General Insurance Limited

Description	Cost	Book value	Sale proceeds	Gain / (loss)	Mode of disposal	Particulars of buyer's
	(Rupees in '000)					
Honda Civic VTI 1800cc Reg. No. QW - 919	1,642	402	410	8	Employee car scheme	Mr. Ikram Qamar Kayani - Employee
Honda Civic VTI 1800cc Reg. No. AVU - 846	1,825	548	548	-	Employee car scheme	Mr. Masih-Ur-Rehman - Employee
Suzuki Alto VXR CNG 1000cc Reg. No. AUE – 016	685	172	172	-	Employee car scheme	Mr. Imran Shaukat - Employee
Honda City I-Vtec 1300cc Reg. No. BB – 4562	1,329	353	363	10	Employee car scheme	Mr. Sameen Jan - Employee
Honda City I-Vtec 1300cc Reg. No. B – 2874	1,329	353	363	10	Employee car scheme	Syed Muhammad Saleh Asghar Bukhari - Employee
Honda City I-Vtec 1300cc Reg. No. BB – 4113	1,329	346	357	11	Employee car scheme	Mr. Muhammad Riaz - Employee
Honda City I-Vtec 1300cc Reg. No. BB – 4112	1,329	346	357	11	Employee car scheme	Mr. Mustamer Khan - Employee
Toyota Land Cruiser 2400cc Reg. No. R-9007	3,627	270	907	637	Employee car scheme	Syed Muhammad Ali - Employee
Honda City I-Vtec 1300cc Reg. No. BB - 5600	1,368	362	362	-	Employee car scheme	Mr. Saifullah Babar - Employee
Honda Civic Vti 1800cc Reg. No. QX - 821	1,642	373	1,082	709	Tender	Mr. Hamza Chaudhary - Islamabad
Honda City I-Vtec 1300cc Reg. No. BC - 8141	1,620	937	810	(127)	Tender	Mr. Arif - Kohat
Honda CD - 70 Reg. No. LEQ – 10A-2243	63	15	25	10	Tender	Mr. Awais - Lahore
	29,268	**7,697**	**11,322**	**3,625**		
Plant and Machinery - Wartsila Generators	76,516	39,777	55,300	15,523	Insurance claim	EFU General Insurance Limited
Power and Other Installations	223	100	-	(100)	Write-off	-
Furniture and Fixture	36	4	-	(4)	Write-off	-
Office Equipment	635	207	137	(70)	Tender	M/s. Muhammad Fayyaz - Peshawar
Computer	690	4	131	127	Tender	M/s. Nasir Scrap dealer - Islamabad
2017	107,368	47,789	66,890	19,101		
2016	17,401	4,887	5,702	815		

4.2 Capital work-in-progress – Line - I

Description	Building on leasehold land	Plant and machinery	Computers	Power and other installations	Motor vehicles	Quarry, factory and lab equipment	Furniture and fittings	Total
	(Rupees in '000)							
Balance as at June 30, 2015	**13,759**	**30,605**	**-**	**-**	**2,023**	**1,410**	**-**	**47,797**
Capital expenditure incurred / advances made during the year	3,381	88,135	5,514	3,383	42,288	59,169	6,568	208,438
Transferred to operating property, plant and equipment	(928)	(94,041)	(5,514)	(2,783)	(44,311)	(30,488)	(4,447)	(182,512)
Balance as at June 30, 2016	**16,212**	**24,699**	**-**	**600**	**-**	**30,091**	**2,121**	**73,723**
Capital expenditure incurred / advances made during the year	42,125	433,202	16,485	21,309	62,127	73,326	5,707	654,281
Transferred to operating property, plant and equipment	(21,871)	(214,629)	(14,914)	(19,002)	(51,247)	(98,005)	(7,742)	(427,410)
Balance as at June 30, 2017	**36,466**	**243,272**	**1,571**	**2,907**	**10,880**	**5,412**	**86**	**300,594**

4.3 Capital work-in-progress – Line – II

Description	Building on leasehold land	Plant and machinery	Computers	Power and other installations	Motor vehicles	Quarry, factory and lab equipment	Furniture and fittings	Total
Balance as at June 30, 2015	**686,918**	**2,831,686**	**1,001**	**15,616**	**874**	**-**	**2,683**	**3,538,778**
Capital expenditure incurred / advances made during the year								
- Line - II	1,177,396	4,000,937	-	53,227	-	-	-	5,231,560
- WHR Line - II	74,625	653,668	-	-	-	-	-	728,293
	1,252,021	4,654,605	-	53,227	-	-	-	5,959,853
Balance as at June 30, 2016	**1,938,939**	**7,486,291**	**1,001**	**68,843**	**874**	**-**	**2,683**	**9,498,631**
Capital expenditure incurred / advances made during the year								
- Line – II	43,881	-	3,849	640,372	1,616	11,760	30,629	732,107
- WHR Line – II	-	-	-	54	-	-	555	609
	43,881	-	3,849	640,426	1,616	11,760	31,184	732,716
Transfers during the year	-	(1,398,610)	-	1,398,610	-	-	-	-
Capitalized during the year								
- Line – II	(1,873,421)	(5,226,397)	(4,850)	(2,066,137)	(2,490)	(5,137)	(29,747)	(9,208,179)
- WHR Line – II	(84,617)	(781,572)	-	(53)	-	-	(554)	(866,796)
	(1,958,038)	(6,007,969)	(4,850)	(2,066,190)	(2,490)	(5,137)	(30,301)	(10,074,975)
Balance as at June 30, 2017	**24,782**	**79,712**	**-**	**41,689**	**-**	**6,623**	**3,566**	**156,372**

4.3.1 Represents costs incurred on the installation of Line – II at the existing location in Nowshera, Khyber Pakhtunkhwa Province and includes borrowing costs capitalized during the year amounting to Rs.119.212 million in respect of Islamic banking (2016: Rs.102.330 million) and Rs. 19.100 million in respect of conventional banking (2016: Rs. 19.545 million).

4.4 Capital work-in-progress – Line – III

Description	Building on leasehold land	Plant and machinery	Computers	Power and other installations	Motor vehicles	Quarry, factory and lab equipment	Furniture and fittings	Total
	(Rupees in '000)							
Balance as at June 30, 2016	-	-	-	-	-	-	-	-
Capital expenditure incurred / advances made during the year	18,543	248,071	-	-	-	-	-	266,614
Balance as at June 30, 2017	**18,543**	**248,071**	**-**	**-**	**-**	**-**	**-**	**266,614**

5. INTANGIBLE ASSETS

Description	COST			AMORTIZATION			Book value as at June 30,	Amortization Rate % per annum
	As at July 01,	Additions during the year	As at June 30	As at July 01	For the year	As at June 30		
	(Rupees in '000)							
Computer software **2017**	27,132	10,910	38,042	15,845	2,987	18,832	19,210	10
2016	27,132	-	27,132	13,134	2,711	15,845	11,287	10

5.1 The amortisation for the year has been allocated as follows:

	Note	2017	2016
		(Rupees in '000)	
Cost of sales	24	2,344	2,473
Distribution costs	25	345	134
Administrative expenses	26	298	104
		2,987	2,711

6. LONG-TERM INVESTMENTS

Investment in related parties			
Available-for-sale securities	6.1	558,585	702,443
Interest in a joint venture	6.2	-	-
Interest in a joint venture	6.3	7,690	7,690
		566,275	710,133

6.1 Available-for-sale securities

Cherat Packaging Limited 2,174,808 (2016: 2,055,308) fully paid ordinary shares of Rs. 10/- each.	517,126	702,443
Mirpurkhas Sugar Mills Limited 262,500 (2016: Nil) fully paid ordinary shares of Rs. 10/- each.	41,459	-
	558,585	702,443

6.2 Interest in a joint venture

	2017	2016
	(Rupees in '000)	
Madian Hydro Power Limited		
Company's share in net assets	106,705	106,705
Less: Impairment loss	(106,705)	(106,705)
	-	-

6.2.1 Represents 10,744,997 shares (2016: 10,744,997 shares) representing 50% (2016: 50%) interest in Madian Hydro Power Limited (MHPL) a public unlisted company, which is a joint venture of the Company and Shirazi Investments (Private) Limited. MHPL is formed to build, operate and maintain hydro power generation plant at Madian over River Swat for the generation and supply of electric power.

6.2.2 The share of net assets at MHPL is as follows:

	2017	2016
	(Rupees in '000)	
Non-current assets	106,572	106,662
Current assets	133	88
	106,705	106,750
Current liabilities	-	(45)
Net assets	106,705	106,705

6.2.3 Technical feasibility of MHPL was completed in 2009, which was approved by Private Power and Infrastructure Board (PPIB). Due to security situation in Swat, MHPL sought for an indefinite extension from PPIB for further post feasibility study deadlines applicable to the project. During the year, PPIB has cancelled the Letter of Interest issued to MHPL. The management is taking up the matter with PPIB. Some foreign investors have shown their interest in becoming part of this project, but nothing has materialized yet. In view of the aforesaid uncertain situation, the management has assessed that the carrying value of investment is impaired.

6.3 Investment in a joint venture – UniEnergy

Represents 768,999 (2016: 768,999) shares representing 7.69% interest in UniEnergy Limited (UEL), a public unlisted company. UEL is formed for the generation and transmission of wind power, however, the tariff for the project has not yet been approved by the Government.

7. LONG-TERM LOANS – secured, considered good

	Note	2017	2016
		(Rupees in '000)	
Employees		2,879	3,412
Less: Current maturity	11	(2,254)	(2,766)
		625	646

7.1 Represents loans given to employees as per the Company's policy. These loans carry mark-up upto 10% per annum (2016: upto 10% per annum) and are repayable within 3 to 6 years. These loans are secured against the provident fund balances of the respective employees.

8. STORES, SPARE PARTS AND LOOSE TOOLS

	2017	2016
	(Rupees in '000)	
Stores	1,097,348	362,950
Spare parts	888,195	549,065
Loose tools	719	829
	1,986,262	912,844
Stores and spare parts in transit	224,050	80,779
	2,210,312	993,623

9. STOCK-IN-TRADE

	Note	2017	2016
		(Rupees in '000)	
Raw and packing material		120,557	58,633
Work-in-process		556,621	171,321
Finished goods		166,642	74,576
		843,820	304,530

10. TRADE DEBTS – secured, considered good

The aging of trade debts is as follows:

Neither past due nor impaired		130,767	-

11. LOANS AND ADVANCES – considered good

Current portion of long-term loans	7	2,254	2,766
Advances to suppliers – unsecured	11.1	35,069	10,820
		37,323	13,586

11.1 These advances do not carry any interest.

12. TRADE DEPOSITS AND SHORT-TERM PREPAYMENTS

Trade deposits		547	547
Short-term prepayments		11,593	7,157
		12,140	7,704

12.1 Trade deposits do not carry any interest.

13. OTHER RECEIVABLES

Gratuity fund	13.1	416,946	236,432
Provident fund	13.2	-	-
Sales tax adjustable		532,876	365,368
Sales tax and excise duty refundable		8,368	8,368
Insurance claims receivable		6,818	23,900
Duty drawback receivable		16,610	14,678
Others		3,412	13,631
		985,030	662,377

13.1 Gratuity fund

The Company operates an approved funded gratuity scheme for all eligible employees. Actuarial valuation of the scheme is carried out every year and the latest actuarial valuation was carried out as at June 30, 2017.

Gratuity fund asset:	2017	2016
	(Rupees in '000)	
Present value of defined benefit obligations	470,716	399,375
Fair value of plan assets	(887,662)	(635,807)
Asset recognised in the balance sheet	(416,946)	(236,432)

	2017	2016
	(Rupees in '000)	
Current service cost	33,116	25,941
Interest cost	27,907	33,597
Expected return on plan assets	(45,592)	(46,131)
Expense recognized	15,431	13,407
Experience adjustment arising on plan liabilities losses	39,229	3,956
Return on plan assets excluding interest income gains	(220,174)	(120,243)
	(180,945)	(116,287)

Movement in net asset recognised in the balance sheet:

	2017	2016
Balance as at July 01	(236,432)	(123,552)
Net charge for the year	15,431	13,407
Re-measurements chargeable in other comprehensive income	(180,945)	(116,287)
Contribution to the fund	(15,000)	(10,000)
Balance as at June 30	(416,946)	(236,432)

Movement in the present value of defined benefit obligation:

	2017	2016
Balance as at July 01	399,375	353,290
Current service cost	33,116	25,941
Interest cost	27,907	33,597
Benefits paid during the year	(28,911)	(17,409)
Actuarial loss	39,229	3,956
Balance as at June 30	470,716	399,375

Movement in the fair value of plan assets:

	2017	2016
Balance as at July 01	635,807	476,842
Expected return	45,592	46,131
Contributions	15,000	10,000
Benefits paid during the year	(28,911)	(17,409)
Actuarial gain	220,174	120,243
Balance as at June 30	887,662	635,807

Principal actuarial assumptions used are as follows:

	2017	2016
	(Percentage)	
Expected rate of increase in salary level	10.25	9.50
Valuation discount rate	8.00	7.25
Rate of return on plan assets	8.00	7.25

Comparisons for past years:
As at June 30

	2017	2016	2015	2014	2013
	(Rupees in '000)				
Present value of defined benefit obligations	470,716	399,375	353,290	264,832	225,183
Fair value of plan assets	(887,662)	(635,807)	(476,842)	(268,940)	(216,451)
(Surplus) / deficit	(416,946)	(236,432)	(123,552)	(4,108)	8,732
Experience adjustment on plan liabilities	(39,229)	(3,956)	(50,666)	(12,286)	(7,666)
Experience adjustment on plan assets	220,174	120,243	169,177	26,944	65,163
	180,945	116,287	118,511	14,658	57,497

Composition of plan assets is as follows:

	2017	2016
	(Rupees in '000)	
Defence Savings Certificates / PIBs / T-bills	52,903	60,594
Special Savings Certificates	26,388	21,571
Mutual funds / Shares	787,231	541,320
Bank balances	21,140	12,322
	887,662	635,807

The expected return on plan assets was based on the market expectations and depends upon the asset portfolio of the Company, at the beginning of the period, for returns over the entire life of related obligation. The return on plan assets was assumed to equal the discount rate. Actual return on plan assets during the year amounts to Rs. 265.767 million (2016: Rs. 166.374 million).

13.2 Provident fund

	2017	2016
	(Rupees in '000)	
Size of the trust	946,891	841,663
Cost of investments	820,208	708,418
Fair value of investments	937,811	833,299
	(Percentage)	
Percentage of investments made	99.04	99.01

Major categories of investment of provident fund are as follows:

	2017		2016	
	Investment	% of investment as size of the fund	Investment	% of investment as size of the fund
	(Rupees in '000)		(Rupees in '000)	
Bank balances	6,265	01	28,986	03
Government securities	524,897	56	483,352	58
Others	406,649	43	320,961	39
	937,811	100	833,299	100

13.2.1 Investments out of provident fund have been made in accordance with the provisions of section 227 of the Companies Ordinance, 1984 and the rules formulated for this purpose.

14. CASH AND BANK BALANCES

	Note	2017	2016
		(Rupees in '000)	
Cash in hand			
Foreign currency		67	14
Local currency		7,997	3,249
		8,064	3,263
Bank balances			
Islamic banks			
Current accounts		2,649	1,487
Conventional banks			
Current accounts		29,356	15,360
Saving accounts	14.1	5,745	2,892
		35,101	18,252
		45,814	23,002

14.1 These carry effective profit rate of 3.75% (2016: 4%) per annum.

15. SHARE CAPITAL

15.1 Authorised capital

2017	2016		2017	2016
Number of shares			(Rupees in '000)	
225,000,000	225,000,000	Ordinary shares of Rs. 10/- each	2,250,000	2,250,000

15.2 Issued, subscribed and paid-up capital

		Fully paid ordinary shares of Rs. 10/- each		
91,335,845	91,335,845	- Issued for cash	913,358	913,358
80,236,008	80,236,008	- Issued as fully paid bonus shares	802,360	802,360
5,060,000	5,060,000	- Issued for consideration other than cash on amalgamation	50,600	50,600
176,631,853	176,631,853		1,766,318	1,766,318

Following is the detail of shares held by the related parties:	Note	2017	2016
		Number of shares	
Faruque (Private) Limited		37,073,485	36,623,485
Cherat Packaging Limited		4,843,362	4,243,362
Mirpurkhas Sugar Mills Limited		5,770,252	5,770,252
Greaves Pakistan (Private) Limited		2,199,093	2,199,093
Zensoft (Private) Limited		20,000	-
		49,906,192	48,836,192

16. RESERVES

	Note	2017	2016
		(Rupees in '000)	
Capital reserves			
Share premium		1,047,658	1,047,658
Others	16.1	50,900	50,900
		1,098,558	1,098,558
Revenue reserves			
General reserves		420,000	420,000
Unappropriated profit		6,391,997	5,009,489
Actuarial gain on gratuity fund		427,462	246,517
Unrealized gain on available-for-sale securities		357,372	599,306
		7,596,831	6,275,312
		8,695,389	7,373,870

16.1 This reserve was created due to amalgamation of Cherat Electric Limited with Cherat Cement Company Limited.

17. LONG-TERM FINANCING – secured

	Note	2017	2016
		(Rupees in '000)	
Islamic banks			
Refused Derived Fuel Loan – Line - I	17.1	-	122,312
Syndicated Long-Term Finance Loan – Line - II	17.2	3,284,211	2,463,158
Waste Heat Recovery Loan – Line II	17.3	600,565	600,565
Fixed Assets Refinance Loan – Line – II	17.4	300,000	300,000
		4,184,776	3,486,035
Conventional banks			
Syndicated Long-Term Finance Loan – Line - II	17.2	715,789	536,842
Less: Current maturity	17.3	(60,057)	(40,770)
		4,840,508	3,982,107

17.1 During the year, the loan has been settled early.

17.2 Represents long-term financing obtained from Islamic banks under Diminishing Musharika Scheme and a term loan from a conventional bank. The approved loan is Rs. 9,500 million (Rs. 7,800 million under Islamic finance and Rs. 1,700 million under conventional finance) out of which Rs. 5,500 million remained unutilized. Carrying mark-up at the rate of 6 months KIBOR + 0.7% per annum. The financing is repayable in 10 equal semi-annual installments commencing after a grace period of 36 months from the date of first draw down i.e. March 2019. The financing is secured against first pari-passu hypothecation charge of Rs. 12,670 million on plant and machinery and immovable fixed assets.

17.3 Represents a long-term financing obtained from an Islamic bank under Diminishing Musharika Scheme. The approved loan is Rs. 700 million out of which Rs. 99.44 million remained unutilized. Carrying mark-up at the rate of 6 months KIBOR+ 0.7% per annum. The financing is repayable in 10 equal semi-annual installments commencing after 30 months from first draw down i.e. February 2018. The financing is secured against first pari-passu hypothecation charge of Rs. 934 million on plant and machinery.

17.4 Represents a long-term financing obtained from an Islamic bank under the Diminishing Musharika Scheme, carrying profit at the rate of 6 months KIBOR + 0.7% per annum. The financing is repayable in 6 equal semi-annual installments commencing after 30 months from first drawdown from December 2018. The financing is secured against registered first pari-passu hypothecation charge of Rs. 400 million on plant and machinery.

18. DEFERRED TAXATION

	Note	2017	2016
		(Rupees in '000)	
Accelerated tax depreciation		1,337,320	514,795
Unused tax loss / credit		(420,014)	-
		917,306	514,795

19. TRADE AND OTHER PAYABLES

	Note	2017	2016
Creditors		142,276	36,924
Bills payable		254,942	118,468
Accrued liabilities		133,852	104,023
Advances from customers		100,559	62,022
Retention money		40,315	854,193
Workers' Profits Participation Fund	19.1	130,250	109,812
Workers' Welfare Fund	19.2	-	85,092
Royalty and excise duty payable		-	69,185
Others		10,770	4,997
		812,964	1,444,716

19.1 Workers' Profits Participation Fund

	Note	2017	2016
Opening balance		109,812	88,305
Interest thereon	29	801	777
		110,613	89,082
Less: Payment made during the year		(110,613)	(89,082)
		-	-
Charge for the year	27	130,250	109,812
Closing balance		130,250	109,812

19.2 Workers' Welfare Fund (WWF)

As per WWF Ordinance, 1971, WWF was chargeable @ 2% of the taxable income. The Federal government through Finance Acts 2006 and 2008 amended the WWF Ordinance, 1971, where by the term `total income` shall be considered as profit before taxation as per declaration of income in the return or as per accounts, whichever is higher. These amendments were challenged by the Company and other taxpayers in the Honourable Peshawar High Court who decided the case in their favor in the year 2013-14.

The Tax department filed an appeal against the order of the Honourable Peshawar High Court in the Honourable Supreme Court who decided the case in favour of the taxpayers. Accordingly the Company has reversed the charge for WWF in respect of prior years' amounting to Rs. 35.040 million.

20. ACCRUED MARK-UP

	Note	2017	2016
		(Rupees in '000)	
Islamic banks			
Long-term financing		124,431	56,916
Conventional banks			
Long-term financing		12,825	9,496
Short-term borrowings		9,087	6,758
		21,912	16,254
		146,343	73,170

21. SHORT-TERM BORROWINGS – secured

	Note	2017	2016
Short-term running finance – Conventional banks	21.1	1,500,411	207,876

21.1 Represents facilities obtained from various conventional banks amounting to Rs.2,265 million (2016: Rs. 2,265 million) out of which Rs. 764.589 million (2016: Rs. 2,057 million) remains unutilized at the year end. These facilities carry mark-up ranging from 3 months KIBOR + 0.50% per annum to 3 months KIBOR + 1% per annum and 1 month KIBOR + 0.25% per annum to 1 month KIBOR + 1.25% per annum. These facilities are secured against registered joint pari-passu hypothecation charge over stocks and book debts for Rs. 3,003 million. Further, the Company has obtained credit facilities from various Islamic banks amounting to Rs. 550 million (2016: Rs. 400 million) which remained unutilized at the year end. These facilities are secured against registered pari-passu hypothecation charge over stocks and book debts for Rs. 734 million.

22. CONTINGENCIES AND COMMITMENTS

22.1 Contingencies

22.1.1 During the period from 1994 to 1999, excise duty was wrongly collected from the Company based on retail price inclusive of excise duty. The stand point of the Revenue Department was challenged by the Company and the High Courts have agreed with the Company's point of view that excise duty shall not be included as a component for determining the value i.e. retail price for levying excise duty. On an appeal filed by the Department, the Honourable Supreme Court of Pakistan, on February 15, 2007, upheld the point of view of the High Courts.

The Department filed a review petition against the decision of the Honourable Supreme Court of Pakistan. On January 20, 2009, the Honourable Supreme Court of Pakistan gave a favorable decision for the Company and has not allowed the admittance for hearing of this review petition.

The aforesaid decision has resulted in creation of a refund claim of Rs. 882 million (2016: Rs. 882 million), which was wrongly collected from the Company. However, while verifying the refund claim, the Collector of Excise and Sales Tax Peshawar has issued a show cause notice to the Company raising certain objections against the release of said refund including an objection that as the burden of this levy has been passed on to the end customers, thereby this refund does not belong to the Company. The Company has challenged this show cause notice in the Honourable Peshawar High Court and has taken the stance that this matter had already been dealt with at the Honourable Supreme Court level, based on the doctrine of res judicata. The Honourable Peshawar High Court granted a stay order to the Company against any adverse proceeding by the Department in this case on June 24, 2008.

In April 2011, the Honourable Peshawar High Court settled the writ petition by giving instructions to the Federal Board of Revenue (FBR) to appoint an independent firm of Chartered Accountants for verification of this refund claim. However, based on an out of court settlement, the Regional Tax Office (RTO) Peshawar carried out the verification of this refund claim. This exercise was carried out based on the terms of reference advised by the Federal Tax Ombudsman (FTO). RTO Peshawar finalized the report against the Company without giving any consideration to the facts of the case and the factual and legal submissions of the Company. This report was also not in line with the parameters given by the FTO. Accordingly, the FTO made a ruling for verification of the adverse observations of the RTO Peshawar through an independent firm of Chartered Accountant. This ruling of FTO was challenged by the FBR to the President of Pakistan who is the ultimate authority in such matters. The company made the presentation to the President of Pakistan upon its invitation through secretariat. The President of Pakistan rejected the representation of FBR and approved the recommendations of FTO with slight modifications that this verification will be carried out by two reputed audit firms.

Subsequently, being aggrieved of the orders, the FBR filed a writ petition in the Honourable Peshawar High Court against the authority of FTO to pass such an order. The Honourable Peshawar High Court has granted stay as an interim relief to the FBR.

In view of the inherent uncertainties involved and delays associated with such matters, this amount has not been recognised as income in the profit and loss account.

22.1.2 The Company has filed various refund cases of Rs. 57 million (2016: Rs. 57 million) which are pending at different adjudication levels. However, keeping in view of the inherent uncertainties involved in such matters and the fact that it is difficult to determine the outcome of these cases at this stage, no amount has been recognised as income in the profit and loss account.

22.1.3 The Competition Commission of Pakistan (CCP) had issued a show cause notice to the Company on a Suo Moto action for an increase in prices of cement across the country on March 20, 2008. The similar notices were also issued to other cement manufacturers. The Company filed a writ petition before the Honourable Islamabad High Court (HIHC) challenging the Competition Ordinance, 2007. The HIHC granted a stay order restricting the CCP to pass any adverse order(s) against the show cause notices issued to the cement manufacturers.

The HIHC finally dismissed the writ petition and vacated the stay order. However, the Company filed a writ petition in the Honourable Lahore High Court (HLHC) on this issue. The HLHC allowed the CCP to issue an order but restricted them from taking adverse action against the cement companies. The CCP in its order dated August 27, 2009 imposed a penalty of Rs. 6,312 million on the cement industry including a penalty of Rs. 226 million on the Company. The Company simultaneously filed a writ petition in the Honourable Supreme Court of Pakistan challenging this order and also challenging the vires of law. This appeal is still pending adjudication. In line with historic judgement of Honourable Supreme Court of Pakistan dated July 31, 2009 the CCP Ordinance required approval of the National Assembly. The CCP Ordinance was repromulgated as an Ordinance twice with some changes creating further legal complications which were brought into the knowledge of HLHC by amending the Company's appeal. The Honourable Supreme Court of Pakistan has now referred the matter to the Appellate Tribunal constituted by the CCP which has not started its proceedings yet. Accordingly, the management, based on the legal advice, believes that there are good legal grounds and is hopeful that there will be no adverse outcome for the Company and therefore, no provision for the above penalty has been made in these financial statements.

22.1.4 During the year ended June 30, 2013, the Company won a petition in the Honourable Sindh High Court against Special Excise Duty (SED) levied by the FBR under section 3A of the Federal Excise Act 2005 and SRO 655(1) / 2007 dated June 06, 2007 for the period from July 2007 to June 2011. This has resulted in a refund claim of Rs. 100.08 million. However, the FBR has challenged this decision in the Honourable Supreme Court of Pakistan where it is pending for adjudication. Keeping in view the uncertainties involved in the realisation of such refunds, no amount of income has been recognised in these financial statements.

22.1.5 Government of Sindh imposed an infrastructure fee on the goods entering or leaving the province through the Sindh Finance (Amendment) Ordinance, 2007 which was challenged in the Honourable Sindh High Court. The Honourable Sindh High Court granted an agreed upon interim relief in May 2011, in consultation with the petitioners and the Secretary Excise and Taxation Department (the Department), whereby the goods of petitioners will be cleared by the Excise and Taxation Department on payment of 50% of the disputed amount and on furnishing bank guarantee for the balance 50% amount till the final outcome of the case.

The Company became a party to the arrangement in February 2014 and issued bank guarantees in favour of the Department. The amount of guarantee issued up to June 30, 2017 is Rs. 54 million. The management is hopeful of a favorable outcome and accordingly no provision has been made on these financial statements against the levy.

22.2 Commitments

	2017	2016
	(Rupees in '000)	
Letters of credit – conventional banks	5,472,608	75,592
Letter of guarantee – conventional bank	129,000	34,000

23. TURNOVER – NET

	2017	2016
Local sales – gross	12,192,155	7,453,126
Rebate and commission	(369,855)	(216,216)
	11,822,300	7,236,910
Sales tax	(1,925,600)	(1,136,600)
Federal excise duty	(1,340,226)	(345,509)
	(3,265,826)	(1,482,109)
Local sales – net	8,556,474	5,754,801
Export sales – gross	1,173,632	1,394,600
Rebate and commission	(84,707)	(70,033)
Export sales – net	1,088,925	1,324,567
	9,645,399	7,079,368

24. COST OF SALES

	Note	2017	2016
		(Rupees in '000)	
Raw and packing material consumed			
Opening stock		58,633	66,573
Purchases		1,157,641	824,740
		1,216,274	891,313
Closing stock	9	(120,557)	(58,633)
		1,095,717	832,680
Duty drawback on exports		(7,120)	(6,919)
		1,088,597	825,761
Manufacturing overheads			
Salaries, wages and benefits	24.1	839,237	618,531
Stores and spare parts consumed		261,519	300,227
Fuel and power		3,698,323	2,012,768
Rent, rates and taxes		156,652	99,863
Insurance		54,546	70,615
Vehicle running expenses		52,966	40,552
Travelling and conveyance		11,389	10,655
Printing and stationery		1,260	1,472
Legal and professional charges		8,028	2,367
Laboratory expenses		210	94
Depreciation	4.1.3	669,667	259,591
Amortisation	5.1	2,344	2,473
Repairs and maintenance		45,812	29,293
Communication		5,378	4,105
Stores written-off		115	2,942
Others		13,604	13,012
		6,909,647	4,294,321
Work-in-process			
Opening		171,321	343,520
Closing	9	(556,621)	(171,321)
Cost of goods manufactured		6,524,347	4,466,520
Finished goods			
Opening		74,576	53,363
Closing	9	(166,642)	(74,576)
		6,432,281	4,445,307

24.1 Include expenditure in respect of provident fund and gratuity fund amounting to Rs. 17.596 million and Rs. 9.099 million, respectively (2016: Rs. 14.80 million and Rs. 9.17 million, respectively).

25. DISTRIBUTION COSTS

	Note	2017	2016
		(Rupees in '000)	
Salaries, wages and benefits	25.1	202,118	167,631
Export expenses		690	1,032
Travelling and conveyance		4,583	5,357
Staff training expenses		421	523
Vehicle running expenses		11,100	9,985
Communication		5,715	4,442
Printing and stationery		1,758	1,168
Rent, rates and taxes		9,198	10,718
Utilities		8,389	8,200
Repairs and maintenance		7,554	3,297
Insurance		2,795	2,553
Advertisement		10,033	6,884
Entertainment		2,201	1,123
Depreciation	4.1.3	10,070	8,663
Amortisation	5.1	345	134
License and subscription		1,264	1,229
Others		1,764	1,302
		279,998	234,241

25.1 Include expenditure in respect of provident fund and gratuity fund amounting to Rs. 5.811 million and Rs. 2.908 million respectively (2016: Rs. 5.107 million and Rs. 2.65 million, respectively).

26. ADMINISTRATIVE EXPENSES

	Note	2017	2016
		(Rupees in '000)	
Salaries, wages and benefits	26.1	145,918	122,780
Travelling and conveyance		6,898	7,370
Staff training expenses		306	318
Vehicle running expenses		5,648	5,828
Communication		5,842	4,026
Printing and stationery		4,333	3,621
Rent, rates and taxes		3,703	3,714
Utilities		1,597	2,037
Repairs and maintenance		10,884	4,628
Legal and professional charges		15,736	16,652
Insurance		3,751	3,441
License and subscription		4,465	4,276
Advertisement		1,054	1,427
Depreciation	4.1.3	10,176	8,948
Amortisation	5.1	298	104
Entertainment		2,030	1,624
Others		2,470	1,484
		225,109	192,278

26.1 Include expenditure in respect of provident fund and gratuity fund amounting to Rs.4.982 million and Rs. 1.854 million, respectively (2016: Rs. 4.41 million and Rs. 1.59 million, respectively).

27. OTHER EXPENSES

	Note	2017	2016
		(Rupees in '000)	
Workers' Profits Participation Fund	19.1	130,250	109,812
Workers' Welfare Fund	19.2	-	35,032
Auditors' remuneration	27.1	2,921	2,624
Donations	27.2	8,678	7,267
Exchange loss		1,540	1,054
		143,389	155,789

27.1 Auditors' remuneration

	2017	2016
Audit fee	1,050	1,000
Half yearly review and CCG certification	425	400
Tax and other corporate services	1,197	918
Out of pocket expenses	249	306
	2,921	2,624

27.2 Recipients of donations do not include any donee in which any director or his spouse had any interest.

28. OTHER INCOME

	Note	2017	2016
		(Rupees in '000)	
Income from financial assets			
Profit on bank accounts – conventional banks		1,138	906
Gain on redemption of short-term investments – non-Shariah compliant		2,186	10,986
Dividend income from a related party – Cherat Packaging Limited		21,973	14,578
		25,297	26,470
Income from non-financial assets			
Gain on disposal of operating property, plant and equipment	4.1.4	19,101	815
Reversal of WWF	19.2	35,040	-
Scrap sales		53,858	16,051
Miscellaneous income		88	16
		108,087	16,882
		133,384	43,352

29. FINANCE COSTS

	Note	2017	2016
		(Rupees in '000)	
Islamic banks			
Mark-up on long-term financing		132,887	11,035
Mark-up on short-term borrowings		433	-
Bank charges and commission		317	94
		133,637	11,129
Conventional banks			
Mark-up on long-term financing		21,540	27,286
Mark-up on short-term borrowings		22,586	-
Bank charges and commission		9,651	4,516
		53,777	31,802
Interest on workers' profits participation fund	19.1	801	777
		188,215	43,708

30. TAXATION

30.1 In view of the tax exemption on investment in Khyber Pakhtunkhwa and Baluchistan provinces under clause 126L of Part I of the Second Schedule to the Income Tax Ordinance, 2001, profits and gains are exempted on line – II. For this purpose, separate records have been maintained for both lines. Provision for Alternative Corporate Tax under section 113C of the Income Tax Ordinance, 2001 has been made in these financial statements to the extent applicable.

30.2 Reconciliation between tax expense and accounting profit

	2017	2016
	(Rupees in '000)	
Accounting profit before taxation	2,509,791	2,051,397
Tax at applicable rate of 31% (2016: NTR 32%)	778,035	656,447
Effect of Alternative Corporate Tax	(172,622)	-
Super tax	-	51,060
	605,413	707,507
Tax effects of:		
- income taxed at reduced rates	4,065	2,697
- income taxed under final tax regime	11,434	(167,855)
- income exempt from tax	(321,607)	-
- tax credit	(33,164)	(12,731)
- prior year	(37,165)	5,943
- expenses that are inadmissible in determining taxable income - net	(76,961)	70,483
- temporary differences	401,214	40,161
	553,229	646,205

31. EARNINGS PER SHARE

	2017	2016
Net profit for the year (Rupees in `000)	1,956,562	1,405,192
Weighted average number of ordinary shares in issue	176,631,853	176,631,853
Earnings per share – basic	Rs. 11.08	Rs. 7.96

31.1 There is no dilutive effect on basic earnings per share of the Company.

32. SEGMENT RESULTS

	Note	2017		
		Line - I	Line - II	Total
		(Rupees in '000)		
Turnover – net	32.1	5,519,836	4,125,563	9,645,399
Cost of sales	32.2	(3,682,872)	(2,749,409)	(6,432,281)
Gross profit		1,836,964	1,376,154	3,213,118
Distribution costs	32.3	(172,414)	(107,584)	(279,998)
Administrative expenses	32.4	(148,409)	(76,700)	(225,109)
Other expenses	32.5	(87,643)	(55,746)	(143,389)
		(408,466)	(240,030)	(648,496)
Other income	32.6	82,470	50,914	133,384
Operating profit		1,510,968	1,187,038	2,698,006
Finance costs	32.7	(36,490)	(151,725)	(188,215)
Profit before taxation		1,474,478	1,035,313	2,509,791
Taxation				
Current - for the year		(187,883)	-	(187,883)
- prior year		37,165	-	37,165
Deferred		148,270	(550,781)	(402,511)
	32.8	(2,448)	(550,781)	(553,229)
Net profit for the year		1,472,030	484,532	1,956,562

32.1 TURNOVER – NET

	Line - I	Line - II	Total
Local sales – net	4,683,849	3,872,625	8,556,474
Export sales – net	835,987	252,938	1,088,925
	5,519,836	4,125,563	9,645,399

32.2 COST OF SALES

	2017		
	Line - I	Line - II	Total
	(Rupees in '000)		
Raw and packing material consumed			
Opening stock	58,633	-	58,633
Purchases	545,633	612,008	1,157,641
	604,266	612,008	1,216,274
Closing stock	-	(120,557)	(120,557)
	604,266	491,451	1,095,717
Duty drawback on exports	(5,324)	(1,796)	(7,120)
	598,942	489,655	1,088,597
Manufacturing overheads			
Salaries, wages and benefits	379,069	460,168	839,237
Stores and spare parts consumed	251,043	10,476	261,519
Fuel and power	1,893,449	1,804,874	3,698,323
Rent, rates and taxes	108,988	47,664	156,652
Insurance	53,999	547	54,546
Vehicle running expenses	27,076	25,890	52,966
Travelling and conveyance	5,798	5,591	11,389
Printing and stationery	821	439	1,260
Legal and professional charges	2,537	5,491	8,028
Laboratory expenses	160	50	210
Depreciation	264,585	405,082	669,667
Amortisation	2,125	219	2,344
Repairs and maintenance	31,654	14,158	45,812
Communication	3,521	1,857	5,378
Stores written-off	-	115	115
Others	6,523	7,081	13,604
	3,630,290	3,279,357	6,909,647
Work-in-process			
Opening	171,321	-	171,321
Closing	(130,711)	(425,910)	(556,621)
Cost of goods manufactured	3,670,900	2,853,447	6,524,347
Finished goods			
Opening	74,576	-	74,576
Closing	(62,604)	(104,038)	(166,642)
	3,682,872	2,749,409	6,432,281

32.3 DISTRIBUTION COSTS

Salaries, wages and benefits	114,029	88,089	202,118
Export expenses	583	107	690
Travelling and conveyance	2,958	1,625	4,583
Staff training expenses	282	139	421
Vehicle running expenses	8,799	2,301	11,100
Communication	5,050	665	5,715
Printing and stationery	1,363	395	1,758
Rent, rates and taxes	6,829	2,369	9,198
Utilities	6,555	1,834	8,389
Repairs and maintenance	6,631	923	7,554
Insurance	2,679	116	2,795
Advertisement	3,883	6,150	10,033
Entertainment	1,576	625	2,201
Depreciation	9,257	813	10,070
Amortisation	345	-	345
License and subscription	393	871	1,264
Others	1,202	562	1,764
	172,414	107,584	279,998

32.4 ADMINISTRATIVE EXPENSES

	2017		
	Line - I	Line - II	Total
	(Rupees in '000)		
Salaries, wages and benefits	89,214	56,704	145,918
Travelling and conveyance	4,790	2,108	6,898
Staff training expenses	252	54	306
Vehicle running expenses	3,787	1,861	5,648
Communication	4,752	1,090	5,842
Printing and stationery	3,721	612	4,333
Rent, rates and taxes	1,981	1,722	3,703
Utilities	1,151	446	1,597
Repairs and maintenance	10,036	848	10,884
Legal and professional charges	8,281	7,455	15,736
Insurance	3,359	392	3,751
License and subscription	2,988	1,477	4,465
Advertisement	996	58	1,054
Depreciation	9,272	904	10,176
Amortisation	265	33	298
Entertainment	1,986	44	2,030
Others	1,578	892	2,470
	148,409	76,700	225,109

32.5 OTHER EXPENSES

	Line - I	Line - II	Total
Workers' Profits Participation Fund	75,760	54,490	130,250
Auditors' remuneration	2,835	86	2,921
Donations	7,508	1,170	8,678
Exchange loss	1,540	-	1,540
	87,643	55,746	143,389

32.6 OTHER INCOME

	Line - I	Line - II	Total
Income from financial assets			
Profit on bank accounts – conventional banks	1,138	-	1,138
Gain on redemption of short-term investments – non-Shariah compliant	2,186	-	2,186
Dividend income from a related party – Cherat Packaging Limited	21,973	-	21,973
	25,297	-	25,297
Income from non-financial assets			
Gain on disposal of operating property, plant and equipment	19,101	-	19,101
Reversal of WWF	35,040	-	35,040
Scrap sales	2,944	50,914	53,858
Miscellaneous income	88	-	88
	57,173	50,914	108,087
	82,470	50,914	133,384

32.7 FINANCE COSTS

	Line - I	Line - II	Total
Islamic banks			
Mark-up on long-term financing	2,702	130,185	132,887
Mark-up on short-term borrowings	433	-	433
Bank charges and commission	317	-	317
	3,452	130,185	133,637
Conventional banks			
Mark-up on long-term financing	-	21,540	21,540
Mark-up on short-term borrowings	22,586	-	22,586
Bank charges and commission	9,651	-	9,651
	32,237	21,540	53,777
Interest on workers' profits participation fund	801	-	801
	36,490	151,725	188,215

32.8 TAXATION

	2017		
	Line - I	Line - II	Total
	(Rupees in '000)		
Current	(187,883)	-	(187,883)
Prior	37,165	-	37,165
Deferred	148,270	(550,781)	(402,511)
	(2,448)	(550,781)	(553,229)

32.9 Operating property, plant and equipment

32.9.1 Operating property, plant and equipment – Line - I

2017 Description	COST			DEPRICIATION				Book Value as at June 30, 2017	Depreciation rate % per annum
	As at July 01, 2016	Additions/ (disposals)/ (transfers)*	As at June 30, 2017	As at July 01, 2016	Disposals/ (transfers)*	Charged for the year	As at June 30, 2017		
	(Rupees in '000)								
Freehold land	1,605	-	1,605	-	-	-	-	1,605	-
Leasehold land	7,065	-	7,065	-	-	-	-	7,065	-
Building on leasehold land	630,166	21,871	652,037	385,814	-	18,478	404,292	247,745	7.5
Plant and machinery	5,864,491	214,629 (76,516)	6,002,604	3,396,945	(36,739)	185,591	3,545,797	2,456,807	5-7.5
Power and other installations	169,225	19,002 (223)	188,004	90,960	(123)	8,151	98,988	89,016	10-20
Furniture and fittings	26,507	767 (36) (38)*	27,200	17,874	(32) (5)*	800	18,637	8,563	10-20
Quarry, factory and laboratory equipment	562,883	98,005 (14,743)*	646,145	363,257	(2,972)*	34,161	394,446	251,699	10-20
Motor vehicle	222,365	51,247 (29,268) (3,917)*	240,427	101,384	(21,571) (1,047)*	28,955	107,721	132,706	20
Office equipment	19,501	6,975 (635) (2,818)*	23,023	11,475	(427) (386)*	1,219	11,881	11,142	10-20
Computer	63,750	14,914 (690) (945)*	77,029	55,248	(687) (446)*	6,969	61,084	15,945	33.33
	7,567,558	427,410 (107,368) (22,461)*	7,865,139	4,422,957	(59,579) (4,856)*	284,324	4,642,846	3,222,293	

32.9.2 Operating property, plant and equipment – Line - II

2017 Description	COST			DEPRICIATION				Book Value as at June 30, 2017	Depreciation rate % per annum
	As at July 01, 2016	Additions/ transfers*	As at June 30, 2017	As at July 01, 2016	transfers*	Charged for the year	As at June 30, 2017		
	(Rupees in '000)								
Building on leasehold land	-	1,958,038	1,958,038	-	-	73,426	73,426	1,884,612	7.5
Plant and machinery	-	6,007,969	6,007,969	-	-	224,061	224,061	5,783,908	5-7.5
Power and other installations	-	2,066,190	2,066,190	-	-	103,331	103,331	1,962,859	10-20
Furniture and fittings	-	19,410	19,448	-		971	976	18,472	10-20
		38*			5*				
Quarry, factory and laboratory equipment	-	5,137	19,880	-		1,863	4,835	15,045	10-20
		14,743*			2,972*				
Motor vehicle	-	2,490	6,407	-		330	1,377	5,030	20
		3,917*			1,047*				
Office equipment	-	10,891	13,709	-		651	1,037	12,672	10-20
		2,818*			386*				
Computer	-	4,850	5,795	-		956	1,402	4,393	33.33
		945*			446*				
	-	10,074,975	10,097,436	-		405,589	410,445	9,686,991	
		22,461*			4,856*				

32.10 STORES, SPARE PARTS AND LOOSE TOOLS

	2017		
	Line - I	Line - II	Total
	(Rupees in '000)		
Stores	437,430	659,918	1,097,348
Spare parts	664,474	223,721	888,195
Loose tools	719	-	719
	1,102,623	883,639	1,986,262
Stores and spare parts in transit	8,827	215,223	224,050
	1,111,450	1,098,862	2,210,312

32.11 STOCK-IN-TRADE

Raw and packing material	-	120,557	120,557
Work-in-process	130,711	425,910	556,621
Finished goods	62,604	104,038	166,642
	193,315	650,505	843,820

33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company's activities expose it to a variety of financial risks i.e. market risk (including currency risk, interest rate risk and price risk), credit risk and liquidity risk. The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial performance.

The Company's senior management oversees the management of these risks. The Company's senior management provides policies for overall risk management, as well as policies covering specific areas such as foreign exchange risk, interest rate risk, and credit risk, use of financial derivatives, financial instruments and investment of excess liquidity. It is the Company's policy that no trading in derivatives for speculative purposes shall be undertaken. The Board of Directors review and agree policies for managing each of these risks which are summarized below:

33.1 Market risk

Market risk is the risk that fair value of future cash flows will fluctuate because of changes in market prices. Market prices comprise three types of risk: interest rate risk, currency risk and equity price risk, such as equity risk.

33.1.1 Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the financial instruments will fluctuate because of changes in the market interest rates. The Company's interest rate risk arises from long-term and short-term borrowings obtained with floating rates. All the borrowings of the Company are obtained in the functional currency. The following figures demonstrate the sensitivity to a reasonably possible change in interest rate, with all other variables held constant, of the Company's profit before tax:

	(Increase) /decrease in basis points	Effect on profit before tax
2017		(Rupees in '000)
KIBOR	+200	(128,020)
KIBOR	-200	128,020
2016		
KIBOR	+200	(7,419)
KIBOR	-200	7,419

33.1.2 Currency risk

Currency risk is the risk that the value of financial assets or a financial liability will fluctuate due to a change in a foreign exchange rate. It arises mainly where receivables and payables exist due to transactions in foreign currency. The Company's exposure to the risk of changes in foreign exchange rates relate primarily to the Company's operating activities (when revenue or expenses are denominated in a different currency from the Company's functional currency). The management keeps on evaluating different options available for hedging purposes.

33.1.3 Equity price risk

The Company's listed equity securities are susceptible to market price risk arising from uncertainties about future values of the investment securities.

At the balance sheet date, the exposure to listed equity securities was Rs. 558.585 million. A decrease of 10% in the share price of these securities would have an impact of approximately Rs. 55.86 million on the other comprehensive income or profit and loss account depending whether or not the decline is significant and prolonged. An increase of 10% in the share price of the listed security would impact other comprehensive income with the similar amount.

33.2 Credit risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company's exposure to credit risk is minimal as the Company receives advance against sales.

33.2.1 Credit quality of financial assets

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings or to historical information about counterparty default rates:

	2017	2016
	(Rupees in '000)	
Long-term investments		
Counter parties without credit rating	558,585	702,443
Bank balances		
A1+	37,259	19,636
A1	491	103
	37,750	19,739

33.3 Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company applies prudent liquidity risk management by maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities.

The table below summarizes the maturity profile of the Company's financial liabilities based on contractual undiscounted payments.

	2017					2016				
	INTEREST / MARKUP / PROFIT BEARING			NON-INTEREST BEARING	Total	INTEREST / MARKUP / PROFIT BEARING			NON-INTEREST BEARING	Total
	Less than one year	One to five years	Total			Less than one year	One to five years	Total		
	(Rupees in '000)									
Long-term financing	60,057	4,840,508	4,900,565	-	4,900,565	40,770	3,982,107	4,022,877	-	4,022,877
Long-term deposits	-	-	-	15,741	15,741	-	-	-	14,121	14,121
Trade and other payables	-	-	-	682,714	682,714	-	-	-	1,180,627	1,180,627
Accrued mark-up	-	-	-	146,343	146,343	-	-	-	73,170	73,170
Short-term borrowings	1,500,411	-	1,500,411	-	1,500,411	207,876	-	207,876	-	207,876
Unclaimed dividend	-	-	-	51,713	51,713	-	-	-	42,972	42,972
	1,560,468	4,840,508	6,400,976	896,511	7,297,487	248,646	3,982,107	4,230,753	1,310,890	5,541,643

Effective interest / yield rates for the financial liabilities are mentioned in the respective notes to the financial statements.

33.4 Capital risk management

The primary objective of the Company's capital management is to maintain healthy capital ratios, strong credit rating and optimal capital structures in order to ensure ample availability of finance for its existing and potential investment projects, to maximize shareholders value and reduce the cost of capital.

The Company manages its capital structure and makes adjustment to it, in light of changes in economic conditions. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividend paid to shareholders, return capital to shareholders or issue new shares.

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

The gearing ratios as at June 30, 2017 and 2016 are as follows:

	2017	2016
	(Rupees in '000)	
Long-term financing	4,900,565	4,022,877
Accrued mark-up	146,343	73,170
Short-term borrowings	1,500,411	207,876
Total debt	6,547,319	4,303,923
Cash and cash equivalents	(45,814)	(23,002)
Net debt	6,501,505	4,280,921
Share capital	1,766,318	1,766,318
Reserves	8,695,389	7,373,870
Total capital	10,461,707	9,140,188
Capital and net debt	16,963,212	13,421,109
Gearing ratio	38.33%	31.90%

The Company finances its expansion projects through equity, borrowings and management of its working capital with a view to maintain an appropriate mix between various sources of finance to minimize risk.

33.5 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.

Financial assets which are tradable in an open market are revalued at the market prices prevailing on the balance sheet date. The estimated fair value of all other financial assets and liabilities is considered not significantly different from book value.

The following table shows financial instruments recognised at fair value, analysed between those whose fair value is based on:

Level 1: Quoted prices in active markets for identical assets or liabilities;

Level 2: Those involving inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices); and

Level 3: Those whose inputs for the asset or liability that are not based on observable market date (unobservable inputs).

The table below categorized financial instruments by the level in the fair value hierarchy into which the fair value measurement is categorised:

	2017			
	Level 1	Level 2	Level 3	Total
	(Rupees in '000)			
Listed shares	558,585	-	-	558,585

	2016			
	Level 1	Level 2	Level 3	Total
	(Rupees in '000)			
Listed shares	702,443	-	-	702,443

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

34. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

	2017		2016	
	Chief Executive	Executives	Chief Executive	Executives
	(Rupees in '000)			
Managerial remuneration	33,584	332,672	27,639	292,210
Housing allowance	1,452	105,236	1,452	89,623
Retirement benefits	3,676	34,313	3,290	29,066
Utilities	895	22,768	823	19,371
Leave fare assistance	1,838	20,395	1,645	19,207
	41,445	515,384	34,849	449,477
Number	1	192	1	166

34.1 The Chief Executive and an executive have been provided with furnished accommodation. Further, the Chief Executive and certain executives are also provided with the use of company maintained cars, telephone facility, utilities and some other facilities, which are reimbursed at actual to the extent of their entitlements.

34.2 The aggregate amount charged in the financial statements for meeting fee to 7 non – executive directors amounted to Rs. 2.08 million (2016: 7 directors - Rs. 2.36 million).

34.3 No remuneration was paid to any of the directors other than the Chief Executive.

35. TRANSACTIONS WITH RELATED PARTIES

Related parties comprise of group companies, directors, executives and retirement funds. Transactions with related parties, other than those disclosed elsewhere in the financial statements, are as follows:

Relationship	**Nature of transactions**	2017	2016
		(Rupees in '000)	
Group companies	Purchases	874,005	592,454
	Sale of goods	11,029	8,518
	Purchase of fixed asset	49,275	-
	Dividend received	21,973	14,578
	I.T support charges	13,518	11,814
	Dividend paid	159,865	191,459
Other related parties	Insurance premium	43,153	40,539

In addition, certain actual administrative expenses are being shared amongst the group companies.

36. NUMBER OF EMPLOYEES

Total number of persons employed as at the year end were 749 (2016: 581) and average number of employees during the year were 665 (2016: 560).

37. CAPACITY – CLINKER

	2017	2016
	Tons	
Annual installed capacity as of June 30	2,260,000	1,000,000
Actual production	1,518,520	897,440

In view of installation of line – II during the year, the production capacity of the Company has been enhanced. Actual production is less than the installed capacity due to commissioning of Line II in January 2017, planned maintenance shut down and in line with the industry demand.

38. DATE OF AUTHORISATION

These financial statements were authorised for issue on 23 August, 2017 by the Board of Directors of the Company.

39. DIVIDEND AND APPROPRIATIONS

39.1 Subsequent to year ended June 30, 2017, the Board of Directors in its meeting held on August 23, 2017 has proposed final cash dividend @ Rs. 3.50/- per share amounting to Rs. 618.21 million (2016: Rs. 2.25/- per share amounting to Rs. 397.42 million) for approval of the members at the Annual General Meeting. This is in addition to the interim cash dividend @ Re. 1/- per share amounting to Rs. 176.63 million (2016: Re. 1/- per share amounting to Rs. 176.63 million) approved by the Board of Directors for the year ended June 30, 2017.

39.2 Under section 5A of the Income Tax Ordinance, 2001 (the Ordinance), every public company is obligated to pay tax at the rate of 7.50% on its accounting profit before tax if it derives profit for a tax year but does not distribute at least 40% of its after tax profits within six months of the end of the tax year, through cash or bonus shares.

Based on the above fact, the Board of Directors of the Company has proposed / approved cash dividend amounting to Rs. 794.84 million for the financial and tax year 2017 which exceeds the prescribed minimum dividend requirement as referred above. Accordingly, no further tax provision has been recorded under section 5A of the Ordinance.

40. CORRESPONDING FIGURES

There were no reclassifications that could affect the financial statements materially.

41. GENERAL

Figures have been rounded off to the nearest thousand of Rupees unless otherwise stated.

Omar Faruque Chairman	Azam Faruque Chief Executive	Yasir Masood Chief Financial Officer

Pattern of Shareholding

as at June 30, 2017

No. of Shareholders	Shareholding From	To	Shares Held
726	1	100	31,371
1117	101	500	384,121
562	501	1000	468,890
1048	1001	5000	2,817,875
391	5001	10000	3,018,253
155	10001	15000	1,924,734
89	15001	20000	1,571,072
88	20001	25000	2,038,948
36	25001	30000	1,011,961
20	30001	35000	651,824
24	35001	40000	900,238
24	40001	45000	1,004,434
26	45001	50000	1,252,470
13	50001	55000	679,264
9	55001	60000	520,720
8	60001	65000	498,749
10	65001	70000	673,501
7	70001	75000	511,576
3	75001	80000	229,160
12	80001	85000	988,233
3	85001	90000	266,735
7	90001	95000	650,280
18	95001	100000	1,791,003
1	100001	105000	104,500
3	105001	110000	322,864
3	110001	115000	341,374
6	115001	120000	715,039
3	120001	125000	367,400
1	125001	130000	126,090
1	130001	135000	132,000
1	135001	140000	138,600
1	140001	145000	144,000
2	145001	150000	295,100
2	150001	155000	305,384
2	160001	165000	324,591
1	165001	170000	167,500
1	170001	175000	175,000
1	175001	180000	178,300
3	185001	190000	560,014
1	190001	195000	193,065
1	195001	200000	200,000
1	205001	210000	209,000
1	215001	220000	216,900
3	220001	225000	669,101
1	230001	235000	231,500
3	235001	240000	711,727
2	240001	245000	485,831
4	245001	250000	995,023
3	250001	255000	760,898
1	255001	260000	256,000
1	265001	270000	267,805
2	275001	280000	556,300
4	295001	300000	1,195,300
1	320001	325000	320,401
1	330001	335000	334,784
1	335001	340000	337,476
1	345001	350000	346,800
1	350001	355000	351,000
1	355001	360000	360,000
1	370001	375000	374,000
1	380001	385000	383,000
3	395001	400000	1,200,000

No. of Shareholders	Shareholding From	To	Shares Held
1	425001	430000	429,500
1	450001	455000	451,391
1	465001	470000	468,500
1	495001	500000	500,000
1	565001	570000	566,200
1	590001	595000	591,700
1	615001	620000	617,234
1	620001	625000	624,800
1	630001	635000	633,660
1	635001	640000	637,576
2	675001	680000	1,354,850
1	710001	715000	712,200
1	715001	720000	719,192
1	720001	725000	724,100
1	725001	730000	725,784
1	735001	740000	736,143
1	785001	790000	786,000
1	805001	810000	805,343
1	810001	815000	815,000
1	815001	820000	819,000
1	825001	830000	826,200
1	865001	870000	867,000
1	985001	990000	990,000
2	995001	1000000	1,994,909
1	1060001	1065000	1,060,600
1	1120001	1125000	1,121,250
1	1135001	1140000	1,136,100
1	1205001	1210000	1,208,254
1	1240001	1245000	1,241,655
1	1280001	1285000	1,282,802
1	1290001	1295000	1,291,700
1	1340001	1345000	1,341,600
1	1390001	1395000	1,393,200
1	1405001	1410000	1,406,633
1	1460001	1465000	1,460,600
1	1505001	1510000	1,506,000
2	1570001	1575000	3,143,626
1	1585001	1590000	1,585,940
1	1715001	1720000	1,716,597
1	1735001	1740000	1,739,578
1	1990001	1995000	1,995,000
1	2030001	2035000	2,034,658
1	2090001	2095000	2,093,533
1	2195001	2200000	2,199,093
1	2400001	2405000	2,403,000
1	2860001	2865000	2,861,361
1	3020001	3025000	3,024,668
1	3135001	3140000	3,139,803
1	3210001	3215000	3,214,164
1	4240001	4245000	4,843,362
1	4640001	4645000	4,642,600
1	5445001	5450000	5,445,508
1	5770001	5775000	5,770,252
1	7090001	7095000	7,093,212
1	7525001	7530000	7,526,658
1	37070001	37075000	37,073,485
4526			176,631,853

Categories of Shareholding

as at June 30, 2017

Shareholders' Category	No. of Shareholders	Shares Held	Percentage
Directors and their spouse(s) and minor children			
MR. OMAR FARUQUE	1	1,571,626	0.89
MRS. SHAMAIN AKBAR FARUQUE W/O MR. OMAR FARUQUE	1	360,000	0.20
MR. AZAM FARUQUE	1	1,716,597	0.97
MRS. SAMIA FARUQUE W/O MR. AZAM FARUQUE	1	52,710	0.03
MR. AKBARALI PESNANI	1	83,013	0.05
MRS. SAKINA PESNANI W/O MR. AKBARALI PESNANI	1	65,893	0.04
MR. SHEHRYAR FARUQUE	1	617,234	0.35
MR. ARIF FARUQUE	1	3,024,668	1.71
MR. SAQUIB H. SHIRAZI	1	59,001	0.03
MR. ASIF QADIR	1	500	0.00
Associated Companies, undertakings and related parties			
FARUQUE (PRIVATE) LIMITED	1	37,073,485	20.99
CHERAT PACKAGING LIMITED	1	4,843,362	2.74
MIRPURKHAS SUGAR MILLS LIMITED	1	5,770,252	3.27
GREAVES PAKISTAN (PRIVATE) LIMITED	1	2,199,093	1.25
ZENSOFT (PRIVATE) LIMITED	1	20,000	0.01
Executive	1	1,406,633	0.80
Public Sector Companies and Corporations	9	1,324,064	0.75
Banks, development finance institutions, non-banking finance companies, insurance companies, takaful, modarabas and pension funds	47	17,896,766	10.13
Mutual Funds			
CDC - TRUSTEE MCB PAKISTAN STOCK MARKET FUND	1	1,572,000	0.89
CDC - TRUSTEE PICIC INVESTMENT FUND	1	990,000	0.56
CDC - TRUSTEE PICIC GROWTH FUND	1	1,995,000	1.13
CDC - TRUSTEE ALHAMRA ISLAMIC STOCK FUND	1	320,401	0.18
CDC - TRUSTEE ATLAS STOCK MARKET FUND	1	250,000	0.14
CDC - TRUSTEE MEEZAN BALANCED FUND	1	819,000	0.46
CDC - TRUSTEE AKD INDEX TRACKER FUND	1	24,796	0.01
CDC - TRUSTEE AL MEEZAN MUTUAL FUND	1	1,585,940	0.90
CDC - TRUSTEE MEEZAN ISLAMIC FUND	1	7,093,212	4.02
CDC - TRUSTEE UBL STOCK ADVANTAGE FUND	1	1,060,600	0.60
CDC - TRUSTEE ATLAS ISLAMIC STOCK FUND	1	175,000	0.10
CDC - TRUSTEE AL-AMEEN SHARIAH STOCK FUND	1	1,341,600	0.76
CDC - TRUSTEE ASKARI ASSET ALLOCATION FUND	1	25,000	0.01
CDC - TRUSTEE ALFALAH GHP ISLAMIC STOCK FUND	1	1,136,100	0.64
CDC - TRUSTEE HBL - STOCK FUND	1	724,100	0.41
CDC - TRUSTEE HBL MULTI - ASSET FUND	1	95,000	0.05
CDC - TRUSTEE NIT-EQUITY MARKET OPPORTUNITY FUND	1	637,576	0.36
MCFSL - TRUSTEE ASKARI ISLAMIC ASSET ALLOCATION FUND	1	16,000	0.01
CDC - TRUSTEE HBL ISLAMIC STOCK FUND	1	178,300	0.10
CDC - TRUSTEE PICIC STOCK FUND	1	69,000	0.04
CDC - TRUSTEE ASKARI EQUITY FUND	1	28,500	0.02
CDC - TRUSTEE KSE MEEZAN INDEX FUND	1	221,301	0.13
CDC - TRUSTEE FIRST HABIB ISLAMIC STOCK FUND	1	13,000	0.01
CDC - TRUSTEE PIML STRATEGIC MULTI ASSET FUND	1	45,000	0.03
CDC - TRUSTEE PIML ISLAMIC EQUITY FUND	1	69,000	0.04
CDC - TRUSTEE NATIONAL INVESTMENT (UNIT) TRUST	1	7,526,658	4.26
CDC - TRUSTEE PICIC ISLAMIC STOCK FUND	1	145,400	0.08
CDC - TRUSTEE PIML VALUE EQUITY FUND	1	55,500	0.03
CDC - TRUSTEE NIT ISLAMIC EQUITY FUND	1	712,200	0.40
CDC - TRUSTEE AL AMEEN ISLAMIC DEDICATED EQUITY FUND	1	2,034,658	1.15
CDC - TRUSTEE HBL ISLAMIC ASSET ALLOCATION FUND	1	121,400	0.07

Shareholders’ Category	No. of Shareholders	Shares Held	Percentage
CDC - TRUSTEE MEEZAN ASSET ALLOCATION FUND	1	256,000	0.14
CDC - TRUSTEE UBL CAPITAL PROTECTED FUND-III	1	35,000	0.02
CDC - TRUSTEE FAYSAL BALANCED GROWTH FUND	1	15,000	0.01
CDC - TRUSTEE ALFALAH GHP VALUE FUND	1	249,300	0.14
CDC - TRUSTEE NAFA STOCK FUND	1	2,403,000	1.36
CDC - TRUSTEE NAFA ISLAMIC ASSET ALLOCATION FUND	1	566,200	0.32
CDC - TRUSTEE ALFALAH GHP STOCK FUND	1	236,000	0.13
CDC - TRUSTEE ALFALAH GHP ALPHA FUND	1	149,700	0.08
CDC - TRUSTEE NAFA ASSET ALLOCATION FUND	1	216,900	0.12
CDC - TRUSTEE HBL IPF EQUITY SUB FUND	1	49,100	0.03
CDC - TRUSTEE HBL PF EQUITY SUB FUND	1	50,000	0.03
MCBFSL - TRUSTEE PAK OMAN ADVANTAGE ASSET ALLOCATION FUND	1	91,000	0.05
MCBFSL - TRUSTEE PAK OMAN ISLAMIC ASSET ALLOCATION FUND	1	121,000	0.07
CDC - TRUSTEE UBL ASSET ALLOCATION FUND	1	112,000	0.06
CDC - TRUSTEE AL-AMEEN ISLAMIC ASSET ALLOCATION FUND	1	374,000	0.21
CDC - TRUSTEE UBL RETIREMENT SAVINGS FUND - EQUITY SUB FUND	1	224,300	0.13
CDC - TRUSTEE ABL PENSION FUND - EQUITY SUB FUND	1	12,500	0.01
CDC - TRUSTEE NAFA ISLAMIC STOCK FUND	1	1,460,600	0.83
CDC - TRUSTEE NITIPF EQUITY SUB-FUND	1	7,500	0.00
CDC - TRUSTEE NITPF EQUITY SUB-FUND	1	7,500	0.00
CDC - TRUSTEE PIML ASSET ALLOCATION FUND	1	104,500	0.06
CDC - TRUSTEE NAFA ISLAMIC ACTIVE ALLOCATION EQUITY FUND	1	591,700	0.33
CDC - TRUSTEE AGIPF EQUITY SUB-FUND	1	6,200	0.00
CDC - TRUSTEE AGPF EQUITY SUB-FUND	1	4,800	0.00
General Public	4263	44,853,723	25.40
OTHERS	136	15,268,191	8.64
Total	4526	176,631,853	100.00

	Shares Held	Percentage
Shareholders holding 5% or more		
FARUQUE (PRIVATE) LIMITED	37,073,485	20.99

(ix) تازہ ترین آڈٹ شدہ مالیاتی اسٹیٹمنٹ کی بنیاد پر مطلوبہ خریدی جانے والی سیکورٹیز کی بریک اپ ویلیو	135.68 روپے
(x) گزشتہ تین سال میں ایسوسی ایٹڈ کمپنی یا ایسوسی ایٹڈ انڈرٹیکنگ کی فی شیئر آمدنی	جون 2015: 22.89 روپے جون 2016: 31.02 روپے جون 2017: 23.71 روپے
(xi) سیکورٹیز کی خریداری کے لئے درکار فنڈ کے ذرائع	CCCL اپنے ذرائع سے سرمایہ کاری کرے گی۔
(xii) قرضہ کے فنڈ سے خریدی جانے والی مطلوبہ سیکورٹیز کس طرح حاصل کی جائیں گی۔ (I) قرضہ کے ذریعہ سرمایہ کاری کا جواز، اور (II) ان فنڈز کیلئے ضمانتوں اور اثاثوں کے رہن رکھنے کی تفصیلات	لاگو نہیں ہے۔
(xiii) مجوزہ سرمایہ کاری کیلئے ایسوسی ایٹڈ کمپنی یا ایسوسی ایٹڈ انڈرٹیکنگ کے ساتھ معاہدے (معاہدوں)، اگر کئے گئے ہوں، کے خاص خاص نکات۔	لاگو نہیں ہے۔
(xiv) منسلک کمپنی یا منسلک انڈرٹیکنگ یا زیرِ غور لین دین میں ڈائریکٹرز، سرپرست، حصص داران کی اکثریت اور ان کے رشتہ داروں کے براہ راست یا بالواسطہ مفادات	جناب اکبر علی پیسنانی، جناب شہریار فاروق اور جناب عارف فاروق چراٹ پیکیجنگ لمیٹڈ کے ڈائریکٹر ہیں۔ تاہم ان کے اس معاملہ میں براہ راست یا بالواسطہ کوئی دلچسپی نہیں ہے سوائے اس کے کہ سرمایہ کار کمپنی کے شیئرز میں اضافہ کرنا چاہتے ہیں۔
(xv) مزید کوئی تفصیلات جو ممبرز کے لین دین کو سمجھنے کیلئے ضروری ہوں۔	کوئی نہیں۔

کمپنیز (منسلک کمپنیوں یا منسلک انڈرٹیکنگ میں سرمایہ کاری) کے ضوابط 2012 کے ضابطہ (3)3 کے مطابق انڈرٹیکنگ:

ڈائریکٹرز نے وضاحت کی ہے کہ انہوں نے مجوزہ لین دین کے معاملہ، خاص طور پر چراٹ پیکیجنگ لمیٹڈ میں سرمایہ کاری کے بارے میں تمام مطلوبہ ضروری اقدامات مکمل کر لئے ہیں۔

293,599 شیئرز سبسکرائب کرنے کی حقدار ہے۔ تاہم یہ کسی دستیاب رائٹ شیئر کو سبسکرائب کر کے مزید 306,401 شیئر خرید سکتی ہے۔ سرمایہ کاری کی تفصیلات درج ذیل ہیں:

(i) منسلک کمپنی کا نام یا منسلک انڈرٹیکنگ مع اہلیت جس کی بناء پر یہ اشتراک قائم کیا گیا ہے۔	چراٹ پیکیجنگ لمیٹڈ (CPL) جناب اکبر علی پیسنانی، جناب عارف فاروق اور جناب شہر یار فاروق بھی CPL کے ڈائریکٹرز ہیں۔
(ii) مقصد، فائدے اور سرمایہ کاری کی مدت	چراٹ سیمنٹ کمپنی لمیٹڈ (CCCL) CPL کی جانب سے پیش کئے گئے رائٹ شیئرز کی سبسکرائب کے ذریعہ 75 ملین روپے تک کی ایکویٹی سرمایہ کاری کرنے کا ارادہ رکھتی ہے۔ CPL کے ڈیوڈنڈ سے CCCL کو فائدہ ہوگا کہ یہ اس کی اضافی آمدنی کا ذریعہ ہوگا جس کا فائدہ کمپنی کے حصص داران کو پہنچے گا۔ مزید یہ کہ ایک اچھے اثاثہ ہونے کے باعث کمپنی کے مالیاتی اسٹیٹمنٹ مضبوط ہوں گے اور اس کے رسک میں بھی تنوع آئے گا۔ یہ CCCL کی طویل مدت کی سرمایہ کاری ہوگی۔
(iii) سرمایہ کاری کی زیادہ سے زیادہ رقم	CCCL - CPL کی جانب سے پیش کئے گئے رائٹ شیئرز کی سبسکرائب کے ذریعہ 75 ملین روپے تک کی ایکویٹی سرمایہ کاری کرنے کا ارادہ رکھتی ہے۔
(iv) زیادہ سے زیادہ قیمت، جس پر سیکورٹیز خریدی جائیں گی۔	-/125 روپے فی شیئر جس میں -/115 روپے فی شیئر کا پریمیم بھی شامل ہے
(v) خریدی جانے والی سیکورٹیز کی زیادہ سے زیادہ تعداد	600,000 شیئرز تک خریدے جائیں گے۔
(vi) مجوزہ سرمایہ کاری سے قبل اور بعد میں کل ملکیتی سیکورٹیز کی تعداد اور شرح	خریداری سے قبل: 2,174,808 شیئرز 7.35% خریداری کے بعد: (زیادہ سے زیادہ) 2,774,808 شیئرز 8.25%
(vii) لسٹڈ سیکورٹیز میں سرمایہ کاری کی صورت میں گزشتہ بارہ ہفتے کی اوسط قیمت کے لحاظ سے مطلوبہ سیکورٹیز کی اوسط قیمت	253.35 روپے
(viii) غیر لسٹڈ سیکورٹیز میں سرمایہ کاری کی صورت میں ایسی سیکورٹیز کی منصفانہ مارکیٹ ویلیو، جس کا تعین ریگولیشن (1)6 کی شرائط میں کیا گیا ہے۔	لاگو نہیں ہے۔

کمپنیز ایکٹ 2017 کے سیکشن 134 کے تحت اسٹیٹمنٹ

"خصوصی امور" سے متعلق اہم حقائق کے اسٹیٹمنٹ کی کارروائی 16 اکتوبر 2017 کو منعقد ہونے والے کمپنی کے سالانہ اجلاس عام میں انجام پائے گی۔ درج ذیل کے بارے میں کمپنی کے ممبران سے منظوری حاصل کی جائے گی:

سرمایہ کاری کے بارے میں معلومات

آئٹم نمبر 5

چراٹ سیمنٹ کمپنی لمیٹڈ (CCCL) چراٹ پیکیجنگ لمیٹڈ (CPL) کی شیئر ہولڈر ہے اور گزشتہ کئی سال سے اپنی سرمایہ کاری پر ڈیویڈنڈ کی آمدنی باقاعدہ حاصل کررہی ہے۔ CPL سیک کرافٹ پیپر اور پولی پروپیلین (PP) بیگس کی صف اول کا مینوفیکچرر اور سپلائر ادارہ ہے۔ CPL نے اپنے تجارتی آپریشنز 1991 میں شروع کیں اور یہ پاکستان اسٹاک ایکسچینج میں لسٹڈ ہے۔ یہ پاکستان میں سیمنٹ کی صنعت کیلئے پیپر اور پولی پروپیلین (PP) بیگس کے سب سے بڑے پروڈیوسر اور سپلائر ہیں۔

CPL کئی سال سے مسلسل ترقی کی تاریخ کی حامل ہے۔ اپنی متنوع حکمت عملی کے حصہ کے طور پر لچکدار پیکیجنگ کے شعبہ میں شامل ہونے کا فیصلہ کیا ہے جو دنیا بھر میں تیزی سے ترقی کرتا ہوا شعبہ ہے اور اس کاروبار میں مزید فروغ کی بہت زیادہ گنجائش ہے۔

اس تیزی سے ابھرتی ہوئی صارفین کی مارکیٹ کے پیش نظر اعلیٰ ترین معیاری سامان کے حصول کیلئے سرمایہ کاری کرنے کا فیصلہ کیا گیا ہے تا کہ اس شعبہ میں پہلے سے قائم بڑے اداروں کے ساتھ مسابقتی کردار ادا کیا جا سکے۔ اس سلسلے میں معروف یورپین سپلائرز سے پلانٹ کی خریداری کا آرڈر دیا جا چکا ہے اور اس صنعت کے صف اول کے مشین سپلائر میسرز ونڈمولر اینڈ ہولسچر (Windmoller & Holscher) سے بنیادی نوعیت کا سامان خریدا جارہا ہے۔ اس طرح CPL پاکستان کی سب سے پہلی کمپنی بن جائے گی جو ایک ہی وقت میں روٹو، فلیکسو، ایکسٹروژن اور سیلنڈ تیار کرے گی۔ یہ پلانٹ صوبہ خیبر پختونخوا کے علاقے گدون امازئی میں نصب کیا جائے گا جہاں ہماری موجودہ فیکٹری کے نزدیک 18 ایکڑ زمین خرید لی گئی ہے۔ اس منصوبہ کی کل لاگت 1.7 بلین روپے ہے اور امید ہے کہ یہ جولائی 2018 تک مکمل ہو جائے گا۔ اس منصوبہ کی بدولت کمپنی کو اپنے آپریشنز میں مزید تنوع لانے کا موقع ملے گا اور مقرر کردہ قیمت کو بہتر جگہ استعمال کرنے سے اس کی منفعت میں اضافہ ہوگا۔

اس منصوبہ کے مالیاتی وسائل کیلئے CPL نے کمپنی کے موجودہ ادا شدہ سرمایہ پر 13.50% رائٹ شیئرز کے اجراء کا اعلان کیا ہے جو ہر 100 شیئرز کیلئے 13.50 شیئر کی شرح سے جاری کئے جائیں گے۔ یہ رائٹ شیئرز -/125 روپے فی شیئر کی قیمت پر جاری ہوں گے جن میں -/115 روپے فی شیئر پریمیم بھی شامل ہے۔ CPL میں موجودہ شیئر ہولڈنگ کے باعث CCCL

ہیں، ان کو مطلع کیا جاتا ہے کہ وہ تصدیق کے لئے اپنا اصل کمپیوٹرائزڈ قومی شناختی کارڈ مع CDS میں اپنے اکاؤنٹ نمبر اور شراکت دار کا آئی ڈی نمبر ہمراہ لائیں۔ پراکسی کے تقرر کی صورت میں ایسے اکاؤنٹ ہولڈر /سب اکاؤنٹ ہولڈر کو SECP کے سرکلر مجریہ 26 جنوری 2000 کی رہنما ہدایات پر عمل کرنا ہوگا۔

۴۔ کمپنی کے شیئر ہولڈرز سے درخواست ہے کہ وہ اپنے پتے میں کسی تبدیلی کی صورت میں فوری طور پر کمپنی کے شیئر رجسٹرار کو مطلع کریں۔

۵۔ وہ شیئر ہولڈرز جنہوں نے ابھی تک اپنے کارآمد کمپیوٹرائزڈ قومی شناختی کارڈ (CNIC) کی فوٹو کاپی جمع نہیں کروائی ہے، ان سے درخواست ہے کہ وہ یہ فوٹو کاپی کمپنی کے شیئر رجسٹرار کو فوری طور پر ارسال کریں۔

۶۔ کمپنیز ایکٹ 2017 کے سیکشن 242 کے مطابق لسٹڈ کمپنیوں کو یہ ہدایت ہے کہ کمپنی کی جانب سے اعلان کردہ کسی بھی نقد منافع منقسمہ کی رقم صرف الیکٹرونک ذریعہ سے شیئر ہولڈرز کے اکاؤنٹ میں براہ راست جمع کرائی جائے۔اس کی پیروی میں کمپنی کے شیئر ہولڈرز سے درخواست ہے کہ وہ فوری طور پر کمپنی کے شیئر رجسٹرار کو اپنے بینک اکاؤنٹ کی تفصیلات اور اس میں رقم جمع کرانے کا اختیار کی منظوری دیں۔

۷۔ بحوالہ SECP کے جاری کردہ SRO 787 (1)/ 2014 مورخہ 8 ستمبر 2014 شیئر ہولڈرز کو یہ اختیار حاصل ہے کہ وہ سالانہ آڈٹ شدہ فنانشل اسٹیٹمنٹ اور اجلاس عام کی اطلاع بذریعہ ای میل منگواسکتے ہیں۔کمپنی کے شیئر ہولڈرز سے درخواست ہے کہ وہ اپنی رضامندی کا اظہار کمپنی کے صدر دفتر کو بھجوادیں کہ آیا آپ آڈٹ شدہ فنانشل اسٹیٹمنٹ اور اجلاس عام کی اطلاع بذریعہ ای میل منگوانے کے خواہشمند ہیں۔علاوہ ازیں اگر شیئر ہولڈرز چاہیں تو ان کی درخواست پر آڈٹ شدہ فنانشل اسٹیٹمنٹ کی ہارڈ کاپی درخواست وصول ہونے کے سات (7) دن کے اندر بلا معاوضہ فراہم کردی جائے گی۔

یونی انرجی لمیٹڈ میں سرمایہ کاری کی صورت حال

کمپنی نے اپنے سالانہ اجلاس عام منعقدہ 16 اکتوبر 2015 میں یونی انرجی لمیٹڈ کی ایکویٹی میں 250 ملین روپے تک کی سرمایہ کاری کیلئے شیئر ہولڈرز کی منظوری حاصل کرلی ہے۔منصوبہ اور اس کی مالی ضروریات کی صورت حال کے پیش نظر کمپنی نے اب تک 7.69 ملین روپے کی سرمایہ کاری کی ہے۔بقیہ رقم چیراٹ سیمنٹ کمپنی لمیٹڈ، یونی انرجی لمیٹڈ کی ضرورت کے مطابق فراہم کرتی رہے گی۔

میر پور خاص شوگر ملز لمیٹڈ میں سرمایہ کاری کی صورتحال

کمپنی نے اپنے سالانہ اجلاس عام منعقدہ 31 اکتوبر 2016 میں میر پور خاص شوگر ملز لمیٹڈ کے حصص کی خریداری کے ذریعہ 100 ملین روپے تک کی سرمایہ کاری کیلئے شیئر ہولڈرز کی منظوری حاصل کرلی ہے۔اس سال کے دوران میں کمپنی نے تقریبا 55.12 ملین روپے کے حصص خرید لئے ہیں اور اب کمپنی مزید حصص نہیں خریدے گی۔

مدائن ہائیڈرو پاور لمیٹڈ میں سرمایہ کاری کی صورتحال

کمپنی نے سن 2005 میں مدائن ہائیڈرو پاور لمیٹڈ میں جو شیرازی انوسٹمنٹ کے ساتھ ہائیڈرو پاور پروجیکٹ کیلئے جوائنٹ وینچر ہے، 2.5 بلین روپے تک کی سرمایہ کاری کیلئے شیئر ہولڈرز کی منظوری حاصل کرلی تھی۔اس منصوبہ کی ٹیکنیکل فزیبلٹی 2009 میں مکمل ہوگئی تھی جس کی منظوری پرائیویٹ پاور اینڈ انفرا اسٹرکچر بورڈ (PPIB) نے دی تھی۔تاہم اس کے بعد سوات میں سیکورٹی کی ابتر صورتحال کے سبب کوئی خاص پیش رفت نہیں ہوسکی۔اب اسپانسر نے اس منصوبہ کے بعد از فزیبلٹی اسٹڈی کے امور کی مقرر کردہ آخری تاریخوں میں غیر معینہ مدت تک توسیع کیلئے PPIB کو درخواست دی ہے۔سال کے دوران میں PPIB نے MHPL کو جاری کردہ LOI واپس لے لیا ہے۔اگرچہ انتظامیہ نے معاملہ میں PPIB سے دوبارہ گفت وشنید کا آغاز کردیا ہے، تاہم غیر یقینی صورتحال کے پیش نظر اس نے 2012/13 میں سرمایہ کاری (carrying value) کو ختم کردیا گیا۔

اطلاع برائے سالانہ اجلاس عام

بذریعہ ہٰذا مطلع کیا جاتا ہے کہ کمپنی کا 36واں سالانہ اجلاسِ عام بروز پیر 16 اکتوبر 2017 صبح 11:30 بجے، درج ذیل امور کی انجام دہی کیلئے کمپنی کے رجسٹرڈ دفتر واقع فیکٹری کی حدود، گاؤں لکری نوشہرہ، خیبر پختونخوا میں منعقد ہوگا۔

عمومی امور:

۱۔ کمپنی کے آڈٹ شدہ اکاؤنٹس برائے سال مختتمہ 30 جون 2017 اور ڈائریکٹرز اور آڈیٹرز کی رپورٹس کی وصولی اور ان پر غور کرنا۔

۲۔ بورڈ آف ڈائریکٹرز کی سفارشات کے مطابق مالی سال مختتمہ 30 جون 2017 کے لئے شیئر ہولڈرز کو حتمی نقد منافع بحساب 35% (3.50 روپے فی شیئر) کی ادائیگی پر غور کرنا اور منظوری دینا جو پہلے سے ادا شدہ عبوری نقد منافع بحساب 10% (1.00 روپیہ فی شیئر) کے علاوہ ہے۔

۳۔ سال 2017/18 کے لئے آڈیٹرز کا تقرر اور ان کے مشاہرے کا تعین کرنا۔

۴۔ چیئرمین کی اجازت سے کسی اور امور کی انجام دہی کرنا۔

خصوصی امور

۵۔ کمپنیز ایکٹ 2017 کے سیکشن 199 کے پرویژن کے مطابق اپنی ایسوسی ایٹڈ کمپنی چراٹ پیکیجنگ لمیٹڈ (CPL) میں 75 ملین روپے کی حد تک سرمایہ کاری پر غور کرنا اور منظور کرنا۔اس لئے تجویز کیا جاتا ہے کہ درج ذیل قرارداد کو بطور خصوصی قرارداد پاس کیا جائے۔

"طے پایا کہ کمپنیز ایکٹ 2017 کے سیکشن 199 کی پیروی میں اور شیئر ہولڈرز کی رضامندی اور منظوری سے کمپنی کے بورڈ آف ڈائریکٹرز اس بات کے مجاز ہوں گے اور ہیں کہ چراٹ پیکیجنگ لمیٹڈ کی ایکویٹی میں رائٹ شیئرز کی خریداری کے ذریعے 75 ملین روپے کی حد تک سرمایہ کاری کریں اور یہ کہ کمپنی کے بورڈ آف ڈائریکٹرز اور کمپنی سیکرٹری اس بات کے مجاز ہوں گے اور ہیں کہ وہ اس قرارداد کو موثر بنانے کیلئے تمام ضروری اور مطلوبہ عمل، امور اور کارروائیاں انجام دیں۔"

کراچی 23 اگست 2017

عابد وزیر

ایگزیکٹیو ڈائریکٹر اور کمپنی سیکرٹری

نوٹس:

۱۔ کمپنی کے ممبران کا رجسٹر منگل 3 اکتوبر 2017 تا پیر 16 اکتوبر 2017 (بشمول دونوں ایام) بند رہے گا اور اس مدت کے دوران میں کوئی منتقلی عمل میں نہیں آئے گی۔تاہم کمپنی کے شیئر رجسٹرار میسرز سینٹرل ڈپازٹری کمپنی آف پاکستان، سی ڈی سی ہاؤس، B-99 بلاک B، ایس۔ایم۔سی۔ایچ۔ایس، شارع فیصل کراچی - 74400 میں پیر 2 اکتوبر 2017 کو کاروباری اوقات کے اختتام تک موصول ہونے والے شیئرز حتمی نقد منافع کے حقدار تصور کئے جائیں گے۔

۲۔ کمپنی کا کوئی ممبر جو سالانہ اجلاس عام میں شرکت کرنے اور ووٹ دینے کا اہل ہے، وہ اپنی جگہ کسی دوسرے ممبر کو شرکت کرنے اور ووٹ دینے کیلئے اپنا پراکسی مقرر کرسکتا / سکتی ہے۔پراکسی کے موثر ہونے کیلئے لازمی ہے کہ اس کی تحریری اطلاع، اجلاس کے شروع ہونے سے کم از کم 48 گھنٹے پہلے کمپنی کے صدر دفتر میں موصول ہوجانی چاہیئے۔

۳۔ کمپنی کے وہ شیئر ہولڈرز جن کے شیئرز سینٹرل ڈپازٹری سسٹم (CDS) میں ان کے اکاؤنٹ/سب اکاؤنٹ میں رجسٹرڈ

یونی انرجی لمیٹڈ

یونی انرجی ایک جوائنٹ وینچر ونڈ پاور پروجیکٹ ہے، اس کو لیٹر آف انٹینٹ تفویض کردیا گیا ہے اور پروجیکٹ کے قیام کے لئے رسمی طور پر جھمپیر، ضلع ٹھٹھہ میں زمین الاٹ کردی گئی ہے۔ پروجیکٹ کی جاری مالیاتی ضروریات کیلئے جے وی پارٹنرز نے کمپنی میں ابتدائی ایکویٹی سرمایہ کاری کردی ہے۔ اس سلسلے میں چیراٹ سیمنٹ نے شیئر ہولڈرز کی منظوری کے بعد 7.69 ملین روپے کی ایکویٹی سرمایہ کاری کی ہے

اس وقت منصوبہ کی ٹیکنیکل اسٹڈیز پر کام جاری ہے۔ اس کے علاوہ کمپنی کی انتظامیہ مختلف سرکاری ایجنسیز سے منظوریاں حاصل کرنے کے مرحلے میں ہے اور اس کے ساتھ ہی منصوبہ کے لئے فنڈز کی فراہمی کے سلسلے میں مالیاتی اداروں سے رابطہ میں ہے۔

مدائن ہائیڈرو پاور لمیٹڈ

2005/06 میں قائم ہونے والی کمپنی مدائن ہائیڈرو پاور لمیٹڈ شیرازی انوسٹمنٹ کے ساتھ ایک جوائنٹ وینچر ہائیڈرو پروجیکٹ ہے۔ اس منصوبہ کی ٹیکنیکل فزیبلٹی 2009 میں مکمل ہوگئی تھی جس کی منظوری پرائیویٹ پاور اینڈ انفرااسٹرکچر بورڈ (PPIB) نے دی تھی۔ تاہم اس کے بعد سوات میں ہنگامی صورتحال کے سبب کوئی خاص پیش رفت نہیں ہوسکی۔ اب اسپانسر نے اس منصوبہ کے بعد از فزیبلٹی اسٹڈی کے امور کی مقرر کردہ آخری تاریخوں میں غیر معینہ مدت تک توسیع کیلئے PPIB کو درخواست دی ہے۔ سال کے دوران میں PPIB نے MHPL کو جاری کردہ LOI واپس لے لیا ہے۔ اگرچہ انتظامیہ نے معاملہ میں PPIB سے دوبارہ گفت وشنید کا آغاز کردیا ہے، تاہم غیر یقینی صورتحال کے پیش نظر اس نے 2012/13 میں سرمایہ کاری (carrying value) کو ختم کردیا گیا۔

مستقبل کے امکانات

ملک میں صنعتی شعبہ کی کارکردگی سے ظاہر ہورہا ہے کہ یہاں سرمایہ کاروں کے اعتماد میں نمایاں اضافہ ہوا ہے۔ اس کو بڑی ریٹنگ ایجنسیز اور بین الاقوامی اداروں نے بھی تسلیم کیا ہے۔ اس مستحکم معاشی منظرنامہ، شرح سود میں کمی اور حکومت کی جانب سے ہائی وے اور ڈیمز کی تعمیر، توانائی اور ہاؤسنگ کے منصوبوں (PSDP) کیلئے بڑے اخراجات سے سیمنٹ کی صنعت کو بہت فائدہ پہنچا ہے۔ علاوہ ازیں پاک چائنا اکنامک کوریڈور کے تحت شروع ہونے والے منصوبوں سے بھی سیمنٹ کی مانگ میں بہت اضافہ ہوا ہے۔ نجی شعبہ کی جانب سے بھی مختلف شعبوں خاص طور پر ہاؤسنگ اور شاپنگ مال کے منصوبوں کی تعمیراتی سرگرمیوں میں بھاری اخراجات بھی سیمنٹ کی طلب میں اضافہ کا بڑا سبب ہیں۔ اس بناء پر ملکی سطح پر سیمنٹ کی مانگ میں مزید اضافہ کی توقع ہے اور یہ اوسط اور طویل مدت کیلئے سیمنٹ کی بڑے پیمانے پر ترسیل میں اہم کردار ادا کرے گا۔ اس صورتحال میں کمپنی کی جانب سے اس کی موجودہ لوکیشن پر ایک نئی سیمنٹ لائن کے اضافہ سے نہ صرف مقامی مارکیٹ شیئر میں اضافہ ہوگا بلکہ ہم کو متعین قیمتوں پر زیادہ استعداد اور بہتر تخصیص کا موقع حاصل ہوگا۔

آڈیٹرز کا تقرر

موجودہ آڈیٹرز میسرز EY فورڈ رہوڈس، چارٹرڈ اکاؤنٹنٹس ریٹائر ہوگئے ہیں اور اہل ہونے کی بناء پر اپنے دوبارہ تقرر کی پیشکش کی ہے۔

اعتراف

ہم بہترین کاروباری تعلقات برقرار رکھنے پر تمام مالیاتی اداروں کا، بھرپور مسلسل سپورٹ، تعاون اور اعتماد پر ڈیلرز اور صارفین کا شکریہ ادا کرتے ہیں۔ ہم لگن، خلوص اور سخت محنت سے کام کا اعتراف کرتے ہوئے اپنے تمام اسٹاف کے تہہ دل سے شکر گزار ہیں۔

منجانب بورڈ آف ڈائریکٹرز

اعظم فاروق

چیف ایگزیکٹیو

کراچی 23 اگست 2017

اجتماعی اور مالیاتی رپورٹنگ فریم ورک کا اسٹیٹمنٹ

- کمپنی کی انتظامیہ کی جانب سے تیار کردہ مالیاتی تفصیلات (Financial Statements) میں کمپنی کے معاملات، آپریشنز کے نتائج، نقد رقومات کے بہاؤ اور ایکویٹی میں تبدیلیوں کو شفاف طور پر پیش کیا گیا ہے۔
- کمپنی کے حساب کتاب اور کھاتوں کو درست طور پر مرتب کیا گیا ہے۔
- مالیاتی اسٹیٹمنٹ اور حسابات کے تخمینہ کی تیاری میں ہر جگہ حسابات کی پالیسی کو درست طور پر استعمال کیا گیا ہے، اور حسابات کے تخمینوں میں معقولیت اور دانائی پر مبنی فیصلے کئے گئے ہیں۔
- مالیاتی اسٹیٹمنٹ، پاکستان میں لاگو اور موثر بین الاقوامی مالیاتی رپورٹنگ کے معیارات کی بنیاد پر تیار کئے گئے ہیں اور کہیں ان سے انحراف ہے تو اس کو مناسب طور پر ظاہر اور واضح کیا گیا ہے۔
- داخلی کنٹرول کا نظام ڈیزائن کے اعتبار سے محفوظ ہے اور اس کے نفاذ اور نگرانی کا کام موثر طریقے سے کیا گیا ہے۔
- کمپنی کے موجودہ صلاحیت میں کام جاری رکھنے میں کسی رکاوٹ کا شبہ نہیں ہے۔
- لسٹنگ ریگولیشنز میں تفصیلاً درج کارپوریٹ گورننس کے بہترین اصولوں سے کوئی حقیقی انحراف نہیں کیا گیا۔
- گزشتہ چھ سال کی بنیادی آپریٹنگ اور مالیاتی معلومات مختصر طور پر منسلک کی گئی ہیں۔
- آپ کی کمپنی کے ذمہ ٹیکس، ڈیوٹیز، محصولات اور چارجز کی مد میں کوئی واجبات نہیں ہیں سوائے ان کے جو کاروبار کے معمولات کا حصہ ہیں۔
- کمپنی اپنے ملازمین کے پراویڈنٹ اور گریجویٹی فنڈز کا انتظام کرتی ہے۔ فنڈ کی سرمایہ کاری کی مالیت کی قدر بمطابق 30 جون 2017 درج ذیل ہے:

پراویڈنٹ فنڈ	938 ملین روپے
گریجویٹی فنڈ	888 ملین روپے

- اس سال کے دوران میں بورڈ آف ڈائریکٹرز کے چھ اجلاس منعقد ہوئے جن میں ہر ڈائریکٹر کی حاضری کا ریکارڈ درج ذیل ہے:

ڈائریکٹرز کے نام	اجلاسوں میں حاضری
جناب عمر فاروق	6
جناب اعظم فاروق	6
جناب اکبر علی پیسنانی	5
جناب شہریار فاروق	6
جناب عارف فاروق	6
جناب ثاقب ایچ شیرازی	6
جناب شمشاد نبی	4
جناب آصف قادر	5

- سال کے دوران میں آڈٹ کمیٹی کے چار اجلاس منعقد ہوئے جن میں ہر ڈائریکٹر کی حاضری کا ریکارڈ درج ذیل ہے:

ڈائریکٹرز کے نام	اجلاسوں میں حاضری
جناب اکبر علی پیسنانی	4
جناب آصف قادر	3
جناب عارف فاروق	3

- سال کے دوران میں ہیومن ریسورس اینڈ ریمونریشن کمیٹی کے دو اجلاس منعقد ہوئے جن میں ہر ڈائریکٹر کی حاضری کا ریکارڈ درج ذیل ہے:

ڈائریکٹرز کے نام	اجلاسوں میں حاضری
جناب ثاقب ایچ شیرازی	2
جناب شہریار فاروق	2
جناب اعظم فاروق	2

- شیئر ہولڈنگ کا طرز اس رپورٹ کے ساتھ منسلک ہے۔
- اس سال کمپنی کے شیئرز میں چیف ایگزیکٹو، ڈائریکٹرز، چیف فنانشل آفیسر اور کمپنی سیکریٹری یا ان کے شریک حیات اور چھوٹے بچوں میں سے کسی نے خرید و فروخت نہیں کی سوائے جناب عمر فاروق کے، جنہوں نے شیئرز کی خریداری کی۔
- سال کے دوران میں فی شیئر آمدنی (EPS) 11.08 روپے رہی جو گزشتہ سال 7.96 روپے تھی۔

کمپنی کی موجودہ سال اور گزشتہ سال کی آپریٹنگ کارکردگی مختصر طور پر درج ذیل ہے:

	2015-16	2016-17
	(ملین روپے میں)	
خالص سیلز	7,079.37	9,645.40
سیلز کی لاگت	4,445.31	6,432.28
مجموعی منافع	2,634.06	3,213.12
اخراجات اور ٹیکسز	1,228.87	1,256.56
خالص منافع	1,405.19	1,956.56

منصوبے کی توسیع۔ سیمنٹ لائن II

اس سال کے دوران میں کمپنی نے نوشہرہ، خیبر پختونخوا میں اپنی موجودہ جگہ پر اپنے سیمنٹ مینوفیکچرنگ کی دوسری لائن کا مع ویسٹ ہیٹ ریکوری پلانٹ کامیابی سے آغاز کر دیا ہے۔ اس توسیع سے کمپنی کی پیداواری گنجائش بڑھ کر تقریباً 2.4 ملین ٹن سالانہ ہوجائے گی۔ یہ توسیعی منصوبہ ریکارڈ ٹائم میں اور بجٹ میں مخصوص کی گئی لاگت کے اندر ہی مکمل ہوا اور اس کو رعایتی نرخوں میں کمی اور زرمبادلہ کے مستحکم ریٹس سے خاطر خواہ فائدہ حاصل ہوا۔ انتظامیہ ان تمام افراد کی شکرگزار ہے جن کی کوششوں نے اس پروجیکٹ کے روانی کے ساتھ جاری ہونے کو ممکن بنایا۔

منصوبے کی توسیع۔ سیمنٹ لائن III

سیمنٹ لائن III کی تنصیب کا کام شیڈول کے مطابق جاری ہے۔ کمپنی نے درآمد شدہ سامان کیلئے لیٹر آف کریڈٹ کھول دیا ہے اور مقامی کاموں کیلئے کنٹریکٹ تفویض کر دیئے گئے ہیں۔ مالیاتی رخ پر کمپنی نے معروف بینکوں سے مسابقتی شرائط پر طویل المدت قرضوں کی فراہمی کا معاملہ طے پا گیا ہے۔ انتظامیہ کو قوی امید ہے کہ یہ منصوبہ جون 2019 تک پایہ تکمیل کو پہنچ جائے گا۔ اس کے علاوہ کمپنی نے 3 نئے ISO ریٹنگ والے Wartsila DF 34 Diesel انجنوں کا آرڈر دے دیا ہے جن میں سے ہر ایک 10mW کا ہے جو پلانٹ کی توانائی کی ضرورت پوری کرنے کی استعداد رکھتے ہیں۔

منافع منقسمہ (Dividend)

بورڈ آف ڈائریکٹرز نے اپنی میٹنگ منعقدہ 23 اگست 2017 میں 30 جون 2017 کو ختم ہونے والے مالی سال کیلئے 35% کے حساب سے نقد منافع منقسمہ کی تجویز دی ہے۔ یہ اس 10% عبوری نقد منافع کے علاوہ ہے جس کا اعلان سال کے دوران میں کیا گیا تھا۔ ممبران سے اس کی منظوری 16 اکتوبر 2017 کو منعقد ہونے والے سالانہ اجلاس عام میں حاصل کی جائے گی۔

اجتماعی سماجی ذمہ داری (CSR)

اجتماعی معاشرے کے ایک فعال اور سماجی ذمہ داری سے آگاہ ادارے کی حیثیت سے کمپنی کئی سماجی اور فلاحی مقاصد کے کاموں میں فراخ دلی سے شرکت کرتی ہے جن میں صحت، تعلیم اور سماجی شعبہ شامل ہیں۔ کمپنی اپنی اجتماعی سماجی ذمہ داری نبھاتے ہوئے سماجی کاموں کے اقدامات، خاص طور پر فیکٹری کے گردونواح کے علاقوں میں بھرپور حصہ لیتی ہے۔ کمپنی پاکستان کے کئی مشہور و معروف اداروں اور این جی اوز کے ساتھ مل کر بھی فلاحی کام کرتی ہے جن میں آغا خان یونیورسٹی اور دی سٹیزن فاؤنڈیشن شامل ہیں۔ کمپنی ہر مشکل وقت میں پاکستان کے عوام کے ساتھ کھڑی ہوتی ہے اور کھڑی رہے گی۔

تحفظ، صحت اور ماحول (HSE)

کمپنی ایک ذمہ دار کارپوریٹ شہری ہونے کے ناطے اپنے کاروبار میں ہمیشہ صحت تحفظ اور ماحول کے پہلوؤں میں مسلسل بہتری کیلئے کوشاں رہتی ہے۔ پروڈکشن کا شعبہ مکمل طور پر صنعتی معیار اور تحفظ کی ضروریات کی پابندی پر عمل پیرا رہتا ہے۔ WHR پلانٹس کی تنصیب نے بھی فیکٹری اور اس کے اردگرد کے علاقوں کے ماحول میں بہتری لانے میں مدد دی ہے۔ کمپنی ISO 14001 سرٹیفکیٹ کی حامل ہے۔

قومی خزانے میں حصہ

کمپنی نے ٹیکسز، ایکسائز ڈیوٹیز، انکم ٹیکس اور سیلز ٹیکس کی صورت میں قومی خزانے میں 4.50 بلین روپے کے قریب رقم جمع کرائی ہے۔

ڈائریکٹرز کی رپورٹ

برائے ممبران بابت سال مختتمہ 30 جون 2017

بورڈ آف ڈائریکٹرز بمسرت کمپنی کی سالانہ رپورٹ مع آڈٹ شدہ مالیاتی گوشوارے برائے سال مختتمہ 30 جون 2017 پیش کرتا ہے۔

عمومی جائزہ

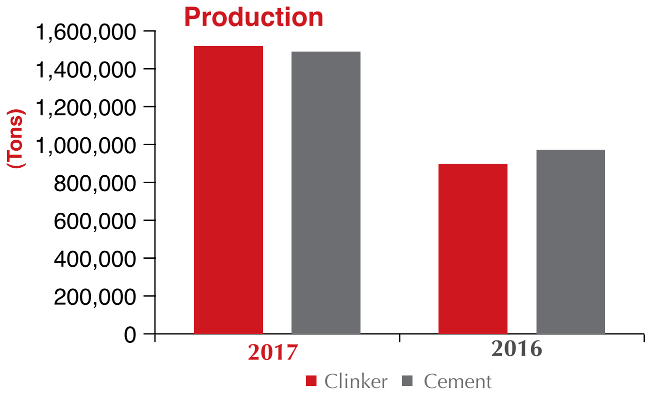
گزشتہ چند سالوں سے ترقی پر مبنی ایجنڈے پر عمل درآمد کے سبب پاکستان میں نمایاں ٹرن اراؤنڈ دیکھنے میں آیا ہے۔ موجودہ حکومت کی معاشی پالیسیوں سے تمام بڑے صنعتی شعبہ جات بشمول سیمنٹ کی صنعت پر مثبت اثرات مرتب ہوئے ہیں شعبہ سیمنٹ جو ملک کی ترقی میں سرفہرست کردار ادا کرنے والوں میں شمار ہوتا ہے۔ حکومت کی جانب سے انفرا اسٹرکچر نیٹ ورک پر PSDP زیادہ خرچ کرنے اور سی پیک کے منصوبوں پر کام کی ابتدا کے نتیجے میں ملک میں سیمنٹ کی مانگ میں بھی نمایاں اضافہ ہوا ہے۔ اس کے علاوہ نجی شعبہ کی جانب سے تعمیرات کے گھریلو اور تجارتی منصوبوں پر کام شروع کرنے سے بھی سیمنٹ کی طلب بڑھ گئی ہے۔ جہاں ملکی طلب میں تقریباً 8% کا نمایاں اضافہ ہوا وہاں سیمنٹ کی برآمد میں 21% تک کمی واقع ہوئی جس کی بڑی وجہ سمندری راستے اور افغانستان کو برآمد کا سلسلہ ختم ہونا تھی۔ سال کے دوران میں پاکستان کی سیمنٹ کی صنعت میں گزشتہ سال کے مقابلے میں 3.71% ترقی ہوئی۔

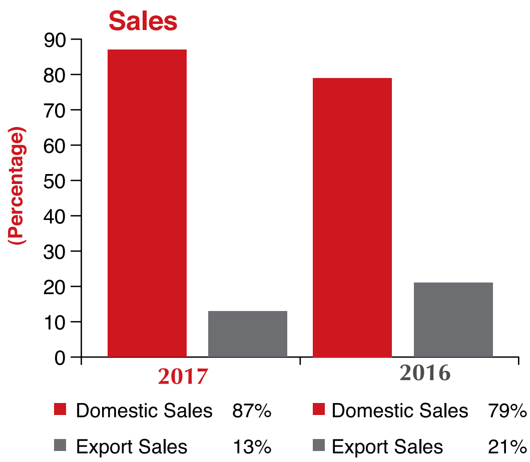
پیداوار اور شعبہ کی بنیاد پر سیلز کا جائزہ۔

تقابلی پیداوار اور سیلز کے اعداد و شمار درج ذیل ہیں:

	2016-17	2015-16
	(ٹن میں)	
• کلنکر کی پیداوار	1,518,520	897,440
• سیمنٹ کی پیداوار	1,489,489	1,042,450
• ملکی سیلز (سیمنٹ اور کلنکر)	1,340,226	818,617
• برآمدی سیلز	204,226	218,528
	1,544,452	1,037,145

کمپنی کی مجموعی ترسیل میں گزشتہ سال کے مقابلے میں 49% اضافہ ریکارڈ کیا گیا۔ سیمنٹ لائن II سے ترسیل کا آغاز جنوری 2017 سے ہوا اور اس کے ساتھ ملک میں تعمیراتی سرگرمیوں میں بھی تیزی آئی جس کے نتیجے میں مقامی طور کمپنی کی سیمنٹ کی سیلز میں 64% اضافہ ہوا۔ تاہم سال کے دوران میں طورخم باڈر کے ایک ماہ سے زیادہ عرصہ تک بندر رہنے کے سبب افغانستان کو سیمنٹ کی درآمد بری طرح متاثر ہوئی اور سال میں 7% تک کمی آ گئی۔





مالیاتی کارکردگی

سیمنٹ کی ترسیل میں اضافہ کے بعد کمپنی کے سیلز ریوینو میں بھی گزشتہ سال کے مقابلے میں 36% کے لگ بھگ یعنی 2.57 بلین روپے کا اضافہ ہوا۔ نیز سال کے دوران میں کوئلہ اور تیل کی بین الاقوامی قیمتوں میں اضافہ کے سبب پیداوار کی لاگت بھی بڑھ گئی۔ اس کے علاوہ سال میں کمپنی کو فرسودگی کے اخراجات اور سیمنٹ لائن II سے متعلق مالیات لاگت کا بھی سامنا کرنا پڑا جس کے لئے سرمایہ فراہم کیا گیا۔ سیمنٹ لائن II کی توسیع سے کمپنی کو اپنے معاشی فوائد کا اندازہ ہو رہا ہے۔ اس سے گزشتہ سال کے مقابلے میں دوسرے ذرائع سے آمدنی کے حصول میں اضافہ ہوا جس میں کمپنی کی سرمایہ کاری سے ڈیویڈنڈ کی آمدنی کی وصولی، اسکریپ میٹریل کی فروخت اور معزز سپریم کورٹ کے ٹیکس گزاروں کے حق میں فیصلے سے ورکرز ویلفیئر فنڈ کے پرووِیژن کا معکوس ہونا شامل ہیں۔ حکومت نے خیبر پختونخوا اور بلوچستان میں سرمایہ کاری پر ٹیکس کی چھوٹ کا جو اعلان کیا ہے اس کا فائدہ اٹھاتے ہوئے کمپنی نے سیمنٹ لائن II کیلئے فائدہ اٹھایا اور اس کے مطابق ٹیکس کا پرووِیژن بنایا گیا۔ سال مختتمہ 30 جون 2017 کیلئے کمپنی نے 1.95 بلین روپے کا تاریخی منافع بعد از ٹیکس حاصل کیا۔

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Proxy Form

36th Annual
General Meeting

Cherat Cement Company Limited
A Ghulam Faruque Group Company

CHERAT CEMENT

Registered folio / participant's ____________
ID No. and A/c. No. ____________
____
Number of shares held: ____________
____

Important

Instruments of Proxy will not be considered as valid unless deposited or received at the Company's Head Office at Modern Motors House, Beaumont Road, Karachi-75530 not later than 48 hours before the time of holding the meeting.

I / We ____

of ____

being a member of CHERAT CEMENT COMPANY LIMITED, hereby appoint ____________

____________ of ____________ another member of the Company as my / our proxy to attend & vote for me / us and on my / our behalf at the 36th Annual General meeting of the Company to be held Monday, October 16, 2017 at 11:30 a.m. at the Registered Office of the Company at Factory premises, Village Lakrai, Nowshera, Khyber Pakhtunkhwa and at any adjournment thereof.

WITNESSES

1. Signature: ____________
   Name: ____________
   Address: ____________
   ____
   CNIC or ____________
   Passport No. ____________

Signature of Shareholder

Revenue Stamp

2. Signature: ____________
   Name: ____________
   Address: ____________
   ____
   CNIC or ____________
   Passport No. ____________

(Signature should agree with the specimen signature registered with the Company)

Note: SECP' circular of January 26, 2000 is on the reverse side of this form.

پراکسی فارم

36 واں سالانہ اجلاسِ عام

چراٹ سیمنٹ کمپنی لمیٹڈ

CHERAT CEMENT

اہم نوٹ

پراکسی فارم اس وقت تک قابل قبول نہیں ہوگا جب تک یہ جنرل میٹنگ کے وقت سے 48 گھنٹے پہلے کمپنی کے ہیڈ آفس میں وصول نہ ہوجائے۔

رجسٹرڈ فولیو نمبر/ پارٹیسپنٹ شناخت نمبر ______________

اکاؤنٹ نمبر ______________

____

مجموعی شیئرز ______________

میں مسمی/ مسماۃ ______________ سکنہ ______________

ضلع ______________ بحثیت ممبر چراٹ سیمنٹ کمپنی لمیٹڈ، مسمی/ مسماۃ ______________

سکنہ ______________ کو بطور مختار (پراکسی) مقرر کرتا/ کرتی ہوں تا کہ وہ میری جگہ اور میری طرف سے کمپنی کے سالانہ اجلاسِ عام (یا جو بھی صورت حال ہو)، جو مورخہ 16 اکتوبر 2017 بروز پیر صبح 11:30 بجے بمقام فیکٹری کی حدود، گاؤں لکرئی، نوشہرہ، خیبر پختونخوا میں منعقد ہوگا، اس میں اور اس کے کسی ملتوی شدہ اجلاس میں شرکت کرے اور ووٹ ڈالے۔

گواہان

1 دستخط ______________

نام ______________

پتہ ______________

CNIC/ پاسپورٹ نمبر ______________

ریونیو اسٹیمپ

دستخط شیئر ہولڈر

(دستخط کمپنی میں درج نمونہ کے مطابق ہونے چاہئے)

2 دستخط ______________

نام ______________

پتہ ______________

CNIC/ پاسپورٹ نمبر ______________

نوٹ: ایس ای سی پی کا سرکلر بتاریخ 26 جنوری 2000 منسلک ہے۔

Circular

SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN
STATE LIFE BUILDING, 7- BLUE AREA

Islamabad, January 26, 2000

Circular No. 1 of 2000

Sub: Guidelines for Attending General Meeting and Appointment of Proxies

The shares of a number of listed companies are now being maintained as "book entry security" on the Central Depository System (CDS) of the Central Depository Company of Pakistan Limited (CDC). It has come to the notice of the Commission that there is some confusion about the authenticity of relevant documents in the matter of beneficial owners of the shares registered in the name of CDC for purposes of attending the general meetings and for verification of instruments of proxies. The issue has been examined and pending the further instructions to be issued in this regard, the following guideline for the convenience of the listed companies and the beneficial owners are laid down:

A. Attending of meeting in person by account holders and/or sub-account holders and persons whose securities are in group account and their registration details are uploaded to CDS:

(1) The company shall obtain list of beneficial owners from the CDC as per Regulation # 12.3.5 of the CDC Regulations.

(2) In case of individuals, the account holder or sub-account holder and/or the person whose securities are in group account and their registration details are up-loaded as per the Regulations, shall authenticate his identity by showing his original National Identity Card (NIC) or original passport at the time of attending the meeting.

(3) In case of corporate entity, the Board of Directors' resolution/power of attorney with specimen signature of the nominee shall be produced at the time of the meeting.

B. Appointment of Proxies

(1) In case of individual, the account holder or sub-account holder and/or the person whose securities are in group account and their registration details are uploaded as per the Regulations, shall submit the proxy form as per requirement notified by the company.

(2) The proxy form shall be witnessed by the two persons whose names, addresses and NIC numbers shall be mentioned on the form.

(3) Attested copies of NIC or the passport of the beneficial owners and the proxy shall be furnished with the proxy form.

(4) The proxy shall produce his original NIC or original passport at the time of the meeting.

(5) In case of corporate entity, the Board of Directors resolution/power of attorney with specimen signature shall be submitted along with proxy form to the company.

sd
(M. Javed Panni)
Chief (Coordination)

Cherat Cement Company Limited

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Modern Motors House,
Beaumont Road,
Karachi 75530, Pakistan.
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Fax: (9221) 35683425
Email: info@gfg.com.pk
Web: www.gfg.com.pk