ديرپا - مضبوط
PAIDAR CEMENT

GHARIBWAL CEMENT LIMITED

Annual Report 2011

Contents

Company Profile

Board of Directors:	Mr. Muhammad Tousif Peracha	Chairman & Chief Executive
	Mr. Abdur Rafique Khan	Director
	Mrs. Tabassum Tousif Peracha	Director
	Mian Nazir Ahmed Peracha	Director
	Mr. M. Ishaque Khokhar	Director
	Mr. M. Niaz Piracha	Director
	Mr. Jawaid Aziz Peracha	Director
Audit Committee:	Mian Nazir Ahmed Peracha	Chairperson
	Mr. Muhammad Tousif Peracha	Member
	Mr. M. Niaz Piracha	Member
Company Secretary:	Mr. Muhammad Shamail Javed ACA	
Chief Financial Officer:	Mr. Ehsan ur Rehman Shaikh FCA	
External Auditors:	Hyder Bhimji & Co. Chartered Accountants	
Internal Auditors:	Aftab Nabi & Co. Chartered Accountants	
Legal Advisor:	Raja Muhammad Akram	
Bankers to the Company:	Askari Bank Limited Faysal Bank Limited Habib Bank Limited KASB Bank Limited MCB Bank Limited My Bank Limited National Bank of Pakistan NIB Bank Limited Silk Bank Limited The Bank of Khyber The Bank of Punjab United Bank Limited	
Registered & Head Office:	28-B/3, Gulberg III, P.O. Box 1285, Lahore. UAN : 042 - 111-210-310 Fax : 042 - 35871039 & 59 E-mail: info@gharibwalcement.com www.gharibwalcement.com	
Works:	Ismailwal, Distt. Chakwal	
Shares Registrar:	M/s. Corplink (Pvt.) Limited Shares Registrar, Wings Arcade, 1-K, Commercial, Model Town, Lahore. Tel: 042-35887262, 35839182 Fax: 042-35869037	

Vision Statement

GHARIBWAL has been at the forefront in building a strong and solid Pakistan over the past forty six years. Our cement has already endured the test of time which is reflected by its performance in the Mangla Dam, the Qadirabad Barrage, the Rasool / Sulemanki Barrage, and so forth. Our new brand titled “PAIDAR CEMENT” being produced from the new cement plant shall strive to become a household name both in quality and price in the near future.

GHARIBWAL strives to ensure and maintain its excellence in the field of sales, marketing and distribution of cement by a strong focus on customer satisfaction and brand loyalty historically spanning Punjab and Azad Kashmir. We greatly value our patrons for their preference and loyalty for our cement.

GHARIBWAL envisions that the administrative and financial reforms instituted by the management in recent years shall continue in the future in the key areas to ensure the Company's prosperity and progress.

GHARIBWAL's new cement plant, situated in the Punjab province near the Motorway and G.T. Road, has embraced up-to-date cement technology, plant and machinery. This new plant has already started production by the Grace of the Almighty.

GHARIBWAL accordingly has a focused vision to rank high in performance amongst Pakistan's cement producers in the near future.

Mission Statement

GHARIBWAL's mission is to constantly seek excellence in all spheres of its business activity and to develop and expand its market position in Punjab, Azad Kashmir, the South and export market for our PAIDAR CEMENT brand.

GHARIBWAL's mission is to promote mutually satisfactory relationships with all our customers and stake-holders by creating value additions and finally aims to construct a strong, durable and forward-moving Pakistan.

Notice of Annual General Meeting

Notice is hereby given that 51st Annual General Meeting of Gharibwal Cement Limited will be held on Monday, October 31, 2011 at 12:00 p.m at Registered Office of the company (28-B/III, Gulberg-III, Lahore) to transact the following businesses:

Ordinary Business

1 To confirm minutes of last Extra Ordinary General Meeting (EOGM) held on September 17, 2011.

2 To receive, consider and adopt the audited financial statements of the company for the year ended June 30, 2011 together with Auditors' and Directors' report thereon.

3 To appoint Auditors of the Company for the year ending June 30, 2012 and to fix their remuneration.

Other Business

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

By Order of the Board

Date: October 08, 2011
Place: Lahore

Muhammad Shamail Javed
Company Secretary

NOTES:

1. The share transfer books of the company will remain closed from October 24 to October 31, 2011 both days inclusive. Transfer received by the Share Registrar of the Company, M/s Corplink (Private) Limited, 1-K Commercial, Model Town Lahore up to October 23, 2011 will be considered in time for the purpose of attendance of AGM.

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

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

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

5. Members are requested to notify the Shares Registrar of the Company promptly of any change in their addresses.

Directors' Report to the Shareholders

Dear members,

Your Directors welcome you to the 51st Annual General Meeting and present their Annual Report along with audited financial statements of the Company for the year ended June 30, 2011.

Fiscal year 2010-2011 had been a testing year for the cement sector, with both external and domestic issues having brought down dispatches of the construction material. Overall, the industry suffered from negative growth 0f 8.32% with total dispatches declining to 31.36 million tons compared to 34.21 million tons made during the last year. Local sales dropped by 6.69% from 23.55 million tons to 21.97 million tons, attributed mainly to lack of Government spending on public infrastructure and other development projects. Export sales volume also registered a decline of 11.94% from 10.66 million tons to 9.39 million tons due to falling exports to Middle East after over capacity in the region and drop in export prices in the international market.

OPERATIONAL PERFORMANCE

During the year under review, your Company registered some improvement in capacity utilization compared to the preceding year's production results. Clinker production at 762,998 tons exceeded last year's production by 244,241 tons representing an increase of 47.08%. Your Company was able to dispatch 794,421 tons cement during the year ended 30 June 2011 as against 643,533 tons sold during the previous year, registering a rise of 23.45%.

	FY 2011 Tons	FY 2010 Tons	% Change
Clinker Production	762,998	518,757	47.08%
Cement Production	796,702	628,303	26.80%
Dispatches	794,421	643,533	23.45%

Capacity utilization of the plant remained at 38% as against 26% achieved during the last year. Liquidity constrains did not allow your Company to enhance capacity utilization to reasonable levels to take advantage of favourable selling prices witnessed during the second half of the year.

Severe energy crises in the country affect the whole industry, and even worse in the Punjab Province. Sui gas load shedding, complete curtailment of gas supply, negate the principle of a level playing field, which restrict us to enhance our production to achieve an optimum level of capacity utilization. Alternately, we are shifting to WAPDA connection to improve power management.

FINANCIAL RESULTS

The comparative financial results of the Company for the year under review are summarized below:

	FY 2011 Rs. '000	FY 2010 Rs. '000	Increase / (Decrease)
Sales - net	3,327,031	2,113,818	1,213,213
Gross profit / (loss)	167,316	(418,905)	586,221
Operating loss	(171,026)	(928,107)	(757,081)
Depreciation	(324,634)	(240,607)	84,027
Finance cost	(764,740)	(1,184,656)	(419,916)
Loss before taxation	(935,766)	(2,112,763)	(1,176,997)
Loss per share	(3.08)	(4.30)	(1.22)

The above comparison shows favourable variances in all the key financial indicators over last year's performance. Increase in sales revenue to the extent of 57% was attributed to increase in cement dispatches by 23% and improvement in the retention price in the domestic market compared to last year's results. Consistency had been witnessed in the production cycle due to tight management control and experienced technical team. Increase in sales revenue had a corresponding effect on the profitability of your Company. Gross Loss suffered during the last two years was converted into Gross Profit which has reflected in a substantial decrease in Operating Loss. Restructuring and rescheduling of long and short term debts at relatively favourable mark-up rates and repayment of two installments during the year under review reduced Finance Cost from Rs. 1,185 million of last year to Rs. 765 million. The resultant Pre-Tax Loss was reduced by Rs. 1,177 million from last year's loss of Rs. 2,113 million. Loss per share dropped accordingly from Rs. 4.30 to Rs. 3.08.

A marginal increase in Company's profitability in real terms during the year under review resulted in a slight improvement in Current Ratio which had deteriorated by a persistent negative profitability during the last five years.

Future Outlook

Reconstruction work in the flood affected areas of the Country, together with improved allocation of Rs. 730 billion for fiscal year 2011-12 against Rs. 646 billion budgeted for fiscal year 2010-11 for public service development programme are likely to have positive impact on local cement sales during the current year. Upward trend in the retention prices of cement in the domestic market is also foreseen. These factors are expected to contribute positively towards the financial results of the Company. Liquidity constrains would however, continue to hamper capacity utilization with some improvement over the year under review.

Auditors' Observation

As reported in Note 1.2 to the financial statements for the year ended June 30, 2011, the management of the Company believes that recent improvement in the cement demand and the selling price in the local market will continue in the medium and long term period. Management control over production line has been tightened which will enhance production efficiency.

The restructuring of credit facilities at relatively favourable rates and conversion of sponsoring directors' loan into equity result in reduced finance cost and improved debt equity ratio as compared to the last year. The continuous support of our bankers and financial institutions is also an edge for us and we are grateful for their understanding.

The sponsoring directors of the Company have offered their personal properties and assets for the settlement of the Company's debts towards bank and financial institutions, so that the cash generated from the operation may be utilized toward the Company's business. Various proposals for the alignment of repayment of the debts are also under consideration by the banks and financial institutions which will be done in due course. Further, the sponsoring director has, subsequent to the balance sheet date, also injected fresh funds into the Company in order to meet the working capital requirement of the Company.

Based on the continuous support of the sponsoring directors of the Company and the projections prepared by the Company's management, which have been approved by the Board of Directors, the Board is of the view that the Company would have adequate resources to continue its business on a sustainable basis in the foreseeable future. Accordingly, these financial statements have been prepared on a going concern basis.

Audit Committee

The audit committee constituted by the Board consists of three members; two of them are non-executive Directors. The Board has set the terms of reference for the Audit Committee including appraisal of financial management and reporting and to assess the integrity of the Company's accounting procedures and financial controls.

The Committee supervises the internal control procedures through Internal Audit Department and reviews financial statements periodically, before the same are circulated. The Committee is ale responsible for the recommending the appointment of auditors and ensures their independence with regard to services provided by them.

Corporate Social Responsibility

Your Company is a responsible corporate citizen and fully recognizes its responsibility towards community, employees and environment.

Role of Shareholders

The Board aims to ensure that the Company's shareholders are timely informed about major developments affecting the Company's state of affairs. To achieve this objective, information is communicated to the shareholders through quarterly, half-yearly and annual reports, now being promptly placed on Company's website. The Board encourages the shareholders' participation at the general meetings to ensure the desired level of accountability.

Board Meetings

During the year under report, five board meetings were held. Attendance by each director is as under:

Sr.#	Name of Directors	No. of meeting Attend
1	Mr. Muhammad Tousif Percaha	4
2	Mr. Abdur Rafique Khan	5
3	Mrs. Tabassum Tousif Peracha	2
4	Mian Nazir Ahmed Peracha	2
5	Mr. Muhammad Ishaque Khokhar	5
6	Mr. Muhammad Niaz Piracha	5
7	Mr. Jawaid Aziz Peracha	3

Corporate and Financial Reporting Framework

In compliance with the Code of Corporate Governance, we give below statements on Corporate and Financial Reporting Frame Work:

- i The financial statements, prepared by the management of the Company, present fairly its state of affairs, the results of its operations, cash flows and changes in equity.
- ii Proper books of account of the Company have been maintained.
- iii Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
- iv International Accounting Standards, as applicable in Pakistan, have been followed in preparation of financial statements and any departure there from has been adequately disclosed.
- v The system of internal control is sound in design and has been effectively implemented and monitored.
- vi There are no significant doubts upon the Company's ability to continue as a going concern. Management has already provided its comment in response to Auditors' Observation in this report.
- vii There has been no material departure from the best practices of corporate governance, as detailed in the listing regulations.
- viii The detail of trading in shares of the Company, if any, carried out by the directors, CEO, CFO, and Company Secretary and their spouses and minor children is provided in pattern of shareholding annexed with this report.
- ix No material changes and commitments affecting the financial position of the Company have occurred between the end of the financial year to which these financial statements relate and the date of Directors' report.
- x Key operating and financial data for last six years is annexed.
- xi The pattern of shareholding is annexed.
- xii The Company has also complied with the Best Practices on Transfer Pricing as contained in the listing Regulations of the Stock Exchanges.
- xiii The Company has fulfilled its major statutory and financial obligations, except as disclosed in the Financial Statements, if any, for the year under report.
- xii The Statement of compliance with the best practices of Code of Corporate Governance is annexed with this report.

Auditors

Hyder Bhimji & Co., Chartered Accountants, the retiring auditors have offered their services for another term. The Board proposes their appointment as recommended by the Audit Committee.

Acknowledgment

The Board is grateful to all the lenders for their support and cooperation with the Company. Thanks are due to our members, distributors, builders and other business partners for their cooperation. Thanks are also due to the employees for their dedication and hard work.

For and on behalf of the Board

Lahore: 08 October 2011

Muhammad Tousif Peracha
Chairman & Chief Executive

Summary of
Last Six Years' Financial Results

	2011	2010	2009	2008	2007	2006
	(Rupees in Thousands)					
Trading Results						
Turnover	3,327,031	2,113,818	2,438,570	-	521,716	1,588,439
Gross Profit / (Loss)	167,316	(418,905)	233,080	(75,230)	(188,432)	274,797
Operating Profit / (Loss)	(171,026)	(928,107)	21,907	(293,582)	(334,508)	183,656
(Loss) / Profit Before Taxation	(935,766)	(2,112,763)	(859,499)	(363,082)	(202,074)	170,245
(Loss) / Profit After Taxation	(971,451)	(998,022)	(870,357)	(315,198)	(222,916)	167,155
Balance Sheet						
Shareholders Equity	4,002,739	4,000,421	1,965,807	1,995,779	1,678,007	1,880,680
Operating Fixed Assets	11,566,193	12,044,869	9,729,489	2,316,429	2,416,455	2,520,973
Net current assets / (liabilities)	(4,273,030)	(4,015,933)	(4,465,701)	(479,907)	131,917	94,570
Long term liabilities	4,280,148	4,086,430	3,360,334	5,873,548	4,349,215	450,719
Significant Ratios						
Gross (losss) / Profit Ratio %	5.02	(19.81)	9.56	-	(36.12)	17.30
Net (loss) / Profit Ratio %	(29.20)	(47.21)	(35.69)	-	(17.83)	13.37
Fixed Assets Turnover Ratio (times)	0.28	0.18	0.25	-	0.22	0.63
Debt : Equity Ratio (time)	0.73	0.66	0.90	2.94	2.59	0.24
Current Ratio (time)	0.20	0.17	0.22	0.70	1.12	1.14
Interest Cover Ratio (time)	(0.22)	(0.78)	(0.02)	(2.31)	(1.97)	5.24

Pattern of Shareholding
As at June 30, 2011

Sr. No	Number of Shareholders	Shareholdings From	Shareholdings To	Total Shares Held	Percentage
1	860	1	100	33,311	0.0083%
2	597	101	500	165,207	0.0413%
3	299	501	1,000	222,027	0.0555%
4	416	1,001	5,000	986,351	0.2464%
5	83	5,001	10,000	577,724	0.1443%
6	19	10,001	15,000	227,840	0.0569%
7	15	15,001	20,000	267,823	0.0669%
8	5	20,001	25,000	114,420	0.0286%
9	5	25,001	30,000	142,235	0.0355%
10	6	30,001	35,000	196,386	0.0491%
11	3	35,001	40,000	117,774	0.0294%
12	1	40,001	45,000	42,454	0.0106%
13	5	45,001	50,000	240,838	0.0602%
14	2	50,001	55,000	105,499	0.0264%
15	1	55,001	60,000	60,000	0.0150%
16	1	60,001	65,000	60,945	0.0152%
17	1	65,001	70,000	69,817	0.0174%
18	1	90,001	95,000	91,449	0.0228%
19	1	95,001	100,000	100,000	0.0250%
20	1	100,001	105,000	102,500	0.0256%
21	1	105,001	110,000	109,705	0.0274%
22	1	125,001	130,000	127,500	0.0319%
23	1	135,001	140,000	136,257	0.0340%
24	1	150,001	155,000	153,747	0.0384%
25	1	245,001	250,000	250,000	0.0625%
26	1	395,001	400,000	400,000	0.0999%
27	1	450,001	455,000	452,255	0.1130%
28	2	505,001	510,000	1,018,160	0.2544%
29	1	545,001	550,000	547,160	0.1367%
30	1	980,001	985,000	985,000	0.2461%
31	1	1,245,001	1,250,000	1,246,937	0.3115%
32	1	1,335,001	1,340,000	1,339,000	0.3345%
33	1	2,530,001	2,535,000	2,533,691	0.6330%
34	1	2,995,001	3,000,000	3,000,000	0.7495%
35	1	4,080,001	4,085,000	4,082,112	1.0198%
36	1	4,105,001	4,110,000	4,106,500	1.0259%
37	1	4,280,001	4,285,000	4,282,112	1.0698%
38	1	4,595,001	4,600,000	4,600,000	1.1492%
39	1	5,460,001	5,465,000	5,463,028	1.3648%
40	1	5,745,001	5,750,000	5,750,000	1.4365%
41	1	5,995,001	6,000,000	6,000,000	1.4990%
42	1	6,665,001	6,670,000	6,666,666	1.6655%
43	1	8,015,001	8,020,000	8,017,500	2.0030%
44	1	9,195,001	9,200,000	9,195,200	2.2972%
45	1	16,060,001	16,065,000	16,062,541	4.0129%
46	1	17,930,001	17,935,000	17,933,497	4.4803%
47	1	21,735,001	21,740,000	21,739,000	5.4310%
48	1	92,435,001	92,440,000	92,436,942	23.0934%
49	1	177,710,001	177,715,000	177,714,850	44.3983%
TOTAL:	2,352			400,273,960	100.0000%

Categories of shareholders	Share held	Percentage
Directors, Chief Executive Officers, and their spouse and minor childern	322,928,591	80.6769%
NIT and ICP	630	0.0002%
Banks Development Financial Institutions, Non Banking Financial Institutions.	1,348,747	0.3370%
Insurance Companies	985,418	0.2462%
General Public (Local)	53,811,102	13.4436%
Joint Stock Companies	4,708,541	1.1763%
Foreign Companies	8,364,224	2.0896%
Associations	43,637	0.0109%
Government Authority	14,872	0.0037%
Investment Companies	8,017,500	2.0030%
Leasing Companies	50,000	0.0125%
Others	698	0.0002%
TOTAL:	400,273,960	100.0000%

PATTERN OF SHAREHOLDING as required under CODE OF CORPORATE GOVERNANCE As at June 30, 2011

Name	Holding	Percentage
DIRECTORS, CEO THEIR SPOUSE AND MINOR CHILDREN		
1 Mr. Abdur Rafique Khan	98,037,489	24.4926%
2 Mr. Muhammad Tousif Peracha	224,178,197	56.0062%
3 Mr. Muhammad Niaz Peracha	2,330	0.0006%
4 Mr. Nazir Ahmed Peracha	500	0.0001%
5 Mr. Jawaid Aziz Paracha	547,160	0.1367%
6 Mrs. Tabassum Tousif Peracha	6,025	0.0015%
7 Mr. Ishaque Khokhar	3,143	0.0008%
8 Mrs. Salma Khan	153,747	0.0384%
	322,928,591	80.6769%
THE INVESTMENT CORPORATION OF PAKISTAN.	630	0.0002%
BANKS, DEVELOPMENT FINANCIAL INSTITUTIONS, NON BANKING FINANCIAL INSTITUTIONS	1,348,747	0.3370%
INSURANCE COMPANIES	985,418	0.2462%
JOINT STOCK COMPANIES	4,708,541	1.1763%
FORIGN COMPANIES	8,364,224	2.0896%
ASSOCIATIONS	43,637	0.0109%
GOVERNMENT AUTHORITY	14,872	0.0037%
INVESTMENTS COMPANIES	8,017,500	2.0030%
LEASING COMPANIES	50,000	0.0125%
OTHERS	698	0.0002%
SHARES HELD BY THE GENERAL PUBLIC	53,811,102	13.4436%
Total:	400,273,960	100.000%
SHAREHOLDER HOLDING 10% OR MORE OF THE TOTAL CAPITAL		
1 Mr. Muhammad Tousif Peracha	224,178,197	56.0062%
2 Mr. Abdur Rafique Khan	98,037,489	24.4926%
	322,215,686	80.4989%

During the financial year, the trading in shares of the company by the directors, CEO, CFO, company secretary, and theire spouses, and theire minor children is as under:

	Sales	Purchase	Right
Mr. Muhammad Tousif Peracha	9,997,981	-	106,017,218
Mr. Abdur Rafique Khan	2,698,991	-	62,380,325
Mr. Jawaid Aziz Paracha	-	2,000	-
Mian Nazir Ahmed Peracha	-	500	-

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 Regulation No. 37 Chapter XI and No. 40 (Chapter XIII) of the Karachi and Lahore Stock Exchanges respectively 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 Code in the following manner:

1. The Company encourages representation of independent non-executive directors on its Board of Directors. At present the Board includes three independent non-executive directors.

2. The directors have confirmed that none of them is serving as a director in more than ten listed companies, including this Company.

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

4. The Casual Vacancy occurring in the board ,if any, was filled up by the directors within thirty days

5. The Company is in the process of reviewing its "Statement of Ethics and Business Practices", which will be forwarded to its directors and employees of the company on its finalization; however, employees are notified about the previous statement followed by the company.

6. The Board has developed a Vision/Mission Statement, overall corporate strategy and significant policies of the Company.

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 and other executive directors, have been taken by the Board.

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

9. During the year in house orientation course was carried out by the company for its directors.

10. The Board has approved appointment of CFO, Company Secretary and Head of Internal Audit Including their remuneration and terms and conditions of employment, as determined by the CEO.

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

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

15. The Board has formed an audit committee. It comprises three members, of whom two are non-executive directors including the Chairman/Chairperson of the committee.

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

17. The Board is in the process of setting up an in-house internal audit function which will be manned by suitably qualified and experienced personnel's.

18. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the quality control review program of the Institute of Chartered Accountants of Pakistan (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 Institute of Chartered Accountants of Pakistan.

19. 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.

20. The management of the Company is committed to good corporate governance and appropriate steps are being taken to comply with the best practices.

For and on behalf of the Board

Lahore: 08 October 2011

Muhammad Tousif Peracha
Chief Executive Officer

HYDER BHIMJI & CO.
CHARTERED ACCOUNTANTS

A member of
KRESTON INTERNATIONAL
with affiliated offices worldwide

Amin Building, 65 - The Mall,
Lahore - Pakistan.
Tel: 042 - 37352661 - 37321043
Fax: 042 - 37359515
E-mail : bhimgar@wol.net.pk
: info-lhr@hyderbhimji.com

Review Report to the Members on Statement of Compliance with Best Practices of Code of Corporate Governance

We have reviewed the Statement of Compliance with the best practices contained in the Code of Corporate Governance prepared by the Board of Directors of Gharibwal Cement Limited (the company) for the year ended June 30, 2011 to comply with the Listing Regulations of the respective stock exchanges, where the company is listed.

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

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

Further, sub-regulations (xiii) of the Listing Regulations 35 notified by the Karachi Stock Exchange (Guarantee) Limited vide circular KSE/N-269 dated January 19, 2009 requires the company to place before the Board of Directors for their consideration and approval of 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 recording proper justification for using such alternate pricing mechanism. Further, all such transactions are also required to be separately placed before the audit committee. We are only required and have ensured compliance of requirement to the extent of approval of related party transactions by the Board of Directors and placement of such transactions before 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, except for that the internal audit function has not been appropriately and regularly set up, 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 of Corporate Governance, as applicable to the company for the year ended June 30, 2011.

HYDER BHIMJI & CO.
CHARTERED ACCOUNTANTS
Engagement Partner - Syed Aftab Hameed

Lahore: 08 October 2011

HYDER BHIMJI & CO.
CHARTERED ACCOUNTANTS

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Auditors' Report to the Members

We have audited the annexed balance sheet of Gharibwal Cement Limited as at June 30, 2011 and the related profit and loss account, cash flow statement and statement of changes in equity together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purpose of our audit.

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

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

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

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

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

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

c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the company's affairs as at June 30, 2011 and of the loss, its cash flows and changes in equity for the year then ended; and

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

Without qualifying our report, we draw attention of the members towards note 1.2 of the financial statements, which indicates that the company incurred net loss for the year in the sum of Rs. 971.451 million, which increased accumulated loss to Rs. 3,576.437 million on June 30, 2011; and that the company's current liabilities exceeded its current assets by Rs. 4,273.030 million as at June 30, 2011. These conditions, along with other matters as set forth in note 1.2, indicate the existence of a material uncertainty which may cast significant doubt about the company's ability to continue as a going concern.

Lahore: 08 October 2011

HYDER BHIMJI & CO.
CHARTERED ACCOUNTANTS
Engagement Partner - Syed Aftab Hameed

BALANCE SHEET AS AT JUNE 30, 2011

	Note	2011	2010
		(Rupees in 000s)	
ASSETS			
NON CURRENT ASSETS			
Property, plant and equipment	6	11,566,193	12,044,869
Long term loans	7	2,111	1,270
Long term deposits	8	13,844	56,645
		11,582,148	12,102,784
CURRENT ASSETS			
Stores, spares and loose tools	9	329,537	351,604
Stock in trade	10	115,180	109,483
Trade debts	11	61,964	33,762
Advances, deposits and other receivables	12	401,788	227,219
Tax refunds due from the government	13	87,889	76,119
Cash and bank balances	14	22,261	21,140
		1,018,619	819,327
Non current assets held for sale	6.1.6	13,812	-
Total current assets		1,032,431	819,327
TOTAL ASSETS		12,614,579	12,922,111
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized capital			
470,000,000 (2010: 250,000,000) ordinary shares of Rs. 10 each		4,700,000	2,500,000
Issued, subscribed and paid up capital	15	4,002,739	2,318,764
General reserves		332,000	332,000
Accumulated loss		(3,576,437)	(2,694,482)
		758,302	(43,718)
SHARE DEPOSIT MONEY	16	-	1,683,975
SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT	17	2,270,668	2,360,164
NON CURRENT LIABILITIES			
Redeemable capital	18	-	-
Long term borrowings	19	3,389,554	3,359,647
Liabilities against assets subject to finance lease	20	2,345	11,916
Deferred income	19.1.7	16,156	-
Deferred liabilities	21	872,093	714,867
		4,280,148	4,086,430
CURRENT LIABILITIES			
Trade and other payables	22	1,285,836	1,594,198
Accrued interest / mark-up	23	493,915	401,368
Short term borrowings	24	787,368	502,517
Current portion of non-current liabilities	25	1,236,383	1,302,099
Taxes and duties payable	26	1,501,959	1,035,078
		5,305,461	4,835,260
CONTINGENCIES AND COMMITMENTS	27		
TOTAL EQUITY AND LIABILITIES		12,614,579	12,922,111

The annexed notes 1 to 43 form an integral part of these financial statements.

Chief Executive

Director

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED JUNE 30, 2011

	Note	2011	Restated 2010
		(Rupees in 000s)	
Sales - net	28	3,327,031	2,113,818
Cost of sales	29	(3,159,715)	(2,532,723)
Gross profit / (loss)		167,316	(418,905)
Selling and distribution expenses	30	(17,411)	(292,689)
General and administrative expenses	31	(194,284)	(149,378)
Other operating expenses	32	(145,383)	(105,049)
		(357,078)	(547,116)
		(189,762)	(966,021)
Other operating Income	33	18,736	37,914
Loss from operations		(171,026)	(928,107)
Finance cost	34	(764,740)	(1,184,656)
Loss before taxation		(935,766)	(2,112,763)
Taxation	35	(35,685)	1,114,741
Loss after taxation		(971,451)	(998,022)
Other comprehensive income for the year		-	-
Total comprehensive loss for the year		(971,451)	(998,022)
		(Rupees)	
Loss per share (basic & diluted)	36	(3.08)	(4.30)

The annexed notes 1 to 43 form an integral part of these financial statements.

Chief Executive

Director

CASH FLOW STATEMENT FOR THE YEAR ENDED JUNE 30, 2011

	Note	2011	Restated 2010
		(Rupees in 000s)	
CASH FLOW FROM OPERATING ACTIVITIES			
Net loss before taxation		(935,766)	(2,142,231)
Adjustment for non-cash and other transactions:			
Depreciation		324,634	240,607
Provision for retirement benefits		11,537	12,851
Finance cost		764,740	1,184,656
Taxes and duties		31,515	29,157
Provision for slow moving store items		7,440	16,534
Provision for doubtful debts		3,971	-
Provision for balances doubtful for recovery		20,027	-
Impairment of non-current assets held for sale		5,918	-
Provision for obsolescence of capital stores and spares		16,951	-
Loss on disposal of property, plant and equipment		64,693	-
Profit / interest income for the year		(16,275)	(37,914)
		1,235,151	1,445,891
Operating profit before working capital changes		299,385	(696,340)
Increase / (decrease) in working capital:			
Stores, spares and loose tools		14,627	(89,803)
Stock in trade		(5,694)	292,185
Trade debts		(31,731)	18,932
Advances, deposits and other receivables		(178,321)	163,535
Trade and other payables		(275,795)	228,526
		(476,914)	613,375
Cash outflow from operation		(177,529)	(82,965)
Finance cost paid		(353,024)	(367,519)
Retirement benefits paid		(3,927)	(4,778)
Net increase/(decrease) in long term advances & deposits		41,960	4,438
Net increase/(decrease) in taxes & deposits		387,911	313,077
Net Cash outflow from operating activities		(104,609)	(137,747)
CASH FLOW FROM INVESTING ACTIVITIES			
Fixed capital expenditure incurred during the year		(188,580)	(192,940)
Proceeds on disposal of operating fixed assets		240,806	-
Profit / interest received		-	23,461
Net cash inflow / (outflow) from investing activities		52,226	(169,479)
CASH FLOW FROM FINANCING ACTIVITIES			
Change in long term borrowings		(428,442)	(528,000)
Change in redeemable capital		(10,660)	-
Change in short term borrowings		284,851	803,163
Change in directors' loan		265,694	(7,359)
Change in liabilities against assets subject to finance lease		(57,939)	(7,419)
Net cash inflow from financing activities		53,504	260,385
Net increase / (decrease) in cash and cash equivalents		1,121	(46,841)
Cash and cash equivalents at beginning of the year		21,140	67,981
Cash and cash equivalents at end of the year	14	22,261	21,140

The annexed notes 1 to 43 form an integral part of these financial statements.

Chief Executive

Director

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED JUNE 30, 2011

	Share Capital	General Reserves	Accumulated Loss	Total
	(Rupees	in 000s)		
Balance as at June 30, 2009	2,318,764	332,000	(1,695,856)	954,908
Effect of correction of compensatory error (Note 37)	-	-	(29,468)	(29,468)
Total Comprehensive loss for the year ended June 30, 2010 - restated	-	-	(998,022)	(998,022)
Surplus on revaluation of fixed assets transferred: - Incremental depreciation charged during the year [net off deferred tax of Rs. 15.542 million]	-	-	28,864	28,864
Balance as at June 30, 2010	2,318,764	332,000	(2,694,482)	(43,718)
Shares issue other wise than right	1,683,975	-	-	1,683,975
Total Comprehensive loss for the year ended June 30, 2011	-	-	(971,451)	(971,451)
Surplus on revaluation of fixed assets transferred: - On disposal of fixed assets	-	-	19,060	19,060
- Incremental depreciation charged during the year [net off deferred tax of Rs. 37.779 million]	-	-	70,436	70,436
Balance as at June 30, 2011	4,002,739	332,000	(3,576,437)	758,302

The annexed notes 1 to 43 form an integral part of these financial statements.

Chief Executive

Director

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2011

1 LEGAL STATUS AND OPERATIONS

1.1 The Company was incorporated in Pakistan on December 29, 1960 as a Public Limited Company; its shares are quoted on Karachi and Lahore Stock Exchanges. It is principally engaged in production and sale of cement. The registered office of the Company is situated at 28-B/3, Gulberg III, Lahore.

1.2 During the year, the Company again incurred net loss amounting to Rs 971.451 million (2010: Rs. 998.022 million) which increased accumulated loss to Rs. 3,576.437 million (2010: Rs. 2,694.482 million). Further, as of the balance sheet date, the current liabilities exceeded current assets by Rs. 4,273.030 million (2010: Rs. 4,015.933 million).

In order to mitigate the above situation, the Company has already taken appropriate steps which include reduction in the cost of production by using alternate fuel resources and employing experienced technical staff to ensure the smooth operation of the plant which has resulted in improved production efficiency. Moreover, the management of the Company anticipates that the present increase in sale prices will continue further and is also hopeful that demand for cement would rise significantly in the years ahead. The sponsoring directors has, subsequent to the balance sheet date, injected further funds into the Company in order to meet its working capital requirements. Hence, the aforementioned factors and other measures together with the injection of further funds by the sponsoring directors will improve the profitability and liquidity position of the Company.

Further the management of the Company is continuously persuading the lenders by giving them various proposals for the repayment/settlement of the outstanding dues including offering personal properties, assets and securities of the sponsoring directors for such settlement, so that the cash generated from the operation may be utilized toward the Company's business; and at the same time ensuring that there should not be any default in meeting its repayment obligations, that may cause difficulties for the smooth running of the Company's business. Until now the management is successful in dealing with the lenders due to which there are no indications of any call of immediate payment of the financing provided by them, which is not yet due as per the existing agreement. The management of the Company sincerely believes that their efforts for the settlement/revision in repayment schedule of the long term borrowings would be accepted by all the members of the lenders' syndicate in due course of time.

Based on the continued support of the sponsoring directors and lenders as well as the projections prepared by the Company's management, which have been approved by the Board of Directors, the management is of the view that the Company would have adequate resources to carry on its business on a sustainable basis in the foreseeable future; and therefore will continue to be a going concern.

2 STATEMENT OF COMPLIANCE

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

2.2 STANDARDS, INTERPRETATIONS AND AMENDMENTS TO APPROVED ACCOUNTING STANDARDS THAT ARE NOT YET EFFECTIVE

The Company has adopted the following new and amended IFRS and IFRIC interpretation which become effective during the year:

IFRS-2	Share based Payment-Group Cash settled Share based Payment Arrangements
IAS-32	Financial Instruments: Presentation -Classification of Rights Issue (Amendment)
IFRIC-19	Extinguishing Financial Liabilities with Equity Instruments

The Company expects that the adoption of the above revisions, amendments and interpretations of the standards will not affect the Company's financial statements in the period of initial application.

In addition to the above, amendments to various accounting standards have also been issued by the IASB as a result of its annual improvement project as detailed below. Such improvements are mostly effective for accounting periods beginning on or after 01 January 2010. 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.

Improvements to various standards issued by IASB in April 2009

IFRS-5	Non-Current Assets Held for Sale and Discontinued Operations
IFRS-8	Operating Segments
IAS-1	Presentation of Financial Statements
IAS-7	Statement of Cash Flows Presentation of Financial Statements
IAS-17	Leases
IAS-36	Impairment of Assets
IAS-39	Financial Instruments: Recognition and Measurement

Improvements to various standards issued by IASB in May 2010

IFRS-3	Business Combinations
IAS-27	Consolidated and Separate Financial Statements

2.3 Standards, interpretations and amendments to approved accounting standards that are issued but not yet effective

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

Standard or Interpretation		Effective date periods beginning on or after
IAS-1	Presentation of Financial Statements-Amendments to revise the way other comprehensive income is presented	July 01, 2012
IFRS-7	Financial Instruments: Disclosures-Amendments enhancing disclosures about transfers of financial assets	July 01, 2011
IAS-12	Income Tax (Amendment)-Deferred Taxes: Recovery of underlying assets	January 01, 2012
IAS-19	Employee Benefits-Amended Standard resulting from the post-employment benefits and termination benefits projects	January 01, 2013
IAS-24	Related Party Disclosures (Revised)	January 01, 2011
IAS-27	Consolidated and Separate Financial Statements	January 01, 2013
IAS-28	Investment in Associates: Investment in Associates and Joint Venture	January 01, 2013
IFRIC-14	IAS-19: Prepayments of a Minimum Funding Requirement (Amendment)	January 01, 2011

The company expects that the adoption of the above standards and interpretations will not have any material impact on its financial statements in the period of initial application.

In addition to the above, amendments to various accounting standards have also been issued by the IASB. Such improvements are generally effective for accounting periods beginning on or after January 01, 2011. These include changes in terminology and accounting requirements. 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, the following new standards have been issued by IASB which are yet to be notified by the Securities and Exchange Commission of Pakistan (SECP) for the purpose of applicability in Pakistan.

		Effective date periods beginning on or after
IFRS-9	Financial Instruments	January 01, 2015
IFRS-10	Consolidated Financial Statements	January 01, 2013
IFRS-11	Joint Agreements	January 01, 2013
IFRS-12	Disclosure of Interest in Other Entities	January 01, 2013
IFRS-13	Fair Value Measurement	January 01, 2013

3 BASIS OF PREPARATION

These financial statements have been prepared under the historical cost convention except for freehold land, factory building and plant & machinery which have been carried at revalued amount as referred to in the relevant notes and staff retirement benefits for gratuity and compensated absences have been recognized at present value. The financial statements are presented in Company's functional currency of Pakistan Rupee.

4 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of financial statements in conformity with approved accounting standards, as applicable in Pakistan, requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of setting up and applying the Company's accounting policies. Estimates and judgments are continually evaluated and are based on historical experience, including expectations of future events that are believed to be reasonable under the circumstances. Revision to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods. The areas involving a higher degree of judgements or complexity or areas where assumptions and estimates are significant to the financial statements are as follows:

4.1 Taxation

In making the estimate for income tax payable by the Company, the Company takes into account the applicable tax laws and the decision by appellate authorities on certain issues in the past.

Deferred tax assets are recognized for all unused tax losses and credits to the extent that it is probable that taxable profit will be available against which such losses and credits can be utilized. Significant management judgement is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

4.2 Provision for doubtful receivables

The Company reviews its doubtful trade debts at each reporting date to assess whether provision should be recorded in the profit and loss account. In particular, judgement by management is required in the estimation of the amount and timing of future cash flows when determining the level of provision required. Such estimates are based on assumptions about a number of factors and actual results may differ, resulting in future changes to the provisions.

4.3 Useful life and residual values of 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 with the Company. Any change in the estimates in the future might affect the carrying amount of respective item of property, plant and equipment, with corresponding effects on the depreciation charge and impairment, if any.

4.4 Impairment of non-financial assets

The Company assesses whether there are any indicators of impairment for all non financial assets at each reporting date. Non-financial assets are also tested for impairment when there are indicators that the carrying amounts may not be recoverable.

4.5 Provision for defined employees' benefits

Defined benefit plans are provided for permanent employees of the Company subject to completion of a prescribed qualifying period of service. The plans are structured as separate legal entities managed by trustees except compensated absences for which liability is recognized in the Company's financial statements. These plans are evaluated with reference to uncertain events and based upon actuarial assumptions including inter alia, discount rates, expected rates of return on plan assets, expected rates of salary increases, medical cost rates and mortality rates.

The actuarial valuations are conducted by independent actuaries on annual basis. Gratuity costs primarily represent the increase in actuarial present value of the obligation for benefits earned on employee service during the year and the interest on the obligation in respect of employee service in previous years, net of the expected return on plan assets. Calculations are sensitive to changes in the underlying assumptions.

4.6 Contingencies

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

4.7 Stock in trade and stores and spare parts

The company reviews the net realizable value of stock–in–trade and stores & spare parts to assess any diminution in the respective carrying values. Net realizable value is estimated with reference to the estimated selling price in the ordinary course of business less the estimated cost necessary to make the sale.

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

5.1 Property, plant & equipment and depreciation

Owned

Operating fixed assets, except freehold land which is stated at revalued amount, are stated at cost or revalued amounts less accumulated depreciation and impairment, if any.

Depreciation is charged at the rates stated in note 6.1 applying reducing balance method except plant and machinery of Line-II on which depreciation is charged on the basis of units of production method. The useful life and residual value of major components of fixed assets is reviewed annually to determine that expectations are not significantly different from the previous estimates. Adjustment in depreciation rate for current and future periods is made if expectations are significantly different from the previous estimates. Depreciation is charged from the month when an asset becomes available for use, whereas no depreciation is charged in the month of its disposal. Gain/loss on disposal of fixed assets is taken to profit and loss account.

Normal repairs and maintenance are charged to profit and loss account as and when incurred. Major improvements and modifications are capitalized and assets replaced, if any, other than those kept as stand-by, are retired.

Leased

Assets subject to finance lease are stated at the lower of present value of minimum lease payments under the lease agreements and the fair value of the assets. The related obligations of lease are accounted for as liabilities. Financial charges are allocated to accounting periods in a manner so as to produce a constant periodic rate of financial cost on the remaining balance of principal liability for each period.

Depreciation is charged at the rates stated in note 6.1 by applying reducing balance method. Financial charges and depreciation on leased assets are charged to profit and loss account.

5.2 Capital Work in Progress

Capital work in progress and stores held for capital expenditure are stated at cost less any identified impairment loss and represents expenditure on property, plant and equipment during the construction and installation. Cost also includes applicable borrowing costs. Transfers are made to relevant property, plant and equipment category as and when assets are available for its intended use.

5.3 Stores and spares

These are valued at lower of moving (monthly weighted) average cost and net realizable value except items-in-transit which are valued at cost accumulated to the balance sheet date. Stores, spares and loose tools are regularly reviewed by the management to assess their net realizable value (NRV). Provision is made for slow moving and obsolete store items when so identified.

5.4 Stock-in-trade

These are stated at the lower of cost and net realizable value. The methods used for the calculation of cost are as follows:

Raw materials:	Lower of annual average cost and net realizable value
Work in process and finished goods:	Lower of NRV or annual average cost comprising quarrying cost, transportation, government levies, direct cost of raw material, labour and other manufacturing overheads
Packing materials:	Lower of simple moving average cost and net realizable value

Stock-in-trade is regularly reviewed by the management and any obsolete items are brought down to their net realizable value. Net realizable value signifies the selling price in the ordinary course of business less cost necessary to be incurred to affect such sale.

5.5 Trade debts

Trade debts are carried at invoice amount on transaction date less any estimate of provision for doubtful receivables. Known bad debts are written off as and when identified.

5.6 Cash and cash equivalents

For the purpose of cash flow statement, cash and cash equivalents comprise of cash-in-hand, current, escrow, saving and deposit accounts with commercial banks net of temporary bank overdrafts.

5.7 Assets classified as held for sale

These are measured at the lower of carrying amount and fair value less cost to sell.

5.8 Surplus on revaluation of property, plant and equipments

The surplus arising on revaluation of these assets is credited to the “Surplus on revaluation of property, plant and equipment’’ account shown below equity in the balance sheet in accordance with the requirements of section 235 of the Companies Ordinance 1984. The Company has adopted the following accounting treatment of depreciation on revalued assets in accordance with the provisions of the above said section:

- Depreciation on assets which are revalued is determined with reference to the value assigned to such assets on revaluation and depreciation charge for the year is taken to the profit and loss account; and

- An amount equal to incremental depreciation for the year net of deferred taxation is transferred from “Surplus on Revaluation of Fixed Assets accoun’’ to accumulated profits/losses through Statement of Changes in equity to record realization of surplus to the extent of the incremental depreciation charge for the year.

5.9 Employees benefits

(a) Defined benefit plan

The Company operates a funded gratuity scheme for all its permanent employees subject to completion of a prescribed qualifying period of service. Contribution to the fund is made annually on the basis of actuarial recommendation to cover obligation under the scheme.

The cost of defined benefit plan is determined using actuarial valuation. The actuarial valuation involves making assumptions disclosed in note 22.5. Due to long term nature of these plans, such estimates are subject to significant uncertainty.

Actuarial gains or losses are recognized as income or expense when the cumulative unrecognized actuarial gains or losses for each individual plan exceeds 10% of the higher of the present value of the defined benefit obligation and fair value of plan assets. These gains or losses are recognized in the profit and loss account over the expected average remaining working lives of the employees participating in the plan.

(b) Defined contribution plan

The Company also operates a funded contributory provident fund scheme for its employees. Equal monthly contributions @ 10% of the basic salaries are made by the Company and the employees to the fund. Contribution of the Company is charged to the profit and loss account for the year.

(c) Compensated absences

Provisions are made to cover the obligation for accumulated compensated absences on the basis of actuarial valuation and are charged to profit and loss account. Actuarial gains and losses are recognized immediately.

5.10 Trade and other payables

Trade and other payables are carried at cost, which is the fair value of the consideration to be paid for goods and services.

5.11 Ijarah

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

5.12 Provisions

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

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

5.13 Taxation

Current

The charge for current taxation is based on taxable income at current rates of taxation after taking into account tax credits, rebates and exemptions available, if any, or minimum taxation at the rate of one percent of the turnover, in case there is gross profit, whichever is higher. For income covered under Final Taxation Regime (FTR), taxation is based on the applicable tax rates under such Regime.

Deferred

Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax basis used in the computation of taxable income. Deferred tax is calculated by using the tax rates enacted at the balance sheet date. In this regard, the effect on deferred taxation of the portion of income subjected to Final Tax Regime is adjusted in accordance with the requirements of Accounting Technical Release – 27 of the Institute of Chartered Accountants of Pakistan, if considered material.

Deferred tax liability is recognized for all taxable temporary differences and deferred tax asset is recognized for all deductible temporary differences and carry forward of unused tax losses and unused tax credits, if any, to the extent that it is probable that future taxable profit will be available against these can be utilized. The Company recognizes deferred tax liability on surplus on revaluation of fixed assets which is adjusted against the related surplus.

Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realized. Significant management judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

5.14 Foreign currency translation

Transactions in foreign currencies are translated into Pak Rupees (functional and presentation currency) at the rates of exchange approximating those appearing on the dates of transactions. Assets and liabilities in foreign currencies are translated into Pak Rupees at rates of exchange prevalent on the balance sheet date. All exchange differences arising from foreign currency transactions / translations are charged to profit and loss account.

5.15 Financial instruments

Financial assets are long term deposits, long term advances, trade debtors, advances & other receivables and cash and bank balances. These are stated at their nominal value as reduced by appropriate allowances for estimated irrecoverable amounts. Financial assets are derecognized when the Company loses control of the contractual rights that comprise the financial asset.

Financial liabilities are classified according to the substance of the contractual arrangements entered into. Significant financial liabilities are liabilities against assets subject to finance lease, long term loans & finances, short term loans & borrowings and trade payables. Mark-up bearing finances are recorded at the gross proceeds received; other liabilities are stated at their nominal value. Financial liabilities are removed from the balance sheet when the obligation is extinguished, discharged, cancelled or expired.

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

5.16 Offsetting of financial assets and liabilities

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

Equity instruments are recorded at their face value. All incremental external costs directly attributable to the equity transactions are charged directly to equity net of any related income tax benefit.

5.17 Revenue recognition

Sale of goods:
Revenue from sales is recognized when the significant risks and rewards of ownership of the goods have passed to customers, which coincide with the dispatch of goods to customers.

Interest Income: Interest income is accounted for on accrual basis.

Scrap sales: These are recognized on physical delivery to customers.

Dividend Income: It is recognized when the company's right to receive payment is established.

5.18 Borrowing costs:

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. All other borrowing costs are charged to profit and loss account in the period of incurrence.

5.19 Impairment of assets

The management assesses at each balance sheet date whether there is any indication that an asset is impaired. If any such indication exists, the management estimates the recoverable amount of the asset. If the recoverable amount of the asset is less than its carrying amount, the carrying amount of the cash generating unit is reduced to its recoverable amount by charging the impairment loss against profit and loss account for the year.

5.20 Related party transactions

All transactions with related parties are executed at arm's length prices, determined in accordance with the pricing method as approved by the Board of Directors.

	Note	2011	2010
		(Rupees in 000s)	
6 PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets - Tangible	6.1	11,459,998	11,908,348
Capital work in progress	6.2	106,195	136,521
		11,566,193	12,044,869

6.1 OPERATING FIXED ASSETS - TAUGIBLE

	COST / REVALUED AMOUNT					ACCUMULATED DEPRECIATION					
	Balance as at 01-07-2010	Addition	Deletion	Transfer /Adjustment	Balance as at 30-06-2011	Balance as at 01-07-2010	For the Year	Adjustment /(Deletion)	Balance as at 30-06-2011	Book Value Revaulation Modle as at 30-06-2011	Rate of Depreciation
Owned assets											
Land - freehold	134,137	-	(50,760)	-	83,377	-	-	-	-	83,377	
Buildings and foundations	2,897,636	75,530	-	-	2,973,166	462,219	139,509	-	601,728	2,371,438	5%-10%
Building on Leasehold land	19,796	-	-	-	19,796	13,627	617	-	14,244	5,552	10%
Heavy vehicles	162,381	-	(39,929)	-	122,452	146,486	2,275	(35,411)	113,350	9,102	20%
Plant and machinery - Line I	1,080,674	156	(930,110)	(150,720)	-	793,174	13,210	(806,384)	-	-	5%
Plant and machinery - Line II	8,939,782	28,883	-	61,435	9,030,100	175,112	150,904	53,523	379,539	8,650,561	unit of prod.
Infrastructure	14,186	88,834	-	-	103,020	9,589	841	-	10,430	92,590	7%
Tools and equipments	1,403	-	-	-	1,403	1,326	8	-	1,334	69	10%
Furniture, fixtures and office equipment	47,436	1,890	(2,007)	-	47,319	31,280	2,810	(2,007)	32,083	15,236	10%
Transport assets	35,026	4,134	(8,618)	-	30,542	29,319	1,296	(6,449)	24,166	6,376	20%
	13,332,457	199,427	(1,031,424)	(89,285)	12,411,175	1,662,132	311,470	(796,728)	1,176,874	11,234,301	
Assets subject to finance lease:											
Plant and machinery	283,486	-	-	-	283,486	54,461	11,451	-	65,912	217,574	5%
Vehicles	22,398	1,999	(3,035)	-	21,362	13,400	1,712	(1,873)	13,239	8,123	20%
	305,884	1,999	(3,035)	-	304,848	67,861	13,163	(1,873)	79,151	225,697	
Rupees in 000s - 2011	**13,638,341**	**201,426**	**(1,034,459)**	**(89,285)**	**12,716,023**	**1,729,993**	**324,633**	**(798,601)**	**1,256,025**	**11,459,998**	

	COST / REVALUED AMOUNT					ACCUMULATED DEPRECIATION					
	Balance as at 01-07-2009	Addition /(Deletion)	Adjustment	Revaluation Surplus /(Deficit)	Balance as at 30-06-2010	Balance as at 01-07-2009	For the Year	Adjustment /(Deletion)	Balance as at 30-06-2010	Book Value as at 30-06-2010	
Owned Assets											
Land - freehold	585,145	-	-	(451,008)	134,137	-	-	-	-	134,137	
Buildings and foundations	1,982,117	111,015	-	804,504	2,897,636	368,419	93,800	-	462,219	2,435,417	5%-10%
Building on Leasehold land	18,040	-	-	1,756	19,796	13,137	490	-	13,627	6,169	10%
Heavy vehicles	162,381	-	-	-	162,381	142,512	3,974	-	146,486	15,895	20%
Plant and machinery - Line I	1,943,803	-	(102,785)	(760,344)	1,080,674	759,023	54,100	(19,949)	793,174	287,500	5%
Plant and machinery - Line II	6,030,036	38,821	102,785	2,768,140	8,939,782	84,816	70,347	19,949	175,112	8,764,670	unit of prod.
Infrastructure	14,186	-	-	-	14,186	9,285	304	-	9,589	4,597	7%
Tools and equipments	1,403	-	-	-	1,403	1,318	8	-	1,326	77	10%
Furniture, fixtures and office equipment	42,672	4,764	-	-	47,436	29,678	1,602	-	31,280	16,156	10%
Transport assets	33,668	1,358	-	-	35,026	28,008	1,311	-	29,319	5,707	20%
	10,813,451	155,958	-	2,363,048	13,332,457	1,436,196	225,936	-	1,662,132	11,670,325	
Assets subject to finance lease:											
Plant and machinery	283,486	-	-	-	283,486	42,407	12,054	-	54,461	229,025	5%
Vehicles	26,198	(3,800)	-	-	22,398	11,332	2,617	(549)	13,400	8,998	20%
	309,684	(3,800)	-	-	305,884	53,739	14,671	(549)	67,861	238,023	
Rupees in 000s - 2010	11,123,135	152,158	-	2,363,048	13,638,341	1,489,935	240,607	(549)	1,729,993	11,908,348	

6.1.1 Vehicles subject to finance lease include vehicles amounting to Rs. 5.940 million (2010: Rs.4.041 million), which are in the name of seven (2010: six) employees of the company.

Owned transport vehicles include one car - Honda Civic having cost of Rs. 2.111 million (2010: Rs. Nil) and book value of Rs. 1.970 million (2010: Rs. Nil), which is purchased by the funds of the Company but is registered in the employee personal name.

6.1.2 The revaluation of the Company's freehold land, building and plant & machinery situated at its plant site was carried out on January 30, 2011 by an independent valuer M/s Diemen Associates (Pvt.) Ltd., Lahore (revaluation was previously conducted on June 30, 2006 by another independent valuer - M/s Hamid Mukhtar & Co. (Pvt.) Limited, Lahore). The revaluation exercise was carried out on the basis of depreciated replacement cost method except freehold land which was revalued on the basis of reassessed replacement cost as at June 30, 2010. This revaluation produced incremental revaluation surplus of Rs. 2,363.048 million. Had the revaluation of these assets not been made, the carrying value of these assets would have been as under:-

	Note	2011	2010
		(Rupees in 000s)	
Factory land		19,914	55,522
Building and foundation		1,544,879	1,549,532
Building and foundation on leasehold land		130	145
Heavy vehicles		1,229	2,146
Plant and machinery Line-I		-	454,227
Plant and machinery Line-II		5,929,122	5,996,530
		7,495,274	8,058,102

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

	Note	2011	2010
Cost of sales	29	277,215	171,195
Selling and distribution expenses	30	296	401
General and administrative expenses	31	47,123	69,011
		324,634	240,607

6.1.4 The members of the Company in Extra Ordinary General Meeting held on May 30, 2011, has approved the disposal of the plant and machinery of the old wet process plant line, being out dated technology no more viable for the operations of the Company. Accordingly such plant and machinery has been disposed of / transferred as under:

	Cost	Accumulated Depreciation	Book value
		(Rupees in 000s)	
Plant and machinery sold out (Note 6.1.5)	930,110	683,221	246,889
Classified as non-current assets held for sale (Note 6.1.6)	89,285	69,555	19,730
Transferred to plant and machinery Line-II	61,435	53,523	7,912
	1,080,830	806,299	274,531

6.1.5 The following fixed asset were disposed of during the year:

Particular	Cost / Revalued amount	Accumulated Depreciation	Book Value	Sale Price	Profit	Mode	Buyer
		(Rupees in 000s)					
Land	50,760	-	50,760	50,760	-	Loan settlement	Pak Brunei Bank Limited
Plant and machinery Line-I	930,110	683,221	246,889	176,643	(70,246)	Negotiation	Various Scrap dealers
Heavy vehicles	39,929	35,411	4,519	4,000	(519)	Lease and Ijarah back	First Punjab Modaraba
ERP software (old)	2,007	2,007	-	-	-	Written off	
Toyota Corolla GLI	1,465	410	1,055	1,055	-	Company's policy	Mr. Iqbal A. Rizvi (Employee)
Transport vehicles	10,188	7,912	2,276	8,348	6,072	Lease and Ijarah back	First Punjab Modaraba
	1,034,459	728,961	305,499	240,806	(64,693)		
Land cruiser Prado	3,800	549	3,251	3,251	-	Final settlement	Shafiq ur Rehman (Employee)

	Note	2011	2010
		(Rupees in 000s)	
6.1.6 The fair value of non-current assets held for sale at the balance sheet date has been arrived at as under:			
Book Value		19,730	-
Less: Impairment	32	(5,918)	-
		13,812	-
6.1.7 The carrying amount of temporarily idle property, plant and equipment related to Line-I are as under:			
Building and foundations		312,114	346,793
Plant and machinery		7,912	287,500
Railway sidings		2,587	2,783
		322,613	637,076

6.2 CAPITAL WORK-IN-PROGRESS

	Opening Balance	Additions / Adjustment	Transfer to Operating fixed assets	Closing Balance
	(Rupees in 000s)			
Civil work and buildings	114,100	124,130	(140,641)	97,589
Plant and machinery	5,469	30,466	(28,683)	7,252
Intangible assets	-	1,353	-	1,353
	119,569	155,949	(169,324)	106,194
Stores and spares held for capital expenditure	76,686	(1,540)	-	75,146
Less: provision for impairment	(59,734)	(15,411)	-	(75,145)
	16,952	(16,951)	-	1
	136,521	138,998	(169,324)	106,195

	Note	2011	2010
		(Rupees in 000s)	
7 LONG TERM LOANS - secured and considered good			
House building loans to:			
Executive - related party	7.1 & 7.3	425	485
Employees		1,373	377
		1,798	862
Vehicle loans, emergency loans and house repair loans	7.2	582	618
		2,380	1,480
Less: Current portion shown under current assets		(269)	(210)
		2,111	1,270

7.1 House building loans are secured against retirement benefits and personal guarantees and are repayable in 96 to 240 equal monthly installments. House building loans carry no interest. Maximum aggregate balance outstanding at the end of any month was Rs. 1.360 million (2010: Rs. 0.500 million)

7.2 These loans are secured against charge on the related assets, lien on retirement benefits and personal / third party guarantees and are repayable in 15 - 125 equal monthly installments. Interest on vehicle loans is charged @ 3% to 5% (2010: 3% to 5%) per annum.

7.3 A reconciliation of the house building loans to executive (related party) is as follows:

	2011	2010
Opening balance	485	-
Loan given during the year	-	500
Deduction made during the year	(60)	(15)
Closing balance	425	485

		Note	2011	2010
			(Rupees in 000s)	
8	**LONG TERM DEPOSITS**			
	Ijarah facility		2,098	48,000
	Lease key money		25,457	25,201
	Rented premises		2,118	1,278
	Utilities and supplies		8,602	1,980
			38,275	76,459
	Less: Current portion shown under current assets	12	(24,431)	(19,814)
			13,844	56,645
9	**STORES, SPARES AND LOOSE TOOLS**			
	General stores	9.1	272,059	287,004
	Spares		80,917	80,431
	Loose tools		535	703
			353,511	368,138
	Less: Provision for slow moving and obsolete items		(23,974)	(16,534)
			329,537	351,604

9.1 This includes store-in-transit amounting to Rs. 52.239 million (2010: Rs. 65.596 million).

		2011	2010
10	**STOCK IN TRADE**		
	Raw material	43,857	68,736
	Work in process	51,745	29,546
	Finished goods	15,128	8,295
	Packing material	4,450	2,906
		115,180	109,483

10.1 Amounts totaling Rs. 1.614 million (2010: 19.691 million) have been set off against the value of stock in trade on account of impairment loss.

		2011	2010
11	**TRADE DEBTS - unsecured**		
	Considered good	61,964	33,762
	Considered doubtful	3,971	442
		65,935	34,204
	Less: provision for doubtful debts	(3,971)	(442)
		61,964	33,762

11.1 As at June 30, 2011, the ageing analysis of unimpaired trade debts is as follows:

	Total	Neither past due nor impaired	past due but not impaired		
			1 - 90 days	90 - 180 days	More than 180 days
2011	61,964	-	55,095	726	6,143
2010	33,762	-	24,353	1,518	7,891

11.2 The last year doubtful debts, fully provided for, have been written off during the year.

		Note	2011	2010
			(Rupees in 000s)	
12	ADVANCES, DEPOSITS AND OTHER RECEIVABLES -			
	Considered good			
	Advances to staff	12.1	17,229	13,387
	Loans to staff - current maturity		269	210
	Advances to suppliers		120,676	81,137
	Balochistan Glass Limited - related party	12.2	95,428	85,443
			233,602	180,177
	Short terms deposits - current maturity of long term deposits	8	24,431	19,814
	Deposit with Sui Northern Gas Pipelines Limited		99,976	-
	Prepayments and other receivables		3,731	3,616
	Accrued interest from related party - Balochistan Glass Limited		40,048	23,612
			401,788	227,219
	Considered doubtful			
	Advances to suppliers		20,027	-
			421,815	227,219
	Less: Provision for balances doubtful for recovery		20,027	-
			401,788	227,219

12.1 This includes advances amounting to Rs. 6.356 million (2010: Rs. 4.675 million) given for the company's business. No advances were given to Chief Executive Officer and Directors of the company during the year (2010: Nil).

12.2 This represents amount advanced to related party for its working capital requirement, out of limit of Rs. 100 million excluding markup, as duly approved and sanctioned by the members of the Company in the Annual General Meeting held on February 28, 2011. It carries markup at the rate of 18% (2010: 18%) per annum. The highest aggregated balance due from the related party at the end of any month was Rs. 95.428 million (2010: Rs. 88.707 million).

		Note	2011	2010
13	TAX REFUNDS DUE FROM THE GOVERNMENT			
	Income tax refundable		5,080	10,111
	Sales tax adjustable		82,809	66,008
			87,889	76,119
14	CASH AND BANK BALANCES			
	Cash in hand		943	979
	Cash at bank - in			
	Current accounts		10,137	4,795
	Deposit accounts	14.1	10,000	10,000
	Saving accounts		1,181	5,366
			21,318	20,161
			22,261	21,140

14.1 This includes fixed deposit of Rs 10.000 million (2010: Rs 10.000 million) under lien against Privately Placed Term Finance Certificates (PPTFCs) (Note 18).

15 ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL

2011	2010		Note	2011	2010
(Numbers)				(Rupees in 000s)	
		Ordinary shares of Rs. 10 each:			
386,842,543	218,445,000	fully paid in cash		3,868,425	2,184,450
13,431,417	13,431,417	fully paid as bonus shares		134,314	134,314
400,273,960	231,876,417			4,002,739	2,318,764

15.1 The movement in this account during the year is as under:

2011	2010		Note	2011	2010
231,876,417	231,876,417	Opening balance		2,318,764	2,318,764
168,397,543	-	Shares issued during the year	16	1,683,975	-
400,273,960	231,876,417	Balance as at June 30,		4,002,739	2,318,764

15.2 The authorized share capital of the Company has been increased from 250 million ordinary shares to 470 million ordinary shares of Rs. 10 each under the authority of special resolution passed by the members of the Company in the Extra Ordinary General Meeting held on March 22, 2010.

15.3 Shares of the Company are held by the following foreign associated undertakings incorporated in Island of Navis:

	2011	2010
	(Numbers)	
Astoria Investment Limited	4,282,112	4,282,112
Topaz Holding Limited	4,082,112	4,082,112
	8,364,224	8,364,224

	Note	2011	2010
		(Rupees in 000s)	
16 SHARE DEPOSIT MONEY	15.1	-	1,683,975

This represents the portion of the sponsoring directors loan offered for conversion into equity in response to the approval made by the members of the Company for the issue of shares other than right shares in the Extraordinary General Meeting held on March 22, 2010. After approval of SECP, 168,397,543 ordinary shares of Rs. 10 each has been allotted to the sponsoring directors of the Company on December 30, 2010 in lieu of the said loans payable to them. Accordingly the amounts of loan shown as share deposit money in the last year's accounts have been transferred to issued, subscribed and paid up capital on December 30, 2010.

		2011	2010
		(Rupees in 000s)	
17	SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT		
	Opening balance	3,873,871	1,555,229
	Surplus arose during the year	-	2,363,048
	Incremental depreciation for the year	(108,363)	(44,406)
	Surplus attributed to disposal of property, plant and equipment	(19,060)	-
		3,746,448	3,873,871
	Deferred Tax Attributed to Surplus:		
	Opening balance	(1,513,707)	(544,330)
	Attributable to revaluation surplus arose during the year	-	(984,919)
	Incremental depreciation for the year	37,927	15,542
		(1,475,780)	(1,513,707)
		2,270,668	2,360,164
18	REDEEMABLE CAPITAL		
	Privately placed term finance certificates (PPTFCs)	389,020	399,680
	Less: current maturity shown under current liabilities	(389,020)	(399,680)
		-	-

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

18.2 The company entered into the restructuring agreement with all the PPTFC holders through its Trustee on December 28, 2010; and the company is committed to payback to these certificate holders in 24 unequal quarterly installments along with profit @ 3 months KIBOR plus 0% (2010: 3 months KIBOR plus 3% p.a.), where last installment will be paid on or before September 30, 2016.

18.3 These PPTFCs are secured against first joint pari passu equitable mortgage and hypothecation charge referred to note 19.1.8. Further these are secured against personal guarantees of the sponsoring directors. This redeemable capital is also secured by way of lien on fixed deposit of Rs. 10.000 million (2010: Rs. 10.000 million) (referred to note 14.2).

18.4 Due to financial constraints, the company could not make redemption payments including deferred and accrued markup to PPTFC holders to the extent of Rs. 39.126 million until June 30, 2011 and Rs. 112.159 million until June 30, 2010. Therefore, the whole amount is again shown under current liabilities as per terms of the trust deed.

		Note	2011	2010
			(Rupees in 000s)	
19	LONG TERM BORROWINGS			
	Borrowings from banks and financial institutions	19.1	2,985,971	3,221,758
	Borrowings from related parties	19.2	403,583	137,889
			3,389,554	3,359,647

		Note	2011	2010
			(Rupees in 000s)	
19.1	Borrowings from banks and financial institutions - Secured			
	Consolidated Term Finance	19.1.1	3,057,981	3,237,981
	National Bank of Pakistan	19.1.2	209,000	209,000
	Bank Islamic Pakistan Limited	19.1.3	232,750	245,000
	Pak Brunei Investment Company Limited	19.1.4	-	250,000
	Saudi Pak Industrial & Agricultural Investment Co. Ltd	19.1.5	7,623	7,623
	Orix Leasing Pakistan Limited	19.1.6	-	10,553
	First Credit & Investment Bank Limited	19.1.6	-	1,053
	Term Finance Facility	19.1.7	25,417	-
			3,532,771	3,961,210
	Less: current and overdue portion shown under current liabilities	25	(546,800)	(739,452)
			2,985,971	3,221,758

19.1.1 This represents the principal amounts of long term borrowings and short term borrowings outstanding as at March 31, 2010, which were converted to a "Consolidated Term Finance" facility as a result of restructuring agreement executed with the consortium of banks and financial institutions on June 30, 2010.

The "Consolidated Term Finance" facility is repayable uptil September 30, 2016 in 24 unequal quarterly installments carrying markup @ 3 months KIBOR plus 0%. This facility is secured under the ' First Joint Pari Passu Hypothecation Agreement' referred to note 19.1.8.

Sponsors will pledge 50% of the shares being raised by converting sponsors loan into equity wherein the pledged shares would be released upon injection of Rs. 500 million which would be utilized to pay down restructured loan by Rs. 330 million and partially additional working capital provided by the consortium/syndicate lenders.

Due to financial constraints, the company could not make payments including deferred and accrued markup to consortium to the extent of Rs. 228.767 million (2010: Rs. Nil) until June 30, 2011 that have been shown as current portion. However, the Company is in the process of settlement / realignment of the repayments of Consolidated Term Finance, which is favourably being considered by the Bankers Syndicate/Consortium. Accordingly, there is no demand/call of the payment of any or all the outstanding liability for which any reclassification / adjustment could have been necessary in these financial statements.

19.1.2 This demand finance facility is being settled with the personal property of a sponsoring director of the Company and the bank has principally agreed not to charge markup w.e.f. July 01, 2010 (2010: mark-up @ of 3 months KIBOR plus 3.50%). Legal formalities for the transfer of the said property in the name of the Bank are under process and the whole amount of this facility is shown as current maturity under current liabilities.

19.1.3 This represents the finance facility under which Company irrevocably agreed to purchase musharika units from the bank in trenches at its applicable unit purchase price on or before September 30, 2016. However, it is rescheduled on June 30, 2010 and the principal outstanding as on March 31, 2010 is converted to a new facility repayable till September 30, 2016 in unequal 24 quarterly installments carrying markup @ 3 months KIBOR plus 0%. This facility is secured against the ' First Joint Pari Passu Hypothecation Agreement' referred to note 19.1.8.

Due to financial constraints, the company could not make payments including deferred and accrued markup to the extent of Rs. 17.202 million (2010: Rs. Nil) until June 30, 2011.

19.1.4 During the year, this bridge finance facility along with accrued markup thereupon were settled against the transfer of personal properties of a sponsoring director of the Company, shares of the sponsoring directors, and the transfer of land of the Company referred to note 6.1.4.

19.1.5 On July 26, 2010, the company entered into restructuring agreement and the company is committed to payback in 4 equal quarterly installments along with profit starting from September 30, 2010 at the rate of 6 month KIBOR rate plus 3 percent (2010: 6 months KIBOR rate plus 3 percent).Due to financial constraints, the company could not make payments to the extent of Rs. 7.623 million until June 30, 2011 (2010: Rs. 7.623 million).

19.1.6 These represent the balance of term facilities aggregating to Rs. 40.000 million obtained during the year ended June 30, 2005 as part of the consortium to finance import of two Gas Generators of Rs. 320.000 million. The remaining amount was financed through leasing companies (Rs. 250.000 million while Rs. 30.000 million was contributed by the Company). These term facilities were repayable in nineteen quarterly installments over a period of five years commencing from December 29, 2004 and carry mark-up at the rate of 6 months KIBOR plus 6% p.a. Orix Leasing Pakistan Limited and First Credit & Investment Bank Limited has rescheduled the overdue installments as mentioned in note 19.1.7.

19.1.7 During the year, the Company has entered into full and final settlement with four members of consortium separately for the two gas based power generators. These financial institutions have agreed to reschedule the overdue lease rentals / installments and waived the outstanding markup thereupon. The rescheduled full and final liability is classified as Long Term Finance Facility and the income on debt extinguishment is capitalized and will be realized in proportion of actual payments made. This facility is secured under the ' First Joint Pari Passu Hypothecation Agreement' referred to note 19.1.8.

19.1.8 The Company has entered into a First Joint Pari Passu Hypothecation Agreement with the members of syndicate and banks and financial institutions. As a result of this agreement, the consolidated term finance, frozen markup, deferred markup, lease finances for gas based power generators, long term loans and short term loans are secured by way of first pari passu charge over the fixed assets of the Company to the aggregate extent of Rs. 10,019.157 million. In addition to this, Bank of Punjab has exclusive charge to the extent of Rs. 600.000 million on three dual fuel Wartsila Generators.

	2011	2010
	(Rupees in 000s)	
19.2 Borrowings from related parties - Unsecured		
Mr. Muhammad Tousif Peracha - Sponsoring Director	214,648	131,160
Mr. Abdur Rafique Khan - Sponsoring Director	188,935	6,729
	403,583	137,889

These are repayable after June 30, 2012 and carry markup @ 13% p.a. (2010: 18% p.a.).

20 LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE

These represent finance leases entered into with leasing companies against purchase of plant & machinery and vehicles. The rentals are payable in quarterly installments in arrears. The lease finances for two gas based power generators are secured under the 'First Joint Pari Passu Hypothecation Agreement' referred to note 19.1.8. While remaining leases are secured against security deposit of Rs. 25.457 million (2010: Rs. 25.201 million). Financing rates approximately ranges from 12% to 22% per annum (2010: 14% to 22% per annum) have been used as discounting factor. The company intends to exercise its option to purchase the leased assets upon completion of the respective lease terms.

Four members of consortium to lease finance of gas based power generators have rescheduled the overdue lease rentals which are classified as 'Term Finance Facility' as mentioned in note 19.1.7.

The amount of future rental payments of the leases and period in which these will become due are as follows:

	2011		2010	
	Minimum Lease Payments	Present Value	Minimum Lease Payments	Present Value
	(Rupees in 000s)			
Up to one year	72,205	63,410	152,174	127,934
One year to five years	3,186	2,345	12,442	11,916
	75,391	65,755	164,616	139,850
Less: Finance charges allocated to future periods	(9,636)	-	(24,766)	-
	65,755	65,755	139,850	139,850
Less: Current and overdue portion shown under current liabilities (Note 25)	(63,410)	(63,410)	(127,934)	(127,934)
	2,345	2,345	11,916	11,916

During the year, the company due to financial constraints failed to make payments of lease rentals amounting to Rs. 13.363 million (2010: Rs. 79.781 million).

	Note	2011	2010
		(Rupees in 000s)	
21 DEFERRED LIABILITIES			
Deferred markup	21.1	854,737	700,056
Deferred taxation	21.2	-	-
Employees' benefits	21.3	17,356	14,811
		872,093	714,867

	Note	2011	2010
		(Rupees in 000s)	
21.1 Deferred Markup			
Consolidated Term Finance - Frozen markup finance	21.1.1	513,839	527,015
Consolidated Term Finance - accrued markup	21.1.2	408,315	119,452
Bank Islamic Pak Ltd. - Frozen rental	21.1.3	9,218	9,454
Bank Islamic Pak Ltd. - Accrued rental	21.1.4	31,139	-
Redeemable capital - Frozen markup	21.1.5	78,581	79,168
Redeemable capital - Accrued markup	21.1.6	50,798	-
		1,091,890	735,089
Less: Current and overdue portion shown under current liabilities	25	(237,153)	(35,033)
		854,737	700,056

21.1.1 This represents the mark-up payable as on March 31, 2010 on the long term and short term facilities referred to Note 19.1.1, which was converted into a new consolidated facility as 'Frozen Markup' payable till September 30, 2016 in 24 unequal quarterly installments, with the grace period uptil September 30, 2010, and carries no markup. This facility is secured under ' First Joint Pari Passu Hypothecation Agreement' referred to note 19.1.8.

21.1.2 This represents the accrued mark-up from April 01, 2010 to March 31, 2011 on consolidated term finance referred to note 19.1.1. The payment of this markup has been deferred and payable in 17 unequal quarterly installments starting from June 30, 2011. This facility is secured under 'First Joint Pari Passu Hypothecation Agreement' referred to note 19.1.8.

21.1.3 This represents the accrued profit up to March 31, 2010 on musharika units referred to note 19.1.3, which will be payable till September 30, 2016 in 24 unequal quarterly installments with the grace period till September 30, 2010. This facility is secured under 'First Joint Pari Passu Hypothecation Agreement' referred to note 19.1.8.

21.1.4 This represents the accrued profit from April 01, 2010 to March 31, 2011 on musharika units referred to note 19.1.3. The payment of this markup has been deferred and payable in 17 unequal quarterly installments starting from June 30, 2011. This facility is secured under ' First Joint Pari Passu Hypothecation Agreement' referred to note 19.1.8.

21.1.5 This represents the accrued profit up to March 31, 2010 on redeemable capital referred to note 18, which will be payable till September 30, 2016 in 24 unequal quarterly installments with the grace period till September 30, 2010 and carries no markup. This facility is secured under ' First Joint Pari Passu Hypothecation Agreement' referred to note 19.1.8.

21.1.6 This represents the accrued profit from April 01, 2010 to March 31, 2011 on redeemable capital referred to note 18. The payment of this markup has been deferred and payable in 17 unequal quarterly installments starting from June 30, 2011. This facility is secured under ' First Joint Pari Passu Hypothecation Agreement' referred to note 19.1.8.

	Note	2011	2010
		(Rupees in 000s)	
21.2 Deferred taxation			
Deferred tax on taxable temporary differences:			
- Accelerated depreciation for tax purposes		2,409,845	1,435,793
- Leased assets		47,368	31,384
		2,457,213	1,467,177
Deferred tax on deductible temporary differences:			
- Lease finance liabilities		(11,502)	(20,064)
- Provisions for retirement benefit		(14,064)	(7,346)
		(25,566)	(27,410)
		2,431,647	1,439,767
Deferred tax on unused tax losses		(2,950,459)	(2,525,680)
Net deferred tax liability/(asset)		(518,812)	(1,085,913)
Net deferred tax liability/(asset) - opening balance		-	(136,319)
Deferred tax attributed to revaluation surplus	17	-	(984,919)
		-	(1,121,238)
Deferred tax loss/(gain) to be recognized for the year		(518,812)	(2,207,151)
Deferred tax loss/(gain) recognized	35	-	(1,121,238)
Deferred tax loss/(gain) not recognized	21.2.1	(518,812)	(1,085,913)

21.2.1 Due to continuous tax losses, it is expected that these would not be set off against the profit of the Company in near future. Therefore, the deferred tax asset of Rs. 518.812 million (2010: Rs. 1,085.913 million) is not recognized.

	Note	2011	2010
21.3 Employee benefits			
Accumulated Compensation Absences	21.3.1	15,411	12,866
Frozen Termination Benefits	21.3.2	1,945	1,945
		17,356	14,811

	Note	2011	2010
		(Rupees in 000s)	
21.3.1 Accumulated compensation absences			
Net liability - opening balance		12,866	8,773
Expense for the period		3,683	5,224
Payments made during the year		(1,138)	(1,131)
Net liability - closing balance		15,411	12,866
Reconciliation of the present value of defined benefit obligation			
Present value of defined benefit obligations-opening		12,866	8,773
Current service cost		1,648	2,461
Interest cost		1,543	1,053
Benefits paid		(1,138)	(1,131)
Actuarial (gain) / loss		492	1,710
Present value of defined benefit obligations-closing		15,411	12,866
Expense recognized in Profit and Loss account			
Current service cost		1,648	2,461
Interest cost		1,543	1,053
Actuarial (gain) / loss		492	1,710
		3,683	5,224

Principal actuarial assumptions
The latest actuarial valuation was carried out as at 30 June, 2011 under the 'Projected Unit Credit Method'.

The main assumptions used for actuarial valuation are as follows:

	2011	2010
Discount rate	14% p.a.	12% p.a.
Expected rate of future salary increase	13% p.a.	11% p.a.
Average number of leaves accumulated per annum by the employees	7 days	15 days

	2011	2010
21.3.2 Frozen termination benefits	1,945	1,945

These are termination benefits which are frozen on the reappointment of three employees who had accepted golden handshake offered by the Company and shall be paid when they leave the Company.

22 TRADE AND OTHER PAYABLES

	Note	2011	2010
Trade creditors	22.1	369,340	617,170
Retention money		143,465	145,384
Accrued liabilities	22.2	578,041	630,499
Ijarah payable	22.3	8,919	46,551
Advances from customers		128,110	99,226
Workers' Profit Participation Fund - related party	22.4	9,180	9,180
Employees' Provident Fund Trust - related party		684	567
Gratuity Fund - related party	22.5	34,175	29,110
Other payables		13,922	16,511
		1,285,836	1,594,198

22.1 These include a balance payable to Pak Hy-Oils Limited (an associated company) for Rs. 2.658 million (2010: Rs. 2.658 million) and Mr. Nazir Ahmad Piracha (related party) for Rs. 30.879 million (2010: Rs. 53.324 million) on account of trading business.

22.2 These include termination benefits payable to employees for Rs. 16.197 million (2010: Rs. 62.593 million) who had opted for golden handshake scheme.

	Note	2011	2010
		(Rupees in 000s)	
22.3 Ijarah Payable			
Askari Bank Limited	22.3.1	8,378	46,551
First Punjab Modaraba	22.3.2	541	-
		8,919	46,551

22.3.1 This represents the Ijarah finance facility obtained for Rs. 120.000 million for import of cement packing (stationery machine), wagon loading machines, belt conveyors and associated equipments.

This facility is rescheduled during the year and will be paid in quarterly installments till June 2014; profit rate is also revised at 3 months KIBOR plus 1% p.a. w.e.f. June 2011 (2010: 6 months KIBOR plus 2.50% with a floor rate of 12.50% and cap of 22% p.a.). This facility is secured against the exclusive ownership of the bank on such machinery to the extent of Rs. 120.000 million and personal guarantee of the sponsoring directors.

22.3.2 This represents three trenches of Ijarah facility amounting to Rs. 18.842 million (2010: Rs. Nil) obtained for transport vehicles. Profit rate is KIBOR plus 4.25%. This facility is secured against the exclusive ownership of the Modaraba on the transport vehicles.

22.3.3 This represents Ijarah facility amounting to Rs. 1.048 million for one car. Profit rate is 32%. This facility is in the name of the Company's employee.

22.3.4 The total of future Ijarah payments are as under:

	2011		2010	
	within 1 year	between 1-5 years	within 1 year	between 1-5 years
	(Rupees in 000s)		(Rupees in 000s)	
Askari Bank Limited	28,997	57,994	26,860	26,860
First Punjab Modaraba	3,669	13,386	-	-
Meezan Bank Limited (Note 22.3.3)	349	640		

	Note	2011	2010
		(Rupees in 000s)	
22.4 Due to workers' profit participation fund			
Opening balance		16,603	16,499
Add: Interest on funds utilized by the company		1,490	1,440
		18,093	17,939
Less: amount paid during the year		-	(1,336)
		18,093	16,603
Less: markup payable shown separately	23	(8,913)	(7,423)
		9,180	9,180

		2011	2010
		(Rupees in 000s)	
22.5	Gratuity Fund		
	The amounts recognized in the balance sheet are as follows:		
	Movement in the liability recognized in the balance sheet		
	Net liability - opening balance	29,110	25,129
	Expense for the period	7,854	7,627
	Contribution by the company	(2,789)	(3,646)
	Net liability - closing balance	34,175	29,110
	Reconciliation of the liability as at 30th June:		
	Present value of defined benefit obligations as at 30th June	38,107	30,244
	Fair value of plan assets	(465)	(467)
	Un-recognized actuarial gain/(loss)	(3,467)	(667)
		34,175	29,110
	Reconciliation of the present value of defined benefit obligation		
	Present value of defined benefit obligations-opening	30,244	27,172
	Current service cost	4,280	4,425
	Interest cost	3,629	3,261
	Benefits paid	(2,789)	(3,646)
	Actuarial loss / (gain)	2,743	(968)
	Present value of defined benefit obligations-closing	38,107	30,244
	Expense recognized in profit and loss account		
	Current service cost	4,280	4,425
	Interest cost	3,629	3,261
	Expected return on plan assets	(55)	(59)
		7,854	7,627
	Reconciliation of fair value of plan assets		
	Fair value of plan assets - as at June 30,	467	489
	Contribution to the fund by the company	2,789	3,646
	Benefits paid	(2,789)	(3,646)
	Expected return on plan assets	55	59
	Actuarial (gain)/loss	(57)	(81)
	Fair value of plan assets - as at June 30,	465	467
	Plan assets comprise of :		
	Debt instrument	465	467
	Cash and bank	-	-
		465	467
	Actual return on plan assets		
	Expected return on plan assets	55	59
	Actuarial (gain)/loss	(57)	(81)
		(2)	(22)

Principal actuarial assumptions

The latest actuarial valuation was carried out as at June 30, 2011 under the 'Projected Unit Credit Method'.

	2011	2010
The main assumptions used for actuarial valuation are as follows:		
Discount rate	14% p.a.	12% p.a.
Expected rate of future salary increase	13% p.a.	11% p.a.
Expected rate of return	12% p.a.	12% p.a.
Average working life time of employees	13 years	13 years

	Note	2011	2010
		(Rupees in 000s)	
23 ACCRUED INTEREST / MARKUP			
Payable to banks and financial institutions:			
Redeemable capital		12,799	-
Long term borrowings		111,330	58,013
Short term borrowings		35,962	23,138
Lease finances		8,961	21,032
		169,052	102,183
Payable to related parties:			
Pak Hy-Oils Limited		8,454	8,454
Sponsoring Directors		288,064	267,825
Workers' Profit Participation Fund	22.4	8,913	7,423
Employees' Provident Fund Trust		16,015	12,008
		321,446	295,710
Payable to other parties		3,417	3,475
		493,915	401,368

	Note	2011	2010
24 SHORT TERM BORROWINGS			
Running finances - secured	24.1	60,676	57,984
Import finances - secured	24.2	364	112,160
Export refinance - secured	24.3	-	40,500
Bills payable against letters of credit	24.4	447,778	-
Loans from other parties	24.5	250,000	250,000
Temporary bank overdraft	24.6	5,068	10,248
Advances from Employees' Provident Fund Trust	24.7	23,482	31,625
		787,368	502,517

24.1 This represents outstanding amount of running finance facility of Rs. 60.997 million (2010: Rs. 57.984 million) available from Silk Bank Limited under mark up arrangements. This facility carries mark up @ 3 months KIBOR plus 4% p.a. payable on quarterly basis. This facility is secured against 1st registered hypothecation charge for Rs. 62 million and 3rd registered ranking charge for Rs. 188 million over all present and future current assets of the Company.

24.2 The company has obtained import finance facilities aggregating to Rs. NIL (2010: Rs. 112.160 million) from commercial banks. The rate of mark up ranges from NIL (2010: 15.09% to 17.94%) per annum.

24.3 The company has obtained export finance facilities aggregating to Rs. NIL (2010: Rs. 40.500 million) from commercial banks which carried mark up @ 7.50%.

24.4 These represent outstanding amounts of bills payable for coal, packing material and furnace oil purchased under local letters of credit facilities aggregating to Rs. 535.000 million (2010: Rs. 187.503 million) available from commercial banks. These facilities are secured against lien on import/local L/C documents, accepted draft/bill of exchange, 1st pari passu charge over all present and future fixed assets to some extent, and personal guarantees of the sponsoring directors.

24.5 This represents loan obtained from a past associated company, Dandot Cement Company Limited (DCCL) in 2007. The facility initially carried mark-up at the rate of 10% p.a. However, at the request of the Company, DCCL agreed not to charge mark-up on the said loan.

24.6 This represents cheques issued in excess of the current account balance at the balance sheet date, but were not presented for payments in the bank at the close of the year.

	Note	2011	2010
		(Rupees in 000s)	
24.7 Advances from Employees' Provident Fund			
Current advance	24.7.1	5,982	14,125
Soft loan	24.7.2	17,500	17,500
		23,482	31,625

24.7.1 This advance is being paid off during the year as far as possible, in spite of liquidity constraints. However, a reasonable rate of interest @ 16% p.a. is being credited on this advance (Note 23).

24.7.2 This represents old loan of Rs. 17.500 million obtained from Employee's Provident Fund Trust. Interest @ 16% was charged on the outstanding balance on quarterly basis with effect from July 01, 2009 (Note 23).

SECP vide order dated 15-09-2008 directed the Company to arrange audit of the books of account of the Fund Trust for last five years from the Statutory Auditors of the Company and to repay this loan along with markup thereon as certified by them within 15 days from the Auditors' Certificate. The Company has filed an appeal before the Appellate Bench of SECP against this Order; pending adjudication at the terminal date.

The audit of affairs of the Fund for last five years shall be commenced as the trustees make available the books and record of the Fund to the Statutory Auditors.

25 CURRENT PORTION OF NON-CURRENT LIABILITIES

	Note	2011	2010
Redeemable Capital [PPTFCs]	18	389,020	399,680
Borrowings from banks and financial institutions	19.1	546,800	739,452
Liabilities against assets subject to finance lease	20	63,410	127,934
Deferred markup	21.1	237,153	35,033
		1,236,383	1,302,099

26 TAXES AND DUTIES PAYABLE

	2011	2010
Excise duty payable	719,888	548,995
Sales tax payable	390,128	260,605
Provision for current Income tax	25,823	-
Withholding tax payable	49,892	42,561
Default Surcharges - sales tax and FED	231,297	118,146
Royalty on raw material	28,797	46,279
Import taxes payable	50,361	12,719
Local taxes	5,773	5,773
	1,501,959	1,035,078

27 CONTINGENCIES AND COMMITMENTS

27.1 District Council - Chakwal served notices dated 25-07-1998 & 05-08-1998, whereby the Company had been directed to deposit an amount of Rs. 5.400 million being 'exit tax' pertaining to the year 1996-97 plus 0.108 million as Talkana / Revenue Commission (2% of total revenue) and also for the deposit of such tax on the prescribed rate in future. The Supreme Court of Pakistan had issued a stay order in respect of the payment of Rs.5.400 million as demanded by the District Council.

The Company also filed a writ petition in the Lahore High Court (the Court) against imposition of export tax on raw materials by District Council, Chakwal (the Council) and refund of amounts already paid on this account. The Court vide its judgment dated 18-02-1997 directed the Council to refrain from collecting export tax on raw materials brought by the Company from its quarries to its factory.

The Court further directed the Council to refund to the Company the sum of Rs.45.948 million recovered from it during the period from 1985-86 to 1996-97.

The Lahore High Court Rawalpindi Bench vide its order dated 17-03-1997 on a revision application by the District Council, suspended the operation of the judgment dated 18-02-1997. The matter is still pending for adjudication with the Lahore High Court - Rawalpindi Bench.

27.2 The Company, through a writ petition in the Lahore High Court - Rawalpindi Bench, challenged the refusal of Islamabad Electric Supply Company (IESCO) in accepting the decision by the Electric Inspector and Advisory Board in favour of the Company wherein it was held that with effect from May 1999, the Company be treated as permanently disconnected from IESCO and no bill be issued to the Company by IESCO after May 1999. The Lahore High Court, vide its order dated October 24, 2000, accepted the Company's petition and directed the IESCO not to issue any bills to the Company which was challenged by the IESCO in the Supreme Court of Pakistan (SCP). SCP dismissed the appeal filed by the IESCO and directed to pursue the writ petition already pending before Lahore High Court - Rawalpindi bench. The petition is yet to be fixed for hearing before the Lahore High Court - Rawalpindi bench.

Based on the legal opinion, the management is confident that the Company has good case and there are reasonable chances of success in the pending Petition in the Lahore High Court.

27.3 Collector (Appeals) Customs, Sales Tax & Federal Excise demanded excise duty and sales tax calculated on the basis of hypothically tailored figures of paper bags/sacks consumed in the order-in-original amounting to Rs. 313.618 million and Rs. 359.371 million respectively along with penalties of Rs. 627.236 million and Rs. 17.980 million respectively and additional duty to be calculated at the time of payment of principal amount during the period from July, 1995 to June, 2001.

Before passing Order-in-Appeal, the Collector (Appeals) Customs, Sales Tax & Federal Excise Islamabad constituted a Departmental Reconciliation Committee led by the Additional Collector. This committee checked in detail the Company's books of accounts, store receipts & issuance statements, paper bags/suppliers direct confirmation, sales tax invoices etc. and has issued its report dated 20-02-2009 wherein it has unanimously agreed upon the declared version of the Company in respect of paper bags/sacks consumed. However, the Collector (Appeals) Customs, Sales Tax & Federal Excise Islamabad did not consider the full effect of this report.

The Company had filed a writ petition before the Islamabad High Court against the impugned Order-in-Appeals dated 30 June 2009 and the Court granted stay order against Order-in-Appeals and are so filed before Sales Tax Appellate Tribunal, Islamabad. These matters are still pending for adjudication.

Based on the legal opinion, the management is confident that the Company has good case and there are reasonable chances of success in the pending Petition in the appellate forums.

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

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

27.5 The company has filed an appeal under section 33 of the Securities and Exchange Commission of Pakistan Act, 1997 against the order of the SECP under section 227 read with section 229 and section 476 of the Companies Ordinance,1984 (Note: 19.1.3). The management is confident of a favorable outcome of the appeal and has not recorded any provision for liquidation damages under the terms of the original agreement.

27.6 The Pakistan Standards and Quality Control Authority (PSQCA) charged a marking fee @ 0.15% of the total production of cement to manufacturer for the renewal of license and imposed liability amounting to Rs. 24.000 million but management disagreed with this amount of liability.

Based on the legal opinion, the management is confident that the Company has good case and there are reasonable chances of success in the pending Petition in the court.

27.7 Lahore High Court has granted stay order against the impugned order of the Member (Colonies), Board of Revenue, Government of Punjab for cancelling registered sales deed in respect of 400 kanals land purchased by the Company from the Government of Punjab to set up its new plant and converting this into long term lease. Adjudication in this appeal is pending.

Based on the legal opinion, the management is confident that the Company has good case and there are reasonable chances of success in the pending Petition in the Lahore High Court.

27.8 Due to non performance of contractual obligations by the supplier namely, Tianjin Cement Industry Design & Research Institute Company (TCDRI), of new cement production line of 6,700 TPD capacity, the Company proceeded for the encashment of performance guarantees in the sum of US$ 2.690 million and Euro 0.708 million. However, the Chinese Court on the case filed by the TCDRI rendered its judgment against the Company, thereby restraining it from encashment of such guarantees and also ordered to pay a sum of RMB 0.174 million as court fees. However, the Company's legal counsels dealing with this case are of the affirmed opinion that the decision of the Chinese Court, being defective, would be challenged in further appeal; and for that they are hopeful for a favourable decision. The Company has also held retention money from supplier's bills in the sum of Rs. 135.705 million that can be adjusted in case the supplier succeeded in restraining the encashment of performance guarantees. Pending the outcome of this case, no adjustment has been made in these financial statements at this stage.

27.9 The Company has issued post dated cheque amounting to Rs. 25.928 million from a scheduled bank in favour of Collector of Customs for differential amount of duties in respect of clearance of imported plant items. The cheque is issued as collateral in the course of an interim relief allowed by the Sind High Court to release the plant and machinery.

	2011	2010
	(Rupees in 000s)	
28 SALES - net		
Local sales	4,353,306	2,123,190
Export sales	244,112	680,873
	4,597,418	2,804,063
Less:		
Sales tax	(625,149)	(290,814)
Federal excise duty	(503,359)	(338,510)
Special excise duty	(50,809)	(14,791)
Discount / rebate to dealers	(91,070)	(46,130)
	(1,270,387)	(690,245)
	3,327,031	2,113,818

		Note	2011	(Restated) 2010
			(Rupees in 000s)	
29	COST OF SALES			
	Raw materials consumed	29.1	273,095	137,519
	Packing materials consumed		299,218	205,744
	Stores and spares consumed		98,665	125,222
	Salaries, wages and benefits	29.2	200,372	220,637
	Fuel and power consumed		2,009,328	1,300,738
	Rent, rates and taxes		8,210	6,131
	Repair and maintenance		4,236	49,215
	Insurance		11,355	16,120
	Vehicle running and traveling		4,508	3,416
	Other expenses		2,545	1,779
	Depreciation	6.1.3	277,215	171,195
			3,188,747	2,237,716
	Adjustment of work-in-process inventory			
	Opening balance		29,546	260,683
	Closing balance		(51,745)	(29,546)
			(22,199)	231,137
	Cost of goods manufactured		3,166,548	2,468,853
	Adjustment of finished goods inventory			
	Opening balance		8,295	72,165
	Closing balance		(15,128)	(8,295)
			(6,833)	63,870
			3,159,715	2,532,723
29.1	Raw material consumed			
	Opening stock		68,736	19,528
	Cost including transportation		216,701	157,570
	Royalty		28,828	26,686
	Excise duty		2,687	2,471
			248,216	186,727
	Closing stock		(43,857)	(68,736)
			273,095	137,519

29.2 Salaries, wages and benefits include contribution to provident fund aggregating Rs. 1.534 million (2010: Rs. 1.900 million) and gratuity amounting Rs. 6.283 million (2010: Rs. 3.814 million).

	Note	2011	2010
		(Rupees in 000s)	

30 SELLING AND DISTRIBUTION EXPENSES

	Note	2011	2010
Salaries, wages and benefits	30.1	4,211	8,960
Travelling and vehicle running expenses		1,550	967
Postage, telegram and telephone		27	521
Rent, rates and taxes		82	2,747
Legal and professional charges		4,522	4,056
Advertisement and sale promotion		1,168	1,841
Forwarding on export sales		4,501	272,426
Insurance		-	56
Miscellaneous		1,054	714
Depreciation	6.1.3	296	401
		17,411	292,689

30.1 Salaries, wages and benefits includes contribution to gratuity fund amounting to Rs. 0.393 million (2010: Rs.1.525 million).

31 GENERAL AND ADMINISTRATION EXPENSES

	Note	2011	2010
Salaries, wages and benefits	31.1	33,609	24,134
Travelling and vehicle running		8,457	6,663
Legal and professional charges		71,430	21,166
Auditors' remuneration	31.2	1,845	2,412
Postage, telegram and telephone		3,337	3,522
Printing and stationery		1,731	1,517
Insurance		-	873
Rent, rates and taxes		3,343	9,338
Fee and subscription		15,523	2,354
Entertainment		2,040	2,036
Utilities		918	1,523
Advertisement		206	372
Repair and maintenance		3,716	3,891
Miscellaneous		1,006	566
Depreciation	6.1.3	47,123	69,011
		194,284	149,378

31.1 Salaries, wages and benefits includes contribution to gratuity fund amounting to Rs. 1.178 million (2010: Rs. 2.288 million)

	Note	2011	2010
		(Rupees in 000s)	
31.2 Auditors' remuneration			
Hyder Bhimji & Co.			
Audit fee		1,125	1,000
Half year review fee		500	-
Certification fee		50	-
Out-of-pocket expenses		170	125
		1,845	1,125
Ernst & Young Ford Rhodes Sidat Hyder			
Audit fee		-	-
Half year review fee		-	500
Certification and others		-	275
Out-of-pocket expenses		-	512
		-	1,287
		1,845	2,412

32 OTHER OPERATING EXPENSES

	Note	2011	2010
Provision for slow moving stores items		7,440	16,534
Obsolete stock and store written off		4,383	-
Provision for doubtful debts		3,971	-
Provision for balances doubtful for recovery	12	20,027	-
WAPDA old claim paid		22,000	-
Impairment of non-current assets held for sale	6.1.6	5,918	-
Provision for obsolescence of capital stores and spares		16,951	59,734
Loss on disposal of property, plant and equipment	6.1.5	64,693	-
Demurrage paid on fire bricks		-	28,763
Zakat		-	18
		145,383	105,049

33 OTHER OPERATING INCOME

	Note	2011	2010
Income from financial assets			
Profit on bank deposits		182	1,513
Old credit balances written back - net		-	16,928
Rental income	33.1	298	302
Income from balances due from related party			
Interest on amounts advanced to Balochistan Glass Limited (BGL)		16,275	15,052
Income from non-financial assets			
Income from sale of scrap		1,981	4,119
		18,736	37,914

33.1 This represents rent on colony quarters given to ex-employees of the company who had been terminated during the last year and rent of shops.

	Note	2011	2010
		(Rupees in 000s)	
34 FINANCE COST			
Banks and financial institutions:			
Redeemable capital		55,969	40,581
Long term borrowings		430,435	562,774
Short term borrowings		28,020	83,457
Lease finance charges		2,807	13,624
Ijarah rentals		12,717	26,860
		529,948	727,296
Related parties:			
Directors' loan		39,997	251,254
Pak Hy-Oils Limited		-	3,658
Employees provident fund trust		4,007	3,603
Workers' profit participation fund		1,491	1,440
		45,495	259,955
Foreign exchange loss		-	18,930
Late payment surcharge - utility bills		68,127	55,045
Default surcharge - sales tax and FED		113,152	118,146
Bank charges and others		8,018	5,284
		764,740	1,184,656
35 TAXATION			
Current tax			
Current period	35.1	35,685	6,497
Deferred tax	21.2	-	(1,121,238)
		35,685	(1,114,741)

35.1 This represents minimum tax on local turnover and tax on income chargeable under Final Tax regime (FTR), therefore, no numerical tax reconciliation is given.

	2011	(Restated) 2010
36 EARNING PER SHARE - Basic and diluted		
Weighted average number of ordinary shares	315,844,507	231,876,417
Loss after tax (Rupees in thousands)	(971,451)	(998,022)
Loss per share - after tax (Rupees)	(3.08)	(4.30)

There is no dilutive effect on the basic loss per share of the company.

37 CORRECTION OF COMPENSATORY ERROR

Subsequent to the issuance of audited annual accounts for the year ended June 30, 2010, it was discovered that due to clerical error the closing stock of finished goods (i.e. cement) as at June 30, 2009 inadvertently remained overstated by Rs. 29.468 million and the effect of which was self adjusted during the year ended June 30, 2010. However, due to this error the net loss for the year ended June 30, 2009 remained understated by Rs. 29.468 million, while the net loss for the year ended June 30, 2010 remained overstated with the same amount. Effect of this clerical error on the published accounts is given below:-

	Balance Sheet		Profit and Loss Account	
	Stock in trade Cement	Accumulated loss	Cost of sales	Net loss for the year
Year ended June 30, 2009				
as per published accounts	101,633	(1,695,856)	(2,205,490)	(870,357)
as per working after correction of error	72.165	(1,725,324)	(2,234,958)	(899,825)
Understated/(overstated)	(29,468)	29,468	29,468	29,468
Year ended June 30, 2010				
as per published accounts	8,295	(2,694,482)	(2,628,699)	(1,027,490)
as per working after correction of error	8,295	(2,694,482)	(2,599,231)	(998,022)
Understated/(overstated)	-	-	(29,468)	(29,468)

This error was duly disclosed to the members of the Company in the AGM held on February 28, 2011. The above error has been rectified in accordance with IAS - 8 by restating the opening balance of "Stock-in-trade Finished Goods" in the Profit and Loss Account and "Accumulated loss" in the Statement of Changes in Equity.

38 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The company finances its operations through equity, borrowings and management of working capital with a view to maintaining an appropriate mix between various sources of finance to minimize risk. Taken as a whole, the company is exposed to market risk comprising interest rate risk, currency risk and other price / equity risk, credit risk and liquidity risk. The company's principal financial liabilities comprise long term borrowings, short term borrowings and trade and other payables. The main purpose of these financial liabilities is to raise finance for company's operations. The company has various financial assets such as loans, deposits, trade debts, prepayments and other receivables and cash and bank balances, which are directly related to its operations. The company's finance and treasury departments oversee the management of these risks and provide assurance to the company's senior management that the company's financial risk-taking activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with company policies and risk appetite. No changes were made in the objectives, policies, procedures and assumptions during the year ended June 30, 2011. The policies for managing each of these risks are summarized below:

38.1 Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices comprise three types of risk: interest rate risk, currency risk, and other price risk, such as equity risk. Financial instruments susceptible to / affected by market risk include loans, borrowings and deposits. The sensitivity analysis in the following sections relate to the position as at June 30, 2011 and 2010.

38.1.1 Yield/Mark-up rate risk:

Yield/mark-up rate risk is the risk that the fair value or future cash flows of the financial instruments will fluctuate due to changes in the market yield/mark-up rates. Sensitivity to yield/mark-up rate risk arises from mismatch of financial assets and liabilities that mature or reprice in a given period. Significant interest rate risk exposure are primarily managed by a mix of borrowings at fixed and variable interest rates.

The effective yield/mark-up rate on the financial assets and liabilities to which the company is exposed to are disclosed in their respective notes to the financial statements.

38.1.2 Currency risk / Foreign Exchange:

Currency risk arises due to fluctuation in foreign exchange rates. The company also has transactional currency exposure. Such exposure arises mainly on sales and purchases of certain materials by the company that are denominated in a currency other than the functional currency i.e. Pakistani Rupee, primarily U.S. Dollars (USD). Payables exposed to foreign currency are not covered through any forward foreign exchange contracts or through hedging.

38.1.3 Other price risk / Equity Price risk:

Other price risk is the risk that the fair value or future cash flows of the financial instruments will fluctuate because of changes in market prices such as equity price risk. Equity price risk is the risk arising from uncertainties about future values of investments securities. As at balance sheet date, the Company is not exposed to equity price risk as the Company do not have any investments in equity market.

38.2 Credit risk and concentration of credit risk:

Credit risk is the risk representing accounting loss that would be recognized at the reporting date if one party to a financial instrument will fail to discharge an obligation or its failure to perform duties under the contract as contracted. Concentration of credit risk arises when a number of counterparties are engaged in similar business activities or have similar economic features that would cause their liability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentration of credit risk indicates the relative sensitivity of the Company's performance to developments affecting a particular industry. The Company is mainly exposed to credit risk on trade debts and bank balances amounting to Rs. 83.282 million (2010: Rs. 53.923 million). Company seeks to minimize the credit risk exposure through having exposure only to customers and suppliers considered credit worthy and also by obtaining advance against sales from customers. The carrying values of financial assets which are neither past due nor impaired are as under:

	Note	2011	2010
		(Rupees in 000s)	
FINANCIAL ASSETS			
Long term loans	7	2,111	1,270
Long term deposits	8	13,844	56,645
Trade debts	11	61,964	33,762
Advances, deposits and other receivables	12	274,506	122,652
Cash and bank balances	14	22,261	21,140
		374,686	235,469

Credit quality of financial assets

The credit risk on liquid funds is limited because the counter parties are banks with reasonably high credit ratings. The credit quality of cash at bank (in current, saving and deposit accounts) as per credit rating agencies are as follows

	2011	2010
Credit Ratings		
A 1 +	10,103	8,248
A 1	1,195	1,474
A 2	10,020	10,010
A 3	-	428
	21,318	20,160

Due to Company's long standing relationships with these counterparties and after giving due consideration to their strong financial standing, management does not expect non-performance by these counter parties on their obligations to the Company.

38.3 Liquidity risk

Liquidity risk reflects the company's inability in raising fund to meet commitments. The Company's production from its new line (Line-II) remained inconsistent and much below its installed normal capacity. Due to this situation the working capital of the Company is negative as at the balance sheet date. The Company's Management closely monitors the Company's liquidity and cash flow position. This includes maintenance of balance sheet liquidity ratios, debtors and creditors concentration both in terms of the overall funding mix and avoidance of undue reliance on large individual customer. Management also foresees that the said negative working capital position will become favorable during the next year due to increased revenues from the continuous operation of plant and increase in demand and price of the cement. Also, company has entered into major restructuring of its long term and short term debts to mitigate its liquidity crisis.

The table below summaries the maturity profiles of company's financial liabilities as on June 30, 2011 and 2010 based on contractual undisconnected payments date and present market interest rates.

	Within 6 months	More than 6 months and up to 12 months	More than 1 year and up to 5 years	More than 5 years and up to 10 years	Total
	(Rupees in 000s)				
June 30, 2011					
Redeemable capital	389,020	-	-	-	389,020
Long term financing	459,727	87,075	3,233,505	156,047	3,936,354
Finance leases	62,787	132	2,836	-	65,755
Deferred liabilities	200,504	23,372	834,485	33,529	1,091,890
Trade and other payables	1,241,796	44,039	-	-	1,285,835
Accrued interest/markup	493,915	-	-	-	493,915
Short term borrowings	66,108	721,260	-	-	787,368
	2,913,857	875,878	4,070,826	189,576	8,050,137
June 30, 2010					
Redeemable capital	-	399,680	-	-	399,680
Long term financing	352,491	386,960	2,445,364	914,284	4,099,099
Finance leases	115,694	12,119	12,037	-	139,850
Deferred liabilities	7,695	31,186	503,820	192,387	735,088
Trade and other payables	1,572,497	-	29,110	-	1,601,607
Accrued interest/markup	381,213	-	-	-	381,213
Short term borrowings	57,984	402,660	-	-	460,644
	2,487,574	1,232,605	2,990,331	1,106,671	7,817,181

38.4 Fair value of financial instruments:

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

38.5 Capital risk Management:

The primary objective of the Company's capital management is to safeguard the company's ability to continue as a going concern, 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, so that it can continue to provide returns for shareholders thereby maximizing their wealth, benefits for other stakeholders and reduce the cost of capital.

The Company manages its capital structure and makes adjustment to it in the light of changes in economic conditions. In order to maintain or adjust the capital structure, the company may return capital to shareholders or issue new shares. No changes were made in the capital structure during the year ended June 30, 2011, other than those disclosed in note 15.

The Company monitors capital by using a debt equity ratio (gearing ratio), which is net debt divided by total capital plus net debt. Net debt includes interest bearing borrowings including any finance cost thereon, liabilities against assets subject to finance lease, deferred liabilities, trade and other payables, less cash and bank balances. Equity comprises of share capital, revenue reserves and surplus on revaluation of fixed assets. The gearing ratios as at June 30, 2011 and 2010 were as follows:

	Note	2011	2010
		(Rupees in 000s)	
FINANCIAL LIABILITIES			
Long term financing	19	3,389,554	3,359,647
Liabilities subject to finance lease	20	2,345	11,916
Deferred liabilities	21	854,737	700,056
Trade and other payables	22	1,285,836	1,594,198
Accrued interest / markup	23	493,915	401,368
Short term borrowings	24	787,368	485,017
Current portion of non-current liabilities	25	1,236,383	1,319,599
Total debt		8,050,138	7,871,801
Less: cash and bank balance	14	22,261	21,140
Net debt		8,027,877	7,850,661
Total equity	15-17	3,028,971	4,000,421
Total capital (equity + debt)		11,056,848	11,851,082
Gearing ratio		73%	66%

The Company finances its operations / expansion projects through equity, borrowings and management of working capital with a view to maintaining an appropriate mix between various sources of finance to minimize risk. The sponsoring directors, being the majority shareholder of the Company, has extended their commitments to support and assist the company in ensuring that it remains viable in achieving its objectives in the long run, accordingly, they have offered their loan for conversion into equity and rendered their personal properties for repayment of company's obligations towards banking companies and financial institutions. In order to improve liquidity and profitability of the Company, the management is planning to take certain appropriate steps such as increase sales through export of cement to African countries.

39 REMUNERATION TO CHIEF EXECUTIVE OFFICER, DIRECTORS & EXECUTIVES

The aggregated amount charged in the financial statements on these accounts are as under:

Particulars	Chief Executive		Dirctors		Executives	
	2011	2010	2011	2010	2011	2010
	(Rupees in '000s)					
Managerial Remuneration	-	-	927	1,440	24,461	23,399
Perquisites and benefits						
House rent	-	-	417	648	4,666	3,570
Entertainment	-	-		-	3,493	-
Utilities and others	-	-	201	369	10,533	14,140
Contribution to:						
Retirement benefits	-	-	85	-	1,876	-
	-	-	1,630	2,457	45,029	41,109
Number of persons	-	-	2	2	44	41

The chief executive, directors and executives are entitled to free use of the company's transport and residential telephones.

40 TRANSACTIONS WITH RELATED PARTIES

The related parties comprise associated companies/undertakings, directors of the Company, key management staff and staff retirement funds. Details of transactions with related parties during the year other than those which have been disclosed elsewhere in these financial statements are stated below:

	2011	2010
	(Rupees in 000s)	
Balochistan Glass Limited (BGL) - associated undertaking		
Advance given to BGL	6,000	15,199
Advance received back from BGL	(6,550)	(2,575)
Lease liability undertaken by BGL	-	(46,000)
Expenses incurred on behalf of BGL	10,296	43,366
Expenses incurred by BGL	(877)	-
Supply of goods	274	359
Advance against supply of goods	843	-
Asian Hotel & Resorts (Pvt) Ltd - associated undertaking		
Purchase of coal (including GST)	75,001	-

All transactions were carried out on commercial terms and conditions and were valued at arm's length price using Comparable Uncontrollable Price method. Remuneration and benefits to key management personnel under the terms of their employment are given in note 39.

41 CAPACITY AND PRODUCTION - TONNS

	Capacity		Actual	
	2011	2010	2011	2010
Clinker (M. Ton)	2,010,000	2,010,000	762,998	518,757
Cement (M.Ton)	2,110,500	2,110,500	796,702	628,303

The under utilization of the plant is mainly due to cut throat competition in the industry due to excessive supply and comparatively less demand in the market.

42 CORRESPONDING FIGURES

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

	Reclassification		
	(Rupees in 000s)	From	To
Interest on WPPF	7,423	Trade and other payables	Accrued interest / mark up
Depreciation on old plant	66,202	Cost of sales	General & admin expenses

43 GENERAL

43.1 Date of authorization

These financial statements have been authorized for issue by the Board of Directors of the Company in its meeting held on October 08, 2011.

43.2 Figures have been rounded off to the nearest of thousands rupees, unless otherwise stated.

Chief Executive

Director

Form of Proxy

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

I/We ______________________ of ______________________ being a member of

Gharibwal Cement Limited, and holder of __________ Ordinary Shares as per Shares Register

Folio No. ______________ hereby appoint Mr./Mrs./Ms. ______________________

of ____

Folio No. ______________ who is also a member of Gharibwal Cement Limited as my/our proxy to attend and vote for and on my / our behalf at the 51st Annual General Meeting of the Company to be held on Monday, October 31, 2011 at 12.00 Noon at the registered office of the Company (Gharibwal Cement Limited 28-B/III, Gulberg III,Lahore.) and at any adjournment threof.

As witnessed given under my / our hand (s) ____________ day of ____________ , 2011.

Signature

WITNESS:

Signature ________________

Name ________________

Address ________________

On five
Rupees
Revenue
Stamp

Note:

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

Gharibwal Cement Limited

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