

A handprint is formed on a concrete surface using several cement rods. The rods are arranged to mimic the fingers of a hand, with the thumb on the left and the other fingers extending to the right. The rods are dark grey and have a textured surface. The background is a light grey concrete surface.

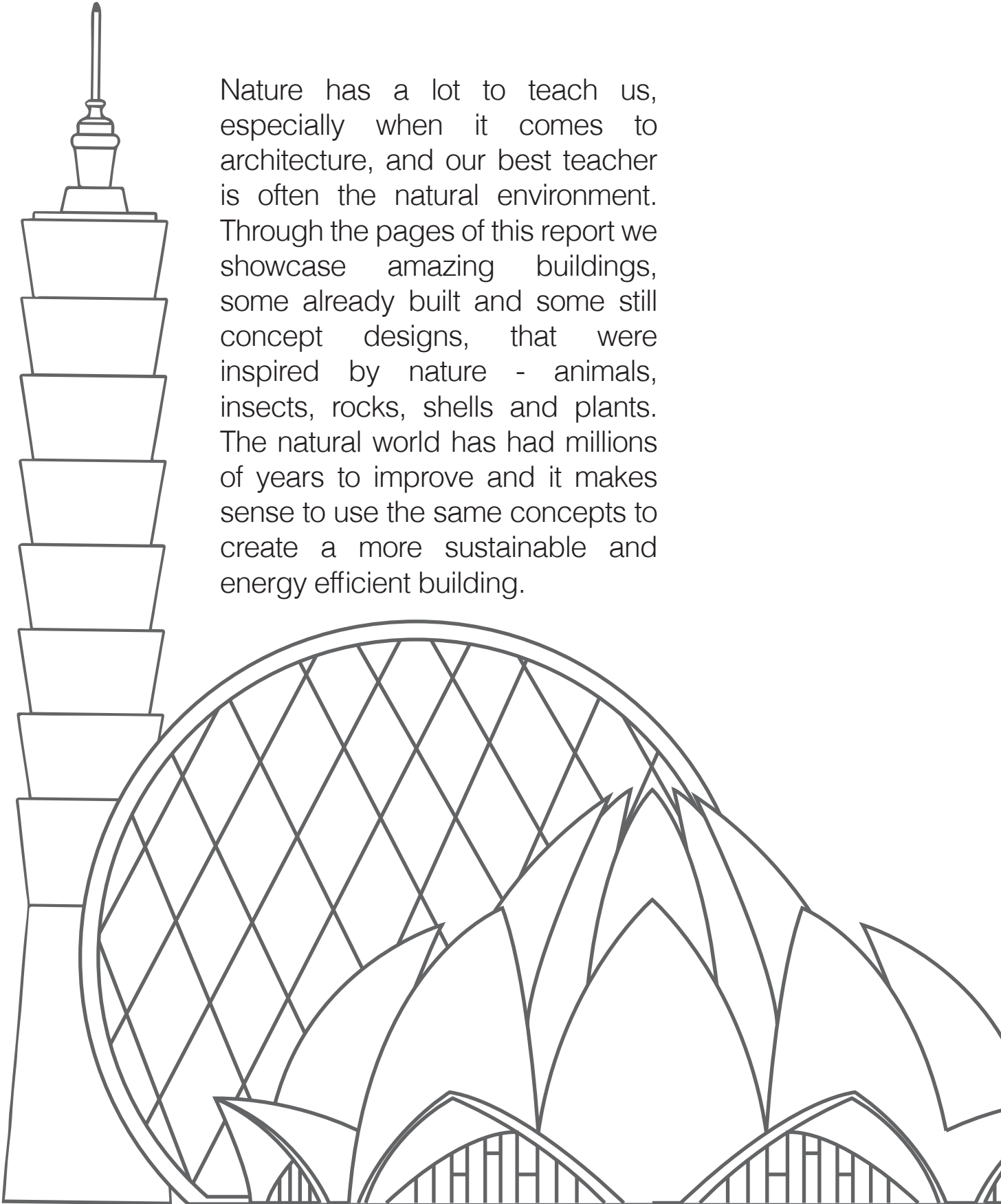
INSPIRED

**Cherat Cement
Company Limited**
A Ghulam Faruque Group Company



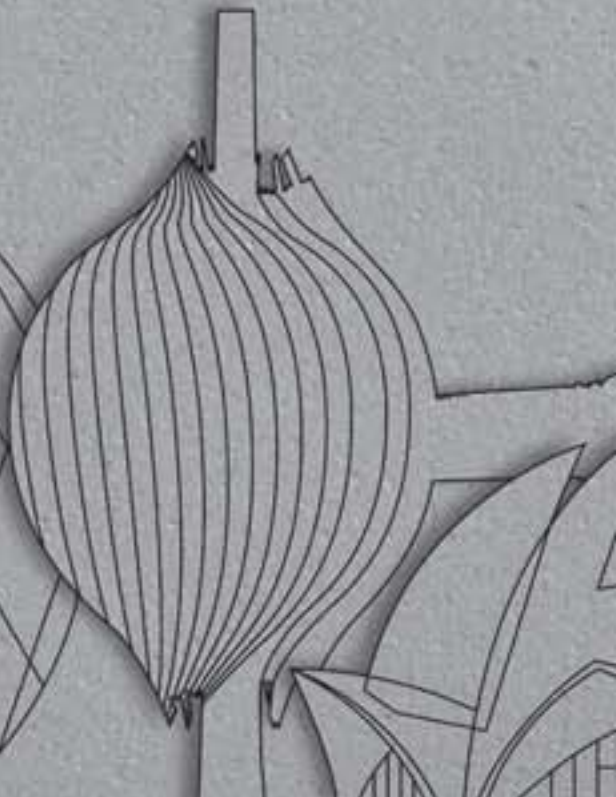
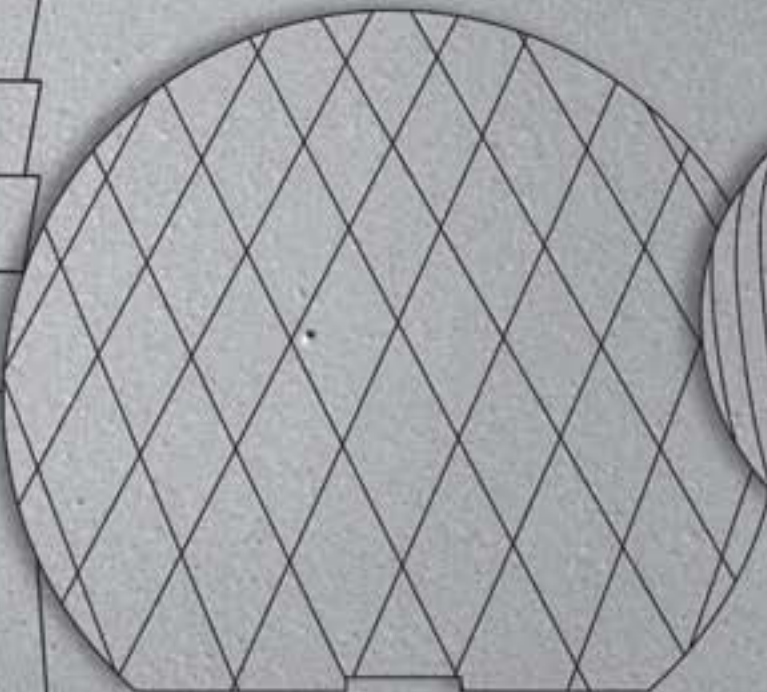
ANNUAL
REPORT
2016

Nature has a lot to teach us, especially when it comes to architecture, and our best teacher is often the natural environment. Through the pages of this report we showcase amazing buildings, some already built and some still concept designs, that were inspired by nature - animals, insects, rocks, shells and plants. The natural world has had millions of years to improve and it makes sense to use the same concepts to create a more sustainable and energy efficient building.

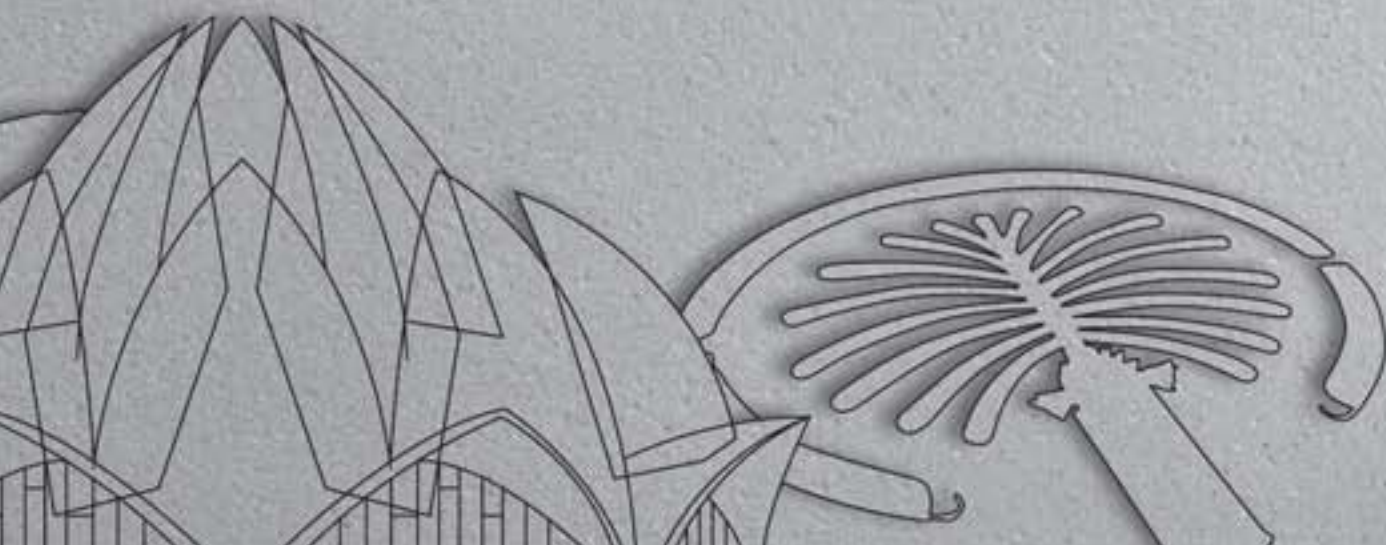


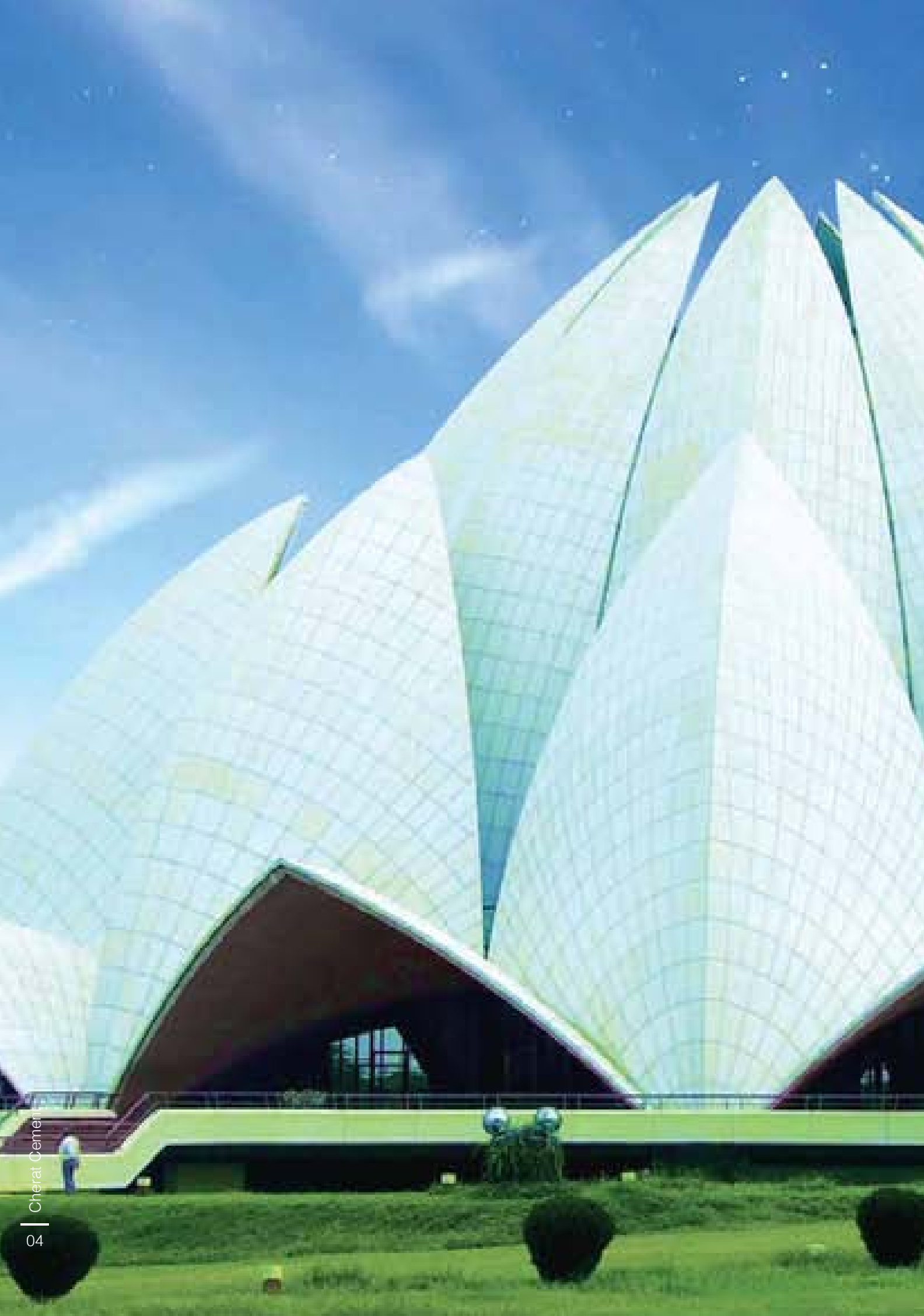
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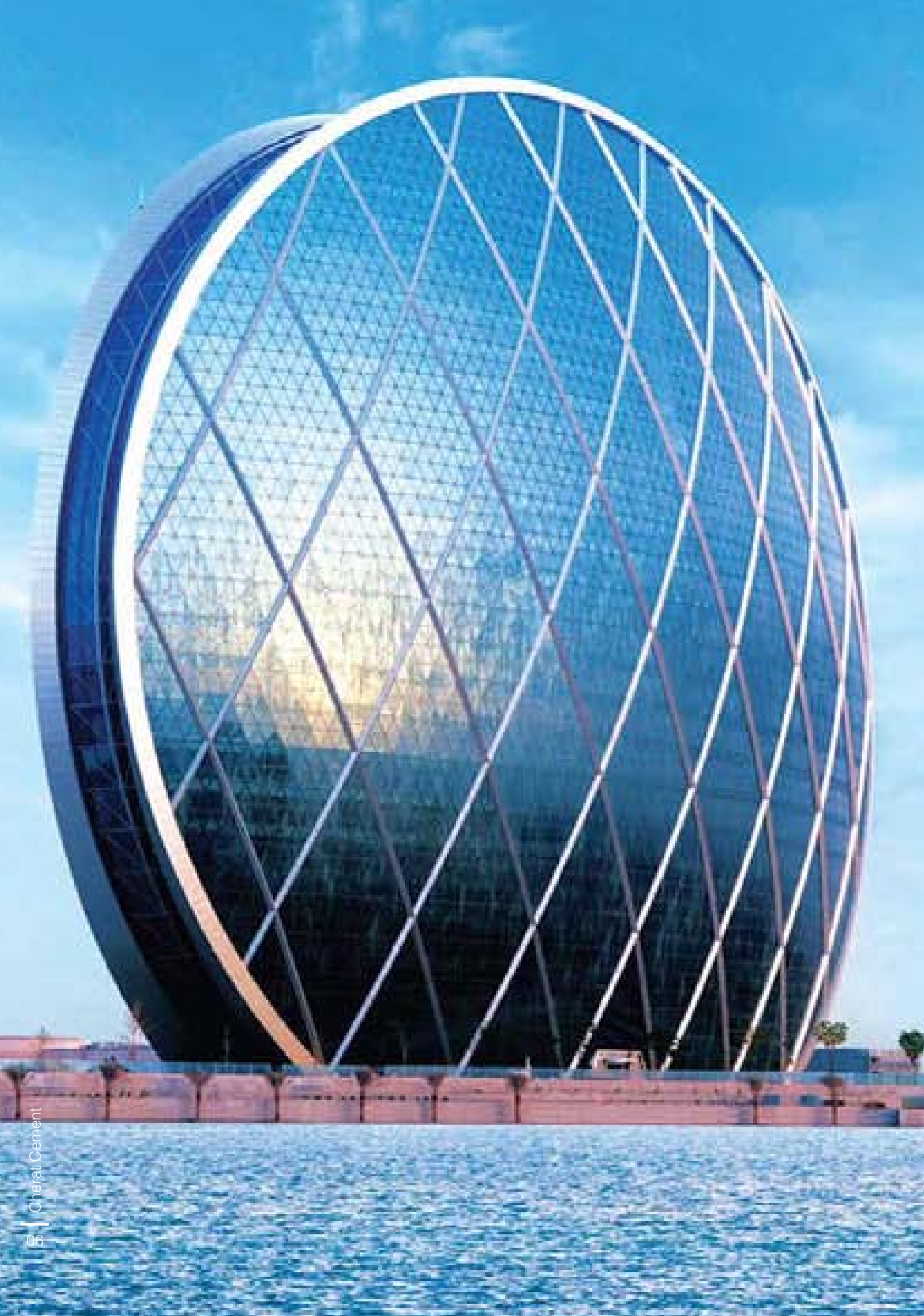
Lotus Temple

The Lotus temple in New Delhi, India was designed by Iranian architect Fariborz Sahba who took the lotus flower as his inspiration for the project. The temple is the site of worship for followers of the Bahá'í Faith.



Lotus Flower

The temple's design is composed of 27 free-standing marble clad petals that are group in clusters of three in order to form nine sides (a stipulation of the religion). The building has nine entrances that all lead to a central hall capable of accommodating 2,500 people. The temple sits on a 26-acre piece of land along with nine surrounding ponds and gardens.



Aldar Headquarters Building

The Aldar Headquarters Building in Abu Dhabi is one of the most unique and striking infrastructures in the city's skyline. It was voted as the Best Futuristic Design of 2008 and was inspired by a seashell.



Seashell

It is the first circular building in the Middle East which uses grids of steel for maintaining its shape. The building also features international Grade A specification which includes floor to ceiling glazing, an impressive double height dual entrance lobby and of course, amazing views of the entire city of Abu Dhabi and the nearby Al Raha beach.



Taipei 101

Taipei 101 is located in the Xinyi District in Taiwan's capital city – Taipei. It was formerly known as the Taipei World Financial center and was ranked as the tallest building in the world from 2004 to 2009. The building was designed by C.Y. Lee & Partners and was inspired by the indigenous slender bamboo that the country sees as an icon of learning and growth.



Bamboo Plant

The building is also considered as one of the greenest in the world when it was awarded the Leadership in Energy and Environmental Design (LEED) Platinum Certification in July 2011.



Center For Disease Control Complex

This design by Manfredi and Luca Nicoletti was an entry for a design challenge for Taiwan's new Center for Disease Control BioLab. The two buildings nicknamed as the Biolab Squadron were inspired by the shell of a nautilus and features interlacing geometric incisions in its outer skin.



Nautilus Shell

The pattern in its outer skin reproduces the four conventional symbols attributed to the DNA sequence of the bacteria that is to be studied in the building. The result of this design is a seemingly homogenous surface that is engraved with by symbols not known to common people.





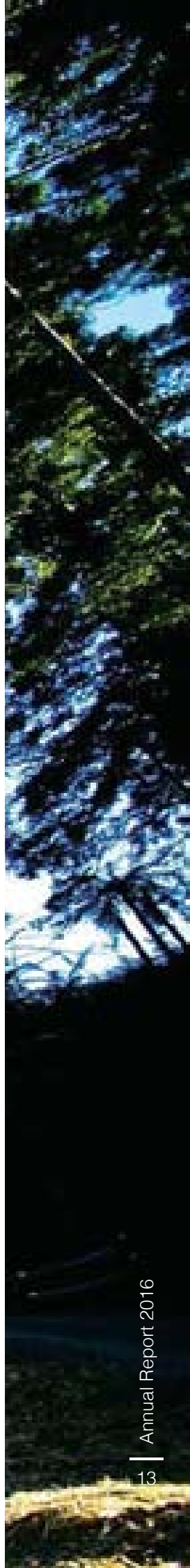
Redwoods Treehouse

The Redwoods Treehouse is a pod-shaped structure that sits 10 meters high in a redwood tree. The treehouse, which draws inspiration from insect cocoons, can accommodate up to 30 guests and serve as a restaurant in which special occasions can be held.



Cocoon

Access to the treehouse is provided by an elevated walkway made from redwood milled on site. The Experience Group, the organization who secured exclusive rights to manage the treehouse also offer a dedicated 32-seater coach to facilitate the transportation of guests to and from the venue.

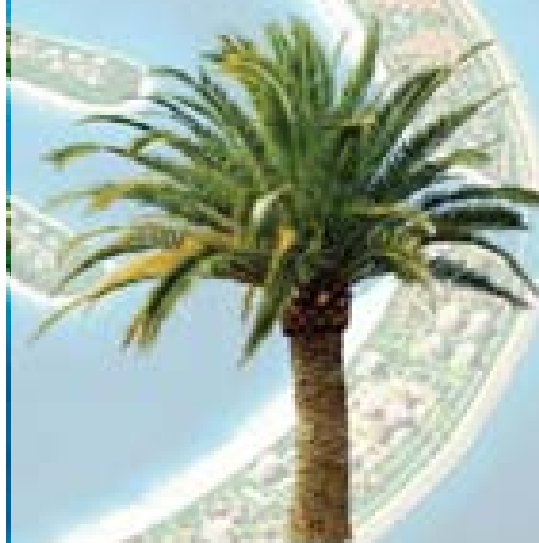






Palm Islands

The Palm Islands are an artificial archipelago in Dubai, UAE that is shaped like a palm tree, topped with a crescent. The archipelago is made from sand dredged from the Persian Gulf and houses both residential and commercial establishments.



Palm Tree

The Palm Islands are constructed by a local property developer in UAE – Nakheel Properties. The Belgian and Dutch land reclamation experts Jan De Nul and Van Oord were hired for the dredging operations.

The Tenerife Auditorium
Santa Cruz de Tenerife, Spain
Architect: Santiago Calatrava Valls





Vision

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

Mission

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

Code of Conduct

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

Scope

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

Compliance Committee and Reporting of Violations

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

Compliance with the Law

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

Competition and Anti-trust Law

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

Bribery and Corruption

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

Money Laundering

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

Product Quality

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

Books, Records and Financial Reporting

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

Confidentiality

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

Protection and Information Security

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

Handling and Safeguarding of Cherat Cement's Property

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

Equal Treatment and Fair Working Conditions

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

Health, Safety and Environmental Protection

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

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

Conflict of Interest

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

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



ARPT Telecommunications Headquarters

Architects: Mario Cucinella

Italian firm Mario Cucinella Architects has won a competition to design a telecommunications agency headquarters in Algeria with proposals for a fin-like form referencing sand dunes and traditional Mediterranean architecture.

Mario Cucinella Architects also used the pointed arch typical in Islamic regions as a reference for the shape, which also resembles the dunes of the surrounding desert landscape.





Strategic Objectives

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

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

L'Hemisfèric

Valencia, Spain

The planetarium L'Hemisfèric was the first section of the Valencia City of Arts and Sciences opened to the public. It represents a huge human eye that comes alive and opens up to the world: the "Eye of Wisdom".





Core Values

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



A large yellow construction crane is shown against a clear sky. The crane's lattice structure is prominent, and its long jib extends across the frame. The background is a gradient of light blue and white, suggesting a bright, clear day.

Nature of Business

Cherat Cement Company Limited is a Ghulam Faruque Group (GFG) Company. Its main business activity is manufacturing, marketing and sale of Ordinary Portland Cement. The Company is amongst the pioneers of cement industry in Pakistan and is the number 1 cement in its region. Quality is our business; therefore, there are no compromises on Quality Management. The Company's annual installed capacity is 01 million tons of clinker. The plant is located at Village Lakrai, District Nowshera, Khyber Pakhtunkhwa (KPK) Province.

Due to plant's geographical position, it is ideally located to export cement to Afghanistan as well as to cater the local market needs in the KPK, FATA, Punjab and Azad Kashmir. The Company is registered on Pakistan Stock Exchange and is also ISO 9001 and 14001 certified. The Company is in the process of installing another cement line at the same location with an installed annual clinker capacity of more than 1.3 million tons, which is expected to be commissioned by December 2016.

Group Structure

Introduction

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





Faruque (Private) Limited

Parent Company

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



Mirpurkhas Sugar Mills Ltd

Manufacturer of Cane Sugar

Established in 1964, its principal activity is manufacturing and selling of sugar. It is located about 300 km from the port city of Karachi, in Mirpurkhas and is listed on the Pakistan Stock Exchange Limited. The Company has a crushing capacity of 8,500 tons per day and is one of the most efficient sugar mills in Pakistan.

Moreover, it is involved in development of higher yield sugar cane varieties on its 1,300 acre experimental farm.



Mirpurkhas Energy Ltd

Wholly owned subsidiary of Mirpurkhas Sugar Mills Ltd

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



Cherat Packaging Ltd

Manufacturer of Kraft Paper and Polypropylene Bags

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



Madian Hydropower Ltd

Joint Venture for establishing 148 MW hydropower plant



Greaves Pakistan (Pvt.) Ltd

Providing Specialized Engineering Sales and Services

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

Greaves Airconditioning (Pvt.) Ltd

Equipment Suppliers and HVAC Solution Provider

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

Greaves CNG (Pvt.) Ltd

Retail Sale of CNG to end consumers

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

Greaves Engineering Services (Pvt.) Ltd

HVAC Contractors

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



Zensoft (Pvt.) Ltd

Information Systems Services provider specializing in business software solutions

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



Unicol Ltd

Joint Venture Distillery producing Ethanol and Liquid Carbon Dioxide (CO₂)

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



UniENERGY Ltd

Joint Venture for Renewable Wind Energy



Contact Information

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

Registered Office / Factory

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

Head Office

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

Company Information

Board of Directors

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

Audit Committee

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

Human Resource & Remuneration Committee

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

Executive Director & Chief Financial Officer

Mr. Yasir Masood

Executive Director & Company Secretary

Mr. Abid Vazir

Chief Internal Auditor

Mr. Omer Nabeel

Auditors

EY Ford Rhodes
Chartered Accountants

Cost Auditors

UHY Hassan Naeem & Co.,
Chartered Accountants

Legal Advisor

K.M.S. Law Associates

Bankers

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

Islamic Bankers

Bank Alfalah Ltd
Dubai Islamic Bank Pakistan Ltd
Meezan Bank Ltd

Share Registrar

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

Sales Offices

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

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

Islamabad:
1st Floor, Razia Sharif Plaza
Jinnah Avenue, 91 Blue Area
Tel: +9251 2344697-8
Fax: +9251 2802364, 2274970

Milestones

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

Doubling capacity expansion to 2,300 t/day
Installed Roller Press at Raw Mill & Cement Grinding areas

WARTSILA Diesel commissioned 04 Wartsilla Diesel plants (20 MW)

HMI Manual operating panels converted to HMI

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

1985

1988

1994

1994

1996

1998

2001

2002

2003

Optimization capacity expansion to 1,400 t/day

Caterpillar commissioned 04 CAT power generators (6 MW)

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

Cherat Electric Merger in Cherat Cement Company Ltd

Cooler E.P. Multicyclones converted to Electrostatic Precipitators

LVT
Cement Press
installed

Installed SAP
(ERP) in the
Company

Tyre Derived Fuel
Processing Plant
installed

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

Shipment
for Line II
Completed

2005

2006

2008

2009

2010

2012

2013

2014

2015

2016

Capacity
Expansion
to 3,300
t/day

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

Waste Heat
Recovery for
Power
Generation
commissioned

Refuse Derived
Fuel Processing
Plant installed

LC opened
for WHR -
Line II



Plant Expansion

In view of strong projected growth for cement and noticeable improvement in business climate in the country, the installation of new production line with clinker production capacity of 4,200 tons per day at the same location is expected to earn fruitful benefits in the near and long-term future for all the stakeholders of the Company.

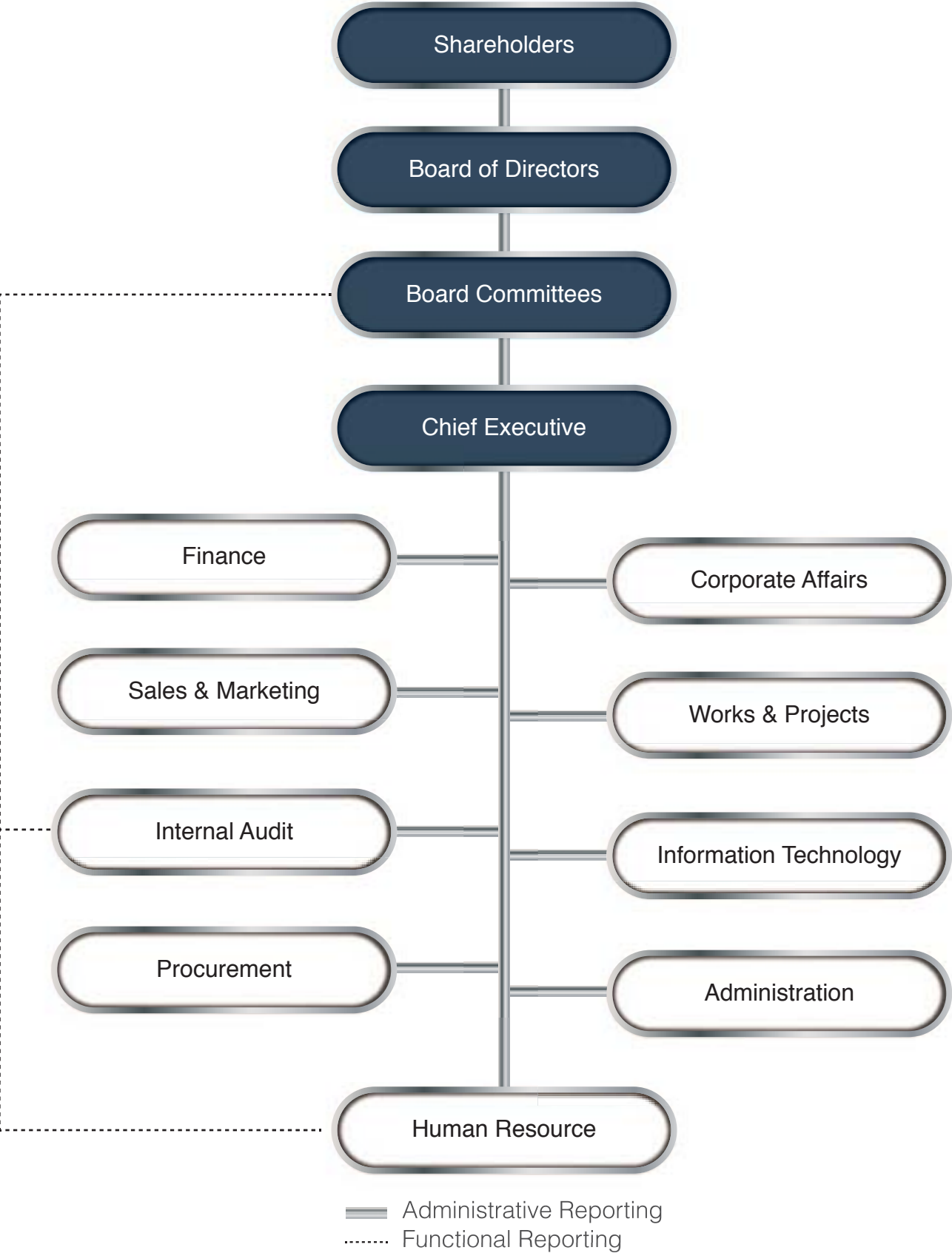
The work on the expansion project is in full swing and is progressing on schedule. All the machinery has reached the site and all civil works have been completed. Most of the mechanical, fabrication, erection and electrical works are in advanced stages and are expected to be completed as per schedule.

The project has benefited from decline in discount rates and stable foreign currency exchange rates.

The overall progress of the project is satisfactory and the plant is expected to be commissioned by December 2016. Waste Heat Recovery System for the new line is also under installation and is planned to be commissioned along with the commissioning of line II.



Organizational Structure



Calendar of Notable Events

July 2015 - June 2016

July 16	Eid Milan Party
August 14	Independence Day Celebration
August 18	National Tree Plantation Day
September 05	Received 2nd prize on Best Corporate Reporting Award 2014, jointly organised by ICAP & ICMAP
October 16	34th AGM at Registered Office
November 07	HO Staff Picnic to Sea side
January 02	Group Cricket Tournament at HO
January 16	Plant Management's Dinner - Islamabad
January 30	Received SAFA Award on Compliance with Code of Corporate Governance
April 02-03	Group Table Tennis Tournament
May 01	Labour Day Celebrations
June 17	Annual Dinner & Award Ceremony
June 24	Iftar Dinner with Dealers
June 30	Year End Closing



Geographical Presence



Pakistan - Cement Local



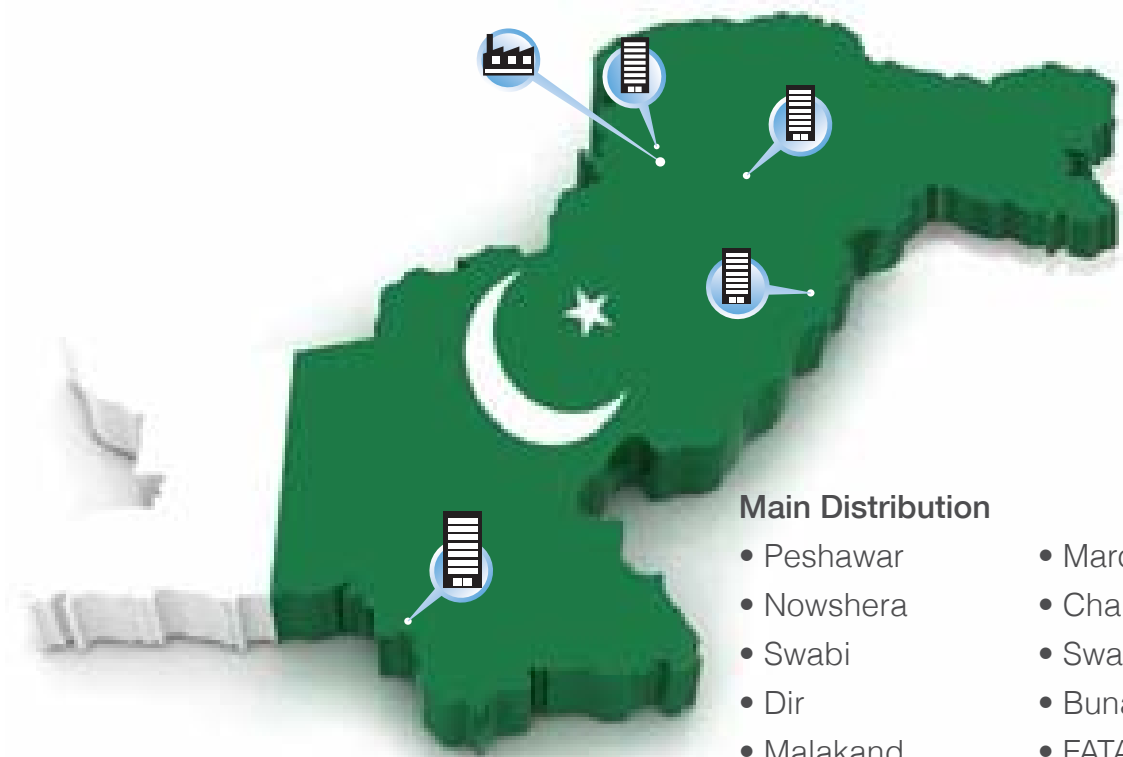
Offices

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



Factory

Nowshera



Main Distribution

- Peshawar
- Nowshera
- Swabi
- Dir
- Malakand
- Southern KPK
- Hazara
- Attock
- Kashmir
- Lahore
- Kasur
- Sialkot
- Okara
- Narowal
- South Punjab
- Mardan
- Charsadda
- Swat
- Bunair
- FATA
- Gilgit Baltistan
- Islamabad / Rawalpindi
- Chakwal
- Jhelum
- Sheikhpura
- Gujrat
- Gujranwala
- Sargodha
- Faisalabad
- Upper Sindh



Afghanistan - Cement Export

Main Distribution

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



India - Clinker Export

Main Distribution

- Indian Punjab Region



Notice Of Annual General Meeting

Notice is hereby given that the 35th Annual General Meeting of the Company will be held on Monday, October 31, 2016 at 12:30 p.m. at the Registered Office of the Company at Factory premises, Village Lakrai, Nowshera, Khyber Pakhtunkhwa to transact the following businesses:

ORDINARY BUSINESS

1. To receive and consider the Audited Accounts of the Company for the year ended June 30, 2016 with the Directors' and the Auditors' Reports thereon.
2. To consider and approve the payment of final cash dividend @22.50% (Rs.2.25 per share) in addition to interim cash dividend @10% (Re. 1.00 per share) already paid to the shareholders for the financial year ended June 30, 2016 as recommended by the Board of Directors.
3. To appoint Auditors for the year 2016/17 and to fix their remuneration.
4. To transact any other business with the permission of the chair.

SPECIAL BUSINESS

5. In compliance of the direction issued by Securities and Exchange Commission of Pakistan under S.R.O.470 (I)/2016 dated May 31, 2016 it is proposed that the following resolution be passed as and by way of a Special Resolution:

"Resolved that pursuant to compliance of S.R.O.470 (I)/2016 dated May 31, 2016 and subject to the consent and approval of the shareholders, the Board of Directors of the Company be and is hereby authorized to circulate the Annual Audited Accounts of the company to its members through CD/DVD/USB; that the Board of Directors of the Company and the Company Secretary be and are hereby authorized to do all acts, deeds and things that may be necessary or required to give effect to this resolution".

6. In compliance of the direction issued by Securities and Exchange Commission of Pakistan under S.R.O.43 (I)/2016 dated January 22, 2016 it is proposed that the following resolution be passed as and by way of a Special Resolution:

"Resolved that pursuant to compliance of S.R.O.43(I)/2016 dated January 22, 2016 and subject to the consent and approval of the shareholders, it is resolved that Articles of

Association of the company be and is hereby amended by inserting the following new clause after clause 62;

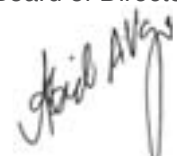
"(62A) A member may opt for e-voting in a general meeting of the Company under the provisions of the Companies (E-Voting) Regulations 2016 (including any statutory modification thereof), as amended from time to time. In the case of e-voting, only Members can be appointed as proxy. The instruction to appoint execution officer and option to e-vote through intermediary shall be required to be deposited with the company, at least ten (10) days before holding of the general meeting, at the Company's head office address or through email. The Company will arrange for e-voting if the Company receives demand for poll from at least five (5) members or by any member having not less than one tenth of the voting power".

7. To consider and approve investment of up to Rs. 100 million by acquiring shares of associated company namely Mirpurkhas Sugar Mills Ltd (MSM) from stock market in compliance with the provision of section 208 of the Companies Ordinance, 1984. It is, therefore, proposed that the following resolution be passed as and by way of a Special Resolution:

"Resolved that pursuant to section 208 of the Companies Ordinance, 1984 and subject to the consent and approval of the shareholders, the Board of Directors of the Company be and is hereby authorized to invest up to Rs. 100 million by acquiring the shares of Mirpurkhas Sugar Mills Ltd from the stock market; that the Board of Directors of the Company and the Company Secretary be and are hereby authorized to do all acts, deeds and things that may be necessary or required to give effect to this resolution".

Statement(s) under section 160 of the Companies Ordinance, 1984, pertaining to the above-mentioned Special Businesses, are being sent to the Members with the Notice.

By Order of the
Board of Directors



Abid Vazir

Executive Director
& Company Secretary

Karachi: August 24, 2016

NOTES:

1. The register of members of the Company will be closed from Friday, October 21, 2016 to Monday, October 31, 2016 (both days inclusive) and no transfers will be registered during that time. Shares received in order at the Office of the Registrar of the Company, M/s. Central Depository Company of Pakistan Limited (CDC), CDC House, 99-B, Block 'B', S.M.C.H.S., Main Shahrah-e-Faisal, Karachi-74400 at the close of business on Thursday, October 20, 2016 will be treated in time for the entitlement of final cash dividend.
2. A member of the Company eligible to attend and vote at the Annual General Meeting may appoint another member as his/her proxy to attend and vote in his/her stead. Proxies to be effective must be in writing and must be received by the Company's Head Office 48 hours before the Meeting.
3. Shareholders of the Company whose shares are registered in their accounts/sub-accounts with Central Depository System (CDS) are requested to bring original computerized National Identity Card along with their account number in CDS and participant's ID number for verification. In case of appointment of proxy by such account holders and sub-account holders, the guidelines as contained in the SECP's circular of 26th January 2000 are to be followed.
4. Shareholders of the Company are requested to immediately notify any change in their addresses to the Share Registrar of the Company.
5. Shareholders who have not yet submitted photocopy of their valid Computerized National Identity Card (CNIC) are requested to send the same to the Share Registrar of the Company.
6. With reference to S.R.O. 787(I)/2014 dated September 8, 2014 issued by SECP; shareholders have option to receive Annual Audited Financial Statements and Notice of General Meeting through email. Shareholders of the Company are requested to give their consent to the Company's Head Office to update our record if they wish to receive Annual Audited Financial Statements and Notice of Annual General Meeting through email. However, if shareholder, in addition, request for hard copy of Audited Financial Statements the same shall be provided free of cost within seven [7] days of receipt of such request.

STATUS OF INVESTMENT IN UNIENERGY LIMITED

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

STATUS OF INVESTMENT IN THE EQUITY OF CHERAT PACKAGING LIMITED BY SUBSCRIPTION OF RIGHT SHARES

The Company in its Annual General Meeting held on October 16, 2015 had obtained the approval of its shareholders for investment of up to Rs. 50 million in the equity of Cherat Packaging Limited by way of subscription of right shares. The company subscribed right shares to the extent of its entitlement worth

Rs.18.61 million. No further right shares were purchased by the company.

STATUS OF INVESTMENT IN THE EQUITY OF CHERAT PACKAGING LIMITED

The Company in its Extraordinary General Meeting held on March 21, 2016 had obtained the approval of its shareholders for an equity investment of Rs. 100 million by acquiring the shares of Cherat Packaging Limited from the market. Till to date, the Company has purchased shares worth Rs. 93.2 million approximately. No further shares will be acquired by the company.

Statement (s) under section 160 of the Companies Ordinance, 1984

The statements set out material facts concerning "Special Businesses" to be transacted at the Annual General Meeting of the Company to be held on October 31, 2016. The approval of the Members of the Company will be sought for:

INFORMATION FOR CIRCULATION OF ANNUAL AUDITED ACCOUNTS TO THE SHAREHOLDERS THROUGH CD/DVD/USB

Item No. 5

The Securities and Exchange Commission of Pakistan (SECP) has allowed the companies to circulate the annual balance sheet, profit and loss accounts, auditor’s report and directors report etc., (Annual Audited Accounts) to its members through CD/DVD/USB at their registered address.

INFORMATION FOR MEMBERS TO EXERCISE THEIR VOTING RIGHT THROUGH ELECTRONIC MEANS (E-VOTING)

Item No. 6

The Securities and Exchange Commission of Pakistan (SECP) has allowed the members of the company to use their voting rights through electronic means (e-voting) by giving their consent in writing at least 10 days before the date of meeting of the company on appointment of Execution Officer by the Intermediary as a Proxy.

An instrument of proxy form in relation to e-voting shall be in the following form:

I/we _____ of _____, being a member of _____, holder of _____ share(s) as per Register Folio No. _____ hereby opt for e-voting through Intermediary and hereby consent to the appointment of Execution

Officer _____ as proxy and will exercise e-voting as per the Companies (E-Voting) Regulations 2016 and hereby demand for poll for resolution.

My secured email address is _____, please send login details, password and electronic signature through email.

Signature of member

INFORMATION ABOUT THE INVESTMENT

Item No. 7

Mirpurkhas Sugar Mills Limited (MSM) is one of the leading producer and supplier of refined sugar in Pakistan. The Company started commercial operations in 1964 and is listed on Pakistan Stock Exchange. The company has a history of consistent growth. It has a crushing capacity of 8,500 tons per day and is one of the most efficient sugar mills in Pakistan. It is also involved in the development of higher yield sugarcane variety on its experimental farms and adjoining areas. Its diversification into joint venture distillery – Unicol Ltd provided strategic depth to the company as it was able to generate additional source of income. Keeping in view the growing demand for electricity in the country, MSM has decided to establish a Bagasse based Power Generation Company by the name of Mirpurkhas Energy Ltd. The planned capacity of the power project is around 26 MW.

Further information in terms of S.R.O. 27 (I)/2012 dated January 16, 2012, the details of the investment are stated below:

(i) Name of the Associated Company or Associated Undertaking along with criteria based on which the associated relationship is established;	Mirpurkhas Sugar Mills Limited (MSM) Mr. Shehryar Faruque and Mr. Arif Faruque are also the Directors of MSM.
(ii) Purpose, benefits and period of investment;	CCCL intends to make an equity investment of up to Rs. 100 million by acquiring the shares of MSM from the stock market. Dividend from MSM will benefit CCCL as it will enhance its Other Income, which will benefit the shareholders of the Company. Furthermore, addition of a good asset will also strengthen the financial statements of the company. This will be a long term investment by CCCL.

(iii) Maximum amount of investment;	CCCL intends to make an equity investment of up to Rs. 100 million by acquiring the shares of MSM.
(iv) Maximum price at which securities will be acquired;	Prevailing market price.
(v) Maximum number of securities to be acquired;	Subject to prevailing market price but up to a limit of Rs.100 million
(vi) Number of securities and percentage thereof held before and after the proposed investment;	Before : Nil After : subject to prevailing market price but up to a limit of Rs. 100 million
(vii) In case of investment in listed securities, average of the preceding twelve weekly average price of the security intend to be acquired;	Rs. 130 per share
(viii) In case of investment in unlisted securities , fair market value of such securities determined in terms of regulation 6 (1)	Not applicable.
(ix) Break-up value of securities intended to be acquired on the basis of the latest audited financial statements;	Rs. 137.72 (as on September 30, 2015)
(x) Earning per share of the Associated Company or Associated Undertaking for the last three years;	September 2013: Rs. 11.37 September 2014: Rs. 6.70 September 2015 : Rs. 8.47
(xi) Sources of fund from which securities will be acquired;	The investment will be made by CCCL from its own resources
(xii) Where the securities are intended to be acquired using borrowed funds,- (I) Justification for investment through borrowings; and (II) Detail of guarantees and assets pledge for obtaining such funds	Not Applicable
(xiii) Salient features of the agreement(s), if any, entered into with its Associated Company or Associated Undertaking with regards to the proposed investment;	Not Applicable

(xiv) Direct or indirect interest of directors, sponsor, majority shareholders and their relatives, if any, in the Associated Company or Associated Undertaking or the transaction under consideration;	Mr. Shehryar Faruque and Mr. Arif Faruque are directors of MSM. However, they have no direct or indirect interest except to the extent of shareholding in the investing company.
(xv) Any other important details necessary for the members to understand the transaction;	Nil

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

The directors submit that they have carried out necessary due diligence for the proposed transaction particularly the investment in Mirpurkhas Sugar Mills Ltd.



CEO's Message

Your company has achieved historical financial results during the year 2015/16. On the back of economic growth and declining interest rates, cement demand grew by 9.8% for the industry during the year.

Greater outlay of PSDP by the government for construction of infrastructure projects in the country and higher spending by the private sector on housing and commercial projects has resulted in an increase in the domestic demand by 17%. We anticipate further increase in the domestic demand in the coming days as construction activities are on the rise. Due to strong brand reputation and ideal location, your company stands to benefit from growth in cement demand both in Pakistan and Afghanistan.

You will be pleased to know that expansion project for enhancement in the production capacity of the cement plant is progressing on schedule and we are confident of commissioning the second line by December 2016. You will also be pleased to know that the project will be completed well below the estimated project costs. The expansion will allow the company to meet the additional demand for cement in the country.

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

Karachi: August 24, 2016



Azam Faruque
Chief Executive

Directors' Profile

Mr. Omar Faruque

Chairman

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

Mr. Azam Faruque

Chief Executive

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

Mr. Akbarali Pesnani

Director

Mr. Akbarali Pesnani is an MBA and fellow member of both the Institute of Chartered Accountants and Institute of Cost and Management Accountants of Pakistan. He has served as Chairman Gwadar Port and Gwadar Port Implementation Authority from 2004 to 2006. Mr. Pesnani has been associated with the Aga Khan Development Network at a senior level for over 36 years. Presently he is the Chairman of Cherat Packaging Ltd., First Micro Finance Bank Ltd. and Aga Khan Cultural Service Pakistan and a Director on the Board of Jubilee General Insurance Co. Ltd. His association with the Ghulam Faruque Group goes back almost 35 years.

Mr. Shehryar Faruque

Director

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

Mr. Arif Faruque

Director

Mr. Arif Faruque is a Swiss - qualified Attorney-at-Law and also holds Masters degrees in both Law and Business Administration from the USA. He is the Chairman of Maersk Pakistan and the Chief Executive of Faruque (Pvt.) Ltd as well as Madian Hydro Power Ltd. He is on the Board

of Directors of Mirpurkhas Sugar Mills Ltd, Cherat Packaging Ltd, Zensoft (Pvt.) Ltd, UniEnergy Ltd and IGI Investment Bank Ltd. Besides the above, he is a member of the Board of Governors of Lahore University of Management Sciences.

Mr. Saquib H. Shirazi

Director

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

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

Mr. Asif Qadir

Director

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

Mr. Qadir has served as President and Chief Executive Officer of Engro Polymer

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

He is currently serving as director in Unicol Ltd and as an Independent Director on the Boards of Tripack Films Ltd, Thal Ltd, Descon Oxychem Ltd and Cherat Cement Co. Ltd.

Mr. Shamshad Nabi

Director (NIT)

Mr. Shamshad Nabi is a Chartered Accountant - a Fellow of the Institute of Chartered Accountants in England & Wales. He has also completed his MBA from the University of Wales. He has 46 years professional experience in the UK, Pakistan and Saudi Arabia mostly in asset management and development banking. He had also worked for 4 years for The Citizens Foundation (TCF) as a whole time volunteer as TCF's Financial Adviser. He has had long experience with the mutual fund industry in Pakistan having served NIT from 1966 to 1980 with the last four years as the NIT's Deputy Managing Director. Worked for 22 years for the Islamic Development Bank in Jeddah until January, 2002. He was the first Chief Executive Officer of the Mutual Funds Association of Pakistan - the Trade Body for the mutual fund industry in Pakistan until July, 2012. While in the service of NIT he served on the Boards of Directors of a large number of listed companies in Pakistan and was on the Board of Directors of the Karachi Stock Exchange for four years until January, 1980. He was also on the Board of Directors of companies in member countries of IDB.



Directors' Report to the Members

For The Year Ended June 30, 2016

The Board of Directors presents the annual report of the company along with the audited financial statements for the year ended June 30, 2016.

OVERVIEW

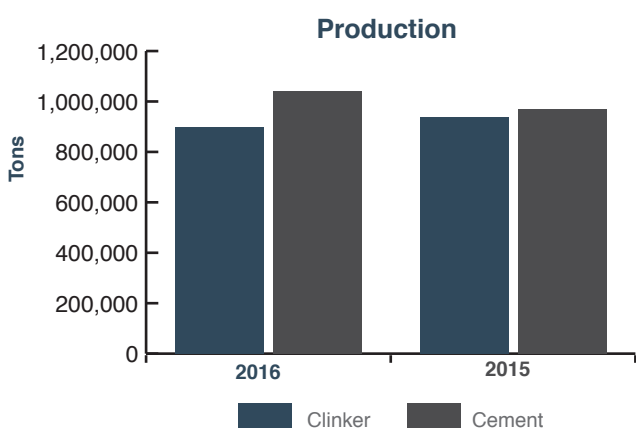
Pakistan's economy continued its growth momentum in the year 2015/16. The industrial sector, particularly cement, remained one of the top performers in the country. Cement plays an important role in the socio economic development of a country and is a vital barometer of macroeconomic development. On the back of positive measures taken by the government including greater outlay of PSDP for development of infrastructure and announcement of CPEC projects, Pakistani cement industry recorded a growth of 9.82% over last year. While domestic demand was strong and increased by nearly 17%, exports declined by 18% mainly due to drop in exports via sea and to Afghanistan.

PRODUCTION & SEGMENT WISE SALES REVIEW

Comparative production and sales figures are provided under:

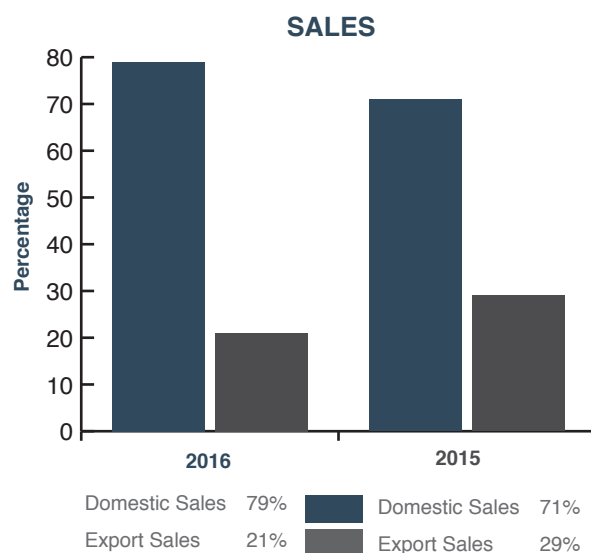
	2015-16	2014-15
	(in tons)	
• Clinker production	897,440	936,916
• Cement production	1,042,450	971,360
• Domestic sales	818,617	692,920
• Export sales	218,528	278,675
Total sales	<u>1,037,145</u>	<u>971,595</u>

In line with industry growth trend, local dispatches of the company rose by 18% i.e. 125,697 tons from last year. A positive economic outlook, decline in interest rates, and lower inflation led to higher investment in



construction activities in the country, which increased the domestic demand for cement. Exports to

Afghanistan, however, declined by 21% i.e. 60,147 tons due to political uncertainty. On aggregate basis, cement dispatches of the company rose by 6.7% i.e. 65,550 tons from last year.



FINANCIAL PERFORMANCE

On the back of rise in cement dispatches, the sales revenue of the company also rose by around 8% i.e. Rs. 514 million over last year. During the year, the company achieved its highest ever production and dispatches. The financial results of the company also improved due to decline in coal and oil prices in the international markets and various cost efficiency measures taken by the company. During the year under review, there was decline in other income of the Company from last year due to utilization of funds for the ongoing expansion project. The incidence of tax for the company has increased this year including impact of Rs. 51 million due to imposition of Super Tax by the government. For the year ended June 30, 2016 the company posted an after tax profit of Rs. 1.4 billion.

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

	2015-16	2014-15
	(Rs. in million)	
Net sales	7,079.37	6,565.42
Cost of sales	4,445.31	4,581.87
Gross Profit	2,634.06	1,983.55
Expenses & taxes	1,228.87	695.39
Net Profit	<u>1,405.19</u>	<u>1,288.16</u>

EXPANSION OF CEMENT PLANT

Work on the expansion of the production capacity of the cement plant is progressing on schedule. At present, civil, mechanical and electrical works are

taking place in full swing and almost all imported equipment has arrived at site including the WHR plant for the second line. The project has greatly benefitted from decline in discount rate and stable foreign currency exchange rates during the period of expansion. The management is confident of commissioning the new plant by December 2016.



DIVIDEND

The Board of Directors at its meeting held on August 24, 2016 has proposed a cash dividend @ 22.50% for the year ended June 30, 2016. This is in addition to interim cash dividend @ 10% declared during the year. The approval of members for the dividend will be obtained at the Annual General Meeting to be held on October 31, 2016.

CORPORATE SOCIAL RESPONSIBILITY

Being an active and socially aware member of the corporate community, the Company contributes generously to various social and charitable causes including towards health, education and social sectors. The Company actively participates in various social work initiatives as part of its corporate social responsibility. In this regard, it works with many reputable organizations and NGOs in Pakistan like The Aga Khan University and The Citizens Foundation. The Company has always stood by the people of Pakistan in their hour of need and shall always continue to do so.

SAFETY, HEALTH AND ENVIRONMENT

The company remains committed to continuous improvement in Health and Safety aspects of its business, being a responsible corporate citizen. The production facility remained fully compliant with industry standards and safety requirements. The installation of WHR plants has also helped improve the environment in the areas surrounding the factory. The company has an ISO 14001 certification.

CONTRIBUTION TO NATIONAL EXCHEQUER

The company contributed around Rs. 2.5 billion to the government treasury in shape of taxes, excise duty, income tax and sales tax.

STATEMENT ON CORPORATE AND FINANCIAL REPORTING FRAMEWORK

- The financial statements prepared by the management of the company present its state of affairs fairly, the result of its operations, cash flows and changes in equity.
- Proper books of account of the company have been maintained.
- Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
- International Financial Reporting Standards, as applicable in Pakistan, have been followed in preparation of financial statements and any departure therefrom has been adequately disclosed and explained.
- The system of internal controls is sound in design and has been effectively implemented and monitored.
- There are no significant doubts upon the company's ability to continue as a going concern.
- There has been no material departure from the best practices of corporate governance, as detailed in the listing regulations.
- Key operating and financial data for last six (6) years in summarized form is annexed.
- There is nothing outstanding against your company on account of taxes, duties, levies and charges except for those which are being made in normal course of business.
- The Company maintains Provident and Gratuity Fund accounts for its employees. Stated below are the values of the investments of the fund as on June 30, 2016.
- **Provident Fund Rs. 833 million**
- **Gratuity Fund Rs. 636 million**
- During the year, seven meetings of the Board of Directors were held. The attendance record of each director is as follows:

Name of Director	Meetings Attended
• Mr. Omar Faruque	7
• Mr. Azam Faruque	7
• Mr. Akbarali Pesnani	7
• Mr. Shehryar Faruque	5
• Mr. Tariq Faruque *	2
• Mr. Javaid Anwar *	2
• Mr. Arif Faruque *	5
• Mr. Saquib H. Shirazi	7
• Mr. Shamshad Nabi	5
• Mr. Asif Qadir *	4

* Mr. Arif Faruque and Mr. Asif Qadir were elected as directors on October 16, 2015 in place of Mr. Tariq Faruque and Mr. Javaid Anwar, who retired.

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

Name of Director	Meetings Attended
• Mr. Akbarali Pesnani	4
• Mr. Javaid Anwar*	1
• Mr. Shehryar Faruque**	1
• Mr. Tariq Faruque *	1
• Mr. Asif Qadir	2
• Mr. Arif Faruque	2

* Mr. Arif Faruque and Mr. Asif Qadir were appointed as members of the Audit Committee following the retirement of Mr. Tariq Faruque and Mr. Javaid Anwar from the board.

** After its reconstitution, Mr. Shehryar Faruque is no longer a member of the Audit Committee.

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

Name of Director	Meetings Attended
• Mr. Saquib H. Shirazi	2
• Mr. Shehryar Faruque	1
• Mr. Azam Faruque	2

- Pattern of shareholding is annexed with the report
- No trading in the shares of the Company was made by the Chief Executive, Directors, Chief Financial Officer and Company Secretary and their spouses and minor children during the year except for purchase of shares by Mr. Omar Faruque.
- Earnings per share (EPS) during the year was Rs. 7.96 as against Rs. 8.01 last year.

UNIENERGY LIMITED

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

FUTURE PROSPECTS

Despite global economic slowdown and many critical challenges at home, the GDP growth of the country reached 8 year high of 4.7% for the year. There has been an improvement in the business climate in the country, which is reflected from the performance of the industrial sector. This has also been acknowledged by leading rating agencies and international financial institutions. The cement industry is benefiting from stable economic outlook, low interest rates and greater outlay of PSDP by the government for constructing highways, dams, energy and housing projects. The demand for cement is also expected to get a major boost from projects under Pak China Economic Corridor. Greater spending by the private sector is also witnessed particularly in construction, which is fueling the demand for cement. It is, therefore, expected that the domestic demand shall increase considerably and play a vital role in higher cement dispatches in both the medium and long-term. In such a scenario, addition of new cement line at existing location by the company will not only enhance its domestic market share but will also allow it to achieve greater efficiencies and better allocation of fixed costs.

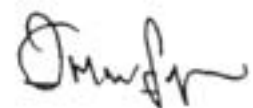
APPOINTMENT OF AUDITORS

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

ACKNOWLEDGMENT

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

On behalf of the
Board of Directors



Omar Faruque
Chairman

Karachi: August 24, 2016



Additional Information

MANAGEMENT OBJECTIVES & STRATEGIES

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

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

On the revenue side, we are confident that our investment on new production plant will reap positive results and help in maximizing returns for all stakeholders. The tone of our business is set by the marketing targets and budgets, which are aggressively designed by the management to achieve highest possible returns.

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

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

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

Cherat Cement gives key consideration to Human Resource Management. A full fledged HR department is established which is supervised by HR & RC of the Board of Directors. Approved policies are in place. All the HR functions are integrated where the employees' performances are evaluated based on SMART goals. Moreover, Training Need Assessment (TNA) is effectively in place where in-house and external trainings are arranged at all management levels. Further, eligible employees receive Service

Awards based on their performance and length of service. The Management's objective is to recognize and reward employee's contribution to the business. This process helps the availability of high quality workforce which plays a vital role in achieving day-to-day targets and tactical and strategic objectives of the Company.

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

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

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

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



HUMAN RESOURCE POLICIES

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

Industrial Relations

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

Succession Planning

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

LIQUIDITY AND CAPITAL STRUCTURE

Profits earned in recent years have significantly improved the liquidity position of the Company contributing to a better operating cycle of the business. The Company managed to earn healthy cash flows during the year, which are being monitored on a daily basis. Adequate debt and equity ratio is being maintained throughout the year. In last year, Rs. 1.787 billion equity money is injected through issue of rights shares. However, the balance amount was funded through self generated cash. During the year, the Company has obtained Syndicated long-term loan and Waste Heat Recovery Loan (WHR) loan from various banks amounted to Rs. 3.901 billion. The Company had planned and arranged the syndicated long-term loan facilities amounted to Rs. 9.5 billion. Strong liquidity of the Company is evidenced by current ratio of 1.11.

Through continuous monitoring the company maintained its current ratio at 1.11. The company managed to earn healthy cash flows during the year,

which are being monitored on a daily basis. Adequate debt and equity ratio is being maintained throughout the year.

Liquidity strategy

The Company made its first draw down in September 2015 from its total facility of Rs. 9.5 billion and has managed to restrict the loan much below than this. In view of strong liquidity position and available unutilized short-term financing facilities, the management is confident that there will be no liquidity issue in future. Besides management has a practice of continuous monitoring of cash flows on daily basis and has planned to gradually increase its short-term financing facilities in line with the future working capital requirements.

Financing Arrangements

The Company has good business relationship with all the reputable banks and financial institutions of the Country. Adequate unutilized short-term financing facilities are available at the Company's disposal. The Company has a syndicated term-finance facility of Rs. 9.5 billion at an attractive rate to finance the expansion project.

Significant Changes in Financial Position, Liquidity and Performance

Profit after tax has increased by 9.1% as compared to last year, which has helped in improving the financial position of the Company. Company's liquidity was affected mainly in view of the fact that all the resources are being invested in the new line project which will improve after commissioning of the new line. The mark up rates were renegotiated and lowered during the year in view of strong financial position of the Company.

Analysis of Financial and Non-Financial Targets

Targets are set for both financial and non-financial indicators. Financial indicators are set for revenue, costs, profitability, gearing and liquidity etc, while non-financial targets are set for company and brand image, human resource development and growth / expansion etc.

The Company on an annual basis sets marketing, production and other targets in the form of a budget which is duly approved by the Board of Directors. We have surpassed most of the key targets set in our last year's budget specially pertaining to production, revenue and profitability. For liquidity and gearing, cash flows are monitored on a daily basis to achieve the targets. The Company has also met its non-financial targets in the areas of marketing and human resource to a greater extent.

For revenue maximization, marketing targets are set with respect to quantity and retention. In line with its expansion, the management will try to improve the image of the Company and the brand. Specific marketing budgets are kept for advertisements. In addition, excess liquidity is utilized in financing the expansion project. These achievements are in line with the expectations as depicted in last year's Directors' report.

MARKET SHARE

Cherat is a premium brand of Ordinary Portland Cement in Pakistan and Afghanistan. Our main markets in Pakistan are KPK, FATA, and Punjab. As per the data available on the website of All Pakistan Cement Manufacturers Association our market share is around 3% because of our superior quality, Cherat is the first choice of customers in most of the markets. Our market share is expected to increase after the commissioning of line II.

CONSUMER PROTECTION MEASURES

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

BUSINESS ETHICS AND ANTI-CORRUPTION MEASURES

The Company is fully committed to promoting the highest standards of ethical behavior throughout its business. The management condemns corrupt and fraudulent practices and ensures transparency, integrity and honesty in all aspects of work. The Company expects all its employees to perform services with integrity and professionalism. Fundamental to this is the adoption of a 'zero tolerance' approach to all forms of corruption and misrepresentation.

CORPORATE SOCIAL RESPONSIBILITY

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

Community Investment & Welfare Schemes

The Company invests in community and welfare

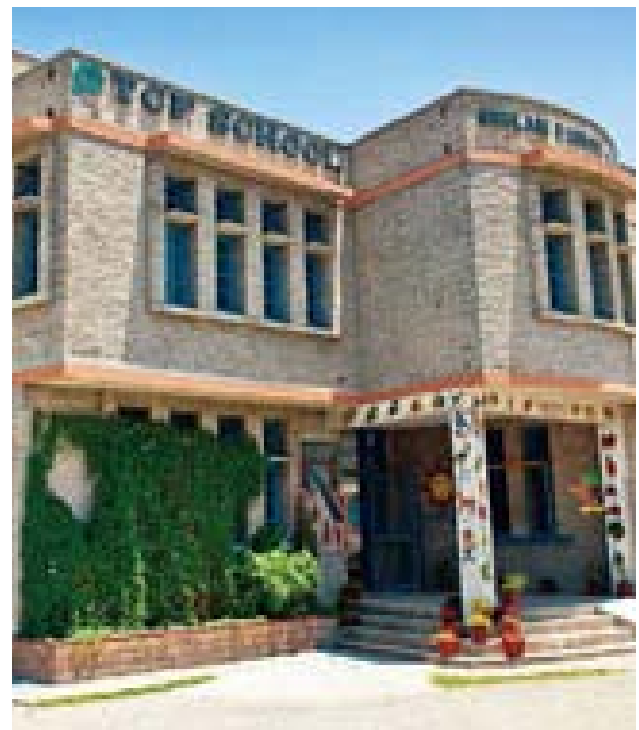
schemes through generous donations to education system and free medical dispensary for neighboring community. In this regard, the Company has financed a school in Shaidu village in collaboration with The Citizens Foundation.

National Cause Donations

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

Details of Charity Account

During the year the Company made a donation of Rs. 7.27 million. The main focus of the Company was on education and health. The major recipients of the donations include Aga Khan University Hospital, Edulji Dinshaw Road Project Trust, Ummah Welfare trust, The Kidney Centre, Nowshera Lions Club, The Lahore Hospital Welfare Society, WWF Pakistan, IBP School of Special Education and various local NGO's.



Rural Development Programs & Employment of Special Persons

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

BUSINESS CONTINUITY AND DISASTER RECOVERY POLICY

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

SAFETY, HEALTH AND ENVIRONMENT

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



Occupational Safety and Health

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

Environment Protection Measures

The Company's aim in respect of environment is to reduce all adverse environmental aspects arising out of our operations. For this purpose we have complied with the international standard of environmental

management system ISO 14001 and NEQS standards. The installation of WHR plant has also helped improve the environment in the areas surrounding the factory.

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

Steps to Mitigate Effects of Industrial Effluents

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

FORWARD LOOKING STATEMENT

Despite global economic slowdown and many critical challenges at home, the GDP growth of the country reached 8 year high of 4.7% for the year. There has been an improvement in the business climate in the country, which is reflected from the performance of the industrial sector. This has also been acknowledged by leading rating agencies and international financial institutions. The cement industry is benefiting from stable economic outlook, low interest rates and greater outlay of PSDP by the government for constructing highways, dams, energy and housing projects. During the year, the local cement demand grew by an impressive 17%. The demand for cement is also expected to get a major boost from projects under Pak China Economic Corridor. Greater spending by the private sector is also witnessed particularly in construction, which is fueling the demand for cement. It is, therefore, expected that the domestic demand shall increase considerably and play a vital role in higher cement dispatches in both the medium and long-term. In such a scenario, addition of new cement line at existing location by the company will not only enhance its domestic market share but will also allow it to achieve greater efficiencies and better allocation of fixed costs.

Cement exports declined by 18%. We are expecting some stability in next year in this area.

The Company on an annual basis sets marketing, production and other targets in the form of a budget which is duly approved by the Board of Directors.

We have met almost all the key targets set in our last year's budget especially pertaining to revenue and profitability. This is also in line with our expectations given in the future prospects section of last year's Directors' Report.

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

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

Availability of power at competitive rates is a critical factor. We always try to manage this through alternate energy options including WHR, RDF and TDF. In order to ensure energy conservation and cost efficiency, for new cement line, the Company is also installing WHR plant along with the new cement line.

We expect the mark up and exchange rates to remain stable in the next year.

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

Financial Projections

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



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

Year	2016-17	2017-18	2018-19
Revenue - net (Rs. in Million)	10,305	15,090	15,546

Company Performance Against Last Year Projections

Cement industry witnessed a phenomenal growth of 17% in local market. In line with this, Company's domestic sales have also increased by 18%. However, due to decline in exports sales by 18%, the overall cement demand increased only by 9.82% and the Company's overall growth in sales is around 7%. The same trend was also anticipated in last year's future outlook statement. Our last year anticipation of low fuel prices and stable mark up and exchange rates all proved to be true. Company has actively strived to minimize its cost by using alternative fuel efficient mix of local and imported coal, optimum mix of WHR, National Grid and self power generations. All financial and non-financial targets established during last year were met to a greater extent.

ADDITIONAL DISCLOSURES

Fair Value of Property, Plant and Equipment

Total Assessed Present Market value of existing plant, machinery and building is more than Rs. 8 billion. However, the same has not been incorporated in financial statements.

Significant Material Assets

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

Plant Capacity

The Company has annual production capacity of 1 million ton clinker, which is determined on the basis of 300 days operation.

AWARDS AND RECOGNITION

Best Corporate Report Award ICAP, ICMAP

For the financial year 2013-14 the Company first time participated for Best Corporate Report Award 2014. The contest is jointly held by the Institute of Chartered Accountants of Pakistan (ICAP) and Institute of Cost and Management Accountants of Pakistan (ICMAP). The Company secured the 2nd position in Cement and Sugar Sector.



South Asian Federation of Accountants (SAFA) Award

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



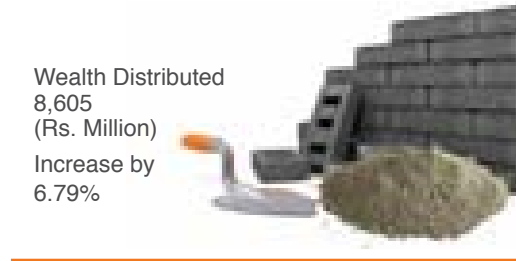
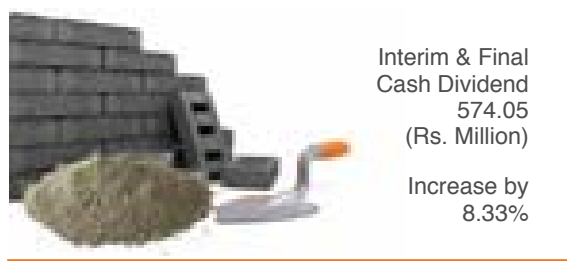
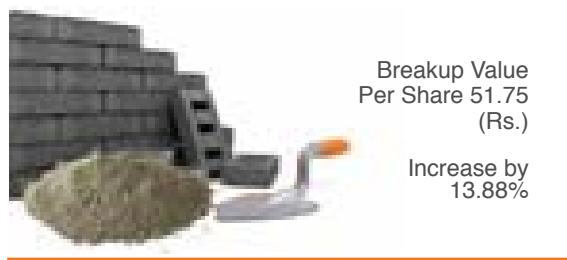
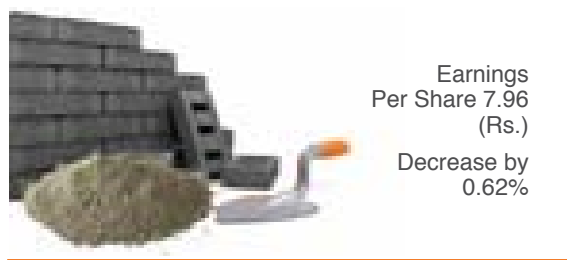
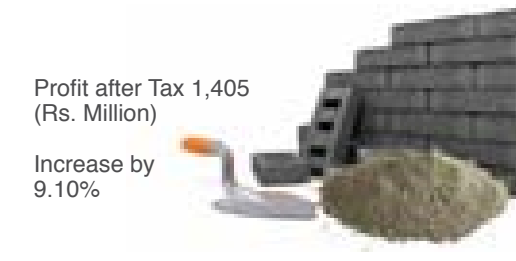
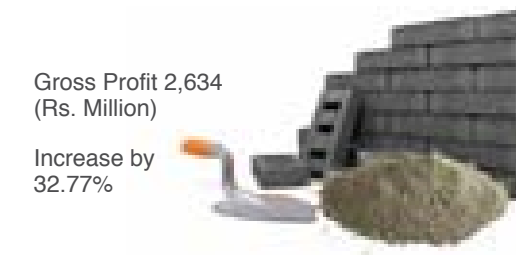
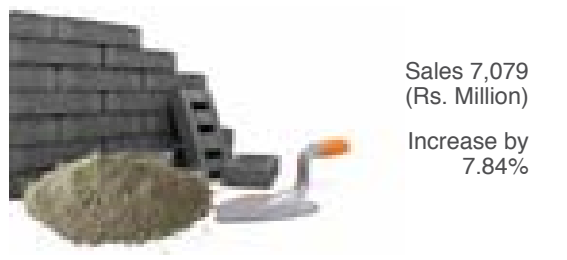
Pakistan Stock Exchange Top Companies Award

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



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

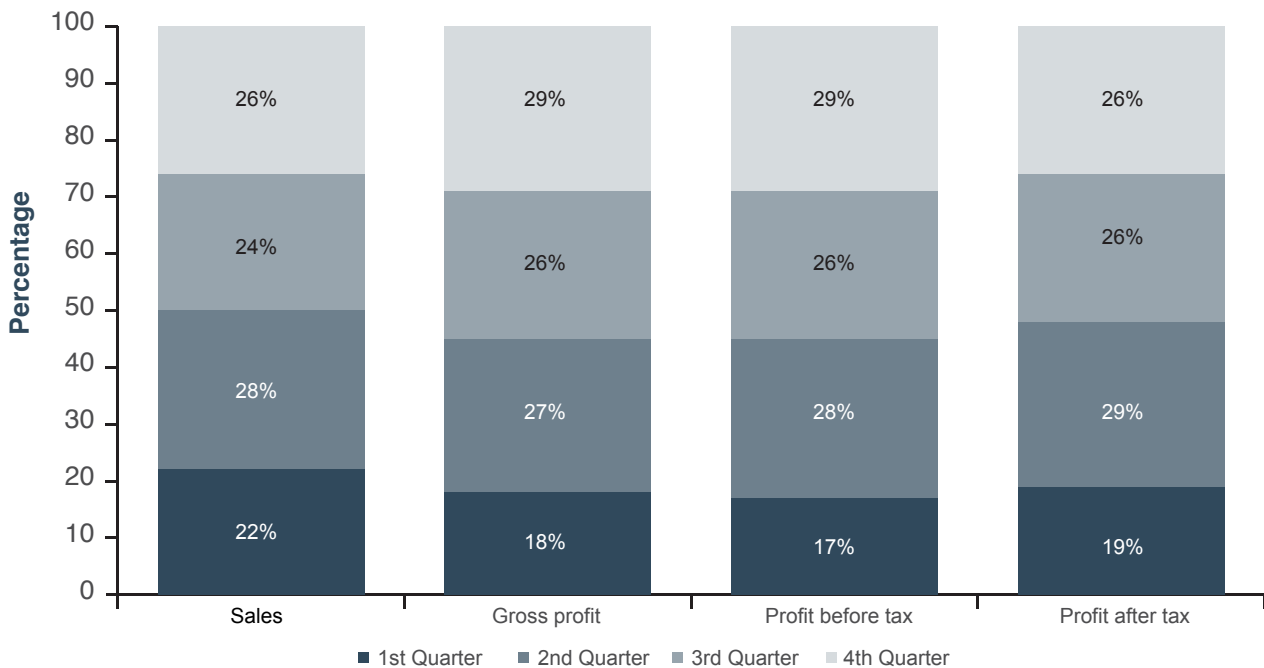
Critical Performance Indicators



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

Quarterly Performance Analysis

Particulars	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Total
(Rupees in '000)					
Turnover - net	1,559,863	1,929,525	1,732,474	1,857,506	7,079,368
Cost of sales	(1,095,739)	(1,196,895)	(1,054,891)	(1,097,782)	(4,445,307)
Gross profit	464,124	732,630	677,583	759,724	2,634,061
Distribution cost	(52,789)	(62,154)	(58,989)	(60,309)	(234,241)
Administrative expenses	(44,877)	(47,311)	(48,247)	(51,843)	(192,278)
Other expenses	(25,816)	(43,661)	(40,311)	(46,001)	(155,789)
	(123,482)	(153,126)	(147,547)	(158,153)	(582,308)
Other income	11,250	10,738	17,661	3,703	43,352
Operatating profit	351,892	590,242	547,697	605,274	2,095,105
Finance costs	(7,718)	(8,047)	(14,043)	(13,900)	(43,708)
Profit before taxation	344,174	582,195	533,654	591,374	2,051,397
Taxation	(75,709)	(174,453)	(166,595)	(229,448)	(646,205)
Profit after taxation	268,465	407,742	367,059	361,926	1,405,192



Quarterly Results Analysis

Quarter 1

- Decrease in turnover due to decrease in dispatches mainly because of monsoon rains and holy month of Ramadan.
- Clinker Quantity was lower during the quarter mainly due to annual planned shutdown maintenance, because of the lower clinker production company's fixed cost remains unabsorbed and per ton cost of sale was highest.
- Operating profit and net profit were also on lower side as a result of lower GP ratio.

Quarter 2

- Improved cement demand resulted in increase in turnover by 23.7% as compare to 1st quarter. Turnover is highest in this quarter.
- Increased turnover and efficient power management enabled the company to post 38% gross profit as compared to 29.75% gross profit of 1st Quarter of 2015-16.
- Both operating and net profit stepped-up and reached at the margin of 30.6% and 21.14% respectively, mainly due to increase in gross profit margin

Quarter 3

- Sales turnover decreased in 3rd quarter as compared to previous quarter mainly due to decrease in export to Afghanistan.
- Cost of production per ton of cement reduced due to greater production, reduced coal and oil prices and cost efficiency measures taken by the company derived better GP margin and lowest cost of sale per ton of cement then preceding quarter.
- Net profit also dropped due to lower retention of the company.

Quarter 4

- The demand of cement increased during this quarter which flourished turnover by 7.22% as compare 3rd quarter.
- Cost of production per ton of cement was the lowest during this quarter mainly on account of highest production of clinker, lower fuel and power cost and efficient power management strategy of the company.
- Gross profit showed an increasing trend due to increase in turnover and decrease in production cost.
- Operating and net profit was also flourished as compared to last quarter due to increased gross profit margin.



Risks and Opportunities

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

RISKS

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

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

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

Rise in Energy Costs

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

Mitigant: It was been witnessed since 2010 that the prices of coal have started decreasing after touching its peak. Further to the declined coal prices, the Company is already making efforts on the implementation of 'Refuse Derived Fuel' technology which involves utilizing municipal solid waste as a source of fuel to substitute some of the coal used presently. This event can further cut down on our costs of production resulting in higher margins. However, the Company is already benefiting significantly from its 'Waste Heat Recovery' project and almost one third of its electricity is generated free of cost. The Company also using its furnace oil based generators in view of lower fuel prices.

Strong Reliance on Government Development Programs

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

Mitigant: The trend in previous years has been to allocate a substantial amount towards PSDP at the time of budget announcement which is not consumed fully as the year progresses to absorb the growing government expenditures in other areas. With increased infrastructure spending in the last two years, local cement production has also witnessed an improvement while the Government has announced PKR 1,175 bn towards PSDP for the year 2016-17. Out of this, PKR 650 bn has been allocated to provinces and PKR 525 bn for the Federal Government. The current government is focusing on infrastructure development projects and its

positive impact has already started to reflect in the local cement markets.

Instability in Export Market

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

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

Credit Risk

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

Mitigant: The Company's exposure to credit risk is minimal as the Company receives advance against sales.

Working Capital Management

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

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

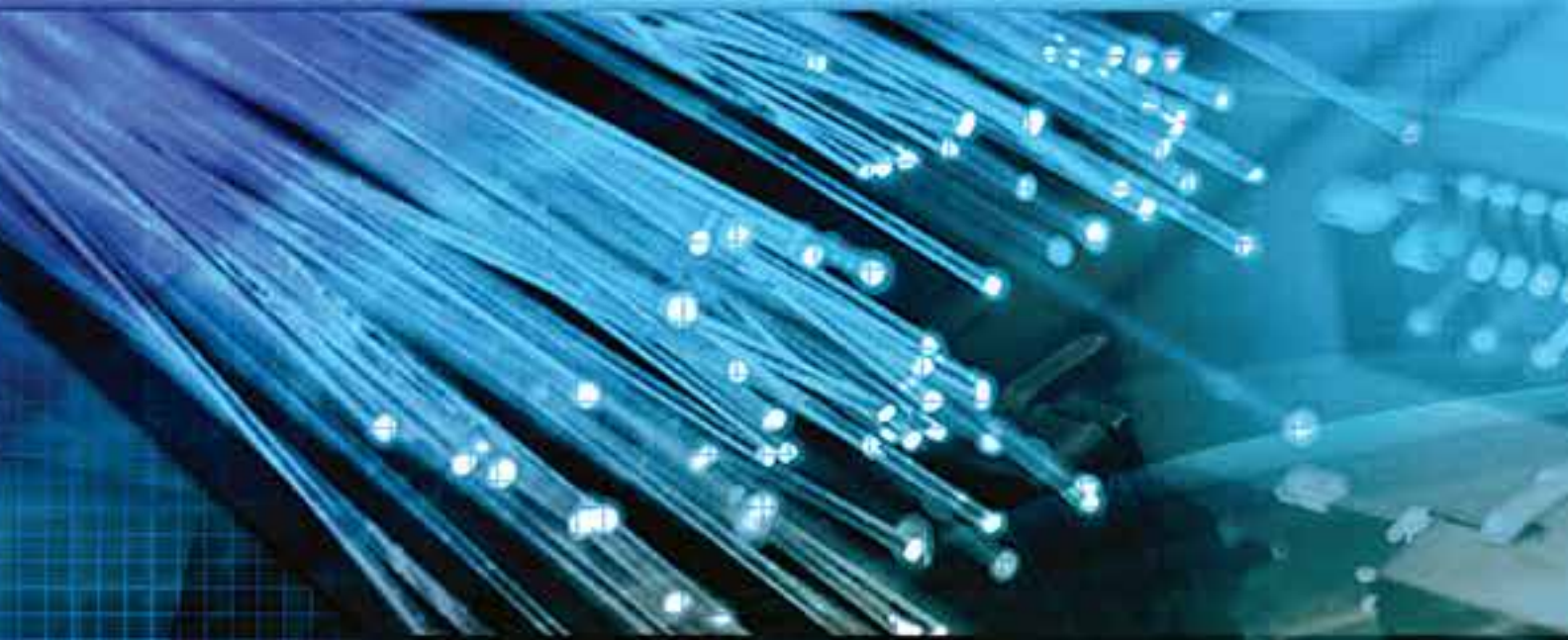
(Additional details of financial risk management and objectives are provided in the notes to the financial statements).

OPPORTUNITIES

The management of the Company always focuses to capitalize on its experience and strategy to keep the direction and pace of the Company in line with the Company's stated vision. It also concentrates to utilize existing and potential opportunities confronted by the Company. This has resulted in the decision of expanding the operations of the Company through installation of production line II.

Unlocking and exploiting operational opportunities is an important aspect of the management's entrepreneurial activities. The Company is committed to use existing products and new solutions in order to systematically enhance our growth and strengthen our position in global markets. Investing in new projects and increasing the productivity of existing ones are key elements for future organic growth. In the year under review, we strengthened the basis for further growth in the coming years by making selective investments in our existing businesses and developing innovations that support in achievement of company's stated vision.

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IT Governance Policy

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

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

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



Whistle Blower Policy

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

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

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

Fundamental elements of our Whistle blower policy are highlighted below:

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

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



Safety of Records Policy

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

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





Conflict of Interest Policy

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

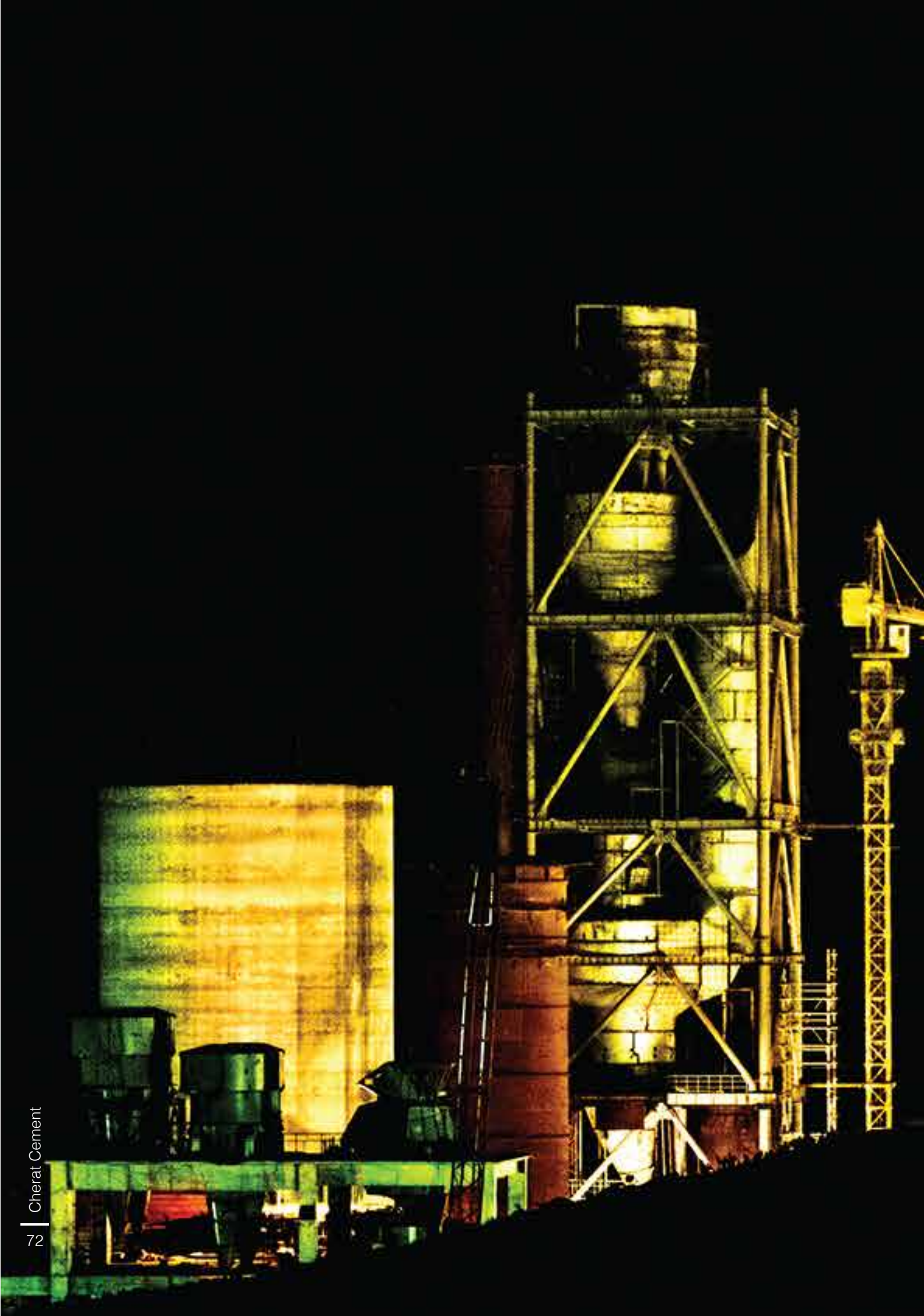
The policy provides guidance on what constitutes a conflict of interest and how it will be managed and monitored by the Company.

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

Management of Conflict of Interest

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

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



Social and Environmental Responsibility Policy

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

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

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

1. Ensure our product and operations comply with relevant environmental legislation and regulations.
2. Maintain and continually improve our environmental management systems to conform to the ISO-14001 Standard or more stringent requirements as dictated by specific markets or local regulations.
3. Operate in a manner that is committed to continuous improvement in environmental sustainability through recycling, conservation of resources, prevention of pollution, product development, and promotion of environmental responsibility amongst our employees.
4. There is no emission of hazardous materials from Cherat Cement Factory.
5. Inform suppliers, including contractors, of our environmental expectations and require them to adopt environmental management practices aligned with these expectations.



Quality Management

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

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

Our Quality Management process includes:

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

In-House Laboratory Testing

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

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

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

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

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

Corporate Governance - Stakeholders' Engagement

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

SHAREHOLDERS

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

Investors' Grievance Policy

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

Investors Section

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

AGM Proceedings

The last AGM was conducted at Cherat Cement site on Friday, October 16, 2015 at 11:00 a.m. The meeting was properly organized and well attended by the Shareholders. The Shareholders appreciated the management for making untiring efforts to achieve another remarkable year in terms of production, sales and profitability.

Shareholders asked different questions regarding company performance with respect to competitive environment of the business, the Financial Statements, and future outlook of the Company. Shareholders also raised questions on the company's cost saving strategy.

The Company optimized the mix of local and imported coal.

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

Election of Directors was also conducted in the meeting and eight directors were elected by shareholders.

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

Further the shareholders gave approval for investment in Cherat Packaging Limited, an associated company, through subscription of right shares. A resolution for investment in an associated joint venture Wind Power Generation Company was also passed.

DEALERS, CUSTOMERS AND TRANSPORTERS

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

SUPPLIERS AND VENDORS

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

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

BANKS AND OTHER LENDERS

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

REGULATORS

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

EMPLOYEES

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

INSTITUTIONAL INVESTORS AND ANALYSTS

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

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

Media

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



Corporate Governance - Additional Information

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

AUDIT COMMITTEE

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

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

Meetings of the Audit Committee are held at least once every quarter. The Committee reviews the annual financial statements in the presence of external auditors. The recommendations of the Audit Committee are then submitted for approval of financial results of the Company by the Board. During the year 2015-16, the Audit Committee held Four [4] meetings. The minutes of the meetings of the Audit Committee are provided to all the members, Directors and the Chief Financial Officer. The Chief Internal Auditor attends the Audit Committee meetings regularly and meets the Audit Committee without the presence of the Management, at least once a year, to point out various risks, their intensity and suggestions for mitigating risks and improvement areas. The business risks identified are then referred to the respective departments and mitigating actions are then implemented.

Terms of reference of Audit Committee

The Board shall provide adequate resources and authority to enable the Audit Committee carry out its responsibilities effectively. The Audit Committee shall, inter alia, recommend to the Board of Directors the appointment of external auditors, their removal, audit fees, the provision by the external auditors of any service to the listed company in addition to audit

of its financial statements. The Board of Directors shall give due consideration to the recommendations of the Audit Committee in all these matters and where it acts otherwise; it shall record the reasons thereof.

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

- a. determination of appropriate measures to safeguard the listed company's assets;
- b. review of quarterly, half yearly and annual financial statements of the listed company, prior to their approval by the Board of Directors, focusing on:
 - major judgmental areas;
 - significant adjustments resulting from the audit;
 - the going-concern assumption;
 - any changes in accounting policies and practices;
 - compliance with applicable accounting standards;
 - compliance with listing regulations and other statutory and regulatory requirements; and
 - significant related party transaction.
- c. review of preliminary announcement of results prior to publication;
- d. facilitating the external audit and discussion with external auditors of major observations arising from interim and final audits and any matter that the auditors may wish to highlight (in the absence of management, where necessary);
- e. review of management letter issued by external auditors and management's response thereto;
- f. ensuring coordination between the internal and external auditors of the listed company;
- g. review of the scope and extent of internal audit and ensuring that the internal audit function has adequate resources and is appropriately placed within the listed company;
- h. consideration of major findings of internal investigations of activities characterized by fraud, corruption and abuse of power and management's response thereto;

- i. ascertaining that the internal control system including financial and operational controls, accounting systems for timely and appropriate recording of purchases and sales, receipts and payments, assets and liabilities and the reporting structure are adequate and effective;
- j. review of the listed company's statement on internal control systems prior to endorsement by the Board of Directors and internal audit reports;
- k. instituting special projects, value for money studies or other investigations on any matter specified by the Board of Directors, in consultation with the Chief Executive Officer and to consider remittance of any matter to the external auditors or to any other external body;
- l. determination of compliance with relevant statutory requirements;
- m. monitoring compliance with the best practices of corporate governance and identification of significant violations thereof; and consideration of any other issue or matter as may be signed by the Board of Directors; and
- n. consideration of any other issue or matter as may be assigned by the Board of Directors.

HUMAN RESOURCE & REMUNERATION COMMITTEE

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

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

Terms of Reference of Human Resources and Remuneration Committee

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

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

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

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

- a) Major HR Policy frame work, including compensation structure;
- b) Overall organizational structure;
- c) Succession planning for key positions, including that of the CEO; and
- d) Examine the management strategy for Training Needs Assessment for the overall growth of the organization.

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

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

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

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

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

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

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

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

OFFICES OF THE CHAIRMAN AND CHIEF EXECUTIVE

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

ROLES OF CHAIRMAN AND CHIEF EXECUTIVE

Roles of Chairman and Chief Executive are clearly established in the Company.

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

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

He is primarily responsible for:

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

Directors' Orientation and Training

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

ANNUAL EVALUATION OF BOARD PERFORMANCE

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

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

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

Board Composition

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

Leadership and Planning

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

Board Effectiveness

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

Board Accountability

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

Strategy and Performance

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

Board Committees

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

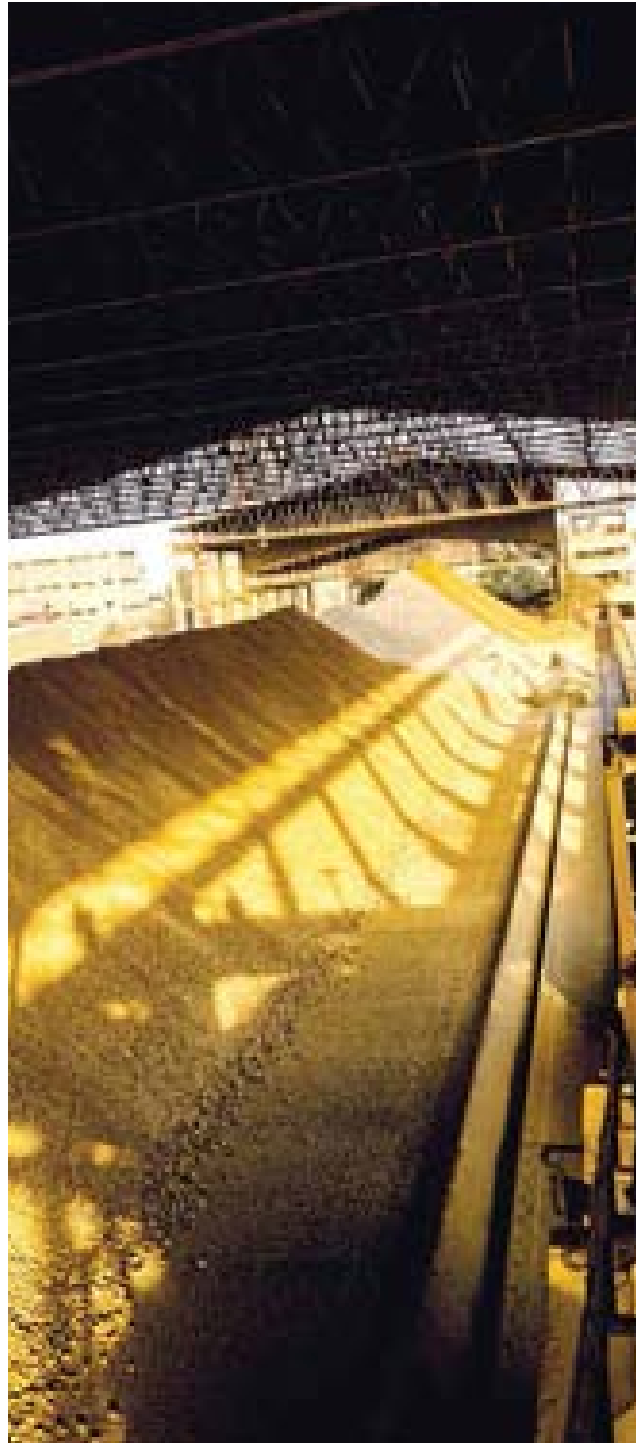
The evaluation of the performance of the Board is essentially an assessment of how the Board has performed on all these parameters.

MATERIALITY APPROACH

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

Board Meetings held outside Pakistan

During the year 5 meetings of the Board of Directors were held. As recommended by SECP Guidelines and to keep the costs in control the management has conducted all meetings in Pakistan.





Report of the Audit Committee

AUDIT COMMITTEE

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

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

Meetings of the Audit Committee are held at least once every quarter. Four meetings of the Audit Committee were held during the year 2015-2016. Based on reviews and discussions in these meetings, the Audit Committee reports that:

1. The Company has adhered, without any material departure, with both the mandatory and voluntary provisions of the Stock Exchange of Pakistan, Code of Corporate Governance, Company's code of conduct and values and the best practices of governance throughout the year.
2. The Company has issued a Statement of Compliance with the Code of Corporate Governance which is approved by the Board of Directors and has been reviewed and certified by the auditors of the Company.
3. The Audit Committee reviewed and approved the quarterly, half-yearly and annual financial statements of the Company and recommended them for approval of the Board of Directors.
4. Appropriate accounting policies have been consistently applied. Applicable International Accounting Standards were followed in preparation of financial statements of the Company on a going concern basis, which present fairly the state of affairs, results of operations, cash flows and changes in equity of the Company.
5. Accounting estimates are based on reasonable and prudent judgment. Proper and adequate accounting records have been maintained by the Company in accordance with the Companies Ordinance, 1984 and the external reporting is consistent with management processes and adequate for shareholder needs.
6. The financial statements comply with the requirements of the Fourth Schedule to the

Companies Ordinance, 1984, and applicable International Accounting Standards and international Financial Reporting Standards notified by SECP.

7. The Chief Executive Officer and the Chief Financial Officer have signed the financial statements of the Company. They acknowledge their responsibility for the true and fair presentation of the financial statements, accuracy of reporting, compliance with regulations and applicable accounting standards and establishment and maintenance of sound internal control system of the Company.
8. The Audit Committee has reviewed and approved all related party transactions.
9. The Company's system of internal control is sound in design and is continually evaluated for effectiveness and adequacy.
10. For appraisal of internal controls and monitoring compliance, the Company has in place an appropriately staffed, Internal Audit department. The Audit Committee reviewed the resources of the Internal Audit department to ensure that they were adequate for the planned scope of the Internal Audit function.
11. The Audit Committee on the basis of the internal audit reports reviewed the adequacy of controls and compliance shortcomings in areas audited and discussed corrective actions in the light of management responses. This has ensured the continual evaluation of controls and improved compliance.
12. Head of Internal Audit Department has direct access to the Audit Committee.
13. The external auditors M/s. EY Ford Rhodes, Chartered Accountants were allowed direct access to the Audit Committee and necessary coordination with internal auditors was ensured. Major findings arising from audits and any matters that the external auditors wished to highlight were freely discussed with them.

By order of the
Audit Committee



Akbarali Pesnani
Chairman, Audit Committee
August 22, 2016

Horizontal Analysis - Last Six Years

	2016		2015	
	(Rupees in Million)	16 Vs. 15 %	(Rupees in Million)	15 Vs. 14 %
Balance sheet				
Assets				
Non-Current Assets	13,457	87	7,197	104
Current Assets	2,005	(12)	2,267	(22)
Total Assets	15,462	63	9,464	47
Equity & Liabilities				
Shareholders' Equity	9,140	14	8,026	65
Non-Current Liabilities	4,511	638	611	(11)
Current Liabilities	1,811	119	827	(6)
Equity & Liability	15,462	63	9,464	47
Turnover & Profit				
Turnover - net	7,079	8	6,565	2
Gross Profit	2,634	33	1,984	(6)
Operating Profit	2,095	23	1,709	-
Profit Before Taxation	2,051	23	1,671	(1)
Profit After Taxation	1,405	9	1,288	(2)

Comments on Horizontal Analysis

Balance Sheet

Current assets decreased as compared to year 2015 due to encashment of short-term investments for new line project, whereas shareholders' equity increased during the year due to healthy profits and unrealized gain on long-term investments of the Company.

Profit and Loss Account

Turnover has been increased over the years from 2011 to 2016 due to increase in sale price and dispatches.

Gross profit increased from 2011 mainly due to increase sales turnover and dispatches. Further, Company also applied various measures i.e. alternative fuels, TDF and RDF to cut fuel cost.

2014		2013 (Restated)		2012		2011	
(Rupees in Million)	14 Vs. 13 %	(Rupees in Million)	13 Vs. 12 %	(Rupees in Million)	12 Vs. 11 %	(Rupees in Million)	11 Vs. 10 %
3,526	-	3,531	3	3,422	(6)	3,647	1
2,905	89	1,534	19	1,289	(25)	1,718	39
6,431	27	5,065	8	4,711	(12)	5,365	10
4,864	31	3,709	35	2,748	18	2,331	4
686	20	574	(38)	923	(25)	1,234	25
881	13	782	(25)	1,040	(42)	1,800	11
6,431	27	5,065	8	4,711	(12)	5,365	10
6,451	2	6,294	15	5,457	29	4,244	22
2,103	(4)	2,190	90	1,152	103	567	537
1,716	1	1,694	92	882	158	342	351
1,688	7	1,585	177	572	936	55	119
1,316	7	1,228	180	437	537	69	590

Operating profit showing increasing trend from 2011 to 2016 mainly due to improved GP margins and other income.

Finance cost slightly increased due to working capital requirements of project. Provision for taxation in current year 2016 has increased significantly in line with change in local and export sales ratio. Further, due to newly introduced levy i.e. super tax.

Vertical Analysis - Last Six Years

	2016		2015	
	(Rupees in Million)	%	(Rupees in Million)	%
Balance sheet				
Assets				
Non-Current Assets	13,457	87	7,197	76
Current Assets	2,005	13	2,267	24
Total Assets	15,462	100	9,464	100
Equity & Liability				
Shareholders' Equity	9,140	59	8,026	85
Non-Current Liabilities	4,511	29	611	6
Current Liabilities	1,811	12	827	9
Equity & Liability	15,462	100	9,464	100
Turnover & Profit				
Turnover - net	7,079	100	6,565	100
Gross Profit	2,634	37	1,984	30
Operating Profit	2,095	30	1,709	26
Profit Before Taxation	2,051	29	1,671	25
Profit After Taxation	1,405	20	1,288	19

Comments on Vertical Analysis

Balance Sheet

Debt equity ratio showed continuous improvement over the years as the Company's shareholder's equity increased over the years due to issuance of right shares, improved profits and repayment of debts. During the year 2016, Company has taken syndicated loan to finance its new line II project.

Current assets were 13% of total assets of the Company in the current year as compared to 24% in year 2015, mainly due to encashment of short-term investments for new line project.

2014		2013 (Restated)		2012		2011	
(Rupees in Million)	%	(Rupees in Million)	%	(Rupees in Million)	%	(Rupees in Million)	%
3,526	55	3,531	70	3,422	73	3,647	68
2,905	45	1,534	30	1,289	27	1,718	32
6,431	100	5,065	100	4,711	100	5,365	100
4,864	75	3,709	73	2,748	58	2,331	43
686	11	574	11	923	20	1,234	23
881	14	782	16	1,040	22	1,800	34
6,431	100	5,065	100	4,711	100	5,365	100
6,451	100	6,294	100	5,457	100	4,244	100
2,103	33	2,190	35	1,152	21	567	13
1,716	27	1,694	27	882	16	342	8
1,688	26	1,585	25	572	10	55	1
1,316	20	1,228	20	437	8	69	2

Profit and Loss Account

Gross profit increased from 13% to 37% from years 2011 to 2016 mainly due to increased sales turnover. Operating profit was 8% of turnover in year 2011 which has increased to 30% in year 2016.

Ratios

	2016	2015	2014	2013 (Restated)	2012	2011
Profitability Ratios:						
Gross Profit (percentage)	37.21	30.21	32.59	34.79	21.12	13.36
Net Profit Before Tax (percentage)	28.98	25.45	26.16	25.18	10.47	1.30
Net Profit After Tax (percentage)	19.85	19.62	20.40	19.50	8.00	1.62
EBITDA Margin to Sales (percentage)	33.55	30.23	30.65	30.91	20.90	14.26
Operating Leverage Ratio	2.89	(0.25)	0.53	5.97	5.54	(15.68)
Return on Equity After Tax (Average in percentage)	16.37	19.99	30.70	38.38	17.19	3.00
Return on Capital Employed (percentage)	10.68	15.73	25.97	31.37	11.43	1.92
Liquidity Ratios:						
Current Ratio	1.11	2.74	3.30	1.96	1.24	0.95
Acid Test Ratio	0.94	2.18	2.88	1.41	0.93	0.74
Cash to Current Liabilities	0.01	0.02	0.02	0.03	0.04	0.04
Cash Flow from Operations to Sales	0.33	0.25	0.27	0.31	0.26	0.05
Activity / Turnover Ratios:						
Inventory Turnover - Days	30	33	34	33	30	29
Inventory Turnover - Times	12	11	11	11	12	13
Creditor Turnover - Days	18	19	19	17	19	16
Creditor Turnover - Time	21	19	19	22	19	23
Total Assets Turnover Ratio	0.46	0.69	1.00	1.24	1.16	0.79
Fixed Asset Turnover Ratio	0.56	0.96	1.91	1.83	1.67	1.24
Operating Cycle	14	14	15	16	11	13
Investment / Market Ratios:						
E.P.S. (Before Tax)	11.61	10.40	12.31	15.08	5.98	0.58
E.P.S. (After Tax)	7.96	8.01	9.60	11.68	4.57	0.72
Price Earnings Ratio	15.03	10.86	6.82	4.99	6.48	12.50
Dividend Yield Ratio	0.03	0.03	0.05	0.04	0.07	-
Dividend Payout Ratio	0.41	0.37	0.31	0.21	0.44	-
Dividend Cover Ratio	2.45	2.67	3.20	4.67	2.29	-
Cash Dividend per Share	3.25	3.00	3.00	2.50	2.00	-
Stock Dividend per Share	-	0.10	-	-	-	-
Market Value per Share - Closing	119.57	87.03	65.46	58.19	29.62	9.00
- High	125.22	89.81	84.47	62.94	30.40	12.34
- Low	80.30	50.22	44.82	29.81	6.55	8.50
Break-up Value per Share	51.75	45.44	46.27	38.80	28.75	24.40
Capital Structure Ratios:						
Financial Leverage Ratio	0.46	0.03	0.06	0.12	0.56	1.08
Weighted Average Cost of Debt	0.06	0.10	0.09	0.12	0.14	0.11
Long-Term Debts to Equity Ratio (percentage)	30.35	1.99	3.54	5.57	24.73	34.60
Interest Cover Ratio	47.93	45.15	59.71	15.54	2.84	1.19

Comments on Ratios

Profitability Ratios:

The profitability of the company is moving in the upward trajectory and GP and NPBT margins are the highest in current year due to enhanced dispatches, improved sales price, and implementation of better cost management techniques and controls, however, NPAT margin remains steady. As company is in the phase of expansion, the return on equity face slightly plunged that will be improved in later years due to synergy effect of new plant.

Liquidity Ratios:

The Company has consistently maintained strong liquidity position due to better working capital management policies. However, decline in the liquidity is witnessed due to installation of new plant. This decline will be substantiated in later year after completion of new plant.

Activity / Turnover Ratios:

The company managed to substantiate its financial position by enhanced inventory and credit management resulting in improved operating cycle.

Investment / Market Ratios:

The investor continued to show its confidence in the company, which is evident from the market value of the share and PE ratio that is a result of company's strong financial health and performance. During current year, EPS of the company is marginally declined due to post right share issuance effect.

Capital Structure:

The objective of the company is to utilize financing resources at its optimum level. Financial leverage in current year is higher due to debt drawdown for financing the expansion project. This effect will be offset in later years with enhanced profitability from augmented sales.

Summary - Last Six Years

	2016	2015	2014	2013 (Restated)	2012	2011
(Tons in '000)						
Clinker Production	897	937	847	958	894	979
Cement Production	1,042	971	945	994	1,004	986
Cement Dispatched	1,037	972	949	990	1,001	990
Summary of Balance Sheet (Rupees in Million)						
Assets						
Non-Current Assets	13,457	7,197	3,526	3,531	3,422	3,647
Current Assets	2,005	2,267	2,905	1,534	1,289	1,718
Total Assets	15,462	9,464	6,431	5,065	4,711	5,365
Equity & Liabilities						
Shareholders' equity	9,140	8,026	4,864	3,709	2,748	2,331
Non-Current Liabilities	4,511	611	686	574	923	1,234
Current Liabilities	1,811	827	881	782	1,040	1,800
Equity & Liabilities	15,462	9,464	6,431	5,065	4,711	5,365
Summary Of Profit & Loss						
Turnover & Profit						
Turnover (net)	7,079	6,565	6,451	6,294	5,457	4,244
Gross Profit	2,634	1,984	2,103	2,190	1,152	567
Operating Profit	2,095	1,709	1,716	1,694	882	342
Profit Before Taxation	2,051	1,671	1,688	1,585	572	55
Profit After Taxation	1,405	1,288	1,316	1,228	437	69

Cash Flow Statement - Direct Method

	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES		
	(Rs. '000)	
Cash receipts from customers	8,561,477	6,575,345
Cash paid to suppliers and employees	(5,639,467)	(4,500,924)
Cash generated from operations	<u>2,922,010</u>	<u>2,074,421</u>
Income tax paid	(615,365)	(402,261)
Long-term loans, advances and deposits - net	(534)	(1,213)
Net cash generated from operating activities	<u>2,306,111</u>	<u>1,670,947</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Additions to operating property, plant and equipment	(6,112,136)	(3,745,033)
Additions to intangible assets	-	(2,483)
Proceeds from disposal of operating property, plant and equipment	5,702	4,343
Long-term investments made during the year	(76,560)	-
Short-term investment redeemed during the year	611,104	634,556
Dividend received	14,578	7,090
Net cash used in investing activities	<u>(5,557,312)</u>	<u>(3,101,527)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issuance of right shares - net	-	1,762,596
Long-term financing	3,859,795	(40,770)
Short-term borrowings	120,353	(11,853)
Dividend paid	(694,097)	(206,643)
Finance cost paid	(30,202)	(71,512)
Net cash generated from financing activities	<u>3,255,849</u>	<u>1,431,818</u>
Net increase in cash and cash equivalents	4,648	1,238
Cash and cash equivalents as at the beginning of the year	18,354	17,116
Cash and cash equivalents as at the end of the year	<u><u>23,002</u></u>	<u><u>18,354</u></u>

Summary of Cash Flow Statement - Last Six Years

	2016	2015	2014	2013 (Restated)	2012	2011
	(Rupees in Million)					
Summary Of Cash Flows						
Net cash generated from operating activities	2,306	1,671	1,757	1,931	1,395	214
Net cash used in investing activities	(5,557)	(3,102)	(1,373)	(426)	(102)	(222)
Net cash generated from / (used in) financing activities	3,256	1,432	(392)	(1,517)	(1,326)	25
Change in cash and cash equivalents	5	1	(8)	(12)	(33)	17
Cash & cash equivalents - Year end	23	18	17	26	38	71

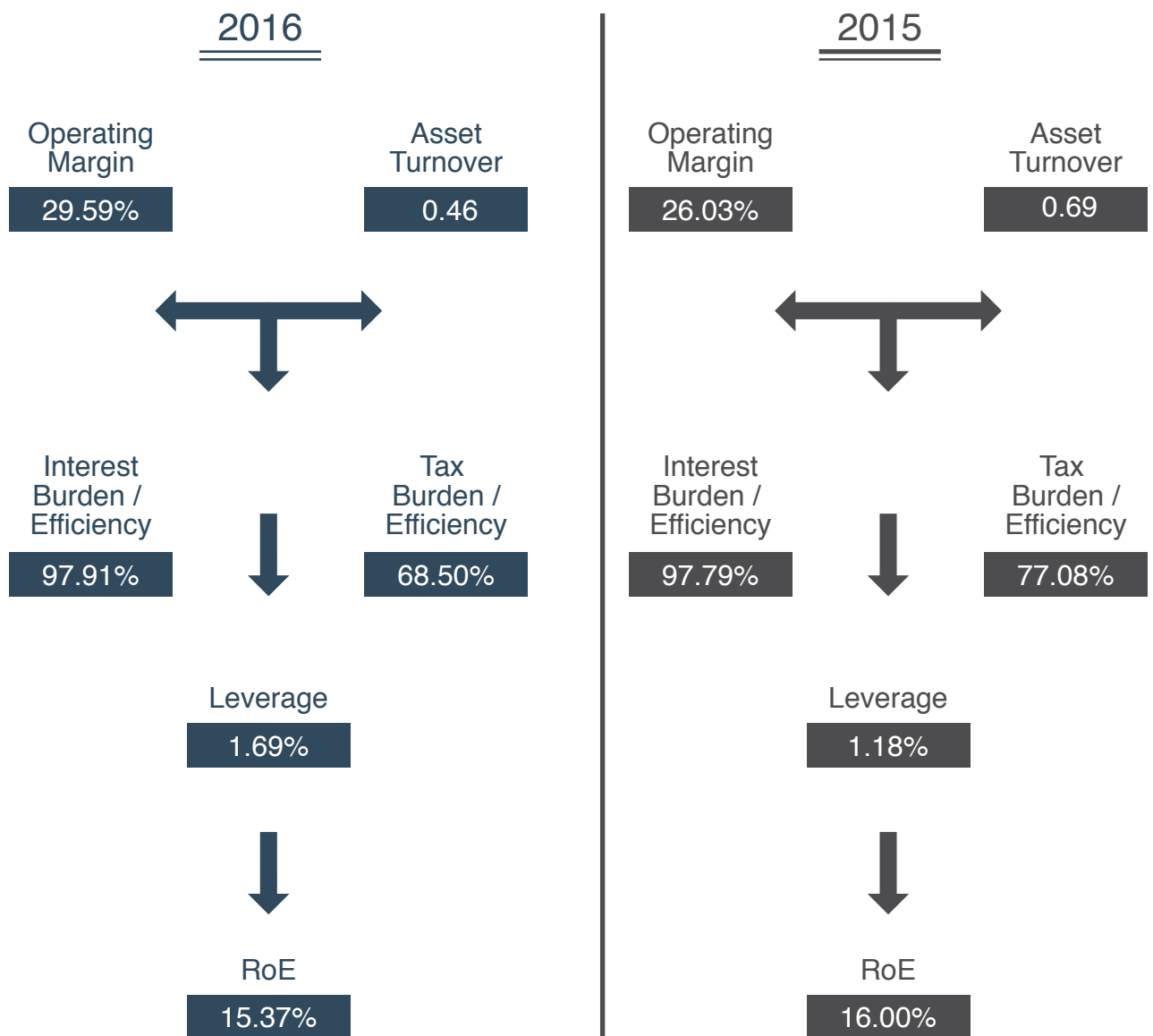
Comments on Cash Flow Statement

Cash flow from operating activities continued depicting upward trajectory from 2011 to 2016. Operating Cash flows in 2016 is highest as result of increased dispatches, improved sales price and better cost management techniques.

The Company's plant expansion of new cement line has been started in 2015 that increased cash outflows from investing activities from 2015 to 2016, whereas the reason for increased outflow in 2014 was short-term investments. However, cash flows remained on lower side during past years as no major project was carried out.

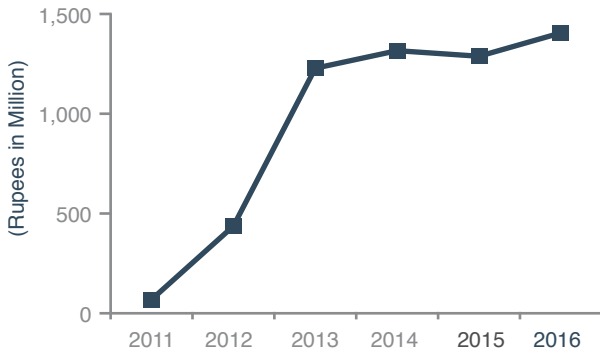
Cash inflows from financing activities significantly increased in current year due to drawdown of long-term loan for financing the expansion project of new cement line, whereas during 2015 the increase was due to the issuance of right shares. However, the reason for decrease in year 2012 and 2013 were mainly due repayment of long-term loans and long-term debt servicing.

DuPont Analysis

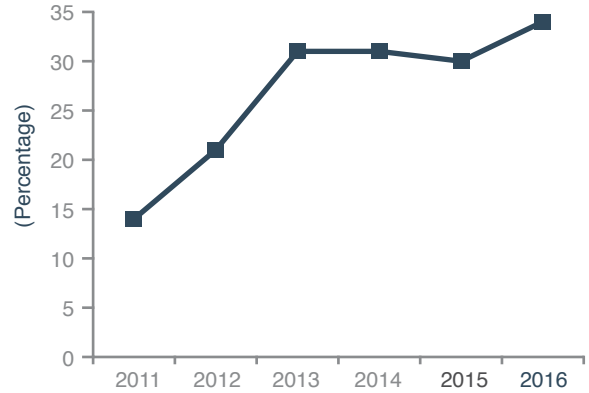


Key Operating Highlights

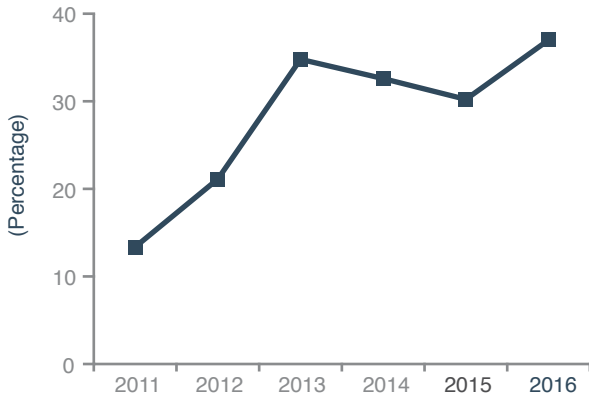
Profit After Tax



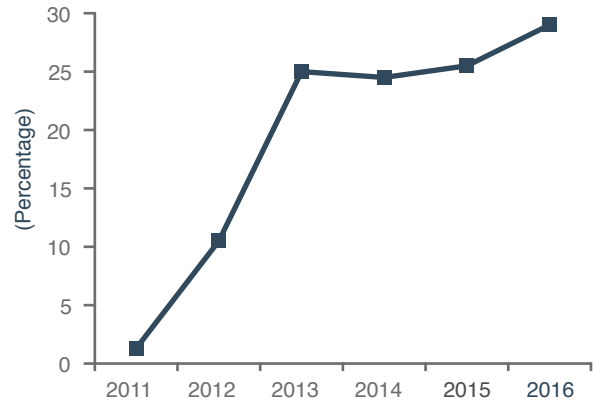
EBITDA Margin to Sales



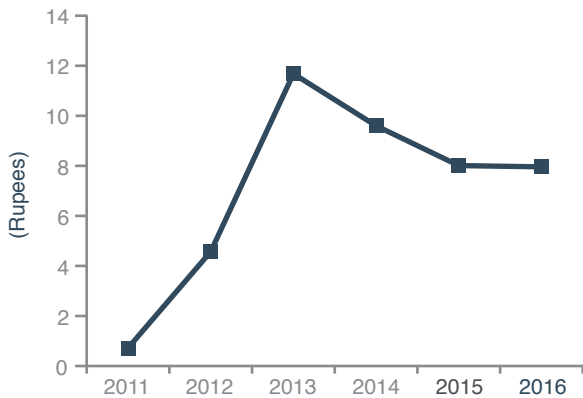
Gross Profit



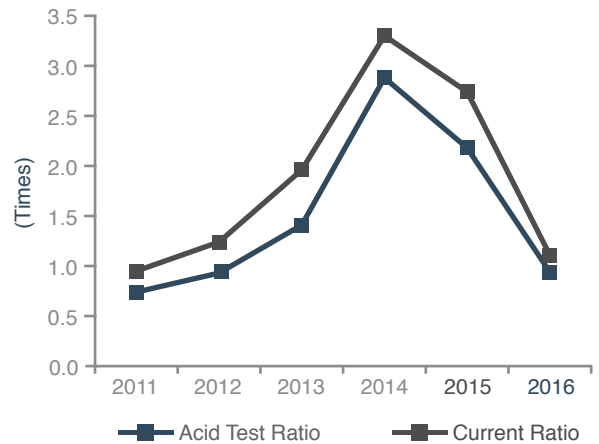
Operating Profit

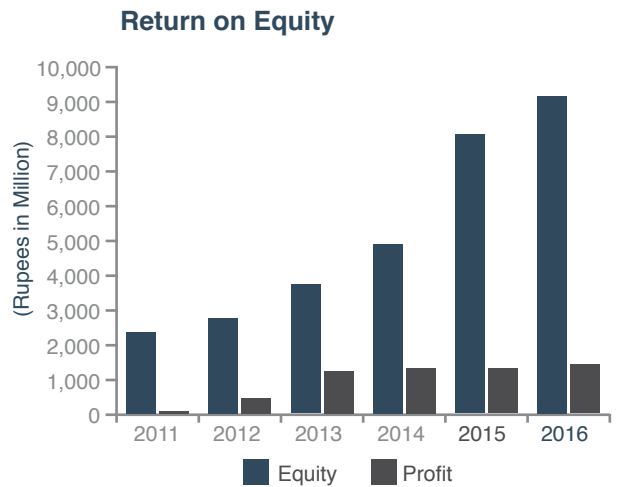
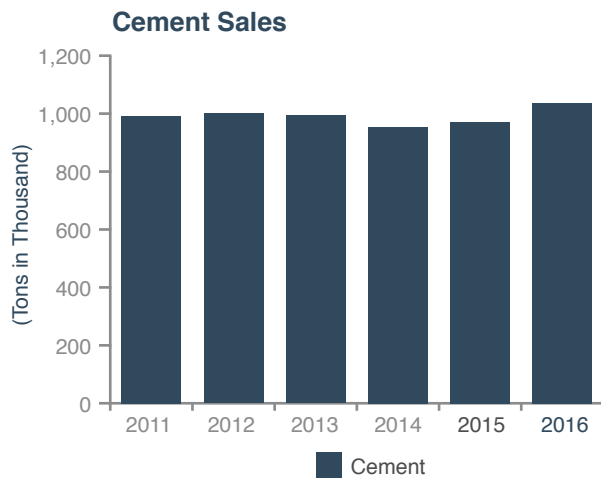
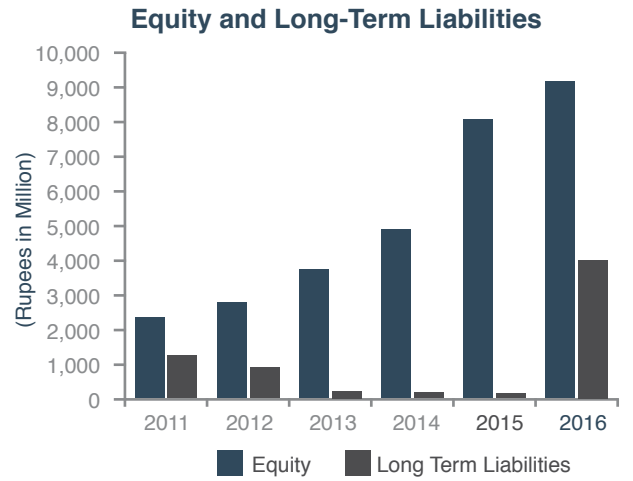
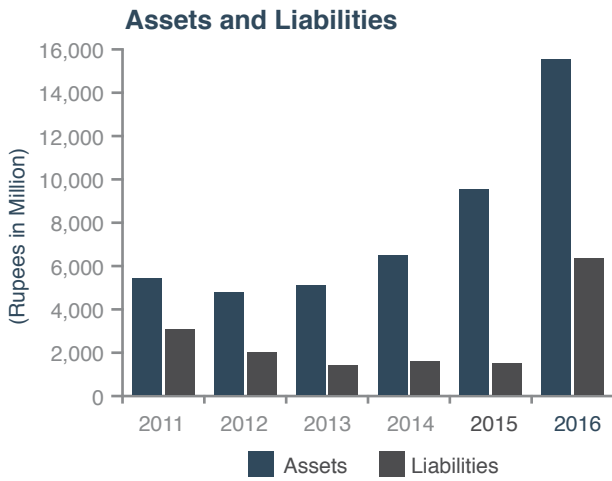
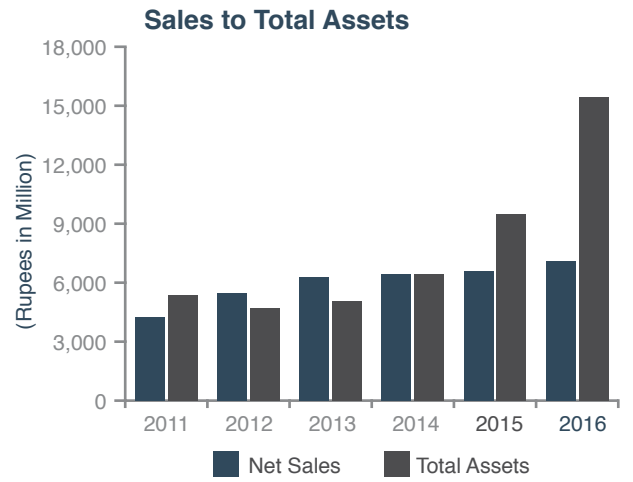
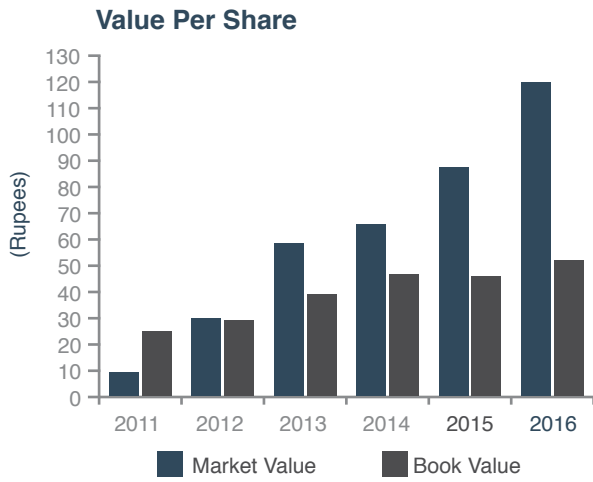


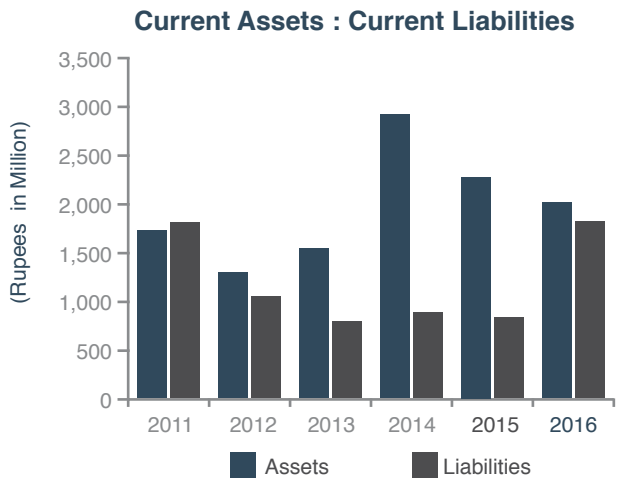
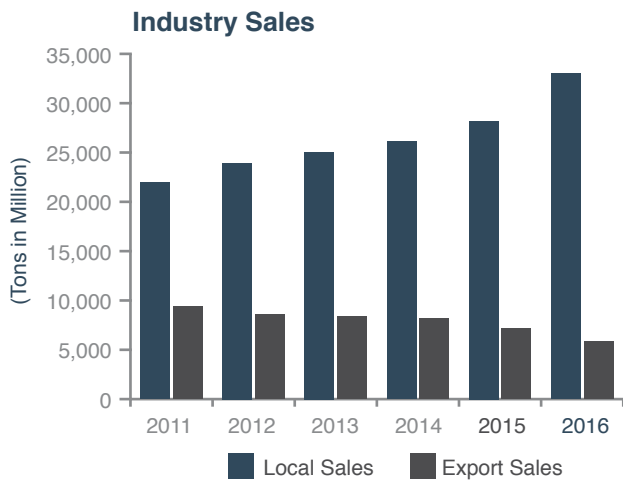
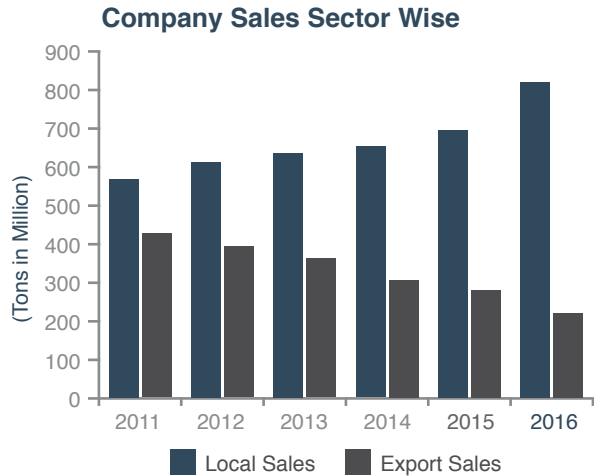
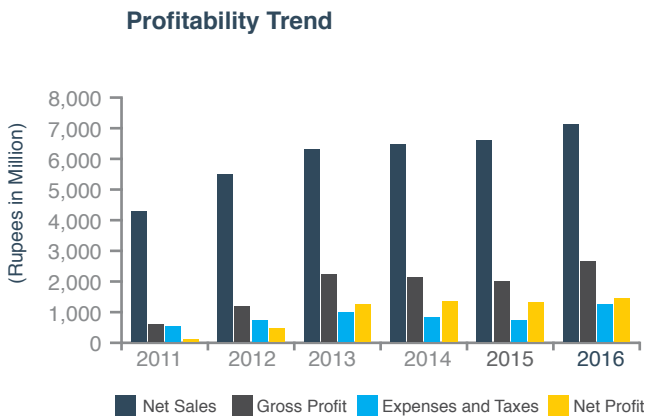
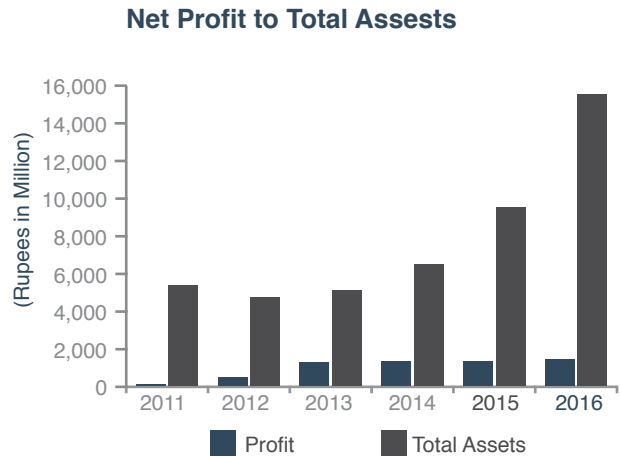
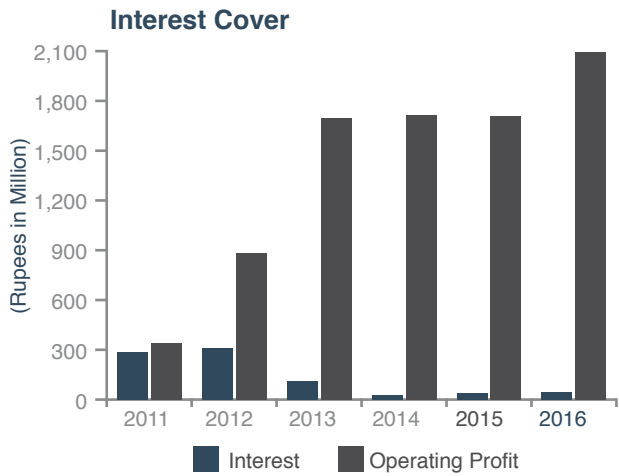
Earning Per Share



Liquidity Ratio

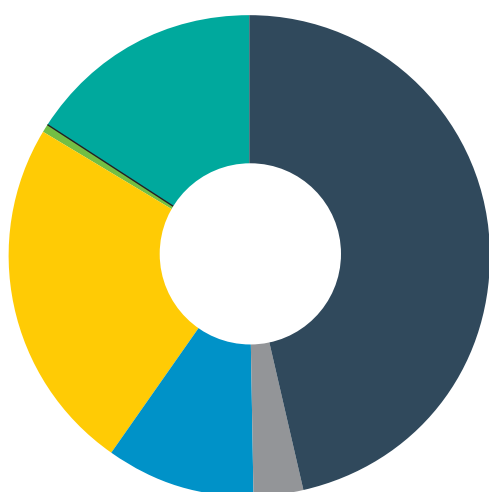






Statement of Value Addition and Distribution of Wealth

	2016		2015	
	Rs. in '000	%age	Rs. in '000	%age
Wealth Generated				
Turnover (including taxes)	8,561,477	99.50	7,857,300	97.51
Other operating income	43,352	0.50	201,029	2.49
	8,604,829	100.00	8,058,329	100.00
Distribution of Wealth				
Cost of sales (excluding employees' remuneration)	3,826,776	44.48	4,026,516	49.97
Marketing, selling and administrative expenses	284,630	3.31	213,500	2.65
To employees as remuneration	908,942	10.56	809,035	10.04
To government as taxes	2,128,314	24.73	1,674,908	20.78
To providers of finance as financial charges	43,708	0.51	37,855	0.47
To society / donations	7,267	0.08	8,351	0.10
Retained within the business	1,405,192	16.33	1,288,164	15.99
	8,604,829	100.00	8,058,329	100.00

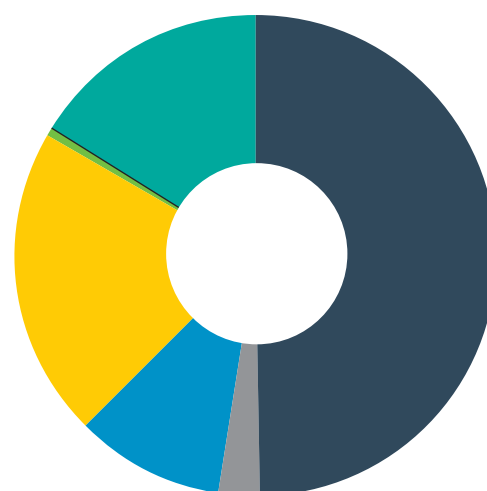


Distribution of Wealth 2016

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

Distribution of Wealth 2015

Cost of Sales (Excluding Employees' Remuneration)	49.97%
Marketing, Selling and Administrative Expenses	2.65%
To Employees as Remuneration	10.04%
To Government as Taxes	20.78%
To Providers of Finances as Financial Charges	0.47%
To Society / Donations	0.10%
Retained within the Business	15.99%



Statement of Compliance

with the Code of Corporate Governance

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

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

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

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

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

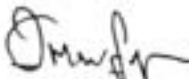
2. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this company (excluding the listed subsidiaries of listed holding companies where applicable).
3. All the resident directors of the company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBFIs or, being a Broker of a stock exchange, has been declared as a defaulter by that stock exchange.
4. No casual vacancy occurred on the Board during the year.
5. The company has prepared a "Code of Conduct" and has ensured that appropriate steps have

been taken to disseminate it throughout the company along with its supporting policies and procedures.

6. The board has developed a vision / mission statement, overall corporate strategy and significant policies of the company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.
7. All the powers of the board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the CEO, other executive and non-executive directors, have been taken by the board.
8. The meetings of the board were presided over by the chairman and, in his absence, by a director elected by the board for this purpose and the board met at least once every quarter. Written notices of the board meetings, along with agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.
9. The Directors of the company are professionally qualified and experienced persons and are well aware of their duties and their responsibilities. Further, an orientation course for Directors was arranged by the company to apprise Directors of their duties and responsibilities. Two Directors of the company are also certified under the Board Development Series Program offered by Pakistan Institute of Corporate Governance (PICG).
10. The board has approved appointment of CFO, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment.
11. The Directors' report for this year has been prepared in compliance with the requirements of the CCG and fully describes the salient matters required to be disclosed.
12. The financial statements of the company were duly endorsed by CEO and CFO before approval of the board.

13. The Directors, CEO and Executives do not hold any interest in the shares of the company other than that disclosed in the pattern of shareholding.
14. The company has complied with all the corporate and financial reporting requirements of the CCG.
15. The board has formed an Audit Committee. It comprises of three members who are non-executives directors. The Chairman of the committee is a non-executive director.
16. The meetings of the audit committee were held atleast once every quarter prior to approval of interim and final results of the company and as required by the CCG. The terms of reference of the committee have been formed and advised to the committee for compliance.
17. The board has formed an HR & Remuneration Committee. It comprises of three members, of whom two are non-executive directors and the chairman of the committee is a non executive director.
18. The board has set up an effective internal audit function.
19. The statutory auditors of the company have confirmed that they have been given a satisfactory rating under the quality control review programme of the ICAP, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the ICAP.
20. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.
21. The "closed period", prior to the announcement of interim / final results, and business decisions, which may materially affect the market price of company's securities, was determined and intimated to directors, employees and stock exchange.
22. Material / price sensitive information has been disseminated among all market participants at once through stock exchange.
23. We confirm that all other material principles enshrined in the CCG have been complied with.

On behalf of the Board of Directors


Omar Faruque
 Chairman

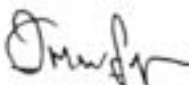
Karachi: August 24, 2016

Statement of Compliance

With the Best Practices of Transfer Pricing

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

On behalf of the Board of Directors


Omar Faruque
 Chairman

Karachi: August 24, 2016

Review Report to the Members

on Statement of Compliance with the Code of Corporate Governance



EY Ford Rhodes
Chartered Accountants
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Pakistan

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We have reviewed the enclosed Statement of Compliance with the best practices contained in the Code of Corporate Governance (the Code) prepared by the Board of Directors of Cherat Cement Company Limited (the Company) for the year ended 30 June 2016 to comply with the requirements of Rule Book of Pakistan Stock Exchange Limited Chapter 5, Clause 5.19.23 (b) of the Code of Corporate Governance, where the Company is listed.

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

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

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

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Code as applicable to the Company for the year ended 30 June 2016.


Chartered Accountants
Date: 24 August 2016
Place: Karachi

Share Price Sensitivity Analysis

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

Oil Prices

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

Law and Order Situation

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

Change in Government Policies

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

Plant Operations

Stable plant operations lead of higher production and better production efficiencies. Issues at production

negatively affect the financial performance of the Company and therefore, many also affect the share price. Share price is aslo affected by the addition of new plant.

Consumer Demand

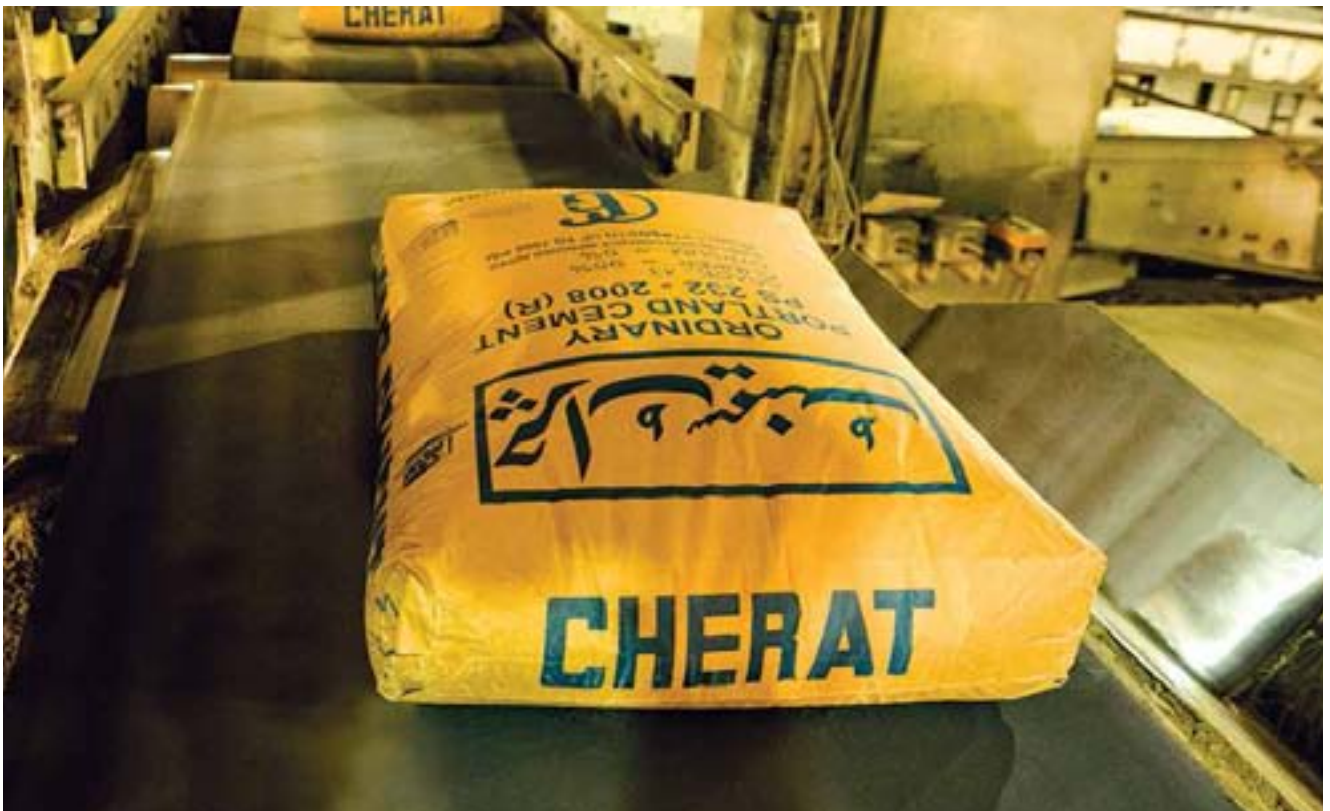
Increase in demand of cement may result in increase in market price of bag which will contribute towards better profitability and Earning Per Share (EPS), which will ultimately increase the share price.

Variation in Variable Cost

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

Variation in Fixed Cost

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



Glossary of Terms

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

HS & E: Health, Safety and Environment.

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

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

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

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

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

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

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

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

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

IASB: International Accounting Standards Board.

IFRS: International Financial Reporting Standard.

IFRIC: International Financial Reporting Issues Committee.

HR & RC: Human Resource and Remuneration Committee.

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

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

KIBOR: Karachi Inter Bank Offer Rate.

Spread: Rate charged by the bank over KIBOR.

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

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

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

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

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

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

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

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

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



Financial Statements

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Auditors' Report to the Members



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We have audited the annexed balance sheet of Cherat Cement Company Limited (the Company) as at 30 June 2016 and the related profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

It is the responsibility of the Company's management to establish and maintain a system of internal control, and prepare and present the above said statements in conformity with the approved accounting standards and the requirements of the 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 are further in accordance with accounting policies consistently applied, except for the changes as stated in note 2.3 to the financial statements with which we concur;
 - ii) the expenditure incurred during the year was for the purpose of the Company's business; and
 - iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the Company.
- c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof, conform with approved accounting standards as applicable in Pakistan, and give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at 30 June 2016 and of the profit, its comprehensive income, cash flows and changes in equity for the year then ended; and
- d) in our opinion, Zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the Company and deposited in the Central Zakat Fund established under Section 7 of that Ordinance.

Chartered Accountants

Audit Engagement Partner: Khurram Jameel

Date: August 24, 2016

Place: Karachi

Balance Sheet

as at June 30, 2016

ASSETS	Note	2016	2015
(Rupees in '000)			
NON-CURRENT ASSETS			
Fixed assets			
Property, plant and equipment	4	12,716,955	6,830,753
Intangible assets	5	11,287	13,998
		<u>12,728,242</u>	<u>6,844,751</u>
Long-term investments	6	710,133	334,377
Long-term loans	7	646	710
Long-term security deposits		18,129	17,398
		<u>728,908</u>	<u>352,485</u>
		<u>13,457,150</u>	<u>7,197,236</u>
CURRENT ASSETS			
Stores, spare parts and loose tools	8	993,623	983,385
Stock-in-trade	9	304,530	463,456
Loans and advances	10	13,586	17,429
Trade deposits and short-term prepayments	11	7,704	16,453
Other receivables	12	662,377	167,405
Short-term investments	13	-	600,118
Cash and bank balances	14	23,002	18,354
		<u>2,004,822</u>	<u>2,266,600</u>
TOTAL ASSETS		<u><u>15,461,972</u></u>	<u><u>9,463,836</u></u>
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Share capital	15	1,766,318	1,766,318
Reserves	16	7,373,870	6,259,723
		<u>9,140,188</u>	<u>8,026,041</u>
NON-CURRENT LIABILITIES			
Long-term financing	17	3,982,107	122,312
Long-term security deposits		14,121	13,988
Deferred taxation	18	514,795	474,634
		<u>4,511,023</u>	<u>610,934</u>
CURRENT LIABILITIES			
Trade and other payables	19	1,444,716	653,940
Accrued mark-up	20	73,170	3,509
Short-term borrowings	21	207,876	87,523
Current maturity of long-term financing	17	40,770	40,770
Taxation – net		1,257	10,578
Unclaimed dividend		42,972	30,541
		<u>1,810,761</u>	<u>826,861</u>
CONTINGENCIES AND COMMITMENTS	22		
TOTAL EQUITY AND LIABILITIES		<u><u>15,461,972</u></u>	<u><u>9,463,836</u></u>

The annexed notes from 1 to 40 form an integral part of these financial statements.


Omar Faruque
Chairman


Azam Faruque
Chief Executive

Profit and Loss Account

for the year ended June 30, 2016

	Note	2016	2015
		(Rupees in '000)	
Turnover – net	23	7,079,368	6,565,416
Cost of sales	24	(4,445,307)	(4,581,871)
Gross profit		2,634,061	1,983,545
Distribution costs	25	(234,241)	(205,796)
Administrative expenses	26	(192,278)	(164,310)
Other expenses	27	(155,789)	(105,425)
		(582,308)	(475,531)
Other income	28	43,352	201,029
Operating profit		2,095,105	1,709,043
Finance costs	29	(43,708)	(37,855)
Profit before taxation		2,051,397	1,671,188
Taxation			
Current - for the year		(600,101)	(425,415)
- prior year		(5,943)	10,078
Deferred		(40,161)	32,313
	30	(646,205)	(383,024)
Profit after taxation		1,405,192	1,288,164
Earnings per share – basic and diluted	31	Rs. 7.96	Rs. 8.01

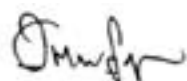
The annexed notes from 1 to 40 form an integral part of these financial statements.

Statement of Comprehensive Income

for the year ended June 30, 2016

	2016	2015
	(Rupees in '000)	
Net profit for the year	1,405,192	1,288,164
Other comprehensive income		
Items that may be reclassified subsequently to profit and loss account		
Unrealized gain on available-for-sale securities	299,196	202,778
Items that may not be reclassified subsequently to profit and loss account		
Actuarial gain on defined benefit plan	116,287	118,511
	415,483	321,289
Total comprehensive income for the year	<u>1,820,675</u>	<u>1,609,453</u>

The annexed notes from 1 to 40 form an integral part of these financial statements.



Omar Faruque
Chairman



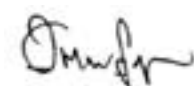
Azam Faruque
Chief Executive

Cash Flow Statement

for the year ended June 30, 2016

	Note	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES			
(Rupees in '000)			
Profit before taxation		2,051,397	1,671,188
Adjustment for:			
Depreciation	4.1.3	277,202	273,217
Amortisation	5.1	2,711	2,610
(Gain) / loss on short-term investments		(10,986)	7,597
Gain on disposal of operating property, plant and equipment	4.1.5	(815)	(1,648)
Finance costs	29	43,708	37,855
Exchange loss	27	1,054	322
Dividend income	28	(14,578)	(7,090)
		<u>298,296</u>	<u>312,863</u>
		2,349,693	1,984,051
(Increase) / decrease in current assets			
Stores, spare parts and loose tools		(10,238)	197,869
Stock-in-trade		158,926	(93,584)
Loans and advances		3,843	599
Trade deposits and short-term prepayments		8,749	829
Other receivables		(378,685)	7,960
		<u>(217,405)</u>	<u>113,673</u>
		2,132,288	2,097,724
Increase / (decrease) in current liabilities			
Trade and other payables		789,722	(23,303)
Cash generated from operations		<u>2,922,010</u>	<u>2,074,421</u>
Income tax paid		(615,365)	(402,261)
Long-term loans and security deposits – net		(534)	(1,213)
Net cash generated from operating activities		<u>2,306,111</u>	<u>1,670,947</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Additions to property, plant and equipment		(6,112,136)	(3,745,033)
Additions to intangible assets		-	(2,483)
Proceeds from disposal of operating property, plant and equipment	4.1.5	5,702	4,343
Long-term investments made during the year		(76,560)	-
Short-term investments redeemed during the year		611,104	634,556
Dividend received		14,578	7,090
Net cash used in investing activities		<u>(5,557,312)</u>	<u>(3,101,527)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issuance of right shares		-	1,762,596
Long-term financing		3,859,795	(40,770)
Short-term borrowings		120,353	(11,853)
Dividend paid		(694,097)	(206,643)
Finance costs paid		(30,202)	(71,512)
Net cash generated from financing activities		<u>3,255,849</u>	<u>1,431,818</u>
Net increase in cash and cash equivalents		4,648	1,238
Cash and cash equivalents as at the beginning of the year		18,354	17,116
Cash and cash equivalents as at the end of the year	14	<u>23,002</u>	<u>18,354</u>

The annexed notes from 1 to 40 form an integral part of these financial statements.



Omar Faruque
Chairman



Azam Faruque
Chief Executive

Statement of Changes in Equity

for the year ended June 30, 2016

	Reserves							Total	
	Capital Reserves		Revenue Reserves						
	Share premium	Others	General Reserve	Unappropriated profit	Actuarial gain on gratuity fund	Unrealised gain on available-for-sale securities	Sub-total		
	(Rupees in '000)								
Balance as at July 01, 2014	1,051,380	-	50,900	420,000	3,232,937	11,719	97,332	3,812,888	4,864,268
Final cash dividend for the year ended June 30, 2014 @ Rs. 2.00/- per share	-	-	-	-	(210,276)	-	-	(210,276)	(210,276)
Issue of right shares @ 68% (i.e 68 shares for every 100 ordinary shares held)	714,938	1,072,408	-	-	-	-	-	1,072,408	1,787,346
Shares issue cost	-	(24,750)	-	-	-	-	-	(24,750)	(24,750)
Net profit for the year	-	-	-	-	1,288,164	-	-	1,288,164	1,288,164
Other comprehensive income	-	-	-	-	-	118,511	202,778	321,289	321,289
Total comprehensive income	-	-	-	-	1,288,164	118,511	202,778	1,609,453	1,609,453
Balance as at June 30, 2015	<u>1,766,318</u>	<u>1,047,658</u>	<u>50,900</u>	<u>420,000</u>	<u>4,310,825</u>	<u>130,230</u>	<u>300,110</u>	<u>6,259,723</u>	<u>8,026,041</u>
Balance as at July 01, 2015	1,766,318	1,047,658	50,900	420,000	4,310,825	130,230	300,110	6,259,723	8,026,041
Final cash dividend for the year ended June 30, 2015 @ Rs. 3.00/- per share	-	-	-	-	(529,896)	-	-	(529,896)	(529,896)
Interim cash dividend for the year ending June 30, 2016 @ Re. 1.00/- per share	-	-	-	-	(176,632)	-	-	(176,632)	(176,632)
Net profit for the year	-	-	-	-	1,405,192	-	-	1,405,192	1,405,192
Other comprehensive income	-	-	-	-	-	116,287	299,196	415,483	415,483
Total comprehensive income	-	-	-	-	1,405,192	116,287	299,196	1,820,675	1,820,675
Balance as at June 30, 2016	<u>1,766,318</u>	<u>1,047,658</u>	<u>50,900</u>	<u>420,000</u>	<u>5,009,489</u>	<u>246,517</u>	<u>599,306</u>	<u>7,373,870</u>	<u>9,140,188</u>

The annexed notes from 1 to 40 form an integral part of these financial statements.


Omar Faruque
Chairman


Azam Faruque
Chief Executive

Notes to the Financial Statements

for the year ended June 30, 2016

1 CORPORATE INFORMATION

Cherat Cement Company Limited (the Company) was incorporated in Pakistan as a public company limited by shares under the Companies Act, 1913 (now the Companies Ordinance, 1984) in the year 1981. Its main business activity is manufacturing, marketing and sale of cement. The Company is listed on Pakistan Stock Exchange (formerly on Karachi, Lahore and Islamabad Stock Exchanges). The registered office of the Company is situated at Village Lakrai, District Nowshera, Khyber Pakhtunkhwa province.

2. BASIS OF PREPARATION

2.1 Statement of compliance

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 (IASB) as are notified under the Companies Ordinance, 1984, provisions 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 Accounting convention

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

2.3 New and amended standards

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

- IFRS – 10 – Consolidated Financial Statements
- IFRS – 11 – Joint Arrangements
- IFRS – 12 – Disclosure of Interests in Other Entities
- IFRS – 13 – Fair Value Measurement
- IAS – 27 – Equity Method in Separate Financial Statements
- IAS – 28 – Investments in Associates and Joint Ventures

The adoption of the above accounting standards did not have any effect on the financial statements.

2.4 Standards and amendments to approved accounting standards that are not yet effective

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

	Effective date (annual periods beginning on or after)
IFRS 2 – Share-based Payments – Classification and Measurement of Share-based Payments Transactions (Amendments)	01 January 2018
IFRS 7 – Financial Instruments: Disclosures – Disclosure Initiative – (Amendment)	01 January 2017
IFRS 10 – Financial Statements, IFRS 12 Disclosure of Interests in Other Entities and IAS 28 Investment in Associates – Investment Entities: Applying the Consolidation Exception (Amendment)	01 January 2016

	Effective date (annual periods beginning on or after)
IFRS 10 – Consolidated Financial Statements and IAS 28 Investment in Associates and Joint Ventures – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendment)	Not yet finalized
IFRS 11 – Joint Arrangements – Accounting for Acquisition of Interest in Joint Operation (Amendment)	01 January 2016
IAS 1 – Presentation of Financial Statements – Disclosure Initiative (Amendment)	01 January 2016
IAS 12 – Income Taxes – Recognition of Deferred Tax Assets for Unrealized losses (Amendments)	01 January 2017
IAS 16 – Property, Plant and Equipment and IAS 38 intangible assets - Clarification of Acceptable Method of Depreciation and Amortization (Amendment)	01 January 2016
IAS 16 – Property, Plant and Equipment and IAS 41 Agriculture: Bearer Plants (Amendment)	01 January 2016
IAS 27 – Separate Financial Statements – Equity Method in Separate Financial Statements (Amendment)	01 January 2016

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

In addition to the above standards and amendments, improvements to various accounting standards have also been issued by the IASB in September 2014. Such improvements are generally effective for accounting periods beginning on or after 01 January 2016. The Company expects that such improvements to the standards will not have any material impact on the Company's financial statements in the period of initial application.

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

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

2.5 Significant accounting judgments, estimates and assumptions

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

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

2.5.1 Staff retirement benefits

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

2.5.2 Operating property, plant and equipment

The Company reviews appropriateness of the rate of depreciation, useful life and residual value used in the calculation of depreciation. Further, where applicable, an estimate of the recoverable amount of assets is made for possible impairment on an annual basis. In making these estimates, the Company uses the technical resources available to the Company. Any change in the estimates in the future might affect the carrying amount of respective item of operating property, plant and equipment, with corresponding effects on the depreciation charge and impairment.

2.5.3 Taxation

Current

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

Deferred

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

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

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

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

2.5.5 Contingencies

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 Property, plant and equipment

Property, plant and equipment except for land and capital work-in-progress are stated at cost less accumulated depreciation and impairment loss, if any. Land and capital work-in-progress are stated at cost. Depreciation is charged to profit and loss account applying the reducing balance method except for computers, which are depreciated using the straight-line method at the rates mentioned in the note 4.1.1 to the financial statements.

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

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

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

Depreciation is charged from the month of the year in which addition / capitalization occurs, while no depreciation is charged in the month in which an asset is disposed off.

3.1.1 Intangible assets

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

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

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

3.2 Investments

3.2.1 Joint Ventures

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

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

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

3.2.2 Available-for-sale securities

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

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

3.2.3 Designated through profit or loss

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

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

3.3 Stores, spare parts and loose tools

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

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

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

3.4 Stock-in-trade

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

Cost signifies in relation to:

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

3.5 Trade debts

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

3.6 Trade and other payables

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

3.7 Financial instruments

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

3.8 Offsetting of financial assets and liabilities

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

3.9 Foreign currency translations

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

3.10 Cash and cash equivalents

For the purpose of cash flow statement, cash and cash equivalents comprise of cash in hand and bank balances.

3.11 Revenue recognition

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

3.11.1 Sale of goods

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

3.11.2 Other income

Profit on bank accounts is recognised on accrual basis.

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

Other revenues are accounted for on accrual basis.

3.12 Staff retirement benefits

3.12.1 Gratuity fund

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

3.12.2 Provident fund

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

3.13 Provisions

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

3.14 Taxation

3.14.1 Current

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

3.14.2 Deferred

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

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

3.14.3 Sales tax

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

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

3.15 Borrowing costs

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

3.16 Impairment

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

3.17 Related party transactions

Related party transactions are carried out on commercial terms, as approved by the Board, substantiated as given in notes 33 and 34 to the financial statements

3.18 Dividend and appropriation to reserves

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

3.19 Functional and presentation currency

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

4. PROPERTY, PLANT AND EQUIPMENT	Note	2016	2015
		(Rupees in '000)	
Existing line			
Operating property, plant and equipment	4.1	3,144,601	3,244,178
Capital work-in-progress	4.2	73,723	47,797
		<u>3,218,324</u>	<u>3,291,975</u>
Capital work-in-progress - New line			
New Line	4.3	8,770,338	3,538,778
WHR Line - II		728,293	-
		<u>9,498,631</u>	<u>3,538,778</u>
		<u>12,716,955</u>	<u>6,830,753</u>

4.1 Operating property, plant and equipment

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

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

2015 Description	COST			DEPRECIATION				Book Value as at June 30, 2015	Depreciation rate % per annum
	As at July 01, 2014	Additions / (disposals)	As at June 30, 2015	As at July 01, 2014	Adjustment on disposals	For the year	As at June 30, 2015		
(Rupees in '000)									
Freehold land	1,605	-	1,605	-	-	-	-	1,605	-
Leasehold land	7,065	-	7,065	-	-	-	-	7,065	-
Building on leasehold land	627,567	1,671	629,238	344,786	-	21,262	366,048	263,190	7.5
Plant and machinery	5,698,938	71,512	5,770,450	3,036,353	-	180,955	3,217,308	2,553,142	5-7.5
Power and other installations	152,710	13,840	166,550	73,349	-	8,523	81,872	84,678	10-20
Furniture and fittings	40,800	1,601	42,401	27,960	-	1,257	29,217	13,184	10-20
Quarry, factory and laboratory equipment	472,519	59,876	532,395	297,397	-	33,146	330,543	201,852	10-20
Motor vehicle	165,364	42,541 (12,321)	195,584	74,825	(9,626)	22,757	87,956	107,628	20
Office equipment	11,414	2,065	13,479	8,364	-	748	9,112	4,367	10-20
Computers	72,500	6,774	79,274	67,238	-	4,569	71,807	7,467	33.33
	<u>7,250,482</u>	<u>199,880</u> <u>(12,321)</u>	<u>7,438,041</u>	<u>3,930,272</u>	<u>(9,626)</u>	<u>273,217</u>	<u>4,193,863</u>	<u>3,244,178</u>	

4.1.2 Reconciliation of book value:	Note	2016	2015
	(Rupees in '000)		
Book value as at the beginning of the year		3,244,178	3,320,210
Additions during the year		182,512	199,880
Depreciation for the year		(277,202)	(273,217)
Disposals during the year at book value		(4,887)	(2,695)
Book value as at the end of the year		<u>3,144,601</u>	<u>3,244,178</u>

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

Cost of sales	24	259,591	259,667
Distribution costs	25	8,663	5,774
Administrative expenses	26	8,948	7,776
		<u>277,202</u>	<u>273,217</u>

4.1.4 During the year, a detailed physical verification exercise of fixed assets was carried out by an independent firm. Based on this exercise, the accounting records were adjusted to bring it in line with this exercise. This has been accounted for through internal transfers and write-off of certain fixed assets having nil book value.

4.1.5 Disposal of operating property, plant and equipment

Description	Cost	Book value	Sale proceed	Gain / (loss)	Mode of disposal	Particular of buyers
	(Rupees in '000)					
Motors Vehicles						
Honda Civic VTI 1800cc Reg. No. BA-7781	1,669	388	417	29	Employee car scheme	Mr. Arshad Khan - Employee
Suzuki Alto VXR 1000cc Reg. No. ARK-278	615	131	154	23	Employee car scheme	Mr. Javed Gul - Employee
Suzuki Alto VXR 1000cc Reg. No. B-2648	637	159	159	-	Employee car scheme	Mr. Wali Muhammad - Employee
Suzuki Cultus VXR 1000cc Reg. No. B-2647	791	198	198	-	Employee car scheme	Mr. Farmanullah - Employee
Suzuki Alto VXR 1000cc Reg. No. ASS-050	642	170	170	-	Employee car scheme	Mr. Nadeem Ullah Ansari - Employee
Suzuki Alto VXR 1000cc Reg. No. B-2550	615	131	154	23	Employee car scheme	Mr. Wajahat Ali Khan - Employee
Suzuki Mehran VXR 800cc Reg. No. BB-2550	504	134	134	-	Employee car scheme	Mr. Salman Farhat Shaikh - Employee
Suzuki Mehran VXR 800cc Reg. No. BB-1586	504	134	134	-	Employee car scheme	Mr. Parvez Khattak - Employee
Suzuki Cultus VXR 1000cc Reg. No. B-2647	1,094	792	960	168	Employee car scheme	Mr. Abdul Ghaffar - Employee
Honda Civic MT 1800cc Reg. No. B - 2712	1,239	329	329	-	Employee car scheme	Mr. Muhammad Asim - Employee
Suzuki Cultus VXR 1000cc Reg. No. ASR-896	788	205	205	-	Employee car scheme	Mr. Muhammad Wasique Shafat - Employee
Suzuki Cultus VXR 1000cc Reg. No. ASR-087	789	206	206	-	Employee car scheme	Syed Shahid Ahmed - Employee
Suzuki Alto VXR 1000cc Reg. No. ASR-094	642	167	167	-	Employee car scheme	Mr. Muhammad Asim - Employee
Suzuki Cultus VXR 1000cc Reg. No. ASS-603	788	205	205	-	Employee car scheme	Mr. Mazhar Hussain - Employee
Suzuki Cultus VXR 1000cc Reg. No. B-2702	795	207	207	-	Employee car scheme	Mr. Anwar Hussain - Employee
Suzuki Cultus VXR 1000cc Reg. No. B-1477	795	207	207	-	Employee car scheme	Mr. Bashir-Ur-Rehman - Employee
Suzuki Cultus VXR 1000cc Reg. No. B-2701	795	207	207	-	Employee car scheme	Mr. Saeedullah Khan - Employee
Suzuki Mehran VXR 800cc Reg. No. BB-1584	504	131	131	-	Employee car scheme	Mr. Tila Muhammad - Employee
Suzuki Alto VXR 1000cc Reg. No. BB-1315	642	167	167	-	Employee car scheme	Mr. Noor Said Shah - Employee
Suzuki Cultus VXR 1000cc Reg. No. LED-09-9849	795	207	207	-	Employee car scheme	Mr. Hamid Shehzad - Employee
Suzuki Alto VXR 1000cc Reg. No. PV-331	642	167	167	-	Employee car scheme	Mr. Muhammad Imran - Employee
Suzuki Cultus VXR 1000cc Reg. No. LEE-09-1069	795	207	207	-	Employee car scheme	Mr. Shaukat Bhatti - Employee
Toyota Corolla 2000cc Reg. No. B-8794	40	1	510	509	Tender	Mr. Sajjad Anwar - Outside Party
	17,120	4,850	5,602	752		
Computers	221	-	100	100	Insurance claim	EFU General Insurance Limited
Power and other Installations	60	37	-	(37)		
2016	17,401	4,887	5,702	815		
2015	12,321	2,695	4,343	1,648		

4.2 Capital work-in-progress – Existing line

Description	Building on leasehold land	Plant and machinery	Computers	Power and other installations	Motor vehicles	Quarry, factory and lab equipment	Furniture and fittings	Total
(Rupees in '000)								
Balance as at June 30, 2014	15,430	13,908	-	9,449	2,006	441	188	41,422
Capital expenditure incurred / advances made during the year	-	88,209	6,774	4,391	42,558	60,845	3,478	206,255
Transferred to operating property, plant and equipment	(1,671)	(71,512)	(6,774)	(13,840)	(42,541)	(59,876)	(3,666)	(199,880)
Balance as at June 30, 2015	13,759	30,605	-	-	2,023	1,410	-	47,797
Capital expenditure incurred / advances made during the year	3,381	88,135	5,514	3,383	42,288	59,169	6,568	208,438
Transferred to operating property, plant and equipment	(928)	(94,041)	(5,514)	(2,783)	(44,311)	(30,488)	(4,447)	(182,512)
Balance as at June 30, 2016	16,212	24,699	-	600	-	30,091	2,121	73,723

4.3 Capital work-in-progress – New Line

Description	Building on leasehold land	Plant and machinery	Computers	Power and other installations	Motor vehicles	Quarry, factory and lab equipment	Furniture and fittings	Total
(Rupees in '000)								
Balance as at June 30, 2014	-	-	-	-	-	-	-	-
Capital expenditure incurred / advances made during the year – New Line	686,918	2,831,686	1,001	15,616	874	-	2,683	3,538,778
Balance as at June 30, 2015	686,918	2,831,686	1,001	15,616	874	-	2,683	3,538,778
Capital expenditure incurred / advances made during the year								
- New Line	1,177,396	4,000,937	-	53,227	-	-	-	5,231,560
- WHR Line - II	74,625	653,668	-	-	-	-	-	728,293
	1,252,021	4,654,605	-	53,227	-	-	-	5,959,853
Balance as at June 30, 2016	1,938,939	7,486,291	1,001	68,843	874	-	2,683	9,498,631

- 4.3.1** Represents costs incurred on the installation of new cement line at the existing location in Nowshera, Khyber Pakhtunkhwa Province and includes borrowing costs capitalized during the year amounting to Rs. 102.330 million in respect of Islamic banking (2015: Nil) and Rs. 19.545 million in respect of conventional banking (2015: Nil).

5 INTANGIBLE ASSETS

Description	Cost			Amortisation			Book value as at June 30	Amortisation Rate % per annum
	As at July 01	Additions during the year	As at June 30	As at July 01	For the year	As at June 30		
(Rupees in '000)								
Computer software								
2016	27,132	-	27,132	13,134	2,711	15,845	11,287	10
2015	24,649	2,483	27,132	10,524	2,610	13,134	13,998	10

	Note	2016	2015
(Rupees in '000)			
5.1 The amortisation for the year has been allocated as follows:			
Cost of sales	24	2,473	2,370
Distribution costs	25	134	136
Administrative expenses	26	104	104
		<u>2,711</u>	<u>2,610</u>

6. LONG-TERM INVESTMENTS

Investment in related parties			
Available-for-sale securities	6.1	702,443	334,377
Interest in a Joint Venture	6.2	-	-
Interest in a Joint Venture	6.3	7,690	-
		<u>710,133</u>	<u>334,377</u>

6.1 Available-for-sale securities

Cherat Packaging Limited 2,055,308 (2015: 1,772,380) fully paid ordinary shares of Rs. 10/- each.		<u>702,443</u>	<u>334,377</u>
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6.2 Interest in a joint venture

Madian Hydro Power Limited Company's share in net assets		106,705	106,705
Less: Provision for impairment loss		(106,705)	(106,705)
		<u>-</u>	<u>-</u>

6.2.1 Represents 10,744,997 shares (2015: 10,744,997 shares) representing 50% (2015: 50%) interest in Madian Hydro Power Limited (MHPL) a public unlisted company, which is a joint venture of the Company and Shirazi Investments (Private) Limited. MHPL is formed to build, operate and maintain hydro power generation plant at Madian over River Swat for the generation and supply of electric power.

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

	2016	2015
(Rupees in '000)		
Non-current assets	106,662	106,662
Current assets	88	88
	<u>106,750</u>	<u>106,750</u>
Current liabilities	(45)	(45)
Net assets	<u>106,705</u>	<u>106,705</u>

6.2.3 Technical feasibility of MHPL was completed in 2009, which was approved by Private Power and Infrastructure Board (PPIB). Due to security situation in Swat, MHPL sought for an indefinite extension from PPIB for further post feasibility study deadlines applicable to the project. The PPIB's response to the request is still awaited. Some foreign investors have shown their interest in becoming part of this project, but nothing has materialized yet. In view of considerable delays associated with starting the project activities and the aforesaid uncertain situation, the management has assessed that the carrying value of investment is impaired.

6.3 Represents 768,999 shares representing 7.69% interest in UniEnergy Limited (UEL), a public unlisted company. UEL is formed for the generation and transmission of wind power, however, it has not yet started commercial operations.

7. LONG-TERM LOANS – secured, considered good

Note	2016	2015
	(Rupees in '000)	
Employees	3,412	3,021
Less: Current maturity	(2,766)	(2,311)
	646	710

7.1 Represents loans provided as per the Company's employee loan policy. These loans carry mark-up upto 10% per annum (2015: upto 11% per annum) and are repayable within 3 to 6 years. These loans are secured against the provident fund balances of the respective employees.

8. STORES, SPARE PARTS AND LOOSE TOOLS

Note	2016	2015
	(Rupees in '000)	
Stores	362,950	505,736
Spare parts	549,065	455,814
Loose tools	829	541
	912,844	962,091
Stores and spare parts in transit	80,779	21,294
	993,623	983,385

9. STOCK-IN-TRADE

Raw and packing material	58,633	66,573
Work-in-process	171,321	343,520
Finished goods	74,576	53,363
	304,530	463,456

10. LOANS AND ADVANCES – considered good

Current portion of long-term loans	7	2,766	2,311
Advances to suppliers – unsecured	10.1	10,820	15,118
		13,586	17,429

10.1 These advances do not carry any interest.

11. TRADE DEPOSITS AND SHORT-TERM PREPAYMENTS

Trade deposits		547	547
Short-term prepayments		7,157	15,906
		7,704	16,453

11.1 Trade deposits does not carry any interest.

12. OTHER RECEIVABLES	Note	2016	2015
		(Rupees in '000)	
Gratuity fund	12.1	236,432	123,552
Provident fund	12.2	-	-
Sales tax adjustable		365,368	-
Sales tax and excise duty refundable		8,368	8,368
Insurance claims receivable		23,900	9,229
Duty drawback receivable		14,678	13,303
Others		13,631	12,953
		<u>662,377</u>	<u>167,405</u>

12.1 Gratuity fund

The Company operates an approved funded gratuity scheme for all eligible employees. Actuarial valuation of the scheme is carried out every year and the latest actuarial valuation was carried out as at June 30, 2016.

Gratuity fund asset:

	2016	2015
	(Rupees in '000)	
Present value of defined benefit obligations	399,375	353,290
Fair value of plan assets	(635,807)	(476,842)
Asset recognised in the balance sheet	<u>(236,432)</u>	<u>(123,552)</u>
Current service cost	25,941	15,635
Interest cost	33,597	34,892
Expected return on plan assets	(46,131)	(36,460)
Expense recognized	<u>13,407</u>	<u>14,067</u>
Experience adjustment arising on plan liabilities losses	3,956	50,666
Return on plan assets excluding interest income gains	(120,243)	(169,177)
	<u>(116,287)</u>	<u>(118,511)</u>

Movement in net asset recognised in the balance sheet:

Balance as at July 01	(123,552)	(4,108)
Net charge for the year	13,407	14,067
Re-measurements chargeable in other comprehensive income	(116,287)	(118,511)
Contribution to the fund	(10,000)	(15,000)
Balance as at June 30	<u>(236,432)</u>	<u>(123,552)</u>

Movement in the present value of defined benefit obligation:

Balance as at July 01	353,290	264,832
Current service cost	25,941	15,635
Interest cost	33,597	34,892
Benefits paid during the year	(17,409)	(12,735)
Actuarial loss	3,956	50,666
Balance as at June 30	<u>399,375</u>	<u>353,290</u>

Movement in the fair value of plan assets:

Balance as at July 01	476,842	268,940
Expected return	46,131	36,460
Contributions	10,000	15,000
Benefits paid during the year	(17,409)	(12,735)
Actuarial gain	120,243	169,177
Balance as at June 30	<u>635,807</u>	<u>476,842</u>

Principal actuarial assumptions used are as follows:

	2016	2015
	(Percentage)	
Expected rate of increase in salary level	9.50	9.50
Valuation discount rate	7.25	9.75
Rate of return on plan assets	7.25	9.75

Comparisons for past years:**As at June 30**

	2016	2015	2014	2013	2012
	(Rupees in '000)				
Present value of defined benefit obligations	399,375	353,290	264,832	225,183	192,274
Fair value of plan assets	(635,807)	(476,842)	(268,940)	(216,451)	(119,496)
(Surplus) / deficit	<u>(236,432)</u>	<u>(123,552)</u>	<u>(4,108)</u>	<u>8,732</u>	<u>72,778</u>
Experience adjustment on plan liabilities	(3,956)	(50,666)	(12,286)	(7,666)	(21,851)
Experience adjustment on plan assets	120,243	169,177	26,944	65,163	35,061
	<u>116,287</u>	<u>118,511</u>	<u>14,658</u>	<u>57,497</u>	<u>13,210</u>

Composition of plan assets is as follows:

	2016	2015
	(Rupees in '000)	
Defence Savings Certificates / PIBs / T-bills	60,594	12,365
Special Savings Certificates	21,571	21,333
Mutual funds / Shares	541,320	440,566
Bank balances	12,322	2,578
	<u>635,807</u>	<u>476,842</u>

The expected return on plan assets was based on the market expectations and depends upon the asset portfolio of the Company, at the beginning of the period, for returns over the entire life of related obligation. The return on plan assets was assumed to equal the discount rate. Actual return on plan assets during the year 2016 amounts to Rs. 166.374 million (2015: Rs. 205.636 million).

12.2 Provident fund

	2016	2015
	(Rupees in '000)	
Size of the trust	841,663	725,182
Cost of investments	708,418	595,813
Fair value of investments	833,299	718,568

	(Percentage)	
Percentage of investments made	99.01	99.09

Major categories of investment of provident fund are as follows:

	2016	2015
	(Rupees in '000)	
Bank balances	28,986	19,350
Government securities	483,352	363,991
Others	320,961	335,227
	<u>833,299</u>	<u>718,568</u>

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

13. SHORT-TERM INVESTEMENTS

Designated through profit or loss - Mutual Fund Units

2016	2015	Note	2016	2015
Units			(Rupees in '000)	
-	14,142,260	ABL Government Securities Fund	-	141,881
-	353,966	Atlas Income Fund	-	180,606
-	332,770	HBL Money Market Fund	-	33,659
-	2,488,288	Metro Bank Pakistan Sovereign Fund	-	132,029
-	11,037,238	NAFA Government Securities Fund	-	111,943
-	28,354,522		-	600,118

14. CASH AND BANK BALANCES

Islamic banks

Current accounts		1,487	323
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Conventional banks

Current accounts		15,360	11,514
Saving accounts	14.1	2,892	4,919
		18,252	16,433
		19,739	16,756

Cash in hand

Foreign currency		14	14
Local currency		3,249	1,584
		3,263	1,598
		23,002	18,354

14.1 These carry effective profit rate of 4% (2015: 5%) per annum.

15. SHARE CAPITAL

15.1 Authorised capital

2016	2015		2016	2015
Number of Shares			(Rupees in '000)	
225,000,000	225,000,000	Ordinary shares of Rs. 10/- each	2,250,000	2,250,000

15.2 Issued, subscribed and paid-up capital

2016	2015		2016	2015
91,335,845	91,335,845	Fully paid ordinary shares of Rs. 10/- each		
80,236,008	80,236,008	- Issued for cash	913,358	913,358
		- Issued as fully paid bonus shares	802,360	802,360
5,060,000	5,060,000	- Issued for consideration other than cash on amalgamation	50,600	50,600
176,631,853	176,631,853		1,766,318	1,766,318

Following is the detail of shares held by the related parties:

	2016	2015
	(Number of shares)	
Faruque (Private) Limited	36,623,485	35,648,485
Cherat Packaging Limited	4,243,362	4,243,362
Mirpurkhus Sugar Mills Limited	5,770,252	5,770,252
Greaves Pakistan (Private) Limited	2,199,093	2,199,093
	<u>48,836,192</u>	<u>47,861,192</u>

16. RESERVES

	Note	2016	2015
		(Rupees in '000)	
Capital reserves			
Share premium		1,047,658	1,047,658
Others	16.1	50,900	50,900
		<u>1,098,558</u>	<u>1,098,558</u>
Revenue reserves			
General reserves		420,000	420,000
Unappropriated profit		5,009,489	4,310,825
Actuarial gain on gratuity fund		246,517	130,230
Unrealized gain on available-for-sale securities		599,306	300,110
		<u>6,275,312</u>	<u>5,161,165</u>
		<u>7,373,870</u>	<u>6,259,723</u>

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

17. LONG-TERM FINANCING – secured

	Note	2016	2015
		(Rupees in '000)	
Islamic banks			
Refused Derived Fuel Loan – Existing Line	17.1	122,312	163,082
Syndicated Long-Term Finance Loan – New Line	17.2	2,463,158	-
Waste Heat Recovery Loan – Line II	17.3	600,565	-
Fixed Assets Refinance Loan – New Line	17.4	300,000	-
		<u>3,486,035</u>	<u>163,082</u>
Conventional banks			
Syndicated Long-Term Finance Loan – New Line	17.2	536,842	-
Less: Current maturity	17.1	(40,770)	(40,770)
		<u>3,982,107</u>	<u>122,312</u>

17.1 Represents a long-term financing obtained from an Islamic bank under the Diminishing Musharika Scheme, carrying profit at the rate of 6 months KIBOR + 0.75% per annum. The financing is repayable in 10 equal semi-annual installments commencing after 30 months from first draw down i.e. December 2014. The financing is secured against registered first pari-passu hypothecation charge of Rs. 667 million on plant and machinery.

17.2 Represents long-term financing obtained from Islamic banks under Diminishing Musharika Scheme and a term loan from a conventional bank. The approved loan is Rs. 9,500 million (Rs. 7,800 million under Islamic finance and Rs. 1,700 million under conventional finance) out of which Rs. 6,500 million remained unutilized at the year end. Carrying mark-up at the rate of 6 months KIBOR+ 1.10% per annum. The financing is repayable in 10 equal semi-annual installments commencing after 42 months from first draw down i.e. March 2019. The financing is secured against first pari-passu hypothecation charge of Rs. 12,670 million on plant and machinery and immovable fixed assets.

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

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

18. DEFERRED TAXATION	Note	2016	2015
(Rupees in '000)			
Accelerated tax depreciation		514,795	474,634

19. TRADE AND OTHER PAYABLES

Creditors		36,924	26,719
Bills payable		118,468	140,475
Accrued liabilities		104,023	140,172
Advances from customers		62,022	80,021
Retention money		854,193	7,206
Workers' Profits Participation Fund	19.1	109,812	88,305
Workers' Welfare Fund	19.2	85,092	73,340
Sales tax payable		-	24,247
Royalty and excise duty payable		69,185	66,632
Others		4,997	6,823
		<u>1,444,716</u>	<u>653,940</u>

19.1 Workers' Profits Participation Fund

Opening balance		88,305	90,641
Interest thereon	29	777	807
		<u>89,082</u>	<u>91,448</u>
Less: Payment made during the year		(89,082)	(91,448)
		<u>-</u>	<u>-</u>
Charge for the year	19	109,812	88,305
Closing balance		<u>109,812</u>	<u>88,305</u>

19.2 As per WWF Ordinance, 1971 WWF was chargeable @ 2% of the taxable income. The Government through Finance Acts 2006 and 2008 amended the WWF Ordinance, 1971, where by the term 'total income' shall be considered as profit before taxation as per declaration of income in the return or as per accounts, whichever is higher. These amendments were challenged by the Company in the Honourable Peshawar High Court. During the year 2013-14, the Honourable Peshawar High Court declared the impugned levy of contribution introduced in the WWF Ordinance, 1971 through the Finance Acts 2006 & 2008 as illegal and ultra vires as it lacks the essential mandate to be introduced and passed through a Money Bill under the Constitution. However, the Honourable Sindh High Court had earlier decided the same matter against the tax payers. This case is now in the Honourable Supreme Court of Pakistan for final adjudication.

As the Honourable Peshawar High Court has concerned jurisdiction in this case, WWF charge for the current year is based on the decision of the Honourable Peshawar High Court. However, as a matter of prudence, an amount of Rs. 35.040 million pertaining to prior years' has not been reversed which may be reconsidered after evaluating future legal development in this case.

20. ACCRUED MARK-UP

	Note	2016	2015
(Rupees in '000)			
Islamic banks			
Long-term financing		56,916	1,007
Conventional banks			
Long-term financing		9,496	-
Short-term borrowings		6,758	2,502
		16,254	2,502
		<u>73,170</u>	<u>3,509</u>

21. SHORT-TERM BORROWINGS – secured

Short-term running finance – Conventional banks	21.1	<u>207,876</u>	<u>87,523</u>
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- 21.1** These facilities are obtained from various conventional banks amounting to Rs. 2,265 million (2015: Rs. 2,265 million) out of which Rs. 2,057 million (2015: Rs. 2,177 million) remains unutilized at the year end. These facilities carry mark-up ranging from 3 months KIBOR + 0.60% per annum to 3 months KIBOR + 1% per annum and 1 month KIBOR + 1% per annum to 1 month KIBOR + 1.25% per annum. These facilities are secured against registered joint pari-passu hypothecation charge over stocks and book debts for Rs. 3,003 million. Further, the Company has obtained credit facilities from various Islamic banks amounting to Rs. 400 million (2015: Rs. 550 million) which remained unutilized at the year end. These facilities are secured against registered pari-passu hypothecation charge over stocks and book debts for Rs. 533.70 million.

22. CONTINGENCIES AND COMMITMENTS

22.1 Contingencies

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

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

The aforesaid decision has resulted in creation of a refund claim of Rs. 882 million (June 30, 2015: Rs. 882 million), which was wrongly collected from the Company. However, while verifying the refund claim, the Collector of Excise and Sales Tax Peshawar has issued a show cause notice to the Company raising certain objections against the release of said refund including an objection that as the burden of this levy has been passed on to the end customers, thereby this refund does not belong to the Company. The Company has challenged this show cause notice in the Honourable Peshawar High Court and has taken the stance that this matter had already been dealt with at the Honourable Supreme Court level, based on the doctrine of res judicata. The Honourable Peshawar High Court granted a stay order to the Company against any adverse proceeding by the Department in this case on June 24, 2008.

In April 2011, the Honourable Peshawar High Court settled the writ petition by giving instructions to the Federal Board of Revenue (FBR) to appoint an independent firm of Chartered Accountants for

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

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

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

22.1.2 The Company has filed various refund cases of Rs. 57 million (2015: Rs. 57 million) which are pending at different adjudication levels. However, keeping in view of the inherent uncertainties involved in such matters and the fact that it is difficult to determine the outcome of these cases at this stage, no amount has been recognised as income in the profit and loss account.

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

The HIHC finally dismissed the writ petition and vacated the stay order. However, the Company filed a writ petition in the Honourable Lahore High Court (HLHC) on this issue. The HLHC allowed the CCP to issue an order but restricted them from taking adverse action against the cement companies. The CCP in its order dated August 27, 2009 imposed a penalty of Rs. 6,312 million on the cement industry including a penalty of Rs. 226 million on the Company. The Company simultaneously filed a writ petition in the Honourable Supreme Court of Pakistan challenging this order and also challenging the vires of law. This appeal is still pending adjudication. In line with historic judgement of Honourable Supreme Court of Pakistan dated July 31, 2009 the Competition Commission of Pakistan (CCP) Ordinance required approval of the National Assembly. The CCP Ordinance was repromulgated as an Ordinance twice with some changes creating further legal complications which were brought in to the knowledge of HLHC by amending the Company's appeal. Accordingly, the management, based on the legal advice, believes that there are good legal grounds and is hopeful that there will be no adverse outcome for the Company and therefore, no provision for the above penalty has been made in these financial statements.

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

22.2 Commitments	Note	2016	2015
		(Rupees in '000)	
Letters of credit – conventional banks		75,592	2,873,408
Letter of guarantee – conventional bank		34,000	17,500
23. TURNOVER – net			
Local sales – gross		7,453,126	6,366,636
Rebate and commission		(216,216)	(184,243)
		7,236,910	6,182,393
Sales tax		(1,136,600)	(998,220)
Federal excise duty		(345,509)	(293,664)
		(1,482,109)	(1,291,884)
Local sales – net		5,754,801	4,890,509
Export sales – gross		1,394,600	1,764,373
Rebate and commission		(70,033)	(89,466)
Export sales – net		1,324,567	1,674,907
		7,079,368	6,565,416
24. COST OF SALES			
Raw and packing material consumed			
Opening stock		66,573	61,986
Purchases		824,740	791,382
		891,313	853,368
Closing stock	9	(58,633)	(66,573)
		832,680	786,795
Duty drawback on exports		(6,919)	(8,840)
		825,761	777,955
Manufacturing overheads			
Salaries, wages and benefits	24.1	618,531	555,355
Stores and spare parts consumed		300,227	262,893
Fuel and power		2,012,768	2,569,019
Rent, rates and taxes		99,863	79,339
Insurance		70,615	68,061
Vehicle running expenses		40,552	37,244
Travelling and conveyance		10,655	10,123
Printing and stationery		1,472	1,465
Legal and professional charges		2,367	2,226
Laboratory expenses		94	1,120
Depreciation	4.1.3	259,591	259,667
Amortisation	5.1	2,473	2,370
Repairs and maintenance		29,293	24,462
Communication		4,105	2,807
Stores written-off		2,942	1,850
Miscellaneous		13,012	14,912
		4,294,321	4,670,868
Work-in-process			
Opening		343,520	245,558
Closing	9	(171,321)	(343,520)
Cost of goods manufactured		4,466,520	4,572,906
Finished goods			
Opening		53,363	62,328
Closing	9	(74,576)	(53,363)
		4,445,307	4,581,871

- 24.1** Include expenditure in respect of provident fund and gratuity fund amounting to Rs. 14.80 million and Rs. 9.17 million, respectively (2015: Rs. 12.93 million and Rs. 7.72 million, respectively).

25. DISTRIBUTION COSTS	Note	2016	2015
		(Rupees in '000)	
Salaries, wages and benefits	25.1	167,631	148,600
Export expenses		1,032	1,297
Travelling and conveyance		5,357	2,684
Staff training expenses		523	397
Vehicle running expenses		9,985	9,672
Communication		4,442	3,854
Printing and stationery		1,168	1,138
Rent, rates and taxes		10,718	8,538
Utilities		8,200	8,870
Repairs and maintenance		3,297	3,835
Insurance		2,553	2,160
Advertisement		6,884	5,472
Entertainment		1,123	1,652
Depreciation	4.1.3	8,663	5,774
Amortisation	5.1	134	136
License and subscription		1,229	446
Miscellaneous		1,302	1,271
		<u>234,241</u>	<u>205,796</u>

- 25.1** Include expenditure in respect of provident fund and gratuity fund amounting to Rs. 5.107 million and Rs. 2.65 million respectively (2015: Rs. 4.51 million and Rs. 3.24 million, respectively).

26. ADMINISTRATIVE EXPENSES	Note	2016	2015
		(Rupees in '000)	
Salaries, wages and benefits	26.1	122,780	105,080
Travelling and conveyance		7,370	4,794
Staff training expenses		318	108
Vehicle running expenses		5,828	5,921
Communication		4,026	3,412
Printing and stationery		3,621	3,634
Rent, rates and taxes		3,714	2,285
Utilities		2,037	1,748
Repairs and maintenance		4,628	1,100
Legal and professional charges		16,652	13,281
Insurance		3,441	3,208
License and subscription		4,276	8,180
Advertisement		1,427	583
Depreciation	4.1.3	8,948	7,776
Amortisation	5.1	104	104
Entertainment		1,624	1,499
Miscellaneous		1,484	1,597
		<u>192,278</u>	<u>164,310</u>

- 26.1** Include expenditure in respect of provident fund and gratuity fund amounting to Rs. 4.41 million and Rs. 1.59 million, respectively (2015: Rs. 4.06 million and Rs. 3.10 million, respectively).

27. OTHER EXPENSES	Note	2016	2015
		(Rupees in '000)	
Workers' Profits Participation Fund	19.1	109,812	88,305
Workers' Welfare Fund	19.2	35,032	6,616
Auditors' remuneration	27.1	2,624	1,831
Donations	27.2	7,267	8,351
Exchange loss – on actual currency		1,054	322
		155,789	105,425
27.1 Auditors' remuneration			
Audit fee		1,000	950
Half yearly review and CCG certification		400	360
Tax and other corporate services		918	359
Out of pocket expenses		306	162
		2,624	1,831
27.2	Recipients of donations do not include any donee in which any director or his spouse had any interest.		
28. OTHER INCOME	Note	2016	2015
		(Rupees in '000)	
Income from financial assets			
Profit on bank accounts – conventional banks		906	1,936
Gain on redemption of short-term investments – non shariah compliant		10,986	180,426
Dividend income from a related party – Cherat Packaging Limited		14,578	7,090
		26,470	189,452
Income from non-financial assets			
Gain on disposal of operating property, plant and equipment	4.1.5	815	1,648
Scrap sales		16,051	9,924
Miscellaneous income		16	5
		16,882	11,577
		43,352	201,029
29. FINANCE COSTS			
Islamic banks			
Mark-up on long-term financing		11,035	21,393
Bank charges and commission		94	109
		11,129	21,502
Conventional banks			
Mark-up on short-term borrowings		27,286	10,893
Bank charges and commission		4,516	4,653
		31,802	15,546
Interest on workers' profits participation fund	19.1	777	807
		43,708	37,855

30. TAXATION

The assessments of the Company for and upto the tax year 2015 have been completed or deemed to be assessed.

	2016	2015
	(Rupees in `000)	
30.1 Reconciliation between tax expense and accounting profit		
Accounting profit before taxation	2,051,397	1,671,188
Tax at applicable rate of 32% (2015: 33%)	656,447	551,492
Super tax	51,060	33,708
	707,507	585,200
Tax effects of:		
- Expenses that are inadmissible in determining taxable income – net	70,483	9,672
- Allocation of ratio of revenue chargeable under FTR and Non-FTR	(165,158)	(154,934)
- Prior years' charge	5,943	(10,078)
- Deductible temporary differences – net	40,161	(32,313)
- BMR rebate	(12,731)	(14,523)
	646,205	383,024
31. EARNINGS PER SHARE		
Profit after taxation (Rupees `000)	1,405,192	1,288,164
Weighted average number of ordinary shares in issue	176,631,853	160,725,983
Earnings per share – basic	Rs. 7.96	Rs. 8.01

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

32. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

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

32.1 Market risk

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

32.1.1 Interest rate risk

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

	Increase / decrease in basis points	Effect on profit before tax (Rupees `000)
2016		
KIBOR	+200	(7,419)
KIBOR	-200	7,419
2015		
KIBOR	+200	(5,012)
KIBOR	-200	5,012

32.1.2 Currency risk

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

32.1.3 Equity price risk

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

At the balance sheet date, the exposure to listed equity securities was Rs. 702.443 million. A decrease of 10% in the share price of these securities would have an impact of approximately Rs. 70.24 million on the other comprehensive income or profit and loss account depending whether or not the decline is significant and prolonged. An increase of 10% in the share price of the listed security would impact other comprehensive income with the similar amount.

32.2 Credit risk

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

32.2.1 Credit quality of financial assets

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

	2016	2015
	(Rupees in `000)	
Long-term investments		
Counter parties without credit rating	702,443	334,377
Short-term investments		
AAA	-	111,943
AA	-	33,659
AA-	-	180,606
A+	-	273,910
	-	600,118
Bank balances		
A1+	19,636	16,608
A1	103	148
	19,739	16,756

32.3 Liquidity risk

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

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

	2016					2015				
	INTEREST/MARKUP / PROFIT BEARING			NON - INTEREST BEARING	Total	INTEREST/MARKUP / PROFIT BEARING			NON - INTEREST BEARING	Total
	Less than one year	One to five year	Total			Less than one year	One to five year	Total		
(Rupees in '000)										
Long-term financing	40,770	3,982,107	4,022,877	-	4,022,877	40,770	122,312	163,082	-	163,082
Long-term deposits	-	-	-	14,121	14,121	-	-	-	13,988	13,988
Trade and other payables	-	-	-	1,180,627	1,180,627	-	-	-	401,416	401,416
Accrued mark-up	-	-	-	73,170	73,170	-	-	-	3,509	3,509
Short-term borrowings	207,876	-	207,876	-	207,876	87,523	-	87,523	-	87,523
Unclaimed dividend	-	-	-	42,972	42,972	-	-	-	30,541	30,541
	248,646	3,982,107	4,230,753	1,310,890	5,541,643	128,293	122,312	250,605	449,454	700,059

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

32.4 Capital risk management

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

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

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

The gearing ratios as at June 30, 2016 and 2015 are as follows:

	2016	2015
(Rupees in '000)		
Long-term financing	4,022,877	163,082
Accrued mark-up	73,170	3,509
Short-term borrowings	207,876	87,523
Total debt	4,303,923	254,114
Cash and cash equivalents	(23,002)	(18,354)
Net debt	4,280,921	235,760
Share capital	1,766,318	1,766,318
Reserves	7,373,870	6,259,723
Total capital	9,140,188	8,026,041
Capital and net debt	13,421,109	8,261,801
Gearing ratio	31.90%	2.85%

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

32.5 Fair value of financial instruments

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arm's length transaction.

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

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

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

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

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

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

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

	2015			
	Level 1	Level 2	Level 3	Total
	(Rupees in '000)			
Listed shares	334,377	-	-	334,377
Mutual fund units	-	600,118	-	600,118
	334,377	600,118	-	934,495

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

33. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

	2016		2015	
	Chief Executive	Executives	Chief Executive	Executives
	(Rupees in '000)			
Managerial remuneration	27,639	292,210	24,808	227,254
Housing allowance	1,452	89,623	1,452	72,475
Retirement benefits	3,290	29,066	2,946	23,374
Utilities	823	19,371	716	15,721
Leave fare assistance	1,645	19,207	1,473	13,662
	34,849	449,477	31,395	352,486
Number	1	166	1	121

- 33.1** The Chief Executive and an executive have been provided with furnished accommodation. Further, the Chief Executive and certain executives are also provided with the use of company maintained cars, telephone facility, utilities and some other facilities, which are reimbursed at actual to the extent of their entitlements.
- 33.2** The aggregate amount charged in the financial statements for meeting fee to 7 directors amounted to Rs. 2.36 million (2015: 7 directors - Rs. 0.80 million).
- 33.3** No remuneration was paid to any of the directors other than the Chief Executive.

34. TRANSACTIONS WITH RELATED PARTIES

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

Relationship	Nature of transactions	2016	2015
		(Rupees in '000)	
Group companies	Purchases of packing material	453,926	498,364
	Purchase of raw material	138,528	129,475
	Sale of goods	8,518	317
	Purchase of fixed asset	-	8,500
	Dividend received	14,578	7,090
	I.T support charges	11,814	10,236
	Dividend paid	191,459	49,412
Other related parties	Insurance premium	40,539	38,233

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

35. NUMBER OF EMPLOYEES

Total number of persons employed as at the year end were 581 (2015: 539) and average number of employees during the year were 560 (2015: 529).

36. CAPACITY – Clinker

	2016	2015
	(Tons)	
Annual installed capacity as of June 30	1,000,000	1,000,000
Actual production	897,440	936,916

Actual production is less than the installed capacity due to planned maintenance shut down and in line with the industry demand.

37. DATE OF AUTHORISATION

These financial statements were authorised for issue on 24 August, 2016 by the Board of Directors of the Company.

38. DIVIDEND AND APPROPRIATIONS

- 38.1** Subsequent to year ended June 30, 2016, the Board of Directors in its meeting held on August 24, 2016 has proposed final cash dividend @ Rs. 2.25/- per share amounting to Rs. 397.42 million (2015: Rs. 3/- per share amounting to Rs. 529.90 million) for approval of the members at the Annual General Meeting. This is in addition to the interim cash dividend @ Re. 1/- per share amounting to Rs. 176.63 million (2015: Nil) approved by the Board of Directors for the year ended June 30, 2016.

38.2 The Finance Act, 2015 introduced a tax on every public company at the rate of 10 percent of such undistributed reserves which exceed the amount of its paid up capital. However, this tax shall not apply in case of a public company which distributes cash dividend equal to at least either 40 percent of its after tax profits or 50 percent of its paid up capital, within the prescribed time after the end of the relevant tax year.

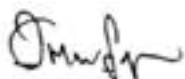
Based on the above fact, the Board of Directors of the Company has proposed / approved cash dividend amounting to Rs. 574.05 million for the financial and tax year 2016 which exceeds the prescribed minimum dividend requirement as referred above. Accordingly, the Company believes that it would not be liable to pay tax on its undistributed reserves as of June 30, 2016.

39. CORRESPONDING FIGURES

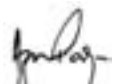
There were no reclassifications that could affect the financial statements materially.

40. GENERAL

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



Omar Faruque
Chairman



Azam Faruque
Chief Executive

Pattern of Shareholding

as at June 30, 2016

No. of Shareholders	Shareholding		Shares Held
	From	To	
638	1	100	23,789
1122	101	500	395,086
579	501	1000	486,600
1134	1001	5000	3,107,007
415	5001	10000	3,237,545
156	10001	15000	1,931,048
107	15001	20000	1,892,250
92	20001	25000	2,134,404
40	25001	30000	1,127,379
31	30001	35000	1,019,460
28	35001	40000	1,078,128
28	40001	45000	1,162,275
32	45001	50000	1,549,339
21	50001	55000	1,113,544
6	55001	60000	346,520
7	60001	65000	438,999
13	65001	70000	876,515
10	70001	75000	738,422
8	75001	80000	631,880
13	80001	85000	1,075,683
7	85001	90000	617,946
5	90001	95000	467,300
15	95001	100000	1,495,388
2	100001	105000	209,168
6	105001	110000	647,364
4	110001	115000	447,486
3	115001	120000	359,500
5	120001	125000	622,061
1	125001	130000	126,090
3	130001	135000	400,262
1	135001	140000	138,600
3	140001	145000	426,000
3	145001	150000	447,000
3	150001	155000	458,884
2	155001	160000	313,321
1	160001	165000	161,091
2	170001	175000	348,160
3	185001	190000	561,854
1	190001	195000	193,065
2	195001	200000	396,000
1	205001	210000	210,000
1	215001	220000	218,000
1	220001	225000	223,500
1	225001	230000	225,500
1	230001	235000	231,500
3	235001	240000	713,727
2	240001	245000	483,631
2	245001	250000	495,723
2	250001	255000	505,898
1	260001	265000	263,000
1	265001	270000	267,805
1	275001	280000	277,200
1	285001	290000	289,000
1	295001	300000	300,000
1	300001	305000	304,500
1	305001	310000	308,500
1	330001	335000	334,784
2	335001	340000	677,476
1	345001	350000	347,820
1	350001	355000	351,000

No. of Shareholders	Shareholding		Shares Held
	From	To	
3	355001	360000	1,074,661
1	375001	380000	376,500
1	395001	400000	400,000
1	425001	430000	429,500
1	430001	435000	434,500
1	450001	455000	451,391
1	455001	460000	457,000
1	465001	470000	468,500
1	475001	480000	479,000
1	490001	495000	493,533
4	495001	500000	2,000,000
1	545001	550000	548,100
1	610001	615000	614,076
1	615001	620000	617,234
2	675001	680000	1,354,850
1	695001	700000	699,000
1	715001	720000	719,192
1	720001	725000	725,000
1	725001	730000	725,784
1	735001	740000	736,143
1	805001	810000	805,343
1	815001	820000	817,500
1	895001	900000	900,000
1	900001	905000	901,200
1	990001	995000	993,500
2	995001	1000000	1,999,500
1	1030001	1035000	1,030,109
1	1050001	1055000	1,052,000
1	1065001	1070000	1,069,501
1	1120001	1125000	1,121,250
1	1155001	1160000	1,156,000
1	1170001	1175000	1,172,100
1	1200001	1205000	1,204,000
1	1205001	1210000	1,208,254
1	1240001	1245000	1,241,655
1	1280001	1285000	1,282,802
1	1405001	1410000	1,406,633
1	1515001	1520000	1,515,940
1	1525001	1530000	1,526,126
1	1605001	1610000	1,608,000
1	1650001	1655000	1,651,500
1	1715001	1720000	1,716,597
1	1720001	1725000	1,722,000
1	1735001	1740000	1,739,578
1	1960001	1965000	1,963,158
1	2195001	2200000	2,199,093
1	2675001	2680000	2,679,000
1	2860001	2865000	2,861,361
1	3020001	3025000	3,024,668
1	3135001	3140000	3,139,803
1	3210001	3215000	3,214,164
1	4240001	4245000	4,243,362
1	5445001	5450000	5,445,508
1	5450001	5455000	5,455,000
1	5770001	5775000	5,770,252
1	6645001	6650000	6,645,612
1	8490001	8495000	8,491,358
1	36620001	36625000	36,623,485
4643			176,631,853

Categories of Shareholders

as at June 30, 2016

Shareholders' Category	No. of Shareholders	Shares Held	Percentage
Directors and their spouse(s) and minor children			
MR. OMAR FARUQUE	1	1,526,126	0.86
MRS. SHAMAIN AKBAR FARUQUE W/O MR. OMAR FARUQUE	1	360,000	0.20
MR. AZAM FARUQUE	1	1,716,597	0.97
MRS. SAMIA FARUQUE W/O MR. AZAM FARUQUE	1	52,710	0.03
MR. AKBARALI PESNANI	1	83,013	0.05
MRS. SAKINA PESNANI W/O MR. AKBARALI PESNANI	1	65,893	0.04
MR. SHEHRYAR FARUQUE	1	617,234	0.35
MR. ARIF FARUQUE	1	3,024,668	1.71
MR. SAQUIB H.SHIRAZI	1	59,001	0.03
MR. ASIF QADIR	1	500	0.00
Associated Companies, undertakings and related parties			
FARUQUE (PRIVATE) LIMITED	1	36,623,485	20.73
CHERAT PACKAGING LIMITED	1	4,243,362	2.40
MIRPURKHAS SUGAR MILLS LIMITED	1	5,770,252	3.27
GREAVES PAKISTAN (PRIVATE) LIMITED	1	2,199,093	1.25
Executive	1	1,406,633	0.80
Public Sector Companies and Corporations	10	1,498,764	0.85
Banks, development finance institutions, non-banking finance companies, insurance companies, takaful, modarabas and pension funds	39	9,803,640	5.55
Mutual Funds			
CDC - TRUSTEE MCB PAKISTAN STOCK MARKET FUND	1	1,651,500	0.93
CDC - TRUSTEE PAKISTAN CAPITAL MARKET FUND	1	190,000	0.11
CDC - TRUSTEE PICIC INVESTMENT FUND	1	2,679,000	1.52
CDC - TRUSTEE JS LARGE CAP. FUND	1	457,000	0.26
CDC - TRUSTEE PICIC GROWTH FUND	1	5,455,000	3.09
CDC - TRUSTEE MCB PAKISTAN ISLAMIC STOCK FUND	1	355,001	0.20
CDC - TRUSTEE ATLAS STOCK MARKET FUND	1	308,500	0.17
CDC - TRUSTEE MEEZAN BALANCED FUND	1	699,000	0.40
CDC - TRUSTEE JS ISLAMIC FUND	1	500,000	0.28
CDC - TRUSTEE UNIT TRUST OF PAKISTAN	1	304,500	0.17
CDC - TRUSTEE AKD INDEX TRACKER FUND	1	25,796	0.01
CDC - TRUSTEE PAK. INT. ELEMENT ISLAMIC ASSET ALLOCATION FUND	1	238,000	0.13
CDC - TRUSTEE AL MEEZAN MUTUAL FUND	1	1,515,940	0.86
CDC - TRUSTEE MEEZAN ISLAMIC FUND	1	6,645,612	3.76
CDC - TRUSTEE UBL STOCK ADVANTAGE FUND	1	1,172,100	0.66
CDC - TRUSTEE ATLAS ISLAMIC STOCK FUND	1	142,000	0.08
CDC - TRUSTEE AL-AMEEN SHARIAH STOCK FUND	1	725,000	0.41
CDC - TRUSTEE ASKARI ASSET ALLOCATION FUND	1	50,000	0.03
CDC - TRUSTEE ALFALAH GHP ISLAMIC STOCK FUND	1	18,000	0.01
CDC - TRUSTEE HBL - STOCK FUND	1	999,500	0.57
MC FSL - TRUSTEE JS GROWTH FUND	1	993,500	0.56
CDC - TRUSTEE HBL MULTI - ASSET FUND	1	152,500	0.09
CDC - TRUSTEE MCB PAKISTAN ASSET ALLOCATION FUND	1	434,500	0.25
CDC - TRUSTEE NIT-EQUITY MARKET OPPORTUNITY FUND	1	614,076	0.35
MC FSL-TRUSTEE ASKARI ISLAMIC ASSET ALLOCATION FUND	1	40,000	0.02
CDC - TRUSTEE FIRST HABIB STOCK FUND	1	23,500	0.01
CDC - TRUSTEE LAKSON EQUITY FUND	1	548,100	0.31
CDC - TRUSTEE AKD AGGRESSIVE INCOME FUND - MT	1	14,500	0.01
CDC - TRUSTEE PICIC INCOME FUND - MT	1	18,000	0.01
CDC - TRUSTEE HBL ISLAMIC STOCK FUND	1	122,500	0.07
CDC - TRUSTEE PICIC STOCK FUND	1	38,000	0.02
CDC - TRUSTEE ASKARI EQUITY FUND	1	70,000	0.04
CDC - TRUSTEE KSE MEEZAN INDEX FUND	1	124,727	0.07
CDC - TRUSTEE FIRST HABIB ISLAMIC BALANCED FUND	1	28,000	0.02
CDC - TRUSTEE PIML STRATEGIC MULTI ASSET FUND	1	11,500	0.01
CDC - TRUSTEE FIRST CAPITAL MUTUAL FUND	1	7,500	0.00
CDC - TRUSTEE PIML ISLAMIC EQUITY FUND	1	55,000	0.03
CDC - TRUSTEE FAYSAL SAVINGS GROWTH FUND - MT	1	30,000	0.02
CDC - TRUSTEE NATIONAL INVESTMENT (UNIT) TRUST	1	8,491,358	4.81
CDC - TRUSTEE PICIC ISLAMIC STOCK FUND	1	99,500	0.06
CDC - TRUSTEE ASKARI HIGH YIELD SCHEME - MT	1	340,000	0.19
CDC - TRUSTEE PIML VALUE EQUITY FUND	1	40,000	0.02
CDC - TRUSTEE NIT ISLAMIC EQUITY FUND	1	1,052,000	0.60
CDC - TRUSTEE AL AMEEN ISLAMIC DEDICATED EQUITY FUND	1	1,963,158	1.11
CDC - TRUSTEE HBL ISLAMIC ASSET ALLOCATION FUND	1	95,000	0.05
CDC - TRUSTEE FAYSAL MTS FUND - MT	1	54,500	0.03
CDC - TRUSTEE MEEZAN ASSET ALLOCATION FUND	1	40,000	0.02
CDC - TRUSTEE LAKSON TACTICAL FUND	1	68,030	0.04
General Public	4402	52,171,276	29.74
Others	129	15,708,708	8.89
Total	4643	176,631,853	100.00

Share holders holding 5% or more
FARUQUE (PRIVATE) LIMITED

Shares Held 36,623,485
Percentage 20.73

<p>جناب شہر یار فاروق اور جناب عارف فاروق MSM کے ڈائریکٹرز ہیں۔ ڈائریکٹرز کی دلچسپی صرف کمپنی میں انکی موجودہ سرمایہ کاری تک محدود ہے۔</p>	<p>(xiv) منسلک کمپنی یا منسلک انڈر ٹیکنگ یا زیر غور لین دین میں ڈائریکٹرز، سرپرست، حصص داران کی اکثریت اور ان کے رشتہ داروں کے براہ راست یا بالواسطہ مفادات</p>
<p>لاگو نہیں ہے۔</p>	<p>(xv) کوئی اور اہم تفصیلات جو ممبران کو لین دین کیلئے سمجھنے کی ضرورت ہو۔</p>

کمپنیز (منسلک کمپنیوں یا منسلک انڈر ٹیکنگ میں سرمایہ کاری) کے ضوابط 2012 کے ضابطہ (3)3 کے مطابق انڈر ٹیکنگ : ڈائریکٹرز نے وضاحت کی ہے کہ انہوں نے مجوزہ لین دین کے معاملہ، خاص طور پر میر پور خاص شوگر ملز لمیٹڈ میں سرمایہ کاری کے بارے میں تمام مطلوبہ ضروری اقدامات مکمل کر لئے ہیں۔

<p>چراٹ سینٹ کمپنی، MSM کے شیئرز کی خریداری کے ذریعے 100 ملین روپے کی ایکویٹی سرمایہ کاری کا ارادہ رکھتی ہے۔</p>	<p>(iii) سرمایہ کاری کی زیادہ سے زیادہ رقم</p>
<p>مارکیٹ کی اس وقت کی قیمت</p>	<p>(iv) زیادہ سے زیادہ قیمت، جس پر سیکورٹیز خریدی جائیں گی۔</p>
<p>مارکیٹ کی موجودہ قیمت کے مطابق لیکن زیادہ سے زیادہ 100 ملین روپے کی حد تک</p>	<p>(v) خریدی جانے والی سیکورٹیز کی زیادہ سے زیادہ تعداد</p>
<p>خریداری سے قبل: کوئی نہیں۔ خریداری کے بعد: مارکیٹ کی موجودہ قیمت کے مطابق لیکن زیادہ سے زیادہ 100 ملین روپے کی حد تک</p>	<p>(vi) مجوزہ سرمایہ کاری سے قبل اور بعد میں کل ملکیتی سیکورٹیز کی تعداد اور شرح</p>
<p>130 روپے فی شیئر</p>	<p>(vii) لسٹڈ سیکورٹیز میں سرمایہ کاری کی صورت میں گزشتہ بارہ ہفتے کی اوسط قیمت کے لحاظ سے مطلوبہ سیکورٹیز کی اوسط قیمت</p>
<p>لاگو نہیں ہے۔</p>	<p>(viii) غیر لسٹڈ سیکورٹیز میں سرمایہ کاری کی صورت میں ایسی سیکورٹیز کی منصفانہ مارکیٹ ویلیو، جس کا تعین ریگولیشن (1) 6 کی شرائط میں کیا گیا ہے۔</p>
<p>137.72 روپے (برطانیق 30 ستمبر 2015)</p>	<p>(ix) تازہ ترین آڈٹ شدہ مالیاتی اسٹیٹمنٹ کی بنیاد پر مطلوبہ خریدی جانے والی سیکورٹیز کی بریک اپ ویلیو</p>
<p>ستمبر 2013: 11.37 روپے ستمبر 2014: 6.70 روپے ستمبر 2015: 8.47 روپے</p>	<p>(x) گزشتہ تین سال میں ایسوسی ایٹڈ کمپنی یا ایسوسی ایٹڈ انڈر ٹیکنگ کی فی شیئر آمدنی</p>
<p>CCCL اپنے ذرائع سے سرمایہ کاری کرے گی۔</p>	<p>(xi) سیکورٹیز کی خریداری کے لئے درکار فنڈ کے ذرائع</p>
<p>لاگو نہیں ہے۔</p>	<p>(xii) قرضہ کے فنڈ سے خریدی جانے والی مطلوبہ سیکورٹیز کس طرح حاصل کی جائیں گی: (I) قرضہ کے ذریعہ سرمایہ کاری کا جواز، اور (II) ان فنڈز کیلئے ضمانتوں اور اثاثوں کے رہن رکھنے کی تفصیلات</p>
<p>لاگو نہیں ہے۔</p>	<p>(xiii) مجوزہ سرمایہ کاری کیلئے ایسوسی ایٹڈ کمپنی یا ایسوسی ایٹڈ انڈر ٹیکنگ کے مابین معاہدے (معاہدوں)، اگر کئے گئے ہوں، کے خاص خاص نکات۔</p>

شیر ہولڈرز میں سالانہ آڈٹ شدہ اکاؤنٹس کی CD/DVD/USB کے ذریعے تقسیم کے بارے میں معلومات

آئٹم نمبر 5

سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان (SECP) نے کمپنیوں کو اس بات کی اجازت دی ہے کہ وہ اپنی سالانہ بیلنس شیٹ، نفع و نقصان اکاؤنٹس، آڈیٹرز کی رپورٹ اور ڈائریکٹرز کی رپورٹ وغیرہ، (سالانہ آڈٹ شدہ اکاؤنٹس) اپنے ممبران کو بذریعہ CD/DVD/USB ان کے رجسٹرڈ چوں پر ارسال کر سکتی ہیں۔

ممبران کے الیکٹرونک (ای وونگ) کے ذریعے حق رائے دہی کے بارے میں معلومات

آئٹم نمبر 6

سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان (SECP) نے کمپنی کے ممبران کو اس بات کی اجازت دی ہے کہ وہ الیکٹرونک (ای وونگ) کے ذریعے حق رائے دہی استعمال کر سکتے ہیں۔

جس کیلئے وہ درمیانی عامل کے بطور پر کسی کی جانب سے ایگزیکٹیو آفیسر کے تقرر کیلئے کمپنی کے اجلاس کے انعقاد سے کم از کم 10 دن پہلے اپنی رضامندی کا تحریری اظہار جمع کرائے۔ ای وونگ سے متعلق پر کسی فارم کی دستاویز درج ذیل نمونہ کی ہوگی:

ممبر / ہم / ساکن / بطور ممبر / شیرز کے حامل، بمطابق رجسٹرڈ فوئیو نمبر / درمیانی عامل کے ذریعے ای وونگ کا انتخاب کرتا ہوں / کرتے ہیں اور ایگزیکٹیو آفیسر کے بطور پر کسی تقرر پر

مزید معلومات بمطابق 2012/1/27 S.R.O. مورخہ 16 جنوری 2012، سرمایہ کاری کی تفصیلات درج ذیل ہیں:

<p>میر پور خاص شوگر مل لمیٹڈ (MSM) جناب شہر یار فاروق اور جناب عارف فاروق جو MSM کے ڈائریکٹرز بھی ہیں۔</p>	<p>(i) منسلک کمپنی کا نام یا منسلک انڈر ٹیکنگ مع اہلیت جس کی بناء پر یہ اشتراک قائم کیا گیا ہے۔</p>
<p>چراٹ سینٹ کمپنی لمیٹڈ (CCCL) اسٹاک مارکیٹ سے MSM کے شیرز کی خریداری کے ذریعے 100 ملین روپے تک کی ایکویٹی سرمایہ کاری کرنے کا ارادہ رکھتی ہے۔ MSM سے حاصل ہونے والے منافع سے CCCL کو فائدہ ہوگا یہ اس کی اضافی آمدنی کا ذریعہ ہوگا جس کا فائدہ کمپنی کے حصص داران کو پہنچے گا۔ مزید یہ کہ ایک اچھے اثاثہ ہونے کے باعث کمپنی کے مالیاتی اسٹیٹمنٹ مضبوط ہوں گے۔ یہ CCCL کی طویل مدت کی سرمایہ کاری ہوگی۔</p>	<p>(ii) مقصد، فائدے اور سرمایہ کاری کی مدت</p>

رضامند ہوں / ہیں اور کمپنیز (ای وونگ) ریگولیشن 2016 کے تحت ای وونگ کا استعمال کروں گا / کریں گے اور قرارداد کے لئے وونگ کا مطالبہ کرتا ہوں / کرتے ہیں۔ میرا محفوظ ای میل پتہ ہے۔

برائے مہربانی مجھے لاگ ان کی تفصیلات، پاس ورڈ اور ای میل کے ذریعے الیکٹرونک دستخط کی معلومات ارسال کریں۔

ممبر کے دستخط

سرمایہ کاری کے بارے میں معلومات

آئٹم نمبر 7

میر پور خاص شوگر مل لمیٹڈ (MSM) پاکستان کی صف اول کی صاف شدہ چینی کے تیار کنندگان اور فراہم کنندگان ہیں۔ کمپنی نے تجارتی بنیادوں پر آپریشنز کا آغاز 1964 میں کیا اور یہ کمپنی پاکستان اسٹاک ایکسچینج میں لسٹڈ ہے۔ کمپنی مسلسل ترقی کی راہ پر گامزن ہے۔ 8,500 ٹن روزانہ کرش کرنے کی گنجائش کے ساتھ یہ پاکستان کی بہترین صلاحیت کی حامل چینی کی ملوں میں سے ایک ہے۔ یہ اپنے تجرباتی فارمز اور ملحقہ علاقوں میں اعلیٰ اقسام کے گنے کی کاشت میں بھی مصروف عمل ہے۔ اس کے متنوع کاروباروں میں ڈسٹری کے مشینری کے مشینری وینچر۔ یونی کول لمیٹڈ بھی ہے جس سے کمپنی کو حصول مقاصد کا بھرپور موقع ملا ہے کیونکہ یہ اس کیلئے اضافی آمدنی کا ذریعہ ہے۔ ملک میں بجلی کی بروہتی ہوئی مانگ کے پیش نظر MSM نے گنے کے ایندھن پر مبنی بجلی پیدا کرنے والی کمپنی "میر پور خاص ازبجی لمیٹڈ" کے نام سے قائم کرنے کا فیصلہ کیا ہے۔ توانائی کی پیداوار کے اس منصوبے سے تقریباً 26MW بجلی پیدا کرنے کی منصوبہ بندی کی گئی ہے۔

نوٹس:

- ۱۔ کمپنی کے ممبران کا رجسٹر جمعہ 21 اکتوبر 2016 تا پیر 31 اکتوبر 2016 (بشمول دونوں ایام) بند رہے گا اور اس مدت کے دوران میں کوئی منتقلی عمل میں نہیں آئے گی۔ تاہم کمپنی کے شیئرز رجسٹرار میسرز سینٹرل ڈپازٹری کمپنی آف پاکستان، سی ڈی سی ہاؤس، B-99 بلاک B، ایس۔ ایم۔ سی۔ ایچ۔ ایس، شارع فیصل کراچی-74400 میں جمعرات 20 اکتوبر 2016 کو کاروباری اوقات کے اختتام تک موصول ہونے والے شیئرز رجسٹری نقد منافع کے حقدار تصور کئے جائیں گے۔
- ۲۔ کمپنی کا کوئی ممبر جو سالانہ اجلاس عام میں شرکت کرنے اور ووٹ دینے کا اہل ہے، وہ اپنی جگہ کسی دوسرے ممبر کو شرکت کرنے اور ووٹ دینے کیلئے اپنا پراکسی مقرر کر سکتا/سکتی ہے۔ پراکسی کے موثر ہونے کیلئے لازمی ہے کہ اس کی تحریری اطلاع، اجلاس کے شروع ہونے سے کم از کم 48 گھنٹے پہلے کمپنی کے ہیڈ آفس کو موصول ہو جائے۔
- ۳۔ کمپنی کے وہ شیئرز ہولڈرز جن کے شیئرز سینٹرل ڈپازٹری سسٹم (CDS) میں ان کے اکاؤنٹ اسب اکاؤنٹ میں رجسٹرڈ ہیں، ان کو مطلع کیا جاتا ہے کہ وہ تصدیق کے لئے اپنا اصل کمپیوٹرائزڈ قومی شناختی کارڈ مع CDS میں اپنے اکاؤنٹ نمبر اور شناختی کارڈ آئی ڈی نمبر ہمراہ لائیں۔ پراکسی کے تقرر کی صورت میں ایسے اکاؤنٹ ہولڈر اسب اکاؤنٹ ہولڈر کو SECP کے سرکلر مورخہ 26 جنوری 2000 کی رہنما ہدایات پر عمل کرنا ہوگا۔
- ۴۔ کمپنی کے شیئرز ہولڈرز سے درخواست ہے کہ وہ اپنے پتے میں کسی تبدیلی کی صورت میں فوری طور پر کمپنی کے شیئرز رجسٹرار کو مطلع کریں۔
- ۵۔ وہ شیئرز ہولڈرز جنہوں نے ابھی تک اپنے کارآمد کمپیوٹرائزڈ قومی شناختی کارڈ (CNIC) کی فوٹو کاپی جمع نہیں کروائی ہے، ان سے درخواست ہے کہ وہ یہ فوٹو کاپی کمپنی کے شیئرز رجسٹرار کو فوری طور پر ارسال کر دیں۔
- ۶۔ بحوالہ SECP کے جاری کردہ SRO 787(1/2014) مورخہ 8 ستمبر 2014 شیئرز ہولڈرز کو یہ اختیار حاصل ہے کہ وہ سالانہ آڈٹ شدہ فنانشل اسٹیٹمنٹ اور اجلاس عام کی اطلاع بذریعہ ای میل منگوا سکتے ہیں۔ کمپنی کے شیئرز ہولڈرز سے درخواست ہے کہ وہ اس سلسلے میں مقررہ فارمیٹ کے مطابق اپنی خواہش کا اظہار ہمارے شیئرز رجسٹرار میسرز سی ڈی سی پاکستان لمیٹڈ، سی ڈی سی ہاؤس، B-99 بلاک B، ایس۔ ایم۔ سی۔ ایچ۔ ایس، شارع فیصل، کراچی کو مطلع کریں تاکہ ہم اپنے ریکارڈز میں درج کر سکیں کہ آیا آپ آڈٹ شدہ فنانشل اسٹیٹمنٹ اور اجلاس عام کی اطلاع بذریعہ ای میل منگوانے کے خواہشمند ہیں۔ اس کے علاوہ شیئرز ہولڈرز کو آڈٹ شدہ فنانشل اسٹیٹمنٹ کی ہارڈ کاپی ان کی درخواست وصول ہونے کے سات (7) دن کے اندر بلا معاوضہ بھجوا دی جائے گی۔

یونی انرجی لمیٹڈ میں سرمایہ کاری کی صورت حال

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

چیراٹ پیکیجنگ لمیٹڈ کی ایکویٹی میں رائٹ شیئرز کی سبسکریپشن کے ذریعہ سرمایہ کاری کی صورت حال

کمپنی نے اپنے سالانہ اجلاس عام منعقدہ 16 اکتوبر 2015 میں چیراٹ پیکیجنگ لمیٹڈ کی ایکویٹی میں رائٹ شیئرز کے ذریعہ 50 ملین روپے تک کی سرمایہ کاری کیلئے حصص داران کی منظوری حاصل کر لی ہے۔

کمپنی نے اپنے حقوق یعنی 18.61 ملین روپے کی حد تک رائٹ شیئرز میں سبسکریپ کیا ہے۔ کمپنی کی جانب سے مزید کوئی شیئرز نہیں خریدے گئے۔

چیراٹ پیکیجنگ لمیٹڈ کی ایکویٹی میں سرمایہ کاری کی صورت حال

کمپنی نے غیر معمولی اجلاس عام منعقدہ 21 مارچ 2016 میں مارکیٹ سے شیئرز کی خریداری کے ذریعے چیراٹ پیکیجنگ لمیٹڈ میں 100 ملین روپے کی سرمایہ کاری کیلئے حصص داران سے منظوری حاصل کر لی ہے۔ اس وقت تک کمپنی نے تقریباً 93.2 ملین روپے تک کے شیئرز خرید لئے ہیں۔ کمپنی مزید کوئی شیئرز نہیں خریدے گی۔

کمپنی آرڈیننس 1984 کے سیکشن 160 کے تحت اسٹیٹمنٹس

"خصوصی کاروبار" سے متعلق اہم حقائق کے اسٹیٹمنٹ 31 اکتوبر 2016 کو منعقد ہونے والے کمپنی کے سالانہ اجلاس عام میں انجام پائے گی۔ درج ذیل کے بارے میں کمپنی کے ممبران سے منظوری حاصل کی جائے گی:

اطلاع برائے سالانہ اجلاس عام

بذریعہ ہذا مطلع کیا جاتا ہے کہ کمپنی کا 35 واں سالانہ اجلاس عام بروز پیر 31 اکتوبر 2016 دوپہر 12.30 بجے، درج ذیل امور کی انجام دہی کیلئے کمپنی کے رجسٹرڈ دفتر واقع فیٹری کی حدود، گاؤں لکرنی، نوشہرہ، خیبر پختونخوا میں منعقد ہوگا۔

عمومی امور:

۱۔ کمپنی کے آڈٹ شدہ اکاؤنٹس برائے سال ختمہ 30 جون 2016 اور ڈائریکٹرز اور آڈیٹرز کی رپورٹس کی وصولی اور ان پر غور کرنا۔

۲۔ بورڈ آف ڈائریکٹرز کی سفارشات کے مطابق مالی سال ختمہ 30 جون 2016 کے لئے شیئر ہولڈرز کو حتمی نقد منافع بحساب %22.50 (2.25 روپے فی شیئر) کی ادائیگی پر غور کرنا اور منظوری دینا جو پہلے سے ادا شدہ عبوری نقد منافع بحساب %10 (1.00 روپے فی شیئر) کے علاوہ ہے۔

۳۔ سال 2016-17 کے لئے آڈیٹرز کا تقرر اور ان کے مشاہرے کا تعین کرنا۔

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

خصوصی امور:

۵۔ سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کے S.R.O.470 (I)/2016، مورخہ 31 مئی 2016 میں درج ہدایات کی پیروی میں تجویز کیا جاتا ہے کہ درج ذیل قرارداد کو بطور خصوصی قرارداد پاس کیا جائے:

"طے پایا کہ S.R.O.470 (I)/2016، مورخہ 31 مئی 2016 کی رو سے اور شیئر ہولڈرز کی مرضی اور منظوری کی صورت میں، کمپنی کے بورڈ آف ڈائریکٹرز کو اس بات کا اختیار دیا جاتا ہے کہ وہ کمپنی کے سالانہ آڈٹ شدہ اکاؤنٹس اپنے ممبران کو بذریعہ CD/DVD/USB ارسال کریں اور کمپنی کے بورڈ آف ڈائریکٹرز اور کمپنی سیکرٹری اس بات کے مجاز ہیں اور ہوں گے کہ وہ اس قرارداد کو موثر بنانے کیلئے مطلوب اور ضروری عمل، امور اور کام انجام دیں۔"

۶۔ سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کے S.R.O.43 (I)/2016، مورخہ 22 جنوری 2016 میں درج ہدایات کی پیروی میں تجویز کیا جاتا ہے کہ درج ذیل قرارداد کو بطور خصوصی قرارداد پاس کیا جائے:

"طے پایا کہ S.R.O.43 (I)/2016، مورخہ 22 جنوری 2016 کی رو سے اور شیئر ہولڈرز کی مرضی اور منظوری کی صورت میں، کمپنی کے آرٹیکلز آف ایسوسی ایشن میں شق 62 کے بعد درج ذیل نئی شق شامل کر کے اس میں تبدیلی کی جائے:"

"(62A) کمپنیز (ای وونگ) ریگولیشن 2016 (بشمول کسی قانونی تجدید کے، اگر ہو) اور اس میں وقتاً فوقتاً ہونے والی ترمیم کی رو سے کوئی بھی ممبر کمپنی کے اجلاس عام میں ای وونگ کا انتخاب کر سکتا/سکتی ہے۔"

ای وونگ کیلئے صرف ممبر کو ہی پراکسی مقرر کیا جاسکتا ہے۔ ایگزیکوشن آفیسر کی تقرری کی ہدایات اور درمیانی عامل کو ای وونگ کا اختیار دینے کے بارے میں اجلاس عام سے کم از کم دس (10) دن قبل کمپنی کے ہیڈ آفس کے پتے پر یا بذریعہ ای میل تحریری طور پر مطلع کرنا لازمی ہے۔ کمپنی کم از کم پانچ ممبروں، یا کسی ایک ایسے ممبر کی جانب سے جو وونگ کی قوت کے کم از کم دس فیصد کے مساوی ہو، کی جانب سے موصول ہونے والی درخواست پر ای وونگ کا انتظام کرے گی۔"

۷۔ کمپنیز آرڈیننس 1984 کے سیکشن 208 کے پروویژن کے مطابق اسٹاک مارکیٹ سے ایسوسی ایٹ کمپنی نام میر پور خاص شوگر ملز لمیٹڈ (MSM) کے حصص کی خریداری کے ذریعے 100 ملین روپے کی سرمایہ کاری پر غور کرنا اور اس کی منظوری دینا۔ لہذا تجویز کیا جاتا ہے کہ درج ذیل قرارداد بطور خصوصی قرارداد پاس کیا جائے:

"طے پایا کہ کمپنیز آرڈیننس 1984 کے سیکشن 208 کے تحت اور حصص داران کی مرضی اور منظوری سے کمپنی کے بورڈ آف ڈائریکٹرز اس بات کے مجاز ہوں گے اور ہیں کہ مارکیٹ سے میر پور خاص شوگر ملز کے حصص کی خریداری کے ذریعے 100 ملین روپے کی سرمایہ کاری کی جائے؛ اور کہ کمپنی کے بورڈ آف ڈائریکٹرز اور کمپنی سیکرٹری اس بات کے مجاز ہیں اور ہوں گے کہ وہ اس قرارداد کو موثر ہونے کیلئے درکار تمام ضروری امور، عوامل اور کارروائی انجام دیں۔"

کمپنیز آرڈیننس 1984 کے سیکشن 160 کے مطابق درج بالا خصوصی قرارداد سے متعلق اسٹیٹمنٹس اس نوٹس کے ساتھ ممبران کو ارسال کئے جا رہے ہیں۔

بحکم بورڈ آف ڈائریکٹرز

عابد وزیر

ایگزیکوٹو ڈائریکٹر اور کمپنی سیکرٹری

کراچی، مورخہ 24 اگست 2016



*جناب طارق فاروق اور جناب جاوید انور ریٹائرڈ ہو گئے تھے۔ ان کی جگہ 16 اکتوبر 2015 کو جناب عارف فاروق اور جناب آصف قادر کو ڈائریکٹر منتخب کیا گیا۔
رواں سال آڈٹ کمیٹی کے چار اجلاس منعقد ہوئے تھے۔ ہر ڈائریکٹر کی حاضری کا ریکارڈ درج ذیل ہے:

ڈائریکٹر کا نام	اجلاسوں میں شرکت کی تعداد
جناب اکبر علی پیدانی	4
جناب جاوید انور	1
جناب شہریار فاروق**	1
جناب طارق فاروق*	1
جناب آصف قادر	2
جناب عارف فاروق	2

*جناب طارق فاروق اور جناب جاوید انور کی بورڈ سے ریٹائرمنٹ کے بعد جناب عارف فاروق اور جناب آصف قادر کو آڈٹ کمیٹی کا ممبر مقرر کیا گیا تھا۔
** اس تشکیل نو کے بعد جناب شہریار فاروق آڈٹ کمیٹی کے ممبر نہیں رہے۔
سال کے دوران میں ہیومن ریسورس اینڈ ریمونیشن کمیٹی کے دو اجلاس منعقد ہوئے۔ ان میں ہر ڈائریکٹر کی حاضری کا ریکارڈ درج ذیل ہے:

ڈائریکٹر کا نام	اجلاسوں میں شرکت کی تعداد
جناب ثاقب۔ ایچ۔ شیرازی	2
جناب شہریار فاروق	1
جناب اعظم فاروق	2
شیر ہولڈنگ کا طرز پر پورٹ کے ساتھ منسلک ضمیمہ میں درج ہے۔	
اس سال چیف ایگزیکٹو، ڈائریکٹرز، چیف فنانشل آفیسر اور کپنی سیکرٹری اور ان کی شریک حیات اور چھوٹے بچوں نے کپنی کے شیرز کا کوئی کاروبار نہیں کیا سوائے جناب عمر فاروق کے، جنہوں نے شیرز خریدا۔	
اس سال فی شیر آمدنی 7.96 روپے ہے جو کہ گذشتہ سال کی فی شیر آمدنی 8.01 سے کم ہے	

یونی انرجی لمیٹڈ

یونی انرجی۔ ایک مشترکہ پین بجلی کا منصوبہ ہے، جس کو لیٹر آف انٹینٹ (intent) جاری کروایا گیا ہے اور منصوبے کے قیام کیلئے رسمی طور پر چھمپیر، ضلع ٹھٹھہ میں زمین الاٹ کر دی گئی ہے۔ اس منصوبے کی جاری مالی ضروریات کیلئے JV پارٹنرز نے کپنی کو ابتدائی ایکویٹی کے سرمایہ کی ادائیگی کر دی ہے۔ اس سلسلے میں چھراٹ سیمنٹ نے حصص داران کی منظوری حاصل کرنے کے بعد 7.69 ملین روپے کا ایکویٹی سرمایہ فراہم کر دیا ہے۔ اس وقت منصوبے کے

تکنیکی مطالعہ پر کام جاری ہے۔ اس کے ساتھ ساتھ کپنی مختلف سرکاری محکموں سے منظوری حاصل کرنے میں مصروف ہے اور اس منصوبے کیلئے فنڈز کی فراہمی کے سلسلے میں مالیاتی اداروں سے رابطے کر رہی ہے۔

مستقبل کے امکانات

عالمی معیشت میں ست روی اور مقامی طور پر کئی شدید نوعیت کے چیلنجز کے باوجود اس سال ملک کی GDP کی شرح 4.7% رہی جو کہ گزشتہ 8 سالوں میں بلند ترین ہے۔
ملک میں کاروباری فضا میں بہتری آئی جس سے صنعتی شعبہ کی کارکردگی بھی بہتر ہوئی ہے۔ اس بات کا اعتراف معروف ریٹنگ ایجنسیز اور بین الاقوامی مالیاتی اداروں نے بھی کیا ہے۔
سیمنٹ کی صنعت کو آئندہ معیشت کے استحکام، شرح سود میں کمی اور حکومت کی جانب سے ہائی ویز، ڈیم، توانائی اور رہائشی منصوبوں کیلئے PSDP میں بھاری اخراجات کے باعث فائدہ پہنچا ہے۔ پاک چائنا کنٹراکٹ کوریڈور کے تحت شروع ہونے والے منصوبوں سے سیمنٹ کی مانگ میں بڑے اضافے کی توقع ہے۔ جب کہ نئی شعبہ کی جانب سے خاص طور پر تعمیرات کے شعبہ میں کمی جانے والی بڑی سرمایہ کاری سے سیمنٹ کی طلب میں اضافہ ہو رہا ہے اس بناء پر امید ہے کہ مقامی طور پر سیمنٹ کی طلب کافی بڑھے گی اور درمیانی اور طویل مدت دونوں میں سیمنٹ کی ترسیلات میں خاطر خواہ اضافہ ہوگا۔ اس صورت حال میں کپنی کی موجودہ جگہ پر ایک اور نئی سیمنٹ لائن کے اضافے سے نہ صرف مقامی طور پر اس کے مارکیٹ شیئر میں اضافہ ہوگا بلکہ اس کی استعداد اور مقررہ لاگت کا بھی بہتر طور پر تعین کیا جاسکے گا۔

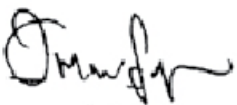
آڈیٹرز کا تقرر

موجودہ آڈیٹرز میسرز ای۔وائی۔ فورڈ رہوڈز، چارٹرڈ اکاؤنٹنٹس نے ریٹائر ہونے کے بعد اہل ہونے کی بنیاد پر خود کو دوبارہ تقرر کیلئے پیش کیا ہے۔

اعتراف

ہم بہترین کاروباری تعلقات قائم رکھنے پر اپنے تمام مالیاتی اداروں، اپنے ڈیلرز اور صارفین کے مستقل تعاون اور اعتماد رکھنے پر ان کا شکریہ ادا کرتے ہیں۔ ہم اپنے عملے کے تمام ارکان، ان کی لگن، خلوص اور سخت محنت کیلئے دل کی گہرائیوں سے مشکور ہیں۔

برائے بورڈ آف ڈائریکٹرز



عمر فاروق
چیئر مین

کراچی، مورخہ 24 اگست 2016

سائٹ پر پہنچ چکا ہے جس میں دوسری لائن کے لئے WHR پلانٹ بھی شامل ہے۔ توسیعی مدت کے دوران رعایتی نرخوں میں کمی اور زرمبادلہ کی مستحکم شرح سے اس منصوبے کو بہت فائدہ پہنچا ہے۔ انتظامیہ کو یقین ہے کہ یہ نیا پلانٹ دسمبر 2016 سے کام شروع کر دے گا۔



منافع

بورڈ آف ڈائریکٹرز نے اپنے اجلاس منعقدہ 24 اگست 2016 میں سال مختتمہ 30 جون 2016 کیلئے نقد حتمی منافع بحساب %22.50 کی تجویز دی ہے۔ یہ اس %10 عبوری نقد منافع کے علاوہ ہے جس کا اعلان پہلے کیا گیا تھا۔ اس نقد منافع کیلئے ممبران کی منظوری 31 اکتوبر 2016 کو ہونے والے سالانہ اجلاس عام میں حاصل کی جائے گی۔

اجتماعی سماجی ذمہ داری

اجتماعی معاشرے کے فعال اور سماجی ذمہ داری سے آگاہ ممبر ہونے کی حیثیت سے، کمپنی مختلف سماجی اور فلاحی مقاصد کے کاموں بشمول تعلیم اور صحت کے علاوہ دیگر شعبوں میں بھی بڑھ چڑھ کر تعاون کرتی ہے۔ کمپنی مختلف سماجی کاموں کے اقدامات میں حصہ لینے کو اپنی اجتماعی سماجی ذمہ داری سمجھتی ہے۔ اس سلسلے میں کمپنی نے کئی معروف اداروں اور این جی اوز جیسے آغا خان یونیورسٹی اور سٹیزن فاؤنڈیشن، پاکستان کے ساتھ اشتراک کیا ہے۔ کمپنی ہمیشہ ضرورت کے وقت میں پاکستان کے عوام کے ساتھ کھڑی ہوتی ہے اور کھڑی رہے گی۔

تحفظ، صحت اور ماحولیات

ایک ذمہ دار شہری ادارہ ہونے کی حیثیت سے کمپنی تحفظ اور ماحولیات کی سہولتوں میں بہتری کیلئے مسلسل کوششوں کے عزم پر کاربند ہے۔ پیداواری ایونٹس میں ہر جگہ صنعتی اور ماحولیاتی معیارات کی مکمل پیروی کی جاتی ہے اور تحفظ کے اقدامات اختیار کئے جاتے ہیں۔ WHR پلانٹس کی تنصیب سے کمپنی کے درگرد کے علاقوں میں ماحول کو بہتر بنانے میں مدد ملے گی۔

قومی خزانے میں حصہ

کمپنی نے ٹیکسز، ایکسائز ڈیوٹی، انکم ٹیکس اور ریڈ ٹیکس کی صورت میں حکومت کے خزانے میں 2.5 بلین روپے جمع کرائے ہیں۔

اجتماعی اور مالیاتی رپورٹنگ فریم ورک

- کمپنی کی انتظامیہ کی جانب سے تیار کردہ مالیاتی اسٹیٹمنٹس میں کمپنی کے معاملات، آپریشنز کے نتائج، نقد قومات کے بہاؤ اور ایکویٹی میں تبدیلیوں کو شفاف طور پر پیش کیا گیا ہے۔
- کمپنی کے حسابات کیلئے کھاتوں کو بہتر طور پر مرتب کیا گیا ہے۔
- مالیاتی اسٹیٹمنٹس کی تیاری میں ہر جگہ حسابات کی پالیسی کو بہتر طور پر استعمال کیا گیا ہے اور حسابات کے تخمینے کے سلسلے میں مناسب ترین اور دانشمندانہ فیصلے کئے گئے ہیں۔
- مالیاتی اسٹیٹمنٹس، پاکستان میں لاگو بین الاقوامی مالیاتی رپورٹنگ کے معیارات کی بنیاد پر تیار کئے گئے ہیں اور ضرورت کے تحت ان سے گریز کو اطمینان بخش طور پر ظاہر اور واضح کیا گیا ہے۔
- اندرونی کنٹرول کے نظام کا طریقہ کار نہایت مضبوط ہے اور اس کے نفاذ اور نگرانی کا کام موثر طریقے سے کیا گیا ہے۔
- کمپنی کے موجودہ صلاحیت میں کام جاری رکھنے میں کسی رکاوٹ کا شہ نہیں ہے۔
- اصول و ضوابط کی فہرست میں درج کارپوریٹ گورننس کے بہترین طریقوں میں سے کوئی بات حذف نہیں کی گئی ہے۔
- گزشتہ چھ سال کی بنیادی آپریٹنگ اور مالیاتی معلومات مختصر طور پر منسلک کی گئی ہیں۔
- آپ کی کمپنی کے ڈیمو ٹیکس، ڈیویڈنڈ، محصولات اور چارجز کی مد میں کوئی رقم واجب الادا نہیں ہے سوائے ان کے جو عام کاروباری طریقہ کار کے مطابق ادا کئے جاتے ہیں۔
- کمپنی اپنے ملازمین کے پراویڈنٹ اور گریجویٹ فنڈز کے حسابات مکمل رکھتی ہے۔
- فنڈز کی سرمایہ کاری کی تفصیلات بر مطابق 30 جون 2016 درج ذیل ہے:

پراویڈنٹ فنڈ 833 ملین روپے

گریجویٹ فنڈ 636 ملین روپے

اس سال بورڈ آف ڈائریکٹرز کے سات اجلاس منعقد ہوئے۔ ان میں ہر ڈائریکٹر کی حاضری کا ریکارڈ درج ذیل ہے:

ڈائریکٹر کا نام	اجلاسوں میں شرکت کی تعداد
جناب عمر فاروق	7
جناب اعظم فاروق	7
جناب اکبر علی پیدستانی	7
جناب شہریار فاروق	5
جناب طارق فاروق*	2
جناب جاوید انور*	2
جناب عارف فاروق*	5
جناب ثاقب - ایچ۔ شیرازی	7
جناب شمشاد نبی	5
جناب آصف قادر*	4

ڈائریکٹرز کی رپورٹ

برائے ممبران بابت سال مختتمہ 30 جون 2016

بورڈ آف ڈائریکٹرز بمسرت کمپنی کی سالانہ رپورٹ مع آڈٹ شدہ مالیاتی گوشوارے برائے سال مختتمہ 30 جون 2016 پیش کرتا ہے۔

عمومی جائزہ

2015-16 میں ملک کی معیشت ترقی کی طرف گامزن رہی ہے۔ صنعتی شعبہ، خاص طور پر سینٹ کارکردگی کے اعتبار سے ملک کی صف اول میں شامل ہے۔ سینٹ ملک کی سماجی و معاشی ترقی میں اہم کردار ادا کرتا ہے اور یہ میکرو اکنامکس کی پیمائش کا پیمانہ ہے۔ حکومت کی جانب سے اٹھائے جانے والے مثبت اقدامات میں انفراسٹرکچر کی ترقی کیلئے PSDP کا بڑا خرچہ اور CPEC کے منصوبہ کا اعلان ہے۔ پاکستان کی سینٹ کی صنعت میں گزشتہ سال 9.82% اضافہ ہوا جو ایک ریکارڈ ہے۔ مقامی طور پر سینٹ کی مانگ بہت زیادہ رہی اور اس میں تقریباً 17% اضافہ ہوا جب کہ سمندری راستے اور افغانستان کو برآمدات میں 18% کمی واقع ہوئی۔

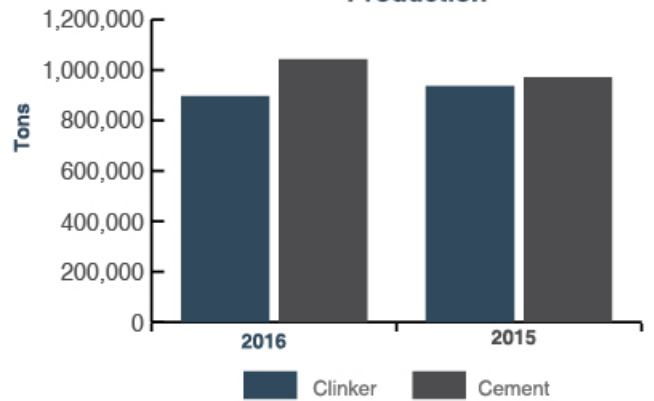
پیداوار اور درجہ کے لحاظ سے سبز کا جائزہ

تقابلی پیداوار اور سبز کے اعداد و شمار ذیل میں درج ہے:

	2015-16	2014-15	
	(ٹن میں)		
کلکٹر کی پیداوار	897,440	936,916	
سینٹ کی پیداوار	1,042,450	971,360	
مقامی سبز	818,617	692,920	
برآمدی سبز	218,528	278,675	
	<u>1,037,145</u>	<u>971,595</u>	

صنعتی ترقی کے رجحان کے مطابق کمپنی کی مقامی ترسیلات میں 18% یعنی 125,697 ٹن کا اضافہ ہوا۔ معیشت کے مثبت امکانات، شرح سود میں کمی اور کم افراط زر کے سبب ملک میں

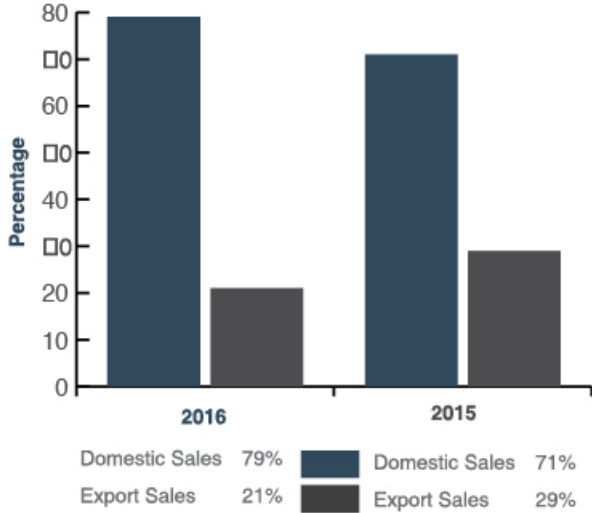
Production



تعمیری سرگرمیوں میں سرمایہ کاری میں اضافہ ہوا جس کے نتیجے میں مقامی طور پر سینٹ کی

مانگ بھی بڑھی۔ تاہم غیر یقینی سیاسی صورتحال کی وجہ سے افغانستان کو برآمد کی مقدار میں 21% یعنی 60,147 ٹن کی کمی واقع ہوئی۔ مجموعی طور پر کمپنی کی ترسیل میں گزشتہ سال کی نسبت 6.7% یعنی 65,500 ٹن کا اضافہ ہوا۔

SALES



مالیاتی کارکردگی

سینٹ کی ترسیلات میں اضافہ کے سبب گزشتہ سال کے مقابلے میں اس سال کمپنی کی سبز کی آمدنی میں تقریباً 8% یعنی 514 ملین روپے کا اضافہ ہوا۔ اس سال کے دوران کمپنی نے اب تک کی سب سے زیادہ پیداوار اور ترسیلات کا ہدف حاصل کیا۔

بین الاقوامی مارکیٹ میں کوئلہ اور تیل کی قیمتوں میں کمی اور کمپنی کے جانب سے لاگت میں کمی کے مختلف اقدامات کی وجہ سے کمپنی کے مالیاتی نتائج میں بھی بہتری آئی۔ مختلف جاری توسیعی منصوبوں کے اخراجات کے سبب گزشتہ سال کے مقابلے میں زبر جائزہ سال میں کمپنی کی دیگر ذرائع سے حاصل ہونے والی آمدنی میں کمی آئی۔ اس سال کمپنی کے ٹیکس میں اضافہ ہوا جس میں حکومت کی جانب سے سپرنٹیکس کے نفاذ سے ہونے والے 51 ملین روپے کا خرچہ بھی شامل ہے۔ کمپنی نے سال مختتمہ 30 جون 2016 کیلئے بعد از ٹیکس منافع 1.4 ملین روپے پوسٹ کیا ہے۔

رواں سال اور گزشتہ سال کیلئے کمپنی کی آپریٹنگ کارکردگی کا مختصر احوال درج ذیل ہے:

	2015-16	2014-15	
	(Rs. in million)		
خالص سبز	7,079.37	6,565.42	
سبز کی لاگت	4,445.31	4,581.87	
مجموعی منافع	2,634.06	1,983.55	
اخراجات اور ٹیکسز	1,228.87	695.39	
خالص منافع	<u>1,405.19</u>	<u>1,288.16</u>	

سینٹ پلانٹ میں توسیع

سینٹ پلانٹ کی پیداواری گنجائش میں توسیع کا کام شیڈول کے مطابق جاری ہے۔ اس وقت سول، مکینیکل اور الیکٹریکل کام پوری تیزی سے جاری ہیں اور تقریباً تمام درآمدی سامان



















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regulatory actions)
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Proxy Form

35th Annual
General Meeting 2016



Important

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

Registered folio / participant's _____

ID No. and A/c. No. _____

Number of shares held: _____

I / We _____

of _____

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

_____ of _____ another member of the Company as my / our proxy to attend & vote for me / us and on my / our behalf at the 35th Annual General meeting of the Company to be held Monday, October 31, 2016 at 12:30 p.m. at the Registered Office of the Company at Factory premises, Village Lakrai, Nowshera, Khyber Pakhtunkhwa and at any adjournment thereof.

1. Signature: _____

Name: _____

Address: _____

NIC or _____

Passport No. _____

Signature of
Shareholder

Revenue
Stamp

2. Signature: _____

Name: _____

Address: _____

NIC or _____

Passport No. _____

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

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

پراکسی فارم

چیراٹ سیمنٹ کمپنی لمیٹڈ



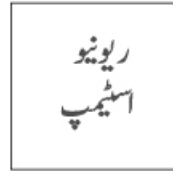
اہم نوٹ

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

رجسٹرڈ فوئیو نمبر / پارٹنرسپنٹ شناخت نمبر _____
اکاؤنٹ نمبر _____
مجموعی شیئرز _____

میں مسمیٰ / مسماة _____ سکنہ _____
ضلع _____ بحیثیت ممبر چیراٹ سیمنٹ کمپنی لمیٹڈ، مسمیٰ / مسماة _____
سکنہ _____ کولٹو مختار (پراکسی) مقرر کرتا / کرتی ہوں تاکہ وہ میری جگہ اور
میری طرف سے کمپنی کے سالانہ اجلاس عام (یا جو بھی صورت حال ہو)، جو مورخہ 31 اکتوبر 2016 بروز پیر دوپہر 12.30 بجے
بمقام فیکٹری کی حدود، گاؤں لکرنی، نوشہرہ، خیبر پختونخوا میں منعقد ہوگا، اس میں اور اس کے کسی ملتوی شدہ اجلاس میں شرکت کرے اور
ووٹ ڈالے۔

گواہان



ریونیو
اسٹیپ

دستخط شمیر ہولڈر

1 دستخط _____
نام _____
پتہ _____
CNIC / پاسپورٹ نمبر _____

2 دستخط _____
نام _____
پتہ _____
CNIC / پاسپورٹ نمبر _____

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

Circular

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

Islamabad, January 26, 2000

Circular No. 1 of 2000

Sub: Guidelines for Attending General Meeting and Appointment of Proxies

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

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

- (1) The company shall obtain list of beneficial owners from the CDC as per Regulation # 12.3.5 of the CDC Regulations.
- (2) In case of individuals, the account holder or sub-account holder and/or the person whose securities are in group account and their registration details are up-loaded as per the Regulations, shall authenticate his identity by showing his original National Identity Card (NIC) or original passport at the time of attending the meeting.
- (3) In case of corporate entity, the Board of Directors' resolution/power of attorney with specimen signature of the nominee shall be produced at the time of the meeting.

B. Appointment of Proxies

- (1) In case of individual, the account holder or sub-account holder and/or the person whose securities are in group account and their registration details are uploaded as per the Regulations, shall submit the proxy form as per requirement notified by the company.
- (2) The proxy form shall be witnessed by the two persons whose names, addresses and NIC numbers shall be mentioned on the form.
- (3) Attested copies of NIC or the passport of the beneficial owners and the proxy shall be furnished with the proxy form.
- (4) The proxy shall produce his original NIC or original passport at the time of the meeting.
- (5) In case of corporate entity, the Board of Directors resolution/power of attorney with specimen signature shall be submitted along with proxy form to the company.

Sd.
(M. JAVED PANNI)
Chief (Coordination)



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