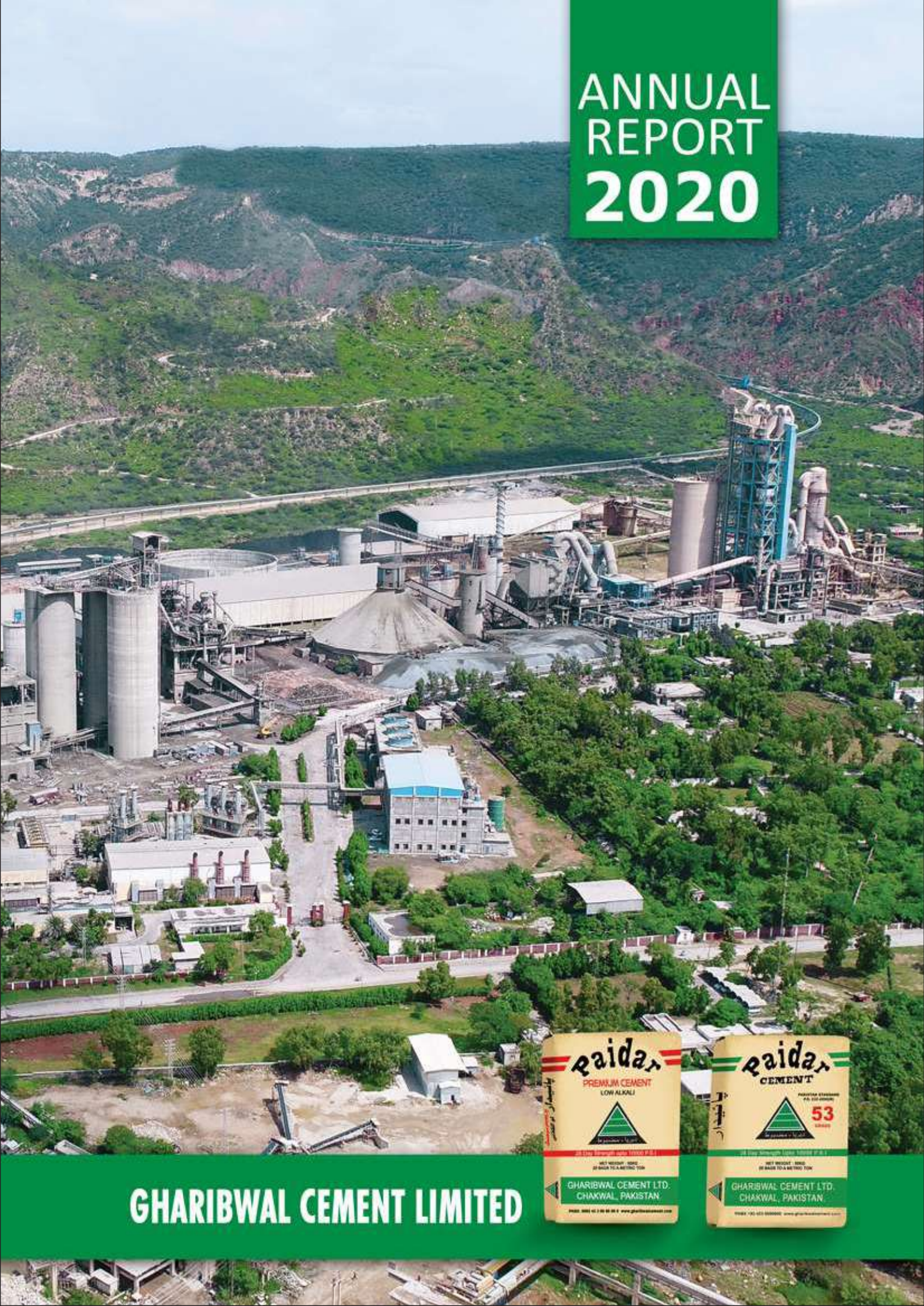


# ANNUAL REPORT 2020



**GHARIBWAL CEMENT LIMITED**





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# NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that 60th Annual General Meeting of Gharibwal Cement Limited will be held on Tuesday, October 27, 2020 at 12:00 p.m at Registered Office of the company (First Floor, PACE Tower, 27-H, College Road, Gulberg-II, Lahore) to transact the following businesses:

## Ordinary Business

1. To confirm minutes of last Annual General Meeting (AGM) held on October 26, 2019.
2. To receive, consider and adopt the Audited Financial Statements of the company for the year ended June 30, 2020 together with Auditor's and Director's report thereon.
3. To appoint Auditors' of the Company for the year ending June 30, 2021 and to fix their remuneration. Present auditors "Kreston Hyder Bhimji & Co, Chartered Accountants", retire and being eligible, have offered themselves for reappointment.

## Special Business

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

4. To approve short term loan/advance up to Rs. 600 million to Balochistan Glass Limited (Associated Company) for a period of one year, by passing the following resolutions, either with or without modification, as required under section 199 of Companies Act, 2017:

"Resolved that Consent and approval of members of the company be and is hereby accorded under section 199 of Companies Act, 2017 for short term loan/advance facility up to of Rs. 600 million for a period of one year from the date of passing of this resolution i.e. till October 27, 2021 at a markup rate of minimum 1% p.a. above the average borrowing rate of company. Company in last AGM had extended this facility for a period of one year from its expiry and now proposed to extend/renew this facility for another period of one year.

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

### Transactions with Related Parties:

5. To consider and approve the following resolution as Special Resolution:

"Resolved that the transactions carried out in the normal course of business with related parties and associated companies as disclosed in note 10c, 16c, 41 and elsewhere in the Financial Statements during the year ended June 30, 2020, be and are hereby ratified and approved. Furthermore, Board of Directors of the Company be and is hereby authorized to approve all transactions to be carried out in the normal course of business with related parties and associated companies during the year ending June 30, 2021."

## Other Business

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

Date: October 06, 2020

Place: Lahore

By Order of the Board



Muhammad Shamail Javed  
Company Secretary

## NOTES:

1. **Participation in the AGM proceeding via the video conference facility:** Due to current COVID-19 situation, the AGM proceedings can also be attended via video conference facility. Shareholders interested to participate in the meeting are requested to email their Name, Folio Number, Cell Number, CNIC Number, and Number of shares held in their name with subject "Registration for Gharibwal Cement Limited AGM" along with valid copy of both sides of Computerized National Identity Card (CNIC) at agm@gharibwalcement.com. Video link and login credentials will be shared with only those members whose emails, containing all the required particulars, are received at least 48 hours before the time of AGM. Shareholders can also provide their comments and questions for the agenda items of the AGM at the email.
2. **Close Period:** The share transfer books of the company will remain close from October 20, 2020 to October 27, 2020 both days inclusive. Transfer received by the Share Registrar of the Company, M/s Corplink (Private) Ltd, 1-K Commercial, Model Town Lahore up to October 19, 2020 will be considered in time for the purpose of attendance at AGM and dividend entitlement.
3. A member who has deposited his/her shares into Central Depository Company of Pakistan Limited, must bring his/her participant's ID number and account /sub account number along with original Computerized National Identity Card (CNIC) or original Passport at the time of attending the meeting.

4. **Proxy:** A member entitled to attend and vote at the Annual General Meeting may appoint another member as his/ her proxy to attend, speak and vote instead of him/her.
5. Forms of proxy to be valid must be properly filled in/executed and received at the Company's head office situated at 27-H, First Floor, PACE Tower, College Road, Gulberg-II, Lahore not later than 48- hours before the time of meeting.
6. Members are requested to notify the Shares Registrar of the Company promptly of any change in their addresses and also provide Copy of their CNIC for updating record.
7. **Circulate Audited Financial Statements along with Notice of AGM through e-mail:**  
The Securities and Exchange Commission of Pakistan (SECP) through its Notification S.R.O. 787(I)/2014 dated 08 September 2014 has permitted companies to circulate Audited Financial Statements along with Notice of Annual General Meeting to its members through e-mail. Accordingly, members are hereby requested to convey their consent and e-mail address for receiving Audited Financial Statements and Notice through e-mail. However, if shareholder, in addition, request for hard copy of Audited Financial Statements the same shall be provided free of cost within seven (7) days of receipt of such request.  
  
In order to avail this facility a Standard Request Form is available at the Company's website and in Annual Report of 2020.
8. **Availability of audited financial statements on company's website**  
The audited financial statements of the Company for the year ended June 30, 2020 have been made available on the Company's website [www.gharibwalcement.com](http://www.gharibwalcement.com) in addition to annual and quarterly financial statements for the prior years.
9. **Transmission of annual audited financial statements through CD/DVD:**  
The Company has circulated annual financial statements to its members through CD at their registered address. Printed copy of above referred statements can be provided to members upon request.
10. **CNIC of Members/Shareholders & Dividend Payment**  
Members are requested to provide their International Banking Account Number (IBAN) together with a copy of the Computerized National Identity Card (CNIC) to update their records. In case of non-submission, all future dividend payments will be withheld.
11. **Declaration as per Zakat & Ushr Ordinance 1980**  
Members are requested to submit declaration (CZ-50) as per Zakat & Ushr Ordinance 1980 for zakat exemption and to advise change in address, if any.

#### UNCLAIMED DIVIDENDS & BONUS SHARES

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

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

#### VIDEO CONFERENCING

Pursuant to Section 132(2) of the Companies Act, 2017, if the Company receives consent from members, holding in aggregate 10% or more shareholding residing in a geographical location different from the town where the registered office is situated, to participate in the meeting through video conference at least 7 days prior to the date of Annual General Meeting, the Company will arrange video conference facility subject to availability of such facility in that city.

To avail this facility please send a written request, which must include the below information, to the Company Secretary or the Share Registrar of the Company i.e. M/S Corplink (Private) Limited, 1-K Commercial, Model Town, Lahore not later than 7-days before the date of Annual General meeting.

Request to Avail Video Conferencing Facility:

1. Folio No. / CDC Investors A/c No./ Sub-A/c No.:
2. Name of Shareholder:
3. No. of Shares held at the 1st day of the Book Closure to establish the right to attend AGM:
4. Name of City where Video facility is required:

\_\_\_\_\_  
Signature of the member (s)

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

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

Balochistan Glass Limited (BGL) was incorporated in Pakistan as a public company in 1980 under the Companies Act, 1913 (now the Companies Act, 2017). Its shares are listed on Pakistan Stock Exchange. The Company is engaged in manufacturing and sale of glass containers, Tableware glass products and plastic shells for beverage companies. The registered office of the Company is situated at Hub, Balochistan whereas head office of the Company is presently situated at 12km, Kot Abdul Malik, Lahore (Previously 27-H, First Floor PACE Tower, College Road, Gulberg-II, Lahore). Balochistan Glass Limited has three glass plants one is located in Hub-Balochistan whereas other two plants are located at Lahore Sheikhpura road. BGL is selling its tableware products under the brand name of "Marimax". Board of Directors of GCL in their meeting held on October 05, 2020 has approved facility of Rs. 600 million as short term loan / advance for a period of one year i.e. till October 27, 2021. Company in last AGM had extend this facility up to Rs. 600 for a period of one year from its expiry i.e. till October 26, 2020 and now proposed to extend/renew this facility further for one year.

GCL shall extend/allow the facility of loan / advance from time to time for working capital requirements to BGL in accordance with an agreement in writing including all relevant terms and conditions as prescribed in the Companies (Investment in Associated Companies or Associated Undertakings) Regulations, 2012 and as required under section 199 of Companies Act, 2017. Directors of the Company have also provided their duly signed undertaking / due diligence report with recommendations that they have carried out necessary due diligence for the proposed investment in BGL and it has been kept at Registered Office of the Company for inspection of the members along with audited/unaudited accounts of BGL as required under the Regulations

Sr.#	Requirement	Information
1	Name of Company	Balochistan Glass Limited (BGL) - an Associated Company of GCL
2	Amount of loan/advance	Up to Rs. 600 million (Rupees six hundred million)
3	Purpose of loan/advance etc. & benefits	Purpose: To earn income on the loan/advance to be provided to BGL from time to time for working capital requirements of BGL. Benefits: The Company will receive mark up at the rate of one percent above of its average borrowing cost Period: For a period of one year i.e. till October 27, 2021
4	Outstanding Loan Amount as at June 30, 2020  In case any loan has already been granted to the said associated company or associated undertaking, the complete details thereof.	Rs. 538.390 million approx. Company has already extended this facility up to Rs. 600 million to BGL by passing special resolution in last AGM for a period of one year
5	Rate of Markup & Average Borrowing cost of GCL	Mark up rate: Minimum 1% above the rate charged to GCL by banks & financial institutions. Mark up will be paid by BGL on quarterly Basis. Average borrowing rate of GCL is 3-Kibor + 2.5% approx.).

Sr.#	Requirement	Information																																
6	Financial Position of BGL	<p>Based on the latest unaudited quarterly financial statements (Third Quarter FY2020) for the period ended March 30, 2020,brief financial position of BGL is as under</p> <table><tr><td></td><td>Rs. Million (Approx.)</td></tr><tr><td>Paid up Capital- Current</td><td>2,616</td></tr><tr><td>Accumulated Losses</td><td>5,573</td></tr><tr><td>Revaluation Surplus</td><td>619</td></tr><tr><td>Subordinated Loan</td><td>3,635</td></tr><tr><td>Loan from Directors etc.</td><td>323</td></tr><tr><td>Long term Loans from Banks</td><td>7.7</td></tr><tr><td>Deferred Liabilities</td><td>69</td></tr><tr><td>Short term borrowings</td><td>704</td></tr><tr><td>Current Liabilities</td><td>1,615</td></tr><tr><td>Current Assets</td><td>744</td></tr><tr><td>Current Ratio</td><td>0.46</td></tr><tr><td>Fixed Assets</td><td>1,927</td></tr><tr><td>Long term investment</td><td>126</td></tr><tr><td>Loss after tax</td><td>(257.7)</td></tr><tr><td>EPS - (Rs.)</td><td>(0.99)</td></tr></table>		Rs. Million (Approx.)	Paid up Capital- Current	2,616	Accumulated Losses	5,573	Revaluation Surplus	619	Subordinated Loan	3,635	Loan from Directors etc.	323	Long term Loans from Banks	7.7	Deferred Liabilities	69	Short term borrowings	704	Current Liabilities	1,615	Current Assets	744	Current Ratio	0.46	Fixed Assets	1,927	Long term investment	126	Loss after tax	(257.7)	EPS - (Rs.)	(0.99)
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Long term investment	126																																	
Loss after tax	(257.7)																																	
EPS - (Rs.)	(0.99)																																	
7	Sources of funds from where loans or advances will be given	From internal cash availability of GCL (These are not from borrowed funds)																																
8	Personal Interest of Directors of GCL	<p>Mr. Muhammad Tousif Paracha, Muhammad Niaz Peracha and Mian Nazir Ahmed Peracha are common directors in both Companies. Shareholding of Common directors is as under:</p> <table><tr><td>Name</td><td>BGL</td><td>GCL</td></tr><tr><td>M Tousif Peracha</td><td>67.25%</td><td>56.3%</td></tr><tr><td>Mian Nazir Peracha</td><td>0.00%</td><td>0.00%</td></tr><tr><td>M Niaz Peracha</td><td>0.00%</td><td>0.00%</td></tr></table> <p>Spouse of Mr. Muhammad Tousif Paracha: Tabassum Tousif Peracha 0.78% 0.05%</p> <p>- Mian Nazir Peracha is CEO of BGL - Pattern of shareholdings are also available on both companies website as well as in annual reports.</p>	Name	BGL	GCL	M Tousif Peracha	67.25%	56.3%	Mian Nazir Peracha	0.00%	0.00%	M Niaz Peracha	0.00%	0.00%																				
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Mian Nazir Peracha	0.00%	0.00%																																
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9	Repayment Schedule	Repayable within one year. However, company can call full or partial repayment of outstanding loan at any time during the period of one year.																																
10	Salient features of agreements entered or to be entered with BGL	Terms of agreement will be in accordance with The terms approved by members in AGM																																
11	Particulars of collateral security to be obtained against loan to the borrowing company or undertaking, if any	No collateral is considered.																																
12	Loan conversion option	No such option is extended to BGL																																

Sr.#	Requirement	Information
13	Salient features of agreements entered or to be entered with its associated company or associated undertaking with regards to proposed investment	<p>Amount of Loan Up to Rs. 600 million- Short term advance</p> <p>Nature: Short term loan for working capital offered to BGL for its use for operations</p> <p>Purpose: To earn income on the facilities to be provided to BGL from time to time for working capital requirements of BGL.</p> <p>Benefits: The Company will receive mark up at the rate of one percent above of its average borrowing cost, so, company will earn profit on surplus funds.</p> <p>Period: For a period of one year i.e. till October 27, 2021.</p> <p>Mark up rate: Min. 1% p.a. above average borrowing rate of GCL. (Rate will be 3-Kibor+3.5% p.a. approx.)</p> <p>Principal Repayment: Principal to repay on or before October 27, 2021 or within 45-days on demand by GCL</p> <p>Mark up repayment: Mark up to be paid on quarterly basis If markup is delayed by more than 60-days then delay payment charges @1% p.a. Will be charged over normal markup rate.</p>





## اطلاع برائے سالانہ اجلاس عام

اس نوٹس کے ذریعے اطلاع دی جاتی ہے کہ غریب وال سینٹ لیڈز کی 60 واں سالانہ اجلاس عام (AGM) منگل 27 اکتوبر 2020 کو کمپنی کے رجسٹرڈ آفس واقع پہلی منزل پس ٹاور H-27، کالج روڈ، گلبرگ II، لاہور میں دن 12 بجے منعقد ہوگا۔ جس میں درج ذیل معاملات زیر بحث آئیں گے۔

### عمومی امور

- ۱۔ بجلی AGM (جو کہ 26 اکتوبر 2019 کو منعقد ہوئی تھی) کے طے شدہ امور کی تصدیق کرنا۔
- ۲۔ کمپنی کے ختم ہونے والے سال 30 جون 2020 سے متعلق آڈیٹرز کے آڈٹ شدہ اکاؤنٹس اور ڈائریکٹرز کی رپورٹ کو وصول کرنا اور اس پر غور کرنا۔
- ۳۔ کمپنی کے 30 جون 2021 کو ختم ہونے والے سال کے لیے آڈیٹر مقرر کرنا اور ان کے معاوضے کی منظوری دینا، کمپنی کی موجود آڈٹ فرم "کرسٹن حیدر رحیم جی اینڈ کو" نے (دوبارہ تقرری کی اہل ہونے کے ناطے) اپنے آپ کو دوبارہ تعیناتی کے لیے پیش کیا ہے۔

### ۴۔ خصوصی امور

کمپنیز ایکٹ 2017 کی دفعہ 199 کے تحت ایسوسی ایٹڈ کمپنی "بلوچستان گلاس لیڈز" کو ایک سال کے لیے 600 ملین روپے کے قرض کی منظوری کے لیے مندرجہ ذیل قرارداد کو اسی حالت میں یا تبدیلی کے ساتھ منظور کرنا۔

"کمپنیز ایکٹ 2017 کی دفعہ 199 کے تحت 600 ملین روپے قرض (ایک سال یعنی 27 اکتوبر 2021 تک کے لیے) کی منظوری دی جاتی ہے۔ اس قرض پر شرح سود کمپنی کی سالانہ اوسط شرح سود سے 1 فیصد زیادہ ہوگی۔ کمپنی نے اپنی بجلی AGM میں یہ رقم ایک سال کے لیے منظور کی تھی اور اب اس سہولت کو مزید ایک سال کے لیے بڑھانے کی تجویز ہے۔"

مزید کمپنی کے CEO اور کمپنی سیکریٹری کو مجاز کیا جاتا ہے کہ ان میں سے کوئی بھی، اوپر دی گئی قرارداد سے متعلق قانونی معاملات کو طے کر سکتا ہے۔

### ۵۔ متعلقہ فریقین کے ساتھ لین دین۔

مندرجہ ذیل قرارداد پر بطور خصوصی قرارداد غور کرنا اور منظور کرنا۔

"منظور کیا جاتا ہے کہ متعلقہ فریقین اور ایسوسی ایٹڈ کمپنی کے ساتھ کاروباری معاملات (جیسا کہ کمپنی کے 30 جون 2020 کو ختم ہونے والے مالی سال کے اکاؤنٹس کے نوٹ نمبر 10c, 16 اور 41 میں درج کیا گیا) کی توثیق کی جاتی ہے اور بورڈ آف ڈائریکٹرز کو مجاز کیا جاتا ہے کہ متعلقہ فریقین اور ایسوسی ایٹڈ کمپنی کے ساتھ (آئندہ ختم ہونے والے سال 30 جون 2021 تک) عمومی کاروباری معاملات کو طے کر سکتے ہیں۔"

### ۷۔ باقی امور

چیئرمین کی اجازت سے کسی اور معاملے پر بحث کرنا۔

محکم بورڈ آف ڈائریکٹرز

MU

محمد شکیل جاوید

کمپنی سیکریٹری

06 اکتوبر 2020

لاہور



i- ویڈیو کانفرنسنگ سہولت کے ذریعے سالانہ اجلاس عام میں شرکت COVID-19 کی موجودہ صورتحال کی وجہ سے AGM کی کاروائی میں ویڈیو کانفرنس کے ذریعے بھی شامل ہو سکتے ہیں۔ جو حصہ داران ویڈیو کانفرنس کے ذریعے شمولیت کرنا چاہتے ہیں وہ اپنا ID e-mail، فوینو نمبر، موبائل نمبر، شناختی کارڈ نمبر، حصہ داران کی تعداد اور کمپیوٹر انڈر شناختی کارڈ کی دونوں اطراف کی کاپی کے ہمراہ "رجسٹریشن آف غریب وال سینٹ لمیٹڈ AGM" کے عنوان سے اس ای میل ایڈریس پر بھیج دیں email:agm@gharibwalcement.com ویڈیو لنک اور Login Credentials صرف ان ممبران کے ساتھ شیئر کیے جائیں گے جن کی e-mail تمام کوائف کے ہمراہ AGM سے 48 (اڑتالیس) گھنٹے پہلے وصول ہوں گے حصہ داران AGM کے Agenda Items سے متعلق اپنے سوالات اور تبصرے e-mail بھی کر سکتے ہیں۔

ii- کمپنی کی شیئرز متعلق کتابیں 20 اکتوبر سے 27 اکتوبر 2020 (بشمول دونوں دن) تک بند رہیں گی۔ شیئرز متعلق کی درخواستیں جو کہ 19 اکتوبر 2020 تک کمپنی کے شیئرز رجسٹر اریسرز کارپنک پرائیویٹ لمیٹڈ واقع 1-k کمرشل مارکیٹ ماڈل ٹاؤن لاہور کو موصول ہوں گی وہ AGM میں حاضری اور منافع کی ادائیگی کے لیے اہل ہوں گی۔

iii- تمام ممبرز جنہوں نے اپنے شیئرز سنٹرل ڈیپازٹری کمپنی (CDC) میں جمع کیے ہیں وہ میٹنگ میں شمولیت کے لیے اپنا شناختی کارڈ یا پاسپورٹ اور CDC میں اپنا شناختی نمبر اپنا اکاؤنٹ نمبر یا ذیلی اکاؤنٹ نمبر ساتھ لائیں۔

iv- کوئی بھی ممبر جو کہ میٹنگ میں شمولیت کا حقدار ہو وہ اپنی جگہ کسی دوسرے ممبر کو اپنی جگہ میٹنگ میں شامل ہونے اور ووٹ ڈالنے کے لیے نامزد کر سکتا ہے۔

v- نامزدگی کی درخواستیں کمپنی کے ہیڈ آفس واقع پہلی منزل ہیں اور H-27، کالج روڈ گلبرگ II لاہور میں میٹنگ شروع ہونے کے 48 گھنٹے پہلے تک موصول ہو جانی چاہیں

vi- تمام ممبرز کو درخواست کی جاتی ہے کہ اپنے ایڈریس میں کسی بھی قسم کی تبدیلی (اگر ہو) کے لیے جلد از جلد کمپنی کے شیئرز رجسٹر اریسرز کو ہمراہ شناختی کارڈ کاپی کے ریکارڈ کی درستی کے لیے اطلاع کریں۔

vii- آڈٹ شدہ اکاؤنٹس اور AGM کے نوٹس کی بذریعہ e-mail ترسیل۔

سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان (SECP) نے اپنے نوٹیفکیشن نمبر SRD. 787 (I)/2014 بتاریخ 8 ستمبر 2014 کے ذریعے کمپنی کو اپنے سالانہ اکاؤنٹس اور AGM کا نوٹس بذریعہ e-mail بھیجنے کی اجازت دی ہے۔ اسی بنا پر تمام ممبران سے درخواست ہے کہ وہ سالانہ اکاؤنٹس اور AGM کا نوٹس حاصل کرنے کے لیے اپنے e-mail ایڈریس بھجوائیں تاہم اگر کوئی ممبر کتابی شکل میں اکاؤنٹس کی درخواست کرے گا تو وہ اسکو درخواست کے ساتھ یوم کے اندر مفت مہیا کر دی جائے گی۔ اس سہولت کو حاصل کرنے کے لیے کمپنی کو ویب سائٹ پر درخواست فارم موجود ہے۔

viii- کمپنی کے آڈٹ شدہ سالانہ اکاؤنٹس کا کمپنی کی ویب سائٹ پر مہیا کرنا۔

کمپنی کے آڈٹ شدہ سالانہ اکاؤنٹس بشمول پچھلے سالوں کے سالانہ اور سرماہی اکاؤنٹس کمپنی کی ویب سائٹ www.gharibwalcement.com پر مہیا کر دیے گئے ہیں۔

ix- CD/DVD کے ذریعے سالانہ اکاؤنٹس کی ترسیل۔

کمپنی نے اپنی سالانہ اکاؤنٹس CD کی شکل میں اپنے ممبران کے رجسٹرڈ ایڈریس پر بھجوا دیے ہیں تاہم اکاؤنٹس کتابی شکل میں ممبران کی درخواست پر مہیا کیے جاسکتے ہیں۔

x- ممبرز یا شیئرز ہولڈرز کے CNIC اور ڈیوٹیڈ کی ادائیگی۔

ممبران سے درخواست کی جاتی ہے کہ وہ اپنے انٹرنیشنل بینک اکاؤنٹ نمبر (IBAN) اپنے قومی شناختی کارڈ (CNIC) کے ہمراہ مہیا کریں (اگر پہلے نہیں مہیا کیا گیا)۔ عدم فراہمی کی صورت میں ڈیوٹیڈ کی ادائیگی روک دی جائے گی۔

xi- زکوٰۃ اور عشر آرڈیننس کے تحت ڈیکلریشن۔

ممبران سے التماس ہے کہ وہ زکوٰۃ اور عشر آرڈیننس 1980 کے تحت زکوٰۃ سے استثنائی کی ڈیکلریشن جمع کروائیں اور اگر کوئی پتہ میں تبدیلی ہے تو مطلع کریں۔

غیر کلیم شدہ ڈیوٹیڈ اور نوٹس شیئرز

وہ شیئرز ہولڈرز جو کسی نہ کسی وجہ سے اپنے ڈیوٹیڈ اور نوٹس شیئرز کا کلیم نہ کر سکے یا اپنے فزیکل شیئرز وصول نہ کر سکے، ان سے گزارش ہے کہ وہ غیر کلیم شدہ ڈیوٹیڈ یا نوٹس شدہ شیئرز، اگر کوئی ہیں، حاصل کرنے ان کی معلومات کے لیے ہمارے شیئرز رجسٹر اریسرز کا رپ لنک (پرائیویٹ) لمیٹڈ سے رابطہ کریں۔

برائے مہربانی نوٹ فرمائیں کہ کمپنیز ایکٹ 2017 کی دفعہ 244 کے مطابق تمام کاروائیاں مکمل کرنے کے بعد تمام ڈیوٹیڈ جن کی ادائیگی کی تاریخ سے تین سال کی مدت تک کوئی کلیم نہ کیا گیا ہو، وفاقی

حکومت کے کھاتے میں جمع کروائیے جائیں گے اور شیئرز کی صورت میں سیکورٹی اینڈ ایکسچینج کمیشن آف پاکستان کو ہینچائیے جائیں گے۔

#### A- ویڈیو کانفرنسنگ

کمپنیز آرڈیننس 2017 کی دفعہ (2) 132 کے مطابق اگر کمپنی کے ایسے ممبران جو کسی دوسرے شہر کے رہائشی ہوں جہاں کمپنی کا رجسٹرڈ آفس نہ ہو اور ان کی شیئرز ہولڈنگ مجموعی شیئرز ہولڈنگ کا 10% یا اس سے زیادہ ہو اور AGM کی تاریخ کے سات روز پہلے ویڈیو کانفرنس کے ذریعے میٹنگ میں شامل ہونے کی درخواست دیں تو کمپنی، اگر اس شہر میں ویڈیو کانفرنس کی سہولت موجود ہو، ان کو مطلوبہ سہولت فراہم کرنے کی پابند ہے۔

اس سہولت کے حصول کے لیے درج ذیل معلومات کے ساتھ درخواست کمپنی کے سیکریٹری یا شیئرز رجسٹرار سرزکارپ لنک پرائیویٹ لمیٹڈ واقع K-1 کمرشل ایریا، ماڈل ٹاؤن، لاہور AGM سے سات روز پہلے موصول ہونی چاہیں۔

- (i) فوئیو نمبر CDCI انویسٹرا کاؤنٹ نمبر / ضمنی اکاؤنٹ نمبر
- (ii) شیئرز ہولڈر کا نام
- (iii) شیئرز کی تعداد (شیئرز کی کتابوں کے بند ہونے پر)
- (iv) اس شہر کا نام جس کے لیے ویڈیو سہولت درکار ہے۔
- (v) ممبر کے دستخط

خصوصی معاملات سے متعلق کمپنیز ایکٹ 2017 کی شق 134 اور ذیلی شق (3) کے تحت بیان جو کہ ممبران کو اس نوٹس سے منسلک کیا گیا ہے۔ کمپنیز ایکٹ 2017 کی دفعہ 199 کے تحت خصوصی معاملات جو کہ AGM میں زیر بحث آتے ہیں کے متعلق تفصیلات مندرجہ ذیل ہیں۔

بلوچستان گلاس لمیٹڈ (BGL) کمپنیز ایکٹ 1913 (جو کہ کمپنیز ایکٹ 2017 ہے) کے تحت پاکستان میں بطور عوامی کمپنی رجسٹر ہوئی اسکے شیئرز پاکستان شاہ ایکسچینج میں درج ہیں۔ یہ کمپنی شیشے کے برتن، مشروبات کی کمپنیز کے لیے بوتلیں اور پلاسٹک کے ڈھکن بناتی ہے۔ BGL کا ہیڈ آفس 12-km کوٹ عبدالملک، لاہور پر واقع ہے۔ (پچھلے سال ہیڈ آفس فرسٹ فلور پیس ٹاور، کالج روڈ، گلبرگ ii، لاہور پر واقع تھا) BGL کے تین پلانٹ ہیں جن میں سے ایک حب بلوچستان اور باقی دو لاہور شیخوپورہ روڈ پر واقع ہیں۔ BGL اپنے برتن "Mari Max" کے نام سے بیچتی ہے۔

غریب دل سینٹ لمیٹڈ (GCL) کے بورڈ آف ڈائریکٹرز نے اپنی 05 اکتوبر 2020 کو ہونے والی میٹنگ میں ایک سال کے لیے 600 ملین روپے کے قرض کی منظوری دی ہے جو کہ 27 اکتوبر 2021 تک قابل واپسی ہوگا۔

GCL نے اپنی پچھلی سالانہ AGM میں قرض کی رقم 600 ملین روپے تک بڑھایا تھا (26 اکتوبر 2020) اور اب یہ تجویز ہے کہ اس قرض کی واپسی مزید ایک سال تک موخر کر دی جائے

قرض کی یہ رقم وقفہ وقفہ کام کرنے والے سرمائے کی ضرورت کو پورا کرنے کے لیے فراہم کی جائے گی جو کہ تحریری معاہدہ اور تمام متعلقہ شرائط و ضوابط، جو کہ کمپنیز (ایسوسی ایٹڈ کمپنیز یا ایسوسی ایٹڈ انڈر ٹیکنگ) ریگولیشنز 2013 اور کمپنیز ایکٹ 2017 کی دفعہ 199، کے مطابق ہوگی۔

کمپنی کے ڈائریکٹرز نے واضح کیا ہے کہ انہوں نے BGL میں سرمایہ کاری سے متعلق تمام امور پر رپورٹ تیار کی ہے جس پر ان کے دستخط موجود ہیں اور وہ ممبران کی جانچ پڑتال کے لیے رجسٹرڈ آفس میں موجود ہے جس کے ساتھ BGL کے آڈٹ شدہ اور غیر آڈٹ شدہ اکاؤنٹس بھی موجود ہیں۔

اس رپورٹ کا متن مندرجہ ذیل ہے۔

## سیریل نمبر مطلوب

## تفصیل

۱۔ کمپنی کا نام

بلوچستان گلاس لمیٹڈ۔ ایسوسی ایٹڈ کمپنی آف GCL

۲۔ قرض کی رقم

600 ملین روپے تک

۳۔ قرض کا مقصد اور فوائد

مقصد: BGL کو متوافقہ اپنی ضروریات کو پورا کرنے کے لیے دی گئی رقم پر منافع کمانا  
فائدہ: GCL اپنے قرض کے مجموعی اوسط شرح سود سے 1% زیادہ منافع حاصل کرے گی۔  
دورانیہ: اس قرض کی مدت ایک سال (27 اکتوبر 2021 تک) ہے۔

۴۔ 30 جون 2020 تک واجب الادا قرض کی رقم  
اگر یہ قرض مہران کی اجازت سے دیا گیا ہے تو اس کی تفصیل

538.390 ملین روپے  
کمپنی اپنی پچھلی AGM میں یہ سہولت ایک سال کی مدت کے لیے 600 ملین روپے تک بڑھا چکی ہے۔

۵۔ شرح سود اور GCL کی اوسط شرح سود

شرح سود GCL کی سالانہ اوسط شرح سود سے 1% زیادہ ہوگی BGL سود کی ادائیگی سہ ماہی اقساط میں کرے گی۔  
GCL کی سالانہ اوسط شرح سود 3-KIBOR+2.5% ہے۔

۶۔ BGL کی مالیاتی تفصیلات۔

تازہ ترین غیر آڈٹ شدہ اکائٹنس (تیسری سہ ماہی مورخہ 31 مارچ 2020 کے اختتام پر) کے مطابق مالی حیثیت مندرجہ ذیل ہے۔

ملین روپے	
2,616	اداشدہ سرمایہ
5,573	مجموعی خسارہ
619	ریویلو ایٹن سرپلس
3,635	سب آرڈی نیٹ لون
323	ڈائریکٹرز کی طرف سے لون
7.7	بینکوں کے طویل مدتی لون
69	ڈیفنڈ لائیبلٹی
704	قلیل مدتی قرضے
1,615	کرنٹ لائیبلٹی
744	کرنٹ ایسٹس
0.46	حالیہ تناسب
1,927	کلڈ ایسٹس
126	طویل مدتی سرمایہ کاری
(257.7)	بعد از ٹیکس خسارہ
(0.99) روپے	فی شیئر خسارہ

GCL کے اپنے اندرونی ذرائع سے حاصل شدہ کیش میں سے

۷۔ وہ ذرائع جن سے قرض کی رقم فراہم کی جائے گی



## ۸۔ ڈائریکٹرز کے ذاتی مفادات

محمد توصیف پراچہ، محمد نیاز پراچہ اور میاں نذیر احمد پراچہ دونوں کمپنیوں میں ڈائریکٹرز ہیں اور شیئرز کا تناسب یہ ہے۔

نام	شیئرز BGL	شیئرز GCL
محمد توصیف پراچہ	67.25%	56.3%
میاں نذیر احمد پراچہ	0.0%	0.0%
محمد نیاز پراچہ	0.0%	0.0%
محمد توصیف پراچہ کی شریک حیات:		
تبسم توصیف پراچہ	0.78%	0.05%

- میاں نذیر احمد پراچہ BGL کے CEO ہیں۔

شیئر ہولڈنگ کی تفصیلات دونوں کمپنیوں کی ویب سائٹس اور سالانہ اکاؤنٹس میں موجود ہیں۔

## ۹۔ قرض کی ادائیگی کا شیڈول

ایک سال کی مدت میں قابل واپسی  
تاہم ایک سال کے دوران کسی بھی وقت کمپنی جزوی یا کلی طور پر رقم کی واپسی کا تقاضہ کر سکتی ہے۔

## ۱۰۔ معاہدہ (ہونے والا ہو چکا) کی نمایاں خصوصیات

معاہدے کی شرائط AGM میں ممبران کی طرف سے منظور شدہ شرائط کے مطابق ہوں گی۔

## ۱۱۔ قرض کی مد میں رکھی گئی سیوریٹی کی تفصیلات

کوئی سیوریٹی نہیں رکھی گئی۔

## ۱۲۔ قرض کے تبادلے کا اختیار

ایسا کوئی اختیار BGL کو نہیں دیا گیا۔

## ۱۳۔ اس سرمایہ کاری سے متعلق کیے گئے یا ہونے والے معاہدے کی

نمایاں خصوصیات

قرض کی رقم	600 ملین روپے
قرض کی قسم	روزمرہ کے آپریشن کی ضروریات پوری کرنے کے لیے
قرض کا مقصد	قرض کی رقم پر منافع کا حصول
فوائد	کمپنی اس قرض پر اضافی منافع حاصل کرے گی۔
درائیہ	ایک سال 27 اکتوبر 2021 تک
شرح سود	GCL کی سالانہ اوسط شرح سود سے 1% زیادہ (3-KIBOR+3.5% انداز)
اصل رقم کی واپسی۔	اصل رقم 27 اکتوبر 2021 تک یا اس سے پہلے GCL کے تقاضہ کے 30 دن کے اندر
سود کی ادائیگی۔	سود کی ادائیگی سہ ماہی اقساط میں کی جائے گی اور اگر سود 60 دنوں میں ادا نہ کیا گیا تو اس پر اصل شرح سود سے 1% زیادہ منافع ادا کیا جائے گا



# Governance





# COMPANY INFORMATION

## BOARD OF DIRECTORS

Mian Nazir Ahmed Peracha (Chairman)  
Muhammad Tousif Peracha (CEO)  
Abdur Rafique Khan  
Ali Rashid Khan  
Amna Khan  
Daniyal Jawaid Paracha  
Muhammad Niaz Paracha

## AUDIT COMMITTEE

Daniyal Jawaid Paracha (Chairman)  
Mian Nazir Ahmed Peracha  
Muhammad Niaz Paracha

## HR & REMUNERATION COMMITTEE

Daniyal Jawaid Paracha (Chairman)  
Muhammad Tousif Peracha  
Ali Rashid Khan

## CHIEF FINANCIAL OFFICER & COMPANY SECRETARY

Muhammad Shamail Javed FCA

## INTERNAL AUDITOR

Hassan Mehdi ACA CIA

## EXTERNAL AUDITORS

Kreston Hyder Bhimji & Co  
Chartered Accountants  
Amin Building, The Mall, Lahore

## LEGAL ADVISORS

Raja Muhammad Akram  
Legal Advisors  
Main Gulberg, Lahore

## KEY MANAGEMENT PERSONNEL

Abdul Shueb Piracha (Director Commercial)  
Syed Firasat Abbas (GM Plant)  
Iqbal Ahmed Rizvi FCA (GM Tex)  
Rana Muhammad Ijaz (GM Marketing)  
Farrukh Naveed ACA (Financial Controller)

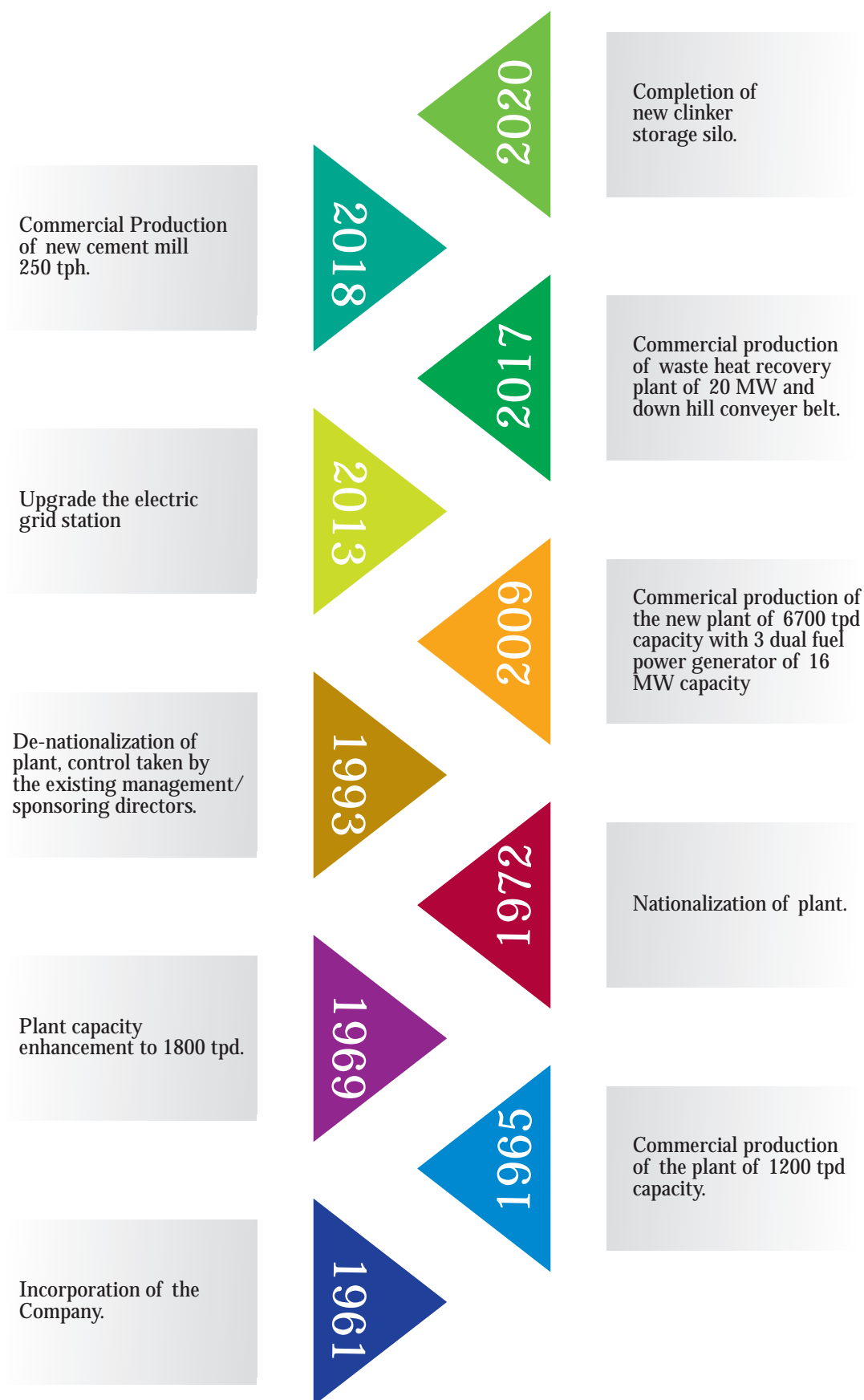
## SHARE REGISTRAR

Corplink (Pvt) Limited,  
Wings Arcade, 1-k,  
Commercair, Model Town, Lahore

## BANKERS

The Bank of Punjab  
National Bank of Pakistan  
Al Baraka Bank Limited  
Summit Bank Limited  
Pak China Investment Company  
Bank Islami Pakistan Limited  
The Bank of Khyber  
Faysal Bank Limited  
Saudi Pak Industrial &  
Agricultural Investment Company  
Silk Bank Limited  
First Credit & Investment Bank  
Meezan Bank Limited  
Allied Bank Limited  
Habib Bank Limited  
MCB Bank Limited  
United Bank Limited  
Bank Al Habib Limited  
Habib Metropolitan Bank

# COMPANY TIMELINE





# DIRECTORS' PROFILE



## MUHAMMAD TOUSIF PERACHA

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



## ABDUR RAFIQUE KHAN

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



## MIAN NAZIR AHMED PERACHA

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



## MUHAMMAD NIAZ PARACHA

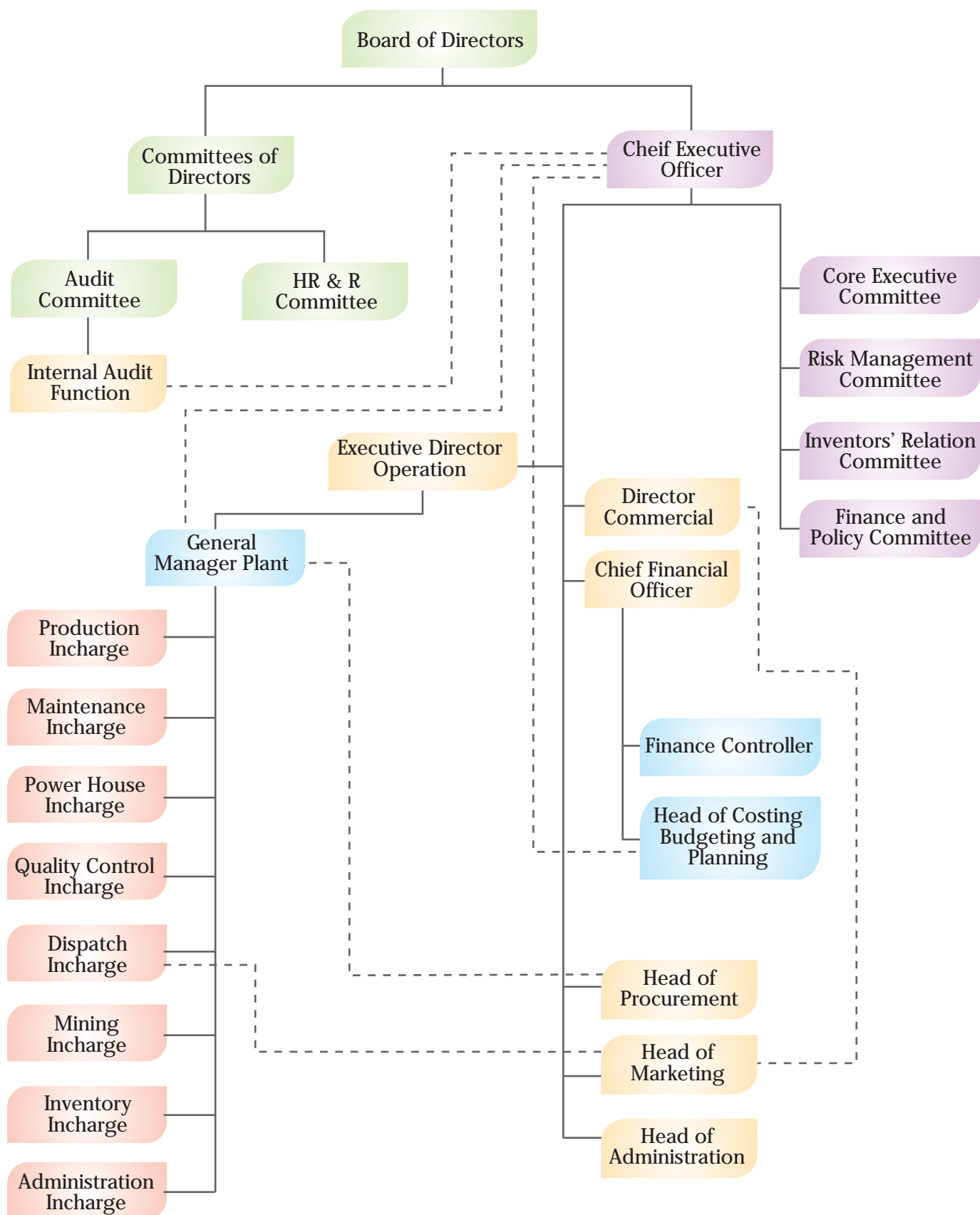
He holds degree of BE (Mechanical Engineering) from UET Karachi and MSc (Advance Manufacturing) from the University of Uxbridge, London UK. He has 22 years technical experience in the field of engineering and plant management. He is the technical advisor to CEO and the Board.



## DANIYAL JAWAID PARACHA

He is an Associate member of Institute of Chartered Accountants in England and Wales, Institute of Chartered Accountants of Pakistan, Association of Chartered Certified Accountants (UK). He has hands on experience working with Price Water House Cooper for more than 3 years in the Audit and Business Assurance Services as well as Taxation and Legal Service department.

# ORGANIZATION CHART

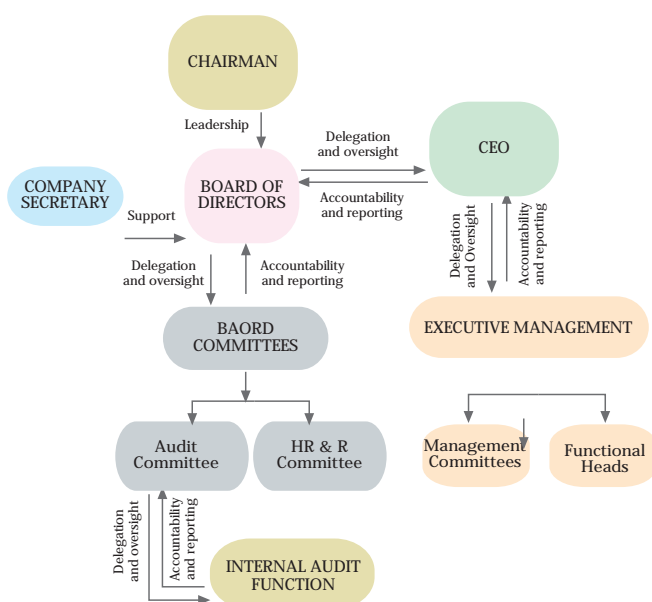


# GOVERNANCE

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

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

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



- considering and making decisions about key management recommendations (such as major capital expenditure, acquisitions divestments, restructuring and funding);
- determining dividend policy and the amount, nature and timing of dividends to be paid;
- monitoring Board composition, processes and performance; and
- monitoring the effectiveness of systems in place for keeping the market informed, including shareholder and community relations.

### COMPANY SECRETARY

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

### CEO

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

### Composition of the Board

The Company's Constitution provides that there shall be a minimum of seven directors and a maximum of ten directors on the Board. The composition of the Board shall be as follow as per corporate laws:

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

### Current Composition

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

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

### CHAIRMAN

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

### BOARD OF DIRECTORS

The Board's responsibilitie include:

- Oversight of the Company including its control and accountability systems;
- appointing, rewarding and determining the duration of the appointment of the CEO and ratifying the appointment of senior executives including the Chief Financial Officer and the Company Secretary;
- reviewing and approving overall financial goals for the Company;
- guiding the development of the Company's strategy and monitoring its implementation;
- monitoring business performance and ensuring that appropriate resources are available;
- approving the Company's financial statements and annual budget, and monitoring financial performance against the approved budget;
- reviewing, ratifying and monitoring systems of risk management and internal control, codes of conduct and legal compliance (including in respect of matters of sustainability, safety, health and environment);

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

Last election of directors were held during February 2019 and next election of directors shall be due during February 2021.

### Meeting of Board

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

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

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

During the year 2020, four board meetings were held. The attendance of the directors in these meeting is given below:

Muhammad Tousif Peracha	4/4
Abdur Rafique Khan	4/4
Amna Khan	3/4
Ali Rashid Khan	4/4
Muhammad Niaz Paracha	4/4
Daniyal Jawaid Peracha	4/4
Mian Nazir Ahmed Peracha	4/4

### Issues to be placed for decision of Board of Directors

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

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

### Directors' Training Program

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

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

Two directors of the Company have already possessed the directors training program certification. Three directors of the company qualify for the exemption from the directors training program based on their education and experience on the board of a listed company. The Company is in process of arranging of directors' training program in-house for all the directors from a recognized trainer, which is expected to be done during the year 2020.



## Skills and Diversity of Board

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

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

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

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

### Non-Executive Director

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

### Director Independence

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

### Chairman's appointment and responsibilities

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

### Chief Executive Officer appointment

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

### Continuous Disclosure

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

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

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

### Materiality approach adopted by the Management

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

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

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

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

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

### Communications with Shareholders

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

#### ▷ Annual Reporting

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

#### ▷ Company announcements

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

#### ▷ General meetings

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

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

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

### INVESTOR RELATIONSHIP COMMITTEE

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

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

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

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

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

Mr. Muhammad Shamail Javed  
Company Secretary  
Tel: (042) 36060600 Ext. 604  
Email: shamail@gharibwalcement.com

### CODE OF CONDUCT AND BUSINESS ETHICS

The Company's Code of Business Ethics and Code of Conduct is enforced at all levels fairly and without prejudice. This code is obligatory, both morally as well as legally and is equally applicable to all the directors and employees of the Company.

#### Policy Statement

- We act with integrity at all times; we are honest and trustworthy.
- We demonstrate respect for our fellow employees, customers and business partners; we listen and seek solutions.
- We are open-minded team players; we foster collaboration while maintaining individual accountability.
- We value new ideas that serve our customers, the business and communities.
- We are dedicated, committed and deliver on our promises.
- We obey the law and comply with this Code.

### Code of Conduct

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

### THE WHISTLE BLOWER POLICY

The Audit Committee has laid down a Fraud Risk Management Policy (akin to the Whistle Blower Policy) providing a platform to all the employee, vendors and customers to report any suspected or confirmed incident of fraud/misconduct.

Adequate safeguards have been provided in the FRM Policy to prevent victimization of anyone who is using this platform and direct access to the Chairman of the Audit Committee is also available in exceptional cases. Every effort will be made to treat the complainant's identity with appropriate regard for confidentiality.

For the effective implementation of the policy, the Audit Committee has constituted a Fraud Risk Management Committee (FRMC) of very senior executives which is responsible for the following:

- a. Implementation of the policy and spreading awareness amongst employees;
- b. Review all reported cases of suspected fraud / misconduct
- c. Order investigation of any case either through internal audit department or through external investigating agencies or experts;
- d. Recommend to the management for taking appropriate actions such as disciplinary action, termination of service, changes in policies & procedure and review of internal control systems;
- e. annual review of the policy

No whistle blowing incidence was highlighted and reported under the above said procedures during the year.

### HUMAN RESOURCE AND REMUNERATION COMMITTEE

The committee comprises of two non-executive directors and the Chief Executive Officer. All the members attended the only meeting held during the year 2020. Composition along with attendance is given below:

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

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

### Role and responsibilities

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

#### TRANSACTIONS WITH RELATED PARTIES POLICY

The Company has enforced a Policy for Related Party Transactions duly approved by its Board. As per this policy, transactions with related parties shall be carried out on an arm's length basis in the normal course of business, and the Board shall approve all related party transactions on the recommendation of Board Audit Committee.

The term 'arm's length' entails conducting business on the same terms and conditions as the business between two unrelated / unconcerned persons.

Transactions entered into with the related parties include, but are not limited to, sale of cement, dividends paid, loan received, investments made (in accordance with the approval of shareholders and board where applicable) and salaries and other benefits paid to the key management personnel. All related party transactions carried out during the year ended June 30, 2020 are disclosed in the audited financial statements.

The Company will place the related party transactions carried out during the year ended June 30, 2020 before the Annual General Meeting for obtaining shareholders' approval for the same. Moreover, the Company shall also obtained the approval of shareholders authorizing the Board of Directors to approve the transactions with related parties for the year ending June 30, 2020; which will then be placed before the shareholders for their ratification/approval in next AGM.



# PERFORMANCE EVALUATION PROCESS

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

Board, Committees & Directors	CEO	Senior Executive
<p>The Board undertakes an evaluation of the performance of the Board, its Committees, individual Directors and the Chairman at least annually.</p> <p>The evaluation encompasses a review of the structure and operation of the Board, the skills and characteristics required by the Board to maximise its effectiveness and whether the blending of skills, experience and expertise and the Board's practices and procedures are appropriate for the present and future needs of the Company.</p> <p>Steps involved in the evaluation include the completion of a questionnaire by each Director, review of responses to the questionnaire at a Board Meeting, and a private discussion between the Chairman and each other Director.</p>	<p>On an annual basis, the Remuneration Committee and subsequently the Board formally review the performance of the CEO. The criteria assessed are both qualitative and quantitative, and include profit performance, other financial measures, safety performance and strategic actions.</p>	<p>The CEO annually reviews the performance of each of Company's senior executives, being members of the Executive Committee, using criteria consistent with those used for reviewing the CEO.</p> <p>The performance of senior executives is reviewed annually against appropriate measures as part of Company's performance management system, which is in place for all managers and staff. The system includes processes for the setting of objectives and the annual assessment of performance against objectives and workplace style and effectiveness.</p> <p>The CEO reports to the Board through the Remuneration Committee on the outcome of those reviews.</p>
An evaluation of the performance of the Board, its Committees and individual Directors took place in FY2020 in accordance with the process described above.	An evaluation of the performance of the CEO took place in FY2020 in accordance with the process described above.	An evaluation of the performance of senior executives of GCL took place in FY2020 in accordance with the process described above.

## Remuneration of Independent Director

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

The remuneration of an independent director for attending meetings of the Board of Directors or its Committees shall from time to time be determined and approved by the Board of Directors.

## Remuneration of senior executives

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

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

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

# AUDIT COMMITTEE

## Role and Responsibilities

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

## Composition

The Audit Committee comprises of three members from non-executive directors including at least one independent director. The Chairman of the Committee is an independent director. At least one member of the Committee is to be financial literate. The Chief Internal Auditor acts as Committee Secretary.

	Attendance
Daniyal Jawaid Paracha	4/4
Muhammad Niaz Paracha	4/4
Mian Nazir Ahmed Peracha	4/4

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

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

## Meetings

The audit committee of a company meets at least once every quarter of the financial year. These meetings are held prior to the approval of interim results of the company by

its Board and after completion of external audit. A meeting of the Committee is also to be held, if requested by the external auditors or the Chief Internal Auditor.

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

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

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

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

# AUDIT COMMITTEE REPORT

The Audit Committee has concluded its annual review of the conduct and operations of the Company for the year ended June 30, 2020.

## Financial reporting

The Audit Committee reviewed quarterly, half-yearly and annual financial statements of the Company and recommended for approval of the Board of Directors and report that:

- Appropriate accounting policies have been consistently applied except for the changes, if any, which have been appropriately disclosed in the financial statements.
- Accounting estimates are based on reasonable and prudent judgment.
- Applicable International Financial Reporting Standards were followed in the preparation of financial statements of the Company on a going concern basis, for the financial year ended June 30, 2020, which present fairly the state of affairs, results of operations, cash flows and changes in equity of the Company for the year under review.
- Proper and adequate accounting records have been maintained by the Company in accordance with the applicable laws.
- These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Accordingly, approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board as are notified under the Companies Act, 2017 (the Act), provisions of and directives issued under the Act. In case requirements differ, the provisions of or directives under the Act prevail.
- The CEO and the CFO have endorsed the financial statements of the Company and the Board of Directors Report. They acknowledge their responsibility for true and fair presentation of the Company's financial statements, accuracy of reporting, compliance with regulations and applicable accounting standards and establishment and maintenance of internal controls and systems of the company.

## Related party transactions

The Audit Committee has reviewed the related party transactions and recommended the same for approval of the Shareholders in the Annual General Meeting after ratification from the Board of Directors.

## Internal Audit Function

The Audit Committee has reviewed all material internal audit findings and management's response, thereto, taking appropriate action or bringing the matters to the Board's attention where required.

The Internal Audit Department carried out independent audits in accordance with an internal audit plan which was approved by the Board Audit Committee.

The Company's system of internal controls is sound in design and has been continually evaluated for effectiveness and adequacy.

## External Auditors

The external auditors of the Company, Kreston Hyder Bhimji & Co, Chartered Accountants, have completed their audit assignment of the financial statements and the "Statement of Compliance with Listed Companies (Code of Corporate Governance) Regulations, 2017" of the Company for the year ended June 30, 2020 and shall retire on the conclusion of the 59th Annual General Meeting.

The Board Audit Committee has reviewed and discussed Key Audit Matters and observations with the external auditors. The final Management Letter including such audit observations is required to be submitted within 45 days of the date of the Auditors' Report on the financial statements as required by the Code of Corporate Governance and shall therefore, accordingly be discussed in the next Board Audit Committee meeting.

Kreston Hyder Bhimji & Co., Chartered Accountants has been given a satisfactory rating under the Quality Control Review Program of the Institute of Chartered Accountants of Pakistan (ICAP) and they are registered with Audit Oversight Board of Pakistan. The firm is fully compliant with the International Federation of Accountants (IFAC) Guidelines on Code of Ethics, as adopted by ICAP and have indicated their willingness to continue as auditors for the year ending June 30, 2020.

## Governance

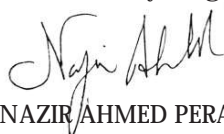
The Company has issued a "Statement of Compliance with Listed Companies (Code of Corporate Governance) Regulations, 2017" which has also been reviewed and certified by the External Auditors of the Company.

The Company's Code of Conduct has been disseminated and placed on Company's website.

The statutory and regulatory obligations and requirements of best practices of governance have been met.

The Committee members carried out the Annual Evaluation of the Board Audit Committee in terms of board structure, Strategy, Decision Making, Internal Controls and Risk Management.

The Committee regularly reviews the mechanism for employees and management to report concerns to the Audit Committee and ensures that any allegations are scrutinized seriously.



MIAN NAZIR AHMED PERACHA

October 05, 2020

## INTERNAL AUDIT FUNCTION

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

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

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

- 1) Auditing internal control procedures and risk assessment procedures (i.e. SOPs) in order to obtain assurance that these procedures are appropriately designed and effectively implemented
  - a) to deduct and prevent fraud or errors;
  - b) to comply with policies, plans, laws, and regulations;
  - c) to safeguard assets of the Company; or
  - d) to promote the economic, efficient and effective use of resources
- 2) Reviewing the reliability and integrity of financial and operating information and the means used to identify, measure, classify, and report such information.
- 3) Identifying the areas of risk where SOPs are not designed/ implemented; along with advising on objectives of these SOPs.
- 4) Conducting specific reviews or tasks requested by the Board, the Audit Committee or the CEO, provided such reviews and tasks do not compromise IAF's independence or objectivity.

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

## EXTERNAL AUDITOR, THEIR INDEPENDENCE AND OBJECTIVITY

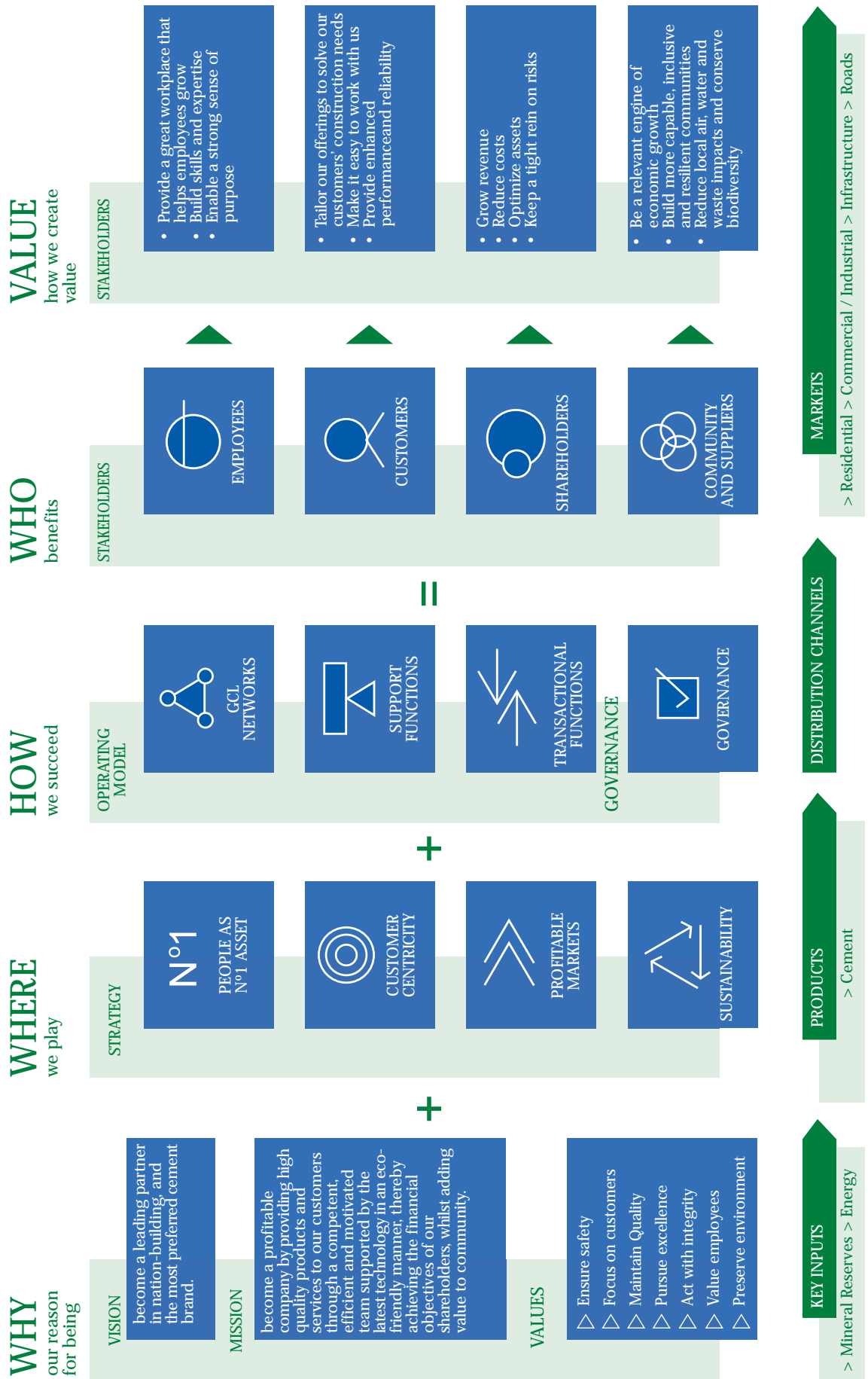
The independence of the external auditor is essential to the provision of an objective opinion on the true and fair view presented in the financial statements. The external auditors' independence and objectivity are safeguarded by a number of control measures:

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

During FY2020, the effectiveness of the external audit process was reviewed by the Audit Committee. The Committee concluded that the external audit process was effective. Having reviewed the independence, objectivity and performance of the external auditor, the Audit Committee has recommended to the Board that Kreston Hyder Bhimji & Co. be reappointed as auditor and authorising the Directors to set their remuneration which will be proposed at AGM 2020.



# OUR VISION AND VALUE CREATION MODEL



# BUSINESS STRATEGY

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



## OUR PEOPLE

Value our people as our main competitive advantage.

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

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

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

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

## PLACING HEALTH AND SAFETY FIRST

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

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

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



## MARKETS WHERE WE OPERATE

Pursue markets that offer long-term profitability

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



## OUR CUSTOMERS

Help our customers succeed

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

**DELIVERING A SUPERIOR CUSTOMER EXPERIENCE**  
Today, our operating environment and our customers'

expectations are changing rapidly and dramatically. Consequently, we are embarking on a bold path of transformation to enable us to meet those expectations.

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

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



## FOCUS ON SUSTAINABILITY

Ensure sustainability is fully embedded in our business.

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

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

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

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

# CORPORATE SOCIAL RESPONSIBILITY

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



## ENVIRONMENT

GCL Operates with consideration for the environment at the core of its activities. It is committed to continual improvement and to creating as sustainable an organization as possible. We have identified our environmental impacts and have created solutions to reduce them.

- We raise awareness of energy consumption.
- We reduce energy use through behavioral change and using new efficient technologies.
- We installed waste heat recovery plant which absorbs the hot gasses of plant and generate electricity using these hot gasses.
- We provide various recycling bins in the office.
- We encourage staff to recycle as much as possible.



## WORKPLACE

We recognize that our staff are our most valuable asset. These initiatives make it easier for you to manage your health and work life balance.

- The diversity of our employees is highly valued and we provide equal opportunities for all.
- We give opportunities for employees to raise their view and be engaged in issues that affect the company.
- We support staff with an extensive learning and development program.
- Individuals are recognized and rewarded on the basis of their own performance and that of GCL.
- We provide a safe and secure workplace.
- We recognize long service through long service award.



## COMMUNITY

GCL facilitates co-operation between our business and a number of community organizations, helping to address business and community needs for mutual benefit.

- We create jobs and promote the economy of the region in which we operate.
- We support public development program undertaken in close proximity to our manufacturing site.
- We support schools and hospitals in surrounding of factory.
- We organize madni dastarkhan for general public in the holy month of Ramazan.
- We obey laws and strive to act with integrity in all that we do.



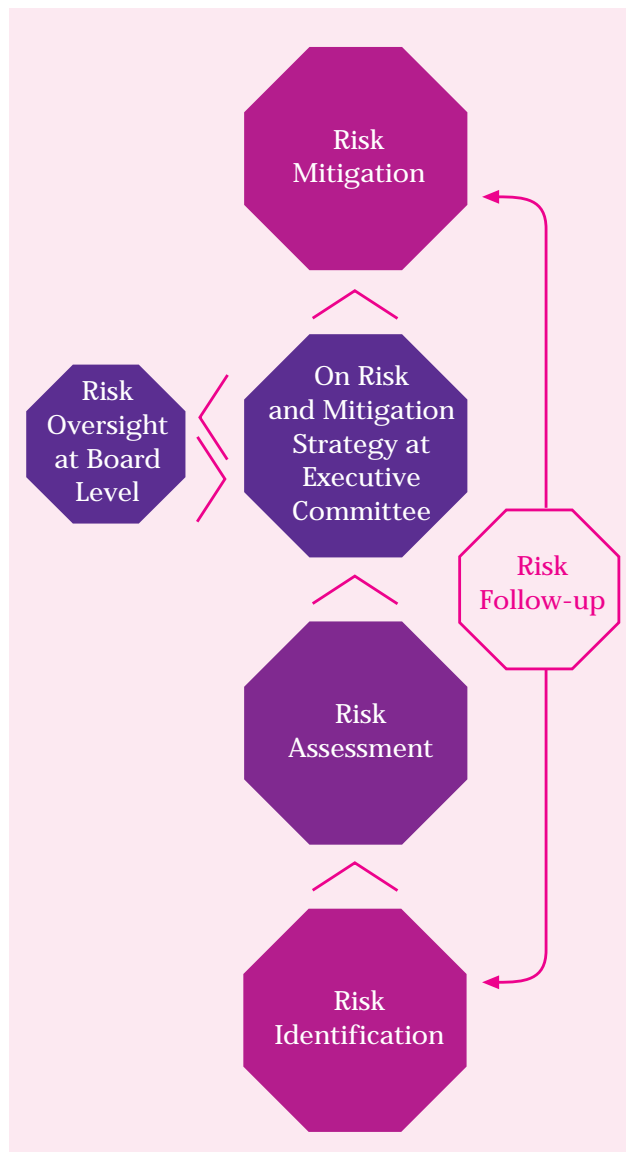
## MARKETPLACE

This area involves our products, services and supply chain and the costs they impose on society and the environment.

- We conduct business ethically.
- We consider the environmental credentials and life-cycle of all products, services and suppliers.
- Our office supplies are environmentally friendly and sustainable.
- We source from local businesses wherever possible.
- We sell substantial part of our product in domestic market.
- Substantial part of the money we spent to procure material and services flows directly into the domestic economy.

# RISK MANAGEMENT

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



Risk Management Follows A Process That Emphasizes Risk Discussion and Mitigation at Top Management and Risk Oversight at The Board Level.

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

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

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

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



## 1

## ECONOMIC CONDITIONS

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

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

## Mitigation Actions

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

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

## 2

## POLITICAL UNCERTAINTY IN THE COUNTRIES IN WHICH WE OPERATE

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

## Mitigation Actions

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

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

## 3

## MORE COMPLEX COMPETITIVE DYNAMICS

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

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

## Mitigation Actions

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

## 3

## DEBT LEVEL AND FINANCIAL RESTRICTIONS

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

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

## Mitigation Actions

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

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

## 5

## REGULATORY CHARGES AND INCREASED SCRUTINY

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

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

**Mitigation Actions**

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

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

## 6

## VOLATILITY IN ENERGY MARKETS

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

**Mitigation Actions**

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

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

## 7

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

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

**Mitigation Actions**

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

## 8

## CYBER AND INFORMATION SECURITY

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

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

**Mitigation Actions**

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

Activities in our business can be hazardous and can cause injury to people or damage to property in certain circumstances. Our production facilities require individuals to work with chemicals, equipment, and other materials that may potentially cause harm, injury or fatalities

when used without due care. Accidents or injuries that occur at our facilities could result in disruptions to our business and may have legal, regulatory, economic, and reputational consequences.

#### Mitigation Actions

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

Construction activity, and thus demand for our products, decreases substantially during periods of cold weather, or when heavy or sustained rainfalls occur. Consequently, demand for our products is significantly lower during the winter and during the rainy season. Such adverse

weather conditions can negatively affect our business results if they occur with unusual intensity or last longer than usual in our major markets, especially during peak construction periods.

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

#### Mitigation Actions

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

# CHAIRMAN'S REPORT

Dear Shareholders

I am pleased to present my Review Report as Chairman of GCL Board of Directors.

The Board carried out its annual self-evaluation for the year ended 30, 2020 to assess its overall performance and effectiveness against benchmark expectations in the context of objectives set for the Company. The evaluation results of which revealed that the Board Members were satisfied with the overall structure and performance of the Board, its Committees and their own contributions. The Board also identified areas of improvement in line with the global best practices. The Board received comprehensive agendas and supporting papers in a timely manner for its Board meetings.

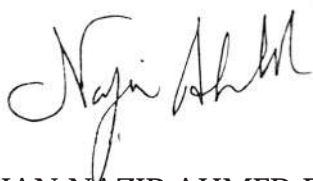
The Board has highly skilled, diverse and competent Directors who are fully involved in developing long and short term strategic plans for the Company to achieve the Company's vision, mission, and core values with the ultimate goal of serving the interests of the all stakeholders of the company. All Directors, including Independent Directors, fully participated in and made contributions to the decision-making process of the Board.

The Board has in place comprehensive policies for all relevant areas of the Company's operations and these policies are reviewed and updated from time to time. The Audit Committee and Human Resources & Remuneration committee met regularly to strengthen the functions of the board.

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

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

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



MIAN NAZIR AHMED PERACHA  
Chairman

October 05, 2020

# DIRECTORS' REPORT TO THE MEMBERS

The Directors have the pleasure in presenting to you the audited financial statements for the year ended June 30, 2020 (FY2020) along with Auditors Report there on.

The financial year 2020 (FY 2020) remained challenging for the Pakistan's Economy and your Company has no exemption to this trend. Despite of tough completion during the year, our sales volume was decreased marginally by 1% on Year on Year (YoY) basis mainly due to impact of Covid-19 pandemic lockdown in last quarter of FY2020. The Company's average net sales price also dropped by ~21% YoY and these factors reduced the net sales value by 22% YoY.

## Summary of financial performance

		FY 2020	FY 2019	Increase / (Decrease)	
				Value	%age
Cement sold	Tons	1,659,211	1,675,906	(16,696)	-1.0%
Net sales	mn Rs.	8,714,089	11,174,327	(2,460,238)	-22.0%
Gross profit	mn Rs.	86,273	2,458,786	(2,372,513)	-96.5%
EBITDA	mn Rs.	626,158	2,935,081	(2,308,923)	-78.7%
Net profit	mn Rs.	131,317	736,412	(605,095)	-82.2%
EPS	Rs.	0.33	1.84	(1.51)	-82.2%

The Government of Punjab had increased the rate of royalty on raw materials w.e.f. July 2019 that increased the respective expense by 161% YoY. Similarly, fuel & power cost and packing material cost also increased during the year because of depreciation of PKR and inflation. However, management had taken all possible measures to curtail increase in cost of production. These factors along with significant drop in net sales value pushed down the gross profit to Rs. 86 million for FY2020. Earnings before interest, tax, depreciation and amortization (EBITDA) for FY2020 recorded at Rs. 626 million (down by ~78%YoY).

## BALANCING, MODERNIZATION, AND REHABILITATION (BMR)

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

New clinker storage silo of 150,000 tons capacity has been completed and put into operation during the year after which total clinker storage capacity has been increased to 200,000 tons which will be sufficient to existing as well as any future expansion.

Now, company has sufficient resources (mining to crushing & clinker storage, packing, power) to meet the demand of existing as well as any future expansion.

## CAPITAL STRUCTURE

Net debt of the company decreased by 20% YoY from Rs. 3.6 billion to Rs. 2.9 billion as reported in Note 37e. This dropped the gearing ratio from 22% to 16% year on year basis.

## KEY PERFORMANCE INDICATORS

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

## FORWARD LOOKING STATEMENT

Government is now focusing on to kick-start the construction activities within the country which will boost GDP. For the purpose, Government has announced construction package giving amnesty to one who invest in real estate projects. State Bank of Pakistan has directed banks to provide 5% of its portfolio to mortgage financing. Government further announced subsidized interest rate for house finance. Naya Pakistan Housing Authority is working to provide low cost houses throughout Pakistan. On the other hand, CPEC will continue fueling growth of Pakistan construction industry in coming years. Construction activities on mega dams are also about to start. Based on these factors, it is expected that cement despatches will grow in coming years.

## COMPOSITION OF AUDIT COMMITTEE

The Board has constituted the Audit Committee comprising of three members who are non-executive directors and have diversified experience in the field of business, finance and process. Chairperson of the committee is an independent director. The Audit Committee meets at least four time during each financial year. Charter along with audit committee report is provided in this annual report.



## INTERNAL CONTROL SYSTEM

A strong internal control culture is prevailing in the company. The company has documented a robust and comprehensive internal audit control system for all the major processes to ensure reliability of financial reporting, timely feedback on achievement of operational and strategic goals, compliance with policies, procedures, laws, and regulations, safeguarding of assets and economical and efficient use of resources. The company also has well documented Standard Operating Procedures (SOPs) for various processes which is periodically reviewed for changes warranted due to business needs. The Internal Audit Function continuously monitors the efficacy of internal control and compliance with SOPs with the objective of providing to the Audit Committee and the Board of Directors, an independent, objective and reasonable assurance on the adequacy and effectiveness of the organization's risk management, control and governance processes.

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

## MANAGING THE RISK OF FRAUD, CORRUPTION AND UNETHICAL BUSINESS PRACTICE

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

### Code of Conduct

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

### Whistle Blower Policy

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

### Anti-Bribery and Corruption Directive

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

The above policies and its implementation are closely monitored by the Audit Committee and periodically reviewed by the Board.

## CORPORATE SOCIAL RESPONSIBILITY

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

## RELATED PARTIES TRANSACTIONS

All related parties transactions entered into are at arm's length basis and were reviewed and approved by the Board Audit Committee as well as the Board of Directors of the Company in compliance with the Code of Corporate Governance, 2017 and the Companies Act, 2017. The detail of transactions with the related parties are provided in the financial statements.

## BOARD OF DIRECTOS

The board is comprised of seven members having diversified experience in the field of business, finance and operation. Chairperson of the board if an independent director. The Board meets at least four times in each financial year. Detail of composition of the Board, Board meetings, annual evaluation and orientation training program for directors is provided in this annual report.

## DIRECTORS' RESPONSIBILITIES

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

- The financial statements, prepared by the management of the Company, present fairly its state of affairs, the result of its operations, cash 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 there from has been adequately disclosed and explained.

- The system of internal control is sound in design and has been effectively implemented and monitored.
- There are no significant doubts upon the Company's ability to continue as a going concern

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

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

#### AUDITORS

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

#### ACKNOWLEDGEMENT

Your Directors take this opportunity to express their deep sense of gratitude to the banks especially the Bank of Punjab and the financial institutions for their continued guidance and support.

We would also like to place on record our sincere appreciation for the commitment, dedication and hard work put in every member of the Gharibwal Cement family. To them goes the credit for the company's achievements.

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

For and on behalf of Board of Directors



ABDUR RAFIQUE KHAN  
Director



MUHAMMAD NIAZ PARACHA  
Director

Dated: October 05, 2020  
Place: Lahore

# ڈائریکٹرز کی رپورٹ

محترم اراکین

ہم مالی سال 2020ء کے اختتام پر کمپنی کی سالانہ کارکردگی کا جائزہ، آڈٹ شدہ مالی اکاؤنٹس اور ان پر آڈیٹرز کی رپورٹ بخوشی پیش کرتے ہیں۔

مالی سال 2020ء پاکستان کی معیشت کے لیے مشکل سال رہا اور آپ کی کمپنی بھی اس کا حصہ ہے۔ زبردست مقابلے کے باوجود اس سال ہماری فروخت کا حجم صرف 1% کم ہوا ہے جس کی بنیادی وجہ COVID-19 کے اثرات ہیں۔ جیسا کہ مالی سال 2020ء کی آخری سہ ماہی میں لاک ڈاؤن ہوا۔ کمپنی کی اوسط خالص قیمت فروخت میں 21% کمی ہوئی جس کی وجہ سے کمپنی کی خالص فروخت کا حجم 22% کم ہوا ہے۔

2020	2019	(کمی)	(کمی) فیصد میں
1,659,211	1,675,906	(16,696)	-1.0%
8,714,089	11,174,327	(2,460,238)	-22.0%
86,273	2,458,786	(2,372,513)	-96.5%
626,158	2,935,081	(2,308,923)	-78.7%
131,317	736,412	(605,095)	-82.2%
0.33	1.84	(1.51)	-82.2%

حکومت پنجاب نے جولائی 2019ء سے خام مال پر رائلٹی بڑھادی جس کی وجہ سے متعلقہ اخراجات 161% بڑھ گئے۔

درآمدی ایندھن، قابل استعمال پارٹس کی قیمتیں ڈالر کے مقابلے میں روپے کی قدر میں کمی کی وجہ سے بڑھ گئی ہے۔ جس کی وجہ سے پیداواری لاگت بڑھ گئی۔ تاہم کمپنی کی انتظامیہ نے کوشش کی کہ وہ لاگت میں کمی اور پیداوار میں اضافہ کی کوششوں سے مجموعی پیداواری لاگت کو کنٹرول میں رکھے۔

ان عوامل کی وجہ سے مجموعی منافع 86 ملین روپے رہا جو کہ پچھلے سال کی نسبت 96.5% کم ہے۔ اس سال کے لیے EBITDA 626 ملین روپے ہے جو کہ پچھلے سال کی نسبت 78.7% کم ہے۔

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

مستقل سرمایہ کاری، سامری توسیع، تکنیکی ترقی اور ماحولیاتی حفاظت آپ کی کمپنی کا اصول ہے۔ مجموعی طور پر استناد کار کو بڑھانے اور مجموعی لاگت میں کمی کے لیے سینٹ پلانٹ کے مختلف حصوں میں جدید اقدامات (ٹیکنالوجی) کو اپنایا جا رہا ہے سینٹ پلانٹ کے اہم حصوں میں مجموعی کارکردگی کو بڑھانے اور مجموعی لاگت کم کرنے کے لیے مختلف ٹیکنالوجیز کو اپنایا جا رہا ہے 150,000 ٹن گنیش والے نئے کلنکر اسٹوریج سائیکلو پر کام مکمل ہو چکا ہے۔ جس کے بعد کلنکر ذخیرہ کرنے کی صلاحیت 2 لاکھ ٹن ہو گئی ہے۔ جو کہ موجودہ اور مستقبل کی ضروریات پوری کرنے کے لیے کافی ہے۔ اب کمپنی کے پاس موجود وسائل (کان کن، کرشنگ، کلنکر، اسٹوریج، پیکنگ اور بجلی) جو کہ موجود اور مستقبل کی توسیع کی ضروریات کے لیے کافی ہیں۔

## سرمایہ کی ساخت اور کلیدی کارکردگی کے عکس:

نیٹ قرضہ جات 3.6 سے 2.9 بلین روپے پر کم ہوئے جو کہ پچھلے سال سے 20% کم ہے جیسا کہ نوٹ نمبر 37e میں لکھا گیا ہے۔ جس کی وجہ سے گیزنگ ریٹھ 22% سے 26% پر آگئی ہے۔

## کارکردگی کے اہم اشارے:

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

## مستقبل کا نقطہ نظر:

حکومت اب GDP کو بڑھانے کے لیے تعمیراتی شعبے کو فروغ دینے کی مہم شروع کر رہی ہے جس کے لیے حکومت نے تعمیراتی شعبے میں سرمایہ کاری کو استثناء کا اعلان کیا ہے اور سٹیٹ بینک نے بینکوں کو ہدایات دی ہیں کہ وہ اپنے پورٹ فولیو کا 5% حصہ مورٹگج فنانسنگ کو دیں۔ اس کے علاوہ گورنمنٹ نے ہاؤس فنانس کے لیے کم شرح سود کا اعلان بھی کیا ہے۔ نیا پاکستان اتھارٹی بھی تمام ملک میں کم لاگت کے گھروں

کی فراہمی پر کام کر رہی ہے۔ جبکہ دوسری طرف CPEC آنے والے سالوں میں پاکستان میں تعمیراتی صنعت کو بڑھانے میں معاون رہے گی۔

### آڈٹ کمیٹی کی تشکیل:

بورڈ نے ایک اہل آڈٹ کمیٹی تشکیل دی ہے جس کے ارکان کی تعداد تین ہے جو کہ نان ایگزیکٹو ڈائریکٹر ہیں اور وہ کاروبار، فنانس اور کاروباری عمل کے میدان میں منفرد تجربہ رکھتے ہیں۔ کمیٹی کا چیئر مین ایک آزاد ڈائریکٹر ہے۔ کمیٹی ہر مالی سال میں کم از کم چار بار میٹنگ کرتی ہے۔ جس کی تفصیل سالانہ رپورٹ میں دی گئی ہے۔

### اندرونی کنٹرول کا نظام:

ایک مضبوط اندرونی کنٹرول کا نظام کمپنی کی ثقافت کا حصہ ہے۔ تمام بڑے معاملات کے لیے ایک مضبوط اور جامع اندرونی آڈٹ کنٹرول سسٹم دستاویزی شکل میں موجود ہے تاکہ مالیاتی رپورٹنگ کو قابل اعتماد، آپریشنل اور سرسٹریجک مقاصد کے حصول پر بروقت رائے، پالیسیوں، طریقہ کار، قوانین اور قواعد و ضوابط پر عمل، اثاثوں کی حفاظت اور وسائل کو بہتر اور موثر طریقے سے استعمال کو یقینی بنایا جاسکے۔ کمپنی نے مختلف کاموں کے لیے آپریٹنگ طریقہ کار کے معیار (SOPs) بھی دستاویز کیے ہیں۔ جن میں وقتاً فوقتاً کاروبار کی ضروریات کے پیش نظر لازمی تبدیلیوں کا جائزہ لیا جاتا ہے۔ اندرونی آڈٹ فنکشن اندرونی کنٹرول کی افادیت اور آپریٹنگ طریقہ کار کے معیاروں کی مقاصد کے ساتھ ہم آہنگی پر مسلسل نظر رکھے ہوئے ہے۔

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

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

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

### ضابطہ اخلاق:

کمپنی نے ایک مضبوط کاروباری اخلاقیات اور طرز عمل وضع کیا ہے جو کہ اخلاقیات کے سمیت اور شفافیت کے اصولوں پر مبنی ہے مزید تفصیل اس رپورٹ میں دی گئی ہے۔

### غیر قانونی کاموں کی بحری کا طریقہ کار:

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

### اندراوڑ شوت ستانی اور بدعنوانی کی ہدایات:

ایک کمپنی کی حیثیت سے رشوت ستانی اور بدعنوانی کے لیے ہمارا نقطہ نظر عدم برداشت ہے اور ہم تمام کاروباری لین دین میں پیشہ وارانہ اور منصفانہ کام کرنے کے پابند ہیں۔ کمپنی کے کاروبار کرنے کی اخلاقیات کے حصے کے طور پر بورڈ نے عدم رشوت اور بدعنوانی کی ہدایات جاری کر رکھی ہیں۔

مندرجہ بالا پالیسیوں اور ان کے نفاذ کو آڈٹ کمیٹی بڑی باریک بینی سے نگرانی کرتی ہے اور وقتاً فوقتاً بورڈ کی طرف سے اس کا جائزہ لیا جاتا ہے۔

### کارپوریٹ سماجی ذمہ داری (CSR):

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



### متعلقہ پارٹیز کے ساتھ معاملات:

متعلقہ پارٹیوں کے ساتھ لین دین (برابری کی سطح پر) کیا جاتا ہے اور پاکستان سٹاک ایکسچینج کے قواعد و ضوابط کی تعمیل کے لیے آڈٹ کمیٹی اور بورڈ اس پر نظر ثانی کے بعد منظوری دیتے ہیں۔ متعلقہ فریقوں کے ساتھ معاملات کی تفصیل مالی گوشواروں (اکاؤنٹس / بیانات) میں فراہم کی گئی ہے۔

### بورڈ آف ڈائریکٹرز:

بورڈ آف ڈائریکٹرز جو کہ سات ممبران پر مشتمل ہے اور جو کاروبار، فنانس اور آپریشن کے شعبہ میں متنوع تجربہ رکھتے ہیں۔ چیئرمین ایک آزاد ڈائریکٹر ہیں۔ بورڈ کی میٹنگ سال میں کم از کم چار مرتبہ ہوتی ہے۔ بورڈ کی ساخت، بورڈ کی میٹنگز سالانہ تشخیص اور تربیت کے متعلق پروگرامز کی تفصیل رپورٹ کا حصہ ہے۔

### ڈائریکٹرز کی ذمہ داریاں:

ڈائریکٹرز، بورڈ آف کارپوریٹ گورنس، ریکولیشنز 2017 اور کنٹینر ایکٹ 2017 میں تحریر کردہ ذمہ داریوں سے آگاہ ہیں اور آپ کی کمپنی نے کوڈ آف کارپوریٹ گورنس کی مکمل تعمیل کو یقینی بنائی ہے اور ڈائریکٹرز تصدیق کرتے ہیں کہ

- (ا) کمپنی کی انتظامیہ کے تیار کردہ اکاؤنٹس میں اس کے امور، عملدرآمد کے نتائج، نقدی بہاؤ اور اکیوٹیٹی میں تبدیلیاں واضح اور منصفانہ طور پر پیش کی گئی ہیں۔
- (ب) کمپنی کے حساب کی کتابوں کو باقاعدگی سے تیاری کیا گیا ہے۔
- (پ) اکاؤنٹس کی تیاری میں مناسب اکاؤنٹنگ پالیسیاں تسلسل کے ساتھ بروئے کار لائی گئی ہیں ماسوائے ان تبدیلیوں کے جو مالی گوشواروں میں منکشف ہیں اور حساب کتاب کے اندازے معقول اور دانشمندانہ فیصلوں پر مبنی ہیں۔
- (ت) بین الاقوامی حساب کتاب کے معیارات (IFRS) جیسے پاکستان میں نافذ عمل ہیں کو ان اکاؤنٹس کی تیاری میں اپنایا گیا ہے اور کسی بھی انحراف کو باقاعدہ منکشف کیا گیا ہے۔
- (ث) اندرونی کنٹرول کا نظام اپنی ساخت کے اعتبار سے مستحکم ہے اور نفع بخش کاروبار کا موثر انتظام ہے۔
- (ث) کمپنی کے مستقبل میں کام کرنے کی صلاحیت پر کوئی قابل ذکر تشویش نہیں ہے اور اکاؤنٹس کو اسی بنیاد پر تیار کیا گیا ہے۔

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

- (ا) شیئر ہولڈنگ کا نمونہ
- (ب) متعلقہ فریقین اور ایسوسی ایٹڈ کمپنی نے جو شیئرز رکھے ہیں ان کی تفصیل۔
- (پ) بورڈ آف ڈائریکٹرز کی میٹنگ اور ان میں ہر ڈائریکٹر کی حاضری سے متعلق بیان اسی سال کے دوران

### آڈیٹرز:

کریسٹن حیدر بھیم جی اینڈ کمپنی چارٹرڈ اکاؤنٹنٹس جو ریٹائرڈ ہو گئے ہیں دوبارہ تقرری کے اہل ہیں اور آڈٹ کمیٹی کی تجویز پر بورڈ نے ایک اور مدت کے لیے ان کی تقرری کی توثیق کی ہے۔

### خدمات کا اعتراف / بشکریہ:

ڈائریکٹرز اس موقع پر بنکوں خصوصاً بینک آف پنجاب اور دیگر مالیاتی اداروں کا دل کی گہرائیوں سے شکریہ ادا کرتے ہیں جنہوں نے ہماری مسلسل رہنمائی اور حمایت کی۔ ہم اس امر کو بھی دائرہ تحریر میں لانا پسند کرتے ہیں کہ غریب وال سینٹ خاندان کے ہر رکن کی وابستگی، لگن اور محنت و ملی تعریف کے لائق ہے۔ ہماری کامیابیوں کا شراںہی کی بدولت ہے۔ معزز اراکین، ہم آپ کو اس اعتماد اور یقین کے دل کی گہرائیوں سے ممنون ہیں جو آپ نے ہمیشہ سے ہم پر کیا۔

منجانب: بورڈ آف ڈائریکٹر

m. m. Faracha Amman

میاں نذیر پراچہ  
ڈائریکٹر

عبدالرفیق خان  
ڈائریکٹر

05 اکتوبر 2020ء

لاہور



## INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Gharibwal Cement Limited

Review Report on the Statement of Compliance contained in Listed Companies (Code of Corporate Governance) Regulations, 2019


We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Regulations) prepared by the Board of Directors of Gharibwal Cement Limited for the year ended June 30, 2020 in accordance with the requirements of regulation 36 of the Regulations.

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

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

The Regulations require the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval, its related party transactions. 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.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the requirements contained in the Regulations as applicable to the Company for the year ended June 30, 2020.

  
KRESTON HYDER BHIMJI & CO.  
CHARTERED ACCOUNTANTS

Lahore: October 05, 2020

# STATEMENT OF COMPLIANCE WITH LISTED COMPANIES (CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2019

**GHARIBWAL CEMENT LIMITED** ("the Company") has complied with the requirements of the Listed Companies (Code of Corporate Governance) regulations, 2019 ("the Regulations") during the financial year ended June 30, 2020 in the following manner:-

- 1) The total number of Directors are seven (7) as per the following:-
  - a. Male: Six (6)
  - b. Female: One (1)
- 2) The composition of the Board is as follow:
  - a. Independent Directors: Two (2)
  - b. Non-Executive Directors (male): Two (2)
  - c. Non-Executive Directors (female): One (1)
  - d. Executive Directors: Two (2)
- 3) The Directors have confirmed that none of them is serving as a Director of more than seven Listed Companies, including the Company.
- 4) 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.
- 5) The Board has developed a vision / mission statement, overall corporate strategy and significant policies of the Company. The Board has ensured that complete record of particulars of the significant policies along with their date of approval or updating is maintained by the Company.
- 6) All the powers of Board have been duly exercised and decisions on relevant matters have been taken by the Board / Shareholders as empowered by the relevant provisions of the Companies Act, 2017 ("Act") and these Regulations.
- 7) The meetings of the Board were presided over by the Chairman and, in his absence, by a Director elected by the Board for this purpose. The Board has complied with the requirements of Act and the Regulations with respect to frequency and recording of minutes of meeting of Board. However, draft minutes of board meetings conducted during the year were circulated to board members after 14 days of the meeting.
- 8) The Board has developed a formal policy and transparent procedures for remuneration of Directors in accordance with the Act and these Regulations.
- 9) The Company is fully compliant with the requirement of directors' training under Rule 20 of the Code of Corporate Governance, 2017. Two (2) directors have obtained the Directors' Training Program Certification in prior years. There (3) directors meet the exemption criteria of the Directors' Training Program.
- 10) The Board has approved the appointment of Chief Financial Officer, Company Secretary and head of Internal Audit, including their remuneration and terms and conditions of employment and complied with the relevant requirements of the Regulations.
- 11) Chief Financial Officer and Chief Executive Officer have duly endorsed the financial statements before approval of the Board.

12) The Board has formed committees comprising of members given below:

a) **Audit Committee**

- i) Mian Nazir Ahmad Peracha (Chairman)
- ii) Daniyal Jawaid Paracha (Member)
- iii) Muhammad Nazir Peracha (Member)

b) **Human Resource & Remuneration Committee**

- i) Daniyal Jawaid Peracha (Chairman)
- ii) Muhammad Tousif Peracha (Member)
- iii) Ali Rashid Khan (Member)

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

14) The frequency of meetings of the Committees were as per following:-

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

15) The Board has set up effective internal audit functions that is suitably qualified and experienced for the purpose and is conversant with the policies and procedures of the Company.

16) The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the Quality Control Review program of the Institute of Chartered Accountants of Pakistan and they are registered with Audit Oversight Board of Pakistan, that they and all their partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the Institute of Chartered Accountants of Pakistan and that they and the partners of the firm involved in the audit are not a close relative (spouse, parent, dependent and non-dependent children) of the Chief Executive Officer, Chief Financial Officer, head of Internal Audit, Company Secretary or Directors of the Company.

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

18) We confirm that all requirements of the Regulations have been complied with.

  
Director

  
Director

Dated: October 05, 2020

Place: Lahore

# PATTERN OF SHAREHOLDINGS

Number of Shareholding	Shareholdings From	To	Total Share Held
927	1	100	32,503
719	101	500	250,293
556	501	1,000	488,310
913	1,001	5,000	2,541,215
272	5,001	10,000	2,158,020
88	10,001	15,000	1,121,652
76	15,001	20,000	1,371,937
36	20,001	25,000	839,653
22	25,001	30,000	628,622
17	30,001	35,000	574,709
12	35,001	40,000	460,000
12	40,001	45,000	508,389
22	45,001	50,000	1,070,983
3	50,001	55,000	164,000
9	55,001	60,000	532,000
4	60,001	65,000	251,500
3	65,001	70,000	205,500
4	70,001	75,000	294,000
2	75,001	80,000	158,000
1	80,001	85,000	83,705
2	85,001	90,000	180,000
1	90,001	95,000	91,000
9	95,001	100,000	899,000
2	100,001	105,000	209,000
2	105,001	110,000	220,000
1	110,001	115,000	115,000
1	115,001	120,000	116,943
2	120,001	125,000	243,000
4	125,001	130,000	516,000
2	135,001	140,000	278,000
1	140,001	145,000	145,000
3	145,001	150,000	450,000
2	150,001	155,000	308,747
2	160,001	165,000	327,000
2	170,001	175,000	350,000
1	175,001	180,000	179,500
1	190,001	195,000	194,025
3	195,001	200,000	600,000
2	200,001	205,000	405,000
1	220,001	225,000	222,000
1	255,001	260,000	257,500
1	295,001	300,000	299,500
2	355,001	360,000	715,000
1	390,001	395,000	393,000
1	410,001	415,000	411,500
1	435,001	440,000	438,500
1	445,001	450,000	450,000
1	470,001	475,000	470,500
1	490,001	495,000	494,000
1	495,001	500,000	500,000
1	505,001	510,000	508,000
1	520,001	525,000	524,000
1	545,001	550,000	547,074
1	595,001	600,000	596,765
1	1,115,001	1,120,000	1,116,500
1	1,900,001	1,905,000	1,904,500
2	2,620,001	2,625,000	5,250,000
1	2,935,001	2,940,000	2,938,584
1	2,995,001	3,000,000	3,000,000
1	4,080,001	4,085,000	4,082,112
1	4,280,001	4,285,000	4,282,112
1	4,510,001	4,515,000	4,512,000
1	5,245,001	5,250,000	5,250,000
1	16,060,001	16,065,000	16,062,541
1	22,725,001	22,730,000	22,728,035
1	90,925,001	90,930,000	90,929,285
1	211,825,001	211,830,000	211,828,746
3,771			400,273,960

# PATTERN OF SHAREHOLDINGS

Categories of shareholders	Share Held	Percentage
Associated Companies, Undertakings and Related Parties (Name Wise Detail):	-	-
Mutual Funds (Name Wise Detail)		
1 Trustee First Capital Mutual Fund	50,000	0.0125
Directors and their Spouse and Minor Children (Name Wise Detail):		
1 Abdur Rafique Khan	90,929,285	22.7168
2 Muhammad Tousif Peracha	214,872,079	53.6812
3 Muhammad Niaz Peracha	2,330	0.0006
4 Ali Rashid Khan	20,344,653	5.0827
5 Mian Nazir Ahmed Paracha	500	0.0001
6 Amna Khan	22,728,035	5.6781
7 Daniyal Jawaid Paracha	17,000	0.0042
8 Feriha Nazir Peracha W/O Mian Nazir Ahmed Paracha	2,625,000	0.6558
9 Qamar Nazir Peracha W/O Mian Nazir Ahmed Paracha	2,625,000	0.6558
10 Tabassum Tousif Peracha W/O Muhammad Tausif Peracha	194,025	0.0485
11 Salma Khan W/O A. Rafique Khan	153,747	0.0384
Executives:	-	-
Public Sector Companies & Corporations:	-	-
Banks, Development Finance Institutions, Non Banking Finance Companies, Insurance Companies, Takaful, Modarabas and Pension Funds:	180,813	0.0452
Shareholders Holding Five Percent or More Voting Interest in the Listed Company (Name Wise Detail)		
1 Muhammad Tousif Peracha	214,872,079	53.6812
2 Abdur Rafique Khan	90,929,285	22.7168
3 Amna Khan	22,728,035	5.6781
4 Ali Rashid Khan	20,344,653	5.0827
All Trades in the Shares of The Listed Company, Carried out By its Directors, Executives and their Spouses and Minor Children shall also be Disclosed:		
S.# Name	Sale	Purchase
1 Mrs. Feriha Nazir Peracha W/O Mian Nazir Ahmed Paracha	171,000	82,000





# Financial Highlights



# SIX YEARS AT A GLANCE

	2020	2019	2018	2017	2016	2015
<b>Summary of Balance Sheet (Rs. '000)</b>						
Equity	14,505,990	12,481,446	12,490,557	11,381,045	10,071,067	7,737,654
Interest bearing long term debt	2,840,241	3,491,973	3,665,050	3,765,786	3,150,382	2,593,657
Non-interest bearing long term debt	454,150	517,160	673,337	740,422	742,082	1,080,120
Capital employed	17,800,381	16,490,579	16,828,944	15,887,253	13,963,531	11,411,431
Net debt	2,862,991	3,577,373	4,230,518	4,382,637	3,403,368	3,495,078
Property, plant and equipment	20,352,356	18,315,268	19,251,030	18,677,798	15,397,173	13,722,670
Current assets	5,157,726	4,947,128	3,591,975	2,847,464	2,560,928	2,070,404
Current liabilities	4,661,162	4,501,227	5,044,568	4,282,706	3,050,080	4,708,994
Total assets	25,510,082	23,262,396	22,843,005	21,615,065	18,052,290	15,883,604
<b>Summary of profit or loss Account (Rs. '000)</b>						
Net sale	8,714,089	11,174,327	11,704,607	11,357,244	10,602,968	9,694,965
Gross profit	86,273	2,458,786	2,932,650	3,988,401	4,252,904	3,062,330
Operating profit	(319,432)	1,943,047	2,186,777	3,289,856	3,619,819	2,581,876
EBITDA	626,158	2,935,081	3,138,932	4,003,963	4,288,572	3,262,498
Profit before taxation	(561,689)	1,379,909	1,783,549	3,044,676	3,694,629	2,010,295
Profit after taxation	131,193	736,412	1,509,654	2,283,696	2,681,056	1,202,397
<b>Summary of Cash Flow Statement (Rs. '000)</b>						
Net cash flow from operating activities	1,152,999	1,327,101	2,490,330	3,491,105	2,900,809	2,237,310
Net cash flow from investing activities	(190,751)	(170,108)	(1,336,824)	(3,795,935)	(2,543,922)	(1,299,159)
Net cash flow from financing activities	(962,608)	(833,102)	(1,169,208)	(60,695)	(46,490)	(792,416)
Change in cash and cash equivalents	(360)	323,891	(15,702)	(365,525)	310,397	145,735
Cash and cash equivalent at year end	431,400	431,760	107,869	123,571	489,096	178,699
<b>Profitability Ratios</b>						
Gross Profit ratio	0.99%	22.00%	25.06%	35.12%	40.11%	31.59%
Net Profit to Sales Ratio	1.51%	6.59%	12.90%	20.11%	25.29%	12.40%
EBITDA Margin to Sales ratio	7.19%	26.27%	26.82%	35.25%	40.45%	33.65%
Return on Equity	0.97%	5.90%	12.65%	21.29%	30.11%	16.73%
Return on Capital Employed	0.77%	4.42%	9.23%	15.30%	21.13%	10.75%
Return on total assets	0.54%	3.19%	6.79%	11.51%	15.80%	7.74%
<b>Liquidity Ratios</b>						
Current Ratio (times)	1.11	1.10	0.71	0.66	0.84	0.44
Quick Ratio (times)	0.62	0.56	0.28	0.25	0.46	0.13
Cash flow from operations to Sales (times)	0.13	0.12	0.21	0.31	0.27	0.23
<b>Activity / Turnover Ratios</b>						
Inventory turnover ratio	12.10	11.39	13.96	16.11	13.88	8.77
No. of days in inventory	30	32	26	23	26	42
Debtors turnover ratio	25.43	28.24	31.47	34.92	43.03	46.85
No. of days in receivables	14	13	12	10	8	8
Creditor turnover ratio	2.93	3.20	3.62	5.52	5.10	4.19
No. of days in payables	125	114	101	66	72	87
Total assets turnover ratio	0.34	0.48	0.51	0.53	0.59	0.61
Fixed assets turnover ratio	0.43	0.61	0.61	0.61	0.69	0.71
Operating cycl	(80)	(69)	(63)	(33)	(37)	(38)

# SIX YEARS AT A GLANCE

	2020	2019	2018	2017	2016	2015
<b>Investment / Market Ratios</b>						
Earning per share (Rs.)	0.33	1.84	3.77	5.71	6.70	3.00
Price Earning ratio (Rs.)	49.67	5.63	5.55	7.98	7.09	8.99
Break-up Value of Share (Rs.)	36.24	31.18	31.21	28.43	25.16	19.33
<b>Market Value of Share (Rs.)</b>						
Year End	16.28	10.36	20.92	45.54	47.50	27.00
Highest	18.82	23.52	47.50	67.48	49.99	33.42
Lowest	8.19	9.01	19.79	45.54	25.65	15.60
Average	12.62	16.41	29.08	56.00	36.89	22.23
Market Capitalization (Rs. '000)	6,516,460	4,146,838	8,373,731	18,228,476	19,013,013	10,807,397
<b>Capital Structure Ratio</b>						
Financial leverage ratio	23%	32%	35%	40%	39%	47%
Weighted average cost of debt	18%	10%	10%	8%	7%	15%
Capitalization rate	2%	18%	18%	13%	14%	11%
Interest cover ratio (times)	(0.53)	3.20	5.09	10.68	12.99	4.50
Debt to equity ratio (times)	0.23	0.32	0.35	0.40	0.39	0.47
Leverage (times)	4.57	1.22	1.35	1.09	0.79	1.07

Non-interest bearing long term debt = Markup deferred banks as per rescheduling agreements

Capital employed = Equity with revaluation surplus + Interest bearing long term debt + Non-interest bearing long term debt

Net debt = Interest bearing long term debt + Non-interest bearing long term debt + Interest bearing short term debt - Cash and cash equivalent

Gross profit ratio = Gross profit / Net sale

Operating leverage ratio = % change in operating profit / % change in net sales

Return on equity = Profit after tax / Average equity with revaluation surplus

Return on capital employee = Profit after tax / Average capital employed

Return on total assets = Profit after tax / Average total assets

Current ratio = Current assets / Current liabilities

Quick ratio = (Current assets - Stock-in-trade - Stores, spares & loose tools) / Current liabilities

Inventory turn over ratio = Cost of sales / Average stock-in-trade

Debtors turn over ratio = Local gross sales / Average trade debtors

Creditors turn over ratio = Purchases / Average trade creditors

Operating cycle = Inventory days + Debtors days - Creditors days

Market capitalization = No. of issued shares x share price at year end

Financial leverage ratio = (Interest bearing long term debt + Non-interest bearing long term debt) / Equity with revaluation surplus

Weighted cost of debt = Interest on long term debt / Interest bearing long term debt

Interest cover ratio = EBIT / Finance cost

Debt equity ratio = (Interest bearing long term debt + Non-interest bearing long term debt) / Equity with revaluation surplus

Leverage = Net debt / EBITDA



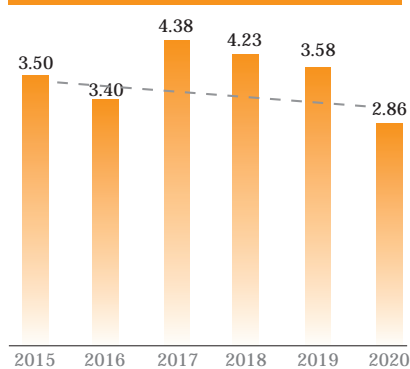
# KPI GRAPHICAL PRESENTATION

Interest bearing debt (billion rupees)



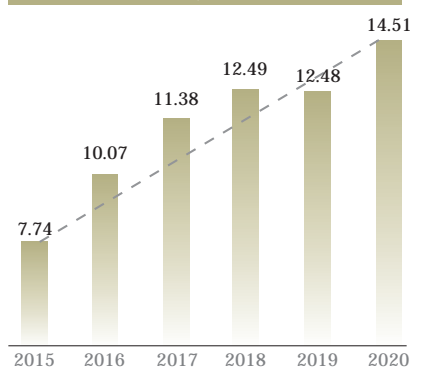
Interest bearing debts includes long term and short term borrowings carrying markup/profit. During the year 2020, new borrowings of Rs. 1.06 bn were obtained whereas debts of Rs. 1.51 bn were repaid. In next two years, the Company will repay about Rs. 2.18 bn.

Net debt (billion rupees)



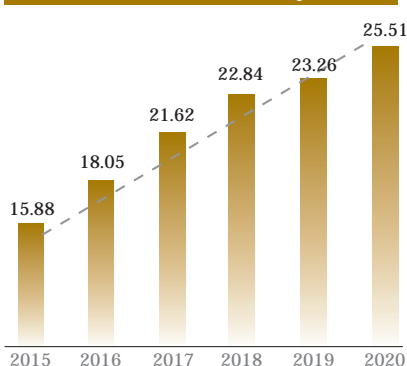
Net debt includes interest bearing long term and short term debts and non-interest bearing long term debts less cash and cash equivalent. Net debts are on downward trajectory and reduced to Rs. 2.86 billion in 2020 compared to Rs. 3.50 billion in 2015 despite of the fact that new debts were obtained in that period.

Shareholders Equity (billion rupees)



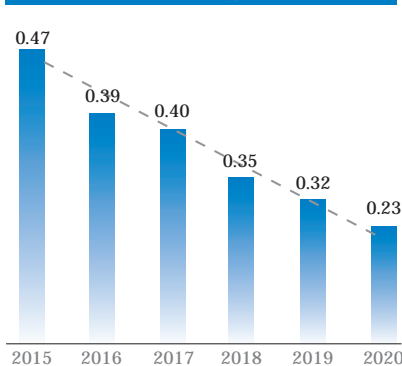
Ordinary shareholders equity includes paid-up capital, retained earning and surplus on revaluation of PPE. Equity is on upward trajectory due to retained earnings and increased to Rs. 12.51 bn in 2020 against Rs. 7.74 bn in 2015 posting a growth of ~1.9 times over the timeline.

Total Assets (billion rupees)



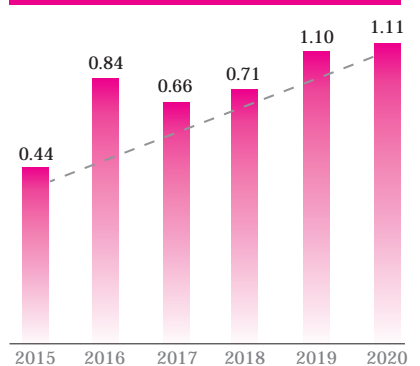
Total assets increased to Rs. 25.51 bn in 2020 against Rs. 15.88 bn in 2015 posting a growth of ~60% over the timeline.

Debt : Equity Ratio



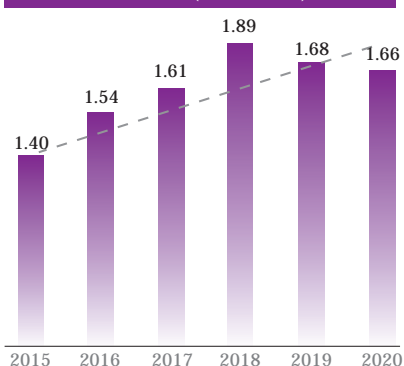
This represents debts against shareholders equity of Re 1. Debts include long term interest bearing and non-interest bearing debts and equity includes revaluation surplus. This ratio is on downward trajectory due to repayment of debts and retention of earnings within the Company. This ratio decreased to Re. 0.23 in 2020 compared to Rs. 0.47 in 2015 posting a reduction of ~51% over the timeline.

Current Ratio



This represents current assets against current liability of Re 1. Current ratio improved to 1.11 in the year 2020 from 0.44 in the year 2015.

Sales Volume (million ton)



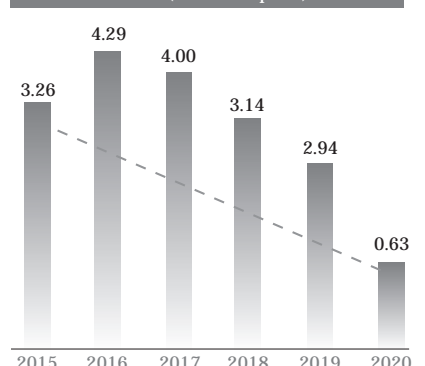
Sales volume is constantly on upward trend and stood at 1.66 million ton cement dispatch in 2020 compared to 1.40 million tonnes in 2015.

Net sales (billion rupees)



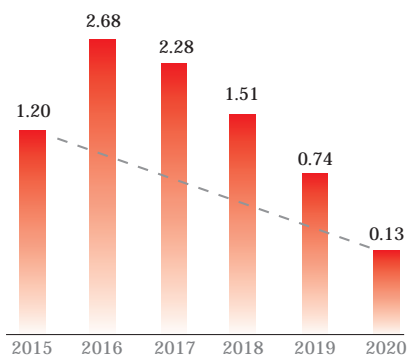
Net Sales slid down during FY2020 due to price war on addition of new cement capacities and lockdown on COVID19 pandemics. However, the sales prices has been improved by 27% till publication of this report.

EBITDA (billion rupees)



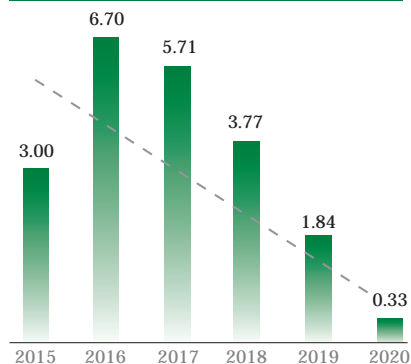
Earnings before interest, tax and depreciation is on its downward trajectory and stood at Rs. 0.63 bn in 2020 mainly due to COVID19 pandemics and price war on addition of new capacities.

#### Net profit (billion rupees)



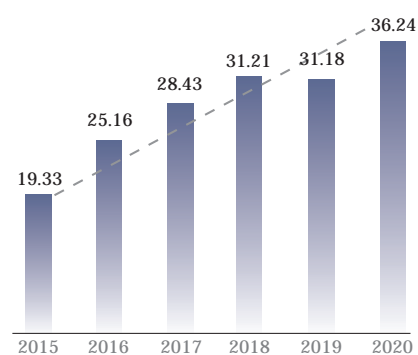
Profit after taxation stood at Rs. 0.13 bn in 2020 compared to Rs. 1.20 bn in 2015.

#### Earnings per share (rupees)



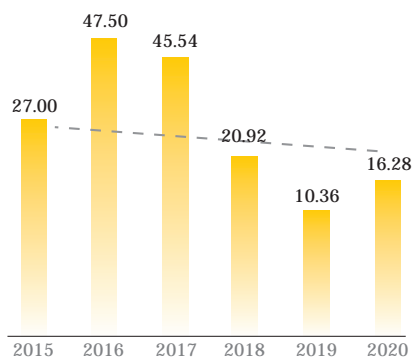
EPS stood at Re. 0.33 in 2020 compared to Rs. 3.0 in 2015.

#### Book value per share (rupees)



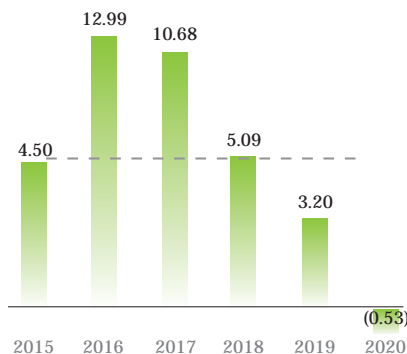
Book value per share displayed upward trajectory and stood at Rs. 36.24 in 2020 which has been increased by ~88% since 2015.

#### Market value per share (rupees)



Market value per share reduced to Rs. 16.28 at the close of 2020 due to ongoing overall downfall of equity market because of COVID19.

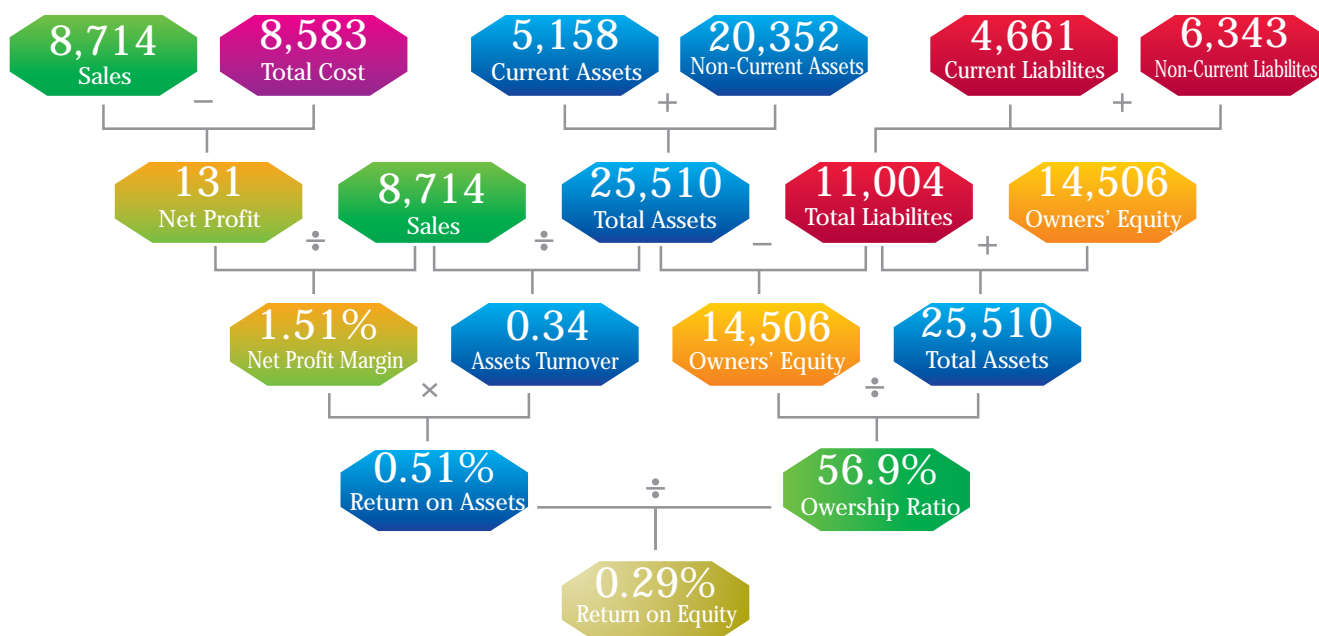
#### Interest Cover Ratio (rupees)



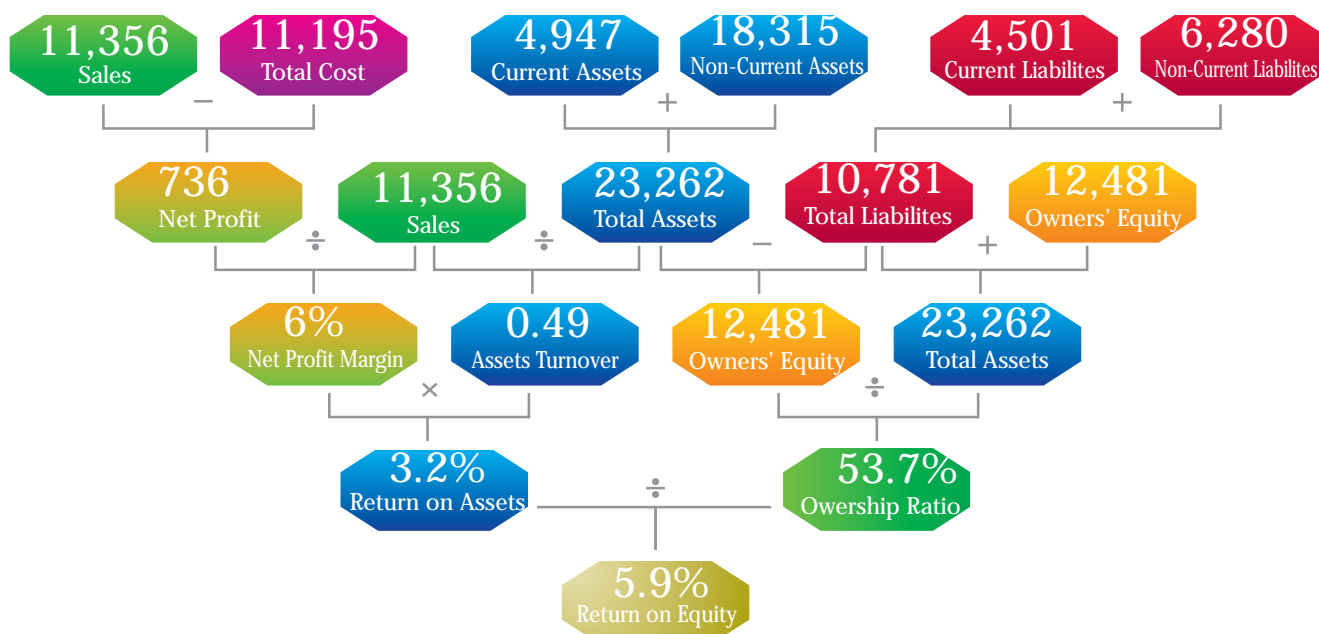
This represents EBIT against finance cost of Re 1. Interest cover ratio temporarily reduced below zero because of COVID19. However, the Company is paying due markup within time.

# DuPONT ANALYSIS

## 2020



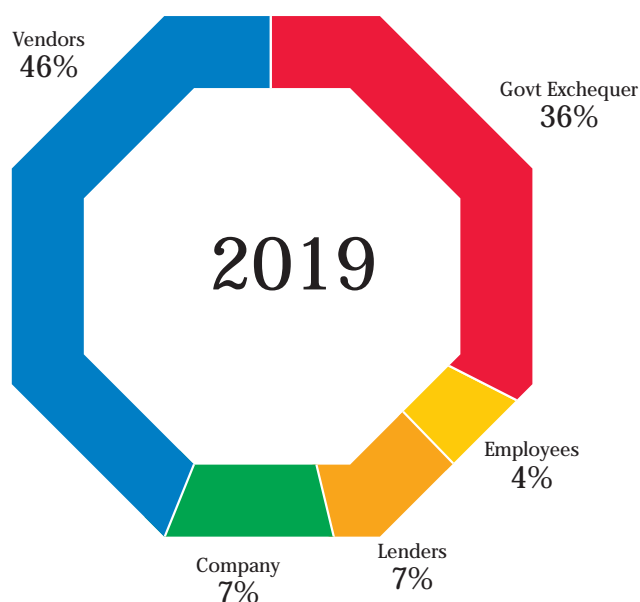
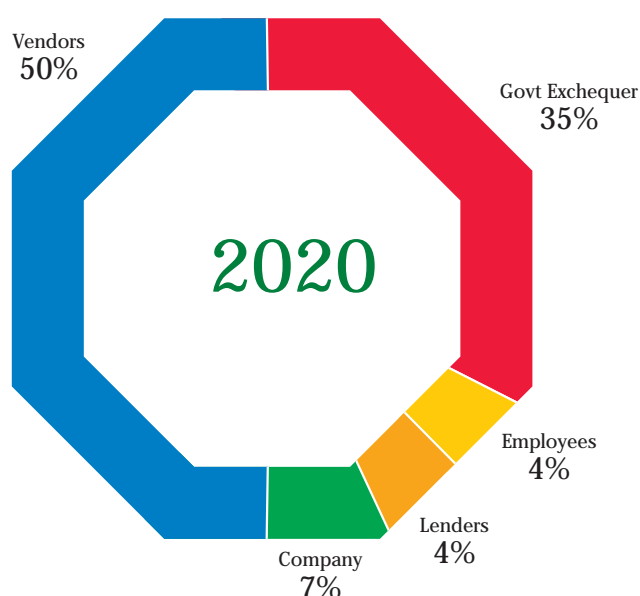
## 2019



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

## DISTRIBUTION OF WEALTH

The Company continues to play its role in economic development of the country and contributed 93% (FY2019: 93%) of the gross revenue generated during the year to various stakeholders within the society. 51% (FY2019: 46%) of the Company's gross wealth was contributed to suppliers of fuel, energy, materials, services etc.. 35% (FY2019: 36%) of the gross wealth was contributed to the government exchequer on account of income tax, sales tax, federal excise duty, royalty and excise duty on mineral, workers welfare fund and workers profit participation fund. 4% (FY2019: 7%) of the gross wealth went to the provider of finance in the shape of markup, profit and dividend. 4% (FY2019: 4%) of the gross wealth was went to employees. Whereas the Company retained 7% (FY2019: 7%) of the gross wealth in the form of depreciation, amortisation and retained earnings.



# VERTICAL & HORIZONTAL ANALYSIS

	2020	2019	2018	2017	2016	2015
Figures in Thousand Rupees						
STATEMENT OF FINANCIAL POSITION						
ASSETS						
Property, plant and equipment	20,303,484	18,241,973	19,136,955	18,677,798	15,397,173	13,722,670
% change from preceeding year	11%	-5%	2%	21%	12%	5%
% change from base year 2015	148%	133%	139%	136%	112%	100%
% of total assets	80%	78%	84%	86%	85%	86%
Non-current assets	20,352,356	18,315,268	19,251,030	18,767,601	15,491,362	13,813,200
% change from preceeding year	11%	-5%	3%	21%	12%	5%
% change from base year 2015	147%	133%	139%	136%	112%	100%
% of total assets	80%	79%	84%	87%	86%	87%
Current assets	5,157,726	4,947,128	3,591,975	2,847,464	2,560,928	2,070,404
% change from preceeding year	4%	38%	26%	11%	24%	5%
% change from base year 2015	249%	239%	173%	138%	124%	100%
% of total assets	20%	21%	16%	13%	14%	13%
Total assets	25,510,082	23,262,396	22,843,005	21,615,065	18,052,290	15,883,604
% change from preceeding year	10%	2%	6%	20%	14%	5%
% change from base year 2015	161%	146%	144%	136%	114%	100%
% of total assets	100%	100%	100%	100%	100%	100%
EQUITY AND LIABILITIES						
Equity	14,505,990	12,481,446	12,490,557	11,381,045	10,071,067	7,737,654
% change from preceeding year	16%	0%	10%	13%	30%	17%
% change from base year 2015	187%	161%	161%	147%	130%	100%
% of total assets	57%	54%	55%	53%	56%	49%
Interest bearing long term borrowings	2,840,241	3,491,973	3,365,050	3,765,786	3,150,382	2,455,810
% change from preceeding year	-19%	-5%	-11%	20%	28%	-22%
% change from base year 2015	110%	135%	141%	145%	121%	100%
% of total assets	11%	15%	18%	17%	17%	16%
Non-Interest bearing long term borrowings	454,150	517,160	673,337	740,422	742,082	1,080,120
% change from preceeding year	-12%	-23%	-9%	0%	-31%	9%
% change from base year 2015	42%	48%	62%	69%	69%	100%
% of total assets	2%	2%	3%	3%	4%	7%
Capital employed	17,800,381	16,490,579	16,528,944	15,887,253	13,963,531	11,273,584
% change from preceeding year	8%	-2%	4%	14%	24%	4%
% change from base year 2015	156%	145%	147%	139%	122%	100%
% of total assets	70%	71%	72%	74%	77%	72%
Non-current liabilities	6,342,930	6,279,723	5,307,880	5,951,314	4,931,143	3,436,956
% change from preceeding year	1%	18%	-11%	21%	43%	-25%
% change from base year 2015	185%	183%	154%	173%	143%	100%
% of total assets	25%	27%	23%	28%	27%	22%
Current liabilities	4,661,162	4,501,227	5,044,568	4,282,706	3,050,080	4,708,994
% change from preceeding year	4%	-11%	18%	40%	-35%	19%
% change from base year 2015	99%	96%	107%	91%	65%	100%
% of total assets	18%	19%	22%	20%	17%	30%



# STATEMENT OF FINANCIAL POSITION

	2020	2019	2018	2017	2016	2015
Figures in Thousand Rupees						
<b>STATEMENT OF PROFIT OR LOSS</b>						
Net sales	8,714,089	11,355,918	11,704,607	11,357,244	10,602,968	9,694,965
<i>% change from preceeding year</i>	-22%	-3%	3%	7%	9%	13%
<i>% change from base year 2015</i>	90%	115%	121%	117%	109%	100%
<i>% of net sales</i>	100%	100%	100%	100%	100%	100%
Gross profit	86,273	2,640,376	2,932,650	3,988,401	4,252,904	3,062,330
<i>% change from preceeding year</i>	-96%	-10%	-26%	-6%	39%	27%
<i>% change from base year 2015</i>	3%	80%	96%	130%	139%	100%
<i>% of net sales</i>	1%	23%	25%	35%	40%	32%
EBITDA	626,158	2,935,354	3,138,932	4,003,963	4,288,572	3,262,498
<i>% change from preceeding year</i>	-79%	-6%	-22%	-7%	31%	24%
<i>% change from base year 2015</i>	19%	90%	96%	123%	131%	100%
<i>% of net sales</i>	7%	26%	27%	35%	40%	34%
Profit before taxation	(561,689)	1,380,182	1,783,549	3,044,676	3,694,629	2,010,295
<i>% change from preceeding year</i>	-141%	-23%	-41%	-18%	84%	43%
<i>% change from base year 2015</i>	-28%	69%	89%	151%	184%	100%
<i>% of net sales</i>	-6%	12%	15%	27%	35%	21%
Profit after taxation	131,193	736,685	1,509,654	2,283,696	2,681,056	1,202,397
<i>% change from preceeding year</i>	-82%	-51%	-34%	-15%	123%	42%
<i>% change from base year 2015</i>	11%	61%	126%	190%	223%	100%
<i>% of net sales</i>	2%	6%	13%	20%	25%	12%

# Financial Statements

for the year ended June 30, 2020



## INDEPENDENT AUDITORS' REPORT

### To the members of Gharibwal Cement Limited Report on the Audit of the Financial Statements

#### Opinion

We have audited the annexed financial statements of Ghraibwal Cement Limited ("the Company"), which comprises statement of financial position as at June 30, 2020, the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended and notes to the financial statements including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purpose of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, statement of profit or loss, the statement of comprehensive income, statement of changes in equity and statement of cash flows together with the notes forming part thereof conform with the accounting and reporting Standards as applicable in Pakistan, and, give the information required by the Companies Act, 2017(XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the company's affairs as at June 30, 2020 and of the profit, the comprehensive income, the changes in equity and its cash flows for the year then ended.

#### Basis for Opinion

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

#### Key Audit Matters

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

Following are the key audit metter(s):

Key Audit Matter(s)	How the Matter was addressed in audit
<p><b>1. Inventories:</b></p> <p>As at June 30, 2020 inventories, as disclosed in note - 8 to the annexed financial statements include stock in trade, coal and other consumable store items.</p> <p>There is a risk in estimating the eventual NRV of items held, as well as assessing which items may be slow-moving or obsolete.</p> <p>The Company's principal accounting policy on inventories and the critical accounting estimates and judgements are disclosed in note - 4.3 to the annexed financial statements.</p> <p>Further, stock in trade in financial statements as disclosed in note - 8 includes:</p> <ul style="list-style-type: none"> <li>raw materials comprising limestone, clay, gypsum and laterite;</li> <li>work-in-progress mainly comprising clinker; and</li> <li>finished goods in the shape of cement</li> </ul> <p>The above items are stored in purpose built sheds, stockpiles and silos. As the weighing of these inventories of stock in trade is not practicable, management assesses</p>	<p>Our audit focused on whether the valuation of year-end inventory was in line with IAS 2. This included challenging judgements taken regarding obsolescence and net realizable value provisions.</p> <p>We obtained assurance over the appropriateness of management's assumptions applied in calculating the value of inventory by:</p> <ul style="list-style-type: none"> <li>checking the effectiveness of controls associated with the existence and condition of inventories by attending inventory counts at year end by the Company with sample / verification test;</li> <li>critically assessing the Company's provisioning policy, with specific consideration given to aged/ slow-moving inventory;</li> <li>re-computing provision recorded to verify that it is in line with Company's policy;</li> <li>reviewing historical accuracy of fuels, parts and supplies provisioning with reference to inventory write-offs during the year in relation to stock loss or other inventory adjustments;</li> <li>Assessed the management's process of measurement of stockpiles and the determination of values using</li> </ul>

Key Audit Matter(s)	How the Matter was addressed in audit
<p>the reasonableness of the quantities on hand by obtaining measurements of stockpiles and converting these measurements to unit of volumes by using angle of repose and bulk density.</p> <p>Due to the significance of inventory balances of consumable stores and spares &amp; stock in trade and related estimations involved, this is considered as a key audit matter.</p>	<p>conversion of volumes and density to total weight and the related yield; and</p> <ul style="list-style-type: none"> <li>Obtained and reviewed the inventory count report of the management's internal</li> </ul> <p>We further tested the NRV of the inventories held by performing a review of sales close to and subsequent to the year end.</p>
<p><b>2. Revenue recognition:</b></p> <p>As per ISA 240, there is a presumed risk of material misstatement due to inappropriate revenue recognition. This may either result from an overstatement of revenues through premature revenue recognition or recording fictitious revenues or understatement of revenues through improperly shifting revenues to a later period.</p> <p>These revenue may also be manipulated through the use of inappropriate rates for the overstatement / understatement of revenue to achieve desired financial results.</p> <p>In view of significant value of transactions and presumed risk of material misstatement involved, we have considered this as a key audit matter.</p> <p>The disclosures related to recognition of revenue by the company are provided in note 4.18 to the annexed financial statements.</p>	<p>In this regard, our audit procedures included:</p> <ul style="list-style-type: none"> <li>Understanding the policies and procedures applied to revenue recognition, as well as compliance therewith, including an analysis of the effectiveness of controls related to revenue recognition processes employed by the company.</li> <li>Performing cut-off procedures for a sample of revenue transactions at year end in order to conclude on whether they were recognized at the moment the related goods or services actually took place.</li> <li>Analyzing other adjustments and credit notes issued after the reporting date.</li> <li>Performing analytical procedures on entries in the daily ledger related to revenue made by the Company. These procedures were carried out paying special attention to accounting entries recorded close to the yearend or subsequently, as well as those deemed unusual due, among other reasons, to their nature, amount, date of occurrence.</li> <li>Reviewing disclosures included in the notes to the annexed financial statements.</li> </ul>
<p><b>3. Taxation:</b></p> <p>As described in Summary of Significant Accounting Policies in note - 4.14, significant judgment is required in determining the provision for income tax, both current and deferred, as well assessment of provision for uncertain tax positions including estimates of penalties / default surcharge, where appropriate.</p> <p>The statement of financial position includes advance income tax net of provision of Rs. 1,136.172 million together with net deferred tax liability of Rs. 3,436.537 million. The tax credit recognized in the statement of profit or loss is Rs. 693.006 million. Detail of deferred taxation and taxation expense is disclosed in notes - 18 and 33 to the annexed financial statements respectively.</p> <p>Due to their significance to the financial statements as a whole, combine with the judgement and estimation required to determine their values, the evaluation of current and deferred tax balances is considered to be a key audit matter.</p>	<p>We evaluated the design and implementation of controls in respect of provisions for current tax and the recognition of deferred tax.</p> <p>We discussed with management the adequate implementation of company policies and controls regarding current and deferred tax as well as the reporting of uncertain tax positions.</p> <p>We examined the procedures in place for the current and deferred tax calculations for completeness and valuation and audited the related tax computations and estimates in the light of our knowledge of the circumstances. Our work was conducted with our firm's tax department.</p> <p>We considered management assessment of the validity and adequacy of provision for uncertain tax provision, evaluating the basis of assessment and reviewing relevant correspondence and legal advice where available including any information regarding similar cases with the relevant tax authorities.</p> <p>In respect of deferred tax assets and liabilities, we assessed the appropriateness of management assumptions and estimates.</p> <p>We Reviewed disclosures included in the notes 18 and 33 to the annexed financial statements.</p>



Key Audit Matter(s)	How the Matter was addressed in audit
<p><b>4. Contingencies:</b></p> <p>The Company is subject to a number of legal, regulatory, tax and competition matters, many of which are beyond its control. Consequently, the management make judgements about the incidence and quantum of such liabilities arising from litigation, tax and regulatory or competition claims which are subject to the future outcome of legal or regulatory processes.</p> <p>There are a number of legal and regulatory matters for which no provision has been established, as discussed in notes - 24 to the annexed financial statements.</p> <p>There is an inherent risk that legal exposures are not identified and considered for financial reporting purposes on a timely basis, therefore, considered to be a key audit matter. Importantly, the decision to recognize a provision and the basis of measurement are judgmental.</p>	<p>We assessed and tested the design and operating effectiveness of the controls over the identification, evaluation, provisioning and reporting of legal, tax, regulatory and competition matters. We determined that we could rely on these controls for the purposes of our audit.</p> <p>In view of the significant judgements required, we evaluated the Company's assessment of the nature and status of litigation, claims and provision assessments, if any, and discussed with management to understand the legal position and the basis of material risk positions. We received legal letters from the Company's external counsel setting out their views in major cases.</p> <p>Specifically, we challenged the timing of recognition for cases where there was potential exposure but it was not clear that a provision should be raised e.g. where obtaining reliable estimates are not considered possible.</p> <p>As set out in the financial statements, the outcome of litigation and regulatory claims are dependent on the future outcome of continuing legal and regulatory processes and consequently the calculations of the provisions are subject to inherent uncertainty.</p>

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

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

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

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

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

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

#### Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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

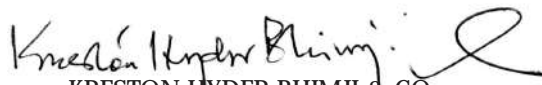
#### Report on Other Legal and Regulatory Requirements

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

- a) proper books of account have been kept by the Company/branches as required by the Companies Act, 2017 (XIX of 2017);
- b) the statement of financial position, the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows (together with the notes thereon have been drawn up in conformity with the Companies Act, 2017(XIX of 2017) and are in agreement with the books of account and returns;
- c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and
- d) zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the company and deposited in the Central Zakat Fund established under section 7 of that Ordinance.

The engagement partner on the audit resulting in this independent auditor's report is Syed Aftab Hameed, FCA.

Lahore: October 05, 2020



KRESTON HYDER BHIMJI & CO.  
CHARTERED ACCOUNTANTS

# STATEMENT OF FINANCIAL POSITION

AS AT JUNE 30, 2020

	Note	2020	2019
		(Rupees in 000s)	
<b>ASSETS</b>			
<b>NON CURRENT ASSETS</b>			
Property, plant and equipment	5	20,303,484	18,241,973
Intangible asset	6	1,619	2,902
Deposits	7	47,253	70,393
		<b>20,352,356</b>	<b>18,315,268</b>
<b>CURRENT ASSETS</b>			
Inventories	8	2,267,543	2,429,536
Trade and other receivables	9	592,680	626,963
Loan and advances	10	558,078	363,870
Deposits	11	32,260	48,950
Prepayments	12	139,593	165,723
Advance income tax -net		1,136,172	880,326
Cash and bank balances	13	431,400	431,760
		<b>5,157,726</b>	<b>4,947,128</b>
<b>TOTAL ASSETS</b>		<b>25,510,082</b>	<b>23,262,396</b>
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>			
Share capital	14	4,002,739	4,002,739
Revaluation surplus on property, plant and equipment	15	5,027,237	3,086,133
Retained earnings		5,476,138	5,392,574
		<b>14,506,114</b>	<b>12,481,446</b>
<b>NON CURRENT LIABILITIES</b>			
Borrowings	16	2,472,279	2,909,384
Lease liability	17	16,719	-
Deferred taxation	18	3,436,537	3,271,186
Accrued liabilities	20b	314,543	-
Employees' benefits obligations	19	102,727	99,153
		<b>6,342,805</b>	<b>6,279,723</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	20	3,596,641	3,158,618
Contract liabilities		9,062	21,807
Borrowings	21	794,814	1,099,162
Lease liability	17	10,579	587
Markup and profit payable	22	161,219	84,438
Employees' benefits obligations	23	74,772	124,029
Unclaimed dividend		14,076	12,586
		<b>4,661,163</b>	<b>4,501,227</b>
<b>CONTINGENCIES AND COMMITMENTS</b>	24	-	-
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>25,510,082</b>	<b>23,262,396</b>

The annexed notes 1 to 44 form an integral part of these financial statements.

  
DIRECTOR

  
CHIEF FINANCIAL OFFICER

  
DIRECTOR

# STATEMENT OF PROFIT OR LOSS

FOR THE YEAR ENDED JUNE 30, 2020

	Note	2020	2019
		(Rupees in 000s)	
Revenue from contracts with customers	25	8,714,089	11,174,327
Cost of sales	26	(8,627,816)	(8,715,541)
<b>Gross Profit</b>		<b>86,273</b>	<b>2,458,786</b>
General and administrative expenses	27	(332,430)	(376,970)
Selling and distribution expenses	28	(22,121)	(32,070)
Other expenses	29	(54,304)	(111,116)
Other Income	30	3,150	4,417
<b>Profit / (loss) from operations</b>		<b>(319,432)</b>	<b>1,943,047</b>
Finance income	31	364,350	44,735
Finance expenses	32	(606,607)	(607,873)
<b>Profit / (loss) before taxation</b>		<b>(561,689)</b>	<b>1,379,909</b>
Tax credit / (expenses)	33	693,006	(643,497)
<b>Profit after taxation</b>		<b>131,317</b>	<b>736,412</b>
		<b>Rupees</b>	
<b>Earnings per share (basic &amp; diluted)</b>	34	<b>0.33</b>	<b>1.84</b>

The annexed notes 1 to 44 form an integral part of these financial statements.

  
DIRECTOR

  
CHIEF FINANCIAL OFFICER

  
DIRECTOR

# STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED JUNE 30, 2020

Note	2020	2019
	(Rupees in 000s)	
Profit after taxation for the year	131,317	736,412
Other Comprehensive Income		
Items that will not be reclassified to profit or loss:		
Revaluation gain on PPE	2,957,323	-
Deferred tax relating to revaluation gain	(848,992)	-
Actuarial loss on remeasurement of defined benefit plan	-	(6,936)
Deferred tax relating to actuarial loss	-	1,987
	2,108,331	(4,949)
Total comprehensive income for the year	2,239,648	731,463

The annexed notes 1 to 44 form an integral part of these financial statements.

  
DIRECTOR

  
CHIEF FINANCIAL OFFICER

  
DIRECTOR



# STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED JUNE 30, 2020

	Share Capital	Revaluation Surplus on PPE	Retained Earnings	Total
	(Rupees in 000s)			
Balance as at June 30, 2018	4,002,739	3,404,857	5,082,961	12,490,557
Final cash dividend @ Rs. 1.5 per share for the year ended June 30, 2018	-	-	(600,411)	(600,411)
Total Comprehensive income for the year ended June 30, 2019	-	-	731,463	731,463
Deferred tax impact due to change in tax rate	-	(140,163)	-	(140,163)
Revaluation surplus on deletion of PPE (net of tax)	-	(16,466)	16,466	-
Realization of revaluation surplus on PPE through depreciation (net of tax)	-	(162,095)	162,095	-
Balance as at June 30, 2019	4,002,739	3,086,133	5,392,574	12,481,446
Final cash dividend @ Re. 0.50 per share for the year ended June 30, 2019	-	-	(200,137)	(200,137)
Total Comprehensive income for the year ended June 30, 2020	-	2,108,331	131,317	2,239,648
Deferred tax impact due to change in tax rate	-	(14,843)	-	(14,843)
Realization of revaluation surplus on PPE through depreciation (net of tax)	-	(152,384)	152,384	-
Balance as at June 30, 2020	4,002,739	5,027,237	5,476,138	14,506,114

The annexed notes 1 to 44 form an integral part of these financial statements.

  
DIRECTOR

  
CHIEF FINANCIAL OFFICER

  
DIRECTOR

# STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED JUNE 30, 2020

	Note	2020	2019
		(Rupees in 000s)	
CASH FLOW FROM OPERATING ACTIVITIES			
Net profit / (loss) before taxation		(561,689)	1,379,909
Adjustment for non-cash and other items:	35	1,203,744	1,584,457
Operating profit before working capital changes		642,055	2,964,366
Inflow from net changes in working capital	36	1,266,469	(826,908)
Cash inflow from operation		1,908,524	2,137,458
Finance cost paid		(449,913)	(466,105)
Markup received on bank deposits		12,367	7,001
Employees benefits obligation		(56,655)	(46,965)
Income tax paid		(261,324)	(304,289)
Net cash inflow from operating activities		1,152,999	1,327,100
CASH FLOW FROM INVESTING ACTIVITIES			
Payments for property, plant and equipment		(56,569)	(222,094)
Insurance premium received		-	100,000
Rental income from Balochistan Glass limited (related party)		3,150	5,609
Advance to Balochistan Glass Limited (related party) - net		(199,865)	(88,539)
Markup received from Balochistan Glass Limited (related party)		62,533	34,916
Net cash outflow from investing activities		(190,751)	(170,108)
CASH FLOW FROM FINANCING ACTIVITIES			
Proceeds from banks borrowings		1,062,961	575,000
Repayment of banks borrowings		(1,511,755)	(1,459,452)
Proceeds of borrowings from related party		-	555,000
Repayment of borrowings from related party		(372,572)	-
Proceeds of lease liability		43,892	-
Repayment of lease liabilities		(17,181)	(962)
Dividend paid to directors (net of tax)		(147,209)	(458,655)
Dividend paid to other shareholders (net of tax)		(20,742)	(44,032)
Net cash outflow from financing activities		(962,607)	(833,101)
Net increase / (decreased) in cash and cash equivalents		(360)	323,891
Cash and cash equivalents at beginning of the year		431,760	107,869
Cash and cash equivalents at end of the year		431,400	431,760

The annexed notes 1 to 44 form an integral part of these financial statements.

  
DIRECTOR

  
CHIEF FINANCIAL OFFICER

  
DIRECTOR

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2020

## 1 LEGAL STATUS AND OPERATIONS

Gharibwal Cement Limited is a public limited company based in Pakistan. The Company is registered with the Securities and Exchange Commission of Pakistan w.e.f. December 1960. Shares of the Company are quoted on Pakistan Stock Exchange with symbol of "GWLC".

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

The Company is principally engaged in production and sale of cement. These financial statements are separate financial statements of the Company.

2 On March 11, 2020, the World Health Organisation declared COVID-19 a global pandemic. The COVID 19 outbreak developed rapidly thereafter with a significant number of COVID-19 cases reported globally. The pandemic has resulted in consequences on health and society and on economy affecting the earnings and cash flows of businesses, after the announcement of lock-downs by the government authorities, resulting in closure of business operations except for specifically exempted industries. The management believes that due to the pandemic the Company's operations, financial position and results have been impacted only on a temporary basis and believes that as normalcy comes about, these impacts have started to recede.

## 3 BASIS OF PREPARATION

### 3.1 Statement of compliance

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

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

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

### 3.2 Application of new accounting standards and other changes

#### a New and amended standards adopted by the Company

There were certain new standards and amendments to the approved accounting standards which became effective during the year ended June 30, 2020 but are considered not to be relevant or have any significant effect on the Company's financial reporting and are, therefore, not detailed in these financial statements.

#### b New standards and interpretations not yet adopted

Certain new accounting standards and interpretations have been published that are not mandatory for reporting period ending on June 30, 2020 and have not been early adopted by the Company. These standards are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions and, therefore, have not been detailed in these financial statements.

### 3.3 Basis of measurement

These financial statements have been prepared on accrual basis and under the historical cost convention except for the followings:

- Certain property, plant and equipment at fair value.
- Certain inventories at lower of cost and net realizable value.
- Certain financial instrument at amortised cost.
- Defined benefit plan at present value.

### 3.4 Functional and presentation currency

The financial statements are presented in Pakistani Rupee (Rs.) which is the Company's functional and presentation currency. Figures in these financial statements have been rounded off to the nearest thousands Rupees, unless otherwise stated.

### 3.5 Use of estimates and judgments

The preparation of financial statements in conformity with approved accounting standards requires management to make estimates and assumptions that affect the reported amounts of revenues, expenses, assets, liabilities and related disclosures at the date of the financial statements.

The estimates and judgements are based on historical experience and various other factors that are believed to be reasonable under the circumstances and are continually evaluated. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised if the revision affects only that period, or in the period of the revision and future periods.

Judgements made by management in application of the approved accounting standards that have significant effect on the financial statements and estimates with a significant risk of material adjustments in the next year are discussed in respective policy note. The areas involving significant estimates or judgements are:

- i) Estimated useful life of property, plant and equipment and intangible assets [notes 4.1 and 4.2]
- ii) Estimation of fair value of property, plant and equipment [note 4.1, note 5aa]
- iii) Estimation of net realizable value and Provision for slow moving inventories [note 4.3]
- iv) Estimate of liability and cost in respect of staff gratuity scheme [note 4.11]
- v) Estimation of current and deferred tax [note 4.14]
- vi) Assessment of contingencies [note 4.20]
- vii) Estimate of provisions [note 4.13]
- viii) Present value of non interest bearing borrowings (Note 4.9)

## 4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### 4.1 Property, plant & equipment

#### Owned Assets

Operating fixed assets are accounted for according to revaluation model of IAS-16 (Property, Plant and Equipment) under which the asset is carried at a revalued amount, being its fair value at the date of revaluation less subsequent depreciation and impairment, if any. Exception to this is tools and equipment, furniture, fixture and office equipment and vehicles which are stated at cost less accumulated depreciation and impairment in value, if any.

Revalued amounts are fair values based on appraisals prepared by external professional valuers once every five years or more frequently if market factors indicate a material change in fair value. Revalued amounts of non-depreciable items are determined by reference to local market values and that of depreciable items are determined by reference to present depreciated replacement values as described in Note 5aa. Any increase or decrease in revaluation surplus is treated as per policy described in Note 4.8.

Capital work-in-progress is stated at cost accumulated up to the reporting date less accumulated impairment loss, if any. Capital work-in-progress is recognised as an operating fixed asset when it is made available for its intended use.

Costs include expenditures that are directly attributable to the acquisition of the asset, including any borrowing cost (note 4.9), and are only included in the asset's carrying amount when it is probable that economic benefits associated with the item will flow to the Company in future periods and the cost of the item can be measured reliably. The cost of a self constructed asset includes cost of materials, labour and other overheads that are directly attributable to bringing the asset to a working condition for its intended use, costs of dismantling / removing the asset and restoring the site on which it is located.

Repair and maintenance costs are charged to the statement of profit or loss during the period in which these are incurred. Capitalisation takes place if the measures lead to an extension or significant improvement of the asset.

Depreciation is charged to the statement of profit or loss using reducing balance method at the rates stated in note 5a. As no finite useful life for land can be determined, related carrying amounts are not depreciated. Depreciation is charged to profit or loss account from the month when an asset becomes available for its intended use, whereas no depreciation is charged in the month of disposal.

The depreciation methods, useful lives and residual values of items of property, plant and equipment are reviewed at each reporting date and altered if circumstances or expectations have changed significantly. In making these estimates, the Company uses the technical resources available with the Company. Any change or adjustment in depreciation method, useful lives and residual values is accounted for as a change in accounting estimate under IAS 8, 'Accounting policies, changes in accounting estimates and errors' and is applied prospectively in the financial statements by adjusting the depreciation charge for the period in which the amendment or change has been made and for future periods.

Disposal of an item of property, plant and equipment is recognised when significant risk and rewards, incidental to the ownership of that asset, have been transferred to the buyer. Gains and losses on disposals are determined by comparing the carrying amount of that asset with the sales proceeds and are recognised in the Statement of Profit or Loss within other income or other expenses.

#### Leased Assets

Leased assets are accounted for as per policy described in Note 4.10.

#### 4.2 Intangible assets

Intangible assets are accounted for according to IAS 38 (Intangible Assets) at cost less accumulated amortization and impairment loss, if any. Costs of purchase of computer software ERP is capitalized as intangible assets.

Intangible assets are amortized using straight-line method over a period of five years. Amortization on additions to intangible assets is charged from the month in which an asset is put to use and on disposal up to the month of disposal. The estimated useful life and amortization method are reviewed at the end of each annual reporting period, with effect of any changes in estimate being accounted for on a prospective basis.

#### 4.3 Inventories

Inventories are measured in accordance with IAS 2 (Inventories) at the lower of cost and net realisable value using the periodic weighted average cost method. Spare parts for plant and equipment, consumable stores and fuel are reported under inventories. If spare parts were acquired in connection with the acquisition of the plant and equipment, or in a separate acquisition meet the definition of an asset, then they are reported under fixed assets.

Cost includes costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. The cost of finished goods and work in progress comprises raw materials, direct labor, other direct costs and related production overheads. Net realizable value signifies the estimated selling price in the ordinary course of business less estimated costs of completion and estimated costs necessary to make the sale necessarily to be incurred in order to make a sale.

The company reviews the carrying amount of the inventory on each reporting date or as appropriate, inventory is written down to its net realisable value or provision is made in the financial statements for slow moving and obsolete inventory if there is any change in usage pattern and physical form of related inventory, and is recognized in the statement of profit or loss.

#### 4.4 Trade and other receivables

Trade and other receivables are initially recognised at original invoice amount which is the fair value of consideration to be received in future and subsequently measured at cost as reduced by appropriate provision for receivables considered to be doubtful. Trade receivables are accounted for as per accounting policy as described in Note 4.18.

Trade and other receivables are written off (i.e. derecognised) when there is no reasonable expectation of recovery. Failure to make payments within 1,095 days from the invoice date and failure to engage with the Company on alternative payment arrangement amongst other is considered indicators of no reasonable expectation of recovery.

Exchange gains and losses arising in respect of trade and other receivables in foreign currency are added to the carrying amount of the receivables

#### Impairment of trade and other receivables

The Company makes use of a simplified approach in accounting for trade and other receivables as well as contract assets and records the loss allowance as lifetime expected credit losses. These are the expected shortfalls in contractual cash flows, considering the potential for default at any point during the life of the financial instrument. In calculating, the Company uses its historical experience, external indicators and forward-looking information to calculate the expected credit losses using a provision matrix. The Company assess impairment of trade



receivables on a collective basis as they possess shared credit risk characteristics they have been grouped based on the days past due.

The expected loss rates are based on the payment profile for sales over the past 48 months at each reporting date as well as the corresponding historical credit losses during that period. The historical rates are adjusted to reflect current and forwarding looking macroeconomic factors affecting the customer's ability to settle the amount outstanding.

A provision is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of receivables. The amount of provision is charged to the statement of profit or loss.

#### 4.5 Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents comprise cash on hand, cash at banks, and demand deposits, together with other short-term, highly liquid investments maturing within 30 days from the date of acquisition that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the statement of financial position.

#### 4.6 Financial instruments

Financial instruments are any contracts that give rise to a financial asset of one entity and a financial liability or equity instrument of another entity. The financial instruments include non-derivative and derivative financial instruments. Assets or liabilities that are not contractual in nature and that are created as a result of statutory requirements imposed by the Government are not the financial instruments of the Company.

##### Recognition and derecognition

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the financial instrument. Regular way purchases and sales of financial assets are recognised on trade date, being the date on which the group commits to purchase or sell the asset. Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and substantially all the risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

##### Classification of financial assets

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows. Financial assets, other than those designated and effective as hedging instruments, are classified into the following measurement categories:

- those to be measured at amortised cost; and
- those to be measured subsequently at fair value through profit or loss (FVTPL)
- those to be measured subsequently at fair value through other comprehensive income (FVTOCI)

In the periods presented the Company does not have any financial assets categorised as FVTOCI.

All income and expenses relating to financial assets that are recognised in profit or loss (FVTPL) are presented within finance costs, finance income or other financial items, except for impairment of trade receivables which is presented within other expenses.

##### Initial measurement of financial assets

Except for those trade receivables that do not contain a significant financing component and are measured at the transaction price in accordance with IFRS 15, all financial assets are initially measured at fair value plus, in the case of a financial asset not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVTPL are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest

##### Subsequent measurement of financial assets

Financial assets at amortised cost- Financial assets held for the collection of contractual cash flows that are solely payments of principal and interest are measured at amortised cost, provided that they are not allocated to a hedge. Interest income from these financial assets is recognised in the financial result using the effective interest method. Discounting is omitted where the effect of discounting is immaterial. All gains or losses resulting from derecognition,

impairment losses or currency translation are recognised directly in profit or loss. Impairment losses represent probability-weighted estimates of credit losses. They are calculated on the basis of the best available information and the time value of money. Reversals are carried out if the reasons for the impairment losses no longer apply. Financial assets measured at amortised cost include cash and cash equivalent, loan and advances, deposits, trade receivables, and other current operating receivables. In principle, the amortised cost in the case of current receivables corresponds to the nominal value or the redemption amount.

Financial assets at fair value through profit or loss (FVTPL)- Financial assets not meeting the criteria for the categories at amortised cost or fair value through other comprehensive income (FVTOCI) are measured at fair value through profit or loss. Further, irrespective of business model financial assets whose contractual cash flows are not solely payments of principal and interest are accounted for at FVTPL. All derivative financial instruments fall into this category, except for those designated and effective as hedging instruments, for which the hedge accounting requirements apply. The category also contains an equity investment. The Company accounts for the investment at FVTPL and did not make the irrevocable election to account for the investment in equity instruments and listed equity securities at fair value through other comprehensive income (FVTOCI). The fair value was determined in line with the requirements of IFRS 9, which does not allow for measurement at cost. Assets in this category are measured at fair value with gains or losses recognised in profit or loss in the period in which they are incurred. The fair values of financial assets in this category are determined by reference to active market transactions or using a valuation technique where no active market exists.

#### Impairment of financial assets

IFRS 9's impairment requirements use more forward-looking information to recognise expected credit losses – the 'expected credit loss (ECL) model'. The Company assesses on a forward-looking basis the expected credit losses associated with its loan and other debt-type instruments carried at amortised cost and FVTOCI as per IFRS-9 impairment requirements. The impairment methodology applied depends on whether there has been a significant increase in credit risk. The Company considers a broader range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument. Accounting policy for impairment of trade and other receivables is described in Note 4.4.

In applying this forward-looking approach, a distinction is made between:

- Stage 1: financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk;
- Stage 2: financial instruments that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low;
- Stage 3: financial assets that have objective evidence of impairment at the reporting date;

12-month expected credit losses' are recognised for the first category while 'lifetime expected credit losses' are recognised for the second category. Measurement of the expected credit losses is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument.

#### Classification and measurement of financial liabilities

The Company's financial liabilities include borrowings, trade and other payables and derivative financial instruments. Accounting policy for borrowings is described in Note 4.9.

Financial liabilities are initially measured at fair value and, where applicable, adjusted for transaction costs unless the Company designated a financial liability at fair value through profit or loss. Subsequently, financial liabilities are measured at amortised cost using the effective interest method except for derivatives and financial liabilities designated at FVTPL, which are carried subsequently at fair value with gains or losses recognised in profit or loss (other than derivative financial instruments that are designated and effective as hedging instruments). In principle, the amortised cost in the case of current financial liabilities corresponds to the nominal value or the redemption amount.

All interest-related charges and, if applicable, changes in an instrument's fair value that are reported in profit or loss are included within finance costs or finance income.

#### 4.7 Equity, reserves and dividend payments

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

income tax benefits, if any other component of equity includes the 'Revaluation Surplus on Property, Plant and Equipment' comprising gains and losses from the revaluation of items of property, plant and equipment (see Note 4.8).

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

Dividends declared for the reporting period subsequent to the reporting date are considered as non-adjusting events. Dividend distributions payable to equity shareholders are recognized in the financial statements for the period in which such dividend has become payable after it has been approved by the Board or approved in a general meeting.

#### **4.8 Revaluation surplus on property, plant and equipment**

Revaluation on property, plant equipment is accounted for according to IAS-16 (Property, Plant and Equipment).

Increases in the carrying amounts arising on revaluation of property, plant and equipment are recognised, net of tax, in other comprehensive income and accumulated in equity under the heading 'Revaluation Surplus on Property, Plant and Equipment'. To the extent that any revaluation decrease or impairment loss has previously been recognised in profit or loss, a revaluation increase is credited to profit or loss with the remaining part of the increase recognised in other comprehensive income.

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

Each year, the difference between depreciation based on the revalued carrying amount of the asset charged to profit or loss and depreciation based on the asset's original cost, net of tax, is reclassified from the 'Revaluation Surplus on Property, Plant and Equipment' account to retained earnings through the Statement of Changes in Equity.

Any revaluation surplus remaining in 'Revaluation Surplus on Property, Plant and Equipment' account on disposal of the asset is transferred to retained earnings through the Statement of Changes in Equity

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

#### **4.9 Borrowings**

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

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

Borrowings are removed from the statement of financial position when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any noncash assets transferred or liabilities assumed, is recognised in profit or loss as other income or finance costs.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale

Investment income earned on the temporary investment of specific borrowings, pending their expenditure on qualifying assets, is deducted from the borrowing costs eligible for capitalisation

Other borrowing costs are expensed in the period in which they are incurred.

#### 4.10 Leases

The Company considers whether a contract is, or contains a lease. A lease is defined as 'a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration'.

At lease commencement date, the Company recognises a right-of-use asset and a lease liability on the statement of financial position. The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Company, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any incentives received).

The Company depreciates the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The Company also assesses the right-of-use asset for impairment when such indicators exist. If the Company is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

At the commencement date, the Company measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease if that rate is readily available or the Company's incremental borrowing rate.

Lease payments included in the measurement of the lease liability are made up of fixed payments (including in substance fixed), variable payments based on an index or rate, amounts expected to be payable under a residual value guarantee and payments arising from options reasonably certain to be exercised.

Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are changes in in-substance fixed payments.

When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit or loss if the right-of-use asset is already reduced to zero.

The Company has elected to account for short-term leases (less than 12 months) and leases of low-value assets using the practical expedients. Instead of recognising a right-of-use asset and lease liability, the payments in relation to these are recognised as an expense in profit or loss on a straight-line basis over the lease term.

On the statement of financial position, right-of-use assets have been included in property, plant and equipment and lease liabilities have been included in trade and other payables.

#### 4.11 Employees benefits

Employees benefits are determined in accordance with IAS 19 (Employee Benefits).

##### Defined benefit plan

The Company operates approved funded gratuity scheme for all its permanent employees of worker cadre who have completed the minimum qualifying period of service as defined under the respective scheme. The amount of gratuity benefit that an employee will receive on retirement is defined by reference to the employee's length of service and final salary.

The liability recognised in the statement of financial position for defined benefit plans is the present value of the defined benefit obligation (DBO) at the reporting date less the fair value of plan assets. The present value of the defined benefit obligation is determined by discounting



the estimated future cash outflows using interest rates of market yields on government bonds as at the valuation date, that have terms approximating to the terms of the related obligation. The obligations are presented as non-current liabilities in the Statement of Financial Position as the Company has an unconditional right to defer settlement for at least 12 months after the reporting period, regardless of when the actual settlement is expected to occur.

Management estimates the DBO annually with the assistance of independent actuaries using the projected unit credit method. Management's estimate of the DBO is based on a number of critical underlying assumptions such as standard rates of inflation, mortality, discount rate and anticipation of future salary increases. Variation in these assumptions may significantly impact the DBO amount and the annual defined benefit expenses.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in the statement of profit or loss.

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income. They are included in retained earnings in the Statement of Changes in Equity and in the Statement of Financial Position.

Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognised immediately in profit or loss as past service costs.

#### Defined contribution plans

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

#### Short-term obligations

Liabilities for salaries, including non-monetary benefits, and annual leave that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the Statement of Financial Position.

#### 4.12 Trade and other payables

These amounts represent liabilities for goods and services provided to the Company prior to the end of the financial year which are unpaid. The amounts are unsecured and are usually paid within 90 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

#### 4.13 Provisions

Provisions are recognized in the statement of financial position when the Company has a present legal or constructive obligation as a result of past events; and it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate of the amount can be made. Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

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

#### 4.14 Taxation

Tax expense recognised in profit or loss comprises the sum of deferred tax and current tax not recognised in other comprehensive income or directly in equity.

#### Current Tax

Calculation of current tax is based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period. The charge for current tax also includes adjustments, where considered necessary, to provision for tax made in the previous years arising from assessments framed during the year for such years.

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

#### Deferred Tax

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

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

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

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

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

#### 4.15 Foreign currency translation

Foreign currency translation is made according to IAS-21 (The Effect of Changes in Foreign Exchange Rates). Foreign currency transactions are translated into the functional currency of the Company i.e. Rs., using the exchange rates prevailing at the dates of the transactions (spot exchange rate). Foreign exchange gains and losses resulting from the settlement of such transactions and from the remeasurement of monetary items denominated in foreign currency at year-end exchange rates are recognised in profit or loss.

Non-monetary items are not retranslated at year-end and are measured at historical cost (translated using the exchange rates at the transaction date), except for non-monetary items measured at fair value which are translated using the exchange rates at the date when fair value was determined.

#### 4.16 Offsetting of financial assets and liabilities

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

#### 4.17 Related party transactions

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

#### 4.18 Revenue recognition

Revenue arises mainly from the sale of cement through intermediaries, and is measured according to IFRS-15 (Revenue from Contracts with Customers) at the fair value of the consideration received or receivable as defined in sales contract, including variable consideration; sales tax and other duties collected on behalf of third parties are not taken into account. However, variable consideration is only included if it is highly probable that a significant reversal of revenue will not occur once the uncertainty related to the variable consideration is resolved.



Revenue is recognised when control of a promised goods passes to a customer at a specific point in time. The customer obtains control of the goods when the significant risks and rewards of products sold are transferred according to the specific delivery terms that have been formally agreed with the customer, generally upon delivery from the manufacturing unit of the Company.

Contract liabilities, which is the Company's obligation to transfer goods to a customer for which the entity has already received consideration, relate mainly to advance payments from customers. A trade receivable is recognized when the products are delivered to a customer as this is the point in time that the consideration becomes unconditional because only a passage of time is required before the payment is due. Contract assets, which is the Company's right to consideration that is conditional on something other than the passage of time, relate mainly to construction and paving activities and not relevant for the Company.

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

Interest is recognized on a time proportion basis that reflects the effective yield on the asset.

#### 4.19 Operating expenses

Operating expenses are recognised in profit or loss upon utilisation of the service or as incurred.

#### 4.20 Contingent liabilities

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

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

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

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

#### 4.21 Earning per share (EPS)

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

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

	Note	2020	2019
		(Rupees in 000s)	
<b>5 PROPERTY, PLANT AND EQUIPMENT</b>			
Operating fixed assets	5a	20,222,654	17,456,689
Right of use assets	5a	35,611	1,838
Capital work in progress	5b	45,219	783,446
		<u>20,303,484</u>	<u>18,241,973</u>

	COST / REVALUED AMOUNT				ACCUMULATED DEPRECIATION						Book Value			
	Balance as at 01-07-2019	Additions	Revaluation Gain	Revaluation Loss	Transfer from CWIP	Deletion *	Balance as at 30-06-2020	Rate	For the Year	Revaluation Adjustment	Revaluation Loss	Deletion *	Balance as at 30-06-2020	Revaluation Model as at 30-06-2020
----- (Rupees in 000s) -----														
Owned assets														
Freehold land	169,782	5,781	29,763	(1,065)	-	-	204,261	-	-	150,027	-	-	204,261	
Building and foundation	4,305,568	-	366,626	-	13,544	-	4,685,738	5%	1,633,781	133,646	-	-	1,917,454	2,768,284
Building on leasehold land	51,886	-	25,590	-	-	-	77,476	10%	33,409	1,848	16,170	-	51,427	26,049
Heavy earth moving machinery	382,663	-	162,080	-	-	(33,268)	511,475	20%	213,721	29,648	110,907	(4,288)	349,988	161,487
Plant and machinery	18,375,483	-	3,573,643	-	779,264	-22,728,390	-	5%	4,235,249	713,505	923,274	-	5,872,028	16,856,362
Infrastructure	367,572	8,391	-	(7,009)	-	-	368,954	20%	204,755	33,823	-	37,468	276,046	92,908
Tools and equipment	36,196	9,091	-	-	-	-	45,287	20%	12,472	2,124	-	-	14,596	30,691
Furniture and fixtures	86,859	2,279	-	-	-	-	89,138	20%	56,300	10,036	-	-	66,336	22,802
Vehicles	167,002	3,838	-	-	-	-	170,840	20%	96,635	14,394	-	-	111,029	59,811
2020	23,943,011	29,380	4,157,702	(8,074)	792,808	(33,268)	28,881,559		6,486,322	939,024	1,200,378	37,468	(4,288)	8,658,904
														222,655
Right of use assets														
Heavy earth moving machinery	-	33,268	-	-	-	33,268	33,268		-	4,140	-	-	4,288	24,840
Vehicles	5,079	10,076	-	-	-	-	15,155	20%	3,241	1,143	-	-	-	10,771
2020	5,079	43,344	-	-	-	33,268	48,423		3,241	5,283	-	4,288	12,812	35,611
----- (Rupees in 000s) -----														
Owned Assets														
Freehold land	169,782	-	-	-	-	-	169,782	-	-	-	-	-	-	169,782
Building and foundation	4,303,577	1,991	-	-	-	-	4,305,568	5%	1,493,194	140,587	-	-	1,633,781	2,671,787
Building on leasehold land	51,886	-	-	-	-	-	51,886	10%	31,356	2,053	-	-	33,409	18,477
Heavy earth moving machinery	343,095	39,568	-	-	-	-	382,663	20%	178,080	35,641	-	-	213,721	168,942
Plant and machinery	18,527,557	6,501	-	-	-	(158,575)	18,375,483	5%	3,523,372	744,128	-	(32,251)	4,235,249	14,140,234
Infrastructure	367,572	-	-	-	-	-	367,572	20%	164,049	40,706	-	-	204,755	162,817
Tools and equipment	28,624	7,572	-	-	-	-	36,196	20%	7,572	4,900	-	-	12,472	23,724
Furniture and fixtures	77,928	8,931	-	-	-	-	86,859	20%	49,361	6,939	-	-	56,300	30,559
Transport assets	137,011	29,991	-	-	-	-	167,002	20%	81,293	15,342	-	-	96,635	70,367
2019	24,007,032	94,554	-	-	-	(158,575)	23,943,011		5,528,277	990,296	-	(32,251)	6,486,322	
17,456,689														
Right of use assets														
Vehicles	5,079	-	-	-	-	-	5,079	20%	2,782	459	-	-	3,241	1,838
2019	5,079	-	-	-	-	-	5,079		2,782	459	-	-	3,241	1,838

\* Deletion for current year represented sales and lease back transaction.

Operating fixed assets has been pledged as security against the company's borrowings (refer to Note 16).  
Comparative figures have been reclassified, however net carrying amount i.e. book remained unchanged.

**5aa** Freehold land, building and foundation, building on leasehold land, heavy earth moving machinery, plant and machinery have been carried at revalued amounts determined by professional valuers (level 2 measurement under IFRS-13 'Fair Value Measurements'). The latest valuations was conducted on 30-06-2020 by an independent valuer Protectors Indus Surveyor (Pvt) Limited who are approved by Pakistan Banks' Association (PBA) in any amount category. Whereas a piece of land and 1st floor in Pace Tower situated in Lahore were revalued on 30-06-2020 by another independent valuers Al Wazzan Associates (Pvt) Limited.

#### Freehold land

The valuation experts used a market based approach to arrive at the fair value of the Company's properties. Fair market value of freehold land was assessed through inquiries to real estate agents and property dealers in near vicinity of freehold land. Different valuation methods and exercises were adopted according to experience, location and other usage of freehold land. Valuer had also considered all relevant factors as well.

#### Building and foundation, Infrastructure

The valuation experts used a cost based approach to arrive at the fair value of the Company's properties. Construction specifications were noted for each building and structure and new construction rates are applied according to construction specifications for current replacement values. After determining current replacement values, depreciation was calculated to determine the current assessed market value.

#### Plant and machinery, Heavy earth moving machinery

The valuation experts used a cost based approach to arrive at the fair value of the Company's properties. Current replacement cost was determined by collecting information regarding current prices of comparable cement plant from suppliers and different cement plant consultants in Pakistan and abroad. Fair depreciation factor for each item is applied according to their physical condition, usage and maintenance.

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

Assessed value and forced sales value of these fixed assets as at the date of revaluation i.e. June 30, 2020 was as under:

	Assessed Value	Forced Sales Value
	(Rupees in 000s)	
Freehold land	204,261	173,622
Building and foundation	2,768,284	2,368,751
Building and foundation on leasehold land	26,049	22,142
Heavy earth moving machinery	161,487	137,264
Plant and machinery	16,856,362	14,328,136
Infrastructure	92,908	78,971
	<u>20,109,351</u>	<u>17,108,886</u>

Carrying amount of fixed assets if these had been carried under cost model and had not been revalued

	Note	2020	2019
		(Rupees in 000s)	
Freehold land		77,328	71,547
Building and foundation		1,530,352	1,596,699
Building and foundation on leasehold land		50	56
Heavy earth moving machinery		87,199	140,048
Plant and machinery		11,294,235	11,075,226
Infrastructure		<u>13,126,555</u>	<u>13,046,393</u>

#### **5ab** Depreciation charge for the year has been allocated as under :

Cost of sales	26	915,567	960,922
General and administrative expenses	27	26,810	28,542
Selling and distribution expenses	28	1,930	1,287
		<u>944,307</u>	<u>990,751</u>

5ac The carrying amount of temporarily idle property, plant and equipment, as included in note 5a, is as under:

	Note	2020	2019
		(Rupees in 000s)	
Building and foundations		115,705	95,205

5ad Heavy earth moving machinery includes used dumpers having book value of Rs. 15.725 million (FY2019: Rs. 11.520 million) which had been purchased with the funds of the Company. These are in the possession of the Company and are being used for transportation of raw material within the factory premise, but these are not yet registered in the name of the Company.

5ae Particulars of immovable property (i.e. land and building) in the name of the Company are as follows:

Location	Usage	Area
Ismailwal, Tehsil Pind Dadan Khan	Manufacturing facility	2,378 Kanals & 5 Marla
Ismailwal, Tehsil Pind Dadan Khan	Manufacturing facility	400 Kanals
Jutana, Tehsil Pind Dadan Khan	Infrastructure	127 Kanal & 14 Marla
Dewanpur Tehsil Pind Dadan Khan	Pumping station	58 Kanal & 17 Marla
1st Floor, Pace Tower, 27-H, College Road, Gulberg-II, Lahore	Head office	18,000 square feet
Plot # 388, Block A-I, Gurumangat Road, Gulberg-III, Lahore	Plot for warehouse	1 Kanals, 5 Marla & 85 Square feet

## 5b CAPITAL WORK-IN-PROGRESS

	Opening Balance	Additions / Adjustments	Transfer to operating fixed assets	Closing Balance
	(Rupees in 000s)			
Civil work and buildings	743,558	(730,014)	(13,544)	-
Plant and machinery	19,888	779,595	(779,264)	20,219
Advances for capital expenditure	20,000	5,000	-	25,000
	783,446	54,581	(792,808)	45,219

Note 2020 2019

(Rupees in 000s)

## 6 INTANGIBLE ASSETS

### Cost

Balance at the beginning of the year 9,614 9,614

### Amortization

Opening balance	27	(6,712)	(5,429)
Amortized during the year @ 20%		(1,283)	(1,283)
		(7,995)	(6,712)
		1,619	2,902

## 7 DEPOSITS

Utilities and supplies	47,253	47,253
Margin against letters of guarantee from bank	-	23,140
	47,253	70,393

	Note	2020	2019
		(Rupees in 000s)	
<b>8 INVENTORIES</b>			
Stock in trade	8a	527,599	898,581
Fuel, parts and supplies	8b	1,739,944	1,530,955
		<u>2,267,543</u>	<u>2,429,536</u>
<b>8a STOCK IN TRADE</b>			
Raw material		126,807	119,366
Work in process		316,627	673,348
Finished goods		65,551	90,046
Packing material		18,614	15,821
		<u>527,599</u>	<u>898,581</u>
<b>8b FUEL, PARTS AND SUPPLIES</b>			
Fuel and supplies		1,374,698	1,015,924
Spares parts		258,872	249,180
Loose tools		4,941	5,751
Inventories in transit		136,068	294,735
		<u>1,774,579</u>	<u>1,565,590</u>
Less: Provision for slow moving and obsolete items		<u>(34,635)</u>	<u>(34,635)</u>
		<u>1,739,944</u>	<u>1,530,955</u>
<b>9 TRADE AND OTHER RECEIVABLES</b>			
Trade receivable from contracts with customers		572,893	617,932
Markup receivable from Balochistan Glass Limited (related party)		19,787	9,031
		<u>592,680</u>	<u>626,963</u>
<b>10 LOAN AND ADVANCES</b>			
<b>Considered good Secured</b>			
Loans to employees	10a	1,201	1,486
Advances to employees against salaries		1,931	2,600
Advances to employees for expenses		2,148	6,876
		<u>5,280</u>	<u>10,962</u>
<b>Unsecured</b>			
Loans to employees	10b	14,408	14,383
Balochistan Glass Limited - associated company	10c	538,390	338,525
		<u>552,798</u>	<u>352,908</u>
		<u>558,078</u>	<u>363,870</u>
<b>10a</b>	These are interest free loans given to employees for house building, house repairing, marriage or emergency and recoverable in monthly instalments from salaries. These are secured against the retirement benefits.		
<b>10b</b>	These are interest free loans given to following employees for house building and repayable within 12 months:		
	Note	2020	2019
		(Rupees in 000s)	
Numan Basharat		10,570	10,045
Abdul Aziz		3,838	4,338
		<u>14,408</u>	<u>14,383</u>

- 10c The Company has approved a short term advance facility up to Rs. 600 million (FY2019: Rs. 350 million) to its associated company Balochistan Glass Limited (Mr. Muhammad Tousif Peracha is the CEO of the both companies and he also holds more than 50% shares of the both companies) under the authority of a special resolution u/s 199 of the Companies Act, 2017. This facility carries markup @ 3 months KIBOR + 3.5% p.a. Maximum balance at any month-end during the year was Rs. 538.390 million (FY2019: Rs. 341.959 million). This balance also included settlement of receivable amount of Rs. 74.533 million (FY2019: Rs. 77.441 million) inclusive of sales tax on account of sales of stores and spares to BGL during the year.

	Note	2020	2019
		(Rupees in 000s)	
11	<b>DEPOSITS</b>		
Considered good but unsecured		-	40,130
Utilities companies		32,260	8,820
Margin against letters of guarantee from banks		32,260	48,950
12	<b>PREPAYMENTS</b>		
Considered good but unsecured		132,385	161,186
Advances to suppliers		7,208	4,537
Prepaid expenses		139,593	165,723
13	<b>CASH AND BANK BALANCES</b>		
Cash in hand	13a	352	286
Cash at banks in local currency		211,521	184,790
Current accounts	13b	13,525	4,463
PLS accounts	13c	200,000	225,000
Term deposits		2,480	2,582
Dividend account		427,526	416,835
Cash at banks in foreign currency		3,522	14,639
USD accounts		431,400	431,760
13a	This included Rs. 0.119 million (FY2019: 0.117) in SAR.		
13b	These accounts bear profit ranging from 5% to 7% p.a. (FY2019: 3% to 5% p.a.).		
13c	This deposit was placed with a scheduled bank for one month with profit @ 10% (FY2019: 10% p.a.) and encashed subsequent to reporting date.		

	2020	2019	2020	2019
	(Numbers)		(Rupees in 000s)	
14	<b>SHARE CAPITAL</b>			
Authorized share capital				
Ordinary shares of Rs. 10 each	470,000,000	470,000,000	4,700,000	4,700,000
Issued, subscribed and paid up capital				
Ordinary shares of Rs. 10 each:				
fully paid in cash	386,842,543	386,842,543	3,868,425	3,868,425
fully paid as bonus shares	13,431,417	13,431,417	134,314	134,314
	400,273,960	400,273,960	4,002,739	4,002,739



	Note	2020	2019
		(Rupees in 000s)	
15			
<b>SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT</b>			
<b>Gross Surplus</b>			
Opening balance		4,285,637	4,535,882
Fresh revaluation surplus		2,957,323	-
Deletion of asset		-	(23,076)
Incremental depreciation for the year		(214,625)	(227,169)
		7,028,335	4,285,637
<b>Deferred Tax attributed to Surplus</b>			
Opening balance	18	(1,199,504)	(1,131,025)
Impact of tax rate change		(14,843)	(140,163)
Deletion of asset		-	6,610
Incremental depreciation for the year		62,241	65,074
Fresh revaluation surplus		(848,992)	-
		(2,001,098)	(1,199,504)
		5,027,237	3,086,133

Deferred tax rate represents corporate tax rate applicable for normal taxation under income tax law that enacted at date of statement of financial position.

	Note	2020	2019
		(Rupees in 000s)	
16			
<b>BORROWINGS</b>			
<b>LONG TERM PORTION</b>			
<b>Banks and financial institutions - Secured</b>			
Interest bearing borrowings	16a	2,228,472	2,101,083
Non-Interest bearing borrowings	16b	243,807	253,301
		2,472,279	2,354,384
<b>Related party - Un-secured</b>			
GCL WPPF Trust	16c	-	555,000
		2,472,279	2,909,384
16a			
<b>Interest bearing borrowings</b>			
<b>Finance under conventional mode</b>			
Bank of Punjab	16aa	501,816	597,816
Bank of Punjab	16ab	195,156	335,156
Bank of Punjab	16ac	74,292	-
National Bank of Pakistan	16ad	303,988	354,967
MCB Bank Limited	16ae	50,285	87,081
Pak China Investment Company Limited	16af	200,000	-
Saudi Pak Industrial & Agricultural Investment Co. Ltd	16ag	37,957	47,119
Bank of Khyber	16ah	-	7,124
First Credit Investment Corporation	16ai	7,600	12,160
		1,371,094	1,441,423
<b>Finance under islamic mode</b>			
Al Baraka Bank Limited	16aj	665,000	760,000
Summit Bank Limited	16ak	235,895	300,230
Faysal Bank Limited	16al	318,750	375,000
First Punjab Modaraba	16am	3,197	6,432
First Habib Modaraba	16an	36,579	53,301
		1,259,421	1,494,963
		2,630,515	2,936,386
Less: current and overdue portion shown under current liabilities	21	(402,043)	(835,303)
		2,228,472	2,101,083

- 16aa** The term finance facility is to be repaid in 115 unequal monthly instalments starting from January 2013 to July 2023. Markup is charged @ 3 months KIBOR plus 1.4% per annum with floor of the bank's cost of fund payable quarterly in arrear. The bank has granted grace period of 12 months ending March 2021 for repayment of principal amount under SBP BPRD Circular No. 13 of 2020 dated 26-03-2020.
- 16ab** This demand finance facility is to be repaid in 10 bi-annual equal instalments starting from March 2017 to September 2022. This facility carries markup @ 3 months KIBOR + 2.5% p.a. which is to be paid quarterly. This facility is secured by way of first specific joint pari passu charge over waste heat recovery plant to the extent of Rs. 700.000 million which is in addition to securities as mentions in note 16ao. The bank has granted grace period of 12 months ending March 2021 for repayment of principal amount under SBP BPRD Circular No. 13 of 2020 dated 26-03-2020.
- 16ac** This finance has been obtained under temporary Refinance Scheme for Payment of Wages and Salaries to the Workers and Employees of Business Concerns (the Refinance Scheme) announced by the State Bank of Pakistan (SBP) through IH&SMEFD Circular No. 06 of 2020 (dated April 10, 2020). This carries subsidies markup rate of 3% p.a. and is repayable in eight equal quarterly instalments from January 2021 to October 2022. Govrenmnet grant portion representing the difference between fair value of the finance and loan proceeds came to immaterial amount of Rs. 6 million and therefore are not segregated seprately as required under IAS-20. Accordingly loan is reported at its nominal value rather than fair value as required under IFRS-9.
- 16ad** The demand finance is to be repaid in 40 unequal quarterly instalments from October 2015 to June 2026. This facility carries markup @ 3 months KIBOR + 1% p.a. which is to be paid quarterly. The bank has granted grace period of 12 months ending March 2021 for repayment of principal amount under SBP BPRD Circular No. 13 of 2020 dated 26-03-2020.
- 16ae** The term finance facility is to be repaid in 35 unequal quarterly instalments starting from March 2012 to December 2021. Markup is charged @ 3 months KIBOR plus 0% and is payable in instalments. The bank has granted grace period of 12 months ending March 2021 for repayment of principal amount under SBP BPRD Circular No. 13 of 2020 dated 26-03-2020.
- 16af** This term finance facility to finance is to be repaid in 12 equal quarterly instalments starting from August 2020 to May 2023. This facility carries markup @ 3 months KIBOR + 2.0% p.a. which is to be paid quarterly. This facility is secured by way of first pari passu hypothecation charge over all present and future fixed assets of the Company with 25% margin, pledge of clinker stock with 25% margin, mortgage over personal properties of sponsoring directors, and personal guarantees of sponsoring directors.
- 16ag** This term finance facility is to be repaid in 96 equal monthly instalments starting from July 2014 to June 2023. Markup is charged @ 3 months KIBOR plus 2.5% p.a. payable quarterly in arrear. The lender has granted grace period of 12 months ending March 2021 for repayment of principal amount under SBP BPRD Circular No. 13 of 2020 dated 26-03-2020.
- 16ah** The principal amount of this term finance had been fully repaid during the year. Markup is charged @ 3 month KIBOR plus 0%.
- 16ai** This term finance facility is to be repaid in 108 equal monthly instalments starting from March 2013 to February 2022. Markup is charged @ 3 month KIBOR plus 0% and payable in instalments.
- 16aj** This facility was obtained under Musharika arrangement to finance the import value of new cement mill which is repayable in 20 equal quarterly instalments from September 2018 to June 2024. Profit is to be paid @ 3 month KIBOR plus 2% on quarterly basis in arrear. This facility is secured against exclusive charge on this cement mill up to Rs. 1 billion. It is also secured by way of personal guarantees of the sponsoring directors. The bank has granted grace period of 12 months ending March 2021 for repayment of principal amount under SBP BPRD Circular No. 13 of 2020 dated 26-03-2020.
- 16ak** The Company has obtained a term finance facility to finance the import value of plant and machinery for waste heat recovery project. Principal amount is to be repaid in 16 equal quarterly instalments starting from November 2018 to August 2022. This facility carries markup @ 3 months KIBOR + 2.5% p.a. which is to be paid quarterly. This facility is secured by way of first specific joint pari passu charge over waste heat recovery plant to the extent of Rs. 350.000 million along with 25% margin to be covered through first pari passu charge over all present and future fixed assets of the Company and personal guarantees of sponsoring directors. The bank has granted grace period of 12 months ending March 2021 for repayment of principal amount under SBP BPRD Circular No. 13 of 2020 dated 26-03-2020.

- 16al** This facility was obtained under Musharika arrangement to finance expansion project phase-I, and is repayable in 20 equal quarterly instalments till March 2025. Profit is to be paid @ 3months KIBOR + 2.25% on quarterly basis. This facility is secured by way of first pari passu hypothecation charge / equitable mortgage over all present and future fixed assets of the Company upto Rs. 500 million with 25% margin, mortgage over personal properties of sponsoring directors, and personal guarantees of sponsoring directors. The bank has granted grace period of 12 months ending March 2021 for repayment of principal amount under SBP BPRD Circular No. 13 of 2020 dated 26-03-2020.
- 16am** This facility of Rs. 30 million was obtained under Musharika arrangement to purchase vehicles and is repayable in 60 unequal monthly instalments. Profit is to be paid @ KIBOR + 3% with defined floor rate. Vehicles purchased under this facility are registered in the name of financial institution as security which shall be transferred in the name of the Company on repayment of whole amount. Further post-dated cheques has also been issued for the instalments.
- 16an** This facility was obtained under Musharika arrangement to purchase vehicles and heavy earth moving machinery. It is repayable in 24 to 60 monthly instalments. Profit is to be paid @ 6 months KIBOR + 2.75% with floor rate of 8.75% p.a to 9.00% p.a. Vehicles purchased under this facility are registered in the name of financial institution as security which shall be transferred in the name of the Company on repayment of whole amount.
- 16ao** The Company has entered into a First Joint Pari Passu Hypothecation Agreement with the banks and financial institutions mentioned in note 16aa to 16ai and note 16b excluding loans mentioned in Note 16ab, 16ac and 16af. As a result of this agreement, these term finance facilities along with demand finance 2 (DF2) facilities mentioned in Note 16b obtained from these banks or financial institutions are secured by way of first pari passu charge over the fixed assets of the Company to the extent of Rs. 10,019.157 million (FY2019: Rs. 10,019.157 million). In addition to this, Bank of Punjab has exclusive charge to the extent of Rs. 600.000 million (FY2019: Rs. 600 million) on three dual fuel Wartsila Generators. Sponsoring directors also give personal guarantees along with mortgage of their personal assets to secure these borrowings.

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

	Note	2020	2019
		(Rupees in 000s)	
<b>16b Non-interest bearing borrowings</b>			
<b>Finance under conventional mode</b>			
National Bank of Pakistan	16ba	190,870	216,897
MCB Bank Limited	16bb	75,608	120,381
Saudi Pak Industrial & Agricultural Investment Co.Limited	16bc	116,568	116,568
Bank of Khyber	16bd	91,283	97,641
Faysal Bank Limited	16be	26,574	60,152
Silk Bank Limited	16bf	8,513	25,537
First Credit Investment Corporation	16bg	25,599	32,016
<b>Gross value of non-interest bearing borrowings</b>		<b>535,015</b>	<b>669,192</b>
<b>Less: Winding up of discount</b>			
Opening balance		(152,032)	(144,447)
Unwinding up of discount and catch up adjustments	32	71,167	(7,585)
		<b>(80,865)</b>	<b>(152,032)</b>
<b>Present value of non-interest bearing borrowings</b>		<b>454,150</b>	<b>517,160</b>
Less: current and overdue portion shown under current liabilities	21	(210,343)	(263,859)
		<b>243,807</b>	<b>253,301</b>

- 16ba This facility is being paid in unequal quarterly instalment ending in June 2026. The bank has granted grace period of 12 months ending March 2021 for repayment of principal amount under SBP BPRD Circular No. 13 of 2020 dated 26-03-2020.
- 16bb This facility is being paid in unequal quarterly instalments ending in December 2021.
- 16bc This facility is payable as a bullet payment on June 30, 2022.
- 16bd This facility is being paid in equal monthly instalments ending in June 2021.
- 16be This facility is being paid in unequal quarterly instalments ending in December 2020.
- 16bf This facility is being paid in equal quarterly instalments ending in September 2020.
- 16bg This facility is being paid in monthly instalments ending in February 2022.
- 16c This loan carries markup @ 3 months KIBOR + 0% p.a. (FY2019: 3 months KIBOR + 2.5% p.m.) and is repayable within twelve months from the date of statement of financial position. Accordingly the whole amount is shown under current maturities.

	Note	2020	2019
		(Rupees in 000s)	
17			
LEASE LIABILITY			
Non-current lease liabilities	17a	16,719	-
Current lease liabilities (current maturities)	17a	10,579	587
		27,298	587

The Company has obtained vehicles under a lease arrangement for lease term of 36 months. These lease facilities carries markup at the rate 3 month KIBOR plus a spread of 2.50% - 2.75% p.a. The Company intends to exercise its option to purchase the above assets upon completion of the lease period. Facilities are secured through exclusive ownership of asset-in-use in the name of the Bank. Taxes, repair and insurance costs are borne by the Company.

	Note	2020	2019
		(Rupees in 000s)	
Minimum lease payments dues			
Payable within 1 year		12,836	1,087
Payable between 2-5 years		29,632	-
Minimum lease payments dues		42,468	1,087
Less: finance cost allocated to future periods		(3,503)	(22)
Less: security deposits adjustable on expiry of lease term		(11,667)	(478)
Net present value of lease rentals		27,298	587
Less: Current maturity shown under current liabilities		(10,579)	(587)
		16,719	-
18			
DEFERRED TAXATION			
Deferred tax liability			
due to accelerated depreciation rate for tax purpose		4,281,922	3,436,994
Deferred tax assets			
due to provisions allowed on actual/payment basis in tax computation		(187,513)	(59,348)
Tax losses eligible for adjustment against future tax profits		(39,601)	-
Tax credits available for adjustment against future tax liabilities		(618,271)	(106,460)
Net deferred tax liability		3,436,537	3,271,186

	Note	2020	2019
		(Rupees in 000s)	
Reconciliation of deferred tax liability			
Opening balance		3,271,186	2,222,277
Impact of tax rate change on opening balance		-	453,689
Impact of tax rate change on revaluation surplus on PPE	15	14,843	-
Impact of tax on fresh revaluation surplus on PPE	15	848,992	-
Provision for the year		(698,484)	595,220
		3,436,537	3,271,186
Deferred tax expense for the year			
Provision for the year		108,716	595,220
Impact of tax rate change on opening balance		41,792	453,689
Attributed to other comprehensive income	15	(848,992)	1,987
Impact of tax rate change on revaluation surplus	15	-	(140,163)
Tax credits materialized during the year		-	(293,217)
Deferred tax expense charged to profit or loss		(698,484)	617,516
19	EMPLOYEES BENEFIT OBLIGATIONS		
	19a	28,627	33,142
	19b	74,100	66,011
		102,727	99,153
19a	Frozen Employees Benefit Obligations		
		33,142	35,553
		(4,515)	(2,411)
		28,627	33,142

These are the left over amounts of discontinued post-employment benefits under gratuity scheme and accumulated compensatory absences scheme for the permanent employees of management cadre. These will be paid to employees when they retire or leave the Company.

	Note	2020	2019
		(Rupees in 000s)	
19b		<u>76,600</u>	<u>68,511</u>
<b>Defined benefit plan</b>			
Present value of defined benefit obligations		-	-
Less: fair value of plan assets		<u>76,600</u>	<u>68,511</u>
		<u>(2,500)</u>	<u>(2,500)</u>
Less: Loans against gratuity		<u>74,100</u>	<u>66,011</u>
<b>Present Value of Defined Benefit Obligations</b>			
Opening balance		68,511	57,787
Benefits Paid during the Year		(2,884)	(3,589)
Amount Chargeable to Other Comprehensive Income		-	6,936
Actuarial losses due to experience adjustments		-	-
Amount Chargeable to Profit or Loss		-	-
Service Cost (Current Service Cost + Past Service Cost + Gains/Losses on Settlements)		3,446	3,038
Interest on Defined Benefit Liability		7,527	4,339
		<u>10,973</u>	<u>7,377</u>
Closing balance		<u>76,600</u>	<u>68,511</u>
<b>Allocation of expense to head 'Salaries and benefits':</b>			
Cost of sales		<u>10,973</u>	<u>7,377</u>



	Note	2020	2019
		(Rupees in 000s)	
<b>Assumption used Acturial Valuation</b>			
Average Expected Remaining Working Lifetime		10 years	10 years
Duration of Liability		8 years	8 years
Discount rate		13.25%	13.25%
Expected rate of salary increase in future years		13.25%	13.25%
<b>Impact on Present Value of Defined Benefit Obligations due to:</b>			
Discount rate +1%		62,581	62,581
Discount rate -1%		75,350	75,350
Salary increase +1%		75,285	75,285
Salary increase -1%		62,532	62,532
<b>20</b>	<b>TRADE AND OTHER PAYABLES</b>		
Trade creditors	20a	1,739,795	1,455,758
Accrued liabilities	20b	490,790	803,312
Sales Tax		331,765	454,178
Federal Excise Duty		765,572	154
Royalty and Excise Duty		99,029	70,720
Withholding tax		484,233	374,496
		<u>3,911,184</u>	<u>3,158,618</u>
<b>20a</b>	These include balances payable to foreign creditors under letters of credit arrangement for purchase of coal, and consumables. Total letters of credit facilities aggregated to Rs. 2,289,000 million (FY2019: Rs. 2,339,000 million) were available from commercial banks at Statement of Finance Position date out of which Rs. 1,053.627 million (FY2019: Rs. 1,372.206 million) were remained unutilized at Statement of Finance Position date. These letters of credit are due in 0-120 days and are secured against lien on import/local L/C documents, accepted draft/bill of exchange, 1st pari passu charge over all present and future fixed assets, to some extent, and personal guarantees of the sponsoring directors.		
<b>20b</b>	These include GIDC and GST thereupon amounting to Rs. 539.216 million (FY2019: Rs. 539.216 million) which are payable to SNGPL in 24 monthly instalments as per Supreme Court of Pakistan Order dated 13-08-2020 without late payment surcharges. Accordingly, provision for LPS amounting to Rs. 401.140 million on GIDC had been reversed and reported under head 'Finance Income' (refer Note 31) during the current reporting year; whereas GIDC amounting to Rs. 314.543 million payable after 12 months from the date of Statement of Financial Position has been reported under Non Current Liabilities.		
	Note	2020	2019
		(Rupees in 000s)	
<b>21</b>	<b>BORROWINGS</b>		
Current Maturities of long term borrowings			
Interest bearing borrowings	16a	402,043	835,303
Non-interest bearing borrowings	16b	210,343	263,859
Related party	16c	182,428	-
		<u>794,814</u>	<u>1,099,162</u>
<b>22</b>	<b>MARKUP AND PROFIT PAYABLE</b>		
<b>Banks and Financial Institutions</b>			
Under markup/interest basis		34,865	55,629
Under Islamic mode		37,691	17,433
Related party		88,583	11,376
Finance leases		80	-
		<u>161,219</u>	<u>84,438</u>
<b>23</b>	<b>EMPLOYEES' BENEFITS OBLIGATION</b>		
Workers' Profit Participation Fund (related party)	23a	-	51,235
Workers' Welfare Fund		21,069	21,569
Employee benefits obligations		45,986	48,380
Provident Fund Trusts (related party)		7,717	2,845
		<u>74,772</u>	<u>124,029</u>



	2020	2019
	(Rupees in 000s)	
23a Due to workers' profit participation fund (WPPF)		
Opening balance	51,235	627,870
Allocation for the year	-	73,235
	51,235	701,105
Payment made during the year	(51,235)	(649,870)
	-	51,235
Closing balance	-	51,235

## 24 CONTINGENCIES AND COMMITMENTS

24a The Competition Commission of Pakistan (the CCP) took suo moto action and issued Show Cause Notice on October 28, 2008 under section 30 of the Competition Ordinance, 2007 to almost all cement companies (including this Company) for alleged increase in the prices of cement across the country. The CCP passed a single one order on August 27, 2009 against all the cement companies and imposed a penalty amounting to Rs. 39.126 million on the Company. The cement manufacturers (including the Company) have challenged the CCP order in the Lahore High Court and seeks the declaration of the Competition Ordinance 2007 and Regulation 22 of the Competition (General Enforcement) Regulations 2007 to be ultra-vires the Constitution, and, further, that the show cause notice dated October 28, 2008 and order dated August 27, 2009 be declared illegal

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

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

24b The Company has filed a writ petition before the Lahore High Court challenging the legality and validity of all the proceedings taken pursuant to the show cause notice no 408-SC-2010/1579/CS.III dated July 01, 2010 culminating in order dated July 23, 2010 passed by the Member (Colonies), Board of Revenue, Government of Punjab whereby sales of state land measuring 400 kanals in favour of the Company was cancelled being violated of policy, law and Article 173 of the Constitution of the Islamic Republic of Pakistan, 1973. Adjudication in this appeal is pending. Based on the legal opinion, the management is confident that the Company has good case and there are reasonable chances of success in the Petition pending before the Lahore High Court.

24c The District Council Jhelum has levied water conservancy charges amounting to Rs. 499.717 million (FY2019: 312.836 million) w.e.f. May 2018 on the order of the Supreme Court of Pakistan. The Company has filed an appeal before the Lahore High Court challenging therein the levy of water conservancy charges, jurisdiction of the District Council Jhelum over levying such charges, and rate of such charges. The appeal is pending for adjudication at terminal date. However, the legal counsel of the Company is confident of favourable decision, therefore, no adjustment is made in these financial statements.

24d Surcharge of Rs. 1,601.706 million has been imposed by Mines and Minerals Department, Government of the Punjab under Rule 68(2) of Punjab Mining Concession Rules, 2002 ("Rules") against which the Company has filed writ petition against Government of Punjab via writ petition No. 1008/2014 to challenge the basis of Rules. The Honourable Lahore High Court dismissed the petition since the matter was being reviewed by the relevant authority. Management and the Company's legal advisor are confident that the ultimate outcome of this case will be in favor of the Company.

24e The interest amounting to Rs. 241.071 million for the period that it remained unpaid to the workers' Profit Participation Fund (WPPF), being leftover amount, has not been accounted for in these financial statements as the management and the legal counsel of the Company believes that the interest on the leftover amount is not payable to the Authority, not so for established by the Government of Punjab.

24f Contingent tax cases which are pending for adjudication at various appellate forums are disclosed in Note 33b.

24g Commercial banks have issued the following bank guarantees on behalf of the Company in favour of:

	2020	2019
	(Rupees in 000s)	
Sui Northern Gas Pipeline Limited	185,000	185,000
Islamabad Electricity Supply Corporation	92,560	92,560
	<u>277,560</u>	<u>277,560</u>

In addition to above bank guarantees, a commercial bank has issued performance guarantee against export sales on behalf of the Company amounting to USD 10,000 (FY2019: USD 10,000).

	Note	2020	2019
		(Rupees in 000s)	
24h	<b>Commitments</b>		
	Against supply of plant and machinery	-	35,383
	Against supply of inventories under letters of credit	356,202	436,832
		<u>356,202</u>	<u>472,215</u>
25	<b>REVENUE FROM CONTRACT WITH CUSTOMERS</b>		
	Local sales	15,138,451	16,490,400
	Export sales	-	40,239
		<u>15,138,451</u>	<u>16,530,639</u>
	<b>Less:</b>		
	Sales Tax	(2,435,902)	(2,672,644)
	Federal Excise Duty	(3,318,422)	(2,502,077)
	Freight outward	(588,165)	(116,535)
	Discount on sales	(81,873)	(65,056)
		<u>(6,424,362)</u>	<u>(5,356,312)</u>
		<u>8,714,089</u>	<u>11,174,327</u>
26	<b>COST OF SALES</b>		
	Packing and raw materials	1,063,172	963,457
	Electricity, gas and water	987,642	839,937
	Coal, diesel and furnace oil	4,039,975	4,488,874
	Royalty and excise duty on minerals	268,712	141,664
	Consumable parts and supplies	401,849	597,243
	Repair and maintenance	28,201	182,840
	Salaries and benefits	307,248	318,343
	Transportation and freight	172,393	374,757
	Insurance	20,880	21,101
	Vehicle running and travelling	5,594	6,850
	Other expenses	35,367	25,914
	Depreciation	915,567	960,922
	5ab	<u>8,246,600</u>	<u>8,921,902</u>
	<b>Adjustment of work-in-process inventory</b>		
	Opening balance	673,348	506,902
	Closing balance	(316,627)	(673,348)
		<u>356,721</u>	<u>(166,446)</u>
	<b>Adjustment of finished goods inventory</b>		
	Opening balance	90,046	50,131
	Closing balance	(65,551)	(90,046)
		<u>24,495</u>	<u>(39,915)</u>
		<u>8,627,816</u>	<u>8,715,541</u>

	Note	2020	2019
		(Rupees in 000s)	
<b>27 GENERAL AND ADMINISTRATION EXPENSES</b>			
Salaries and benefits		225,635	254,502
Vehicle running and travelling		21,153	30,389
Legal and professional charges		8,901	14,793
Auditors' remuneration	27a	1,860	1,751
Communication expenses		13,490	13,477
Rent, rates and taxes		1,392	535
Fee and subscription		4,173	3,694
Utilities		3,906	5,961
Others expense		23,827	22,043
Amortization	6	1,283	1,283
Depreciation	5ab	26,810	28,542
		<u>332,430</u>	<u>376,970</u>
<b>27a Auditors' remuneration</b>			
Kreston Hyder Bhimji & Co.			
Audit fee		1,000	1,000
Half year review fee		500	500
Certification fee		160	26
Out-of-pocket expenses		200	225
		<u>1,860</u>	<u>1,751</u>
<b>28 SELLING AND DISTRIBUTION EXPENSES</b>			
Salaries and benefits		17,130	24,154
Vehicle running and travelling		1,470	1,385
Sales promotion		60	903
Others expense		1,531	4,341
Depreciation	5ab	1,930	1,287
		<u>22,121</u>	<u>32,070</u>
<b>29 OTHER EXPENSES</b>			
Revaluation loss on PPE		45,540	-
Workers' Profit Participation Fund	23a	-	73,235
Workers' Welfare Fund		-	11,556
Loss on deletion/disposal of fixed assets	29a	-	26,325
Donation to Indus Hospital (free of cost cement)		8,764	-
		<u>54,304</u>	<u>111,116</u>
<b>29a Loss on deletion of fixed assets</b>			
Book value of machinery deleted		-	126,325
Insurance claim received		-	(100,000)
		<u>-</u>	<u>26,325</u>
<b>30 OTHER INCOME</b>			
Rental income from Balochistan Glass Limited (related party)		3,150	4,417
<b>31 FINANCE INCOME</b>			
Income from financial assets under interest/markup basis		12,367	7,001
Profit on bank deposits		73,289	37,734
Markup on advance to Balochistan Glass Limited (related party)		278,694	-
Reversal of late payment surcharge on GIDC	20b		
		<u>364,350</u>	<u>44,735</u>

	Note	2020	2019
		(Rupees in 000s)	
<b>32</b>			
<b>FINANCE COST</b>			
<b>Banks and financial institutions</b>			
Long term borrowings		254,457	196,978
Un-winding up of discount and catch up adjustments	16b	71,167	(7,585)
Lease finance charges		2,332	114
		327,956	189,507
<b>under Islamic mode</b>			
Long term borrowings		160,194	146,016
<b>others</b>			
Letters of credit financing cost		17,413	37,030
Bank guarantees commission		4,667	4,704
Bank charges		6,673	6,807
		28,753	48,541
		516,903	384,064
Related party		60,772	11,376
Provision for default surcharge		12,604	10,766
Workers Profit Participation Fund		16,435	-
Late payment surcharge on utilities bills		-	97,452
Foreign currency exchange loss		(107)	104,215
		606,607	607,873
<b>33</b>			
<b>TAXATION</b>			
<b>Current tax</b>			
Current period	33a	140,762	21,684
Prior period		(135,284)	4,297
		5,478	25,981
Deferred taxation	18	(698,484)	617,516
		(693,006)	643,497
<b>33a</b>	The Company computes tax based on the generally accepted interpretations of the tax laws to ensure that sufficient provision for the purpose of taxation is available. Provision for current tax is made @ 1.5% of turnover i.e. minimum tax for the current year. Whereas for corresponding year FY2019, it was provided @ 29% of the taxable income and 1% of export sales, net off tax credit 113C as per provision of the Income tax Ordinance 2001. Provision for super tax @ Nil (FY2019: 2%) is also made in these accounts. Minimum tax provision has been made for the current year therefore no income tax reconciliation is provided in these accounts.		
<b>33b</b>	<b>Current income tax appeals pending for adjudication:</b>		
<b>33ba</b>	The Company has challenged before the Lahore high Court, the levy of ACT @ 17% in the presence of depreciation losses which are admissible allowances. LHC has allowed interim relief in the form of stay order for not paying ACT and accordingly income tax assessment for tax years 2014, 2015 and 2016 were made without ACT. Management as well as legal council is confident that these appeals will be decided in favour of the company. However, provision for ACT were accrued in these financial statements in the respective years on prudence basis which is being reversed as tax credit u/s 113C against normal corporate tax from tax year 2017 and onward in these accounts.		
<b>33bb</b>	The Inland Revenue Appellate Tribunal (IRAT) allowed tax credit u/s 113(2)(c) amounting to Rs. 282.567 million to the Company, however the department challenged this before the Lahore High Court. Management as well as legal council is confident that this appeal will be decided in favour of the company as LHC has already decided this matter in favour of other taxpayer on the same ground as sought by the Company. Therefore, impact of the subject tax credit allowed by IRAT was provided in the financial statements.		

		2020	2019
		(Rupees in 000s)	
34	<b>EARNINGS PER SHARE - Basic and diluted</b>		
	Weighted average number of ordinary shares	400,273,960	400,273,960
	Profit after tax (Rupees in thousands)	131,317	736,412
	Earnings per share - after tax (Rupees)	0.33	1.84

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

		2020	2019
		(Rupees in 000s)	
35	<b>ADJUSTMENT FOR NON-CASH AND OTHER ITEMS</b>		
	Depreciation	944,307	990,751
	Amortization	1,283	1,283
	Finance expenses	606,607	607,873
	Provision for retirement benefits	10,973	7,377
	Rental income from Balochistan Glass Limited (related party)	(3,150)	(4,417)
	Loss on deletion/disposal of fixed assets	-	26,325
	Loss on revaluation of PPE	8,074	-
	Reversal of provision for LPS	(278,694)	-
	Profit on bank deposits	(12,367)	(7,001)
	Markup on advance to Balochistan Glass Limited (related party)	(73,289)	(37,734)
		1,203,744	1,584,457
36	<b>INFLOW/OUTFLOW FROM NET CHANGES IN WORKING CAPITAL</b>		
	Inventories	161,993	(226,973)
	Trade and other receivables	45,039	(67,971)
	Loan and advances	5,657	(1,330)
	Deposits	39,830	36,557
	Prepayments	26,130	(70,358)
	Trade and other payables	1,000,565	(489,822)
	Contract liabilities	(12,745)	(7,011)
		1,266,469	(826,908)

#### Interest rate sensitivity

The Company is exposed to changes in market interest rates through borrowings at variable interest rates that is mostly dependent on Karachi Inter Bank Offer Rate ("KIBOR"). The Company's interest / mark-up bearing financial instruments as at the reporting date are as follows:

#### 37 FINANCIAL INSTRUMENTS

##### Categories of financial assets and financial liabilities

Note 4.6 provides a description of each category of financial assets and financial liabilities and the related accounting policies. The carrying amounts of financial assets and financial liabilities in each category are as follows:

	Note	2020	2019
		(Rupees in 000s)	
<b>Financial assets at amortised cost</b>			
Trade and other receivables	9	592,680	626,963
Loan and advances	10	553,999	354,394
Non current deposits	7	47,253	70,393
Current deposits	11	32,260	48,950
Cash and bank balances	13	431,400	431,760
		1,657,592	1,532,460

Advances to employees against salary or for expenses are excluded from 'Loan and advances' as these will not be settled through cash.

	Note	2020	2019
		(Rupees in 000s)	
<b>Financial liabilities at amortised cost</b>			
Non current borrowings	16	2,472,279	2,909,384
Current borrowings	21	794,814	1,099,162
Markup and profit payables	22	161,219	84,438
Trade and other payables (excluding payable to government)	20	2,230,585	2,259,070
Employees benefits obligation	23	53,703	102,460
		<u>5,712,600</u>	<u>6,454,514</u>

#### Risk management objectives and policies

The Company is exposed to various risks in relation to financial instruments. The main types of risks are market risk, credit risk and liquidity risk. The Company's risk management is coordinated at its head office, in close cooperation with the board of directors, and focuses on actively securing the Company's short to medium-term cash flows by minimising the exposure to volatile financial markets. The Company does not actively engage in the trading of financial assets for speculative purposes nor does it write options. The most significant financial risks to which the Company is exposed are described below

#### 37a Market risk analysis

The Company is exposed to market risk through its use of financial instruments and specifically to currency risk, and interest rate risk which result from both its operating and investing activities.

#### Foreign currency sensitivity

Most of the Company's transactions are carried out in Pakistani Rupees (Rs.). Exposures to currency exchange rates arise from the Company's overseas sales and purchases, which are primarily denominated in USD and CNY. Payables exposed to foreign currency are not covered through any forward foreign exchange contracts or through hedging.

	2020	2019	2020	2019
	(FC in '000s)		(Rupees in 000s)	
Trade and other payables - Trade creditors				
USD	6,433	4,453	1,085,569	732,492
CNY	7,263	7,263	175,693	175,693
			<u>1,261,263</u>	<u>908,185</u>

#### Sensitivity analysis:

Increase in foreign currency exchange rate by 1%  
Decrease in foreign currency exchange rate by 1%

12,613  
(12,613)

9,082  
(9,082)

#### Fixed interest rate financial assets

Bank balances at PLS accounts

13,525

4,463

#### Variable interest rate financial liabilities/(assets)

Borrowings

3,267,093

4,008,546

Advance to associated company

(538,390)

(338,525)

2,728,703

3,670,021

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

A reasonably possible change of 100 basis points in interest rates at the reporting date would have (decreased) / increased profit by amounts shown below. The analysis assumes that all other variables, in particular foreign exchange rates, remain constant. The analysis is performed on the same basis for the year 2019.



	2020	2019
	(Rupees in 000s)	
Variable interest rate financial liabilities		
Increase of 100 basis points	27,287	36,700
Decrease of 100 basis points	(27,287)	(36,700)

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

37b

#### Credit risk analysis

Credit risk is the risk that a counterparty fails to discharge an obligation to the Company. The Company is exposed to credit risk from financial assets including cash and cash equivalents held at banks, trade and other receivables. The Company identifies concentrations of credit risk by reference to type of counter party. Maximum exposure to credit risk by type of counterparty is as follows:

	2020	2019
	(Rupees in 000s)	
Banks and financial institutions	463,660	440,580
Customers	572,893	617,932
Utility companies	47,253	70,393
Employees	15,609	15,869
Associated company	558,177	347,556
Others	-	40,130
	1,657,592	1,532,460

#### Credit risk management

The credit risk in respect of cash balances held with banks and deposits with banks are managed via diversification of bank deposits, and are only with major reputable financial institutions.

	2020	2019
	(Rupees in 000s)	
A1+	408,663	425,915
A1	1,237	2,158
A-2	202	76
A-3	20,945	3,325
	431,048	431,474

The Company continuously monitors the credit quality of customers based on internal evaluation assessment and/or reports on customers from the market. The Company's policy is to deal only with credit worthy counterparties. New customer is analysed individually for creditworthiness before the Company's standard payment and delivery terms and conditions are offered. The credit terms range between 7 and 30 days. The credit terms for customers as negotiated with customers are subject to an internal approval process. The ongoing credit risk is managed through regular review of ageing analysis, together with credit limits per customer. The analysis of ages of trade debts of the Company as at the reporting date is as follows:

	Note	2020	2019
		(Rupees in 000s)	
Crurent		510,912	586,086
Past due			
1 - 60 days		2,281	27,875
61 - 150 days		15,594	673
More than 150 days		44,106	3,298
	9	572,893	617,932

Management believes that the amounts that are past due are still collectable in full based on historical payment behaviour and extensive analysis of customer credit risk. Therefore no provision is made in these financial statements.

### Security

The Company does not hold any security on the trade receivables balance. In addition, the Company does not hold collateral relating to other financial assets (eg derivative assets, cash and cash equivalents held with banks).

### 37c Liquidity risk analysis

Liquidity risk is that the Company might be unable to meet its obligations. The Company manages its liquidity needs by monitoring scheduled debt servicing payments for long-term financial liabilities as well as forecast cash inflows and outflows due in day-to-day business. The data used for analysing these cash flows is consistent with that used in the contractual maturity analysis below. Liquidity needs are monitored in various time bands, on a day-to-day and week-to-week basis, as well as on the basis of a rolling 30-day projection. Long-term liquidity needs for a 180-day and a 360-day lookout period are identified monthly. Net cash requirements are compared to available borrowing facilities in order to determine headroom or any shortfalls. This analysis shows that available borrowing facilities are expected to be sufficient over the lookout period.

The Company's objective is to maintain cash and marketable securities to meet its liquidity requirements for 30-day periods at a minimum. This objective was met for the reporting period.

The Company's non-derivative financial liabilities have contractual maturities (including interest payments where applicable) as summarised below:

	Overdue	Within 6 months	More than 6 months and up to 12 months	More than 1 year and up to 5 years	More than 5 years and up to 10 years	Total
	(Rupees in 000s)					
<b>As at June 30, 2020</b>						
Borrowings	28,434	148,032	435,919	2,427,261	227,447	3,267,093
Trade and other payables	1,202,795	879,171	148,619	-	-	2,230,585
Employee benefits obligation	-	53,703	-	-	-	53,703
Markup and profits payable	161,219	-	-	-	-	161,219
	<b>1,392,448</b>	<b>1,080,906</b>	<b>584,538</b>	<b>2,427,261</b>	<b>227,447</b>	<b>5,712,600</b>
<b>As at June 30, 2019</b>						
Borrowings	117,033	505,757	476,372	2,818,231	91,153	4,008,546
Trade and other payables	870,767	187,796	1,220,507	-	-	2,259,070
Employee benefits obligation	-	102,460	-	-	-	102,460
Markup and profits payable	84,438	-	-	-	-	84,438
	<b>1,072,238</b>	<b>796,013</b>	<b>1,676,879</b>	<b>2,818,231</b>	<b>91,153</b>	<b>6,454,514</b>

### 37d Fair value of financial instruments:

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

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

The fair value hierarchy has the following levels:

- i Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date (level 1).
- ii Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly (level 2).
- iii Inputs for the asset or liability that are not based on observable market data (unobservable inputs) (level 3).

The Company has not disclosed the fair values of the current financial assets and current financial liabilities disclosed in Note 37 as these are for short term or repriced over short term. Therefore, their carrying amounts are reasonable approximation of fair value.

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

37e

#### Capital risk Management:

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

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

b) to provide an adequate return to shareholders.

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

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

The gearing ratio as at June 30, 2020 is as follows:

	Note	2020	2019
		(Rupees in 000s)	
Non current borrowings	16	2,472,279	2,909,384
Lease liability	17	27,298	587
Current borrowings	21	794,814	1,099,162
<b>Total debts</b>		<b>3,294,391</b>	<b>4,009,133</b>
Cash and bank balances	13	(431,400)	(431,760)
<b>Net Debts</b>		<b>2,862,991</b>	<b>3,577,373</b>
Issued, subscribed and paid up capital	14	4,002,739	4,002,739
Revaluation surplus of PPE	15	5,027,237	3,086,133
Retained earnings		5,476,138	5,392,574
<b>Total Equity</b>		<b>14,506,114</b>	<b>12,481,446</b>
<b>Capital employed</b>		<b>17,369,105</b>	<b>16,058,819</b>
<b>Gearing Ratio</b>		<b>16%</b>	<b>22%</b>
Net debt against total equity of Re. 1		<b>0.20</b>	<b>0.29</b>

Gearing ratio showed that 16% (FY2019: 22%) of the capital employed is financed through borrowings; whereas gearing ratio reduced due to repayment of debts and retention of earnings within the company.

There were no changes in the Company's approach to capital management during the year. The Company is not subject to externally imposed capital requirements except those related to maintenance of debt covenants including restriction on dividend declaration without obtaining NOC commonly imposed by the providers of debt finance with which the Company has complied. The Company has obtained NOC from the banks and financial institution for payment of dividend.

## 38 PROVIDENT FUND DISCLOSURE AND COMPLIANCE

### GCL Officers' Provident Fund

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

### GCL Workers' Provident Fund

This fund is wholly managed by CBA. The Trust is in process of completing its accounts and audit to comply with the provisions of section 218 of the Companies Act, 2017.

	2020	2019
<b>39 NUMBER OF EMPLOYEES</b>		
Number of employees at year end	382	427
Average number of employees during the year	394	421

## 40 REMUNERATION TO CHIEF EXECUTIVE OFFICER, DIRECTORS & EXECUTIVES

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

	Chief Executive		Executive Directors		Executives	
	2020	2019	2020	2019	2020	2019
Managerial Remuneration	64,800	64,800	32,400	32,400	43,951	42,682
Allowances	7,200	7,200	3,600	3,600	53,718	52,166
Bonus and other benefits	3,790	13,463	1,331	9,432	2,780	6,993
Contribution to: Post employment benefit	-	-	-	-	4,395	4,268
	<u>75,790</u>	<u>85,463</u>	<u>37,331</u>	<u>45,432</u>	<u>104,844</u>	<u>106,109</u>
No. of employees	<u>1</u>	<u>1</u>	<u>1</u>	<u>1</u>	<u>16</u>	<u>15</u>

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

## 41 TRANSACTIONS WITH RELATED PARTIES

Related parties comprise of the associated company, staff retirement funds, directors and key management personnel. The Company in the normal course of business carries out transactions with various related parties. Detail of related parties (with whom the Company has transacted during the year) along with relationship and transactions with related parties has been disclosed under relevant notes in these financial statements.

Following related parties hold share of the Company as at June 30, 2020:

		2020	2019
		(Numbers of Shares)	
<b>Directors and their spouse</b>			
Mr. Muhammad Tousif Peracha	CEO	214,872,079	214,872,079
Mr. Tabbasum Tousif Peracha	Spouse of director	194,025	194,025
Mr. Abdur Rafique Khan	Director	90,929,285	90,929,285
Mr. Ali Rashid Khan	Director	20,344,653	20,344,653
Ms. Amna Khan	Director	22,728,035	22,728,035
Mian Nazir Ahmed Peracha	Director	500	500
Mrs. Feriha Nazir Peracha	Spouse of director	2,625,000	2,714,000
Mrs. Qamar Nazir Peracha	Spouse of director	2,625,000	2,625,000
Mrs. Salma Khan	Spouse of director	153,747	153,747
Mr. Daniyal Jawaid Peracha	Director	17,000	17,000
Mr. Muhammad Niaz Piracha	Director	2,330	2,330

### Key Management Personnels

Key management personnels are those who have influence in decision making process of the Company and includes Mr. Abdul Shueb Piracha, Mr. Muhammad Shamail Javed, Syed Firasat Abbas, Mr. Farukh Naveed and Mr. Muhammad Tahir for the year. Corresponding figures rearranged accordingly.

	2020	2019
	(Rupees in 000s)	
Salary and benefit	56,188	57,787
Post employment benefit	2,429	2,429
<b>Provident Fund Trusts</b>		
Contribution by Company	15,670	15,460

	2020	2019
	Tons	

#### 42 CAPACITY AND PRODUCTION - CLINKER

Listed capacity	2,010,000	2,010,000
Production	1,405,900	1,540,456

Lower capacity utilization of cement plant is due to gap between demand and supply of cement in local market. The capacity figure of the plant is based on 300 days.

#### 43 CORRESPONDING FIGURES

Correspondence figures have been rearranged and reclassified, wherever necessary, for the purpose of comparison as per below detail:

		2020	2019
		(Rupees in 000s)	
<b>Current Presentation</b>	<b>Previously presented under</b>		
Employee benefit obligation (Note 21)	Accrued liabilities	74,772	124,029
Freight outward (Note 23)	Distribution charges (under selling and distribution expenses)	588,165	116,535
Discount/commission on sales (Note 25)	Discount/commission on sales (under selling and distribution expenses)	81,873	65,056

In addition to above, certain expenses under the head 'Cost Of Sales' have been regrouped as per nature of expenses. Fuel and power expenses has been bifurcated into two lines 'Electricity, gas and water' and 'Coal, diesel and furnace oil'. Whereas various expenses grouped under line head 'raw materials' has been regrouped with respective expenses lines.

#### 44 AUTHORIZATION FOR ISSUE

These financial statements have been authorized for issue by the Board of Directors of the Company in its meeting held on October 05, 2020.

  
DIRECTOR

  
CHIEF FINANCIAL OFFICER

  
DIRECTOR





# FORM OF PROXY

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

I/We ..... of ..... being a member of

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

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

of .....

Folio No. .... who is also a member of Gharibwal Cement Limited as my/our proxy to attend and vote for and on my / our behalf at the 59th Annual General Meeting of the Company to be held on Saturday, October 26, 2020 at 12:00 noon at the registered office of the Company (Gharibwal Cement Pace Tower, 1st Floor, 27-H, College Road, Gulberg II, Lahore.) and at any adjournment thereof.

As witnessed given under my / our hand (s ) ..... day of ..... , 2020.

Signature

On Five  
Rupees  
Revenue  
Stamp

Witness:

Signature .....

Name .....

Address .....

Note:

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



# Standard Request Form Circulation of Annual Audited Accounts

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

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

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

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

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

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

Option 1: via email at email address \_\_\_\_\_ ;  
OR

Option 2: hard copy at mailing address \_\_\_\_\_

\_\_\_\_\_  
I/We hereby confirm that the information provided in this form is correct and in case of any change therein, I/we will immediately intimate to the Company's Shares Registrar. I/we further confirm that the transmission of Company's Annual Audited Financial Statements and Notice of General Meeting(s) through my/our above address would be taken as compliance with the Companies Act, 2019.

\_\_\_\_\_  
Shareholder's signature

Name of the Members/ Shareholders : \_\_\_\_\_

CNIC /SNIC # : \_\_\_\_\_

Folio / CDC Account Number : \_\_\_\_\_



# E-DIVIDEND MANDATE LETTER

Mandatory Bank account details for payment of Dividend through electronic mode

Dear Sir,

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

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

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

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

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

Yours truly,

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

Note:

This letter must be sent by shareholders to his Stock broker or to CDC in case of Investor Account with CDC which maintains his/her CDC account for incorporation of bank account details for direct credit of cash dividend declared by the Company from time to time.

In case of physical shares, please send directly to our share registrar (M/S Corplink (Private) Limited, 1-K Commercial, Model Town, Lahore).







**Head Office:**

27-H, 1st Floor, Pace Tower,  
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Tel: +92 423 60 60 60 0 Fax: +92 423 6060 666  
E-mail: [info@gharibwalcement.com](mailto:info@gharibwalcement.com)  
Website: [www.gharibwalcement.com](http://www.gharibwalcement.com)

**Factory:**

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