annual report
2013

tools of the trade

CHERAT CEMENT

Cherat Cement
Company Limited
a Ghulam Faruque Group Company

introduction

Often we don't give a second thought to how far we have come in our ability to swiftly and safely erect and finish ever larger, taller and more durable homes, offices, factories and other buildings. Pivotal to all the successes in construction are the tools we use to accomplish the work on the job site.

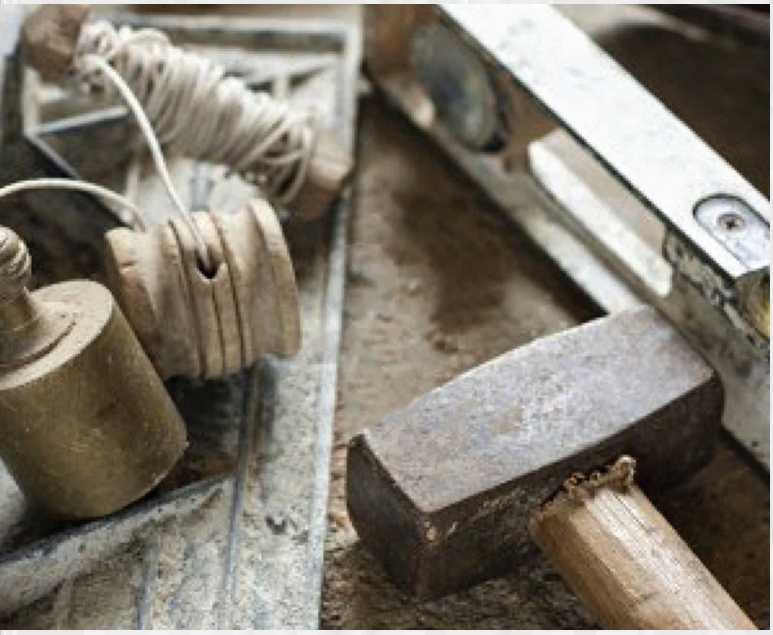
Many of the tools we use today trace back to the sharpened stones that early man used to hack, cut and pound.

With different applications came specialization and the invention of single purpose tools. As long ago as 4,000 years, man had developed axes, chisels and saws -a big improvement on sharpened stones. The square and the chalk line originated in Egypt 5,000 years ago, although they used wet, red and yellow ochres instead of dry, white chalks. In the 1500s the simple expediency of adding a handle to tools represented a quantum leap in tool efficiency.

The trowel, the float and other similar tools of masonry date so far back into history that their inventor and other details of their origin have been lost. The simple Spirit or Bubble Level, still used today, was invented by Melchisadech Thevenot, a 17th century scientist and inventor.

Today, as architects design buildings using the most advanced applications on super powered computers, we at Cherat salute the inventors, artisans, and skilled workers who use these tools to bring visionary structures to life.

contents



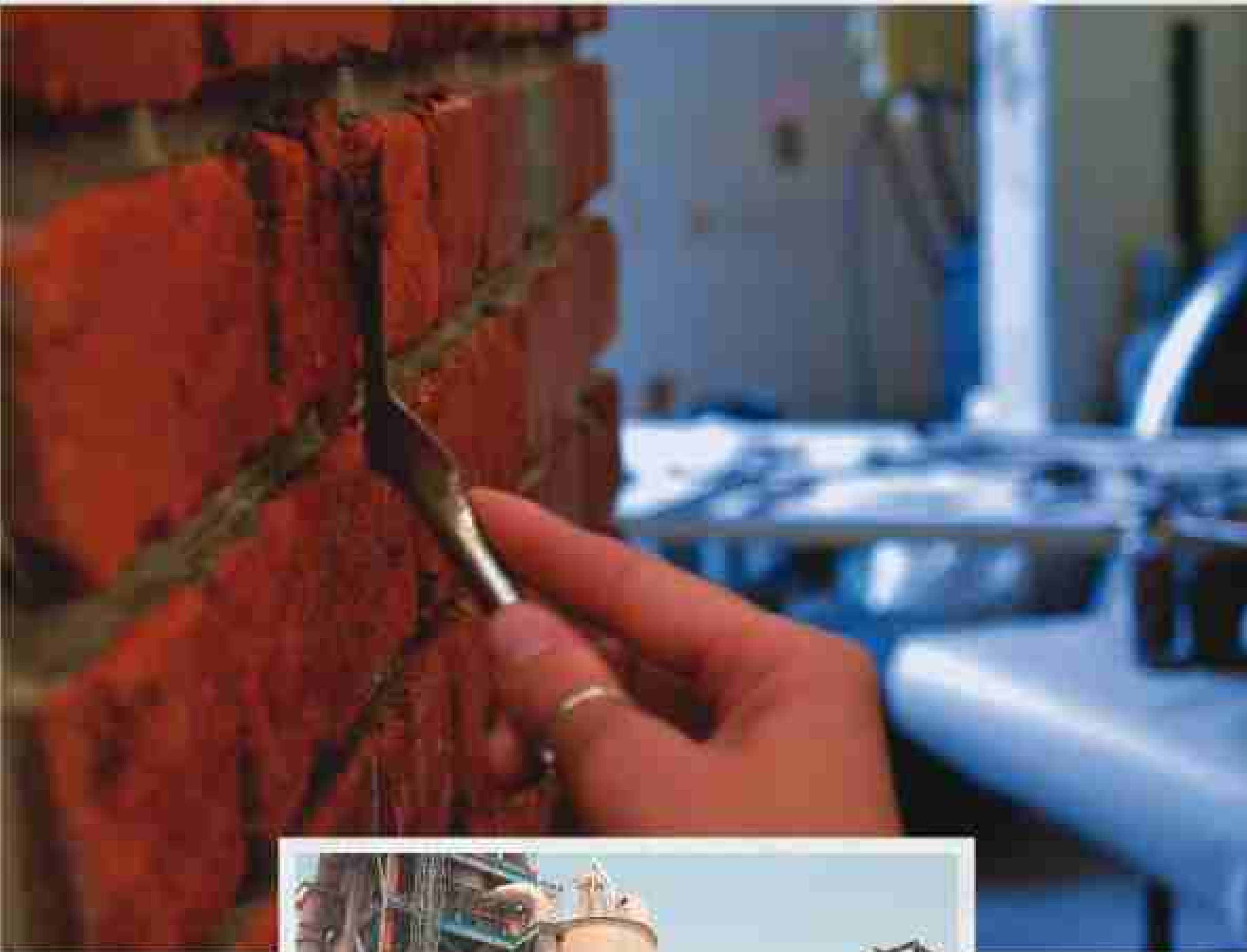
vision

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


CHERAT

mission

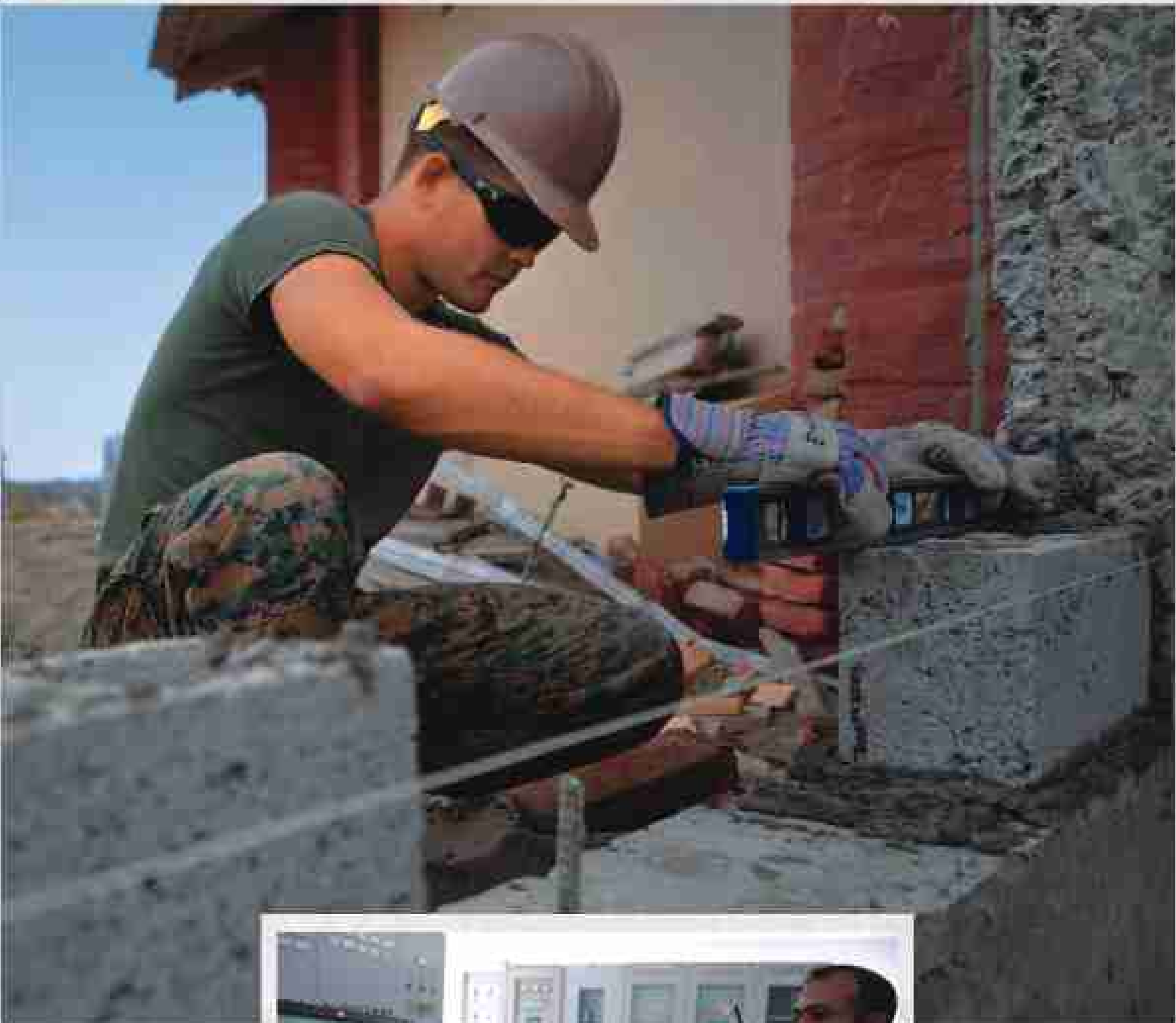
- Invest in projects that will optimize the risk-return profile of the Company.
- Achieve excellence in business.
- Maintain competitiveness by leveraging technology.
- Continuously develop our human resource.
- To be regarded by investors as amongst the best blue-chip stocks in the country.



strategic objectives

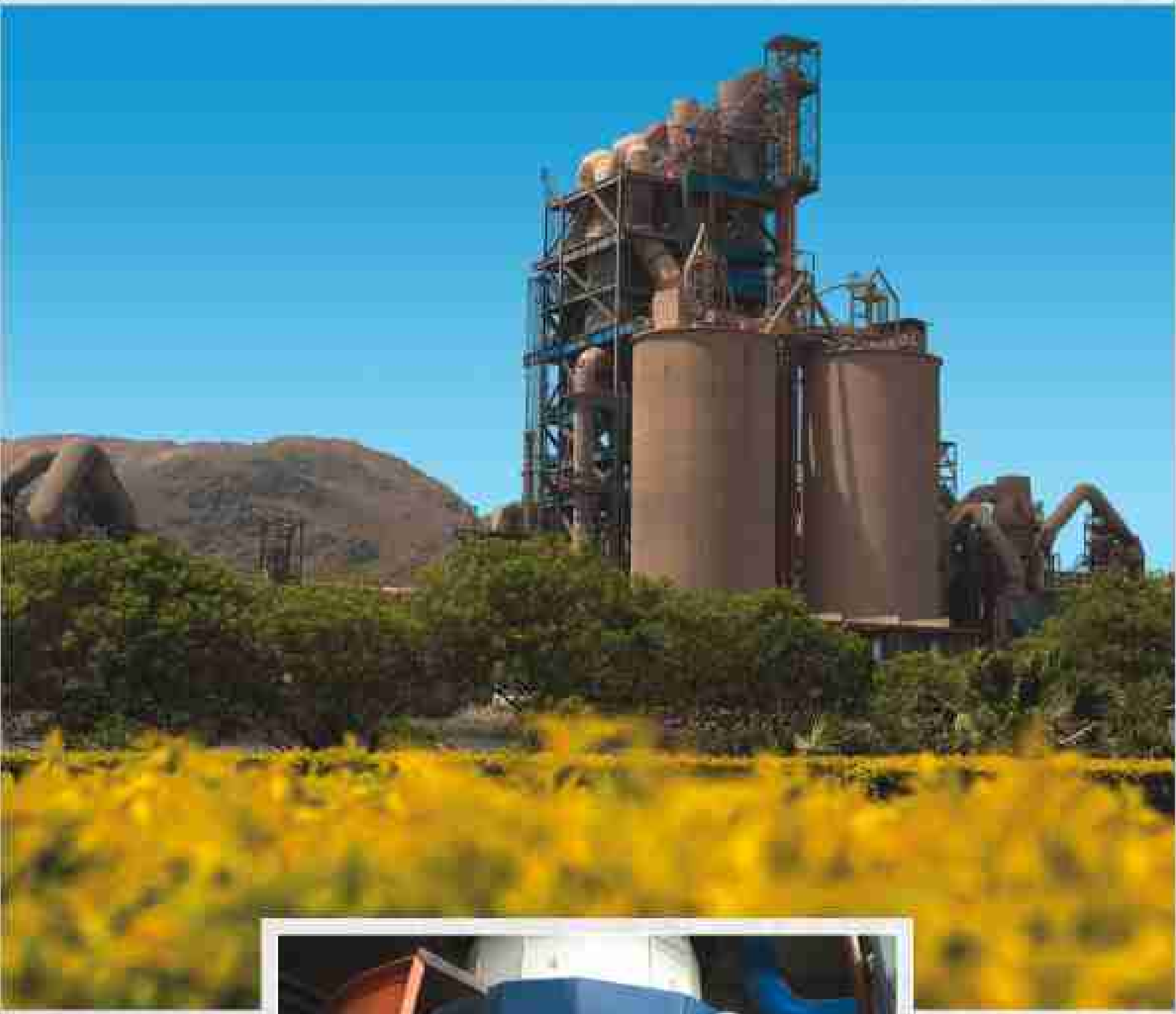
We strive to improve the efficiency of our operations through continuous innovation. We intend to grow through expansion of our core business and through opportunities for diversification. It is our endeavour to create value for our shareholders by maximizing the risk adjusted return on our investments.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

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



core values

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



company information

Board of Directors

Mr. Mohammed Faruque	Chairman
Mr. Azam Faruque	Chief Executive
Mr. Akbarali Pesnani	Director
Mr. Shehryar Faruque	Director
Mr. Tariq Faruque	Director
Mr. Javaid Anwar	Director
Mr. Aamir Amin (NIT)	Director
Mr. Saquib H. Shirazi	Director

Executive Director & Chief Financial Officer

Mr. Yasir Masood

Executive Director & Company Secretary

Mr. Abid A. Vazir

Audit Committee

Mr. Javaid Anwar	Chairman
Mr. Akbarali Pesnani	Member
Mr. Shehryar Faruque	Member
Mr. Tariq Faruque	Member

Human Resource & Remuneration Committee

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

Auditors

Ernst & Young Ford Rhodes Sidat Hyder
Chartered Accountants

Legal Advisor

K.M.S. Law Associates

Bankers

Allied Bank Ltd.
Bank Al Habib Ltd.
Bank Al-Falah Ltd.
Faysal Bank Ltd.
Habib Bank Ltd.
HSBC Bank Middle East Ltd.
MCB Bank Ltd.
Meezan Bank Ltd.
National Bank of Pakistan
NIB Bank Ltd.
Standard Chartered Bank (Pakistan) Ltd.
Soneri Bank Ltd.
United Bank Ltd.

Registered Office / Factory

Village Lakrai, P.O. Box 28, Nowshera

Head Office

Modern Motors House, Beaumont Road
Karachi 75530

Sales Offices

Peshawar:	1st Floor, Betani Arcade, Jamrud Road
Lahore:	3, Sunder Das Road
Islamabad:	Mezzanine Floor, Razia Sharif Plaza 91-Blue Area

Share Registrar

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


CAT
CATERPILLAR
CATERPILLAR

notice of annual general meeting

Notice is hereby given that the 32nd Annual General Meeting of the Company will be held on Thursday, October 31, 2013 at 11.00 a.m. at the Registered Office of the Company at Factory premises, Village Lakrai, Nowshera, Khyber Pakhtunkhwa to transact the following business:

ORDINARY BUSINESS

1. To receive and consider the Audited Accounts of the Company for the year ended June 30, 2013 and the Reports of the Directors and the Auditors thereon.

2. To consider and approve the payment of final cash dividend @ 15% (Rs. 1.50 per share) in addition to interim cash dividend @ 10% (Re. 1.00 per share) already paid to the shareholders for the financial year ended June 30, 2013 as recommended by the Board of Directors.

3. To appoint Auditors for the year 2013/14 and to fix their remuneration.

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

By Order of the Board of Directors

Abid A. Vazir
Executive Director &
Company Secretary

Karachi: August 20, 2013

NOTES:

1. The register of members of the Company will be closed from Thursday, October 24, 2013 to Thursday, October 31, 2013 (both days inclusive) and no transfers will be registered during that time. Shares received in order at the Office of the Registrar of the Company M/s. Central Depository Company of Pakistan Limited (CDC), CDC House, 99-B, Block 'B' S.M.C.H.S., Main Shahrah-e-Faisal, Karachi-74400 at the close of business on Wednesday, October 23, 2013 will be treated in time for the entitlement of 15% final cash dividend.

2. A member of the Company eligible to attend and vote at the Annual General Meeting may appoint another member as his/her proxy to attend and vote in his/her stead. Proxies to be effective must be in writing and must be received by the Company 48 hours before the Meeting.

3. Shareholders of the Company whose shares are registered in their account/sub-account with Central Depository System (CDS) are requested to bring original Computerized National Identity Card along with their account number in CDS and participant's ID number for verification. In case of appointment of proxy by such account holders and sub-account holders, the guidelines as contained in the SECP's circular of January 26, 2000 are to be followed.

4. The shareholders of the Company are requested to immediately notify the Share Registrar of the Company of any change in their addresses.

5. Shareholders who have not yet submitted photocopy of their valid Computerized National Identity Card (CNIC) are requested to send the same to the Share Registrar of the Company.

6. Shareholders who want to receive dividend amount directly in their bank accounts are requested to provide their bank account details to the Share Registrar of the Company / their Participant / CDC Investor Account Services Department.

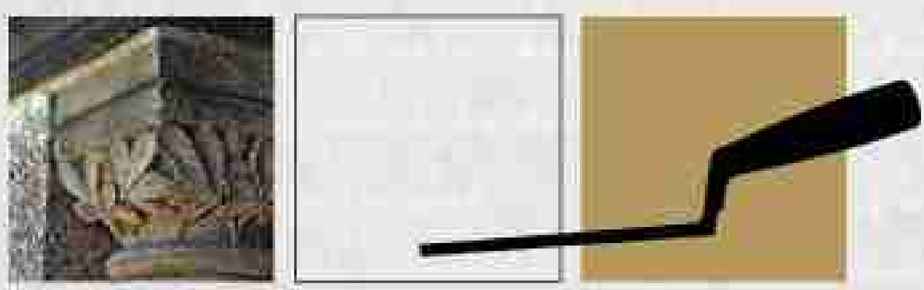
board of directors

Mr. Mohammed Faruque
Chairman

Mr. Mohammed Faruque is the Chairman of Cherat Cement Co. Ltd. He is also the Chairman of Cherat Packaging Ltd and Greaves Pakistan (Pvt.) Ltd and member of Board of Directors of Mirpurkhas Sugar Mills Ltd and Associated Constructors (Pvt.) Ltd. In the past, Mr. Mohammed Faruque has served as Director on the Boards of such prestigious organizations as Sui Southern Gas Co. Ltd and Atlas Insurance Ltd.

Mr. Azam Faruque
Chief Executive

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

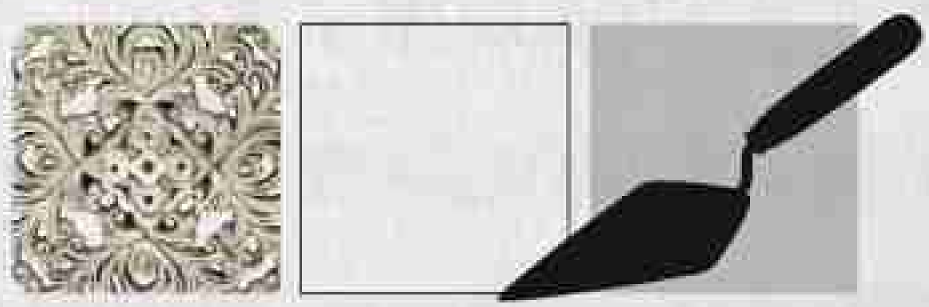


Mr. Akbarali Pesnani
Director

Mr. Akbarali Pesnani is an MBA and fellow member of both the Institute of Chartered Accountants and Institute of Cost and Management Accountants of Pakistan. He has served as Chairman Gwadar Port and Gwadar Port Implementation Authority from 2004 to 2006. Mr. Pesnani has been associated with the Aga Khan Development Network at senior level for over 35 years. Presently he is the Chairman of First Micro Finance Bank Ltd and Aga Khan Cultural Service Pakistan and a Director on the Board of Jubilee General Insurance Co. Ltd. His association with the Ghulam Faruque Group goes back to almost 30 years and currently he is also on the Board of Directors of Cherat Packaging Ltd and Mirpurkhas Sugar Mills Ltd.

Mr. Shehryar Faruque
Director

Mr. Shehryar Faruque is a graduate from Davis & Elkins College, Elkins, WV, USA. He is the Director Operations of Greaves Pakistan (Pvt.) Ltd. He serves on the Board of Directors of Faruque (Pvt.) Ltd, Greaves CNG (Pvt.) Ltd, Greaves Engineering Services (Pvt.) Ltd and Zensoft (Pvt.) Ltd. Mr. Shehryar Faruque is also serving as Director of Cherat Packaging Ltd., NAFA Asset Management Company and Summit Bank Ltd.



board of directors

Mr. Tariq Faruque
Director

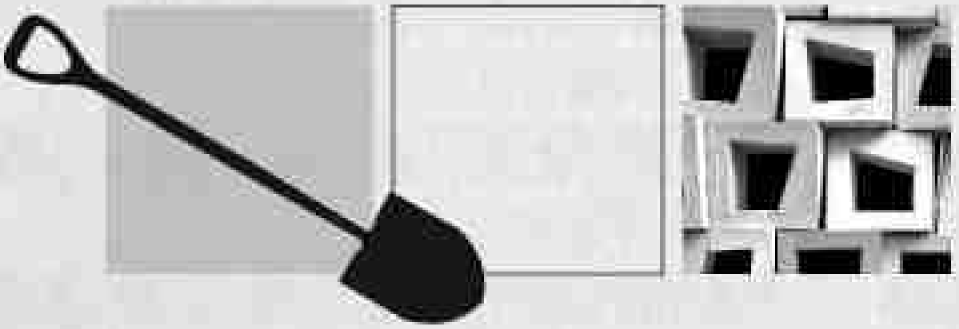
Mr. Tariq Faruque graduated from Case Western Reserve University, USA. He holds a dual major in Economics and Political Science. He is a Director of Cherat Packaging Ltd, Mirpurkhas Sugar Mills Ltd, Faruque (Pvt.) Ltd, Greaves Pakistan (Pvt.) Ltd, Greaves Airconditioning (Pvt.) Ltd, Greaves Engineering Services (Pvt.) Ltd, Zensoft (Pvt.) Ltd, Madian Hydro Power Ltd and Unicol Ltd. Mr. Tariq Faruque was also a Member of the Board of Directors of Oil and Gas Development Company as well as served on the Board of Governors of Marie Adelaide Leprosy Centre.

Mr. Javaid Anwar
Director

Mr. Javaid Anwar has a Masters Degree in Chemical Tech. from University of Punjab and has extensive management experience in senior capacities with multinational companies in the Oil and Gas sector.

He has served as MD and CEO of BOC Pakistan Ltd for 15 years. During his tenure, BOC won top 25 companies award of Karachi Stock Exchange for 13 years. He was associated with Burshane Pakistan Ltd and played a pioneering role in the LPG industry in Pakistan.

Mr. Javaid Anwar is currently serving as a Director of International Industries Ltd.



Mr. Aamir Amin
Director (NIT)

Mr. Aamir Amin is the Nominee Director of National Investment Trust on the Board of Cherat Cement Co. Ltd.

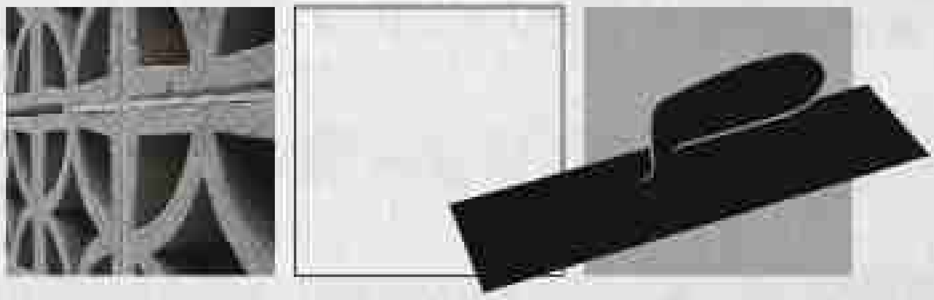
He is serving as the Chief Financial Officer of NIT. Mr. Amin is a Chartered Accountant by profession from Institute of Chartered Accountants of Pakistan with training from Ernst & Young - Pakistan and is also a Certified Information Systems Auditor. His work experience extends to over 14 years, mostly in the financial services industry.

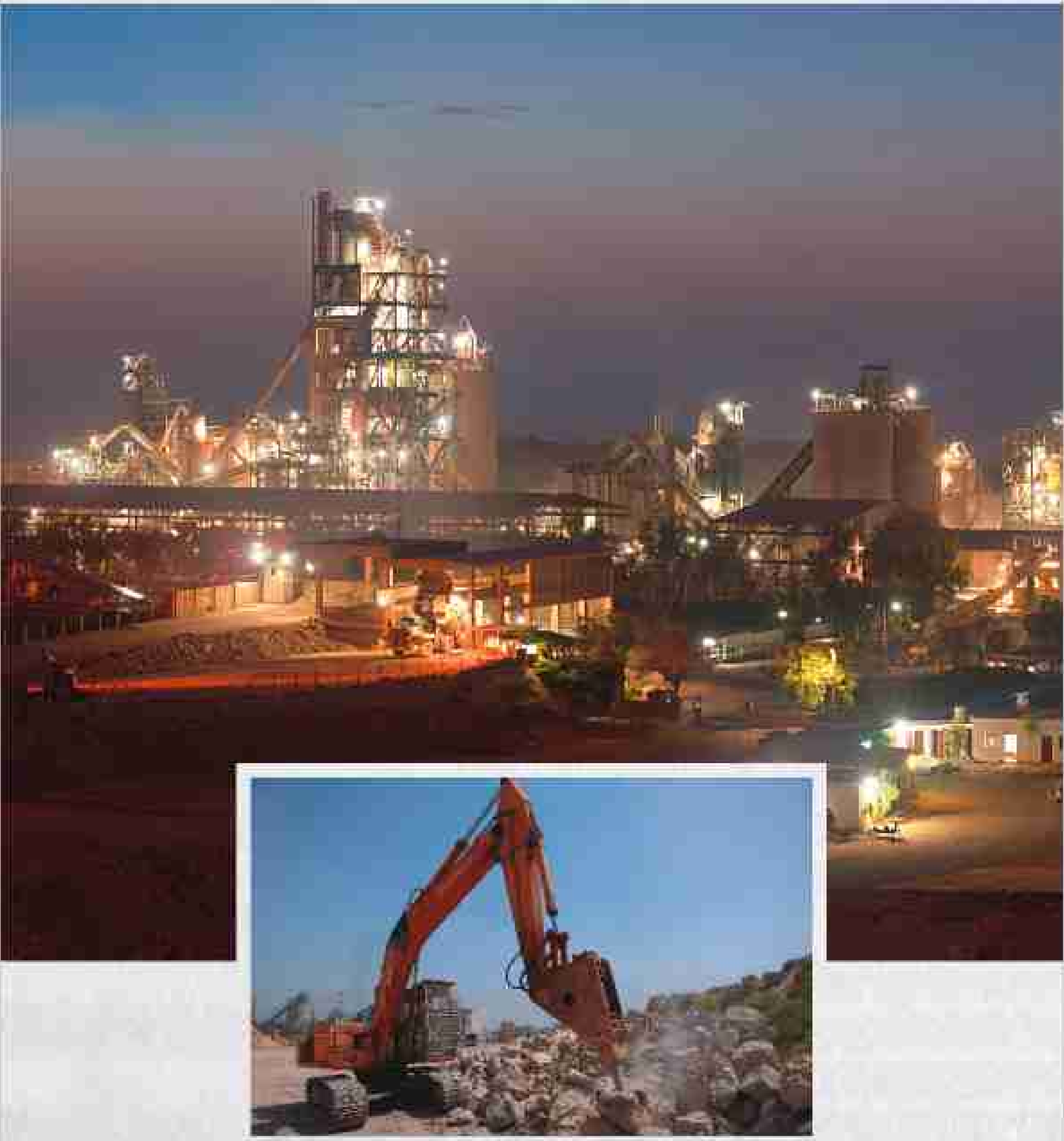
Mr. Saquib H. Shirazi
Director

Mr. Saquib H. Shirazi is the Chief Executive Officer of Atlas Honda Ltd and Group Director Strategic Planning.

He did B.Sc. in Economics in 1991 from Wharton School of Finance, USA. After graduation, he joined Bank of Tokyo-Mitsubishi, New York in the investment banking division. He completed his MBA in 1995 from Harvard Business School, USA. In August 1995, he joined the family business working with Atlas Investment Bank Ltd. He was elected as Chief Executive Officer of Atlas Honda Ltd in October 2000. Mr. Shirazi has served in the Privatization Commission of Pakistan and was Chairman of Pakistan Automotive Manufacturers Association. He has also served as President of Harvard Business School Global Alumni Board. He is a Trustee and Member of the Board of Governors of the Lahore University of Management Sciences.

He serves as Board Member of Shirazi Investments (Pvt.) Ltd, Atlas Honda Ltd, Shirazi Trading Company (Pvt.) Ltd, Sherazi Capital (Pvt.) Ltd, Atlas Power Ltd, Pakistan Cables Ltd and Pakistan Petroleum Ltd.





directors' report to the members

for the year ended June 30, 2013

The Board of Directors presents the annual report of the Company along with the audited accounts for the year ended June 30, 2013.

OVERVIEW

Despite challenging political and economic environment in the country coupled with crippling energy crisis, the performance of the cement industry remained promising. During the year 2012/13, 2.8% growth was recorded over the previous year as cement dispatches aggregated to 33.43 million tons. On the back of increase in domestic demand, the catalysts for which were enhanced government spending on infrastructure projects in an election year and increased private spending on new construction including through inward remittances from expatriate Pakistanis, local sales grew by 4.6%. However, exports declined by 2.2% mainly because of reduction in exports to Southern Afghanistan and India. Exports by sea were up by 6.9%.

PRODUCTION & SALES

Comparative production and sales figures are provided under:

	2013	2012
	(in tons)	
Clinker production	958,135	893,600
Cement production	993,505	1,003,768
Domestic sales	633,819	610,164
Export sales	356,363	390,452
	990,182	1,000,616

The clinker production of your company rose by approximately 7% compared with last year as the Company was carrying enhanced clinker stock in the previous year, which was not the case this year. However, cement production declined by 1% this year.

During the year, the aggregate cement dispatches of your company declined slightly by 1% i.e. 10,434 tons. While domestic sales of your company grew by 4% for reasons explained earlier, exports declined by almost 9% due to decline in cement demand and influx of cheap Iranian cement in Afghanistan. During the year, the Company also exported 3,900 tons of clinker to India.

FINANCIAL PERFORMANCE

Stability in cement prices during the year under review resulted in an increase in the sales revenue of the Company by 15%. It also helped in improving the gross profit margin of the Company as compared to last year. During the year, the Company faced considerable challenge from rising costs of production due to escalation in prices of major input items like electricity tariff, packaging costs and freight. Devaluation of the Pak Rupee vis-à-vis US dollar was another factor behind the increase in input costs. However, it effectively countered these challenges by employing alternate sources of fuel and resorting to cost effective yet durable packaging solutions to control its production costs. Improved liquidity position and reduction in discount rate by State Bank of Pakistan also helped trim down finance costs during the year. For the year under review, the Company made a provision of Rs. 107 million in its books of account in respect of the investment made in Madian Hydro Power project. Despite challenging economic environment for the business industry, the Company posted a record after tax profit of Rs. 1,224 million for the year 2012/13.

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

	2013	2012
	(Rupees in Million)	
Net sales	6,294.38	5,457.21
Cost of sales	4,107.73	4,304.75
Gross Profit	2,186.65	1,152.46
Expenses & taxes	962.44	715.63
Net Profit	1,224.21	436.83

MADIAN HYDRO POWER PROJECT

As you are aware, the Company in collaboration with Shirazi Investments had made an investment in a hydro power project on equal sharing basis. The project site is situated on the river Swat in Madian, Khyber Pakhtunkhwa province, and under the Power Policy 2002, the project offered a potentially attractive return on the Company's investment. The feasibility study of the project was carried out by world renowned consultants - M/s. Fichtner, who after carrying out detailed study, termed the project viable. However, soon thereafter, the security situation in Swat took a turn for worse, which has made further investment in the project unviable. Given the uncertainties going forward, and as prudent accounting principle, the Company has this year decided to make a provision of Rs. 107 million in its books of account in respect of the investment made in Madian Hydro Power Limited.

ALTERNATE FUELS

Energy costs constitute a major portion of the cost of production for a cement manufacturer. After installing waste heat recovery plant and utilizing shredded tyres along with local coal to efficiently manage its energy costs, the Company has now embarked on a Refuse Derived Fuel project. This project involves utilizing municipal solid waste as a source of fuel to substitute some of the coal used presently. In this regard, suitable arrangements have also been made for sourcing of municipal solid waste. We are confident that by taking these measures, the Company will be able to cut down on its energy costs in the future and will reduce to certain extent its reliance on imported coal.

PLANT EXPANSION

The plant is currently operating at close to its maximum capacity. In view of its ideal geographic location in close proximity to Afghan border, but more importantly, due to the expected growth in domestic demand for cement, the Board of Directors has decided to enhance the production capacity of its cement plant. In this regard, the Company will hold negotiations with various cement plant suppliers.

DIVIDEND

In view of upcoming expansion plan of the Company and the liquidity requirements associated with projects of such magnitude, the Board of Directors has proposed at its meeting held on August 20, 2013 a final cash dividend @ 15% (Rs. 1.50 per share) for the year ended June 30, 2013. This will be in addition to the interim cash dividend of 10% i.e. Re. 1 per share paid by the Company taking the aggregate cash dividend to 25% i.e. Rs. 2.50 per share. The approval of members for cash dividend will be obtained at the Annual General Meeting to be held on October 31, 2013.

CORPORATE SOCIAL RESPONSIBILTY

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

SAFETY, HEALTH AND ENVIRONMENT

Being a responsible corporate citizen, the Company remained committed to continuous improvement in Health and Safety aspects. The production facility remained fully compliant with industry standards and safety requirements. The installation of WHR plant has also helped improve the environment in the areas surrounding the factory. The Company has also obtained the certification of ISO 14001.

STATEMENT ON CORPORATE AND FINANCIAL REPORTING FRAMEWORK

- The financial statements prepared by the management of the Company present its state of affairs fairly, the result of its operations, cash flows and changes in equity.
- Proper books of account of the Company have been maintained.
- Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
- International Financial Reporting Standards, as applicable in Pakistan, have been followed in preparation of financial statements and any departure therefrom has been adequately disclosed and explained.
- The system of internal controls is sound in design and has been effectively implemented and monitored.
- There are no significant doubts upon the Company's ability to continue as a going concern.
- There has been no material departure from the best practices of corporate governance, as detailed in the listing regulations.
- Key operating and financial data for last six (6) years in summarized form is annexed.
- There is nothing outstanding against your company on account of taxes, duties, levies and charges except for those which are being made in normal course of business.
- The Company maintains Provident and Gratuity Fund accounts for its employees. Stated below are the values of the investments of the fund as on June 30, 2013.

Provident Fund	**Rs. 466 million**
Gratuity Fund	**Rs. 216 million**

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

Name of Director	Meetings Attended
Mr. Mohammed Faruque	4
Mr. Akbarali Pesnani	4
Mr. Azam Faruque	5
Mr. Arif Faruque *	1
Mr. Tariq Faruque	5
Mr. Javaid Anwar	5
Mr. Aamir Amin (NIT)	4
Mr. Saquib H. Shirazi	3
Mr. Shehryar Faruque *	2

* During the year, Mr. Shehryar Faruque was elected as a director in place of Mr. Arif Faruque.

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

Name of Director	Meetings Attended
Mr. Mohammed Faruque *	2
Mr. Javaid Anwar *	2
Mr. Akbarali Pesnani	3
Mr. Tariq Faruque	2
Mr. Shehryar Faruque *	-

* During the year, Mr. Javaid Anwar was co-opted as a member and Chairman of Audit Committee in place of Mr. Mohammed Faruque. Later, Mr. Shehryar Faruque was also made part of the Audit Committee.

- Pattern of shareholding is annexed with the report.
- No trading in the shares of the Company was made by the Chief Executive, Directors, Chief Financial Officer and Company Secretary and their spouses and minor children during the year.
- Earnings per share (EPS) during the year was Rs. 12.81 as against Rs. 4.57 last year.

CONTRIBUTION TO NATIONAL EXCHEQUER

The Company contributed over Rs. one (1) billion to the government treasury in shape of taxes, excise duty, income tax and sales tax.

FUTURE PROSPECTS

Despite extremely challenging environment for business in Pakistan, the cement industry can look back with satisfaction at the year 2012/13. Increased spending on developmental projects by the government in an election year and greater spending by the private sector on construction has raised the demand for cement in the country. The new government is expected to significantly increase investment in large infrastructural and housing projects, which should increase the demand for cement appreciably. It is, therefore, expected that domestic demand shall play an increasingly important role in increased cement dispatches in both the medium and long-term. However, there remain concerns about exports to Afghanistan and India due to security and political uncertainty. The decline in demand coupled with influx of cheap Iranian cement in Afghanistan is creating tough competition for Pakistani cement. The cement industry is looking at expanding its horizons by exploring new markets for Pakistani cement in Central Asia and Africa.

In order to mitigate the risk of inflating input costs especially energy, your company is employing alternative fuel sources, which shall be beneficial for the Company. It shall also reduce its reliance on fuel sources like coal and furnace oil, which shall help the Company in overcoming price volatility and foreign exchange risk. We take this opportunity to urge the government to stimulate the demand for cement in the country by initiating major infrastructure and housing projects.

APPOINTMENT OF AUDITORS

The present auditors M/s. Ernst & Young Ford Rhodes Sidat Hyder, Chartered Accountants, retire and being eligible, offer themselves for re-appointment.

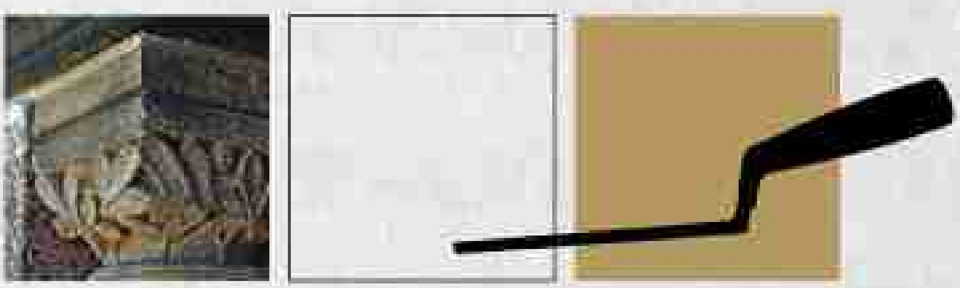
ACKNOWLEDGMENT

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

On behalf of the Board of Directors

Mohammed Faruque
Chairman

Karachi: August 20, 2013



statement of compliance
with the code of corporate governance

This statement is being presented to comply with the Code of Corporate Governance contained in listing regulations of Karachi, Lahore and Islamabad Stock Exchanges for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance.

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

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

Category	Names
Independent Director	Mr. Javaid Anwar
Executive Director	Mr. Azam Faruque
Non-Executive Directors	Mr. Mohammed Faruque
	Mr. Akbarali Pesnani
	Mr. Shehryar Faruque
	Mr. Tariq Faruque
	Mr. Aamir Amin (NIT)
	Mr. Saquib H. Shirazi

   The independent director meets the criteria of independence under clause i (b) of the Code of Corporate Governance.

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

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

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

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

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

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

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

9. The Directors of Cherat Cement Co. Ltd. are professionally qualified and experienced persons and are well aware of their duties and their responsibilities. Further, an orientation course for Directors was arranged by the company to apprise Directors of their duties and responsibilities. Two Directors of the company are also certified under the Board Development Series Program offered by Pakistan Institute of Corporate Governance (PICG).

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

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

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

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

14. The company has complied with all the corporate and financial reporting requirements of the Code of Corporate Governance.

15. The board has formed an Audit Committee. It comprises of four members who are Non-Executives Directors. The Chairman of the committee is an Independent Director.

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

17. The board has formed a Human Resources and Remuneration Committee. It comprises of three members of whom two are non-executive directors and the chairman of the committee is a non executive director.

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

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

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

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

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

23. The Related Party transactions have been placed before the Audit Committee and approved by the Board of Director alongwith pricing methods for such transactions.

24. We confirm that all other material principles enshrined in the Code of Corporate Governance have been complied with.

On behalf of the Board of Directors

Mohammed Faruque
Chairman

Karachi: August 20, 2013

statement of compliance
with the best practices of transfer pricing

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

On behalf of the Board of Directors

Mohammed Faruque
Chairman

Karachi: August 20, 2013

review report to the members
on statement of compliance with the code of corporate governance

Building a better working world

Ernst & Young Ford Rhodes Sidat Hyder
Chartered Accountants
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We have reviewed the Statement of Compliance with the best practices contained in the Code of Corporate Governance (the Code) for the year ended 30 June 2013 prepared by the Board of Directors of Cherat Cement Company Limited (the Company) to comply with the Listing Regulations of Karachi, Lahore and Islamabad Stock Exchanges where the Company is listed.

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

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

Further, Listing Regulations of Karachi, Lahore and Islamabd Stock Exchanges requires the Company to place before the Board of Directors for their consideration and approval, related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price, recording proper justification for using such alternate pricing mechanism. Further, all such transactions are also required to be separately placed before the Audit Committee. We are only required and have ensured compliance of requirement to the extent of approval of related party transactions by the Board of Directors and placement of such transactions before the Audit Committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length price or not.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Code of Corporate Governance for the year ended 30 June 2013.

Ernst & Young Ford Rhodes Sidat Hyder

Chartered Accountants

Karachi: August 20, 2013

code of conduct

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

Product Quality
Regularly update ourselves with technological advancements in the field of cement production to produce cement under the highest standards and maintain all relevant technical and professional standards.

Dealing with Employees
Provide congenial work atmosphere where all employees are treated with respect and dignity. Recognize and reward employees based on their performance and their ability to meet goals and objectives.

Responsibility to Interested Parties
To be objective, fair and transparent in our dealings with people who have reposed their confidence in us.

Financial Reporting & Internal Controls
To implement an effective and transparent system of financial reporting and internal controls to safeguard the interest of our shareholders and fulfill the regulatory requirements.

Procurement of Goods & Services
Only purchase goods and services that are tailored to our requirement and are priced appropriately. Before taking decision about procurement of any goods or services, obtain quotations from various sources.

Conflict of Interest
All the acts and decisions of the management be motivated by the interest of the Company and activities and involvements of the directors and employees in no way conflict with the interest of the Company.

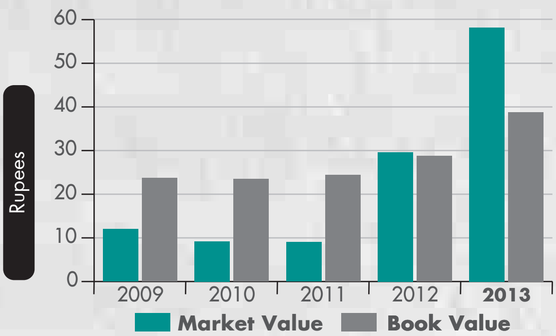
Adherence to Laws of the Land
To fulfill all statutory requirements of the Government and its regulatory bodies and follow relevant and applicable laws of the country.

Environmental Protection
To protect environment and ensure health and safety of the work force and well-being of the people living in the adjoining areas of our plant.

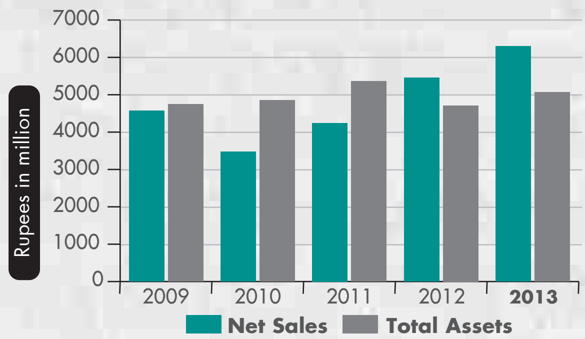
We recognize the need for working with optimum efficiency to attain desired levels of performance. We endeavor to conduct our business with honesty and integrity, and to produce and supply cement with care and competence so that customers receive the quality they truly deserve.

progress graphs

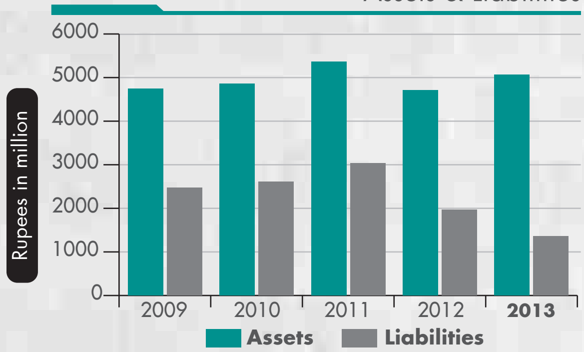
Value Per Share



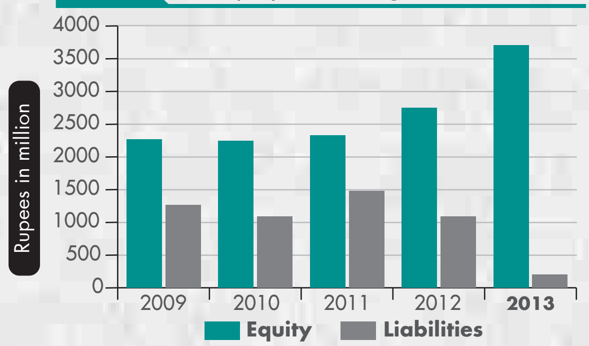
Sales to Total Assets



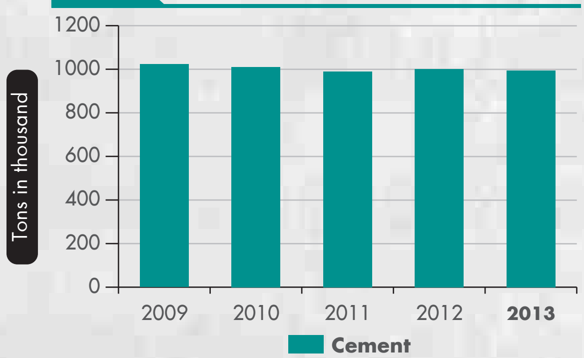
Assets & Liabilities



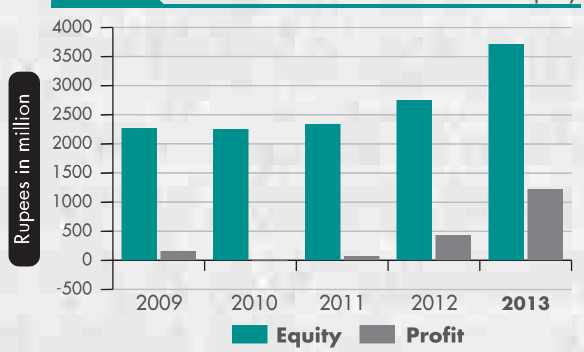
Equity and Long Term Liabilities



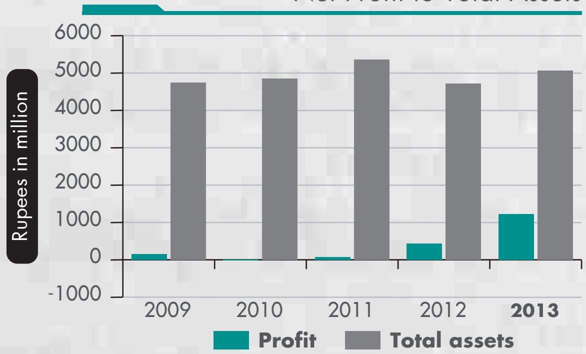
Cement Sales



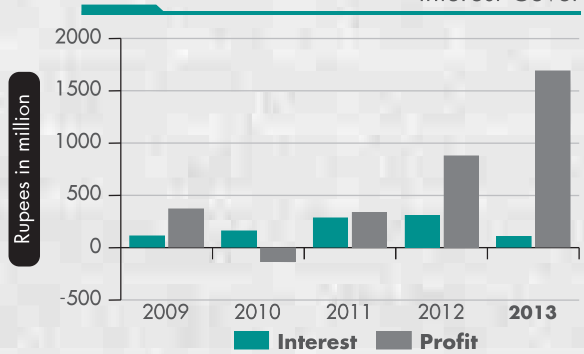
Return on Equity



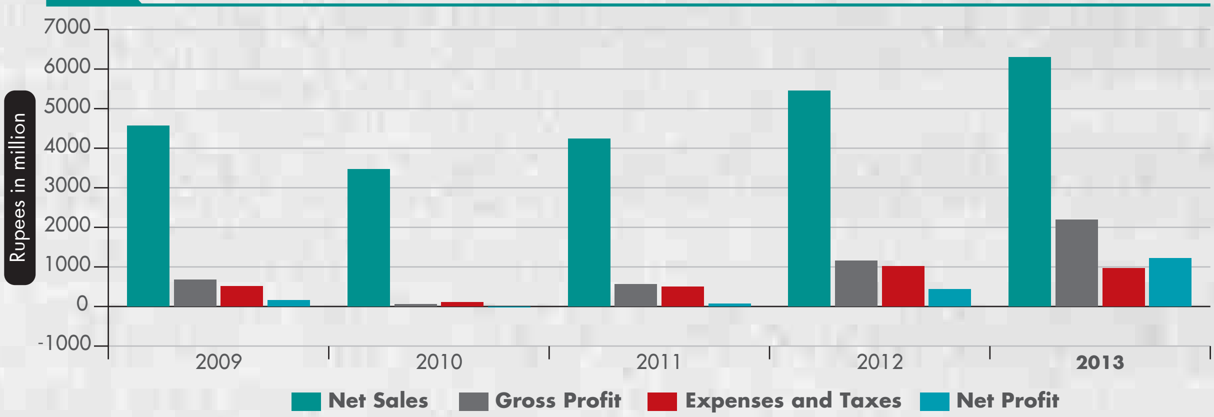
Net Profit to Total Assets



Interest Cover

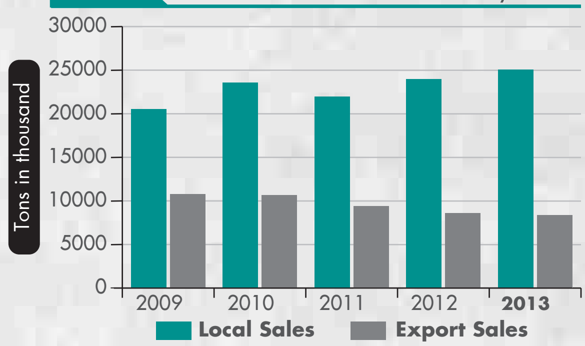


Profitability Trends

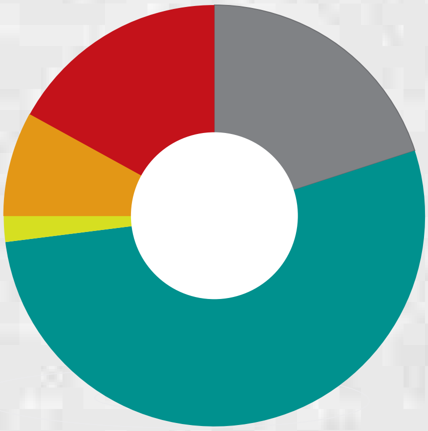


Company Sales Sector Wise

Industry Sales

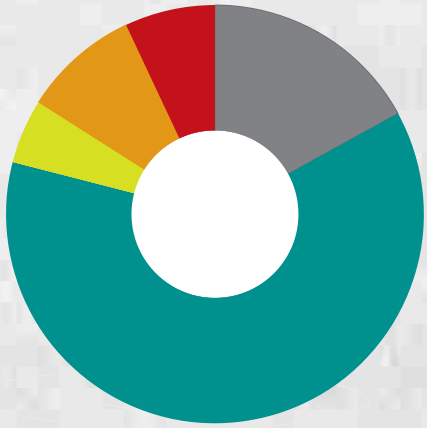


Wealth and its Distribution during 2012-13



Government	20%
Material and Services	53%
Financial Institutions	2%
Employees	8%
Shareholders and Equity	17%

Wealth and its Distribution during 2011-12



Government	17%
Material and Services	62%
Financial Institutions	5%
Employees	9%
Shareholders and Equity	7%

glossary of terms

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

HS&E: Health, Safety and Environment.

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

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

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

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

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

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

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

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

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

IASB: International Accounting Standards Board.

IFRS: International Financial Reporting Standard.

IFRIC: International Financial Reporting Issues Committee.

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

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

KIBOR: Karachi Inter Bank Offer Rate.

Spread: Rate charged by the bank over KIBOR.

Gearing Ratio: Compares some form of owner's equity (or capital) to borrow funds.

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

year-wise statistical summary

	2013	2012	2011	2010	2009	2008
	(Tons in '000)					
Clinker production	958	894	979	946	967	1,001
Cement production	994	1,004	986	1,009	1,025	1,027
Cement dispatched	990	1,001	990	1,011	1,023	1,027
	(Rs. in million)					
SUMMARY OF BALANCE SHEET						
Assets						
Non-current assets	3,531	3,422	3,647	3,618	3,400	2,662
Current assets	1,534	1,289	1,718	1,239	1,343	1,720
Total assets	5,065	4,711	5,365	4,857	4,743	4,382
Equity & Liabilities						
Shareholders equity	3,709	2,748	2,331	2,246	2,268	2,158
Non-current liabilities	574	923	1,234	989	1,404	626
Current liabilities	782	1,040	1,800	1,622	1,071	1,598
Equity & Liabilities	5,065	4,711	5,365	4,857	4,743	4,382
SUMMARY OF PROFIT & LOSS						
Turnover & Profit						
Turnover (net)	6,294	5,457	4,244	3,469	4,567	3,014
Gross profit	2,187	1,152	567	89	671	179
Operating profit/(loss)	1,691	882	342	(136)	371	25
Profit / (loss) before taxation	1,582	572	55	(297)	257	(56)
Profit / (loss) after taxation	1,224	437	69	(14)	159	10
SUMMARY OF CASH FLOWS						
Net cash generated from operating activities	1,929	1,395	214	175	310	382
Net cash used in investing activities	(425)	(102)	(222)	(446)	(980)	(123)
Net cash (used in) / generated from financing activities	(1,516)	(1,326)	25	264	666	(269)
Change in cash and cash equivalents	(12)	(33)	17	(7)	(5)	(10)
Cash and cash equivalents - year end	26	38	71	54	61	66

horizontal analysis last six years

	2013		2012		2011		2010		2009		2008	
	Rupees in million	13 Vs. 12 %	Rupees in million	12 Vs. 11 %	Rupees in million	11 Vs. 10 %	Rupees in million	10 Vs. 9 %	Rupees in million	9 Vs. 8 %	Rupees in million	8 Vs. 7 %
Balance sheet												
Assets												
Non-current Assets	3,531	3	3,422	(6)	3,647	1	3,618	6	3,400	28	2,662	16
Current Assets	1,534	19	1,289	(25)	1,718	39	1,239	(8)	1,343	(22)	1,720	39
Total Assets	5,065	8	4,711	(12)	5,365	10	4,857	2	4,743	8	4,382	24
Equity & Liabilities												
Shareholders Equity	3,709	35	2,748	18	2,331	4	2,246	(1)	2,268	5	2,158	(3)
Non-current Liabilities	574	(38)	923	(25)	1,234	25	989	(30)	1,404	124	626	(17)
Current Liabilities	782	(25)	1,040	(42)	1,800	11	1,622	51	1,071	(33)	1,598	195
Equity & Liabilities	5,065	8	4,711	(12)	5,365	10	4,857	2	4,743	8	4,382	24
Turnover & Profit												
Turnover (net)	6,294	15	5,457	29	4,244	22	3,469	(24)	4,567	52	3,014	15
Gross Profit	2,187	90	1,152	103	567	537	89	(87)	671	275	179	(53)
Operating Profit/(Loss)	1,691	92	882	158	342	351	(136)	(137)	371	1384	25	(92)
Profit / (Loss) before Taxation	1,582	177	572	936	55	119	(297)	(216)	257	559	(56)	(123)
Profit / (Loss) after Taxation	1,224	180	437	537	69	590	(14)	(109)	159	1490	10	(95)

vertical analysis last six years

	2013		2012		2011		2010		2009		2008	
	Rupees in million	%	Rupees in million	%	Rupees in million	%	Rupees in million	%	Rupees in million	%	Rupees in million	%
Balance sheet												
Assets												
Non-current Assets	3,531	70	3,422	73	3,647	68	3,618	74	3,400	72	2,662	61
Current Assets	1,534	30	1,289	27	1,718	32	1,239	26	1,343	28	1,720	39
Total Assets	5,065	100	4,711	100	5,365	100	4,857	100	4,743	100	4,382	100
Equity & Liabilities												
Shareholders Equity	3,709	73	2,748	58	2,331	43	2,246	46	2,268	48	2,158	49
Non-current Liabilities	574	11	923	20	1,234	23	989	20	1,404	30	626	14
Current Liabilities	782	16	1,040	22	1,800	34	1,622	34	1,071	22	1,598	37
Equity & Liabilities	5,065	100	4,711	100	5,365	100	4,857	100	4,743	100	4,382	100
Turnover & Profit												
Turnover (net)	6,294	100	5,457	100	4,244	100	3,469	100	4,567	100	3,014	100
Gross Profit	2,187	35	1,152	21	567	13	89	3	671	15	179	6
Operating Profit/(Loss)	1,691	27	882	16	342	8	(136)	(4)	371	8	25	1
Profit / (Loss) before Taxation	1,582	25	572	10	55	1	(297)	(9)	257	6	(56)	(2)
Profit / (Loss) after Taxation	1,224	19	437	8	69	2	(14)	(0)	159	3	10	0

ratio analysis

	2013	2012	2011	2010	2009	2008
Profitablility:						
Gross Profit (percentage)	34.74	21.12	13.36	2.57	14.69	5.95
Net Profit / (Loss) Before Tax (percentage)	25.13	10.47	1.30	(8.57)	5.63	(1.87)
Net Profit / (Loss) After Tax (pecentage)	19.45	8.00	1.62	(0.40)	3.49	0.34
EBITDA Margin to Sales (pecentage)	30.85	20.90	14.26	2.41	12.42	6.50
Operating Leverage Ratio	5.97	5.54	(15.68)	5.69	35.79	(5.56)
Return on Equity After Tax (Average in percentage)	37.92	17.19	3.00	(0.61)	7.20	0.47
Return on Capital Employed (pecentage)	31.60	11.43	1.92	(0.40)	5.10	0.37
Liquidity Ratios:						
Current Ratio	1.96	1.24	0.95	0.76	1.25	1.08
Acid Test Ratio	1.41	0.93	0.74	0.64	0.99	0.95
Cash to Current Liabilities	0.03	0.04	0.04	0.03	0.06	0.04
Cash Flow from Operations to Sales	0.31	0.26	0.05	0.05	0.07	0.13
Activity / Turnover Ratios:						
Inventory Turnover - Days	33	30	29	26	23	21
Creditor Turnover - Days	17	19	16	10	43	70
Total Assets Turnover Ratio	1.24	1.16	0.79	0.71	0.96	0.69
Operating Cycle - Days	16	11	13	16	(20)	(49)
Investment / Market Ratios:						
E.P.S (After Tax) - Rs.	12.81	4.57	0.72	(0.14)	1.67	0.11
Price Earnings Ratio	4.54	6.48	12.50	(65.86)	7.19	246.27
Dividend Yield Ratio	0.04	0.07	-	-	-	-
Dividend Payout Ratio	0.20	0.44	-	-	-	-
Dividend Cover Ratio	5.12	2.29	-	-	-	-
Cash Dividend per share - Rs.	2.50	2.00	-	-	-	-
Market Value per share - Rs.	58.19	29.62	9.00	9.22	12.00	27.09
Break-up Value per share - Rs.	38.80	28.75	24.40	23.50	23.73	22.58
Investment / Market Ratios:						
Financial Leverage Ratio	0.12	0.56	1.08	0.99	0.78	0.49
Weighted Average Cost of Debt	0.12	0.14	0.11	0.10	0.10	0.09
Long Term Debts to Equity Ratio	5.57	24.73	34.60	30.57	32.66	15.43
Interest Cover Ratio	15.51	2.84	1.19	(0.85)	3.25	0.31

financial statements

auditors' report to the members

Ernst & Young Ford Rhodes Sidat Hyder
Chartered Accountants
Progressive Plaza, Beaumont Road
P.O.Box 15541, Karachi 75530, Pakistan

Tel: +9221 35650007
Fax: +9221 35681965
www.ey.com

We have audited the annexed balance sheet of Cherat Cement Company Limited (the Company) as at 30 June 2013 and the related profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

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

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

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

b) in our opinion:

   i) the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with accounting policies consistently applied, except for the change as stated in note 2.3 to the financial statements, with which we concur;

   ii) the expenditure incurred during the year was for the purpose of the Company's business; and

   iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the Company;

c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof, conform with approved accounting standards as applicable in Pakistan, and give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at 30 June 2013 and of the profit, the comprehensive income, its cash flows and changes in equity for the year then ended; and

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

Ernst & Young Ford Rhodes Sidat Hyder

Chartered Accountants

Audit Engagement Partner: Riaz A. Rehman Chamdia

Karachi: August 20, 2013

balance sheet

as at June 30, 2013

	Note	2013	2012
		(Rupees '000)	
ASSETS			
NON-CURRENT ASSETS			
Fixed Assets			
Property, plant and equipment	4	3,427,370	3,245,352
Intangible assets	5	16,590	19,055
		3,443,960	3,264,407
Long-term investments	6	68,236	138,658
Long-term loans and advances	7	1,405	2,177
Long-term security deposits		17,258	17,116
		86,899	157,951
		3,530,859	3,422,358
CURRENT ASSETS			
Stores, spare parts and loose tools	8	967,917	869,760
Stock-in-trade	9	433,768	318,503
Loans and advances	10	12,969	11,174
Trade deposits, short-term prepayments and other receivables	11	33,634	37,283
Taxation - net		59,806	14,758
Cash and bank balances	12	25,548	37,728
		1,533,642	1,289,206
TOTAL ASSETS		5,064,501	4,711,564
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Share capital	13	955,801	955,801
Reserves	14	2,752,733	1,792,219
		3,708,534	2,748,020
NON-CURRENT LIABILITIES			
Long-term financing	15	203,852	888,974
Long-term deposits	16	14,905	13,923
Deferred taxation	17	354,902	20,485
		573,659	923,382
CURRENT LIABILITIES			
Trade and other payables	18	503,741	339,905
Accrued mark-up	19	20,145	52,381
Short-term borrowings	20	236,948	436,040
Current maturity of long-term financing	15	-	200,000
Unclaimed dividend		21,474	11,836
		782,308	1,040,162
CONTINGENCIES AND COMMITMENTS	21		
TOTAL EQUITY AND LIABILITIES		5,064,501	4,711,564

The annexed notes from 1 to 39 form an integral part of these financial statements.

Mohammed Faruque
Chairman

Azam Faruque
Chief Executive

profit and loss account

for the year ended June 30, 2013

	Note	2013	2012
		(Rupees '000)	
Turnover - net	22	6,294,376	5,457,207
Cost of sales	23	(4,107,727)	(4,304,750)
Gross profit		2,186,649	1,152,457
Distribution costs	24	(159,623)	(143,982)
Administrative expenses	25	(120,603)	(112,999)
Other operating expenses	26	(230,438)	(33,687)
		(510,664)	(290,668)
Other operating income	27	14,703	20,529
Operating profit		1,690,688	882,318
Finance costs	28	(108,988)	(310,701)
Profit before taxation		1,581,700	571,617
Taxation			
Current - for the year		(46,437)	(54,916)
- prior years		23,368	-
Deferred		(334,417)	(79,875)
	29	(357,486)	(134,791)
Profit after taxation		1,224,214	436,826
Earnings per share - basic	30	Rs. 12.81	Rs. 4.57

The annexed notes from 1 to 39 form an integral part of these financial statements.

Mohammed Faruque
Chairman

Azam Faruque
Chief Executive

statement of comprehensive income

for the year ended June 30, 2013

	2013	2012
	(Rupees '000)	
Profit after taxation	1,224,214	436,826
Unrealised gain / (loss) on available-for-sale securities	23,040	(20,570)
Total comprehensive income for the year	1,247,254	416,256

The annexed notes from 1 to 39 form an integral part of these financial statements.

Mohammed Faruque
Chairman

Azam Faruque
Chief Executive

cash flow statement

for the year ended June 30, 2013

	Note	2013	2012
		(Rupees '000)	
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		1,581,700	571,617
Adjustment for:			
Depreciation	4.1.3	248,905	255,983
Amortisation	5	2,465	2,465
Provision for impairment of investment in a joint venture		106,705	-
Gain on disposal of operating property, plant and equipment	4.1.4	(2,338)	(8,730)
Finance costs	28	108,988	310,701
Share of loss in a joint venture	6.1	50	91
Exchange loss		2,455	-
Dividend income	27	(1,662)	(2,769)
		465,568	557,741
		2,047,268	1,129,358
(Increase) / decrease in current assets			
Stores, spare parts and loose tools		(98,157)	309,335
Stock-in-trade		(115,265)	59,351
Loans and advances		(1,795)	11,700
Trade deposits, short-term prepayments and other receivables		3,649	10,336
		(211,568)	390,722
		1,835,700	1,520,080
Increase / (decrease) in current liabilities			
Trade and other payables		161,381	(75,230)
Cash generated from operations		1,997,081	1,444,850
Income tax paid		(68,117)	(50,249)
Net cash generated from operating activities		1,928,964	1,394,601
CASH FLOWS FROM INVESTING ACTIVITIES			
Additions to operating property, plant and equipment	4.1.1	(108,808)	(172,307)
Proceeds from disposal of operating property, plant and equipment	4.1.4	6,668	10,576
Capital work-in-progress	4.2	(312,295)	57,402
Intangible asset acquired	5	-	(353)
Investment in available-for-sale securities / joint venture		(13,293)	(350)
Long-term loans and advances		772	637
Dividend received		1,662	2,769
Long-term security deposits		(142)	28
Net cash used in investing activities		(425,436)	(101,598)
CASH FLOWS FROM FINANCING ACTIVITIES			
Long-term financing		(885,122)	(387,426)
Long-term deposits		982	1,133
Short-term borrowings		(199,092)	(594,029)
Dividend paid		(277,102)	(70)
Finance costs paid		(155,374)	(345,571)
Net cash used in financing activities		(1,515,708)	(1,325,963)
Net decrease in cash and cash equivalents		(12,180)	(32,960)
Cash and cash equivalents as at the beginning of the year		37,728	70,688
Cash and cash equivalents as at the end of the year	12	25,548	37,728

The annexed notes from 1 to 39 form an integral part of these financial statements.

Mohammed Faruque
Chairman

Azam Faruque
Chief Executive

statement of changes in equity

for the year ended June 30, 2013

	Issued subscribed and paid-up capital	RESERVES: Capital Reserve	Revenue Reserve: General Reserve	Revenue Reserve: Unrealized gain / (loss) on available for-sale securities	Revenue Reserve: Unappropriated profit	Revenue Reserve: Sub total	Total	Total
	(Rupees in '000)							
Balance as at July 01, 2011	955,801	50,900	420,000	31,499	873,564	1,325,063	1,375,963	2,331,764
Profit for the year	-	-	-	-	436,826	436,826	436,826	436,826
Other comprehensive income	-	-	-	(20,570)	-	(20,570)	(20,570)	(20,570)
Total comprehensive income	-	-	-	(20,570)	436,826	416,256	416,256	416,256
Balance as at June 30, 2012	955,801	50,900	420,000	10,929	1,310,390	1,741,319	1,792,219	2,748,020
Balance as at July 01, 2012	955,801	50,900	420,000	10,929	1,310,390	1,741,319	1,792,219	2,748,020
Profit for the year	-	-	-	-	1,224,214	1,224,214	1,224,214	1,224,214
Other comprehensive income	-	-	-	23,040	-	23,040	23,040	23,040
Total comprehensive income	-	-	-	23,040	1,224,214	1,247,254	1,247,254	1,247,254
Final cash dividend for the year ended June 30, 2012 @ Rs. 2/- per share	-	-	-	-	(191,160)	(191,160)	(191,160)	(191,160)
Interim cash dividend for the year ended June 30, 2013 @ Re. 1/- per share	-	-	-	-	(95,580)	(95,580)	(95,580)	(95,580)
Balance as at June 30, 2013	955,801	50,900	420,000	33,969	2,247,864	2,701,833	2,752,733	3,708,534

The annexed notes from 1 to 39 form an integral part of these financial statements.

Mohammed Faruque
Chairman

Azam Faruque
Chief Executive

1 CORPORATE INFORMATION

Cherat Cement Company Limited (the Company) was incorporated in Pakistan as a public company limited by shares under the Company Act, 1913 (now the Companies Ordinance, 1984) in the year 1981. Its main business activity is manufacturing, marketing and sale of cement. The Company is listed on Karachi, Lahore and Islamabad Stock Exchanges.

The registered office of the Company is situated at Village Lakrai, District Nowshera, Khyber Pakhtunkhwa province.

2 BASIS OF PREPARATION

2.1 Statement of compliance

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

2.2 Accounting convention

These financial statements have been prepared on the basis of historical cost convention except for available-for-sale securities that have been measured at fair value in accordance with IAS 39 "Financial Instruments, Recognition and Measurement".

2.3 New and amended standards and interpretations

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

IAS 1 - Presentation of Financial Statements - Presentation of items of other comprehensive income (Amendment)

IAS 12 - Income Taxes - Recovery of Underlying Assets (Amendment)

The adoption of the above amendments did not have any material effect on the financial statements.

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

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

Standard or Interpretation		Effective dates (annual periods beginning on or after)
IFRS 7	- Financial Instruments: Disclosures - (Amendments) Amendments enhancing disclosures about offsetting of financial assets and financial liabilities	01 January 2013
IAS 19	- Employee Benefits - (Revised)	01 January 2013
IAS 32	- Offsetting Financial Assets and Financial liabilities - (Amendment)	01 January 2014
IFRIC 20	- Stripping Costs in the Production Phase of a Surface Mine	01 January 2013

The Company expects that the adoption of the above revision, amendments and interpretation of the standards will not affect the Company's financial statements in the period of initial application other than the amendments to IAS 19 'Employees Benefits'. Such amendments range from fundamental changes to simple clarification and re-wording.

The significant changes include the following:

- For defined benefit plans, the ability to defer recognition of actuarial gains and losses (i.e., the corridor approach) has been removed. As revised, actuarial gains and losses are recognized in other comprehensive income when they occur. Amounts recorded in profit and loss are limited to current and past service costs, gains or losses on settlements, and net interest income (expense). All other changes in the net defined benefit asset (liability) are recognized in other comprehensive income with no subsequent recycling to profit and loss;

- The distinction between short-term and other long-term employee benefits will be based on the expected timing of settlement rather than the employee's entitlement to the benefits; and

- Objectives for disclosures of defined benefit plans are explicitly stated in the revised standard, along with new or revised disclosure requirements. These new disclosures include quantitative information of the sensitivity of the defined benefit obligation to a reasonably possible change in each significant actuarial assumption.

While the Company is currently assessing the full impact of the above amendments which are effective from annual periods beginning on or after 01 January 2013, it is expected that the adoption of the said amendments will result in change in the Company's accounting policy related to recognition of actuarial gains and losses (refer to note 3.11 to the financial statements) to recognize actuarial gains and losses in total in other comprehensive income in the period in which they occur.

In addition to the above amendments, improvements to various accounting standards have also been issued by the IASB. Such improvements are generally effective for accounting periods beginning on or after 01 January 2013. The Company expects that such improvements to the standards will not have any material impact on the Company's financial statements in the period of initial application.

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

Standard	IASB Effective date (annual periods beginning on or after)
IFRS 9 - Financial Instruments: Classification and Measurement	01 January 2015
IFRS 10 - Consolidated Financial Statements	01 January 2013
IFRS 11 - Joint Arrangements	01 January 2013
IFRS 12 - Disclosure of Interests in Other Entities	01 January 2013
IFRS 13 - Fair Value Measurement	01 January 2013

2.5 Significant accounting judgments, estimates and assumptions

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

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

2.5.1 Staff retirement benefits

Certain actuarial assumptions have been adopted as disclosed in note 18.1 to the financial statements for valuation of present value of defined benefit obligations and fair value of plan assets. Any changes in these assumptions in future years might affect gains and losses in those years. The actuarial valuation involves making assumptions about discount rates, expected rates of return on assets, future salary increases and mortality rates.

2.5.2 Interest in a Joint Venture

The Company has an interest in a joint venture which is a jointly controlled entity. The Company combines its share and recognises its interest in the joint venture using the equity method.

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

Under equity method, the investment in joint venture is carried in the balance sheet at cost plus post acquisition changes in the Company's share of net assets of the joint venture. Profit and loss account reflects the share of the results of operation of joint venture. Unrealized gains and losses resulting from transactions between the Company and joint venture are eliminated to the extent of the interest in joint venture.

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

2.5.3 Operating property, plant and equipment

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

2.5.4 Taxation

Current

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

Deferred Tax

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

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

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

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

2.5.6 Contingencies

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

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 Property, plant and equipment

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

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

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

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

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

3.1.1 Intangible assets

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

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

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

3.2 Investments

3.2.1 Interest in a Joint Venture

The Company has an interest in a joint venture which is a jointly controlled entity. The Company combines its share and recognises its interest in the joint venture using the equity method.

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

Under equity method, the investment in a joint venture is carried in the balance sheet at cost plus post acquisition changes in the Company's share of net assets of the joint venture. Profit and loss account reflects the share of the results of operation of joint venture. Unrealised gains and losses resulting from transactions between the Company and joint venture are eliminated to the extent of the interest in joint venture.

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

3.2.2 Available-for-sale securities

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

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

The fair value of investments that are actively traded in organized financial markets is determined by reference to quoted market bid prices at the close of business on the balance sheet date.

3.2.3 Designated investments at fair value through profit or loss

Designated investments at fair value through profit or loss are initially recognised at fair value. Subsequently, these are measured at fair value whereas effects of changes in fair value are taken to the profit and loss account.

3.3 Stores, spare parts and loose tools

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

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

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

3.4 Stock-in-trade

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

Cost signifies in relation to:

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

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

3.5 Trade debts

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

3.6 Trade and other payables

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

3.7 Financial instruments

All financial assets and liabilities are recognised at the time when the Company becomes party to the contractual provisions of the instrument and are de-recognised in case of assets, when the contractual rights under the instrument are realised, expired or surrendered and in case of a liability, when the obligation is discharged, cancelled or expired.

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

3.8 Foreign currency translations

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

3.9 Cash and cash equivalents

For the purpose of cash flow statement, cash and cash equivalents comprise of cash in hand and current and savings accounts with commercial banks.

3.10 Revenue recognition

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

3.10.1 Sale of goods

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

3.10.2 Other operating income

- Return on held-to-maturity investments is recognised on accrual basis using effective yield method.

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

- Other revenues are accounted for on accrual basis.

3.11 Staff retirement benefits

3.11.1 Gratuity scheme

The Company operates an approved and funded gratuity scheme for all eligible employees who have completed the minimum qualifying period of service. The scheme is administered by the trustees nominated under the trust deed. The contributions to the scheme are made in accordance with actuarial valuation using Projected Unit Credit method.

Actuarial gains and losses are recognised as income or expense when the cumulative unrecognised actuarial gains or losses exceed ten percent of the higher of defined benefit obligation and the fair value of plan assets as of the end of previous reporting period. These gains or losses are recognised over the expected remaining working lives of the employees participating in the scheme.

Past service cost is recognised as an expense on a straight line basis over the average period until the benefits become vested. If benefits have already vested, immediately following the introduction of, or change to the scheme, past service costs are recognised immediately.

The amount recognised in balance sheet represents the present value of defined benefit obligations as adjusted for unrecognised actuarial gains and losses and as reduced by the fair value of plan assets.

3.11.2 Provident fund

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

3.12 Provisions

Provisions are recognised 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 embodying economic benefits will be required to settle the obligation and a reliable estimate of the obligation can be made. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate.

3.13 Taxation

3.13.1 Current

Provision of current tax is based on the taxable income for the year determined in accordance with the prevailing law for taxation of income. The charge for current tax is calculated using prevailing tax rates or tax rates expected to apply to the profit for the year if enacted after taking into account tax credits, rebates and exemptions, if any. The tax charge as calculated above is compared with turnover tax, calculated at applicable tax rates under section 113 of the Income Tax Ordinance, 2001 and under final tax regime, whichever is higher is provided in the financial statements. The charge for current tax also includes adjustments, where considered necessary, to provision for tax made in previous years arising from assessments framed during the year for such years.

3.13.2 Deferred

Deferred income tax is provided using the liability method for all temporary differences at the balance sheet date between tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences. Deferred income tax asset is recognised for all deductible temporary differences and carry forward of unused tax losses, if any, to the extent that it is probable that sufficient taxable profit will be available against which such temporary differences and tax losses can be utilized.

Deferred income tax assets and liabilities are measured at the tax rate that is expected to apply to the period when the asset is realized or the liability is settled, based on tax rates that have been enacted or substantively enacted at the balance sheet date. In this regard, the effects on deferred taxation of the portion of income expected to be subject to final tax regime is adjusted in accordance with the requirement of Accounting Technical Release - 27 of the Institute of Chartered Accountants of Pakistan (ICAP), if considered material.

The carrying amount of deferred tax asset is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the deferred tax asset to be recognised. Unrecognised deferred tax assets are reassessed at each balance sheet date and are recognised to the extent that it has become probable that future taxable profit will allow deferred tax asset to be recovered.

Deferred income tax relating to items recognised directly in other comprehensive income is recognised in other comprehensive income and not in profit and loss account.

3.13.3 Sales tax

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

Where sales tax incurred on a purchase of asset or service is not recoverable from the taxation authorities, in which case the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and

Receivables or payables that are stated with the amount of sales tax included.

The net amount of sales tax recoverable from, or payable to, the taxation authorities is included as part of receivables or payables in the balance sheet.

3.14 Offsetting of financial assets and liabilities

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

3.15 Borrowing costs

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

3.16 Impairment

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

3.17 Related party transactions

Related party transactions are carried out on commercial terms, as approved by the Board, substantiated as given in notes 32 and 33 to the financial statements.

3.18 Dividend and appropriation to reserves

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

3.19 Functional and presentation currency

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

4 PROPERTY, PLANT AND EQUIPMENT

	Note	2013	2012
		(Rupees '000)	
Operating property, plant and equipment	4.1	3,061,855	3,206,282
Capital work-in-progress	4.2	365,515	39,070
		3,427,370	3,245,352

4.1 Operating property, plant and equipment

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

2013 Description	COST			DEPRECIATION				Book value as at June 30, 2013	Depreciation rate % per annum
	As at July 01, 2012	Additions / (disposals)	As at June 30, 2013	As at July 01, 2012	Adjustment on disposals	For the year	As at June 30, 2013		
	(Rupees '000)								
Freehold land	1,605	-	1,605	-	-	-	-	1,605	-
Leasehold land	7,065	-	7,065	-	-	-	-	7,065	-
Building on leasehold land	519,575	2,403	521,978	309,581	-	15,856	325,437	196,541	7.5
Plant and machinery	5,357,221	17,997	5,375,218	2,680,177	-	176,947	2,857,124	2,518,094	5-7.5
Power and other installations	128,427	277	128,704	58,503	-	7,028	65,531	63,173	10-20
Furniture and fittings	39,357	604	39,961	25,329	-	1,349	26,678	13,283	10-20
Quarry, factory and laboratory equipment	397,170	46,357	443,527	243,457	-	27,060	270,517	173,010	10-20
Motor vehicles	116,778	38,560 (11,385)	143,953	58,052	(7,055)	14,767	65,764	78,189	20
Office equipment	9,953	1,461	11,414	7,150	-	577	7,727	3,687	10-20
Computers	68,498	1,149 (160)	69,487	57,118	(160)	5,321	62,279	7,208	33.33
	6,645,649	108,808 (11,545)	6,742,912	3,439,367	(7,215)	248,905	3,681,057	3,061,855	

2012 Description	COST			DEPRECIATION				Book value as at June 30, 2012	Depreciation rate % per annum
	As at July 01, 2011	Additions / (disposals)	As at June 30, 2012	As at July 01, 2011	Adjustment on disposals	For the year	As at June 30, 2012		
	(Rupees '000)								
Freehold land	1,605	-	1,605	-	-	-	-	1,605	-
Leasehold land	7,065	-	7,065	-	-	-	-	7,065	-
Building on leasehold land	513,920	5,655	519,575	292,846	-	16,735	309,581	209,994	7.5
Plant and machinery	5,232,168	125,053	5,357,221	2,494,017	-	186,160	2,680,177	2,677,044	5-7.5
Power and other installations	123,119	5,386 (78)	128,427	51,171	- (38)	7,370	58,503	69,924	10-20
Furniture and fittings	38,376	981	39,357	23,924	-	1,405	25,329	14,028	10-20
Quarry, factory and laboratory equipment	398,743	11,392 (12,965)	397,170	229,949	- (12,268)	25,776	243,457	153,713	10-20
Motor vehicles	109,105	11,713 (4,040)	116,778	47,737	- (2,956)	13,271	58,052	58,726	20
Office equipment	9,980	109 (136)	9,953	6,695	- (111)	566	7,150	2,803	10-20
Computers	56,480	12,018	68,498	52,418	-	4,700	57,118	11,380	33.33
	6,490,561	172,307 (17,219)	6,645,649	3,198,757	(15,373)	255,983	3,439,367	3,206,282	

4.1.2 Reconciliation of book value:

	Note	2013	2012
		(Rupees '000)	
Book value as at the beginning of the year		3,206,282	3,291,804
Additions during the year		108,808	172,307
Depreciation for the year		(248,905)	(255,983)
Disposals during the year at book value		(4,330)	(1,846)
Book value as at the end of the year		3,061,855	3,206,282

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

	Note	2013	2012
Cost of sales	23	237,542	245,231
Distribution costs	24	4,868	4,951
Administrative expenses	25	6,495	5,801
		248,905	255,983

4.1.4 Disposal of operating property, plant and equipment

Description	Cost	Book Value	Sale Proceeds	Gain	Mode of Disposal	Particulars of buyers
	(Rupees '000)					
Vehicles						
Honda City I-DSI Reg. # AJL-893	835	168	208	40	Employee car scheme	Mr. Aamir Saleem - Employee
Suzuki Swift 1300cc Reg. # AUA-822	1,058	667	919	252	Tender	Mr. Wazir Ali (Karachi) - outside party
Suzuki Swift 1300cc Reg. # AUA-722	1,058	657	935	278	Tender	Mr. Waseem Mirza (Karachi) - outside party
Honda Civic 1800cc Reg. # ASE-050	1,676	787	1,668	881	Insurance claim received	EFU General Insurance Ltd.
Suzuki Cultus VXR Reg. # B-2449	627	208	652	444	Tender	Mr. Haroon-ur-Rasheed (Peshawar) - outside party
Suzuki Swift 1300cc Reg. # QV-797	1,058	645	900	255	Tender	Mr. Rana M. Tariq Jahangir (Lahore) - outside party
Suzuki Alto 1000cc Reg. # B-2350	499	118	125	7	Employee car scheme	Mr. Saleem Raza - Employee
Suzuki Alto 1000cc Reg. # B-2344	499	118	125	7	Employee car scheme	Mr. Nisar Ali Adil - Employee
Suzuki Alto 1000cc Reg. # B-2356	499	118	125	7	Employee car scheme	Mr. Nadeem Khan - Employee
Suzuki Alto 1000cc Reg. # B-2345	499	118	125	7	Employee car scheme	Mr. Usman Alam - Employee
Suzuki Alto 1000cc Reg. # B-2341	499	118	125	7	Employee car scheme	Mr. Muhammad Farhan - Employee
Suzuki Alto 1000cc Reg. # B-2343	499	118	125	7	Employee car scheme	Mr. Muhammad Sadiq - Employee
Suzuki Alto 1000cc Reg. # B-2347	499	118	125	7	Employee car scheme	Mr. Younus Khan - Employee
Suzuki Cultus 1000cc Reg. # B-2371	595	140	149	9	Employee car scheme	Mr. Ayaz M. Khan - Employee
Suzuki Cultus 1000cc Reg. # B-2373	595	140	149	9	Employee car scheme	Syed M. Ilyas - Employee
Suzuki Mehran 800cc Reg. # U-4480	390	92	97	5	Employee car scheme	Mr. Nadeem-ud-Din - Employee
	11,385	4,330	6,552	2,222		
Aggregate of operating property, plant and equipment disposed-off having book value below Rs. 50,000/- each						
Computer - Notebooks	160	-	116	116		
2013	11,545	4,330	6,668	2,338		
2012	17,219	1,846	10,576	8,730		

4.2 Movement of capital work-in-progress

Description	Building on leasehold land	Plant and machinery	Computers	Power and other installations	Motor Vehicles	Total
	(Rupees '000)					
Balance as at June 30, 2011	2,739	86,604	6,764	365	-	96,472
Capital expenditure incurred / advances made during the year	804	38,716	4,273	2,478	10,632	56,903
Transferred to operating property, plant and equipment	(2,075)	(89,459)	(11,037)	(1,102)	(10,632)	(114,305)
Balance as at June 30, 2012	1,468	35,861	-	1,741	-	39,070
Capital expenditure incurred / advances made during the year	2,193	336,711	1,149	8,218	38,560	386,831
Transferred to operating property, plant and equipment	(2,403)	(17,997)	(1,149)	(277)	(38,560)	(60,386)
Balance as at June 30, 2013	1,258	354,575	-	9,682	-	365,515

4.2.1 During the year borrowing cost has been capitalized amounting to Rs. 14.150 million (2012: Rs. 0.365 million) by using capitalization rate of 10.57% (2012: 12.75%).

5 INTANGIBLE ASSET

Description	COST			AMORTISATION			Book value as at June 30,	Amortisation Rate % per annum
	As at July 01,	Additions during the year	As at June 30,	As at July 01,	For the year	As at June 30,		
	(Rupees '000)							
Computer software - ERP								
2013	24,649	-	24,649	5,594	2,465	8,059	16,590	10
2012	24,296	353	24,649	3,129	2,465	5,594	19,055	10

	Note	2013	2012
		(Rupees '000)	
5.1 The amortisation for the year has been allocated as follows:			
Cost of sales	23	2,225	2,225
Distribution costs	24	136	136
Administrative expenses	25	104	104
		2,465	2,465

6 LONG-TERM INVESTMENTS

	Note	2013	2012
Investment in related parties			
Interest in a Joint Venture	6.1	-	106,755
Available-for-sale securities	6.2	68,236	31,903
		68,236	138,658

	Note	2013	2012
6.1 Movement of interest in a joint venture - under equity method			
Company's share in net assets as at the beginning of the year		106,755	106,496
Investment made during the year		-	350
Share of loss		(50)	(91)
Company's share in net assets as at the end of the year		106,705	106,755
Less: Provision for impairment loss	6.1.3	(106,705)	-
		-	106,755

6.1.1 The Company has 10,744,997 shares (2012: 10,744,997 shares) representing 50% (2012: 50%) interest in Madian Hydro Power Limited (MHPL), a public unlisted company, which is a joint venture of the Company and Shirazi Investments (Private) Limited.

The project is formed to build, operate and maintain hydro power generation plant at Madian over River Swat for the generation and supply of electric power.

6.1.2 The share of the assets, liabilities, revenue and expenses of the joint venture as at the year ended June 30 based on un-audited financial statements is as follows:

	2013	2012
	(Rupees '000)	
Current assets	126	260
Non-current assets	106,624	106,585
Current liabilities	(45)	(90)
Net assets	106,705	106,755
Administrative expenses	(50)	(91)

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

	Note	2013	2012
		(Rupees '000)	
6.2 Available-for-sale securities - at fair value			
Ordinary shares of listed company - Cherat Packaging Limited 1,772,380 (2012: 1,107,738) fully paid ordinary shares of Rs. 10/- each.		68,236	31,903

7 LONG-TERM LOANS AND ADVANCES - secured, considered good

	Note	2013	2012
Loans to:			
Executives	7.1 & 7.2	77	267
Employees	7.3	4,188	5,049
		4,265	5,316
Less: Due within one year - current portion of loans	10	(2,860)	(3,139)
		1,405	2,177

7.1 Reconciliation of carrying amount of loans to executives

	Opening balance as at July 01	Disbursement	Repayment	Closing balance as at June 30
	(Rupees '000)			
2013	267	-	(190)	77
2012	2,406	658	(2,797)	267

7.2 The maximum aggregate amount due from executives at the end of any month during the year was Rs. 0.252 million (2012: Rs. 2.416 million).

7.3 Represents car and other loans provided as per the Company's employee loan policy. These loans carry mark-up upto 15% per annum (2012: upto 15% per annum) and are repayable within 3 to 6 years. These loans are secured against the provident fund balances of the respective employees.

	Note	2013	2012
		(Rupees '000)	
8 STORES, SPARE PARTS AND LOOSE TOOLS			
Stores		479,462	407,362
Spare parts		467,404	447,850
Loose tools		644	601
		947,510	855,813
Add: Stores and spare parts in transit		20,407	13,947
		967,917	869,760
9 STOCK-IN-TRADE			
Raw and packing material		50,395	86,859
Work-in-process		314,350	172,334
Finished goods		69,023	59,310
		433,768	318,503
10 LOANS AND ADVANCES - considered good			
Current portion of loans due from:			
Executives		68	241
Employees		2,792	2,898
	7	2,860	3,139
Advances to suppliers - unsecured		10,109	8,035
		12,969	11,174
11 TRADE DEPOSITS, SHORT-TERM PREPAYMENTS AND OTHER RECEIVABLES			
Trade deposits		547	547
Short term prepayments		4,222	6,594
Accrued return on investments		-	388
Duty drawback receivable		10,652	12,990
Insurance claims receivable		2,343	4,726
Sales tax and excise duty refundable		8,368	8,368
Others		7,502	3,670
		33,634	37,283
12 CASH AND BANK BALANCES			
With banks in:			
Current accounts		12,238	14,085
Saving accounts	12.1	11,803	13,260
		24,041	27,345
Cash in hand			
Foreign currency		628	838
Local currency		879	9,545
		1,507	10,383
		25,548	37,728

12.1 Effective profit rate in respect of saving accounts is 6% per annum (2012: 6% per annum).

13 SHARE CAPITAL

13.1 Authorised capital

2013	2012		2013	2012
(Number of shares)			(Rupees '000)	
225,000,000	225,000,000	Ordinary shares of Rs. 10/- each	2,250,000	2,250,000

13.2 Issued, subscribed and paid-up capital

2013	2012		2013	2012
(Number of shares)			(Rupees '000)	
		Fully paid ordinary shares of Rs. 10/- each		
19,842,000	19,842,000	Issued for consideration in cash	198,420	198,420
70,678,008	70,678,008	Issued as fully paid bonus shares	706,781	706,781
90,520,008	90,520,008		905,201	905,201
5,060,000	5,060,000	Issued for consideration other than cash on amalgamation	50,600	50,600
95,580,008	95,580,008		955,801	955,801

The following is the detail of shares held by the related parties:

	2013	2012
	(Number of shares)	
Faruque (Private) Limited	16,811,761	16,789,035
Cherat Packaging Limited	221,239	221,239
Mirpurkhus Sugar Mills Limited	3,427,502	3,427,502
Greaves Pakistan (Private) Limited	1,999,176	1,999,176
Atlas Insurance Limited	-	1,739,267

14 RESERVES

14.1 Capital reserve

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

14.2 Fair value gain / (loss) on available-for-sale securities

This reserve records the fair value changes on available-for-sale financial assets as required under the relevant accounting standard.

15. LONG-TERM FINANCING - secured

	Note	2013	2012
		(Rupees '000)	
Waste Heat Recovery System Loan			
Tranche - I		-	70,800
Tranche - II		-	705,600
	15.1	-	776,400
Fixed Assets Refinance Loan	15.1	-	277,780
Refused Derived Fuel Loan	15.2	203,852	34,794
		203,852	1,088,974
Less: Current maturity			
Waste Heat Recovery System Loan		-	(200,000)
		203,852	888,974

15.1 In view of better liquidity position, the Company made early repayment of the entire outstanding amount.

15.2 This represents a long term financing obtained from a commercial Islamic bank under the Diminishing Musharika Scheme for Refused Derived Fuel project, carrying profit at the rate of 6 months KIBOR + 0.75% per annum. The financing is repayable in 10 equal semi-annual installments commencing after 30 months from first drawdown i.e. from June 2015. The financing is secured against registered first pari-passu hypothecation charge on plant and machinery.

16 LONG-TERM DEPOSITS - unsecured

	Note	2013	2012
		(Rupees '000)	
Dealers	16.1	10,849	10,825
Suppliers and contractors	16.2	4,056	3,098
		14,905	13,923

16.1 This represents interest-free security deposits from dealers which are refundable / adjustable on cancellation or withdrawal of dealership.

16.2 This represents interest-free security deposits from suppliers and contractors which are refundable / adjustable after the satisfactory execution of the agreements.

17 DEFERRED TAXATION

	Note	2013	2012
		(Rupees '000)	
Deferred tax liability on taxable temporary difference:			
Accelerated tax depreciation on operating property, plant and equipment		392,978	410,757
Deferred tax asset on deductible temporary differences:			
Taxable loss		-	(315,912)
Minimum tax		(38,076)	(74,360)
		354,902	20,485

18 TRADE AND OTHER PAYABLES

	Note	2013	2012
Creditors		3,109	2,766
Bills payable		133,616	154,646
Accrued liabilities		143,568	83,412
Advances from customers		41,842	4,301
Retention money		1,046	246
Payable to staff gratuity fund	18.1	9,227	12,342
Payable to employees provident fund	18.2	2,964	-
Workers' Profits Participation Fund	18.3	84,946	30,085
Workers' Welfare Fund		32,280	-
Sales tax payable		4,801	4,816
Royalty and excise duty payable		43,726	43,948
Others		2,616	3,343
		503,741	339,905

18.1 Staff retirement benefits

Defined benefit plan

As mentioned in note 3.11.1, the Company operates an approved funded gratuity scheme for all eligible employees. Actuarial valuation of the scheme is carried out every year and the latest actuarial valuation was carried out as at June 30, 2013.

The fair value of scheme's assets and the present value of obligation under the scheme as at the balance sheet date are as follows:

Staff Gratuity Fund Liability:	2013	2012
	(Rupees '000)	
Present value of defined benefit obligation	225,183	192,274
Fair value of plan assets	(216,451)	(119,496)
Unrecognised actuarial gain / (loss)	495	(60,436)
Liability recognised in the balance sheet as at June 30	9,227	12,342

Amount charged to profit and loss account:	2013	2012
	(Rupees '000)	
Current service cost	10,743	9,973
Interest cost	22,636	20,729
Expected return on plan assets	(15,928)	(10,886)
Actuarial loss recognized	3,434	4,834
	20,885	24,650

Movement in the liability recognised in the balance sheet:

Balance as at July 01	12,342	11,692
Net charge for the year	20,885	24,650
Contribution to the fund	(24,000)	(24,000)
Balance as at June 30	9,227	12,342

Movement in the present value of defined benefit obligation:

Balance as at July 01	192,274	156,403
Current service cost	10,743	9,973
Interest cost	22,636	20,729
Benefits paid during the year	(8,136)	(16,682)
Actuarial loss	7,666	21,851
Balance as at June 30	225,183	192,274

Movement in the fair value of plan assets:

Balance as at July 01	119,496	66,231
Expected return	15,928	10,886
Contributions	24,000	24,000
Benefits paid during the year	(8,136)	(16,682)
Actuarial gain	65,163	35,061
Balance as at June 30	216,451	119,496

Principal actuarial assumptions used are as follows:	(Percentage %)	
Expected rate of increase in salary level	9.5%	10.5%
Valuation discount rate	11.5%	12.5%
Rate of return on plan assets	12.5%	12.5%

Comparisons for past years:

As at June 30	2013	2012	2011	2010	2009
	(Rupees '000)				
Present value of defined benefit obligation	225,183	192,274	156,403	185,144	164,064
Fair value of plan assets	(216,451)	(119,496)	(66,231)	(88,501)	(73,374)
Deficit	8,732	72,778	90,172	96,643	90,690
Experience adjustment on plan liabilities	(7,666)	(21,851)	(7,253)	(1,655)	17,231
Experience adjustment on plan assets	65,163	35,061	(5,605)	(9,522)	20,667
	57,497	13,210	(12,858)	(11,177)	37,898

Composition of plan assets is as follows:	2013	2012
	(Rupees '000)	
Defence Savings Certificates	6,966	5,842
Special Savings Certificates	1,010	3,046
Mutual funds / Shares / COIs / PIB	200,330	109,523
Amount in banks	8,145	1,085
	216,451	119,496

The expected return on plan assets was based on the market expectations and depends upon the asset portfolio of the Company, at the beginning of the period, for returns over the entire life of related obligation.

The return on plan assets was assumed to equal the discount rate. Actual return on plan assets during the year 2013 was Rs. 81.091 million (2012: Rs. 45.947 million).

18.2 Provident Fund

	2013	2012
	(Rupees '000)	
Size of the trust	473,842	359,566
Cost of investments made	392,812	323,803
Fair value of investments	466,026	340,197
	(Percentage)	
Percentage of investment made	98.35	94.61
The major categories of investment of provident fund are as follows:	(Rupees '000)	
Banks	3,831	12,882
Government securities	184,746	122,556
Others	277,449	204,759
	466,026	340,197

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

18.3 Workers' Profits Participation Fund

	Note	2013	2012
		(Rupees '000)	
Opening balance as at July, 01		30,085	2,964
Interest thereon	28	604	95
		30,689	3,059
Less: Payment made during the year		(30,689)	(3,059)
		-	-
Charge for the year	26	84,946	30,085
Closing balance as at June, 30		84,946	30,085

19 ACCRUED MARK-UP

	2013	2012
Long-term financing	14,505	41,659
Short-term running finance	5,640	10,722
	20,145	52,381

20 SHORT-TERM BORROWINGS - secured

	Note	2013	2012
Short-term running finance	20.1	99,948	159,289
Export refinance	20.2	137,000	227,216
		236,948	386,505
Murabaha financing	20.3	-	49,535
		236,948	436,040

20.1 These facilities are obtained from various commercial banks and amounting to Rs.1,615 million (2012: Rs. 1,615 million) out of which Rs. 1,378.052 million (2012: Rs. 1,228.495 million) remains unutilized at the year end. These facilities carry mark-up ranging from 3 months KIBOR + 0.75% per annum to 3 months KIBOR + 1.75% per annum and 1 month KIBOR + 1.25% per annum. The facilities are secured against registered joint pari-passu hypothecation charge over stocks and book debts for Rs. 2,007 million and hypothecation charge of Rs. 134 million over plant and machinery.

20.2 This is a sub-facility of note 20.1 above and carries mark-up at the rate of 9.2% (2012: 11%) per annum.

20.3 These facilities are obtained from various commercial Islamic banks amounting to Rs. 350 million (2012: Rs 150 million) out of which Rs. 350 million (2012: Rs. 100.465 million) remains unutilized at the year end. This carries profit rate of 3 months KIBOR + 0.75% per annum. The facility is secured against registered joint pari-passu hypothecation charge over stock and book debts for Rs. 467 million.

21 CONTINGENCIES AND COMMITMENTS

21.1 Contingencies

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

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

The aforesaid decision has resulted in creation of a refund claim of Rs. 882 million (June 30, 2012: Rs. 882 million), which was wrongly collected from the Company. However, while verifying the refund claim, the Collector of Excise and Sales Tax Peshawar has issued a show cause notice to the Company raising certain objections against the release of said refund including an objection that as the burden of this levy has been passed on to the end customers, thereby this refund does not belong to the Company. The Company has challenged this show cause notice in the Honourable Peshawar High Court and has taken the stance that this matter had already been dealt with at the Supreme Court level, based on the doctrine of res judicata. The Honourable Peshawar High Court granted a stay order to the Company against any adverse proceeding by the Department in this case on June 24, 2008.

In April 2011, the Honourable Peshawar High Court settled the writ petition by giving instructions to the Federal Board of Revenue (FBR) to appoint an independent firm of Chartered Accountants for verification of this refund claim. However, based on an out of court settlement, the FBR has started the verification of this refund claim subsequent to the year end.

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

21.1.2 The Company has filed various refund cases which are pending at different adjudication levels. The amount involved is around Rs. 57 million (2012: Rs. 57 million). However, keeping in view of the inherent uncertainties involved in such matters and the fact that it is difficult to determine the outcome of these cases at this stage, no amount has been recognised as income in the profit and loss account.

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

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

21.1.4 Peshawar Electric Supply Company (PESCO) has charged an amount of Rs. 20.6 million as arrears on account of Fuel Price Adjustment (FPA) charges in the electricity bills of the Company. The Company has challenged this levy in the Honorable Islamabad High Court where a stay was granted in its favour. However, this stay has been vacated during the year. The Honorable Peshawar High Court, in a similar petition has suspended this levy. This general stay is still valid for all the consumers of Khyber Pakhtunkhwa (KPK) province. Accordingly, no provision for FPA has been made in the financial statements as the management is of the view that at present there is no such claim from PESCO and if levied subsequently it will be contested in the court of law and it believes that the ultimate decision will be in favour of the Company.

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

21.2 Commitments

	2013	2012
	(Rupees '000)	
Letters of credits issued by commercial banks	186,993	359,187

22 TURNOVER - net

	2013	2012
Local sales	4,955,512	4,442,880
Less: Sales tax	693,513	618,943
Federal excise duty	253,528	305,045
	947,041	923,988
	4,008,471	3,518,892
Export sales	2,285,905	1,938,315
	6,294,376	5,457,207

23 COST OF SALES

	Note	2013	2012
		(Rupees '000)	
Raw and packing material consumed			
Opening stock		86,859	92,230
Purchases		665,022	718,448
		751,881	810,678
Closing stock	9	(50,395)	(86,859)
		701,486	723,819
Duty drawback on exports		(6,276)	(7,936)
		695,210	715,883
Manufacturing overheads			
Salaries, wages and benefits	23.1	416,980	386,602
Stores and spare parts consumed		213,101	215,586
Fuel and power		2,531,822	2,520,643
Rent, rates and taxes		50,330	50,313
Insurance		43,892	42,482
Vehicle running expenses		34,018	31,068
Traveling and conveyance		8,070	7,827
Printing and stationery		810	703
Legal and professional charges		1,129	2,571
Laboratory expenses		37	181
Depreciation	4.1.3	237,542	245,231
Amortisation	5.1	2,225	2,225
Repairs and maintenance		14,281	16,983
Communication		2,844	2,475
Stores written-off		1,164	2,145
Miscellaneous		6,001	7,852
		4,259,456	4,250,770
Work-in-process			
Opening		172,334	243,991
Closing	9	(314,350)	(172,334)
Cost of goods manufactured		4,117,440	4,322,427
Finished goods			
Opening		59,310	41,633
Closing	9	(69,023)	(59,310)
		4,107,727	4,304,750

23.1 This includes expenditure in respect of provident fund and gratuity fund amounting to Rs. 9.763 million and Rs. 12.162 million, respectively (2012: Rs. 8.763 million and Rs. 14.646 million, respectively).

24 DISTRIBUTION COSTS

	Note	2013	2012
		(Rupees '000)	
Salaries, wages and benefits	24.1	110,531	101,080
Export expenses		2,020	2,124
Traveling and conveyance		2,700	2,651
Staff training expenses		172	7
Vehicle running expenses		9,608	7,920
Communication		4,495	4,073
Printing and stationery		1,327	1,514
Rent, rates and taxes		4,060	3,282
Utilities		8,083	5,412
Repairs and maintenance		3,594	3,690
Insurance		1,905	1,631
Advertisement		3,454	3,469
Entertainment		568	324
Depreciation	4.1.3	4,868	4,951
Amortisation	5.1	136	136
License and subscription		618	111
Miscellaneous		1,484	1,607
		159,623	143,982

24.1 This includes expenditure in respect of provident fund and gratuity fund amounting to Rs. 3.529 million and Rs. 4.559 million, respectively (2012: Rs. 3.153 million and Rs. 5.411 million, respectively).

25 ADMINISTRATIVE EXPENSES

	Note	2013	2012
		(Rupees '000)	
Salaries, wages and benefits	25.1	77,723	73,080
Traveling and conveyance		3,244	3,528
Staff training expenses		140	388
Vehicle running expenses		4,650	4,446
Communication		3,616	2,473
Printing and stationery		2,217	1,893
Rent, rates and taxes		1,407	1,789
Utilities		1,566	2,011
Repairs and maintenance		2,791	2,419
Legal and professional charges		8,886	7,397
Insurance		2,440	1,755
License and subscription		2,797	3,465
Advertisement		644	469
Depreciation	4.1.3	6,495	5,801
Amortisation	5.1	104	104
Entertainment		746	806
Miscellaneous		1,137	1,175
		120,603	112,999

25.1 This includes expenditure in respect of provident fund and gratuity fund amounting to Rs. 3.251 million and Rs. 4.164 million, respectively (2012: Rs. 2.894 million and Rs. 4.593 million, respectively).

26 OTHER OPERATING EXPENSES

	Note	2013	2012
		(Rupees '000)	
Workers' Profits Participation Fund	18.3	84,946	30,085
Workers' Welfare Fund		32,280	-
Auditors' remuneration	26.1	1,624	1,713
Share of loss in a joint venture		50	91
Donations	26.2	2,378	1,798
Provision for impairment of investment in a joint venture	6.1.3	106,705	-
Exchange loss		2,455	-
		230,438	33,687

26.1 Auditors' Remuneration

	2013	2012
Audit fee	800	725
Half yearly review and CCG certification	290	255
Tax and other corporate services	412	607
Out of pocket expenses	122	126
	1,624	1,713

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

27 OTHER OPERATING INCOME

	Note	2013	2012
		(Rupees '000)	
Income from financial assets			
Profit on saving accounts with banks		1,809	1,251
Dividend income from a related party		1,662	2,769
		3,471	4,020
Income from non-financial assets			
Gain on disposal of operating property, plant and Equipment	4.1.4	2,338	8,730
Others			
Scrap sales		8,782	7,135
Miscellaneous income		112	644
		8,894	7,779
		14,703	20,529

28 FINANCE COSTS

	Note	2013	2012
Mark-up on long-term financing		66,618	184,189
Mark-up on short-term borrowings		37,952	123,098
Bank charges and commission expense		3,814	3,319
Interest on Workers' Profits Participation Fund	18.3	604	95
		108,988	310,701

29 TAXATION

The assessment of the Company for and upto the tax year 2012 have been completed or deemed to be assessed.

29.1 Reconciliation between tax expense and accounting profit

	2013 (Rupees '000)
Accounting profit for the year before taxation	1,581,700
Tax at applicable rate of 35%	553,595
Tax effects of:	
- expenses that are inadmissible in determining taxable income - net	45,650
- unabsorbed tax losses	(317,632)
- allocation of ratio of revenue chargeable under FTR and Non-FTR	(192,429)
BMR rebate - current	(6,463)
- prior	(23,368)
Tax effect of deductible temporary differences - net	334,417
Tax credits	(36,284)
	357,486

29.2 In prior years, the Company was liable to pay minimum tax in view of unabsorbed tax losses and final tax on exports, therefore, no numerical reconciliation was given in the prior year and accordingly no comparative figures are given in the above reconciliation.

30 EARNINGS PER SHARE

	2013	2012
	(Rupees '000)	
Profit after taxation	1,224,214	436,826
	(Number of shares)	
Weighted average number of ordinary shares in issue	95,580,008	95,580,008
Earnings per share - basic	Rs. 12.81	Rs. 4.57

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

31 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

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

31.1 Market risk

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

Financial instruments affected by market risk include long-term investment (available-for-sale), derivative financial assets, long-term financing and short-term borrowings.

31.1.1 Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the financial instruments will fluctuate because of changes in the market interest rates. The Company's interest rate risk arises from long-term and short-term borrowings obtained with floating rates. All the borrowings of the Company are obtained in the functional currency.

To manage this risk, the Company may enter into interest rate swap arrangements in which the Company agrees to exchange, at specified intervals, the difference between the fixed and floating rate interest amount calculated by reference to an agreed-upon notional principal amount. Export refinance facility has been obtained at a fixed rate of 9.2% per annum (2012: 11%). At June 30, 2013 after taking into account the effect of export refinance, approximately 31% (2012: 15%) of the Company's borrowings are at fixed rate of interest.

Sensitivity Analysis

The following figures demonstrate the sensitivity to a reasonably possible change in interest rate, with all other variables held constant, of the Company's profit before tax:

	Increase / decrease in basis points	Effect on profit before tax
		(Rupees '000)
2013		
KIBOR	+200	(6,076)
KIBOR	-200	6,076
2012		
KIBOR	+200	(25,956)
KIBOR	-200	25,956

31.1.2 Foreign currency risk

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

The management keeps on evaluating different options available for hedging purposes.

31.1.3 Equity risk

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

At the balance sheet date, the exposure to listed equity securities at fair value was Rs. 68,236 million. A decrease of 10% in the share price of the listed security would have an impact of approximately Rs. 6.824 million on the other comprehensive income or profit and loss account depending whether or not the decline is significant and prolonged. An increase of 10% in the share price of the listed security would impact other comprehensive income with the similar amount.

31.2 Credit risk

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

31.2.1 Credit quality of financial assets

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

	2013	2012
	(Rupees '000)	
Long-term investments		
Counter parties without credit rating	68,236	138,658
Cash at bank and short-term deposits		
Current accounts - A1+	12,238	14,085
Saving accounts - A1+	11,803	13,260
	24,041	27,345

31.3 Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due.

The Company applies prudent liquidity risk management by maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities. At the balance sheet date the Company has unavailed credit facility of Rs. 1,728.052 million (2012: Rs. 1,328.960 million).

Table below summarizes the maturity profile of the Company's financial liabilities based on contractual undiscounted payments. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

	2013					2012				
	INTEREST / MARK UP / PROFIT BEARING			NON INTEREST BEARING	Total	INTEREST / MARK UP / PROFIT BEARING			NON INTEREST BEARING	Total
	Less than one year	One to five year	Total			Less than one year	One to five year	Total		
	(Rupees '000)					(Rupees '000)				
Long-term financing	-	203,852	203,852	-	203,852	200,000	888,974	1,088,974	-	1,088,974
Long-term deposits	-	-	-	14,905	14,905	-	-	-	13,923	13,923
Trade and other payables	-	-	-	337,988	337,988	-	-	-	261,056	261,056
Accrued mark-up	-	-	-	20,145	20,145	-	-	-	52,381	52,381
Short-term borrowings	236,948	-	236,948	-	236,948	436,040	-	436,040	-	436,040
Unclaimed dividend	-	-	-	21,474	21,474	-	-	-	11,836	11,836
	236,948	203,852	440,800	394,512	835,312	636,040	888,974	1,525,014	339,196	1,864,210

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

31.4 Capital risk management

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

The Company manages its capital structure and makes adjustment to it, in light of changes in economic conditions. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividend paid to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies and processes during the year ended June 30, 2013.

The Company monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. Net debt is calculated as total loans and borrowings including any finance cost thereon, less cash and cash equivalents. The gearing ratios as at June 30, 2013 and 2012 were as follows:

	2013	2012
	(Rupees '000)	
Long-term financing including current portion	203,852	1,088,974
Accrued mark-up	20,145	52,381
Short-term borrowings	236,948	436,040
Total debt	460,945	1,577,395
Cash and cash equivalents	(25,548)	(37,728)
Net debt	435,397	1,539,667
Share capital	955,801	955,801
Reserves	2,752,733	1,792,219
Total capital	3,708,534	2,748,020
Capital and net debt	4,143,931	4,287,687
Gearing ratio	10.51%	35.91 %

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

31.5 Fair value of financial instruments

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

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

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

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

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

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

During the year ended June 30, 2013, 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.

32 REMUNERATION OF CHIEF EXECUTIVE, DIRECTOR AND EXECUTIVES

	2013		2012	
	Chief Executive	Executives / Key Employees	Chief Executive	Executives / Key Employees
	(Rupees '000)			
Managerial remuneration	20,525	153,509	16,883	130,994
Housing allowance	1,452	48,759	1,386	40,749
Retirement benefits	2,370	16,090	2,130	14,471
Utilities	804	10,565	716	8,825
Leave fare assistance	1,185	7,607	1,065	7,561
	26,336	236,530	22,180	202,600
	1	92	1	79

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

32.2 The aggregate amount charged in the financial statements for the year for fee to 7 directors amounted to Rs. 0.825 million (2012: 7 directors - Rs. 0.775 million).

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

33 TRANSACTIONS WITH RELATED PARTIES

Related parties comprise of group companies, directors and executives. The Company in the normal course of business carries out transactions with various related parties. Amounts due from and to related parties, contribution to staff benefit funds, sale of vehicles, return on loans, amounts due from executives and remuneration of directors and executives are disclosed in the relevant notes. Other material transactions with related parties are given below:

Relationship	Nature of transactions	2013	2012
		(Rupees '000)	
Group companies	Purchase of packing material	409,432	486,693
	Purchase of raw material	113,783	98,281
	Sale of goods	7,204	4,434
	Sale of operating property, plant and equipment	-	10,440
	Dividend received	1,662	2,769
	Software consultancy charges	7,568	5,940
	Investment made	13,293	-
	Dividend paid	67,335	-
Other related parties	Insurance premium	35,415	37,279

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

34 NUMBER OF EMPLOYEES

Total number of persons employed as at the year end were 508 (2012: 506) and average number of employees during the year were 507 (2012: 505).

35 CAPACITY - Clinker

	2013	2012
	(Tons)	
Annual installed capacity as of June 30	1,000,000	1,000,000
Actual production	958,135	893,600

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

36 DATE OF AUTHORIZATION

These financial statements were authorized for issue on August 20, 2013 by the Board of Directors of the Company.

37 DIVIDEND AND APPROPRIATIONS

Subsequent to the year ended June 30, 2013, the Board of Directors has proposed the following in its meeting held on August 20, 2013 for approval of the members at the Annual General Meeting:

	2013	2012
	(Rupees '000)	
Proposed final cash dividend @ Rs. 1.50 per share (2012: Rs. 2.00 per share)	143,370	191,160
Interim cash dividend for the year ended June 30, 2013 @ Re. 1.00/- per share (2012: Nil)	95,580	-

38 CORRESPONDING FIGURES

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

39 GENERAL

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

Mohammed Faruque
Chairman

Azam Faruque
Chief Executive

pattern of shareholding

as at June 30, 2013

No. of Shareholders	Shareholding From	Shareholding To	Shares held
642	1	100	25,585
1096	101	500	379,365
512	501	1000	436,321
1137	1001	5000	3,161,506
326	5001	10000	2,601,708
124	10001	15000	1,506,177
92	15001	20000	1,658,894
87	20001	25000	1,955,146
28	25001	30000	775,912
18	30001	35000	595,823
16	35001	40000	605,889
26	40001	45000	1,121,988
16	45001	50000	780,047
6	50001	55000	315,413
10	55001	60000	585,961
8	60001	65000	500,324
3	65001	70000	204,874
5	70001	75000	370,357
3	75001	80000	232,287
1	80001	85000	83,812
4	85001	90000	351,512
2	90001	95000	187,185
5	95001	100000	500,000
7	100001	105000	712,257
2	105001	110000	216,857
1	115001	120000	116,000
2	120001	125000	248,000
2	130001	135000	263,721
1	135001	140000	140,000
1	145001	150000	148,241
3	150001	155000	454,415
2	160001	165000	326,500
2	165001	170000	334,423
1	180001	185000	183,171
3	195001	200000	599,500
1	210001	215000	212,500
1	215001	220000	217,934
1	220001	225000	221,239
1	240001	245000	240,350
2	250001	255000	503,050
1	270001	275000	273,188
2	275001	280000	558,729
1	280001	285000	281,000
1	290001	295000	295,000
1	295001	300000	297,600
1	310001	315000	310,500
1	320001	325000	325,000
3	355001	360000	1,071,318
2	395001	400000	796,478
2	430001	435000	863,481
1	435001	440000	439,910
1	475001	480000	477,000
1	495001	500000	500,000
1	510001	515000	514,912
1	515001	520000	516,549
1	525001	530000	527,557
1	540001	545000	542,361
1	545001	550000	550,000
2	565001	570000	1,135,958
1	570001	575000	574,651
1	650001	655000	653,818
1	655001	660000	659,804
1	730001	735000	732,130
1	825001	830000	826,746
1	920001	925000	923,718
2	930001	935000	1,866,786
1	950001	955000	952,500
1	1065001	1070000	1,065,141
1	1070001	1075000	1,074,000
1	1165001	1170000	1,166,184
1	1335001	1340000	1,338,653
1	1545001	1550000	1,550,000
1	1565001	1570000	1,566,743
5	1600001	1605000	8,016,267
1	1735001	1740000	1,739,267
1	1995001	2000000	1,999,176
1	2535001	2540000	2,537,600
1	3425001	3430000	3,427,502
1	11745001	11750000	11,746,776
1	16810001	16815000	16,811,761
4,251			95,580,008

categories of shareholders

as at June 30, 2013

Shareholders' category	No. of Shareholders	Shares held
Directors, Chief Executive Officer, Their Spouse(s) And Minor Children		
Mr. Mohammed Faruque	1	1
Mr. Azam Faruque	1	542,361
Mrs. Samia Faruque W/o Mr. Azam Faruque	1	28,523
Mr. Akbarali Pesnani	1	44,921
Mrs. Sakina Pesnani W/o Mr. Akbarali Pesnani	1	43,774
Mr. Shehryar Faruque	1	439,910
Mr. Tariq Faruque	1	1,065,141
Mr. Saquib H.Shirazi	1	1
Associated Companies, Undertakings And Related Parties		
Faruque (Private) Limited	1	16,811,761
Cherat Packaging Limited	1	221,239
Mirpurkhas Sugar Mills Limited	1	3,427,502
Greaves Pakistan (Private) Limited	1	1,999,176
Executive	1	565,958
Public Sector Companies And Corporations	9	12,310,693
Banks, Development Finance Institutions, Non-banking Finance Companies, Insurance Companies, Takaful, Modarabas And Pension Funds	21	6,571,611
Mutual Funds		
CDC - Trustee Pakistan Stock Market Fund	1	826,746
CDC - Trustee Pakistan Capital Market Fund	1	281,000
CDC - Trustee JS Large Capital Fund	1	1,550,000
CDC - Trustee Pak Strategic Allocation Fund	1	51,500
CDC - Trustee JS Islamic Fund	1	550,000
CDC - Trustee AKD Index Tracker Fund	1	14,500
CDC - Trustee Pak. Int. Element Islamic Asset Allocation Fund	1	153,000
CDC - Trustee UBL Stock Advantage Fund	1	1,074,000
CDC - Trustee UBL Sharia Stock Fund	1	477,000
CDC - Trustee NAFA Stock Fund	1	1,338,653
CDC - Trustee NAFA Multi Asset Fund	1	432,556
CDC - Trustee MCB Dynamic Stock Fund	1	574,651
CDC - Trustee Askari Asset Allocation Fund	1	273,188
CDC - Trustee NAFA Islamic Multi Asset Fund	1	295,000
CDC - Trustee KASB Asset Allocation Fund	1	168,500
MC FSL - Trustee Askari Islamic Asset Allocation Fund	1	165,000
CDC - Trustee Lakson Equity Fund	1	53,500
CDC - Trustee Crosby Dragon Fund	1	103,500
MCBFSL - Trustee URSF-Equity Sub Fund	1	90,000
MCBFSL - Trustee UIRSF-Equity Sub Fund	1	59,000
CDC - Trustee NAFA Asset Allocation Fund	1	310,500
CDC - Trustee Pakistan Premier Fund	1	396,478
CDC - Trustee AKD Aggressive Income Fund	1	64,500
CDC - Trustee PICIC Income Fund	1	212,500
CDC - Trustee Askari Equity Fund	1	161,500
MCBFSL - Trustee Namco Balanced Fund	1	61,500
CDC - Trustee KSE Meezan Index Fund	1	109,400
CDC - Trustee First Habib Islamic Balanced Fund	1	35,000
MCBFSL - Trustee ABL Islamic Stock Fund	1	123,000
Prudential Stock Fund Ltd.	1	179
General Public	4,104	34,431,796
Others	74	7,069,789
Total	4,251	95,580,008

Shareholders' holding 5% or more	Shares held	Percentage
Faruque (Private) Limited	16,811,761	17.59%
National Bank of Pakistan-Trustee Department NI(U)T Fund	11,746,776	12.29%

proxy form

32nd Annual General Meeting 2013

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

Registered folio / participant's ID No. and A/c. No.______________

____

Number of shares held: ______________

____

I / We ____

of ____

being a member of CHERAT CEMENT COMPANY LIMITED, hereby appoint______________

______________ of ______________ another member of the Company as my / our proxy to attend & vote for me / us and on my / our behalf at the 32nd Annual General Meeting of the Company to be held on Thursday, 31st October 2013 at 11:00 a.m. and at any adjournment thereof.

WITNESSES:

1. Signature: ______________
   Name: ______________
   Address: ______________
   ____
   NIC or ______________
   Passport No. ______________

2. Signature: ______________
   Name: ______________
   Address: ______________
   ____
   NIC or ______________
   Passport No. ______________

Signature of Shareholder

Please affix Revenue Stamp

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

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

circular

SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN

STATE LIFE BUILDING, 7-BLUE AREA.

Islamabad, January 26, 2000

Circular No. 1 of 2000

sub: GUIDELINES FOR ATTENDING GENERAL MEETING AND APPOINTMENT OF PROXIES

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

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

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

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

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

B. Appointment of Proxies:

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

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

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

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

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

sd.
(M. Javed Panni)
Chief (Coordination)

GHULAM FARUQUE
GROUP

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UNITED REGISTRAR OF SYSTEMS URS ISO 9001

UNITED REGISTRAR OF SYSTEMS URS ISO 14001