

POWER CEMENT LIMITED

April 25, 2017

The General Manager

Pakistan Stock Exchange Limited
Stock Exchange Building
Stock Exchange Road
Karachi.

Subject: **FINANCIAL RESULTS FOR THE THIRD QUARTER AND NINE MONTHS
PERIOD ENDED MARCH 31, 2017**

Dear Sir,

We have to inform you that the Board of Directors of our company in their meeting held on April 24, 2017 at 2:30 p.m. at Arif Habib Centre, 23 M.T Khan Road, Karachi recommended the following:

- | | |
|------------------|-----|
| i. CASH DIVIDEND | NIL |
| ii. BONUS SHARES | NIL |

iii. RIGHT SHARES

The Board of Directors has decided to issue 162% Right Shares (593,065,796 ordinary shares of face value Rs.10/- each) at a premium of Rs.2.50 per share in proportion of 162 shares for every 100 shares.

In this respect, we are enclosing herewith following documents as required for the purpose of Right Shares as Annexure - II.

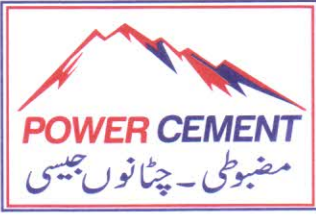
1. The Statement regarding purpose of right issue, benefit to the Company, use of funds, the financial plan and financial projections for six years duly signed by all the directors who were present in the meeting.
2. Board of Directors' resolution for the issue of Right Shares.

Interest to underwrite the public portion of Rs.3.1 billion has already been intimated by Meezan Bank, Summit Bank, Habib Metropolitan Bank, Concordia Securities (Pvt.) Ltd., and RFJ Equity (Pvt.) Ltd.

iv. FURTHER ISSUE OF SHARES OTHERWISE THAN RIGHT SHARES

The Board of Directors has also recommended to issue further 104,658,670 ordinary shares of face value Rs.10/- each at a premium of Rs.2.50 per share by way of allotment otherwise than the right shares under Section 86(1) of the Companies Ordinance, 1984, to a consortium of FLSmith & Co. (Denish global engineering company), IFU (Danish Investment Fund) and IIP (IFU Investment Partners), ("the Consortium"), subject to the approval of shareholders by way of a Special Resolution and thereafter approval of the SECP. In this respect, we are enclosing herewith Disclosure Form as required under SRO 143(1/2012) dated December 5, 2012 read with Section 96 and 131 of the Securities Act, 2015, as Annexure - III.

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To give effect to the above the Board of Directors of the Company has also called an Extra Ordinary General Meeting ("EOGM") on Saturday May 20, 2017 for which a separate notice will be sent to the Exchange and Members.

The above entitlement of Right Shares will be offered to the shareholders whose names will appear in the Register of Members on Monday May 15, 2017.

The Share Transfer Books of the Company will be closed from May 16, 2017 to May 22, 2017 (both days inclusive). Transfers received at our registrar office: M/s. Technology Trade (Pvt.) Limited, Dagia House, 241-C, Block 2, PECHS, Off Shakra-e-Quadeen, Karachi, at the close of business on May 15, 2017 will be treated in time for the purpose of above entitlement to the transferees.

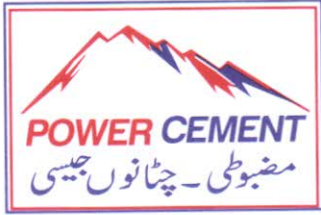
The financial results of the company for the Third Quarter and Nine Months ended 31st March 2017 are enclosed herewith as Annexure-I.

We will be sending you 200 copies of printed Accounts for distribution amongst the TRE Certificate Holders of the Exchange.

Yours Sincerely,

Tahir Iqbal
Chief Financial Officer &
Company Secretary

Encl: as above



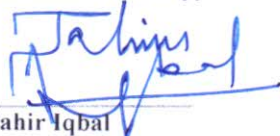
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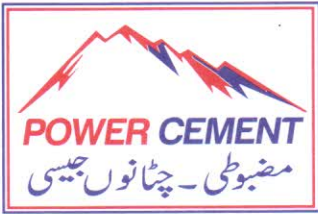
CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED) FOR THE NINE MONTHS PERIOD AND THIRD QUARTER ENDED MARCH 31, 2017

Annexure-I

	Nine months ended		Quarter ended	
	31 March		31 March	
	2017	2016	2017	2016
----- (Rupees in '000) -----				
Sales - net	3,327,389	2,979,555	1,260,482	1,335,201
Cost of sales	(2,645,063)	(2,258,202)	(1,027,158)	(996,742)
Gross profit	682,326	721,353	233,324	338,459
Distribution cost	(78,566)	(84,258)	(24,183)	(37,253)
Administrative expenses	(55,096)	(44,522)	(23,315)	(15,932)
Other operating income	56,305	2,848	1,699	652
Other operating expenses	16,279	(60,661)	(4,677)	(15,684)
	(61,078)	(186,593)	(50,476)	(68,217)
Operating profit	621,248	534,760	182,848	270,242
Finance income	349	333,792	214	-
Finance cost:				
On unwinding of discount on loan from related parties	(60,775)	(54,738)	(20,776)	(18,500)
On unwinding of discount on deferred accrued markup	(81,381)	(116,695)	(22,735)	(20,856)
On short term borrowings	(59,231)	(43,667)	(22,685)	(26,082)
Finance income - net	(201,038)	118,692	(65,982)	(65,438)
Profit before taxation	420,210	653,452	116,866	204,804
Taxation	(96,465)	(196,453)	(35,236)	(49,830)
Profit after taxation	323,745	456,999	81,630	154,974
----- (Rupee) -----				
Earnings per share - basic and diluted	0.88	1.25	0.22	0.42

Certified True Copy


Tahir Iqbal
Chief Financial Officer
& Company Secretary



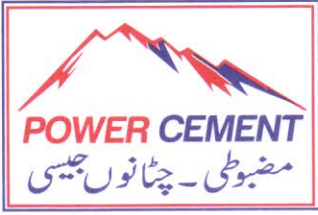
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ANNEXURE - II

STATEMENT OF PURPOSE OF RIGHT ISSUE, BENEFITS, USE OF FUNDS, FINANCIAL PLAN AND FINANCIAL PROJECTIONS AS REQUIRED UNDER THE COMPANIES (ISSUE OF CAPITAL) RULES, 1996

Purpose of Right Issue	The purpose of the Right Shares is to raise equity capital for the brown field expansion of the production capacity at the Company's existing site by adding a new line of 7700 tons per day (2.5 million tons per annum), taking the total capacity to around 3.4 million tons per annum. The expansion project is further environmentally friendly and will meet IFC and World Bank standards. The project is planned to be commissioned by last quarter of financial year 2019.										
Benefits to the Company	This brown-field expansion will make the company one of the most cost-efficient cement manufacturers of Pakistan. After successful commissioning of the new project, the Company will become the second-largest cement producer in the South Region, with total production capacity of around 3.4 million tons per annum.										
Use of Funds	Funds generated through the Right Shares shall be used towards financing the aforementioned expansion.										
Financial Plan	<p>Equipment Supply contracts have been signed with FLSmidth & Co. (Denish global engineering company) and Supervision contract has been signed with Cement Plant Consultants of Denmark. The agreed contract price is EURO 91.549 Million. The Agent Bank has received approval of SBP to open the LCs in favor of machinery suppliers.</p> <p>Construction contract with Tianjin Electric Power Construction of China is also in the final stages of negotiation, covering the civil works, structural steel works, mechanical erection and electrical erection. The total contract cost is PKR 7.644 Billion. Payments will be made by PCL in local currency.</p> <p>The overall expansion has a Total Project Cost of PKR 24.92 Billion (inclusive of IDC, Contingencies and Buffer for exchange fluctuation). In addition to fresh equity of Rs.8.722 billion, PKR 16.197 Billion is being raised as debt.</p> <p>The following funding sources are being arranged:</p> <table border="1"> <thead> <tr> <th>Funding Source</th> <th>Amount</th> <th>Description</th> </tr> </thead> <tbody> <tr> <td>Local Debt Syndicate (Islamic Finance)</td> <td>PKR 12.45 Billion</td> <td>Led by NBP and HBL. Total 11 lenders are in the Syndicate.</td> </tr> <tr> <td>Foreign Debt Syndicate (Islamic Finance)</td> <td>USD/EURO 33.75 Million (PKR 3.75 Billion equivalent)</td> <td>Led by Islamic Corp. for Development (ICD), Saudi Arabia.</td> </tr> </tbody> </table>		Funding Source	Amount	Description	Local Debt Syndicate (Islamic Finance)	PKR 12.45 Billion	Led by NBP and HBL. Total 11 lenders are in the Syndicate.	Foreign Debt Syndicate (Islamic Finance)	USD/EURO 33.75 Million (PKR 3.75 Billion equivalent)	Led by Islamic Corp. for Development (ICD), Saudi Arabia.
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	Local Equity raising	PKR 7.41 Billion	To be raised through Right Issue.				
	Foreign Equity raising	EUR 12.25 million (PKR 1.31 Billion equivalent)	To be invested by a Consortium of FLSmidt & Co. (Denish global engineering company), IFU (Danish Investment Fund) and IIP (IFU Investment Partners)				
Financial Projections	Rupees in Thousand						
		Jun-18	Jun-19	Jun-20	Jun-21	Jun-22	Jun-23
	Sales	4,860,807	7,063,420	16,499,039	17,371,696	17,703,593	18,062,043
	Net Profits	382,449	1,385,308	3,156,420	3,367,593	4,527,124	4,832,911
	EPS	0.36	1.30	2.97	3.17	4.26	4.54
	Paid up Capital	<u>1,063,414,433</u>					
Note:	<p>Giving due consideration to the existing performance, future outlook, as well as perception of ongoing Government policies etc. the management is quite confident of achieving its targets. The aforementioned project is expected to yield growth both in revenue as well as margin.</p> <p>Financial projections mentioned hereinabove are the outcome of how the Board assesses the operational and financial performance considering both the business scenario in the markets the Company operates, as well as government policies. However, the Company or its directors cannot accept any liability for any investment decisions by any person on the basis of the above projections.</p>						

SIGNED BY THE DIRECTORS WHO ATTENDED BOARD MEETING:

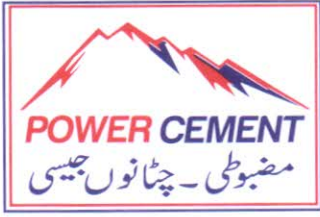
Nasim Beg

Kashif A. Habib

Syed Salman Rashid

Samad A. Habib

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RESOLUTION PASSED BY THE BOARD OF DIRECTORS OF POWER CEMENT LIMITED IN THEIR MEETING HELD ON APRIL 24, 2017, AT ITS REGISTERED OFFICE SITUATED AT ARIF HABIB CENTRE, 23, M.T. KHAN ROAD, KARACHI.

“Resolved that the ordinary paid up share capital of Power Cement Limited (the "Company") be and is hereby increased from Rs.3,656,900,000/- to Rs.9,587,557,960/-, by issue of further 593,065,796 ordinary shares as Right Shares at Rs.12.50/- per share (inclusive of Rs.2.50/- as premium per share) and these Right Shares be and are hereby offered to the Company's existing shareholders as provided under Section 86 of the Companies Ordinance, 1984 against payment of value of shares to the Company up to the closing date of Right's subscription as per Right Allotment letters to be issued and these shares shall rank pari-passu in all respect with the existing shares of the Company.

Further Resolved that the following is the purpose of the Right issue, use of the proceeds of the Right Issue and its benefits to the Company and the risk factors associated with the Right issue:

Purpose of the Right Issue:

The purpose of the Right Shares is to raise equity capital for the brown field expansion of the production capacity at the Company's existing site by adding a new line of 7700 tons per day (2.5 million tons per annum), taking the total capacity to around 3.4 million tons per annum.. The expansion project is further environmentally friendly and will meet IFC and World Bank standards. The project is planned to be commissioned by last quarter of financial year 2019.

Use of funds:

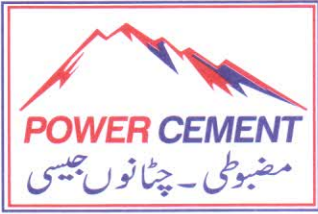
Funds generated through the Right Shares shall be used towards financing the aforementioned expansion.

Benefits to the Company:

This brown-field expansion will make the company one of the most cost-efficient cement manufacturers of Pakistan. After successful commissioning of the new project, the Company will become the second-largest cement producer in the South Region, with total production capacity of around 3.4 million tons per annum.

Risk Factors associated with the Right issue:

In order to cover the risks associated with Right Issue the Sponsors' have undertaken to subscribe their equity portion of Rs.4.3 billion. Additionally, underwriting for public portion amounting to Rs.3.1 billion has been procured.



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Further Resolved that the aforesaid offer shall be valid for payment up to such date as agreed with the Pakistan Stock Exchange;

Further Resolved that the fractional entitlements will be consolidated in the name of the Company Secretary and sold on the Pakistan Stock Exchange. The proceeds of such sale will be distributed to the members in accordance with their entitlements;

Further Resolved that the Chief Executive and / or Company Secretary be and are hereby singly and severally authorized to appoint the Bankers to the Right Issue to collect the amount of subscription towards right shares;

Further Resolved that the Chief Executive and / or Company Secretary be and are hereby singly and severally authorized to appoint consultant / advisor for Right Issue, announce book closure dates or any change therein and to prepare the schedule for issue of right shares and to make any amendment in the said schedule and to take all necessary actions required by Securities and Exchange Commission of Pakistan/ Pakistan Stock Exchange Limited/ Central Depository Company of Pakistan Limited or any other authority and to take all necessary action as may be required in this regard.

Further Resolved that Bank Accounts for the purpose of right subscription be opened and operated by the Chief Executive and/or CFO & Company Secretary singly and severally and to transfer the proceeds from said accounts to the other bank account operated by the Company."

SIGNED BY THE DIRECTORS WHO ATTENDED BOARD MEETING:

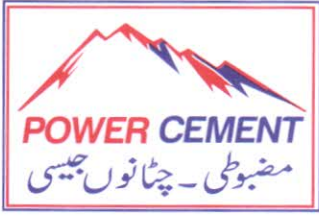
Nasim Beg

Kashif A. Habib

Syed Salman Rashid

Samad A. Habib

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POWER CEMENT LIMITED

ANNEXURE - III

DISCLOSURE FORM

IN TERMS OF SECTIONS 96 AND 131 OF THE SECURITIES ACT, 2015

Name of Company & Registered Office:	Power Cement Limited Arif Habib Center 23, M.T .Khan Road, Karachi - 74000, Pakistan
Date of Report:	April 25, 2017.
Contact Information:	Mr. Tahir Iqbal Company Secretary Arif Habib Center 23, M.T .Khan Road, Karachi - 74000, Pakistan Phone: +92 21 32468231 - 32, 32468350 -51 Fax No: +92 21 32463209

Disclosure of price sensitive /inside information by listed company.

Public disclosure of price sensitive / inside information, which directly concerns the listed securities.

At a meeting of the Board of Directors of our company held on April 24, 2017 at 2:30 p.m. at Arif Habib Centre, 23 M.T Khan Road, Karachi, the Board has recommended offer and issue 104,658,670 ordinary shares of face value Rs.10/- each at a premium of Rs.2.50 per share by way of allotment otherwise than the right shares under Section 86(1) of the Companies Ordinance, 1984, to a consortium of FLSmidth & Co. (Denish global engineering company), IFU (Danish Investment Fund) and IIP (IFU Investment Partners), (**"the Consortium"**), not saleable in secondary market for Five (05) years; this is subject to the approval of shareholders by way of a Special Resolution and thereafter approval of the SECP.

The company has duly caused this form / statement to be signed / on its behalf by the undersigned hereunto duly authorized.

Company Secretary

April 25, 2017