

POWER CEMENT LIMITED

April 25, 2017

The General Manager
Pakistan Stock Exchange Limited
Stock Exchange Building
Stock Exchange Road
Karachi.

Subject: Notice of Extra Ordinary General Meeting (EOGM) of Power Cement Limited

Dear Sir,

In compliance with the requirements of Listing Regulations of Pakistan Stock Exchange we are pleased to enclose herewith Notice of EOGM of the Company for its circulation to the Certificate holders of the Exchange and same Notice shall be transmitted to the Company's shareholders.

Yours faithfully,

Tahir Iqbal
Chief Financial Officer &
Company Secretary

- CC: 1. **Enforcement and Monitoring Division**
Securities and Exchange Commission of Pakistan,
63, Jinnah Avenue, N.I.C. Building
Blue Area
Islamabad
2. M/s. Technology Trade (Pvt.) Limited, Dagia House, 241-C, Block 2, PECHS,
Off Shakra e Quadeen, Karachi

NOTICE OF EXTRAORDINARY GENERAL MEETING

Notice is hereby given that an Extra Ordinary General Meeting of Power Cement Limited (“**the Company**”) will be held on Saturday MAY 20, 2017 at 11:00 a.m at Beach Luxury Hotel, M.T. Khan Road, Karachi to transact the following business:

ORDINARY BUSINESS:

1. To confirm the minutes of the Extra Ordinary General Meeting held on March 06, 2017.

SPECIAL BUSINESS:

2. *To consider and if thought fit to pass the following Special Resolution with or without modification(s), addition or deletion:*

“Resolved that the approval of members of Power Cement Limited be and is hereby accorded offer and allot 104,658,670 ordinary shares having face value of Rs.10/- each at a premium of Rs.2.5/- per share by the 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 (Denish Investment Fund) and IIP (IFU Investment Partners), (“**the Consortium**”), not saleable for Five (05) years, subject to the approval of shareholders by way of a Special Resolution and thereafter approval of the SECP.

Further resolved that the shares issued will rank pari-passu in all respects with the existing shares of the Company except these shares will not be entitled for 162% Right Shares announced on 25th April 2017.

Further resolved that the Chief Executive Officer and the Company Secretary (“the Authorized Officers”) be and are hereby singly and severally authorized to get approval from SECP to issue ordinary shares to Consortium and to do all acts, deeds and things, take any or all necessary actions including appointment of consultant(s)/ advisers and to complete all legal formalities and file all necessary documents to the Stock Exchange and CDC as may be necessary or incidental for the purpose of implementing the aforesaid resolution.

Further resolved that the aforesaid resolutions shall be subject to any amendment, modification, addition or deletion as may be deemed appropriate and as approved by the shareholders or as may be suggested, directed and advised by the SECP which suggestion, direction and advice shall be deemed to be part of this resolution without the need to pass a fresh Resolution. The above mentioned Authorized Officers be and are hereby authorized to make any such amendment, modification, addition or deletion as may be required without the need to obtain any further approval of the Shareholders.”




Statement under Section 160(1)(b) of the Companies Ordinance 1984 containing material facts concerning special business to be transacted as special resolution at the Extraordinary General Meeting is attached with the notice.

Any Other Business

- 1) To consider any other business with the permission of the Chair.

By order of the Board


Company Secretary
Tahir Iqbal

Karachi, April 25, 2017

Notes:

1. Share transfer books of the Company will remain closed from May 16, 2017 to May 23, 2017 (both days inclusive). Transfers received in order at the office of our registrar, M/s. Technology Trade (Pvt.) Limited, Dagia House, 241-C, Block 2, PECHS, Off Shahra e Quadeen, Karachi, by the close of business on May 15, 2017 will be treated in time for the determination of entitlement of shareholders to attend and vote at the meeting.
2. A member entitled to attend and vote at the meeting may appoint another member as his / her proxy who shall have such rights as respects attending, speaking and voting at the meeting as are available to a member.
3. Procedure including the guidelines as laid down in Circular No. I- Reference No. 3(5-A) Misc/ARO/LES/96 dated 26th January 2000 issued by Securities & Exchange Commission of Pakistan:
 - (i) Members, proxies or nominees shall authenticate their identity by showing their original national identity card or original passport and bring their folio numbers at the time of attending the meeting.
 - (ii) In the case of corporate entity, Board of Directors' resolution/power of attorney and attested copy of the CNIC or passport of the nominee shall also be produced (unless provided earlier) at the time of meeting.
 - (iii) In order to be effective, the proxy forms must be received at the office of our registrar not later than 48 hours before the meeting, duly signed and stamped and witnessed by two persons with their names, address, NIC numbers and signatures.
 - (iv) In the case of individuals, attested copies of CNIC or passport of the beneficial owners and the proxy shall be furnished with the proxy form.
 - (v) In the case of proxy by a corporate entity, Board of Directors resolution/power of attorney and attested copy of the CNIC or passport of the proxy shall be submitted alongwith form of proxy.

Members are requested to promptly notify any change in address by writing to the office of the registrar.



STATEMENT UNDER SECTION 160 (i)(b) OF THE COMPANIES ORDINANCE, 1984

This Statement sets out the material facts concerning the Special Business to be transacted at the Extraordinary General Meeting of the Company to be held on Saturday May 20, 2017.

As disclosed in the Company's announcement of financial results of April 25, 2017 that the Board of Directors of the Company has decided to expand production facility by 7700 tons per day (2.5 million tons per annum), taking the total capacity to around 3.4 million tons per annum. The 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.

Accordingly, the Board of Directors of the Company has approved 162% Right Issue consisting of 593,065,796 Ordinary Shares having face value of Rs.10/- each at a premium of Rs.2.5/- per share to the Company's existing shareholders and in addition of this it has also decided offer and allot 104,658,670 ordinary shares having face value of Rs.10/- each at a premium of Rs.2.5/- per share by the 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**"), subject to the approval of shareholders by way of a Special Resolution and thereafter approval of the SECP.

The requisite material facts concerning the special business are as follows:

1) Justification for Issue of Shares otherwise than Right shares and not as right shares;

These shares are not saleable in secondary market for Five (05) years. The Company will benefit from the equity investment as FLSmidth & Co. (Denish global engineering company) will retain a continuing stake in the future of the Company. In addition, the Company will benefit from FLSmidth consortium nominating a Board Member who will bring technical expertise as well as international best practices to the management of the Company.

2) Names of the persons to whom shares will be issued;

Consortium of IFU (Danish Investment Fund), IIP (IFU Investment Partners) and FLSmidth & Co. (Denish global engineering company), ("**the Consortium**").



3) Price at which shares will be issued and justification with reference to latest available market price, breakup value per share.

The price of shares to be issued to the Consortium would be at Rs.12.50/- per share (inclusive of Rs.2.50/- as premium per share) which is similar to the Right Issue announced for the Company's existing shareholders. The market price of Company's shares at the time of start of negotiation in September 2016 was in the range of Rs.11.25 to Rs.12/- per share.

The current market price of the share of the Company as of 24 April 2017 is Rs.20.64. The break-up value of the Company's share on the basis of audited financial statements for the year ended 30 June 2016 and as per unaudited accounts for the period ended 31st March 2017 is Rs.6.42 and Rs.7.31 respectively. Based on the closing price of 24th May 2017, the Ex-Right price of the Company's share works out to around Rs.15.60 and Post Right's book value of the Company's share is expected to be around Rs.10.52. The issue of proposed shares to Consortium will be at the same price on which Right shares will be offered to the existing shareholders.

4) Purpose of the Further Shares otherwise than Right, Utilization of proceeds and benefits to the Company and its shareholders;

The purpose of the this proposed issue of Shares is to contribute towards 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 3.5 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 the financial year 2019.

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.

5) Existing shareholding of the persons / organizations to whom proposed shares will be issued:

Currently, there is no shareholding of Consortium in the Company.

6) Total shareholding of persons / organizations after the proposed issue of shares (in number as well as percentage of paid up share capital of the company):

The shareholding of Consortium after the proposed issue of shares would be 104,658,670 shares i.e., 9.84% of the total paid up Capital of the Company.



7) Written consent of the Consortium to purchase shares:

In principal clearance letter received from FLSmidth & Co. (Denish global engineering company)/IFU (Denish Investment Fund) who is leading the Consortium and now they are in process of their internal approval. The approval of SECP shall be sought after the approval of shareholder of the Company.

8) Ranking of Shares:

The proposed shares of the Company will rank pari-passu in all respect with the existing shares of the Company except these shares will not be entitled for 162% Right Shares announced on 25th April 2017.

9) Approval:

The proposed Issue of Shares other than Right Shares is subject to the approval of the Company's Shareholders and the SECP.

No Director or Chief Executive Officer of the Company or their relatives has any interest in the proposed issue, except in their capacities as Director / Chief Executive Officer/ shareholders.

