Annual Report 2019

Power Cement
مضبوطی ۔ چٹانوں جیسی

Scaling the peaks of growth

A Group Company of

ARIF HABIB GROUP

About the Cover

Power Cement Limited is proud of the dedication and committtment put in by our team and the faith and support shown by our stakeholders. This has encouraged us to expand our scope of operations and enabled us take the company to the highest reaches of success.

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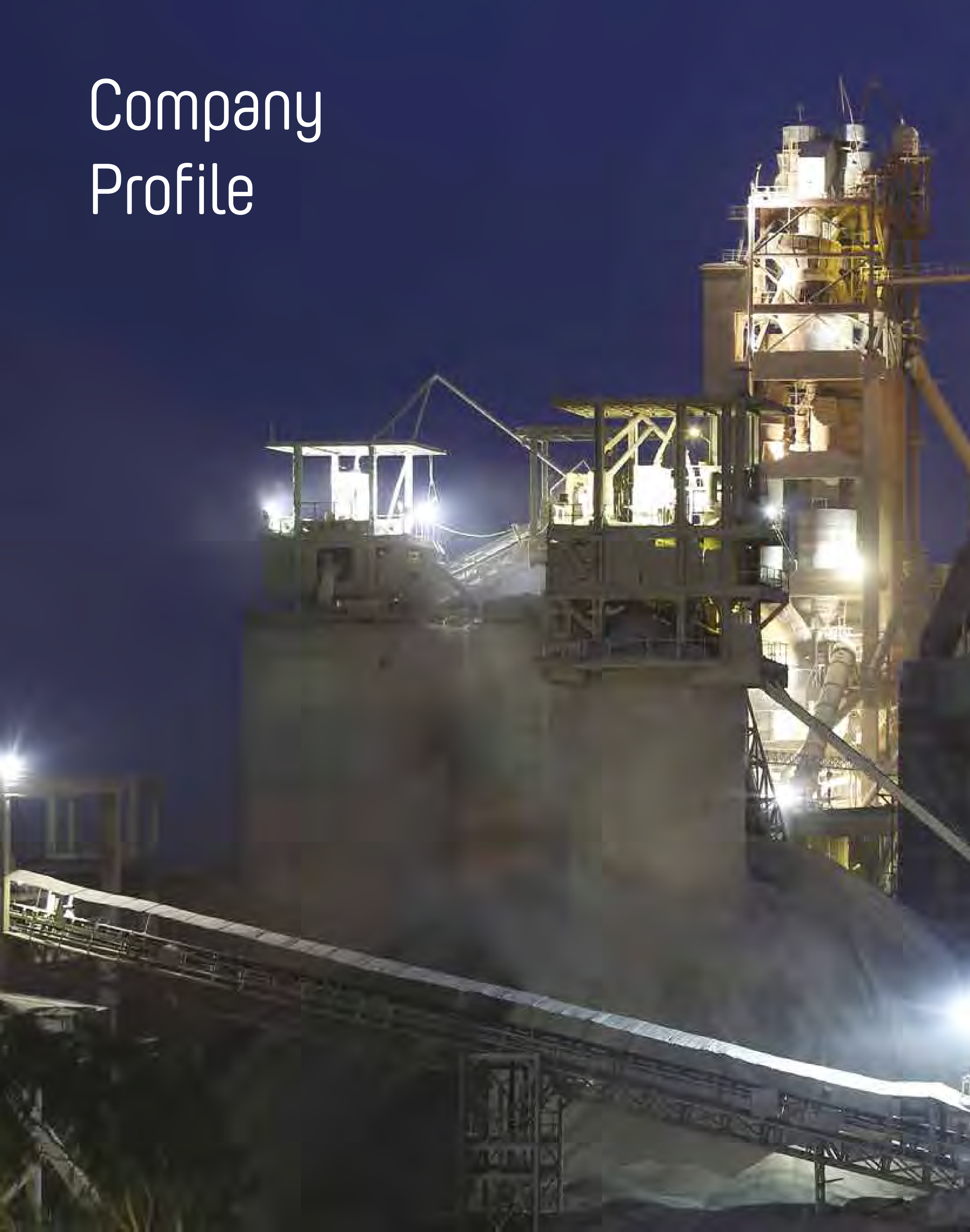
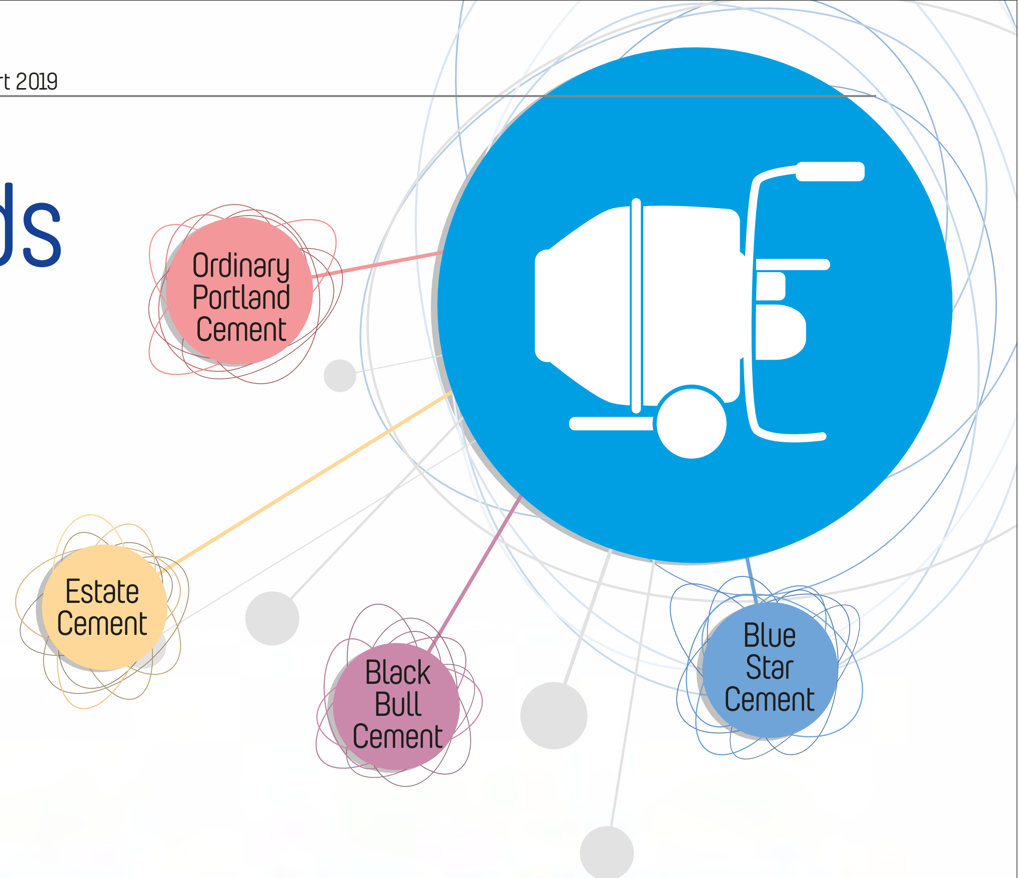


The Company was founded in 1981 and operates its cement plant in Nooriabad, about 135 kilometres from Karachi. Presently, Power Cement Limited has a cement manufacturing plant with a name plate capacity of 3,000 tons per day of clinker. The Company was previously known as Al-Abbas Cement Limited until its acquisition by the Arif Habib Group, a financial and industrial conglomerate, in 2010.

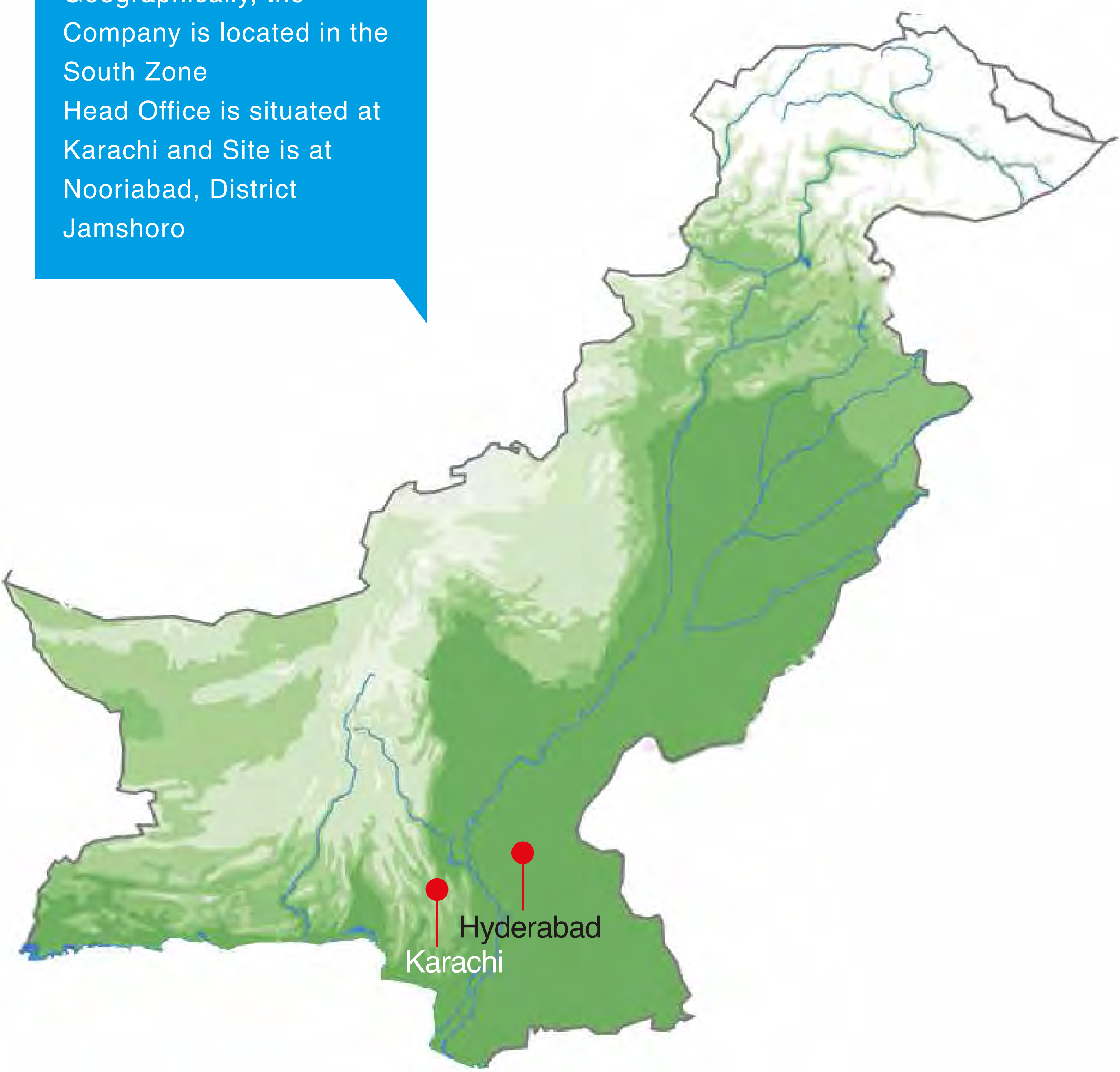
Our Brands


Ordinary Portland Cement
Estate Cement
Black Bull Cement
Blue Star Cement


Power Cement
OPC
SRC
BLACK BULL
OPC
SRC
BLUE STAR CEMENT
OPC
SRC
BLUE STAR - CEMENT
ESTATE CEMENT
OPC
SRC

Geographical Location

Geographically, the Company is located in the South Zone
Head Office is situated at Karachi and Site is at Nooriabad, District Jamshoro



Vision

Power Cement Limited aims to be recognized nationally and internationally as a successful cement producer with a strong satisfied customer base.

Mission

To become a profitable organization and exceed the expectations of our customers and stakeholders by producing and marketing competitive and high quality products through concentration on quality, business values and fair play.

To promote best use and development of human talent in a safe environment, as an equal opportunity employer and use advance technology for efficient and cost effective operation.

Code of Business Conduct and Ethical Principles

The following principles constitute the code of conduct which all Directors and employees of Power Cement Limited Limited are required to apply in their daily work and observe in the conduct of Company's business. While the Company will ensure that all employees are fully aware of these principles, it is the responsibility of each employee to implement the Company's policies. Contravention is viewed as misconduct. The code emphasizes the need for a high standard of honesty and integrity which are vital for the success of any business.

ETHICAL PRINCIPLES

1. CONFLICTS OF INTEREST

Directors and employees are expected not to engage in any activity which can cause conflict between their personal interest and the interest of the Company such as interest in an organization supplying goods/services to the company or purchasing its products. In case a relationship with such an organization exists, the same must be disclosed to the Management.

2. THIRD PARTIES ENGAGEMENTS

Dealings with third parties which include Government officials, suppliers, buyers, agents and consultants must always ensure that the integrity and reputation of the Company is not in any way compromised Directors and employees are not allowed to accept any favors or kickbacks from any organization dealing with the Company.

3. CONFIDENTIALITY

Directors and employees are not permitted to divulge any confidential information relating to the Company to any unauthorized person. Nor should they, while communicating publicly on matters that involve Company business, presume to speak for the Company unless they are certain that the views that they express are those of the Company and it is the Company's desire that such views be publicly disseminated.

5. FAIR & ETHICAL CONDUCT

All employees share a responsibility for the Company's good public relations particularly at the community level. Their readiness to help with religious, charitable, educational and civic activities is accordingly encouraged provided it does not create an obligation that interferes with their commitment to the Company's best interests.

6. HEALTH AND SAFETY

The Company has strong commitment to the health and safety of its employees and preservation of environment and the Company will persevere towards achieving continuous improvement of its Health, Safety and Environment (HSE) performance by reducing potential hazards preventing pollution and improving awareness. Employees are required to operate the Company's facilities and processes keeping this commitment in view.

7. COMMITMENT AND TEAM WORK

Commitment and team work are key elements to ensure that the Company's work is carried out effectively and efficiently. Also, all employees will be equally respected and actions such as workplace harassment and disparaging remarks based on gender, religion, race or ethnicity will be avoided.

Corporate Information

Board of Directors

Mr. Nasim Beg	Chairman
Mr. Muhammad Kashif Habib	Chief Executive
Mr. Samad A. Habib	
Mr. Muhammad Ejaz	
Syed Salman Rashid	
Mr. Muhammad Yousuf Adil	
Mr. Anders Paludan-Müller	

Audit Committee

Mr. Muhammad Yousuf Adil	Chairman
Mr. Nasim Beg	Member
Syed Salman Rashid	Member

HR & Remuneration Committee

Mr. Muhammad Yousuf Adil	Chairman
Mr. Muhammad Ejaz	Member
Mr. Muhammad Kashif Habib	Member
Syed Salman Rashid	Member

Chief Financial Officer & Company Secretary

Mr. Tahir Iqbal

External Auditors

KPMG Taseer Hadi & Co.
Chartered Accountants

Legal Advisor

Awais Aziz

Share Registrar

CDC Share Registrar Services Limited
CDC House, 99-B, Block B, S.M.C.H.S.,
Main Shahra-e-Faisal, Karachi – 74400.

Principal Bankers

Allied Bank Limited
Al Baraka Bank (Pakistan) Limited
Askari Bank Limited
Bank Alfalah Limited
Bank Islami Pakistan Limited
Dubai Islamic Bank (Pakistan) Limited
Faysal Bank Limited
First Credit & Investment Bank Limited
Habib Bank Limited
Habib Metropolitan Bank Limited
National Bank of Pakistan
Meezan Bank Limited
Pak Oman Investment Company Limited
The Bank of Punjab
Standard Chartered Bank (Pakistan) Limited
Summit Bank Limited
United Bank Limited
The Bank of Khyber
Bank Al Habib Limited

Registered Office

Arif Habib Centre, 23 M.T Khan Road, Karachi

Website

www.powercement.com.pk

Contact Number

021-32468231-32
021-32468350-51

Fax Number:

021-32463209

Factory

Nooriabad Industrial Area, Deh Kalo Kohar,
District Jamshoro, Sindh.

Ownership Structure

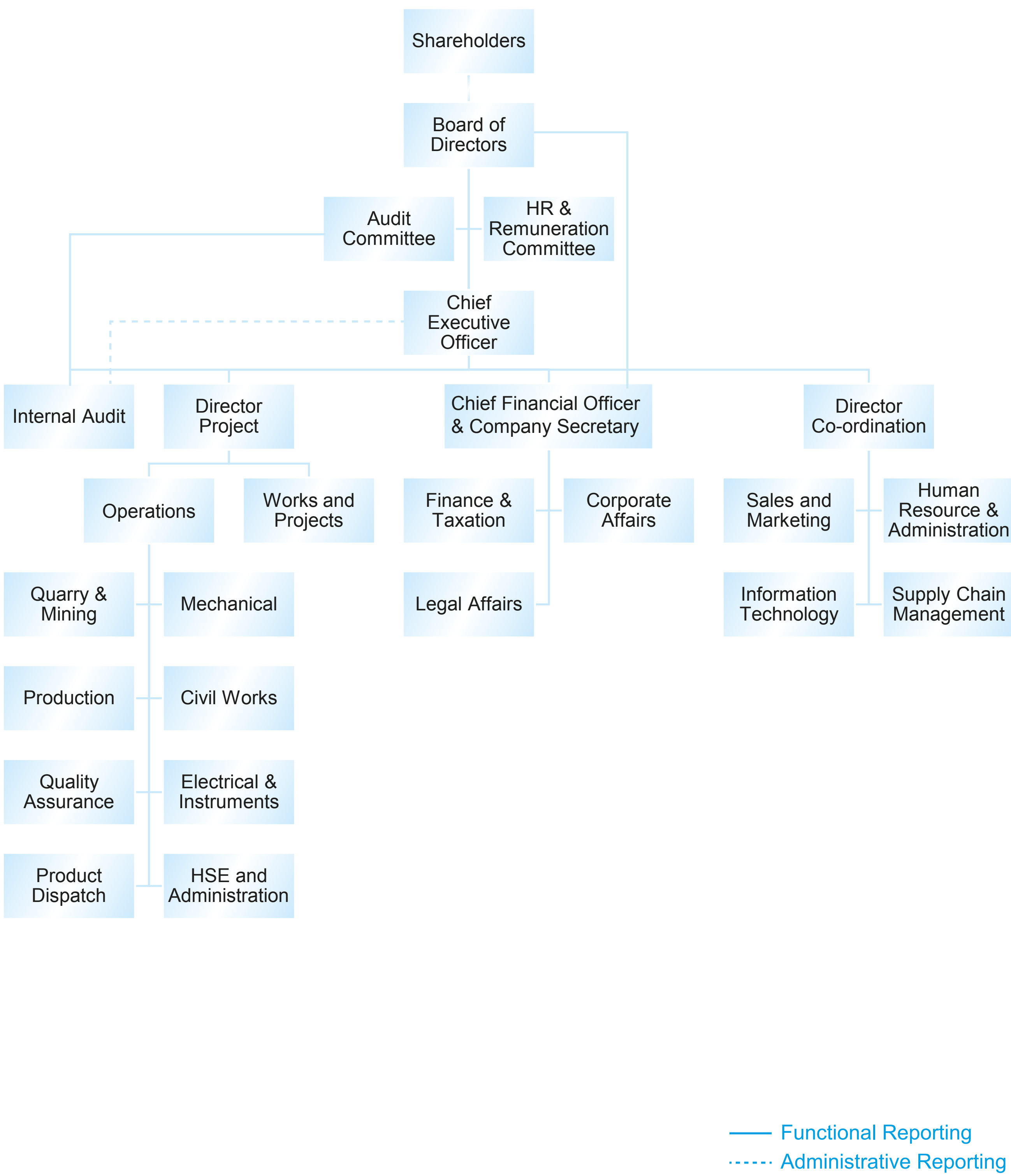
As at reporting date, Power Cement Limited shares are majorly held by below mentioned shareholders for which detailed disclosure has been annexed with the this Report (Page Number 50).

Name of Shareholder	Shareholding %
Mr. Arif Habib	21.41
Arif Habib Equity (Pvt) Ltd	19.54
Arif Habib Corporation Limited	10.34
Syed Salman Rashid	5.60

Associated Companies:

S. No.	Group Company	Basis of Relationship	
1	Aisha Steel Mills Limited	Common Directorship	Mr. Nasim Beg, Mr. Muhammad Kashif Habib and Mr. Muhammad Ejaz
2	Alternates (Private) Limited	Common Directorship	Mr. Muhammad Kashif Habib
3	Arif Habib Corporation Limited	Common Directorship	Mr. Nasim Beg, Mr. Muhammad Kashif Habib, Mr. Samad A. Habib and Mr. Muhammad Ejaz
4	Arif Habib Dolmen REIT	Common Directorship	Mr. Nasim Beg, Mr. Samad A. Habib and Mr. Muhammad Ejaz
5	Arif Habib Equity (Private) Limited	Common Directorship	Mr. Muhammad Kashif Habib and Mr. Samad A. Habib
6	Arif Habib Foundation	Common Directorship	Mr. Muhammad Kashif Habib and Mr. Samad A. Habib
7	Aril Habib Consultancy (Pvt.) Limited	Common Directorship	Mr. Nasim Beg
8	Black Gold Power Limited	Common Directorship	Mr. Muhammad Kashif Habib
9	Bubber Sher (Pvt.) Limited	Common Directorship	Mr. Muhammad Kashif Habib
10	Dolmen Arif Habib Real Estate Services (Pvt.) Limited	Common Directorship	Mr. Muhammad Kashif Habib, Mr. Samad A. Habib and Mr. Muhammad Ejaz
12	Fatima Cement Limited	Common Directorship	Mr. Muhammad Kashif Habib
13	Fatima Fertilizer Company Limited	Common Directorship	Mr. Muhammad Kashif Habib
14	Fatima Packaging Limited	Common Directorship	Mr. Muhammad Kashif Habib
15	Fatimafert Limited	Common Directorship	Mr. Muhammad Kashif Habib
17	International Complex Projects Limited	Common Directorship	Mr. Samad A. Habib
18	Javedan Corporation Limited	Common Directorship	Mr. Muhammad Kashif Habib, Mr. Samad A. Habib and Mr. Muhammad Ejaz

Organogram


Shareholders
Board of Directors
Audit Committee
HR & Remuneration Committee
Chief Executive Officer
Internal Audit
Director Project
Chief Financial Officer & Company Secretary
Director Co-ordination
Operations
Works and Projects
Finance & Taxation
Corporate Affairs
Sales and Marketing
Human Resource & Administration
Quarry & Mining
Mechanical
Legal Affairs
Information Technology
Supply Chain Management
Production
Civil Works
Quality Assurance
Electrical & Instruments
Product Dispatch
HSE and Administration
Functional Reporting
Administrative Reporting

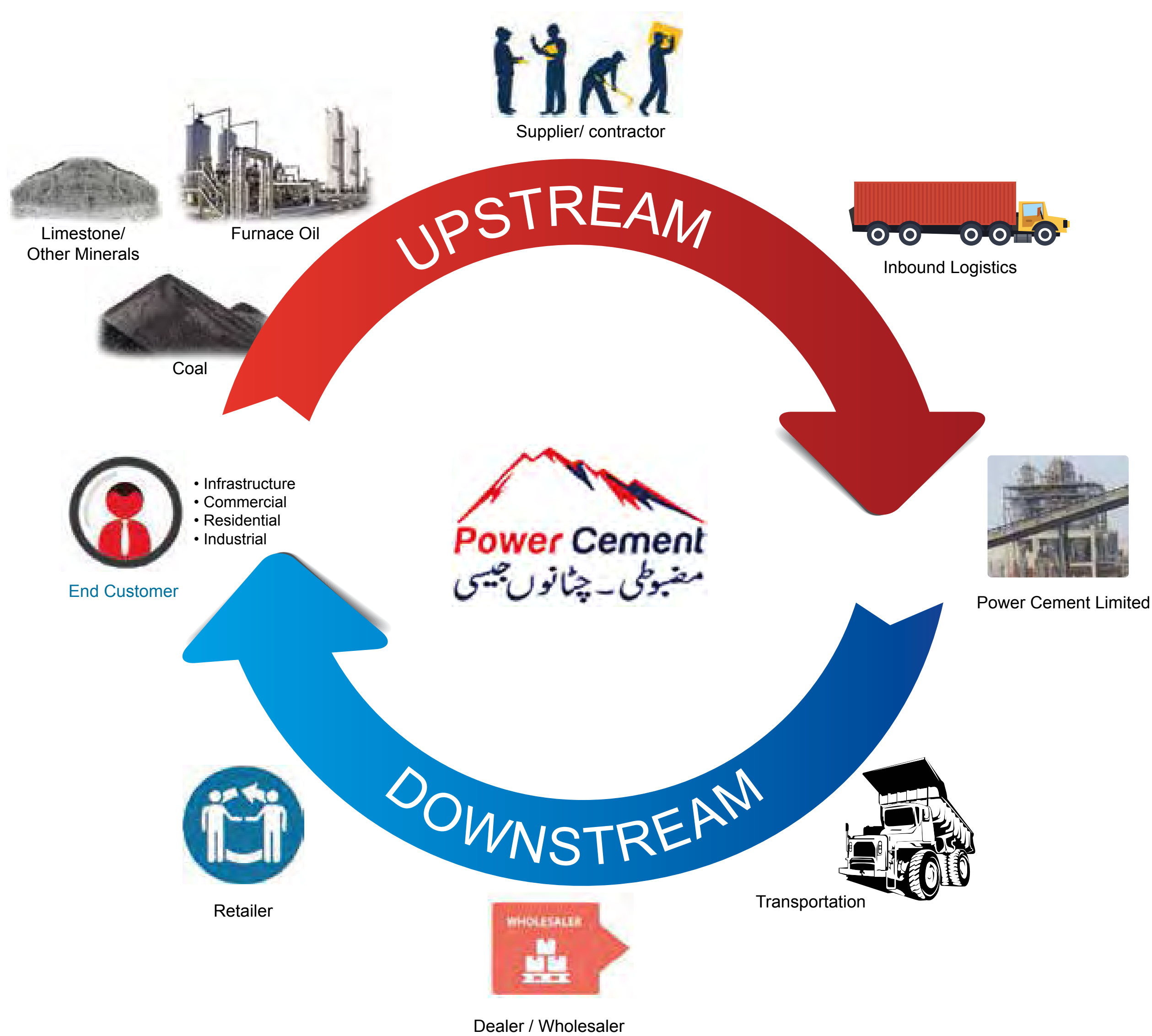
Value Chain Analysis

Power Cement Limited's principal business activity is to produce and sell cement products. Manufacturing cement involves blending a mixture of limestone and other minerals at a high temperature in kilns. Diesel is used to initially fire the kiln whereas coal is used to heat the kiln at desired temperature. On the upstream part of value chain, raw material for cement manufacturing includes limestone, gypsum, shale, iron ore etc which are excavated from quarry obtained on lease from the Minerals department, against which royalty is paid on a monthly basis. Coal used as fuel in the process is one of the major cost ingredients. Power Cement Limited directly imports high quality coal from South Africa for use in the manufacturing process.

Power Cement Limited has invested in maintaining a smooth flow of operations. The Company has implemented a proactive approach to mitigate its risk of disruptions in the production process. At Power Cement Limited, the mining, grinding, crushing and blending processes are strictly monitored by highly qualified specialists, to ensure that the best possible product is manufactured for our valued customer.

Through efficient use of its marketing strategy, Power Cement Limited is creating a pull effect by locking-in its customers and is consequently able to tap the potential markets proactively. Various activities focusing on engaging the dealers have been initiated by the Company. Such activities encourage the dealers to recommend the product portfolio of power cement limited.

Value chain analysis has enabled Power Cement Limited to identify its core competencies and to identify key stakeholders in the process of the value creation as well as those along the upstream and downstream value chain. Moreover, this analysis has helped Power Cement Limited in identifying the activities which add value for its customer and also to evaluate its competitive positioning in industry.



Supplier/ contractor
UPSTREAM
Inbound Logistics
Limestone/
Other Minerals
Furnace Oil
Coal
• Infrastructure
• Commercial
• Residential
• Industrial
End Customer
Power Cement
مضبوطی ۔ چٹانوں جیسی
Power Cement Limited
DOWNSTREAM
Transportation
Retailer
WHOLESALER
Dealer / Wholesaler

Significant Factors Affecting the External Environment

Invariably changing external environment affects political, economic, technological, environmental and social fronts of an organization. The volatility may impact our capability to create value. Some of these factors and their effects on the Company are discussed below:

Factors	Description	Organizational Response
Political	Prolonged political unrest badly impacting the performance of Pakistan Stock Exchange (PSX)	Management proactively plans for different demand scenarios with the help of budgeting,forecasts and projections Exploring new markets to efficiently utilize production capacities in response to reduction in sales volumetric growth in a particular region
Economical	Price hike in fuel costs, currency devaluation and inflation	The Company has dealt with the scenario by: Effective inventory management by meticulously reviewing inventory-holding periods Cost reduction initiatives to control production and non -production related fixed costs
Social	Welfare of public at large	Company regularly contributes a handsome amount of donation towards hospitals, educational institutes and mosques
Technological	Technical obsolescence of production facilities Continuous development of information technology infrastructures and Management Information Systems (MIS) software	Company has installed the most technologically advanced European plant from FLSmidth to avoid any risk of technical obsolescence. Company continuously invests in the upgradation of hardware infrastructure and software applications Company has successfully managed the MS Dynamics ERP modules for meeting latest reporting needs

Factors	Description	Organizational Response
Environmental	Growing attention towards “green” attitudes	The company has been approved by the standards of ISO 9001:2015 for complying with an effective Quality Management System (QMS) and Occupational Health and Safety Assessment Series (OHSAS) requirements. The expansion project is environmentally friendly meeting IFC and World Bank standards making the Company the second-largest, and one of the most cost-efficient, cement producers in the South Region
Legal	Enforcement of new Companies Act 2017 Amendments in the requirements of code of corporate governance, Pakistan Stock Exchange rules and the requirements of SECP Act	Company has engaged an efficient team of professionals to ensure compliance with all enacted and or substantially enacted statutes, acts and ordinances. It further equips the company with an up to date knowledge of all prevailing legal requirements

Effect of Seasonality on Business:

There is a slight decline in cement sales in the winter season due to slow-down in construction activities.

Significant Changes from Prior Years

In comparison to the prior years, there is no significant change in organizational and group structure. However, the external environment is constantly changing and the rise in coal prices globally, followed by devaluation of Pak Rupee in comparison to US Dollar has affected profitability of the Company. The following significant changes and developments took place during the year:

The Company has accomplished the brown-field expansion of its production facilities at its 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 project is currently under testing phase and commissioning will start in the year 2020. The expansion project is environmentally friendly meeting IFC and World Bank standards making the Company the second-largest, and one of the most cost-efficient, cement producers in the South Region.

Composition of Local Versus Imported Material

	2019		2018	
	(Rupees in '000)	%	(Rupees in '000)	%
Local Components:				
Raw materials consumed	188,519	4.21	197,536	4.65
Packing materials consumed	284,920	6.37	269,470	6.35
Fuel - other than coal	1,168,771	26.11	1,163,692	27.41
Power	1,050,000	23.46	1,059,360	24.95
Stores, spare parts and loose tools consumed	95,878	2.14	98,075	2.31
Imported Components:				
Fuel - coal	1,544,136	34.50	1,310,759	30.87
Stores, spare parts and loose tools consumed	143,817	3.21	147,112	3.46
Total	4,476,041	100	4,246,004	100

Sensitivity analysis

If US$ to Pak Rupee exchange rate fluctuates by 1% , the impact on cost of production would have been as follow:

	(Rupees in '000)	
Average USD Rate	140.19	121.60
Increase of 1% in exchange rate	16,880	14,579
Decrease of 1% in exchange rate	-16,880	-14,579

The management constantly monitors the international coal prices and exchange rates and takes necessary and timely steps to mitigate such impacts.

Effect of Seasonability on Business:

There is a slight decline in cement sales in the winter season due to slow-down in constrcution acitivities.

Strategic Objectives

To ensure achievement of the overall corporate and strategic objectives by becoming the leading Company in the cement industry and hence enhancing profitability and return to the shareholders.

Following are the strategic objectives, strategies in place and KPIs to measure the achievement against strategic objectives:

Relevant term	Objective	Strategies	KPI's monitored
Short Term	Development of human capital	Technical and nontechnical training programs for employees at all levels both internally and externally	• Training and education programs for employees.
Short Term	Occupational health and safety for employees	Ensure a safe and congenial environment for employees through strict and stringent safety policies and regular health and safety trainings to avoid risk of accident	• Health and safety policies in place • Training activities conducted • Number of health and safety incidents.
Short Term	Maintaining supplier relationships	Monitor cash flow requirements and cash flow projections for to ensure that payments are made when due	• Payable days • Liquidity ratios
Short Term	Be a socially responsible corporate entity	Promote a culture of giving back to the community	• CSR initiatives and activities
Medium Term	Modernization of production facilities and processes to improve efficiency	Keep up-to-date with the latest technology advancements to achieve production efficiencies	
Long Term	Increase shareholder's Wealth	Build on short and medium term objectives to increase shareholder's wealth	• Technology Upgradation activities.
Long Term / Short Term	Maintain industry leadership and market presence	Planned and integrated marketing campaigns and increasing access to customers through a regionwide dealer network	• Market share price • Market share • Dealer network.

Significant Changes in Objectives and Strategies from Prior Years

There were no significant changes in objectives and strategies from prior years. The existing objectives and strategies have been re-arranged for the purposes of better reporting.

Further, all of the above KPIs will continue to be relevant in future.

Resource Allocation Plan

Significant resources of the Company comprise of, but not limited to, human, financial and technological resources. We hire professional associates and technical experts who continuously strive to ensure that our production and control processes and systems are working efficiently and effectively and are constantly being modernized.

Further, financial resources are managed effectively through optimized credit control and efficient treasury management, focusing on cash flow forecasting.

Our Strategy

Power Cement Limited is committed to increase revenue and it streams to optimize shareholders' wealth and offer our best efforts to provide optimal value to all our stakeholders for their engagement with the Company.

Human Capital

The Company has hired a team of professionals with enormous expertise in latest technologies who proficiently design the ways for improving and upgrading our production process, networking and control systems. We have developed a dedicated team to analyze the human resource right from selection till retirement. We believe in adding value to our human resource by extensive trainings and development program.

Manufactured Capital

Power Cement Limited's newly installed cement plant will enable to be the lowest cost producer in the region. Our plant is an icon of engineering dynamics operating on high efficiency. With impregnable Quality Control and Quality Assurance practices, quality improvement systems exist at every level. The Company is committed to improve product quality at both incoming and assembly stages.

Financial Capital

The Company currently has a strong financial base with capital structure of Rs. 10,634 million share capital representing 1,063,414,434 ordinary shares of Rs.10/- each with market capitalization of over Rs. 8.7 billion.

The Company has also allocated sizeable amount for marketing purposes. The budget is being provided to all department heads to further set their targets of resource allocation in line with the Company' s objectives for effective usage of funds so allocated.

Intellectual Capital

Information Management and Information Technology is built into Power Cement Limited's strategy. IT system plays an important role in supporting Power Cement Limited's current operations and its new initiatives.

Our ERP system continues to integrate all function across the Company, facilitating greater efficiency and effectiveness of all processes and controls.

Social and relationship capital

Power Cement Limited values the stake holders, customers, employees and the investors. The management works to ensure that all supply chain associates, dealers, shareholders and employees share in the company's growth and prosperity. We invest in a series of initiatives that enhance collaboration and ongoing dialogue with our customers and vendors. We also contribute to the sustainable growth of our communities by offering job for local skilled and unskilled manpower.

Strategy to Overcome Liquidity Risk

The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

Moreover, details of the Company's risk management policies and objectives in respect of its use of financial instruments are included in note 34 to the financial statements together with a description of its exposure, including its exposure to liquidity risk.

Significant Plans and Decisions - Expansion of Plant Capacity

The Company has accomplished the brown-field expansion of its production facilities at its 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 project is currently under testing phase and commissioning will start in the year 2020. The expansion project is environmentally friendly meeting IFC and World Bank standards making the Company the second-largest, and one of the most cost-efficient, cement producers in the South Region.

Business Rationale of Major Capital Expenditure during the Year

During the year CAPEX was incurred in the earlier announced expansion and this expansion was aimed to make the Company the second-largest, and one of the most cost-efficient, cement producers in the South Region. Going forward, the Company also has plans to undertake energy conservation solutions for cost optimization.

Risk and Opportunity Report

Risk management is an integral part of sound corporate governance. The risks that may influence the achievement of our corporate goals and objectives are managed while opportunities are tapped into. Specific risks and opportunities that affect the organization's ability to create value over the short, medium and long term including strategies to mitigate / materialize them are enlisted below:

STRATEGIC RISKS Type of Risks	Sources of Risks	AREA OF IMPACT	LIKELIHOOD	MAGNITUDE	MITIGATING ACTION
Change in competitive scenario Threat of new entrants in the market	External	Financial Capital	LOW	HIGH	The Company's new line will be online in 2020 which will not only make it the second largest cement producer in the South Zone but also this new state of the art technology will lead the Company towards becoming one of the lowest cost producers in the market. This will make it highly competitive amongst other new and old players.

OPERATIONAL RISKS

STRATEGIC RISKS Type of Risks	Sources of Risks	AREA OF IMPACT	LIKELIHOOD	MAGNITUDE	MITIGATING ACTION
Coal / Fuel / Electricity costs increase Increase in imported coal & furnace oil price and electricity costs resulting in higher cost of production	External	Financial Capital	LOW	HIGH	Close monitoring of coal prices is done to fetch the best possible prices in the market. The Company is also considering various technological options to cut down its power costs.
Talent Retention and Succession Planning It is critical for the company to attract, develop, and retain the right talent to accomplish the Company's	Internal /External	Human Capital	MEDIUM	HIGH	The Board and the Management of the Company is highly cognizant of the importance of retaining and attracting the best human capital particularly in the wake of the mega expansion going on in the Company – apt deliberations are done in this regard.

STRATEGIC RISKS Type of Risks	Sources of Risks	AREA OF IMPACT	LIKELIHOOD	MAGNITUDE	MITIGATING ACTION
objectives. Succession planning is needed to ensure that the company has sustainable operations.					The CEO keenly reviews the management of the Company's human capital with the help of the HR professionals engaged with the Company. The Company also plans training programs for its key management personnel to horn their management and decision making skills.
Information System Risk Loss of confidential information due to data theft	Internal /External	Financial Capital	LOW	HIGH	Information is transmitted through secure connections and firewalls are in place to prevent malicious activities. Appropriate data back-up mechanism is in place. Periodic systems audit is performed to identify any weaknesses/ non-compliances and any areas for further improvement.
Law and Order uncertainty Loss may occur due to terrorism activities and sabotage	External	Financial Capital	MEDIUM	HIGH	Company also takes sound insurance coverage against such risks
Maintenance Risk Possibility of production loss due to breakdowns	Internal	Manufactured Capital	LOW	HIGH	The Company's engineering team maintains backup of the parts required in case of emergency breakdowns and also there are planned overhauling activities conducted at the plant.
Technology Risk Technological shift rendering the company's production processes inefficient	External	Intellectual/ Manufactured Capital	LOW	HIGH	The Company has installed a state of the art new plant from the World's renowned FLSmidth. It latest technology will allow the Company to take lead in technological terms and thus the technology risk for the Company is 'low'.

STRATEGIC RISKS Type of Risks	Sources of Risks	AREA OF IMPACT	LIKELIHOOD	MAGNITUDE	MITIGATING ACTION
Maintenance Risk Possibility of production loss due to breakdowns	External	Manufactured Capital	LOW	HIGH	The Company aims to comply with the code of Corporate Governance as applicable in Pakistan and maintains its books as required by the Companies Act, 2017 and applicable International Financial Reporting Standards. The Company's Financial Statements are audited by one of the big four audit firms.
Technology Risk Technological shift rendering the company's production processes inefficient	External	Intellectual/ Manufactured Capital	LOW	HIGH	The Company has a dedicated treasury function to oversee that transactions are executed and negotiated at the best possible markup rates in the given scenarios. The Company maintains a debt:equity ratio of around 65:35. It also intends to activate the subsidized financing lines whenever exports commence from its new LINE III. Since the Company is part of a group sponsored by financially strong entities therefore capital restructuring to increase the equity may also be considered in case the Board suggests need of the same.
Exchange rate risk Exchange rate risk impacting transactions in foreign currency	External	Financial Capital	LOW	HIGH	This increases the cost of imported materials and stores, however, once the expanded cement facility of the Company comes online, this exposure will be partly offset by the likely exports of cement by the Company plus being a new plant, need of importing any stores would be minimal. The Company also has foreign currency borrow-

STRATEGIC RISKS Type of Risks	Sources of Risks	AREA OF IMPACT	LIKELIHOOD	MAGNITUDE	MITIGATING ACTION
					ings which have been fully (principal as well as markup) and effectively hedged through cross currency swaps.
Credit Risk Risk of default in payments by credit customers	External	Financial Capital	LOW	MEDIUM	Credits are selectively given considering the business potential and risk appetite of the Company. Furthermore, internal controls like periodic circulations of age analysis of debtors are also in place.
Risk of litigation Risk of having major legal cases initiated the Company	External	Social and relationship Capital	MEDIUM	MEDIUM	The Company believes in remaining compliant with its legal and contractual obligations so to avoid frivolous litigations, however, whenever needed the Company engages apt legal professionals to handle its matters.
Environmental Risk Actual or potential threat of adverse effects on environment arising out of the Company's activities	Internal	Financial Capital	LOW	HIGH	The Company in the past has made significant investments to remain environment friendly. Presently, the emission level of the Company is even better that the European and the IFC standards.

OPPORTUNITIES	SOURCE	MATERIALIZATION
Technologically advanced and state-of the art plant and machinery resulting in production efficiencies and lowest cost.	Installation of state of the art clinker production plant of 7700 TPD and cement production and dispatch plant of 8500 TPD	This efficient plant shall allow the Company to move ahead towards cost leadership in the domestic market plus it will allow more room for the Company to penetrate in the highly competitive export market.
Higher exchange rate Naya Pakistan	Government policies	The present exchange rate bodes well the Company's future export targets.
Housing, Dams, Resumption of CPEC projects	Government policies	These initiatives are imperative likely to kick off sooner or later and once done would add ample fuel in domestic cement demand. The Company is ripe for any such demand increases through its enhanced and efficient production facilities.

BOD's Commitment to Risk Mitigation

As a business reality, the Company is susceptible to various risks. However, through comprehensive planning and business understanding, the Board of Directors continues to identify and mitigate actual, potential and perceived risks.

The Board of Directors have carefully carried out a robust assessment of the principal risks facing the Company, including those that would threaten the business model, future performance and solvency of the Company while establishing and maintaining a control framework comprising clear structures, authority limits and accountabilities, well implemented policies and procedures and budgeting for review processes.

Further, it is confirmed that no defaults in payments of any debts were made and that the Company has adequate capital structure. Any deficiencies in the capital structure identified are aggressively addressed to mitigate accordingly.

Statement of Board of Directors on Risk Assessment

The Company conducts business in a complex and challenging environment and is therefore exposed to number of external and internal risks that may present threats to its success and profitability. Every business decision taken is based on weighing the associated risks against rewarding opportunities. We take measured risks as we strive to seize business opportunities that are compatible with our long-term vision. Risk management is one of the essential elements of the Company's corporate governance and creates a balance between entrepreneurial attitude and risk levels associated with business opportunities. Risk management at Power Cement Limited is about safeguarding our ability to create value for all of our stakeholders.

Default of Payments

Adhering to the best business practices, the Company recognizes its responsibility of timely repayments of due amount. No default on payment of loan/debts was recorded during the year under review.

Capital Structure Management

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

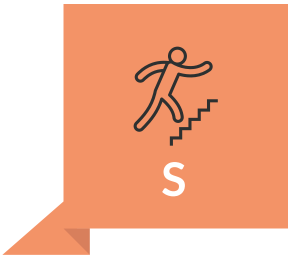
The Company's objectives when managing capital are:

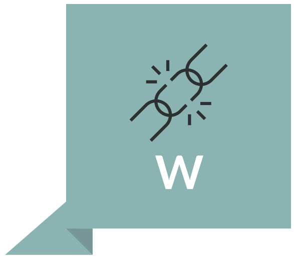
i. to safeguard the entity's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders; and

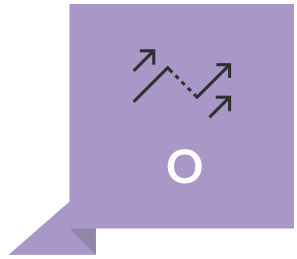
ii. to provide an adequate return to shareholders.

The Company manages the capital structure in the context of economic conditions and the risk characteristics of the underlying assets. Capital structure mainly consists ordinary share capital and long term/ short term debts. Management believes that there is no inadequacy in capital structure.

SWOT Analysis







Strengths

- Power Cement Limited, a part of Arif Habib Group , will commence commercial production of its new state of the art cement plant (purchased from the World's renowned supplier, viz., FLSmidth). Thereafter, the Company will become the second largest producer of cement in the South Zone and it will also become one of the lowest cost producers in the industry.
- The strategic plant location of the Company near Port Qasim allows it to enjoy lower logistical costs in its imports and as well as in exports.
- The human capital of the Company is a key asset of the company. The CEO, is supported by a team of professionals having rich industrial experience.
- The carbon emissions by the Company are below the European and the IFC limits

Weaknesses

- The Company has no manufacturing facility in the North Zone of the Country.
- The Company is still reliant on the National grid for its energy needs while some other cement players in the South Zone enjoy their own power generation facilities.

Opportunities

- China Pakistan Economic Corridor (CPEC) along with the Government's aim to build 5 million housing units and Dams are likely generate a huge demand of cement in the Country.
- Growing population, increasing urbanization and rising income levels will also contribute to the cement demand in the Country, particularly, given the fact that Pakistan has the lowest per capita cement consumption in the region.
- On the export side, a consistent growth has been witnessed in the last few quarters. The main demand driver in exports has been a change in the Chinese economy which has now started importing cement and clinker instead of being one of the major exporters. Similarly, there exists a strong demand of cement from Bangladesh, Sri Lanka and Philippines. Such export market conditions coupled with the falling rupee offers attraction to go for exports.

Threats

- Growing pressure on prices due to rising input costs on account of increase in coal and other fuel prices coupled with the fall in rupee value has squeezed the gross profits of all cement companies.
- In the short term, increasing capacities in the market are likely to put pressures on the selling prices of the domestic dispatches.

Mr. Nasim Beg

Chairman & Non-Executive Director

Corporate Responsibilities

Arif Habib Consultancy (Pvt.) Limited
(Chief Executive)

As Director

- Arif Habib Corporation Limited
- Aisha Steel Mills Limited
- Arif Habib Dolmen REIT
  Management Limited (non-executive Chairman)
- MCB-Arif Habib Savings & Investments Limited
  (Vice Chairman)
- Pakarab Fertilizers Limited
- Pakistan Opportunities Limited

Mr. Nasim Beg, a Fellow Member of the Institute of Chartered Accountants of Pakistan, is the Chief Executive Officer of Arif Habib Consultancy (Pvt.) Limited along with being the Vice Chairman of MCB-Arif Habib Savings & Investments Limited, an Asset Management Company that was conceived and set up by him and which he headed as Chief Executive till June 2011.

With over forty-five years of experience in the business world including industry and the financial services (in and outside the country), Mr. Nasim Beg is one of the most highly experienced professionals of the country.

Before joining the Arif Habib Group, Mr. Beg served as the Deputy Chief Executive of NIT, which he joined during its troubled period and played an instrumental role in its modernisation and turn around. He also served as the acting Chief Executive of NIT for a few months. He has also been associated at top-level positions with other asset management and investment advisory companies. Mr. Beg has also held senior level responsibilities in the automobile industry. During his tenure as the Chief Executive of Allied Precision (a subsidiary of the Allied Engineering Group), he set up a green field project for the manufacture of sophisticated indigenous components for the automotive industry under transfer of technology licenses with Japanese and European manufacturers. His initiation to the financial services business was with the Abu Dubai Investment Company, UAE, where he was a part of the team that set up the company in 1977. He has also been a member of the Prime Ministers Economic Advisory Council (EAC).

Mr. Muhammad Kashif Habib

Chief Executive Officer

Corporate Responsibilities

Power Cement Limited (Chief Executive)
Safemix Concrete Limited (Chief Executive)

As Director

- Aisha Steel Mills Limited
- Alternatives (Private) Limited
- Arif Habib Corporation Limited
- Arif Habib Equity (Private) Limited
- Arif Habib Foundation
- Arif Habib Real Estate Services (Pvt.) Limited
- Black Gold Power Limited
- Bubber Sher (Pvt.) Limited
- Fatimafert Limited
- Fatima Cement Limited
- Fatima Fertilizer Company Limited
- Javedan Corporation Limited
- Memon Health and Education Foundation
- Nooriabad Spinning Mills (Private) Limited
- Pakarab Fertilizers Limited
- REMMCO Builders & Developers Limited
- Reliance Sacks Limited
- Rotocast Engineering Company (Pvt.) Limited

Mr. Muhammad Kashif Habib is the Chief Executive of Power Cement Limited and Sefemix Concrete Limited. Being a member of the Institute of Chartered Accountants of Pakistan (ICAP) he completed his articleship from A.F. Ferguson & Co. (a member firm of Price Waterhouse Coopers), where he gained experience of a diverse sectors serving clients spanning the Financial, Manufacturing and Services industries.

He has to his credit more than eight years of experience in Arif Habib Corporation Limited as well as nine years' experience as an Executive Director in cement and fertilizer companies of the group.

Mr. Anders Paludan - MÜller

Non-Executive Director

Mr. Anders Paludan - Müller is a Danish National. He holds an MSc in Business Administration and has an experience of over 30 years in the investment sector working all over the world. He is currently an Investment Director at IFU (Danish Investment Fund for Developing Countries ; Copenhagen, Denmark) .

As Director

• Power Cement Limited

Syed Salman Rashid

Non-Executive Director

Mr. Syed Salman Rashid holds a Bachelor's Degree from Karachi University and is a Certified Director from Pakistan Institute of Corporate Governance. He has served with EFU Group for over 30 years and presently serves as a Deputy Managing Director of EFU General Insurance Limited looking after the largest Marketing and Sales Division of the Company. Parallel to his professional services, he has also served on the Board of JS Investments Bank Limited and Power Cement Limited.

As Director

• EFU Life Assurance Limited
• Power Cement Limited

Mr. Samad A. Habib

Non-Executive Director

Mr. Samad A. Habib is the Chief Executive of Javedan Corporation Limited. Mr. Samad A. Habib has more than 15 years of experience, including 9 years of working in the financial services industry in various senior management roles.

He began his career with Arif Habib Corporation Limited (the holding company of Arif Habib Group) and has served the company in various executive positions including Executive Sales and Business Promotions, Company Secretary, Head of Marketing, etc.

In September 2004, he was appointed the Chairman and Chief Executive of Arif Habib Limited. As Chairman he was responsible for the strategic direction of the company and was actively involved in capital market operations and corporate finance activities such as serving corporate clients, institutional clients, high net worth individuals, and raising funds for clients through IPOs, private placements etc. He resigned from that position in January 2011.

Mr. Samad A. Habib holds a Master's degree in Business Administration.

Corporate Responsibilities

Javedan Corporation Limited
(Chief Executive)

As Director

- Arif Habib Corporation Limited
- Arif Habib Equity (Pvt.) Limited
- Arif Habib Foundation
- Arif Habib Dolmen REIT Management Limited
- Arif Habib Real Estate Services (Pvt.) Limited
- MCB-Arif Habib Savings & Investments Limited
- International Complex Projects Limited
- Nooriabad Spinning Mills (Pvt.) Limited
- Pakarab Fertilizers Limited
- Pakistan Opportunities Limited
- Parkview Company Limited
- REMMCO Builders & Developers Limited
- Rotocast Engineering Company (Pvt.) Limited
- Safemix Concrete Limited
- Sweetwater Dairies Pakistan (Pvt.) Limited

Mr. Muhammad Yousuf Adil

Independent & Non-Executive Director

Mr. Muhammad Yousuf Adil, a Fellow Member of the Institute of Chartered Accountants of Pakistan, has over 40 years of experience in providing assurance and tax services to a varied range of industrial and financial institutions in the private and public sector.

After obtaining qualification as Chartered Accountant, Mr. Adil established his own firm, M.Yousuf Adil & Co. as a sole practitioner in 1972 and built up the practice by inducting partners and establishing offices in Lahore, Faisalabad and Multan. Mr. Adil has been instrumental in Business development in Karachi, Lahore, Multan and Faisalabad. He, along with his partners was able to build the practice and obtained membership of Deloitte in 2002. He became the Managing Partner and later Chairman of the Executive Board of the Firm. He retired from the firm on reaching superannuation age in July 2011.

Mr. Adil has been involved in due diligence, mergers & acquisition, takeovers and listing of prominent banking/ financial institutions, oil & gas companies, government entities, manufacturing and trading entities amongst other corporate institutions. He is an expert in the field of public issue of shares and taxation. He and has handled the highest number of public issues and mergers among the professional accountants in Pakistan.

As a management consultant he has carried out various assignments including financial and economic feasibility studies, viability studies, project financing, development and implementation of accounting and internal control systems, preparation of accounting and procedure manuals.

He has been instrumental in helping clients to excel and become major business houses in Pakistan.

Mr. Muhammad Ejaz

Non-Executive Director

Corporate Responsibilities

Arif Habib Dolmen REIT Management Limited

(Chief Executive)

As Director

- Aisha Steel Mills Limited
- Arif Habib Corporation Limited
- Dolmen Arif Habib Real Estate Services (Pvt.) Limited
- Javedan Corporation Limited
- REMMCO Builders & Developers Limited
- Sachal Energy Development (Pvt.) Limited

Muhammad Ejaz is the founding Chief Executive of Arif Habib Dolmen REIT Management Limited, which has successfully launched South Asia's first listed REIT fund. He has been associated with Arif Habib Group since August 2008 and sits on the board of several group companies. He has spear headed several group projects when these were at a critical stage during their execution.

He holds a Prior to joining Arif Habib Group, Ejaz has served at senior positions with both local and international banks. He was the Treasurer of Emirates Bank in Pakistan and served Faysal Bank Pakistan as Regional Head of Corporate Banking group. He also served Saudi-Pak bank as Head of Corporate and Investment Banking. He also had short stints at Engro Chemical and Shoaib Capital.

Ejaz did his graduation in Computer Science from FAST ICS and did MBA in Banking and Finance from IBA, Karachi where he is a regular visiting faculty member. He has also conducted programs at NIBAF , SBP and IBP. He is a Certified Director and also a Certified Financial Risk Manager.

He actively participates in the group's CSR initiatives and is the Managing Trustee for Jinnah Foundation Memorial Trust, which renders services in the fields of health and education with emphasis on female literacy.

Mr. Tahir Iqbal

Chief Financial Officer & Company Secretary

Mr. Iqbal is a Fellow Member of ICMAP, having twenty years of experience in finance, accounting, taxation, corporate affairs, risk management, audit/assurance coupled with general management experience. He has participated in a number of international and national advance level courses relating to his core professional areas including Certified Directorship Program from Pakistan Institute of Corporate Governance (PICG). He is currently associated with Arif Habib Group since 2005 as a senior professional executive. Presently Mr Iqbal is serving as CFO & Company Secretary for Power Cement Limited. Before above assignments he was working as the CFO & Company Secretary for the Aisha Steel Mills Limited for seven years and before that in flagship company of Arif Habib Group i.e. Arif Habib Corporation Limited, for six years. He has also served on the Board of Directors of Real Estate Modaraba Management Company Limited and S.K.M Lanka Holdings (Pvt.) Limited (a Colombo Stock Exchange Member Company incorporated in Sri Lanka).

Chairman's Review Report

Dear Shareholders,

I am reporting to you on the performance of the Board, which I chair. The focus of this report is on the overall all governance of the Company and the Board oversight of the Management during the financial year ended 30th June 2019. The Board has issued a separate report on the performance of the Company, as well as its outlook.

Power Cement Limited complies with all the requirements set out in the Companies Act, 2017 and the Listed Companies (Code of Corporate Governance) Regulations, 2017 with respect to the composition, procedures and meetings of the Board of Directors and its Committees.

Based on my assessment of the Board's performance during the year, I wish to present the following:

1. **Vision, mission and values:** The Board members are familiar with the current vision, mission and values and support them. The Board intends revisiting the mission and vision statement from time to time.

2. **Engagement in strategic planning:** The Board took a major decision to commit the Company to significant expansion in production capacity, entailing Rs.25 billion of capital expenditure. This was based on very well considered strategic plans, while keeping in view the expected growth in the per capita consumption of cement by an expanding population, which should result in a higher demand for cement. As a strategy, the Board has put the Company on the path of becoming a significant player in the market upgrading it from one of the minor participants in the market. The Board continues to have its focus on strategic planning so as to ensure that the Company is well placed to take on the challenges of steering through the shorter-term business cycles within an overall growth path. The Board has set annual goals and targets for the Management in all major performance areas and has a strategic vision of how the Organization should evolve over the next three to five years.

3. **Diligence:** The Board members have been diligent in performing their duties and thoroughly reviewed, discussed and approved business strategies, corporate objectives, plans, budgets, financial statements and other reports. It received clear and succinct agendas and supporting written material in sufficient time prior to the meetings of the Board and its Committees. The Board met frequently enough to adequately discharge its responsibilities.

4. **Monitoring of Organization's business activities:** The Board remained updated with respect to the achievement of Company's objectives, goals, strategies and financial performance through regular presentations by the Management, internal and external auditors and other independent consultants. The Board provided appropriate direction and oversight on a timely basis.

5. **Diversity and mix:** The Board members are from diverse backgrounds and constitute a mix of independent and non-executive directors. The nonexecutive and independent directors were equally involved in important Board decisions.

6. **Governance and Control Environment:** The Board has in place a transparent and robust system of governance. A major emphasis during the year was on recruiting and training Human Resource, as well as on enforcing Health and Safety policies. This is entailed setting up an effective control environment, compliance with the best practices in all areas and by promoting ethical and fair behaviour across the Company. I am also pleased to report that a good ERP system is in place and the Management will be able utilize the best tools that technology has to offer in capturing, interpreting and managing information on a timely basis.

Board's Function and Decision Making

Each member of the Board is fully aware of his responsibilities as an individual member as well as the responsibilities of all members together as a board. The Board actively participates in all major decisions of the Company including appointment approval of capital expenditure budgets, investments, issuance of equity and debt capital, related party transactions and appointment of key personnel. The Board also monitors the Company's operations by approval of financial statements, review of internal and external audit observations, if any and recommendation of dividend. The Board has devised formal policies for conducting business and ensures their monitoring through an independent Internal Audit Department which continuously monitors adherence to Company Policies.

Matters Delegated to the Management

The responsibility of implementing the strategies as approved by the Board of Directors is that of the management. The management conducts the routine business operations of the Company in an effective and ethical manner in accordance with the strategies and goals approved by the Board and identifies and administers the key risks and opportunities which could impact the Company in the ordinary course of execution of its business. Management is also concerned in keeping the Board members updated regarding any changes in the operating environment or risk profile. It is also the responsibility of management, with the oversight of the Board and its Audit Committee, to prepare financial statements that fairly present the financial position of the Company in accordance with applicable accounting standards and legal requirements.

Annual Evaluation of Chairman's and CEO's Performance

CEO is appointed by the Board for a tenure of 3 years and his performance is evaluated on an annual basis with respect to the KPIs assigned to him and his roles and responsibilities as prescribed under the regulatory framework.

Board's performance evaluation was not carried out by an external consultant in the last three years.

Directors Training Program and Orientation

As part of the Company's continuing education for all Directors, articles, reports and press releases relevant to the Company's business are circulated to keep all directors updated on industry issues and trends. Changes in regulations are also informed to the Board. The external auditors routinely update the Audit Committee on new and revised financial reporting standards relevant to the Company.
As required by the Securities and Exchange Commission of Pakistan (SECP), which mandates Board members to require certification, the following directors are certified from Pakistan Institute of Corporate Governance namely:

Mr. Muhammad Kashif Habib	Chief Executive / Executive Director
Mr. Muhammad Ejaz	Non-Executive Director
Mr. Samad A. Habib	Non-Executive Director
Syed Salman Rashid	Non-Executive Director

Besides, the following directors have been exempted from the directors training program certification based on relevant experience as mentioned in the Listed Companies Regulations, 2017.

Mr. Nasim Beg	Chairman / Non-Executive Director
Mr. Muhammad Yousuf Adil	Independent / Non-Executive Director

Mr. Muhammad Yousuf Adil meets the criteria for independence as per Section 166 of Companies Act, 2017.

Further, orientation programs are carried out for the directors to acquaint themselves with the Regulations, applicable laws, their duties and responsibilities to enable them to effectively govern the affairs of the listed Company for and on behalf of shareholders.

Policy of Remuneration to Non-Executive Directors:

The Chief Executive and certain Executives are provided with the use of Company cars and the operating expenses are borne by the Company to the extent of their entitlement.

Executive means an employee of a listed company other than the chief executive and directors whose basic salary exceeds Rs. 1.2 million in a financial year. The chief executive and certain executives of the

Company are provided with free use of cars.

Detail of the remuneration paid to executive and non-executive Directors during the year is given in Note 39 of the attached financial statements.

Policy of Retention of Board Fee by the Executive Director in Other Companies:

The Chief Executive is also an Executive Director on the Company's Board of Directors in compliance with of the Companies Act 2017. He also holds position as Non-Executive Director on the Boards of other Companies as disclosed on Directors' Profile Section of the Annual Report.

Fees paid by these companies are in compliance with policies of respective companies which have been approved by their Board of Directors.

Policy for Security Clearance of Foreign Directors

Foreign Director on the Board is required to furnish a declaration that necessary documents have been submitted with the Company Registration Office (CRO), Islamabad and that in case his name is not cleared for security purposes by the Ministry of Interior, the Company facilitates arrangement of such clearance, and in case the clearance is not arranged, then the Company takes steps for replacement of such Director as considered appropriate.

Implementation of Governance Practices Exceeding Legal Requirements

The management of Power Cement Limited believes to follow best governance practices that can be implemented in the Company's environment. To implement these practices, the minimum benchmark is to comply with all the legal requirements. However, the management goes ahead to implement best governance rules and practices that are followed globally and are in favor of the Company's shareholders, employees, environment and community.

Following additional governance practices implemented by the management include:

- Disbursement of additional corporate and financial information to shareholders and legal authorities, although not required by any law, to make the Company's affairs more transparent and to give better insight of the Company's affairs, policies and strategies.
- Implementation of Health, Safety and Environment Policy for better and safe work place environment for employees, workers and surrounded community.

The Company understands and fulfil its corporate social responsibility and has implemented various social projects for welfare of the community.

Policy on Diversity

Power Cement Limited aims to be an inclusive organization, where diversity is valued, respected and built upon. The culture of the Company values differences and recognizes that stakeholders from different backgrounds and experiences can bring valuable insights to enable a collaborative work environment by introduction of varied ideas and perspectives within the Company.

We aim to pro-actively tackle discrimination and to ensure that no individual or group is directly or indirectly discriminated against for any reason regarding employment and the Company bears no tolerance for harassment/bullying and persecution. The company has a whistle blowing policy in place, and employees are encouraged to report all such matters and related grievances to the Human Resources department. The Board ensures application of diversity policy through Human Resource department by ensuring that all talent hunting seminars, job fairs and advertisements specifically mention that we are an equal opportunity employer in all areas and we nourish an organizational culture where individual differences are appreciated rather than criticized for novel ideas and improvements.

List of Companies in which Executive Director is acting as a Non- Executive Director

In addition to being the Chief Executive of the Company, Mr. Muhammad Kashif Habib holds Non-Executive Directorship on the Board of the following companies that have also been mentioned in Directors' Profile Section of the Report:

- Aisha Steel Mills Limited
- Alternatives (Private) Limited
- Arif Habib Corporation Limited
- Arif Habib Equity (Private) Limited
- Arif Habib Foundation

- Arif Habib Real Estate Services (Pvt.) Limited
- Black Gold Power Limited
- Bubber Sher (Pvt.) Limited
- Fatimafert Limited
- Fatima Cement Limited
- Fatima Fertilizer Company Limited
- Javedan Corporation Limited
- Memon Health and Education Foundation
- Nooriabad Spinning Mills (Private) Limited
- Pakarab Fertilizers Limited
- REMMCO Builders & Developers Limited
- Reliance Sacks Limited
- Rotocast Engineering Company (Pvt.) Limited

Policy for Related Party Transactions

All transactions with related parties arising in the normal course of business are carried out on an unbiased, arm's length basis at normal commercial terms and conditions.

All transactions with related parties where majority of Directors of are interested, are referred to the shareholders in a general meeting for approval. In compliance with the Code of Corporate Governance and applicable laws, a comprehensive list of all related party transactions are placed before the Audit Committee for review at the end of each quarter. After review by the Committee, the transactions are considered and approved by the Board keeping in view the recommendations made by the Committee.

Disclosure of Significant Related Party Transactions of value equal to or more than 10% of total assets or annual total turnover as per last year's audited financial statements of the Company shall be disseminated to the Exchange immediately upon entering into such transaction. The information should include but not limited to the following:

(i) Name of Related Party
(ii) Nature of Transaction
(iii) Amount of transaction
(iv) Names of the interested person(s) and their nature of interest in the transaction / related party
(v) The interested person's direct or indirect shareholding in the Listed Company
(vi) Details, description, terms and conditions of transaction; and
(vii) The rational for and benefit to the Listed Company of such trsanaction

The Company maintains a comprehensive and updated list of all related parties. Names of all such related parties along with whom the Company had entered into transactions during the year, along with the nature of their relationship and percentage holdings have been appropriately disclosed in Note 39 of the Financial Statements. However, there was no contract or arrangement with any related party other than in the ordinary course of business on an arm's length basis.

Board meetings held outside Pakistan during the year

There were no board meetings held outside Pakistan during the year.

Policy for Disclosure of Conflict of Interest

All Directors are obligated to avoid actual, potential and perceived conflicts of interest. Agenda points for the Board's proceedings are finalized after obtaining relevant information regarding vested interests and quantification thereof, whereas all observations / suggestions of Board members during their proceedings are accordingly recorded.

Conflict of interest management policy

Policy Statement

The company has the policy for actual and perceived conflicts of interest and measures are adopted to avoid any conflict of interest, identify the existence of any conflict of interest, and to disclose the existence of conflict of Interest. The Company Policy provides a guide as to what constitutes a conflict of interest, the processes and procedures that are in place in order to facilitate compliance and, the consequences of noncompliance. The Policy is intended to assist directors and employees in making the right decisions when confronted with potential conflict of interest issues.

Management of Conflict of Interest:
The primary goal of this policy is to manage conflicts of interest to ensure that decisions to be made are on proper grounds, for legitimate and unbiased reasons. In this regard, Power Cement Limited has set the following procedures to manage and monitor the conflict of Interest:

1. Identify areas of risk
2. Develop strategies and responses for risky areas.
3. Educate all employees about the conflict of interest policy.
4. Communicate with stakeholders to provide the platform for proper disclosure
5. Enforce the policy.

Further, the directors are periodically reminded of the insider trading circular issued by the Securities and Exchange Commission of Pakistan to avoid dealing in shares while they are in possession of the insider information. Every director is required to provide to the Board complete details regarding any material transaction which may bring conflict of interest with the Company for prior approval of the Board. The interested directors do not participate in the discussion neither they vote on such matters. The transactions with all the related parties are made on arms-length basis and complete details are provided to the Board for their approval. Further all the transactions with the related parties are fully disclosed in the financial statements of the Company as mentioned in the Policy on Related Parties section.

Investors' Grievance Policy:
The shareholders have been facilitated and encouraged to file their grievances with the Company in an effective manner. All queries including grievances and information requests lodged by shareholders and potential investors are handled on priority with the legal requirements and in a timely manner. Under the mechanism, the Company caters to requested information including specific queries relating to shareholders' investments, dividend distribution or circulation of regulatory publications by the Company, received directly or through any regulatory body. The 'Investors' Relations' section
is also maintained on the Company website link http://powercement.com.pk/page-investor-grievances

Material information is also disseminated through newspapers, publication on Company's website, notices to the Stock Exchange and regulators etc.

Policy for Safety of Records:
The policy is designed to protect data in the organization to be sure it is not lost and can be recovered in case of any server failure, international destruction of data, or disaster. This policy applies to all server and data owned and operated by the organization.

Policy Statements:

Frequency and Retention
1) Back-ups of data should at least be performed with the following frequency.
a) Daily basis in normal scenarios.
b) Additional back-ups should be made pre and post any critical activity / batch processing
c) Additional back-ups of financial, sales & inventory software database made up of 15 days should be retained forever.
d) Back-up media of data that is no longer needed will be reused/recycled or destroyed.

Storage

1) A Daily back-up copy shall be stored in the existing server.
2) The access of back-up copies should be controlled
3) Additional back-ups of financial, sales & inventory software database made up of 15 days should be retained forever which should be stored at the off-site location and these locations of both head office and site are replica of one another.
4) Access to the secure off-site location and the ability to request back-ups from this location should only be limited to authorized personnel only.

Recovery testing
Information services back-up operations are performed in the months of June and July on financial, sales

and inventory software database back-ups to determine if the database can be restored.

IT Governance Policy:
Recognizing the criticality of Information Technology governance in achievement of its overall strategic and operational objectives, IT resources of the Company have been aligned to provide the management with an efficient operating and decision making platform that helps in streamlining operations.

IT Governance Policy consists of the following:
- Maximizing return on technology investment with controlled spending.
- Safeguarding of Company's data.
- Development and up-gradation of different modules to provide reliable, efficient and timely information.
- Improving user awareness on IT security to detect and prevent vulnerabilities.
- Ensuring compatibility, integration and avoidance of redundancy.

Social And Environmental Responsibility Policy
The Company's Social and Environmental Responsibility Policy reflects the Company's recognition that there is a strong, positive correlation between financial performance and corporate, social and environmental responsibility. The Company believes that the observance of sound environmental and social strategies is essential for building strong brand and safeguarding reputation, which in turn is vital for long term success.

Social Responsibility Policy:
- Implementation of Employee Code of Conduct that fits with local customs and regulations.
- Culture of ethics and behavior which improve values like integrity and transparency.
- Promoting the culture of work facilitation and knowledge transfer.
- Carrying out corporate philanthropy actions
- Maintaining collaborative relations with the society through a good harmony and effective communication.

Environmental Responsibility Policy
Ensure our products, operations and services comply with relevant environmental legislation and regulations.
- Maintain and continually improve our environmental management systems to conform to the ISO Standards or more stringent requirements as dictated by specific markets or local regulations.
- Operate in a manner that is committed to continuous improvement in environmental sustainability through conservation of resources, prevention of pollution, and promotion of environmental responsibility amongst our employees.
- Inform suppliers, including contractors, of our environmental expectations and require them to adopt environmental management practices aligned with these expectations.

Business Continuity and Disaster Recovery Plan
The Board of Directors ensures that the Company has an updated Business Continuity and Disaster Recovery plan in place for the continuity of Company's business and operations in case of any extra ordinary circumstances.

The comprehensive plan is designed to ensure the protection of overall company's operations and assets along with regular archival and system-backups at remote sites.
The key highlights and actions of Power Cement Limited's Business Continuity Plan is as follows:
- The Management has put in place-adequate systems of IT Security, real-time data backup and off-site storage of data back-up at Company's Site.
- The development of the plan has been done keeping in view the on-going business needs and the environment it is operating in.
- The Management also ensures the training of all the employees on how to respond in case of any unforeseen or extra ordinary event.
- Employees are imparted multi-skill training which helps in the continuity of business activities.
- To ensure the safety of employees and assets, fire alarm systems are installed in the premises of all the offices. Moreover, adequate systems are in place for extinguishing fire.
- The Company has also deployed adequate security staff at both plants to ensure uninterrupted cement production regardless of the political situation and other external factors.

- The Company ensures the backup of all the assets whether physical or virtual; the physical assets are backed by insurance, whereas back-up of virtual assets and data is created on a routine basis.
- It is also regularly ensured that Data Recovery processes are operating effectively.

Disclosure of Beneficial Ownership

The Ultimate Beneficial Owners of the Company (non-natural persons) are enlisted below:

Ultimate Beneficial Shareholder	Shareholding %
Arif Habib Corporation Limited	10.34
Arif Habib Equity (Private) Limited	19.54

Compliance with the Best Practices of Code of Corporate Governance

The Board of Directors has complied with the requirements for Listed Companies (Code of Corporate Governance) Regulations, 2017, the listing regulations of the Pakistan Stock Exchange and the requirements for Financial Reporting framework of Securities & Exchange Commission of Pakistan (SECP). Statement of Compliance with the Code of Corporate Governance, Review Report by the Company's Auditors and Report of the Board's Audit Committee on adherence to the Code of Corporate Governance are also included in this Report.

Whistle Blowing Policy:

The salient features of the policy are as follows:

1. A whistle-blower who raises a concern as per this policy, is provided with due protection in respect of performance of his duties and receipt of justified consideration under employment or contractual arrangement. No harassment or pressures towards the whistle-blower are tolerated and the Company takes appropriate actions to protect all such individuals.
2. The company ensures that the information shared and the identity of the whistle-blower remains confidential until such time as the person needs to come forward as a witness.
3. All concerns are reported in writing to ensure a clear understanding of the issues being raised. The background, the nature of concern, relevant dates and timings, evidences/proofs where possible, the reasons for the concern and the names of individuals against whom the concern is being reported are documented therein.
4. Each concern received is assessed for its validation and initial inquiries are made to determine whether an investigation is appropriate. At the end of the investigation, a written report that provides the findings, basis of findings and a conclusion is submitted to the Chief Executive Officer.

Human Resource Management

The backbone of any organization is its people. Power Cement Limited firmly believes in nurturing, investing in and promoting its employees with the ultimate objective of ensuring a very high level of employee satisfaction and efficiency, which in turn translates into high levels of customer satisfaction.
The Company is committed to build a strong organizational culture that is shaped by empowered employees who demonstrate a deep belief in Company's vision and values. Therefore, Human Resource Management (HRM) is an integral part of our business strategy. The Company fosters leadership, individual accountability and teamwork.

Succession Planning

The Company believes in proactive approach towards succession planning. We recruit employees, develop their knowledge, skills, abilities, and prepare them for advancement or promotion into ever more challenging roles. Rigorous succession planning is also in place throughout the organization. Succession planning ensures that employees are constantly developed to fill each needed role. We look for people who exemplify continuous improvement when we are spotting future successors. In this relation, the Company also expends a lot in terms of finances and time for the training of its resources as is evident from the below trainings held during the year:

1. Effective Communication Skills
2. Project Management
3. Management Development Program "One Team – One Goal"
4. Supply Chain Management

Role of Chairman and the Chief Executive

Chairman

- To provide leadership to the Board of Directors of the Company.
- To ensure that the Board plays an effective role in setting up the Company's corporate strategy, business direction and Key Performance Indicators (KPIs).
- To promote and oversee the highest standards of corporate governance within the Board and the Company.
- To review performance of the Board.
- To manage and solve conflict, if any, amongst the Board members and to ensure freedom of opinion in the Board.

Chief Executive

- To execute and implement the strategies, policies and business plans approved by the Board.
- To achieve the performance targets set by the Board and to ensure communication of the same across the organization as the standards to be achieved by the Management.
- To maintain an effective communication with the Chairman and the Board and to bring all important matters to their attention.
- To ensure that all strategic and operational risks are effectively managed to an acceptable level and that adequate system of internal controls is in place for all major operational and financial areas.
- To encourage and inculcate a culture of highest moral, ethical and professional values in all business dealings of the Company.

Terms of Reference of Human Resource and Remuneration Committee

The purpose of the Human Resources & Remuneration Committee (the "Committee") is to assist the Board of Directors (the "Board") of Power Cement Limited (the "Company") in fulfilling its oversight responsibilities in the field of Human Resources and their Compensation. The Committee's primary focus is with respect to the development, succession planning and compensation of senior executives and the identification, oversight and management of risk related to the compensation policies and practices of the Company.

The terms of reference of Human Resource and Remuneration Committee shall include the following:

(i) Recommending Human Resource Management Policies to the Board.

(ii) Recommending to the Board the selection, evaluation, compensation (including retirement benefits) and succession planning of the Chief Executive Officer, Director Coordination, Chief Financial Officer, Company Secretary and Head of Internal Audit.

(iii) Consideration and approval of the recommendations of the CEO about selection, evaluation, compensation (including retirement benefits) and succession planning of the CEO's direct reports.

(iv) Consideration of any other issue or matter as may be assigned by the Board of Directors.

Terms of Reference of the Audit Committee

The Audit Committee shall, inter alia, recommend to the Board of Directors the appointment of external auditors, their removal, audit fees, the provision by the external auditors of any service to the Company in addition to audit of its financial statements. The Board of Directors shall give due consideration to the recommendations of the Audit Committee in all these matters and where it acts otherwise, it shall record the reasons thereof.

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

(a) determination of appropriate measures to safeguard the Company's assets;

(b) review of quarterly, half-yearly and annual financial statements of the Company, prior to their approval by the Board of Directors, focusing on:

- major judgmental areas;
- significant adjustments resulting from the audit;
- the going concern assumption;
- any changes in accounting policies and practices;
- compliance with applicable accounting standards;
- compliance with listing regulations and other statutory and regulatory requirements; and
- related party transactions.

(c) review of preliminary announcements of results prior to publication;

(d) facilitating the external audit and discussion with external auditors of major observations arising from interim and final audits and any matter that the auditors may wish to highlight (in the absence of management, where necessary);

(e) review of management letter issued by external auditors and management's response thereto;

(f) ensuring coordination between the internal and external auditors of the Company;

(g) review of the scope and extent of internal audit and ensuring that the internal audit function has adequate resources and is appropriately placed within the Company;

(h) consideration of major findings of internal investigations of activities characterized by fraud, corruption and abuse of power and management's response thereto;

(i) ascertaining that the internal control systems including financial and operational controls, accounting systems for timely and appropriate recording of purchases and sales, receipts and payments, assets and liabilities and the reporting structure are adequate and effective;

(j) review of the Company's statement on internal control systems prior to endorsement by the Board of Directors and internal audit reports;

(k) instituting special projects, value for money studies or other investigations on any matter specified by the Board of Directors, in consultation with the CEO and to consider remittance of any matter to the external auditors or to any other external body;

(l) determination of compliance with relevant statutory requirements;

(m) monitoring compliance with the best practices of corporate governance and identification of significant violations thereof; and

(n) consideration of any other issue or matter as may be assigned by the Board of Directors

Report of the Audit Committee

The Audit Committee comprises three (3) non-executive directors including one Independent Director, who is also the Chairman of the Committee. The members of the Audit Committee are qualified professionals and possess enriched experience of working at the Boards & Senior Management levels of entities operating in various sectors. Further, two members are qualified chartered accountants.

The names and profiles of the Audit Committee members are given in Directors' Profile Section of the Annual Report.

Chief Financial Officer of the Company attends the meeting by invitation, while the Committee meetings are attended by the Internal and External Auditors on requirement basis.

The Financial Statements

The Committee has concluded its annual review of the conduct and operations of the Company during 2019, and reports that:

- The annual financial statements for the year ended June 30, 2019 have been prepared on a going concern basis under requirements of Companies Act 2017, incorporating the requirements of the Code of Corporate Governance, International Financial Reporting Standards and other applicable regulations.

- There were no issues in the application of Companies Act 2017, and these financial statements present a true and fair view of the Company's state of affairs, results of operations, profits, cash flows and changes in equity of the Company for the year under review.

- Appropriate accounting policies have been consistently applied except for the changes, if any, which have been appropriately disclosed in the financial statements.

- The Chairman of the Board, Chief Executive Officer and the Chief Financial Officer have endorsed the financial statements of the Company, while the Directors' Report is signed by the Chairman and the Chief Executive Officer. They acknowledge their responsibility for true and fair presentation of the Company's financial condition and results, compliance with regulations, applicable accounting standards and establishment and maintenance of internal controls and systems of the Company.

- Accounting estimates are based on reasonable and prudent judgment. Proper and adequate accounting records have been maintained by the Company in accordance with the Companies Act, 2017. The financial statements comply with the requirements of the Fourth Schedule to the Companies Act, 2017 and the external reporting is consistent with management processes and adequate for shareholder needs.

- All Related Party transactions have been reviewed by the Committee prior to approval by the Board.

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

- Understanding and compliance with Company codes and policies has been affirmed by the members of the Board, the Management and employees of the Company. Equitable treatment of shareholders has also been ensured.

- Trading and holdings of Company's shares by Directors & executives or their spouses were notified in writing to the Company Secretary along with the price, number of shares, form of share certificates and nature of transaction which were notified by the Company Secretary to the Board within the stipulated time. All such holdings have been disclosed in the Pattern of Shareholding.

- Closed periods were duly determined and announced by the Company, precluding the Directors, the Chief Executive and executives of the Company from dealing in Company shares, prior to each Board meeting involving announcement of interim / final results, distribution to shareholders or any other business decision, which could materially affect the share market price of the Company, along with maintenance of confidentiality of all business information.

Risk Management and Internal Control

- The Company has developed a sound mechanism for identification of risks and assigning appropriate criticality level and devising appropriate mitigation measures which are regularly monitored and implemented by the management across all major functions of the Company and presented to the Audit Committee for information and review.

- The Company has devised and implemented an effective internal control framework which also includes an independent internal audit function.

- The Internal Audit department is responsible for monitoring of compliance, inherent and other risks associated with the internal controls and other areas of operations of the Company.

- The Company's approach towards risk management has been disclosed in the risk assessment portion of the Directors' Report. The types and detail of risks along with mitigating measures are disclosed in relevant section of the Annual Report.

Internal Audit

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

- The Audit Committee has ensured the achievement of operational, compliance, risk management, financial reporting and control objectives, safeguarding of the assets of the Company and the shareholders' wealth at all levels within the Company.

- The Internal Audit function has carried out its duties under the charter defined by the Committee. The Committee has reviewed material Internal Audit findings, taking appropriate action or bringing the matters to the Board's attention where required.

- Audit Committee has provided proper arrangement for staff and management to report to Audit Committee in confidence, concerns, if any, about actual or potential improprieties in financial and other matters. Adequate remedial and mitigating measures are applied, where necessary.

- The Head of Internal Audit has direct access to the Chairperson of the Audit Committee and the Committee has ensured staffing of personnel with sufficient internal audit acumen and that the function has all necessary access to Management and the right to seek information and explanations.

- Coordination between the External and Internal Auditors was facilitated to ensure efficiency and contribution to the Company's objectives, including a reliable financial reporting system and compliance with laws and regulations.

External Auditors

- The statutory Auditors of the Company, KPMG Taseer Hadi & Co., Chartered Accountants, have completed their audit assignment of the "Company's Financial Statements" and the "Statement of Compliance with the Code of Corporate Governance" for the financial year ended June 30, 2019.

- The Auditors attended all the Audit Committee meetings where their reports were discussed. The Auditors also attended General Meetings of the Company during the year and have confirmed attendance of the 28th Annual General Meeting scheduled for October 28, 2019.

- The Auditors do not provide any services other than external audit of the Company. The audit firm has no financial or other relationship of any kind with the Company any except that of External Auditors.

- Being eligible, the external auditors have offered themselves to be reappointed as Auditors for the financial year 2019.

Annual Report 2019

- The Company has issued a very comprehensive Annual Report which besides presentation of the financial statements and the Directors' Reports of the Company, also discloses other information much in excess of the regulatory requirements to offer an in depth understanding about the management style, the policies set in place by the Company, its performance during the year, and future prospects to various stakeholder of the Company.

- The information has been disclosed in the form of ratios, trends, graphs, analysis, explanatory notes and statements etc., and the Audit Committee believes that the Annual Report 2019 gives a detailed view of how the Company evolved, its state of affairs and future prospects.

The Audit Committee

- The Audit Committee believes that it has carried out responsibilities to the full, in accordance with Terms of Reference approved by the Board which included principally the items mentioned above and the actions taken by the Audit Committee in respect of each of these responsibilities. Evaluation of the Board's performance, which also included members of the Audit Committee was carried out separately and is detailed in the Annual Report.

  The Chairman of the Audit Committee was not able to attend the AGM due to medical reasons that has been mentioned in the minutes circulated to the shareholders of the Company.

Director's Report

Industry Overview

June 30, 2019 in comparison to 45.89 million tons during last year. While local sales volume registered a decline of 1.95% to 40.34 million tons during the current financial year in comparison to 41.15 million tons last year; export sales volume registered an increase of 37.72% to 6.53 million tons during the current financial year under review as compared to 4.75 million tons last year.

The domestic demand in South Zone, where your Company is situated, stood at 7.98 million tons, i.e., a growth of 11.14% over the prior year. Concurrently, the export demand increased to 4.01 million tons, as against 1.66 million tons in the prior year, an increase of 141.57%. As a result, the South Zone closed at a total dispatch of 11.99 million tons.

In contrast, the North Zone's domestic demand in the current year declined by 4.74% and export demand for the same year declined by 18.06%. As a result, the net decline of North Zone was recorded at 5.86%.

Business Performance

During the year under review, the dispatches of your Company registered an increase of 0.97 % achieving a volume of 665,915 tons as compared to 659,546 tons in the last financial year.

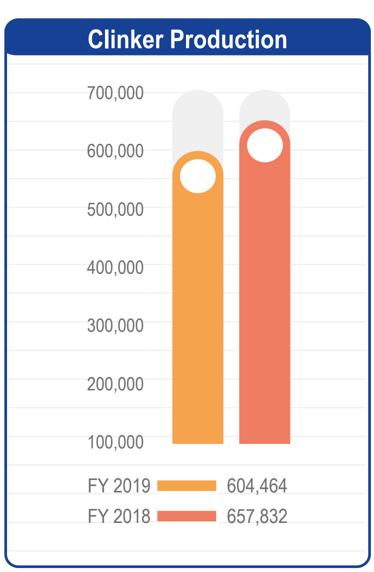
Production & Sales Volume:

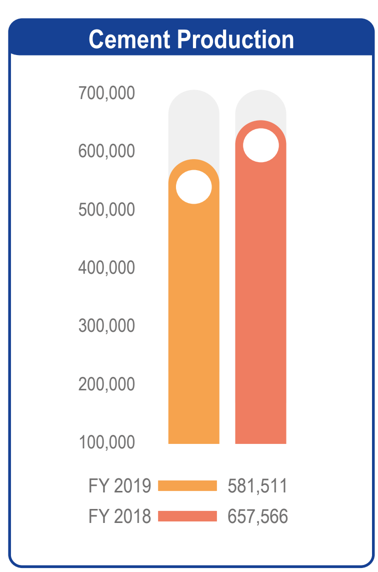
The production and sales volume statistics (in tons) for the year of your Company together with the comparative figures are as under:

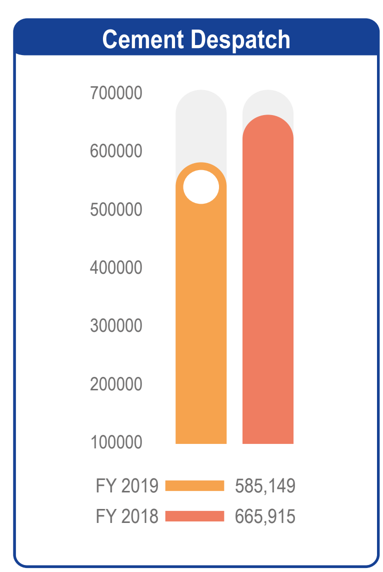
Production	2019	2018	Variance %
Cement	581,511	657,566	(11.57)%
Clinker	604,464	657,832	(8.11)%
Despatches	**2019**	**2018**	**Variance %**
Cement (Local)	580,019	659,314	(12.03)%
Cement (Export)	5,130	6,601	(22.28%)
Total dispatches	585,149	665,915	(12.13)%

During the year under review, the production of cement decreased by 76,055 metric tons, whereas clinker decreased by 53,368 metric tons, the capacity utilization stood at 67% as compared to 73% in comparison of the last financial year.

A graphical representation of the same is as follows:







Financial Performance

A comparison of the key financial results of your Company for the year ended June 30, 2019 is as under:

PARTICULARS	2019	2018
	PKR in '000'	
Sales revenue – Gross	5,709,583	6,244,864
Less: Sales Taxes/ Federal Excise Duty	1,851,127	1,901,624
Sales revenue– Net	3,858,455	4,343,240
Gross profit	157,280	675,068
Operating (loss) / profit	(256,349)	358,020
(Loss) / profit before tax	(412,396)	348,778
Net profit after tax	582,106	319,907
Earnings per share (Rupees)	0.55	0.32

Revenue:

During the financial year 2018-19 under review, overall gross sales revenue of your Company declined by 8.57% as compared to last year whereas net sales declined by 11% in line with the reduced sales volume.

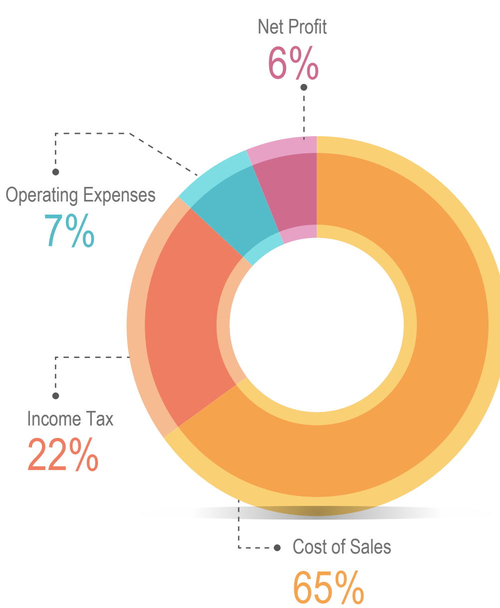
Profitability:

Due to lower despatches, deep currency devaluation, steep interest rates rise and inflation, the profitability of the Company suffered a marked suppression – though due to recognition of tax credit available on installation of its new projects (refer note 31 to the financial statements), the Company managed to score a positive bottom line

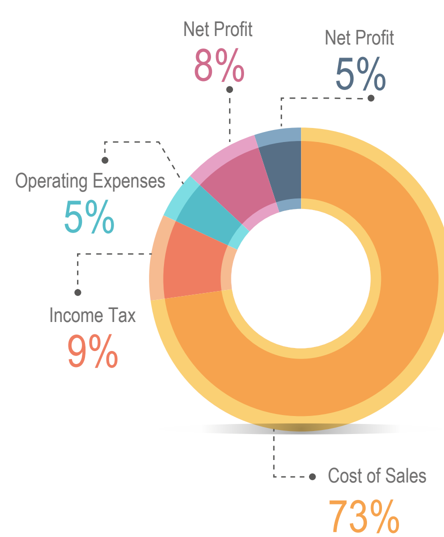
Earnings Per Share

The EPS of your Company for the financial year was PKR 0.55 per share in comparison to PKR 0.32 per share reported last year. The increase in EPS is primarily attributable to the increase in net profits of the Company by a significant 82% as compared to last year.

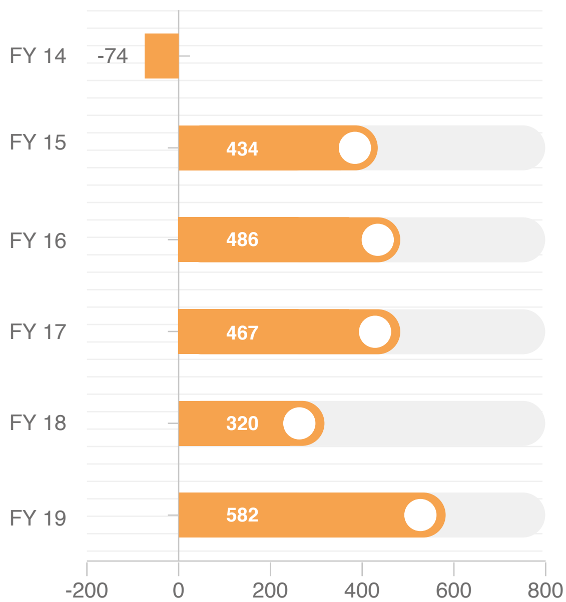
Distribution of Gross Revenue



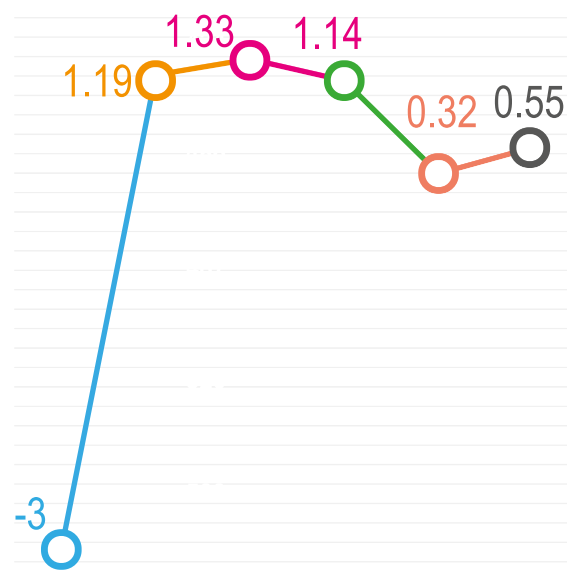
Distribution of Cost of Sales



Net Profit (PKR in Million)



Earnings Per Share (Rs.)



Listed Companies (Code of Corporate Governance) Regulations, 2017

The Directors' of your Company review the Company's strategic direction and business plans on a regular basis. The Audit Committee is empowered for effective compliance of Listed Companies (Code of Corporate Governance) Regulations, 2017. We are taking all necessary steps to ensure good corporate governance in your Company as required by the Code. As part of the compliance, we confirm the following:

- The financial statements prepared by the management of the Company, present fairly the Company's state of affairs, the result of operations, cash flows and changes in equity.
- Proper books of accounts have been maintained by the Company.
- Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
- The International Financial Reporting Standards as applicable in Pakistan have been followed in the preparation of financial statements.
- The system of internal control is sound in design and has been effectively implemented and monitored.
- There are no doubts upon the Company's ability to continue as a going concern. Further the Company is paying all debts in time and no default is made on the part of Company to repay its debts to the banks.
- There has been no material departure from the best practices of corporate governance as detailed in the listing regulations.
- All outstanding statutory payments are of nominal and routine nature.
- The Company operates funded gratuity scheme for its employees as disclosed in relevant note to the financial statements.
- Four directors have already completed the directors' training program. The Board consists of one director who is exempted from the directors' training program in accordance with clause 20 of Chapter VII of the CCG regulations due to having minimum of 14 years of education and over 15

years of experience on the board of a listed company. Currently, there are two directors which require certification under the directors' training program. The Company is committed to comply with the requirements of the subject regulations by June 30, 2020.

- The statement of pattern of shareholding in the prescribed format disclosing aggregate number of shares has been attached with this Annual Report.
- The Company has vested the responsibility of Company Secretary in an individual who comply with the qualification criteria as specified in the Regulations. Furthermore, following the comply or explain approach the Company continued to vest both responsibilities of CFO & Company Secretary in the same individual to benefit the Company from his rich working experience on these positions of listed companies, to achieve the cost optimization and to have the unity of engagement in dealing with internal and external stakeholders.
- Key operating and financial data for the last 6 years has been annexed to the report.

Composition of Board of Directors

Our Board composition represents the interests of all categories of shareholders and it consists of:

Total Number of Directors		
a)	Male	7
b)	Female	-
	Total Number of Directors	7

Composition		
I)	Independent Director	1
II)	Non-Executive Directors	5
III)	Executive Director	1
	Total Number of Directors	7

Meetings of Board of Directors

During the year under review five Board of Directors' (BOD) meetings were held and attendance of Board Members was as follows:

Name of Director	Position on the Board	Meetings attended by the Member
Mr. Nasim Beg	Non-Executive Director/Chairman	5
Mr. Muhammad Kashif Habib	Executive Director / Chief Executive	4
Mr. Muhammad Yousuf Adil	Non-Executive / Independent Director	4
Syed Salman Rashid	Non-Executive Director	5
Mr. Muhammad Ejaz	Non-Executive Director	1
Mr. Samad Habib	Non-Executive Director	5
Mr. Anders Paludan-Müller	Non-Executive Director	4

Leave of absences were granted to directors who did not attend the meetings.

Evaluation Criteria For The Board

A comprehensive mechanism is put in place for undertaking an evaluation of the performance of the Board of Directors in accordance with the Listed Companies (Code of Corporate Governance) Regulations, 2017.

The mechanism puts evaluates the performance of the Board of Directors on the following parameters:

- Composition and scope
- Functions and responsibility
- Monitoring
- Transparency

Performance Evaluation of the Board

The overall performance of the Board measured on the basis of above mentioned parameters for the year was satisfactory. A separate report by the Chairman on Board's overall performance, as required under section 192 of the Companies Act, 2017 is attached with this Annual Report.

Board Committees And Meetings

Audit Committee

The Board of Directors has established an Audit Committee which comprises of three members all of whom are non-executive directors. Composition of the Audit Committee has been made in line with the requirements of the Code of Corporate Governance.

During the year under review, four Audit Committee meetings were held and attendance of each member was as under:

Name of Committee Member	Position on the the Committee	Audit Committee Meeting held	Meetings attended by the Member
Mr. Muhammad Yousuf Adil	Chairman	4	2
Mr. Nasim Beg	Member	4	4
Syed Salman Rashid	Member	4	4

HR & Remuneration Committee

The Board of Directors has established an HR & Remuneration Committee which comprises of four members; of whom three are non-executive directors. The composition of the HR & Remuneration Committee has been made in line with the requirements of the Listed Companies (Code of Corporate Governance) Regulations, 2017.

During the year under review, one HR & Remuneration Committee meeting was held and attendance of each member was as under:

Name of Committee Member	Position on the the Committee	HR Committee Meeting held	Meeting attended by the Member
Mr. Muhammad Yousuf Adil	Chairman	4	2
Mr. Muhammad Ejaz	Member	4	2
Mr. Muhammad Kashif Habib	Member	4	4

Dividend and Bonus

Keeping in mind the obligations of the Company's existing long-term loans, as well as its plans for a major expansion, the Board has decided not to declare any dividend or bonus share issue for the year ended June 30, 2019.

Auditors' Observation

The position in respect of the matters emphasized in the external auditors' report is clarified hereunder:

The position in respect of the matters emphasized in the external auditors' report is clarified hereunder:

- The first matter pertains to certain excise duty claims decided in favour of the Company by the Appellate Tribunal Inland Revenue (ATIR). The tax department has filed an appeal with the Honourable High Court of Sindh (SHC) against the decision by the ATIR. The Company strongly believes that the matter will be decided in favour of the Company by the SHC. The relevant details are set out in the notes to the Financial Statements.

- The second matter pertains to a claim of the previous shareholders of the company from whom the current owners have acquired controlling interest. This matter has been decided in favour of the Company by an Arbitrator appointed under the terms of the Share Transfer Agreement. The counter party has filed objections with the Registrar of the SHC on the arbitration award. However, the Company believes that the outcome of the same would be decided in its favour. The relevant details are set out in Notes to the Financial Statements.

Contribution To National Exchequer

The Company contributed over PKR 3.61 billion (2018: PKR 2.14 billion) to the government treasury in shape of taxes, excise duty, income tax and sales tax.

Adequacy of Internal Financial Controls

The Board of Directors has established an efficient system of internal financial controls, for ensuring effective and efficient conduct of operations, safeguarding of Company assets, compliance with applicable laws and regulations and reliable financial reporting. The independent Internal Audit function of Power Cement regularly appraises and monitors the implementation of financial controls, whereas the Audit Committee reviews the effectiveness of the internal control framework and financial statements on quarterly basis

Pattern of Shareholding

The ordinary shares of the Company are listed on Pakistan Stock Exchange. There were 1,063,414,434 (2018: 1,063,414,434) ordinary shareholders of the Company as of June 30, 2019. The detailed pattern of shareholding and categories of shareholding of the Company including shares held by directors and executives, if any, can be found in this Annual Report.

Principal Risks and Uncertainties Facing The Company

Specific risks and uncertainties that may affect the Company's ability to create value over the short, medium and long term are:

i. Head on competition amongst cement manufacturers on price as well as sales owing to ambitious capacity additions.

ii. Further Rupee devaluation will be resulting in escalation in coal prices and squeezing margins.

iii. Overall inflationary increase in operational expenses.

iv. Increase in finance cost due to additional debt and enhancement of mark-up rates by banks. Moreover, details of the Company's financial risk management policies and objectives in respect of its use of financial instruments are included in note 34 to the financial statements together with a description of its exposure, including its exposure to market risk, credit risk and liquidity risk.

Impact of Company's Business on The Environment

The major impact of cement manufacturing business on environment is related to particulate matter and fugitive dust emissions of both inhalable and respirable micron sizes emitted from processes adopted for clinker production that cause a chronic fatal disease i.e. Silicosis.

The Company has a dedicated and qualified staff to meet the statutory and regulatory compliances of SEPA and SEQS standards. Being proactive on the impact of company's business on the environment, the Company had installed de-dusting equipment such as dust cyclones, bag houses, dust suppression by damping down method, electrostatic precipitators, personal protective equipment, air pollution control system and speed limit controls in Company's premises to overcome RSPM (respirable suspended particulate matter) and FRD (fugitive road dust).

The Company is now the cleanest air discharging plant in the South Zone having a complete pollution control bag house system. The emission levels of the plant are now even better than the discharge limits allowed by the World Bank/IFC Guidelines. The new bag filters employ state-of-the-art European Technology using the Eco E3 filtration system which most efficiently controls the dust emission with sustainability and thus provides an edge to the Company over other cement plants in the South Zone. This dust emission system is also reducing energy losses of the Company.

Corporate Social Responsibility

During the year, the Company has disbursed PKR 4.6 million (2018: PKR 6.02 million) as donation to different trusts, charity institutions and welfare organizations.

Appointment of External Auditors

The auditors, M/s. KPMG Taseer Hadi & Company Chartered Accountants, retire and, being eligible, offer themselves for re-appointment. The Board of Directors endorses recommendation of the Audit Committee for their re-appointment as auditors of the Company for the financial year 2019-20 in the Annual General Meeting.

Subsequent Events

There had been no adjusting event after balance sheet date.

Related Party Transactions

In order to comply with the requirements of listing regulations, the Company has presented all related party transactions before the Audit Committee and Board for their review and approval. These transactions have been approved by the Audit Committee and Board in their respective meetings. The details of all related party transactions have been provided in notes to the annexed audited financial statements.

Expansion of Plant Capacity

The Company announced installation of its 'Clinker Production' and 'Cement Packing & Despatch' plants (Line III) in June 2019 – commercial productions shall commence in 2020.

Directors' Remuneration

Details of the remuneration paid to executive and non-executive directors during the year is given in Note 39.3 of the attached financial statements.

Forward Looking Statement

Simplified fixed taxation scheme for the builders and developers will give the required boost to the construction industry, hence improving cement demand in the domestic markets. Increase in pace of CPEC projects, Government's Housing Project of providing 5 million homes will further improve the demand side of cement.

The management is fully aligned with the rapid changes in regulatory regime and market dynamics. Efforts are being made to curtail the costs wherever possible and create a price efficient sales mix to maximize profitability, mitigate market risks, meet future challenges and maintain business growth.

Acknowledgement

The Directors are grateful to the Company's stakeholders for their continuing confidence and patronage. We wish to place on record our appreciation and thanks for the faith and trust reposed by our Business Partners, Bankers and Financial Institutions. We thank the Ministry of Finance, Ministry of Industries &

Production, the Securities & Exchange Commission of Pakistan, the State Bank of Pakistan, the Competition Commission of Pakistan, Central Depository Company of Pakistan and the Management of Pakistan Stock Exchange for their continued support and guidance which has gone a long way in giving present shape to the Company.

The results of an organization are greatly reflective of the efforts put in by the people who work for and with the Company. The Directors fully recognize the collective contribution made by the employees of the Company and look forward to successful completion of expansion project in the stipulated period. We also appreciate the valuable contribution and active role of the members of the audit and other committees in supporting and guiding the management on matters of great importance.

For and on behalf of the Board

Muhammad Kashif Habib	Nasim Beg
Chief Executive Officer	Chairman
September 30, 2019	September 30, 2019

Statement of Compliance with Listed Companies (Code of Corporate Governance) Regulation, 2017

As at 30 June 2019

The Company has complied with the requirements of the regulations in the following manner:

1. The total number of directors are seven as per the following:

Male	Seven
Female	None

2. The composition of the board is as follows:

Category	Names
Executive director	Mr. Muhammad Kashif Habib
Independent director	Mr. Muhammad Yousuf Adil
Non-Executive directors	Mr. Samad A. Habib Mr. Nasim Beg Mr. Muhammad Ejaz Syed Salman Rashid Mr. Anders Paludan - Muller

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

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

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

6. All the powers of the board have been duly exercised and decisions on relevant matters have been taken by board/ shareholders as empowered by the relevant provisions of the Companies Act, 2017 and these Regulations.

7. The meetings of the Board were presided over by the Chairman and, in his absence, by a director elected by the board for this purpose. The board has complied with the requirements of Companies Act, 2017 and the Regulations with respect to frequency, recording and circulating minutes of meeting of the Board.

8. The Board of Directors has a formal policy and transparent procedures for remuneration of directors in accordance with the Companies Act, 2017 and these Regulations.

9. Four directors have already completed the directors' training program. The Board consists of one director who is exempted from the directors' training program in accordance with clause 20 of Chapter VII of the CCG regulations due to having minimum of 14 years of education and over 15 years of experience on the board of a listed Company. Currently, there are two directors which require certification under the directors' training program. The Company is committed to comply with the requirements of the subject regulations by June 30, 2020.

10. The board has approved appointment of Chief Financial Officer, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations.

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

12. The board has formed committees comprising of members given below:

Audit Committee

Mr. Muhammad Yousuf Adil	Chairman
Mr. Nasim Beg	
Syed Salman Rashid	

Human Resource and Remuneration Committee

Mr. Muhammad Yousuf Adil	Chairman
Mr. Muhammad Kashif Habib	
Mr. Muhammad Ejaz	
Syed Salman Rashid	

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

14. The frequency of meetings (quarterly/half yearly/ yearly) of the committee were as per following:

Name of Committee	Frequency of Meetings
Audit Committee	4
Human Resource and Remuneration Committee	1

15. The board has set up an effective internal audit function which is considered suitably qualified and experienced for the purpose and is conversant with the policies and procedures of the Company.

16. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the quality control review program of the ICAP and registered with Audit Oversight Board of Pakistan, 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.

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

18. The Company has vested the responsibility of Company Secretary in an individual who comply with the qualification criteria as specified in the Regulations. Furthermore, Listed Companies (Code of Corporate Governance) Regulations, 2019 have been issued on 25 September 2019, which allows the 'comply or explain approach' for non-mandatory provisions, the Company continued to vest both responsibilities of CFO & Company Secretary in the same individual to benefit the Company from his rich working experience on these positions of listed companies, to achieve the cost optimization and to have the unity of engagement in dealing with internal and external stakeholders.

19. We confirm that all other requirements of the Regulations have been complied with.

Muhammad Kashif Habib
Chief Executive Officer
September 30, 2019

Nasim Beg
Chairman

Analysis of the Financial and Non-Financial Performance

Financial Measures:
Following are the financial measures to determine the healthy prospects of the Company:

1. Increase in sales volume
2. Increase in cement production
3. Reduced cost of production:
4. Profitability Ratios
5. Liquidity Ratios
6. Investment /Market Ratios
7. Activity / Turnover Ratios
8. Capital Structure Ratios

The Company's sale revenue declined in current FY 2019 by 11% as compared to FY 2018. The main contributing factor was a dip in dispatches by 12%. However, profitability increased by 82% mainly due to tax credit availed on installation of Project – Line III. High fuel and power costs was the contributing factor for decline in Gross Margins by 77%. All other costs remained in line with normal inflationary trends.

Non-Financial Measures

These are difficult to quantify as compared to financial measures but they are equally important. Following are the non-financial measures of the Company:

Human Capital

Our permanent employees are well-remunerated, secure and satisfying employment with generous retirement benefits. Our strategy is to align what is best for the employees with what is best for the Company. Our development and training activities also contribute to the same objective in the long term. Thus we have based a performance based culture that will support both short-term and long-term value creation. Our human resources remain the key asset to our success and growth which is evident from the below mentioned analysis:

	2019	2018
Staff strength	**360**	366
New recruitments	**12**	104
Leavers	**50**	14
Average number of employees	**363**	339
Promotions	**20**	22

Manufactured Capital

Power Cement Limited's newly installed cement plant will enable to be the lowest cost producer in the region. The new bag filters employ state-of-the-art European Technology using the Eco E3 filtration system which most efficiently controls the dust emission with sustainability and thus provides an edge to the Company over other cement plants in the South Zone. Analysis of the investments in manufactured capital are mentioned below:

	2019	2018
Capital expenditure (Rs. million)	**12,173**	14,495

Intellectual Capital

Information Management and Information Technology is built into Power Cement Limited's strategy. IT system plays an important role in supporting Power Cement Limited's current operations and its new initiatives. Our ERP system continues to integrate all function across the Company, facilitating greater efficiency and effectiveness of all processes and controls.

Analysis of the investments in intellectual capital are mentioned below:

	2019	2018
Intellectual Capital (Rs. million)	**1.8**	1.5

Methods and Assumptions in Compiling Indicators

A performance indicator represents those factors that may affect the Company's financial position, financial performance or liquidity position. Following are the key assumptions in compiling these indicators:
Financial Position

- Appropriateness of capital mix in the company
- Proportion of financial leverage
- Changes in current ratio
- Maintaining high local sales retention
- Monitoring key components of variable costs

Liquidity Position

- Keeping an eye on funds used in / generated from operating, investing and financial cash flow activities
- Reviewing funds used in working capital management
- Effectively segregating cash and noncash items

All the indicators are devised in the light of these basic assumptions and are periodically reviewed and monitored. Furthermore, Company performance variance analysis from corresponding figures of comparative periods and from budgeted figures as comparability over time provides good basis of Corporate Reporting. These indicators are finally used to report financial information to all users of the financial statements in the form of annual financial statements.

Segmental Review of Business Performance

The financial statements of the Company have been prepared on the basis of single reporting segment. Revenue from sale of cement represents 100% of gross sales of the Company. Moreover, all assets of the Company as at June 30, 2019 are located in Pakistan.

Financial Ratios

	Unit	FY 19	FY 18	FY 17	FY 16	FY 15	FY 14
Profitability Ratios							
Gross Margin	%	4%	16%	22%	23%	25%	10%
Operating Margin	%	-7%	8%	18%	17%	17%	0%
Pre-Tax Profit Margin	%	-11%	8%	13%	18%	16%	-4%
Net Profit Margin	%	15%	7%	10%	12%	11%	-2%
Return On Equity (ROE) Before Tax	%	-3%	3%	7%v	33%	33%	-10%
Return On Equity (ROE) After Tax	%	5%	3%	6%	21%	23%	-2%
Return On Assets (ROA) Before Tax	%	-1%	1%	5%	12%	10%	-2%
Return On Assets (ROA) After Tax	%	1%	1%	4%	8%	7%	-1%
Return On Capital Employed	%	2%	2%	5%	11%	10%	-2%
EBITDA To Sales	%	-3%	12%	21%	20%	20%	3%
Liquidity Ratios							
Current Ratio	Times	0.68	1.43	2.56	0.91	0.86	0.62
Quick Ratio	Times	0.52	1.01	2.05	0.47	0.39	0.25
Cash Ratio	Times	0.10	0.49	1.65	0.15	0.17	0.07
Quick Ratio (Excl Receivables)	Times	0.48	0.84	1.81	0.33	0.24	0.18
Cash Flow From Operation To Sales	%	-20%	9%	9%	17%	8%	3%
Investment /Market Ratios							
Earning/ (Loss) Per Share (after tax)	Rs.	0.55	0.32	1.14	1.33	1.19	(0.20)
Price /Earnings Ratios (after tax)	Times	11.69	26.09	11.74	7.84	9.77	-28.00
Price to Book Ratio	Times	0.56	0.79	1.34	1.04	1.16	0.56
Market Price per share	Rs.	6.43	8.35	13.38	10.43	11.63	5.6
Market Price High during the year	Rs.	9.77	10.85	23.44	14.49	12.99	8.75
Market Price low during the year	Rs.	5.74	7.11	7.40	7.81	6.13	4.70
Breakup value per share	Rs.	11.49	10.63	6.41	6.42	5.09	3.91
Activity / Turnover Ratios							
Inventory Turnover Ratio	Times	2.45	2.71	3.25	3.63	3.32	3.73
Inventory Held	Days	149	135	112	100	110	98
Debtor Turnover Ratio	Times	9.98	9.52	13.52	15.26	14.75	24.44
No Of Days In Receivables	Days	37	38	27	24	25	15
Creditor Turnover Ratio	Times	15.04	13.23	14.36	15.55	15.35	17.11
No Of Days In Payable	Days	24	28	25	23	24	21
Operating Cycle	Days	162	145	114	101	111	91
Total Asset Turnover Ratio	%	10%	18%	39%	66%	64%	60%
Fixed Asset Turnover Ratio	%	12%	22%	85%	93%	87%	79%
Capital Structure Ratios							
Long Term Debt To Capital	%	148%	85%	7%	82%	138%	196%
Long Term Debt To Equity	%	171%	90%	16%	53%	70%	77%
Gearing Ratio	%	65%	48%	17%	53%	64%	70%
Cost Of Debt Based On Book Value	%	1%	1%	17%	14%	15%	14%
Debt To Equity	Times	2.17	1.00	0.46	0.72	0.89	0.92
Financial Leverage	Times	3.27	2.17	1.36	2.66	3.22	4.05
Short Term Debt Payback (Years)	Years	(7)	2	2	1	2	4
Total Debt Payback (Years)	Years	(36)	20	3	3	9	22
Interest Cover Ratio	Times	-1.3	3.9	3.3	3.7	2.7	0.6

Dupont Analysis

Year	Profit Margin (Profit After Tax/Sales)	Total Asset turnover (Sales / Total Assets)	Return on Assets	Equity Multiplier (Total Assets / Total Equity)	Return On Equity
2019	15.09%	0.10	1%	3.27	4.76%
2018	7.37%	0.18	1%	2.17	2.83%
2017	10.42%	0.39	4%	1.36	5.56%
2016	11.74%	0.66	8%	2.66	20.71%
2015	11.32%	0.64	7%	3.22	23.30%

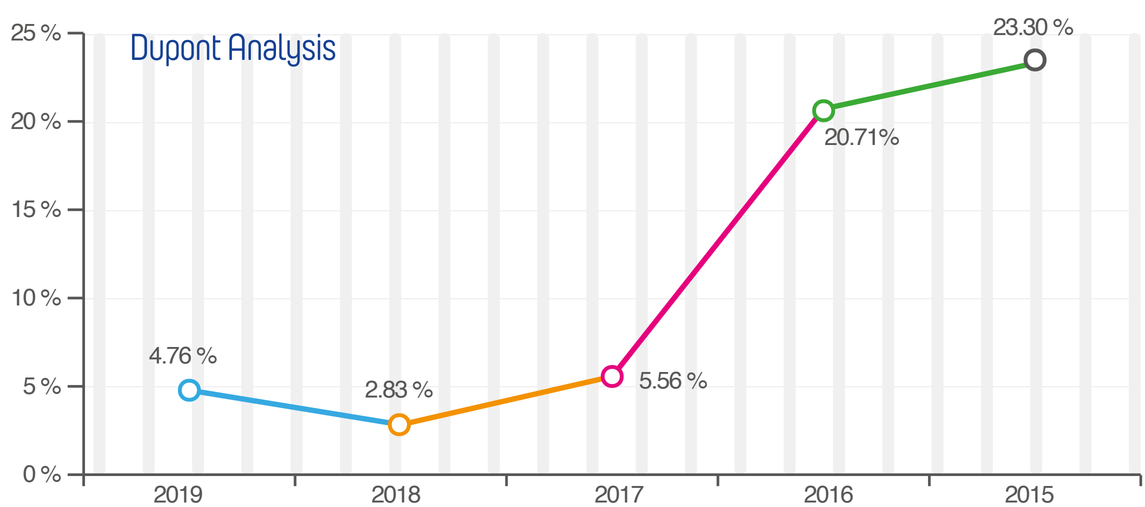
The main highlights of DuPont analysis are as follows:

1. The profit margins for the Company has improved slightly from last year , but overall has shown a decling trend on account of increase in prices of coal and other fuel prices.

2. Assets turnover has declined mainly on account of incurring high capital expenditures for ongoing cement capacity enhancement project to meet future demands

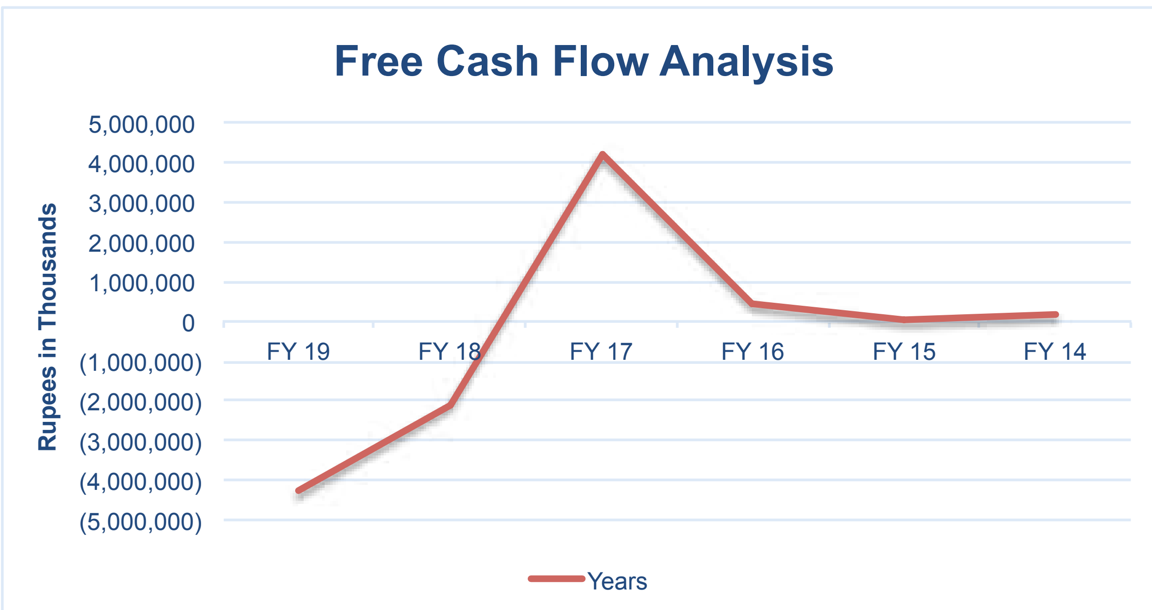
3. Based on the above two factors, the Return on Assets which is dependent on the above two, has gone down.

4. Due to high capital expenditures for ongoing cement capacity enhancement equity multiplier increased in current year.



Free Cash Flows

Particulars	FY 19	FY 18	FY 17	FY 16	FY 15	FY 14
			Rupees in '000			
Profit before taxation	-412,395	348,778	565,175	764,772	616,005	-140,271
Adjustment non-cash items	462,543	241,179	387,518	84,641	185,161	269,437
Changes in working capital	-729,371	-40,341	-379,810	-40,845	-446,923	23,368
Capital expenditure	-12,173,070	-14,495,131	-925,696	-139,585	-128,727	-187,652
Net Debt	8,565,089	11,848,777	4,567,277	-250,000	-210,000	186,000
Free cash flows	-4,287,204	-2,096,738	4,214,464	418,983	15,516	150,882



Analysis on Free Cash Flows:

Free cash flows represent the cash a company can generate after required investment to maintain or expand its asset base. It is a measurement of a company's financial performance and health.

The trend line shows that the Company had maximum free cash flow in FY 2017 due to increase in capital by way of issuance of shares for expansion of its plant capacity

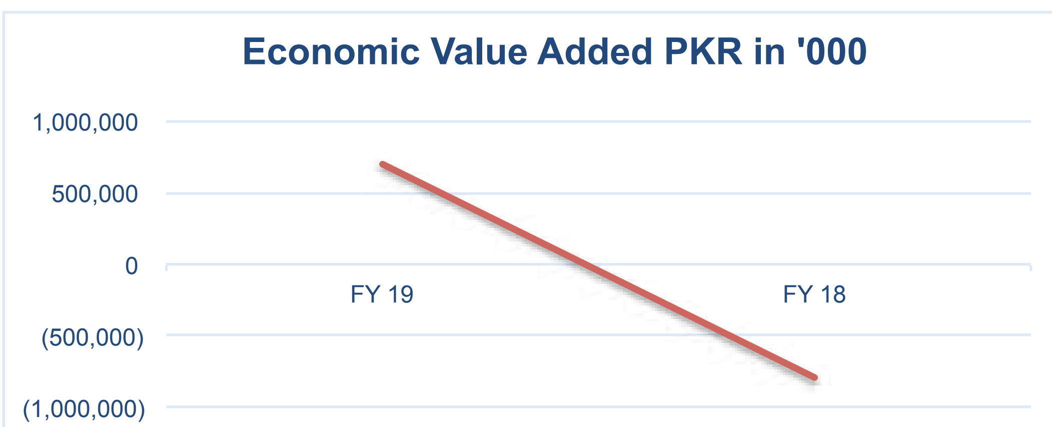
Economic Value Added

(Rupees in ‘000)

		2019	2018
Cost of capital			
Cost of Equity	%	13.25%	7.50%
Cost of Debt	%	15.49%	8.40%
Market Value of Equity		6,837,755	8,879,510
Market Value of Debt		9,570,000	587,123
Weighted average cost of capital (WACC)		11.94%	7.40%
Average capital employed		25,757,107	15,142,569
NOPAT		738,154	329,149
Less: Cost of capital		-30,745	-1,120,461
Economic Value added		707,409	-791,312
Enterprise Value			
Market Value of Equity		6,837,755	8,879,510
Add: Debt		9,570,000	587,123
Less: Cash & Bank balance		-1,121,591	-3,588,319
Enterprise Value		15,286,164	5,878,314

Comments

Interest rates increased significantly during the year which caused the weighted average cost of capital rise by 61 %. However, inspite of this significant increase, the EVA increased by a staggering 189% due to major capitalization during the year.



Financial Highlights

Six Years at a Glance

Financial Position (PKR in '000)	FY 19	FY 18	FY 17	FY 16	FY 15	FY 14
Assets Employed						
Property, plant and equipment	32,942,295	19,843,344	5,248,476	4,444,992	4,422,961	4,401,808
Intangible assets	-	1,077	8,977	8,982	413	862
Investments	14,100	13,124	13,220	-	-	-
Long term deposits	19,635	19,635	19,635	19,635	19,635	19,635
Deferred tax assets	413,291	-	-	-	-	-
Current Assets	6,619,082	4,640,126	6,096,806	1,769,369	1,545,200	1,363,510
Total Assets	40,008,403	24,517,306	11,387,114	6,242,978	5,988,209	5,785,815
Financed By						
Shareholders' Equity	12,221,540	11,299,062	8,394,241	2,348,110	1,862,170	1,428,542
Long-term liabilities						
Long term financing	17,959,094	9,460,000	110,000	511,032	905,397	923,805
Loan from related parties	-	-	-	908,892	1,169,055	1,172,990
Current portion of long term financing	175,995	110,000	250,000	0	250,000	390,000
Deferred liabilities	57,923	520,185	501,650	529,816	244,773	61,149
	18,193,012	10,090,185	861,650	1,949,740	2,569,225	2,547,944
Current liabilities	9,769,846	3,238,059	2,381,223	1,945,128	1,806,814	2,199,329
Current portion of long term financing	-175,995	-110,000	-250,000	0	-250,000	-390,000
	9,593,851	3,128,059	2,131,223	1,945,128	1,556,814	1,809,329
Total Funds Invested	40,008,403	24,517,306	11,387,114	6,242,978	5,988,209	5,785,815
Turnover & Profit (PKR in '000)						
Sales Revenue	3,858,456	4,343,240	4,480,623	4,144,455	3,831,069	3,496,103
Gross profit/ (loss)	157,280	675,068	980,531	946,975	971,140	344,837
Operating Profit	-256,348	358,020	808,103	713,860	667,774	6,221
Profit before taxation	-412,395	348,778	565,175	764,772	616,005	-140,271
Profit after taxation	582,107	319,907	466,793	486,391	433,833	-73,909
Total comprehensive income	582,107	319,907	466,793	486,391	433,833	-73,909
Earning per share (Rupees)	0.55	0.32	1.14	1.33	1.19	-0.20
Cash Flow Summary (PKR in '000)						
Net Cash from Operating Activities	-771,720	407,259	395,892	686,944	309,338	118,542
Net Cash used in Investing Activities	-12,096,326	-14,244,219	-1,150,841	-146,285	-128,292	-186,692
Net Cash Outflow from Financing Activities	8,499,542	11,445,011	3,936,866	-601,896	-292,370	94,214
(Decrease) /Increase in Cash and Bank Balance	-4,368,504	-2,391,949	3,181,917	-61,237	-111,324	26,064
Cash and Bank Balance at beginning of the Year	88,701	2,480,650	-701,267	-640,030	-528,706	-554,770
Cash and Bank Balance at end of the Year	-4,279,803	88,701	2,480,650	-701,267	-640,030	-528,706
ANALYSIS OF STATEMENT OF FINANCIAL POSITION PKR in '000						
Share Capital & Reserves	12,221,540	11,299,062	8,394,241	2,348,110	1,862,170	1,428,542
Non Current Liabilities	18,193,012	10,090,185	861,650	1,949,740	2,569,225	2,547,944
Current Liabilities	9,593,851	3,128,059	2,131,223	1,945,128	1,556,814	1,809,329
Total Equity & Liabilities	40,008,403	24,517,306	11,387,114	6,242,978	5,988,209	5,785,815
Non Current Assets	33,389,321	19,877,180	5,290,308	4,473,609	4,443,009	4,422,305
Current Assets	6,619,082	4,640,126	6,096,806	1,769,369	1,545,200	1,363,510
Total Assets	40,008,403	24,517,306	11,387,114	6,242,978	5,988,209	5,785,815
Vertical Analysis - %						
Share Capital & Reserves	31	46	74	38	31	25
Non Current Liabilities	45	41	8	31	43	44
Current Liabilities	24	13	19	31	26	31
Total Equity & Liabilities	100	100	100	100	100	100
Non Current Assets	83	81	46	72	74	76
Current Assets	17	19	54	28	26	24
Total Assets	100	100	100	100	100	100

Financial Position (PKR in '000)	FY 19	FY 18	FY 17	FY 16	FY 15	FY 14
Horizontal Analysis (i) Cumulative - %						
Share Capital & Reserves	755	691	488	64	30	100
Non Current Liabilities	614	296	-66	-23	1	100
Current Liabilities	430	73	18	8	-14	100
Total Equity & Liabilities	591	324	97	8	3	100
Non Current Assets	655	349	20	1	0	100
Current Assets	385	240	347	30	13	100
Total Assets	591	324	97	8	3	100
Horizontal Analysis (ii) Year on Year - %						
Share Capital & Reserves	8	35	257	26	30	100
Non Current Liabilities	80	1,071	-56	-24	1	100
Current Liabilities	207	47	10	25	-14	100
Total Equity & Liabilities	63	115	82	4	3	100
Non Current Assets	68	276	18	1	0	100
Current Assets	43	-24	245	15	13	100
Total Assets	63	115	82	4	3	100
ANALYSIS OF PROFIT AND LOSS ACCOUNTS PKR in '000						
Sales Revenue	3,858,456	4,343,240	4,480,623	4,144,455	3,831,069	3,496,103
Cost of sales	3,701,175	3,668,172	3,500,092	3,207,369	2,870,957	3,162,921
Gross profit/ (loss)	157,281	675,068	980,531	937,086	960,112	333,182
Distribution Cost	122,443	115,806	106,154	104,032	178,873	257,575
Administrative Cost	148,742	131,708	76,366	52,111	50,677	60,141
Operating Profit	-113,904	427,554	798,011	780,943	730,562	15,466
Finance Cost / (Income)	156,047	9,242	242,928	-50,912	51,769	146,492
Other Charges / (Income)	142,444	69,534	-10,092	67,083	62,788	9,245
(Loss) / Profit before taxation	-412,395	348,778	565,175	764,772	616,005	-140,271
Taxation	-994,502	28,871	98,382	278,381	182,172	-66,362
Profit / (Loss) after taxation	582,107	319,907	466,793	486,391	433,833	-73,909
Other Comprehensive (Income) / loss	-349,162	8,212	6,049	451	205	-1,020
Total Comprehensive Income / (loss)	931,269	311,695	460,744	485,940	433,628	-72,889
Vertical Analysis - %						
Sales Revenue	100	100	100	100	100	100
Cost of sales	96	84	78	77	75	90
Gross profit	4	16	22	23	25	10
Distribution Cost	3	3	2	3	5	7
Administrative Cost	4	3	2	1	1	2
Operating (loss) / Profit	-3	10	18	19	19	0
Finance Cost / (Income)	4	0	5	-1	1	4
Other Charges / (Income)	4	2	-0	2	2	0
(Loss) / Profit before taxation	-11	8	13	18	16	-4
Taxation	-26	1	2	7	5	-2
Profit / (Loss) after taxation	15	7	10	12	11	-2
Other Comprehensive (Income) / loss	-9	0	0	0	0	-0
Total Comprehensive Income / (loss)	24	7	10	12	11	-2
Horizontal Analysis (i) Cumulative - %						
Sales Revenue	10	24	28	19	10	100
Cost of sales	17	16	11	1	-9	100
Gross profit	-53	103	194	181	188	100
Distribution Cost	-52	-55	-59	-60	-31	100
Administrative Cost	147	119	27	-13	-16	100
Operating (loss) / Profit	-836	2,664	5,060	4,949	4,624	100
Finance Cost / (Income)	7	-94	66	-135	-65	100
Other Charges / (Income)	1,441	652	-209	626	579	100
(Loss) / Profit before taxation	194	-349	-503	-645	-539	100
Taxation	1,399	-144	-248	-519	-375	100
Profit / (Loss) after taxation	-888	-533	-732	-758	-687	100
Other Comprehensive (Income) / loss	34,132	-905	-693	-144	-120	100
Total Comprehensive Income / (loss)	-1,378	-528	-732	-767	-695	100

Financial Position (PKR in '000)	FY 19	FY 18	FY 17	FY 16	FY 15	FY 14
Horizontal Analysis (Year on Year %)						
Turnover	-11	-3	8	8	10	100
Cost of sales	1	5	9	12	-9	100
Gross profit	-77	-31	5	-2	188	100
Distribution Cost	6	9	2	-42	-31	100
Administrative Cost	13	72	47	3	-16	100
Operating (loss) / Profit	-127	-46	2	7	4,624	100
Finance Cost / (Income)	1,588	-96	-577	-198	-65	100
Other Charges / (Income)	105	-789	-115	7	579	100
(Loss) / Profit before taxation	-218	-38	-26	24	-539	100
Taxation	-3,545	-71	-65	53	-375	100
Profit / (Loss) after taxation	82	-31	-4	12	-687	100
Other Comprehensive (Income) / loss	-4,352	36	1,241	120	-120	100
Total Comprehensive Income / (loss)	199	-32	-5	12	-695	100

NOTES ON ANALYSIS

Comments on six year Statement of Comprehensive Income analysis

Turnover

Revenues grew from PKR 3496 million in 2014 to PKR 3858 million in 2019 with an increase of 10%. This is mainly due to increase in sales volumes in line with sales volume.

Cost of Sales

Cost increased from PKR 3163 million in 2014 to PKR 3701 million in 2019 billion with an increase of 17%. This is mainly due to increase in sales volume, prices of coal, electricity and packing material.

Gross Profit

GP decreased from PKR 333 million in 2014 to PKR 157 million in 2019 with a decrease of 53%. Higher fuel and other costs also contributed in the decrease of gross profit.

Net Profit

Net Profit increased from loss of PKR 74 million in 2014 to 582 million in 2019 with a staggering increase of 888%. This is mainly attributable to increasing retentions and higher volumes.

Comments on Six year Statement of Finanical Position analysis

Share Capital & Reserves

The share capital increased by a significant 675% mainly due to issuance of right and otherwise than right shares for financing new Project Line-III and undistributed profits.

Non Current Liabilities

There is a significant increase of 616% in Non Current Liabilities from 2014 to 2019 mainly because of financing arrangements for expansion of new Project Line III

Non Current Assets

There is an increase of 640% in Non Current Assets from 2014 to 2019 mainly due to capital expenditure on Capacity expansion and ERP implementation and deployment

Comments on six year Statement of Cash Flows analysis

Net Cash from Operating Activities

It has been decreasing mainly due liquidity constraints , The hike in input costs have further aggravated the position

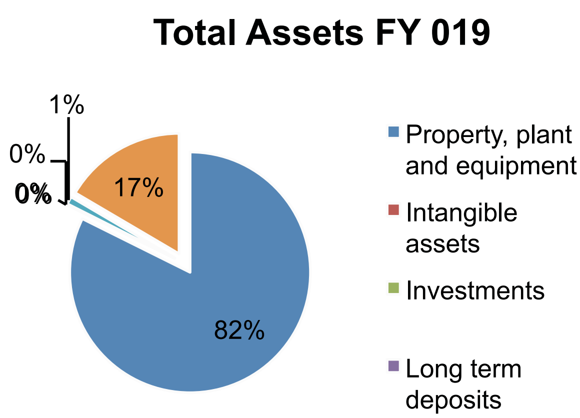
Net Cash from Investing Activities

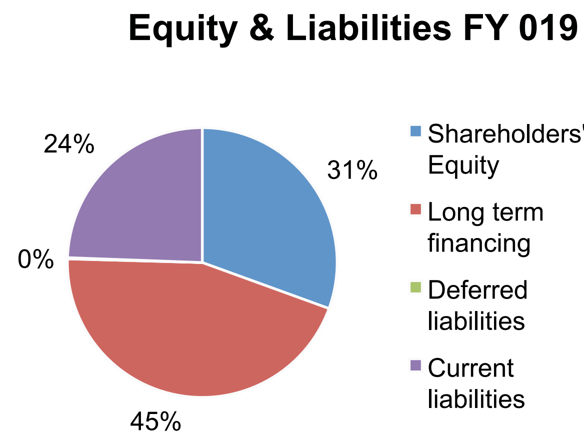
The Company's investing activities have been increasing due to capital expenditure for the new Project Line-III

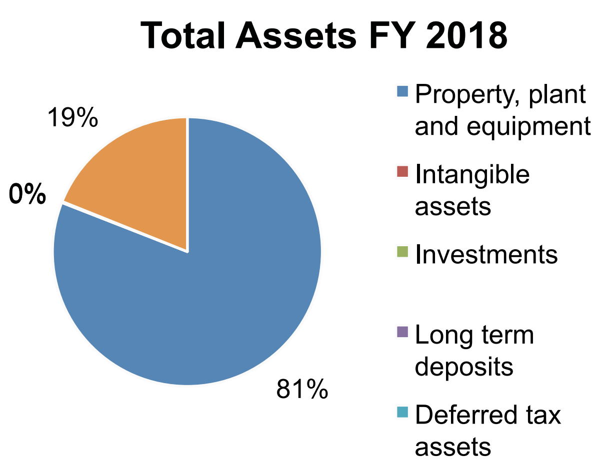
Net Cash Outflow from Financing Activities

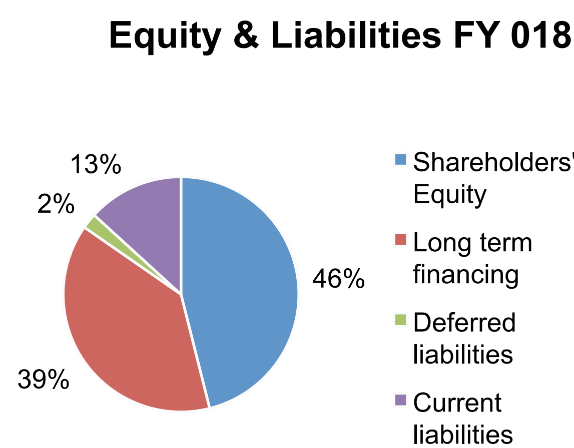
The Company has financed the above mentioned capacity enhancement project by obtaining finances from scheduled banks and issuing shares

Composition of Balance Sheet

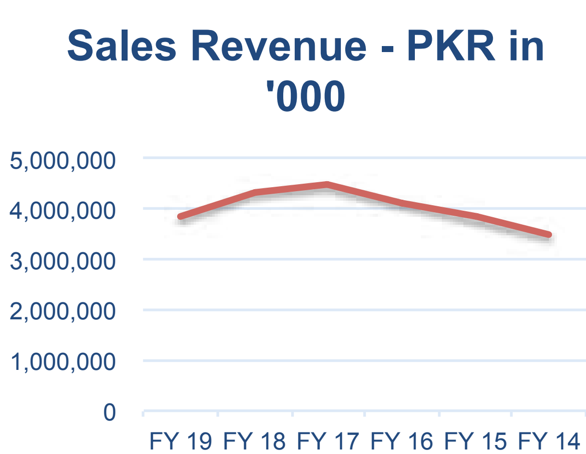


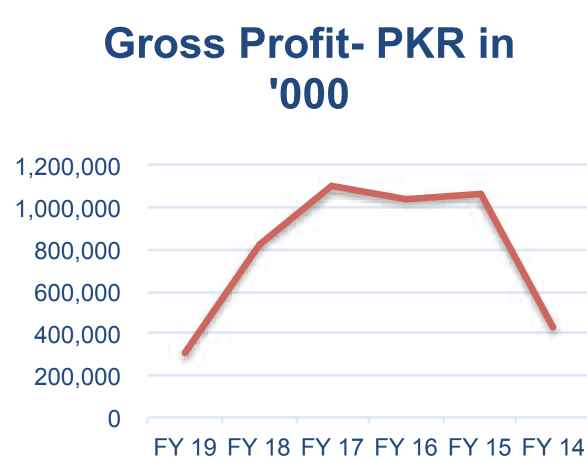


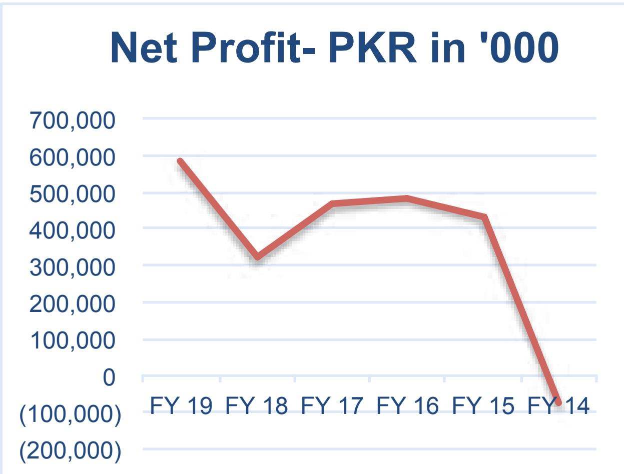


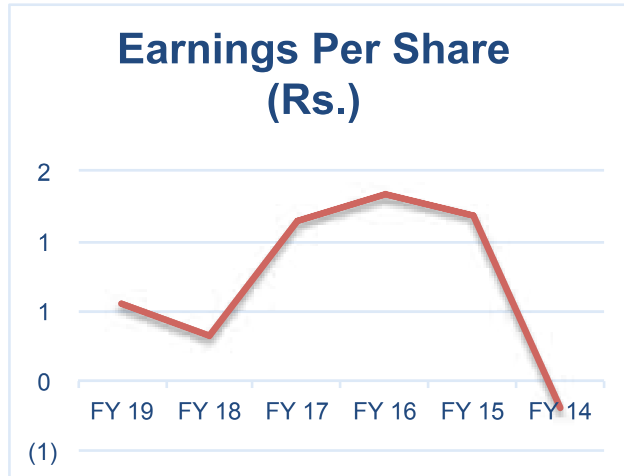


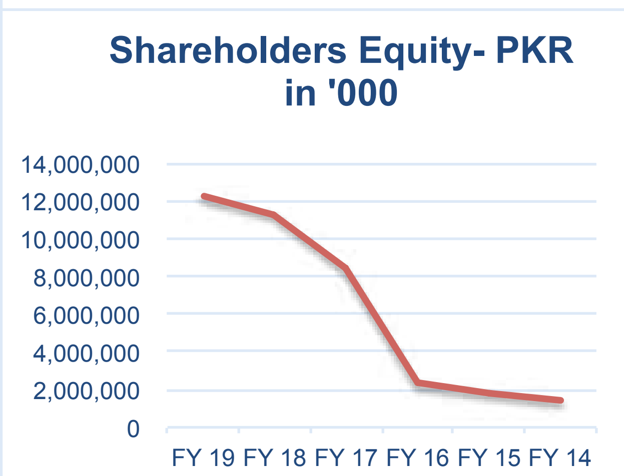
Financials at a Glance

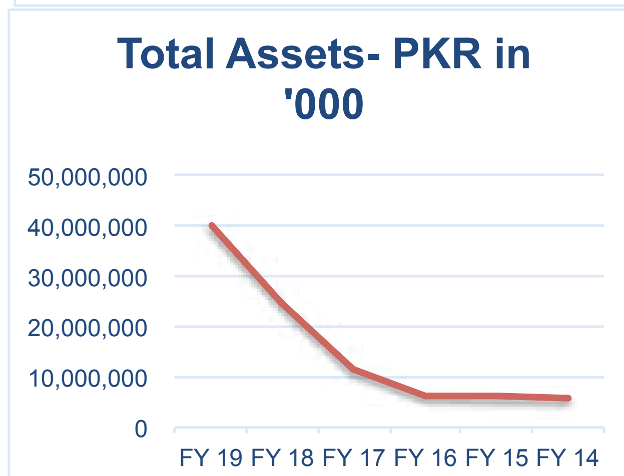





Net Profit- PKR in '000
700,000
600,000
500,000
400,000
300,000
200,000
100,000
0
(100,000)
(200,000)
FY 19 FY 18 FY 17 FY 16 FY 15 FY 14


Earnings Per Share (Rs.)
2
1
1
0
(1)
FY 19 FY 18 FY 17 FY 16 FY 15 FY 14


Shareholders Equity- PKR in '000
14,000,000
12,000,000
10,000,000
8,000,000
6,000,000
4,000,000
2,000,000
0
FY 19 FY 18 FY 17 FY 16 FY 15 FY 14


Total Assets- PKR in '000
50,000,000
40,000,000
30,000,000
20,000,000
10,000,000
0
FY 19 FY 18 FY 17 FY 16 FY 15 FY 14

Comments on Ratio Analysis

Profitability ratios:

The profit after tax and ROE of the Company has increased in the current year inspite of lower gross margins mainly due to tax credit avalied on installation of new projects. Cost of sales also increased due to increase in fuel and power cost resulting from Pak Rupee devaluation factor. The said increase in cost has also reduced the EBITDA margin from 12% to -3%.

Liquidity Ratios: Liquidity ratios are showing downword trent which will reverse once line 3 comes online.

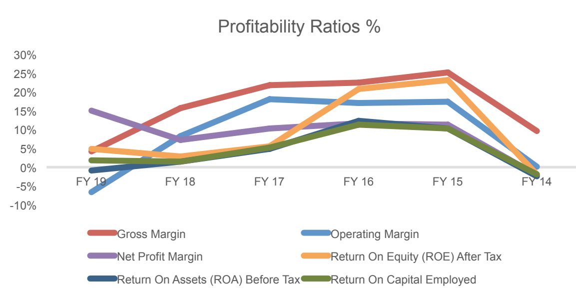
Investment / Market Ratios: Prolonged political unrest in the country and transition of government process has severely impacted stock market performance resulting in massive decline in market capitalization of the Company. The Company's market share price remained in the range of Rs.5.77 to Rs.9.77, closing at Rs.6.43 in comparison to Rs.8.35 at the close of last year. The breakup value has also moved positively on account of better operational performance.

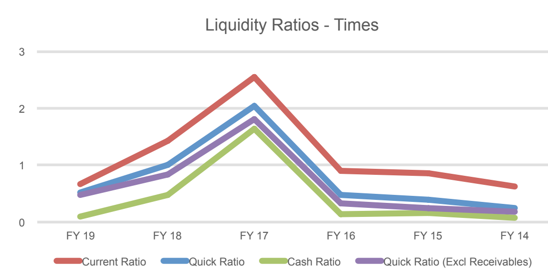
Capital Structure Ratios:

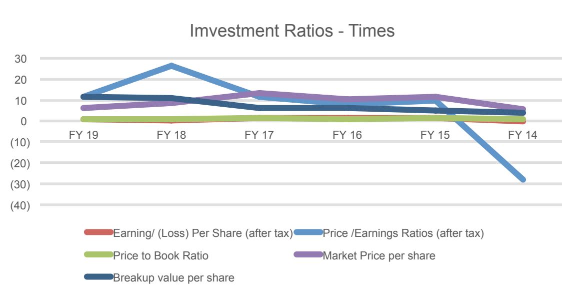
The Company has know achieved it optimal Capital structure

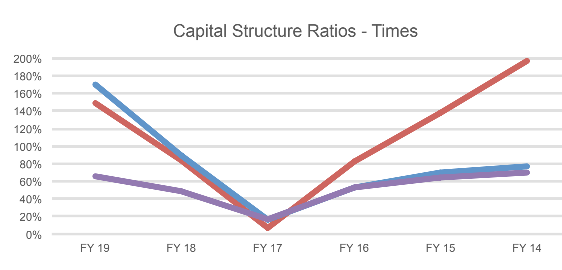
Activity/turnover ratios – The significant decline in operating cycle from last year by 11% percent is mainly due to increase in inventory held days by the same percentage while No. of days of Receivable and payble have shown a small variation.

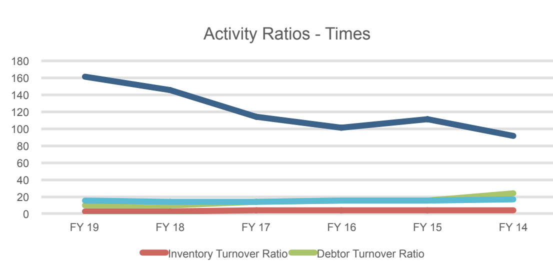
GRAPHICAL PRESENTATION - STAKEHOLDERS' INFORMATION





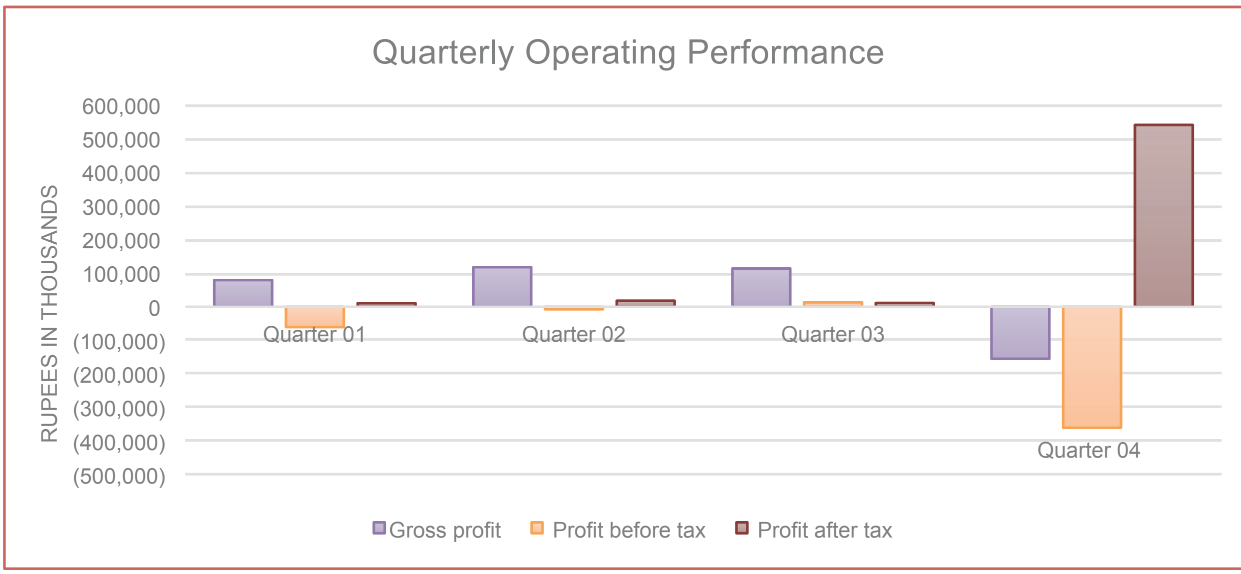






Quarterly Performance

Particulars	Q1	Q2	Q3 (Rupees in '000)	Q4	Total
Sales Volume (tons)	136,844	172,007	155,075	121,223	585,149
Sales revenue	892,112	1,126,025	1,032,963	807,355	3,858,455
Cost of sales	(812,455)	(1,007,870)	(918,806)	(962,044)	(3,701,175)
Gross profit / (Loss)	79,657	118,155	114,157	(154,689)	157,280
Gross profit margin	9%	10%	11%	-19.16%	4%
Operating (Loss) / Profit	(18,050)	19,148	36,908	(294,355)	(256,349)
Operating profit margin	-2%	2%	4%	-36%	-7%
Net (Loss) / Profit before tax	(60,206)	(5,843)	13,526	(359,873)	(412,396)
Taxation	71,179	24,013	(1,894)	901,204	994,502
Net Profit after tax	10,973	18,170	11,632	541,331	582,106
Net Profit after tax Margin	1%	2%	1%	67%	15%
EPS in PKR	0.01	0.02	0.01	0.51	0.55



	Gross Profit	Profit before tax	Profit after tax
Quarter 01	79,657	-60,206	10,973
Quarter 02	118,155	-5,843	18,170
Quarter 03	114,157	13,526	11,632
Quarter 04	-154,689	-359,873	541,331

Analysis:
During the Financial Year 2019,Gross Profit Margin showed a declining trend manily due to hike in input costs coupled with currency devaluation; Pre-tax margins also declined due to inflationary impacts as well as inflating interest rates on borrowings.

The Last Quarter outperformed other quarters in terms of bottom-line profitability and Earnings Per Share (EPS) due to tax credit availed on installation of Project Line-III.

Cash Flow Direct Method

(Rupees in '000)

	Note	2019	2018
CASH FLOW FROM OPERATING ACTIVITIES			
Cash receipts from customers		3,988,635	4,239,691
Cash paid to suppliers and employees		(3,937,888)	(3,649,734)
Net Cash generated from operations		50,747	589,957
Decrease / (Increase) in stores and spares		135,224	(67,245)
Decrease / (Increase) in stock-in-trade		(301,276)	(77,178)
Decrease / (Increase) in trade debts		57,333	(131,211)
Decrease / (Increase) loans & other receivable		(202,498)	(774,197)
Decrease / (Increase) trade deposits and prepayments		550	(2,481)
Decrease / (Increase) tax refund due from government		-	-
(Decrease) / Increase trade & other payables		(418,704)	1,011,971
Income tax paid		(79,026)	(130,523)
Gratuity paid		(13,470)	(11,834)
Financial charges paid		(65,547)	(358,115)
Net cash generated from operating activities		(836,667)	49,144
CASH FLOW FROM INVESTING ACTIVITIES			
Fixed capital expenditure		(12,173,070)	(14,495,131)
Investments released during year		56,101	-
Proceeds from disposal of fixed assets		-	1,956
Proceeds from disposal of investments		-	137,500
Interest received		20,043	111,451
Redemption of units of Meezan cash fund		-	5
Long term investments			
Net Cash (used in)/generated from Investing		(12,096,926)	(14,244,219)
CASH FLOW FROM FINANCING ACTIVITIES			
(Repayment) / acquisition of long term finance		(110,000)	(250,000)
Proceeds from rights issue		-	1,330,545
Proceeds from issuance of ordinary shares other than rights issue		-	1,308,232
Proceeds from borrowings - project line III syndicate finance		8,675,089	9,460,000
Expense incurred on issuance of right		-	(39,518)
Expenses incurred on issuance of shares other than right		-	(6,133)
Net cash generated from/ (used in) financing activities		8,565,089	11,803,126
Net (decrease)/increase in cash and cash equivalents		(4,368,504)	(2,391,949)
Cash and cash equivalents at the beginning		88,701	2,480,650
Cash and cash equivalents at end		(4,279,803)	88,701

Share Price Sensitivity Analysis

The Company's market capitalization stood at Rs 8.6 billion, depicting a decline of 19% as compared to last year, whereas the KSE-100 index dropped from 41,734 points to 33,901 points at the end of the year, registering a decrease of 24% as compared to last year.

Market price of the Company's share experienced fluctuations between the highest of Rs. 9.77 to the lowest of Rs.5.77 per share with an average market price of Rs. 8.11 per share.

Company's share price is directly linked with the operational and financial performance of the Company. Following are the major factors which might affect the share price of the company in the stock exchange.

1) INCREASE IN DEMAND:

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

2) INCREASE IN INPUT COSTS

Any variation in major input costs (coal and electricity) may affect the gross margins, profitability and EPS favorably or unfavorably.

3) CURRENCY RISK

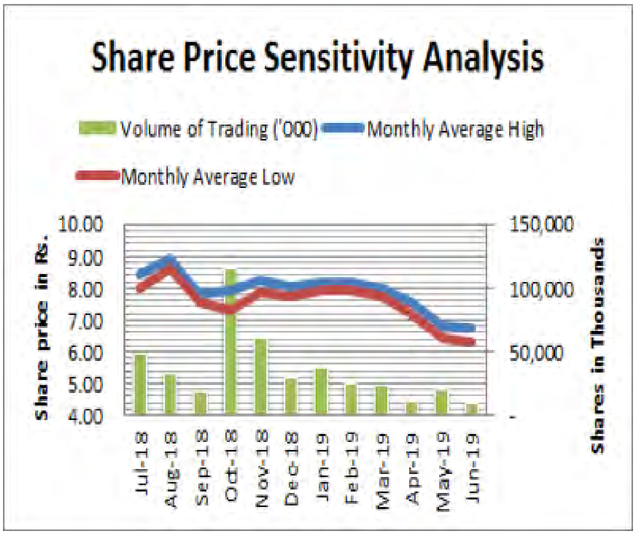
The currency exchange rate fluctuations can have an adverse or favorable affect the market share prices as the Company is involved in both export and import (exports of cement and import of fuel - coal).

4) CHANGE IN GOVERNMENT POLICIES:

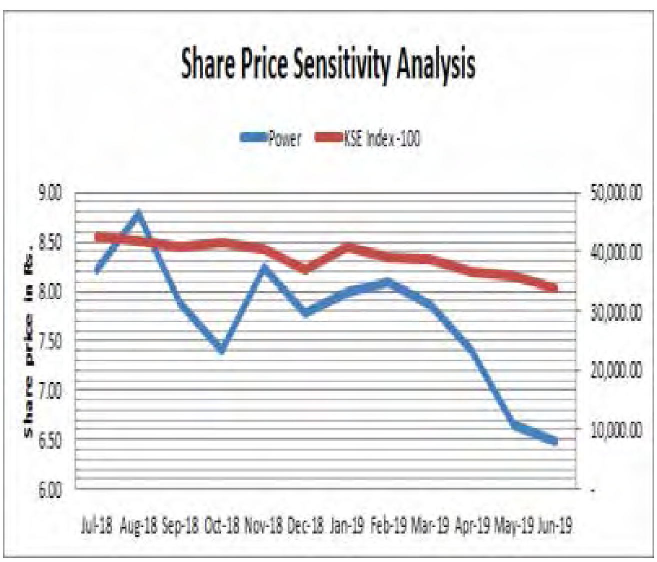
Any change in Government policies related to cement sector may affect the share price of the Company favorably or unfavorably.

A 10 % increase / decrease in share price of the Company would have the following impact on its Market Capitalization:

Share price Sensitivity	Impact on Market Capitalization (Rs. Million)
+ 10 %	+861.9
-10 %	- 861.9

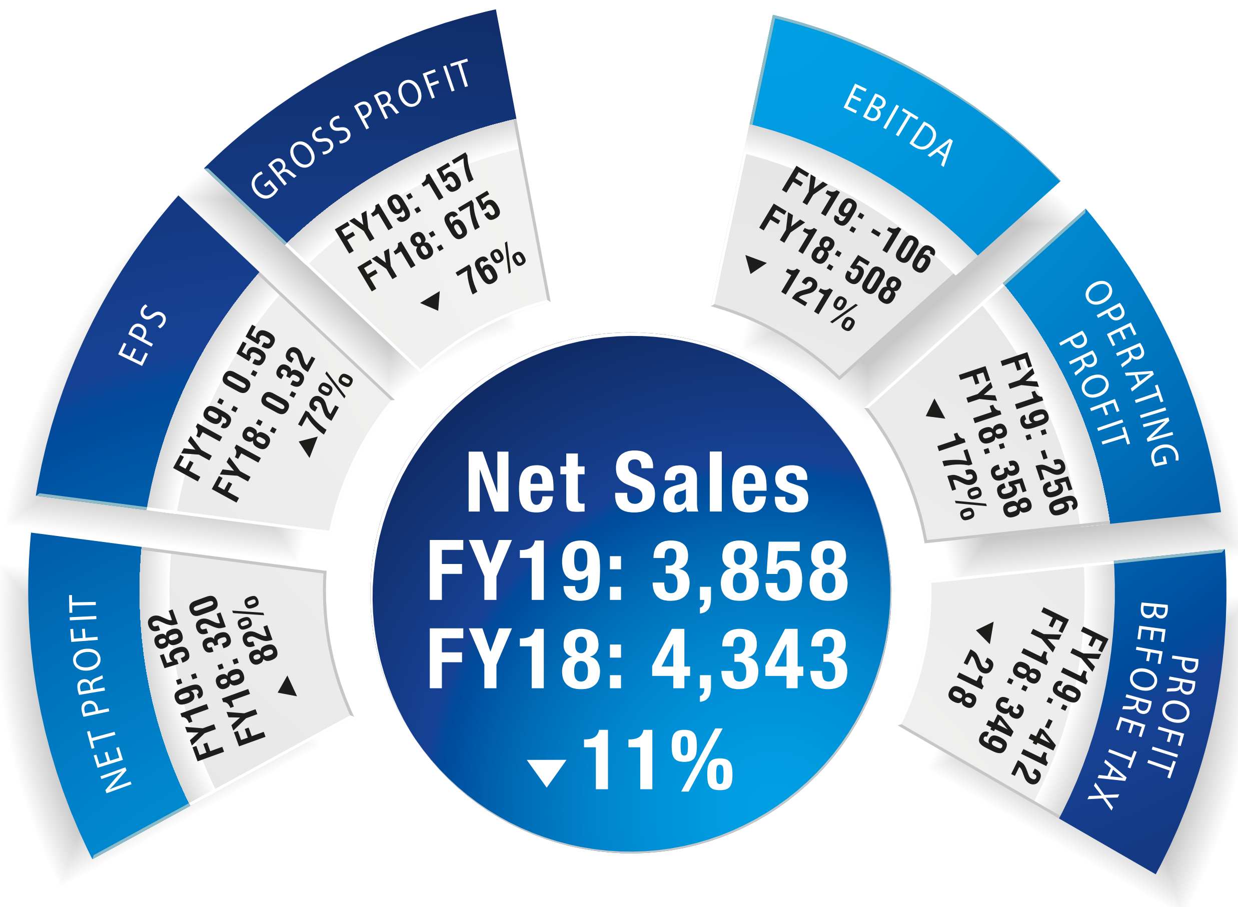


Month	Monthly Average High	Monthly Average Low	Volume of Trading ('000)
Jul-18	8.41	8.01	48,880
Aug-18	8.90	8.61	32,510
Sep-18	7.82	7.53	19,081
Oct-18	7.92	7.32	115,518
Nov-18	8.23	7.87	60,460
Dec-18	8.07	7.77	29,923
Jan-19	8.18	7.95	37,077
Feb-19	8.19	7.90	24,798
Mar-19	7.97	7.76	22,839
Apr-19	7.54	7.21	10,366
May-19	6.83	6.41	20,255
Jun-19	6.71	6.33	8,861



Month	Power	KSE Index -100
Jul-18	8.21	42,712.43
Aug-18	8.79	41,742.24
Sep-18	7.89	40,998.59
Oct-18	7.40	41,649.36
Nov-18	8.25	40,496.03
Dec-18	7.78	37,066.60
Jan-19	7.98	40,799.52
Feb-19	8.09	39,054.60
Mar-19	7.87	38,649.34
Apr-19	7.40	36,784.44
May-19	6.65	35,974.79
Jun-19	6.49	33,901.58

Key Performance Indicators
(Rs. in Million)



Calendar of Major Corporate Events

Held During The Financial Year 2018-19

Sep 28, 2018

Board of Directors met to approve the annual audited financial statements of the Company for the year ended June 30, 2018. The Board also approved the related Directors' Report, related party transactions performed during the yearplus agenda & venue of 27thAGM of the Company

Oct 27, 2018

Board of Directors met to approve the condensed interim financial statements for the first quarter ended September 30, 2018 along with the Directors' Review and the related party transactions of the period.

Oct 27, 2018

27th Annual General Meeting of the Company was held at the Beach Luxury Hotel, Karachi annual audited financial statements for the year ended June 30, 2018 were adopted and external auditors for the next year were appointed.

Feb 28, 2019

Board of Directors met to approve the condensed interim financial statements for the half year ended December 31, 2018 along with the Directors' Review and related party transactions of the period.

Apr 30, 2019

Board of Directors met to approve the condensed interim financial statements for the third quarter ended March 31, 2019 along with the Directors' Review and related party transactions of the period.

Forward Looking Statement

Simplified fixed taxation scheme for the builders and developers will give the required boost to the construction industry, hence improving cement demand in the domestic markets. Increase in pace of CPEC projects, Government's Housing Project of providing 5 million homes will further improve the demand side of cement.
The management is fully aligned with the rapid changes in regulatory regime and market dynamics. Efforts are being made to curtail the costs wherever possible and create a price efficient sales mix to maximize profitability, mitigate market risks, meet future challenges and maintain business growth.
External Environment

1. Political
The political scenario is expected to be uncertain with the decision on axel load regime still pending from new Government.

2. Economical
The fiscal deficit of the country, political instability and natural calamities may adversely impact the performance of the Company.

3. Social
The customers of Cement industry comprise mainly of retailers/distributors/institutions.
4. Technological
The Company is committed to adopt any new technology that can positively affect the Company's performance.

5. Legal
The Company's operations are subject to regulations that may adversely affect results, particularly in the areas of corporate law, direct and indirect taxes, competition law and environmental law. The responsibility of compliance with applicable laws and regulations lies with the departmental heads and the Company Secretary.

Financial Projections

In view of given challenges facing the Cement Industry, your Company foresees the overall volumetric cement sales performance to remain flat in the short to medium-term and prudently believes that it would be able to sustain its current market share.

Analysis of Forward Looking Disclosures Made in the Previous Year

Cement industry in Pakistan grew by 2.15% to 46.88 million tons during the financial year ended June 30, 2019 in comparison to 45.89 million tons during last year. While local sales volume registered a decline of 1.95% to 40.34 million tons during the current financial year in comparison to 41.15 million tons last year; export sales volume registered an increase of 37.72% to 6.53 million tons during the current financial year under review as compared to 4.75 million tons last year.

The domestic demand in South Zone, where your Company is situated, stood at 7.98 million tons, i.e., a growth of 11.14% over the prior year. Concurrently, the export demand increased to 4.01 Million tons, as against 1.66 million tons in the prior year, an increase of 141.57%. As a result, the South Zone closed at a total dispatch of 11.99 Million tons.

In contrast, the North Zone's domestic demand in the current year declined by 4.74% and export demand for the same year declined by 18.06%. As a result, the net decline of North Zone was recorded at 5.86%.

Status of Projects in Progress:

The Company has completed the procurement and installation of Plant & Machinery of the following two Expansion Projects:

1. 7700 TPD "Clinker Production Plant"

2. 8500 TPD "Cement Production and Dispatch Plant"

Both these plants were procured from the World's Best Danish cement plant manufacturer, M/s FLSmidth. After this expansion Power Cement Limited, with name plate capacities of 11,650 TPD of cement and 10,700 TPD of Clinker, has become the second largest cement producer of the South Zone of Pakistan.

Sources of information used for projections / forecasts in the forward looking statement:

The Company carries market survey through its sale teams to know the market trends, customers' demand. The management also extracts information from the policy factors announced by the Government, economic data available on State Bank of Pakistan's website & other sources, International trends/forecast of coal prices, macroeconomic factors affecting currency fluctuation and inflationary trends.

Stakeholders' Relationship and Engagement

At Power Cement Limited, we believe in maintaining sound collaborative relationships with our stakeholders. Our relationships with the stakeholders are maintained through the following sources of information and exchange of views:

Shareholders	Annual General Meetings Extraordinary General Meetings Quarterly, Half- Reports Yearly and Annual Analyst briefing	Annually As required Annually / Quarterly Continuous	The confidence put in the Company by the investors is honored and acknowledged by providing them with a steady rate of return on their investment. General meetings provide the shareholders a platform to voice their concerns and raise their queries which are addressed appropriately. The Company also engages shareholders through issuance of annual/quarterly financial reports and notices /updates.	The investors of capital help the Company to • Convert its business plans into actions. • Achieve its business targets.
Customers and Suppliers	Customer Events Regular meeting with major suppliers	Continuous Continuous	The Company's primary customers include dealers, distributors and institutions. Customer Relationship Management is beyond extending credit facilities and trade discounts. Periodic engagements are held with customers in the form of dealers/distributors events. Various informal meetings are also held with customers and suppliers to maintain effectiveness of Supply Chain Management.	Customers' loyalty and effective supply chain is the key to the Company's sustainable business growth
Banks and other lenders	Business briefings Periodic meetings Financial reporting Head office / site visits	Occasionally As required Continuous As required	Banks and other financial institutions are engaged by the Company on regular basis in relation to negotiation of short term financing arrangements, deposits and investments. Banks are also consulted on issues l inked with letters of credit and payments to suppliers, along with other disbursements of operational nature	Bank dealings are central to the Company's performance in terms of: • Access to better interest rates and financing terms. • Efficient Customer Service.
Media achievements and	Media interviews Website Update	As required Continuous	Statutory notices and other public announcements required by law are generally circulated through print media. Multiple mediums are also used for advertisement and marketing purposes. Retail prices are notified through press-gazette. Furthermore, the website of the Company is also used as a medium to communicate information to stakeholders	• Media communication of the Company's helps strengthen the brand image. • Awareness of the company's status and activities is developed among the general public potential investors.

Regulators	Compliance	As required	The Company abides by the laws and regulations of the country and makes certain that all the requirements of relevant regulators are met in a timely manner. Various statutory forms and returns are periodically submitted as per requirements of the law in addition to the information required by regulators. Company constantly liaisons with the Government authorities and regulators in terms of matters/ issues relating to energy requirements of the Country.	Country's laws, regulations and other factors controlled by the Regulators set operating guidelines for the Company.
Analysts	Corporate Briefings	As required	The Company regularly engages with analysts on its financial and operating results, with due regard to regulatory restrictions imposed on inside information/trading.	Providing required information to analysts helps: • Attracting potential investors. •Clarifying misconceptions/ market rumors.
Employees	In – house training programs	Continuous	Multiple in-house and external training are conducted for continuing professional developments of our employees. The Company provides a nurturing and employee friendly work environment.	The competent employees are the backbone of the Company. The Company's strategic, operational and tactical decisions taken by management are effectively implemented through our committed workforce.

Encouraging Minority Shareholders to Attend General Meetings

The Company disseminates the notice for its general and extraordinary meetings in English and Urdu newspapers having vast circulation, besides sending the notices to shareholders' postal addresses to encourage maximum attendance at the meetings. The Company timely updates its website with respect to all notices of general meetings.

Investor Relations Section on the Corporate website

The corporate website is maintained and regularly updated under applicable regulatory requirements to disseminate comprehensive and up-to-date Company information regarding financial highlights, investor information, share pattern, and other requisite information besides the link to SECP's investor education portal, the 'Jamapunji' and 'Service Desk Management System'. The 'Investors' Relations' section is also maintained on the website www.powercement.com.pk to promote investor relations and facilitate access to the Company for grievance / other query registration.

Stakeholder Engagement Policy and Procedures

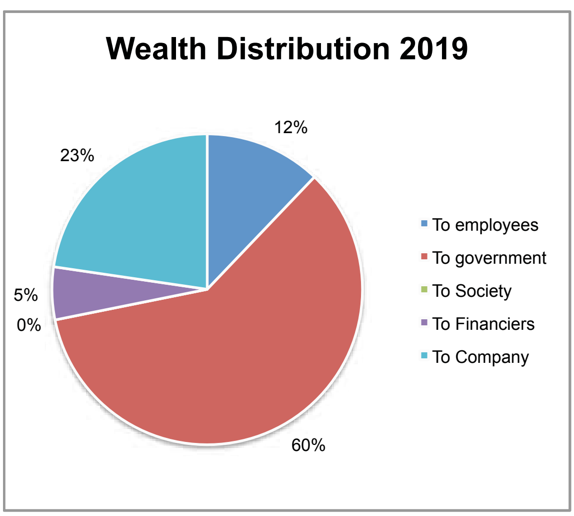
The Company engages with its stakeholders through transparent and continued relationships. The Company also safeguards fair dealings with banks and lenders, improved risk management, compliance with laws and regulations, enhanced corporate recognition, improved commitment and participation of valued and competent human resource and places great emphasis on building excellent image in front of public at large. The Company endeavors to provide full and fair disclosure of all material information to its stakeholders besides providing a wide range of information about strategy and financial information through its Annual Report and website for all stakeholders.

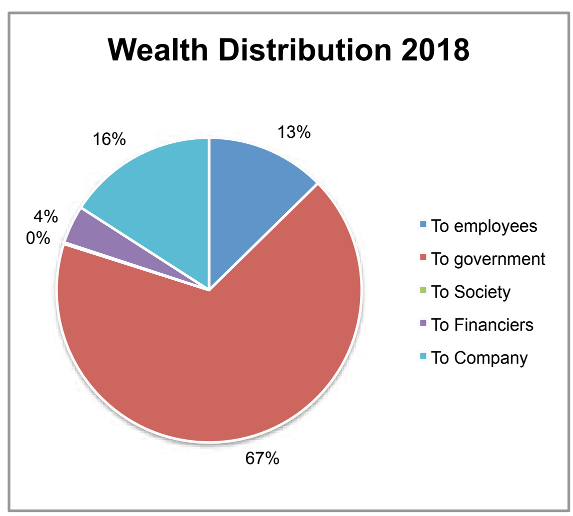
A corporate briefing session was held on Friday, June 28, 2019 at the PSX Auditorium to brief the analysts and shareholders about the Company's current financial performance and outlook.

Statement of Value Addition & Wealth Generated

(Rupees in '000)

	2019		2018	
Wealth Created				
Gross Sales/ Revenue	5,709,582		6,244,864	
Less: Operating cost & other general expenses	(2,471,903)		(3,238,518)	
Total Wealth generated during the year	3,237,679	100%	3,006,346	100%
Wealth Distributed				
To employees				
Salaries, wages and other benefits	392,557	12%	379,866	13%
To government				
Income tax, sales tax, excise duty and others	1,930,153	60%	2,021,262	67%
To Society				
Donation towards education, health and environment	4,608	0%	6,017	0%
To Financiers				
To Finance providers as Finance charges	177,066	5%	121,601	4%
To Company				
Depreciation, amortization & retained profit	733,295	23%	477,600	16%
Total Wealth distributed during the year	3,237,679	100%	3,006,346	100%





Sustainability and Corporate Social Responsibility

HEALTH, SAFETY AND ENVIRONMENT

Our goal in respect of safety, health and environment is to minimize all adverse environmental and health impacts arising out of our operations, to conserve all kinds of resources and adhere to all legal regulations. The also Company encourages awareness in these areas amongst its employees, customers, suppliers.

In order to ensure international standard HSE compliance, we have a dedicated HSE department to fortify effective systems of measuring, monitoring and reporting of compliance with health, safety and environment matters.

The Environmental, Social and Occupational Health and Safety Management System (ES-OHS-MS) is an aspect of the Company's overall management structure which addresses the immediate and long-term impact of its product, services, and processes on the environment and society.

To ensure regulatory compliances, PCL arranges for environmental testing, which is performed regularly from an independent EPA approved laboratory.

Health, Safety & Environment Policy – Statement

As a fundamental responsibility to our employees, contractors, customers and the global community as a Corporate Policy, Power Cement Limited is committed to:

- Focus on sustainability by minimizing our environment impacts, limiting depletion of natural resources and preventing pollution
- Compliance with the applicable Performance Standards of the International Finance Corporation (IFC)
- Targeting ISO 45001 certification within two years of start of operations of our new cement plant
- Adopt best practice, where laws and guidelines do not exist, to protect the environment and human health.
- Continually improve our environment, health and safety performance through ongoing monitoring of performance results and periodic management reviews, as well as consultation and participation of workers
- Allocate sufficient resources and organization capacity to enable implementation of the policy
- Communicate the policy effectively to all employees, contractors and stakeholders
- Establish an Environmental, Social & Governance Board Sub-Committee, with published Terms of Reference and chaired by a Board Member that will meet Bi-annually
- Provide and publish an Environment, Health and Safety Annual Monitoring Report

The Board of Directors of Power Cement Limited is committed to the policy and they have mandated Director Project to oversee implementation of the policy and ensure existence of an integrated Environmental, Social and Occupational Health and Safety Management System.

Environmental Compliances:

Bag Filters installed at PCL

PCL, throughout its history, has always remained committed to HSE standards. PCL, in order to bring its existing plant upto international emission standards, invested significant amount to control emission level for complying with SEQS limits.

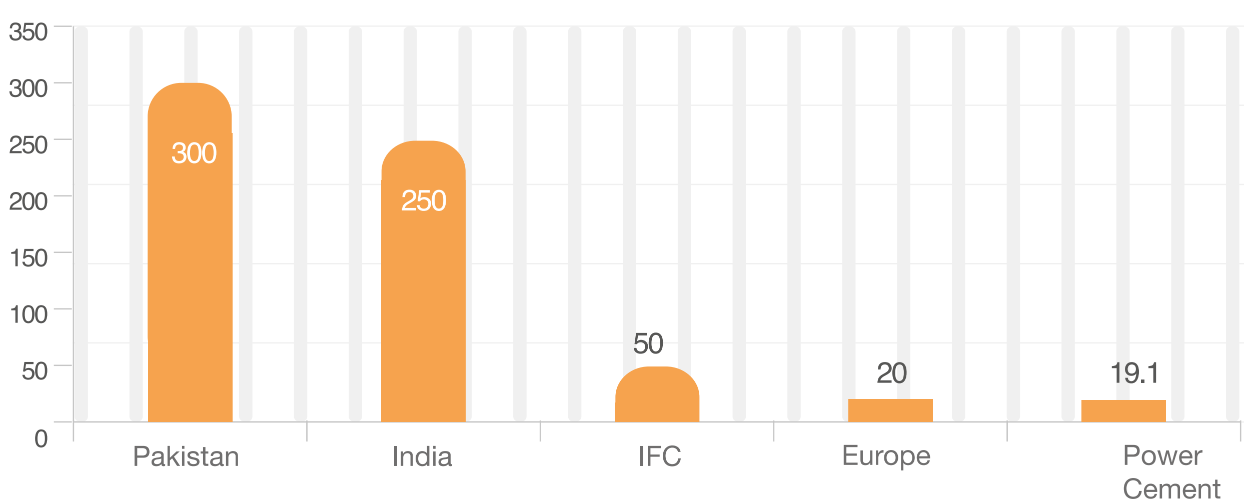
High efficiency bag houses of European design have been installed to control the dust emissions within the specified limits of IFC which is more stringent than the limits specified under SEQS.

Other gaseous emissions, SOx and NOx, are also within the SEQS Limits. Monthly environmental tests including Stack Emissions, Ambient Air, Noise and Water are being performed by SEPA certified lab of a neutral 3rd party monitoring consultant i.e. EMC Pakistan (Pvt) Ltd. These results are within the SEQS Limits.

We are also submitting emissions and other environmental testing reports to SEPA Head office on Monthly and Quarterly basis as per EIA requirement.

Reduced emission levels

Limit Values for Dust Emission from Stack mg/Nm3 (After using Imported Coal and Installation of Bag Houses)

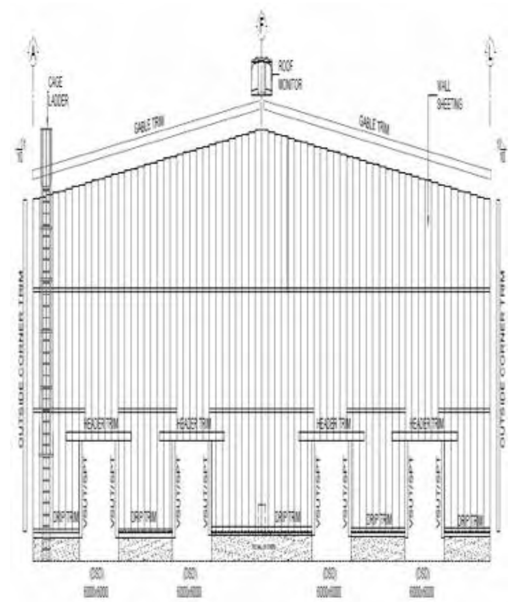


Handling Transport and Storage of Coal

PCL has prepared an Environmental Management Plan For Handling and Transportation of Coal in compliance to that we have taken following actions

1. New Coal storage area with complete shed Construction is in progress which has been designed to meet international standards. Features for the New coal storage facility are:

    - Equipped with passive firefighting system,
    - Complete shed and properly designed as per coal storage standards,
    - Equipped with (2) Two cranes for safe handling of coal



Storage of Clinker and raw materials at PCL

New clinker storage has been constructed which, in compliance with global standards, is fully covered and does not allow clinker dust particles spreading in the air.The other storage areas including additive storage and Limestone Mix storage have been constructed with steel structure and are fully covered to avoid dust spreading in the air.

These storages are fully compliant with the SEPA requirements as well as IFC performance standards 1-4 regarding storage of raw material in environment friendly manner.

How we Manage Site Safety

Awareness Via HSE Trainings

Tool Box Talks Security Staff

Tool Box Talks Project Site

Fire Fighting Arrangements Emergency Response Plan:

PCL Developed its own Emergency response plan as per International best practices aligned with IFC Performance Standards, An Emergency Response team has been taken onboard to meet any untoward fire incident. In this regard, a fully equipped Fire Truckr has been purchased which remains stand to handle any case of fire.Fire Hydrant Installation work in also in progress and sufficient Fire Extinguishers are also available on Site to extinguish small fires on time.
Dedicated firefighting Team is also appointed and working in all 3 shifts (24/7) to ensure adequate response to any fire or other emergency on time.

First Aid Arrangements

To handle any emergency, including accident/ injury/ spills (Oil/Coal), appropriate arrangements are in place in the form of a properly equipped Dispensary and a standby Ambulance.

Safety Sign Boards

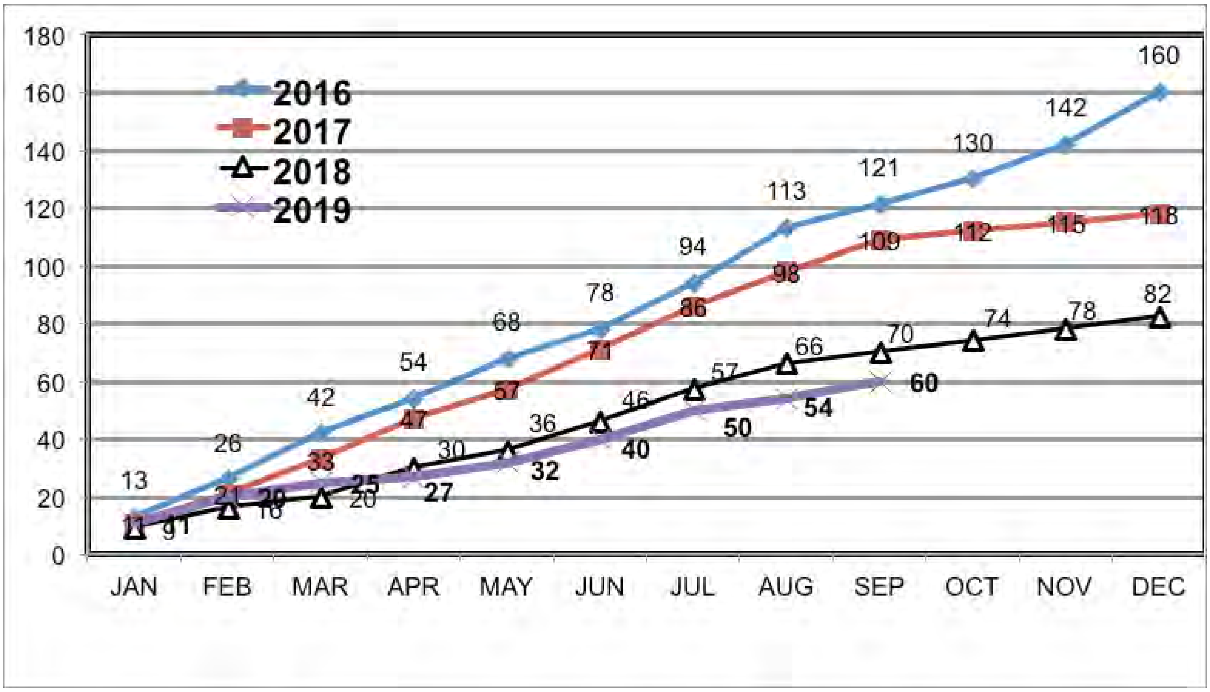
HSE observation Card Box / Safety sign boards have been installed to actively involve all employees / contractors working on ground to proactively avoid any Emergency situationincluding accident/ injury/ spills (Oil/Coal).

Emergency arrangements including accident/ injury/ spills (Oil/Coal)

Achievements

- Zero LTI
- Comparatively Reduced Accidents
- Legally Compliant in all Aspects
- No major Non-Compliances from regulatory authorities
- All requirements as Per EIA Regarding environmental monitoring and testing is within the acceptable limits control of emissions as mentioned in NOC as per SEQS Standards in compliance
- control of emissions as mentioned in NOC as per SEQS Standards to ensure compliance

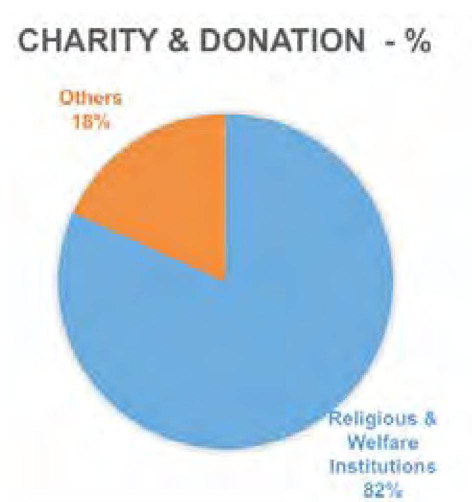
Injuries Graph 2016 to 2019



CORPORATE SOCIAL RESPONSIBILITY

Since its incorporation, the Company has continuously strived to contribute to the sustainable development of society through its business activities and actively discharging its Corporate Social Responsibilities in numerous areas of community development.

During the current fiscal year, the Company has disbursed PKR 4.6 million (2018: PKR 6.02 million) as donation to different trusts, charity institutions and welfare organizations.



CONTRIBUTION TO NATIONAL EXCHEQUER

During the year, Company has contributed an amount of approx. Rs. 2.4 billion towards national exchequer in shape of taxes, duties, cess, levies etc.

INDUSTRIAL RELATIONS

The Company is mindful of its employee & industrial relations and has developed a set of thorough policies, procedures and rules which regulate employee relations. To fulfill its legal responsibility, the Company also has a Gratuity Plan in place, as the post-employment benefit for all permanent employees. Further,to achieve compliance with applicable legal regime for labors, last year the company also took the initiative of distributing Worker's Profit Participation Fund to its eligible employees. The Company is committed to provide equal opportunity to all existing and prospective employees without any discrimination on the basis of religion, gender, race, age etc.

QUALITY

The Company, through its mega expansion plan of installing 7700 TPD, plans to manufactures cement through the plant based on state of the art technology of world renowned FLSmidth A/S Denmark. Quality is assured through systematic and effective adoption,implementation, monitoring and continuous enhancement of quality control systems using latest methods of analysis. To ensure that each bag being used by our valued consumers is of the highest quality, all stages of the production process right from the selection of raw materials, drying, grinding, homogenization, clinkerization and the finished product are tested rigorously. The quality check parameters during each level of the process are monitored and controlled by the latest version of technology & equipment connected on-line with Central Control Room through PLC system. The frequency of sampling and testing along with control parameters is pre defined.

Procedures Adopted for Quality Assurance:

Main purpose is to ensure that the cement produced:

- meets all the standard requirements to which the Company is certified, to meet the international and national standards
- not only meets customers' requirements but exceed their requirements and expectations. To achieve these goals, the Quality Control Department has adopted various procedures and is fully equipped with state-of-the art technologies such as:
- Online Gamma Analyzer (Bulk Material Analyzer) which produces the real time quality results
- X-ray Fluorescent Analyzers and X-ray Diffraction Analyzer to analyze chemical and mineralogical composition
- Online QCX system software to ensure optimized raw material proportioning
- Sample preparation tools such as a jaw crusher, sample dividers, disk grinding mill, mixer mill and press mills
- Automatic Moisture Analyzers (not available at line 3 but available at line 1 & 2)
- Precision Electronic Balances
- Drying Ovens & Furnaces
- Lab Glassware
- Automatic Free Lime Apparatus X Ray Diffraction Analyzer for determination of Free Lime in Clinker.
- Flame photometer to measure the Alkali contents
- PC Based Automatic Calorimeter and Sulphur (Sulphur analyzer not available)
- Determinator to analyze fuels (Nitrogen Based Furnace and Oven)
- Calorimeter to measure Heat of Hydration of Cement to produce low heat of hydration cement
- Latest Automatic Compressive Strength machines for determination of cement compressive strength

At Power Cement Limited in particular, key emphasis is given to manufacture high quality cement on consistent basis through stringent quality control techniques (ISO 9001:2015 certified) and computerized control systems for better product quality and negligible dust emissions for better environmental impact.

We take great pride in informing you that your Company has now emerged as the cleanest air discharging plant in the South Zone by installing a complete pollution control bag house system for its (before expansion) existing plant. The emission levels of your cement plant are now even better than the discharge limits allowed by the World Bank/IFC Guidelines.

The new bag filters employ state-of-the-art European Technology using the Eco E3 filtration system which most efficiently controls the dust emission with sustainability and thus provides an edge to PCL over other cement plants in the South Zone.

Additional benefits of having this new dust control system include enhancement of useful life of plant & equipment and reduction of energy losses.

CERTIFICATIONS

Certificate of Registration

This certificate has been awarded to

Power Cement Limited

Nooriabad Industrial Area, Kalo Kohar, District Jamshoro, Sindh, Pakistan

in recognition of the organization's Quality Management System which complies with

ISO 9001:2015

The scope of activities covered by this certificate is defined below

Manufacture of Cement Products

Certificate Number:	Date of Issue: (Original)	Date of Issue:
27341/A/0001/UK/En	23 August 2007	13 September 2018
Issue No:	Expiry Date:	
5	22 August 2019	

Issued by: On behalf of the Schemes Manager

CONSUMER PROTECTION MEASURES

We ensure that our cement bags are shipped in a safe manner complying with safety standards and legal requirements. The Company takes care and applies appropriate procedures to manufacture cement products so as to ensure that no harmful substances are present in its products. The Company has strict policy to control any activity which is against the consumer rights.

Statement of Adoption and Adherence with the International Integrated Reporting Framework

Building and retaining the trust of the Company's internal and external stakeholders is essential to our Company's continued business success. The Company's primary objective under the subject is to enhance shareholder' and stakeholders' awareness for better understanding and valued decision making. We always strive to achieve our objective through excellence in corporate governance and human resource practices. Power Cement Limited has been continuously working towards transparency of the information presented to its stakeholders. It has taken into account various transformations to adapt to a changing corporate environment and the need for additional information beyond the basic financial statements. This information includes management commentary, governance disclosures, performance analysis, forward outlook and footnotes to the financial statement, to better reflect the corporate reporting for information needs of different stakeholders. The Company is working with a strategy for generating value creation for the organization and its stakeholders.

We hope that this Integrated Report will help our stakeholder understand how we create value through our business model. Since, Integrated Reporting is at its early stages of development, we are looking forward to make it more useful for our shareholders.

The Company has included the following content elements for the users of this report:

- Organizational overview and external environment
- Strategy and resource allocation
- Risks and opportunities
- Governance
- Stakeholders' relationship and engagement
- Outlook
- Sustainability and corporate social responsibility
- Excellence in corporate reporting

The adoption of integrated reporting requires involvement and support of the Board of Directors and the leadership team. Henceforth, Management of the Company provides guidance to achieve the objectives by advising, assessing, and monitoring business strategies; ensuring the execution and modification of strategies; and evaluating their own effectiveness and contribution in these activities. Reporting is being monitored and it is ensured that the relevant information is shared in the most suited way for the stakeholders of the Company.

We will continue to improve the information produced to make it even easier to understand, while taking into account the opinion of stakeholders reading this report.

Unreserved Compliance with International Financial Reporting Standards Issued by International Accounting Standards Board

The management of the Company strongly believes in adherence to unreserved compliance with all the applicable International Accounting Standards (IAS)/ IFRS issued by International Accounting Standards Board (IASB) vital to true and fair preparation and presentation of financial information.

Compliance to IFRS encourages sufficient disclosures of the financial statements that are beneficial for informed decisions of stakeholders. Financial statements for the year have been prepared in accordance with the accounting and reporting standards issued by IASB as are applicable in Pakistan. IFRS adoption status is in detail is explained in note 4 of annexed financial statements.

Independent Auditor's Review Report

To the members of Power Cement Limited
Review Report on the Statement of Compliance contained in Listed Companies (Code of Corporate Governance) Regulations, 2017

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2017 (the Regulations) prepared by the Board of Directors of Power Cement Limited ("the Company") for the year ended 30 June 2019 in accordance with the requirements of regulation 40 of the Regulations.

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

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

The Regulations require the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval, its related party transactions and also ensure compliance with the requirements of section 208 of the Companies Act, 2017. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee. We have not carried out procedures to assess and determine the Company's process for identification of related parties and that 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 requirements contained in the Regulations as applicable to the Company for the year ended 30 June 2019.

Further, we highlight below instance of non-compliance with the requirement of the Regulations as reflected in the note/paragraph reference where it is stated in the Statement of Compliance:

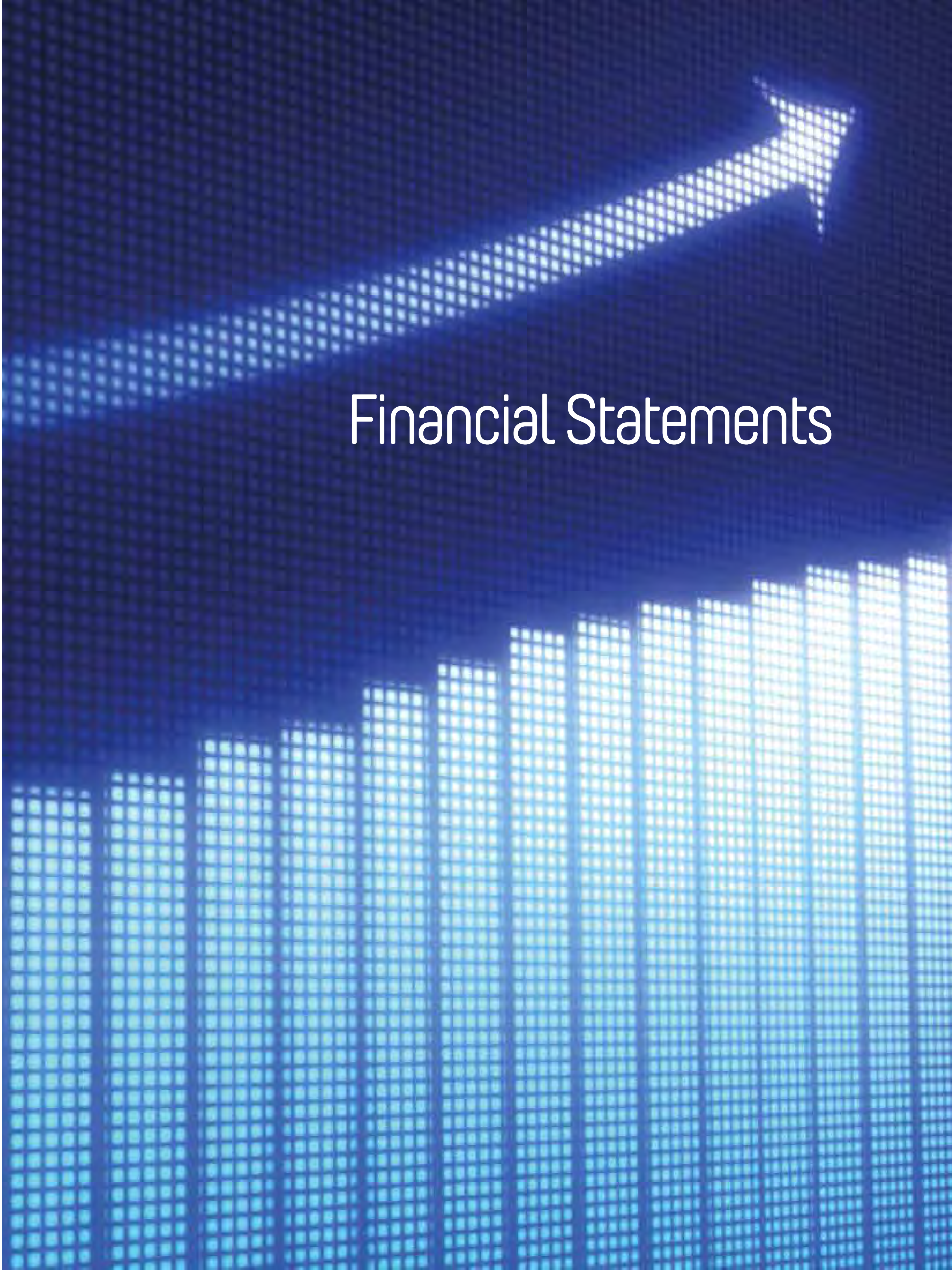
S.No.	Reference	Description
1	Point no. 18	During the year an amendment in Regulation 25 of the Regulations was introduced on 5 December 2018 stating that an individual shall not simultaneously hold the position of Company Secretary and Chief Financial Officer in a listed company. Subsequently, the new regulations issued on 25 September 2019 have made this requirement non-mandatory. The Company continued to vest both positions in the same individual.

KPMG Taseer Hadi & Co.

Date: 07 October 2019
Karachi

KPMG Taseer Hadi & Co.
Chartered Accountants

Financial Statements



Independent Auditor's Report

To the members of Power Cement Limited
Report on the Audit of the Financial Statements

Opinion

We have audited the annexed financial statements of Power Cement Limited (the Company), which comprise the statement of financial position as at 30 June 2019, and the statement of profit or loss and other comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at 30 June 2019 and of the profit and other comprehensive income, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

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

Emphasis of Matters

We draw attention to note 12.1 and 23.1.4 to the financial statements which state the reasons for recording an asset in relation to a refund claim of excise duty amounting to Rs.182.604 million and reversal of loan from previous sponsors amounting to Rs.115.192 million in the financial statements, respectively. Our opinion is not qualified in respect of these matters.

Key Audit Matters

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

Following are the Key audit matters:

S. No.	Key audit matters	How the matters were addressed in our audit
1.	Revenue Recognition Refer notes 4.1.1, 4.18 and 24 to the financial statements. The Company generates revenue from sale of cement. During the current year, the Company has recognized revenue from the sales of cement of Rs. 3,858 million. We identified revenue recognition as key audit matter because revenue is one of the key performance indicators of the Company and gives rise to an inherent risk that revenue could be subject to misstatement to meet expectations or targets and risk of misapplication of the new accounting standard IFRS 15 Revenue from Contracts with Customers.	Our audit procedures included the following: • Obtained an understanding of the process relating to recognition of revenue and tested the design, implementation and operating effectiveness of key controls over recognition of revenue; • Compared a sample of sale transactions recorded during the year with sales orders, sales invoices, delivery orders and other relevant underlying documentation; • Compared a sample of revenue transactions recorded before and after the reporting date with sales orders, sales invoices, delivery orders and other relevant underlying documentation to assess whether the related revenue was recorded in the appropriate accounting period; and • Obtained an understanding of the nature of the revenue contracts entered into by the Company, tested a sample of sales contracts to confirm our understanding and assessed whether or not management's application of IFRS 15 requirements was in accordance with the standard.
2.	Property, Plant and Equipment Refer notes 4.2, 5 and 41 to the financial statements. The Company is undergoing a major expansion of its cement production capacity. During the current year the Company has incurred costs of Rs. 12,763 million on the new cement production line. Further, the Company has carried out an impairment testing of its existing Plant, where it determined the recoverable amount of the Plant is higher than its carrying value. We identified property, plant and equipment as a key audit matter because of the significant amounts involved and there is a risk that costs being capitalized may not meet the capitalization criteria and significance of judgments / estimates used by management in determining the recoverable amount of the existing plant.	Our audit procedures included the following: • Obtained an understanding of the design and implementation of controls over capitalization and performing tests of control over authorization of capital expenditure and accuracy of its recording in the system; • Tested, on sample basis, the costs incurred on project with supporting documentation and contracts; • Assessed the nature of costs incurred including borrowing costs for the capital projects through testing, on sample basis, of amounts recorded and considered whether the expenditure meets the criteria for capitalization as per the accounting policy and applicable accounting standards; • For determination of the recoverable amount, obtained an understanding of the work performed by the management's expert

Following are the Key audit matters:

		for determining the fair value of the existing plant and involved our own expert to reassess the valuation of the existing plant; • Obtained an understanding of the methodology and assumptions used by the management to estimate the value-in-use of the Company's existing plant; • Involved our own specialist to assess the appropriateness of the methodology and assumptions used by the management to determine the value-in-use of the existing plant and reviewed computations of value-in-use for accuracy; and • Reviewed the adequacy of the disclosures made by the Company with regard to applicable accounting and reporting standards.
3.	Deferred Tax Refer notes 4.12, 18 and 31.3 to the financial statements. he Company has booked a net deferred tax asset of Rs. 413 million as at 30 June 2019 that mainly include tax credit arising on the installation of the new cement production line, carry forward losses and minimum tax. The recoverability of this benefit has been assessed based on the projected future taxable profits of the Company. The determination of future taxable profits is based on certain key assumptions such as capacity utilization, gross margin percentage, inflation and interest rates. We identified valuation of deferred tax asset a key audit matter because of the significant amounts and complexities of the calculation of future taxable profits and the inherent uncertainty involved in forecasting taxable profits available in future periods.	Our audit procedures included the following: • Obtained understanding of the Company's process of preparing financial projections; • Assessed the appropriateness of management's assumptions and estimates in respect of deferred tax asset; • Obtained financial projections from management as approved by the Board of Directors and reviewed management's estimates of projected taxable income for reasonableness; • Reviewed opinion obtained by Company from tax advisor to support the Company's judgment on recognition of tax credit under section 65B; and • Reviewed the adequacy of the disclosures made by the Company with regard to applicable accounting and reporting standards.

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

Management is responsible for the other information. The Other Information comprises the information included in the Annual Report but does not include the financial statements and our auditor's report thereon.

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

In connection with our audit of the financial statements, our responsibility is to read the Other Information and, in doing so, consider whether the Other Information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this Other Information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Board of Directors for the Financial Statements

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

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

Board of directors are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

Report on Other Legal and Regulatory Requirements

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

a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);
b) the statement of financial position, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account;
c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and
d) no zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

The engagement partner on the audit resulting in this independent auditor's report is Muhammad Taufiq.

KPMG Taseer Hadi & Co.

Date: 07 October 2019
Karachi

KPMG Taseer Hadi & Co.
Chartered Accountants

Statement of Financial Position

As at 30 June 2019

(Rupees in '000)

	Note	2019	2018
ASSETS			
Non-current Assets			
Property, plant and equipment	5	32,942,295	19,843,344
Intangible assets	6	-	1,077
Long-term Investments	7	14,100	13,124
Deferred tax assets	18	413,291	-
Long-term deposits		19,635	19,635
		33,389,321	19,877,180
Current Assets			
Stores, spares and loose tools	8	931,858	1,067,082
Stock-in-trade	9	603,185	301,909
Trade debts - unsecured,considered good	10	386,499	456,212
Advances and other receivables			
- unsecured,considered good	11	3,397,779	1,088,526
Trade deposits and short-term prepayments		9,757	10,305
Tax refunds due from government	12	637,464	510,501
Short term investments	13	27,899	84,000
Cash and bank balances	14	624,641	1,121,591
		6,619,082	4,640,126
TOTAL ASSETS		40,008,403	24,517,306
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized share capital			
1,200,000,000 (30 Jun 2018: 1,200,000,000)			
Ordinary shares of Rs. 10/- each		12,000,000	12,000,000
Issued, subscribed and paid-up capital			
1,063,414,434 (30 Jun 2018: 1,063,414,434)			
Ordinary shares of Rs. 10/- each	15	10,634,144	10,634,144
Capital Reserve			
Share Premium		750,714	750,714
Revenue Reserves			
Hedging reserve		351,081	-
Accumulated profit / (loss)		485,601	(85,796)
		12,221,540	11,299,062
LIABILITIES			
NON-CURRENT LIABILITIES			
Long-term financing	17	17,959,094	9,460,000
Deferred tax liabilities	18	-	441,403
Staff retirement benefits	19	57,923	78,782
		18,017,017	9,980,185
CURRENT LIABILITIES			
Loan from previous sponsors	23.1.4	735	735
Trade and other payables	20	3,534,574	1,844,801
Unclaimed Dividend		126	126
Accrued mark-up	21	1,153,972	249,507
Short-term financing	22	4,904,444	1,032,890
Current portion of long term financing		175,995	110,000
		9,769,846	3,238,059
CONTINGENCIES AND COMMITMENTS	23		
TOTAL EQUITY AND LIABILITIES		40,008,403	24,517,306

The annexed notes from 1 to 42 form an integral part of these financial statements.

Chief Financial Officer	Chief Executive	Director

Statement of Profit or Loss and Other Comprehensive Income

For the year ended 30 June 2019

(Rupees in '000)

	Note	2019	2018
Sales - net	24	3,858,455	4,343,240
Cost of sales	25	(3,701,175)	(3,668,172)
Gross profit		157,280	675,068
Selling and distribution expenses	26	(122,443)	(115,806)
Administrative expenses	27	(142,709)	(125,408)
Other income	28	553	1,676
Impairment loss on trade debts	10.3	(6,033)	(6,300)
Other operating expenses	29	(142,997)	(71,210)
		(413,629)	(317,048)
Operating (loss) / profit		(256,349)	358,020
Finance income		21,019	112,359
Finance costs		(177,066)	(121,601)
Finance costs - net	30	(156,047)	(9,242)
(Loss) / Profit before income tax		(412,396)	348,778
Income tax credit / (expense)	31	994,502	(28,871)
Profit for the year		582,106	319,907
Other comprehensive income:			
Items that are or may be reclassified subsequently to profit or loss			
Cash flow hedges - effective portion of changes in fair value		494,480	-
Related deferred tax		(143,399)	-
		351,081	-
Items that will not be reclassified to profit or loss			
Actuarial loss on remeasurement of defined benefit obligations		(2,408)	(9,954)
Related deferred tax		489	1,742
		(1,919)	(8,212)
Other comprehensive income for the year - net of tax		349,162	(8,212)
Total comprehensive income for the year		931,268	311,695
		(Rupees)	
Earnings per share - basic and diluted	32	0.55	0.32

The annexed notes from 1 to 42 form an integral part of these financial statements.

Chief Financial Officer

Chief Executive

Director

Statement of Cash Flows

For the year ended 30 June 2019

(Rupees in '000)

	Note	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash (used in) / generated from operations	36	(679,224)	549,616
Gratuity paid		(13,470)	(11,834)
Income tax paid		(79,026)	(130,523)
Financial charges paid		(65,547)	(358,115)
		(158,043)	(500,472)
Net cash (used in) / generated from operating activities		(837,267)	49,144
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure - Operations		(2,861,788)	(376,940)
Capital expenditure - Project Line III		(9,311,282)	(14,118,191)
Investments released during year		56,101	-
Proceeds from disposal of investments		-	137,500
Interest received		20,043	111,451
Redemption of units of Meezan cash fund		-	5
Proceeds from sale of property, plant and equipment		600	1,956
Net cash used in investing activities		(12,096,326)	(14,244,219)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from rights issue		-	1,330,545
Proceeds from issuance of ordinary shares other than rights issue		-	1,308,232
Repayment of long term financing - existing syndicate finance		(110,000)	(250,000)
Proceeds from long term financing - project line III syndicate finance		8,675,089	9,460,000
Expenses incurred on issuance of right shares		-	(39,518)
Expenses incurred on issuance of other than right shares		-	(6,133)
Net cash from financing activities		8,565,089	11,803,126
Net decrease in cash and cash equivalents		(4,368,504)	(2,391,949)
Cash and cash equivalents at the beginning of the year		88,701	2,480,650
Cash and cash equivalents at the end of the year	37	(4,279,803)	88,701

The annexed notes from 1 to 42 form an integral part of these financial statements.

Chief Financial Officer	Chief Executive	Director

Statement of Changes in Equity

For the year ended 30 June 2019

	Issued, subscribed and paid up capital	Advance against right shares	Capital Reserve: Share premium	Revenue Reserves: Accumulated (loss) / profit	Revenue Reserves: Hedging Reserve	Total Equity
	(Rupees in '000)					
Balance as at 1 July 2017	3,656,900	6,049,057	(914,225)	(397,491)	-	8,394,241
Total comprehensive income for the year						
Profit for the year	-	-	-	319,907	-	319,907
Other comprehensive income	-	-	-	(8,212)	-	(8,212)
	-	-	-	311,695	-	311,695
Transactions with owners of the Company						
Issuance of right shares	5,930,658	(7,413,322)	1,482,664	-	-	-
Receipt against right shares	-	1,330,545	-	-	-	1,330,545
Issuance cost	-	(39,518)	-	-	-	(39,518)
Issuance costs charged against share premium	-	73,238	(73,238)	-	-	-
Issuance of shares otherwise than right	1,046,586	-	261,646	-	-	1,308,232
Issuance cost of otherwise than right shares	-	-	(6,133)	-	-	(6,133)
	6,977,244	(6,049,057)	1,664,939	-	-	2,593,126
Balance as at 30 June 2018	10,634,144	-	750,714	(85,796)	-	11,299,062
Adjustment on initial application of IFRS 9 - net of tax (note 4.1.2)	-	-	-	(8,790)	-	(8,790)
Adjusted balance as at 30 June 2018	10,634,144	-	750,714	(94,586)	-	11,290,272
Total comprehensive income for the year						
Profit for the year	-	-	-	582,106	-	582,106
Other comprehensive income	-	-	-	(1,919)	351,081	349,162
	-	-	-	580,187	351,081	931,268
Balance as at 30 June 2019	10,634,144	-	750,714	485,601	351,081	12,221,540

The annexed notes from 1 to 42 form an integral part of these financial statements.

Chief Financial Officer	Chief Executive	Director

Notes to the Financial Statements

For the year ended 30 June 2019

1. CORPORATE AND GENERAL INFORMATION

1.1 Legal status and operations

Power Cement Limited (the Company) was established as a private limited company on 1 December 1981 and was converted into a Public Limited Company on 9 July 1987. The Company is also listed on Pakistan Stock Exchange. The Company's principal activity is manufacturing, selling and marketing of cement. The registered office of the Company is situated at Arif Habib Centre, 23 M.T. Khan Road, Karachi and its undertaking is situated at Deh Kalo Kohar, Nooriabad Industrial Estate, District Jamshoro (Sindh).

2 BASIS OF PREPARATION

2.1 Statement of compliance

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

– International Financial Reporting Standards (IFRS Standards) issued by the International Accounting Standard Board (IASB) and Islamic Financial Accounting Standards (IFAS) issued by Institute of Chartered Accountants of Pakistan as are notified under the Companies Act, 2017 and

– Provisions of and directives issued under the Companies Act, 2017.

Where provisions of and directives issued under the Companies Act, 2017 differ with the requirements of IFRS or IFAS Standards, the provisions of and directives issued under the Companies Act, 2017 have been followed.

2.2 Basis of measurement

These financial statements have been prepared under the historical cost convention except for the Company's liability under defined benefit plan (gratuity) that is determined based on the present value of defined benefit obligation less fair value of plan assets and for derivative financial instruments which are stated at fair value.

2.3 Functional and presentation currency

These financial statements are presented in Pakistani Rupee (Rs.) which is the Company's functional currency. Amounts presented in the financial statements have been rounded off to the nearest of thousands, unless otherwise stated.

2.4 Key judgments and estimates

The preparation of financial statements in conformity with accounting and reporting standards, as applicable in Pakistan, requires management to make judgments, estimates and assumptions that affect the application of the accounting policies and the reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates underlying the assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. Information about the judgments made by the management in the application of the accounting policies, that have the most significant effect on the amount recognized in these financial statements, assumptions and estimation uncertainties with significant risk of material adjustment to the carrying amount of asset and liabilities in the next year are described in the following notes:

- Property, plant and equipment and Intangible assets (notes 4.2 and 4.3).
- Stores, spares and loose tools (note 4.6)
- Stock-in-trade (note 4.7)
- Trade debts, advances and other receivables (note 4.9)

- Taxation - Current and deferred tax (note 4.12)
- Staff retirement benefits (note 4.13)
- Provisions and Impairment (note 4.14 and 4.8)
- Contingent liabilities (note 4.15)
- Derivative financial instruments (note 4.17)

3 New or amendments / interpretations to existing standards, interpretation and forthcoming requirements

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

The following International Financial Reporting Standards (IFRS Standards) as notified under the Companies Act, 2017 and the amendments and interpretations thereto will be effective for accounting periods beginning on or after 01 July 2019:

- IFRIC 23 'Uncertainty over Income Tax Treatments' (effective for annual periods beginning on or after 1 January 2019) clarifies the accounting for income tax when there is uncertainty over income tax treatments under IAS 12. The interpretation requires the uncertainty over tax treatment be reflected in the measurement of current and deferred tax. The application of interpretation is not likely to have an impact on Company's financial statements.

- IFRS 16 'Leases' (effective for annual period beginning on or after 1 January 2019). IFRS 16 replaces existing leasing guidance, including IAS 17 'Leases', IFRIC 4 'Determining whether an Arrangement contains a Lease', SIC-15 'Operating Leases- Incentives' and SIC-27 'Evaluating the Substance of Transactions Involving the Legal Form of a Lease'. IFRS 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognizes a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard i.e. lessors continue to classify leases as finance or operating leases. Management is not expecting impact of the standard on the Company's financial reporting.

- Amendment to IFRS 9 'Financial Instruments' – Prepayment Features with Negative Compensation (effective for annual periods beginning on or after 1 January 2019). For a debt instrument to be eligible for measurement at amortised cost or FVOCI, IFRS 9 requires its contractual cash flows to meet the SPPI criterion – i.e. the cash flows are 'solely payments of principal and interest'. Some prepayment options could result in the party that triggers the early termination receiving compensation from the other party (negative compensation). The amendment allows that financial assets containing prepayment features with negative compensation can be measured at amortised cost or at fair value through other comprehensive income (FVOCI) if they meet the other relevant requirements of IFRS 9. The application of amendment is not likely to have an impact on the Company's financial statements.

- Amendment to IAS 28 'Investments in Associates and Joint Ventures' - Long Term Interests in Associates and Joint Ventures (effective for annual period beginning on or after 1 January 2019). The amendment will affect companies that finance such entities with preference shares or with loans for which repayment is not expected in the foreseeable future (referred to as long-term interests or 'LTI'). The amendment and accompanying example state that LTI are in the scope of both IFRS 9 and IAS 28 and explain the annual sequence in which both standards are to be applied. The amendments are not likely to have an impact on Company's financial statements.

- Amendments to IAS 19 'Employee Benefits'- Plan Amendment, Curtailment or Settlement (effective for annual periods beginning on or after 1 January 2019). The amendments clarify that on amendment, curtailment or settlement of a defined benefit plan, a Company now uses updated actuarial assumptions to determine its current service cost and net interest for the period; and the effect of the asset ceiling is disregarded when calculating the gain or loss on any settlement of the plan and is dealt with separately in other comprehensive income. The application of amendments is not likely to have an impact on the Company's financial statements.

- Amendment to IFRS 3 'Business Combinations' – Definition of a Business (effective for business combinations for which the acquisition date is on or after the beginning of annual period beginning on or after 01 January 2020). The IASB has issued amendments aiming to resolve the difficulties that arise when an entity determines whether it has acquired a business or a group of assets. The amendments clarify that to be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs. The amendments include an election to use a concentration test. The standard is effective for transactions in the future and therefore would not have an impact on past financial statements.

- Amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors (effective for annual periods beginning on or after 01 January 2020). The amendments are intended to make the definition of material in IAS 1 easier to understand and are not intended to alter the underlying concept of materiality in IFRS Standards. In addition, the IASB has also issued guidance on how to make materiality judgments when preparing their general purpose financial statements in accordance with IFRS.

- On 29 March 2018, the International Accounting Standards Board (the IASB) has issued a revised Conceptual Framework for Financial Reporting which is applicable immediately contains changes that will set a new direction for IFRS in the future.. The Conceptual Framework primarily serves as a tool for the IASB to develop standards and to assist the IFRS Interpretations Committee in interpreting them. It does not override the requirements of individual IFRSs and any inconsistencies with the revised Framework will be subject to the usual due process – this means that the overall impact on standard setting may take some time to crystallise. The companies may use the Framework as a reference for selecting their accounting policies in the absence of specific IFRS requirements. In these cases, Companies should review those policies and apply the new guidance retrospectively as of 01 January 2020, unless the new guidance contains specific scope outs.

  Annual Improvements to IFRS Standards 2015 - 2017 Cycle - the improvements address amendments to following approved accounting standards:

- IFRS 3 Business Combinations and IFRS 11 Joint Arrangement - the amendment aims to clarify the accounting treatment when a Company increases its interest in a joint operation that meets the definition of a business. A Company remeasures its previously held interest in a joint operation when it obtains control of the business. A Company does not remeasure its previously held interest in a joint operation when it obtains joint control of the business.

- IAS 12 Income Taxes - the amendment clarifies that all income tax consequences of dividends (including payments on financial instruments classified as equity) are recognized consistently with the transaction that generates the distributable profits.

- IAS 23 Borrowing Costs - the amendment clarifies that a Company treats as part of general borrowings any borrowing originally made to develop an asset when the asset is ready for its intended use or sale.

The above amendments are effective from annual period beginning on or after 01 January 2019 and are not likely to have an impact on the Company's financial statements.

4 Summary of significant accounting policies

Except as described below in note 4.1, the significant accounting policies are consistently applied in the preparation of these financial statements are the same as those applied in earlier periods presented.

4.1 Changes in significant accounting policies

The Company has adopted IFRS 15 'Revenue from Contracts with Customers' and IFRS 9 'Financial Instruments' from 01 July 2018 which are effective from annual periods beginning on or after 01 July 2018 and for reporting period / year ending on or after 30 June 2019 respectively

The details of new significant accounting policies adopted and the nature and effect of the changes to previous accounting policies are set out below:

4.1.1 IFRS 15 'Revenue from Contracts with Customers'

On 28 May 2014, the International Accounting Standards Board ("IASB") issued International Financial Reporting Standards ("IFRS") 15 "Revenue From Contracts with Customers" which provides a unified five-step model for determining the timing, measurement and recognition of revenue. The focus of the new standard is to recognize revenue as performance obligations are made rather than based on the transfer of risk and rewards. IFRS 15 includes a comprehensive set of disclosure requirements including qualitative and quantitative information about contracts with customers to understand the nature, amount, timing and uncertainty of revenue. The standard supersedes IAS 18 "Revenue", IAS 11 "Construction Contracts" and the number of revenue related interpretations.

The Company has applied the modified retrospective method upon adoption of IFRS 15 as allowed under the Standard. This method requires the recognition of the cumulative effect (without practical expedients) of initially applying IFRS 15 to retained earnings. Under this transition method, comparative information for prior periods has not been restated and continues to be reported in accordance with the previous standard under IAS 18 and related interpretations.

Apart from providing more extensive disclosures, the application of IFRS 15 has not had a significant impact on the financial position and / or financial performance of the Company for the reasons described below. Accordingly there was no adjustment to retained earnings on application of IFRS 15 at 01 July 2018.

Under IFRS 15, revenue is recognised when a customer obtains control of the goods or services. Determining the timing of the transfer of control – at a point in time or over time – requires judgment. Control of the underlying goods could be transferred and revenue recognized when the product leaves the seller's location, based on legal title transfer, the entity's right to receive payment, or the customer's ability to redirect and sell the goods, but there might be additional performance obligations for shipping and in-transit risk of loss. The Company allocates the transaction price to each of the performance obligations, and recognize revenue when each performance obligation is satisfied, which might be at different times.

Revenue is measured based on the consideration specified in a contract with a customer, net of sales commission and excludes amounts collected on behalf of third parties.

The Company manufactures and contracts with customers for the sale of cement which generally include single performance obligation. Management has concluded that revenue from sale of goods be recognised at the point in time when control of the asset is transferred to the customer, which is upon the delivery of goods. Delivery occurs when the products have been shipped to the specific location and the risks of loss have been transferred to the customers . The transfer can be either in the form of acceptance by the customer of products as per the sales contract or lapse of acceptance provision or the Company has objective evidence that all criteria for acceptance have been satisfied.

Invoices are generated at the point in time when control of the asset is transferred and revenue is recognised at that point in time. Receivable is also recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

The above is generally consistent with the timing and amounts of revenue the Company recognised in accordance with the previous standard, IAS 18. Therefore, the adoption of IFRS 15 did not have an impact on the timing and amounts of revenue recognition of the Company.

Upon the adoption of IFRS 15, for short-term advances, the Company used the practical expedient. As such, the Company will not adjust the promised amount of the consideration for the effects of a financing component in contracts, where the Company expects, at Contract inception, that the period between the time the customer pays for the goods and when the Company transfers that promised goods to the customer will be one year or less.

The Company does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the Company does not adjust any of transaction prices for the time value of money. As required for the financial statements, the Company disaggregated revenue recognised from contracts with customers into primary geographical markets and major product lines.

4.1.2 IFRS 9 'Financial Instruments'

IFRS 9 replaces the provisions of IAS 39 'Financial Instruments: Recognition and Measurement' that relates to the recognition, classification and measurement of financial assets and financial liabilities, derecognition of financial instruments, impairment of financial assets and hedge accounting. The Company has applied the modified retrospective method upon adoption of IFRS 9 as allowed under the Standard. This method requires the recognition of the cumulative effect (without practical expedients) of initially applying IFRS 9 to retained earnings. Accordingly, the informations presented for 2018 have not been restated i.e. it is presented, as previously reported under IAS 39 and related interpretations.

The details of new significant accounting policies and the nature and effect of the changes to previous accounting policies are set out below:

i Classification and measurement of financial assets and financial liabilities

IFRS 9 largely retains the existing requirements in IAS 39 for the classification and measurement of financial liabilities. However, it eliminates the previous IAS 39 categories for financial assets of held to maturity, loans and receivables, held for trading and available for sale. IFRS 9, classifies financial assets in the following three categories:

- fair value through other comprehensive income (FVOCI);
- fair value through profit or loss (FVTPL); and
- measured at amortized cost.

The following assessments have been made on the basis of the facts and circumstances that existed at the date of initial application:

- The determination of business model within which a financial asset is held; and

- The designation and revocation of previous designation of certain financial assets as measured at FVTPL.

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at fair value through profit or loss:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and

- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- It is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and

- Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

For assets measured at fair value, gains and losses will either be recorded in the statement of profit or loss account or other comprehensive income. For investments in equity instruments that are not held for trading, this will depend on whether the Company has made an irrevocable election at the time of initial recognition to account for the equity investment at FVOCI.

All financial assets are not classified as measured at amortized cost or FVOCI as described above are measured at FVTPL. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized cost or at FVOCI as FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

A financial asset is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition.

The adoption of IFRS 9 did not have a significant effect on the Company’s accounting policies related to financial liabilities.

The accounting policies that apply to financial instruments are stated in note 4.16 to the financial statements.

The following table explains the original measurement categories under IAS 39 and the new measurement categories under IFRS 9 for each class of the Company’s financial assets as at 30 June 2018:

As at 30 June 2018	Original classification under IAS 39	New classification under IFRS 9	Original carrying amount	New carrying amount
			(Rupees in '000)	
Defence saving certificates	Held to maturity	Amortized cost	13,124	13,124
Long term deposits	Loans and receivables	Amortized cost	19,635	19,635
Trade debts	Loans and receivables	Amortized cost	456,212	443,832
Advances and other receivables	Loans and receivables	Amortized cost	1,088,526	1,088,526
Trade deposits	Loans and receivables	Amortized cost	9,381	9,381
Tax refunds due from government	Loans and receivables	Amortized cost	510,501	510,501
Short term investment	Loans and receivables	Amortized cost	84,000	84,000
Cash and bank balances	Loans and receivables	Amortized cost	1,121,591	1,121,591
Total financial assets			3,302,970	3,290,590

ii Impairment

IFRS 9 replaces the 'incurred loss' model in IAS 39 with an 'expected credit loss' (ECL) model. IFRS 9 introduces a forward looking expected credit loss model, rather than the current incurred loss model, when assessing the impairment of financial assets in the scope of IFRS 9. The new impairment model applies to financial assets measured at amortized cost, contract assets and debt investments at FVOCI, but not to investments in equity instruments.

The Company applies the IFRS 9 simplified approach for measuring expected credit losses which uses a lifetime expected loss allowance for all trade debts. Impairment losses related to trade debts are presented separately in the statement of profit or loss account. Trade debts are written off when there is no reasonable expectation of recovery. Management used actual credit loss experience over past years to base the calculation of ECL on adoption of IFRS 9. Given the Company's experience of collection history and historical loss rates / bad debts and normal receivable aging, the move from an incurred loss model to an expected loss model has not had an impact on the financial position and / or financial performance of the Company.

Loss allowance on debt securities are measured at 12 months expected credit losses as those are determined to have low credit risk at the reporting date. Since there is no loss given default, no credit loss is expected on these securities. Loss allowance on other securities and bank balances is also measured at 12 months expected credit losses. Since these assets are short term in nature, therefore no credit loss is expected on these balances.

As explained above, the management has applied the modified retrospective method upon the adoption of IFRS 9 as allowed under the Standard. The cumulative effect representing the difference between the carrying amount before the adoption of IFRS 9 and the new carrying amount calculated in accordance with the standard at the beginning of the current year (i.e. as of 1 July 2018), has been recognised in reserves (accumulated profit). The financial impact due to to the adoption of the ECL model as explained above under IFRS 9 is as follows:

	(Rupees in '000)
Accumulated loss as of 1 July 2018	(85,796)
Affect of the change due to the application of ECL model under IFRS 9 - net of tax	(8,790)
Adjusted accumulated loss as of 1 July 2018	(94,586)

Similar adjustment has been recorded in trade debts also (refer note 10.3)

4.2 Property, plant and equipment

4.2.1 Operating assets and depreciation

Initial recognition

All items of property, plant and equipment are initially recorded at cost.

Subsequent Measurement

These are stated at cost less accumulated depreciation and impairment losses, if any, except for leasehold land, which is stated at cost less impairment, if any.

Cost of leasehold land is not amortized since the lease is renewable at a nominal price at the option of the lessee.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the asset will flow to the Company and the cost of the asset can be measured reliably. The carrying amount of the replaced part is derecognized.

Normal repair and maintenance are charged to the statement of profit or loss as and when incurred. Gains and losses on disposal of assets, if any, are included in the statement of profit or loss currently.

Depreciation

Depreciation on plant and machinery is charged using units of production method. The units of production method results in depreciation charge based on the actual use or output.

Depreciation other than plant and machinery is charged, on a systematic basis over the useful life of the assets, on reducing balance method, which reflects the patterns in which the asset's economic benefits are consumed by the company, at the rates specified in note 5.1. Depreciation on additions is charged from the month in which the asset is available for use and on disposals up to the month prior to disposal.

Disposal

The gain or loss arising on disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amounts of the asset and is recognized in the statement of profit or loss.

Judgment and estimates

The useful lives, residual values and depreciation methods are reviewed on a regular basis. The effect of any changes in estimates is accounted for on a prospective basis.

4.2.2 Assets subject to finance lease

The Company accounts for property, plant and equipment obtained under finance leases by recording the asset and the related liability. These amounts are determined on the basis of discounted value of minimum lease payments at inception of lease or fair value whichever is lower.

Financial charges are allocated to the accounting period in a manner so as to provide a constant periodic rate of charge on the outstanding liability. Depreciation on plant and machinery is charged on the unit of production method basis. Depreciation on assets other than plant and machinery is charged, on a systematic basis over the useful life of the assets, on reducing balance method, which reflects the patterns in which the asset's economic benefits are consumed by the Company, at the rates specified in note 5.1. Depreciation on additions is charged from the month in which the asset is available for use and on disposals up to the month prior to disposal.

4.2.3 Capital work-in-progress (CWIP)

Capital work in progress is stated at cost including, where relevant, related financing costs less impairment losses, if any. These costs are transferred to fixed assets as and when assets are available for use.

4.2.4 Ijarah lease

Leased assets which are obtained under Ijarah agreement are not recognized in the Company's Statement of financial position and are treated as operating lease based on Islamic Financial Accounting Standard (IFAS) 2 issued by the Institute of Chartered Accountants of Pakistan and notified by Securities and Exchange

Commission of Pakistan vide S.R.O. 43(1) / 2007 dated 22 May 2007. Ijarah payments under the agreement are charged to the statement of profit or loss over the ijarah term.

4.2.5 Capitalisable stores and spares

Spare parts, stand-by equipment and servicing equipment which qualify as property, plant and equipment when an entity expects to use them during more than one year are classified as fixed assets under the category of capitalisable stores and spares.

4.3 Intangible assets

Measurement

These are stated at cost less accumulated amortization and impairment losses, if any. Amortization is charged using the straight line method over assets estimated useful life at the rates specified in note 6 after taking into account residual value, if any.

Research and development expenditure is charged to 'administrative and general expenses' in the statement of profit or loss, as and when incurred.

Amortization on additions is charged from the month the assets are put to use while no amortization is charged in the month in which the assets are disposed off.

Gains or losses on disposal of such assets, if any, are included in the statement of profit or loss.

Judgment and estimates

The useful lives, residual values and amortization method are reviewed on a regular basis. The effect of any changes in estimate accounted for on a prospective basis.

4.4 Method of preparation of statement of cash flows

The statement of cash flow is prepared using the indirect method.

4.4.1 Cash and cash equivalents

For the purpose of statement of cash flow , cash and cash equivalents comprise of cash and bank balances net of short term borrowings.

4.5 Dividends and appropriations

Dividends and reserve appropriations are recognized in the period in which these are declared / approved.

4.6 Stores, spares and loose tools

These are valued at cost determined on moving average basis, less provision for obsolescence. Stores and spares in transit are valued at invoice value plus other charges incurred thereon as on reporting date.

4.7 Stock in trade

Stock of raw and packing materials, work in process and finished goods are valued at the lower of cost and net realizable value. Cost in relation to work in process and finished goods includes prime cost and appropriate proportion of production overheads incurred in bringing the inventory to their present location and condition. Cost in relation to raw and packing material is determined using the moving average method.

Stocks in transit are valued at cost comprising invoice value plus other charges directly attributable to the acquisition of related purchase incurred up to the reporting date.

Net realizable value signifies the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

4.8 Impairment

4.8.1 Financial assets

The Company recognises loss allowances for Expected Credit Losses (ECLs) in respect of financial assets measured at amortized cost.

The Company measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured at 12-month ECLs:

- debt securities that are determined to have low credit risk at the reporting date; and
- other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition. Loss allowances for trade receivables are always measured at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment including forward-looking information.

The Company assumes that the credit risk on a financial asset has increased significantly if it is more than past due for a reasonable period of time. Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument. 12-months ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months). The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

The gross carrying amount of a financial asset is written off when the Company has no reasonable expectations of recovering of a financial asset in its entirety or a portion thereof. The Company individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Company expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

The adoption of the expected loss approach has not resulted in any material change in impairment provision for any financial asset.

4.8.2 Non-financial assets

The carrying amounts of the Company's non-financial assets, other than deferred tax assets and inventories are reviewed at each balance sheet date to determine whether there is any indication of impairment. If such indication exists, the asset's recoverable amount, being higher of value in use and fair value less costs to sell, is estimated. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets. An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. Impairment losses are recognised in the statement of profit or loss.

4.9 Trade debts, advances and other receivables

These are classified at amortised cost and are initially recognised when they are originated and measured at fair value of consideration receivable. These assets are written off when there is no reasonable expectation of recovery. Actual credit loss experience over past years is used to base the calculation of expected credit loss.

4.10 Borrowing and finance costs

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset (i.e. 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 that asset.

Finance cost comprises of interest expense on borrowings, if any, unwinding of the discount and bank charges. Mark up, interest and other charges on borrowings are charged to the statement of profit or loss in the period in which they are incurred.

4.11 Trade and other payables

Trade and other payables are recognised initially at fair value plus directly attributable costs, if any, and subsequently measured at amortised costs

4.12 Taxation - Current and deferred tax

Income tax comprises of current tax and deferred tax.

a) Current tax

The Company falls under the presumptive tax regime under Section 115 (4) and 169 of the Income Tax Ordinance, 2001, to the extent of direct export sales. Provision for tax on other income and local sales is based on taxable income at the rates applicable for the current tax year, after considering the rebates and tax credits available, if any. The tax charge as calculated above is compared with turnover tax under Section 113 of the Income Tax Ordinance (Ordinance), 2001, the amount higher of these is recorded as tax expense in these financial statements.

b) Deferred tax

Deferred taxation is recognized, using the balance sheet liability method, providing for all temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax recognized is based on the expected manner of the realization or settlement of the carrying amount of assets and liabilities, using rates of taxation enacted or substantially enacted at the reporting date.

Deferred tax assets are recognized for all deductible temporary differences and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and unused tax losses can be utilized. Deferred tax assets, are reduced to the extent that they are no longer probable that the related tax benefit will be realized.

Judgment and estimates

Significant judgment is required in determining the income tax expenses and corresponding provision for tax. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business.

Further, the carrying amount of deferred tax assets is reviewed at each reporting date and is adjusted to reflect the current assessment of future taxable profits. If required, carrying amount of deferred tax asset is reduced to the extent that it is no longer probable that sufficient taxable profits to allow the benefit of part or all of that recognized deferred tax asset to be utilized. Any such reduction shall be reversed to the extent that it becomes probable that sufficient taxable profit will be available.

Off-setting

Deferred tax assets and liabilities are offset if there is a legally enforceable right to set off current tax assets against current tax liabilities, and they relate to income taxes levied by the same tax authority.

4.13 Staff retirement benefits

Defined benefit plan

The Company operates an approved funded gratuity scheme (defined benefit plan) for all its employees who have completed the qualifying period under the scheme. Contribution are made to the fund in accordance with actuarial recommendations. The most recent valuation in this regard was carried out by a qualified professional firm of actuaries on the reporting date by using the 'Projected Credit Unit Method' for valuation of the scheme. The actuarial gains or losses are recognized in other comprehensive income in the year in which they arises.

Compensated absences

The Company accounts for liability in respect of un-availed compensated absences for all its permanent employees, in the period of absence. Provision for liabilities towards compensated absences is made on the basis of last drawn gross salary.

4.14 Provisions and impairment

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

Where the effect of the time value of money is material, the amount expected to be required to settle the obligation is recognized at present value using a pre-tax discount rate. The unwinding of the discount is recognized as finance cost in the statement of profit or loss account.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

As the actual outflows can differ from estimates made for provisions due to changes in laws, regulations, public expectations, technology, prices and conditions, and can take place many years in the future, the carrying amounts of provisions are reviewed at each reporting date and adjusted to take account of such changes. Any adjustments to the amount of previously recognized provision is recognized in the statement of profit or loss unless the provision was originally recognized as part of cost of an asset.

4.15 Contingent liabilities

A contingent liability is disclosed when the Company has a possible obligation as a result of past events, whose existence will be confirmed only by the occurrence or non-occurrence, of one or more uncertain future events not wholly within the control of the Company; or the Company has a present legal or constructive obligation that arises from past events, but it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation, or the amount of the obligation cannot be measured with sufficient reliability.

4.16 Financial instruments

4.16.1 Initial measurement of financial asset

The Company classifies its financial assets into following three categories:

- fair value through other comprehensive income (FVOCI);
- fair value through profit or loss (FVTPL); and
- measured at amortized cost.

A financial asset is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition.

Subsequent measurement

Debt Investments at FVOCI	These assets are subsequently measured at fair value. Interest / markup income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in the statement of profit or loss account. Other net gains and losses are recognised in other comprehensive income. On de-recognition, gains and losses accumulated in other comprehensive income are reclassified to the statement of profit or loss account.

Equity Investments at FVOCI	These assets are subsequently measured at fair value. Dividends are recognised as income in the statement of profit or loss account unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in other comprehensive income and are never reclassified to the statement of profit or loss account.
Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest / markup or dividend income, are recognised in the statement of profit or loss account.
Financial assets measured at amortized cost	These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest / markup income, foreign exchange gains and losses and impairment are recognised in the statement of profit or loss account.

4.16.2 Financial liabilities

Financial liabilities are initially recognised on trade date i.e. date on which the Company becomes party to the respective contractual provisions. Financial liabilities include mark-up bearing borrowings and trade and other payables. The Company derecognises the financial liabilities when contractual obligations are discharged or cancelled or expired. Financial liability other than at fair value through profit or loss are initially measured at fair value less any directly attributable transaction cost. Subsequent to initial recognition, these liabilities are measured at amortised cost using effective interest rate method.

4.16.3 Mark-up bearing borrowings and borrowing costs

Mark-up bearing borrowings are recognised initially at fair value, less attributable transaction costs. Subsequent to initial recognition, mark-up bearing borrowings are stated at amortised cost, while the difference between the cost (reduced for periodic payments) and redemption value is recognised in the statement of profit or loss account over the period of the borrowings using the effective interest method.

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of the relevant asset.

4.16.4 Derivative financial instruments - other than hedging

Derivatives that do not qualify for hedge accounting are recognised in the statement of financial position at estimated fair value with corresponding effect to statement of profit or loss account. Derivative financial instruments are carried as assets when fair value is positive and liabilities when fair value is negative.

4.16.5 Derivative financial instruments - Cash Flow Hedge

When a derivative is designated as a cash flow hedging instrument, the effective portion of changes in fair value of the derivative is recognised in other comprehensive income and accumulated in hedging reserve. Any ineffective portion of changes in fair value of derivative is recognised immediately in the statement of profit or loss account. The amount accumulated in equity is removed therefrom and included in the initial carrying amount of non-financial asset upon recognition of non-financial asset.

The fair value of forward exchange contracts is estimated using appropriate valuation techniques. These are carried as assets when the fair value is positive and liabilities when the fair value is negative.

4.17 Offsetting of financial assets and financial liabilities

Financial assets and financial liabilities are offset and the net amount is reported in the financial statements only when the Company has currently legally enforceable right to set-off the recognised amounts and the Company intends either to settle on a net basis or to realise the assets and to settle the liabilities simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in normal course of business and in the event of default, insolvency or winding up of the Company or the counter parties.

4.18 Revenue recognition

4.18.1 Revenue is recognised when control of the goods are transferred i.e. when the goods are delivered to the customer, and there is no unfulfilled obligation that could affect the customer's acceptance of the goods. For sale of cement the transfer of control usually occurs on delivery of goods to the customer. Revenue is measured at fair value of the consideration received or receivable, excluding discounts, rebates and government levies.

4.18.2 Income from sale of scrap is recorded on delivery of scrap to the customers.

4.18.3 Profit on bank deposits is recorded on effective interest basis.

4.18.4 Gain / (loss) on sale of fixed assets is recorded when title is transferred in favour of transferee.

4.19 Foreign currency transactions and translations

Transactions in foreign currencies are recorded at the rates of exchange ruling on the date of the transaction. All monetary assets and liabilities denominated in foreign currencies are translated into Pakistan Rupees at the rate of exchange ruling on the statement of financial position date and exchange differences, if any, are charged in the statement of profit or loss.

4.20 Earnings per share

The Company presents basic and diluted earnings per shares (EPS) data. Basic EPS is calculated by dividing the profit or loss attributable to share holders of the Company by the weighted average number of ordinary shares outstanding during the year. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary share holders and the weighted average number of ordinary shares outstanding, adjusted for the effects of all dilutive potential ordinary shares.

5. PROPERTY, PLANT AND EQUIPMENT

(Rupees in '000)

	Note	2019	2018
Operating assets	5.1	5,145,979	5,110,695
Capital work-in-progress	5.4	27,373,414	14,610,588
Capitalisable stores and spares - Project Line III	5.5	318,061	-
Capitalisable stores and spares - Existing	5.6	104,841	122,061
		32,942,295	19,843,344

5.1 Operating Assets

	2019								
	Cost			Rate of Depreciation per annum	Accumulated depreciation				Written down value as at 30 June 2019
Owned assets	As at 1 July 2018	Additions / (disposals)	As at 30 Jun 2019		As at 1 July 2018	(Disposal)	Charge for the year	As at 30 Jun 2019	
	Rupees in '000			%	Rupees in '000				
Land - lease hold	3,025	-	3,025	-	-	-	-	-	3,025
Factory building on leased hold land	780,409	1,255	781,664	5%	397,441	-	19,184	416,626	365,038
Non-factory building on leased hold land	28,116	1,553	29,669	10%	15,282	-	1,374	16,656	13,013
Lease Hold Improvements	29,692	3,607	33,299	10%	12,446	-	2,036	14,483	18,817
Plant and machinery	6,011,227	126,772	6,137,999	Units of production	1,438,988	-	105,106	1,544,094	4,593,905
									-
Factory and laboratory equipment	74,131	8,912	83,043	10%	23,774	-	5,385	29,159	53,884
Quarry equipment	12,349	179	12,528	15%	10,990	-	211	11,201	1,327
Office equipment	29,199	3,682	32,881	10%	5,919	-	2,476	8,395	24,486
					-				
Computer and peripherals	34,020	3,407	37,427	33%	20,714	-	4,968	25,682	11,745
Furniture and fixtures	28,916	11,405	40,321	10%	14,140	-	2,301	16,441	23,880
Vehicles	40,534	24,856	64,259	20%	21,229		7,070	27,401	36,858
		(1,131)					(898)		
	7,071,618	185,628	7,256,115		1,960,923	-	150,111	2,110,136	5,145,979
		(1,131)				-	(898)		

Owned assets

	2018								
	Cost			Rate of Depreciation per annum	Accumulated depreciation				Written down value as at 30 June 2018
	As at 1 July 2017	Additions / (disposals)	As at 30 Jun 2018		As at 1 July 2017	(Disposal)	Charge for the year	As at 30 Jun 2018	
	Rupees in '000			%	Rupees in '000				
Land - lease hold	3,025	-	3,025	-	-	-	-	-	3,025
Factory building on leased hold land	778,828	1,581	780,409	5%	377,354	-	20,087	397,441	382,968
Non-factory building on leased hold land	24,082	4,034	28,116	10%	14,191	-	1,091	15,282	12,834
Lease Hold Improvement	28,797	895	29,692	10%	10,605	-	1,841	12,446	17,246
Plant and machinery	5,743,979	267,248	6,011,227	Units of	1,328,111	-	110,877	1,438,988	4,572,239
				production	-	-			
Factory and laboratory equipment	45,940	28,191	74,131	10%	19,350	-	4,424	23,774	50,357
Quarry equipment	11,819	530	12,349	15%	10,836	-	154	10,990	1,359
Office equipment	13,938	15,866	29,199	10%	5,109	-	1,395	5,919	23,280
		(605)			-		(585)		
Computer and peripherals	26,588	7,432	34,020	33%	15,722	-	4,992	20,714	13,306
Furniture and fixture	23,469	5,447	28,916	10%	12,843	-	1,297	14,140	14,776
Vehicles	28,408	17,596	40,534	20%	21,765		3,635	21,229	19,305
		(5,470)					(4,171)		
	6,728,873	348,820	7,071,618		1,815,886	-	149,793	1,960,923	5,110,695
		(6,075)					(4,756)		

5.2 Depreciation charge for the year has been allocated as follows:

	Note	2019	2018
		(Rupees in '000)	
Cost of sales	25	129,164	133,083
Selling and Distribution expenses	26	4,117	3,764
Administrative expenses	27	16,830	12,946
		150,111	149,793

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

Particulars	Location	Total Area
Manufacturing plant	Deh Kalo Kohar, Nooriabad Industrial Estate, District Jamshoro (Sindh)	330,357 sq ft

5.3 The details of property, plant and equipment disposed off during the year are as follows:

2019	Cost	Accumulated Depreciation	Written down value	Sales Proceeds	Gain	Particulars of the purchaser	Mode of Disposal	Relationship with the purchaser
	Rupees in '000							
Suzuki Alto	741	514	227	475	248	Hussaini Autos	Negotiation	None
Suzuki Mehran	390	384	6	125	119	Hussaini Autos	Negotiation	None
Total	1,131	898	233	600	367			
2018	(Rupees in 000)							
Mini Pajero	560	301	259	225	(34)	Abdul Wahab	Negotiation	Employee of the company
Suzuki Cultus	590	562	28	450	422	EFU	Insurance Claim	None
Toyota Corolla	1,439	1,146	293	299	6	S.N Jaffri	Negotiation	Employee of the company
Suzuki Cultus	725	595	130	470	340	Hussain dealer	Policy	None
Toyota Axio	1,560	1,062	498	312	(186)	F.R Amir	Negotiation	Employee of the company
Suzuki Cultus	596	504	92	119	27	Shahid Hussain	Negotiation	Employee of the company
Air Conditioners	604	585	19	81	62	Rizwan	Negotiation	None
Total	6,074	4,755	1,319	1,956	637			

5.4 Capital work-in-progress

	Note	2019 Cost as at 1 July 2018	Additions	Transferred to operating fixed assets	Cost as at 30 June 2019
		Rupees in '000			
Civil Works		-	2,375,317	-	2,375,317
Plant and Machinery	5.4.1 & 5.4.2	14,604,791	10,387,509	-	24,992,300
Others		5,797	-	-	5,797
		14,610,588	12,762,826	-	27,373,414

	2018 Cost as at 1 July 2017	Additions	Transferred to operating fixed assets	Cost as at 30 June 2018
	Rupees in '000			
Civil Works	-	-	-	-
Plant and Machinery	235,751	14,369,040	-	14,604,791
Others	-	5,797	-	5,797
	235,751	14,374,837	-	14,610,588

5.4.1 This includes borrowing costs of Rs. 1,622 million (2018: 247.684) capitalized during the period, incurred on the long term financing obtained for the purpose of expansion of new cement production line - Project Line III (refer note 17.3 and 21).

5.4.2 It includes Rs.3.418 million against staff retirement benefits (2018 : Rs. 3.166 million).

(Rupees in '000)

	2019	2018
5.5 Capitalisable stores and spares - Project Line III		
Opening balance	-	-
Additions during the year	318,061	-
Transferred to property, plant and equipment	-	-
Closing balance	318,061	-
5.6 Capitalisable Stores and Spares - Existing		
Opening balance	122,061	99,738
Additions during the year	57,825	107,278
Transferred to property, plant and equipment	(75,045)	(84,955)
Closing balance	104,841	122,061
6 INTANGIBLE ASSETS		
Cost	10,050	10,050
Accumulated amortization	(10,050)	(8,973)
	-	1,077
Carrying amount at the beginning of the year	1,077	8,977
Additions during the year	-	-
Amortization during the year	(1,077)	(7,900)
Carrying amount at the end of the year	-	1,077
Rate of amortization	50%	50%

6.1 Intangible assets comprise of computer software and licenses.

6.2 The amortization expense for the year has been charged off to Administrative expenses

7 LONG-TERM INVESTMENTS

	Note	2019	2018
		(Rupees in '000)	
Amortized cost			
Defence savings certificates	7.1	14,100	13,124
		14,100	13,124

7.1 These Defence Saving Certificates (DSCs) are for a period of 10 years having maturity in 2026. These carry mark-up at effective interest rate of 7.44% per annum. These DSCs are pledged with the Nazim of Sindh High Court as disclosed in note 23.1.11

8 STORES, SPARES AND LOOSE TOOLS

	Note	2019	2018
		(Rupees in '000)	
Stores		251,304	291,863
Coal	8.1	316,667	410,011
Spares		372,738	371,631
Loose tools		4,668	7,096
		945,377	1,080,601
Less: Provision for slow moving / obsolete stock	8.2	(13,519)	(13,519)
		931,858	1,067,082

8.1 This includes coal-in-transit amounting to Rs. Nill (2018: Rs. 240.19 million).

8.2 Provision for slow moving / obsolete stores and spares

	Note	2019	2018
		(Rupees in '000)	
Opening balance		13,519	13,519
Charge for the year		-	-
Closing balance		13,519	13,519

9 STOCK-IN-TRADE

		2019	2018
Raw material		27,294	14,883
Packing material		43,172	47,596
Work-in-process		480,056	173,256
Finished goods		52,663	66,174
		603,185	301,909

10 TRADE DEBTS - Unsecured (considered good)

	Note	2019	2018
Due from related parties - unsecured	10.1&10.2	96,147	192,319
Due from other parties - unsecured		315,065	270,193
		411,212	462,512
Less: provision for impairment on trade debts	10.3	(24,713)	(6,300)
		386,499	456,212

10.1 The related parties from whom the debts are due are as under:

		2019	2018
Javedan Corporation Limited		11,470	30,918
Safe Mix Concrete Products Limited		84,622	161,123
Aisha Steel Mills Limited		55	278
		96,147	192,319

10.2 The balances due from related parties are mark-up free. The aging analysis of these balances is as follows:

(Rupees in '000)

	2019	2018
Not past due	1,974	23,819
Past due 31-60 days	5,360	35,892
Past due 61 days to 1 year	88,813	132,608
	96,147	192,319

10.2.1 Maximum aggregate due from the related parties at any time during the year calculated by reference to month-end balances is Rs. 316 million (2018: Rs. 221.2 million)

10.3 Provision for impairment on trade debts

(Rupees in '000)

	2019	2018
Balance as at 01 July	6,300	-
Additional impairment on initial application of IFRS 9	12,380	-
	18,680	-
Charge for the year	6,033	6,300
Balance as at 30 June	24,713	6,300

11 ADVANCES AND OTHER RECEIVABLES - Unsecured (considered good)

(Rupees in '000)

		2019	2018
To employees	11.1	45,338	40,622
To contractors and suppliers		287,435	46,962
Against letter of credit		4,229	39,814
Advance tax		80,922	128,859
Rebate receivable		5,157	5,263
Sales tax (current)	11.3	2,480,218	820,006
Derivative financial Asset	11.4	494,480	-
Others		-	7,000
		3,397,779	1,088,526

11.1 This includes personal and auto loan advances to executives amounting to Rs. 38.561 million (2018: Rs. 33.262 million). Maximum amount outstanding against advances to employees during the year was Rs. 42.001 million (2018: Rs. 27.723 million). The amount is payable on demand and is secured against retirement benefit entitlement of the employees.

Movement in advances to executives during the year:

(Rupees in '000)

	2019	2018
Opening	33,262	6,414
Disbursed during the year	8,740	32,416
Repayments during the year	(3,441)	(5,568)
Closing	38,561	33,262

11.2 These advances to employees and contractors / suppliers are non-interest bearing.

11.3 The Company has challenged the levy of sales tax on import of 7,700 TPD on Plant in SHC. The Court allowed an interim relief to the Company against submission of Bank Gurantee with the Nazir of the Court. A Bank Gurantee of Rs. 600 million has been submitted with the Nazir. The Company has a strong case in this matter, even in worst case if the matter is decided against the Company, the resultant sales tax will be paid and it will be treated as input sales tax and accordingly will be adjusted against the output sales tax of the Company.

11.4 Derivative financial Asset

The Company entered into multiple cross currency swap arrangements with commercial banks in connection with foreign Currency borrowings as disclosed in note 17.2.1 and 34.5.

12 TAX REFUNDS DUE FROM GOVERNMENT

(Rupees in '000)

	2019	2018
Income tax refundable / adjustable	445,008	318,045
Sales tax refundable	2,989	2,989
Excise duty receivable	189,467	189,467
	637,464	510,501

12.1 From 1993-94 to 1998-99, excise duty was levied and recovered from the Company being wrongly worked out on retail price based on misinterpretation of sub section 2 of section 4 of the Central Excise Act, 1944 by Central Board of Revenue. Such erroneous basis of working of excise duty has been held, being without lawful authority, by the Honourable Supreme Court of Pakistan as per its judgment dated February 15, 2007. Accordingly, the Company filed an application to the Collector of Federal Excise and Sales Tax to refund the excess excise duty amounting to Rs.182.604 million.

The refund was however, rejected by Collector of Appeals vide order in appeal number 01 of 2009 dated 19 March 2009 and Additional Collector, Customs, Sales tax and Federal excise vide its order in original number 02 of 2009 dated 24 January 2009 primarily based on the fact that the Company has failed to discharge the burden of proof to the effect that incidence of duty had not been passed on to the customers of the Company. Accordingly, the Company filed an appeal before the Learned Appellate Tribunal Inland Revenue (ATIR) regarding CED which, vide its order dated 23 May 2012 held that the requisite documents proving the fact that the incidence of duty had not been passed to the customers of the Company has been submitted by the Company and therefore the Company has discharged its onus. Based on the foregoing the original order number 01 of 2009 dated 19 March 2009 and order number 02 of 2009 dated 24 January 2009 were set aside by ATIR and appeal was allowed. Based on the decision by ATIR and the tax adviser's opinion that the refund claim is allowed to the company, the company recorded the refund claim receivable with a corresponding credit to the profit or loss account. The matter has been challenged by the tax department in the High Court. However, the management based on legal advisor's opinion is confident of a favourable outcome. The Company is actively pursuing the matter for the settlement of the said refund claim.

12.2 The Company received an order from Additional Collector, Hyderabad vide order no. 22 of 2000 alleging that Central Excise Duty of Rs. 6.863 million was not paid on certain sales for the years 1995-1996 and 1996-1997. The said amount was paid by the Company, however, a corresponding receivable was recorded. The Company filed an appeal in High Court which was rejected vide order dated 29 May 2007. The Company then filed a petition in Supreme Court of Pakistan which was disposed off vide order dated 18 July 2011 with the permission to approach the Court of Civil jurisdiction. Accordingly, a civil suit was filed by the Company challenging the order of Deputy Collector of Customs, Central Excise & Sales Tax, Hyderabad. The management in consultation with its lawyer is confident that the outcome of the case would be in favour of the Company and that the amount deposited above would be recovered.

13 SHORT TERM INVESTMENTS

(Rupees in '000)

		2019	2018
Amortized Cost			
Investment in term deposit receipts	13.1	27,899	84,000

13.1 These are placed with local banks and carry profit at declared rates of 6% - 11% (2018: 3.75% - 5%) per annum and will mature in June 2020 (2018: June 2019).

14 CASH AND BANK BALANCES

(Rupees in '000)

		2019	2018
Cash in hand		775	781
Cash with banks:			
- In current accounts		326,732	31,671
- In savings accounts	14.1	295,134	938,139
- Term deposits	14.2	2,000	151,000
		624,641	1,121,591

14.1 These accounts are maintained under profit and loss sharing arrangements with Islamic banks at rates ranging from 6.5% - 12% (2018: 3% - 6.5%) per annum.

14.2 This includes term deposit certificates placed with local banks and carry profit at declared rates of 6.5% - 12.5% (2018: 3.14% - 6.65%) per annum.

15. ISSUED, SUBSCRIBED AND PAID UP CAPITAL

(Number of Shares) 2019	2018		(Rupees in '000) 2019	2018
		Fully paid ordinary shares of Rs. 10 each issued:		
1,051,234,846	1,051,234,846	For cash	10,512,348	10,512,348
840,000	840,000	For consideration other than cash	8,400	8,400
11,339,588	11,339,588	Bonus shares	113,396	113,396
1,063,414,434	1,063,414,434		10,634,144	10,634,144

15.1 Shares held by the associated undertakings as at the statement of financial position date were 610,638,005 (30 June 2018: 679,777,175).

15.2 Reconciliation of number of shares outstanding

	Note	(Rupees in '000) 2019	2018
Number of shares outstanding at the beginning of the year		1,063,414,434	365,689,968
Issued for cash			
Issuance of Right shares		-	593,065,796
Issuance of Shares otherwise than right		-	104,658,670
Number of shares outstanding at the ending of the year		1,063,414,434	1,063,414,434

16 RESERVES

	Note	2019	2018
Capital reserve			
Share Premium	16.1	750,714	750,714
Revenue Reserve			
Hedging Reserve		351,081	-
Accumulated profit / (loss)		485,601	(85,796)
		1,587,396	664,918

16.1 This reserve can be utilized by the Company only for the purpose specified in section 81 of the Companies Act, 2017.

17 LONG TERM FINANCING

	Note	(Rupees in '000) 2019	2018
Long Term Loan - Existing Operations	17.1	-	110,000
Less: current maturity shown under current liabilities		-	(110,000)
		-	-
Long Term Loan - Project Line III	17.2 & 17.2.1	18,135,089	9,460,000
Less: current maturity shown under current liabilities		(175,995)	-
		17,959,094	9,460,000
Total Long Term Loan		17,959,094	9,460,000

17.1 This represents syndicated term finance facility arranged by the Company with a syndicate of local commercial banks (the Syndicate). In 2012, the Company entered into a revised restructuring agreement with the Syndicate dated 23 December 2011. As per the revised restructuring agreement the principal was payable in nine half yearly instalments from 23 December 2011 to 23 December 2015.

The mark up charged during first 3.5 years i.e. from 23 June 2010 to 22 December 2013 is 6 month KIBOR + 0% per annum and after 3.5 years i.e. December 23, 2013 to December 23, 2018, the mark up will be charged at 6 month KIBOR + 1.75% per annum. Mark-up outstanding at the time of restructuring and mark-up accrued from restructuring date till the date of final settlement of principal was to be paid in four (4) half yearly installments commencing from June 23, 2016.

In 2015, the Company again entered into a revised restructuring agreement with the Syndicate dated 26 December 2014. As per the revised restructuring agreement, principal instalments aggregating Rs. 360 million were deferred as follows:

- Rs. 250 million falling due on 23 December 2014 has been repaid on 23 June 2018.
- Rs. 110 million out of Rs. 360 million falling due on June 23, 2015 has been repaid on December 23, 2018.

The Company has fully paid off all installments of said syndicate loan as per above schedule and syndicate NOC has been issued/charge vacated.

17.2 This represents funded / Musharaka contribution amount drawn (from a syndicate of 10 local banks & 3 foreign multilateral Institutions / DFIs) under the long-term syndicate finance facility of Rs. 16,200 million, for the ongoing expansion project of 7,700 TPD, led by NBP as Investment Agent (2018: Rs. 16,200 million). The said facility has been structured in Islamic mode of financing (Diminishing Musharaka) having Syndicate Term Finance Facility (STFF) of Rs. 16,200 million and Syndicate LC facility of Rs. 16,200 million (as sublimit of STFF) for a tenor of 8.5 years including grace period of 2.5 years. i.e 5 mark-up payments during the grace period and subsequent 12 installments including both principal and mark-up. The local syndicate facility carries mark - up at the rate of 6 months KIBOR plus 2.25% (2018: 6 months KIBOR plus 2.25%) per annum calculated on daily product basis with mark-up / principal repayment falling due on semi - annual basis. The company is regular in repayment of rental payment, latest instalment duly paid on time during July, 2019. The facility is secured through first pari passu charge over current / fixed assets of the Company along with additional collaterals.

The aggregate funded amount of the aforementioned facility which has not been availed from syndicate as at the reporting date amounts to NIL (2018: Rs. 6,740 million).

17.2.1 This includes 3 foreign multilateral institutions / DFIs under long term syndicate finance facility of equivalent drawdowns of EUR 11.357 million, USD 11.357 million, USD 15.143 million disbursed by DEG ,OFID and ICD respectively. The Company has executed cross currency swaps with the Habib Bank Limited and Faysal Bank Limited to hedge the Company's foreign currency payment obligation. This facility carries markup ranging between 6 months KIBOR plus 4.15% to 6 months KIBOR plus 5.49% due to arrangemenmt with commercial Banks for cross currency swap.

17.2.2 The above hedge of exposures arising due to variability in cash flows owing to interest / currency risks were designated as cash flow hedges by the management of the Company

18 DEFERRED TAX (ASSET) / LIABILITIES

Deferred tax liability comprises of (deductible) / taxable temporary differences in respect of the following:

	(Rupees in '000)	
	2019	2018
Deductible temporary differences		
Deferred liability - provision for gratuity	(19,709)	(13,787)
Provision for stores, spares and loose tools	(2,744)	(2,366)
Provision for leave encashment	(4,707)	(3,975)
Turnover Tax	(102,521)	-
Tax Credit	(815,763)	-
Provision for Impairment on trade receivables	(10,757)	(1,103)
Carry forward tax losses	(355,244)	(176,874)
	(1,311,445)	(198,105)
Taxable temporary differences		
Accelerated tax depreciation	754,755	639,508
Changes in fair value of cash flow hedge	143,399	-
Deferred Taxation	(413,291)	441,403

18.1 The deferred tax asset on unabsorbed depreciation, minimum tax, alternative corporate tax and tax credit on investment will be recoverable based on the estimated future taxable income and approved business plans and budgets.

18.2 Under the Finance Act, 2019, corporate rate of tax has been fixed at 29% for tax year 2020 and onwards. Therefore, deferred tax assets and liabilities have been recognised accordingly using the expected applicable rate of 29%.

(Rupees in '000)

	2019	2018
Taxable temporary differences		
Accelerated tax depreciation	754,755	639,508
Changes in fair value of cash flow hedge	143,399	-
Deferred Taxation	(413,291)	441,403

19 STAFF RETIREMENT BENEFITS

	2019	2018
Provision for gratuity	97,091	78,782
Less : Current maturity of Staff Retirement Benefits	(39,168)	-
Provision for gratuity	57,923	78,782
19.1 Number of employees covered under scheme	360	366

19.2 The amounts recognized in these financial statements, based on the actuarial valuation carried out by Nauman Associates as at 30 June are as follows:

a) Significant actuarial assumptions

	2019	2018
Financial assumptions		
Discount rate	14.25%	9.00%
Expected rate of eligible salary increase in future years	13.25%	8.00%
Average expected remaining working life time of employees	11 Years	11 Years
Demographic assumptions		
Mortality rate	SLIC 2001-2005	SLIC 2001-2005
Withdrawal rate	Moderate	Moderate
Retirement assumption	Age 60	Age 60

Description of the risks to the Company

The defined benefit plan exposes the Company to the following risks:

Mortality risks - The risk that the actual mortality experience is different. The effect depends on the beneficiaries' service / age distribution and the benefit.

Final salary risks - The risk that the final salary at the time of cessation of service is different than what was assumed. Since the benefit is calculated on the final salary, the benefit amount changes similarly.

Withdrawal risks - The risk of higher or lower withdrawal experience than assumed. The final effect could go either way depending on the beneficiaries' service / age distribution and the benefit.

b) Reconciliation of balance due to defined benefit plan

(Rupees in '000)

	2019	2018
Present value of defined benefit obligation	116,026	91,721
Fair value of plan assets	(18,935)	(12,939)
	97,091	78,782

	2019	2018
c) Movement of the liability recognized in the statement of financial position		
Liability recognized in the statement of financial position as at 1 July	78,782	57,389
Charge for the year	29,371	23,273
Remeasurements chargeable in other comprehensive income	2,408	9,954

	2019 (Rupees in '000)	2018 (Rupees in '000)
Contribution during the year	(13,470)	(11,834)
Liability recognized in the statement of financial position as at 30 June	97,091	78,782

d) Change in present value of defined benefits obligations

	2019	2018
Present value of defined benefits obligation as at 1 July	91,721	66,678
Current service cost for the year	22,887	17,358
Past service cost	-	1,926
Interest cost for the year	7,917	4,849
Benefits paid during the year	(7,501)	(8,223)
Remeasurements:	-	
Actuarial losses from changes in financial assumptions	1,218	232
Experience adjustments	(216)	8,901
Present value of defined benefits obligation as at 30 June	116,026	91,721

e) Changes in fair value of plan assets

	2019	2018
Fair value of plan assets as at 1 July	12,939	9,289
Contribution during the year	13,470	11,834
Expected return on plan assets	1,433	860
Benefits paid during the year	(7,501)	(8,223)
Actuarial loss on plan assets	(1,406)	(821)
Fair value of plan assets as at 30 June	18,935	12,939

f) Expenses recognized in the statement of profit or loss

	2019	2018
Current service cost	22,887	17,358
Past service cost	-	1,926
Interest cost	7,917	4,849
Return on plan assets	(1,433)	(860)
	29,371	23,273

g) Remeasurements chargeable in other comprehensive income

	2019	2018
Remeasurements:		
Actuarial losses from changes in financial assumptions	1,218	232
Experience adjustments	(216)	8,901
	1,002	9,133
Acturial loss on plan assets	1,406	821
Total Remeasurements Chargeable in Other Comprehensive Income	2,408	9,954

h) Expected charge for the year ending 30 June 2020 as per actuary report is Rs. 39.063 million.

i) Plan assets as at 30 June 2019 comprise:

	Amount (Rupees in '000)	Percentage
Cash and / or deposits	204	1.08%
Other	18,731	98.92%
	18,935	100%

j) Sensitivity analysis for the year ended 30 June 2019

Discount rate effect	**PV of defined benefit obligation (Rupees in '000)**	**Rate effect**
Original liability	116,026	14.25%
1% increase	107,827	15.25%
1% decrease	125,543	13.25%

Salary increase rate effect

Original liability	116,026	13.25%
1% increase	125,700	14.25%
1% decrease	107,550	12.25%

Maturity profile

The average duration of defined benefit obligation is 8 years.

k) Analysis of present value of defined benefits obligations and fair value of plan assets

	2018-19	2017-18	2016-17	2015-16	2014-15
			(Rupees in '000)		
Present value of defined obligations	116,026	91,721	66,678	54,591	43,060
Fair value of plan assets	(18,935)	(12,939)	(9,289)	(8,250)	(3,501)
Deficit / (surplus)	97,091	78,782	57,389	46,341	39,559

l) Experience adjustments

	2018-19	2017-18	2016-17	2015-16	2014-15
Experience adjustment arising on plan liabilities	(216)	8,901	5,822	612	(1,261)

m) The charge for the year has been allocated as follows:

	Note	2019 (Rupees in '000)	2018 (Rupees in '000)
Cost of sales	25.1	17,047	13,377
Selling and distribution expenses	26.1	4,774	4,000
Administrative expenses	27.1	4,132	2,730
CWIP - Project Line III	5.4.2	3,418	3,166
		29,371	23,273

20. TRADE AND OTHER PAYABLES

	Note	2019	2018
Trade creditors		195,398	276,831
Project Line III creditors		2,317,538	695,199
Bills payable		263,775	565,068
Bills payable Line III		320,955	-
Accrued liabilities		85,512	82,676
Royalty payable on raw material	20.1	154	964
Excise duty payable on raw material		3,174	4,065
Advance from customer		128,974	68,508
Retention money payable		1,130	1,427
Federal Excise Duty payable		20,426	9,238
Workers' Welfare Fund (WWF)		5,012	5,012
Workers' Profit Participation Fund (WPPF)	20.2	-	86,217
Withholding tax payable		128,985	23,815
Leave encashment payable		23,188	22,716
Current maturity of Staff Retirement Benefits		39,168	-
Others		1,185	3,065
		3,534,574	1,844,801

20.1 The Company paid Royalty to Directorate General, Mineral Development, Government of Sindh registered office of which is situated at ST-19/1, Block-6, Gulshan-e-Iqbal, Main University Road, Karachi.

20.2 Workers' Profit Participation Fund

	2019 (Rupees in '000)	2018 (Rupees in '000)
Balance as at 1 July	86,217	94,785
Mark-up on balance payable	4,518	6,961
Charge for the year	22,726	18,577
	13,461	120,323
Payments made during the year	(113,461)	(34,106)
Balance as at 30 June	-	86,217

	Note	2019	2018
		(Rupees in '000)	
21 ACCRUED MARK-UP			
On long term borrowings-Existing Operation		-	212
On long term borrowings-Line III		1,040,630	247,684
On short term borrowings		113,342	1,611
		1,153,972	249,507
22 SHORT TERM FINANCING			
Conventional			
Running finances	22.1	491,700	32,890
Islamic			
Istisna / Running Musharaka - Operations	22.2	1,670,009	1,000,000
Istisna / Running Musharaka - Project Line III	22.2	2,742,735	-
		4,904,444	1,032,890

22.1 This represents short-term running finance facilities from various banks amounting to Rs. 300 million (June 2018: Rs. 300 million). These carry applicable mark up at the rate ranging between 3 months KIBOR plus 1% to 3 months KIBOR plus 3% (30 June 2018: 3 months KIBOR plus 1.5% to 3 months KIBOR plus 2.5%) per annum calculated on daily product basis. Mark-up on these facilities is payable quarterly. These facilities will mature from 01 July 2019 to 31 Dec 2019 and are renewable. These are secured by first pari passu charge against current & fixed assets of the Company. Pertinent to mention that outstanding mentioned above includes cheques issued for payment, which the company will manage through its financial arrangements.

The aggregate amount of aforementioned facilities which has not been availed as at the reporting date amounts to Rs. 15.125 million (30 June 2018: Rs. 267.11 million).

22.2 This represents istisna /musharaka and muarabaha facilities amounting to Rs. 4,500 million (30 June 2018: Rs.3,700 million) repayable with a maximum tenure of 180 days from the date of disbursement. It carries applicable profit at the rates ranging from KIBOR plus 1% to KIBOR plus 3% (30 June 2018: KIBOR plus 1.5% to KIBOR plus 2.5%). These facilities have been obtained on annual and semi annually renewable basis. As at the reporting date, unavailed amount under these facilities amount to Rs.88 million (30 June 2018: Rs. 2,700 million). These are secured by first pari passu charge against current & fixed assets of the Company.

23 CONTINGENCIES AND COMMITMENTS

23.1 Contingencies

23.1.1 The Company received an order from Central Excise and Land Custom on 28 October 1992 alleging that the Sales tax and Central Excise Duty (CED) amounting to Rs. 15.210 million and Rs. 30.312 million respectively, were not paid on certain sales. Penalty of the Rs.45.524 million was also levied in the said order on account of non payment of above amount. The Company has however disputed the same on grounds of lack of jurisdiction as well as on the merits, the matter is sub-judice. The Honourable High Court of Sindh has granted stay against the said order and the case is currently pending with the Appellate Tribunal Inland Revenue, Karachi. The management in consultation with its legal advisor is confident that the outcome of the case would be in favour of the Company and hence no provision is made in these financial statements. During 2015, the Company received a demand notice from FBR reference # DCIR/Unit-01/E&C/Zone-II/LTU/2015 demanding Rs. 60.624 million and Rs. 15.210 million under CED and Sales Tax respectively. The SHC has granted stay against the said demand notice. The management in consultation with its legal advisor is confident that the outcome of the case would be in favour of the Company hence no provision is made in these financial statements.

23.1.2 The Competition Commission of Pakistan (the CCP) took Suo Moto action under Competition Commission Ordinance, 2007 and issued a Show Cause Notice on 28 October 2008 for increase in prices of cement across the country. Similar notices were also issued to All Pakistan Cement Manufacturers Association (APCMA) and its member cement manufacturers. The Company filed a writ petition before the Honourable Lahore High Court (LHC) and the LHC vide its order dated 24 August 2009 allowed the CCP to issue its final order. The CCP accordingly passed an order on 27 August 2009 and imposed a penalty of Rs. 87

million on the Company. The LHC vide its order dated 31 August 2009 restrained the CCP from enforcing its order against the Company for the time being.

During the financial year ended 30 June 2009, the Company has filed an appeal before the Honourable Supreme Court of Pakistan (SCP) and LHC against the Order of the CCP dated 27 August 2009. The petition filed by the Company and other cement manufacturers before the LHC are pending for adjudication meanwhile order passed by the LHC on 31 August 2009 is still operative. 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, accordingly no provision has been made in these financial statements.

Consequent to changes in the legislation, the SCP has remanded the matter to the CCP Tribunal. The Company via Constitutional Petition (CP) # ‘D-8444’ has challenged the formation of the Competition Commission of Pakistan (CCP) Tribunal on certain grounds. The CP has been filed before the SHC which through its order dated 12 December 2017 has restrained the CCP Tribunal from issuance of a final order, however, the proceedings on the matter may be continued by the CCP Tribunal as per its discretion.

23.1.3 During 2008, a customer has filed claim of Rs. 1.197 million before the Court of District & Session Judge Karachi (East), for recovery of financial loss due to sub-standard supply of cement via appeal no. 14/2008 and appeal no. 16/2013. The Honourable Judge has decided the order in favour of the customer. Thereafter, the Company filed a revision application against the order before the SHC. The management based on the advice of the lawyer is confident that the outcome of the case would be in favour of the Company and hence no provision is made in these financial statements.

23.1.4 During the year ended 30 June 2013, the Company reversed liability amounting to Rs. 115.927 million in respect of previous sponsors loan on the basis of arbitration award in favour of the Company.

The management of the Company was taken over by purchasing controlling shareholding during the year 2005. One of the condition of takeover of the management from the previous sponsors was that the amount payable in respect of this loan was required to be adjusted in respect of any differences in the value of assets and / or unrecorded liabilities. However, due to dispute regarding existence of certain assets and / or unrecorded liabilities, the final amount of the previous sponsor’s loan remained undetermined and unsettled and the matter was referred for arbitration as per the Share Purchase Agreement between the management and the previous sponsors. The amount outstanding as at 30 June 2012 amounted to Rs. 115.927 million i.e. Rs. 234.076 million net off with unavailable stores and spares of Rs. 118.149 million.

In 2013, the arbitrator decided in favour of the Company vide order dated 6 August 2012 and determined an amount of Rs. 0.735 million to be paid by the Company. The award has been sent to the Registrar High Court of Sindh for making the award a rule of Court. The management, based on its lawyers' advice is of the opinion that despite of objection filed by the previous sponsors against the arbitration award, the Company has strong grounds considering the fact that the Arbitration Award has been announced in Company's favour and the arbitration award will be made a rule of Court. Accordingly, the management had reversed the liability with a corresponding credit in the profit or loss account. However, as previous sponsors have filed objections to the award, the matter has been disclosed as a contingent liability in these financial statements. In 2013, the arbitrator decided in favour of the Company vide order dated 6 August 2012 and determined an amount of Rs. 0.735 million to be paid by the Company. The award has been sent to the Registrar High Court of Sindh for making the award a rule of Court. The management, based on its lawyers' advice is of the opinion that despite of objection filed by the previous sponsors against the arbitration award, the Company has strong grounds considering the fact that the Arbitration Award has been announced in Company's favour and the arbitration award will be made a rule of Court. Accordingly, the management had reversed the liability with a corresponding credit in the profit or loss account. However, as previous sponsors have filed objections to the award, the matter has been disclosed as a contingent liability in these financial statements.

23.1.5 During 2015, the Company received a show cause notice on 22 January 2015 from Deputy Commissioner Inland Revenue (DCIR) alleging that the Company is evading Sales tax and Federal Excise Duty (FED) which was calculated by comparing consumption of energy and coal of cement industry with the Company and also considering the grinded slag as cement on which FED is payable. DCIR alleged the Company for evading an amount of Rs. 551.858 million and Rs. 168.276 million in respect of Sales tax and FED respectively. Subsequently, physical verification of manufacturing premises was conducted on 10 February 2015 u/s 38 and 40B. Hearing was fixed on 23 February 2015 and demand notice was received on 03 March 2015 (dated 26 February 2015) for the recovery of Rs. 333.945 million and Rs. 101.258 million. The management of the Company filed an appeal with Commissioner Inland Revenue (CIR) Appeals on 17 March 2015 along with the application for urgent hearing, challenging the order on the grounds of judicial impartiality, lack of legal grounds under Sales Tax Act 1990 and Federal Excise Act, validity of order based on presumptions and lack of basic knowledge of cement industry. Simultaneously, application of stay was filed with CIR Appeals on 17 March 2015 and reference petition was filed with High Court of Sindh requesting a stay from legal action on the impugned order dated 26 February 2015, against which stay was granted to the Company by the High Court of Sindh on 2 April 2015. The Commission Inland Revenue (CIR) has preferred an appeal before the Appellate Tribunal Inland Revenue against order # 41 of 2017 passed by CIR (Appeals –II) on 27 September 2017.

In 2015, a demand notice of Rs. 440 million was issued to the Company for recovery of FED and sales tax. The Company simultaneously approached CIR (Appeals) and High Court of Sindh for relief. Stay was granted by the SHC on 2 April 2015.In 2018, CIR (Appeals-II) also decided the matter in favour of the Company and hence the stay granted by the High Court of Sindh became redundant and the Suit thereof was withdrawn during the period. The concerned tax authority has preferred an appeal against the order of CIR (Appeals-II), before ATIR, which is pending for hearing.

Management of the Company based on its tax advisors opinion is confident that the outcome of the case will be in favour of the Company.

23.1.6 The Company received a show cause notice from DCIR on 13 June 2015 alleging that the Company has adjusted inadmissible input tax on diesel purchased and consumed in the rented vehicles of the transporter of the Company under Sales Tax Act,1990. The Company replied through a consultant via letter dated 22 June 2015 explaining that a Company has adjusted a valid input tax under the provision of Sales Tax Act, 1990. Subsequently, demand notice for recovery was received dated 13 July 2015 for an amount of Rs.17.357 million for adjusting invalid input tax with a penalty of Rs.0.868 million against which the Company filed an appeal with CIR Appeals on 04 August 2015, along with application for the grant of stay. Hearing for the same was fixed on 21 August 2015.

On 10 September 2015, the case was decided in favour of the Company vide order no. 17 of 2015 issued by Commissioner Inland Revenue (Appeals), however an appeal has been preferred against the same by CIR in Appellate Tribunal which has also been decided in favour of the Company.

23.1.7 DCIR issued impugned order containing discrepancies as a result of purchases from black listed supplier who at the time of purchase were active tax payers, these relate to various months from 2009 to 2014 involving amount of Rs. 2.426 million in aggregate. The Company filed appeal under section 45-B of the Sales Tax Act, 1990 before Honourable Commissioner (Appeals) who through order dated 31st August 2016 set aside the DCIR's order in favour of the Company. The department preferred to appeal the said order of Honorable Commissioner (Appeals) before the Appellate Tribunal Inland Revenue Karachi which is pending for hearing.

23.1.8 The Income Tax assessment order under section 120 of the Ordinance for tax year 2014 was selected for Audit under section 214 C of the Ordinance. The Deputy Commissioner Inland Revenue (DCIR) passed the amended assessment order under section 122 of the Ordinance while making additions of Rs. 19.3 million to the declared loss for the year.

The Company preferred appeal before CIR (appeals) under section 127 of the Ordinance on 26 May 2016. Hearing in this regard was held on 06 June 2016 however outcome of the same is awaited. Based on its legal advisors opinion, management is expecting favourable outcome.

23.1.9 Appeal before CIR-Appeals is preferred by the Company against Order-in-Original (ONO) # 19/07/2019 dated 30 April 2019 creating demand of Rs 45.243 million including penalty of Rs 2.154 million. Hearing in the case was fixed on 06 August 2019 and the CIR-Appeals order is still awaited till the next hearing.

23.1.10 Appeal before Appellate Tribunal Inland Revenue [ATIR] is preferred by the Company against Commissioner Inland Revenue (CIR) Appeal's order No 27 dated 18 July 2018 where DCIR imposed default surcharge and penalty for dual claim of input tax suffered on the purchase of electricity from HESCO amounting to Rs 0.5 million being default surcharge and Rs 0.95 million being penalty. Basis for appeal against the impugned Order-in-Original (ONO) is that learned DCIR failed to establish existence of mens rea on part of the Company.

23.1.11 In 2017, the Company filed a suit 2269/2016 dated 27 October 2016; in the SHC; against CoscoSaeed Karachi Private Limited and others challenging its detention of the Company's cargo for the want of certain changes. On 3 November 2016; the Court ordered the release of the Company's cargo against deposit of Defence Saving Certificates amounting Rs. 11.650 million with the Nazir of the Court. Accordingly, the Company's cargo was released upon deposit of the requisite security. Legal counsel of the Company believes that the Company has a good arguable case on merits while next date of hearing of the same is awaited.

23.1.12 Section 113(2)(c) was interpreted by a Divisional Bench of the SHC in the Income Tax Reference Application (ITRA) No. 132 of 2011 dated 7 May 2013, whereby it was held that the benefit of carry forward of minimum tax is only available in the situation where the actual tax payable (on the basis of net income) in a tax year is less than minimum tax. Therefore, where there is no tax payable, interalia, due to brought forward tax losses, minimum tax could not be carried forward for adjustment with future tax liability.

The Company has carried forward minimum tax of previous years amounting to Rs. 9.25 million at the reporting date and the Company expects to adjust the amount against the future taxable profits. The Company's legal counsel is of the opinion that the Company has strong arguable case and at an appropriate stage the matter can be agitated before Supreme Court of Pakistan in case the adjustment is challenged by the tax authorities. In the above view, the management of the Company is confident that the ultimate outcome in this regard would be favourable. Hence no provision in this respect has been made in these financial statements.

The Company has challenged the applicability of Alternate Corporate Tax (ACT) via Constitutional Petition and filed Income Tax Return of TY 2016 based on Minimum Tax and accordingly no effect of (ACT) is taken in the tax liability and an interim order dated 25 September 2019 has been granted by the High Court of Sindh that no coercive action is to be taken against the Company till the pendency of the Constitutional Petition.

23.1.13 In 2014, two labourers working at the Company's Factory had filed a case dated 17 November 2014 in the Court of Commissioner Workmen Compensation & Authority against the Company claiming an approximate amount of Rs. 0.84 million in respect of certain unpaid salaries / wages etc. A petition was also filed with the High Court of Sindh, Circuit Court, Hyderabad vide C.P 3571/2016 dated 19 December 2016 . The Company, in response filed a counter petition in th High Court of Sindh, Circuit Court, Hyderabad vide C.P 13/2018 dated 02 January 2018. The matter is still pending and the management is confident based on its legal advisor's opinion that the outcome of the case will be in favor of the Company.

In May 2018, one of the former labourers working at the Company's factory had filed a case in the Court of Commissioner Workmen Compensation & Authority against the Company claiming an approximate amount of Rs. 0.77 million, in respect of certain unpaid salaries / wages etc. A case was again filed in April 2019 in the same court and outcome is still pending. Management of the Company is confident that the outcome of the case will be in favour of the Company.

In April 2019, wife of one of the deceased labourers working at the Company's factory had filed a case in the Court of Commissioner Workmen Compensation & Authority against the Company claiming an approximate amount of Rs. 0.1 million, in respect of insurance claims against the death of the labourer off site claimed to be at the site premises. Management of the Company is confident that the outcome of the case will be in favour of the Company

23.1.14 During the year, advances to contractors / suppliers (as referred in note 11 to these financial statements) include an advance of Rs. 10 million extended for purchase of land. Possession of the land was not given by the seller to the Company within the agreed time frame and therefore the Company has approached the Kotri Court (District Jamshoro) dated 08 July 2017 to ensure the execution of this purchase deal as per the agreed terms. Management of the Company is confident that the outcome of the case will be in favour of the Company. The contingency was decided in favour of the Company by the Senior Civil Judge Kotri through the order dated 28 February 2019.

23.1.15 The Finance Act, 2017 has introduced tax on every public company at the rate of 7.5% of its profit before tax for the year. However, this tax shall not apply in case of a public company which distributes at least 40% of its after tax profits within six months of the end of the tax year through cash or bonus shares. Liability in this respect, if any, is recognized when the prescribed time period for distribution of dividend expires. The Finance Act 2018 amended the Section 5A of the Ordinance whereby the prescribed amount of distribution of profit as dividend reduced from 40% to 20% and the levy of tax on profit in case where companies do not distribute the prescribed amount reduced from 7.5% to 5%.During the year, the Company has also obtained an interim stay order from the High Court of Sindh against the said provision of the law.

23.1.16 A case was initiated on 03 October 2017 via suit 1129 of 2017 in the Court of Senior Civil Judge, Hyderabad against the Company for recovery of advertisement fees, the Company had engaged a legal counsel for that but the appellants have not produced any calculations in their appeal and hence the documents filed by them in the courts don’t claim any specific amount. The legal counsel of the Company was confident of getting the case dismissed.

Subsequent to the balance sheet date, the contingency was decided in favour of the Company by the Senior Civil Judge Hyderabad thorugh the order dated 01 February 2019. However, the appellants have preferred an appeal against the same before Additional District Judge, Hyderabad (appeal # 49 of 2019).

The High Court of Sindh passed an order dated 25 February 2019 in response to the suit no. 349 of 2019, barring the Company from excavation of limestone from a mining lease. The matter is pending and a favourable outcome is expected by the Company's legal counsel.

23.2 Commitments

(Rupees in '000)

	Note	2019	2018
Commitments against open letter of credit for:			
Coal		431,346	568,747
Clinker plant project		-	1,440,904
Cement production and dispatch project		-	429,953
Stores and spares		15,128	79,436
		446,474	2,519,040
Commitments against capital expenditures		-	6,238,007
Commitments against letter of guarantees	23.2.1	1,192,000	1,610,500
Commitment against purchase of land		61,370	61,370
Ijarah rentals		38,819	17,722
Supervisory fees		-	690,076
		1,738,663	11,136,715

23.2.1 This includes Corporate Guarantee of Rs. 4,799 million (as approved by the Company's shareholders vide special resolution passed on 23 June 2018) issued to DEG (a FCY Long Term Financier being part of the Company's Long Term Financing on behalf of the Arif Habib Equity (Private) Limited - a related party, being part of Company's Long Term Financing as disclosed in Note 17.

24 SALES - NET

(Rupees in '000)

	2019	2018
Local	5,656,234	6,189,927
Export	53,348	54,937
	5,709,582	6,244,864
Less :		
Sales tax	(981,541)	(1,063,102)
Federal excise duty	(869,586)	(838,522)
	(1,851,127)	(1,901,624)
	3,858,455	4,343,240

24.1 Disaggregation of revenue

As required for the financial statements, the Company disaggregated revenue recognised from contracts with customers into categories that depict how the nature, amount, timing and uncertainty of revenue and cash flows are affected by economic factors.

In the following table, revenue is disaggregated by primary geographical market and major product lines:

(Rupees in '000)

	2019	2018
Primary Geographical markets:		
Local	3,805,107	4,288,303
EPZ	-	16,899
India	-	971
Madagascar	34,434	37,067
KEPZ	13,705	-
Srilanka	2,254	-
Seychelles	2,955	-
	3,858,455	4,343,240

(Rupees in '000)

	Note	2019	2018
Major Product Lines:			
Ordinary Portland Cement		3,608,804	3,968,455
Sulphate Resistant Cement		247,523	328,650
Slag		2,128	46,135
		3,858,455	4,343,240

25 COST OF SALES

	Note	2019	2018
Salaries, wages and other benefits including retirement benefits	25.1	297,843	291,946
Raw materials consumed	25.2	188,519	197,536
Packing material consumed	25.3	284,920	269,470
Stores, spares and loose tools		239,695	245,187
Fuel and power		2,712,907	2,474,451
Insurance		10,506	11,434
Repairs and maintenance		69,440	95,856
Depreciation	5.2	129,164	133,083
Other production overheads		61,470	13,072
		3,994,464	3,732,035
Work in process			
Opening		173,256	73,846
Purchases		-	-
Closing		(480,056)	(173,256)
		(306,800)	(99,410)
Cost of goods manufactured		3,687,664	3,632,625
Finished goods			
Opening		66,174	101,721
Purchases		-	-
Closing		(52,663)	(66,174)
		13,511	35,547
		3,701,175	3,668,172

25.1 It includes Rs.17.047 million against staff retirement benefits (2018 : Rs. 13.377 million).

(Rupees in '000)

25.2 Raw materials consumed

	Note	2019	2018
Opening stock of raw material		14,883	12,243
Purchases		200,930	200,176
		215,813	212,419
Closing stock of raw material		(27,294)	(14,883)
		188,519	197,536

25.3 Packing materials consumed

Opening stock of packing material		47,596	36,921
Purchases		280,496	280,145
		328,092	317,066
Closing stock of packing material		(43,172)	(47,596)
		284,920	269,470

26 SELLING AND DISTRIBUTION EXPENSES

	Note	2019	2018
Salaries, wages and other benefits including retirement benefits	26.1	46,438	40,472
Export expenses		25,321	23,876
Travelling and conveyance		-	74
Depreciation	5.2	4,117	3,764

(Rupees in ‘000)

	2019	2018
Marking fee	4,688	3,961
Incentives and commission on local sales	28,002	33,748
Advertisment expense	6,455	8,337
Others	7,422	1,574
	122,443	115,806

26.1 This includes Rs. 4.774 million (2018: Rs. 4 million) against staff retirement benefits.

27 ADMINISTRATIVE EXPENSES

(Rupees in ‘000)

	Note	2019	2018
Salaries, wages and other benefits including retirement benefits	27.1	48,276	47,448
Travelling and conveyance		4,126	223
Printing and stationery		2,988	3,686
Repair and maintenance		1,759	2,792
Legal and professional charges		3,789	3,060
Auditor's remuneration	27.2	1,618	1,331
Rent, rates and taxes		18,253	6,425
Advertisement		-	5,146
Postage, telephone and telegram		4,398	3,764
Entertainment		6,486	4,964
Ijarah payments	27.3	8,574	3,941
Fees and subscription		11,767	13,674
Depreciation	5.2	16,830	12,946
Amortization	6	1,077	7,900
Charity and donation	27.4	4,608	6,017
Miscellaneous		8,160	2,091
		142,709	125,408

27.1 This includes Rs. 4.132 million (2018: Rs. 2.73 million) against staff retirement benefits.

27.2 Auditors' remuneration

(Rupees in ‘000)

	2019	2018
Audit Services		
Audit fee	1,081	794
Half yearly review fee	300	300
Out of pocket expenses	137	137
	1,518	1,231
Fee for review of compliance with Code of Corporate Governance	50	50
Certifications for regulatory purposes	50	50
	1,618	1,331

27.3 Car Ijarah payments

Total of future Ijarah payments under the agreement are as follows:

	2019	2018
Not later than one year	14,534	5,852
Later than one year but not later than five years	24,286	11,869
	38,820	17,721

27.4 Charity and Donations

27.4.1 Donation to the following organization exceeds 10% of the total amount of donation made or Rs. 1 million whichever is higher

	(Rupees in '000) 2019	2018
Bait-us-Salam trust	2,600	2,880

27.4.2 None of the donations were made to any donee in which a director or his spouse had any interest at any time during the year.

28 OTHER INCOME

	Note	(Rupees in '000) 2019	2018
Gain on disposal of fixed assets	5.3	367	637
Scrap sales		186	1,039
		553	1,676

29 OTHER OPERATING EXPENSES

	2019	2018
Workers' Welfare Fund - Expense	-	4,160
Exchange loss	120,271	48,474
Workers' Profit Participation Fund	22,726	18,576
	142,997	71,210

30 FINANCE INCOME / (COST) - NET

	2019	2018
Finance income:		
Income from PLS Savings account	17,081	111,437
Income from term deposit - Conventional	-	13
Income from defence savings certificates and term deposit- Islamic	3,938	909
	21,019	112,359
Finance costs:		
Mark-up on short term borrowings	(162,260)	(56,625)
Mark-up on WPPF	(4,518)	(6,961)
Bank charges and commission	(5,716)	(2,820)
Mark-up on long-term financing - Existing Operations	(4,572)	(55,195)
	(177,066)	(121,601)
	(156,047)	(9,242)

31 TAXATION

	Note	2019	2018
Current - for the year	31.1	-	25,296
- Prior year		-	4,691
Deferred		(994,502)	(1,116)
		(994,502)	28,871

Relationship between income tax expense and accounting profit

	2019	2018
(Loss) / Profit before taxation	(412,396)	348,778
Tax at the enacted tax rate 29% (2018: 30%)	-	104,633
Adjustment of tax admissible / inadmissible expenses	-	(43,482)
Adjusted from previous unadjusted losses	-	(61,152)
Tax effected of income subject to final regime	-	549
Minimum tax @ 1.25%	48,231	54,291
Tax credit u/s 65B	(863,994)	(29,544)
Defered tax on minimum tax	(102,521)	-
Prior year tax	-	4,691
Effect of change in tax rate	70,624	(88,282)
Temporary differences	(146,842)	87,167
	(994,502)	28,871

31.1 Tax liability for tax year 2018 was based on minimum tax

31.2 The tax returns have been filed up to tax year 2018 (corresponding to financial year ended 30 June 2018) which are deemed to be assessed under section 120 of the Income Tax Ordinance, 2001 (Ordinance).

31.3 This represents tax credits u/s 65 B of the Income Tax Ordinance, 2001 booked on the installation of its Clinker Production and Cement Production & Dispatch projects (commercial production of these projects shall commence once testing phases are complete).

Through Finance Act 2019, this tax credit was reduced from ten to five percent, however, the Company, based on its tax adviser's opinion, strongly believes that this substantive legislation cannot be applied retrospectively to adversely affect the rights that have already been vested in a taxpayer prior to such legislation coming into force and thus, it is entitled to this tax credit at the rate of ten percent of the invested amount, however, in these financial statements, tax credits have been booked only to the extent that they are presently expected to be adjusted against future tax labilities of the Company, based on its financial projections.

31.4 For contingencies relating to taxation, please refer note 23.1

32. EARNINGS LOSS PER SHARE - BASIC AND DILUTED

(Rupees in '000)

	Note	2019	2018
Profit for the year		582,106	319,907
Weighted average number of ordinary shares		1,063,414,434	1,001,766,176
Earnings per share in rupee - basic and diluted	32.1	0.55	0.32

32.1 No figure for diluted earnings per share has been presented as the Company has not issued any instrument which would have an impact on earnings per share when exercised.

33. OPERATING SEGMENTS

33.1 These financial statements have been prepared on the basis of single reportable segment.

33.2 Revenue from sale of cement represents 100% (2018: 100%) of the total revenue of the Company.

33.3 99.1% (2018: 99.1%) sales of the Company relates to customers in Pakistan.

33.4 All non-current assets of the Company as at 30 June 2019 are located in Pakistan.

33.5 Geographical information

The Company's gross revenue from external customers by geographical location is detailed below:

(Rupees in '000)

	Note	2019	2018
Domestic sales		5,656,234	6,189,927
Export sales		53,348	54,937
	24	5,709,582	6,244,864
Region wise export sales are as under:			
EPZ		-	16,899
India		-	971
Madagascar		34,434	37,067
KEPZ		13,705	-
Srilanka		2,254	-
Seychelles		2,955	-
		53,348	54,937

33.6 The Company has Nil (2018: Rs. Nil) outstanding trade debts in respect of export sales at the reporting date.

34. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Board of Directors of the Company has the overall responsibility for the establishment and oversight of the Company's risk management framework. The Company has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity Risk
- Market Risk

Risk management framework

The Board meets frequently throughout the year for developing and monitoring the Company's risk management policies. The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Audit Committee oversees how management monitors compliance with the Company's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Company.

34.1 Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss, without taking into account the fair value of any collateral. Concentration of credit risk arises when a number of counter parties are engaged in similar business activities or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economics, political or other conditions. Concentrations of credit risk indicate the relative sensitivity of the Company's performance to developments affecting a particular industry.

Credit risk of the Company arises principally from the trade debts, loans and advances, trade deposits, bank balances and other receivables. The carrying amount of financial assets represents the maximum credit exposure. To reduce the exposure to credit risk the Company has developed a formal approval process whereby credit limits are applied to its customers. The management continuously monitors the credit exposure towards the customers and makes provision against those balances considered doubtful of recovery (and also obtains security / advance payments, wherever considered necessary). Cash is held only with reputable banks with high quality credit worthiness.

The maximum exposure to credit risk at the reporting date is:

	(Rupees in '000)	
	2019	2018
Long-term deposits	19,635	19,635
Trade debts	386,499	456,212
Advances and other receivables	337,002	134,398
Trade deposits and prepayments	9,757	10,305
Bank balances	623,866	1,120,810
	1,376,759	1,741,360

34.1.1 The maximum exposure to credit risk for trade debts at the reporting date by geographic region is as follows:

Domestic (Pakistan)	386,499	456,212
Exports	-	-
	386,499	456,212

34.1.2 The maximum exposure to credit risk for trade debts at the reporting date by the type of customer is as follows:

	2019	2018
	(Rupees in '000)	
Dealers / distributors	184,732	141,836
End-user customers / exports	201,767	314,376
	386,499	456,212

34.1.3 Impairment losses

The aging of trade debtors at the reporting date was:

	2019		2018	
	Gross	Impairment	Gross	Impairment
	--------- (Rupees in '000) -------		--------- (Rupees in '000) -------	
Not past due	169,787	4,652	219,672	-
Past due 1-60 days	72,623	868	51,391	-
Past due 61 days-1 year	75,034	4,032	181,239	-
More than one year	93,768	15,161	10,210	6,300
	411,212	24,713	462,512	6,300

34.1.4 Based on past experience, consideration of financial position, past track records and recoveries, the Company believes that trade debts past due do not require any impairment.

34.1.5 Credit Ratings

Details of the credit ratings of bank balances as at 30 June 2019 are as follows:

	Rating			2019	2018
	Short term	Long term	Rating Agency	(Rupees in '000)	
Allied Bank Limited	A-1+	AAA	PACRA	28,645	83,209
Al Baraka Bank Limited	A-1	A	PACRA	1,518	484
Askari Bank Limited	A-1+	AA+	PACRA	13,797	10,420
Bank Alfalah Limited	A-1+	AA+	PACRA	267	96
Bank Al-Habib Limited	A-1+	AA+	PACRA	10,906	6,047
Bank Islami Pakistan Limited	A-1	A+	PACRA	1,335	151,679
Bank of Khyber	A-1	A	PACRA	1,441	20
Bank of Punjab	A-1+	AA	PACRA	128	133
Dubai Islamic Bank Pakistan Limited	A-1+	AA	JCR-VIS	2,488	151,831
Faysal Bank Limited	A-1+	AA	PACRA	95	529
Habib Bank Limited	A-1+	AAA	JCR-VIS	1,768	3,111
Habib Bank Limited (Islamic)	A-1+	AAA	JCR-VIS	-	25
Habib Metropolitan Bank Limited	A-1+	AA+	PACRA	2,184	5,459
Meezan Bank Limited	A-1+	AA+	JCR-VIS	-	45,985
National Bank of Pakistan	A-1+	AAA	JCR-VIS	574,439	3,146
National Bank of Pakistan (Islamic)	A-1+	AAA	JCR-VIS	-	681
Summit Bank Limited	A-3	BBB-	JCR-VIS	9,598	610,468
Summit Islamic Bank Limited	A-3	BBB-	JCR-VIS	-	1,254
Soneri Bank Limited	A1+	AA-	PACRA	8	8
United Bank Limited	A-1+	AAA	JCR-VIS	3,148	129,225
				651,765	1,203,810

34.2 Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. Liquidity risk arises because of the possibility that the Company could be required to pay its liabilities earlier than expected or difficulty in raising funds to meet commitments associated with financial liabilities as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

Following are the contractual maturities of financial liabilities, including interest payments:

	2019					
	Carrying amount	Contractual cash flows	Six months or less	Six to twelve months	One to five years	More than five years
	(Rupees in '000)					
Non-derivative liabilities						
Long term financing	18,135,089	(31,497,798)	(1,242,077)	(1,550,371)	(23,581,083)	(5,124,267)
Accrued mark-up	1,153,972	(1,153,972)	(1,153,972)	-	-	-
Short term borrowings	4,904,444	(4,904,444)	(4,904,444)	-	-	-
Trade and other payables	3,534,700	(3,534,700)	(896,207)	(2,638,493)	-	-
	27,728,205	(41,090,914)	(8,196,700)	(4,188,864)	(23,581,083)	(5,124,267)

	2018					
	Carrying amount	Contractual cash flows	Six months or less	Six to twelve months	One to five years	More than five years
	(Rupees in '000)					
Non-derivative liabilities						
Long term financing	9,570,000	(14,573,462)	(394,925)	(452,566)	(9,223,106)	(4,502,865)
Accrued mark-up	249,507	(249,507)	(249,507)	-	-	-
Short term borrowings	1,032,890	(1,032,890)	(1,032,890)	-	-	-
Trade and other payables	1,844,927	(1,844,927)	(1,844,927)	-	-	-
	12,697,324	(17,700,786)	(3,522,249)	(452,566)	(9,223,106)	(4,502,865)

The contractual cash flows relating to the above financial liabilities have been determined on the basis of mark-up rates effective as at 30 June 2018.

34.3 Market risk

Market risk is the risk that the value of the financial instrument may fluctuate as a result of changes in market interest rates or the market price due to a change in credit rating of the issuer or the instrument, change in market sentiments, speculative activities, supply and demand of securities and liquidity in the market. Market risk comprises of currency risk, interest rate risk and other price risk. The Company is exposed to currency risk and interest rate risk only.

a) Currency risk

Foreign currency risk is the risk that the value of financial asset or a liability will fluctuate due to a change in foreign exchange rates. It arises mainly where receivables and payables exist due to transactions entered into foreign currencies.

The Company is exposed to currency risk on export sales and import purchases in a currency other than Rupees. Further, the Company regularly avails foreign currency loans which also exposes it to the currency risk. However, the Company has hedged its foreign currency exposure by entering into cross currency swap.

The Company's exposure to foreign currency risk is as follows:

	2019			2018		
	(Rupees in '000)	(US Dollars in'000)	(EUR in'000)	(Rupees in '000)	(US Dollars in'000)	(EUR in'000)
Bills payable	(584,730)	(3,555)	-	(565,068)	(4,646)	-
Foreign currency loan						
- denominated in EUR	(1,853,302)	-	(11,357)	-	-	-
- denominated in USD	(3,716,915)	(26,501)	-	-	-	-
Gross exposure	(6,154,947)	(30,056)	(11,357)	(565,068)	(4,646)	-

The Company's exposure relating to Bills payable will be settled at the rate prevailing at the settlement date for which there is no forward cover. However, the Company has hedged its foreign currency exposure on foreign currency loan by entering into cross currency swap and any changes in exchange rate thereon will have no effect on profit or loss or equity.

	Average rates		Reporting date rate	
	2019	2018	2019	2018
	(Rupees)		(Rupees)	
US Dollars	141.73	121.60	164.50	121.63
EURO	162.55	131.23	186.99	141.57

Sensitivity analysis

A ten percent strengthening or weakening of the Rupee against USD as at the year end would have increased or decreased the equity and profit or loss by an amount shown in the table below. This analysis assumes that all other variables, in particular the interest rates, remain constant. The analysis is performed on the same basis for 2018.

	(Rupees in '000)	
	2019	2018
Effect on profit or loss on 10% weakening of Rupee	(58,480)	(56,509)
Effect on profit or loss on 10% strengthening of Rupee	58,480	56,509

b) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The interest rate exposure arises from long term loan, bank balances, lease liability, short term running finance and long term loan. Other risk management procedures are same as those mentioned in the credit risk management.

At the reporting date the interest rate profile of the Company's interest-bearing financial instruments were as follows:

	Carrying amount	
	2019	2018
Fixed rate instruments	(Rupees in '000)	
Financial assets		
- Term deposits	29,899	236,000
Variable rate instruments		
Financial assets		
- Bank balances	295,134	938,139

Financial liabilities		
- Short term borrowings	4,904,444	1,032,890
- Long term financing	18,135,089	9,570,000
	23,039,533	10,602,890

Fair value sensitivity analysis for fixed rate instruments

The Company does not account for any fixed rate financial assets and liabilities at fair value through profit and loss. Therefore, a change in interest rates at the reporting date would not affect the statement of profit or loss.

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at the reporting date would have net decreased the profit or loss of the Company as at 30 June 2019 by Rs. 227.145 million (2018: Rs. 94.315 million). This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

c) A summary of the Company's interest rate gap position, categorized by the earlier of contractual re-pricing or maturity dates at the end of year is as follows:

		30 June 2019			
	Mark-up / return (%)	less than 6 month	6 months to 1 year	More than 1 year	Total
		(Rupees in '000)			
Assets					
- Term deposits	6% - 11.5%	2,000	27,899	-	29,899
- Bank balances	6.5% - 12.5%	295,134	-	-	295,134
Total assets		297,134	27,899	-	325,033
Liabilities					
Short term borrowings	8.92% to 14.5%	4,904,444	-	-	4,904,444
Long term loan	8.45% - 13.01%	87,998	87,997	17,959,094	18,135,089
Total liabilities		4,992,442	87,997	17,959,094	23,039,533
Gap		(4,695,308)	(60,098)	(17,959,094)	(22,714,500)
Total interest risk sensitivity gap		(4,695,308)	(4,755,406)	(22,714,500)	(22,714,500)

		30 June 2018			
	Mark-up / return (%)	less than 6 month	6 months to 1 year	More than 1 year	Total
		(Rupees in '000)			
Assets					
- Term deposits	3.14% - 6.65%	151,000	84,000	-	235,000
- Bank balances	3.0% - 6.5%	938,139	-	-	938,139
Total assets		1,089,139	84,000	-	1,173,139
Liabilities					
Short term borrowings	8.04% to 9.54%	1,032,890	-	-	1,032,890
Long term financing	8.45% to 9.29%	110,000	-	9,460,000	9,570,000
Total liabilities		1,142,890	-	9,460,000	10,602,890
Gap		(53,751)	84,000	(9,460,000)	(9,429,751)
Total interest risk sensitivity gap		(53,751)	30,249	(9,429,751)	(9,429,751)

34.4 Reconciliation of movements of liabilities to cash flows arising from financing activities

	2019				
	Short term borrowings used for cash management purpose	Long term Borrowings	Hedging Reserve	Accumulated Profit / (Loss)	Total
	(Rupees in '000)				
Balance as at 1 July 2018	1,034,501	9,817,896	-	(98,176)	10,754,221
Changes from financing cash flows					
Repayment of long term loan	-	(110,000)	-	-	(110,000)
Proceeds from long term loan	-	8,675,089	-	-	8,675,089
Dividend paid	-	-	-	-	-
Total changes from financing activities	-	8,565,089	-	-	8,565,089
Other changes - interest cost					
Interest expense	162,260	4,572	-	-	166,832
Interest paid	(216,505)	(858,831)	-	-	(1,075,336)
Capitalized borrowing cost	165,976	1,662,000	-	-	1,827,976
Changes in short term borrowings	3,871,554	-	-	-	3,871,554
Total loan related other changes	3,983,285	807,741	-	-	4,791,026
Total equity related other changes	-	-	351,081	580,187	931,268
Balance as at 30 June 2019	5,017,786	19,190,726	351,081	482,011	25,041,604

	2018				
	Short term borrowings used for cash management purpose	Long term Borrowings	Hedging Reserve	Accumulated Profit / (Loss)	Total
	(Rupees in '000)				
Balance as at 1 July 2017	1,118,883	360,000	-	(397,491)	1,081,392
Changes from financing cash flows					
Repayment of long term loan	-	(250,000)	-	-	(250,000)
Proceeds from long term loan	-	9,460,000	-	-	9,460,000
Dividend paid	-	-	-	-	-
Total changes from financing activities	1,118,883	9,570,000	-	(397,491)	10,291,392
Other changes - interest cost					
Interest expense	56,625	55,195	-	-	111,820
Interest paid	(66,228)	(54,983)	-	-	(121,211)
Capitalized borrowing cost	-	247,684	-	-	247,684
Changes in short term borrowings	(74,779)	-	-	-	(74,779)
Total loan related other changes	(84,382)	247,896	-	-	163,514
Total equity related other changes	-	-	-	311,695	311,695
Balance as at 30 June 2018	1,034,501	9,817,896	-	(85,796)	10,766,601

34.5 Hedging activities and derivatives

The Company uses foreign currency denominated borrowings to manage some of its transactions exposures. These include cross currency swaps which are designated as cash flow hedge and are dealt in accordance with IFRS 9 “Financial Instruments”. Such derivatives qualify for hedge accounting (note 4.17).

Cash flow hedges

During the year, the Company had held cross currency swaps with commercial banks, designated as cash flow hedges of expected future principal repayments of loan from foreign lenders. The cross currency swaps were being used to hedge the currency risk in respect of long-term financing as stated in notes 17.2.1 to these financial statements.

34.6 Capital risk management

The management's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The management closely monitors the return on capital along with the level of distributions to ordinary share holders.

The management seeks to maintain a balance between higher returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position.

The Company is not required to maintain any regulatory capital.

35 FAIR VALUE OF FINANCIAL INSTRUMENTS

35.1 Fair value is the amount for which an asset could be exchanged, or liability settled, between knowledgeable willing parties in an arm's length transaction. Consequently, differences can arise between carrying values and the fair value estimates.

Underlying the definition of fair value is the presumption that the Company is a going concern without any intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

International Financial Reporting Standard (IFRS) 7, 'Financial Instruments: Disclosures' requires the Company to classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
- Level 3: Inputs for the assets or liability that are not based on observable market data (i.e. unobservable inputs).

As at 30 June 2019 and 30 June 2018, there were no financial instruments which were measured at fair values in the financial statements.

35.2 MEASUREMENT OF FAIR VALUES

The following table shows the carrying amounts and the fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy for financial instruments measured at fair value. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

	2019			Fair Value			
	Amortized cost	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
	(Rupees in '000)						
Financial assets not measured at fair value							
Defence saving certificates	14,100	-	14,100				
Long term deposits	19,635	-	19,635				
Trade debts	386,499	-	386,499				
Advances and other receivables	3,397,779	-	3,397,779				
Trade deposits	8,115	-	8,115				
Tax refunds due from government	637,464	-	637,464				
Short term investment	27,899	-	27,899				
Cash and bank balances	624,641	-	624,641				
	5,116,132	-	5,116,132				

	2018			Fair Value			
	Amortized cost	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
	(Rupees in '000)						
Financial liabilities not measured at fair value							
Long-term financing	-	18,135,089	18,135,089				
Current portion of long term financing	-	175,995	175,995				
Loan from previous sponsors	-	735	735				
Trade and other payables	-	3,534,574	3,534,574				
Unclaimed Dividend	-	126	126				
Mark-up accrued	-	1,153,972	1,153,972				
Short-term borrowings	-	4,904,444	4,904,444				
	-	27,904,935	27,904,935				

Financial assets not measured at fair value	2019 Amortized cost	Other financial liabilities	Total	Fair Value Level 1	Level 2	Level 3	Total
	(Rupees in '000)						
Defence saving certificates	13,124	-	13,124				
Long term deposits	19,635	-	19,635				
Trade debts	456,212	-	456,212				
Advances and other receivables	1,088,526	-	1,088,526				
Trade deposits	9,381	-	9,381				
Tax refunds due from government	510,501	-	510,501				
Short term investment	84,000	-	84,000				
Cash and bank balances	1,121,591	-	1,121,591				
	3,302,970	-	3,302,970				

Financial liabilities not measured at fair value	2018 Amortized cost	Other financial liabilities	Total	Fair Value Level 1	Level 2	Level 3	Total
	(Rupees in '000)						
Long-term financing	-	9,460,000	9,460,000				
Current portion of long term financing	-	110,000	110,000				
Loan from previous sponsors	-	735	735				
Trade and other payables	-	1,844,801	1,844,801				
Unclaimed Dividend	-	126	126				
Mark-up accrued	-	249,507	249,507				
Short-term borrowings		1,032,890	1,032,890				
	-	12,698,059	12,698,059				

35.3 These financial assets and liabilities are for short term or repriced over short term. Therefore their carrying amounts are reasonable approximation of fair value. For long term deposit and long term financing, management consider that their carrying values approximates fair value owing to credit standing of counterparties and interest payable on borrowings are market rates.

36. CASH GENERATED FROM OPERATIONS

	2019 (Rupees in '000)	2018
(Loss) / Profit before taxation	(412,396)	348,778
Adjustment for:		
Depreciation	150,111	149,793
Amortization	1,077	7,900
Finance cost on short term borrowings	172,494	66,406
Finance cost on LTF and unwinding of discount on deferred accrued markup	4,572	55,195
Exchange loss on bills payable	120,271	48,474
Gain on disposal of fixed assets	(367)	(637)
Finance income	(21,019)	(112,359)
Impairment loss on trade debt	6,033	6,300
Provision for gratuity	29,371	20,107
	462,543	241,179
Operating profit before working capital changes	50,147	589,957
Increase in current assets		
Stores, spares and loose tools	135,224	(67,245)
Stock-in-trade	(301,276)	(77,178)
Trade debts	57,333	(131,211)
Advances and other receivables	(202,498)	(774,197)
Trade deposits	550	(2,481)
	(310,667)	(1,052,312)
(Decrease) / Increase in trade and other payables	(418,704)	1,011,971
Net cash (used in) / generated from operations	(679,224)	549,616

37. CASH AND CASH EQUIVALENTS

	2019	2018
	(Rupees in '000)	
Cash and bank balances	624,641	1,121,591
Short term borrowings	(4,904,444)	(1,032,890)
	(4,279,803)	88,701

38. ANNUAL PRODUCTION CAPACITY

		Note	2019	2018
			(Rupees in '000)	
Installed capacity (M.Tons)	Clinker		900,000	900,000
Installed capacity (M.Tons)	Cement		945,000	945,000
Actual production (M.Tons)	Clinker	38.1	604,464	657,832
Actual production (M.Tons)	Cement	38.2	581,511	657,566

38.1 Clinker production capacity utilization is 67.16% (2018: 73.09%) of total installed capacity.

38.2 Cement production capacity utilization is 61.54% (2018: 69.58%) of total installed capacity. Actual production is less than the installed capacity due to planned maintenance and shutdown.

39. TRANSACTIONS AND BALANCES WITH RELATED PARTIES

The related parties comprise of associated undertakings, other related group companies and persons, major shareholders, directors of the Company, staff retirement benefit fund and key management personnel. The Company carries out transactions with various related parties in the normal course of business and all the transactions with related parties have been carried out in accordance with agreed terms.

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company. The Company considers its Chief Executive Officer, Chief Financial Officer, Company Secretary, Non-Executive Directors and departmental heads to be its key management personnel. There are no transactions with key management personnel other than their terms of employment / entitlement.

Amounts due to related parties are shown under respective note to the financial statement. Details of transactions / balances with related parties other than those disclosed elsewhere in the financial statements are as follows:

Name of the related party	Relationship and percentage shareholding	Transactions	2019	2018
			(Rupees in '000)	
Aisha Steel Mills Limited	Associated company by virtue of common directorship	- Sale of goods	110	690
		- Payment received	333	712
		- Trade receivable	55	278
Safe Mix Concrete Limited	Associated company by virtue of common directorship	- Sale of goods	287,582	379,143
		- Payment received	364,082	249,269
		- Trade receivable	84,622	161,123
Javedan Corporation Limited	Associated company by virtue of common directorship	- Sale of goods	44,741	110,993
		- Sale of miscellaneous items	-	-
		- Payment received	64,190	89,326
		- Trade receivable	11,431	30,879
		- Other receivable	39	39
Rotocast Engineering Company (Private) Limited	Associated company by virtue of common directorship	- Services received	11,635	5,432
		- Rent accrued	6,619	
		- Payments made	17,895	5,411
		- Amount payable against services received	826	467
Arif Habib Corporation Limited	Associated company by virtue of common directorship	- Guarantee commission accrued	896	41
		- Guarantee commission paid	474	108
		- Guarantee commission payable	421	-
Arif Habib Equity (Private) Limited	Associated company by virtue of common directorship	- Loan received	1,853,343	-
		- Mark-up accrued	76,033	-
		- Loan payable (including mark-up)	1,929,375	-

Name of the related party	Relationship and percentage shareholding	Transactions	2019	2018
				(Rupees in '000)
EFU Life Assurance Limited	Associated company by virtue of common directorship	- Services received	4,016	2,617
		- Payments made	4,016	2,617
		- Insurance payable	-	-
Fatima Packaging Limited	Associated company by virtue of common directorship	- Purchase of goods	52,207	-
		- Payment made	41,010	-
		- Amount payable	11,197	-
Pakarab Fertilizers Limited	Associated company by virtue of common directorship	- Purchase of goods	-	421
		- Payment made	-	421
FLSmidth A/S	Related party by virtue of nominee director	- Plant and machinery acquired	2,239,095	8,746,160
		- Services received	509,715	34,671
		- Payments made	2,239,095	9,787,722
		- Amount payable	320,955	-
All members of Company's Management Team	Key management	- Remuneration and other benefits	54,797	45,663
		- Advances disbursed to employees	3,441	2,620
		- Advances repaid by employees	4,015	1,310
Staff retirement benefit fund	Other related party	- Charge during the year	25,953	20,107
		- Contribution during the year	13,470	11,834

39.1 Following are the related parties with whom the Company had entered into transactions during the year:

S.No.	Name of Related Party	Relationship	Direct Shareholding %
1	Aisha Steel Mills Limited	Associated Company(Common directorship)	Nil
2	Safe Mix Concrete Limited	Associated Company(Common directorship)	Nil
3	Javedan Corporation Limited	Associated Company(Common directorship)	Nil
4	Rotocast Engineering Company (Private) Limited	Associated Company(Common directorship)	Nil
5	Arif Habib Corporation Limited	Associated Company(Common directorship)	10.34%
6	Arif Habib Equity (Private) Limited	Associated Company(Common directorship)	19.54%
7	EFU Life Assurance Limited	Associated Company(Common directorship)	Nil
8	Pakarab Fertilizers Limited	Associated Company(Common directorship)	Nil
9	FLSmidth A/S	Related Party (Nominee director)	2.27%
10	Fatima Packaging Limited	Associated Company(Common directorship)	Nil
11	Syed Muhammad Imran	Key Management personnel	Nil
12	S.N Jaffri	Key Management personnel	Nil
13	Fazlur Rahim Aamir	Key Management personnel	Nil
14	Tahir Iqbal	Key Management personnel	Nil

39.2 Outstanding balances with related parties have been separately disclosed in trade debts, other receivables and trade and other payables respectively. These are settled in ordinary course of business.

39.3 Remuneration of Chief Executive, Directors and Executives

	Note	2019			2018		
		Chief Executive	Director	Executives	Chief Executive	Director	Executives
		(Rupees in '000)					
Managerial remuneration		-	-	139,422	-	-	129,270
Retirement benefits		-	-	11,619	-	-	10,934
		-	-	151,041	-	-	140,204
		(Number)					
Number of key executives		1	6	43	1	6	43
Number of non-executive directors	39.4	-	6	-	-	6	-

Notes to the Financial Statements

For the year ended 30 June 2019

The Chief Executive and certain Executives are provided with Company cars and the relevant operating expenses are borne by the Company to the extent of their entitlement.

Executive means an employee of a listed company other than the chief executive and directors whose basic salary exceeds Rs. 1.2 million in a financial year. The chief executive and certain executives of the Company are provided with free use of cars.

39.4 The fees paid to the non-executive directors during the year was Rs. Nil (2018: Nil).

40. NUMBER OF EMPLOYEES

The detail of number of employees are as follows:

(Number)	2019	2018
Number of employees as at 30 June		
- factory	294	294
- office	66	72
	360	366
Average number of employees during the year		
- factory	294	279
- office	69	60
	363	339

41 SUBSEQUENT EVENTS

Subsequent to the balance sheet date, management of the Company announced a shutdown of its existing plant (that comprises it's Line I & Line II), however, the same has resumed production from September 29, 2019. This shutdown was aimed to prevent any inventory glut owing to the slowdown in the overall business and particularly the construction activities in the country.

42 DATE OF AUTHORIZATION FOR ISSUE

These financial information has been authorized for issue on 30 September 2019 by the Board of Directors.

Chief Financial Officer | Chief Executive | Director

Pattern of Shareholding

As at 30 June 2019

No. of Shareholders	Shareholdings		Total Shares Held
	From	To	
759	1	100	19,262
2936	101	1000	2,106,499
3786	1001	5000	11,345,548
1551	5001	10000	12,507,942
2002	10001	50000	46,629,767
388	50001	100000	28,968,683
199	100001	200000	29,167,474
104	200001	500000	32,482,409
39	500001	1000000	28,547,472
14	1000001	2000000	22,236,759
11	2000001	5000000	30,703,063
9	5000001	50000000	213,693,997
3	50000001	220000000	377,286,559
1	220000001	227719000	227,719,000
11,802			1,063,414,434

Pattern of Shareholding

As at 30 June 2019

Shareholders' Category	No. of shareholder	No. of Shares Held	Percentage %
Directors, Chief Executive Officer and their spouses and minor children	7	65,195,293	6.13
Associated Companies, undertaking and related parties.	3	545,442,712	51.29
NIT and ICP	1	607	0.00
Banks, Development Financial Institutions, Non Banking Financial Institutions.	73	85,630,853	8.05
Insurance Companies	4	1,574,938	0.15
Foreign Investors	424	116,977,117	11.00
Modarabas and Mutual Funds	25	8,012,522	0.75
General Public-Local	11,240	225,860,894	21.24
Others	25	14,719,498	1.39
	11,802	**1,063,414,434**	**100**

Pattern of Shareholding

As at 30 June 2019

Directors, Chief Executive Officer, and their Spouse and minor children	Number of Shares held	Percentage %
Syed Salman Rashid	59,562,847	5.60
Rehana Salman	3,000,000	0.28
Muhammad Kashif Habib	2,623,082	0.25
Nasim Beg	5,243	0.00
Abdus Samad	2,621	0.00
Muhammad Yousuf Adil	1,000	0.00
Muhammad Ejaz	500	0.00
	65,195,293	**6.13**
Associated Companies, Undertaking and Related Parties.		
Mr. Arif Habib	227,719,000	21.41
Arif Habib Equity (Pvt) Ltd	207,778,060	19.54
Arif Habib Corporation Limited	109,945,652	10.34
	545,442,712	**51.29**
NIT and ICP		
M/s. Investment Corporation of Pakistan (ICP)	**607**	**0.00**
Banks,Development Financial Institutions and Non Banking Financial Institutions		
J S Bank Limited	30,189,000	2.84
Summit Bank Limited	18,870,416	1.77
Meezan Bank Limited	18,040,667	1.70
Concordia Securities (Pvt) Limited	6,067,744	0.57
Ghani Osman Securities (Private) Limited	2,500,000	0.24
First Choice Securities Limited	2,025,000	0.19
J. P. Morgan Securities Llc	1,850,000	0.17
Lse Financial Services Limited - Mt	909,500	0.09
Mohammad Munir Mohammad Ahmed Khanani Securities (Pvt.) Ltd.	668,000	0.06
Apex Financial Services (Pvt.) Limited	574,000	0.05
Pearl Securities Limited	563,500	0.05
Motiwala Securities (Private) Limited	500,000	0.05
Ample Securities (Private) Limited	350,000	0.03
Saao Capital (Pvt) Limited	218,177	0.02
Js Global Capital Limited	173,000	0.02
Mra Securities Limited	159,500	0.01
Sakarwala Capital Securities (Private) Limited - Mf	150,000	0.01
Shaffi Securities (Pvt) Limited	118,152	0.01
Capital Financial Services (Pvt.) Limited	115,677	0.01
H M Investments (Pvt) Limited	100,232	0.01
Sherman Securities (Private) Limited	100,000	0.01
Best Securities (Pvt) Limited	100,000	0.01
Altaf Adam Securities (Pvt) Ltd.	94,500	0.01
B & B Securities (Private) Limited	92,500	0.01
Spinzer Equities (Private) Limited	80,000	0.01
M. J. Memon Securities (Pvt) Limited.	71,500	0.01
Zahid Latif Khan Securities (Pvt) Ltd.	70,000	0.01
Asda Securities (Pvt.) Ltd.	70,000	0.01
Js Global Capital Limited - Mf	67,000	0.01
Mra Securities Limited - Mf	65,000	0.01

Pattern of Shareholding

As at 30 June 2019

Jsk Securities Limited	60,000	0.01
Aba Ali Habib Securities (Pvt) Limited - Mt	58,000	0.01
Hh Misbah Securities (Private) Limited	50,000	0.00
Zafar Securities (Pvt) Ltd.	40,637	0.00
Cma Securities (Pvt) Limited	40,000	0.00
Amanah Investments Limited	37,500	0.00
Gph Securities (Pvt.) Ltd.	35,000	0.00
Moneyline Securities (Private) Limited	33,500	0.00
Growth Securities (Pvt) Ltd.	32,500	0.00
Seven Star Securities (Pvt.) Ltd.	30,000	0.00
Azee Securities (Private) Limited	29,501	0.00
Pakistan Industrial And Commercial Leasing Ltd.	23,500	0.00
Salim Sozer Securities (Pvt.) Ltd.	22,399	0.00
Islamic Investment Bank Limited	20,203	0.00
Multiline Securities (Pvt) Limited - Mf	20,000	0.00
Margalla Financial (Private) Limited	20,000	0.00
Aba Ali Habib Securities (Pvt) Limited	16,500	0.00
Z.A. Ghaffar Securities (Private) Ltd.	16,000	0.00
Saao Capital (Pvt) Limited	15,000	0.00
Dr. Arslan Razaque Securities (Pvt.) Limited	13,500	0.00
Rs Holdings (Private) Limited	13,108	0.00
Adam Securities Ltd. - Mf	11,500	0.00
Pak-Qatar Investment (Pvt.) Limited	10,000	0.00
Pearl Securities Limited - Mf	10,000	0.00
M/s. Naeem Security (Pvt) Ltd.	3,687	0.00
Adam Securities Limited	2,500	0.00
M/s. Islamic Investment Bank Ltd.	2,020	0.00
Bawa Securities (Pvt) Ltd. - Mf	2,000	0.00
Asda Securities (Private) Limited - Mf	2,000	0.00
Dawood Equities Ltd.	1,500	0.00
Escorts Investment Bank Limited	1,000	0.00
Trust Securities & Brokerage Limited - Mf	1,000	0.00
Nh Securities (Pvt) Limited.	786	0.00
Prudential Securities Limited	630	0.00
National Bank Of Pakistan	611	0.00
Darson Securities (Pvt.) Limited - Mf	500	0.00
National Bank Of Pakistan	443	0.00
Naeem'S Securities (Pvt) Ltd	277	0.00
M/s. Royal Bank Of Scotland	115	0.00
Lse Financial Services Limited	110	0.00
M/s. Crescent Investment Bank Limited	110	0.00
Ellahi Capital (Private) Limited	100	0.00
M/s. Trust Securities & Brokerage Ltd	50	0.00
Maple Leaf Capital Limited	1	0.00
	85,630,853	8.05

Insurance Companies

State Life Insurance Corp. Of Pakistan	676,169	0.06
Dawood Family Takaful Limited	567,939	0.05
Premier Insurance Limited	320,830	0.03
Progressive Insurance Company Limited	10,000	0.00
	1,574,938	0.15

Pattern of Shareholding

As at 30 June 2019

Modarabas And Mutual Funds

B.R.R. Guardian Modaraba	3,653,168	0.34
First Equity Modaraba	1,406,286	0.13
Trustee- Treet Cor. Ltd Emp. Provident Fund	550,000	0.05
Trustee- Treet Corporation Ltd.Group Employees Service Fund	550,000	0.05
First Udl Modaraba	479,826	0.05
Cdc - Trustee First Habib Income Fund - Mt	322,000	0.03
Trustees Treet Corp Limited-Group Employees Provident Fund	300,000	0.03
Trustee- Treet Corporation Limited G.E. Gratuity	200,000	0.02
Cdc - Trustee Faysal Mts Fund - Mt	173,500	0.02
Cdc - Trustee First Capital Mutual Fund	100,000	0.01
Trustee National Bank Of Pakistan Employees Pension Fund	72,056	0.01
Cdc - Trustee Nit Income Fund - Mt	61,000	0.01
Trustees Mohamad Amin Wakf Estate	60,000	0.01
Trustees Moosa Lawai Foundation	26,217	0.00
Trustees Of Zafa Phar Lab.Staff P.Fund	25,000	0.00
First Alnoor Modaraba	17,000	0.00
Trustees Of First Udl Modaraba Staff Provident Fund	6,176	0.00
Wateen Telecom Limited Staff Gratuity Fund	5,000	0.00
Trustee National Bank Of Pakistan Emp Benevolent Fund Trust	2,528	0.00
Trustees Of Pakistan Mobile Communication Ltd-Provident Fund	2,500	0.00
M/s. First Interfun Modaraba	122	0.00
Al Noor Modaraba Management (Pvt) Ltd.	108	0.00
M/s. Asian Stock Fund Ltd.,	21	0.00
M/s. Industrial Capital Modarba	14	0.00
	8,012,522	0.75

Shareholders holding 5 % or more

Mr. Arif Habib	227,719,000	21.41
Arif Habib Equity (Pvt) Ltd	207,778,060	19.54
Arif Habib Corporation Limited	109,945,652	10.34
Syed Salman Rashid	59,562,847	5.60

Notice of The 28th Annual General Meeting

Notice is hereby given that the 28th Annual General Meeting of the Shareholders of Power Cement Limited ("the Company") will be held on Monday, October 28, 2019 at 10:15 a.m at Beach Luxury Hotel, Karachi to transact the following businesses:

Ordinary Business:

1) To confirm the minutes of the 27th Annual General Meeting of the Shareholders of the Company held on October 27, 2018.
2) To receive, consider and adopt annual audited financial statements of the Company together with the Directors' and the Auditors' Reports thereon for the year ended June 30, 2019.
3) To appoint Auditors for the year ending June 30, 2020 and to fix their remuneration. The Board of Directors of the Company has recommended for reappointment of M/s. KPMG Taseer Hadi & Co. Chartered Accountants as the external auditors.
4) To elect seven (07) Directors of the Company as fixed by the Board of Directors of the Company in accordance with the provisions of Section 159(1) of the Companies Act, 2017 for a term of three years, commencing immediately after conclusion of the meeting.

The names of the retiring Directors are listed as under -

1. Mr. Nasim Beg
2. Mr. Muhammad Kashif Habib
3. Mr. Muhammad Ejaz
4. Mr. Samad A. Habib
5. Mr. Syed Salman Rashid
6. Mr. Muhammad Yousuf Adil
7. Mr. Anders Paludan

The retiring Directors are eligible for re-election.

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

A Statement under Section 166(3) of the Companies Act 2017 pertaining to the material facts is given along with this notice.

By Order of the Board

Karachi: October 7, 2019

Tahir Iqbal
Company Secretary

Notes:

1. Share transfer books of the Company will remain closed from October 18, 2019 to October 28, 2019 (both days inclusive). Transfers received in order at the office of Company's Share Registrar, M/s CDC Share Registrar Services Limited, CDC House, 99-B, Block -B, S.M.C.H.S, Main Shahrah-e-Faisal, Karachi up to the close of business on October 17, 2019 will be considered 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 and 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 a 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 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, CNIC 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 along with proxy form.

4. Members are requested to submit copies of their CNICs and promptly notify any change in address by writing to the office of the registrar.

Important:

5. Contesting Election of Directors: Any person (including a retiring Director) who seeks to contest election of directors shall file with the Company at its registered office, Arif Habib Centre, 23 M. T. Khan Road, Karachi, not later than 14 days before the said meeting his / her intention to offer himself / herself for the election of the directors in terms of Section 159(3) of the Companies Act, 2017 together with:

(i) Notice of his / her intention to stand for election, along with duly completed and signed Form 28 giving his / her consent to act as Director of the Company if elected (under Section 167(1) of the Companies Act, 2017), and certify that he is not ineligible to become a Director under any applicable laws, Rules and Regulations.

(ii) Detailed profile along with office address to be placed on the Company's website seven days prior to the date of election in term of SECP's SRO 634(1)/2014 of 10th July 2014.

(iii) Declaration in respect of being compliant with the requirements of the Listed Companies (Code of Corporate Governance) Regulations, 2017 and the eligibility criteria as set out in the Companies Act, 2017 to act as the director of a listed company.

(iv) Attested copy of valid CNIC and NTN.

(v) Declaration by Independent Director(s) under Clause 6(2) of the Listed Companies (Code of Corporate Governance) Regulation 2017.

(vi) Undertaking on non-judicial stamp paper that he / she meets the requirements of sub-regulation (1) of Regulation 4 of the Companies (Manner and Selection of Independent Directors) Regulations, 2018.

6. E-Voting / Voting by Postal Ballot: If the number of persons who offer themselves to be elected is more than the number of directors fixed under sub-section (1) of section 159 of the Companies Act, 2017, then the Company shall provide its members with options of e-voting or voting by postal ballot in accordance with the provisions of the Companies (Postal Ballot) Regulations, 2018.

Shareholders who wish to participate through e-voting, kindly provide immediately through a letter duly signed by them, i.e. Name, Folio/ CDC Account No., E-mail address, contact number to the share registrar of the company (CDC Share Registrar Services Limited, CDC House 99-B, Block 'B' S.M.C.H.S, Main Shahrah-e-Faisal Karachi-74400).

7. Provision of Video Link Facility: Shareholders may participate in the meeting via video link facility. If the Company receives a demand (at least 7 days before the date of meeting) from shareholder(s) holding an aggregate 10% or more shareholding residing in any other city, to participate in the meeting through video link, the Company will arrange video link facility in that city.

Shareholders, who wish to participate through video-link facility, are requested to fill in Video Link Facility Form available at Company's website and send a duly signed copy to the Registered Address of the Company.

Notice to Shareholders for provision of CNIC and other details:

The Individual Members who have not yet submitted photocopy of their valid Computerized National Identity Card (CNIC) to the Company / Share Registrar, are once again reminded to send the same at the earliest directly to Company's Share Registrar, M/s. CDC Share Registrar Services Limited, CDC House, 99- B, Block-B, S.M.C.H.S, Main Shahrah-e-Faisal, Karachi. The Corporate Entities are requested to provide their National Tax Number (NTN). Please give Folio Number with the copy of CNIC / NTN details. Reference is also made to the Securities and Exchange Commission of Pakistan (SECP) Notifications SRO 779(I)/2011 dated August 18, 2011 and SRO 831(I)/2012 dated July 05, 2012, SRO 19(I)/2014 dated January 10, 2014 and SRO 275(I)/2016 dated March 31, 2016 which mandates that the dividend warrants should bear CNIC number of the registered member or the authorized person, except in case of minor(s) and corporate members

Further, under the provisions of Section 242 of the Companies Act, 2017, it is mandatory for a listed Company to pay cash dividend to its shareholders only through electronic mode directly into bank account designated by the entitled shareholders. Consequently, in order to receive future cash dividends directly into bank account, if any, shareholders having physical shares are requested to fill in 'Electronic Mode Dividend Form' containing prescribed details and send it duly signed along with a copy of CNIC to the Registrar of the Company. In case of book-entry securities, shareholders must get their respective records updated as per the 'Electronic Mode Dividend Form' with their Broker/Participant/CDC account services.
In case of absence / non-receipt of the copy of a valid CNIC and / or bank account details, the Company would be constraint under Section 243(2)(a) of the Companies Act, 2017 to withhold the payment of future dividends, if any, to such members till provision of prescribed details.

Distribution of Annual Report

The audited financial statements of the Company for the year ended June 30, 2019 have been made available on the Company's website (http://www.powercement.com.pk) in addition to annual and quarterly financial statements for the prior years.

Further, Annual Report of the Company for the year ended June 30, 2019 is dispatched to the shareholders through CD. However, if a shareholder, in addition, requests for hard copy of Annual Audited Financial Statements, the same shall be provided free of cost within seven days of receipt of such request.

Statement under Section 166(3) of The Companies Act 2017

Section 166 of the Companies Act 2017 requires that a statement of material facts is annexed to the notice of the general meeting called for the purpose of election of directors which shall indicate the justification for choosing the appointee for appointment as independent director.

Being a listed company, Power Cement Limited is required to have two independent directors on its Board in accordance with the Listed Companies (Code of Corporate Governance) Regulations, 2017. Accordingly, the Company shall ensure that two independents are elected in accordance with the procedures for election of directors laid down in Section 159 of the Companies Act 2017.

After the contestants file their notice / intention to stand for elections, the Company shall apply following criteria for choosing the appointee for appointment as independent director:

- Inclusion of name of independent directors in the data bank maintained by Pakistan Institute of Corporate Governance (PICG) duly authorized by SECP.
- Respective competencies, diversity, skill, knowledge and experience of the election contestants shall be assessed.
- The company shall exercise due diligence before selecting a person from the data bank that the contestant meets the independence criteria as mentioned in Section 166(2) of the Companies Act, 2017

کسی بھی کمپنی کی کامیابی میں درحقیقت ان افراد کی کاوشوں کی جھلک پائی جاتی ہے جو اس کیلئے جانفشانی کے ساتھ محنت کرتے ہیں۔ ڈائریکٹرز کمپنی کے تمام ملازمین کی جانب سے کی جانے والی مجموعی کوششوں کا تہہ دل سے اعتراف کرتے ہیں اور اس بات کی امید کرتے ہیں کہ توسیعی منصوبہ اپنی مقررہ مدت کے اندر ہی پایہ تکمیل کو پہنچ جائے گا۔ ہم آڈٹ کمیٹی اور دیگر کمیٹیوں کے ممبران کے بھی بے حد مشکور ہیں کہ ان کی جانب سے انتظامیہ کو اہم معاملات پر گاہے بگاہے رہنمائی اور حمایت فراہم کی جاتی رہی۔

برائے و از بورڈ

محمد کاشف حبیب
چیف ایگزیکیٹو آفیسر
30 ستمبر 2019

نسیم بیگ
چیئرمین
30 ستمبر 2019

بیرونی آڈیٹروں کی تعیناتی

آڈیٹرز میسرز کے پی ایم جی تاسیر ہادی اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس ریٹائر ہو رہے ہیں اور انھوں نے ایک مرتبہ پھر اپنی خدمات پیش کی ہیں۔ بورڈ کی جانب سے سالانہ اجلاس عام میں آڈٹ کمیٹی کی سفارش پر ان آڈیٹروں کی مالی سال 2019-20 کیلئے دوبارہ تعیناتی کی توثیق کر دی گئی ہے۔

بعد میں پیش آنے والے واقعات

کمپنی کے مالی سال کے اختتام سے رپورٹ ہذا کی اشاعت تک ایسے کوئی بھی قابل ذکر واقعات رونما نہیں ہوئے ہیں جن کی وجہ سے کمپنی کے مالیاتی نتائج پر کوئی اثرات مرتب ہوتے ہوں۔

متعلقہ پارٹیوں کے ساتھ لین دین

لسٹنگ کے قواعد کی پاسداری کرتے ہوئے کمپنی کی جانب سے متعلقہ پارٹیوں کے ساتھ کی جانے والی لین دین کے تمام معاملات کو بورڈ اور آڈٹ کمیٹی کے سامنے ان کی نظر ثانی اور منظوری کیلئے پیش کیا جا چکا ہے۔ بورڈ اور آڈٹ کمیٹی کی جان سے متعلقہ اجلاسوں میں لین دین کے ان معاملات کی منظوری دی جا چکی ہے۔ متعلقہ پارٹیوں کے ساتھ لین دین کے معاملات کی تفصیلات آڈٹ شدہ مالیاتی دستاویزات میں شامل نوٹس میں بیان کی جا چکی ہے۔

پلانٹ کی پیداواری گنجائش میں توسیع

کمپنی کی جانب سے براؤن فیلڈ توسیع کا آغاز کیا جا چکا ہے جس کے تحت موجودہ پیداواری سہولتوں میں 7700 ٹن یومیہ (2.5 ملین ٹن سالانہ) کی نئی لائن کا اضافہ کیا جا رہا ہے جس کے بعد مجموعی پیداواری گنجائش 3.4 ملین ٹن سالانہ تک پہنچ جائے گی۔ توسیعی منصوبہ ماحول دوست ہے اور آئی ایف سی اور عالمی بینک کی شرائط پر پورا اترتا ہے۔ اس منصوبے کی تکمیل اور کام شروع کرنے کے بعد آپ کی کمپنی جنوبی خطے میں دوسری بڑی کمپنی بن جائے گی اور اس کا شمار ان کمپنیوں میں ہونے لگے گا جو پیداواری لاگت کو کم از کم درجے میں رکھنے میں صف اول میں شامل ہیں۔

قرضوں کے سلسلے میں درجہ بندی

کمپنی کو جے سی آر-وی آئی ایس کریڈٹ ریٹنگ کمپنی لمیٹڈ کی جانب سے بتاریخ 10 جولائی 2017 طویل المیعاد قرضوں کے سلسلے میں "A-" (واحد اے منفی) اور قلیل المیعاد قرضوں کے سلسلے میں "A-2" (واحد اے 2) کی درجہ بندی میں شامل کیا گیا ہے۔ جس سے ظاہر ہوتا ہے کہ قرضوں سے متعلق لاحق خطرات کے حوالے سے کمپنی میں توازن پایا جاتا ہے۔

مستقبل پر نظر

زیر نظر عرصے کے دوران معاشی میدان میں کئی مسائل سے سامنا رہا۔ پورے ملک کی سطح پر مقامی طلب میں کمی واقع ہوئی ہے جس کی وجہ ترقیاتی کاموں پر اخراجات میں کمی ہے اور حکومت کی جانب سے سب سے اہم سرکاری منصوبے یعنی کم آمدن افراد کیلئے گھروں کی تعمیر کے منصوبے میں تاخیر ہے۔ تاہم جنوبی زون جہاں کہ آپ کی کمپنی واقع ہے میں شرح نمو کافی مثبت رہی ہے۔

مزید برآں، گوادر پورٹ پروجیکٹ، موٹروے پروجیکٹس، ہاؤسنگ پروجیکٹس اور سی پیک کے تحت جاری منصوبوں کے پیش نظر اس بات کی قوی امید ہے کہ سیمنٹ کی طلب میں اضافہ ہوگا۔

گزشتہ چند سہ ماہیوں کے دوران برآمدات میں مستقلاً اضافہ دیکھا جا رہا ہے جس کی وجہ بنیادی طور پر چینی حکومت کی جانب سے ماحول دوست سیمنٹ پلانٹس کو بند کرنے پالیسی ہے، جس کی وجہ سے ماضی میں بڑے پیمانے پر سیمنٹ اور کلنکر برآمد کرنے والا ملک چین اب کلنکر اور سیمنٹ درآمد کرنے کی پالیسی پر عمل پیرا ہے۔ اسی طرح سری لنکا، بنگلہ دیش اور فلپائن جیسے ممالک کی جانب سے آنے والی طلب بھی پاکستان میں سیمنٹ کی پیداواری صلاحیت کو کھپانے میں مدد فراہم کر سکتی ہے۔ جنوبی زون میں سیمنٹ ساز کمپنیاں بندرگاہ سے قربت اور پیداواری گنجائش کے باعث زیادہ فوائد سمیٹنے کی پوزیشن میں ہیں۔
اس پس منظر کے ساتھ آپ کی کمپنی کے بورڈ کو مکمل اعتماد ہے کہ کمپنی کی جانب سے پیداواری گنجائش میں خاطر خواہ اضافے کے ثمرات ضرور کمپنی کو حاصل ہوں گے۔

اظہار تشکر

ڈائریکٹرز کمپنی کے تمام شراکت داروں کی جانب سے کمپنی پر ان کے اعتماد اور سرپرستی کیلئے بے حد مشکور ہیں۔ ہم اس موقع سے فائدہ اٹھاتے ہوئے اپنے تمام کاروباری شراکت داروں، بینکاروں اور مالیاتی اداروں کا بھی تہہ دل سے شکریہ ادا کرنا چاہتے ہیں جن کی جانب سے کمپنی پر بھرپور اعتماد اور بھروسہ کیا گیا۔ ہم وزارت مالیات، وزارت صنعت و پیداوار، سیکیوریٹیز اینڈ ایکسچینج کمیشن آف پاکستان، اسٹیٹ بینک آف پاکستان، مسابقتی کمیشن پاکستان، سینٹرل ڈیپازیٹری کمپنی آف پاکستان اور پاکستان اسٹاک ایکسچینج کی انتظامیہ کے بھی بے حد مشکور ہیں ان کی رہنمائی اور حمایت ہمیشہ ہمارے شامل حال رہی اور آج کمپنی کو اس کے موجودہ مقام پر پہنچانے میں ان کا بھی ایک اہم کردار ہے۔

ترتیب حصص داری

کمپنی کے عام حصص پاکستان اسٹاک ایکسچینج میں لسٹڈ ہیں۔ بتاریخ 30 جون 2019 کمپنی (2018: 1,063,414,434) 1,063,414,434 عام حصص موجود تھے۔ مفصل ترتیب حصص داری رپورٹ ہذا میں ملاحظہ کی جا سکتی ہے جس میں حصص کی تمام درجہ بندیاں ظاہر کی گئی ہیں اور اگر کمپنی ایگزیکیٹیوز یا ڈائریکٹر کے پاس کوئی حصص ہیں تو ان کی تفصیلات بھی بیان کر دی گئی ہیں۔

کمپنی کو لاحق اہم خطرات اور غیر یقینی صورتحال

قلیل المیعاد، وسط المیعاد اور طویل المیعاد تناظر میں کمپنی کی جانب سے سرمایہ کاری کی قدر میں اضافے کے سلسلے میں کمپنی کو درج ذیل خطرات اور غیر یقینی صورتحال درپیش ہیں:

i۔ سیمنٹ کی قیمت اور پیداواری صلاحیت میں اضافے کی وجہ سے فروخت کے سلسلے میں سیمنٹ ساز کمپنیوں کے مابین سخت مسابقت کا ماحول۔

ii۔ روپے کی قدر میں کمی کوئلے کی قیمت میں اضافے اور منافع کی شرح میں کمی کا باعث بن سکتی ہے۔

iii۔ کاروباری معاملات کو چلانے کیلئے افراط زر کے مجموعی اثرات۔

iv۔ اضافی قرضوں اور بینکوں کی جانب سے مارک اپ ریٹس میں اضافے کی وجہ سے تمویلی لاگت میں اضافہ۔

مزید برآں، کمپنی کی جانب سے اپنے تمسکات کو استعمال کرنے کے سلسلے میں کمپنی کی مالیاتی خطرات سے نمٹنے کی انتظامی پالیسیوں سے متعلق وضاحت کو نوٹ نمبر 34 میں شامل کر دیا گیا ہے اور اس کے ساتھ ساتھ کمپنی کو لاحق مارکیٹ خطرات، قرضوں سے متعلق لاحق خطرات اور لیکیوڈیٹی خطرات کو بھی بیان میں شامل کیا جا چکا ہے۔

ماحولیات پر کمپنی کے کاروباری افعال کے اثرات

ماحولیات پر سیمنٹ سازی کے اثرات نفوذ کرنے والے مادوں اور ذرات پر مشتمل ہیں جو کہ اپنے چھوٹے حجم کی وجہ سے سانس کے ذریعے اندر چلے جاتے ہیں، ایسے ذرات کلنکر کی پیداوار سے جنم لیتے ہیں اور سیلیکوسس جیسی مہلک بیماری کا باعث بنتے ہیں۔

کمپنی کی جانب سے SEPA اور SEQS کے قواعد وضوابط اور معیارات کی پاسداری کو ممکن بنانے کی غرض سے ہمہ وقت قابل عمل کو متعین کیا گیا ہے۔ کمپنی کے کاروباری افعال کے ماحولیات پر اثرات کے سلسلے میں اقدامات کرتے ہوئے کمپنی کی جانب سے گرد کو جذب کرنے کے آلات نصب کئے گئے ہیں جیسا کہ ڈسٹ سائیکلون، بیگ ہاؤسز، ڈسٹ سپریشن ڈیمپنگ میتھڈ، الیکٹرواسٹیٹک پری سیپیٹیٹر، پرسنل پروٹیکٹیو ایکوپمنٹ، ایئر پولوشن کنٹرول سسٹم اور اسپیڈ لمٹ کنٹرولز وغیرہ کو کمپنی میں نصب کیا گیا ہے تاکہ RSPM (سانس کے ذریعے اندر جانے والے ذرات) اور FRD (نفوذ کرنے والی گرد) کا سدباب کیا جا سکے۔

ہم اس بات پر فخر محسوس کرتے ہیں کہ جنوبی زون میں آپ کی کمپنی صاف ترین ہوا کا اخراج کرنے والے پلانٹ کی حامل کمپنی بن چکی ہے جس کے پاس آلودگی کو مکمل طور پر کنٹرول کیلئے بیگ ہاؤس سسٹم نصب شدہ ہے۔ اب کمپنی کی جانب سے اخراج کا معیار عالمی بینک / آئی ایف سی رہنما اصولوں سے بھی بہتر ہے۔ نئے بیگ فلٹرز میں جدید ترین یورپی ٹیکنالوجی پر مبنی ECO E3 فلٹریشن سسٹم نصب ہے جو انتہائی مؤثر انداز سے مستقل بنیادوں پر گرد کے اخراج کو کنٹرول کرتا ہے اور اس طرح پاور سیمنٹ لمیٹڈ کو جنوبی زون میں واقع دیگر سیمنٹ ساز کمپنیوں پر اس سلسلے میں برتری حاصل ہو جاتی ہے۔ گرد کے اخراج کو کنٹرول میں رکھنے والے اس نظام کے اضافی فوائد یہ ہیں کہ اس سے پلانٹ کی مجموعی قابل استعمال زندگی میں اضافہ ہوتا ہے اور توانائی کے ضیاع میں بھی کمی واقع ہوتی ہے۔

علاوہ ازیں کمپنی کی جانب سے ایسے غیر جانبدار ماہرین کی خدمات بھی حاصل کی گئی ہیں جو کمپنی کے کاروباری افعال کے ماحولیات پر اثرات کا جائزہ لے رہے ہیں۔ ان ماہرین کی جانب سے ابتدائی رپورٹس جمع کرائے جانے کے بعد کمپنی کی جانب سے مناسب تادیبی اقدامات اٹھائے گئے ہیں اور اس وقت بھی کمپنی کی جانب سے ان اقدامات کی نگرانی کا عمل جاری ہے۔

کارپوریٹ معاشرتی ذمہ داری

زیر نظر کے مالی سال کے دوران، کمپنی کی جانب سے 4.6 ملین روپے (2018: 6.02 ملین روپے) بطور عطیہ مختلف ٹرسٹوں، خیراتی اور فلاحی اداروں کو دیئے گئے ہیں۔

کمیٹی ممبران کے نام	کمیٹی میں حیثیت	آڈٹ کمیٹی کے کل اجلاس	اجلاسوں میں ممبران کی حاضری
جناب محمد یوسف عادل	چیئرمین	4	2
جناب نسیم بیگ	ممبر	4	4
جناب سید سلمان راشد	ممبر	4	4

انسانی وسائل وادائیگیوں کی کمیٹی

بورڈ کی جانب سے انسانی وسائل اورادائیگیوں سے متعلق ایک کمیٹی کا قیام عمل میں لایا گیا ہے جو کہ چار (4) ممبران پر مشتمل ہے جس میں سے تین ممبران غیر انتظامی ڈائریکٹر ہیں۔ انسانی وسائل اور ادائیگیوں کی کمیٹی کی ساخت لسٹڈ کمپنیز (کوڈ آف کارپوریٹ گورننس) ریگولیشنز یکٹ 2017 کے قوائد کے عین مطابق ہے۔

زیرِ نظر مالی سال کے دوران انسانی وسائل وادائیگیوں کی کمیٹی کا ایک (1) اجلاس منعقد کیا گیا جس میں ممبران کی جانب سے شرکت اور ان کی حاضری کی تفصیلات درج ذیل ہیں:

کمیٹی ممبران کے نام	کمیٹی ممبران کی حیثیت	انسانی وسائل کی کمیٹی کے کل اجلاس	اجلاسوں میں ممبران کی حاضری
جناب محمد یوسف عادل	چیئرمین	1	0
جناب محمد اعجاز	ممبر	1	0
جناب محمد کاشف حبیب	ممبر	1	1
جناب سید سلمان راشد	ممبر	1	1

ڈویڈنڈ اور بونس

کمپنی کی جانب سے لئے گئے طویل المیعاد قرضوں کی اقساط کی ادئیگیوں اور بڑے پیمانے پر کمپنی کی جانب سے شروع کئے جانے والے توسیعی منصوبوں کے پیش نظر بورڈ کی جانب سے اعلان کیا گیا ہے کہ کے 30 جون 2019 کو ختم ہونے والے مالی سال کیلئے نا کوئی ڈیویڈنڈ ادا کیا جائے گا اور نا بونس حصص دیئے جا رہے ہیں۔

آڈیٹروں کا مشاہدہ

بیرونی آڈیٹروں کی جانب سے پیش کی جانے والی رپورٹ میں جن امور کے سلسلے میں تاکید کی گئی ہے ان کی وضاحت ذیل میں پیش کی جا رہی ہے:

☆ پہلا معاملہ ایکسائز ڈیوٹی سے متعلق ان دعووں سے ہے جن کے سلسلے میں اپیلٹ ٹریبونل ان لینڈ ریونیو (اے ٹی آئی آر) کی جانب سے کمپنی کے حق میں فیصلہ دے دیا گیا ہے۔ ٹیکس ڈپارٹمنٹ کی جانب سے اے ٹی آئی آر کے اس فیصلے کے خلاف سندھ ہائی کورٹ میں اپیل دائر کی گئی ہے۔ کمپنی کو اس بات کی قوی امید ہے کہ سندھ ہائی کورٹ کی جانب سے بھی کمپنی کے حق میں ہی فیصلہ دیا جائے گا۔ اس سے متعلقہ معلومات کو نوٹس میں تفصیل سے بیان کر دیا گیا ہے۔

☆ دوسرا معاملہ کمپنی کے سابقہ حصص داران کے دعوے سے متعلق ہے جن سے موجودہ مالکان نے کنٹرول حاصل کیا ہے۔ اس معاملے کا فیصلہ شیئر ٹرانسفر ایگریمنٹ کے تحت بذریعہ ثالث کروایا گیا ہے اور یہ فیصلہ بھی کمپنی کے حق میں آیا ہے۔ دوسرے فریق کی جانب سے ثالثی کے فیصلے خلاف سندھ ہائی کورٹ کے رجسٹرار کے پاس اعتراض کی درخواست جمع کروائی گئی ہے۔ کمپنی کو مکمل اعتماد ہے کے اس اپیل کا فیصلہ بھی کمپنی کے حق میں ہی آئے گا۔ اس معاملے سے متعلق تفصیلات کو متعلقہ نوٹس میں بیان کر دیا گیا ہے۔

قومی خزانے میں حصہ

کمپنی کی جانب سے ٹیکسوں، ایکسائز ڈیوٹی، انکم ٹیکس اور سیلز ٹیکس کی مدات میں 3.61 بلین روپے (2.14 بلین روپے بمطابق 2018) قومی خزانے میں جمع کروائے گئے ہیں۔

مالیاتی معاملات پر مناسب اندرونی کنٹرول

بورڈ آف ڈائریکٹرز کی جانب سے کمپنی میں مالیاتی کنٹرول کا ایک مؤثر اندرونی نظام وضع کیا گیا ہے تا کہ کاروباری معاملات کو مؤثر اور مستعد انداز سے چلانے، کمپنی کے اثاثوں کی حفاظت کو یقینی بنانے، مروجہ قوانین کی پاسداری کرنے اور قابل بھروسہ مالیاتی رپورٹنگ کرنے جیسے معاملات کو یقینی بنایا جائے۔ لکی سیمنٹ کا غیر جانبدار اندرونی آڈٹ فنکشن مستقل بنیادوں پر مالیاتی کنٹرول کے نظام کی جانچ پڑتال اور نگرانی کرتا ہے جبکہ آڈٹ کمیٹی اندرونی کنٹرول کے نظام اور مالیاتی دستاویزات پر سہ ماہی کی بنیاد پر نظر ثانی کرتا ہے۔

بورڈ آف ڈائریکٹرز کی ساخت

ہمارے بورڈ کی ساخت اس انداز سے وضع کہ اس میں تمام حصص داران کے مفادات کی نمائندگی ہوتی ہے، بورڈ کی ساخت مندرجہ ذیل ہے:

ڈائریکٹروں کی کل تعداد	
(الف) مرد	7
(ب) خواتین	-
ڈائریکٹروں کی کل تعداد	**7**
ساخت	
i) آزاد ڈائریکٹر	1
ii) غیر انتظامی ڈائریکٹر	5
iii) انتظامی ڈائریکٹر	1
ڈائریکٹروں کی کل تعداد	**7**

بورڈ آف ڈائریکٹرز کے اجلاس

زیر نظر مالی سال کے دوران بورڈ آف ڈائریکٹرز کے پانچ (5) اجلاس منعقد کئے گئے ہیں جن میں ڈائریکٹرون کی شرکت اور حاضری کی تفصیلات درج ذیل ہیں:

ڈائریکٹروں کے نام	بورڈ میں حیثیت	اجلاسوں میں ممبران کی کل حاضری
جناب نسیم بیگ	غیر انتظامی ڈائریکٹر/ چیئر مین	5
جناب محمد کاشف حبیب	انتظامی ڈائریکٹر/ چیف ایگزیکیٹو	4
جناب محمد یوسف عادل	غیر انتظامی/ آزاد ڈائریکٹر	4
جناب سید سلمان راشد	غیر انتظامی ڈائریکٹر	5
جناب محمد اعجاز	غیر انتظامی ڈائریکٹر	1
جناب صمد حبیب	غیر انتظامی ڈائریکٹر	5
جناب اندریس پالوڈن مولر	غیر انتظامی ڈائریکٹر	4

وہ ڈائریکٹر جو کسی ناگزیر وجوہات کی بنیاد پر اجلاسوں میں شرکت کرنے سے قاصر رہے اجلاسوں میں غیر حاضری کیلئے ان کی رخصت منظور کر لی گئی تھی۔

بورڈ کی جانچ کیلئے وضع کیا گیا نظام

لسٹڈ کمپنیز (کوڈ آف کارپوریٹ گورننس) ریگولیشنز 2017 کے قواعد کی رو سے بورڈ آف ڈائریکٹرز کی کارکردگی کے جائزے کیلئے ایک جامع نظام وضع کیا گیا ہے۔
بورڈ کی کارکردگی کیلئے وضع کئے گئے نظام کے تحت درج ذیل نکات کی بنیاد پر جائزہ لیا جاتا ہے:

- ☆ ساخت اور دائرہ کار
- ☆ وظائف اور ذمہ داریاں
- ☆ نگرانی
- ☆ شفافیت

بورڈ کی کارکردگی کا جائزہ

مزکورہ بالا نکات کی بنیاد پر کئے جانے والے جائزے میں بورڈ کی کارکردگی کو اطمینان بخش قرار دیا گیا ہے۔ کمپنیز ایکٹ 2017 کے سیکشن 192 کے تحت بورڈ کے چیئر مین کی جانب سے مجموعی کارکردگی پر ایک علیحدہ جامع رپورٹ کو بھی رپورٹ ہذا کے ساتھ منسلک کیا گیا ہے۔

بورڈ کی کمیٹیاں اور ان کے اجلاس

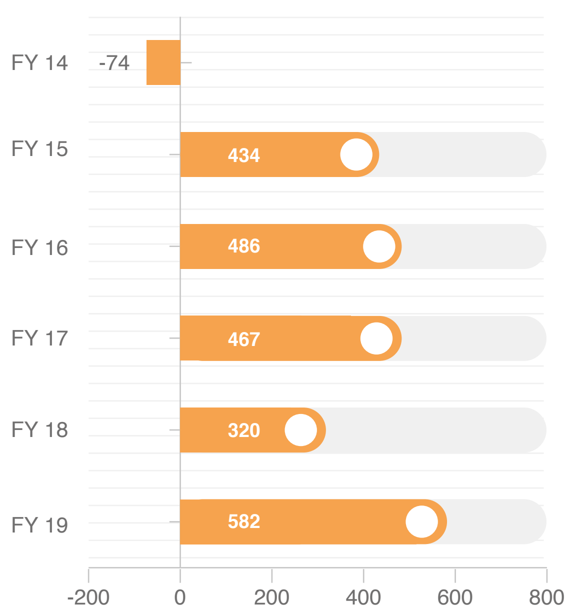
آڈٹ کمیٹی

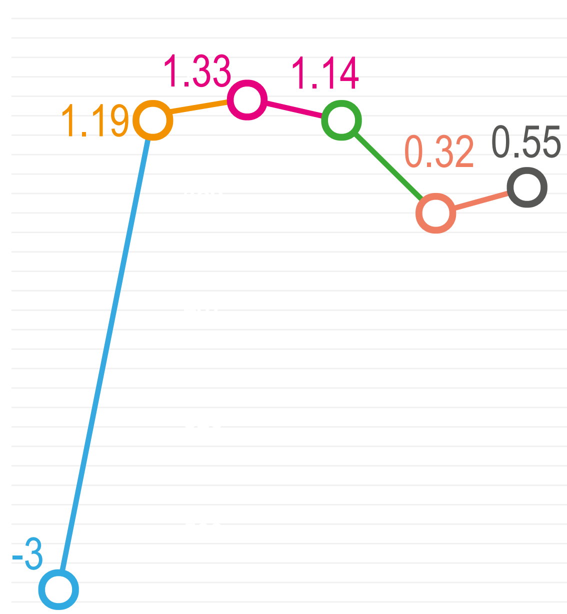
بورڈ آف ڈائریکٹرز کی جانب سے ایک آڈٹ کمیٹی تشکیل دی گئی جو کہ تین (3) ممبران پر مشتمل ہے اور تمام ممبران غیر انتظامی ڈائریکٹر ہیں۔ آڈٹ کمیٹی کی تشکیل لسٹڈ کمپنیز (کوڈ آف کارپویٹ گورننس) ریگولیشنز ایکٹ 2017 کے ضوابط کے عین مطابق ہے۔
زیر نظر مالی سال کے دوران آڈٹ کمیٹی کے چار (4) اجلاس منعقد کئے گئے ہیں جن میں ممبران کی شرکت اور حاضری کی تفصیلات درج ذیل ہیں:

لسٹڈ کمپنیز (کوڈ آف کارپوریٹ گورننس) ریگولیشنز، 2017

آپ کی کمپنی کے ڈائریکٹرز کمپنی دفاعی پوزیشن اور کاروباری منصوبوں کا مستقل بنیادوں پر جائزہ لیتے رہتے ہیں۔ آڈٹ کمیٹی مؤثر انداز سے لسٹڈ کمپنیز (کوڈ آف کارپوریٹ گورننس) ریگولیشنز، 2017 کے نفاذ کو ممکن بنانے کیلئے ہر لحاظ مجاز ہے۔ ہماری جانب سے کوڈ آف کارپوریٹ گورننس کی مکمل پاسداری کیلئے کوئی کسر اٹھا نہیں رکھی جاتی۔ کوڈ کی مکمل پاسداری کے حوالے سے ہم اس بات کی توثیق کرتے ہیں:

- ☆ کمپنی کی جانب سے تیار کی جانے والی مالیاتی دستاویزات شفاف انداز سے کمپنی کے معاملات، کاروباری نتائج، نقد رقوم کی ترسیل اور سرمایہ پر مبنی حصص میں تبدیلی نمائندگی کرتی ہیں۔
- ☆ کمپنی کی جانب سے محاسبی کے کھاتوں کو باقاعدہ محفوظ رکھا جاتا ہے۔
- ☆ محاسبی کی مناسب پالیسیوں کو مستقل بنیادوں پر مالیاتی دستاویزات کی تیاری میں استعمال کیا جاتا ہے اور محاسبی کے تمام تخمینے قرین قیاس ہیں۔
- ☆ مالیاتی دستاویزات بناتے وقت پاکستان میں مستعمل انٹرنیشنل فنانشل رپورٹنگ اسٹینڈرڈز کی مکمل پاسداری کی گئی ہے۔
- ☆ اندرونی کنٹرول کا نظام انتہائی مربوط ہے اور مؤثر انداز سے اس کا نفاذ کرنے کے بعد اس کی مسلسل نگرانی بھی کی جاتی ہے۔
- ☆ اس بات کسی شک کی کوئی گنجائش نہیں ہے کمپنی ہمیشگی کی بنیاد پر اپنے کاروبار کو چلا رہی ہے۔ نیز اپنے تمام قرضوں کی ادائیگی بروقت کر دیتی ہے اور کمپنی بینکوں کی جانب سے کسی بھی قسم کے قرضوں کے سلسلے میں نادہندہ نہیں ہے۔
- ☆ لسٹنگ ریگولیشن میں مزکور کوڈ کارپوریٹ گورننس کی بہترین روایات سے کمپنی نے کبھی کوئی ایسی روگردانی نہیں کی جو قابل محاسبہ ہو۔
- ☆ کمپنی کے ذمے تمام قرضے معمول اور معمولی نوعیت کے ہیں۔
- ☆ کمپنی کی جانب سے اپنے ملازمین کیلئے فنڈ شدہ گریجویٹی اسکیم قائم کی گئی ہے جسے مالیاتی دستاویزات میں متعلقہ نوٹس کے اندر بیان کیا جاچکا ہے۔
- ☆ چار (4) ڈائریکٹرز پہلے ہی ڈائریکٹروں کا تربیتی کورس مکمل کر چکے ہیں۔ بورڈ میں شامل ایک ڈائریکٹر کو سی سی جی ریگولیشنز کے ضابطہ نمبر 20 باب VII کے تحت ڈائریکٹروں کے تربیتی پروگرام سے استثناء حاصل ہے کیونکہ وہ چودہ (14) سال کی تعلیم اور لسٹڈ کمپنی میں پندرہ (15) سالہ تجربے کے حامل ہیں۔ فی الحال بورڈ میں ایسے دو (2) ڈائریکٹر شامل ہیں جنھیں قواعد کی رو سے ڈائریکٹروں کے تربیتی پروگرام میں شرکت کرنی ہے۔ کمپنی اس سلسلے میں 30 جون 2020 تک تمام قواعد کی پابندی کرنے کا عزم رکھتی ہے۔
- ☆ مجوزہ شکل میں ترتیب حصص داری کو رپورٹ ہذا کے ساتھ منسلک کر دیا گیا ہے جس میں حصص کی اوسط تعداد کو ظاہر کیا گیا ہے۔
- ☆ گزشتہ چھ سالوں سے متعلق اہم مالیاتی اور کاروباری شماریات کو رپورٹ ہذا کے ساتھ منسلک کر دیا گیا ہے۔





مالیاتی کارکردگی

مالی سال اختتامیہ 30 جون 2019 سے متعلق مالیاتی کارکردگی کی اہم جھلکیاں بالمقابل گزشتہ مالی سال ذیل میں پیش کی جارہی ہیں:

تفصیلات	2019	2018
	پاکستانی روپے ہزاروں میں	
آمدن ازفروخت - خام	5,709,583	6,244,864
منہا: سیلزٹیکس/فیڈرل ایکسائزڈیوٹی	1,851,127	1,901,624
آمدن ازفروخت - صافی	3,858,455	4,343,240
خام منافع	157,280	675,068
کاروباری منافع	(256,349)	358,020

آمدن:

مالی سال 2018-19 کے دوران گزشتہ سالی سال کے مقابلے میں آپ کی کمپنی نے آمدن ازفروخت میں مجموعی طور پر 8.57% کی کمی درج کی گئی ہے۔جبکہ گزشتہ مالی سال کے مقابلے میں کل فروخت کے حجم میں 11% کی کمی درج کی گئی ہے جس کی بنیادی وجہ فروخت کے حجم میں کمی تھی۔

لاگت برائے فروخت:

زیرنظر مالی سال 2018-19 کے دوران لاگت برائے فروخت میں ایندھن کی قیمتوں میں ہونے والے اضافے اورروپے کی قدر میں کمی وجہ سے اضافہ درج کیا گیا ہے۔

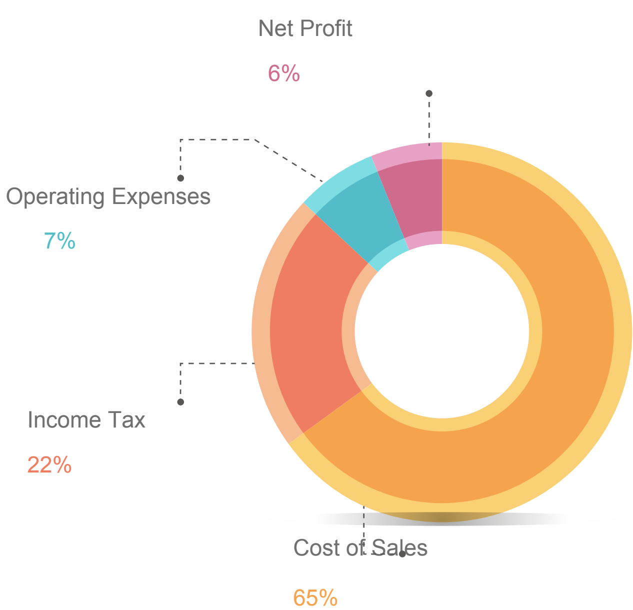
صافی منافع:

دوران سال منافع ٹیکس کریڈٹ سے منسوب ہے جوکہ پروجیکٹ لائن III کی تنصیب پر حاصل کیا گیا ہے۔

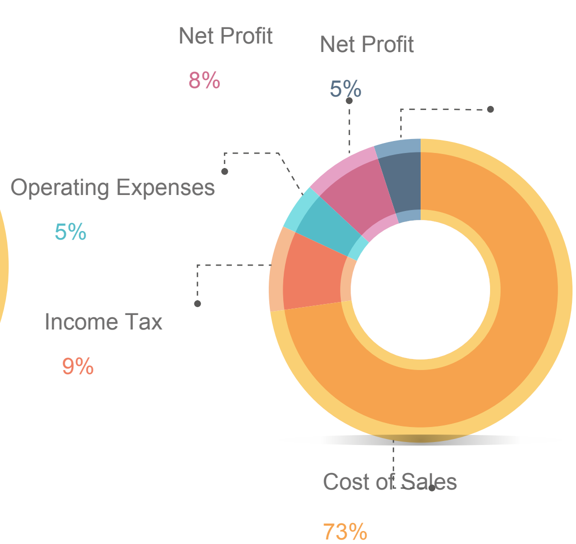
آمدن فی حصص:

زیرنظر مالی سال کے دوران آپ کی کمپنی کی آمدن فی حصص 0.55 روپے رہی جبکہ گزشتہ مالی سال کے دوران آمدن فی حصص 0.32 روپے درج کی گئی تھی۔

Distribution of Gross Revenue



Distribution of Cost of Sales



ڈائریکٹرز رپورٹ - مالی سال 2019

صنعتی جائزہ

مالی سال اختتامیہ 30 جون 2019 کے دوران پاکستان میں سیمنٹ کی شرح نمو 2.15% درج کی گئی ہے اور اس شرح نمو کے تحت پیداواری حجم 46.88 ملین ٹن رہا جبکہ گزشتہ مالی سال کے دوران پیداوار کا حجم 45.89 ملین ٹن درج کیا گیا تھا۔ گزشتہ مالی سال کے مقابلے میں زیر نظر مالی سال کے دوران 1.95% کی کمی کے ساتھ مقامی سطح پر فروخت کا حجم 40.34 ملین ٹن رہا جو کہ گزشتہ مالی سال کے دوران 41.15 ملین ٹن درج کیا گیا تھا۔ اسی طرح زیر نظر مالی سال کے دوران سیمنٹ کی برآمدات کا حجم 6.53 ملین ٹن درج کیا گیا ہے جبکہ گزشتہ مالی سال کے دوران برآمدات کا یہ حجم 4.75 ملین ٹن درج کیا گیا تھا اس طرح گزشتہ مالی سال کے مقابلے میں زیر نظر مالی سال کے دوران سیمنٹ کی برآمدات میں 37.72% کا اضافہ درج کیا گیا ہے۔

جنوبی خطہ جہاں کہ آپ کی کمپنی بھی واقع ہے میں مقامی سطح پر سیمنٹ کی طلب 7.98 ملین ٹن درج کی گئی تھی یعنی گزشتہ سال کے مقابلے میں 11.14% زائد طلب سامنے آئی ہے۔ حالیہ دنوں میں سیمنٹ کی برآمدات گزشتہ سال 1.66 ملین ٹن سے بڑھ کر اس سال 4.01 ملین ٹن تک پہنچ چکی ہے یعنی اس مد میں بھی گزشتہ مالی سال کے مقابلے میں 141.57% کا اضافہ درج کیا گیا ہے۔ نتیجتاً جنوبی خطے میں مجموعی طور پر سیمنٹ کی ترسیل 11.99 ملین ٹن رہی۔

اس کے برعکس زیر نظر مالی سال کے دوران شمالی خطے میں مقامی سطح پر سیمنٹ کی طلب میں 4.74% کی کمی درج کی گئی ہے، لیکن اسی سال کے دوران برآمدات میں 5.86% کی کمی واقع ہوئی ہے۔ اس کا مجموعی اثر یہ رہا کہ شمالی خطے میں مجموعی طور پر شرح نمو 5.86% درج کی گئی ہے۔

کاروباری جائزہ

زیر نظر مالی سال کے دوران آپ کی کمپنی کی جانب سے سیمنٹ کی ترسیل کا حجم 585.149 ٹن درج کیا گیا جبکہ گزشتہ مالی سال کے دوران یہ حجم 665,915 ٹن درج کیا گیا تھا، اس طرح گزشتہ مالی سال کے مقابلے میں زیر نظر مالی سال کے دوران سیمنٹ کی ترسیل کے حجم میں 12% کی کمی درج کی گئی ہے۔

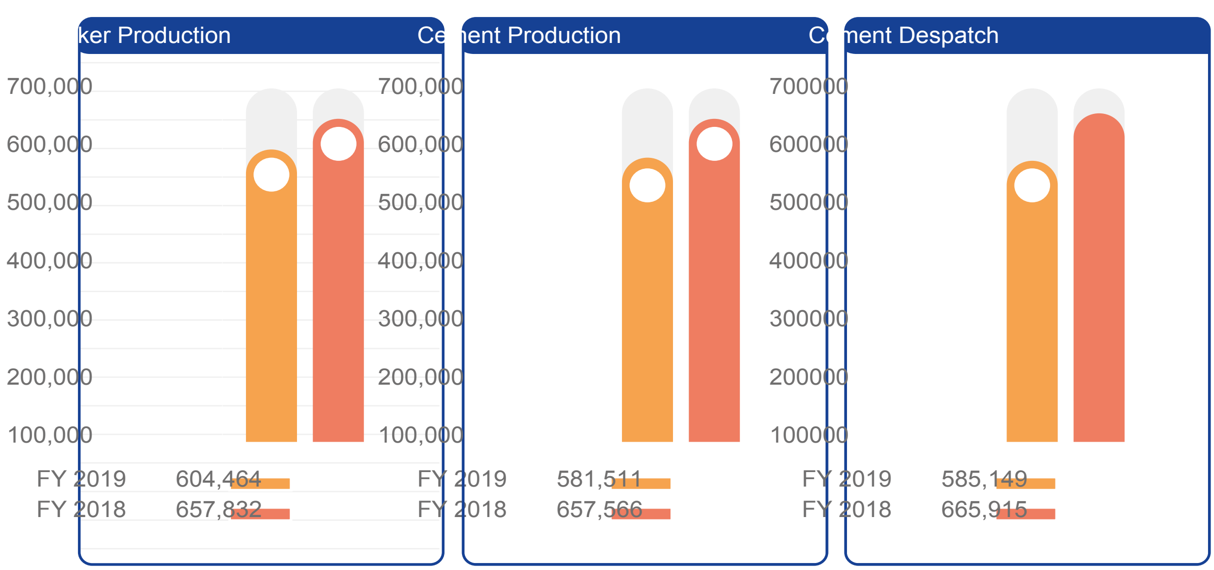
حجم برائے پیداوار وفروخت

زیر نظر مالی سال کے دوران کمپنی کی جانب سے پیداوار اور فروخت کے حجم (ٹنوں میں) کو گزشتہ مالی سال کے مقابلے میں ذیل میں پیش کیا جا رہا ہے:

پیداوار	2019	2018	فرق فیصد میں
سیمنٹ	581,511	657,566	(11.57%)
کلنکر	604,464	657,832	(8.11%)
ترسیل	**2019**	**2018**	**فرق فیصد میں**
سیمنٹ (مقامی)	580,019	659,314	(12.03%)
سیمنٹ (برآمدات)	5,130	6,601	(22.28%)

زیر نظر مالی سال کے دوران سیمنٹ کی پیداوار میں 76,055 میٹرک ٹن کی کمی واقع ہوئی ہے جبکہ دوسری جانب کلنکر کی پیداوار میں 53,368 میٹرک ٹن کی کمی درج کی گئی ہے، اس سال پیداواری گنجائش کا 67% زیر استعمال آیا جبکہ گزشتہ سال پیداواری صلاحیت کا 73% زیر استعمال لایا گیا تھا۔

اس صورتحال کی تصویری شکل ذیل میں پیش کی جا رہی ہے:



7-وڈیولنک فیسیلیٹی کی فراہمی :شیئر ہولڈرز وڈیولنک فیسیلیٹی کے ذریعے اجلاس میں شریک ہوسکتے ہیں۔اگر کمپنی کو(اجلاس کی تاریخ سے کم ازکم 7دن پہلے) کسی دوسرے شہر میں مقیم 10فی صد یازائد تعداد میں شیئر ہولڈنگ کے حامل ممبران کی طرف سے بذریعہ وڈیولنک اجلاس میں شرکت کا مطالبہ موصول ہوتو کمپنی اس شہر میں وڈیولنک فیسیلیٹی کا انتظام کرے گی۔
ایسے شیئر ہولڈرز سے، جو وڈیولنک کے ذریعے شرکت خواہش مند ہوں، درخواست ہے کہ کمپنی کی ویب سائٹ پر دستیاب وڈیولنک فیسیلیٹی فارم پُر کریں اور باضابطہ دستخط شدہ نقل کمپنی کے رجسٹرڈ ایڈریس پر بھجوادیں۔

CNIC کی فراہمی اور دیگر تفصیلات کے لئے شیئر ہولڈرز کو نوٹس:

انفرادی ممبران جنہوں نے ابھی تک کمپنی/شیئر رجسٹرار کے پاس اپنے کارآمد کمپیوٹرائزڈ قومی شناختی کارڈ کی فوٹو کاپی جمع نہیں کروائی ہے، ایک بار پھر یاددہانی کرائی جاتی ہے کہ وہ اسے جلد ازجلد کمپنی کے شیئر رجسٹرار، میسرز۔سی ڈی سی شیئر رجسٹرار سروسز لمیٹڈ، سی ڈی سی ہاؤس، 99-بی، بلاک بی، ایس ایم سی ایچ ایس، مین شاہراہ فیصل، کراچی کو بھیج دیں۔کاروباری اداروں سے درخواست کی جاتی ہے کہ اپنا قومی ٹیکس نمبر(NTN)فراہم کریں۔براہ کرمCNIC/NTN تفصیلات کی نقل کے ساتھ فولیو نمبر دیں۔
سیکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان (ایس ای سی پی) نوٹیفکیشنز ایس آر او779(I)/2011بتاریخ18اگست،2011،ورایس آر او831(I)/2012بتاریخ05جولائی، 2012،ایس آر او19(I)/2014بتاریخ10جنوری2014،اورایس آر او275(I)/2016بتاریخ31مارچ2016 کا بھی حوالہ دیا جاتا ہے۔
جس میں لازم کیا گیا ہے کہ ڈیویڈنڈ وارنٹس پر رجسٹرڈ ممبر یا مجاز شخص کاCNIC نمبر درج ہونا چاہیے، ماسوائے نابالغ افراد اور کارپوریٹ ممبران کے۔
مزید یہ کہ کمپنیز ایکٹ،2017 کے سیکشن242 کی دفعات کے تحت لسٹڈ کمپنی کے لیے یہ لازمی ہے کہ وہ اپنے شیئر ہولڈرز کو صرف الیکٹرانک ذریعے سے براہ راست اس بینک اکاؤنٹ میں کیش ڈیویڈنڈ ادا کرے گی جسے حق دار شیئر ہولڈر کی طرف سے مقرر کیا ہے۔ اس کے نتیجے میں دستاویزی شیئرز کے مالک شیئر ہولڈرز سے درخواست کی جاتی ہے کہ مستقبل میں کیش ڈیویڈنڈ، اگر کوئی ہوئی، براہ راست اپنے بینک اکاؤنٹ میں وصول کرنے کے لیے متعلقہ تفصیلات کا حامل 'الیکٹرانک موڈ ڈیویڈنڈ فارم' پُر کریں اور باضابطہ دستخط اورCNIC کی ایک نقل کے ہمراہ کمپنی کے رجسٹرار کو بھیج دیں۔
بک انٹری سیکیورٹیز کی صورت میں، شیئر ہولڈرز کے لیے اپنے بروکر/پارٹیسپینٹ/سی ڈی سی اکاؤنٹ سروسز کے ساتھ 'الیکٹرانک موڈ ڈیویڈنڈ فارم' کے مطابق متعلقہ تجدید شدہ ریکارڈز حاصل کرنا ضروری ہے۔
کارآمدCNIC کی نقل اور/یا بینک اکاؤنٹ کی تفصیلات کی غیر موجودگی/عدم وصولی کی صورت میں، کمپنی کمپنیز ایکٹ،2017 کی دفعہ243(2)(a) کے تحت اس طرح کے ممبروں کو مجوزہ تفصیلات کی فراہمی تک مستقبل میں ڈیویڈنڈز، اگر کوئی ہوں، کی ادائیگی روکنے پر مجبور ہوگی۔

سالانہ رپورٹ کی تقسیم۔

30جون، 2019 کو ختم ہونے والے سال کے لئے کمپنی کے آڈٹ شدہ مالی گوشوارے، گزشتہ سالوں کے سالانہ اور سہ ماہی گوشواروں کے ہمراہ کے علاوہ کمپنی کی ویب سائٹ (http://www.powercement.com.pk) پر دستیاب ہیں۔
مزید یہ کہ 30جون 2019 کو ختم ہونے والے سال کی کمپنی کی سالانہ رپورٹ شیئر ہولڈرز کو سی ڈی کے ذریعے بھیج دی گئی ہے۔تاہم، اگر کوئی شیئر ہولڈر، اس کے علاوہ، سالانہ آڈٹ شدہ مالیاتی گوشواروں کی ہارڈ کاپی کے لئے درخواست کرتا ہے تو اس طرح کی درخواست کی وصولی کے سات دن کے اندر اسے مفت فراہم کی جائے گی۔

کمپنیز ایکٹ2017 کے سیکشن(3)166 کے تحت بیان۔

کمپنیز ایکٹ2017 کے سیکشن166 کا تقاضا ہے کہ مادی حقائق کا ایک بیان ڈائریکٹرز کے انتخاب کے مقصد کے لئے طلب کیے گئے عام اجلاس کے نوٹس کے ہمراہ منسلک کیا جائے جو آزاد ڈائریکٹر کی حیثیت سے تقرری کے لئے مقرر شدہ فرد کے انتخاب کے جواز کی نشاندہی کرے گا۔ایک لسٹڈ کمپنی ہونے کے ناطے، لسٹڈ کمپنیز (کوڈ آف کارپوریٹ گورننس) ریگولیشنز، 2017 کے مطابق پاور سیمنٹ لمیٹڈ کے لیے اپنے بورڈ میں دو آزاد ڈائریکٹر رکھنا ضروری ہے۔اسی کے مطابق، کمپنی اس بات کو یقینی بنائے گی کہ وہ دونوں آزاد امیدوار کمپنیز ایکٹ2017 کے سیکشن159 میں وضع کیے گئے ڈائرکٹرز کے انتخاب کے طریقہ کار کے مطابق منتخب ہوئے ہوں۔مقابلہ کرنے والوں کی طرف سے انتخابات میں حصہ لینے کے لئے اپنا نوٹس/ارادہ داخل کرنے کے بعد، کمپنی آزاد ڈائریکٹر تقرری کے لئے مندرجہ ذیل معیار اہلیت کا اطلاق کرے گی:
-ایس ای سی پی کی طرف سے باضابطہ منظور شدہ پاکستان انسٹیٹیوٹ آف کارپوریٹ گورننس(PICG) کے زیر انتظام ڈیٹا بینک میں آزاد ڈائریکٹرز کے نام کی شمولیت۔
-انتخاب لڑنے والوں کی متعلقہ اہلیتوں، تنوع، ہنر، علم اور تجربے کا تخمینہ لگایا جائے گا۔
-کمپنی کسی شخص کو منتخب کرنے سے پہلے ڈیٹا بینک سے باضابطہ جانچ پڑتال کرے گی کہ مقابلہ میں شریک فرد خود مختاری کے معیار پر پورا اترتا ہے جیسا کہ کمپنیز ایکٹ2017 کے سیکشن (2)166 میں بیان کیا گیا ہے۔

3- سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کی طرف سے جاری کردہ سرکولر نمبر ا۔ حوالہ نمبر 3(5-A)Misc/ARO/LES/96 بتاریخ 26 جنوری 2000 میں طے کردہ طریقہ کار بشمول ہدایات:

(i) ممبران، نمائندگان یا نامزدگان کو اجلاس میں شرکت کے وقت اپنا اصل کمپیوٹرائزڈ قومی شناختی کارڈ یا اصل پاسپورٹ پیش کر کے اپنی شناخت کی تصدیق کرنی ہوگی اور اپنے فولیو نمبرز ساتھ لانے ہوں گے۔

(ii) کاروباری ادارے کی صورت میں بورڈ کی قرارداد/ مختار نامہ، نامزد شخص کے کمپیوٹرائزڈ قومی شناختی کارڈ یا پاسپورٹ کی تصدیق نقل (ماسوائے اس کے کہ پہلے ہی فراہم کی جا چکی ہوں) شرکت کے وقت پیش کرنا ہوں گی۔

(iii) نمائندگی ناموں (پراکسیز) کے موثر ہونے کے لیے ضروری ہے کہ وہ باضابطہ دستخط اور مہراور دو افراد کی گواہی مع ان کے نام، پتے، کمپیوٹرائزڈ قومی شناختی کارڈ نمبروں اور دستخطوں کے حامل ہوں اور اجلاس کے مقررہ وقت سے کم از کم 48 گھنٹے قبل کمپنی کے رجسٹرار آفس کو لازماً موصول ہو جائیں۔

(iv) افراد کی صورت میں نمائندگی نامے کے ہمراہ آمدنی وصول کرنے والے مالکان اور نمائندے کے کمپیوٹرائزڈ قومی شناختی کارڈ یا پاسپورٹ کی تصدیق نقول بھی منسلک کرنی ہوں گی۔

(v) کسی کاروباری ادارے کا نمائندہ ہونے کی صورت میں بورڈ کی قرارداد/ مختار نامہ، نامزد شخص کے کمپیوٹرائزڈ قومی شناختی کارڈ یا پاسپورٹ کی تصدیق نقل نمائندگی نامے کے ہمراہ جمع کرانی گی۔

4- ممبران سے التماس ہے کہ اپنے کمپیوٹرائزڈ قومی شناختی کارڈ کی نقول جمع کرائیں اور اپنے پتے میں کسی بھی قسم کی تبدیلی کی رجسٹرار کے دفتر کو فوری تحریری اطلاع دیں۔

اہم اطلاع:

ڈائریکٹرز کا انتخاب لڑنا:

5- کوئی بھی شخص جو ڈائریکٹرز کا انتخاب لڑنے کا ارادہ ہو (بشمول ریٹائر ہونے والا ڈائریکٹر)، اسے چاہیے کمپنیز ایکٹ 2017 کے سیکشن (3)159 کے مطابق خود کو ڈائریکٹرز کے انتخاب کے لیے خود کو پیش کرنے کے ارادے کی اطلاع مذکورہ اجلاس کی تاریخ سے کم از کم چودہ (14) دن پہلے درج ذیل دستاویزات کے ہمراہ کمپنی کو اس کے رجسٹرڈ آفس، بمقام عارف حبیب سینٹر، 23 ایم ٹی خان روڈ، کراچی جمع کرادے:

(i) باضابطہ مکمل اور دستخط شدہ فارم 28 کے ہمراہ اپنے الیکشن میں کھڑے ہونے کے ارادے کا نوٹس جس میں منتخب ہونے پر کمپنی کے ڈائریکٹر کی حیثیت سے کام کرنے کی رضا مندی کا اظہار کیا گیا ہو (کمپنیز ایکٹ 2017 کے سیکشن (1)167 کے تحت) اور تصدیق کی گئی ہو کہ وہ کسی قابل اطلاق قوانین، قواعد وضوابط کے تحت ڈائریکٹر بننے کے لیے نااہل نہیں ہے۔

(ii) سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کے سرکولر نمبر 2014/(1)634 بتاریخ 10 جولائی 2014 کے حوالے سے انتخاب کی تاریخ سے سات دن پہلے کمپنی کی ویب سائٹ پر رکھنے کے لیے تفصیلی تعارف نامہ مع دفتری پتا۔

(iii) لسٹڈ کمپنیز (کوڈ آف کارپوریٹ گورننس) ریگولیشنز 2017 کے تقاضوں او کمپنیز ایکٹ 2017 میں کسی لسٹڈ کمپنی کے ڈائریکٹر کی حیثیت سے کام کرنے کے لیے طے کردہ معیار سے ہم آہنگ ہونے کے حوالے سے اعلامیہ۔

(vi) غیر عدالتی اسٹامپ پیپر پر حلف نامہ کہ وہ کمپنیز (خود مختار ڈائریکٹرز کے اطوار اور انتخاب) ریگولیشنز 2018) کی ریگولیشن 4 کی سب ریگولیشن (1) کے تقاضوں پر پورا اترتا/ پوری اترتی ہے۔

6- ای ووٹنگ/ پوسٹل بیلٹ کے ذریعے ووٹنگ: اگر خود کو انتخاب کے لیے پیش کرنے والے افراد کی تعداد کمپنیز ایکٹ 2017 کے سیکشن 159 کے سب سیکشن (1) میں طے کردہ ڈائریکٹرز کی تعداد سے زیادہ ہے، تو کمپنی اپنے ممبران کو کمپنیز (پوسٹل بیلٹ) ریگولیشنز 2018 کے ضوابط کے مطابق ای ووٹنگ یا پوسٹل بیلٹ کے ذریعے ووٹنگ کا اختیار پیش کرے گی۔

ایسے شیئر ہولڈرز سے جو ای ووٹنگ کے ذریعے شرکت کے خواہش مند ہوں، گزارش ہے کہ اپنے نام، فولیو/ سی ڈی سی اکاؤنٹ نمبر، ای میل ایڈریس، رابطہ نمبر، اپنے باضابطہ دستخط کے حامل ایک خط کے ذریعے فوراً کمپنی کے رجسٹرار (CDC شیئر رجسٹرار سروسز لمیٹڈ، CDC ہاؤس، 99-B، بلاک S.M.C.H.S B، مین شاہراہ فیصل، کراچی -74400) کو مہیا کریں۔

28ویں سالانہ اجلاسِ عام کا نوٹس

بذریعہ نوٹس ہٰذا مطلع کیا جاتا ہے پاور سیمنٹ لمیٹڈ (''دی کمپنی'') کے شیئر ہولڈرز کا 28 واں سالانہ اجلاس عام بروز پیر، 28 اکتوبر 2019ء، بوقت صبح 10:15 بجے، بمقام پیچ لگژری ہوٹل، کراچی، درج ذیل کاروباری اُمور کی انجام دہی کے لیے منعقد کیا جائے گا:

عام کاروباری اُمور:

1۔ 27 مارچ 2018ء کو منعقدہ کمپنی کے شیئر ہولڈرز کے 27 ویں سالانہ اجلاس عام کی کارروائی کی توثیق

2۔ کمپنی کے آڈٹ شدہ سالانہ حسابات برائے سال مختتمہ 30 جون 2019ء مع ڈائریکٹرز اور آڈیٹرز کی اس ضمن میں رپورٹس کی وصولی اور ان پر غور وخوض اور منظوری۔

3۔ 30 جون 2020 کو ختم ہونے والے سال کے لیے آڈیٹرز کی تقرری اوران مشاہرے کا تعین۔ کمپنی کے بورڈ آف ڈائریکٹرز نے میسرز KPMG تاثیر ہادی اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس کی بطور بیرونی آڈیٹرز دوبارہ تقرری کی سفارش کی ہے۔

4-کمپنیز ایکٹ 2017 کے سیکشن (1)159 کے ضوابط کے مطابق کمپنی کے بورڈ آف ڈائریکٹرز کی طے شدہ تعداد کے مطابق کمپنی کے سات (7) ڈائریکٹرز کا تین سالہ معیاد کے لیے، جس کا اجلاس کے انعقاد کے فوراً بعد آغاز ہو جائے گا۔

ریٹائر ہونے والے ڈائریکٹرز کے نام درج ذیل ہیں:

1-جناب نسیم بیگ

2-جناب کاشف حبیب

3-جناب محمد اعجاز

4-جناب صمداے حبیب

5-سید سلمان رشید

6-سید محمد یوسف عادل

7-جناب اینڈرز پیلوڈان

ریٹائر ہونے والے ڈائریکٹرز دوبارہ منتخب ہونے کے اہل ہیں۔

8-چیئر مین کی اجازت سے کسی دیگر کاروباری کارروائی کی انجام دہی۔

مادی حقائق سے متعلق ایک اعلامیہ کمپنیز ایکٹ 2017 کے سیکشن (3)166 کے تحت سالانہ اجلاسِ عام کے نوٹس کے ساتھ دیا جارہا ہے۔

بحکم بورڈ

کراچی: 7 اکتوبر 2019

طاہر اقبال

کمپنی سیکرٹری

نوٹس:

1۔ کمپنی کے شیئر منتقلی کے کھاتے 18 اکتوبر 2019ء سے 28 اکتوبر 2019ء تک (دونوں ایام شامل ہیں) بند رہیں گے۔ 17 اکتوبر 2019ء کو کاروباری اوقات کے اختتام تک کمپنی کے شیئر رجسٹرار، میسرز CDC شیئر رجسٹرار سروسز لمیٹڈ، CDC ہاؤس B-99، بلاک-S.M.C.H.S-B، مین شاہراہ فیصل، کراچی کو موصول ہونے والے ٹرانسفرز شیئر ہولڈرز کے استحقاق کے تعین اور اجلاس میں ووٹ دینے کے مقصد کے لیے بروقت تصور کیے جائیں گے۔

2۔ اجلاس میں شرکت اور رائے دہی کا حق رکھنے والا ممبر کسی دوسرے فرد کو اپنا نمائندہ (پراکسی) مقرر کرسکتا ہے جسے کسی ممبر ہی کی طرح اجلاس میں شرکت، اظہار خیال اور حق رائے دہی کے استعمال کے حقوق حاصل ہوں گے۔

پراکسی فارم

سالانہ اجلاس عام

کمپنی سیکرٹری

پاور سیمنٹ لمیٹڈ

عارف حبیب سینٹر

23، ایم ٹی خان روڈ

کراچی۔

میں/ہم ______________ سکنہ/ساکنہ ______________ بطور ممبر

(ممبران) پاور سیمنٹ لمیٹڈ حامل/حاملین ______________ عام حصص بحوالہ سی ڈی سی اکاؤنٹ نمبر

______________ بذریعہ ہذا جناب/محترمہ ______________ سکنہ/ساکنہ (مکمل پتہ) یا بصورت ناکامی،

جناب/محترمہ ______________ سکنہ/ساکنہ (مکمل پتہ)

(کمپنی کا ممبر ہوتے ہوئے) اپنے/اپنی/ہمارے جانب بطور پراکسی کے نامزد کرتا/کرتی/کرتے ہوں/ہیں کہ وہ میری/ہماری جانب سے کمپنی کے سالانہ اجلاس عام مورخہ 28 اکتوبر 2019ء یا منسوخ ہونے کی صورت میں کسی بھی اور تاریخ پر میں شرکت کرے حق رائے دہی کو استعمال کرے۔

دستخط شدہ بروز ______________ مورخہ ______________ 2019ء

گواہاں:

1۔ نام: ______________

پتہ: ______________

قومی شناختی کارڈ نمبر: ______________

دستخط: ______________

پانچ روپے کی ریونیو

مہر پر دستخط کیجئے

2۔ نام: ______________

پتہ: ______________

قومی شناختی کارڈ نمبر: ______________

دستخط: ______________

پانچ روپے کی ریونیو

مہر پر دستخط کیجئے

اہم نکات:

1۔ ایسا کوئی بھی ممبر جو کہ اجلاس میں شرکت کرنے اور حق رائے دہی استعمال کرنے کی اہلیت کا حامل کسی دوسرے ممبر کو اپنا پراکسی نامزد کرسکتا ہے جو اس کی جانب سے اجلاس میں شرکت کرنے، رائے دینے اور حق رائے دہی استعمال کرنے کا مجاز ہوگا۔

2۔ پراکسی پر لازم ہوگا کہ بذریعہ اصل قومی شناختی کارڈ یا پاسپورٹ اجلاس میں شرکت کے وقت اپنی شناخت کروائے اور اپنا فولیو نمبر بھی ہمراہ لے کر آئے۔

3۔ پراکسی فارم کے کارآمد ہونے کیلئے لازم ہے کہ پراکسی فارم ہمارے رجسٹرار میسرز سینٹرل ڈیپازیٹری کمپنی آف پاکستان لمیٹڈ، سی ڈی سی ہاؤس B-99، بلاک بی، ایس ایم سی ایچ ایس، مین شاہراہ فیصل، کراچی کو اجلاس شروع ہونے سے کم از کم 48 گھنٹے قبل موصول ہو جائیں۔ پراکسی فا
باقاعدہ دستخط اور مہر شدہ ہوں اور دو گواہوں نے اپنے دستخط، نام، پتے اور شناختی کارڈ نمبر سے پراکسی کی تصدیق کی ہو۔

4۔ بصورت افراد، پراکسی فارم کے ساتھ مستفیدی مالک اور پراکسی کے قومی شناختی کارڈ یا پاسپورٹ کی مصدقہ نقول کا منسلک ہونا لازم ہے۔

5۔ اگر پراکسی کسی کاروباری ادارے کی جانب سے ہو تو بورڈ آف ڈائریکٹرز کی قرارداد/پاور آف اٹارنی اور پراکسی کے قومی شناختی کارڈ یا پاسپورٹ کی مصدقہ نقل پراکسی فارم سے منسلک کرنا لازم ہے۔

Form of Proxy

Annual General Meeting

The Company Secretary
Power Cement Limited
Arif Habib Centre
23, M.T. Khan Road
Karachi

I/we ____ of ______________________________________being a member(s) of Power Cement Limited holding ____ ordinary shares as per CDC A/c. No. _________________ hereby appoint Mr/Mrs/Miss____ of (full address)____ ____or failing him/her Mr/Mrs/Miss ____ of (full address) ____ (being member of the Company) as my/our Proxy to attend, act vote for me/us and on my/our behalf at the Annual General Meeting the Company to be held on October 28, 2019 and/or any adjournment thereof.

Signed this ________________ day of ____________ 2019.

Witnesses:

Name: ___________________________________
Address: ___________________________________
CNIC No.: ___________________________________
Signature: ___________________________________

Name: ___________________________________
Address: ___________________________________
CNIC No.: ___________________________________
Signature: ___________________________________

Signature on
Rs. 5/-
Revenue Stamp

NOTES:

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.

Proxy shall authenticate his/her identity by showing his/her identity by showing his/her original passport and bring folio numb at the time of attending the meeting.

In order to be effective, the proxy form must be received at the office of our Registrar M/s. CDC House, 99-B, Block 'B' S.M.C. Main Shahra-e-Faisal, Karachi-74400, not later than 48 hours before the meeting duly signed and stamped and witnessed by the two persons with their signatures, name, address and CNIC number given on the form.

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.

In case of proxy by a corporate entity, Board of Directors resolution/power of attorney and attested copy of the CNIC or passpo of the proxy shall be submitted along with proxy Form.

ARIF HABIB GROUP

Power Cement Limited

Arif Habib Centre,
23, M.T. Khan Road, Karachi
Tel: 021-32468231-8
www.powercement.com.pk