

May 21, 2020

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

Subject: **FINANCIAL RESULTS FOR THE THIRD QUARTER AND NINE MONTHS**
PERIOD ENDED MARCH 31, 2020

Dear Sir,

We have to inform you that the Board of Directors of our company in their meeting held on May 20, 2020 at 2:15 p.m. via video-link recommended the following:

- | | |
|-------------------------|------------|
| i. CASH DIVIDEND | NIL |
| ii. BONUS SHARES | NIL |
| iii. RIGHT ISSUE | |

The Board of Directors has approved 23% Right Issue by offering 244,585,320 Perpetual, Cumulative and Convertible Preference Shares of Rs.10/- each at par i.e. in proportion of 23 Preference Shares for every 100 Ordinary Shares held by existing members. The entitlement of Preference Shares is subject to approval of Special Resolution to be approved by the Shareholders in the EGM to be convened on June 20, 2020 and thereafter subject to further approval of the Securities and Exchange Commission of Pakistan (SECP).

In compliance with the requirements of Section 96 and 131 of Securities Act, 2015 read with the Companies (Further issue of Shares) Regulations, 2018, we are enclosing herewith following documents:

1. The Board Resolution and the Statement regarding purpose of right issue, benefit to the Company/shareholders along with underlying risks, use of funds, the financial plan and financial projections for six years duly signed by all the directors who were present in the meeting (Annexure – II).
2. Disclosure Form as Annexure – III.

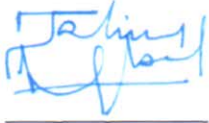
The above entitlement of right shares will be offered to the shareholders whose name will appear in the Register of Members on July 15, 2020.

The Share Transfer Books of the Company will be closed from July 16, 2020 to July 20, 2020 (both days inclusive). Transfers received at our Registrar office CDC Share Registrar Services Limited, CDC House , Main Shahrah-e-Faisal, Karachi at the close of business on July 15, 2020 will be treated in time for the purpose of above entitlement to the transferees.

The financial results of the Company for the Third Quarter and Nine Months ended March 31, 2020 are enclosed herewith as Annexure-I.

You are requested to inform the TREC holders of the Exchange accordingly.

Yours Sincerely,



Tahir Iqbal
Chief Financial Officer &
Company Secretary

Encl: as above

Cc: The Director
Surveillance, Supervision & Enforcement Department
Securities & Exchange Commission of Pakistan
NIC Building, 63, Jinnah Avenue, Blue Area
Islamabad

Power Cement Limited

Annexure - I

Condensed Statement of Profit or Loss and Other Comprehensive Income (Un-audited)

For the nine months and quarter ended 31 March 2020

	Nine months period ended 31 March		Quarter ended 31 March	
	2020	2019	2020	2019
----- (Rupees in '000) -----				
Sales - net	2,647,281	3,051,100	1,394,339	1,032,963
Cost of sales	(2,790,311)	(2,739,131)	(1,202,210)	(918,806)
Gross (loss) / profit	(143,030)	311,969	192,129	114,157
Selling and distribution expenses	(136,870)	(94,295)	(68,490)	(36,903)
Administrative expenses	(137,368)	(109,322)	(40,599)	(30,948)
Other income	77,046	524	40,116	204
Other operating expenses	(242,753)	(70,870)	(385,891)	(9,602)
	(439,945)	(273,963)	(454,864)	(77,249)
Operating (loss) / profit	(582,975)	38,006	(262,735)	36,908
Finance income	10,941	17,158	2,329	6,317
Finance cost	(1,915,244)	(107,687)	(1,708,088)	(29,699)
Finance cost - net	(1,904,303)	(90,529)	(1,705,759)	(23,382)
(Loss) / profit before taxation	(2,487,278)	(52,523)	(1,968,494)	13,526
Taxation	736,785	93,298	583,817	(1,894)
(Loss) / profit after taxation	(1,750,493)	40,775	(1,384,677)	11,632
Other comprehensive income :				
<i>Items that are or may be reclassified subsequently to profit or loss</i>				
Cash flow hedge - effective portion of changes in fair value Net of deferred tax	114,031	-	398,992	-
Total comprehensive (loss) / income for the period	(1,636,462)	40,775	(985,685)	11,632
----- (Rupees) -----				
(Loss) / earnings per share - basic and diluted	(1.65)	0.04	(1.30)	0.01



ANNEXURE - II

THE STATEMENT REGARDING PURPOSE OF RIGHT ISSUE, BENEFIT TO THE COMPANY/SHAREHOLDERS ALONG WITH UNDERLYING RISKS, USE OF FUNDS, THE FINANCIAL PLAN AND FINANCIAL PROJECTIONS FOR SIX YEARS DULY SIGNED BY ALL THE DIRECTORS WHO WERE PRESENT IN THE MEETING AS REQUIRED UNDER THE COMPANIES (FURTHER ISSUE OF SHARES) REGULATIONS, 2018

Purpose of Right Issue	The purpose of the Right Issue is to use the proceeds to meet the cost overruns incurred in the expansion of the production capacity at the Company's existing site which was embarked upon in April 2017 for 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 has completed and has started production in December 2019.		
Benefits to the Company/ Shareholders along with underlying risks	This expansion with the state of the art European technology plant has enable the company to produce the world's highest cement quality of 53 Grade with the most cost-efficiency. After successful commissioning of the new project, the Company has become the second-largest cement producer in the South Region, with total production capacity of around 3.4 million tons per annum. The investments by the Company/shareholders is always dependent and linked with the market conditions, demand & supply economics and the overall macroeconomic indicators of the Country.		
Use of Funds	The proceeds of the issue are meant to meet cost overruns of the above-referred expansion of the Company.		
Financial Plan	This Right Issue of Rs 2.446 billion is meant to complement the following financial plan previously approved and implemented by the Board:		
	Funding Source	Amount	Description
	Local Debt Syndicate (Islamic Finance)	PKR 12.45 Billion	Led by NBP and HBL. Total 11 lenders are in the Syndicate.
	Foreign Debt Syndicate (Islamic Finance)	USD/EURO 33.75 Million (PKR 5.57 Billion equivalent)	Led by Islamic Corp. for Development (ICD), Saudi Arabia.
	Local Equity raising	PKR 7.41 Billion	To be raised through Right Issue.

	Foreign Equity raising	EUR 12.25 million (PKR 1.31 Billion equivalent)	To be invested by a Consortium of FLSmidth & Co. (Denish global engineering company), IFU (Danish Investment Fund) and IIP (IFU Investment Partners)				
Financial Projections	Rupees in Thousand						
		Jun-21	Jun-22	Jun-23	Jun-24	Jun-25	Jun-26
	Sales	14,718,384	16,390,214	17,331,970	17,927,404	18,756,629	19,472,140
	Net Profits	324,120	1,057,257	1,676,432	2,121,005	2,736,212	3,219,834
	EPS-Basic (Rupee)	0.3	0.99	1.58	1.99	2.57	3.03
	Number of Issued Shares	<u>Ordinary Share Capital 1,063,414,434</u> <u>Preference Share Capital 244,585,320</u>					
Note:	<p>Financial projections mentioned hereinabove are the outcome of how the Board assesses the operational and financial performance considering both the current business scenario in the markets the Company operates, as well as government policies and the overall economic conditions in the Country. However, the Company or its directors cannot accept any liability for any investment decisions by any person on the basis of the above projections.</p> <p>The Board hereby states that the requirements of the Companies Act 2017 and the Companies (further issue of shares) Regulations, 2018 have been considered in its decision and the same shall be complied by the Company.</p>						

SIGNED BY THE DIRECTORS WHO ATTENDED BOARD MEETING:

Sd- Nasim Beg /

Sd- Kashif Habib /

Sd- Syed Salman Rashid /

Sd- Samad Habib /

Sd- Saira Nasir /

Sd- Javed Kureishi /

Sd- Anders Paludan-Müller /

RESOLUTION PASSED BY THE BOARD OF DIRECTORS OF POWER CEMENT LIMITED IN THEIR MEETING HELD ON MAY 20, 2020 VIA VIDEO-LINK

“**Resolved that**, pursuant to the requirements of provisions of Section 83 of the Companies Act, 2017, the approval of 23% Right Issue by offering 244,585,320 Perpetual, Cumulative and Convertible Preference Shares of Rs.10/- each at par i.e. in proportion of 23 Preference Shares for every 100 Ordinary Shares held by existing members be and is hereby accorded subject to the following terms and conditions against payment of full amount and further subject to the approvals of Shareholders & the Securities and Exchange Commission of Pakistan (SECP):

1	Preferred Dividend Rate	Dividend @ 6 Month KIBOR plus 1.5% per annum will be paid from profits for that financial year or from accumulated profits / reserves, subject to approval by the Board of Directors.
2	Cumulative	The entitlement of Dividend shall not lapse if no Dividend is paid within that year and shall be carried forward to subsequent year(s).
3	Voting	The Preference Shareholders will have the right to vote.
4	Conversion Option	Preference shares shall be convertible at the Option of the Preference Shareholders in to ordinary shares of the Issuer. The Conversion Option can be exercised upon the expiry of 12 (twelve) months from the Issue Date by giving a thirty days' notice in advance to the Issuer, however, the accumulation of Preferred Dividends shall cease at the time of filing of conversion notice with the Company's registrar.
5	Conversion ratio	<ul style="list-style-type: none"> i. Conversion Ratio is to be determined by dividing the aggregate face value of Preference Shares plus the outstanding balance of any accumulated / accrued preferred dividend (if not paid till conversion) by Rs.7.5/- ii. There will be no change/ revision in the rate of preferred dividend in case of accumulation. iii. There is no upper limit of maximum accumulations of preferred dividends.
6	Listed/ unlisted	These Perpetual, Cumulative and Convertible Preference Shares will also be listed at the PSX after completion of necessary formalities.

7	Rights and privileges of Preference Shareholder	<p>The Preference Shareholders shall be entitled to:</p> <ul style="list-style-type: none"> i. Cash dividends in priority over any dividend to ordinary shareholders and holders of any subsequent issues / series of preference shares. ii. In case of liquidation, the Preference Shareholders shall be entitled to preferred liquidation rights prior to ordinary shareholders. iii. Receive annual financial statements of the Issuer and have access to the quarterly financial statements through PUCARS and Company's website iv. Receive notice, attend general meeting of the Company and vote at meetings of the shareholders of the Company, except as otherwise provided by the Act, whereby the holders of such shares would be entitled to vote separately as a class i.e. with respect to voting entitlement of Preference Shareholders on matters / issues affecting substantive rights or liabilities of Preference Shareholders. <p>The Preference Shareholders shall not be entitled to:</p> <ul style="list-style-type: none"> i. Bonus or rights shares, in case the Company / Directors decide to increase the capital of the Company by issue of further shares except for the adjustment in Conversion Ratio provided hereinabove referred terms and conditions. ii. Participate in any further profit or assets of the Company, except the right of dividend being attached to the Preference Shares.
8	Entity rating	A- (A Minus) for the long term and A – 2 for the short term with stable outlook by JCR VIS
9	Governing law	The Instrument shall be subject to the laws of Islamic Republic of Pakistan and non-exclusive jurisdiction of the Pakistan Courts

Further Resolved that in case the offered number of Preference Shares are not subscribed by any existing Members, such unsubscribed Preference Shares may be offered by the Directors to any other Members willing to subscribe to such Preference Shares or to any other person or institution as may be considered appropriate by the Directors, on the same terms and condition

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

Purpose of the Right Issue:

The purpose of the Right Issue is to use the proceeds to meet the cost overruns incurred in the expansion of the production capacity at the Company's existing site which was embarked upon in April 2017 for 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 has completed and has started production in December 2019.

Use of funds:

The proceeds of the issue are meant to meet cost overruns of the above-referred expansion of the Company.

Benefits to the Company:

This expansion with the state of the art European technology plant has enable the company to produce the world's highest cement quality of 53 Grade with the most cost-efficiency. After successful commissioning of the new project, the Company has become the second-largest cement producer in the South Region, with total production capacity of around 3.4 million tons per annum.

Price:

The offer of Right Issue of Preference Shares is at Rs.10/- each and its conversion would be at Rs. 7.5/- per share which is higher than the current market price.

Risk Factors associated with the Right issue:

In order to cover the risks associated with Right Issue the Sponsors' have already deposited the full amount of Right Issue of Rs. 2.446 billion and have undertaken to subscribe their equity portion as well as any unsubscribed public portion.

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

Further Resolved that the Company Secretary be and is hereby authorized to take all necessary steps for issuance of letters of offer under Section 83 of Companies Act 2017 ("the Act") and related information along with terms and conditions therein, and file the requisite returns / notices in the Companies Registration Office and / or to the Securities and Exchange Commission of Pakistan and the Pakistan Stock Exchange Limited as the case may be.

Further Resolved that the fractional entitlements will be consolidated in the name of the Company Secretary and sold on the Pakistan Stock Exchange and the proceeds thereof shall be distributed to the members.

Further Resolved that the Company Secretary be and is hereby authorized to appoint the Bankers to the Right Issue to collect the amount of subscription towards right shares;

Further Resolved that the Company Secretary be and is hereby authorized to open and operate the Bank Accounts for the purpose of right subscription and to transfer the proceeds from said accounts to the other bank account operated by the Company.

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

Further Resolved that the Company Secretary be and is hereby authorized to take all necessary actions as required by the Central Depository Company Pakistan Limited ("the CDC") including but not limited to induction of the offer for right shares and right shares in Central Depository System of the CDC and in this connection to sign all requisite applications, forms, documents, undertakings and other papers on behalf of the Company.

Further Resolved that the Company Secretary be and is hereby authorized to allot / credit right shares and file returns as required by SECP /Stock Exchange / CDC along with Auditors' Certificate or any other authority."

ANNEXURE - III

DISCLOSURE FORM

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

Name of Company & Registered Office:	Power Cement Limited Arif Habib Center 23, M.T .Khan Road, Karachi - 74000, Pakistan
Date of Report:	May 21, 2020
Contact Information:	Mr. Tahir Iqbal Company Secretary Arif Habib Center 23, M.T .Khan Road, Karachi - 74000, Pakistan Phone: +92 21 32468231 - 32, 32468350 -51 Fax No: +92 21 32463209

Disclosure of price sensitive /inside information by listed company.

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

The Board of Directors has approved 23% Right Issue by offering 244,585,320 Perpetual, Cumulative and Convertible Preference Shares of Rs.10/- each at par i.e. in proportion of 23 Preference Shares for every 100 Ordinary Shares held by existing members. The entitlement of Preference Shares is subject to approval of Special Resolution to be approved by the Shareholders in the EGM to be convened on June 20, 2020 and thereafter subject to further approval of the Securities and Exchange Commission of Pakistan (SECP).

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



Company Secretary

May 21, 2020