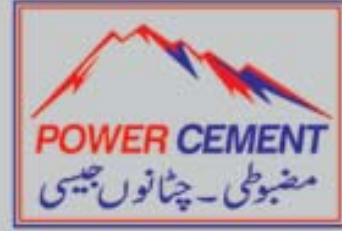


# *Power Behind Construction*



## **Annual Report 2016**

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# Corporate Information

## Board of Directors

Nasim Beg	Chairman
Muhammad Kashif Habib	CEO
Samad A. Habib	Director
Muhammad Ejaz	Director
Muhammad Yousuf Adil	Director
Syed Salman Rashid	Director
Muhammad Yahya Khan	Director

## Audit Committee

Muhammad Yousuf Adil	Chairman
Nasim Beg	Member
Muhammad Yahya Khan	Member
Syed Salman Rashid	Member

## HR & Remuneration Committee

Muhammad Ejaz	Chairman
Muhammad Kashif Habib	Member
Samad A. Habib	Member
Syed Salman Rashid	Member

## Chief Financial Officer & Company Secretary

Tahir Iqbal

## External Auditors

KPMG Taseer Hadi & Co.  
Chartered Accountants

## Cost Auditors

Naveed Zafar Ashfaq Jaffery & Co.  
Chartered Accountants

## Legal Advisor

Usmani & Iqbal  
Advocate & Solicitors

## Tax Advisor

Sharjeel Ayub & Co.  
Chartered Accountants

## Share Registrar

Technology Trade (Private) Limited

## Principal Bankers

Allied Bank Limited  
Al Baraka Bank Pakistan Limited  
Bank Alfalah Limited  
Bank Islami Pakistan Limited  
Habib Bank Limited  
Habib Metropolitan Bank Limited  
National Bank of Pakistan  
Standard Chartered Bank (Pakistan) Limited  
Summit Bank Limited  
United Bank Limited

## Registered Office

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

## Website

[www.powercement.com.pk](http://www.powercement.com.pk)

## Contact Number

021-32468231-32  
021-32468351-52

## Factory

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



## 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.

## NOTICE OF THE 25TH ANNUAL GENERAL MEETING

Notice is hereby given that the 25th Annual General Meeting of the Shareholders of Power Cement Limited ("the Company") will be held on Saturday, October 15, 2016 at 09:00 a.m at Institute of Chartered Accountants of Pakistan, Clifton, Karachi to transact the following businesses:

### Ordinary Business:

- 1) To confirm the minutes of the Extraordinary General Meeting of the Shareholders of the Company held on November 28, 2015.
- 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, 2016.
- 3) To appoint Auditors for the year ending June 30, 2017 and to fix their remuneration. The Board of Directors of the Company have recommended for appointment of M/s. KPMG Taseer Hadi & Co. Chartered Accountants and M/s. Naveed Zafar Ashfaq Jaffery & Co Chartered Accountants. as the joint external auditors.
- 4) To elect directors of the Company in accordance with the provisions of section 178 of the Companies Ordinance 1984 for a term of 3 (three) years. The number of directors to be elected has been fixed at 7 (seven) by the Board of Directors. Names of the present directors retiring and eligible to file for nominations are as under:

(i)	Mr. Nasim Beg	(ii)	Mr. Muhammad Kashif Habib
(iii)	Mr. Samad A. Habib	(iv)	Mr. Muhammad Ejaz
(v)	Syed Salman Rashid	(vi)	Mr. Muhammad Yahya Khan
(vii)	Mr. Muhammad Yousuf Adil		

### Special Business:

- 5) To consider and if deemed fit, approve the amendments / addition in the Articles of Association of the Company as mentioned in detail in the Statement under Section 160(1)(b) (attached herewith as "ANNEXURE") in connection with obtaining consent from the shareholders for the purposes of transmitting the annual audited accounts in any approved transmission medium; and pass the following resolutions, with or without modifications, as a Special Resolutions:

**"RESOLVED THAT** transmission of the annual audited accounts of the Company may be provided either in hard copy (book form) or through any other approved transmission medium including CD/DVD/USB be and is hereby approved."

**"FURTHER RESOLVED THAT** in connection with the resolutions passed above and subject to obtaining the requisite approvals from the regulators and creditors including any consequent modification thereon, the amendments / addition in the Articles of Association of the Company which is laid before the members in the Statement under Section 160(1)(b) forms an integral part of this resolution, be and are hereby approved."

**"FURTHER RESOLVED THAT** the Chief Executive or / and Company Secretary be and are hereby authorized to complete necessary formalities in connection with amendments in the Articles of Association, as modified in the Annual General Meeting or in accordance with the advice of any regulator / creditor."

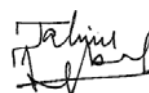
### Any Other Business:

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

A Statement under Section 160(1)(b) of the Companies Ordinance, 1984 comprising of Annexure-A pertaining to the special business is given on page No. 8

Karachi: September 23, 2016

**By Order of the Board**



**Tahir Iqbal**  
Company Secretary

## NOTES

1. Share transfer books of the Company will remain closed from October 6, 2016 to October 15, 2016 (both days inclusive). Transfers received in order at the office of Company's Share Registrar, M/s Technology Trade (Pvt) Limited, Dagia House, 241-C, Block -2, P.E.C.H.S, Off Shahrah-e-Quaideen, Karachi up to the close of business on October 5, 2016 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 promptly notify any change in their address by writing to the office of the registrar.

### Important:

#### 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 date of the meeting at which elections are to be held, a notice of his intention to offer himself/herself for the election of the directors in terms of section 178(3) of the Companies Ordinance, 1984 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, and certify that he is not ineligible to become a Director under any applicable laws, Rules and Regulations; and that he / she confirms to hold the qualification shares in accordance with Article 84(b) of the Articles of Association of the Company.

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 SECP's SRO 25(1)2012 of 16th January 2012.

iii- Declaration in respect of being compliant with the requirements of the Code of Corporate Governance 2012 and the eligibility criteria as set out in the Companies Ordinance, 1984 to act as the directors of a listed company.

iv- Attested copy of valid CNIC and NTN

#### Notice to Shareholders who have not provided their CNIC

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. Technology Trade (Pvt) Limited, Dagia House, 241-C, Block -2, P.E.C.H.S, Off Shahrah-e-Quaideen, 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 18th August 2011, SRO 831(I)/2012 dated 5th July 2012, SRO 19(I)/2014 dated 10th January 2014 and SRO 275(I)/2016 dated 31st March 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.

In case of non-receipt of the copy of a valid CNIC, the Company would be unable to comply with aforementioned directives of SECP and therefore will be constrained under Section 251(2)(a) of the Companies Ordinance, 1984 to withhold dispatch of future dividend warrants, if any, of such shareholders.

**ANNEXURE  
STATEMENT UNDER SECTION 160(1) (b) OF THE COMPANIES ORDINANCE, 1984**

Through SRO 470(1)/2016 dated 31st May 2016 SECP has allowed Companies to circulate the annual audited accounts to its member through CD/DVD/USB Instead of transmitting the hard copies at their registered addresses subject to consent of shareholder and compliance with certain other conditions.

To give effect to the above, clause 119A of the Articles of Association of the company is proposed to be included as Follows:

Clause	Existing Provision	Proposed Provision	Remarks
119A		A copy of every such account, balance sheet and report shall at least twenty one days previously to the meeting be sent to the registered address of every registered holder of share of the company <b>either in the printed form or in other medium/from allowed by the regulatory authority</b> and a copy shall also be deposited at the office for the inspection of member of the company during the period at least twenty one days before the meeting.	New Clause as per S.R.O 470 (1)/2016 dated May 31, 2016 issued by SECP.

## Directors' Report

The Directors of your Company are pleased to present the annual report of the Company, together with the audited financial statements for the year ended June 30, 2016.

### OVERVIEW

The country's cement industry witnessed a significant overall growth of 9.82% and the south zone, where your Company is situated, noticed a growth of 24.92% in domestic demand and a decline of 25.90% in exports. The domestic demand in south zone stood at 5.95 million tons and the export stood at 2.02 million tons as compared to 4.76 million tons and 2.72 million tons in the last year, respectively. Overall, dispatches in south zone registered an increase 6.39%, which is mainly attributable to the robust local demand. The growth in local demand is on the back of lower interest rates and inflation, improving law and order conditions, promising economic indicators, mega housing schemes and public sector development projects, while the exports have seen a decline as the domestic market is offering more lucrative business, in addition to this, the imposition of anti-dumping duty in South Africa is also an important factor causing fall in exports.

During the year under review, the dispatches of your Company registered an increase of 11 % achieving a volume of 619,627 metric tons as compared to 558,636 metric tons in the last financial year.

### BUSINESS PERFORMANCE

#### Production & sales volume performance

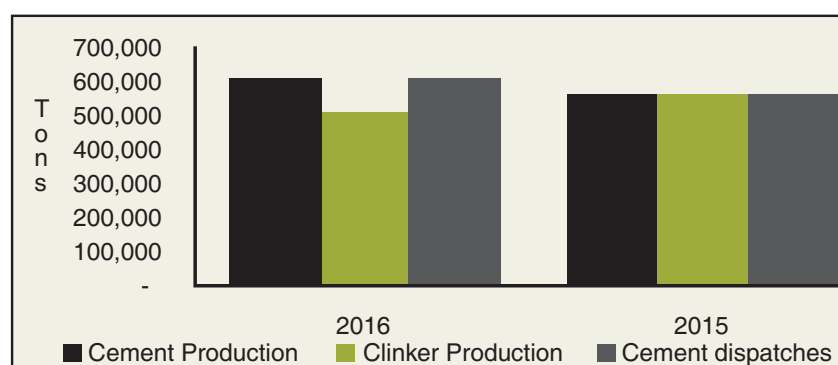
The production and sales volume statistics (in tons) for the year of your Company together with the comparative figures are as under:

Particulars	2016	2015	Variance %
Cement production	605,108	555,630	9%
Clinker production	509,685	553,063	(8%)

Particulars	2016	2015	Variance %
Cement dispatches - Local	584,375	507,346	15%
Cement dispatches - Export	21,468	43,335	(50%)
Grinded Slag dispatches	13,784	6,854	101%
Clinker dispatches	-	551	(100%)
Total dispatches	619,627	558,636	11%

During the year under review, the production of cement increased by 49,478 metric tons, correspondingly, clinker decreased by 43,378 metric tons, the capacity utilized stood at 57% as compared to 61 % in comparison of the last financial year.

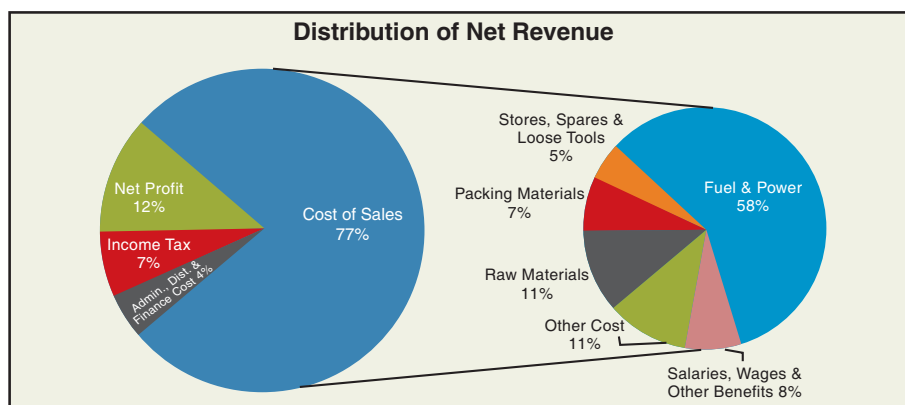
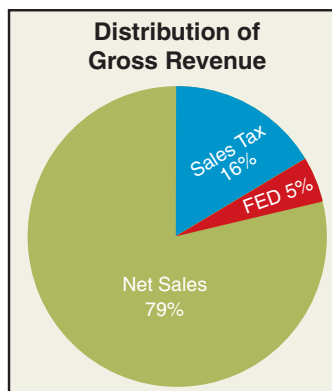
A graphical analysis is as under:



### Financial performance

A comparison of the key financial results of your Company for the year ended June 30, 2016 is as under:

Particulars	2016	2015
	PKR in '000'	
Sales revenue - Gross	5,256,754	4,792,684
Less: Sales Tax/ Federal Excise Duty	1,112,299	961,615
Sales revenue- Net	4,144,455	3,831,069
Gross profit	946,975	971,140
Operating profit	713,860	667,774
Profit before tax	764,772	616,005
Net profit after tax	486,391	433,833
Earnings per share (Rupees)	1.33	1.19



In addition to the higher sales volumes, profitability has also been improved by lower coal and energy prices.

### EARNINGS PER SHARE

The earnings per share of the Company grew from Rs 1.19 for 2015 to Rs 1.33 for the year under review.

### AUDIT COMMITTEE

The Board of Directors has established an Audit Committee which comprises of four members, all of whom are non-executive directors. The composition of the Audit Committee has been made in line with the requirements of CCG.

The audit committee reviews the quarterly, half yearly and annual financial statements before submission to the Board and their publications. The audit committee also reviews the internal auditor's findings and holds separate meetings with internal and external auditors as required by 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 Member		Meetings Attended
Mr. Muhammad Yousuf Adil	Chairman	4
Mr. Muhammad Yahya Khan	Member	0
Mr. Nasim Beg	Member	3
Mr. Syed Salman Rashid	Member	3

### CODE OF CORPORATE GOVERNANCE

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 Code of Corporate Governance. 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.
- The Pattern of shareholding in the prescribed format disclosing aggregate number of shares has been annexed to the report.
- Key Operating and Financial data for the last 6 years has been annexed to the report.

#### 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		BOD Meetings Attended
Mr. Nasim Beg	Non-Executive Director/ Chairman	4
Mr. Muhammad Kashif Habib	Executive Director/ Chief Executive Officer	5
Mr. Muhammad Yahya Khan	Non-Executive/ Independent Director	0
Mr. Muhammad Yousuf Adil	Non-Executive/ Independent Director	3
Mr. Syed Salman Rashid	Non-Executive Director	4
Mr. Muhammad Ejaz	Non-Executive Director	2
Mr. Samad A. Habib	Non-Executive Director	4

Leave of absences were granted to directors who could not attend the meetings due to their pre-occupations.

#### DIVIDEND AND BONUS

Keeping in mind the commitment of the Company to remain up to date in repayments of its long term obligations, the Board has decided not to declare any dividend for the year ended June 30, 2016.

#### AUDITORS' OBSERVATION

- 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 favor of the company by the Appellate Tribunal Inland Revenue (ATIR). The tax department has filed an appeal with the Honorable High Court of Sindh (SHC) against the decision by the ATIR. The company strongly believes that the matter will be decided in favor of the Company by the SHC. The relevant details are set out in Note 10.1 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 favor 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 favor. The relevant details are set out in Note 20.1.5 to the Financial Statements.

### TRADING IN COMPANY'S SHARES BY DIRECTORS AND EXECUTIVES

All Directors including the Chief Executive, Chief Financial Officer and Executives of the Company were delivered written notices by the Company Secretary to immediately inform in writing any trading in the Company's shares by themselves or by their spouses and to deliver a written record of the price, number of shares and CDC statement within 2 days of such transaction to the Company Secretary. A statement showing the Company's shares bought and sold by its Directors, Chief Executive Officer, Chief Financial Officer, Company Secretary and their spouses and minor family members is annexed.

### EXPANSION OF PLANT

The Board of Directors of the Company has approved the proposal for the expansion of its production facilities by 5,000 tons to 8,000 tons per day and the management has been authorized to conclude the terms with machinery suppliers and lenders for entering binding agreements at the earliest.

### CONTRIBUTION TO NATIONAL EXCHEQUER

The Company contributed over PKR 1.1 billion (2015: PKR 1.0 billion) to the government treasury in shape of taxes, excise duty, income tax and sales tax.

### CORPORATE SOCIAL RESPONSIBILITY

During the year, the company has disbursed PKR1.36million (2015: PKR 2.52million) 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 to appointment M/s. KPMG Taseer Hadi & Company, and M/s. Naveed Zafar Ashfaq Jaffery & Co. Chartered Accountants as the joint external auditors of the Company for the financial year 2016-17 in the Annual General Meeting.

### FUTURE OUTLOOK

The macro-economic outlook of the country is showing signs of improvement. The combination of increased demand from private sector housing schemes and public sector development projects has in a way attracted cement manufacturers to shift their focus to the local market. Mega development projects under the China Pakistan Economic Corridor (CPEC) and cheaper housing finances attributable to lower discount rate are also likely to support cement demand. Furthermore, the cost efficiencies emanating from lower coal and energy prices also make the Company optimistic about the future.

### ACKNOWLEDGEMENT

The Directors of the Company take this opportunity to express their deep sense of gratitude for all the stakeholders for their encouragement and support.

We would like to place on record our deepest appreciation for the commitment, dedication and hard work put in by all staff of the company and also our shareholders, who have always shown their confidence and faith in the Company.

**For and on behalf of the Board**



**Muhammad Kashif Habib**  
Chief Executive Officer  
30th August 2016

**Statement showing shares bought and sold by Directors, CEO, CFO, Company Secretary and their Spouses and Minor Children**

**From 1st July 2015 to 30th June 2016.**

Name	Designation	Shares Bought * Received Via Gift	Shares Sold
Syed Salman Rashid	Director	12,018,545	
Syed Saad Salman	Son of Syed Salman Rashid		7,018,545
Rehana Salman	Spouse of Syed Salman Rashid		5,000,000

## Pattern of Shareholding

As at 30th June 2016

Number of Shareholders	Shareholdings		Total Shares Held
	From	To	
720	1	100	16,534
722	101	500	266,631
731	501	1000	698,334
1546	1001	5000	4,817,417
527	5001	10000	4,472,621
176	10001	15000	2,377,152
148	15001	20000	2,779,890
153	20001	30000	3,947,706
151	30001	50000	6,562,167
139	50001	100000	11,026,654
54	100001	200000	7,790,787
32	200001	500000	10,755,303
11	500001	1000000	7,321,227
3	1000001	1200000	3,336,000
1	1200001	1600000	1,304,500
4	1600001	1900000	7,119,500
1	1900001	5000000	2,163,000
1	5000001	8000000	5,206,000
2	8000001	21000000	25,798,000
1	21000001	22000000	21,283,000
1	22000001	25000000	22,718,545
2	25000001	208295030	213,929,000
<b>5,126</b>			<b>365,689,968</b>

## Pattern of Shareholding

As at 30th June 2016

Shareholders' Category	No. of Shareholders	No. of Shares Held	Percentage %
Directors, Chief Executive Officer, and Their Spouse and Minor Children	7	32,725,545	8.95
Associated Companies, Undertaking and Related Parties.	2	213,929,000	58.50
NIT and ICP	1	607	0.00
Banks Development Financial Institutions, Non Banking Financial Institutions.	29	31,457,227	8.60
Insurance Companies	3	1,176,169	0.32
Foreign	5	162,756	0.04
Modarabas and Mutual Funds	7	1,385,157	0.38
General Public Local	5,038	65,240,360	17.84
Others	34	19,613,147	5.37
	<b>5,126</b>	<b>365,689,968</b>	<b>100</b>

**Details of Shareholders Categories**

As at 30 June 2016

	Number of Shares Held	Percentage %
<b>Directors, Chief Executive Officer, and Their Spouse and Minor Children</b>		
Syed Salman Rashid	22,718,545	6.21
Muhammad Kashif Habib	10,000,500	2.74
Muhammad Yahya Khan	2,000	0.00
Nasim Beg	2,000	0.00
Samad A. Habib	1,000	0.00
Muhammad Yousuf Adil	1,000	0.00
Muhammad Ejaz	500	0.00
	<b>32,725,545</b>	<b>8.95</b>

**Associated Companies, Undertaking And Related Parties.**

Arif Habib	107,879,000	29.50
International Complex Projects Ltd	106,050,000	29.00
	<b>213,929,000</b>	<b>58.50</b>

**NIT And ICP**

M/S. Investment Corpo.Of Pakistan (Icp)	607	0.00
	<b>607</b>	<b>0.00</b>

**Banks, Development Financial Institutions and Non Banking Financial Institutions**

Summit Bank Limited	21,283,000	5.82
Habib Bank Ag Zurich, Deira Dubai	5,206,000	1.42
Mohammad Munir Mohammad Ahmed Khanani Securities (Pvt) Ltd.	2,163,000	0.59
J.P.Morgan Clearing Corp. Clearing A/C	1,850,000	0.51
Adeel Zafar Securities (Pvt) Ltd.	300,000	0.08
Growth Securities (Pvt) Ltd.	196,500	0.05
Altaf Adam Securities (Pvt) Ltd.	129,000	0.05
Pearl Securities Limited - Mf	90,000	0.03
Time Securities (Pvt) Ltd.	53,000	0.01
Fdm Capital Securities (Pvt) Ltd.	50,000	0.01
Djm Securities (Pvt) Ltd.	46,500	0.01
First Dawood Investment Bank Ltd.	29,000	0.01
Islamic Investment Bank Ltd.	20,203	0.01
Cma Securities (Pvt) Ltd.	15,000	0.00
M. J. Memon Securities (Pvt) Ltd.	9,000	0.00
Darson Securities (Pvt) Ltd.	8,000	0.00
M/S. Islamic Investment Bank Ltd.	2,020	0.00
Akhai Securities (Pvt) Ltd.	2,000	0.00
M/S. Naeem Security (Pvt) Ltd.	1,512	0.00
Escorts Investment Bank Ltd.	1,000	0.00
Prudential Securities Ltd.	630	0.00
National Bank of Pakistan	611	0.00
National Bank of Pakistan	443	0.00

## Details of Shareholders Categories

As at 30 June 2016

### Banks, Development Financial Institutions and Non Banking Financial Institutions

Nh Securities (Pvt) Ltd.  
H M Investments (Pvt) Ltd.  
M/S. Royal Bank of Scotland  
M/S. Crescent Investment Bank  
M/S. Trust Securities  
Azee Securities (Pvt) Ltd.

Number of Shares Held	Percentage %
300	0.00
232	0.00
115	0.00
110	0.00
50	0.00
1	0.00
<b>31,457,227</b>	<b>8.60</b>

### Insurance Companies

State Life Insurance Corp. of Pakistan  
The Pakistan General Insurance Company Limited  
Asia Insurance Company Limited.

676,169	0.18
300,000	0.08
200,000	0.06
<b>1,176,169</b>	<b>0.32</b>

### Modarabas and Mutual Funds

CDC - Trustee Nit Income Fund - Mt  
CDC - Trustee Faysal Savings Growth Fund - Mt  
First Equity Modaraba  
CDC - Trustee Faysal Mts Fund - Mt  
M/S. First Interfun Modaraba  
M/S. Asian Stock Fund Ltd.,  
M/S. Industrial Capital Modarba

645,500	0.18
333,000	0.09
322,500	0.09
84,000	0.02
122	0.00
21	0.00
14	0.00
<b>1,385,157</b>	<b>0.38</b>

### Shareholders Holding 5% or More

Arif Habib  
International Complex Projects Ltd.  
Syed Salman Rashid  
Summit Bank Limited

107,879,000	29.50
106,050,000	29.00
22,718,545	6.21
21,283,000	5.82

## Financial Highlights

### Six Years at a Glance

		30th June					
INVESTMENT MEASURE		2016	2015	2014	2013	2012	2011
Ordinary Share Capital	Rs in '000	<b>3,656,900</b>	3,656,900	3,656,900	3,656,900	3,656,900	3,656,900
Reserves	Rs in '000	<b>(394,565)</b>	(880,505)	(1,314,133)	(1,247,304)	(1,617,265)	(1,770,696)
Ordinary Share Holders' Equity	Rs in '000	<b>2,348,110</b>	1,862,170	1,428,542	1,495,371	1,125,410	971,979
Dividend on Ordinary Shares	Rs in '000	-	-	-	-	-	-
Dividend per Ordinary Share	Rs.	-	-	-	-	-	-
Profit / (Loss) Before Taxation	Rs in '000	<b>764,772</b>	616,005	(140,271)	434,854	292,672	(755,625)
Profit / (Loss) After Taxation	Rs in '000	<b>486,391</b>	433,833	(73,909)	370,222	153,431	(926,670)
Earning / (Loss) Per Share	Rs.	<b>1.33</b>	1.19	(0.20)	1.01	0.42	(4.27)
MEASURE OF FINANCIAL RATIOS							
Current Ratio	x:1	<b>0.91</b>	0.86	0.62	0.60	0.40	0.45
Gearing Ratio	x:1	<b>0.38</b>	0.53	0.59	0.56	0.60	0.76
Acid Test Ratio	x:1	<b>0.47</b>	0.39	0.25	0.25	0.09	0.15
Number of Days Stock	In days	<b>97</b>	106	91	95	79	66
MEASURE OF PERFORMANCE							
Profit / (Loss) After Taxation as % of Capital Employed	%	<b>11.32</b>	10.38	(2.06)	10.62	5.22	(20.28)
Sales	Rs in '000	<b>4,144,455</b>	3,831,069	3,496,103	3,511,774	2,930,152	2,220,360
Cost of Sales as % of Sales	%	<b>77.15</b>	74.65	90.14	79.42	89.87	102.61
Profit / (Loss) Before Taxation as % of Sales	%	<b>18.45</b>	16.08	(4.01)	12.38	9.99	(34.03)
Profit / (Loss) After Taxation as % of Sales	%	<b>11.74</b>	11.32	(2.11)	10.54	5.24	(41.74)
Asset Turnover	In times	<b>0.66</b>	0.64	0.60	0.62	0.57	0.44



**KPMG Taseer Hadi & Co.**  
Chartered Accountants  
Sheikh Sultan Trust Building No. 2  
Beaumont Road  
Karachi, 75530 Pakistan

Telephone + 92 (21) 3568 5847  
Fax + 92 (21) 3568 5095  
Internet www.kpmg.com.pk

## **Review Report to the Members on the Statement of Compliance with the Code of Corporate Governance**

We have reviewed the enclosed Statement of Compliance with the best practices contained in the Code of Corporate Governance ("the Code") prepared by the Board of Directors of Power Cement Limited ("the Company") for the year ended 30 June 2016 to comply with the requirements of Listing Regulations of Pakistan Stock Exchange where the Company is listed.

The responsibility for compliance with the Code is that of the Board of Directors of the Company. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Code and report if it does not and to highlight any non-compliance with the requirements of the Code. 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 Code.

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 Code requires 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 of related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price and recording proper justification for using such alternate pricing mechanism. 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 any procedures to determine whether the related party transactions were undertaken at arm's length price or not.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Code as applicable to the Company for the year ended 30 June 2016.

**Date: 30th August 2016  
Karachi**

*KPMG Taseer Hadi*

**KPMG Taseer Hadi & Co.  
Chartered Accountants  
Muhammad Taufiq**

## Statement of Compliance with the Code of Corporate Governance

**This statement is being presented to comply with the Code of Corporate Governance (CCG) contained in Regulation No. 5.19 of listing Regulations of Pakistan Stock Exchange (PSX) Rule Book for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance.**

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

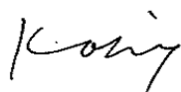
1. The company encourages representation of independent non-executive directors and directors representing minority interests on its board of directors. At present the board includes:

Category	Names
Executive Director	Mr. Muhammad Kashif Habib
Non Executive / Independent Directors	Mr. Muhammad Yahya Khan
	Mr. Muhammad Yousuf Adil
Non Executive Directors	Mr. Samad A. Habib
	Mr. Nasim Beg
	Mr. Muhammad Ejaz
	Syed Salman Rashid

The independent directors meet the criteria of independence under clause 5.19.1 (b) of the CCG.

2. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this company (excluding the listed subsidiaries of listed holding companies where applicable).
3. All the resident directors of the company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBFI or, being a member of a stock exchange, has been declared as a defaulter by that stock exchange.
4. No casual vacancy occurred in the Board during the year ended 30th June 2016.
5. The company has prepared a "Code of Conduct" and has ensured that appropriate steps have been taken to disseminate it throughout the company along with its supporting policies and procedures.
6. The board has developed a vision/mission statement, overall corporate strategy and significant policies of the company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.
7. All the powers of the board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the CEO, other executive and non-executive directors, have been taken by the board/shareholders.
8. The meetings of the board were presided over by the Chairman and, in his absence, by a director elected by the board for this purpose and the board met at least once in every quarter. Written notices of the board meetings, along with agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.
9. The Board already consists of certain directors who are exempted from the directors' training program in accordance with regulation No. 5.19.7 of Listing Regulations of the Pakistan Stock Exchange due to having minimum of 14 years of education and 15 years of experience on the board of a listed company. There is no director left which requires certification under the directors' training program and the company.
10. The directors' report for this year has been prepared in compliance with the requirements of the CCG and fully describes the salient matters required to be disclosed.
11. The financial statements of the company were duly endorsed by CEO and CFO before approval of the board.
12. The directors, CEO and executives do not hold any interest in the shares of the company other than that disclosed in the pattern of shareholding.
13. The company has complied with all the corporate and financial reporting requirements of the CCG.
14. The board has formed an Audit Committee. It comprises 4 members, of whom all are non-executive directors and the chairman of the committee is an independent director.

15. The meetings of the audit committee were held at least once every quarter prior to approval of interim and final results of the company and as required by the CCG. The terms of reference of the committee have been formed and advised to the committee for compliance.
16. The board has formed an HR and Remuneration Committee. It comprises 4 members, of whom 3 are non-executive directors and the chairman of the committee is a non executive director.
17. 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.
18. 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, 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.
19. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.
20. The 'closed period', prior to the announcement of interim/final results, and business decisions, which may materially affect the market price of company's securities, was determined and intimated to directors, employees and stock exchanges.
21. Material/price sensitive information has been disseminated among all market participants at once through stock exchanges.
22. We confirm that all other material principles enshrined in the CCG have been complied with.



**Muhammad Kashif Habib - CEO**  
30th August 2016

**Audited Financial Statements  
For The Year Ended  
30<sup>th</sup> June 2016**





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Chartered Accountants  
Sheikh Sultan Trust Building No. 2  
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Internet www.kpmg.com.pk

## Auditors' Report to the Members

We have audited the annexed balance sheet of Power Cement Limited ("the Company") as at 30 June 2016 and the related profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

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

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

- a) in our opinion, proper books of account have been kept by the Company as required by the Companies Ordinance, 1984;
- b) in our opinion:
  - i) the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with accounting policies consistently applied except for the changes as stated in note 3 of the financial statements with which we concur;
  - ii) the expenditure incurred during the year was for the purpose of the Company's business; and
  - iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the Company;
- c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan and give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at 30 June 2016 and of the profit, its cash flows and changes in equity for the year then ended; and



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d) in our opinion, no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980.

We draw attention to note 10.1 and 20.1.5 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.115.193 million in the financial statements, respectively. Our opinion is not qualified in respect of these matters.

**Date: 30th August 2016**  
**Karachi**

*KPMG Taseer Hadi & Co.*

**KPMG Taseer Hadi & Co.**  
**Chartered Accountants**  
**Muhammad Taufiq**

**Balance Sheet**As at 30<sup>th</sup> June 2016

	Note	2016 (Rupees in '000)	2015
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	4	4,444,992	4,422,961
Intangible assets	5	8,982	413
Long term deposits		19,635	19,635
		<b>4,473,609</b>	4,443,009
<b>CURRENT ASSETS</b>			
Stores, spares and loose tools	6	693,578	562,409
Stock-in-trade	7	165,221	284,975
Trade debts	8	271,667	259,722
Advances and other receivables	9	295,812	96,306
Trade deposits and prepayments		9,005	7,256
Tax refund due from government	10	319,103	287,265
Cash and bank balances	11	14,983	47,267
		<b>1,769,369</b>	1,545,200
<b>TOTAL ASSETS</b>		<b>6,242,978</b>	<b>5,988,209</b>
<b>EQUITY AND LIABILITIES</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
Authorized share capital 400,000,000 (2015: 400,000,000) Ordinary shares of Rs. 10/- each		<b>4,000,000</b>	4,000,000
Issued, subscribed and paid-up capital 365,689,968 (2015: 365,689,968) Ordinary shares of Rs. 10/- each	12	3,656,900	3,656,900
Discount on issuance of right shares		(914,225)	(914,225)
General reserve		-	80,000
Accumulated loss		(394,565)	(960,505)
		<b>2,348,110</b>	1,862,170
<b>LIABILITIES</b>			
<b>NON-CURRENT LIABILITIES</b>			
Long-term financing	13.1	360,000	360,000
Deferred accrued markup	13.2	151,032	545,397
Loan from related parties - unsecured	14	908,892	1,169,055
Deferred taxation	15	483,475	205,214
Deferred liabilities	16	46,341	39,559
		<b>1,949,740</b>	2,319,225
<b>CURRENT LIABILITIES</b>			
Loan from previous sponsors	20.1.5	735	735
Trade and other payables	17	723,160	608,019
Mark-up accrued	18	5,329	15,655
Short-term borrowings	19	708,750	687,297
Current portion of long term financing	13.1	-	250,000
Current portion of deferred accrued markup	13.2	507,154	245,108
		<b>1,945,128</b>	1,806,814
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>6,242,978</b>	<b>5,988,209</b>
<b>CONTINGENCIES AND COMMITMENTS</b>			
	20		

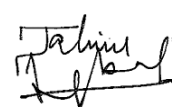
The annexed notes from 1 to 39 form an integral part of these financial statements.



CHIEF EXECUTIVE



DIRECTOR



CHIEF FINANCIAL OFFICER

## Profit and Loss Account

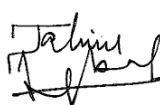
For the year ended 30<sup>th</sup> June 2016

	Note	2016 (Rupees in '000)	2015
<b>Sales - net</b>	21	4,144,455	3,831,069
Cost of sales	22	(3,197,480)	(2,859,929)
<b>Gross profit</b>		<u>946,975</u>	<u>971,140</u>
Distribution cost	23	(106,504)	(181,597)
Administrative expenses	24	(59,528)	(58,981)
Other operating income	25	3,021	1,991
Other operating expenses	26	(70,104)	(64,779)
<b>Operating profit</b>		<u>713,860</u>	<u>667,774</u>
Finance income	27	333,792	309,253
Finance cost	27	(282,880)	(361,022)
Finance income / (cost) - net		<u>50,912</u>	<u>(51,769)</u>
Profit before taxation		<u>764,772</u>	<u>616,005</u>
Taxation	28	(278,381)	(182,172)
<b>Profit after taxation</b>		<u>486,391</u>	<u>433,833</u>
		(Rupees)	
<b>Earnings per share - basic and diluted</b>	29	<u>1.33</u>	<u>1.19</u>

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

  
CHIEF EXECUTIVE

  
DIRECTOR

  
CHIEF FINANCIAL OFFICER

## Statement of Comprehensive Income

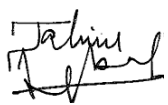
For the year ended 30<sup>th</sup> June 2016

	2016 (Rupees in '000)	2015
<b>Profit for the year</b>	<b>486,391</b>	433,833
<b>Other comprehensive income</b>		
<i>Items that will never be reclassified to profit and loss</i>		
Actuarial (loss) / gain on defined benefit obligations	(571)	(255)
Related deferred tax reversal	120	50
	(451)	(205)
<b>Total comprehensive income for the year</b>	<b>485,940</b>	<b>433,628</b>

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

  
CHIEF EXECUTIVE

  
DIRECTOR

  
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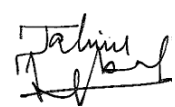
**Cash Flow Statement**  
For the year ended 30<sup>th</sup> June 2016

	Note	2016 (Rupees in '000)	2015
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash generated from operations	33	808,568	362,943
Gratuity paid		(8,800)	(8,700)
Income tax paid		(112,824)	(44,905)
Financial cost paid		(351,896)	(82,370)
		(473,520)	(135,975)
Cash generated from operating activities		335,048	226,968
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Capital expenditure		(139,585)	(128,727)
Proceeds from sale of fixed assets		800	435
Term deposits	11	(7,500)	-
Net cash used in investing activities		(146,285)	(128,292)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Repayment of long term finance		(250,000)	(390,000)
Loan from related party - net		-	(10,000)
Loan received from sponsors - net		-	190,000
Net cash used in financing activities		(250,000)	(210,000)
Net decrease in cash and cash equivalents		(61,237)	(111,324)
Cash and cash equivalents at beginning of the year		(640,030)	(528,706)
<b>Cash and cash equivalents at end of the year</b>	34	<b>(701,267)</b>	<b>(640,030)</b>

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

  
CHIEF EXECUTIVE

  
DIRECTOR

  
CHIEF FINANCIAL OFFICER

## Statement in Changes in Equity

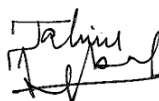
For the year ended 30<sup>th</sup> June 2016

	Capital reserve		Revenue Reserve		Total
	Share Capital	Discount on issuance of right shares	General	Accumulated loss	
	(Rupees in '000)				
<b>Balance as at 1st July 2014</b>	3,656,900	(914,225)	80,000	(1,394,133)	1,428,542
<i>Total comprehensive income for the year</i>					
Profit after taxation	-	-	-	433,833	433,833
Other comprehensive income	-	-	-	(205)	(205)
	-	-	-	433,628	433,628
<b>Balance as at 30th June 2015</b>	3,656,900	(914,225)	80,000	(960,505)	1,862,170
Transfer of general reserves	-	-	(80,000)	80,000	-
<i>Total comprehensive income for the year</i>					
Profit after taxation	-	-	-	486,391	486,391
Other comprehensive income	-	-	-	(451)	(451)
	-	-	-	485,940	485,940
<b>Balance as at 30th June 2016</b>	<b>3,656,900</b>	<b>(914,225)</b>	<b>-</b>	<b>(394,565)</b>	<b>2,348,110</b>

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

  
CHIEF EXECUTIVE

  
DIRECTOR

  
CHIEF FINANCIAL OFFICER

## Notes to the Financial Statements

For the year ended 30<sup>th</sup> June 2016

### 1. STATUS AND NATURE OF BUSINESS

1.1 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 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 approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board and Islamic Financial Accounting Standards (IFASs) issued by the Institute of Chartered Accountants of Pakistan as are notified under the Companies Ordinance, 1984, provisions of and directives issued under the Companies Ordinance, 1984. In case requirements differ, the provisions or directives of the Companies Ordinance, 1984 shall prevail.

#### 2.2 Basis of measurement

These financial statements have been prepared under the historical cost convention.

#### 2.3 Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the Company operates. The financial statements are presented in Pakistani rupee which is the Company's functional and presentation currency. All financial information presented in Pakistani Rupee has been rounded to nearest thousand.

#### 2.4 Use of estimates and judgments

The preparation of financial statements in conformity with approved accounting standards, as applicable in Pakistan, requires management to make judgments, estimates and assumptions that affect the application of 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 and underlying 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.

Judgments made by management in the application of approved accounting standard as, applicable in Pakistan, that have significant effect on the financial statements and estimates with a significant risk of material judgment in the next year are as follows:

##### a) Fixed assets

The Company's management determines the estimated useful lives and related depreciation charge for its plant and equipment. The Company also reviews the value of the assets for possible impairment on an annual basis. Any change in the estimates in future years might affect the carrying amounts of the respective items of property, plant and equipment with a corresponding affect on the depreciation charge and impairment (note 4).

##### b) Trade debts

The Company reviews its doubtful debts at each reporting dates to assess whether provision should be recorded in the profit and loss account. In particular, judgment by management is required in the estimates of the amount and timing of future cash flows when determining the level of provision required (note 8). Such estimates are based on certain assumptions whereas actual results may differ, resulting in future changes to the provisions.

##### c) Stock in trade and stores and spares

The Company reviews the net realizable value of stock in trade and stores and spares to assess any diminution in the respective carrying values. Any change in the estimates in future years might affect the carrying amounts of stock in trade, stores and spares and corresponding effect in profit and loss account of those future years. Net realizable value is determined with respect to estimated selling price less estimated expenditures to make the sales (notes 6 and 7).

##### d) Income taxes

In making the estimates for income taxes currently payable by the Company, the management considers the current income tax law and the decisions of appellate authorities on certain issues in the past. In making the provision for deferred taxes, estimates of the Company's future taxable profits are taken into account (notes 15 and 28).

## Notes to the Financial Statements

For the year ended 30<sup>th</sup> June 2016

### e) Staff retirement benefits

Certain actuarial assumptions have been adopted as disclosed in these financial statements for actuarial valuation of present value of defined benefit obligations. Change in these assumptions in future years may affect the liability under the scheme in those years (note 16).

### f) Provisions

Provisions are recognized when the Company has a present legal or constructive obligation as a result of past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of obligation. Provisions are reviewed at each balance sheet date and adjusted to reflect the best estimate.

## 2.5 New and Amended Standards, Interpretations and Amendments not yet effective

The following standards, amendments and interpretations of approved accounting standards will be effective for accounting periods beginning on or after 01 July 2016:

- Amendments to IAS 38 Intangible Assets and IAS 16 Property, Plant and Equipment (effective for annual periods beginning on or after 1 January 2016) introduce severe restrictions on the use of revenue-based amortization for intangible assets and explicitly state that revenue-based methods of depreciation cannot be used for property, plant and equipment. The rebuttable presumption that the use of revenue-based amortization methods for intangible assets is inappropriate can be overcome only when revenue and the consumption of the economic benefits of the intangible asset are 'highly correlated', or when the intangible asset is expressed as a measure of revenue. The amendments are not likely to have an impact on Company's financial statements.
- Investment Entities: Applying the Consolidation Exception (Amendments to IFRS 10 – Consolidated Financial Statements and IAS 28 – Investments in Associates and Joint Ventures) [effective for annual periods beginning on or after 1 January 2016] clarifies (a) which subsidiaries of an investment entity are consolidated; (b) exemption to present consolidated financial statements is available to a parent entity that is a subsidiary of an investment entity; and (c) how an entity that is not an investment entity should apply the equity method of accounting for its investment in an associate or joint venture that is an investment entity. The amendments are not likely to have an impact on Company's financial statements.
- Accounting for Acquisitions of Interests in Joint Operations – Amendments to IFRS 11 'Joint Arrangements' (effective for annual periods beginning on or after 1 January 2016) clarify the accounting for the acquisition of an interest in a joint operation where the activities of the operation constitute a business. They require an investor to apply the principles of business combination accounting when it acquires an interest in a joint operation that constitutes a business. The amendments are not likely to have an impact on Company's financial statements.
- Amendment to IAS 27 'Separate Financial Statements' (effective for annual periods beginning on or after 1 January 2016) allows entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements. The amendment is not likely to have an impact on Company's financial statements.
- Agriculture: Bearer Plants [Amendment to IAS 16 and IAS 41] (effective for annual periods beginning on or after 1 January 2016). Bearer plants are now in the scope of IAS 16 Property, Plant and Equipment for measurement and disclosure purposes. Therefore, a company can elect to measure bearer plants at cost. However, the produce growing on bearer plants will continue to be measured at fair value less costs to sell under IAS 41, 'Agriculture'. A bearer plant is a plant that: is used in the supply of agricultural produce; is expected to bear produce for more than one period; and has a remote likelihood of being sold as agricultural produce. Before maturity, bearer plants are accounted for in the same way as self-constructed items of property, plant and equipment during construction. The amendments are not likely to have an impact on Company's financial statements.
- Amendments to IAS 12, 'Income Taxes' are effective for annual periods beginning on or after 1 January 2017. The amendments clarify that the existence of a deductible temporary difference depends solely on a comparison of the carrying amount of an asset and its tax base at the end of the reporting period, and is not affected by possible future changes in the carrying amount or expected manner of recovery of the asset. The amendments are not likely to have an impact on Company's financial statements.
- Amendments to IAS 7, 'Statement of Cash Flows' are part of IASB's broader disclosure initiative and are effective for annual periods beginning on or after 1 January 2017. The amendments require disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flow and non-cash changes.
- Amendments to IFRS 2, 'Share-based Payments' clarify the accounting for certain types of arrangements and are effective for annual periods beginning on or after 1 January 2018. The amendments cover three accounting areas (a) measurement of cash-settled share-based payments; (b) classification of share-based payments settled net of tax withholdings; and (c) accounting for a modification of a share-based payment from cash-settled to equity-settled. The new requirements could affect the classification and/or measurement of these arrangements and potentially the timing and amount of expense recognized for new and outstanding awards. The amendments are not likely to have an impact on Company's financial statements.
- Annual Improvements 2012-2014 cycles (amendments are effective for annual periods beginning on or after 1 January 2016). The new cycle of improvements contain amendments to the following standards:
  - IFRS 5, 'Non-current Assets Held for Sale and Discontinued Operations': IFRS 5 is amended to clarify that if an entity changes the method of disposal of an asset (or disposal group) i.e. reclassifies an asset from held for distribution to owners to held for sale or vice versa without any time lag, then such change in classification is considered as continuation of the original plan of disposal and if an entity determines that an asset (or disposal group) no longer meets the criteria to be classified as held for distribution, then it ceases held for distribution accounting in the same way as it would cease held for sale accounting.

## Notes to the Financial Statements

For the year ended 30<sup>th</sup> June 2016

- IFRS 7, 'Financial Instruments- Disclosures': IFRS 7 is amended to clarify when servicing arrangements on continuing involvement in transferred financial assets in cases when they are derecognized in their entirety. IFRS 7 is also amended to clarify that additional disclosures required by 'Disclosures: Offsetting Financial Assets and Financial Liabilities (Amendments to IFRS7)' are not specifically required for inclusion in condensed interim financial statements for all interim periods.
- IAS 19, 'Employee Benefits': IAS 19 is amended to clarify that high quality corporate bonds or government bonds used in determining the discount rate should be issued in the same currency in which the benefits are to be paid.
- IAS 34, 'Interim Financial Reporting': IAS 34 is amended to clarify that certain disclosures, if they are not included in the notes to interim financial statements and disclosed elsewhere should be cross referred.

Certain amendments / improvements may impact the financial statements of the Company and the management is in the process of assessing the full impact of the change.

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies applied in the preparation of these financial statements are set out below. These policies have been applied consistently to all years presented except for the changes in policies due to standards mentioned below which became effective during the year:

#### New, Amended And Revised Standards And Interpretations of IFRSs

During the year, IFRS 10, 'Consolidated Financial Statements,' IFRS 11, 'Joint Arrangements', IFRS 12, 'Disclosure of Interests in Other Entities' and IFRS 13, 'Fair Value Measurements' became effective, however, except for the adoption of IFRS 13, they did not have a material effect on these financial statements.

IFRS - 13, 'Fair Value Measurement', became effective during the year which establishes a single framework for measuring fair value and making disclosures about fair value measurements when such measurements are required or permitted by other IFRSs. It unifies the definition of fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. It replaces and expands the disclosure requirements about fair value measurements in other IFRSs, including IFRS 7, 'Financial Instruments: Disclosures'. As a result, the Company has included additional disclosures in this regard in note 32 to these financial statements. Notwithstanding the above, the aforementioned change does not have material impact on fair value measurement of assets and liabilities.

Further, additional disclosures relating to All Shares Islamic Index Screening as required by circular 14 dated 21 April 2016, issued by SECP, have been made in the financial statements during the year.

#### 3.1 Fixed assets and Intangible assets

##### a) Operating property, plant and equipment - Owned

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

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

Depreciation on plant and machinery is charged using units of production method. The unit 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 are consumed by the company, at the rates specified in note 4. 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.

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 profit and loss as and when incurred. Gains and losses on disposal of assets, if any, are included in profit and loss currently.

##### b) 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 4. 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.

## Notes to the Financial Statements

For the year ended 30<sup>th</sup> June 2016

### c) Intangible assets

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 5 after taking into account residual value, if any. The residual values, useful lives and amortization methods are reviewed and adjusted, if appropriate, at each balance sheet date.

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. Gain and losses on disposal of such assets, if any, are included in the profit and loss account.

### d) 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.

### e) Ijarah lease

Leased assets which are obtained under Ijarah agreement are not recognized in the Company's balance sheet 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 profit and loss account over the lease term.

### f) Major 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 category of major stores and spares.

## 3.2 Impairment

### Financial assets

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

### Non-financial assets

The carrying amounts of non-financial assets other than inventories and deferred tax asset, are assessed at each reporting date to ascertain whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated. An impairment loss is recognized, as an expense in the profit and loss account, for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less cost to sell and value in use. Value in use is ascertained through discounting of the estimated future cash flows using a discount rate that reflects current market assessments of the time value of money and the risk specific to the assets. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

## 3.3 Stores, spare parts 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 balance sheet date.

## 3.4 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. Stocks of raw and packing material are valued at moving average cost.

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 balance sheet 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.

## 3.5 Trade debts

Trade debts and other receivables are stated initially at fair value and subsequently measured at amortized cost using the effective interest rate method if applicable, less provision for impairment, if any.

A provision for impairment is established where there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables. Trade debts and receivables are written off when considered irrecoverable.

## 3.6 Cash and cash equivalents

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

## Notes to the Financial Statements

For the year ended 30<sup>th</sup> June 2016

### 3.7 Taxation

Income tax on profit or loss for the year comprises current and deferred tax.

#### a) Current

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 and Alternate Corporate Tax under Section 113C of the Ordinance, the amount higher of these is recorded as tax payable in these financial statements.

#### b) Deferred

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 balance sheet 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.

### 3.8 Staff retirement benefits

#### a) 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 on 30 June 2016 by using the Projected Credit Unit Method for valuation of the scheme. The actuarial gains/losses are recognized in other comprehensive income in the year in which they arise.

#### b) 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.

### 3.9 Trade and other payables

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

### 3.10 Provisions

Provisions are recognized when the Company has a present legal or constructive obligation as a result of past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of obligation. Provisions are reviewed at each balance sheet date and adjusted to reflect the best estimate.

### 3.11 Foreign currency transactions

Transaction in foreign currencies are translated into Pakistani rupees using the exchange rates prevailing on the date of each transaction. Monetary assets and liabilities in foreign currencies are reported in rupees using the exchange rates approximating those prevailing on the balance sheet date. All exchange differences are taken into profit and loss account.

### 3.12 Financial instruments

#### a) Initial recognition

All the financial assets and financial liabilities are recognized at the time when the Company becomes a party to the contractual provisions of the instrument. At the time of initial recognition all financial assets and financial liabilities are measured at fair value and subsequently these are measured at fair value or amortized cost as the case may be.

#### b) Derecognition of financial liability

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. If an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of the existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in profit and loss account.

### 3.13 Offsetting of financial assets and financial liabilities

Financial asset and financial liability is set off and the net amount is reported in the balance sheet if the Company has a legal right to set off the transaction and also intends either to settle on a net basis or to realize the asset and settle the liability simultaneously. Corresponding income on assets and charge on liability is also offset.

## Notes to the Financial Statements

For the year ended 30<sup>th</sup> June 2016

### 3.14 Derivative financial instruments

Derivatives that do not qualify for hedge accounting are recognized in the balance sheet at estimated fair value with corresponding effect to profit and loss. Derivative financial instruments are carried as assets when fair value is positives and liabilities when fair value is negative.

### 3.15 Borrowing and finance costs

Loans and borrowings are recognized initially at fair value, less attributable transaction cost. Subsequent to initial recognition, these are measured at amortized cost with any difference between the carrying amount and redemption value being recognized in profit and loss over the period on effective interest rate basis.

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 profit and loss in the period in which they are incurred.

### 3.16 Revenue recognition

- Revenue from sale of goods is measured at fair value of the consideration received or receivable. Domestic sales are recognized as revenue on dispatch of goods to customers with transfer of significant risks and rewards of ownership, which coincides with delivery. Export sales are recognized as revenue on the basis of goods shipped to customers with transfer of significant risks and rewards of ownership.
- Profit on bank deposits is recorded on effective interest basis.
- Gain / (loss) on sale of fixed assets is recorded when title is transferred in favour of transferee.
- Income from scrap is recorded on dispatch of scrap to the customers.
- Rebate on export is recognized after finalization of export documents.

### 3.17 Dividends and appropriations

Dividends and reserve appropriations are recognized in the period in which these are declared / approved. The distribution of dividend is subject to the covenant as mentioned in note 13.4.

### 3.18 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 share holders and the weighted average number of ordinary shares outstanding, adjusted for the effects of all dilutive potential ordinary shares.

## 4. PROPERTY, PLANT AND EQUIPMENT

	Note	2016	2015
		(Rupees in '000)	
Property, plant and equipment	4.1	4,357,092	4,337,651
Capital work in progress	4.4	13,384	29,858
Capitalisable stores and spares	4.5	74,516	55,452
		<u>4,444,992</u>	<u>4,422,961</u>

### 4.1 Property, plant and equipment

	2016							
	Cost			Rate	Accumulated depreciation			Written down value as at 30 June 2016
	As at 1 July 2015	Additions / (disposals)	As at 30 June 2016		As at 1 July 2015	Charge for the year / (on disposal)	As at 30 June 2016	
(Rupees)'000			(Rupees)'000					
<b>Owned assets</b>								
Land - lease hold	3,025	-	3,025	-	-	-	-	3,025
Factory building on leased hold land	778,828	-	778,828	5%	333,982	22,242	356,224	422,604
Non-factory building on leased hold land	20,938	-	20,938	10%	12,383	855	13,238	7,700
Lease hold improvement	28,248	-	28,248	10%	6,428	2,182	8,610	19,638
Plant and machinery	4,980,843	122,845	5,103,688	Units of production	1,169,428	76,083	1,245,511	3,858,177
Factory and laboratory equipment	35,949	468	36,417	10%	14,548	2,162	16,710	19,707
Quarry equipments	11,819	-	11,819	15%	10,459	204	10,663	1,156
Office equipments	8,741	316	9,057	10%	3,946	491	4,437	4,620
Computer and peripherals	15,076	2,025	17,101	33%	10,725	1,647	12,372	4,729
Furniture and fixture	19,932	663	20,595	10%	10,897	928	11,825	8,770
Vehicles	27,454	1,699	27,811	20%	20,406	1,624	20,845	6,966
		(1,342)				(1,185)		
	<u>5,930,853</u>	<u>128,016</u>	<u>6,057,527</u>		<u>1,593,202</u>	<u>108,418</u>	<u>1,700,435</u>	<u>4,357,092</u>
		(1,342)				(1,185)		

## Notes to the Financial Statements

For the year ended 30<sup>th</sup> June 2016

	2015							
	Cost			Rate	Accumulated depreciation			Written down value as at 30 June 2015
	As at 1 July 2014	Additions / (disposals)	As at 30 June 2015		As at 1 July 2014	Charge for the year / (on disposal)	As at 30 June 2015	
(Rupees)'000			(Rupees)'000					
<b>Owned assets</b>								
Land - lease hold	3,025	-	3,025	-	-	-	-	3,025
Factory building on leased hold land	778,828	-	778,828	5%	310,569	23,413	333,982	444,846
Non-factory building on leased hold land	20,938	-	20,938	10%	11,433	950	12,383	8,555
Lease hold improvement	28,248	-	28,248	10%	4,004	2,424	6,428	21,820
Plant and machinery	4,815,328	165,515	4,980,843	Units of production	1,096,600	72,828	1,169,428	3,811,415
Factory and laboratory equipment	33,573	2,376	35,949	10%	12,264	2,284	14,548	21,401
Quarry equipments	11,819	-	11,819	15%	10,219	240	10,459	1,360
Office equipments	8,645	96	8,741	10%	3,417	529	3,946	4,795
Computer and peripherals	14,250	826	15,076	33%	8,785	1,940	10,725	4,351
Furniture and fixture	19,594	338	19,932	10%	9,910	987	10,897	9,035
Vehicles	27,910	134	27,454	20%	19,017	1,914	20,406	7,048
		(590)				(525)		
	5,762,158	169,285	5,930,853		1,486,218	107,509	1,593,202	4,337,651
		(590)				(525)		

	Note	2016 (Rupees in '000)	2015
<b>4.2 Depreciation charge for the year has been allocated as follows:</b>			
Cost of sales	22	98,529	96,481
Distribution cost	23	2,472	2,724
Administrative expenses	24	7,417	8,304
		<u>108,418</u>	<u>107,509</u>

## 4.3 The details of fixed assets disposed during the year are as follows:

	Cost	Accumulated Depreciation	Written down Value	Sales Proceeds	Gain	Mode of Disposal	Particulars of buyers
	(Rupees)'000						
<b>2016</b>							
Toyota Corolla AKN-863	1,342	(1,185)	157	800	643	Negotiation	Muzammil
2015	590	(525)	65	435	370	Negotiation	Muzammil

## 4.4 Capital Work in Progress

	Cost as at 1 July 2015	Additions	Transferred to operating fixed assets	Cost as at 30 June 2016
	(Rupees in '000)			
Slag feeding system	5,599	4,651	10,250	-
Refuse derived fuel system	24,259	4,866	29,125	-
Construction of factory main gate	-	2,964	-	2,964
Expansion Project	-	7,845	-	7,845
Bag filter house	-	2,575	-	2,575
	<u>29,858</u>	<u>22,901</u>	<u>39,375</u>	<u>13,384</u>

## Notes to the Financial Statements

For the year ended 30<sup>th</sup> June 2016

### 4.5 Capitalisable Stores and Spares

Note	2016 (Rupees in '000)	2015
	55,452	42,608
	113,414	114,811
	(94,350)	(101,967)
	<u>74,516</u>	<u>55,452</u>

Opening balance		
Additions during the year		
Transferred to property, plant and equipment and capital work in progress		
Closing balance		

### 5. INTANGIBLE ASSETS

The Company's intangible assets comprise computer softwares. The carrying amount is as follows:

Cost	10,466	1,485
Accumulated amortization	(1,484)	(1,072)
	<u>8,982</u>	<u>413</u>
Carrying amount at the beginning of the year	413	862
Additions during the year	-	-
Amortization during the year	(412)	(449)
	<u>1</u>	<u>413</u>
Add: Intangible asset under development	5.1 8,981	-
Carrying amount at the end of the year	<u>8,982</u>	<u>413</u>
Rate of amortization	50%	50%

5.1 This includes costs incurred on ERP system to be implemented by the Company. The amount is not amortized as the intangible is not ready for intended use.

### 6. STORES, SPARES AND LOOSE TOOLS

Stores	220,289	170,641
Coal	221,936	193,870
Spare parts	260,785	208,059
Loose tools	4,087	3,358
	<u>707,097</u>	<u>575,928</u>
Provision for slow moving / obsolete stock	6.2 (13,519)	(13,519)
	<u>693,578</u>	<u>562,409</u>

6.1 This includes coal in-transit amounting to Rs. 158.35 million (2015: Nil).

### 6.2 Provision for slow moving / obsolete stores and spares

Opening balance	13,519	13,519
Charge for the year	-	-
Closing balance	<u>13,519</u>	<u>13,519</u>

### 7. STOCK-IN-TRADE

Raw material	30,857	8,621
Packing material	55,150	58,205
Work-in-process	31,973	175,962
Finished goods	47,241	42,187
	<u>165,221</u>	<u>284,975</u>

### 8. TRADE DEBTS

#### Considered good-unsecured

- Due from related parties	8.1 40,920	19,165
- Others	230,747	240,557
	<u>271,667</u>	<u>259,722</u>

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

Javedan Corporation Limited	16,554	6,999
Safe Mix Concrete Products Limited	24,194	12,001
Aisha Steel Mills Limited	172	165
	<u>40,920</u>	<u>19,165</u>

## Notes to the Financial Statements

For the year ended 30<sup>th</sup> June 2016

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

	Note	2016 (Rupees in '000)	2015
Not past due		-	16,400
Past due 1-60 days		37,742	2,557
Past due 61 days to 1 year		3,178	208
		<u>40,920</u>	<u>19,165</u>

### 9. ADVANCES AND OTHER RECEIVABLES

#### Advances-considered good

To employees	9.1	8,011	5,572
To contractors and suppliers		82,656	35,210
Against letter of credit		73,980	5,344
Income tax		124,440	43,454
Rebate receivable		5,856	5,856
Others		869	870
		<u>295,812</u>	<u>96,306</u>

9.1 This includes personal and auto loan advances to executives amounting to Rs. 6.407 million (2015: Rs. 4.763 million). Maximum amount outstanding against advances to employees during the year was Rs. 8.011 million (2015: Rs. 6.941 million). The amount is payable within next twelve months.

Movement in advances to executives during the year:

Opening		4,763	6,657
Disbursed during the year		2,682	1,775
Repayments during the year		(1,038)	(3,669)
Closing		<u>6,407</u>	<u>4,763</u>

### 10. TAX REFUND DUE FROM GOVERNMENT

Income tax refundable		126,647	94,809
Sales tax refundable		2,989	2,989
Excise duty receivable	10.1 & 10.2	189,467	189,467
		<u>319,103</u>	<u>287,265</u>

10.1 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 15 February 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 & 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.

10.2 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 Honourable Sindh High Court which was rejected vide order dated 29 May 2007. The Company then filed a petition in Honourable 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 suite 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.

## Notes to the Financial Statements

For the year ended 30<sup>th</sup> June 2016

### 11. CASH AND BANK BALANCES

	Note	2016 (Rupees in '000)	2015
Cash in hand		657	440
Cash with banks:			
- In current accounts		5,929	46,665
- In savings accounts	11.1	897	162
- Term deposits	11.2	7,500	-
		<u>14,983</u>	<u>47,267</u>

11.1 These accounts are maintained under profit and loss sharing arrangements with Islamic banks at rates ranging from 2.5% - 3% (2015: 4% - 7%) per annum.

11.2 This includes Islamic savings certificate with a local bank and carries profit at declared rate of 4.5%. The certificate has been placed on lien for obtaining bank guarantee and will mature in May 2017.

### 12. ISSUED, SUBSCRIBED AND PAID UP CAPITAL

2016 (Number of Shares)	2015	Note	2016 (Rupees in '000)	2015
353,510,380	353,510,380	Fully paid ordinary shares of		
840,000	840,000	Rs. 10 each issued:		
11,339,588	11,339,588	For cash	3,535,104	3,535,104
365,689,968	365,689,968	For consideration other than cash	8,400	8,400
		Bonus shares	113,396	113,396
			<u>3,656,900</u>	<u>3,656,900</u>

12.1 Shares held by the associated undertakings as at the balance sheet date were 246,654,545 (2015: 262,843,575).

12.2 During the year ended 30 June 2014, the Company filed a petition with the High Court to confirm reduction of its share capital to the extent of 50%, however, during the current year the said petition was withdrawn by the Company under the authority of a special resolution passed by the members of the Company in an Extraordinary General Meeting held on 28 November 2015.

### 13. LONG TERM FINANCING AND DEFERRED ACCRUED MARK-UP

	Note	2016 (Rupees in '000)	2015
<b>13.1 Long term financing</b>			
Principal amount		360,000	610,000
Less: Current maturity shown under current liabilities		-	(250,000)
	13.3 & 13.4	<u>360,000</u>	<u>360,000</u>
<b>13.2 Deferred accrued markup</b>			
Gross amount		760,732	1,014,309
Less: Winding up of discount as at 30 June		(102,546)	(223,804)
Deferred accrued markup as at 30 June		658,186	790,505
Current maturity shown under current liabilities		(507,154)	(245,108)
Present value of deferred accrued markup	13.3 & 13.4	<u>151,032</u>	<u>545,397</u>

13.3 This represents syndicated term finance facility and deferred markup on it, 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. 23 December 2013 to 23 December 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 will then be paid in four (4) half yearly instalments commencing from 23 June 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, the Company has paid Rs. 250 million as principal repayment and Rs. 253 million as deferred markup during the year, whereas principal instalments aggregating Rs. 360 million have been deferred as follows:

- Rs. 250 million falling due on 23 December 2014 will be repaid on 23 June 2018.
- Rs. 110 million out of Rs. 350 million falling due on 23 June 2015 will be repaid on 23 December 2018.

As per the restructuring agreement, deferred markup outstanding as at 30 June 2016 is payable in 3 equal half yearly installments of Rs. 253.58 million each from December 2016 to December 2017.

## Notes to the Financial Statements

For the year ended 30<sup>th</sup> June 2016

The outstanding principal other than deferred principal will be paid as per the existing repayment terms. The loan is secured by way of mortgage over property and hypothecation over assets aggregating to Rs. 3.33 billion.

- 13.4 The facility contains a covenant that Company can not pay dividend to its shareholders until it is upto date to its debt obligation including mark-up payments to syndicate.

	2016	2015
	(Rupees in '000)	
<b>14. LOAN FROM RELATED PARTIES - UNSECURED</b>		
Opening balance	1,515,500	1,325,500
Loan amount received	-	130,000
Transferred from short term borrowings	-	60,000
Outstanding sponsors' loan	1,515,500	1,515,500
Winding up of discount opening	(346,445)	(152,510)
Gain on de recognition during the year	(333,792)	(274,242)
Gain on initial recognition during the year	-	(35,011)
Unwinding of discount during the year	73,629	115,318
Winding up of discount closing	(606,608)	(346,445)
<b>Closing balance at fair value</b>	<b>908,892</b>	<b>1,169,055</b>

- 14.1 This represents mark-up free long term loan of Rs. 1,515.5 million (2015: Rs. 1,515.5 million) obtained from related parties, recorded at present value at mark-up rate of 6 months KIBOR plus 1.75% (2015: 6 months KIBOR plus 1.75%). Had the loan been obtained at fair mark-up rate of 6 months KIBOR plus 1.75%, net profit would have been lower by Rs. 248 million (2015: Rs. 236 million), long term liabilities would have been higher by Rs. 607 million (2015: Rs. 346 million), equity would have been lower by Rs. 716 million (2015: Rs. 468 million) whereas net cash flows for the year would have been lower by Rs. 133 million (2015: Rs. 181 million).

- 14.2 On 1 July 2015, the management entered into a restructuring agreement in respect of loan the related party amounting to Rs. 1,455.5 million. As per revised terms, the repayment date of the loan has been deferred from 2 June 2018 to 15 July 2022.

The said restructuring resulted in substantial modification of financing terms, accordingly the previous liability has been extinguished and new liability has been recognised at fair value. The difference between the carrying amount of the liability extinguished and the fair value of new liability has been recognised in the profit and loss account which is being amortised on effective interest rate over the remaining tenor of the loan.

### 15. DEFERRED TAXATION

	2016	2015
	(Rupees in '000)	
Deferred tax (asset) / liability comprises of temporary differences as follows:		
<b>Deductible temporary differences</b>		
Deferred liability - provision for gratuity	(9,732)	(7,714)
Provision for stores and spares	(2,839)	(2,636)
Provision for leave encashment	(2,734)	(2,450)
Carry forward tax losses	(174,681)	(379,995)
	(189,986)	(392,795)
<b>Taxable temporary differences</b>		
Accelerated tax depreciation	673,461	598,009
	483,475	205,214

#### 15.1 Movement of deferred tax (asset) / liability

	2016			
	Balance at 1 July 2015	Recognized in profit and loss	Recognized in other comprehensive income	Balance at 30 June 2016
	(Rupees in '000)			
<b>Deductible temporary differences</b>				
Deferred liability - provision for gratuity	(7,714)	(1,898)	(120)	(9,732)
Provision for stores and spares	(2,636)	(203)	-	(2,839)
Provision for leave encashment	(2,450)	(284)	-	(2,734)
Carry forward tax losses	(379,995)	205,314	-	(174,681)
	(392,795)	202,929	(120)	(189,986)
<b>Taxable temporary differences</b>				
Accelerated tax depreciation	598,009	75,452	-	673,461
	205,214	278,381	(120)	483,475

## Notes to the Financial Statements

For the year ended 30<sup>th</sup> June 2016

	2015			Balance at 30 June 2015
	Balance at 1 July 2014	Recognized in profit and loss	Recognized in other comprehensive income	
	(Rupees in '000)			
<b>Deductible temporary differences</b>				
Deferred liability - provision for gratuity	(7,545)	(119)	(50)	(7,714)
Provision for stores and spares	(3,076)	440	-	(2,636)
Provision for leave encashment	(2,595)	145	-	(2,450)
Carry forward tax losses	(593,913)	213,918	-	(379,995)
Recognition of liability	(34,696)	34,696	-	-
	<u>(641,825)</u>	<u>249,080</u>	<u>(50)</u>	<u>(392,795)</u>
<b>Taxable temporary differences</b>				
Accelerated tax depreciation	669,810	(71,801)	-	598,009
	<u>27,985</u>	<u>177,279</u>	<u>(50)</u>	<u>205,214</u>
		<i>Note</i>	<b>2016</b>	2015
<b>16. DEFERRED LIABILITIES</b>			<b>(Rupees in '000)</b>	
Provision for employees gratuity		16.2	<u>46,341</u>	<u>39,559</u>
<b>16.1 Number of employees under the scheme</b>				
The number of employees covered under scheme are:			<u>266</u>	<u>276</u>
<b>16.2</b> The amounts recognised in these financial statements, based on the actuarial valuation carried out by Nauman Associates as at 30 June are as follows:				
<b>a) Significant actuarial assumptions</b>			<b>2016</b>	2015
<b>Financial assumptions</b>				
Discount rate			<u>7.25%</u>	9.75%
Expected rate of eligible salary increase in future years			<u>6.25%</u>	8.75%
Average expected remaining working life time of employees			<u>11 Years</u>	11 Years
<b>Demographic assumptions</b>				
Mortality rate			<b>SLIC 2001-2005</b>	SLIC 2001-2005
Withdrawal rate			<b>Moderate</b>	Moderate
Retirement assumption			<b>Age 60</b>	Age 60
<b>b) Reconciliation of balance due to defined benefit plan</b>			<b>2016</b>	2015
			<b>(Rupees in '000)</b>	
Present value of defined benefit obligation			<u>54,591</u>	43,060
Fair value of plan assets			<u>(8,250)</u>	(3,501)
			<u>46,341</u>	<u>39,559</u>
<b>c) Movement of the liability recognized in the balance sheet</b>				
Liability recognised in the balance sheet as at 1 July			<u>39,559</u>	33,164
Charge for the year			<u>15,011</u>	14,840
Remeasurements chargeable in other comprehensive income			<u>571</u>	255
Contribution during the year			<u>(8,800)</u>	(8,700)
Liability recognised in the balance sheet as at 30 June			<u>46,341</u>	<u>39,559</u>

## Notes to the Financial Statements

For the year ended 30<sup>th</sup> June 2016

### d) Change in present value of defined benefits obligations

	2016 (Rupees in '000)	2015
Present value of defined benefits obligation as at 1 July	43,060	36,754
Current service cost for the year	11,583	11,022
Interest cost for the year	3,972	4,353
Benefits paid during the year	(4,636)	(7,808)
Benefits due but not paid	-	-
Remeasurements:		
Actuarial (gains)/losses from changes in demographic assumptions	-	-
Actuarial (gains)/losses from changes in financial assumptions	-	-
Experience adjustments	612	(1,261)
Present value of defined benefits obligation as at 30 June	54,591	43,060

### e) Changes in fair value of plan assets

Fair value of plan assets as at 1 July	3,501	3,590
Contribution during the year	8,800	8,700
Expected return on plan assets	544	535
Benefits paid / discharged during the year	(4,636)	(7,808)
Benefits due but not paid	-	-
Actuarial gain / (loss) on plan assets	41	(1,516)
Fair value of plan assets as at 30 June	8,250	3,501

### f) Expenses recognized in the profit and loss account

Current service cost	11,583	11,022
Interest cost	3,972	4,353
Return on plan assets	(544)	(535)
	15,011	14,840

### g) Remeasurements chargeable in other comprehensive income

Remeasurements:		
Actuarial (gains)/losses from changes in demographic assumptions	-	-
Actuarial (gains)/losses from changes in financial assumptions	-	-
Experience adjustments	612	(1,261)
	612	(1,261)
Return on plan assets, excluding interest income	(41)	1,516
Total Remeasurements Chargeable in Other Comprehensive Income	571	255

h) Expected charge for the year ending 30 June 2017 as per actuary report is Rs. 15.404 million.

### i) Plan assets as at 30 June 2016 comprise:

	Amount (Rupees in '000)	Percentage
Cash and / or deposits	1,224	14.84%
Other	7,026	85.16%
	8,250	100%

### j) Sensitivity analysis

#### Discount rate effect

##### Original liability

	Present value obligation	Rate effect
1% increase	54,591	7.25%
1% decrease	50,898	8.25%
	58,897	6.25%

#### Salary increase rate effect

##### Original liability

1% increase	54,591	6.25%
1% decrease	58,964	7.25%
	50,772	5.25%

#### Maturity profile

The average duration of defined benefit obligation is 7 years.

## Notes to the Financial Statements

For the year ended 30<sup>th</sup> June 2016

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

	2015-16	2014-15	2013-14	2012-13	2011-12
	(Rupees in '000)				
Present value of defined obligations	54,591	43,060	(36,756)	(31,406)	(26,007)
Fair value of plan assets	(8,250)	(3,501)	3,592	596	83
Deficit	46,341	39,559	(33,164)	(30,810)	(25,924)

### l) Experience adjustments

Experience adjustment arising on plan liabilities	612	(1,261)	(171)	(2,350)	(249)
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### m) The charge for the year has been allocated as follows:

	Note	2016	2015
		(Rupees in '000)	
Cost of sales	22	11,586	11,781
Distribution cost	23	2,503	1,821
Administrative expenses	24	922	1,238
		15,011	14,840

### 17. TRADE AND OTHER PAYABLES

Trade creditors		216,165	182,485
Bills payable		158,494	228,282
Accrued liabilities		70,911	4,350
Royalty payable		782	-
Excise duty payable		2,909	7,511
Advances from customers		34,876	47,166
Retention money payable		1,482	1,522
Sales tax and federal excise duty payable		80,469	40,257
Unclaimed dividends		126	126
Withholding tax payable		5,234	3,539
Workers' Welfare Fund		37,854	21,439
Workers' Profit Participation Fund	17.1	99,852	57,612
Leave encashment payable		13,020	12,566
Others		986	1,164
		723,160	608,019

#### 17.1 Workers' Profit Participation Fund

Balance as at 1 July		57,612	25,530
Mark-up on balance payable		4,793	2,305
Allocation for the year		41,334	33,083
		103,739	60,918
Payments made during the year		(3,887)	(3,306)
Balance as at 30 June		99,852	57,612

### 18. MARK-UP ACCRUED

On short term borrowings		5,329	15,655
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### 19. SHORT TERM BORROWINGS

#### From banking companies-secured:

##### Conventional

Running finance	19.1	221,767	261,942
Import / export finances	19.2	92,336	100,000
Foreign currency loan	19.3	44,647	45,355

##### Islamic

Istisna	19.4	250,000	280,000
Tijarah	19.5	100,000	-
		708,750	687,297

## Notes to the Financial Statements

For the year ended 30<sup>th</sup> June 2016

**19.1** This represents short-term running finance facilities from various banks amounting to Rs. 300 million (2015: Rs. 300 million). These carry mark up at the rates ranging between 3 months KIBOR plus 1% to 3 months KIBOR plus 2.5%. (2015: 3 months KIBOR plus 1.50% to 3 months KIBOR plus 2.5%) per annum calculated on daily product basis. Mark-up on these facilities is payable on quarterly basis. These facilities will mature from 1 July 2017 to 30 April 2017 and are renewable. These are secured by first pari passu charge against current / fixed assets of the Company.

The aggregate unavailed amount of aforementioned facilities as at the balance sheet date amounts to Rs. 78.23 million (2015: Rs. 38.058 million).

**19.2** This includes finances available from local banks amounting to Rs. 100 million (2015: Rs. 100 million) and carries markup at matching KIBOR +1.5% (2015: SBP rate +1%). These facilities will mature in September 2016 and are secured by charge over fixed assets excluding land and building of the Company. As at balance sheet date total unavailed of these facilities amounts to Rs. 7.66 million.

**19.3** This represents FE 25 facility from a bank amounting to Rs. 50 million (2015: Rs.50 million). The amount is repayable in 180 days from the date of disbursement and carries mark-up at the rates ranging between 3.1% to 4.5%. The facility is secured by first pari passu charge against present and future fixed assets of the Company excluding land and building of the Company. Total unavailed amount of this facility as at balance sheet date amounts to Rs. 5.35 million.

**19.4** This represents facilities amounting to Rs. 600 million (2015: 280 million) repayable with a maximum tenure of 180 days from the date of disbursement. It carries profit at the rates ranging from KIBOR plus 1.75% to KIBOR plus 3.75% (2015: KIBOR plus 1.75% to KIBOR plus 3%). These facilities will mature from November 2016 and are renewable. As at balance sheet date unavailed amount under these facilities amount to Rs. 350 million. These are secured by first pari passu charge over stocks and receivables of the Company and lien over import documents.

**19.5** This represents finance availed from a local bank amounting to Rs. 100 million with tenure of upto 60 days. It carries profit at 3 months KIBOR plus 2%. The facility is under Shariah arrangement and is secured by charge over current assets of the Company.

**19.6** The Company also has unfunded facilities from various banks amounting to Rs. 800 million.

## 20. CONTINGENCIES AND COMMITMENTS

### 20.1 Contingencies

**20.1.1** The Company received an order from Central Excise and Land Custom on 28 October 1992 alleging that the Sales tax and CED amounting to Rs. 15.210 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 Honourable High Court of Sindh has granted the 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.

**20.1.2** 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 Lahore High Court 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 and Lahore High Court against the Order of the CCP dated 27 August 2009. The petition filed by the Company and other cement manufacturers before the Lahore High Court are pending for adjudication meanwhile order passed by the Lahore High Court 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 statement.

**20.1.3** 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. The Honourable Judge has decided the order in favour of the customer. Thereafter, the Company filed a revision application against the order before the Sindh High Court. 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.

**20.1.4** Section 113(2)(c) was interpreted by a Divisional Bench of the Sindh High Court (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 current and previous years amounting to Rs. 70.814 million 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 view of above, 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.

## Notes to the Financial Statements

For the year ended 30<sup>th</sup> June 2016

- 20.1.5** 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 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 & 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.

- 20.1.6** 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. Deputy Commissioner Inland Revenue (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. 106.467 million. The management of the Company filed an appeal with DCIR 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 DCIR on 17 March 2015 and reference petition was filed with Honourable High Court of Sindh requesting a stay from an legal action on the impugned order dated 26 February 2015, against which stay was granted to the Company by the Honourable High Court of Sindh on 2 April 2015. Management of the Company is confident that the outcome of the case will be in favour of the Company.

- 20.1.7** 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. Subsequent to year end, 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 company filed an appeal with DCIR 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 has been decided in favour of the Company vide order no. 17 of 2015 issued by Commissioner Inland Revenue (Appeals), however an appeal has been referred against the same by CIR in Appellate Tribunal.

- 20.1.8** Deputy Commissioner Inland Revenue (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 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 which has been fixed for hearing.

- 20.1.9** 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 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.

- 20.1.10** For other contingencies, refer note 10.1 and 10.2.

### 20.2 Commitments

Note	2016	2015
	(Rupees in '000)	
Commitment against open letter of credit for:		
- Coal	110,754	105,778
- Stores and spares	359,250	33,718
	<u>470,004</u>	139,496
Commitment against letter of guarantees	10,500	1,500
Other commitments		
- Ijarah rentals	47	1,259
- Intangibles	1,092	-
	<u>481,643</u>	<u>142,255</u>

## Notes to the Financial Statements

For the year ended 30<sup>th</sup> June 2016

	Note	2016	2015
(Rupees in '000)			
<b>21. SALES - NET</b>			
Local		5,121,266	4,530,641
Export		135,488	262,043
		<u>5,256,754</u>	<u>4,792,684</u>
Less :			
Sales tax		(861,526)	(744,790)
Federal excise duty		(250,773)	(216,825)
		<u>(1,112,299)</u>	<u>(961,615)</u>
		<u>4,144,455</u>	<u>3,831,069</u>
<b>22. COST OF SALES</b>			
Salaries, wages and other benefits including retirement benefits	22.1	241,694	223,570
Raw materials consumed	22.2	353,178	219,215
Packing material consumed	22.3	236,381	229,134
Stores, spares and loose tools		153,168	163,982
Fuel and power		1,863,588	1,956,910
Insurance		8,508	7,961
Repairs and maintenance		71,478	54,921
Depreciation	4.2	98,529	96,481
Other production overheads		32,021	31,742
		<u>3,058,545</u>	<u>2,983,916</u>
<b>Work in process</b>			
Opening		175,962	67,732
Closing	7	(31,973)	(175,962)
		<u>143,989</u>	<u>(108,230)</u>
<b>Cost of goods manufactured</b>		<u>3,202,534</u>	<u>2,875,686</u>
<b>Finished goods</b>			
Opening		42,187	26,430
Closing	7	(47,241)	(42,187)
		<u>(5,054)</u>	<u>(15,757)</u>
		<u>3,197,480</u>	<u>2,859,929</u>
<b>22.1</b> It includes Rs. 11.586 million against staff retirement benefits (2015: Rs. 11.781 million).			
<b>22.2 Raw materials consumed</b>			
	Note	2016	2015
(Rupees in '000)			
Opening stock of raw material		8,621	33,306
Purchases		375,414	194,530
		<u>384,035</u>	<u>227,836</u>
Closing stock of raw material	7	(30,857)	(8,621)
		<u>353,178</u>	<u>219,215</u>
<b>22.3 Packing materials consumed</b>			
Opening stock of packing material		58,205	49,834
Purchases		233,326	237,505
		<u>291,531</u>	<u>287,339</u>
Closing stock of packing material	7	(55,150)	(58,205)
		<u>236,381</u>	<u>229,134</u>
<b>23. DISTRIBUTION COST</b>			
Salaries, wages and other benefits including retirement benefits	23.1	27,115	23,488
Export expenses		42,400	64,449
Travelling and conveyance		-	73
Depreciation	4.2	2,472	2,724
Marking fee		2,940	2,874
Incentives and commission on local sales		28,040	84,480
Others		3,537	3,509
		<u>106,504</u>	<u>181,597</u>

## Notes to the Financial Statements

For the year ended 30<sup>th</sup> June 2016

23.1 It includes Rs. 2.503 million against staff retirement benefits (2015: Rs. 1.821 million).

	Note	2016 (Rupees in '000)	2015
<b>24. ADMINISTRATIVE EXPENSES</b>			
Salaries, wages and other benefits including retirement benefits	24.1	17,988	16,228
Travelling and conveyance		478	154
Printing and stationery		2,228	2,218
Repair and maintenance		2,027	2,163
Legal and professional charges		746	2,639
Auditors' remuneration	24.2	1,087	1,065
Rent, rates and taxes		5,421	5,108
Advertisement		7,659	3,316
Postage, telephone and telegram		2,106	2,124
Entertainment		2,169	519
Ijarah payments	24.3	1,213	1,318
Fees and subscription		5,595	2,856
Depreciation	4.2	7,417	8,304
Amortization	5	412	449
Written off advances		-	3,176
Charity and Donation	24.4	1,394	2,521
Miscellaneous		1,588	4,823
		<b>59,528</b>	<b>58,981</b>
<b>24.1</b> It includes Rs. 0.922 million against staff retirement benefits (2015: Rs. 1.238 million).			
<b>24.2 Auditor's remuneration</b>			
Audit fees		600	600
Half yearly review fee		250	250
Fee for review of compliance with Code of Corporate Governance		50	50
Fee for other services		30	30
Out of pocket expenses		157	135
		<b>1,087</b>	<b>1,065</b>
<b>24.3 Ijarah payments</b>			
The Company has entered into Ijarah arrangements with Bank Islami Pakistan Limited for lease of 2 vehicles having monthly rentals for a total period of 4-5 years. Total of future Ijarah payments under the agreement are as follows:			
Not later than one year		47	1,212
Later than one year but not later than five years		-	47
		<b>47</b>	<b>1,259</b>
<b>24.4</b> No directors or their spouses have any interest in any donee's fund to which donation were made.			
<b>25 OTHER OPERATING INCOME</b>			
<i>From financial assets</i>			
Profit on bank deposits	25.1	113	40
<i>From non-financial assets</i>			
Gain on disposal of fixed assets	4.3	643	370
Rebate income		-	967
Scrap sales		2,115	223
Others		150	391
		<b>3,021</b>	<b>1,991</b>
<b>25.1</b> This includes profit received on PLS savings accounts maintained with Islamic banks.			
<b>26 OTHER OPERATING EXPENSES</b>			
Workers' Welfare Fund		16,415	12,572
Exchange loss		12,355	19,124
Workers' Profit Participation Fund		41,334	33,083
		<b>70,104</b>	<b>64,779</b>

## Notes to the Financial Statements

For the year ended 30<sup>th</sup> June 2016

	Note	2016 (Rupees in '000)	2015
<b>27 FINANCE INCOME / (COST) - NET</b>			
Gain on derecognition of financial liability	14	333,792	274,242
Gain on initial recognition of loan from related party	14	-	35,011
<b>Finance income</b>		<b>333,792</b>	<b>309,253</b>
Interest on long term finance and unwinding of accrued deferred mark-up		(151,870)	(175,420)
Unwinding of discount on loan from related party	14	(73,629)	(115,318)
Mark-up on short term borrowings		(37,318)	(57,928)
Mark-up on borrowing from related party		(13,330)	(7,134)
Mark-up on Workers' Profit Participation Fund		(4,793)	(2,305)
Bank charges and commission		(1,940)	(2,917)
<b>Finance cost</b>		<b>(282,880)</b>	<b>(361,022)</b>
		<b>50,912</b>	<b>(51,769)</b>
<b>28 TAXATION</b>			
Current year	28.1	-	-
Prior year		-	4,893
		-	4,893
Deferred		278,381	177,279
		<b>278,381</b>	<b>182,172</b>

**28.1** Tax liability under alternate corporate tax amounting to Rs. 87 million has not been recognized in view of expectation of availability of sufficient future taxable profits resulting in tax liability under normal tax regime in next ten years against which such liability would be adjusted.

**28.2** The tax returns have been filed up to tax year 2015 (corresponding to financial year ended 30 June 2015) which are deemed to be assessed under section 120 of the Income Tax Ordinance, 2001 (Ordinance).

**28.3** For contingencies relating to taxation, refer note 20.1.9.

### 28.4 Effective tax rate reconciliation

Numerical reconciliation between the average tax rate and the applicable tax rate has not been presented as the Company is subject to the provisions of minimum tax under Section 113 of the Income Tax Ordinance, 2001 (Ordinance) and alternate corporate tax under section 113 C of the Ordinance.

## 29. EARNINGS PER SHARE - BASIC AND DILUTED

	2016 (Rupees in '000)	2015
Profit after taxation	486,391	433,833
	(Number)	
Weighted average number of ordinary shares	365,689,968	365,689,968
	(Rupees)	
Earnings per share in rupees - basic and diluted	1.33	1.19

**29.1** 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.

## 30. OPERATING SEGMENTS

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

**30.2** Revenue from sale of cement represents 100% (2015: 100%) of the total revenue of the Company.

**30.3** 96.7% (2015: 93%) sales of the Company relates to customers in Pakistan.

**30.4** All non-current assets of the Company at 30 June 2016 are located in Pakistan.

## 31. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Board of Directors of the Company has 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:

## Notes to the Financial Statements

For the year ended 30<sup>th</sup> June 2016

- Credit risk
- Liquidity risk
- Market risk

### 31.1 Credit risk

Credit risk is the risk that one party to the financial instruments will fail to discharge an obligation and cause the other party to incur a financial loss. The Company believes that it is not exposed to major concentration of credit risk. However, to reduce exposure to credit risk, if any, the management monitors the credit exposure towards the customers and makes provisions against those balances considered doubtful of recovery.

#### Management of credit risk

The Company's policy is to enter into financial contracts in accordance with the guidelines set by the Board of Directors. The Company is not materially exposed to credit risk as its majority sales are on advance payment basis.

Credit risk is managed and controlled by the management of the Company in the following manner:

- Credit rating and / or credit worthiness is taken into account along with the financial background so as to minimize the risk of default.
- Cash is held with reputable banks only.

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

	2016 (Rupees in '000)	2015
Long term deposits	19,635	19,635
Trade debts	271,667	259,722
Advances and other receivables	165,516	52,852
Trade deposits	9,005	7,256
Bank balances	14,326	46,827
	<u>480,149</u>	<u>386,292</u>

31.1.1 The maximum exposure to credit risk for trade debt at the balance sheet date by geographic region was as follows:

	2016 (Rupees in '000)	2015
Domestic (Pakistan)	268,458	250,450
Exports	3,209	9,272
	<u>271,667</u>	<u>259,722</u>

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

	2016 (Rupees in '000)	2015
Dealer / distributor	110,805	73,091
End-user customers / exports	160,862	186,631
	<u>271,667</u>	<u>259,722</u>

#### 31.1.3 Impairment losses

The aging of trade debtors at the balance sheet date was:

	2016		2015	
	Gross (Rupees in '000)	Impairment	Gross	Impairment
Not past due	136,483	-	149,893	-
Past due 1-60 days	42,850	-	45,070	-
Past due 61 days -1 year	88,768	-	63,377	-
More than one year	3,566	-	1,382	-
	<u>271,667</u>	<u>-</u>	<u>259,722</u>	<u>-</u>

31.1.4 Based on the past experience, consideration of financial position, past track records and recoveries, the Company believes that trade debts past due do not require any impairment.



## Notes to the Financial Statements

For the year ended 30<sup>th</sup> June 2016

### 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, Company regularly avails foreign currency loans which also exposes it to the currency risk.

Company's exposure to foreign currency risk is as follows:

	2016		2015	
	(Rupees in '000)	(US Dollars in'000)	(Rupees in '000)	(US Dollars in'000)
Trade debts	3,155	30	-	-
Bills payable	(158,494)	(1,558)	(228,282)	(2,245)
Foreign currency loan	(44,647)	425	45,355	446
<b>Gross exposure</b>	<b>(199,986)</b>	<b>(1,103)</b>	<b>(182,927)</b>	<b>(1,799)</b>

Above net exposure is payable by the Company in Rupees at the rate on which these are settled by the Company. Currently, the Company does not obtain forward cover against the gross exposure.

	Average rates		Balance sheet date rate	
	2016	2015	2016	2015
US Dollars	104.37	101.68	104.83	101.70

### 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 and loss account by an amount shown in 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 2015.

	2016 (Rupees in '000)	2015 (Rupees in '000)
Effect on profit or loss on 10% weakening of Rupee	(11,566)	(18,293)
Effect on profit or loss on 10% strengthening of Rupee	11,566	18,293

### 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 balance sheet date the interest rate profile of the Company's interest-bearing financial instruments was as follows:

	Carrying amount	
	2016	2015
<i>Fixed rate instruments</i>		
<b>Financial assets</b>		
- Bank balances	897	162
<i>Variable rate instruments</i>		
<b>Financial assets</b>		
- Bank balances	7,500	-
<b>Financial liabilities</b>		
- Short term borrowings	708,750	687,297
- Long term financing	360,000	610,000
	<b>1,061,250</b>	<b>1,297,297</b>

### 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 profit and loss account.

### Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at the reporting date would have net increased or (net decreased) the profit or loss of the Company as at 30 June 2016 by Rs. 10.603 million (2015: Rs. 12.971 million). This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

## Notes to the Financial Statements

For the year ended 30<sup>th</sup> June 2016

- c) A summary of the Company's interest rate gap position, categorised by the earlier of contractual re-pricing or maturity dates at the end of year is as follows:

	30th June 2016				Total
	Mark-up / return (%)	less than 6 month	6 months to 1 year	More than 1 year	
----- (Rupees in '000) -----					
<b>Assets</b>					
Bank balance	2.5% - 4.5%	897	7,500	-	8,397
<b>Total assets</b>		<b>897</b>	<b>7,500</b>	<b>-</b>	<b>8,397</b>
<b>Liabilities</b>					
Short term borrowings	4.5% to 11.04%	708,750	-	-	708,750
Long term loan	8.68% - 7.81%	360,000	-	-	360,000
<b>Total liabilities</b>		<b>1,068,750</b>	<b>-</b>	<b>-</b>	<b>1,068,750</b>
<b>On-balance sheet gap</b>		<b>(1,067,853)</b>	<b>7,500</b>	<b>-</b>	<b>(1,060,353)</b>
<b>Total interest risk sensitivity gap</b>		<b>(1,067,853)</b>	<b>(1,060,353)</b>	<b>(1,060,353)</b>	<b>(1,060,353)</b>
----- (Rupees in '000) -----					
30th June 2015					
	Mark-up / return (%)	less than 6 month	6 months to 1 year	More than 1 year	Total
----- (Rupees in '000) -----					
<b>Assets</b>					
Bank balance	4% - 7%	162	-	-	162
<b>Total assets</b>		<b>162</b>	<b>-</b>	<b>-</b>	<b>162</b>
<b>Liabilities</b>					
Short term borrowings	5% - 12.01%	687,297	-	-	687,297
Long term financing	8.68% - 11.92%	610,000	-	-	610,000
<b>Total liabilities</b>		<b>1,297,297</b>	<b>-</b>	<b>-</b>	<b>1,297,297</b>
<b>On-balance sheet gap</b>		<b>(1,297,135)</b>	<b>-</b>	<b>-</b>	<b>(1,297,135)</b>
<b>Total interest risk sensitivity gap</b>		<b>(1,297,135)</b>	<b>(1,297,135)</b>	<b>(1,297,135)</b>	<b>(1,297,135)</b>

### 31.4 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.

## 32. FAIR VALUE OF FINANCIAL INSTRUMENTS

- 32.1** 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 2016 and 30 June 2015, there were no financial instruments which were measured at fair values in the financial statements.

## Notes to the Financial Statements

For the year ended 30<sup>th</sup> June 2016

**32.2** The table below analyses financial instruments measured at the end of the reporting period by the level in the fair value hierarchy into which the fair value measurement is categorised:

		As at 30th June 2016									
		Carrying value					Fair value				
		Held for trading	Available for sale	Loans and receivables	Other financial assets	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
<i>Note</i>		(Rupees in '000)									
<b>Financial assets not measured at fair value</b>											
Long term deposits		-	-	19,635	-	-	19,635	-	-	-	-
Trade debts	32.3	-	-	271,667	-	-	271,667	-	-	-	-
Advances and other receivables	32.3	-	-	295,812	-	-	295,812	-	-	-	-
Trade deposits and prepayments	32.3	-	-	9,005	-	-	9,005	-	-	-	-
Tax refunds due from government	32.3	-	-	319,103	-	-	319,103	-	-	-	-
Cash and bank balances	32.3	-	-	14,983	-	-	14,983	-	-	-	-
		-	-	930,205	-	-	930,205	-	-	-	-
<b>Financial liabilities not measured at fair value</b>											
Long-term financing	32.3	-	-	-	-	360,000	360,000	-	-	-	-
Deferred accrued markup	32.3	-	-	-	-	658,186	658,186	-	-	-	-
Loan from related parties	32.3	-	-	-	-	908,892	908,892	-	-	-	-
Loan from previous sponsors	32.3	-	-	-	-	735	735	-	-	-	-
Trade and other payables	32.3	-	-	-	-	723,160	723,160	-	-	-	-
Mark-up accrued	32.3	-	-	-	-	5,329	5,329	-	-	-	-
Short-term borrowings	32.3	-	-	-	-	708,750	708,750	-	-	-	-
		-	-	-	-	3,365,052	3,365,052	-	-	-	-
		As at 30th June 2015									
		Carrying value					Fair value				
		Held for trading	Available for sale	Loans and receivables	Other financial assets	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
<i>Note</i>		(Rupees in '000)									
<b>Financial assets not measured at fair value</b>											
Long term deposits		-	-	19,635	-	-	19,635	-	-	-	-
Trade debts	32.3	-	-	259,722	-	-	259,722	-	-	-	-
Advances and other receivables	32.3	-	-	96,306	-	-	96,306	-	-	-	-
Trade deposits and prepayments	32.3	-	-	7,256	-	-	7,256	-	-	-	-
Tax refunds due from government	32.3	-	-	287,265	-	-	287,265	-	-	-	-
Cash and bank balances	32.3	-	-	47,267	-	-	47,267	-	-	-	-
		-	-	717,451	-	-	717,451	-	-	-	-
<b>Financial liabilities not measured at fair value</b>											
Long-term financing	32.3	-	-	-	-	610,000	610,000	-	-	-	-
Deferred accrued markup	32.3	-	-	-	-	790,505	790,505	-	-	-	-
Loan from related parties	32.3	-	-	-	-	1,169,055	1,169,055	-	-	-	-
Loan from previous sponsors	32.3	-	-	-	-	735	735	-	-	-	-
Trade and other payables	32.3	-	-	-	-	608,019	608,019	-	-	-	-
Mark-up accrued	32.3	-	-	-	-	15,655	15,655	-	-	-	-
Short-term borrowings	32.3	-	-	-	-	687,297	687,297	-	-	-	-
		-	-	-	-	3,881,266	3,881,266	-	-	-	-

**32.3** These financial assets and liabilities are for short term or repriced over short term. Therefore their carrying amounts are reasonable approximation of fair value.

## Notes to the Financial Statements

For the year ended 30<sup>th</sup> June 2016

### 33. CASH GENERATED FROM OPERATIONS

	Note	2016 (Rupees in '000)	2015
Profit before taxation		764,772	616,005
<b>Adjustment for:</b>			
Depreciation	4.2	108,418	107,509
Amortization	5	412	449
Finance cost on short term borrowings	27	57,381	70,284
Finance cost on unwinding of discount on related parties	27	73,629	115,318
Interest on long term finance and unwinding of deferred accrued mark-up	27	151,870	175,420
Exchange loss on bills payable	26	12,355	19,124
Gain on disposal of fixed assets	4.3	(643)	(370)
Gain on derecognition of financial liability	27	(333,792)	(274,242)
Gain on initial recognition of financial liability		-	(35,011)
Provision for gratuity	16.2	15,011	14,840
		<u>84,641</u>	<u>193,321</u>
<b>Operating profit before working capital changes</b>		<b>849,413</b>	<b>809,326</b>
<b>(Increase) / decrease in current assets</b>			
Stores, spares and loose tools		(131,169)	80,134
Stock-in-trade		119,754	(107,673)
Trade debts		(11,945)	(116,684)
Advances and other receivables		(118,522)	43,824
Trade deposits		(1,749)	562
		<u>(143,631)</u>	<u>(99,837)</u>
Increase / (decrease) in trade and other payables		102,786	(346,546)
<b>Net cash generated from operations</b>		<b>808,568</b>	<b>362,943</b>

### 34. CASH AND CASH EQUIVALENTS

Cash and bank balances (excluding term deposits)	7,483	47,267
Short term borrowings	(708,750)	(687,297)
	<u>(701,267)</u>	<u>(640,030)</u>

### 35. CAPACITY (Clinker)

Installed capacity (M.Tons)	900,000	900,000
Actual production (M.Tons)	509,685	553,063

35.1 Production capacity utilization is 57% (2015: 61%) of total installed capacity.

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

### 36. TRANSACTIONS AND BALANCES WITH RELATED PARTIES

The related parties comprise of associated undertakings, other related group companies and persons, 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 at arms' length terms except for interest free loan from related party as disclosed in note 14. 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:

#### Transactions with related parties

	2016 (Rupees in '000)	2015
<b>Aisha Steel Mills Limited</b>		
- Sale of goods	51	-
- Payment received	44	-
<b>Safe Mix Concrete Products Limited</b>		
- Sale of goods	95,653	49,897
- Payment received	83,460	45,933
<b>Javedan Corporation Limited</b>		
- Sale of goods	69,723	18,211
- Payment received	60,167	18,110

## Notes to the Financial Statements

For the year ended 30<sup>th</sup> June 2016

	2016 (Rupees in '000)	2015
<b>Rotocast Engineering Company (Private) Limited</b>		
- Services received	4,607	3,936
- Payments made	4,488	-
- Loan received	100,000	-
- Loan repaid	100,000	-
- Mark-up accrued during the year	1,127	-
- Mark-up paid	1,127	-
<b>Arif Habib Corporation Limited</b>		
- Loan received	400,000	260,000
- Loan repaid	400,000	270,000
- Mark-up accrued during the year	13,396	6,989
- Mark-up paid	13,329	7,208
<b>Summit Bank Limited*</b>		
- Loan received	75,000	200,000
- Loan repaid	175,000	200,000
- Mark-up accrued during the period	2,472	6,448
- Mark-up paid	3,850	6,468
<b>EFU Life Assurance Limited</b>		
- Services received	1,550	-
- Payments made	1,550	-
<b>Sponsors / Directors</b>		
- Loan received	60,000	605,000
- Loan repaid	60,000	415,000
<b>Staff retirement benefit funds</b>		
- Charge during the year	15,011	14,840
- Contribution during the year	(8,800)	(8,700)
<b>Balances with related parties</b>		
<b>Aisha Steel Mills Limited</b>		
- Trade receivable	172	165
<b>Rotocast Engineering Company (Private) Limited</b>		
- Rent payable	482	363
<b>Javedan Corporation Limited</b>		
- Trade receivable	16,929	7,374
- Trade payable	375	375
<b>Safe Mix Concrete Products Limited</b>		
- Trade receivable	24,194	12,001
<b>Arif Habib Corporation Limited</b>		
- Loan payable	67	-
<b>Summit Bank Limited*</b>		
- Loan payable	-	100,000
- Mark-up payable	-	1,381
<b>Sponsors / Directors</b>		
- Loan payable	1,515,500	1,515,500
<b>Staff retirement benefit funds</b>		
- Payable to gratuity fund	46,341	39,559

\* Summit Bank Limited ceased to be the related party from January 2016.

## Notes to the Financial Statements

For the year ended 30<sup>th</sup> June 2016

### 36.1 Remuneration of Chief Executive, Directors and Executives

Note	2016			2015		
	Chief Executive	Director	Executives	Chief Executive	Director	Executives
	(Rupees in '000)					
Managerial remuneration	-	-	95,399	-	-	73,285
Retirement benefits	-	-	7,950	-	-	6,107
	-	-	103,349	-	-	79,392
	(Number)					
Number of key executives	1	6	69	1	6	53
Number of non-executive directors	-	6	-	-	6	-

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. 0.5 million in a financial year. The chief executive and certain executives of the Company are provided with free use of cars.

36.2 The remuneration of chief executive is being borne by Arif Habib Corporation, since October 2014.

### 37. CORRESPONDING FIGURES

Corresponding figures have been rearranged and reclassified for the purposes of comparison and better presentation as follows:

Reclassification from component	Reclassification to component	2015 (Rupees in '000)
Long-term financing	Deferred accrued markup	545,397
Current portion of long term financing	Current portion of deferred accrued markup	245,108

### 38. NUMBER OF EMPLOYEES

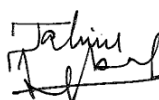
The total number of permanent employees as at year end were 278 (2015: 282) and average number of employees were 280 (2015: 278).

### 39. DATE OF AUTHORIZATION FOR ISSUE

These financial information has been authorized for issue on **30th August 2016** by the Board of Directors.

  
CHIEF EXECUTIVE

  
DIRECTOR

  
CHIEF FINANCIAL OFFICER

## ڈائریکٹرز رپورٹ

ڈائریکٹرز، CEO، CFO، کمپنی سیکریٹری اور ان کی بیوی اور بچوں کی جانب سے فروخت کردہ حصص کی تفصیلات درج ذیل ہیں:

کیم جولائی 2015ء سے 30 جون 2016ء:

نام	عہدہ	تفہ کے توسط سے وصول کردہ حصص	فروخت کردہ حصص
سید سلمان راشد	ڈائریکٹر	12,018,545	
سید سعد سلمان	سید سلمان راشد کے بیٹے		7,018,545
ریحانہ سلمان	سید سلمان راشد کی بیوی		5,000,000

## ڈائریکٹرز رپورٹ

### پلانٹ کی توسیع:

کمپنی کے بورڈ آف ڈائریکٹرز نے اپنی پیداوار کی سہولیات 5,000 ٹن سے بڑھا کر 8,000 ٹن یومیہ کرنے کی تجویز کو منظور کیا ہے اور انتظامیہ نے اس بات کا اختیار دیا ہے کہ مشینری ترسیل کنندگان کے ساتھ جلد از جلد معاہدہ کیا جائے۔

### قومی خزانے کی تقسیم:

کمپنی نے گورنمنٹ کے خزانے میں ٹیکس، ایکسائز ڈیوٹی، انکم ٹیکس اور سیلز ٹیکس کی مد میں مبلغ 1.1 بلین پاکستانی روپے (2015: 1.0 بلین پاکستانی روپے) شامل کیئے ہیں۔

### کارپوریٹ سماجی ذمہ داریاں:

اس سال کے دوران کمپنی نے مختلف ٹرسٹ، خیراتی اداروں اور ویلفیئر اداروں کو عطیہ کے طور پر مبلغ 1.36 بلین پاکستانی روپے (2015: 2.52 بلین پاکستانی روپے) دیئے ہیں۔

### ایکسٹرنل آڈیٹرز کی تقرری:

آڈیٹرز میسرز KPMG ٹاٹا شیر ہادی اینڈ کمپنی، چارٹرڈ اکاؤنٹینٹس جو کہ ریٹائر ہوئے اور اب انہوں نے دوبارہ تقرری کیلئے پیشکش کی ہے۔ سالانہ جنرل میٹنگ میں بورڈ آف ڈائریکٹرز نے مالیاتی سال 2016-17ء کے لئے ان کا کمپنی کے آڈیٹرز کے طور پر دوبارہ تقرری کیلئے آڈٹ کمیٹی کی سفارشات کی تصدیق کی ہے۔

### مستقبل کا جائزہ:

ملک کے میکرو اکنامک کے معاملے میں بہتری نظر آرہی ہے، پرائیویٹ سیکٹر ہاؤسنگ اسکیم اور پبلک سیکٹر ڈویلپمنٹ پروگرامز کی جانب سے طلب میں اضافہ ہوا ہے جس کے تحت سیمنٹ کے صنعتکاروں کو یہ موقع فراہم کیا ہے کہ وہ مقامی مارکیٹ میں اپنی توجہ مرکوز کریں۔ چائنا پاکستان اقتصادی کوریڈور (CPEC) کے تحت بڑے ترقیاتی منصوبے اور کم آمدنی کے رہائشی منصوبے نے سیمنٹ کی طلب کو مزید مدد فراہم کی ہے۔ اس کے علاوہ کونلمہ اور بجلی کی قیمتوں میں کمی نے کمپنی کو مستقبل کے متعلق تقویت بخشی ہے۔

### اقرار نامہ:

کمپنی کے ڈائریکٹرز اس موقع پر تمام اسٹیک ہولڈرز کا ان کی حوصلہ افزائی اور تعاون کیلئے شکر یہ ادا کرتے ہیں۔ ہم کمپنی کے تمام اسٹاف اور ہمارے حامل حصص جنہوں نے کمپنی پر بھروسہ اور اعتماد کا اظہار کیا اور محنت اور اخلاص سے کام کیا جس کی بناء پر ہم دل کی گہرائیوں سے انہیں خراج تحسین پیش کرتے ہیں۔

از طرف بورڈ



کاشف اے حبیب

چیف ایگزیکٹو آفیسر

## ڈائریکٹرز رپورٹ

### بورڈ آف ڈائریکٹرز:

زیر نظر سال کے دوران بورڈ آف ڈائریکٹرز کی پانچ میٹنگز کا انعقاد کیا گیا تھا جس میں شرکت کرنے والے ممبران درج ذیل تھے:

ڈائریکٹرز کے نام	بورڈ آف ڈائریکٹرز کی میٹنگ میں شرکت کی تعداد
جناب نسیم بیگ	4
جناب کاشف اے حبیب	5
جناب محمد یحییٰ خان	0
جناب محمد یوسف عادل	3
جناب سید سلمان راشد	4
جناب محمد اعجاز	2
جناب صدیق حبیب	4

ان ڈائریکٹرز کو ان کی میٹنگ میں غیر حاضری کے عوض چھٹی دے دی گئی تھی۔

### ڈویڈنڈ اور بونس:

کمپنی اپنے وعدہ کے مطابق ہمیشہ طویل مدتی رقم کو مقررہ وقت میں ادا کرتی ہے، بورڈ نے یہ فیصلہ کیا ہے کہ 30 جون 2016ء کو ختم ہونے والے سال کیلئے کسی بھی ڈویڈنڈ کا اعلان نہیں کرے گا۔

### آڈیٹرز کا جائزہ:

ایکسٹرنل آڈیٹرز کی رپورٹ میں درج معاملات سے متعلق حالت کی وضاحت درج ذیل ہے:

- ☆ پہلا معاملہ جو کہ ایکسٹرنل آڈیٹرز کے کلیم سے متعلق ہے جس کا فیصلہ ایبیلیٹ ٹریبونل انڈین (ATIR) نے کمپنی کے حق میں کیا ہے۔ ٹیکس ڈیپارٹمنٹ نے محترم ہائی کورٹ سندھ میں ایک اپیل ATIR کے فیصلے کے خلاف داخل کی ہے۔ کمپنی کو یقین ہے کہ اس کیس کا فیصلہ سندھ ہائی کورٹ کمپنی کے حق میں کرے گی۔ متعلقہ تفصیلات مالیاتی حسابات کے نوٹ نمبر 10.1 میں دی گئی ہیں۔
- ☆ دوسرا معاملہ جس کا تعلق کمپنی کے سابقہ شیئر ہولڈرز کے کلیم سے ہے جن سے موجودہ مالکان نے سود حاصل کر لیا ہے اس معاملے کا فیصلہ حصص کی منتقلی کے معاہدے کی شرائط کے تحت تقرر کردہ ثالثی نے کمپنی کے حق میں دیا ہے۔ مخالف فریق نے سندھ ہائی کورٹ کے رجسٹرار کے پاس اعتراضات داخل کئے ہیں لیکن کمپنی کو یقین ہے کہ اس معاملہ کا فیصلہ بھی اس کے حق میں کیا جائے گا۔ متعلقہ تفصیلات مالیاتی حسابات کے نوٹ نمبر 20.1.5 میں دی گئی ہیں۔

### ڈائریکٹرز اور ایگزیکٹوز کی جانب سے کمپنی کے حصص میں تجارت:

تمام ڈائریکٹرز بشمول چیف ایگزیکٹو، چیف فنانشل آفیسر اور کمپنی کے ایگزیکٹوز کو کمپنی کے سیکریٹری نے تحریری نوٹس جاری کیے ہیں کہ انہوں نے یا ان کی بیویوں نے کمپنی کے حصص میں جو تجارت کی ہے اس بارے میں فوری طور پر مطلع کیا جائے اور قیمتوں کے حوالے سے تحریری ریکارڈ، حصص کی تعداد اور CDC اسٹیٹمنٹ کمپنی کے سیکریٹری کو دو دن کے اندر فراہم کیا جائے۔ کمپنی کے حصص جو کہ کمپنی کے ڈائریکٹرز، چیف ایگزیکٹو آفیسر، چیف فنانشل آفیسر، کمپنی سیکریٹری اور ان کی بیویوں اور نابالغ فیملی ممبران نے فروخت کیے ہیں حسابات میں دکھائے گئے ہیں۔

## ڈائریکٹرز رپورٹ

زیر نظر سال کے دوران آڈٹ کمیٹی کی چار میٹنگز کا انعقاد کیا گیا تھا جس میں شرکت کرنے والے ممبران درج ذیل تھے:

ممبر کا نام	میٹنگ میں شرکت کی تعداد
جناب محمد یوسف عادل	4
جناب محمد یحییٰ خان	0
جناب نسیم بیگ	3
جناب سید سلمان راشد	3

### نظم و ضبط کا کوڈ:

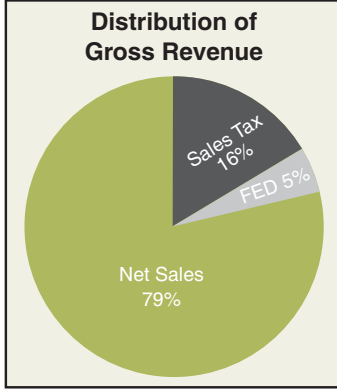
آپ کی کمپنی کے ڈائریکٹرز نے کمپنی کی حکمت عملی کی ہدایات اور باقاعدہ بنیاد پر کاروباری پلان کا جائزہ لیا۔ آڈٹ کمیٹی کو یہ اختیار حاصل ہے کہ وہ نظم و ضبط کے کوڈ پر موثر طور پر عملدرآمد کروائے۔ ہم آپ کی کمپنی میں کوڈ کے مطابق بہتر نظم و ضبط کیلئے تمام ضروری اقدامات کرتے ہیں، اس سلسلے میں درج ذیل کی تصدیق کرتے ہیں:

- ☆ مالیاتی حسابات جسے کمپنی کی انتظامیہ مرتب کرتی ہے جس میں کمپنی کے تمام امور، آپریشن کے نتائج، کیش فلوز اور ایکویٹی میں تبدیلی شامل ہوتی ہے۔
- ☆ کمپنی تمام حساب کے کھاتوں کو مناسب طریقے سے مرتب کرتی ہے۔
- ☆ اکاؤنٹنگ کی پالیسیوں کے مطابق مالیاتی حسابات اور حساب کے تخمینے کی تیاری میں مناسب طریقے سے عمل ہوتا ہے۔
- ☆ انٹرنیشنل فنانشل رپورٹنگ اسٹینڈرڈز جس کا اطلاق پاکستان میں ہے، یہ طریقہ کار مالیاتی حسابات کی تیاری کے سلسلے میں استعمال کیا جاتا ہے۔
- ☆ کمپنی کا داخلی کنٹرول کا نظام بے حد مضبوط ہے اور موثر طور پر اس پر عملدرآمد کیا جاتا ہے۔
- ☆ کمپنی کی اہلیت کے متعلق کوئی شکوک و شبہات نہیں ہیں اور مزید یہ کہ کمپنی تمام ڈیبٹس وقت پر ادا کر رہی ہے اور پینکس کوڈ پینکس کی رقم کی واپسی کے حوالے سے کمپنی کی جانب سے کوئی تاخیر نہیں کی جاتی۔
- ☆ نظم و ضبط کے حوالے سے کوئی بھی مواد اس وقت تک واپس نہیں کیا جاتا جب تک کہ بہتر عمل کی یقین دہانی نہ ہو جیسا کہ قواعد میں دیا گیا ہے۔
- ☆ دیگر تمام واجبات اور ضروری ادائیگیاں عام اور معمول کے مطابق ہیں۔
- ☆ کمپنی اپنے ملازمین کے لئے فنڈ کی گریجویٹ اسکیم آپریٹ کرتی ہے اور مالیاتی حسابات کے متعلقہ حصہ میں اسے ظاہر کیا جاتا ہے۔
- ☆ مقرر کردہ فارمیٹ میں حصص کا طریقہ کار درج کیا جاتا ہے اور حصص کی تعداد کی تفصیل رپورٹ میں دی جاتی ہے۔
- ☆ گذشتہ چھ سالوں کی مالیاتی تفصیل رپورٹ کے ساتھ منسلک ہے۔

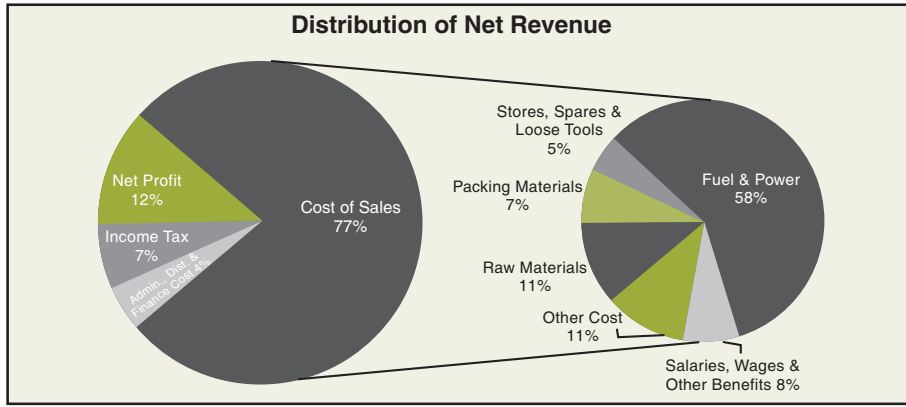
## ڈائریکٹرز رپورٹ

☆ مالیاتی کارکردگی:

مالیاتی سال 30 جون 2016ء کے ختم ہونے پر آپ کی کمپنی کے مالیاتی نتائج کا موازنہ درج ذیل ہے:



2015	2016	تفصیلات
('000 روپے میں)		
4,792,684	5,256,754	کُل فروخت کی رسید
961,615	1,112,299	کنوٹی: بیلنگس/ فیڈرل ایکسائز ڈیوٹی
3,831,069	4,144,455	صافی فروخت کی رسید
971,140	946,975	کُل منافع
667,774	713,860	آپریت کرنے کا منافع
616,005	764,772	منافع قبل از ٹیکس
433,833	486,391	صافی منافع بعد از ٹیکس
1.19	1.33	فی حصص آمدنی (روپے)



زیادہ فروخت کا حجم کوئلہ اور بجلی کی قیمتوں میں کمی کی وجہ سے ہوا ہے۔

آمدنی فی حصص:

کمپنی کی فی حصص آمدنی جو کہ زیر نظر سال کے دوران سال 2015ء میں مبلغ 1.19 روپے سے بڑھ کر موجودہ سال میں 1.33 روپے کا اضافہ ہوا ہے۔

آڈٹ کمیٹی:

بورڈ آف ڈائریکٹرز نے ایک آڈٹ کمیٹی تشکیل دی ہے جو کہ چار ممبران پر مشتمل ہے اور یہ تمام ایگزیکٹو ڈائریکٹرز نہیں ہیں۔ آڈٹ کمیٹی کا جائزہ CCG کی ضروریات کے مطابق مرتب کیا گیا ہے۔

آڈٹ کمیٹی نے سہ ماہی، ششماہی اور سالانہ مالیاتی حسابات اشاعت کیلئے بورڈ آف ڈائریکٹرز کے پاس جمع کرانے سے قبل اس کا جائزہ لیا ہے۔ آڈٹ کمیٹی نے انٹرنل آڈیٹرز کی رپورٹ کا بھی جائزہ لیا ہے اور نظم و ضبط کے کوڈ کے حوالے سے انٹرنل اور ایکسٹرنل آڈیٹرز کے ساتھ علیحدہ میٹنگز کا انعقاد بھی کیا ہے۔

## ڈائریکٹرز رپورٹ

آپ کی کمپنی کے ڈائریکٹرز کمپنی کی سالانہ رپورٹ بشمول ختم ہونے والے مالیاتی سال 30 جون 2016ء کے آڈٹ شدہ مالیاتی حسابات پیش کر رہے ہیں۔

### چائزہ:

ملکی سیمنٹ کی صنعت کی فروخت میں اس تمام مدت میں 9.82% کا اضافہ ہوا اور جنوبی زون جس میں آپ کی کمپنی واقع ہے اس حوالے سے ملکی طلب میں 24.92% کا اضافہ ہوا اور برآمدات میں 25.90% کی کمی واقع ہوئی۔ جنوبی زون میں ملکی طلب جو کہ 5.95 ملین ٹن ہے اور برآمدات کا تناسب 2.02 ملین ٹن ہے جس کا موازنہ گزشتہ سال میں 4.76 ملین ٹن اور 2.72 ملین ٹن سے کیا جاسکتا ہے۔ اس تمام مدت میں جنوبی زون میں 16.39% اضافہ رجسٹرڈ کیا گیا جو کہ خصوصی طور پر مقامی طلب کی وجہ سے ہوا۔ مقامی طلب میں یہ اضافہ گزشتہ شرح سود کے مقابلے میں کم رہا جو کہ قانون اور آرڈر کی حالت میں بہتری کی وجہ سے ہوا۔ ملکی مارکیٹ میں زیادہ اضافہ کی پیشکش ہوئی اس کے علاوہ جنوبی افریقہ کی ڈیوٹی میں اضافہ نوٹ کیا گیا اور یہ برآمدات میں اہم معاملہ ہے۔

حالیہ مدت میں آپ کی کمپنی کے ترسیل میں اضافہ 11% رجسٹرڈ کیا گیا ہے جبکہ حاصل ہونے والی قدر 619,627 میٹرک ٹن رہی جس کا موازنہ گزشتہ مالیاتی سال میں 558,636 میٹرک ٹن سے کیا جاسکتا ہے۔

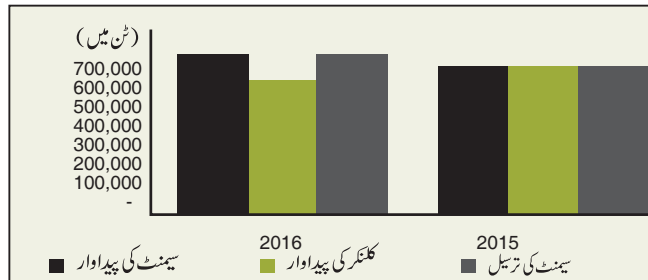
### کاروباری کارکردگی:

☆ پیداوار اور فروخت کے حجم کی کارکردگی:

آپ کی کمپنی نے پیداوار اور فروخت کا حجم (ٹن میں) حاصل کیا جس کا موازنہ درج ذیل ہے:

تفصیلات	2016	2015	تناسب %
سیمنٹ کی پیداوار	605,108	555,630	9%
کلنکر کی پیداوار	509,685	553,063	(8%)
تفصیلات	2016	2015	تناسب %
سیمنٹ کی مقامی ترسیل	584,375	507,346	15%
سیمنٹ کی برآمدات کی ترسیل	21,468	43,335	(50%)
کلنکر سلیب کی ترسیل	13,784	6,854	101%
کلنکر کی ترسیل	-	551	(100%)
کل ترسیل	619,627	558,636	11%

حالیہ سال کے دوران سیمنٹ کی ترسیل میں 49,478 میٹرک ٹن کا اضافہ ہوا، کلنکر کی ترسیل میں 43,378 میٹرک ٹن کی کمی واقع ہوئی اور اس حوالے سے استعمال کی گنجائش 57% رہی جبکہ اس کا موازنہ گزشتہ مالیاتی سال میں 61% سے کیا جاسکتا ہے۔ اس سلسلے میں تفصیل درج ذیل ہے:



## Form of Proxy

25<sup>th</sup> 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 of the Company to be held on October 15, 2016 and/or any adjournment thereof.

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2016.

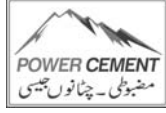
### Witnesses:

1. Name: \_\_\_\_\_  
Address: \_\_\_\_\_  
CNIC No.: \_\_\_\_\_  
Signature: \_\_\_\_\_
2. Name: \_\_\_\_\_  
Address: \_\_\_\_\_  
CNIC No.: \_\_\_\_\_  
Signature: \_\_\_\_\_

Signature on  
Rs. 5/-  
Revenue Stamp

### NOTES:

1. 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.
2. Proxy shall authenticate his/her identity by showing his/her original passport and bring folio number at the time of attending the meeting.
3. In order to be effective, the proxy Form must be received at the office of our Registrar M/s. Technology Trade (Pvt.) Ltd., Dagia House, 241-C, Block-2, P.E.C.H.S., off: Shahrah-e-Quaideen, Karachi, 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.
4. 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.
5. In 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.



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**POWER CEMENT LIMITED**  
**Registrar:**  
M/s Technology Trade (Pvt) Limited,  
Dagia House, 241-C, Block -2, P.E.C.H.S.,  
Off: Shahrah-e-Quaideen, Karachi

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پراکسی فارم  
سالانہ جنرل اجلاس

کمپنی سیکریٹری  
پاور سمینٹ لمیٹڈ  
عارف حبیب سینٹر  
23، ایم ٹی خان روڈ  
کراچی۔

میں مسٹی / مسماة \_\_\_\_\_ ساکن \_\_\_\_\_ ضلع \_\_\_\_\_  
بحیثیت ممبر پاور سمینٹ لمیٹڈ، مسٹی / مسماة \_\_\_\_\_  
ساکن \_\_\_\_\_ کو بطور مختار (پراکسی) مقرر کرتا ہوں تاکہ وہ میری جگہ اور میری طرف سے کمپنی کے  
سالانہ اجلاس عام جو بتاریخ 15 اکتوبر 2016 بروز ہفتہ منعقد ہو رہا ہے میں اور ان کے کسی ملتوی شدہ اجلاس میں ووٹ ڈالے۔  
دستخط: \_\_\_\_\_ بروز/بتاریخ \_\_\_\_\_ 2016

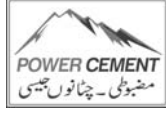
گواہان:

دستخط ۵ روپے  
ریویو اسٹیٹ پیپ

1	نام: _____
2	نام: _____
	پتہ: _____
	پتہ: _____
	شناختی کارڈ نمبر: _____
	شناختی کارڈ نمبر: _____
	دستخط: _____
	دستخط: _____

نوٹ:

- وہ رکن جسے یہ اجلاس یا اجلاس میں ووٹ کا حق حاصل ہے وہ کسی ناگزیر صورت حال میں اپنی جگہ کسی دوسرے (مخصوص) رکن کو یہ حق دے سکتا ہے کہ وہ رکن اُس کی پراکسی استعمال کرتے ہوئے، اُس کے بجائے اجلاس میں شریک ہو سکتا ہے، خطاب کر سکتا ہے یا ووٹ کا اندراج کر سکتا ہے۔
- پراکسی ثابت کرنے کے لئے اُسے اپنا اصل پاسپورٹ اور فوٹو نمبر سے دکھانا لازمی ہے تاکہ اجلاس میں شرکت کی اجازت سے قبل اُس کی شناخت کی جاسکے۔
- منوٹر بنانے کے لئے، پراکسی فارم ہمارے رجسٹرار کے دفتر (ایم/ایس) ٹیکنالوجی ٹریڈ (پرائیویٹ) لمیٹڈ، ڈاگیا ہاؤس، 241-C، بلاک-2، پی، ای، سی، ایچ، ایس، آف: شاہراہ قائدین، کراچی، پاکستان، میں اجلاس سے کم از کم 48 گھنٹے قبل وصول ہونا لازمی ہے۔ فارم میں تمام مطلوبہ معلومات، رکن کے دستخط اور مہر، نیز دو گواہان کی بنیادی معلومات یعنی نام پتے، دستخط اور شناختی کارڈ نمبر کا اندراج ضروری ہے۔
- انفرادی رکن کی صورت میں اصل اور پراکسی کے شناختی کارڈ یا پاسپورٹ کی تصدیق شدہ نقول منسلک کرنا لازمی ہے۔
- پراکسی کے کارپوریٹ ہونے کی صورت میں بورڈ آف ڈائریکٹرز کی قرارداد، پاور آف اٹارنی، شناختی کارڈ اور پاسپورٹ کی تصدیق شدہ نقول، پراکسی فارم کے ساتھ منسلک کرنا ضروری ہے۔



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Fold: Here



***Power Cement Limited***

Arif Habib Centre,  
23, M.T. Khan Road, Karachi.  
Ph: 021-32468231-8  
[www.powercement.com.pk](http://www.powercement.com.pk)