

Focusing on Growth

With
Quality - Reliability - Responsibility

Annual Report 2017



A Group Company of



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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.



OVERALL CORPORATE STRATEGY

Our corporate strategy entails producing the highest quality of products benefiting all stakeholders. The company emphasizes on transparency and building greater standards of ethical values. The Company focuses on its team and believes in regular training and development of its human resource given the technologically advanced nature of the industry in which Power Cement Limited (PCL) operates.

There is a strong commitment for continuous improvement of each process in order to optimize efficiency. We strongly adhere to the following to be in line with the global best practices:

- value creation for all stakeholders while maintaining a strong competitive position;
- keep a strong focus on the long run sustainable advantages;
- develop and strengthen a transparent and inventive culture while encouraging ethical values; and
- ensuring that corporate strategy is observed throughout the organization and is inculcated across the Company.

CORE VALUES

Our People

We are an equal opportunity employer. Discrimination on any grounds is fundamentally unacceptable.

Health, Safety & Environment

The Company strongly endorses and emphasizes on ensuring safety within and beyond its own facilities. In this respect, the message of “Safety First “ has been reinforced via visual aids placed throughout the factory.

The Company stands committed to carry out its business in a sustainable manner to promote preservation of environment.

Regulatory Compliance & Corporate Governance

The Company remains committed to high standards of corporate governance, while adhering to the applicable laws and regulations.

Integrity

Key success for any business fosters in a transparent environment based on ethical values. Our values are based on highest integrity, which determines the way we work, leading to our well-founded reputation.

Excellence & Efficiency

Efficiencies, appropriate risk management measures and pricing strategies should enable profitable operations and good shareholder returns in all market scenarios.

Our conviction for excellence emerges with a passion to provide our customers with high quality cement products comparable with international standards.

CODE OF CONDUCT

Being a highly responsible corporate citizen, Power Cement Limited expects its employees to uphold and enhance the reputation of the Company by:

- maintaining an unimpeachable standard of integrity in all their business relationships both inside and outside the Company;
- fostering the highest standard of conduct and competence amongst those for whom they are
- responsible;
- ensuring transparency in business transactions and rejecting any business practice which might be deemed improper; and
- promoting fair business practices and ensuring compliance with legal and regulator requirements.

In applying these rules, employees should use the following guidelines:

1. Conflict of Interest

- Any personal interest which may affect or might reasonably be deemed by others to affect an employee's impartiality should be declared up front in writing.
- The company's property must not be used for personal work unless specific permission is obtained.
- Each staff member is employed in the company on a full time basis and therefore they should not be involved, directly or indirectly, in any vacation, business or commercial activity. Any departure from this can only be made with the written permission of the Chief Executive Officer.

2. Confidentiality And Accuracy Of Information

The confidentiality of information received in the course of business must be respected and never be used for personal gain. Information given in the course of business must be honest and never be designed to mislead. Further, all company affairs are to be treated as confidential and should not be discussed with third parties not only during service with the Company but even after departing from service. Interaction with competitors beyond the approved level will be regarded as gross misconduct.

3. Gifts

All staff members are forbidden to accept gifts or borrow money from Dealers, Vendors or customers.

4. Health & Safety

Every staff member should take reasonable care to ensure the health and safety of him / her and others who may be affected by his / her acts at work.

5. Environment

To preserve and protect the environment, all staff members should:

- design and operate the Company's facilities and processes so as to ensure the trust of adjoining communities;
- promote conservation of resources and waste minimization;
- strive continuously to improve environment awareness and protection; and
- help assist in ensuring minimum wastage of resources.

6. Work Place Harassment

The staff will maintain an environment that is free from harassment and in which all employees are equally respected.

7. Legal Proceedings

It is essential that a staff member, who becomes involved in legal proceedings, whether civil or criminal, should immediately inform his superior with a copy to the CEO in writing.

*Environment Friendly Operations
High Standards for Environment*

Corporate Information

Board of Directors

Nasim Beg	Director & Chairman
Muhammad Kashif Habib	Director & 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
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

Legal Advisor

Usmani & Iqbal, Advocate & Solicitors
Haider Mota BNR

Share Registrar

Technology Trade (Private) Limited
241-C, Dagia House, Block-2, P.E.C.H.S,
off Shahrah-e-Quaideen, Karachi.

Principal Bankers

Allied Bank Limited
Al Baraka Bank Pakistan Limited
Bank Alfalah Limited
Bank Islami Pakistan Limited
Habib Bank Limited
Habib Metropolitan Bank Limited
Meezan 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

Contact Number

021-32468231-32
021-32468350-51

Fax Number:

021-32463209

Factory

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

COMPANY PROFILE

Power Cement Limited has a state-of-the-art cement manufacturing plant with a name plate capacity of 900,000 metric tons of Clinker per year as on 30th June 2017.

The principal activities of the company comprise the manufacturing, marketing and selling of cement products.

Product Portfolio:

1. Ordinary Portland Cement - OPC

Ordinary Portland Cement is recommended for general construction specially where strength and stringent quality is a high priority. It can be used in concrete, mortars and grouts etc. Power Cement Limited's Ordinary Portland Cement has a strong compatibility / consumable with admixture/retarders etc.

2. Sulphate Resistant Cement - SRC

Sulphate Resistant Cement is highly recommended in coastal areas because of its greater resistance to chemical attacks from sulphate and dissolved salts in sea and saline waters.

3. Portland Blast Furnace Slag Cement - PBFSC

Portland Blast Furnace Slag Cement is a blended cement consist of an intimately inter ground mixture of Portland Cement clinker and Granulated Blast-Furnace Slag.

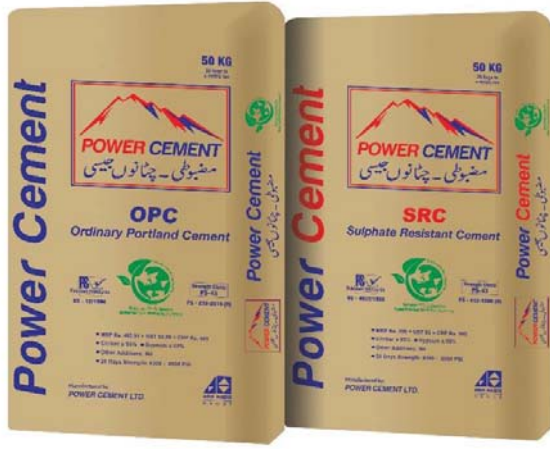
4. Grounded Granulated Blast Furnace Slag - GGBFS

Ground Granulated Blast Furnace Slag (GGBFS) is a glassy, granular material resulting from blast furnace slag being rapidly cooled by water immersion, and pulverized to a fine, cement-like material.

The primary uses of GGBFS slag are as a fine aggregate substitute, mineral admixture, and component of blended cement. In blended cements, GGBFS has a low heat of hydration, which slows the chemical reaction responsible for strength gain, resulting in a gradual strengthening of the concrete and reduction in heat of hydration of the concrete, which allows low pouring without damages of concrete.

*Environment Friendly Operations
Meeting World Bank Standards for Environment*

CEMENT BRANDS:



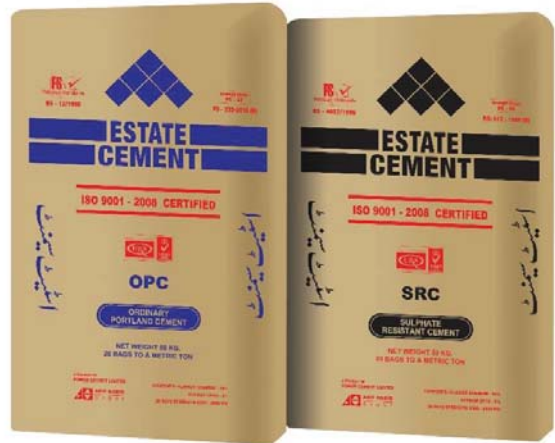
Power Cement



Black Bull Cement



Blue Star Cement



Estate Cement

SWOT ANALYSIS

STRENGTHS

- Cost-effective margins;
- Easy access to Financial and Money Markets;
- Proximity to Sea-Ports;
- Excellent credit worthiness and credibility of the group.

WEAKNESSES

- No physical presence in Northern Areas of the country.

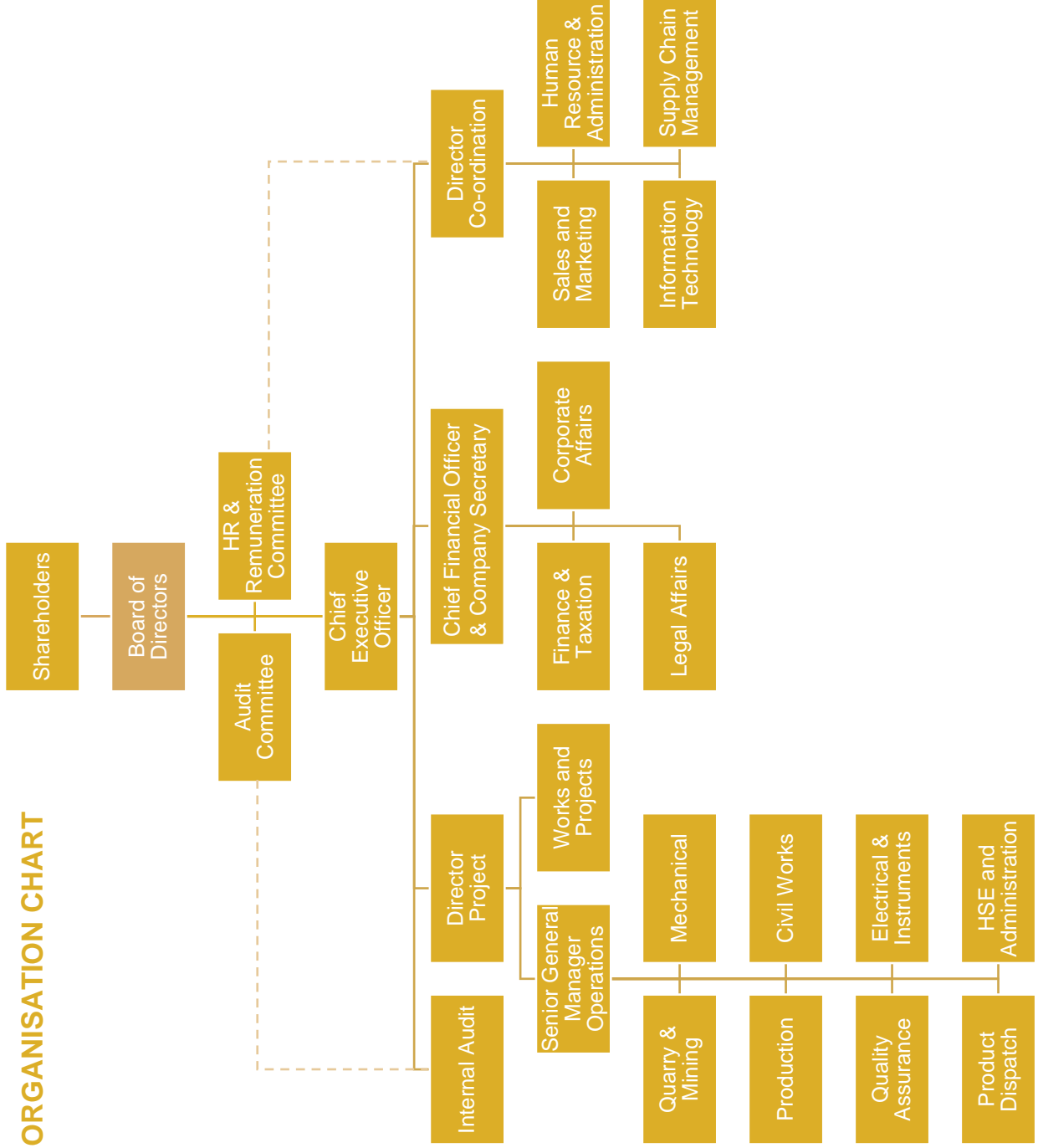
OPPORTUNITIES

- Increasing domestic demand;
- Economic growth in various segments to accelerate cement industry growth;
- Introduction of CPEC will lead to potentially large construction projects.

THREATS

- Adverse foreign exchange movement;
- Increased energy costs (Including Coal);
- Competition from other organized and unorganized market players;
- Business Risk / Off-take Risk;

ORGANISATION CHART



The background consists of a complex, abstract geometric pattern of overlapping triangles. The color palette is primarily shades of yellow and gold, with a central horizontal band of grey. The triangles vary in size and orientation, creating a dynamic, crystalline structure.

DIRECTORS' PROFILE



NASIM BEG

Chairman & Non-Executive Director

Mr. Nasim Beg is a Fellow Member of the Institute of Chartered Accountants of Pakistan with over forty years of experience in the business world including industry and the financial services (in and outside the country). He is one of the most highly respected professionals of the country.

Before joining the Arif Habib Group, Mr. Beg served as the Deputy Chief Executive of NIT, which he joined during its troubled period and played an instrumental role in its modernization and turn around. He also served as the acting Chief Executive of NIT for a few months. He has also been associated at top-level positions with other asset management and investment advisory companies.

Mr. Beg has also held senior level responsibilities in the automobile industry. During his tenure as the Chief Executive of Allied Precision (a subsidiary of the Allied Engineering Group), he set up a green field project for the manufacture of sophisticated indigenous components for the automotive industry under transfer of technology licenses with Japanese and European manufacturers. His initiation to the financial services business was with the Abu Dubai Investment Company, UAE, where he was a part of the team that set up the company in 1977. He was also a member of the Prime Minister's Economic Advisory Council (EAC).

CORPORATE RESPONSIBILITIES:

MCB Arif Habib Savings & Investments Limited (Vice Chairman)
Arif Habib Consultancy (Pvt.) Limited (Chief Executive)

DIRECTORSHIP IN OTHER ENTITIES:

Aisha Steel Mills Limited
Arif Habib Corporation Limited
Arif Habib Dolmen REIT Management Limited
Pakarab Fertilizers Limited
Pakistan Opportunities Limited
Safemix Concrete Products Limited
Silk Bank Limited



MUHAMMAD KASHIF HABIB

Chief Executive Officer & Director

Mr. Muhammad Kashif Habib is currently the Chief Executive of the company and is an Associate Member of the Institute Chartered Accountants of Pakistan. He completed his training from A. F. Ferguson & Co. (a member firm of the PwC Network), where he gained experience of a diverse sectors serving clients spanning the Financial, Manufacturing and Services industries.

Mr. Kashif Habib has to his credit seven years of experience in Arif Habib Corporation Limited as well as seven years' experience as an Executive Director in cement and fertilizer companies of the Arif Habib Group.

CORPORATE RESPONSIBILITIES:

Safemix Concrete Products Limited (Chief Executive)

DIRECTORSHIP IN OTHER ENTITIES:

Aisha Steel Mills Limited
Arif Habib Equity (Private) Limited
Arif Habib Foundation
Dolmen Arif Habib Real Estate Services (Pvt.) Limited
Bubber Sher (Pvt.) Limited
Fatimafert Limited
Fatima Fertilizer Company Limited
Javedan Corporation Limited
Nooriabad Spinning Mills (Private) Limited
Pakarab Fertilizers Limited
REMMCO Builders & Developers Limited
Reliance Sacks Limited
Rotocast Engineering Company (Pvt.) Limited

AS TRUSTEE

Memon Health and Education Foundation

SAMAD A HABIB

Non-Executive Director

Mr. Samad A. Habib holds a Master's degree in Business Administration from the Institute of Business Management (IoBM). He has more than 15 years of experience, including 9 years of working in the financial services industry in various senior management roles.

While being a part of the Arif Habib Group, he has played a key role in the strategic direction of the group and was actively involved in capital market operations and corporate finance activities such as serving corporate clients, institutional clients, high net worth individuals, and raising funds for clients through IPO's, private placements, etc.



CORPORATE RESPONSIBILITIES:

Javedan Corporation Limited (Chief Executive)

DIRECTORSHIP IN OTHER ENTITIES:

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



MUHAMMAD EJAZ

Non-Executive Director

Mr. Muhammad Ejaz holds a Master's degree in Business Administration from the Institute of Business Administration (IBA) where he is also a regular visiting faculty member. He is also a certified Financial Risk Manager from the Global Association of Risk Professionals.

He has over 20 years of experience in the fields of Treasury, Corporate Finance and Investment Banking and has served in senior positions at leading local and international banks including Faysal Bank, Union Bank and Emirates NBD Bank.

CORPORATE RESPONSIBILITIES:

Arif Habib Dolmen REIT Management Limited (Chief Executive)

DIRECTORSHIP IN OTHER ENTITIES:

Aisha Steel Mills Limited
Arif Habib Corporation Limited
Dolmen Arif Habib Real Estate Services (Private) Limited
Javedan Corporation Limited
Real Estate Modaraba Management Company Limited
Sachal Energy Development (Private) Limited



MUHAMMAD YOUSUF ADIL

Independent & Non-Executive Director

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

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

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

SYED SALMAN RASHID

Non-Executive Director

Syed Salman Rashid holds a Bachelor's Degree from the University of Karachi and is a Certified Director from Pakistan Institute of Corporate Governance. He has served with the EFU Group for over 30 years and presently serves in a top management position with that Group, where his responsibilities include looking after the largest Marketing and Sales Division of the Company.

Parallel to his professional services, he has also served on the Board of JS Investments Bank Limited and Power Cement Limited.



DIRECTORSHIP IN OTHER ENTITIES:
EFU Life Assurance Limited

MUHAMMAD YAHYA KHAN

Independent & Non-Executive Director

Mr. Muhammad Yahya Khan is a businessman having sound experience of commodities trading and import/export. He also has experience of indenting. He represents minority interest on the board of directors of the company.

Mr. Yahya is the Chief Executive of MYK (Pvt) Limited, a Company engaged in the general commodities and other products trading. Adding to his credentials is a hands-on experience of the corporate agro farming and capital markets as an investor.



DIRECTORSHIP IN OTHER ENTITIES:
Nimir Industrial Chemicals Limited

BOARD & MANAGEMENT COMMITTEES

Based on the listing requirements and to ensure good corporate governance for our stakeholders, various committees have been formed at both the Board and Management level. All Board members except for Chief Executive Officer are non-executive directors.

Audit Committee

Audit committee is responsible for recommending to the Board of Directors the appointment of external auditors by the Company's shareholders and considers any questions of resignation or removal of external auditors, audit fees and provision by external auditors of any service to the Company in addition to audit its financial statements.

Name of Committee Member	Position on the Committee	Total Number of Audit Committee Meetings conducted	Meetings attended by the Committee Member
Muhammad Yousuf Adil	Chairman	4	2
Nasim Beg	Member	4	4
Muhammad Yahya Khan	Member	4	1
Syed Salman Rashid	Member	4	1

In the absence of strong grounds to proceed otherwise, the Board of Directors acts in accordance with the recommendations of the Audit Committee in the following matters:

- i. to determine appropriate measures to safeguard Company's assets;
- ii. review of preliminary announcements of results prior to publication;
- iii. review of financial statements (quarterly, half yearly and yearly) prior to the approval by the Board of Directors with major emphasis on:
 - a. significant adjustments resulting from the audit;
 - b. major judgment areas;
 - c. going concern assumption;
 - d. any change in accounting policies and practices;
 - e. compliance with applicable accounting standards, and
 - f. compliance with listing regulations and other statutory and regulatory requirements.
- iv. facilitating external audit and discussion with external auditors for any observations arising from the interim and final audits and any matter that the auditors may wish to highlight (in the absence of Management, where necessary);
- v. review of Management Letter issued by external auditors and management's response thereto;
- vi. ensuring coordination between the internal and external auditors of the Company;
- vii. review scope and extent of internal audit and ensuring that internal audit function has adequate resources and is appropriately placed within the Company;
- viii. consideration of significant findings of internal investigations and Management's response thereto;
- ix. ascertaining that the internal control system including financial and operational controls, accounting system and reporting structure are adequate and effective

- x. instituting special projects' value for money studies or other investigations or any matter specified by the Board of Directors in consultation with CEO and to consider coordination of any matter with external auditors or any external body;
- xi. determining compliance with the relevant statutory requirements;
- xii. monitoring compliance with best practices of corporate governance and identification of significant violations thereof;
- xiii. consideration of any other matter as may be assigned by the Board of Directors.

Human Resource and Remuneration Committee

The role of HR committee is to assist directors in their oversight of the evaluation and approval of employee remuneration structure, benefit plans, welfare projects and retirement emoluments.

Name of Committee Member	Position on the Committee	Total Number of Audit Committee Meetings conducted	Meetings attended by the Committee Member
Muhammad Ejaz	Chairman	1	1
Muhammad Kashif Habib	Member	1	1
Samad A Habib	Member	1	1
Syed Salman Rashid	Member	1	1

The committee recommends any adjustments which are fair and required to attract / retain high caliber staff for consideration and approval. The committee has the following responsibilities, powers and authorities:

- i. conduct periodic reviews of performance awards, bonuses, long term service award policy and safety awards for safe plant operations;
- ii. periodic review of amounts and forms of reimbursement for terminal benefits in case of retirement and death of any employee in relation to current norms;
- iii. considers any changes so the company's retirement benefit plans including gratuity based on actuarial report / assumptions and funding recommendations;
- iv. review organizational policies concerning welfare schemes, scholarships and incentives for outstanding performance;
- v. In consultation with CEO, ensure that succession plans are in place and review such plans at regular intervals for those executives whose appointment requires board approval (under Code of Corporate Governance), namely CFO, Company Secretary and Head of Internal Audit including terms of appointment and remuneration package in accordance with market positioning; and
- vi. review and recommend compensation / benefits for the Chief Executive Officer. The committee meets on as required basis or when directed by the Board of Directors. The secretary sets the agenda, time, date and venue for the meeting in consultation with Chairman of the committee. The head of HR acts as secretary of the committee and submits minutes of the meeting duly signed by the Chairman. These minutes are then circulated to the Board of Directors.

CHAIRMAN'S REVIEW

Review Report by the Chairman on the overall performance of Board and effectiveness of the role played by the Board in achieving the Company's objectives:

The Board of Directors ("the Board") of Power Cement Limited ("PCL") has performed their duties diligently in upholding the best interest of shareholders of the Company and has managed the affairs of the Company in an effective and efficient manner.

The Board has exercised its powers and has performed its duties as stated in the Companies Act 2017 / Companies Ordinance, 1984 and the Code of Corporate Governance ("the Code") contained in the Rule Book of the Pakistan Stock Exchange (the Rule Book) where the Company is listed.

The Board during the year ended 30 June 2017 played an effective role in managing the affairs of the Company and achieving its objectives in the following manner:

- The Board has ensured that there is adequate representation of non-executive and independent directors on the Board and its committees as required under the Code and that members of the Board and its respective committees have adequate skill, experience and knowledge to manage the affairs of the Company;
- The Board has ensured that the directors are provided with orientation courses to enable them to perform their duties in an effective manner;
- The Board has ensured that the meetings of the Board and that of its committees were held with the requisite quorum, all the decision making were taken through Board resolutions and that the minutes of all the meetings (including committees) are appropriately recorded and maintained;
- The Board has developed a code of conduct setting forth the professional standards and corporate values adhered through out the Company and have developed significant policies for smooth functioning;
- The Board has actively participated in strategic planning process, enterprise risk management system, policy development, and financial structure, monitoring and approval;
- The Board has formed an Audit and Human Resource and Remuneration Committee and has approved their respective terms of references and has assigned adequate resources so that the committees perform their responsibilities comprehensively;
- The Board has developed and put in place the mechanism for an annual evaluation of its own performance and that of its committees and individual directors. The findings of the annual evaluation are assessed and re-evaluated by the Board periodically;
- All the significant issues throughout the year were presented before the Board or its committees to strengthen and formalize the corporate decision making process and particularly all the related party transactions executed by the Company were approved by the Board on the recommendation of the Audit Committee;
- The Board has ensured that an adequate system of internal controls is in place and its regular assessment is carried out through self-assessment mechanism and /or internal audit activities;
- The Board has prepared and approved the directors' report and has ensured that the directors' report is published with the quarterly and annual financial statements of the Company and the content of the directors' report is in accordance with the requirement of applicable laws and regulations;
- The Board has approved the hiring, evaluation and compensation of the Chief Executive and other key executives including Chief Financial Officer, Company Secretary, and Head of Internal Audit, where required;
- The Board has ensured that adequate information is shared amongst its members in a timely manner and the Board members are kept abreast of developments between meetings; and
- The Board has exercised its powers in light of the power assigned to the Board in accordance with the relevant laws and regulations applicable on the Company and the Board has always prioritized the compliance with all the applicable laws and regulations in terms of their conduct as directors and exercising their powers and decision making.

The evaluation of the Board's performance is assessed based on those key areas where the Board requires clarity in order to provide high level oversight, including the strategic process; key business drivers and performance milestones,

the global economic environment and competitive context in which the Company operates; the risk faced by the Company's business; Board dynamics; capability and information flows. Based on the aforementioned, it can reasonably be stated that the Board of PCL has played a key role in ensuring that the Company objectives' are achieved through a joint effort with the management team and guidance and oversight by the Board and its members.



Nasim Beg
Chairman



Environment Friendly Operations
Meeting World Bank Standards for Environment

EVALUATION OF BOARD'S OWN PERFORMANCE

Regulatory Requirement

The Code of Corporate Governance 2012 requires that a mechanism is put in place for an annual evaluation of the Board's own performance.

Compliance

In accordance with the above Code, the Board undertakes a formal and rigorous annual evaluation of its own performance and that of its committees and individual directors.

The findings and factors were reassessed and re-evaluated by the Board for subsequent financial years including current financial year. In continuance of adhering to the Code, the Board undertook an evaluation on the following criteria to assess its performance:

- compliance with legislative system in which the Company operates, including Companies Ordinance, 1984, Companies Act, 2017, Listing Regulations of Pakistan Stock Exchange, the Memorandum and Articles of Association of the Company;
- active participation in strategic planning process, enterprise risk management system, policy development, financial structure, monitoring and approval;
- hiring, evaluating, compensating and supporting the Executive Director(s) and other key positions including Chief Executive Officer;
- appropriate constitution of Board Committees with members possessing adequate technical know-how and experience;
- establishing adequate system of internal controls in the Company and its regular assessment through self-assessment mechanism or / and internal audit activities;
- ensuring presence of the required quorum in Board and its Committees' meetings;
- ensuring orientation and training of Board of Directors to enable them to perform their duties in an effective manner; and
- ensuring adequate information is shared with the Board timely and the Board is kept abreast of developments between meetings.

It was found that the Board is performing well on the whole and is making endeavours to improve its performance.

CEO'S PERFORMANCE REVIEW

Amongst the key responsibilities of the Board of Directors is to warrant success of the Company by way of effective management. CEO is empowered by the Board to efficiently run the organization leading it towards progression and contributing value to its stakeholders.

Chairman of the Board's Comments on CEO's Performance

Mr. Kashif Habib was appointed as CEO of the Company in October 2010. This was his seventh year with the Company. Given his strong academic background in Finance and Accountancy, coupled with his experience on the boards of diversified companies, Power Cement Limited has seen an improvement in domestic sales both in terms of tonnage quantity and monetary value.

The company has also initiated an expansion of its production facilities under him. This expansion aims to increase operational capacity from existing 9 hundred thousand tons per annum to 3.4 million tons per annum; an increase of about 2.77 times of the existing capacity. The challenge is to complete the expansion in an efficient and timely manner and achieve higher capacity utilization with greater cost efficiency. Furthermore, this will also require improved human resource retention planning and development of more lucrative domestic avenues of sales.

We have witnessed energetic measures taken by him in order to further improve quality of cement, operational efficiency and for cost optimization. The challenge is to improve profit margins in line with the rest of the cement players and against increasing fuel prices.

The CEO will see these challenges in the ensuing financial years but given the diverse expertise available within the Arif Habib Group, coupled with his passion for the expansion of Power Cement Limited, we hope to see him achieve success for the Company.



Environment Friendly Operations
Meeting World Bank Standards for Environment

The background of the page is an abstract geometric pattern composed of various-sized triangles. The color palette is primarily yellow and grey, with some triangles in a darker brownish-yellow. The triangles are arranged in a way that creates a sense of depth and movement, with some pointing towards the center and others pointing outwards. The overall effect is a modern, minimalist design.

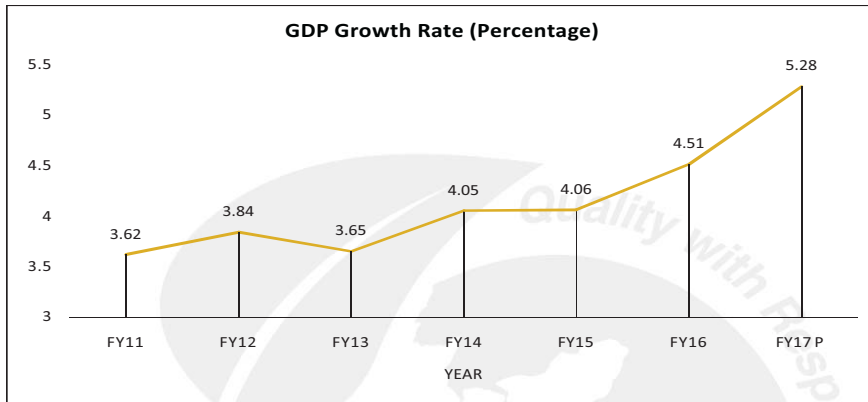
DIRECTORS' REPORT

DIRECTORS' REPORT

The Directors of your Company are pleased to present the annual report of the Company alongwith the audited financial statements for the year ended June 30, 2017.

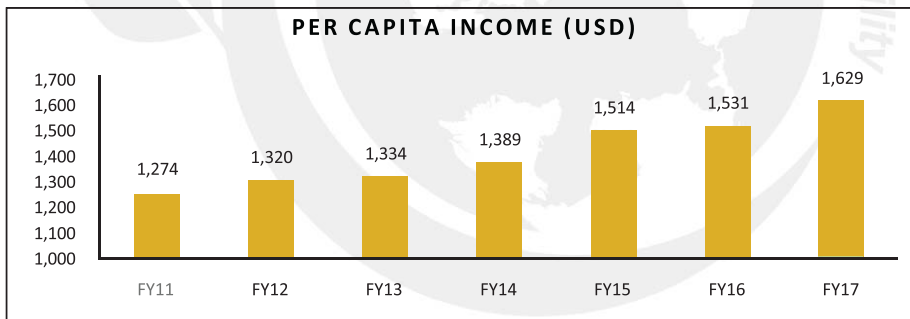
Economic Overview of Pakistan

The economy of Pakistan has continued its growth momentum with the GDP reaching a growth of 5.28 percent in FY17, as against the growth of 4.5 percent registered in the previous year. This growth is the highest in the last decade, confirming the strong turn around in the economy.



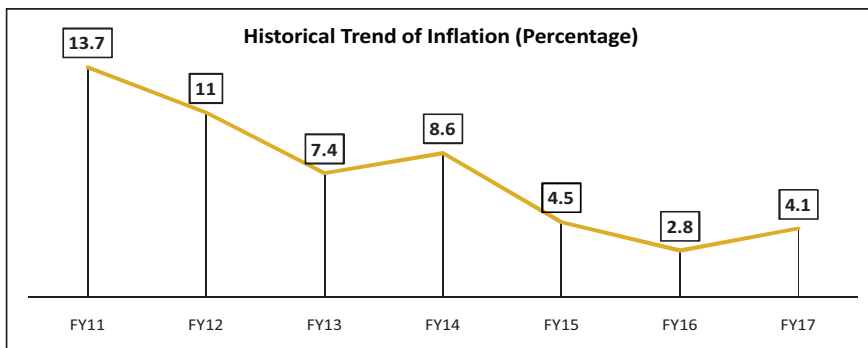
Source: Economic Survey of Pakistan 2016 - 2017

The per capita income too has grown, despite a high growth rate of the population.



Source: Economic Survey of Pakistan 2016 - 2017

We have witnessed an increase in the inflation rate levelling at 4.1% for the financial year, as compared with the low base achieved last year. The inflation has been caused by an increase of oil and other commodity prices in the international markets, coupled with the demand emanating from the strong growth in the economy.



Source: Economic Survey of Pakistan 2016 - 2017

Industry Overview

The domestic demand in South Zone, where your Company is situated, stood at 6.5 Million Tons, i.e., a growth of 9.5% over the prior year. Concurrently, the export demand reduced to 1.5 Million Tons against 2 Million Tons in the prior year, a decline of 25%. As a result, the South Zone closed at a total dispatch of 8 Million Tons. The North Zone's domestic demand in the current year grew at 7.7% and export demand for the same period declined by 18.2%. As a result, the aggregate growth of North Zone was recorded at 4.5%. On a consolidated basis, the country's overall Cement Industry grew by 3.7%.

Business Performance

During the year under review, the dispatches of your Company registered an increase of 6.44 % achieving a volume of 659,546 metric tons as compared to 619,627 metric tons in the last financial year.

Production & Sales Volume Performance

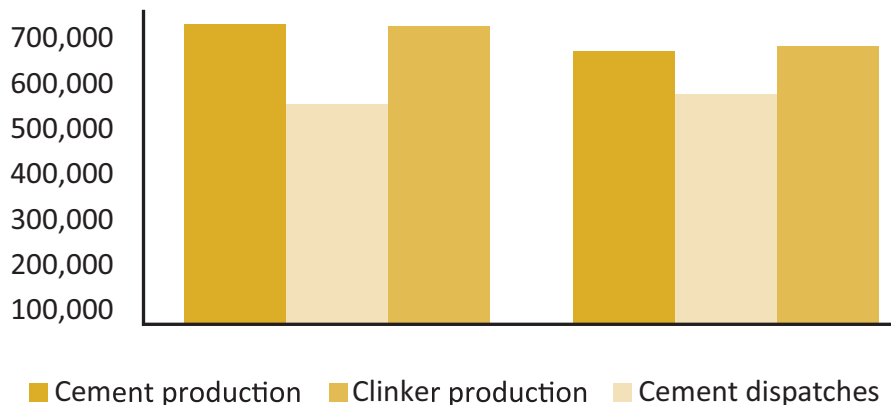
The Annual production and sales volume statistics (in tons) for your Company together with the comparative figures are as under:

Particulars	2017	2016	Variance %
Cement production	662,011	605,108	9%
Clinker production	482,801	509,685	(5%)

Particulars	2017	2016	Variance %
Cement dispatches (Local)	643,103	584,375	10%
Cement dispatches (Export)	9,142	21,468	(57%)
Grounded Slag dispatches	7,301	13,784	(47%)
Total dispatches	659,546	619,627	6%

During the year under review, the production of cement increased by 56,903 metric tons whereas clinker decreased by 26,884 metric tons, the capacity utilized stood at 53% as compared to 57 % in the last financial year. The clinker production remained relatively low as your Company had to purchase clinker from other cement companies owing to a shutdown during the period of installation of the air pollution control system. A graphical analysis is as under:

Environment Friendly Operations
Production and dispatch (Tons)
Meeting World Bank Standards for Environment

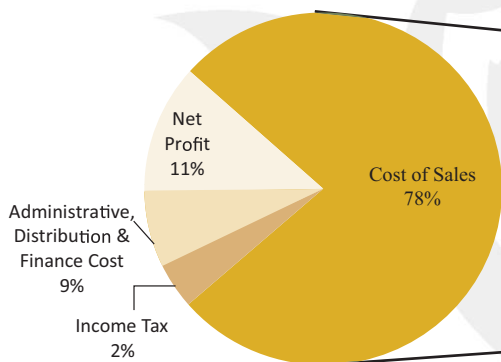


Financial Performance

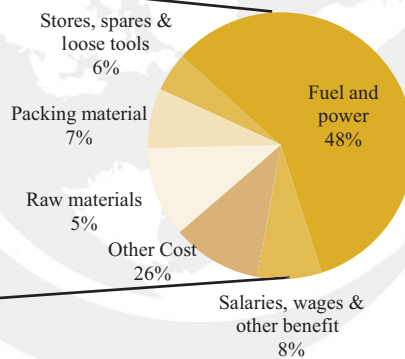
A comparison of the key financial results of your Company for the year ended June 30, 2017 is as under:

Particulars	2017	2016
	PKR in '000'	
Sales revenue - Gross	6,134,811	5,256,754
Less: Sales Taxes/ Federal Excise Duty	1,654,188	1,112,299
Sales revenue- Net	4,480,623	4,144,455
Gross profit	980,531	946,975
Operating profit	808,103	713,597
Profit before tax	565,175	764,772
Net profit after tax	466,793	486,391
Earnings per share (Rupees)	1.14	1.22

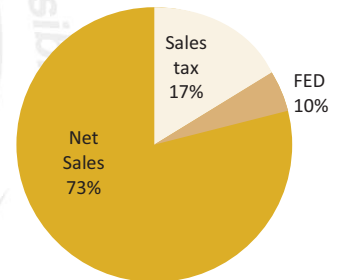
Distribution of Gross Revenue



Distribution of Cost of Sales



Break up of Gross Revenue (FY17)



Earnings Per Share

Owing to the plant shutdown during the period of installation of the air pollution control system, there has been a slight reduction in current year's earnings per share from Rs. 1.22 to Rs. 1.14.

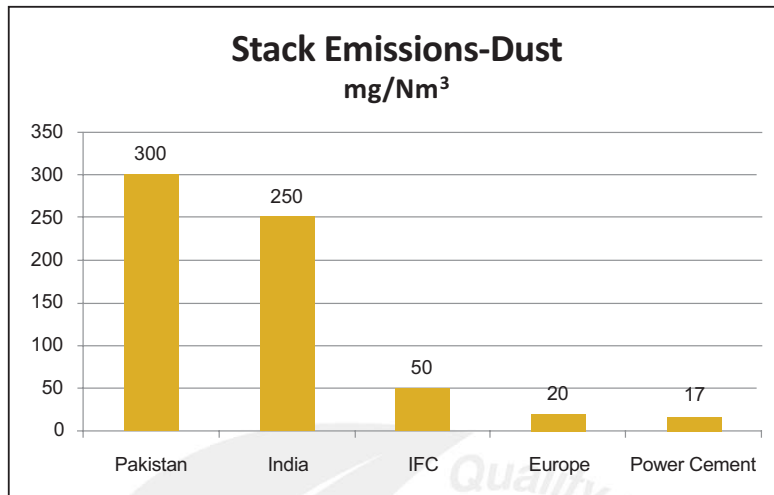
Installation of Air Pollution Control System

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

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

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

An analysis of the emission limit of your plant in comparison with the compliance limits of various regions is hereunder:



Audit Committee

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

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 Committee Member	Position on the Committee	Total Number of Audit Committee Meetings conducted	Meetings attended by the Committee Member
Mr. Muhammad Yousuf Adil	Chairman	4	2
Mr. Muhammad Yahya Khan	Member	4	1
Mr. Nasim Beg	Member	4	4
Mr. Syed Salman Rashid	Member	4	1

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 the 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 controls 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.
- All the directors on the Board of the Company have completed Director's Training to meet the requirement of PSX Regulation, except for one director for which the Company is committed to comply with the requirements of the subject regulations by 30th June 2018.
- 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, four Board of Directors' (BOD) meetings were held and attendance of Board Members was as follows:

Name of Director	Position on the Board	Total Number of BOD Meetings Conducted	BOD Meetings attended by the Board member
Mr. Nasim Beg	Non-Executive Director/Chairman	4	4
Mr. Muhammad Kashif Habib	Executive Director / Chief Executive Officer	4	4
Mr. Muhammad Yahya Khan	Non-Executive / Independent Director	4	1
Mr. Muhammad Yousuf Adil	Non-Executive / Independent Director	4	0
Mr. Syed Salman Rashid	Non-Executive Director	4	3
Mr. Muhammad Ejaz	Non-Executive Director	4	2
Mr. Samad Habib	Non-Executive Director	4	3

Leave of absences were granted to directors who could not attend the meetings due to unavoidable reasons.

Election of Directors

In accordance with the provision of section 180 of the now superseded Companies Ordinance 1984, the three-year term of seven directors elected in the Annual General Meeting of the Company dated 4th June 2013, had concluded. Accordingly, the election of Directors has taken place in Annual General Meeting of the Company on 15th October 2016. The composition of the Board after this election is as follows:

Name of Director	Position on the Board	Status
Mr. Nasim Beg	Chairman	Re-elected
Mr. Muhammad Kashif Habib	Chief Executive Officer	Re-elected
Mr. Muhammad Yahya Khan	Independent Director	Re-elected
Mr. Muhammad Yousuf Adil	Independent Director	Re-elected
Mr. Syed Salman Rashid	Non - Executive Director	Re-elected
Mr. Muhammad Ejaz	Non - Executive Director	Re-elected
Mr. Samad Habib	Non - Executive Director	Re-elected

Dividend and Bonus

Keeping in mind the obligations of the Company's existing long-term loans, as well as the very major expansion project being executed, the Board has decided not to declare any dividend or bonus share issue for the year ended June 30, 2017.

Auditor's Observation

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

- The first matter pertains to certain excise duty claims decided in favour of the Company by the Appellate Tribunal Inland Revenue (ATIR). The tax department has filed an appeal with the Honourable High Court of Sindh (SHC) against the decision by the ATIR. The Company strongly believes that the matter will be decided in favour of the Company by the SHC. The relevant details are set out in Note 12.1 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 favour of the company by an Arbitrator appointed under the terms of the Share Transfer Agreement. The counterparty has filed objections with the Registrar of the SHC on the arbitration award. However, the Company believes that the outcome of the same would be decided in its favour. The relevant details are set out in Note 22.1.4 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 detailed in Annexure I on page 31.

Pattern of Shareholding

The ordinary shares of the Company are listed on Pakistan Stock Exchange. There were 10,640 (2016: 5,126) ordinary shareholders of the Company as of 30 June 2017. The detailed pattern of shareholding and categories of shareholding of the Company including shares held by directors and executives, if any, are annexed as Annexure-II page 32.

Contribution to National Exchequer

The Company contributed over PKR1.8 billion (2016: PKR 1.1billion) 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 PKR 2.7 million (2016:PKR1.36 million) as donation to different trusts, charity institutions and welfare organizations.

Appointment of External Auditors

The auditors, M/s. KPMG Taseer Hadi and Company, Chartered Accountants, retire and, being eligible, offer themselves for re-appointment. The Board of Directors endorses recommendation of the Audit Committee for their re-appointment as auditors of the Company for the financial year 2017-18 in the Annual General Meeting.

Credit Rating

The company has been assigned a long term rating of "A-" (Single A Minus) and short term rating of "A-2" (Single A Two) by JCR-VIS Credit Rating Company Limited on July 10, 2017. This denotes a stable outlook of the Company vis-a-vis Credit Risk.

In conjunction to the above, JCR-VIS has also assigned a Bank Loan Rating of 'A (blr)' (Single A (blr)) to the company's secured bank loan facility obtained in order to fund the expansion for Line III project.

Implementation of ERP Solution

With a vision to take benefits of technological advancement made in information technology, the Company has implemented an ERP System, Microsoft Dynamics AX, to achieve greater visibility, control and operational efficiencies in its business operations. This system went live in October 2016, where it has helped to provide rapid access to information for management to take better business decisions.

Mega Expansion of Plant Capacity

The Company has embarked upon a major expansion of its production facilities at its existing site by adding a new line of 7700 tons per day (2.5 million tons per annum), taking the total capacity to around 3.4 million tons per annum. The expansion project is environmentally friendly and will meet IFC and World Bank standards.

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

Equipment Supply contracts were signed with FLSmidth & Co. (a Danish global engineering company) and LCs for import of the same have been established. The agreed contract price is over EURO 90 Million.

Construction contract with Tianjin Electric Power Construction of China has also been signed and the work has commenced thereon. The total contract cost is over PKR 7.5 Billion.

The overall expansion project has a total cost of PKR around 25 billion.

Future Outlook

The construction and infrastructure sectors remain buoyant. A number of factors are positively impacting the market, including macro-economic growth and continuing urbanization. Domestic sales are expected to remain strong on the back of private, as well as public sector construction projects, including the mega infrastructure development projects under the China-Pakistan Economic Corridor (CPEC) initiative. Giving due consideration to the existing performance, the future outlook, as well as the expectations of conducive Government policies, the board and management is confident of benefiting from the expansion project it has embarked upon.

Acknowledgement

The Directors are grateful to the Company's stakeholders for their continuing confidence and patronage. We wish to place on record our appreciation and thanks for the faith and trust reposed by our Business Partners, Bankers and Financial Institutions. We thank the Ministry of Finance, Ministry of Industries & Production, the Securities & Exchange Commission of Pakistan, the State Bank of Pakistan, the Competition Commission of Pakistan, Central Depository Company of Pakistan and the Management of Pakistan Stock Exchange for their continued support and guidance which has gone a long way in giving present shape to the Company.

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

For and on behalf of the Board



Muhammad Kashif Habib
Chief Executive Officer



Nasim Beg
Chairman

Karachi: 06th October 2017

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

From July 01, 2016 to June 30, 2017

Name	Designation	Shares bought * Received via Gift	Shares sold
Muhammad Kashif Habib	Director & CEO	-	9,000,000



*Environment Friendly Operations
Meeting World Bank Standards for Environment*

PATTERN OF SHAREHOLDING

As at 30th June 2017

Annexure II

No. of Shareholders	Shareholdings		Total Shares Held
	From	To	
799	1	100	19,823
3174	101	1000	2,336,673
3679	1001	5000	11,049,991
1289	5001	10000	10,684,393
1335	10001	50000	31,402,668
206	50001	100000	16,166,189
76	100001	200000	11,079,253
47	200001	500000	15,628,387
17	500001	1000000	11,999,496
11	1000001	2000000	14,720,750
3	2000001	5000000	7,651,300
2	5000001	50000000	45,821,045
1	50000001	80000000	79,251,000
1	80000001	107879000	107,879,000
TOTAL	10,640		365,689,968

Quality with Responsibility

Environment Friendly Operations
Meeting World Bank Standards for Environment

PATTERN OF SHAREHOLDING

As at 30th June 2017

Shareholders' Category	No. of shareholders	No. of Shares Held	Percentage %
Directors, Chief Executive Officer, and their Spouse and minor children	7	23,725,545	6.49
Associated Companies, Undertakings and Related Parties	2	187,130,000	51.17
NIT and ICP	1	607	0.00
Banks, Development Financial Institutions, Non Banking Financial Institutions	47	31,928,277	8.73
Insurance Companies	3	1,525,669	0.42
Foreign	8	1,634,756	0.45
Modarabas and Mutual Funds	12	4,834,557	1.32
General Public (Local)	10,508	103,420,331	28.28
Others	52	11,490,226	3.15
	10,640	365,689,968	100

*Environment Friendly Operations
Meeting World Bank Standards for Environment*

PATTERN OF SHAREHOLDING

As at 30th June 2017

Directors, Chief Executive Officer, and their Spouse and minor children

No. of Shares Held Percentage %

Syed Salman Rashid	22,718,545	6.21
Muhammad Kashif Habib	1,000,500	0.27
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
	23,725,545	6.49

Associated Companies, Undertakings and Related Parties.

Arif Habib	107,879,000	29.50
International Complex Projects Ltd	79,251,000	21.67
	187,130,000	51.17

NIT and ICP

M/s. Investment Corporation of Pakistan (ICP)	607	0.00
	607	0.00

Banks, Development Financial Institutions and Non-zBanking Financial Institutions

J S Bank Limited.	23,102,500	6.32
J. P. Morgan Securities LLC	1,850,000	0.51
Habib Bank AG Zurich, Deira Dubai	1,824,750	0.50
Mohammad Munir Mohammad Ahmed Khanani Securities (Pvt.) Ltd.	1,309,500	0.36
Pak Qatar Investment Account	1,060,000	0.29
Pak Qatar Individual Family Participant Investment Fund	500,000	0.14
Adeel Zafar Securities (Pvt) Ltd.	300,000	0.08
Pearl Securities Limited - Mf	279,000	0.08
Sherman Securities (Private) Limited	225,000	0.06
Reliance Securities Limited - Mf	201,500	0.06
Bankislami Pakistan Limited	169,500	0.05
Zahid Latif Khan Securities (Pvt) Ltd.	133,000	0.04
Mra Securities Limited - Mf	125,500	0.03
H M Investments (Pvt) Limited	100,232	0.03
Sal Securities (Pvt) Ltd.	100,000	0.03
Bawa Securities (Pvt) Ltd. - Mf	75,000	0.02
A. H. M. Securities (Private) Limited	70,000	0.02
B & B Securities (Private) Limited	65,400	0.02
Jsk Securities Limited	60,000	0.02
Adam Securities Ltd. - Mf	50,000	0.01
Mohammad Munir Mohammad Ahmed Khanani Securities(P)Ltd - Mf	49,500	0.01
Cma Securities (Pvt) Limited	40,000	0.01
Royal Securities (Pvt.) Limited - Mf	32,000	0.01
Hh Misbah Securities (Private) Limited	25,000	0.01
Intermarket Securities Limited - Mf	25,000	0.01
Islamic Investment Bank Limited	20,203	0.01
Azee Securities (Private) Limited	20,001	0.01
Growth Securities (Private) Limited - Mf	20,000	0.01
Zafar Securities (Pvt) Ltd.	15,500	0.00
Rah Securities (Pvt) Limited	15,000	0.00
Amanah Investments Limited	12,500	0.00
Shaffi Securities (Pvt) Limited	11,000	0.00
Pak-Qatar Investment (Pvt.) Limited	10,000	0.00
Akhai Securities (Private) Limited	8,500	0.00
Darson Securities (Pvt) Limited	8,000	0.00

PATTERN OF SHAREHOLDING

As at 30th June 2017

Banks, Development Financial Institutions and Non Banking Financial Institutions

	No. of Shares Held	Percentage %
Ismail Iqbal Securities (Pvt) Ltd.	7,400	0.00
Islamic Investment Bank Ltd.	2,020	0.00
Naeem Security (Pvt) Ltd.	1,512	0.00
Escorts Investment Bank Limited	1,000	0.00
Altaf Adam Securities (Pvt) Ltd.	1,000	0.00
Prudential Securities Limited	630	0.00
National Bank of Pakistan	611	0.00
National Bank of Pakistan	443	0.00
Nh Securities (Pvt) Limited.	300	0.00
Royal Bank of Scotland	115	0.00
Crescent Investment Bank	110	0.00
Trust Securities	50	0.00
	31,928,277	8.73

Insurance Companies

Asia Insurance Company Limited.	719,500	0.20
State Life Insurance Corp. Of Pakistan	676,169	0.18
Premier Insurance Limited	130,000	0.04
	1,525,669	0.42

Modarabas and Mutual Funds

Akd Opportunity Fund	2,538,000	0.69
Trustee Faysal Savings Growth Fund	959,400	0.26
First Equity Modaraba	847,000	0.23
Trustee Ubl Growth And Income Fund	187,000	0.05
Trustee First Capital Mutual Fund	150,000	0.04
Trustee Faysal Mts Fund	97,500	0.03
Trustee Mcb Dynamic Cash Fund	39,500	0.01
First Udl Modaraba	15,000	0.00
Trustee Pakistan Income Fund	1,000	0.00
First Interfun Modaraba	122	0.00
Asian Stock Fund Ltd.	21	0.00
Industrial Capital Modarba	14	0.00
	4,834,557	1.32

Shareholders holding 5 % or more

Arif Habib	107,879,000	29.50
International Complex Projects Ltd	79,251,000	21.67
J S Bank Limited	23,102,500	6.32
Syed Salman Rashid	22,718,545	6.21

NOTICE OF THE 26TH ANNUAL GENERAL MEETING

Notice is hereby given that the Annual General Meeting of the Shareholders of Power Cement Limited ("the Company") will be held on Tuesday, October 31, 2017 at 09:30 a.m at Beach Luxury Hotel, 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 May 20, 2017.
- 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, 2017.
- 3) To appoint Auditors for the year ending June 30, 2018 and to fix their remuneration. The Board of Directors of the Company has recommended for reappointment of M/s. KPMG Taseer Hadi & Co. Chartered Accountants as the external auditors.

Special Business:

- 4) To consider and if deemed fit, approve the amendments / additions / deletions in certain clauses of Articles of Association of the Company as mentioned in the Annexure of Statement under Section 134(3); which are to be laid before the members for passing the following resolutions, with or without modifications, as special resolutions:

"RESOLVED THAT subject to the necessary approvals to be obtained from regulators and any consequent modification thereon, the amendments / additions / deletions in certain Clauses of Articles of Association of the Company which are laid before the members as Annexure of Statement under Section 134(3) and forms an integral part of this resolution, be and are hereby approved."

FURTHER RESOLVED THAT the new Memorandum and Articles of Association of the Company be printed and replaced for the existing ones after getting the same approved by the Securities and Exchange Commission of Pakistan (SECP).

FURTHER RESOLVED THAT the Company Secretary be and is hereby authorized to take and do and/or cause to be taken or done any/all necessary actions, deeds, agreements, contracts, appointments and things which are or may be necessary for giving effect to the aforesaid resolutions and to do all acts, matters, deeds, agreements, contracts, appointments and things which are necessary, incidental and/or consequential to aforesaid resolutions"

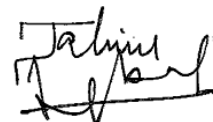
Any Other Business:

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

A Statement under Section 134(3) of the Companies Act, 2017 pertaining to the special business is given along with this notice.

Karachi: October 10, 2017

By Order of the Board



Tahir Iqbal
Company Secretary

NOTICE OF THE 26TH ANNUAL GENERAL MEETING

Notes:

1. Share transfer books of the Company will remain closed from October 25, 2017 to October 31, 2017 (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 24, 2017 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:

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.

Further, under the provisions of Section 242 of the Companies Act, 2017, it is mandatory for a listed Company to pay cash dividend to its shareholders only through electronic mode directly into bank account designated by the entitled shareholders. Consequently, in order to receive future cash dividends directly into bank account, if any, shareholders having physical shares are requested to fill in 'Electronic Mode Dividend Form' available at Company's website containing prescribed details and send it duly signed along with a copy of CNIC to the Registrar of the Company. In case of book-entry securities, shareholders must get their respective records updated as per the 'Electronic Mode Dividend Form' with their Broker/Participant/CDC account services.

In case of absence/ non-receipt of the copy of a valid CNIC and/or bank account details, the Company would be constrained under Section 243(2) of the Companies Act, 2017 to withhold dispatch of future dividend warrants, if any, to such members till provision of prescribed details.

ANNEXURE STATEMENT UNDER SECTION 134(3) OF THE COMPANIES ACT, 2017

This statement sets out the material facts concerning the Special Business given in Agenda items No. 4 of the Notice to be transacted at the Annual General Meeting of the Company:

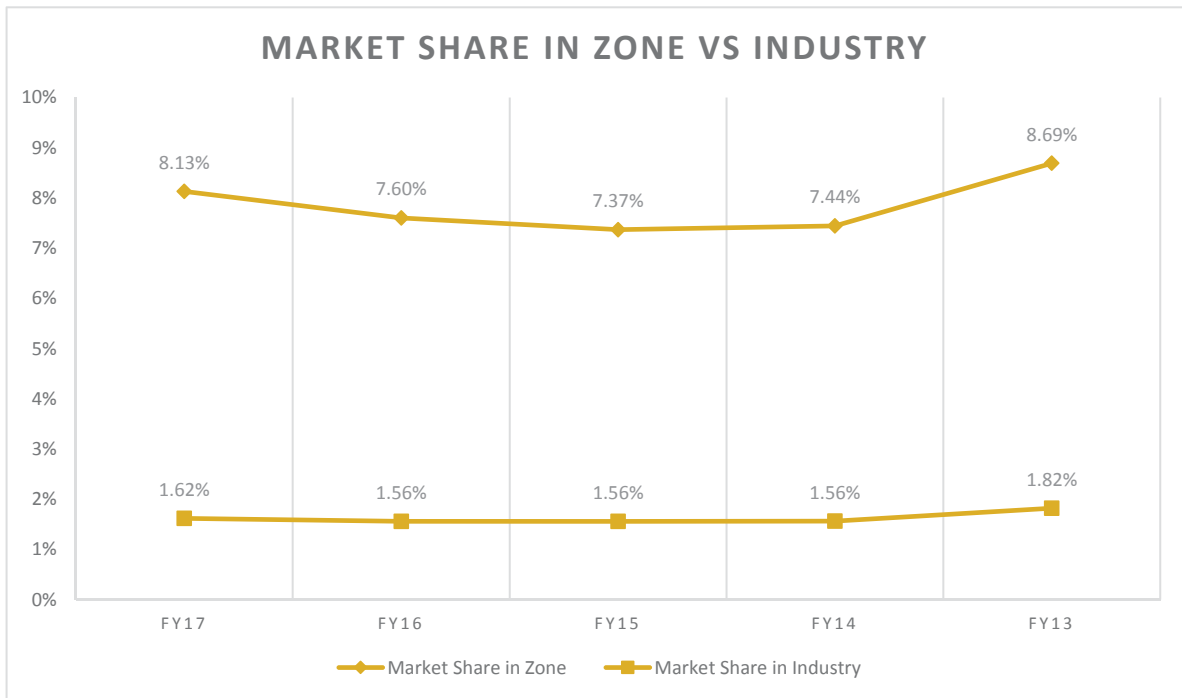
Clause	Existing Provision	Proposed Provision	Remarks
84	<p>(a) Save as provided in Section 187 of the Ordinance, no person shall be appointed as a Director unless he is a member of the Company.</p> <p>(b) The qualification of a Director, relax able by the Controller of Capital Issues, shall be holding of shares in the Company to the nominal value of Rs.5000/- at least in his own name. In the case of Directors representing interest holding shares of the requisite value, no share qualification shall be required provided intimation in writing with regard to such representation is lodged with the Company forthwith upon election or appointment of such director as under section 182 and 183 of the Ordinance.</p> <p>(c) A Director who is required to hold a qualification may act as a Director before acquiring his qualification but shall in any case acquire the same within two months.</p> <p>(d) If a Director fails to acquire his share qualification within two months, he shall cease to be a Director forthwith but all acts done by him during the interim period of his office as Director shall be held to have been properly done.</p>	No one shall be a Director unless they satisfy the eligibility requirements under Section 153 of the Companies Act, 2017 (including any amendments thereto or re-enactments thereof)	Amended
90	<p>No person' shall be appointed as a Director of the Company if he:</p> <p>(a) is a minor;</p> <p>(b) is of unsound mind;</p> <p>(c) has applied to be adjudicated as an insolvent and his application is Pending;</p> <p>(d) is an un-discharged insolvent;</p> <p>(e) has been convicted by a court of law for an offence involving moral Turpitude;</p> <p>(f) has been debarred from holding such office under any provision of the Ordinance;</p> <p>(g) has betrayed lack of fiduciary behavior and a declaration to this effect has been made by the Court under Section 217 of the Ordinance, at any time during the preceding five years;</p> <p>(h) is not a member;</p> <p>Provided that clause (h) shall not -apply in the case of:</p> <p>(i) a person representing the Government or an institution or authority which is a member;</p> <p>(ii) a whole time director who is an employee of the Company;</p> <p>(iii) a chief executive; or</p> <p>(iv) a person representing a creditor</p>	Not Used	Deleted

The background consists of a complex, abstract geometric pattern of overlapping triangles. The top and bottom sections are primarily yellow and gold, while the middle section is a solid grey. The triangles vary in size and orientation, creating a dynamic, crystalline effect.

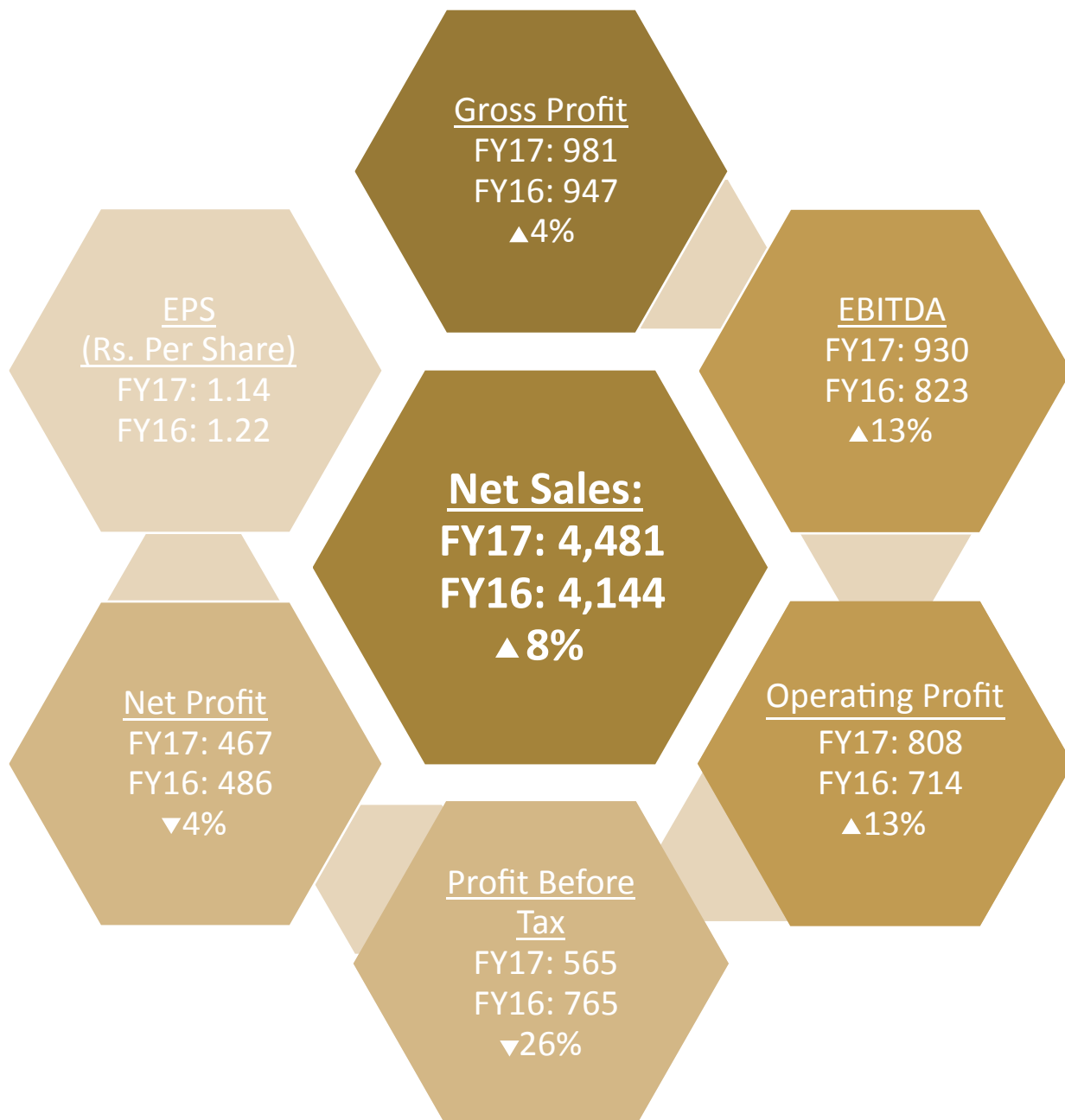
FINANCIAL HIGHLIGHTS

INDUSTRY PERFORMANCE ANALYSIS:

Description	Tons in '000		Growth	
	FY 16-17	FY15-16	FY 16-17	FY15-16
North Zone				
Domestic Sales	29,141	27,054	7.7%	15.4%
Export Sales	3,150	3,852	(18.2%)	(13.8%)
Total Sales in the North Zone	32,291	30,906	4.5%	10.7%
South Zone				
Domestic Sales	6,511	5,948	9.5%	24.9%
Export Sales	1,514	2,021	(25.1%)	(25.9%)
Total Sales in the South Zone	8,025	7,969	0.7%	6.4%
Overall Industry				
Domestic Sales	35,652	33,001	8.0%	17.0%
Export Sales	4,664	5,873	(20.6%)	(18.4%)
Total Industry Sales	40,316	38,874	3.7%	9.8%
Company Sales				
Domestic Sales	643	585	10.0%	14.9%
Export Sales	9	21	(57.4%)	(50.5%)
Total Company Sales	652	606	7.7%	9.8%

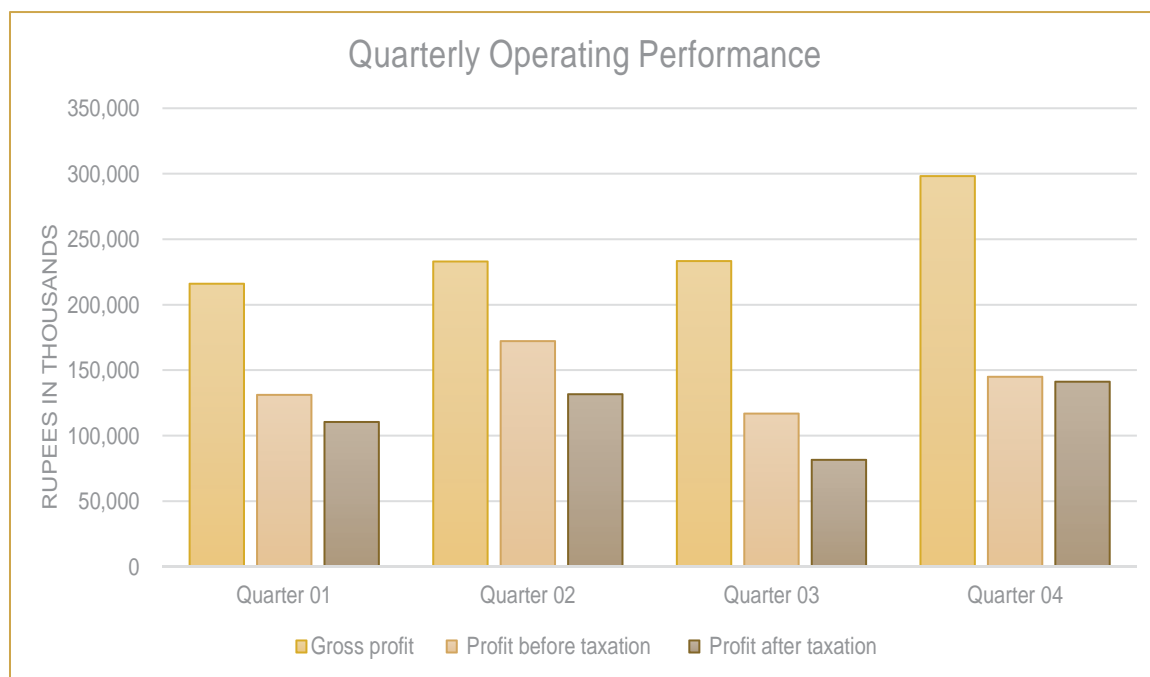


KEY PERFORMANCE INDICATORS (RS. IN MILLION):



QUARTERLY OPERATING PERFORMANCE:

Particulars	Q1	Q2	Rupees in '000		Total for 2017
			Q3	Q4	
Sales - net	930,187	1,136,720	1,260,482	1,153,234	4,480,623
Cost of sales	(714,172)	(903,733)	(1,027,158)	(855,029)	(3,500,092)
Gross profit	216,015	232,987	233,324	298,205	980,531
Distribution cost	(27,579)	(26,804)	(24,183)	(27,588)	(106,154)
Administrative expenses	(20,070)	(11,711)	(23,315)	(21,270)	(76,366)
Other income	23,889	30,717	1,699	(50,337)	5,968
Other operating expenses	(8,485)	29,441	(4,677)	(12,155)	4,124
Operating and other expenses	(32,245)	21,643	(50,476)	(111,350)	(172,428)
Operating profit	183,770	254,630	182,848	186,855	808,103
Finance income	-	135	214	4,996	5,345
Finance cost	(52,619)	(82,572)	(66,196)	(46,886)	(248,273)
Net finance (cost) / income	(52,619)	(82,437)	(65,982)	(41,890)	(242,928)
Profit before taxation	131,151	172,193	116,866	144,965	565,175
Taxation	(20,689)	(40,540)	(35,326)	(1,827)	(98,382)
Profit after taxation	110,462	131,653	81,540	143,138	466,793



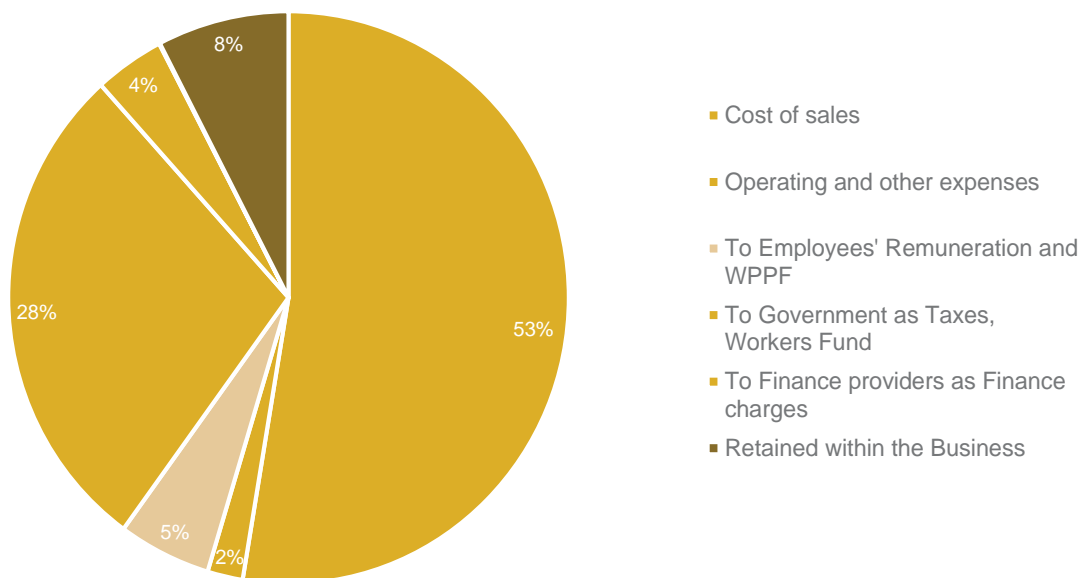
COMPANY PERFORMANCE ANALYSIS OF THE LAST SIX YEARS:

Financial Performance Analysis	Unit	FY17	FY16	FY15	FY14	FY13	FY12
Profitability							
Gross Margin	%	22%	23%	25%	10%	21%	10%
Operating Margin	%	18%	17%	17%	0%	23%	24%
Pre-Tax Profit Margin	%	13%	18%	16%	-4%	12%	10%
Net Profit Margin	%	10%	12%	11%	-2%	11%	5%
Return On Equity (ROE) Before Tax	%	15%	21%	17%	-4%	12%	8%
Return On Equity (ROE) After Tax	%	13%	13%	12%	-2%	10%	4%
Return On Assets (ROA) Before Tax	%	5%	12%	10%	-2%	8%	6%
Return On Assets (ROA) After Tax	%	4%	8%	7%	-1%	7%	3%
Return On Capital Employed	%	5%	11%	10%	-2%	11%	5%
EBITDA To Sales	%	21%	20%	20%	3%	26%	27%
Earnings Per Share	Rs.	1.14	1.22	1.19	(0.20)	1.01	0.42
Coverage							
Short Term Debt Payback (Years)	Years	2	1	2	4	2	3
Total Debt Payback (Years)	Years	3	3	9	23	6	9
Interest Cover Ratio (Times)	Times	3	4	3	1	2	2
Liquidity							
Current Ratio (Times)	Times	2.56	0.91	0.86	0.62	0.60	0.40
Quick Ratio (Times)	Times	2.05	0.47	0.39	0.25	0.25	0.09
Quick Ratio excluding Receivables (Times)	Times	1.91	0.33	0.24	0.18	0.18	0.07
Cash Flow From Operation To Sales	%	9%	17%	8%	3%	13%	11%
Working Capital Cycle							
Inventory Turnover Ratio (Times)	Times	15	19	10	17	8	12
Debtor Turnover Ratio (Times)	Times	14	15	15	24	25	67
Creditor Turnover Ratio (Times)	Times	4	4	5	3	3	3
Inventory Turnover (Days)	Days	24	19	38	21	44	31
Receivables Turnover (Days)	Days	27	24	25	15	14	5
Creditors Turnover (Days)	Days	84	85	80	111	116	121
Operating Cycle (Days)	Days	47	39	58	33	55	34
Total Asset Turnover Ratio	%	39%	66%	64%	60%	62%	57%
Fixed Asset Turnover Ratio	%	85%	93%	87%	79%	81%	69%
Leverage							
Long Term Debt To Capital	%	30%	67%	77%	78%	63%	57%
Long Term Debt To Equity	%	13%	105%	151%	200%	153%	184%
Gearing Ratio	%	7%	45%	58%	66%	59%	63%
Capital Structure							
Cost Of Debt Based On Book Value	%	17%	14%	15%	14%	14%	15%
Debt To Equity	%	40%	54%	67%	74%	74%	71%
Financial Leverage	%	144%	137%	159%	-169%	185%	237%

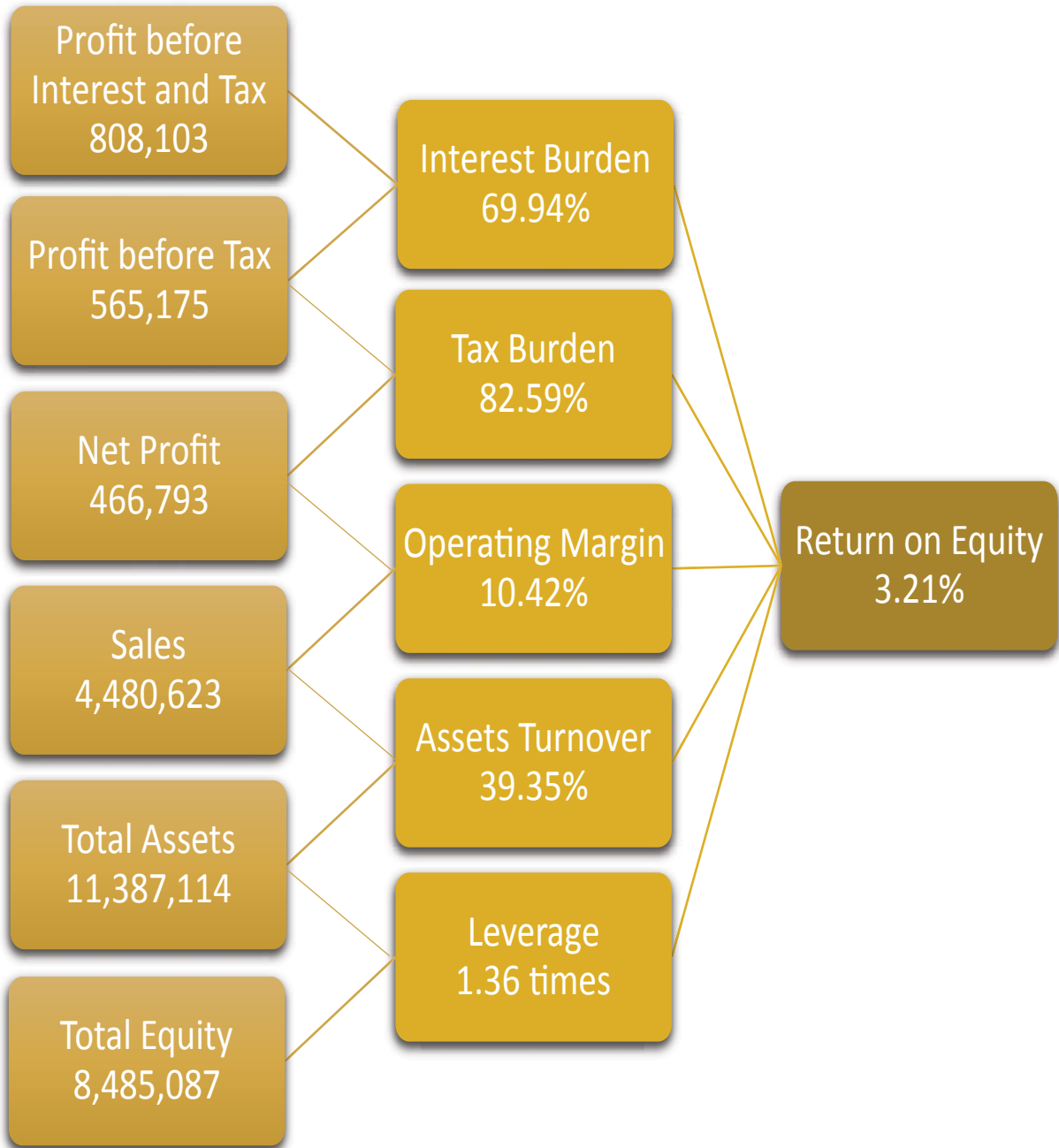
STATEMENT OF WEALTH GENERATED

Description	FY17	FY16	FY17	FY16
	Rs. in '000		% of Distribution	
Gross Turnover	6,134,811	5,256,754	99.82%	93.98%
Other Operating Income	5,968	2,758	0.10%	0.05%
Finance Income	5,345	334,055	0.09%	5.97%
Total Wealth generated during the year	6,146,124	5,593,567	100.00%	100.00%
Cost of sales	3,234,196	2,955,786	52.62%	52.84%
Operating and other expenses	125,585	131,890	2.04%	2.36%
To Employees' Remuneration and WPPF	329,316	328,131	5.36%	5.87%
To Government as Taxes, Workers Fund	1,739,303	1,407,095	28.33%	25.16%
To Finance providers as Finance charges	248,273	282,880	4.04%	5.06%
To Society/donations	2,658	1,394	0.04%	0.02%
Retained within the Business	466,793	486,391	7.59%	8.70%
Total Wealth distributed during the year	6,146,124	5,593,567	100.00%	100.00%

Distribution of Wealth



DUPONT ANALYSIS:



SUMMARISED FINANCIAL RESULTS OF THE LAST SIX YEARS:

HORIZONTAL ANALYSIS:

Balance Sheet	FY17	FY16	FY15	FY14	FY13	FY12	FY17	FY16	FY15	FY14	FY13	FY17	FY16	FY15	FY14	FY13
			Rupees in Thousands													
ASSETS																
Non-current assets	5,290,308	4,473,609	4,443,009	4,422,305	4,334,033	4,288,470	18%	1%	0%	2%	1%	18%	1%	0%	2%	1%
Current assets	6,096,806	1,769,369	1,545,200	1,363,510	1,285,111	894,607	245%	15%	13%	6%	44%	245%	15%	13%	6%	44%
TOTAL ASSETS	11,387,114	6,242,978	5,988,209	5,785,815	5,619,144	5,183,077	82%	4%	3%	3%	8%	82%	4%	3%	3%	8%

EQUITY AND LIABILITIES

Share capital and reserves	8,394,241	2,348,110	1,862,170	1,428,542	1,495,371	1,125,410	257%	26%	30%	30%	33%	257%	26%	30%	30%	33%
Non-current liabilities	611,650	1,949,740	2,319,225	2,157,944	1,991,773	1,816,631	(69%)	(16%)	7%	8%	10%	(69%)	(16%)	7%	8%	10%
Current liabilities	2,381,223	1,945,128	1,806,814	2,199,329	2,132,000	2,241,036	22%	8%	(18%)	3%	(5%)	22%	8%	(18%)	3%	(5%)
Total Liabilities	2,992,873	3,894,868	4,126,039	4,357,273	4,123,773	4,057,667	(23%)	(6%)	(5%)	6%	2%	(23%)	(6%)	(5%)	6%	2%
TOTAL EQUITY AND LIABILITIES	11,387,114	6,242,978	5,988,209	5,785,815	5,619,144	5,183,077	82%	4%	3%	3%	8%	82%	4%	3%	3%	8%

Profit and Loss Account

	FY17	FY16	FY15	FY14	FY13	FY12	FY17	FY16	FY15	FY14	FY13	FY17	FY16	FY15	FY14	FY13
			Rupees in Thousands													
Net Sales	4,480,623	4,144,455	3,831,069	3,496,103	3,511,774	2,930,152	8%	8%	10%	0%	20%	8%	8%	10%	0%	20%
Cost of Sales	(3,500,092)	(3,197,480)	(2,859,929)	(3,151,266)	(2,788,966)	(2,633,210)	9%	12%	(9%)	13%	6%	9%	12%	(9%)	13%	6%
Gross Profit	980,531	946,975	971,140	344,837	722,808	296,942	4%	(2%)	182%	(52%)	143%	4%	(2%)	182%	(52%)	143%
Operating Profit	808,103	713,597	667,774	6,221	804,312	694,602	13%	7%	10634%	(99%)	16%	13%	7%	10634%	(99%)	16%
Profit / (Loss) Before Tax	565,175	764,772	616,005	(140,271)	434,854	292,672	(26%)	24%	(539%)	(132%)	49%	(26%)	24%	(539%)	(132%)	49%
Profit / (Loss) After Tax	466,793	486,391	433,833	(73,909)	370,222	153,431	(4%)	12%	(687%)	(120%)	141%	(4%)	12%	(687%)	(120%)	141%

Cash-Flow Statement

	FY17	FY16	FY15	FY14	FY13	FY12	FY17	FY16	FY15	FY14	FY13	FY17	FY16	FY15	FY14	FY13
			Rupees in Thousands													
Cash Generated from Operations	572,883	808,568	362,943	152,534	493,354	339,071	(29%)	123%	138%	(69%)	46%	(29%)	123%	138%	(69%)	46%
Less: Gratuity, Income Tax and Finance Costs paid	(773,682)	(473,520)	(135,975)	(125,778)	(433,562)	(218,784)	63%	248%	8%	(71%)	98%	63%	248%	8%	(71%)	98%
Net Cash (used in) / generated from Operating Activities	(200,799)	335,048	226,968	26,756	59,792	120,287	(160%)	48%	748%	(55%)	(50%)	(160%)	48%	748%	(55%)	(50%)
Net Cash (used in) Investing Activities	(930,341)	(146,285)	(128,292)	(186,692)	(154,357)	(56,801)	536%	14%	(31%)	21%	172%	536%	14%	(31%)	21%	172%
Net Cash (used in) / generated from Financing Activities	4,533,557	(250,000)	(210,000)	186,000	140,477	(121,717)	(1913%)	19%	(213%)	32%	(215%)	(1913%)	19%	(213%)	32%	(215%)
Net increase / (decrease) in Cash and cash equivalents	3,402,417	(61,237)	(111,324)	26,064	45,912	(58,231)	(5656%)	(45%)	(527%)	(43%)	(179%)	(5656%)	(45%)	(527%)	(43%)	(179%)
Cash and cash equivalents at beginning of the year	(701,267)	(640,030)	(528,706)	(554,770)	(600,682)	(542,451)	10%	21%	(5%)	(8%)	11%	10%	21%	(5%)	(8%)	11%
Cash and cash equivalents at end of the year	2,701,150	(701,267)	(640,030)	(528,706)	(554,770)	(600,682)	(485%)	10%	21%	(5%)	(8%)	(485%)	10%	21%	(5%)	(8%)

VERTICAL ANALYSIS:

Balance Sheet	FY17	FY16	FY15	FY14	FY13	FY12	FY17	FY16	FY15	FY14	FY13	FY14	FY13
			Rupees in Thousands						Percentage Distribution				
ASSETS													
Non-current assets	5,290,308	4,473,609	4,443,009	4,422,305	4,334,033	4,288,470	46%	72%	74%	76%	77%	76%	77%
Current assets	6,096,806	1,769,369	1,545,200	1,363,510	1,285,111	894,607	54%	28%	26%	24%	23%	24%	23%
TOTAL ASSETS	11,387,114	6,242,978	5,988,209	5,785,815	5,619,144	5,183,077	100%	100%	100%	100%	100%	100%	100%

EQUITY AND LIABILITIES

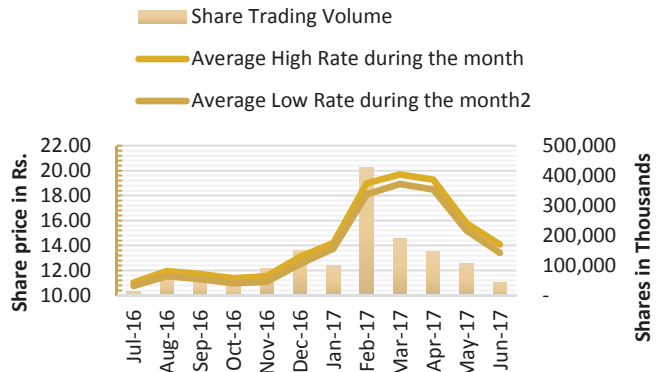
Share capital and reserves	8,394,241	2,348,110	1,862,170	1,428,542	1,495,371	1,125,410	74%	38%	31%	31%	25%	25%	27%
Non-current liabilities	611,650	1,949,740	2,319,225	2,157,944	1,991,773	1,816,631	5%	31%	39%	37%	35%	37%	35%
Current liabilities	2,381,223	1,945,128	1,806,814	2,199,329	2,132,000	2,241,036	21%	31%	30%	38%	38%	38%	38%
Total Liabilities	2,992,873	3,894,868	4,126,039	4,357,273	4,123,773	4,057,667	26%	62%	69%	75%	75%	75%	73%
TOTAL EQUITY AND LIABILITIES	11,387,114	6,242,978	5,988,209	5,785,815	5,619,144	5,183,077	100%	100%	100%	100%	100%	100%	100%

Profit and Loss Account

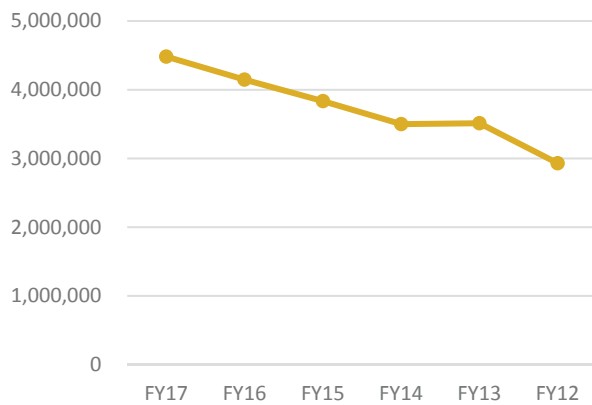
	FY17	FY16	FY15	FY14	FY13	FY12	FY17	FY16	FY15	FY14	FY13	FY14	FY13
			Rupees in Thousands						Percentage Distribution				
Net Sales	4,480,623	4,144,455	3,831,069	3,496,103	3,511,774	2,930,152	100%	100%	100%	100%	100%	100%	100%
Cost of Sales	(3,500,092)	(3,197,480)	(2,859,929)	(3,151,266)	(2,788,966)	(2,633,210)	(78%)	(77%)	(75%)	(75%)	(79%)	(90%)	(79%)
Gross Profit	980,531	946,975	971,140	344,837	722,808	296,942	22%	23%	25%	10%	21%	10%	21%
Operating Profit	808,103	713,597	667,774	6,221	804,312	694,602	18%	17%	17%	0%	23%	0%	23%
Profit / (Loss) Before Tax	565,175	764,772	616,005	(140,271)	434,854	292,672	13%	18%	16%	(4%)	12%	(4%)	12%
Profit / (Loss) After Tax	466,793	486,391	433,833	(73,909)	370,222	153,431	10%	12%	11%	(2%)	11%	(2%)	11%

SHARE PRICE SENSITIVITY ANALYSIS

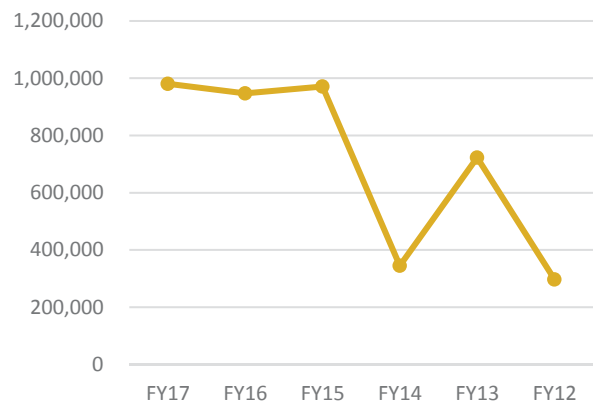
Month	Monthly Average High	Monthly Average Low	Volume of Trading
Jul-16	11.03	10.76	14,326
Aug-16	11.95	11.54	66,003
Sep-16	11.71	11.31	56,635
Oct-16	11.38	10.98	34,617
Nov-16	11.54	11.09	90,760
Dec-16	13.10	12.52	151,161
Jan-17	14.20	13.75	101,328
Feb-17	19.00	18.10	428,453
Mar-17	19.69	18.93	190,040
Apr-17	19.27	18.49	147,688
May-17	15.79	15.22	106,187
Jun-17	14.08	13.42	42,827



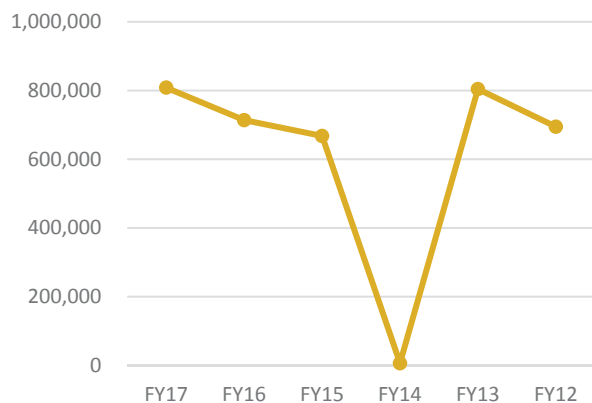
Net Sales (Rs. In '000)



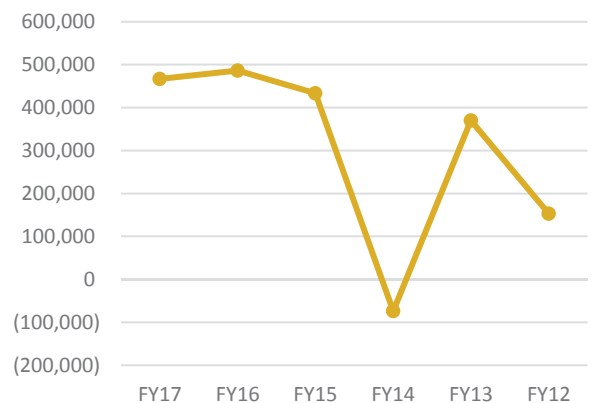
Gross Profit (Rs. In '000)



Operating Profit (Rs. In '000)

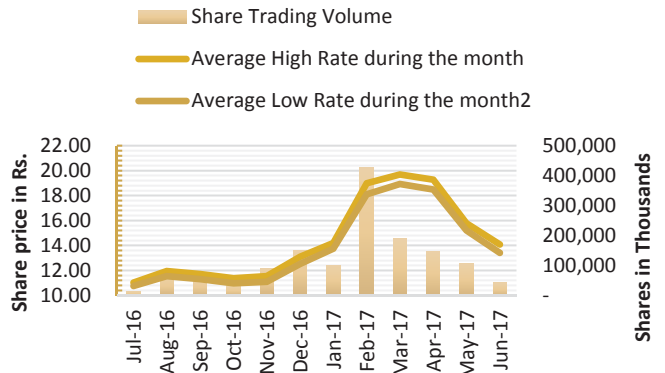


Profit After Tax (Rs. In '000)

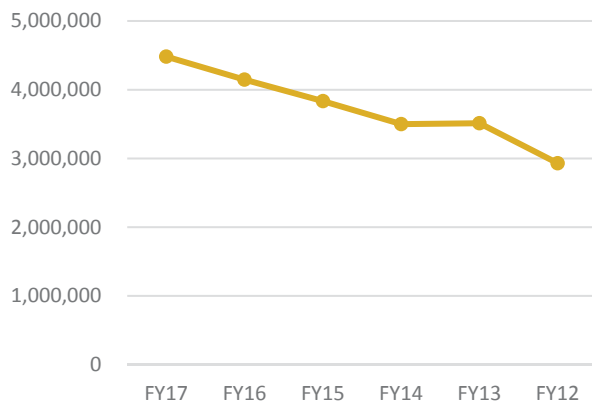


SHARE PRICE SENSITIVITY ANALYSIS

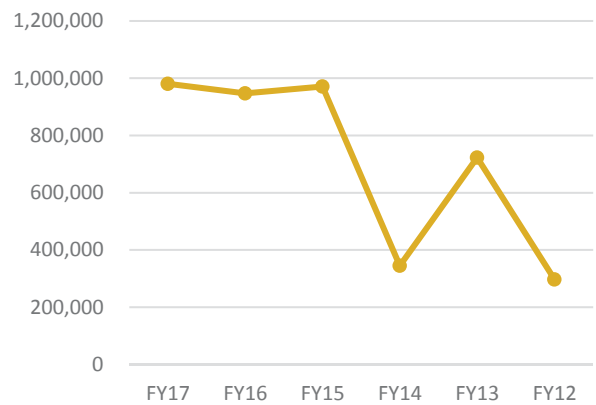
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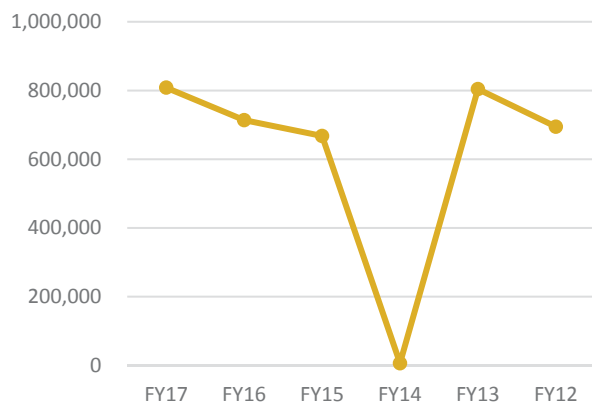
Net Sales (Rs. In '000)



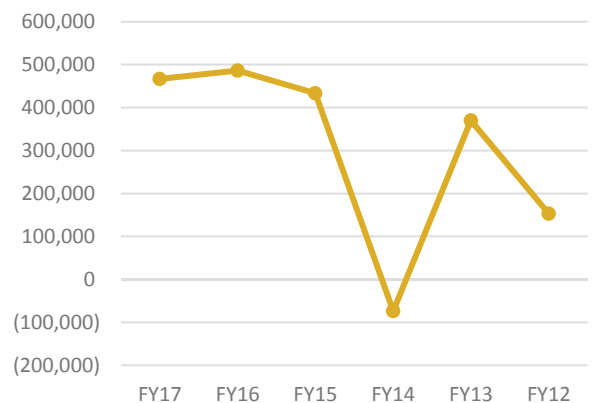
Gross Profit (Rs. In '000)



Operating Profit (Rs. In '000)



Profit After Tax (Rs. In '000)



INFORMATION FOR SHAREHOLDERS:

Power Cement Limited

Registered Office:

Arif Habib Centre 23, M.T. Khan Road Karachi-74000
Tel: (021) 32468231-32, 32468350-51
Fax No: (021) 32463209
Email: info@powercement.com.pk
Website: www.powercement.com.pk

Share Registrar

Technology Trade (Pvt) Limited
241-C, Dagia House, P.E.C.H.S
Off: Shahrah-e-Quaideen, Karachi
Email: mail@tpl.com.pk

Listing on Stock Exchanges

PCL Ordinary shares are listed on the Pakistan Stock Exchange (PSX).

Stock Code

The stock code for dealing in Ordinary shares of the Company at the PSX is 'POWER'.

Investor Service Centre

PCL share department is operated by Technology Trade (Pvt) Limited, Registrar Services. It also functions as an Investor Service Centre. For assistance, shareholders may contact either Mr. Junaid Dagia at the Registrar's Office or the Company Secretary at PCL's Registered Office.

Contact Persons:

Mr. Tahir Iqbal
Tel: (021) 32468231-2
Email: tahir.iqbal@powercement.com.pk
Mr. Junaid Dagia
Tel: (021) 34391316-7
Email: junaid.dagia@tpl.com.pk

Statutory Compliance

During the year the company has complied with all applicable provisions, filled all returns/forms and furnished all the relevant information as required under the Companies Act, 2017/ Companies Ordinance, 1984 (repealed) and allied laws and rules, the Securities and Exchange Commission of Pakistan (SECP) Regulations and the Listing Regulations, wherever applicable.

Book Closure Dates

The Share Transfer Books of the Company will be closed from 25th October 2017 to 31st October 2017 (both days inclusive) for the purpose of determination

of entitlement to attend and vote at the 26th Annual General Meeting of the Company.

In this respect, all transfers received in order at the office of our Share Registrar at the close of the business on 24th October 2017 will be considered in time for the determination of entitlement of shareholders to attend and vote at the meeting.

Legal Proceedings

No case has been filed by shareholders against the Company for non-receipt of share/dividend.

General Meetings & Voting Rights

Pursuant to Section 132 of the Companies Act, 2017 PCL holds a General Meeting of shareholders at least once a year. Every shareholder has a right to attend the General Meeting. The notice of such meeting is sent to all shareholders at least 21 days before the meeting and also published in at least one English and one Urdu newspaper having circulation in Sindh province.

Proxies

Pursuant to Section 137 of the Companies Act, 2017 and according to the Memorandum and Articles of Association of the Company, every shareholder of the Company who is entitled to attend and vote a General Meeting of the Company can appoint another person as his/ her proxy to attend and vote at the meeting. In this respect, every notice calling a General Meeting of the Company contains a statement that shareholder entitled to attend and vote is entitled to appoint a proxy.

Web Presence

The website of the Company has been maintained in accordance with directives of SECP vide various SROs. Updated information about the company and its affiliates can be accessed at www.powercement.com.pk.

Shareholding Pattern

The shareholding pattern of the equity share capital of the company as on 30th June 2017 along with categories of shareholders are given on page 32 to 35.



**CORPORATE GOVERNANCE
&
FINANCIAL STATEMENTS**

Review Report to the Members on the Statement of Compliance with Best Practices of 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 2017 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 2017.

Date: 9th October, 2017
Karachi

KPMG Taseer Hadi

KPMG Taseer Hadi & Co.
Chartered Accountants

Naveed Zafar Ashfaq Jaffery

Naveed Zafar Ashfaq Jaffery & Co.
Chartered Accountants

Statement of Compliance with the Best Practices of the Code of Corporate Governance For the year ended June 30, 2017

This statement is being presented to comply with the Code of Corporate Governance (CCG) contained in Regulation No. 5.19 of the Pakistan Stock Exchange Limited 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:

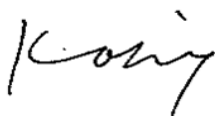
1. The Company encourages representation of independent non-executive directors and directors representing minority interests on its Board of Directors. As at June 30, 2017 the Board includes:

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 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 NBFIs or, being a member of a stock exchange, has been declared as a defaulter by that stock exchange.
4. The Board of Directors completed its term during the year and the above named directors were re-elected as directors for a term of 3 years on the day of 25th Annual General Meeting commencing from October 15, 2016. Further, there was no casual vacancy on the board of directors during the year.
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. All the meetings of the board were presided over by the Chairman who is a Non-Executive director. 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. Five directors have already completed the directors' training program. The Board consists of one director who is exempted from the directors' training program in accordance with clause 5.19.7 of the CCG due to having minimum of 14 years of education and over 15 years of experience on the board of a listed company. Currently, there is only one director who requires certification under the directors' training program. The Company is committed to comply with the requirements of the subject regulations by 30th June 2018.
10. There was no reappointment of CFO, Company Secretary and Head of Internal Audit during the year.
11. 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.

12. The financial statements of the Company were duly endorsed by CEO and CFO before approval of the board.
13. 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.
14. The Company has complied with all the corporate and financial reporting requirements of the CCG.
15. The Board has formed an Audit Committee. It comprises of three members, of whom all are non-executive directors and the chairman of the committee is an independent director.
16. 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.
17. The Board has formed an HR and Remuneration Committee. It comprises of four members, of whom three are non-executive directors and the chairman of the committee is a non executive director.
18. 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.
19. 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.
20. 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.
21. 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 exchange.
22. Material/price sensitive information has been disseminated among all market participants at once through stock exchanges.
23. The Company has complied with the requirements relating to the maintenance of register of persons having access to inside information by designated senior management officer in a timely manner and maintained proper record including basis for inclusion or exclusion of names of persons from the said list.
24. We confirm that all other material principles enshrined in the CCG have been complied with.



Muhammad Kashif Habib - CEO

06th October, 2017

Auditors' Report to the Members

We have audited the annexed balance sheet of **Power Cement Limited** ("the Company") as at 30 June 2017 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 repealed Companies Ordinance, 1984. Our responsibility is to express an opinion on these statements based on our audit.

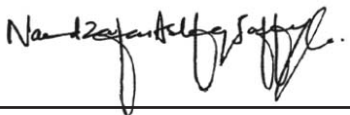
We conducted our audit in accordance with the auditing standards as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the above said statements are free of any material misstatement. An audit includes examining, on a test basis, 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 repealed 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 repealed Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with accounting policies consistently applied;
 - 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 repealed 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 2017 and of the profit, its cash flows and changes in equity for the year then ended; and
- d) in our opinion, no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980.

We draw attention to note 12.1 and 22.1.4 to the financial statements which state the reasons for recording an asset in relation to a refund claim of excise duty amounting to Rs.182.604 million and reversal of loan from previous sponsors amounting to Rs.115.193 million in the financial statements, respectively. Our opinion is not qualified in respect of these matters.

KPMG Taseer Hadi & Co.
 Chartered Accountants
 Muhammad Taufiq

Date: October 9th, 2017
 Karachi

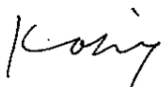


Naveed Zafar Ashfaq Jaffery & Co.
Chartered Accountants
Ahsan Elahi Vohra

Balance SheetAs at 30th June 2017

	Note	2017	2016
		(Rupees in '000)	
ASSETS			
Non-current assets			
Property, plant and equipment	5	5,248,476	4,444,992
Intangible assets	6	8,977	8,982
Investments	7	13,220	-
Long term deposits		19,635	19,635
		5,290,308	4,473,609
Current assets			
Stores, spares and loose tools	8	999,837	693,578
Stock-in-trade	9	224,731	165,221
Trade debts	10	331,301	271,667
Advances and other receivables	11	364,524	295,812
Trade deposits and prepayments		7,824	9,005
Tax refund due from government	12	359,770	319,103
Cash and bank balances	13	3,808,819	14,983
		6,096,806	1,769,369
		11,387,114	6,242,978
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorised share capital			
1,200,000,000 (2016: 400,000,000) Ordinary shares of Rs. 10/- each		12,000,000	4,000,000
Issued, subscribed and paid-up capital			
365,689,968 (2016: 365,689,968) Ordinary shares of Rs. 10/- each	14	3,656,900	3,656,900
Discount on issuance of right shares		(914,225)	(914,225)
Advance against rights issue	14.2	6,049,057	-
Accumulated loss		(397,491)	(394,565)
		8,394,241	2,348,110
LIABILITIES			
Non-current liabilities			
Long-term financing	15.1	110,000	360,000
Deferred accrued mark-up	15.2	-	151,032
Loan from related parties - unsecured	16	-	908,892
Deferred taxation - net	17	444,261	483,475
Deferred liabilities	18	57,389	46,341
		611,650	1,949,740
Current liabilities			
Loan from previous sponsors	22.1.4	735	735
Trade and other payables	19	784,482	723,160
Mark-up accrued	20	11,214	5,329
Short-term borrowings	21	1,107,669	708,750
Current portion of long term financing	15.1	250,000	-
Current portion of deferred accrued mark-up	15.2	227,123	507,154
		2,381,223	1,945,128
		11,387,114	6,242,978
Total equity and liabilities			
Contingencies and commitments			
	22		

The annexed notes from 1 to 41 form an integral part of these financial statements.



CHIEF EXECUTIVE



DIRECTOR



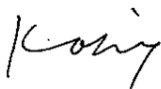
CHIEF FINANCIAL OFFICER

Profit and Loss Account

For the year ended 30 June 2017

	Note	2017 (Rupees in '000)	2016
Sales - net	23	4,480,623	4,144,455
Cost of sales	24	(3,500,092)	(3,197,480)
Gross profit		980,531	946,975
Distribution cost	25	(106,154)	(113,709)
Administrative expenses	26	(76,366)	(52,323)
Other income	27	5,968	2,758
Other operating expenses	28	4,124	(70,104)
		(172,428)	(233,378)
Operating profit		808,103	713,597
Finance income	29	5,345	334,055
Finance cost	29	(248,273)	(282,880)
Finance (cost) / income - net		(242,928)	51,175
Profit before taxation		565,175	764,772
Taxation	30	(98,382)	(278,381)
Profit after taxation		466,793	486,391
		(Rupees)	<i>Restated</i>
Earnings per share - basic and diluted	31	1.14	1.22

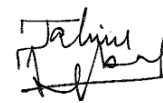
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CHIEF EXECUTIVE



DIRECTOR



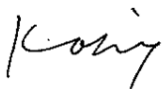
CHIEF FINANCIAL OFFICER

Statement of Comprehensive Income

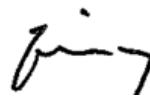
For the year ended 30 June 2017

	2017 (Rupees in '000)	2016
Profit for the year	466,793	486,391
Other comprehensive income		
<i>Items that will never be reclassified to profit and loss</i>		
Actuarial loss on defined benefit obligations	(7,657)	(571)
Related deferred tax reversal	1,608	120
	(6,049)	(451)
Total comprehensive income for the year	460,744	485,940

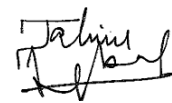
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CHIEF EXECUTIVE



DIRECTOR



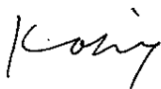
CHIEF FINANCIAL OFFICER

Cash Flow Statement

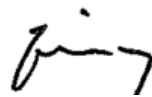
For the year ended 30 June 2017

Note	2017	2016
	(Rupees in '000)	
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash generated from operations	35 572,883	808,568
Gratuity paid	(11,900)	(8,800)
Income tax paid	(165,091)	(112,824)
Financial cost paid	(596,691)	(351,896)
	(773,682)	(473,520)
Cash (used in) / generated from operating activities	(200,799)	335,048
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditure	(925,696)	(139,585)
Investments made during the year	(13,220)	-
Proceeds from sale of property, plant and equipment	1,075	800
Encashment / (placement) of Term deposit	7,500	(7,500)
Net cash used in investing activities	(930,341)	(146,285)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of long term finance	-	(250,000)
Loan from related party - net	70,000	-
Proceeds from rights issue	4,497,277	-
Expenses incurred on issuance of right shares	(33,720)	-
Net cash generated / (used in) financing activities	4,533,557	(250,000)
Net increase / (decrease) in cash and cash equivalents	3,402,417	(61,237)
Cash and cash equivalents at beginning of the year	(701,267)	(640,030)
Cash and cash equivalents at end of the year	36 <u>2,701,150</u>	<u>(701,267)</u>

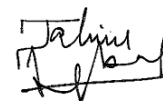
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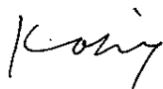
CHIEF FINANCIAL OFFICER

Statement of Changes in Equity

For the year ended 30 June 2017

	Capital Reserve			Revenue Reserve		Total
	Share Capital	Discount on issuance of right shares	Advance against right issue	General	Accumulated loss	
	----- (Rupees in '000) -----					
Balance as at 1 July 2015	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
Balance as at 30 June 2016	3,656,900	(914,225)	-	-	(394,565)	2,348,110
<i>Transaction with owners recorded directly in equity</i>						
Discount on interest free loan	-	-	-	-	16,907	16,907
Derecognition / adjustment of loan from shareholders	-	-	-	-	(480,577)	(480,577)
Gross subscription against right issue	-	-	6,082,777	-	-	6,082,777
Issuance costs	-	-	(33,720)	-	-	(33,720)
Net subscription against rights issue			6,049,057			6,049,057
<i>Total comprehensive income for the year</i>						
Profit after taxation	-	-	-	-	466,793	466,793
Other comprehensive income	-	-	-	-	(6,049)	(6,049)
	-	-	-	-	460,744	460,744
Balance as at 30 June 2017	3,656,900	(914,225)	6,049,057	-	(397,491)	8,394,241

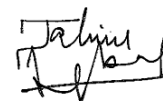
The annexed notes from 1 to 41 form an integral part of these financial statements.



CHIEF EXECUTIVE



DIRECTOR



CHIEF FINANCIAL OFFICER

Notes to the Financial Statements

For the year ended 30th June 2017

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.

The Companies Ordinance, 1984 has been repealed after the enactment of the Companies Act, 2017. However, as allowed by the SECP vide its press release dated 20 July 2017, these financial statements have been prepared in accordance with the provisions of the repealed Companies Ordinance, 1984.

2.2 Basis of measurement

These financial statements have been prepared under the historical cost convention except that the Company's liability under defined benefit plan (gratuity) is determined on the present value of defined benefit obligations as determined by an independent actuary.

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 5).

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 10). 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 8 and 9).

Notes to the Financial Statements

For the year ended 30th June 2017

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 17 and 30).

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 18).

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.

3. STANDARDS, AMENDMENTS AND INTERPRETATIONS

3.1 Standards, amendments or interpretations which became effective during the year

During the year, certain new standards and amendments to existing standards became effective. However, they did not have material effect on these financial statements.

3.2 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 2017:

- 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 further clarify that when calculating deferred tax asset in respect of insufficient taxable temporary differences, the future taxable profit excludes tax deductions resulting from the reversal of those deductible temporary differences. 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 Payment' 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.
- Transfers of Investment Property (Amendments to IAS 40 'Investment Property' - effective for annual periods beginning on or after 1 January 2018) clarifies that an entity shall transfer a property to, or from, investment property when, and only when there is a change in use. A change in use occurs when the property meets, or ceases to meet, the definition of investment property and there is evidence of the change in use. In isolation, a change in management's intentions for the use of a property does not provide evidence of a change in use. The amendments are not likely to have an impact on Company's financial statements.
- IFRIC 22 'Foreign Currency Transactions and Advance Consideration' (effective for annual periods beginning on or after 1 January 2018) clarifies which date should be used for translation when a foreign currency transaction involves payment or receipt in advance of the item it relates to. The related item is translated using the exchange rate on the date the advance foreign currency is received or paid and the prepayment or deferred income is recognized. The date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income (or part of it) would remain the date on which receipt of payment from advance consideration was recognized. If there are multiple payments or receipts in advance, the entity shall determine a date of the transaction for each payment or receipt of advance consideration.
- IFRIC 23 'Uncertainty over Income Tax Treatments' (effective for annual periods beginning on or after 1 January 2019) clarifies the accounting for income tax when there is uncertainty over income tax treatments under IAS 12. The interpretation requires the uncertainty over tax treatment be reflected in the measurement of current and deferred tax.
- Annual improvements to IFRS standards 2014-2016 cycle. The new cycle of improvements addresses improvements to following approved accounting standards:
- Amendments to IFRS 12 'Disclosure of Interests in Other Entities' (effective for annual periods beginning on or after 1 January 2017) clarify that the requirements of IFRS 12 apply to an entity's interests that are classified as held for sale or discontinued operations in accordance with IFRS 5 - 'Non-current Assets Held for Sale and Discontinued Operations'. The amendments are not likely to have an impact on Company's financial statements.

Notes to the Financial Statements

For the year ended 30th June 2017

- Amendments to IAS 28 'Investments in Associates and Joint Ventures' (effective for annual periods beginning on or after 1 January 2018) clarifies that a venture capital organization and other similar entities may elect to measure investments in associates and joint ventures at fair value through profit or loss, for each associate or joint venture separately at the time of initial recognition of investment. Furthermore, similar election is available to non-investment entity that has an interest in an associate or joint venture that is an investment entity, when applying the equity method, to retain the fair value measurement applied by that investment entity associate or joint venture to the investment entity associate's or joint venture's interests in subsidiaries. This election is made separately for each investment entity associate or joint venture. The amendments are not likely to have an impact on Company's financial statements.
- In addition, the Companies Act, 2017 was enacted on 30 May 2017 and SECP vide its circular 17 of 2017 has clarified that the companies whose financial year closes on or before 30 June 2017 shall prepare their financial statements in accordance with the provisions of the repealed Companies Ordinance, 1984.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies as set out below are consistently applied for all periods presented in these financial statements.

4.1 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 benefits are consumed by the Company, at the rates specified in note 5. 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 5. 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.

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 6 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.

Notes to the Financial Statements

For the year ended 30th June 2017

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.

4.2 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.

4.3 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.

4.4 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 materials 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.

4.5 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.

4.6 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.

4.7 Investments

All investments are initially recognised at cost, being the fair value of the consideration given and include transaction costs except for held-for-trading investments in which case transaction costs are charged to the profit and loss account. All purchase and sale of investments that require delivery within the required time frame established by regulations or market convention are accounted for at the trade date. Trade date is the date when the Company commits to purchase or sale the investments. These investments are recognised and classified as follows:

4.7.1 Held-to-maturity

At the time of acquisition, investments with fixed maturity, where management has both the intent and the ability to hold to maturity, are classified as held to maturity. Subsequently, these are measured at amortised cost less provision for impairment in value, if any. Amortised cost is calculated by taking into account any discount or premium on acquisition by using the effective interest rate method.

4.7.2 Held for trading

Held for trading investments are included in this category. At the time of acquisition, quoted investments which are acquired principally for the purpose of generating profit from short term fluctuations in price or are part of portfolio for which there is a recent actual pattern of short term profit taking are classified as held-for-trading.

Subsequent to initial recognition these are remeasured at fair value by reference to quoted market prices with the resulting gain or loss being included in net profit or loss for the period in which it arises.

Notes to the Financial Statements

For the year ended 30th June 2017

4.8 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.

4.9 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 2017 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.

4.10 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.

4.11 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.

4.12 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.

4.13 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 expired. 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.

4.14 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 30th June 2017

4.15 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 positive and liabilities when fair value is negative.

4.16 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.

4.17 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.

4.18 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 15.4.

4.19 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.

5. PROPERTY, PLANT AND EQUIPMENT

Note

2017
2016
(Rupees in '000)

Operating assets	5.1	4,912,987	4,357,092
Capital work in progress	5.4	235,751	13,384
Capitalisable stores and spares	5.5	99,738	74,516
		5,248,476	4,444,992

5.1 Operating assets

	Cost			Rate	Accumulated depreciation			Written down value as at 30 June 2017
	As at 1 July 2016	Additions / (disposals)	As at 30 June 2017		As at 1 July 2016	Charge for the year / (on disposal)	As at 30 June 2017	
	(Rupees in '000)				(Rupees in '000)			
Owned assets								
Land - lease hold	3,025	-	3,025	-	-	-	-	3,025
Factory building on leased hold land	778,828	-	778,828	5%	356,224	21,130	377,354	401,474
Non-factory building on leased hold land	20,938	3,144	24,082	10%	13,238	953	14,191	9,891
Lease hold improvement	28,248	549	28,797	10%	8,610	1,995	10,605	18,192
Plant and machinery	5,103,688	640,291	5,743,979	Units of production	1,245,511	82,600	1,328,111	4,415,868
Factory and laboratory equipment	36,417	9,523	45,940	10%	16,710	2,639	19,349	26,591
Quarry equipments	11,819	-	11,819	15%	10,663	174	10,837	982
Office equipments	9,057	4,881	13,938	10%	4,437	672	5,109	8,829
Computer and peripherals	17,101	9,487	26,588	33%	12,372	3,350	15,722	10,866
Furniture and fixture	20,595	2,874	23,469	10%	11,825	1,018	12,843	10,626
Vehicles	27,811	1,457	28,408	20%	20,845	1,649	21,765	6,643
		(860)				(729)		
	6,057,527	672,206	6,728,873		1,700,435	116,180	1,815,886	4,912,987
		(860)				(729)		

Notes to the Financial Statements

For the year ended 30th June 2017

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

5.1.1 Included in operating fixed assets are borrowing cost of Rs. 8.36 million (2016: nil). The average rate used for capitalization 7.46% (2016 : nil) per annum.

	Note	2017	2016
(Rupees in '000)			
5.2 Depreciation charge for the year has been allocated as follows:			
Cost of sales	24	106,534	98,529
Distribution cost	25	2,409	2,472
Administrative expenses	26	7,237	7,417
		116,180	108,418

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

	Cost	Accumulated Depreciation	Written down	Sales Proceeds	Gain	Mode of Disposal	Particulars of buyer's
(Rupees in '000)							
2017							
Suzuki Bolan CN-9281	427	(389)	38	300	262	Negotiation	Muzammil
Suzuki Bolan CR-5467	226	(177)	49	325	276	Negotiation	Muzammil
Suzuki Cultus - AHK 356	207	(163)	44	450	406	Negotiation	Muzammil
2016	1,342	(1,185)	157	800	643	Negotiation	Muzammil

5.4 Capital Work in Progress

	Note	Cost as at 1 July 2016	Additions	Transferred to operating fixed assets	Cost as at 30 June 2017
(Rupees in '000)					
Construction of factory main gate		2,964	180	3,144	-
New project line-III	5.4.1	7,845	227,906	-	235,751
Bag filter house		2,575	461,881	464,456	-
		13,384	689,967	467,600	235,751

5.4.1 The amount relates to the civil and electrical works related to new state-of-art European cement plant of the Company with clinker production capacity of 7,700 tonnes per day.

5.5 Capitalisable stores and spares

	2017	2016
(Rupees in '000)		
Opening balance	74,516	55,452
Additions during the year	219,113	113,414
Transferred to property, plant and equipment and capital work in progress	(193,891)	(94,350)
Closing balance	99,738	74,516

Notes to the Financial Statements

For the year ended 30th June 2017

6. INTANGIBLE ASSETS

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

	Note	2017 (Rupees in '000)	2016
Cost		16,367	10,466
Accumulated amortization		(7,390)	(1,484)
		<u>8,977</u>	<u>8,982</u>
Carrying amount at the beginning of the year		8,982	413
Additions during the year:			
- Software		5,901	8,981
Amortization during the year	6.1	(5,906)	(412)
Carrying amount at the end of the year		<u>8,977</u>	<u>8,982</u>
6.1 Rate of amortization		50%	50%
7. INVESTMENTS			
Held to maturity			
Defence savings certificates	7.1	12,215	-
Term deposit certificate	7.2	1,000	-
Held for Trading			
Units of Meezan Cash Fund	7.3	5	-
		<u>13,220</u>	<u>-</u>

7.1 These Defence Savings Certificates (DSCs) are for a period of 10 years having maturity in 2026 and mark-up at effective interest rate of 7.44% per annum. These DSCs are pledged with the Nazim of the Sindh High Court as disclosed in note 22.1.9.

7.2 These are held with a conventional bank carrying mark-up rate of 3.75% and will mature in May 2019.

7.3 These represents 98.8365 units having market value of Rs. 4,985 at 30 June 2017 and categorised as Level 1 Fair value measurement. The company uses net assets value issued by the fund manager at the balance sheet date to determine the market value.

8. STORES, SPARES AND LOOSE TOOLS

	Note	2017 (Rupees in '000)	2016
Stores		322,426	220,289
Coal	8.1	348,928	221,936
Spare parts		334,978	260,785
Loose tools		7,024	4,087
		<u>1,013,356</u>	<u>707,097</u>
Provision for slow moving / obsolete stock	8.2	(13,519)	(13,519)
		<u>999,837</u>	<u>693,578</u>
8.1 This includes coal in-transit amounting to Rs. 83.030 million (2016: Rs. 158.35 million).			
8.2 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>
9. STOCK-IN-TRADE			
Raw material		12,243	30,857
Packing material		36,921	55,150
Work-in-process		73,846	31,973
Finished goods		101,721	47,241
		<u>224,731</u>	<u>165,221</u>

Notes to the Financial Statements

For the year ended 30th June 2017

10. TRADE DEBTS

	Note	2017	2016
(Rupees in '000)			
Considered good-unsecured			
- Due from related parties	10.1 & 10.2	40,762	40,920
- Others		290,539	230,747
		331,301	271,667
10.1 The related parties from whom the debts are due are as under:			
Javedan Corporation Limited		9,212	16,554
Safe Mix Concrete Products Limited		31,250	24,194
Aisha Steel Mills Limited		300	172
		40,762	40,920
10.2 The balances due from related parties are mark-up free. The aging analysis of these balances is as follows:			
Not past due		20,823	-
Past due 1-60 days		15,762	37,742
Past due 61 days to 1 year		4,177	3,178
		40,762	40,920

11. ADVANCES AND OTHER RECEIVABLES

Advances - considered good			
To employees	11.1	10,075	8,011
To contractors and suppliers		47,296	82,656
Against letter of credit		38,745	73,980
Income tax		179,054	124,440
Sales tax		75,000	-
Rebate receivable		5,263	5,856
Sales tax receivable		5,167	-
Others		3,924	869
		364,524	295,812
11.1 This includes personal and auto loan advances to executives amounting to Rs. 6.414 million (2016: Rs. 6.407 million). Maximum amount outstanding against advances to employees during the year was Rs. 10.075 million (2016: Rs. 8.011 million). The amount is payable on demand and is secured against retirement benefit entitlement of the employees.			

	Note	2017	2016
(Rupees in '000)			
Movement in advances to executives during the year:			
Opening		6,407	4,763
Disbursed during the year		1,490	2,682
Repayments during the year		(1,483)	(1,038)
Closing		6,414	6,407

12. TAX REFUND DUE FROM GOVERNMENT

Income tax refundable		167,314	126,647
Sales tax refundable		2,989	2,989
Excise duty receivable	12.1 & 12.2	189,467	189,467
		359,770	319,103
12.1 From 1993-94 to 1998-99, excise duty was levied and recovered from the Company being wrongly worked out on retail price based on misinterpretation of sub section 2 of section 4 of the Central Excise Act, 1944 by Central Board of Revenue. Such erroneous basis of working of excise duty has been held, being without lawful authority, by the Honourable Supreme Court of Pakistan as per its judgment dated 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.

Notes to the Financial Statements

For the year ended 30th June 2017

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.

- 12.2** The Company received an order from Additional Collector, Hyderabad vide order no. 22 of 2000 alleging that Central Excise Duty of Rs. 6.863 million was not paid on certain sales for the years 1995-1996 and 1996-1997. The said amount was paid by the Company, however, a corresponding receivable was recorded. The Company filed an appeal in 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.

13. CASH AND BANK BALANCES

	Note	2017	2016
(Rupees in '000)			
Cash in hand		800	657
Cash with banks:			
- In current accounts		1,834,574	5,929
- In savings accounts	13.1	1,752,945	897
- Term deposits	13.2	220,500	7,500
		<u>3,808,819</u>	<u>14,983</u>

- 13.1** These accounts are maintained under profit and loss sharing arrangements with Islamic banks at rates ranging from 2.5% -5.6 % (2016: 2.5% - 3%) per annum.

- 13.2** This includes Term deposit certificate with a local banks and carries profit at declared rate of 3.75% - 4.18% p.a. and will mature from July 2017 to November 2017.

14. ISSUED, SUBSCRIBED AND PAID UP CAPITAL

2017	2016		2017	2016
(Number of Shares)			(Rupees in '000)	
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
<u>365,689,968</u>	<u>365,689,968</u>	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>

- 14.1** Shares held by the associated undertakings as at the balance sheet date were 210,855,545 (2016: 246,654,545).

- 14.2** The Board of Directors of the Company in their meeting held on 24 April 2017 approved the issue of 162% right shares in terms of ordinary shares at exercise price of Rs. 12.5 for the purpose of expansion of total production capacity by an additional 7,700 metric tons per day. These right shares are offered to the Company's existing ordinary shareholders. Total amount to be raised through the rights issue is Rs. 7.4 billion comprising of Rs.1.5 billion and Rs. 5.9 billion in respect of share premium and ordinary shares respectively. The right issue is fully underwritten.

Issuance cost of Rs. 33.72 million in relation to the above 162% rights issue has been netted with the subscription money and will accordingly be accounted for as a deduction from equity on allotment of shares. The net amount of subscription money against rights issue after deduction of issuance costs is Rs. 6.05 billion.

- 14.3** The shareholders of the Company in an Extraordinary General Meeting held on 20 May 2017 have approved an offer and allotment of 104,658,670 ordinary shares having face value of Rs. 10 each at a premium of Rs. 2.5 per share, by way of a further issue of capital otherwise than the right shares. These shares shall not be saleable for 5 years and subsequent to the balance sheet date the SECP has also accorded an approval for the same.

15. LONG TERM FINANCING AND DEFERRED ACCRUED MARK-UP

15.1 Long term financing

	Note	2017	2016
(Rupees in '000)			
Principal amount		360,000	360,000
Less: Current maturity shown under current liabilities		(250,000)	-
	15.3 & 15.4	<u>110,000</u>	<u>360,000</u>

Notes to the Financial Statements

For the year ended 30th June 2017

	Note	2017 (Rupees in '000)	2016
15.2 Deferred accrued mark-up			
Gross amount		253,577	760,732
Less: Winding up of discount as at 30 June		(26,454)	(102,546)
Deferred accrued mark-up as at 30 June		227,123	658,186
Current maturity shown under current liabilities		(227,123)	(507,154)
Present value of deferred accrued mark-up	15.3 & 15.4	-	151,032

15.3 This represents syndicated term finance facility and deferred mark-up 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 (9) 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 months 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 months 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, 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. 360 million falling due on 23 June 2015 will be repaid on 23 December 2018.

As per the restructuring agreement, deferred mark-up outstanding as at 30 June 2017 is payable in one instalment of Rs. 253.58 million in December 2017.

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.

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

	Note	2017 (Rupees in '000)	2016
16. LOAN FROM RELATED PARTIES - UNSECURED			
Opening balance		1,515,500	1,515,500
Loan amount received during the year		70,000	-
Settled against issue of right shares		(1,585,500)	-
Outstanding sponsors' loan		-	1,515,500
Winding up of discount opening		(606,608)	(346,445)
Gain on initial recognition / de recognition during the year		(24,153)	(333,792)
Unwinding of discount during the year		76,760	73,629
Settlement of loan from share holder	16.1	554,001	-
Winding up of discount closing		-	(606,608)
Closing balance at fair value		-	908,892

16.1 In the current year, the loan amount was settled / swapped against subscription of right shares. Since the loans were from shareholders of the Company, therefore the difference on derecognition of loan is recognised in the equity.

17. DEFERRED TAXATION - NET

	2017 (Rupees in '000)	2016
Deferred tax liability comprises of temporary differences as follows:		
Deductible temporary differences		
Deferred liability - provision for gratuity	(12,052)	(9,732)
Provision for stores and spares	(2,839)	(2,839)
Provision for leave encashment	(3,451)	(2,734)
Tax losses	(273,401)	(174,681)
	(291,743)	(189,986)
Taxable temporary differences		
Accelerated tax depreciation	736,004	673,461
	444,261	483,475

Notes to the Financial Statements

For the year ended 30th June 2017

17.1 Movement of deferred tax liability

Deductible temporary differences

Deferred liability - provision for gratuity
Provision for stores and spares
Provision for leave encashment
Tax losses

Taxable temporary differences

Accelerated tax depreciation

2017			
Balance at 1 July 2016	Recognized in profit and loss	Recognized in other comprehensive income / equity	Balance at 30 June 2017
----- (Rupees in '000) -----			
(9,732)	(712)	(1,608)	(12,052)
(2,839)	-	-	(2,839)
(2,734)	(717)	-	(3,451)
(174,681)	(32,542)	(66,178)	(273,401)
(189,986)	(33,971)	(67,786)	(291,743)
673,461	62,543	-	736,004
483,475	28,572	(67,786)	444,261

Deductible temporary differences

Deferred liability - provision for gratuity
Provision for stores and spares
Provision for leave encashment
Tax losses

Taxable temporary differences

Accelerated tax depreciation

2016			
Balance at 1 July 2015	Recognized in profit and loss	Recognized in other comprehensive income	Balance at 30 June 2016
----- (Rupees in '000) -----			
(7,714)	(1,898)	(120)	(9,732)
(2,636)	(203)	-	(2,839)
(2,450)	(284)	-	(2,734)
(379,995)	205,314	-	(174,681)
(392,795)	202,929	(120)	(189,986)
598,009	75,452	-	673,461
205,214	278,381	(120)	483,475

18. DEFERRED LIABILITIES

Provision for employees gratuity

Note	2017	2016
	(Rupees in '000)	
18.2	57,389	46,341
	295	266

18.1 Number of employees under the scheme

The number of employees covered under scheme are:

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

a) Significant actuarial assumptions

Financial assumptions

Discount rate
Expected rate of eligible salary increase in future years
Average expected remaining working life time of employees

	2017	2016
Discount rate	7.75%	7.25%
Expected rate of eligible salary increase in future years	6.75%	6.25%
Average expected remaining working life time of employees	11 Years	11 Years

Demographic assumptions

Mortality rate
Withdrawal rate
Retirement assumption

	SLIC 2001-2005	SLIC 2001-2005
Mortality rate	Moderate	Moderate
Withdrawal rate	Age 60	Age 60

b) Reconciliation of balance due to defined benefit plan

Present value of defined benefit obligation
Fair value of plan assets

	2017	2016
	(Rupees in '000)	
Present value of defined benefit obligation	66,678	54,591
Fair value of plan assets	(9,289)	(8,250)
	57,389	46,341

Notes to the Financial Statements

For the year ended 30th June 2017

c) Movement of the liability recognized in the balance sheet

	2017	2016
	(Rupees in '000)	
Liability recognised in the balance sheet as at 1 July	46,341	39,559
Charge for the year	15,291	15,011
Remeasurements chargeable in other comprehensive income	7,657	571
Contribution during the year	(11,900)	(8,800)
Liability recognised in the balance sheet as at 30 June	57,389	46,341

d) Change in present value of defined benefits obligations

Present value of defined benefits obligation as at 1 July	54,591	43,060
Current service cost for the year	12,363	11,583
Interest cost for the year	3,603	3,972
Benefits paid during the year	(9,768)	(4,636)
Remeasurements:		
Actuarial (gains)/losses from changes in financial assumptions	67	-
Experience adjustments	5,822	612
Present value of defined benefits obligation as at 30 June	66,678	54,591

e) Changes in fair value of plan assets

Fair value of plan assets as at 1 July	8,250	3,501
Contribution during the year	11,900	8,800
Expected return on plan assets	675	544
Benefits paid / discharged during the year	(9,768)	(4,636)
Actuarial gain / (loss) on plan assets	(1,768)	41
Fair value of plan assets as at 30 June	9,289	8,250

f) Expenses recognized in the profit and loss account

Current service cost	12,363	11,583
Interest cost	3,603	3,972
Return on plan assets	(675)	(544)
	15,291	15,011

g) Remeasurements chargeable in other comprehensive income

Remeasurements:		
Actuarial (gains) / losses from changes in financial assumptions	67	-
Experience adjustments	5,822	612
	5,889	612
Return on plan assets, excluding interest income	1,768	(41)
Total Remeasurements Chargeable in Other Comprehensive Income	7,657	571

h) Expected charge for the year ending 30 June 2018 as per actuary report is Rs. 19.454 million.

i) Plan assets as at 30 June 2017 comprise:

	Amount	Percentage
	(Rupees in '000)	
Cash and / or deposits	8,164	87.89%
Other	1,125	12.11%
	9,289	100%

j) Sensitivity analysis

Discount rate effect

Original liability

	Present value obligation	Rate effect
1% increase	61,806	8.75%
1% decrease	72,369	6.75%

Salary increase rate effect

Original liability

1% increase	66,678	6.75%
1% decrease	72,458	7.75%
	61,641	5.75%

Maturity profile

The average duration of defined benefit obligation is 8 years.

Notes to the Financial Statements

For the year ended 30th June 2017

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

	2016-17	2015-16	2014-15	2013-14	2012-13
	(Rupees in '000)				
Present value of defined obligations	66,678	54,591	43,060	(36,756)	(31,406)
Fair value of plan assets	(9,289)	(8,250)	(3,501)	3,592	596
Deficit / (surplus)	57,389	46,341	39,559	(33,164)	(30,810)
l) Experience adjustments					
Experience adjustment arising on plan liabilities	5,822	612	(1,261)	(171)	(2,350)

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

	Note	2017	2016
		(Rupees in '000)	
Cost of sales	24	11,154	11,586
Distribution cost	25	2,790	2,503
Administrative expenses	26	1,347	922
		15,291	15,011
19. TRADE AND OTHER PAYABLES			
Trade creditors		255,015	216,165
Bills payable		287,105	158,494
Accrued liabilities		43,009	70,911
Royalty payable		-	782
Excise duty payable		2,427	2,909
Advances from customers		47,146	34,876
Retention money payable		1,632	1,482
Sales tax and federal excise duty payable		-	80,469
Unclaimed dividends		126	126
Withholding tax payable		10,704	5,234
Workers' Welfare Fund		24,587	37,854
Workers' Profit Participation Fund	19.1	94,785	99,852
Leave encashment payable		16,434	13,020
Others		1,512	986
		784,482	723,160
19.1 Workers' Profit Participation Fund			
Balance as at 1 July		99,852	57,612
Mark-up on balance payable		8,150	4,793
Allocation for the year		29,911	41,334
		137,913	103,739
Payments made during the year		(19,548)	(3,887)
Reversal made during the year		(23,580)	-
Balance as at 30 June		94,785	99,852
20. MARK-UP ACCRUED			
On short term borrowings		11,214	5,329
		11,214	5,329
21. SHORT TERM BORROWINGS			
From banking companies-secured:			
<i>Conventional</i>			
Running finance	21.1	278,034	221,767
Import / export finances		-	92,336
Foreign currency loan	21.2	11,513	44,647
<i>Islamic</i>			
Istisna	21.3	780,000	250,000
Tijarah		-	100,000
Murabaha	21.4	38,122	-
		1,107,669	708,750

Notes to the Financial Statements

For the year ended 30th June 2017

21.1 This represents short-term running finance facilities from various banks amounting to Rs. 300 million (2016: Rs. 300 million). These carry mark up at the rates ranging between 3 months KIBOR plus 1.5% to 3 months KIBOR plus 2.5% (2016: 3 months KIBOR plus 1 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 30 April 2018 to 30 June 2018 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. 21.97 million (2016: Rs. 78.23 million).

21.2 This represents FE 25 facility from a bank amounting to Rs. 50 million (2016: 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. 38.37 million (2016: Rs. 5.35 million).

21.3 This represents facilities amounting to Rs. 900 million (2016: 600 million) repayable with a maximum tenure of 180 days from the date of disbursement. It carries profit at the rates ranging from KIBOR plus 1.6% to KIBOR plus 3.75% (2016: KIBOR plus 1.75% to KIBOR plus 3.75%). These facilities will mature from 30 September 2017 to 30 April 2018 and are renewable. As at balance sheet date unavailed amount under these facilities amount to Rs. 120 million. These are secured by first pari passu charge over stocks and receivables of the Company and lien over import documents.

21.4 This represents finance availed from a local bank amounting to Rs. 500 million with a tenure of upto 180 Days. It carries profit at 6 months KIBOR plus 1%. The facility is under Shariah arrangement and is secured by ranking charge over all present and future fixed assets of the Company.

21.5 The Company also has unfunded facilities from various banks amounting to Rs. 1,050 million.

22. CONTINGENCIES AND COMMITMENTS

22.1 Contingencies

22.1.1 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.

22.1.2 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 statements.

22.1.3 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.

22.1.4 During the year ended 30 June 2013, the Company reversed liability amounting to Rs. 115,927 million in respect of previous sponsors loan on the basis of arbitration award in favour of the Company.

The management of the Company was taken over by purchasing controlling shareholding during the year 2005. One of the condition of takeover of the management from the previous sponsors was that the amount payable in respect of this loan was required to be adjusted in respect of any differences in the value of assets and / or unrecorded liabilities. However, due to dispute regarding existence of certain assets and / or unrecorded liabilities. The final amount of the previous sponsor's loan remained undetermined and unsettled and the matter was referred for arbitration as per the Share Purchase Agreement between the management and the previous sponsors. The amount outstanding as at 30 June 2012 amounted to Rs. 115,927 million i.e. Rs. 234,076 million net off with unavailable stores and spares of Rs. 118,149 million.

In 2013, the arbitrator decided in favour of the Company 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

Notes to the Financial Statements

For the year ended 30th June 2017

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.

22.1.5 During 2015, the Company received a show cause notice on 22 January 2015 from Deputy Commissioner Inland Revenue (DCIR) alleging that the company is evading sales tax and Federal Excise Duty (FED) which was calculated by comparing consumption of energy and coal of cement industry with the Company and also considering the grinded slag as cement on which FED is payable. 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 Commissioner Inland Revenue (CIR) Appeals on 17 March 2015 along with the application for urgent hearing challenging the order on the grounds of judicial impartiality, lack of legal grounds under Sales Tax Act 1990 and Federal Excise Act, validity of order based on presumptions and lack of basic knowledge of cement industry. Simultaneously, application of stay was filed with CIR Appeals on 17 March 2015 and reference petition was filed with 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.

On 27 September 2017, the case has been decided in favour of the Company vide order no.41 of 2017 issued by Commissioner Inland Revenue (Appeals - II).

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

On 10 September 2015, the case 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 preferred against the same by CIR in Appellate Tribunal.

22.1.7 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.

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

The Company preferred appeal 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.

22.1.9 During the year the Company filed a suit 2269/2016; in the High Court of Sindh; against a shipping line challenging its detention of the Company's cargo for the want of certain changes. On 3 November 2016; the Court ordered the release of the Company's cargo against deposit of Defence Saving Certificates amounting Rs. 11.650 million with the Nazim of the Court. Accordingly, the Company's cargo was released upon deposit of the requisite security. Legal counsel of the Company believes that the Company has a good arguable case on merits while next date of hearing of the same is awaited.

22.1.10 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, inter alia, due to brought forward tax losses, minimum tax could not be carried forward for adjustment with future tax liability.

The Company has carried forward minimum tax of previous years amounting to Rs. 1.004 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.

The Company has challenged the applicability of Alternate Corporate Tax (ACT) via suit No. 102 of 2017 and filed Income Tax Return of TY 2016 based on Minimum Tax and accordingly no effect of (ACT) is taken in the tax liability.

22.1.11 One of the former labour working at the Company's factory has filed a case against the Company in the current year amounting approximately half a million rupees, in respect of certain unpaid salaries / wages etc. Management of the Company is confident that the outcome of the case will be in favour of the Company.

22.1.12 Advances to contractors/ suppliers (as referred in note 11 to these financial statements) include an advance of Rs. 10 million extended for purchase of land. Possession of the land was not given by the seller to the Company within the agreed time frame and therefore the Company has approached the Kotri Court (District Jamshoro) to ensure the execution of this purchase deal as per the agreed terms. Management of the Company is confident that the outcome of the case will be in favour of the Company.

22.1.13 The Finance Act, 2017 has introduced tax on every public company at the rate of 7.5% of its profit before tax for the year. However, this tax shall not apply in case of a public company which distributes at least 40 % of its after tax profits within six months of the end of the tax year through cash or bonus shares. Liability in this respect if any, is recognised when the prescribed time period for distribution of dividend expires.

Further, subsequent to year end, the Company has also obtained an interim stay order from the Sindh High Court against the said provision of the law.

22.1.14 For other contingencies, refer note 12.1 and 12.2.

Notes to the Financial Statements

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22.2 Commitments	Note	2017 (Rupees in '000)	2016 (Rupees in '000)
Commitment against open letter of credit for:			
- Coal		411,723	110,754
- Clinker Plant Project		7,329,621	-
- Cement Production and Dispatch Project		3,052,757	-
- Stores and spares		95,744	359,250
		<u>10,889,845</u>	<u>470,004</u>
Commitment against letter of guarantees		10,500	10,500
- Commitment against purchase of land	22.1.12	61,370	-
- Ijarah rentals		3,395	47
- Intangibles		-	1,092
- Supervisory Fees		616,318	-
		<u>11,581,428</u>	<u>481,643</u>
23. SALES - NET			
Local		6,067,140	5,121,266
Export		67,671	135,488
		<u>6,134,811</u>	<u>5,256,754</u>
Less:			
Sales tax		(1,011,086)	(861,526)
Federal excise duty		(643,102)	(250,773)
		<u>(1,654,188)</u>	<u>(1,112,299)</u>
		<u>4,480,623</u>	<u>4,144,455</u>
24. COST OF SALES			
Salaries, wages and other benefits including retirement benefits	24.1	265,896	241,694
Raw materials consumed	24.2	174,349	239,114
Packing material consumed	24.3	253,714	236,381
Stores, spares and loose tools		219,559	153,168
Fuel and power		1,674,939	1,863,588
Insurance		9,666	8,508
Repairs and maintenance		92,558	71,478
Depreciation	5.2	106,534	98,529
Other production overheads		25,249	32,021
		<u>2,822,464</u>	<u>2,944,481</u>
Work in process			
Opening		31,973	175,962
Purchases		732,862	114,064
Closing		(73,846)	(31,973)
		<u>690,989</u>	<u>258,053</u>
Cost of goods manufactured		<u>3,513,453</u>	<u>3,202,534</u>
Finished goods			
Opening		47,241	42,187
Purchases		41,119	-
Closing	9	(101,721)	(47,241)
		<u>(13,361)</u>	<u>(5,054)</u>
		<u>3,500,092</u>	<u>3,197,480</u>
24.1 It includes Rs. 11.154 million against staff retirement benefits (2016: Rs. 11.586 million).			
24.2 Raw materials consumed			
Opening stock of raw material		30,857	8,621
Purchases		155,735	261,350
		<u>186,592</u>	<u>269,971</u>
Closing stock of raw material	9	(12,243)	(30,857)
		<u>174,349</u>	<u>239,114</u>

Notes to the Financial Statements

For the year ended 30th June 2017

	Note	2017 (Rupees in '000)	2016
24.3 Packing materials consumed			
Opening stock of packing material		55,150	58,205
Purchases		235,485	233,326
		290,635	291,531
Closing stock of packing material	9	(36,921)	(55,150)
		253,714	236,381
25. DISTRIBUTION COST			
Salaries, wages and other benefits including retirement benefits	25.1	30,898	27,115
Export expenses		27,603	42,400
Travelling and conveyance		38	-
Depreciation	5.2	2,409	2,472
Marking fee		7,202	2,940
Incentives and commission on local sales		22,305	28,040
Others		15,699	10,742
		106,154	113,709
25.1 It includes Rs. 2.790 million against staff retirement benefits (2016: Rs. 2.503 million).			
26. ADMINISTRATIVE EXPENSES			
Salaries, wages and other benefits including retirement benefits	26.1	26,191	17,988
Travelling and conveyance		518	478
Printing and stationery		3,310	2,228
Repair and maintenance		2,850	2,027
Legal and professional charges		972	746
Auditors' remuneration	26.2	2,512	1,087
Rent, rates and taxes		6,520	5,421
Advertisement		2,535	454
Postage, telephone and telegram		3,095	2,106
Entertainment		1,823	2,169
Ijarah payments	26.3	1,085	1,213
Fees and subscription		7,136	5,595
Depreciation	5.2	7,237	7,417
Amortization	6	5,906	412
Charity and Donation	26.4	2,658	1,394
Miscellaneous		2,018	1,588
		76,366	52,323
26.1 It includes Rs. 1.347 million against staff retirement benefits (2016: Rs. 0.922 million).			
26.2 Auditor's remuneration			
		2017	
		KPMG Taseer Hadi & Co.	Naveed Zafar Ashfaq Jaffery & Co.
		(Rupees in '000)	
Audit fees		794	794
Half yearly review fee		250	250
Fee for review of compliance with Code of Corporate Governance		50	50
Fee for other services		50	-
Out of pocket expenses		137	137
		1,281	1,231
		2016	
		KPMG Taser Hadi & Co.	Naveed Zafar Ashfaq Jaffery & Co.
		(Rupees in '000)	
Audit fees		600	-
Half yearly review fee		250	-
Fee for review of compliance with Code of Corporate Governance		50	-
Fee for other services		30	-
Out of pocket expenses		157	-
		1,087	-

Notes to the Financial Statements

For the year ended 30th June 2017

26.3 Ijarah payments

The Company has entered into Ijarah arrangements with First Habib Modaraba for lease of three vehicles having monthly rentals for a total period of four to five years. Total of future Ijarah payments under the agreement are as follows:

	Note	2017 (Rupees in '000)	2016
Not later than one year		986	47
Later than one year but not later than five years		2,409	-
		<u>3,395</u>	<u>47</u>

26.4 No directors or their spouses have any interest in any donee's fund to which donation were made.

27. OTHER INCOME

Gain on disposal of fixed assets	5.3	944	643
Scrap sales		5,024	2,115
		<u>5,968</u>	<u>2,758</u>

28. OTHER OPERATING EXPENSES

Workers' Welfare Fund	28.1	(13,267)	16,415
Exchange loss		2,812	12,355
Workers' Profit Participation Fund	28.2	6,331	41,334
		<u>(4,124)</u>	<u>70,104</u>

28.1 The Finance Act, 2006 and 2008 introduced amendments to the Workers' Welfare Fund (WWF) Ordinance, 1971 whereby the definition of industrial establishment and basis of calculating the provision were extended. The amendments were challenged at various levels and conflicting judgments were rendered by the Lahore High Court, Sindh High Court and Peshawar High Court.

However, Honourable Supreme Court of Pakistan vide its judgment dated 10 November 2016, has upheld the view of Lahore High Court and decided that WWF is not a tax and hence the amendments introduced through Finance Act 2006 & 2008 are ultra-vires to the Constitution. The Company has now calculated WWF on taxable income based on Supreme Court's judgment and accordingly reversal of Rs. 22.380 million has been recognized in the financial statements

28.2 This includes reversal of Workers' Profit Participation Fund (WPPF) amounting to Rs. 23.580 million on notional income based on tax and legal advise.

29. FINANCE INCOME / (COST) - NET

	Note	2017 (Rupees in '000)	2016
Income from PLS Savings account and term deposit- Islamic		4,724	207
Income from term deposit - Conventional		56	56
Gain on derecognition of financial liability	16	-	333,792
Interest income on Defence saving certificates		565	-
Finance income		<u>5,345</u>	<u>334,055</u>
Interest on long term finance and unwinding of deferred accrued mark-up		(104,441)	(151,870)
Unwinding of discount on loan from related party	16	(76,760)	(73,629)
Mark-up on short term borrowings		(56,109)	(37,318)
Mark-up on borrowing from related party		-	(13,330)
Mark-up on workers' profit participation fund		(8,150)	(4,793)
Bank charges and commission		(2,813)	(1,940)
Finance cost		<u>(248,273)</u>	<u>(282,880)</u>
		<u>(242,928)</u>	<u>51,175</u>

30. TAXATION

Current year		69,810	-
Deferred		28,572	278,381
		<u>98,382</u>	<u>278,381</u>

Notes to the Financial Statements

For the year ended 30th June 2017

30.1 Relationship between income tax expense and accounting profit

	2017 (Effective tax rate %)	2017 (Rupees in '000)
Profit before taxation		<u>565,175</u>
Tax at the enacted tax rate	31%	175,204
Tax effect of income subject to final tax regime		(2,646)
Tax effect of Credits (BMR)		(64,981)
Effect of change in tax rate		(1,017)
Deferred tax charge not booked on final tax regime		<u>(8,178)</u>
		<u>98,382</u>

30.2 Tax liability for TY 2016 was based on Minimum Tax.

30.3 The tax returns have been filed up to tax year 2016 (corresponding to financial year ended 30 June 2016) which are deemed to be assessed under section 120 of the Income Tax Ordinance, 2001 (Ordinance).

30.4 For contingencies relating to taxation, refer note 22.1.

31. EARNINGS PER SHARE -BASIC AND DILUTED

	2017 (Rupees in '000)	2016 (Rupees in '000)
Basic earnings per share		
Profit after taxation	<u>466,793</u>	<u>486,391</u>
	(Number)	<i>Restated</i>
Weighted average number of ordinary shares	<u>410,449,595</u>	<u>399,278,654</u>
	(Rupees)	<i>Restated</i>
Earnings per share in rupees - basic and diluted	<u>1.14</u>	<u>1.22</u>

31.1 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.

32. OPERATING SEGMENTS

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

32.2 Revenue from sale of cement represents 100% (2016: 100%) of the total revenue of the Company.

32.3 98.5% (2016: 96.7%) sales of the Company relates to customers in Pakistan.

32.4 All non-current assets of the Company at 30 June 2017 are located in Pakistan.

33. 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:

- Credit risk
- Liquidity risk
- Market risk

33.1 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.

Notes to the Financial Statements

For the year ended 30th June 2017

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

	2017	2016
	(Rupees in '000)	
Long term deposits	19,635	19,635
Trade debts	331,301	271,667
Advances and other receivables	105,207	165,516
Trade deposits and prepayments	7,824	9,005
Bank balances	3,808,019	14,326
	<u>4,271,986</u>	<u>480,149</u>

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

Domestic (Pakistan)	329,292	268,458
Exports	2,009	3,209
	<u>331,301</u>	<u>271,667</u>

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

Dealer / distributor	202,864	110,805
End-user customers / exports	128,437	160,862
	<u>331,301</u>	<u>271,667</u>

33.1.3 Impairment losses

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

	2017		2016	
	Gross	Impairment	Gross	Impairment
	(Rupees in '000)		(Rupees in '000)	
Not past due	188,228	-	136,483	-
Past due 1-60 days	59,222	-	42,850	-
Past due 61 days - 1 year	78,540	-	88,768	-
More than one year	5,311	-	3,566	-
	<u>331,301</u>	<u>-</u>	<u>271,667</u>	<u>-</u>

33.1.4 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.

33.1.5 Credit Ratings

Details of the credit ratings of bank balances as at 30 June are as follows:

	Rating		Rating	2017	2016
	Short term	Long term	Agency	(Rupees in '000)	
Allied Bank Limited	A1+	AA+	PACRA	4,253	149
Al-Baraka Islamic Bank	A1	A	JCR-VIS	548	182
Bank Alfalah Limited	A1+	AA	PACRA	97	47
Bank Islami Pakistan Ltd.	A1	A+	PACRA	431,030	1,002
Bank of Punjab	A1+	AA-	JCR-VIS	133	133
Habib Bank Limited	A-1+	AAA	JCR-VIS	722,770	70
Habib Metropolitan Bank Ltd.	A-1+	AA+	PACRA	992	638
Meezan Bank Limited	A-1+	AA	JCR-VIS	322,605	460
National Bank of Pakistan	A-1+	AAA	PACRA	503,943	1,755
Summit Bank Limited	A-1	A-	JCR-VIS	1,809,020	1,491
Summit Islamic Bank Ltd.	A-1	A-	JCR-VIS	8,805	7,837
Bank Al Habib Limited	A1+	AA+	JCR-VIS	3,894	356
Soneri Bank Limited	A1+	AA-	PACRA	8	8
United Bank Limited	A-1+	AAA	JCR-VIS	921	198
				<u>3,809,019</u>	<u>14,326</u>

Notes to the Financial Statements

For the year ended 30th June 2017

33.2 Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. Liquidity risk arises because of the possibility that the Company could be required to pay its liabilities earlier than expected or difficulty in raising funds to meet commitments associated with financial liabilities as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

Following are the contractual maturities of financial liabilities, including interest payments:

	2017					
	Carrying amount	Contractual cash flows	Six months or less	Six to twelve months	One to five years	More than five years
	----- (Rupees in '000) -----					
Non-derivative liabilities						
Long term financing	360,000	(392,797)	(14,259)	(264,181)	(114,357)	-
Deferred accrued mark-up	227,123	(253,577)	(253,577)	-	-	-
Long-term interest free loan from sponsors	-	-	-	-	-	-
Short term borrowings	1,107,669	(1,118,883)	(1,118,883)	-	-	-
Trade and other payables	784,482	(784,482)	(784,482)	-	-	-
	2,479,274	(2,549,739)	(2,171,201)	(264,181)	(114,357)	-

	2016					
	Carrying amount	Contractual cash flows	Six months or less	Six to twelve months	One to five years	More than five years
	----- (Rupees in '000) -----					
Non-derivative liabilities						
Long term financing	360,000	(419,923)	(13,480)	(14,019)	(392,424)	-
Deferred accrued mark-up	658,186	(760,732)	(253,577)	(253,577)	(253,578)	-
Long-term interest free loan from sponsors	908,892	(1,515,500)	-	-	-	(1,515,500)
Short term borrowings	708,750	(714,079)	(714,079)	-	-	-
Trade and other payables	723,160	(723,160)	(723,160)	-	-	-
	3,358,988	(4,133,394)	(1,704,296)	(267,596)	(646,002)	(1,515,500)

The contractual cash flows relating to the above financial liabilities have been determined on the basis of mark-up rates effective as at 30 June 2017.

33.3 Market risk

Market risk is the risk that the value of the financial instrument may fluctuate as a result of changes in market interest rates or the market price due to a change in credit rating of the issuer or the instrument, change in market sentiments, speculative activities, supply and demand of securities and liquidity in the market. Market risk comprises of currency risk, interest rate risk and other price risk. The Company is exposed to currency risk and interest rate risk only.

a) Currency risk

Foreign currency risk is the risk that the value of financial asset or a liability will fluctuate due to a change in foreign exchange rates. It arises mainly where receivables and payables exist due to transactions entered into foreign currencies.

The Company is exposed to currency risk on export sales and import purchases in a currency other than Rupees. Further, Company regularly avails foreign currency loans which also exposes it to the currency risk.

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

	2017		2016	
	(Rupees in '000)	(US Dollars in'000)	(Rupees in '000)	(US Dollars in'000)
Trade debts	2,009	19	3,155	30
Bills payable	(287,105)	(2,740)	(158,494)	(1,558)
Foreign currency loan	(11,513)	(110)	(44,647)	425
Gross exposure	(296,609)	(2,831)	(199,986)	(1,103)

Notes to the Financial Statements

For the year ended 30th June 2017

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	
	2017	2016	2017	2016
	(Rupees)		(Rupees)	
US Dollars	104.90	104.37	104.79	104.83

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 2016.

	2017	2016
	(Rupees in '000)	
Effect on profit or loss on 10% weakening of Rupee	(29,661)	(11,565)
Effect on profit or loss on 10% strengthening of Rupee	29,661	11,565

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	
	2017	2016
	(Rupees in '000)	
<i>Fixed rate instruments</i>		
Financial assets		
- Bank balances	220,500	7,500
<i>Variable rate instruments</i>		
Financial assets		
- Bank balances	1,752,945	897
Financial liabilities		
- Short term borrowings	1,107,669	708,750
- Long term financing	360,000	360,000
	(285,276)	1,067,853

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 2017 by Rs. (5.057) million (2016: Rs. 10.603 million). This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

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

Notes to the Financial Statements

For the year ended 30th June 2017

	30 June 2017				
	Mark-up / return (%)	less than 6 month	6 months to 1 year	More than 1 year	Total
----- (Rupees in '000) -----					
Assets					
Bank balance	2.5% - 5.6%	220,500	1,752,945	-	1,973,445
Total assets		220,500	1,752,945	-	1,973,445
Liabilities					
Short term borrowings	4.5% to 11.04%	1,107,669	-	-	1,107,669
Long term loan	8.68% - 7.81%	-	250,000	110,000	360,000
Total liabilities		1,107,669	250,000	110,000	1,467,669
On-balance sheet gap		(887,169)	1,502,945	(110,000)	505,776
Total interest risk sensitivity gap		(887,169)	615,776	505,776	505,776

	30 June 2016				
	Mark-up / return (%)	less than 6 month	6 months to 1 year	More than 1 year	Total
----- (Rupees in '000) -----					
Assets					
Bank balance	2.5% - 4.5%	7,500	897	-	8,397
Total assets		7,500	897	-	8,397
Liabilities					
Short term borrowings	4.5% to 11.04%	708,750	-	-	708,750
Long term financing	8.68% - 7.81%	360,000	-	-	360,000
Total liabilities		1,068,750	-	-	1,068,750
On-balance sheet gap		(1,061,250)	897	-	(1,060,353)
Total interest risk sensitivity gap		(1,061,250)	(1,060,353)	(1,060,353)	(1,060,353)

33.4 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.

34. FAIR VALUE OF FINANCIAL INSTRUMENTS

34.1 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).

Notes to the Financial Statements

For the year ended 30th June 2017

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

35. CASH GENERATED FROM OPERATIONS

	Note	2017 (Rupees in'000)	2016
Profit before taxation		565,175	764,772
Adjustment for:			
Depreciation	5.2	116,180	108,418
Amortization	6	5,906	412
Finance cost on short term borrowings	29	67,072	57,381
Finance cost on unwinding of discount on related parties	29	76,760	73,629
Interest on long term finance and unwinding of deferred accrued mark-up	29	104,441	151,870
Exchange loss on bills payable	28	2,812	12,355
Gain on disposal of fixed assets	5.3	(944)	(643)
Gain on derecognition of financial liability	29	-	(333,792)
Provision for gratuity	18.2	15,291	15,011
		387,518	84,641
Operating profit before working capital changes		952,693	849,413
(Increase) / decrease in current assets			
Stores, spares and loose tools		(306,259)	(131,169)
Stock-in-trade		(59,510)	119,754
Trade debts		(59,634)	(11,945)
Advances and other receivables		(14,098)	(118,522)
Trade deposits		1,181	(1,749)
		(438,320)	(143,631)
Increase / (decrease) in trade and other payables		58,510	102,786
Net cash generated from operations		572,883	808,568
36. CASH AND CASH EQUIVALENTS			
Cash and bank balances		3,808,819	7,483
Short term borrowings		(1,107,669)	(708,750)
		2,701,150	(701,267)
37. CAPACITY (Clinker)			
Installed capacity (M. Tons)		900,000	900,000
Actual production (M. Tons)		482,801	509,685

37.1 Production capacity utilization is 54% (2016: 57%) of total installed capacity.

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

38. TRANSACTIONS AND BALANCES WITH RELATED PARTIES

The related parties comprise of major shareholders, 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 the transactions with related parties have been carried out on agreed terms. 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

Aisha Steel Mills Limited

	2017 (Rupees in '000)	2016
- Sale of goods	1,173	51
- Payment received	1,045	44

Safe Mix Concrete Products Limited

- Sale of goods	246,254	95,653
- Payment received	239,198	83,460

Notes to the Financial Statements

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	2017	2016
	(Rupees in '000)	
Javedan Corporation Limited		
- Sale of goods	88,502	69,723
- Sale of miscellaneous item	39	-
- Payment received	95,845	60,167
Rotocast Engineering Company (Private) Limited		
- Services received	5,716	4,607
- Payments made	5,752	4,488
- Loan received	-	100,000
- Loan repaid	-	100,000
- Mark-up accrued during the year	-	1,127
- Mark-up paid	-	1,127
Arif Habib Corporation Limited		
- Loan received	-	400,000
- Loan repaid	-	400,000
- Advance against right issue	688,939	-
- Guarantee commission accrued during the year	268	-
- Guarantee commission paid	268	-
- Mark-up accrued during the year	-	13,396
- Mark-up paid	-	13,329
EFU Life Assurance Limited		
- Services received	22,052	1,550
- Payments made	22,023	1,550
Sponsors / Directors		
- Loan received	1,070,000	60,000
- Loan repaid	1,070,000	60,000
- Settlement of loan against right issue	1,585,500	-
- Advance against right issue	393,356	-
International Complex Project Limited		
- Advance against right issue	1,606,588	-
Staff retirement benefit funds		
- Charge during the year	15,291	15,011
- Contribution during the year	(11,900)	(8,800)
Balances with related parties		
Aisha Steel Mills Limited		
- Trade receivable	300	172
Rotocast Engineering Company (Private) Limited		
- Amount payable against services received	446	482
Javedan Corporation Limited		
- Trade receivable	9,213	16,929
- Other receivable	39	-
- Trade payable	-	375
Safe Mix Concrete Products Limited		
- Trade receivable	31,250	24,194
Arif Habib Corporation Limited		
- Guarantee commission payable	67	67
- Advance against right issue	688,939	-
EFU Life Assurance Limited		
- Insurance payable	332	-

Notes to the Financial Statements

For the year ended 30th June 2017

	2017 (Rupees in '000)	2016
Sponsors / Directors		
- Loan payable	-	1,515,500
- Advance against right issue	393,356	-
Staff retirement benefit funds		
- Payable to gratuity fund	57,389	46,341
International Complex Project Limited		
- Advance against right issue	1,606,588	-

38.1 Remuneration of Chief Executive, Directors and Executives

Note	2017			2016		
	Chief Executive	Director	Executives	Chief Executive	Director	Executives
	(Rupees in '000)					
Managerial remuneration	-	-	127,506	-	-	95,399
Retirement benefits	-	-	10,626	-	-	7,950
	-	-	138,132	-	-	103,349
	(Number)					
Number of key executives	1	6	92	1	6	69
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.

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

39. CORRESPONDING FIGURES

Corresponding figures have been rearranged and reclassified for the purposes of comparison and better presentation.

Reclassification from component	Reclassification to component	2016 (Rupees in '000)
Other income	Finance income	263
Administrative expenses	Distribution cost	7,205

40. NUMBER OF EMPLOYEES

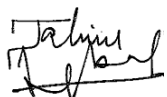
The total number of permanent employees as at year end were 311 (2016: 278) and average number of employees were 295 (2016: 280).

41. DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue on **06th October, 2017** by the Board of Directors of the Company.


CHIEF EXECUTIVE


DIRECTOR


CHIEF FINANCIAL OFFICER

CORPORATE CALENDAR OF MAJOR EVENTS

The Company follows the period of July 1 to June 30 as the Financial Year. For the Financial year ending on 30th June 2018, Financial Results will be announced as per the following tentative schedule:

Date	Event
1st Quarter ending 30th September 2017	Last week of October 2017
2nd Quarter ending 31st December 2017	Last week of February 2018
3rd Quarter ending 31st March 2018	Last week of April 2018
Annual audited accounts ending 30th June 2018	Second week of September 2018

کمپنی کے ڈائریکٹرز، سی ای او، سی ایف او، کمپنی سیکرٹیری اور انکے زوجین اور انکے نابالغ بچوں کی جانب سے خریدے اور بیچے گئے حصص ظاہر کرنے والا گوشوارہ:
یکم جولائی 2016ء تا 30 جون 2017ء:

فروخت کردہ حصص	خریدے گئے حصص بذریعہ تفعہ حاصل کردہ	عہدہ	نام
9,000,000	-	ڈائریکٹر	محمد کاشف حبیب



*Environment Friendly Operations
Meeting World Bank Standards for Environment*

ساز و سامان کی فراہمی کے معاہدات ایف ایل ایس ایس ایچ اینڈ کمپنی (ڈینش گلوبل انجینئرنگ کمپنی) کے ساتھ طے پاچکے ہیں اور ان اشیاء کی درآمدات کیلئے ایل میز قائم کر دی گئی ہیں۔ منفقہ معاہداتی قیمت 90 ملین یورو سے کہیں زیادہ ہے۔

تیانجن الیکٹرک پاور کنسٹرکشن آف چائنا کے ساتھ تیسرا معاہدے پر دستخط ہو چکے ہیں اور اس پر کام کا آغاز بھی ہو گیا ہے۔ معاہدے کی کل لاگت 7.5 ارب روپے سے زیادہ ہے۔

مجموعی توسیعی کل لاگت کا تخمینہ 25 ارب روپے ہے۔

مستقبل کا جائزہ:

تعمیرات اور انفر انفر کسٹرکشن کے شعبہ جات کافی متحرک رہے۔ کئی عوامل مارکیٹ میں مثبت اثرات مرتب کر رہے ہیں، جن میں اقتصادی نمو اور بڑھتی ہوئی شہر سازی بھی ہیں۔ نجی اور سرکاری شعبوں میں تعمیراتی منصوبوں کی وجہ سے سیمنٹ کی فروخت مستحکم رہنے کی توقع ہے اور اس کے ساتھ ساتھ سی پیک کے منصوبہ جات سے بھی مثبت اثرات کی توقع ہے۔ امید ہے کہ حکومتی پالیسیز میں استحکام رہے گا لہذا بورڈ اور مینجمنٹ یقین رکھتے ہیں کہ مندرجہ بالا پلانٹ کی توسیع سے قوی فائدہ حاصل ہوں گے۔

کمپنی کریڈٹ ریٹنگ

JCR-VIS Credit Rating Co. Ltd. کی جانب سے کمپنی کو (سنگل اے میننس) "A" طویل مدتی ریٹنگ اور (سنگل اے ٹو) "A2" قلیل مدتی ریٹنگ دی گئی ہے۔ یہ ریٹنگ رسک کے اعتبار سے کمپنی کی مستحکم پوزیشن کا اندازہ دیتی ہے، اور اس کے ساتھ ہی JCR-VIS نے کمپنی کے III لائن پراجیکٹ کو (سنگل اے (blr)) کی بینک لون ریٹنگ دی ہے۔

ERP پر عملدرآمد

ٹیکولوجی کا بھرپور فائدہ اٹھانے کی سوچ کے ساتھ کمپنی نے ERP نام MICROSOFT DYNAMICS AX لاگو کیا ہے۔ اس سسٹم سے مقصود بہتر موثرنگ کنٹرول اور بہتر آپریشنل کارکردگی حاصل کرنا ہے۔ اس سسٹم کا آغاز اکتوبر 2016 میں ہوا ہے اور یہ مینجمنٹ کی بہتر فیصلہ سازی کیلئے تیزی سے معلومات دینے میں معاون ثابت ہوا ہے۔

اعتراف:

ڈائریکٹرز آپ کی کمپنی کے شیئر ہولڈرز، مالیاتی ادارے، سپلائرز اور صارفین کے مسلسل تعاون اور سرپرستی کا اعتراف کرنا چاہتے ہیں، ہم سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان، اسٹیٹ بینک آف پاکستان، کارپوریشن آف پاکستان، ہنٹس آف فائینیز، ہنٹس آف انڈسٹریز اینڈ پراڈکشن، سینٹرل ڈپازٹری کمپنی اور پاکستان اسٹاک ایکسچینج کی انتظامیہ کی رہنمائی اور حمایت کے شکرگزار ہیں۔ ڈائریکٹرز آپ کی کمپنی کے تمام ملازمین کی انتھک محنت، پر خلوص خدمات، ٹیم ورکس اور اخلاص کے تہدول سے معترف ہیں اور سراہتے ہیں اور یقین رکھتے ہیں کہ باہمی مستقبل کی کوششوں کے ذریعے آپ کی کمپنی کی اصل طاقت کو آشکار کرنے میں مسلسل جاری رہیں گے۔

ہم بارڈر آڈٹ کمیٹی اور بارڈر کی دیگر کمیٹیوں کا بھی شکریہ ادا کرتے ہیں کہ انہوں نے انتہائی اہم معاملات میں رہنمائی فراہم کی۔

بورڈ کیلئے اور جانب سے:

چیرمین
جناب نسیم بیگ

Kashif
محمد کاشف حبیب
چیف ایگزیکٹو آفیسر

مورخہ 16 اکتوبر 2017ء

آڈٹرز کے مشاہدات:

ایکسٹرنل آڈٹرز رپورٹ میں دیئے گئے امور کی وضاحت درج ذیل ہے:

- ۱ پہلی بات اہلیٹ ٹریبونل ان لینڈ ریوینو (ATIR) کی جانب سے کمپنی کے حق میں دیئے گئے فیصلے سے متعلق ہے جو کہ ایکسٹرنل آڈٹرز کی طرف سے دیئے گئے فیصلے سے متعلق ہے۔ ٹیکس ڈیپارٹمنٹ نے اسے ٹی آئی آر کی جانب سے فیصلے کے خلاف سندھ ہائی کورٹ میں اپیل جمع کرائی ہے۔ کمپنی کو قومی امید ہے کہ سندھ ہائی کورٹ کمپنی کے حق میں فیصلہ دے گا۔ متعلقہ تفضیلات مالیاتی گوشوارہ جات کے نوٹ نمبر 12.1 میں دی گئی ہے۔
- ۲ دوسری بات کا تعلق کمپنی کے پچھلے شیئر ہولڈرز کے دعویٰ کے متعلق ہے جن سے موجودہ مالکان نے کمپنی کا کنٹرول حاصل کیا تھا۔ شیئر ٹرانسفر ایگریمنٹ کی شرائط کے تحت مقرر کردہ ثالث کی جانب سے کمپنی کے حق میں فیصلہ دے دیا گیا ہے۔ فریق مخالف ثالثی ایوارڈ پر سندھ ہائی کورٹ کے رجسٹرار کے پاس اعتراضات جمع کرا چکا ہے تاہم کمپنی کو یقین ہے کہ اس کا نتیجہ بھی اس کے حق میں ہی آئے گا۔ متعلقہ تفضیلات مالیاتی گوشوارہ جات کے نوٹ نمبر 22.1.4 میں درج کر دی گئی ہیں۔

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

تمام ڈائریکٹرز بشمول چیف ایگزیکٹو، چیف فنانس آفیسر اور کمپنی کے ایگزیکٹو کو کمپنی سیکرٹری کی جانب سے تحریری نوٹس دیئے گئے ہیں کہ وہ فوری طور پر وہ خود یا ان کے زوجین کی جانب سے کمپنی کے حصص میں کسی تجارت کے بارے میں تحریری طور پر آگاہ کریں اور کمپنی سیکرٹری کو ایسے کسی لین دین کے دوران کے اندر قیمت، تعداد حصص اور سی ڈی سی گوشوارے کا تحریری ریکارڈ فراہم کر دیں۔ کمپنی کے ڈائریکٹرز، چیف ایگزیکٹو، فیسر اور چیف فنانس آفیسر کمپنی سیکرٹری اور ان کے زوجین اور نابالغ اہل خانہ کی جانب سے کمپنی کے بیچے اور خریدے گئے حصص کو ظاہر کرنے والا ایک گوشوارہ یہاں منسلک ہے۔

قومی خزانے میں حصہ:

کمپنی نے 1.8 ارب روپے سے زائد (2016ء : 1.1 ارب روپے) ٹیکسوں، ایکسٹرنل آڈٹرز کی طرف سے ٹیکس اور سٹیک ہولڈرز کی شکل میں حکومتی خزانے میں جمع کرائے۔

ادارہ جاتی سماجی ذمہ داری (CSR):

دوران سال کمپنی نے مختلف ٹرسٹس (اقواف) خیراتی اداروں اور سماجی بہبود کے اداروں کو عطیات کی شکل میں تقریباً 2.7 ملین روپے (2016 : 1.36 ملین روپے) خرچ کئے ہیں۔

ایکسٹرنل آڈٹرز کی تقرری:

آڈٹرز میسرز کے پی ایم جی تا شیر ہاری اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس سبڈوش ہو گئے اور چونکہ اہل ہیں اس لئے خود کو دوبارہ تقرری کے لئے پیش کیا ہے۔

بورڈ آف ڈائریکٹرز نے آڈٹ کمپنی کی سفارشات کی توثیق کرتے ہوئے میسرز کے پی ایم جی تا شیر ہاری اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس کو مالیاتی سال 2017 اور 2018ء کیلئے سالانہ اجلاس عام میں کمپنی کے آڈٹرز کے طور پر از سر نو مقرر کیا ہے۔

پلانٹ کی توسیع:

کمپنی اپنی موجودہ جگہ پر اسکی پیداواری سہولیات کے ایک بہت بڑے توسیعی منصوبے کا آغاز کر چکی ہے جس سے 770 ٹن یومیہ پیداوار کا ایک نیا سلسلہ شروع ہو رہا ہے (25 ملین ٹن سالانہ)۔ اس سے مجموعی صلاحیت تقریباً 3.4 ملین ٹن سالانہ ہو جائے گی۔ توسیعی منصوبہ مزید ماحول دوست منصوبہ ہے اور یہ آئی ایف سی اور وولڈ بینک اسٹینڈرڈز کی تکمیل کرے گا۔

یہ براؤن فیلڈ توسیعی منصوبہ کمپنی کو پاکستان کی سب سے کم لاگت سمیت سازی کے اداروں میں سے ایک بنا دے گا۔ نئے منصوبے کے کامیاب آغاز کے بعد کمپنی جنوبی خطے میں دوسرا سب سے بڑا سیمینٹ ساز ادارہ بن جائے گا، جس کی کل پیداواری صلاحیت تقریباً 3.4 ملین ٹن سالانہ ہوگی۔

- ۷ کمپنی نے CCG سے کوئی قابل ذکر انحراف نہیں کیا ہے۔
- ۸ تمام قانونی بقایا جات کی ادائیگیاں معمول کے مطابق ہیں
- ۹ کمپنی اپنے ملازمین کے لئے فنڈ 'GRATUITY SCHEME' چلاتی ہے۔
- ۱۰ کمپنی کے تمام ڈائریکٹرز نے اسٹاک کیپچینج کی ضرورت کے مطابق ٹریڈنگ مکمل کر لی ہے علاوہ ایک ڈائریکٹر کے، جن کی ٹریڈنگ 30 جون 2018 تک ہو جائیگی۔
- ۱۱ 'PATTERN OF SHARE HOLDING' کا مجوزہ فارمیٹ اس رپورٹ کے ساتھ منسلک ہے۔
- ۱۲ گزشتہ 6 برسوں کی کلیدی آپریشنل اور مالیاتی معلومات اس رپورٹ میں منسلک کی جا رہی ہے۔

ڈائریکٹرز کے نام	بورڈ پر حیثیت	کل منعقدہ بورڈ کے اجلاس	منعقدہ اجلاس میں رکن کی حاضری
جناب نسیم بیگ	غیر انتظامی ڈائریکٹر/ چیئر مین	4	4
جناب محمد کاشف حبیب	انتظامی ڈائریکٹر/ ای او	4	4
جناب محمد یحییٰ خان	غیر انتظامی / آزاد ڈائریکٹر	4	1
جناب محمد یوسف عادل	غیر انتظامی / آزاد ڈائریکٹر	4	0
جناب سید سلمان راشد	غیر انتظامی ڈائریکٹر	4	3
جناب محمد اعجاز	غیر انتظامی ڈائریکٹر	4	2
جناب محمد حبیب	غیر انتظامی ڈائریکٹر	4	3

جو ڈائریکٹرز اپنی مصروفیات کی وجہ سے اجلاس میں شریک نہ ہو سکتے تھے انہیں غیر حاضری کی رخصت دی گئی تھی۔

ڈائریکٹرز کے انتخابات:

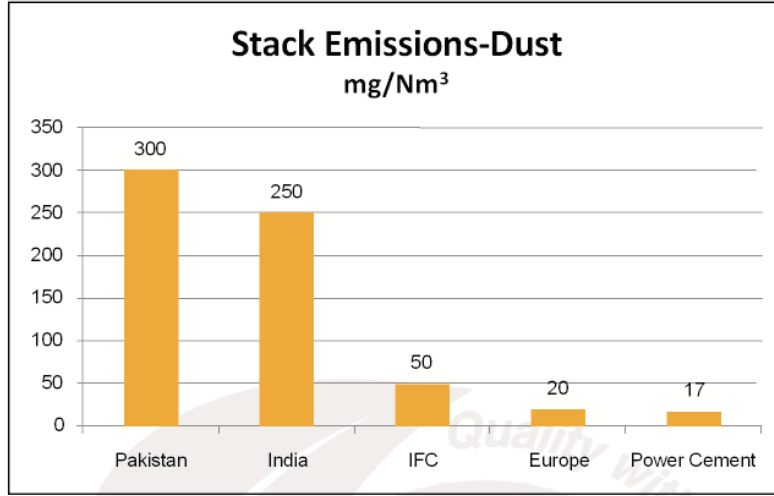
ڈائریکٹرز کا انتخاب کمپنی کے سالانہ اجلاس عام مورچہ 15 اکتوبر 2016ء میں آیا۔

اس انتخابات کے بعد بورڈ کی ترتیب و تشکیل حسب ذیل ہے:

ڈائریکٹر کا نام	بورڈ پر حیثیت	کلمات
جناب نسیم بیگ	چیئر مین	دو بار منتخب
جناب محمد کاشف حبیب	چیف ایگزیکٹو آفیسر	دو بار منتخب
جناب محمد یوسف عادل	آزاد ڈائریکٹر	دو بار منتخب
جناب محمد یحییٰ خان	آزاد ڈائریکٹر	دو بار منتخب
جناب محمد اعجاز	غیر انتظامی ڈائریکٹر	دو بار منتخب
جناب محمد حبیب	غیر انتظامی ڈائریکٹر	دو بار منتخب
جناب سید سلمان راشد	غیر انتظامی ڈائریکٹر	دو بار منتخب

ڈیونڈنڈ اور بونس:

کمپنی کے طویل المعیار و بینکنگ قرضہ جات اور کمپنی کے پلانٹ کی ہونے والی عظیم توسیع کو ذہن میں رکھتے ہوئے بورڈ نے کسی بھی طرح کا ڈیونڈنڈ یا بونس شیئر زدینے سے اشتناک کیا ہے۔



آڈٹ کمیٹی:

بورڈ آف ڈائریکٹرز نے ایک کمیٹی بھی قائم کر رکھی ہے جو کہ چار (4) ارکان پر مشتمل ہے جو سب کے سب غیر انتظامی ڈائریکٹرز ہیں۔ آڈٹ کمیٹی کی ترتیب و ترکیب CCG شرائط سے مکمل ہم آہنگ ہے۔ آڈٹ کمیٹی سداہی، ششماہی اور سالانہ مالیاتی گوشوارہ جات کو بورڈ کے سامنے پیش کرنے اور انکی اشاعت سے قبل انکا بغور جائزہ لیتی ہے۔ آڈٹ کمیٹی انٹرنل آڈٹرز کی تحقیقات کا بھی جائزہ لیتی ہے۔ آڈٹ کمیٹی CCG میں دیئے گئے ضابطے کے مطابق انٹرنل اور ایکسٹرنل آڈیٹرز سے الگ الگ ملاقاتیں بھی کرتی ہے۔

زیر جائزہ سال کے دوران آڈٹ کمیٹی کے چار اجلاس منعقد ہوئے جس میں اراکین کی حاضری حسب ذیل رہی:

رکن کمیٹی کا نام	کمیٹی میں حیثیت	کل منعقد آڈٹ کمیٹی اجلاس	رکن کمیٹی کی اجلاس میں حاضری
جناب محمد یوسف عادل	چیئرمین	4	2
جناب محمد علی خان	رکن	4	1
جناب نسیم بیگ	رکن	4	4
جناب سید سلمان راشد	رکن	4	1

کوڈ آف کارپوریٹ گورننس کی تعمیل:

آپ کی کمپنی کے ڈائریکٹرز کمیٹی کے کاروباری منصوبوں کا مستقل بنیاد پر جائزہ لیتے رہتے ہیں۔ آڈٹ کمیٹی بااختیار ہے۔ ہم آپ کی کمپنی میں گڈ گورننس کو یقینی بنانے کی غرض سے تمام ضروری اقدامات اٹھاتے ہیں جیسا کہ CCG کے تحت درکار ہے۔

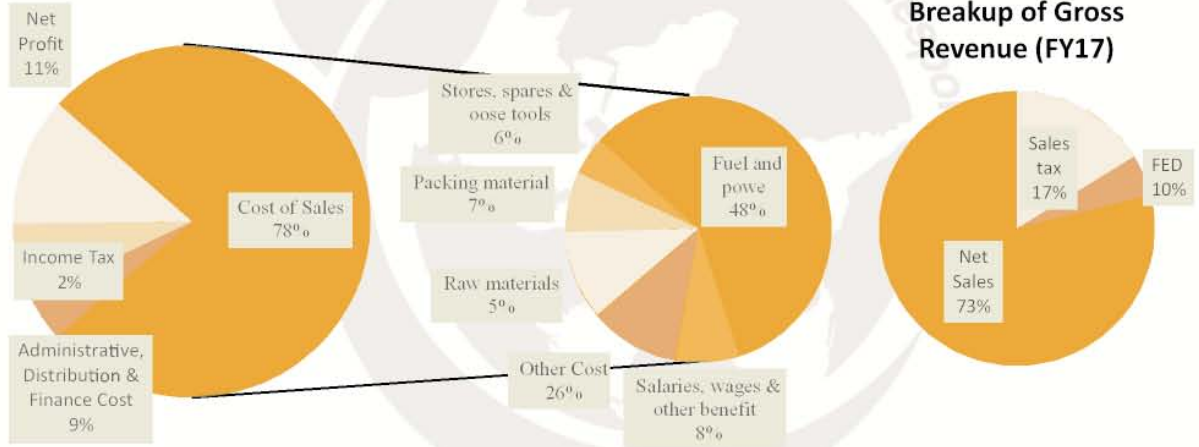
ہم درج ذیل کی توثیق کرتے ہیں:

- کمیٹی کی انتظامیہ کی جانب سے تیار کردہ مالیاتی گوشوارہ جات کمیٹی کے مالیاتی حالات کا، نقد بہاؤ کا اور ایکویٹی میں تبدیلیوں کا درست جائزہ پیش کرتے ہیں۔
- کمیٹی کی جانب سے حسابات کی مناسب کتب برقرار رکھی گئی ہیں۔
- مالیاتی گوشوارہ جات کی تیاری میں مناسب حساباتی حکمت ہائے عملی کو مستقل بروئے کار لایا جاتا رہا ہے اور حساباتی تخمینہ جات معقول اور محتاط آراء پر مبنی ہیں۔
- انٹرنیشنل فنانشل رپورٹنگ اسٹینڈرڈز جیسا کہ پاکستان میں لاگو ہیں، ان کی مالیاتی گوشوارہ جات کی تیاری میں بیرونی کی جاتی رہی ہے۔
- انٹرنل کنٹرول کا نظام تشکیل کے لحاظ سے خوب ہے اور اسے موثر طور پر نافذ کیا جاتا رہا ہے اور اسکی نگرانی کی جاتی رہی ہے۔
- کمیٹی کے 'GOING CONCERN' ہونے میں کوئی شک و شبہ نہیں ہے۔ مزید یہ کہ کمیٹی تمام قرضہ جات بروقت ادا کرتی ہے اور کمیٹی بینکس کی ادائیگیوں میں نادانستہ بینکس کو اس کے قرضہ جات کی ادائیگی کے حوالے سے کمیٹی کی جانب سے کوئی نادہندگی نہیں ہے۔

مالیاتی کارکردگی:

30 جون 2017ء کو ختم ہونے والے سال کیلئے آپ کی کمپنی کے کلیدی مالیاتی نتائج کا ایک موازنہ درج ذیل ہے:

2016	2017	کوائف
PKR in '000'		
5,256,754	6,134,811	کل فروخت کی رسید
1,112,299	1,654,188	کنوٹی: سٹریٹس / فیڈرل ایکسائز ڈیوٹی
4,144,455	4,480,623	صافی فروخت کی رسید
946,975	980,531	کل منافع
713,597	808,103	آپریت کرنے کا منافع
764,772	565,175	منافع قبل از ٹیکس
486,391	466,793	صافی منافع بعد از ٹیکس
1.22	1.14	فی حصص آمدنی (روپے)



فی حصص آمدن:

'Air Pollution Control System' کی تنصیب کے لیے کیے جانے والے لٹ ڈاؤن کی وجہ سے فی حصص آمدنی Rs.1.22 سے کم ہو کر Rs.1.14 رہی۔

Environment Friendly Operations
Meeting World Bank Standards for Environmental Compliance
ہوا کی آلودگی کے کنٹرول کے نظام کی تنصیب

ہمیں یہ اطلاع دیتے ہوئے انتہائی فخر ہے کہ آپ کی کمپنی ایک مکمل آلودگی کنٹرول بیگ ہاؤس سسٹم کی تنصیب کرنے سے جنوبی خطے میں صاف ترین ایئر ڈسچارجنگ پلانٹ کے طور پر نمایاں ہو گئی ہے۔ آپ کے سینٹ پلانٹ کی سطح اخراج اب عالمی بینک / آئی ایف سی گائیڈ لائنز کی دی گئی اخراج کی حدود سے بھی کہیں بہتر ہے۔

نیویگ فلٹر ECO E3 فلٹریشن سسٹم استعمال کرتے ہوئے منفرد جدید ترین یورپی ٹیکنالوجی کو بروہ کار لاتے ہیں جو کہ گرد کے اخراج کو پائیداری کے ساتھ نہایت ہی مستعدی سے قابو کرتا ہے یہ سائٹوں میں آپ کی کمپنی کو دیگر پر فوقیت دیتا ہے۔

اس نئے ڈسٹ کنٹرول سسٹم کے رکھنے کے اضافی فوائد میں پلانٹ کی زندگی میں اضافہ اور توانائی کے نقصانات میں کمی شامل ہیں۔

آپ کے پلانٹ کے اخراج کی حد کا مختلف خطوں کی حدود کے ساتھ کا تجربہ درج ذیل ہے۔

صنعتی جائزہ:

ساؤتھ زون، جہاں آپکی کمپنی واقع ہے، میں مقامی طلب 6.5 ملین ٹن رہی جو کہ گزشتہ سال سے 9.5% زیادہ ہے۔ اس کے ساتھ ساتھ برآمدات میں 1.5 ملین ٹن کی کمی واقع ہوئی ہے یعنی برآمدات گزشتہ سال کی نسبت 25% سے کم رہی ہیں۔ لہذا ساؤتھ زون کی کل ترسیلات 8 ملین ٹن رہیں۔

نارتھ زون کی مقامی طلب میں 7.7% کا اضافہ اور برآمدات میں 18.2% کی کمی واقع ہوئی ہے لہذا نارتھ زون کی کل ترسیلات میں 4.5% کا اضافہ ہوا ہے۔
مجموعی طور پر ملکی سینٹ انڈسٹری کی شرح نمو 3.7% رہی۔

کاروباری کارکردگی:

مالی سال 2017ء میں 6.44% کے اضافہ کے ساتھ آپکی کمپنی نے 659,546 میٹرک ٹن کی ترسیلات کی ہیں، گزشتہ سال یہ مقدار 619,627 میٹرک ٹن تھی۔

پیداوار اور فروخت کے حجم کی کارکردگی:

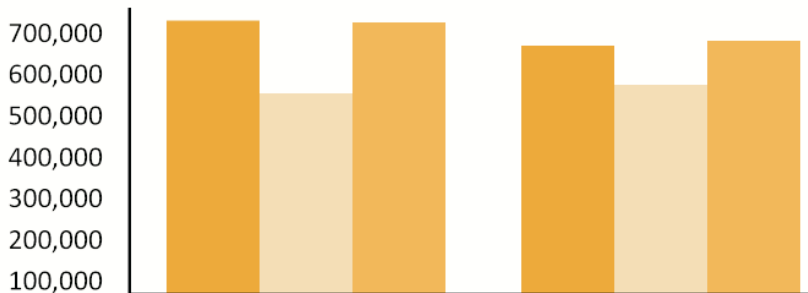
سالانہ پیداوار اور فروخت کے اعداد و شمار تقابلی جائزے کے ساتھ مندرجہ ذیل ہیں۔

کوائف	2017	2016	تناسب %
پیداوار سینٹ	662,011	605,108	9%
پیداوار کلنکر	482,801	509,685	(5%)

کوائف	2017	2016	فیصد تبدیلی افرق
سینٹ کی مقامی ترسیل	643,103	584,375	10%
سینٹ کی برآمدات کی ترسیل	9,142	21,468	(57%)
گرانینڈ سلیٹ کی ترسیل	7,301	13,784	(47%)
کل ترسیلات	659,546	619,627	6%

زیر جائزہ سال کے دوران سینٹ کی پیداوار 56,903 میٹرک ٹن سے بڑھ گئی جبکہ کلنکر کی پیداوار 26.884 میٹرک ٹن کم ہوئی۔ مالی سال 2017ء میں پیداواری صلاحیت کا استعمال گزشتہ سال کی 57% شرح سے گھٹ کر 53% تک رہا۔ اس مالی سال میں کلنکر کی پیداوار کم رہی کیونکہ آپکی کمپنی نے 'Air Pollution Control System' کی تنصیب کے لیے کیے جانے والے شٹ ڈاؤن کے دوران دیگر سینٹ کمپنیز سے کلنکر کی خریداری کی تھی۔

مندرجہ بالا ایک جائزہ ذیل میں دئے گئے گراف میں موجود ہے:

Production and dispatch (Tons)

■ Cement production ■ Clinker production ■ Cement dispatches

ڈائریکٹرز رپورٹ

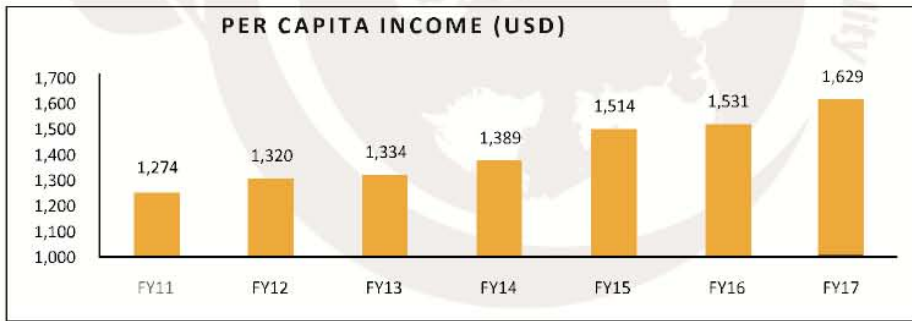
آپ کی کمپنی کے ڈائریکٹرز 30 جون 2017ء کو ختم ہونے والے سال کی سالانہ رپورٹ کے ہمراہ آڈٹ شدہ مالیاتی گوشوارہ جات پیش کرتے ہوئے مسرت کا اظہار کرتے ہیں۔

پاکستان کا اقتصادی و معاشی جائزہ:

پاکستان کی معیشت نے اپنی شرح نمو کی رفتار کے تسلسل کو جاری رکھا ہے۔ مالی سال 2017ء میں یہ شرح 5.28% رہی جبکہ یہی شرح مالی سال 2016ء میں 4.5% تھی۔ یہ شرح نمو گزشتہ ایک دہائی کی بلند ترین شرح ہے جو کہ معیشت میں مطبوت بحالی کی دلیل ہے۔



آبادی کی بلند شرح نمو کے باوجود مالی سال 2017ء میں فی کس آمدنی میں بھی اضافہ ہوا ہے۔



مالی سال 2017ء میں افراط زر 4.1% رہا جو کہ 2016ء کی کم ترین شرح سے زیادہ ہے۔ معیشت میں نمو کی وجہ سے بڑھتی ہوئی طلب کے ساتھ ساتھ عالمی منڈیوں میں تیل اور اشیاء کی بڑھتی ہوئی قیمتیں افراط زر میں اضافہ کا اہم سبب ہیں۔



Source: Economic Survey of Pakistan 2016 - 2017

Form of Proxy

26th 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 31, 2017 and/or any adjournment thereof.

Signed this _____ day of _____ 2017.

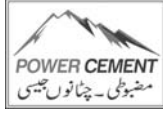
Witnesses:

1. Name: _____
Address: _____
CNIC No.: _____
Signature: _____
2. Name: _____
Address: _____
CNIC No.: _____
Signature: _____

Signature on
Rs. 5/-
Revenue Stamp

NOTES:

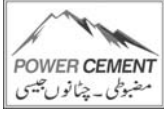
1. A member entitled to attend and vote at the meeting may appoint another member as his/her proxy who shall have such rights as respects attending, speaking and voting at the meeting as are available to a member.
2. Proxy shall authenticate his/her identity by showing his/her original passport and bring 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.



AFIX
CORRECT
POSTAGE

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

Fold: Here



AFIX
CORRECT
POSTAGE

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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


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Power Cement Limited

Arif Habib Centre.