

Power Cement Limited

Arif Habib Centre,
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Tel: 021-32468231-8
www.powercement.com.pk



annual report 2020

Expanding horizons for growth





Expanding horizons for growth

The Company has vigorously grew in terms of its production, exports and efficiencies after undertaking a mega expansion of 7700 TPD clinker production line in South Zone of the Country. It aims to continue with the same zeal, going forward, to increase its topline and to improve its efficiencies.





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Organizational Overview and External Environment



Company Profile

The Company was founded in 1981 and operates its cement plant in Nooriabad, about 135 kilometers from Karachi. Presently, Power Cement Limited has three cement manufacturing lines, with a cumulative name plate capacity of 10,700 tons per day of clinker. The newly commissioned LINE III of the Company is of latest technology and has increased the production capacity from 3,000 tons per day clinker by an additional 7,700 tons per day. The Company was previously known as Al-Abbas Cement Limited until its acquisition in 2010 by the Arif Habib Group, a financial and industrial conglomerate.



Products & Brands

Ordinary Portland Cement

Power Ordinary Portland Cement is recommended for projects especially where strength and stringent quality is a high priority. It can be used in concrete, mortars and blocks etc. Power Ordinary Portland Cement has a strong compatibility with admixture/retarders etc.

Specifications

PS-232-2015(R) BS-12/1996 ASTM Type I & II EN-197-1-2011 (E) Strength Class – PS-53

Sulphate Resisting Cement

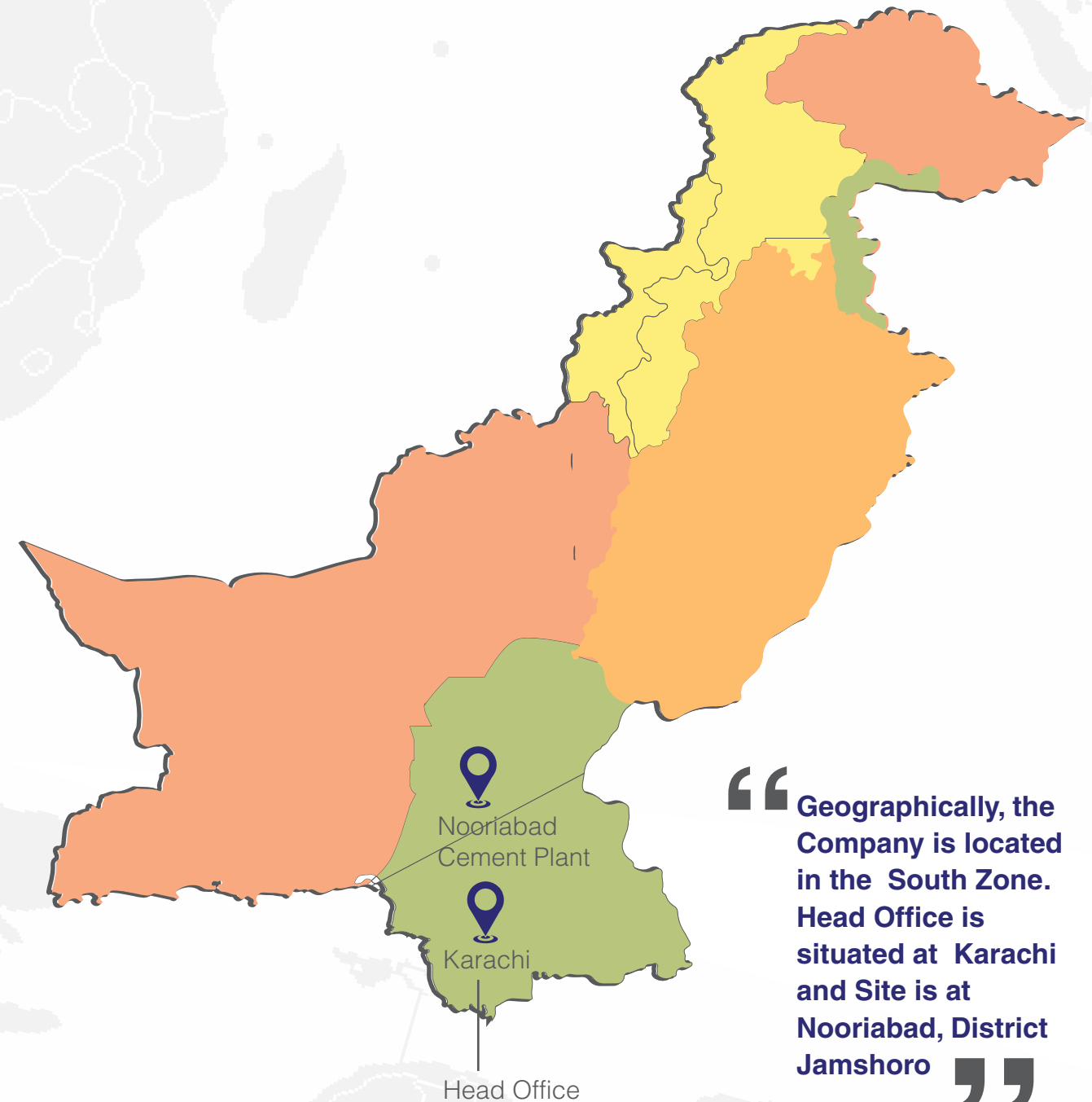
Power Sulphate Resisting Cement is highly recommended in the coastal areas and in corrosive soil conditions because of its greater resistance to chemical attack from sulphates and dissolved salts in the water logged and saline areas.

Specifications

PS-612-2014(R) BS-4027-1996 ASTM Type V EN-197-1-2011 (E) Strength Class – PS-53



Geographical Location



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

Vision

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

Mission

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

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



Code of Business Conduct and Ethical Principles

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

Ethical Principles

- | | |
|---|---|
| <p>1. CONFLICTS OF INTEREST</p> <p>Directors and employees are expected not to engage in any activity which can cause conflict between their personal interest and the interest of the Company such as interest in an organization supplying goods/services to the company or purchasing its products. In case a relationship with such an organization exists, the same must be disclosed to the Management.</p> | <p>4. FAIR & ETHICAL CONDUCT</p> <p>All employees share a responsibility for the Company's good public relations particularly at the community level. Their readiness to help with religious, charitable, educational and civic activities is accordingly encouraged provided it does not create an obligation that interferes with their commitment to the Company's best interests.</p> |
| <p>2. THIRD PARTIES ENGAGEMENTS</p> <p>Dealings with third parties which include Government officials, suppliers, buyers, agents and consultants must always ensure that the integrity and reputation of the Company is not in any way compromised. Directors and employees are not allowed to accept any favors or kickbacks from any organization dealing with the Company.</p> | <p>5. HEALTH AND SAFETY</p> <p>The Company has strong commitment to the health and safety of its employees and preservation of environment and the Company will persevere towards achieving continuous improvement of its Health, Safety and Environment (HSE) performance by reducing potential hazards preventing pollution and improving awareness. Employees are required to operate the Company's facilities and processes keeping this commitment in view.</p> |
| <p>3. CONFIDENTIALITY</p> <p>Directors and employees are not permitted to divulge any confidential information relating to the Company to any unauthorized person. Nor should they, while communicating publicly on matters that involve Company business, presume to speak for the Company unless they are certain that the views that they express are those of the Company and it is the Company's desire that such views be publicly disseminated.</p> | <p>6. COMMITMENT AND TEAM WORK</p> <p>Commitment and team work are key elements to ensure that the Company's work is carried out effectively and efficiently. Also, all employees will be equally respected and actions such as workplace harassment and disparaging remarks based on gender, religion, race or ethnicity will be avoided.</p> |

Corporate Information

Board of Directors

Mr. Nasim Beg	Chairman
Mr. Muhammad Kashif Habib	Chief Executive
Mr. Samad A. Habib	
Mr. Syed Salman Rashid	
Mr. Anders Paludan-Müller	
Mr. Javed Kureishi	
Ms. Saira Nasir	

Audit Committee

Ms. Saira Nasir	Chairperson
Mr. Nasim Beg	Member
Mr. Syed Salman Rashid	Member

HR & Remuneration Committee

Mr. Javed Kureishi	Chairman
Mr. Nasim Beg	Member
Mr. Syed Salman Rashid	Member

Chief Financial Officer & Company Secretary

Mr. Tahir Iqbal

External Auditors

KPMG Taseer Hadi & Co. Chartered Accountants

Legal Advisor

HaiderMota & Co.
Advocates

Mr. Awais Aziz Advocate

Share Registrar

CDC Share Services Limited
CDC House, 99-B, Block-B, SMCHS, Main Shah-rah-e-Faisal, Karachi – 74400

Bankers / Lenders of the Company

Local Banks / DFIs

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

Foreign Banks / DFIs

DEG - Deutsche Investitions- und Entwicklungsgesellschaft mbH - Germany
The OPEC Fund for International Development ("OFID") - Austria
Islamic Corporation for the Development of the Private Sector ("ICD") - Saudi Arabia

Registered Office

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

Factory

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

Website:

www.powercement.com.pk

Contact number

021-32468231-32
021-32468350-51

Fax number

021-32463209

Ownership, Operating Structure and Relationship with Group Companies

As at reporting date, Power Cement Limited shares are majorly held by below mentioned shareholders for which detailed disclosure has been annexed with the Report (Page Number 184).

Company does not have any holding / subsidiary company. However, it operates under the Group structure of Arif Habib Group.

Name of Shareholder	Shareholding %
Mr. Arif Habib	21.41
Arif Habib Equity (Pvt) Ltd	19.54
Arif Habib Corporation Limited	10.42
Mr. Syed Salman Rashid	5.60

Associated Companies:

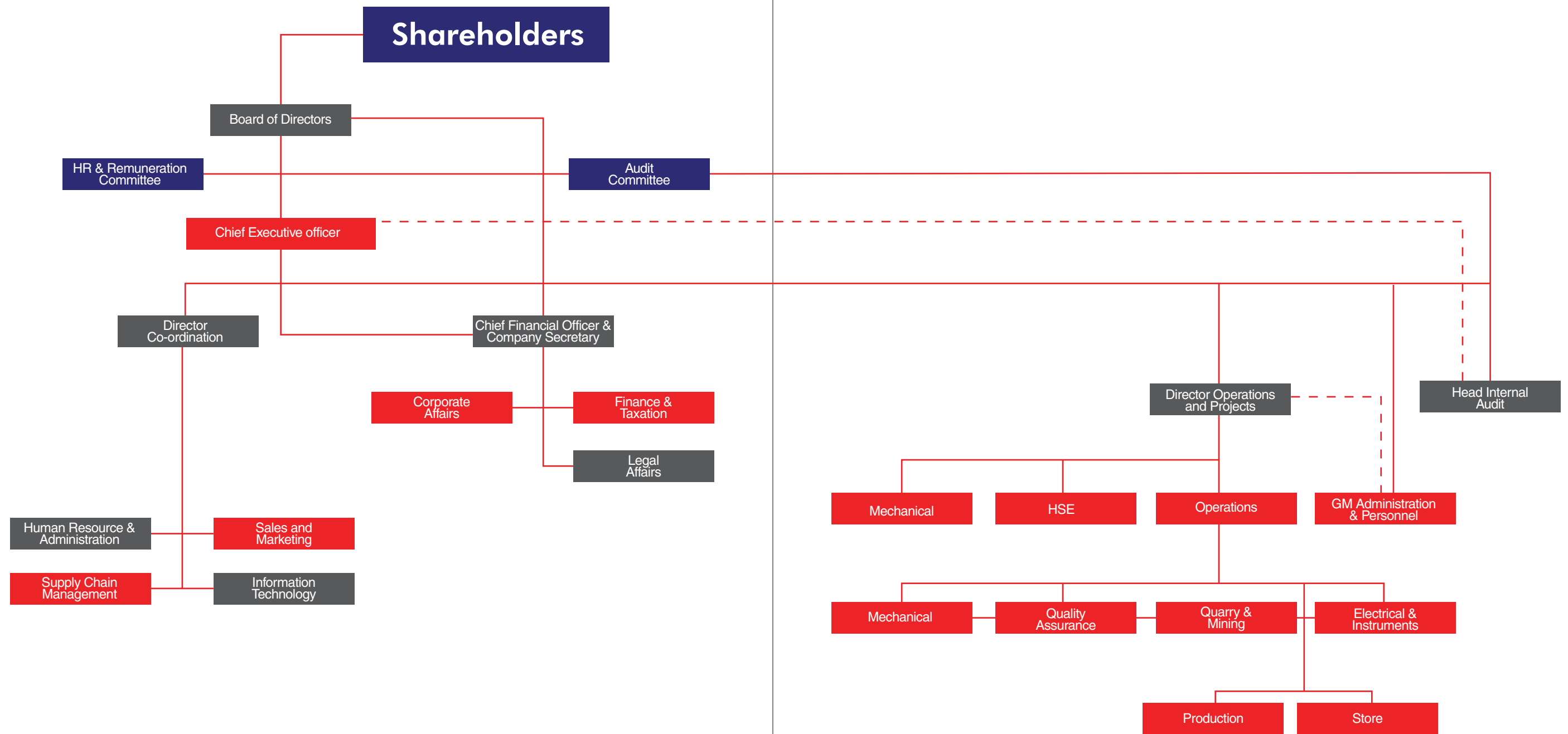
S.No.	Group Company	Nature of Relationship
1	Aisha Steel Mills Limited	Common Directorship Mr. Nasim Beg and Mr. Muhammad Kashif Habib
2	Allied Rental Modaraba	Common Directorship Ms. Saira Nasir
3	Alternates (Private) Limited	Common Directorship Mr. Muhammad Kashif Habib
4	Arif Habib Corporation Limited	Common Directorship Mr. Nasim Beg, Mr. Muhammad Kashif Habib and Mr. Samad A. Habib
5	Arif Habib Dolmen REIT Management Limited	Common Directorship Mr. Nasim Beg and Mr. Samad A. Habib
6	Arif Habib Equity (Private) Limited	Common Directorship Mr. Muhammad Kashif Habib and Mr. Samad A. Habib
7	Arif Habib Foundation	Common Directorship Mr. Muhammad Kashif Habib and Mr. Samad A. Habib
8	Aril Habib Consultancy (Pvt.) Limited	Common Directorship Mr. Nasim Beg
9	Black Gold Power Limited	Common Directorship Mr. Muhammad Kashif Habib
10	Dolmen Arif Habib Real Estate Services (Pvt.) Limited	Common Directorship Mr. Muhammad Kashif Habib
11	EFU Life Assurance Limited	Common Directorship Mr. Syed Salman Rashid
12	Fatima Cement Limited	Common Directorship Mr. Muhammad Kashif Habib
13	Fatima Fertilizer Company Limited	Common Directorship Mr. Muhammad Kashif Habib
14	Fatima Packaging Limited	Common Directorship Mr. Muhammad Kashif Habib
15	Fatimafert Limited	Common Directorship Mr. Muhammad Kashif Habib
16	Fauji Fertilizer Bin Qasim Ltd.	Common Directorship Ms. Saira Nasir
17	Fauji Foods Limited	Common Directorship Mr. Javed Kureishi
18	FLSmith A/S	Nominee Director Mr. Anders Paludan-Müller
19	IFU Investment Partners K/S	Nominee Director Mr. Anders Paludan-Müller
20	Investment Fund for Developing Countries	Nominee Director Mr. Anders Paludan-Müller

Associated Companies:

S.No.	Group Company	Basis of Relationship
21	Javedan Corporation Limited	Common Directorship Mr. Samad A. Habib
22	MCB-Arif Habib Savings & Investments Limited	Common Directorship Mr. Nasim Beg and Mr. Samad A. Habib
23	Memon Health and Education Foundation	Common Directorship Mr. Muhammad Kashif Habib
24	Nooriabad Spinning Mills (Private) Limited	Common Directorship Mr. Muhammad Kashif Habib and Mr. Samad A. Habib
25	Pakarab Fertilizers Limited	Common Directorship Mr. Nasim Beg and Mr. Samad A. Habib
26	Pakistan Corporate Restructuring Company Limited	Common Directorship Mr. Javed Kureishi
27	Pakistan Opportunities Limited	Common Directorship Mr. Samad A. Habib
28	Pakistan Stock Exchange	Common Directorship Mr. Javed Kureishi
29	REMMCO Builders & Developers Limited	Common Directorship Mr. Muhammad Kashif Habib and Mr. Samad A. Habib
30	Rotocast Engineering Company (Pvt.) Limited	Common Directorship Mr. Muhammad Kashif Habib and Mr. Samad A. Habib
31	Siddqsons Energy Limited	Common Directorship Mr. Muhammad Kashif Habib
32	Safemix Concrete Limited	Common Directorship Mr. Muhammad Kashif Habib and Mr. Samad A. Habib
33	Sukh Chayn Gardens (Private) Limited	Common Directorship Mr. Samad A. Habib

All companies are operated by their separate management under the oversight of their respective Board of Directors. Transactions are entered into normal course of business at arm's length. All related party transactions are placed for approval of board of directors.

Organogram



Legends
 HSE Health Safety & Environment
 — Functional Reporting
 - - - - Administrative Reporting

Value Chain Analysis

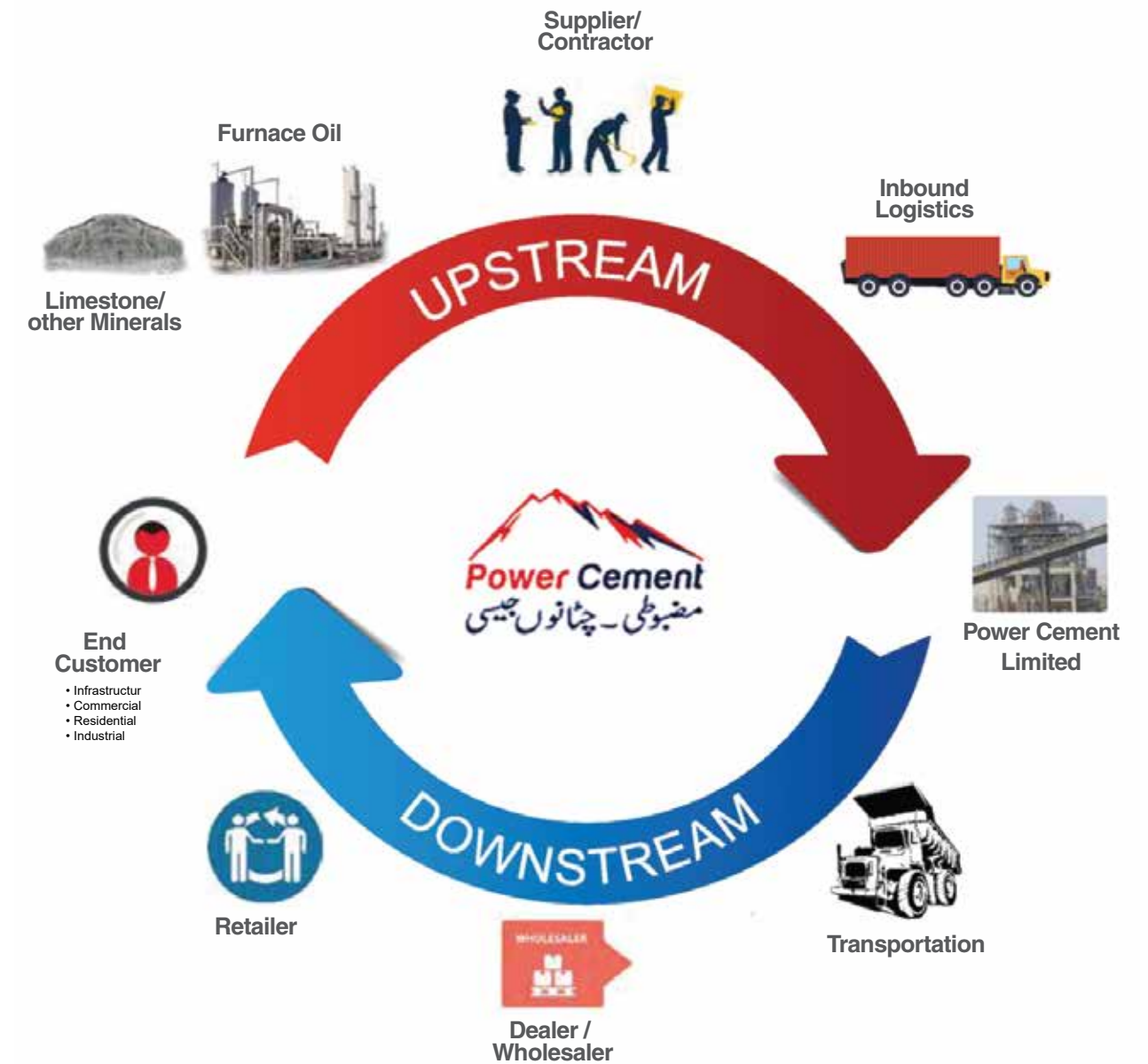
Power Cement Limited’s principal business activity is to produce and sell cement products. Manufacturing cement involves blending a mixture of limestone and other minerals at a high temperature in kilns. Diesel is used to initially fire the kiln whereas coal is used to heat the kiln at desired temperature.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

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

Through efficient use of its marketing strategy, Power Cement Limited is creating a pull effect by locking-in its customers and is consequently able to tap the potential markets proactively. Various

activities focusing on engaging the dealers have been initiated by the Company. Such activities encourage the dealers to recommend the product portfolio of Power Cement Limited.

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



Significant Factors Affecting the External Environment & the Organization's Response

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

Factors	Description	Organizational Response
Political	Continuation of democratic process	These factors are considered positive for the economy. Trust in the consistency of the same is expected to add a positive impetus for the economy.
Economical	Price hike in fuel costs, currency devaluation and inflation. Inconsistent economic policies.	The Company has dealt with the scenario by: Effective inventory management by meticulously reviewing inventory-holding periods Hedging of foreign currency debts. Cost reduction initiatives to control production and non-production related fixed costs e.g. installation of WHRS
Social	Welfare of public at large	Company regularly contributes to welfare activities. Plus the Company is part of Arif Habib Group which make frequent social welfare contributions.

Technological	Technical obsolescence of production facilities Continuous development of information technology infrastructures and Management Information Systems (MIS) software	Company has installed the most technologically advanced European plant from FLSmidth to avoid any risk of technical obsolescence. Company continuously invests in the upgradation of hardware infrastructure and software applications Company is successfully running the MS Dynamics ERP modules for meeting latest reporting needs
Environmental	Growing attention towards "green" attitudes	The Company is approved with ISO 9001:2015 for complying with an effective Quality Management System. The expansion project is environmentally friendly meeting IFC and World Bank standards making the Company the second-largest, and one of the most cost-efficient, cement producers in the South Region. It also complies with (QMS) and Occupational Health and Safety Assessment Series (OHSAS) requirements
Legal	Inconsistent tax policies Prolonged court cases and litigations	Company has engaged an efficient team of in-house professionals and it also frequently engages external legal professionals to ensure compliance with all enacted and or substantially enacted statutes and regulations.

Effect of Seasonality on Business:

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

Significant Changes from Prior Years

In comparison to the prior years, there is no significant change in organizational and group structure. The following significant environmental

changes and developments took place during the year:

The prime changes that came in during the year were from COVID-19. Being connected with the construction industry, cement sector was not that badly affected by COVID -19. The Company also enjoyed an upside of the pandemic in the shape of significant cut in SBP's policy rate .

Composition of Local Versus Imported Material and Sensitivity Analysis

Description	FY 2020 Rs. in '000	%	FY 2019 Rs. in '000	%
Local Components:				
Raw materials consumed	293,760	6.59	188,519	4.21
Packing materials consumed	372,066	8.34	284,920	6.37
Fuel - other than coal	104,041	2.33	1,168,771	26.11
Power	1,529,874	34.30	1,050,000	23.46
Stores, spare parts and loose tools consumed	41,616	0.93	95,878	2.14
Imported Components:				
Fuel - coal	2,056,354	46.11	1,544,136	34.50
Stores, spare parts and loose tools consumed	62,425	1.40	143,817	3.21
Total	4,460,136	100	4,476,041	100

Sensitivity analysis

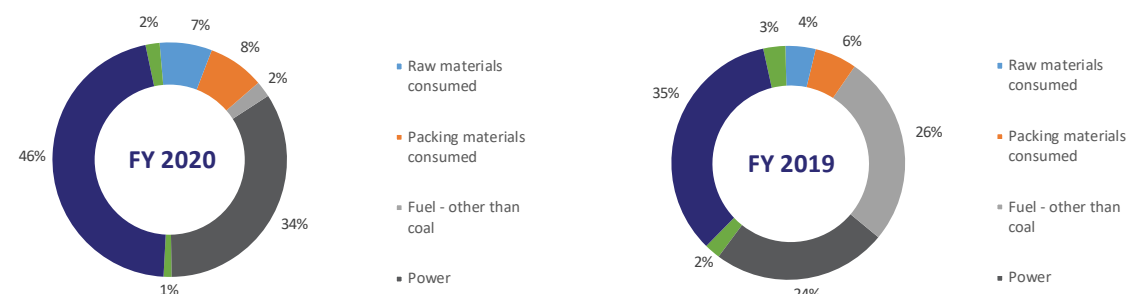
If US\$ to Pak Rupee exchange rate fluctuates by 1% , the impact on cost of production would have been as follow:

	(Rs. 000)	
Average USD Rate	162.68	141.73
Increase of 1% in exchange rate	21,188	16,880
Decrease of 1% in exchange rate	(21,188)	(16,880)

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

Effect of Seasonability on Business:

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



Competitive Landscape and Market Positioning

THREAT OF NEW COMPETITION

Companies in the cement sector are firmly established and the sector has high barriers to entry - capital investment requirements and set up costs remain exorbitant. Access to key distribution channels and raw material is also a significant challenge for any new entrant. Hence, it is highly unlikely for new players to enter the market.

THREAT FROM SUBSTITUTE PRODUCTS

There isn't any distinct substitute of cement.

BARGAINING POWER OF CUSTOMERS

Generally, direct customers of cement manufacturers are distributors, dealers and retailers who further supply to the end consumers. The market seems to have a good appetite for the new-entrants because barriers to the entry as a cement distributor, dealer and retailer are very low. The Company has a sound customer base and enjoys a healthy and mutually beneficial relationship. Going forward, its branding and quality obtained from the new Line III shall give it more negotiation power.

BARGAINING POWER OF SUPPLIERS

The Company has a vendor selection process in place to ensure transparency and fairness. Raw material is obtained through long term lease contracts with Mines and Mineral Department, Government of Sindh. Whereas, fuel and other input materials are purchased after market research and negotiation to protect the Company's interests.

INTENSITY OF COMPETITIVE RIVALRY

Rivalry in the cement sector is intense and presently the production capacities of the players in the South Zone are much higher than the domestic demand. To meet this challenge, the Company has launched advertisement and branding campaigns and it also enjoys an edge that Power Cement Limited is the only cement certified for 53 Grade in the South Zone.



Strategy and Resource Allocation

Strategic Objectives

The Company strives to achieve its objectives with collective wisdom and empathy and is committed to enhance stakeholder's value.

Following are the strategic objectives, strategies in place and Key Performance Indicators to measure the achievement against strategic objectives:

Objective: Human Capital Development Plan Long Term

Technical and non-technical training programs for employees at all levels both internally and externally

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

Relevant KPIs: Training and education programs for employees

Objective: Environmental Sustainability Plan Long Term

Ensuring a safe and congenial environment for employees through strict and stringent safety policies and regular health and safety trainings to avoid risk of accident

Compliance with local and international environmental and quality management standards

Strategies in place: The Company has a dedicated team of Health, Safety and Environment (HSE) professionals that focuses on compliance with all the policies that are being adopted by the management.

Relevant KPIs

- Health and safety policies in place
- Training activities conducted
- Number of health and safety incidents.

Objective: Production Efficiencies Plan Medium Term

To remain updated with the latest technology advancements to achieve production efficiencies. Optimal utilization of resources to efficiently meet the capacity requirements.

Strategies in place: The Company has recently installed 7,700 TPD plant that has enabled it to be one of the most cost efficient producers in the region. Quality Control and Quality Assurance practices exist at different levels.

Relevant KPIs

- Technology Upgradation activities

Objective: Profitability & Market Share Plan Short Term

Drive business growth and profitability initiatives through continued focus on optimization and efficiency.

Strategies in Place: The Company continues to invest in capacity building by utilizing latest technological advancements to minimize costs and simplify processes.

The increased capacity of 10,700 TPD is in line with the industry demand projections.

Relevant KPIs

- Profitability margins
- Sales volume
- Market share indexing

Objective: Maintaining Supplier Relationships Plan Short Term

Strategies in place: Monitoring of cash flow requirements and projections to ensure that liabilities are settled when due

Relevant KPIs

- Payable Days
- Liquidity Ratios

Objective: Maintaining Relationships with Dealers/ Distributors / Networking Plan Short Term

Strategies in place: Planned and integrated marketing campaigns and increasing access to customers through a region wide dealer network

Relevant KPIs

- Distributor / Dealer Network
- Market Share

Objective: Monitoring of Operational Inflows Plan Short Term

Strategies in place: Monitoring of customer aging analysis reports , credit limit / period reviews and cash flow requirements to ensure that recoveries are made within due time

Relevant KPIs

- Receivable Days
- Liquidity Ratios

Significant Changes in Objectives and Strategies from Prior Years

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

Future Relevance

Management believes that current key performance measures continue to be relevant in future as well.

Resource Allocation Plan

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

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

Human Capital

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

Manufactured Capital

The Company's newly installed state of the art cement plant will enable it to be one of the lowest cost producers in the region. With impregnable Quality Control and Quality Assurance practices, quality improvement systems exist at every level.

Financial Capital

The Company currently has a rich capital base comprising paid up capital of Rs. 13,080 million representing 1,307,999,754 shares of Rs.10/- each

Intellectual Capital

Information Management and Information Technology is built into Power Cement Limited's operational strategies. Our ERP system continues to integrate all functions across the Company, facilitating greater efficiency and effectiveness of all processes and controls.

Social and relationship capital

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

Strategy to Overcome Liquidity Risk

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

Expansion of Plant Capacity

The Company has accomplished the brown-field expansion of its production facilities at its existing

site by adding a new line of 7700 tons per day (2.5 million tons per annum), taking the total capacity to around 3.4 million tons per annum. The project is currently under testing phase and commissioning will start in the year 2020. The expansion project is environmentally friendly meeting IFC and World Bank standards making the Company the second-largest, and one of the most cost-efficient, cement producers in the South Region.

Business Rationale of Major Capital Expenditure during the Year

During the year CAPEX was incurred in the earlier announced expansion and this expansion was aimed to make the Company the second-largest, and one of the most cost-efficient, cement producers in the South Region. Additionally, Waste Heat Recovery System also became operative during the year to conserve energy for cost optimization.

Risk and Oppurtunities



Risk and its Management Strategies

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

Strategic Risk Type of Risks	Sources of Risks	Area of Impact	Likelihood	Magnitude	Mitigating Action
Change in competitive scenario Threat of new entrants in the market	External	Financial Capital	HIGH	HIGH	Companies in the cement sector are firmly established and the sector has high barriers to entry - capital investment requirements and set up costs remain exorbitant. Access to key distribution channels and raw material is also a significant challenge for any new entrant. Hence, it is highly unlikely for new players to enter the market.

Operational Risks Type of Risks	Sources of Risks	Area of Impact	Likelihood	Magnitude	Mitigating Action
Rising cost of Coal/Fuel/Packing Material Increase in imported coal & electricity costs resulting in higher cost of production	External	Financial Capital	MEDIUM	HIGH	The Company is also considering various technological options to cut down its fuel costs – the newly installed Waste Heat Recovery System (WHRS) is also operational that will significantly reduce the fuel costs.
Talent Retention and Succession Planning It is critical for the Company to attract, develop, and retain the right talent to accomplish the Company's objectives. Succession planning is needed to ensure that the Company has sustainable operations.	Internal /External	Human Capital	MEDIUM	HIGH	The Board and the Management of the Company is highly acquainted of the importance of retaining and attracting the best human capital particularly in the wake of the mega expansion achieved. The Company also plans training programs for its key management personnel to enhance their management and decision making skills.

Operational Risks Type of Risks	Sources of Risks	Area of Impact	Likelihood	Magnitude	Mitigating Action
Information System Risk Loss of confidential information due to data theft	Internal/External	Financial Capital	LOW	HIGH	Information is transmitted through secure connections and firewalls are in place to prevent malicious activities. Appropriate data back-up mechanism is in place. Periodic systems' audit is performed to identify any weaknesses / non-compliances and any areas for further improvement.
Law and Order uncertainty Loss may occur due to terrorism activities and sabotage	External	Financial Capital	MEDIUM	HIGH	Company also takes sound insurance coverage against such risks
Maintenance Risk Possibility of production loss due to breakdowns	Internal	Manufactured Capital	LOW	MEDIUM	The Company's engineering team maintains backup of the parts required in case of emergency breakdowns and also there are planned overhauling activities conducted at the plant. However, the likelihood is quite low in the short term as the plant has recently been installed with state of the art European technology procured from M/s. FLSmidth, Denmark
Financial reporting and compliance Risk of reporting issues with regulators and authorities	Internal	Financial Capital	LOW	MEDIUM	The Company aims to comply with the code of Corporate Governance as applicable in Pakistan and maintains its books as required by the Companies Act, 2017 and applicable International Financial Reporting Standards. The Company's Financial Statements are audited by one of the big three audit firms.
Interest rate risk Increase in cost of borrowing may adversely affect the profitability of the Company. Payment defaults by counter parties may leave the Company with inadequate resources for discharging its own liabilities.	External	Financial Capital	HIGH	HIGH	The Company has a dedicated treasury function to oversee that transactions are executed and negotiated at the best possible markup rates in the given scenarios.

FINANCIAL RISKS Type of Risks	Sources of Risks			Mitigating Action	
Exchange rate risk Exchange rate risk impacting transactions in foreign currency	External	Financial Capital	MEDIUM	HIGH	This increases the cost of imported materials and stores, however, the newly commenced cement facility of the Company being a new plant, need of importing any stores would be minimal. The Company also has foreign currency borrowings which have been fully and effectively hedged through cross currency swaps.
Credit Risk Risk of default in payments by credit customers	External	Financial Capital	LOW	MEDIUM	Credits are selectively given considering the business potential and risk appetite of the Company. Furthermore, internal controls like periodic circulations of age analysis of debtors are also in place.
Legislative and Legal Environment Continuous changes in the regulatory framework and statutory obligations may result in non-compliance.	External	Social/Human Capital	HIGH	HIGH	The Company believes in remaining compliant with its legal and contractual obligations so to avoid frivolous litigations, however, whenever needed the Company engages apt legal professionals to handle its matters.

COMPLIANCE RISKS

TYPE OF RISKS	SOURCES OF RISKS				MITIGATING ACTION
Environmental Risk Actual or potential threat of adverse effects on environment arising out of the Company's activities	Internal	Natural	LOW	HIGH	The Company in the past has made significant investments to remain environment friendly. Presently, the emission level of the Company complies with the European and the IFC standards.

OPPORTUNITIES	AREA OF IMPACT	SOURCE	MATERIALIZATION
Technologically advanced and state-of-the-art plant and machinery resulting in production	Manufactured Capital	The Installation of state of the art production line and waste heat recovery systems have increased the production capacity and plant efficiency at the same time.	This efficient plant shall allow the Company to move ahead towards cost leadership in the domestic market plus it will allow more room for the Company to penetrate in the highly competitive export market.
Growth of Cement Industry	Manufactured / Relationship Capital	The China– Pakistan Economic Corridor (CPEC), construction of special economic zones, Government's announced incentives for the cement industry –allocation of funds for CPEC, highways and dams, housing schemes for public at large presents a great opportunity for long term growth of the industry	The Company has recently invested in its production facilities to furnish the production/supply demand to materialize potential growth.

BOD's Commitment to Risk Mitigation

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

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

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

Statement of Board of Directors on Risk Assessment

The Company conducts business in a complex and challenging environment and is therefore exposed to number of external and internal risks that may present threats to its success and profitability. Every business decision taken is based on weighing the associated risks against rewarding opportunities. We take measured risks as we strive to seize business opportunities that are compatible with our long-term vision. Risk management is one of the essential

elements of the Company's corporate governance and creates a balance between entrepreneurial attitude and risk levels associated with business opportunities. Risk management at Power Cement Limited is about safeguarding our ability to create value for all of our stakeholders.

Default of Payments

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

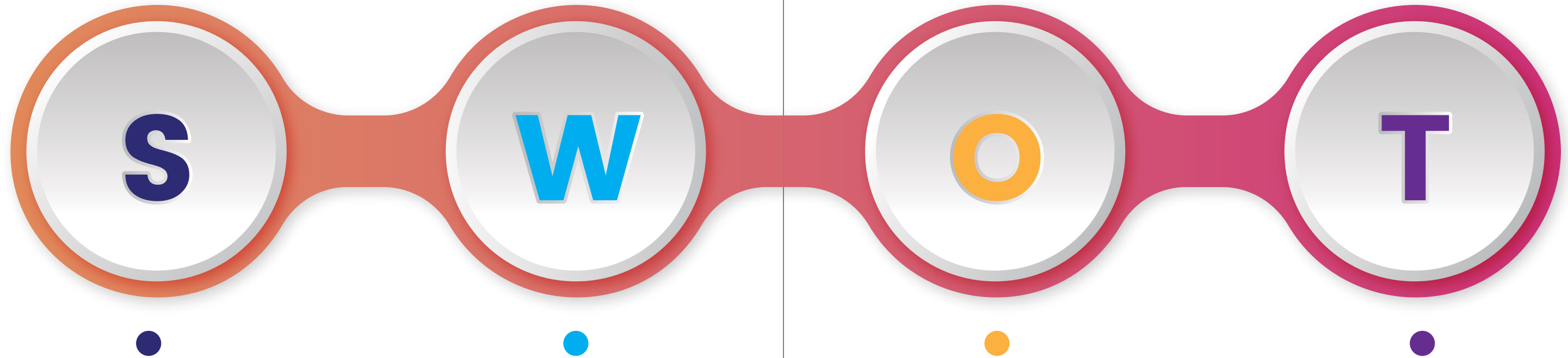
Capital Structure Management

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

The Company's objectives when managing capital are: i. to safeguard the entity's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders; and ii. to provide an adequate return to shareholders.

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

One of the objectives of Board of Directors is to minimize all risks and to take advantage of potential opportunities in order to systematically and sustainably improve the value of the Company for all stakeholders.



STRENGTHS

- The Company with the newly installed state of the art cement plant (purchased from the World's renowned supplier, viz., FLSmidth) has started commercial operations making it the second largest producer of cement in the South Zone.
- The Company has also become one of the most cost efficient plants in the industry.
- The new plant is producing very high quality product. Power Cement is the only cement certified for 53 Grade in the South Zone.
- Close proximity to the seaports allows the Company lower logistical costs.
- The human capital of the Company being a part of Arif Habib Group – one of the most reputed conglomerates, is a key asset. The Chief Executive is supported by a team of professionals having rich industrial experience.
- The Company has an extensive network of distributors, dealers and suppliers of more than 250.
- The Company has also successfully completed the installation of Waste Heat Recovery System (WHRS) which is an evidence of being Environmentally responsible. The carbon emissions by the Company Plant comply with the European and the IFC limits.

WEAKNESSES

- The Company has no manufacturing facility in the North Zone of the Country.
- The Company is still reliant on the National grid for its energy needs while some other cement players in the South Zone enjoy their own power generation facilities, which allows them an uninterrupted and cheaper source of power.
- The Company does not own any logistic setup to cater to both domestic and export markets, which can reduce the logistic cost and increase the reliability of its delivery of product.

OPPORTUNITIES

- The Government announced incentives for the cement industry –allocation of funds for CPEC, highways and dams, housing schemes, reduction in federal excise duty and slash in interest rates will promote revitalization of construction activities going forward. An increasing trend in cement consumption has started.
- Growing population, increasing urbanization and rising income levels will also contribute to the cement demand in the Country, particularly, given the fact that Pakistan has the lowest per capita cement consumption in the region.
- On the export side, a consistent growth has been witnessed in the last few quarters. The main demand driver in exports has been a change in the Chinese economy which has now started importing clinker instead of being one of the major exporters. Similarly, there exists a strong demand of cement from Bangladesh, Sri Lanka and African countries.

THREATS

- Growing pressure on prices due to rising input costs on account of increase in coal and other fuel prices coupled with the fall in rupee value has squeezed the gross profits of all cement companies.
- The Government's reduced spending on infrastructure development may create a scenario of oversupply due to surplus production capacities.
- Unlike export oriented sectors there aren't any subsidized rates of electricity consumed in exports
- In the short term, increasing capacities in the market are likely to put pressures on the selling prices of the domestic dispatches.
- The Covid-19 pandemic still remains an imminent threat to the economy of the Country that could severely hamper the macro economic conditions globally putting immense pressure on the local and export sales with dire chances of cancellation and sluggish rate of exports orders.

Governance



Directors Profile



Mr. Nasim Beg
Chairman & Non-Executive Director

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

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

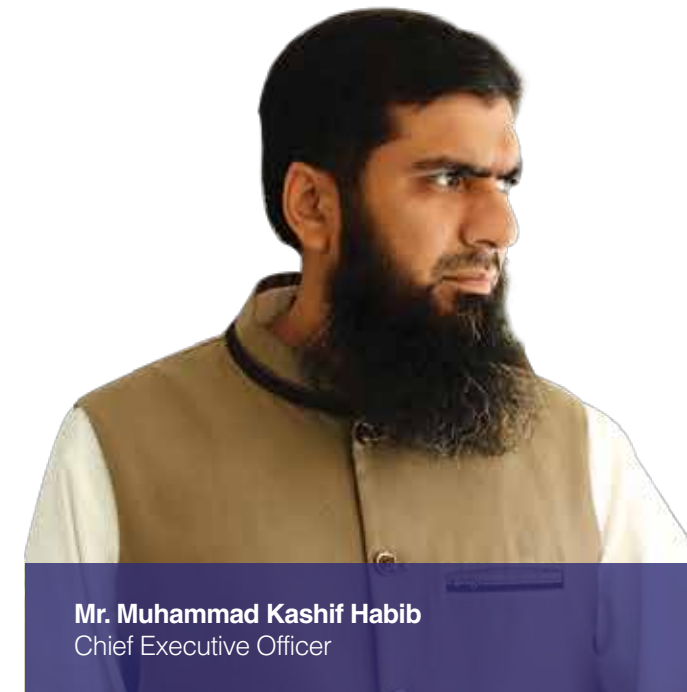
Before joining the Arif Habib Group, Mr. Beg served as the Deputy Chief Executive of NIT, which he joined during its troubled period and played an instrumental role in its modernisation and turn around. He also served as the acting Chief Executive of NIT for a few months. He has also been associated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

Corporate Responsibilities

Arif Habib Consultancy (Private) Limited (Chief Executive)

As Director

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



Mr. Muhammad Kashif Habib
Chief Executive Officer

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

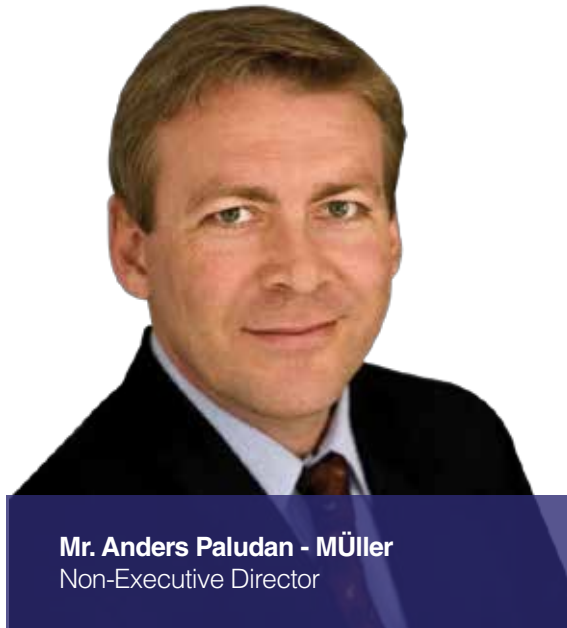
He has to his credit over ten years of experience as an Executive Director in cement and fertilizer companies of the group.

Corporate Responsibilities

Power Cement Limited (Chief Executive)

As Director

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



Mr. Anders Paludan - Müller
Non-Executive Director

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

As Director

- Power Cement Limited



Syed Salman Rashid
Non-Executive Director

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

As Director

- EFU Life Assurance Limited
- Power Cement Limited



Mr. Samad A. Habib
Non-Executive Director

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

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

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

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

Corporate Responsibilities

Javedan Corporation Limited (Chief Executive)
Safemix Concrete Limited (Chief Executive)

As Director

- Arif Habib Corporation Limited
- Arif Habib Equity (Pvt.) Limited
- Arif Habib Foundation
- Arif Habib Dolmen REIT Management Limited
- Arif Habib Real Estate Services (Pvt.) Limited
- MCB-Arif Habib Savings & Investments Limited
- Nooriabad Spinning Mills (Pvt.) Limited
- Pakarab Fertilizers Limited
- Pakistan Opportunities Limited
- Power Cement Limited
- REMMCO Builders & Developers Limited
- Rotocast Engineering Company (Pvt.) Limited
- Sukh Chayn Gardens (Private) Limited



Mr. Javed Kureishi
Independent Director
Chairman - HR & Remuneration Committee

Javed is a career Banker having spent 34 years with Citibank both in Pakistan and abroad across 5 countries in Middle East, Africa, Eastern Europe and Asia where he spent 9 years. Javed held a number of very Senior positions across Corporate Banking, Country, Risk and Regional Management. This included Corporate Bank Head, Middle East, Chief Executive Officer, Czech Republic, Asia Pacific Regional Head for Multinational Subsidiaries, and Asia Pacific Head of Public Sector. Javed has extensive knowledge of Asia Pacific in particular having travelled to China 35 times...

Javed is presently working as a Senior Consultant to the International Finance Corporation (IFC) in Pakistan since Nov 2019.

Javed has a BA Hons in Economics from The University Of Sussex, UK.

Javed is also a keen sportsman. He was Captain of Pakistan Under 19 Cricket team that toured India and Sri Lanka in 1978-79. He played first class cricket for PIA and Sind and represented Sussex Under 25, Combined English Universities. Javed ALSO PLAYED Field Hockey for his University 1981-83.

Javed's other interests include Reading, Music and History.

As Director

- | | |
|--|---|
| • Pakistan Stock Exchange | Independent Director |
| • Pakistan Corporate Restructuring Company Limited | Independent Director/Chairman |
| • Fauji Foods Limited | Independent Director/Chairman Audit Committee |



Ms. Saira Nasir
Independent Director
Chairperson - Audit Committee

Saira Nasir is an accomplished fellow member of the Institute of Chartered Accountants of Pakistan and a Fellow member of the Institute of Corporate Secretaries of Pakistan. Ms. Saira has indulged herself not just as an audit practitioner; rather she has diligently remained connected to the Institute to alleviate the system of audit and accountancy education and training to ensure continued professional development for its members and students. Therefore, she has been actively involved in conducting various professional trainings, consultations, workshops, seminars, webinars, podcasts related to varying domains from specific topics of reporting and disclosure requirements in Pakistan, best practices for internal audit and internal control, areas impacting corporate governance especially family businesses; to generalized practices of innovation in businesses and e-Learning to coaches, trainers, teachers, students and other audiences.

She has also meticulously carried out special assignments related to Corporate Governance; including Board Performance Evaluations and Director Orientation Programs. A case study- Disclosure Requirements on Corporate Governance - Pakistan, was prepared and presented by her in the 24th session of ISAR, held in Geneva in October 2009, under the auspices of United Nations Conference on Trade and Development (UNCTAD).

Currently she is offering independent services as Corporate Governance consultant. However, her aim for "enablement, empowerment and development" of accountancy professionals has led her to participate as an active member through several committees including the Audit Committee of Pakistan Human Development Fund; the Women Committee, Continuing Professional Development Committee and Economic and Advisory Committee of the Institute of Chartered Accountants of Pakistan. She is on the boards of Fauji Fertilizer Bin Qasim, Allied Rental Modaraba and Power Cement Limited in the capacity of an Independent Director.

As Director

- Allied Rental Modaraba
- Fauji Fertilizer Bin Qasim Limited
- Power Cement Limited



Mr. Tahir Iqbal
Chief Financial Officer & Company Secretary

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

Chairman's Review Report

On Board's overall Performance u/s 192 of the Companies Act 2017

Dear Shareholders,

I am reporting to you on the performance of the Board, which I chair. The focus of this report is on the overall governance of the Company and the Board oversight of the Management during the financial year ended 30 June 2020. The Board has issued a separate report on the performance of the Company, as well as its outlook.

Power Cement Limited complies with all the requirements set out in the Companies Act, 2017 and the Listed Companies (Code of Corporate Governance) Regulations, 2019 with respect to the composition, procedures and meetings of the Board of Directors and its Committees. As required under the Code of Corporate Governance, an annual evaluation of the Board of Directors of (the "Board") of the Company is carried out and the purpose of which is to ensure that the Board's overall performance and effectiveness is measured, evaluated and benchmarked against expectations in the context of objectives set for the Company. Areas where improvements are required are duly considered and action plans are framed.

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

- 1. Vision, mission and values:** The Board members are familiar with the Company's vision, mission and values statement. The Board has freedom to revisit the mission and vision statements whenever it feels essential.
- 2. Engagement in strategic planning:** As a strategy, the Board has put the Company on the path of becoming a significant player in the market upgrading it from one of the minor participants to the second largest cement producer in the southern zone of Pakistan. The Board continues to have its focus on strategic planning so as to ensure that the Company is well placed to take on the challenges of steering through the shorter-term business cycles within an overall growth path. The Board has set annual goals and targets for the Management in all major performance areas and has a strategic vision of how the Organization should evolve over the next three to five years. .
- 3. Diligence:** The Board members have been diligent in performing their duties and thoroughly reviewed, discussed and approved business strategies, corporate objectives, plans, budgets, financial statements and other reports. It received clear and succinct agendas and supporting written material in sufficient time prior to the Board and its committees' meetings. The Board met regularly towards discharge of its responsibilities. However, owing to the onslaught of the Covid-19 pandemic and the lockdowns enforced by the

government, the Board was somewhat constrained in getting timely information from the Management. Nevertheless, the Management resumed sending out information to the Board as soon as circumstances allowed.

- 4. Monitoring of Organization's business activities:** The Board remained updated with respect to achievement of Company's objectives, goals, strategies and financial performance through regular presentations by the Management, internal and external auditors and other independent consultants. The Board provided appropriate direction and oversight on a timely basis.
- 5. Diversity and mix:** The Board members effectively bring the diversity to the Board and constitute a mix of independent and non-executive directors. The non-executive and independent directors were equally involved in important board decisions.
- 6. Governance and Control Environment:** The Board has effectively set the tone at the top, by putting in place a transparent and robust system of governance. This is reflected by setting up an effective control environment, compliance with the best practices of Corporate Governance and by promoting ethical and fair behaviour across the Company. In this context, I am pleased to report that the new ERP system in place has enabled the Management to utilize the best tools that technology has to offer in capturing, interpreting and managing information on a timely basis. The Management and the Board continue to deal with the current challenging business environment and the necessary strategic changes required to improve the future sustainability. Consequently, the Company is reasonably well-placed to address the new challenges. I would like to confirm that the Board and the Management of the Company have done their best to analyse the unprecedented situation after the onslaught of COVID-19 and formulated a carefully planned strategy to ensure safety of our people and to deal with the outbreak, while ensuring business continuity. This is reflected in our efficient control environment, compliance with global health practices and uninterrupted operations. In order to vigorously pursue our vision and growth strategy and sustain the base business, I am sincerely appreciative of the full and wholehearted support of every member of the Company.


Nasim Beg
Chairman

Board's Function and Decision Making

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

Matters Delegated to the Management

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

Evaluation Criteria for The Board

A comprehensive mechanism is put in place for undertaking an evaluation of the performance of the Board of Directors in accordance with the Listed Companies (Code of Corporate Governance) Regulations, 2019.

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

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

Performance Evaluation of the Board

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

Directors Training Program and Orientation

As part of the Company's continuing education for all Directors, articles, reports and press releases relevant to the Company's business are circulated to keep all directors updated on industry issues and trends. Changes in regulations are also informed to the Board. The external auditors routinely update the Audit Committee on new and revised financial reporting standards relevant to the Company.

As required by the Securities and Exchange Commission of Pakistan (SECP), which mandates Board members to require certification, the following directors are certified from Pakistan Institute of Corporate Governance namely:

Mr. Muhammad Kashif Habib

Chief Executive / Executive Director

Ms. Saira Nasir

Independent / Non-Executive Director

Mr. Samad A. Habib

Non-Executive Director

Mr. Syed Salman Rashid

Non-Executive Director

Besides, the following directors have been exempted from the directors training program certification based on relevant experience as mentioned in the Listed Companies Regulations, 2019.

Mr. Nasim Beg

Chairman / Non-Executive Director

Ms. Saira Nasir and Mr. Javed Kureishi - being the Independent Directors meet the criteria for independence as per Section 166 of Companies Act, 2017.

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

Policy of Remuneration to Non-Executive Directors:

Detail of the remuneration paid to executive and non-executive Directors during the year is given in Note 42.3 of the attached financial statements.

Policy for Security Clearance of Foreign Directors

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

Implementation of Governance Practices Exceeding Legal Requirements

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

Following additional governance practices implemented by the management include:

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

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

Policy on Diversity

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

We aim to pro-actively tackle discrimination and to ensure that no individual or group is directly or indirectly discriminated against for any reason regarding employment and the Company bears no tolerance for harassment/bullying and persecution. The company has a whistle blowing policy in place, and employees

are encouraged to report all such matters and related grievances to the Human Resources department. The Board ensures application of diversity policy through Human Resource department by ensuring that all talent hunting seminars, job fairs and advertisements specifically mention that we are an equal opportunity employer in all areas and we nourish an organizational culture where individual differences are appreciated rather than criticized for novel ideas and improvements.

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

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

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

Policy for Related Party Transactions

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

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

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

Board meetings held outside Pakistan during the year

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

Policy for Disclosure of Conflict of Interest

All Directors are obligated to avoid actual, potential and

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

Conflict of interest management policy

Policy Statement

The Company has the policy for actual and perceived conflicts of interest and measures are adopted to avoid any conflict of interest, identify the existence of any conflict of interest, and to disclose the existence of conflict of Interest. The Company annually circulates and obtains a signed copy of Code of Conduct applicable to all its employees and directors, which also relates to matters relating to conflict of interest. Further, it seeks to set out the process, procedures and internal controls to facilitate compliance with the Policy as well as to highlight the consequences of non-compliance with the Policy by all its employees and directors. The Company Policy provides a guide as to what constitutes a conflict of interest, the processes and procedures that are in place in order to facilitate compliance and, the consequences of noncompliance. The Policy is intended to assist directors and employees in making the right decisions when confronted with potential conflict of interest issues.

Management of Conflict of Interest:

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

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

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

Investors' Grievance Policy:

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

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

IT Governance Policy:

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

IT Governance Policy consists of the following:

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

Power Cement Limited is committed to encourage environment of honesty, fairness, integrity and accountability at all levels of the management. In this respect, we have always been keen to take timely action to address any matter that may have an impact on the Company's performance as well as the wellbeing of its employees, customers and suppliers.

Whistle Blowing Policy:

To fulfil these commitments, the Company has developed a policy where any of the stakeholders (i.e. employees, customers, suppliers, contractors, business partners or shareholders) can contribute towards our aim to be vigilant about, and responsive of, the following misdemeanors undertaken by any person associated with company, either directly or indirectly:

- Any fraudulent act;
- Waste of resources;
- Misuse of authority; or
- Sabotage of machinery or of equipment.

The salient features of the policy are as follows:

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

Human Resource Management

The backbone of any organization is its people. Power Cement Limited firmly believes in nurturing, investing in and promoting its employees with the ultimate objective of ensuring a very high level of employee satisfaction and efficiency, which in turn translates into high levels of customer satisfaction.

The Company is committed to build a strong organizational culture that is shaped by empowered employees who demonstrate a deep belief in Company's vision and values. Therefore, Human Resource Management (HRM) is an integral part of our business strategy. The Company fosters leadership, individual accountability and teamwork.

The main components of the Company's HRM policy are:

- Selecting the right person, with the right experience, at the right time, offering the right compensation.
- Developing management philosophies and practices to promote and encourage motivation and retention of the best employees.
- Recognizing and rewarding employees' contribution to the business.
- Fostering the concept of team work and synergetic efforts
- Encouraging and supporting team concepts and team building techniques.
- Nurturing a climate of open communications between management and employees.
- Making all reasonable efforts to achieve a high quality of work-life balance.

Succession Planning

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

held during the year:

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

Social and Environmental Responsibility Policy

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

Social Responsibility Policy:

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

Environmental Responsibility Policy

Ensure our products, operations and services comply with relevant environmental legislation and regulations.

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

Business Continuity and Disaster Recovery Plan

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

The comprehensive plan is designed to ensure the protection of overall company's operations and assets along with regular archival and system-backups at remote sites.

The key highlights and actions of Power Cement Limited's Business Continuity Plan is as follows:

- The Management has put in place-adequate systems of IT Security, real-time data backup and off-site storage of data back-up at Company's Site.
- The development of the plan has been done keeping in view the on-going business needs and the environment it is operating in.

Disclosure of Beneficial Ownership

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

Ultimate Beneficial Shareholder	Shareholding %
Arif Habib Corporation Limited	10.42
Arif Habib Equity (Private) Limited	19.54

Compliance with the Best Practices of Code of Corporate Governance

The Board of Directors has complied with the requirements for Listed Companies (Code of Corporate Governance) Regulations, 2019, the listing regulations of the Pakistan Stock Exchange and the requirements for Financial Reporting framework of Securities & Exchange Commission of Pakistan (SECP).

Statement of Compliance with the Code of Corporate Governance, Review Report by the Company's Auditors and Report of the Board's Audit Committee on adherence to the Code of Corporate Governance are also included in this Report.

- The IT Team has been working on the Standard Operating Procedures and that will be completed by next year.
- The Management also ensures the training of all the employees on how to respond in case of any unforeseen or extra ordinary event.
- Employees are imparted multi-skill training which helps in the continuity of business activities.
- To ensure the safety of employees and assets, fire alarm systems are installed in the premises of all the offices. Moreover, adequate systems are in place for extinguishing fire.
- The Company has also deployed adequate security staff at both plants to ensure uninterrupted cement production regardless of the political situation and other external factors.
- The Company ensures the backup of all the assets whether physical or virtual; the physical assets are backed by insurance, whereas back-up of virtual assets and data is created on a routine basis.
- It is also regularly ensured that Data Recovery processes are operating effectively.

Role of Chairman and The Chief Executive Chairman

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

Chief Executive

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

Terms of Reference of Human Resource and Remuneration Committee

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

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

- Recommending Human Resource Management Policies to the Board.
- Recommending to the Board the selection, evaluation, compensation (including retirement benefits) and succession planning of the Chief Executive Officer, Director Coordination, Chief Financial Officer, Company Secretary and Head of Internal Audit.
- Consideration and approval of the

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

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

Terms of Reference of the Audit Committee

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

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

- determination of appropriate measures to safeguard the Company's assets;
- review of quarterly, half-yearly and annual financial statements of the Company, prior to their approval by the Board of Directors, focusing on:
 - major judgmental areas;
 - significant adjustments resulting from the audit;
 - the going concern assumption;
 - any changes in accounting policies and practices;
 - compliance with applicable accounting standards;
 - compliance with listing regulations and other statutory and regulatory requirements; and
 - related party transactions.
- review of preliminary announcements of results prior to publication;
- facilitating the external audit and discussion with external auditors of major observations arising from interim and final audits and any matter that the auditors may wish to highlight (in the absence of management, where necessary);

- review of management letter issued by external auditors and management's response thereto;
- ensuring coordination between the internal and external auditors of the Company;
- review of the scope and extent of internal audit and ensuring that the internal audit function has adequate resources and is appropriately placed within the Company;
- consideration of major findings of internal investigations of activities characterized by fraud, corruption and abuse of power and management's response thereto;
- ascertaining that the internal control systems including financial and operational controls, accounting systems for timely and appropriate recording of purchases and sales, receipts and payments, assets and liabilities and the reporting structure are adequate and effective;
- review of the Company's statement on internal control systems prior to endorsement by the Board of Directors and internal audit reports;
- instituting special projects, value for money studies or other investigations on any matter specified by the Board of Directors, in consultation with the CEO and to consider remittance of any matter to the external auditors or to any other external body;
- determination of compliance with relevant statutory requirements;
- monitoring compliance with the best practices of corporate governance and identification of significant violations thereof; and
- consideration of any other issue or matter as may be assigned by the Board of Directors

Chairman's significant commitments

Chairman's significant commitments during the year included:

- Effective conduct of Board meetings and Shareholder meetings and decision making.
- Review of company's progress in strategic infrastructural projects.
- Chairman's engagements other than Power Cement Limited has been disclosed in the Directors' profile Section of this Report.

Report of the Audit Committee

Composition of the Audit Committee

The members of the Audit Committee are pleased to present their report to the shareholders for the year ended June 30, 2020. We would like to make the following submissions:

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

The Head of Internal Audit is the Secretary of the Audit Committee.

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

The Financial Statements

The Committee has concluded its annual review of the conduct and operations of the Company during 2020, and reports that:

- The annual financial statements for the year ended June 30, 2020 have been prepared on a going concern basis under requirements of Companies Act 2017, incorporating the requirements of the Code of Corporate Governance, International Financial Reporting Standards and other applicable regulations.
- There were no issues in the application of Companies Act 2017, and these financial statements present a true and fair view of the Company's state of affairs, results of operations, profits, cash flows and changes in equity of the Company for the year under review.
- Appropriate accounting policies have been consistently applied except for the changes, if any, which have been appropriately disclosed in the

financial statements.

- The Chairman of the Board, Chief Executive Officer and the Chief Financial Officer have endorsed the financial statements of the Company, while the Directors' Report is signed by the Chairman and the Chief Executive Officer. They acknowledge their responsibility for true and fair presentation of the Company's financial condition and results, compliance with regulations, applicable accounting standards and establishment and maintenance of internal controls and systems of the Company.
- Accounting estimates are based on reasonable and prudent judgment. Proper and adequate accounting records have been maintained by the Company in accordance with the Companies Act, 2017. The financial statements comply with the requirements of the Fourth Schedule to the Companies Act, 2017 and the external reporting is consistent with management processes and adequate for shareholder needs.
- All Related Party transactions have been reviewed by the Committee prior to approval by the Board.
- The Company has issued a "Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations 2019" which has also been reviewed and certified by the External Auditors of the Company.

Report of the Audit Committee

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

- Trading and holdings of Company's shares by Directors & executives or their spouses were notified in writing to the Company Secretary along with the price, number of shares, form of share certificates and nature of transaction which were notified by the Company Secretary to the Board within the stipulated time. All such holdings have been disclosed in the Pattern of Shareholding.
- Closed periods were duly determined and announced by the Company, precluding the Directors, the Chief Executive and executives of the Company from dealing in Company shares, prior to each Board meeting involving announcement of interim / final results, distribution to shareholders or any other business decision, which could materially affect the share market price of the Company, along with maintenance of confidentiality of all business information.

Risk Management and Internal Control

- The Company has developed a sound mechanism for identification of risks and assigning appropriate criticality level and devising appropriate mitigation measures which are regularly monitored and implemented by the management across all major functions of the Company and presented to the Audit Committee for information and review.
- The Company has devised and implemented an effective internal control framework which also includes an independent internal audit function.
- The Internal Audit department is responsible for monitoring of compliance, inherent and other risks associated with the internal controls and other areas of operations of the Company.

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

Internal Audit

- The Company's system of internal controls is sound in design and has been continually evaluated for effectiveness and adequacy.
- The Audit Committee has ensured the achievement of operational, compliance, risk management, financial reporting and control objectives, safeguarding of the assets of the Company and the shareholders' wealth at all levels within the Company.
- The Internal Audit function has carried out its duties under the charter defined by the Committee. The Committee has reviewed material Internal Audit findings, taking appropriate action or bringing the matters to the Board's attention where required.
- Audit Committee has provided proper arrangement for staff and management to report to Audit Committee in confidence, concerns, if any, about actual or potential improprieties in financial and other matters. Adequate remedial and mitigating measures are applied, where necessary.
- The Head of Internal Audit has direct access to the Chairperson of the Audit Committee and the Committee has ensured staffing of personnel with sufficient internal audit acumen and that the function has all necessary access to Management and the right to seek information and explanations.

Report of the Audit Committee

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

External Auditors

- The statutory Auditors of the Company, KPMG Taseer Hadi & Co., Chartered Accountants, have completed their audit assignment of the "Company's Financial Statements" and the "Statement of Compliance with the Code of Corporate Governance" for the financial year ended June 30, 2020.
- The Auditors attended all the Audit Committee meetings where their reports were discussed. The Auditors also attended General Meetings of the Company during the year and have confirmed attendance of the 29th Annual General Meeting scheduled for October 27, 2020. The current partner has completed his term of five years.
- The Auditors do not provide any services other than external audit of the Company. The audit firm has no financial or other relationship of any kind with the Company any except that of External Auditors.
- The retiring auditors being eligible have offered themselves to be reappointed as Auditors for the financial year 2021.

Annual Report 2020

- The Company has issued a very comprehensive Annual Report which besides presentation of the

financial statements and the Directors' Reports of the Company, also discloses other information much in excess of the regulatory requirements to offer an in depth understanding about the management style, the policies set in place by the Company, its performance during the year, and future prospects to various stakeholder of the Company.

- The information has been disclosed in the form of ratios, trends, graphs, analysis, explanatory notes and statements etc., and the Audit Committee believes that the Annual Report 2020 gives a detailed view of how the Company evolved, its state of affairs and future prospects.

The Audit Committee

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

The Chairperson of the Audit Committee attended the AGM that has been mentioned in the minutes circulated to the shareholders of the Company.

Directors' Report

The Directors have the pleasure in presenting to you the Annual Report and the audited financial results of your Company together with Auditors' Report thereon for the year ended June 30, 2020.

INDUSTRY OVERVIEW

Pakistan's Cement industry performance showed encouraging signs in the last month of the financial year ended June 30, 2020, after a decline in the last three consecutive months due to COVID-19; registering a growth of 1.98% to 47.81 million tons in comparison to 46.89 million tons during last year. While local sales volume registered a decline of 0.94% to 39.97 million tons during the current financial year in comparison to 40.34 million tons last year; the export performance was very encouraging, which supported the overall Industry volumes, registering an increase of 20% to 7.85 million tons as compared to 6.54 million tons last year.

The domestic demand in South Zone, where your Company is situated, stood at 5.64 million tons, i.e. a

decline of 29% over the prior year. Concurrently, the export demand increased to 5.88 million tons, as against 4.01 million tons in the prior year, an increase of 46.47%. As a result, the South Zone closed at a total dispatch of 11.51 million tons.

In contrast, the North Zone's domestic demand in the current year improved by 6.07% and export demand for the same year declined by 22.07%. As a result, the net North Zone recorded a net growth of at 4.03%.

BUSINESS PERFORMANCE

During the financial year under review, the dispatches of your Company registered an increase of 75% achieving a volume of 1,021,780 tons as compared to 585,149 tons in the last financial year.

Production & Sales Volume:

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

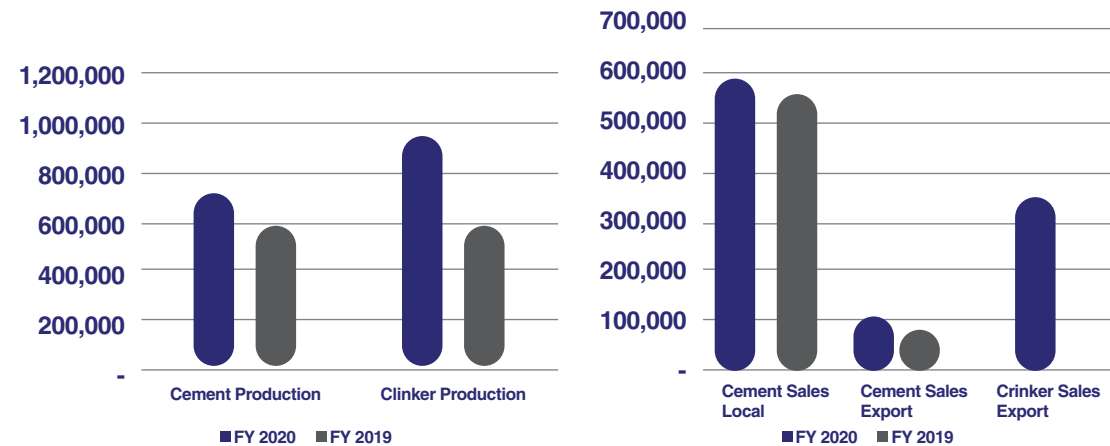
Production	2020	2019	Variance %
Cement	733,684	581,511	26.17%
Clinker	954,691	604,464	57.94%

Despatches	2020	2019	Variance %
Cement (Local)	601,543	580,019	3.71%
Cement (Export)	86,951	5,130	1,595%
Clinker (Export) *	333,286	-	100%
Total dispatches	1,021,780	585,149	74.62%

*The revenue generated from clinker export sales, being part of trial run, have been transferred to Capital work-in-progress.

During the year under review, owing to installation and commencement of new 7700 TPD plant, the production of clinker and cement increased by 350,227 metric tons and 152,173 metric tons respectively. The annual capacity utilization stood at 44% as compared to 67% in comparison of the last financial year as the old plant was shut down and the newly installed 7,700 TPD Plant started production midway during the year.

A graphical representation of the same is as follows:



Financial Performance

A comparison of the key financial results of your Company for the year ended June 30, 2020 is as under:

PARTICULARS	2020	2019
	PKR in '000'	
Sales revenue – Gross	6,627,622	5,709,582
Less: Sales Taxes/ Federal Excise Duty	2,495,260	1,851,127
Sales revenue– Net	4,132,362	3,858,455
Gross (loss) / profit	(97,158)	157,280
Operating (loss) / profit	(980,934)	(256,349)
(Loss) / profit before tax	(3,959,484)	(412,396)
Net profit after tax	(3,616,452)	582,106
Earnings per share (Rupees)	(3.40)	0.55

REVENUE:

During the financial year 2019-20, the Company gross sales touched Rs. 8,193 million. Sales of Rs. 1,565 million, being part of the trial production, have been classified in Capital Work in Progress.

Overall gross sales revenue of your Company increased by 16 % as compared to last year whereas net sales revenue increased by 7 % in line with the improved sales volume during the period primarily due to surge in exports on the back of superior quality production of the Company.

COST OF SALES:

During the financial year 2019-20 under review, the increase in cost of sales was mainly on account of higher input transportation costs due to axel load regime, increased fuel, power and packing material costs.

Overall, the loss incurred this year is due to the fact that it was the first full year of operations of the Company's 'cement production and despatch plant' while the 'clinker production plant' started its trial production only in mid of the year and this trial production continued till June 30, 2020. So the financial performance of the year ended 2020 is representative of the startup year of the expansion and not of its fully operational business year.

Since the Company has announced its complete COD on July 1, 2020 therefore the financial statements of the year ended June 30, 2021 will show a financial performance that is representative of a fully operational financial year.

FINANCE COST:

Finance cost of Rs. 2,991 million includes Rs. 1,925 million which is the mark-up paid against the Syndicate Term Finance Facility.

NET (LOSS) / PROFIT:

The Company posted loss of Rs. 3,616 million as compared to profit of Rs. 582 million (decline of 624%).

EARNINGS PER SHARE:

The Earnings per Share dropped during the year (loss of Rs. 3.40) as compared to earnings of Rs. 0.55 per share in the comparative year)

The Company's declining profitability was mainly attributable to higher debt burden on account of mark-up expenses accrued on Line III debts.

LISTED COMPANIES (CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2019

The Directors' of your Company review the Company's strategic direction and business plans on a regular basis. The Audit Committee is empowered for effective compliance of Listed Companies (Code of Corporate Governance) Regulations, 2019. We are taking all necessary steps to ensure good corporate governance in your Company as required by the Code. As part of the compliance, we confirm the following:

- The financial statements prepared by the management of the Company, present fairly the Company's state of affairs, the result of operations, cash flows and changes in equity.
- Proper books of accounts have been maintained by the Company.
- Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
- The International Financial Reporting Standards as applicable in Pakistan have been followed in the preparation of financial statements.
- The system of internal control is sound in design and has been effectively implemented and monitored.
- There are no doubts upon the Company's ability to continue as a going concern. Further the Company is paying all debts in time and no default is made on the part of Company to repay its debts to the banks.

ELECTION OF DIRECTORS

In accordance with the provisions of Section 159 of the Companies Act, 2017, the three years term of the seven directors elected in the 25th Annual General Meeting held in October 2016 was completed in October 2019. The Shareholders of the Company in its 28th Annual General Meeting had elected seven Directors, to serve for a three year term commencing from October 28, 2019 with the following revised composition:

Director	Category
Mr. Nasim Beg	Non-Executive Director / Chairman
Mr. Muhammad Kashif Habib	Executive Director / Chief Executive
Mr. Syed Salman Rashid	Non-Executive Director
Mr. Mr. Samad Habib	Non-Executive Director
Mr. Javed Kureishi	Non-Executive / Independent Director
Ms. Saira Nasir	Non-Executive / Independent Director
Mr. Andres Paludan-Muller	Non-Executive Director

- There has been no material departure from the best practices of corporate governance as detailed in the listing regulations.
- The Company operates funded gratuity scheme for its employees as disclosed in relevant note to the financial statements.
- Four directors have already completed the directors' training program. The Board consists of one director who is exempted from the directors' training program in accordance with clause 19 of Chapter VI of the CCG regulations due to having minimum of 14 years of education and over 15 years of experience on the board of a listed company. Currently, there are two directors which require certification under the directors' training program. The Company is committed to comply with the requirements of the subject regulations by June 30, 2021.
- The statement of pattern of shareholding in the prescribed format disclosing aggregate number of shares has been attached with this Annual Report.
- Key operating and financial data for the last 6 years has been annexed to the report.

COMPOSITION OF BOARD OF DIRECTORS

The Current Board of Directors of the Company consists of:

a) Male	6
b) Female	1
Total Number of Directors	7

MEETINGS OF BOARD OF DIRECTORS

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

Name of Director	Designation	Meetings attended by the Member
Mr. Nasim Beg	Non-Executive Director/Chairman	5/5
Mr. Muhammad Kashif Habib	Executive Director / Chief Executive	5/5
Mr. Syed Salman Rashid	Non-Executive / Independent Director	4/5
Mr. Mr. Samad Habib	Non-Executive Director	4/5
Mr. Javed Kureishi	Non-Executive Director	4/4
Ms. Saira Nasir	Non-Executive Director	4/4
Mr. Andres Paludan-Muller	Non-Executive Director	5/5
Mr. Muhammad Yousuf Adil	Non-Executive / Independent Director	0/1
Mr. Muhammad Ejaz	Non-Executive Director	0/1

Leave of absences were granted to directors who did not attend the meetings. Mr. Javed Kureishi and Ms. Saira Nasir were appointed for the first time in place of the outgoing directors – Mr. Muhammad Yousuf Adil (retired) and Mr. Muhammad Ejaz (resigned).

EVALUATION CRITERIA FOR THE BOARD

A comprehensive mechanism is put in place for undertaking an evaluation of the performance of the Board of Directors in accordance with the Listed Companies (Code of Corporate Governance) Regulations, 2019.

EVALUATION CRITERIA FOR THE BOARD

A comprehensive mechanism is put in place for undertaking an evaluation of the performance of the Board of Directors in accordance with the Listed Companies (Code of Corporate Governance) Regulations, 2019.

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

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

PERFORMANCE EVALUATION OF THE BOARD

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

BOARD COMMITTEES AND MEETINGS

Audit Committee

The Board of Directors has established an Audit Committee which comprises of three members all of whom are non-executive directors and the Chairperson is an Independent Director. Composition of the Audit Committee has been made in line with the requirements of the Listed Companies (Code of Corporate Governance) Regulations, 2019.

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

Name of Member	Position on the Committee	Meetings attended
Mr. Muhammad Yousuf Adil	Chairman (Retired)	1/2
Ms. Saira Nasir	Chairperson	2/2
Mr. Nasim Beg	Member	4/4
Mr. Syed Salman Rashid	Member	2/4

HR & Remuneration Committee

The Board of Directors has established an HR & Remuneration Committee which comprises of three members; of whom two are non-executive directors. The composition of the HR & Remuneration Committee has been made in line with the requirements of the Listed Companies (Code of Corporate Governance) Regulations, 2019.

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

Name of Member	Position on the Committee	Meetings attended
Mr. Javed Kureishi	Chairman	1/1
Mr. Muhammad Kashif Habib	Member	1/1
Mr. Syed Salman Rashid	Member	1/1

DIRECTORS REMUNERATION POLICY

The independent non-executive directors of the Company are being paid meeting fee for attending Board of Directors meeting or any of Boards' sub-committee meeting as approved in the Annual General Meeting held on October 28, 2019. The levels of remuneration are appropriate and commensurate with the level of responsibility and expertise to govern the Company successfully and with value addition. Remuneration to Chief Executive and Directors are disclosed in note 42.3 to the Financial Statements for the year ended June 30, 2020.

TRADING IN COMPANY'S SHARE BY DIRECTORS AND EXECUTIVES

It is informed to all above concerned persons to deliver written notices to 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. However, there has been no trading in Company's shares by any "Executive" of the Company being the threshold set by the Directors for disclosure in annual reports.

DIVIDEND AND BONUS

Giving priority to the debt obligations of the Company'

the Board has decided not to declare any dividend or bonus share issue for the year ended June 30, 2020.

AUDITORS' OBSERVATION

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

- The first matter pertains to certain excise duty claims decided in favour of the Company by the Appellate Tribunal Inland Revenue (ATIR). The tax department has filed an appeal with the Honourable High Court of Sindh (SHC) against the decision by the ATIR. The Company strongly believes that the matter will be decided in favour of the Company by the SHC. The relevant details are set out in the notes to the Financial Statements.
- The second matter pertains to a claim of the previous shareholders of the company from whom the current owners have acquired controlling interest. This matter has been decided in favour of the Company by an Arbitrator appointed under the terms of the Share Transfer Agreement. The counter party has filed objections with the Registrar of the SHC on the arbitration award. However, the Company believes that the outcome of the same would be decided in its favour. The relevant details are set out in Notes to the Financial Statements.

CONTRIBUTION TO NATIONAL EXCHEQUER

The Company contributed over PKR 1.33 billion (2019: PKR 3.61 billion) to the government treasury in shape of taxes, excise duty, income tax and sales tax.

ADEQUACY OF INTERNAL FINANCIAL CONTROLS

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

PATTERN OF SHAREHOLDING

The ordinary shares of the Company are listed on Pakistan Stock Exchange. There were 1,063,414,434 (2019: 1,063,414,434) ordinary shareholders of the Company as of June 30, 2020. The detailed pattern of shareholding and categories of shareholding of the Company including shares held by directors and executives, if any, can be found in this Annual Report.

RISK MANAGEMENT & STRATEGY FOR MITIGATING RISKS

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

- i. Head-on competition amongst cement manufacturers on price as well as sales owing to ambitious capacity additions.
- ii. Further Rupee devaluation will be resulting in escalation in coal prices and squeezing margins.
- iii. Overall inflationary increase in operational expenses.

To mitigate all the risks and uncertainty that is faced by every business, the Company is implementing a circumspect and cautious rationale. The Company emphasizes on recognizing all long-term and short-term risks, to overcome and mitigate them. These are explained further in the relevant sections of the Annual Report.

IMPACT OF COMPANY'S BUSINESS ON THE ENVIRONMENT

Our newly installed FLSmidth Plant is environmental friendly meeting IFC and World Bank standards having the first state of the art online quality control system in Pakistan. The Plant is consistently producing 53 Grade Cement of optimum quality.

Further, the Waste Heat Recovery System (WHRS) has been installed for producing electricity from waste heat of plant and burning of industrial and municipal wastes.

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

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

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

CORPORATE SOCIAL RESPONSIBILITY

During the year, the Company has disbursed PKR 2.1 million (2019: PKR 4.6 million) as donation to different trusts, charity institutions and welfare organizations.

SUBSEQUENT EVENTS

As an event subsequent to the reporting date, the Company issued 244,585,320 Perpetual, Cumulative and Convertible Preference Shares @ 23% issued at par value against the amount received by Sponsors and after completing the necessary formalities the shares were issued on September 17, 2020.

RELATED PARTY TRANSACTIONS

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

INVESTMENT PROJECTS – NEW AND ONGOING

The Company announced the commencement of its new Cement plant (CPD) on July 1, 2020. The installation of its Waste Heat has been completed in the month of June 2020 and the plant is operating at 100% capacity utilization.

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 October 25, 2019.

FUTURE OUTLOOK

Lately, the Government has incentivized the construction sector by legislating a package announced by the Prime Minister to increase the cement consumption in the country in the wake of the coronavirus pandemic. The government has approved an industry status for the construction sector after announcing establishment of a Construction Industry Development Board. If effectively implemented, this construction policy would play a significant role in paving the way for the government's promise of providing 10 million employment opportunities and 5 million houses to the nation.

Coal and oil prices are expected to remain low in the near term during the time of the pandemic. This fact along with the reduction in SBP policy rate to the tune of 7% and availability of export refinance at the rate 3% are likely to allow considerable relief in financial cost.

In the medium to long term, ground breaking of the

special economic zones and the flagship projects like Diemer-Bhasha Dam and Mohmand Dam are also expected to be great drivers of the cement demand.

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

ACKNOWLEDGEMENT

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

The results of an organization are greatly reflective of the efforts put in by the people who work for and with the Company. The Directors fully recognize the collective contribution made by the employees of the Company and its contractors towards the successful completion of expansion project. 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: October 06, 2020

Performance and Position



Analysis of Financial & Non-Financial Information

Financial Measures:

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

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

The Ratio Analysis have been aptly covered in the relevant sections of this Annual Report (Page)

Non-Financial Measures

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

Human Capital

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

	2020	2019
Staff strength - Permanent	493	360
New recruitments	108	12
Leavers	131	50
Average number of employees	385	363
Promotions	3	20

Manufactured Capital

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

	2020	2019
Capital expenditure (Rs. million)	7,037	12,173

Intellectual Capital

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

Analysis of Financial & Non-Financial Information

Analysis of the investments in intellectual capital are mentioned below:

	2020	2019
Intellectual Capital (Rs. million)	7.6	-

Methods and Assumptions used in Compiling Indicators

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

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

Liquidity position

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

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

Segmental review of Business Performance

The financial statements of the Company have been prepared on the basis of single reporting segment. Revenue from sale of cement represents 100% of gross sales of the Company. Moreover, all assets of the Company as at June 30, 2020 are located in Pakistan.

Financial Ratios

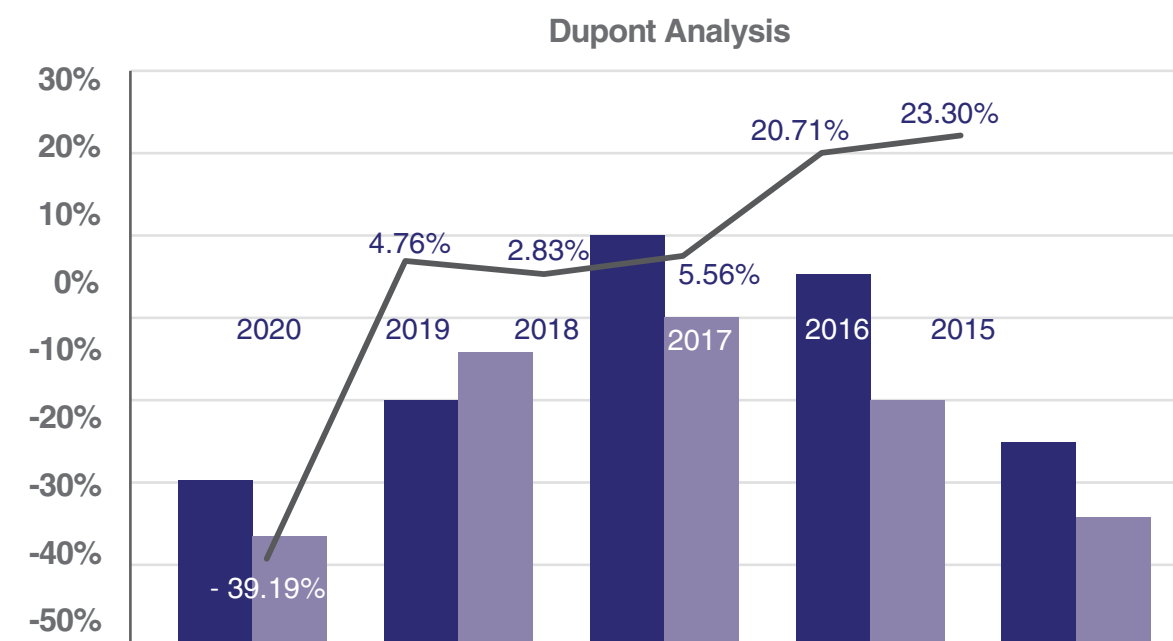
Financial Ratios	Unit	FY 2020	FY 2019	FY 2018	FY 2017	FY 2016	FY 2015
Profitability Ratios							
Gross Margin	%	-2%	4%	16%	22%	23%	25%
Operating Margin	%	-24%	-7%	8%	18%	17%	17%
Pre-Tax Margin	%	-96%	-11%	8%	13%	18%	16%
Net Margin	%	-88%	15%	7%	10%	12%	11%
Return On Equity (ROE) Before Tax	%	-43%	-3%	3%	7%	33%	33%
Return On Equity (ROE) After Tax	%	-39%	5%	3%	6%	21%	23%
Return On Assets (ROA) Before Tax	%	-9%	-1%	1%	5%	12%	10%
Return On Assets (ROA) After Tax	%	-8%	1%	4%	8%	7%	-1%
Return On Capital Employed	%	-14%	2%	2%	5%	11%	10%
EBITDA To Sales	%	-20%	-3%	12%	21%	20%	20%
Liquidity Ratios							
Current Ratio	Times	0.37	0.68	1.43	2.56	0.91	0.86
Quick Ratio	Times	0.26	0.52	1.01	2.05	0.47	0.39
Cash Ratio	Times	0.04	0.10	0.49	1.65	0.15	0.17
Quick Ratio (Excl Receivables)	Times	0.23	0.48	0.84	1.81	0.33	0.24
Cash Flow From Operation To Sales	%	18%	-20%	9%	9%	17%	8%
Investment /Market Ratios							
Earning/ (Loss) Per Share (after tax)	Rs.	(3.40)	0.55	0.32	1.14	1.33	1.19
Price /Earnings Ratios (after tax)	Times	-1.82	11.75	26.09	11.74	7.84	9.77
Price to Book Ratio	Times	0.71	0.56	0.84	1.34	1.04	1.16
Market Price per share							
Market Price High during the year	Rs.	6.2	6.43	8.35	13.38	10.43	11.63
Market Price low during the year	Rs.	7.22	9.77	10.85	23.44	14.49	12.99
Breakup value per share	Rs.	4.63	5.74	7.11	7.40	7.81	6.13
8.68	Rs.	11.49	10.63	22.95	6.42	5.09	
Activity /Turnover Ratios							
Inventory Turnover Ratio	Times	2.22	2.45	2.71	3.25	3.63	3.32
Inventory Held	Days	164	149	135	112	100	110
Debtor Turnover Ratio	Times	5.61	9.52	13.52	15.26	14.75	24.44
No Of Days In Receivables	Days	37	37	38	27	24	25
Creditor Turnover Ratio	Times	2.90	15.04	13.23	14.36	15.55	15.35
No Of Days In Payable	Days	126	24	28	25	23	24
Operating Cycle	Days	75	162	145	114	101	111
Total Asset Turnover Ratio	%	9%	10%	18%	39%	66%	64%
Fixed Asset Turnover Ratio	%	11%	12%	22%	85%	93%	86%
Capital Structure Ratios							
Long Term Debt To Capital	%	195%	148%	85%	4%	15%	33%
Long Term Debt To Equity	%	161%	171%	90%	4%	10%	17%
Long Term Debt To Assets	%	40%	45%	39%	3%	6%	10%
Gearing Ratio	%	74%	65%	48%	15%	31%	41%
Cost Of Debt Based On Book Value	%	11%	1%	1%	17%	26%	28%
Debt To Equity	Times	2.36	2.17	1.00	0.15	0.29	0.35
Financial Leverage	Times	4.90	3.27	2.17	1.36	2.66	3.22
Short Term Debt Payback (Years)	Years	13	(7)	2	2	1	2
Total Debt Payback (Years)	Years	41	(34)	19	3	1	4
Interest Cover Ratio	Times	-0.3	-1.3	3.9	3.3	3.7	2.7

Dupont Analysis

Year	Net Margin (Profit / Loss After Tax/Sales)	Total Asset turnover (Sales / Total Assets)	Return on Assets	Equity Multiplier (Total Assets / Total Equity)	Return On Equity
	A	B	C=A*B	D	E=C*D
2020	-87.52%	0.09	-8%	-87.52%	-39.19%
2019	15.09%	0.10	1%	15.09%	4.76%
2018	7.37%	0.18	1%	7.37%	2.83%
2017	10.42%	0.39	4%	10.42%	5.56%
2016	11.74%	0.66	8%	11.74%	20.71%
2015	11.32%	0.64	7%	11.32%	23.30%

The main highlights of DuPont analysis are as follows:

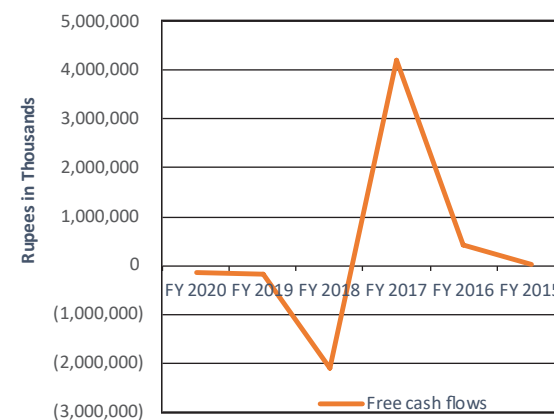
1. The profit margins for the Company has showed a declining trend on account of increase in prices of coal, power and packing material costs.
2. Assets turnover has declined mainly on account of incurring high capital expenditures for ongoing cement capacity enhancement project to meet future demands
3. Based on the above two factors, the Return on Assets which is dependent on the above two, has gone down.
4. Due to high capital expenditures for ongoing cement capacity enhancement equity multiplier increased in current year.



Free Cash Flows

	FY 2020	FY 2019	FY 2018	FY 2017	FY 2016	FY 2015
	Rs. in '000					
Profit before taxation	(3,959,483)	(412,396)	348,778	565,175	764,772	616,005
Adjustment non-cash items	3,409,643	462,543	241,179	387,518	84,641	185,161
Changes in working capital	2,162,995	(729,371)	(40,341)	(379,810)	(40,845)	(446,923)
Capital expenditure	(7,034,177)	(12,173,070)	(14,495,131)	(925,696)	(139,585)	(128,727)
Net Debt	5,261,859	12,673,089	11,848,777	4,567,277	(250,000)	(210,000)
Free cash flows	(159,163)	(179,205)	(2,096,738)	4,214,464	418,983	15,516

Free Cash Flow Analysis



Analysis on Free Cash Flows:

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

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

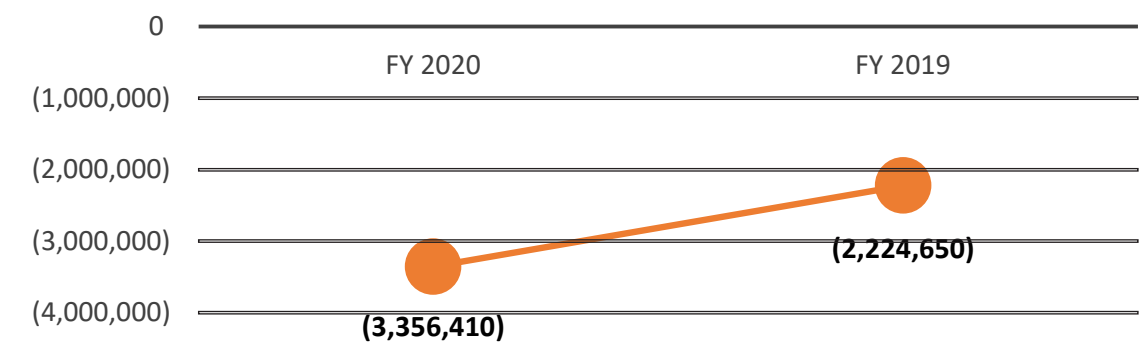
Economic Value Added

Economic Value Added		FY 2020	FY 2019
		Rs. in '000	
Cost of capital			
Cost of Equity	%	7.00%	13.25%
Cost of Debt	%	15.10%	15.49%
Market Value of Equity		6,593,169	6,837,755
Market Value of Debt		17,959,095	18,135,089
Weighted average cost of capital (WACC)		9.72%	11.50%
Average capital employed		27,963,084	25,758,902
NOPAT		(637,901)	738,153
Less: Cost of capital		(2,718,509)	(2,962,803)
Economic Value added		<u>(3,356,410)</u>	<u>(2,224,650)</u>
Enterprise Value			
Market Value of Equity		6,593,169	6,837,755
Add: Debt		17,959,095	18,135,089
Less: Cash & Bank balance		(7,126,065)	(6,619,082)
Enterprise Value		<u>17,426,200</u>	<u>18,353,761</u>

Comments

Interest rates were reduced during the year by SBP to provide liquidity support during the temporary phase of economic disruption owing to COVID-19, easing out the weighted average cost of capital diminish by 15%. However, the EVA decreased by 5% due to major capitalization during the year.

Economic Value Added



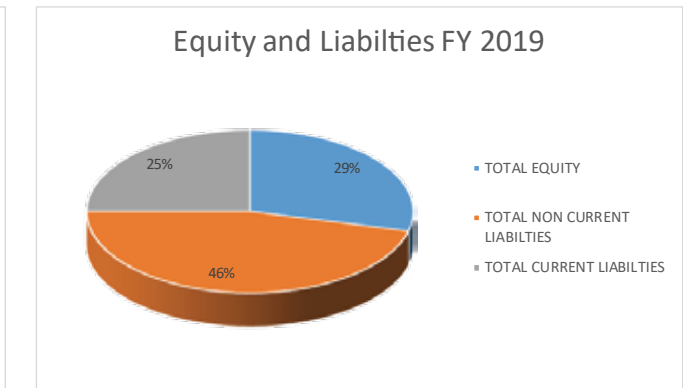
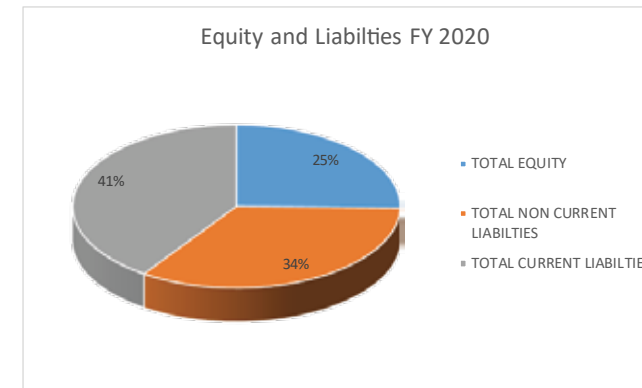
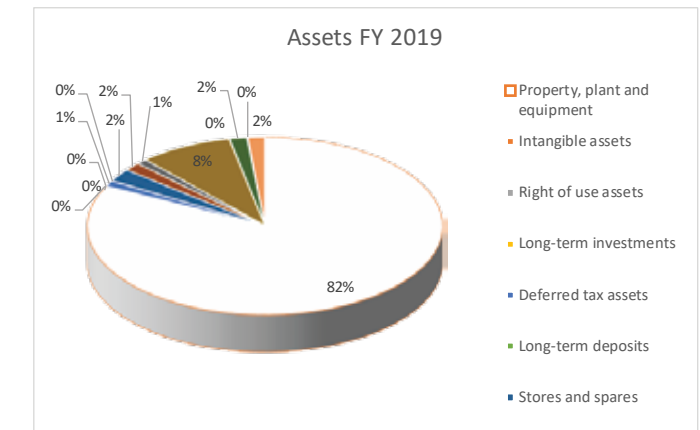
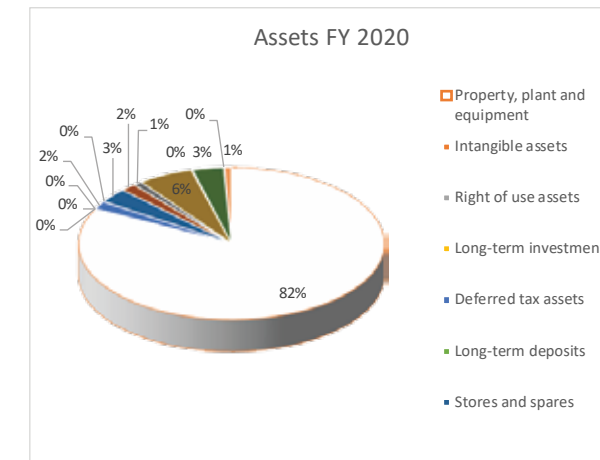
Financial Highlights

Financial Position (PKR in '000)	FY 2020	FY 2019	FY 2018	FY 2017	FY 2016	FY 2015
Assets Employed						
Property, plant and equipment	37,222,552	32,942,295	19,843,344	5,248,476	4,444,992	4,422,961
Intangible assets	5,493	-	1,077	8,977	8,982	413
Right of use assets	48,194	-	-	-	-	-
Investments	15,077	14,100	13,124	13,220	-	-
Long term deposits	24,159	19,635	-	-	-	-
Deferred tax assets	753,425	413,291	19,635	19,635	19,635	19,635
Current Assets	7,126,065	6,619,082	4,640,126	6,096,806	1,769,369	1,545,200
Total Assets	45,194,965	40,008,403	24,517,306	11,387,114	6,242,978	5,988,209
Financed By						
Shareholders' Equity	9,228,394	12,221,540	11,299,062	8,394,241	2,348,110	1,862,170
Long-term liabilities						
Long term financing	16,312,174	17,959,094	9,460,000	110,000	511,032	905,397
Loan from related parties	-	-	-	-	908,892	1,169,055
Lease liabilities	45,032	-	-	-	-	-
Deferred Grant Income	7,079	-	-	-	-	-
	94,931	57,923	520,185	501,650	529,816	244,773
Current liabilities	19,507,355	9,769,846	3,238,059	2,381,223	1,945,128	1,806,814
Total Funds Invested	45,194,965	40,008,403	24,517,306	11,387,114	6,242,978	5,988,209
Turnover & Profit (PKR in '000)						
Sales Revenue	4,132,362	3,858,455	4,343,240	4,480,623	4,144,455	3,831,069
Gross profit/ (loss)	41,238	307,391	824,861	1,098,711	1,045,504	1,067,621
Operating Profit	(980,933)	(256,349)	358,020	808,103	713,860	667,774
Profit before taxation	(3,959,483)	(412,396)	348,778	565,175	764,772	616,005
Profit after taxation	(3,616,451)	582,106	319,907	466,793	486,391	433,833
Total comprehensive income	(3,515,248)	931,268	311,695	460,744	485,940	433,628
Earning per share (Rupees)	-3.40	0.55	0.32	1.14	1.33	1.19
Cash Flow Summary (PKR in '000)						
	FY 2020	FY 2019	FY 2018	FY 2017	FY 2016	FY 2015
Net Cash from Operating Activities	1,723,575	(771,720)	407,259	395,892	686,944	309,338
Net Cash used in Investing Activities	(6,942,544)	(12,096,326)	(14,244,219)	(1,150,841)	(146,285)	(128,292)
Net Cash Outflow from Financing Activities	4,508,401	12,607,542	11,445,011	3,936,866	(601,896)	(292,370)
(Decrease) / Increase in Cash and Bank Balance	(710,568)	(260,504)	(2,391,949)	3,181,917	(61,237)	(111,324)
Cash and Bank Balance at beginning of the Year	(171,803)	88,701	2,480,650	(701,267)	(640,030)	(528,706)
Cash and Bank Balance at end of the Year	(882,371)	(171,803)	88,701	2,480,650	(701,267)	(640,030)
ANALYSIS OF STATEMENT OF FINANCIAL POSITION						
PKR in '000						
Share Capital & Reserves	9,228,394	12,221,540	11,299,062	8,394,241	2,348,110	1,862,170
Non Current Liabilities	16,459,216	18,017,017	9,980,185	611,650	2,100,772	2,864,622
Current Liabilities	19,507,355	9,769,846	3,238,059	2,381,223	1,794,096	1,261,417
Total Equity & Liabilities	45,194,965	40,008,403	24,517,306	11,387,114	6,242,978	5,988,209
Non Current Assets	38,068,901	33,389,321	19,877,180	5,290,308	4,473,609	4,443,009
Current Assets	7,126,065	6,619,082	4,640,126	6,096,806	1,769,369	1,545,200
Total Assets	45,194,965	40,008,404	24,517,306	11,387,114	6,242,978	5,988,209
Vertical Analysis - %						
Share Capital & Reserves	20	31	46	74	38	31
Non Current Liabilities	36	45	41	5	34	48
Current Liabilities	43	24	13	21	29	21
Total Equity & Liabilities	100	100	100	100	100	100
Non Current Assets	84	83	81	46	72	74
Current Assets	16	17	19	54	28	26
Total Assets	100	100	100	100	100	100

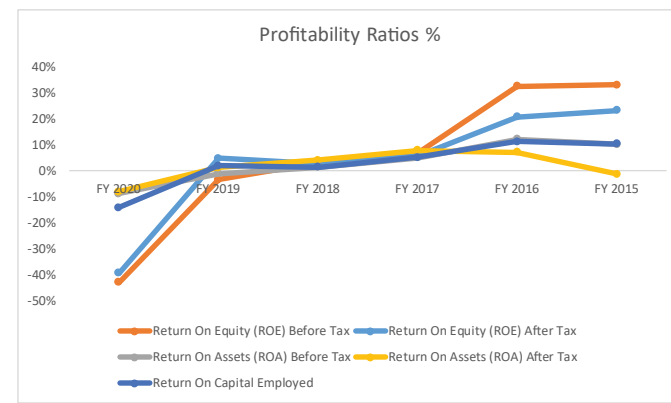
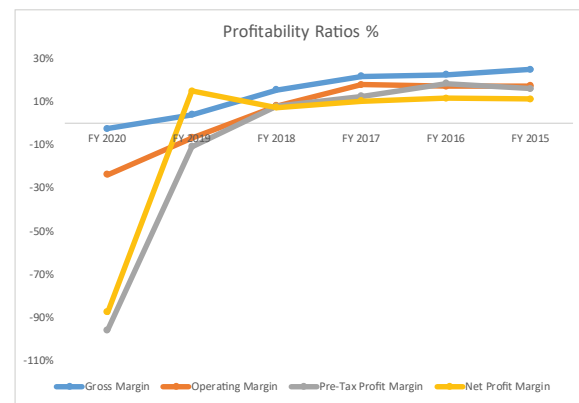
Horizontal Analysis (i) Cumulative - %	FY 2020	FY 2019	FY 2018	FY 2017	FY 2016	FY 2015
Share Capital & Reserves	396	556	507	351	26	100
Non Current Liabilities	475	529	248	(79)	(27)	100
Current Liabilities	1,446	675	157	89	42	100
Total Equity & Liabilities	655	568	309	90	4	100
Non Current Assets	757	652	347	19	1	100
Current Assets	361	328	200	295	15	100
Total Assets	655	568	309	90	4	100
Horizontal Analysis (ii) Year on Year - %	FY 20 vs FY 19	FY 19 vs FY 18	FY 18 vs FY 17	FY 17 vs FY 16	FY 16 vs FY 15	FY 15 vs FY 14
Share Capital & Reserves	(24)	8	35	257	26	100
Non Current Liabilities	(9)	81	1,532	(71)	(27)	100
Current Liabilities	100	202	36	33	42	100
Total Equity & Liabilities	13	63	115	82	4	100
Non Current Assets	14	68	276	18	1	100
Current Assets	8	43	(24)	245	15	100
Total Assets	13	63	115	82	4	100
ANALYSIS OF PROFIT AND LOSS ACCOUNTS						
PKR in '000						
Sales Revenue	4,132,362	3,858,455	4,343,240	4,480,623	4,144,455	3,831,069
Cost of sales	4,229,519	3,701,175	3,668,172	3,500,092	3,207,369	2,870,957
Gross profit/ (loss)	(97,157)	157,280	675,068	980,531	937,086	960,112
Distribution Cost	445,544	122,443	115,806	106,154	104,032	178,873
Administrative Cost	190,279	142,709	131,708	76,366	52,111	50,677
Operating Profit	(732,980)	(107,872)	427,554	798,011	780,943	730,562
Finance Cost / (Income)	2,978,550	156,047	9,242	242,928	(50,912)	51,769
Other Charges / (Income)	247,953	148,477	69,534	(10,092)	67,083	62,788
(Loss) / Profit before taxation	(3,959,483)	(412,396)	348,778	565,175	764,772	616,005
Taxation	(343,032)	(994,502)	28,871	98,382	278,381	182,172
Profit / (Loss) after taxation	(3,616,451)	582,106	319,907	466,793	486,391	433,833
Other Comprehensive (Income) / loss	(101,203)	(349,162)	8,212	6,049	451	205
Total Comprehensive Income / (loss)	(3,515,248)	931,268	311,695	460,744	485,940	433,628
Vertical Analysis - %						
Sales Revenue	100	100	100	100	100	100
Cost of sales	102	96	84	78	77	75
Gross profit	(2)	4	16	22	23	25
Distribution Cost	11	3	3	2	3	5
Administrative Cost	5	4	3	2	1	1
Operating (loss) / Profit	(18)	(3)	10	18	19	19
Finance Cost / (Income)	72	4	0	5	(1)	1
Other Charges / (Income)	6	4	2	(0)	2	2
(Loss) / Profit before taxation	(96)	(11)	8	13	18	16
Taxation	(8)	(26)	1	2	7	5
Profit / (Loss) after taxation	(88)	15	7	10	12	11
Other Comprehensive (Income) / loss	(2)	(9)	0	0	0	0
Total Comprehensive Income / (loss)	(85)	24	7	10	12	11
Horizontal Analysis (i) Cumulative - %						
Sales Revenue	8	1	13	17	8	100
Cost of sales	47	29	28	22	12	100
Gross profit	(110)	(84)	(30)	2	(2)	100
Distribution Cost	149	(32)	(35)	(41)	(42)	100
Administrative Cost	275	182	160	51	3	100
Operating (loss) / Profit	(200)	(115)	(41)	9	7	100
Finance Cost / (Income)	5,654	201	(82)	369	(198)	100
Other Charges / (Income)	295	136	11	(116)	7	100
(Loss) / Profit before taxation	(743)	(167)	(43)	(8)	24	100
Taxation	(288)	(646)	(84)	(46)	53	100
Profit / (Loss) after taxation	(934)	34	(26)	8	12	100
Other Comprehensive (Income) / loss	(49,467)	(170,423)	3,906	2,851	120	100
Total Comprehensive Income / (loss)	(911)	115	(28)	6	12	100

Horizontal Analysis (Year on Year %)	FY 20 vs FY 19	FY 19 vs FY 18	FY 18 vs FY 17	FY 17 vs FY 16	FY 16 vs FY 15	FY 15 vs
Turnover						
Cost of sales	7	(11)	(3)	8	8	100
Gross profit	14	1	5	9	12	100
Distribution Cost	(162)	(77)	(31)	5	(2)	100
Administrative Cost	264	6	9	2	(42)	100
Operating (loss) / Profit	33	8	72	47	3	100
Finance Cost / (Income)	579	(125)	(46)	2	7	100
Other Charges / (Income)	1,809	1,588	(96)	(577)	(198)	100
(Loss) / Profit before taxation	67	114	(789)	(115)	7	100
Taxation	860	(218)	(38)	(26)	24	100
Profit / (Loss) after taxation	(66)	(3,545)	(71)	(65)	53	100
Other Comprehensive (Income) / loss	(721)	82	(31)	(4)	12	100
Total Comprehensive Income / (loss)	(477)	199	(32)	(5)	12	100

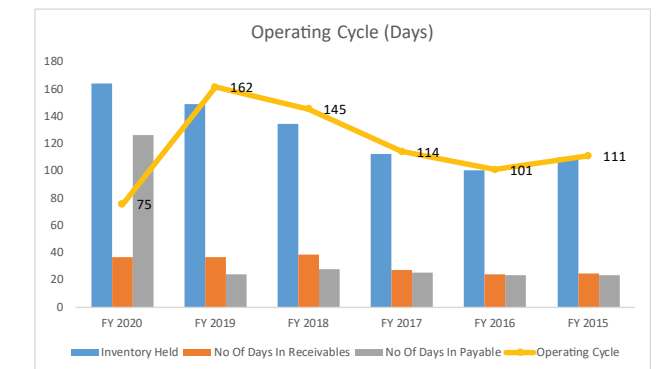
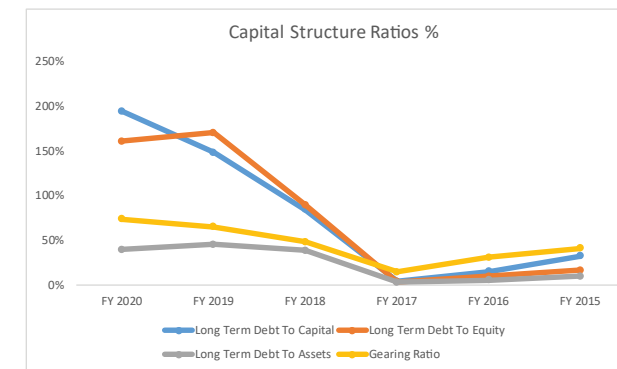
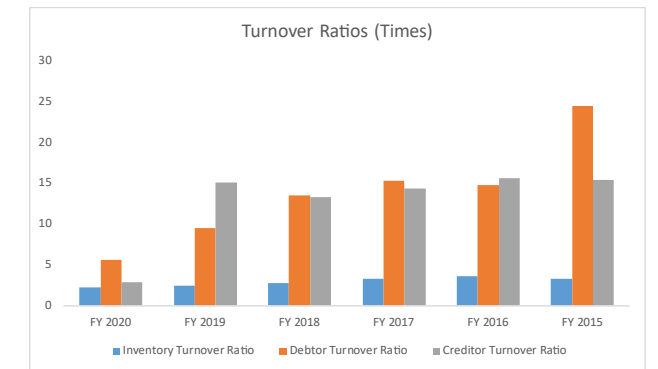
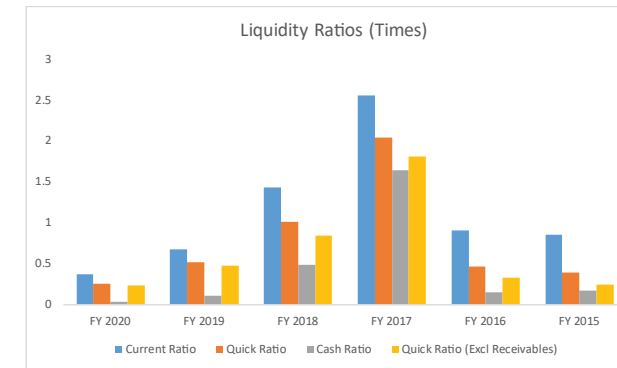
Composition of Balance Sheet



RATIO ANALYSIS

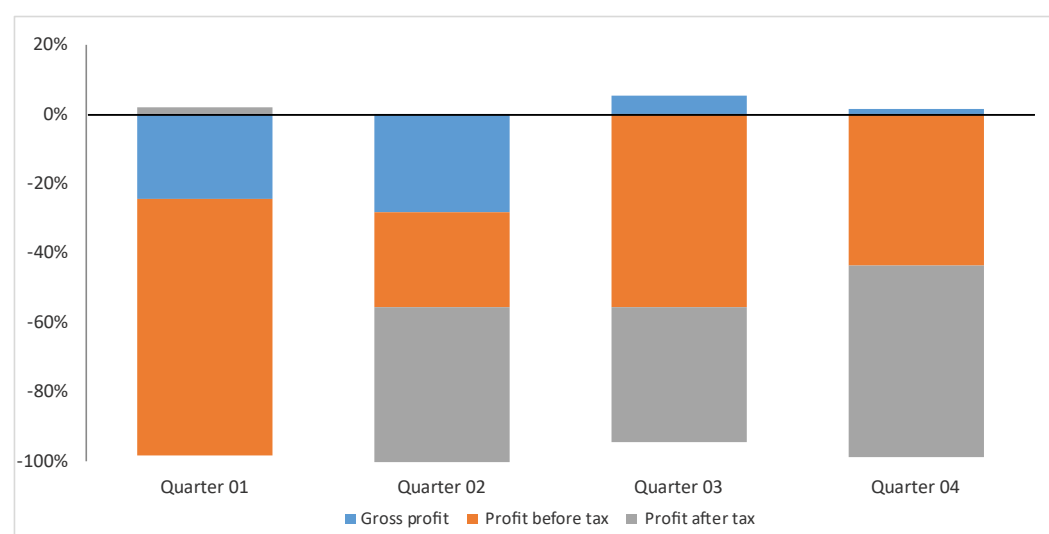


RATIO ANALYSIS



Quarterly Performance

Particulars	Quarter 1	Quarter 2	Quarter 3	Quarter 4	FY 2020
Sales Volume (tons)	136,844	172,007	226,078	486,851	1,021,780
Sales revenue	583,023	669,919	1,394,339	1,485,081	4,132,362
Cost of sales	(679,292)	(908,809)	(1,202,210)	(1,439,208)	(4,229,519)
Gross profit / (Loss)	(96,269)	(238,890)	192,129	45,873	(97,158)
Gross profit margin	-17%	-36%	14%	3.09%	-2%
Operating expenses	(69,503)	84,422	(454,864)	(443,831)	(883,776)
Operating (Loss) / Profit	(165,772)	(154,468)	(262,735)	(397,958)	(980,934)
Operating profit margin	-28%	-23%	-19%	-27%	-24%
Finance costs - net	(124,278)	(74,266)	(1,705,759)	(1,074,247)	(2,978,550)
Net (Loss) / Profit before tax	(290,050)	(228,733)	(1,968,494)	(1,472,205)	(3,959,484)
Taxation	297,966	(144,998)	583,817	(393,753)	343,032
Net Profit after tax	7,916	(373,731)	(1,384,677)	(1,865,958)	(3,616,452)
Net Profit after tax Margin	1%	-56%	-99%	-126%	-88%
EPS in PKR	0.007	(0.35)	(1.30)	(1.75)	(3.40)



Analysis:

During the Financial Year 2020, GP margins showed a declining trend mainly due to hike in input costs coupled with currency devaluation. Net profits showed a further declining trend primarily due to higher finance costs in the later quarters of the year.

This higher finance costs in the second half of the year is due to the fact that markup in respect of the financing obtained for expansion (LINE III) ceased to capitalize then.

Presentation video explaining the business overview, performance, strategy and outlook is available on the Company website. (Ref [www.https://powercement.com.pk/page-financial-relation](https://powercement.com.pk/page-financial-relation))

Cash Flow - Direct Method

POWER CEMENT LIMITED

CASH FLOW FROM OPERATING ACTIVITIES

Cash receipts from customers	4,245,273	3,988,635
Cash paid to suppliers and employees	(4,794,514)	(3,937,888)
Net Cash generated from operations	-549,241	50,747
Decrease / (Increase) in stores and spares	(481,994)	135,224
Decrease / (Increase) in stock-in-trade	(133,967)	(301,276)
Decrease / (Increase) in trade debts	(99,504)	57,333
Decrease / (Increase) loans & other receivable	882,779	(202,498)
Decrease / (Increase) trade deposits and prepayments	(37,312)	550
(Decrease) / Increase trade & other payables	2,032,393	(419,304)
Income tax paid	160,419	(79,026)
Gratuity paid	(49,999)	(13,470)
Financial charges paid	(753,458)	(65,547)
Net cash from / (used in) operating activities	970,116	(837,267)

CASH FLOW FROM INVESTING ACTIVITIES

Fixed capital expenditure	(7,034,177)	(12,173,070)
Investments released during year	-	56,101
Proceeds from disposal of fixed assets	80,143	600
Interest received	11,490	20,043
Net cash used in investing activities	(6,942,544)	(12,096,326)

CASH FLOW FROM FINANCING ACTIVITIES

Repayment of loan	(175,994)	(110,000)
Proceeds against short term borrowing unsecured	2,992,000	4,108,000
Proceeds from long-term financing - project line III syndicate finance	-	8,675,089
Net Proceeds from loan from related party - unsecured	2,445,853	-
Net cash from financing activities	5,261,859	12,673,089

Net decrease in cash and cash equivalents	(710,569)	(260,504)
Cash and cash equivalents at the beginning	(171,803)	88,701
Cash and cash equivalents at end	(882,372)	(171,803)

FY 2020
----- (Rupees in '000) -----
FY 2019

Share Price Sensitivity Analysis

The Shares of Power Cement Limited (POWER) are traded on Pakistan Exchange. Our free float is 33% and market capitalization at the end of day of fiscal year stood at Rs 6.5 billion, depicting a decline of 23% as compared to last year, whereas the KSE-100 index dropped from 31,939 points to 34,422 points at the end of the year, registering a slight increase of 8% as compared to last year.

Market price of the Company's share experienced fluctuations between the highest of Rs. 7.22 to the lowest of Rs.4.63 per share with an average market price of Rs. 6.11 per share.

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

1) INCREASE IN DEMAND:

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

2) INCREASE IN INPUT COSTS

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

3) CURRENCY RISK

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

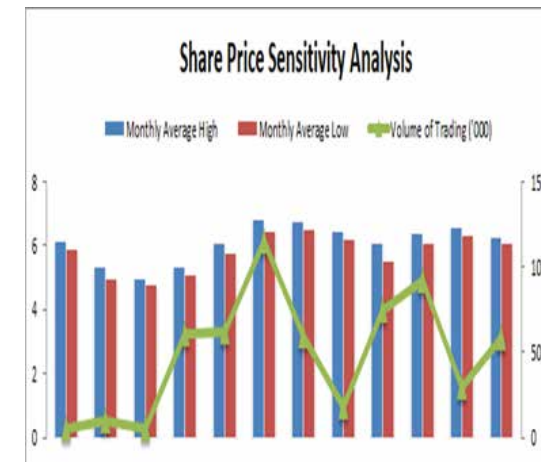
4) CHANGE IN GOVERNMENT POLICIES:

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

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

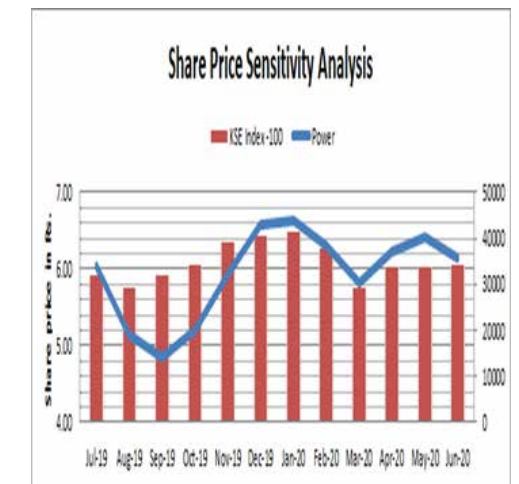
Share price Sensitivity	Impact on Market Capitalization (Rs. Million)
+ 10 %	+665
-10 %	- 665

Share Price Sensitivity Analysis

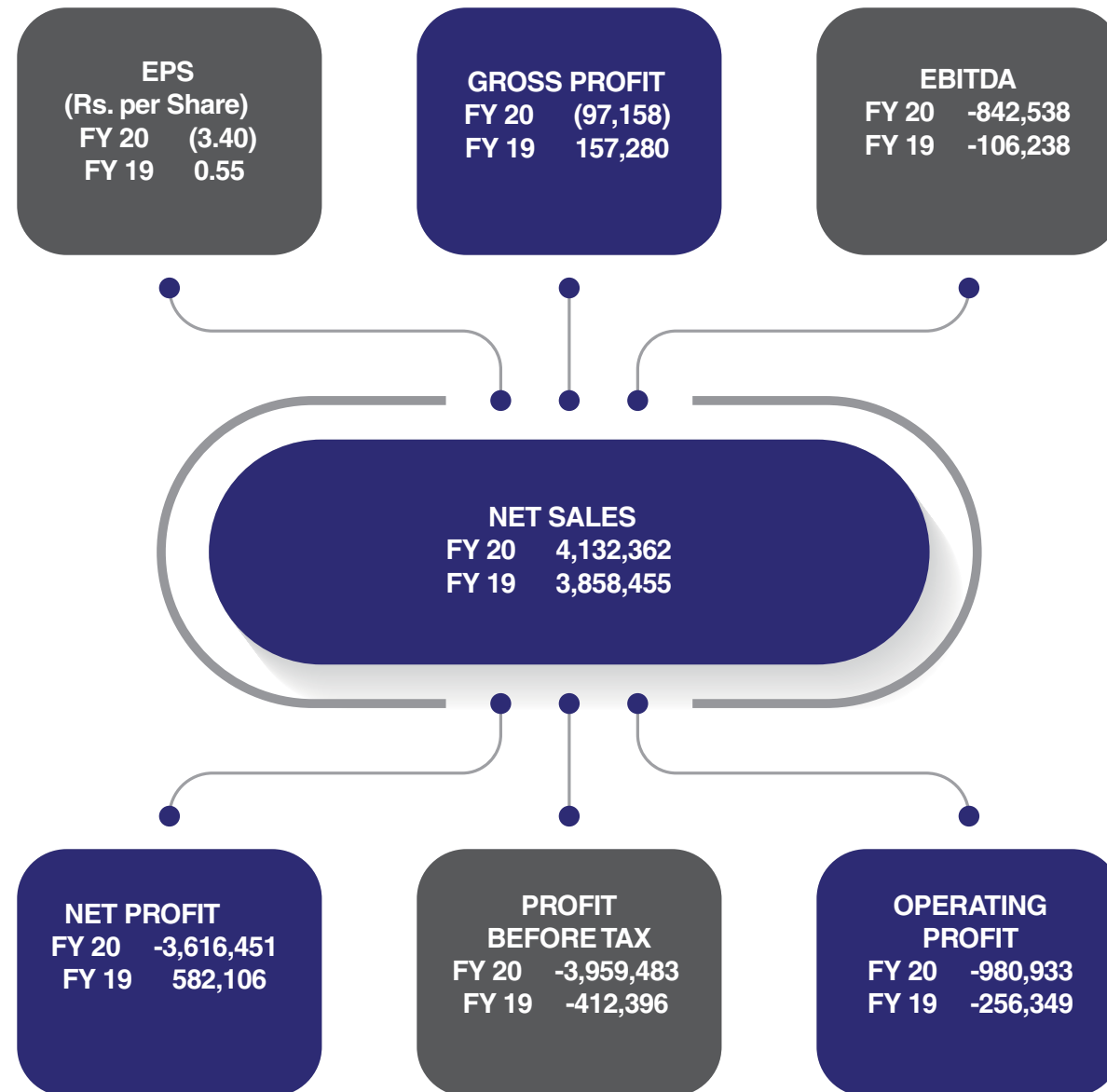


Month	Monthly Average High	Monthly Average Low	Volume of Trading ('000)
Jul-19	6.17	5.90	5,839
Aug-19	5.33	5.00	9,545
Sep-19	4.95	4.79	5,101
Oct-19	5.36	5.09	60,515
Nov-19	6.09	5.79	62,365
Dec-19	6.81	6.46	115,722
Jan-20	6.78	6.49	59,335
Feb-20	6.48	6.21	17,879
Mar-20	6.09	5.55	74,978
Apr-20	6.42	6.06	92,195
May-20	6.57	6.33	29,756
Jun-20	6.24	6.06	59,074

Month	Power	KSE Index -100
Jul-19	6.0	31,939
Aug-19	5.1	29,672
Sep-19	4.8	32,079
Oct-19	5.2	34,204
Nov-19	5.9	39,288
Dec-19	6.6	40,735
Jan-20	6.6	41,631
Feb-20	6.3	37,984
Mar-20	5.8	29,232
Apr-20	6.2	34,112
May-20	6.4	33,931
Jun-20	6.1	34,422



Key Performance Indicators



Calendar of Major Corporate Events

September 30, 2019

Board of Directors met to approve the annual audited financial statements of the Company for the year ended June 30, 2019. The Board also approved the related Directors' Report, related party transactions performed during the year plus agenda & venue of 28th AGM of the Company.

October 28, 2019

Board of Directors met to approve the condensed interim financial statements for the first quarter ended September 30, 2019 along with the Directors' Review and the related party transactions of the period.

October 28, 2019

28th Annual General Meeting of the Company was held at the Beach Luxury Hotel, Karachi annual audited financial statements for the year ended June 30, 2019 were adopted and external auditors for the next year were appointed. Further, in accordance with the provisions of Section 159 of the Companies Act, 2017, the three years' term of the seven directors elected in the 25th Annual General Meeting held in October 2016 was completed this year. The Shareholders of the Company elected seven Directors who had shown their consent for a term of three years.

February 27, 2020

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

March 28, 2020

An Extraordinary General Meeting was held to approve the increase in authorized capital up to Rs. 13,100,000,000 to have a reasonable cushion in the Authorized Capital of the Company, to cater to any future need of increasing the paid-up capital.

May 20, 2020

Board of Directors met to approve the condensed interim financial statements for the third quarter ended March 31, 2020 along with the Directors' Review and related party transactions of the period.

June 20, 2020

An Extraordinary General Meeting was held to approve the issuance of 244,585,320 Perpetual, Cumulative and Convertible Preference Shares @ 23% issued at par value against the amount received from Sponsors and subsequent increase in paid-up capital subject to completing the necessary formalities

June 20, 2020

Board of Directors met to approve the Annual Operating Budget for the Financial Year 2020-21.

Outlook



Forward Looking Statement

The Company has completed the installation of 7,700 TPD Plant procured from FLSmidth & Co. (Danish global engineering company). Given the increase in market share owing to commencement of new line, sales volume of the Company is expected to increase significantly. Which shall contribute to higher overall profitability. Major export markets will include Sri Lanka, Bangladesh and other African countries.

Demand dynamics along with raw material prices (coal and electricity tariff) would remain important determinants for profitability improvement.

In the long-term, the Cement industry's outlook remains promising on account of the Government's key initiatives to build both small and mega-capacity / multipurpose water reservoirs / dams, construction of Special Economic Zones as part of CPEC projects, and low-cost affordable houses for the public at large. Timing for implementation of the same is vital to forecast anything precisely. However, the current Government's focus on structural reforms in the taxation have impacted overall economy and the cement sector. Hence, the Company has taken a conservative stance for the next financial year 2020-2021. Going forward, the Cement industry is poised to derive benefits from such infrastructure development, reduction in energy shortfall, and improved law & order situation.

The future projections and forecasts are based on certain assumptions after critically analyzing the current macroeconomic conditions, historical trends, and prospective developments as well as other relevant factors that might have an impact on the Cement Industry.

The external information, such as industry trends, macro, and microeconomic factors and, market dynamics are gathered from different publications and forums like APCMA, PBC, and ICAP, etc. The management internally carries out a budget preparation activity to forecast future revenues and trends for the Company while considering the market dynamic, demand/supply situation, seasonal variations, and international cement prices. The future projections are based on management's best judgments and estimates.

To mitigate all the risks and uncertainty that is faced by every business, the Company is implementing a circumspect and cautious rationale. The Company emphasizes on recognizing all long-term and short-term risks, to overcome and mitigate them. These are explained further in the Risk and Opportunity Section of the Annual Report. The Company has also been working hard to improve its market share through vigorous marketing and branding activities.

Based on management's best estimates, future financial forecast are as follows:

Financial Year 2021	Rs. in Million
Sales – Net	16,362
Profit after taxation	1,088
EPS (Rupees)	1.02

Your Company would achieve a new milestone of Rs.16 billion Net Sales Revenue. Financial year 2021 would be the first year of operations of its new highly efficient plant.

Analysis of Forward Looking Disclosures Made in the Previous Year

Extract of matters reported in Forward Looking Statement last year	Actual performance
The Company has accomplished the brown-field expansion of its production facilities at its existing site by adding a new line of 7700 tons per day (2.5 million tons per annum), taking the total capacity to around 3.4 million tons per annum. The project is currently under testing phase and commissioning will start in the year 2020. The expansion project is environmentally friendly meeting IFC and World Bank standards making the Company the second-largest, and one of the most cost-efficient, cement producers in the South Region.	As disclosed previously, the new Line-III plant has started production during the year.
The Company foresees hundred percent capacity utilization of its new LINE III, once its clinker production starts - this is based on the Company's analysis of the domestic and export markets of cement and clinker.	The new plant operated at a capacity level of 70.8% as its production started with a delay.
Outlook of the Cement industry will continue to remain challenging for the domestic sales.	In line with the previous disclosure, local sales volume registered a decline of 0.94% to 39.97 million tons during the current financial year in comparison to 40.34 million tons last year
Export sales are anticipated to remain stable, however, prices will come under pressure due to regional competition	In line with the previous disclosure, the export performance was very encouraging, which supported the overall Industry volumes registering an increase of 20% to 7.85 million tons during the current financial year under review as compared to 6.54 million tons last year.

Status of the projects in progress and were disclosed in the forward-Looking Statement in the previous year

The new plant came into operations mid-way during the year and achieved production capacity of 71%.

Stakeholders' Relationship and Engagement



Stakeholders' Relationship and Engagement

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

Stakeholders	Activity	Frequency	Management of Stakeholder Engagement	Effect and value to the Company
Stakeholders	Annual General Meetings	Annually	The confidence put in the Company by the investors is honored and acknowledged by providing them with a steady rate of return on their investment. General meetings provide the shareholders a platform to voice their concerns and raise their queries which are addressed appropriately. The Company also engages shareholders through issuance of annual/quarterly financial reports and notices/updates.	The investors of capital help the Company to: <ul style="list-style-type: none"> • Convert its business plans into actions. • Achieve its business targets.
	Extraordinary General Meetings	As required		
	Quarterly, Half-Yearly and Annual Reports	Annually / Quarterly		
	Analyst briefing	Continuous		
Customers and Suppliers	Customer Events	Continuous	The Company's primary customers include dealers, distributors and institutions. Customer Relationship Management is beyond extending credit facilities and trade discounts. Periodic engagements are held with customers in the form of dealers/distributors events. Various informal meetings are also held with customers and suppliers to maintain effectiveness of Supply Chain Management.	Customers' loyalty and effective supply chain is the key to the Company's sustainable business growth.
	Regular meeting with major suppliers	Continuous		

Stakeholders	Activity	Frequency	Management of Stakeholder Engagement	Effect and value to the Company
Banks and other lenders	Business briefings	Occasionally	Banks and other financial institutions are engaged by the Company on regular basis in relation to negotiation of short term financing arrangements, deposits and investments. Banks are also consulted on issues linked with letters of credit and payments to suppliers, along with other disbursements of operational nature	Bank dealings are central to the Company's performance in terms of: <ul style="list-style-type: none"> • Access to better interest rates and financing terms. • Efficient Customer Service.
	Periodic meetings	As required		
	Financial reporting Head office / site visits	Continuous As required		
Media	Media interviews	As required	Statutory notices and other public announcements required by law are generally circulated through print media. Multiple mediums are also used for advertisement and marketing purposes. Retail prices are notified through press-gazette. Furthermore, the website of the Company is also used as a medium to communicate information to stakeholders	<ul style="list-style-type: none"> • Media communication of the Company's achievements helps strengthen the brand image. • Awareness of the company's status and activities is developed among the general public and potential investors.
	Website Update	Continuous		
Regulators	Compliance	As required	The Company abides by the laws and regulations of the country and makes certain that all the requirements of relevant regulators are met in a timely manner. Various statutory forms and returns are periodically submitted as per requirements of the law in addition to the information required by regulators. Company constantly liaisons with the Government authorities and regulators in terms of matters/ issues relating to energy requirements of the Country.	Country's laws, regulations and other factors controlled by the Regulators set operating guidelines for the Company.

Stakeholders	Activity	Frequency	Management of Stakeholder Engagement	Effect and value to the Company
Analysts	Corporate Briefings	As required	The Company regularly engages with analysts on its financial and operating results, with due regard to regulatory restrictions imposed on inside information/trading.	Providing required information to analysts helps: <ul style="list-style-type: none"> • Attracting potential investors. • Clarifying misconceptions/ market rumors.
Employees	In – house training programs	Continuous	Multiple in-house and external training are conducted for continuing professional developments of our employees. The Company provides a nurturing and employee friendly work environment.	The competent employees are the backbone of the Company. The Company's strategic, operational and tactical decisions taken by management are effectively implemented through our committed workforce.

Encouraging Minority Shareholders to Attend General Meetings

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

Issues raised in last AGM

28th Annual General Meeting was held at Beach Luxury Hotel, Karachi which was concluded with the passing of following resolutions – minutes of previous meetings, approval of annual audited financial statements together with the Directors' and the Auditors' Reports and reappointment of M/s KPMG Taseer Hadi & Co. as external auditors for the financial year 2019-20.

Further, the Shareholders of the Company elected seven Directors, to serve for a three-year term from the date of the meeting

Investor Relations Section on the Corporate website

The corporate website is maintained and regularly updated under applicable regulatory requirements to disseminate comprehensive and up-to-date Company

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

Stakeholder Engagement Policy and Procedures

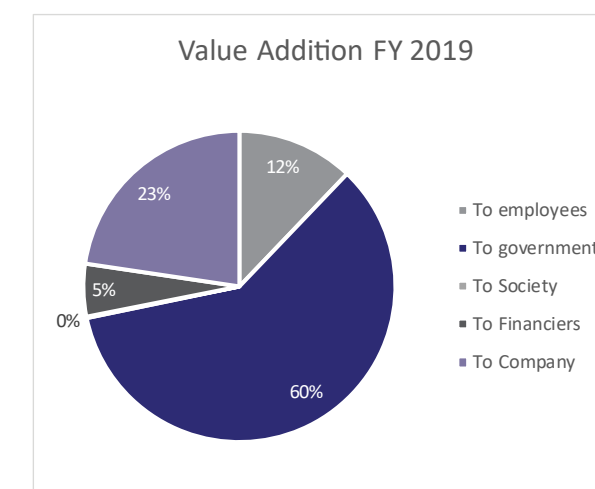
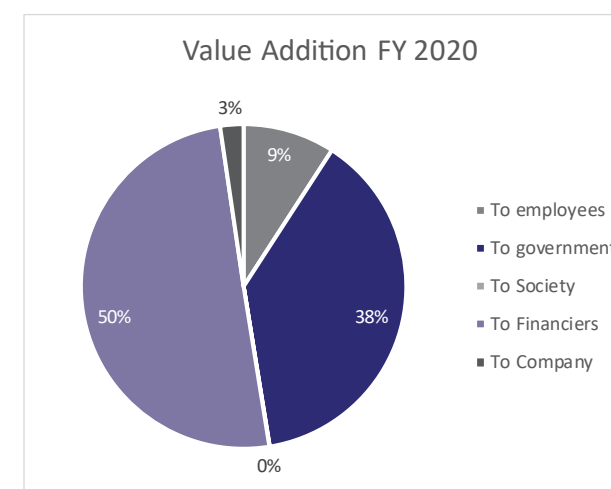
The Company engages with its stakeholders through transparent and continued relationships. The Company also safeguards fair dealings with banks and lenders, improved risk management, compliance with laws and regulations, enhanced corporate recognition, improved commitment and participation of valued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

Analyst briefing

A corporate briefing session was held on Friday, June 27, 2020 via video - link to brief the analysts and shareholders about the Company's current financial performance and outlook.

Statement of Value Addition & Wealth Generated

Description	FY 2020		FY 2019	
	Rs. in '000	%	Rs. in '000	%
Wealth Created				
Gross Sales/ Revenue	6,627,622		5,709,582	
Less: Operating cost & other general expenses	-670,979		-2,471,903	
Total Wealth generated during the year	5,956,643	100%	3,237,679	100%
Wealth Distributed				
To employees				
Salaries, wages and other benefits	544,333	9%	392,557	12%
To government				
Income tax, sales tax, excise duty and others	2,280,754	38%	1,930,153	60%
To Society				
Donation towards education, health and environment	2,144	0%	4,608	0%
To Financiers				
To Finance providers as Finance charges	2,991,017	50%	177,066	5%
To Company				
Depreciation, amortization & retained profit	138,395	2%	733,294	23%
Total Wealth distributed during the year	5,956,643	100%	3,237,678	100%



Sustainability and Corporate Social Responsibility



Sustainability and Corporate Social Responsibility

HEALTH, SAFETY AND ENVIRONMENT

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

- Minimizing our environmental impacts, limiting depletion of natural resources and preventing pollution
- Taking a proactive approach to eliminate hazards and reduce risks to ensure a safe and healthy work environment for employees, contractors, customers and stakeholders
- Ensuring continual improvement in our environmental, and occupational health and safety performance

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

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

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

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

Health, Safety & Environment Policy – Statement

The objectives and principles under which we shall guide our operations to assure compliance with the

policy are to:

Meet or exceed applicable legal environmental, health and safety requirements in Pakistan

- Conform with the applicable Performance Standards of the International Finance Corporation
- Seek certification of compliance with ISO 14001 and ISO 45001 within two years of start of operations of our new cement plant
- Adopt our own standards, where laws and guidelines do not exist, to protect the environment and human health
- Continually improve our environmental, health and safety performance through ongoing monitoring of performance results and periodic management reviews, as well as consultation and participation of workers
- Provide sufficient resources and organization capacity to enable implementation of the policy
- Communicate the policy effectively to all employees, contractors and stakeholders
- Establish an Environmental, Social & Governance Board Sub-Committee, with published Terms of Reference and chaired by a Board Member that will meet each quarter/6 monthly

Provide and publish an Environment, Health and Safety Annual Monitoring Report

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

HSE Trainings

HSE Trainings Training and awareness is an integral part of our Company's HSE Management System and these trainings plays important role for Continual Professional Development. Capacity building of PCL employees is required to enable them for better identification of hazards and assessment of associated risks to which our Company employees are exposed at their work places especially during execution of various field activities. It is also necessary for equipping themselves with considerable knowledge and modern techniques employed for the protection of workforce in light of these needs PCL HSE department has developed its HSE Training plan and qualified HSE Professionals are conducting different in house trainings as per HSE Training plan.



Internal Audits Internal auditing is an independent, objective assurance and consulting activity designed to add value to and improve our operations. It helps accomplish objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes PCL HSE Has its own internal audit plan and internal audits being conducted by HSE along with Mechanical, Production and electrical area in charges the internal audit also include a complete walkthrough of the side and observed risk or hazards as noted by team is being shared with concerned departments for timely rectification Internal Audit Plan.

Basic Awareness training about COVID-19

The trainings provided a general introduction to Acute Respiratory Infections (ARIs) and basic hygiene measures to protect against infection.

Including intro, how they are transmitted, how to assess the risk of infection and list basic hygiene measures to protect against infection and how to avoid its spreading.

All employees have been strictly advised to maintain safe distance of at least 6 feet from each other this is practiced in all working areas offices, messes areas and on site.



Environment Monitoring and results:

The objective of the environmental monitoring is to assess the compliance of activities being undertaken at Power Cement with all applicable environmental rules and regulations, the commitment made by in the EIA report to implement the Environmental Management Plan with the conditions of approval granted by SEPA.

a) Ambient Air Quality

Ambient air monitoring for the ninth quarter was carried out in the month of April-June 2020 at new line 3.

Results of the ambient air monitoring revealed the Air quality parameters levels are within the SEQs limits. The results of Ambient Air Quality Monitoring are presented in the graph below.

Legal Compliances

PCL is in full compliance with the Sindh Environmental Quality Standards (SEQS) for cement industry. The plant is equipped with 90 bag filters at the emission points in order to control the outlet emissions of particulate matters into environment.

i. Emission control system

PCL has reduced emissions to meet the SEQS specified limits. Monthly environmental tests including stack emissions, Ambient Air, Noise are being performed by 3rd party monitoring consultants EHS Services Pakistan (Pvt) Ltd. The results of the tests are within the SEQS Limits and the reports are submitted to SEPA Regional office Hyderabad.

Online Air Pollution Monitoring Analyzer for major pollutants for Line 3 Operations have been installed and working properly.



ii. Mitigation measures recommended in EIA

A. All transfer and dust emission points are properly equipped with de-dusting equipment so that the dust emission does not exceed 30 mg/Nm³ from any location.

B. Stacks for kiln and cooler exhaust gases are equipped with continuous dust monitoring system

C. NO_x and SO_x emissions are below SEQS Limits respectively.

D. Noise level shall be below 70 dB (A). Large fans shall be equipped with silencers.

E. Coal Handling and transportation is also as per SEPA Requirements listed in our PCL Coal handling and transportation plan

F. Coal storage shed construction and erection work is 90% complete so the coal will be stored soon in the designated newly designed coal shed which is completely covered and meets all the requirements made by SEPA for storage of Coal.

S.No.	Improvements, Safely Executed Jobs	Details	Remarks
1	Safe Man Hours	13014000 Total safe-Man Hours up to end of June 2020	No LTI/ Fatality
2	Reduced num of Incident/Accident	16 Total number of incident/accidents in this quarter Number of Incident/ Accidents occurred during this quarter are comparatively low No any major incident or accident occurred	
3	Employees awareness through Internal HSE Training	20 HSE Trainings conducted for our employees as per PCL HSE Training Plan Including: 1) COVID-19 Basic awareness Training 2) Fire fighting 3) ES-OHS-MS training 4) Work at Height	

S.No.	Improvements, Safely Executed Jobs	Details	Remarks
4	COVID-19 Workings	PCL HSE Team has taken all the necessary precautions to avoid its spreading in our employees these precautions include 1. Basic Awareness training about the virus 2. On site TBT With workers using their native language 3. Caution sign for awareness 4. Hand wash and sanitizers 5. Fumigation sprays 6. PPE'S 7. Temperature checking 8. Disinfection Gate	Detail report is also available in HSE Department for review
5	Site safety	HSE walkthrough, inspections and assessments being frequently conducted to check inspect and correct unsafe situations, unsafe acts or behaviors to promote site safety and to implement all SOP'S	18 Key observations were raised in different areas for improvement
6	Environment Improvements	All the testing results as mentioned above are within the limits of SEQS and IFC	

**Environmental Compliances:
Bag Filters installed at PCL**

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

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

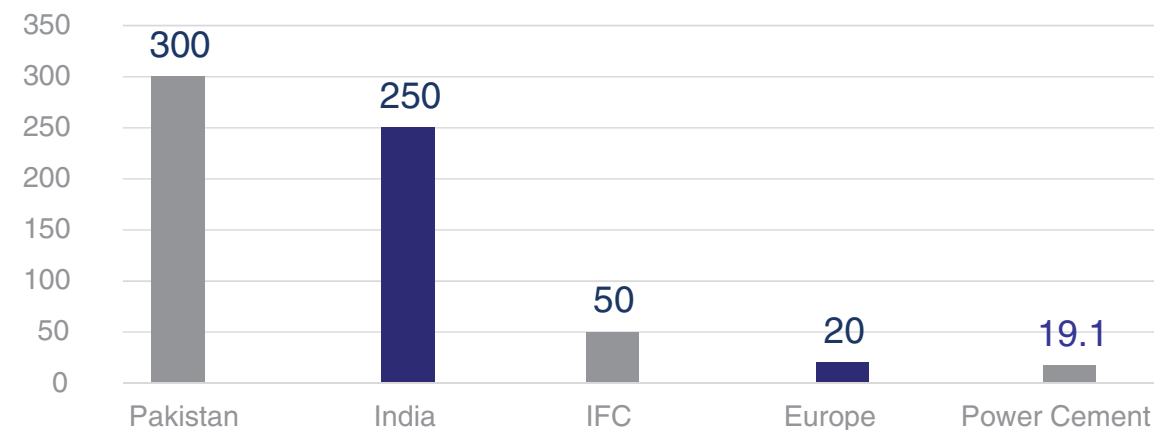
Other gaseous emissions, SO_x and NO_x, are also within the SEQS Limits. Monthly environmental tests including Stack Emissions, Ambient Air, Noise and Water are being performed by SEPA certified lab of a neutral 3rd party monitoring consultant i.e. EMC Pakistan (Pvt) Ltd. These results are within the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

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



Reduced emission levels

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

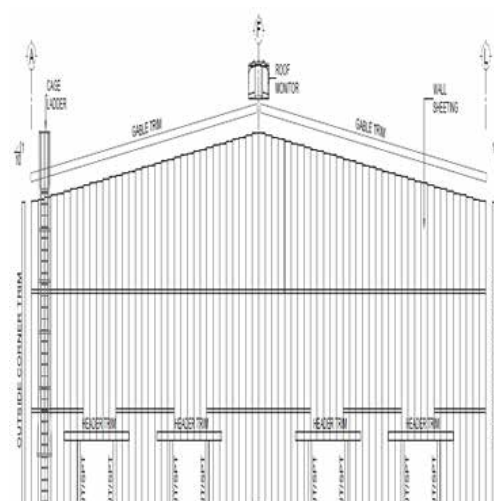


Handling Transport and Storage of Coal

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

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

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



Storage of Clinker and raw materials at PCL



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

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

How we Manage Site Safety

Awareness Via HSE Trainings



Tool Box Talks Project Site



Tool Box Talks Security Staff



Fire Fighting Arrangements Emergency Response Plan:



PCL Developed its own Emergency response plan as per International best practices aligned with IFC Performance Standards, An Emergency Response team has been taken onboard to meet any untoward fire incident. In this regard, a fully equipped Fire Truckr has been purchased which remains stand to handle any case of fire. Fire Hydrant Installation work is also in progress and sufficient Fire Extinguishers are also available on Site to extinguish small fires on time.

Dedicated firefighting Team is also appointed and working in all 3 shifts (24/7) to ensure adequate response to any fire or other emergency on time.

First Aid Arrangements



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

Safety Sign Boards

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



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

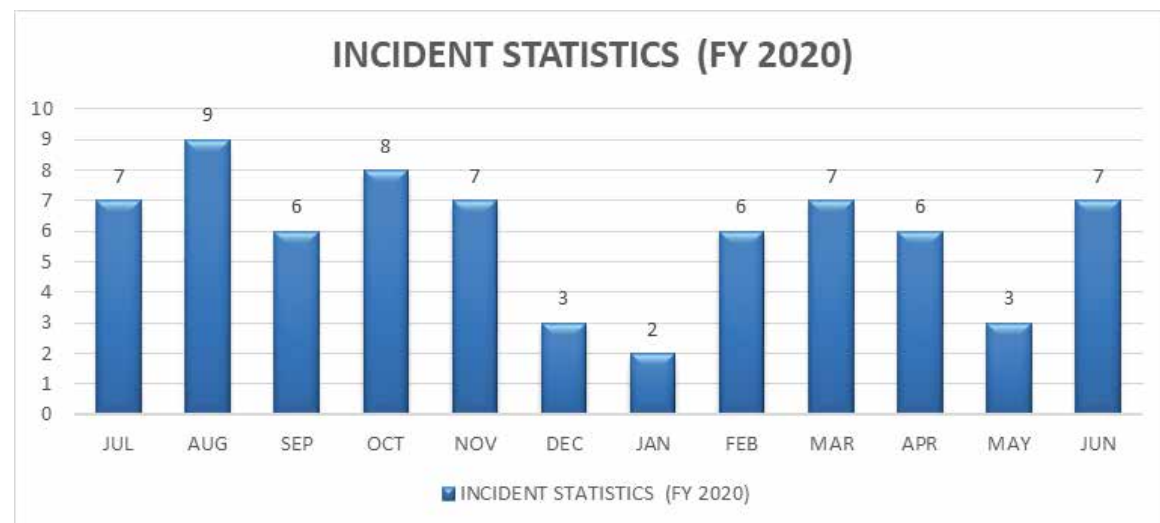


Safe Lifting and Rigging



Achievements

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



CORPORATE SOCIAL RESPONSIBILITY

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

During the current fiscal year, the Company has disbursed PKR 2.8 million (2019: PKR 4.6 million) as donation to different trusts, charity institutions and welfare organizations.

CONTRIBUTION TO NATIONAL EXCHEQUER

During the year, Company has contributed an amount of approx. Rs. 1.3 billion towards national exchequer in shape of taxes, duties, cess, levies etc.

INDUSTRIAL RELATIONS

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

QUALITY

The Company with the newly installed state of the art cement plant (purchased from the World's renowned supplier, viz., FLSmidth) has started commercial operations making it the second largest producer of cement in the South Zone. Quality is assured through systematic and effective adoption, implementation, monitoring and continuous enhancement of quality control systems using latest methods of analysis. To ensure that each bag being used by our valued consumers is of the highest quality, all stages of the production process right from the selection of raw materials, drying, grinding, homogenization, clinkerization and the finished product are tested rigorously. The quality check parameters during each level of the process are monitored and controlled by the latest version of technology & equipment connected on-line with Central Control Room through PLC system. The frequency of sampling and testing along with control parameters is pre-defined.

Procedures Adopted for Quality Assurance:

Main purpose is to ensure that the cement produced:

- meets all the standard requirements to which the Company is certified and
- not only meets customers' requirements but exceed their requirements and expectations.

To achieve these goals, the Quality Control Department has adopted various procedures and is fully equipped with state-of-the art technologies such as:

- X-ray Fluorescent Analyzers and X-ray Diffraction Analyzer to analyze chemical and mineralogical composition
- Online QCX system software
- Sample preparation tools such as a jaw crusher, sample dividers, disk grinding mill, mixer mill and press mills
- Automatic Moisture Analyzers
- Precision Electronic Balances
- Drying Ovens & Furnaces
- Lab Glassware
- Automatic Free Lime Apparatus
- PC Based Automatic Calorimeter and Sulphur
- Determinator to analyze fuels
- Latest Automatic Compressive Strength machines for determination of cement compressive strength

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

CERTIFICATIONS



CONSUMER PROTECTION MEASURES

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

COVID-19 Response

Introduction

To mitigate the risks of COVID-19 local transmission, our HSE Team has taken all the necessary precautions to avoid its spread in our employees including the following:

1. Basic Awareness training about COVID-19

This training provides a general introduction to Acute Respiratory Infections (ARIs) and basic hygiene measures.



2. On site TBT With workers using their native language

Onsite training is provided every day to each and every worker working for awareness and precautions including how to wear Mask, how to wash hand, how to use sanitizer, how to maintain safe distance etc.



3. Caution sign

Caution signs are displayed at various locations

for awareness about covid-19 including basic steps to stay safe and how to maintain safe distance or how to use sanitizer



4. Hand wash and sanitizers

Hand sanitizers are filled in dispensers and fixed at different location of factory and it is supervised and checked by the HSE department on daily basis - refilling of sanitizer dispensers is regularly monitored.



5. Fumigation sprays

Sprays are done to disinfect the site, offices and accommodations.



6. Personal Protective Equipment

Personnel protective equipment are also provided at the plant including face mask, surgical or disposable gloves and safety goggles.



7. Temperature checking

Temperature is also being checked by HSE at the main entrance of Factory 24 Hours.



8. Disinfection Gate

In continuation of precautionary measures taken to prevent and control spread of corona virus in PCL, disinfectant walkthrough gates have also been installed.



9. Maintaining Safe Distance

We at PCL are maintaining safe distance at office premises

1. Offices
2. Transport
3. Prayer areas
4. Mess and accommodations

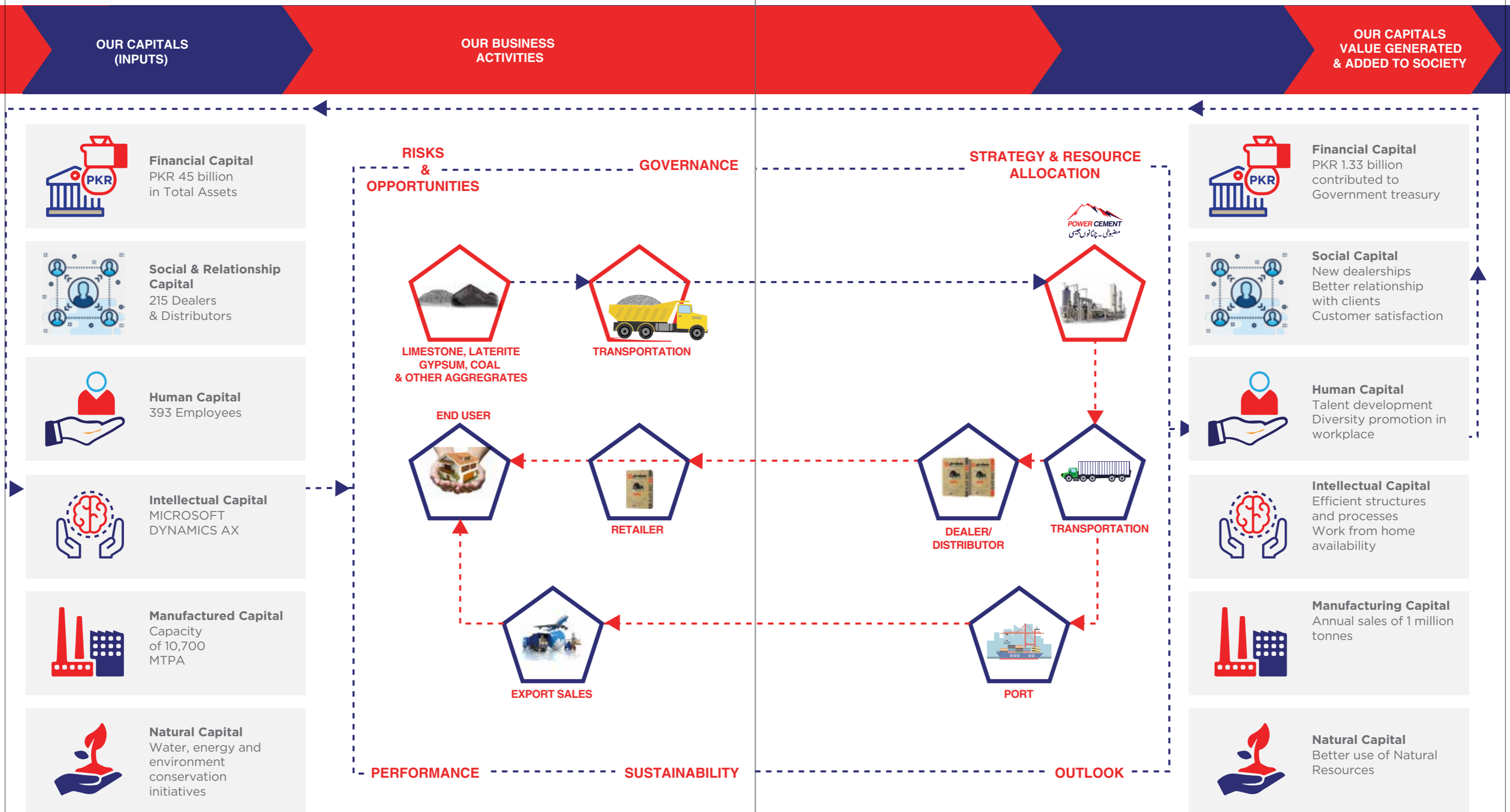
Maintaining Safe Distance at offices



Caution signs inside vehicles



Understanding our Business Model



Striving for Excellence in Corporate Reporting



Statement of Adoption and Adherence with the International Integrated Reporting Framework

Statement of Adoption and Adherence with the International Integrated Reporting Framework

Building and retaining the trust of the Company's internal and external stakeholders is essential to our Company's continued business success. The Company's primary objective under the subject is to enhance shareholder' and stakeholders' awareness for better understanding and valued decision making. We always strive to achieve our objective through excellence in corporate governance and human resource practices. Power Cement Limited has been continuously working towards transparency of the information presented to its stakeholders.

It has taken into account various transformations to adapt to a changing corporate environment and the need for additional information beyond the basic financial statements. This information includes management commentary, governance disclosures, performance analysis, forward outlook and footnotes to the financial statement, to better reflect the corporate reporting for information needs of different stakeholders. The Company is working with a strategy for generating value creation for the organization and its stakeholders.

We hope that this Integrated Report will help our stakeholder understand how we create value through our business model. Since, Integrated Reporting is at its early stages of development, we are looking forward to make it more useful for our shareholders. The Company has included the following content elements for the users of this report:

- Organizational overview and external environment
- Strategy and resource allocation
- Risks and opportunities
- Governance
- Performance and position
- Outlook

- Stakeholders' relationship and engagement
- Sustainability and corporate social responsibility
- Business model
- Excellence in corporate reporting

The adoption of integrated reporting requires involvement and support of the Board of Directors and the leadership team. Henceforth, Management of the Company provides guidance to achieve the objectives by advising, assessing, and monitoring business strategies; ensuring the execution and modification of strategies; and evaluating their own effectiveness and contribution in these activities. Reporting is being monitored and it is ensured that the relevant information is shared in the most suited way for the stakeholders of the Company. We will continue to improve the information produced to make it even easier to understand, while taking into account the opinion of stakeholders reading this report.

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

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

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



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INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Power Cement Limited
Review Report on the Statement of Compliance contained in Listed Companies (Code of Corporate Governance) Regulations, 2019

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Regulations) prepared by the Board of Directors of Power Cement Limited ("the Company") for the year ended 30 June 2020 in accordance with the requirements of regulation 36 of the Regulations.

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

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

The Regulations require the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board for their review and approval, its related party transactions. We are only required and have ensured compliance of this requirement to the extent of approval of related party transactions by the Board upon recommendation of the Audit Committee.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the requirements contained in the Regulations as applicable to the Company for the year ended 30 June 2020.

KPMG Taseer Hadi & Co.

Date: October 06, 2020

Karachi

KPMG Taseer Hadi & Co.
Chartered Accountants

Statement of Compliance With Listed Companies (Code of Corporate Governance) Regulations, 2019

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

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

S.No.	Category	Number of Directors
a)	Male	Six
b)	Female	One

2. The composition of the Board of Directors is as follows:

Categories	Names of Directors
Independent director – Male	Mr. Javed Kureishi
Independent director – Female	Ms. Saira Nasir
Non-Executive directors	Mr. Nasim Beg
	Mr. Samad A. Habib
	Mr. Syed Salman Rashid
Executive director	Mr. Anders Paludan - Müller
	Mr. Muhammad Kashif Habib

3. The Directors have confirmed that none of them is serving a Director on more than seven (7) listed companies, including this Company (excluding the listed subsidiaries of listed holding companies where applicable).
4. The Company has prepared a Code of Conduct and has ensured that appropriate steps have been taken to disseminate it throughout the Company along with its supporting policies and procedures.
5. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the Company. The Board has ensured that complete record of particulars of the significant policies along with their date of approval or updating is maintained by the Company.
6. All the powers of the Board have been duly exercised and decisions on relevant matters have been taken by Board/ shareholders as empowered by the relevant provisions of the Companies Act, 2017 and these Regulations.
7. The meetings of the Board were presided over by the Chairman and, in his absence, by a Director elected by the Board for this purpose. The Board has complied with the requirements of the Companies Act, 2017 and the Regulations with respect to frequency, recording and circulating minutes of meeting of the Board.
8. The Board of Directors has a formal policy and transparent procedures for remuneration of Directors in accordance with the Companies Act, 2017 and these Regulations.
9. The Board has arranged Directors' Training Program for the following:

S.No.	Name of Director	Designation
1	Mr. Muhammad Kashif Habib	Executive Director
2	Mr. Samad A. Habib	Non-Executive Director
3	Mr. Syed Salman Rashid	Non-Executive Director
4	Ms. Saira Nasir	Independent / Non-Executive Director

Statement of Compliance with Listed Companies (Code of Corporate Governance) Regulation, 2019

The Board consists of one Director who is exempted from the Directors' Training Program in accordance with clause 19 of Chapter VI of the CCG regulations due to having minimum of 14 years of education and over 15 years of experience on the Board of a listed Company. Currently, there are two directors who require certification under the Directors' Training Program. The Company is committed to comply with the requirements of the subject regulations by June 30, 2021.

10. The Board has approved appointment of Chief Financial Officer, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations.
11. The Chief Financial Officer and the Chief Executive Officer have duly endorsed the financial statements before the approval of the Board.
12. The Board has formulated the following committees comprising of the members listed against each Committee as of June 30, 2020:

Audit Committee

Ms. Saira Nasir	Chairperson
Mr. Nasim Beg	
Mr. Syed Salman Rashid	


Human Resource and Remuneration Committee

Mr. Javed Kureishi	Chairman
Mr. Muhammad Kashif Habib	
Syed Salman Rashid	

13. The Terms of Reference of the aforesaid committees have been formed, documented and advised to the committee for compliance.
14. The frequency of meetings (quarterly/half yearly/ yearly) of the committees were as per following:

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

15. The Board has set up an effective internal audit function which is considered suitably qualified and experienced for the purpose and is conversant with the policies and procedures of the Company.
16. The Statutory Auditors of the Company have confirmed that they have been given a satisfactory rating under the quality control review program of the Institute of Chartered Accountants of Pakistan and are registered with the Audit Oversight Board of Pakistan, that they and all their partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the Institute of Chartered Accountants of Pakistan and that they and the partners of the firm involved in the audit are not a close relative (spouse, parent, dependent and non-dependent children) of the Chief Executive Officer, Chief Financial Officer, Chief Internal Auditor, Company Secretary or Director of the Company.
17. The Statutory Auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, these regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard.
18. Explanation for non-compliance with requirements, other than regulations 3, 6, 7, 8, 27,32, 33 and 36 are below:
The Company has vested the responsibility of Company Secretary in an individual who complies with the qualification criteria as specified in the Regulations. Furthermore, in compliance with the requirements of the 'comply or explain approach' for non-mandatory provisions, the Company continued to vest both responsibilities of CFO & Company Secretary in the same individual to benefit the Company from his rich working experience on these positions of listed companies, to achieve the cost optimization and to have the unity of engagement in dealing with internal and external stakeholders.
19. We confirm that all requirements of regulations 3, 6, 7, 8, 27,32, 33 and 36 of the Regulations have been complied with; and


Muhammad Kashif Habib
Chief Executive Officer
October 06, 2020


Nasim Beg
Chairman



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INDEPENDENT AUDITOR'S REPORT

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

Opinion

We have audited the annexed financial statements of Power Cement Limited ("the Company"), which comprise the statement of financial position as at 30 June 2020, and the statement of profit or loss and other comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at 30 June 2020 and of the loss and other comprehensive income, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

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

Emphasis of Matters

We draw attention to:

- i. note 14.1 to the financial statements which describes the reasons for recording an asset in relation to a refund claim of excise duty amounting to Rs.182.604 million; and
- ii. note 27.1.4 to the financial statements which describes the reasons for reversal of loan from previous sponsors amounting to Rs.115.192 million in the financial statements, respectively.

Our opinion is not modified in respect of the above matters.

Key Audit Matters

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

Following are the Key audit matters:

S. No.	Key audit matters	How the matters were addressed in our audit
1.	<p>Revenue Recognition</p> <p>Refer notes 5.18 and 28 to the financial statements.</p> <p>The Company generates revenue from sale of cement.</p> <p>We identified revenue recognition as key audit matter because revenue is one of the key performance indicators of the Company and gives rise to an inherent risk that revenue could be subject to misstatement to meet expectations or targets.</p>	<p>Our audit procedures amongst others, included the following:</p> <ul style="list-style-type: none"> • Obtained an understanding of the process relating to recognition of revenue and tested the design and operating effectiveness of key controls over recognition of revenue; • Compared a sample of revenue transactions recorded during the year with sales orders, sales invoices, delivery challans and other relevant underlying documentation; and • Compared a sample of revenue transactions recorded before and after the reporting date with sales orders, sales invoices, delivery challans and other relevant underlying documentation to assess whether the <p>related revenue was recorded in the appropriate accounting period.</p>
2.	<p>Property, Plant and Equipment</p> <p>Refer notes 5.2, 6 and 42 to the financial statements.</p> <p>The Company is undergoing a major expansion of its cement production capacity. During the current year the Company has incurred costs of Rs. 7,034 million on the new cement production line.</p> <p>Further, the Company has carried out an impairment testing of its existing Plant, where it determined the recoverable amount of the Plant is higher than its carrying value.</p> <p>We identified property, plant and equipment as a key audit matter because of the significant amounts involved and there is a risk that costs being capitalized may not meet the capitalization criteria and significance of judgments / estimates used by management in determining the recoverable amount of the existing plant.</p>	<p>Our audit procedures amongst others, included the following:</p> <ul style="list-style-type: none"> • Obtained an understanding of the design and implementation of controls over capitalization and performing tests of control over authorization of capital expenditure and accuracy of its recording in the system; • Tested, on sample basis, the costs incurred on project with supporting documentation and contracts; • Assessed the nature of costs incurred including borrowing costs for the capital projects through testing, on sample basis, of amounts recorded and considered whether the expenditure meets the criteria for capitalization as per the accounting policy and applicable accounting standards; • For determination of the recoverable amount, obtained an understanding of the work performed by the management's expert for determining the fair value of the existing plant and involved our own expert to reassess the valuation of the existing plant; and • Assessed the adequacy of the disclosures made by the Company with regard to applicable accounting and reporting standards.

S. No.	Key audit matters	How the matters were addressed in our audit
3.	<p>Deferred Tax Refer notes 5.12, 21 and 35 to the financial statements.</p> <p>The Company has booked a net deferred tax asset of Rs. 753 million as at 30 June 2020 that mainly include tax credit arising on the installation of the new cement production line, carry forward losses and minimum tax. The recoverability of this benefit has been assessed based on the projected future taxable profits of the Company. The determination of future taxable profits is based on certain key assumptions such as capacity utilization, gross margin percentage, inflation and interest rates.</p> <p>We identified valuation of deferred tax asset a key audit matter because of the significant amounts and complexities of the calculation of future taxable profits and the inherent uncertainty involved in forecasting taxable profits available in future periods.</p>	<p>Our audit procedures amongst others, included the following:</p> <ul style="list-style-type: none"> • Obtained an understanding of the Company's process of preparing financial projections; • Assessed the appropriateness of management's assumptions and estimates in respect of deferred tax asset; • Obtained financial projections from management as approved by the Board of Directors and reviewed management's estimates of projected taxable income for reasonableness; and • Assessed the adequacy of the disclosures made by the Company in accordance with applicable accounting and reporting standards.
4.	<p>Going concern Refer note 3.4.1 to the financial statements.</p> <p>During the year, the Company has incurred a net loss of Rs. 3,616 million, while the current liabilities exceeded the current assets by Rs. 12,381 million.</p> <p>Given the existing level of current ratio, loss for the year and liquidity position, judgement was involved in assessing the ability of the Company to continue as a going concern and accordingly it is considered as a key audit matter.</p>	<p>Our audit procedures amongst others, included the following:</p> <ul style="list-style-type: none"> • Obtained an understanding of the assumptions used by the management for preparing financial projections; • Obtained financial projections from management as approved by the Board of Directors and assessed the appropriateness of management's assumptions and estimates in respect of financial projections; • Tested the computations of projections for accuracy. • Reviewed the arrangements made by the management to improve the liquidity position of the Company by; <ul style="list-style-type: none"> - Assessed renewability of the short-term loans and examined the renewals made subsequent to the year end; - Checked payments received against preference shares subsequent to the year end; - Inspected restructuring agreement regarding revised terms of long-term loan with the syndicated banks. • Assessed the adequacy of the disclosures made by the Company in accordance with the applicable accounting and reporting standards.

S. No.	Key audit matters	How the matters were addressed in our audit
5.	<p>Valuation of stock in trade Refer note 5.7 and 11 to the financial statements. The balance of stock in trade at 30 June 2020 is Rs. 737 million. We have identified the valuation of stock-in-trade as a key audit matter because determining an appropriate write-down as a result of net realizable value (NRV) being lower than their cost involves significant judgement and estimation.</p>	<p>Our audit procedures amongst others, included the following:</p> <ul style="list-style-type: none"> • Obtained an understanding of internal controls over valuation of stock in trade and tested, on a sample basis, their design, implementation and operating effectiveness; • Obtained an understanding of management's determination of net realizable value (NRV) and the key estimates adopted, including future selling prices, future costs to complete work-in-process and costs necessary to make the sales and their basis; • Compared the NRV, to the cost of finished goods to assess whether any adjustments are required to value inventory in accordance with applicable accounting and reporting standards;
6.	<p>Contingencies Refer notes 5.15 and 27.1.1 to 27.1.21 to the financial statements</p> <p>The Company has various contingent liabilities.</p> <p>Contingencies require management to make judgments and estimates in relation to the interpretation of laws, statutory rules, regulations and the probability of outcome and financial impact, if any, on the Company regarding disclosure, recognition and measurement of any provision that may be required against such contingencies in the financial statements.</p> <p>Due to significance of amounts involved, inherent uncertainties with respect to the outcome of the matters and use of significant management judgments and estimates to assess the same including related financial impacts, we considered contingencies as a key audit matter.</p>	<p>Our audit procedures amongst others, included the following:</p> <ul style="list-style-type: none"> • Obtained an understanding of the Company's processes and controls over litigations through meetings with the management and review of the minutes of the Board of Directors and Board's Audit Committee. • Reviewed correspondence of the Company with regulatory departments, tax authorities (including judgments and orders passed by competent authorities from time to time, where applicable) and the Company's external counsel. Where relevant, also assessed external legal / tax advices obtained by the Company. • Involved internal tax professionals to assess management's conclusion on contingent tax matters and to evaluate the consistency of such conclusions with the views of the management and external tax advisors engaged by the Company. • Circularised confirmations to the Company's external legal and tax advisors for their views and assessment on the pending cases. • Assessed the adequacy of related disclosures made in the financial statements.

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

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

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

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

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

Responsibilities of Management and Board of Directors for the Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

Report on Other Legal and Regulatory Requirements

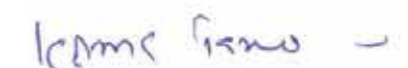
Based on our audit, we further report that in our opinion:

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

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

Date: 06 October 2020

Karachi



KPMG Taseer Hadi & Co.
Chartered Accountants

Financial Statements

For the year ended June 30, 2020



STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2020

	Note	2020 ----- (Rupees in '000)	2019 -----
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	6	37,222,552	32,942,295
Right of use assets	7	48,194	-
Intangible assets	8	5,493	-
Long-term investments	9	15,077	14,100
Deferred tax assets	21	753,425	413,291
Long-term deposits		24,159	19,635
		38,068,900	33,389,321
CURRENT ASSETS			
Stores, spares and loose tools	10	1,413,852	931,858
Stock-in-trade	11	737,152	603,185
Trade debts - unsecured, considered good	12	418,745	386,499
Advances and other receivables - unsecured, considered good	13	2,641,148	3,397,779
Trade deposits and short-term prepayments		47,069	9,757
Tax refunds due from government	14	1,500,764	637,464
Short-term investments	15	27,899	27,899
Cash and bank balances	16	339,436	624,641
		7,126,065	6,619,082
TOTAL ASSETS		45,194,965	40,008,403
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized share capital 1,310,000,000 (30 Jun 2019: 1,200,000,000) Ordinary shares of Rs. 10/- each		13,100,000	12,000,000
Share Capital			
Issued, subscribed and paid-up capital 1,063,414,434 (30 Jun 2019: 1,063,414,434) Ordinary shares of Rs. 10/- each	17	10,634,144	10,634,144
Share premium	18	749,063	750,714
Advance against preference right issue	17.2	523,754	-
Capital Reserve			
Hedging reserve	19	447,724	351,081
Revenue Reserve			
Accumulated (loss) / profit	19	(3,126,291)	485,601
		9,228,394	12,221,540
LIABILITIES			
NON-CURRENT LIABILITIES			
Long-term financing	20	16,312,174	17,959,094
Lease liabilities	7.1	45,032	-
Deferred Grant Income		7,079	-
Staff retirement benefits	22	94,931	57,923
		16,459,216	18,017,017
CURRENT LIABILITIES			
Loan from previous sponsors	27.1.4	735	735
Trade and other payables	23	5,830,748	3,534,574
Unclaimed Dividend		126	126
Accrued mark-up	24	1,777,146	1,153,972
Loan from related party	25	1,922,099	-
Short-term financing	26	8,321,808	4,904,444
Current portion of lease liabilities	7.1	7,772	-
Current portion of long-term financing	20	1,646,921	175,995
		19,507,355	9,769,846
TOTAL EQUITY AND LIABILITIES	27	45,194,965	40,008,403

The annexed notes from 1 to 47 form an integral part of these financial statements.

Chief Financial Officer

Chief Executive Officer

Director

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2020

	Note	2020 ----- (Rupees in '000)	2019 -----
Sales - net	28	4,132,362	3,858,455
Cost of sales	29	(4,229,520)	(3,701,175)
Gross (loss) / profit		(97,158)	157,280
Selling and distribution expenses	30	(445,544)	(122,443)
Administrative expenses	31	(190,279)	(142,709)
Other income	32	77,429	553
Impairment loss on trade debts	12.3	(67,259)	(6,033)
Other operating expenses	33	(258,123)	(142,997)
		(883,776)	(413,629)
Operating loss		(980,934)	(256,349)
Finance income		12,467	21,019
Finance costs		(2,991,017)	(177,066)
Finance costs - net	34	(2,978,550)	(156,047)
Loss before income tax		(3,959,484)	(412,396)
Taxation	35	343,032	994,502
(Loss) / Profit for the year		(3,616,452)	582,106
Other comprehensive income:			
Items that are or may be reclassified subsequently to profit or loss			
Cash flow hedges - effective portion of changes in fair value		136,117	494,480
Related deferred tax		(39,474)	(143,399)
		96,643	351,081
Items that will not be reclassified to profit or loss			
Actuarial loss on remeasurement of defined benefit obligations		(3,261)	(2,408)
Related deferred tax		7,821	489
		4,560	(1,919)
Other comprehensive income for the year - net of tax		101,203	349,162
Total comprehensive (loss) / income for the year		(3,515,249)	931,268
		(Rupees)	
(Loss) / Earnings per share - basic	36	(3.40)	0.55

The annexed notes from 1 to 47 form an integral part of these financial statements.

Chief Financial Officer

Chief Executive Officer

Director

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2020

Note	2020	2019
	(Rupees in '000)	
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash generated from / (used in) operations	40 1,613,154	(679,224)
Gratuity paid	(49,999)	(13,470)
Income tax refundable / (paid)	160,419	(79,026)
Financial charges paid	(753,458)	(65,547)
	(643,038)	(158,043)
Net cash from / (used in) operating activities	970,116	(837,267)
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditure - Operations	(866,870)	(2,861,788)
Capital expenditure - Project Line III	(6,167,307)	(9,311,282)
Investments released during the year	-	56,101
Interest received	11,490	20,043
Proceeds from sale of property, plant and equipment	80,143	600
Net cash used in investing activities	(6,942,544)	(12,096,326)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of loan	(175,994)	(110,000)
Proceeds from long-term financing - project line III syndicate finance	-	8,675,089
Proceeds against short term borrowing - unsecured	2,992,000	4,108,000
Proceeds from loan from related party - unsecured	4,042,853	-
Repayment of loan from related party - unsecured	(1,597,000)	-
Net cash from financing activities	5,261,859	12,673,089
Net decrease in cash and cash equivalents	(710,569)	(260,504)
Cash and cash equivalents at the beginning of the year	(171,803)	88,701
Cash and cash equivalents at the end of the year	(882,372)	(171,803)

The annexed notes from 1 to 47 form an integral part of these financial statements.

Chief Financial Officer

Chief Executive Officer

Director

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2020

	Share Capital		Advance against preference right issue	Capital Reserve	Revenue Reserve	Total Equity
	Issued, sub-scribed and paid up capital	Share Premium		Hedging Reserve	Accumulated profit / (loss)	
(Rupees in '000)						
Balance as at 1 July 2018	10,634,144	750,714	-	-	(85,796)	11,299,062
Adjustment on initial application of IFRS 9 - net of tax	-	-	-	-	(8,790)	(8,790)
Adjusted balance as at 1 July 2018	10,634,144	750,714	-	-	(94,586)	11,290,272
Total comprehensive income for the year						
Profit for the year	-	-	-	-	582,106	582,106
Other comprehensive income	-	-	-	351,081	(1,919)	349,162
	-	-	-	351,081	580,187	931,268
Balance as at 30 June 2019	10,634,144	750,714	-	351,081	485,601	12,221,540
Loss for the year	-	-	-	-	(3,616,452)	(3,616,452)
Issuance costs	-	(1,651)	-	-	-	(1,651)
Other comprehensive income	-	-	-	96,643	4,560	101,203
	-	(1,651)	-	96,643	(3,611,892)	(3,516,900)
Advance against preference right issue	-	-	523,754	-	-	523,754
Balance as at 30 June 2020	10,634,144	749,063	523,754	447,724	(3,126,291)	9,228,394

The annexed notes from 1 to 47 form an integral part of these financial statements.

Chief Financial Officer

Chief Executive Officer

Director

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

1 CORPORATE AND GENERAL INFORMATION

1.1 Legal status and operations

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

2 Impact of COVID 19 on the financial statements

On 30th January 2020, the World Health Organization (WHO) declared the outbreak a "Public Health Emergency of International Concern" and on 11 March 2020, the WHO declared the COVID-19 outbreak to be a pandemic in recognition of its rapid spread across the globe. Many countries, including Pakistan, have taken stringent steps to help contain further spread of the virus. While these events and conditions have resulted in general economic uncertainty, management has evaluated the impact of COVID-19 and concluded that there are no material implications of COVID-19 on the operations of the Company that require specific disclosure in the financial statements. However, there is change in Sales mix and the company exported all left over quantities after local sales. Therefore, there is some drop in margins, as export sales have lesser margin as compared to locals sales. However, neither the Company operations were significantly effected due to COVID-19 during the year nor the company is expected to be adversely affected in the near future. Moreover, pro-construction macro policies and construction supportive tax measures introduced by the federal government in the Finance Act 2020 have also improved demand outlook of cement.

Further, COVID-19 has no impact on the presented amounts and disclosures.

3 BASIS OF PREPARATION

3.1 Statement of compliance

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

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

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

3.2 Basis of measurement

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

3.3 Functional and presentation currency

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

3.4 Key judgments and estimates

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

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

- Property, plant and equipment and Intangible assets (notes 5.2 and 5.3).
- Stores, spares and loose tools (note 5.6)
- Stock-in-trade (note 5.7)
- Trade debts, advances and other receivables and impairment (note 5.8 and 5.9)
- Taxation - Current and deferred tax (note 5.12)
- Staff retirement benefits (note 5.13)
- Provisions (note 5.14)
- Contingencies (note 5.15)
- Derivative financial instruments (note 5.16.5)
- Assumptions related to going concern (note 3.4.1)

3.4.1 As at 30 June 2020, the Company has net current liabilities of Rs. 12 billion, however, the company does not find any material uncertainty stemming therefrom as any liquidity risk associated therewith is manageable by virtue of the following.

- a) The current liabilities of the Company include working capital lines of Rs. 8 billion that are renewable. All credit lines which expired after the year end have been renewed by the financial institutions.
- b) Subsequent to the year end, senior lenders of the Company have revised the terms of the existing Syndicate Term Finance Facility (STFF) of Rs. 16 billion to include, inter alia, the following:
 - i) Downward revision of profit of STFF to 1.5% from 2.25% per annum.
 - ii) Enhancement of grace period for principal repayments of STFF from January 2021 to July 2022.
- c) Current liabilities include Rs. 3.6 billion backed by the securities offered by an associated undertaking and a sponsor.
- d) Subsequent to the year end, the Company has issued Preference Right Shares against which Rs. 2.4 billion, has been received by the company.
- e) The Company foresees profitable operations in the years ahead due to installation of efficient plant and increase in cement demand.

4 CHANGE IN ACCOUNTING STANDARDS, INTERPRETATIONS AND AMENDMENTS TO PUBLISHED APPROVED ACCOUNTING STANDARDS

4.1 a) New or amendments / interpretations to existing standards, interpretation and forthcoming requirements

There are new and amended standards and interpretations that are mandatory for accounting periods beginning 01 July 2019 other than those disclosed in note 5.1. These are considered not to be relevant or do not have any significant effect on the Company's financial statements and are therefore not stated in these financial statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

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

The following International Financial Reporting Standards (IFRS Standards) as notified under the Companies Act, 2017 and the amendments and interpretations thereto will be effective for accounting periods beginning on or after 01 January 2020:

- Amendment to IFRS 3 'Business Combinations' – Definition of a Business (effective for business combinations for which the acquisition date is on or after the beginning of annual period beginning on or after 1 January 2020). The IASB has issued amendments aiming to resolve the difficulties that arise when an entity determines whether it has acquired a business or a group of assets. The amendments clarify that to be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs. The amendments include an election to use a concentration test. The standard is effective for transactions in the future and therefore would not have an impact on past financial statements.
- Amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors (effective for annual periods beginning on or after 1 January 2020). The amendments are intended to make the definition of material in IAS 1 easier to understand and are not intended to alter the underlying concept of materiality in IFRS Standards. In addition, the IASB has also issued guidance on how to make materiality judgments when preparing their general purpose financial statements in accordance with IFRS Standards.
- On 29 March 2018, the International Accounting Standards Board (the IASB) has issued a revised Conceptual Framework for Financial Reporting which is applicable immediately contains changes that will set a new direction for IFRS in the future. The Conceptual Framework primarily serves as a tool for the IASB to develop standards and to assist the IFRS Interpretations Committee in interpreting them. It does not override the requirements of individual IFRSs and any inconsistencies with the revised Framework will be subject to the usual due process – this means that the overall impact on standard setting may take some time to crystallise. The companies may use the Framework as a reference for selecting their accounting policies in the absence of specific IFRS requirements. In these cases, companies should review those policies and apply the new guidance retrospectively as of 1 January 2020, unless the new guidance contains specific scope outs.
- Interest Rate Benchmark Reform which amended IFRS 9, IAS 39 and IFRS 7 is applicable for annual financial periods beginning on or after 1 January 2020. The G20 asked the Financial Stability Board (FSB) to undertake a fundamental review of major interest rate benchmarks. Following the review, the FSB published a report setting out its recommended reforms of some major interest rate benchmarks such as IBORs. Public authorities in many jurisdictions have since taken steps to implement those recommendations. This has in turn led to uncertainty about the long-term viability of some interest rate benchmarks. In these amendments, the term 'interest rate benchmark reform' refers to the market-wide reform of an interest rate benchmark including its replacement with an alternative benchmark rate, such as that resulting from the FSB's recommendations set out in its July 2014 report 'Reforming Major Interest Rate Benchmarks' (the reform). The amendments made provides relief from the potential effects of the uncertainty caused by the reform. A company shall apply the exceptions to all hedging relationships directly affected by interest rate benchmark reform. The amendments are not likely to affect the financial statements of the Company.
- Classification of liabilities as current or non-current (Amendments to IAS 1) effective for the annual period beginning on or after 1 January 2022. These amendments in the standards have been added to further clarify when a liability is classified as current. The standard also amends the aspect of classification of liability as non-current by requiring the assessment of the entity's right at the end of the reporting period to defer the settlement of liability for at least twelve months after the reporting period. An entity shall apply those amendments retrospectively in accordance with IAS 8.
- Onerous Contracts - Cost of Fulfilling a Contract (Amendments to IAS 37) effective for the annual period beginning on or after 1 January 2022 amends IAS 1 by mainly adding paragraphs which clarifies what comprise the cost of fulfilling a contract. Cost of fulfilling a contract is relevant when determining whether a contract is onerous. An entity is required to apply the amendments to contracts for which it has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments (the date of initial application). Restatement of comparative information is not required, instead the amendments require an entity to recognize the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings or other component of equity, as appropriate, at the date of initial application.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

- Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16) effective for the annual period beginning on or after 1 January 2022 clarifies that sales proceeds and cost of items produced while bringing an item of property, plant and equipment to the location and condition necessary for it to be capable of operating in the manner intended by management e.g. when testing etc., are recognized in profit or loss in accordance with applicable Standards. The entity measures the cost of those items applying the measurement requirements of IAS 2. The standard also removes the requirement of deducting the net sales proceeds from cost of testing. An entity shall apply those amendments retrospectively, but only to items of property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after the beginning of the earliest period presented in the financial statements in which the entity first applies the amendments. The entity shall recognize the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at the beginning of that earliest period presented.

4.2 Annual Improvements to IFRS Standards 2018-2020 Cycle

The following annual improvements to IFRS standards 2018-2020 are effective for annual reporting periods beginning on or after 1 January 2022.

- IFRS 9- The amendment clarifies that an entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf, when it applies the '10 per cent' test in paragraph 83.3.6 of IFRS 9 in assessing whether to derecognize a financial liability.
- IFRS 16 - The amendment partially amends Illustrative Example 13 accompanying IFRS 16 by excluding the illustration of reimbursement of leasehold improvements by the lessor. The objective of the amendment is to resolve any potential confusion that might arise in lease incentives.
- IAS 41 - The amendment removes the requirement in paragraph 22 of IAS 41 for entities to exclude taxation cash flows when measuring the fair value of a biological asset using a present value technique.

The above improvements to standards are not likely to have material / significant impact on Company's financial statements.

5 Summary of significant accounting policies

Except as described below in note 5.1, the significant accounting policies are consistently applied in the preparation of these financial statements are the same as those applied in earlier periods presented.

5.1 Changes in significant accounting policies

The Company has adopted IFRS 16 'Leases' from 01 July 2019 which is effective from annual periods beginning on or after 01 January 2019 and the key changes to the Company's accounting policies resulting from adoption of IFRS 16 are summarized below:

IFRS 16 "Leases"

A. Definition of a lease

Previously, the Company determined at contract inception whether an arrangement is or contains a lease under IFRIC 4 'Determining whether an Arrangement contains a Lease'. Under IFRS 16, the Company determines whether a contract is or contains a lease based on the definition of a lease.

On transition to IFRS 16, the Company elected to apply the practical expedient to grandfather the assessment of which transactions are leases. It applied IFRS 16 only to contracts that were previously identified as leases. Contracts that were not identified as leases under IAS 17 and IFRIC 4 were not reassessed for whether there is a lease. Therefore, the definition of lease under IFRS 16 was applied only to contracts entered into or changed on or after July 1, 2019.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2020

B. As a lessee

As a lessee, the Company previously classified leases as operating leases based on its assessment of whether the lease transferred significantly all of the risks and rewards incidental to ownership of the underlying asset to the Company. Under IFRS 16, the company recognizes right-of-use assets and lease liabilities for most leases, i.e. these leases are on-balance sheet. The Company has elected to apply the IFRS 16 requirements on the rented properties only. Low value assets, if there any, are and shall remain excluded from its application. The Company shall recognize the lease payments associated with any low value assets as an expense on a straight-line basis over the lease term.

i. Significant accounting policies

The Company recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, and subsequently at cost less any accumulated depreciation and impairment losses, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease, or the Company's incremental borrowing rate.

The lease liability is subsequently increased by the interest cost on the lease liability and decreased by lease payment made. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, a change in the estimate of the amount expected to be payable under a residual value guarantee, or as appropriate, changes in the assessment of whether a purchase or extension option is reasonably certain to be exercised or a termination option is reasonably certain to be exercised.

The Company has applied judgement to determine the lease term for some lease contacts in which it is a lessee that includes renewal options. The assessment of whether the Company is reasonably certain to exercise such options impacts the lease term, which significantly affects the amount of lease liabilities and right-of-use assets recognized

ii. Transition

Previously, the Company classified property leases as operating leases under IAS 17. The lease typically runs for a period of 3 to 10 years. Some leases include an option to renew the lease for an additional five years after the end of the non-cancellable period. Some leases provide for additional rent payments that are based on changes in local price indices.

At transition, lease liabilities were measured at the present value of the remaining lease payments discounted at the Company's incremental borrowing rate as at July 1, 2019. The Right-of-use assets were measured at the amount of leased liability, adjusted by the amount of prepaid lease payments recognized in the statement of the financial position immediately before the date of initial application.

The effect of this change in accounting policy is as follows:

(i) Impact on the Company's statement of financial position:	(Rupees in '000)
	1 July 2019
Increase in assets - right of use assets	60,243
Increase in liabilities - Lease liability	60,243
	<u> </u>
Increase in deferred tax liability	-
Increase in net assets	<u> </u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2020

(ii) Impact on the Company's statement of profit or loss:

(Rupees in '000)

	1 July 2020
Increase in financial charges - finance cost on lease liabilities	6,279
(Increase) / decrease in administrative expenses:	
- Depreciation on right of use assets	(12,049)
- Rent expense	13,718
Decrease in profit for the period before taxation	4,610

5.2 Property, plant and equipment

5.2.1 Operating assets and depreciation

Initial recognition

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

Subsequent Measurement

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

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

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

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

Depreciation

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

Depreciation other than plant and machinery is charged, on a systematic basis over the useful life of the assets, on reducing balance method, which reflects the patterns in which the asset's economic benefits are consumed by the company, at the rates specified in note 6.1. Depreciation on additions is charged from the month in which the asset is available for use and on disposals up to the month prior to disposal.

Disposal

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

Judgment and estimates

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

5.2.2 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.

5.2.3 Ijarah lease

Leased assets which are obtained under Ijarah agreement are not recognized in the Company's Statement of financial position and are treated as operating lease based on Islamic Financial Accounting Standard (IFAS) 2 issued by the Institute of Chartered Accountants of Pakistan and notified by Securities and Exchange Commission of Pakistan vide S.R.O. 43(1) / 2007 dated 22 May 2007. Ijarah payments under the agreement are charged to the statement of profit or loss over the Ijarah term.

5.2.4 Capitalisable stores and spares

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

5.3 Intangible assets

Measurement

These are stated at cost less accumulated amortization and impairment losses, if any. Amortization is charged using the straight line method over assets estimated useful life at the rates specified in note 8 after taking into account residual value, if any.

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

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

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

Judgment and estimates

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

5.4 Method of preparation of cash flow statement

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

5.4.1 Cash and cash equivalents

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

5.5 Dividends and appropriations

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

5.6 Stores, spares and loose tools

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

5.7 Stock in trade

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

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

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

5.8 Impairment

5.8.1 Financial assets

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

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

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

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

5.8.2 Non-financial assets

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

5.9 Trade debts, advances and other receivables

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

5.10 Borrowing and finance costs

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset (i.e. an asset that necessarily takes a substantial period of time to get ready for its intended use or sale) are capitalized as part of the cost of that asset.

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

5.11 Trade and other payables

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

5.12 Taxation - Current and deferred tax

Income tax comprises of current tax and deferred tax.

a) Current tax

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

b) Deferred tax

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

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

Judgment and estimates

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

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

Off-setting

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

5.13 Staff retirement benefits

Defined benefit plan

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

Compensated absences

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

5.14 Provisions

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

5.15 Contingencies

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

5.16 Financial instruments

5.16.1 Initial measurement of financial asset

The Company classifies its financial assets into following three categories:

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

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

Subsequent measurement

Debt Investments at FVOCI

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

Equity Investments at FVOCI

These assets are subsequently measured at fair value. Dividends are recognised as income in the statement of profit or loss account unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in other comprehensive income and are never reclassified to the statement of profit or loss account.

Financial assets at FVTPL

These assets are subsequently measured at fair value. Net gains and losses, including any interest / markup or dividend income, are recognised in the statement of profit or loss account.

Financial assets measured at amortized cost

These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest / markup income, foreign exchange gains and losses and impairment are recognised in the statement of profit or loss account.

5.16.2 Financial liabilities

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

5.16.3 Mark-up bearing borrowings and borrowing costs

Mark-up bearing borrowings are recognised initially at fair value, less attributable transaction costs.

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

5.16.3.1 Trade and other payables

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

5.16.4 Derivative financial instruments - other than hedging

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

5.16.5 Derivative financial instruments - Cash flow hedge

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

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

5.17 Offsetting of financial assets and financial liabilities

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

5.18 Revenue recognition

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

6.2 Depreciation charge for the year has been allocated as follows:	Note	2020	2019
		(Rupees in '000)	
Cost of sales	29	113,109	129,164
Selling and distribution expenses	30	2,680	4,117
Administrative expenses	31	20,493	16,830
		136,282	150,111

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

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

6.3 Capital work-in-progress	Note	2020			
		Cost as at 1 July 2019	Additions	Transferred to operating fixed assets	Cost as at 30 June 2020
		(Rupees in '000)			
Civil Works		2,375,317	578,110	-	2,953,427
Plant and Machinery	6.3.1 & 6.3.2	24,992,300	1,800,486	(8,093,009)	18,699,777
Waste Heat Recovery System		-	1,760,338	-	1,760,338
Others		5,797	-	(5,797)	-
		27,373,414	4,138,934	(8,098,806)	23,413,542
2019					
		Cost as at 1 July 2018	Additions	Transferred to operating fixed assets	Cost as at 30 June 2019
		(Rupees in '000)			
Civil Works		-	2,375,317	-	2,375,317
Plant and Machinery		14,604,791	10,387,509	-	24,992,300
Others		5,797	-	-	5,797
		14,610,588	12,762,826	-	27,373,414

6.3.1 This includes borrowing costs of Rs. 1,114 million (2019: 1,622 million) capitalized during the period, incurred on the long-term financing obtained for the purpose of expansion of new cement production line - Project Line III (refer note 20). This also includes difference of trial production sales amounting to Rs. 1,565 million (2019: Nil) and related cost of Rs. 1,429 million (2018: Nil) along with export expenses amounting to Rs. 124 million which has been capitalized to the cost of plant.

6.3.2 It includes Rs. Nil against staff retirement benefits (2019 : Rs. 3.418 million).

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

6.4 Capitalisable stores and spares	2020	2019
	(Rupees in '000)	
Opening balance	422,902	122,061
Additions during the year	28,375	375,886
Transferred to property, plant and equipment	(13,639)	(75,045)
Closing balance	437,638	422,902
7 Right-of-use assets		
As at July 1, 2019	60,243	-
Additions	-	-
Disposals	-	-
Depreciation expense	(12,049)	-
As at June 30, 2020	48,194	-
As at June 30, 2019	-	-

7.1 Lease Liabilities

Rental contracts are made for a fixed period subject to renewal upon mutual consent of Company and lessor. Wherever practicable the Company seeks to include extension option to provide operational flexibility. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. Management exercises significant judgement in determining whether these extension and termination options are reasonably certain to be exercised. The future lease payments have been discounted using average borrowing rate as at 01 July 2019 i.e. 15.1%.

Set out below the carrying amount of lease liabilities and the movements during the year:

	2020	2019
	(Rupees in '000)	
As at July 01, 2019	60,243	-
Finance cost on lease	6,279	-
Payments	(13,718)	-
As at June 30, 2020	52,804	-
Current	7,772	-
Non - current	45,032	-

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

	Minimum lease payments	Interest	Present value of minimum lease payments
	(Rupees in '000)		
Less than one year	15,310	7,538	7,772
Between two to five years	57,433	12,401	45,032
More than five years	-	-	-

	2020	2019
	(Rupees in '000)	
8 INTANGIBLE ASSETS		
Cost	7,606	10,050
Accumulated amortization	(2,113)	(10,050)
	5,493	-
Carrying amount at the beginning of the year	-	1,077
Additions during the year	7,606	-
Amortization during the year	(2,113)	(1,077)
Carrying amount at the end of the year	5,493	-
Rate of amortization	28%	50%

8.1 Intangible assets comprise of computer software.

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

	Note	2020	2019
		(Rupees in '000)	
9 LONG-TERM INVESTMENTS			
Amortized cost			
Defence savings certificates	9.1	15,077	14,100

9.1 These Defence Saving Certificates (DSCs) are for a period of 10 years having maturity in 2026. These carry mark-up at effective interest rate of 7.44% per annum. These DSCs are pledged with the Nazim of Sindh High Court as disclosed in note 27.1.14.

	Note	2020	2019
		(Rupees in '000)	
10 STORES, SPARES AND LOOSE TOOLS			
Stores		256,698	251,304
Coal	10.1	802,318	316,667
Spares		364,367	372,738
Loose tools		3,988	4,668
		1,427,371	945,377
Less: Provision for slow moving / obsolete stock	10.2	(13,519)	(13,519)
		1,413,852	931,858

10.1 This includes coal-in-transit amounting to Rs. 260 million (2019: Rs. Nil).

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

	Note	2020	2019
		(Rupees in '000)	
10.2 Provision for slow moving / obsolete stores and spares			
Opening balance		13,519	13,519
Charge for the year		-	-
Closing balance		13,519	13,519
11 STOCK-IN-TRADE			
Raw material		46,186	27,294
Packing material		118,901	43,172
Work-in-process		310,723	480,056
Finished goods		261,342	52,663
		737,152	603,185
12 TRADE DEBTS - Unsecured (considered good)			
Due from related parties - unsecured	12.1&12.2	66,728	96,147
Due from other parties - unsecured		443,989	315,065
		510,717	411,212
Less: Provision for impairment on trade debts	12.3	(91,972)	(24,713)
		418,745	386,499
12.1 The related parties from whom the debts are due are as under:			
Javedan Corporation Limited		26,167	11,470
Safe Mix Concrete Limited		40,561	84,622
Aisha Steel Mills Limited		-	55
		66,728	96,147
12.2 The balances due from related parties are mark-up free. The aging analysis of these balances is as follows:			
Not past due		4,264	1,974
Past due 31-60 days		1,300	5,360
Past due 61 days to 1 year		61,164	88,813
		66,728	96,147
12.2.1 Maximum aggregate due from the related parties at any time during the year calculated by reference to month-end balances is Rs. 133 million (2019: Rs. 316 million).			

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

	Note	2020 (Rupees in '000)	2019
12.3 Provision for impairment on trade debts			
Balance as at 01 July		24,713	6,300
Additional impairment on initial application of IFRS 9		-	12,380
		24,713	18,680
Charge for the year		67,259	6,033
Balance as at 30 June		91,972	24,713
13 ADVANCES AND OTHER RECEIVABLES - Unsecured (considered good)			
To employees	13.1	56,628	45,338
To contractors and suppliers		54,942	287,435
Against letter of credit		6,210	4,229
Advance tax		70,953	80,922
Rebate receivable		7,857	5,157
Sales tax (current)	13.3	1,812,881	2,480,218
Derivative financial Asset	13.4	630,597	494,480
Others		1,080	-
		2,641,148	3,397,779

13.1 This includes personal and auto loan advances to executives amounting to Rs. 37.573 million (2019: Rs. 38.561 million). Maximum amount outstanding against advances to employees during the year was Rs. 46.997 million (2019: Rs. 42.001 million). The amount is payable on demand and is secured against retirement benefit entitlement of the employees.

Movement in advances to executives during the year:

	2020 (Rupees in '000)	2019
Opening	38,561	33,262
Disbursed during the year	8,431	8,740
Repayments during the year	(9,419)	(3,441)
Closing	37,573	38,561

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

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

13.4 Derivative financial Asset

The Company entered into multiple cross currency swap arrangements with commercial banks in connection with foreign Currency borrowings as disclosed in note 20.1.1 and 38.4.

	2020 (Rupees in '000)	2019
14 TAX REFUNDS DUE FROM GOVERNMENT		
Income tax refundable / adjustable	301,421	445,008
Sales tax refundable	1,016,739	2,989
Excise duty receivable	182,604	189,467
	1,500,764	637,464

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

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

14.2 The Company received an order from Additional Collector, Hyderabad vide order no. 22 of 2000 alleging that Central Excise Duty of Rs. 6.863 million was not paid on certain sales for the years 1995-1996 and 1996-1997. The said amount was paid by the Company, however, a corresponding receivable was recorded. The Company filed an appeal in High Court which was rejected vide order dated 29 May 2007. The Company then filed a petition in Supreme Court of Pakistan which was disposed off vide order dated 18 July 2011 with the permission to approach the Court of Civil jurisdiction. Accordingly, a civil suit was filed by the Company challenging the order of Deputy Collector of Customs, Central Excise & Sales Tax, Hyderabad - during the year, the matter was decided against the Company so the disputed amount has been charged off.

	Note	2020 (Rupees in '000)	2019
15 SHORT-TERM INVESTMENTS			
At Amortized Cost			
Term deposit receipts	15.1	27,899	27,899

15.1 These are placed with local banks and carry profit at declared rates of 6.5% - 12% (2019: 6% - 11%) per annum and will mature in June 2021 (2019 June 2020).

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

16	CASH AND BANK BALANCES	Note	2020	2019
			(Rupees in '000)	
	Cash in hand		878	775
	Cash with banks:			
	- In current accounts		228,043	326,732
	- In savings accounts	16.1	102,415	295,134
	- Term deposits	16.2	8,100	2,000
			339,436	624,641

16.1 These accounts are maintained under profit and loss sharing arrangements with Islamic banks at rates ranging from 6.5% - 12% (2019: 6.5% - 12%) per annum.

16.2 This includes term deposit certificates placed with local banks and carry profit at declared rates of 6.5% - 12.5% (2019: 6.5% - 12.5%) per annum.

17 ISSUED, SUBSCRIBED AND PAID UP CAPITAL

2020		2019		2020		2019	
----- (Number of Shares) -----				----- (Rupees in '000) -----			
Fully paid ordinary shares of Rs. 10 each issued:							
1,051,234,846	1,051,234,846	For cash	10,512,348	10,512,348			
840,000	840,000	For consideration other than cash	8,400	8,400			
11,339,588	11,339,588	Bonus shares	113,396	113,396			
1,063,414,434	1,063,414,434		10,634,144	10,634,144			

17.1 Shares held by the associated undertakings as at the statement of financial position date were 611,495,005 (30 June 2019: 610,638,005).

17.2 Consequent to the preference right issue after the balance sheet date, this amount has been converted to paid up share capital.

18 SHARE PREMIUM

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

19	Reserves	2020	2019
		(Rupees in '000)	
	Capital reserve		
	Hedging Reserve	447,724	351,081
	Revenue Reserve		
	Accumulated (loss) / profit	(3,126,291)	485,601

20	LONG-TERM FINANCING	Note	2020	2019
			(Rupees in '000)	
	Long-Term Loan	20.1	17,959,095	18,135,089
	Less: current maturity shown under current liabilities		(1,646,921)	(175,995)
			16,312,174	17,959,094

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

20.1 This represents funded / Musharaka contribution amount drawn (from a syndicate of 16 local banks/FIs & 3 foreign multilateral Institutions / DFIs) under the long-term syndicate finance facility of Rs. 16,200 million, for the expansion project of 7,700 TPD, led by NBP as Investment Agent (2019: Rs. 16,200 million). The said facility has been structured in Islamic mode of financing (Diminishing Musharaka) having Syndicate Term Finance Facility (STFF) of Rs. 16,200 million. The local syndicate facility carries mark - up at the rate of 6 months KIBOR plus 2.25% (2019: 6 months KIBOR plus 2.25%) per annum calculated on daily product basis with mark-up / principal repayment falling due on semi - annual basis. The facility is secured through first pari passu charge over current / fixed assets of the Company along with additional collaterals. The first tranche of loan was disbursed on 16 January 2018. Refer Note 45 for revised terms of STFF.

The aggregate funded amount of the aforementioned facility which has not been availed from syndicate as at the reporting date amounts to NIL (2019: Rs. NIL). Also refer Note 38.3.

20.1.1 This includes 3 foreign multilateral institutions / DFIs under long term syndicate finance facility of equivalent drawdowns of EUR 11.357 million, USD 11.357 million, USD 15.143 million disbursed by DEG, OFID and ICD respectively. The Company has executed cross currency swaps with the Habib Bank Limited and Faysal Bank Limited to hedge the Company's foreign currency payment obligation. This facility carries markup ranging between 6 months KIBOR plus 4.15% to 6 months KIBOR plus 5.49% with mark-up / principal repayment falling due on semi - annual basis with commercial Banks for cross currency swap. The first tranche of loan was disbursed on 22 March 2019.

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

20.1.3 This also includes term loan obtained from ABL at the rate of KIBOR plus 2% with quarterly repayments and the loan was disbursed on 01 May 2019.

21 DEFERRED TAX (ASSETS) / LIABILITIES

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

	2020	2019
	(Rupees in '000)	
Deductible temporary differences		
Deferred liability - provision for gratuity	(27,530)	(19,709)
Provision for impairment on trade debts	(26,672)	(10,757)
Lease liability	(15,313)	-
Provision for stores, spares and loose tools	(3,921)	(2,744)
Provision for leave encashment	(9,974)	(4,707)
Turnover Tax	(187,990)	(102,521)
Tax Credit	(252,794)	(815,763)
Carry forward tax losses	(2,384,653)	(355,244)
	(2,908,847)	(1,311,445)
Taxable temporary differences		
Accelerated tax depreciation	1,958,573	754,755
Right-of-use assets	13,976	-
Changes in fair value of cash flow hedge	182,873	143,399
Deferred Tax (Assets) / Liabilities	(753,425)	(413,291)

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

	2020 (Rupees in '000)	2019
22 STAFF RETIREMENT BENEFITS		
Provision for gratuity	94,931	97,091
Less : Current maturity of Staff Retirement Benefits	-	(39,168)
Provision for gratuity	94,931	57,923
22.1 Number of employees covered under scheme	493	360

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

	2020	2019
a) Significant actuarial assumptions		
Financial assumptions		
Discount rate	8.50%	14.25%
Expected rate of eligible salary increase in future years	7.50%	13.25%
Average expected remaining working life time of employees	11 Years	11 Years
Demographic assumptions		
Mortality rate	SLIC 2001-2005	SLIC 2001-2005
Withdrawal rate	Moderate	Moderate
Retirement assumption	Age 60	Age 60

Description of the risks to the Company

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

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

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

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

	2020 (Rupees in '000)	2019
b) Reconciliation of balance due to defined benefit plan		
Present value of defined benefit obligation	124,565	116,026
Fair value of plan assets	(29,634)	(18,935)
	94,931	97,091

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

	2020 (Rupees in '000)	2019
c) Movement of the liability recognized in the statement of financial position		
Liability recognized in the statement of financial position as at 1 July	97,091	78,782
Charge for the year	44,578	29,371
Remeasurements chargeable in other comprehensive income	3,261	2,408
Contribution during the year	(49,999)	(13,470)
Liability recognized in the statement of financial position as at 30 June	94,931	97,091
d) Change in present value of defined benefits obligations		
Present value of defined benefits obligation as at 1 July	116,026	91,721
Current service cost for the year	34,305	22,887
Interest cost for the year	13,729	7,917
Benefits paid during the year	(39,357)	(7,501)
Remeasurements:		
Actuarial losses from changes in financial assumptions	(1,537)	1,218
Experience adjustments	1,399	(216)
Present value of defined benefits obligation as at 30 June	124,565	116,026
e) Changes in fair value of plan assets		
Fair value of plan assets as at 1 July	18,935	12,939
Contribution during the year	49,999	13,470
Expected return on plan assets	3,456	1,433
Benefits paid during the year	(39,357)	(7,501)
Actuarial loss on plan assets	(3,399)	(1,406)
Fair value of plan assets as at 30 June	29,634	18,935
f) Expenses recognized in the statement of profit or loss		
Current service cost	34,305	22,887
Interest cost	13,729	7,917
Return on plan assets	(3,456)	(1,433)
	44,578	29,371
g) Remeasurements chargeable in other comprehensive income		
Remeasurements:		
Actuarial losses from changes in financial assumptions	(1,537)	1,218
Experience adjustments	1,399	(216)
	(138)	1,002
Actuarial loss on plan assets	3,399	1,406
Total Remeasurements Chargeable in Other Comprehensive Income	3,261	2,408

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

h) Expected charge for the year ending 30 June 2021 as per actuary report is Rs. 39.65 million.

	Amount (Rupees in '000)	Percentage
i) Plan assets as at 30 June 2020 comprise:		
Cash and / or deposits	130	1.08%
Other	29,504	98.92%
	29,634	100.00%

j) Sensitivity analysis for the year ended 30 June 2020

	PV of defined benefit obligation (Rupees in '000)	Rate effect
Discount rate effect		
Original liability	124,565	8.50%
1% increase	115,272	9.500%
1% decrease	135,518	7.500%
Salary increase rate effect		
Original liability	124,565	7.50%
1% increase	135,709	8.500%
1% decrease	114,942	6.500%

Maturity profile

The average duration of defined benefit obligation is 8 years.

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

	2019-20	2018-19	2017-18	2016-17	2015-16
	----- (Rupees) -----				
Present value of defined obligations	124,565	116,026	91,721	66,678	54,591
Fair value of plan assets	(29,634)	(18,935)	(12,939)	(9,289)	(8,250)
Deficit / (surplus)	94,931	97,091	78,782	57,389	46,341
l) Experience adjustments					
Experience adjustment arising on plan liabilities	1,399	(216)	8,901	5,822	612

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

23	TRADE AND OTHER PAYABLES	Note	2020 (Rupees in '000)	2019
	Trade creditors		511,049	195,398
	Project Line III creditors	23.1	950,590	2,317,538
	Payable against Waste Heat Recovery System	23.3	1,709,016	-
	Bills payable		563,905	263,775
	Bills payable Line III	23.3	973,704	320,955
	Accrued liabilities		437,590	85,512
	Royalty payable on raw material	23.2	15,475	154
	Excise duty payable on raw material		8,953	3,174
	Advance from customer		274,131	128,974
	Retention money payable		1,130	1,130
	Federal Excise Duty payable		259,342	20,426
	Workers' Welfare Fund (WWF)		5,012	5,012
	Withholding tax payable		76,734	128,985
	Current Portion of deferred Income - government grant		9,725	-
	Leave encashment payable		34,392	23,188
	Current maturity of Staff Retirement Benefits		-	39,168
	Others		-	1,185
			5,830,748	3,534,574

23.1 This represents an amount of Rs 950 million against which the company has adjustable claims. Claims shall be recognised once its realization become virtually certain. Upon settlement of the claim, it will be adjusted against the balance of CWIP and Line III creditors.

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

23.3 This is secured against the corporate gurrantee issued by the sponsors of the company equivalent to the contract price.

24	ACCRUED MARK-UP	2020 (Rupees in '000)	2019
	On long-term borrowings	1,370,072	1,040,630
	On Sponsor's loan	274,561	-
	On short-term borrowings	132,513	113,342
		1,777,146	1,153,972

25 LOAN FROM RELATED PARTY

	Loan From Related Party - Unsecured	25.1	1,922,099	-
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25.1 This represents loan from Sponsors of the company. It carries markup at the rate of 3 month Kibor plus 1.75% per anum.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

26	SHORT TERM FINANCING	Note	2020	2019
			(Rupees in '000)	
	Conventional			
	Running finances	26.1	753,897	491,700
	Islamic			
	Istisna / Running Musharaka - Operations	26.2		
	Maturity within three months		467,911	304,744
	Maturity after six months		4,950,000	1,365,265
	Istisna / Running Musharaka - Project Line III Maturity after six months		-	2,742,735
	Export Re-Finance - Maturity after six months	26.2	2,150,000	-
			8,321,808	4,904,444

26.1 This represents short-term running finance facility from the Samba Bank amounting to Rs. 300 million (June 2019: Rs. 300 million). These carry applicable mark up at the rate of 3 months KIBOR plus 1.5% (30 June 2019: 3 months KIBOR plus 1% to 3 months KIBOR plus 2%) per annum calculated on daily product basis. The facility is annually renewable and Mark-up on the facility is payable on quarterly basis. The facility is secured by first pari passu charge against current & fixed assets of the Company. Outstanding balance mentioned above includes cheques issued for payment, which the company will manage through its financial arrangements.

The aggregate amount of aforementioned facility which has not been availed as at the reporting date amounts to Rs. 3.2 million (30 June 2019: Rs. 15.125 million).

26.2 This represents Istisna / Musharaka / Muarabaha / IERF / ERF facilities aggregating to Rs. 7,800 million (30 June 2019: Rs.4,500 million) repayable with a maximum tenure of 180 days from the date of disbursement. The IERF / ERF facilities carry markup rate of 3% per annum while other working capital facilities carry applicable profit at the rates ranging from KIBOR plus 0.75% to KIBOR plus 2% (30 June 2019: KIBOR plus 1% to KIBOR plus 3%). These facilities have been obtained on annually renewable basis. As at the reporting date, unavailed amount under these facilities amount to Rs.Nil (30 June 2019: Rs. 88 million). These are secured by first pari passu charge against current & fixed assets of the Company. This includes loan obtained from commercial bank amounting to Rs. 1 billion which is secured by the sponsors of the Company.

27 CONTINGENCIES AND COMMITMENTS

27.1 Contingencies

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

27.1.2 The Competition Commission of Pakistan (the CCP) took Suo Moto action under Competition Commission Ordinance, 2007 and issued a Show Cause Notice on 28 October 2008 for increase in prices of cement across the country. Similar notices were also issued to All Pakistan Cement Manufacturers Association (APCMA) and its member cement manufacturers. The Company filed a writ petition before the Honourable Lahore High Court (LHC) and the LHC vide its order dated 24 August 2009 allowed the CCP to issue its final order. The CCP accordingly passed an order on 27 August 2009 and imposed a penalty of Rs. 87 million on the Company. The LHC vide its order dated 31 August 2009 restrained the CCP from enforcing its order against the Company for the time being. The High Court of Lahore has heard the arguments of all the parties and has reserved its judgement on the matter on July 17, 2020.

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

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

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

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

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

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

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

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

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

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

27.1.9 DCIR issued Order-in-Original (ONO) # 19/07/2019 dated 30 April 2019 creating demand of Rs 45.243 million including penalty of Rs 2.154 million. CIR (Appeals) through its order no.12 dated February 06, 2020 deleted demand of Rs. 42.08 million and corresponding penalty as well. The Company has filed before Appellate Tribunal Inland Revenue (ATIR) against the remaining disallowance of Rs.1.35 million which is pending for hearing.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

27.1.10 Appeal before Appellate Tribunal Inland Revenue [ATIR] has been preferred by the Company against Commissioner Inland Revenue (CIR) Appeal's order No 27 dated 18 July 2018 which endorsed the DCIR' imposition of default surcharge and penalty for dual claim of input tax on the purchase of electricity from HESCO amounting to Rs 0.5 million being default surcharge and Rs 0.95 million being penalty. The case has been heard by the ATIR and judgement has been reserved.

27.1.11 During the year, the Company received show-cause notice u/s 11(2) of the Act dated September 05, 2019 covering transactions of input tax claimed during tax periods from July 2018 to June 2019 alleging an amount of Rs. 946 million as inadmissible under the Act, the DCIR passed order no. 01/06/2020 dated August 06, 2020. The Company has filed an appeal against DCIR's order and on September 29, 2020, CIR (Appeals-I) has granted a stay on the matter, through order # 2020/211.

27.1.12 The DCIR passed order no. 05/07/2020 dated December 27, 2019 creating demand of Rs.13.05 million along with penalty of Rs. 0.653 million. The Company filled appeal us/ 45B of the Act. The CIR-Appeals vide its order vacated the demand created to the extent of Rs.1.55 million. The Company paid Rs.4.82 million and filed appeal against the remaining disallowance before ATIR hearing of this is pending till the date of this order.

27.1.13 Appeal before ATIR is preferred by the department against CIR-Appeal's order no. 9 dated August 25, 2017 which was decided in favor of the Company (earlier CIR-Appeals had deleted this sales tax demand of Rs. 12.8 million).

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

27.1.15 Section 113(2)(c) was interpreted by a Divisional Bench of the SHC in the Income Tax Reference Application (ITRA) No. 132 of 2011 dated 7 May 2013, whereby it was held that the benefit of carry forward of minimum tax is only available in the situation where the actual tax payable (on the basis of net income) in a tax year is less than minimum tax. Therefore, where there is no tax payable, 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. 9.25 million at the reporting date and the Company expects to adjust the amount against the future taxable profits. The Company's legal counsel is of the opinion that the Company has strong arguable case and at an appropriate stage the matter can be agitated before Supreme Court of Pakistan in case the adjustment is challenged by the tax authorities. In the above view, the management of the Company is confident that the ultimate outcome in this regard would be favourable. Hence no provision in this respect has been made in these financial statements.

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

27.1.16 In 2014, two labourers working at the Company's Factory had filed a case dated 17 November 2014 in the Court of Commissioner Workmen Compensation & Authority against the Company claiming an approximate amount of Rs. 0.84 million in respect of certain unpaid salaries / wages etc. A petition was also filed with the High Court of Sindh, Circuit Court, Hyderabad vide C.P 3571/2016 dated 19 December 2016 . The Company, in response filed a counter petition in the High Court of Sindh, Circuit Court, Hyderabad vide C.P 13/2018 dated 02 January 2018.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

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

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

In October 2019, an ex-labourer lodged a claim in the office of the of the Commissioner Workmen Compensation & Authority, on account of certain damages and unpaid dues, amounting to Rs.5.5 million.

The Company, based on certain legal grounds of legislative competence, still contributes EOBI calculated at the minimum wage of Rs 8,000/-. No demand has been established against the Company in this regard.

The management is confident based on its legal advisor's opinion that the outcome of these cases will be in favor of the Company.

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

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

27.1.19 M/s.Popular Cement Industries approached the High Court of Sindh seeking an order restraining the Company from excavating limestone from one of its quarries / mines - the prayer of the applicant was granted by the Court through its order dated 25 February 2019 passed under suit no. 349 of 2019, barring the Company from excavation of limestone from a mine. The matter is pending and a favourable outcome is expected by the Company's legal counsel.

27.1.20 A Special Sales Tax Reference Application No. 413/2019 was filed by the Commissioner Inland Revenue Zone -II on 23 November 2018 (in the High Court of Sindh) against an Appellate Tribunal's order decided in favour of the Company. The case pertained to claim of input sales tax on certain communication expenses amounting to Rs 0.34 million. .

27.1.21 A Constitutional Petition C.P No. 4374/2019 was filed by the Company on 27 June 2019 to challenge the levy of Sindh Infrastructure Development Cess to challenge the levy of Sindh Infrastructure Development Cess. An interim relief was granted by the Court through its order dated 26 July 2019. As at June 30, 2020, amount involved in the matter was Rs.13.65 million against which bank guarantees have been submitted as security with the Collectorate.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

	Note	2020 (Rupees in '000)	2019
27.2	Commitments		
	Commitments against open letter of credit for:		
	Coal	144,393	431,346
	Stores and spares	117,028	15,128
		261,421	446,474
	Commitments against letter of guarantees	5,392,000	1,192,000
	Commitment against purchase of land	-	61,370
	Ijarah rentals	65,419	38,819
	Total commitments	5,718,840	1,738,663

27.2.1 This includes Corporate Guarantee of Rs. 4,799 million (as approved by the Company's shareholders vide special resolution passed on 23 June 2018) issued to DEG (a FCY Long Term Financier being part of the Company's Long Term Financing on behalf of the Arif Habib Equity (Private) Limited - a related party, being part of Company's Long Term Financing as disclosed in Note 20).

	2020 (Rupees in '000)	2019
28	SALES - NET	
	Local	5,917,648
	Export - Cement	709,974
		6,627,622
	Less :	
	Sales tax	(1,077,665)
	Federal excise duty	(1,203,089)
	Export freight charges	(214,506)
		(2,495,260)
		4,132,362
		5,656,234
		53,348
		5,709,582
		(981,541)
		(869,586)
		-
		(1,851,127)
		3,858,455

28.1 Disaggregation of revenue

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

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

	Note	2020 (Rupees in '000)	2019
Primary Geographical markets:			
Local		3,636,894	3,805,107
Somalia		142,930	-
Madagascar		312,150	34,434
KEPZ		3,536	13,705
Srilanka		4,783	2,254
Seychelles		32,069	2,955
		4,132,362	3,858,455
Major Product Lines:			
Ordinary Portland Cement		3,844,413	3,608,804
Sulphate Resistant Cement		271,734	247,523
Slag		16,215	2,128
		4,132,362	3,858,455
29 COST OF SALES			
Salaries, wages and other benefits including retirement benefits	29.1	395,186	297,843
Raw materials consumed	29.2	293,760	188,519
Packing material consumed	29.3	372,066	284,920
Stores, spares and loose tools		104,041	239,695
Fuel and power		3,945,376	2,712,907
Insurance		26,971	10,506
Repairs and maintenance		103,660	69,440
Depreciation	6.2	113,109	129,164
Other production overheads		83,123	61,470
		5,437,292	3,994,464
Work in process			
Opening		480,056	173,256
Purchases		262,979	-
Closing		(310,723)	(480,056)
		432,312	(306,800)
Cost of goods manufactured		5,869,604	3,687,664
Finished goods			
Opening		52,663	66,174
Closing		(263,621)	(52,663)
		(210,958)	13,511
Transferred To CWIP	6.3.1	(1,429,126)	-
		4,229,520	3,701,175

29.1 It includes Rs.26.893 million against staff retirement benefits (2019: Rs. 17.047 million).

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

	Note	2020 (Rupees in '000)	2019
29.2 Raw materials consumed			
Opening stock of raw material		27,294	14,883
Purchases		312,652	200,930
		339,946	215,813
Closing stock of raw material		(46,186)	(27,294)
		293,760	188,519
29.3 Packing materials consumed			
Opening stock of packing material		43,172	47,596
Purchases		447,795	280,496
		490,967	328,092
Closing stock of packing material		(118,901)	(43,172)
		372,066	284,920
30 SELLING AND DISTRIBUTION EXPENSES			
Salaries, wages and other benefits including retirement benefits	30.1	76,068	46,438
Export expenses		263,820	25,321
Depreciation	6.2	2,680	4,117
Marking fee		6,157	4,688
Incentives and commission on local sales		71,624	28,002
Advertisement		13,699	6,455
Others		11,496	7,422
		445,544	122,443

30.1 This includes Rs. 9.947 million (2019: Rs. 4.774 million) against staff retirement benefits.

	Note	2020 (Rupees in '000)	2019
31 ADMINISTRATIVE EXPENSES			
Salaries, wages and other benefits including retirement benefits	31.1	73,079	48,276
Travelling and conveyance		2,711	4,126
Printing and stationery		3,966	2,988
Repair and maintenance		556	1,759
Legal and professional charges		4,679	3,789
Auditor's remuneration	31.2	2,285	1,618
Rent, rates and taxes		15,086	18,253
Postage, telephone and telegram		3,265	4,398
Entertainment		10,360	6,486
Ijarah payments	31.3	14,096	8,574
Fees and subscription		20,439	11,767
Depreciation	6.2	20,493	16,830
Ammortisation	8	2,113	1,077
Charity and donation	31.4	2,144	4,608
Provision for Federal Excise Duty		6,863	-
Miscellaneous		8,144	8,160
		190,279	142,709

31.1 This includes Rs. 7.738 million (2019: Rs. 4.132 million) against staff retirement benefits.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

	2020	2019
	(Rupees in '000)	
31.2 Auditor's remuneration		
Audit Services		
Audit fee	1,748	1,081
Half yearly review fee	300	300
Out of pocket expenses	137	137
	2,185	1,518
Fee for review of compliance with Code of Corporate Governance	50	50
Certifications for regulatory purposes	50	50
	2,285	1,618
31.3 Ijarah payments		
Total of future Ijarah payments under the agreement are as follows:		
Not later than one year	27,814	14,534
Later than one year but not later than five years	37,605	24,286
	65,419	38,820
31.4 Charity and Donations		
31.4.1 Donation to the following organization exceeds 10% of the total amount of donation made or Rs. 1 million whichever is higher.		
Bait-us-Salam trust	-	2,600
31.4.2 None of the donations were made to any donee in which a director or his spouse had any interest at any time during the year.		
32 OTHER INCOME	2020	2019
	(Rupees in '000)	
Gain on disposal of fixed assets	76,892	367
Grant Income	370	-
Scrap sales	167	186
	77,429	553
33 OTHER OPERATING EXPENSES		
Exchange loss	249,960	120,271
Workers' Profit Participation Fund	-	22,726
Other Expenses	10,863	-
Rebate Income	(2,700)	-
	258,123	142,997

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

	Note	2020	2019
		(Rupees in '000)	
34 FINANCE INCOME / (COST) - NET			
Finance income:			
Income from PLS Savings account		11,490	17,081
Income from defence savings certificates and term deposit- Islamic		977	3,938
		12,467	21,019
Finance costs:			
Mark-up on short term borrowings		(746,828)	(162,260)
Mark-up on sponsor's loan		(294,561)	-
Mark-up on WPPF		-	(4,518)
Mark-up on long-term financing		(1,925,438)	(4,572)
Mark-up on lease liability		(6,279)	-
Bank charges and commission		(17,911)	(5,716)
		(2,991,017)	(177,066)
		(2,978,550)	(156,047)
35 TAXATION			
Current - for the year	35.1	-	-
- Prior year		-	-
Deferred		(343,032)	(994,502)
		(343,032)	(994,502)
Relationship between income tax expense and accounting profit			
Loss before taxation		(3,959,484)	(412,396)
Tax at the enacted tax rate 29% (2019: 29%)			-
Adjustment of tax admissible / inadmissible expenses		(855,307)	-
Minimum tax @ 1.5% (2019 : 1.25%)		85,469	48,231
Tax credit u/s 65B reversal / (Booked)		562,969	(863,994)
Deferred tax on minimum tax		(85,469)	(102,521)
Prior year tax		-	-
Effect of change in tax rate		-	70,624
Others		(50,694)	(146,842)
		(343,032)	(994,502)
35.1 Tax liability for tax year 2019 was based on minimum tax.			
35.2 The tax returns have been filed up to tax year 2019 (corresponding to financial year ended 30 June 2019) which are deemed to be assessed under section 120 of the Income Tax Ordinance, 2001 (Ordinance).			
35.3 During the period commercial production of the Company's "Cement Production & Dispatch" project started – the project was financed through equity proceeds and is hence entitled for a tax credit under section 65 E of the Income Tax Ordinance, 2001 for a period of five years. However, due to the availability of sufficient tax credit booked last year, no tax asset/ income (in respect of tax credit available u/s 65 E) has been recorded in the books of accounts in this period.			

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

35.4 For contingencies relating to taxation, please refer note 27.1

36	(LOSS) / EARNINGS PER SHARE - BASIC	Note	2020 (Rupees in '000)	2019
	(Loss) / Profit after taxation		(3,616,452)	582,106
	Weighted average number of ordinary shares		1,063,414,434	1,063,414,434
	(Loss) / Earnings per share in rupee - basic	36.1	(3.40)	0.55

36.1 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.

37 OPERATING SEGMENTS

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

37.2 Revenue from sale of cement represents 100% (2019: 100%) of the total revenue of the Company.

37.3 89.1% (2019: 99.1%) sales of the Company relates to customers in Pakistan.

37.4 All non-current assets of the Company as at 30 June 2020 are located in Pakistan.

37.5 Geographical information

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

	Note	2020 (Rupees in '000)	2019
Domestic sales		5,917,648	5,656,234
Export sales		709,974	53,348
	28	6,627,622	5,709,582
Region wise export sales are as under:			
Madagascar		419,402	34,434
KEPZ		3,537	13,705
Srilanka		4,783	2,254
Somalia		250,183	-
Seychelles		32,069	2,955
		709,974	53,348

37.6 The Company has 82.5 Million (2019: Nil) outstanding trade debts in respect of export sales at the reporting date.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

38 FINANCIAL INSTRUMENTS AND RELATED DISCLOSURE

Financial risk management

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

- Credit Risk
- Liquidity Risk
- Market Risk

Risk management framework

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

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

38.1 Credit risk

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

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

	2020 (Rupees in '000)	2019
--	--------------------------	------

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

Long-term deposits	24,159	19,635
Trade debts	418,745	386,499
Advances and other receivables	749,458	831,482
Trade deposits	9,614	6,257
Bank balances	338,558	623,866
	1,540,534	1,867,739

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

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

	2020 (Rupees in '000)	2019
Domestic (Pakistan)	336,225	386,499
Exports	82,520	-
	418,745	386,499

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

	2020 (Rupees in '000)	2019
Dealers / distributors	166,978	184,732
End-user customers / exports	251,767	201,767
	418,745	386,499

38.1.3 Impairment losses

The aging of trade debtors at the reporting date was:

	2020		2019	
	Gross ----- (Rupees in '000) -----	Impairment	Gross	Impairment
Not past due	279,762	12,670	169,787	4,652
Past due 1-60 days	18,434	787	72,623	868
Past due 61 days-1 year	131,485	12,398	75,034	4,032
More than one year	81,036	66,117	93,768	15,161
	510,717	91,972	411,212	24,713

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

38.1.5 Credit Ratings

Details of the credit ratings of bank balances as at 30 June 2020 are as follows:

	Rating		Rating Agency	2020	2019
	Short-term	Long-term		(Rupees in '000)	
Allied Bank Limited	A-1+	AAA	PACRA	2,473	28,645
Al Baraka Bank Limited	A-1	A	PACRA	1,543	1,518
Askari Bank Limited	A-1+	AA+	PACRA	20,803	13,797
Bank Alfalah Limited	A-1+	AA+	PACRA	2,344	267
Bank Al-Habib Limited	A-1+	AA+	PACRA	4,573	10,906
Bank Islami Pakistan Limited	A-1	A+	PACRA	24,498	1,335
Bank of Khyber	A-1	A	PACRA	62,860	1,441
Bank of Punjab	A-1+	AA	PACRA	10,301	128
Dubai Islamic Bank Pakistan Limited	A-1+	AA	JCR-VIS	6,590	2,488
Faysal Bank Limited	A-1+	AA	PACRA	31,174	95
Habib Bank Limited	A-1+	AAA	JCR-VIS	5,684	1,768
Habib Metropolitan Bank Limited	A-1+	AA+	PACRA	1,827	2,184
JS Bank Limited	A-1+	AA-	PACRA	100	-
National Bank of Pakistan	A-1+	AAA	JCR-VIS	183,912	574,439
Samba Bank Limited	A-1	AA	JCR-VIS	1,000	
Summit Bank Limited	A-3	BBB-	JCR-VIS	2,112	9,598
Soneri Bank Limited	A-1+	AA-	PACRA	8	8
United Bank Limited	A-1+	AAA	JCR-VIS	4,653	3,148
				366,457	651,765

Concentration of credit risk

Concentrations arise when a number of counterparties are engaged in similar business activities, or activities in the same geographical region, or have economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the Company's performance to developments affecting a particular industry. In order to avoid excessive concentrations of risk, management focus on the maintenance of a diversified portfolio. Identified concentrations of credit risks are controlled and managed accordingly. Management does not consider that it has any concentration of credit risk at reporting date.

38.2 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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

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

	2020					
	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	17,959,095	(24,333,467)	(1,451,480)	(2,281,520)	(20,600,467)	-
Accrued mark-up	1,777,146	(1,777,146)	(1,777,146)	-	-	-
Short term borrowings	8,321,808	(8,321,808)	(8,321,808)	-	-	-
Lease liabilities	52,804	(72,743)	(7,655)	(7,655)	(57,433)	-
Trade and other payables	5,547,018	(5,547,018)	(1,913,708)	(3,633,310)	-	-
	33,657,871	(40,052,182)	(13,471,797)	(5,922,485)	(20,657,900)	-

	2019					
	Carrying amount	Contractual cash flows	Six months or less	Six to twelve months	One to five years	More than five years
	(Rupees in '000)					
Non-derivative liabilities						
Long term financing	18,135,089	(31,497,798)	(1,242,077)	(1,550,371)	(23,581,083)	(5,124,267)
Accrued mark-up	1,153,972	(1,153,972)	(1,153,972)	-	-	-
Short term borrowings	4,904,444	(4,904,444)	(4,904,444)	-	-	-
Trade and other payables	3,405,726	(3,405,726)	(767,233)	(2,638,493)	-	-
	27,599,231	(40,961,940)	(8,067,726)	(4,188,864)	(23,581,083)	(5,124,267)

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 2020.

38.3 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.

Exposure to currency risk

The Company is exposed to currency risk on export sales and import purchases in a currency other than Rupees. Further, the Company regularly avails foreign currency loans which also exposes it to the currency risk. However the Company has hedged its foreign currency exposure by entering into cross currency swap.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

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

	2020			2019		
	(Rupees in '000)	(US Dollars in'000)	(EUR in'000)	(Rupees in '000)	(US Dollars in'000)	(EUR in'000)
Bills payable	(3,246,625)	(19,279)	-	(584,730)	(3,555)	-
Foreign currency loan - denominated in EUR	(1,853,302)	-	(11,357)	(1,853,302)	-	(11,357)
- denominated in USD	(3,716,915)	(26,501)	-	(3,716,915)	(26,501)	-
Gross exposure	(8,816,842)	(45,780)	(11,357)	(6,154,947)	(30,056)	(11,357)

The Company's exposure relating to Bills payable will be settled at the rate prevailing at the settlement date for which there is no forward cover. However, the Company has hedged its foreign currency exposure on foreign currency loan by entering into cross currency swap and any changes in exchange rate thereon will have no effect on profit or loss or equity.

	Average rates		Reporting date rate	
	2020	2019	2020	2019
	(Rupees in '000)		(Rupees in '000)	
US Dollars	162.68	141.73	168.40	164.50
EURO	183.00	162.55	188.00	186.99

Sensitivity analysis

A ten percent strengthening or weakening of the Rupee against USD as at the year end would have increased or decreased the equity and profit or loss by an amount shown in the table below. This analysis assumes that all other variables, in particular the interest rates, remain constant. The analysis is performed on the same basis for 2019.

	2020	2019
	(Rupees in '000)	
Effect on profit or loss on 10% weakening of Rupee	(324,663)	(58,480)
Effect on profit or loss on 10% strengthening of Rupee	324,663	58,480

b) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The interest rate exposure arises from long term loan, bank balances, lease liability, short term running finance and long term loan. Other risk management procedures are same as those mentioned in the credit risk management.

At the reporting date the interest rate profile of the Company's interest-bearing financial instruments were as follows:

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

Carrying amount

2020 2019
(Rupees in '000)

Fixed rate instruments

Financial assets

- Term deposits

Variable rate instruments

Financial assets

- Bank balances

Financial liabilities

- Short term borrowings

- Long term financing

	35,999	29,899
	102,415	295,134
	8,321,808	4,904,444
	17,959,095	18,135,089
	26,280,903	23,039,533

Fair value sensitivity analysis for fixed rate instruments

The Company does not account for any fixed rate financial assets and liabilities at fair value through profit and loss. Therefore, a change in interest rates at the reporting date would not affect the statement of profit or loss.

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at the reporting date would have net decreased the profit or loss of the Company as at 30 June 2020 by Rs. 262.28 million (2019: Rs. 230.039 million). This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

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

	30 June 2020				
	Mark-up / return (%)	less than 6 month	6 months to 1 year	More than 1 year	Total
	----- (Rupees in '000) -----				
Assets					
- Term deposits	6.5% - 12%	8,100	27,899	-	35,999
- Bank balances	6.5% - 12.5%	102,415	-	-	102,415
Total assets		110,515	27,899	-	138,414
Liabilities					
Short term borrowings	8.92% to 14.5%	8,321,808	-	-	8,321,808
Long term loan	8.45% - 13.01%	1,451,480	195,441	16,312,174	17,959,095
Total liabilities		9,773,288	195,441	16,312,174	26,280,903
Gap		(9,662,773)	(167,542)	(16,312,174)	(26,142,489)
Total interest risk sensitivity gap		(9,662,773)	(9,830,315)	(26,142,489)	(26,142,489)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

30 June 2019

	Mark-up / return (%)	30 June 2019			Total
		less than 6 month	6 months to 1 year	More than 1 year	
		----- (Rupees in '000) -----			
Assets					
- Term deposits	6% - 11.5%	2,000	27,899	-	29,899
- Bank balances	6.5% - 12.5%	295,134	-	-	295,134
Total assets		297,134	27,899	-	325,033
Liabilities					
Short term borrowings	8.92% to 14.5%	4,904,444	-	-	4,904,444
Long term financing	8.45% - 13.01%	87,998	87,997	17,959,094	18,135,089
Total liabilities		4,992,442	87,998	17,959,094	23,039,533
Gap		(4,695,308)	(60,099)	(17,959,094)	(22,714,500)
Total interest risk sensitivity gap		(4,695,308)	(4,755,406)	(22,714,500)	(22,714,500)

Reconciliation of movements of liabilities to cash flows arising from financing activities

	2020				
	Short term borrowings used for cash management purpose	Long term Borrowings	Hedging Reserve	Accumulated Profit / (Loss)	Total
	----- (Rupees in '000) -----				
Balance as at 1 July 2019	5,017,786	19,190,726	351,081	482,011	25,041,604
Changes from financing cash flows					
Repayment of long term loan	-	(175,994)	-	-	(175,994)
Loan from related parties	-	1,922,099	-	-	1,922,099
Dividend paid	-	-	-	-	-
Total changes from financing activities	-	1,746,105	-	-	1,746,105
Other changes - interest cost					
Interest expense	1,065,579	1,925,438	-	-	2,991,017
Interest paid	(753,458)	(2,541,465)	-	-	(3,294,923)
Capitalized borrowing cost	168,888	945,203	-	-	1,114,091
Changes in short term borrowings	3,215,345	-	-	-	3,215,345
Total loan related other changes	3,696,354	329,176	-	-	4,025,530
Total equity related other changes	-	-	96,643	(3,611,892)	(3,515,249)
Balance as at 30 June 2020	8,714,140	21,266,007	447,724	(3,129,881)	27,297,990

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

	2019				Total
	Short term borrowings used for cash management purpose	Long term Borrowings	Hedging Reserve	Accumulated Profit / (Loss)	
	----- (Rupees in '000) -----				
Balance as at 1 July 2018	1,034,501	9,817,896	-	(98,176)	10,754,221
Changes from financing cash flows					
Repayment of long term loan	-	(110,000)	-	-	(110,000)
Proceeds from long term loan	-	8,675,089	-	-	8,675,089
Dividend paid	-	-	-	-	-
Total changes from financing activities	-	8,565,089	-	-	8,565,089
Other changes - interest cost					
Interest expense	162,260	4,572	-	-	166,832
Interest paid	(216,505)	(858,831)	-	-	(1,075,336)
Capitalized borrowing cost	165,976	1,662,000	-	-	1,827,976
Changes in short term borrowings	3,871,554	-	-	-	3,871,554
Total loan related other changes	3,983,285	807,741	-	-	4,791,026
Total equity related other changes	-	-	351,081	580,187	931,268
Balance as at 30 June 2019	5,017,786	19,190,726	351,081	482,011	25,041,604

38.4 Hedging activities and derivatives

The Company uses foreign currency denominated borrowings to manage some of its transactions exposures. These include cross currency swaps which are designated as cash flow hedge and are dealt in accordance with IFRS 9 "Financial Instruments". Such derivatives qualify for hedge accounting (note 5.16.5).

Cash flow hedges

During the year, the Company had held cross currency swaps with commercial banks, designated as cash flow hedges of expected future principal repayments of loan from foreign lenders. The cross currency swaps were being used to hedge the currency risk in respect of long-term financing as stated in notes 19.1.2 to these financial statements.

38.5 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 (refer note 3.4.1). 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.

38.6 Other price risks

At present the company is not exposed to any other price risks

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

39 FAIR VALUE OF FINANCIAL INSTRUMENTS

39.1 Fair value is the amount for which an asset could be exchanged, or liability settled, between knowledgeable willing parties in an arm's length transaction. Consequently, differences can arise between carrying values and the fair value estimates.

Underlying the definition of fair value is the presumption that the Company is a going concern without any intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

International Financial Reporting Standard (IFRS) 7, 'Financial Instruments: Disclosures' requires the Company to classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
- Level 3: Inputs for the assets or liability that are not based on observable market data (i.e. unobservable inputs).

As at 30 June 2020 and 30 June 2019, there were no financial instruments which were measured at fair values in the financial statements.

39.2 Measurement of fair values

The following table shows the carrying amounts and the fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy for financial instruments measured at fair value. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

	2020			2020			
	Amortized cost	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
	----- (Rupees in '000) -----						
Financial assets not measured at fair value							
Defence saving certificates	15,077	-	15,077				
Long term deposits	24,159	-	24,159				
Trade debts	418,745	-	418,745				
Advances and other receivables	2,641,148	-	2,641,148				
Trade deposits	9,614	-	9,614				
Short term investment	27,899	-	27,899				
Cash and bank balances	339,436	-	339,436				
	<u>3,476,078</u>	-	<u>3,476,078</u>				
Financial liabilities not measured at fair value							
Long-term financing	-	17,959,095	17,959,095				
Current portion of long term financing	-	1,646,921	1,646,921				
Loan from previous sponsors	-	735	735				
Trade and other payables	-	5,547,018	5,547,018				
Unclaimed Dividend	-	126	126				
Mark-up accrued	-	1,777,146	1,777,146				
Lease liability	-	45,032	45,032				
Current portion of Lease liability	-	7,772	7,772				
Short-term borrowings	-	8,321,808	8,321,808				
	-	<u>35,305,653</u>	<u>35,305,653</u>				

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

	2019			Fair value			
	Amortized cost	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
	----- (Rupees in '000) -----						
Financial assets not measured at fair value							
Defence saving certificates	14,100	-	14,100				
Long term deposits	19,635	-	19,635				
Trade debts	386,499	-	386,499				
Advances and other receivables	3,397,779	-	3,397,779				
Trade deposits	6,257	-	6,257				
Short term investment	27,899	-	27,899				
Cash and bank balances	624,641	-	624,641				
	<u>4,476,810</u>	<u>-</u>	<u>4,476,810</u>				
Financial liabilities not measured at fair value							
Long-term financing	-	18,135,089	18,135,089				
Current portion of long term financing	-	175,995	175,995				
Loan from previous sponsors	-	735	735				
Trade and other payables	-	3,405,726	3,405,726				
Unclaimed Dividend	-	126	126				
Mark-up accrued	-	1,153,972	1,153,972				
Short-term borrowings	-	4,904,444	4,904,444				
	<u>-</u>	<u>27,776,087</u>	<u>27,776,087</u>				

39.3 These financial assets and liabilities are for short term or repriced over short term. Therefore their carrying amounts are reasonable approximation of fair value. For long term deposit and long term financing, management consider that their carrying values approximates fair value owing to credit standing of counterparties and interest payable on borrowings are market rates.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

	Note	Year ended	
		2020	2019
40 CASH GENERATED FROM OPERATIONS		(Rupees in '000)	
Loss before taxation		(3,959,484)	(412,396)
Adjustment for:			
Depreciation and amortization		138,395	151,188
Finance cost on short term borrowings		1,065,579	172,494
Finance cost on long term loan		1,925,438	4,572
Exchange loss and other expenses		258,123	120,271
Gain on disposal of fixed assets		(76,892)	(367)
Grant Income		(370)	-
Finance Income		(12,467)	(21,019)
Impairment loss on trade debt		67,259	6,033
Provision for gratuity		44,578	29,371
		3,409,643	462,543
Operating profit before working capital changes		(549,841)	50,147
(Increase) / Decrease in current assets			
Stores, spares and loose tools		(481,994)	135,224
Stock-in-trade		(133,967)	(301,276)
Trade debts		(99,504)	57,333
Advances and other receivables		882,779	(202,498)
Trade deposits		(37,312)	550
		130,002	(310,667)
Increase / (Decrease) in trade and other payables		2,032,993	(418,704)
Cash generated from / (used in) operations		1,613,154	(679,224)
41 CASH AND CASH EQUIVALENTS			
Cash and bank balances		339,436	624,641
Short term borrowings		(1,221,808)	(796,444)
		(882,372)	(171,803)
42 ANNUAL PRODUCTION CAPACITY			
Installed Clinker capacity (M.Tons)	42.1	2,151,250	900,000
Installed Cement capacity (M.Tons)		2,258,813	945,000
Actual Clinker production (M.Tons)		954,691	604,464
Actual Cement production (M.Tons)	42.2	733,684	581,511

42.1 During the year trial run of new clinker plant with the rated capacity of 7,700 TPD was started which enhanced total capacity to 10,700 TPD.

42.2 Clinker production capacity utilization is 44.38% (2019: 67.16%) of total installed capacity.

42.3 Cement production capacity utilization is 32.48% (2019: 61.54%) of total installed capacity. Actual production is less than

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

the installed capacity due to planned maintenance and shutdown.

43 TRANSACTIONS AND BALANCES WITH RELATED PARTIES

The related parties comprise of associated undertakings, other related group companies and persons, major shareholders, directors of the Company, staff retirement benefit fund and key management personnel. The Company carries out transactions with various related parties in the normal course of business and all the transactions with related parties have been carried out in accordance with agreed terms.

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company. The Company considers its Chief Executive Officer, Chief Financial Officer, Company Secretary, Non-Executive Directors and departmental heads to be its key management personnel. There are no transactions with key management personnel other than their terms of employment / entitlement.

Amounts due to related parties are shown under respective note to the financial statement. Details of transactions / balances with related parties other than those disclosed elsewhere in the financial statements are as follows:

Name of the related party	Relationship and percentage shareholding	Transactions	2020	2019
			----- (Rupees in'000) -----	
Aisha Steel Mills Limited	Associated company by virtue of common directorship	- Sale of goods	163	110
		- Payment received	483	333
		- Trade receivable / (Advance from customer)	(265)	55
Safe Mix Concrete Limited	Associated company by virtue of common directorship	- Sale of goods	29,361	287,582
		- Payment received	73,422	364,082
		- Trade receivable	40,561	84,622
Javedan Corporation Limited	Associated company by virtue of common directorship	- Sale of goods	47,697	44,741
		- Payment received	33,000	64,190
		- Trade receivable	26,128	11,431
		- Other receivable	39	39
Rotocast Engineering Company (Private) Limited	Associated company by virtue of common directorship	- Services received	13,442	11,635
		- Lease rental	13,718	6,619
		- Payments made	30,009	17,895
		- Amount payable against services received	(2,022)	826
Arif Habib Corporation Limited	Associated company by virtue of common directorship	- Loan received	416,000	-
		- Loan repaid	416,000	-
		- Mark-up accrued	14,442	-
		- Mark-up paid	14,442	-
		- Guarantee commission accrued	1,658	896
		- Guarantee commission paid	1,633	474
		- Guarantee commission payable	446	421
Arif Habib Equity (Private) Limited	Associated company by virtue of common directorship	- Loan received	416,000	1,853,343
		- Loan paid	416,000	-
		- Mark-up accrued-STF	4,957	-
		- Mark-up accrued-LTF	348,645	76,033
		- Mark-up paid-LTF	262,580	-
		- Loan payable (including mark-up)	2,020,397	1,929,375
Mr. Arif Habib	Substantial shareholder	- Funds Received	4,042,853	-
		- Repayments Made	1,597,000	-
		- Mark-up accrued	294,561	-
		- Mark-up paid	20,000	-
		- Loan payable	1,922,099	-
		- Mark-up payable	274,561	-
EFU Life Assurance Limited	Associated company by virtue of common directorship	- Advance against preference shares	523,754	-
		- Services received	4,141	4,016
		- Payments made	4,141	4,016
Fatima Packaging Limited	Associated company by virtue of common directorship	- Insurance payable	-	-
		- Purchase of goods	192,174	52,207
		- Payments made	136,230	41,010
		- Amount payable	67,141	11,197

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

Name of the related party	Relationship and percentage shareholding	Transactions	2020	2019
			----- (Rupees in'000) -----	
FLSmith A/S	Related party by virtue of nominee director	- Plant and machinery acquired		2,239,095
		- Services received	689,000	509,715
		- Payments made		2,239,095
		- Amount payable	973,704	320,955
All members of Company's Management Team	Key management	- Remuneration and other benefits	230,049	54,797
		- Advances disbursed to employees	8,431	3,441
		- Advances repaid by employees	9,419	4,015
Staff retirement benefit fund	Other related party	- Charge during the year	44,578	25,953
		- Contribution during the year	49,999	13,470

43.1 Following are the related parties with whom the Company had entered into transactions during the year

S.No.	Name of Related Party	Relationship	Direct Shareholding %
1	Aisha Steel Mills Limited	Associated Company(Common directorship)	Nil
2	Safe Mix Concrete Limited	Associated Company(Common directorship)	Nil
3	Javedan Corporation Limited	Associated Company(Common directorship)	Nil
4	Rotocast Engineering Company (Private) Limited	Associated Company(Common directorship)	Nil
5	Mr. Arif Habib	Sponsor / Substantial Shareholder	21.41%
5	Arif Habib Corporation Limited	Associated Company(Common directorship)	10.42%
6	Arif Habib Equity (Private) Limited	Associated Company(Common directorship)	19.54%
7	EFU Life Assurance Limited	Associated Company(Common directorship)	Nil
8	FLSmith A/S	Related Party (Nominee director)	2.27%
9	Fatima Packaging Limited	Associated Company(Common directorship)	Nil

43.2 Outstanding balances with related parties have been separately disclosed in trade debts, other receivables and trade and other payables respectively. These are settled in ordinary course of business.

43.3 REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

	2020			2019		
	Chief Executive	Directors	Executives	Chief Executive	Directors	Executives
	----- (Rupees in '000) -----					
Managerial remuneration	8,129	-	192,108	-	-	139,422
Retirement benefits	-	-	15,581	-	-	11,619
Directors' fees		350				
	8,129	350	207,689	-	-	151,041
	----- (Number) -----					
Number of key executives	1	6	64	1	6	43
Number of non-executive directors	-	6	-	-	6	-

The Executives are provided with Company cars and the relevant operating expenses are borne by the Company to the extent of their entitlement.

Executive means an employee of a listed company other than the chief executive and directors whose basic salary exceeds

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2020

Rs. 1.2 million in a financial year. The certain executives of the Company are provided with free use of cars.

43.4 The fees paid to non-executive director during the year was Rs. Nil (2019: Nil)

44 NUMBER OF EMPLOYEES

The detail of number of employees are as follows:

	2020	2019
	(Rupees in '000)	
Number of employees as at 30 June		
- factory	419	294
- office	74	66
	493	360
Average number of employees during the year		
- factory	318	294
- office	67	69
	385	363

45 SUBSEQUENT EVENTS

45.1 Subsequent to the balance sheet date, Company issued 244,585,320 Perpetual, Cumulative and Convertible Preference Shares @ 23% issued at par value and after completing the necessary formalities the shares were issued on September 17, 2020.

45.2 Subsequent to the year end, senior lenders of the Company have revised the terms of the existing Syndicate Finance Facility (STFF) of Rs. 16 billion to include, inter alia, the following:

- i) Downward revision of profit of STFF to 1.5% from 2.25% per annum.
- ii) Enhancement of grace period for principal repayments of STFF from January 2021 to July 2022.

46 CORRESPONDING FIGURES

Corresponding figures have been rearranged or reclassified, wherenecessary, to facilitate comparison. No significant rearrangement or reclassification have been made in these financials statements.

47 DATE OF AUTHORIZATION FOR ISSUE

These financial information has been authorized for issue on 05 October 2020 by the Board of Directors.



Chief Financial Officer



Chief Executive Officer



Director

Pattern of Shareholding

As at June 30, 2020

No. of Shareholders	Shareholdings		Total Shares Held
	From	To	
731	1	100	19,029
3009	101	1000	2,158,517
3908	1001	5000	11,785,281
1585	5001	10000	12,804,287
2243	10001	50000	54,391,240
418	50001	100000	31,483,835
226	100001	200000	33,288,389
119	200001	500000	37,082,243
46	500001	1000000	33,117,902
16	1000001	2000000	25,224,684
11	2000001	5000000	30,089,563
10	5000001	50000000	186,105,405
3	50000001	220000000	378,145,059
1	220000001	227719000	227,719,000
12,326			1,063,414,434

Pattern of Shareholding

As at June 30, 2020

Shareholders' Category	No. of shareholders	No. of Shares Held	Percentage %
Directors, Chief Executive Officer, and Their Spouse And Minor Children	7	65,193,795	6.13
Associated Companies, Undertaking And Related Parties.	3	546,301,212	51.37
NIT and ICP	1	607	0.00
Banks Development Financial Institutions, Non Banking Financial Institutions.	58	30,913,527	2.91
Insurance Companies	4	2,034,438	0.19
Foreign	475	118,482,173	11.14
Modarabas and Mutual Funds	13	7,333,113	0.69
General Public Local	11,722	261,118,722	24.55
Others	43	32,036,847	3.02
	12,326	1,063,414,434	100

Pattern of Shareholding

As at June 30, 2020

	Number of Shares held	Percentage %
Directors, Chief Executive Officer, and their Spouse and Minor children		
Syed Salman Rashid	59,562,847	5.60
Rehana Salman	3,000,000	0.28
Muhammad Kashif Habib	2,623,082	0.25
Nasim Beg	5,243	0.00
Abdus Samad	2,621	0.00
Javed Kureishi	1	0.00
Saira Nasir	1	0.00
	65,193,795	6.13
Associated Companies, Undertaking And Related Parties.		
Mr. Arif Habib	227,719,000	21.41
Arif Habib Equity (Pvt) Ltd	207,778,060	19.54
Arif Habib Corporation Limited	110,804,152	10.42
	546,301,212	51.37
NIT and ICP		
M/s. Investment Corporation of Pakistan (ICP)	607	0.00
	607	0.00

Pattern of Shareholding As at June 30, 2020

	Number of Shares held	Percentage %
Banks, Development Financial Institutions and Non Banking Financial Institutions		
Summit Bank Limited	18,870,416	1.77
Ghani Osman Securities (Private) Limited	2,500,000	0.24
First Choice Securities Limited	2,025,000	0.19
J. P. Morgan Securities Llc	1,850,000	0.17
Trust Securities & Brokerage Limited	850,000	0.08
Mohammad Munir Mohammad Ahmed Khanani Securities Limited	668,000	0.06
Ample Securities (Private) Limited	550,000	0.05
Pearl Securities Limited	510,500	0.05
Motiwala Securities (Private) Limited	500,000	0.05
Multiline Securities (Pvt) Limited - Mf	350,000	0.03
Saao Capital (Pvt) Limited	218,177	0.02
Trust Securities & Brokerage Limited - Mf	218,000	0.02
Aba Ali Habib Securities (Pvt) Limited - Mf	200,000	0.02
Mra Securities Limited - Mf	172,000	0.02
Askari Securities Limited - Mf	134,500	0.01
Capital Financial Services (Pvt.) Limited	115,677	0.01
Zahid Latif Khan Securities (Pvt) Ltd.	110,000	0.01
Mohammad Munir Mohammad Ahmed Khanani Securities Ltd. - Mf	103,000	0.01
Aba Ali Habib Securities (Pvt) Limited	102,500	0.01
H M Investments (Pvt) Limited	100,232	0.01
Sherman Securities (Private) Limited	100,000	0.01
B & B Securities (Private) Limited	94,000	0.01
Shaffi Securities (Pvt) Limited	71,152	0.01
Jsk Securities Limited	60,000	0.01
Zafar Securities (Pvt) Ltd.	40,637	0.00
Cma Securities (Pvt) Limited	40,000	0.00
Amanah Investments Limited	37,500	0.00
Hh Misbah Securities (Private) Limited	35,000	0.00
Gph Securities (Pvt.) Ltd.	35,000	0.00
Darson Securities (Pvt.) Limited - Mf	32,500	0.00
Pasha Securities (Pvt) Ltd.	25,000	0.00
Asda Securities (Pvt.) Ltd.	25,000	0.00
Salim Sozer Securities (Pvt.) Ltd.	20,702	0.00
Islamic Investment Bank Limited	20,203	0.00
Intermarket Securities Limited - Mf	20,000	0.00
Bawa Securities (Pvt) Ltd. - Mf	20,000	0.00
Dr. Arslan Razaque Securities (Pvt.) Limited	19,500	0.00
Saao Capital (Pvt) Limited	15,000	0.00
Bawany Securities (Private) Limited	11,000	0.00

Pattern of Shareholding As at June 30, 2020

	Number of Shares held	Percentage %
Mra Securities Limited	10,000	0.00
Rafi Securities (Private) Limited	10,000	0.00
Horizon Securities Limited - Mf	10,000	0.00
Z.A. Ghaffar Securities (Private) Ltd.	3,000	0.00
Escorts Investment Bank Limited	1,000	0.00
Nh Securities (Pvt) Limited.	786	0.00
Prudential Securities Limited	630	0.00
Eleven Stars Securities (Pvt) Ltd	500	0.00
National Bank Of Pakistan	443	0.00
Naeem'S Securities (Pvt) Ltd	277	0.00
Ellahi Capital (Private) Limited	100	0.00
Maple Leaf Capital Limited	1	0.00
Azee Securities (Private) Limited	1	0.00
M/S. Naeem Security (Pvt) Ltd.	3,687	0.00
M/S. Islamic Investment Bank Ltd.	2,020	0.00
National Bank Of Pakistan	611	0.00
M/S. Royal Bank Of Scotland	115	0.00
M/S. Crescent Investment Bank Limited	110	0.00
M/S. Trust Securities & Brokerage Ltd	50	0.00
	30,913,527	2.91
Insurance Companies		
Asia Insurance Company Ltd	1,032,000	0.10
State Life Insurance Corp. Of Pakistan	676,169	0.06
Premier Insurance Limited	320,830	0.03
Dawood Family Takaful Limited	5,439	0.00
	2,034,438	0.19
Modarabas And Mutual Funds		
B.R.R. Guardian Modaraba	3,584,668	0.34
First Equity Modaraba	1,406,286	0.13
Trustee- Treet Cor. Ltd Emp. Provident Fund	850,000	0.08
Trustee- Treet Corporation Ltd. Group Employees Service Fund	550,000	0.05
First Udl Modaraba	479,826	0.05
Trustee- Treet Corporation Limited G.E. Gratuity	200,000	0.02
Cdc - Trustee First Capital Mutual Fund	200,000	0.02
First Alnoor Modaraba	56,000	0.01
First Udl Modaraba Staff Provident Fund	6,176	0.00
M/S. First Interfun Modaraba	122	0.00
M/S. Industrial Capital Modaraba	14	0.00
M/S. Asian Stock Fund Ltd.,	21	0.00
	7,333,113	0.69
Shareholders holding 5 % or more		
Mr. Arif Habib	227,719,000	21.41
Arif Habib Equity (Pvt) Ltd	207,778,060	19.54
Arif Habib Corporation Limited	110,804,152	10.42
Syed Salman Rashid	59,562,847	5.60

Notice of the 29th Annual General Meeting

Notice is hereby given that the 29th Annual General Meeting (AGM) of the shareholders of Power Cement Limited (the Company) will be held on October 27, 2020 via video-link at 01:00 p.m. to transact the following business:

Ordinary Business:

1. To receive, consider and adopt the annual audited financial statements of the Company for the year ended 30 June 2020, together with the Directors' and Auditors' reports thereon.
2. To appoint the auditors for the financial year 2020-21 and to fix their remuneration

Any Other Business:

3. To transact any other business as may be placed before the meeting with the permission of the Chair.

By Order of the Board



Tahir Iqbal
Company Secretary

Karachi: October 06, 2020

Notes:

1. Closure of Share Transfer Books:

The Share Transfer Books of the Company will remain closed from October 22, 2020 to October 27, 2020 (both days inclusive). Transfers received in order at our Share Registrar, M/s. CDC Share Registrar Services Limited, CDC House, 99-B, Block-B, S.M.C.H.S, Main Shahrah-e-Faisal, Karachi, by the close of business on October 21, 2020 will be considered in time for the determination of any entitlement, as recommended by the Board of Directors and attending the meeting.

2. Participation in the AGM Proceeding via the Video Conference Facility

In light of the COVID-19 situation, the Securities and Exchange Commission of Pakistan ("SECP"), in terms of its Circular No. 5 dated March 17, 2020 and Circular No. 25 dated August 31, 2020, has advised companies to modify their usual planning for general meetings for the safety and well-being of the shareholders and the public at large with minimum physical interaction. Accordingly, the AGM proceedings will be held via video-link facility only.

The Members/Proxies interested to participate in the AGM are requested to share below information at Email id: corporate@powercement.com.pk with subject "Registration – 29th AGM of Power Cement Limited" along with valid copy of CNIC (both sides) –

Shareholder Name	Folio/ CDC Number	CNIC Number	Cell Number	Registered Email Address

Video-link and login credentials will be shared with the Members/Proxies whose email containing all the above particulars are received at the given email address on or before October 25, 2020.

The Members can also provide their comments and questions for the agenda items of the AGM on Whatsapp Number: 03332173286 and email id: corporate@powercement.com.pk\

3. Appointment of Proxies and Attending AGM:

- i. 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.
- ii. A blank instrument of proxy (in English and Urdu) is attached in the Annual Report. The form of proxy is also available at the Company's website.
- iii. In order to be effective, the proxy forms must be received at office of our registrar (either hard copy or scanned) 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. The instrument of proxy should be duly signed, stamped and witnessed by two persons with their names, addresses, CNIC numbers and signatures.
- v. Central Depository Company (CDC) account holders are also required to follow the guidelines as laid down in Circular No.1 dated 26 January 2000 issued by the Securities and Exchange Commission of Pakistan (SECP).
- vi. 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 (either hard copy or scanned).

4. Change in Members Addresses:

Members are requested to notify any change in their addresses immediately to the Share Registrar M/s. CDC Share Registrar Services Limited.

5. Submission of copy of CNIC/NTN (mandatory)

Individual members who have not yet submitted photocopy of their valid CNIC to the Company/Share Registrar, are once again requested to send their CNIC (copy) at the earliest directly to the Company's Share Registrar, M/s. CDC Share Registrar Services Limited, CDC House, 99-B, Block-B, S.M.C.H.S, Main Shahrah-e-Faisal, Karachi. Corporate Entities are requested to provide their National Tax Number (NTN). Please also give Folio Number with the copy of CNIC/NTN details.

6. Availability of Financial Statements and Reports on the Website:

In accordance with the provisions of Section 223(7) of the Companies Act, 2017, the audited financial statements of the Company for the year ended June 30, 2020, are available on the Company's website.

7. Circulation of Annual Financial Statements for the year ended June 30, 2020 through CD/DVD/USB:

Pursuant to the approval of shareholders in the 25th Annual General Meeting held on 15 October 2016, the annual report of the Company for the year ended June 30, 2020 is being circulated to the members through CDs.

8. Transmission of Annual Financial Statements and Notice of Meeting through email:

In pursuance to S.R.O.787(I)/2014 dated September 08, 2014, the SECP has permitted companies to circulate annual audited financial statements along with notice of Annual General Meeting to its members through email. Accordingly, members who desire to receive annual financial statements and notices of the Company through email in future (instead of receiving them through CD/DVD/USB) are requested to submit their consent on the form duly filled to the Share Registrar of the Company. The consent form has been uploaded on the Company's website. Any change to such arrangement(s) should be communicated to the Company on standard request form.

9. Deposit of Physical Shares in to CDC Account:

As per Section 72 of the Companies Act, 2017, every listed company shall be required to replace its physical shares with book-entry form in a manner as may be specified and from the date notified by the Commission, within a period not exceeding four years from the commencement of this Act, i.e., May 30, 2017. The Shareholders having physical shareholding are encouraged to open CDC sub-account with any of the brokers or Investor Account directly with CDC to place their physical shares into scrip less form, this will enable them in many ways, including safe custody and sale of shares, any time they want, as the trading of physical shares is not permitted as per existing regulations of the Pakistan Stock Exchange.

اعتراف

کمپنی تمام مستفیدان کے مسلسل اعتماد اور سرپرستی پر ان کی مشکور ہے۔ ہم کاروباری شراکت داروں، بینکاروں اور مالیاتی اداروں کے ہم پر اعتماد اور بھروسے پر ان کے مشکور ہیں اور ان کے لئے ستائش ریکارڈ پر لا رہے ہیں۔ ہم وزارت مالیات، وزارت صنعت و پیداوار، سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان، اسٹیٹ بینک آف پاکستان، کمپنیشن کمیشن آف پاکستان، سینٹرل ڈپازٹری کمپنی آف پاکستان اور پاکستان اسٹاک ایکسچینج کی انتظامہ کے مسلسل تعاون اور رہنمائی پر ان کے مشکور ہیں جس کی وجہ سے کمپنی طویل راستہ طے کر کے موجودہ شکل اختیار کر چکی ہے۔

ادارے کے نتائج میں ان لوگوں کی کوششوں کی وسیع عکاسی ہوتی ہے جو کمپنی کے لئے اور اس کے ساتھ کام کرتے ہیں۔ ڈائریکٹران مکمل طور پر کمپنی کے ملازمین کے اجتماعی تعاون کو تسلیم کرتے ہیں اور توقع کرتے ہیں کہ مقررہ مدت میں پروجیکٹ کی کامیابی تکمیل ہو جائے گی۔ ہم آڈٹ اور دیگر کمیٹیوں کے ممبران کے تعاون اور انتظامیہ کو انتہائی اہم معاملات میں رہنمائی فراہم کرنے پر ان کی قابل قدر معاونت پر ان کے معترف ہیں۔

برائے و منجانب

نسیم بیگ

چیرمین

محمد کاشف حبیب

چیف ایگزیکٹو آفیسر

کراچی: 06 اکتوبر 2020

ساتھ کئے گئے تمام سودوں کی تفصیلات مالیاتی گوشواروں کے منسلک نوٹس میں فراہم کی گئی ہیں۔

سرمایہ کاری پر و جیکٹس - نئے اور جاری

کمپنی نے یکم جولائی 2020 کو اپنے نئے سیمنٹ پلانٹ کے آغاز کا اعلان کیا ہے۔ اس ویسٹ ہیٹ پلانٹ کی تنصیب جون 2020 میں مکمل ہو گئی ہے اور پلانٹ اس وقت 100 فیصد گنجائش پر چل رہا ہے۔

کریڈٹ ریٹنگ

JCR-VIS کریڈٹ ریٹنگ کمپنی لمیٹڈ نے 25 اکتوبر 2019 کو کمپنی کو طویل مدتی ریٹنگ میں "A-" (سنگل A مائنس) اور قلیل مدتی ریٹنگ میں "A-2" (سنگل A ٹو) سے نوازا ہے۔

مستقبل کی پیش بینی

کورونا وائرس کی وباء کے نتیجے میں سیمنٹ کی طلب کو بڑھانے کے لئے تاخیر سے قانونی سازی کی جس میں وزیر اعظم پاکستان نے تعمیراتی شعبہ کے لئے ایک پیکیج کا اعلان کیا۔ حکومت نے کنسٹرکشن انڈسٹری ڈولپمنٹ بورڈ کے قیام کے اعلان کے بعد تعمیراتی شعبہ کو صنعت کا درجہ دیا۔ اگر تعمیراتی پالیسی موثر انداز میں نافذ ہو جائے تو پھر قوم کو حکومت کے 10 لاکھ روزگار کے مواقع فراہم کرنے اور 5 لاکھ گھر تعمیر کرنے کے وعدے کو پورا کرنے میں قابل ذکر کردار ادا کرے گی۔

کونکریٹ اور تیل کی قیمتیں توقع ہے کہ مستقبل قریب میں وباء کی مدت کے دوران زیریں سطح پر رہیں گی۔ اس کے ساتھ ساتھ شرح سود کے بیچ مارک کی 8 فیصد کی زیریں شرح اور 3 فیصد کے حساب سے ایکسپورٹ ریفرنس کی دستیابی سے توقع ہے کہ مالیاتی لاگت میں قابل ذکر ریلیف ملے گا۔

طویل سے وسط مدت میں خصوصی معاشی زونز اور ملکی پروڈیکٹس جیسے دیا میر بھاشا ڈیم اور مہمند ڈیم کے افتتاح سے توقع ہے کہ سیمنٹ کی طلب بڑھانے کے بڑے محرکات ہوں گے۔

انتظامیہ ضابطوں کے نظام اور مارکیٹ کی صورتحال میں تبدیلیوں سے مکمل طور پر ہم آہنگ ہے۔ کوششیں کی جا رہی ہیں کہ لاگتوں میں جہاں تک ممکن ہو کی جائے اور مصنوعات کے سستے مرکب کو تیار کیا جائے تاکہ منافع میں اضافہ ہو، مارکیٹ کے خطروں کو کم جاسکے، مستقبل کے چیلنجز کو پورا کیا جاسکے اور کاروباری نمو کو برقرار رکھا جاسکے۔

اندرونی مالیاتی گرفتوں کی موزونیت

بورڈ آف ڈائریکٹرز نے اندرونی مالیاتی گرفتوں کا ایک مستعد نظام قائم کیا ہے جو کہ آپریشنز میں استعداد اور موثر طرز عمل، کمپنی کے اثاثوں کے تحفظ، لاگو قوانین و ضوابط کی پاسداری اور قابل اعتماد مالیاتی رپورٹنگ کو یقینی بناتا ہے۔ کمپنی کا آزاد اندرونی آڈٹ کا شعبہ ہے جو کہ باقاعدگی سے مالیاتی گرفتوں کے نفاذ کی نگرانی اور آگاہی فراہم کرتا ہے جبکہ آڈٹ کمیٹی اندرونی گرفت کے نظام اور مالیاتی گوشواروں کی اثر پذیری کا جائزہ لیتی ہے۔

حصص داری کی ساخت

کمپنی کے عمومی حصص پاکستان اسٹاک ایکسچینج میں لسٹڈ ہیں۔ 30 جون 2020 کو کمپنی کے 1,063,414,434 (2019 میں 1,063,414,434) عمومی حصص دار تھے۔ حصص داری کی تفصیلی ساخت اور کمپنی کی حصص داری کی اقسام بشمول ڈائریکٹران اور اعلیٰ انتظامیہ کی حصص داری، اگر کوئی ہے، تو وہ سالانہ رپورٹ میں دیکھی جاسکتی ہے۔

خطرات کا انتظام اور خطرات کو کم کرنے کی حکمت عملی

مخصوص خطرات اور غیر یقینی صورتحال جو کہ کمپنی کی قلیل، درمیانی اور وسط مدتی صلاحیت پر اثر انداز ہوں، وہ درج ذیل ہیں:

i- سیمنٹ تیار کرنے والوں کے مابین گنجائش میں اضافے کی شدید خواہش کی وجہ سے قیمت کے ساتھ ساتھ فروخت میں بلا واسطہ

مسابقت

ii- روپے کی قدر میں مزید کمی کے نتیجے میں کوئلے کی قیمتوں میں اضافہ اور منافع میں کمی

iii- کاروباری اخراجات میں مجموعی تیز ترین اضافہ

تمام خطرات اور غیر یقینی صورتحال جس کا سامنا ہر کاروبار کو ہوتا ہے، اس کیلئے کمپنی نے ایک محتاط اور دوراندیش رسائی نافذ کر رہی ہے۔ کمپنی تمام طویل مدتی اور قلیل مدتی خطرات کو تسلیم کرنے پر توجہ دیتی ہے تاکہ ان پر قابو پایا جاسکے اور ان کو کم سے کم کیا جاسکے۔ ان کی مزید وضاحت مالیاتی رپورٹ کے متعلقہ حصوں میں کی گئی ہے۔

ماحولیات پر کمپنی کے کاروبار کے اثرات

ہمارے نئے تنصیب شدہ ماحول دوست FLSmidth پلانٹ IFC اور ورلڈ بینک کی ضروریات پر پورا اترتا ہے جو کہ پاکستان میں سب سے پہلا جدید آن کوالٹی کنٹرول سسٹم ہے۔ پلانٹ تسلسل کے ساتھ 53 گریڈ سیمنٹ کی اعلیٰ کوالٹی کی پیداوار دے رہا ہے۔

مزید برآں، پلانٹ کی فاضل گرمی اور صنعتی اور بلدیاتی کچرے کے جلنے سے بجلی پیدا کرنے والا ایک ویسٹ ہیٹ ریکوری سسٹم (WHRS) نصب کیا گیا ہے۔

سیمنٹ تیار کرنے والے کاروبار کا بڑا اثر ماحول پر ہوتا ہے جس کا تعلق ذراتی مادوں اور دھول مٹی کے اخراج سے ہے جو کہ کلنکر کے پیداواری عمل کے دوران سانس اور منہ کے ذریعے جس میں داخل ہو جاتے ہیں سے جان لیوا بیماری ”سکلوسس“ پیدا ہوتی ہے۔

کمپنی کے پاس ایک سرگرم اور تعلیم یافتہ عملہ ہے جو کہ SEPA اور SEQs معیارات کی آئینی اور ضابطوں کی پاسداری کو یقینی بناتا ہے۔ کاروبار کے کاروبار سے ماحول پر پڑنے والے اثرات کے لئے متحرک ہونے کے ناطے کمپنی نے دھول مٹی کو ختم کرنے والے آلات و ساز و سامان نصب کئے ہیں جن میں ڈسٹ ساک بونز، بیگ ہاؤسز، ڈسٹ کو کم کرنے کا طریقہ کار، الیکٹرو اسٹیک پریسیسی ٹیٹرز، ذاتی حفاظتی آلات، فضائی آلودگی کو قابو کرنے والا نظام اور RSPM (باریک ذروں کا نظام تنفس میں داخلہ) پر قابو پانے کیلئے کمپنی کی حدود میں رفتار کو محدود کرنے کے آلات اور FRD (فیوگیٹو روڈ ڈسٹ) شامل ہیں۔

کمپنی کے پاس ساؤتھ زون میں ایک انتہائی صاف ستھرے فضائی اخراج کا پلانٹ ہے جس میں آلودگی کو قابو کرنے کے لئے بیگ ہاؤس سسٹم نصب ہے۔ پلانٹ کی گیس اخراج سطح کو اخراجی حدود سے بھی بہتر بنایا جا رہا ہے جس کی اجازت ورلڈ بینک/IFC کے رہنما اصولوں نے دی ہے۔ نئے بیگ فلٹرز جدید یورپین ٹیکنالوجی Eco E3 فلٹریشن سسٹم سے لیس ہے جو کہ موثر انداز میں پائیداری اور

ادارتی سماجی ذمہ داری

سال کے دوران کمپنی نے 2.1 ملین روپے (2019 میں 4.6 ملین روپے) بطور عطیہ مختلف ٹرسٹوں، خیراتی اداروں اور فلاح و بہبود کے اداروں کو تقسیم کئے۔

بعد ازاں واقعات

رپورٹنگ کی تاریخ تک بعد ازاں واقعات میں 244,585,320 دائمی، مجموعی اور قابل تبدیل ترجیحی حصص 23 فیصد کے حساب سے سرپرستوں سے حاصل شدہ مساواتی قدر پر جاری کرنا شامل ہے اور ضروری ضابطوں کی تکمیل کے بعد حصص 17 ستمبر 2020 کو جاری کئے گئے۔

ملحقہ پارٹیوں کے سودے

لسٹنگ ریگولیشنز کے ضابطوں کی پاسداری کرتے ہوئے کمپنی نے تمام ملحقہ پارٹیوں کے سودوں آڈٹ کمیٹی اور بورڈ کے روبرو جائزے اور منظوری کے لئے پیش کئے۔ یہ سودے آڈٹ کمیٹی اور بورڈ کی منظوری کے لئے ان کے متعلقہ اجلاس میں پیش کئے گئے۔ ملحقہ پارٹیوں کے

بورڈ کی کارکردگی کی تشخیص

سال کے دوران بورڈ کی مجموعی کارکردگی مندرجہ بالا اوصاف کی بنیاد پر تسلی بخش رہی۔ بورڈ کے چیئرمین کی مجموعی کارکردگی پر ایک علیحدہ رپورٹ کمپنیز ایکٹ 2017 کی دفعہ 192 کے تحت سالانہ رپورٹ کے ساتھ منسلک کی گئی ہے۔

بورڈ کی کمیٹیاں اور اجلاس

آڈٹ کمیٹی

بورڈ آف ڈائریکٹرز نے ایک آڈٹ کمیٹی تشکیل دی ہے جو کہ تین ممبران پر مشتمل ہے جو تمام نان ایگزیکٹو ڈائریکٹران ہیں اور چیئرمین ایک آزاد ڈائریکٹر ہے۔ آڈٹ کمیٹی کی تشکیل بندی لیکچر (کوڈ آف کارپوریٹ گورننس) ریگولیشنز 2019 کی ضروریات کے مطابق کی گئی ہے۔

جائزہ سال کے دوران آڈٹ کمیٹی کے چار اجلاس ہوئے اور ہر ممبر کی حاضری درج ذیل رہی:

ممبر کا نام	کمیٹی میں عہدہ	حاضر اجلاس کی تعداد
جناب محمد یوسف عادل	چیئرمین (ریٹائرڈ)	1/2
مس سائرہ ناصر	چیئرمین	2/2
جناب نسیم بیگ	ممبر	4/4
جناب سید سلمان راشد	ممبر	2/4

انسانی وسائل اور معاوضہ کمیٹی

بورڈ آف ڈائریکٹرز نے انسانی وسائل اور معاوضہ کمیٹی تشکیل دی ہے جس کے تین ممبران ہیں جن میں ایک نان ایگزیکٹو ڈائریکٹر شامل ہے۔ انسانی وسائل اور معاوضہ کمیٹی کی تشکیل لیکچر (کوڈ آف کارپوریٹ گورننس) 2019 کی ضروریات کے مطابق کی گئی ہے۔

زیر جائزہ سال کے دوران انسانی وسائل اور معاوضہ کمیٹی کا ایک اجلاس ہوا جس میں ہر ممبر کی حاضری درج ذیل رہی:

ممبر کا نام	کمیٹی میں عہدہ	حاضر اجلاس کی تعداد
جناب جاوید قریشی	چیئرمین	1/1
جناب محمد کاشف حبیب	ممبر	1/1
جناب سید سلمان راشد	ممبر	1/1

ڈائریکٹران کے معاوضہ کی پالیسی

کمپنی کے نان ایگزیکٹو ڈائریکٹران کو بورڈ آف ڈائریکٹرز یا بورڈ کی ذیلی کمیٹیوں کے اجلاس میں حاضری کی فیس ادا کی جاتی ہے جس کی منظوری

28 اکتوبر 2019 کے سالانہ اجلاس عام میں لی گئی تھی۔ معاوضہ کی سطح موزوں اور کمپنی کو کامیابی سے چلانے کی ذمہ داری و مہارت کی سطح اور قدر میں اضافے کے مطابق ہوتی ہے۔ سال مختتمہ 30 جون 2020 میں چیف ایگزیکٹو اور ڈائریکٹران کے معاوضہ کو مالیاتی گوشواروں کے نوٹ 39 میں منکشف کیا گیا ہے۔

ڈائریکٹران اور اعلیٰ انتظامی عملے کی کمپنی کے حصص میں خرید و فروخت

مندرجہ بالا تمام متعلقہ افراد کو تحریری نوٹس دیئے گئے جس میں ان سے کہا گیا ہے کہ اگر انہوں نے یا ان کے شریک حیات نے کمپنی کے حصص میں کوئی خرید و فروخت کی ہے تو اس سے مطلع کریں اور ایسے کسی سودے کی انجام دہی کے دودن کے اندر CDC گوشوار، اور حصص کی تعداد، قیمت کا تحریری ریکارڈ فراہم کریں۔ تاہم کسی بھی ایسے اعلیٰ انتظامی عملے نے کمپنی کے حصص میں کوئی خرید و فروخت نہیں جسے سالانہ رپورٹ میں ڈائریکٹران کے مختص خانے میں منکشف کیا جاسکے۔

منافع منقسمہ اور بونس

کمپنی کے طویل مدتی قرضوں کے واجبات کو مدنظر رکھتے ہوئے بورڈ نے سال مختتمہ 30 جون 2020 کے لئے کسی منافع منقسمہ یا بونس حصص کے اجراء کا اعلان نہیں کیا ہے۔

آڈیٹرز کے اعتراضی مشاہدات

بیرونی آڈیٹرز نے اپنی آڈٹ رپورٹ میں کچھ معاملات پر زور دیا ہے جن کی صورتحال درج ذیل ہے:

☆ پہلے معاملہ کا تعلق مخصوص ایکسٹرنل ڈیویڈنڈ کے دعوے سے ہے جس کا فیصلہ ایبیلیٹ ٹریبیونل ان لینڈ ریوینیو (ATIR) نے کمپنی کے حق میں کر دیا ہے۔ ٹیکس ڈپارٹمنٹ نے معزز عدالت عالیہ سندھ میں ATIR کے فیصلے کے خلاف اپیل دائر کر دی ہے۔ کمپنی کو مضبوطی سے یقین ہے کہ SHC معاملہ کا فیصلہ کمپنی کے حق میں کرے گی۔ متعلقہ تفصیلات مالیاتی گوشواروں کے نوٹس میں دی گئی ہیں۔

☆ دوسرے معاملہ کا تعلق کمپنی کے سابقہ حصص یافتگان سے ہے جن سے موجودہ مالکان نے ان کے Shares کو حاصل کر لیا ہے۔ اس معاملہ کا فیصلہ Arbitrator نے کمپنی کے حق میں کر دیا ہے جس کی تقریری شیئر ٹرانسفر ایگریمنٹ کے تحت ہوئی تھی۔ فریق مخالف نے مصالحت کار کے فیصلے پر SHC کے رجسٹرار کے پاس اپنے اعتراضات داخل کر دیئے ہیں۔ تاہم کمپنی کو یقین ہے کہ اس کے نتائج کمپنی کے حق میں آئیں گے۔ متعلقہ تفصیلات مالیاتی گوشواروں کے نوٹس میں دی گئی ہیں۔

قومی خزانے میں معاونت

کمپنی نے ٹیکسوں، ایکسٹرنل ڈیویڈنڈ، انکم ٹیکس اور سیلز ٹیکس کی مد میں سرکاری خزانے میں 1.33 بلین روپے (2019 میں 3.61 بلین روپے) کی معاونت کی۔

بورڈ آف ڈائریکٹرز کے اجلاس

جائزہ سال کے دوران بورڈ آف ڈائریکٹرز کے پانچ اجلاس ہوئے اور جن میں بورڈ کے ممبران کی حاضری درج ذیل رہی:

ڈائریکٹر کا نام	عہدہ	ممبران کے حاضر اجلاسوں کی تعداد
جناب نسیم	نان ایگزیکٹو ڈائریکٹر/چیئر مین	5/5
جناب کاشف حبیب	ایگزیکٹو ڈائریکٹر/چیف ایگزیکٹو	5/5
جناب سید سلمان رشید	نان ایگزیکٹو/آزاد ڈائریکٹر	4/5
جناب صد حبیب	نان ایگزیکٹو ڈائریکٹر	4/5
جناب جاوید قریشی	نان ایگزیکٹو ڈائریکٹر	4/4
مس سائرہ ناصر	نان ایگزیکٹو ڈائریکٹر	4/4
جناب اندرس پالودان ملر	نان ایگزیکٹو ڈائریکٹر	5/5
جناب محمد یوسف عادل	نان ایگزیکٹو/آزاد ڈائریکٹر	0/1
جناب محمد اعجاز	نان ایگزیکٹو ڈائریکٹر	0/1

جو ڈائریکٹران اجلاس میں حاضر نہ ہو سکے ان کی رخصت منظور کر لی گئی۔ جناب جاوید قریشی اور مس سائرہ ناصر کی تقرری جانے والے ڈائریکٹران جناب محمد یوسف عادل (سبکدوش) اور جناب محمد اعجاز (مستعفی) کی جگہ پر کی گئی۔

بورڈ کی تشکیلیں کا معیار

ایک جامع نظام موجود ہے جو کہ لسٹڈ کمپنیز (کوڈ آف کارپوریٹ گورننس) ریگولیشنز 2019 کے تحت بورڈ آف ڈائریکٹران کی تشکیلیں کا ذمہ دار ہے۔

یہ نظام بورڈ کے ڈائریکٹرز کی تشکیلیں مندرجہ ذیل اوصاف کی بنیاد پر کرتا ہے:

- ☆ تشکیل بندی اور دائرہ کار
- ☆ افعال اور ذمہ داری
- ☆ نگرانی
- ☆ شفافیت

☆ لسٹنگ ریگولیشنز میں دیئے گئے ادارتی نظم و ضبط کے بہترین طور طریقوں سے کوئی قابل ذکر انحراف نہیں کیا گیا۔

☆ کمپنی ایک فنڈ شدہ گریجویٹ اسکیم اپنے ملازمین کیلئے چلاتی ہے جسے مالیاتی گوشواروں کے متعلقہ نوٹ میں منکشف کیا گیا ہے۔

☆ چار ڈائریکٹران نے ڈائریکٹرز تریبیٹی پروگرام پہلے ہی مکمل کر لیا ہے۔ بورڈ میں ایک ڈائریکٹر کو ڈائریکٹرز تریبیٹی پروگرام سے CCG ریگولیشنز کے چپٹر VI کی شق 19 کے تحت استثناء حاصل ہے کیونکہ وہ 14 سالہ تعلیم کے حامل ہیں اور لسٹڈ کمپنی کے بورڈ میں 15 سال کا تجربہ رکھتے ہیں۔ اس وقت دو ڈائریکٹران ہیں جنہیں ڈائریکٹرز تریبیٹی پروگرام کے تحت سند حاصل کرنا ضروری ہے۔ کمپنی مذکورہ بالا ضوابط کی ضروریات کو 30 جون 2021 تک پورا کرنے کے لئے پرعزم ہے۔

☆ حصص داری کی ساخت میں حصص کی مجموعی تعداد دیئے گئے فارمیٹ کے مطابق منکشف کی گئی ہے جو کہ سالانہ رپورٹ کے ساتھ منسلک ہے۔

☆ گزشتہ چھ سالوں کے اہم کاروباری اور مالیاتی اعداد و شمار آڈٹ شدہ مالیاتی گوشواروں میں مختصر شامل کئے گئے ہیں۔

بورڈ آف ڈائریکٹرز کی تشکیل بندی

کمپنی کا موجودہ بورڈ آف ڈائریکٹرز درج ذیل پر مشتمل ہے:

(a)	مرد	6
(b)	خواتین	1
ڈائریکٹران کی کل تعداد		7

ڈائریکٹران کے انتخابات

کمپنیز ایکٹ 2017 کی دفعہ 159 کی شقوں کے مطابق کمپنی کے سات ڈائریکٹران کا تین سالہ مدت کے لئے انتخاب سالانہ اجلاس عام منعقدہ اکتوبر 2016 میں ہوا تھا جس کی مدت اکتوبر 2019 میں مکمل ہو گئی تھی۔ حصص یافتگان نے اپنے 28 ویں سالانہ اجلاس عام میں تین سال کے لئے سات ڈائریکٹران کو منتخب کیا جن کی مدت کا آغاز 28 اکتوبر 2019 سے ہوا، جس کی ترمیم شدہ تشکیل بندی درج ذیل ہے:

ڈائریکٹر	قسم
جناب نسیم بیگ	نان ایگزیکٹو ڈائریکٹر/چیئر مین
جناب محمد کاشف حبیب	ایگزیکٹو ڈائریکٹر/چیف ایگزیکٹو
جناب سلمان راشد	نان ایگزیکٹو ڈائریکٹر
جناب صد حبیب	نان ایگزیکٹو ڈائریکٹر
جناب جاوید قریشی	نان ایگزیکٹو/آزاد ڈائریکٹر
مس سائرہ ناصر	نان ایگزیکٹو/آزاد ڈائریکٹر
جناب آندرلس پالیدار ملر	نان ایگزیکٹو ڈائریکٹر

آپ کی کمپنی کی مجموعی خام فروخت آمدن میں گزشتہ سال کی بہ نسبت 16 فیصد اضافہ ہوا جبکہ کمپنی کی اعلیٰ معیاری مصنوعات کی برآمدات کے نتیجے میں بلند حجم فروخت کی وجہ سے فروخت آمدن میں 7 فیصد اضافہ ہوا۔

لاگت فروخت

زیر جائزہ مالیاتی سال 2019-20 میں لاگت فروخت میں اضافہ ہوا جس کی بنیادی وجہ خام لاگتوں جیسے ذرائع نقل و حمل، ایکسل لوڈ کے نظام، ایندھن، توانائی اور پیکنگ میٹیریل کی قیمتوں میں اضافہ تھا۔

مالیاتی لاگت

مالیاتی لاگت کے 2,991 ملین روپے میں 1,925 ملین روپے کا مارک اپ شامل ہے جو سنڈیکٹ ٹرم فنانس فیسلٹی کے عوض ادا کیا گیا۔

خالص خسارہ/ (منافع)

کمپنی کو 3,616 ملین روپے کا خسارہ ہوا جبکہ گزشتہ سال 582 ملین روپے کا منافع ہوا تھا (624 فیصد کمی ہوئی)

فی حصص آمدن

سال کے دوران فی حصص آمدن میں کمی (فی حصص خسارہ 3.40 روپے) ہوئی جو کہ گزشتہ سال 0.55 روپے آمدن فی حصص تھی۔ مجموعی طور پر اس سال خسارے کی وجہ یہ تھی کہ ”سیمنٹ کی پیداوار اور ڈسپنچ والا پلانٹ“ کے آغاز کا پہلا مکمل سال تھا جبکہ ”کلنکر کی پیداوار پلانٹ“ نے آزمائشی پیداوار کا آغاز سال کے وسط میں کیا تھا اور یہ آزمائشی پیداوار 30 جون تک جاری رہی۔ لہذا سال 2020 کی مالی کارکردگی میں توسیع کے آغاز کو دکھاتی ہے نہ کہ پورے کاروباری سال کو۔

کیونکہ کمپنی نے یکم جولائی 2020 کو اپنی مکمل COD کی تکمیل کا اعلان کیا تھا، لہذا 30 جون 2021 کو ختم ہونے والی سال کی مالی تفصیلات ایک ایسی مالی کارکردگی کا اظہار کریں گی جو مکمل پورے کاروباری مالی سال کی ہوگی۔

لسٹڈ کمپنیز (کوڈ آف کارپوریٹ گورننس) ریگولیشنز 2019

آپ کی کمپنی کے ڈائریکٹران کمپنی کی کلیدی سمت اور کاروباری منصوبوں کا باقاعدگی سے جائزہ لیتے ہیں۔ آڈٹ کمیٹی لسٹڈ کمپنیز (کوڈ آف کارپوریٹ گورننس) کی موثر پاسداری کے لئے بااختیار ہے۔ ہم ضابطہ کے تحت کمپنی میں اچھے نظم و ضبط کو یقینی بنانے کے لئے تمام ضروری اقدامات کر رہے ہیں۔ پاسداری کے لحاظ سے ہم تصدیق کرتے ہیں کہ:

☆ کمپنی کی انتظامیہ کے تیار کردہ مالیاتی گوشوارے برائے مختتم سال 30 جون 2020 کمپنی کے معاملات، اس کے کاروباری نتائج، نقدی کے بہاؤ اور ایکویٹی میں تبدیلیوں کو شفافیت کے ساتھ پیش کرتے ہیں۔

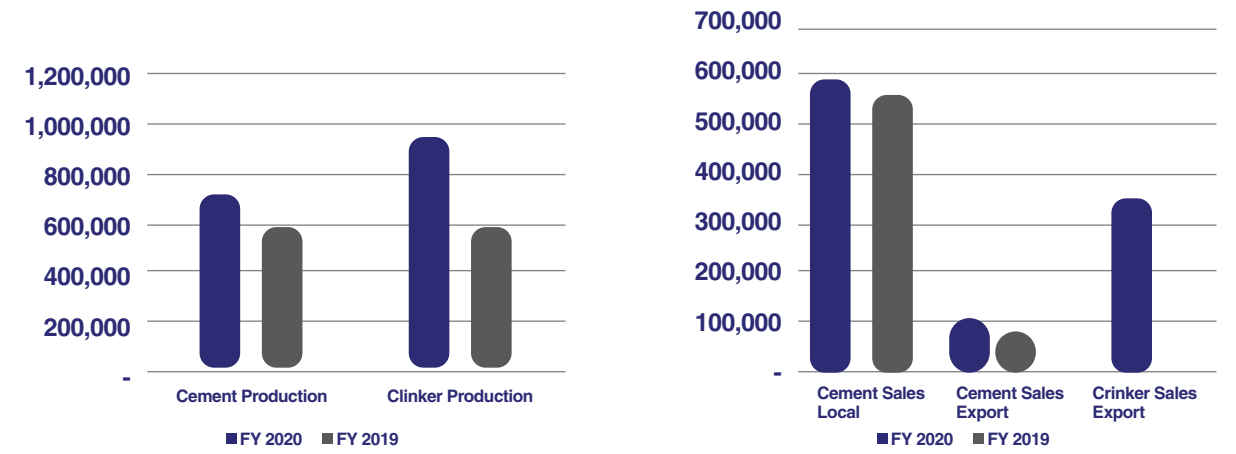
☆ کمپنی میں حسابات کی کتابیں مناسب انداز میں تیار کی گئی ہیں۔

☆ درست حساباتی پالیسیوں کو تسلسل کے ساتھ مالیاتی گوشواروں کی تیاری کے دوران ملحوظ خاطر رکھا گیا ہے اور حساباتی تخمینوں کی بنیاد معقول اور مضبوط فیصلوں پر ہے۔

☆ مالیاتی گوشواروں کی تیاری کے دوران عالمی مالیاتی رپورٹنگ معیارات، جو پاکستان میں لاگو ہیں ملحوظ خاطر رکھا گیا ہے۔

☆ اندرونی گرفت کے نظام کی شکل مضبوط ہے اور موثر انداز میں نافذ العمل ہے اور اس کی نگرانی کی جاتی ہے۔

☆ کمپنی کی چلتے ہوئے ادارے کی صلاحیت میں کوئی قابل ذکر شک و شبہ نہیں ہے۔ مزید یہ کہ کمپنی اپنے تمام قرضہ بروقت ادا کر رہی ہے اور بینکوں سے لئے گئے قرضوں کی واپسی میں کمپنی کی طرف سے کوئی غفلت نہیں ہوئی۔



* کلنکر کی برآمدات سے حاصل شدہ آمدن جسے آزمائشی بنیاد پر چلا جا رہا ہے، اسے جاری سرمایہ جاتی اخراجات میں منتقل کر دیا گیا۔

زیر جائزہ سال کے دوران 7700 TPD پلانٹ کی تنصیب ہوئی اور اس کا آغاز ہوا جس سے سیمنٹ اور کلنکر کی پیداوار میں بالترتیب 350,227 میٹرک ٹن اور 152,173 میٹرک ٹن اضافہ ہوا۔ سالانہ پیداواری گنجائش 44 فیصد رہی جو کہ گزشتہ مالیاتی سال میں 66 فیصد تھی جس کی بنیادی وجہ پرانے پلانٹ کی بندش تھی اور سال کے درمیان میں نئے 7,700 ٹی پیڈی پلانٹ کی تنصیب کا آغاز ہوا۔

اس کا تصویری خاکہ درج ذیل ہے:

مالیاتی کارکردگی

سال مختتم 30 جون 2020 کو آپ کی کمپنی کے بنیادی مالیاتی نتائج کا موازنہ درج ذیل ہے:

کوائف	2019	2020
روپے (ہزاروں میں)		
خام فروخت	5,709,582	6,627,622
منہا: سیلز ٹیکس/ فیڈرل ایکسائز ڈیوٹ	1,851,127	2,495,260
خام فروخت	3,858,455	4,132,362
خام منافع/ (خسارہ)	157,280	(97,158)
کاروباری منافع/ (خسارہ)	(256,349)	(980,934)
منافع/ (خسارہ) قبل از ٹیکس	(412,396)	(3,959,484)
خالص منافع بعد از ٹیکس	582,106	(3,616,452)
فی حصص منافع (روپے)	0.55	(3.40)

مصولات:

مالیاتی سال 2019-20 کے دوران کمپنی کی خام فروخت 8,193 ملین روپے رہی۔ 1,565 ملین روپے کی فروخت جو کہ آزمائشی پیداوار کا حصہ تھی، اسے جاری سرمایہ جاتی اخراجات میں منتقل کر دیا گیا۔

ڈائریکٹرز رپورٹ

ڈائریکٹران کمپنی کی سالانہ رپورٹ اور آڈٹ شدہ مالیاتی گوشوارے برائے مختتمہ سال 30 جون 2020 کے ساتھ ان پراڈیٹرز رپورٹ پیش کرتے ہوئے اظہار مسرت کرتے ہیں۔

صنعتی جائزہ

پاکستان کی سیمنٹ کی صنعت کی کارکردگی میں COVID-19 کی وجہ سے گزشتہ تین ماہ سے تنزلی کے بعد مالیاتی سال مختتمہ 30 جون 2020 کے آخری مہینے میں حوصلہ افزا اعلیٰ نظر آئیں، جو کہ 1.98 فیصد نمو کے ساتھ گزشتہ سال کے 46.89 ملین ٹن کے مقابلے میں 47.81 ملین ٹن رہیں۔ جبکہ مقامی فروخت کا حجم 0.94 فیصد کمی کے ساتھ گزشتہ سال کے 40.34 ملین ٹن کے مقابلے میں 39.97 ملین ٹن رہا، جبکہ برآمدی کارکردگی بہت حوصلہ افزا رہی جس نے صنعت کے مجموعی حجم فروخت میں معاونت کی جو کہ 20 فیصد اضافے کے ساتھ گزشتہ سال کے 6.54 ملین ٹن کے مقابلے میں 7.85 فیصد رہی۔

ساؤتھ زون میں آپ کی کمپنی واقع ہے وہاں کی مقامی طلب 5.64 ملین ٹن رہی جس سے گزشتہ سال کی بہ نسبت 29 فیصد کمی کی عکاسی ہوتی ہے۔ جبکہ برآمدی طلب 46.47 فیصد اضافہ کے ساتھ 5.88 ملین ٹن رہی جو کہ گزشتہ سال 4.01 ملین ٹن تھی۔

اس کے برعکس نارٹھ زون کی مقامی طلب میں سال کے دوران 6.07 فیصد اضافہ ہوا اور برآمدی طلب میں 22.07 فیصد کمی ہوئی۔ جس کے نتیجے میں نارٹھ زون میں خالص نمو 4.03 فیصد رہی۔

کاروباری کارکردگی

زیر جائزہ مالیاتی سال کے دوران آپ کی کمپنی کی ترسیلات میں 75% فیصد اضافہ ہوا یعنی حجم 1,021,780 ٹن رہیں جو کہ گزشتہ مالیاتی سال میں 585,149 ٹن تھیں۔

پیداوار اور فروخت کا حجم

کمپنی کے سال کے دوران پیداوار اور فروخت کے حجم کے اعداد و شمار (ٹن میں) کے ساتھ متقابلہ اعداد درج ذیل ہیں:

پیداوار	2020	2019	فرق (فیصد)
سیمنٹ	733,684	581,511	26.17%
کلنکر	954,691	604,464	57.94%
ترسیلات	2020	2019	Variance%
سیمنٹ (مقامی)	601,543	580,019	3.71%
سیمنٹ (برآمدات)*	86,951	5,130	1,595%
کلنکر (برآمدات)	333,286	-	100%
کل ترسیلات	1,021,780	585,149	74.62%

کراچی کو جلد از جلد بلا واسطہ فراہم کر دیں۔ کارپوریٹ انٹیٹی سے درخواست ہے کہ اپنا قومی نیشنل ٹیکس نمبر (NTN) فراہم کر دیں۔ برائے مہربانی CNIC/NTN کی کاپی کے ساتھ فوٹو نمبر بھی فراہم کریں۔

-6 مالیاتی گوشواروں اور رپورٹوں کی ویب سائٹ پر دستیابی۔

کمپنی ایکٹ 2017 کی دفعہ (7) 223 کی شقوں کے مطابق کمپنی کے آڈٹ شدہ مالیاتی گوشوارے برائے مختتمہ مدت 30 جون 2020 کمپنی کی ویب سائٹ پر دستیاب ہیں۔

-7 سال مختتمہ 30 جون 2020 کے سالانہ مالیاتی گوشواروں کی بذریعہ CD/DVD/USB تقسیم

25 ویں سالانہ اجلاس عام مورخہ 15 اکتوبر 2016 میں حصص یافتگان کی منظوری کے مطابق کمپنی کی سالانہ رپورٹ برائے مختتمہ مدت 30 جون 2020 ممبران کو بذریعہ CD تقسیم کی جا رہی ہے۔

-8 سالانہ مالیاتی گوشواروں اور اجلاس کے نوٹس کی ترسیل بذریعہ ای میل۔

S.R.O.787(I)/2014 مورخہ 08 ستمبر 2014 کے تحت SECP نے کمپنیوں کو سالانہ آڈٹ شدہ مالیاتی گوشواروں کے ساتھ سالانہ اجلاس عام کا نوٹس اپنے ممبران کو بذریعہ ای میل ترسیل کرنے کی اجازت دی ہے۔ لہذا وہ ممبران جو کہ مستقبل میں سالانہ مالیاتی گوشوارے اور کمپنی کے نوٹس (CD/DVD/USB کے بجائے) بذریعہ ای میل موصول کرنا چاہتے ہوں ان سے درخواست ہے کہ باضابطہ پر شدہ فارم پر اپنی رضامندی کمپنی کے شیئر رجسٹرار کو فراہم کر دیں۔ رضامندی فارم کمپنی کی ویب سائٹ پر بھی اپ لوڈ کر دیا گیا ہے۔ اہتمام میں کسی قسم کی تبدیلی سے کمپنی کو معیاری درخواست فارم پر مطلع کریں۔

-9 طبعی حصص کو CDC کا وٹ میں منتقل کرانا۔

کمپنی ایکٹ 2017 کی دفعہ 72 کے تحت ہر لٹ کمپنی کیلئے ضروری ہے کہ وہ اپنے طبعی حصص بک انٹری کی شکل میں تبدیل کر لے جس کی وضاحت اور تاریخ سے کمیشن نے مطلع کیا ہے، جو کہ ایکٹ کے نفاذ یعنی 30 مئی 2017 سے چار سال کی مدت کے اندر ہے۔ حصص یافتگان جن کے پاس عمومی حصص ہیں ان کی حوصلہ افزائی کی جاتی ہے کہ وہ CDC ذیلی اکاؤنٹ میں کسی بھی بروکر یا بلا واسطہ انویسٹر کا وٹ میں CDC اکاؤنٹ کھول لیں تاکہ طبعی حصص کو اسکرپ لیس فارم میں رکھا جاسکے۔

29 ویں سالانہ اجلاس عام کانوٹس

مطلع کیا جاتا ہے کہ پاور سیمنٹ لمیٹڈ (کمپنی) کا 29 واں سالانہ اجلاس عام 27 اکتوبر 2020 کو دوپہر 01:00 بجے بذریعہ وڈیولنک مندرجہ ذیل امور کی انجام دہی کے لئے منعقد ہوگا:

عمومی امور

- 1- حصص یافتگان کے غیر معمولی اجلاس عام مورخہ 20 جون 2020 کی کارروائی کی توثیق۔
- 2- کمپنی کے آڈٹ شدہ مالیاتی گوشواروں برائے ختمہ مدت 30 جون 2020 کے ساتھ ڈائریکٹرز اور آڈیٹرز کی رپورٹوں کی وصولی، غور و خوض اور منظوری۔
- 3- آئندہ مالیاتی سال اختتامیہ 30 جون 2021 کے لئے کمپنی کے آڈیٹرز کی تقرری اور ان کے معاوضہ کا تعین۔

دیگر کوئی امور

- 4- چیئرمین کی اجازت سے دیگر کسی امور کی انجام دہی

حسب الحکم بورڈ

المنشور

طاہر اقبال

کمپنی سیکریٹری

کراچی: 06 اکتوبر 2020

گزارشات:

- 1- کمپنی کی حصص منتقلی کی کتابیں 22 اکتوبر 2020 تا 27 اکتوبر 2020 (بشمول دونوں دن) بند رہیں گی۔ شیئرز رجسٹرار میسرز سی ڈی سی شیئرز رجسٹرار سروسز لمیٹڈ، سی ڈی سی ہاؤس، 99-B، بلاک S.M.C.H.S.، مین شاہراہ فیصل، کراچی کو 21 اکتوبر 2020 تک موصول ہونے والی منتقلیوں کو بورڈ آف ڈائریکٹرز کے سفارش کردہ استحقاق اور اجلاس میں حاضری کے لئے بروقت تصور کیا جائے گا۔
 - 2- AGM کی کارروائی میں شرکت بذریعہ وڈیولنک
- COVID-19 کی حالیہ وباء کے پیش نظر سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان نے اپنے سرکلر نمبر 5 سن 2020 مورخہ 17 مارچ 2020 اور سرکلر 25 سن 2020 مورخہ 31 اگست 2020 میں کمپنیوں کو مشورہ دیا ہے کہ وہ حصص یافتگان اور وسیع معنوں میں عوام کے کی بہبود اور تحفظ کی خاطر سالانہ اجلاس کی عمومی منصوبہ بندی میں تبدیلی کریں اور کم سے کم جسمانی ربط رکھیں۔ لہذا AGM کی کارروائی صرف وڈیولنک کے ذریعے ہوگی۔

ممبران/پراکسی جو کہ AGM میں شرکت کے خواہشمند ہوں ان سے درخواست کی جاتی ہے کہ ای میل آئی ڈی

corporate@powercement.com.pk پر عنوان ”رجسٹریشن برائے 29 ویں AGM- پاور سیمنٹ لمیٹڈ“ کے تحت مندرجہ ذیل

معلومات اپنی CNIC کی درست کاپی (دونوں اطراف کی) کے ساتھ فراہم کر دیں۔

حصص یافتہ کا نام	فولیو/سی ڈی سی نمبر	CNIC نمبر	سیل نمبر	رجسٹر ڈی ایمیل ایڈریس

وڈیولنک اور لاگ-ان کی تفصیلات ان ممبران/پراکسیوں کو فراہم کی جائیں گی جنہوں نے مندرجہ بالا کوائف ای میل ایڈریس پر 25 اکتوبر 2020 تک یا اس سے قبل فراہم کر دیئے ہوں گے۔

ایجنڈے کے امور سے متعلق ممبران اپنی آراء اور استفسارات واٹس اپ نمبر 03332173286 اور ای میل آئی ڈی corporate@powercement.com.pk پر فراہم کر سکتے ہیں۔

3- پراکسی کی تقرری اور AGM میں شرکت کے لئے:

- i- ایک ممبر جو کہ اجلاس میں ووٹ دینے اور حاضر ہونے کا حقدار ہو وہ دوسرے ممبر کو پراکسی مقرر کر سکتا ہے جسے اجلاس میں ممبر کی طرف سے حاضر ہونے، بولنے اور ووٹ دینے کے حقوق حاصل ہوں گے۔
- ii- ایک خالی پراکسی فارم (اردو اور انگریزی میں) سالانہ رپورٹ کے ساتھ منسلک کیا گیا ہے۔ پراکسی فارم کمپنی کی ویب سائٹ پر بھی موجود ہے۔
- iii- پراکسی فارم کے موثر ہونے کے لئے لازمی ہے کہ اجلاس سے 48 گھنٹے قبل (اسکین شدہ یا کاغذی نقل) ہماری رجسٹرار کے دفتر کو موصول ہو جائے جو کہ باضابطہ دستخط شدہ اور مہر شدہ ہو اور جس پر دو گواہان کے نام، پتے، CNIC نمبر اور دستخط موجود ہوں۔
- iv- پراکسی فارم باضابطہ دستخط شدہ اور مہر شدہ ہو اور اس پر دو گواہان کے نام، پتے، CNIC نمبر اور دستخط موجود ہونے چاہئیں۔
- v- سینٹرل ڈپازٹری کمپنی (CDC) کے کھاتے داروں کے لئے ضروری ہے کہ سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان (SECP) کے جاری کردہ سرکلر نمبر 1 مورخہ 26 جنوری 2020 میں دیئے گئے رہنما اصولوں کی بھی پاسداری کریں۔
- vi- کارپوریٹ انٹیٹی کی صورت میں بورڈ آف ڈائریکٹرز کا مختیار نامہ اور پراکسی کے CNIC یا پاسپورٹ کی مصدقہ نقل (اسکین شدہ یا کاغذی نقل) پراکسی فارم کے ساتھ پیش کی جائیگی۔

4- ممبران کے پتے میں تبدیلی:

ممبران سے درخواست ہے کہ اپنے پتے میں کسی بھی قسم کی تبدیلی سے میسرز CDC شیئرز رجسٹرار سروسز لمیٹڈ کو فوری طور پر آگاہ کر دیں۔

5- NTN/CNIC کی فراہمی (لازمی)

انفرادی ممبران جنہوں نے اپنے درست CNIC کمپنی/شیئرز رجسٹرار کو ابھی تک فراہم نہیں کی ہیں ان سے ایک مرتبہ بھر درخواست کی جاتی ہے کہ اپنی CNIC (نقل) جلد از جلد کمپنی کے شیئرز رجسٹرار سروسز لمیٹڈ، CDC ہاؤس، 99-B، بلاک B، ایس ایم سی ایچ ایس، مین شاہراہ فیصل،

پراکسی فارم

29 واں سالانہ اجلاس عام

کمپنی ریکارڈری

پاور سینٹ لمیٹڈ

عارف حبیب سینٹر

23، ایم ٹی ٹان روڈ

کراچی۔

میں / ہم _____ سکنہ / ساکنہ _____ بطور ممبر

(ممبران) پاور سینٹ لمیٹڈ حامل / حاملین _____ عام حصص، بجوالٹی ڈی سی اکاؤنٹ نمبر

_____ بذریعہ ہذا جناب / محترمہ _____ سکنہ / ساکنہ (مکمل پتہ) یا بصورت ناکامی،

جناب / محترمہ _____ سکنہ / ساکنہ (مکمل پتہ)

(کمپنی کا ممبر ہوتے ہوئے) اپنے / اپنی اہمارے جانب بطور پراکسی کے نامزد کرتا / کرتی / کرتے ہوں / ہیں کہ وہ میری / ہماری جانب سے کمپنی کے سالانہ اجلاس عام مورخہ 27 اکتوبر 2020ء یا منسوخ

ہونے کی صورت میں کسی بھی اور تاریخ پر میں شرکت کرنے حق رائے دہی کو استعمال کرے۔

دستخط شدہ بروز _____ مورخہ _____ 2020ء

گواہان:

1- نام: _____

پتہ: _____

قومی شناختی کارڈ نمبر: _____

دستخط: _____

2- نام: _____

پتہ: _____

قومی شناختی کارڈ نمبر: _____

دستخط: _____

اہم نکات:

1- ایسا کوئی بھی ممبر جو کا اجلاس میں شرکت کرنے اور حق رائے دہی استعمال کرنے کی اہلیت کا حامل کسی دوسرے ممبر کو اپنا پراکسی نامزد کر سکتا ہے جو اس کی جانب سے اجلاس میں شرکت کرنے، رائے دینے اور حق رائے دہی استعمال کرنے کا مجاز ہوگا۔

2- پراکسی پر لازم ہوگا کہ بذریعہ اصل قومی شناختی کارڈ یا پاسپورٹ اجلاس میں شرکت کے وقت اپنی شناخت کروائے اور اپنا فونینمبر بھی ہمراہ لے کر آئے۔

3- پراکسی فارم کے کارآمد ہونے کیلئے لازم ہے کہ پراکسی فارم ہمارے رجسٹرار منسٹر زینٹریل ڈیپارٹمنٹ آف پاکستان لمیٹڈ، ڈی سی ہاؤس B-99، بلاک بی، ایس ایم ایچ ایس، مین شاہراہ فیصل، کراچی کو اجلاس شروع ہونے سے کم از کم 48 گھنٹے قبل موصول ہو جائیں۔ پراکسی فا

بقاعدہ دستخط اور مہر شدہ ہوں اور دو گواہوں نے اپنے دستخط، نام، پتے اور شناختی کارڈ نمبر سے پراکسی کی تصدیق کی ہو۔

4- بصورت افراد، پراکسی فارم کے ساتھ مستفیدی مالک اور پراکسی کے قومی شناختی کارڈ یا پاسپورٹ کی مصدقہ نقل کا منسلک ہونا لازم ہے۔

5- اگر پراکسی کسی کاروباری ادارے کی جانب سے ہو تو بورڈ آف ڈائریکٹرز کی قرارداد اور آف اٹارنی اور پراکسی کے قومی شناختی کارڈ یا پاسپورٹ کی مصدقہ نقل پراکسی فارم سے منسلک کرنا لازم ہے۔

Form of Proxy

29th Annual General Meeting

The Company Secretary
Power Cement Limited
Arif Habib Centre
23, M.T. Khan Road
Karachi

We _____ of _____ being a member(s) of Power Cement Limited holding _____ ordinary shares as per CDC A/c. No. _____ hereby appoint _____ of _____ or failing him/her Mr/Mrs/Miss _____ of _____

(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 27, 2020 and/or any adjournment thereof.

Signed this _____ day of _____ 2020.

Witnesses:

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

Signature on
Rs. 5/-
Revenue Stamp

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

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 identity by showing his/her original passport and bring folio number at the time of registration for the meeting.
3. In order to be effective, the proxy Form must be received at the office of our Registrar M/s. CDC Share Registrar Services Limited., CDC House, 99-B, Block-B, S.M.C.H.S., Main Shahrah-e-Faisal, Karachi (either hard copy or scanned), 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 (either hard copy or scanned).
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 (either hard copy or scanned).

